

THE REMUNERATION REPORT
FOR THE YEAR 2020

KOMERČNÍ BANKA, A.S.

1 INTRODUCTION

This document represents, within the intention of S. 121o (1) of Act No. 256/2004 Coll., the Act to Regulate Business Undertaking in the Capital Market as Amended, the Report on the remuneration of the members of the Board of Directors and of the Supervisory Board for the year 2020 (hereinafter called the “**Remuneration Report**” or the “**Report**”) of Komerční banka, a.s., with its registered office at Prague 1, Na Příkopě 33 building identification No. 969, postal code 11407, company identification No. 453 17 054, entered in the register of companies maintained with the Metropolitan Court of Prague, in file B 1360 (hereinafter called “**KB**” or the “**Bank**”).

The Remuneration Report is submitted to KB General Meeting by the Board of Directors and is approved by the General Meeting along with the annual financial statements for the given year. Once approved, the Report is published on KB’s website and can be inspected there for a period of ten years.

The principles of the remuneration of the members of KB Board of Directors and Supervisory Board are defined in a document called The Remuneration Policy of members of the Board of Directors and of the Supervisory Board of Komerční banka, a.s. (hereinafter called the “**Remuneration Policy**”), which was approved by the Supervisory Board and by the General Meeting on 18 March 2020 and on 29 June 2020 respectively.

KB’s remuneration principles are intended to support the overall strategy and business targets of KB, prevent inadequate risk appetite and imprudent conduct, respect clients’ rights and interests, support cost efficiency and sustainable growth and improve the value of KB from the perspective of its staff, shareholders and other stakeholders using a sound and business-sensitive remuneration policy. The Remuneration Policy is an integral part of KB’s strategy in the human resource area as well as of its overall business strategy.

The Remuneration Report contains information about all members of the Board of Directors and of the Supervisory Board who were subject to the Remuneration Policy during 2020. The Remuneration Report does not contain information about former members of the Board of Directors and of the Supervisory Board who were not subject to the Remuneration Policy during 2020 but who may, nevertheless, still receive variable remuneration components under the relevant deferred payment schemes for the past periods. The information on the total amount of these variable components was published in the Annual Reports for the past years.

2 THE OVERVIEW OF THE REMUNERATION COMPONENTS OF MEMBERS OF THE BOARD OF DIRECTORS

In accordance with chapter III of the Remuneration Policy, the remuneration of the members of KB Board of Directors in 2020 consisted of fixed components of remuneration, variable components of remuneration and pension benefits. Members of KB Board of Directors do not receive remuneration in the form of share schemes.

1. **The fixed components of remuneration** consist of i) a fixed monthly remuneration and ii) financial and non-financial benefits. The fixed components of remuneration for December 2019 paid out in January 2020 are not included in the sum for the year 2020. The fixed components of remuneration for December 2020 paid out in January 2021 are included in the sum for the year 2020.
2. **The awarded variable component of remuneration** will be paid out in accordance with the deferred bonus scheme set out in chapter 2.3. It is a component of remuneration which is awarded based on the rate of achievement of the key performance indicators and the manner and circumstances under which the key performance indicators were achieved. Also, within the framework of the managerial culture and conduct assessment, it reflects the given Board member’s attitude to KPI implementation. In addition to the above-mentioned basic implementation of the key performance indicators, the amount of the awarded variable remuneration component also reflected the way of coping with the pandemic situation which had significantly affected the economy and business undertaking, business continuity and crisis management setup, all this in accordance with shareholders’ interests under chapter II of the Remuneration Policy.
3. **The paid variable component** represents the remuneration paid out to a member of the Board of Directors in 2020. It is the variable component of remuneration relating to the KPI rate of achievement during the past periods, i.e., between 2016 and 2019, under the applicable deferred payment schemes for the said periods listed in chapter 0.

2.1 VARIABLE COMPONENT OF REMUNERATION – KEY PERFORMANCE INDICATORS FOR THE YEAR 2020

The key performance indicators (hereinafter called the “**KPIs**”) for the given financial year are approved by KB Supervisory Board. Every key indicator has its weight expressed as a percentage their sum being equal to 100%. The KPIs are divided into quantitative and qualitative indicators and the sum of all qualitative KPIs has a weight of at least 40%:

- **Return on Equity (ROE):** An indicator which measures the effectiveness of the invested capital (i.e., how much of the new profit is attributable to one Crown of the invested capital).
- **Income budget fulfillment:** An indicator which is measured by the total net income reached (**Net Banking Income**).
- **Cost budget observance:** An indicator which is measured by the total of operating expenses (**OPEX**) and capital expenses (**CAPEX**).
- **Cost Income Ratio (CIR)**
- **Capital adequacy:** Compares the capital of the Bank with risk assets.
- **Market share:** Monitors the Bank's position on the market of individual products. The monitored indicator for 2020 is the **Market share in loans**.
- **Innovations** focus on the implementation of the **Bank's strategic priorities, business opportunities development**, an increase in the area of digitalization and automation, the development of new products which will provide clients with digital and innovative experience.
- **Client satisfaction** is measured from two perspectives: The **Net Promoter Score** in the Bank's key segments showing the clients' willingness to recommend KB as a reference bank, and **KB Brand Position compared with its key rivals**.
- **Employee satisfaction** is measured within **SG Pulse**, a regular survey using the **Staff Engagement Rate** indicator.
- **Management of risks and compliance:** All the risks of the Bank are defined in the **Risk Appetite Statement**. The key indicators which are monitored include the **credit risk** (the risk that a client fails to pay off his loan within the agreed period or that he fails to pay the interest or other expenses), the **default rate** (the share of overdue loans in the total loan portfolio), **operational risks** (the risk of a loss suffered by the Bank due to a lack or failure of internal processes, human factor or systems including the risk of a loss due to a breach of or non-compliance with a piece of legislation). The Bank also assesses compliance with regulatory requirements and **Compliance** programs (e.g., KYC programs, LaFayette, CTP).
- **Managerial culture and conduct:** Reflects the development of managerial culture in the area under the responsibility of the member of the Board of Directors taking into account KB values, employee satisfaction, effective management and governance, the talent development program, succession planning, and the promotion of corporate culture including CSR. These are appraised individually by the competent superior manager.
- **Promoting corporate social responsibility (CSR):** This consists, inter alia, in a responsible conduct of the Bank itself and in the support and funding of sustainable development activities and involvement in charitable activities. The CSR objectives are part of the strategic plan of the Bank for the period 2020-2025.

2.2 CURRENT KPIS OF THE INDIVIDUAL MEMBERS OF THE BOARD OF DIRECTORS FOR 2020

The annual assessment of the results of KPI implementation was made by the Supervisory Board at its meeting held on 10 March 2021 in accordance with chapter 3.1 of the Remuneration Policy. The KPIs were set before the pandemic, which affected the implementation of the individual KPIs in 2020.

Jan Juchelka, chairman of the Board of Directors and Chief Executive Officer: 75% of KPIs set at the level of KB / KB Group and 25% set at the level of Société Générale as the parent company.

The objectives regarding KB / KB Group and their weights are as follows:

- Implementation of the strategic and financial plan – 25%
- Risk management and Compliance – 25%
- Managerial culture and conduct – 25%.

The implementation of the strategic and financial plan is further assessed based on the following indicators and their weights:

- Return on equity (KB Group ROE KN) – 5%
- Cost-income ratio (CIR KN) – 5%
- Innovations – 10%
- Client satisfaction – 5%

The shared objectives at the level of Société Générale as the parent company have an identical weight and are as follows:

- Return on equity (SG ROTE) – 6.25%
- Client satisfaction (SG NPS in key areas of business) – 6.25%
- Employee satisfaction (SG Staff engagement rate) – 6.25%
- Risk management and Compliance (assessed by SG Board of Directors using RobecoSam/MSCI/Sustainalytics + operational risks KPI + evaluation of relations with regulators) – 6.25%

The overall KPI achievement rate for 2020 is 70%.

The objectives of **Didier Colin, a member of the Board of Directors**, must be independent of the performance of business areas which he checks. For this reason, 100% of his KPIs are set at the level of KB / KB Group his objectives having a non-financial and non-business character. The indicators and their weights are defined as follows:

- Risk management and Compliance – 60%
- Client satisfaction – 10%
- Employee satisfaction – 10%
- Managerial culture and conduct – 20%

Risk management and Compliance are further appraised based on the fulfillment of the following indicators and their weights:

- Losses relating to operational risks – 10%
- Default rate – 20%
- Implementation of the plan of Compliance programs (La Fayette, CTP) – 10%
- Implementation of strategic priorities in the Risk management and Compliance area – 20%

The overall KPI achievement rate for 2020 is 97%.

The other members of the Board of Directors of Komerční banka have 90% of their KPIs set at the level of KB / KB Group and 10% at the level of Société Générale as the parent company.

50% of the set objectives including the objectives at the level of parent company Société Générale are joint; 50% are made up of individual objectives corresponding to the area of responsibility of the given Board member.

The shared objectives are:

- Return on equity (ROE) of SG EURO Division – 5%
- Cost-income ratio (CIR) of SG EURO Division – 5%
- Return on equity (ROE) of KB Group – 5%
- Cost-income ratio (CIR) of KB Group – 5%
- Employee satisfaction – 10%
- Client satisfaction – 10%
- Implementation of the plan of Compliance programs (La Fayette, CTP) – 10%

Miroslav Hiršl has these individual objectives:

- Net banking income (NBI) in the area of retail banking – 10%
- Risk management and Compliance (default rate and operational risks) – 10%
- Implementation of retail banking strategic priorities – 10%
- Managerial culture and conduct – 20%

The KPI achievement rate for 2020 is 65%.

David Formánek has these individual objectives:

- Net banking income (NBI) in the area corporate and investment banking – 10%
- Risk management and Compliance (default rate and operational risks) – 10%
- Implementation of strategic priorities of corporate and investment banking – 10%
- Managerial culture and conduct – 20%

The KPI achievement rate for 2020 is 65%.

Margus Simson has these individual objectives:

- Expense budget compliance (OPEX/CAPEX) Technology – 10%
- Risk management and Compliance (operational risks) – 10%
- Implementation of strategic priorities in the area of Technology – 10%
- Managerial culture and conduct - 20%

The KPI achievement rate for 2020 is 74%.

Jitka Haubová has been on the Board of Directors since 4 June 2020 replacing **Vladimír Jeřábek**, whose term of office expired as of 3 June 2020. She took over the following individual objectives:

- Expense budget compliance (OPEX/CAPEX) in the areas under her responsibility – 10%
- Risk management and Compliance (operational risks) – 10%
- Implementation of strategic priorities in the areas under her responsibility – 10%
- Managerial culture and conduct - 20%

The KPI achievement rate for 2020 is 77%.

2.3 THE DEFERRAL SCHEME REGARDING THE VARIABLE COMPONENT AWARDED FOR 2020

The deferral scheme regarding the variable remuneration component of the chairman of the Board of Directors awarded for 2020

Ratio between non-deferred and deferred part of variable remuneration component	Payment structure of variable remuneration component		Award of variable remuneration component	Payment of variable remuneration component
	%	Type of instrument		
40% non-deferred part	20%	in cash	March 2021	March 2021
	20%	KBTP*	March 2021	March 2022
60% deferred part	12%	in cash	March 2022	March 2022
	12%	in cash	March 2023	March 2023
	12%	KBTP*	March 2024	March 2025
	12%	KBTP*	March 2025	March 2026
	12%	KBTP*	March 2026	March 2027

The deferral scheme regarding the variable remuneration component of members of the Board of Directors awarded for 2020

Ratio between non-deferred and deferred part of variable remuneration component	Payment structure of variable remuneration component		Award of variable remuneration component	Payment of variable remuneration component
	%	Type of instrument		
60% non-deferred part	30%	in cash	March 2021	March 2021
	30%	KBTP*	March 2021	March 2022
40% deferred part	8%	in cash	March 2022	March 2022
	8%	in cash	March 2023	March 2023
	8%	KBTP*	March 2024	March 2025
	8%	KBTP*	March 2025	March 2026
	8%	KBTP*	March 2026	March 2027

* A tool linked to the price of KB share (KB quasi share/KBTP)

2.4 THE DEFERRAL SCHEME REGARDING THE VARIABLE COMPONENT PAID OUT FOR 2020

The deferral scheme regarding the variable remuneration component for 2016

The variable component of the remuneration of the members of the Board of Directors for 2016 is deferred by 3 years from the day of awarding the variable remuneration component to the given member of the Board of Directors.

Ratio between non-deferred and deferred part of variable remuneration component	Payment structure of variable remuneration component		Award of variable remuneration component	Payment of variable remuneration component
	%	Type of instrument		
60% non-deferred part	30%	in cash	March 2017	March 2017
	30%	KBTP*	March 2017	December 2017
40% deferred part	13,3%	in cash	March 2018	March 2018
	13,3%	KBTP*	March 2019	December 2019
	13,3%	KBTP*	March 2020	December 2020

The deferral scheme regarding the variable remuneration component for 2017

The variable component of the remuneration of the chairman of the Board of Directors for 2017 is deferred by 5 years from the day of awarding the variable remuneration component to the chairman of the Board of Directors.

Ratio between non-deferred and deferred part of variable remuneration component	Payment structure of variable remuneration component		Award of variable remuneration component	Payment of variable remuneration component
	%	Type of instrument		
40% non-deferred part	20%	in cash	March 2018	March 2018
	20%	KBTP*	March 2018	December 2018
60% deferred part	15%	in cash	March 2019	March 2019
	15%	in cash	March 2020	March 2020
	15%	KBTP*	March 2021	December 2021
	15%	KBTP*	March 2023	December 2023

The variable component of the remuneration of the other members of the Board of Directors for 2017 is deferred by 3 years from the day of awarding the variable remuneration component to the given member of the Board of Directors.

Ratio between non-deferred and deferred part of variable remuneration component	Payment structure of variable remuneration component		Award of variable remuneration component	Payment of variable remuneration component
	%	Type of instrument		
60% non-deferred part	30%	in cash	March 2018	March 2018
	30%	KBTP*	March 2018	December 2018
40% deferred part	13,3%	in cash	March 2019	March 2019
	13,3%	KBTP*	March 2020	December 2020
	13,3%	KBTP*	March 2021	December 2021

The deferral scheme regarding the variable remuneration component for 2018 and 2019

Since 2018, the variable component of the remuneration of all members of the Board of Directors including the chairman of the Board of Directors has, on a uniform basis, been deferred by 5 years from the day of awarding the variable remuneration component to the given member of the Board of Directors.

The deferral scheme regarding the variable remuneration component of the **chairman of the of the Board of Directors for 2018:**

Ratio between non-deferred and deferred part of variable remuneration component	Payment structure of variable remuneration component		Award of variable remuneration component	Payment of variable remuneration component
	%	Type of instrument		
40% non-deferred part	20%	in cash	March 2019	March 2019
	20%	KBTP*	March 2019	March 2020
60% deferred part	12%	in cash	March 2020	March 2020
	12%	in cash	March 2021	March 2021
	12%	KBTP*	March 2022	March 2023
	12%	KBTP*	March 2023	March 2024
	12%	KBTP*	March 2024	March 2025

The deferral scheme regarding the variable remuneration component of the **other members of the Board of Directors for 2018:**

Ratio between non-deferred and deferred part of variable remuneration component	Payment structure of variable remuneration component		Award of variable remuneration component	Payment of variable remuneration component
	%	Type of instrument		
60% non-deferred part	30%	in cash	March 2019	March 2019
	30%	KBTP*	March 2019	March 2020
40% deferred part	8%	in cash	March 2020	March 2020
	8%	in cash	March 2021	March 2021
	8%	KBTP*	March 2022	March 2023
	8%	KBTP*	March 2023	March 2024
	8%	KBTP*	March 2024	March 2025

The deferral scheme regarding the variable remuneration component of the **chairman of the of the Board of Directors for 2019:**

Ratio between non-deferred and deferred part of variable remuneration component	Payment structure of variable remuneration component		Award of variable remuneration component	Payment of variable remuneration component
	%	Type of instrument		
40% non-deferred part	20%	in cash	March 2020	March 2020
	20%	KBTP*	March 2020	March 2021
60% deferred part	12%	in cash	March 2021	March 2021
	12%	in cash	March 2022	March 2022
	12%	KBTP*	March 2023	March 2024
	12%	KBTP*	March 2024	March 2025
	12%	KBTP*	March 2025	March 2026

The deferral scheme regarding the variable remuneration component of the **other members of the Board of Directors for 2019:**

Ratio between non-deferred and deferred part of variable remuneration component	Payment structure of variable remuneration component		Award of variable remuneration component	Payment of variable remuneration component
	%	Type of instrument		
60% non-deferred part	30%	in cash	March 2020	March 2020
	30%	KBTP*	March 2020	March 2021
40% deferred part	8%	in cash	March 2021	March 2021
	8%	in cash	March 2022	March 2022
	8%	KBTP*	March 2023	March 2024
	8%	KBTP*	March 2024	March 2025
	8%	KBTP*	March 2025	March 2026

3 THE OVERVIEW OF THE REMUNERATION COMPONENTS OF MEMBERS OF THE BOARD OF DIRECTORS

3.1 Fixed remuneration components

For 2020, **Jan Juchelka** received a fixed monthly remuneration in the total amount of CZK 9,000,000 and benefits and perks in the total amount of CZK 349,207.

For 2020, **Didier Colin** received a fixed monthly remuneration in the total amount of CZK 6,021,745 and benefits and perks in the total amount of CZK 2,779,392. In line with chapter 3.1 of the Remuneration Policy, the benefits and perks also include the benefits associated with his stay abroad arising from his secondment to the Czech Republic.

For 2020, **Miroslav Hiršl** received a fixed monthly remuneration in the total amount of CZK 4,935,000 and benefits and perks in the total amount of CZK 284,317.

For 2020, **David Formánek** received a fixed monthly remuneration in the total amount of CZK 4,935,000 and benefits and perks in the total amount of CZK 260,821.

For 2020, **Margus Simson** received a fixed monthly remuneration in the total amount of CZK 6,360,000 and benefits and perks in the total amount of CZK 860,125.

For the period of her service on the Board of Directors, i.e., since 4 June 2020, **Jitka Haubová** received a fixed monthly remuneration in the total amount of CZK 2,470,909 and benefits and perks in the total amount of CZK 95,405.

For the period of his service on the Board of Directors, i.e., as of 3 June 2020, **Vladimír Jeřábek** received a fixed monthly remuneration in the total amount of CZK 2,743,187 and benefits and perks in the total amount of CZK 133,481.

3.2 Variable remuneration components

The variable remuneration component for the performance in 2020 will be paid out in accordance with the deferral scheme between 2021 and 2027.

The variable amounts for the performance on the Board of Directors in the past periods paid out in 2020 are listed below. To pay out the variable remuneration components regarding the performance for the past periods to the members of the Board of Directors, the Bank used the schemes applicable to the division of the variable component of the given year as stated above. In 2020, there were no conditions which would necessitate the application of a malus or claw-back of a variable remuneration component or its part.

In 2020, **Jan Juchelka** received a deferred variable remuneration component in the amount of CZK 584,986 relating to 2017, a deferred variable remuneration component in the amount of CZK 2,871,907 relating to 2018, and a non-deferred variable remuneration component in the amount of CZK 2,056,000 relating to 2019.

In 2020, **Didier Colin** received a deferred variable remuneration component in the amount of CZK 95,058 relating to 2017, a deferred variable remuneration component in the amount of CZK 1,653,777 relating to 2018 and a non-deferred variable remuneration component in the amount of CZK 1,580,185 relating to 2019.

In 2020, **Miroslav Hiršl** received a deferred variable remuneration component in the amount of CZK 220,000 relating to 2018 and a non-deferred variable remuneration component in the amount of CZK 1,050,000 relating to 2019.

In 2020, **David Formánek** received a deferred variable remuneration component in the amount of CZK 402,672 relating to 2018 and a non-deferred variable remuneration component in the amount of CZK 1,005,000 relating to 2019.

In 2020, **Margus Simson** received a non-deferred variable remuneration component in the amount of CZK 1,335,000 relating to 2019.

From 3 June 2020 when she took over the position on the Board of Directors, **Jitka Haubová** did not receive a deferred variable remuneration component.

Vladimír Jeřábek, who served as a member of the Board of Directors until 3 June 2020, received a deferred variable remuneration component in the amount of CZK 408,796 relating to 2016; furthermore, he received a deferred variable remuneration component in the amount of CZK 414,808 relating to 2017, a deferred variable remuneration component in the amount of CZK 1,438,495 relating to 2018, and a non-deferred variable remuneration component in the amount of CZK 1,350,000 relating to 2019.

3.3 Information on the remuneration provided from within KB Group

The below overview shows all types of remuneration provided to or due to members of the Board of Directors and of the Supervisory Board in the 2020 reporting period by the Bank's subsidiaries which are part of KB Group:

David Formánek received a deferred variable remuneration component in the amount of CZK 556,071 relating to 2018 for his service as CEO of Modrá pyramida stavební spořitelna, a.s.

The other members of the Board of Directors did not receive any remuneration from within KB Group in 2020.

3.4 Extra reward

The members of KB Board of Directors were not provided with any extra reward in 2020.

3.5 KB pension benefits

In line with chapter V of the Remuneration Policy, in 2020 KB provided the members of the Board of Directors who are citizens of the Czech Republic with a monthly contribution towards an additional pension savings plan or towards a supplementary pension plan with a state contribution.

For 2020, **Jan Juchelka** received from KB a contribution towards the supplementary pension plan with a state contribution in the amount of CZK 541,310.

For 2020, **Miroslav Hiršl** received from KB a contribution towards the supplementary pension plan with a state contribution in the amount of CZK 217,175.

For 2020, **David Formánek** received from KB a contribution towards the supplementary pension plan with a state contribution in the amount of CZK 241,456.

For the period of her service on the Board of Directors in 2020, i.e., since 4 June 2020, **Jitka Haubová** received from KB a contribution towards the supplementary pension plan with a state contribution in the amount of CZK 86,482.

For the period of his service on the Board of Directors, i.e., until 3 June 2020, **Vladimír Jeřábek** received from KB a contribution towards the additional pension savings plan in the amount of CZK 190,109.

3.6 Total remuneration

In line with chapter 3.1 of the Remuneration Policy, the total remuneration includes all fixed remuneration components paid out in 2020, all variable remuneration components paid out in 2020 for the performance on the Board of Directors in the past periods, the variable remuneration provided from within KB Group, extra rewards and KB pension benefits.

For 2020, **Jan Juchelka** received a fixed monthly remuneration in the total amount of CZK 9,000,000, benefits and perks in the total amount of CZK 349,207, a deferred variable remuneration component in the amount of CZK 584,986 relating to 2017, a deferred variable remuneration component in the amount of CZK 2,871,907 relating to 2018, a non-deferred variable remuneration component in the amount of CZK 2,056,000 relating to 2019 and a contribution from KB towards the supplementary pension plan with a state contribution in the amount of CZK 541,310, i.e., a total of CZK 15,403,410 due for the year 2020. No conditions which would necessitate the application of a malus or the claw-back of a variable remuneration component or a part thereof occurred in respect of Jan Juchelka in 2020. Jan Juchelka did not receive any extra reward or remuneration from within KB Group for the year 2020.

For 2020, **Didier Colin** received a fixed monthly remuneration in the total amount of CZK 6,021,745, and benefits and perks in the total amount of CZK 2,779,392. In line with chapter 3.1 of the Remuneration Policy, the benefits and perks also include the benefits associated with his stay abroad arising from his secondment to the Czech Republic. Furthermore, Didier Colin received a deferred variable remuneration component in the amount of CZK 95,058 relating to 2017, a deferred variable remuneration component in the amount of CZK 1,653,777 relating to 2018, and a non-deferred variable remuneration component in the amount of CZK 1,580,185 relating to 2019, i.e., a total of CZK 12,130,157 due for the year 2020. No conditions which would necessitate the application of a malus or the claw-back of a variable remuneration component or a part thereof occurred in respect of Didier Colin in 2020. Didier Colin did not receive any extra reward or remuneration from within KB Group for the year 2020.

For 2020, **Miroslav Hiršl** received a fixed monthly remuneration in the total amount of CZK 4,935,000, benefits and perks in the total amount of CZK 284,317, a deferred variable remuneration component in the amount of CZK 220,000 relating to 2018, a non-deferred variable remuneration component in the amount of CZK 1,050,000 relating to 2019 and a contribution from KB towards the supplementary pension plan with a state contribution in the amount of CZK 217,175, i.e., a total of CZK 6,706,492 due for the year 2020. No conditions which would necessitate the application of a malus or the claw-back of a variable remuneration component or a part thereof occurred in respect of Miroslav Hiršl in 2020. Miroslav Hiršl did not receive any extra reward or remuneration from within KB Group for the year 2020.

For 2020, **David Formánek** received a fixed monthly remuneration in the total amount of CZK 4,935,000, benefits and perks in the total amount of CZK 260,821, a deferred variable remuneration component in the amount of CZK 402,672 relating to 2018, a non-deferred variable remuneration component in the amount of CZK 1,005,000 relating to 2019, remuneration from within KB Group - a deferred variable remuneration component in the amount of CZK 556,071 relating to 2018 for his service as CEO of Modrá pyramida stavební spořitelna, a.s., and a contribution from KB towards the supplementary pension plan with a state contribution in the amount of CZK 241,456, i.e., a total of CZK 7,401,020 due for the year 2020. No conditions which would necessitate the application of a malus or the claw-back of a variable remuneration component or a part thereof occurred in respect of David Formánek in 2020. David Formánek did not receive any extra reward for the year 2020.

For 2020, **Margus Simson** received a fixed monthly remuneration in the total amount of CZK 6,360,000, benefits and perks in the total amount of CZK 860,125, and a non-deferred variable remuneration component in the amount of CZK 1,335,000 relating to 2019, i.e., a total of CZK 8,555,125 due for the year 2020. No conditions which would necessitate the application of a malus or the claw-back of a variable remuneration component or a part thereof occurred in respect of Margus Simson in 2020. Margus Simson did not receive any extra reward or remuneration from within KB Group for the year 2020.

For the period of her service on the Board of Directors in 2020, i.e., since 4 June 2020, **Jitka Haubová** received a fixed monthly remuneration in the total amount of CZK 2,470,909, benefits and perks in the total amount of CZK 95,405; since 4 June 2020 when she took over the position on the Board of Directors, she did not receive any variable remuneration components. For 2020, for the period of her service on the Board of Directors, she received a contribution from KB towards the supplementary pension plan with a state contribution in the amount of CZK 86,482, i.e., since 4 June 2020, for the period of her service on the Board of Directors, a total of CZK 2,652,796 due for the year 2020. Jitka Haubová did not receive any extra reward or remuneration from within KB Group for the year 2020

For the period of his service on the Board of Directors as of 3 June 2020, **Vladimír Jeřábek** received a fixed monthly remuneration in the total amount of CZK 2,743,187, benefits and perks in the total amount of CZK 133,481, a deferred variable remuneration component in the amount of CZK 408,796 relating to 2016, a deferred variable remuneration component in the amount of CZK 414,808 relating to 2017, a deferred variable remuneration component in the amount of CZK 1,438,495 relating to 2018, a non-deferred variable remuneration component in the amount of CZK 1,350,000 relating to 2019 and a contribution from KB towards the additional pension savings plan in the amount of CZK 190,109 i.e., for the period of his service on the Board of Directors until 3 June 2020 a total of CZK 6,678,876 due for the year 2020. No conditions which would necessitate the application of a malus or the claw-back of a variable remuneration component or a part thereof occurred in respect of Vladimír Jeřábek in 2020. Vladimír Jeřábek did not receive any extra reward or remuneration from within KB Group for the year 2020.

3.7 The ratio between the variable and fixed remuneration component paid out in 2020

In line with chapter 3.1 of the Remuneration Policy, the ratio between the variable remuneration component and the fixed remuneration component includes all fixed remuneration components paid out in 2020, that is, the fixed monthly remuneration and the benefits and perks provided by Komerční banka in the form of monetary and non-monetary consideration with the exception KB pension benefits. The variable remuneration components include all variable amounts paid out in 2020 for the performance on the Board of Directors in the past periods within the framework of the relevant deferred bonus schemes.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **Jan Juchelka** in 2020 is 59%. The variable components include the relevant deferred remuneration for the years 2017-2018 and the non-deferred part of the 2019 remuneration due in 2020.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **Didier Colin** in 2020 is 38%. The variable components include the relevant deferred remuneration for the years 2017-2018 and the non-deferred part of the 2019 remuneration due in 2020.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **Miroslav Hiršl** in 2020 is 24%. The variable components include the relevant deferred remuneration for the year 2018 and the non-deferred part of the 2019 remuneration due in 2020.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **David Formánek** in 2020 is 38%. The variable components include the relevant deferred remuneration for the year 2018, including the deferred remuneration paid out by Modrá pyramida stavební spořitelna, a.s., and the non-deferred part of the 2019 remuneration due in 2020.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **Margus Simson** in 2020 is 19%. The variable components include the relevant non-deferred part of the 2019 remuneration due in 2020.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **Jitka Haubová** was not calculated. Jitka Haubová was not paid a variable component for service on the Board of Directors in 2020.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **Vladimír Jeřábek** in 2020 is 126% and includes the fixed remuneration components paid out until 3 June 2020 and the variable components for the years 2016-2019 due in the course of the whole year 2020.

The variable remuneration component for the performance in 2020 which was awarded by the Supervisory Board on 10 March 2021 will be paid out according to the deferral scheme between 2021 and 2027 and will therefore be included in the ratio of the paid variable components in the following periods. The variable remuneration component awarded for 2020 did not exceed 200% of the fixed remuneration component of any of the members of the Board of Directors and is in line with point III of the Remuneration Policy.

4 THE OVERVIEW OF THE REMUNERATION COMPONENTS OF MEMBERS OF THE SUPERVISORY BOARD

In accordance with chapter 3.2 of the Remuneration Policy, the remuneration of the members of KB Supervisory Board consists of a fixed monthly remuneration and a fixed fee which depends on the attendance at Supervisory Board meetings. These fixed remuneration components make up 100% of the total remuneration of the Supervisory Board members associated with their service as Supervisory Board members. The chair of the Audit Committee is also entitled to a fixed monthly remuneration and a fixed fee depending on the attendance at the committee meetings.

4.1 Fixed remuneration components

Jean-Luc Parer, chairman of the Supervisory Board, received for 2020 a fixed remuneration component in the amount of CZK 825,000.

Giovanni Luca Soma, vice-chairman of the Supervisory Board, is also an employee of Société Générale. The fixed remuneration component for 2020 in the amount of CZK 330,000 was paid to Société Générale.

Cecile Camilli, a member of the Supervisory Board, is also an employee of Société Générale. The fixed remuneration component for 2020 in the amount of CZK 264,000 was paid to Société Générale.

Maylis Coupet, a member of the Supervisory Board, is also an employee of Société Générale. The fixed remuneration component for 2020 in the amount of CZK 264,000 was paid to Société Générale.

Petra Wendelová, a member of the Supervisory Board and chair of the Audit Committee, received for 2020 a fixed remuneration component in the amount of CZK 640,000.

Petr Dvořák, a member of the Supervisory Board, received for 2020 a fixed remuneration component in the amount of CZK 330,000.

Sylva Kynychová, a member of the Supervisory Board, received for 2020 a fixed remuneration component in the amount of CZK 330,000.

Ondřej Kudrna, a member of the Supervisory Board, received for 2020 a fixed remuneration component in the amount of CZK 330,000.

Vojtěch Šmajer, a member of the Supervisory Board, received for 2020 a fixed remuneration component in the amount of CZK 330,000.

4.2 The ratio between the variable remuneration component and the fixed remuneration component in 2020

Given the absence of the variable component, the ratio between the variable remuneration component and the fixed remuneration component of members of the Supervisory Board was not calculated.

4.3 Extra payments

Members of KB Supervisory Board were not provided with any extra payments in 2020.

4.4 KB pension benefits

Members of the Supervisory Board have no KB pension benefits for their membership of the Supervisory Board.

5 INFORMATION ON SHARES AND STOCK OPTIONS OF KOMERČNÍ BANKA

Members of the Board of Directors and of the Supervisory Board were not provided with or offered any shares or stock options relating to KB shares in 2020.

6 CLOSING PARTS OF THE REMUNERATION REPORT

6.1 Information on derogations from the remuneration implementation procedure governed by the Remuneration Policy

All remuneration components of members of the Board of Directors and of the Supervisory Board were awarded and paid out in line with the Remuneration Policy. This Report does not derogate from the Remuneration Policy.

Independent Auditor's Report on the Assurance Engagement

To the General Meeting of Komerční banka, a.s.

Introduction

In accordance with the agreement to conduct an assurance engagement regarding the Remuneration Report pursuant to the requirements of Section 121q of Act No. 256/2004 Coll., on Capital Market Business, as amended (hereinafter the "Capital Market Business Act"), we have been engaged by the Board of Directors of Komerční banka, a.s. (the "Company") to conduct an assurance engagement regarding the attached Remuneration Report for the year ended 31 December 2020 (the "Remuneration Report") prepared by the Company's Board of Directors and containing the information required by Section 121p (1) of the Capital Market Business Act.

Subject matter of the assurance engagement and applicable criteria

The subject matter of our engagement was the assessment required by Section 121q of the Capital Market Business Act regarding the assurance whether the Remuneration Report contains the information required by Section 121p (1) of the Capital Market Business Act.

The Auditor's task is not to verify the factual correctness of the Remuneration Report and the information contained therein.

Purpose of the report

This independent auditor's report is intended solely to satisfy the requirements of the Capital Market Business Act and for your information. It may not be used for any other purpose or distributed to any other recipients. The report concerns only the Remuneration Report and cannot be linked to the Company's financial statements as a whole.

Responsibility of the Board of Directors

The Company's Board of Directors is responsible for the preparation of the Remuneration Report in accordance with the applicable requirements of the Capital Market Business Act. The Board of Directors is responsible for the publication of the Remuneration Report on the Company's website and for ensuring access to it free of charge for at least 10 years from the date of the General Meeting where the Remuneration Report was presented.

The Board of Directors is also responsible for the preparation of financial data and non-financial information as well as for the design, implementation and maintenance of internal control systems and processes and accounting records that are necessary for the preparation of a Remuneration Report that is free of material misstatements and compliant with applicable legal requirements.

Independent auditor's responsibility

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) – "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". In line with these regulations, we are required to comply with ethical standards and plan and perform procedures to obtain limited assurance about the Remuneration Report.

We comply with the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control, including internal policies and procedures regarding compliance with ethical and professional standards and applicable legal regulations.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which defines the fundamental principles of professional ethics, i.e. integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

The procedures are selected depending on the auditor's judgment. The performed procedures predominantly include interviewing relevant persons and other procedures the aim of which is obtaining evidence on the Remuneration Report.

The performed assurance constitutes a limited assurance engagement. The nature, timing and scope of procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement, and therefore the resulting level of assurance is lower.

Our procedures included:

- Understanding the resolution of the General Meeting of the Company regarding the remuneration policy for members of the Board of Directors and the Supervisory Board, as well as other persons under Section 121m (1) of the Capital Market Business Act, as well as any supplementary resolutions of the Supervisory Board and other documents regulating the remuneration policy subject to the disclosure requirement in the Remuneration Report;
- Understanding the procedures adopted by the Supervisory Board and the Board of Directors to meet the requirements of the remuneration policy and preparation of the Remuneration Report, and assessment of the application of the applicable criteria for the preparation of the Remuneration Report;
- Identifying persons under Section 121m (1) of the Capital Market Business Act, for whom there is a requirement to include information in the Remuneration Report; and
- Assessing whether the Remuneration Report contains all information required by Section 121p (1) of the Capital Market Business Act regarding each of the above-identified persons.

We draw your attention to the fact that the Remuneration Report was not subject to the audit of the financial statements and the examination of the annual report in terms of Act No. 563/1991 Coll., on accounting, as amended. In the course of performing the assurance procedures, we have not conducted an audit or review of the financial and non-financial information used in the preparation of the Remuneration Report.

As part of our procedures, however, we assessed whether there are no material inconsistencies between the information presented in the Remuneration Report and the knowledge and understanding we obtained in the course of the audit of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion expressed below.

Conclusion

Based on the assurance procedures performed and the evidence obtained, we did not find any facts indicating that the Remuneration Report does not contain, in all material respects, the information required by Section 121p (1) of the Capital Market Business Act.

In Prague on 17 March 2021

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

Daniela Hynštová
registration no. 2235