

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” or “KB”),

which will be held on 22 April 2016 at 1 p.m. at the address náměstí Junkových 2772/1, Stodůlky, Prague 5, postal code 155 00, in a meeting room on the ground floor of the building.

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 2015
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 for the year 2015
4. Discussion over the annual financial statements with the proposal for the distribution of profit for the year 2015, and over the consolidated financial statements for the year 2015
5. Supervisory Board’s position on the annual financial statements for the year 2015, on the proposal for the distribution of profit for the year 2015, and on the consolidated financial statements for the year 2015; 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 for the year 2015
6. Discussion over the Audit Committee’s report on the results of its activity
7. Approval of the annual financial statements for the year 2015
8. Decision on the distribution of profit for the year 2015
9. Approval of the consolidated financial statements for the year 2015
10. Election of a member of the Supervisory Board
11. Election of a member of the Audit Committee
12. Decision on the acquisition of own shares
13. Decision on the appointment of a statutory auditor to make the statutory audit
14. Decision on the revision of the Articles of Association
15. Setting the proportion between the fixed and flexible component of the compensation for selected employees and groups consisting of such employees

Record date:

The record date for shareholders to be entitled to attend the General Meeting shall be 15 April 2016. 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 at the Bank’s internet address located at 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 or by mail addressed to the Bank’s head office. Mailbox 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 at the Bank’s internet address located at 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 at the General Meeting 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 order 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 law and the Articles of Association. If an explanation cannot be provided due to its complexity, it shall be provided to shareholders by the Bank within 15 days of the day of the General Meeting. The wording of the answer shall be available to shareholders at the Bank’s internet address located at www.kb.cz. 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 at the Bank’s internet address located at 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 at its internet address located at 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 at the Bank’s internet address located at www.kb.cz.

Upon request of a Bank’s shareholder or shareholders holding shares the total nominal value of which reaches at least one percent 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 shareholders' proposals or counterproposals, if any, 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 at the Bank's internet address located at 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 for the year 2015, and the Board of Directors' report on relations among related entities for the year 2015, 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 (hereinafter also called "ABUCM"), the Supervisory Board's report on its activity and the Audit Committee's report on the results of its activity are 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 Bank's internet address located at 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: Discussion over and approval of the Board of Directors' report on the Bank's business activity and state of assets for the year 2015

Resolution No. 1

The General Meeting approves the Board of Directors' report on the Bank's business activity and state of assets for the year 2015 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 Companies and Cooperatives Act (the Corporations Act) (hereinafter also called the "Corporations Act or the "CA") and S. 9 (d) of the Articles of Association of the Bank. This report is part of the Annual Report. The Board of Directors' report is available at the Bank's head office and at the Bank's internet address located at 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 2015 and of the state of its assets as of 31 December 2015, and gives a summary of all the important information regarding the business operations of Komerční banka, in 2015.

Ad 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

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 is worked out in accordance with the requirement of S. 118 (8) of the ABUCM. 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 at the Bank's internet address located at www.kb.cz. The Board of Directors submits this summary explanatory report to shareholders and declares that the report gives all the important information regarding the matters required by the above-stated provisions of the ABUCM.

Ad 3: Discussion over the Board of Directors' report on relations among related entities for the year 2015

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 Board of Directors is convinced that the submitted report on relations among related entities for the year 2015 is complete and true. The report on relations among related entities for the year 2015 shows that, during the reporting period from 1 January 2015 to 31 December 2015, Komerční banka, a. s., did not suffer any harm arising from any contract, agreement or another legal act made or adopted by Komerční banka, a. s., or from influence otherwise exerted by Société Générale S. A., as its controlling entity.

Ad 4: Discussion over the annual financial statements with the proposal for the distribution of profit for the year 2015, and over the consolidated financial statements for the year 2015

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

Ad 5: Supervisory Board's position on the annual financial statements for the year 2015, on the proposal for the distribution of profit for the year 2015, and on the consolidated financial statements for the year 2015; 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 for the year 2015

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 2015, the proposal for the distribution of profit for the year 2015, the consolidated financial statements for the year 2015 nor the Board of Directors' report on relations among related entities for the year 2015.

Ad 6: Discussion over the Audit Committee's report on the results of its activity

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 as Amended, 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: Approval of the annual financial statements for the year 2015

Resolution No. 2:

The General Meeting approves the annual financial statements of Komerční banka, a. s., for the year 2015 in the wording submitted by the Board of Directors.

Reasoning: Under the Accounting Act, Komerční banka, a. s., has the duty to compile its annual (separate) financial statements and, under the Corporations Act, these are submitted to the General Meeting by the Board of Directors for approval. The annual financial statements for the year 2015 are available at the Bank's head office and at the Bank's internet address located at www.kb.cz, and will be part of the Bank's Annual Report for the year 2015. The main figures from the financial statements are, in accordance with the law and S. 30 of the Articles of Association, stated in this notice. The Board of Directors declares that the submitted financial statements for the year 2015 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 Annual (Separate) Financial Statements for the year 2015

CZK million	IFRS
Profit for the accounting period	12,424
Total assets	835,526
Registered capital	19,005
Shareholders' equity	93,303

Ad 8: Decision on the distribution of profit for the year 2015

Resolution No. 3:

The General Meeting approves the distribution of the profit of Komerční banka, a. s., for the year 2015 in the total amount of CZK 12,423,619,041.87 as follows:

Share in the profit to be distributed among shareholders (dividend)	CZK 11,783,054,120.00
Retained earnings	CZK 640,564,921.87

The amount of the dividend per share is CZK 310 before taxation. The dividend can be claimed by each shareholder holding a share of Komerční banka, a. s., with ISIN CZ0008019106 as of 15 April 2016. The dividend shall be due on 23 May 2016.

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 for the year 2015 approved by the General Meeting. The proposal is that the General Meeting approve the profit share distribution (the dividend) in the amount of CZK 310 per share before taxation to shareholders. The aggregate amount of the proposed dividend is CZK 11, 783, 054, 120.00. The profit share payment must be in line with the Corporations Act and is subject to a decision of the Board of Directors of the Bank. The dividends will be paid out by Komerční banka, a. s. The dividend payment details can be found at the Bank's internet address located at www.kb.cz. The Board of Directors declares that the statutory requirements for the payment of dividends have been met. The proposal for profit sharing 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 the Bank, and reflects the requirements and changes arising from the new rules of BASEL III. The proposal also leaves adequate space for the Bank's future business growth and provides shareholders with a fair share in the profit. The dividend due date is set in line with S. 6 (3) of the Articles of Association.

The share in the profit for the year 2015 corresponding to own shares held by the Bank stems from S. 309 (2) of the Corporations Act and will be transferred to the account of retained earnings when it falls due. The amount of this part of share in the profit will be determined based on the number of own shares held by Komerční banka, a. s., on the record date, which is 15 April 2016.

Ad 9: Approval of the consolidated financial statements for the year 2015

Resolution No. 4:

The General Meeting approves the consolidated financial statements of Komerční banka, a. s., for the year 2015 in the wording submitted by the Board of Directors.

Reasoning: In addition to the duty to compile its annual 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 for the year 2015 are available at the Bank's head office and at the Bank's internet address located at www.kb.cz, and will be part of the Annual Report for the year 2015. The main figures from the consolidated financial statements are, in accordance with the law and with S. 30 of the Articles of Association, stated in this notice. The Board of Directors declares that 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 2015

CZK million	IFRS
Profit for the accounting period	13,132
Profit attributed to shareholders of the parent company	12,758
Total assets	891,556
Registered capital	19,005
Shareholders' equity	106,229

Ad 10: Election of a member of the Supervisory Board

Resolution No. 5:

The General Meeting elects Mr. Bořivoj Kačena born on 24 February 1943, residing at Prague 4, Vavákova 1486/4A, postal code 14800 as a member of the Supervisory Board with effect from 1 May 2016.

Reasoning:

Mr. Kačena is currently a member of the Supervisory Board his term of office terminating on 30 April 2016. The Board of Directors proposes his re-election, as the candidate meets all the prerequisites to serve as a member of the Supervisory Board, is independent and has sufficient capacity for the service. The Czech National Bank has assessed Mr. Bořivoj Kačena's professional qualifications, credibility and experience and issued a favorable position on his membership of the Supervisory Board. Mr. Kačena's resume is available at the Bank's internet address located at www.kb.cz.

Ad 11: Election of a member of the Audit Committee

Resolution No. 6:

The General Meeting elects Mr. Bořivoj Kačena born on 24 February 1943, residing at Prague 4, Vavákova 1486/4A, postal code 14800 as a member of the Audit Committee with effect from 23 April 2016.

Reasoning:

Based on the requirement of S. 44 (3) of Act No. 93/2009 Sb., the Auditors Act as Amended, stating that a majority of the committee members must be independent, the Board of Directors nominates Mr. Bořivoj Kačena as a member of the Audit Committee with effect from 23 April 2016 to replace Mr. Jean-Luc Parer, who resigned from his membership of the Audit Committee as of the day of the General Meeting. Mr. Bořivoj Kačena's resume is available at the Bank's internet address located at www.kb.cz.

Ad 12: Decision on the acquisition of own shares**Resolution No. 7:**

The General Meeting consents to the acquisition of own ordinary shares each of a nominal value of CZK 100 under the following conditions:

- The maximum amount of shares that can be held by the Bank at any specific moment shall be 19,004,926 pieces of ordinary shares representing the total nominal value of CZK 1,900,492,600.
- The share purchase value must be at least CZK 1 a piece and at most CZK 1,400 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 rules of the Czech Republic or the European Union.

The effect of this resolution is postponed until the day of entry of the new number of shares and their nominal value in the register of companies.

Reasoning: The Corporations Act allows the Bank to acquire its own shares as long as such resolution is made by the General Meeting while respecting statutory conditions. The reason to allow buying back own shares consists in the management of the Bank's capital adequacy. The maximum proposed limit for the volume of own shares 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 own shares 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 its own shares 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 and given the proposed share split. 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. The resolution is, given the proposed share split, proposed in a way already reflecting the split values; any purchase of own shares made before the effect of this resolution is governed by the resolution adopted by the General Meeting in 2015 (valid for 18 months).

Ad 13/ Decision on the appointment of a statutory auditor to make the statutory audit**Resolution No. 8**

The General Meeting appoints company Deloitte Audit s.r.o., with its registered office at Karolinská 654/2, 186 00 Prague 8 - Karlín, identification No. 49620592 as the external auditor of Komerční banka, a. s., for the year 2016, and company Deloitte Audit s.r.o., with its registered office at Digital Park II, Einsteinova 23, Bratislava 851 01, as the external auditor of the branch of Komerční banka, a. s. located on the territory of the Slovak Republic.

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 Supervisory Board proposes that the General Meeting appoint Deloitte Audit s.r.o., as the external auditor that has, since last year, replaced the preceding auditor, Ernst & Young Audit, s.r.o., after five years of service in accordance with the Group's approach to external auditor rotation. The Czech National Bank does not have any objections to Komerční banka's decision to appoint Deloitte Audit s.r.o., to carry out the audit work. According to Slovak legal regulations, to audit the branch of Komerční banka, a. s., in the Slovak Republic, it is necessary to appoint an auditor certified to perform the audit activity on the territory of the Slovak Republic.

Ad 14/ Decision on the Revision of the Articles of Association**Resolution No. 9:**

The General Meeting decided to amend the Bank's current Articles of Association as follows:

The current wording of Section **4 Fundamental Provisions** is amended and newly reads as follows:

The Bank's registered capital specified under Section 3 shall be divided into 190,049,260 ordinary bearer shares admitted to trading in the European regulated market, each of a nominal value of CZK 100 issued as an uncertificated security. One vote is attached to one share; the total number of votes attached to the shares shall be 190,049,260.

The current wording Subsection (5) of Section 5 is amended and newly reads as follows:

The voting right belonging to a shareholder is governed by the nominal value of their shares; each CZK 100 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 or, as the case may be and if the General Meeting was convened by the Supervisory Board, the Supervisory Board's proposal, if any, shall be put to the vote first. Should the proposal of the Board of Directors or of the Supervisory Board, if the General Meeting was convened by the Supervisory Board, be carried, other proposals shall not be put to the vote. Other proposals shall be put to the vote in the order in which they were filed. If a notarized record is to be drawn up concerning a resolution of the General Meeting, the Chairman of the General Meeting shall be obliged to manage the vote in a way allowing making the notarized record of the General Meeting resolution with all the elements required by statute.

Subsection (8) of Section **6 Share in Profit** newly reads as follows:

(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.

Subsection (4) of Section **10 Convening the General Meeting** newly reads as follows:

(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 and on the notice board in the Bank's registered office at least thirty days prior to the date of the General Meeting. This notice of general meeting does not require electronic signature. 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.

Subsections (1) through (4) of Section **17 Committees of the Supervisory Board** are amended and newly read as follows:

(1) The Supervisory Board shall set up, within its terms of reference, an Audit Committee, a Risk Committee, a Nominations Committee, a Remuneration Committee and, as the case may be, other committees as its advisory and recommending bodies.

(2) The Audit Committee shall consist of at least three members and the majority of the Audit Committee members must be independent and professionally qualified. Members of the Audit Committee shall be elected by the General Meeting from the membership of the Supervisory Board. Members of the Audit Committee shall be removed by the general meeting.

(3) The other Supervisory Board committees shall consist of at least two members who shall be members of the Supervisory Board, shall be elected and removed by the Supervisory Board.

(4) Members of the Supervisory Board committees shall meet the appropriate professional, time and other prerequisites for the performance of their activities and dedicate to them corresponding and sufficient capacity. The terms of reference, powers, composition, meeting and decision-making method and the incorporation of Supervisory Board Committees into the Bank's organization hierarchy and information flows shall be specified by the charter of each of the committees and by the Bank's internal regulations.

Subsection (3) of Section **18 Board of Directors** is amended and newly reads as follows:

The way in which the members of the Board of Directors act on behalf of the Bank is set forth in Section 31 hereof.

Current Section **22 through to Section 27** of the Articles of Association dealing with the Audit Committee are cancelled, and the subsequent provisions of the Articles of Association are renumbered as follows:

Current Section 28 **Audit** is referred to as Section 22.

Current Section 29 **Financial Management of the Bank** is referred to as Section 23.

Current Section 30 **Financial Statements** is referred to as Section 24.

Current Section 31 **Distribution of Profit** is referred to as Section 25.

Current Section 32 **Acquisition of Shares by Bank Employees** is referred to as Section 26.

Current Section 33 **Pre-Emptive Right of Shareholders and Increase in Registered Capital** is referred to as Section 27.

Current Section 34 **Decrease in Registered Capital** is referred to as Section 28.

Current Section 35 **Decrease in the Nominal Value of Shares** is referred to as Section 29.

Current Section 36 **Withdrawal of Shares from the Market based on a Public Offer** is referred to as Section 30.

Current Section 37 **Acting on Behalf of the Bank** is referred to as Section 31.

Current Section 38 **Disclosure and Publication Duty** is referred to as Section 32.

Current Section 39 **Structure and Organisation of the Bank** is referred to as Section 33.

Current Section 40 **Authorities and Liabilities of Bank Employees Authorized to Make Banking Transactions** is referred to as Section 34.

Current Section 41 **Organisation of the Management and Control System** is referred to as Section 35.

Current Section 42 **Internal Audit** is referred to as Section 36.

Current Section 43 **Legal Status of the Bank and Settlement of Disputes** is referred to as Section 37.

Current Section 44 **Interpretation Provision** is referred to as Section 38.

Current Section 45 **Closing Provision** is referred to as Section 39.

Section 39 Closing Provision newly reads as follows:

The Bank conformed to the Corporations Act by the decision of the General Meeting of 28th January 2014 with effect from 10 March 2014.

These amended Articles of Association shall take force and effect on the day of approval by the General Meeting of the Bank; this shall not apply to the amendments to the provisions of Section 4 and Subsection (5) of Section 5, which shall take effect as of the day of entry of the new number of the shares and their nominal value in the register of companies.

Reasoning: The reason for the revision of the Articles of Association consists in a share split at a rate of 5:1 meaning that the number of the shares will increase as a consequence of the split of the existing shares. Current shareholders will receive five new shares of a nominal value of CZK 100 each for the existing shares of a nominal value of CZK 500 each. The goal of the proposed split of the shares issued by the Bank is reducing the price of individual shares and thus making the Bank shares accessible to a greater number of investors. Furthermore, in connection with the cancellation of the listing of the Global Depository Receipts on London Stock Exchange, we are leaving out the duty to publish the results of the vote on profit share payments and the notice of general meeting on www.londonstockexchange.com. Furthermore, Section 17 of the Articles of Association incorporates the Audit Committee among Supervisory Board committees to achieve a proportional position vis-à-vis the other committees and also for the reason of a personal union, as the Audit Committee is, in Komerční banka, made up of members of the Supervisory Board. Audit Committee members will continue to be elected and removed by the general meeting that will also approve their contracts of service. The powers, composition, meeting and decision-making method are left to be specified by the charter of this committee and are left out from the Articles of Association. The closing provision postpones, in accordance with the Corporations Act (Ss. 342 and 431) the effective date of the provisions of the Articles of Association pertaining to the share split until the entry of the change in the register of companies.

Ad 15/ Setting the proportion between the fixed and flexible component of the compensation for selected employees and groups consisting of such employees

Resolution No. 10

The General Meeting approves the maximum proportion between the fixed and flexible component of the compensation of employees of units covering important investment activities at a level of 200 % of the fixed component of compensation. The flexible component may range from 0 % to 200 % of the fixed component and may not exceed 200 % of the fixed component of the compensation of none of the individuals.

Reasoning:

Based on the provisions of Annex No. 1, point 10 of Decree No. 163/2014 Coll., on the performance of the activity of banks, credit unions and investment firms, the Board of Directors requests that the General Meeting would approve a maximum level of the proportion between the fixed and flexible component of the compensation of selected employees or their groups higher than 100 % knowing that the total flexible component amount may not, in any of the individuals, exceed 200 % of the fixed component of his total compensation.

The provisions of Annex No. 1, point 10 of Decree No. 163/2014 Coll., on the performance of the activity of banks, credit unions and investment firms, limits the maximum proportion between the fixed and flexible component of the compensation of selected groups of employees with a significant influence on the Bank's risk profile to 100 % of their fixed compensation, unless the General Meeting sets a higher maximum proportion reaching up to 200 % of their fixed compensation.

The General Meeting approved a maximum level of the proportion between the fixed and flexible component of the compensation of members of the Board of Directors and investment banking staff members at a level of 200 % starting from 2015. Given the organisation changes that were made and that led to the dispersion of investment banking activities among different units, the Bank narrows down the definition of investment banking to the units performing significant investment banking activities.

The request for approval is backed by the recommendation of the Remuneration Committee dated 10 March 2016, which revised the existing Compensation Principles and recommended setting the maximum proportion between the fixed and flexible part of the compensation of the staff members of the Bank's units covering important investment activities to 200 % of their base salary. This recommended maximum proportion includes the compensation relating to the financial year 2016 and later, unless decided otherwise.

The goal of this request is maintaining a motivational compensation for the Bank's key employees, whose extraordinary performance contributed to the fulfillment of the Bank's goals in the given business year. Furthermore, as a part of effective risk management, the Bank also approved a special procedure for the approval of the flexible component of the compensation for the employees with a flexible component proposed at a level higher than 100 % of their fixed component.

- *The specific flexible compensation amount exceeding 100 % of the fixed compensation will always be approved by the Bank's Remuneration Committee.*
- *Employees with a significant influence on the Bank's risk profile who receive a flexible part of their salary higher than 100 % of their fixed compensation will be subject to the application of the rules for the deferred payment of the flexible component and for the payment in non-monetary instruments.*

Unlike in the case of entities which are not subject to banking regulation, increasing the maximum proportion between the fixed and flexible compensation component in positions within units covering important investment activities will also allow the Bank to ensure a competitive compensation for the key employees who are highly demanded on the labor market and, from the Bank's perspective, hard to substitute without a need to increase the fixed component of their compensation.

This proposed approach complies with the attitude of Société Générale, whose General Meeting approved a higher proportion between the fixed and flexible component for selected groups of employees in May 2014.

The maximum proportion represents a ceiling. The real flexible compensation amount is, however, discretionary and fully depends on the fulfillment of the individual and collective goals.

Board of Directors of KB