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PRESS RELEASE

ECB CONCLUDES COMPREHENSIVE ASSESSMENT OF FOUR BANKS

The ECB conducted a comprehensive assessment from March to November 2016 on the following four banks:

- Abanka d.d. (Slovenia)
- Akciju sabiedrība "Rietumu Banka" (Latvia)
- Banca Mediolanum S.p.A. (Italy)
- Citibank Holdings Ireland Limited¹ (Ireland)

The results of the exercise for Abanka d.d., Banca Mediolanum S.p.A. and Citibank Holdings Ireland Limited, which consented to their disclosure, were published today on the ECB's website.

A comprehensive assessment is a requirement for all banks that become or are likely to become subject to direct ECB supervision based on the significance criteria set out in Article 6(4) of Regulation (EU) No 1024/2013. The outcome of the ECB's annual assessment of banks' significance will be published shortly. The 2016 comprehensive assessment was similar to the rigorous exercises undertaken for a total of 130 banks in 2014 and 9 banks in 2015. It consisted of an asset quality review (AQR) and a stress test.

The AQR component was performed based on the methodology applied in the 2014 and 2015 exercises. It was a prudential rather than an accounting exercise, providing a point-in-time assessment of the carrying values of banks' assets as at year-end 2015 and determining whether there is a possible need to strengthen their capital base. The identification of additional non-performing exposures and increases in specific and collective provision levels constituted the main drivers of AQR adjustments to Common Equity Tier 1 (CET1).

The stress-test component used the methodology applied in the 2016 European Banking Authority stress test. The AQR results served as a starting point for the stress test, which projected the evolution of banks' capital positions over three years (2016-18) under a baseline scenario and an adverse scenario.

The threshold ratios applied for identifying capital shortfalls were maintained at the same levels as in 2014 and 2015: a CET1 ratio of 8% for the AQR and the stress-test baseline scenario, and a CET1 ratio of 5.5% for the stress-test adverse scenario. The maximum of the shortfalls in the

¹ Citibank Holdings Ireland Limited is the holding company at the highest level of consolidation for the banking entity Citibank Europe plc. Citibank Europe Plc is the sole subsidiary of Citibank Holdings Ireland Limited.

different components of the exercise determines a bank's overall capital shortfall. A summary of the results of the three participating banks which consented to their disclosure is shown in Table 1.

Table 1: Evolution of CET1 ratios and resulting capital shortfall

| Bank name | CET1 starting point (1) <i>(in %)</i> | CET1 post AQR (1) <i>(in %)</i> | CET1 baseline scenario (2) <i>(in %)</i> | CET1 adverse scenario (2) <i>(in %)</i> | CET1 shortfall <i>(in € millions)</i> |
|-----------------------------------|---|---|--|---|---|
| Abanka d.d. | 23.0% | 22.6% | 23.8% | 10.0% | 0 |
| Banca Mediolanum S.p.A. | 19.7% | 19.7% | 23.0% | 17.7% | 0 |
| Citibank Holdings Ireland Limited | 14.7% | 13.3% | 12.7% | 10.4% | 0 |

(1) CET1 ratio as at 31 December 2015, except for Citibank Holdings Ireland Limited, where 31 March 2016 was used as the reference date.

(2) Lowest CET1 ratio over the three-year horizon of the stress test.

None of the three banks fell below the relevant thresholds based on the impact of the AQR and stress test and, consequently, they do not face capital shortfalls as a result of the comprehensive assessment. However, the banks will be expected to undertake actions to address qualitative findings of the AQR such as deficiencies in policies, and processes and weaknesses in data systems. This is consistent with the approach taken in the previous exercises in 2014 and 2015.

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