

**Draft amendments to the Articles of Association of Komerční banka, a. s. for the General Meeting held on 29.4.2009**

**Section 8**

**Powers of the General Meeting**

It is within the powers of the General Meeting to:

- k) decide on the financial compensation of members of the Board of Directors, ~~and the Supervisory Board and Audit Committee~~, and approve the service contracts with the members of the Supervisory Board ~~and of the Audit Committee~~;
- l) decide on merger or division of the Bank or on transfer of assets to the Bank as a member in cases required by the legislation provided that a prior consent of the Czech National Bank has been given;
- w) decide on appointment of the auditor to make the statutory audit or to verify other documents if such appointment is required by legal regulations;
- x) decide on the appointment and removal of members of the Audit Committee;
- y) decide on the approval of the rules for the provision of discretionary compensation to Audit Committee members.

**Section 10**

**Proceeding at the General Meeting**

(2) Members of the Supervisory Board, ~~and 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.

**Section 12**

**Powers of the Supervisory Board**

(2) The Supervisory Board shall, in particular:

- g) provide the Board of Directors with its position on the nomination ~~choice~~ of the ~~external~~ auditor;

**Section 16**

**Committees of the Supervisory Board**

(1) The Supervisory Board shall set up at least the following ~~one two~~ one committees (hereinafter called "Supervisory Board Committees") as an advisory and recommending bodies:

- a) Remuneration and Personnel Committee, ~~and~~
- b) ~~Audit Committee~~;

(2) The Remuneration and Personnel Committee ~~as well as the Audit Committee~~ shall ~~each~~ have at least two members.

~~(5) The Audit Committee shall:~~

- a) ~~make recommendations to the Supervisory Board about its position on the nomination for the appointment (in Czech "pověření") and withdrawal of Director of Internal Audit;~~
- b) ~~discuss the charter and on the strategic and periodic plan of the activities of the Internal Audit;~~
- e) ~~monitor and assess the fulfillment of the measures taken by the Board of Directors to deal with the findings and recommendations of the Internal Audit and of the external auditor;~~
- d) ~~make recommendations to the Supervisory Board about its position on the selection of the external auditor;~~
- e) ~~cooperate with the external auditor;~~
- f) ~~check the accounting methods used by the Bank, the soundness of book-keeping and the accuracy of accounting records in particular;~~
- g) ~~check the check and management system of the Bank; this includes deliberations over the overall evaluation of the functionality and effectiveness of the management and check system;~~
- h) ~~discuss the report on the internal audit activities;~~
- i) ~~discuss the information of the significant shortcomings detected in the management and check system.~~

**Section 19**

**Powers of the Board of Directors**

- (1) It is within the exclusive powers of the Board of Directors to:
- l) ~~approve the choice of the external auditor~~ 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;
  - zb) discuss the audit report with the auditor.

**Section 20**  
**Obligations of the Members of the Board of Directors**

(7) ~~Based on a resolution of the General Meeting convened in accordance with subsection 6, the~~ The Board of Directors shall be obliged to file without undue delay an insolvency petition ~~a petition in bankruptcy or a proposal for permission of composition~~ with the competent court provided that the terms and conditions stated by the generally binding legal regulations 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 loss incurred by the creditors in consequence thereof, unless the Board of Directors members prove that the loss was not caused by them.

**Section 20a**  
**Position and Terms of Reference of the Audit Committee**

- (1) The company shall set up an Audit Committee.
- (2) The Audit Committee shall:
  - a) monitor the process of compilation of Financial Statements and consolidated Financial Statements; and the integrity of the financial information provided by the company, namely by examining the consistency and relevance of the accounting methods used by the company;
  - b) evaluate the effectiveness of the company's internal control, of the internal audit and, as the case may be, of the 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 company; and, furthermore, make recommendations to the company'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 company's executives react to the Internal Audit's findings and recommendations.
  - c) monitor the process of the statutory audit of 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 company's executives follow the recommendation made by the auditor to the company's executives; and cooperate in the communication between the auditor and the company's executives;
  - d) assess the independence of the auditor and audit company and the provision of non-audit services to the bank, and, in this context, review and assess 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 non-audit services provided to the company by the auditor;
  - e) recommend the auditor,
  - f) accept and discuss information, communication and declarations with the auditor in accordance with legal regulations;
  - g) if needed, provide other bodies of the company 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 legal regulations. The powers of the Audit Committee shall not affect the powers of other bodies of the company under legal regulations and these Articles of Association.

- (4) The Audit Committee shall approve the rules of procedure of the Audit Committee governing its activities.

**Section 20b**  
**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 company's general meeting. The Audit Committee members shall be appointed from the membership of the Supervisory Board or third parties.
- (3) Only an individual who meets the same requirements as the requirements for the performance of duties as a member of the Supervisory Board set forth by the generally binding legal regulation can be a member of the Audit Committee. The Committee membership implies professional qualifications and experience which are a guarantee of the right performance of the member's duties. The person who nominates a new member to the Audit Committee shall, if possible, ensure the availability of his/her professional curriculum vitae. If the legal regulations set forth other requirements with respect to the members or membership of the Audit Committee, they must be complied with. If an Audit Committee member ceases to comply with the requirements set forth by the generally binding legal regulations and these Articles of Association for serving as a member of the Audit Committee, it is his/her duty to inform the bank thereof without delay.
- (4) Audit Committee members shall be appointed for the term of four years and can be re-appointed. The membership of the Audit Committee expires no later than three months after the expiration of the four-year term unless a new Audit Committee member is appointed in the meantime.
- (5) An Audit Committee member can resign from his/her membership by written notification delivered to the Audit Committee or to the general meeting. The Audit Committee membership shall then cease on the day on which the resignation was or was to be discussed by the Audit Committee. The Audit Committee shall be obligated to discuss the resignation of its member at its earliest meeting. If, however, the Audit Committee member announces his/her resignation at a meeting of the Audit Committee, his/her membership terminates after the expiration of two months following the notification unless the Audit Committee approves, upon request of such member, another date of termination of the membership. If the Audit Committee Chairman (or, in his absence, the Vice-Chairman) fails to call the Audit Committee meeting to discuss the Audit Committee member's resignation within the preset period or without undue delay, the resigning member has a right to call the Audit Committee meeting himself/herself.
- (6) If the number of the Audit Committee members did not fall below 50 %, the Audit Committee can appoint substitute members for the Audit Committee. A substitute member for the Audit Committee shall, in this case, become a member of the Audit Committee by the next general meeting. The substitute members for the Audit Committee shall meet the same requirements as the members of the Audit Committee under (3) above and are also subject to (5) above except for the last sentence.
- (7) 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.
- (8) 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 20c**  
**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, his 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 company'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 chairperson. Every Audit Committee member has a right to request that the minutes also include his/her position. The minutes must be archived throughout the existence of the company.
- (8) The cost of the meetings and other activities of the Audit Committee shall be borne by the company.

#### **Section 20d** **Audit Committee Voting**

- (1) The Audit Committee shall constitute a quorum if the 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 unchanged agenda to 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 receive the absolute majority of votes to be carried. If the votes are equal, the chairperson shall give a casting vote. The chairperson shall mean the Audit Committee Chairman or, in his absence, the Audit Committee Vice-Chairman.
- (4) The person in question shall not vote in the election and removal proceedings.

#### **Section 20e** **Audit Committee Remote Voting**

- (1) The Audit Committee can vote remotely with the consent of all of its members. The consent to remote voting 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/her vote remotely (or, as the case may be, abstains from voting in the form set out in (2) below), he/she is considered to consent to remote voting.
- (2) The following forms of remote voting can be used:
  - a) in writing, including the voting by media which allow recording the will of the voting member of the Audit Committee and identifying the voter (e.g. by fax or e-mail);
  - b) by media 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) Remote voting 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 adoption of decisions by remote voting shall be subject to the same rules as the rules applicable to the adoption of decisions at Audit Committee meetings. For the purposes of stating the quorum and adopting decisions it is considered 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 are also 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/her 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 minutes of the Audit Committee meeting.

**Section 20f**  
**Duties of the Members of the Audit Committee**

- (1) Members of the Audit Committee shall have the duty to exercise their range of powers 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 membership of the Audit Committee. The duty to act with due care is subject to the same provisions as those stated in S. 14 (4).
- (2) The consequences of a breach of the duties set out in (1) above are specified by the applicable legal regulations.
- (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 damage 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 legal regulations.

**VII**

**Article VII**  
**External Audit**

**Section 21**

- (3) The Board of Directors shall ask the Supervisory Board for its opinion as to the nomination ~~choice~~ of an external auditor.

**Section 37**

**Winding-up and Cessation of the Bank**

- (1) The Bank may be wound up based on
- d) ~~cancellation of a bankruptcy order upon fulfilment of the distribution arrangement, cancellation of a bankruptcy order due to a lack of the Bank's assets to cover the costs of the bankruptcy proceedings, or rejection of a bankruptcy petition due to a lack of the Bank's assets.~~  
cancellation of a bankruptcy order or dismissal of an insolvency petition due to a lack of the Bank's assets

**Section 43**

**Organisation of the Internal Management and Control System**

The Management and Control System (hereinafter called the "MCS") shall include the prerequisites of the due administration and management of the Bank, the risk management system and the internal control system. The MCS ~~namely~~ covers all activities of the Bank. ~~The MCS and~~ includes all structural units of the Bank.

**Section 44**  
**Internal Audit**

- (1) The Internal Audit 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 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 bodies of the Bank:

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