

**GENERAL MEETING OF KOMERČNÍ BANKA, a. s.,
HELD ON 22 APRIL 2016**

DOCUMENT No. 4C

**EXPLANATORY REPORT ON THE DRAFT AMENDMENTS TO THE ARTICLES OF
ASSOCIATION**

Section 4 Shares – Fundamental Provisions

The decision of the general meeting on the share split is a decision on the revision of the Articles of Association that must, as one of their elements, state the number and nominal value of shares. The relevant provision is therefore revised to reflect a share split made at a rate of 5:1 and a decrease in the share nominal value to CZK 100.

Subsection (5) of Section 5 Rights and Obligations of Shareholders

The voting right is, following the share split, attached to a share nominal value of CZK 100.

Subsection (8) of Section 6 Share in Profit and Subsection (4) of Section 10 Convening the General Meeting

In connection with the cancellation of the listing of the Global Depository Receipts on the 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. Komerční banka will, nevertheless, continue to post important information on the said website voluntarily, as it is used by news agencies and institutional investors.

Subsection (6) of Section 17 Supervisory Board Committees, and leaving out Section 22 through to Section 27

For practical reasons, it is proposed leaving out the provisions dealing with the Audit Committee from the Articles of Association only keeping the information on its existence and the minimum number of its members; its terms of reference, composition, meetings and decision-making method will be treated by the committee charter.

The amendments to Act No. 93/2009 Sb., the Auditors Act as Amended, cancel the statutory provisions determining the Audit Committee as a body of the company. The law does not further specify the Audit Committee status saying (unless it is a body of the company) whether it must be an independent committee or a committee of the Supervisory Board.

The other committees (i.e., the Risk Committee, the Nominations Committee and the Remuneration Committee) are also not bodies of Komerční banka, and Annex 2 to CNB Decree No. 163/2014 on the performance of the activity of banks, credit unions and investment firms says that they are 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), it is proposed that the Audit Committee would have the status of a Supervisory Board committee.

Members of the Audit Committee will continue to be elected and removed by the General Meeting, which will also approve their contracts of service. The terms of reference, composition and decision-making arrangements of the Audit Committee remain unchanged and are left to be defined by the committee charter, which is part of the powers of the Supervisory Board and left out from the Articles of Association.



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Section 39 Closing Provisions

The share split is a fact which is entered in the Register of Companies. Pursuant to Act No. 90/2012 Sb. the Companies and Cooperatives Act (Ss. 342 and 431), the share split only takes effect when the change is entered in the Register of Companies.