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**Subject: The results of the stress test and asset quality review (AQR) of Bank Handlowy w Warszawie S.A (hereinafter referred to as “the Bank”)**

**Legal basis:**

Article 56 Section 1 item 1 of the Act of 29 July, 2005 on public offering and the conditions for introducing financial instruments to the organized trading system, and on public companies (Journal of Laws of 2005 No. 184 item 1539).

The Management Board of Bank Handlowy w Warszawie S.A. (hereinafter referred to as “the Management Board”) presents the information on the results of the stress tests carried out by the European Banking Authority (EBA) as well as on the results of the asset quality review (AQR) carried out by the Polish Financial Supervision Authority (Urząd Komisji Nadzoru Finansowego, UKNF) in accordance with the European Central Bank (ECB) methodology.

The stress tests are aimed to assess the impact of the baseline scenario on banks and their resilience to adverse scenarios. The tests cover the period of 2014 – 2016 and they have been carried out on the basis of hypothetical macroeconomic assumptions (covering GDP growth, unemployment rate, inflation, interest rates and FX rates) in accordance with the methodology developed by the ECB

The aim of the stress test exercise has been to assess the impact of negative macroeconomic shocks on credit losses, valuation of financial instruments, capital base and revenue of banks. The stress tests have been carried out on a static balance sheet assumption as of the end of December 2013.

The impact of the stress tests is measured against a capital adequacy benchmark calculated for Common Equity Tier 1 (CET 1), determined in accordance with the applicable regulatory requirements. The minimum capital adequacy threshold for the baseline scenario is 8% CET 1 whereas a threshold of 5.5% CET applies in the case of the adverse scenario.

According to the stress test results for the Capital Group of Bank Handlowy w Warszawie S.A., if the scenarios were to materialize, the Bank’s consolidated CET 1 capital ratio would fall to 15.74% in the baseline scenario and 14.92% in the case of the adverse scenario as of the end of 2016. This means that the Bank has a significant excess of capital in each of the analyzed scenarios.