KB

Komerční banka increases Tier 2 regulatory capital by EUR 100 million

Prague, 29 November 2023 - Komerční banka, a.s., with registered office at Na Příkopě 33/969, 114 07 Prague 1, registration No. 45317054, entered in the Commercial Register maintained with the Metropolitan Court of Prague, section B, file No.1360 (hereinafter also Komerční banka), announces that

On 28 November 2023, Komerční banka as a borrower concluded the agreement with Société Générale, a société anonyme incorporated under French law, with its registered office at 29 Boulevard Haussmann, 75009 Paris, France, registered with the Trade and Company Registry of Paris under number 552 120 222 (Société Générale) as a lender on provisioning of a Tier 2 subordinated loan in the amount of EUR 100 million, the value date 29 November 2023, with 10 year maturity and a call option for the benefit of Komerční banka after 5 years, at an interest rate of EURIBOR 3M plus 2.82% p.a. As of the contract date, Société Générale holds 60.35% ownership stake in Komerční banka.

The increase in Komerční banka's regulatory capital on account of the subordinated loan represents approximately 0.46% of consolidated risk-weighted assets as of 30 September 2023. The subordinated loan is denominated in EUR to better align currency structures of KB's capital and assets. Komerční banka evaluates on a continuous basis the debt capital market for bank issuers and concluded that the loan from Société Générale provides the most effective option for Komerční banka, also considering the resolution strategy applied in Société Générale Group.

As of 30 September 2023, i.e., not including the above-mentioned Tier 2 subordinated loan, total consolidated regulatory capital of Komerční banka for the capital adequacy calculation reached CZK 106.5 billion. Capital adequacy stood at 20.2%. Core Tier 1 (CET1) capital totalled CZK 103.6 billion and the Core Tier 1 ratio was 19.6%. Tier 2 capital summed to CZK 2.9 billion, which was 0.5% of risk-weighted assets.