



Annual report 2023

Allianz penzijní společnost, a. s.



Annual report 2023

Basic economic facts

Brief summary (in TCZK)

		2023	2022	2021
Financial investments, of which		1,633,969	1,453,923	781,300
bank deposits		641,364	529,944	270,324
Equity		1,650,172	1,411,922	1,382,735
Revenue from fees and commissions		690,456	608,732	586,267
Commissions and fees cost		(183,850)	(233,182)	(240,638)
Profit		425,521	326,752	226,174
Number of employees		23	21	24
Allianz Transformed	Number of clients	296,558	329,204	352,439
Fund	Subscriber assets under management	54,468,212	56,209,461	54,931,717
Allianz Conservative	Number of clients	37,701	35,939	28,147
Fund	Subscriber assets under management	4,143,917	3,222,943	2,534,477
Allianz Balanced	Number of clients	34,808	33,937	25,897
Fund	Subscriber assets under management	3,143,205	2,349,854	1,982,422
Allianz Dynamic	Number of clients	34,067	31,781	21,926
Fund	Subscriber assets under management	4,359,625	3,079,964	2,459,563

Subscriber assets under management include the fund's own capital and unallocated contributions of subscribers recognized in the fund's balance sheet under other liabilities.

Contents



54



82



134



106

PAGE 6-17

A— Text part

- 08 Chairman's statement
- 11 Board of Management
- 11 Supervisory Board
- 12 Company profile
- 15 Non-financial information
- 16 Supplementary pension schemes with state support
(old 3rd pillar) - transformed fund
- 17 Supplementary pension savings (new 3rd pillar)
- subscriber funds

PAGE 19-51

B— Financial part

- 20 Independent auditor report to the shareholder
of Allianz penzijní společnost a.s.
- 26 Balance sheet as at 31 December 2023
- 27 Profit and loss account for the year 2023
- 27 Statement of changes in equity for the year 2023
- 28 Notes to financial statements as at 31 December 2023
- 46 Report on relations
- 50 Allianz Group structure

PAGE 52-162

C— Funds

- 54 Allianz Transformed Fund
- 82 Allianz Statutory Conservative Subscriber Fund
- 106 Allianz Balanced Subscriber Fund
- 132 Allianz Dynamic Subscriber Fund

- 158 Contacts

A

text

part

Chairman's statement

Report on the company's business activities
and the state of its assets pursuant to Act No. 90/2012 Coll.

Dear ladies and gentlemen,

For the pension management company of Allianz, the year 2023 was a year of intensive preparations for the upcoming legislative changes related to pensions. At the same time, it was a year of achieving remarkable appreciation of pension investments for our subscribers, all despite the complicated macroeconomic environment and the globally challenging geopolitical situation.

Throughout the year, we closely followed the discussions and prepared for the implementation of new legal regulations on old-age security products, which also covers the supplementary pension insurance and supplementary pension savings products we provide. The legislative changes are related to ongoing modifications of the Czech Republic's pension system. The ageing of the population and the deepening imbalance of public finances force the government to gradually adjust both retirement pensions and old-age security products. The goal is clear – to motivate the working-age population to invest more and better for own old age. We are glad that the products and services we offer can and will be part of the solution to this issue that our country is facing.

For many years, Allianz penzijní společnost has been offering its subscribers investments in supplementary pension insurance, which is generally one of the most secure instruments for creating reserves for old age. However, more and more subscribers seek opportunities for higher appreciation and are willing to spare the guarantee of non-negative appreciation. The demand for supplementary pension savings funds offering such appreciation continued to rise in 2023. The high inflation



of the recent months accelerated the trend, as more subscribers became aware of the impacts of inflation on the fair value of their pension investments and opted to switch to subscriber funds with a higher appreciation potential. The number of subscribers under supplementary pension savings increased by 5,300 over the past year and the volume of investments in subscriber funds added 2.9 billion CZK.

We are still pursuing our mission of being one of the leading providers of retirement security products in the Czech Republic. All our clients can rest fully assured that their funds are managed in a reliable manner, with due professional care and with an aim of attaining the best possible appreciation.

I would like to thank all the clients of Allianz penzijní společnost for their confidence that we greatly appreciate. My thanks also go to all our employees, insurance advisors and business partners for their professional work, skills and dedication they put in Allianz penzijní společnost.

Sincerely,
Dušan Quis, Chairman of the Board of Management



5300

Počet účastníků doplňkového penzijního spoření se za poslední rok navýšil o 5 300 a objem investic v účastnických fondech narostl o 2,9 mld. Kč.



Board of Management



Ing. Dušan Quis
Chairman



M. A. Venelin Yanakiev
Member



Mag. Robert Altfahrt-Riedler
Member



Mgr. Josef Lukášek
Member



Ing. Petr Hrbáček
Member

Supervisory Board

Ing. Petr Sosík, Ph.D. Chairman
JUDr. Zdeněk Chudoba Member
Mgr. Karel Pilař Member until 30 September 2023
Mgr. Eva Koubíková Member since 1 October 2023

Audit Committee

Members of the Audit Committee as of 31 December 2023:
Ing. František Dostálek Chairman
Ing. Michal Petrman, CSc. Member
Ing. Petr Sosík, Ph.D. Member

Allianz penzijní společnost

Allianz penzijní společnost, a. s. was formed by transformation of Allianz penzijní fond, a. s. as of 1 January 2013. The original Allianz penzijní fond, a. s. was created on 31 August 1997 by merger of Allianz - Hypo penzijní fond, a. s. and Živnobanka penzijní fond, a. s. Since the end of 2000 it has been a 100% subsidiary of Allianz pojišťovna, a. s.

The company is entered in the Commercial Register maintained by the Municipal Commercial Court in Prague under file No. B 4972. Allianz penzijní společnost manages assets of subscribers in the transformed fund (supplementary pension schemes – new contracts have been discontinued as of 1 December 2012) and on 1 January 2013 it also started to manage assets under subscriber funds (supplementary pension savings - new 3rd pillar).

During the period from 1 January 2013 until 20 December 2016, the company managed assets in pension funds (pension savings - 2nd pillar).

Now it offers supplementary pension savings. In its activities focused on the management of subscribers' assets, Allianz penzijní společnost follows the strategy of conservative investments, supported by the capital of Allianz Group and the stability it offers. This approach is appreciated by both subscribers and professionals. Allianz penzijní společnost thus became one of the most successful brands operating in the Czech market.

a) Information about changes in facts entered in the Commercial Register that took place during the specified period

In 2023, the following changes in Allianz penzijní společnost took place:

- Mgr. Karel Pilař resigned as member of the Supervisory Board, effective as of 30 September 2023
- Mgr. Eva Koubíková became the new member of the Supervisory Board as of 1 October 2023

b) Information about subscriber funds and the transformed fund managed by the pension management company during the specified period

- 1) Allianz Transformed Fund, Allianz penzijní společnost, a. s.
- 2) Allianz Statutory Conservative Subscriber Fund, Allianz penzijní společnost, a. s.
- 3) Allianz Balanced Subscriber Fund, Allianz penzijní společnost, a. s.
- 4) Allianz Dynamic Subscriber Fund, Allianz penzijní společnost, a. s.

c) Information about facts having material effect on activities of the pension management company, stating the main factors affecting the economic result

There were no facts having material effect on activities of the pension management company over the specified period.

d) Members of the Board of Management, Supervisory Board and other members of management of Allianz penzijní společnost, a. s.:

BOARD OF MANAGEMENT

Ing. Dušan Quis - Chairman of the Board of Management

Member since 3 August 2018, Chairman since 7 August 2018

Dušan Quis graduated from the Faculty of Business Administration of the University of Economics in Prague. Dušan Quis started his career with Provident Financial during his studies. Later he performed offices in Boards of Management of insurers in the Czech Republic, Slovakia, Russia or Ukraine. He started working with Allianz in September 2016 as the Chief Sales Officer of Allianz Slovakia. Dušan Quis was appointed Chairman of the Board of Management of Allianz pojišťovna, a. s. in the Czech Republic in May 2018.

M.A. Venelin Yanakiev

Member since 27 September 2022

Venelin Yanakiev earned his bachelor's degree in applied economics from the American University in Bulgaria and a Master of Arts degree in economics from the University of Notre Dame, USA. He has been active in the field of insurance and finance since 1999. He worked with insurance companies in the US, Netherlands and Hungary. In 2011, he joined the Allianz team in Munich, where he focused on actuarial services and capital management. In December 2017 he was appointed Chief Financial Officer of Allianz – Slovenská poisťovna.

Mag. Robert Altfahrt-Riedler

Member since 13 August 2020

Robert Altfahrt-Riedler graduated from the Vienna University in strategic management, business and innovations. His most recent mission was Head of Platform Implementation with Allianz for Central and Eastern Europe. He joined Allianz in the Czech Republic after working at Allianz Austria as senior manager in IT and Project Management.

Mgr. Josef Lukášek

Member since 1 April 2020

Josef Lukášek graduated from the Faculty of Mathematics and Physics of Charles University. He has been active in the insurance business on various positions since 1994. He began as an actuary with Nationale Nederlanden, in 2001 he left for Allianz where he became responsible actuary and member of Supervisory Board in Allianz penzijní fond. Step by step he was responsible for actuarial mathematics, data analysis and creation of new products. At present he is a Board of Management member at Allianz companies in the Czech Republic and he is responsible for products development, profitability, reinsurance and portfolio management. He is a member of the Presidium of the Association of Pension Companies.

Ing. Petr Hrbáček

Member since 1 June 2020

Petr Hrbáček graduated in Finance from the Mining University in Ostrava - Faculty of Economics. Before joining Allianz pojišťovna,

he worked for six years as a sales director at Česká pojišťovna. At Allianz, he started as manager of the central broker business; today, he is member of the Board of Management at Allianz pojišťovna and Allianz penzijní společnost, responsible for sales.

SUPERVISORY BOARD

Ing. Petr Sosík, Ph.D.

Member since 21 November 2022,

Chairman since 22 December 2022

Petr Sosík graduated from the University of Economics in Prague where he earned his PhD degree between 2000 and 2003.

He has been working with Allianz pojišťovna on various positions since 1998; he acted as member of the Board of Management between 2008 and 2013. Subsequently he joined the company's headquarters in Munich, Germany, where he focused on coordinating risk management among selected regions of Allianz Group. For two and a half years he worked as CFO at Allianz in Colombia. In 2019, after six years, he returned to the Board of Management of Allianz and assumed full responsibility for Finance at Allianz pojišťovna and Allianz penzijní společnost. Since June 2022 it has been operating at Allianz Holding in Vienna.

JUDr. Zdeněk Chudoba

Member since 8 January 2019

Zdeněk Chudoba graduated from the Faculty of Law of the Masaryk University, Brno. He gained first professional experience in Fio banka's legal department, from where he left to UniCredit Bank. For two years he worked with Credit Agricole Corporate and Investment Bank Prague branch. In 2013, he joined Allianz pojišťovna as senior lawyer; since the beginning of 2019 he has been director of the legal section of Allianz.

Mgr. Karel Pilař

Member until 30 September 2023

Karel Pilař joined Allianz as junior actuary in 2005 before completing his studies at the Faculty of Mathematics and Physics of Charles University. He graduated in 2006 and has been working on various positions with Allianz since then, ranging from head of product controlling or senior manager of actuarial analyses to the current director of portfolio management, pricing and analyses, which he assumed on 1 October 2018.

Mgr. Eva Koubíková

Member since 1 October 2023

She has been working in the field of HR for over 20 years. During her career, she has worked in large international corporations such as PwC, PPF and ING, small technology and consulting firms, and as a freelance consultant. She has worked on projects in China, Romania and Lithuania. Since 2018, she has been working at Allianz insurance company as HR Director. Since 2020, she has been a member of the Supervisory Board of Allianz Insurance Company.

e) Information about portfolio managers of the pension management company and subscriber funds in the specific period

The investment manager of the funds is Allianz penzijní společnost, a. s. (hereinafter referred to as the "pension management company"), entered in the Commercial Register maintained by the Municipal Court of Prague under file No. B 4972.

PORTFOLIO MANAGERS:

Ing. Petr Podolka, CFA

Member since 1 August 2015

Petr Podolka graduated from the University of Economics, Prague and in 2003 he was named Chartered Financial Analyst by CFA Institute. He has been employed with Allianz since 2015. He has long-time experience in portfolio management and asset management. Before joining Allianz, he worked as portfolio manager at ING Investment Management (C.R.), a. s. for 14 years and for three years as head of investment department with NN Investment Partners C.R., a. s. At Allianz he works as director of Investments and Treasury.

Ing. Jiří Šnobl,

Member since 1 August 2015

Jiří Šnobl graduated from the Czech Technical University, Economics department of the Faculty of electrical engineering. He started his career in the banking industry where he worked on various positions at Živnostenská banka, ABN AMRO Bank N.V. and Komerční banka, a.s. with a particular focus on bond market trading. He joined Allianz in 2015 after leaving Generali Investments CEE, investiční společnost, a.s., where he performed various offices and focused on diverse asset management projects to later become head of sales in charge of management of relations with external clients.

Ing. Radek Jedlička

Member since 1 October 2021

Radek Jedlička graduated from the Faculty of Finance and Accounting of the University of Economics in Prague. He joined Allianz in 2019 as a risk management specialist to move to portfolio management two years later. Before, Radek was a financial analyst with Česká spořitelna's pension management company.

f) Information about parties that had a qualifying holding in the pension management company, however for a part of the specified period only, stating the type and amount of the holding in the pension management company along with the term of the qualifying holding

Allianz pojišťovna, a. s., registered office: Ke Štvanici 656/3, 186 00 Prague 8, Czech Republic, corporate ID No.: 47 11 59 71, entered in the Commercial Register maintained by the Municipal Court in Prague under file B 1815.

g) Information about parties, in which the pension management company had qualifying holdings, however for a part of the specified period only, stating the amount and type of the qualifying holding and economic result of such parties, along with the term of the holding. If no audited economic results of such parties are available, the pension management company shall provide non-audited economic results identified as such

There were no such parties during the specified period.

h) Information about parties interconnected with the pension management company in terms of its staff, however for a part of the specified period only, stating the type and term of such engagements

The term of such interconnection with the pension management company matches the dates of appointments of the persons in question to the Board of Management and Supervisory Board of Allianz penzijní společnost, a. s.

Allianz pojišťovna, a. s. - Board of Management

Ing. Dušan Quis, Chairman of the Board of Management since 14 May 2019

Mgr. Josef Lukášek, Member of the Board of Management since 1 April 2021

Ing. Petr Hrbáček, Member of the Board of Management since 1 June 2021

Mag. Robert Altfahrt-Riedler, Member of the Board of Management since 1 July 2021

M.A. Venelin Yanakiev, Member of the Board of Management since 1 June 2022

Allianz pojišťovna, a. s. – Supervisory Board

Petros Papanikolaou, since 24 September 2020

Ing. Petr Sosík, Ph.D., since 21 November 2022

Eva Koubíková, since 10 February 2020

Diamond Point, a.s. is a 100% subsidiary of Allianz pojišťovna, a. s.

Diamond Point, a.s. – Board of Management

M.A. Venelin Yanakiev, since 18 July 2022

Mgr. Josef Lukášek, since 20 March 2019

Ing. Jiří Zahálka, since 31 August 2020

Diamond Point, a. s. – Supervisory Board

Ing. Dušan Quis, since 14 May 2018

Mag. Robert Altfahrt-Riedler, since 1 July 2020

Ing. Petr Hrbáček, since 19 November 2018

i) Information about parties not listed under points e) through g), who acted in concert with the pension management company during the specified period

All parties are listed under points e) through g).

j) Information about all securities traders who had been performing activities of a securities trader in respect of subscribers funds managed by the pension management company, however for a part of the specified period only, stating the period of such activities

- Citibank Europe Plc, organization branch, corporate ID No.: 28198131, registered office: Prague 5, Bucharova 2641/14, postcode: 158 02
- Česká spořitelna, a.s., corporate ID No.: 45244782, registered office: Prague 4, Olbrachtova 1929/62, postcode: 140 00
- Československá obchodní banka, a. s., corporate ID No.: 00001350, registered office: Prague 5, Radlická 333/150, postcode: 150 57
- ING Bank N. V., Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands
- Komerční banka, a.s., corporate ID No.: 45317054, registered office: Prague 1, Na Příkopě 33/969, postcode: 114 07
- Oberbank AG, Untere Donaulände 28, 4020 Linz, Austria
- PIMCO Funds Global Investors Series, 30 Herbert Street, Dublin 2, Ireland
- PPF banka, Evropská 2690/17, PO Box 177, 160 41 Prague 6
- Societe Generale SA, 29 Boulevard Haussmann, F-75009 Paris, France
- UniCredit Bank Czech Republic and Slovakia, a.s., corporate ID No.: 649 48 242, registered office: Prague 4, Želetavská 1525/1, postcode: 140 92
- OPTIVER HOLDING B.V., Strawinskylaan 3095, 1077 ZX Amsterdam, The Netherlands
- Flow Traders BV (Headquarters), Jacob Bontiusplaats 9, 1018 LL Amsterdam, The Netherlands
- J.P.Morgan AG, Junghofstrasse 14, 60311 Frankfurt am Main, Germany
- Jane Street Financial Limited, 2 & A Half Devonshire Square, London EC2M 4UJ, United Kingdom
- Hypo Bank Burgenland AG, Neusiedler Straße 33, 7000 Eisenstadt, Austria
- CMTA Invest GmbH, Schmiedgasse 38, 8010 Graz, Austria

k) Information about court disputes or arbitrations in the specified period, to which the pension management company is a party either directly or on account of a subscriber fund, if the value of the subject matter of the dispute exceeds 1% of the value of the pension management company's assets and assets held in the concerned pension or subscriber fund

In the course of 2023, there was no major court dispute or arbitration involving Allianz penzijní společnost, a. s. or any of the funds managed by the pension company.

Non-financial information

a) about facts that occurred after the balance sheet day and are important to fulfil the purpose of the Annual Report

No facts occurred.

b) about anticipated development of activities of the accounting entity

The accounting entity will continue in its activities; no fact occurs which would restrict or prevent it from carrying on its activities in foreseeable future.

c) about research and development activities

Allianz penzijní společnost has no activities in the field of research and development.

d) about acquisition of own shares or own participations

Allianz penzijní společnost did not acquire any own shares or own participations.

e) about activities in the field of environmental protection and employment relations

Allianz penzijní společnost largely focuses on business ethics, maintenance of good relations with clients and business partners, respect for human rights, equality of opportunities and compliance with working standards. These are inherent parts of the corporate culture of Allianz. A strong emphasis is put on the employees' professional conduct and compliance with the company's internal rules including the Code of Conduct and other regulations. Respect for the rules of equal opportunities and zero tolerance of any discrimination form an integral part of the corporate culture.

Allianz penzijní společnost has been engaged in a global environmental project of Allianz Group since 2008 (by signing the so-called Kyoto Protocol) which aims at minimizing negative impacts on the environment through efficiency in consumption of energy, water and paper, waste management and business trips. In this regard, the volume of CO₂ emissions generated by own activities has been reduced by 25%.

A summary of all non-financial information relating to Allianz Group including Allianz penzijní společnost, a. s. is provided in the parent company's special report:

<https://www.allianz.com/en/sustainability/sustainability-report-and-other-publications.html>

f) if the accounting entity has a branch or business enterprise abroad

Allianz penzijní společnost has no branch abroad.

Supplementary pension schemes with state support (former 3rd pillar) - Transformed fund

Supplementary pension schemes with state support (hereinafter „supplementary pension schemes“) are part of the Czech Republic's pension system, forming the so-called 3rd pension pillar along with supplementary pension savings.

The characteristics are stipulated in Act No. 42/1994 Coll. on supplementary pension schemes with state support, as amended (hereinafter the „Act on supplementary pension schemes“) and selected parts of Act No. 427/2011 Coll. on supplementary pension savings, as amended (hereinafter the „Act on supplementary pension savings“) and relevant parts of Act No. 462/2023 Coll., amending certain Acts in connection with the development of the financial market and the support for old-age security products.

According to the Act on supplementary pension savings, the latest date to conclude an agreement on a supplementary pension scheme was 30 November 2012, with 1 December 2012 as the latest scheme starting date. As of 1 December 2012 it is not possible to conclude any agreement on a supplementary pension scheme. The only exception applies to admission of new subscribers from a transformed fund of another pension management company that merged with another transformed fund, to which the subscribers of the original transformed fund did not agree.

As of 31 December 2023, Allianz penzijní společnost managed assets of 296,558 subscribers of supplementary pension schemes under its transformed fund, including 295,802 clients in the savings phase.

Supplementary pension schemes can also be subject to employer contributions, which receive further tax benefits for both the subscriber and employer. In case of early termination of the supplementary pension scheme, the subscriber loses the state support and must apply additional tax in respect of tax benefits for the 10 recent years.

Further changes in the transformed fund take place as of 2024 – clients saving in the transformed fund will be able to hold additional retirement savings and save under a new supplementary pension savings contract with any pension management company, regardless of the pension management company maintaining their original supplementary pension insurance contract. The interesting benefit lets clients save in subscriber funds offering higher potential returns while maintaining the security of deposits saved so far in the transformed fund.

Benefits of supplementary pension insurance applicable until the end of 2023:

- Savings starting at CZK 100 per month
- The lowest subscriber contribution eligible to state support is CZK 300
- Opportunity to choose the contribution amount (starting at CZK 100), or decrease or increase it anytime, as well as to suspend contributions
- State contribution up to CZK 230 per month, i.e. CZK 2,760 per year (to subscriber contribution of CZK 1,000)
- Opportunity to reduce income tax base by up to CZK 24,000 per year (increase and change in calculation as of 1 January 2017)
- Optional employer contributions
- Guarantee of non-negative gains

Superior benefits with Allianz transformed fund:

- The widest range of offered pensions
- “Tax machine” service free of charge for convenient use of the tax benefits

Allianz transformed fund allows for payment of all types of benefits according to the Act on supplementary pension schemes:

- Retirement pension
- Disability pension
- Endowment pension
- Lump-sum settlement with the subscriber instead of pension
- Surrender value
- Estate pension or surrender value for the beneficiary
- Surrender value for heirs

Supplementary pension schemes with Allianz transformed fund offer the widest range of subscriber pension schemes:

- Lifetime pension
- Lifetime pension with estate pension
- Lifetime pension with guaranteed payment term
- Lifetime pension with agreed death benefit
- Linearly increasing lifetime pension

Supplementary pension savings (new 3rd pillar) - subscriber funds

Supplementary pension savings are part of the Czech Republic's pension system, forming the third pension pillar with supplementary pension schemes. The characteristics are stipulated in Act No. 427/2011 Coll. on supplementary pension savings, as amended (hereinafter the "Act on supplementary pension savings").

Clients without an existing agreement on a supplementary pension scheme or supplementary pension savings may conclude an agreement on supplementary pension savings.

As at 31 December 2023, Allianz penzijní společnost managed assets of 87,708 subscribers of supplementary pension savings under its subscriber funds, including 85,966 clients in the savings phase. Following of the Act on supplementary pension savings of 1 January 2016, persons under 18 can become subscribers as well. The minor subscriber's statutory representative shall conclude the agreement. As at 31 December 2023, 1,781 agreements were concluded in favour of such minor subscribers.

Also, the amendment of 1 January 2016 introduced a new payout option, so-called partial surrender value amounting up to one third of the funds in the year when the client reaches 18 years of age, provided that the savings have lasted at least 10 years, of which the last 2 years with the same pension management company.

Subscribers with permanent residence in the Czech Republic or domiciled in another EU Member State, who also participate in the public health insurance or pension system of the Czech Republic or receive benefits from the Czech Republic's pension system, are eligible to the state support, the amount of which is derived from the subscriber's contribution.

As of 1 January 2017, a change of the amount and calculation method to claim tax benefits came into force.

Subscribers may reduce their income tax base by the sum of the agreed and paid monthly contributions exceeding CZK 1,000 up to the amount of CZK 24,000. Supplementary pension savings can also be subject to employer contributions, which receive further tax benefits for both the subscriber and employer. In case of early termination of the supplementary pension savings, the subscriber loses the state support and must apply additional tax in respect of tax benefits for the 10 recent years.

In 2023, an amendment to the Act on supplementary pension savings was passed, affecting pension savings in different ways. The changes are split to two phases, the first phase coming into force as of 1 January 2024 and the other as of 1 July 2024. They are related to tax benefits, state contributions and many other aspects.

Tax benefits

Increased tax benefits as of 1 January 2024 - tax relief can be obtained for contributions in excess of the amount for obtaining the maximum state contribution. Until 30 June 2024, this applies to contributions over CZK 1,000. As of 1 July 2024, the amendment applies to contributions exceeding CZK 1,700. Taxpayer's contributions made under all old-age pension products (supplementary pension savings as well supplementary pension insurance and long-term investment products - DIP) up to the total amount of CZK 48,000 can be deducted from the tax base. With a tax rate of 15%, the maximum annual tax savings amount to CZK 7,200.

State contributions

The state contribution amount changes as of 1 July 2024.

Subscribers will be entitled to receive the state contribution for making their own contribution of at least CZK 500 every month, provided that the state contribution always amounts to 20% of the subscriber contribution. The maximum state contribution amount will be CZK 340 compared to today's CZK 230. The condition is to save CZK 1,700 per month.

The entitlement to the state contribution expires if the participant is granted old-age pension benefits. All state contributions credited so far remain as they are.

Other changes

For new contracts (concluded after 1 January 2024), the minimum savings period will be extended from today's 60 months (5 years) to 120 months (10 years). At the same time, the age limit of at least 60 years must be met for the payout.

As of 1 January 2024, a new supplementary pension savings contract can be concluded without having to terminate the supplementary pension insurance contract. This modification maintains the benefit of guaranteed non-negative appreciation of existing funds while it represents an opportunity for higher appreciation of new savings. Thus, the amendment lets subscribers participate in both the original supplementary pension insurance and supplementary pension savings, provided that they are free to take out supplementary pension savings with any pension management company without being locked with the company maintaining their original contract in a transformed fund.

As part of supplementary pension savings, Allianz penzijní společnost manages 3 subscriber funds with different potential returns and investment risks.

Subscriber funds from Allianz penzijní společnost:

- Allianz Statutory Conservative Subscriber Fund
- Allianz Balanced Subscriber Fund
- Allianz Dynamic Subscriber Fund

Supplementary pension savings are a successor product to the former supplementary pension schemes and offered similar benefits until 31 December 2023, in particular:

- Savings starting at CZK 100 per month
- The lowest subscriber contribution eligible to state support is CZK 300
- Opportunity to choose the contribution amount (starting at CZK 100), or decrease or increase it anytime, as well as to suspend contributions
- State contribution up to CZK 230 per month, i.e. CZK 2,760 per year (to subscriber contribution of CZK 1,000)
- Opportunity to reduce income tax base by up to CZK 24,000 per year (increase and change in calculation as of 1 January 2017)
- Optional employer contributions
- Lump-sum settlement or retirement benefit upon reaching 60 years of age and saving for at least 60 calendar months, effective as of 1 January 2016

Superior benefits provided with Allianz subscriber funds free of charge:

- “Tax machine” service free of charge for convenient use of the tax benefits
- Opportunity to choose from various methods of generating returns, ranging from a conservative fund to the dynamic fund with higher potential returns

Supplementary pension savings allow for payment of all types of benefits according to the Act on supplementary pension savings:

- Retirement pension for a definite term (including “pre-retirement pension”)
- Disability pension for a definite term
- Lump-sum settlement with the subscriber
- Surrender value for the subscriber
- Partial surrender value after reaching 18 years of age and 10 years of savings - available as of 1 January 2016
- Payment of lump-sum premium to the insurer for lifetime pension
- Payment of lump-sum premium to the insurer for pension paid over a precisely defined term in precisely defined pension amounts
- Lump-sum settlement or surrender value for the beneficiary or heir

B

financial
part



English translation

Independent Auditor's Report

To the shareholder of Allianz penzijní společnost, a.s.

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz penzijní společnost, a.s., with its registered office at Ke Štvanici 656/3, Praha 8 (the "Company") as at 31 December 2023, and of the Company's financial performance for the year ended 31 December 2023 in accordance with Czech accounting legislation.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2023;
- the income statement for the year ended 31 December 2023;
- the statement of changes in equity for the year ended 31 December 2023; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council (the "EU Regulation") and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic, with the Act on Auditors and with the EU Regulation. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, the Act on Auditors and the EU Regulation.

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic
T: +420 251 151 111, www.pwc.com/cz

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.



Our audit approach

Overview



Overall materiality represents 1% of Company's net assets and has been estimated at CZK 12.5 million.

Guarantees implied by managed fund.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate, on the financial statements as a whole.

Overall Company materiality	CZK 12.5 million
How we determined it	Materiality for the Company was determined as 1% of the Company's net assets.
Rationale for the materiality benchmark applied	We have chosen the net assets as a benchmark for estimating materiality. Net assets represent stable indicator commonly used in the industry. The indicator is consistently monitored by the Company's management, the regulator and users of the financial statements.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Guarantees implied by managed fund.</p> <p>Based on current legislation, transformed pension funds must not recognize losses, nor should their liabilities exceed the value of assets, therefore they must not report negative equity. The Company has to pay in additional capital funds to the Transformed fund in such case. The revaluation reserve on the valuation of financial assets in the Transformed fund must therefore be properly monitored, including the sensitivity of the valuation to the movement of market inputs, in particular market interest rates.</p> <p>As at 31 December 2023 the financial situation of Transformed fund does not require contribution to the capital funds.</p> <p>Accounting policies and other related information are disclosed in note 2.1 of the notes to the financial statements.</p> <p>The Company also provides a guarantee of appreciation to participants in certain pension plans of Transformed fund. The Company is obliged to monitor the possibility of a guarantee obligation and to create a provision for guarantees and guarantees provided.</p> <p>The Company's approach to guaranteed pension plans is disclosed in notes 2.g and 19 to the financial statements.</p>	<p>We have obtained detailed information about all the guarantees issued to the Transformed Fund's clients and about the process that the Company uses to monitor and assess the associated risks and to identify any need to recognize or disclose any obligation and to measure the contingent or actual liability associated with the underlying guarantee.</p> <p>We have verified the valuation of the Transformed fund's assets and the related capital fund from revaluation and performance of the Transformed fund as at 31 December 2023 to ensure that the Transformed fund's financial position does not require the Company to pay in capital funds as at 31 December 2023.</p> <p>In cooperation with internal actuarial specialists, we reviewed the assumptions and procedures used and verified the mathematical correctness of the model used to calculate the adequacy of the Company's revenues to cover guaranteed contracts.</p> <p>We also assessed the accuracy and completeness of the disclosures in the notes to the financial statements.</p>

How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.



Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors, supervisory board and audit committee of the Company for the financial statements

The board of directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The supervisory board of the Company is responsible for overseeing the financial reporting process.

The audit committee of the Company is responsible for monitoring the financial statements' preparation process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors, supervisory board and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement showing that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board and audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other legal and regulatory requirements

Information required by the EU Regulation

In compliance with Article 10(2) of the EU Regulation, we provide the following information, which is required in addition to the requirements of International Standards on Auditing:

Consistency of the audit opinion with the additional report to the audit committee

We confirm that the audit opinion expressed herein is consistent with the additional report to the audit committee of the Company, which we issued today in accordance with Article 11 of the EU Regulation.

Appointment of auditor and period of engagement

We were appointed as the auditors of the Company for year 2023 by the sole shareholder of the Company on 24 July 2023. Our uninterrupted engagement as auditors of the Company has lasted for 6 years.

Provided non-audit services

We declare that the PwC Network has not provided non-audit services to the Company that are prohibited under Article 5 (1) of the EU Regulation, as amended by the Czech law following Article 5 (3) of the EU Regulation.

In addition to the statutory audit, no other services were provided by us to the Company.

The engagement partner on the audit resulting in this independent auditor's report is Marek Richter.

28 March 2024

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

Marek Richter
Statutory Auditor, Licence No. 1800

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

Balance sheet as at 31 December 2023

(Translated from the Czech original)

TCZK	Note	31/12/2023	31/12/2022
ASSETS			
3	10	641,364	529,944
of which: a) repayable on demand		64,544	239,761
b) other receivables		576,820	290,183
5	11	775,548	678,428
of which: a) issued by government institutions		775,548	678,428
6	12	217,057	245,551
9	14	1,240	2,872
10	15	18	18
11	16	210,268	150,869
13	17	118,926	161,135
TOTAL ASSETS		1,964,421	1,768,817

TCZK	Note	31/12/2023	31/12/2022
LIABILITIES			
4	18	282,317	262,685
6	19	31,932	94,210
c) other		31,932	94,210
Total liabilities		314,249	356,895
8	20	50,100	50,100
of which: a) paid-up registered capital		50,100	50,100
10		141,884	141,884
of which: a) statutory reserve funds and risk funds		141,884	141,884
12		549,900	549,900
13	21	13,589	860
of which: a) on assets and liabilities		13,589	860
14		469,178	342,426
15	22	425,521	326,752
Total equity		1,650,172	1,411,922
TOTAL LIABILITIES		1,964,421	1,768,817

TCZK	Note	31/12/2023	31/12/2022
OFF-BALANCE SHEET ITEMS			
Off-balance sheet assets			
4	9, 13	222,285	262,916
Off-balance sheet liabilities			
10		569,733	282,373
12	9, 13	222,525	252,002
15	9, 24	66,114,959	64,862,222

Income Statement for the year ended 31 December 2023

(Translated from the Czech original)

TCZK	Note	2023	2022
1 Interest income and similar income	3	74,018	41,249
<i>of which: interest on debt securities</i>		55,085	31,528
2 Interest expense and similar expense	3	(55)	-
3 Income from shares and ownership interests	4	5,776	7,474
<i>c) other income from shares and ownership interests</i>		5,776	7,474
4 Commission and fee income	5	690,456	608,732
5 Commission and fee expense	5	(183,850)	(233,182)
6 Gain or loss from financial operations	6	(25,920)	23,578
7 Other operating income		-	107
8 Other operating expenses		(153)	(200)
9 Administrative expenses	8	(106,196)	(101,299)
<i>of which: a) employee expenses</i>		(32,825)	(28,931)
<i>of which: aa) wages and salaries</i>		(24,339)	(21,300)
<i>ab) social and health insurance</i>		(7,889)	(6,869)
<i>b) other administrative expenses</i>		(73,370)	(72,368)
11 Depreciation, additions and utilisation of provisions and adjustments to	14,15	(2,581)	(1,641)
13 Write-offs, additions and use of adjustments		(77)	(65)
17 Additions and use of other provisions		62,278	53,136
19 Current year profit (loss) from ordinary activities before tax		513,696	397,889
23 Income tax	22	88,175	71,137
24 Net profit (loss) for the period		425,521	326,752

Statement of changes in equity for the year ended 31 December 2023

(Translated from the Czech original)

TCZK	Registered capital	Reserve funds	Capital funds	Revaluation gains(losses)	Accumulated profit	Profit	Total
Balance at 1/1/2022	50,100	141,884	549,900	(1,587)	416,264	226,174	1,382,735
Changes in accounting policies	-	-	-	-	(11)	-	(11)
FX gains (losses) and revaluation gains (losses) not included in profit or loss	-	-	-	2,447	-	-	2,447
Net profit for the period	-	-	-	-	-	326,752	326,752
Profit shares	-	-	-	-	(300,000)	-	(300,000)
Distribution of the profit from prior years	-	-	-	-	226,174	(226,174)	-
Balance at 31/12/2022	50,100	141,884	549,900	860	342,426	326,752	1,411,922
Balance at 1/1/2023	50,100	141,884	549,900	860	342,426	326,752	1 411,922
FX gains (losses) and revaluation gains (losses) not included in profit or loss	-	-	-	12,729	-	-	12,729
Net profit for the period	-	-	-	-	-	425,521	425,521
Profit shares	-	-	-	-	(200,000)	-	(200,000)
Distribution of the profit from prior years	-	-	-	-	326,752	(326,752)	-
Balance at 31/12/2023	50,100	141,884	549,900	13,589	469,178	425,521	1 650,172

Notes to the financial statement 2023

1. GENERAL INFORMATION

(a) Description of the Company

Establishment and description of the Company

Allianz penzijní společnost, a.s. ("the Company") was registered on 1 January 2013 by a transformation of Allianz penzijní fond, a.s. pursuant to Act No. 427/2011 Coll., on Supplementary Pension Savings. Based on a decision of the Czech National Bank ref. no. 2012/10254/570, dated 24 October 2012, the Company was granted a licence to operate as a pension company. The decision took effect on 26 October 2012.

As at 31 December 2023, the Company's sole shareholder was Allianz pojišťovna, a.s.

Transformation process

In accordance with Act No. 427/2011 Coll., on Supplementary Pension Savings, the Company prepared a transformation project that was approved by the Czech National Bank on 24 October 2012. Based on the project, the pension fund Allianz penzijní fond, a.s. was dissolved as at 31 December 2012. As at 1 January 2013, the pension company Allianz penzijní společnost, a.s. and the transformed fund Allianz transformovaný fond, Allianz penzijní společnost, a.s. ("the Transformed Fund") were registered.

Principal activities of the Company:

- a) Accumulation of contributions from participants in supplementary pension insurance and support provided by the state in respect of the participants and administration of the contributions pursuant to Act No. 42/1994 Coll.,
- b) Accumulation of participants' contributions, employers' contributions and state contributions pursuant to Act No. 427/2011 Coll., on Supplementary Pension Savings, to be placed in participation funds, management of assets in participation funds and payment of supplementary pension savings benefits.

The Company operates exclusively in the Czech Republic.

Company name and registered office

Allianz penzijní společnost, a.s.
Ke Štvanici 656/3
186 00 Prague 8
Czech Republic

Identification number

256 12 603

Members of the board of directors and supervisory board as at 31 December 2023

<i>Members of the board of directors</i>	<i>Members of the supervisory board</i>
Ing. Dušan Quis (chairman)	Ing. Petr Sosík, Ph.D. (chairman)
Venelin Yanakiev	JUDr. Zdeněk Chudoba
Mgr. Josef Lukášek	Mgr. Eva Koubíková
Ing. Petr Hrbáček	
Mag. Robert Altfahrt-Riedler	

Two members of the Board of Directors act jointly on behalf of the Company. Or one member together with the procurator. Signing on behalf of the Company is done by attaching your signature to the printed or written name of the Company.

Changes in the Commercial Register

In 2023, the following changes were made in Allianz penzijní společnosti, a.s.

- on September 30, 2023, Mgr. Karel Pilař resigned from the position of member of the supervisory board
- on October 1, 2023, Mgr. Eva Koubíková was appointed to the position of member of the supervisory board.

Depositary

Depositary services are rendered by UniCredit Bank Czech Republic and Slovakia, a.s., identification number (IČO) 649 48 242, with its registered office at Želetavská 1525/1, 140 92 Prague 4 - Michle ("the Depositary"), on the basis of a depositary agreement dated 13 December 2013.

Allianz penzijní společnost a.s. manages clients' contributions in the following funds:

- Participation funds – supplementary pension savings (new third pillar)
- Transformed Fund – supplementary pension insurance (existing third pillar)

Supplementary pension savings (new third pillar)

- Obligatory conservative participation fund (Allianz povinný konzervativní účastnický fond)
- Balanced participation fund (Allianz vyvážený účastnický fond)
- Dynamic participation fund (Allianz dynamický účastnický fond)

Transformed Fund (former third pillar)

Allianz transformed fund

The consolidated financial statements for the group of accounting entities, to which the Company belongs as a consolidated accounting entity, are prepared by Allianz SE, with its registered office in Munich, Germany.

Organisational structure as at 31 December 2023

Allianz penzijní společnost a. s.

RESORT CEO DUŠAN QUIS	RESORT CFO VENELIN YANAKIEV	RESORT COO ROBERT ALTFAHRT-RIEDLER	RESORT CSO PETR HRBÁČEK	RESORT CPO JOSEF LUKÁŠEK
PRÁVNÍ ODDĚLENÍ Zdeněk Chudoba	CONTROLLING Radek Stamenov	IT Jiří Zahálka	CENTRÁLNÍ PODPORA OBCHODU Pavel Martynek	PRICING PORTFOLIO MANA- GEMENT A PRODUKTOVÉ A KLIENSKÉ ANALÝZY Martin Kaláš
COMPLIANCE Darina Jašíčková	INVESTICE A TREASURY Petr Podolka	SPRÁVA POJIŠTĚNÍ Hana Svatošová	MLM Čeněk Báča	PENZIJNÍ SPOŘENÍ A BUSINESS ARCHITEKTURA Jan Troníček
INTERNÍ AUDIT Jiří Machát	ÚČETNICTVÍ Anna Švehlová	CENTRUM SLUŽEB ZÁKAZNÍKŮM L'ubica Rybáriková		PENZIJNÍ SPOŘENÍ A PRODUKTOVÁ LEGISLATIVA Štěpán Hegar
HUMAN RESOURCES Eva Koubíková	PLATBY KLIENTŮ Dana Volhejnová	ORGANIZAČNÍ MANAGEMENT Milan Belica		
MARKET MANAGEMENT Jan Andrijko	POJISTNÁ MATEMATIKA Jarmila Ranošová	TECHNICKÁ IMPLEMENTACE Katarína Starinská		
ŘÍZENÍ RIZIK Kamila Šimonová	PROCUREMENT & OPERATIONS SUPPORT Michal Chňoupek			
PMO Jakub Novotný	DANĚ Jan Tichý			

B+
 B2
 B1
 SE - senior expert

(b) Basis of preparation of the financial statements

The financial statements, which include the balance sheet, income statement, statement of changes in equity and related notes, have been prepared in accordance with the Accounting Act, decrees issued by the Ministry of Finance of the Czech Republic and Czech Accounting Standards for Financial Institutions. It is based on the historical cost principle, which is modified by measuring financial instruments at fair value through profit or loss ("FVTPL") or fair value through equity ("FVOCI"), (according to international financial reporting standards as adopted by the EU ("IFRS"), changes in the fair values of this category are recognized in other comprehensive income). The Company's management is convinced that it has adequate resources for its business activities in the foreseeable future, and therefore these financial statements have been prepared on the assumption that the Company's business activities will continue.

The financial statements are based on the assumption that the entity will continue as a going concern and that there is no circumstance that would restrict or prevent the entity's ability to continue as a going concern in the foreseeable future.

Unless otherwise indicated, all amounts are shown in thousands of Czech crowns (TCZK). Numbers in parentheses represent negative numbers.

The financial statements are not consolidated.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted in the preparation of the Company's financial statements are set out below:

(a) Transaction date

Depending on the transaction type, the transaction date is generally defined as:

- the date of payment or collection of cash,
- the date of purchase or sale of foreign currency or securities,
- the date of executing a payment,
- the date on which (foreign currency) funds are credited, as stated in an account statement,
- the trade and settlement date for spot transactions, i.e. purchases or sales of financial instruments or commodities where the period between concluding and settling the transaction does not exceed two days,
- the trade and settlement date for derivatives transactions.

The entity has determined that spot transactions (i.e. accounting transactions involving purchase and sale of financial assets with a usual term of delivery) are recorded directly in an appropriate asset or liability account on the trade date.

The Company derecognises a financial asset or part thereof from the balance sheet if it loses control of the contractual rights to the financial asset or part thereof. The Company loses this control if it exercises the rights to the benefits defined in a contract, or if such rights expire or are waived by the fund.

When a financial liability or part thereof ceases to exist (e.g. the obligation specified in a contract is discharged or cancelled or expires), the entity will no longer recognise the financial liability or part thereof in the balance sheet. The difference between the carrying amount of a liability (or part thereof) that ceased to exist or was transferred to another party and the consideration paid is recognised in profit or loss.

(b) Accounting policies for financial instruments**Initial recognition**

Financial instruments in the FVTPL category are initially recognized at fair value. All other financial instruments are initially recognized at fair value adjusted for transaction costs. The fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is recognized only when there is a difference between the fair value and the transaction price that is evidenced by other observable market transactions of the same instrument or by a valuation technique whose inputs include only observable market data. After the initial recognition of a financial instrument, the expected credit loss for financial assets valued in the AC category and investments in debt instruments valued in the FVOCI category is calculated and reported, resulting in an immediate accounting loss.

Financial instruments – valuation

Fair value is the price that would be received to sell an asset or paid to settle a liability in a transaction between market participants on the valuation date. The best proof of fair value is an a price on active market. An active market is one in which transactions in assets or liabilities are carried out in sufficient frequency and volume to provide information about prices on an ongoing basis. The fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the amount held by the entity. This is the case even if the normal daily trading volume on the market is not able to absorb the quantity held and entering a sale of the entire position held in a single transaction could affect the quoted price.

Valuation techniques, such as discounted cash flow models or models based on recent market transactions or an assessment of investment financial data, are used to determine the fair value of certain financial instruments for which external market price information is not available. Fair value measurement is analysed based on the fair value hierarchy as follows:

- the first level is valuation based on quoted prices from active markets for identical assets or liabilities,

- valuation on the 2nd level are valuation techniques with all significant inputs for the asset or liability observable in the market either directly (ie from price) or indirectly (ie derived from price); and
- valuation on the 3rd level is not based solely on observable market data (it means, valuation requires significant unobservable inputs and estimates). Transfers between individual levels of fair values are assumed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. An incremental cost is an expense that would not have been incurred if the entity had not acquired, disposed of or issued the financial instrument. Transaction costs include fees and commissions to sales representatives, advisors, brokers and dealers, as well as fees to regulators and stock exchanges, transfer taxes and other fees. Transaction costs, on the other hand, do not include premiums or discounts, financing costs, internal administrative costs or holding costs.

Transaction costs directly attributable to the acquisition, issue or disposal of a financial asset or liability recognized in the FVTPL are recognized immediately in profit or loss. Transaction costs associated with the acquisition, issue or disposal of a financial asset or liability recognized in AC are included in purchase cost and amortized using the effective interest method.

Financial instruments – classification and subsequent valuation – valuation categorisation

The Company classifies financial assets in the following valuation categories: FVOCI, AC and FVTPL. The classification and subsequent measurement of debt financial assets depends on:

- the Company's business model for portfolio management of related assets; and
- the characteristics of the contractual cash flows of the asset.

Financial assets in fair value recognized in profit or loss („FVTPL“).

The category may include three sub-categories: financial assets held for trading, non-trading financial assets that are required to be carried at fair value through profit or loss and financial assets designated at initial recognition as fair value through profit or loss (FVO).

Financial assets compulsorily valued in fair value recognized in profit or loss

Non-trading financial assets carried at fair value through profit or loss must be included in this category if the contractual terms of the asset result in cash flows that are not solely repayments of principal and interest on the principal. Financial assets managed on a fair value basis are also included in this category.

“AC” – Amortized cost is the amount at which the financial instrument was initially recognized after deducting all principal payments, plus accrued interest and, for financial assets, less any allowances for expected credit losses (“ECLs”). Accrued interest includes amortization of transaction costs capitalized at initial recognition and accrued premium or discount, ie the difference between the initial value and the value at maturity, amortized using the effective interest rate method. Accrued interest income and accrued interest expense, including accrued coupon and amortized discount or premium (including any capitalized accrued charges), are not reported separately and are included in the carrying amount of related items in the financial statements.

A financial asset is classified as AC only if it meets both of the following conditions:

- the asset is held within a business model that seeks to collect contractual cash flows;
- the contractual terms of the financial asset result in cash flows that are solely repayments of principal and interest on the principal.

Effective interest rate method is a method of allocating interest income or interest expense over a relevant period so as to achieve a constant periodic interest rate (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, where appropriate, a shorter period) to the gross carrying amount of the financial asset or the carrying amount of the financial liability.

The effective interest rate discounts the cash flows of a variable interest rate instrument on the next interest refixing date, with a premium or discount that reflects the credit spread over the floating interest rate in instruments or other variables that are not adjusted to market rates. Such premiums or discounts are amortized over the life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Financial assets at fair value through other comprehensive income (FVOCI).

A financial asset is classified in the FVOCI category only if it meets both of the following conditions and is not designated as an instrument of the “Fair value option” (FVO) category:

- the asset is held within a business model that seeks to collect contractual cash flows and sell financial assets;
- the contractual terms of the financial asset result in cash flows that are solely repayments of principal and interest on the principal

Financial assets in FVOCI are subsequently reported at fair value. Unrealized gains and losses are recognized in equity as valuation differences on FVOCI's financial assets after tax, until the financial asset is derecognised. If these assets are sold, unrealized gains or losses recognized in valuation differences on FVOCI's financial assets are reclassified to profit or loss from financial operations. Interest received on assets is calculated using the effective interest rate and is reported separately in Net interest income. Impairment losses on these assets are recognized in the income statement as impairment losses.

Financial instruments - classification and subsequent valuation - business model.

The business model reflects the way the Company manages its cash flow generation assets - whether the Company's objective is to:

- only collect contractual cash flows from assets ("holding to obtain contractual cash flows") or
- collect both contractual cash flows and cash flows arising from the sale of assets ("holding to obtain contractual cash flows and sales"), or
- if none of the points is applicable, financial assets are classified as part of a "different" business model and valued in the FVTPL category.

The business model is determined for a group of assets (at the portfolio level) on the basis of all relevant evidence of the activities that the Company undertakes to achieve the target set for the portfolio available on the valuation date. Factors considered by the Company in determining its business model include the following: in buying or selling securities, the Company primarily focuses on fair value and uses this information to evaluate asset performance and make decisions. This portfolio is not held for the purpose of holding to collect contractual cash flows ("Hold to collect") or for the purpose of holding to collect cash flows and the sale of financial assets ("Hold to collect and sell"). For such a portfolio, the collection of contractual cash flows is only incidental to achieving the business model objective.

Financial instruments - classification and subsequent valuation - characteristics of cash flows.

In the case of the "held for collection of contractual cash flows" or "held for collection of contractual cash flows and sales" business models, the Company assesses whether these cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered for these purposes as a whole.

If the contractual terms give rise to exposure to risk or volatility, the financial asset is classified and valued within the FVTPL. The SPPI is valued at the initial recognition of the asset and is not reassessed subsequently. The principal approaches applied by the Company in performing the SPPI test of financial assets are set out in the note on critical judgments.

Financial instruments – reclassification

Financial instruments are only reclassified when the business model for portfolio management as a whole changes. The reclassification has a prospective effect and is applied from the beginning of the first reporting period following the change in the business model.

The Company has not changed its business model during the current and previous periods and has not made any reclassifications.

Impairment of financial assets - allowance for expected credit losses (ECL).

Based on expectations, the Company assesses ECL for debt instruments measured in FVOCI and AC. The Company measures ECL and reports an expected loss at each balance sheet date.

ECL measurements reflect:

- an undistorted and probabilistic amount, which is determined by evaluating the range of possible outcomes,
- time value of money and
- all reasonable and substantiated information that is available without undue cost and effort at the end of each reporting period on past events, current conditions and forecasts of future developments.

For debt instruments classified in FVOCI and AC, changes in carrying amount due to increase or decrease in provisions are recognized in profit or loss, while changes in the fair value of financial assets in FVOCI, other than changes attributable to interest income and exchange rate differences, are recognized directly in equity.

The Company applies a three-tier model for impairment, based on changes in credit quality from initial recognition. A financial instrument that is not impaired by initial credit losses is classified in Tier 1 (Level 1). For Level 1 financial assets, the ECL is designated as the portion of the ECL for the duration that results from expected default events in the next 12 months or until contractual maturity, whichever is shorter ("12-month ECL"). If, after initial recognition, the Company identifies a significant increase in credit risk ("SICR"), the asset is transferred to Level 2 and its ECL is measured based on the duration of the contract, up to the contractual maturity ("Lifetime ECL"). If the Company finds that a financial asset is impaired, the asset is transferred to Level 3 and its ECL is measured as the ECL over time. The notes regarding critical accounting estimates and judgments or financial risks include information about the inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Company includes forecasts of future developments in ECL models.

Financial liabilities – valuation categories

Financial liabilities are valued in the AC category, with the exception of financial liabilities in the FVTPL category: this classification applies to derivatives, financial liabilities held

for trading (eg short positions in securities) and other financial liabilities for which the Company has exercised the opportunity to classify financial liabilities in the FVTPL category at default recognition.

Investments in debt securities

The Company classifies debt securities investments into FVTPL, FVOCI and AC categories based on its business model and cash flow characteristics.

Interest income from debt securities in the AC or FVOCI portfolio is calculated using the effective interest rate method and recognized in profit or loss. Impairment allowances estimated using the expected credit loss model, including exchange rate differences, are recognized in profit or loss for the year. All other changes in the carrying amount of assets in FVOCI are recognized in equity. When a debt security classified in FVOCI is derecognised, the cumulative gain or loss previously recognized in equity is reclassified to profit or loss.

Investments in debt securities are reported in the FVTPL category if they do not meet the criteria for the FVOCI and AC categories. The Fund may also irrevocably designate investments in debt securities as FVTPL on initial recognition if this option significantly reduces an accounting mismatch between financial assets and liabilities that are recognized or measured in accordance with different accounting policies.

Investments in equity securities

Financial assets that meet the definition of equity from the issuer's perspective, ie assets that do not contain a contractual obligation to pay cash and demonstrate a residual interest in net assets, are considered by the Company to be investments in equity securities.

Investments in equity securities are carried at fair value through profit or loss, line "profit or loss from financial operations" or equity, line item "valuation differences from assets and liabilities" in accordance with the Company's business model.

Interest income

Interest income includes:

- for coupon debt securities, means the accruing coupon specified in the terms of issue and the accruing difference between the nominal value and the net acquisition price, referred to as a premium or discount. Net acquisition price means the acquisition price of a coupon bond reduced by the accrued coupon at the time of acquisition of the security,
- for zero-coupon bonds and notes, the accruing difference between the nominal value and the acquisition price.

Interest income on debt securities is recognized in the income statement from the time of acquisition using the effective interest

rate method. In the case of debt securities with a residual maturity of less than 1 year from the settlement date, premiums or discounts are recognized in the income statement on a straight-line basis from the acquisition date to the maturity date.

Dividend income

The fund accounts for dividends on shares or participation certificates in net value, ie after deduction of withholding tax (deducted abroad) and reports them on the line "Income from shares and participations".

Derecognition of securities

When selling securities, an entity uses the average price method to measure the decrease in securities.

(c) Reverse repo operations

Transactions in which securities are purchased with an obligation to resell (reverse repo operations) at a predetermined price are accounted for as loans granted by securities that are the subject of purchase and resale.

These loans are reported in the balance sheet under "Receivables from banks and credit unions".

Securities received as part of reverse repo operations are recorded only in the off-balance sheet under "Pledges and collateral received".

Reverse repo transactions are reported at accrued value (AC), which is reduced by any provision.

Revenues arising from reverse repo transactions as the difference between the sale and purchase price are accrued over the period of the transaction and recognized in the income statement under "Interest income and similar income".

(d) Derivatives

A derivative is a financial instrument that meets the following conditions:

- a) its fair value changes in response to the change in a specified interest rate, price of a security, commodity price, foreign exchange rate, price index, credit rating or credit index, or other variable ("underlying asset"),
- b) it requires a small or no initial net investment, compared with other types of contract based on a similar response to changes in market factors,
- c) it is settled at a future date, with the period from the trade date to the settlement date exceeding that of a spot transaction.

Derivatives are recognised in the balance sheet at fair value. Positive fair values of derivatives are recognised in assets under "Other assets". Negative fair values of derivatives are recognised in liabilities under "Other liabilities".

The fair value of financial derivatives is the present value of expected cash flows from these transactions, determined using valuation models generally accepted on the market which use parameters ascertained on the active market, such as foreign exchange rates, interest rates applicable to relevant maturities based on a yield curve, etc.

In the off-balance sheet, derivatives are recorded at the non-discounted contractual value of the underlying instrument under "Receivables from fixed term transactions", "Receivables from options", "Liabilities from fixed term transactions" and "Liabilities from options".

Trading derivatives

Derivatives held for trading are recognised in the balance sheet at fair value. Gains and losses from changes in fair value are recorded in the income statement under "Gain or loss from financial operations".

(e) Receivables and adjustments

Receivables are recognised at nominal value less adjustments (if any). Unrecoverable receivables are written off, once bankruptcy proceedings regarding a debtor are over or if it is not probable that they will be recovered.

The Company establishes adjustments for doubtful receivables based on an analysis of the credit status of customers and the ageing structure of receivables.

Adjustments established are recognised as an expense; their utilisation is recognised, together with expenses or losses associated with a reduction of assets in the income statement. The release of adjustments no longer considered necessary is recognised in income.

Adjustments for assets maintained in foreign currencies are established in the relevant currency.

(f) Deferred acquisition costs

The Company records bonuses paid in prepaid expenses. These bonuses are accrued as follows:

- Supplementary pension insurance (third pillar funds except for the Transformed fund) – over the validity of the relevant contract, up to a period of 5 years
- Transformed Fund (based on an analysis of the Fund participants' behaviour) - over the duration of the relevant contract, up to a period of 14 years.

As at the balance sheet date, the Company assesses whether the deferred acquisition costs incurred in connection with supplementary pension insurance and supplementary pension savings contracts are impaired. The goal of the impairment test is to identify whether the tested asset was impaired or whether the Company is able to cover these assets from the revenues relating to these assets. If the test shows that the tested asset is impaired, the corresponding part is charged to expenses as fees and commissions.

(g) Establishment of provisions

A provision represents a probable cash outflow of uncertain timing or amount. A provision is recognised as an expense amounting to the best estimate of the outflow of resources required to settle a present obligation.

A provision is recognised if the following criteria are met:

- a) a present obligation (legal or constructive) exists as a result of a past event,
- b) it is probable or certain that an outflow of economic benefits will be required to settle the obligation ("probable" means a probability exceeding 50%),
- c) the amount of the obligation can be estimated reliably.

A provision for bonuses is established to cover the cost of bonuses provided in accordance with the conditions for awarding a bonus in respect of certain contracts.

A provision for guaranteed investment contracts is established to cover the cost of guarantees provided to participants who are guaranteed a share of revenues under their pension plans.

The Company presents a change in the balance of the provision in the income statement under "Creation and use of other provisions".

(h) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at historical cost and are depreciated on a straight-line basis over their estimated useful lives.

The depreciation period for each category of tangible and intangible fixed assets is as follows:

Machinery and equipment	3 years
Software	3 years

Intangible fixed assets costing less than TCZK 60 and tangible fixed assets costing less than TCZK 40 with a useful life of less than one year are charged to the income statement in the period in which they are acquired.

(i) Foreign currency translation

Transactions denominated in foreign currencies are recorded in the local currency at the Czech National Bank official rate prevailing on the transaction date.

Financial assets and liabilities denominated in foreign currencies are translated into Czech crowns at the exchange rate published by the CNB as at the balance sheet date. All foreign exchange gains and losses on monetary items are recognized in profit or loss from financial operations, except for equity instruments measured at fair value through profit or loss (FVOCI), where they are also recognized together with their revaluation in equity.

Transactions denominated in a foreign currency are accounted for in Czech crowns at the exchange rate announced by the CNB valid on the day of the transaction or on the day of the accounting event.

Exchange differences arising on the translation of shares or participation certificates that do not meet the definition of a debt instrument, denominated in a foreign currency into Czech currency valued at FVTPL or valued at FVOCI, are reported together with the change in their fair value.

Exchange differences arising from the translation of debt securities denominated in a foreign currency into the Czech currency reported in FVTPL, AC or valued in FVOCI are reported on the line "Profit or loss from financial operations".

(j) Taxation**Current tax**

Non-tax deductible expenses are added to, and non-taxable income is deducted from, the profit for the period before tax to arrive at the taxable income, which is further adjusted for tax allowances and relevant credits.

Deferred tax

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities using the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if the future taxable profits will be probably available against which this asset can be utilised.

(k) Related parties

A related party is a person or entity that is related to the Company when at least one of the following conditions is met:

a) A person or a close member of that person's family is related to the Company if that person:

- controls or co-controls the Company;
- has a material effect on the Company; or
- is a member of the key management personnel of the Company or its parent company.

b) An entity is related to the Company if any of the following conditions apply:

- The entity and the Company are members of the same group (meaning that all parent, subsidiary and sister companies are related).
- One entity is an associate or joint venture of another entity (or an associate or joint venture of a group member of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- An entity is a post-employment benefit plan for the benefit of employees of the Company or an entity that is related to the Company. If the Company itself is such a plan, the contributing employers are also related to the Company.
- The entity is controlled or jointly controlled by a person mentioned above.
- The person referred to in the first paragraph has significant influence over the entity or is a member of the key management personnel of the entity (or its parent).
- The entity or any member of the group of which it is a member provides key management services to the Company or the Company's parent.

A related party transaction is a transfer of resources, services or liabilities between the Company and a related party, regardless of whether a price is charged.

Close members of a person's family are those family members who can be expected to influence or be influenced by the person in their dealings with the entity and include:

- children and spouse or partner of a common householder; and
- dependents of this person or his / her spouse or partner in the common household.

(l) Capital requirements

The amount of assets in transformed fund must be equal or higher than amount of liabilities in transformed fund. If the value of assets is not sufficient to cover the liabilities, the Company is according to §187 Act No. 427/2011 Coll. on Supplementary pension savings required to transfer the assets to transformed fund. This asset is accounted against Equity funds in compliance with the Statutes of the Company.

(m) Changes in accounting policies and corrections of prior period errors

Corrections to prior period expenses or income are recognised as current period expenses or income, with the exception of corrections of material errors relating to prior periods.

Corrections of material errors in the recognition of prior period income or expenses and changes in accounting policies are recognised under "Retained profits (or accumulated losses)" in the Company's balance sheet.

In the period from January 1 to December 31, 2023, the company did not make any corrections of fundamental errors or changes in accounting methods.

(n) Changes in accounting rules effective from 1 January 2021***Changes in the classification, measurement and recognition of financial instruments.***

The Company applies the requirements of Decree No. 442/2017 Coll. required the Company to apply, as of January 1, 2021, the following for IFRS for the recognition, measurement and disclosure of financial instruments. The Company has complied with IFRS in the area of financial instruments has elected not to restate comparative figures and will report changes in the carrying amounts of financial assets and liabilities at inception retained earnings at the effective date of the changes resulting from this Ordinance, i.e. on 1 January 2021.

The significant accounting policies applied in the current period are described in Part 2. Significant accounting policies.

(o) Risk management

In managing risks, the Company considers all significant risks and risk factors to which the pension company or the funds managed by the Company are or might be exposed to. Risk management considers both internal and external factors including the future business strategy for the pension company and the funds managed by the Company, impacts of the economic environment and the cycle and impacts of the regulatory environment. Risk management considers both quantitative and qualitative aspects of risks, realistic options for their management and expenses and income related to risk management.

Liquidity risk

Liquidity risk includes both the risk that the Company is unable to finance its assets using instruments with appropriate maturity and the risk that the Company is unable to dispose of its assets for the appropriate price within the appropriate time period

Equity risk

Equity risk is the risk that the price of equity instruments held in the Company's portfolio and financial derivatives derived from these instruments will fluctuate. The main source of this risk is trading in equity instruments. The risks of equity instruments are managed by limits that are set in accordance with the requirements of the law and the investment strategy.

Currency risk

Assets and liabilities denominated in foreign currencies represent the Company's exposure to currency risks. Realized and unrealized foreign exchange gains and losses are recognized directly in the income statement.

(p) Fair value reporting

Fair value measurement is analysed by level in the fair value hierarchy as follows:

Level 1: Published quotations in active markets are used to determine the fair values of financial assets and liabilities. Market revaluation is obtained using the prices of an identical asset or liability, which means that no revaluation model is used. The fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer prices.

Level 2: Valuation techniques based on direct (eg price) or indirect (eg price derived) market inputs. This category includes financial instruments valued at quoted market prices for similar financial instruments, valued at quoted prices for identical or similar financial instruments in markets that are considered less active or valued by other valuation techniques for which all significant inputs are directly or indirectly observed in the markets.

Level 3: Valuation techniques based on significant non-market inputs. This category represents all financial instruments for which valuation techniques include inputs that are not based on observable data and for which non-market inputs have a significant impact on their revaluation. The category includes financial instruments whose revaluation is based on quoted market prices of similar financial instruments, but which need to be adjusted for significant non-market adjustments and assumptions that reflect differences between financial instruments.

Interim fair value measurements are those required or permitted by accounting standards in the balance sheet at the end of each reporting period. The levels in the fair value hierarchy in which interim fair value measurements are included are as follows:

TCZK	31 December 2023				31 December 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets in fair value								
Securities in FVOCI	-	775,548	-	775,548	-	678,428	-	678,428
State bonds		775,548		775,548		678,428		678,428
Equity securities in FVTPL	-	-	217,057	217,057	-	-	245,551	245,551
Shares			217,057	217,057			245,551	245,551
Other financial assets	-	-	-	-	-	7,813	-	7,813
Currency forwards/swaps	-	-	-	-	-	7,813	-	7,813
Total financial assets in interim fair value	-	775,548	217,057	992,605	-	686,241	245,551	931,792
Financial liabilities in fair value								
Other financial liabilities	-	-	-	-	-	-	-	-
Currency forwards/swaps	-	(1,662)	-	(1,662)	-	-	-	-
Total financial liabilities in interim fair value	-	(1,662)	-	(1,662)	-	-	-	-

3. NET INTEREST INCOME

TCZK	2023	2022
Interest from debt securities FVOCI	55,085	31,528
Interest income and similar income	206	73
Interest on reverse repo	18,727	4,420
Interest from other assets	-	5,228
Total	74,018	41,249
Interest expense and similar expense	(55)	-
Total	(55)	-
Net interest income	73,963	41,249

4. SHARE INCOME

TCZK	2023	2022
Dividends – shares FVTPL	5,776	7,474
Total	5,776	7,474

5. FEE AND COMMISSION INCOME AND EXPENSE

TCZK	2023	2022
Fee and commission income from		
management of funds' assets	516,238	502,762
appreciation of funds' assets	173,795	105,545
other revenue from portfolio of funds	78	114
one-off fees from participants	345	311
Total	690,456	608,732
Fee and commission expense from		
commissions to intermediaries	70,344	65,297
fees to the depositary	3,039	4,928
fees from securities transactions and to the bank	16,837	15,702
other	93,630	147,255
Total	183,850	233,182

The item "Other" includes the balance of expenses as at 31 December 2023 (2022) incurred by the pension company in relation to returns under guaranteed investment contracts of participants of the Allianz transformed fund for 2022 (2021), who are guaranteed a share of revenues under their pension plans.

As at the balance sheet date, a provision is established for this guaranteed appreciation for the current period (see note 19).

6. GAIN OR LOSS FROM FINANCIAL TRANSACTIONS

TCZK	2023	2022
Securities operations	(28,493)	3,644
Derivatives operations	2,921	20,166
ECL changes	7	(87)
Exchange rate differences	(355)	(145)
Total	(25,920)	23,578

7. GEOGRAPHIC SEGMENTATION OF REVENUES

TCZK	CR	EU	NON-EU	Total
2023				
Share income	-	5,776	-	5,776
Interest income and similar income	74,018	-	-	74,018
Interest from fees and provision	690,378	78	-	690,456
Gain or loss from financial operations	(100)	(25,815)	(5)	(25,920)
Total	764,296	(19,961)	(5)	744,330
2022				
Share income	-	7,474	-	7,474
Interest income and similar income	41,249	-	-	41,249
Interest from fees and provision	608,618	114	-	608,732
Gain or loss from financial operations	(30)	23,637	(29)	23,578
Total	649,837	31,225	(29)	681,033

8. ADMINISTRATIVE EXPENSES

TCZK	2023	2022
Wages and salaries paid to:	24,339	21,300
Employees	15,251	13,244
Other executives	9,088	8,056
Social and health insurance	7,889	6,869
Other employee expenses	598	762
Employee expenses	32,826	28,931
Information technology	12,467	11,373
Rent and related expenses	1,537	1,015
Advertisement and marketing services	2,157	10,722
Audit, legal and tax advisory	2,183	1,639
Other	55,026	47,619
Other administrative expenses	73,370	72,368
Total	106,196	101,299

The item "Other" in other administrative expenses relates primarily to re-invoiced outsourcing expenses of TCZK 45,206 (2022: TCZK 41,479) regarding supplementary pension insurance contracts concluded in 2023.

The item "Audit, legal and tax advisory" primarily includes expenses incurred in connection with audit services provided by PricewaterhouseCoopers Audit, s.r.o. in the amount of TCZK 2,143 (2022: TCZK 1,639).

The average number of the Company's employees was as follows:

	2023	2022
Employees	23	21
Members of the board of directors	5	5
Members of the supervisory board	3	3
Other executives	3	3

9. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2023	31.12.2022
Receivables		
management of funds' assets	36,366	37,400
appreciation of funds' assets	173,795	105,545
derivates	-	7,813
Payables		
relating to service purchases	4,987	4,465
derivatives	1,662	-

TCZK	2023	2022
Income		
from management of funds' assets	516,238	502,762
from appreciation of funds' assets	173,795	105,545
from derivatives	30,061	38,444
Expenses		
Service purchases	75,362	90,117
From derivatives	27,130	18,657
Off-balance sheet assets		
Receivables from fixed term transactions	222,285	262,916
Off-balance sheet liabilities		
Liabilities from fixed term transactions	222,525	252,002
Values taken under management	66,114,959	64,862,222

10. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2023	31.12.2022
Current accounts at banks	64,544	239,761
Repo operations	576,820	290,183
Total	641,364	529,944

Current accounts from which the Company registers receivables are kept at UniCredit Bank Czech Republic and Slovakia, a.s.

Transactions arising from Repo operations are concluded with Komerční banka a.s. , as of December 31, 2023, the Company acquired, as part of reverse repo transactions, state treasury bill CZ0001006936 with a market value of 569,733 TCZK. Treasury bills are recorded in the sub-balance sheet under the item "Accepted pledges and security".

11. DEBT SECURITIES

(a) Classification of debt securities into portfolios according to the Company plan

TCZK	31.12.2023	31.12.2022
Valuated by FVOCI	775,548	678,428
Total	775,548	678,428

(b) Analysis of debt securities

TCZK	31.12.2023	31.12.2022
Issued by financial institutions		
- Listed on the CZ stock exchange	775,548	678,428
Total	775,548	678,428

12. SHARES AND PARTICIPATION CERTIFICATES

(a) Classification of the shares and participation certificates according to the Company plan

TCZK	31.12.2023	31.12.2022
Valuated by FVOCI	217,057	245,551
Total	217,057	245,551

(b) Analysis of the shares and participation certificates

TCZK	31.12.2023	31.12.2022
Issued by non-financial institutions		
- Listed elsewhere	217,057	245,551
Total	217,057	245,551

13. OTHER INVESTMENTS – DERIVATIVES

a) Nominal and fair values of fixed derivatives

Trading derivatives

Fixed derivatives with positive fair value	Nominal value		Fair value	
	2023	2022	2023	2022
Currency derivatives	-	262,916	-	7,813
Total	-	262,916	-	7,813

Fixed derivatives with negative fair value	Nominal value		Fair value	
	2023	2022	2023	2022
Currency derivatives	222,285	-	(1,662)	-
Total	222,285	-	(1,662)	-

b) Residual maturity of derivatives in fair value

Trading derivatives

TCZK	Up to 3 months.	3 months -1 year	1 year -5 years	Over 5 years	Total
31 December 2023					
Currency derivatives	(1,662)	-	-	-	(1,662)
31 December 2022					
Currency derivatives	7,813	-	-	-	7,813

c) Residual maturity of derivatives in nominal value

Trading derivatives

TCZK	Up to 3 months.	3 months -1 year	1 year -5 years	Over 5 years	Total
31 December 2023					
Currency derivatives with positive value	222,285	-	-	-	222,285
31 December 2022					
Currency derivatives with positive value	262,916	-	-	-	262,916

14. INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets

TCZK	Software - Total
Cost	
At 31 December 2022	51,184
Additions	948
Disposals	-
At 31 December 2023	52,132
Accumulated amortisation and adjustments	
At 31 December 2022	48,312
Regular amortisation charge	2,580
Disposals	-
At 31 December 2023	50,892
Net book value	
At 31 December 2022	2,872
At 31 December 2023	1,240

15. TANGIBLE FIXED ASSETS

Movements in tangible fixed assets

TCZK	Fixtures and fittings	Machinery and equipment	Tangible assets under construction	Total
Cost				
At 31 December 2022	78	4,304	4	4,386
Additions	-	-	-	-
Disposals	16	30	-	46
At 31 December 2023	62	4,274	4	4,340
Accumulated depreciation				
At 31 December 2022	64	4,304	-	4,368
Regular depreciation charge	-	-	-	-
Disposals	16	30	-	46
At 31 December 2023	48	4,274	-	4,322
Net book value				
At 31 December 2022	14	-	4	18
At 31 December 2023	14	-	4	18

16. OTHER ASSETS

TCZK	31.12.2023	31.12.2022
Receivables due to tax state	-	22
Trade and employee receivables	252	235
Positive fair value of derivatives	-	7,813
Estimated receivables	210,015	142,799
Total	210,267	150,869

Estimated receivables comprise fees for management and appreciation of funds' assets for 2023.

17. PREPAID EXPENSES AND ACCRUED INCOME

TCZK	31.12.2023	31.12.2022
Deferred commissions	118,873	161,059
Other	53	76
Total	118,926	161,135

Deferred commissions totalling TCZK 118,873 (2022: TCZK 161,059) relate to deferred acquisition cost of supplementary pension savings contracts and supplementary pension insurance contracts.

18. OTHER LIABILITIES

TCZK	31.12.2023	31.12.2022
Trade payables	212,184	193,341
Payables due to employees	1,338	1,045
Payables due to state	45,854	41,955
Social security liabilities	717	640
Liabilities from securities trading	72	-
Negative value of derivatives	1,662	-
Estimated payables	20,490	25,704
Total	282,245	262,685

Trade payables

As at 31 December 2023, trade payables included payables to intermediaries related to unpaid commissions held as deposits in the amount of TCZK 16,396 (31 December 2022: TCZK 16,454), payables related to unpaid benefits to clients of TCZK 162,002 (31 December 2022: TCZK 158,175). Other payables of TCZK 28,052 (31 December 2022: TCZK 14,230) to participants as a result of unmatched payments as at 31 December 2023 and other trade payables of TCZK 5,721 (31 December 2022: TCZK 4,474).

Social security and health insurance liabilities

Social security and health insurance liabilities totalled TCZK 717 as at 31 December 2023 (31 December 2022: TCZK 640). None of these liabilities were overdue.

Estimated payables

As at 31 December 2023, estimated payables primarily consisted of estimated payables relating to depositary services and operating expense of TCZK 15,406 (31 December 2022: TCZK 20,658), and annual bonuses to employees including social and health insurance of TCZK 5,084 (31 December 2022: TCZK 5,136).

19. PROVISIONS

The Company establishes provisions for bonuses and guaranteed return in accordance with the methods described in note 2 (c).

In TCZK	Value of provisions at 31.12.2022	Addition	Utilisation	Value of provisions at 31.12.2023
Provision for bonuses	130	-	-	130
Provision for guaranteed investment contracts	94,081	31,802	94,081	31,802
Total	94,210	31,802	94,081	31,932

The following most significant assumptions were used in the calculation of the provision for guaranteed contracts as at 31 December 2023:

- The provision is created for liabilities arising from contracts of the Transformed Fund with a guaranteed share in the income from management, which are in the savings phase.
- The amount of the provision is calculated on the basis of the average volume of funds on contracts of all clients with a guaranteed appreciation of revenues for 2023.
- The calculation of the provision corresponds to the percentage expected change between guaranteed revenues and revenues of clients with contracts with a guarantee of zero / loss-free appreciation.

20. SHARE CAPITAL

The registered capital of the Company at 31 December 2023 amounted to TCZK 50,100 (2022: TCZK 50,100) and consisted of 300 registered shares, each with a nominal value of TCZK 167 (2022: TCZK 167).

Shareholders of the Company as at 31 December 2023:

Name	Registered office	Relationship to the Company	Number of shares (in pieces)	Share in registered capital (in %)
Allianz pojišťovna, a. s.	Czech Republic	Controlling entity	300	100
Total			300	100

The share in registered capital specified in the above table is equal to the share of voting rights.

21. REVALUATION DIFFERENCES

TCZK	Available for sale investments	Total
Balance as at 31 December 2022	860	860
Decrease / Increase	12,729	12,729
Balance as at 31 December 2023	13,589	13,589
Balance as at 31 December 2021	(1,587)	(1,587)
Decrease / Increase	2,447	2,447
Balance as at 31 December 2022	860	860

22. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the Company's board of directors had not decided on the distribution of profit for the year ended 31 December 2023, amounting to TCZK 425,521.

The profit of the Company for the year ended 31 December 2022 in the amount of TCZK 326,752 has been transferred to the retained earnings.

Based on the Shareholders' decision, a dividend of retained earnings for the previous accounting period in the amount of TCZK 200,000 was paid in 2023 to the Sole shareholder, ie Allianz pojišťovna, a.s.

23. INCOME TAX AND DEFERRED TAX ASSET

a) Current tax for the current period

TCZK	2023	2022
Current period profit (loss) before tax	513,696	397,889
Non-taxable income	(60,862)	(39,682)
Non-tax deductible expenses	34,490	101,425
Other items	(31,802)	(94,080)
Subtotal	455,522	365,552
Tax from the 19% base	86,549	69,455
Tax from the 15% base	866	1,121
Correction of tax – prior period	759	561
Total income tax	88,175	71,137

Act No. 416/2023 Coll. on Top-up taxes for large multinational groups and large domestic groups was adopted based on EU Council Directive 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups. The aim of the Top-up taxes is to eliminate competition between states over different corporate tax rates by introducing a single minimum tax rate to ensure equal conditions for entities around the world and allow states to better protect their tax bases. Top-up taxes will be collected if the calculated effective tax rate in the given jurisdiction is lower than 15 %. Companies in the group whose consolidated annual revenues reported in the consolidated financial statements of the highest parent entity amount to EUR 750 mil. in at least 2 of the 4 reporting periods immediately preceding the given tax period are liable for Top-up taxes.

The Company expects to become a payer of the top-up taxes in the period immediately following the current period. Top-up taxes were not considered in calculating the deferred tax. The Company expects that the tax liability in relation to the Top-up taxes to be immaterial in the following period.

b) Deferred tax asset

As at 31 December 2023 and 31 December 2022 the Company did not account for a deferred tax, because it was not recognized due to insignificance.

24. ASSETS UNDER MANAGEMENT

TCZK	31.12.2023	31.12.2022
Value of managed assets in pension /participation/transformed funds		
participation funds	11,646,747	8,652,761
transformed fund	54,468,212	56,209,461
Total	66,114,959	64,862,222

25. RESIDUAL MATURITY OF THE ASSETS AND LIABILITIES

TCZK	Up to 3 months	3 months to 1 year	1 to 5 year	Over 5 years	Unspecified	Total
At 31 December 2023						
Receivables from banks	641,364	-	-	-	-	641,364
Debt securities	24,898	194,804	163,925	391,921	-	775,548
Shares and mutual funds	-	-	-	-	217,057	217,057
Tangible and intangible fixed assets	-	-	-	-	1,258	1,258
Other assets	252	210,016	-	-	-	210,268
Prepaid expenses and accrued income	-	-	-	-	118,926	118,926
Total	666,514	404,820	163,925	391,921	337,241	1,964,421
Other liabilities	236,463	45,854	-	-	-	282,317
Provisions	-	-	-	-	31,932	31,932
Equity	-	-	-	-	1,650,172	1,650,172
Total	236,463	45,854	-	-	1,682,104	1,964,421
Gap	430,051	358,966	163,925	391,921	(1,344,863)	-
Cumulative gap	430,051	789,017	952,942	1,344,83	-	-

TCZK	Up to 3 months	3 months to 1 year	1 to 5 year	Over 5 years	Unspecified	Total
At 31 December 2022						
Receivables from banks	529,944	-	-	-	-	529,944
Debt securities	-	-	354,238	324,190	-	678,428
Shares and mutual funds	-	-	-	-	245,551	245,551
Tangible and intangible fixed assets	-	-	-	-	2,890	2,890
Other assets	8,070	142,799	-	-	-	150,869
Prepaid expenses and accrued income	-	-	-	-	161,135	161,135
Total	538,014	142,799	354,238	324,190	409,576	1,768,817
Other liabilities	220,730	41,955	-	-	-	262,685
Provisions	-	94,210	-	-	-	94,210
Equity	-	-	-	-	1,411,922	1,411,922
Total	220,730	136,165	-	-	1,411,922	1,768,817
Gap	317,284	6,634	354,238	324,190	(1,002,346)	-
Cumulative gap	317,284	323,918	678,156	1,002,346	-	-

The above tables show the residual maturity of the carrying amounts of the individual financial instruments, not the total cash flows generated by these instruments.

26. CURRENCY RISK

The currency risk of the Company for the most significant currency positions is following:

TCZK	EUR	CZK	Total
As at 31 December 2023			
Receivables from banks	1,568	639,796	641,364
Debt securities	-	775,548	775,548
Shares and mutual funds	217,057	-	217,057
Tangible and intangible fixed assets	-	1,258	1,258
Other assets	-	210,268	210,268
Prepaid expenses and accrued income	-	118,926	118,926
Total	218,625	1,745,796	1,964,421
Other liabilities	-	282,317	282,317
Provisions	-	31,932	31,932
Equity	-	1,650,172	1,650,172
Total		1,964,421	1,964,421
Net	218,625	(218,625)	-

TCZK	EUR	CZK	Total
As at 31 December 2022			
Receivables from banks	2,565	527,379	529,944
Debt securities	-	678,428	678,428
Shares and mutual funds	245,551	-	245,551
Tangible and intangible fixed assets	-	2,890	2,890
Other assets	-	150,869	150,869
Prepaid expenses and accrued income	-	161,135	161,135
Total	248,116	1,520,701	1,768,817
Other liabilities	-	262,685	262,685
Provisions	-	94,210	94,210
Equity	-	1,411,922	1,411,922
Total		1,768,817	1,768,817
Net	248,116	(248,116)	-

27. FINANCIAL INSTRUMENTS – MARKET RISK

The current economic situation remains sensitive to geopolitical developments in the world. The impact on financial and commodity markets, supply chains and key macroeconomic indicators impacting business, such as inflation rates, interest rate levels, currency rate volatility and more, is still significant.

The Company's management evaluated the impact of the current economic situation on its business with the following conclusion:

The outlook for the world economy in 2024 has been significantly affected by in particular by the ongoing developments in the war in Ukraine, slowing inflation and the associated gradual rate cuts central banks. The Czech National Bank started cutting rates as early as December 2023. According to the World Bank, world GDP growth is estimated to return to a level above 3 % in the coming year. The Czech government bond market in 2024 will be mainly influenced by increased bond issuance to cover the CZK 252 billion planned state budget deficit.

28. ADDITIONAL INFORMATION

Number of pension and supplementary pension savings participants

As at the balance sheet date the number of participants of pension savings resulted to amount of 296,558 (2022: 329,204), number of participants of supplementary pension savings 87,708 (2022: 82,399).

Number and amount of benefits paid

Benefits paid to the participants	2023	2022
Number of contracts	77,902	59,073
Total amount of benefits paid	9,934,565	6,886,815

Appreciation of contributions of participants

Information about appreciation of contributions in managed funds is disclosed in Notes to the Financial Statements of respective funds.

29. TRANSACTIONS NOT DISCLOSED IN THE BALANCE SHEET

As at 31 December 2023, the Company was not involved in any legal dispute, the outcome of which would have a material impact on the Company's financial results or the funds managed.

At the balance sheet date, the Transformed fund's financial position does not require the subsidy from Company's capital funds.

As at the balance sheet date, the Company did not have any transactions not disclosed in the balance sheet.

30. MATERIAL SUBSEQUENT EVENTS

The Company's management is not aware of any events that have occurred and that would require an adjustment of the financial statements as at 31 December 2023.

Date of preparation 28 March 2024

Stamp and signature of statutory representative:

Name and signature:
Ing. Dušan Quis



Person responsible for accounting
Ing. Anna Švehlová



Name and signature:
Venelin Yanakiev



Person responsible for financial statements
Ing. Anna Švehlová



Report on relations

This report on relations between related parties, i.e. on business relations to the controlling party, controlled parties and other related parties, is presented based on the obligation stipulated by Act No. 90/2012 Coll. on Commercial Corporations. The parties are members of Allianz Group.

Allianz penzijní společnost, a. s. did not enter into any controlling agreement or transfer of profit agreement during the accounting period of 2023 or previous accounting periods.

Below are listed those Allianz Group companies, with which Allianz penzijní společnost, a. s. maintains material business relationships.

Allianz penzijní společnost, a. s. offers pension products in the Czech Republic.

SUMMARY

Controlling party

- Allianz pojišťovna, a. s., seated at Ke Štvanici 656/3, 186 00 Prague, Czech Republic, sole shareholder of the controlled party;
- Allianz Holding eins GmbH, seated at Wiedner Gürtel 9, 1100 Vienna, Austria, is the direct and sole shareholder of Allianz pojišťovna, a. s. exercising influence over Allianz pojišťovna, a. s. by exercising shareholder rights;
- Allianz SE, seated at Koeniginstrasse 28, 80802 Munich, Germany, is the sole owner of Allianz Holding eins GmbH.

Parties controlled by the same controlling party

- Allianz kontakt, s. r. o., seated in Prague, Czech Republic
- Diamond Point, a. s., seated in Prague, Czech Republic
- Allianz Technology, s. r. o., seated in Prague, Czech Republic

The other related parties are members of Allianz Group and the most important ones are described in the organizational chart of Allianz Group on page 50.

RELATIONS TO CONTROLLING PARTIES

Allianz pojišťovna, a. s.

Allianz penzijní společnost, a. s. is a 100% subsidiary of Allianz pojišťovna, a. s. Allianz penzijní společnost, a. s. and Allianz pojišťovna, a. s. closely cooperate and coordinate their business activities with each other.

Allianz pojišťovna, a. s. and Allianz penzijní společnost, a. s. work closely together in the area of management, asset management, marketing, IT and HR services (sales techniques training, HR development programs, parallel employment). Allianz penzijní společnost and Allianz pojišťovna a.s. concluded a cooperation and cost sharing agreement in 2017. The contractual cooperation also covers the distribution of the former supplementary pension insurance by Allianz sales representatives, cooperation in the processing of personal data, acting as joint controllers of personal data in MojeAllianz application as well as insurance of Allianz penzijní společnost and its employees by Allianz pojišťovna, a.s.

Allianz Holding eins GmbH

Allianz Holding eins GmbH is the parent company and sole shareholder of Allianz pojišťovna, a. s.

Allianz SE

Allianz SE performs tasks of the group's holding company. Allianz penzijní společnost, a. s. and Allianz SE entered into a master cost sharing and service agreement, effective as of 2016.

In 2014, Allianz penzijní společnost, a.s. and Allianz SE concluded the Master agreement for intra-group financial derivatives transactions.

In 2018, Allianz penzijní společnost, a. s. and Allianz SE concluded the Inter-company agreement on the Allianz SE employee share purchase program 2018.

RELATIONS TO OTHER RELATED PARTIES

Allianz kontakt, s. r. o.,

Allianz kontakt, s. r. o. is a 100% subsidiary of Allianz pojišťovna, a. s. Allianz kontakt, s. r. o. is a company acting as an intermediary of insurance and other financial and pension products.

The distribution of pension products from Allianz penzijní společnost, a. s. is provided by Allianz kontakt, s. r. o. on the basis of an agency agreement concluded on 30 December 2016.

Effective as of 1 January 2022, a cooperation and cost sharing agreement was concluded between Allianz penzijní společnost, a. s. and Allianz kontakt, s. r. o.

In 2019, Allianz kontakt, s. r. o. started to operate the RecruitMe software for the individual organizational entities and to provide related services. To support these activities, Allianz kontakt s.r.o. and Allianz pojišťovna, a. s. entered into a software use agreement in 2019.

Since 2021, Allianz kontakt, s. r. o. has been ensuring the operation of the Training Tool software within the group. The following agreements were concluded to this end:

- License agreement for software purchase with Allianz SE, dated 1 October 2020
- Client agreement with Allianz Technology GmbH, Austria, dated 10 November 2020
- Client agreement with Towarzystwo Ubezpieczeń i Reasekuracji Allianz Polska Spółka Akcyjna, dated 29 December 2020
- Client agreement with Allianz Hrvatska d.d., dated 25 March 2021

- Client agreement with ZAD Allianz Bulgaria, dated 16 April 2021
- Client agreement with Allianz pojišťovna, a. s., dated 16 April 2021
- Client agreement with Allianz Tiriac Asigurari SA, dated 11 November 2021
- Client agreement with Allianz-Slovenská poisťovna, a. s., dated 28 November 2022

Diamond Point, a. s.

Diamond Point, a.s. is a 100% subsidiary of Allianz pojišťovna, a. s. Diamond Point, a.s. is the owner of the property located at Ke Štvanici 656/3, which also serves as the seat of Allianz penzijní společnost, a.s.

A long-term lease is agreed between Allianz pojišťovna, a. s. and Allianz penzijní společnost, a. s. Allianz penzijní společnost, a. s. holds securities (fixed interest bonds) in the nominal value of CZK 220,000,000, issued by Diamond Point, a. s. in 2013.

Allianz Technology s.r.o.

Allianz Technology s. r. o. was founded in 2022. On 23 March 2022, Allianz Technology s. r. o. as the buyer entered into an agreement to buy part of enterprise with Allianz penzijní společnost to buy a part of the enterprise identified as the IT department dealing with application operations (IT Infrastructure, Helpdesk & User Support and IT Application Support) and applications and development (Applications & Development, Core & Backend Systems, Sales Frontend Systems, IT Analysis, Architecture & Testing and DWH Development). The transfer became effective as of 1 April 2022.

Following the transfer of the part of enterprise, Allianz Technology s. r. o. and Allianz penzijní společnost, a. s. entered into an IT outsourcing agreement on 1 April 2022.

Allianz penzijní společnost, a. s. cooperates with other related parties particularly in the use of information systems and technology, facility management, and investments. Below is an overview of the most important ones.

Allianz penzijní společnost, a. s. also uses instruments managed by **PIMCO Global Advisors Ireland Ltd.**, an investment firm, for the placement of its financial assets.

Allianz Technology SE

In 2019, Allianz penzijní společnost, a. s. and Allianz Technology SE entered into the Master Service Level Agreement 2.0 Allianz SE Group Center Services stipulating the terms and conditions applicable to the supply of the Group's support services and sharing of related cost. The agreement supersedes the original master IT service agreement of 2017.

Allianz Global Investors Europe GmbH

This company provides Allianz penzijní společnost, a. s. with investment consulting, as stipulated in the Advisory and Provision of Services Agreement of December 2015.

Allianz Real estate GmbH

This company provides Allianz penzijní společnost, a. s. with investment consulting, as stipulated in the Service Agreement - Real Estate investments of February 2018.

IDS GmbH – Analysis and Reporting Services

This company provides Allianz penzijní společnost, a. s. with expert services relating to SPPI (Solely Payment of Principal and Interest) classification and calculation of ECL (Expected Credit Loss) as part of IFRS 9 requirements, subject to the Accession Agreement of Allianz penzijní společnost, a. s. to the Frame Service Level Agreement between Allianz SE – GAR and IDS GmbH – Analysis and Reporting Services dated January 2022.

The company also provides Allianz penzijní společnost, a.s. with expert services relating to the supply of market data used for investment asset valuations, subject to the Individual Work and Services Agreement to the Group-internal Master Agreement for Work and Services dated December 2022.

CLOSING STATEMENT OF THE BOARD OF MANAGEMENT OF ALLIANZ PENZIJNÍ SPOLEČNOST, A.S.

We hereby declare that the report of Allianz penzijní společnost, a.s. on relations between related parties, prepared pursuant to Sec. 82 of Act No. 90/2012 Coll. on Commercial Corporations for the accounting period starting 1 January 2023 and ending 31 December 2023, contains all of the following, concluded or made in the accounting period and known to us as of the date of signing this report:

- structures of relationships between the controlling and controlled party and between the controlled party and parties controlled by the same party
- contracts and agreements between the related parties
- tasks of the controlled party
- controlling method and means - assessment of harm incurred

The company enjoys many advantages arising from its membership in Allianz Group. The principal advantages of being a member of the Group particularly include the strong and well-perceived brand of Allianz, the Group's financial background and extensive distribution network, which facilitates the company's sales of pension products, improves its position in negotiations with business partners and allows for further development of services for end customers.

We hereby declare that we are not aware of any harm incurred by Allianz penzijní společnost, a. s. from the above listed agreements, contracts or measures.

Furthermore, we declare that no disadvantages arise out of the relationships between the controlling and controlled party or between the controlled party and parties controlled by the same party, and thus the existence of such relationships imposes no risk to the controlled party.

In 2023, Allianz penzijní společnost, a. s. disbursed CZK 200,000,000 as a dividend to its sole shareholder. Thus, in the recent accounting period, Allianz penzijní společnost, a. s. made an act in the interest of the controlling party, the volume of which exceeded 10% of its equity reported in the last financial statements.

Prague, 28 March 2024

Ing. Dušan Quis
Chairman of the Board of Management

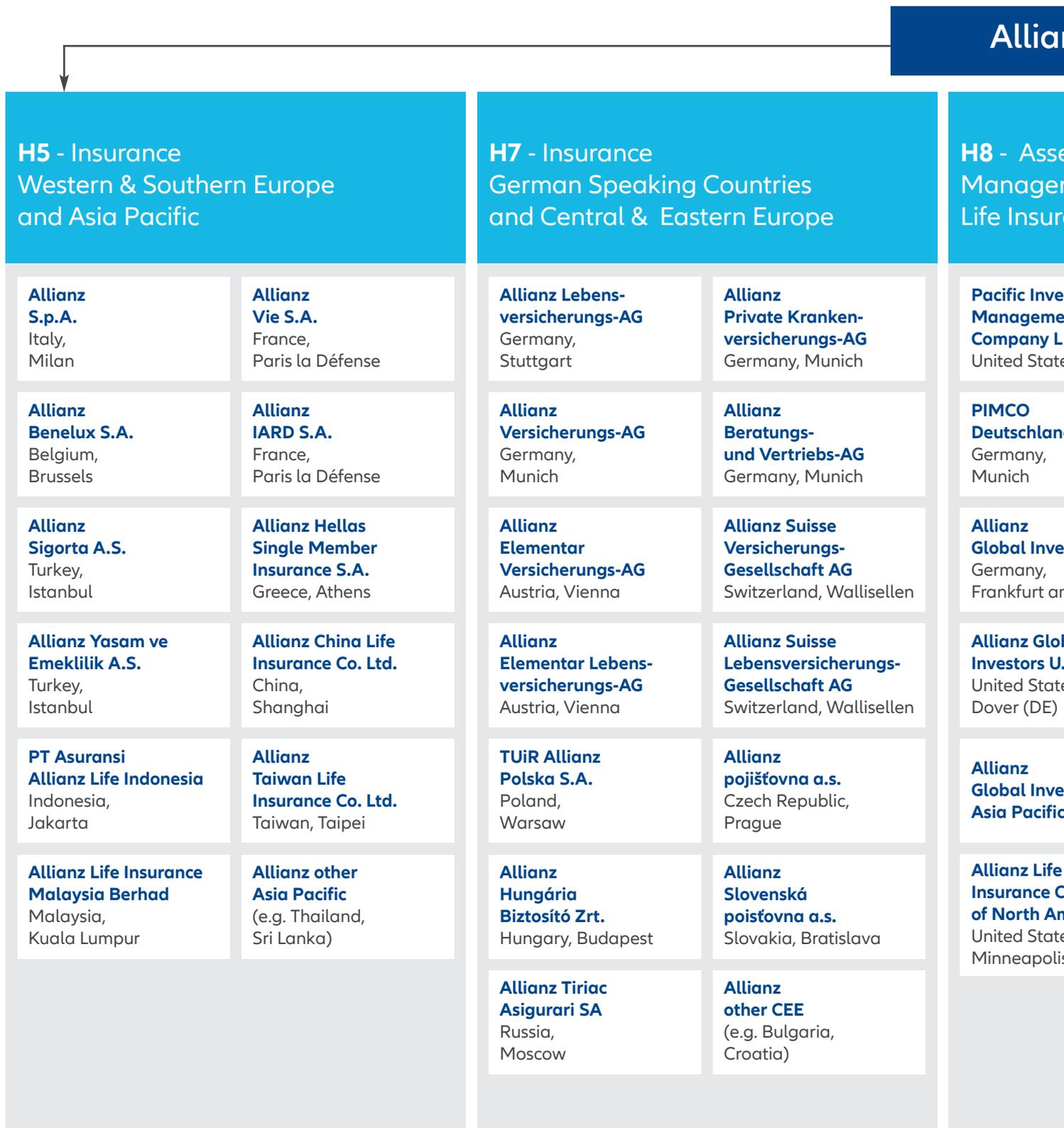


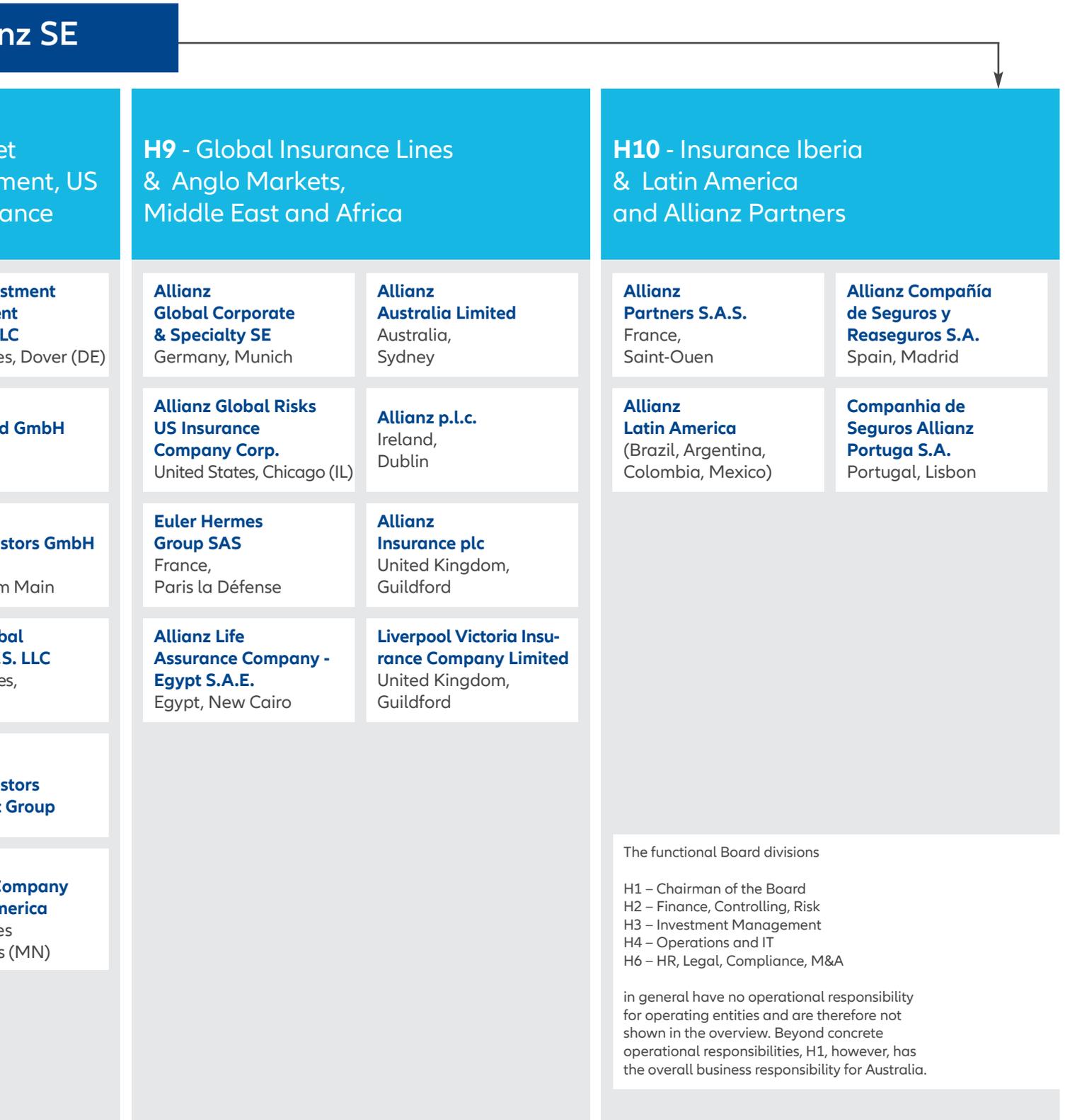
M.A. Venelin Yanakiev
Member of the Board of Management



Allianz Group structure

This overview is simplified. It focuses on major operating entities and does not contain all entities of Allianz Group. It does not show whether a shareholding is direct or indirect. This overview shows the status as of December 31, 2023.





C

fund

Allianz Trasformed fund

Allianz penzijní společnost, a. s.



Contents

PAGE 56

Profile of Allianz
transformovaný fond,
Allianz penzijní společnost, a. s.

PAGE 58

Independent Auditor's Report
to the Participants
of Allianz transformovaný fond,
Allianz penzijní společnost, a. s.

PAGE 62

Balance sheet as at 31 December 2023

PAGE 63

Income statement
(for period ended 31 December 2023)

PAGE 64

Notes to the financial statements
as at 31 December 2023

Allianz Transformed fund

Allianz penzijní společnost, a. s.

In accordance with Sec. 44 of Decree No. 117/2012 Coll., on detailed regulation of activities of subscriber funds and pension funds, Allianz penzijní společnost, a. s. presents its Annual Report pursuant to Sec. 42, paragraph 1 of the said Decree. Allianz transformovaný fond, Allianz penzijní společnosti, a.s. (hereinafter referred to as the „transformed fund“) was established through transformation of Allianz penzijní fond ,a.s. as of 1 January , the pension management company separated assets and liabilities associated with supplementary pension schemes into Allianz transformovaný fond according to Sec. 182 of the Act on supplementary pension savings.

Assets held in the transformed fund are managed by the pension company in its name and on subscriber’s account. The assets are not part of assets of the pension management company that manager the fund’s assets. The underlying investments of this financial product do not respect EU criteria for environmentally sustainable economic activities.

a) Information about the pension management company managing the fund

Name: Allianz penzijní společnost, a. s.
Registered office: Ke Štvanici 656/3, 186 00, Prague 8
E-mail and website: info@allianz.cz, www.allianz.cz
Commercial register: Municipal Court of Prague, section B, file 4972
Corporate ID number: 25 61 26 03
Registered capital: 50 100 000 Kč
Shareholder: Allianz pojišťovna, a. s. (100 %)
Auditor: KPMG Česká republika Audit, s.r.o.

Allianz penzijní společnost, a. s. (hereinafter referred to as „pension management company“) has been managing the transformed fund since 1 January 2013. Czech National Bank approved the Statute of Allianz transformed fund in connection with the transformation of Allianz penzijní fond, a.s. on 24 October 2012 under reference no. 2012/10254/570.

b) Information about the fund’s portfolio managers

The investment manager of the transformed fund is Allianz penzijní společnost, a. s. (hereinafter referred to as the “pension management company“), entered in the Commercial Register maintained by the Municipal Court of Prague, section B, file 4972.

Portfolio managers: Petr Podolka, Jiří Šnobl

c) Information about the fund’s depositary

during the specified period, and about the term of its engagement

Since 3 January 2014, the sole depositary of the transformed fund is UniCredit Bank Czech Republic and Slovakia, a.s., registered office at: Želetavská 1525/1, postal code: 140 92, Prague 4- Michle, entered in the Commercial Register maintained by the Municipal Court of Prague, section B, file 3608, corporate ID no: 64 94 82 42 (hereinafter referred to as the “Depositary”).

d) Information about the party ensuring custody or other safekeeping of the fund’s assets,

if more than 1% of the fund’s assets are kept or otherwise held in custody with the said party

Only the Depositary ensures custody or control over the transformed fund’s assets.

e) Identification of assets exceeding 1% of value of the fund's assets

As of 31 December 2023, stating the total acquisition price and fair value at the end of the specified period

ISIN	Name of the security	Currency	Type	Cost (in CZK thous.) (Purchase price)	Fair value (in CZK thous.)	Share in fund assets (%)
CZ0001002547	CR 5,70/24	CZK	Státní dluhopisy	1 195 979	1 010 297	1,85 %
CZ0001004105	CZGB 0 11/19/27	CZK	Státní dluhopisy	5 467 415	5 517 747	10,13 %
CZ0001006241	CZGB Float 10/31/31	CZK	Pokladniční poukázky	5 470 932	5 601 380	10,28 %
CZ0001005870	CZGB 1 1/4 02/14/25	CZK	Státní dluhopisy	1 254 495	1 264 927	2,32 %
CZ0001004253	CZGB 2.4 09/17/25	CZK	Státní dluhopisy	1 408 217	1 369 703	2,51 %
CZ0001006506	CZGB 6 02/26/26	CZK	Státní dluhopisy	1 526 425	1 591 142	2,92 %
CZ0001003859	CZGB 2 1/2 08/25/28	CZK	Státní dluhopisy	2 062 018	2 028 127	3,72 %
CZ0001005375	CZGB 2 3/4 07/23/29	CZK	Státní dluhopisy	2 175 946	2 152 023	3,95 %
CZ0001006076	CZGB 0.05 11/29/29	CZK	Státní dluhopisy	2 067 870	2 128 252	3,91 %
CZ0001004477	CZGB 0.95 05/15/30	CZK	Státní dluhopisy	2 331 646	2 370 877	4,35 %
CZ0001005888	CZGB 1.2 03/13/31	CZK	Státní dluhopisy	2 366 396	2 384 496	4,38 %
CZ0001001796	CZGB 4.2 12/04/36	CZK	Státní dluhopisy	2 404 738	2 215 861	4,07 %
CZ0001005920	CZGB 1 1/2 04/24/40	CZK	Státní dluhopisy	2 875 109	2 899 393	5,32 %
CZ0001005037	CZGB 0 1/4 02/10/27	CZK	Státní dluhopisy	3 209 142	3 315 205	6,08 %
CZ0001005243	CZGB 2 10/13/33	CZK	Státní dluhopisy	3 749 506	3 776 255	6,93 %
CZ0001002059	CZGB 4.85 11/26/57	CZK	Státní dluhopisy	2 620 650	2 566 963	4,71 %
CZ0003529794	Net4Gas 2,745% 2031	CZK	Korporátní dluhopisy	999 000	1 024 290	1,78 %

f) Information about litigations or arbitrations involving the fund's assets

In 2023, there were no litigations or arbitrations concerning the transformed fund.

g) Information about the fund's net assets for the last three periods

	NAV (CZK thousand)
31.12.2020	728,719
31.12.2021	417,353
31.12.2022	842,285
31.12.2023	1,519,206

i) Information about the structure of and changes in the fund's assets

Assets (CZK thousand)	31.12.2022	31.12.2023
Receivables from banks	595,133	3,931,981
a) payable on demand	114,830	65,872
b) other receivables	480,303	3,866,109
Debt securities	55,559,803	50,555,575
Stocks, share certificates and other shares	-	-
Other assets	54,525	2,072
TOTAL	56,209,461	54,489,628

j) Information about consideration paid to the designated pension management company for managing the fund's assets

(CZK thousand)	31.12.2022	31.12.2023
Consideration for asset management	446,096	442,731

The consideration for managing assets of the transformed fund as at the end of the specified period amounted to 0.8 % of the average annual balance sheet total (after deducting the costs of acquisition, sale and holding of securities issued by the collective management fund pursuant to Sec.60, paragraph 3) of Act no. 427/2011 Coll.

k) Information about quantitative restrictions and methods applied for assessment of risk associated with techniques and instruments for effective management of assets held in the subscriber fund

The basic risk management tools involve limits applied to shares of individual financial instrument types held in the portfolio, defined in compliance with the requirements of Act No. 427/2011 Coll., on supplementary pension savings, the fund's statute and investment strategy.



English translation

Independent Auditor's Report

To the participants of Allianz transformovaný fond, Allianz penzijní společnost, a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz transformovaný fond, Allianz penzijní společnost, a.s., with its registered office at Ke Štvanici 656/3, Praha 8 (the "Fund") as at 31 December 2023 and of the Fund's financial performance for the year ended 31 December 2023 in accordance with Czech accounting legislation.

What we have audited

The Fund's financial statements comprise:

- the balance sheet as at 31 December 2023,
- the income statement for the year ended 31 December 2023, and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The statutory body of Allianz penzijní společnost, a.s. is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

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Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Fund obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the statutory body of Allianz penzijní společnost, a.s. for the financial statements

The statutory body of Allianz penzijní společnost, a.s. is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body of Allianz penzijní společnost, a.s. is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body of Allianz penzijní společnost, a.s. either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Allianz penzijní společnost, a.s. internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body of Allianz penzijní společnost, a.s.
- Conclude on the appropriateness of the statutory body of Allianz penzijní společnost, a.s. use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the statutory body of Allianz penzijní společnost, a.s. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

28 March 2024

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

Marek Richter
Statutory Auditor, Licence No. 1800

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

Balance sheet as at 31 December 2023

(Translated from the Czech original)

TCZK	Note	31/12/2023	31/12/2022
ASSETS			
3	9	3,931,981	595,133
<i>of which: a) repayable on demand</i>		65,872	114,830
<i>b) other receivables</i>		3,866,109	480,303
5	10	50,555,575	55 559,803
<i>of which: a) issued by government institutions</i>		45,000,752	47 817,229
<i>b) issued by other entities</i>		5,554,823	7 742,574
11	12	2,072	54,525
TOTAL ASSETS		54,489,628	56 209,461

TCZK	Note	31/12/2023	31/12/2022
LIABILITIES			
4	13,15	52,912,206	55,285,260
6	16	58,216	81,916
<i>of which: a) provision for pensions and similar obligations</i>		58,216	81,916
13	18	121,371	(96,731)
<i>of which: a) on assets and liabilities</i>		121,371	(96,731)
15	17	1,397,835	939,016
TOTAL LIABILITIES		54,489,628	56,209,461

TCZK	Note	31/12/2023	31/12/2022
OFF-BALANCE SHEET ITEMS			
Off-balance sheet assets			
4	20	52,655	280,185
8	21	54,468,212	56,209,461
Off-balance sheet liabilities			
10	9	3,814,734	467,376
12	20	1,695,809	-

Income Statement

for the year ended 31 December 2023

(Translated from the Czech original)

TCZK	Note	2023	2022
1 Interest income and similar income	3	1,941,184	1,546,463
<i>of which: interest on debt securities</i>		1,759,241	1,509,079
2 Interest expense and similar expense		(12)	(26)
5 Commission and fee expense	4	(598,005)	(550,476)
6 Gain or loss from financial operations	5	24,682	(55,767)
7 Other operating income	6	6,286	3,445
16 Release of other provisions		-	-
17 Additions and use of other provisions		23,700	(4,623)
19 Current year profit from ordinary activities before tax		1,397,835	939,016
23 Income tax	19	-	-
24 Net profit for the period		1,397,835	939,016

Notes to the financial statement 2023

1. GENERAL INFORMATION

(a) Description of the fund

Establishment and description of the fund

Allianz transformovaný fond, Allianz penzijní společnost, a.s. ("the Fund" or "the Entity") was established by Allianz penzijní společnost, a.s. ("the Company"), based on a licence granted by the Czech National Bank under Decision ref. no. 2012/10254/570, dated 24 October 2012, which took effect on 26 October 2012.

Transformation process

In accordance with Act No. 427/2011 Coll., on Supplementary Pension Savings, the Company prepared a transformation project that was approved by the Czech National Bank on 24 October 2012. Based on the project, the pension fund Allianz penzijní fond, a.s. was dissolved as at 31 December 2012. On 1 January 2013, the pension company Allianz penzijní společnost, a.s. and the transformed fund Allianz transformovaný fond, Allianz penzijní společnost, a.s. were registered.

Pursuant to Section 182 of Act No. 427/2011 Coll., on Supplementary Pension Savings, and the transformation project, the assets and liabilities of the dissolving company were split between Allianz penzijní společnost, a.s. and Allianz transformovaný fond, Allianz penzijní společnost, a.s. In accordance with this Section, the assets and liabilities related to supplementary pension insurance were transferred to the transformed fund as at 1 January 2013.

Supplementary pension insurance participants

As at 31 December 2023, the Fund administered contributions of almost 296 thousand participants in supplementary pension insurance (2022: 327 thousand).

Information about the pension company

The pension company that manages the Fund's assets is Allianz penzijní společnost, a.s., identification number (IČO) 256 12 603, with its registered office at Ke Štvanici 656/3, 186 00 Prague 8. The Company was registered on 1 January 2013. The Company was granted a licence to operate as a pension company based on Decision of the Czech National Bank ref. no. 2012/10254/570, dated 24 October 2012. The decision took effect on 26 October 2012.

Principal activities of the Company:

- a) Accumulation of contributions from participants in supplementary pension insurance and support provided by the state in respect of the participants and administration of the contributions pursuant to Act No. 42/1994 Coll.,
- b) Accumulation of participants' contributions, employee contributions and state contributions pursuant to Act No. 427/2011 Coll., on Supplementary Pension Savings, to be placed in participation funds, management of assets in participation funds and payment of supplementary pension insurance benefits.

Depositary

Depositary services are rendered by UniCredit Bank Czech Republic and Slovakia, a.s., identification number (IČO) 649 48 242, with its registered office at Želetavská 1525/1, 140 92 Prague 4 - Michle ("the Depositary"), on the basis of a depositary agreement dated 13 December 2013.

(b) Basis of preparation of the financial statements

The financial statements, which include the balance sheet, income statement and related notes, have been prepared in accordance with the Accounting Act, decrees issued by the Ministry of Finance of the Czech Republic and Czech Accounting Standards for Financial Institutions. It is based on the historical cost principle, which is modified by measuring financial instruments at fair value through profit or loss ("FVTPL") or fair value through equity ("FVOCI"), changes in the fair values of this category are recognized in other comprehensive income). The Fund's management is convinced that it has adequate resources for its business activities in the foreseeable future, and therefore these financial statements have been prepared on the assumption that the Fund's business activities will continue.

The financial statements are based on the assumption that the entity will continue in business as a going concern and that no event will occur that would limit or prevent the entity from continuing to do so in the foreseeable future.

All figures are in thousands of CZK (thousands of CZK), unless otherwise stated. The numbers in parentheses are negative numbers.

These financial statements are unconsolidated.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted in the preparation of the Fund's financial statements are set out below:

(a) Transaction date

Depending on the transaction type, the transaction date is generally defined as:

- the date of payment or cash collection,
- the date of purchase or sale of foreign currency or securities,
- the date of executing a payment,
- the date on which (foreign currency) funds are credited, as stated in an account statement,
- the trade and settlement date for spot transactions, i.e. purchases or sales of financial instruments or commodities where the period between concluding and settling the transaction does not exceed two days,
- the trade and settlement date for derivatives transactions.

The Entity has determined that spot transactions (i.e. accounting transactions involving the purchase or sale of financial assets with a usual term of delivery) are recorded directly in an appropriate asset or liability account on the trade date.

The Fund derecognises a financial asset or part thereof from the balance sheet if it loses control of the contractual rights to the financial asset or part thereof. The Fund loses this control if it exercises the rights to the benefits defined in a contract, or if such rights expire or are waived by the Fund.

When a financial liability or part thereof is extinguished (e.g. the obligation specified in a contract is discharged or cancelled or expires), the Entity will no longer recognise the financial liability or part thereof in the balance sheet. The difference between the carrying amount of a liability (or part thereof) extinguished or transferred to another party and the consideration paid is recognised in profit or loss.

(b) Accounting policies for financial instruments

Initial recognition

Financial instruments in the FVTPL category are initially recognized at fair value. All other financial instruments are initially recognized at fair value adjusted for transaction costs. The fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is recognized only when there is a difference between the fair value and the transaction price that is evidenced by other observable market transactions of the same instrument or by a valuation technique whose inputs include only observable market data. After the initial recognition of a financial instrument, the expected credit loss for financial assets valued in category AC and investments in debt instruments valued in category FVOCI is calculated and reported, resulting in an immediate accounting loss.

Financial instruments - valuation

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. The best proof of fair value is an active market price. An active market is one in which transactions in assets or liabilities are carried out in sufficient frequency and volume to provide information about prices on an ongoing basis. The fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the amount held by the entity. This is the case even if the normal daily trading volume on the market is not able to absorb the quantity held and entering a sale of the entire position held in a single transaction could affect the quoted price.

IFRS 13 requires a bid-ask price to be found, which will best represent the fair value corresponding to the stated objective, i.e. the price that would be obtained for the sale of the asset. Determining this value usually means using judgment at the same time as information on historical bid prices, ask prices and actual transaction prices. Based on historical transactions and duration profile of portfolios of assets remeasured to fair value considers the Fund mid-price to be an appropriate representation of fair value in accordance with IFRS 13. The difference between the price of the actual transactions and the mid-valuation at the reporting date the Fund does not consider as significant.

Valuation techniques, such as discounted cash flow models or models based on recent market transactions or an assessment of investment financial data, are used to determine the fair value of certain financial instruments for which external market price information is not available. Fair value measurement is analyzed based on the fair value hierarchy as follows:

- (i) the first level is valuation based on quoted prices from active markets for identical assets or liabilities;
- (ii) Level 2 valuations are valuation techniques with all significant inputs for the asset or liability observable in the market either directly (i.e. from price) or indirectly (i.e. derived from prices); and
- (iii) Level 3 valuations are valuations that are not based solely on observable market data (that is, valuations require significant unobservable inputs and estimates). Transfers between levels of fair values are assumed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. An incremental cost is an expense that would not have been incurred if the entity had not acquired, disposed of or issued the financial instrument. Transaction costs include fees and commissions to sales representatives, advisors, brokers and dealers, as well as fees to regulators and stock exchanges, transfer taxes and other fees. Transaction costs, on the other hand, do not include premiums or discounts, financing costs, internal administrative costs or holding costs.

Transaction costs directly attributable to the acquisition, issue or disposal of a financial asset or liability recognized in the FVTPL are recognized immediately in profit or loss. Transaction costs associated with the acquisition, issue or disposal of a financial asset or liability recognized in AC are included in cost and amortized using the effective interest method.

Financial instruments - classification and subsequent valuation - valuation categories.

The fund classifies financial assets in the following valuation categories: FVOCI, AC and FVTPL. The classification and subsequent measurement of debt financial assets depends on: i) the business model of the Fund for the management of the portfolio of related assets and ii) the characteristics of the contractual cash flows of the asset.

Financial assets at fair value through profit or loss ("FVTPL").

This category may include three sub-categories: financial assets held for trading, non-trading financial assets that are required to be carried at fair value through profit or loss and financial assets designated at initial recognition as fair value through profit or loss (FVO).

Financial assets compulsorily measured at fair value through profit or loss.

Non-trading financial assets carried at fair value through profit or loss must be included in this category if the contractual terms of the asset result in cash flows that are not solely repayments of principal and interest on the principal. Financial assets managed on a fair value basis are also included in this category.

Amortized cost ("AC")

is the amount at which a financial instrument was measured on initial recognition after deducting all principal payments, plus accrued interest and, for financial assets, less any allowance for expected credit losses ("ECL"). Accrued interest includes amortization of transaction costs capitalized at initial recognition and accrued premium or discount, ie the difference between the initial value and the value at maturity, amortized using the effective interest rate method. Accrued interest income and accrued interest expense, including accrued coupon and amortized discount or premium (including any capitalized accrued charges), are not reported separately and are included in the carrying amount of related items in the financial statements.

A financial asset is classified as AC only if it meets both of the following conditions:

- a) the asset is held within a business model that seeks to collect contractual cash flows;
- (b) the contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal.

The effective interest rate method

is a method of allocating interest income or interest expense over a relevant period so as to achieve a constant periodic interest rate (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the

financial instrument (or, where appropriate, a shorter period) to the gross carrying amount of the financial asset or the carrying amount of the financial liability.

The effective interest rate discounts the cash flows of variable interest instruments on the next interest refixing date, except for a premium or discount that reflects the credit spread above the floating interest rate specified in the instrument or other variables that are not adjusted to market rates. Such premiums or discounts are amortized over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Financial assets at fair value through other comprehensive income (FVOCI).

A financial asset is classified as FVOCI only if it meets both of the following conditions and is not designated as a Fair Value Option (FVO) instrument:

- a) the asset is held within a business model that seeks to collect contractual cash flows and sell financial assets;
- (b) the contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal.

Financial assets in FVOCI are subsequently reported at fair value. Unrealized gains and losses are recognized in equity as valuation differences on FVOCI's financial assets after tax, until the financial asset is derecognised. If these assets are sold, unrealized gains or losses recognized in valuation differences on FVOCI's financial assets are reclassified to profit or loss from financial operations. Interest received on assets is calculated using the effective interest rate and is reported separately in Net interest income. Impairment losses on these assets are recognized in the income statement as impairment losses.

Financial instruments - classification and subsequent valuation - business model.

The business model reflects the way in which the Fund manages assets for the purpose of generating cash flows - whether the Fund's objective is: i) only to collect contractual cash flows from assets ("holding to obtain contractual cash flows") or ii) to collect both contractual cash flows and cash flows arising from the sale of assets ("holding to obtain contractual cash flows and sales"), or if neither (i) and (ii) apply, financial assets are classified as part of a "different" business model and valued in the FVTPL category.

The business model is determined for a group of assets (at the portfolio level) on the basis of all relevant evidence of the activities that the Fund undertakes to achieve the target set for the portfolio available on the valuation date. Factors considered by the Fund in determining its business model include the following:

when buying or selling securities, the Fund focuses primarily on fair value and uses this information to evaluate asset performance and make decisions. This portfolio is not held for the purpose of holding to collect contractual cash flows ("Hold to collect") or for the purpose of holding to collect cash flows and the sale of financial assets ("Hold to collect and sell"). For such a portfolio, the collection of contractual cash flows is only incidental to achieving the business model objective.

The Transformed Fund's portfolio collects and enhances participants' funds by investing in government bonds and treasury bills, corporate bonds, mutual funds, shares or other assets permitted under the Fund's Articles of Association. The transformed fund invests in low-risk instruments in such a way as to ensure security, liquidity and the corresponding appreciation of the invested funds. The predominant way to achieve returns is to hold the bonds to maturity. Active trading in order to make profits from short-term fluctuations in the financial markets is not the goal of the Transformation Fund's investment policy. For this reason, the debt securities in the Fund's portfolio are held within the "Hold to collect" or "Hold to collect and sell" business model. Information about critical judgments that the Fund uses in determining the business models of its financial assets is provided in the note on critical judgments.

Financial instruments - classification and subsequent valuation - characteristics of cash flows.

In the case of the "held for collection of contractual cash flows" or "held for collection of contractual cash flows and sales" business model, the Fund assesses whether these cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered for these purposes as a whole.

If the contractual terms give rise to exposure to risk or volatility, the financial asset is classified and valued within the FVTPL. The SPPI is valued at the initial recognition of the asset and is not reassessed subsequently. The key approaches applied by the Fund in performing the SPPI test of financial assets are set out in the note on critical judgments.

Financial instruments - reclassification.

Financial instruments are only reclassified when the business model for portfolio management as a whole changes. The reclassification has a prospective effect and is applied from the beginning of the first reporting period following the change in the business model.

The Fund has not changed its business model during the current and previous periods and has not made any reclassifications.

Impairment of financial assets - allowance for expected credit losses (ECL).

Based on expectations, the fund assesses ECL for debt instruments measured in FVOCI and AC. The fund measures ECL and reports the expected loss at each balance sheet date. ECL measurements reflect: (i) the undistorted and probabilistic amount that is determined by evaluating the range of possible outcomes; (ii) the time value of money; and (iii) any reasonable and substantiated information that is available without undue expense and effort at the end of each reporting period. events, current conditions and forecasts of future developments.

For debt instruments classified in FVOCI and AC, changes in carrying amount due to increase or decrease in provisions are recognized in profit or loss, while changes in the fair value of financial assets in FVOCI, other than changes attributable to interest income and exchange rate differences, are recognized directly in equity.

For impairment, the Fund applies:

- a three-tier model, based on changes in credit quality since initial recognition. A financial instrument that is not impaired by initial credit losses is classified in Tier 1 (Level 1). For Level 1 financial assets, the ECL is designated as the part of the ECL for the duration that results from expected default events in the next 12 months or until contractual maturity, whichever is shorter ("12-month ECL"). If, after initial recognition, the Fund identifies a significant increase in credit risk ("SICR"), the asset is transferred to Level 2 and its ECL is measured based on the duration of the contract, up to the contractual maturity ("Lifetime ECL"). If the Fund finds that a financial asset is impaired, the asset is transferred to Level 3 and its ECL is measured as the ECL over time. The notes on critical accounting estimates and judgments or financial risks include information on the inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Fund includes forecasts of future developments in ECL models.

Financial liabilities - valuation category.

Financial liabilities are valued in the AC category, with the exception of financial liabilities in the FVTPL category: this classification applies to derivatives, financial liabilities held for trading (eg short positions in securities) and other financial liabilities for which the Fund has exercised the opportunity to classify financial liabilities. in the FVTPL category at default recognition.

Investments in debt securities

The Fund classifies debt securities investments into categories valued at FVTPL, FVOCI and AC based on its business model and cash flow characteristics.

Interest income from debt securities in the AC or FVOCI portfolio is calculated using the effective interest rate method and recognized in profit or loss. Impairment allowances estimated using the expected credit loss model, including exchange rate differences, are recognized in profit or loss for the year. All other changes in the carrying amount of assets in FVOCI are recognized in equity. When a debt security classified in FVOCI is derecognised, the cumulative gain or loss previously recognized in equity is reclassified to profit or loss.

Investments in debt securities are reported in the FVTPL category if they do not meet the criteria for the FVOCI and AC categories. The Fund may also irrevocably designate debt securities investments as FVTPL on initial recognition if this option significantly reduces an accounting mismatch between financial assets and liabilities that are recognized or measured in accordance with different accounting policies.

Investments in equity securities

Financial assets that meet the definition of equity from the issuer's point of view, ie assets that do not contain a contractual obligation to pay cash and demonstrate a residual interest in net assets, are considered by the Fund to be investments in equity securities.

In accordance with the Fund's business model, investments in equity securities are carried at fair value through profit or loss, line "profit or loss from financial operations" or equity, item "valuation differences from assets and liabilities".

Interest income

Interest income includes:

- a) for coupon debt securities, means the accruing coupon specified in the terms of issue and the accruing difference between the nominal value and the net acquisition price, referred to as a premium or discount. Net acquisition price means the acquisition price of a coupon bond reduced by the accrued coupon at the time of acquisition of the security,
- (b) for zero-coupon bonds and notes, the accruing difference between the nominal value and the acquisition price.

Interest income on debt securities is recognized in the income statement from the time of acquisition using the effective interest rate method. In the case of debt securities with a residual maturity of less than 1 year from the settlement date, premiums or discounts are recognized in the income statement on a straight-line basis from the acquisition date to the maturity date.

Derecognition of securities

When selling securities, an entity uses the average price method to measure the decrease in securities.

Dividend income

The fund accounts for dividends on shares or participation certificates in net value, ie after deduction of withholding tax (deducted abroad) and reports them on the line "Income from shares and participations".

(c) Reverse repo operations

Transactions in which securities are purchased with an obligation to resell (reverse repo operations) at a predetermined price are accounted for as loans granted by securities that are the subject of purchase and resale.

These loans are reported in the balance sheet under "Receivables from banks and credit unions".

Securities received as part of reverse repo operations are recorded only in the off-balance sheet under "Pledges and collateral received".

Reverse repo transactions are carried at amortized cost (AC), which is reduced by any allowance.

Revenues arising from reverse repo transactions as the difference between the sale and purchase price are accrued over the period of the transaction and recognized in the income statement under "Interest income and similar income".

(d) Receivables and allowances

Operating receivables are stated at nominal value less any allowance. Bad debts are written off at the end of the debtor's bankruptcy proceedings or if the probability of their payment is not realistic.

For impairment, the Fund applies a simplified approach and measures expected credit losses over a 12-month period or until contractual maturity, whichever is shorter.

Allowance for assets denominated in a foreign currency are created in that foreign currency.

(e) Accounting for the receivable from the state contribution to the fund participants

The fund does not account for receivables from the Ministry of Finance due to the state contribution for fund participants. The receipt of funds from the Ministry of Finance is considered to be the realization of the accounting case for the posting of the state contribution.

(f) Funds of participants in supplementary pension insurance

Funds obtained from participants are reported in other liabilities of the Fund.

(g) Provision recognition

A provision represents a probable cash outflow of uncertain timing or amount. A provision is recognised as an expense amounting to the best estimate of the outflow of resources required to settle a present obligation.

A provision is recognised if the following criteria are met:

- a) a present obligation (legal or constructive) exists as a result of a past event,
- b) it is probable or certain that an outflow of economic benefits will be required to settle the obligation ("probable" means a probability exceeding 50%), and
- c) the amount of the obligation can be estimated reliably.

Provision for pensions and similar obligations***Liability adequacy test***

The Fund establishes provisions for liabilities arising from supplementary pension insurance contracts. The amounts of the provisions are set based on a liability adequacy test of the amount of participants' accounts carried out separately for the portfolio of participants in the saving phase and the portfolio of participants in the pension payment phase and taking into account the valid options and guarantees arising from the supplementary pension insurance contracts.

The liability adequacy testing is based on the discounted cash flow method. The cash flows are, in particular, the participants' contributions, benefits paid and the Company's expenses. The result of the liability adequacy test is the minimum value of the liabilities to participants calculated based on a best estimate of the future development of the input parameters adjusted by market value margins. The sum of the participants' accounts is insufficient if the minimum value of the liabilities to participants exceeds the actual sum of the participants' accounts, in which case the Company establishes an additional provision equal to this difference.

Annuity option

The value of the annuity option is determined as the difference between the value of the participants' accounts at the calculation date and the present value of funds necessary to cover future liabilities as calculated using actuarial methods. Future liabilities relate in particular to pension payments, valorisation of pensions and expenses.

The annuity option is calculated separately for the portfolio of participants in the saving phase and for the portfolio of partici-

pants in the pension payment phase using the same model (and thus also the same estimate) as that used for the adequacy test.

(h) Foreign currency translation

Financial assets and liabilities denominated in foreign currencies are translated into Czech crowns at the exchange rate published by the CNB as at the balance sheet date. All foreign exchange gains and losses on monetary items are recognized in profit or loss from financial operations, except for equity instruments measured at fair value through profit or loss (FVOCI), where they are also recognized together with their revaluation in equity.

Transactions denominated in a foreign currency are accounted for in Czech crowns at the exchange rate announced by the CNB valid on the day of the transaction or on the day of the accounting event. Exchange differences arising on the translation of shares or participation certificates that do not meet the definition of a debt instrument, denominated in a foreign currency into Czech currency valued at FVTPL or valued at FVOCI, are reported together with the change in their fair value.

Exchange differences arising from the translation of debt securities denominated in a foreign currency into the Czech currency reported in FVTPL, AC or valued in FVOCI are reported on the line "Profit or loss from financial operations".

(i) Fund Classification

In accordance with IFRS 10, paragraph 28, a Fund is classified as an investment entity if it meets the following conditions:

- obtains funds from one or more investors in order to provide investment management services to those investors;
- undertakes to its investor (s) that its business intent is to invest funds solely for the purpose of realizing capital gains, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

Based on the performed analysis, the Fund does not meet the definition of an investment unit according to IFRS 10, paragraph 28.

(j) Derivatives

A derivative is a financial instrument that meets the following conditions:

- a) its fair value changes in response to the change in a specified interest rate, price of a security, commodity price, foreign exchange rate, price index, credit rating or credit index, or other variable ("underlying asset"),
- b) it requires a small or no initial net investment, compared with other types of contract based on a similar response to changes in market factors, with other types of contract based on a similar response to changes in market factors,

- c) it is settled at a future date, with the period from the trade date to the settlement date exceeding that of a spot transaction.

Derivatives are recognised in the balance sheet at fair value. Positive fair values of derivatives are recognised in assets under "Other assets". Negative fair values of derivatives are recognised in liabilities under "Other liabilities".

The fair value of financial derivatives is the present value of expected cash flows from these transactions, determined using valuation models generally accepted on the market which use parameters ascertained on the active market, such as foreign exchange rates, interest rates applicable to relevant maturities based on a yield curve, etc.

In the off-balance sheet, derivatives are recorded at the non-discounted contractual value of the underlying instrument under "Receivables from fixed term transactions", "Receivables from options", "Liabilities from fixed term transactions" and "Liabilities from options".

Trading derivatives

Derivatives held for trading are recognised in the balance sheet at fair value. Gains and losses from changes in fair value are recorded in the income statement under "Gain or loss from financial operations".

The fund has historically reported a portion of financial derivatives in hedge accounting to hedge changes in the fair value of equity instruments included in the AFS portfolio. As part of the transition to IFRS 9, these equity instruments were reclassified from the AFS portfolio to the FVTPL (see note "Changes in accounting policies effective from 1 January 2021"), as a result of which hedge accounting was terminated as the conditions for its application were no longer met.

(k) Taxation

Current tax

Non-tax deductible expenses are added to, and non-taxable income is deducted from, the profit for the period before tax to arrive at the taxable income, which is further adjusted for tax allowances and relevant credits.

Deferred tax

Effective from 1 January 2015, a zero corporate income tax rate has been introduced for funds of pension companies. As a result, the Fund did not recognise deferred tax on temporary differences between the carrying and tax value of assets and liabilities.

(l) Related parties

A related party is a person or entity that is related to the Fund when at least one of the following conditions is met:

- a) A person or a close member of that person's family is related to the Fund if that person:
 - (i) controls or co-controls the Fund;
 - (ii) has a material effect on the Fund; or
 - (iii) is a member of the key management personnel of the Fund or its parent company.
- b) An entity is related to the Fund if any of the following conditions apply:
 - (i) The entity and the Fund are members of the same group (meaning that all parent, subsidiary and subsidiary entities are related).
 - (ii) One entity is an associate or joint venture of another entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) An entity is a post-employment benefit plan for the benefit of employees of the Fund or an entity that is related to the Fund. If the Fund itself is such a plan, the contributing employers are also related to the Fund.
 - (vi) The entity is controlled or jointly controlled by a person mentioned above.
 - (vii) The person referred to in the first paragraph has significant influence over the entity or is a member of the key management personnel of the entity (or its parent).
 - (viii) The entity or any member of the group of which it is a part provides key management services to the Fund or the parent company of the Fund.

A related party transaction is a transfer of resources, services or liabilities between the Fund and a related party, regardless of whether a price is charged.

Close members of a person's family are those family members who can be expected to influence or be influenced by the person in their dealings with the entity and include:

- (a) the children and the spouse or partner of a person in the joint household; and
- (b) dependents of that person or of his or her spouse or common household partner.

(m) Capital requirements

The amount of assets in transformed fund must be equal or higher than amount of liabilities in transformed fund. If the value of assets is not sufficient to cover the liabilities, the Company is according to §187 Act No. 427/2011 Coll. on Supplementary pension savings required to transfer the assets to transformed fund. This asset is accounted against Equity funds in compliance with the Statutes of the Company.

(n) Corrections of prior period errors and changes in accounting policies

Corrections to prior period expenses or income are recognised as current period expenses or income, with the exception of corrections of material errors relating to prior periods.

Corrections of material errors in the recognition of prior period income or expenses and changes in accounting policies are recognised under "Retained profits (or accumulated losses)" in the Fund's balance sheet.

In the period from January 1 to 31 December 2023, the fund did not make any corrections of fundamental errors or changes in accounting methods.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2023	2022
Interest income calculated according to the effective interest rate	1,759,241	1,509,079
Debt securities in FVOCI	822,981	609,641
Debt securities in AC	936,260	899,438
Other similar income	181,943	37,384
Interest on loans within repo transactions in FVTPL	178,259	37,384
Interest on deposits	3,684	-
Total interest and similar income	1,941,184	1,546,463
Interest on loans under repo transactions	(12)	(26)
Total interest and similar costs	(12)	(26)
Net interest income	1,941,172	1,546,437

4. COMMISSION AND FEE EXPENSE

TCZK	2023	2022
Commission and fee expense from		
management of assets	442,731	446,096
appreciation of assets	155,263	104,365
bank fees	11	15
Total	598,005	550,476

The fee for the management of the Fund's assets amounts to 0.8 % (2022: 0.8%) of the average annual balance sheet amount, less the cost of purchase, sale and holding of securities issued by a collective investment fund pursuant to Section 60 (3) of Act No. 427/2011 Coll.

The fee for the appreciation of the Fund's assets is calculated as a 10% share (2022: 10%) of the Fund's reported profit before the fee is recorded. The fee will be paid once the financial statements are approved by the Company's general meeting.

The costs of the Fund's audit and legal advice are borne by the Company.

5. GAIN OR LOSS FROM FINANCIAL OPERATIONS

TCZK	2023	2022
Profit or loss on financial assets in FVOCI	1,572	(587)
Other exchange rate differences	23,645	(5,519)
Profit or loss from derivatives held for trading	(16,275)	18,966
Other operations	15,740	(68,627)
Total profit or loss from financial operations	24,682	(55,767)

6. OTHER OPERATING INCOME

A significant portion of other operating income relates to income from participants' contributions that remain in the Fund's income in accordance with the law. In 2023, such income from contributions totalled TCZK 5,863 (31 December 2022 TCZK 3,445).

Another significant item is income from bonuses allocated to clients who terminated their supplementary pension insurance contracts early and thus did not comply with the conditions for bonus payment. In 2023, such income amounted to TCZK 423 (31 December 2022: TCZK 224).

7. GEOGRAPHIC SEGMENTATION OF REVENUES

TCZK	ČR	EU	Non-EU	Total
2023				
Interest income and similar income	1,928,912	11,235	1,037	1,941,184
Gain or loss from financial operations	13,289	10,753	640	24,682
Other operating revenues	6,286	-	-	6,286
Total	1,948,487	21,988	1,677	1,972,152
2022				
Interest income and similar income	1,537,497	7,866	1,100	1,546,463
Gain or loss from financial operations	(69,046)	13,515	(236)	(55,767)
Other operating revenues	3,445	-	-	3,445
Total	1,471,896	21,381	864	1,494,141

8. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2023	31.12.2021
Receivables		
derivatives	1,035	11,211
Payables		
from management paid to the Company	36,297	37,441
from appreciation of assets paid to the Company	155,263	104,365
derivatives	21,416	-

TCZK	2023	2022
Income		
from derivatives	38,864	55,359
from interest on the bonds	8,922	8,922
Expenses		
for management paid to the Company	442,731	446,096
for appreciation of assets paid to the Company	155,263	104,365
for derivatives	55,139	36,393

TCZK	31.12.2023	31.12.2022
Off-balance sheet assets		
Receivables from fixed term transactions	52,655	280,185
Values placed under management	54,468,212	56,209,461
Off-balance sheet liabilities		
Liabilities from fixed term transactions	1,695,809	-

The analysis of the credit quality of receivables from banks as at 31 December 2023 and 2022 is as follows:

TCZK	Deposits at banks - current accounts	Provided loans within repo transactions	Total
As of December 31, 2023			
<i>Until maturity, not devalued</i>			
- [less than A]	-	3,866,109	3,866,109
- Without rating	65,872	-	65,872
Total to maturity according to the rating	65,872	3,866,109	3,931,981
Total to maturity, not devalued	65,872	3,866,109	3,931,981
As of December 31, 2022			
<i>Until maturity, not devalued</i>			
- [less than A]	-	480,303	480,303
- Without rating	114,830	-	114,830
Total to maturity according to the rating	114,830	480,303	595,133
Total to maturity, not devalued	114,830	480,303	595,133

The Fund's receivables from banks are not overdue and are secured.

The impact of receivables from banks on ECL measurements is not significant.

For disclosure of the fair value of bank receivables that are not carried at fair value, see Note: Fair Value Recognition.

9. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2023	31.12.2022
Current accounts at banks	65,872	114,830
Reverse repurchase agreements	3,866,109	480,303
Total	3,931,981	595,133

As at 31 December 2023, the Fund registers treasury bill CZ0001006936 with a market value of 3,814,734 TCZK in reverse repo transactions. (As at 31 December 2022, the Fund registered treasury bill CZ0001006563 at the market value of TCZK 467,376 within reverse repurchase agreements). Treasury bills are recorded in the off-balance sheet under the item "Pledges and collateral received".

10. DEBT SECURITIES

(a) Classification of debt securities into individual portfolios based on the Fund's intention

TCZK	31.12.2023	31.12.2022
Debt securities in FVOCI	13,953,385	14,425,821
Debt securities in AC	36,602,190	41,133,982
Net book value	50,555,575	55,559,803

The table below shows investments in debt securities as at 31 December 2023 and 2022 by classification and class:

TCZK	Debt securities in FVTPL	Debt securities in FVOCI	Debt securities in AC
As of December 31, 2023			
State bonds	-	13,953,385	31,047,367
Bank bonds	-	-	2,724,342
Corporate bonds	-	-	2,830,481
Total investments in debt securities as of December 31, 2023	-	13,953,385	36,602,190

TCZK	Debt securities in FVTPL	Debt securities in FVOCI	Debt securities in AC
As of December 31, 2022			
State bonds	-	14,425,821	33,308,656
Bank bonds	-	-	4,198,220
Corporate bonds	-	-	3,627,106
Total investments in debt securities as of December 31, 2022	-	14,425,821	41,133,982

Investments in debt securities in FVOCI

The table below provides an analysis of the credit risk exposure of debt securities classified in the FVOCI as at 31 December 2023 (AFS as at 31 December 2022) for which a provision is created.

TCZK	31 Decemer 2023				31 Decemer 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>State bonds</i>								
Fair value adjusted for ECL effect	13,953,385	-	-	13,953,385	14,425,821	-	-	14,425,821
Reduction by a provision	(1,465)	-	-	(1,465)	(1,472)	-	-	(1,472)
Fair value	13,954,849	-	-	13,954,849	14,427,293	-	-	14,427,293
Total investments in debt securities measured in FVOCI (fair value)	13,953,385	-	-	13,953,385	14,425,821	-	-	14,425,821

Debt securities in FVOCI are not secured.

For disclosure of the fair value hierarchy under IFRS 13, including sensitivity analysis of the fair value of Level 3 financial instruments to unobservable measurement inputs, see Note: Fair Value Reporting.

Investments in debt securities in AC

The table below provides an analysis of the credit risk exposure of debt securities classified in AC as at 31 December 2023 and 31 December 2022 for which a provision is created.

TCZK	December 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>Government bonds</i>								
Gross carrying amount	31,042,510	-	-	31,042,510	33,303,514	-	-	33,303,514
Reduction by a provision	(4,857)	-	-	(4,857)	(5,142)	-	-	(5,142)
Net book value (AC)	31,047,367	-	-	31,047,367	33,308,656	-	-	33,308,656
<i>Bank bonds</i>								
Gross carrying amount	2,723,646	-	-	2,723,646	4,198,220	-	-	4,198,220
Reduction by a provision	(696)	-	-	(696)	-	-	-	-
Net book value (AC)	2,724,342	-	-	2,724,342	4,198,220	-	-	4,198,220
<i>Corporate bonds</i>								
Gross carrying amount	1,863,274	1,024,290	-	2,887,564	3,516,678	182,666	-	3,699,344
Reduction by a provision	(1,931)	(55,152)	-	(57,083)	(3,301)	(68,937)	-	(72,238)
Net book value (AC)	1,861,343	969,138	-	2,830,481	3,513,377	113,729	-	3,627,106
Total investment in debt securities measurements in AC	35,633,052	969,138	-	36,602,190	41,020,253	113,729	-	41,133,982

Debt securities in AC are not secured.

For disclosure of the fair value of debt securities that are not carried at fair value, see the note "Fair value reporting".

11. SHARES, UNITS AND OTHER INVESTMENTS IN FVTPL

The Fund did not register any financial instruments in this category as at 31 December 2023 or as at 31 December 2022.

12. OTHER ASSETS

TCZK	31.12.2023	31.12.2022
Other assets in AC		
Receivable from securities trading	1,037	43,314
Other assets in FVTPL		
Positive fair value of derivatives (see note 20)	1,035	11,211
Total	2,072	54,525

13. OTHER LIABILITIES - ACCOUNTS OF SUPPLEMENTARY PENSION INSURANCE PARTICIPANTS

TCZK	31.12.2023	31.12.2022
Participants' contributions	31,023,561	33,101,203
Employers' contributions	11,094,457	11,241,158
Allocated profit sharing	4,786,869	4,664,753
State support	5,787,414	6,131,317
Total participants' accounts	52,692,301	55,138,431

Based on a decision of the general meeting, the Company expects to distribute the Fund's entire profit for 2023 to supplementary pension insurance participants.

14. BENEFITS PAID

	Amount in TCZK	Number of contracts
Structure of benefits paid in 2023		
Lump-sum settlement	5,138,041	27,643
Surrender	498,928	9,282
Transfers to other funds	2,110,306	22,741
Pensions	207,585	608
Other (premature contract termination, pay-out of pension to beneficiaries)	145,284	1,137
Total benefits paid in 2023	8,100,144	61,411
Structure of benefits paid in 2022		
Lump-sum settlement	2,830,859	16,162
Surrender	327,131	6,866
Transfers to other funds	1,989,697	19,542
Pensions	117,446	457
Other (premature contract termination, pay-out of pension to beneficiaries)	145,211	1,248
Total benefits paid in 2022	5,410,344	44,275

15. OTHER LIABILITIES – OTHER

TCZK	31.12.2023	31.12.2022
Other liabilities in AC		
Payables due to state	6,929	5,023
Estimated payables	191,560	141,806
Other liabilities in FVTPL		
Negative fair value of derivatives (see note 20)	21,416	-
Total	219,905	146,829

Estimated payables include written payments for the management and appreciation of the Fund's assets for 2023.

16. PROVISIONS

Provision for pensions

in TCZK	Value of provisions at 31. 12. 2022	Addition	Release	Value of provisions at 31. 12. 2023
Retirement pension	45,956	8,458	10,493	43,921
Survivor pension	496	107	43	560
Annuity option	35,464	2,026	23,755	13,735
Total	81,916	10,591	34,291	58,216

The Fund establishes a provision for pensions in accordance with the methods described in note 2 (g). Based on the liability adequacy test carried out in respect of the portfolio of the current pensioners at 31 December 2023, the value of pensioners' accounts is insufficient and the Company has therefore established the provisions stated in the above table.

In the calculation of a provision for pensions as at 31 December 2023, the most significant economic and actuarial assumptions were as follows:

- The modelled costs of the Fund were derived from the actual administrative, investment and acquisition costs. Based on these data, the 2023 expense per participant in the pension payment phase was determined. The Fund projected future costs using annual cost inflation as determined based on market conditions.
- To project future revenues and to determine the discount rates, best estimates of the future revenues of the Fund as at 31 December 2023 were used. In accordance with the existing procedure, the model assumed a profit sharing of 85 % of the annual profit would be allocated to participants.
- The following assumptions were used to model contract terminations:
 - To determine the probability of death, generation mortality rates were used, based on the population mortality rates provided by the Czech Statistical Office (ČSÚ), to which

selection coefficients were applied. The generation rates used correspond to the estimated development of the average life expectancy at birth published by expert institutions in the Czech Republic.

- The percentage of participants opting for a pension instead of a lump sum payment and the probability of contract termination (participants transferring to another pension fund, or lapses) are based on the Company's current experience. The projection assumed the current experience will continue.

17. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the Company's board of directors had not decided on the distribution of profit for the year ended 31 December 2023, amounting to 1,397,835 TCZK.

The Company allocated, based on a decision of the general meeting, the entire reported profit of the Fund for 2023 to the supplementary pension insurance participants.

18. REVALUATION DIFFERENCES

TCZK	Debt securities in FVOCI (AFS until 31.12.2023)
Balance at 1 January 2022	63,931
Decrease / Increase	32,800
Balance at 31 December 2022	96,731
Decrease/ Increase	(218,102)
Balance at 31 December 2023	(121,371)

The increase in revaluation gains and losses in 2023 is caused mainly by the development of market prices of bonds in that year.

19. INCOME TAX AND DEFERRED TAX ASSET

Current tax for the current period

For the period ended 31 December 2023 the Fund did not account for current tax – as a result of new legislation regarding corporate income tax for pension companies' funds, i.e. the introduction of a zero tax rate, the Fund does not account for a current tax liability in the period. For the period ended 31 December 2022, for the same reason, the Fund reported a tax of TCZK 0.

20. RECEIVABLES AND LIABILITIES FROM FIXED TERM TRANSACTIONS

Trading derivatives

Fixed futures contracts with positive fair value	2023	Nominal value 2022	2023	Fair value 2022
Forward currency operations	52,655	280,185	1,035	11,211
Total	52,655	280,185	1,035	11,211

Fixed futures contracts with negative fair value	Nominal value		Fair value	
	2023	2022	2023	2022
Forward currency operations	1,695,809	-	(21,416)	-
Total	1,695,809	-	(21,416)	-

Residual maturity of derivatives:

Trading derivatives

TCZK 31 December 2023	Up to 3 months	3 months 1 year	1 year - 5 year	Total
Currency derivatives	(517)	(19,864)	-	(20 381)

TCZK 31 December 2022	Up to 3 months	3 months 1 year	1 year - 5 year	Total
Currency derivatives	11,211	-	-	11,211

Residual maturity of derivatives:

Trading derivatives

TCZK 31 December 2023	Up to 3 months	3 months 1 year	1 year - 5 year	Total
Currency derivatives with positive value	52,655	-	-	52,655
Currency derivatives with negative value	207,466	1,488,343	-	1,695,809

TCZK 31 December 2022	Up to 3 months	3 months 1 year	1 year - 5 year	Total
Currency derivatives with positive value	280,185	-	-	280,185

21. VALUES PLACED UNDER MANAGEMENT

The Fund placed all of its assets under the management of the Company.

22. FINANCIAL INSTRUMENTS – MARKET RISK

The current economic situation remains sensitive to geopolitical developments in the world. The impact on financial and commodity markets, supply chains, and key macroeconomic indicators impacting business, such as inflation rates, interest rate levels, currency rate volatility, and more, is still significant.

The Company's management evaluated the impact of the current economic situation on its business with the following conclusion:

The outlook for the world economy in 2024 has been significantly affected by in particular by the ongoing developments in the war in Ukraine, slowing inflation and the associated gradual rate cuts central banks. The Czech National Bank started cutting rates as early as December 2023. According to the World Bank, world GDP growth is estimated to return to a level above 3 % in the coming year. The Czech government bond market in 2024 will be mainly influenced by increased bond issuance to cover the CZK 252 billion planned state budget deficit.

(a) Risk management

The Fund's primary risk management tool comprises limits on the share of individual types of financial instruments in the Fund's portfolio, as prescribed under Act No. 427/2011 Coll., on Supplementary Pension Savings, the Statutes and the investment strategy.

Market risks are measured using the Value at Risk ("VaR") method. Value at Risk represents a potential loss arising from unfavourable market movements within a certain time period at a certain confidence level. The Fund determines Value at Risk by simulating a large number of scenarios of potential changes in the financial markets. Value at Risk is measured based on a one-month holding period and a confidence level of 95%. The results of this model are back-tested and compared with the actual results achieved in the financial markets. If the Fund identifies any inaccuracies, the model is adjusted to be in line with the current trend in the financial markets. The Value at Risk relating to the interest rate and equity risk was as follows:

TCZK	At 31.12. 2023	Average 2023	At 31.12. 2022	Average 2022
VaR for interest rate instruments	0.06%	0.05%	0.06%	0.05%

As a result of its activities, the Fund is exposed to certain risks. The Fund's approach to managing these risks is described below.

(b) Liquidity risk

Liquidity risk includes both the risk that the Fund is unable to finance its assets using instruments with appropriate maturity and the risk that the Fund is unable to dispose of its assets for the appropriate price within the appropriate period.

The Fund presents contributions received from participants, the state and third parties in favour of the participants under liabilities. The Company's equity represents a minority source of financing.

Residual maturity cannot be specified for liabilities to participants in supplementary pension savings/supplementary pension insurance due to the nature of the product and because payment of the benefit can be requested after the entitlement to the benefit arises.

The Fund regularly assesses liquidity risk, in particular by monitoring changes in the structure of inflows and outflows of participants' accounts. The Fund also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid instruments, such as state treasury bills and similar government bonds.

Residual maturity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months 1 year	1 year to 5 year	Over 5 year	Not specified	Total
At 31 December 2023						
Receivables from banks	3,931,981	-	-	-	-	3,931,981
Debt securities	594,198	2,817,600	18,649,847	28,493,930	-	50,555,575
Other assets	2,072	-	-	-	-	2,072
Total	4,528,251	2,817,600	18,649,847	28,493,930	-	54,489,628
Payables from participants' contributions	-	-	-	-	52,692,301	52,692,301
Other liabilities	219,905	-	-	-	-	219,905
Provisions	-	-	-	-	58,216	58,216
Equity	-	-	-	-	1,519,206	1,519,206
Total	219,905	-	-	-	54,269,723	54,489,628
Gap	4,308,346	2,817,600	18,649,847	28,493,930	(54,269,723)	-
Cumulative gap	4,308,346	7,125,947	25,775,794	54,269,723	-	-
At 31 December 2022						
Receivables from banks	595,133	-	-	-	-	595,133
Debt securities	556,641	9,312,206	15,805,373	29,885,583	-	55,559,803
Other assets	54,524	-	-	-	-	54,524
Total	1,206,298	9,312,206	15,805,373	29,885,583	-	56,209,461
Payables from participants' contributions	-	-	-	-	55,138,431	55,138,431
Other liabilities	146,829	-	-	-	-	146,829
Provisions	-	-	-	-	81,916	81,916
Equity	-	-	-	-	842,285	842,285
Total	146,829	-	-	-	56,062,632	56,209,461
Gap	1,059,469	9,312,206	15,805,373	29,885,583	(56,062,632)	-
Cumulative gap	1,059,469	10,371,676	26,177,049	56,062,632	-	-

The above tables show the residual maturity of the carrying amounts of the individual financial instruments, not the total cash flows generated by these instruments.

(c) Equity risk

Equity risk is the risk of movement in the prices of equity instruments held in the Fund's portfolio and financial derivatives derived from these instruments. The main source of this risk is trading in equity instruments. The risks associated with equity instruments are managed through limits, which are defined in accordance with the law, the Statutes and the investment strategy of the Fund.

(d) Currency risk

Assets and liabilities denominated in foreign currency, including off-balance sheet exposures, represent the Fund's exposure to currency risks. Both realised and unrealised foreign exchange gains and losses are reported directly in the income statement. The Fund's foreign currency position in the most significant currencies is as follows:

The Fund's foreign currency position

TCZK	EUR	USD	CZK	Total
At 31 December 2023				
Receivables from banks	26,703	1,192	3,904,086	3,931,981
Debt securities	1,683,757	52,840	48,818,977	50,555,574
Other assets	-	-	2,072	2,072
Total	1,710,460	54,032	52,725,135	54,489,628
Payables from participants' contributions	-	-	52,692,301	52,692,301
Other liabilities	-	-	219,905	219,905
Provisions	-	-	58,216	58,216
Equity	-	-	1,519,206	1,519,206
Total	-	-	54,489,628	54,489,628
Net foreign currency position	1,710,460	54,032	(1,764,493)	-
Off-balance sheet assets	-	-	1,748,465	1,748,465
Off-balance sheet liabilities	1,691,190	51,465	3,814,734	5,557,389
At 31 December 2022				
Receivables from banks	5,439	1,321	588,374	595,133
Debt securities	231,697	53,544	55,274,562	55,559,803
Other assets	-	-	54,524	54,524
Total	237,136	54,864	55,917,460	56,209,461
Payables from participants' contributions	-	-	55,138,431	55,138,431
Other liabilities	-	-	146,829	146,829
Provisions	-	-	81,916	81,916
Equity	-	-	842,285	842,285
Total	-	-	56,209,461	56,209,461
Net foreign currency position	237,136	54,864	(292,001)	-
Off-balance sheet assets	223,881	56,304	-	280,185
Off-balance sheet liabilities	-	-	467,376	467,376

(e) Interest rate risk

The fund is exposed to the risk of fluctuations in market interest rates in connection with its financial position and cash flows. Interest margins may increase as a result of these changes, but they may decrease even in the event of unexpected movements and create losses.

The table below shows the Fund's exposure to interest rate risk. The table shows the aggregate amounts of the Fund's financial assets and liabilities at carrying amounts, broken down by the expected interest rate or maturity date of the financial instruments (whichever occurs first):

TCZK	Normal and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Undefined	Total
December 31, 2023						
Total financial assets	-	1,501,014	1,333,245	11,119,126	-	13,953,385
Total financial liabilities	-	-	-	-	-	-
Net interest rate sensitivity analysis as at 31 December 2023	-	1,501,014	1,333,245	11,119,126	-	13,953,385
December 31, 2022						
Total financial assets	5,439	13,417,198	-	1,008,623	-	14,431,259
Total financial liabilities	-	-	-	-	-	-
Net interest rate sensitivity analysis as at 31 December 2022	5,439	13,417,198	-	1,008,623	-	14,431,259

Geographical concentration of risks. Geographical concentration of the Fund's financial assets and liabilities as at 31 December 2023 as below stated:

TCZK	Czech Republic	Germany	Other countries in EU	USA	Total
Financial assets					
Debt securities	47,212,643	184,184	3,007,331	151,416	50,555,575
Receivables from banks	3,931,981	-	-	-	3,931,981
Other financial assets	1,037	1,035	-	-	2,072
Total financial assets	51,145,661	185,219	3,007,331	151,416	54,489,628
Financial liabilities					
Other financial liabilities	-	-	-	-	-
Total financial liabilities	-	-	-	-	-
Net position	51,145,661	185,219	3,007,331	151,416	54,489,628

Geographical concentration of the Fund's financial assets and liabilities as at 31 December 2022 is following:

TCZK	Czech Republic	Germany	Other countries in EU	USA	Total
Financial assets					
Debt securities	52,830,413	186,677	2,489,169	53,544	55,559,803
Receivables from banks	595,133	-	-	-	595,133
Other financial assets	43,314	11,211	-	-	54,525
Total financial assets	53,468,861	197,888	2,489,169	53,544	56 209 461
Financial liabilities					
Other financial liabilities	-	-	-	-	-
Total financial liabilities	-	-	-	-	-
Net position	53,468,861	197,888	2,489,169	53,544	56 209 461

23. FINANCIAL INSTRUMENTS – CREDIT RISK

The Fund is exposed to the risk that the issuer of a security that was acquired in the Fund's portfolio or other counterparty does not meet its obligation to pay the agreed interest or principal. As the Fund only invests in securities with a high credit rating, the risk is minimal.

24. FAIR VALUE REPORTING

Fair value measurement is analysed by level in the fair value hierarchy as follows:

Level 1: Published quotations in active markets are used to determine the fair values of financial assets and liabilities. Market revaluation is obtained using the prices of an identical asset or liability, which means that no revaluation model is used. The fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or prices announced by dealers.

Level 2: Valuation techniques based on direct (eg price) or indirect (eg price derived) market inputs. This category includes financial instruments valued at quoted market prices for similar financial instruments, valued at quoted prices for identical or similar financial instruments in markets that are considered less active or valued by other valuation techniques for which all significant inputs are directly or indirectly observed in the markets.

Level 3: Valuation techniques based on significant non-market inputs. This category represents all financial instruments for which valuation techniques include inputs that are not based on observable data and for which non-market inputs have a significant impact on their revaluation. The category includes financial instruments whose revaluation is based on quoted market prices of similar financial instruments, but which need to be adjusted for significant non-market adjustments and assumptions that reflect differences between financial instruments.

Interim fair value measurements are those required or permitted by accounting standards in the balance sheet at the end of each reporting period. The levels in the fair value hierarchy in which interim fair value measurements are included are as follows:

TCZK	December 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets are carried at fair value								
Securities in FVOCI	-	13,953,385	-	13,953,385	-	14,425,821	-	14,425,821
State bonds	-	13,953,385	-	13,953,385	-	14,425,821	-	14,425,821
Securities in AC	-	31,713,064	318,320	32,019,317	-	33,110,462	99,484	33,209,946
State bonds	-	26,736,956	-	26,736,956	-	26,286,906	-	26,286,906
Bank bonds	-	2,293,488	-	2,293,488	-	4,000,692	-	4,000,692
Corporate bonds	-	2,682,621	318,320	2,988,873	-	2,822,864	99,484	2,922,348
Other financial assets	-	1,035	-	1,035	-	11,211	-	11,211
Currency forwards / swaps	-	1,035	-	1,035	-	11,211	-	11,211
Total assets are recognized at fair value on an ongoing basis	-	45,667,484	318,320	45,973,737	-	47,547,494	99,484	47,646,978
Financial liabilities at fair value								
Other financial liabilities	-	21,416	-	21,416	-	-	-	-
Currency forwards / swaps	-	21,416	-	21,416	-	-	-	-
Total liabilities recognized at fair value on an ongoing basis	-	21,416	-	21,416	-	-	-	-

Financial assets and liabilities that are not measured at fair value but for which fair value is disclosed.

The fair values analysed at the level of the fair value hierarchy and the carrying amounts of assets and liabilities that are not measured at fair value are as follows:

TCZK	December 31, 2023					December 31, 2022				
	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Total Fair value	Book value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Total Fair value	Book value
Financial assets										
Receivables from banks	-	3,931,981	-	3,931,981	3,931,981	-	595,133	-	595,133	595,133
Total financial assets	-	3,931,981	-	3,931,981	3,931,981	-	595,133	-	595,133	595,133
Financial commitments										
Liabilities to non-banks, entities	-	52,912,206	-	52,912,206	52,912,206	-	55,285,260	-	55,285,260	55,285,260
Total financial liabilities	-	52,912,206	-	52,912,206	52,912,206	-	55,285,260	-	55,285,260	55,285,260

Level 2 and level 3 fair values according to the fair value hierarchy were estimated using the discounted cash flow method. The fair values of floating rate debt instruments that are not quoted in an active market are determined at their carrying amount. The fair value of unlisted fixed rate instruments was estimated based on an estimate of future cash flows that should be received and which are discounted at the current interest rates applicable to current instruments with similar credit risk and remaining maturity.

25. TRANSACTIONS NOT DISCLOSED IN THE BALANCE SHEET

As at 31 December 2023, the Fund was not involved in any legal dispute, the outcome of which would have a material impact on the Fund's financial results or the funds managed.

As at the balance sheet date, the Fund did not have any transactions not disclosed in the balance sheet.

26. MATERIAL SUBSEQUENT EVENTS

The Company's management is not aware of any events that have occurred and that would require an adjustment of the financial statements as at 31 December 2023.

Date of preparation 28 March 2024

Stamp and signature of statutory representative:

Name and signature:
Ing. Dušan Quis



Name and signature:
Venelin Yanakiev



Person responsible for accounting
Ing. Anna Švehlová



Person responsible for financial statements
Ing. Anna Švehlová



Allianz Statutory Conservative Subscriber Fund

Allianz penzijní společnost, a. s.



Contents

PAGE 84

Profile of Allianz Statutory
Conservative Subscriber fund,
Allianz penzijní společnost, a. s.

PAGE 86

Independent Auditor's Report to the
Participants of Allianz Statutory
Conservative Subscriber fund,
Allianz penzijní společnost, a. s.

PAGE 90

Balance sheet as at 31 December 2023

STRANA 91

Income Statement
(for period ended 31 December 2023)

PAGE 92

Notes to the financial statements
as at 31 December 2023

Allianz

Statutory Conservative Subscriber Fund

Allianz penzijní společnost, a. s.

In accordance with Sec. 44 of Decree No. 117/2012 Coll., on detailed regulation of activities of subscriber funds and pension funds, Allianz penzijní společnost, a. s. presents its Annual Report pursuant to Sec. 42, paragraph 1 of the said Decree. Allianz Statutory Conservative Subscriber Fund by Allianz penzijní společnost, a. s. (hereinafter referred to as the „statutory conservative fund“) was formed as a statutory conservative subscriber fund pursuant to Act No. 427/2011 Coll., on supplementary pension savings, for the purpose of operating supplementary pension saving schemes in the so-called 3rd pillar of the pension system, which consists of collecting contributions from subscribers, employers and the state pursuant to the said Act for placement of the same in subscriber funds, managing assets held in subscriber funds and payment of benefits under supplementary pension schemes.

The statutory conservative fund is a set of assets belonging to all subscribers and other parties who became beneficiaries of subscriber funds, all on a prorated basis according to the number of pension units. Assets held in the statutory conservative fund are managed by the pension management company in its name and on subscriber's account. The assets are not part of assets of the pension management company that manages the fund's assets. The statutory conservative fund is a fund pursuing a conservative investment strategy. The underlying investments of this financial product do not respect EU criteria for environmentally sustainable economic activities.

a) Information about the pension management company managing the fund

Name: Allianz penzijní společnost, a. s.
Registered office: Ke Štvanici 656/3, 186 00, Prague 8
E-mail and website: info@allianz.cz, www.allianz.cz
Commercial register: Municipal Court of Prague, section B, file 4972
Corporate ID number: 25 61 26 03
Registered capital: 50 100 000 Kč
Shareholder: Allianz pojišťovna, a. s. (100 %)
Auditor: PwC Česká republika

Allianz penzijní společnost, a. s. (hereinafter referred to as „pension management company“) has been managing the transformed fund since 1 January 2013. Czech National Bank approved the Statute of Allianz transformed fund in connection with the transformation of Allianz penzijní fond, a.s. on 24 October 2012 under reference no. 2012/10254/570.

b) Information about the fund's portfolio managers

The investment manager of the transformed fund is Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“), entered in the Commercial Register maintained by the Municipal Court of Prague, section B, file 4972.

Portfolio managers: Petr Podolka, Jiří Šnobl

c) Information about the fund's depositary

during the specified period, and about the term of its engagement

The sole depositary of the statutory conservative fund as of 3 January 2014 is UniCredit Bank Czech Republic and Slovakia, a. s., having its registered office at: Želetavská 1525/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague, section B, file 3608, corporate ID No. 64 94 82 42 (hereinafter referred to as the „Depositary“).

d) Information about the party ensuring custody or other safekeeping of the fund's assets,

if more than 1% of the fund's assets are kept or otherwise held in custody with the said party

Only the Depositary ensures custody or control over the statutory conservative fund's assets.

e) Identification of assets exceeding 1% of value of the fund's assets

as of 31 December 2023, stating the total acquisition price and fair value as at the end of the specified period

ISIN	Name of the security	Currency	Type	Cost (in CZK thous.) (Purchase price)	Fair value (in CZK thous.)	Share in fund assets (%)
CZ0001006498	CZGB Float 10/22/24	CZK	Státní dluhopisy	201,360	205,057	4,91 %
CZ0001004105	CZGB 0 11/19/27	CZK	Státní dluhopisy	966,303	981,292	23,50 %
CZ0001006241	CZGB Float 10/31/31	CZK	Státní dluhopisy	961,716	990,117	23,71 %
Hotovost	UniCredit Bank	CZK	Peněžní trh	45,043	45,043	1,08 %

f) Information about litigations or arbitrations involving the fund's assets

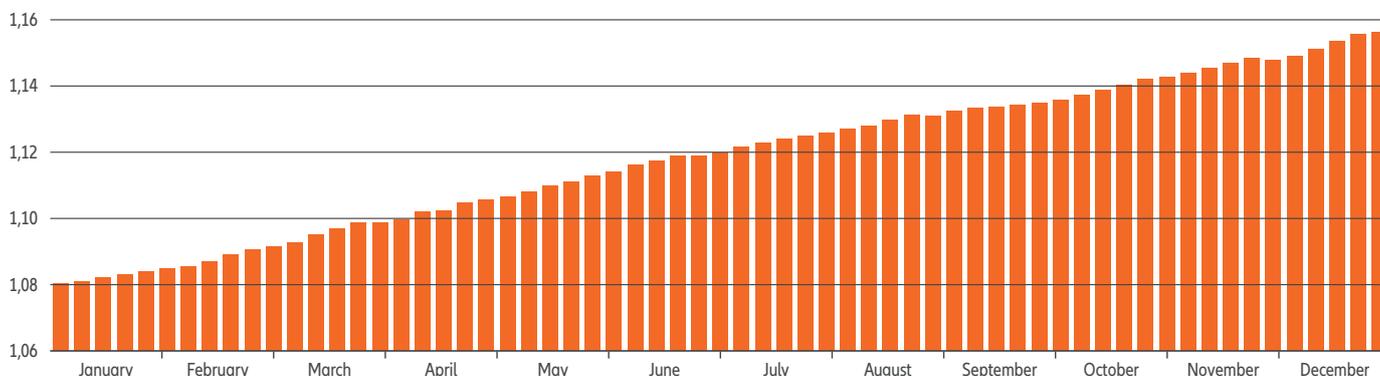
In 2023, there were no litigations or arbitrations concerning the statutory conservative fund.

g) Information about the fund's net assets and net assets attributable to one pension unit for the last three periods

	Unit price (CZK)	NAV* (CZK)
31.12.2020	1,0615	1 969 354 688,60
31.12.2021	1,0435	2 530 581 292,04
31.12.2022	1,0789	3 222 943 410,39
31.12.2023	1,1562	4 143 917 387,38

* Net asset value (NAV)

h) Development of the pension unit value in 2023



i) Information about the structure of and changes in the fund's assets

Assets (CZK thousand)	31.12.2022	31.12.2023
Receivables from banks	181,533	1,942,413
a) payable on demand	31,837	45,043
b) other receivables	150,095	1,897,370
Debt securities	3,048,170	2,233,390
TOTAL	3,229,703	4,175,803

j) Information about consideration paid to the designated pension management company for managing the fund's assets

(CZK thousand)	31.12.2022	31.12.2023
Consideration for assetmanagement	11,410	14,587

The consideration for managing assets of the statutory conservative fund as at the end of the specified period amounted to 0.4 % of the average annual value of the fund's net assets. The pension management company charged no consideration during the specified period.

k) Information about quantitative restrictions and methods applied for assessment of risk associated with techniques and instruments for effective management of assets held in the subscriber fund

The basic risk management tools involve limits applied to shares of individual financial instrument types held in the portfolio, defined in compliance with the requirements of Act No. 427/2011 Coll., on supplementary pension savings, the fund's statute and investment strategy.



English translation

Independent Auditor's Report

To the participants of Allianz účastnický povinný konzervativní fond, Allianz penzijní společnost, a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz účastnický povinný konzervativní fond, Allianz penzijní společnost, a.s., with its registered office at Ke Štvanici 656/3, Praha 8 (the "Fund") as at 31 December 2023 and of the Fund's financial performance for the year ended 31 December 2023 in accordance with Czech accounting legislation.

What we have audited

The Fund's financial statements comprise:

- the balance sheet as at 31 December 2023,
- the income statement for the year ended 31 December 2023, and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The statutory body of Allianz penzijní společnost, a.s. is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

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PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.



Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Fund obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the statutory body of Allianz penzijní společnost, a.s. for the financial statements

The statutory body of Allianz penzijní společnost, a.s. is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body of Allianz penzijní společnost, a.s. is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body of Allianz penzijní společnost, a.s. either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Allianz penzijní společnost, a.s. internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body of Allianz penzijní společnost, a.s.
- Conclude on the appropriateness of the statutory body of Allianz penzijní společnost, a.s. use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the statutory body of Allianz penzijní společnost, a.s. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

28 March 2024

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

Marek Richter
Statutory Auditor, Licence No. 1800

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

Balance sheet as at 31 December 2023

(Translated from the Czech original)

TCZK	Note	31/12/2023	31/12/2022
ASSETS			
3	8	1,942,413	181,533
<i>of which: a) repayable on demand</i>		45,043	31,438
<i>b) other receivables</i>		1,897,370	150,095
5	9	2,233,390	3,048,170
<i>of which: a) issued by government institutions</i>		2,233,390	3,048,170
TOTAL ASSETS		4,175,803	3,229,703

TCZK	Note	31/12/2023	31/12/2022
LIABILITIES			
4	10	31,885	6,760
9	11	206,731	132,373
12		3,587,291	2,987,506
14		103,065	2,057
15	13	246,831	101,007
TOTAL LIABILITIES		4,175,803	3,229,703

TCZK	Note	31/12/2023	31/12/2022
OFF-BALANCE SHEET ITEMS			
Off-balance sheet assets			
8	12	4,143,917	3,222,943
Off-balance sheet liabilities			
10	8	1,872,688	146,055

Income Statement for the year ended 31 December 2023

(Translated from the Czech original)

TCZK	Note	31/12/2023	31/12/2022
1 Interest income and similar income	3	244,577	124,212
<i>of which: a) interest on debt securities</i>		161,234	92,854
5 Commission and fee expense	4	(33,119)	(11,410)
6 Gain from financial operations	5	35,373	(11,795)
19 Current year profit (loss) from ordinary activities before tax		246,831	101,007
24 Net profit (loss) for the period		246,831	101,007

Notes to the financial statement 2023

1. GENERAL INFORMATION

(a) Description of the fund

Establishment and description of the fund

Allianz účastnický povinný konzervativní fond, Allianz penzijní společnost, a.s. ("the Fund") was established by Allianz penzijní společnost, a.s. ("the Company"), based on a licence granted by the Czech National Bank under the decision with a reference number 2012/12805/570, dated 21 December 2012 that took effect on 21 December 2012. The Fund started its activities on 5 February 2013.

Supplementary pension savings participants

As at 31 December 2023, the Fund administered contributions of 37 701 participants in supplementary pension savings.

Information about the pension company

The pension company that manages the Fund's assets is Allianz penzijní společnost, a.s., identification number (IČO) 256 12 603, with its registered office at Ke Štvanici 656/3, 186 00 Prague 8. The Company was registered in 1994 (formerly Allianz penzijní fond, a.s.). The Company was granted a licence to operate as a pension company based on a decision of the Czech National Bank, reference number 2012/10254/570 dated 24 October 2012. The decision took effect on 26 October 2012.

Principal business of the Company:

- a) Accumulation of contributions from participants in supplementary pension insurance and support provided by the State in respect of the participants and administration of the contributions pursuant to Act No. 42/1994 Coll.,
- b) Accumulation of participants' contributions, employers' contributions and state contributions pursuant to Act No. 427/2011 Coll., on Supplementary Pension Savings, to be placed in participation funds, management of assets in participation funds and payment of supplementary pension insurance benefits.

Depositary

Depositary services have been rendered by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, 140 92 Praha 4 – Michle, identification number (IČO): 649 48 242 ("the Depositary") on the basis of a depositary agreement dated 13 December 2013.

(b) Basis of preparation of the financial statements

The financial statements, which include the balance sheet, income statement, statement of changes in equity and related notes, have been prepared in accordance with the Accounting Act, decrees issued by the Ministry of Finance of the Czech Republic and Czech Accounting Standards for Financial Institutions. It is based on the historical cost principle, which

is modified by measuring financial instruments at fair value through profit or loss ("FVTPL") or fair value through equity ("FVOCI") (in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS")), changes in the fair values of this category are recognized in other comprehensive income).

The Fund's management is convinced that it has adequate resources for its business activities in the foreseeable future, and therefore these financial statements have been prepared on the assumption that the Fund's business activities will continue.

The financial statements are based on the assumption that the entity will continue as a going concern and that no circumstance would restrict or prevent the entity's ability to continue as a going concern in the foreseeable future.

Unless otherwise indicated, all amounts are shown in thousands of Czech crowns (TCZK). Numbers in brackets represent negative numbers.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted in the preparation of the Fund's financial statements are set out below:

(a) Transaction date

Depending on the transaction type, the transaction date is generally defined as:

- the date of payment or cash collection,
- the date of purchase or sale of foreign currency or securities,
- the date of executing a payment,
- the date on which (foreign currency) funds are credited, as stated in an account statement,
- the trade and settlement date for spot transactions, i.e. purchases or sales of financial instruments or commodities where the period between concluding and settling the transaction does not exceed two days,
- the trade and settlement date for derivative transactions.

The Entity has determined that spot transactions (i.e. accounting transactions involving the purchase or sale of financial assets with a usual term of delivery) are recorded directly in an appropriate asset or liability account on the trade date.

The Fund derecognises a financial asset or part thereof from the balance sheet if it loses control of the contractual rights to the financial asset or part thereof. The Fund loses this control if it exercises the rights to the benefits defined in a contract, or if such rights expire or are waived by the Fund.

When a financial liability or part thereof is extinguished (e.g. the obligation specified in a contract is discharged or cancelled or expires), the Entity will no longer recognise the financial

liability or part thereof in the balance sheet. The difference between the carrying amount of a liability (or part thereof) extinguished or transferred to another party and the consideration paid is recognised in profit or loss.

(b) Accounts of retirement savings participants

Contributions obtained from participants are recognised in the Fund's equity in the following items:

- capital funds,
- share premium.

(c) Recognition of receivables relating to state contributions to participants

The Fund does not recognise any receivables from the Ministry of Finance relating to state contributions paid to participants. State contributions are recognised as and when received from the Ministry of Finance.

Accounting policies for financial instruments

(d) Securities

Initial recognition

Securities in the FVTPL category are initially recognized at fair value. The fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is recognized only when there is a difference between the fair value and the transaction price that is evidenced by other observable market transactions of the same instrument or by a valuation technique whose inputs include only observable market data.

Subsequent valuation

Securities that are accounted for as assets and that are not considered to have a controlling or significant influence are included in the portfolio of securities measured at fair value through profit or loss for subsequent valuation purposes.

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. The best proof of fair value is an active market price. An active market is one in which transactions in assets or liabilities are carried out in sufficient frequency and volume to provide information about prices on an ongoing basis. The fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the amount held by the entity. This is the case even if the normal daily trading volume on the market is not able to absorb the quantity held and entering a sale of the entire position held in a single transaction could affect the quoted price.

Securities - classification and subsequent valuation - business model

The business model reflects the way in which the Fund manages financial assets for the purpose of generating cash flows - whether the Fund's objective is: i) only to collect contractual cash flows from assets ("holding to obtain contractual cash flows") or ii) to collect both contractual cash flows; thus, cash flows arising from the sale of assets ("holding to obtain contractual cash flows and sales"), or if neither (i) and (ii) apply, financial assets are classified as part of a "different" business model and valued in the FVTPL category.

The business model is determined for a group of assets (at the portfolio level) on the basis of all relevant evidence of the activities that the Fund undertakes to achieve the target set for the portfolio available on the valuation date. Factors considered by the Fund in determining its business model include the following: when buying or selling securities, the Fund focuses primarily on fair value and uses this information to evaluate asset performance and make decisions. This portfolio is not held for the purpose of holding to collect contractual cash flows ("Hold to collect") or for the purpose of holding to collect cash flows and the sale of financial assets ("Hold to collect and sell"). For such a portfolio, the collection of contractual cash flows is only incidental to achieving the business model objective.

Debt securities measured at fair value through profit or loss

In accordance with the Fund's business model and classification as an investment unit, all debt securities are classified within the FVTPL category. Debt securities are classified in the FVTPL category in accordance with a "different business model" because the performance of the assets is managed on a fair value basis.

Equity securities measured at fair value through profit or loss

Financial assets that meet the definition of equity from the issuer's point of view, i.e. assets that do not contain a contractual obligation to pay cash and demonstrate a residual interest in net assets, are considered by the Fund to be investments in equity securities.

Investments in equity securities are carried at fair value through profit or loss, line "profit or loss from financial operations" in accordance with the Fund's business model.

Gains / losses on this valuation are recognized in the income statement under 'Gain or loss on financial operations'. In the case of debt securities, the entity first recognizes interest income under 'Interest income and similar income' and then a revaluation to fair value under 'Profit or loss from financial operations'.

Fair value of securities

In determining fair value, the Fund follows international accounting standards regulated by European Union law.

Fair value means the market value that is announced on a domestic or foreign stock exchange or on another public (organized) market. The Fund uses the market value, which is announced at a time no later than the date of preparation of the financial statements, and the closest to this date. If the market value is not available or the market value does not adequately reflect the fair value, the fair value is determined using the qualified estimation method.

IFRS 13 requires a bid-ask price to be found, which will best represent the fair value corresponding to the stated objective, i.e. the price that would be obtained for the sale of the asset. Determining this value usually means using judgment at the same time as information on historical bid prices, ask prices and actual transaction prices. Based on historical transactions and duration profile of portfolios of assets remeasured to fair value considers the Fund mid-price to be an appropriate representation of fair value in accordance with IFRS 13. The difference between the price of the actual transactions and the mid-valuation at the reporting date the Fund does not consider as significant.

Interest income

Interest income mainly includes coupons from holding debt securities and their accruals. Interest income and expense on securities classified in the FVTPL category are reported on an accrual basis using the linear method.

Derecognition of securities

When selling securities, an entity uses the average price method to measure the decrease in securities.

Dividend income

The fund accounts for a dividend on shares or unit certificates in net value, i.e. after deducting withholding tax deducted abroad.

(e) Reverse repo operations

Transactions in which securities are purchased with an obligation to resell (reverse repo operations) at a predetermined price are accounted for as loans granted by securities that are the subject of purchase and resale.

These loans are reported in the balance sheet under "Receivables from banks and credit unions".

Securities received as part of reverse repo operations are recorded only in the off-balance sheet under "Pledges and collateral received".

Reverse repo transactions are reported at accrued value (AC), which is reduced by any provision.

Revenues arising from reverse repo transactions as the difference between the sale and purchase price are accrued over the period of the transaction and recognized in the income statement under "Interest income and similar income".

(f) Receivables and provisions

Operating receivables are stated at amortized cost less any allowance. Bad debts are written off at the end of the debtor's bankruptcy proceedings or if the probability of their payment is not realistic.

The creation of a provision is recognized as an expense, its use is recognized together with the costs or losses associated with the disposal of assets in the income statement. The release of the provision for unnecessary assets is recognized in income.

For impairment, the Fund applies a simplified approach and measures expected credit losses over a 12-month period or until contractual maturity, whichever is shorter.

Provisions for assets denominated in a foreign currency are created in that foreign currency.

(g) Financial derivatives and hedging

Financial derivatives held by the Fund include currency forwards and currency swaps, which are initially recognized in the balance sheet at cost and subsequently measured at fair value.

Fair values are derived from quoted market prices or discounted cash flow models that are based only on available market data. Valuation models take into account current market conditions existing at the valuation date, which may not reflect the market situation before or after that date.

All derivatives are reported under other assets if they have a positive fair value or under other liabilities if their fair value is negative for the Fund.

Changes in the fair value of financial derivatives held for trading, including derivatives entered into for the purpose of economic hedging, are included in profit or loss from financial operations.

h) Foreign currency translation

Financial assets and liabilities denominated in foreign currencies are translated into Czech crowns at the exchange rate published by the CNB as at the balance sheet date. All foreign exchange gains and losses on monetary items are recognized in profit or loss from financial operations, except for equity instruments measured at fair value through profit or loss (FVOCI), where they are also recognized together with their revaluation in equity.

Transactions denominated in a foreign currency are accounted for in Czech crowns at the exchange rate announced by the CNB valid on the day of the transaction or on the day of the accounting event.

Exchange differences arising on the translation of shares or participation certificates that do not meet the definition of a debt instrument, denominated in a foreign currency into Czech currency valued at FVTPL or valued at FVOCI, are reported together with the change in their fair value.

Exchange differences arising from the translation of debt securities denominated in a foreign currency into the Czech currency reported in FVTPL, AC or valued in FVOCI are reported on the line "Profit or loss from financial operations".

(i) Classification of the Fund as an investment unit

In accordance with IFRS 10, paragraph 28, a Fund is classified as an investment entity if it meets the following conditions:

- obtains funding from one or more participants in order to provide investment management services to those participants;
- undertakes to its participant (s) that its business intention is to invest funds solely for the purpose of realizing capital gains, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

Based on the performed analysis, the Fund meets the definition of an investment unit according to IFRS 10, paragraph 28.

(j) Pension units - funds of Fund participants

The fund issues 1 class of pension units that are redeemable at the holder's request, have the same rights and are denominated in the same currency.

These Pension Entities are classified as an equity instrument in accordance with IAS 32, paragraph 11, including the applicable exceptions to the definition of a financial liability in accordance with IAS 32, paragraph 16.

Pension units issued by the Fund are redeemable securities at the request of the holder.

Based on the above, Pension units issued by the Fund do not meet the definition of financial liabilities in IAS 32.

Pension units are repurchased on the basis of a request to repurchase participants. The Fund is obliged to repurchase Pension Units within two days from the date of receipt of the repurchase request. Pension units are reported in the amount paid for Pension units, which is due on the balance sheet date if the holder exercises the right to return the pension unit back to the Fund. Pension units are issued and redeemed on the basis of the holder's right to settle the fair value of the Fund's net assets attributable to the Pension Unit.

The value of the fund's capital (net assets) per pension unit is calculated by dividing the fund capital attributable to pension holders by the total number of outstanding redeemable pension units.

In accordance with the Fund's Articles of Association, investment positions are revalued at least once a week in order to determine the value of the fund's capital per pension unit for subscription and redemption. Advances received for Pension Units are reported on the line "Other liabilities" and valued at cost.

(k) Payments to pension unit holders

The proposed payments to pension holders are reported on the balance sheet on the line "Other liabilities" and represent a reduction in the Fund's capital funds when they are duly approved and no longer belong to the Fund.

Payments to holders usually occur when the proposed payouts are approved by the Board of Directors of the Pension Company.

(l) Taxation

Tax due

The tax base for income tax is calculated from the profit or loss for the current period before tax by adding non-deductible expenses, deducting income that is not subject to income tax, and adjusting tax rebates and any credits.

Deferred tax

With effect from 1 January 2015, a zero corporate income tax rate was introduced for the pension company's funds, so the Fund does not account for deferred tax on temporary differences between the carrying amount and the tax base of assets and liabilities.

(m) Related parties

A related party is a person or entity that is related to the Fund when at least one of the following conditions is met:

- a) A person or a close member of that person's family is related to the Fund if that person:
 - (i) controls or co-controls the Fund;
 - (ii) has a material effect on the Fund; or
 - (iii) is a member of the key management personnel of the Fund or its parent company.
- b) An entity is related to the Fund if any of the following conditions apply:
 - (i) The entity and the Fund are members of the same group (meaning that all parent, subsidiary and subsidiary entities are related).
 - (ii) One entity is an associate or joint venture of another entity (or an associate or joint venture of a member of a group of which the other entity is a member).

- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) An entity is a post-employment benefit plan for the benefit of employees of the Fund or an entity that is related to the Fund. If the Fund itself is such a plan, the contributing employers are also related to the Fund.
- (vi) The entity is controlled or jointly controlled by a person mentioned above.
- (vii) The person referred to in the first paragraph has significant influence over the entity or is a member of the key management personnel of the entity (or its parent).
- (viii) The entity or any member of the group of which it is a member provides key management services to the Fund or the parent company of the Fund.

A related party transaction is a transfer of resources, services or liabilities between the Fund and a related party, regardless of whether a price is charged.

Close members of a person's family are those family members who can be expected to influence or be influenced by the person in their dealings with the entity and include:

- a) the children and the spouse or partner of a person in the joint household; and
- b) dependents of that person or of his or her spouse or common household partner.

(n) Corrections of prior period errors and changes in accounting policies

Adjustments to prior period expenses or income are recognized in the current period expense or income accounts, unless they are corrections of fundamental errors relating to prior periods.

Corrections of fundamental errors in the recognition of income and expenses of previous periods and changes in accounting methods are recorded through the item "Retained earnings or unreimbursed loss from previous periods" in the Fund's balance sheet.

The Fund did not make any corrections to fundamental errors or changes in accounting policies between 1 January 2023 and 31 December 2023.

(o) Funds of pension unit holders

As part of the transition to IFRS in the area of financial instruments, effective from 1 January 2021, issued pension units were not reclassified from equity to financial liabilities because these instruments do not meet the definition of a financial liability in IAS 32, paragraph 11, including the exceptions in para. 16.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2023	2022
Interest on debt securities in FVTPL	161,234	92,854
Interest on current accounts and term deposits in AC	83,343	31,359
Total	244,577	124,212

4. FEE AND COMMISSION EXPENSE

TCZK	2023	2022
Fee for management of assets	(33,119)	(11,410)
Total	(33,119)	(11,410)

The fee for management of the Fund's assets 0.4 % (2022: 0.4%) of the average annual value of the Fund's capital.

The fee for appreciation of assets is calculated as 10 % (2022: 10%) share of the difference between the average value of the pension unit and the highest average annual value of the pension unit since the creation of the Fund multiplied by the average number of pension unites in the year.

The costs of the Fund's audit and legal advice are paid by the Company.

5. GAIN OR LOSS FROM FINANCIAL OPERATIONS

TCZK	2023	2022
Gain/loss from securities transactions	35,373	(11,795)
Total	35,373	(11,795)

6. REVENUES BY GEOGRAPHICAL SEGMENTS

TCZK	CR	EU	Non-EU	Total
2023				
Interest income and similar income	244,577	-	-	244,577
Gain or loss from financial operations	35,373	-	-	35,373
Total	279,950	-	-	279,950
2022				
Interest income and similar income	124,212	-	-	124,212
Gain or loss from financial operations	(11,795)	-	-	(11,795)
Total	112,417	-	-	112,417

7. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2023	31.12.2022
Receivables / (Payables)		
Fee for management paid to the Company	(809)	(596)
Fee for appreciation of assets paid to the Company	(18,533)	-
Total	(19,342)	(596)

TCZK	31.12.2023	31.12.2022
Expenses		
for management paid to the Company	(14,586)	(11,410)
for appreciation of assets paid to the Company	(18,533)	-
Total	(33,119)	(11,410)

TCZK	31.12.2023	31.12.2022
Off-balance sheet assets		
Values placed under management	4,143,917	3,222,943
Total	4,143,917	3,222,943

The analysis of the credit quality of receivables from banks as at 31 December 2023 and 2022 is as follows:

TCZK	Deposits at banks - current accounts	Term deposits	Provided loans within repo transactions	Total
As of December 31, 2023				
<i>To maturity, not devalued</i>				
- [A- to A+]	-	-	1,897,370	1,897,370
- [less than A]	45,043	-	-	45,043
Total to maturity according to the rating	45,043	-	1,897,370	1,942,413
Total to maturity, not impaired	45,043	-	1,897,370	1,942,413
As of December 31, 2022				
<i>To maturity, not devalued</i>				
- [less than A]	31,438	-	-	31,438
- No rating	-	-	150,095	150,095
Total to maturity according to the rating	31,438	-	150,095	181,533
Total to maturity, not impaired	31,438	-	150,095	181,533

The Fund's receivables from banks are not overdue and are secured.

The impact of receivables from banks on ECL measurements is not significant.

For disclosure of the fair value of bank receivables that are not carried at fair value, see Note: "Fair Value Recognition."

8. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2023	31.12.2022
Current accounts at banks	45,043	31,437
Reverse repurchase agreements	1,897,370	150,095
Total	1,942,413	181,532

As at 31 December 2023, the Fund registered treasury bill CZ0001006936 in reverse repo transactions. (As at 31 December 2022, the Fund registered treasury bill CZ00010006563 with a market value of TCZK 146,055 in reverse repo transactions). Treasury bills are recorded in the off-balance sheet in "Collaterals and pledges received".

9. DEBT SECURITIES

(a) Classification of debt securities into individual portfolios based on the Fund's intention

TCZK	31.12.2023	31.12.2022
Debt securities compulsorily in FVTPL	2,233,390	3,048,171
Net book value	2,233,390	3,048,171

The table below shows investments in debt securities as at 31 December 2023 and 2022 by classification and class:

TCZK	Debt securities compulsorily and FVTPL	Debt securities voluntarily in FVTPL	Debt securities in FVOCI	Debt securities in AC
As of December 31, 2023				
State bonds	2,233,390	-	-	-
Total investments in debt securities as at 31 December 2023	2,233,390	-	-	-
TCZK	Debt securities compulsorily and FVTPL	Debt securities voluntarily in FVTPL	Debt securities in FVOCI	Debt securities in AC
As of December 31, 2022				
State bonds	3,048,171	-	-	-
Total investments in debt securities as at 31 December 2022	3,048,171	-	-	-

Investments in debt securities in FVTPL

Debt securities compulsorily classified by the Fund in FVTPL are securities held for trading, securities in a "different business model", or securities whose cash flows do not only represent principal and interest payments and do not meet the SPPI test.

Debt securities in FVTPL are carried at fair value, which also reflects all credit risk and thus best expresses the Fund's maximum exposure to credit risk.

Debt securities in FVTPL are not secured.

(b) Analysis of debt securities measured at fair value through profit or loss

TCZK	31.12.2023	31.12.2022
Issued by government institutions		-
Listed on exchange in the Czech Republic	2,233,390	3,048,171
Total	2,233,390	3,048,171

The company does not register any Securities listed on another market as of 31 December 2023 (The company does not register any Securities listed on another market as of 31 December 2022).

10. OTHER LIABILITIES

TCZK	31.12.2023	31.12.2022
Payables to participants	12,544	6,164
Estimated payables	19,342	596
Total	31,856	6,760

11. EQUITY

	31.12.2023	31.12.2022
Fund's equity (TCZK)	4,143,917	3,222,943
Number of retirement units (pieces)	3,583,987,500	2,987,335,284
Fund's equity per one retirement unit	1.1562	1.0789

The current value of a retirement unit is defined as the value of the pension fund's equity which reflects the corresponding portion of standard expenses having an impact on the pension fund's equity, as at the date on which the current value of the retirement unit relating to one retirement unit is determined.

Retirement units are recorded in personal retirement accounts of all participants in relation to the pension fund as at the date on which the current value of the retirement unit is determined.

Credited and written-off retirement units

TCZK	Number of retirement units	Value of retirement units (nominal value)	Value of retirement units (share premium)
Balance at 1 January 2022	2,425,115,070	2,425,115	103,244
Credited retirement units	1,300,791,283	1,300,791	66,654
Written-off retirement units	(738,571,069)	(738,571)	(37,524)
Balance at 31 December 2022	2,987,335,284	2,987,335	132,372
Credited retirement units	1,503,522,335	1,503,522	179,138
Written-off retirement units	(906,870,119)	(906,870)	(104,780)
Balance at 31 December 2023	3,583,987,500	3,583,987	206,732

Benefits paid

	2023	2022
Number of contracts	6,215	5,228
Total benefits paid (in TCZK)	973,376	734,505

The number of contracts corresponds with the total number of terminated one-off benefits. The participant's contributions can be invested in several funds depending on the chosen strategy.

12. ACCOUNTS OF PARTICIPANTS

TCZK	31.12.2023	31.12.2022
Participants' and employers' contributions	3,480,294	2,869,114
Fund's appreciation	663,623	353,829
Total	4,143,917	3,222,943

13. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit of TCZK 246,831 for the period ended 31 December 2023. Profit from the previous period in the amount of 101,007 TCZK was allocated to the item Retained earnings of previous periods.

14. INCOME TAX

Effective from 1 January 2015, a zero corporate income tax rate has been introduced for funds of pension companies.

15. VALUES PLACED UNDER MANAGEMENT

The Fund placed all of its assets under the management of the Company. Values placed under management represent the Fund's equity.

16. FINANCIAL INSTRUMENTS – MARKET RISK

The current economic situation remains sensitive to geopolitical developments in the world. The impact on financial and commodity markets, supply chains and key macroeconomic indicators with business implications such as inflation rates, interest rates, exchange rate volatility and others remains significant.

The Company's management evaluated the impact of the current economic situation on its business with the following conclusion: The outlook for the world economy in 2024 was significantly affected in particular by the continuing development of the war in Ukraine, slowing inflation and the associated gradual reduction of central bank rates. The Czech National Bank started reducing rates as early as December 2023. According to the World Bank, the global GDP growth estimate should return to a level exceeding 3% in the coming year. The Czech government bond market in 2024 will be affected mainly by the increased issuance of bonds to cover the 252 billion CZK planned deficit of the state budget.

(a) Risk management

The Fund's primary risk management tool limits on the share of individual types of financial instruments in the Fund's portfolio, as prescribed under Act No. 427/2011 Coll. on Supplementary Pension Savings, the Statutes and the investment strategy.

Market risks are measured using the Value at Risk ("VaR") method. Value at Risk represents a potential loss arising from unfavourable market movements within a certain period at a certain confidence level. The Fund determines Value at Risk through stochastic simulation of a large number of scenarios of potential changes in the financial markets. Value at Risk is measured based on a one-day and one-year holding period and a confidence level of 95%. The results of this model are back-tested on a daily basis and compared with the actual results achieved in the financial markets. If the Fund identifies any inaccuracies, the model is adjusted to be in line with the current trend in the financial markets. The Value at Risk relating to individual types of risks was as follows:

in %	at 31. 12. 2022	Average 2022	at 31. 12. 2023	Average 2023
VaR for interest rate instruments	0.09	0.07	0.12	0.19

As a result of its activities, the Fund is exposed to certain risks. The Fund's approach to managing these risks is described below.

(b) Liquidity risk

Liquidity risk includes both the risk that the Fund is unable to finance its assets using instruments with appropriate maturity and the risk that the Fund is unable to dispose of its assets for the appropriate price within the appropriate period.

The Fund presents contributions received from participants, the State and third parties in favour of the participants under liabilities. The Company's equity represents a minority source of financing.

Residual maturity cannot be specified for liabilities to participants in supplementary pension savings/supplementary pension insurance due to the nature of the product and because payment of the benefit can be requested after the entitlement to the benefit arises.

The Fund regularly assesses liquidity risk, in particular by monitoring changes in the structure of inflows and outflows of participants' accounts. The Fund also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid instruments such as state treasury bills and similar government bonds.

Residual maturity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 year	Over 5 year	Not specified	Total
At 31 December 2023						
Receivables from banks	1,942,413	-	-	-	-	1,942,413
Debt securities	-	243,275	999,998	990,117	-	2,333,390
Total	1,942,413	243,275	999,998	990,117	-	4,175,803
Payables from participants' contributions	12,544	-	-	-	-	12,544
Other liabilities	19,342	-	-	-	-	19,342
Equity	-	-	-	-	4,143,917	4,143,917
Total	31,886	-	-	-	4,143,917	4,175,803
Gap	1,910,527	243,275	999,998	990,117	(4,143,917)	-
Cumulative Gap	1,910,527	2,153,802	3,153,800	4,143,917	-	-
At 31 December 2022						
Receivables from banks	181,533	-	-	-	-	181,533
Debt securities	-	437,469	1,698,916	911,785	-	3,048,170
Total	181,533	437,469	1,698,916	911,785	-	3,229,703
Payables from participants' contributions	6,164	-	-	-	-	6,164
Other liabilities	596	-	-	-	-	596
Equity	-	-	-	-	3,222,943	3,222,944
Total	6,760	-	-	-	3,222,943	3,229,703
Gap	174,772	437,469	1,698,916	911,785	(3,222,943)	-
Cumulative Gap	174,772	612,241	2,311,157	3,222,943	-	-

The above tables represent the residual maturity of the carrying amounts of the individual financial instruments, not the total cash flows generated by these instruments.

(c) Currency risk

As at 31 December 2023 and as at 31 December 2022, all of the Fund's assets and liabilities were denominated in CZK. The Fund was not thus exposed to currency risk in the relevant period.

(d) Interest rate risk

The fund is exposed to the risk of fluctuations in market interest rates in connection with its financial position and cash flows. Interest margins may decrease as a result of these changes, but they may increase even in the event of unexpected movements and create losses.

The table below shows the Fund's exposure to interest rate risk. The table shows the aggregate amounts of the Fund's financial assets and liabilities at carrying amounts, broken down by the expected interest rate or maturity date of the financial instruments (whichever occurs first):

TCZK	Normal and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Non-monetary	Total
December 31, 2023						
Total financial assets	1,239,290	2,879,590	38,218	18,705	-	4,175,803
Total financial liabilities	31,885	-	-	-	-	31,885
Net interest rate sensitivity analysis as at 31 December 2023	1,207,405	2,879,590	38,218	18,705	-	4,113,918
December 31, 2022						
Total financial assets	181,532	2,468,036	9,539	570,596	-	3,229,703
Total financial liabilities	6,760	-	-	-	-	6,760
Net interest rate sensitivity analysis as at 31 December 2022	174,772	2,468,036	9,539	570,596	-	3,222,943

Geographical concentration of risks. Geographical concentration of the Fund's financial assets and liabilities as at 31 December 2023 as below stated:

TCZK	Czech Republic	Other countries non-EU	Total
Financial assets			
Debt securities	2,233,390	-	2,233,390
Receivables from banks	45,043	-	45,043
Other financial assets	1,897,370	-	1,897,370
Total financial assets	4,175,803	-	4,175,803
Net position	4,175,803	-	4,175,803

Geographical concentration of the Fund's financial assets and liabilities as at 31 December 2022 is following:

TCZK	Czech Republic	Other countries non-EU	Total
Financial assets			
Debt securities	3,048,170	-	3,048,170
Receivables from banks	31,438	-	31,438
Other financial assets	150,095	-	150,095
Total financial assets	3,229,703	-	3,229,703
Net position	3,229,703	-	3,229,703

17. FINANCIAL INSTRUMENTS – CREDIT RISK

The Fund is exposed to the risk that the issuer of a security that was acquired in the Fund's portfolio or other counterparty does not meet its obligation to pay the agreed interest or principal. As the Fund only invests in securities with a high credit rating, the risk is minimal.

18. FAIR VALUE REPORTING

Fair value measurement is analysed by level in the fair value hierarchy as follows:

Level 1: Published quotations in active markets are used to determine the fair values of financial assets and liabilities. Market revaluation is obtained using the prices of an identical asset or liability, which means that no revaluation model is used.

The fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer prices.

Level 2: Valuation techniques based on direct (eg price) or indirect (eg price derived) market inputs. This category includes financial instruments valued at quoted market prices for similar financial instruments, valued at quoted prices for identical or similar financial instruments in markets that are considered less active or valued by other valuation techniques for which all significant inputs are directly or indirectly observed in the markets.

Level 3: Valuation techniques based on significant non-market inputs. This category represents all financial instruments for which valuation techniques include inputs that are not based on observable data and for which non-market inputs have a significant impact on their revaluation. The category includes financial instruments whose revaluation is based on quoted market prices of similar financial instruments, but which need to be adjusted for significant non-market adjustments and assumptions that reflect differences between financial instruments.

Interim fair value measurements are those required or permitted by accounting standards in the balance sheet at the end of each reporting period. The levels in the fair value hierarchy in which interim fair value measurements are included are as follows:

TCZK	31 December 2023				31 December 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets are carried at fair value								
Securities in FVTPL	-	2,233,390	-	2,233,390	-	3,048,170	-	3,048,170
State bonds	-	2,233,390	-	2,233,390	-	3,048,170	-	3,048,170
Total assets are recognized at fair value on an ongoing basis	-	2,233,390	-	2,233,390	-	3,048,170	-	3,048,170

Financial assets and liabilities that are not measured at fair value but for which fair value is disclosed

The fair values analysed at the level of the fair value hierarchy and the carrying amounts of assets and liabilities that are not measured at fair value are as follows:

TCZK	31 December 2023					31 December 2022				
	Level 1 Real value	Level 2 Real value	Level 3 Real value	Total Real value	Book value	Level 1 Real value	Level 2 Real value	Level 3 Real value	Total value	Book value
Financial assets										
Receivables from banks	-	1,942,413	-	1,942,413	1,942,413	-	181,533	-	181,533	181,533
Total financial assets	-	1,942,413	-	1,942,413	1,942,413	-	181,533	-	181,533	181,533
Financial liabilities										
Liabilities to non-banks, entities	-	31,885	-	31,885	31,885	-	6,760	-	6,760	6,760
Total financial liabilities	-	31,885	-	31,885	31,885	-	6,760	-	6,760	6,760

Level 2 and level 3 fair values according to the real value hierarchy were estimated using the discounted cash flow method. The real values of floating rate debt instruments that are not quoted in an active market are determined at their carrying amount. The real value of unlisted fixed rate instruments was estimated based on an estimate of future cash flows that should be received and which are discounted at the current interest rates applicable to current instruments with similar credit risk and remaining maturity.

19. UNRECOGNIZED LIABILITIES

As at 31 December 2023, the Fund was not involved in any litigation, the resolution of which would have a material impact on the Fund's financial results.

As at the balance sheet date, the Fund did not enter into any transactions that would not be reported in the balance sheet.

20. MATERIAL SUBSEQUENT EVENTS

The Company's management is not aware of any further events that have occurred and that would require an adjustment of the financial statements as of 31 December 2023.

Date of preparation 28 March 2024

Stamp and signature of statutory representative:

Name and signature:
Ing. Dušan Quis



Person responsible for accounting
Ing. Anna Švehlová



Name and signature:
Venelin Yanakiev



Person responsible for financial statements
Ing. Anna Švehlová



Allianz Balanced Subscriber fund

Allianz penzijní společnost, a. s.



Contents

PAGE 108

Profile of Allianz
Balanced Subscriber fund,
Allianz penzijní společnost, a. s.

PAGE 110

Independent Auditor's Report
to the Participants of Allianz
Balanced Subscriber fund,
Allianz penzijní společnost, a. s.

PAGE 114

Balance sheet as at 31 December 2023

PAGE 115

Income Statement
(for period ended 31 December 2023)

PAGE 116

Notes to the financial statements
as at 31 December 2023

Allianz

Balanced Subscriber fund

Allianz penzijní společnost, a. s.

In accordance with Sec. 44 of Decree No. 117/2012 Coll., on detailed regulation of activities of subscriber funds and pension funds, Allianz penzijní společnost, a. s. presents its Annual Report pursuant to Sec. 42, paragraph 1 of the said Decree. Allianz Balanced Subscriber Fund by Allianz penzijní společnost, a. s. (hereinafter referred to as the „balanced fund“) was formed as a subscriber fund pursuant to Act No. 427/2011 Coll., on supplementary pension savings, for the purpose of operating supplementary pension saving schemes in the so-called 3rd pillar of the pension system, which consists of collecting contributions from subscribers, employers and the state pursuant to the said Act for placement of the same in subscriber funds, managing assets held in subscriber funds and payment of benefits under supplementary pension schemes.

The balanced fund is a set of assets belonging to all subscribers and other parties who became beneficiaries of subscriber funds, all on a prorated basis according to the number of pension units. Assets held in the balanced fund are managed by the pension management company in its name and on subscriber's account. The assets are not part of assets of the pension management company that manages the fund's assets. The balanced fund is a fund pursuing a balanced investment strategy. The underlying investments of this financial product do not respect EU criteria for environmentally sustainable economic activities.

a) Information about the pension management company managing the fund

Name: Allianz penzijní společnost, a. s.
Registered office: Ke Štvanici 656/3, 186 00, Prague 8
E-mail and website: info@allianz.cz, www.allianz.cz
Commercial register: Municipal Court of Prague, section B, file 4972
Corporate ID number: 25 61 26 03
Registered capital: 50 100 000 Kč
Shareholder: Allianz pojišťovna, a. s. (100 %)
Auditor: PwC Česká republika

Allianz penzijní společnost, a. s. (hereinafter referred to as „pension management company“) has been managing the transformed fund since 1 January 2013. Czech National Bank approved the Statute of Allianz transformed fund in connection with the transformation of Allianz penzijní fond, a.s. on 24 October 2012 under reference no. 2012/10254/570.

b) Information about the fund's portfolio managers

The investment manager of the transformed fund is Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“), entered in the Commercial Register maintained by the Municipal Court of Prague, section B, file 4972.

Portfolio managers: Petr Podolka, Jiří Šnobl

c) Information about the fund's depositary during the specified period, and about the term of its engagement

The new depositary of the balanced fund as of 3 January 2014 is UniCredit Bank Czech Republic and Slovakia, a. s., having its registered office at: Želetavská 1525/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 3608, corporate ID no. 64 94 82 42.(hereinafter referred to as the „Depositary“).

d) Information about the party ensuring custody or other safekeeping of the fund's assets,

if more than 1% of the fund's assets are kept or otherwise held in custody with the said party

Only the Depositary ensures custody or control over the dynamic fund's assets.

e) Identification of assets exceeding 1% of value of the fund's assets

as of 31 December 2023, stating the total acquisition price and fair value as at the end of the specified period

ISIN	Name of the security	Currency	Type	Cost (in CZK thous.) (Purchase price)	Fair value (in CZK thous.)	Share in fund assets (v%)
FR00140044X1	FRLBP 0 3/4 06/23/31	EUR	Korporátní dluhopisy	36,446	40,840	1.30 %
US404280DW61	HSBC 6.332 03/09/44	USD	Korporátní dluhopisy	33,128	37,039	1.18 %
US46647PDR47	CZGB 2.4 09/17/25	CZK	Korporátní dluhopisy	32,403	34,239	1.09 %
CZ0001004105	CZGB 0 11/19/27	CZK	Státní dluhopisy	444,552	450,181	14.32 %
CZ0001006241	CZGB Float 10/31/31	CZK	Státní dluhopisy	509,199	524,968	16.70 %
US87264ABW45	TMUS 3 1/2 04/15/31	USD	Korporátní dluhopisy	32,063	35,083	1.12 %
AT000B126982	OBERBK 1.55 09/06/24	CZK	Korporátní dluhopisy	50,020	49,106	1.56 %
XS2571923007	ROMANI 7 1/8 01/17/33	USD	Státní dluhopisy	34,653	37,368	1.19 %
XS2330503694	ROMANI 2 04/14/33	EUR	Státní dluhopisy	33,708	37,787	1.20 %
XS2589727168	BGOSK 5 1/8 02/22/33	EUR	Státní dluhopisy	37,101	42,008	1.34 %
IE00B60SX394	Invesco MSCI World UCITS ETF	USD	Podílové listy	72,547	81,921	2.61 %
IE00B6R52259	iShares MSCI ACWI UCITS ETF	USD	Podílové listy	53,044	59,371	1.89 %
IE00BKS7L097	Invesco S&P 500 ESG UCITS ETF	USD	Podílové listy	150,674	231,339	7.36 %
XS2641055012	NOVALJ 7 1/8 06/27/27	EUR	Korporátní dluhopisy	36,071	40,460	1.29 %
XS2705065188	JTBANK 7 1/2 10/26/26	EUR	Korporátní dluhopisy	36,908	37,776	1.20 %
AT000B127097	OBERBK 0 3/4 10/29/27	EUR	Korporátní dluhopisy	41,455	42,961	1.37 %
IE0004MFRED4	X S&P 500 EW ESG 1C	EUR	Podílové listy	123,346	134,547	4.28 %
IE00BKVL7331	ISHARES USA MINVOL ESG USDA	USD	Podílové listy	131,368	139,910	4.45 %
LU2300294746	AMUN MSCI JAPAN ESG BR CTB	EUR	Podílové listy	39,486	42,484	1.35 %
IE00B1FZSC47	ITPS LN Equity	GBP	Podílové listy	258,745	266,816	8.49 %
LU0322252338	XTRACKERS MSCI PACIFIC EX JA	EUR	Podílové listy	58,030	63,326	2.01 %
US46434G8556	iShares MSCI Global Gold Miner	USD	Podílové listy	79,213	73,095	2.33 %
hotovost	UniCredit Bank	CZK	Peněžní trh	35,956	35,956	1.14 %

f) Information about litigations or arbitrations involving the fund's assets

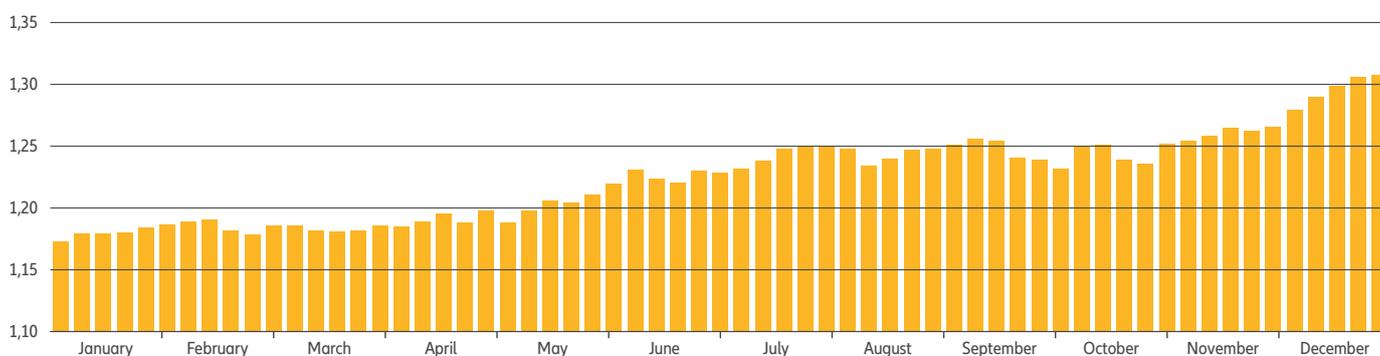
In 2023, there were no litigations or arbitrations concerning the balanced fund.

g) Information about the fund's net assets and net assets attributable to one pension unit for the last three periods

	Cena jednotky (v tis. Kč)	NAV* (v Kč)
31.12.2020	1,2045	1 533 407 747,22
31.12.2021	1,23	1 980 783 584,10
31.12.2022	1,1734	2 349 853 895,20
31.12.2023	1,3077	3 143 204 967,88

Net asset value (NAV) = čistá hodnota aktiv.

h) Development of the pension unit value in 2023



i) Information about the structure of and changes in the fund's assets

Assets (CZK thousand)	31.12.2022	31.12.2023
Receivables from banks	120,754	126,067
a) payable on demand	60,716	35,956
b) other receivables	60,038	90,111
Debt securities	1,215,996	1,470,558
Stocks, share certificates and other shares	1,018,367	1,547,878
Other assets	-	8,083
TOTAL	2,355,117	3,152,586

j) Information about consideration paid to the designated pension management company for managing the fund's assets

(CZK)	31.12.2022	31.12.2023
Consideration for asset management	20,243	25,486

The consideration for managing assets of the balanced fund as at the end of the specified period amounted to 0.8 % of the average annual value of the fund's net assets.

k) Information about quantitative restrictions and methods applied for assessment of risk associated with techniques and instruments for effective management of assets held in the subscriber fund

The basic risk management tools involve limits applied to shares of individual financial instrument types held in the portfolio, defined in compliance with the requirements of Act No. 427/2011 Coll., on supplementary pension savings, the fund's statute and investment strategy.



English translation

Independent Auditor's Report

To the participants of Allianz vyvážený účastnický fond, Allianz penzijní společnost, a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz vyvážený účastnický fond, Allianz penzijní společnost, a.s., with its registered office at Ke Štvanici 656/3, Praha 8 (the "Fund") as at 31 December 2023 and of the Fund's financial performance for the year ended 31 December 2023 in accordance with Czech accounting legislation.

What we have audited

The Fund's financial statements comprise:

- the balance sheet as at 31 December 2023,
- the income statement for the year ended 31 December 2023, and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The statutory body of Allianz penzijní společnost, a.s. is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

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Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Fund obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the statutory body of Allianz penzijní společnost, a.s. for the financial statements

The statutory body of Allianz penzijní společnost, a.s. is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body of Allianz penzijní společnost, a.s. is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body of Allianz penzijní společnost, a.s. either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Allianz penzijní společnost, a.s. internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body of Allianz penzijní společnost, a.s.
- Conclude on the appropriateness of the statutory body of Allianz penzijní společnost, a.s. use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the statutory body of Allianz penzijní společnost, a.s. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

28 March 2024

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

Marek Richter
Statutory Auditor, Licence No. 1800

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

Balance sheet as at 31 December 2023

(Translated from the Czech original)

TCZK	Note	31/12/2023	31/12/2022
ASSETS			
3	9	126,067	120,754
<i>of which: a) repayable on demand</i>		35,956	60,716
<i>b) other receivables</i>		90,111	60,038
5	10	1,470,558	1,215,996
<i>of which: a) issued by government institutions</i>		1,127,856	1,147,465
<i>b) issued by other entities</i>		342,702	68,531
6	11	1,547,878	1,018,367
11		8,083	-
TOTAL ASSETS		3,152,586	2,355,117

TCZK	Note	31/12/2023	31/12/2022
LIABILITIES			
4	12	9,361	25,970
9	13	374,095	279,945
12		2,403,814	2,002,552
14		46,650	159,793
15	15	318,666	(113,143)
TOTAL LIABILITIES		3,152,586	2,355,117

TCZK	Note	31/12/2023	31/12/2022
OFF-BALANCE SHEET ITEMS			
Off-balance sheet assets			
8	14	3,143,205	2,349,854
Off-balance sheet liabilities			
10	9	89,176	58,422

Income Statement for the year ended 31 December 2023

(Translated from the Czech original)

TCZK	Note	2023	2022
1 Interest income and similar income	3	81,978	50,210
<i>of which: interest on debt securities</i>		75,528	26,012
3 Income from shares and ownership interests	4	11,900	11,186
5 Commission and fee expense	5	(25,487)	(20,349)
6 Gain or loss from financial operations	6	250,275	(154,190)
19 Current year profit or loss from ordinary activities before tax		318,666	(113,143)
24 Net profit or loss for the period		318,666	(113,143)

Notes to the financial statement 2023

1. GENERAL INFORMATION

(a) Description of the fund

Establishment and description of the fund

Allianz vyvážený účastnický fond, Allianz penzijní společnost, a.s. ("the Fund") was established by Allianz penzijní společnost, a.s. ("the Company"), based on a licence granted by the Czech National Bank under the decision with a reference number 2012/12806/570, dated 21 December 2012 that took effect on 21 December 2012. The Fund started its activities on 5 February 2013.

Supplementary pension savings participants

As at 31 December 2023, the Fund administered contributions of 34 808 participants in supplementary pension savings.

Information about the pension company

The pension company that manages the Fund's assets is Allianz penzijní společnost, a.s., identification number (IČO) 256 12 603, with its registered office at Ke Štvanici 656/3, 186 00 Prague 8. The Company was registered in 1994 (formerly Allianz penzijní fond, a.s.). The Company was granted a licence to operate as a pension company based on a decision of the Czech National Bank, reference number 2012/10254/570 dated 24 October 2012. The decision took effect on 26 October 2012.

Principal business of the Company:

- a) Accumulation of contributions from participants in supplementary pension insurance and support provided by the State in respect of the participants and administration of the contributions pursuant to Act No. 42/1994 Coll.,
- b) Accumulation of participants' contributions, employers' contributions and state contributions pursuant to Act No. 427/2011 Coll., on Supplementary Pension Savings, to be placed in participation funds, management of assets in participation funds and payment of supplementary pension insurance benefits.

Depository

Depository services have been rendered by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, 140 92 Praha 4 – Michle, identification number (IČO) 649 48 242 ("the Depository") on the basis of a depository agreement dated 13 December 2013.

(b) Basis of preparation of the financial statements

The financial statements, which include the balance sheet, income statement, statement of changes in equity and related notes, have been prepared in accordance with the Accounting Act, decrees issued by the Ministry of Finance of the Czech Republic and Czech Accounting Standards for Financial Institutions. It is based on the historical cost principle, which is modified by measuring financial instruments at fair value through profit or loss ("FVTPL")

or fair value through equity ("FVOCI"), changes in the fair values of this category are recognized in other comprehensive income). The Fund's management is convinced that it has adequate resources for its business activities in the foreseeable future, and therefore these financial statements have been prepared on the assumption that the Fund's business activities will continue.

The financial statements are based on the assumption that the entity will continue in business as a going concern and that no event will occur that would limit or prevent the entity from continuing to do so in the foreseeable future.

Unless otherwise indicated, all amounts are shown in thousands of Czech crowns (TCZK). Numbers in brackets represent negative numbers.

2. SIGNIFICANT ACCOUNTING POLICIES

The Fund's financial statements have been prepared in accordance with the following significant accounting policies:

(a) Transaction date

Depending on the transaction type, the transaction date is generally defined as:

- the date of payment or cash collection,
- the date of purchase or sale of foreign currency or securities,
- the date of executing a payment,
- the date on which (foreign currency) funds are credited, as stated in an account statement,
- the trade and settlement date for spot transactions, i.e. purchases or sales of financial instruments or commodities where the period between concluding and settling the transaction does not exceed two days,
- the trade and settlement date for derivative transactions.

The Entity has determined that spot transactions (i.e. accounting transactions involving the purchase or sale of financial assets with a usual term of delivery) are recorded directly in an appropriate asset or liability account on the trade date.

The Fund derecognises a financial asset or part thereof from the balance sheet if it loses control of the contractual rights to the financial asset or part thereof. The Fund loses this control if it exercises the rights to the benefits defined in a contract, or if such rights expire or are waived by the Fund.

When a financial liability or part thereof is extinguished (e.g. the obligation specified in a contract is discharged or cancelled or expires), the Entity will no longer recognise the financial liability or part thereof in the balance sheet. The difference between the carrying amount of a liability (or part thereof) extinguished

or transferred to another party and the consideration paid is recognised in profit or loss.

(b) Accounts of retirement savings participants

Contributions obtained from participants are recognised in the Fund's equity in the following items:

- capital funds,
- share premium.

(c) Recognition of receivables relating to state contributions to participants

The Fund does not recognise any receivables from the Ministry of Finance relating to state contributions paid to participants. State contributions are recognised as and when received from the Ministry of Finance.

Accounting policies for financial instruments

(d) Securities

Initial recognition

Securities in the FVTPL category are initially recognized at fair value. The fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is recognized only when there is a difference between the fair value and the transaction price that is evidenced by other observable market transactions of the same instrument or by a valuation technique whose inputs include only observable market data.

Subsequent valuation

Securities that are accounted for as assets and that are not considered to have a controlling or significant influence are included in the portfolio of securities measured at fair value through profit or loss for subsequent valuation purposes.

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. The best proof of fair value is an active market price. An active market is one in which transactions in assets or liabilities are carried out in sufficient frequency and volume to provide information about prices on an ongoing basis. The fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the amount held by the entity. This is the case even if the normal daily trading volume on the market is not able to absorb the quantity held and entering a sale of the entire position held in a single transaction could affect the quoted price.

Securities - classification and subsequent valuation - business model

The business model reflects the way in which the Fund manages financial assets for the purpose of generating cash flows - whether the Fund's objective is: i) only to collect contractual cash flows from assets ("holding to obtain contractual cash flows") or ii) to collect both contractual cash flows; thus, cash flows arising from the sale of assets ("holding to obtain contractual cash flows and sales"), or if neither (i) and (ii) apply, financial assets are classified as part of a "different" business model and valued in the FVTPL category.

The business model is determined for a group of assets (at the portfolio level) on the basis of all relevant evidence of the activities that the Fund undertakes to achieve the target set for the portfolio available on the valuation date. Factors considered by the Fund in determining its business model include the following: when buying or selling securities, the Fund focuses primarily on fair value and uses this information to evaluate asset performance and make decisions. This portfolio is not held for the purpose of holding to collect contractual cash flows ("Hold to collect") or for the purpose of holding to collect cash flows and the sale of financial assets ("Hold to collect and sell"). For such a portfolio, the collection of contractual cash flows is only incidental to achieving the business model objective.

Debt securities measured at fair value through profit or loss

In accordance with the Fund's business model and classification as an investment unit, all debt securities are classified within the FVTPL category. Debt securities are classified in the FVTPL category in accordance with a "different business model" because the performance of the assets is managed on a fair value basis.

Equity securities measured at fair value through profit or loss

Financial assets that meet the definition of equity from the issuer's point of view, i.e. assets that do not contain a contractual obligation to pay cash and demonstrate a residual interest in net assets, are considered by the Fund to be investments in equity securities.

Investments in equity securities are carried at fair value through profit or loss, line "profit or loss from financial operations" in accordance with the Fund's business model.

Gains / losses on this valuation are recognized in the income statement under 'Gain or loss on financial operations'. In the case of debt securities, the entity first recognizes interest income under 'Interest income and similar income' and then a revaluation to fair value under 'Profit or loss from financial operations'.

Fair value of securities

In determining fair value, the Fund follows international accounting standards regulated by European Union law.

Fair value means the market value that is announced on a domestic or foreign stock exchange or on another public (organized) market. The Fund uses the market value, which is announced at a time no later than the date of preparation of the financial statements, and the closest to this date. If the market value is not available or the market value does not adequately reflect the fair value, the fair value is determined using the qualified estimation method.

IFRS 13 requires a bid-ask price to be found, which will best represent the fair value corresponding to the stated objective, i.e. the price that would be obtained for the sale of the asset. Determining this value usually means using judgment at the same time as information on historical bid prices, ask prices and actual transaction prices. Based on historical transactions and duration profile of portfolios of assets remeasured to fair value considers the Fund mid-price to be an appropriate representation of fair value in accordance with IFRS 13. The difference between the price of the actual transactions and the mid-valuation at the reporting date the Fund does not consider as significant.

Interest income

Interest income mainly includes coupons from holding debt securities and their accruals. Interest income and expense on securities classified in the FVTPL category are reported on an accrual basis using the linear method.

Derecognition of securities

When selling securities, an entity uses the average price method to measure the decrease in securities.

Dividend income

The fund accounts for a dividend on shares or unit certificates in net value, i.e. after deducting withholding tax deducted abroad.

(e) Reverse repo operations

Transactions in which securities are purchased with an obligation to resell (reverse repo operations) at a predetermined price are accounted for as loans granted by securities that are the subject of purchase and resale.

These loans are reported in the balance sheet under "Receivables from banks and credit unions".

Securities received as part of reverse repo operations are recorded only in the off-balance sheet under "Pledges and collateral received".

Reverse repo transactions are reported at accrued value (AC), which is reduced by any provision.

Revenues arising from reverse repo transactions as the difference between the sale and purchase price are accrued over the period of the transaction and recognized in the income statement under "Interest income and similar income".

(f) Receivables and provisions

Operating receivables are stated at amortized cost less any allowance. Bad debts are written off at the end of the debtor's bankruptcy proceedings or if the probability of their payment is not realistic.

The creation of a provision is recognized as an expense, its use is recognized together with the costs or losses associated with the disposal of assets in the income statement. The release of the provision for unnecessary assets is recognized in income.

For impairment, the Fund applies a simplified approach and measures expected credit losses over a 12-month period or until contractual maturity, whichever is shorter.

Provisions for assets denominated in a foreign currency are created in that foreign currency.

(g) Financial derivatives and hedging

Financial derivatives held by the Fund include currency forwards and currency swaps, which are initially recognized in the balance sheet at cost and subsequently measured at fair value.

Fair values are derived from quoted market prices or discounted cash flow models that are based only on available market data. Valuation models take into account current market conditions existing at the valuation date, which may not reflect the market situation before or after that date.

All derivatives are reported under other assets if they have a positive fair value or under other liabilities if their fair value is negative for the Fund.

Changes in the fair value of financial derivatives held for trading, including derivatives entered into for the purpose of economic hedging, are included in profit or loss from financial operations.

(h) Foreign currency translation

Financial assets and liabilities denominated in foreign currencies are translated into Czech crowns at the exchange rate published by the CNB as at the balance sheet date. All foreign exchange gains and losses on monetary items are recognized in profit or loss from financial operations, except for equity instruments measured at fair value through profit or loss (FVOCI), where they are also recognized together with their revaluation in equity.

Transactions denominated in a foreign currency are accounted for in Czech crowns at the exchange rate announced by the CNB valid on the day of the transaction or on the day of the accounting event.

Exchange differences arising on the translation of shares or participation certificates that do not meet the definition of a debt instrument, denominated in a foreign currency into Czech currency valued at FVTPL or valued at FVOCI, are reported together with the change in their fair value.

Exchange differences arising from the translation of debt securities denominated in a foreign currency into the Czech currency reported in FVTPL, AC or valued in FVOCI are reported on the line "Profit or loss from financial operations".

(i) Classification of the Fund as an investment unit

In accordance with IFRS 10, paragraph 28, a Fund is classified as an investment entity if it meets the following conditions:

- obtains funding from one or more participants in order to provide investment management services to those participants;
- undertakes to its participant (s) that its business intention is to invest funds solely for the purpose of realizing capital gains, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

Based on the performed analysis, the Fund meets the definition of an investment unit according to IFRS 10, paragraph 28.

(j) Pension units - funds of Fund participants

The fund issues 1 class of pension units that are redeemable at the holder's request, have the same rights and are denominated in the same currency.

These Pension Entities are classified as an equity instrument in accordance with IAS 32, paragraph 11, including the applicable exceptions to the definition of a financial liability in accordance with IAS 32, paragraph 16.

Pension units issued by the Fund are redeemable securities at the request of the holder.

Based on the above, Pension units issued by the Fund do not meet the definition of financial liabilities in IAS 32.

Pension units are repurchased on the basis of a request to repurchase participants. The Fund is obliged to repurchase Pension Units within two days from the date of receipt of the repurchase request. Pension units are reported in the amount paid for Pension units, which is due on the balance sheet date if the holder exercises the right to return the pension unit back to the Fund. Pension units are issued and redeemed on the basis of the holder's right to settle the fair value of the Fund's net assets attributable to the Pension Unit.

The value of the fund's capital (net assets) per pension unit is calculated by dividing the fund capital attributable to pension holders by the total number of outstanding redeemable pension units.

In accordance with the Fund's Articles of Association, investment positions are revalued at least once a week in order to determine the value of the fund's capital per pension unit for subscription and redemption. Advances received for Pension Units are reported on the line "Other liabilities" and valued at cost.

(k) Payments to pension unit holders

The proposed payments to pension unit holders are reported on the balance sheet on the line "Other liabilities" and represent a reduction in the Fund's capital funds when they are duly approved and no longer belong to the Fund.

Payments to holders usually occur when the proposed payouts are approved by the Board of Directors of the Pension Company.

(l) Taxation

Tax due

The tax base for income tax is calculated from the pre-tax profit or loss by adding non-deductible expenses, deducting income that is not subject to income tax, and adjusting tax rebates and any credits.

Deferred tax

With effect from 1 January 2015, a zero corporate income tax rate was introduced for the pension company's funds, so the Fund does not account for deferred tax on temporary differences between the carrying amount and the tax base of assets and liabilities.

(m) Related parties

A related party is a person or entity that is related to the Fund when at least one of the following conditions is met:

- a) A person or a close member of that person's family is related to the Fund if that person:
 - (i) controls or co-controls the Fund;
 - (ii) has a material effect on the Fund; or
 - (iii) is a member of the key management personnel of the Fund or its parent company.
- b) An entity is related to the Fund if any of the following conditions apply:
 - (i) The entity and the Fund are members of the same group (meaning that all parent, subsidiary and subsidiary entities are related).
 - (ii) One entity is an associate or joint venture of another entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.

- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) An entity is a post-employment benefit plan for the benefit of employees of the Fund or an entity that is related to the Fund. If the Fund itself is such a plan, the contributing employers are also related to the Fund.
- (vi) The entity is controlled or jointly controlled by a person mentioned above.
- (vii) The person referred to in the first paragraph has significant influence over the entity or is a member of the key management personnel of the entity (or its parent).
- (viii) The entity or any member of the group of which it is a member provides key management services to the Fund or the parent company of the Fund.

A related party transaction is a transfer of resources, services or liabilities between the Fund and a related party, regardless of whether a price is charged.

Close members of a person's family are those family members who can be expected to influence or be influenced by the person in their dealings with the entity and include:

- a) the children and the spouse or partner of a person in the joint household; and
- b) dependents of that person or of his or her spouse or common household partner.

(n) Corrections of prior period errors and changes in accounting policies

Adjustments to prior period expenses or income are recognized in the current period expense or income accounts, unless they are corrections of fundamental errors relating to prior periods.

Corrections of material errors in the recognition of income and expenses of previous periods and changes in accounting policies are recorded through the item "Retained earnings or unreimbursed loss from previous periods" in the Fund's balance sheet.

In the period from 1 January 2023 to 31 December 2023, the Fund did not make any corrections to fundamental errors or changes in accounting policies.

(o) Funds of pension unit holders

As part of the transition to IFRS in the area of financial instruments, effective from 1 January 2021, issued pension units were not reclassified from equity to financial liabilities because these instruments do not meet the definition of a financial liability in IAS 32, paragraph 11, including the exceptions in para. 16.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2023	2022
Interest on debt securities	75,528	26,012
Interest on current accounts and term deposits	6,450	24,198
Total	81,978	50,210

4. INCOME FROM SHARES AND OWNERSHIP INTEREST

TCZK	2023	2022
Dividends received – investments funds	11,900	11,186
Total	11,900	11,186

5. FEE AND COMMISSION EXPENSE

TCZK	2023	2022
Fee for management of assets	(25,487)	(20,243)
Fee for appreciation of assets	-	(107)
Total	(25,487)	(20,350)

The fee for management of the Fund's assets is 0.8 % (2022: 0.8%) of the average annual value of the Fund's capital.

The fee for appreciation of assets is calculated as 15% (2022: 15%) share of the difference between the average value of the pension unit and the highest average annual value of the pension unit since the creation of the Fund multiplied by the average number of pension unites in the year.

The costs of the Fund's audit and legal advice are borne by the Company.

6. GAIN OR LOSS FROM FINANCIAL OPERATIONS

TCZK	2023	2022
Gain/loss from debt securities transactions in FVTPL	203,059	(138,008)
Gain/loss from share and unit transactions in FVTPL	51,811	(14,848)
Foreign exchange gain/loss	(4,595)	(1,334)
Total	250,275	(154,190)

7. REVENUES BY GEOGRAPHICAL SEGMENTS

TCZK	CR	EU	Non- EU	Total
2023				
Interest income and similar income	72,125	4,949	4,903	81,977
Interest from shares and ownership interests	1,951	3,716	6,233	11,900
Gain or loss from financial operations	41,987	58,494	149,794	250,275
Total	116,063	67,159	160,930	344,152
2022				
Interest income and similar income	50,210	-	-	50,210
Interest from shares and ownership interests	2,680	1,762	6,744	11,186
Gain or loss from financial operations	(38,020)	(9,614)	(106,555)	(154,189)
Total	14,870	(7,852)	(99,811)	(92,793)

8. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2023	31.12.2022
Receivables/ (Payables)		
Fee for management paid to the Company	(219)	(16)
Fee for appreciation of assets paid to the Company	-	(107)
Total	(219)	(123)

TCZK	31.12.2023	31.12.2022
Expenses		
for management paid to the Company	(25,486)	(20,243)
for appreciation of assets paid to the Company	-	(107)
Total	(25,486)	(20,350)

TCZK	31.12.2023	31.12.2022
Off-balance sheet assets		
Values placed under management	3,143,205	2,349,854
Total	3,143,205	2,349,854

The analysis of the credit quality of receivables from banks as at 31 December 2023 and 2022 is as follows:

TCZK	Deposits at banks - current accounts	Term deposits	Provided loans within repo transactions	Total
As of December 31, 2023				
<i>To maturity, not devalued</i>				
- [A- to A+]	-	-	90,111	90,111
- [less than A]	35,956	-	-	35,956
Total to maturity according to the rating	35,956	-	90,111	126,067
Total to maturity, not devalued	35,956	-	90,111	126,067
As of December 31, 2022				
<i>To maturity, not devalued</i>				
- [less than A]	60,716	-	-	60,716
- Unrated	-	-	60,038	60,038
Total to maturity according to the rating	60,716	-	60,038	120,754
Total to maturity, not devalued	60,716	-	60,038	120,754

9. RECEIVABLES FROM BANKS

TCZK	31.12.2023	31.12.2022
Current accounts at banks	35,956	60,716
Reverse repurchase agreements	90,111	60,038
Celkem	126,067	120,754

As at 31 December 2023, the Fund registered treasury bill CZ0001006936 in reverse repo transaction. (as at 31 December 2022, the Fund registered treasury bill CZ00010006563 in reverse repo transaction with market value of TCZK 58,422). Treasury bills are recorded in the off-balance sheet under the item "Pledges and collateral received".

The Fund's receivables from banks are not overdue and are secured.

The impact of receivables from banks on ECL measurements is not significant.

For disclosure of the fair value of bank receivables that are not reported at fair value, see the note "Fair value reporting".

10. DEBT SECURITIES

(a) Classification of debt securities into individual portfolios based on the Fund's intention

TCZK	31.12.2023	31.12.2022
Debt securities compulsorily in FVTPL	1,470,558	1,215,996
Net book value	1,470,558	1,215,996

The table below shows investments in debt securities as at 31 December 2023 and 2022 by classification and class:

TCZK	Debt securities compulsorily and FVTPL	Debt securities voluntarily in FVTPL	Debt securities in FVOCI	Debt securities in AC
State bonds	1,127,856	-	-	-
Bank bonds	253,772	-	-	-
Corporate bonds	88,930	-	-	-
Total investments in debt securities as of December 31, 2023	1,470,558	-	-	-

TCZK	Debt securities compulsorily and FVTPL	Debt securities voluntarily in FVTPL	Debt securities in FVOCI	Debt securities in AC
State bonds	1,147,467	-	-	-
State treasury bills	-	-	-	-
Bank bonds	68,259	-	-	-
Corporate bonds	-	-	-	-
Total investments in debt securities as of December 31, 2022	1,215,996	-	-	-

Investments in debt securities in FVTPL

Debt securities compulsorily classified by the Fund in FVTPL are securities held for trading, securities in a "different business model", or securities whose cash flows do not only represent principal and interest payments and do not meet the SPPI test.

Debt securities in FVTPL are carried at fair value, which also reflects all credit risk and thus best expresses the Fund's maximum exposure to credit risk.

Debt securities in FVTPL are not secured.

(b) Analysis of debt securities measured at fair value through profit or loss

TCZK	31.12.2023	31.12.2022
Issued by financial institutions		
- Listed on another exchange	172,490	65,451
Issued by non-financial institutions		
- Listed on another exchange	157,207	3,078
- Listed on exchange in the Czech Republic	13,007	1,147,467
Issued by the government sector		
- Listed on another exchange	117,163	-
- Listed on exchange in the Czech Republic	1,010,693	-
Total	1,470,558	1,215,996

Securities listed on another exchange with a market value of TCZK 446,858 at 31 December 2023 (31 December 2022: TCZK 68,529) are traded mainly on OECD markets.

11. SHARES, UNITS AND OTHER INVESTMENTS IN FVTPL**(a) Classification of shares, units and other investments into individual portfolios based on the Fund's intentions**

TCZK	31.12.2023	31.12.2022
Shares	436,594	276,141
Unit certificates	1,111,284	742,226
Net book value	1,547,878	1,018,367

(b) Analysis of shares, units and other investments realisable

TCZK	31.12.2023	31.12.2022
Issued by financial institutions		
- Listed on another exchange	56,665	192,512
Listed exchange in the Czech Republic	44,284	20,780
Issued by non-financial institutions		
- Listed on another exchange	1,406,937	773,410
- Listed on exchange in the Czech Republic	39,992	31,665
Total	1,547,878	1,018,367

The shares and participation certificates and other units listed in the table above are classified in the FVTPL portfolio in accordance with the Fund's business model because they are held by the Fund for trading or managed by the Fund and evaluate their performance on a fair value basis. In this regard, the Fund primarily focuses on fair value information in its decision-making and uses this information to assess the performance of its assets.

Securities listed on another securities market as at 31 December 2023 with a book value of TCZK 1,463,602 (as at 31 December 2022: TCZK 965,922) are traded mainly on the markets of OECD countries.

12. OTHER LIABILITIES

TCZK	31.12.2023	31.12.2022
Other liabilities in AC	1,219	20,707
Payables to participants	7,924	5,140
Estimated payables	218	123
Total	9,361	25,970

13. EQUITY

	31.12.2023	31.12.2022
Fund's equity (TCZK)	3,143,205	2,349,854
Number of retirement units (pieces)	2,403,674,402	2,002,683,807
Fund's equity per one retirement unit	1.3077	1.1734

The current value of a retirement unit is defined as the value of the pension fund's equity which reflects the corresponding portion of standard expenses having an impact on the pension fund's equity, as at the date on which the current value of the retirement unit relating to one retirement unit is determined. Retirement units are recorded in personal retirement accounts of all participants in relation to the pension fund as at the date on which the current value of the retirement unit is determined.

Credited and written-off retirement units

TCZK	Number of retirement units	Value of retirement units (nominal value)	Value of retirement units (share premium)
Balance at 1 January 2022	1,610,421,827	1,610,421	210,697
Credited retirement units	765,973,178	765,973	138,515
Written-off retirement units	(373,711,198)	(373,711)	(69,268)
Balance at 31 December 2022	2,002,683,807	2,002,683	279,945
Credited retirement units	855,520,080	855,520	194,427
Written-off retirement units	(454,529,485)	(454,529)	(100,277)
Balance at 31 December 2023	2,403,674,402	2,403,674	374,095

Benefits paid

	2023	2022
Number of contracts	4,244	3,811
Total benefits paid (in TCZK)	391,985	312,516

The number of contracts corresponds with the total number of terminated one-off benefits. The participant's contributions can be invested in several funds depending on the chosen strategy.

14. ACCOUNTS OF PARTICIPANTS

TCZK	31.12.2023	31.12.2022
Participants' and employers' contributions	2,334,130	1,923,429
Fund's appreciation	809,075	426,425
Total	3,143,205	2,349,854

15. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit of TCZK 318,666 for the period ended 31 December 2023. Loss from the previous period in the amount of 113,143 TCZK was allocated to the item Retained earnings of previous periods.

16. INCOME TAX

Effective from 1 January 2015, a zero corporate income tax rate has been introduced for funds of pension companies.

17. VALUES PLACED UNDER MANAGEMENT

The Fund placed all of its assets under the management of the Company. Values placed under management represent the Fund's equity.

18. FINANCIAL INSTRUMENTS – MARKET RISK

The current economic situation remains sensitive to geopolitical developments in the world. The impact on financial and commodity markets, supply chains and key macroeconomic indicators with business implications such as inflation rates, interest rates, exchange rate volatility and others remains significant.

The Company's management evaluated the impact of the current economic situation on its business with the following conclusion: The outlook for the world economy in 2024 was significantly affected in particular by the continuing development of the war in Ukraine, slowing inflation and the associated gradual reduction of central bank rates. The Czech National Bank started reducing rates as early as December 2023. According to the World Bank, the global GDP growth estimate should return to a level exceeding 3% in the coming year. The Czech government bond market in 2024 will be affected mainly by the increased issuance of bonds to cover the 252 billion CZK planned deficit of the state budget.

(a) Risk management

The Fund's primary risk management tool limits on the share of individual types of financial instruments in the Fund's portfolio, as prescribed under Act No. 427/2011 Coll. on Supplementary Pension Savings, the Statutes and the investment strategy.

Market risks are measured using the Value at Risk ("VaR") method. Value at Risk represents a potential loss arising from unfavourable market movements within a certain period at a certain confidence level. The Fund determines Value at Risk through stochastic simulation of a large number of scenarios of potential changes in the

financial markets. Value at Risk is measured based on a one-day and one-year holding period and a confidence level of 95%. The results of this model are back-tested on a daily basis and compared with the actual results achieved in the financial markets. If the Fund identifies any inaccuracies, the model is adjusted to be in line with the current trend in the financial markets. The Value at Risk relating to individual types of risks was as follows:

in %	at 31. 12. 2023	Average 2023	at 31. 12. 2022	Average 2022
VaR for interest rate instruments	0.08	1.31	0.08	0.09
VaR for equity instruments	0.57	9.08	0.31	0.32

As a result of its activities, the Fund is exposed to certain risks. The Fund's approach to managing these risks is described below.

(b) Liquidity risk

Liquidity risk includes both the risk that the Fund is unable to finance its assets using instruments with appropriate maturity and the risk that the Fund is unable to dispose of its assets for the appropriate price within the appropriate period.

The Fund presents contributions received from participants, the State and third parties in favour of the participants under liabilities. The Company's equity represents a minority source of financing. Residual maturity cannot be specified for liabilities to participants in supplementary pension savings/supplementary pension insurance due to the nature of the product and because payment of the benefit can be requested after the entitlement to the benefit arises.

The Fund regularly assesses liquidity risk, in particular by monitoring changes in the structure of inflows and outflows of participants' accounts. The Fund also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid instruments such as state treasury bills and similar government bonds.

Residual maturity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 year	Over 5 year	Not specified	Total
At 31 December 2023						
Receivables from banks	126,067	-	-	-	-	126,067
Debt securities	3,045	54,297	623,884	789,332	-	1,470,558
Shares, units and other investments	-	-	-	-	1,547,878	1,547,878
Other assets	8,083	-	-	-	-	8,083
Total	137,195	54,297	623,884	789,332	1,547,878	3,152,586
Payables from participants' contributions	7,924	-	-	-	-	7,924
Other liabilities	1,457	-	-	-	-	1,457
Equity	-	-	-	-	3,143,205	3,143,205
Total	9,381	-	-	-	3,143,205	3,152,586
Gap	127,814	54,297	623,884	789,332	(1,595,327)	-
Cumulative gap	127,814	182,111	805,995	1,595,327	-	-
At 31 December 2022						
Receivables from banks	120,754	-	-	-	-	120,754
Debt securities	10,079	208,746	501,493	495,678	-	1,215,996
Shares, units and other investments	-	-	-	-	1,018,367	1,018,367
Total	130,833	208,746	501,493	495,678	1,018,367	2,355,117
Payables from participants' contributions	5,140	-	-	-	-	5,140
Other liabilities	123	-	-	-	-	123
Equity	-	-	-	-	2,349,854	2,349,854
Total	5,263	-	-	-	2,349,854	2,355,117
Gap	125,570	208,746	501,493	495,678	(1,331,487)	-
Cumulative gap	125,570	334,316	835,809	1,331,487	-	-

The above tables represent the residual maturity of the carrying amounts of the individual financial instruments, not the total cash flows generated by these instruments.

(c) Currency risk

Assets and liabilities denominated in foreign currency, including off-balance sheet exposures, represent the Fund's exposure to currency risks. Both realised and unrealised foreign exchange gains and losses are reported directly in the income statement. The Fund's foreign currency position in the most significant currencies is as follows:

The Fund's foreign currency position

TCZK	EUR	USD	CZK	Other	Total
At 31 December 2023					
Receivables from banks	8,933	7,248	109,733	153	126,067
Debt securities	254,840	143,728	1,071,990	-	1,470,558
Shares, units and other investments	218,855	969,678	54,338	305,007	1,547,878
Other assets	-	-	8,083	-	8,083
Total	482,628	1,120,654	1,244,144	305,160	3,152,586
Payables from participants' contributions	-	-	7,924	-	7,924
Other liabilities	-	-	1,457	-	1,457
Equity	-	-	3,143,205	-	3,143,205
Total	-	-	3,152,586	-	3,152,586
Net foreign currency position	482,628	1,120,654	(1,908,442)	305,160	-
At 31 December 2022					
Receivables from banks	6,056	44,420	68,866	1,412	120,754
Debt securities	-	-	1,215,996	-	1,215,996
Shares, units and other investments	127,890	775,860	95,739	18,878	1,018,367
Total	133,946	820,280	1,380,601	20,290	2,355,117
Payables from participants' contributions	-	-	5,140	-	5,140
Other liabilities	-	-	123	-	123
Equity	-	-	2,349,854	-	2,349,854
Total	-	-	2,355,117	-	2,355,117
Net foreign currency position	133,946	820,280	(974,516)	20,290	-

(d) Interest rate risk

The fund is exposed to the risk of fluctuations in market interest rates in connection with its financial position and cash flows. Interest margins may decrease as a result of these changes, but they may increase even in the event of unexpected movements and create losses..

The table below shows the Fund's exposure to interest rate risk. The table shows the aggregate amounts of the Fund's financial assets and liabilities at carrying amounts, broken down by the expected interest rate or maturity date of the financial instruments (whichever occurs first):

TCZK	Normal and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Non-monetary	Total
December 31, 2023						
Total financial assets	93,155	989,486	49,106	695,737	-	1,827,484
Total financial liabilities	-	-	-	-	-	-
Net interest rate sensitivity analysis as at 31 December 2023	93,155	989,486	49,106	695,737	-	1,827,484
December 31, 2022						
Total financial assets	63,115	959,251	-	308,373	-	1,330,739
Total financial liabilities	-	-	-	-	-	-
Net interest rate sensitivity analysis as at 31 December 2022	63,115	959,251	-	308,373	-	1,330,739

Geographical concentration of risks. Geographical concentration of the Fund's financial assets and liabilities as at 31 December 2023 as below stated:

TCZK	Czech Republic	Germany	Other countries in EU	USA	Great Britain	Other countries non-EU	Total
Financial assets							
Debt securities	1,061,477	-	302,721	106,360	-	-	1,470,558
Shares and other participations	42,635	40,024	1,172,304	292,915	-	-	1,547,878
Receivables from banks	126,067	-	-	-	-	-	126,067
Other financial assets	164	7,919	-	-	-	-	8,083
Total financial assets	1,230,343	47,943	1,475,025	399,275	-	-	3,152,586
Financial liabilities							
Other financial liabilities	-	1,219	-	-	-	-	1,219
Total financial liabilities	-	1,219	-	-	-	-	1,219
Net position	1,230,343	46,724	1,475,025	399,275	-	-	3,151,367

Geographical concentration of the Fund's financial assets and liabilities as at 31 December 2022 is following:

TCZK	Czech Republic	Germany	Other countries in EU	USA	Great Britain	Other countries non-EU	Total
Financial assets							
Debt securities	1,147,464	-	58,453	-	-	10,079	1,215,996
Shares and other participations	30,989	33,287	616,305	330,257	3,733	3,796	1,018,367
Receivables from banks	120,754	-	-	-	-	-	120,754
Other financial assets	-	-	-	-	-	-	-
Total financial assets	1,299,207	33,287	674,758	330,257	3,733	13,875	2,355,117
Financial liabilities							
Other financial liabilities	-	20,707	-	-	-	-	20,707
Total financial liabilities	-	20,707	-	-	-	-	20,707
Net position	1,299,207	12,580	674,758	330,257	3,733	13,875	2,334,410

19. FINANCIAL INSTRUMENTS – CREDIT RISK

The Fund is exposed to the risk that the issuer of a security that was acquired in the Fund's portfolio or other counterparty does not meet its obligation to pay the agreed interest or principal. As the Fund only invests in securities with a high credit rating, the risk is minimal.

20. FINANCIAL DERIVATIVES

By using financial derivatives, the Fund is exposed to credit risk in the event that counterparties fail to meet their financial derivative obligations. In such a case, the maximum credit risk equals the positive fair value of the financial derivatives with that counterparty. If the fair value of a financial derivative is positive, the Fund bears the risk of loss; conversely, if the fair value of a financial derivative is negative, the risk of loss (or credit risk) is borne by the counterparty.

Financial derivatives held by the Fund are traded on the over-the-counter market.

Financial derivatives for trading

The nominal amounts and positive and negative fair values of the Fund's outstanding derivative trading positions as at 31 December 2023 and 2022 are set out in the table below. Nominal amounts represent the volume of outstanding transactions at a particular point in time; they do not represent the potential gain or loss associated with market risk or credit risk in these transactions.

(TCZK)	Nominal value	31 December 2023		31 December 2022		
		Positive	Fairvalue Negative	Nominal value	Positive	Fairvalue Negative
Currency contracts						
FX Forwards	565,938	7,920	(1,219)	-	-	-
Total	565,938	7,920	(1,219)	-	-	-
Total financial derivatives held for trading	565,938	7,920	(1,219)	-	-	-

21. FAIR VALUE REPORTING

Fair value measurement is analysed by level in the fair value hierarchy as follows:

Level 1: Published quotations in active markets are used to determine the fair values of financial assets and liabilities. Market revaluation is obtained using the prices of an identical asset or liability, which means that no revaluation model is used.

The fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer prices.

Level 2: Valuation techniques based on direct (eg price) or indirect (eg price derived) market inputs. This category includes financial instruments valued at quoted market prices for similar financial instruments, valued at quoted prices for identical or similar

financial instruments in markets that are considered less active or valued by other valuation techniques for which all significant inputs are directly or indirectly observed in the markets.

Level 3: Valuation techniques based on significant non-market inputs. This category represents all financial instruments for which valuation techniques include inputs that are not based on observable data and for which non-market inputs have a significant impact on their revaluation. The category includes financial instruments whose revaluation is based on quoted market prices of similar financial instruments, but which need to be adjusted for significant non-market adjustments and assumptions that reflect differences between financial instruments.

Interim fair value are those required or permitted by accounting standards in the balance sheet at the end of each reporting period. The levels in the fair value hierarchy in which interim fair value measurements are included are as follows:

TCZK	31 December 2023				31 December 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets are carried at fair value								
Securities in FVTPL	-	1,470,560	-	1,470,560	-	1,215,996	-	1,215,996
State bonds	-	1,127,858	-	1,127,858	-	1,147,467	-	-
Treasury bills	-	-	-	-	-	-	-	-
Corporate bonds	-	88,930	-	88,930	-	-	-	-
Bank bonds	-	253,772	-	253,772	-	68,529	-	68,529
Equity securities in FVTPL	1,547,878	-	-	1,547,878	1,018,367	-	-	1,018,367
Corporate shares	436,594	-	-	436,594	276,141	-	-	276,141
Investment in mutual funds	1,111,284	-	-	1,111,284	742,226	-	-	742,226
Other financial assets	-	7,920	-	7,920	-	-	-	-
Currency forwards / swaps	-	7,920	-	7,920	-	-	-	-
Total assets are recognized at fair value on an ongoing basis	1,547,878	1,478,480	-	3,026,358	1,018,367	1,215,996	-	2,234,363
Financial liabilities at fair value								
Other financial liabilities	-	1,219	-	1,219	-	-	-	1,219
Currency forwards / swaps	-	1,219	-	1,219	-	-	-	1,219
Total liabilities recognized at fair value on an ongoing basis	-	1,219	-	1,219	-	-	-	-

Financial assets and liabilities that are not measured at fair value but for which fair value is disclosed

The fair values analysed at the level of the fair value hierarchy and the carrying amounts of assets and liabilities that are not measured at fair value are as follows:

TCZK	31 December 2023					31 December 2022				
	Level 1 Real value	Level 2 Real value	Level 3 Real value	Total Real value	Book value	Level 1 Real value	Level 2 Real value	Level 3 Real value	Total value	Book value
Financial assets										
Receivables from banks	-	126,067	-	126,067	126,067	-	120,754	-	120,754	120,754
Total financial assets	-	126,067	-	126,067	126,067	-	120,754	-	120,754	120,754
Financial liabilities										
Liabilities to non-banks, entities	-	9,361	-	9,361	9,361	-	25,970	-	25,970	25,970
Total financial liabilities		9,361		9,361	9,361		25,970		25,970	25,970

Level 2 and level 3 fair values according to the fair value hierarchy were estimated using the discounted cash flow method.

The fair values of floating rate debt instruments that are not quoted in an active market are determined at their carrying amount. The fair value of unlisted fixed rate instruments was estimated based on an estimate of future cash flows that should be received and which are discounted at the current interest rates applicable to current instruments with similar credit risk and remaining maturity.

22. UNRECOGNIZED LIABILITIES

As at 31 December 2023, the Fund was not involved in any litigation, the resolution of which would have a material impact on the Fund's financial results.

As at the balance sheet date, the Fund did not enter into any transactions that would not be reported in the balance sheet.

23. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company's management is not aware of any further events that have occurred and that would require an adjustment of the financial statements as at 31 December 2023.

Date of preparation 28 March 2024

Stamp and signature of statutory representative:

Name and signature:
Ing. Dušan Quis



Person responsible for accounting
Ing. Anna Švehlová



Name and signature:
Venelin Yanakiev



Person responsible for financial statements
Ing. Anna Švehlová



Allianz Dynamic Subscriber Fund

Allianz penzijní společnost, a. s.



Contents

PAGE 134

Profile of Allianz
Dynamic Subscriber Fund,
Allianz penzijní společnost, a. s.

PAGE 136

Independent Auditor's Report
to the Participants of Allianz
Dynamic Subscriber Fund,
Allianz penzijní společnost, a. s.

PAGE 140

Balance sheet as at 31 December 2023

PAGE 141

Income Statement
(for period ended 31 December 2023)

PAGE 142

Notes to the financial statements
as at 31 December 2023

Allianz

Dynamic Subscriber Fund

Allianz penzijní společnost, a. s.

In accordance with Sec. 44 of Decree No. 117/2012 Coll., on detailed regulation of activities of subscriber funds and pension funds, Allianz penzijní společnost, a. s. presents its Annual Report pursuant to Sec. 42, paragraph 1 of the said Decree. Allianz Dynamic Subscriber Fund by Allianz penzijní společnost, a. s. (hereinafter referred to as the „dynamic fund“) was formed as a subscriber fund pursuant to Act No. 427/2011 Coll., on supplementary pension savings, for the purpose of operating supplementary pension saving schemes in the so-called 3rd pillar of the pension system, which consists of collecting contributions from subscribers, employers and the state pursuant to the said Act for placement of the same in subscriber funds, managing assets held in subscriber funds and payment of benefits under supplementary pension schemes.

The dynamic fund is a set of assets belonging to all subscribers and other parties who became beneficiaries of subscriber funds, all on a prorated basis according to the number of pension units. Assets held in the dynamic fund are managed by the pension management company in its name and on subscriber's account. The assets are not part of assets of the pension management company that manages the fund's assets. The dynamic fund is a fund pursuing a dynamic investment strategy. The underlying investments of this financial product do not respect EU criteria for environmentally sustainable economic activities.

a) Information about the pension management company managing the fund

Name: Allianz penzijní společnost, a. s.
Registered office: Ke Štvanici 656/3, 186 00, Prague 8
E-mail and website: info@allianz.cz, www.allianz.cz
Commercial register: Municipal Court of Prague, section B, file 4972
Corporate ID number: 25 61 26 03
Registered capital: 50 100 000 Kč
Shareholder: Allianz pojišťovna, a. s. (100 %)
Auditor: PwC Česká republika

Allianz penzijní společnost, a. s. (hereinafter referred to as „pension management company“) has been managing the transformed fund since 1 January 2013. Czech National Bank approved the Statute of Allianz transformed fund in connection with the transformation of Allianz penzijní fond, a.s. on 24 October 2012 under reference no. 2012/10254/570.

b) Information about the fund's portfolio managers

The investment manager of the transformed fund is Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“), entered in the Commercial Register maintained by the Municipal Court of Prague, section B, file 4972.

Portfolio managers: Petr Podolka, Jiří Šnobl

c) Information about the fund's depositary

during the specified period, and about the term of its engagement

The new depositary of the dynamic fund as of 3 January 2014 will be UniCredit Bank Czech Republic and Slovakia, a. s., having its registered office at: Želetavská 1525/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 3608, corporate ID No. 64 94 82 42. (hereinafter referred to as the „Depositary“).

d) Information about the party ensuring custody or other safekeeping of the fund's assets,

if more than 1% of the fund's assets are kept or otherwise held in custody with the said party Only the Depositary ensures custody or control over the dynamic fund's assets.

e) Identification of assets exceeding 1% of value of the fund's assets

as of 31 December 2023, stating the total acquisition price and fair value as at the end of the specified period

ISIN	Name of the security	Currency	Type	Cost (in CZK thous.) (Purchase price)	Fair value (in CZK thous.)	Share in fund assets (%)
CZ0001006241	CZGB Float 10/31/31	CZK	Státní dluhopisy	159,769	165,019	3.79 %
IE0004MFRED4	X S&P 500 EW ESG 1C	EUR	Podílové listy	279,666	305,788	7.01 %
CZ0001006241	CR var/31	CZK	Státní dluhopisy	159,769	165,019	3.79 %
AT000B126982	OBERBK 1.55 09/06/24	CZK	Korporátní dluhopisy	50,020	49,106	1.13 %
LU0322252338	XTRACKERS MSCI PACIFIC EX JA	EUR	Podílové listy	157,828	171,997	3.95 %
IE00BK57L097	Invesco S&P 500 ESG UCITS ETF	USD	Podílové listy	266,136	367,216	8.42 %
IE00BKVL7331	ISHARES USA MINVOL ESG USDA	USD	Podílové listy	356,831	377,918	8.67 %
IE00B60SX394	Invesco MSCI World UCITS ETF	USD	Podílové listy	288,654	328,996	7.55 %
IE00BJ0KDD92	DBX MSCI World	USD	Podílové listy	167,346	229,251	5.26 %
LU1135865084	LYX ETF S&P 500	EUR	Podílové listy	92,285	105,057	2.41 %
IE00BK57L097	Invesco S&P 500 ESG UCITS ETF	USD	Podílové listy	266,136	367,216	8.42 %
LU0274209237	Xtrackers MSCI Europe UCITS ET	EUR	Podílové listy	129,521	146,815	3.37 %
IE00B1FZSC47	ITPS LN Equity	GBP	Podílové listy	186,611	196,188	4.50 %
LU2300294746	AMUN MSCI JAPAN ESG BR CTB	EUR	Podílové listy	104,872	117,536	2.70 %
US46434G8556	iShares MSCI Global Gold Miner	USD	Podílové listy	212,956	199,156	4.57 %
AT0000652011	Erste Bank	USD	Akcie	38,052	45,226	1.04 %
PLPEKAO00016	BANK PEKAO PL	PL	Akcie	32,414	53,418	1.23 %
CZ0009008819	Karo Invest AS	CZK	Akcie	19,780	44,550	1.02 %
DE0006083405	HORNBACH HOLDING AG & CO KGA	EUR	Akcie	31,337	27,407	0.63 %
US0394831020	Archer Dan Mid	USD	Akcie	37,125	36,925	0.85 %
PLPKO0000016	PKO BANK PL	PLN	Akcie	31,950	50,542	1.16 %
US0311621009	AMGEN	USD	Akcie	41,300	48,013	1.10 %
US1729081059	Cintas Corp	USD	Akcie	27,279	44,501	1.02 %
US5801351017	MCDONALDS CORP	USD	Akcie	36,903	44,453	1.02 %
NL00150006R6	CTP NV	EUR	Akcie	30,086	43,622	1.00 %
Hotovost	UniCredit Bank	CZK	Peněžní trh	26,426	26,426	1.56 %

f) Information about litigations or arbitrations involving the fund's assets

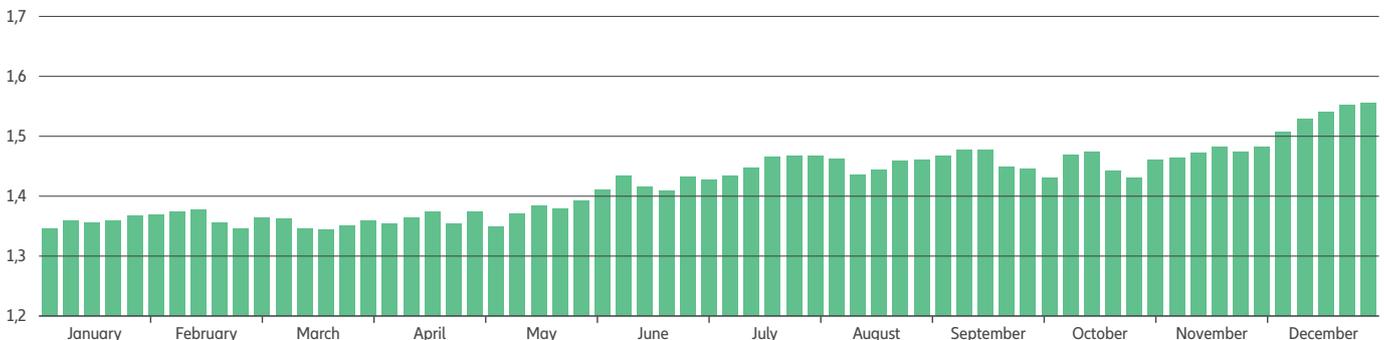
In 2023, there were no litigations or arbitrations concerning the dynamic fund.

g) Information about the fund's net assets and net assets attributable to one pension unit for the last three periods

	Unit (CZK thousand)	NAV* (CZK)
31.12.2020	1,3454	1 747 667 578,72
31.12.2021	1,4891	2 457 762 323,42
31.12.2022	1,3407	3 079 964 353,44
31.12.2023	1,5552	4 359 625 442,64

* Net asset value (NAV) = čistá hodnota aktiv.

h) Development of the pension unit value in 2023



i) Information about the structure of and changes in the fund's assets

Assets (CZK thousand)	31.12.2022	31.12.2023
Receivables from banks	99,031	26 426
a) payable on demand	38,993	26 426
b) other receivables	60,038	-
Debt securities	524,265	595 904
Stocks, share certificates and other shares	2,460,665	3 737 127
Other assets	-	8 222
TOTAL	3,083,961	4 367 679

j) Information about consideration paid to the designated pension management company for managing the fund's assets

(CZK)	31.12.2022	31.12.2023
Consideration for assetmanagement	25,012	33,433

The consideration for managing assets of the dynamic fund as at the end of the specified period amounted to 1.0 % of the average annual value of the fund's net assets.

k) Information about quantitative restrictions and methods applied for assessment of risk associated with techniques and instruments for effective management of assets held in the subscriber fund

The basic risk management tools involve limits applied to shares of individual financial instrument types held in the portfolio, defined in compliance with the requirements of Act No. 427/2011 Coll., on supplementary pension savings, the fund's statute and investment strategy.



English translation

Independent Auditor's Report

To the participants of Allianz dynamický účastnický fond, Allianz penzijní společnost, a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz dynamický účastnický fond, Allianz penzijní společnost, a.s., with its registered office at Ke Štvanici 656/3, Praha 8 (the "Fund") as at 31 December 2023 and of the Fund's financial performance for the year ended 31 December 2023 in accordance with Czech accounting legislation.

What we have audited

The Fund's financial statements comprise:

- the balance sheet as at 31 December 2023,
- the income statement for the year ended 31 December 2023, and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The statutory body of Allianz penzijní společnost, a.s. is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

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PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.



Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Fund obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the statutory body of Allianz penzijní společnost, a.s. for the financial statements

The statutory body of Allianz penzijní společnost, a.s. is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body of Allianz penzijní společnost, a.s. is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body of Allianz penzijní společnost, a.s. either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Allianz penzijní společnost, a.s. internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body of Allianz penzijní společnost, a.s.
- Conclude on the appropriateness of the statutory body of Allianz penzijní společnost, a.s. use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the statutory body of Allianz penzijní společnost, a.s. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

28 March 2024

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

Marek Richter
Statutory Auditor, Licence No. 1800

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

Balance sheet as at 31 December 2023

(Translated from the Czech original)

TCZK	Note	31.12.2023	31.12.2022
ASSETS			
3	9	26,426	99,031
<i>of which: a) repayable on demand</i>		26,426	38,993
<i>b) other receivables</i>		-	60,038
5	10	595,904	524,265
<i>of which: a) issued by government institutions</i>		282,183	454,333
<i>b) issued by other entities</i>		313,721	69,932
6	11	3,737,127	2,460,665
11		8,221	-
TOTAL ASSETS		4,367,679	3,083,961

TCZK	Note	31.12.2023	31.12.2022
LIABILITIES			
4	12	7,748	35,211
9	13	839,096	625,451
12		2,803,590	2,297,359
14		125,940	426,682
15	15	591,305	(300,742)
TOTAL LIABILITIES		4,367,679	3,083,961

TCZK	Note	31.12.2023	31.12.2022
OFF-BALANCE SHEET ITEMS			
Off-balance sheet assets			
8	14	4,359,625	3,079,964
Off-balance sheet liabilities			
10	9	-	58,422

Income Statement for the year ended 31 December 2023

(Translated from the Czech original)

TCZK	Note	2023	2022
1 Interest income and similar income	3	32,778	21,617
of which: interest on debt securities		26,126	10,304
3 Income from shares and ownership interests	4	27,899	26,608
5 Commission and fee expense	5	(33,433)	(26,085)
6 Gain or loss from financial operations	6	564,061	(322,881)
19 Current year profit or loss from ordinary activities before tax		591,305	(300,742)
24 Net profit or loss for the period		591,305	(300,742)

Notes to the financial statement 2023

1. GENERAL INFORMATION

(a) Description of the fund

Establishment and description of the fund

Allianz dynamický účastnický fond, Allianz penzijní společnost, a.s. ("the Fund") was established by Allianz penzijní společnost, a.s. ("the Company"), based on a licence granted by the Czech National Bank under the decision ref. no. 2012/12806/570, dated 21 December 2012, which took effect on 21 December 2012. The Fund started its activities on 5 February 2013.

Supplementary pension savings participants

As at 31 December 2023, the Fund administered contributions of 34 067 participants in supplementary pension savings.

Information about the pension company

The pension company that manages the Fund's assets is Allianz penzijní společnost, a.s., identification number (IČO) 256 12 603, with its registered office at Ke Štvanici 656/3, 186 00 Prague 8. The Company was registered in 1994 (formerly Allianz penzijní fond, a.s.). The Company was granted a licence to operate as a pension company based on decision of the Czech National Bank ref. no. 2012/10254/570, dated 24 October 2012. The decision took effect on 26 October 2012.

Principal business of the Company:

- a) Accumulation of contributions from participants in supplementary pension insurance and support provided by the State in respect of the participants and administration of the contributions pursuant to Act No. 42/1994 Coll.,
- b) Accumulation of participants' contributions, employers' contributions and state contributions pursuant to Act No. 427/2011 Coll., on Supplementary Pension Savings, to be placed in participation funds, management of assets in participation funds and payment of supplementary pension insurance benefits.

Depository

Depository services have been rendered by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, 140 92 Praha 4 – Michle, identification number (IČO): 649 48 242 ("the Depository"), on the basis of a depository agreement dated 13 December 2013.

(b) Basis of preparation of the financial statements

The financial statements, which include the balance sheet, income statement, statement of changes in equity and related notes, have been prepared in accordance with the Accounting Act, decrees issued by the Ministry of Finance of the Czech Republic and Czech Accounting Standards for Financial Institutions. It is based on the historical cost principle, which is modified

by measuring financial instruments at fair value through profit or loss ("FVTPL") or fair value through equity ("FVOCI") (in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS")), changes in the fair values of this category are recognized in other comprehensive income). The Fund's management is convinced that it has adequate resources for its business activities in the foreseeable future, and therefore these financial statements have been prepared on the assumption that the Fund's business activities will continue.

The financial statements are based on the assumption that the entity will continue in business as a going concern and that no event will occur that would limit or prevent the entity from continuing to do so in the foreseeable future.

Unless otherwise indicated, all amounts are shown in thousands of Czech crowns (TCZK). Numbers in brackets represent negative amounts.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted in the preparation of the Fund's financial statements are set out below:

(a) Transaction date

Depending on the transaction type, the transaction date is generally defined as:

- the date of payment or cash collection,
- the date of purchase or sale of foreign currency or securities,
- the date of executing a payment,
- the date on which (foreign currency) funds are credited, as stated in an account statement,
- the trade and settlement date for spot transactions, i.e. purchases or sales of financial instruments or commodities where the period between concluding and settling the transaction does not exceed two days,
- the trade and settlement date for derivative transactions.

The Entity has determined that spot transactions (i.e. accounting transactions involving the purchase or sale of financial assets with a usual term of delivery) are recorded directly in an appropriate asset or liability account on the trade date.

The Fund derecognises a financial asset or part thereof from the balance sheet if it loses control of the contractual rights to the financial asset or part thereof. The Fund loses this control if it exercises the rights to the benefits defined in a contract, or if such rights expire or are waived by the Fund.

When a financial liability or part thereof is extinguished (e.g. the obligation specified in a contract is discharged or cancelled

or expires), the Entity will no longer recognise the financial liability or part thereof in the balance sheet. The difference between the carrying amount of a liability (or part thereof) extinguished or transferred to another party and the consideration paid is recognised in profit or loss.

(b) Accounts of retirement savings participants

Contributions obtained from participants are recognised in the Fund's equity in the following items:

- capital funds,
- share premium.

(c) Recognition of receivables relating to state contributions to participants

The Fund does not recognise any receivables from the Ministry of Finance relating to state contributions paid to participants. State contributions are recognised as and when received from the Ministry of Finance.

Accounting policies for financial instruments

(d) Securities

Initial recognition

Securities in the FVTPL category are initially recognized at fair value. The fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is recognized only when there is a difference between the fair value and the transaction price that is evidenced by other observable market transactions of the same instrument or by a valuation technique whose inputs include only observable market data.

Subsequent valuation

Securities that are accounted for as assets and that are not considered to have a controlling or significant influence are included in the portfolio of securities measured at fair value through profit or loss for subsequent valuation purposes.

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. The best proof of fair value is an active market price. An active market is one in which transactions in assets or liabilities are carried out in sufficient frequency and volume to provide information about prices on an ongoing basis. The fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the amount held by the entity. This is the case even if the normal daily trading volume on the market is not able to absorb the quantity held and entering a sale of the entire position held in a single transaction could affect the quoted price.

Securities - classification and subsequent valuation - business model

The business model reflects the way in which the Fund manages financial assets for the purpose of generating cash flows - whether the Fund's objective is: i) only to collect contractual cash flows from assets ("holding to obtain contractual cash flows") or ii) to collect both contractual cash flows; thus, cash flows arising from the sale of assets ("holding to obtain contractual cash flows and sales"), or if neither (i) and (ii) apply, financial assets are classified as part of a "different" business model and valued in the FVTPL category.

The business model is determined for a group of assets (at the portfolio level) on the basis of all relevant evidence of the activities that the Fund undertakes to achieve the target set for the portfolio available on the valuation date. Factors considered by the Fund in determining its business model include the following: when buying or selling securities, the Fund focuses primarily on fair value and uses this information to evaluate asset performance and make decisions. This portfolio is not held for the purpose of holding to collect contractual cash flows ("Hold to collect") or for the purpose of holding to collect cash flows and the sale of financial assets ("Hold to collect and sell"). For such a portfolio, the collection of contractual cash flows is only incidental to achieving the business model objective.

Debt securities measured at fair value through profit or loss

In accordance with the Fund's business model and classification as an investment unit, all debt securities are classified within the FVTPL category. Debt securities are classified in the FVTPL category in accordance with a "different business model" because the performance of the assets is managed on a fair value basis.

Equity securities measured at fair value through profit or loss

Financial assets that meet the definition of equity from the issuer's point of view, ie assets that do not contain a contractual obligation to pay cash and demonstrate a residual interest in net assets, are considered by the Fund to be investments in equity securities.

Investments in equity securities are carried at fair value through profit or loss, line "profit or loss from financial operations" in accordance with the Fund's business model.

Profits / losses on this valuation are recognized in the income statement under 'Profit or loss on financial operations'. In the case of debt securities, the entity first recognizes interest income under 'Interest income and similar income' and then a revaluation to fair value under 'Profit or loss from financial operations'.

Fair value of securities

In determining fair value, the Fund follows international accounting standards regulated by European Union law.

Fair value means the market value that is announced on a domestic or foreign stock exchange or on another public (organized) market. The Fund uses the market value, which is announced at a time no later than the date of preparation of the financial statements, and the closest to this date. If the market value is not available or the market value does not adequately reflect the fair value, the fair value is determined using the qualified estimation method.

IFRS 13 requires a bid-ask price to be found, which will best represent the fair value corresponding to the stated objective, ie the price that would be obtained for the sale of the asset. Determining this value usually means using judgment at the same time as information on historical bid prices, ask prices and actual transaction prices. Based on historical transactions and duration profile of portfolios of assets remeasured to fair value considers the Fund mid-price to be an appropriate representation of fair value in accordance with IFRS 13. The difference between the price of the actual transactions and the mid-valuation at the reporting date the Fund does not consider as significant.

Interest income

Interest income mainly includes coupons from holding debt securities and their accruals. Interest income and expense on securities classified in the FVTPL category are reported on an accrual basis using the linear method.

Derecognition of securities

When selling securities, an entity uses the average price method to measure the decrease in securities.

Dividend income

The fund accounts for a dividend on shares or unit certificates in net value, ie after deducting withholding tax deducted abroad.

(e) Reverse repo operations

Transactions in which securities are purchased with an obligation to resell (reverse repo operations) at a predetermined price are accounted for as loans granted by securities that are the subject of purchase and resale.

These loans are reported in the balance sheet under "Receivables from banks and credit unions".

Securities received as part of reverse repo operations are recorded only in the off-balance sheet under "Pledges and collateral received".

Reverse repo transactions are carried at amortized cost (AC), which is reduced by any allowance.

Revenues arising from reverse repo transactions as the difference between the sale and purchase price are accrued over the period of the transaction and recognized in the income statement under "Interest income and similar income".

(f) Receivables and provisions

Operating receivables are stated at amortized cost less any allowance. Bad debts are written off at the end of the debtor's bankruptcy proceedings or if the probability of their payment is not realistic.

The creation of a provision is recognized as an expense, its use is recognized together with the costs or losses associated with the disposal of assets in the income statement. The release of the provision for unnecessary assets is recognized in income.

For impairment, the Fund applies a simplified approach and measures expected credit losses over a 12-month period or until contractual maturity, whichever is shorter.

Provisions for assets denominated in a foreign currency are created in that foreign currency.

(g) Financial derivatives and hedging

Financial derivatives held by the Fund include currency forwards and currency swaps, which are initially recognized in the balance sheet at cost and subsequently measured at fair value.

Fair values are derived from quoted market prices or discounted cash flow models that are based only on available market data. Valuation models take into account current market conditions existing at the valuation date, which may not reflect the market situation before or after that date.

All derivatives are reported under other assets if they have a positive fair value or under other liabilities if their fair value is negative for the Fund.

Changes in the fair value of financial derivatives held for trading, including derivatives entered into for the purpose of economic hedging, are included in profit or loss from financial operations.

(h) Foreign currency translation

Financial assets and liabilities denominated in foreign currencies are translated into Czech crowns at the exchange rate published by the CNB as at the balance sheet date. All foreign exchange gains and losses on monetary items are recognized in profit or loss from financial operations, except for equity instruments measured at fair value through profit or loss (FVOCI), where they are also recognized together with their revaluation in equity.

Transactions denominated in a foreign currency are accounted for in Czech crowns at the exchange rate announced by the CNB valid on the day of the transaction or on the day of the accounting event.

Exchange differences arising on the translation of shares or participation certificates that do not meet the definition of a debt instrument, denominated in a foreign currency into Czech currency valued at FVTPL or valued at FVOCI, are reported together with the change in their fair value.

Exchange differences arising from the translation of debt securities denominated in a foreign currency into the Czech currency reported in FVTPL, AC or valued in FVOCI are reported on the line "Profit or loss from financial operations".

(i) Classification of the Fund as an investment unit

In accordance with IFRS 10, paragraph 28, a Fund is classified as an investment entity if it meets the following conditions:

- obtains funding from one or more participants in order to provide investment management services to those participants;
- undertakes to its participant (s) that its business intention is to invest funds only for the purpose of realizing capital gains, investment income or both; and
- measures and evaluates the performance of virtually all of its investments on a fair value basis.

Based on the performed analysis, the Fund meets the definition of an investment unit according to IFRS 10, paragraph 28.

(j) Pension units - funds of Fund participants

The fund issues 1 class of pension units that are redeemable at the holder's request, have the same rights and are denominated in the same currency.

These Pension Entities are classified as an equity instrument in accordance with IAS 32, paragraph 11, including the applicable exceptions to the definition of a financial liability in accordance with IAS 32, paragraph 16.

Pension units issued by the Fund are redeemable securities at the request of the holder.

Based on the above, Pension units issued by the Fund do not meet the definition of financial liabilities in IAS 32.

Pension units are repurchased on the basis of a request to repurchase participants. The Fund is obliged to repurchase Pension Units within two days from the date of receipt of the repurchase request.

Pension units are reported in the amount paid for Pension units, which is due on the balance sheet date if the holder exercises the right to return the pension unit back to the Fund.

Pension units are issued and redeemed on the basis of the holder's right to settle the fair value of the Fund's net assets attributable to the Pension Unit.

The value of the fund's capital (net assets) per pension unit is calculated by dividing the fund capital attributable to pension holders by the total number of outstanding redeemable pension units.

In accordance with the Fund's Articles of Association, investment positions are revalued at least once a week in order to determine the value of the fund's capital per pension unit for subscription and redemption. Advances received for Pension Units are reported on the line "Other liabilities" and valued at cost.

(k) Payments to pension unit holders

The proposed payments to pension holders are reported on the balance sheet on the line "Other liabilities" and represent a reduction in the Fund's capital funds when they are duly approved and no longer belong to the Fund.

Payments to holders usually occur when the proposed payouts are approved by the Board of Directors of the Pension Company.

(l) Taxation

Current tax

Non-tax deductible expenses are added to, and non-taxable income is deducted from, the profit for the period before tax to arrive at the taxable income, which is further adjusted for tax allowances and relevant credits.

Deferred tax

Effective from 1 January 2015, a zero corporate income tax rate has been introduced for funds of pension companies. As a result, the Fund did not recognise deferred tax on temporary differences between the carrying and tax value of assets and liabilities.

(m) Related parties

A related party is a person or entity that is related to the Fund when at least one of the following conditions is met:

- a) A person or a close member of that person's family is related to the Fund if that person:
 - (i) controls or co-controls the Fund;
 - (ii) has a material effect on the Fund; or
 - (iii) is a member of the key management personnel of the Fund or its parent company.
- b) An entity is related to the Fund if any of the following conditions apply:
 - (i) The entity and the Fund are members of the same group (meaning that all parent, subsidiary and subsidiary entities are related).
 - (ii) One entity is an associate or joint venture of another entity (or an associate or joint venture of a member of a group of which the other entity is a member).

- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) An entity is a post-employment benefit plan for the benefit of employees of the Fund or an entity that is related to the Fund. If the Fund itself is such a plan, the contributing employers are also related to the Fund.
- (vi) The entity is controlled or jointly controlled by a person mentioned above.
- (vii) The person referred to in the first paragraph has significant influence over the entity or is a member of the key management personnel of the entity (or its parent).
- (viii) The entity or any member of the group of which it is a part provides key management services to the Fund or the parent company of the Fund.

A related party transaction is a transfer of resources, services or liabilities between the Fund and a related party, regardless of whether a price is charged.

Close members of a person's family are those family members who can be expected to influence or be influenced by the person in their dealings with the entity and include:

- a) the children and the spouse or partner of a person in the joint household; and
- (b) dependents of that person or of his or her spouse or common household partner.

(n) Corrections of prior period errors and changes in accounting policies

Adjustments to prior period expenses or income are recognized in the current period expense or income accounts, unless they are corrections of fundamental errors relating to prior periods.

Corrections of material errors in the recognition of income and expenses of previous periods and changes in accounting policies are recorded through the item "Retained earnings or unreimbursed loss from previous periods" in the Fund's balance sheet.

In the period from 1 January to 31 December 2023, the fund did not make any corrections of fundamental errors or changes in accounting methods.

(o) Funds of pension unit holders

As part of the transition to IFRS in the area of financial instruments, effective from 1 January 2021, issued pension units were not reclassified from equity to financial liabilities because these instruments do not meet the definition of a financial liability in IAS 32, paragraph 11, including the exceptions in para. 16.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2023	2022
Interest on debt securities in FVTPL	26,126	10,304
Interest on current accounts and term deposits in AC	6,652	11,313
Total	32,778	21,617

4. INCOME FROM SHARES

TCZK	2023	2022
Dividends received – shares	27,889	26,608
Total	27,889	26,608

5. FEE AND COMMISSION EXPENSE

TCZK	2023	2022
Fee for management of assets	(33,433)	(25,012)
Fee for appreciation of assets	-	(1,073)
Total	(33,433)	(26,085)

The fee for management of the Fund's assets is 1.0 % (2022: 1.0%) of the average annual value of the Fund's capital.

The fee for appreciation of assets is calculated as 15% (2022: 15%) share of the difference between the average value of the pension unit and the highest average annual value of the pension unit since the creation of the Fund multiplied by the average number of pension unites in the year.

The costs of the Fund's audit and legal advice are borne by the Company.

6. GAIN OR LOSS FROM FINANCIAL OPERATIONS

TCZK	2023	2022
Gain/loss from debt securities transactions	33,253	(310,884)
Gain/loss from share and unit transactions	526,087	(5,309)
Foreign exchange gain/loss	4,721	(6,728)
Total	564,061	(322,881)

7. REVENUES BY GEOGRAPHICAL SEGMENTS

TCZK	CR	EU	Non-EU	Total
2023				
Interest income and similar income	24,467	4,155	4,156	32,778
Interest from shares and ownership interests	2,704	9,579	15,616	27,899
Gain or loss from financial operations	35,125	170,288	358,648	564,061
Total	62,296	184,022	378,420	624,738
2022				
Interest income and similar income	21,537	-	80	21,617
Interest from shares and ownership interests	1,263	4,889	20,456	26,608
Gain or loss from financial operations	(16,527)	(40,775)	(265,579)	(322,881)
Total	6,273	(35,886)	(245,043)	(274,656)

8. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2023	31.12.2022
Receivables / (Payables)		
Fee for management paid to the Company	959	653
Fee for appreciation of assets paid to the Company	-	(1,073)
Total	959	(420)

TCZK	31.12.2023	31.12.2022
Expenses		
for management paid to the Company	(33 433)	(25,012)
for appreciation of assets paid to the Company	-	(1,073)
Total	(33 433)	(26,086)

TCZK	31.12.2023	31.12.2022
Off-balance sheet assets		
Values placed under management	4,359,625	3,079,964
Total	4,359,625	3,079,964

9. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2023	31.12.2022
Current accounts at banks	26,426	38,993
Reverse repurchase agreements	-	60,038
Total	26,426	99,031

As at 31 December 2023, the Fund does not record any treasury bills in reverse repo transactions.

The analysis of the credit quality of receivables from banks as at 31 December 2023 and 2022 is as follows:

TCZK	Deposits at banks - current accounts	Provided loans within repo transactions	Total
As of December 31, 2023			
<i>To maturity, not devalued</i>			
- [less than A]	26,426	-	26,426
Total to maturity according to the rating	26,426	-	26,426
Total to maturity, not devalued	26,426	-	26,426
As of December 31, 2022			
<i>To maturity, not devalued</i>			
- [less than A]	38,993	-	38,993
- Without rating	-	60,038	60,038
Total to maturity according to the rating	38,993	60,038	99,031
Total to maturity, not devalued	38,993	60,038	99,031

The Fund's receivables from banks are not overdue and are secured.

The impact of receivables from banks on ECL measurements is not significant.

For disclosure of the fair value of bank receivables that are not carried at fair value, see Note: Fair Value Recognition.

10. DEBT SECURITIES

(a) Classification of debt securities into individual portfolios based on the Fund's intention

TCZK	31.12.2023	31.12.2022
Debt securities at fair value through profit or loss	595,904	524,265
Net book value	595,904	524,265

The table below shows investments in debt securities as at 31 December 2023 and 2022 by classification and class:

TCZK	Debt securities compulsorily and FVTPL	Debt securities voluntarily in FVTPL	Debt securities in FVOCI	Debt securities in AC
State bonds	282,183	-	-	-
Bank bonds	187,394	-	-	-
Corporate bonds	126,327	-	-	-
Total investments in debt securities as of December 31, 2023	595,904	-	-	-
TCZK	Debt securities compulsorily and FVTPL	Debt securities voluntarily in FVTPL	Debt securities in FVOCI	Debt securities in AC
State bonds	454,333	-	-	-
State treasury bills	-	-	-	-
Bank bonds	69,932	-	-	-
Total investments in debt securities as of December 31, 2022	524,265	-	-	-

Investments in debt securities in FVTPL

Debt securities compulsorily classified by the Fund in FVTPL are securities held for trading, securities in a “different business model”, or securities whose cash flows do not only represent principal and interest payments and do not meet the SPPI test.

Debt securities in FVTPL are carried at fair value, which also reflects all credit risk and thus best expresses the Fund's maximum exposure to credit risk.

Debt securities in FVTPL are not secured.

(b) Analysis of debt securities measured at fair value through profit or loss

TCZK	31.12.2023	31.12.2022
Issued by financial institutions		
- Listed on another exchange	187,395	69,932
Issued by non-financial institutions		
- Listed on another stock market	113,320	-
- Listed on the stock exchange in the Czech Republic	13,007	-
Issued by government institutions		
- Listed on another stock market	117,163	-
- Listed on exchange in the Czech Republic	165,019	454,333
Total	595,904	524,265

Securities listed on another exchange with a market value of TCZK 417,878 at 31 December 2023 (31 December 2022: TCZK 69,932) are traded mainly on OECD markets.

11. SHARES, UNITS AND OTHER INVESTMENTS IN FVTPL PORTFOLIO**(a) Classification of shares, units and other investments into individual portfolios based on the Fund's intentions**

TCZK	31.12.2023	31.12.2022
Shares	1,191,209	938,268
Units	2,545,918	1,522,396
Net book value	3,737,127	2,460,664

(b) Analysis of shares, units and other investments realisable

TCZK	31.12.2023	31.12.2022
Issued by financial institutions		
Listed on another exchange	333,212	532,934
Listed on exchange in the Czech Republic	119,561	55,722
Issued by non-financial institutions		
Listed on another exchange	3,179,782	1,794,109
Listed on exchange in the Czech Republic	104,572	77,899
Total	3,737,127	2,460,664

The shares and participation certificates and other participations listed in the table above are classified in the FVTPL portfolio in accordance with the Fund's business model because they are held for trading by the Fund or managed by the Fund and their performance is assessed on a fair value basis. In this regard, the Fund primarily focuses on fair value information in its decision-making and uses this information to assess the performance of its assets.

Securities listed on another securities market as at 31 December 2023 with a book value of 3 512 995 TCZK (as at 31 December 2022: TCZK : 2,359,316) are traded mainly on the markets of OECD countries.

12. OTHER LIABILITIES

TCZK	31.12.2023	31.12.2022
Other liabilities in AC	924	31,104
Payables to participants	6,824	3,687
Estimated payables	-	420
Total	7,748	35,211

13. EQUITY

	31.12.2023	31.12.2022
Fund's equity (TCZK)	4,359,625	3,079,964
Number of retirement units (pieces)	2,803,294,695	2,297,244,796
Fund's equity per one retirement unit	1.5552	1.3407

The current value of a retirement unit is defined as the value of the pension fund's equity which reflects the corresponding portion of standard expenses having an impact on the pension fund's equity, as at the date on which the current value of the retirement unit relating to one retirement unit is determined. Retirement units are recorded in personal retirement accounts of all participants in relation to the pension fund as at the date on which the current value of the retirement unit is determined.

Credited and written-off retirement units

TCZK	Number of retirement units	Value of retirement units (nominal value)	Value of retirement units (share premium)
Balance at 1 January 2022	1,650,450,664	1,650,451	380,559
Credited retirement units	1,023,094,135	1,023,094	394,614
Written-off retirement units	(376,300,003)	(376,300)	(149,695)
Balance at 31 December 2022	2,297,244,796	2,297,245	625,478
Credited retirement units	974,926,642	974,927	409,645
Written-off retirement units	(468,876,742)	(468,877)	(196,000)
Balance at 31 December 2023	2,803,294,695	2,803,295	839,123

Benefits paid

	2023	2022
Number of contracts	3,948	4,157
Total benefits paid (in TCZK)	469,060	429,450

The number of contracts corresponds with the total number of terminated one-off benefits. The participant's contributions can be invested in several funds depending on the chosen strategy.

14. ACCOUNTS OF PARTICIPANTS

TCZK	31.12.2023	31.12.2022
Participants' and employers' contributions	2,722,189	2,206,333
Fund's appreciation	1,637,436	873,631
Total	4,359,625	3,079,964

15. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit of TCZK 591,305 for the period ended 31 December 2023. Prior period profit totalling TCZK 300,742 was allocated to Retained profits.

16. INCOME TAX

Effective from 1 January 2015, a zero corporate income tax rate has been introduced for funds of pension companies.

17. VALUES PLACED UNDER MANAGEMENT

The Fund placed all of its assets under the management of the Company. Values placed under management represent the Fund's equity.

18. FINANCIAL INSTRUMENTS – MARKET RISK

The current economic situation remains sensitive to geopolitical developments in the world. The impact on financial and commodity markets, supply chains and key macroeconomic indicators with business implications such as inflation rates, interest rates, exchange rate volatility and others remains significant.

The Company's management evaluated the impact of the current economic situation on its business with the following conclusion: The outlook for the world economy in 2024 was significantly affected in particular by the continuing development of the war in Ukraine, slowing inflation and the associated gradual reduction of central bank rates. The Czech National Bank started reducing rates as early as December 2023. According to the World Bank, the global GDP growth estimate should return to a level exceeding 3% in the coming year. The Czech government bond market in 2024 will be affected mainly by the increased issuance of bonds to cover the 252 billion CZK planned deficit of the state budget.

(a) Risk management

The Fund's primary risk management tool comprises limits on the share of individual types of financial instruments in the Fund's portfolio, as prescribed under Act No. 427/2011 Coll., on Supplementary Pension Savings, the Statutes and the investment strategy.

Market risks are measured using the Value at Risk ("VaR") method. Value at Risk represents a potential loss arising from unfavourable market movements within a certain period at a certain confidence level. The Fund determines Value at Risk through stochastic simulation of a large number of scenarios of potential changes in the financial markets. Value at Risk is measured based on a one-day holding period and a confidence level of 95%. The results of this model are back-tested on a daily basis and compared with the actual results achieved in the financial markets. If the Fund identifies any inaccuracies, the model is adjusted to be in line with the current trend in the financial markets. The Value at Risk relating to individual types of risks was as follows:

in %	at 31. 12. 2023	Average 2023	at 31. 12. 2022	Average 2022
VaR for interest rate instruments	0.03	0.51	0.01	0.04
VaR for equity instruments	1.05	16.59	1.50	1.83

As a result of its activities, the Fund is exposed to certain risks. The Fund's approach to managing these risks is described below.

(b) Liquidity risk

Liquidity risk includes both the risk that the Fund is unable to finance its assets using instruments with appropriate maturity and the risk that the Fund is unable to dispose of its assets for the appropriate price within the appropriate period.

The Fund presents contributions received from participants, the State and third parties in favour of the participants under liabilities. The Company's equity represents a minority source of financing.

Residual maturity cannot be specified for liabilities to participants in supplementary pension savings/supplementary pension insurance due to the nature of the product and because payment of the benefit can be requested after the entitlement to the benefit arises.

The Fund regularly assesses liquidity risk, in particular by monitoring changes in the structure of inflows and outflows of participants' accounts. The Fund also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid instruments such as state treasury bills and similar government bonds.

Residual maturity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 year	Over 5 year	Not specified	Total
At 31 December 2023						
Receivables from banks	26,426	-	-	-	-	26,426
Debt securities	-	49,106	158,255	388,543	-	595,904
Shares, units and other investments	-	-	-	-	3,737,127	3,737,127
Other assets	8,221	-	-	-	-	8,221
Total	34,647	49,106	158,255	388,543	3,737,127	4,367,679
Payables from participants' contributions	6,824	-	-	-	-	6,824
Other liabilities	923	-	-	-	306	1,229
Equity	-	-	-	-	4,359,625	4,359,625
Total	7,747	-	-	-	4,359,625	4,367,679
Gap	26,900	49,106	158,255	388,543	(622,804)	-
Cumulative Gap	26,900	76,007	234,262	622,804	-	-
At 31 December 2022						
Receivables from banks	99,031	-	-	-	-	99,031
Debt securities	-	-	220,337	303,929	-	524,265
Shares, units and other investments	-	-	-	-	2,460,665	2,460,665
Other assets	-	-	-	-	-	-
Total	99,031	-	220,337	303,929	2,460,665	3,083,961
Payables from participants' contributions	3,687	-	-	-	-	3,687
Other liabilities	310	-	-	-	-	310
Equity	-	-	-	-	3,079,964	3,079,964
Total	3,997	-	-	-	3,079,964	3,083,961
Gap	95,034	-	220,337	303,929	(619,299)	-
Cumulative Gap	95,034	95,034	315,371	619,299	-	-

The above tables represent the residual maturity of the carrying amounts of the individual financial instruments, not the total cash flows generated by these instruments.

(c) Currency risk

Assets and liabilities denominated in foreign currency, including off-balance sheet exposures, represent the Fund's exposure to currency risks. Both realised and unrealised foreign exchange gains and losses are reported directly in the income statement. The Fund's foreign currency position in the most significant currencies is as follows:

The Fund's foreign currency position

TCZK	EUR	USD	CZK	Other	Total
At 31 December 2023					
Receivables from banks	7,689	4,417	14,273	47	26,426
Debt securities	214,000	143,728	238,178	-	595,904
Shares, units and other investments	842,770	2,450,297	143,912	300,149	3,737,127
Other assets	-	-	-	8,221	8,221
Total	1,064,459	2,598,442	396,360	308,417	4 367 678
Payables from participants' contributions	-	-	6,824	-	6,824
Other liabilities	-	-	1,229	-	1,229
Equity	-	-	4,359,625	-	4,359,625
Total	-	-	4,367,678	-	4,367,678
Net foreign currency position	1,064,459	2,598,442	(3,971,318)	308,417	-
At 31 December 2022					
Receivables from banks	2,769	33,954	62,308	-	99,031
Debt securities	-	-	524,265	-	524,265
Shares, units and other investments	431,856	1,879,809	101,348	47,652	2,460,665
Total	434,625	1,913,763	687,921	47,652	3,083,961
Payables from participants' contributions	-	-	3,687	-	3,687
Other liabilities	-	-	310	-	310
Equity	-	-	3,079,964	-	3,079,964
Total	-	-	3,083,961	-	3,083,961
Net foreign currency position	434,625	1,913,763	(2,396,040)	47,652	-

(d) Interest rate risk

The fund is exposed to the risk of fluctuations in market interest rates in connection with its financial position and cash flows. Interest margins may decrease as a result of these changes, but they may increase even in the event of unexpected movements and create losses.

The table below shows the Fund's exposure to interest rate risk. The table shows the aggregate amounts of the Fund's financial assets and liabilities at carrying amounts, broken down by the expected interest rate or maturity date of the financial instruments (whichever occurs first):

TCZK	Normal and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Non-monetary	Total
December 31, 2023						
Total financial assets	24,050	165,019	49,106	553,916	-	792,092
Total financial liabilities	-	-	-	-	-	-
Net interest rate sensitivity analysis as at 31 December 2023	24,050	165,019	49,106	553,916	-	792,092
December 31, 2022						
Total financial assets	83,858	303,929	-	196,516	-	584,303
Total financial liabilities	-	-	-	-	-	-
Net interest rate sensitivity analysis as at 31 December 2022	83,858	303,929	-	196,516	-	584,303

Geographical concentration of risks. Geographical concentration of the Fund's financial assets and liabilities as at 31 December 2023 as below stated:

TCZK	Czech Republic	Germany	Other countries in EU	USA	Great Britain	Other countries non-EU	Total
Financial assets							
Debt securities	178,027	-	311,517	106,360	-	-	595,904
Shares and other participations	114,302	104,827	885,640	1,784,578	-	847,780	3,737,127
Receivables from banks	26,426	-	-	-	-	-	26,426
Other financial assets	8,221	-	-	-	-	-	8,221
Total financial assets	326,976	104,827	1,197,157	1,890,938	-	847,780	4,367,678
Financial liabilities							
Other financial liabilities	4,367,678	-	-	-	-	-	4,367,678
Total financial liabilities	4,367,678	-	-	-	-	-	4,367,678
Net position	(4,040,702)	104,827	1,197,157	1,890,938	-	847,780	-

Geographical concentration of the Fund's financial assets and liabilities as at 31 December 2022 is following:

TCZK	Czech Republic	Germany	Other countries in EU	USA	Great Britain	Other countries non-EU	Total
Financial assets							
Debt securities	454,334	-	46,111	-	-	23,820	524,265
Shares and other participations	75,938	137,120	1,234,466	1,000,913	-	12,225	2,460,665
Receivables from banks	38,993	-	-	-	-	-	38,993
Other financial assets	60,038	-	-	-	-	-	60,038
Total financial assets	629,304	137,120	1,280,577	1,000,913	-	36,045	3,083,961
Financial liabilities							
Other financial liabilities	-	-	-	-	-	-	-
Total financial liabilities	629,304	137,120	1,280,577	1,000,913	-	36,045	3,083,961
Net position	629,304	137,120	1,280,577	1,000,913	-	36,045	3,083,961

19. FINANCIAL INSTRUMENTS – CREDIT RISK

The Fund is exposed to the risk that the issuer of a security that was acquired in the Fund's portfolio or other counterparty does not meet its obligation to pay the agreed interest or principal. As the Fund only invests in securities with a high credit rating, the risk is minimal.

20. FINANCIAL DERIVATIVES

By using financial derivatives, the Fund is exposed to credit risk in the event that counterparties fail to meet their financial derivative obligations. In such a case, the maximum credit risk equals the positive fair value of the financial derivatives with that counterparty. If the fair value of a financial derivative is positive, the Fund bears the risk of loss; conversely, if the fair value of a financial derivative is negative, the risk of loss (or credit risk) is borne by the counterparty.

Financial derivatives held by the Fund are traded on the over-the-counter market.

Financial derivatives for trading

The nominal amounts and positive and negative fair values of the Fund's outstanding derivative trading positions as at 31 December 2023 and 2022 are set out in the table below. Nominal amounts represent the volume of outstanding transactions at a particular point in time; they do not represent the potential gain or loss associated with market risk or credit risk in these transactions.

(TCZK)	Nominal value	31 December 2023		31 December 2022		
		Positive	Fairvalue Negative	Nominal value	Positive	Fairvalue Negative
Currency contracts						
FX Forwards	457,740	6,570	(923)	-	-	-
Total	457,740	6,570	(923)	-	-	-
Total financial derivatives held for trading	457,740	6,570	(923)	-	-	-

21. FAIR VALUE REPORTING

Fair value measurement is analysed by level in the fair value hierarchy as follows:

Level 1: Published quotations in active markets are used to determine the fair values of financial assets and liabilities. Market revaluation is obtained using the prices of an identical asset or liability, which means that no revaluation model is used.

The fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer prices.

Level 2: Valuation techniques based on direct (eg price) or indirect (eg price derived) market inputs. This category includes financial instruments valued at quoted market prices for similar financial instruments, valued at quoted prices for identical or similar

financial instruments in markets that are considered less active or valued by other valuation techniques for which all significant inputs are directly or indirectly observed in the markets.

Level 3: Valuation techniques based on significant non-market inputs. This category represents all financial instruments for which valuation techniques include inputs that are not based on observable data and for which non-market inputs have a significant impact on their revaluation. The category includes financial instruments whose revaluation is based on quoted market prices of similar financial instruments, but which need to be adjusted for significant non-market adjustments and assumptions that reflect differences between financial instruments.

Interim fair value are those required or permitted by accounting standards in the balance sheet at the end of each reporting period. The levels in the fair value hierarchy in which interim fair value measurements are included are as follows:

TCZK	31 December 2023				31 December 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets are carried at fair value								
Securities in FVTPL	-	595,904	-	595,904	-	524,265	-	524,265
State bonds	-	282,183	-	282,183	-	454,333	-	454,333
Treasury bills	-	-	-	-	-	-	-	-
Corporate bonds	-	48,090	-	48,090	-	-	-	-
Bank bonds	-	265,631	-	265,631	-	69,932	-	69,932
Equity securities in FVTPL	3,737,127	-	-	3,737,127	2,460,665	-	-	2,460,665
Corporate shares	1,191,209	-	-	1,191,209	938,268	-	-	938,268
Investment in mutual funds	2,545,918	-	-	2,545,918	1,522,397	-	-	1,522,397
Other financial assets	-	6,570	6,570	-	-	-	-	-
Currency forwards / swaps	-	6,570	6,570	-	-	-	-	-
Total assets are recognized at fair value on an ongoing basis	3,737,127	602,474	-	4,339,601	2,460,665	524,265	-	2,984,930
Financial liabilities at fair value								
Other financial liabilities	-	923	-	923	-	-	-	-
Currency forwards / swaps	-	923	-	923	-	-	-	-
Total liabilities recognized at fair value on an ongoing basis	-	923	-	923	-	-	-	-

Financial assets and liabilities that are not measured at fair value but for which fair value is disclosed

The fair values analysed at the level of the fair value hierarchy and the carrying amounts of assets and liabilities that are not measured at fair value are as follows:

TCZK	31 December 2023					31 December 2022				
	Level 1 Real value	Level 2 Real value	Level 3 Real value	Total Real value	Book value	Level 1 Real value	Level 2 Real value	Level 3 Real value	Total value	Book value
Financial assets										
Receivables from banks	-	595,904	-	595,904	595,904	-	99,031	-	99,031	99,031
Total financial assets	-	595,904	-	595,904	595,094	-	99,031	-	99,031	99,031
Financial liabilities										
Liabilities to non-banks, entities	-	7,748	-	7,748	7,748	-	35,211	-	35,211	35,211
Total financial liabilities	-	7,748	-	7,748	7,748	-	35,211	-	35,211	35,211

Level 2 and level 3 fair values according to the fair value hierarchy were estimated using the discounted cash flow method. The fair values of floating rate debt instruments that are not quoted in an active market are determined at their carrying amount. The fair value of unlisted fixed rate instruments was estimated based on an estimate of future cash flows that should be received and which are discounted at the current interest rates applicable to current instruments with similar credit risk and remaining maturity.

22. UNRECOGNIZED LIABILITIES

As at 31 December 2023, the Fund was not involved in any litigation, the resolution of which would have a material impact on the Fund's financial results.

As at the balance sheet date, the Fund did not enter into any transactions that would not be reported in the balance sheet.

23. MATERIAL SUBSEQUENT EVENTS

The Company's management is not aware of any events that have occurred and that would require an adjustment of the financial statements as at 31 December 2023.

Date of preparation 28 March 2024

Stamp and signature of statutory representative:

Name and signature:
Ing. Dušan Quis



Person responsible for accounting
Ing. Anna Švehlová



Name and signature:
Venelin Yanakiev



Person responsible for financial statements
Ing. Anna Švehlová



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