

**GENERAL MEETING OF KOMERČNÍ BANKA, a. s.,
HELD ON 25 APRIL 2018**

Supervisory Board's position on the consolidated financial statements for the year 2017, on the annual financial statements for the year 2017, and on the proposal for the distribution of profit for the year 2017; Supervisory Board's report on the results of its supervisory activity; and position on the Board of Directors' report on relations among related entities for the year 2017

Shareholders, ladies and gentlemen,

Let me, on behalf of the Supervisory Board of Komerční banka, a. s., present to you the Supervisory Board's position on the consolidated financial statements for the year 2017, on the annual financial statements for the year 2017, and on the proposal for the distribution of profit for the year 2017, the Supervisory Board's position on the Board of Directors' report on relations among related entities worked out in accordance with the Corporations Act, and the information on the supervisory activities of the Supervisory Board for the period from the last general meeting held on 25 April 2017 to this general meeting.

In accordance with S. 13 (2) d) of the Bank's Articles of Association, the Supervisory Board examined the consolidated financial statements of company Komerční banka, a. s., as of 31 December 2017 made under the International Financial Reporting Standards ("the IFRS") and the annual financial statements as of 31 December 2017 also made under the International Financial Reporting Standards.

Having examined the Bank's consolidated and annual financial statements for the period from 1 January 2017 to 31 December 2017, and on the basis of the report of the external auditor, the Supervisory Board states that the accounts and accounting records were maintained in a transparent manner and in accordance with generally binding legislation providing for the book-keeping of banks and also with the Bank's Articles of Association. The accounts and accounting records show all important aspects of the financial situation of Komerční banka, a. s., and the financial statements worked out on their basis provide a true and fair view of the Bank's accounts and financial situation.

The Supervisory Board recommends that the general meeting approve the consolidated and annual financial statements for the year 2017 as proposed by the Board of Directors of the Bank.

In accordance with S. 13 (2) d) of the Bank's Articles of Association, the Supervisory Board examined the Board of Directors' proposal for the distribution of the net profit for the accounting period of 2017. As the proposal for the distribution of profit is in line with the legislation and with the Bank's Articles of Association, the Supervisory Board recommends that the general meeting approve the proposal for the distribution of profit as proposed by the Board of Directors of the Bank.

The Supervisory Board checked the Report on relations among related entities in 2017 and states, on the basis of the presented documents, that Komerční banka, a. s., incurred no injury as a result of any contracts, agreements or any other legal acts made or adopted by Komerční banka, a. s., or as a result of any other influence otherwise exerted by Société Générale during the reporting period from 1 January 2017 to 31 December 2017.



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Shareholders, I would now like to inform you of the supervisory activities of the Supervisory Board of Komerční banka, a. s., performed in the period between the general meeting that was held last April and our general meeting today.

In the past period, the Supervisory Board was continuously informed of the Bank's activities. They received regular reports and analyses. In particular, the Supervisory Board evaluated the functioning and effectiveness of the Bank's management and control system. The Supervisory Board concluded that the Bank's management and control system covered all the Bank's activities, was efficient, in its whole functional and effective. Furthermore, the Supervisory Board dealt with the audits carried out by the Internal Audit and their results in the individual periods of the year. They also gave an affirmative position on the strategic plan of the Internal Audit for the period between 2018 and 2022 and on the plan of the Internal Audit for the year. They also discussed the internal audit strategy and the program to ensure its quality and improvement. The Supervisory Board was informed of the compliance risk management. The Supervisory Board regularly discussed the Bank's quarterly financial results and its market position with regard to the evolution of the macroeconomic environment. The Supervisory Board also dealt with the budget of KB's Financial Group for the year 2018 and noted the report on the activities of the Board of Directors for the year 2017.

The Supervisory Board discussed the annual analysis of the settlement of all complaints sent to KB and to its ombudsman. They were also informed of the settlement of two complaints addressed to the Supervisory Board. Furthermore, they dealt with the results of the staff survey and with the development in the area of staff demography, sickness rate and overtime hours.

The activities of the Supervisory Board were also supported by the four committees they had established. The Remuneration Committee dealt with issues relating to the deferred bonus system and the compensation of bank employees. They also dealt with issues relating to the compensation of members of the Board of Directors and informed of the revision of the compensation principles. They were also informed of the results of collective bargaining. The Nominations Committee discussed questions regarding the Bank's personnel policy and proposed the election of members of the Board of Directors and the Supervisory Board. They also evaluated the composition of the Bank's bodies and assessed the credibility, experience and professional qualification of both their individual members and the bodies as a whole. The Risk Committee dealt with all questions relating to the Bank's risk management system including the Bank's credit risk profile. During their meetings, the Supervisory Board was also informed of the issues treated by the Audit Committee. The Supervisory Board also approved a modification of its rules of procedure and of the Audit Committee Charter. All the committees regularly informed the Supervisory Board of their activity and, as a part of their powers, recommended further steps to be taken by the Supervisory Board.

The documents submitted to the Supervisory Board were presented by the different members of the Board of Directors and Bank's executive directors directly at Supervisory Board meetings. Subsequently, based on the recommendations of its committees, the Supervisory Board took their decisions relying on the powers given to the Supervisory Board by the law and by the Bank's Articles of Association.



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The Supervisory Board elected Messrs. Jan Juchelka and Didier Colin and re-elected Mr. Peter Palečka as members of the Board of Directors.

The Supervisory Board, as a part of its powers, set the bonuses of the members of the Board of Directors for the year 2017 in the total amount of CZK 23,738,880. The set bonuses reflect the Bank's deferred bonus scheme and, in particular, the overall results of the Bank and their compliance with the Bank's strategy, objectives, values, acceptable rate of risk and long-term interests. The Supervisory Board assessed all these indicators and set the bonuses of the members of the Board of Directors.

Ladies and gentlemen, the Supervisory Board checked the fulfillment of the tasks assigned to the Board of Directors, they supervised the way the Board of Directors exercised their powers, checked the accounts and other financial documents of Komerční banka, a. s., ascertained the efficiency, overall functionality and effectiveness of the management and control system and made its regular assessment. I can therefore state that the Bank carried out its business activities in compliance with the legislation and the Bank's Articles of Association.

Thank you for your attention.