

Board of Directors' proposal for extraordinary distribution of retained earnings

Prague, 3 October 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

With the aim to deliver on its standard dividend policy of paying out between 60-70% of the net profit generated, which had been suspended in the years 2020 and 2021 in accordance with restrictions applicable for all Czech banks adopted by the Czech National Bank (CNB) in March 2020 in response to outbreak of the Covid-19 pandemic, and

taken the Bank's strong capital position and the surplus of capital accumulated during the pandemic dividend restrictions, the outlook for capital needs stemming from the growth of the Bank's business activities as well as the increase in capital requirements announced by the CNB,

the Board of Directors of Komerční banka proposes that the General Meeting resolves to distribute to the shareholders retained earnings of Komerční banka in the amount of CZK 10,547,733,930, which represents CZK 55.50 per share, before taxation.

The Board of Directors will ask the General Meeting to decide on the proposal remotely, in writing and using the remote communication electronic platform (per rollam). The proposal is subject to evaluation by the Supervisory Board. Notice of remote decision making by the General Meeting with the proposal will be published on 10 October 2022. Upon approval, each shareholder holding a share of Komerční banka on 30 November 2022 shall be eligible for the payment of the share in the retained earnings. The payment of the share in the retained earnings shall be due on 22 December 2022.

The Bank received the statement from the Czech National Bank that it has no objections against such payment.

As of 30 June 2022, Komerční banka's total regulatory capital for the capital adequacy calculation came to CZK 108.5 billion. Capital adequacy stood at 20.3%. Core Tier 1 capital was CZK 106.4 billion, and the Core Tier 1 ratio stood at 20.0%. As from 1 July 2022, Komerční banka's overall capital requirements (OCR) come to approximately 16.1%. The minimum required level of CET 1 is 11.5%, and the minimum Tier 1 capital ratio stands at 13.5%. The OCR will rise further by a cumulative 150 bps in three steps during October 2022, January 2023, and April 2023 due to preannounced hikes in the countercyclical buffer requirement by the CNB. Assuming no further changes, as from 1 April 2023, the minimum OCR will reach 17.6%, the minimum CET1 ratio 13.0%, and the minimum Tier 1 15.0%.

Based on the current estimates of the volume of risk weighted assets of the Bank as of 31 December 2022, the payment of the share in the retained earnings will lead to a decrease in Komerční banka's capital adequacy ratio by less than 2 percentage points.

The proposal for the distribution of retained earnings is in line with the long-term capital management plan, which maintains capital adequacy at a level appropriate to the risks assumed under the given economic conditions in the Czech Republic and with respect to the Bank's business opportunities. The proposal also maintains adequate scope for future business growth of the Bank and, in the opinion of the Board of Directors, provides shareholders with a fair share of profits.

As announced already on 10 February 2022, the Board of Directors approved a dividend policy (expected dividend payout ratio) for the year 2022 of paying out 65% of consolidated net profit attributable to KB's shareholders to be generated in 2022.