

Articles of Association of Česká spořitelna, a.s.

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PART I - GENERAL PROVISIONS

Article 1

Business Name and Registered Office of the Company

1. Česká spořitelna, a.s. ("Company") is the Company's business name.
2. The Company's registered office is at Praha 4, Olbrachtova 1929/62, postal code 140 00.
3. The Company's identification number (IČO) is 45 24 47 82.
4. The Company's website is available at www.csas.cz.
5. The Company chooses to be governed entirely by Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the Corporations Act).

Article 2

Incorporation

1. The Company is a legal entity, founded by a single action by the National Property Fund of the Czech Republic by way of a Founder's Deed of December 27, 1991, pursuant to the provision of section 15 *et seq.* of Act No. 104 /1990 Coll. The Company was incorporated on December 30, 1991, i.e. the date on which it was entered in the Company Register maintained by the Municipal Court in Prague, Section B, file No. 1171.
2. The Company is incorporated in perpetuity. The Company performs its activities through its headquarters, regional or other branch offices as determined by the Company's organizational regulations. The Company's branch offices, which are specified in its organizational regulations, are entered in the Company Register as branch establishments.
3. The Company's headquarters acts primarily as a managing, co-ordinating methodological centre, as well as a founder of investment funds and/or other subsidiary companies.
4. The Company's regional offices are basic executive business units whose powers are set forth in the Company's organizational regulations and in the operational guidelines. Local branches are an integral part of the Company's regional offices.

Article 3

Company's Business

The Company's business includes the activities specified in the Banking Act in Section 1(1) letters

- a) accepting deposits from clients,
- b) granting loans,
- c) the activities specified in the Banking Act in Section 1(3) letters:
 - ca) investing in securities on the Company's own account,
 - cb) providing financial leasing,

- cc) managing a payment system and clearing,
- cd) issuing and managing payment instruments,
- ce) providing guarantees,
- cf) opening Letters of Credits,
- cg) collecting payments,
- ch) providing investment services, which include:
 - principal investment services pursuant to Section 8 (2a) of Act No. 591/1992 Coll., on Securities, as amended ("Securities Act"), i.e. accepting and issuing orders relating to investment instruments on a client's account, in relation to the investment instruments specified in Section 8a (1a-g) of the Securities Act,
 - principal investment services pursuant to Section 8 (2b) of the Securities Act, i.e. executing orders relating to investment instruments on another person's account, in relation to the investment instruments specified in Section 8a (1a-g) of the Securities Act,
 - principal investment services pursuant to Section 8 (2c) of the Securities Act, i.e. trading in investment instruments on the Company's own account, in relation to the investment instruments specified in Section 8a (1a-g) of the Securities Act,
 - principal investment services pursuant to Section 8 (2d) of the Securities Act, i.e. managing individual portfolios at one's own discretion as part of a contractual arrangement with a client, if the portfolio comprises one or more investment instruments, in relation to the investment instruments specified in Section 8a (1a-g) of the Securities Act,
 - principal investment services pursuant to Section 8 (2e) of the Securities Act, i.e. subscribing to or placing issues of investment instruments, in relation to the investment instruments specified in Section 8a (1a-g) of the Securities Act,
 - supplementary investment services pursuant to Section 8 (3a) of the Securities Act, i.e. keeping in custody and managing one or more investment instruments, in relation to the investment instruments specified in Section 8a (1a-g) of the Securities Act,
 - supplementary investment services pursuant to Section 8 (3b) of the Securities Act, i.e. renting safe deposit boxes,
 - supplementary investment services pursuant to Section 8 (3d) of the Securities Act, i.e. consulting services pertaining to capital structures, industrial strategy and related aspects, as well as providing advice and services relating to corporate mergers and acquisitions,
 - supplementary investment services pursuant to Section 8 (3e) of the Securities Act, i.e. providing services relating to the issue of securities pursuant to Paragraph 2e of the Securities Act, in relation to the investment instruments specified in Section 8a (1a-g) of the Securities Act,
 - supplementary investment services pursuant to Section 8 (3f) of the Securities Act, i.e. consulting services pertaining to investing in investment instruments, in relation to the investment instruments specified in Section 8a (1a-g) of the Securities Act,
 - supplementary investment services pursuant to Section 8 (3g) of the Securities Act, i.e. foreign exchange transactions related to the provided investment services,
- d) issuing mortgage bonds,
- e) providing financial brokerage services,
- f) providing depository services,
- g) providing exchange office services (purchase of foreign currency),
- h) providing banking information,
- i) trading on the Company's own account or a client's account in a foreign currency and in gold,
- j) renting safe deposit boxes,
- k) carrying on business activities that directly relate to the activities stipulated in the Company's banking license;
- l) the activities specified in Section 74(1) of the [Act No. 427/2011 Coll.](#), the Supplementary Pension Savings Act;
 - carrying on business activities leading to the opportunity of parties interested in taking up additional pension savings schemes to enter into an additional pension savings agreement,
 - entering into additional pension savings agreements on behalf of and on the account of a pension company.

PART II - REGISTERED CAPITAL, SHARES, SHAREHOLDERS

Article 4 Amount of the Registered Capital

1. The Company's registered capital amounts to CZK 15,200,000,000 (in words: fifteen billion two hundred

million Czech koruna) and is divided into:

- a) 140,788,787 registered shares with the nominal value of CZK 100 per share,
 - b) 11,211,213 registered preference shares with the nominal value of CZK 100 per share.
2. The registered capital was fully paid up.

Article 5 Shares and Bonds

1. Shares in the Company are issued as book-entry securities. One vote is attached to each share. The total number of votes in the Company is 140,788,787.
2. The Company may issue shares to which a voting right is attached only in the form of book-entry shares.
3. Registered preference shares issued by the Company are transferable to a limited extent. These shares can be transferred to towns and municipalities of the Czech Republic. Subject to the Board of Directors consent, registered preference shares can be transferred to parties other than cities and municipalities of the Czech Republic.
4. A preference right to a dividend is attached to preference shares. The holder of a preference share is entitled to a dividend if, depending on the annual or extraordinary financial statements, such dividend has been approved by the General Meeting for distribution in the form of a dividend attributable to preference shares. The portion to be paid to the holder of preference shares will be determined as a ratio of the nominal value of the shareholder's shares to the nominal value of the shares of all shareholders holding these shares. The holder of a preference share is entitled to a preference dividend each year in which the General Meeting has decided to distribute profit, even though the General Meeting may have decided that no dividend would be paid to holders of other classes of shares in the particular year.
5. The right to vote at the General Meeting is not attached to preference shares. Holders of preference shares have all the other rights attached to shares.
6. Subject to a resolution of the General Meeting, the Company may issue bonds to which a right to their conversion into Company's shares (convertible bonds) or to preferential subscription for shares (preference bonds) is attached. The issuance of such bonds is subject to an increase of the registered capital unless, as far as the convertible bonds are concerned, it is subject to the conversion for an already-issued shares in the Company. The resolution of the General Meeting on the issue of convertible bonds or preference bonds shall also specify rules under which they are to be issued as well as the rights to be attached to them.

Article 6 Shareholders

1. The list of shareholders shall be replaced by a register of book-entry securities maintained under special legal provisions to the extent required by law.
2. If a General Meeting's resolution is to take the form of a notarial deed, shareholders are required to express their will and exercise their rights at and in relation to the General Meeting in such a manner that the former and latter is capable of being documented in a notarial deed pursuant to applicable notarial rules.

PART III - GOVERNING BODIES OF THE COMPANY AND THEIR POWERS

Article 7 Company's Bodies

1. The Company chooses to have a two-tier internal structure.
2. The Company's bodies are as follows:
 - a) General Meeting,
 - b) Supervisory Board,
 - c) Audit Committee,
 - d) Board of Directors.

Article 8 General Meeting Status and Powers

1. The General Meeting is the Company's supreme body.
2. The powers of the General Meeting include taking decisions on all matters which the law or these Articles of Association entrust to the competence of the General Meeting.

Article 9
General Meeting
Convening, Voting, Passing Resolutions

1. The General Meeting is held at least once per accounting period and no later than within four months after the end of the previous accounting period.
2. The party convening the General Meeting is required to ensure that an invitation to the General Meeting is posted on the Company's website at least 30 days before the General Meeting is held and, at the same time, to send the invitation, at least 30 days before the General Meeting is held, to those shareholders to the benefit of whom shares are registered in the book-entry securities register as of midnight on the 37th day preceding the date of the General Meeting, to their office or residence address listed in the book-entry securities register. The decisive day for one's entitlement to participate in the General Meeting is one day prior to seven (7) days before the General Meeting is to be convened.
3. At the General Meeting, shareholders may exercise their rights either in person, via their proxies or via an administrator registered in the investment instrument registry or via any other party authorized to exercise rights attached to shares in line with the registration in such registry. A proxy representing a shareholder on the basis of a power of attorney is obliged to present the written power of attorney stipulating the extent of his/her authorization before the General Meeting is opened. The signature of the represented shareholder on the power of attorney must be officially authenticated. A shareholder who is a legal entity is also obliged to present an up-to-date extract from the Company Register or authenticated output from a public administration's information system – the Company Register or other register specified by the law (this applies to parties which are not registered in the Company Register). Proxies whose right to represent a shareholder is based on any fact other than the power of attorney are required to document such fact. A shareholder's proxy may not be a Director/Officer (i.e., a Director, member of the Board of Directors or the Supervisory Board or the Audit Committee).
4. The General Meeting is attended by members of the Board of Directors/Officers, members of the Supervisory Board and members of the Audit Committee. The Board of Directors is obliged to ensure organization of due course of the General Meeting.
5. The party convening the General Meeting or a person appointed by such party to preside over the General Meeting until the Chairman of the General Meeting is elected (the "convenor") will familiarize the General Meeting with the nominations proposed by the convenor for the bodies of the General Meeting. Such proposal is first voted on en bloc. If the convenor's proposal is not approved *en bloc*, the individual candidates are voted for separately. Shareholders may propose other candidates until the voting on the first nomination commences. First, the motion made by the convenor is put to a vote. If this motion does not pass, the other motions made by the shareholders are put to a vote according to the descending order of the number of votes of the particular shareholder. Should any of the candidates fail to obtain the required majority, the candidate obtaining the most votes is elected. Until the scrutinizers are elected, the votes are counted by persons authorized by the convenor to do so. If the minutes clerk, minutes verifier or the scrutinizer are not elected, the convenor will appoint them. The General Meeting may decide that one and the same person both chairs the General Meeting and verifies the minutes therefrom or, as the case may be, that the Chairman of the General Meeting counts the votes, unless doing so jeopardizes the due course of the General Meeting.
6. Voting at the General Meeting takes place via ballot cards; the details are determined by the General Meeting's rules of procedure as approved by the General Meeting.
7. When the General Meeting is held, motions made by the person(s) who convened the General Meeting are the first ones to be put to a vote, and if convened at someone's request, the General Meeting puts those motions first which were made by the requesting party. If the motion passes, other counter-motions related to the same matter are not put to a vote. If the motion does not pass, the motions made by other attending shareholders are put to a vote according to the descending order of the number of votes of these shareholders.
8. The General Meeting passes resolutions by a majority vote of the attending shareholders, unless the law requires a different majority.
9. If the General Meeting fails to constitute a quorum within one hour from the time scheduled for opening the General Meeting, the convenor will announce this fact to the General Meeting and the Board of Directors will convene, if still necessary, a substitute General Meeting.
10. Where the law or these Articles of Association require a notarial deed for a resolution to be taken by the

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General Meeting or require a certain fact to be officially authenticated or that another notarial act must be carried out, the Board of Directors will ensure that these acts are made and, if necessary, that a notary public is present and provided with all support. The Board of Directors is required to do so where a notarial deed is to be made for resolutions taken by the General Meeting even if the form of notarial deed is not required by the law or the Articles of Association.

11. General Meetings are held in Czech. The Company is required to ensure that Czech is interpreted into English and vice versa.

Article 10 Supervisory Board Status and Powers

1. The Supervisory Board oversees how the Board of Directors exercises its powers and how the Company operations are conducted.
2. The Supervisory Board consists of nine (9) members elected and removed by the General Meeting.
3. Subject to the terms and conditions outlined below, Company employees may elect candidates for up to three members of the Supervisory Board ("candidates"); the Board of Directors is the party in charge of imposing the conditions and ensuring the organization of the elections.
4. Employees elect their candidates to serve on the Supervisory Board using the procedure prescribed by an internal regulation issued by the Board of Directors subject to discussion with the Company's trade unions ("Election Rules"). The Board of Directors will determine the following in the Election Rules, without limitation:
 - a) who is to nominate, and under what conditions, the individuals who are to be elected as candidates,
 - b) who can be elected a candidate for the position of a Supervisory Board member,
 - c) who may vote to elect the candidates,
 - d) how the election is to take place,
 - e) who is to be the scrutinizer,
 - f) how the winners are to be determined, and
 - g) how employees can suggest to remove a candidate who was elected a Supervisory Board member.
5. The Board of Directors is required to hold such elections at all times when at least one Supervisory Board member elected by the General Meeting from the candidates cease, or are about to cease, to serve as Supervisory Board member. In that case, the Board of Directors will announce the election and make available the up-to-date version of the Election Rules on the Company's website. The Board of Directors may not change the Election Rules pending the election (from the date the election is announced to the date it is completed).
6. If the employees elect their candidate(s) and the election is in line with the Articles of Association and the Election Rules, the Board of Directors is required to include the election of Supervisory Board members on the agenda of the next General Meeting and to nominate the elected candidates to serve as Supervisory Board members. The Board of Directors is not required to nominate an elected candidate if said candidate fails to comply with the requirements for serving as a Supervisory Board member, if the Articles of Association or the Election Rules were breached in the election or if electing said candidate as a Supervisory Board member would conflict with an important interest of the Company. Should the Board of Directors refuse to nominate a candidate for any of the reasons outlined above, it will nominate the candidate who is next in order depending on the number of votes. If no candidate is elected in accordance with the rules of elections contained in the Articles of Association and in the Election Rules, the Board of Directors may include the election of member of the Supervisory Board on the agenda of the next General Meeting and to nominate a candidate, which the Board of Directors will choose after discussion with the trade unions.
7. The Company bears all costs for holding such elections.
8. If parties which are authorized to do so under the Election Rules propose that a candidate elected as a Supervisory Board member be removed from serving as a Supervisory Board member, the Board of Directors is required to include a proposal to remove such member in the agenda of the next General Meeting but only if a new candidate elected in line with the Election Rules and the Articles of Association will be nominated at the General Meeting to replace the candidate who is to be removed.
9. Supervisory Board members who were, in line with the law applicable until 31 December 2013, elected directly by Company employees are, as of 1 January 2014, deemed to be Supervisory Board members elected by the General Meeting from among the candidates.
10. The term of a Supervisory Board member's service is four (4) years. The Supervisory Board elects its Chairman and Vice-Chairman. Any member of the Supervisory Board may resign from office unless the

resignation would take place at a time inconvenient for the Company. The resignation must be made in writing and delivered to the Supervisory Board (to the address of the Company's registered office). The resigning Supervisory Board member ceases to serve as a Supervisory Board member upon the expiry of one month from the delivery of the resignation notice to the Company, unless the Supervisory Board approves a different end of the Supervisory Board member's service upon the resigning member's request.

11. Unless the number of members of the Supervisory Board elected by the General Meeting falls below one half, the Supervisory Board may appoint substitute members until the next General Meeting. The General Meeting may elect substitute members who will start serving in the vacant positions of Supervisory Board members in accordance with the determined order. Members of the Supervisory Board may be re-elected.
12. The Supervisory Board carries out and fulfils tasks assigned to it by the law or these Articles of Association. In particular, the competence of the Supervisory Board is to:
 - a) convene the General Meeting, if the law so provides,
 - b) submit its comments, recommendations, proposals for decisions to the General Meeting and to the Board of Directors,
 - c) present proposals for changes of, and amendments to, the Company's Articles of Association at the General Meeting,
 - d) inform the General Meeting about the results of its controlling and other activities, and the Supervisory Board is entitled to include its proposals in the agenda of the General Meeting,
 - e) elect and recall members of the Board of Directors, recommend candidates to the Board of Directors for the posts of Chairman of the Board of Directors and the Vice-Chairman of the Board of Directors. Any Supervisory Board member may submit a proposal to elect or remove the members of the Board of Directors,
 - f) approve service contracts to be entered into between the Company and the members of the Board of Directors and the compensation to be paid by the Company to the members of the Board of Directors.
 - g) restrict the right of the Board of Directors to act on behalf of the Company; however, this restriction is not effective in relation to third parties,
 - h) review how the powers of the Board of Directors have been exercised,
 - i) represent the Company in relation to the members of the Board of Directors in proceedings conducted before courts or other authorities,
 - j) regularly discuss matters related to strategic development business performance and results of the activity of the Company and regulation of risks to which the Company is or could be exposed,
 - k) evaluate the principles of the Company's business policy,
 - l) take part in reviewing strategic and financial management, risk management and compliance,
 - m) participate in directing, planning and evaluating the Internal Audit's activities,
 - n) decide to adopt measures feasible to remedy detected shortcomings,
 - o) oversee and assure the overall functionality and effectiveness of the Company's management and control system and perform an evaluation at least once a year,
 - p) oversee and assure the fulfillment of the approved strategies including risk management strategy, the integrity of accounting systems and financial reporting including the reliability of the internal financial control system and other internal control mechanisms, adhering to legal obligations and relevant company standards, adequacy of communication system and publishing the company information,
 - q) inform the Czech National Bank without delay in such cases as specified by a special act,
 - qr) review relationships reports;
- r) review regular, extraordinary, consolidated or interim financial statements and proposals for profit distribution (including the determination of shares in the profit, dividend amounts and the manner of their payments) or loss coverage, and present their positions to the General Meeting,
- s) approve and regularly evaluate the Company's general remuneration principles (the Supervisory Board is responsible for implementing and applying the stated principles);
- t) system,
- u) review the reports on the Company's business performance,
- uv) inspect the records, accounts, business books and other Company documents at any time,
- vw) give its preliminary comments on the following:
 - utilization of the reserve fund,
- allocation of building investments which – individually according to the plan of investments – are to exceed CZK 200 million,

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- proposals to appoint or remove persons to serve as risk, compliance and internal audit managers, without the consent of the Supervisory Board it is not possible to remove persons from these positions.
- ▲ - proposal of the Board of Directors for the terms and conditions of issue of bonds to be carried out pursuant to Article 5 (6) hereof,
 - strategic concept of the Company's business activities and development,
 - intention (project) involving the acquisition of tangible or intangible assets by the Company which exceed CZK 150 million,
 - any action whereunder the title to the Company's assets are to be transferred to other entities, provided the value of such assets, as per an expert's opinion or market price evaluation, exceeds CZK 30 million per item,
 - any action to exercise a pledge whose price is higher than CZK 100 million at the time of execution of the loan agreement, if the expected liquidation price is lower than 50% of the price of the pledge established at the time of execution of the loan agreement,
 - proposals to execute active transactions exceeding the amount determined by the respective resolution of the Supervisory Board,
 - mid-term and annual planning instruments of the Company,
 - simplified quarterly and mid-year evaluation reports on the Company,
 - proposals for any amendments to the Articles of Association,
- selection of an audit company to ensure tasks required by the Company according to these Articles of Association (Article 16 (3)).
 - rise of the Company's capital participation in subsidiaries and changes/ termination thereof,
 - Articles of Association and rules of subsidiaries and amendments thereto which have effect on the power of the governing bodies of the subsidiaries and on the amount of the Company's business share in the registered capital of its subsidiaries,
 - decisions on actions which are beyond the scope of the business activities stated in Article 3 hereof,
 - the agenda of the General Meeting proposed by the Board of Directors,
- wx) oversee the following:
 - whether the accounts and records are kept properly in terms of whether they provide a true and up-to-date picture of the Company's business operations and in line with generally binding legal regulations, the Company's Articles of Association and the resolutions and instructions of the General Meeting,
 - exercise of the rights of ownership in legal entities in which the Company holds a shareholding,
 - observance of the generally binding legal regulations within the Company, including observance of these Articles of Association and the resolutions of the General Meeting and whether they comply with the law,
- xy) set up other committees from among its members and to determine, through its own resolution, the area of their activities.
- z) propose an audit company to ensure tasks required by the Company according to these Articles of Association (Article 16 (3)).

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Article 11

Supervisory Board

Decision-making of the Supervisory Board

1. The Supervisory Board holds its meeting at least four times a year. The meeting of the Supervisory Board is convened by its Chairman or, in his/her absence, by the Vice-Chairman or, in the absence of both, by the eldest member of the Supervisory Board, by giving a predominantly online notice where he/she states the place and date and time of the meeting and the agenda. The Chairman may charge any of the members of the supervisory Supervisory Board with convening the Supervisory Board meeting. The Supervisory Board can also be convened by a resolution adopted at its preceding meeting. The Chairman is obliged to convene a meeting of the Supervisory Board whenever any of the members of the Supervisory Board or the Board of Directors requests him/her to do so, provided that an urgent reason for convention thereof is stated at the same time.
2. Supervisory Board meetings are presided over by its Chairman or Vice-Chairman or an appointed member of the Supervisory Board or, in their absence, the eldest attending member of the Supervisory Board. The Supervisory Board may also, at its own discretion, invite other persons to its meetings.
3. The Supervisory Board constitutes a quorum only if more than a half of its members are in attendance at the meeting. The Supervisory Board passes decisions in the form of resolutions, the adoption of which requires a

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majority of votes of the Supervisory Board members. If so agreed by all members of the Supervisory Board, the Supervisory Board may also adopt resolutions by vote in writing or via telecommunications outside the Supervisory Board meeting (e.g. roll-call resolution of all members of the Supervisory Board, individual members in writing, through videoconference, teleconference), in which case all the members voting are considered present. ~~Election or removal of a Director is carried out by public voting (show of hands) at the Supervisory Board meeting; an agreement to vote in writing or via telecommunications is not admissible in this case.~~

4. Minutes shall be drawn up on the proceedings at the Supervisory Board meeting as well as on voting outside the Supervisory Board meeting; the particulars thereof are stipulated by the law. Minutes shall be circulated to the Supervisory Board members, to persons specified by the Supervisory Board and to the Chairman of the Board of Directors. Details on the procedural aspects of the Supervisory Board meetings shall be set forth in the rules of procedure.
5. The Chairman of the Supervisory Board is responsible for organizational matters related to the meeting and decision-making of the Supervisory Board, including the vote outside the Supervisory Board meeting and execution of resolutions adopted by the Supervisory Board. The costs incurred in connection with the activity of the Supervisory Board are borne by the Company.

Article 12

The Audit Committee

Status, Powers and Decision Making of the Audit Committee

1. The Audit Committee is a Company's body. The Audit Committee is responsible for fulfilling the tasks assigned to it by law or these Articles of Association. In particular, the Audit Committee is responsible for:
 - a) monitoring ~~how financial statements and consolidated financial statements are drafted,~~
 - b) ~~reviewing the effectivity of internal inspection efficiency, control, risk management system and,~~ monitoring the effectivity of internal audit and ensuring its functional independence; the internal audit is functionally subordinated to the Audit Committee.
 - c) monitoring ~~how the process of compilation of the annual and consolidated financial statements are audited (this applies to mandatory audits),~~
 - d) ~~reviewing and monitoring recommending the auditor to the Supervisory Board, with such recommendation to be duly reasoned,~~
 - e) reviewing the independence of the statutory auditor and the auditing firm and in particular the provision of additional services to the audited entity,
 - e) ~~recommending the auditor to the Supervisory Board, with such recommendation to be duly reasoned. The Audit Committee submits a report on its activity to the General Meeting.~~
 - f) monitoring the mandatory audit process.
2. The Audit Committee consists of ~~four (4) members~~ five (5) members. The General Meeting nominate members of the Audit Committee from the non-executive members of the Supervisory Board or the third persons. The term of office of an Audit Committee member is four (4) years. The Audit Committee elects its Chairman and Vice-Chairman. The Chairman of the Audit Committee must be independent. The majority of members of the Audit Committee must be independent and professionally qualified. When voting on the election or dismissal of the Chairman or Vice-Chairman, the person concerned does not vote. A member of the Audit Committee may resign by delivering a written resignation notice to the Company, unless the resignation takes place at a time inconvenient for the Company. The resigning Audit Committee member ceases to serve as an Audit Committee member upon the expiry of one month from the delivery of the notice to the Company, unless the Audit Committee approves a different end of the Audit Committee member's service upon the resigning member's request. In the event that the number of members elected by the General Meeting falls below one half, the Audit Committee's function shall be executed by the Supervisory Board.
3. The decision-making by the Audit Committee is, per analogiam, subject to the provisions of these Articles of Association applicable to the Supervisory Board's decision-making.
4. The costs incurred in connection with the activity of the Audit Committee are borne by the Company.

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Article 13

The Board of Directors

Status and Powers

1. The Board of Directors is the governing body in charge of and responsible for representing and managing the

operations of the Company. The Board of Directors decides on all aspects regarding the Company, with the exception of those which, pursuant to the law or these Articles of Association, fall within the powers and authority of the General Meeting or the Supervisory Board or the Audit Committee or another Company's body. The Board of Directors shall make sure that the Supervisory Board, its committees and the Audit Committee can exercise their powers in accordance with the law and with these Articles of Association.

2. The Board of Directors is the Company's governing body in charge of and responsible for the business management of the Company and representing the Company in all matters. The Board of Directors is responsible for ensuring the smooth performance of activities and of continuous operation of the Company on financial market in accordance with the subject and plan of the activity of the Company.
3. Where acting on behalf of the Company takes written form, two members of the Board of Directors are required to act and sign on behalf of the Company jointly; otherwise, each Director member of the Board of Directors acts on behalf of the Company independently. Members of the Board of Directors sign written acts by affixing their signatures to the business name of the Company.
4. The Board of Directors has five (5) Directors, six (6) members. With regard to recommendations of the Supervisory Board, members of the Board of Directors elect the Chairman and Vice-Chairman from among their rank. The Chairman of the Board of Directors represents the Company in public. The Vice-Chairman substitutes for the Chairman during his/her absence.
5. The term of a Director's service of a member of the board Board of Directors is four (4) years. Members of the Board of Directors may be re-elected. A Director member of the Board of Directors may resign by delivering a written resignation notice to the Supervisory Board (to the address of the Company's registered office) unless the resignation takes place at a time inconvenient for the Company. The resigning Director member of the Board of Directors ceases to serve as a Director member of the Board of Directors upon the expiry of one month from the delivery of the resignation notice to the Company, unless the Supervisory Board approves a different end of the Board member's service upon request of the resigning Director's request member of the Board of Directors.
6. The Board of Directors submits the following documents: The Board of Directors is obliged to submit for approval to the General Meeting, which is held no later than within four months following the end of the accounting period, annual financial statement, proposal for profit distribution or loss coverage. The Board of Directors is also obliged to submit to the General Meeting, which is held no later than within four months following the end of the accounting period: annual financial statements, proposals for profit distribution/loss coverage and, for information, reports on the Company's business performance and state of its assets, the latter always being part of the annual report prepared under a special legal provision. Extraordinary or interim financial statements are presented at the Board of Directors submit to the General Meeting.
7. The Board of Directors is required to:
 - a) submit for review to the Supervisory Board and to the Audit Committee or, where appropriate, to their members and committees, any proposals, reports, information, documents and records related to the Company's operations as designated by these bodies by their resolution,
 - b) inform the Supervisory Board and the Audit Committee without unnecessary delay about all material facts that could individually or in mutual correlation negatively affect the Company's business, property or financial liquidity,
 - c) submit to the Supervisory Board and to the Audit Committee other documents if the law or these Articles of Association determine so or if the Supervisory Board or the Audit Committee so requests,
 - d) request a preliminary opinion of the committee established by the Supervisory Board in cases expressly specified by the resolution of the Supervisory Board.
8. The Board of Directors is responsible for establishing, maintaining and evaluating a well-functioning and effective management and control system in the Company, whether entirely or in parts.
9. As regards the management and control system, the Board of Directors is further responsible for:
 - a) drafting, approval and regular assessment of
 - the Company's global strategy, including sufficiently specific policies and targets for its fulfilment, and detailed procedures for meeting them,
 - organizational structure,
 - HR management strategy,
 - risk management strategy, including risks following from the macroeconomic environment in which the Company operates and also in relation to the business cycle,
 - capital and capital conditions strategy (at least once a year, the Board of Directors makes a

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comprehensive and sufficient assessment of the internal system used to determine capital),

- development strategy for information and communications systems,
- principles of the internal inspection system, including principles of preventing potential conflicts of interest, compliance principles and internal audit principles,
- principles of security, including principles ~~relating to security of~~ information ~~systems and communication system~~,
 - limit systems, including overall accepted amount of risk and, if applicable, internally determined circumspection reserves and surcharges,
 - accepted amounts of risks and other limits broken down into credit risks, transaction risks, market concentration risks, over leverage risks and liquidity risks,
 - definition and principles of the internal cost allocation and internal price system considered within the risk management system and the system of internally determined capital,
 - definition and principles of approach to usage of outsourcing,
 - definition and principles for approach to transactions with parties engaged in operations or services similar to banking operations which are not subject to supervision,
 - definition and principles for approach to transactions involving (or potentially involving), whether directly or indirectly, an insufficiently transparent or otherwise potentially risky party or geographical territory,
 - definition and principles for approach to non-standard transactions,

b) ensuring that all the Company's employees understand their role in the Management and Control System ("MCS") and that they take a proactive part in the MCS, (for ensuring this requirement also serve influencing the corporate culture by conduct of the Board of Directors and its members and the internal communication system of the Company).

c) MCS compliance with legislation, including ensuring activities are performed with professional diligence, adjustment, maintenance and application of MCS to ensure information and communication is sufficient for performing the Company's activities,

d) provision of appropriate and sufficient capacities for the performance of the Company's activities, particularly for the significant risk management, capital and liquidity, financial management, accounting, valuation, use of external ratings and internal models for risk management.

9. e) ensuring the integrity of accounting systems and financial reporting,

f) ensuring reliability of the internal financial control system and other internal control mechanisms,

g) ensuring that all employees have been acquainted with and observe the relevant internal regulations,

eh) enforcing appropriate administrative and accounting procedures,

fi) approval and regular assessment of the adopted organisational structure, which shall – among other things – clearly define the responsibilities and powers of individual units, employees and committees, and enable effective communication and cooperation at all Company levels. The organisational structure shall take into account requirements for separating incompatible functions and for preventing potential conflicts of interest,

gj) adoption of principles for managing human resources, including principles for recruiting, remunerating, assessing and motivating employees in line with the approved remuneration system. These principles shall also include a requirement that all activities, including the activities of the Company's bodies and committees, are performed by qualified employees with relevant knowledge and experience; determination of the requirements for knowledge and experience of persons through whom the performance of the Company's activities is ensured; manner of proving the knowledge and experience required and procedures for examining whether the knowledge and experience of these persons continues to be up-to-date and adequate to the extent, nature and complexity of the activities they perform,

hk) endorsement of high level ethics and moral integrity among employees of the Company. To do so, the Board of Directors shall specify the rules clearly defining ethical principles and preferred models of proper conduct of the Company's employees in accordance with these rules and their enforcement,

il) approval of new products, operations and systems,

jm) approval of the status and the subject of risk management function, compliance ~~function and internal audit~~ function, including the staffing and technical issues required therefor.

The Board of Directors reviews and assesses the overall functionality and efficiency of MCS and remedies shortcomings, if any, with such review and assessment to take place upon every substantial change in the Company, but at least once per year.

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Article 14

**Board of Directors
Decision-Making**

1. The Board of Directors holds its meetings as necessary, but at least twice a month. A Board meeting is convened by the Chairman or the Vice-Chairman predominantly by a online invitation indicating the venue, date and hour of the meeting and its agenda. A Board meeting may also be convened by a resolution adopted at the preceding meeting. Subject to the consent of all members of the Board of Directors, a meeting may also be convened in another form. As a rule, a Director member of the Board of Directors performs his/her duties and responsibilities at the Board meeting. Members of the Board of Directors may invite to the meeting members of the Supervisory Board or the Audit Committee or other persons whose responsibilities relate to the meeting's agenda.
2. The Chairman convenes a Board meeting whenever a Director member of the Board of Directors or the Supervisory Board requests so in writing, stating purpose and its agenda, and shall do so within 7 days from the date of receiving such a request. The Chairman of the Board of Directors is obliged to include in the agenda a discussion on any topic suggested by the Supervisory Board.
3. A Meeting of the Board meeting of the Directors is chaired by its Chairman or, in his/her absence, by the Vice-Chairman, and in the absence of the latter by an appointed Director member of the Board of Directors. Details related to meetings of the Board of Directors shall be set forth by the Board of Directors in the Rules of Procedures.
4. The Board of Directors constitutes a quorum only if more than half of the Directors sits members are in attendance at the meeting. The Board of Directors passes decisions in the form of resolutions, the adoption of which requires a majority of votes of the members of the Board of Directors. The Board of Directors may adopt a resolution by vote in writing or via communication media outside the board Board meeting (e.g. all members of the Board of Directors per rollam, individual members in writing, through videoconference, teleconference); such voting members are deemed to be present.
5. If a Director member of the Board of Directors holds the opinion that a resolution of the Board of Directors contravenes these Articles of Association or the generally binding legal regulations or jeopardises the interests of the Company, and if the Board of Directors refuses to revise its resolution, then such Director member of the Board of Directors may request the Chairman of the Board of Directors or, in his/her absence, the Vice-Chairman of the Board of Directors, to invite the Supervisory Board to a joint discussion about the disputable resolution. In the event this does not occur, then the Director member of the Board of Directors is entitled to address his/her objection directly to the Supervisory Board.
6. Minutes are made on the course of Board meetings, on voting outside the Board meetings and on adopted resolutions, with such minutes to be in compliance with the requirements imposed by law. The minutes are sent to all members of the Board of Directors and persons designated by the Board of Directors or by the Supervisory Board.
7. The Chairman of the Board of Directors is in charge of organisational matters related to the sessions of the Board of Directors and resolutions adopted by it, including voting outside a Board meeting of the Board of Directors. Costs incurred in connection with the activities of the Board of Directors are borne by the Company.
8. The Chairman of the Board of Directors may use the title chief executive officer Chief Executive Officer (CEO), the Vice-Chairman of the Board of Directors may use the title first deputy chief executive officer First Deputy Chief Executive Officer, and the other members of the Board of Directors may use the title deputy chief executive officer Deputy Chief Executive Officer.

Article 15

Powers and Responsibilities of Employees

1. In accordance with the Banking Act, the members Members of the Board of Directors are the bank's senior staff (top managers). The senior staff are in charge of organizational units and/or organizational segments according to their authorization by the Board of Directors and perform other activities under the Company's internal regulations.
2. The senior staff has powers corresponding to the operations of the unit which they manage as specified in the Company's organisational regulations, unless some of these powers have been reserved by their superior officers. Other employees, including employees entrusted with executing banking business transactions, have such powers and responsibilities which pertain to the job they perform in accordance with their official position and authorisation and with the instructions given by the managers they directly report to. Their specific powers and responsibilities, including responsibilities for business transactions, are set forth by legal provisions, organisational and other internal regulations of the Company and in their individual job

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descriptions.

3. Employees of the Company are entitled to act and take actions on behalf of the Company which pertain to the tasks assigned to them under the Company's organisational regulations, or which are assigned to them by the Board of Directors or by the managers they directly report to (hereinafter also referred to as "competent employees"). Where acting in writing on behalf of the Company by Company employees is involved, two employees are required to act and sign on behalf of the Company jointly. Employees sign written acts by affixing their signatures to the business name of the Company; exemptions may be set forth in the Company's organisational regulations.
4. If a Board member who is authorised to carry out banking business transactions or ~~an employee who~~ is authorised to carry out other activities, the completion of which is subject to certain conditions and requirements imposed by law, fails to fulfil statutory conditions and requirements for executing these activities, he/she is obliged to notify the Chairman of the Board of Directors.
5. If a senior member of staff, an officer or an employee of the Company who is authorised to carry out banking business transactions or an employee who is authorised to carry out other activities, the completion of which is subject to certain conditions and requirements imposed by law, fails to fulfil statutory conditions and requirements for executing these activities, he/she is obliged to notify his/her immediate superior officer (if an employee of the Company is involved) about such impediment to the function or to carrying out these activities.
6. The provisions of ~~thesethe~~ Articles of Association related to aspects of senior ~~staff of the Bank, senior~~ officers of the Company and other Company's employees apply per analogiam to ~~parties~~persons who are not employees of the Company and were appointed to perform specific tasks for the Company.

PART IV - RESERVE FUND, METHOD OF PROFIT DISTRIBUTION AND COVERING LOSSES

Article 16

The Company's Economic Management

Method of Creation of the Reserve Fund, Mandatory Level and Method of Replenishment

1. The Company's records and bookkeeping are managed in compliance with applicable legal regulations. Records of transactions carried out on clients' accounts are required to be kept in the Company's bookkeeping separately from records carried out on the Company's account.
2. The Company generates a set of information as required under the relevant legal provisions and makes available information and reports on its activities to respective authorities pursuant to such provisions. The Company's accounting period is a calendar year. The Company prepares the annual financial statements and ensures the verification, audit and approval thereof in compliance with applicable legal provisions.
3. The Company ensures that the legal entity or the individual in charge of the audit under applicable law ("auditing company") performs
 - a) reviews of the Company's annual and consolidated financial statements,
 - b) audits of the Company's management and control systems, including its risk management system,
 - c) generation of reports on audits of annual and consolidated financial statements and systems pursuant to letter b) and their submission to the Czech National Bank by the due term,
 - d) other tasks pursuant to legal regulations.The Company is required to notify the Czech National Bank of the selected auditing company.
- ~~4. The Company creates its reserve fund from net profit up to 20% of the registered capital. A reserve fund exceeding 20% of the registered capital may be created if so decided by the Board of Directors. Additions of at least 5% of the net profit shall be made to the reserve fund on an annual basis to the amount equalling 20% of the registered capital.~~
- ~~5.4.~~ The Company may set up other funds from its profits or other sources (e.g. capital in excess of par value); decisions on their set up, composition and utilization fall within the competencies of the Board of Directors.

Article 17

Method of Profit Distribution

The General Meeting may decide to distribute profit, upon a proposal of the Board of Directors and subject to an opinion of the Supervisory Board, ~~Profit can be distributed as dividends to the Company's shareholders as dividends, as distributions to holders of Additional Tier 1 instruments issued by the Company (into a special fund),~~

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or, if applicable, to Company's employees or to members of Company's bodies. The General Meeting is not restricted in deciding on how to dispose of the profit to the benefit of the Company.

PART V - INCREASE AND REDUCTION OF THE REGISTERED CAPITAL

Article 18

Rules Applied for the Registered Capital Increase

Consequences of the Failure to Pay Up the Subscribed Shares in a Timely Manner

1. Unless provided otherwise, the registered capital increase procedure is governed by the applicable provisions of the Corporations Act. Detailed rules of procedure for increasing the registered capital shall be determined by the Company's body which adopts decisions related to registered capital increases.
2. Conditional increase of the registered capital of the Company, as per the applicable provisions of the Corporations Act, is permitted.
3. Shareholders' priority right to subscribe for shares which were not subscribed for by another shareholder in the first subscription round is excluded in the second or, if applicable, any other subscription round.

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Article 19

Rules of Procedure for Reducing the Registered Capital

Option to Decrease the Registered Capital through Withdrawal of Shares from Circulation

1. The procedure for reducing the registered capital, unless provided otherwise, must comply with the applicable provisions of the Corporations Act. The detailed rules for reducing the registered capital are to be determined by the Company's body which is in charge of making the decisions to reduce the registered capital.
2. Shares can be withdrawn from circulation upon a public draft share purchase agreement. The registered capital must not be reduced by withdrawing shares from circulation by drawing lots.

PART VI - WINDING-UP AND LIQUIDATION OF THE COMPANY

Article 20

Winding-up and Dissolution of the Company Liquidation of the Company

1. The Company may be wound up on the grounds and in the manner provided for by law. In circumstances prescribed by law, the Company is obliged to apply for the Czech National Bank's prior consent.
2. The method of liquidating the Company upon being wound up is subject to and governed by applicable law. If the Company in liquidation is wound up, the only party which may propose a liquidator to be appointed is the Czech National Bank.
3. The Company ceases to exist on the date it is deleted from the Company Register. If the liquidation balance is not sufficient to settle the nominal value of shares, the liquidation balance will be divided into a portion which falls to holders of preference shares and other shares pro rata to the sum of nominal values of these shares already settled.

PART VII - OTHER PROVISIONS

Article 21

Management and Control System

1. The Company's Management and Control System ("MCS") consists of all tools and processes inside the Company which are used to implement the Company's objectives and goals. The MCS includes all activities and organisational units of the Company.
2. The MCS is established to secure the following objectives:
 - a) performance of the Company's business operations in compliance with the overall strategy of the Company at optimum costs and risk management,
 - b) provision of up-to-date, reliable and consistent information used by the Company in its decision-making process and for reporting to third parties,
 - c) compliance of the Company's operations with applicable laws and regulations and adherence to legal

obligations and obligations under the Company's internal regulations.

3. The MCS includes:
 - a) the control environment, which includes
 - due management and governance rules,
 - strategic direction of the Company,
 - rules for avoiding conflicts of interest and separating incompatible activities and responsibilities,
 - ethical and professional rules for Company employees,
 - HR management principles, included remuneration rules,
 - b) risk management, including
 - risk approach rules, always including
 - credit risk,
 - market risk,
 - transaction risk,
 - liquidity risks,
 - concentration risks,
 - over leverage risks,
 - risk identification, assessment, metering, monitoring and reporting procedures,
 - procedures for adopting measures to limit potential risks,
 - internal determined capital system,
 - c) internal control system, which includes
 - control mechanisms and control activities,
 - internal audit,
 - compliance (monitoring whether statutory and internal requirements and duties are complied with),
 - d) information and communications,
 - e) monitoring (monitoring and evaluation of MCS's functionality and effectiveness and rectification of deficiencies).
4. Maintenance and assessment of the functionality and effectiveness of the MCS system is to be done by the Company's bodies and employees in the scope as specified in the Company's Articles of Association and internal regulations.
5. Verification and regular assessment of the efficiency and adequacy of MCS (whether entirely or in part) is carried out by the internal audit department, which is also in charge of proposing adequate remedies. After notifying the Board of Directors, the chief of the internal audit [department/unit](#) reports the findings to the Supervisory Board and to the Audit Committee and, if there are any findings which may adversely affect the Company's business performance, he/she is required to initiate an extraordinary meeting of the Supervisory Board and the Audit Committee.
6. MCS requirements are defined in detail in the Company's internal regulations.

PART VIII - FINAL PROVISIONS

Article 22

Procedure for Changing and Amending the Articles of Association

The Board of Directors submits proposals to amend the Articles of Association to the Supervisory Board for evaluation and then to the General Meeting for approval. After a proposal is approved by the General Meeting, the amendment becomes an integral part of the Articles of Association and comes into force as provided by law, unless it is an amendment based on other legal facts. The Board of Directors is obliged to ensure the full wording of the Articles of Association is prepared and duly filed in the terms provided by law and in the manner stated herein.

Article 23

Final Provisions

1. Unless provided otherwise by these Articles of Association, the Company's activities are managed in compliance with legal regulations, primarily with the applicable provisions of the Civil Code, the Corporations Act and the Banking Act. If, given the applicable legal system or any changes thereof, any of the provisions of the Articles of Association proves to be putative, invalid, ineffective or disputable or any provision is missing, the other provisions of the Articles of Association shall remain unaffected by such fact. The provision concerned shall be replaced either by a provision of an appropriate legal regulation or a provision of such legal regulation, which, with its nature and purpose, is as close as possible to the contemplated purpose of

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the Articles of Association or – if there is no such provision of a legal regulation – the situation shall be solved in such a manner which is usual in business relations. Legal relations of the Company are governed by the Czech law.

2. Shareholders holding registered shares are obliged to notify the Company about any changes in the data contained in the securities register pursuant to a special act without any delay.
3. Any disputes between the shareholders and the Company, any disputes between the Company and members of its Directors/Officers/bodies, as well as mutual disputes between shareholders relating to their shareholdings in the Company, are to be settled amicably. If amicable settlement is not reached, such disputes are to be settled by Czech courts with jurisdiction over the dispute, unless provided for otherwise by an international treaty binding on the Czech Republic.

* * *

Articles of Association became effective on the day of their approval by the general meeting, i.e. on 2322.4.2014-2016.

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