

Announcement on the Minimum Capital Ratio requirement as from 1 January 2024

Prague, 5 December 2023 – Komerční banka, a.s., with its registered seat at Praha 1, Na Příkopě 33/969, Zip Code 114 07, Id. No. 45317054, registered in the Commercial Register maintained by the Municipal Court in Prague, section B, file No.1360 (hereinafter also Komerční banka or the Bank), announces that

the Bank received information from Société Générale, a parent company of Société Générale Group, 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.

According to this decision, Komerční banka is required to maintain a capital ratio on a consolidated basis at the minimum level of 10.6% (TSCR - Total SREP Capital Ratio) effective from 1 January 2024, representing a decrease by 30 basis points in comparison with the ratio required today. This requirement includes:

1. The minimum capital requirement under Article 92(1) of the EU Prudential Regulation for credit institutions and investment firms, i.e., to maintain a Common Equity Tier 1 (CET1) capital ratio of 4.5%, a Tier 1 capital ratio of 6% and a total capital ratio of 8%; and
2. The additional Pillar 2 Requirement (also known as P2R) of 2.6%, which KB is required to hold above the minimum requirements under the previous point and which it is required to cover with at least 56.25% common equity Tier 1 capital and 75% Tier 1 capital. The requirement to maintain additional capital (so called Pillar 2 Guidance, also P2G) was not set for Komerční banka.

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 determined by competent authorities for exposures in a particular country (currently at 2.0% in the Czech Republic while CNB announced the requirement will remain unchanged as from 1 January 2024 as well).

Thus, assuming no further changes in capital requirements, Komerční banka's overall capital requirement as of 1 January 2024 will be approximately 17.1% in relation to the volume of risk-weighted assets. The minimum Common Equity Tier 1 capital ratio will stand at approximately 12.46% and the minimum Tier 1 capital ratio at approximately 14.45% in relation to the volume of risk-weighted assets.

As of 30 September 2023, the overall consolidated capital ratio of Komerční banka stood at 20.2% and the Common Equity Tier 1 ratio was 19.6%.

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