

## Announcement on the Minimum Capital Ratio requirement as from 1 January 2020

Prague, 18 December 2019 – 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 10.2% (TSCR - Total SREP Capital Ratio) effective from 1 January 2020, 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 2.2% 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 0.6 percentage point in comparison with the previous level.

This change had been assumed in KB's baseline scenario for capital planning, as the Bank informed in its [report on financial results as of 30 September 2019](#).

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 2020, KB will be 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 1.75% from 1 January 2020 and at 2.00% from 1 July 2020) and the capital systemic buffer at 3.0%.

Thus, Komerční banka's overall capital requirements as of 1 January 2020 reach approximately 17.4% in relation to the consolidated volume of risk-weighted assets. The minimum Core Tier 1 capital level is approximately 13.4% and the minimum Tier 1 capital ratio stands at approximately 15.4%.

As of 30 September 2019, Komerční banka's consolidated capital adequacy stood at 19.4% and the Core Tier 1 ratio was at 18.9%. Tier 2 capital represented 0.6% of risk-weighted assets.