

Allianz penzijní fond, a. s.

Annual Report 2011

Allianz 

Basic Economic Facts

Brief Summary (in TCZK)	2011	2010	2009	Change 2011/2010
Equity before allocation of profits to subscribers	1 025 942	976 802	800 056	5,0%
Subscribers' assets under management as of 31 December (including state support and yield)	11 862 563	9 538 981	8 015 142	24,4%
Financial investments, of which:	12 728 424	10 352 852	8 687 795	22,9%
Shares, mutual fund shares and other ownership interests	235 677	122 385	–	92,6%
Debt securities	12 233 271	9 837 921	8 494 810	24,3%
Bank deposits	259 476	392 546	192 985	-33,9%
Revenue from financial placements, of which:	422 819	378 312	312 400	11,8%
Revenue from interest and similar revenue	420 097	377 507	312 400	11,3%
Revenue from shares and mutual fund shares	2 722	805	–	238,1%
Profit	339 155	309 753	251 099	9,5%
Average age of clients	45	45	45	–
Number of clients	212 156	164 176	143 275	29,2%
Average monthly deposit (in CZK)	519	509	499	2,0%
Number of contracts with employer contributions	64 231	51 638	45 936	24,4%
Average registered number of employees	29	29	21	–

Allianz penzijní fond, a. s.

Annual Report **2011**

What do clients expect?
Quality - we are the best pension
fund based on assessment by
experts and also by public

Allianz 

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Introduction of the Chairman of the Board of Management



Dear Ladies and Gentlemen,

The year 2011 was a record-breaking year for Allianz penzijní fond, in which its successful growth continued. The number of its clients exceeded 212 thousand, increasing by 29.2% year-on-year. Allianz penzijní fond also grew in terms of the subscribers' assets under management, which exceeded CZK 11.8 billion in total, marking an increase of over 24.4% year-on-year. Owing to this growth, Allianz penzijní fond became the most successful fund in the Czech market.

We owe this success to the excellent financial results of Allianz penzijní fond, which are reflected in the above-standard return on the subscribers' contributions in the mid and long term, as well as in the growing interest in supplementary pension insurance among citizens. Saving for old age became increasingly popular

with continued discussions over pension reform during the year, which successfully passed through the approval procedure by legislators and took force on 28 December 2011.

Allianz penzijní fond actively promoted pension reform and transformation of pension funds with subscribers' assets being separated from the assets of the funds. This successful transformation will enable the current pension fund to also participate, in line with valid legislation, in the management of contributions by subscribers in the 2nd pillar of the pension system to be launched on 1 January 2013.

Allianz penzijní fond has always favoured rather the conservative investment strategy, which has been the key to our success in investments, particularly over the past few years. Deposits for supplementary pension insurance are one of the safest forms of investments for old age, as – despite the conservative investing – they yield a favourable return and are subject to triple supervision: by the Czech National Bank; the Czech Ministry of Finance; and the depositary.

The long-term excellent financial results of Allianz penzijní fond have been reflected in the awards it received in various competitions from both the general public and experts over past years. The year 2011 was no exception in this respect. Allianz penzijní fond placed first in the Pension Funds category of the Zlatý měsíc 2011 readers'

survey and won the Zlatá koruna 2011 competition, the prestigious title Fincentrum Bank of the Year 2011, as well as the first annual Zlaté euro competition. Furthermore, it placed second in the Pension Funds category among Czech Top 100 enterprises in the Czech Republic. We consider such results in the competitions of financial institutions in the Czech Republic as acknowledgements of our business strategy, committing us to further improvement of the services we provide to our clients.

I would like to thank all subscribers of Allianz penzijní fond for their trust, which we enormously value, managing the entrusted funds so as to generate the highest possible return. I would also like to thank all our agents for their cooperation, without which Allianz penzijní fond would have neither achieved such growth, nor won such awards.

Our aspiration in the area of supplementary pension insurance with state contribution is to be the first and trusted point of call for all citizens of the Czech Republic considering old age provisioning.

A handwritten signature in blue ink, appearing to read 'Jakub Strnad', is positioned above the printed name and title.

RNDr. Jakub Strnad, Ph.D.
Chairman of the Board of Management

Board of Management

RNDr. Jakub Strnad, Ph.D. since 21 December 2011
Dobřejovice

Ing. Petr Sosík, PhD., CFA since 21 December 2011
Praha

Mgr. Karel Waisser since 21 December 2011
Nučice

JUDr. Petr Poncar until 16 November 2011

Ing. Mgr. Václav Bohdanecký until 21 December 2011

RNDr. Martin Vítek until 21 December 2011

Ing. Robert Mareš until 21 December 2011

Supervisory Board

Mgr. Josef Lukášek
Čelákovice

Marc Smid
Mnichov

Ing. Petr Sosík, PhD., CFA until 21 December 2011

as of 31 December 2011

Allianz penzijní fond

Allianz penzijní fond has been established as of 31 August 1997 by merging Allianz-HYPO penzijní fond, a. s. and Živnobanka penzijní fond, a. s. Since the end of 2000, the company has been a 100% subsidiary of Allianz pojišťovna, a. s.

Allianz penzijní fond is one of the best performing pension funds in the Czech market; it regularly ranks among top pension funds in terms of credited returns. For the year 2011, Allianz penzijní fond assumes to credit its subscribers again with one of the highest annual returns in the Czech market, at the rate between 2.5% and 3%.

2011 was the most successful year in Allianz penzijní fond's history to date, having significant dynamics of sales – particularly in the second half of the year. The number of clients increased by nearly 50 thousand over the year, while the market has been slightly declining in terms of the number of subscribers.

The success of Allianz penzijní fond has been proven by long-term financial and business results, as well as by awarded prizes: It placed first in the public opinion poll Zlatý měšec 2011 (for the fourth consecutive time) and in the Supplementary Pension Insurance category of the Zlatá koruna competition (for the third consecutive time). Allianz penzijní fond also won its third consecutive title as the Pension Fund of the Year in the prestigious Fincentrum Bank of the Year 2011 competition. These successes were complemented by its having been awarded as the Pension Fund of the Year 2011 in the first annual Zlaté euro competition.



Allianz Supplementary Pension Insurance

Supplementary pension insurance from Allianz are the best way to ensure sufficient future income. With outstanding and stable revenues achieved by Allianz penzijní fond, guaranteed return, double state support (state contributions and possible tax deductions), you can maintain your living standard.

Benefits of supplementary pension insurance

- Savings starting at CZK 100 per month
- State support of up to CZK 1,800 per year
- Tax benefits of up to CZK 1,800 per year
- Employer's contribution (ideally CZK 24,000 per year)
- Guaranteed non-negative return
- Flexibility (lower or suspended deposits)

Superior benefits from Allianz penzijní fond

- Long-term return
- Widest offer of pensions
- Insurance against serious injury covered by Allianz penzijní fond
- No fees for loyal clients
- „Tax calculator“ service free of charge

Loyalty programme – products from Allianz pojišťovna at preferential rates

- 5% discount on motor third party liability insurance
- 5% on motor hull insurance
- 10% discount on household, real property and liability insurance

Allianz penzijní fond allows for payment of all types of benefits according to the supplementary pension insurance Act

- Retirement pension
- Disability pension
- Endowment benefit
- Survivor's benefit
- Lump-sum settlement

Allianz penzijní fond has the most extensive offer of pension schemes

- Life annuity
- Life annuity with survivor's benefit
- Life annuity with guaranteed term of payout
- Life annuity with agreed death benefit
- Life pension with linearly increasing amount

What is the most important thing for clients? Return - we have the highest achieved yields among pension funds in 2009-2011

Allianz 

Business Strategy

Allianz penzijní fond and Allianz pojišťovna work in close cooperation and coordinate their sales activities. According to a cooperation agreement entered into on 23 February 1995 between the fund and Allianz pojišťovna, the insurance company brokers supplementary pension insurance contracts through the network of its insurance agents.

In 2011, the company continued to grow, owing particularly to the increase in new sales through all available distribution channels. Year-on-year, the number of new policies and the volume of new sales rose by nearly 90%. As a result, the number of Allianz penzijní fond's clients exceeded 212 thousand at year's end.

Approximately 30% of new clients were attributed to the tied-agent sales force of Allianz pojišťovna and Allianz Direct. Multi-level marketing companies accounted for nearly 60% of Allianz penzijní fond's new clients. Partners For Life Planning, a.s., OVB Allfinanz, a.s., Fincentrum a.s, and Broker Consulting, a.s. were among the most successful distributors in 2011. Other important distribution channels included regional brokers.

Given our long-term exceptional financial results in the market, we see a growing interest in the Allianz supplementary pension insurance in all age and social groups, which is a solid basis for ensuring a long-term growth for the company.

Financial Results and Portfolio Structure

The year 2011 was another successful year for Allianz penzijní fond in terms of investment and financial results. In 2011, Allianz penzijní fond generated a profit of nearly CZK 340 million, which places it at the top in proportion to the subscribers' funds.

The volume of the subscribers' assets rose to CZK 11.9 billion, a 24.4% increase year-on-year. Revenues from financial investments and securities trading also grew year-on-year to nearly CZK 423 million, which is 11.8% more than in 2010. The value of the securities portfolio was over CZK 12.8 billion at year's end, which – again – is nearly 22.9% more than the previous year.

The market value of the portfolio grew owing to the growing number of clients and, hence, the actively managed assets, as well as to the investment strategy, which anticipated further increase in the prices of bonds and shares during the course of 2011.

Despite the relatively low rates for bonds, Allianz penzijní fond has been successful in reinvesting new subscribers' assets as well as the cash flow from coupons and repaid bonds so as to attain, in line with its investment strategy, a stable high percentage of return compared to the rest of the supplementary pension insurance sector at a low level of market risk.

The results for 2011 were also influenced by the correct decision made in 2009 to take advantage of the amendments in legislation and identify a part of the portfolio as assets held to maturity. This step significantly improved the financial and capital stability of Allianz penzijní fond.

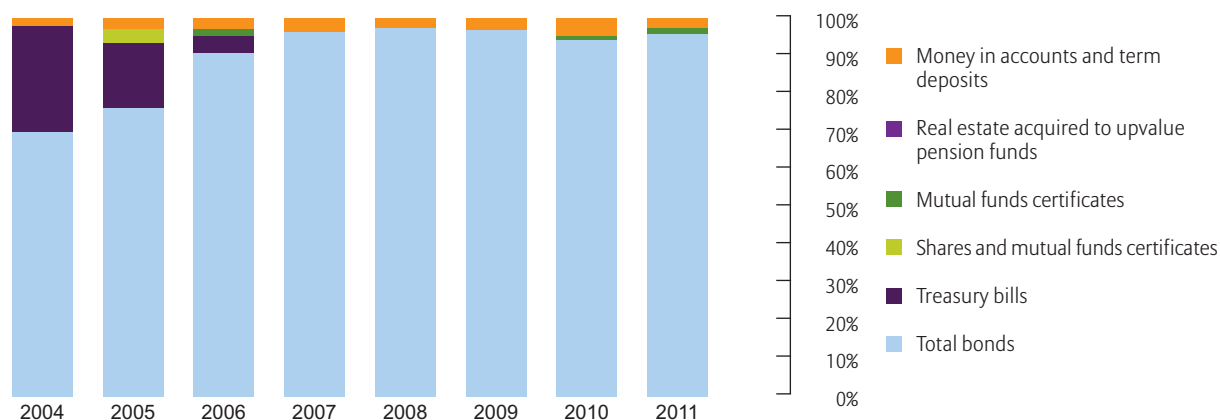
Compared to the previous year, the structure of the portfolio only changed in the shares and mutual funds in the portfolio increasing to CZK 236 million. The underlying factor for the decision to increase the shares component was the positive outlook for its development in the long term.

As in past years, investments in bonds were mainly into obligations issued by the Czech Republic and the European Investment Bank; a minimum portion of these were bonds issued by renowned foreign banks, with short-term corporate bonds accounting for even less. Cash was held in short-term deposits with banks. The overall results of Allianz penzijní fond have been contributed to by the long-term conservative strategy in investments as well as responsible financial management with a low cost percentage. Efficient cost management has, among others, relied on the methodology of planning and ongoing monitoring of financial management of subscribers' assets throughout 2011.

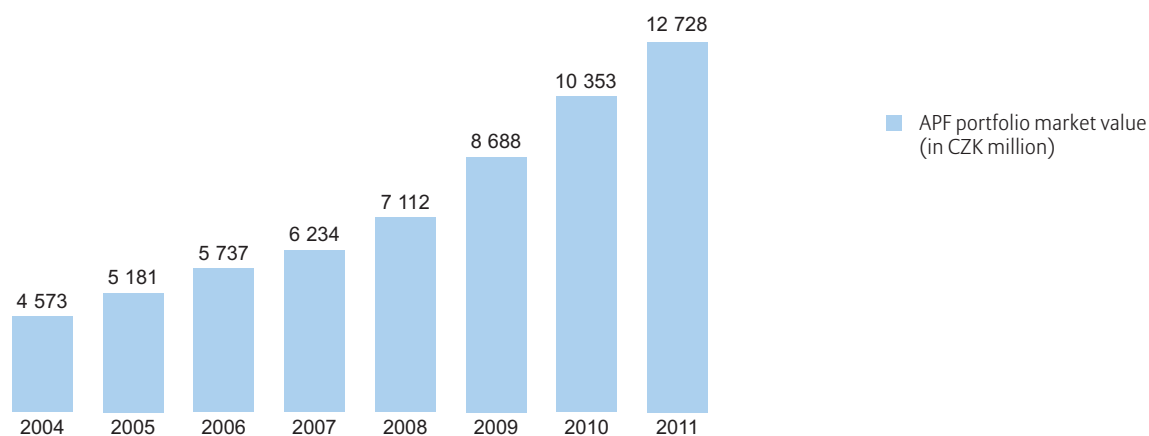
Owing to the fund's conservative strategy, the sole shareholder of Allianz penzijní fond was not forced to increase its registered capital or equity in past years. Allianz penzijní fond affirmed its sufficiently strong financial and capital standing in 2011.

Once again, Allianz penzijní fond was able to provide its clients with one of the highest returns in the market for 2011.

Allianz penzijní fond Securities Portfolio Structure



Market Value of Allianz penzijní fond Securities Portfolio



What are clients interested in?
Safety - we are the fund with
the highest rating of mother
company AA

Allianz 

Report of the Supervisory Board

Report of the Supervisory Board of Allianz penzijní fond, a. s. (hereinafter referred to as the "Pension Fund") on the results of its supervisory activities, including the review of the Pension Fund's regular financial statements for the financial year 2011, the Report on relations between related parties for the financial year 2011 and its opinion on the proposal of the Pension Fund's Board of Management for the distribution of profits of Allianz penzijní fond, a. s. of the year 2011.

In 2011, all activities of the Supervisory Board of the Pension Fund had been carried out in accordance with applicable legal regulations and the company's Articles of Association. The Supervisory Board of the company had been overseeing the Pension Fund's Board of Management exercising its authorities and competences as well as it had been supervising the company's business activities in general. The Supervisory Board had been informed about the Pension Fund's activities and business results on a regular basis.

The Board of Management of Allianz penzijní fond, a. s. presented the regular financial statements of the company prepared for the financial year 2011 and verified by the auditor, as well as the proposal for distribution of profits generated in 2011 to the Supervisory Board. Also, pursuant to provisions of Sec. 66a, paragraph 9 of the Commercial Code, the Supervisory Board reviewed the Report on relations for the year 2011.

Based on the above, the Supervisory Board recommended the general meeting of the Pension Fund to approve the financial statements of Allianz penzijní fond, a. s. as of 31 December 2011 along with the proposal for distribution of profits as presented by the Pension Fund's Board of Management. Furthermore, the Supervisory Board of the Pension Fund recommended the general meeting to approve the Report on relations.

For and on behalf of the Supervisory Board of Allianz penzijní fond, a. s.



Mgr. Josef Lukášek
Chairman of the Supervisory Board



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This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Shareholders of Allianz penzijní fond, a. s.

Financial statements

On the basis of our audit, on 21 February 2012 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of Allianz penzijní fond, a. s., which comprise the balance sheet as of 31 December 2011, and the income statement and the statement of changes in equity for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Obchodní rejstřík vedený
Městským soudem v Praze
oddíl C, vložka 24185.

IČ 49619187
DIČ CZ699001996



Opinion

In our opinion, the financial statements give a true and fair view of the assets and liabilities of Allianz penzijní fond, a. s. as of 31 December 2011, and of its expenses, revenues and net result for the year then ended in accordance with Czech accounting legislation.”

Report on relations between related parties

We have reviewed the factual accuracy of the information disclosed in the report on relations between related parties of Allianz penzijní fond, a. s. for the year 2011 ended 31 December 2011. The responsibility for the preparation and factual accuracy of this report rests with the Company’s statutory body. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the report on relations is free of material misstatement. A review is limited primarily to inquiries of Company’s personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the report on relations and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that would lead us to believe that the report on relations between related parties of Allianz penzijní fond, a. s. for the year ended 31 December 2011 contains material factual misstatements.

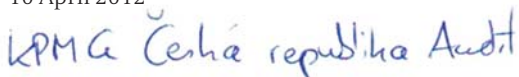
Annual report

We have audited the consistency of the annual report with the audited financial statements. This annual report is the responsibility of the Company’s statutory body. Our responsibility is to express our opinion on the consistency of the annual report with the audited financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that the audit we have conducted provides a reasonable basis for our audit opinion.

In our opinion, the information disclosed in the annual report is, in all material respects, consistent with the audited financial statements.

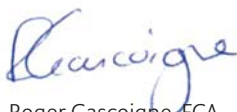
Prague
10 April 2012

KPMG Česká republika Audit

KPMG Česká republika Audit, s.r.o.
Licence number 71


Jindřich Vašina
Partner

Licence number 2059



Roger Gascoigne, FCA
Partner

Balance Sheet as at 31 December 2011

(Translated from the Czech original)

CZK 000

ASSETS	Note	2011	2010
1 Cash in hand and balances with central banks		9	4
2 State zero coupon bonds and other securities eligible for refinancing with central bank	4	12 233 271	9 837 921
of which: a) securities issued by the government institutions		11 580 807	9 644 374
b) others		652 464	193 547
3 Receivables from banks and co-operative savings associations	5	259 476	392 546
of which: a) repayable on demand		19 546	14 434
b) other receivables		239 930	378 112
6 Shares, units and other investments	6	235 677	122 385
9 Intangible fixed assets	7	442	504
10 Tangible fixed assets	7	675	55
11 Other assets	8	60 239	48 262
13 Prepaid expenses and accrued income	9	166 850	155 085
Total Assets		12 956 639	10 556 762

LIABILITIES	Note	2011	2010
4 Other liabilities		11 920 287	9 572 040
a) Accounts of Supplementary Pension Insurance Participants	10	11 862 563	9 538 981
aa) Participants' Contributions and State Support		10 495 825	8 434 901
ab) Revenues from Participants' Contributions and State Support		1 301 062	1 054 672
ac) Unallocated Contributions of Supplementary Plan Participants		26 820	9 595
ad) Benefit Payments		38 856	39 813
b) Other	12	57 724	33 059
6 Provisions	14	10 410	7 920
of which: a) provision for pensions and similar obligations		10 337	7 901
8 Registered capital	15	60 000	60 000
of which: a) registered capital paid up		60 000	60 000
9 Share premium	15	18 736	18 736
10 Reserve funds and other funds from profit		107 058	91 571
12 Capital funds		10 646	10 646
13 Gains (losses) from revaluation	15	355 180	379 321
of which: a) assets and liabilities		358 776	382 442
14 Retained earnings (or accumulated losses) from previous years		135 167	106 775
15 Profit (loss) for the accounting period	15	339 155	309 753
Total Liabilities		12 956 639	10 556 762

OFF-BALANCE SHEET	Note	2011	2010
Off-balance sheet assets			
4 Receivables from fixed term transactions	23	318 511	198 767
Off-balance sheet liabilities			
12 Payables from fixed term transactions	23	344 800	206 525

Profit and Loss Account for the year 2011

(Translated from the Czech original)

CZK 000

	Note	2011	2010
1 Interest income and similar income	16	420 097	377 507
of which: interest income from debt securities		417 654	375 591
2 Interest expense and similar expense		-28	0
of which: interest expense from debt securities			
3 Income from shares and participation interests:		2 722	805
of which: c) income from other shares and participation interests		2 722	805
4 Fee and commission income	17	0	0
5 Fee and commission expense	17	-89 462	-28 530
6 Gain or loss from financial transactions	18	56 570	-574
7 Other operating income	19	4 579	4 799
8 Other operating expenses		-17	-123
9 Administrative expenses		-51 852	-42 502
of which: a) employee expenses		-11 427	-10 501
of which: aa) social and health insurance	20	-2 769	-2 672
b) other administrative expenses	21	-40 425	-32 001
11 Depreciation, creation and use of reserves and adjustments to tangible and intangible fixed assets		-740	-549
13 Write-offs, creation and use of adjustments and provisions for receivables and guarantees		-224	-136
16 Release of other provisions		263	518
17 Creation and use of other provisions		-2 753	-1 462
19 Current year profit (loss) from ordinary activities before tax		339 155	309 753
23 Income tax	22	0	0
24 Net profit (loss) for the accounting period		339 155	309 753

Statement of Changes in Equity for the year 2011

(Translated from the Czech original)

CZK 000

	Registered capital	Share premium	Reserve funds	Capital funds	Revaluation gains (losses)	Acc. gains (losses) of previous years	Profit (loss)	Total
Balance as at 1.1.2010	60 000	18 736	79 016	10 646	291 749	88 810	251 099	800 056
FX gains (losses) and gains (losses) not included in the profit and loss statement					87 572			87 572
Profit distribution			12 555			17 965	-30 520	0
Allocation to participants' accounts							-220 579	-220 579
Net profit (loss) for accounting period							309 753	309 753
Balance as at 31.12.2010	60 000	18 736	91 571	10 646	379 321	106 775	309 753	976 802
Balance as at 1.1.2011	60 000	18 736	91 571	10 646	379 321	106 775	309 753	976 802
FX gains (losses) and gains (losses) not included in the profit and loss statement					-24 141			-24 141
Profit distribution			15 487			28 392	-43 879	0
Allocation to participants' accounts							-265 874	-265 874
Net profit (loss) for accounting period							339 155	339 155
Balance as at 31.12.2011	60 000	18 736	107 058	10 646	355 180	135 167	339 155	1 025 942

Notes to the financial statements 31 December 2011

1. BASIC INFORMATION

a) Description of the Company

The regular financial statements of Allianz penzijní fond, a. s. ("the Company") have been prepared for the period from 1 January 2010 to 31 December 2010. The Company is registered in the Commercial Register maintained by the City Court in Prague, section B, insert 4972. The identification number of the Company is 25612603.

b) Foundation and Incorporation the Company

Allianz penzijní fond, a. s. was formed by a merger of Allianz-Hypo penzijní fond, a.s. and Živnobanka penzijní fond, a.s. on 31 August 1997. The Company was registered in the Commercial Register on 30 September 1997.

c) Principal Business of the Company

The principal business of the Company is supplementary pension insurance under Act No. 42/1994 Coll., on Supplementary Pension Insurance with State Support, as amended. The principal activities are as follows:

- Accumulation of contributions from participants in supplementary pension insurance ("the Participants") and support provided by the State in respect of the Participants,
- Administration of contributions received according to the above,
- Payment of benefits from supplementary pension insurance,
- Other activities connected with administration of supplementary pension insurance.

d) Ownership Structure

The Company's sole shareholder as at 31 December 2011 was Allianz pojišťovna, a. s.

e) Registered Office

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

f) Members of the Board of Directors and Supervisory Board as at 31 December 2011

When executing the powers of the general meeting, on 16 November 2011 the sole shareholder of Allianz penzijní fond, a.s. – Allianz pojišťovna, a.s. made a decision that approved the resignation of JUDr. Petr Poncar as a member of the Board of Directors of Allianz penzijní fond, a.s.

On 21 December 2011 Ing. Mgr. Václav Bohdanecký, RNDr. Martin Vítek and Ing. Robert Mareš resigned as members of the Board of Directors of Allianz penzijní fond, a.s..

On the same date, the sole shareholder appointed RNDr. Jakub Strnad, Ph.D., Ing. Petr Sosík, Ph.D., CFA and Mgr. Karel Waisser as members of the Board of Directors of Allianz penzijní fond, a.s.

Members of the Board of Directors:

RNDr. Jakub Strnad, Ph.D., residing at Žitná 172, Dobřejovice, 251 01

Ing. Petr Sosík, Ph.D., CFA, residing at Kališnická 379/10, Praha 3 – Žižkov, 130 00

Mgr. Karel Waisser, residing at Paderlíkova 535, Nučice, 252 16

Members of the Supervisory Board:

Mgr. Josef Lukášek, Čelákovice

Marc Smid, Munich

Ing. Petr Sosík, Ph.D., CFA resigned as a member of the Supervisory Board of Allianz penzijní fond, a.s. with effect from 21 December 2011.

g) Organization Structure

The Prague head office provides customer services to the participants' portfolio, administers the individual contracts and manages the operational activities of the Company. Pension insurance sales are carried out by external intermediaries, in particular branches of Allianz pojišťovna, a.s., OVB Allfinanz, a.s., Fincentrum, a.s., Partners For Life Planning, a.s. and Broker Consulting, a.s.

The Company's organisational structure is as follows:

Contract Administration Department,
Payment Records Department,
Accounting Department,
IT Specialist Department.

Depositary services are rendered by Komerční banka, a.s. on the basis of a depositary agreement dated 29 October 2004 and a general agreement dated 30 April 2001, as amended. Furthermore, Komerční banka, a.s. provides the Company with services in the area of securities based on a custody agreement dated 26 August 2003.

As of 31 December 2011, Allianz penzijní fond, a.s. was administering accounts of 212 thousand participants in supplementary pension insurance (164 thousand as of 31 December 2010).

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared on the basis of accounting maintained in accordance with Act No. 563/1991 Coll., on Accounting, as amended, and relevant decrees and regulations of the Czech Republic, in particular Regulation No. 501 of the Ministry of Finance of the Czech Republic dated 6 November 2002, as amended, to implement certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for entities which are banks and other financial institutions. The regulation governs the structure, denomination and content of the financial statement items, the chart of accounts, accounting policies and their application.

The financial statements have been prepared under generally accepted accounting principles, in particular on the basis of full accrual accounting and the historical cost convention, except for selected financial instruments that are stated at fair value, and the going concern principle.

All figures are stated in Czech crowns (CZK). The units of measurement are thousands of Czech crowns (TCZK), unless otherwise stated.

These financial statements are non-consolidated financial statements.

3. 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 type of transaction, the transaction date is defined as the date of payment or collection of cash, the date of purchase or sale of foreign currency or the date of crediting the funds (value date) as per the account statement.

For purchases or sales of securities or derivatives, the transaction date is the settlement date. If a trade has been agreed before the data of preparation of the financial statements, but has not been settled yet, it is recognised in off-balance sheet accounts.

b) Debt Securities, Shares, Units and Other Investments

Treasury bills, bonds and other debt securities and shares including units and other investments are classified into the portfolio held to maturity and the portfolio available for sale.

Treasury bills, bonds and other debt securities are carried at amortised/accreted cost. Accrued interest income is part of the carrying amount of these securities. Shares, units and other investments are stated at acquisition cost.

The acquisition cost includes direct transaction cost of which the entity is aware at initial recognition, in particular fees and commissions paid to brokers, advisors and stock exchanges. Transaction cost does not include interest on borrowings taken for acquisition of the securities or ownership interests also known as the cost of finance, premiums or discounts, internal administrative cost or holding cost.

Premiums and discounts on debt securities are amortised/accreted through the profit and loss account over the period from the date of purchase to the date of maturity using the effective interest rate method. For securities that have a residual maturity of less than 1 year from the date of purchase, the premium and the discount are amortised/accreted equally through the profit and loss account over the period from the date of purchase to the date of maturity.

Available-for-sale securities and shares, units and other investments are measured at fair value at the balance sheet date, and gains/losses arising from this revaluation are charged to equity in "Revaluation gains/losses". When the security is sold the respective revaluation gain/loss is charged to the profit and loss account in "Gain or loss from financial transactions".

Fair value is the price announced on a domestic or foreign stock exchange or another public (organised) market.

If fair value cannot be determined as market value, fair value is determined as the adjusted value of the securities. The adjusted value of the securities is equal to the share proportion of equity for shares, the share proportion of a fund's net asset value for units, or the present value of the security for debt securities.

Held-to-maturity securities are initially recognised at acquisition cost and subsequently stated at amortised cost. Amortised/accreted cost means the price applied at initial recognition (acquisition cost) increased by accreted interest and adjusted for amortised discount/premium, and reduced by adjustments.

The acquisition cost of held-to-maturity securities at their disposal is determined using the weighted average method.

c) Hedging Derivatives

Hedging derivatives are carried at fair value. The method of recognition of fair value depends on the hedge accounting model applied.

Hedge accounting can be applied if:

- the hedge is in line with the Company's risk management strategy,
- the hedge relationship is formally documented at the inception of the hedge,
- it is expected that the hedge relationship will be highly effective throughout its life,
- the effectiveness of the hedge relationship can be objectively measured,
- the hedge relationship is highly effective throughout the accounting period,
- in the case of hedging future expected transaction, it is highly probable that the transaction will occur.

The fair value of financial derivatives is determined as the present value of expected cash flows from these transactions, using valuation models generally accepted on the market. The parameters used in these models such as foreign exchange rates, yield curves, volatility of financial instruments, etc., are based on the market experience.

If the derivative hedges the exposure to changes in cash flows related to recognised assets and liabilities or expected transactions, the effective part of the hedge (fair value of the hedging derivative) is reported in equity in "Revaluation gains / losses from hedging derivatives". The ineffective part of the hedge is recognised in the profit and loss account in "Gain or loss from financial transactions".

d) Provisions

A provision represents a probable cash outflow of uncertain timing and amount. Provisions are established if the following criteria are met:

- the Company has a present obligation (legal or constructive) as a result of a past event,
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; "probable" meaning a probability exceeding 50%,
- the amount of such obligation can be reliably estimated.

e) Tangible and Intangible Fixed Assets

Tangible and intangible operating fixed assets are stated at historical cost and depreciated on straight-line basis, according to the depreciation schedule. The table below shows the depreciation periods for each asset class:

Assets	Accounting depreciation period
Software	3 years
Machinery and equipment	3 years

Intangible fixed assets costing less than CZK 60 000 and tangible fixed assets costing less than CZK 40 000 and having a useful life of less than 1 year are charged to the profit and loss account in the period in which they are acquired.

The Company does not own non-operating tangible fixed assets.

f) Foreign Currency Translation

Transactions denominated in foreign currencies are recorded in the local currency translated using the daily exchange rate of the Czech National Bank valid on the transaction date. Assets and liabilities denominated in foreign currencies, together with unsettled foreign exchange spot transactions, are translated into the local currency at the Czech National Bank official rate of the derivative as at the balance sheet date. Foreign exchange gains or losses from revaluation of hedging derivatives are recorded in the profit and loss account in "Gain or loss from financial operations".

g) Taxation

Income that is subject to withholding tax (such as dividends) and interest received on term deposits, bonds and treasury bills is not included in pension funds' corporate income tax base, therefore are not effectively taxed.

Capital gains on sale of securities and other income, after deducting related expense, are included in the tax base to be taxed at 5% tax rate applicable to pension funds for the year 2011.

Since its establishment, with the exception of 2005, the Company has been accumulating tax losses, because of the prevailing proportion of income excluded from the corporate income tax base. Therefore the Company has not recognised a deferred tax.

h) Liabilities to Participants Arising from Pension Payments

Liability adequacy test

The Company established provisions for liabilities arising from contracts on supplementary pension insurance. The amounts of the provisions is 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 contracts on supplementary pension insurance.

The liability adequacy testing is based on the discounted cash flows 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. 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.

Annuitisation option

The value of the annuitisation 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 calculated using actuarial methods. Future liabilities relate in particular to pension payments, valorisation of pensions and expenses relating to payments.

The annuitisation option is calculated for the portfolio of participants in the saving phase using the same model (thus also the same estimate) as that used for the adequacy test.

The percentages of participants opting for annuity instead of a lump-sum settlement are based on the Company's current experience. The projection assumes that the current status will continue.

The Company has not established a provision for the annuitisation option as at 31 December 2011 or 2010.

i) Deferred Acquisition Costs

The Company records commissions paid and, since 2009, bonuses for general agreements, in the deferred expense account. The commissions or bonuses paid are deferred over the term of the supplementary pension insurance contract, although not exceeding 15 years. In 2011 the Company modelled future cash flows, primarily as concerns the impacts of the pension reform on behaviour of clients. Based on the analyses carried out, the term over which paid commissions are deferred was reduced to a maximum of 5 years.

4. STATE ZERO COUPON BONDS AND OTHER SECURITIES ELIGIBLE FOR REFINANCING WITH CENTRAL BANK

TCZK	2011	2010
Debt securities held to maturity	3 146 302	2 061 963
Debt securities available for sale	9 086 969	7 775 958
Total	12 233 271	9 837 921

a) Analysis of debt securities held to maturity

TCZK	2011	2010
	Book value	Book value
Issued by government sector		
- Listed on a CR stock exchange	3 146 302	2 061 963
Total	3 146 302	2 061 963

b) Analysis of debt securities available for sale

TCZK	2011	2010
	Market value	Market value
Issued by financial institutions	590 983	130 352
- Listed elsewhere	590 983	130 352
Issued by non-financial institutions	61 481	63 195
- Listed on a CR stock exchange		
- Listed elsewhere	61 481	63 195
Issued by government sector	8 434 505	7 582 411
- Listed on a CR stock exchange	8 434 505	7 582 411
Total	9 086 969	7 775 958

5. RECEIVABLES FROM BANKS AND CO-OPERATIVE SAVINGS ASSOCIATIONS

TCZK	2011	2010
Current accounts with banks	19 546	14 434
Term deposits with banks	239 930	378 112
Total	259 476	392 546

6. SHARES, UNITS AND OTHER INVESTMENTS*Classification of shares, units and other investments into individual portfolios based on the Company's intention*

TCZK	2011	2010
Shares	--	--
Units and other investments	235 677	122 385
Total	235 677	122 385

Analysis of shares, units and other investments available for sale

TCZK	2011	2010
	Market value	Market value
Issued by other institutions		
- Listed elsewhere	235 677	122 385
Total	235 677	122 385

7. TANGIBLE AND INTANGIBLE FIXED ASSETS*(a) Movements in intangible fixed asset*

TCZK	Software	Total
Acquisition cost		
Balance at 31 December 2010	24 431	24 431
Additions	478	478
Disposals	--	--
Balance at 31 December 2011	24 909	24 909
Accumulated depreciation		
Balance at 31 December 2010	23 927	23 927
Charge for the year	540	540
Disposals	--	--
Balance at 31 December 2011	24 467	24 467
Net book value at 31 December 2010	504	504
Net book value at 31 December 2011	442	442

(b) Movements in tangible fixed assets

TCZK	Machinery and equipment	Inventory	Total
Acquisition cost			
Balance at 31 December 2010	4 084	78	4 162
Additions	820	--	820
Disposals	229	--	229
Balance at 31 December 2011	4 675	78	4 753
Accumulated depreciation			
Balance at 31 December 2010	4 044	63	4 107
Charge for the year	200	--	200
Disposals	229	--	229
Balance at 31 December 2011	4 015	63	4 078
Net book value at 31 December 2010	40	15	55
Net book value at 31 December 2011	660	15	675

8. OTHER ASSETS

TCZK	2011	2010
Trade receivables and receivables due from employees	239	262
Positive fair value of derivatives	--	--
Receivables due from the state budget – state support	60 000	48 000
Receivables from securities trading	--	--
Other	--	--
Total	60 239	48 262

Receivables due from the state budget – state support of TCZK 60 000 (2010: TCZK 48 000) comprise estimated receivables due from the state support for the 4th quarter of 2011.

9. PREPAID EXPENSES AND ACCRUED INCOME

The Company has recognised prepaid expenses and accrued income in the total amount of TCZK 166 850 (2010: TCZK 155 085), of which TCZK 166 227 (2010: TCZK 134 421) relates to deferred acquisition cost of supplementary pension insurance contracts.

10. ACCOUNTS OF SUPPLEMENTARY PENSION INSURANCE PARTICIPANTS

TCZK	2011	2010
Balance at 1 January		
Participants' contributions	5 492 059	4 644 832
Employers' contributions	1 685 139	1 391 296
Allocated profit sharing	1 104 962	901 838
State support	1 256 821	1 077 176
Total participants' accounts	9 538 981	8 015 142
Additions		
Participants' contributions	1 810 181	1 249 925
Employers' contributions	585 828	416 299
Allocated profit sharing	353 877	279 822
State support	366 474	256 518
Total additions	3 116 360	2 202 564
Outflows		
Participants' contributions	451 247	402 698
Employers' contributions	149 562	122 456
Allocated profit sharing	94 231	76 698
State support	97 738	76 873
Total outflows	792 778	678 725
Balance at 31 December		
Participants' contributions	6 850 992	5 492 059
Employers' contributions	2 121 405	1 685 139
Allocated profit sharing	1 364 609	1 104 962
State support	1 525 557	1 256 821
Total participants' accounts	11 862 563	9 538 981

The Company expects to distribute at least 85% of the profit for the year 2011 to supplementary pension insurance participants in 2012.

11. BENEFITS PAID

TCZK	Amount	Number of contracts
Structure of benefits paid in 2011		
Surrender	190 647	5 139
Lump-sum settlement	481 190	4 847
Transfers to other funds	70 185	1 243
Pensions	29 961	83
Other (premature termination of the contract, pay-out of pension to beneficiaries)	20 795	210
Total benefits paid	792 778	11 522
Structure of benefits paid in 2010		
Surrender	147 169	5 101
Lump-sum settlement	401 535	4 228
Transfers to other funds	69 329	1 260
Pensions	40 102	115
Other (premature termination of the contract, pay-out of pension to beneficiaries)	20 590	229
Total benefits paid	678 725	10 933

12. OTHER LIABILITIES

TCZK	2011	2010
Trade payables	16 757	13 239
Tax liabilities	2 653	2 105
Payables due to employees	487	538
Payables due to state	2 203	1 563
Estimated payables	4 393	3 395
Negative fair value of derivatives	30 861	11 793
Other	370	426
Total	57 724	33 059

Estimated payables of TCZK 4 393 (2010: TCZK 3 395) comprise mainly payables to suppliers.

13. TRANSACTIONS WITH GROUP COMPANIES

Summary of transactions with Allianz pojišťovna, a. s.:

TCZK	Revenues	Expenses	Receivables	Payables
2011	60	11 915	48	1 008
2010	59	10 309	0	538

14. PROVISIONS

Provision for Pensions

The Company establishes a provision for pensions in accordance with the methods described in note 3 h).

Based on the results of the liability adequacy test carried out in respect of the portfolio of the current pensioners at 31 December 2011, the Company has established provisions as follows:

TCZK	Value of provisions at 31 December 2010	Addition	Release	Value of provisions at 31 December 2011
Retirement pension	7 639	2 699	230	10 108
Survivor pension	262	--	33	229
Total	7 901	2 699	263	10 337

In the calculation as at 31 December 2011, the most significant economic and actuarial assumptions were as follows:

The modelled costs of the pension fund were derived from the actual administrative, investment and acquisition costs. Based on these data, the 2011 expense per participant was determined. The Company projected future costs using annual cost inflation in the amount determined based on the market conditions.

To project future revenues and to determine the discount rates, best estimates of the future revenues of the Company as at 31 December 2011 were used.

To determine the probability of death, mortality rates were used, based on the population mortality rates of 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.

Provision for Bonuses

The Company establishes a provision for bonuses in accordance with the methods described in note 3 d).

TCZK	Value of provisions at 31 December 2010	Addition	Release	Value of provisions at 31 December 2011
Bonuses B	19	54	--	73
Total	19	54	--	73

The provision for bonuses is established to cover the cost of B-type bonuses provided in accordance with the conditions for awarding a bonus.

The change in the balance of the provision for bonuses is presented in the profit and loss account under "Creation and use of other provisions including provision for pensions".

15. EQUITY

a) Registered Capital

The registered capital of the Company at 31 December 2011 amounted to TCZK 60 000 (2010: TCZK 60 000) and consisted of 60 registered shares, each with a nominal value of TCZK 1 000.

b) Net Result, Share Premium and Funds Created from Profit

In 2011 the Company reported a share premium of TCZK 18 736 (2010: TCZK 18 736).

For the year 2010, the Company recognised profit of TCZK 309 753, which was distributed in accordance with the resolution of the General Meeting dated 9 June 2011 as follows:

- Allocation to participants' accounts	265 874 TCZK
- Reserve fund	15 487 TCZK
- Retained earnings	28 392 TCZK

The profit for 2011 of TCZK 339 155 will be distributed according to a resolution of the General Meeting.

c) Revaluation gains/losses

TCZK	Available-for-sale securities	Hedging derivatives	Total
Balance at 1 January 2010	293 079	-1 330	291 749
Decrease	-15 788	-1 791	-17 579
Increase	105 151	--	105 151
Balance at 31 December 2010	382 442	-3 121	379 321
Balance at 1 January 2011	382 442	-3 121	379 321
Decrease	-55 465	-475	-55 940
Increase	31 799	--	31 799
Balance at 31 December 2011	358 776	-3 596	355 180

16. INTEREST INCOME AND SIMILAR INCOME

TCZK	2011	2010
Interest on debt securities	417 654	375 591
Interest on current accounts and term deposits	2 443	1 916
Total	420 097	377 507

17. FEE AND COMMISSION EXPENSE AND INCOME

TCZK	2011	2010
Release of deferred commissions to brokers	86 295*	26 042
Bank, custody and asset management fees	1 887	1 885
Securities trading fees	1 280	603
Other	--	--
Total fee and commission expense	89 462	28 530
Fee and commission income	--	--
Total fee and commission income	--	--

* An increase in deferred commissions to intermediaries in 2011 is attributable to the change in methodology described in note 3 i).

18. GAIN OR LOSS FROM FINANCIAL TRANSACTIONS

TCZK	2011	2010
Gain from securities transactions	63 665*	751
Loss from derivative transactions	-16 777	-3 087
Foreign exchange gains/losses	9 682	1 762
Total	56 570	-574

* In 2011 in accordance with the investment strategy the Company generated profits by the sale of securities from the portfolio of available for sale securities.

19. OTHER OPERATING INCOME

A major portion of this item comprises revenues from participants' contributions, which, by virtue of law, remain in the pension fund's revenues. In 2011, the value of the revenues from contributions amounted to TCZK 2 812 (2010: TCZK 2 949). Another major portion is the revenue from transfers of pension insurance to another pension fund and surrender payments. In 2011, this revenue amounted to TCZK 1 650 (2010: TCZK 1 251).

20. EMPLOYEE EXPENSES

Year 2011	Average number of employees	Payroll expenses and bonuses	Social security and health insurance	Other social expenses
Employees	29	8 386	2 769	272
Members of the Board of Directors and Supervisory Board	5	--	--	--
Total	34	8 386	2 769	272

Year 2010	Average number of employees	Payroll expenses and bonuses	Social security and health insurance	Other social expenses
Employees	29	7 568	2 672	261
Members of the Board of Directors and Supervisory Board	7	--	--	--
Total	36	7 568	2 672	261

21. OTHER ADMINISTRATIVE EXPENSES

Other administrative expenses for the accounting period ended 31 December 2011 totalled TCZK 40 425 (2010: TCZK 32 001). Included in Other services for 2011 are expenses of TCZK 9 017 (2010: TCZK 7 571) arising from a co-operation agreement dated 15 December 2004 and an agreement on co-operation in the use of information technologies dated 2 January 2007 concluded between Allianz penzijní fond, a.s. and Allianz pojišťovna, a.s., as amended.

TCZK	2011	2010
Postage	4 237	3 649
Software services	2 842	3 160
Materials and energies	681	851
Rent	1 514	1 520
Sales support expenses	20 318	13 466
Other services	10 833	9 355
Total other administrative expenses	40 425	32 001

22. INCOME TAX AND DEFERRED TAX ASSET / LIABILITY**(a) Current Income Tax**

TCZK	2011	2010
Current year profit/loss before tax	339 155	309 753
Income not liable to tax	-423 015	-377 193
Expense not deductible from tax base	5 667	4 236
Other items	-28	-359
Subtotal	-78 221	-63 563
Tax calculated using 5% rate	--	--
Of which: tax on extraordinary income	--	--
Tax on separate tax base (15%)	--	--

(b) Deferred Tax Asset/Liability

The Company did not recognise a deferred tax asset of TCZK 271 341 relating to unused tax losses, as the Company's management does not expect to generate sufficient profits in the future against which it could be utilised.

23. OFF-BALANCE SHEET ITEMS**(a) Off-Balance Sheet Financial Instruments**

TCZK	Contractual amounts		Fair value	
	2011	2010	2011	2010
Hedging instruments				
Fixed term currency transactions - receivable	318 511	198 767	--	--
Fixed term currency transactions - payable	344 800	206 525	-30 861	-11 793
Total			-30 861	-11 793

(b) Residual Maturity of Financial Derivatives

The nominal values of the individual types of financial derivatives according to their residual maturity are as follows:

TCZK	Up to 3 months	3 months to 1 year	1 to 5 years	Total
At 31 December 2011				
Hedging instruments				
Fixed term currency transactions				
- receivable	--	232 261	86 250	318 511
Fixed term currency transactions				
- payable	--	245 100	99 700	344 800
At 31 December 2010				
Hedging instruments				
Fixed term currency transactions				
- receivable	--	112 517	86 250	198 767
Fixed term currency transactions				
- payable	--	112 770	93 755	206 525

24. FINANCIAL INSTRUMENTS – MARKET RISK

The Company is exposed to market risks arising from open positions in interest rate, currency and equity instruments, all of which are exposed to general and specific movements in the market.

a) Risk Management

The investment strategy of the Company is to achieve capital appreciation of funds invested, while minimising the market risks of its investment portfolio. The Company uses as primary risk management tool limits on the share of individual types of financial instruments in the Company's portfolio, as prescribed under Act No. 42/1994 Coll., on Supplementary Pension Insurance with State Support, the Statutes and the investment strategy of the Company, which is defined in accordance with the law.

b) Liquidity Risk

The Company regularly assesses liquidity risk, in particular by monitoring changes in the structure of inflows and outflows of participants' accounts. The Company also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid instruments.

The Company 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 of liabilities has not been determined for contracts where the participants did not assert their entitlement to benefits. Residual maturity cannot be specified for liabilities to participants due to the nature of the product and because payment of the benefit can be requested at any time after the entitlement to the benefit arises and payment of the surrender can be requested at any time after the contract has been in force for 12 months. The Company recorded TCZK 1 178 212 (2010: TCZK 1 317 139) under liabilities to participants in favour of participants who have already qualified for the pension payment (complied with the conditions for granting the benefit), but have not yet applied for it.

Residual maturity of the Company's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Unspecified	Total
At 31 December 2011						
Cash	9	--	--	--	--	9
Receivables from banks	259 476	--	--	--	--	259 476
State debt securities	--	189 921	4 154 650	7 236 236	--	11 580 807
Other debt securities	--	61 481	590 983	--	--	652 464
Shares, units and other investments	--	--	--	--	235 677	235 677
Other assets	60 238	--	--	--	167 968	228 206
Total	319 723	251 402	4 745 633	7 236 236	403 645	12 956 639
Payables from supplementary pension insurance participants' contributions	--	--	--	--	11 862 563	11 862 563
Other liabilities	21 795	35 254	675	--	--	57 724
Provisions	--	--	--	--	10 410	10 410
Equity	--	--	--	--	1 025 942	1 025 942
Total	21 795	35 254	675	--	12 898 915	12 956 639
Gap	297 928	216 148	4 744 958	7 236 236	-12 495 270	--
Cumulative gap	297 928	514 076	5 259 034	12 495 270	--	--

Residual maturity of the Company's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Unspecified	Total
At 31 December 2010						
Cash	4	--	--	--	--	4
Receivables from banks	392 546	--	--	--	--	392 546
State debt securities	52 127	72 890	2 644 830	6 874 527	--	9 644 374
Other debt securities	--	--	159 772	33 775	--	193 547
Shares, units and other investments	--	--	--	122 385	--	122 385
Other assets	48 262	--	--	--	155 644	203 906
Total	492 939	72 890	2 804 602	7 030 687	155 644	10 556 762
Payables from supplementary pension insurance participants' contributions	--	--	--	--	9 538 981	9 538 981
Other liabilities	17 367	15 188	504	--	--	33 059
Provisions	--	--	--	--	7 920	7 920
Equity	--	--	--	--	976 802	976 802
Total	17 367	15 188	504	--	10 523 703	10 556 762
Gap	475 572	57 702	2 804 098	7 030 687	-10 368 059	--
Cumulative gap	475 572	533 274	3 337 372	10 368 059	--	--

c) Interest Rate Risk

The Company is exposed to interest rate risk due to the impact of movements in market interest rates. The fair value and investment return may both increase and decrease as a result of these fluctuations.

The Company is exposed to interest rate risk also due to the fact that some of its liabilities bear interest at a fixed rate of 3%. The Company has therefore been applying an investment strategy so as to make its revenues cover the liabilities arising out of certain supplementary pension insurance contracts (Asset Liability Matching).

Interest rate sensitivity of the Company's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Unspecified	Total
At 31 December 2011						
Cash	9	--	--	--	--	9
Receivables from banks	259 476	--	--	--	--	259 476
State debt securities	--	189 921	4 154 650	7 236 236	--	11 580 807
Other debt securities	97 689	61 481	493 294	--	--	652 464
Shares, units and other investments	--	--	--	--	235 677	235 677
Other assets	60 238	--	--	--	167 968	228 206
Total	417 412	251 402	4 647 944	7 236 236	403 645	12 956 639
Payables from supplementary pension insurance participants' contributions	--	--	--	--	11 862 563	11 862 563
Other liabilities	21 795	35 254	675	--	--	57 724
Provisions	--	--	--	--	10 410	10 410
Equity	--	--	--	--	1 025 942	1 025 942
Total	21 795	35 254	675	--	12 898 915	12 956 639
Gap	395 617	216 148	4 647 269	7 236 236	-12 495 270	--
Cumulative gap	395 617	611 765	5 259 034	12 495 270	--	--

Interest rate sensitivity of the Company's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Unspecified	Total
At 31 December 2010						
Cash	4	--	--	--	--	4
Receivables from banks	392 546	--	--	--	--	392 546
State debt securities	52 127	72 890	2 644 830	6 874 527	--	9 644 374
Other debt securities	99 741	--	60 030	33 776	--	193 547
Shares, units and other investments	--	--	--	122 385	--	122 385
Other assets	48 262	--	--	--	155 644	203 906
Total	592 680	72 890	2 704 860	7 030 688	155 644	10 556 762
Payables from supplementary pension insurance participants' contributions	--	--	--	--	9 538 981	9 538 981
Other liabilities	17 367	15 188	504	--	--	33 059
Provisions	--	--	--	--	7 920	7 920
Equity	--	--	--	--	976 802	976 802
Total	17 367	15 188	504	--	10 523 703	10 556 762
Gap	575 313	57 702	2 704 356	7 030 688	-10 368 059	--
Cumulative gap	575 313	633 015	3 337 371	10 368 059	--	--

d) Equity Risk

Equity risk is the risk of movement in prices of equity instruments held in the Company's portfolio.

Risk associated with equity instruments is managed through trading limits; general methods applied in managing these risks are described in "Risk Management" in note 23(a).

e) Currency Risk

Assets and liabilities denominated in foreign currency, including off-balance sheet exposures, represent the Company's exposure to currency risk. To manage currency risk the Company uses hedging through fixed term transactions. Both realised and unrealised foreign exchange gains and losses are recognised directly in the profit and loss account. The Company's foreign currency position is as follows:

f) The Company's Foreign Currency Position

TCZK	EUR	USD	CZK	Total
At 31 December 2011				
Cash			9	9
Receivables from banks			259 476	259 476
State debt securities		100 524	11 480 283	11 580 807
Other debt securities			652 464	652 464
Shares, units and other investments	235 677			235 677
Other assets			228 206	228 206
Total	235 677	100 524	12 620 438	12 956 639

Accounts of supplementary pension insurance participants			11 862 563	11 862 563
Other liabilities			57 724	57 724
Provisions			10 410	10 410
Equity			1 025 942	1 025 942
Total			12 956 639	12 956 639
Net currency position	235 677	100 524	-336 201	--

TCZK	EUR	USD	CZK	Total
At 31 December 2010				
Cash			4	4
Receivables from banks			392 546	392 546
State debt securities		95 617	9 548 757	9 644 374
Other debt securities			193 547	193 547
Shares, units and other investments	122 385			122 385
Other assets			203 906	203 906
Total	122 385	95 617	10 338 760	10 556 762

Accounts of supplementary pension insurance participants			9 538 981	9 538 981
Other liabilities			33 059	33 059
Provisions			7 920	7 920
Equity			976 802	976 802
Total			10 556 762	10 556 762
Net currency position	122 385	95 617	- 218 002	--

25. SUBSEQUENT EVENTS

The Company's management is not aware of any material subsequent events that have occurred since the balance sheet date that would require adjustments to the Company's financial statements.

Relations between related parties

We provide this report on relations between related parties based on a provision of the Czech Commercial Code. By relations we mean commercial relations to controlling, controlled and other related parties. The parties involved are companies of the Allianz Group. During the fiscal year 2011, or during preceding periods, Allianz penzijní fond, a. s. did not enter into any controlling agreement and transfer of profit agreement.

Below we have listed those companies, with which Allianz penzijní fond, a. s. has major entrepreneurial relations.

Summary

Controlling party

Allianz pojišťovna, a. s., Prague.

Allianz New Europe Holding GmbH, Vienna, Austria;

Allianz Holding eins GmbH, Vienna, Austria;

Allianz SE, Munich, Germany.

Other related parties

Allianz Direct, s. r. o., Prague;

Allianz Managed Operations & Services SE, formerly Allianz Shared Infrastructure Services GmbH, Unterföhring, Germany;

Allianz Global Investors Advisory GmbH, Frankfurt am Main, Germany;

Allianz Global Investors Kapitalanlagegesellschaft mbH, formerly Deutscher Investment – Trust Gesellschaft für Wertpapieranlagen mbH, Frankfurt am Main, Germany;

Allianz Global Investors Luxembourg S.A., Luxembourg;

PIMCO Europe Ltd., London, Great Britain.

PIMCO Global Advisors Ireland Ltd., Dublin, Ireland.

Relations to the controlling party

Allianz pojišťovna, a. s.

Allianz pojišťovna, a. s., seated in Prague, owns a 100% share in the registered capital of Allianz penzijní fond, a. s. Allianz penzijní fond, a. s. has been established in September 1997 by a merger of two companies: Allianz-Hypo penzijní fond, a.s. and Živnobanka penzijní fond, a.s. In November 2000, Allianz pojišťovna, a. s. acquired a 45% share in the registered capital from Živnostenská banka, a.s., Prague, and a 10% share in the company's registered capital from Hypo Vereinsbank CZ, a.s., Prague in April 2001.

Allianz penzijní fond, a. s. and Allianz pojišťovna, a. s. closely cooperate and coordinate their sales activities. In 1995, the two companies signed an agreement on cooperation regarding the sale of supplementary pension schemes by Allianz pojišťovna sales agents. The contract is automatically renewable for one year at a time, with the option of termination by notice. Contracts for supplementary pension scheme brokerage, including commission arrangements, have been concluded under standard terms and conditions as would apply to third parties.

In order to use synergic effects, Allianz penzijní fond, a. s. and Allianz pojišťovna, a. s. closely cooperate and coordinate their activities in the area of management, management of Allianz pojišťovna sales agents in the sale of supplementary pension schemes, asset management, marketing, IT, and human resources services (sales techniques training, personnel development programmes, parallel employment). To provide for this type of cooperation and to fairly divide the related operating costs, Allianz penzijní fond, a. s. and Allianz pojišťovna, a. s. signed an agreement on cooperation in 2004. The contract is signed for an unlimited period of time, with the option of termination by notice.

In 2004, Allianz penzijní fond, a. s. and Allianz pojišťovna, a. s. concluded an agreement on cooperation in using IT infrastructure, which replaced the service agreement concluded in 1997. The current agreement provides for the sharing of operating costs related to the use of Allianz pojišťovna's IT infrastructure by Allianz penzijní fond, a. s. The agreement is concluded for an indefinite period of time, with the option of termination by notice. In 2005, Allianz penzijní fond, a. s. and Allianz pojišťovna, a. s. entered into an amendment to the above agreement on cooperation in using IT infrastructure, which provides for the sharing of costs related to the Alfa information system used by Allianz penzijní fond, a. s. for administering supplementary pension schemes and by Allianz pojišťovna, a. s. for administering the joint product named "Future." In 2006, a new agreement on cooperation in using IT infrastructure was concluded, having a similar subject matter and similar terms and replacing the above agreement from 2004. The agreement is signed for an unlimited period of time, with the option of termination by notice. In 2007, the companies concluded an agreement on cooperation in using IT, which replaced the agreement on cooperation in using IT infrastructure from 2006.

In 2002, the companies concluded a sublease agreement concerning non-residential premises that house the registered office of Allianz penzijní fond, a. s. In connection with the change of Allianz penzijní fond's registered office, the above agreement was replaced by a new sublease agreement in 2006. In 2006, the companies entered into an agreement on the lease of interior equipment. The agreements have been concluded under standard terms and conditions as would apply to third parties.

Allianz New Europe Holding GmbH

Effective as of 11 May 2006, Allianz New Europe Holding GmbH is the parent company of Allianz pojišťovna, a. s. Allianz New Europe Holding GmbH acquired its 100% stake in Allianz pojišťovna, a. s. from Allianz Aktiengesellschaft. (Effective as of 16 October 2006, Allianz Aktiengesellschaft changed its legal form from Aktiengesellschaft to Societas Europea.)

Allianz Holding eins GmbH

Allianz Holding eins GmbH is the parent company of Allianz New Europe Holding GmbH. As the parent company of Allianz New Europe Holding GmbH, Allianz SE transferred its holding in this company to a concern company, Allianz Holding eins GmbH, on 7 April 2010.

Allianz SE

Allianz SE is the group holding company.

Relations to other related parties

Allianz Direct, s. r. o.

Allianz Direct, s. r. o. brokers supplementary pension scheme contracts for Allianz penzijní fond, a. s. on the basis of an agreement entered into in 2006.

Allianz penzijní fond, a. s. cooperates with the other related parties primarily in the area of use of information systems and technologies, facility management and investments.

In addition, Allianz pojišťovna, a. s. uses instruments of investment companies Allianz Global Investors Kapitalanlagegesellschaft mbH, Allianz Global Investors Advisory GmbH, Allianz Global Investors Luxembourg S.A., PIMCO Europe Ltd. and PIMCO Global Advisors Ireland Ltd. for placement of its financial assets.

Closing Statement of the Board of Management of Allianz penzijní fond, a. s.

We declare that, according to Section 66a (9) of the Commercial Code, the report of Allianz penzijní fond, a. s. on related parties for the accounting period starting 1 January 2011 and ending 31 December 2011 includes all of the following items, known to us as of the execution date of this report to have been concluded or carried out during this period:

- Contracts between related parties;
- Performance and considerations provided to related parties;
- Other legal acts undertaken in the interest of these parties; and
- Any arrangements adopted or made in the interest, or upon request, of these parties.

We hereby declare that we are not aware of any of the above agreements or arrangements being detrimental to the assets of Allianz penzijní fond, a. s.

Board of Management of Allianz penzijní fond, a. s.

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