

Komerční banka, a.s. <http://www.kb.cz/en>

Prague 1, Na Příkopě 33, building identification number 969, Post Code 114 07

Identification No.: 45 31 70 54

incorporated in the Commercial Register maintained with the Municipal Court in Prague, section B, insert 1360

Disclosed on 19th February 2014

Pursuant to Act No. 256/2004 Coll. subsection 120a(2) Komerční banka, a.s. discloses obligatory published information –
Minutes of the Exceptional General Meeting

Round official seal with the state

coat of arms and text:

JUDr. LUCIE FOUKALOVÁ

Notary in Prague

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MINUTES

of proceedings of the Extraordinary General Meeting (the “General Meeting”) of Komerční banka, a.s., with its registered office at Prague 1, Na Příkopě 33, building number 969, postal code 114 07, Corporate ID 45317054 (the “Company” or the “Bank”) held on 28th January 2014 from 13:00 in the KB Building, náměstí Junkových 2772/1, Stodůlky, Prague 1

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac’h has welcomed persons present at the Extraordinary General Meeting at 13.05 hr., he introduced himself to attendants at the General Meeting and has stated that according to the Articles of Association of the Company and based on authorisation granted him by the Board of Directors of Komerční banka, a.s., he would direct the General Meeting till the chairman of the General Meeting elected by shareholders undertook his or her duty. He has further said that the proceeding of today’s General Meeting will be conducted in Czech and English languages with simultaneous interpretation and for those purpose shareholders were distributed at the attendance registration attendants’ stations with headphone sets for listening of interpreted speech, which are set for shareholders to channel 1 for broadcast in the Czech language and to channel 2 for the English language. Documents obtained by shareholders during attendance registration include brief operation manual of attendants’ station. He asked the shareholders to return the complete equipment to the attendance recorders on leaving the meeting.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac’h then introduced members of the Board of Directors, namely Messrs Pavel Čejka, Vladimír Jeřábek, Peter Palečka, Karel Vašák and Aurélien Viry. He has further stated that members of the Supervisory Board of the Bank are also present at the General Meeting. He has further stated that JUDr. Lucie Foukalová, the notary public, who will prepare the Notarial Record, is present at the General Meeting. He invited also Jan Lasák from Law Offices Kocián, Šolc, Balaščík who collaborated in the preparation of amendments to the Articles. He noted that the joint-stock company Centrum hospodářských informací, a.s. (CENTIN, a.s.) was entrusted by the Board of Directors of the Company with provision for attendance list and voting. He has further noted that according to a valid Banking Act an excerpt from the register of issuer approved by the Czech National Bank was used for today’s Attendance List.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac’h has then announced that he obtained a report from scrutineers to which shareholders with shares of aggregate nominal value representing 81.45 % of the registered capital of the Bank are now present at the General Meeting. He has declared that according to actual wording of the Articles of Association of the Company the General Meeting constitutes a quorum and is qualified to adopt resolutions, and that no protest has been claimed against exertion of voting rights.

He then asked shareholders to affix the KB logo, which they obtained during attendance recording, to a visible place for reason of their identification. Subsequently, he has opened the proceedings of the General Meeting.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h stated that he would acquaint the attendants with the Agenda of today's proceeding as it was published in the Notice of venue of the Extraordinary General Meeting in the Commercial Gazette, on the Komerční banka's official notice board and on the website of Komerční banka, and at the London Stock Exchange server on 27 Dec 2013.

He then read the points of the Agenda as follows:

1. Opening
2. Approval of the standing orders and voting rules of the General Meeting, election of chairman of the General Meeting, minutes clerk, minutes verifiers and scrutineers
3. Approval of amendments to the Articles of Association
4. Closing

He has then reminded that pursuant to valid Articles of Association of Komerční banka, a.s., the voting is performed by ballots which all shareholders obtained after entry into the Attendance List, however if so asked by the Board of Directors, by chairman of the General Meeting or if the General Meeting so decides, another method of voting may be applied. Firstly, the voting is on the proposal of the Board of Directors. If required majority accepts the proposal submitted by the Boards of Directors, no voting on other proposals continues. Other proposals or counter-proposals are voted on in the order in which they were submitted.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h has further explained the method of voting at the General Meeting, so that on voting the shareholder will separate the ballot paper with announced sequence number of the respective ballot. If the shareholder agrees with the proposal, she or he will separate the green ballot; if s/he does not agree, s/he will separate the red ballot; if s/he abstains, s/he will separate the yellow ballot and puts the ballot into the ballot box with which scrutinisers will go round the shareholders. He has reminded that shareholders have obtained also an attendance and acclamation card with designated number of their respective votes. He has pointed out that voting by this card will only be used when voting would be performed in another manner than by ballots.

He has further stated that the space of the hall along with balcony and the lobby are considered as the premises for the proceedings of the General Meeting. After leaving these premises, the shareholders' attendance will be interrupted and it must be registered by means of presenting the attendance and acclamation card on their coming back. If they permanently leave the proceedings of the General Meeting, they must surrender the ballots at the attendance registration table.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h has further informed the shareholders that there is an information centre of the General Meeting in the rear section of the meeting hall where employees of Komerční banka, a.s. are ready to answer questions or requests for explanations from shareholders. He has further asked the shareholders to submit there their written proposals, counter-proposals, requests for explanations or, as the case may be, protests.

Agenda item 2 - Approval of the standing orders and voting rules of the General Meeting, election of a chairman of the General Meeting, minutes clerk, minutes verifiers and scrutineers

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h has subsequently proceeded to the item 2 on the Agenda, i.e. "Approval of the standing orders and voting rules of the General Meeting, election of chairman of the General Meeting, minutes clerk, minutes verifiers and scrutineers".

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h said that shareholders have obtained the document with the standing orders and voting rules, which only determines the technical aspect of the discussion and voting right at the General Meeting, as the Document No. 1 upon registration in the Attendance List. Rules of procedure of the General Meeting including the method of voting at the General Meeting and legal conditions of exercising the voting right are provided in the Articles of Associations of the Bank and the technique of voting will be repeated before each ballot.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h has then raised a query whether there was or is being submitted any written request for explanation, any proposal or counter-proposal, or a protest relating to this item on the Agenda. This was not the case.

Chairman of the Board of Directors of the Company has then raised query whether there is any oral request for explanation, proposal or counter-proposal, or protest relating to this item on the Agenda. This was not the case.

Thereupon he stated that according to data obtained from scrutineers entrusted with counting votes the General Meeting constitutes a quorum and is competent to adopt resolutions before voting on the proposal to be subsequently presented thereat as shareholders are present who hold shares with their aggregate value representing 81.45 % of the registered capital of the Bank.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h has then read the proposal for a resolution as follows:

Resolution No. 1: The General Meeting approves the Standing Orders and Voting Rules of the General Meeting of Komerční banka, a.s., in accordance with the proposal submitted by the Board of Directors.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h announced that an absolute majority of votes of attending shareholders is required for adoption of the proposed Resolution. Subsequently, he called shareholders for splitting of the ballot paper with the serial number of the voting round 1 and subsequent dropping the ballot into the ballot box, provided that the green ballot paper is intended to express agreement with the proposal, a the red ballot paper for the expression of disagreement with the proposal, and the yellow ballot paper is intended in the event that the shareholder will abstain from voting. At the same time, he asked the scrutineers to take their offices and inform him on the termination of collecting the ballots.

After completion of voting, Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h has read the report from persons authorised to count votes the preliminary results of voting on the Resolution No. 1 expressed as percentage of votes as follows: for the time being over 74 % of votes of attending shareholders, i.e. the required absolute majority, are cast in favour of the resolution. Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h further stated that the Resolution No. 1 has been adopted by the required absolute majority of votes and that the accurate result of voting will be communicated to the attending shareholders during following course of the General Meeting and will be included in the Minutes of the General Meeting.

The final results of voting on the Resolution No. 1 were announced and read from the record by the chairman of the General Meeting Mr Pavel Henzl during course of the General Meeting as follows: For voted shareholders holding 30,763,804 votes, i.e. 100 % of the present number of votes; no votes were cast against; nobody abstained from voting and all votes cast were valid. Document denoted as the "Standing Orders and Voting Rules of the General Meeting of Komerční banka, a.s.", is enclosed as the Exhibit No. 5 to the Minutes.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h has presented a proposal of the Board of Directors of the Company relating to bodies of the General Meeting as follows: chairman of the General Meeting - Mr Pavel Henzl; Ms Marcela Ulrichová as the Minutes clerk; Ms Marie Bartošová and Mr Jaroslav Hoch as verifiers of the Minutes; and Mr Antonín Králík and Mr Václav Novotný as scrutineers. He has informed that all these candidates are only elected for the proceedings of this Annual General Meeting and their duty will be to ensure the due ordinary course of the meeting in accordance with applicable law provision and the Articles of Association of the Bank. The Board of Directors suggests at the same time en bloc voting on these proposals.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h then questioned whether there was presented or is submitted any written request for an explanation, proposal, counter-proposal, or objection to this item on the Agenda. This was not the case.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h asked if there is presented any oral request for an explanation, or a proposal, counter-proposal, or objection to this item on the Agenda. This was not the case.

Thereupon the Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h stated that according to information of scrutineers entrusted with counting votes the General Meeting constitutes a quorum and is competent to adopt resolutions before voting on the proposal to be subsequently presented thereat as shareholders are present who hold shares with their nominal value representing in aggregate 81.45 % of the registered capital of the Bank.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h thereupon presented the draft resolution of the Board of Directors as follows:

Resolution No. 2: The General Meeting elects: Mr Pavel Henzl as the chairman of the General Meeting, Ms Marcela Ulrichová as the Minutes clerk, Ms Marie Bartošová and Mr Jaroslav Hoch as verifiers of Minutes and Mr Antonín Králík and Mr Václav Novotný as scrutinizers entrusted with counting votes"

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h has announced that the voting on these proposals will be "en bloc", as is assumed by the Rule of Procedure and Voting of the General Meeting and that an absolute majority of attending shareholders is required for adoption of the proposed Resolution.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h thereupon invited shareholders for splitting of the ballot paper with the serial number of the voting round 2 and subsequent dropping the ballot into the ballot box, provided that the green ballot paper is intended to express agreement with the proposal, a the red ballot paper for the expression of disagreement with the proposal, and the yellow ballot paper is intended in the event that the shareholder will abstain from voting. At the same time, he asked the scrutineers to take their offices and inform him on the termination of collecting the ballots.

After completion of voting the Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h read the preliminary results of voting on the Resolution No. 2 expressed as percentage of votes cast as follows: for the time being over 74 % of votes of attending shareholders were cast.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h stated that the Resolution No. 2 has been adopted by the required absolute majority of votes and that the accurate result of voting will be communicated to the attending shareholders during the following course of the General Meeting and will be included in the Minutes of the General Meeting.

The final results of voting on the Resolution No. 2 were announced and read from the record by the chairman of the General Meeting Mr Pavel Henzl during course of the General Meeting as follows:
Shareholders holding 27,413,604 votes, i.e. 89.109,929 % of the present number of votes voted for; no votes were cast against; shareholders holding 3,350,200 votes representing 10.890,071 % of the present number of votes abstained from voting. All votes cast were valid.

Chairman of the Board of Directors of the Company Mr Albert M. Le Dirac'h has then handed over the direction of the General Meeting to its elected chairman Mr Pavel Henzl and asked all elected officials of the General Meeting to take up their offices.

Agenda item 3 - Approval of the amendments to the Articles of Association of the Company

Chairman of the General Meeting Mr Pavel Henzl stated that the Board of Directors submits to shareholders a proposal to amend the Articles of Association whose text was contained in the notice of venue of the General Meeting. The full wording of the Articles of Association is contained in the draft resolution obtained by shareholders in the underlying material, they also have received the wording of the currently applicable Articles of Association with marked changes/amendments proposed in document No. 2.1 and the explanatory report to the draft amendments to the Articles of Association as document No. 2.2. All these documents were published at the website of the Bank on 27 December 2013 and were available to shareholders in the registered office of the Bank.

Proposed amendment to the Articles of Association is based on the new Civil Code, Act No. 89/2012 Coll., and the law on corporations and cooperatives, Act No. 90/2012 Coll. Under this rule of law, corporations are obliged to adapt their statutes and Articles to that legislation by 1 July 2014.

Given that this new legislation stipulates a liability to send an invitation to the general meeting together with all draft resolutions, the financial statements and the draft amendments to the articles of association to all shareholders at their address specified in the extract from the issuer's register, which would mean cost of several million for the bank, the Board of Directors decided to convene this Extraordinary General Meeting even under the old law (i.e. the Commercial Code) and to amend the Articles of Association thereat. This amendment to the Articles of Association governs the convening of the Annual General Meeting in way the shareholders were accustomed to, which is published on the Bank's website, in a nationally distributed daily newspaper and on the stock exchanges.

Pursuant to the Commercial Code, shareholders who intend to present their counterproposals to proposed amendments to the Articles of Association at the General Meeting were required to deliver a written version of their proposal or counterproposal to the registered office of Komerční banka at least 5 business days prior to the day of venue of the General Meeting, i.e. by 21 January 2014. Komerční banka did not receive any counterproposal or a proposal to amendments to the Articles of Association, so the only proposal on this item of the agenda is the proposal submitted by the Board of Directors.

Pavel Henzl stated that the General Meeting has a quorum and is competent to make decisions because as shareholders holding shares with a nominal value representing in aggregate 81.45 % of the Bank's registered capital are present thereat and the no protest against the exercise of voting rights was submitted.

He then asked Mr Peter Palečka to present the proposal to amend the Articles of Association.

Mr Peter Palečka read the text of the proposal to amend the Articles of Association.

Resolution No. 3

The General Meeting resolved to amend the existing Articles of Association of the Bank in the following wording:

Article I

Fundamental Provisions

Section 1

Trade Name and Registered Office

- (1) The trade name of the company shall be "Komerční banka, a. s." (hereinafter referred to as "the Bank").
- (2) The trade name of the Bank shall not be translated into foreign languages.
- (3) The registered office of the Bank shall be at Prague.
- (4) The Bank has been registered in the Register of Companies maintained with the Municipal Court in Prague, Section B, File No. 1360.
- (5) The Bank has been established for an indefinite period of time.
- (6) The address of the Bank's website is www.kb.cz.

Article II

Objects of Business Activities of the Bank

Section 2

(1) The Bank shall carry on business pursuant to Act No. 21/1992 Coll., the Banking Act, as amended (hereinafter referred to as “the Banking Act”). The business activities of the Bank shall include:

- a) acceptance of deposits from the public;
- b) granting of loans;
- c) investing in securities on the Bank's own account;
- d) financial leasing;
- e) making and receiving payments and administration of clearing system;
- f) issue and administration of payment instruments, such as payment cards and traveller's cheques;
- g) provision of guarantees;
- h) issue of letters of credit;
- i) provision of collection services;
- j) provision of investment services including:
 - main investment services provided by the receiver and transferor of instructions relating to investment instruments on the client's account relating to investment instruments;
 - main investment services linked with the execution of instructions relating to investment instruments on other than the Bank's account relating to investment instruments;
 - main investment services linked with dealing in investment instruments on the Bank's own account relating to investment instruments;
 - main investment services linked with the management of individual portfolios based on free consideration under contractual covenants made with the client, if the portfolio contains an investment instrument;
 - main investment services linked with the subscription for an issue of investment instruments or its placement relating to investment instruments;
 - complementary escrow and administration investment services for several investment instruments relating to investment instruments;
 - complementary investment services linked with the rental of safe-deposit boxes;
 - complementary investment services linked with the provision of loans and credits for clients aiming at making deals with investment instruments, if the credit or loan provider is a party to this deal relating to investment instruments;
 - complementary investment consultancy services relating to capital structure, business strategy and questions relating thereto, as well as consultancy and services relating to the fusion and purchase of businesses;
 - complementary investment services concerning issue subscriptions relating to investment instruments,
 - complementary investment consultancy services concerning investments in investment instruments relating to investment instruments;
 - complementary foreign exchange investment services relating to the provision of investment services;
- k) dealing on the Bank's own account or on the client's account in foreign currencies and gold;
- l) financial brokerage;
- m) foreign exchange operations (foreign exchange purchase);
- n) provision of depository services;
- o) provision of banking information;
- p) rental of safe-deposit boxes;
- q) issue of mortgage bonds,
- r) activities directly related to those mentioned in paragraphs a) – q).

(2) The Bank shall further carry on business activities for another as long as they relate to the operation of the Bank and to the operation of other banks, saving and credit associations, securities traders, insurance companies, reinsurance companies, financial institutions and enterprises that provide supporting banking services that are controlled by the Bank. The extent of the business activities shall cover:

- a) accounting consultants' activities, book-keeping, tax record keeping;
- b) procurement of deals and services;
- c) advisory and consulting activities, creation of expert studies and opinions;
- d) real estate activities, administration and maintenance of real property;
- e) out-of-school education and training, organisation of courses and training including teaching;
- f) provision of software, consultancy in the area of information technologies, data processing, hosting and the relating activities and web portals;
- g) administration services and services of organisation and economic nature.

Article III

Registered Capital of the Bank

Section 3

The registered capital of the Bank shall be CZK 19,004,926,000.

Article IV

Shares

Section 4

Fundamental Provisions

The registered capital of the Bank specified under Section 3 shall be divided into 38,009,852 ordinary bearer shares admitted to trading in the European regulated market, each of a nominal value of CZK 500 issued as an uncertificated security. One vote is attached to one share; the total number of votes attached to the shares shall be 38,009,852.

Article V

Rights and Obligations of Shareholders

Section 5

(1) Both legal entities and natural persons (individuals) may become shareholders of the Bank.

(2) Any shareholder is entitled to attend the General Meeting and to vote thereat, to request and receive explanation regarding matters concerning the Bank or entities controlled by the Bank, if such explanation is necessary for the assessment of the content of the matters included in the General Meeting agenda or for the exercise of his shareholder rights thereat. The explanation can be provided in the form of a summary answer to several questions of similar content. The shareholder shall be deemed to have received an explanation also if the information was posted on the Bank's website no later than on the day preceding the day of the General Meeting and is available to shareholders in the place where the General Meeting is held. Any shareholder is entitled to file proposals or counter-proposals to matters included in the General Meeting agenda. Should a shareholder intend to file a counter-proposal to matters included in the General Meeting agenda, he shall deliver the counter-

proposal to the Bank in reasonable time prior to the General Meeting, however, no later than 10 days prior to the General Meeting. The above shall not apply if the proposals regard the election of specific persons to the bodies of the Bank. These individuals must meet the requirements set forth by the generally binding law provisions for the performance of their service. The Board of Directors shall inform shareholders of the wording of the shareholder's counter-proposal and the Board's opinion thereon in the same manner as used for convening the General Meeting. This shall not apply if the notification was delivered less than two days prior to the date when the General Meeting is held, or if the cost thereof was grossly disproportionate to the significance and content of the counterproposal, or if the text of the counter-proposal contains more than 100 words. If the counter-proposal contains more than 100 words, the Board of Directors shall notify shareholders of the core of the counter-proposal and their opinion thereon and post the counter-proposal on the Bank's website. Any shareholder has the right to make proposals regarding matters that will be included in the agenda of the General Meeting also before the publication of the Notice of General Meeting. The Board of Directors shall publish each proposal that will be delivered to the Bank no later than seven days prior to the publication of the Notice of General Meeting and their opinion thereon together with such Notice.

(3) The shareholders shall be entitled to exercise their rights at the General Meeting either in person or through a natural person or legal entity (a proxy) under the terms and conditions specified by law (hereinafter referred to as "the Attending Shareholder"). The proxy must be in writing and must show whether it may be used by the proxy holder to represent the principal at one or more General Meetings. A form of proxy is available to shareholders either in paper form at the Bank's head office or on the Bank's website from the day of publication of the Notice of General Meeting. The Bank shall make it possible for shareholders to send a notification of the grant of a proxy to a person appointed to represent a shareholder at the General Meeting or of the revocation of such proxy electronically. The notification must be furnished with a guaranteed electronic signature established on the basis of a qualified certificate issued by an accredited certification service provider. Should a notification fail to allow the Bank to make a clear identification of the signatory, the Bank shall have a right to request that the informant indicate the certification service provider that issued his certificate and that keeps his records, or that the informant attach the certificate to the notification and give consent to the disclosure of his personal data by the certification service provider, so that the Bank may verify his identity. Should the verification of the informant's identity not be possible, the shareholder's proxy must submit his proxy upon registration at the General Meeting. This fact shall be notified to the informant by the Bank, if possible, to the e-mail address indicated by the informant. The details on the receipt of such notifications and the requirements with respect to their content shall be specified by the Board of Directors on the Bank's website www.kb.cz. When being registered as present at the General Meeting, the shareholders shall provide evidence of their identity by means of an identity document. In addition, a member of a governing body of a shareholder that is a legal entity shall also submit an up-to-date excerpt from the relevant public register or another document evidencing his right to act on behalf of the company concerned, When being registered as present at the General Meeting, the shareholder's proxy shall provide evidence of his identity by means of an identity document and shall submit a written proxy, unless the law provides otherwise. A person registered with the uncertificated securities registry as an administrator or as a person authorized to exercise rights attached to a share does not need to submit a proxy. A representative, whose right to represent a shareholder arises from a fact other than a proxy, is obliged to provide evidence of this fact.

(4) The General Meeting may be attended by any shareholder registered in the statutory register of securities as a owner of shares of the Bank as of the seventh calendar day prior to the date of the General Meeting (i.e. the decisive date for the right of the shareholder to attend the General Meeting). The Bank's Board of Directors shall place an application for an excerpt from the statutory register of securities as of the decisive date. Persons that are designated by the CNB in the statutory register of

securities, persons not mentioned therein, or persons empowered by these persons may not attend the General Meeting.

(5) The voting right belonging to a shareholder is governed by the nominal value of their shares; each CZK 500 of the nominal value of the shares shall represent one vote. The vote shall not be further divisible. Votes shall be cast by ballot. The proposal of the Board of Directors or, as the case may be, the proposal of the Supervisory Board, if it convened the General Meeting, if any, shall be voted upon first. Should the proposal of the Board of Directors or of the Supervisory Board, if it convened the General Meeting, be accepted, other proposals shall not be voted upon. Other proposals shall be voted upon in the sequence in which they were filed. If a notarial record is to be drawn up concerning the resolution of the General Meeting, the Chairman of the General Meeting shall be obliged to administer the casting of votes in such a manner that a notarial record of the resolution of the General Meeting containing all statutory requirements may be drawn up.

(6) Any requests for explanation shall be made by the Attending Shareholder orally upon invitation by the Chairman of the General Meeting or in writing and placed at a designated place. Each shareholder has a limited time to present his proposal; the time limit shall be 10 minutes maximum. Any shareholder's proposal or counterproposal made in writing may be presented by the Chairman of the General Meeting. The Chairman of the General Meeting shall be obliged to ensure that all requests for explanation of matters be answered, as long as such matters form the subject of the agenda of the General Meeting and the requests are made in the course of the General Meeting in accordance with these Articles of Association. If an explanation cannot be provided due to its complexity, it shall be provided to shareholders within 15 days of the day of the General Meeting. The wording of the answer shall be available to shareholders on the Bank's website. Any Attending Shareholder shall be entitled to request that the minutes clerk of the General Meeting include a protest concerning a resolution of the General Meeting in the minutes of the General Meeting.

(7) The right to receive a share of the profit, the pre-emptive right to subscribe for shares and convertible and priority bonds and the right to an interest in the liquidation balance otherwise associated with a share may be transferred separately.

(8) The shareholder or shareholders of the Bank holding shares the total nominal value of which reaches at least 1 % of the Bank's registered capital may:

- a) request that the Board of Directors convene the General Meeting in order to discuss the matters proposed by them, provided that each item of the proposal is accompanied with a draft resolution or with a justification;
- b) request that the Board of Directors include issues specified in their request in the agenda of the General Meeting, provided that each item also includes a draft resolution or that its inclusion is justified;
- c) request that the Supervisory Board examine the exercise of powers by the Board of Directors with regard to the matters specified in the request;
- d) under the conditions set forth by the Corporations Act seek on behalf of the Bank a compensation for loss from a member of the Board of Directors or of the Supervisory Board or the discharge of their possible duty arising from an agreement for the settlement of loss incurred by the Bank due to a breach of the duty of due care or the payment of the issue price from a shareholder who is in default of its payment, and to represent the Bank in such proceedings;
- e) apply to a court of justice for the appointment of an expert in order to examine the report on relations between the controlling entity and the controlled entity and between the controlled entity and the entities controlled by the same controlling entity (hereinafter called "the report on relations"), should he believe that the report on relations was not worked out duly;
- f) seek a compensation for loss from an influential person if such person causes loss to the Bank.

(9) No shareholder shall be entitled to demand that the investments the shareholder invested in the Bank in order to acquire or increase their holding in the Bank be returned either in the course of the Bank's existence or upon its winding up. However, in the event of the Bank's dissolution and subsequent liquidation, the shareholders shall have the right to an adequate interest in the liquidation balance of the Bank.

(10) Any shareholder shall be entitled to ask the Board of Directors to produce a copy of the minutes of any General Meeting or a part thereof throughout the Bank's existence. Such request shall be in writing. The copy of the minutes or a part thereof shall be made at the expense of the Bank. The copy of the minutes or a part thereof shall be available to the shareholder no later than within thirty days from the date of receipt by the Bank of the shareholder's request, however, on the sixteenth day following the end of the General Meeting concerned at the latest.

Section 6

Share in Profit

(1) The shareholder shall be entitled to a proportion of the Bank's profit (a dividend) which was approved for distribution to the Shareholders by the General Meeting taking into account the Bank's financial results and the payment of which was decided upon by the Board of Directors based on the fulfilment of the terms and conditions specified by the generally binding law provisions.

(2) The Board of Directors may give an order to the person authorized to maintain the central register of uncertificated securities for registration of separately transferable rights to a share in the profit payable.

(3) The record date to assert the right to a share in profit is the same as the record date for a shareholder to be entitled to attend the General Meeting. The right to a share in profit shall thus belong to any shareholder owning shares on the seventh calendar day prior to the date of the General Meeting, which approved the share of the profit to be distributed among shareholders. The share in profit shall become payable upon expiration of thirty days following the date of the General Meeting which took the resolution on the distribution of profit.

(4) The Bank shall pay the share in profit as of the due date for the payment of the share in profit in either of the below mentioned forms:

- a) in cash at sales points of the Bank or
- b) by bank transfer from the Bank's account to the shareholder's or administrator's account upon shareholder's request.

(5) Where a share in profit is remitted to legal entities by bank transfer, the Bank shall remit the share in the profit no later than within five working days of receiving the required documents, however, on the due date for the payment of the share in the profit at the earliest. The required documents shall be as follows: a request for the payment of a share in the profit containing the relevant banking details and an updated and officially verified statement from the competent public registry or another document proving the existence of the legal entity. The signature of a member of the shareholder's governing body (or its representative) subscribed at the request for the payment of a share in profit must be attested. In addition, if a shareholder is represented by another legal entity or natural person, such representative shall be obliged to deliver officially verified powers of attorney from all entities so represented with the exception of the security administrator entered in the central register of uncertificated securities, and its updated and officially verified excerpt from the competent

public register or another document proving its existence. If the excerpt from the issue's register only states the information about the share's administrator, the shareholder shall be obligated to submit a property account statement of the security's owner. The Bank shall not assume responsibility for the accuracy and completeness of the data stated by the shareholder.

(6) The Bank's obligation to pay the share in profit, in the event of a bank transfer, shall be discharged upon debiting the dividend from the Bank's account.

(7) The right to claim a share in profit shall lapse 3 years from the day when the shareholder learnt of the due date for the payment of the share in profit or when he could or should have learnt this, however, no later than within 10 years of the due date. .

(8) The information on the proposed profit share amount and the information about the method of its payment shall be published by the Board of Directors in the notice of General Meeting and on the Bank's website 30 days prior to the date of the General Meeting. The results of the vote on profit share payment shall be made public by the Board of Directors without undue delay after the General Meeting on the Bank's website and on www.londonstockexchange.com.

(9) Based on a resolution of the General Meeting, profit share payment may take the form of Bank's treasury shares instead of money.

Article VI

Bodies of the Bank

Section 7 Management System

The Bank has chosen the dualistic system of its internal structure.

Section 8 General Meeting

The General Meeting shall be the supreme body of the Bank.

Section 9 Powers of the General Meeting

It is within the powers of the General Meeting to:

- a) decide on alterations of the Articles of Association, with the exception of alteration in consequence of an increase in the registered capital by the authorized Board of Directors or alteration made on the basis of other legal facts;
- b) decide on a change in the amount of the registered capital; the registered capital may only be reduced after prior approval of the Czech National Bank unless it is reduced to cover a loss;
- c) elect and remove members of the Supervisory Board, elect and remove members of the Audit Committee;

- d) approve the Board of Directors' reports regarding the Bank's business activities and the Bank's assets, at least once per accounting period;
- e) decide on the possibility of setting off a monetary claim towards the Bank against a claim to be used for payment of the issue price including the draft of the relevant contract for set-off;
- f) decide on a change in the class or type of the shares;
- g) decide to issue convertible or priority bonds of the Bank;
- h) decide to modify the rights attached to individual classes of the shares;
- i) approve the annual financial statements, extraordinary financial statements, consolidated financial statements and, when required by law, Interim financial statements;
- j) decide on distribution of the profit or other own resources or coverage of the loss;
- k) approve the service contracts with the members of the Supervisory Board and of the Audit Committee;
- l) decide on transformation of the Bank, unless the act regulating transformations of companies and cooperatives provides otherwise, provided that a prior consent of the Czech National Bank has been given where so required by law;
- m) decide to wind up the Bank with the prior consent of the Czech National Bank;
- n) approve proposed distribution of the liquidation balance of the Bank's assets;
- o) decide to file for admitting the participation securities of the Bank to trading in the European regulated market or for excluding these securities from trading in the European regulated market;
- p) approve the transfer or pledging of an establishment or such part thereof meaning a substantial change to the existing structure of the establishment or a substantial change to the business purpose of the Bank;
- q) charge the Board of Directors to decide on an increase in the registered capital under the conditions specified in the legislation;
- r) decide to acquire the Bank's treasury shares in accordance with the applicable provisions of the Corporations Act;
- s) decide on elimination or restriction of the pre-emptive right to acquire convertible or priority bonds, elimination or restriction of the pre-emptive right to subscribe for new shares in accordance with the Corporations Act;
- t) approve the acquisition or disposal of assets, when the law so requires;
- u) decide on appointment of the auditor to make the statutory audit or to verify other documents if such appointment is required by law provisions;
- v) give principles and instructions to the Board of Directors of the Bank with the exception of instructions regarding the business management of the Bank unless provided to the Board of Directors upon their request; and approve principles and give instructions to the Supervisory Board with the exception of instructions regarding the statutory duty to check the competence of the Board of Directors;
- w) grant consent to the contract for the settlement of loss caused by a breach of the duty of due care by a member of a body of the Bank;
- x) decide to suspend the service of the member of a Bank's body who announces a conflict of interest under the Corporations Act, or ban a member of a Bank's body from entering into a contract which is not in the Bank's interest ;

- y) decide on other questions falling under the powers of the General Meeting according to a generally binding legal regulation or these Articles of Association.

Section 10

Convening the General Meeting

(1) The Annual General Meeting is held at least once a year, however no later than four months from the last day of the preceding accounting period. The General Meeting shall be convened by the Board of Directors or, as the case may be, by a member of the Board of Directors if the Board of Directors fails to convene it without undue delay and the law stipulates a duty to convene the same or if the Board of Directors lacks a quorum long term, unless the generally binding law provisions specify otherwise.

(2) The General Meeting shall also be held if so requested by the shareholders as specified under Section 5, subsection (8). The Board of Directors shall convene the General Meeting upon request of these shareholders where the requirements of the Articles of Association and of the Corporations Act are met.

(3) The Supervisory Board shall convene the General Meeting if it is in the interest of the Bank. The Supervisory Board shall then submit necessary proposals to the General Meeting. The Supervisory Board shall also convene the General Meeting in the case that the Bank does not have a Board of Directors or if the elected Board of Directors fails to perform their duties long term and the General Meeting fails to be convened by any of its members. If, in such case, the Supervisory Board fails to convene the General Meeting, any member of the Supervisory Board may convene the General Meeting.

(4) The General Meeting shall be convened by means of a public notice of General Meeting posted on the Bank's website www.kb.cz, on the notice board in the Bank's registered office and on the website www.londonstockexchange.com at least thirty days prior to the date of the General Meeting. Sending the notice to the shareholder's address is replaced by publishing the notice in the Mladá fronta DNES daily. Other documents relating to the General Meeting debate the publication of which is required by the law shall be published on the Bank's website. The notice of General Meeting shall contain at least the following:

- a) trade name and registered office of the Bank;
- b) venue, date and time of the General Meeting;
- c) specification as to whether the Annual General Meeting or Substitute General Meeting will be held;
- d) agenda of the General Meeting including the name of each person nominated as a member of a body of the Bank;
- e) record date for participation in the General Meeting, and explanation of its meaning for voting at the General Meeting;
- f) draft resolution(s) of the General Meeting and its/their justification.

Should any alteration of the Articles of Association be on the agenda of the General Meeting, the Bank shall allow each shareholder to inspect the draft amendments to the Articles of Association free of charge within the time period specified in the notice of General Meeting.

(5) When the Board of Directors is requested by the shareholders specified under Section 5, subsection (8) to convene a General Meeting, such General Meeting must be convened so that it would take place no later than within fifty days of the date on which the request to such effect is delivered to

the Board of Directors. Should the Board of Directors fail to convene the General Meeting within such period of time, such shareholders may apply to the competent court of justice for an order to authorise the shareholders to convene the General Meeting and to execute any acts associated therewith on behalf of the Bank. The notice of General Meeting shall be made public in the manner specified under Section 9, subsection (4) at least 21 (twenty one) days prior to the date of the General Meeting.

(6) Should a substitute General Meeting be convened due to the failure to constitute a quorum at the Annual General Meeting, Section 12, subsection (2) of the Articles of Association shall apply to the process of the convening.

(7) Upon the request of the shareholders specified under Section 5, subsection (8), the Board of Directors shall declare the matter specified by these shareholders to be the subject of the agenda of the General Meeting. Should such request be delivered after the publication of the notice of General Meeting, the Board of Directors shall publish an amendment to the agenda of the General Meeting no later than 5 days prior to the record date in the manner stipulated for the convening of the General Meeting by the Corporations Act and the Articles of Association. If such publication is no longer possible, such issue may be included in the agenda of the General Meeting only as specified in the following subsection.

(8) Matters which were not included in the proposed General Meeting agenda may only be discussed or decided upon by the General Meeting with the consent of all shareholders.

(9) The Board of Directors shall inform the Supervisory Board and the Audit Committee of the day of the General Meeting no later than within the period of time specified by the Corporations Act for a General Meeting to be convened.

(10) The General Meeting may be revoked or postponed. The revocation or postponement of the General Meeting shall be communicated in the manner stipulated by the Corporations Act and the Articles of Association for the convening of the General Meeting no later than one week prior to the originally scheduled date of the General Meeting; otherwise the Bank shall be obliged to reimburse all reasonable expenses of the shareholders who arrived in accordance with the original notice relating thereto. The General Meeting may only be revoked and the person who convened the same may only change the date of a General Meeting. Where the General Meeting was convened upon request of the shareholders specified under Section 5, subsection (8), it may be revoked or postponed only if the shareholders concerned agree thereto. A new date for the General Meeting shall be determined in accordance with the period of time specified hereunder regarding the convening of the General Meeting.

Section 11

Proceeding at the General Meeting

(1) The Attending Shareholders or their proxies shall sign at the General Meeting an attendance list which shall contain the following details: trade name or name and registered office if a shareholder is a legal entity, or name and residential address if a shareholder is a natural person (an individual) or a shareholder's proxy; nominal value of the shares that constitute the shareholder's (his proxy's) entitlement to vote and, as the case may be, a statement that the shares have no voting rights attached thereto. Should the Bank refuse to enter a certain person in the list of attending shareholders, this fact shall be noted in the list together with the reasons therefor. The accuracy of the attendance list shall be certified by the signatures of the convenor of the General Meeting or a person designated by the latter and present at the registration of shareholders.

(2) Members of the Supervisory Board, members of the Board of Directors, chairman of the Audit Committee or, as the case may be, vice-chairman or another authorized member of this Committee shall attend the General Meeting of the Bank.

(3) The Board of Directors may authorise employees of the Bank or third parties (hereinafter referred to as "the Authorised Persons") to attend the General Meeting in order to ensure the same in terms of organisational and technical aspects. The Board of Directors shall be obliged to bind such Authorised Persons to maintain confidentiality concerning confidential facts and information that might cause loss to the Bank. The Authorised Persons shall be, in particular, entitled to examine the right of the shareholder or their proxy to attend the General Meeting as specified by the generally binding law provisions and the Articles of Association. Until scrutineers are elected, the Authorised Persons shall be entitled to perform their duties

(4) The General Meeting shall be opened by the convener or a person designated by the latter. The person who opens the General Meeting shall organize the election of the Chairman of the General Meeting, one or two verifiers of the minutes, the minutes clerk and the persons to count votes cast (scrutineers). The election shall be governed by the provisions of Section 5, subsection (5). The Chairman of the General Meeting shall then preside at the General Meeting. Rules concerning the technique of the procedure and voting of the General Meeting as well as other details can be specified by the Rules of Procedure if such Rules of Procedure are approved by the General Meeting.

(5) Should any of the elected officers, in accordance with subsection (4), cease to hold their office during the General Meeting, the General Meeting shall elect a new officer. Such election shall be organised by the Chairman of the General Meeting or a person authorised for this purpose by the Board of Directors or by the Supervisory Board.

(6) The Board of Directors shall ensure that the minutes of the General Meeting are produced within a period of fifteen days from the date of the closing of the General Meeting. The minutes shall contain:

- a) trade name and registered office of the Bank;
- b) venue and time of the General Meeting;
- c) names of the Chairman of the General Meeting, the minutes clerk, the verifier or verifiers of the minutes, and scrutineers;
- d) comments made on individual items on the agenda;
- e) resolutions of the General Meeting and results of voting;
- f) contents of any objection of a shareholder, a member of the Board of Directors or the Supervisory Board concerning a resolution of the General Meeting, if the same is requested by the person raising such objection.

Proposals and statements presented for discussion at the General Meeting along with the attendance sheet shall be attached to the minutes of the General Meeting. The minutes shall be signed by the minutes clerk and the Chairman of the General Meeting or the convenor and the verifier or two elected verifiers.

(7) The minutes of the General Meeting together with the respective notice of the General Meeting and the list of the Attending Shareholders shall be kept in the Bank's archives throughout the Bank's existence. The liquidator shall arrange that such minutes are archived or kept in custody for a period of ten years following the winding-up of the Bank.

Section 12

Constituting Quorum and Casting Votes at the General Meeting

(1) The General Meeting shall constitute a quorum if the Attending Shareholders hold shares whose total nominal value exceeds 30% of the registered capital of the Bank, provided that voting rights are attached thereto.

(2) Should the General Meeting fail to constitute a quorum, the Board of Directors (or the Supervisory Board, should it be the convener of the General Meeting, or shareholders authorised by a court of justice to convene a General Meeting in accordance with the Corporations Act) shall convene a substitute General Meeting with the same agenda without undue delay if it is still necessary. The substitute General Meeting shall be convened by means of a new notice in the manner set out in Section 10, subsection (4) of the Articles of Association; the time limit so specified shall be shortened to 15 (fifteen) days and the notice does not need to contain reasonable information about the core of the individual matters included in the General Meeting agenda. The substitute General Meeting shall be held no later than within six weeks of the date on which the originally convened General Meeting should have been held. The substitute General Meeting so convened shall have the same agenda and shall constitute a quorum irrespective of the provisions of Section 12, subsection (1).

(3) The General Meeting shall pass resolutions by majority of votes of the Attending Shareholders unless law provisions require a qualified majority of votes.

(4) When assessing the capacity of the General Meeting to make decisions and at each particular vote casting at the General Meeting, the shares with no voting rights or the shares where the voting rights cannot be exercised shall not be taken into account.

Section 13 Powers of the Supervisory Board

(1) The Supervisory Board shall oversee the exercise of the powers by the Board of Directors and the activities of the Bank. The Supervisory Board shall oversee the efficiency and effectiveness of the management and control system of the Bank as a whole.

(2) The Supervisory Board shall:

- a) convene a General Meeting when the Bank's interests so require /Section 10, subsection (3)/ and propose the General Meeting necessary measures to be taken;
- b) elect and remove members of the Board of Directors;
- c) approve service contracts with individual members of the Board of Directors;
- d) examine annual, extraordinary, interim, and consolidated financial statements, proposals for the distribution of profit or the coverage of loss, and submit its opinion to the General Meeting;
- e) be entitled to inspect, through any of its members, all documents and records related to the activity of the Bank;
- f) check whether the books and records are maintained properly and in accordance with the current state and whether the business activities of the Bank are carried on in compliance with the generally binding law provisions, the Bank's Articles of Association, and resolutions and instructions of the General Meeting;
- g) designate the member of the Supervisory Board who shall represent the Bank before court or other authorities in disputes with members of the Board of Directors;
- h) inform the General Meeting of the results of its activity;
- i) be entitled to restrict the right on the part of the Board of Directors to act on behalf of the Bank, including acting in any single matter; any such restriction, however, shall not be effective against third parties;

- j) discuss the charter and the strategic and periodic plan of the activities of the internal audit;
- k) decide to suspend the service of the member of a Bank's body who announced a conflict of interest under the Corporations Act, or to ban entering into a contract with a member of a Bank's body that is not in the Bank's interest;
- l) examine the report on relations among related entities as provided by the Corporations Act and submit the information on the examination of the report to the General Meeting if so required by law;
- m) supervise the functionality and effectiveness of the management and control system and make an evaluation thereof at least once a year, and deliberate over the mitigation of the risks that are or that might be incurred by the Bank;
- n) regularly deliberate over matters relating to the Bank's strategic development;
- o) express itself on the Board of Directors' proposal to appoint (in Czech "pověřit") or to remove Director of Internal Audit;
- p) define the principles of compensation of Director of Internal Audit;
- q) discuss the focus and planning of the activities of the internal audit, evaluate the activities of the internal audit and compliance;
- r) discuss the report on the internal audit activities;
- s) approve and regularly evaluate the general principles for the compensation of employees whose activity has a substantial influence on the Bank's overall risk profile;
- t) take decisions on other matters that are included in the powers of the Supervisory Board by a generally binding legal regulation or by the Articles of Association.

Section 14

Election and Removal of Members of the Supervisory Board

(1) The Supervisory Board shall consist of nine members, natural persons who meet the conditions specified by the generally binding law provisions and who are not prevented from serving on the Supervisory Board based on the requirements set forth by the Corporations Act. The term of office of a member of the Supervisory Board shall be four years. The members of the Supervisory Board shall be elected and removed by the General Meeting. Any member of the Supervisory Board may resign from his membership; however, he may not do so at a time inopportune for the Bank. He shall be obliged to inform the Supervisory Board of his resignation. His service shall terminate after a lapse of one month of the delivery of the notice to the address of the Bank's registered office or directly to the Supervisory Board at its meeting, unless the Supervisory Board approves, upon request of such member, another date of termination of his service. The Supervisory Board shall announce the resignation of its member at the forthcoming General Meeting.

(2) If a member of the Supervisory Board dies, resigns, is removed or if his membership terminates in another way, the Bank's General Meeting shall elect a new member of the Supervisory Board within a period of two months. The membership of a member of the Supervisory Board also terminates by the election of a new member, unless the decision of the General Meeting says something else. If the number of the Supervisory Board members does not fall below one half, the Supervisory Board may appoint, upon the proposal of the Remuneration and Personnel Committee of the Supervisory Board, substitute members to serve on the Supervisory Board until the forthcoming General Meeting is held. The time of service as a substitute member of the Supervisory Board is not counted as a part of the time of service as a member of the Supervisory Board.

Section 15

Rights and Obligations of Members of the Supervisory Board

(1) The Supervisory Board shall exercise its rights either jointly through all its members or through its individual members. The Supervisory Board may decide that the exercise of the supervisory duties be divided among its members. The Supervisory Board shall inform the General Meeting and the Board of Directors thereof. The Supervisory Board members shall be entitled to enter the Bank's premises and to request relevant documents and records for supervisory purposes. This entitlement may only be used by the Supervisory Board members based on a decision of the Supervisory Board subject to cases where the Supervisory Board is unable to perform its duties. The division of the supervisory duties shall affect neither liability of the Supervisory Board member nor their right to perform other supervisory activities.

(2) The Supervisory Board shall be entitled to require that the Board of Directors members attend a meeting of the Supervisory Board and explain any matter relating to the Bank or its activities.

(3) The Supervisory Board shall observe all principles and instructions approved by the General Meeting insofar as they are in accordance with the generally binding law provisions and the Articles of Association. Any breach of the approved principles or instructions shall not impact upon effectiveness of the Supervisory Board members' acts against third parties. No one shall be entitled to give the Supervisory Board instructions regarding its statutory duty to supervise the competence of the Board of Directors.

(4) Members of the Supervisory Board shall be obliged to exercise their range of powers with due care, which means with the necessary loyalty, knowledge and diligence, and always observe the Bank's best interests. They shall be obliged to maintain confidentiality regarding confidential information and facts that are subject to banking secrecy and other facts the disclosure of which to third parties might result in a loss to the Bank. Those members of the Supervisory Board who breached their duty of due care shall render the proceeds obtained by such conduct to the Bank. If the proceeds cannot be rendered, the Supervisory Board member shall reimburse the Bank with money. Further consequences of a breach of duties by the Supervisory Board members shall be specified by the Corporations Act or, as the case may be, by the Civil Code.

(5) A member of the Supervisory Board may not carry on a business activity which is identical with the business activity of the Bank even for the benefit of other persons, may not act as an intermediary for other persons in transactions with the Bank, may not participate in the business activity of another corporation as a partner with unlimited liability or as a person controlling other persons engaged in business identical with or similar to the business activities of the Bank, may not be a member of the governing body of another legal entity engaged in a similar business activity as the Bank or a person in a similar position, unless such legal entity is a holding-type group. Members of the Supervisory Board may conclude banking deals as individuals (clients) provided that such banking deals are concluded under the terms and conditions customary in trade.

(6) The Bank shall be obliged to reimburse the Supervisory Board members for the expenses which have been necessary or which have been spent purposefully while serving as a member of the Supervisory Board.

(7) Should a member of the Supervisory Board cease to meet the terms and conditions required by the generally binding law provisions and the Articles of Association to serve as a Supervisory Board member, such member shall be obliged to inform the Bank thereof in writing without delay.

(8) Should a member of the Supervisory Board learn that a conflict of interest with the interests of the Bank under the Corporations Act may occur during his service, he shall inform the other members of the Supervisory Board and the General Meeting thereof without undue delay. This shall apply by analogy to the possible conflict of interest of the persons close to a Supervisory Board member or of

the entities influenced or controlled by the Supervisory Board member, or where the actions of a Supervisory Board member are influenced by an influential or controlling entity. The Supervisory Board or the General Meeting may suspend the service of such Supervisory Board member for a specified period of time. The Supervisory Board member shall inform the General Meeting by applying to the Board of Directors of the Bank, either at a meeting of the Board of Directors or by written notice addressed to the Board of Directors to the address of the Bank's registered office, for convening a General Meeting in order to fulfil his disclosure duty. The Board of Directors is subsequently obliged to convene the General Meeting without undue delay to discuss the announced potential conflict of interest and to include, in accordance with the Corporations Act, in the General Meeting agenda the said discussion with a proposal for the possible ban to enter into a contract or to suspend his service under S. 54 (4) or S. 56 (2) of the Corporations Act.

Section 16

Meetings of the Supervisory Board

(1) The Supervisory Board shall elect a Chairman and Vice-Chairman of the Supervisory Board from its midst. The Chairman and Vice-Chairman of the Supervisory Board must be elected by an absolute majority of votes of all members of the Supervisory Board. The Chairman of the Supervisory Board or, in his absence, the Vice-Chairman shall convene the meetings of the Supervisory Board. The Chairman may authorise a member of the Supervisory Board to convene a Supervisory Board meeting. The Supervisory Board must also be convened if any member thereof so requests.

(2) The Chairman or Vice-Chairman of the Supervisory Board may resign from their position of chairman or vice-chairman by written notification delivered to the Supervisory Board to the address of the Bank's registered office or to a meeting of the Supervisory Board. Their service as chairman or vice-chairman shall terminate the day when, at its closest meeting, the Supervisory Board discusses the resignation, unless the written letter of resignation specifies a later date. The Supervisory Board shall be authorized to withdraw the Chairman or Vice-Chairman of the Supervisory Board from their position. If the Chairman or Vice-Chairman ceases to be a member of the Supervisory Board, he shall also cease to serve as its chairman or, as the case may be, vice-chairman.

(3) The Supervisory Board shall constitute a quorum if at least five members of the Supervisory Board are present at the meeting. Resolutions of the Supervisory Board are adopted if approved by the absolute majority of all members of the Supervisory Board.

(4) Meetings of the Supervisory Board shall be held at least once in three calendar months and shall be convened in writing. All members must receive an invitation with documents to be discussed no later than seven calendar days prior to the scheduled date of the meeting.

(5) No member of the Supervisory Board may be represented by another person in his capacity as a member of the Supervisory Board. Any member of the Supervisory Board may, however, authorize another member of the Supervisory Board in a single case to vote on his behalf in his absence.

(6) Minutes shall be taken of the meetings of the Supervisory Board signed by the chair of meeting. The minutes shall contain the names of the Supervisory Board members who voted against individual decisions or who abstained from voting. The minutes shall also contain opinions of a minority of members if they so require. The attendance sheet shall be annexed to the minutes. The minutes must be archived throughout the existence of the Bank. The minutes shall specify the transactions of the meeting and all resolutions taken.

(7) The Supervisory Board shall exercise its powers over the bodies of the Bank by means of its resolutions.

(8) A meeting of the Supervisory Board may, in exceptional cases, be convened by means of communication media or in another suitable manner. All members of the Supervisory Board must be informed of the fact that such meeting is being convened. In this case, the seven-day time limit for the submission of documents does not apply and the documents may be submitted at the meeting itself.

(9) The Chairman or, in his absence, the Vice-Chairman, or, as the case may be, an authorised member of the Supervisory Board may request that members of the Supervisory Board take a decision remotely either in writing or by means of communication media. The decision may be taken remotely by the absent members of the Supervisory Board if the Supervisory Board holds a meeting, or by all members of the Supervisory Board if the Supervisory Board does not hold a meeting. All voting members of the Supervisory Board are regarded as present. If the Supervisory Board does not hold a meeting and votes by means of communication media, the voting results shall be recorded in minutes. If a member of the Supervisory Board votes on a decision remotely, he is deemed to consent to taking the decision remotely.

(10) Details of the conduct of the meetings shall be set forth in the Rules of Procedure of the Supervisory Board.

Section 17

Committees of the Supervisory Board

(1) The Supervisory Board shall set up, within its terms of reference, at least one committee (hereinafter referred to as "Supervisory Board Committees"), that is, the Remuneration and Personnel Committee, as an advisory and recommending body.

(2) The Remuneration and Personnel Committee shall have at least two members.

(3) Members of the Supervisory Board Committees shall be members of the Supervisory Board and shall be elected and removed by the Supervisory Board.

(4) The Remuneration and Personnel Committee shall:

- a) provide recommendations to the Supervisory Board regarding election and removal of the Board of Directors members,
- b) provide the Supervisory Board with its position on the proposal by the Board of Directors regarding the service contracts made with the Board of Directors members;
- c) evaluate the performance of the service contracts made with the Board of Directors members,
- d) draft proposals for the Supervisory Board's decisions on the compensation of the employees whose activity has a significant influence on the overall risk profile of the Bank including those having an impact on risks and risk management,
- e) submit to the Supervisory Board the nominations as candidates for the membership of the Supervisory Board Committees,
- f) make recommendations to the Supervisory Board on the principles of Internal Audit Director's compensation,
- g) evaluate the principles and procedures for the compensation of the employees whose activity has a significant influence on the overall risk profile of the Bank and proposals for incentives regarding the management of risks, capital and liquidity.

(5) Each Committee of the Supervisory Board shall elect its Chairman and Vice-Chairman, who shall represent the Chairman in case of the Chairman's absence.

(6) The Supervisory Board Committees shall meet when necessary, however, at least once in a year.

(7) The meeting of the Supervisory Board Committee shall be convened by the Chairman of the Committee in question or by its Vice-Chairman in the Chairman's absence, or by an authorised member of the respective Committee.

(8) The Supervisory Board Committees shall constitute a quorum if all members of the Committee have been duly invited to the meeting of the Committee and if a simple majority of all members of the Committee is present at the meeting.

(9) Resolutions of any Committee of the Supervisory Board shall be adopted by an absolute majority of all its members.

(10) Minutes shall be taken of the meetings of the Supervisory Board Committees signed by the Chairman or Vice-Chairman or another authorised member of the Committee. The minutes shall also include opinions of a minority of the Committee members if they so require. The minutes must be archived throughout the existence of the Bank.

(11) Details concerning the procedure of the Supervisory Board Committee meeting shall be set forth in the Rules of Procedure of each Supervisory Board Committees.

(12) The Supervisory Board Committees shall provide the Supervisory Board with regular reports on their activities and, regarding the areas in their range of powers, submit to the Supervisory Board their recommendations focusing on the preparation of decisions to be taken by the Supervisory Board.

Section 18

Board of Directors

(1) The Board of Directors is the governing body, which manages the Bank's activities. The Board of Directors is charged with business management, including arrangements for proper maintenance of the accounting records of the Bank. The Board of Directors shall further ensure the creation and evaluation of the management and control system, its compliance with law provisions, be responsible for its continuous functioning and effectiveness, and create conditions for the independent and objective performance of compliance-related operations and of internal audit. The Board of Directors shall ensure the setting, maintenance and implementation of the management and control system to ensure the adequacy of information and communication when conducting the Bank's operations.

(2) The Board of Directors shall observe the generally binding law provisions, the Articles of Association, and the resolutions and instructions approved by the General Meeting, provided that these comply with law provisions and the Articles of Association. Any breach of the approved instructions shall not affect upon effectiveness of the acts of the Board of Directors members against third parties.

(3) The way in which the members of the Board of Directors act on behalf of the Bank is set forth in Section 37 hereof.

Section 19

(1) The Board of Directors consists of six members, natural persons, who meet the conditions provided in law provisions and who are elected by the absolute majority of all Supervisory Board members at recommendation of the Remuneration and Personnel Committee. The term of office of the members of the Board of Directors shall be four years.

(2) If a member of the Board of Directors dies, abdicates, is removed, or their term of office terminates otherwise, the Supervisory Board shall elect a new member of the Board of Directors no later than within two months from the date when the member's term of office expires or terminates otherwise.

(3) The Supervisory Board shall be whenever entitled to decide by the absolute majority of all its members to remove a member of the Board of Directors. The decision of the Supervisory Board is based on a proposal of the Remuneration and Personnel Committee of the Supervisory Board. The term of office of a member of the Board of Directors either shall terminate upon delivery of the notice of removal in person or by mail to the address specified in the service contract, unless a later date is specified in the removing notice. The notice of removal shall be deemed delivered also in the case when the document is returned to the Bank by the post office as undeliverable or when the Board of Directors member by their acting or failure to act shall prevent the delivery of the notice.

(4) Any member of the Board of Directors may resign from his membership; however, he may not do so at a time inopportune for the Bank. He shall resign by written notice delivered to the Bank's address or to the Supervisory Board at its meeting. In such case, his service terminates after a lapse of one month of the delivery of such notification, unless the Supervisory Board approves, upon request of this member, a different time of termination of his service.

(5) The Board of Directors shall elect from its membership a Chairman of the Board of Directors. If the Chairman of the Board of Directors fails to be elected, the Board of Directors shall authorise one of the members of the Board of Directors to serve as Chairman of the Board of Directors. The Chairman of the Board of Directors must be elected by an absolute majority of votes of all members of the Board of Directors.

(6) The Chairman of the Board of Directors may resign from his position of chairman by written notice delivered to the Board of Directors to the address of the Bank's registered office or directly to the Board of Directors at its meeting. His service as Chairman shall terminate the day when, at its closest meeting, the Board of Directors discusses the resignation, unless the written letter of resignation specifies a later date. The Board of Directors shall be authorized to withdraw the Chairman from his position by the absolute majority of votes of all members of the Board of Directors. If the Chairman ceases to be a member of the Board of Directors, he shall also cease to serve as its chairman.

(7) Meetings of the Board of Directors shall be regularly convened (at least 20 times a year), and chaired by its Chairman. If the Chairman is not present, the meeting shall be convened and chaired by a member of the Board of Directors authorized therefor by the Board of Directors – the meeting chairman. Any member of the Board of Directors may ask that the Board of Directors meeting be convened provided that such member states reasons therefor. If the meeting is not convened within a period of five days from the delivery of the request to the Chairman of the Board of Directors, the said Board of Directors member shall be entitled to convene and chair the meeting himself.

(8) The meeting of the Board of Directors shall be convened in writing. Each member of the Board of Directors must receive an invitation with the documents to be discussed at least three calendar days prior to the date of the meeting. The invitation shall contain the place, date and agenda of the meeting. No member of the Board of Directors may be represented by another person in his capacity as a

member of the Board of Directors; however, any member of the Board of Directors may authorize another member of the Board of Directors in a single case to vote on his behalf in his absence. A matter not included in the agenda of the meeting of the Board of Directors shall be discussed by the Board of Directors only with the consent of all members of the Board of Directors.

(9) A meeting of the Board of Directors may exceptionally be convened by means of communication media or in another suitable manner. All members of the Board of Directors must be informed of the fact that such meeting is being convened. In this case, the three-day time limit for the presentation of documents shall not apply and the documents may be submitted at the meeting itself. Members of the Board of Directors may agree to hold regular meetings of the Board of Directors on agreed dates.

(10) The Board of Directors shall take their decisions as a collective body and constitute a quorum if an absolute majority of the Board members is present. Where the Board of Directors delegates the authority over certain activities of the Bank by its decision to the individual members of the Board of Directors, decisions on such matters shall be taken by the authorized member of the Board of Directors. One member of the Board of Directors shall always be charged to make legal acts towards employees. The distribution of authorities does not release other members of the Board of Directors from their duty to supervise the administration of the Bank's matters.

(11) Resolutions of the Board of Directors shall be adopted by the absolute majority of members of the Board of Directors present.

(12) The Chairman or, in his absence, an authorised member of the Board of Directors may request that members of the Board of Directors take a decision remotely either in writing or by means of communication media. The decision may be taken remotely by the absent members of the Board of Directors if the Board of Directors holds a meeting or by all members of the Board of Directors if the Board of Directors does not hold a meeting. All voting members of the Board of Directors are regarded as present. If the Board of Directors does not hold a meeting and votes by means of communication media, the voting results shall be recorded in minutes. If a member of the Board of Directors votes on a decision remotely, he is deemed to consent to taking the decision remotely.

(13) Minutes shall be taken of all meetings of the Board of Directors. The minutes shall be signed by the meeting chairman, by another member of the Board of Directors as a verifier, and by the minutes clerk. The minutes of the meeting shall contain the names of the members of the Board of Directors who voted against the resolutions of the Board of Directors or abstained from voting. Unless documented otherwise, members not listed shall be deemed to have voted in favour of the resolution. The minutes shall not be destroyed and must be archived throughout the existence of the Bank. The minutes shall describe the course of conduct of the meeting and all adopted resolutions.

(14) Details of the conduct of the meetings of the Board of Directors shall be set forth in the Rules of Procedure of the Board of Directors.

Section 20

Powers of the Board of Directors

(1) Unless the law or these Articles of Association provide otherwise, it is within the exclusive powers of the Board of Directors to:

- a) convene the General Meeting and implement its resolutions;
- b) submit to the General Meeting for approval the annual, extraordinary and consolidated financial statements and the interim financial statements along with a proposal for the distribution of

- profit (the same must be available to the shareholders for inspection at least thirty days prior to the date of the General Meeting) or a proposal for the coverage of loss;
- c) submit to the General Meeting proposals for amendments to and alterations of the Articles of Association as well as proposals for increasing or decreasing the Bank's registered capital;
 - d) submit to the General Meeting a Report on the Bank's Business Activities, and on the state of the assets of the Bank at least once for each accounting period, and the annual report;
 - e) to decide to grant and revoke procuration;
 - f) decide on the appointment, removal and compensation of selected managers of the Bank;
 - g) approve acts in connection with the realisation of security instruments for the Bank's claims whose price exceeded CZK 100,000,000 as at the date of the claim origin if the presumed realisation price thereof is lower than 50 % of the security instrument price ascertained upon entering into the loan agreement;
 - h) submit to the Supervisory Board for information quarterly and semi-annual financial statements;
 - i) decide on acts which are beyond the scope of the Bank's common trade relations;
 - j) define and make a regular evaluation of the Bank's overall strategy including the setting of the principles and targets for its fulfilment and arranging the continued and effective operation of the internal control system;
 - k) approve the Bank's annual plans and budgets;
 - l) enter into the contract for the performance of the statutory audit or, as the case may be, for the provision of other services with the auditor;
 - m) inform the Supervisory Board of the General Meeting day no later than within the period specified by the Corporations Act for a General Meeting to be convened;
 - n) decide on the issue of bonds of the Bank with the exception of decisions on the issue of bonds for which the decision of the General Meeting is required by the law;
 - o) decide on an increase in the registered capital if so authorised by the General Meeting;
 - p) enter into collective agreements;
 - q) decide on providing loans or security of debts to persons with a special relationship to the Bank pursuant to the Banking Act;
 - r) approve the charter and the purpose of the internal audit, the strategic and periodic plan of the activities of the Internal Audit;
 - s) decide to pay out a share in profit based on the fulfilment of conditions set forth by generally binding law provisions;
 - t) approve and regularly evaluate the security principles of the Bank including the security principles for information systems;
 - u) decide on establishing other funds and on the rules governing the creation and usage thereof;
 - v) work out the report on relations among related entities within the intention of the Corporations Act;
 - w) approve and regularly evaluate the Bank's structure;
 - x) approve the principles of the personnel and compensation policy;
 - y) evaluate the overall functioning and efficiency of the management and control system at least once a year;
 - z) approve and regularly evaluate the risk management strategy, the strategy relating to the capital and to capital adequacy and the information systems development strategy;
 - za) approve and regularly evaluate the principles of the internal control system including principles aiming to prevent the occurrence of any possible conflict of interest and compliance-related principles.
 - zb) discuss the audit report with the auditor.

(2) In addition to the above mentioned, the Board of Directors shall:

- a) manage activities of the Bank and conduct its business affairs;

- b) ensure the proper maintenance of the Bank's accounting including the due administrative and accounting processes;
- c) exercise employer's rights;
- d) exercise rights in respect of the Bank's property interests resulting from the ownership holdings of the Bank;
- e) approve the acquisition or disposal of fixed assets of the Bank exceeding CZK 30,000,000 as a single case or as a total of related cases;
- f) approve the business continuity plan.

Section 21

Obligations of the Members of the Board of Directors

(1) Members of the Board of Directors shall be obliged to exercise their range of powers with due care, which means with the necessary loyalty, knowledge and diligence and always observe the Bank's best interests. They shall be obliged to maintain confidentiality regarding confidential information and facts the disclosure of which to third parties might result in a loss to the Bank. Those members of the Board of Directors who breached the duty of due care shall render the proceeds obtained by such conduct to the Bank. If the proceeds cannot be rendered, the Board of Directors member shall reimburse the Bank with money.

(2) If a member of the Board of Directors fails to compensate the Bank for any loss caused by a breach of duty in his service although he had the duty to compensate the Bank for the loss, he shall be liable to the Bank's creditor for its debt to the extent of the uncompensated loss, should the creditor be unable to obtain performance from the Bank.

(3) A member of the Board of Directors may not undertake business within the scope of the business activity of the Bank even for the benefit of other persons, may not act as an intermediary for other persons in transactions with the Bank, may not participate in the business activity of another corporation as a partner with unlimited liability or as a person controlling other persons engaged in business identical with or similar to the business activities of the Bank, may not be a member of the governing body of another legal entity engaged in a similar business activity as the Bank or an entity in a similar position, unless such legal entity is a holding-type group. Members of the Board of Directors may conclude banking deals as individuals (clients) unless they conclude such banking deal in the name of the Bank and provided that such banking deal is concluded under the terms and conditions customary in trade.

(4) Furthermore, a member of the Board of Directors must not be at the same time a member of a governing body, a member of the board or a member of the supervisory body of another legal entity which is engaged in business, unless he is a member of a governing body, a member of the board or a member of the supervisory body of another bank, a securities trader, a saving or credit cooperative, an insurance company, a reinsurance company or a financial institution including foreign entities engaged in a similar type of business which are part of the same consolidated group as the bank, of the supervisory body of another legal entity controlled by the bank, of the governing body, of the board or of the supervisory body of an organizer of the regulated market with investment instruments, or of a company providing support services, of the governing body or of the supervisory body of a housing cooperative or of a similar foreign entity.

(5) The Board of Directors shall convene the General Meeting without undue delay when it ascertains that a settlement of a loss shown in any of the financial statements from the Bank's disposable funds would still leave an unsettled amount representing a half of the Bank's registered capital, or when this could be expected taking into account all the circumstances, or for another

serious reason, in which case it will recommend that the General Meeting would wind up the Bank with liquidation or adopt another suitable measure, unless special law provisions specify otherwise.

(6) The Board of Directors shall be obliged to file without undue delay an insolvency petition with the competent court provided that the terms and conditions stated by the generally binding law provisions have been met. Should the members of the Board of Directors fail to comply with the above obligation, they shall be liable to the creditors for any damage or other loss caused by a breach of this duty.

(7) Any person who is to become a member of the Board of Directors shall inform the Bank of any obstacles to his service under the Corporations Act. Should a member of the Board of Directors cease to meet the terms and conditions required by the generally binding law provisions and the Articles of Association to serve as a Board member, he shall be obliged to inform the Bank thereof in writing without delay.

(8) Should a member of the Board of Directors learn that a conflict of interest with the interests of the Bank under the Corporations Act may occur during his service, he shall inform the other members of the Board of Directors and the Supervisory Board thereof without undue delay. This shall apply by analogy to the possible conflict of interest of the persons close to a member of the Board of Directors or of the entities influenced or controlled by the member of the Board of Directors, or where the actions of a member of the Board of Directors are influenced by an influential or controlling entity. The Supervisory Board may suspend the service of such member for a specified period of time or ban entering into a contract which is not in the Bank's interest.

Section 22

Position and Terms of Reference of the Audit Committee

(1) The Bank shall set up an Audit Committee.

(2) The Audit Committee shall:

- a) monitor the process of compilation of the annual financial statements and consolidated financial statements; and the integrity of the financial information provided by the Bank, namely by examining the consistency and relevance of the accounting methods used by the Bank;
- b) evaluate the effectiveness of the Bank's internal control, internal audit and, where applicable, risk management systems and, in this context, at least once a year, review and evaluate the internal control, internal audit and risk management systems to ensure the proper identification and management of the main risks faced by the Bank; and, furthermore, make recommendations to the Bank's Board of Directors and Supervisory Board about matters concerning the internal audit function, and support the effective functioning of the internal audit, especially by:
 - i) recommending the selection of the Director of Internal Audit and his appointment and repeated appointment to the post or, as the case may be, his removal, recommending the budget of his unit, and other matters stated in the Internal Audit Charter;
 - ii) monitoring the way in which the Bank's executives react to the Internal Audit's findings and recommendations.
- c) monitor the statutory audit of the annual financial statements and consolidated financial statements; and, in this context, obtain and evaluate information relating to audit activities; evaluate the effectiveness of the statutory audit function and the way in which the Bank's

- executives follow the recommendations made by the auditor to the Bank's executives; and cooperate in the communication between the auditor and the Bank's executives;
- d) review the independence of the auditor and audit company and the provision of additional services to the Bank, and, in this context, review and monitor the objectivity of the auditor, cooperate with the auditor and obtain and evaluate information which could threaten their independence; and review the nature and scope of the additional services provided to the Bank by the auditor;
 - e) recommend the auditor to the Board of Directors,
 - f) accept and discuss information, communication and declarations with the auditor in accordance with law provisions; this shall not affect the Board of Directors' authority to discuss the audit report with the auditor;
 - g) if needed, provide other bodies of the Bank with information on matters falling under the powers of the Audit Committee.
- (3) The Audit Committee shall exercise also other powers, which may arise from law provisions. The powers of the Audit Committee shall not affect the powers of other bodies of the Bank under law provisions and these Articles of Association.
- (4) The Audit Committee shall approve the rules of procedure of the Audit Committee governing its activities.

Section 23

Membership of the Audit Committee

- (1) The Audit Committee shall consist of 3 members.
- (2) Audit Committee members shall be appointed and removed by the Bank's General Meeting. The Audit Committee members shall be appointed from the membership of the Supervisory Board or third parties.
- (3) A member of the Audit Committee must be an individual who meets the same requirements as those specified by a generally binding legal regulation to serve as a member of the Supervisory Board. Members of the Audit Committee are required to have the professional qualifications and experience to guarantee the good performance of their duties. The person who nominates a new member to the Audit Committee shall, if possible, ensure the availability of his professional curriculum vitae. If the law provisions set forth other requirements with respect to the members or membership of the Audit Committee, they must be observed. If an Audit Committee member ceases to comply with the requirements set forth by the generally binding law provisions and these Articles of Association for serving as a member of the Audit Committee, it is his duty to inform the Bank thereof in writing without delay.
- (4) Audit Committee members shall be elected for the term of four years and can be re-elected.
- (5) Any Audit Committee member can resign from his membership by written notification delivered to the address of the Bank's registered office or to the Audit Committee at its meeting or to the General Meeting; however, if the matter is to be included in the General Meeting agenda, he may not do so at a time inopportune for the Bank. His service on the Audit Committee shall terminate after a lapse of one month of the delivery of such notification unless the Audit Committee or the General Meeting approves, upon request of such member, another date of termination of his service.

- (6) In the case that a member of the Audit Committee dies, resigns or is removed or if his membership terminates in another way and the Audit Committee no longer has a quorum, the next General Meeting must appoint new Audit Committee members.
- (7) The Audit Committee shall elect and withdraw from its membership a Chairman and Vice-Chairman who shall substitute for the Chairman in his absence.

Section 24

Meetings of the Audit Committee

- (1) The Audit Committee shall meet as necessary, as a rule once a trimester, however, at least four times in a calendar year.
- (2) Meetings of the Audit Committee shall be called by the Audit Committee Chairman or, in his absence, its Vice-Chairman by a written invitation. The invitation shall specify the date, time and place of the meeting and its agenda. With the consent of all Audit Committee members it is possible to call a meeting by means of communication media. The invitation must be delivered to the Audit Committee members no later than seven days prior to the meeting.
- (3) The procedure for calling meetings as set out in (2) above shall not apply if the date of the next meeting and its agenda were discussed at any other prior meeting of the Audit Committee. However, the Audit Committee Chairman or, in his absence, the Vice-Chairman may call an Audit Committee meeting regardless of the previously set date of the meeting or its agenda even in this case.
- (4) If the Chairman and Vice-Chairman cannot call an Audit Committee meeting or if the Audit Committee needs to decide on a matter allowing no delay, the Audit Committee meeting can be called by any Audit Committee member following the procedure set out in (2) above. If called by several Audit Committee members, the meeting shall be held on the first meeting date stated.
- (5) The Audit Committee Chairman or, in his absence, the Vice-Chairman are obligated to call an Audit Committee meeting every time when asked to do so by an Audit Committee member stating a reason therefor.
- (6) Audit Committee meetings shall be held at the Bank's head office unless the Audit Committee decides otherwise.
- (7) Minutes of all Audit Committee meetings and all adopted decisions shall be recorded and signed by the Chairman and by the minutes clerk appointed by the Audit Committee; if the Audit Committee Chairman does not chair an Audit Committee meeting, the minutes of the meeting shall be signed also by the chairman of the meeting. Every Audit Committee member has a right to request that the minutes also include his position. The minutes must be archived throughout the existence of the Bank.
- (8) The cost of the meetings and other activities of the Audit Committee shall be borne by the Bank.

Section 25

Decisions of the Audit Committee

- (1) The Audit Committee shall constitute a quorum if a simple majority of all Audit Committee members attend the meeting.

- (2) If the Audit Committee fails to constitute a quorum as set out in (1) above, the Chairman or, in his absence, the Vice-Chairman can call a new Audit Committee meeting with the agenda unchanged. Such meeting shall take place within seven days from the previous meeting, however, the day after the previous meeting at the earliest.
- (3) Decisions on all matters discussed by the Audit Committee must be approved by the absolute majority of votes to be passed. If the votes are equal, the meeting chairman shall give a casting vote. The meeting chairman shall mean the Audit Committee Chairman or, in his absence, the Audit Committee Vice-Chairman.
- (4) The person concerned shall not vote on the election and removal of Chairman and Vice-Chairman of the Audit Committee.

Section 26

Decisions of the Audit Committee Outside of Meetings (Per Rollam)

- (1) The Audit Committee can vote outside of meetings (per rollam) with the consent of all of its members. The consent to voting per rollam shall be expressed in the form allowed under (2) below no later than by the remote vote closing. If a member of the Audit Committee casts his vote remotely/outside of meetings (or, as the case may be, abstains from voting in the form set out in (2) below), he shall be deemed to consent to the voting per rollam.
- (2) The following forms of voting per rollam can be used:
 - a) in writing, including the use of devices that allow recording the will of the voting member of the Audit Committee and identifying the voter (e.g. by fax or e-mail);
 - b) using devices which allow the transmission of voice or, as the case may be, the transmission of the voter's voice and picture (e.g. by telephone, call conference or video conference).
- (3) Voting per rollam can be used upon the request of:
 - a) the Chairman or, in his absence, of the Vice-Chairman of the Audit Committee;
 - b) all Audit Committee members present at an Audit Committee meeting if the Audit Committee fails to constitute a quorum due to the number of absentees.
- (4) The rules for the adoption of decisions by voting per rollam shall be the same as the rules for the adoption of decisions at Audit Committee meetings. To state the quorum and to adopt decisions by per rollam, it shall be deemed that all Audit Committee members are present and that the Audit Committee Chairman (or, in his absence, the Vice-Chairman) is in the chair.
- (5) Information about the vote under (1) – (4) shall be recorded in minutes.
- (6) If the Audit Committee constitutes a quorum at a meeting, votes under (2) above can be cast also by members who are not present at the meeting in person; these members shall also be considered present when determining the number of votes necessary to adopt a decision. The vote of the Audit Committee member who is not present at the Audit Committee meeting in person must clearly show his will; voting by proxy of a member of the Audit Committee present at the meeting in person is not admissible. Information on votes cast and decisions made hereunder shall be recorded in the minutes of the Audit Committee meeting.

Section 27
Duties of the Members of the Audit Committee

- (1) Members of the Audit Committee shall have the duty to serve on the Committee with due care and not to disclose confidential information and facts the disclosure of which to third parties might result in a loss to the Bank. This non-disclosure duty continues to apply also after the termination of their service as Audit Committee members.
- (2) The consequences of a breach of the duties set out in (1) above are specified by the applicable law provisions.
- (3) Members of the Audit Committee are subject to the same competition ban as members of the Supervisory Board under 14 (6).
- (4) Members of the Audit Committee shall be liable for loss caused to the bank by a breach of an obligation while serving as Audit Committee members under the conditions and to the extent set forth by law provisions. Should the loss be caused by several members of the Audit Committee, their liability to the Bank shall be joint and several.
- (5) Should a member of the audit committee learn that a conflict of interest with the interests of the Bank under the Corporations Act may occur during his service, he shall inform the other members of the audit committee and the Supervisory Board thereof without undue delay. This shall apply by analogy to the possible conflict of interest of the persons close to a member of the audit committee or of the entities influenced or controlled by the member of the audit committee or where the actions of a member of the audit committee are influenced by an influential or controlling entity. The Supervisory Board may suspend the service of such member for a specified period of time.

Article VII
Audit

Section 28

- (1) The Bank shall be obliged to ensure that auditors primarily:

- a) verify the Bank's financial statements;
- b) verify the management and control system of the Bank;
- c) compile Auditor's Report on verification of the Bank's financial statements and systems in compliance with par. b) of this provision.
- d) verify the information under S. 11a of the Banking Act to the extent provided by the regulation of the Czech National Bank.

in compliance with the generally binding law provisions and with International Accounting Standards.

- (2) The Bank shall ensure the submission of the reports to the Czech National Bank by the set deadlines.

- (3) The nomination for the auditor submitted to the General Meeting by the Board of Directors may be based only on a recommendation of the Audit Committee.

Article VIII
Financial Management of the Bank

Section 29

The accounting period shall commence on 1 January and end on 31 December of the calendar year, unless a legal regulation specifies otherwise.

Section 30
Financial Statements

(1) The Bank shall maintain its accounts in the prescribed manner and in accordance with the generally binding law provisions. The proper maintenance of the accounts shall be ensured by the Board of Directors which shall submit annual, extraordinary and consolidated financial statements to the auditors, together with a request for verification of the Bank's financial management for the respective year. Having received the auditors' report on verification of the financial statements and the Bank's financial management for the respective year, the Board of Directors shall forthwith pass the financial statements along with the auditors' report and a proposal for the distribution of profit or for the coverage of loss to the Supervisory Board for review.

(2) The annual, extraordinary, consolidated and, as the case may be, interim financial statements shall be submitted by the Board of Directors to the General Meeting for approval. The Supervisory Board shall examine the annual, extraordinary, consolidated and, as the case may be, interim financial statements and the proposal for the distribution of profit or coverage of loss and shall present its position statement to the General Meeting.

(3) The Bank shall be obliged to publish the main data from the financial statements verified by the auditor and to issue the Annual Report for the purpose of publication thereof in accordance with the generally binding law provisions. The main data from the financial statements shall be as follows: profit for the accounting period, total assets, registered capital, and equity.

Section 31
Distribution of Profit

(1) The distribution of profit of the Bank shall be decided by the General Meeting upon the Board of Directors' proposal; such proposal shall first be reviewed by the Supervisory Board.

(2) The General Meeting may distribute the Bank's profit after tax particularly in the manner specified below. The order of the methods of the profit distribution stated herein shall not be binding on the General Meeting:

- a) allocation to the Bank's funds;
- b) payment of a share in profit to shareholders;
- c) increase in the registered capital of the Bank;
- d) undistributed profit;
- e) coverage of loss;

(3) The provisions of (2), a), b), c) and e) above may also be applied to the distribution of retained earnings from previous years. The decision on the payment of a share in profit shall be taken by the

Board of Directors. Shares in profit shall not be paid out, should the distribution of profit and of shares in profit be contrary to the generally binding law provisions.

Section 32

Acquisition of Shares by Bank Employees

Bank employees may acquire shares of the bank or shares of companies related to the bank under preferential conditions; the potential difference between the paid-off part of the issue price and the price or the issue price and the price shall be covered from the Bank's own resources.

Section 33

Pre-Emptive Right of Shareholders and Increase in the Registered Capital

In the case that the general meeting decides to increase the registered capital asserting the pre-emptive right of shareholders, each shareholder shall have a pre-emptive right to subscribe for a part of the Bank's new shares, if these are intended to increase the registered capital, such part being proportionate to his share provided that such shares are to be subscribed for by money. The shareholder shall not have a pre-emptive right to subscribe for the shares that were not subscribed for by another shareholder. The pre-emptive right of shareholders to also subscribe for the shares that were not subscribed for by another shareholder in the first round of subscription shall be eliminated in the second and, as the case may be, in any further round of subscription.

Section 34

Decrease in the Registered Capital

(1) A decrease in the registered capital shall be decided on by the General Meeting by a two-thirds majority of the votes of the Attending Shareholders. The decrease in the registered capital shall be subject to a prior consent of the Czech National Bank unless the registered capital is being decreased in order to cover a loss. The registered capital of the Bank may be decreased as follows:

- a) by decreasing the nominal value of the Bank's shares;
- b) by withdrawing shares from the market upon public proposal to shareholders;
- c) by refraining from the issue of unpaid shares;
- d) by cancelling or by destroying treasury shares held by the Bank.

Section 35

Decrease in the Nominal Value of Shares

The nominal value of the shares shall be reduced by modifying the nominal value of such shares on the basis of the Bank's instruction to the statutory register of uncertificated securities.

Section 36

Withdrawal of Shares from the Market based on a Public Offer

The manner of withdrawing the shares from the market on the basis of a public offer to purchase the shares shall be decided by the General Meeting. The resolution of the General Meeting may determine that the registered capital shall be reduced by the extent of the nominal value of the shares withdrawn from the market or by a fixed amount.

Article IX

Common, Interim and Closing Provisions

Section 37

Acting on Behalf of the Bank

The members of Board of Directors represent the Bank in all matters, either jointly all members of the Board of Directors or jointly any two members of the Board.

Section 38

Disclosure and Publication Duty

The notice of General Meeting shall be published in the manner specified in 10, (4) of the Articles of Association. The Bank shall disclose the information specified by the generally binding law provisions in the way defined by the generally binding law provisions. Any matters relating to the management and administration of the Bank shall be posted on the Bank's website www.kb.cz.

Section 39

Structure and Organisation of the Bank

(1) The general organisational division of Komerční banka is as follows:

- a) Head Office;
- b) Sales Network.

Head Office

The powers of the Head Office of the Bank shall include, in particular, carrying on business activities of the Bank by means of provision of products and services to clients, and by carrying out other activities relating to the management, methodological guidance and co-ordination of all organisational units of the Bank. The Head Office units shall be entitled to include into their powers (both temporarily and permanently) any matters which fall within the powers of the Sales Network units. The Head Office shall be formed by organisational units of the Head Office. Details shall be set forth in the internal regulations.

Various Bank Committees can be established at the Head Office. The Board of Directors shall decide about the establishment and dissolution of the Bank Committees. The membership of the Bank's committees and its changes are approved by the Chief Executive Officer.

Sales Network

The Sales Network shall be formed by organisational units of the Sales Network, in particular the sales points and the Sales Network management units in the regions which carry out the sale of products and services in the respective region or a part thereof. Powers of the organisational units are specified

in the internal Bank regulations and by authorisations and resolutions of the Board of Directors or directors of the Bank authorised therefor by the Board of Directors.

(2) Internal regulations

The basic internal regulations of the Bank elaborate the corresponding provisions of the Articles of Association that pertain to the organisational structure and management of the Bank. The regulations can be amended based on the decision of the Board of Directors if the Bank's needs so require and if the organisational structure of the Bank laid down by the Articles of Association is respected. The range of powers of the different organisational parts of the Bank within the framework of the basic organisational division of the Bank mentioned above and the division of the basic parts into different organisational units (including the specification of their range of powers, authorities, obligations, and liabilities) shall be specified in more details also in other internal regulations of the Bank.

Section 40

Authorities and Responsibilities of the Bank Executive Directors

(1) Pursuant to the Banking Act, the members of the Board of Directors of the Bank serve in executive positions within the Bank, have the position of Bank executive directors and use the titles Chief Executive Officer and Senior Executive Director. Other Bank executive directors include the Executive Directors of the different Bank Arms specified in the internal regulations of the Bank.

(2) The Chief Executive Officer does not need to be Chairman of the Bank's Board of Directors.

(3) The Chief Executive Officer shall take decisions on priorities concerning the Bank management. Within the scope of instructions of the Bank's Board of Directors, he shall charge other executive directors of the Bank with duties and shall co-ordinate their activities, take decisions on the Bank activities within the scope of the approved business plan and strategy of the Bank and instructions of the Board of Directors, and shall ensure performance thereof by means of charging other Bank employees with duties; he shall ensure communication between the Bank executive directors and the Board of Directors, the Supervisory Board and the Audit Committee in accordance with the law provisions, Articles of Association and internal regulations of the Bank and instructions of the Board of Directors. Details of the powers, authorities and liabilities of the Chief Executive Officer shall be governed by the Bank's internal regulations.

(4) The other Bank executive directors shall, in particular, take part in the executive management (control) of the Bank, co-ordinate activities of subordinated employees and, for this purpose, support the Board of Directors, supervise fulfilment of the Bank's business plan and strategy as well as the tasks assigned by the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers. They shall ensure communication with the subordinated employees and within the Bank in accordance with law provisions, the Articles of Association and internal regulations of the Bank, instructions of the Board of Directors or the Chief Executive Officer of the Bank. Details of the powers, authorities and responsibilities of the Chief Executive Officer and of the other Bank executive directors shall be governed by the Bank's internal regulations.

Section 41

Authorities and Liabilities of Other Employees of the Bank

(1) For the purpose of the Articles of Association of the Bank, "banking deals" shall mean transactions which form part of the subject of the business of the Bank to which the Bank is entitled under Section 2 hereof.

(2) Banking deals within the Bank may be transacted by employees specified in the internal regulations of the Bank. Such employees shall be liable for the performance of their respective obligations to their respective superior employees, in accordance with law provisions and internal regulations. The powers and obligations of the employees entitled to transact banking deals shall include in particular the following operations:

- a) when transacting banking deals, to proceed independently within the scope of their respective powers, the job definition, and other internal regulations of the Bank, in accordance with the law provisions in force, the Articles of Association of the Bank, internal regulations of the Bank, instructions given by the executive directors or, as the case may be, by other senior employees, taking into account the interests of the Bank in order to achieve the best possible profit;
- b) according to the instructions of the executive directors of the Bank or, as the case may be, senior employees, and in accordance with the law provisions, the Articles of Association of the Bank and the internal regulations of the Bank, to prepare data for the banking deals, should the same be necessary for the conclusion of such banking deals;
- c) to transact business with clients of the Bank and when doing so, to protect the good reputation of the Bank and just interests of the Bank and the clients;
- d) to act on behalf of the Bank within the scope of their powers and job definition within the scope determined by the internal regulations of the Bank to the extent common when discharging the duties and authorities assigned.

The authorities and liabilities of the employees entitled to transact banking deals shall be specified in more details in the internal regulations of the Bank.

Section 42

Organisation of the Management and Control System

(1) The Management and Control System (hereinafter referred to as the “MCS”) shall include the prerequisites of the due administration and management of the Bank, the risk management system, the internal control system and the arrangements for the credibility, professional qualifications and experience of the members of the Board of Directors and Supervisory Board. The MCS covers all activities of the Bank and includes all structural units of the Bank.

(2) The Board of Directors shall ensure the creation and evaluation of the MCS and be responsible for its continued functioning and effectiveness. The monitoring and evaluation of the MCS is made on all management levels and by the Internal Audit Unit and is part of everyday banking activities. The requirements with respect to the MCS shall be specified in the internal regulations of the Bank.

Section 43

Internal Audit

(1) The Internal Audit Unit has a special position within the Bank’s structure. The Internal Audit is established by the Board of Directors. Internal Audit Director, organisationally subordinated to the Bank’s Chief Executive Officer, is charged to carry out internal audit and removed by the Bank’s Board of Directors based on the prior position of the Bank’s Supervisory Board. The Internal Audit exercises its activity independently of the Bank’s executive activities. The activity of the Internal Audit can only be performed upon request of and tasks to the Internal Audit can only be assigned by the following executive directors and bodies of the Bank:

- Chief Executive Officer and Chairman of the Board of Directors
- Bank's Board of Directors
- Supervisory Board
- Audit Committee
- Director of Internal Audit

The Director of Internal Audit shall notify the internal audit findings, the proposed measures to rectify the problems and the elimination of the detected shortcomings to the Bank's Board of Directors, the Audit Committee, and the Supervisory Board. The Director of Internal Audit shall submit to the Board of Directors, the Audit Committee and the Supervisory Board at least once a year an overall evaluation of the functioning and effectiveness of the MCS and a report on the internal audit activities.

(2) The Internal Audit carries out an independent, objective, assuring, and consultancy activity aiming at adding value and at perfecting the process in the organisation. The Internal Audit helps the organisation to attain its goals by setting forth a systematic methodical approach to the assessment and enhancement of the efficiency of the risk management, of the management and control systems, and of the organisation's administration and management. This basic scope of the Internal Audit's activities is exercised by carrying out the following activities: audits, analysis and independent risk assessment, special projects, activities of consulting and examination, and monitoring and corrective actions tracking.

(3) The detailed extent of the powers and the activities of the Internal Audit are governed by the Bank's Internal Audit Guidelines that shall be approved by the Bank's Board of Directors after a prior discussion by the Supervisory Board. The Internal Audit shall have the following powers to carry on its activity:

- a) the Internal Audit shall abide by its own procedures and assessment criteria to carry on audit activities and to work out the auditor's report;
- b) the Internal Audit shall have access to all premises where audited activities take place;
- c) when carrying out its activity, the Internal Audit shall have access to all relevant documents of the Bank;
- d) when carrying out their activity, auditors can make copies of all documents containing relevant information and can record the running of discussions.;
- e) the Internal Audit can request the co-operation of any Bank's employee within the framework of the performance of audit activities;
- f) within the framework of the continued monitoring of the Bank's activity, the Internal Audit can request from any Bank's unit current information on the activities of this Bank's unit, on any breach of internal or external rules, on the results of an inspection by an external entity;
- g) the Internal Audit shall have the right and obligation to find out information on the fulfilment of the measures recommended in the auditor's report or in the report on the inspection by an external entity;
- h) if the findings might have a substantial negative impact on the Bank's financial situation, the Director of Internal Audit must initiate an extraordinary meeting of the Supervisory Board.

(4) Significant shortcomings of the MCS shall be notified to the Bank's Board of Directors, to the Audit Committee, and to the Supervisory Board.

Section 44

Legal Status of the Bank and Settlement of Disputes

(1) The establishment, legal status and winding-up of the Bank as well as any and all legal relationships arising from the Bank's Articles of Association, labour law relations and other

relationships within the Bank, including those concerning the Bank's employees' health insurance and social security, shall be governed by the generally binding legal provisions.

(2) Any dispute which may arise between the shareholders and the Bank, between the Bank and members of the Bank's bodies, or among shareholders in connection with their holdings in the Bank, shall be settled by conciliation. Should the parties fail to settle such dispute amicably, the dispute shall be referred to and resolved by a court of respective jurisdiction.

Section 45 **Interpretation Provision**

Should any of provisions of the Articles of Association prove to be invalid, ineffective, pretentious or disputable – with respect to the existing legal system or to the alteration thereof – or should any provision be missing, the remaining provisions shall be unaffected thereby. In such cases those provisions of the relevant generally binding laws corresponding most closely to the nature and purpose of the Articles of Association shall apply, or where no such generally applicable legal regulation exists, form of solution thereof such shall be derived from established business customs and practice.

Section 46 **Closing Provision**

By these amendments to the Articles of Association, the Bank conforms to the Corporations Act as a whole with effect from the date of publication of the record about the conformity with the Corporations Act in the register of companies.

These amended Articles of Association shall take force and become effective on the day of approval by the General Meeting of the Bank, (subject to the previous paragraph).

Chairman of the General Meeting Mr Pavel Henzl thanked to Mr Peter Palečka and asked whether anyone has any written or oral request for explanation. This was not the case.

Chairman of the General Meeting Mr Pavel Henzl stated that according to data obtained from scrutineers entrusted with counting votes, the General Meeting constitutes a quorum before voting on the proposal that will be presented and thus competent to adopt resolutions as shareholders are present who hold shares with their aggregate value representing 81.45 % of the registered capital of the Bank.

Thereupon the Chairman of the General Meeting Mr Pavel Henzl noted that a qualified two-thirds majority of votes of present shareholders is required for adoption of this resolution, and invited shareholders to split off their ballot paper with the serial number of the voting round 3 and subsequent dropping the ballot into the ballot box, provided that the green ballot paper is intended to express agreement with the proposal, a the red ballot paper for the expression of disagreement with the proposal, and the yellow ballot paper is intended in the event that the shareholder will abstain from voting. At the same time, he asked the scrutineers to take their offices and inform him on the termination of collecting the ballots. Pavel Henzl stated that because an notarial record must be made on this resolution, no continuous results will be announced but he will wait until the final results of this voting will be available.

Mr Pavel Henz read the final results of voting as follows: For voted shareholders holding 30, 589,136 votes representing 99.432,317 % of the present number of votes; against voted shareholders holding 147,056 votes, representing 0.478,016 % of the present number of votes, abstained from voting shareholders having 27,585 votes, representing 0.089,667 % of the present number of votes. All votes were valid.

Item No 4 – Closing: Chairman of the Extraordinary General Meeting Mr Pavel Henzl declared that all points on the Agenda of the Extraordinary General Meeting have been covered thoroughly; he thanked shareholders for their participation and stated that the Minutes of the proceedings of the General Meeting would be prepared within the mandatory period of 30 (thirty) days from the day of venue of the General Meeting.

Round official seal with the state coat of arms and text:

JUDr. LUCIE FOUKALOVÁ

Notary in Prague

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The Extraordinary General Meeting of Komerční banka, a.s. has ended at 15:35 hours.

In Prague, on 28 January 2014

Chairman of the General Meeting

[signature illegible]

.....
Pavel Henzl

Minutes Clerk

[signature illegible]

.....
Marcela Ulrichová

Verifiers of the Minutes

[signature illegible]

.....
Marie Bartošová

[signature illegible]

.....
Jaroslav Hoch

List of Exhibits:

- Exhibit No. 1 Record on quorum present at the General Meeting
- Exhibit No. 2 List of shareholders
- Exhibit No. 3 List of persons attending the General Meeting
- Exhibit No. 4 Notice of the General Meeting
- Exhibit No. 5 Documents for shareholders on items of the agenda of the General Meeting (Nos. 1-3)
- Exhibit No. 6 Draft Resolutions
- Exhibit No. 7 Records on voting results

Certification – Verification

I hereby certify, that this copy consisting of 15 sheets word for word and figure by figure corresponds with the instrument from which it was made consisting of 15 sheets.

In Prague, on 14 Feb 2014

(*signature illegible*)
Petra Polanová
 Notary's Assistant
 authorized by JUDr. Lucie Foukalová
 Notary Public with her seat in Prague

(*Round official seal with
 the state coat of arms and text:-*)
JUDr. LUCIE FOUKALOVÁ
 Notary in Prague

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