

REPORT ON
REMUNERATION FOR
THE YEAR 2021

KOMERČNÍ BANKA, A.S.

1 INTRODUCTION

This document constitutes, pursuant to §121o (1) of Act No. 256/2004 Coll., the Act on Capital Market Undertakings, as subsequently amended, the Report on Remuneration of Members of the Board of Directors and of the Supervisory Board for the year 2021 (hereinafter the “**Report on Remuneration**” or the “**Report**”) of Komerční banka, a.s., having its registered office at Prague 1, Na Příkopě 33/969, Postal Code 11407, Company Identification No. 453 17 054, entered in the companies register maintained by the Municipal Court in Prague, in file B 1360 (hereinafter “**KB**” or the “**Bank**”).

The Report on Remuneration is submitted by the Board of Directors to KB’s General Meeting and is approved by the General Meeting along with the annual financial statements for the given year. Upon its approval, the Report is published on KB’s website, where it will remain available for inspection for a period of ten years.

The principles for remunerating members of KB’s Board of Directors and Supervisory Board are defined in a document entitled the Remuneration Policy for Members of the Board of Directors and of the Supervisory Board of Komerční banka, a.s. (hereinafter 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 objectives of KB, prevent the taking on of excessive risk and imprudent conduct, respect clients’ rights and interests, support cost efficiency and sustainable growth, and strengthen the value of KB from the perspectives of its employees, shareholders, and other stakeholders by means of a sound and commercially 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 Report on Remuneration contains information about all members of the Board of Directors and of the Supervisory Board who were subject to the Remuneration Policy during 2021. The Report on Remuneration 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 2021 but who may nevertheless receive variable components of remuneration under the relevant deferred payment schemes for past periods. The information on the total amount of these variable components was published in the Annual Reports for past years.

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

In accordance with Chapter III of the Remuneration Policy, remuneration in 2021 for members of KB’s Board of Directors consisted of fixed components of remuneration, variable components of remuneration, and pension benefits. Members of KB’s Board of Directors do not receive remuneration in the form of share plans.

1. The **fixed components of remuneration** consist of i) fixed monthly remuneration, and ii) financial and non-financial benefits. The fixed components of remuneration for December 2020 paid out in January 2021 are not included in the sum for the year 2021. The fixed components of remuneration for December 2021 paid out in January 2022 are included in the sum for the year 2021.
2. The **awarded variable component of remuneration** will be paid out in accordance with the deferred bonus scheme set out in Chapter 2.3. This remuneration component is awarded based upon the extent of achieving the key performance indicators and the manner and circumstances under which the key performance indicators were achieved. Also, within the context of the managerial culture and conduct assessment, it reflects the given Board member’s attitude towards KPI implementation.

3. The **paid variable component** consists of remuneration paid out to a member of the Board of Directors during 2021. It is the variable component of remuneration relating to the KPI rate of achievement during the past periods (i.e. between 2017 and 2020) under the applicable deferred payment schemes for the said periods listed in Chapter 2.4.

2.1 VARIABLE COMPONENT OF REMUNERATION – KEY PERFORMANCE INDICATORS FOR THE YEAR 2021

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

- **Return on equity (ROE)** is an indicator measuring effectiveness of the invested capital (i.e. how much of the net profit is attributable to each [Czech] crown of the invested capital).
- **Income budget fulfilment** is an indicator that is the ratio of budgeted **net banking income** against net banking income actually achieved.
- **Budgetary responsibility**, or adherence to the expenditure budget, is measured through a review of actual **OPEX (operating expenses)** and **CAPEX (capital expenses)** against these expenses as budgeted.
- **The ratio of operating costs to income** is measured by the **cost–income ratio (CIR)**.
- **The capital adequacy** ratio reflects the Bank’s own resources in relation to risk assets.
- **Market share** monitors the Bank’s position on the market for individual products. For 2021, the monitored indicator is **Market share in loans**.
- **Business development** focuses upon fulfilment of the **Bank’s strategic priorities, innovations, increase in digitalisation and automation, and development of new products** which will provide clients with digital and innovative experience. The implementation of strategic priorities is measured by the COKR (Company Objectives and Key Results) system.
- **Client satisfaction** is measured from two perspectives: First, by the **Net Promoter Score (NPS)** in the Bank’s key segments showing the clients’ willingness to recommend KB as a reference bank, and, second, by **KB’s brand position in comparison with its key rivals**.
- **Employee satisfaction** is measured through the regular **SG Pulse** survey and is expressed by the **Staff Engagement Rate** indicator.
- **Risk management and compliance** concern all risks of the Bank as defined in the **Risk Appetite Statement**. The key indicators monitored are **credit risk** (risk that a customer will not repay the loan, interest, and other charges within the agreed timeframe) as expressed by the **default rate** (the share of non-performing loans in the total loan portfolio), and **operational risk** (the risk of loss to the Bank due to deficiencies or failures in internal processes, human factor, or systems [e.g. IT systems], including the risk of loss due to breach or non-compliance with legal standards). Operational risk is measured by the ratio of operational loss to income. Compliance with regulatory requirements and **Compliance** programmes (e.g. **KYC, LaFayette, CTP**) also is assessed.
- **Managerial culture and conduct** reflect the development of managerial culture in the area under the responsibility of a member of the Board of Directors while taking into account KB values, employee satisfaction, effective management and governance, the talent development programme, succession planning, and the promotion of corporate culture, including CSR. These are appraised individually by the competent superior manager.

- **The promotion of corporate social responsibility (CSR)** consists, among other things, in the responsible behaviour of the Bank itself and the support and financing of sustainable development activities and participation in charitable activities. The sustainable development goals, which include climate change mitigation targets, are part of the Bank's 2020–2025 Strategic Plan and, like the implementation of other strategic priorities, are measured by the COKR system. For 2021, these goals have been incorporated into the incentive scheme for two members of the Board of Directors and the CEO.

2.2 CURRENT KPIS FOR INDIVIDUAL MEMBERS OF THE BOARD OF DIRECTORS FOR 2021

The annual assessment as to the results of KPI fulfilment was made by the Supervisory Board at its meeting held on 9 March 2022 in accordance with Chapter 3.1 of the Remuneration Policy.

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

The objectives regarding KB Group and their weights are as follow:

- Implementation of the strategic and financial plan – 35%
- Risk management and Compliance – 20%
- Managerial culture and conduct – 20%.

Implementation of the strategic and financial plan is further assessed based upon the following indicators and their weights:

- Return on equity (KB Group ROE KN) – 5%
- Cost–income ratio (CIR KN) – 5%
- Implementation of strategic priorities, including those relating to sustainable development – 25%

The shared objectives at the level of Société Générale as the parent company are as follow:

- Return on equity (SG ROTE) – 10%
- Client satisfaction (SG NPS in key areas of business) – 5%
- Employee satisfaction (SG Staff engagement rate) – 5%
- Risk management and Compliance (assessed by SG Board of Directors using RobecoSam/MSCI/Sustainalytics + operational risks KPI + evaluation of relations with regulators) – 5%

The overall KPI achievement rate for 2021 is 102%.

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 and his objectives do not have a financial and business character. The indicators and their weights are defined as follows:

- Risk management and Compliance – 60%
- Implementation of strategic priorities – 30%
- Managerial culture and conduct – 10%

Risk Management and Compliance are appraised based upon fulfilment of the following indicators and their weights:

- Average rating of KB's loan portfolio – 5%
- Recovery performance – 5%
- Compliance with regulatory requirements – 10%
- Losses from operational risks of KB Group – 10%
- Default rate – 10%
- Fulfilment of the Compliance programmes plan – 10%
- Budgetary responsibility in the risk management area – 10%

The overall KPI achievement rate for 2021 is 106%.

The remaining 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 its parent company Société Générale. Thirty per cent of the set objectives, including those at the level of the parent company Société Générale, are in common; 70% are made up of objectives corresponding to the responsibilities 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%
- Fulfilment of the Compliance programmes plan (La Fayette) – 10%

Miroslav Hiršl has furthermore these objectives:

- Net banking income (NBI) in the retail banking area – 10%
- Risk management (default rate and operational risks) – 10%
- Budgetary responsibility in the retail banking area – 10%
- Implementation of strategic priorities – 30%
- Managerial culture and conduct – 10%

The KPI achievement rate for 2021 is 106%.

David Formánek has furthermore these objectives:

- Net banking income (NBI) in the corporate and investment banking area – 10%
- Risk management (default rate and operational risks) – 10%
- Budgetary responsibility in the corporate and investment banking area – 10%
- Implementation of strategic priorities, including sustainable development priorities – 30%
- Managerial culture and conduct – 10%

The KPI achievement rate for 2021 is 111%.

Margus Simson has furthermore these objectives:

- Budgetary responsibility in the technology area – 10%
- Risk management (operational risks) – 10%
- Risk management (IT systems availability) – 10%
- Implementation of strategic priorities – 30%
- Managerial culture and conduct - 10%

The KPI achievement rate for 2021 is 106%.

Jitka Haubová has furthermore these objectives:

- Risk management (operational risks) – 10%
- Budgetary responsibility in areas under her responsibility – 20%
- Implementation of strategic priorities, including sustainable development priorities – 30%
- Managerial culture and conduct – 10%

The KPI achievement rate for 2021 is 110%.

2.3 DEFERRAL SCHEME REGARDING THE VARIABLE COMPONENT AWARDED FOR 2021

The deferral scheme regarding the variable remuneration component for the **Chairman of the Board of Directors** awarded for 2021

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 2022	March 2022
	20%	KBTP*	March 2022	March 2023
60% deferred part	12%	in cash	March 2023	March 2023
	12%	in cash	March 2024	March 2024
	12%	KBTP*	March 2025	March 2026
	12%	KBTP*	March 2026	March 2027
	12%	KBTP*	March 2027	March 2028

The deferral scheme regarding the variable remuneration component for the other **members of the Board of Directors** awarded for 2021

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 2022	March 2022
	30%	KBTP*	March 2022	March 2023
40% deferred part	8%	in cash	March 2023	March 2023
	8%	in cash	March 2024	March 2024
	8%	KBTP*	March 2025	March 2026
	8%	KBTP*	March 2026	March 2027
	8%	KBTP*	March 2027	March 2028

* An instrument linked to the price of the KB share (KB quasi share/KBTP)

2.4 DEFERRAL SCHEME REGARDING THE VARIABLE COMPONENT PAID OUT IN 2021

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

Deferral scheme regarding the variable remuneration component for 2018–2020

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.

* An instrument linked to the price of the KB share (KB quasi share/KBTP)

Deferral scheme regarding the variable remuneration component for 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

Deferral scheme regarding the variable remuneration component for **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

Deferral scheme regarding the variable remuneration component for 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

* An instrument linked to the price of the KB share (KB quasi share/KBTP)

Deferral scheme regarding the variable remuneration component for 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

Deferral scheme regarding the variable remuneration component for the Chairman of the of the Board of Directors 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

Deferral scheme regarding the variable remuneration component for the other members of the Board of Directors 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

* An instrument linked to the price of the KB share (KB quasi share/KBTP)

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

3.1 Fixed remuneration components

For 2021, **Jan Juchelka** received fixed monthly remuneration in the total annual amount of CZK **9,000,000** and benefits and perks in the total annual amount of CZK **349,357**.

For 2021, **Didier Colin** received fixed monthly remuneration in the total annual amount of CZK **5,752,571** and benefits and perks in the total annual amount of CZK **2,846,650**. 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 2021, **Miroslav Hiršl** received fixed monthly remuneration in the total annual amount of CZK **4,980,000** and benefits and perks in the total annual amount of CZK **293,013**.

For 2021, **David Formánek** received fixed monthly remuneration in the total annual amount of CZK **4,980,000** and benefits and perks in the total annual amount of CZK **266,021**.

For 2021, **Margus Simson** received fixed monthly remuneration in the total annual amount of CZK **6,360,000** and benefits and perks in the total annual amount of CZK **899,431**.

For 2021, **Jitka Haubová** received fixed monthly remuneration in the total annual amount of CZK **4,455,000** and benefits and perks in the total annual amount of CZK **228,755**.

3.2 Variable remuneration components

The variable remuneration component for performance in 2021 will be paid out in accordance with the deferral scheme between 2022 and 2028.

The variable amounts for performance on the Board of Directors in the past periods paid out in 2021 are listed below. To pay out the variable remuneration components regarding 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 2021, there were no conditions which would necessitate the application of malus or claw-back of a variable remuneration component or part thereof.

In 2021, **Jan Juchelka** received a deferred variable remuneration component in the amount of CZK **570,569** relating to 2017, a deferred variable remuneration component in the amount of CZK **1,231,776** relating to 2018, a deferred variable remuneration component in the amount of CZK **1,233,600** relating to 2019, a non-deferred variable remuneration component in the amount of CZK **1,967,306** relating to 2019, and a non-deferred variable remuneration component in the amount of CZK **2,260,150** relating to 2020.

In 2021, **Didier Colin** received a deferred variable remuneration component in the amount of CZK **139,844** relating to 2017, a deferred variable remuneration component in the amount of CZK **382,047** relating to 2018, a deferred variable remuneration component in the amount of CZK **382,046** relating to 2019, a non-deferred variable remuneration component in the amount of CZK **1,375,477** relating to 2019, and a non-deferred variable remuneration component in the amount of CZK **1,191,969** relating to 2020.

In 2021, **Miroslav Hiršl** received a deferred variable remuneration component in the amount of CZK **220,000** relating to 2018, a deferred variable remuneration component in the amount of CZK **280,000** relating to 2019, a non-deferred variable remuneration component in the amount of CZK **1,004,654** relating to 2019, and a non-deferred variable remuneration component in the amount of CZK **807,000** relating to 2020.

In 2021, **David Formánek** received a deferred variable remuneration component in the amount of CZK **100,800** relating to 2018, a deferred variable remuneration component in the amount of CZK **268,000** relating to 2019, a non-deferred variable remuneration component in the amount of CZK **961,975** relating to 2019, and a non-deferred variable remuneration component in the amount of CZK **807,000** relating to 2020.

In 2021, **Margus Simson** received a deferred variable remuneration component in the amount of CZK **356,000** relating to 2019, a non-deferred variable remuneration component in the amount of CZK **1,277,665** relating to 2019, and a non-deferred variable remuneration component in the amount of CZK **1,041,000** relating to 2020.

In 2021, **Jitka Haubová** received a non-deferred variable remuneration component in the amount of CZK **558,000** relating to 2020.

3.3 Information on remuneration provided from within KB Group

The overview below shows all types of remuneration provided to or due to members of the Board of Directors and of the Supervisory Board in the 2021 reporting period by the Bank's subsidiaries which are part of KB Group:

In 2021, **David Formánek** received a deferred variable remuneration component in the amount of CZK **139,200** 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 2021.

3.4 Extra reward

The members of KB's Board of Directors were not provided with any extra reward in 2021.

3.5 KB pension benefits

In line with Chapter V of the Remuneration Policy, KB in 2021 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 state contribution.

For 2021, **Jan Juchelka** received from KB a contribution towards the supplementary pension plan with state contribution in the amount of CZK **590,853**.

For 2021, **Miroslav Hiršl** received from KB a contribution towards the supplementary pension plan with state contribution in the amount of CZK **255,208**.

For 2021, **David Formánek** received from KB a contribution towards the supplementary pension plan with state contribution in the amount of CZK **253,714**.

In 2021, **Jitka Haubová** received from KB a contribution towards the supplementary pension plan with state contribution in the amount of CZK **175,455**.

3.6 Total remuneration and its change

In line with Chapter 3.1 of the Remuneration Policy, the total remuneration includes all fixed remuneration components paid out in 2021, all variable remuneration components paid out in 2021 for 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 2021, **Jan Juchelka** received fixed monthly remuneration in the total annual amount of CZK 9,000,000, benefits and perks in the total annual amount of CZK 349,357, a deferred variable remuneration component in the amount of CZK 570,569 relating to 2017, a deferred variable remuneration component in the amount of CZK 1,231,776 relating to 2018, a deferred variable remuneration component in the amount of CZK 1,233,600 relating to 2019, a non-deferred variable remuneration component in the amount of CZK 1,967,306 relating to 2019, a non-deferred variable remuneration component in the amount of CZK 2,260,150 relating to 2020, and a contribution from KB towards the supplementary pension plan with state contribution in the amount of CZK 590,853, which means a total of CZK 17,203,611 due for the year 2021. No conditions which would necessitate the application of a malus or claw-back of a variable remuneration component or a part thereof occurred in respect of Jan Juchelka in 2021. Jan Juchelka did not receive any extra reward or remuneration from within KB Group for the year 2021. The annual change in the total remuneration paid in 2021 compared to the total remuneration paid in 2020 is +11.7%. The annual change is based upon the difference in the number of variable remuneration payments. There were 3 periods in 2020 (for 2017–2019) and 4 periods in 2021 (for 2017–2020).

For 2021, **Didier Colin** received fixed monthly remuneration in the total annual amount of CZK 5,752,571, and benefits and perks in the total annual amount of CZK 2,846,650. 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 139,844 relating to 2017, a deferred variable remuneration component in the amount of CZK 382,047 relating to 2018, a deferred variable remuneration component in the amount of CZK 382,046 relating to 2019, a non-deferred variable remuneration component in the amount of CZK 1,375,477 relating to 2019, and a non-deferred variable remuneration component in the amount of CZK 1,191,969 relating to 2020, which means a total of CZK 12,070,604 due for the year 2021. No conditions which would necessitate the application of a malus or claw-back of a variable remuneration component or a part thereof occurred in respect of Didier Colin in 2021. Didier Colin did not receive any extra reward or remuneration from within KB Group for the year 2021. The annual change in the total remuneration paid in 2021 compared to the total remuneration paid in 2020 is –0.5%. The annual change is based upon the change in the calculation of the fixed component of the remuneration of the seconded worker due to the legislative abolition of the super gross salary and the different number of payments of the variable remuneration component. There were 3 periods in 2020 (for 2017–2019) and 4 periods in 2021 (for 2017–2020).

For 2021, **Miroslav Hiršl** received fixed monthly remuneration in the total annual amount of CZK 4,980,000, benefits and perks in the total annual amount of CZK 293,013, a deferred variable remuneration component in the amount of CZK 220,000 relating to 2018, a deferred variable remuneration component in the amount of CZK 280,000 relating to 2019, a non-deferred variable remuneration component in the amount of CZK 1,004,654 relating to 2019, a non-deferred variable remuneration component in the amount of CZK 807,000 relating to 2020, and a contribution from KB towards the supplementary pension plan with state contribution in the amount of CZK 255,208, which means a total of CZK 7,839,875 due for the year 2021. No conditions which would necessitate the application of a malus or claw-back of a variable remuneration component or a part thereof occurred in respect of Miroslav Hiršl in 2021. Miroslav Hiršl did not receive any extra reward or remuneration from within KB Group for the year 2021. The annual change in the total amount of remuneration paid is +16.9% compared to the total remuneration paid in 2020. The annual change is based upon the different number of variable remuneration payments. In 2020, there were 2 periods (for 2018–2019) and in 2021 there were 3 periods (for 2018–2020).

For 2021, **David Formánek** received fixed monthly remuneration in the total annual amount of CZK 4,980,000, benefits and perks in the total annual amount of CZK 266,021, a deferred variable remuneration component in the amount of CZK 100,800 relating to 2018, remuneration from within KB Group (a deferred variable remuneration component in the amount of CZK 139,200 relating to 2018 for his service as CEO of Modrá pyramida stavební spořitelna, a.s.), a deferred variable remuneration component in the amount of CZK 268,000 relating to 2019, a non-deferred variable remuneration component in the amount of CZK 961,975 relating to 2019, a non-deferred variable remuneration component in the amount of CZK 807,000 relating to 2020, a contribution from KB towards the supplementary pension plan with state contribution in the amount of CZK 253,714, which means a total of CZK 7,776,710 due for the year 2021. No conditions which would necessitate the application of a malus or claw-back of a variable remuneration component or a part thereof occurred in respect of David Formánek in 2021. David Formánek did not receive any extra reward for the year 2021. The annual change in the total amount of remuneration paid is +5.1% compared to the total remuneration paid in 2020. The annual change is based upon the different number of variable remuneration payments. In 2020, there were 2 periods (for 2018–2019) and in 2021 there were 3 periods (for 2018–2020).

For 2021, **Margus Simson** received fixed monthly remuneration in the total annual amount of CZK 6,360,000, benefits and perks in the total annual amount of CZK 899,431, a deferred variable remuneration component in the amount of CZK 356,000 relating to 2019, a non-deferred variable remuneration component in the amount of CZK 1,277,665 relating to 2019, and a non-deferred variable remuneration component in the amount of CZK 1,041,000 relating to 2020, which means a total of CZK 9,934,096 due for the year 2021. No conditions which would necessitate the application of a malus or claw-back of a variable remuneration component or a part thereof occurred in respect of Margus Simson in 2021. Margus Simson did not receive any extra reward or remuneration from within KB Group for the year 2021. The annual change in the total amount of remuneration paid is +16.1% compared to the total remuneration paid in 2020. The annual change is based upon the different number of variable remuneration payments. In 2020, there was 1 period (for 2019) and in 2021 there were 2 periods (for 2019–2020).

For 2021, **Jitka Haubová** received fixed monthly remuneration in the total annual amount of CZK 4,455,000, benefits and perks in the total annual amount of CZK 228,755, a non-deferred variable remuneration component in the amount of CZK 558,000 relating to 2020, and a contribution from KB towards the supplementary pension plan with state contribution in the amount of CZK 175,455, which means a total of CZK 5,417,210 due for the year 2021. No conditions which would necessitate the application of a malus or claw-back of a variable remuneration component or a part thereof occurred in respect of Jitka Haubová in 2021. Jitka Haubová did not receive any extra reward or remuneration from within KB Group for the year 2021. The annual change in the total amount of remuneration paid is +104.2% compared to the total remuneration paid in 2020. The annual change is based upon the different length of service on the Board of Directors in the years under review (7 months in 2020 and 12 months in 2021) and on the different number of variable remuneration payments (in 2020 she was not paid any variable remuneration and in 2021 she was paid the non-deferred variable component for 2020).

3.7 Ratio between variable and fixed remuneration components paid out in 2021

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 2021, 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 2021 for performance on the Board of Directors in 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 2021 is 77.7%. The variable components include the relevant deferred remuneration for the years 2017–2019 and the non-deferred part of the 2020 remuneration due in 2021.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **Didier Colin** in 2021 is 40.4%. The variable components include the relevant deferred remuneration for the years 2017–2019 and the non-deferred part of the 2020 remuneration due in 2021.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **Miroslav Hiršl** in 2021 is 43.8%. The variable components include the relevant deferred remuneration for the years 2018–2019 and the non-deferred part of the 2020 remuneration due in 2021.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **David Formánek** in 2021 is 43.4%. The variable components include the relevant deferred remuneration for the years 2018–2019, including the deferred remuneration paid out by Modrá pyramida stavební spořitelna, a.s., and the non-deferred part of the 2020 remuneration due in 2021.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **Margus Simson** in 2021 is 36.8%. The variable components include the relevant deferred remuneration for the year 2019 and the non-deferred part of the 2020 remuneration due in 2021.

The ratio between the variable remuneration components and the fixed remuneration component paid out to **Jitka Haubová** in 2021 is 11.9%. The variable components include the non-deferred part of the 2020 remuneration due in 2021.

The variable remuneration component for the performance in 2021 which was awarded by the Supervisory Board on 9 March 2021 will be paid out according to the deferral scheme between 2022 and 2028 and will therefore be included in the ratio of the paid variable components in the following periods. The variable remuneration component awarded for 2021 did not exceed 200% of the fixed remuneration component for any of the members of the Board of Directors and is in line with point III of the Remuneration Policy.

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

In accordance with Chapter 3.2 of the Remuneration Policy, remuneration of the members of KB's Supervisory Board consists of a fixed monthly remuneration and a fixed fee which depends upon the attendance at Supervisory Board meetings. The Chairman of the Supervisory Board is entitled to a supplement of 150% of the maximum annual remuneration of a member of the Supervisory Board. 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 and change in total remuneration

Jean-Luc Parer, the Chairman of the Supervisory Board until 2 May 2021, received fixed remuneration components for his period of service on the Supervisory Board totalling CZK 303,548. The annual change in the total amount of remuneration is -63.2% compared to the total remuneration payable for 2020. The annual change is due to the fact that Jean-Luc Parer only served until 2 May and attended only two meetings.

Giovanni Luca Soma, the Chairman of the Supervisory Board since 3 May 2021 and the Vice-Chairman of the Supervisory Board until 2 May 2021, is also an employee of Société Générale. The fixed remuneration components for 2021 totalling CZK 643,500 were paid to Société Générale. The annual change in the total amount of remuneration is +95% compared to the total remuneration payable for 2020. The annual change reflects the chairmanship bonus paid to the Chairman of the Supervisory Board.

Cecile Camilli, a member of the Supervisory Board, is also an employee of Société Générale. The fixed remuneration components for 2021 totalling CZK 396,000 were paid to Société Générale. The annual change in the total amount of remuneration is +50% compared to the total remuneration payable for 2020. The annual change reflects the additional payment of attendance fees for 2020 paid in 2021.

Maylis Coupet, a member of the Supervisory Board until 21 April 2021, is also an employee of Société Générale. The fixed remuneration components for 2021 totalling CZK 146,300 were paid to Société Générale. The annual change in the total amount of remuneration is -44.6% compared to the total remuneration payable for 2020. The annual change reflects the lower number of meetings attended by Maylis Coupet and the additional payment of attendance fees for 2020 paid in 2021.

Petra Wendelová, the Vice-Chair of the Supervisory Board since 3 May 2021 and a member of the Supervisory Board until 2 May 2021, received fixed remuneration components totalling CZK 630,000 for 2021. The annual change in the total amount of remuneration is -1.6% compared to the total remuneration payable for 2020. The annual change is due to the lower number of Audit Committee meetings.

Petr Dvořák, a member of the Supervisory Board and Chairman of the Nominations Committee and Remuneration Committee, received fixed remuneration components totalling CZK 330,000 for 2021. There was no annual change in the total remuneration amount.

Sylva Kynychová, a member of the Supervisory Board, received fixed remuneration components totalling CZK 330,000 for 2021. There was no annual change in the total remuneration amount.

Ondřej Kudrna, a member of the Supervisory Board, received fixed remuneration components totalling CZK 330,000 for 2021. There was no annual change in the total remuneration amount.

Vojtěch Šmajer, a member of the Supervisory Board, received fixed remuneration components totalling CZK 330,000 for 2021. There was no annual change in the total remuneration amount.

Jarmila Špurová, a member of the Supervisory Board since 21 April 2021, received fixed remuneration components totalling CZK 209,000 for 2021. Given that Jarmila Špurová was not a member of the Supervisory Board in 2020, the annual change in the total remuneration amount was not calculated.

Alvaro Heute Gomez, a member of the Supervisory Board since 3 May 2021, is also an employee of Société Générale. For 2021 he received fixed remuneration components totalling CZK 209,000, which were paid to Société Générale. Given that Alvaro Heute Gomez was not a member of the Supervisory Board in 2020, the annual change in the total remuneration amount was not calculated.

4.2 Ratio between variable remuneration and fixed remuneration components in 2021

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's Supervisory Board were not provided any extra payments in 2021.

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 KOMERČNÍ BANKA SHARES AND STOCK OPTIONS

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 2021.

6 INFORMATION ON THE ANNUAL CHANGE IN AVERAGE REMUNERATION OF KB EMPLOYEES

Pursuant to §121o (1) of Act No. 256/2004 Coll., the Act on Capital Market Undertakings, as subsequently amended, the average remuneration per employee with a fixed weekly working time for 2021 of KB employees other than persons with a significant relationship to KB is CZK 788,528. The annual change in the average remuneration of employees is +2.17% compared to the average remuneration paid in the previous year.

7 INFORMATION ON THE ANNUAL CHANGE IN KB'S FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

In 2021, there was no change compared to 2020 in the financial and non-financial key performance indicators which serve as the basis for decisions about paying variable remuneration to employees.

8 CLOSING PARTS OF THE REPORT ON REMUNERATION

8.1 Information on deviations from the procedure for implementing remuneration as governed by the Remuneration Policy

All components of remuneration for members of the Board of Directors and of the Supervisory Board were awarded and paid out in accordance with the Remuneration Policy. This Report does not deviate 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 2021 (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 16 March 2022

Audit firm:

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



Statutory auditor:

Daniela Hynštová
registration no. 2235



