

MINISTRY OF FINANCE

Office of the State
Supervision in Insurance
and Pension Funds



2003



STATE SUPERVISION
IN PENSION FUNDS
ANNUAL REPORT 2003

ANNUAL REPORT FOR THE YEAR 2003

Ministry of Finance

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Dear Reader,

It is a difficult task to summarise quite differently than in the successful preceding year of 2002 the outcomes of state supervision in pension funds and the situation on the market by this word of introduction. Evidently, stabilisation continued in 2003 and the quality of both supervisory activities and pension fund activities improved. The market changed again due to merger of two pension funds; currently, there are only twelve pension funds operating on the market. The number of planholders grows, exceeding already two million and seven hundred thousand. Pension fund assets grow, too. That is a piece of good information discussed in more detail in the following text. What was, however, the year 2003 actually like, above all in a higher context, with regard to the Czech Republic's accession to the European Union and with regard to the ever-discussed concepts of the pension scheme in the Czech Republic?

The harmonisation and technical amendment to the Contributory Pension Act was discussed in 2003 and passed by the Czech Parliament and it was published on 5 February 2004 in the Digest. Two modifications are worth mentioning; namely, the prohibition of discrimination among planholders and the option that any citizen of EU member states can join the system. The opinion on how "free service rendering" will be used after EU expansion in May 2004 will be left to the future annual reports.

Important for supervisory activities proper in pension funds in 2003 was not only our co-operation with the Securities Commission and with the Ministry of Labour and Social Affairs in line with law, but also the assistance based on the tripartite co-operation agreement between the Ministry of Finance, the Czech National Bank and the Securities Commission.

Although the amended Insurance Act did not manage to meet the requirement raised by the European Commission to detach separate, independent state supervision in insurance and pension fund from the Ministry of Finance, the experience from EU countries have been used to implement the intention of combining in one institution supervision in insurance and pension funds, the Securities Commission, bank supervision conducted by the Czech National Bank and supervision over co-operative savings banks, thus creating unified supervision over the financial market. Surely, such unified supervision would be a contribution for the controlling of financial groups and financial conglomerates, especially since the Czech Republic's accession to the European Union.

By way of conclusion, I would like to say my thanks to all who participated in the outcomes of the year 2003 on the market of pension funds, as well as within state supervision. The development of the contributory pension scheme has proven its viability. The continuing concentration of the market in 2003, growing contributions by employers, decreasing costs of pension funds, and growing numbers of planholders are good news. What is, however, worth considering is the information that new planholders, as compared to total planholders, are represented more frequently in the age category 18-29 years and in the age category 60 and more years. Future concepts of the further development of the contributory pension scheme should and surely will respect such and similar data in proposed solutions of supplementary pension schemes.


Václav Křivohlávek, Director

OFFICE OF THE STATE SUPERVISION IN INSURANCE AND PENSION FUNDS

Supervising over insurance companies and pension funds is the responsibility of the Ministry of Finance, which is authorised to develop the entire system of pension funds. The Ministry of Finance competence in the field is stipulated in section 4 of Competencies Act No. 2/1969, as amended.

The Ministry of Finance supervises over the entities operating in the private insurance business and pension funds, and being the central administration body, the Ministry of Finance also drafts the Government bills and decrees regulating that sector of the financial market.

Legislative bills pertaining to the contributory pension scheme are prepared in co-operation with the Ministry of Labour and Social Affairs.

Because state supervision is a very specific activity, it was established, from the organisational point of view, in the form of a separate division of the Ministry of Finance, entitled the Office of the State Supervision in Insurance and Pension Funds (hereinafter referred to as the "Office") since September 2000. The annual report covering insurance is published separately by the Office.

The Office is divided into nine sections. Four sections focus on insurance, two sections specialise in the contributory pension scheme and three sections are of general character.

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

The total number of the Office employees stabilised on 68 after some changes during 2003. The percentage of women in the total headcount was 54%, the average age was 46 years and the percentage of employees with university education was 74%. As part of further education, which is one of priorities, the Office employees attended workshops and training courses both in the Czech Republic and abroad.

I. STATE SUPERVISION IN PENSION FUNDS

1. Legislation

The draft Government amendment to Contributory Pension Scheme Act No. 42/1994, the contents of which had been already commented on in the Annual Report for the year 2002, because it had been prepared in that year, was read in the Czech Parliament in April 2003. The draft amendment was passed by the Parliament in October 2003 with some minor changes and deletion of the provisions pertaining to the institutionalisation of state supervision in insurance and pension funds, and in November 2003 it was read in the Senate. The Senate discussed the amendment in two Senate Committees and decided to release the draft amendment without further discussions and the amendment was enacted (Article 48 of the Czech Republic Constitution). The Czech President signed the act on 20 January 2004. The amended Contributory Pension Scheme Act was published in the Digest under Ref. 36/2004 and it came into effect as from 1 April 2004. Certain provisions, however, did not come into effect before the effective date of the Czech Republic's accession to the European Union, i.e. 1 May 2004. Act No. 36/2004, which is called a harmonisation amendment, fully harmonised the contributory pension scheme with the basic principles as expressed in EC primary law, i.e. with the articles of the Treaty Establishing the European Community. As regards secondary law, harmonisation was made according to the existing Council directives pertaining to the prohibition of discrimination and to equal treatment. The passed changes reflect in the Contributory Pension Scheme Act the basic principles of free movement of services and capital, equal treatment and the prohibition of discrimination. Simultaneously, certain principles as stipulated in the directive on employee schemes (2003/41/EC on the activities of institutions in the employee pension insurance and supervision over them) were included in the act, such as the principles of information for planholders, annual reports, pension fund investment policy, etc.

Because of the continuing development of EC secondary law, the sources of which consist of regulations, directives, decisions, recommendations and opinions of the Council, European Parliament, Commissions and other EU institutions, the harmonisation of the contributory pension scheme legislation with EC law is a continuing process needing permanent attention in the decision-making on legislative changes in line with new EC regulations.

Considerable part of the work done by Legislation and Legal Matters in Pension Funds 2003 was focused in on the preparation of a draft concept of the future development of the supplementary pension system and changes in the contributory pension scheme as a part of the supplementary pension system. The mentioned material was submitted as underlying data to the expert commission for the reform of supplementary pension systems, which was established at the Ministry of Finance in February 2004.

As regards the new legislation pertaining to the contributory pension scheme, Act No. 257/2004 Coll., should be mentioned. It amends certain regulations related to the enactment of the Transactions on the Capital Market

Act, Collective Investing Act and Bond Act, which directly amends in its Article IX the Act on State-Contributory Supplementary Pension Insurance.

2. Approving and Licensing

The Office gave a total of 30 administrative rulings in 2003 within the scope of its approving and licensing powers. In particular, those included:

One ruling approving the merger of pension funds

The ruling approving the merger of the pension funds listed below was given by the Ministry of Finance following opinions prepared by the Ministry of Labour and Social Affairs and the Securities Commission:

Penzijní fond České pojišťovny, a.s. and ČP penzijní fond, a.s., which merged as of 1 Aug 2003 to form Penzijní fond České pojišťovny, a.s.

The ruling approving the merger of the pension funds included also approval of:

- five persons nominated as members of the pension fund board of directors and six persons nominated as members of the pension fund supervisory board;
- the Statutes;
- the pension plan (the change in the pension plan consisting in the successor's obligation to maintain rights arising from plans of those planholders of the abolished pension fund who wish to become planholders in the successor pension fund is considered as a major change).

Twenty-two rulings approving or disapproving of persons designated to be statutory body members in pension funds

Approving of persons designated to be members of the board of directors or supervisory board in a pension fund is decided upon by the Ministry of Finance within its own competence without any assistance from other central administration agencies. The Ministry of Finance controlled underlying data, which had formed part of the pension funds' requests for approval of members of the board of directors or supervisory board. The Ministry of Finance used such data and other relevant facts about candidates to assess, in particular, their integrity and professional competence and to examine whether or not they were persons who were eligible for such positions as per Act No. 42/1994. Within the aforementioned 22 rulings, the Ministry of



Finance approved 14 persons to become members of boards of directors and 17 persons to become members of supervisory boards in pension funds. One person nominated to be a supervisory board member in a pension fund was not approved of because the person held back in the candidate's statement of eligibility for the position - according to the Pension Funds Act and the Commercial Code - a fact, which prevented him from being approved of as a supervisory board member in a pension fund, giving intentionally false data.

One ruling approving of a change of the pension fund depository

Upon agreement with the Securities Commission, the Ministry of Finance approved application of Penzijní fond České pojišťovny, a.s. and decided a change of its depository from Československá obchodní banka, a.s. to Živnostenská banka, a.s.

Six rulings approving of a change of pension fund statutes

Upon agreement with the Securities Commission, the Ministry of Finance approved changes of statutes, which were requested by six pension funds in connection with changes of terminology as used in the Commercial Code, changes of pension fund book-keeping, changes of depositories, and trade names of the pension funds.

Since the Pension Funds Act was not amended in 2003, it was not necessary to change pension plans and, consequently, no separate ruling was given in that respect.

3. Inspection

The Offices supervises over pension funds by means of:

- off-site inspection
- on-site inspection

Off-site Inspections

Off-site inspections are conducted in two main directions. The first one focuses mainly on the issues of pension fund management. Regular reports and statistical reports of pension funds are examined within off-site inspections. In the event of any doubts, the Ministry of Finance requires extraordinary reports. The other direction is the use of SDPF (State Supervision in Pension Funds) information and controlling system of the Ministry of Finance. The system is used by the Ministry of Finance to monitor compliance with the Pension Funds Act and with conditions stipulated in respective pension plans. The information system is updated on a monthly basis. The system makes it possible to control compliance with the insured period and age for benefit payments, the sum of paid-out state contributions and it provides other useful information on individual contracts.

The state contributions which were not used to settle the planholders' rights are controlled on a monthly basis. Those contributions should be returned within stipulated timescales by pension funds to the state budget. Contributions returned late are penalised.

Development of the Ministry of Finance Information System in 2003

Similarly to 2002, there was no legislation amendment in the subsequent year, which would result in a need to change the information system of the Ministry of Finance. Therefore, the modifications focused on optimisation of time requirements for processing pension fund requests for state contributions and returning and modifications thereof, as initiated by pension funds. Procedures facilitating the preparation of data for the execution of state supervision were added to make the controlling activities of state supervision more efficient.

In general, the modifications made it possible to:

- Speed up the processing of requests for state contributions and returning thereof by deleting clauses bearing no new information;
- Block such incorrect personal ID in the processing of requests for state contributions that are entered by the pension fund on a permanent basis and that are not corrected by the planholders, thus creating duplicity with correct personal IDs;
- Check transferred financial means in suspended pension plans in the event of merger;
- Make necessary corrections of incorrect data for an abolished pension fund;
- Re-establish the superannuation pension;
- Pay disability pension benefits using a part of the planholder's financial means;
- Provide pension funds with more information in the form of files informing about their databases (on an annual basis) in the Ministry of Finance database.

The modifications optimising the work of state supervision made it possible to:

- Get more accurate data on the numbers of contracts included in the quarterly request and on average contributions;
- Expand data on incorrect personal ID's;
- Expand files announcing from which contracts the state contribution was not returned in line with the law by a new item "Expected Penalty".

Sets of data on returned state contributions pertaining to contracts with pension funds in liquidation and bankruptcy were continuously updated for the purpose of inspections. The sets on merged pension funds created in the past year proved to be good guidelines for state supervision during inspections focusing on whether planholders' eligible rights were satisfied by the successor of the abolished pension fund.



On-site Inspections

The on-site inspections conducted according to the plan of Ministry of Finance activities for 2003 focused, as usual, mainly on management and on compliance with the statutory condition stipulating that the pension fund must be managed with due diligence and with the aim to generate reliable revenue.

Controlled were:

- pension fund information systems (recording of state and planholders' contributions, employers' contributions, returned state contributions, and performance of contractual relations between the pension fund and planholders);
- contracts between pension funds and contractors so as to examine whether the volume of financial performance was adequate;
- pension fund internal regulations and their compliance with law.

In 2003, on-site inspections were conducted in six pension funds in their registered offices:

- PF České pojišťovny, a.s.
- PF Komerční banky, a.s.
- Hornický penzijní fond Ostrava, a.s.
- PF České spořitelny, a.s.
- GENERALI PF, a. s.
- Allianz PF, a.s.

An administrative action was started in two cases based on the results of the inspection on grounds of breach of obligations in managing planholders' financial means:

- GENERALI PF, a.s.
- PF České pojišťovny, a.s.

No fine was imposed because shortages were minor only and of administrative nature. Corrective measures were ordered in stipulated timescales to remedy the defects.

4. Other Activities

4.1. Methodology and Consultancy

Petitions, complaints, notices, motions and questions were processed in line with Government Decree No. 150/1958 (Processing of Complaints, Notices, Motions) and with Ministry of Finance Directive No. 6 of 1995. The Office received, recorded and processed 108 submissions in 2003, including mainly planholders' motions, requests for information on pension fund contracts, and complaints.

The complaints pertained, above all, to:

- the non-granting of state contributions to the planholder's payments due to errors in entering planholder's ID data in the Ministry information system;
- the errors in records on planholders.

Comparison between the years 2001 through 2003

	2000	2001	2002	2003
Number of submissions	297	617	386	108

Clearly, the total numbers of submissions lodged by contributory pension scheme planholders in 2003 decreased significantly.

4.2. Co-operation with Other Partner Institutions

As regards central administration bodies, the Office collaborates with the Securities Commission and with the Ministry of Labour and Social Affairs in contributory pension scheme issues.

Being the central administration body for pension security, the Ministry of Labour and Social Affairs also prepares the concept of the contributory pension scheme as a source of supplementary income in old age and it participates in the Ministry of Finance legislative activities in the field of contributory pension scheme benefits, pension fund licensing, permitting mergers, and approving pension plans.

The Securities Commission is appointed to conduct state supervision over pension funds' investing. The Securities Commission collaborates with the Ministry of Finance in pension fund licensing, permitting mergers, approving changes in the statutes, and transfers of pension fund shares.

The collaboration with the Czech National Bank and the Securities Commission was confirmed on 28 February 2003 by signing an amendment to the Agreement on Mutual Co-operation. Working groups established based on the Agreement dealt with issues of future supervisory procedures, mainly in the field of supervision over financial groups and conglomerates



In line with the Co-operation Agreement, working groups were established to solve topical issues of supervision with the priority aim to harmonise supervisory procedures. The information exchange and the opportunity to conduct efficient supervision over financial groups and conglomerates were one of the basic objectives of collaboration with the aforementioned supervisory bodies.

As regards the field covered by Act No. 120/2001 on Bailiffs and Executions (Execution Rules), the Office sent 343 responses to the executors' requests for information whether particular natural persons subject to court ruling are recorded in the list of planholders as of 31 December 2003.

	2002	2003	As of 30 June 2004
Requests	291	343	428

The Ministry of Finance collaborates on a permanent basis with liquidators and trustees in bankruptcy; they are listed in Annex No. 3.

The Office representatives always attend regular semi-annual OECD meetings on pension funds. The meetings provide not only an opportunity of a general, international detached view in the insurance business, but also an opportunity for personal consultations and meetings of experts from OECD countries. Crucial issues discussed by working groups in 2003 included the alternatives of supervision and pension fund assets investing. Possibilities of further education in the field is a new project of mutual co-operation.



II. CONTRIBUTORY PENSION MARKET

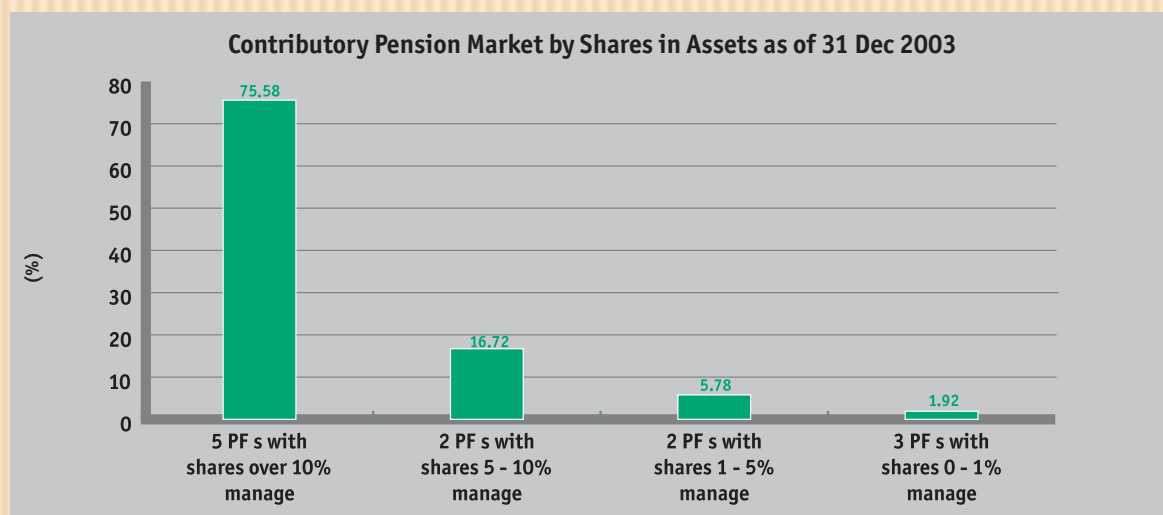
1. Market Structure

Two funds merged in 2003, both of which were held 100% by the same holder. That means twelve pension funds operated as of 31 December 2003 on the Czech market with the contributory pension scheme (Annex No. 2).

The decreasing trend in the total number of pension funds on the contributory pension scheme market corresponds to the high concentration of most financial assets in a relatively small number of the largest pension funds.

Contributory pension scheme market by the structure of shares in total pension fund assets as of 31 Dec 2003

Pension Fund's Share in Total Assets	Number of PF	Assets (CZK '000)	Market Share (%)
Over 10%	5	62,029,183	75.58
5-10%	2	13,721,062	16.72
1-5%	2	4,740,393	5.78
0-1%	3	1,575,502	1.92



As of 31 December 2003 the five largest pension funds controlled 75.58% of all assets; the percentage was 72.64% in 2002, which stands for a year-to-year growth by approximately 3%. The growth rate of the five largest pension funds in total assets was 9.2% as compared to the preceding year.

2. Pension Fund Management

The significance of the sector of pension funds is demonstrated by their growing share in the gross national product (GDP), even though those are two economically incomparable indicators (the flow and the balance).

Shares of Pension Funds' Assets in the Czech GDP

	2001	2002	2003	Index 2002/2001	Index 2003/2002
Performance assets (CZK billion)	55	69	82	1.25	1.19
GDP (in usual prices, CZK billion)*	2,315	2,415	2,532	1.04	1.05
Share of pension fund assets in GDP (%)	2.38	2.86	3.24	1.20	1.13

* Source: ČSÚ – data after revision of national accounts

Even though the share of pension fund assets in the gross national product keeps increasing, the year-to-year increase of the share was lower in 2003, amounting to 13%, as compared to the preceding year's 20%. The trend of lower growth dynamics is confirmed also by the fact that even though the total assets of pension funds increase in absolute terms, the growth rate of pension fund assets in 2003 does not (Annex No. 20). Because the assets of pension funds increased more quickly rather than the numbers of planholders, the average amount of assets per planholder also increased to achieve CZK 29,956 at the end of 2003.

Average Assets per Planholder

	2001	2002	2003	Index 2002/2001	Index 2003/2002
Pension fund assets (CZK '000)	54,955,777	68,927,478	82,066,140	1.25	1.19
Numbers of planholders	2,534,436	2,621,881	2,739,556	1.03	1.04
Average assets per planholder (CZK '000)	21,684	26,289	29,956	1.21	1.14

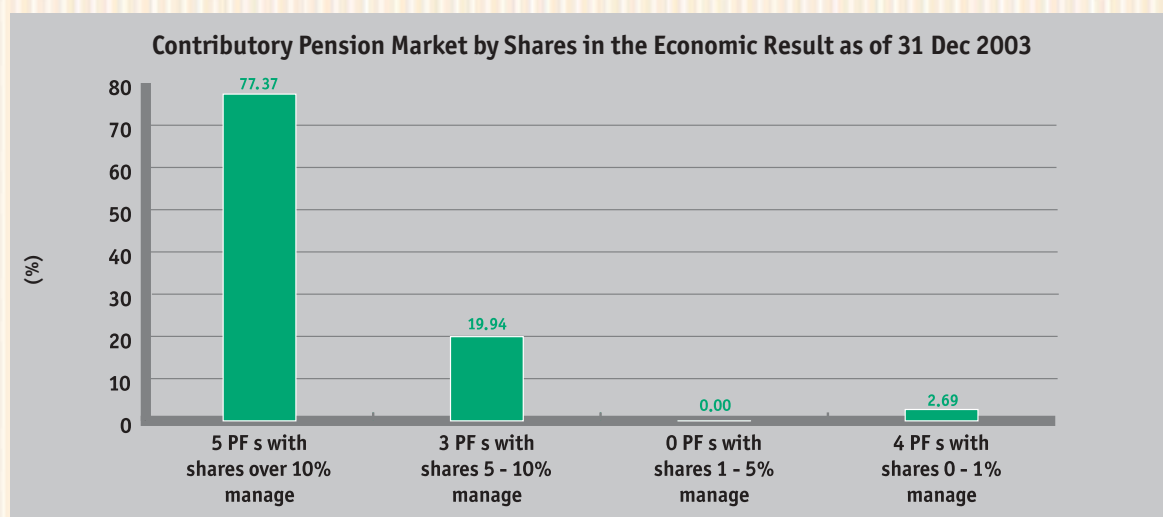
The lower development dynamics also relate to the total revenue of assets. Although the positive economic result in absolute terms is still growing, the rate of growth is lower than in the preceding year (Annex No. 20).

Economic Result and Total Revenues of Pension Funds

	2001	2002	2003	Index 2002/2001	Index 2003/2002
Economic result of the fiscal year (CZK '000)	1,735,873	2,265,219	2,377,100	1.30	1.05
Pension fund assets (CZK '000)	54,955,777	68,927,478	82,066,140	1.25	1.19
Total revenues of pension fund assets (%)	3.16	3.29	2.90	1.04	0.88

Contributory Pension Market by the Structure of Shares in the Total Pension Fund Results as of 31 Dec 2003

PFs with Share in the Total Economic Result	Number of PFs	Economic Result (CZK '000)	Market Share (%)
Over 10%	5	1,839,056	77.37
5-10%	3	473,980	19.94
1-5%	0	0	0.00
0-1%	4	64,064	2.69



If compared to the structure of pension fund market by share in assets where two pension funds are in the category of funds with market shares over 1-5%, the same category in the market structure by economic result includes no pension fund.

The total economic result was divided in 2003 as follows:

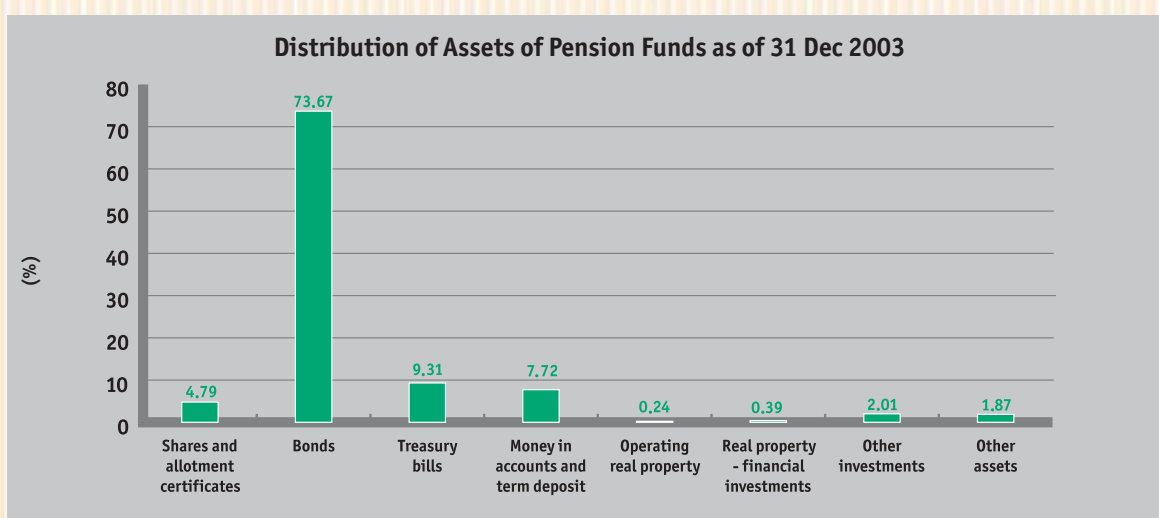
- 5.08% were allocated to reserve funds;
- 89.94% of profits were distributed to planholders;
- 4.98% of profits were allocated to other purposes according to decisions of general meetings, including 0.46% of profits paid as dividends.

Shares in pension funds' results allocated to planholders are also derived from the achieved economic results. The average credited nominal revenue in the sector, taking into account the amounts of assets of respective pension funds, was 3.20 % for 2003 and the average nominal revenue calculated as simple average was 3.24%.

Most pension funds' investment policies were conservative in 2003, focusing mainly on purchases of government bonds and treasury bills. Such securities are acceptable with regard to risk, but yield lower revenues. The ratios of shares, allotment certificates, and real property decreased again, whereas the ratio of term deposits increased.

Structure of Pension Fund Portfolios

(%)	As of 31 Dec 2001	As of 31 Dec 2002	As of 31 Dec 2003
Shares and allotment certificates	7.23	6.24	4.79
Bonds	60.37	73.80	73.67
Treasury bills	22.35	9.70	9.31
Money in accounts and term deposits	3.90	5.07	7.72
Operating real property	0.42	0.35	0.24
Real property - financial investments	0.73	0.59	0.39
Other assets	4.02	2.15	2.01
Other investments	0.98	2.10	1.87



Pension funds' portfolios placed in the instruments, which make it possible to generate financial revenue, i.e. the assets excluding operating real property and other assets, amounted to 97.75 % of total assets in 2003.

Bonds and, consequently, foreign bonds evidently account for a considerable share in the structure of pension funds' portfolios. The shares of foreign bonds are given in the table below.

Share of Foreign Bonds

Share of foreign bonds (%)	2001	2002	2003	Index 2002/2001	Index 2003/2002
In total bonds	7.26	6.34	16.70	0.87	2.63
In total assets	4.38	4.68	12.31	1.07	2.63

After stagnation in 2002 due to the significant increase of shares of foreign bonds in total assets in 2001, the share of bonds issued by OECD member states increased again in 2003 in pension fund portfolios as much as by 163 % compared to the year 2002.

The issue of bonds and capital participation is closely related to the issue of valuation differences, which are reflected in pension funds' liabilities. If the differences were reported in the profit and loss statement, not in the balance sheet, they would affect pension funds' financial results.

Valuation Differences of Pension Funds

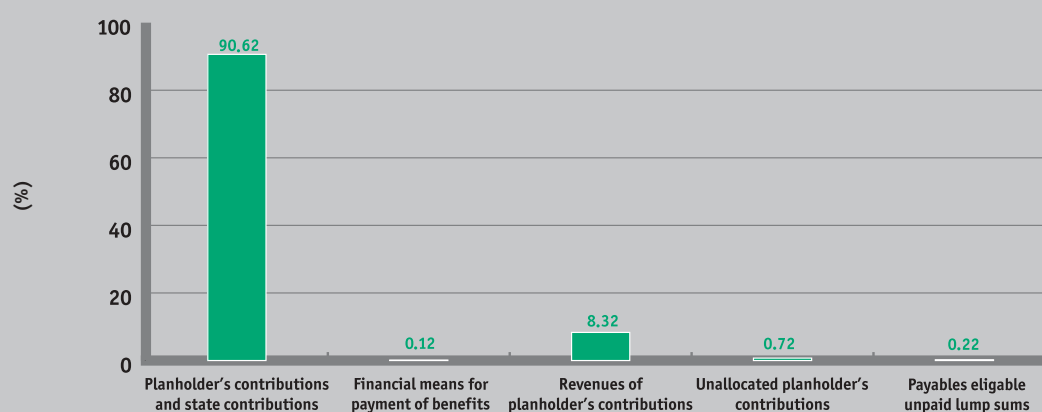
	2001	2002	2003
Valuation differences (CZK '000)	-616,647	237,661	-304,442
Financial result of fiscal year (CZK '000)	1,735,873	2,265,219	2,377,100
Valuation differences in financial result (%)	-35.52	10.49	-12.81

The share of core capital compared to the total assets achieved 5,61% in 2003. Planholder's contributions representing the liabilities of the pension funds form the main share of the foreign capital – 99,56%. The share of those means compared to the total assets achieved 93,98%.

Structure of Pension Fund Liabilities

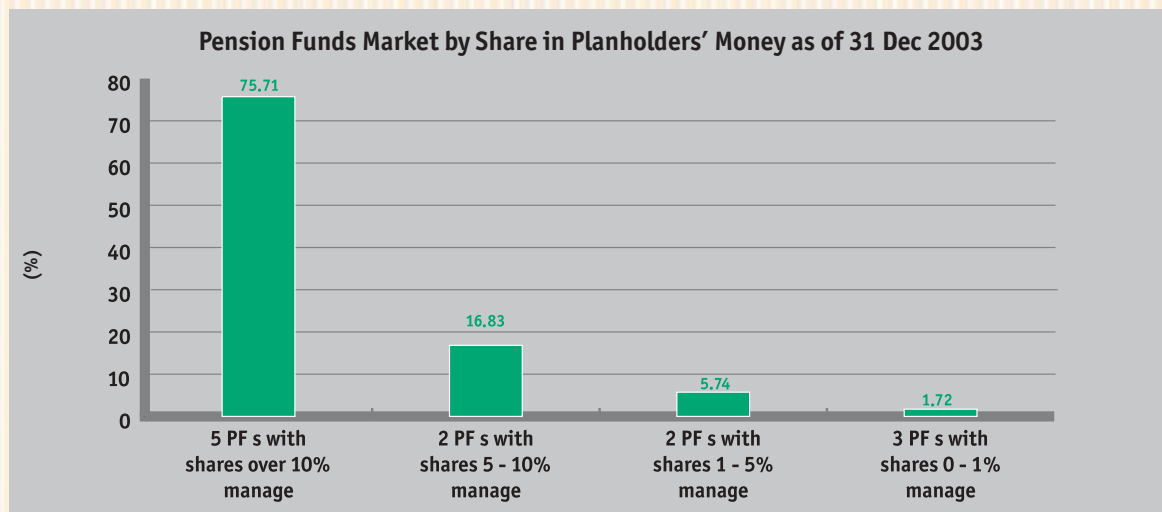
	As of 31 Dec 2002		As of 31 Dec 2003	
	(CZK '000)	(%)	(CZK '000)	(%)
Planholders' financial means	63,799,814	92.56	77,123,539	93.98
Other liabilities	327,391	0.48	306,071	0.37
Accruals	10,262	0.01	8,309	0.01
Provisions	9,144	0.01	23,799	0.03
Registered capital	1,230,038	1.78	1,180,038	1.44
Issue agio	148,932	0.22	148,771	0.18
Reserve funds and other funds from profits	606,948	0.88	747,178	0.91
Capital funds	266,403	0.39	325,260	0.39
Revaluation variances	237,661	0.34	-304,442	-0.37
Retained profits or deferred losses	25,666	0.04	130,517	0.16
Profit or loss for the fiscal year	2,265,219	3.29	2,377,100	2.90
TOTAL LIABILITIES	68,927,478	100.00	82,066,140	100.00

Structure of Planholders' Money as of 31 Dec 2003



Pension Funds Market by Structure of Shares in Total Planholders' Financial Means as of 31 Dec 2003

PFs with Share in Total Planholders' Financial Means	Number of PFs	Planholders' Financial means (CZK '000)	Market Share (%)
Over 10%	5	58,393,496	75.71
5-10%	2	12,979,342	16.83
1-5%	2	4,425,951	5.74
0-1%	3	1,324,750	1.72



Adequately, the structure is more or less similar to the structure of pension fund market by share in pension fund assets and there are no differences like those in the market structure by share in financial result.

In addition to the rate of return on individual investments, pension funds' costs are also reflected in their financial results. Operating costs in total pension fund costs amount to 61.5% in 2003 (Annex No. 25). Administrative costs (the costs, which form part of the operating costs and include - in addition to items such as consumption of energy, materials, and services - personnel costs, too) in total costs account for 46.18%. Since 2000 the costs have been decreasing in absolute term as well as in terms of average costs per planholder (Annexes Nos. 26 and 28).

Development of Pension Funds' Costs Including Share per Planholder

	2001	2002	2003	Index 2002/2001	Index 2003/2002
Total costs (CZK '000)	2,125,347	1,974,699	1,680,056	0.93	0.85
of which operating costs	1,506,589	1,285,029	1,033,475	0.85	0.80
Selected items of operating costs:					
Total administration costs	1,173,305	812,193	775,901	0.69	0.96
of which personnel costs	327,060	283,934	271,686	0.87	0.96
Number of planholders	2,534,436	2,621,881	2,739,556	1.03	1.04
Total average costs per planholder (in CZK)	839	753	613	0.90	0.81
Average operating costs per planholder (in CZK)	595	490	377	0.82	0.77

Structure of Operating Costs

	As of 31 Dec 2002		As of 31 Dec 2003	
	(CZK '000)	(%)	(CZK '000)	(%)
Administration costs	812,193	63.20	775,901	75.08
Other operating costs	107,368	8.36	141,483	13.69
Depreciation, creation and use of provisions and adjustments to non-current tangible and intangible assets	172,726	13.44	83,450	8.07
Depreciation, creation and use of provisions and adjustments to receivables and guarantees	162,975	12.68	573	0.06
Creation and use of other provisions incl. provisions for benefits	17,544	1.37	32,068	3.10
Creation of other adjustments	12,223	0.95		0.00
Total operating costs	1,285,029	100.00	1,033,475	100.00

3. Pension Fund Shareholders

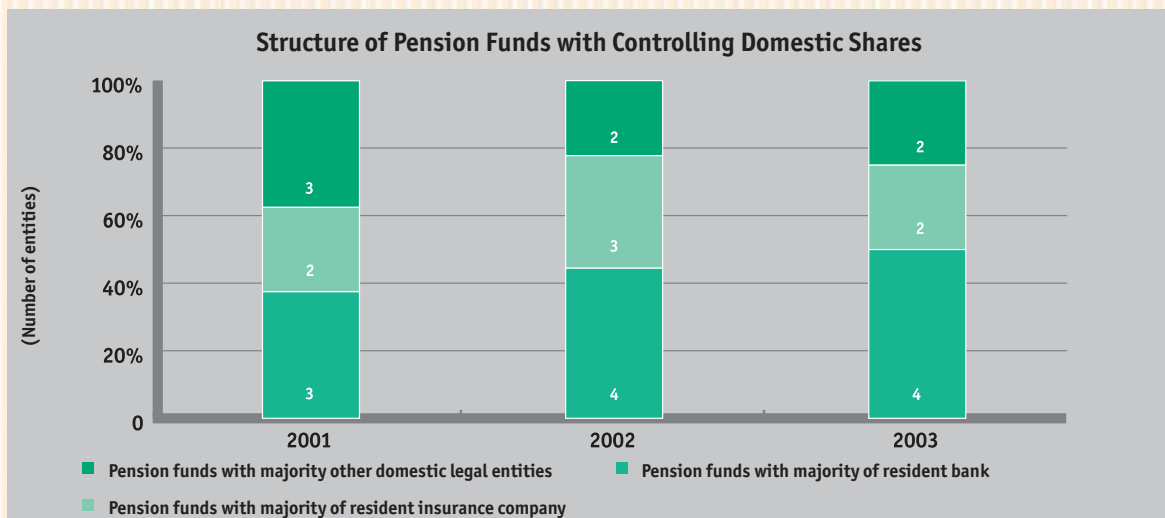
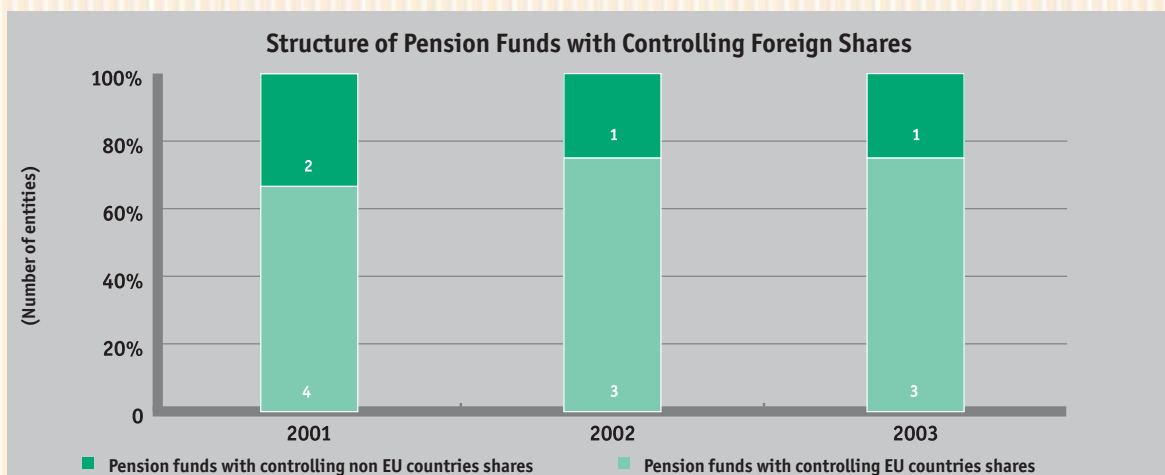
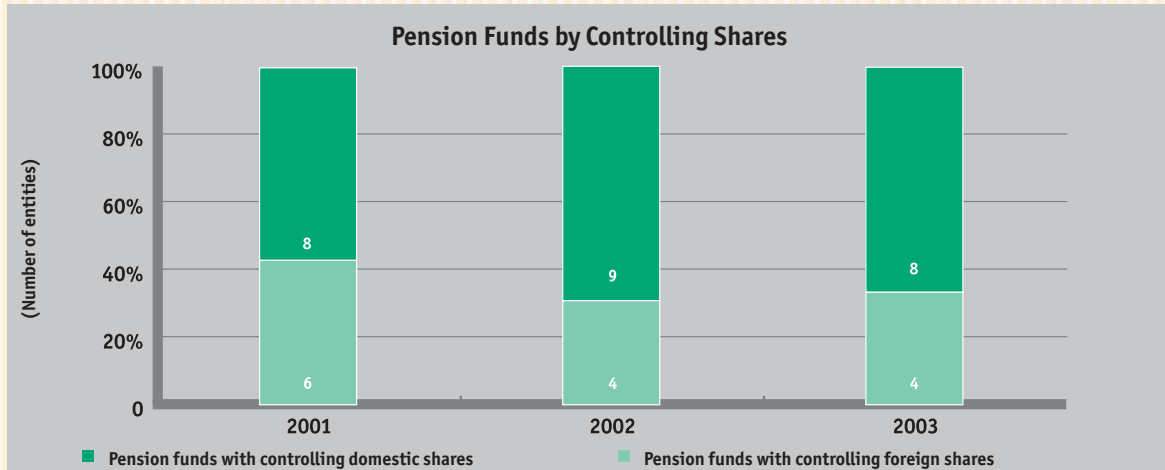
The structure of pension fund shareholders did not differ significantly from that in the preceding year. Four pension funds in the Czech Republic were controlled by shareholders with strong foreign capital who, as of 31 Dec 2002, held one hundred percent of shares in two pension funds and the majority shares in other two pension funds. In three of the four pension funds mentioned above, these shareholders were those from EU countries – from Austria and two from the Netherlands. Switzerland is the country of origin of the fourth shareholder with the controlling foreign share.

Eight pension funds were held by domestic shareholders. Domestic banks held majority shares in four pension funds (100% in three pension funds) and domestic insurance companies held one hundred percent in two pension funds.

Structure of Pension Fund Shareholders

	As of 31 Dec 2002	As of 31 Dec 2002	As of 31 Dec 2002
100% domestic share	8	9	8
Majority domestic share	0	0	0
100% foreign share	2	2	2
Majority foreign share	4	2	2
Total	14	13	12

Contributory Pension Market



4. Planholders

Numbers of planholders as of 31 December 2003 were 2,739,556. The development of the numbers of planholders is illustrated in Annex No. 7. The year-to-year growth rate of numbers of planholders was 4.5 % and 3.5 % in 2003 and 2002, respectively.

Since from 2001, the numbers of planholders have been reported in a different way. The applications for state contributions lodged by pension funds on a quarterly basis had been previously used as a source of numbers of planholders in the system. Since 2001 the numbers of non-terminated plans have been reported. The data also include suspended plans, e.g. on grounds of suspended and postponed payments, notices of termination or preparations for transfer which correspond to the actual numbers of plans, which are not terminated in the Ministry of Finance database.

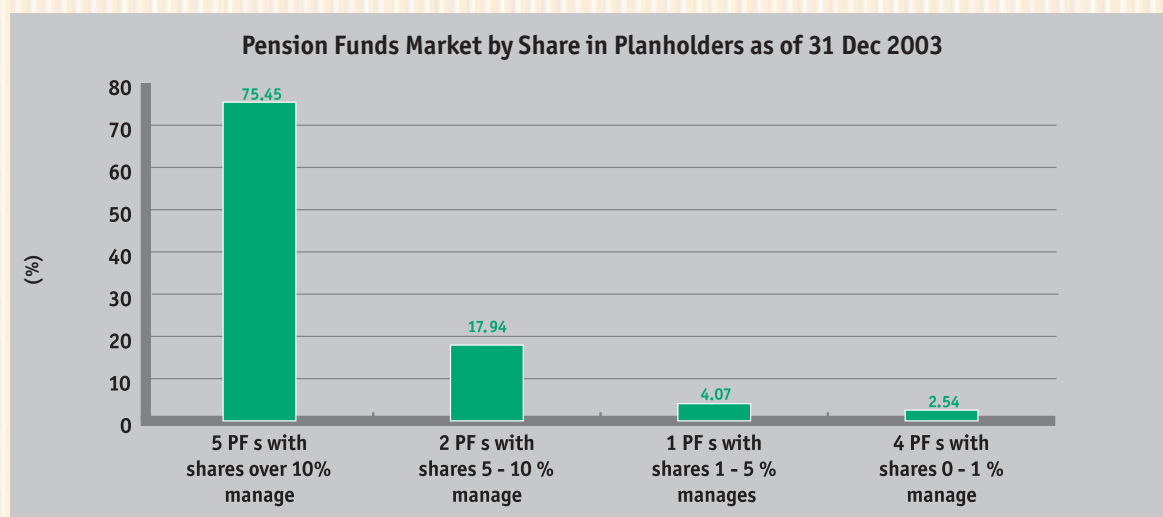
Structure of Planholders – Non-Terminated Pension Plans as of 31 Dec 2003

	Situation as of 31 Dec 2003	
	(Numbers)	(%)
Non-terminated pension plans	2,656,573	96.97
Situation after establishing new pension plan	51,527	1.88
Situation after transferring pension plan, incl.:	5,297	0.19
Individual transfers	2,295	
Mass transfers	3,002	
Pension plans prepared for transfer	1,620	0.06
Situation after renewing pension plan	174	0.01
Renewal of terminated pension plan – after cancellation of plan termination	81	0.01
Suspended pension plans, incl.:	22,798	0.83
Termination before title to discharge	22,442	
Termination with title to surrender	293	
Termination with title to at least one benefit	63	
Suspended – conserved pension plans	1,486	0.05
Total non-terminated pension plans	2,739,556	100.00

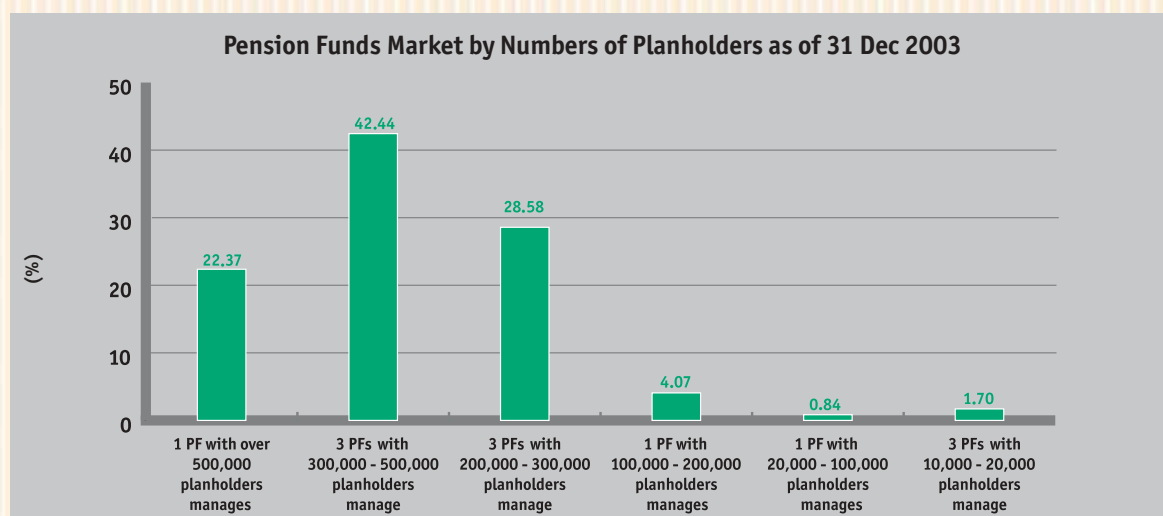
A part of the total number of non-terminated pension plans is recorded with the pension funds in liquidation. That applies to 982 non-terminated pension plans, which is 0.04% of the total number of planholders. The data on non-terminated pension plans also include those suspended. The market structure by share in planholders recorded by the existing pension funds is given in the table and diagram below and it corresponds to the market structure by pension fund assets and planholders' financial means.

Pension Fund Market by Structure of Share in Total Planholders as of 31 Dec 2003

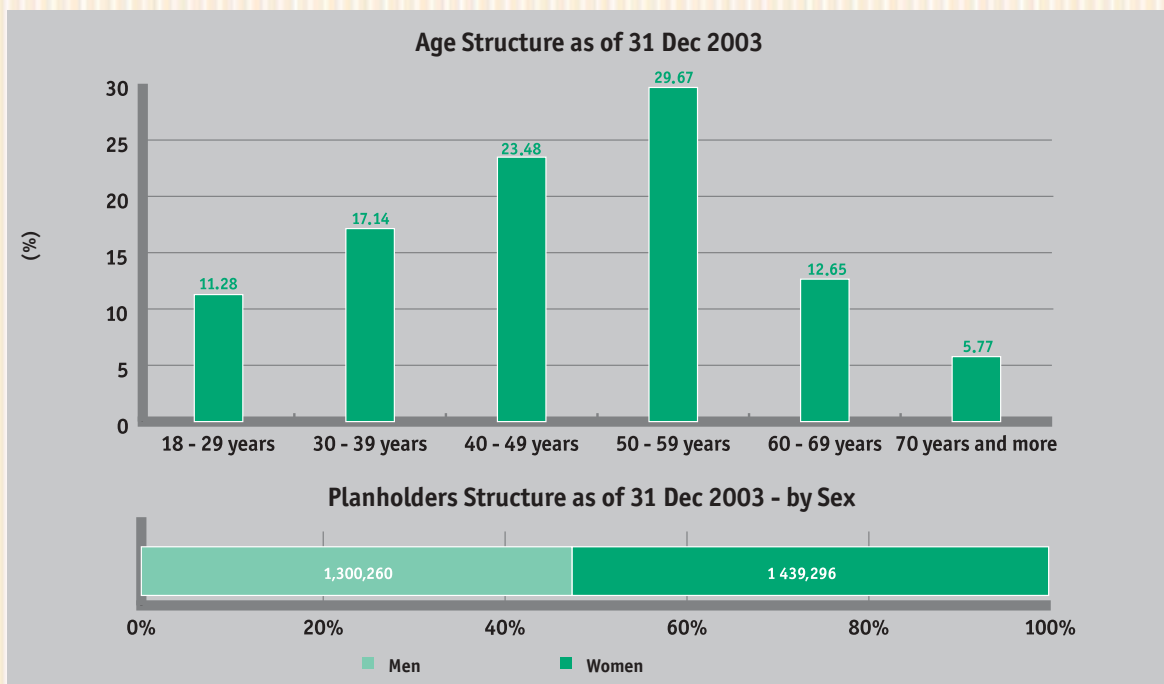
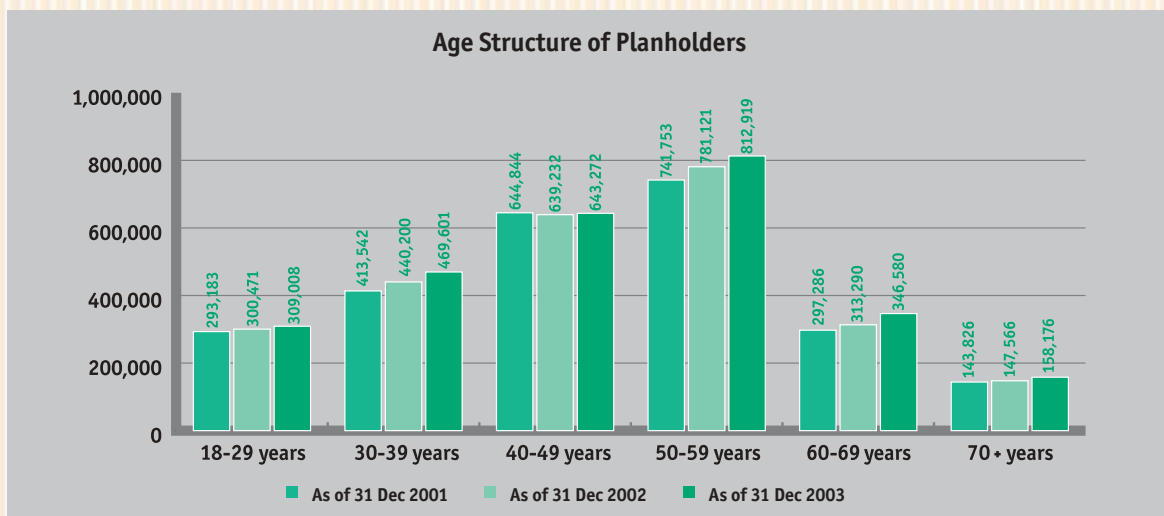
PFs with Share in Planholders	Number of PFs	Number of Planholders	Market Share (%)
Over 10%	5	2 066 309	75,45
5-10%	2	491 290	17,94
1-5%	1	111 567	4,07
0-1%	4	69 408	2,54



For illustration, a slightly different structure can be given, which also describes the market by the number of planholders. Pension funds are classified by numbers of planholders and the categories are shown as shares in total planholders registered in existing pension funds.



The age structure of planholders is quite stable. Even though younger planholders join the system, the whole set is growing older. The largest group of planholders consists of people aged 50 to 59. The category accounted for 29.67% in 2003 and for 29.79% in 2002 of total planholders, which is a year-to-year decrease by 0.1 percentage point, but the category of 60-69 years increased by 0.7 percentage point. The youngest group includes persons aged 18-29, who accounted for 11.28% in 2003 as compared to 11.46% in 2002. The year-to-year decrease is by 0.18 percentage point.



Shares of Selected Age Categories in the Total Numbers of Planholders

(%)	As of 31 Dec 2001	As of 31 Dec 2002	As of 31 Dec 2003
Planholders aged over 40 years	72.12	71.75	71.58
Planholders aged over 50 years	46.67	47.37	48.10
Planholders aged over 60 years	17.40	17.58	18.42

As regards old contracts - those signed before 1999 - it was possible for planholders to receive old-age pension benefits after achieving the age of 50 and paying contributions for twelve months only. According to the regulation as in force in 2003, the title to old-age pension benefits arises after paying contributions for at least sixty months and achieving the age of 60 or receiving statutory old-age pension.

Non-Terminated Pension Plans by Type of Contract as of 31 Dec 2003

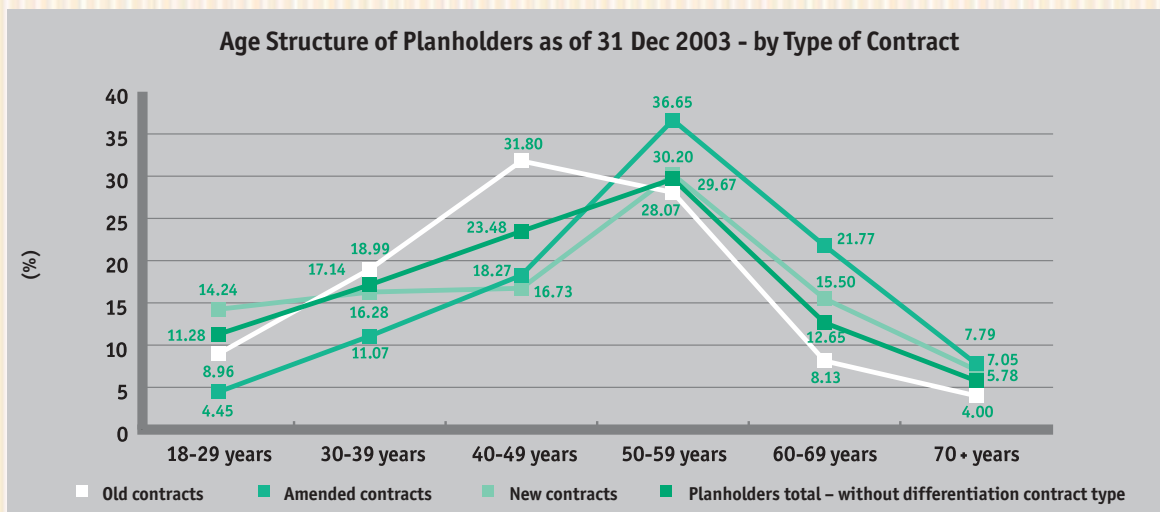
Age Category of Planholders	Old contracts		Amended contracts		New contracts	
	number	(%)	number	(%)	number	(%)
18-29 years	108,305	8.96	7,811	4.45	192,892	14.24
30-39 years	229,633	18.99	19,416	11.07	220,552	16.28
40-49 years	384,575	31.80	32,026	18.27	226,671	16.73
50-59 years	339,444	28.07	64,245	36.65	409,230	30.20
60-69 years	98,366	8.13	38,157	21.77	210,057	15.50
70 years and more	48,959	4.05	13,657	7.79	95,560	7.05
Total	1,209,282	100.00	175,312	100.00	1,354,962	100.00
Share in total non-terminated plans (%)	44.14		6.4		49.46	

Note:

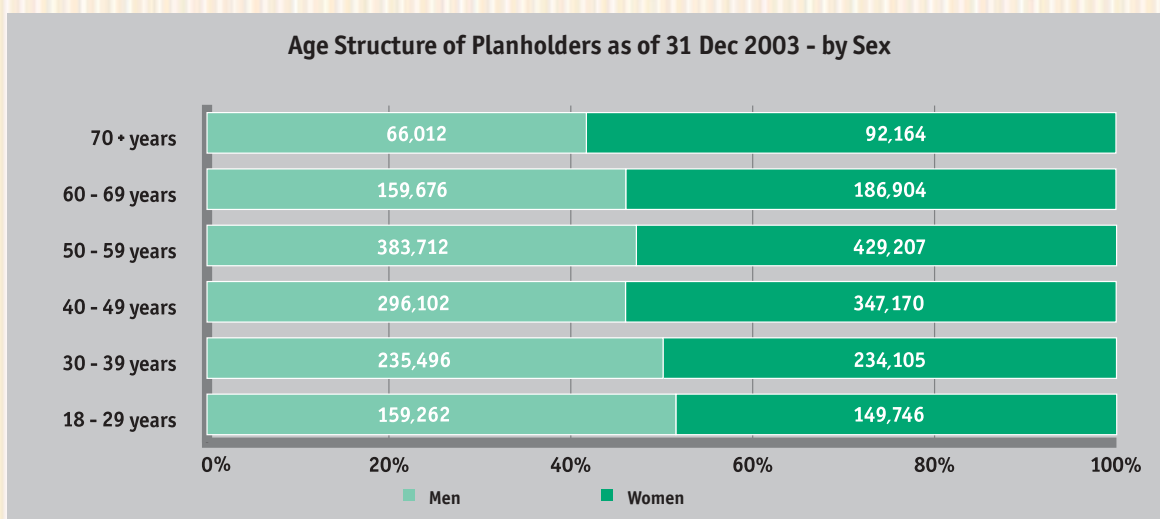
Old contracts – those executed according to the old pension plan, i.e. the pension plan with conditions before the amendment to Act No. 170/1999

Amended contracts – contracts modified to the conditions of the amendment to Act No.170/1999

New contracts – contracts executed according to the pension plan with the conditions of the amendment to Act No. 170/1999 (with effect since 3 Aug 1999)



The total structure of planholders by sex includes 52.5% of women. The age categories up to 39 years include more men, the age categories 40 years and more are dominated by women.

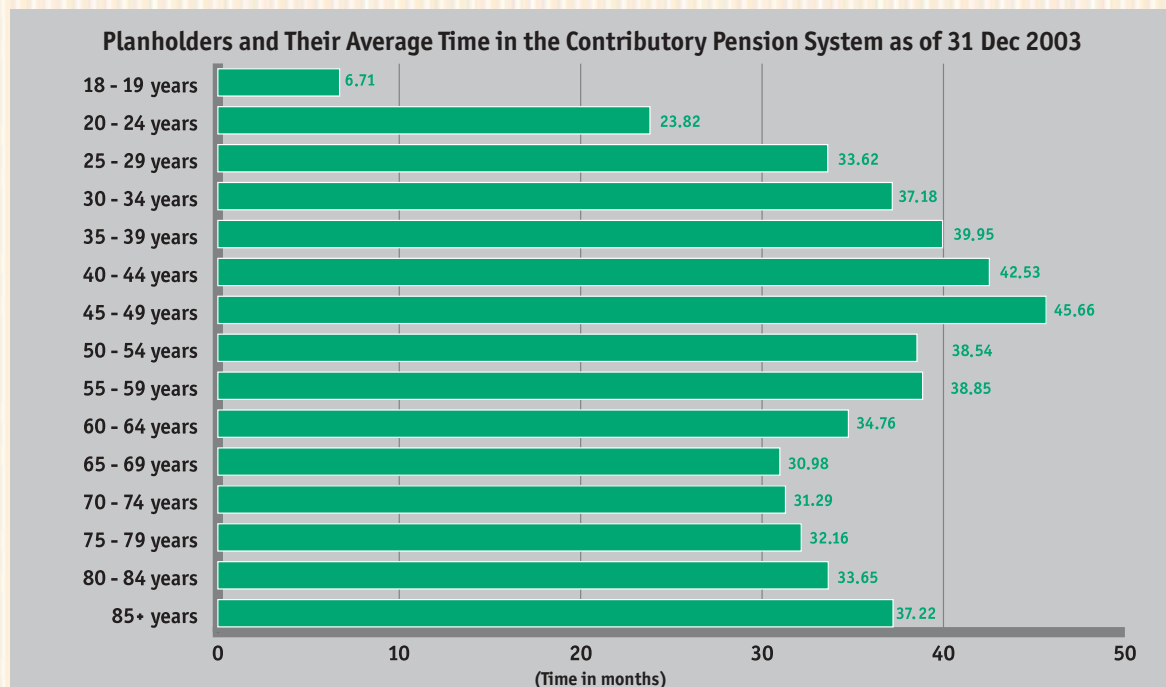


The total number of non-terminated contracts as of 31 December 2003 includes 69% of planholders with contract duration up to five years. The largest category includes the contracts lasting for 37-48 months, i.e. approximately 4 years.

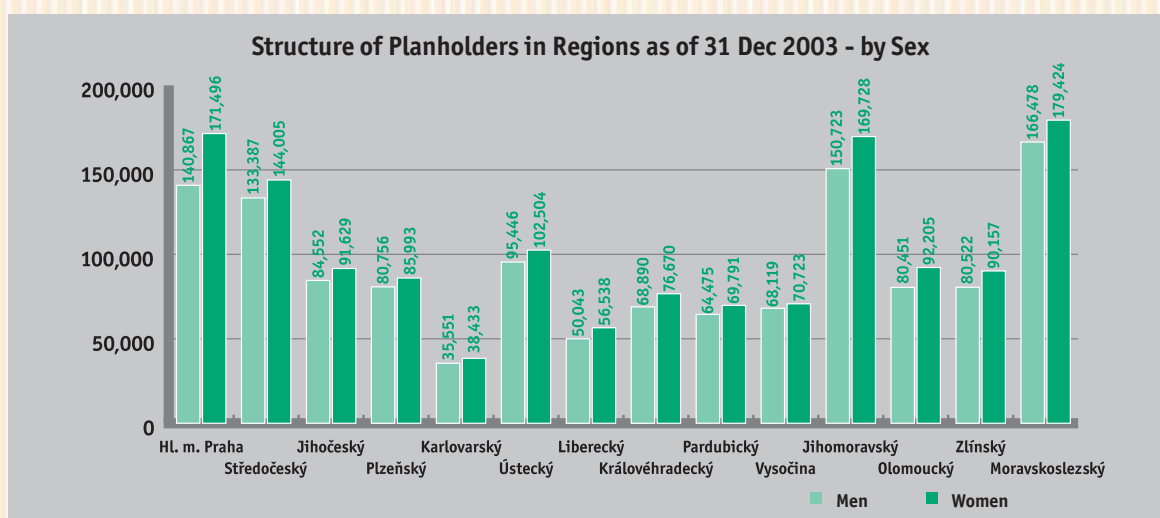
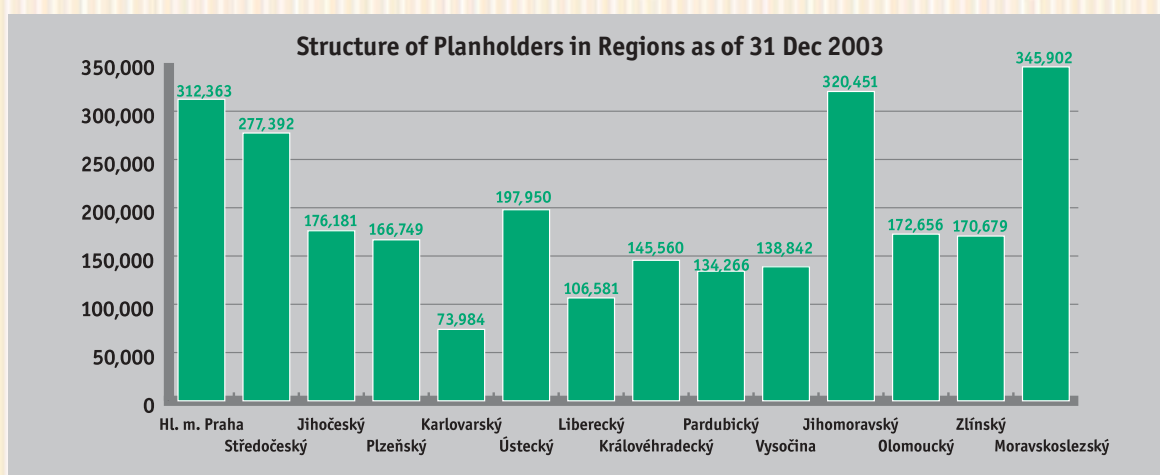
Planholders by Duration of Their Contracts as of 31 Dec 2003

Contract Duration	Men	Women	Total	Category Share in Total Contracts (%)
1-12 months	182,383	214,243	396,626	14.48
13-24 months	158,473	186,062	344,535	12.58
25-36 months	179,754	193,456	373,210	13.62
37-48 months	214,908	231,019	445,927	16.28
49-60 months	150,096	180,805	330,901	12.08
61-72 months	65,365	73,314	138,679	5.06
73-84 months	59,120	59,477	118,597	4.33
85-96 months	80,091	72,300	152,391	5.56
97-108 months	179,586	192,801	372,387	13.59
109-114 months	30,484	35,819	66,303	2.42
Total contracts	1,300,260	1,439,296	2,739,556	100.00

The average time for which planholders stay in the system of contributory pension is 38 months as of 31 December 2003. Average time per age categories are given in the diagram below.



The largest group as of 31 December 2003 in the structure by regions includes the planholders from the region of Moravia-Silesia (12.63%), those from the region of South Moravia (11.70%) and those from the region of Prague (11.40%).



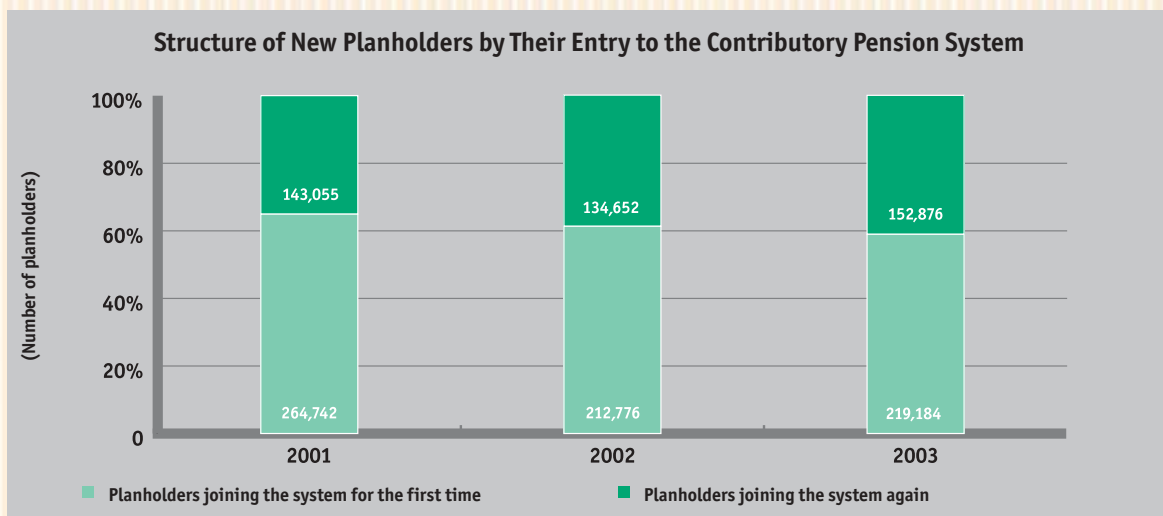
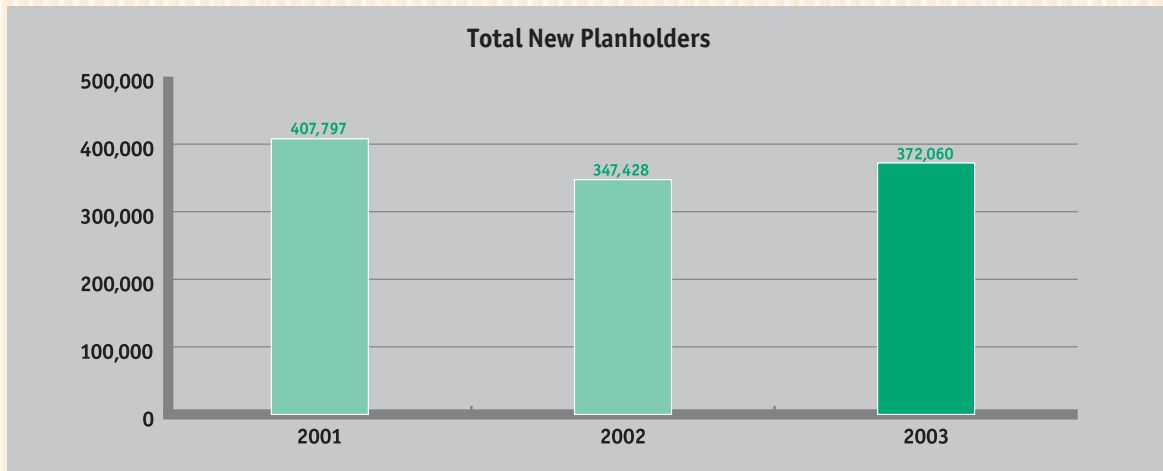
Numbers of New Contracts

	2001	2002	2003	Index 2002/2001	Index 2003/2002
New Personal IDs only*	264,742	212,776	219,184	0.80	1.03
Recycled IDs	143,055	134,652	152,876	0.94	1.14
Total new contracts	407,797	347,428	372,060	0.85	1.07

*Planholders joining the system for the first time

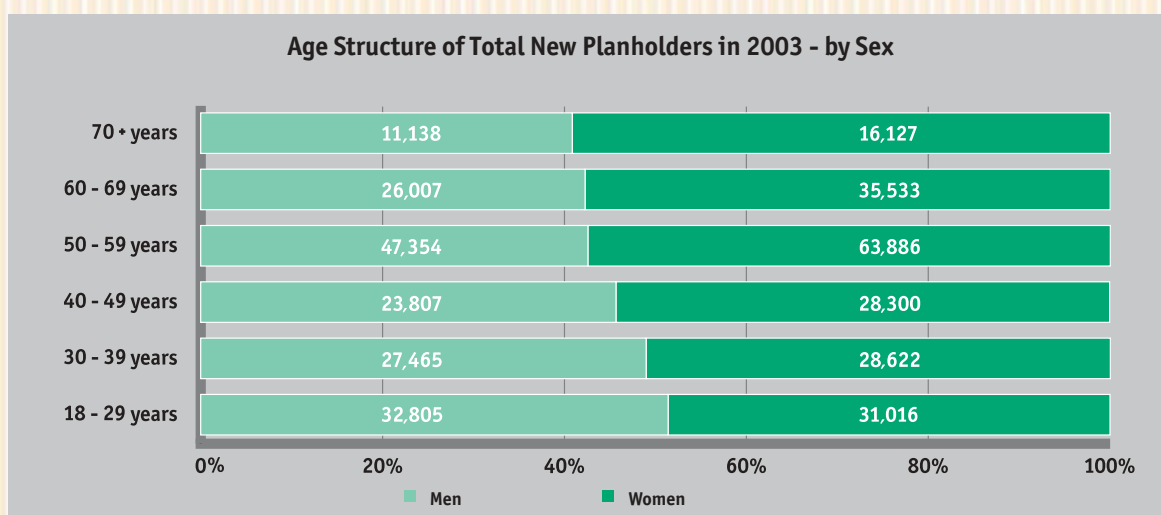
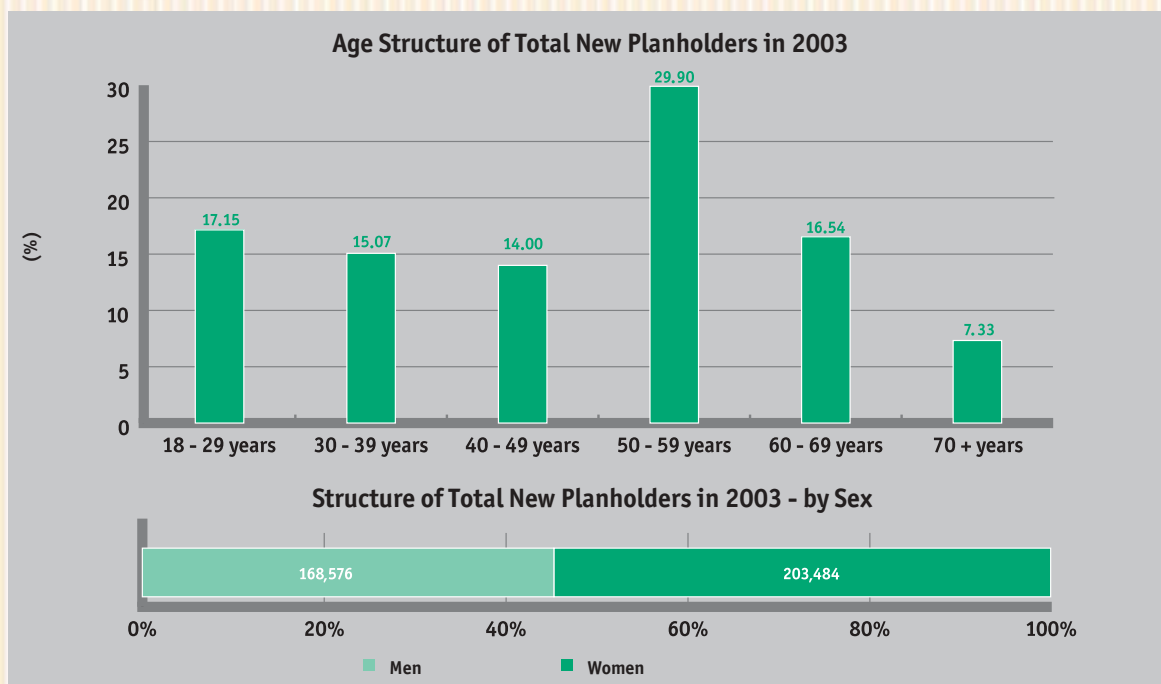
Contributory Pension Market

The number of new planholders increased during 2003 by 372,060, which accounts for the year-to-year growth by 7%. In 2002, the number of new planholders considerably decreased compared to the preceding year. Almost 59% of new planholders are those who joined the contributory pension scheme for the first time in 2003 and 41% are those who joined the system in 2003 again with new contracts.



New total planholders classified by sex include 54.7% of women, which is a representation higher by 2.2 percentage points as compared to total non-terminated contracts. More men in new planholders are in the age category of up to 29 years only, the age categories of 30 years and more are dominated by women.

As regards the comparison of planholders by age, new planholders are more frequent rather than the total planholders in the age category 18-29 years and in the age category of 60 years and more.

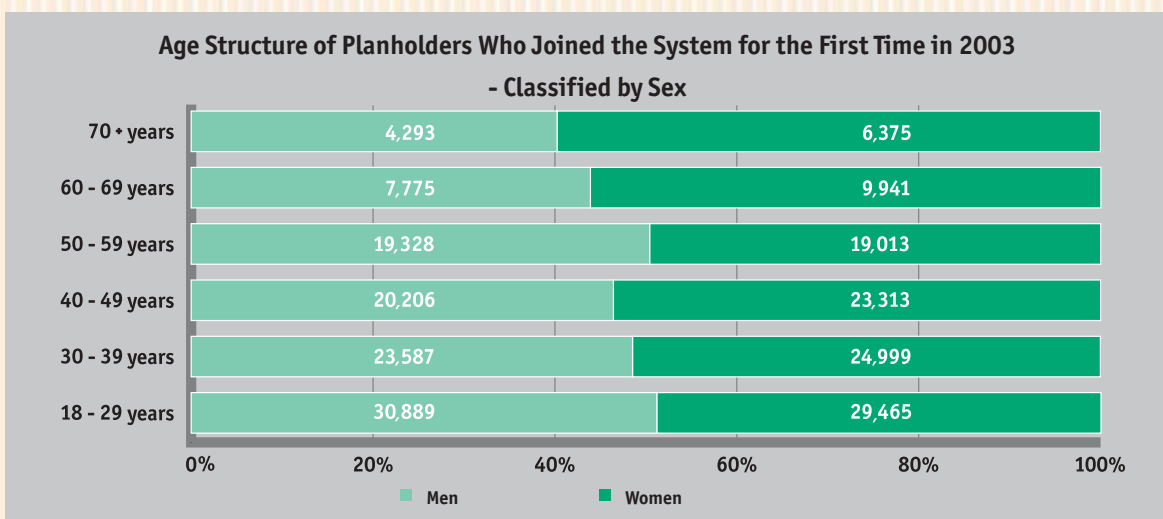
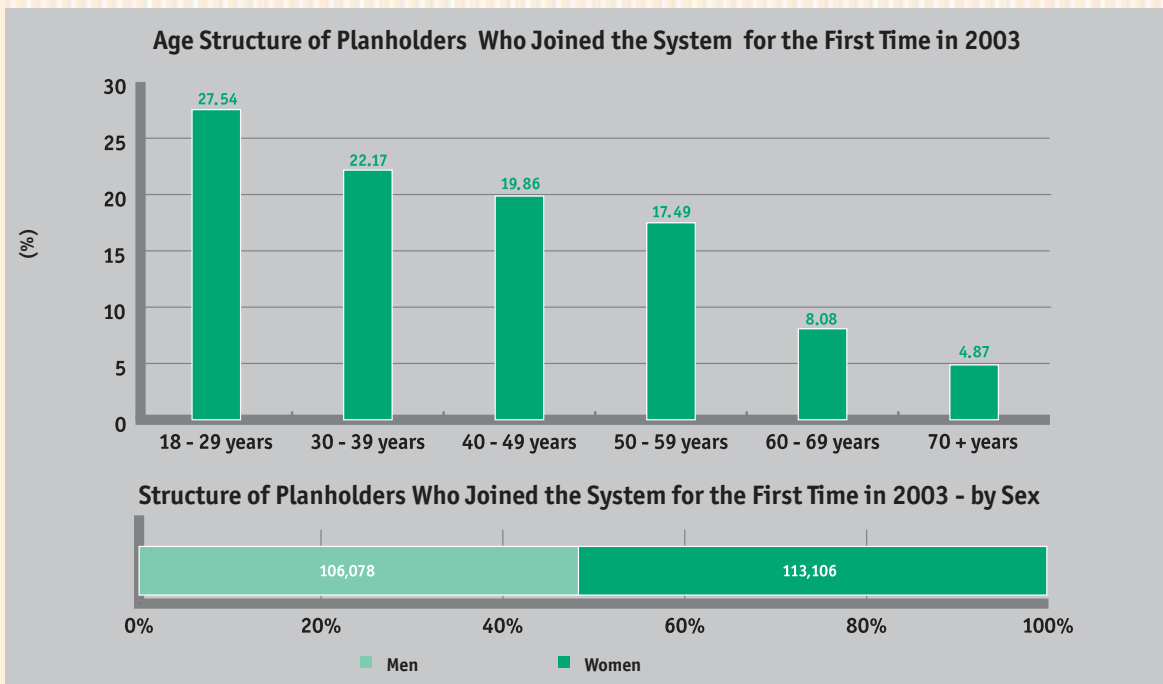


The structure of planholders who joined the contributory pension system for the first time in 2003 slightly differs from the structure of total planholders as of 31 December 2003, as well as from the total new planholders in that year. Women in new planholders who joined the system in 2003 for the first time accounted for 51.6%, whereas in total planholders for 52.5% and in total new planholders for 54.7%.

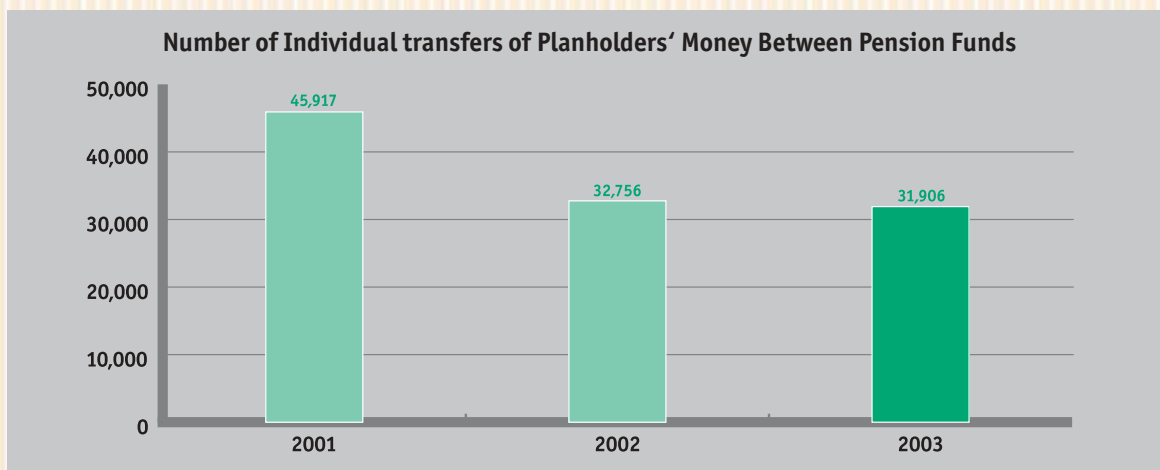
Contributory Pension Market

In the age category of up to 29 years, men prevail both in new planholders who joined the system for the first time in 2003 and in total planholders. Men also prevail in the age category 50-59 years in contrast to the total planholders and total new planholders.

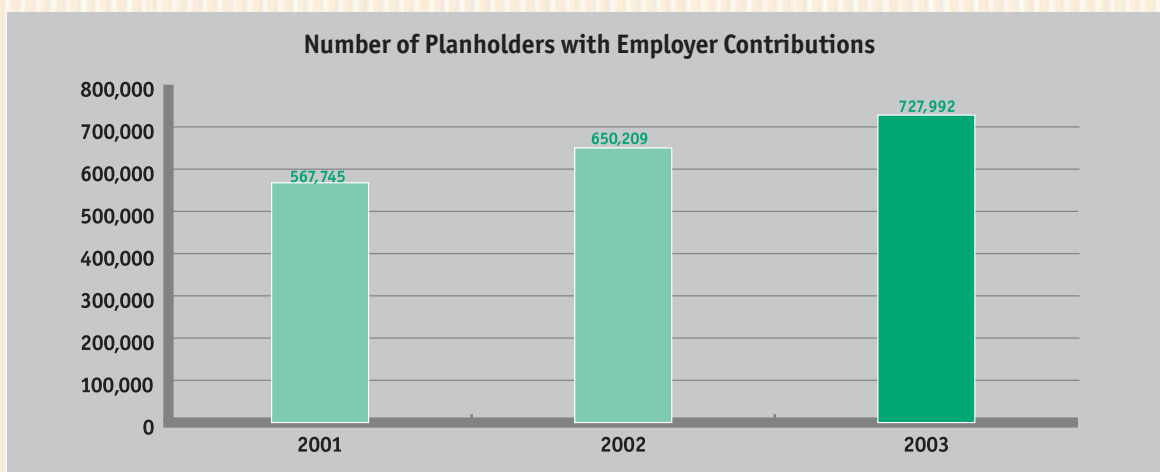
The planholders aged 18-39 years who joined the system for the first time in 2003 account for almost 50% in the structure of those planholders, with the clearly dominating category of planholders aged up to 29.

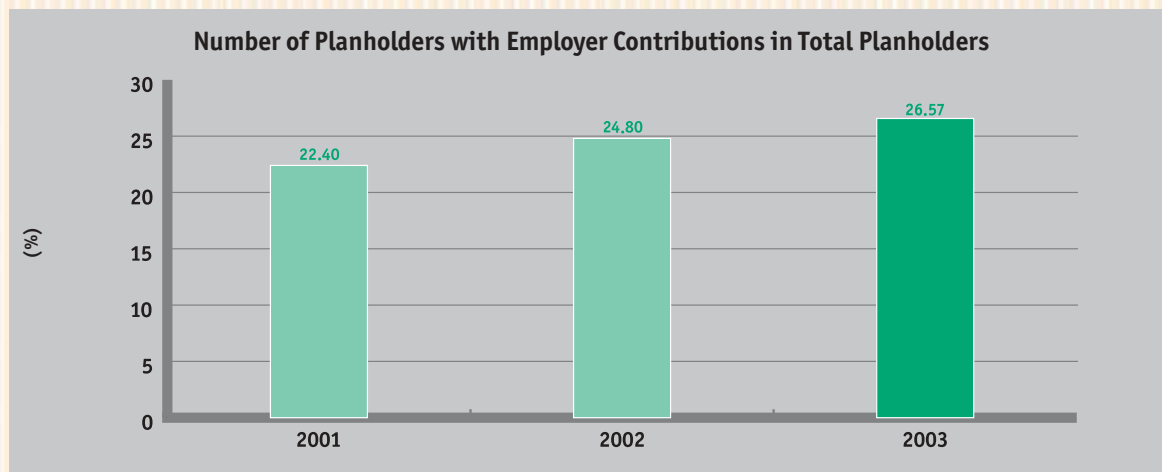


Planholders may transfer the financial means they saved with one pension fund to another pension fund. 31,906 individual transfers were made in 2003 and the total number of such transfers during the existence of the contributory pension scheme is 379,831.



In 2003, employers paid contributions for 727,992 planholders, which is a year-to-year growth by almost 12%. The ratio of planholders with employer contributions in the total number of planholders was 26.57%, which is an increase by 1.77 percentage point as compared to the preceding year. The planholders whose contributions were entirely paid by employers amounted to over 15,600 and that group accounts for 0.57% in the total number of planholders and for 2.15% in the number of planholders with employer contributions.





5. Received and Paid-out Financial Means

During the existence of the contributory pension scheme, the system received by the end of 2003 almost CZK 90.4 billion including CZK 19.7 billion in the form of state contributions. The growth rate in 2003 was 5.78% in the state contribution and 7.42% in the planholders' contributions for which state contributions were requested. The contributions and respective growth rates in individual years are given in Annexes Nos. 9, 10 and 11.

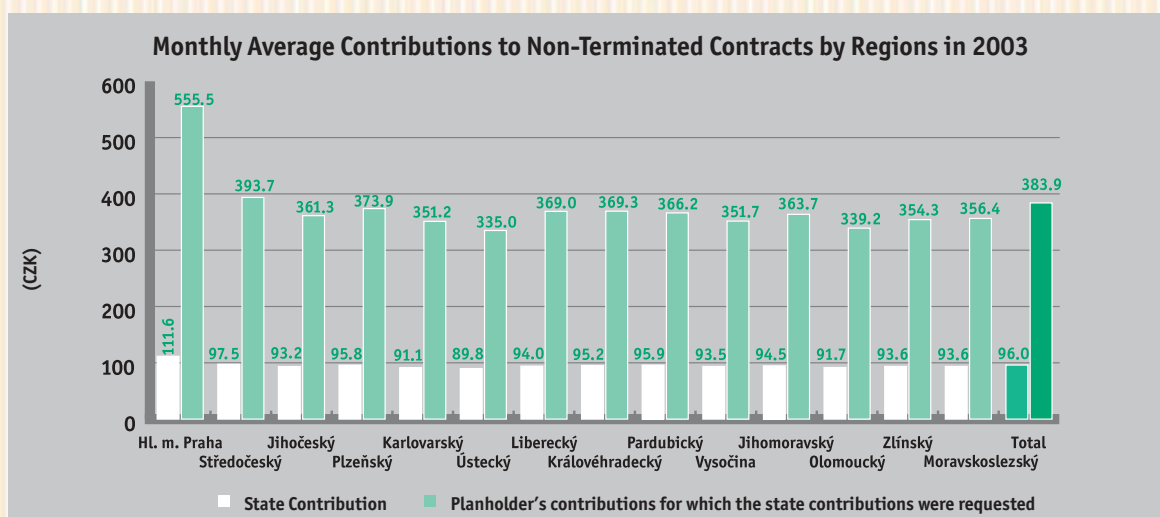
Received Contributions Related to and Arising from Requests for State Contributions

(CZK '000)	2001	2002	2003	Total as of 31 Dec 2003 – from 1994	Index 2002/2001	Index 2003/2002
Planholders' contributions for which state contributions were requested	10,039,815	10,957,034	11,770,267	70,686,042	1.09	1.07
State contributions	2,658,137	2,770,240	2,930,344	19,671,052	1.04	1.06
Total received contributions related to the state contributions	12,697,952	13,727,274	14,700,611	90,357,094	1.08	1.07

Total Monthly Average Contributions for Non-Terminated Contracts

(CZK)	2001	2002	2003	Index 2002/2001	Index 2003/2002
Planholders' contributions for which state contributions were requested	340	354	384	1.04	1.08
State contribution	90	90	96	1.00	1.07

The highest contributions were paid by planholders in Prague and in the region of Central Bohemia, whereas the region of Ústí reported the lowest average contributions.



Monthly average contributions only for months for which the contribution was paid or, in the case of state contributions, only for months for which it was paid (the average contributions calculated in this way exclude additional corrections, i.e. additional claims, and contracts not eligible on grounds of errors – that means not the average contributions for total planholders as illustrated in the preceding table and diagram) have been reported since the second quarter of 2003. That is why the data are given for three quarters only.

Monthly Average Contributions Only for Months for Which the Contribution Was Paid

(CZK)	II.Q/03	III.Q/03	IV.Q/03	Index III.Q/II.Q	Index IV.Q/III.Q
Planholder's contributions for which the state contribution was requested – for paid months	399.00	403.70	445.70	1.01	1.10
State contributions – from months for which the state contribution was paid	102.60	103.30	104.00	1.01	1.01

The crucial item on the expense side in state contribution-related money consists in the total volume of lump discharge paid to planholders. Lump discharge amounted to CZK 25,986 million during the existence of the contributory pension scheme, which stands for 85% of all payments terminated in the Ministry of Finance database. As regards other payments, total surrender value amounting to CZK 3,671 million is considerable; the cumulative figure from 1994 stands for 12%.

Paid-out Benefits in 2003 – Terminated in SDPF

Terminated SDPF	(CZK '000)	(%)
Lump discharge	5,084,803	85.19
Surrender	656,667	11.00
Widow's pension	134,227	2.25
Termination due to disability	58,702	0.98
Inheriting	17,527	0.29
Payment of pension	16,490	0.28
Inheriting and surrender	104	0.01
Paid-out benefits	5,968,520	100.00

Received contributions and paid-out benefits as presented above pertain to the state contribution-related money and they are based on quarterly requests for state contributions. That means the figures do not pertain to the money actually received or paid by pension funds in the given year and they are excluding the contributions paid by employers and credited revenues. Pension funds' books of accounts offer a realistic view of planholders' financial means (the sums described on the page no. 18 of the report). To illustrate the picture of financial means as received and paid-out by pension funds, the following data can be used which were collected from pension funds. Please note that the figures pertain to amounts which were identified and classified in pension funds' databases as of the processing date.

The received identified planholders' contributions in 2003 – the data provided by pension funds – include the contributions related to 2003 and the contributions related to the subsequent period, so-called prepaid contributions.

Received Identified Planholders' Contributions in 2003

(CZK '000)	Contributions Related to the Year 2003	Contributions Related to the Future Period – Prepaid Contributions	Total Received Contributions
Planholders' own contributions	10,800,531	2,657,259	13,457,790
Contributions paid by employer	2,744,395	46,020	2,790,415
Contributions paid by other third persons in favour of planholders	22,612	983	23,595
Total planholders' contributions received for the year 2003	13,567,538	2,704,262	16,271,800

The average monthly planholder's contribution pertaining to 2003 – according to the data provided by pension funds – as arising from the identified contributions including employer contributions and including the amount of the planholders' contributions pertaining to 2003 in individual pension funds, is CZK 476.

The average monthly employer contribution per planholder pertaining to 2003 – according to the data provided by pension funds – as arising from the identified contributions and including the amount of the employer contributions pertaining to 2003 in individual pension funds, is CZK 393.

Paid by Pension Funds in the Form of Benefits in 2003

	(CZK '000)	(%)
Lump discharge	6,254,636	84.69
Surrender	985,179	13.34
Widow's pension	103,920	1.41
Old-age pension for a definite period of time	11,455	0.15
Old-age pension for life	3,585	0.05
Disability pension	7,253	0.10
Inheriting	19,066	0.26
Total paid-out benefits	7,385,094	100.00

6. Tax Allowances

Although no change occurred in 2003 in the way the contributory pension sector is taxed, the interest in using tax allowances increased. Especially planholders were active in that direction, but employer contributions slightly slowed down.

The possibility to deduct payments under the contributory pension scheme in excess of CZK 6,000 up to CZK 12,000 per the fiscal year was used in 2003 by 290,121 planholders, which stands for a year-to-year increase by over 36%. A total of 121,054 planholders could fully use the deductible item from their tax bases; the year-to-year growth is almost 45%. As estimated by the Ministry of Finance, the aforementioned tax allowance increased the impact on public budgets by 35% to CZK 380 million.

Planholders Who Can Use the Possibility to Deduct Their Contributions

Fiscal Year	Number of Planholders	Year-to-year Growth (%)
2001	193,105	28.4
2002	213,028	10.3
2003	290,121	36.2

The possibility to include employer contributions paid for employees into tax-deductible costs resulted, as estimated by the Ministry of Finance, in the total impact on public budgets in the fiscal year 2003 amounting to CZK 759 million as compared to CZK 651 million in the preceding year. Because the contributions paid by employers are not included into the planholders' tax bases, planholders saved about CZK 540 million.

According to the Ministry of Finance, the total impact on public budgets of the aforementioned tax allowances was approx. CZK 1.68 billion.

Estimated Total Impact of Tax Allowances on Public Budgets (in CZK billion)

Fiscal Year	Impact on Public Budgets
2001	1.105
2002	1.403
2003	1.679

LIST OF USED ABBREVIATIONS AND USEFUL WEB SITES

List of Used Abbreviations and Acronyms

ČSÚ	Czech Statistical Office
EC	European Communities
EU	European Union
GDP	gross domestic product
ID	Personal Identity Number
INPRS	International Network of Pension Regulators and Supervisors
OECD	Organisation for Economic Co-operation and Development
PF	pension funds
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 ⇒ Office of the 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 - Brief Overview of Valid Pension Funds-Related Legal Provisions

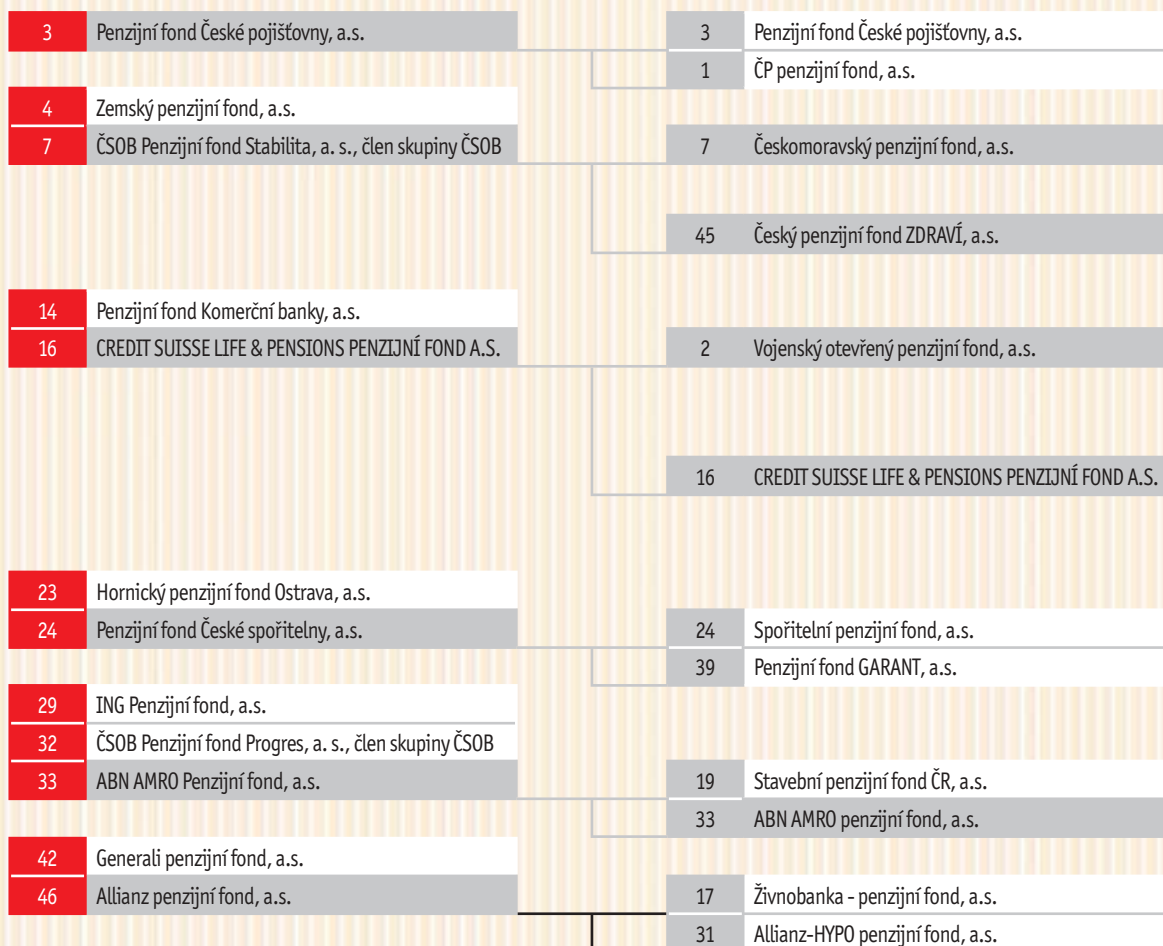
150/1958 Ú.L.,	Government Decree on dealing with complaints, notices and suggestions from workers
40/1964 Coll.,	Civil Code
65/1965 Coll.,	Labour Code
71/1967 Coll.,	Administrative Act
2/1969 Coll.,	Competences Act
328/1991 Coll.,	Bankruptcy Act
513/1991 Coll.,	Commercial Code
552/1991 Coll.,	Government Supervision Act
563/1991 Coll.,	Act on Accounting
21/1992 Coll.,	Banks Act
591/1992 Coll.,	Securities Act
42/1994 Coll.,	State-Contributory Supplementary Pension Insurance Act
61/1996 Coll.,	Act on Selected Measures against Legitimization of Proceeds from Criminal Activities
15/1998 Coll.,	Securities Commission Act
120/2001 Coll.,	Executions Code
309/2002 Coll.,	State Service Act
36/2004 Coll.,	Harmonization Amendment to Act No. 42/1994 Coll.
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

Annex No. 2 - List of Licensed Pension Funds as of 31 December 2003

Line	Name	Address
1.	ABN AMRO Penzijní fond, a.s.	Olomoucká č.p. 1159/40, 618 00 Brno
2.	Allianz penzijní fond, a.s.	Římská 103/12, 120 00 Praha 2
3.	CREDIT SUISSE LIFE & PENSIONS PENZIJNI FOND A.S.	Starobrněnská čp. 335/8 602 00 Brno-město
4.	ČSOB Penzijní fond Progres, a. s., člen skupiny ČSOB	Na Příkopě čp. 854/14, 150 20 Praha 1
5.	ČSOB Penzijní fond Stabilita, a. s., člen skupiny ČSOB	Vinohradská 167 č.p. 3217, 100 00 Praha 10
6.	Generali penzijní fond a.s.	Bělehradská 132, 120 84 Praha 2
7.	Hornický penzijní fond Ostrava, a.s.	Sokolská třída 26a 702 00 Ostrava-Moravská Ostrava
8.	ING Penzijní fond, a.s.	Nádražní 344/25, 150 00 Praha 5
9.	Penzijní fond České pojišťovny, a.s.	Truhlářská 1106/9, 110 00 Praha 1
10.	Penzijní fond České spořitelny, a.s.	Poláčkova 1976/2, 140 21 Praha 4
11.	Penzijní fond Komerční banky a.s.	Lucemburská 7/1170, 130 11 Praha 3
12.	Zemský penzijní fond, a.s.	28. října 45, 702 00 Ostrava

Annex No. 3 - List of Pension Funds Liquidators and Trustees in Bankruptcy as of 31 December 2003

Line	Name	Liquidator	Trustee in Bankruptcy
1	Bankovní penzijní fond, a.s.	Rozhodnutí o likvidaci zrušeno	Ing. Zbyněk Pecák
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 - Diagram of Concentration on the Pension Fund Market as of 31 December 2003**Pension Funds in Liquidation, Bankruptcy**

5	Penzijní fond CERTUM-RENTA, a.s.	5	Penzijní fond RENTA, a.s.
		35	CERTUM penzijní fond, a.s.
8	Bankovní penzijní fond, a.s.		
9	Český národní penzijní fond, a.s.		
11	Penzijní fond Vyšehrad, a.s.		
25	Penzijní fond Thalia, a.s.		
26	GARANCE - Vzájemný penzijní fond pro Čechy, Moravu a Slezsko, a.s.		
40	Regionální penzijní fond, a.s.		
41	Penzijní fond VIVA, a.s.		
43	Penzijní fond Univerzum, a.s.		

7	Českomoravský penzijní fond, a.s.
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27	Občanský penzijní fond, a.s.
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10	Český penzijní fond, a.s.
----	---------------------------

22	Penzijní fond ZDRAVÍ, a.s.
----	----------------------------

2	Vojenský otevřený penzijní fond, a.s.
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6	Podnikatelský penzijní fond, a.s.
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15	Penzijní fond Union, a.s.
----	---------------------------

13	Báňský a hutní penzijní fond, a.s.
----	------------------------------------

16	Winterthur penzijní fond, a.s.
----	--------------------------------

28	Penzijní fond Všeobecné zdravotní pojišťovny, a.s.
----	--

12	Penzijní fond Energie, a.s.
----	-----------------------------

16	Winterthur penzijní fond, a.s.
----	--------------------------------

30	CR FONTÁNA penzijní fond, a.s.
----	--------------------------------

34	Univerzální penzijní fond EVEREST, a.s.
----	---

37	BIŽUTERNÍ OTEVŘENÝ PENZIJNÍ FOND, a.s.
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18	Penzijní fond JISTOTA, a.s.
----	-----------------------------

36	Penzijní fond RENTIA, a.s.
----	----------------------------

20	ABN AMRO Penzijní fond, a.s.
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33	JISTOTA a KORUNA penzijní fond, a.s.
----	--------------------------------------

18	Penzijní fond JISTOTA, a.s.
----	-----------------------------

33	Penzijní fond Koruna, a.s.
----	----------------------------

Pension Funds Deleted from Register

21	MULTI penzijní fond, a.s.
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38	Nový penzijní fond, a.s.
----	--------------------------

44	Rodinný penzijní fond, a.s.
----	-----------------------------

Legend

Code	name of pension fund
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	original licensed pension funds
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	active pension funds
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	pension funds affiliate
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	pension funds fusion
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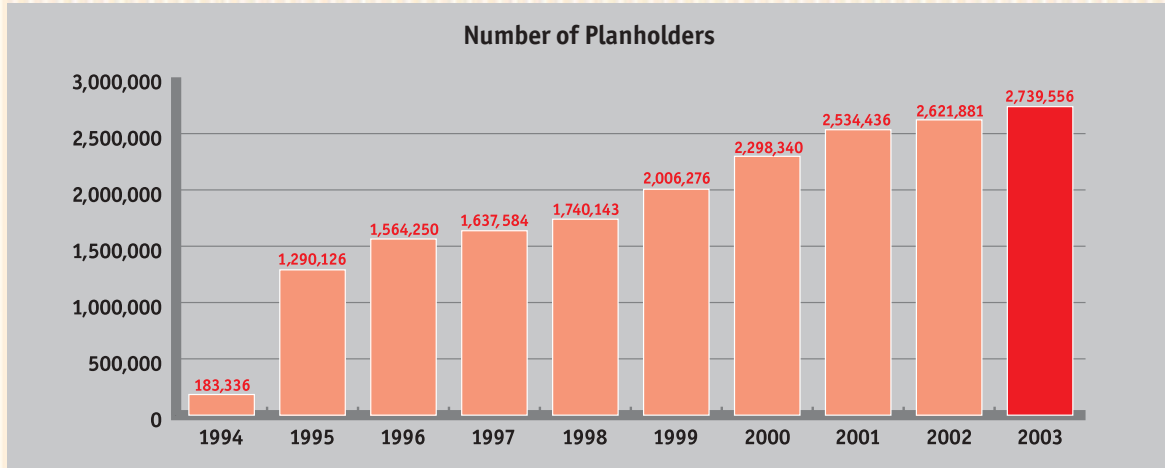
Annex No. 5 - List of Pension Funds Depositories as of 31 December 2003

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

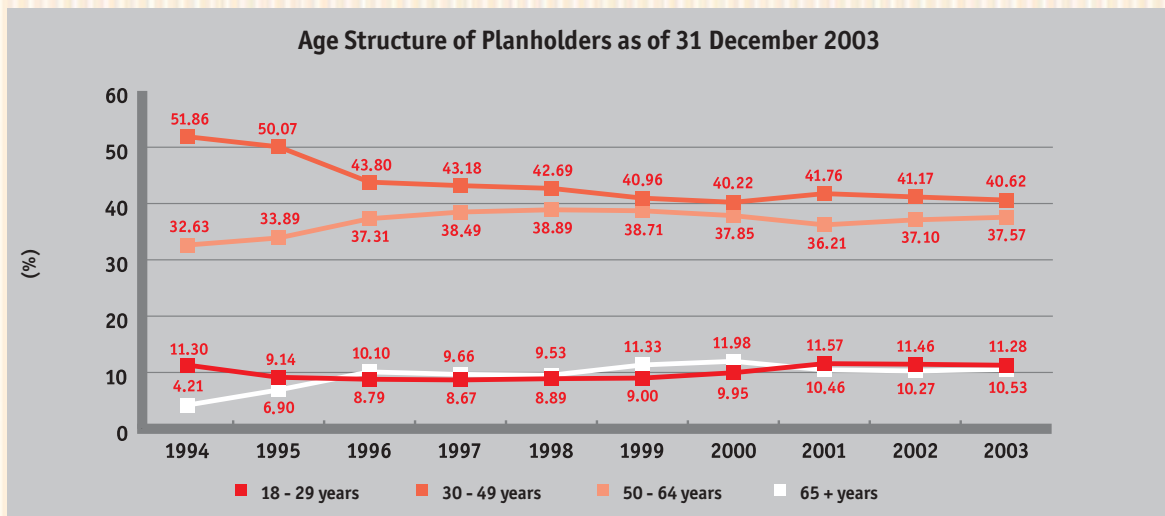
Annex No. 6 - List of Pension Funds Auditors as of 31 December 2003

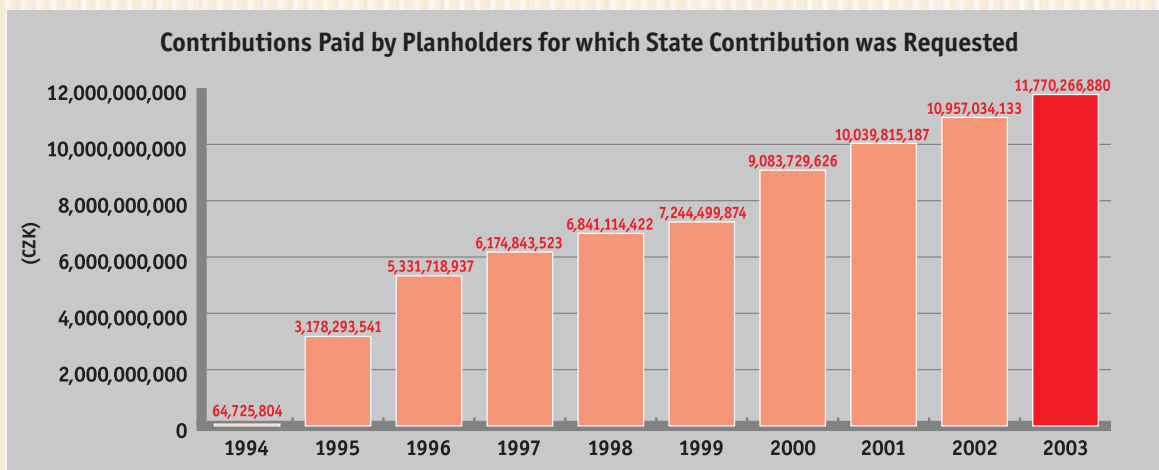
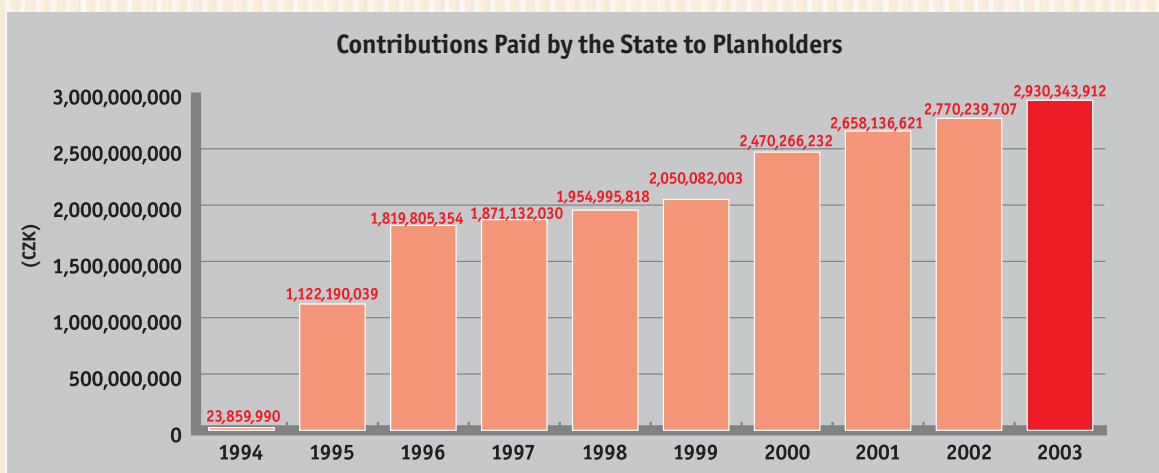
Line	Name	Auditor
1.	ABN AMRO Penzijní fond, a.s.	KPMG Česká republika Audit, spol. s r.o.
2.	Allianz penzijní fond, a.s.	KPMG Česká republika Audit, spol. s r.o.
3.	CREDIT SUISSE LIFE & PENSIONS PENZIJNI FOND A.S.	KPMG Česká republika Audit, spol. s r.o.
4.	ČSOB Penzijní fond Progres, a. s., člen skupiny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

Annex No. 7 - Number of Planholders

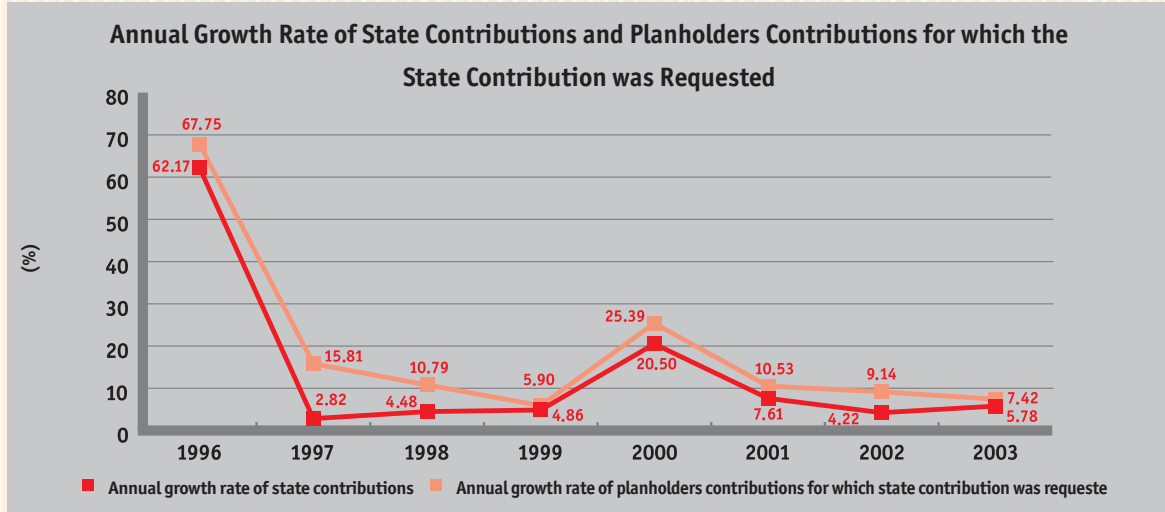


Annex No. 8 - Age Structure of Planholders as of 31 December 2003

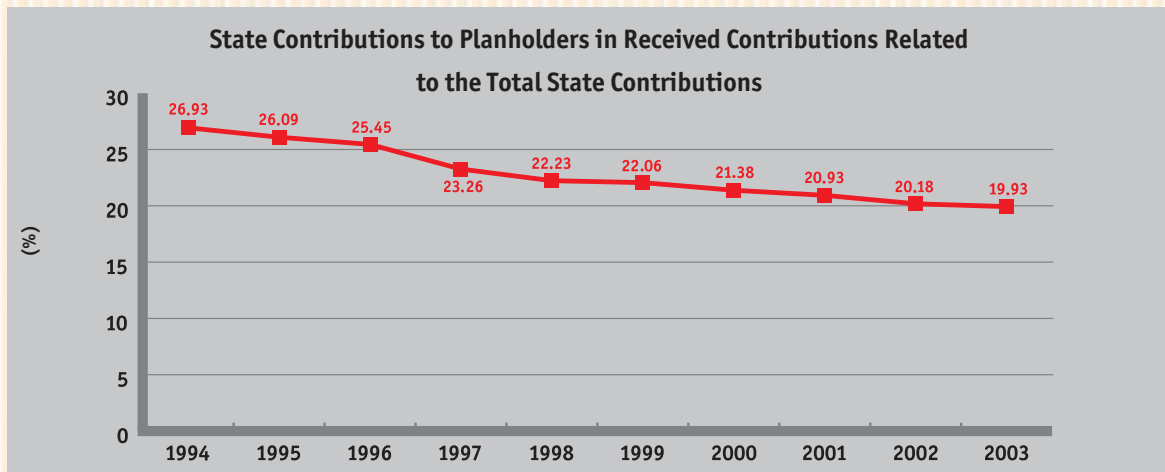


Annex No. 9 - Contributions Paid by Planholders for which State Contribution was Requested**Annex No. 10 - Contributions Paid by the State to Planholders**

Annex No. 11 - Annual Growth Rate of State Contributions and Planholders Contributions for which the State Contribution was Requested



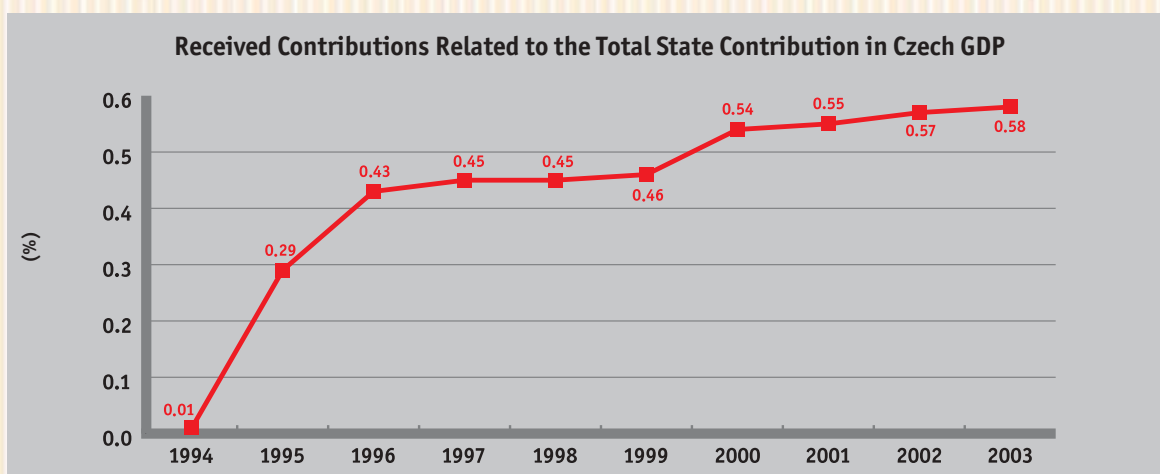
Annex No. 12 - State Contributions to Planholders in Received Contributions Related to the Total State Contributions



Annex No. 13 - Received Contributions Related to the Total State Contribution in Czech GDP

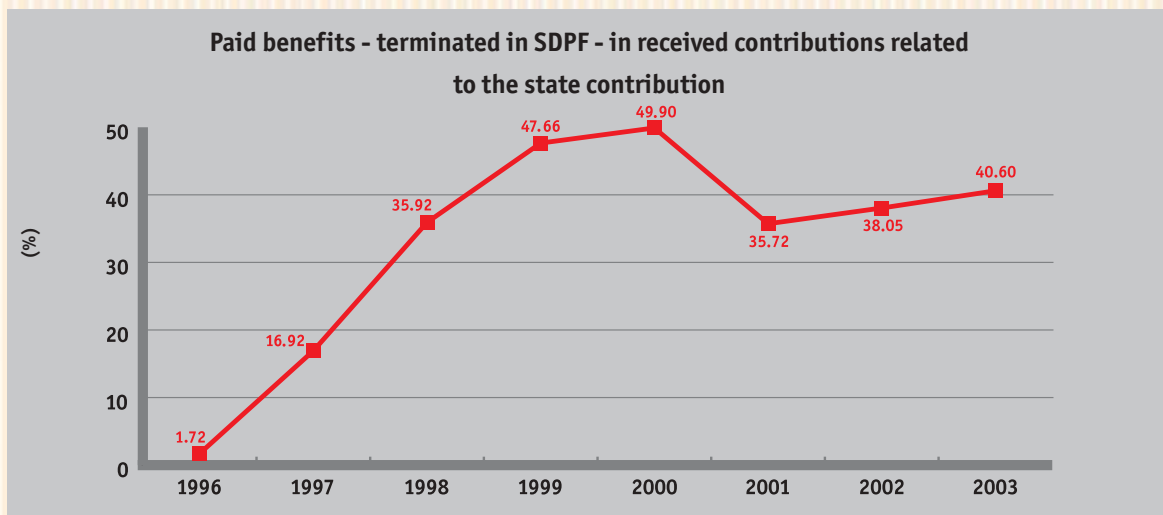
	Received contributions related to the state contribution total (CZK millions)	GDP of Czech Republic (in going prices)* (CZK millions)	Received contributions related to the total state contribution in Czech GDP (%)
1994	89	1,182,784	0.01
1995	4,301	1,466,681	0.29
1996	7,152	1,660,649	0.43
1997	8,046	1,785,131	0.45
1998	8,796	1,962,483	0.45
1999	9,295	2,041,353	0.46
2000	11,554	2,150,058	0.54
2001	12,698	2,315,255	0.55
2002	13,727	2,414,669	0.57
2003	14,701	2,532,388	0.58

*to the Czech Statistical Office



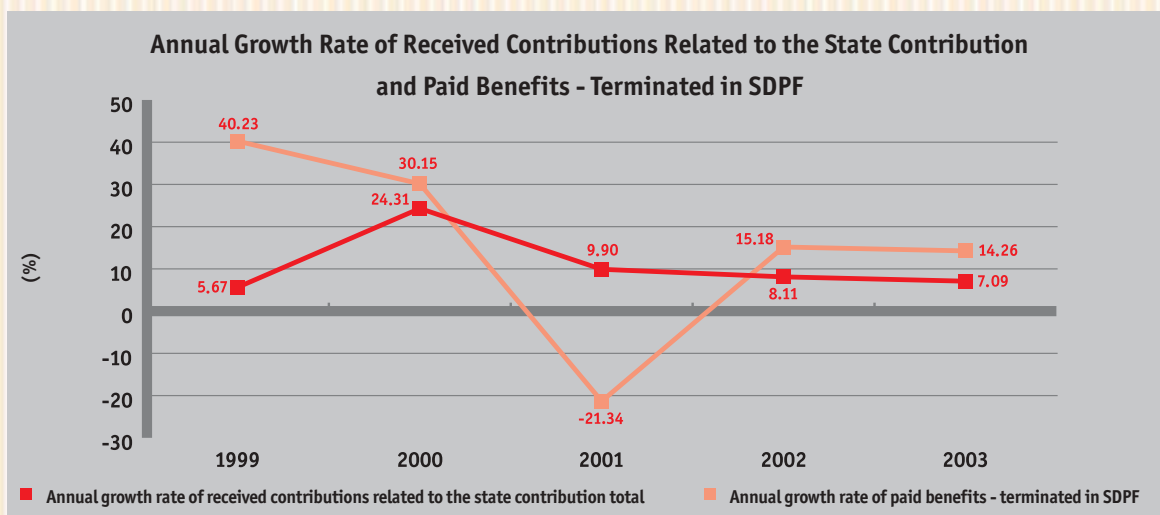
Annex No. 14 - Paid benefits - terminated in SDPF - in received contributions related to the state contribution

	Received contributions related to the state contribution total (CZK `000)	Paid benefits terminated in SDPF (CZK `000)	Paid benefits - terminated in SDPF - in received contributions related to the state contribution (%)
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



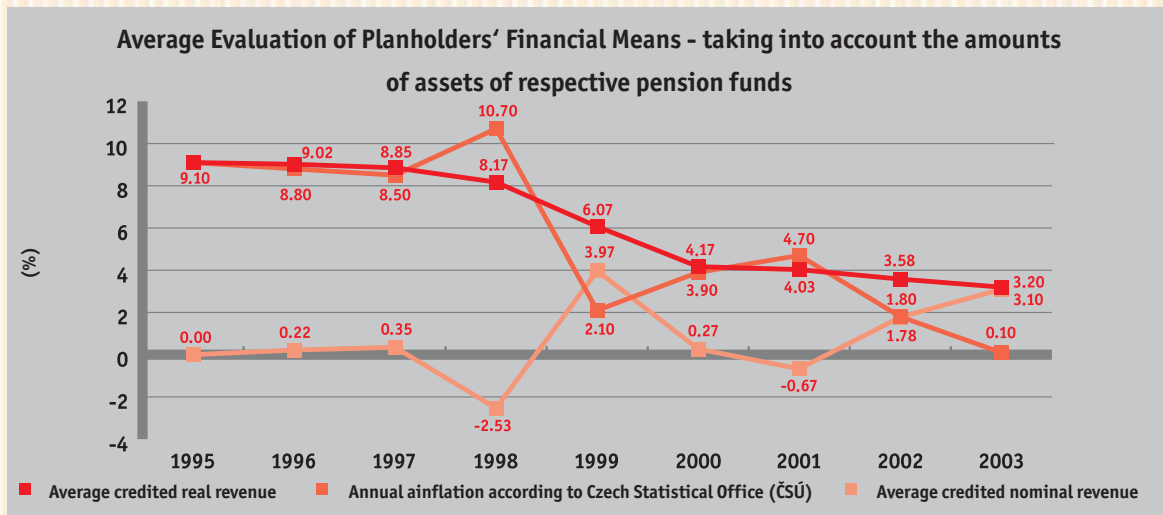
Annex No. 15 - Annual Growth Rate of Received Contributions Related to the State Contribution and Paid Benefits - Terminated in SDPF

	Received contributions related to the state contribution total (CZK `000)	Paid benefits - terminated in SDPF (CZK `000)	Annual growth rate of received contributions related to the state contribution total (%)	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



Annex No. 16 - Evaluation of Planholders' Financial Means as of 31 December 2003

Line	Name	(%)
1.	ABN AMRO Penzijní fond, a.s.	3.34
2.	Allianz penzijní fond, a.s.	3.00
3.	CREDIT SUISSE LIFE & PENSIONS PENZIJNI FOND A.S.	3.40
4.	ČSOB Penzijní fond Progres, a. s., člen skupiny ČSOB	4.30
5.	ČSOB Penzijní fond Stabilita, a. s., člen skupiny ČSOB	2.30
6.	Generali penzijní fond a.s.	3.00
7.	Hornický penzijní fond Ostrava, a.s.	2.44
8.	ING Penzijní fond, a.s.	4.00
9.	Penzijní fond České pojišťovny, a.s.	3.10
10.	Penzijní fond České spořitelny, a.s.	2.64
11.	Penzijní fond Komerční banky a.s.	3.40
12.	Zemský penzijní fond, a.s.	4.01

Annex No. 17 - Average Evaluation of Planholders' Financial Means

Annex No. 18 - Summary Balance Sheet of Pension Funds as of 31 Dec 2003

Title	ASSETS	Line	CZK '000
1. Cash in hand and at central banks		1	630
a)	Cash in hand	2	630
b)	Cash at central banks	3	0
2. State no-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	6,336,979
a)	Due upon request	8	2,926,921
b)	Other receivables	9	3,410,058
4. Receivables from non-banks		10	2,882
a)	Due upon request	11	0
b)	Other receivables	12	2,882
5. Bonds		13	68,094,025
a)	Government bonds	14	42,014,299
b)	Other bonds	15	26,079,726
6. Shares and allotment certificates		16	3,934,298
a)	Shares	17	3,932,896
b)	Allotment certificates	18	1,402
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	200,967
a)	Establishment expenses	26	0
b)	Goodwill	27	16,338
c)	Other intangible assets	28	184,457
d)	Acquired intangible assets and received prepayments	29	172
10. Tangible assets		30	596,947
a)	Land and buildings for operation	31	194,599
b)	Other tangible assets	32	402,348
ba)	Operating non-current tangible assets (excl. buildings and land)	33	78,862
bb)	Acquired operating non-current tangible assets and received prepayments	34	839
bc)	Land and buildings for non-operation activities	35	306,501
bd)	Non-operating non-current tangible assets (excl. buildings and land)	36	15,912
be)	Acquired non-operating non-current tangible assets and received prepayments	37	234
11. Other assets		38	1,568,511
a)	Other cash values	39	764
b)	Trade receivables and receivables from employees	40	30,493
c)	Receivables from state budget – state contribution	41	642,133
d)	Receivables from state budget – tax receivables	42	457,892
e)	Receivables from trades with securities (excl. unpaid securities)	43	240,681
f)	Inventories	44	2,386
g)	Estimated receivables	45	194,162
12. Receivables for subscribed registered capital		46	0
13. Accruals		47	1,330,901
a)	Prepayment	48	1,322,503
b)	Accrued income	49	8,398
TOTAL ASSETS		50	82,066,140

Title	LIABILITIES	Line	CZK '000
1. Payables to banks and co-operative saving banks		51	0
a) Due upon request		52	0
b) Other payables		53	0
2. Payables to non-banks		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	77,429,610
a) Trade liabilities		61	104,689
b) Liabilities to employees		62	10,088
c) Liabilities to social security		63	6,130
d) Liabilities to state budget – state contribution		64	29,424
e) Liabilities to state budget – tax liabilities		65	9,909
f) Liabilities to trading with securities		66	0
g) Contingencies and other liabilities		67	145,831
h) Planholders' money		68	77,123,539
ha) Planholders' contributions and state contributions		69	69,888,170
hb) Financial means for pension payments		70	91,622
hc) Revenues of planholders' contributions		71	6,414,410
hd) Unallocated planholders' contributions		72	559,295
he) Payables from eligible unpaid lump sums		73	170,042
5. Accruals		74	8,309
a) Deferred income		75	5,173
b) Accrued expenses		76	3,136
6. Provisions		77	23,799
a) Provisions for pensions and similar payables (provisions for pensions)		78	22,172
b) Provisions for taxes		79	0
c) Other provisions		80	1,627
7. Subordinated payables		81	0
8. Registered capital		82	1,180,038
a) Paid-out capital		83	1,180,038
b) Own shares		84	0
9. Issue agio		85	148,771
10. Reserve funds and other funds from profit		86	747,178
a) Statutory reserve fund and risk funds		87	531,915
b) Other reserve funds		88	17,767
c) Other funds from profit		89	197,496
11. Revaluation reserve fund		90	0
12. Capital funds		91	325,260
a) Shareholders capital deposits		92	107,942
b) Other capital funds		93	217,318
13. Revaluation variances		94	-304,442
a) Revaluation variances from assets and liabilities		95	-309,966
b) Revaluation variances from hedging derivatives		96	5,524
c) Revaluation variances from recalculated shares		97	0
14. Retained profit or unsettled accrued losses		98	130,517
a) Retained accrued profits		99	130,517
b) Unsettled accrued losses		100	0
c) Financial result under approval		101	0
15. Profit or loss for the fiscal year		102	2,377,100
TOTAL LIABILITIES		103	82,066,140

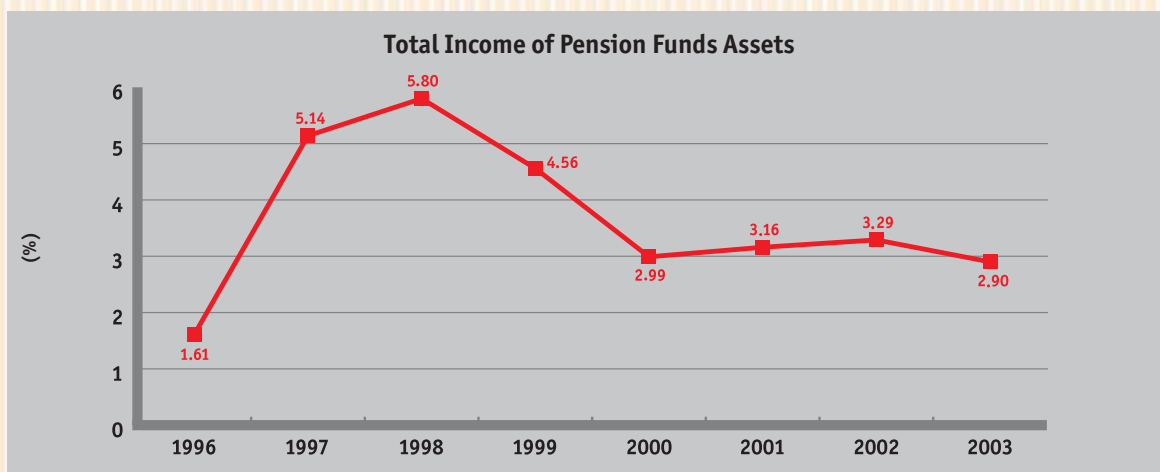
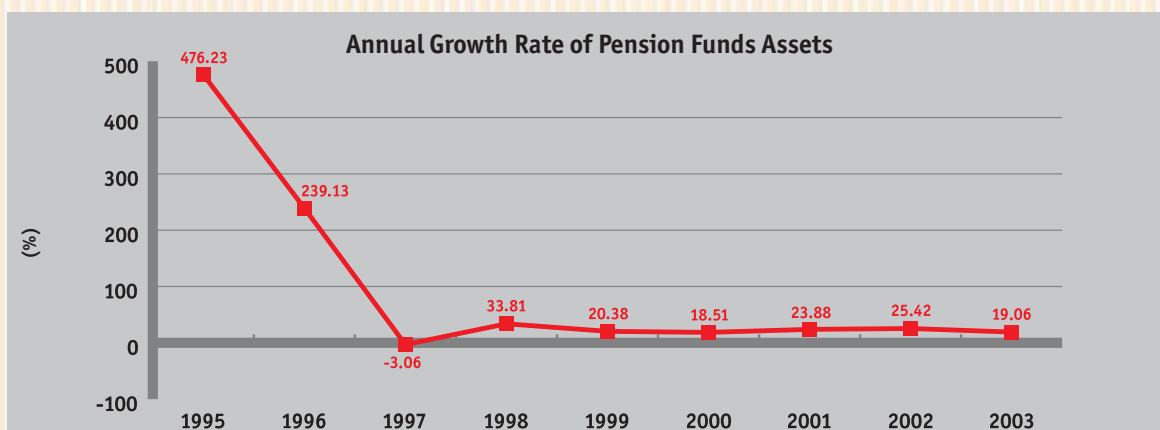
Annex No. 19- Summary Profit and Loss Statement of Pension Funds as of 31 December 2003

Title	Line	CZK '000
1. Received interest and similar revenues	1	2,492,449
a) Interest on bond	2	2,328,878
b) Interest on deposits and current accounts	3	162,745
c) Revenues of other assets	4	826
2. Paid interest and similar expenses	5	1,324
a) Paid interest on bond	6	1,236
b) Paid interest on loans	7	44
c) Cost of other liabilities	8	44
3. Revenues from shares	9	241,040
a) Revenues from significant shares	10	1,498
b) Revenues from controlling shares	11	0
c) Other revenues from shares	12	239,542
4. Revenues from fees and commission	13	1,367
5. Cost of fees and commission	14	664,263
a) Related to the care for safety and administration of securities	15	190,705
b) Related to the sale or other decrease of securities	16	7,086
c) Broker's commission	17	436,731
d) Other cost of fees and commission	18	29,741
6. Net profit or loss from financial operations	19	1,158,534
a) From operations with securities held for trading and put option	20	1,062,924
b) From securities held to maturity and acquired in primary issues, not held for trading, along with adjustments created to those securities	21	315
c) From hedging share and currency derivatives	22	89,809
d) From other operations	23	5,486
7. Other operating revenues	24	136,384
Incl. revenues from non-financial placement of planholders' means	25	60,137
8. Other operating cost	26	141,483
Incl. cost of non-financial placement of planholders' means	27	35,036
9. Administration cost	28	775,901
a) Employees	29	271,686
aa) Wages and remuneration – employees and statutory bodies	30	196,925
ab) Social security and health insurance	31	65,971
ac) Other social cost	32	8,790
b) Other administrative cost	33	504,215
ba) Administration cost incl. consumption, purchased materials, energy and services	34	322,019
bb) Trade cost	35	182,196

Title	Line	CZK '000
10. Release of provisions and adjustments for long-term tangible assets and intangible assets	36	0
Incl: from non-financial placement of planholders' means	37	0
a) Release of provisions for long-term tangible assets	38	0
b) Release of adjustments for long-term tangible assets	39	0
c) Release of provisions and adjustments for long-term tangible assets	40	0
11. Depreciation, reserves and adjustments for tangible and intangible assets	41	83,450
Incl. from non-financial placement of planholders' means	42	12,431
a) Depreciation of tangible assets	43	58,259
b) Reserves for tangible assets	44	0
c) Adjustments for tangible assets	45	-29,300
d) Depreciation of intangible assets	46	49,209
e) Adjustments for intangible assets	47	5,282
12. Used adjustments and reserves for receivables and guaranties, revenues from written-off receivables	48	26,752
a) Used reserves and reserves for receivables and guaranties	49	26,474
b) Used adjustments and reserves for receivables and guaranties	50	271
c) Profits from assigned receivables and receivables from guaranties	51	7
13. Depreciation, adjustments and reserves for receivables and guaranties	52	573
a) Depreciation of receivables and receivables from guaranties	53	48
b) Reserves for receivables and guaranties	54	227
c) Adjustments for receivables and guaranties	55	298
d) Losses from transferred receivables and guaranties	56	0
14. Used adjustments for controlling and significant shares	57	0
15. Losses from transferred controlling and significant shares, adjustments for controlling and significant shares	58	0
a) Losses from transferred controlling and significant shares	59	0
b) Adjustments for controlling and significant shares	60	0
16. Used other reserves incl. those for pensions	61	627
17. Created other reserves incl. those for pensions	62	32,068
18. Share in profit (loss) of controlling or significant shares	63	0
19. Profit or loss from usual activities before taxes	64	2,358,091
20. Extraordinary income	65	3
21. Extraordinary expenses	66	0
22. Profit or loss from extraordinary activities before taxes	67	3
23. Corporation tax	68	-19,006
24. Profit or loss for the fiscal year after taxes	69	2,377,100

Annex No. 20 - Annual Growth Rate of Pension Funds Assets, Total Income of Pension Funds Assets

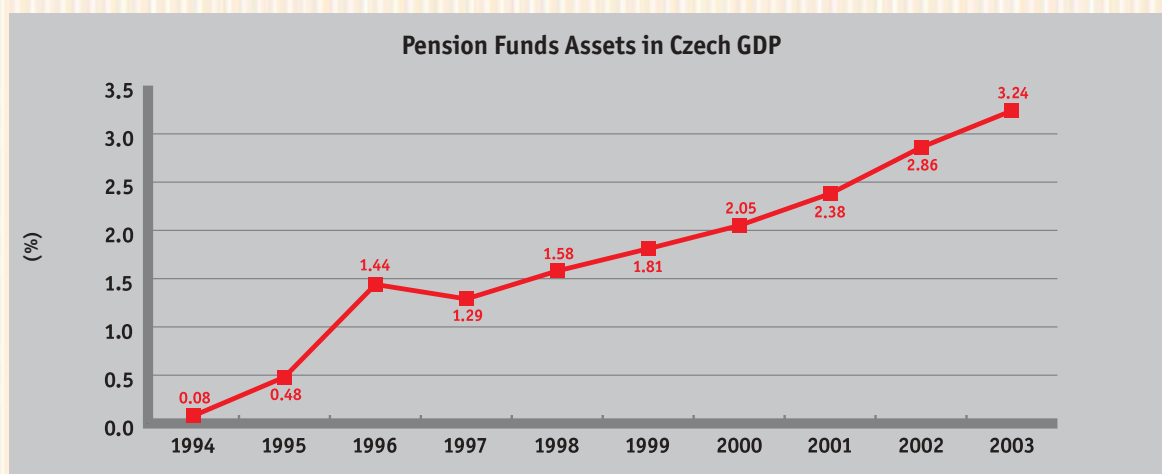
	Financial result (CZK '000)	Assets of PF (CZK '000)	Annual growth rate of assets (%)	Total income from assets PF (%)
1994	-60,682	1,226,794		
1995	-280,123	7,069,107	476.23	
1996	385,595	23,973,624	239.13	1.61
1997	1,194,564	23,238,991	-3.06	5.14
1998	1,804,636	31,096,436	33.81	5.80
1999	1,706,633	37,433,303	20.38	4.56
2000	1,325,219	44,360,470	18.51	2.99
2001	1,735,873	54,955,777	23.88	3.16
2002	2,265,219	68,927,478	25.42	3.29
2003	2,377,100	82,066,140	19.06	2.90



Annex No. 21 - Pension Funds Assets in Czech GDP

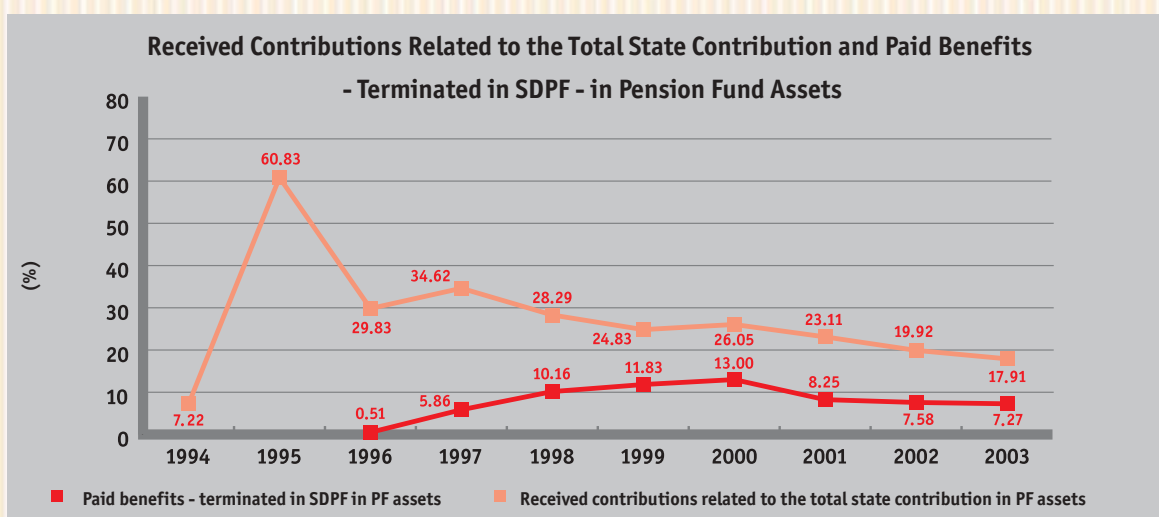
	Assets (billion CZK)	Czech GDP (in going prices)* (billion CZK)	PF assets in Czech GDP (%)
1994	1	1,183	0.08
1995	7	1,467	0.48
1996	24	1,661	1.44
1997	23	1,785	1.29
1998	31	1,962	1.58
1999	37	2,041	1.81
2000	44	2,150	2.05
2001	55	2,315	2.38
2002	69	2,415	2.86
2003	82	2,532	3.24

*Czech Statistical Office



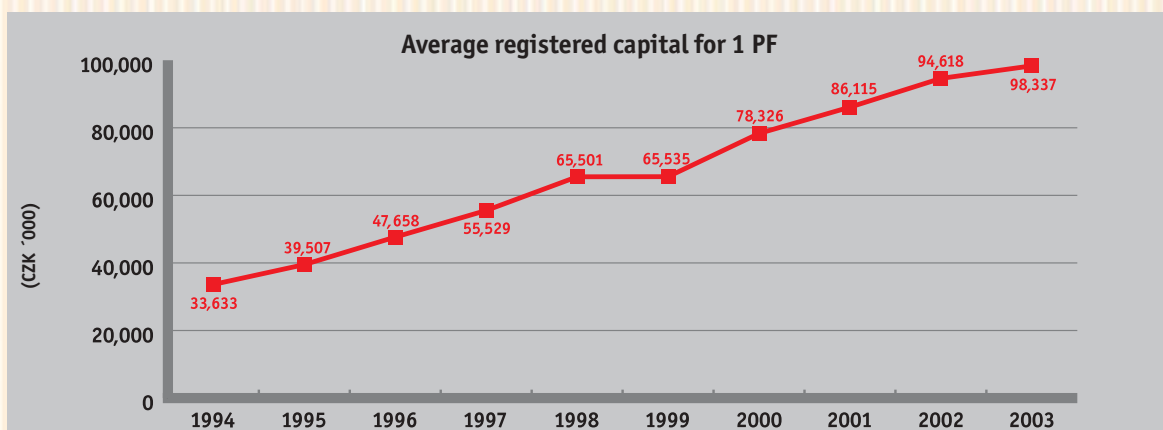
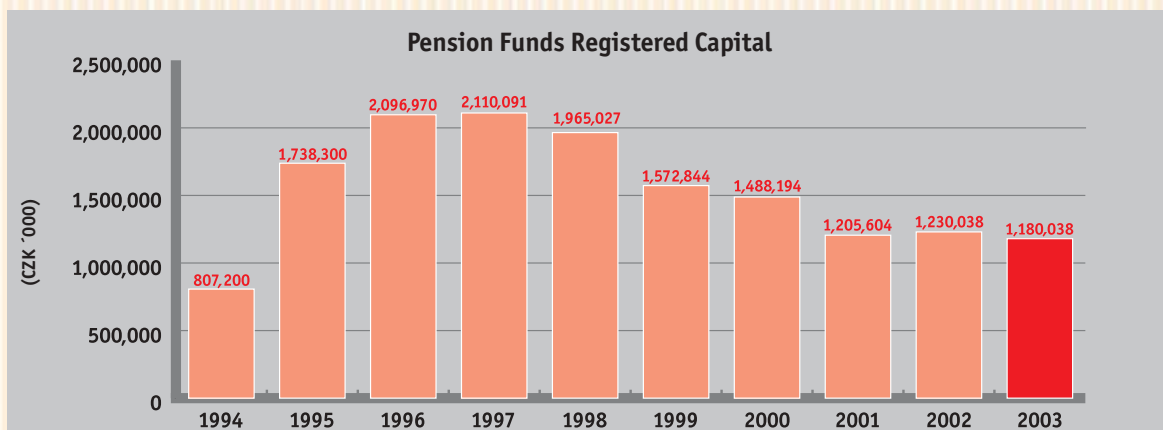
**Annex No. 22 - Received Contributions Related to the Total State Contribution and Paid Benefits
- Terminated in SDPF - in Pension Fund Assets**

	Paid benefits - terminated in SDPF (CZK ´000)	Received contributions related to the total state contribution (CZK ´000)	Assets (CZK ´000)	Paid benefits - terminated in SDPF in PF assets (%)	Received contributions related to the total state contribution in PF assets (%)
1994		88,586	1,226,794		7.22
1995		4,300,484	7,069,107		60.83
1996	123,248	7,151,524	23,973,624	0.51	29.83
1997	1,361,429	8,045,976	23,238,991	5.86	34.62
1998	3,159,255	8,796,110	31,096,436	10.16	28.29
1999	4,430,218	9,294,582	37,433,303	11.83	24.83
2000	5,765,919	,11,553,996	44,360,470	13.00	26.05
2001	4,535,302	12,697,952	54,955,777	8.25	23.11
2002	5,223,808	13,727,274	68,927,478	7.58	19.92
2003	5,968,520	14,700,611	82,066,140	7.27	17.91



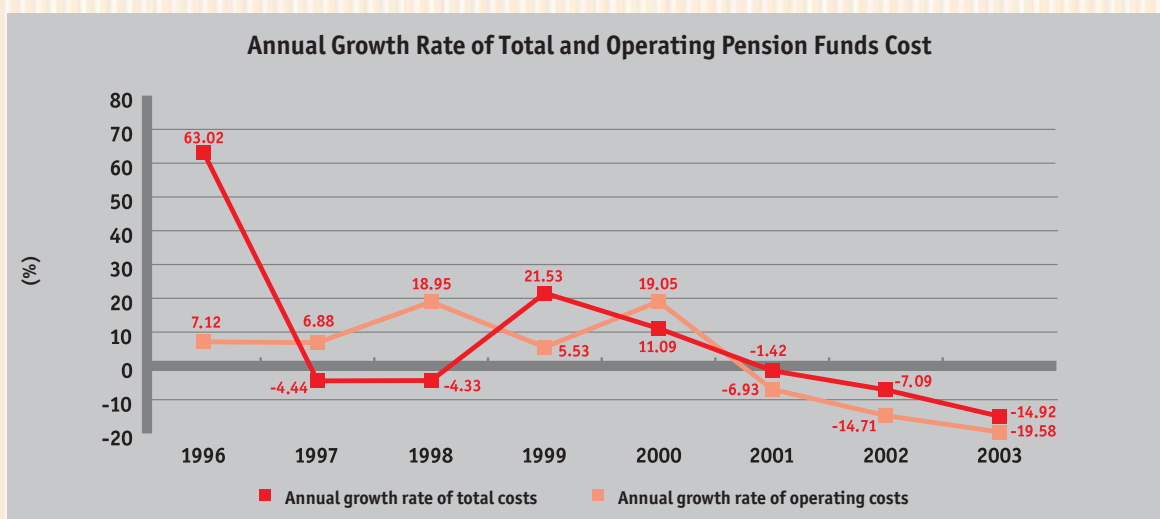
Annex No. 23 - Pension Funds Registered Capital

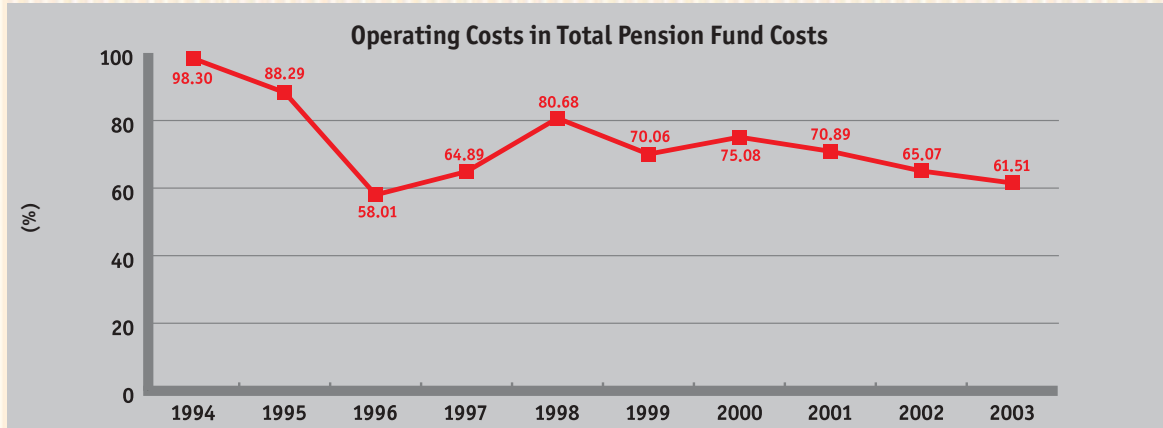
	Registered capital (CZK ´000)	Number of active PF	Average registered capital for 1 PF (CZK ´000)
1994	807,200	24	33,633
1995	1,738,300	44	39,507
1996	2,096,970	44	47,658
1997	2,110,091	38	55,529
1998	1,965,027	30	65,501
1999	1,572,844	24	65,535
2000	1,488,194	19	78,326
2001	1,205,604	14	86,115
2002	1,230,038	13	94,618
2003	1,180,038	12	98,337



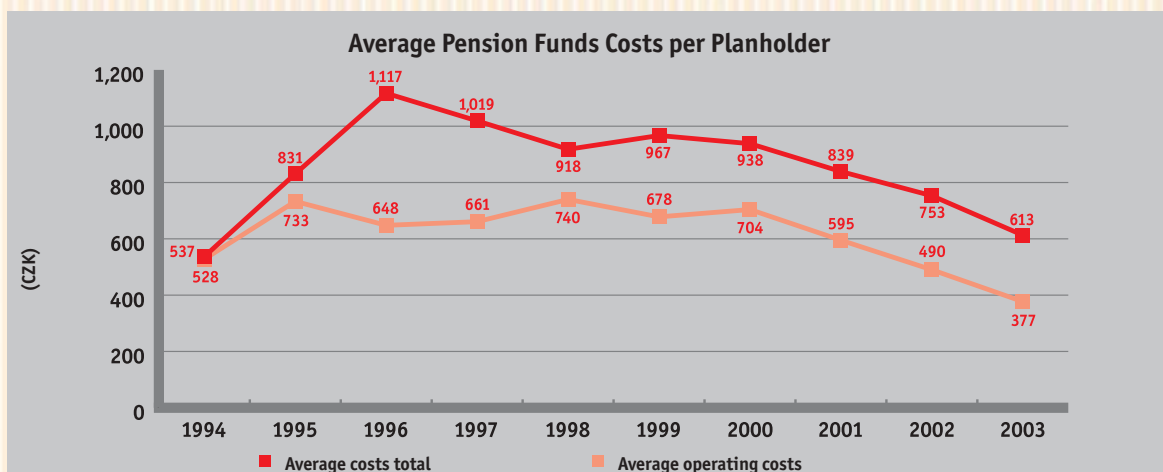
Annex No. 24 - Annual Growth Rate of Total and Operating Pension Funds Cost

	Costs total (CZK '000)	Operating costs (CZK '000)	Annual growth rate of total costs (%)	Annual growth rate of operating costs (%)	Operating costs in costs total (%)
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



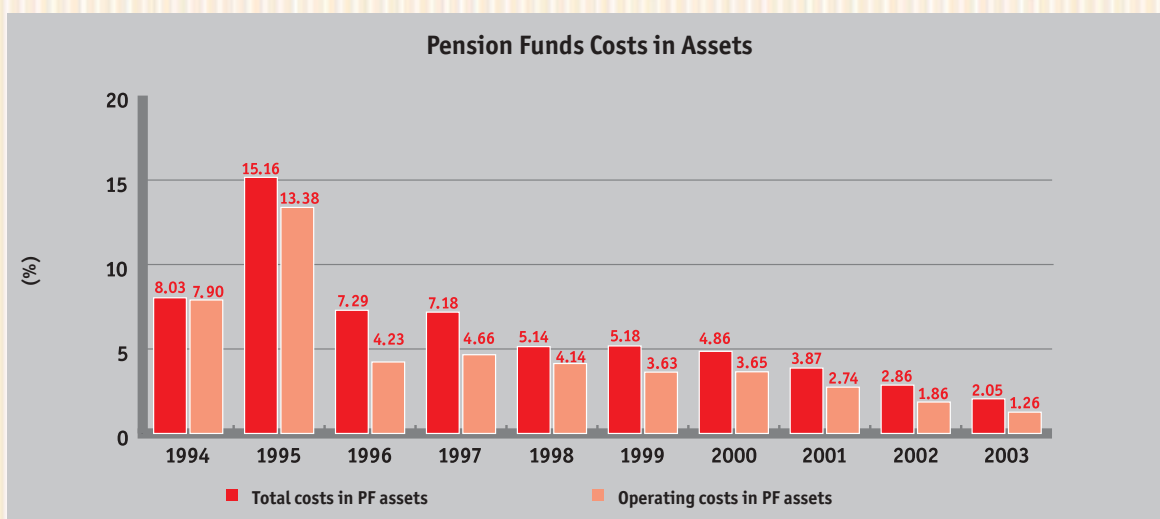
Annex No. 25 - Operating Costs in Total Pension Fund Costs**Annex No. 26 - Average Pension Funds Costs per Planholder**

	Average costs total (CZK)	Average operating costs (CZK)
1994	537	528
1995	831	733
1996	1,117	648
1997	1,019	661
1998	918	740
1999	967	678
2000	938	704
2001	839	595
2002	753	490
2003	613	377



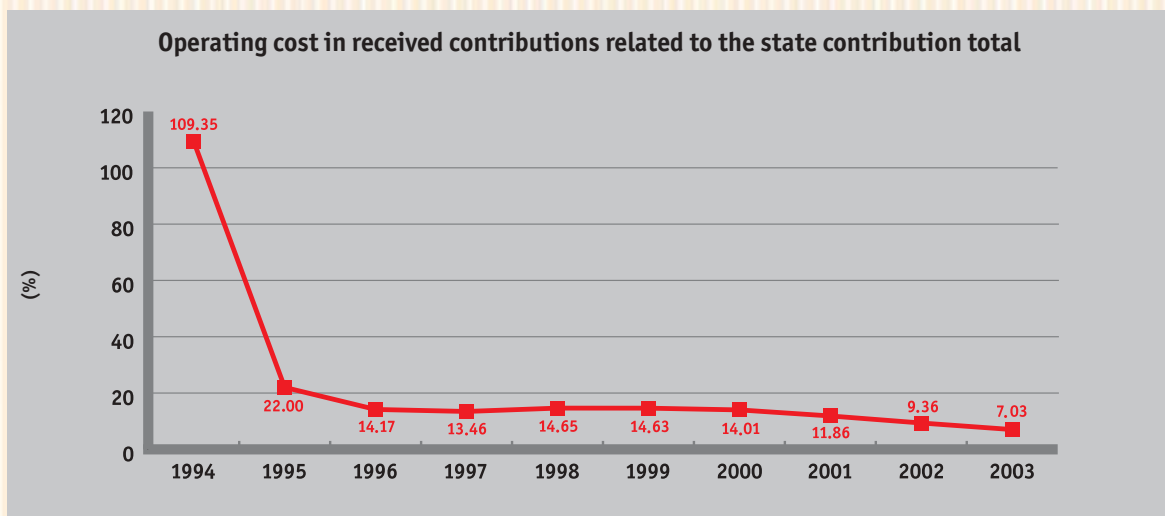
Annex No. 27 - Pension Funds Costs in Assets

	Costs total (CZK '000)	Operating costs (CZK '000)	Assets (CZK '000)	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



Annex No. 28 - Operating cost in received contributions related to the state contribution total

	Operating costs (CZK `000)	Received contributions related to the state contribution total (CZK `000)	Operating costs in received contributions related to the state contribution total (%)
1994	96,872	88,586	109.35
1995	946,099	4,300,484	22.00
1996	1,013,459	7,151,524	14.17
1997	1,083,214	8,045,976	13.46
1998	1,288,467	8,796,110	14.65
1999	1,359,742	9,294,582	14.63
2000	1,618,806	11,553,996	14.01
2001	1,506,589	12,697,952	11.86
2002	1,285,029	13,727,274	9.36
2003	1,033,475	14,700,611	7.03



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