

Announcement on acceleration of certain steps in strategic transformation

Prague, 4 January 2021 – Komerční banka, a.s., with its registered office at Na Příkopě 33/969, 114 07 Prague 1, registration No. 45317054, entered in the register of companies maintained with the Metropolitan Court of Prague, section B, file No.1360 (hereinafter also Komerční banka or the Bank), announces that

In the context of continuing pandemic situation with significant negative impact on economic activity in the Czech Republic, including activities of some clients of Komerční banka, the Bank's management has decided to take additional measures reinforcing its operational efficiency and economic resilience.

During first half 2021, Komerční banka will reduce the number of employees (recalculated to full-time equivalent number) by approximately 3.5%. More than two thirds of this reduction will be implemented at the head office. It is expected that approximately 20% of employees from canceled positions will find another placement in the Bank. In accordance with applicable labour regulations, KB's trade union organization has been informed on the staff restructuring plan.

The extraordinary cost incurred in relation to this reduction, and mainly to severance payments to outgoing employees, will reach CZK 76 million. A provision covering this cost, in the same amount, has been created and accounted for in Personnel expenses in the fourth quarter 2020.

Furthermore, the Bank has recognized extraordinary expenses of CZK 38 million related to reduction of the branch network, including for termination of rental contracts, accelerated depreciation or impairment of rights of use.

The above mentioned measures represent a partial acceleration of steps envisaged in the KB Change 2025 strategic plan and presented to investors on 5 November 2020, and it is not amending any of the presented ambitions of the Plan or the outlook for development of operating expenses of KB Group in 2020 provided in Komerční banka's 2020 Half-Yearly Report.