



Komerční banka, a.s., Na Příkopě 33, 114 07 Prague 1, Iden.numb: 45 31 70 54
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GENERAL SHAREHOLDERS' MEETING OF KOMERČNÍ BANKA, a. s., HELD ON 29 APRIL 2010

MATERIAL No. 7

Draft amendments to the Articles of Association of Komerční banka, a. s., for the general meeting held on 29 April 2010

Article II Business Activities of the Bank

Section 2

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

- a) accounting consultants' activities, book-keeping, tax record keeping;
- b) procurement of deals;
- c) engineering activities in investment production;
- d) administration and maintenance of real property;
- e) organisation of specialised courses, training, and other educational programs including teaching;
- f) business, financial, organisational, and economic consultancy;
- g) data processing, databank services, network and web administration.

Odstraněno: business enterprises that provide supporting banking services and for financial institutions that are controlled by the Bank

Article V Rights and Obligations of Shareholders

Section 5

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

(2) Any shareholder is entitled to attend the General Meeting and to vote thereat, to request and receive explanation regarding matters concerning the Bank, if such explanation is necessary for the assessment of the subject on the agenda of the General Meeting, and to file proposals and counter-proposals. A shareholder present at the General Meeting shall have the right to the aforesaid explanation also concerning matters regarding entities controlled by the Bank. 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 an additional explanation relating to the agenda items was posted on the Bank's website no later than on the day preceding the day of the General Meeting and is available to shareholders in the place where the General Meeting is held. Should a shareholder intend to file at the General Meeting counter-proposals relating to proposals, the contents of which have been specified in the notice of the General Meeting, or in the case that the resolution of the General Meeting must be recorded in a notarial record, then the shareholder shall be obliged to deliver his proposal or counter-proposal in writing to the Bank at least five working days prior to the date of the General Meeting. The above shall not apply provided that the proposals regard the election of specific persons to the bodies of the Company. The Board of Directors shall be obliged to make public the shareholder's counter-proposal and the Board's opinion thereon in the same

manner as used for convening the General Meeting, and to do so at least three days prior to the announced date of the General Meeting, if possible. Any shareholder has the right to make proposals regarding items which will be included in the agenda of the General Meeting before the publication of the Notice of General Meeting. The Board of Directors shall publish each proposal that will be delivered to the Bank no later than seven days prior to the publication of the Notice of General Meeting together with such Notice. Any proposal delivered after this time limit shall be made public by the Board of Directors, if possible, at least three days prior to the announced date of the General Meeting.

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

Odstraněno: Members of the Bank's Board of Directors or Supervisory Board may not stand proxy for the shareholders.

Naformátováno: Písmo: Arial, Angličtina (Velká Británie)

Odstraněno: In addition, a proxy of a shareholder that is a legal entity shall submit an up-to-date excerpt from the Register of Companies or another document evidencing his right to act on behalf of the company concerned.

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Vloženo: zed body of the empowered legal entity, an up-to-date excerpt from the Register of Companies

(4) The General Meeting may be attended by any shareholder registered in the statutory register of securities as an owner of shares of the Bank as of the seventh calendar day prior to the date of the General Meeting (i.e., the record date for the shareholder to be entitled to attend the General Meeting). The Bank's Board of Directors shall file an application for an excerpt from the statutory register of securities as of the record date. Persons that are designated by the CNB in the statutory register of securities, persons not mentioned therein, or persons empowered by these persons may not attend the General Meeting.

(5) The voting right belonging to a shareholder is governed by the nominal value of their shares; each CZK 500 of the nominal value of the shares shall represent one vote. The vote shall not be further divisible. The casting of votes shall be carried out by means of ballot. However, the voting shall

be carried out in a different manner, if the same is requested by the Board of Directors, the Supervisory Board, the Chairman of the General Meeting or if the same is decided upon by the General Meeting. The proposal of the Board of Directors or, as the case may be, the proposal of the Supervisory Board, if it convened the General Meeting, if any, shall be voted upon first. Should the proposal of the Board of Directors or of the Supervisory Board, if it convened the General Meeting, be accepted, other proposals shall not be voted upon. Other proposals shall be voted upon in the sequence in which they have been filed. If a notarial record is to be drawn up concerning the resolution of the General Meeting, the Chairman of the General Meeting shall be obliged to administer the casting of votes in such a manner that a notarial record of the resolution of the General Meeting containing all statutory requirements may be drawn up.

Odstraněno: Should the proposal of the Board of Directors not be accepted, votes are cast on the proposal of the Supervisory Board, if any.

(6) Any proposals, counter-proposals and requests for explanation shall be made by the Attending Shareholder orally upon invitation by the Chairman of the General Meeting or in writing and placed at a designated place. The Chairman of the General Meeting shall be obliged to ensure that all requests for explanation of matters be answered, as long as such matters form the subject of the agenda of the General Meeting and the requests are made in the course of the General Meeting in accordance with these Articles of Association. The Chairman of the General Meeting shall be obliged to inform the General Meeting of any proposal or counter-proposal made by the Shareholder in compliance with Act No. 513/1991 Coll., the Commercial Code as Amended (hereinafter referred to as "the Commercial Code") and with these Articles of Association. Such a proposal shall be discussed provided that it concerns issues that have been included in the agenda of the General Meeting or provided that all shareholders or their proxies are present and all agree that the proposal be discussed. The sequence in which these proposals and counter-proposals are discussed shall be governed by Section 5, subsection 5 of these Articles of Association. Any Attending Shareholder shall be entitled to request that the minutes clerk of the General Meeting include a protest concerning a resolution of the General Meeting in the minutes of the General Meeting.

Odstraněno: especially

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

(8) The shareholder or shareholders of the Bank holding shares the total nominal value of which reaches at least 3 % of the Bank's registered capital may request:

Odstraněno: exceeds

- a) that the Board of Directors convene an Extraordinary General Meeting in order to discuss the matters proposed, provided that each item of the proposal is accompanied with a justification or with a draft resolution;
- b) that the Board of Directors include issues specified in their request into the agenda of the General Meeting, provided that each item of the proposal is accompanied with a justification or with a draft resolution;
- c) that the Supervisory Board examine the exercise of powers by the Board of Directors with regard to the matters specified in the request;
- d) that the Supervisory Board assert the Bank's right to claim damages from a member of the Board of Directors;
- e) that a court of justice appoint an expert in order to examine the report on relations among related entities as specified by the Commercial Code, should there be serious reasons therefor, under the terms and conditions specified by the Commercial Code;
- f) that the Board of Directors file a lawsuit for payment of issue price against shareholders who are in default of payment, or that the Board of Directors take action under the Commercial Code.

Any request under this subsection shall be in writing and shall be dealt with in accordance with the generally binding legal regulations and with the Articles of Association. Should the requests under this subsection not be submitted to the Bank in writing, the shareholders concerned shall prove to the Bank, when asserting their respective rights, that they are the authorised shareholders under Section 5, subsection 8 of the Articles of Association as of the date of assertion of such right. Should the above-mentioned shareholders fail to evidence such title, the Bank shall verify such data through an excerpt from the statutory register of securities, should the registry make such verification possible. The shareholder shall be obliged to reimburse the Bank for these costs no later than within thirty days from the receipt of the Bank's request to do so.

(9) No shareholder shall be entitled to demand that the investments the shareholder invested in the Bank in order to acquire or increase their holding in the Bank be returned either in the course of the Bank's existence or upon its dissolution. However, in the event of the Bank's dissolution and

subsequent liquidation, the shareholders shall have the right to an adequate share in the liquidation balance of the Bank.

(10) Any shareholder shall be entitled to ask the Board of Directors to produce a copy of the minutes of any General Meeting or a part thereof throughout the Bank's existence. Such request shall be in writing. The copy of the minutes or a part thereof shall be made at the expense of the Bank. The copy of the minutes or a part thereof shall be available to the shareholder no later than within sixty days from the date of receipt by the Bank of the shareholder's request, however, not earlier than on the thirtieth day following the end of the General Meeting concerned.

Section 6 Dividend Payment

(1) The shareholder shall be entitled to a proportion of the Bank's profit approved for distribution to the Shareholders by the General Meeting (a dividend) taking into account the Bank's financial results and terms and conditions specified by the generally binding legal regulations.

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

(3) The dividend record date is the same as the record date for a shareholder to be entitled to attend the General Meeting. The right to a dividend shall thus belong to any shareholder owning shares on the seventh calendar day prior to the date of the General Meeting at which the resolution on the dividend payment was adopted. The dividend shall become payable upon expiration of thirty days following the date of the General Meeting at which the resolution on the dividend payment was adopted.

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Odstraněno: If the Board of Directors has decided on registration of the right to receive the dividend in the central register of uncertificated securities, the right to receive the dividend shall apply to such shareholder whose right in this respect is registered with the central registry of uncertificated securities on the thirtieth calendar day following the date of the General Meeting which resolved on the dividend payment.

Odstraněno: which is decisive for origination of the shareholder's right hereunder

(4) The Bank shall pay out the dividends as of the due date of the dividend either:

- a) in cash at the Bank's sales points or
- b) upon shareholder's request, by bank transfer from the Bank's account to the shareholder's or administrator's account (the sole manner of dividend payment to legal entities).

(5) Where dividends are remitted to legal entities by bank transfer, the Bank shall remit the dividends no later than within five working days of receiving the required documents, however, on the dividend due date at the earliest. The required documents shall be as follows: an application for the dividend payment containing the relevant banking details and an updated and certified statement from the Register of Companies (or a similar document evidencing registration with the relevant state authority). The signature of the shareholder's authorised body (or its representative) subscribed at the request for the dividend payment must be authenticated. In addition, if a shareholder is represented by another legal entity or natural person, such representative shall be obliged to deliver certified proxies from all entities so represented with the exception of the security administrator entered on the central record of booked shares, and its updated and certified excerpt from the Register of Companies. If the excerpt from the issuer's register only states the information about the share's administrator, the shareholder shall be obliged to submit a property account statement of the security's owner. The Bank shall not assume responsibility for the accuracy and completeness of the data stated by the shareholder.

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

(7) The right to claim a dividend shall lapse upon expiration of a four-year period following the dividend due date.

(8) The information on the proposed dividend amount and the information about the dividend payment method 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 dividend payment shall be made public by the Board of Directors without undue delay after the general meeting on the Bank's website and on www.londonstockexchange.com.

Odstraněno: Upon the resolution of the General Meeting, the

Odstraněno: shall announce the date when the dividend is payable, and the place, method, and the record date for the dividend payment as specified in Section 39 of the Articles of Association.

Article VI Bodies of the Bank

Section 8 Powers of the General Meeting

It is within the powers of the General Meeting to:

- j) decide on distribution of the profit or other own resources or coverage of the loss, and to determine royalties;

Section 9 Convening the General Meeting

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

(2) The Extraordinary General Meeting shall be held if so requested by the shareholders as specified under Section 5, subsection (8). The Extraordinary General Meeting shall also be held should it be convened by the Board of Directors when urgent matters falling within the authority of the General Meeting need to be dealt with.

(3) The Supervisory Board shall convene the General Meeting if it is in the interest of the Bank. The Supervisory Board shall then submit necessary proposals to the General Meeting.

(4) The General Meeting shall be convened by means of a public notice published in the Commercial Bulletin ("Obchodní věstník"), on the Bank's website www.kb.cz, on the notice board in the Bank's registered office and on the website www.londonstockexchange.com at least thirty days prior to the date of the General Meeting. 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:

Odstraněno: Annual

Odstraněno: Hospodářské noviny,

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- 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, Extraordinary General Meeting or Substitute General Meeting will be held;
- d) agenda of the General Meeting;
- e) record date for participation in the General Meeting, and explanation of its meaning for voting at the General Meeting;
- f) other data required by law.

Should any alteration of the Articles of Association be on the agenda of the General Meeting, the notice of the General Meeting shall either include the draft amended Articles of Association or outline essential aspects of such proposed alterations; and the draft amended Articles of Association must be available to the shareholders in the registered office of the Bank and on the Bank's website www.kb.cz within the time limit specified for the convening of the General Meeting. The shareholders shall be entitled to ask that a copy of the draft amended Articles of Association be sent to them at their own expense and risk. The shareholders must be advised of these rights in the notice of the General Meeting.

Odstraněno: for inspection at least

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

Odstraněno: forty

competent court of justice for an order to authorise the shareholders to convene the Extraordinary General Meeting and to execute any acts associated therewith. The notice of General Meeting shall be made public in the manner specified under Section 9, subsection (4), at least twenty one days prior to the date of the Extraordinary General Meeting. Each item of the proposal contained in the request for the convening of the Extraordinary General Meeting must be accompanied with a justification or with a draft resolution.

Odstraněno: ; care shall be taken to ensure that the shareholders are informed of the Extraordinary General Meeting

Odstraněno: fifteen

(6) Should a substitute General Meeting be convened due to the failure to constitute a quorum at the Regular General Meeting, Section 11, subsection (2) of the Articles of Association shall apply to the process of the convening.

(7) Upon the request of the shareholders specified under Section 5, subsection (8), the Board of Directors shall declare the matter specified by these shareholders to be the subject of the agenda of the General Meeting provided that the proposal is delivered to the Board of Directors no later than 27 days prior to the day of the General Meeting. Should such request be delivered after the publication of the notice of General Meeting, the Board of Directors shall publish an amendment to the agenda of the General Meeting at least seventeen days prior to the date of the General Meeting in the manner stipulated for the convening of the General Meeting by the Commercial Code and the Articles of Association. If such publication is no longer possible, such issue may be included in the agenda of the General Meeting only as specified in the following subsection. Each item stated in the request for the inclusion of a matter in the General Meeting agenda must be accompanied with a justification or with a draft resolution.

Odstraněno: ten

(8) Issues which were not included in the proposed agenda of the General Meeting may be decided only in the presence and with the consent of all shareholders of the Bank.

(9) The Board of Directors shall inform the Supervisory Board and the Audit Committee about the day of the general meeting no later than within the period of time specified by the Commercial Code for a general meeting to be convened.

(10) The General Meeting may be cancelled or postponed. The cancellation or postponement of the General Meeting shall be communicated in the manner stipulated by the Commercial Code and the Articles of Association for the convening of the General Meeting no later than one week prior to the announced date of the General Meeting; otherwise the Bank shall be obliged to reimburse all reasonable expenses of the shareholders who arrived in accordance with the original notice. The General Meeting may only be cancelled by the body of the Bank that convened the same. The Extraordinary General Meeting convened upon request of the shareholders specified under Section 5, subsection (8) may be cancelled or postponed only if the shareholders concerned so request. A new date for the General Meeting shall be determined in accordance with the period of time specified hereunder regarding the convening of the Regular or Extraordinary General Meeting.

Section 10

Proceeding at the General Meeting

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

Odstraněno: on the basis of a proxy

Section 11

Constituting Quorum and Casting Votes at the General Meeting

(2) Should the General Meeting fail to constitute a quorum, the Board of Directors (or the Supervisory Board, should it be the convener of the General Meeting, or shareholders authorised by a court of justice to convene an extraordinary General Meeting in accordance with the Commercial

Court) shall convene a substitute General Meeting. The substitute General Meeting shall be convened by means of a new notice in the manner set out in Section 9, subsection (4) of the Articles of Association; the time limit so specified shall be shortened to fifteen days. The notice of General Meeting must be published no later than within fifteen days of the day for which the original General Meeting was convened. The substitute General Meeting shall be held within six weeks of the date on which the originally convened General Meeting should have been held. The substitute General Meeting so convened shall have the same agenda and shall constitute a quorum irrespective of the provisions of Section 11, subsection (1).

Section 12 Powers of the Supervisory Board

(2) The Supervisory Board shall:

- a) convene an Extraordinary General Meeting when the Bank's interests so require /Section 9, subsection (3)/ and propose the General Meeting necessary measures to be taken;
- b) elect and remove members of the Board of Directors;
- c) approve service contracts with members of the Board of Directors and discretionary compensation provided to members of the Board of Directors, evaluate the performance of the service contracts made with members of the Board of Directors;
- d) examine annual, extraordinary, interim, and consolidated Financial Statements, proposals for the distribution of profit or the coverage of loss, and submit its opinion to the General Meeting;
- e) be entitled to inspect, through any of its members, all documents and records related to the activity of the Bank;
- f) check whether the books and records are maintained properly and give a fair view of the reality and whether the business activities of the Bank are carried on in compliance with the generally binding legal regulations, the Bank's Articles of Association, and resolutions and instructions of the General Meeting;
- g) represent the Bank before court or other authorities in disputes with members of the Board of Directors;
- h) inform the General Meeting of the results of its supervisory activity;
- i) be entitled to restrict the right on the part of the Board of Directors to act on behalf of the Bank, including acting in any single matter; any such restriction, however, shall not be effective against third parties;
- j) discuss the charter and the strategic and periodic plan of the activities of the internal audit;
- k) approve acquisition or disposal of assets in the cases stipulated by law;
- l) examine the report on relations among related entities as provided by the Commercial Code and submit the information on the examination of the report to the general meeting if so required by law;
- m) supervise the functionality and effectiveness of the management and control system and make an evaluation thereof at least once a year;
- n) regularly deliberate over matters relating to the Bank's strategic development;
- o) express itself on the Board of Directors' proposal to appoint (in Czech "pověřit") or to remove Director of Internal Audit;
- p) define the principles of compensation of Director of Internal Audit;
- q) discuss the focus and planning of the activities of the internal audit, evaluate the activities of the internal audit and compliance;
- r) discuss the report on the internal audit activities;
- s) take decisions on other matters that are included in the powers of the Supervisory Board by a generally binding legal regulation or by the Articles of Association.

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g) provide the Board of Directors with its position on the nomination of the auditor;

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Naformátováno: Písmo: Arial, Angličtina (Velká Británie)

Naformátováno: Normální, Zarovnat do bloku, Odsazení: Vlevo: 0 cm, Předšazení: 0,75 cm, Bez odrážek a číslování, Tabulátory: není na 0,89 cm

Naformátováno: Písmo: Arial, Angličtina (Velká Británie)

Naformátováno: Odsazení: Vlevo: 0 cm, Předšazení: 0,75 cm, Bez odrážek a číslování, Tabulátory: není na 0,89 cm

Naformátováno: Písmo: není Kurzíva, Angličtina (Velká Británie)

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Section 15 Meetings of the Supervisory Board

(9) The Chairman or, in his absence, the Vice-Chairman, or, as the case may be, an authorised member of the Supervisory Board may request that members of the Supervisory Board vote remotely either in writing or by means of communication media on condition that all members of the Supervisory

Board agree to do so. The remote voting may be used by the absent members of the Supervisory Board if the Supervisory Board holds a meeting, or by all members of the Supervisory Board if the Supervisory Board does not hold a meeting. All voting members of the Supervisory Board are regarded as present. If the Supervisory Board does not hold a meeting and votes by means of communication media, the voting shall be recorded in minutes. The consent to remote voting must be expressed in the manner which is the same as the manner which may be used for voting under this subsection no later than by the closing of the remote voting. If a member of the Supervisory Board votes remotely, he is deemed to consent to remote voting.

Odstraněno: in advance

Section 18

(12) The Chairman or, in his absence, an authorised member of the Board of Directors may request that members of the Board of Directors vote remotely either in writing or by means of communication media on condition that all members of the Board of Directors agree to do so. The remote voting may be used by the absent members of the Board of Directors if the Board of Directors holds a meeting or by all members of the Board of Directors if the Board of Directors does not hold a meeting. All voting members of the Board of Directors are regarded as present. If the Board of Directors does not hold a meeting and votes by means of communication media, the voting shall be recorded in minutes. The consent to remote voting must be expressed in the manner which is the same as the manner which may be used for voting under this subsection no later than by the closing of the remote voting. If a member of the Board of Directors votes remotely, he is deemed to consent to remote voting.

Odstraněno: in advance

Section 20

Obligations of the Members of the Board of Directors

(5) Furthermore, a member of the Board of Directors must not be at the same time an authorised body or member of an authorised body or a member of the supervisory body of another legal entity which is engaged in business, unless he is a member of an authorised body or the supervisory body of another bank, a foreign bank or a financial institution which are part of the same consolidated group as the bank, of the supervisory body of another legal entity controlled by the bank, of the authorised body or of the supervisory body of an organizer of the regulated market with investment instruments, of a company providing support banking services, of a housing cooperative or of a similar foreign entity.

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Odstraněno: of a financial institution controlled by the Bank or a legal entity entitled to organise the supply and demand for securities or a company providing support banking services pursuant to the Banking Act.

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Section 20a

Position and Terms of Reference of the Audit Committee

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

(2) The Audit Committee shall:

e) recommend the auditor to the Board of Directors,

f) accept and discuss information, communication and declarations with the auditor in accordance with legal regulations; this shall not affect the Board of Directors' authority to discuss the audit report with the auditor;

Section 20f

Duties of the Members of the Audit Committee

(1) Members of the Audit Committee shall have the duty to serve on the Committee with professional care and not to disclose confidential information and facts the disclosure of which to third parties

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might result in a loss to the Bank. This non-disclosure duty continues to apply also after the termination of their service as Audit Committee members.

Odstraněno: The duty to act with due care is subject to the same provisions as those stated in Section 14 (4).

Article VII Audit

Section 21

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

Odstraněno: The Board of Directors shall ask the Supervisory Board for its opinion as to the nomination of an auditor.

Article VIII Financial Management of the Bank

Section 24 The Bank's Accounting Statements

The Board of Directors shall be obliged to submit to the Supervisory Board and to the Audit Committee the quarterly and semi-annual accounting statements forming, as specified by the relevant accounting rules, the Financial Statements of the Bank, i.e. Balance Sheet and Profit and Loss Statement, always within a period of thirty days of the end of the respective calendar quarter or half-year.

Article IX Common, Interim and Closing Provisions

Section 39 Disclosure and Publication Duty

The notice of general meeting shall be published in the manner specified in section 9, subsection (4) of the Articles of Association. Should generally binding legal regulations require that some data be published in the Commercial Bulletin, the Bank shall release the said data therein.

Odstraněno: If publication of certain data is required by the Commercial Code, Part Two, or by the Articles of Association, such data must be published both in the daily *Hospodářské noviny* and on the Bank's official notice board (marked as "Information for shareholders") in the registered office of the Bank. In addition, t

Section 41 Authorities and Responsibilities of the Bank Executive Directors

(1) Pursuant to the Banking Act, the Chief Executive Officer, his Deputy Chief Executive Officers and the Executive Directors of the different Bank Arms specified in the internal regulations of the Bank shall be the Bank executive directors.

Odstraněno: the Commercial Bulletin ("Obchodní věstník")

Odstraněno: and

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

Odstraněno: and those of the executive directors directly subordinated to the above who are responsible for the management of the different Bank Arms specified in the internal regulations

Section 44 Internal Audit

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

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

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