



## Announcement on the Minimum Capital Ratio requirement as from 1 January 2018

Prague, 3 January 2018 – 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 from the Czech National Bank 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 9.5% (TSCR - Total SREP Capital Ratio) effective from 1 January 2018, which 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 Tier 1 core capital ratio of 4.5%, a Tier 1 capital ratio of 6% and a capital ratio of 8%, and
2. Additional requirement of 1.5% set in Pillar 2 above the aforementioned requirements. This additional requirement must be covered fully by Tier 1 capital, and, at least 75% of this requirement must be covered by Core Tier 1 capital. This requirement has been increased by 0.1 percentage point in comparison with the previous level.

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 1 January, KB is required to maintain a combined capital buffer comprising, in the case of Komerční banka, the capital conservation buffer at 2.5%, the countercyclical buffer set by for exposures in particular countries (in the Czech Republic at 0.5%, at 1.0% from 1 July 2018 and at 1.25% from 1 January 2019) and the capital systemic buffer at 3.0%.

Thus, Komerční banka's overall capital requirements as of 1 January 2018 reach 15.5% in relation to the consolidated volume of risk-weighted assets. The minimum Core Tier 1 capital level is 11.625% and the minimum Tier 1 capital ratio stands at 13.5%.

As of 30 September 2017, Komerční banka's consolidated capital adequacy reached 16.8%, KB's regulatory capital base was comprised solely of Core Tier 1 instruments. In addition, the regulatory capital was reinforced by a Tier 2 capital component on 9 October 2017, in the amount corresponding to approximately 0.6% of consolidated risk-weighted assets, as KB had disclosed in a separate announcement. KB intends to disclose the result of the annual update of its dividend policy along with its results for the year 2017 on 8 February 2018.