

Announcement on the Minimum Capital Ratio requirement as from 1 January 2023

Prague, 19 December 2022 – Komerční banka, a.s., with its registered office at Na Příkopě 33/969, 114 07 Prague 1, registration No. 45317054, entered in the register of companies maintained with the Metropolitan Court of Prague, section B, file No.1360 (hereinafter also Komerční banka or the Bank), announces that

the Bank received information on the minimum level of capital ratio set for Komerční banka by the joint decision of the College of supervisors of the Société Générale Group with the participation of the Czech National Bank.

According to this decision, Komerční banka is required to maintain a capital ratio on a consolidated basis at the minimum level of 10.9% (TSCR - Total SREP Capital Ratio) effective from 1 January 2023, representing an increase by 30 basis points in comparison with the ratio required today. This requirement includes:

1. Minimum capital requirement according to the Article 92 (1) of the EU regulation on prudential requirements for credit institutions and investment firms, i.e. maintaining a Common Equity Tier 1 capital ratio of 4.5%, a Tier 1 capital ratio of 6% and a total capital ratio of 8%, and
2. Additional requirement of 2.9% set in Pillar 2 above the aforementioned requirements. This additional requirement must be covered at least from 56.25% by Common Equity Tier 1 capital and at least from 75% by Tier 1 capital.

Moreover, credit institutions in the Czech Republic are simultaneously subject to the combined capital requirements, which are additive to the TSCR requirement set in the aforementioned joint decision. As of today, KB is required to maintain a combined capital buffer comprising the capital conservation buffer at 2.5%, the O-SII capital buffer at 2.0%, and the countercyclical buffer set by for exposures in particular countries (in the Czech Republic currently at 1.5%). The CNB will increase its requirement for countercyclical capital buffers on Czech exposures by 50 basis points to 2% from January 2023 as the regulator announced in November 2021.

Thus, Komerční banka's overall capital requirements as of 1 January 2023 would reach approximately 17.40% in relation to the consolidated volume of risk-weighted assets. The minimum Common Equity Tier 1 capital level would stand at approximately 12.63% and the minimum Tier 1 capital ratio at approximately 14.68%.

Furthermore, the CNB will increase its requirement for countercyclical capital buffers on Czech exposures by additional 50 basis points from April 2023 as the regulator announced in March 2022. As a result, the countercyclical capital buffer on Czech exposures will reach level of 2.5%. Then Komerční banka's overall capital requirements as of 1 April 2023 would reach approximately 17.90% in relation to the consolidated volume of risk-weighted assets (where minimum Common Equity Tier 1 capital ratio at 13.13% and minimum Tier 1 capital ratio at 15.18%).

Komerční banka will continue in its capital planning to apply prudent assumptions about the future development of regulatory capital requirements.