

## Notice of General Meeting

The Board of Directors of Komerční banka, a. s., calls an

### ***ORDINARY GENERAL MEETING***

#### ***of Komerční banka, a. s.,***

with its registered office at Prague 1, Na Příkopě 33, building identification No. 969, postal code 114 07, registration No. 45317054, registered in the Register of Companies maintained with the Metropolitan Court of Prague, section B, inserted file No. 1360 (hereinafter called "the Bank"),

**which will be held on 30 April 2014 at 1 p.m. at the Great Hall of the Slavonic House, Na Příkopě 22, Prague 1.**

#### Agenda:

1. Discussion over and approval of the Board of Directors' report on the Bank's business activity and state of assets for the year 2013
2. Discussion over the explanatory report on matters under S. 118 (5) (a) – (k) of Act No. 256/2004 Sb., the Act Providing for Business Undertaking in the Capital Market as Amended
3. Discussion over the Board of Directors' report on relations among related entities
4. Discussion over the annual financial statements with the proposal for the distribution of profit for the year 2013, and over the consolidated financial statements for the year 2013
5. Supervisory Board's position on the annual financial statements for the year 2013, on the proposal for the distribution of profit for the year 2013, and on the consolidated financial statements for the year 2013; Supervisory Board's report on its activity; and Supervisory Board's information on the results of the examination of the Board of Directors' report on relations among related entities
6. Audit Committee's report on the results of its activity
7. Approval of the annual financial statements for the year 2013
8. Decision on the distribution of profit for the year 2013
9. Approval of the consolidated financial statements for the year 2013
10. Approval of the contracts of service of members of the Supervisory Board
11. Approval of the contracts of service of members of the Audit Committee
12. Decision on the acquisition of the Bank's treasury stock
13. Appointment of a statutory auditor to make the statutory audit

#### **Record date:**

The record date for shareholders to be entitled to attend the General Meeting shall be 23 April 2014. Only shareholders listed in the statement from the registry of uncertificated shares of Komerční banka, a. s., on that date shall be entitled to attend, vote and exercise shareholder rights at the General Meeting.

#### **Shareholder rights with respect to the General Meeting:**

##### **1. Attendance and representation of shareholders at the General Meeting:**

Shareholders may attend the General Meeting in person or be represented by a proxy. Each shareholder may give a proxy to an individual or to a legal entity; the proxy shall authorize the individual or legal entity to represent the shareholder at the General Meeting and exercise his shareholder rights including the right to vote on the shareholder's behalf. A form of proxy which may be used by shareholders for the purpose is available on the website [www.kb.cz](http://www.kb.cz). The form of proxy is also available on paper at the Bank's head office on business days from 9 a.m. to 4 p.m. Each shareholder may apply to be sent the form of proxy at his own expense and risk in paper form or electronically; the applications must be submitted by e-mail addressed to [valnahromada@kb.cz](mailto:valnahromada@kb.cz) or by mail addressed to the Bank's head office. The mailbox [valnahromada@kb.cz](mailto:valnahromada@kb.cz) may also be used by shareholders wishing to notify the Bank electronically of the grant of a proxy to a person appointed to represent the shareholder at the General Meeting and of the revocation of such proxy by the principal. 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 (hereinafter called “the advanced electronic signature”). The rules for the receipt of such notifications including the requirements with respect to their content and form are available on [www.kb.cz](http://www.kb.cz).

Shareholders, or their proxies, will be registered in the place of holding the General Meeting from 12 o'clock. Upon registration, shareholders - individuals shall prove their identity with a valid proof of identity. A member of a governing body of a shareholder being a legal entity shall also hand in a recent statement from the relevant public registry or another document certifying his right to act on behalf of the company. Upon registration, a proxy holder shall present his identity card and hand in his proxy in writing unless the law provides otherwise. A person registered with the registry of uncertificated securities 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 stems from a fact other than a proxy has the duty to prove this fact upon registration.

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. If the Bank receives a written electronic notification of the grant of a proxy furnished with the advanced electronic signature allowing a clear identification of the signatory, the proxy holder shall not be requested to hand in his proxy in writing upon registration of shareholders or their representatives.

## **2. Rights relating to the attendance at the General Meeting**

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 to assess the content of an item of business included in the General Meeting agenda or to exercise shareholder rights thereat. Any shareholder is entitled to file proposals and counter-proposals with respect to the items of business included in the General Meeting agenda.

The voting right belonging to a shareholder is governed by the nominal value of his 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 Board of Directors' proposal, if any, shall be put to the vote first. If carried, other proposals shall not be put to the vote. Other proposals shall be put to the vote in the sequence in which they were filed.

Any requests for explanation shall be made by the attending shareholder orally upon invitation by the General Meeting Chairman 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 the 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. 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 [www.kb.cz](http://www.kb.cz) 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 attending shareholder shall be entitled to request that the minutes clerk of the General Meeting include a protest concerning a decision of the General Meeting in the minutes of the General Meeting.

Should a shareholder intend to file a counter-proposal to the items of business on the General Meeting agenda, he shall deliver his counter-proposal within reasonable time before the General Meeting, however, no later than 10 days prior to the General Meeting. This shall not apply to proposals for the election of specific persons to the Bank's bodies. The Board of Directors shall make public the shareholder's counter-proposal jointly with their opinion thereon in the way used to convene 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. The Bank shall, however, always post at least the shareholders' proposals or counter-proposals on its website [www.kb.cz](http://www.kb.cz) if delivered prior to the General Meeting. 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.

Upon request of a Bank's shareholder or shareholders holding shares the total nominal value of which reaches at least 1 % of the Bank's registered capital, and provided that each point of the proposal is supported by a justification or a draft resolution, the Board of Directors shall include the matter specified by these shareholders in the agenda of the 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 specified for the convening of the General Meeting by the law 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 in the presence and with the consent of all shareholders of the Bank.

The total number of the Bank's shares is 38,009,852; each of a nominal value of CZK 500. Each CZK 500 of the nominal value of the shares shall represent one vote. The total number of the votes attached to the shares is 38,009,852.

The documents relating to the General Meeting, that is, the Notice of General Meeting including the draft resolutions, the documents dealing with the agenda items, the wording of the proposals or counterproposals delivered by shareholders, and the information on the total number of shares and on the total number of votes as of the day of publication of the Notice of General Meeting can be obtained on the Bank's website [www.kb.cz](http://www.kb.cz) (for access click on "General Meetings" on the homepage) and in the Bank's head office on business days from 9 a.m. to 4 p.m.

The annual financial statements, the consolidated financial statements, the report on the Bank's business activity and state of assets, the Board of Directors' report on relations among related entities, a template of the contract of service of Supervisory Board chairman, a template of the contract of service of a Supervisory Board member, a template of the contract of service of Audit Committee chairman, and a template of the contract of service of an Audit Committee member will be available to shareholders in the head office of Komerční banka, a. s., on business days from 9 a.m. to 4 p.m. and at the internet address [www.kb.cz](http://www.kb.cz).

### **Draft resolutions of the General Meeting (including their reasoning) or explanation of the Board of Directors as to the proposed items of business on the General Meeting agenda**

#### **Ad 1:**

##### **Resolution**

The General Meeting approves the Board of Directors' report on the Bank's business activity and state of assets for the year 2013 in the wording submitted by the Board of Directors.

*Reasoning: The Board of Directors' report is submitted to shareholders every year based on the provisions of S. 436 (2) of the Corporations Act and the Articles of Association of Komerční banka, a. s. This report will be part of the Annual Report. The Board of Directors' report is available at the Bank's head office and on the Bank's website [www.kb.cz](http://www.kb.cz). According to the opinion of the members of the Board of Directors, the report gives a true and fair view of the business activity of Komerční banka, a. s., and Komerční banka Group for the year 2013 and of the state of its assets as of 31 December 2013, and gives a summary of all the important information regarding the business operations of Komerční banka, a. s., in 2013.*

#### **Ad 2:**

The explanatory report on matters under S. 118 (5) (a) – (k) of the Act Providing for Business Undertaking in the Capital Market is worked out in accordance with the requirement of S. 118 (8) of the Act Providing for Business Undertaking in the Capital Market. This report has to be submitted to shareholders at the General Meeting every year to explain the defensive structures and mechanisms for the case of a take-over bid. This report is not put to the vote. The report is available at the Bank's head office and on the Bank's website

[www.kb.cz](http://www.kb.cz). The Board of Directors submits this summary explanatory reports to shareholders and declares that the report gives all the important information regarding the matters required by the above-stated provisions of the Act Providing for Business Undertaking in the Capital Market.

**Ad 3:**

Under S. 84 (1) of the Corporations Act, the Board of Directors has the duty to inform shareholders of the conclusions of the report on relations among related entities. This report is not put to the vote. The report on relations among related entities shows that Komerční banka, a. s., did not suffer any harm during the reporting period from 1 January 2013 to 31 December 2013 in relation with agreements and contracts made among the related entities. No legal acts in the interest or upon initiative of the entities were made, and no measures in the interest of or initiated by the related entities resulting in any harm, profit, advantage, or disadvantage to Komerční banka, a. s., were taken or made by a controlled entity during this reporting period.

**Ad 4:**

The draft resolutions including their reasoning are stated in points 7, 8 and 9.

**Ad 5:**

In accordance with the requirement of S. 83 (1), S. 447 (3) and S. 449 (1) of the Corporations Act, shareholders will hear the Supervisory Board's statement on the said matters. This statement is not put to the vote. The Board of Directors declares that the Supervisory Board has not expressed any reservations about the annual financial statements for the year 2013, the proposal for the distribution of profit for the year 2013, the consolidated financial statements for the year 2013 and the Board of Directors' report on relations among related entities for the year 2013.

**Ad 6:**

Shareholders will hear a report on the activity of the Audit Committee established by the General Meeting based on the requirement of Act No. 93/2009 Sb., the Auditors Act, with terms of reference governed by the same Act and by the Bank's Articles of Association. This report is not put to the vote. The Board of Directors declares that the Audit Committee has not ascertained any serious shortcomings.

**Ad 7:**

**Resolution:**

The General Meeting approves the annual financial statements of Komerční banka, a. s., for the year 2013 in the wording submitted by the Board of Directors.

*Reasoning: Under the Accounting Act, Komerční banka, a. s., has the duty to compile its financial statements and, under the Corporations Act, these are submitted to the General Meeting by the Board of Directors for approval. The financial statements are available at the Bank's head office and on the Bank's website [www.kb.cz](http://www.kb.cz), and will be part of the Annual Report for the year 2013. The main figures from the financial statements are, in accordance with the law and the Articles of Association, stated in this notice. The Board of Directors declares that the submitted financial statements give a true and fair view of the accounting and financial position of the Bank and that neither the Supervisory Board nor the auditor of the company has cast any doubt thereon.*

**The main figures from the Separate (Annual) Financial Statements for the year 2013**

<b>CZK million</b>	<b>IFRS</b>
Profit for the accounting period	13,123
Total assets	773,892
Registered capital	19,005
Shareholders' equity	83,702

**Ad 8:****Resolution:**

The General Meeting approves the distribution of the profit of Komerční banka, a. s., for the year 2013 in the total amount of CZK 13,122,881,288.56 as follows:

Share in the profit to be distributed among shareholders (dividend)	CZK 8,742,265,960.00
Retained earnings	CZK 4,380,615,328.56

The amount of the dividend per share is CZK 230 before taxation. The dividend can be claimed by each shareholder owning a share of Komerční banka, a. s., with ISIN CZ0008019106 as of 23 April 2014. The dividend shall be due on 2 June 2014.

The share in the profit for the year 2013 corresponding to the treasury stock held by Komerční banka, a. s., and by the companies controlled by Komerční banka, a. s., will be transferred to the account of retained earnings. The amount of this part of share in the profit will be determined based on the number of the treasury stock held by Komerční banka, a. s., on the record date, which is 23 April 2014.

*Reasoning: The decision on the distribution of profit is, under the Corporations Act and the Articles of Association of Komerční banka, a. s., part of the powers of the General Meeting. The share in the profit is set on the basis of the annual financial statements approved by the General Meeting. The proposal is that the General Meeting approve the payment of a dividend in the amount of CZK 230 per share before taxation. The aggregate amount of the proposed dividend is CZK 8,742,265,960. The payment of a share in profit must be in line with the Corporations Act and is decided by the Board of Directors of Komerční banka, a. s. The dividends will be paid out by Komerční banka, a. s. The dividend payment details can be found at the Bank's website [www.kb.cz](http://www.kb.cz). The Board of Directors declares that the statutory requirements for the payment of dividends have been met. The proposal is in line with the long-term plan for capital management keeping the capital adequacy at a level corresponding to the risks taken under the current economic conditions in the Czech Republic and given the business opportunities of Komerční banka, a. s., and reflects the requirements and changes arising from the new rules of BASEL III. The proposal also leaves adequate space for future business growth and provides a fair compensation to shareholders. The dividend due date is set in line with S. 6 (3) of the Articles of Association and, as the day is a Saturday, the dividend becomes due the first business day which follows, which is on 2 June 2014. The proposal for the transfer of the share in the profit corresponding to the treasury stock held by Komerční banka, a. s., stems from S. 309 (2) of the Corporations Act.*

**Ad 9:****Resolution:**

The General Meeting approves the consolidated financial statements of Komerční banka, a. s., for the year 2013 in the wording submitted by the Board of Directors.

*Reasoning: In addition to the duty to compile its financial statements, under the Accounting Act, Komerční banka, a. s., also has the duty to compile consolidated financial statements that are, under the Corporations Act, submitted to the General Meeting by the Board of Directors for approval. The consolidated financial statements are available at the Bank's head office and on the Bank's website [www.kb.cz](http://www.kb.cz), and will be part of the Annual Report for the year 2013. The main figures from the consolidated financial statements are, in accordance with the law and the Articles of Association, stated in this notice. The submitted consolidated financial statements give a true and fair view of the accounting and financial position of the consolidated group of which the Bank is part, and neither the Supervisory Board nor the auditor of the company has cast any doubt thereon.*

**The main figures from the Consolidated Financial Statements for the year 2013**

<b>CZK million</b>	<b>IFRS</b>
Profit for the accounting period	12,906
Profit belonging to owners of the parent company	12,528
Total assets	863,980
Registered capital	19,005
Shareholders' equity	96,538

**Ad 10:****Resolution:**

The General Meeting approves:

- a) the contract of service under S. 59 of the Corporations Act, between Komerční banka, a. s., and chairman of the supervisory board of Komerční banka, a. s., in the wording submitted by the Board of Directors;
- b) the contract of service under S. 59 of the Corporations Act, between Komerční banka, a. s., and each member of the Supervisory Board of Komerční banka, a. s., in the wording submitted by the Board of Directors;
- c) entering into the contracts of service approved under a) and b) hereof by and between Komerční banka, a. s., and the current chairman of the Supervisory Board, the current members of the Supervisory Board, and the future members and chairman of the Supervisory Board.

*Reasoning: Under the transitory provisions of the Corporations Act, the covenants of the service contracts need to be adapted to the said Act by 30 June 2014. The draft contract stems from the standard template of a service contract used by the Bank up to now reflecting the changes arising from the new legal regulations. The approval of the contracts of service with Supervisory Board members falls under the powers of the General Meeting. The compensation for service as chairman and members of the Supervisory Board is set in the current amount meaning that the fixed annual compensation of the Supervisory Board chairman is CZK 660,000 a year and the fixed annual compensation a Supervisory Board member is CZK 264,000 a year; the compensation for the attendance at meetings (a maximum of 6 meetings a year) is CZK 247,500 for the Supervisory Board chairman and CZK 99,000 for each Supervisory Board member. The compensation amount is in line with the existing practice within the Bank. The draft contract of service of the Supervisory Board chairman and Supervisory Board member is available at the Bank's head office and on the Bank's website [www.kb.cz](http://www.kb.cz).*

**Ad 11:****Resolution:**

The General Meeting approves:

- a) the contract of service under S. 59 of the Corporations Act, between Komerční banka, a. s., and chairman of the Audit Committee of Komerční banka, a. s., in the wording submitted by the Board of Directors;
- b) the contract of service under S. 59 of the Corporations Act, between Komerční banka, a. s., and each member of the Audit Committee of Komerční banka, a. s., in the wording submitted by the Board of Directors;
- c) entering into the contracts of service approved under a) and b) hereof by and between Komerční banka, a. s., and the current chairman of the Audit Committee, the current members of the Audit Committee, and the future members and chairman of the Audit Committee.

*Reasoning: Under the transitory provisions of the Corporations Act, the covenants of the service contracts need to be adapted to the said Act by 30 June 2014. The draft contract stems from the standard template of a service contract used by the Bank up to now reflecting the changes arising from the new legal regulations. The approval of the contracts of service with Audit Committee members falls under the powers of the General Meeting. The compensation for service as Audit Committee chairman is set in the existing amount, which means a fixed annual compensation of CZK 240,000 a year; the annual compensation of the Audit*

*Committee chairman for his attendance at meetings (a maximum of 6 meetings a year) is CZK 60,000. The compensation amount corresponds with the compensation which has been provided up to now and stems from a Board of Directors' proposal reflecting the demanding character of the chairman's service as he is also an independent member of the Audit Committee. The other members of the Audit Committee do not receive any compensation for their service (nor for their attendance at meetings). The draft contract of service of the Audit Committee chairman and Audit Committee member is available at the Bank's head office and on the Bank's website [www.kb.cz](http://www.kb.cz).*

**Ad 12:**

**Resolution:**

The General Meeting consents to the acquisition of the Bank's ordinary treasury stock under the following conditions:

- The maximum amount of shares that can be held by the Bank at any specific moment shall be 3,800,985 pieces of ordinary shares representing the total nominal value of CZK 1,900,492,500.
- The share purchase value must be at least CZK 1 a piece and at most CZK 6,500 a piece.
- The time for which it is possible for the Bank to acquire the shares is 18 months.
- Shares may not be acquired by the Bank should such acquisition breach the conditions stipulated in S. 301 (1) (b) and (c) and S. 302 of the Corporations Act or, as the case may be, any other applicable legal regulations of the Czech Republic or the European Union.

*Reasoning: The Corporations Act allows the Bank to acquire its treasury stock as long as such resolution is made by the General Meeting while respecting statutory conditions. The reason to allow buying back the stock consists in the management of the Bank's capital adequacy. The maximum proposed limit for the volume of the treasury stock which may be acquired reflects the said purpose of the acquisition. This limit may be subject to further restrictions by the Czech National Bank that grants prior consent to the acquisition of treasury stock in accordance with the new regulatory rules of BASEL III. The reason to propose a time period for which it is possible for the Bank to acquire the stock consists in the renewal of the consent of the General Meeting which takes place every year; this provides a flexible acquisition framework reacting to the evolution of the regulatory and legal environment as well as market changes. The acquisition price range is sufficiently wide to meet the said purpose of the acquisition given the current share price. The lowest price is proposed in a way preventing any limitations, which means at a minimum level; the highest price is proposed considering the acceptable impact on the Bank's capital.*



**Ad 13:**

**Resolution**

The General Meeting appoints the company Ernst & Young Audit, s.r.o., identification No.: 267 04 153, with its registered office at Na Florenci 2116/15, Nové Město, 110 00 Prague 1, as the external auditor of Komerční banka, a. s., for the year 2014

*Reasoning: The appointment of the auditor is, under Act No. 93/2009 Sb., the Auditors Act as Amended, part of the powers of the General Meeting. Based on the recommendation of the Audit Committee, the Board of Directors proposes that the General Meeting appoint Ernst & Young Audit, s.r.o., as external auditor. The company has been the external auditor of Komerční banka, a. s., since 2010. The external auditor Ernst & Young Audit, s.r.o., is a member of Ernst & Young, a global reputable audit and consultancy company. Ernst & Young has also been selected by Soci t  G n rale as one of the two world auditors of SG Group.*

Albert Le Dirac‘h  
Chairman of the Board of Directors  
Komer n  banka, a. s.

Peter Pale ka  
Member of the Board of Directors  
Komer n  banka, a. s.