

Komerční banka expects material impact on its result from the decision of the Czech National Bank to cancel remuneration of the required minimum reserves

Prague, 8 September 2023 - 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

Komerční banka Group expects a material impact into its financial result from the decision of the Czech National Bank (CNB) announced on 7 September 2023 to cancel remuneration of required minimum reserves held by banks at the CNB, with effect from 5 October 2023. Until then, the required minimum reserves are remunerated by the two-week repo rate announced by the CNB effective in the so called maintenance period, currently at 7%.

According to a decree of the CNB, banks are required to maintain a prescribed amount of its fund on accounts with the CNB (required minimum reserves). The reserve base shall comprise liabilities with a maturity of up to and including two years, in the form of deposits and received loans, issued non-marketable securities and issued other debt securities, net of liabilities to other obliged entities. The required minimum reserves amount to 2% of the reserve base.

Obliged entities for required minimum reserves in Komerční banka Group comprise KB and Modrá pyramida stavební spořitelna. The stipulated amount of the required minimum reserves for the current maintenance period (from 7 September to 4 October 2023) stands at approximately CZK 19.6 billion. Cancelling of remuneration of the required minimum reserves thus represents a decrease in interest income of KB Group by approximately CZK 115 million per month, in comparison with the currently applicable remuneration at the two-week repo rate of 7%.