

ANNUAL REPORT 2004

Ministry of Finance

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Rapid Growth and New Tasks

There is no doubt that shareholders of pension funds can be content with last year. The number of planholders increased by 8 % and almost reached the magical number of three million people; that is more than 60 % of work-age population. Since it is a voluntary system, it is surely a considerable result. Due to the number of people involved in the scheme, pension funds are becoming a good base for the third pillar of the pension system; however, they will be able to play a more important part only after they manage to acquire larger share of population's savings and after they persuade their clients to save more than several hundred crowns a month.

Also, it will be important to attract younger clients because planholders younger than 40 years of age made only a half of new clients last year. Besides general aversion of younger people to long-term savings, it is small yields of pension funds brought about by necessarily conservative investment strategies that cause their slight interest in the supplementary pension scheme. These investment strategies are given especially by current legislation, which guarantees non-negative yields of pension funds every year; nevertheless, the last year's returns of some of the funds of the show that on appropriate choice of investment strategy is now becoming more important than in the past.

These maladies caused by the existing legislation and conservative approach prevent pension funds from becoming the real third pillar of the pension system; that is why the time to change the institutional framework of the sector has come up. The separation of assets of pension funds as trustees and planholders' means has been discussed for several years; it seems that propitious time to make these changes is right now. The supplementary pension sector is stabilized, and it has acquired a majority of prospective clients; that is why it must focus on further development.

The separation of assets—together with relevant adjustments so that the stability of the sector is not weakened—enables pension funds to offer several investment strategies according to the age of each client and his or her willingness to bear risks. It will also make possible to offer pension plans for specific population groups or for large companies.

It is the employer who plays an increasingly more important role in the development of supplementary pension scheme. More than 27 % of pension funds' clients received employer's contribution last year, and this number continues to rise. Moreover, at present, the average employer's contribution is higher than the average planholder's contribution. Surely it would support the stability of the third pillar, should the number of clients with employer's contribution increase to at least 40 % within two to three years, and at the same time more detailed rules regarding employer's contribution be set.

The foundation of the relationship between clients and institutions offering long-term savings is transparency. Pension funds have moved a long way in recent years; as the importance of pension funds is increasing, so is the interest of the public in detailed analysis of their results. All information for clients, and pension plans with, for example, calculations of the impact of mortality tables modifications should be truly transparent and easy to understand, for it is trust that is the most important thing about long-term money.

Tomáš Prouza, Deputy Minister

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Introduction

Dear Readers,

It is my pleasure to introduce the Annual Report of the State Supervision in Pension Funds for 2004, which was not an easy year. The accession of the Czech Republic to the European Union caused a variety of diametrically opposite opinions about its impacts. Some of them warned against free provision of services and liberalization of investment activities; others claimed that nothing could happen, because the state contributory supplementary pension insurance scheme was considered a specific product, completely unknown abroad. How to assess the first months of our membership in the EU from the perspective of the State Supervision and the supplementary pension insurance market?

Both the State Supervision and the Ministry of Finance in cooperation with the Ministry of Labour and Social Affairs faced practically only one major problem: the implementation of the Directive of the European Parliament and of the Council on the Activities and Supervision of Institutions for Occupational Retirement Provision. The Member States are required to implement it no later than 23 September 2005. It was not easy for Ministry to draft the Act in the conditions of the Czech Republic, where occupational schemes do not exist. However, we have succeeded and the legislative procedures are on their way.

The changes brought about by the harmonization amendment of the Supplementary Pension Act liberalizing investment possibilities of pension funds meant that extensive changes to the Statutes of pension funds had to be made. All the pension funds fulfilled their legal obligations and submitted their proposals to the Ministry of Finance before the deadline; all of them were approved without exceptions in cooperation with the Czech Securities Commission.

Office of the State Supervision in Insurance and Pension Funds has become an active member of CEIOPS – the Committee of European Insurance and Occupational Pensions Supervisors; subsequently, it has become a founding member of IOPS – the International Organization of Pension Supervisors. The actual activities of the State Supervision in Pension Funds proceeded fully in accordance with the law by both off-site and on-site inspections. Full attention was paid to the results of financial management, and further to the findings of the Supreme Audit Office regarding paid and returned state contributions.

How has the supplementary pension market further formed? The concentration continued; the number of pension funds decreased from 12 to 11. The share of six of them in aggregate assets reached approximately 92.5 %. The future will surely confirm further continuation of this process. As of 31 December 2004, almost 3 million planholders participated in the scheme; the number of those with employer's contributions continued to increase as well. The share of pension contracts with employer's contributions already reached 27 %. I consider this fact to be very good news.

I want to conclude this introduction with an emphasis on the fact that the decision about the basic concept of the pension scheme in the Czech Republic has not been made as yet. In this context, except for partial studies, no work on the issue of the supplementary pension schemes has continued.

I consider the results of 2004 to be very good. Allow me to take this opportunity to thank all those who participated in the process to achieve them.

Václav Křivohlávek

OFFICE OF THE STATE SUPERVISION IN INSURANCE AND PENSION FUNDS

The discharge of the state supervision in insurance and pension funds is the task of the Ministry of Finance (further referred to as the "Ministry"), which is authorized to govern the development of the entire pension fund scheme. The jurisdiction of the Ministry in this subject matter is set by Section 4 of the Competencies Act No. 2/1969 Coll., as amended.

The Ministry carries out the supervision of entities conducting business in the area of private insurance and supplementary pension insurance; simultaneously, as a central state administration body, it prepares government drafts of legislative acts and regulations governing this area of the financial market.

A separate division of the Ministry called the Office of the State Supervision in Insurance and Pension Funds (further referred to as the "Office") has been created to perform these specialized activities. The Annual Report for the area of insurance is published separately.

The Office consists of nine departments. Four departments focus on insurance; two departments specialize in pension funds; three departments are cross-sectional.

The organizational structure is illustrated by the following table:

Department 321	Legislation and Legal Matters in Insurance
Department 322	Licensing in Insurance
Department 323	Methodology and Standardization of Supervision
Department 324	Insurance Inspection I
Department 325	Insurance Inspection II
Department 326	Legislation and Legal Matters in Pension Funds
Department 327	Inspection of Pension Funds and Depositories
Department 328	Analysis and Statistics
Department 329	External Relations in Insurance and Pension Funds

The number of employees of the Office stabilized at a total of 68. The proportion of women was 60 %. The average age was 45 years. The proportion of university-educated employees reached 75 %.

I. STATE SUPERVISION IN PENSION FUNDS

1. Legislation

In 2004, a substantial part of legislative activities in pension funds focused on drafting two amendments of Act No. 42/1994 Coll., on State Contributory Supplementary Pension Insurance and Amending Certain Acts Related to its Introduction (further referred to as the “Supplementary Pension Act”).

The incentive for one of the drafts was the passage of Act No. 53/2004 Coll., amending Act No. 133/2000 Coll., on the Register of Citizens and Birth Identification Numbers. As of 1 January 2006, the use of birth identification numbers without an authorization endorsed by a special legal regulation is considered to be—according to this act—an unauthorized use. For the purpose of state contribution, the Ministry uses an information system which registers the planholders of state contributory supplementary pension insurance according to their birth identification numbers, so that any possible duplicity of the state contribution is avoided. Moreover, it is necessary that the pension funds register, gather, and process birth identification numbers of planholders. However, the valid version of the Supplementary Pension Act does not explicitly allow the use of birth identification numbers by the Ministry of Finance or pension funds. Therefore it was necessary to draft the relevant legislation. It was essential to determine the method of identification obligation not only for natural persons who were assigned the birth identification number, but also for natural persons who were not assigned the birth identification number but who are eligible to become planholders of state contributory supplementary pension insurance on the grounds of their participation in the public health insurance scheme in the Czech Republic.

On the basis of amending motion of the Chamber of Deputies of the Parliament of the Czech Republic, the draft of the amendment of the Supplementary Pension Act should be integrated in the Financial Conglomerates Act, which is supposed to be passed by the end of 2005.

The incentive for the other draft of the amendment was the decision of the government to integrate the supervisors of the whole financial market into one supervisory authority. That is why an entire set of amendments to relevant acts was prepared, one of them being an amendment to the Supplementary Pension Act. Besides the legislative regulation of the separation of the state supervision of pension funds from the Ministry, it includes especially:

- Specification and amendment of the valid legislative regulation of the provision and return of state contribution, which remain under the jurisdiction of the Ministry of Finance;
- Legislative regulation of mutual information obligations with regard to newly distributed jurisdictions in the field of the state supervision of pension funds and the provision of state contribution;
- Other legislative regulations pertaining to the passage of new legal regulations governing the capital and insurance markets.



In 2004, close attention was paid to the development of EC legislation; the necessity of changes to valid legislation governing the state contributory supplementary pension scheme to reflect new EC regulations was taken into account. In 2005, it will be necessary to implement Directive 2003/41/EC of the European Parliament and of the Council on the Activities and Supervision of Institutions for Occupational Retirement Provision into the Czech legislation so that activities of foreign institutions in the territory of the Czech Republic can be carried on. The Ministry is cooperating in this matter with the Ministry of Labour and Social Affairs, which is in charge of the implementation.

2. Licensing and Approvals

The Ministry issued a total of 51 administrative decisions carried out in the administrative procedures in 2004. In particular, those included:

1 decision approving a merger of pension funds

The Ministry issued one decision based on the preceding standpoints of the Ministry of Labour and Social Affairs and the Czech Securities Commission. The decision approved the merger of Penzijní fond České pojišťovny, a.s. and Nový ČP Penzijní fond a.s. The legal successor of the merged pension funds became Penzijní fond České pojišťovny, a.s.

The approval of the merger of these pension funds also included the approvals of:

- Five persons nominated to the Board of Directors and six persons nominated to the Supervisory Board of the pension fund;
- The Statutes;
- The Pension Plan.

18 decisions of approvals or disapprovals of persons nominated as authorized representatives of pension funds

The Ministry examined the documents which the pension funds provided with their applications for approvals of persons nominated as members of Boards of Directors and Supervisory Boards, and other facts relevant for the decisions. The nominees were evaluated especially on the grounds of their criminal records, their professional competence, and the fact that they were not persons ineligible to discharge the office of authorized representation in accordance with the Act No. 42/1994 Coll. Without cooperation with other state administration bodies and within its own jurisdiction, the Ministry issued 18 decisions approving 17 persons as members of Boards of Directors and 18 persons as members of Supervisory Boards of pension funds. One person nominated as a member of the Supervisory Board was approved to the day of termination of his office as a member of the Board of Directors, and one person nominated as a member of the Board of Directors was approved to the day of the registration of the merger of pension funds in the Commercial Register due to the fact that their membership in the bodies of authorized representation of pension funds had been contrary to the relevant provisions of the Supplementary Pension Act or the Commercial Code.

Further, 5 persons were approved as members of the Board of Directors and 6 persons as members of the Supervisory Board in connection with the approval proceedings of the merger of Penzijní fond České pojišťovny, a.s. and Nový ČP penzijní fond, a.s.

One person nominated as a member of the Board of Directors of a pension fund was not approved because the requirement of professional competence set by Section 7 Paragraph 2 of the Supplementary Pension Act was not fulfilled.

15 decisions of approvals or disapprovals of changes to the Statutes of pension funds

1 decision to terminate the procedure to approve a change of the Statutes of a pension fund

The amendment of the Supplementary Pension Act No. 36/2004 Coll. brought about substantial liberalization of investment possibilities of pension funds. The previous legislative regulation of investments of pension funds was rather restrictive; pension funds more or less used the citation of the law as the definition of their investment policy. The substantial change of the law therefore required extensive changes to the Statutes of pension funds, which—according to the law—have to include the orientation and objectives of their investment policy, especially types of assets which will be acquired with financial means of pension funds. Newly approved Statutes no longer simply list investment possibilities; they reflect the real investment policy including e.g. internal limits for different groups of investment instruments. Thus it is possible for planholders to monitor the basic investment strategies of pension funds.

All pension funds fulfilled their statutory obligations and presented proposals for changes of the Statutes to the Ministry of Finance between 1 April and 1 June 2004, as required by law.

A total of 12 proposals for changes of the Statutes in connection with the changes of the law were approved in cooperation with the Czech Securities Commission. Besides these, three other proposals for changes were submitted. Two of them were approved by the decision of the Ministry; in the third case, the procedure was terminated because the pension fund withdrew its application. In one case, the Statutes were approved during the approval procedure of the merger of Penzijní fond České pojišťovny, a.s. and Nový ČP penzijní fond, a.s. (previously ABN AMRO Penzijní fond, a.s.).



14 decisions to approve changes of pension plans of pension funds

In 2004, the Supplementary Pension Act was amended by Act No. 36/2004 Coll. The purpose of the amendment was full harmonization with the EC legislation due to the accession of the Czech Republic to the European Union. The changes concerned especially the area of free movement of services and capital, equal treatment of men and women, and prohibition

of discrimination. Pension funds were required to incorporate the changes in their pension plans and submit them to the Ministry for approval within 2 months of the effective date of the Act.

In 2004, 14 pension plans were approved: 12 of those in connection with the passage of the amendment, one pension plan prior to the passage, and the last one during the approval procedure of the merger of Penzijní fond České pojišťovny, a.s. and Nový ČP penzijní fond, a.s. (previously ABN AMRO Penzijní fond, a.s.).

2 decisions to approve transfers of shares of pension funds in the amount larger than 10 % of registered capital of the pension funds

The Ministry in cooperation with the Czech Securities Commission decided to approve the transfers of shares in the following cases:

- the OKD, a.s. company, a member of the KARBON INVEST, a.s., concern, to acquire 97 % share of the registered capital of Hornický penzijní fond Ostrava, a.s.;
- Česká pojišťovna, a.s., to acquire up to 99.65 % share of the registered capital of ABN AMRO Penzijní fond, a.s.

In 2004, there was no administrative procedure regarding the changes of depository.

3. Inspection

The Supplementary Pension Act and its subsequent amendments have set new powers and obligations as well as procedures how to carry them out. These are methodological procedures described in the "Information for Pension Funds" necessary for activities of pension funds. The methodological guidelines lead and support pension funds and depositories to help create the standard and trustworthy environment in relation to pension funds and supplementary pension issues. Abiding the guidelines contributes to better awareness and behaviour of pension funds and their depositories.

The methodologies for the discharge of the state supervision in pension funds were formulated taking into account the accession of the Czech Republic to the EU; that is why they respect the rules set by the European Union directives governing this field.

The Office carries out both off-site inspections and on-site inspections. The activities of the Office itself were inspected by the Supreme Audit Office in 2004.

In case of off-site inspections, the Office examines and crosschecks information as it is provided in reports and statements submitted by pension funds. The second source of information is the data gathered in the information and controlling system SDPF II. All this information is used to assess the stability of individual pension funds; previously, it provided incentives for the initiation of on-site inspections in some cases.

Off-site Inspection

The Development of the Ministry Information System in 2004

The amendment of the Supplementary Pension Act resulted in extensive modifications and changes of the information system, so that the provisions and returns of the state contribution to supplementary pensions proceed in accordance with the amendment. The modifications of the information system were projected in the modifications of files used by the state supervision in off-site inspections with the help of the “Browser” as well as files used for analytical and statistical purposes.

Changes made in connection with the amendment of the Supplementary Pension Act:

- expansion of the existing definition of planholders from natural persons with residence in the territory of the Czech Republic and birth identification number to natural persons with residence in the territory of another EU Member State provided that they participate in the health insurance scheme or pension insurance scheme in the Czech Republic. A “number of health insurance policy holder” was newly introduced, which makes it possible to confirm in the Register of VZP Health Insurance Policyholders if a natural person participates in the public health insurance scheme in the Czech Republic. Further, codes for the EU Member States were introduced which will be used to indicate the residence of the policyholder within the EU;
- check of the validity of the registration date of contract of planholders with residence in the territory of the EU in the Ministry information system (IS MF) – no sooner than after the effective date of new pension plans of individual pension funds;
- duplicity check – the existing check was expanded to include a field with the number of health insurance policy holder; also the definition of conditions for the provision of state contribution was modified;
- one of the conditions for the entitlement to old-age pension valid before the amendment was eliminated – it was substituted by the condition of reaching the age of 60. The legitimacy of this condition as registered by pension funds is always checked against the date of the execution of contract and the effective date of the new pension plan;
- the possibility to amend any type of previous contracts so that the amended contract is in accordance with the new pension plan (checked against the effective date of new pension plans of individual pension funds);
- expansion of the option to enter or cancel amendments to supplementary pension contracts in the Returns mode;
- evaluation of results of controls of planholders in the Register of Citizens and at Foreign Police according to the new menu of the Ministry of the Interior.



Changes made in connection with amendments of other acts:

- the amendment to Act No. 133/2000 Coll., on the Register of Citizens, Section 13 Paragraph 5 changed the structure of birth identification numbers. This change was incorporated in the IS MF.

Changes regarding the inspection activities of the state supervision and their optimisation:

- incorporation of all changes made in the IS MF in connection with the amendment of the Supplementary Pension Act into files used by the state supervision;
- expansion of files to include the summary of planholders' "zero payments";
- addition of a file that analyses returned state contributions for individual months and years;
- modification of files for analytical and statistical purposes.

On-site Inspection

On-site inspections focus on three basic areas:

- inspection of activities of the Board of Directors, the Supervisory Board, the proxy, and the depository;
- inspection of planholders' claims, planholders' contributions, and subsequent provisions of state contribution;
- inspection of the financial management of pension funds

In 2004, 7 on-site inspections at registered offices of pension funds took place.

Based on the results of inspections, an administrative procedure for breach of the Supplementary Pension Act was launched in one case.



4. Other Activities

4.1 Methodology and Consulting

Complaints, notices, inquiries, and suggestions from planholders sent to the Office in 2004 were evaluated from different angles. The Office received a total of 94 submissions.

During the evaluated period, the greatest number of written submissions concerned the bankrupt PF VIVA a.s., in liquidation.

The submissions can be divided into three groups:

- The main issue dealt with in submissions in 2004 was the fact that nor planholders' contributions neither state contributions are insured against bankruptcy;
- The second group of submissions concerned inadequately long terms running from adjudication of bankruptcy of the bankrupt's pension fund estate to the settlement of claim;
- The third group of submissions included specific requests for help of the Ministry of Finance.

The number of submissions against pension funds which were in liquidation and subsequently were adjudicated bankrupt decreased significantly. Proportionately, the number of planholders' submissions against pension funds which remain in the supplementary pension market decreased as well.

In 2004, 1,155 executors' requests were processed. In accordance with Act No. 120/2001 Coll., on Proving Executors and Execution Activities (the Execution Code), Section 33, the Ministry is obliged to provide information about planholders.

Comparison of 2002 to 2005

	2002	2003	2004	as of 30 June 2005
Number of execution cases	291	343	1,155	3,298

4.2 Cooperation with International Institutions and Supervisory Authorities

To develop cooperation on the international level and maintain contacts with supervisory authorities in pension funds, the Office staff paid attention to activities of the INPRS (International Network of Pension Regulators and Supervisors) group, until recently the only point of contact of its kind. Representatives of the Office regularly participated in educational and consultation seminars organized by this association.

The INPRS organized an international forum of pension supervisors in Paris in May 2004 with purpose to establish an international supervisory institution uniting national supervisory authorities that would be similar to, for example, the IAIS (International Association of Insurance Supervisors) in insurance. Representatives of the Office participated in this meeting; their agreement with the establishment of the new institution makes the Office a founding member of a new organization called the International Organization of Pension Supervisors – IOPS. Existing activities of the IOPS are technically provided for by the OECD; the IOPS works and holds meetings mostly in the OECD seat in Paris. At the Paris meeting, the participants were given basic documents, especially a draft of the charter of the organization. Subsequent negotiations specified and clarified main directions, objectives and aims of the organization, including the plan of work and the issue of membership fees necessary for IOPS operation. Upon the request of the IOPS executive committee, the Czech supervision representative was nominated as a member of the technical committee of the new international organization.

It is too soon to evaluate activities of the IOPS; it has been working for a very short time. Its basic mission—the coordination of activities of national supervisors and the creation of standards governing the area of pension schemes—is still problematic taking into account the considerable diversity of individual pension schemes in the Member States.

4.3 Activities within the European Union Framework

Even before the accession to the European Union, the Office was fully involved in activities within the EU structures.

These activities can be divided in two parts; the first one concerns regulatory activities, i. e. the activities connected to the Insurance Committee of the European Commission (upcoming changes brought about by the Lamfalussy Process anticipate its transformation into the EIOPC – the European Insurance and Occupational Pensions Committee), and the second one concerns supervisory activities and the participation of the Office in the activities of CEIOPS – the Committee of European Insurance and Occupational Pensions Supervisors.

In 2003, Directive 2003/41/EC on the Activities and Supervision of Institutions for Occupational Retirement Provision was adopted; its purpose is to establish free movement of services in the field of occupational pensions. To coordinate activities of supervisory authorities of individual Member State, the CEIOPS working group for occupational pensions was established in 2004. Being a CEIOPS member, the Ministry of Finance – the Office of the State Supervision in Insurance and Pension Funds – sends its representative to participate in the meetings. In 2004, a total of four meetings took place in Budapest.

The working group deals with issues of cooperation of supervisory authorities focusing on cross-border activities of institutions for occupational retirement provision as defined by the directive. Besides the specifications of its objectives, the priority of the group was to draft a protocol on cooperation of national supervisory institutions. The goal was reached, and the draft of the protocol was presented to the CEIOPS plenum for approval proceedings at the beginning of 2005.

The draft of the protocol regulates the procedure of competent authorities from individual Member States to be applied in case that an institution for occupational retirement provision with its registered office in one EU Member State intends to receive pension contributions of employer and employees from another Member State.

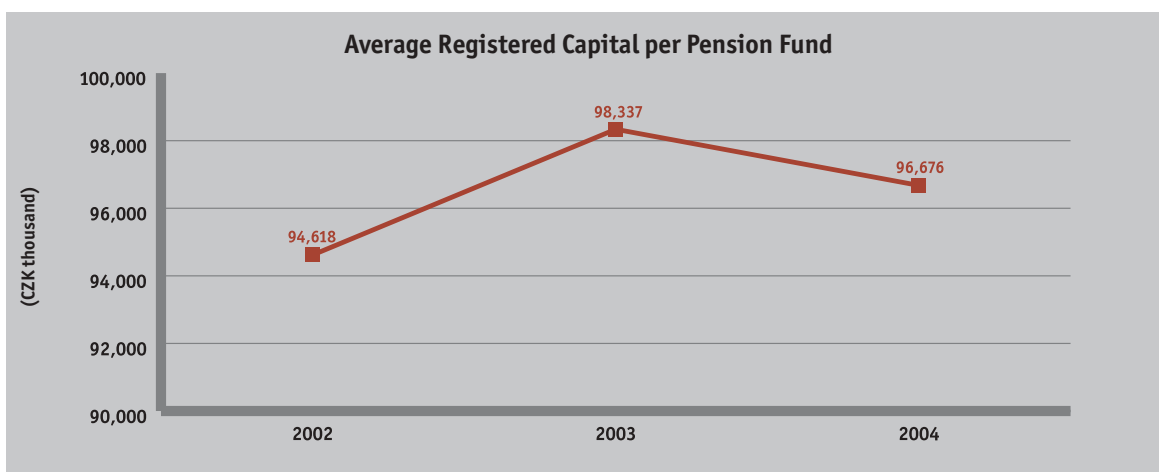
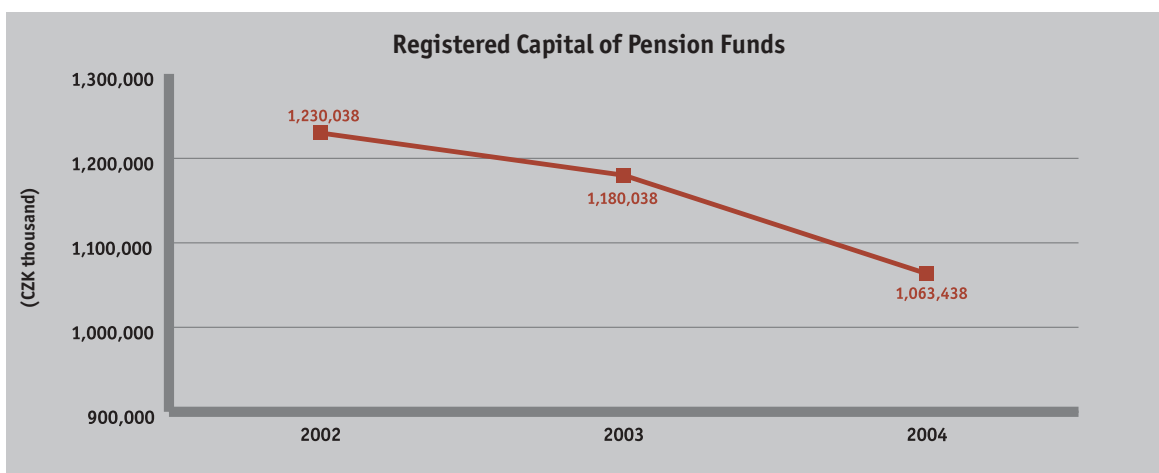
II. SUPPLEMENTARY PENSION MARKET

1. Market Structure

During 2004, two pension funds merged, so as of 31 December 2004, 11 pension funds operated in the Czech supplementary pension market. The decrease in the number of active entities corresponds to the decrease in registered capital. In 2004, even the average registered capital per pension fund decreased.

Registered Capital of Pension Funds

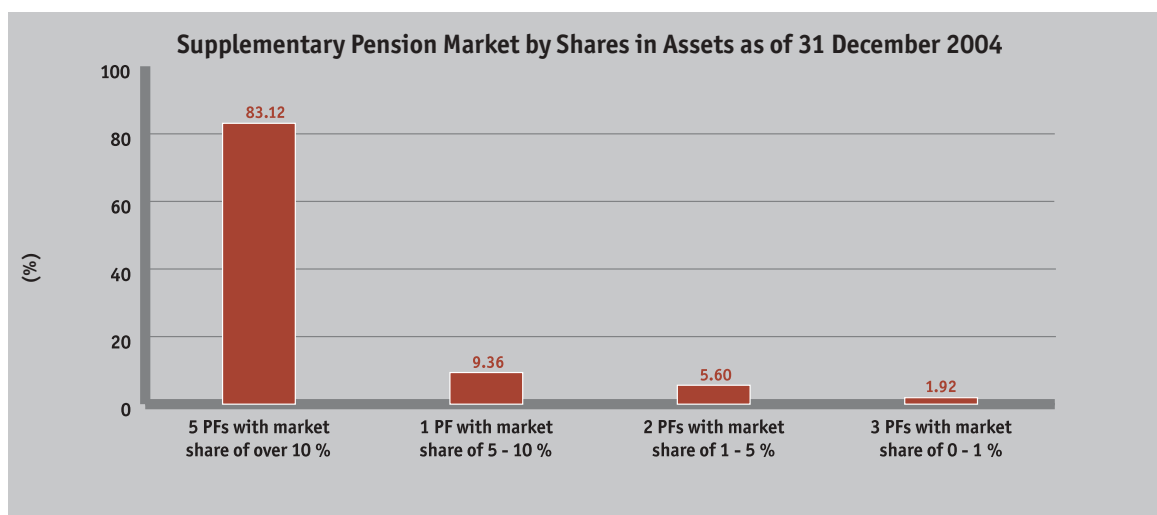
	2002	2003	2004	Index 2003/2002	Index 2004/2003
Registered capital (CZK thousand)	1,230,038	1,180,038	1,063,438	0.96	0.90
Number of active pension funds	13	12	11	0.92	0.92
Average registered capital per pension fund (CZK thousand)	94,618	98,337	96,676	1.04	0.98



The decreasing trend in the total number of entities in the supplementary pension market also corresponds to the high concentration of most assets in a relatively small number of the largest pension funds. In 2003, the five largest pension funds controlled 75.58 % of the market; at the end of 2004, the five most powerful entities—measured by the amount of assets—controlled 83.12 % of the market, which is an increase by more than 7.5 percentage points. In 2004, the five pension funds with the shares of total assets in the market of more than 10 % remained the same as in the previous year.

Supplementary Pension Market by Structure of Shares in Total Assets of Pension Funds as of 31 December 2004

Shares of Pension Funds in Total Assets	Number of PFs	Assets (CZK thousand)	Market Share (%)
Over 10 %	5	84,871,154	83.12
5-10 %	1	9,556,663	9.36
1-5 %	2	5,712,081	5.60
0-1 %	3	1,964,288	1.92



2. Financial Management of Pension Funds

The significance of supplementary pension sector is demonstrated by its increasing share in Gross Domestic Product (GDP), which reached 3.71 % in 2004. The ratio is that of two economically incomparable indicators, one of them reflecting flow and the other balance; however, the ratio has a certain information value.

Share of Assets of Pension Funds in Gross Domestic Product of the Czech Republic

	2002	2003	2004	Index 2003/2002	Index 2004/2003
Assets of pension funds (CZK billion)	69	82	102	1.19	1.24
Gross Domestic Product (in current year prices; CZK billion)	2,415	2,556	2,750	1.06	1.08
Share of assets of pension funds in GDP (%)	2.86	3.21	3.71	1.13	1.15

In 2004, both the share of assets of pension funds in Gross Domestic Product, and its year-to-year growth increased. The trend of growing influence of supplementary pension was confirmed by the increase of assets of pension funds expressed in absolute terms—their growth rate reached 24 % in 2004, the increase in the number of planholders, and the increasing amount of average assets per planholder.

Average Assets per Planholder

	2002	2003	2004	Index 2003/2002	Index 2004/2003
Assets of pension funds (CZK thousand)	68,927,478	82,066,140	102,104,186	1.19	1.24
Number of planholders	2,621,881	2,739,556	2,963,730	1.04	1.08
Average assets per planholder (CZK)	26,289	29,956	34,451	1.14	1.15

The growing importance of the supplementary pension sector is also evident from the attained economic result; the year-to-year rate of growth reached 35 %, which represents an increase by 30 percentage points compared to the previous year. The increasing dynamic of the development is also indicated by the rate of returns on assets reaching 3.14 % in 2004.

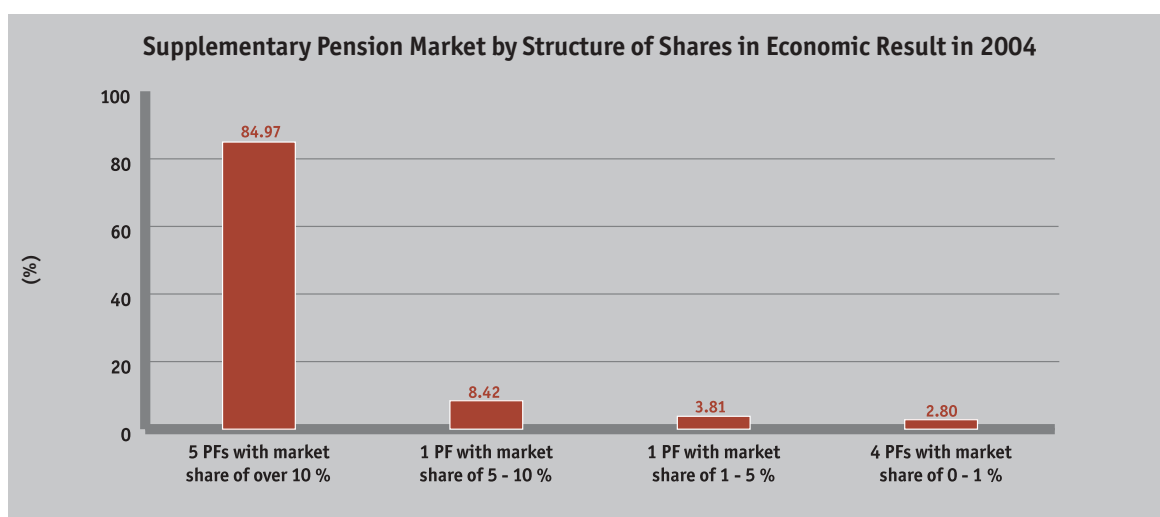
Economic Result and Total Returns on Assets of Pension Funds

	2002	2003	2004	Index 2003/2002	Index 2004/2003
Economic result for the fiscal year (CZK thousand)	2,265,219	2,377,100	3,206,842	1.05	1.35
Assets of pension funds (CZK thousand)	68,927,478	82,066,140	102,104,186	1.19	1.24
Total returns on assets of pension funds (%)	3.29	2.90	3.14	0.88	1.08

The structure of the supplementary pension market by shares in the economic result roughly corresponds to the structure of the market by shares in assets: i.e. the five most powerful funds in terms of returns control almost 85 % of the market. However, among the five pension funds with the market share in the economic result of more than 10 %, only four pension funds belong to the category of entities with the market share in total assets of more than 10 %.

Supplementary Pension Market by Structure of Shares in Total Economic Result of Pension Funds in 2004

PFs with shares in the Total Economic Result	Number of PFs	Economic Result (CZK thousand)	Market Share (%)
Over 10%	5	2,724,947	84.97
5-10%	1	270,167	8.42
1-5%	1	122,090	3.81
0-1%	4	89,638	2.80



In 2004, the total economic result was divided as follows:

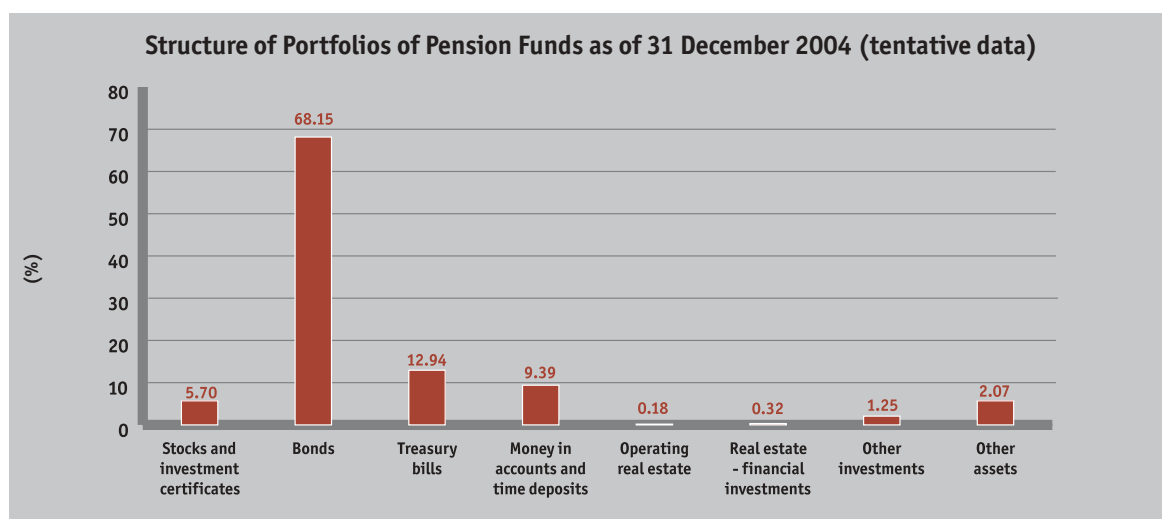
- Deposited in reserve funds: 6.20 % of profits
- Distributed to planholders: 86.24 % of profits
- Allocated for other purposes according to decisions of General Meetings: 7.56 % of profits, of which paid as dividends: 3.25 % of total profits

Shares in revenues of financial management of pension funds credited to planholders are also derived from achieved economic results. In 2004, the average credited nominal revenue in the sector, taking into account the amounts of assets of individual pension funds, was 3.36 %, the average nominal revenue calculated as simple average was 3.57 %.

Investment policies of most pension funds were prudent; the aim was to reach an economic result which would guarantee appreciation of planholders' contributions above the inflation level with emphasis on the security of means kept in planholders' personal accounts. Most assets (more than two thirds) were deposited in bond portfolios; however, there was an increase in stock and investment portfolios as well. A certain conservative investment strategy is evident; it yields lower revenues but is acceptable in terms of risk.

Structure of Portfolios of Pension Funds as of 31 December 2004

(%)	As of 31/12/2002	As of 31/12/2003	As of 31/12/2004
Stocks and investment certificates	6.24	4.79	5.70
Bonds	73.80	73.67	68.15
Treasury bills	9.70	9.31	12.94
Money in accounts and time deposits	5.07	7.72	9.39
Operating real estate	0.35	0.24	0.18
Real estate – financial investments	0.59	0.39	0.32
Other investments	2.10	1.87	1.25
Other assets	2.15	2.01	2.07



80.2 % of stocks and investment certificates were traded on the domestic regulated market. Regarding bonds, 52.5 % were Czech government bonds; 2.90 % were bonds issued in other OECD member states. Bonds traded on regulated markets of other OECD countries (including the already mentioned government bonds) amounted to 10.8 % of debt securities; bonds issued by the European Investment Bank or by another international institution of which the Czech Republic is a member amounted to 9.2 % of the bond portfolio. 3.2 % of deposits in accounts were in a foreign currency.

The share of means of pension funds placed in financial instruments which facilitate financial appreciation—i.e. items excluding operating real estate and other assets—amounted to 97.75 %, as in 2003.

The issue of revaluation of assets to real value is related to the issue of differences in valuation. The differences in valuation reported in liabilities items in 2004 concerned especially securities for trade and sale.

Distribution of Differences in Valuation in Liabilities Items of Pension Funds reported as of 31 December 2004

	(CZK thousand)
Differences in valuation of securities	1,565,663
Differences in valuation of reinsurance derivatives	12,637
Differences in valuation of other assets and liabilities	-44,048
Total	1,534,252

Differences in valuation reported in balance sheets reached positive values in 2004 and they amounted to almost a half of the economic result achieved in 2004. The negative value of differences in valuation as of 31 December 2004 concerns only items of other assets and liabilities due to the difference in revaluation to real value of financial real estate, outstanding debts and obligations.

Differences in Valuation of Pension Funds

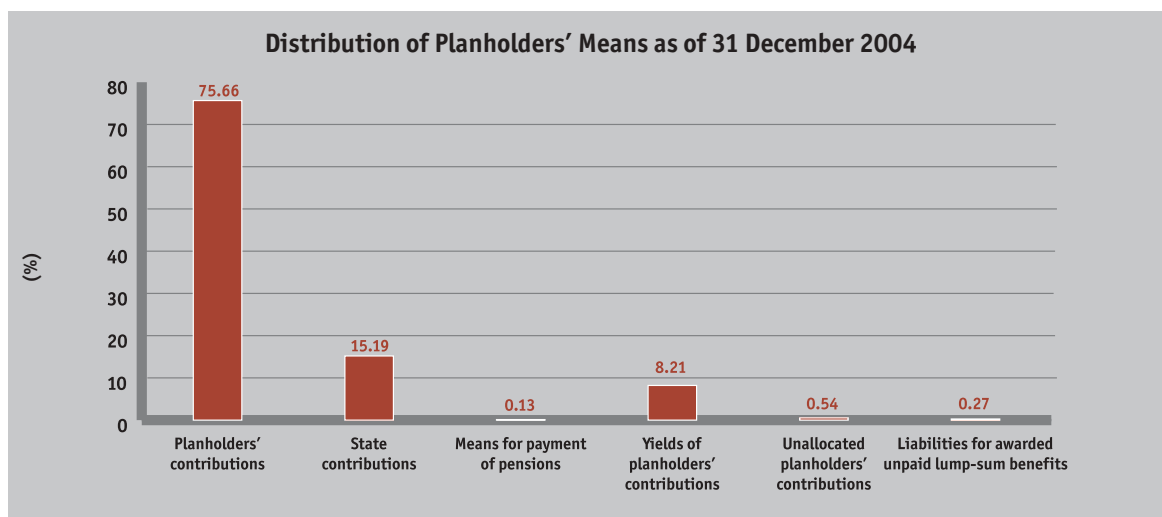
	2002	2003	2004
Differences in valuation (CZK thousand)	237,661	-304,442	1,534,252
Economic result for the fiscal year (CZK thousand)	2,265,219	2,377,100	3,206,864
Share of differences in valuation in economic result (%)	10.49	-12.81	47.84

The share of equity capital in total assets reached 7.27 % in 2004, which amounted to an increase by 1.66 percentage point compared to the previous year. The increase in equity capital was caused by the positive value of the differences in valuation, which amounted to 1.5 % of total assets, and by a higher economic result in 2004, which was reported as undistributed in the balance sheet as of 31 December 2004; therefore the entire amount fell into the category of equity capital.

Structure of Liabilities of Pension Funds

	As of 31/12/2002		As of 31/12/2003		As of 31/12/2004	
	(CZK thousand)	(%)	(CZK thousand)	(%)	(CZK thousand)	(%)
Planholders' means	63,799,814	92.56	77,123,539	93.98	94,220,886	92.28
Other liabilities	327,391	0.48	306,071	0.37	421,490	0.41
Deferred incomes and expenditures	10,262	0.01	8,309	0.01	5,049	0.01
Reserves and provisions	9,144	0.01	23,799	0.03	36,014	0.03
Registered capital	1,230,038	1.78	1,180,038	1.44	1,063,438	1.04
Share premiums	148,932	0.22	148,771	0.18	148,771	0.15
Reserve funds and other funds from profit	606,948	0.88	747,178	0.91	870,481	0.85
Capital funds	266,403	0.39	325,260	0.39	425,181	0.42
Differences in valuation	237,661	0.34	-304,442	-0.37	1,534,252	1.50
Retained profits or deferred losses	25,666	0.04	130,517	0.16	171,782	0.17
Profit or loss for the fiscal year	2,265,219	3.29	2,377,100	2.90	3,206,842	3.14
TOTAL LIABILITIES	68,927,478	100.00	82,066,140	100.00	102,104,186	100.00

The largest share of loan capital consisted of planholders' means; they represent liabilities of pension funds towards planholders. The share of planholders' means in loan capital amounted to 99.51 %, and in total assets to 92.28 %.



Besides the rate of returns of individual investment, the operating costs are also projected in the financial management of pension funds.

Development of Costs of Pension Funds Including Shares per Planholder

	2002	2003	2004	Index 2003/2002	Index 2004/2003
Total costs (CZK thousand)	1,974,699	1,680,056	1,720,218	0.85	1.02
Of which operating costs	1,285,029	1,033,475	983,350	0.80	0.95
Selected items of operating costs:					
Total administrative costs	812,193	775,901	840,467	0.96	1.08
Of which personnel costs	283,934	271,686	300,316	0.96	1.11
Number of planholders	2,621,881	2,739,556	2,963,730	1.04	1.08
Average total costs per planholder (CZK)	753	613	580	0.81	0.95
Average operating costs per planholder (CZK)	490	377	332	0.77	0.88

It is evident that average costs per planholder are constantly decreasing. Total costs expressed in absolute terms increased by 2 % in 2004; however, the increase did not concern operating costs. It was caused by almost 28 % increase of "costs related to safety and maintenance of securities" in comparison with 2003.

The share of operating costs in total costs of pension funds amounted to 57.16 % in 2004. The share of administrative costs (costs which are a part of operating costs and which, besides administrative costs such as energy consumption, materials, and services, include personnel costs as well) in total costs was 48.86 %.

Structure of Operating Costs

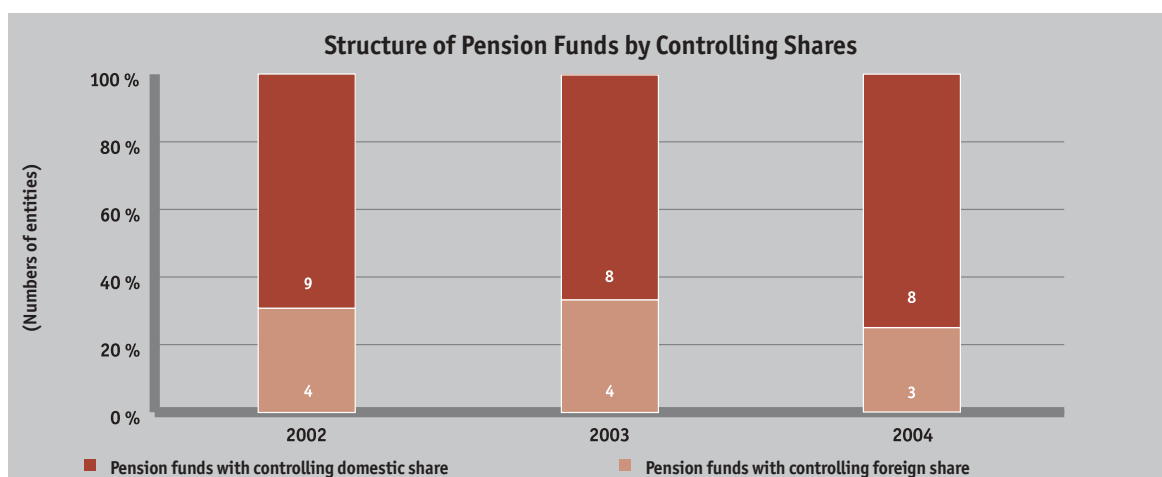
	2002		2003		2004	
	(CZK thousand)	(%)	(CZK thousand)	(%)	(CZK thousand)	(%)
Administrative costs	812,193	63.20	775,901	75.08	840,467	85.47
Other operating costs	107,368	8.36	141,483	13.69	34,590	3.52
Depreciation, creation and use of reserves and adjustments of long-term tangible and intangible assets	172,726	13.44	83,450	8.07	88,768	9.03
Depreciation, creation and use of reserves and adjustments of receivables and guarantees	162,975	12.68	573	0.06	2,420	0.24
Creation and use of other reserves including reserves for pensions	17,544	1.37	32,068	3.10	17,105	1.74
Other adjustments	12,223	0.95	0	0.00	0,	0.00
Total operating costs	1,285,029	100.00	1,033,475	100.00	983,350	100.00

3. Pension Fund Shareholders

As of 31 December 2004, domestic shareholders owned eight pension funds; foreign shareholders controlled majority share of capital in three entities. The structure of shareholders in 2004 did not differ significantly from that of the previous year.

Structure of Pension Fund Shareholders

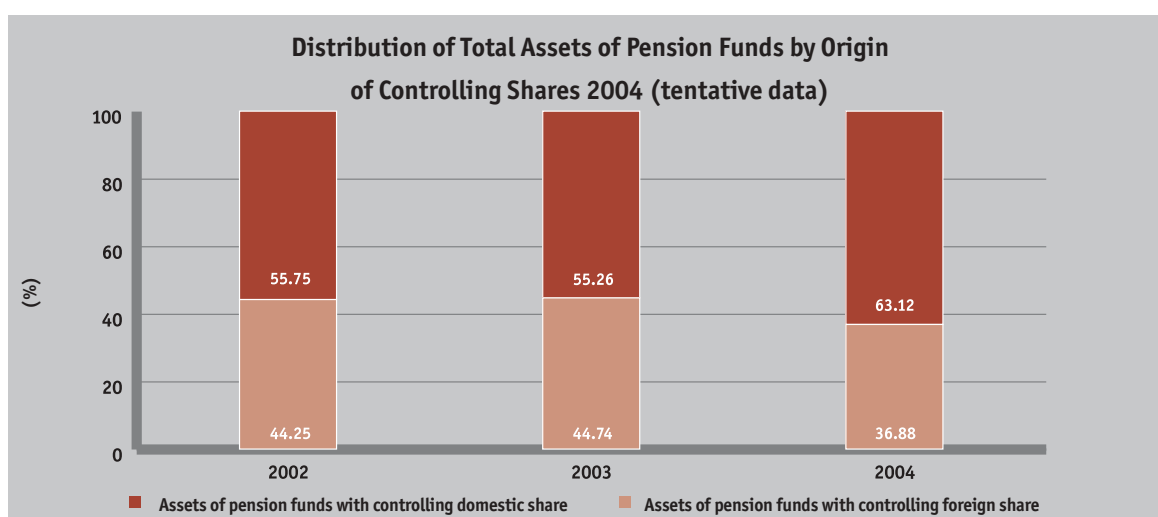
Shareholders	As of 31/12/2002	As of 31/12/2003	As of 31/12/2004
100 % domestic share	9	8	8
Majority domestic share	0	0	0
100 % foreign share	2	2	2
Majority foreign share	2	2	1
Total	13	12	11



The share of assets of pension funds with controlling domestic share in total assets increased by 7.86 % compared to 2003; as of 31 December 2004, it reached 63.12 %. Assets of pension funds with controlling domestic share expressed in absolute terms increased by 42 % compared to 2003; the rate of growth in relative terms amounted to 14 %.

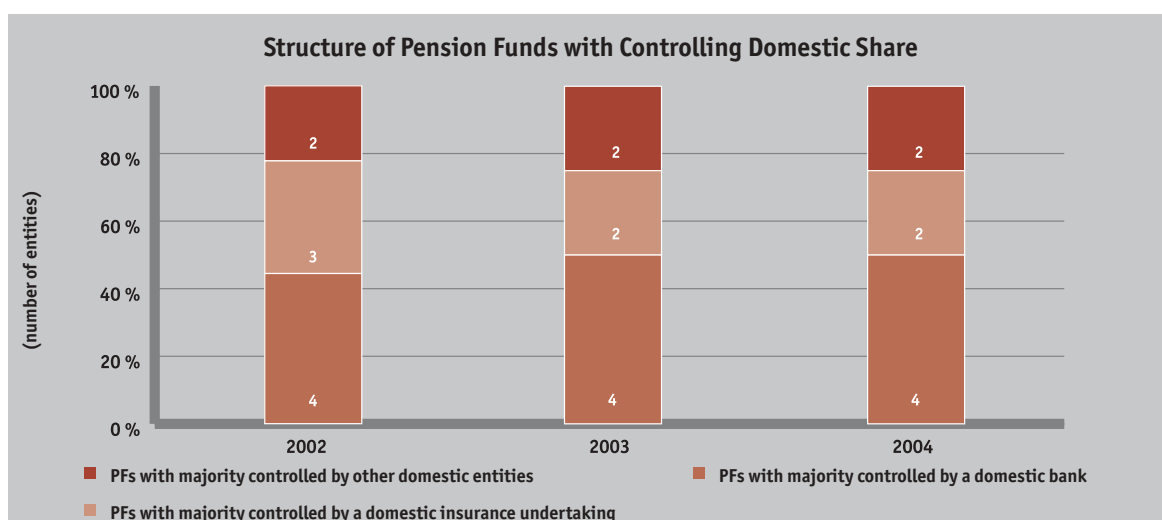
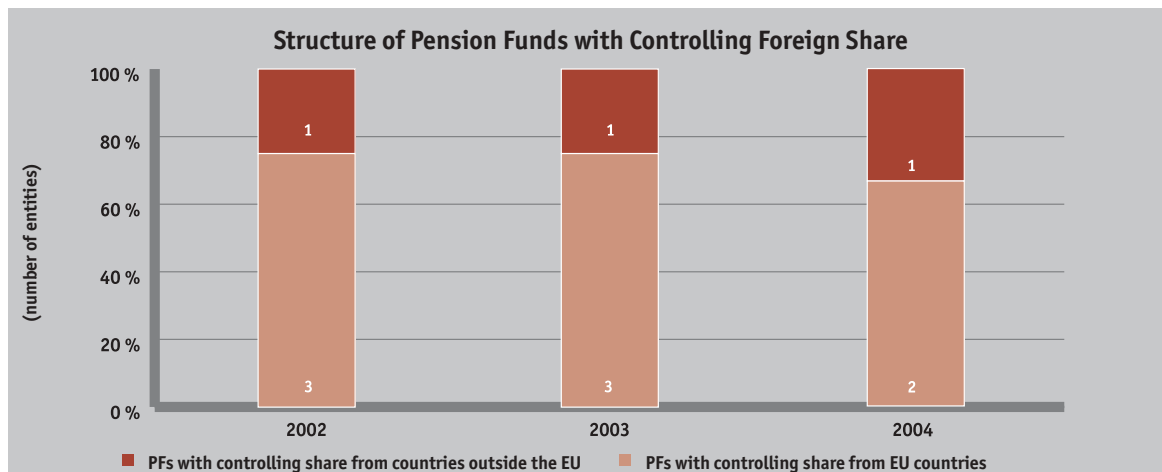
Distribution of Assets of Pension Funds by Origin of Capital

	2002	2003	2004	Index 2003/2002	Index 2004/2003
Assets of pension funds with controlling foreign share (CZK thousand)	30,503,693	36,714,230	37,655,779	1.20	1.03
Share of assets of pension funds with controlling foreign share in total assets of pension funds (%)	44.25	44.74	36.88	1.01	0.82
Assets of pension funds with controlling domestic share (CZK thousand)	38,423,785	45,351,910	64,448,407	1.18	1.42
Share of assets of pension funds with controlling domestic share in total assets of pension funds (%)	55.75	55.26	63.12	0.99	1.14
Total assets of pension funds (CZK thousand)	68,927,478	82,066,140	102,104,186	1.19	1.24



Structure of pension funds with controlling domestic share as of 31 December 2004 was almost identical with that of the previous year: domestic banks held 100 % shares in four pension funds; domestic insurance undertakings held majority of shares in two pension funds (in one of them it was 100 %); other domestic companies controlled two pension funds.

Of 3 pension funds with controlling foreign share, foreign shareholders owned 100 % shares in two funds, and a majority share in one entity. The foreign shareholders were in two cases from EU countries (Austria and the Netherlands), and from Switzerland in the third case.



4. Planholders

As of 31 December 2004, the number of planholders reached 2,963,730. The year-to-year rate of growth of planholders was 8.2 %; it gives a clear picture of a considerable dynamic growth in the sector. In contrast, the year-to-year rate of growth of planholders in 2002 and 2003 was about 4 %.

The reported number of planholders represents the number of non-terminated pension contracts registered in the Ministry database (SDPF): it also includes suspended pension contracts for reasons of, for example, suspended payments, notices of termination, or preparation for transfer. Non-terminated pension contracts are summarized in the following table as of 31 December 2004.

Structure of Planholders – Non-Terminated Pension Contracts

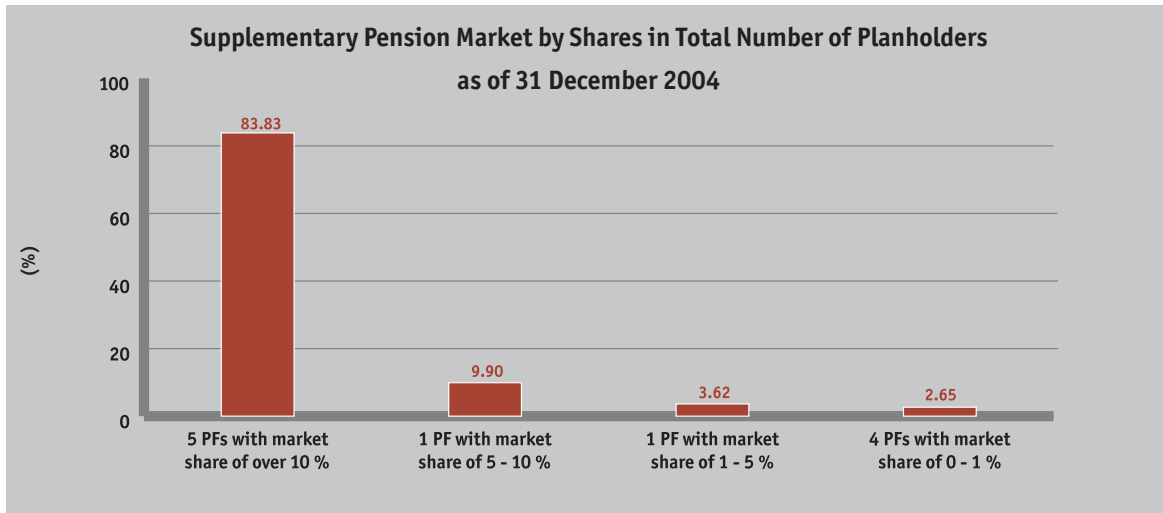
	As of 31/12/2003		As of 31/12/2004	
	(number)	(%)	(number)	(%)
Non-terminated pension contracts	2,656,573	96.97	2,853,815	96.29
Status after concluding a new pension contract	51,527	1.88	57,488	1.94
Status after transferring pension contracts, of which:	5,297	0.19	25,499	0.86
Individual transfers	2,295		2,801	
Group transfers	3,002		22,698	
Pension contracts prepared for transfers	1,620	0.06	1,619	0.05
Status after renewal of a pension contract	174	0.01	607	0.02
Renewal of a terminated pension contract – after declaring the terminated pension contract void	81	0.01	77	0.01
Suspended pension contracts, of which:	22,798	0.83	21,966	0.74
Termination before a title to settlement	22,442		21,722	
Termination with a title to surrender	293		221	
Termination with a title to at least one type of pension	63		23	
Suspended – conserved pension contracts	1,486	0.05	2,659	0.09
Total non-terminated pension contracts	2,739,556	100.00	2,963,730	100.00

A certain share of the total non-terminated pension contracts is registered with pension funds in liquidation. In 2004, this issue concerned 539 non-terminated pension contracts, which amounted to 0.02 % of the total number of planholders.

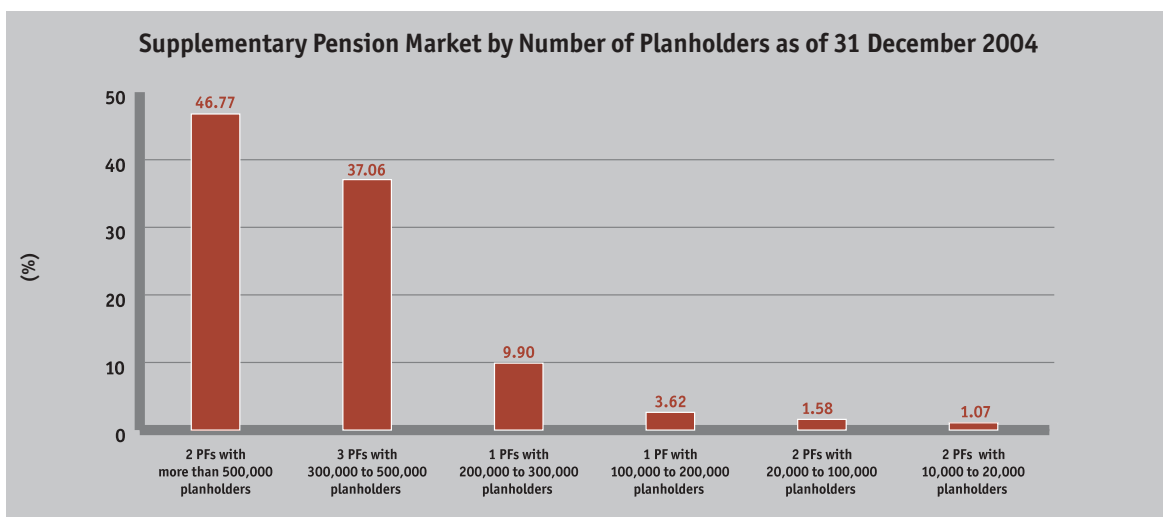
The structure of the market by shares in the number of planholders is derived from the number of planholders registered in existing pension funds. Similarly to the structure of market by shares in total assets and shares in achieved economic result, the five largest pension funds control more than 80 % of the market. Three of the most powerful pension funds belong to all three categories of classification by shares in the market of over 10 %, i.e. they are among the top five pension funds classified by number of planholders, amount of assets, and achieved economic results.

Supplementary Pension Market by Shares in Total Number of Planholders as of 31 December 2004

PFs with a share in number of planholders	Number of PFs	Number of planholders	Market Share (%)
Over 10 %	5	2,483,912	83.83
5-10 %	1	293,319	9.90
1-5 %	1	107,410	3.62
0-1 %	4	78,550	2.65



The graph summarizing the structure of pension funds by a number of planholders looks at the supplementary pension market from a different angle. Compared to 2003, the category of pension funds with more than 500,000 planholders increased; as of 31 December 2004, there were two entities in this group. Another change occurred in the category of pension funds with 10,000 to 20,000 planholders: there were two entities – that is one pension fund less than in 2003.

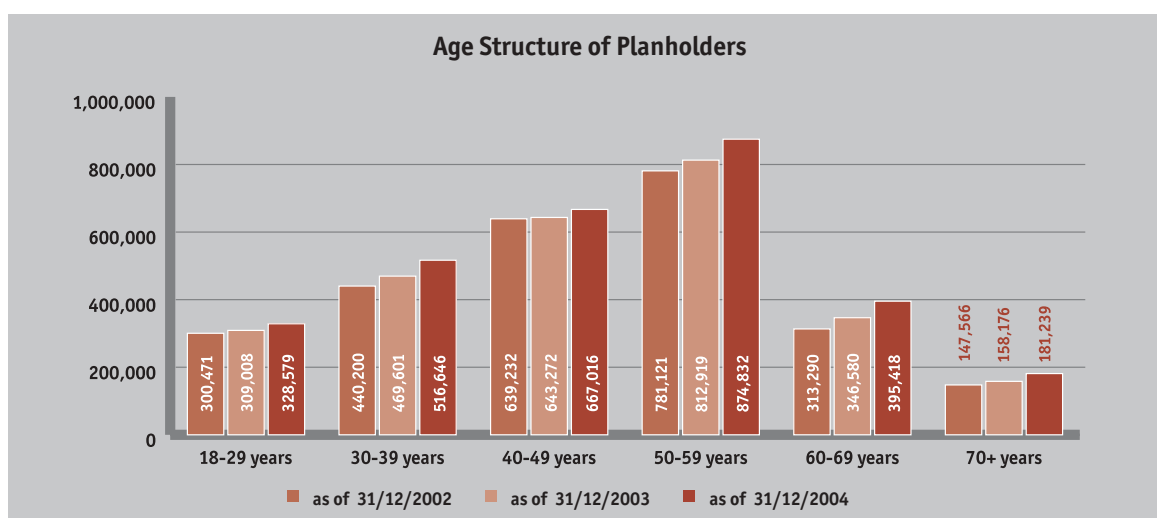


The age structure of planholders remained quite stable. The entire portfolio is getting older despite the fact that a younger generation is entering the scheme. It is evident from the following table. At the end of 2002, the number of planholders over 60 years of age amounted to 17.58 % of total planholders; at the end of 2004, the group increased in size by almost 2 percentage points, i.e. their share reached 19.46 %.

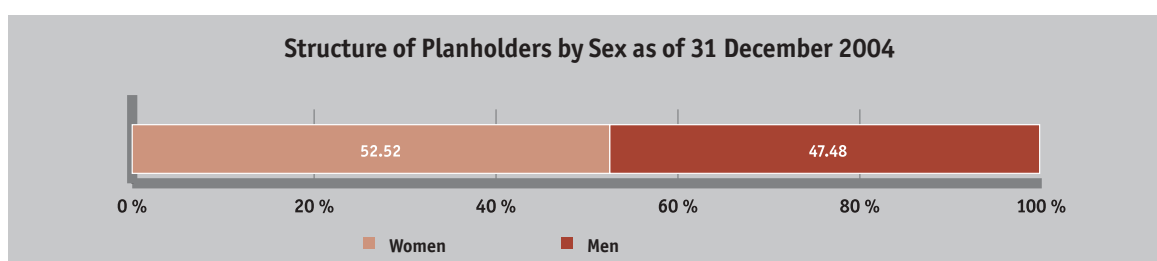
Shares of Selected Age Groups in Total Number of Planholders

	As of 31/12/2002	As of 31/12/2003	As of 31/12/2004
Planholders over 40 years of age (%)	71.75	71.58	71.48
Planholders over 50 years of age (%)	47.37	48.10	48.98
Planholders over 60 years of age (%)	17.58	18.42	19.46

The most numerous group of planholders is the age category of 50 to 59 years. The share of this category in total planholders reached 29.52 % in 2004; it amounted to a decrease by 0.15 percentage point compared to the previous year. On the contrary, a year-to-year rate of growth increased by 0.7 percentage point in the category of 60 to 69 years. The youngest group of planholders of 18 to 29 years amounted to 11.9 % in 2004, which was a year-to-year decrease of 0.2 percentage point.



Women reached a share of 52.5 % in the total number of planholders; however, the rate of growth for men is slightly higher than for women every year.



Distribution of Planholders by Sex

	2002	2003	2004	Index 2003/2002	Index 2004/2003
Men	1,243,489	1,300,260	1,407,140	1.046	1.082
Women	1,378,392	1,439,296	1,556,590	1.044	1.081
Total planholders	2,621,881	2,739,556	2,963,730	1.045	1.082

Non-Terminated Pension Contracts by Types of Contracts as of 31 December 2004

Age Category	Old Contracts		Contracts with Amendment I		New Contracts I		Contracts with Amendment II to an Old Contract	
	Number	(%)	Number	(%)	Number	(%)	Number	(%)
18-29 years	78,449	7.49	6,465	3.97	223,459	13.45	66	6.52
30-39 years	204,981	19.56	19,602	12.04	275,875	16.61	192	18.97
40-49 years	342,586	32.69	31,469	19.34	277,018	16.67	197	19.47
50-59 years	292,079	27.87	59,153	36.34	497,345	29.94	414	40.91
60-69 years	88,295	8.43	33,986	20.88	264,104	15.90	103	10.18
70+ years	41,527	3.96	12,093	7.43	123,486	7.43	40	3.95
Total	1,047,917	100.00	162,768	100.00	1,661,287	100.00	1,012	100.00
Share of contract category in total contracts (%)	35.358		5.492		56.054		0.034	

Age Category	Contracts with Amendment II to Amendment I		Contracts with Amendment II to New Contract I		New Contracts II		Total Planholders – Disregarding Types of Contracts	
	Number	(%)	Number	(%)	Number	(%)	Number	(%)
18-29 years	4	5.20	38	14.79	20,098	22.23	328,579	11.09
30-39 years	14	18.18	60	23.35	15,922	17.61	516,646	17.43
40-49 years	23	29.87	55	21.40	15,668	17.33	667,016	22.51
50-59 years	25	32.47	64	24.90	25,752	28.48	874,832	29.52
60-69 years	5	6.49	13	5.05	8,912	9.86	395,418	13.34
70+ years	6	7.79	27	10.51	4,060	4.49	181,239	6.11
Total	77	100.00	257	100.00	90,412	100.00	2,963,730	100.00
Share of contract category in total contracts (%)	0.003		0.009		3.051			

Old contracts – contracts concluded according to the old pension plan with conditions before amended Act No. 170/1999 Coll.

Contracts with amendment I – contracts changed to the pension plan with conditions as set by amended Act No. 170/1999 Coll.

New contracts I – contracts concluded according to the pension plan with conditions as set by amended Act No. 170/1999 Coll.
(in effect as of 3 August 1999)

Contracts with amendment II – contracts changed to the pension plan with conditions as set by Amendment Act No. 36/2004 Coll.

New contracts II – contracts concluded according to the pension plan with conditions as set by Amendment Act No. 36/2004 Coll.
(in effect as of 1 April 2004)

In case of old contracts, i.e. contracts concluded before 1999, it was possible for a planholder to receive retirement pension upon reaching 50 years of age and after only 12 months of contribution payments. In case of new contracts, retirement pension can be paid out after at least 60 months of contribution payments and upon reaching 60 years of age or upon receiving retirement pension from social insurance. According to new legislation effective as of 2004, new contracts II require at least 60 months of contribution payments and reaching the age of 60 for retirement pension to be paid out. In contrast to new contracts I, it is not possible to substitute the condition of reaching 60 years of age by the condition of receiving retirement pension from social insurance.

New contracts II, i.e. contracts concluded according to conditions as set by Amendment No. 36/2004 Coll., are the most numerous ones in the age group of 18 – 29 years compared to other types of contracts. The share of this youngest group of planholders in New contracts II is 22.23 %, which is a double amount compared to the share of this group in total planholders, i.e. disregarding specific types of contracts.

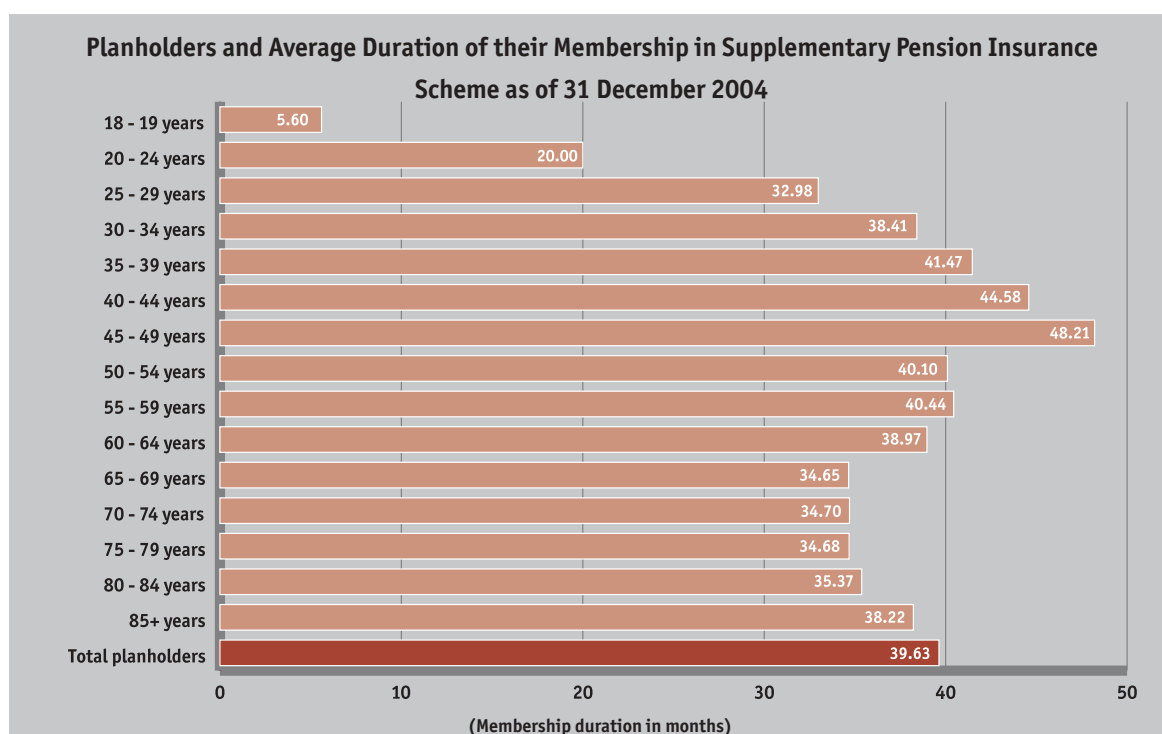
New contracts I, i.e. contracts concluded according to amended Act No. 170/1999 Coll., are the most numerous group of contracts with a share of 56 % in all non-terminated contracts; that is why the distribution of planholders in age categories in this group is similar to the distribution in age categories for the entire portfolio of planholders, i.e. disregarding types of contracts.

Of the total number of non-terminated pension contracts, as of 31 December 2004, the share of planholders with the duration of contracts longer than 5 years amounted to 35.33 %; the figure for the previous year was 30.97 %. It indicates that the time of planholders' continuance in the system is gradually increasing. Surprisingly, the largest category was that of duration of less than one year, which was caused by a sharp increase in concluded contracts in 2004 – the year-to-year increase was almost 17 %. The second largest group with the share of 13.89 % was that of contracts with duration of 49-60 months, i.e. approximately 5 years. Considering the fact that by the end of 2003, the largest group of pension contracts was that of duration of 37-48 months (i.e. approximately 4 years), the development is absolutely standard.

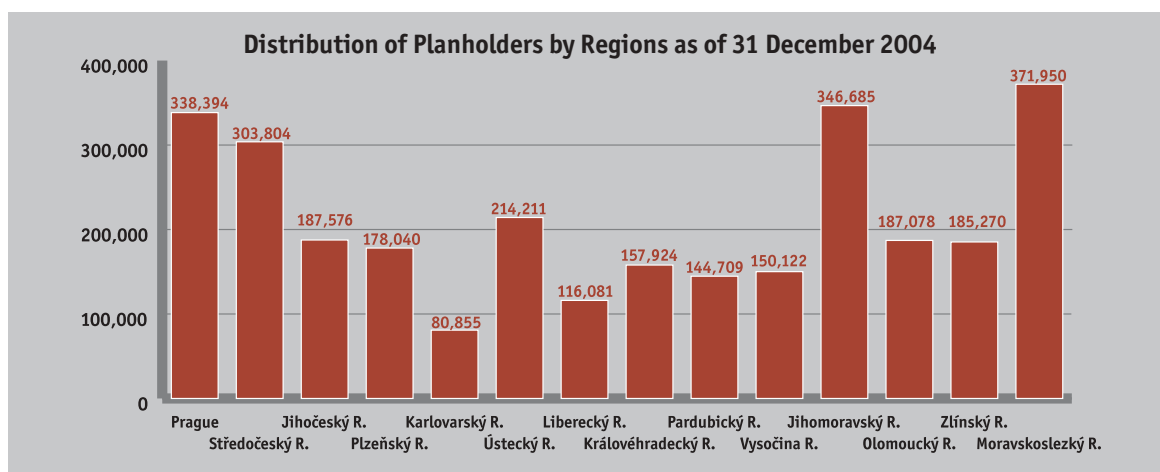
Planholders by Duration of Their Contracts as of 31 December 2004

Duration of Contracts	Men	Women	Total Planholders	Share in Total Contracts (%)
1-12 months	218,711	237,571	456,282	15.40
13-24 months	168,515	203,166	371,681	12.54
25-36 months	147,727	177,676	325,403	10.98
37-48 months	168,452	183,325	351,777	11.87
49-60 months	198,734	212,863	411,597	13.89
61-72 months	126,151	147,552	273,703	9.24
73-84 months	59,558	65,004	124,562	4.20
85-96 months	57,167	57,309	114,476	3.86
97-108 months	68,495	61,717	130,212	4.39
109-120 months	165,753	177,763	343,516	11.59
121-126 months	27,877	32,644	60,521	2.04
Total contracts	1,407,140	1,556,590	2,963,730	100.00

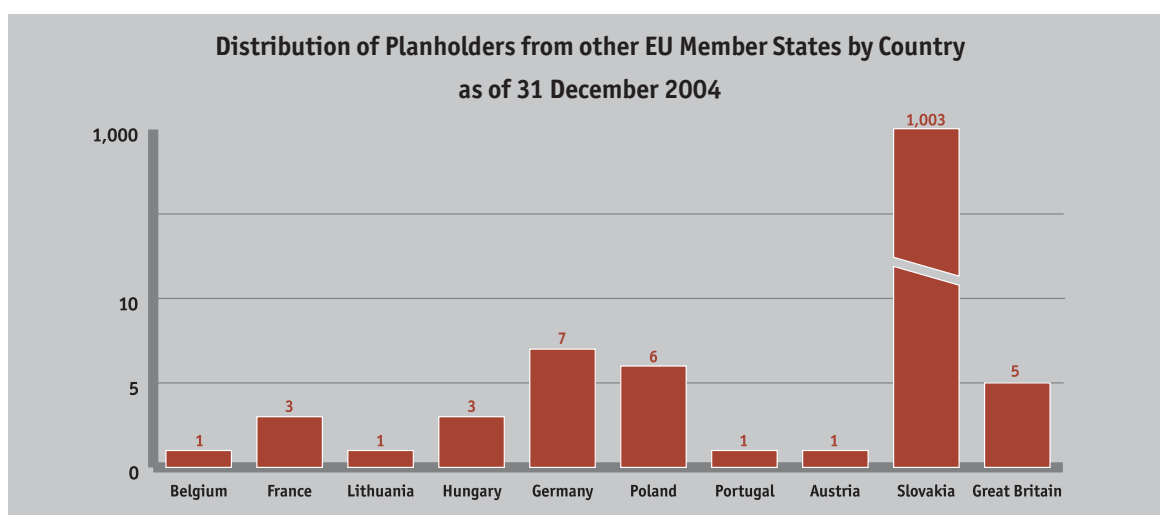
As of 31 December 2004, the average continuance of planholders in the supplementary pension scheme was approximately 40 months; compared to the previous year, the average figure increased by 2 months, which amounted to an increase by 4.3 %. The highest average membership continuance was reported for the age group of 45 – 49 years; the year-to-year increase of the duration rose by 5.6 %.



The distribution of planholders by regions as of 31 December 2004 corresponds to the distribution of the previous year. The largest number of planholders comes from the Moravskoslezský Region, followed by the Jihomoravský Region and the Capital City of Prague. The least planholders come from the Karlovarský Region, the second smallest group of planholders represents the Liberecký Region.



The Amendment of Act No. 36/2004 Coll. enables planholders with residence in another EU Member State to participate in the supplementary pension insurance scheme in the Czech Republic. During the second half of 2004, a total of 1,031 persons took advantage of this opportunity; most of the planholders had their residence in Slovakia: they amounted to 97.3 % of new pension contracts concluded according to this provision.

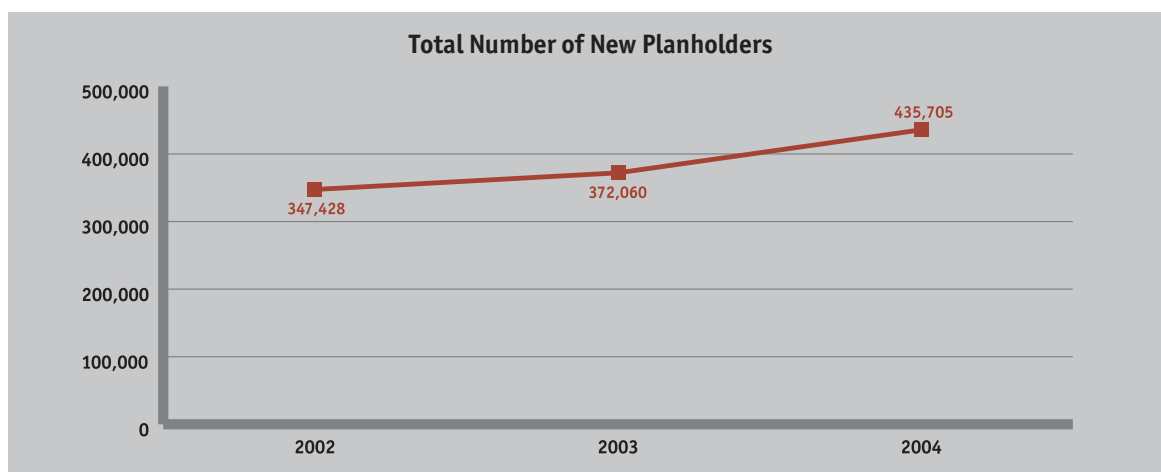


Contributory Pension Market

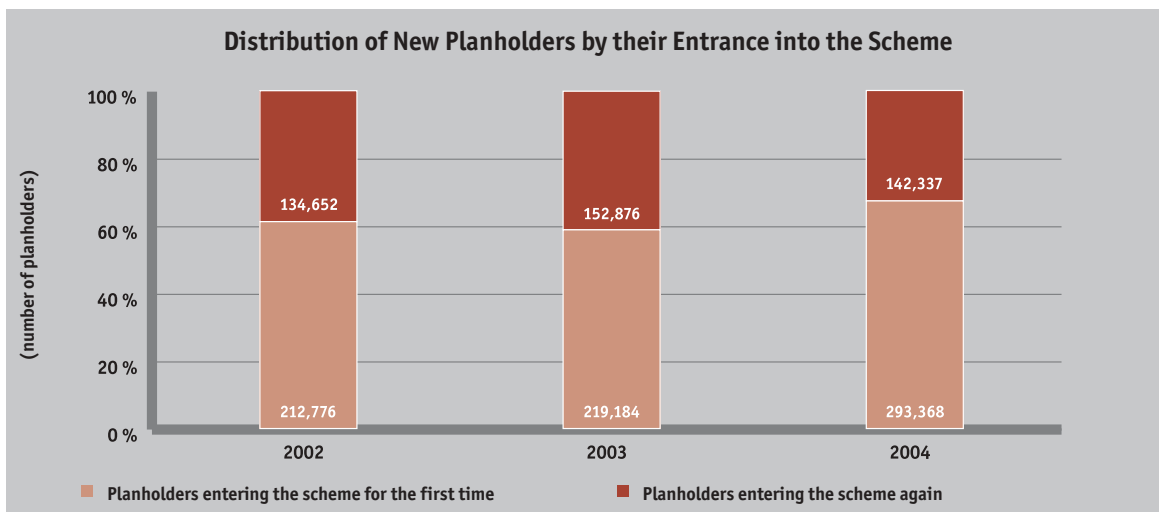
During 2004, the number of new planholders increased by a total of 435,705, which amounted to a year-to-year increase of 17.11 %; due to this fact, the most numerous category of pension contracts, considering the duration of contracts, are pension contracts which have been in effect for 1 to 12 months, i.e. less than one year.

Number of New Pension Contracts

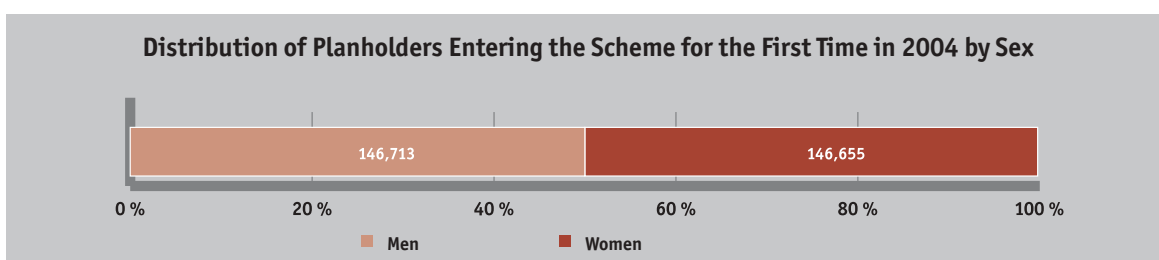
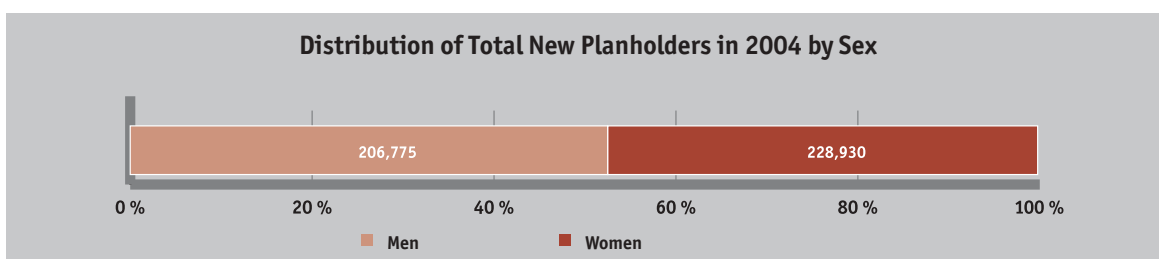
	2002	2003	2004	Index 2003/2002	Index 2004/2003
Planholders entering the system for the first time	212,776	219,184	293,368	1.03	1.34
Planholders entering the system again	134,652	152,876	142,337	1.14	0.93
Total New Pension Contracts	347,428	372,060	435,705	1.07	1.17



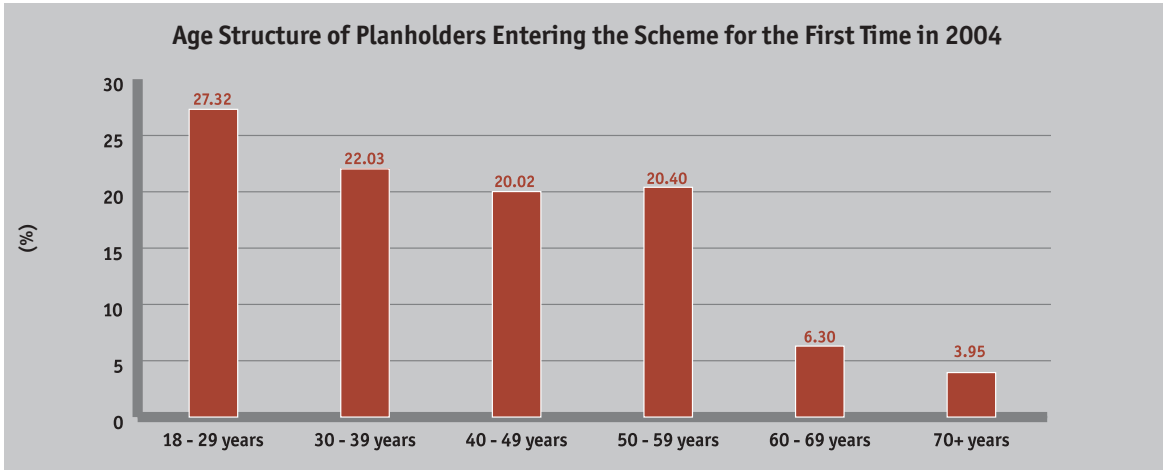
67.33 % of new pension contracts were concluded by planholders who entered the supplementary pension insurance scheme for the first time in 2004. 32.67 % of new pension contracts were concluded by planholders who entered the supplementary pension insurance scheme again by concluding a new pension contract in 2004. The year-to-year figure for planholders entering the scheme for the first time increased by 31 percentage points.



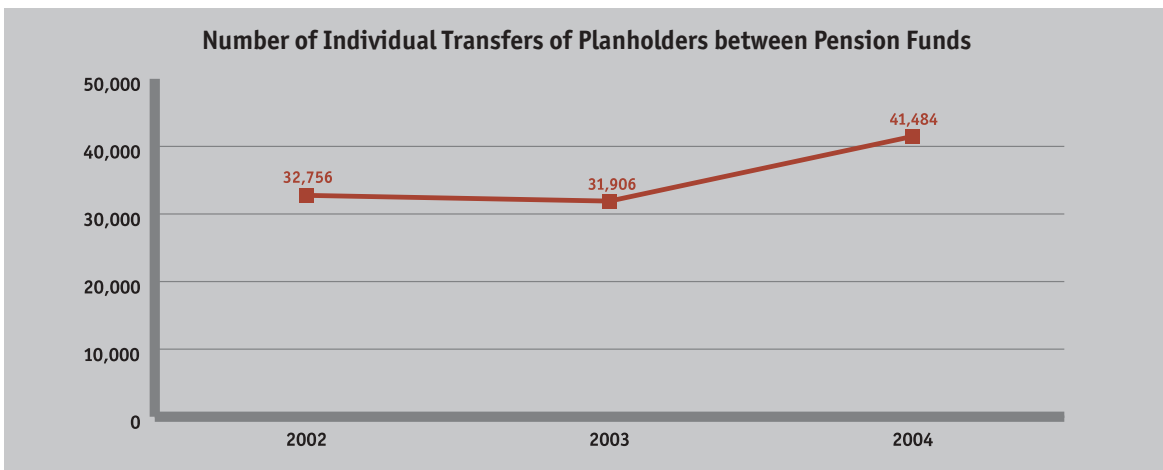
The distribution of the total number of new planholders by sex is almost identical with the distribution of the total number of planholders. The majority of planholders are women with 52.54 %. However, the ratio changed in the category of planholders entering the system for the first time in 2004; the number of men in this group amounted to 50.01 %.



It is interesting to compare the age structure of all planholders to the structure of planholders entering the supplementary pension insurance scheme for the first time in 2004. The share in the market of those entering the scheme for the first time in 2004, at the age of 18 to 39 years, amounted to 49.35 %, while the same age group in the total number of planholders as of 31 December 2004 reached 28.52 %; the difference amounted to 20 percentage points.

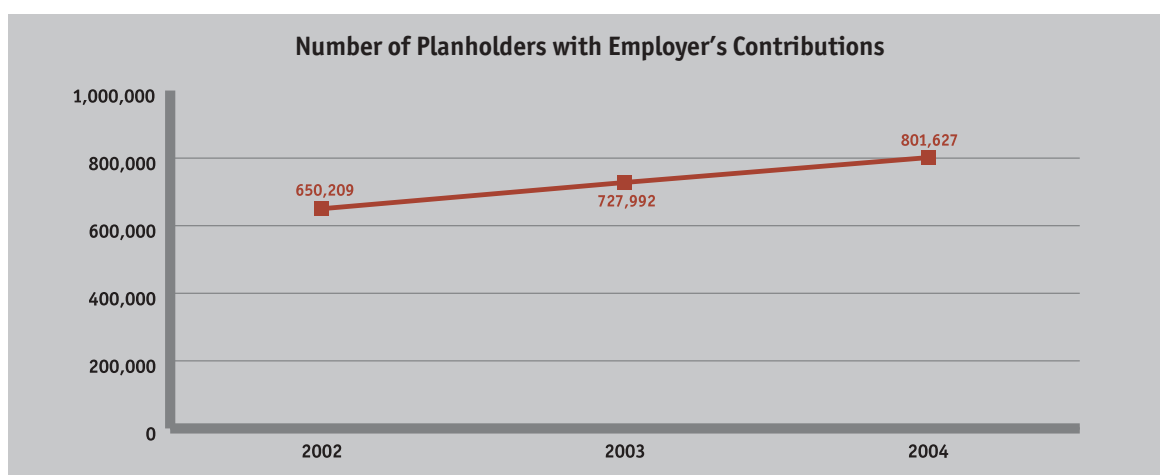


The planholders can transfer the financial means they saved with one pension fund to another pension fund. 41,484 individual transfers were made in 2004. Compared to individual transfers made in 2003, the year-to-year figure increased by 30 %; however, considering the fact that during previous 2 years the number of individual transfers was steadily falling, the number of transfers in 2004 did not reach the level of 2001 (45,917). A total of 421,315 of individual transfers have occurred during the existence of the supplementary pension insurance scheme.

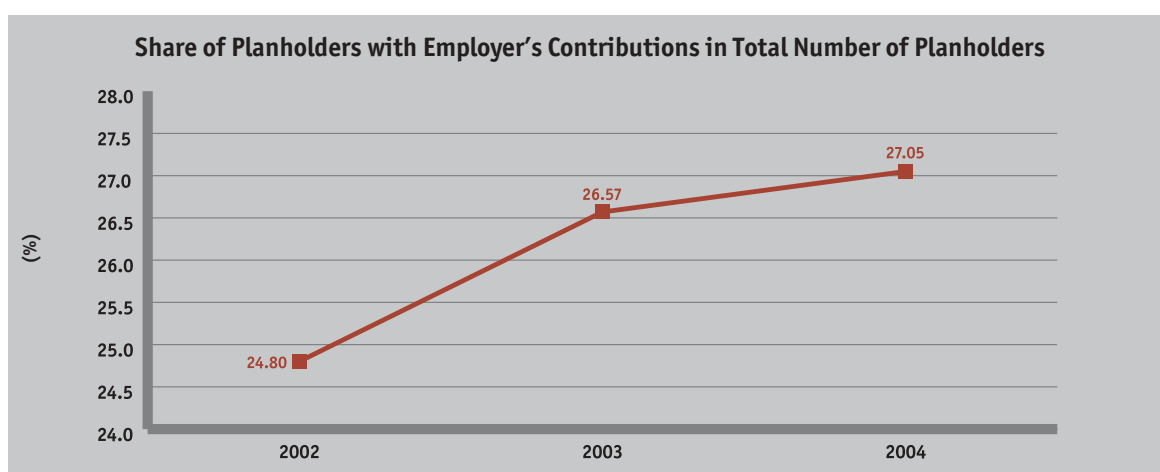


The number of planholders who receive employer contributions is inferred from the last supplementary pension contract; it reflects the number of non-terminated pension contracts with employer's contributions as of the end of the year, but it does not reflect if employer is currently paying contributions to supplementary pension insurance.

As of 31 December 2004, 801,627 of non-terminated pension contracts with employer's contributions were recorded, which amounted to a year-to-year increase 10.11 %.



The share of pension contracts with employer's contributions in total non-terminated pension contracts amounted to 27.05%. The number of planholders whose contributions were entirely paid by their employers reached almost 17.5 thousand, which amounted to an increase of 11.79 % compared to the previous year; the share of this category was 0.59 % in the total number of planholders, and 2.18 % in non-terminated pension contracts with employer's contributions.



5. Received and Paid Sums

During the existence of the state contributory supplementary pension insurance scheme, the system has received more than CZK 106.7 billion, of which almost CZK 22.9 billion in the form of state contributions. In 2004, the growth rate of paid state contributions was 9.95 %; the growth rate of planholders' contributions for which state contributions were requested was 11.69 %. The year-to-year increase for both figures was more than 4 percentage points.

Received Contributions Related to and Arising from Requests for State Contributions

(CZK thousand)	2002	2003	2004	Total as of 31/12/2004 - from 1994	Index 2003/2002	Index 2004/2003
Planholders' contributions for which state contributions were requested	10,957,034	11,770,267	13,146,446	83,832,488	1.07	1.12
State contributions	2,770,240	2,930,344	3,221,816	22,892,868	1.06	1.10
Total received contributions related to state contributions	13,727,274	14,700,611	16,368,262	106,725,356	1.07	1.11

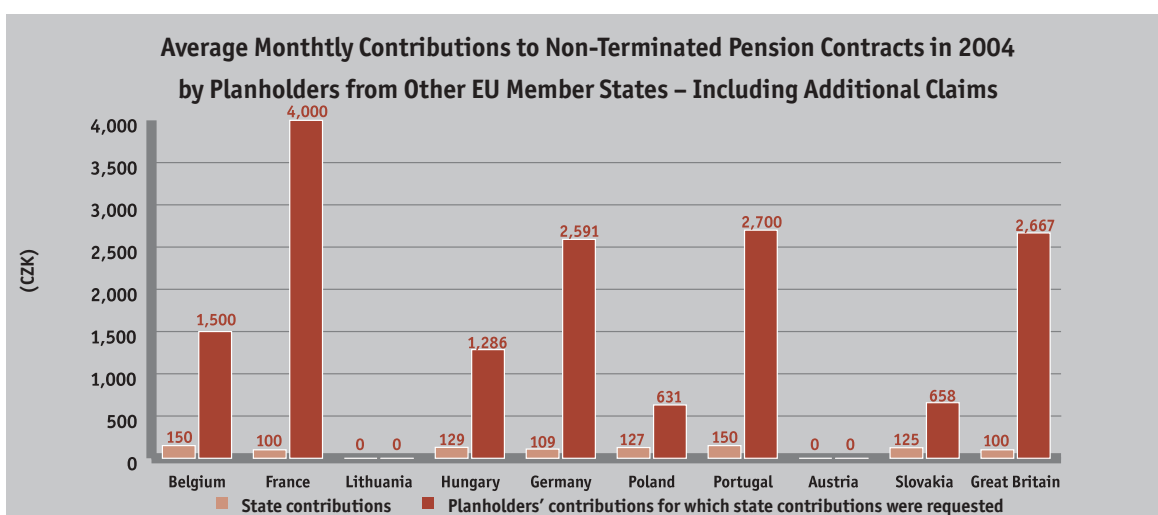
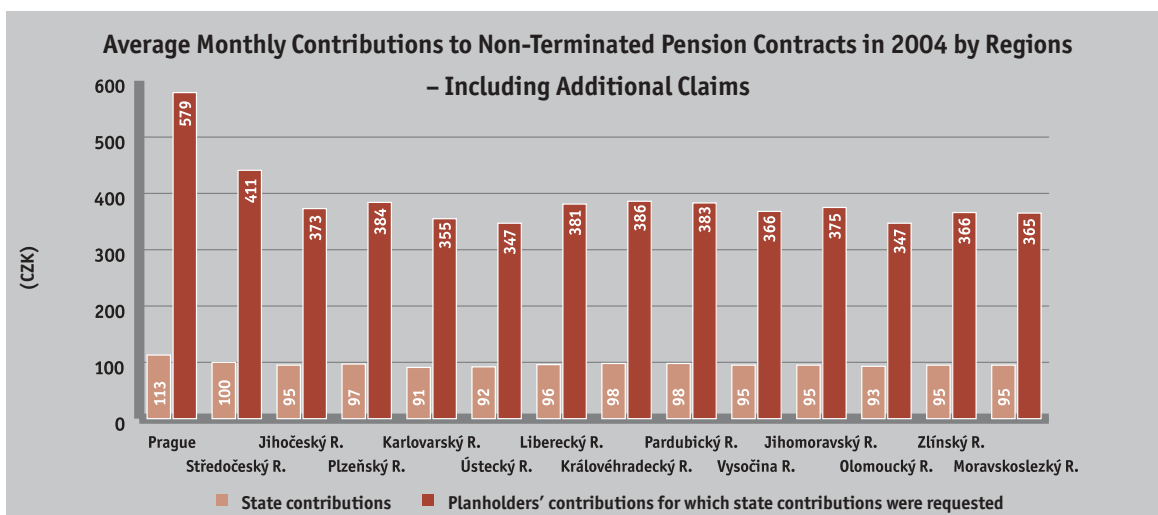
Average contributions to non-terminated pension contracts—both total, and classified by regions—include data from additional corrections in requests for state contributions, i.e. additional claims and contracts rejected on grounds of errors.

Average Monthly Contributions to Non-Terminated Pension Contracts – Including Additional Claims

(CZK)	2002	2003	2004	Index 2003/2002	Index 2004/2003
Planholders' contributions for which state contributions were requested – including additional claims	354	384	397	1.08	1.03
State contributions – including additional claims	90	96	98	1.07	1.02

The average contributions of planholders with residence in the territory of other EU Member States are higher than those of planholders with residence in the Czech Republic. Considering the fact that the category of planholders from other EU Member States is relatively small, its effect on averages for the entire sector is small as well.

The highest average contributions are traditionally paid by planholders in Prague and in the Středočeský Region. In contrast, the lowest contributions are recorded—as in 2003—in two regions: the lowest in the Ústecký Region and the second lowest in the Olomoucký Region.



Average monthly contributions only for months in which the contributions were paid, i.e. averages excluding data from additional corrections, i.e. additional claims and contracts rejected on grounds of errors, are logically higher than the above-mentioned averages for non-terminated contracts including additional claims. The averages for paid monthly contributions have been recorded on yearly basis since 2004 in their total amounts—not in classification by regions.

Average Monthly Contributions only for Months in which Contributions were Paid

	(CZK)
Planholders' contributions for which state contributions were requested – paid	431
State contributions – for months in which state contributions were paid	106

Average monthly contributions for months in which contributions were paid and average contributions to non-terminated pension contracts including additional claims arise from requests for state contributions. Employer's contributions are not connected to state contributions; they are recorded in reports of pension funds and arise from identified contributions. Employer's contributions and total contributions per planholder (including employer's contributions) are calculated by weighted average; the weight is given by the amount of contributions of individual pension funds.

Average Monthly Employer's Contributions Taking into Account the Amount of Contributions of Individual Pension Funds

(CZK)	2003	2004	Index 2004/2003
Employer's contributions	393	417	1.06
Total contributions per planholder (including employer's contribution)	476	507	1.07

N.B.: Average monthly contributions are calculated by weighted average, the weight being given by the amount of contributions of individual pension funds

The most important item on the expenditure side of financial means connected to state contributions is the volume of lump-sum settlements paid to planholders. During the existence of the supplementary pension insurance scheme as of 31 December 2004, almost CZK 30,447 million were paid in lump-sum settlements, which amounted to almost 85 % of all financial means closed in the Ministry database (SDPF). Another significant figure is the volume of surrenders, which reached almost CZK 4,330 million cumulatively from 1994, i.e. 12 % of total paid-terminated financial means.

Paid Benefits in 2004 – Closed in SDPF

	(CZK thousand)	(%)
Lump-sum settlements	4,461,253	82.40
Surrenders	659,103	12.17
Survivors' pensions	166,159	3.07
Terminations due to disability	75,645	1.40
Inheriting	25,482	0.47
Payments of pensions	26,479	0.49
Inheriting and survivors' pensions	53	0.00
Inheriting and surrenders	4	0.00
Termination in favour of other planholders	1	0.00
Total paid benefits	5,414,179	100.00

The volume of paid benefits— closed in SDPF—decreased in 2004 by 9.3 % compared to the previous year. Expressed in absolute numbers, the decrease was significant in lump-sum settlements; it amounted to more than CZK 620 million. Paid-terminated pension contracts in the form of surrenders reached almost the same amount in absolute numbers as in 2003.

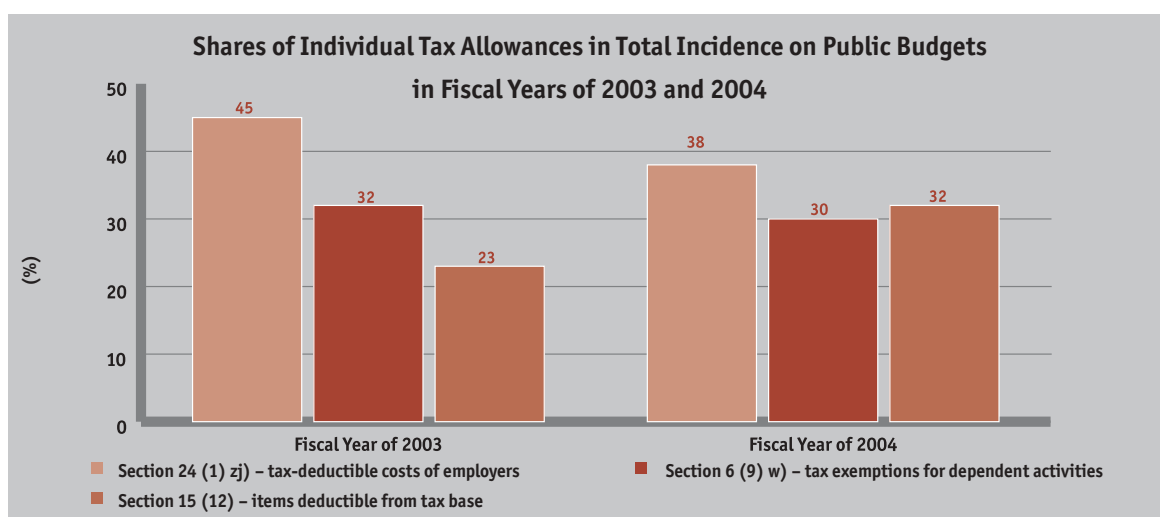
6. Tax Allowances

Regarding the incidence of tax allowances on the national budget, 2004 was not exceptional; the increasing trend to use tax allowances continued. The total incidence of all tax allowances on the national budget, according to the Ministry estimate, was approximately CZK 1.68 billion in 2003; in the fiscal year of 2004, it was CZK 1.83 billion, which amounted to an increase of almost 9 %.

Estimated Total Incidence of Tax Allowances on Public Budgets

Fiscal Year	Incidence on Public Budgets (CZK billion)
2000	0.900
2001	1.105
2002	1.403
2003	1.679
2004	1.833

However, if we look closely at the incidence of individual tax allowances, it is evident that their shares in total incidence on public budget has changed.



These changes were caused especially by the following facts:

- The number of planholders who received employer's contributions to their pension contracts increased; however, this increase amounted to only 3 % of total financial means paid by employers;
- The income tax rate for legal persons decreased from 31 % in the fiscal year of 2003 to 28 % in the fiscal year of 2004;
- The contributions of planholders who can deduct supplementary pension insurance allowances from the base of natural person income tax increased significantly (in 2003, the total amount of financial means above CZK 6,000 paid by planholders reached approximately CZK 3.85 billion; a year later, it was CZK 5.24 billion, which amounted to an increase of approximately 36 %); at the same time, the number of planholders who could deduct the supplementary pension insurance allowance did not increase significantly (only 14 % to 331,919 planholders).

Number of Planholders who can Deduct their Contributions as Tax Allowances

(Section 15 Paragraph 12 of the Income Tax Act)

Fiscal Year	Number of Planholders	Year-to-Year Growth (%)
2000	150,447	
2001	193,105	28.4
2002	213,028	10.3
2003	290,121	36.2
2004	331,919	14.4

To conclude, even though the employer's contributions slightly increased, the incidence of this costs item on the national budget decreased to CZK 700 million, i.e. by approximately CZK 60 million, due to the changes in tax rate. In contrast, the fact that employer's contributions are not included in the income from dependent activities saved the planholders approximately CZK 553 million, which amounted to a year-to-year increase of approximately 2.4 %. The incidence of the increase in contributions of planholders who can deduct tax allowances according to Section 15 of the Income Tax Act on public budgets amounted to estimated CZK 580 million, i.e. a year-to-year increase of more than 52 %.

In 2004, a new special income tax rate for the income of pension funds was used: it is now 5 % compared to the 15 % rate used in previous fiscal years.

LIST OF USED ABBREVIATIONS AND USEFUL WEB SITES

List of Used Abbreviations and Acronyms

CEIOPS	Commission of European Insurance and Occupational Pensions Supervisors
CSO	Czech Statistical Office/Český statistický úřad
EC	European Communities
EIOPC	European Insurance and Occupational Pensions Committee
EU	European Union
GDP	gross domestic product
INPRS	International Network of Pension Regulators and Supervisors
IOPS	International Organization of Pension Supervisors
OECD	Organisation for Economic Co-operation and Development
PF	pension fund
BN/RČ	Personal Identification Number (Birth Number/rodné číslo)
SDPF	State Supervision over Pension Funds
Office	Office of the State Supervision in Insurance and Pension Funds

List of Useful Web Sites

Ministry of Finance ⇒ www.mfcr.cz ⇒ Financial Sector ⇒ Office of State Supervision in Insurance and Pension Funds
⇒ Pension Funds

Association of Pension Funds of Czech Republic) ⇒ <http://www.apfcr.cz/>

International Network of Pensions Regulators and Supervisors ⇒ <http://www.inprs.org/> ⇒ International Organisation
of Pension Supervisors (IOPS)

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Annex No. 1 - Overview of Valid Supplementary Pension Insurance Legislation

42/1994 Coll.	State Contributory Supplementary Pension Insurance Act, as amended
71/1967 Coll.	Administrative Act
513/1991 Coll.	Commercial Code
15/1998 Coll.	Securities Commission Act
586/1992 Coll.	Income Tax Act
21/1992 Coll.	Banks Act
591/1992 Coll.	Securities Act
256/2004 Coll.	Transactions on the Capital Market Act, as amended
257/2004 Coll.	which amends certain regulations related to the enactment of the Transactions on the Capital Market Act, Collective Investing Act and Bond Act
328/1991 Coll.	Bankruptcy Act
552/1991 Coll.	Government Supervision Act
563/1991 Coll.	Accounting Act
120/2001 Coll.	Execution Code
363/1999 Coll.	Insurance Act as amended
189/2004 Coll.	Collective Investing Act, as amended
200/1990 Coll.	Transgressions Act
337/1992 Coll.	Taxes and Fees Administration Act
40/1964 Coll.	Civil Code
455/1991 Coll.	Trades Licensing Act
365/2000 Coll.	Public Administration Information Systems Act
133/2000 Coll.	Act on the Register of Citizens and Personal Identification Numbers
150/1958 G.	Government Decree on Dealing with Complaints, Notices and Suggestions from Workers
114/2002 Coll.	Decree on Cultural and Social Requirements

Annex No. 2 - List of Licensed Pension Funds as of 31 December 2004

Line	Name	Address
1.	Allianz penzijní fond, a.s.	Římská 103/12, 120 00 Praha 2
2.	CREDIT SUISSE LIFE & PENSIONS PENZIJNÍ FOND A.S.	Starobrněnská čp. 335/8, 602 00 Brno-město
3.	ČSOB Penzijní fond Progres, a. s., člen skupiny ČSOB	Perlová 371/5, 110 00 Praha 1
4.	ČSOB Penzijní fond Stabilita, a. s., člen skupiny ČSOB	Perlová 371/5, 110 00 Praha 1
5.	Generali penzijní fond a.s.	Bělehradská 132, 120 84 Praha 2
6.	Hornický penzijní fond Ostrava, a.s.	Sokolská třída 26a 702 00 Ostrava-Moravská Ostrava
7.	ING Penzijní fond, a.s.	Nádražní 344/25, 150 00 Praha 5
8.	Penzijní fond České pojišťovny, a.s.	Truhlářská 1106/9, 110 00 Praha 1
9.	Penzijní fond České spořitelny, a.s.	Poláčkova 1976/2, 140 21 Praha 4
10.	Penzijní fond Komerční banky a.s.	Lucemburská 1170/7, 130 11 Praha 3
11.	Zemský penzijní fond, a.s.	28. října 45, 702 00 Ostrava

Annex No. 3 - List of Pension Fund Liquidators and Bankruptcy Trustees as of 31 December 2004

Line	Name	Liquidator	Bankruptcy Trustee
1	Bankovní penzijní fond, a.s.		JUDr. Stanislav Pokorný
2	Český národní penzijní fond, a.s.	Ing. Jan Mikoláš	
3	GARANACE-Vzájemný penzijní fond pro Čechy, Moravu a Slezsko, a.s.	Ing. Miroslav Kodada, CSc.	JUDr. Miroslav Štorkan
4	Penzijní fond CERTUM-RENTA, a.s.	Ing. Luboš Smrčka, CSc.	JUDr. Josef Měchura
5	Penzijní fond THALIA, a.s.	Ing. Jaroslava Voharčíková	Mgr. Miloš Krčmář
6	Penzijní fond Univerzum, a.s.	Ing. Aleš Fousek	
7	Penzijní fond VIVA, a.s.	Ing. Lee Louda	JUDr. Vladimír Hlaváč
8	Penzijní fond VYŠEHRAD, a.s.	Ing. Luboš Smrčka, CSc.	JUDr. Josef Měchura
9	Regionální penzijní fond, a.s.	Ing. Jaroslava Voharčíková	

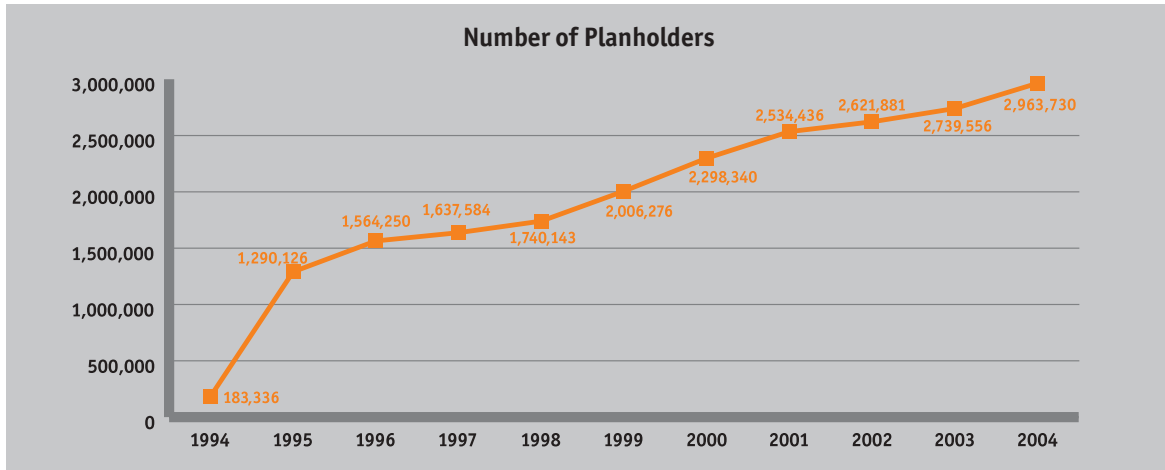
Annex No. 4 - List of Pension Fund Depositories as of 31 December 2004

Line	Name	Depository
1.	Allianz penzijní fond, a.s.	Komerční banka, a.s.
2.	CREDIT SUISSE LIFE & PENSIONS PENZIJNÍ FOND A.S.	Československá obchodní banka, a.s.
3.	ČSOB Penzijní fond Progres, a. s., člen skupiny ČSOB	Živnostenská banka, a.s.
4.	ČSOB Penzijní fond Stabilita, a. s., člen skupiny ČSOB	Živnostenská banka, a.s.
5.	Generali penzijní fond a.s.	HVB Bank Czech Republic a.s.
6.	Hornický penzijní fond Ostrava, a.s.	Česká spořitelna, a.s.
7.	ING Penzijní fond, a.s.	ING Bank N. V.
8.	Penzijní fond České pojišťovny, a.s.	Živnostenská banka, a.s.
9.	Penzijní fond České spořitelny, a.s.	Komerční banka, a.s.
10.	Penzijní fond Komerční banky a.s.	Česká spořitelna, a.s.
11.	Zemský penzijní fond, a.s.	Citibank a.s.

Annex No. 5 - List of Pension Fund Auditors as of 31 December 2004

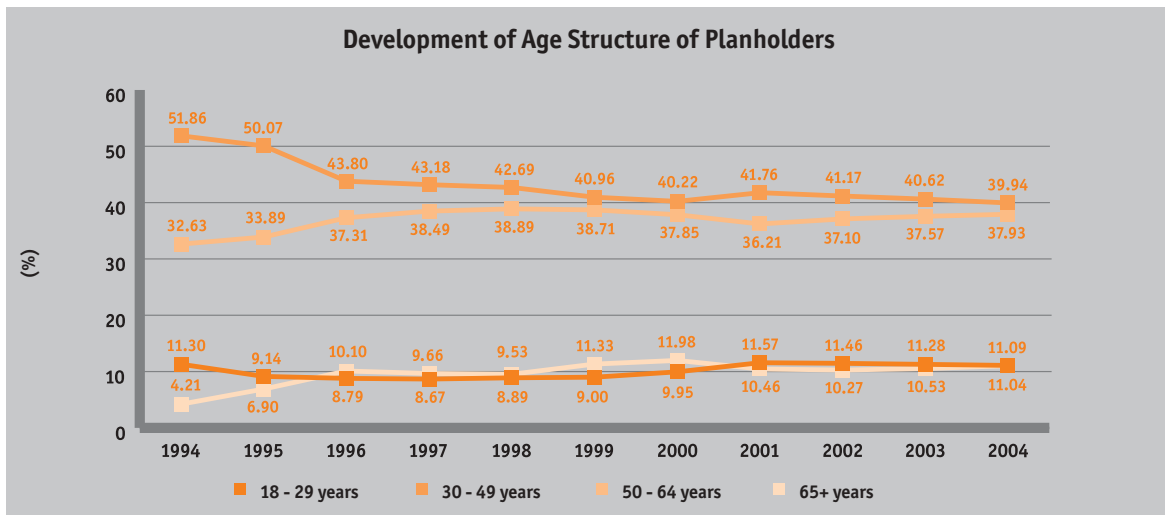
Line	Name	Auditor
1.	Allianz penzijní fond, a.s.	KPMG Česká republika Audit, s. r.o.
2.	CREDIT SUISSE LIFE & PENSIONS PENZIJNÍ FOND A.S.	KPMG Česká republika Audit, s. r.o.
3.	ČSOB Penzijní fond Progres, a. s., člen skupiny ČSOB	Ing. Ladislav Kozák s.r.o.
4.	ČSOB Penzijní fond Stabilita, a. s., člen skupiny ČSOB	PricewaterhouseCoopers Audit, s.r.o.
5.	Generali penzijní fond a.s.	PricewaterhouseCoopers Audit, s.r.o.
6.	Hornický penzijní fond Ostrava, a.s.	OK-AUDIT, s.r.o.
7.	ING Penzijní fond, a.s.	KPMG Česká republika Audit, s. r.o.
8.	Penzijní fond České pojišťovny, a.s.	KPMG Česká republika Audit, s. r.o.
9.	Penzijní fond České spořitelny, a.s.	Deloitte s.r.o.
10.	Penzijní fond Komerční banky a.s.	Deloitte s.r.o.
11.	Zemský penzijní fond, a.s.	Ing. Jaromír Klásek, č. opr. 720

Annex No. 6 - Number of Planholders

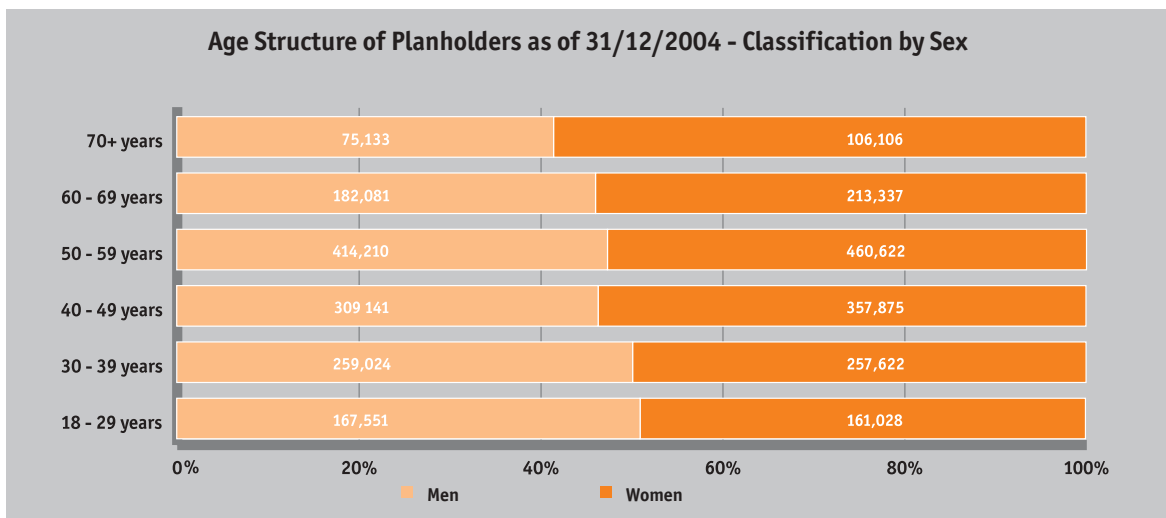
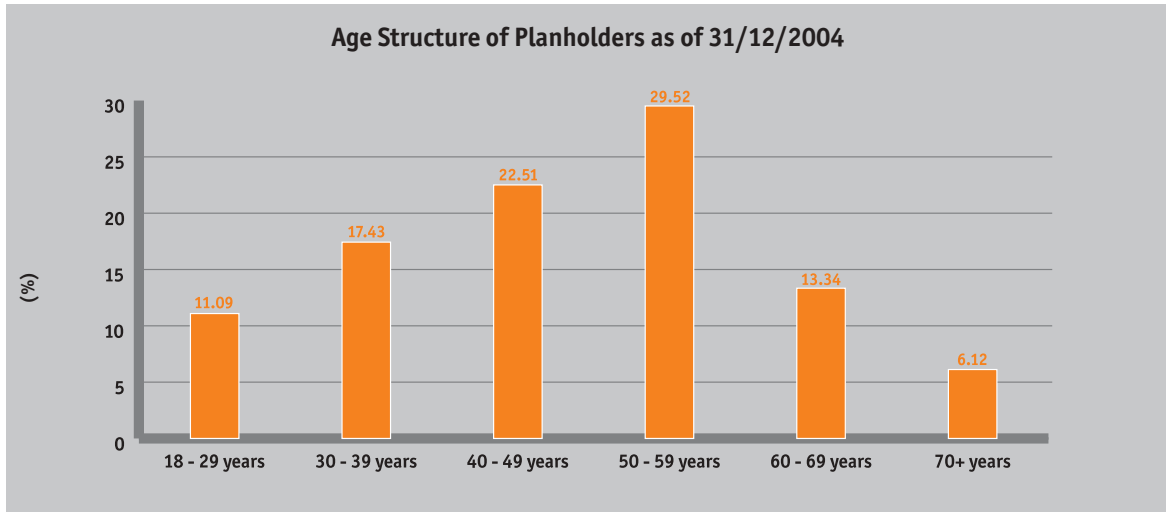


Until 2001, the source was the number of processed requests for state contributions in a given quarter. Since 2001, the source has been the number of non-terminated pension contracts.

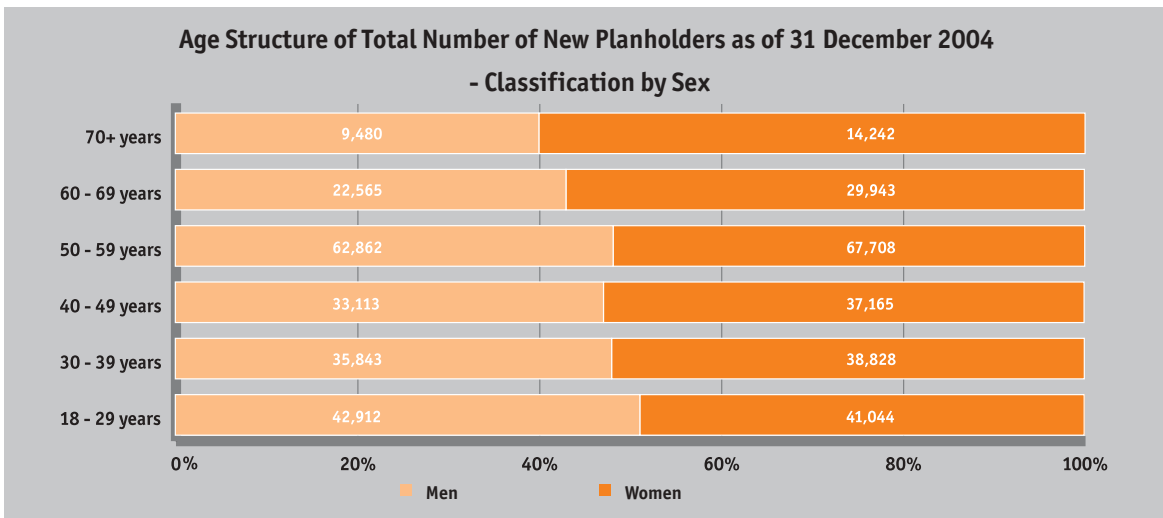
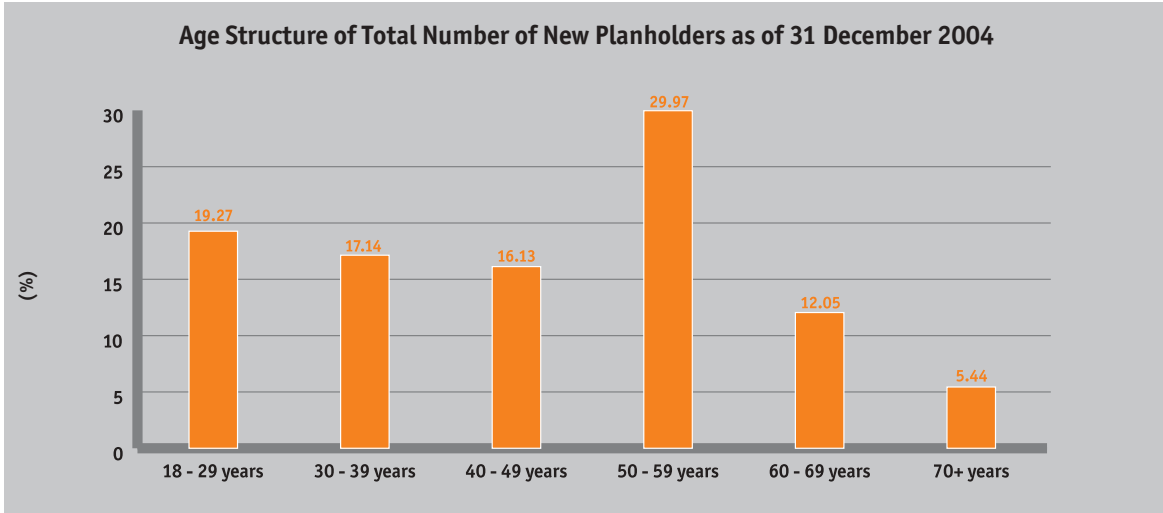
Annex No. 7 - Development of Age Structure of Planholders



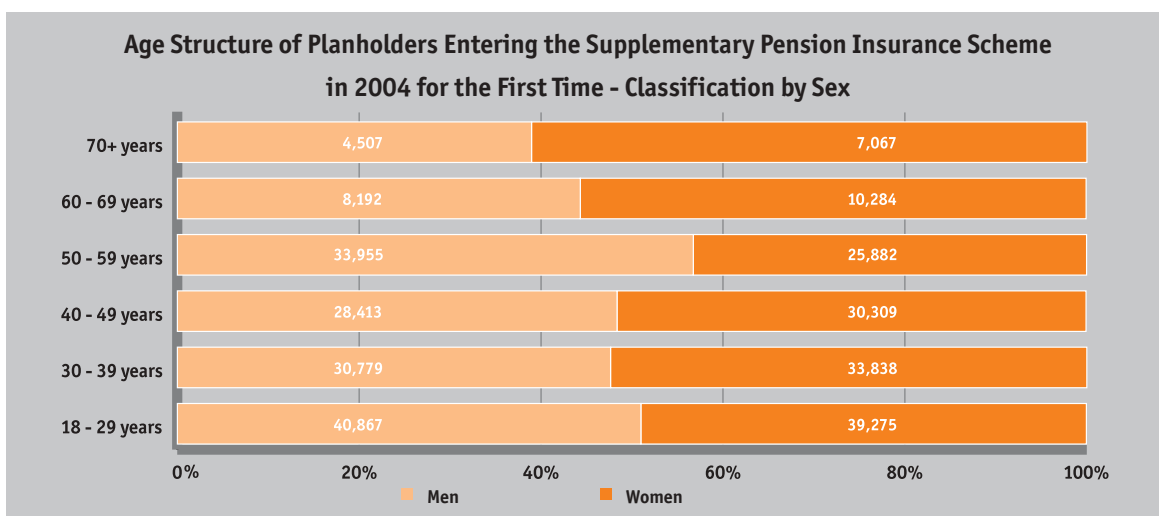
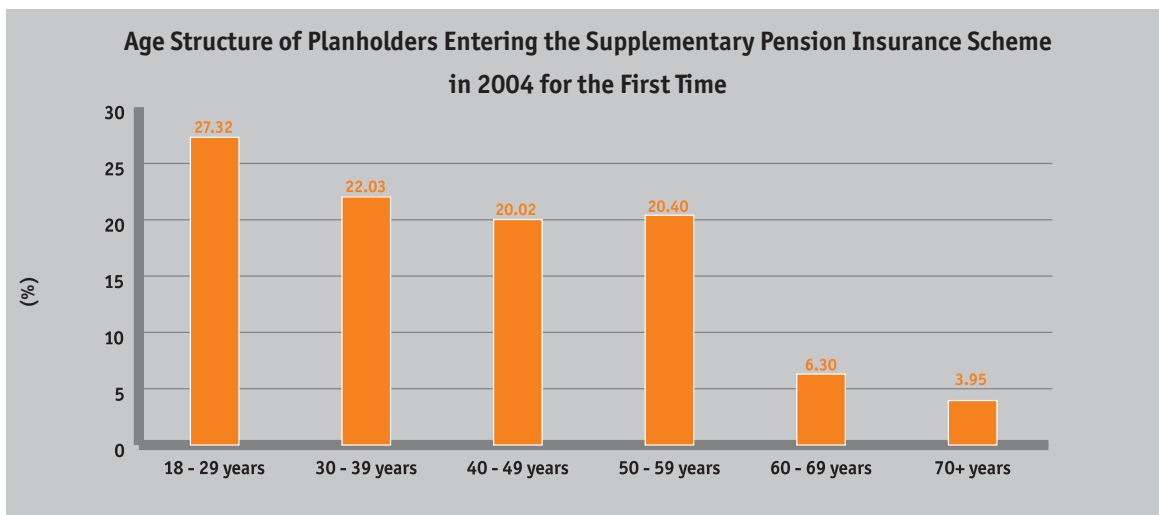
Annex No. 8 - Age Structure of Planholders as of 31/12/2004

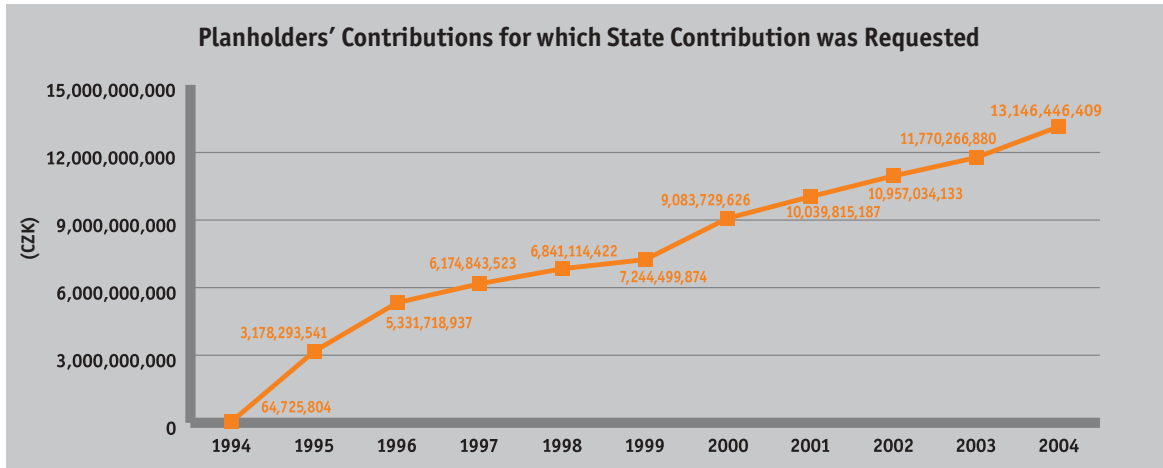
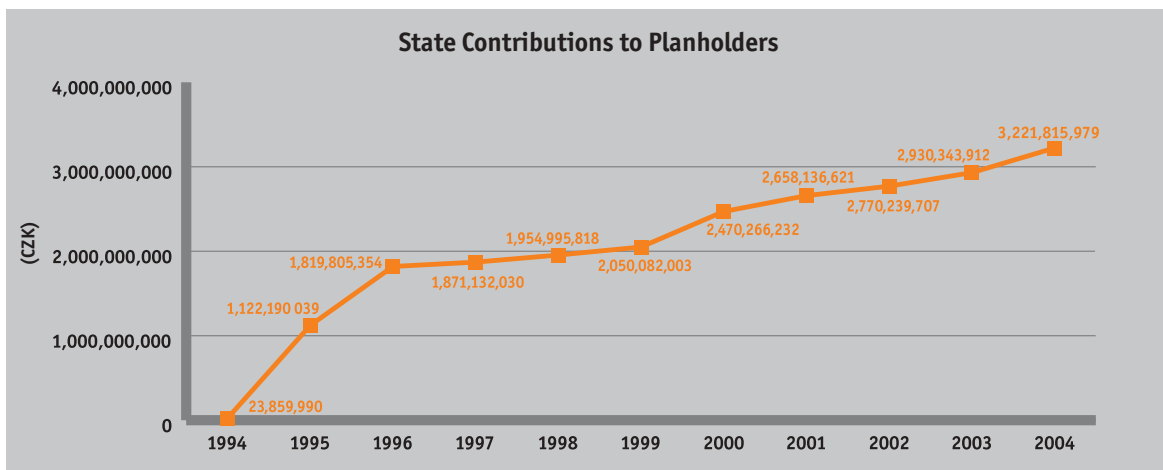


Annex No. 9 - Age Structure of Total Number of New Planholders as of 31 December 2004

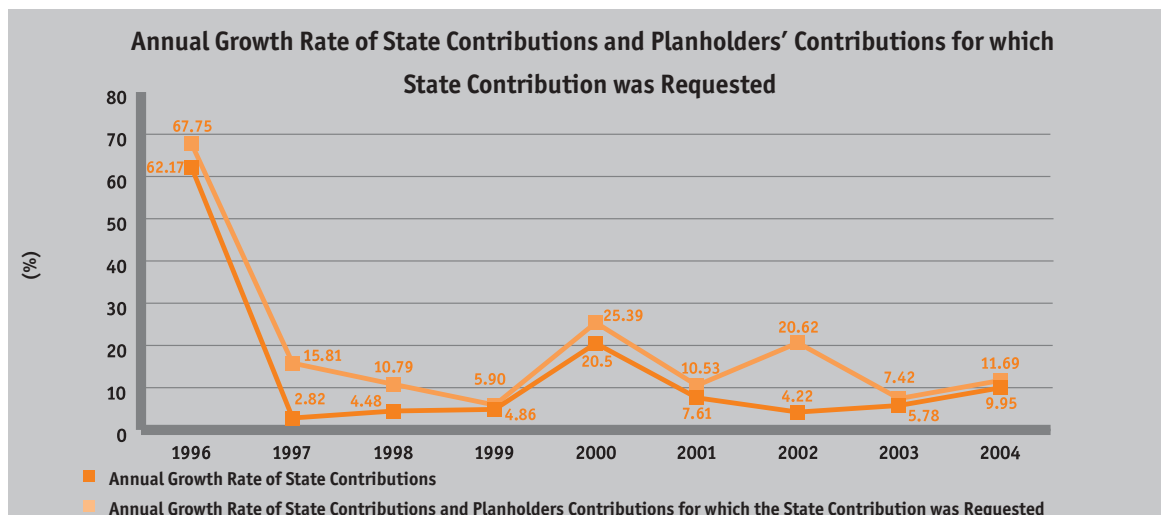


Annex No. 10 - Age Structure of Planholders Entering the Supplementary Pension Insurance Scheme in 2004 for the First Time

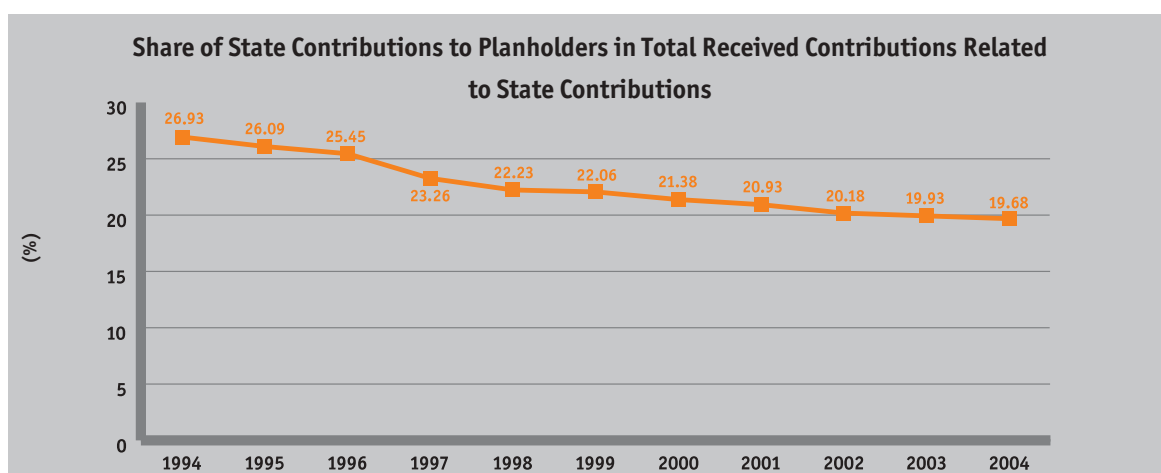


Annex No. 11 - Planholders' Contributions for which State Contribution was Requested**Annex No. 12 - State Contributions to Planholders**

Annex No. 13 - Annual Growth Rate of State Contributions and Planholders' Contributions for which State Contribution was Requested

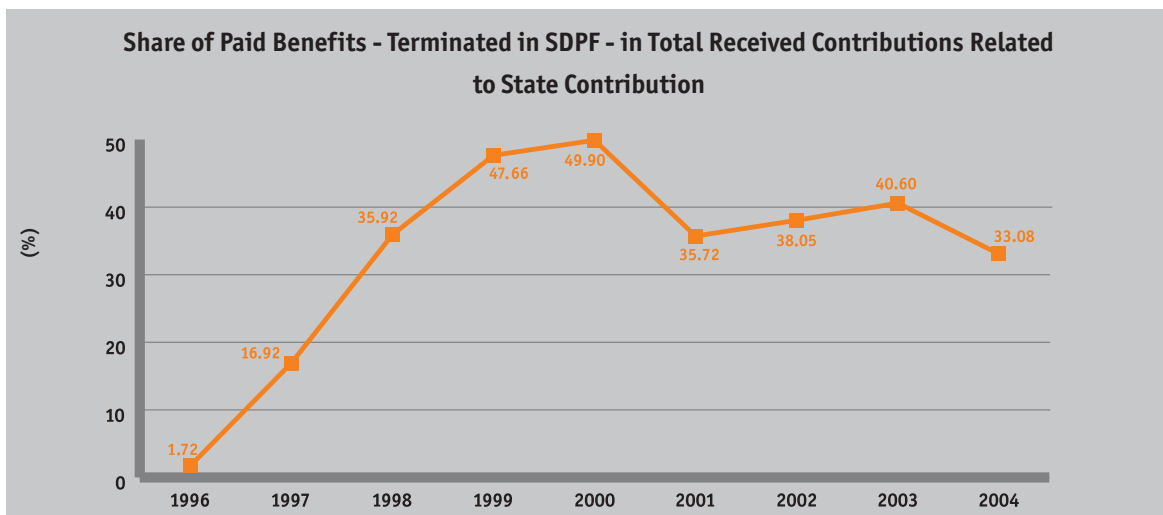


Annex No. 14 - Share of State Contributions to Planholders in Total Received Contributions Related to State Contributions



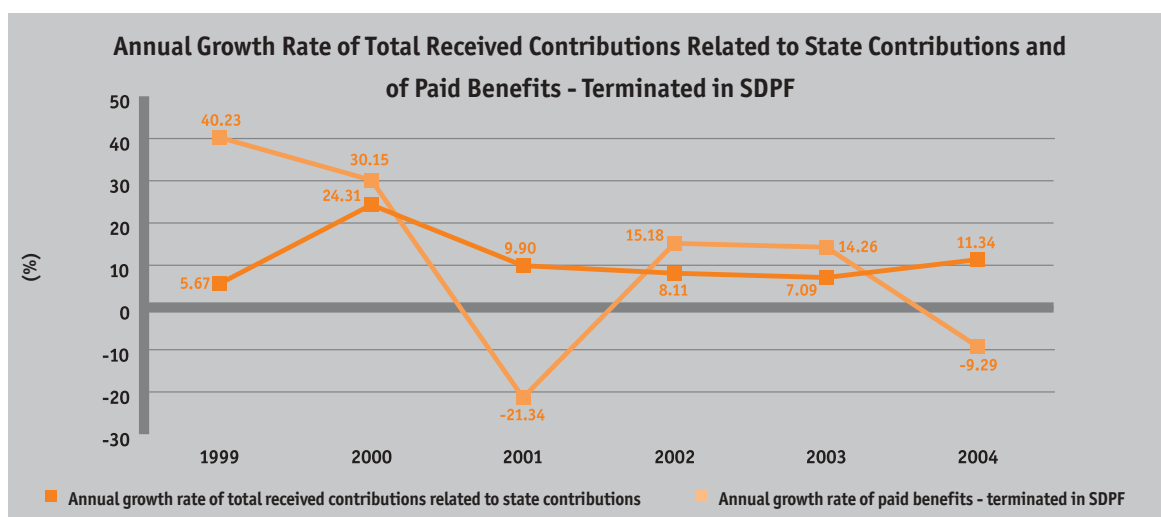
Annex No. 15 - Share of Paid Benefits - Terminated in SDPF - in Total Received Contributions Related to State Contribution

	Received contributions related to the state contribution total (CZK thousand)	Paid benefits terminated in SDPF (CZK thousand)	Paid benefits - terminated SDPF - in received contributions related to the state contributions total (%)
1994	88,586		0.00
1995	4,300,484		0.00
1996	7,151,524	123,248	1.72
1997	8,045,976	1,361,429	16.92
1998	8,796,110	3,159,255	35.92
1999	9,294,582	4,430,218	47.66
2000	11,553,996	5,765,919	49.90
2001	12,697,952	4,535,302	35.72
2002	13,727,274	5,223,808	38.05
2003	14,700,611	5,968,520	40.60
2004	16,368,262	5,414,179	33.08



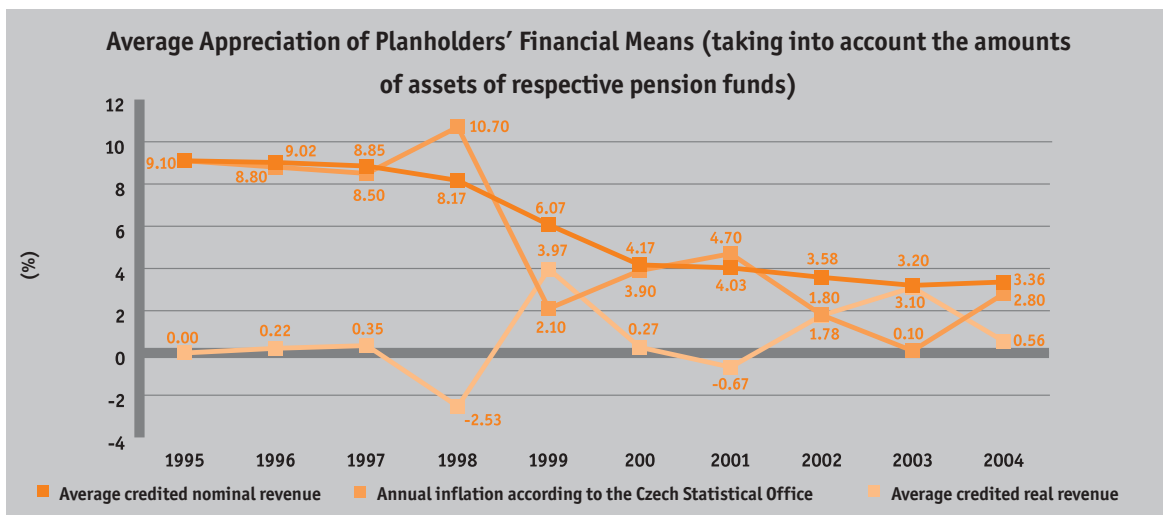
Annex No. 16 - Annual Growth Rate of Total Received Contributions Related to State Contributions and of Paid Benefits - Terminated in SDPF

	Total received contributions related to state contributions (CZK thousand)	Paid benefits - terminated in SDPF (CZK thousand)	Annual growth rate of total received contributions related to state contribution (%)	Annual growth rate of paid benefits - terminated in SDPF (%)
1994	88,586			
1995	4,300,484		4 754.59	
1996	7,151,524	123,248	66.30	
1997	8,045,976	1,361,429	12.51	1 004.63
1998	8,796,110	3,159,255	9.32	132.05
1999	9,294,582	4,430,218	5.67	40.23
2000	11,553,996	5,765,919	24.31	30.15
2001	12,697,952	4,535,302	9.90	-21.34
2002	13,727,274	5,223,808	8.11	15.18
2003	14,700,611	5,968,520	7.09	14.26
2004	16,368,262	5,414,179	11.34	-9.29



Annex No. 17 - Appreciation of Planholders' Financial Means in 2004

Line	Name	Appreciation of Planholders' Financial Means(%)
1.	Allianz penzijní fond, a.s.	3.00
2.	CREDIT SUISSE LIFE & PENSIONS PENZIJNI FOND A.S.	3.11
3.	ČSOB Penzijní fond Progres, a. s., člen skupiny ČSOB	5.21
4.	ČSOB Penzijní fond Stabilita, a. s., člen skupiny ČSOB	4.26
5.	Generali penzijní fond a.s.	3.00
6.	Hornický penzijní fond Ostrava, a.s.	3.10
7.	ING Penzijní fond, a.s.	2.46
8.	Penzijní fond České pojišťovny, a.s.	3.48
9.	Penzijní fond České spořitelny, a.s.	3.74
10.	Penzijní fond Komerční banky a.s.	3.50
11.	Zemský penzijní fond, a.s.	4.38

Annex No. 18 - Average Appreciation of Planholders' Financial Means

Annex No. 19 - Aggregate Pension Fund Balance Sheet as of 31 December 2004

Title	ASSETS	Line	CZK thousand
1.	Cash in hand and at central bank	1	812
	a) Cash in hand	2	812
	b) Cash at central bank	3	0
2.	State non-coupon bonds and other securities accepted by central bank for refinancing	4	0
	a) State securities	5	0
	b) Other securities	6	0
3.	Receivables from banks and co-operative savings banks	7	9,587,683
	a) Due upon request	8	1,633,865
	b) Other receivables	9	7,953,818
4.	Receivables from non-banks	10	5,318
	a) Due upon request	11	0
	b) Other receivables	12	5,318
5.	Bonds	13	82,796,618
	a) Government bonds	14	54,598,210
	b) Other bonds	15	28,198,408
6.	Shares and allotment certificates	16	5,816,540
	a) Shares	17	5,495,603
	b) Allotment certificates	18	320,937
7.	Shares with significant control	19	0
	a) In banks	20	0
	b) Other	21	0
8.	Shares with control	22	0
	a) In banks	23	0
	b) Other	24	0
9.	Intangible assets	25	175,917
	a) Establishment expenses	26	0
	b) Goodwill	27	11,001
	c) Other intangible assets	28	163,676
	d) Acquired intangible assets and received prepayments	29	1,240
10.	Tangible assets	30	583,948
	a) Land and buildings for operation	31	186,583
	b) Other tangible assets	32	397,365
	ba) Operating non-current tangible assets (excl. buildings and land)	33	70,550
	bb) Acquired operating non-current tangible assets and received prepayments	34	0
	bc) Land and buildings for non-operation activities	35	310,703
	bd) Non-operating non-current tangible assets (excl. buildings and land)	36	16,112
	be) Acquired non-operating non-current tangible assets and received prepayments	37	0
11.	Other assets	38	1,404,258
	a) Other cash values	39	370
	b) Trade receivables and receivables from employees	40	38,708
	c) Receivables from state budget – state contribution	41	726,863
	d) Receivables from state budget – tax receivables	42	47,890
	e) Receivables from trades with securities (excl. unpaid securities)	43	397,197
	f) Inventories	44	946
	g) Estimated receivables	45	192,284
12.	Receivables from subscribed registered capital	46	0
13.	Accruals	47	1,733,092
	a) Accrued costs	48	1,720,512
	b) Accrued income	49	12,580
TOTAL ASSETS		50	102,104,186

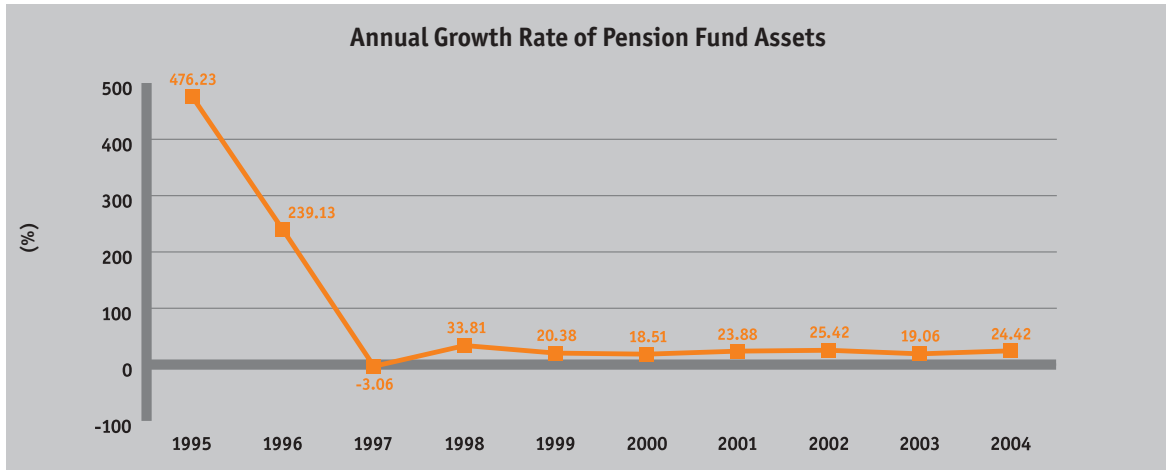
Title	LIABILITIES	Line	CZK thousand
1.	Payables to banks and co-operative saving bank	51	0
	a) Due upon request	52	0
	b) Other payables	53	0
2.	Payables to non-bank	54	0
	a) Due upon request	55	0
	b) Other payables	56	0
3.	Payables from bonds	57	0
	a) Issued bonds	58	0
	b) Other payables from bonds	59	0
4.	Other liabilities	60	94,642,376
	a) Trade liabilities	61	133,079
	b) Liabilities to employees	62	11,556
	c) Liabilities to social security	63	7,319
	d) Liabilities to state budget – state contribution	64	32,295
	e) Liabilities to state budget – tax liabilities	65	47,257
	f) Liabilities to trading with securities	66	6,725
	g) Contingencies and other liabilities	67	183,259
	h) Planholders' money	68	94,220,886
	ha) Planholders' contributions and state contributions	69	85,601,112
	hb) Financial means for pension payments	70	117,151
	hc) Revenues of planholders' contributions	71	7,732,141
	hd) Unallocated planholders' contributions	72	512,481
	he) Payables from eligible unpaid lump sums	73	258,001
5.	Accruals	74	5,049
	a) Accrued income	75	4,878
	b) Accrued expenses	76	171
6.	Reserves	77	36,014
	a) Reserves for pensions and similar payables (provisions for pensions)	78	34,769
	b) Reserves for taxes	79	0
	c) Other reserves	80	1,245
7.	Subordinated payables	81	0
8.	Registered capital	82	1,063,438
	a) Paid up capital	83	1,063,438
	b) Own shares	84	0
9.	Share premium account	85	148,771
10.	Reserve funds and other funds from profit	86	870,481
	a) Statutory reserve fund and risk funds	87	652,609
	b) Other reserve funds	88	12,445
	c) Other funds from profit	89	205,427
11.	Revaluation reserve fund	90	0
12.	Capital funds	91	425,181
	a) Shareholders' capital deposits	92	236,399
	b) Other capital funds	93	188,782
13.	Revaluation variances	94	1,534,252
	a) Revaluation variances from assets and liabilities	95	1,521,615
	b) Revaluation variances from hedging derivatives	96	12,637
	c) Revaluation variances from recalculated shares	97	0
14.	Retained profit or unsettled accrued losses	98	171,782
	a) Retained accrued profits	99	171,782
	b) Unsettled accrued losses	100	0
	c) Financial result under approval	101	0
	Profit or loss for the fiscal year	102	3,206,842
	TOTAL LIABILITIES	103	102,104,186

Annex No. 20 - Aggregate Pension Fund Profit and Loss Account as of 31 December 2004

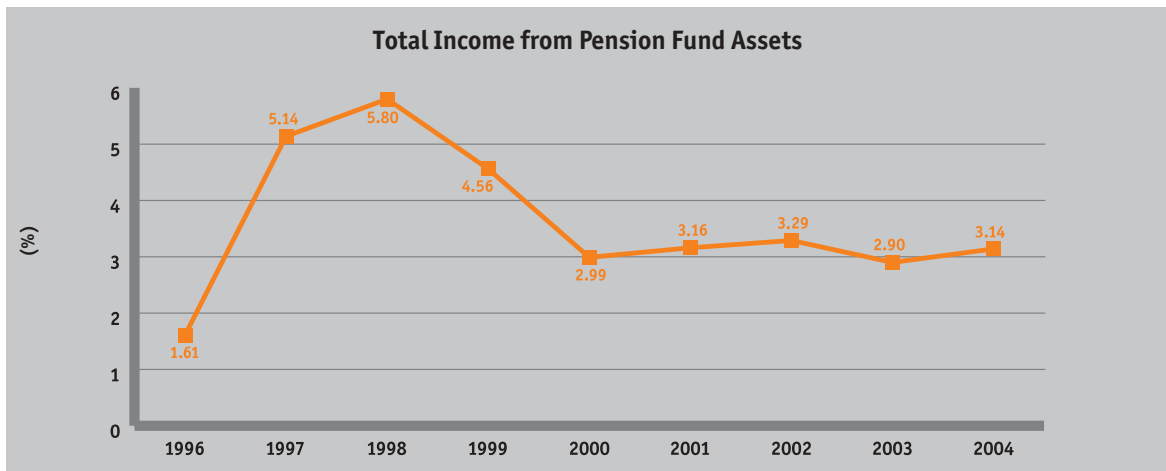
Title	Line	CZK thousand
1. Received interest and similar revenues	1	2,868,310
a) Interest on bond	2	2,706,934
b) Interest on deposits and current accounts	3	161,344
c) Revenues of other assets	4	32
2. Paid interest and similar expenses	5	231
a) Paid interest on bond	6	25
b) Paid interest on loans	7	204
c) Costs of other liabilities	8	2
3. Revenues from shares	9	181,571
4. Revenues from fees and commission	10	1,566
5. Costs of fees and commission	11	715,644
a) Related to the care for safety and administration of securities	12	243,912
b) Related to the sale or other decrease of securities	13	3,644
c) Broker's commission	14	433,820
d) Other costs of fees and commission	15	34,268
6. Net profit or loss from financial operations	16	1,792,192
a) From operations with securities held for sale	17	1,547,378
b) From operations with securities held for trading	18	346,862
c) From securities held to maturity and acquired in primary issues, not held for trading, along with adjustments created to those securities	19	564
d) From hedging derivatives	20	-79,434
e) From other operations	21	-23,178
7. Other operating revenues	22	76,786
Incl. revenues from non-financial placement of planholders' means	23	19,640
8. Other operating costs	24	34,590
Incl. costs of non-financial placement of planholders' means	25	4,467
9. Administration costs	26	840,467
a) Employees	27	300,316
aa) Social security and health insurance	28	128,717
ab) Wages and remuneration – employees and statutory bodies	29	161,713
ac) Other social costs	30	9,886
b) Other administrative costs	31	540,151
ba) Administration costs incl. consumption, purchased materials, energy and services	32	368,031
bb) Trade costs	33	172,120

Title	Line	CZK thousand
10. Release of reserves and adjustments for long-term tangible assets and intangible assets	34	700
11. Depreciation, creation and use of reserves and adjustments for long-term tangible and intangible assets	35	88,768
a) Depreciation of tangible assets	36	39,553
b) Reserves for tangible assets	37	0
c) Adjustments for tangible assets	38	0
d) Depreciation of intangible assets	39	31,102
e) Adjustments for intangible assets	40	18,113
12. Used adjustments and reserves for receivables and guaranties, revenues from written-off receivables	41	2,382
13. Depreciation, creation and used adjustments and reserves for receivables and guaranties	42	2,420
14. Used adjustments for controlling and significant shares	43	0
15. Losses from transferred controlling and significant shares, adjustments for controlling and significant shares	44	0
16. Used other reserves incl. those for pensions	45	3,552
17. Creation and use of other reserves incl. those for pensions	46	17,105
18. Share in profit (loss) of controlling or significant shares	47	0
19. Profit or loss from usual activities before taxes	48	3,227,834
20. Extraordinary income	49	1
21. Extraordinary expenses	50	0
22. Profit or loss from extraordinary activities before taxes	51	1
23. Corporation tax	52	20,993
24. Profit or loss for the fiscal year after taxes	53	3,206,842

Annex No. 21 - Annual Growth Rate of Pension Fund Assets

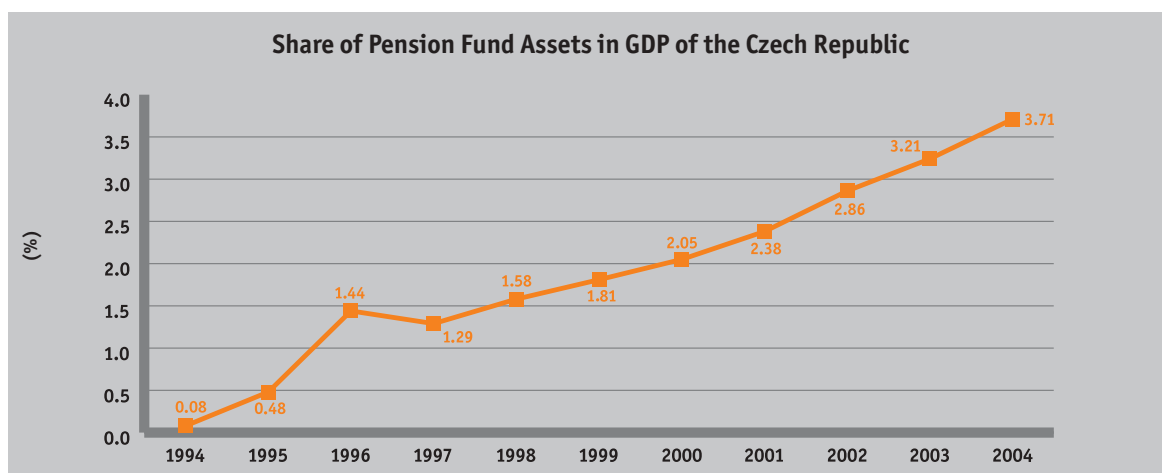


Annex No. 22 - Total Income from Pension Fund Assets



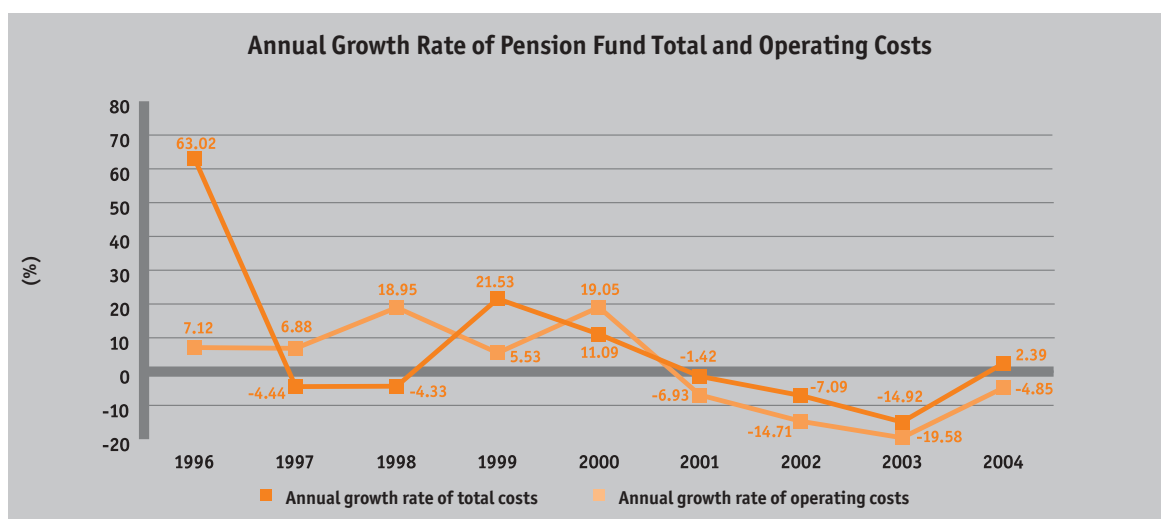
Annex No. 23 - Share of Pension Fund Assets in GDP of the Czech Republic

	Assets (CZK billion)	Czech GDP (in current year prices) (CZK billion)	Pension Fund Assets in GDP (%)
1994	1	1,183	0.08
1995	7	1,467	0.48
1996	24	1,661	1.44
1997	23	1,785	1.29
1998	31	1,962	1.58
1999	37	2,041	1.81
2000	44	2,150	2.05
2001	55	2,315	2.38
2002	69	2,415	2.86
2003	82	2,556	3.21
2004	102	2,750	3.71

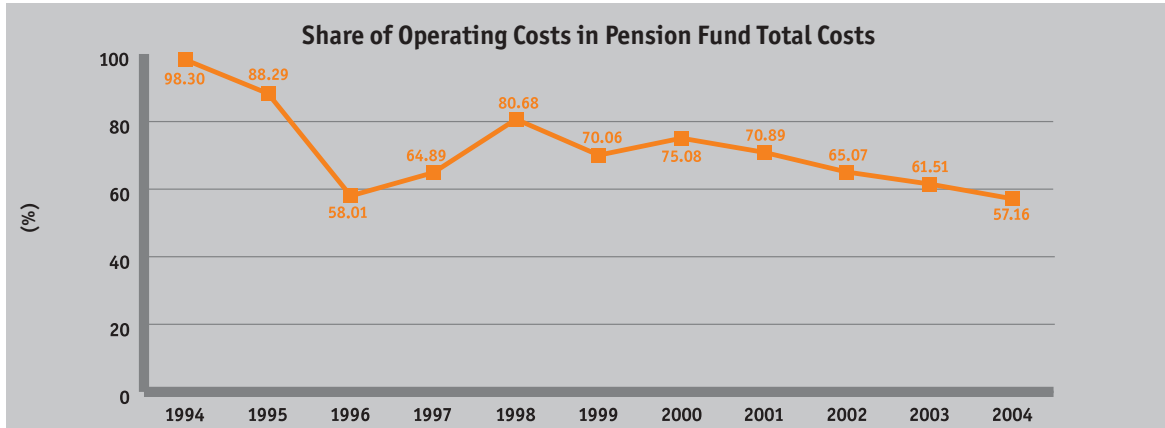


Annex No. 24 - Annual Growth Rate of Pension Fund Total and Operating Costs

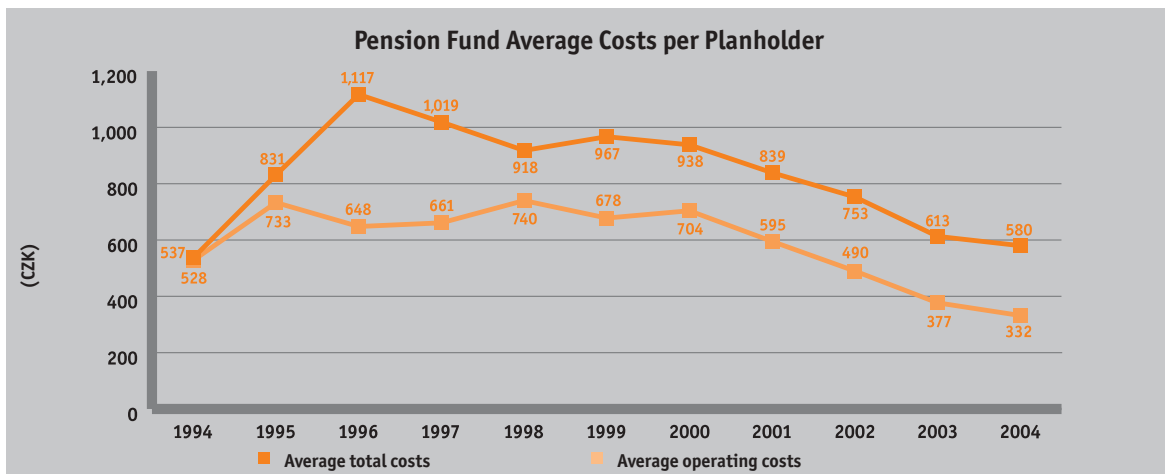
	Total costs (CZK thousand)	Operating costs (CZK thousand)	Annual growth rate of total costs (%)	Annual growth rate of operating costs (%)	Operating costs in total costs (%)
1994	98,543	96,872			98.30
1995	1,071,605	946,099	987.45	876.65	88.29
1996	1,746,940	1,013,459	63.02	7.12	58.01
1997	1,669,301	1,083,214	-4.44	6.88	64.89
1998	1,596,942	1,288,467	-4.33	18.95	80.68
1999	1,940,747	1,359,742	21.53	5.53	70.06
2000	2,156,001	1,618,806	11.09	19.05	75.08
2001	2,125,347	1,506,589	-1.42	-6.93	70.89
2002	1,974,699	1,285,029	-7.09	-14.71	65.07
2003	1,680,056	1,033,475	-14.92	-19.58	61.51
2004	1,720,218	983,350	2.39	-4.85	57.16



Annex No. 25 - Share of Operating Costs in Pension Fund Total Costs



Annex No. 26 - Pension Fund Average Costs per Planholder



Annex No. 27 - Share of Pension Fund Costs in Assets

	Total costs (CZK thousand)	Operating costs (CZK thousand)	Assets (CZK thousand)	Total costs in PF assets (%)	Operating costs in PF assets (%)
1994	98,543	96,872	1,226,794	8.03	7.90
1995	1,071,605	946,099	7,069,107	15.16	13.38
1996	1,746,940	1,013,459	23,973,624	7.29	4.23
1997	1,669,301	1,083,214	23,238,991	7.18	4.66
1998	1,596,942	1,288,467	31,096,436	5.14	4.14
1999	1,940,747	1,359,742	37,433,303	5.18	3.63
2000	2,156,001	1,618,806	44,360,470	4.86	3.65
2001	2,125,347	1,506,589	54,955,777	3.87	2.74
2002	1,974,699	1,285,029	68,927,478	2.86	1.86
2003	1,680,056	1,033,475	82,066,140	2.05	1.26
2004	1,720,218	983,350	102,104,186	1.68	0.96

