

2014 COMPREHENSIVE ASSESSMENT OUTCOME

	ECB PUBLIC
NAME OF THE ENTITY	109 Bank Zachodni WBK SA

1 Main Results and Overview

A MAIN INFORMATION ON THE BANK BEFORE THE COMPREHENSIVE ASSESSMENT (end 2013)

		END 2013
A1	Total Assets (based on prudential scope of consolidation)	Mill. PLN 104 068
A2	Net (+) Profit/ (-) Loss of 2013 (based on prudential scope of consolidation)	Mill. PLN 2 015
A3	Common Equity Tier 1 Capital according to CRDIV/CRR definition, transitional arrangements as of 1.1.2014	Mill. PLN 10 091
A4	Total risk exposure according to CRDIV/CRR definition, transitional arrangements as of 1.1.2014	Mill. PLN 80 408
A5	Total exposure measure according to Article 429 CRR "Leverage exposure"	
A6	CET1 ratio according to CRDIV/CRR definition, transitional arrangements as of 1.1.2014 $A6=A3/A4$	% 12,55%
A7	Tier 1 Ratio (where available) according to CRD3 definition, as of 31.12.2013 as reported by the bank	% 11,41%
A8	Core Tier 1 Ratio (where available) according to EBA definition	% n/a
A9	Leverage ratio $A9 = A3/A5$	
A10	Non-performing exposures ratio (<i>only for portfolios selected for AQR</i>)	% 4,61%
A11	Coverage ratio for non-performing exposure (<i>only for portfolios selected for AQR</i>)	% 79,58%
A12	Level 3 instruments on total assets	% 0,80%

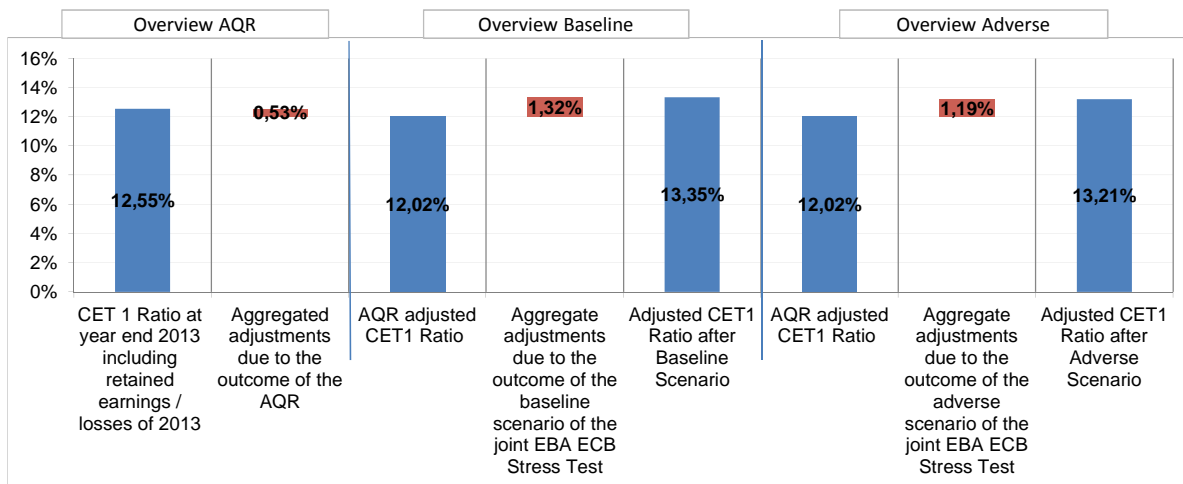
B MAIN RESULTS OF THE COMPREHENSIVE ASSESSMENT (CA)

B1	CET1 Ratio at year end 2013 including retained earnings / losses of 2013 B1=A6	%	12,55%
B2	Aggregated adjustments due to the outcome of the AQR	Basis Points Change	-53
B3	AQR adjusted CET1 Ratio B3 = B1 + B2	%	12,02%
B4	Aggregate adjustments due to the outcome of the baseline scenario of the joint EBA ECB Stress Test to lowest capital level vs threshold over the period of 3 years	Basis Points Change	132
B5	Adjusted CET1 Ratio after Baseline Scenario B5= B3 + B4	%	13,35%
B6	Aggregate adjustments due to the outcome of the adverse scenario of the joint EBA ECB Stress Test to lowest capital level vs threshold over the period of 3 years	Basis Points Change	119
B7	Adjusted CET1 Ratio after Adverse Scenario B7 = B3 + B6	%	13,21%

Capital Shortfall

		Basis Points ¹	Mill. PLN
B8	to threshold of 8% for AQR adjusted CET1 Ratio	0	0,00
B9	to threshold of 8% in Baseline Scenario	0	0,00
B10	to threshold of 5.5% in Adverse Scenario	0	0,00
B11	Aggregated Capital Shortfall of the Comprehensive Assessment B11 = max(B8, B9, B10)	0	0

¹ RWA used corresponds to relevant scenario in worst case year



C MAJOR CAPITAL MEASURES IMPACTING TIER 1 ELIGIBLE CAPITAL FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014

Issuance of CET1 Instruments		Impact on Common Equity Tier 1 Million PLN
C1	Raising of capital instruments eligible as CET1 capital	2,2
C2	Repayment of CET1 capital, buybacks	0
C3	Conversion to CET1 of hybrid instruments becoming effective between January and September 2014	0
Net issuance of Additional Tier 1 Instruments		Impact on Additional Tier 1 Million PLN
C4	with a trigger at or above 5.5% and below 6%	0
C5	with a trigger at or above 6% and below 7%	0
C6	with a trigger at or above 7%	0
Fines/Litigation costs		Million PLN
C7	Incurred fines/litigation costs from January to September 2014 (net of provisions)	0

Units of Measurement	D .G	D .H	D .I	
	Portfolio size Carrying Amount	Portfolio selection	Impact on CET1 before any offsetting impact	
	Mill. PLN	% selected in Phase 1	Basis points	Mill. PLN
D11 CVA				
D12 Fair Value review				
D13 Non derivative exposures review				
D14 <i>Bonds</i>				
D15 <i>Securitisations</i>				
D16 <i>Loans</i>				
D17 <i>Equity (Investment in PE and Participations)</i>				
D18 <i>Investment Properties / real estate</i>				
D19 Derivatives Model Review				

- D11 CVA
- D12 **Fair Value review**
- D13 Non derivative exposures review
- D14 *Bonds*
- D15 *Securitisations*
- D16 *Loans*
- D17 *Equity (Investment in PE and Participations)*
- D18 *Investment Properties / real estate*
- D19 Derivatives Model Review

Basis points ²	Mill. PLN
-61,1	-491,3
8,5	68,6
-52,6	

- D20 Gross impact on capital
- D21 Offsetting impact due to risk protection
- D22 Offsetting tax impact

- D23 Net total impact of AQR results on CET1 ratio
Please refer to Definitions and Explanations sheet

E. Matrix Breakdown of Asset Quality Indicators

• **The selection of asset classes for portfolio review was based on an approach aimed at identifying those portfolios with the highest risk of misclassification. Therefore, extrapolation of results to the non-selected portfolios would be incorrect from a statistical stand-point.**

- The asset quality indicators are based on EBA's simplified definition of NPE.
- All parties involved made significant efforts to increase the degree of harmonisation of the NPE definition and its application.
- While the application of this definition constitutes a very important leap forward in terms of harmonisation across the euro area banking sector, the degree of harmonisation reached is not completely perfect due to factors such as different materiality thresholds across Member States. However, a solid basis of consistency has been implemented for the comprehensive assessment, implying a very significant improvement in comparability across banks from different jurisdictions.
- The figures presented should not be understood as accounting figures.

² Basis point impact includes adjustment to RWA

Information reported only for portfolios subject to detailed review in AQR

Asset quality indicators
Based on EBA simplified definition
Asset class breakdown



- E1 **Total credit exposure**
- E2 **Sovereigns and Supranational non-governmental organisations**
- E3 **Institutions**
- E4 **Retail**
- E5 *thereof SME*
- E6 *thereof Residential Real Estate (RRE)*
- E7 *thereof Other Retail*
- E8 **Corporates**
- E9 **Other Assets**

	E .A	E .B	E .C	E .D
	unadjusted NPE Level year end 2013	Changes due to the single credit file review	Changes due to the projection of findings	AQR-adjusted NPE Level
Units of Measurement	%	Basis Points	Basis Points	%
	4,61%	132	75	6,69%
	3,55%	22	102	4,79%
	2,46%	22	102	3,71%
	5,80%			
	7,75%	478	94	13,48%

- E10 **Total credit exposure**
- E11 **Sovereigns and Supranational non-governmental organisation**
- E12 **Institutions**
- E13 **Retail**
- E14 *thereof SME*
- E15 *thereof Residential Real Estate (RRE)*
- E16 *thereof Other Retail*
- E17 **Corporates**
- E18 **Other Assets**

	E .E	E .F	E .G	E .H	E .I	E .J
	unadjusted coverage ratio of non-performing exposure, year end 2013	Changes due to the single credit file review	Changes due to the projection of findings	Changes due to the collective provisioning review on non-performing exposures	AQR - adjusted ratio of provisions on NPE to NPE	Coverage ratio for exposures newly classified as NPE during the AQR (only for the single credit file review)
Units of Measurement	%	%	%	%	%	%
	79,58%				70,43%	36,28%
	87,49%				70,76%	
	78,88%				52,46%	
	95,10%				95,10%	
	68,89%				70,11%	36,28%

F. LEVERAGE RATIO IMPACT OF THE COMPREHENSIVE ASSESSMENT

Explanatory Note:

- Note that the leverage ratio is based on the CRR Article 429 as of January 2014.
- It is currently not binding, is displayed for information purposes only and has no impact on the capital shortfall (B11).

F1	Leverage Ratio at year end 2013	%	<input type="text"/>
	<i>Please refer to Definitions and Explanations sheet</i>		
	F1 = A9		
F2	Aggregated adjustments to Leverage Ratio due to the outcome of the AQR	Basis Points	<input type="text"/>
	F2 = (D20+D21+D22)/A5		
F3	AQR adjusted Leverage Ratio	%	<input type="text"/>
	F3 = F1 + F2		

3. Definitions and Explanations

Reference	Name	Definition or further explanation
A. MAIN INFORMATION ON THE BANK BEFORE THE COMPREHENSIVE ASSESSMENT (end 2013)		
A1	Total Assets (based on prudential scope of consolidation)	Sum of on balance positions. Note that for this and all following positions the scope of consolidation follows Article 18 CRR (therefore direct comparison with financial accounts based on accounting scope of consolidation will result in differences). Year-end 2013.
A2	Net (+) Profit/ (-) Loss of 2013 (based on prudential scope of consolidation)	Net profits (positive number) or net losses (negative number) in the year 2013. After taxes. Exclusive Other Comprehensive Income. The scope of consolidation follows Article 18 CRR (therefore direct comparison with financial accounts based on accounting scope of consolidation will result in differences).
A3	Common Equity Tier 1 Capital	At year-end 2013, according to CRDIV/CRR definition, transitional arrangements as of 1.1.2014, Article 50 CRR. The only exception to national transitional arrangements is sovereign AFS losses (Article 467 CRR) where a harmonised approach is taken with a 20% deduction irrespective of national discretion concerning phase-in. This exception is necessary to be consistent with EBA's CET1 definition applied in the stress test exercise. This includes losses of 2013 or retained earnings of 2013 subject to Article 26.2 CRR.
A4	Total risk exposure	Article 92.3 CRR, "total RWA", as of year-end 2013. according to CRDIV/CRR definition, transitional arrangements as of 1.1.2014.
A5	Total exposure measure according to Article 429 CRR	Denominator of leverage ratio (A7), "leverage exposure", according to Article 429 CRR.
A6	CET1 ratio	$A6=A3/A4$, Article 92.1a CRR, figures as of year-end 2013. With national transitional arrangements as per 1 January 2014. The only exception to national transitional arrangements is sovereign AFS losses (Article 467 CRR) where a harmonised approach is taken with a 20% deduction irrespective of national discretion concerning phase-in. This exception is necessary to be consistent with EBA's CET1 definition applied in the stress test exercise.
A7	Tier 1 Ratio	According to CRDIV definition (COREP CA reporting (ID 1.1), Article 57 (a) + (b) + (c) - (i) to (k) Directive 2006/48/EC), as of 31.12.2013 as reported by the bank
A8	Core Tier one ratio	Definition of Core Tier 1 as defined within the EU-wide stress test exercise of 2011 and the EBA recommendation on the creation and supervisory oversight of temporary capital buffers to restore market confidence. Only for banks participating in one of the exercises. Note that it is the unadjusted year-end 2013 figures and that only the definition of the EBA 2011 stress test exercise will be used, not the resulting figures thereof. "Common Equity" before deduction (without hybrid instruments and government support measures other than ordinary shares) - deductions from "Common equity" + other existing government support measures. (COREP CA 1.1 - hybrid instruments and government support measures other than ordinary shares) - (COREP CA 1.3.T1* (negative amount)) + (other existing government support measures)
A9	Leverage ratio at year end 2013	See EBA Implementing Technical Standards for Supervisory Reporting (Legal basis: Article 99 of Regulation (EU) No 575/2013 and ITS on Supervisory Reporting of institutions published in the Official Journal of the European Commission on 28/06/2014) module for leverage ratio: - Annex X - Leverage ratio templates - Annex XI - Instructions on Leverage (Part II 2.12)
A10	Non-performing exposures ratio	Numerator: Exposure (book value plus CCF-weighted off-balance exposure) that is non-performing according to the simplified NPE definition (see Section 2.4.4. of the AQR Phase 2 manual) at year end 2013 (total of consolidated bank): An NPE is defined as: <ul style="list-style-type: none"> • Every material exposure that is 90 days past-due even if it is not recognised as defaulted or impaired • Every exposure that is impaired (respecting specifics of definition for nGAAP vs. IFRS banks) • Every exposure that is in default according to CRR Definition of exposure: <ul style="list-style-type: none"> • Any facility that is NPE must be classed as such • For retail: NPE is defined at the facility level • For non-retail: NPE is defined at the debtor level – if one material exposure is classified as NPE, all exposures to this debtor level shall be treated as NPE • Materiality is defined as per the EBA ITS guidelines (i.e. as per Article 178 CRR) and hence in line with national discretion • Off balance sheet exposures are included. Derivative and trading book exposures are not included as per the EBA ITS. Denominator: total exposure (performing and non-performing). Same definition of exposure as above. As of year-end 2013 and total of consolidated bank.

A11	Coverage ratio for non-performing exposure	<p>Numerator:</p> <p>Specific allowances for individually assessed financial assets (As per IAS 39 AG.84-92. FINREP table 4.4, column 080. EBA/ITS/2013/03 Annex V. Part 2. 35-38)</p> <p>+ Specific allowances for collectively assessed financial assets (As per IAS 39 AG.84-92. FINREP table 4.4, column 090. EBA/ITS/2013/03 Annex V. Part 2. 35-38)</p> <p>+ Collective allowances for incurred but not reported losses (As per IAS 39 AG.84-92. FINREP table 4.4, column 100. EBA/ITS/2013/03 Annex V. Part 2. 35-38)</p> <p>Denominator:</p> <p>the non-performing exposure (numerator of A10)</p> <p>As of year-end 2013 and total of consolidated bank.</p>
A12	Level 3 instruments on total assets	<p>Level 3 assets are those according to IFRS 13, para. 86-90 (covering Available for Sale, Fair Value through P&L and Held for Trading)</p> <p>Not defined for banks using nGAAP.</p> <p>Total assets = A1</p>
B. MAIN RESULTS OF THE COMPREHENSIVE ASSESSMENT (CA)		
B1	CET1 Ratio	B1=A6
B2	Aggregated adjustments due to the outcome of the AQR	This is the sum of all AQR results impacting (from an accounting or prudential perspective) the CET1 ratio. The split into its components is provided in the sheet "Detailed AQR Results". In basis points, marginal effect.
B3	AQR adjusted CET1 Ratio	B3 = B1 + B2 based on year-end 2013 figures and CRR/CRDIV phase-in as of 1 January 2014
B4	Aggregate adjustments due to the outcome of the baseline scenario of the joint EBA ECB Stress Test	Additional adjustments due to baseline scenario to lowest hypothetical CET1 ratio over the stress test horizon of three years (i.e. the one resulting in the lowest hypothetical CET1 ratio in the three year-ends (YE2014, YE2015, YE2016) considered). Note that this also includes phasing-in effects of CRR and CRD 4 as of arrangements of respective national jurisdiction. In line with EBA disclosure.
B5	Adjusted CET1 Ratio after Baseline Scenario	B5= B4 + B3 Note that this is an estimate of the outcome of a hypothetical scenario and refers to a future point in time. It should not be confused with the bank's forecast or multi year plan.
B6	Aggregate adjustments due to the outcome of the adverse scenario of the joint EBA ECB Stress Test	Additional adjustments due to adverse scenario to lowest hypothetical CET1 ratio over the stress test horizon of three years (i.e. the one resulting in the lowest hypothetical CET1 ratio in the three year-ends (YE2014, YE2015, YE2016) considered). Note that this also includes phasing-in effects of CRR and CRDIV as of arrangements of respective national jurisdiction. In line with EBA disclosure.
B7	Adjusted CET1 Ratio after Adverse Scenario	B7 = B5 + B6 Note that this is an estimate of the outcome of an adverse hypothetical scenario and refers to a future point in time. It should not be confused with the bank's forecast or multi-year plan.
B8	Shortfall to threshold of 8% for AQR adjusted CET1 Ratio	$B8=(8-B3)*100$ (if $B3<8$, otherwise 0)
B9	Shortfall to threshold of 8% in Baseline Scenario	$B9=(8-B5)*100$ (if $B5<8$, otherwise 0)
B10	Shortfall to threshold of 5.5% in Adverse Scenario	$B10=(5.5-B7)*100$ (if $B7<5.5$, otherwise 0)
B11	Aggregated Capital Shortfall of the Comprehensive Assessment	B11= max(B8, B9, B10) B11 will be capital shortfall coming out of the comprehensive assessment. For details on which measures are considered eligible to mitigate the shortfall see the accompanying Aggregated Report.

C. Memorandum Items		
The information in this sheet is to be provided as on a marginal basis, i.e.. every single impact given the impacts that preceded it. Basis points refer to the CET1 ratio as of YE 2013 (=A6).		
C1	Raising of capital instruments eligible as CET1 capital (+)	Changes to CET1 due to new issuances of common equity.
C2	Repayment of CET1 capital, buybacks (-)	Changes to CET1 due to repayment or reduction of CET1 (i.e. buybacks).
C3	Conversion to CET1 of existing hybrid instruments (+)	Changes to CET1 due to conversion of existing hybrid instruments into CET1 which took place between 1 January 2014 and 30 September 2014.
C4	Net Issuance of Additional Tier 1 Instruments with a trigger at or above 5.5% and below 6%	Net issuance of AT1 Instruments (Article 52 CRR) with a trigger at or above 5.5% and below 6% between 1 January 2014 and 30 September 2014, expressed in terms of RWA. AT1 instruments which have been converted into CET1 are not to be accounted for in this cell to avoid double counting with G3.
C5	Net Issuance of Additional Tier 1 Instruments with a trigger at or above 6% and below 7%	Net issuance of AT1 Instruments (Article 52 CRR) with a trigger at or above 6% and below 7% between 1 January 2014 and 30 September 2014, expressed in terms of RWA. AT1 instruments which have been converted into CET1 are not to be accounted for in this cell to avoid double counting with G3.
C6	Net Issuance of Additional Tier 1 Instruments with a trigger at or above 7%	Net issuance of AT1 Instruments (Article 52 CRR) with a trigger at or above 7% CET1 between 1 January 2014 and 30 September 2014, expressed in terms of RWA. AT1 instruments which have been converted into CET1 are not to be accounted for in this cell to avoid double counting with G3.
C7	Incurred fines/litigation costs from January to September 2014 (net of provisions)	Incurred fines/litigation costs from January to September 2014 (net of provisions). Only litigation costs with a realized loss > 1 Basis Point of CET1 (as of 1.1.2014) are in scope.
D. Matrix Breakdown of AQR Result		
Asset class	Corporates	Asset class is an aggregated of the AQR sub-asset classes Project finance, Shipping, Aviation, Commercial real estate (CRE), Other real estate, Large corporates (non real estate) and Large SME (non real estate)
D .A	RWA year end 2013	Total credit risk weighted assets including off balance sheet items.
D .B	Portfolio selected	Indication of the fraction of the overall RWA per asset class that was selected in Phase 1 of the AQR. This follows a "bucketing approach" rather than disclosing the precise figures. Buckets are defined as follows: "Not relevant" ;< 20% ; 20-40% ; 40-60% ; 60-80% ; 80-100% ; 100%
D .C	Adjustments to provisions on sampled files	Amount of adjustments to specific provisions on the credit file samples (negative numbers). This includes all files from the single credit file review (on a technical note: also the prioritized files).
D .D	Adjustments due to projection of findings	Amount of adjustments to specific provisions based on the projection of findings of the credit file review to the wider portfolio (negative numbers).
D .E	Adjustment to provisions due to collective provisioning review	Amount of adjustments to collective provisions as determined based on the challenger model in cases where the bank's collective provisioning model is found to be out of line with the standards expressed in the AQR Manual (negative numbers).
D .F	Adjustments on CET1 before offsetting impact	Gross amount of the aggregated adjustments disclosed in D.C - D.E before the offsetting impact of risk protection and tax (negative numbers).
D.G	Portfolio size Carrying Amount	Portfolio size - Level 3 Carrying Amount
D .H	Portfolio selection	Indication of the carrying amount (gross mark-to-market as of year-end 2013, before AQR adjustment) of Level 3 position that has been reviewed by NCA Bank Team divided by total level 3 carrying amount (gross mark-to-market as of year-end 2013, before AQR adjustment and before PP&A) for this asset class.
D .I	Adjustments on CET1 before offsetting impact	Amount of adjustments resulting from: - CVA Challenger model (D11). - the different components of the fair value exposures review (D13-D20), as well as the fair value review as a whole (D12) (negative number).

D10	Additional information on portfolios with largest adjustments accounting for (at least) 30% of total banking book AQR adjustment:	This breakdown is omitted where the overall AQR impact (B2) is less than 10 basis points CET1 and single rows are omitted where they have an impact of less than 1 basis point CET1. Note this adjustment is already reflected in the asset class break down of D1 to D9 and displayed here only on a more granular level.
D11	CVA	Adjustments resulting from CVA challenger model. CVA see Article 383 CRR CVA, calculated as the market loss-given-default multiplied by the sum of expected losses at each point in time. The expected loss at each point in time i is calculated as the product of the PD factor at that point in time and the Exposure factor at that point in time
D12	Adjustments to fair value assets in the banking and trading book	Split of the aggregated adjustment from the fair value review, excluding the adjustment to CVA (D11)
D13	Non derivative exposures review	This includes changes in scope of exposure following PP&A
D20	Sum of D.F1, D.I 11 and D.I 12	Gross amount of the aggregated CET1 adjustment based on the AQR before offsetting impact of asset protection, insurance and tax (negative number).
D21	Offsetting impact due to risk protection	Aggregated estimated impact of asset protection schemes (e.g. portfolio guarantees) and insurance effects that may apply to applicable portfolios (positive number).
D22	Offsetting tax impact	The offsetting tax impact includes the assumed creation of DTAs, which accounts for limitations imposed by accounting rules. Appropriate CRRIV DTA deductions are made for any tax offsets.
D23	Net total impact of AQR results on CET1	Net amount of the aggregated CET1 adjustment based on the AQR after offsetting impact of risk protection and tax (negative number). Sums the impact from D20, D21, D22, and incorporates the effect of changing RWA.
E. Matrix Breakdown of Asset Quality Indicators		
<ul style="list-style-type: none"> • The asset quality indicators are based on EBA's simplified definition of NPE. • All parties involved made significant efforts to increase the degree of harmonisation of the NPE definition and its application. • While the application of this definition constitutes a very important leap forward in terms of harmonisation across the euro area banking sector, the degree of harmonisation reached is not completely perfect due to factors such as different materiality thresholds across Member States. However, a solid basis of consistency has been implemented for the comprehensive assessment, implying a very significant improvement in comparability across banks from different jurisdictions. • The figures presented should not be understood as accounting figures. 		
E .A	unadjusted NPE Level year end 2013	See A10, best effort basis
E .B	Changes due to the single credit file review	Exposure re-classified from performing to non-performing according to the CFR classification review.
E .C	Changes due to the projection of findings	Exposure re-classified from performing to non-performing according to the projection of findings.
E .D	AQR - adjusted NPE level	<u>Numerator:</u> Exposure (book value plus CCF-weighted off-balance exposure) reported by the bank as non-performing according to the simplified NPE definition (see AQR Phase 2 Manual Section 2.4.4. and explanation for A10 above) at year end 2013 + Exposure re-classified from performing to non-performing according to the CFR classification review and projection of findings. <u>Denominator:</u> total exposure (performing and non-performing). Same exposure definition as above.
E .E	unadjusted coverage ratio of non-performing exposure, year end 2013	See A11
E .F	Changes due to the single credit file review	Amount of adjustments to provisions based on single credit file review. (negative numbers)
E .G	Changes due to the projection of findings	Amount of adjustments to provisions based on the projection of findings of the credit file review to the wider portfolio (negative numbers).
E .H	Changes due to the collective provisioning review on non-performing exposures	Amount of adjustments to collective provisions as determined based on the challenger model in cases where the bank's collective provisioning model is found to be out of line with the standards expressed in the AQR Manual (negative numbers).
E .I	AQR - adjusted ratio of provisions on NPE to NPE	A11 adjusted for AQR findings (in general increased provisions and increased NPE level).
E.J	Coverage ratio for exposures newly classified as NPE during the AQR	Additional provisions specified for exposure newly classified as non-performing during the AQR
F. LEVERAGE RATIO IMPACT OF THE COMPREHENSIVE ASSESSMENT		

F1	Leverage Ratio at year end 2013	See A9 above
F2	Aggregated adjustments due to the outcome of the AQR	Adjustments to the leverage ratio based on all quantitative AQR adjustments affecting its components
F3	AQR adjusted Leverage Ratio	Leverage ratio based on CRR Article 429 as of September 2014 incorporating all quantitative AQR adjustments affecting its components.