PRECISION CAPITAL

Press Release

Precision Capital comfortably passes 2014 ECB/EBA Stress Test and ECB Asset Quality Review

Comprehensive Assessment results confirm overall soundness and strong capital position of Luxembourg-based bank holding company and its two majority owned banks, BIL and KBL epb

Luxembourg; October 26, 2014: Precision Capital, the Luxembourg-based bank holding company – which owns 89.9% of Banque Internationale à Luxembourg (BIL) and 99.9% of KBL European Private Bankers (KBL *epb*) – welcomed the confirmation of the overall soundness of its balance sheet and strong capital position, as evidenced by the outcomes of the Comprehensive Assessment exercise released today by the European Central Bank (ECB) and the European Banking Authority (EBA) for the 130 in-scope European banks.

The Comprehensive Assessment, performed by the ECB in conjunction with the National Competent Authorities of the different member states (i.e., the *Commission de Surveillance du Secteur Financier* in Luxembourg) prior to the ECB assuming full responsibility for supervision under the Single Supervisory Mechanism in November 2014, is an important step towards bringing greater transparency on the strength of European banks.

The Comprehensive Assessment comprised two main tests: the Asset Quality Review (AQR) which aims at reviewing the quality of banks' balance sheets at the end of 2013, and the Stress Test – performed in cooperation with EBA – which examines the resilience of banks' balance sheets to stress scenarios over time. Banks are required to take corrective actions if they fail either test.

Within the Stress Test, banks have been required to verify the resilience of their solvency ratio (measured by the Common Equity Tier 1, or CET1, ratio) under two macroeconomic scenarios – the Baseline Scenario and the severe Adverse Scenario – during the three-year period from 2014 to end 2016.

Precision Capital came out very strongly from all tests.

The Asset Quality Review led to only a small revision of Precision Capital's CET1 ratio at end 2013, from 14.8% to 14.0%, still significantly above the minimum threshold of 8%.

Under the Baseline Scenario of the Stress Test, Precision Capital's 2016 CET1 ratio stands at 12.5%, also comfortably above the 8% minimum set by the ECB.

Under the most severe Adverse Scenario of the Stress Test, Precision Capital's 2016 CET1 ratio stands at 8.3%, well above the minimum threshold of 5.5% set by the ECB.

The Comprehensive Assessment provides perspective on the consolidated balance sheet of Precision Capital, which combines the balance sheets of KBL *epb* and BIL. Although full results are not available for either bank independently, given that Precision Capital does not hold any other material assets, these results therefore reflect the overall soundness and strong capital position of the balance sheets of both KBL *epb* and BIL.

George Nasra, Precision Capital's CEO, commented : "We are very pleased with these results, which confirm the solid financial position of both KBL *epb* and BIL, and the resilience of their balance sheets under extremely stressful scenarios."

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About Precision Capital:

Precision Capital is a Luxembourg-based bank holding company that is supervised by Luxembourg's *Commission de Surveillance du Secteur Financier* (CSSF). As of November 2014, Precision Capital will be supervised by the European Central Bank (ECB).

Representing the private interests of members of a prominent family in Qatar, Precision Capital holds 99.9% of KBL European Private Bankers (KBL *epb*) and 89.9% of Banque Internationale à Luxembourg (BIL), with the balance of the latter investment held by the Grand Duchy of Luxembourg. While the ultimate shareholders of Precision Capital have made a range of other private investments, Precision Capital itself holds only the two assets mentioned above.

Registered and headquartered in Luxembourg, Precision Capital is a private – rather than sovereign – organization that seeks to capitalize on the attractiveness of the European banking industry over the long term.

For further information, please contact:

contact@precisioncapital.lu