



MINISTRY OF FINANCE

Office of the State Supervision in Insurance and Pension Funds



State Supervision in Pension Funds

A N N U A L R E P O R T 2 0 0 0



Annual Report 2000

Ministry of Finance

Letenská 15, 118 10 Praha 1

Office: Legerova 69, Praha 1

Tel.: +420 2 5704 1111

Fax.: +420 2 5704 3049

E - mail: [podatelna@mfcz.cz](mailto:podatelna@mfcz.cz)

URL: <http://www.mfcz.cz>



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Dear Reader,

You have opened the Annual Report prepared by the Office of the State Supervision in Insurance and Pension Funds. After the first Annual Report of the Office in the insurance sector was presented to the public, the Office of the State Supervision in Insurance and Pension Funds of the Ministry of Finance hereby presents to the expert and general public also the annual report covering the activity of state supervision in pension funds for the year 2000.

The Annual Report contains basic information about the contributory pension scheme and pension funds, information about the execution of state supervision and about the contributory pension market in the Czech Republic. Since this is a first report and the authors do not expect all users to have complex information, the Annual Report also briefly describes the development of the contributory pension scheme with state contribution throughout its existence, i.e. from 1994. The Annual Report is supplemented with updated information as of June 30, 2001.

The expert public in particular has had available for several years annual reports prepared by the Association of Czech Pension Funds, whose reports publish, in addition to summarised data, also data about individual pension funds. Why did the Office of the State Supervision prepare the present Annual Report?

Is it just useless double-tracking? The answer is simple. Both reports are important, because the two reports differ

from each other both in their content and in the way of presentation. They deal with issues in different ways, the former from the point of view of contributory pension providers, the latter from the point of view of the state supervision in pension funds.

The increasing international contacts of the Office of the State Supervision in Insurance and Pension Funds and harmonisation of Czech legal standards with European Community law, which is in progress, led the authors to publish the English translation of the Annual Report as well.

We believe the present Annual Report is an important step towards the improvement of objective awareness of not only the expert public, but also of citizens - contributory pension planholders, who number almost two and a half million persons, and citizens who have not yet made up their mind and are looking for objective information about the contributory pension scheme with state contribution. We wish to express our thanks to all persons who participated in the preparation of the Annual

Report and, specifically, to the persons who proactively participated in the creation of the present form of the contributory pension scheme, which has already become an important part of the Czech retirement pension system.



Ing. Jaroslav Šulc, CSc.



Ing. Václav Křivohlávek, CSc.

Ing. Jaroslav Šulc, CSc., Deputy Minister

Ing. Václav Křivohlávek, CSc., Director of the Office

## 2. CONTRIBUTORY PENSION SCHEME AND STATE SUPERVISION

### 2.1. CREATION OF THE CONTRIBUTORY PENSION SCHEME

Until 1994, only pensions paid by the State, or only the basic, mandatory system of pension insurance guaranteed by the State had existed in the Czech Republic. People could only take out insurance policies with private insurance companies to provide for an additional income in their old age or in the event of difficult social situations in addition to the pensions they received from the State. In numerous European countries (the United Kingdom, Germany, the Netherlands, Finland, etc.), however, pensions not provided for by the State exist in addition to state retirement pensions, and such non-state pensions frequently hold a dominant position. Mostly, those are occupational pensions supported by the State in the form of tax stimulation.

The project of economic and social transformation, as started in the early nineties, could not have omitted these facts. With the aim to reduce the level of state paternalism, the system of contributory pensions had begun to be created in the Czech Republic from 1994. The legal basis for the system was set up by the Act No. 42/1994 Coll., on the contributory pension scheme with state contribution and on amendments to certain related acts, which the Act came into effect on March 21, 1994. The Act became, above all, a set of rules for the creation of the aforementioned system, as well as a legislative framework for the creation and activities of state supervision in pension funds and in the execution of the contributory pension scheme. The Ministry of Finance was charged to execute supervision and in fact undertook the role of a sponsor of entire system development. This role of the Ministry of Finance was also confirmed by the amendment to the Act No. 2/1969 Coll., Competencies Act, namely to section 4 of the Act according to which the Ministry of Finance was the central administration agency for insurance companies and pension fund related issues. Within this competence, the Ministry executes not only state supervision, but develops also the concept of state supervision including legislative regulation thereof, administers the state contribution and solves pension funds' tax issues.

**2.2. OFFICE OF THE STATE SUPERVISION IN INSURANCE AND PENSION FUNDS**

At the time of its creation, supervision over pension funds had been included from the organisation point of view into the Ministry of Finance department, which supervised the insurance. Gradually, two sections were constituted in the department, which dealt with the given issues.

These were:

- Section 323 Methodology and Pension Fund Licensing,
- Section 324 State Supervision in Pension Funds,

numbering a total of eighteen workers. This situation existed until September 2000 when the department, still on the Ministry of Finance level, became the Office of the State Supervision in Insurance and Pension Funds ("Office" hereinafter). This change resulted in a much closer interconnection of individual sections' activities, and the Office started to function as a consistent organisational unit with the aim to take care of the financial health of the insurance market and contributory pension market.

The Office is currently divided into eight sections, four of which focus on insurance:

- Section 321 Legislation and Legal Matters in Insurance,
- Section 322 Licensing in Insurance,
- Section 324 Control in Insurance I, which checks insurance companies and
- Section 325 Control in Insurance II, which checks other insurance market entities.

Two sections specialise in contributory pension scheme:

- Section 326 Legislation and Legal Matters in Pension Funds and
- Section 327 Pension Funds and Depositories Control.

Two sections are of cross-sectional character:

- Section 323 Supervision Methodology and Standardisation and
- Section 328 Analytics and Statistics.

In addition to the mentioned sections, the Office also includes the subsection of External and Internal Relations reporting directly to the Director of the Office.

**Number of Employees in the Office of the State Supervision in Insurance and Pension Funds**

Section	Manager	Headcount as of	
		12/31/00	6/30/01
Director of the Office	Václav Křivohlávek	2	2
Subsection of Internal and External Relations	Vojtěch Bidrman	2	3
321 - Legislation and Legal Matters in Insurance	Petr Svoboda	5	5
322 - Licensing in Insurance	Miroslav Sýkora	7	7
323 - Supervision Methodology and Standardisation	Dana Vorlíčková	5	5
324 - Control in Insurance I	Naděžda Krátká	8	12
325 - Control in Insurance II	Renata Farková	5	5
326 - Legislation and Legal Matters in Pension Funds	Jasněna Nohejlová	5	5
327 - Pension Funds and Depositories Control	Miroslav Vele	13	13
328 - Analytics and Statistics	Vladimír Krůpa	5	5
Total		57	62

Of the total number of the Office staff (62), the number of employees in the two sections specialising in the contributory pension scheme did not change (18 persons), but their workload was relieved since certain activities for the contributory pension scheme are also conducted by the two aforementioned cross-sectional units and the unit of Internal and External Relations.

**2.3. COLLABORATION BETWEEN THE OFFICE AND OTHER AGENCIES**

Close collaboration exists, above all, with the Ministry of Labour and Social Affairs and the Securities Commission. This collaboration is of statutory basis, stipulated in the Competencies Act and in the Contributory Pension Scheme with State Contribution Act.

The Ministry of Labour and Social Affairs, being a central administration body for pension security, is competent within this entrusted sphere of authority to create the concept of the contributory pension scheme. Because of the execution of state supervision, however, individual pieces

of knowledge are concentrated, above all, at the Ministry of Finance. That is why any legislative activity in the contributory pension scheme is conducted in collaboration of the two ministries if these propose or co-propose amendments. As stipulated in the Contributory Pension Scheme Act, the Ministry of Labour and Social Affairs participates in the Ministry of Finance decision-making with regard to the licensing of pension funds, approving of mergers and approving of pension plans.

Collaboration with the Securities Commission is stipulated in the Act No. 15/1998 Coll., which established the Securities Commission as an administration body for capital markets, the competencies of which, in relation to pension funds and insurance companies, include the execution of the state supervision in pension funds and insurance companies in the scope of their obligations when investing and trading with investment instruments on their own account. The amended Contributory Pension Scheme Act No.15/1998 Coll. not only reconfirmed the Securities Commission's supervision in pension funds' investing, but stipulated also that pension fund depositories should be subject to supervision and removed pension funds' investing from supervision by the Ministry of Finance. According to further amendment to the Contributory Pension Scheme Act, the Securities Commission participates in the Ministry of Finance decision-making with regard to the licensing of pension funds, approving of mergers, changes of depositories, changes of statutes, changes of shareholders, appointment of pension fund liquidators and trustees.

The current collaboration between supervisory bodies operating in the Czech Republic in the field of capital markets is based on the important document entitled "The Agreement of Collaboration between the Czech National Bank, the Securities Commission and the Ministry of Finance in the Execution of Bank Supervision and State Supervision", which was signed by representatives of parties thereto on July 1, 1998. The Agreement stipulates rules for mutual collaboration among involved parties in the execution of bank supervision and state supervision in other financial institutions. The system of collaboration includes, above all, mutual information exchange, collaboration in control activities and consultations between parties to the

Agreement. Recently, collaboration in solving the potential unification of basic procedures as conducted by individual supervisory bodies is becoming ever more important.



### 3. LEGISLATION

#### ■ 3.1. PRINCIPLES OF THE CONTRIBUTORY PENSION SCHEME

The bill pertaining to the Act No. 42/1994 Coll. was submitted by the Ministry of Labour and Social Affairs. To certain extent, that predetermined the orientation of the bill, which was developed in detail especially with regard to contributory pension planholders, their relation to pension funds, with regard to providing for a regular flow of planholder and state contributions, payment of contributory pension benefits, and establishment of pension funds. To a lesser extent, and also due to the absence of any practical experience with the operation of a similar system, the bill was suitable with regard to providing for healthy management of pension funds, appreciation of planholders' money (especially in a long-term horizon) and with regard to the creation of adequate conditions for the efficient execution of the state supervision.

The Act No. 42/1994 Coll., on contributory pension scheme with state contribution, established the contributory pension scheme in the Czech Republic on the civic principle. The system is open, i.e. open to whoever is interested in joining it. Any individual elder than 18 years of age with permanent residence in the Czech Republic may take out a contributory pension plan.

The contributory pension scheme is operated through independent legal entities - pension funds - which are in the legal form of joint-stock companies and function on the principle of capital financing in the sphere of private law. Both national and foreign legal entities or individuals may establish a pension fund and be a shareholder in it. The pension fund's property, consisting both of its registered capital and of planholders' contributions and related state contributions, may be invested in statutory assets only, which should be a safe placement of the property. The property is used to the necessary extent to cover the necessary cost of operation of the pension fund.

The contributory pension scheme is based on contributory-defined pension plans, in which the amount of benefits depends on contributions paid up by the planholder and by

the State and on the share in revenues of the pension fund's property. Old-age pension in the form of regular payments is the basic benefit. Disability pension, retirement pension, or estate pension may also be taken out in addition to the old-age pension. The right to pension appears if the insured period and the predetermined age have been achieved. A lump discharge may be paid up instead of pension, or the contributory pension scheme may be discontinued by paying up the surrender value.

To stimulate people's interest in the contributory pension scheme, the State grants from the state budget a state contribution depending on the amount of the planholder's contribution. The State approach to contributory pension scheme is social, orientated to groups of people with lower income who are expected to pay lower contributions. That is still demonstrated in state contribution rates, which are not constructed on a linear basis with regard to the planholder's contribution, but are degressive, i.e. a relatively higher state contribution is paid on a lower planholder's contribution. The support by the State is demonstrated also in the form of tax allowances. Capital income is taxed in such a way that double taxation of interest and dividends is eliminated. Although planholders pay their contributions from their income after taxes, contributory pension benefits are taxable only to the extent they arise from pension fund revenues.

### ■ 3.2. PRESENT SITUATION

The Act No. 42/1994 Coll., regulating contributory pension schemes with state contribution, as in force, was amended three times to date.

The first change occurred in connection with the enactment of the Act No. 61/1996 Coll., regulating certain measures against money laundering. This change pertained only to the exemption from the statutory non-disclosure obligation for pension fund body members and employees who perform their obligations towards the competent organisational unit (Financial Analytical Department) of the Ministry of Finance, and had no impact on the actual contributory pension scheme.

Further changes resulted from the Act No. 15/1998 Coll., regulating the Securities Commission, namely changes in the execution of state supervision. According to the regulation in force, supervision in pension funds was only executed by the Ministry of Finance. The aforementioned regulation removed supervision in pension funds' investing from the competence of the Ministry of Finance, entrusting it to the Securities Commission. Simultaneously, the Securities Commission's assistance in decision-making by the Ministry of Finance with regard to pension fund-related issues was established. Neither this amendment substantially affected contributory pension scheme.

It was only the Act No. 170/1999 Coll., amending the Act No. 42/1994 Coll., regulating contributory pension schemes with state contribution, effective from August 3, 1999, which brought about the most complex and important changes. The legislative process was proceeding at the time when first experience with the practical application of individual provisions of the regulation had already been assessed, when the result of the previous development of the contributory pension scheme had been known and its further development could have been predetermined. That is why this amendment can be characterised as a complex, interconnected set of measures providing for better protection of contributory pension planholders, especially by means of entrusting more powers to the Ministry of Finance as the body of state supervision and enhancing the control role of the depository, thus improving the stability of the entire system of contributory pensions. Besides this objective, the amendment affected also the contributory pension product itself. Since the regulation had stipulated the minimum age for eligibility for old-age pension to 50 years, stipulating no minimum insured period, the contributory pension scheme became more of a short-term savings plan for people aged around 50 years, who very easily complied with criteria for a lump discharge of their saved money. This practice had to be limited, that is why further measures, as included in the amendment, resulted in the deepening of the element of the long-term in the contributory pension scheme. Stricter conditions were stipulated, including a higher age limit for people to become eligible for old-age pension and only granting the old-age pension as a life pension. Eligibility for old-age pension is

bound upon reaching 60 years of age, instead of 50 years, or to the granting of old-age pension from the national insurance scheme. Because of the prohibition of retroactivity, the stricter conditions of the amendment apply only to new planholders or to the planholders who agreed with modification of their policies.

The measures increasing the attractiveness of the contributory pension scheme include the permanent increase of the state contribution by 25 % and, above all, the enacted tax allowances both on the part of the planholder and on the part of the employer who contributes to his employees' contributory pension plans.

### ■ 3.3. ASSUMED DEVELOPMENT

The contributory pension scheme with state contribution has already overcome the first stage of its development and, although featuring numerous signs of stability, the development of its legislative regulation is far from being completed. For example, considering the fact that the contributory pension scheme with state contribution is designed in such a way that although being supported by the State, the State does not guarantee the solvency of individual pension funds and no government guarantee is assumed for the future, attention is still paid, above all, to its safety. Responsibility of planholders themselves for their savings seems to be an important element. That is predetermined by sufficient information about pension funds, pension fund management and shareholders, investments, due diligence measures, operations, and results of audits conducted by state supervision. That is why the non-disclosure obligation pertaining to pension fund data should be limited, and the law should stipulate that planholders and the public have the right to receive as much information as possible.

The unified legislative regulation on contributory pension schemes is still an open issue. Multiple contributory pension schemes exist in most EU countries in addition to their basic pension schemes. Individual systems, however, are not unified, and countries may operate them at their own discretion, in compliance with international law and conventions. Their forms and significance are influenced by

historical traditions, development and economic position of individual countries. No specific EC guidelines or recommendations exist so far, unlike, for example, in the sphere of insurance. These systems, however, should also respect the principles of free movement of capital, persons and services. Considering the Czech Republic's accession to the European Union, which is under preparation, the regulation of the contributory pension scheme should be harmonised with EC law, should reflect the principle of equal treatment and the ban on discrimination in line with EU rules, redefine the condition of permanent residence for eligibility to become a contributory pension planholder, and regulate pension funds' investing opportunities.

## 4. CONTRIBUTORY PENSION MARKET

### 4.1. PENSION FUNDS

Conditions for shareholders' entry into the contributory pension scheme market as stipulated by law had been quite liberal (CZK 20 million for registered capital and compliance with necessary administrative formalities). From September 1994 to December 1996, the Ministry of Finance in cooperation with the Ministry of Labour and Social Affairs had licensed 44 pension funds. Soon, it turned out that such an extensive supply of contributory pension services was not balanced with a sufficiently massive demand on the part of people, although the interest in contributory pension scheme had been exceptionally high in the first two years.

That is why the years 1997 - 2000 had been characterised by a concentration on the contributory pension market, which resulted in the reduction of the number of pension funds gradually to 19 by the end of 2000 (Annex 2a) and to 17 as of June 30, 2001 (Annex 2b). The concentration occurred in the form of:

- a. Mergers due to which some pension funds were dissolved and had their assignees;
- b. Liquidation, i.e. dissolution of a pension fund without any assignee.

Merged and consolidated pension funds by 2000, including their assignees, are listed in the tables below:

Merged Pension Funds	Assignee
Penzijní fond GARANT, a.s. Spořitelní penzijní fond, a.s.	<b>Spořitelní penzijní fond, a.s.</b>
Penzijní fond RENTA, a.s. CERTUM penzijní fond, a.s.	<b>Penzijní fond RENTA-CERTUM, a.s.</b>
Penzijní fond RENTIA, a.s. Penzijní fond JISTOTA, a.s.	<b>Penzijní fond JISTOTA, a.s.</b>
Penzijní fond Energie, a.s. Winterthur penzijní fond, a.s. CR FONTÁNA penzijní fond, a.s. Univerzální penzijní fond EVEREST, a.s. BIŽUTERNÍ OTEVŘENÝ PENZIJNÍ FOND, a.s.	<b>Winterthur penzijní fond, a.s.</b>

Merged Pension Funds	Assignee
Vojenský otevřený penzijní fond, a.s. Podnikatelský penzijní fond, a.s. Penzijní fond Union, a.s.	<b>Vojenský otevřený penzijní fond, a.s.</b>
Českomoravský penzijní fond, a.s. Občanský penzijní fond, a.s. Český penzijní fond ZDRAVÍ, a.s.	<b>Českomoravský penzijní fond, a.s.</b>
Penzijní fond JISTOTA, a.s. Penzijní fond Koruna, a.s. ABN AMBRO penzijní fond, a.s. (late Penzijní fond ŠKODA, a.s.)	<b>JISTOTA a KORUNA penzijní fond, a.s.</b>

Merged Pension Funds	Assignee
Český penzijní fond, a.s. Penzijní fond Zdraví, a.s.	<b>Český penzijní fond Zdraví, a.s.</b>
Živnobanka penzijní fond, a.s. Allianz-HYPO penzijní fond, a.s.	<b>Allianz-Živnobanka penzijní fond, a.s.</b>

The tables above indicate that by the end of 2000, 24 pension funds decided to merge. Fifteen pension funds ceased to exist by merger or consolidation, having been dissolved without liquidation. The assets of these dissolved pension funds, including their rights and obligations, passed on to nine assignee pension funds. By the end of 2000, the number of pension funds was reduced by mergers to nine from the original twenty-four.

Basically, concentration is a curing economic process. Pension funds merge partly because they try to form larger units and seize more considerable shares in the contributory pension market, and partly because of changes in the structure of shareholders in individual pension funds, especially foreign ones, who decide to merge funds usually after they achieve majority in two or more pension funds. These concentration trends on the contributory pension market continue; that is why a further reduction in the number of pension funds due to mergers can be expected.

Whereas mergers occurred based on fully voluntary and purposeful decisions made by shareholders, the dissolution of pension funds with liquidation was more or less a forced

exit from the contributory pension market, regardless of whether the dissolution was due to a decision made by shareholders or that made by state supervision.

The following pension funds were dissolved with liquidation upon a decision made by general meetings of their shareholders:

Český národní penzijní fond, a.s.  
Regionální penzijní fond, a.s.  
Penzijní fond Univerzum, a.s.  
Nový penzijní fond, a.s.

Claims of all planholders in these pension funds were fully satisfied.

**Note:** Since February 7, 2001, the liquidation of the pension fund Penzijní fond Thalia, a.s., which was dissolved upon a decision made by the general meeting, has been in progress. Planholders are expected to be fully satisfied; as of October 31, 2001, a total of 904 planholders remained to be satisfied.

Beside the aforementioned pension funds, the Ministry of Finance decided to dissolve the following pension funds with liquidation:

Rodinný penzijní fond, a.s.  
Bankovní penzijní fond, a.s.  
MULTI penzijní fond, a.s.  
GARANCE - Vzájemný penzijní fond pro Čechy, Moravu a Slezsko, a.s.  
Penzijní fond CERTUM- RENTA, a.s.  
Penzijní fond VYŠEHRAD, a.s.

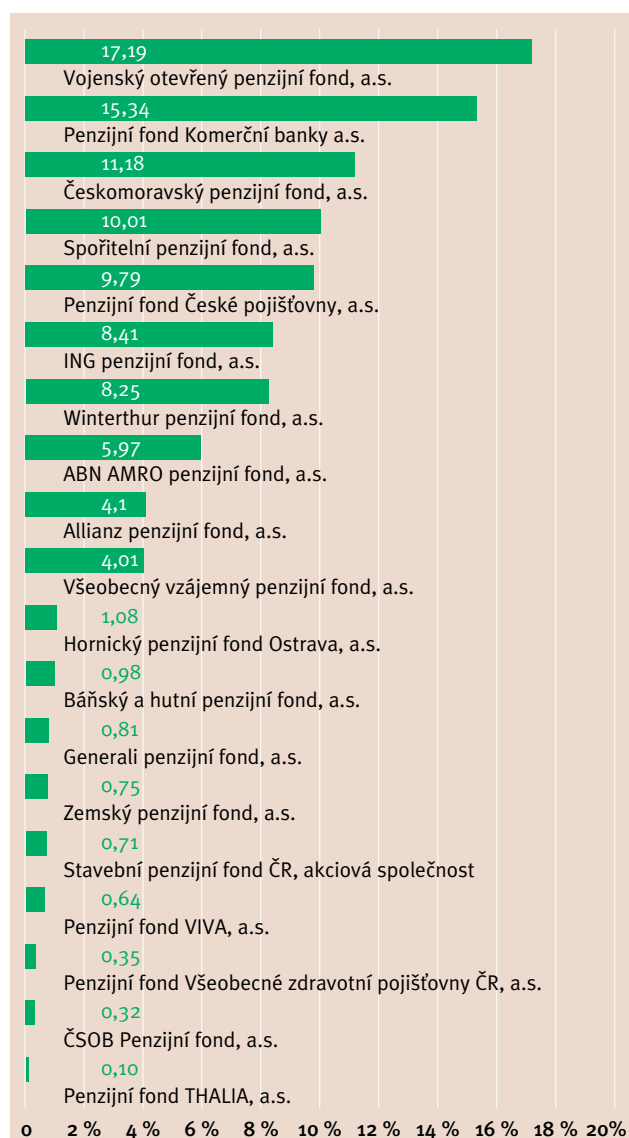
**Note:** Since May 1, 2001, the liquidation of the pension fund VIVA, a.s., which was dissolved upon a decision made by the Ministry of Finance, has been in progress.

The reason why these pension funds were dissolved consisted in a material breach of the Act No. 42/1994 Coll., regulating contributory pension schemes. Only planholders in the Rodinný penzijní fond, a.s. have been fully satisfied

already, whereas the liquidation of other pension funds is not yet completed or their bankruptcy is in progress, which is why it is not possible to say to what extent the planholders' claims will be satisfied. Losses have been identified in such a scope that they cannot be made up for from the reserve fund or in another way, and therefore, full satisfaction is not expected. A total of 46 000 planholders in these six pension funds were affected to a various degree, which stands for less than 2 % of the total number of contributory pension planholders.

The concentration of pension funds results not only in the ever increasing number of planholders being concentrated in the decreasing number of pension funds, but also in the ever increasing concentration of financial assets. The graphic chart below shows the situation on the contributory pen-

Chart - Participation of Pension Funds on Total Assets [in %]



sion market as of December 31, 2000 when the two largest funds control about a third of total assets and the top five funds almost two thirds of total assets. Less than 6 % of assets belonging to nine other pension funds show the potential for further mergers.

#### 4.2. Pension Fund Shareholders

At the time of the creation of pension funds, their shareholders had mostly been domestic entities. Still in 1996 there was only one pension fund in which a foreign entity was 100 % shareholder. In 2000 foreign shareholders controlled 100 % in six pension funds and held the majority in one pension fund. The share of foreign shareholders' capital in pension funds was also increasing in 2001. As of June 30, 2001, seven pension funds were 100 % controlled by foreign shareholders and in three pension funds they already held the majority (Annex No. 3). In practice that means that foreign shareholders control approximately 47 % of all assets.

#### 4.3. PENSION FUND MANAGEMENT

After six years of its existence, the contributory pension scheme with state contribution has become an important part of the Czech financial market, enhancing gradually its position within the entire economy. The table below indicates the development of pension funds' assets in the Czech GDP during 1994-2000, documenting the ever-stronger position of pension funds:

	1994	1995	1996	1997	1998	1999	2000
Pension funds' assets [billion CZK]	1	7	24	23	31	37	44
Gross domestic product [billion CZK; current value]	1183	1381	1567	1680	1837	1887	1959
Assets in GDP [ % ]	0,1	0,5	1,5	1,4	1,7	2,0	2,2

The increase in assets reflects the development of the system cash flow or management in the sector of pension funds.

The Office monitors financial health of individual pension funds on a systematic basis. At the end of each semester,

pension funds submit regular reports of their management, placement of their finances and amount thereof to the Office. Data contained in the reports is used to prepare tables documenting the state of pension funds' assets and property, the structure of their placement and depositing of assets, position (significance) of pension funds within the Czech economy, and their financial results - see the table below:

	1995	1996	1997	1998	1999	2000
Financial result of the fiscal year [thousand CZK]	-280 123	385 595	1 194 564	1 804 636	1 706 633	1 325 219

The pension funds balance sheet and profit and loss statements for the period 1994 - 2000 - see Annexes No. 4a and 4b.

The pension fund should manage its property with due diligence; that is why the placement of its assets, for example, is regulated by law. The pension fund mainly only decides on its investment strategy, whereas the actual investing is carried out by a specialised assets manager or directly by a broker for an agreed consideration. Most pension funds' investment policy is focused mainly on purchases of government bonds and T-bills, which offer a long-term acceptable allocation with regard to risk, but not any above-average, high revenues.

The structure of pension funds' portfolios as of December 31, 2000 was as follows:

Bonds	56.12 %
Treasury bills	22.30 %
Shares and allotment certificates	9.43 %
Money	5.70 %
Real property	1.79 %
Other investments	0.24 %
Other assets (inventory, receivables, accruals)	4.42 %
<b>Total assets</b>	<b>100.00 %</b>

Total assets of pension funds as of December 31, 2000 and June 30, 2001 are summarised in Annexes No. 5a and 5b.

**Note:** The Ministry of Finance acquires an overview of the placement of pension funds' property from their monthly reports.

The achieved financial results also predetermine the actual shares in pension fund's revenues credited to planholders in individual pension funds. Summary data is shown in the table below:

	1995	1996	1997	1998	1999	2000
Average nominal revenue in the whole sector of pension funds [%]	11,0	9,9	9,2	8,2	5,6	4,0
Annual rate of inflation [%]	9,1	8,8	8,5	10,7	2,1	3,9
Average real revenue in the whole sector of pension funds [%]	1,7	1,0	0,6	-2,3	3,4	0,1

The expression

$$r = \frac{1 + n}{1 + \pi} - 1$$

was used for calculation of real rate of return, where as:

$r$  means the real rate of return

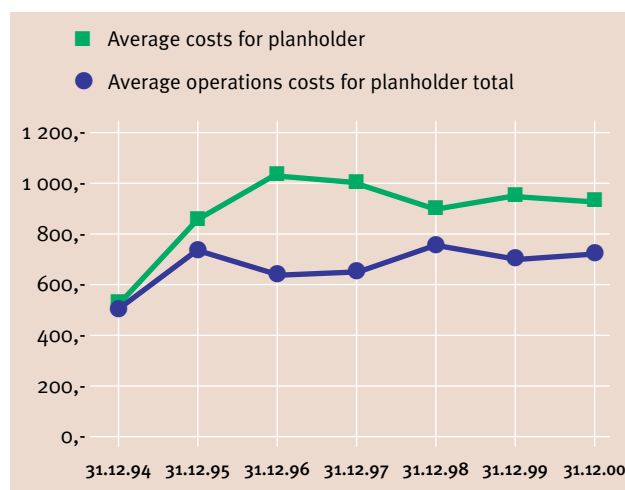
$\pi$  means the year - to - year rate of inflation

$n$  means the nominal rate of return

With regard to relatively high rate of inflation during the observed period, the above expression was used rather than its simplified modification  $r = n - \pi$  which does not respect impact of inflation to the real rate of return and which, with increasing rate of inflation, generates significant distortion.

For illustration, the total average costs and the total average operating costs per planholder are shown in the graph:

#### Remuneration for the Mediation of Contracts for Contributory Pension Plans [thousand CZK]



## Development of Pension Fund Costs including Shares per Planholder

Situation as of December 31 of Respective Years	1994	1995	1996	1997	1998	1999	2000
Total costs excl. costs of financial operations per year [thousand CZK]	98 543	1 071 605	1 746 940	1 669 301	1 596 942	1 940 747	2 156 001
Incl. operating costs per year [thousand CZK]	96 872	946 099	1 013 459	1 083 214	1 288 467	1 359 742	1 618 806
Number of planholders	183 336	1 290 126	1 564 250	1 637 584	1 740 143	2 006 276	2 298 340
Average total costs per planholder [CZK]	537	831	1 117	1 019	918	967	938
Average operating costs per planholder [CZK]	528	733	648	661	740	678	704

## Structure of Operating Costs [thousand CZK]

Situation as of December 31 of Respective Years	1994	1995	1996	1997	1998	1999	2000
Performance consumption	75 380	691 033	626 512	654 604	702 724	709 543	827 669
incl. services	58 739	617 605	576 246	616 476	661 963	656 256	769 066
consumption of materials and energies	16 641	73 258	50 266	38 128	40 761	53 287	58 603
Personnel costs	13 196	185 772	248 129	272 885	291 740	314 814	337 992
Taxes and fees	647	1 789	2 647	2 319	1 385	4 111	6 279
Depreciation of IFA and TFA	5 977	52 926	81 750	87 521	108 840	102 234	111 322
Creation of provisions and accrued costs Adjustments posted in operating costs	0	0	1 971	3 765	91 585	72 463	139 464
Sundry operating costs	32	3 253	39 434	41 910	63 833	94 651	175 342
Operating costs	96 872	946 099	1 013 459	1 083 214	1 288 467	1 359 742	1 618 806

Since the creation of the contributory pension scheme in 1994, the average total costs per planholder sharply increased achieving a maximum in 1996. From that year on, the average total costs per planholder were moderately decreasing and from 1998, almost stagnating. The average operating costs did not change considerably from 1995, achieving an average of CZK 695 per planholder. Their increase in absolute values is due mainly to the growing number of planholders, as well as to the general growth of prices of goods and services.

The real revenues of pension funds' operations also reflect, in addition to the rate of inflation, the growing prudence in the allocation of investments, deviations in revenues of securities and time deposits, as well as, for example, costs of the pension fund operation as reported in a given period. Reflected also is the effect of the opportunity to use accruals.

Development of pension fund costs (excluding the cost of capital investments) including shares per planholder is shown in the table above.

Services include the costs of:

- Remuneration for the mediation of contracts for contributory pension plans;
- Advertising;
- Operation of the information system and software;
- Remuneration to the depository;
- Capital market services;
- Consultancy and other external services.

The largest part in the costs of services is taken by remuneration for the mediation of contracts for contributory pension plans. The development of this remuneration is shown in the table below:

	1994	1995	1996	1997	1998	1999	2000
remuneration	5 710	206 316	161 001	189 074	168 643	348 799	504 943

The sharp increase in the past two years could be due, in the strongly competitive environment, to the amended Act No. 170/1999 Coll., regulating contributory pension schemes with state contribution, which in principle



offered a new market division. These costs can be expected - also because of the considerable depletion of other planholders' resources - to massively decrease in the years to come.



## 5. PLANHOLDERS

### ■ 5.1. NUMBER OF PLANHOLDERS

According to the Office's records, a total of 2 904 931 persons joined (i.e. took out contributory pension plans) the contributory pension scheme from the time of its creation in 1994 to December 31, 2000. As of the same date the Office recorded 3 659 642 contributory pension plans as some planholders took out more contributory pension plans. These were the planholders who:

- Discontinued their plans with a pension fund and had their money they saved with that pension fund transferred to another pension fund upon new contracts for contributory pension plans (individual transfers) - 268 718 contracts were signed on these grounds;
- Having performed conditions for eligibility for benefits, they asked for the payment thereof and re-joined the contributory pension scheme upon new contracts (recycled plans) - 485 993 contracts were signed on these grounds.

The number of planholders had been sharply growing from October 1994 until mid-1996, on average by 70 000 persons a month. Due to this sharp increase, the number of planholders amounted to about 1.5 million persons in mid 1996 (Annex No.6). The fact that the rise in the number of planholders was only about 8000 persons a month demonstrates that the market had been basically stabilised for a long time - until the next radical amendment to the regulation. The number of new planholders only moderately exceeded the number of planholders leaving the system.

A considerable, almost fivefold, increase in the number of planholders had appeared only after the amendment to the Contributory Pension Act. At that time, from mid-1999 to mid-2000, the net monthly increase was in average 46 000 persons a month. For the fourth quarter of 1999 only, the net increase amounted to 190 000 planholders, and the increase was higher by one third since some planholders recycled their plans to get themselves more favourable conditions.

That means the amended regulation actually resulted in a revival of the contributory pension market. For a more detailed analysis of efficiency of the amendment, three large groups of planholders can be distinguished, who differ from each other by dates of their contracts.

As mentioned already in chapter 3.2, in addition to new incentives, the amendment brought about in a balanced way stricter conditions in the contributory pension scheme, which had to be met to be eligible for the permanent 25%-increase of the state contribution. Pension funds had to integrate these stricter conditions, especially the higher age limit for eligibility for pension, into their pension plans by May 2000 at the latest. First contracts according to new pension plans started to appear as early as in December 1999, however, to a larger extent during the first months of 2000. With the benefit of hindsight we can state that some people who had previously considered joining the contributory pension scheme, promptly decided at that time to do so according to the conditions as stipulated in the original pension plans, especially with regard to the low age limit for eligibility for a lump discharge of money including the state contribution. These people form the first group of planholders.

The second group consists of planholders who had already joined the contributory pension scheme before the amendment, but the new conditions as stipulated by the amendment were interesting enough for them and they signed amendments to their original contracts to accept the new conditions. As of December 31, 2000, 172 902 planholders had done so.

The third group of planholders includes the persons who decided to join the contributory pension scheme after the new pension plans were adopted, which included the changes as stipulated in the amendment. These facts are illustrated in the survey below.

The number of all planholders in the contributory pension scheme from September 30, 1999 to June 30, 2001 is as follows:

	as of 9/30/1999	as of 12/31/2000	as of 6/30/2001
Number of planholders	2 268 620	2 842 901	3 000 999

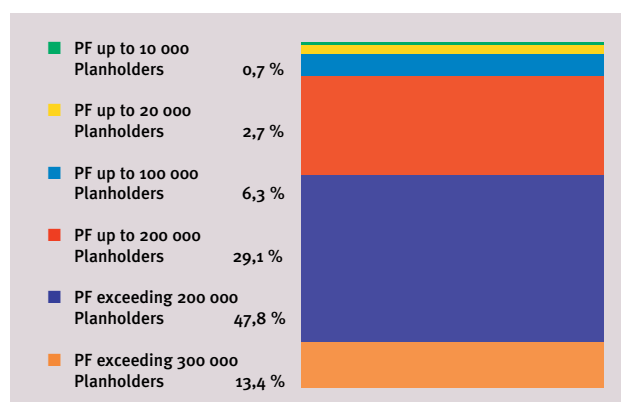
**Note:** The figures indicate all planholders from the beginning of the contributory pension scheme, whose plans did not expire as a result of death.

**The Number of New Planholders who Joined the Contributory Pension Scheme in Individual Quarters**

	3/1999	4/1999	1/2000	2/2000	3/2000	4/2000	1/2001	2/2001
Number of planholders	70 975	189 968	158 275	137 865	46 967	57 067	90 158	69 967
Total planholders	70 975	260 943	419 218	557 083	604 050	661 117	751 275	821 242

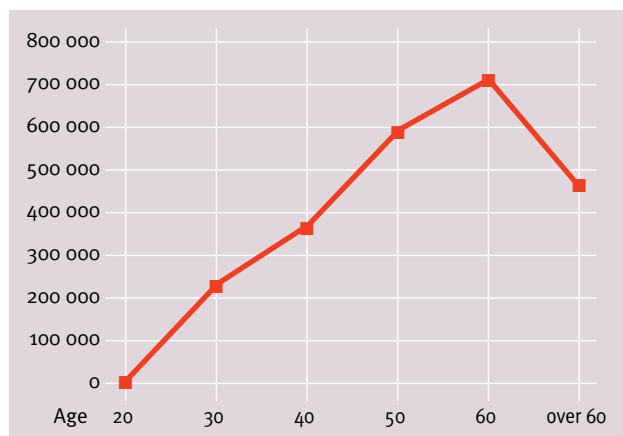
The aforementioned indicates that the number of new planholders as of December 31, 2000 totalled 661 117. This number included 514 182 planholders according to old pension plans (the first group of planholders) and 146 935 planholders according to new pension plans (the third group). The number of new planholders increased by 140 125 from January 1, 2001 to June 30, 2001.

The developing contributory pension market achieved such a level of concentration that the largest pension fund included more than 300 000 planholders, which stands for 13.4 % of the total contributory pension planholders or pension market planholders. Analogically to the share in the market of assets (Section 4.1 of this Annual Report), similar conclusions apply also to the distribution of planholders among individual pension funds. Evidently, the four other largest pension funds held 47.8 % of the market and another four pension funds having more than 100 000 planholders concentrated 29.1 % of the market. That means the nine largest pension funds (each having 100 000 and more planholders) cover more than 90 % of the market. The situation is graphically presented as follows:



The age structure of planholders has not considerably changed since 1996, even though the number of planholders keeps increasing. The largest group of planholders consists of people aged 50 up to 59 as indicated by the diagram below:

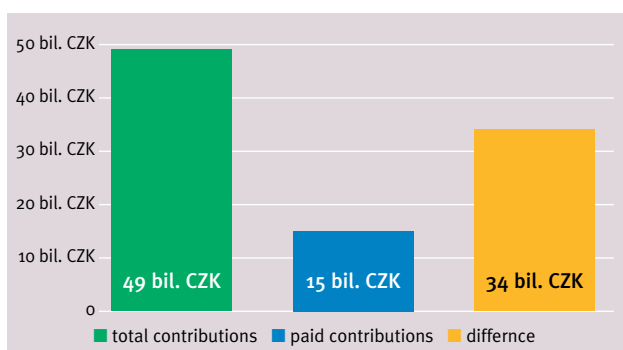
Age Structure of Planholders as at 31.12.2000



■ 5.2. CONTRIBUTIONS BY PLANHOLDERS AND BY THE STATE

The table below compares the total amount of planholders' contributions, related state contributions, the average amount of the planholder's contribution and the related state contribution as of December 31, 2000, and the current situation as of June 30, 2001 (see Annexes Nos. 7-9 for the development in 4/1994 - 2/2001):

	as at 12/31/2000	as at 6/30/2001
Planholders contributions - from 1994 [CZK]	37 918 925 727,00	42 746 824 650,00
Total state contributions - from 1994 [CZK]	11 312 401 326,27	12 620 687 009,24
Number of planholders	2 298 340	2 369 966
Planholder contributions - average per planholder	359,34	344,04
State contributions - average per planholder	92,45	93,33



The diagram below indicates the amounts paid by planholders and the State to the system, the amounts paid up to planholders, and the difference between the two, all as of December 31, 2000.

Of the total money deposited to date in planholders' accounts, amounting to CZK 62.4 billion, about two thirds come from payments made by planholders themselves. For planholders, the state contribution is probably the most important one of four partial items (state contribution, credited revenues, tax allowances, and employer contributions). According to the law, the state contribution is automatically credited to each payment made by the planholder himself amounting at least to CZK 100. Planholders received in this way about CZK 2 billion a year, currently about CZK 2.4 billion, which amounts up to CZK 12.2 billion for the period from 1994. About CZK 7.5 billion were credited to planholders' accounts from pension funds' profits.

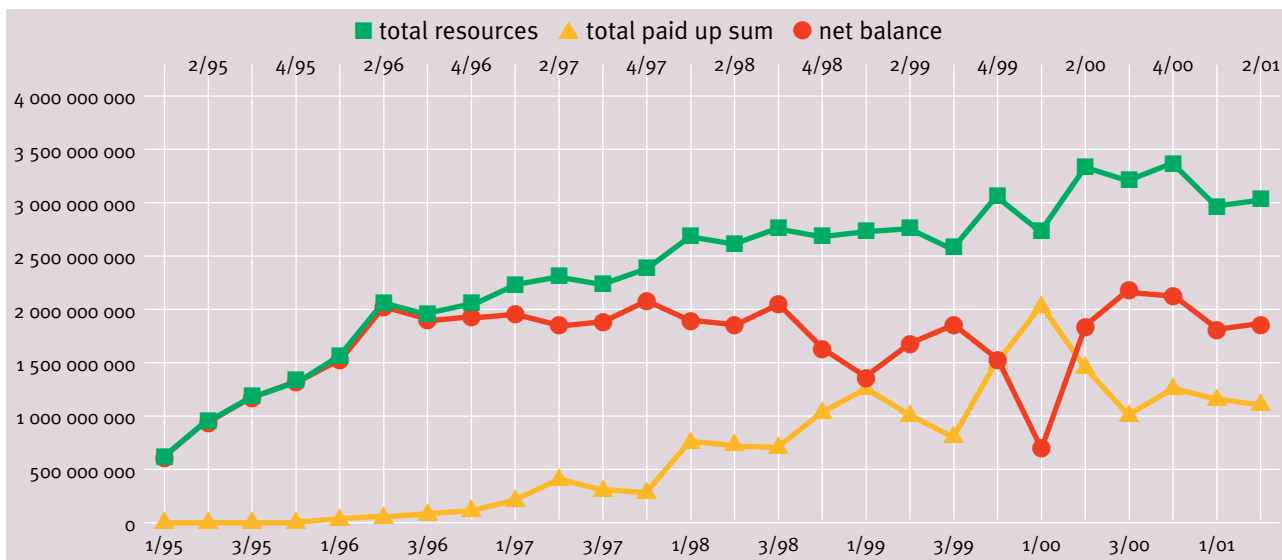
The crucial item on the expense side in pension funds' financial balances consists in the total volume of lump discharge paid up to planholders. That withdrew CZK 10.9 billion as of December 31, 2000, which stands for 73 % of all payments from the system. Of other payments, the total surrender value amounting to CZK 1.8 billion is considerable.

To assess the development of financial health of the entire pension fund sector, we can compare the total income and total expenses in time - see the graph on next page.

The following can be derived from the graphical relation for the period of time 1/95 - 2/01:

- a) Payments to the contributory pension scheme kept increasing. That corresponds to the gradually increasing number of planholders and moderate rise of their contributions (total resources).
- b) After the regulation was amended, the rise of payments to the system accelerated due to the synergy of three effects - the number of new planholders increased, which resulted in new payments; new planholders have on average higher monthly payments rather than previous planholders; and there is the effect of the permanently increased state contribution.

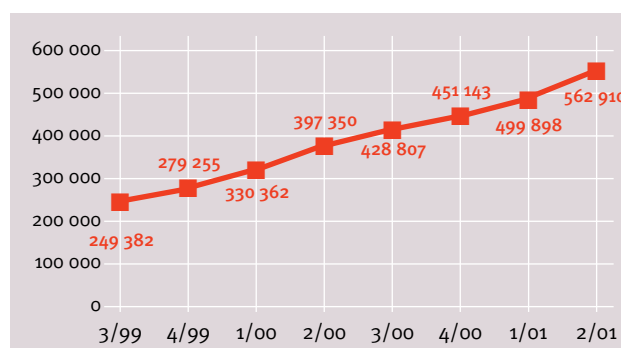
Incomes and Expenses of Pension Funds



- c) Significant is the development of the curve representing withdrawals of money from the system (total paid up sum). Whereas the effect of the surrender value was strong in the early stages, i.e. the situation when about 60 000 planholders per year discontinued their plans during 1997 - 2000 and asked for their money to be returned without the state contribution, the payments of lump discharge were more significant for the financial balance. The curve culminated in 4/99, that means directly after the amendment, but later on it returned to an acceptable level.
- d) The development of the net increase in resources (net balance) is the resultant. It culminated in 1996 - 1998 but then decreased - in connection with increasing withdrawals - to minimum values (the extreme being early in 2000 when the process of accepting new pension plan culminated and was accompanied with a replacement in the set of planholders withdrawing their savings and taking out new plans). The development both in the next quarters of 2000 and in the first quarter of 2001 confirms the proper timing of the amendment and correct setting of incentives.

after taxes and state contribution had been added to the contribution paid in this way. That is why it was not important until 1999 to record how much and for how many planholders the employer paid. This fact became important as soon as the regulation was amended since the aforementioned amendment stipulated, in connection with newly in-troduced tax allowances, the principle that no state contribution would be added to the contribution paid by employer. That is why the development in the number of contributions paid by employer cannot be documented. In 2000, however, employers paid contributions, fully or partly, for 451 000 planholders, i.e. for about a fifth of all planholders. The development in the number of planholders who received contributions from their employers in 3/1999 - 2/2001 is indicated in the diagram below:

Number of Planholders with Contribution from their Employer



5.3. EMPLOYER CONTRIBUTIONS AND TAX ALLOWANCES

Until 1999 when the Contributory Pension Act, i.e. the Act No. 170/1999 Coll. was amended, the planholder's contribution could had been paid by the employer from profits

By December 31, 2000 employers paid a total of CZK 1161 million for planholders. Judging from data as produced by pension funds, we can state that the opportunity to deduct employer contributions to contributory pension scheme from taxes resulted in an increase in the number of employers who pay contributions, which again supported employees' decisions to take out contributory pension plans, increasing the total number of planholders, as well as the total amount of contributions.

Tax allowances, which mean that planholders may deduct from their income tax bases the payments paid to contributory pension scheme in excess of CZK 6000 (up to CZK 12000), were used in 2000 by a total of 150 447 planholders, i.e. 6.55 % of the total number of planholders. The impact on payments to public budgets was approximately CZK 0.3 billion. Planholders indirectly received a further CZK 0.2 billion because their employers' contributions are not included any longer into their (employees') taxable income, and finally, the reduction in taxes paid by employers who pay contributions for their employees - planholders, is estimated to be CZK 0.4 billion. In summary, tax effects are close to a billion and might very probably be even higher this year. Currently, employers contribute to 0.6 million planholders, and the volume of contributions credited to their accounts can be estimated at about CZK 2 up to 2.5 billion for the whole duration of the contributory pension scheme. Mid-1999 or 2000 was a turning point. After that date the total volume of money coming to planholders' accounts from their employers quickly increases because the number of planholders who receive contributions from their employers more than doubled during that time.

## 6. EXECUTION OF STATE SUPERVISION

According to the Act No. 42/1994 Coll., the Ministry of Finance as the body executing state supervision in pension funds is authorised to:

- Supervise adherence to the Contributory Pension Act, statutes and pension plans, and pay attention to the protection of planholders;
- License pension funds;
- Approve mergers of pension funds;
- Approve changes in shareholders, depositories, statutes, pension plans, and approve proposed pension fund statutory body members;
- Order corrective measures and impose sanctions for identified faults, decide dissolution and liquidation of pension funds and appoint receiver, suspend directors' powers to dispose of pension fund property, and appoint trustees;
- Grant state contributions;
- Conduct legislative actions, especially in the field of state supervision, pension fund management and investing, state contribution, taxation of pension fund and contributory pension benefits.

Considering the aforementioned tasks of the Ministry of Finance, the Office's activities can be grouped as follows:

- Legislative activities;
- Approving and licensing;
- Control activities;
- Other activities.

Legislative activities are covered in chapter 3.

## 6.1. APPROVING AND LICENSING

Approving and licensing within the Ministry of Finance's powers, which is executed in the form of administrative proceedings, is an important part of state supervision in pension funds. This includes:

- a) Licensing of pension funds;
- b) Approving of the dividing, merging or fusing of pension funds;
- c) Approving of persons designated to be statutory body members and proxy-holders in pension funds;
- d) Approving of pension fund depositories and changes thereof;
- e) Approving of pension plans and changes thereof;
- f) Approving of pension fund statutes and changes thereof;
- g) Approving of transfers of pension fund shares in excess of 10 % of the pension fund registered capital.

The Ministry of Finance gave a total of 82 administrative rules in 2000. Specifically, these were:

- two rules approving the dividing, merging or fusing of pension funds:
  - The dividing, merging or fusing of pension funds is approved by the Ministry of Finance upon agreement with the Ministry of Labour and Social Affairs and the Securities Commission. The Ministry of Finance approved two mergers in 2000.
  - Český penzijní fond ZDRAVÍ, a.s. and Českomoravský penzijní fond, a.s. merged into Českomoravský penzijní fond, a.s.;
  - ABN AMRO penzijní fond, a.s. and JISTOTA a KOURUNA penzijní fond, a.s. merged into ABN AMRO penzijní fond, a.s.

Thirty-four rules approving the persons designated to be

statutory body members in pension funds:

- Approving of persons designated to be members of the board of directors or supervisory board or proxy-holders in a pension fund is decided upon by the Ministry of Finance within its own competence. Upon requests of pension funds, the Ministry of Finance approved 69 persons designated to be members of boards of directors and supervisory boards in pension funds. When approving such persons, the Ministry of Finance takes into account, for example, their integrity and professional competence and examines whether or not they are the persons who are not eligible for such positions as per the Act No. 42/1994 Coll.

Six rules approving the pension fund depositories and changes thereof:

- Approving of depositories is decided by the Ministry of Finance upon agreement with the Securities Commission. The list of depositories as of December 31, 2000 and June 30, 2001 is enclosed - see Annex No. 10.

Fifteen rules approving the pension plans and changes thereof:

- Pension plans and changes thereof are approved of by the Ministry of Finance upon agreement with the Ministry of Labour and Social Affairs. This mainly concerned the approval of changes, which had to be made according to the Act No. 170/1999 Coll., amending the Act No. 42/1994 Coll. These changes in pension plans had to be approved in nine months from the effective date of the aforementioned amendment (August 1999). The last change in connection with the amendment was approved by May 2, 2000.

Twenty-two rules approving the pension fund statutes and changes thereof:

- Approving of statutes and changes thereof is decided by the Ministry of Finance upon agreement with the Securities Commission. Most changes in statutes



were made, similarly to changes in pension plans, in connection with the aforementioned amendment to the Act No. 42/1994 Coll.

Three rules approving the transfers of pension fund shares in excess of 10 % of the pension fund registered capital:

○ Approving of transfers of shares is decided upon by the Ministry of Finance upon agreement with the Securities Commission. The following pension funds asked for such approvals:

- Hornický penzijní fond, a.s., Ostrava
- ING penzijní fond, a.s.
- ABN AMRO penzijní fond, a.s.

## ■ 6.2. CONTROL ACTIVITIES

The main objective of control conducted by the State Supervision in Pension Funds is to protect planholders. Control activities are aimed to identify faults in individual pension funds, assessing their gravity so as to order corrective measures and impose sanctions. In the event of less serious faults, the pension fund itself takes measures to correct them and informs the state supervision body. In the event of serious or repeated breaches of the law, the state supervision:

- Imposes penalties to pension funds;
- Appoints a trustee;
- Decides upon the dissolution and liquidation of pension funds.

Control activities focus on the following fields:

- Compliance with the Act No. 42/1994 Coll., regulating contributory pension schemes and on amendments to certain related acts;
- Compliance of operations with the granted license;
- Audit of pension fund management with regard to due diligence and generating of continuous revenues;

- Way of profit distribution in favour of planholders;
- Compliance with procedures in applications for state contributions;
- Compliance with orders and measures as given by the Ministry of Finance;
- Accountancy.

The Office uses two basic ways of control, namely "off-site" inspection and "on-site" inspection.

### □ 6.2.1. OFF-SITE INSPECTION

This way of control is predetermined to considerable extent by pension funds' obligations as arising from the Act No. 42/1994 Coll., regulating contributory pension schemes, i.e. especially by the pension funds' obligation to submit to the Ministry of Finance quarterly applications for state contributions and the obligation to submit semi-annual and annual reports of management plus surveys of placement of pension funds means and their amounts.

Off-site inspection is especially directed at:

- Quarterly applications for state contributions;
- Pension funds management and investing;
- Payments of benefits to planholders;
- Pension funds' ability to cover planholders' claims.

Applications for state contributions are checked on a regular quarterly basis within the Ministry of Finance control system. This check should ensure that, in compliance with the law, state contribution is granted to each planholder only once and that state contributions, which were not used to satisfy planholders' claims or which were drawn without justification, are returned to the state budget in time limits as stipulated by the law. It is also checked whether the way of satisfaction of planholder's claims complies with that of the planholder's justified requests, whether the state contribution was not granted to a lower sum rather than that, which is stipulated by the law. The number

of errors made by pension funds in their applications for state contributions and returning thereof is also monitored.

Accountancy reports and financial results are assessed by the state supervision always as of June 30 and December 31 of the current year. If defects are found out in management of a pension fund, the state supervision orders corrective measures and more frequent submission of documents, on a quarterly or monthly basis.

Accountancy reports of 24 pension funds were checked in 2000, 19 checks were conducted as of June 30, 2001.

#### □ 6.2.2. ON-SITE INSPECTION

On-site inspection is conducted by the Office inspectors upon written authorisation to conduct the inspection as per the Act No. 552/1991 Coll., regulating state control. Pension funds to be inspected are selected as follows:

- a) Based on the plan of work;
- b) As a result of off-site findings;
- c) Upon notice of discrepancies in management, suspected pension fund's inability to cover justified claims of its planholders, failure to pay benefits to planholders, etc.

Within on-site inspection, the Office inspectors focus especially on:

- Compliance with the Contributory Pension Act and related acts;
- Overall management of the pension fund and the pension fund's ability to cover claimed benefits of its planholders;
- Execution of contracts for the contributory pension scheme and recording of planholders within the system, applications for state contributions, refunding of state contributions, and the number of errors;
- Pension fund's investing;

- Compliance with the Act No. 563/1991 Coll., regulating accountancy;

- The way of profit distribution and allocation of pension fund's revenues in favour of planholders.

Five on-site inspections were conducted in 2000:

- In the pension fund Penzijní fond VYŠEHRAD, a.s., the inspection found out that the pension fund failed to manage its property with due diligence and appointed a trustee as a result of breach of the Act No. 42/1994 Coll., regulating contributory pension schemes. After three months of the trustee's work, the general meeting decided to liquidate the pension fund.
- In the pension fund Penzijní fond VIVA, a.s, a trustee was appointed and after a detailed examination of assets, which are not sufficient to cover planholders' claims, the Ministry of Finance decided to liquidate the pension fund.
- In the pension fund Penzijní fond CERTUM - RENTA, a.s., the inspection found out that the pension fund failed to manage its property with due diligence and, due to a breach of the Act No. 42/1994 Coll., regulating contributory pension schemes, it was decided to liquidate the pension fund.
- In two other inspected pension funds, measures were taken to correct ascertained defects.

The most frequent defects in pension funds' activities included breaches of section 33 of the Act No. 42/1994 Coll., regulating contributory pension schemes, which stipulates investing options, and of section 31 according to which the pension fund should manage its property with due diligence and with the aim to provide for continuous revenues. In certain cases unfavourable contracts, especially real property rent contracts, were signed.

Based on inspection findings, the Office collaborated with the bodies acting in criminal prosecutions in three cases in 2000. Five complaints of suspected criminal offences were lodged.

For breach of duties as stipulated by the law, the Office, to date, imposed penalties amounting to approximately CZK 3.5 million on four pension funds. The penalties were fully paid up by pension funds.

### ■ 6.3. OTHER ACTIVITIES

#### □ 6.3.1. GRANTING OF STATE CONTRIBUTION

According to the Contributory Pension Act, state contributions from the state budget are granted to planholders. State contributions are granted by the Ministry of Finance upon quarterly applications as submitted by pension funds collectively for all planholders eligible for state contribution. The Ministry of Finance uses the SDPF (State Supervision in Pension Funds) information system to process pension funds' applications for state contributions and refunding thereof. The information system had been developed by the Ministry of Finance as early as 1994 with regard to the large volume of data included in applications for state contributions, which could not have been processed without the use of computer technology. As of December 31, 2000, SDPF processed 25 batch quarterly applications for state contributions for individual planholders as submitted by pension funds.

Particulars of files included in the application for state contributions and refunding thereof were set up by the Ministry of Finance for pension funds in SDPF methodical instruction. According to the instruction, pension funds should submit to the Ministry of Finance their applications for state contributions for each planholder in the prescribed data-file structure. The information system checks whether a given planholder is eligible in a given month for the state contribution, and if so, it checks whether it is being asked for in the proper amount and only once. The same way is used to check whether pension funds refund to the Ministry of Finance the state contributions, which were not used in compliance with the law to satisfy planholders' claims or which were asked for without justification. Simultaneously, the information system checks whether state contributions were refunded in time limits as stipulated by the law and in the correct amount. After each application for state contributions or refunding thereof is

processed, the Ministry of Finance informs pension funds about errors and about the opportunity to correct such errors.

The Ministry of Finance keeps developing and modifying the information system in line with changes in the law and with requests of the state supervision, which are important for the execution of inspections. Pension funds are kept informed about modifications in the information system both through the methodical instruction "Information for Pension Funds" or through "Amendments to SDPF Methodical Instruction".

#### □ 6.3.2. COMPLAINTS AND MOTIONS

Supervision work also includes the settlement of complaints. From 1994, to date, contributory pension planholders lodged 2625 complaints. In 2000 the Ministry of Finance recorded a total of 297 complaints in writing and, as of June 30, 2001, 407 complaints pertaining to contributory pension issues.

Complaints mostly pertained to the non-granting of state contributions. Planholders also complained about failures to transfer their money to another pension fund or failures to transfer state contributions or arrears thereof, late payments of lump discharge, failures to pay up lump discharge, late sending of account statements, etc. The Office examined and responded to each received complaint. The appropriate steps are taken in justified cases and pension funds ordered to correct defects. The Office uses all motions as underlying data for its inspections and for its work in the fields of methodology and legislation. Since 1998, complaints about pension funds in liquidation have kept on increasing and currently prevail.

**7. LIST OF USED ACRONYMS AND ABBREVIATIONS**

c.p.	current prices
EC	European Communities
EU	European Union
GDP	gross domestic product
TFA	tangible fixed assets
IFA	intangible fixed assets
PF	pension funds
SDPF	State Supervision in Pension Funds
Office	Office of the State Supervision in Insurance and Pension Funds

**8. LIST OF ANNEXES**

- ANNEX No. 1 Summary of legal provisions in the chronological order
- ANNEX No. 2A List of pension funds which on December 31, 2000 held the authorisation to carry on undertakings
- ANNEX No. 2B List of pension funds which on June 30, 2001 held the authorisation to carry on undertakings
- ANNEX No. 3 Structure of pension funds shareholders
- ANNEX No. 4A Balance sheet of pension funds
- ANNEX No. 4B Profit and loss statement of pension funds
- ANNEX No. 5A Total assets of pension funds as at December 31, 2000
- ANNEX No. 5B Total assets of pension funds as at June 30, 2001
- ANNEX No. 6 Number of planholders
- ANNEX No. 7 Contributions of planholders
- ANNEX No. 8 State contributions to planholders
- ANNEX No. 9 Average contributions of planholders and of state
- ANNEX No. 10 List of depositories

## ANNEX No. 1

## Summary of Legal Provisions in the Chronological Order

40/1964 Coll.	Civil Code
65/1965 Coll.	Labour Code
71/1967 Coll.	Administrative Act
2/1969 Coll.	Competences Act
513/1991 Coll.	Commercial Code
552/1991 Coll.	Government Supervision Act
563/1991 Coll.	Law of Accounting
21/1992 Coll.	Banks Act
591/1992 Coll.	Securities Act
42/1994 Coll.	State-contributory Supplementary Pension Insurance Act and the amendments to certain Acts related to its adoption
61/1996 Coll.	Act on Selected Measures against Legitimization of Proceeds from Criminal Activities and on the Amendment of Related Legislation
15/1998 Coll.	Securities Commission Act
159/1999 Coll.	Act on some Conditions of Business Operation in the Tourism Industry and on the amendment to the Act No.40/1964 Coll., the Civil Code, as amended and of the Act No. 455/1991 Coll., on Trades (the Trades Licensing Act), as amended
170/1999 Coll.	Amendment to the Supplementary Pension Insurance Act

## ANNEX No. 2A

List of Pension Funds which on December 31, 2000 Held the Authorisation to Carry on Undertakings

Ser. No.	Name of Pension Fund	Address
1	Všeobecný vzájemný penzijní fond, a.s.	Londýnská 41/506, 120 21 Praha 1
2	Vojenský otevřený penzijní fond, a.s.	Letenské náměstí 156/1, 170 06 Praha 7
3	Penzijní fond České pojišťovny, a.s.	Truhlářská 9/1106, 110 00 Praha 1
4	Zemský penzijní fond, a.s.	ul. 28. října 45, 702 00 Ostrava
5	Českomoravský penzijní fond, a.s.	Vinohradská 167/3217, 100 00 Praha 10
6	Báňský a hutní penzijní fond, a.s.	Frýdecká 395, 739 61 Třinec
7	Penzijní fond Komerční banky a.s.	Lucemburská 7/1170, 130 11 Praha 3
8	Winterthur penzijní fond, a.s.	Starobrněnská 8, 602 00 Brno
9	Stavební penzijní fond ČR, akciová společnost	Národní 10, 110 00 Praha 1
10	ABN AMRO penzijní fond, a.s.	Tylova 57, 316 00 Plzeň
11	Hornický penzijní fond Ostrava, a.s.	Sokolská třída 26a, 702 00 Ostrava 2
12	Spořitelni penzijní fond, a.s.	Poláčkova 1976/2, 140 21 Praha 4
13	Penzijní fond THALIA, a.s.	Josefská 1, 118 01 Praha 1
14	Penzijní fond Všeobecné zdravotní pojišťovny ČR, a.s.	Bratislavská 6, 400 01 Ústí nad Labem
15	ING penzijní fond, a.s.	Nádražní 25, 150 00 Praha 5
16	ČSOB Penzijní fond, a.s.	Brigádnická 124, 538 43 Třemošnice
17	Penzijní fond VIVA, a.s.	Ztracená 36, 772 00 Olomouc
18	Generali penzijní fond a.s.	Bělehradská 132, 120 84 Praha 2
19	Allianz penzijní fond, a.s.	Francouzská 4, 120 00 Praha 2

## ANNEX No. 2B

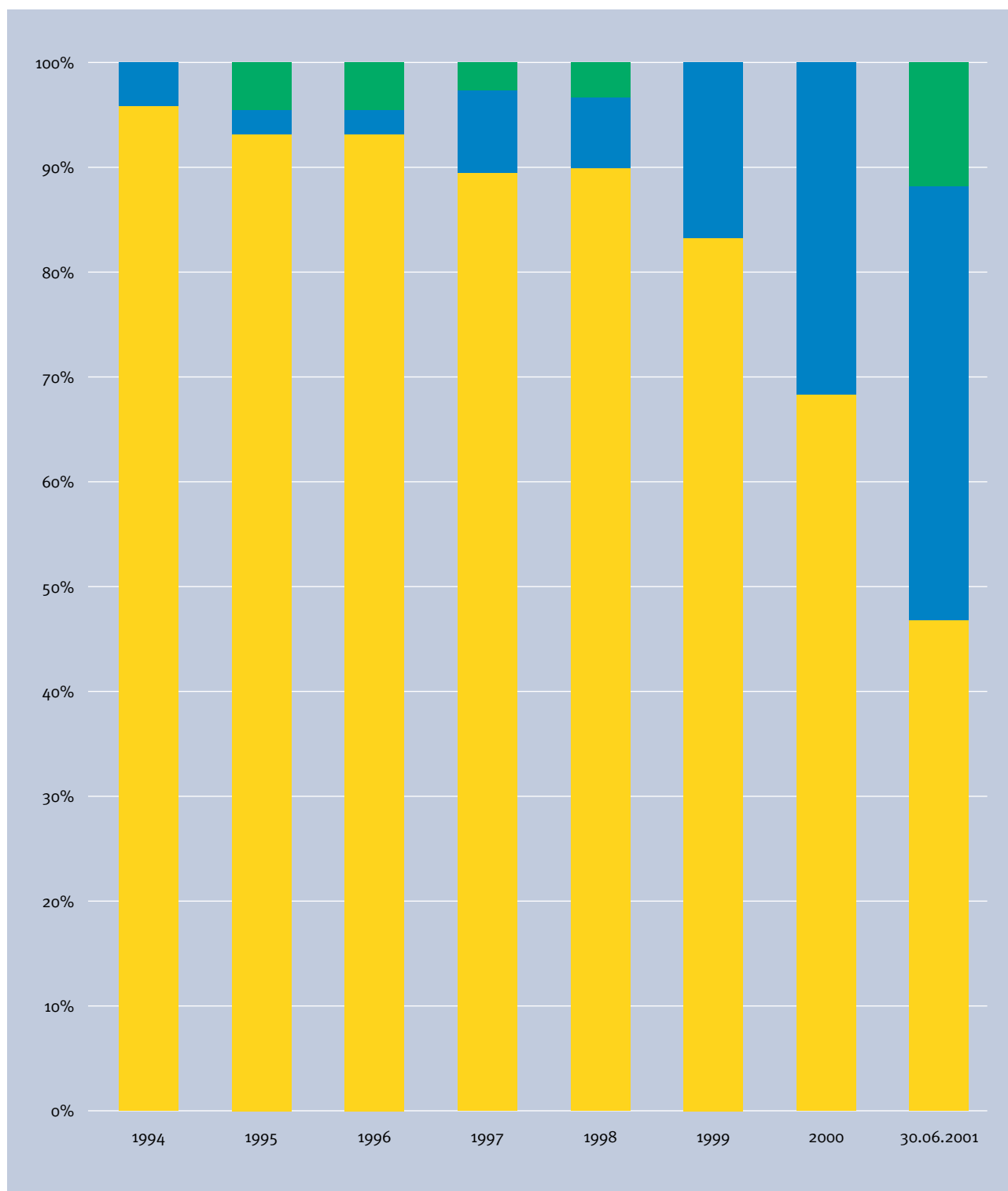
List of Pension Funds which on June 30, 2001 Held the Authorisation to Carry on Undertakings

Ser. No.	Name of Pension Fund	Address
1	Commercial Union Penzijní Fond, a.s.	Londýnská 41/506, 120 21 Praha 1
2	Vojenský otevřený penzijní fond, a.s.	Letenské náměstí 156/1, 170 06 Praha 7
3	Penzijní fond České pojišťovny, a.s.	Truhlářská 9/1106, 110 00 Praha 1
4	Zemský penzijní fond, a.s.	ul. 28. října 45, 702 00 Ostrava
5	Českomoravský penzijní fond, a.s.	Vinohradská 167/3217, 100 00 Praha 10
6	Báňský a hutní penzijní fond, a.s.	Frýdecká 395, 739 61 Třinec
7	Penzijní fond Komerční banky a.s.	Lucemburská 7/1170, 130 11 Praha 3
8	Winterthur penzijní fond, a.s.	Starobrněnská 8, 602 00 Brno
9	Stavební penzijní fond ČR, akciová společnost	Národní 10, 110 00 Praha 1
10	Hornický penzijní fond Ostrava, a.s.	Sokolská třída 26a, 702 00 Ostrava 2
11	Spořitelni penzijní fond, a.s.	Poláčkova 1976/2, 140 21 Praha 4
12	Penzijní fond Všeobecné zdravotní pojišťovny ČR, a.s.	Bratislavská 6, 400 01 Ústí nad Labem
13	ING penzijní fond, a.s.	Nádražní 25, 150 00 Praha 5
14	ČSOB Penzijní fond, a.s.	Brigádnická 124, 538 43 Třemošnice
15	ABN AMRO penzijní fond, a.s.	Olomoucká 40, 618 00 Brno
16	Generali penzijní fond a.s.	Bělehradská 132, 120 84 Praha 2
17	Allianz penzijní fond, a.s.	Francouzská 4, 120 00 Praha 2

## ANNEX No. 3

## Structure of Pension Funds Shareholders

Shareholders	Status as at December 31							
	1994	1995	1996	1997	1998	1999	2000	30.06.2001
100 % domestic capital	23	41	41	34	27	20	13	8
100 % foreign capital	1	1	1	3	2	4	6	7
Prevailing domestic capital	0	0	0	0	0	0	0	0
Prevailing foreign capital	0	2	2	1	1	0	0	2





## ANNEX No. 4A

## Balance Sheet of Pension Funds

	12/94	12/95	12/96	12/97	12/98	12/99	12/00
<b>ASSETS (in thousand CZK)</b>							
1 TOTAL ASSETS	1 226 794	7 069 107	23 973 624	23 238 991	31 096 436	37 433 303	44 360 470
2 Stock subscriptions receivable	64 560	63 590	28 000	21 004	700	12 500	0
3 Fixed assets	165 237	2 961 317	5 502 404	10 001 156	12 743 837	16 175 726	22 819 065
4 Intangible assets	55 663	137 507	138 744	139 438	122 691	115 054	101 665
5 Organisation costs	25 454	56 418	41 044	26 049	10 758	2 359	619
6 Capitalised research and development costs	912	0	0	0	0	0	453
7 Software	8 278	58 022	68 364	62 525	68 364	86 367	83 649
8 Intellectual property	1 645	2 282	2 075	868	2 014	638	5 270
9 Goodwill	47	506	14 433	10 078	5 326	1 249	861
10 Acquisition of intangible assets in progress	13 829	9 408	6 513	13 482	13 585	6 882	4 863
11 Deposits given	5 498	10 828	6 315	24 294	22 644	17 559	5 950
12 Tangible assets PP&E	51 682	163 358	224 064	500 550	824 020	972 721	1 052 600
13 Land	0	0	2 448	36 635	60 561	41 993	53 933
14 Buildings	1 140	4 391	26 829	132 069	228 949	376 848	489 390
15 Capital equipment: units and property classes	34 981	122 539	113 196	99 955	104 139	112 012	100 586
16 Orchards and vineyards	0	0	0	0	0	0	0
17 Livestock	0	0	0	0	0	0	0
18 Other PP&E	391	3 446	6 515	4 789	3 373	3 393	4 735
19 Acquisition of PP&E in progress	11 847	5 467	2 367	67 321	142 566	141 185	74 644
20 Deposits given (toward PP&E acquisition)	3 323	27 515	38 374	34 229	63 788	91 905	139 185
21 Adjustments to gained PP&E	0	0	34 336	32 723	220 644	205 385	190 127
22 Investments	57 892	2 660 451	5 139 596	9 361 167	11 797 126	15 087 951	21 664 800
23 Investments in subsidiary	0	0	0	0	0	0	0
24 Investments in affiliates with significant influence	0	0	0	147 684	0	0	0
25 Other investments	853	1 409 615	3 588 052	5 819 308	5 382 294	5 997 279	7 146 013
26 Loans to group companies	0	0	0	0	0	0	0
27 Other investments	57 039	1 236 842	1 551 544	3 394 175	6 414 833	9 090 672	14 518 787
28 Non-fixed assets	906 290	3 505 600	17 665 436	12 645 638	17 427 757	20 248 545	20 134 555
29 Inventories	20 626	9 886	4 106	3 749	2 239	2 288	4 599
30 Raw materials	16 705	9 616	4 092	3 735	2 239	2 271	4 599
31 Work in process (incl. manufactured parts)	0	0	0	0	0	0	0
32 Products	0	0	0	0	0	0	0
33 Livestock	0	0	0	0	0	17	0
34 Merchandise	0	0	0	0	0	0	0
35 Deposits given (toward inventory acquisition)	3 921	270	14	14	0	0	0
36 Long-term receivables	6	86 521	30 911	77 220	17 371	172 062	86 163
37 Long-term trade receivables	6	86 437	30 819	27 095	11 660	9 155	6 696
38 Long-term receivables from partners	0	0	0	0	0	0	0
39 Long-term related party receivable (controlling interest)	0	0	0	29 221	0	0	0
40 Long-term related party receivable (significant interest)	0	0	0	0	0	0	0
41 Other long-term receivables	0	84	92	3 973	5 711	162 907	79 467
42 Current receivables	123 213	1 124 342	1 854 257	1 418 592	1 119 069	1 155 965	1 449 047
43 Accounts receivable (trade receivables)	27 549	572 874	637 050	509 571	211 497	214 211	440 176
44 Receivables from affiliates	25 530	30	298	0	118	0	0
45 Receivables from social security	0	0	0	5	0	0	0
46 Receivable - taxes	705	154 304	644 264	283 319	513 306	444 362	324 302
47 Receivable - deferred taxes	199	263	671	866	932	325	2
48 Related party receivable (controlling interest)	0	0	0	13 000	13 000	3 000	0
49 Related party receivable (significant interest)	0	0	0	0	0	0	0
50 Other current receivables	69 230	392 935	571 975	410 343	380 216	494 067	684 567
51 Current liquid assets	762 444	2 284 851	15 776 118	11 146 077	16 289 077	18 918 230	18 594 746
52 Cash	955	14 296	111 035	8 925	10 444	17 996	4 283
53 Cash in bank	756 639	1 565 565	3 545 535	3 071 042	3 940 854	1 990 232	2 175 787
54 Short-term investments	4 850	703 029	12 119 548	5 171 013	12 337 780	16 910 002	16 414 676
55 Other assets - temporary debit accounts	90 708	538 600	777 784	571 193	924 143	996 532	1 406 850
56 Accruals (accrued assets)	90 377	505 460	770 107	554 226	869 377	966 268	1 310 887
57 Pre-paid expenses	89 287	458 134	482 726	395 355	330 639	461 472	832 163
58 Accrued (un-billed) revenue	1 090	47 316	287 323	155 880	538 708	504 796	478 724
59 Exchange rate differences (loss)	0	10	58	2 991	30	0	0
60 Estimated pre-paid items	331	33 140	7 678	16 967	54 766	30 264	95 96
<b>LIABILITIES (in thousand CZK)</b>							
61 TOTAL LIABILITIES AND EQUITY	1 226 794	7 069 107	23 973 624	23 238 991	31 096 436	37 433 303	44 360 470
62 Total equity	694 455	6 093 748	13 699 300	12 236 148	30 038 501	36 048 424	43 224 372
63 Legal capital (statutory equity)	807 200	1 738 300	2 096 970	2 110 091	1 965 027	1 572 844	1 488 194
64 Legal capital (equity at par)	807 200	1 738 300	2 096 970	2 110 091	1 965 027	1 572 844	1 488 194
65 Treasury stock	0	0	0	0	0	0	0
66 Other equity accounts	199 867	4 587 882	11 457 400	18 548 797	24 747 027	29 720 618	36 483 283
67 Additional paid in capital (in excess of par)	21 156	96 850	193 940	153 511	344 361	207 029	155 517
68 Other equity accounts	178 711	4 522 812	11 395 198	18 000 381	25 056 000	30 062 792	36 942 616
69 Adjustments to investments (securities firms only)	0	-31 416	-41 888	-505 441	-846 018	-549 210	-614 850
70 Adjustments to capital investments (discontinued)	0	0	150	-8 755	-7 325	0	0
71 Reserves (appropriated retained earnings)	56 500	94 208	251 067	732 259	1 814 926	3 143 488	3 906 680
72 Statutory reserve account	56 500	91 833	95 591	85 244	141 483	196 370	263 714
73 Statutory reserve account (cooperatives)	0	0	0	0	0	0	0
74 Other reserves (other appropriated retained earnings)	0	2 375	155 476	647 015	1 673 443	2 947 118	3 642 966
75 Retained earnings	-8 430	-50 706	-476 536	-340 540	-293 414	-95 160	-21 135
76 Retained earnings	-8 430	111	258	20 055	3 147	40 938	34 976
77 Retained earnings deficit	0	-50 817	-476 794	-360 595	-296 561	-136 098	-13 841
78 Net income or Net loss for fiscal period	-60 682	-275 936	370 399	1 185 540	1 804 935	1 706 634	1 325 080
79 Liabilities	207 420	901 894	10 201 407	936 341	990 694	1 279 728	1 041 006
80 Allowances	199	1 823	6 259	21 997	39 002	156 390	55 528
81 Tax deductible allowances	0	0	0	1 241	250	1 840	750
82 Exchange rate loss allowances	0	10	0	0	0	0	0
83 Non-tax deductible allowances	199	1 813	6 259	20 756	38 752	154 550	54 778
84 Long-term liabilities	0	18 458	899	8 849	14 643	14 817	23 527
85 Related party liabilities (controlling interest)	0	0	0	0	0	0	0
86 Related party liabilities (significant influence)	0	14 769	0	0	0	0	0
87 Long-term deposits received	0	0	0	0	0	0	0
88 Bonds (debenture bonds)	0	0	0	0	0	0	0
89 Long-term notes	0	0	0	0	0	0	0
90 Other long-term liabilities	0	3 689	899	8 849	14 643	14 817	23 527
91 Current liabilities	193 631	688 832	9 570 650	855 584	935 821	1 108 521	961 521
92 Account payable (trade payables)	100 527	165 737	5 909 731	121 488	151 761	310 072	180 704
93 Payables to partners	6 519	22 628	15 171	0	0	0	10 915
94 Payables to employees	2 857	6 884	8 795	7 520	10 095	9 463	10 763
95 Social security payable	1 924	11 688	6 616	6 040	7 710	9 083	8 447
96 Taxes payable	732	3 219	4 207	7 602	413	14 249	9 386
97 Deferred taxes payable	602	648	957	1 899	1 333	2 569	2 105
98 Related party payable (controlling interest)	0	0	0	0	3 000	3 000	0
99 Related party payable (significant influence)	0	0	2 000	14 725	0	0	0
100 Other payables	80 470	477 973	3 623 172	696 312	761 509	760 085	739 631
101 Bank loans and other credit	13 590	192 781	623 599	49 911	1 228	0	0
102 Long-term bank loans	8 590	31 999	35 860	9 911	880	0	0
103 Short-term bank loan	3 600	99 106	490 586	40 000	348	0	0
104 Other short-term credit (lines of credit)	1 400	61 175	97 153	0	0	0	0
105 Other liabilities-temporary credit accounts	24 919	73 465	72 916	66 501	67 241	105 151	95 092
106 Accrued liabilities	6 919	56 474	30 628	36 051	30 338	35 858	24 398
107 Accrued expenses	6 917	56 474	22 646	24 916	29 594	25 894	18 427
108 Unearned revenue	0	0	6 549	11 135	0	9 326	5 25
109 Exchange rate differences (gain)	2	0	1 433	0	744	638	5 446
110 Estimated accrued items	18 000	16 991	42 288	30 450	36 903	69 293	70 694

## ANNEX No. 4B

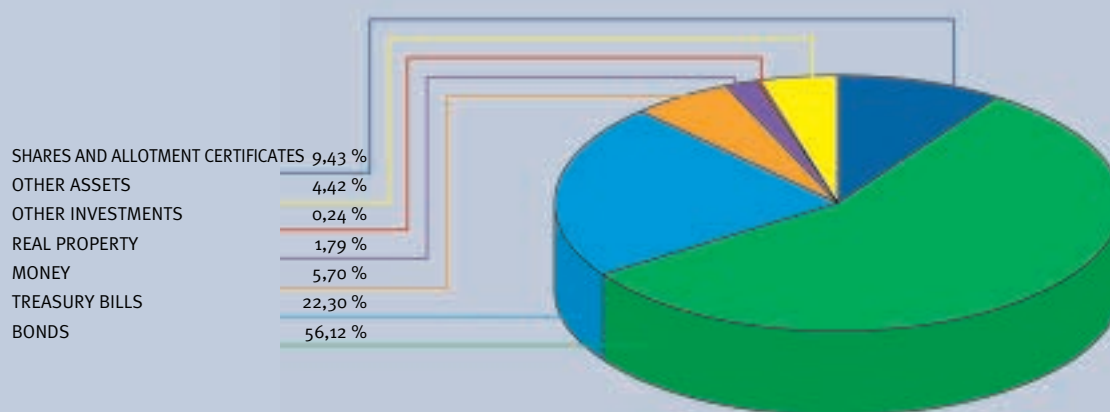
## Profit and Loss Statement of Pension Funds

	(in thousand CZK)	12/94	12/95	12/96	12/97	12/98	12/99	12/00
1	Merchandise revenue	0	1 728	0	0	0	0	0
2	Cost of merchandise sold	0	0	0	0	0	0	0
3	Gross profit	0	1 728	0	0	0	0	0
4	Internal activities	3 601	62 424	15 405	14 935	16 240	7 189	7 324
5	Service and manufactured goods revenue	2 948	18 842	14 129	13 846	15 043	5 906	7 324
6	Inventory revaluation	0	0	0	0	0	0	0
7	Self manufactured goods revenue	653	43 582	1 276	1 089	1 197	1 283	0
8	Raw materials and services used	75 380	691 033	626 512	654 604	702 724	709 543	827 669
9	Raw materials and utilities expense	16 641	73 258	50 266	38 128	40 761	53 287	58 603
10	Outside services used	58 739	617 606	576 246	616 476	661 962	656 256	769 066
11	Value added	-71 779	-626 881	-611 107	-639 669	-686 484	-702 354	-820 345
12	Payroll	13 196	185 772	248 129	272 885	291 740	314 814	333 992
13	Wages and salaries	9 291	134 401	183 100	196 604	208 056	228 135	239 176
14	Board member compensation	811	7 957	9 759	13 617	16 256	14 328	14 656
15	Social security expenses	2 992	41 229	52 168	58 980	63 300	67 318	72 117
16	Fringe benefits	102	2 120	3 102	3 684	4 128	5 033	8 043
17	Taxes and fees	647	1 789	2 647	2 319	1 385	4 111	6 279
18	Amortisation of intangible and depreciation of PP&E	5 977	52 926	81 750	87 521	108 840	102 234	111 322
19	Revenue from sale of fixed assets and raw materials	0	114 740	36 797	69 873	6 082	58 377	69 141
20	Book value of disposed fixed assets or raw materials	0	45 491	20 522	25 495	4 369	46 904	65 913
21	Clearing of reserves and accrued revenue	9 919	24 775	901	0	2 481	25 853	18 203
22	Creation of reserves and accrued expenses	1 640	9 326	13 016	20 196	28 361	61 926	24 738
23	Clearing of adjustments to previously adjusted assets	0	0	0	71	724	34 235	110 078
24	Adjustments to assets to reflect decline in fair value	0	0	1 971	3 765	91 585	72 463	139 464
25	Miscellaneous operating receipts	55	26 941	5 669	13 874	37 925	92 884	158 265
26	Miscellaneous operating expenses	32	5 253	39 434	41 910	63 833	94 651	175 342
27	Transfer of operating receipts	0	0	0	27	0	0	0
28	Transfer of operating expenses	0	0	0	14	0	0	0
29	Operating income	-83 297	-760 982	-975 209	-1 009 929	-1 229 385	-1 188 108	-1 321 708
30	Revenue from sale of securities and direct investments sold	0	6 190 366	24 730 002	55 269 535	124 931 352	188 104 636	183 736 332
31	Book value of securities and direct investments	0	6 429 880	24 341 392	54 450 441	125 313 259	187 039 087	183 296 416
32	Income from investments	52	257 985	419 099	579 221	1 167 446	1 230 485	1 415 202
33	Income from securities of, and direct investments in, group companies	0	28 228	42 335	35 670	69 996	61 819	76 465
34	Receipts from other securities and direct investments	0	57 167	280 395	430 369	674 583	789 013	797 436
35	Receipts from other financial investments	52	172 590	96 369	113 182	422 868	379 653	541 301
36	Receipts from short-term investments	874	306 884	764 412	512 668	1 784 042	743 202	661 295
37	Clearing of reserves to financial receipts	0	0	273	2 210	204	2 161	160 237
38	Creation of reserves for financial expenses	199	74	2 209	14 706	10 571	93 963	67 431
39	Clearing of adjustments to financial receipts	0	0	2 028	0	142	11 814	200 007
40	Clearing of adjustments to financial expenses	8	2 028	0	34 567	15 762	39 034	118 915
41	Interest received	12 059	198 127	385 026	776 845	716 847	278 563	208 624
42	Interest paid	115	16 630	123 165	178 496	51 688	395	28
43	Other financial receipts	2 182	34 986	60 352	71 386	36 833	72 659	20 850
44	Other financial expenses	867	34 161	558 037	311 054	211 648	384 817	280 445
45	Transfer of financial receipts	7	0	0	0	0	0	0
46	Transfer of financial expenses	-7	0	0	0	0	0	0
47	Income (loss) from financial operations	13 992	505 575	1 336 388	2 222 603	3 033 938	2 886 224	2 639 312
48	Income tax (on operating income)	482	24 823	2 763	6 536	2 113	9 926	1 756
49	- payable	79	23 934	2 708	5 784	1 866	7 966	1 715
50	- deferred	403	889	55	752	247	1 960	41
51		0	0	0	0	0	0	0
52	Income from operations	-69 787	-280 230	358 416	1 206 138	1 802 440	1 688 190	1 315 848
53	Unusual and/or extraordinary receipts	681	2 406	53 964	3 660	14 520	44 046	12 044
54	Unusual and/or extraordinary expenses	7	2 299	26 785	14 750	12 122	23 315	2 673
55	Income tax on unusual/extraordinary income	0	0	0	483	202	2 288	0
56	- payable	0	0	0	483	202	2 288	0
57	- deferred	0	0	0	0	0	0	0
58	Unusual income (loss)	674	107	27 179	-11 573	2 196	18 443	9 371
59	Tax deductible income distribution to (J-V) partners	0	0	0	0	0	0	0
60	Net income/loss for fiscal period	-69 113	-280 123	385 595	1 194 564	1 804 636	1 706 633	1 325 219
61	Net income before taxes	-68 368	-255 343	388 358	1 201 583	1 806 951	1 718 847	1 326 975

## ANNEX No. 5A

Total Assets of Pension Funds as at December 31, 2000

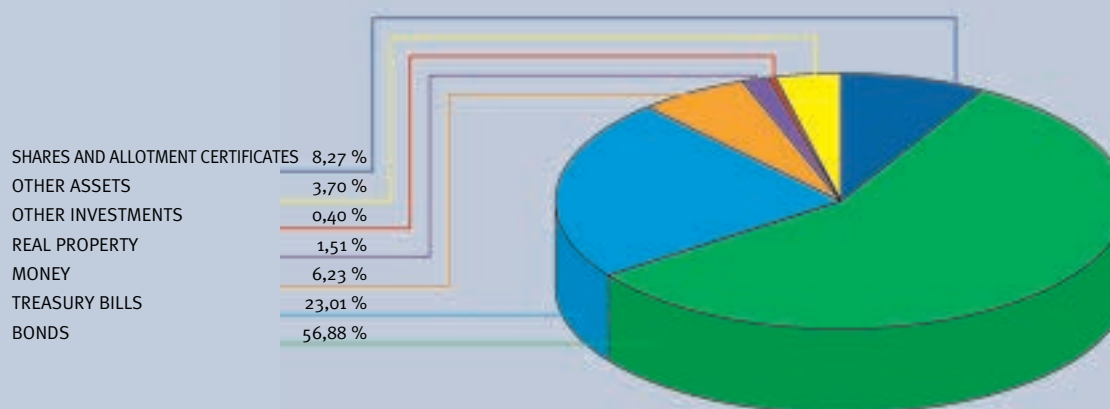
	Purchase price (CZK)	Actual price (CZK)	Per cent distribution
SHARES AND ALLOTMENT CERTIFICATES	4 485 500 280,24	4 055 791 626,08	9,43
BONDS	23 782 184 536,50	24 135 299 075,24	56,12
TREASURY BILLS	9 517 719 307,22	9 589 513 776,88	22,30
MONEY	2 453 697 553,49	2 453 705 261,64	5,70
REAL PROPERTY	801 704 846,60	768 464 594,60	1,79
OTHER INVESTMENTS	99 146 546,00	101 454 805,00	0,24
OTHER ASSETS	1 897 779 316,49	1 898 864 316,49	4,42
TOTAL ASSETS	43 037 732 386,54	43 003 093 455,93	100,00



## ANNEX No. 5B

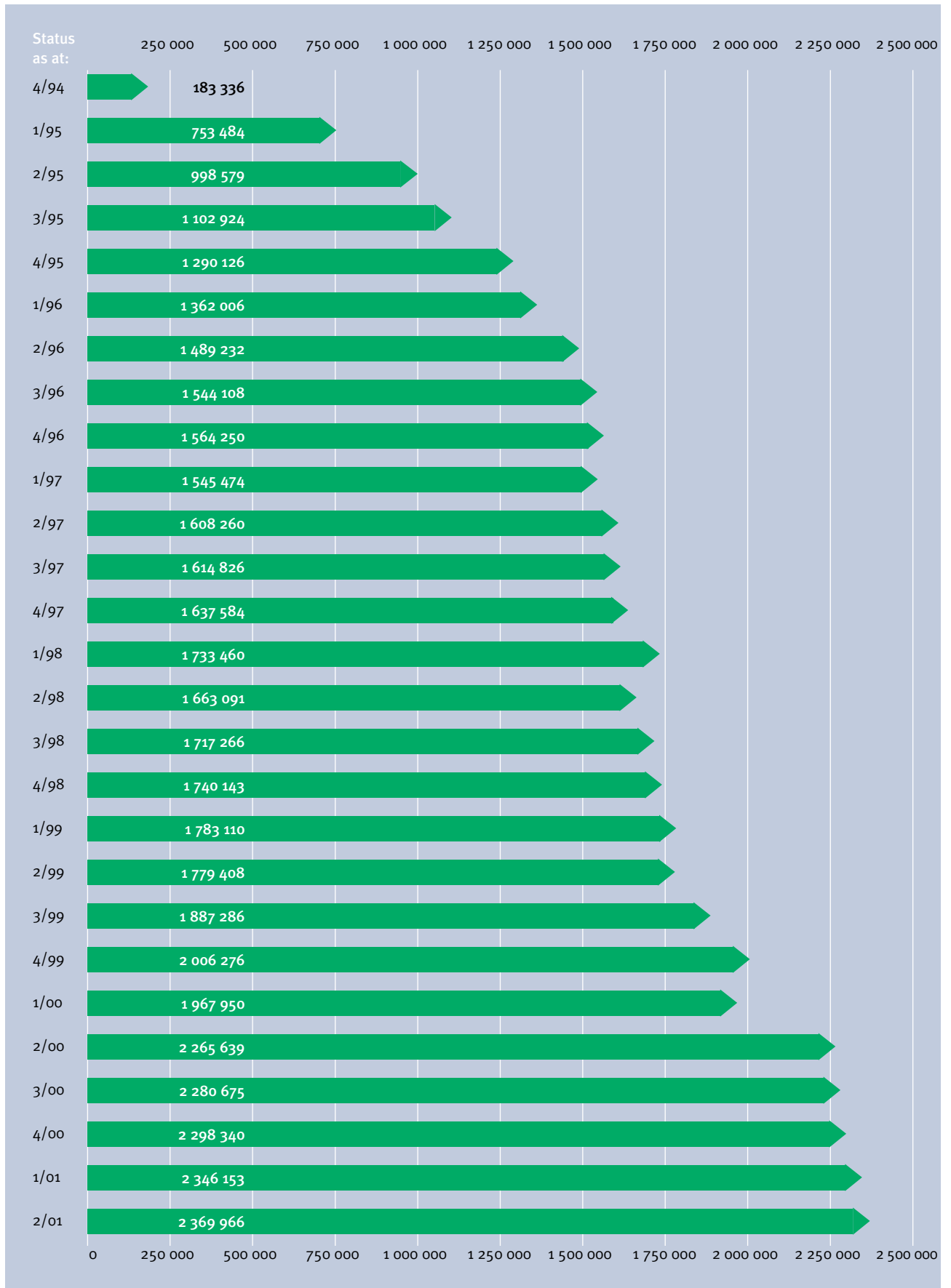
Total Assets of Pension Funds as at June 30, 2001

	Purchase price (CZK)	Actual price (CZK)	Per cent distribution
SHARES AND ALLOTMENT CERTIFICATES	4 756 105 914,25	3 913 521 969,29	8,27
BONDS	26 307 421 131,15	26 912 716 268,81	56,88
TREASURY BILLS	10 793 898 198,11	10 888 865 073,67	23,01
MONEY	2 946 098 503,33	2 946 274 004,60	6,23
REAL PROPERTY	746 678 026,60	715 277 009,60	1,51
OTHER INVESTMENTS	185 666 372,00	187 974 361,00	0,40
OTHER ASSETS	1 748 686 309,00	1 748 686 309,00	3,70
TOTAL ASSETS	47 484 554 454,44	47 313 314 995,97	100,00



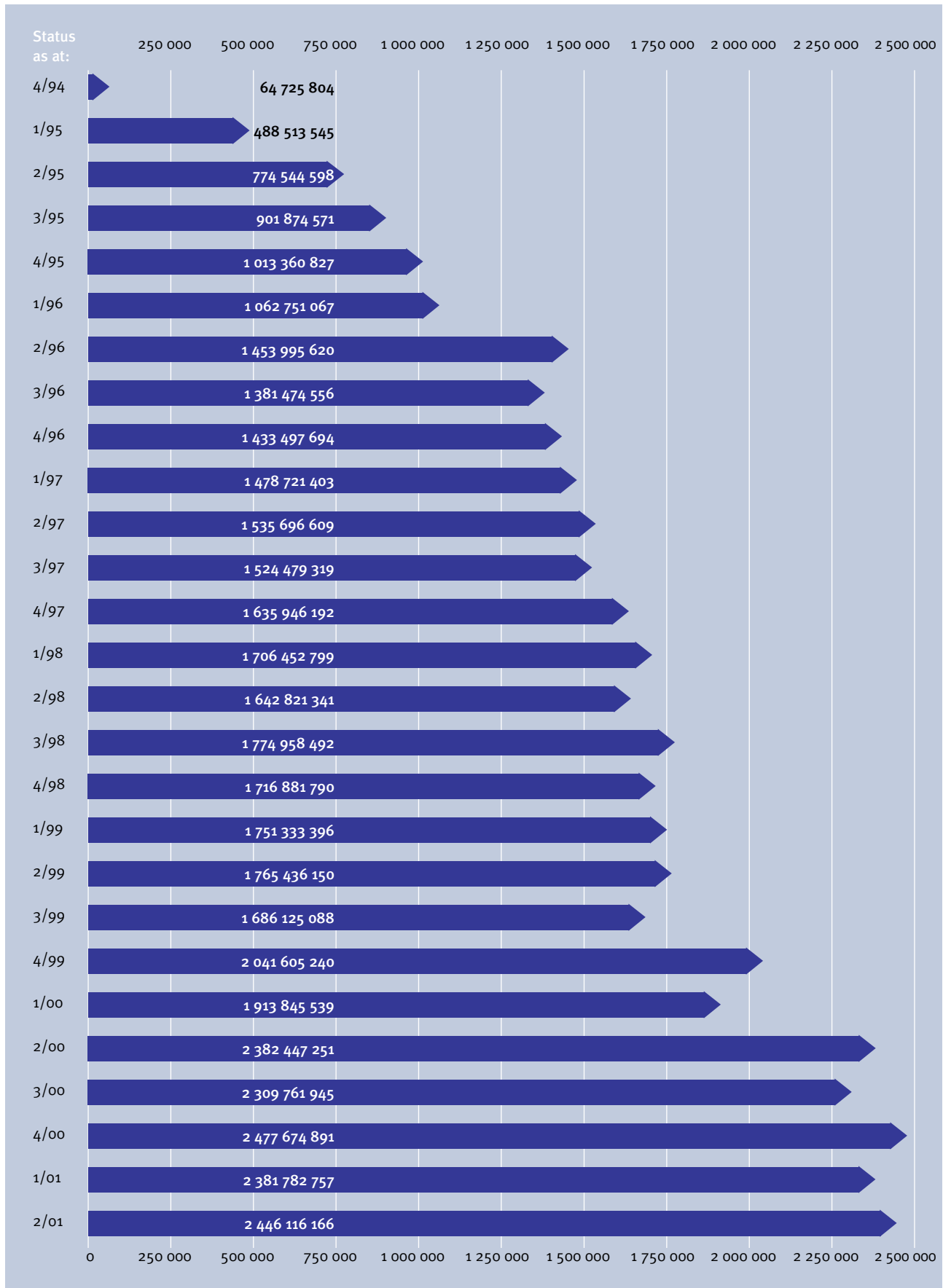
## ANNEX No. 6

## Number of Planholders



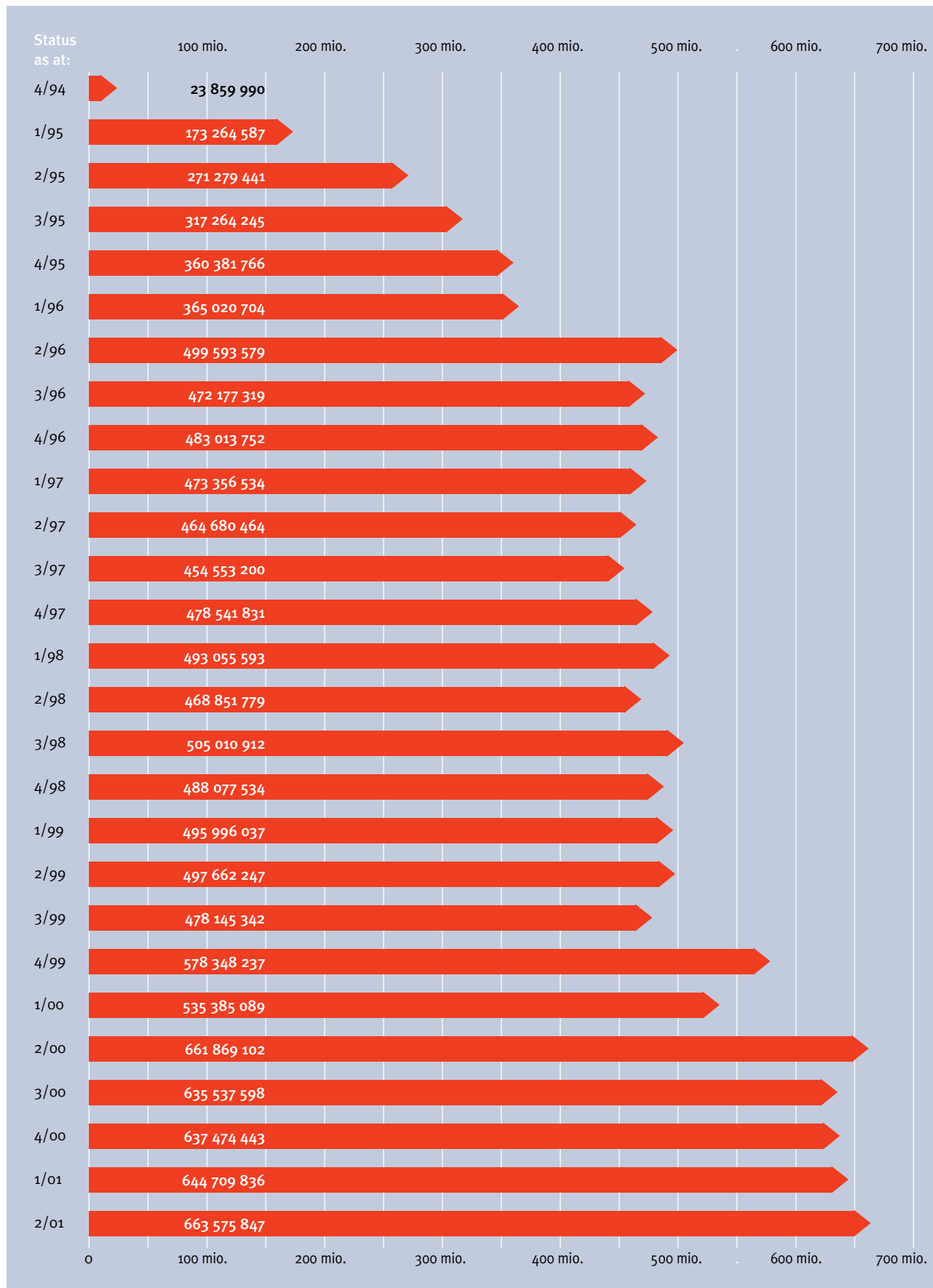
## ANNEX No. 7

## Contributions of Planholders



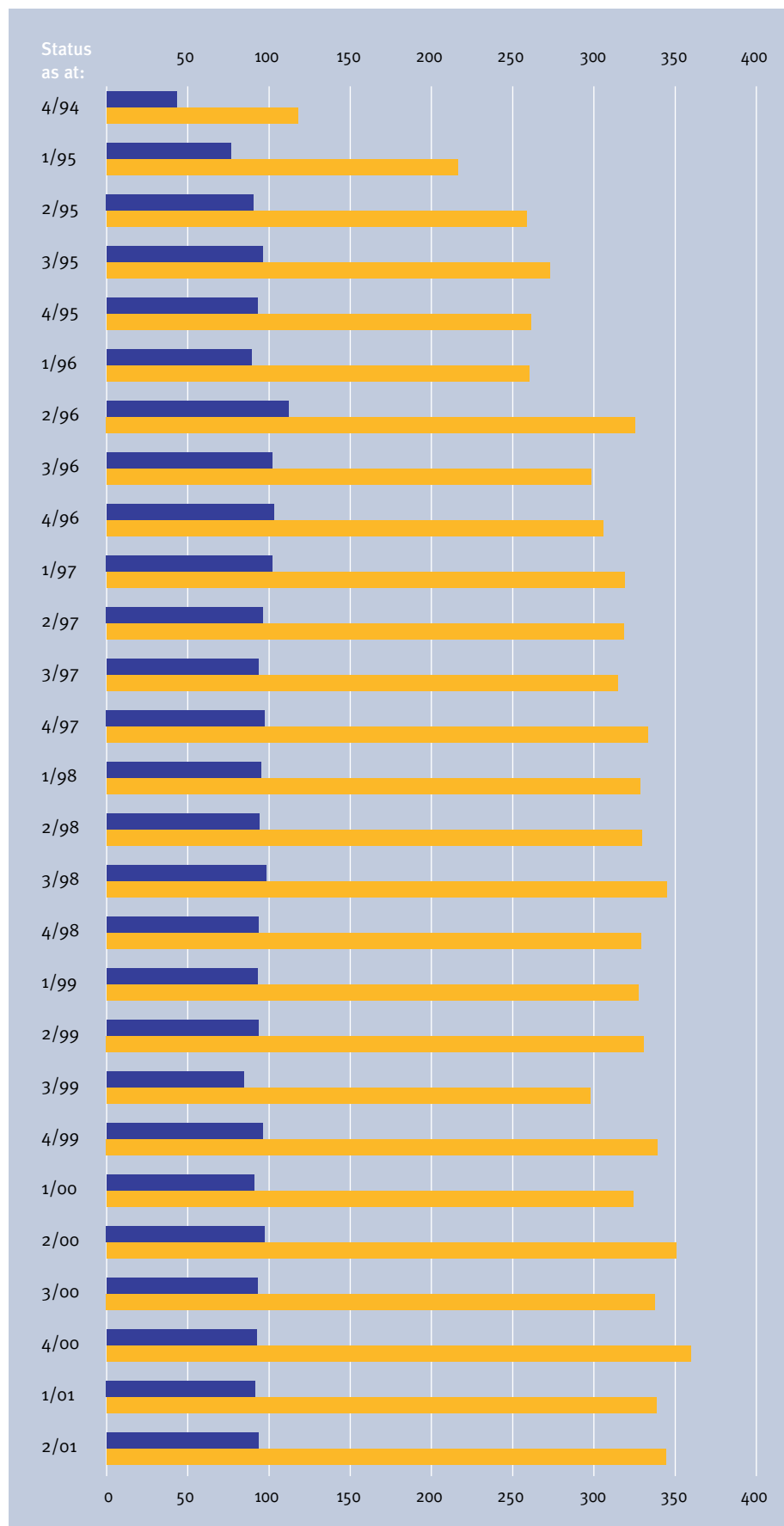
## ANNEX No. 8

## State Contributions to Planholders



## ANNEX No. 9

## Average Contributions of Planholders and of State



State contribution [in CZK]		
Planholder contribution [in CZK]		
Status as at:	Quarterly Average for Planholder	Monthly Average for Planholder
4/94	130,14	43,38
1/95	229,95	76,65
2/95	271,67	90,56
3/95	287,66	95,89
4/95	279,34	93,11
1/96	268,00	89,33
2/96	335,47	111,82
3/96	305,79	101,93
4/96	308,78	102,93
1/97	306,29	102,10
2/97	288,93	96,31
3/97	281,49	93,83
4/97	292,22	97,41
1/98	284,43	94,81
2/98	281,92	93,97
3/98	294,08	98,03
4/98	280,48	93,49
1/99	278,16	92,72
2/99	279,68	93,23
3/99	253,35	84,45
4/99	288,27	96,09
1/00	272,05	90,68
2/00	292,13	97,38
3/00	278,66	92,89
4/00	277,36	92,45
1/01	274,79	91,60
2/01	279,99	93,33

## ANNEX No. 10

## List of Depositories

Name of Pension Fund	Depository	
	as at 31.12.2000	as at 30.06.2001
Commercial Union Penzijní Fond, a.s.	Živnostenská banka, a.s.	Živnostenská banka, a.s.
Vojenský otevřený penzijní fond, a.s.	Československá obchodní banka, a.s.	Československá obchodní banka, a.s.
Penzijní fond České pojišťovny, a.s.	Československá obchodní banka, a.s.	Československá obchodní banka, a.s.
Zemský penzijní fond, a.s.	Citibank a.s.	Citibank a.s.
Českomoravský penzijní fond, a.s.	Živnostenská banka, a.s.	Živnostenská banka, a.s.
Báňský a hutní penzijní fond, a.s.	Československá obchodní banka, a.s.	Československá obchodní banka, a.s.
Penzijní fond Komerční banky a.s.	Česká spořitelna, a.s.	Česká spořitelna, a.s.
Winterthur penzijní fond, a.s.	Československá obchodní banka, a.s.	Československá obchodní banka, a.s.
Stavební penzijní fond ČR, akciová společnost	Živnostenská banka, a.s.	Živnostenská banka, a.s.
Hornický penzijní fond Ostrava, a.s.	Union banka, a.s.	Česká spořitelna, a.s.
Spořitelní penzijní fond, a.s.	Komerční banka, a.s.	Komerční banka, a.s.
Penzijní fond THALIA, a.s.	Komerční banka, a.s.	xx
Penzijní fond Všeobecné zdravotní pojišťovny ČR, a.s.	Československá obchodní banka, a.s.	Československá obchodní banka, a.s.
ING penzijní fond, a.s.	Československá obchodní banka, a.s.	Československá obchodní banka, a.s.
Československá obchodní banka, a.s. Penzijní fond, a.s.	Živnostenská banka, a.s.	Živnostenská banka, a.s.
ABN AMRO penzijní fond, a.s.	Československá obchodní banka, a.s.	Československá obchodní banka, a.s.
Penzijní fond VIVA, a.s.	Komerční banka, a.s.	xx
Generali penzijní fond a.s.	Bank Austria Creditanstalt Czech Republic, a.s.	Bank Austria Creditanstalt Czech Republic, a.s.
Allianz penzijní fond, a.s.	Komerční banka, a.s.	Komerční banka, a.s.







grafická úprava:  
vizuální komunikace mácha  
vizual.kom@seznam.cz

tisk:  
profiprint kolín  
profiprint@kolin.cz

## State Supervision in Pension Funds



A N N U A L R E P O R T 2 0 0 0