



Allianz penzijní společnost, a. s.

Annual report 2013



S vámi od A do Z

Allianz 



Basic Economic Facts

Brief Summary (in TCZK)		2013
Financial investments, of which:		143 144
Bank deposits		143 144
Equity		730 849
Revenue from fees and commissions		202 616
Commissions and fees cost		(82 440)
Profit		(44 798)
Number of employees		29
Allianz Transformed Fund	Number of clients	479 472
	Subscribers' assets under management	24 831 005
Allianz Statutory Conservative Subscriber Fund	Number of clients	2 239
	Subscribers' assets under management	24 564
Allianz Balanced Subscriber Fund	Number of clients	2 555
	Subscribers' assets under management	14 484
Allianz Dynamic Subscriber Fund	Number of clients	1 419
	Subscribers' assets under management	10 666
Allianz Selection Subscriber Fund	Number of clients	1 111
	Subscribers' assets under management	6 855
Allianz Government Bond Pension Fund	Number of clients	431
	Subscribers' assets under management	1 227
Allianz Conservative Pension Fund	Number of clients	1 632
	Subscribers' assets under management	4 243
Allianz Balanced Pension Fund	Number of clients	5 995
	Subscribers' assets under management	18 944
Allianz Dynamic Pension Fund	Number of clients	6 349
	Subscribers' assets under management	23 916

In late 2012, Allianz penzijní fond finalised preparations leading to the fund's transformation. In accordance with the amended legislation Allianz penzijní fond was transformed as of 1st January 2013.

The first step was separation of subscribers' assets from assets of the pension fund. This resulted in the formation of a new fund managing assets of supplementary pension scheme subscribers receiving state support, named „Allianz transformovaný fond, Allianz penzijní společnost, a. s.“, and „Allianz penzijní společnost, a. s.“, a stand-alone pension management company. Also, as of 1st January 2013, the company entered the business of supplementary pension schemes (the new 3rd pillar) with four subscriber funds, and pension savings (the 2nd pillar) in other four pension funds.



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Introduction from the Chairman of the Board of Management

Dear Ladies and Gentlemen,

Allianz penzijní společnost was formed by transformation of Allianz penzijní fond and manages subscriber assets in a transformed fund, subscriber funds and 2nd pillar pension funds.

2013 was the year of the pension reform. We started the year full of expectations and hopes. However, 2013 also was a year of elections, which fact had, along with the pre-election rhetoric and political proclamations, major influence on further development of the reform. The anticipated massive demand for subscribing to the second pillar of pension schemes did not take place.



Nonetheless, we do not want to stand looking back, thinking of what ought to have been done differently and better. We believe that Allianz penzijní společnost did the best it could. We look forward and our efforts are aimed at keeping a fair approach to those who have opted for the second pillar. If the second pillar is to be cancelled, we want to keep all our promises and give the clients an opportunity to transfer their money to the third pillar. Thus, we will be protecting their interests under any circumstances and we guarantee that we will meet our obligations.

I would like to thank our employees, insurance advisors and business partners for their professional work. Also, I would like to thank all the clients for having confidence in us and I assure them that under no circumstance we will fail them.

Sincerely,

RNDr. Jakub Strnad, PhD., Chairman of the Board of Management

“
2013 WAS THE YEAR OF THE PENSION REFORM.
WE STARTED THE YEAR FULL OF EXPECTATIONS AND HOPES.
”



Board of Management



Jakub Strnad
Chairman



Sonia Slavtcheva
Member



Tomáš Vysoudil
Member



Karel Waisser
Member

Supervisory Board

Josef Lukášek
Chairman

Wolfgang Deichl
Member

Marc Smid
Member



Allianz penzijní společnost

Allianz pension management company was formed by transformation of Allianz penzijní fond, a. s. as of 1 January 2013. The former Allianz penzijní fond was established through amalgamation of Allianz-HYPO penzijní fond, a. s. and Živnobanka penzijní fond, a. s. on 31 August 1997. Since late 2000, the company has been a 100% subsidiary of Allianz pojišťovna, a. s.

Following the enactment of pension reform laws Allianz penzijní fond, a. s. was transformed as of 1 January 2013, separating subscriber assets from assets of the pension management company. The former pension fund thus turned into Allianz penzijní společnost, a. s. and a separate transformed fund managing assets of supplementary pension scheme subscribers named „Allianz transformovaný fond, Allianz penzijní společnost, a. s.“. The transformed fund of Allianz now manages assets and liabilities related to supplementary pension schemes.

The year 2013 was a very challenging one for Allianz penzijní společnost, as it included the entire transformation process, i.e. separation of assets of the pension management company from subscriber funds that resulted in the new Allianz pension management company, as well as the launch of new pension products – pension saving schemes in pension funds and supplementary pension saving schemes in subscriber funds.

All the steps were associated with extensive modifications of all systems and procedures in use. Despite all complexities of the process, it was completed successfully and since then Allianz penzijní společnost, a. s. under the new name has been collecting and managing assets of supplementary pension scheme subscribers in the transformed fund, assets of supplementary pension savings subscribers in subscriber funds, and assets of pension saving schemes in pension funds.

The top priority of Allianz penzijní společnost remains unchanged – to be the leading manager of client assets held in any of these products.

Services rendered to subscribers of any product of Allianz penzijní společnost free of charge:

- Electronic communication service by e-mail – comfortable and fast communication
- MojeAllianz (MyAllianz) electronic application service – account view

Subscriber loyalty program – discounts on products from Allianz pojišťovna:

- Discounted motor liability insurance
- Discounted motor hull insurance
- Discounts on household, real estate and liability insurance



Allianz penzijní společnost

In accordance with Sec. 44 of Decree No. 117/2012 Coll., on detailed regulation of activities of pension management companies, pension funds and subscriber funds, Allianz penzijní společnost, a. s., having its registered office at: Ke Štvanici 656/3, 186 00 Prague 8, Czech Republic, corporate ID No.: 25 61 26 03, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 4972, presents its Annual Report pursuant to Sec. 42, paragraph 2 of the said Decree.

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

On 30 June 2013, Ing. Petr SOSÍK, Ph.D., CFA, member of the Board of Management of Allianz penzijní společnost, a. s., terminated his office.

On 2 July 2013, Ing. Sonia SLAVTCHEVA, MBA was appointed member of the Board of Management of Allianz penzijní společnost.

On 1 August 2013, combined staffing of the Boards of Management of Allianz pojišťovna and Allianz penzijní společnost was finalised – the Boards have four members. Tomáš VYSOUDIL, PhDr was appointed new member of the Board of Management.

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

- 1) Allianz transformovaný fond, Allianz penzijní společnost, a. s.
- 2) Allianz účastnický povinný konzervativní fond, Allianz penzijní společnost, a. s.
- 3) Allianz vyvážený účastnický fond, Allianz penzijní společnost, a. s.
- 4) Allianz dynamický účastnický fond, Allianz penzijní společnost, a. s.
- 5) Allianz účastnický fond Selection, Allianz penzijní společnost, a. s.
- 6) Allianz důchodový fond státních dluhopisů, Allianz penzijní společnost, a. s.
- 7) Allianz konzervativní důchodový fond, Allianz penzijní společnost, a. s.
- 8) Allianz vyvážený důchodový fond, Allianz penzijní společnost, a. s.
- 9) Allianz dynamický důchodový fond, 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 AZPS:

Board of Management

RNDr. Jakub Strnad, Ph.D., member since 21 December 2011, Chairman of the Board of Management since 10 January 2012
Jakub Strnad graduated from the Faculty of Mathematics and Physics of Charles University in Prague with a PhD degree. He has been employed in the insurance industry since 1996. Between 2005 and 2010 (February) he had been working at Česká podnikatelská pojišťovna, a. s., most recently as the company's CEO and Chairman of the Board of Management. He has been Chairman of the Board of Management of Allianz pojišťovna, a. s. since 29 March 2010.

Mgr. Karel Waisser, member since 21 December 2011

Karel Waisser graduated from the Faculty of Mathematics and Physics of Charles University in Prague. He has been working in the insurance industry since 1994. Between 2001 and 2004 he had been project manager with Allianz AG in Munich. After 2006 he was Chief Officer in charge of IT and Operations at Allianz pojišťovna, a. s. Since 9 September 2011 he has been member of the Board of Management of Allianz pojišťovna, a.s.

Ing. Sonia Slavtcheva, MBA, member since 2 July 2013

Sonia Slavtcheva graduated from University of National and World Economy in Sofia, Bulgaria, and University of Pittsburgh with an MBA degree. Before joining Allianz pojišťovna, a. s., she had been Chief Finance Officer of Home Credit Group between July 2008 and December 2012. She has been member of the Board of Management of Allianz pojišťovna, a.s. since 1 July 2013.

PhDr. Tomáš Vysoudil, member since 1 August 2013

Tomáš Vysoudil graduated from J. A. Komenský University in Prague with a degree in education of adults. He has been active in the insurance industry since 1997. Between 2008 and 2010 he had been director of retail distribution at Česká pojišťovna, a.s. and member of the Board of Management of ČP DIRECT, a.s. He has been member of the Board of Management of Allianz pojišťovna, a.s. since 3 February 2012.

Ing. Petr Sosík, Ph.D, CFA, member between 21 December 2011 and 30 June 2013

Petr Sosík graduated from University of Economics, Prague, most recently with a PhD degree obtained in 2003. He had been employed on various positions at Allianz pojišťovna from 1998 until mid-2005. Consequently until mid-2008, he had been working at the Allianz headquarters in Munich, focusing on, amongst others, finance management issues on group level. Between 20 June 2008 and 30 June 2013 he had been member of the Board of Management of Allianz pojišťovna, a.s.

Proctor

Mgr. Libor Novák, proctor since 21 April 2012

Libor Novák graduated from the Faculty of Science of Charles University in Prague with a degree in mathematics and geography, and in financial mathematics from the Faculty of Mathematics and Physics. He has been working in the insurance industry since 2001. Between 2001 and 2010, he had been with Aviva životní pojišťovna, a.s. He joined Allianz pojišťovna a.s. in August 2010 and currently he is director of Product Management in charge of life, health and pensions. He has been proctor of Allianz penzijní společnost, a.s. since April 2012.



Supervisory Board

Mgr. Josef Lukášek, member since 22 May 2002

Josef Lukášek graduated from the Faculty of Mathematics and Physics of Charles University in Prague with a degree in financial and actuarial mathematics. He has been working in the insurance industry since 1994. Since 2001 he has been responsible actuary with Allianz pojišťovna, a.s.

Wolfgang Deichl, member since 24 February 2012

Wolfgang Deichl graduated from Technical University of Munich. He has been with Allianz Group since 2008. Currently he is Chief Risk Officer for Central and Eastern Europe, Middle East and Africa (CEEMA). Membership in statutory bodies of other legal entities: Allianz Business Services, spol. s r.o., Bratislava, Slovakia.

Marc Smid, member since 12 April 2005

Marc Smid graduated from University of Erlangen – Nuremberg with a degree in business administration. He has been working in the insurance industry since 2001 as regional manager of Allianz SE in charge of pension funds and asset management.

e) Information about portfolio managers of the pension management company, pension fund and subscriber fund in the specified period

The investment manager of the balanced 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.

f) Information about parties that had kept 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 holding.

Allianz pojišťovna, a. s., having its registered office at: 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 of Prague under section B, file 1815.

g) Information about parties, in which the pension management company had kept 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 time of connection with pension company is identical to the data stated persons elected to the Board of Directors and the Supervisory Board of Allianz pension companies.

Allianz pojišťovna, a.s. – Board of Management

RNDr. Jakub Strnad, Ph.D.

Mgr. Karel Waisser

Ing. Sonia Slavtcheva, MBA

PhDr. Tomáš Vysoudil

Allianz pojišťovna, a.s. – Supervisory Board

Wolfgang Deichl

Diamond Point, a.s. – Board of Management

Ing. Sonia Slavtcheva, MBA

Diamond Point, a.s. – Supervisory Board

RNDr. Jakub Strnad, Ph.D.

Mgr. Karel Waisser

Marc Smid

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 the pension funds and subscriber funds managed by the pension management company, however for a part of the specified period only, stating the period of such activities.

The activity of business subject with valueables for the Company and for farmed funds made during the decisive period.

Barclays Bank plc, 5 The North Colonnade, Canary Wharf, London E14 4BB, United Kingdom

Citibank Europe Plc, Praha 5, Bucharova 2641/14, PSČ 158 02, Czech Republic

Česká spořitelna, a.s., Praha 4, Olbrachtova 1929/62, PSČ 140 00, Czech Republic

Československá obchodní banka, a. s., Praha 5, Radlická 333/150, PSČ 150 57, Czech Republic

Goldman Sachs International, 133 Fleet Street, London, EC4A 2BB, England

ING Bank N.V., Praha 5, Nádražní 345/5, PSČ 150 00, Czech Republic

ING Bank N.V., Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands

Komerční banka, a.s., Praha 1, Na Příkopě 33 čp. 969, PSČ 114 07, Czech Republic

The Royal Bank of Scotland plc, Praha 1, Jungmannova 745/24, PSČ 111 21, Czech Republic

The Royal Bank of Scotland plc, 36 St. Andrew Square, Edinburgh, EH2 2YB, United Kingdom

UniCredit Bank Czech Republic and Slovakia, a.s., Praha 4, Želetavská 1525/1, PSČ 140 92, Czech Republic

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

In the course of 2013, there was no litigation or arbitration involving Allianz penzijní společnost, a. s. or any of the funds managed by the pension management company.



Supplementary pension schemes with state support (old 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”).

The Act on supplementary pension savings incorporates certain essential provisions concerning supplementary pension schemes, such as limitation of new policies, the starting date of certain policies, the amount of state support, etc.

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. Hence, there could not have been a major increase of the number of subscribers in the course of 2013. The only exception applied to admissions of new subscribers from a transformed fund of another pension management company that merged with another transformed fund, to which fact the subscribers of the original transformed fund did not agree.

As of 31 December 2013, Allianz penzijní společnost still manages assets of more than 479 thousand subscribers of supplementary pension schemes under its transformed fund.

Subscribers can lower their income tax base by the amount of their annual paid and agreed contributions exceeding CZK 12,000, however only up to the amount of CZK 12,000. Supplementary pension schemes can also be subject to employer contributions, which receive further tax benefits for both the subscriber and employer. In the event of early termination of the supplementary pension scheme, the subscriber loses the state support and must apply additional tax in respect of the past tax deductibles.



Benefits of supplementary pension schemes after 1 January 2013:

- 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 to decrease or increase it anytime, as well as to suspend contributions
- State support up to CZK 230 per month, i.e. CZK 2,760 per year (to subscriber contribution of CZK 1,000)
- Opportunity to decrease income tax base by up to CZK 12,000 per year
- Possible employer contributions
- Guaranteed non-negative return on the contributions

Superior benefits with Allianz transformed fund:

- Widest range of offered pensions
- "Tax machine" service free of charge in order to take advantage of the tax benefits

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

- Retirement pension
- Disability pension
- Endowment pension
- Lump-sum settlement with the subscriber instead of pension
- Reduced bonus
- Estate pension or reduced bonus for the beneficiary or heir

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, namely the so-called 3rd pension pillar along 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 a concluded agreement on a supplementary pension scheme can take advantage of supplementary pension savings. The product has similar settings as the supplementary pension scheme, plus an opportunity to attain higher returns than with the transformed fund.

Subscribers (i.e. persons saving funds under this product) can be private individuals after reaching 18 years of age. Subscribers with permanent residence in the Czech Republic or domiciled in another EU member country while also participating in the public health insurance or pension system of the Czech Republic or receiving 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.

Subscribers can lower their income tax base by the amount of their annual paid and agreed contributions exceeding CZK 12,000, however only up to the amount of CZK 12,000. Supplementary pension savings can also be subject to employer contributions, which receive further tax benefits for both the subscriber and employer. In the event of early termination of the supplementary pension savings contract, the subscriber loses the state support and must apply additional tax in respect of the past tax deductibles.

As part of supplementary pension savings, Allianz penzijní společnost manages 4 subscriber funds with different potential returns and investment risk.

Subscriber funds from Allianz penzijní společnost:

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



Supplementary pension savings are a successor product to the former supplementary pension schemes, offering similar benefits, 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 to decrease or increase it anytime, as well as to suspend contributions
- State support up to CZK 230 per month, i.e. CZK 2,760 per year (to subscriber contribution of CZK 1,000)
- Opportunity to decrease income tax base by up to CZK 12,000 per year
- Possible employer contributions

Superior benefits provided with Allianz subscriber funds free of charge:

- "Tax machine" service for easy use of the tax benefits
- No fees charged to loyal clients
- Opportunity to choose from different methods of generating returns, ranging from a conservative fund to the Selection fund with higher potential returns
- „AUTOpilot“ and „AUTOpilot PLUS“ services – with approaching end of savings, the service helps protect the funds against major fluctuations of the equity part in the given portfolio
- „AUTObalance“ service – every quarter the service checks whether money in the funds is allocated precisely in line with the chosen strategy. If not, it automatically transfers units among the funds to put the values back in line with the strategy opted for

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

- Retirement pension for a defined term (including "pre-retirement pension")
- Disability pension for a defined term
- Lump-sum settlement with the subscriber
- Reduced bonus
- 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 and reduced bonus for the beneficiary or heir



Pension savings (2nd pillar) – pension funds

Pension savings are part of the Czech Republic's pension system, forming the so-called 2nd pillar. The characteristics are stipulated by Act No. 426/2011 Coll., on pension savings, as amended.

Pension savings stand for a brand new product based on voluntary pension savings, which is funded by channelling 3% of social security contributions to a private individual account maintained with the pension management company under the condition of making extra payments in the amount of 2% of the base for calculating social security contributions.

The longer time until retirement, the more the subscriber benefits from the second pillar. For people below 40 years of age, the second pillar is an advisable option starting from the average income. Another important feature of the second pillar is that the savings pass onto heirs.

Subscribers (i.e. persons saving funds under this product) can be private individuals after reaching 18 years of age, if concluding a pension savings contract with the pension management company by the end of the year, in which the person reaches 35 years of age, or within 6 months from the date when the individual first became a payer of pension insurance premiums after 1 January 2013.

Private individuals who have already been awarded retirement pension pursuant to the Act on pension insurance cannot become subscribers under pension savings (i.e. they cannot enter into a pension savings contract).

As part of pension savings, Allianz penzijní společnost manages 4 pension funds with different potential returns and investment risk.

Pension funds from Allianz penzijní společnost:

- Allianz Government Bond Pension Fund
- Allianz Conservative Pension Fund
- Allianz Balanced Pension Fund
- Allianz Dynamic Pension Fund

Benefits of pension savings:

- Statutory contributions to social security 3% lower – this money will be saved in your pension account with other 2% of your gross pay
- The amount saved is part of the estate in the case of death and it is not surrendered to the state
- Alternative payments of the subscriber's funds – lifetime pension or pension for a precisely defined term (20 years).



Pension savings stand for the only financial product that:

- is subject to certain fees only, as permitted by law
- has all absurd fees prohibited by virtue of law
- is subject to fees capped at maximum amounts stipulated by law
- forces pension management companies to limit their advertising and commission costs by law

Superior benefits provided with Allianz pension funds free of charge:

- Opportunity to choose the method of generating returns on your money, ranging from a government bond fund to a dynamic fund with higher potential returns
- „AUTOpilot“ and „AUTOpilot PLUS“ services – with approaching end of savings, the service helps protect the funds against major fluctuations of the equity part in your portfolio
- „AUTObalance“ service – every quarter the service checks whether money in the funds is allocated precisely in line with the chosen strategy. If not, it automatically transfers units among the funds to put the values back in line with the strategy opted for

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

- Payment of lump-sum premium to the insurer in respect of a pension insurance policy; where the pension can be:
 - lifetime retirement pension
 - lifetime retirement pension with agreed payment of estate pension for 3 years
 - retirement pension for 20 years
 - Payment of 60% of the subscriber's assets to the state budget to be used for payment of 3rd degree disability pension
 - Payment of all funds in connection with transfer of pension rights to the pension system of the European Communities
 - In the event of death, the assets are part of the estate as follows:
 - The heir is under 18 years of age – payment of lump-sum premium to the insurer in respect of an orphan's pension insurance policy, i.e. orphan's pension for 5 years
 - If the heir is a pension savings subscriber – the assets are transferred to his or her pension savings contract
 - If the heir is not a pension savings subscriber – the assets are paid to him or her directly.
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Report of the Supervisory Board

Report of the Supervisory Board of Allianz penzijní společnost, a. s. (hereinafter referred to as the “Pension Company”) on the results of its supervisory activities, including the review of the Pension Company regular financial statements for the financial year 2013, the Report on relations between related parties for the financial year 2013 and its opinion on the proposal of the Pension Company’s Board of Management for the distribution of profits of Allianz Penzijní společnost, a. s. of the year 2013.

In 2013, all activities of the Supervisory Board of the Pension Company 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 Company’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 Company’s activities and business results on a regular basis.

The Board of Management of Allianz penzijní společnost, a. s. presented the regular financial statements of the company prepared for the financial year 2013 and verified by the auditor, as well as the proposal for distribution of profits generated in 2013 to the Supervisory Board. Also the Supervisory Board reviewed the Report on relations for the year 2013.

Based on the above, the Supervisory Board recommended the general meeting of the Pension Company to approve the financial statements of Allianz penzijní společnost, a. s. as of 31 December 2013 along with the proposal for distribution of profits as presented by the Pension Company’s Board of Management. Furthermore, the Supervisory Board of the Pension Company recommended the general meeting to approve the Report on relations.

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

Mgr. Josef Lukášek
Chairman of the Supervisory Board



Allianz penzijní společnost, a. s.

Financial Part



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

Financial statements

On the basis of our audit, on 19 February 2014 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 společnost, a.s., which comprise the balance sheet as of 31 December 2013, 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 společnost, 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.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz penzijní společnost, a.s. as of 31 December 2013, and of its financial performance 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 společnost, a.s. for the year ended 31 December 2013 prepared in accordance with the applicable provisions of Act No. 90/2012 Coll., on Companies and Cooperatives. 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 the 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 společnost, a.s. for the year ended 31 December 2013 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, 11 April 2014

KPMG Česká republika Audit

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

Benešová

Romana Benešová
Partner
Licence number 1834



Balance sheet as at 31 December 2013

TCZK	Note	31.12.2013	1.1.2013
ASSETS			
1 Cash in hand and balances with central banks		3	5
3 Receivables from banks and credit unions	8	143 144	175 050
of which: a) repayable on demand		143 144	175 050
9 Intangible fixed assets	9	5 527	4 130
10 Tangible fixed assets	10	293	598
11 Other assets	11	77 476	756
13 Prepaid expenses and accrued income	12	645 001	640 889
Total Assets		871 444	821 428
LIABILITIES			
4 Other liabilities	13	81 274	345 228
6 Provisions	14	59 321	428
8 Registered capital	15	300 000	300 000
10 Reserve funds and other funds from profit		141 884	141 884
12 Capital funds	16	300 000	-
14 Retained profits (or accumulated losses)		33 763	33 888
15 Profit (loss) for the accounting period	17	(44 798)	
Total Liabilities		871 444	821 428
OFF-BALANCE SHEET ITEMS			
Off-balance sheet liabilities			
15 Values taken under management	19	25 971 338	21 497 122



Income statement

(for the year ended 31 December 2013)

TCZK	Note	2013
1 Interest income and similar income	3	176
4 Commission and fee income	4	202 616
5 Commission and fee expense	4	(82 440)
6 Gain or loss from financial operations	5	(69)
7 Other operating income		7 149
9 Administrative expenses	6	(109 812)
of which: a) employee expenses		(25 373)
of which: aa) social and health insurance		(6 189)
b) other administrative expenses		(84 439)
11 Depreciation, establishment and utilisation of provisions and adjustments for tangible and intangible fixed assets		(3 410)
13 Write-offs, establishment and utilisation of adjustments and provisions for receivables and guarantees		(115)
17 Establishment and utilisation of other provisions	14	(58 893)
19 Current year profit (loss) from ordinary activities before tax		(44 798)
23 Income tax	18	-
24 Net profit (loss) for the period	-	(44 798)

Statement of changes in equity

(for the year ended 31 December 2013)

TCZK	Registered capital	Reserve funds	Capital funds	Retained earnings	Profit (loss)	Total
Balance at 1.1.2013	300 000	141 884	-	33 888	-	475 772
Change in accounting methods	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	(44 798)	(44 798)
Transfers to funds	-	-	300 000	-	-	300 000
Other changes	-	-	-	(125)	-	(125)
Balance at 31.12.2013	300 000	141 884	300 000	33 763	(44 798)	730 849



Notes to the financial statements

(for the year ended 31 December 2013)

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, reference number 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 2013, 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 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 and management of contributions of participants in pension fund savings and payment of benefits pursuant to Act No. 426/2011 Coll., on Retirement Savings,
- c) 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 2013

Members of the board of directors

RNDr. Jakub Strnad, Ph.D. (chairman)
 Mgr. Karel Waisser
 PhDr. Tomáš Vysoudil
 Ing. Sonia Mihaylova Slavtcheva, MBA

Members of the supervisory board

Mgr. Josef Lukášek (chairman)
 Wolfgang Deichl
 Marc Smid

Proxy as at 31 December 2013

Mgr. Libor Novák

Changes in the Commercial Register

In 2013, the board of directors changed as follows:

- On 30 June 2013, Ing. Petr Sosík, Ph.D., CFA resigned as a member of the board of directors,
- On 2 July 2013, Ing. Sonia Mihaylova Slavtcheva, MBA was appointed as a member of the board of directors,
- On 1 August 2013, PhDr. Tomáš Vysoudil was appointed as a member of the board of directors.

Depositary

Depositary services are rendered by Komerční banka, a.s., identification number (IČ) 45317054, with its registered office at Na Příkopě 33/969, 114 07 Prague 1 ("the Depositary") on the basis of a depositary agreement dated 19 April 2012.

Managed funds

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

- Opt-out system pension funds – retirement savings (second pillar)
- Participation funds – supplementary pension savings (new third pillar)
- Transformed fund – supplementary pension insurance (existing third pillar)

Retirement savings (second pillar)

- State bond pension fund
- Conservative pension fund
- Balanced pension fund
- Dynamic pension fund

Supplementary pension savings (new third pillar)

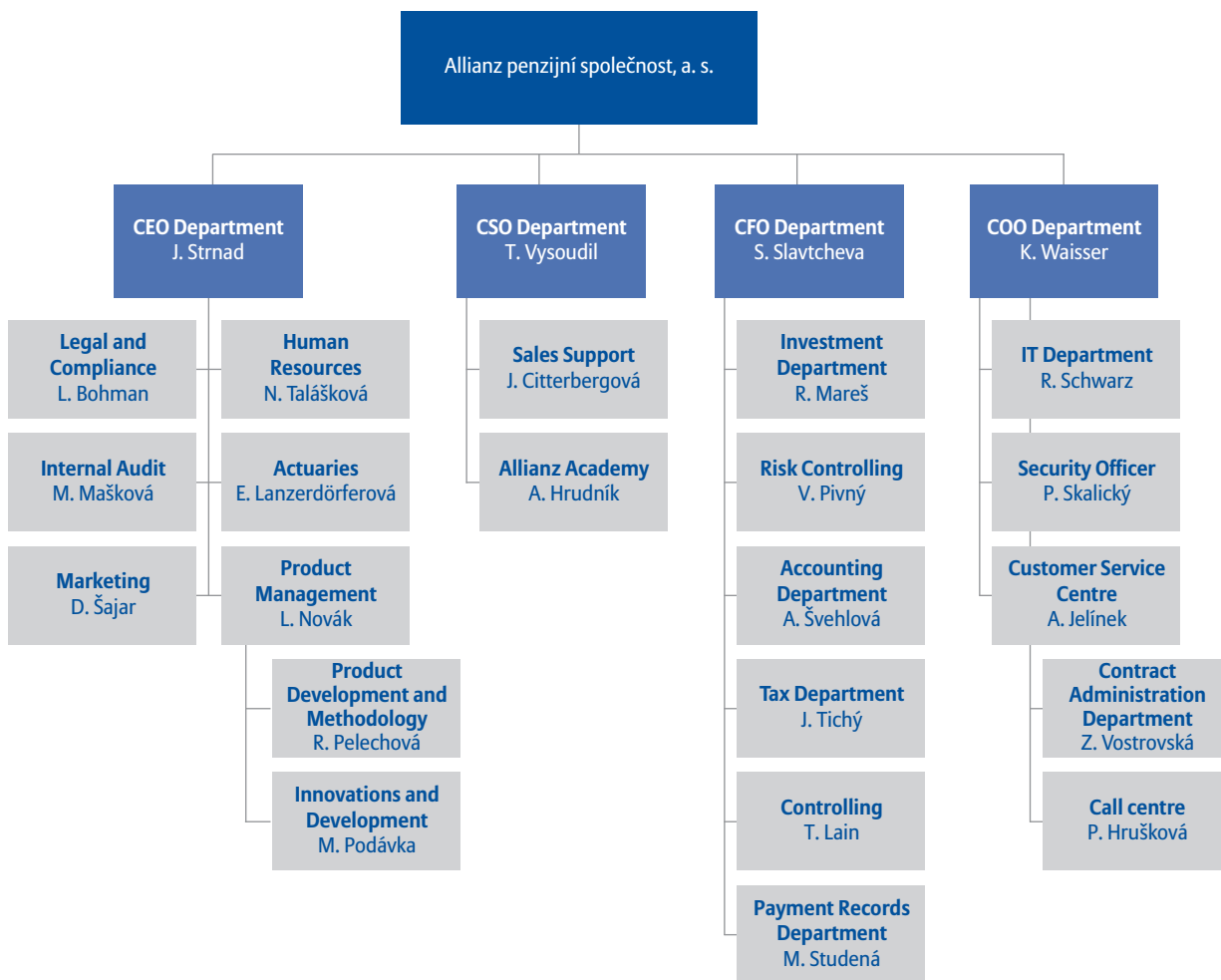
- Obligatory conservative participation fund
- Balanced participation fund
- Dynamic participation fund
- Selection participation fund

Transformed fund (existing third pillar)

- Allianz transformed fund
-



Organisational structure





(b) Basis of preparation of the financial statements

The financial statements have been prepared on the basis of accounts maintained in accordance with:

- Act No. 563/1991, on Accounting, as amended,
- Regulation No. 501/2002 issued by the Ministry of Finance, as amended,
- Czech accounting standards for financial institutions, issued by the Ministry of Finance.

As a result of the transformation process described above, information for the prior period comprises information from the opening balance sheet as at 1 January 2013.

The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

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).

These financial statements are non-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 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,

(b) 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.



(c) Deferred acquisition costs

The Company records commissions paid in the prepaid expense account. The commissions are, in the case of retirement savings (second pillar funds) and supplementary pension savings (third pillar funds except for the Transformed fund), deferred over the term of the relevant contract, although not exceeding 5 years.

The Company carried out a detailed analysis of the participants' behaviour in the Transformed fund as part of the pension reform process. In the last quarter of 2012, the Company obtained a large part of new participants who reduced the average age of participants in the Transformed fund, and, concurrently, the anticipated share of the number of cancelled contracts of the overall portfolio was reduced. At the same time, expectations regarding the transfer of a major part of the portfolio of participants in the Transformed fund to the new second or third pillar during the pension reform were not confirmed. Accordingly, the Company decided, effective from 1 January 2013, to extend the maximum period for depreciating paid commissions relating to the participants in the Transformed fund to 14 years.

(d) 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%), and
- c) the amount of the obligation can be estimated reliably.

(e) 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.



(f) 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.

(g) 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 provided on all temporary differences between the carrying and tax value of assets and liabilities multiplied by the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if there are no doubts that it will be utilised in future accounting periods.

(h) 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 Company's balance sheet.

3. NET INTEREST INCOME

TCZK	2013
Interest income and similar income from deposits	176
Total	176
Interest expense and similar expense	--
Total	--
Net interest income	176



4. FEE AND COMMISSION INCOME AND EXPENSE

TCZK	2013
Fee and commission income from	
management of funds' assets	137 207
appreciation of funds' assets	64 803
one-off fees from participants	606
Total	202 616
Fee and commission expense from	
commissions to intermediaries	73 018
fees to the depository	2 743
fees from securities transactions	6 306
fees paid to the bank	20
other	353
Total	82 440

5. GAIN OR LOSS FROM FINANCIAL TRANSACTIONS

TCZK	2013
Gain/(loss) from securities transactions	--
Gain/(loss) from derivative transactions	--
Foreign exchange gain/(loss)	(69)
Other	--
Total	(69)



6. ADMINISTRATIVE EXPENSES

TCZK	2013
Wages and salaries paid to:	18 500
members of the board of directors	--
members of the supervisory board	--
employees	14 924
other executives	3 576
Social and health insurance	6 189
Other employee expenses	684
Employee expenses	25 373
Information technology	19 703
Rent and related expenses	1 157
Advertising and marketing	30 198
Audit, legal and tax advisory	2 647
Other	30 734
Other administrative expenses	84 439
Total	109 812

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

Employees	29
Members of the board of directors	4
Members of the supervisory board	3
Other executives	5



7. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2013	1.1.2013
Receivables		
management of funds' assets	9 868	--
appreciation of funds' assets	64 803	--
Payables		
relating to service purchases	2 506	100 453

The payable as at 1 January 2013 primarily consisted of an advance of TCZK 100 000 received from the Company's sole shareholder, Allianz pojišťovna, a.s. intended for the Company's operating activities related to the transformation process of Allianz penzijní fond, a.s. In 2013, the amount was converted to a contribution of the sole shareholder in excess of the registered capital totalling TCZK 300 000.

TCZK	2013
Income	
from management of funds' assets	137 207
from appreciation of funds' assets	64 803
Expenses	
Service purchases	63 398

TCZK	31.12.2013	1.1.2013
Off-balance sheet liabilities		
Values taken under management	25 971 338	21 497 122

8. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2013	1.1.2013
Current accounts at banks	143 144	10 003
Term deposits	--	165 047
Total	143 144	175 050



9. INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets

TCZK	Software	Total
Cost		
At 1 January 2013	29 155	29 155
Additions	4 741	4 741
Disposals	243	243
At 31 December 2013	33 653	33 653
Accumulated amortisation and adjustments		
At 1 January 2013	25 025	25 025
Regular amortisation charge	3 101	3 101
Disposals	--	--
At 31 December 2013	28 126	28 126
Net book value		
At 1 January 2013	4 130	4 130
At 31 December 2013	5 527	5 527

10. TANGIBLE FIXED ASSETS

Movements in tangible fixed assets

TCZK	Fixtures and fittings	Machinery and equipment	Tangible assets under construction	Total
Cost				
At 1 January 2013	78	4 876	--	4 954
Additions	--	--	4	4
Disposals	--	--	--	--
At 31 December 2013	78	4 876	4	4 958
Accumulated depreciation				
At 1 January 2013	63	4 293	--	4 356
Regular amortisation charge	--	309	--	309
Disposals	--	--	--	--
At 31 December 2013	63	4 602	--	4 665
Net book value				
At 1 January 2013	15	583	--	598
At 31 December 2013	15	274	4	293



11. OTHER ASSETS

TCZK	31.12.2013	1.1.2013
Trade receivables and receivables due from employees	777	271
Estimated receivables	76 699	57
Other receivables	--	428
Total	77 476	756

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

12. PREPAID EXPENSES AND ACCRUED INCOME

TCZK	31.12.2013	1.1.2013
Deferred commissions	644 297	638 814
Other	704	2 075
Total	645 001	640 889

Deferred commissions totalling TCZK 644 297 relate to deferred acquisition cost of retirement savings contracts, supplementary pension savings contracts and supplementary pension insurance contracts.

13. OTHER LIABILITIES

TCZK	31.12.2013	1.1.2013
Trade payables	66 393	327 375
Payables due to employees	913	1 933
Payables due to state	1 948	428
Social security liabilities	536	1 142
Estimated payables	11 484	14 350
Total	81 274	345 228



Trade payables

As at 31 December 2013, trade payables included payables to intermediaries related to unpaid commissions held as deposits in the amount of TCZK 26 450 (1 January 2013: TCZK 25 405), payables related to unpaid benefits to clients of TCZK 19 381 (1 January 2013: TCZK 0) and other payables.

As at 1 January 2013, trade payables included payables related to unpaid commissions of TCZK 200 869 and a payable related to an advance received of TCZK 100 000. The payables were repaid in 2013.

Social security and health insurance liabilities

Social security and health insurance liabilities totalled TCZK 536 as at 31 December 2013 (1 January 2013: TCZK 1 142). None of these liabilities were overdue.

Estimated payables

As at 31 December 2013, estimated payables primarily consisted of information technology services of TCZK 4 606 (1 January 2013: TCZK 3 421), and annual bonuses to employees including social and health insurance of TCZK 3 285 (1 January 2013: TCZK 0).

As at 1 January 2013, estimated payables primarily consisted of an amount for returning the clients' state contribution to the Ministry of Finance of TCZK 3 780.

14. PROVISIONS

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

In TCZK	Value of provisions at 1 January 2013	Addition	Release	Value of provisions at 31 December 2013
Provision for bonuses	428	529	--	957
Provision for guaranteed investment contracts	--	58 364	--	58 364
Total	428	58 893	--	59 321

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".



15. REGISTERED CAPITAL

The registered capital of the Company at 31 December 2013 amounted to TCZK 300 000 and consisted of 300 registered shares, each with a nominal value of TCZK 1 000.

Shareholders of the Company as at 31 December 2013:

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.

16. CAPITAL FUNDS

In 2013, the sole shareholder made a contribution in excess of the registered capital of TCZK 300 000 in capital funds.

17. PROPOSED LOSS SETTLEMENT

As at the balance sheet date, the board of directors of the Company did not decide on the settlement of a loss amounting to TCZK 44 798 for the year ended 31 December 2013.

18. INCOME TAX AND DEFERRED TAX ASSET

a) Current tax for the current period

TCZK	2013
Current period profit (loss) before tax	(44 798)
Non-taxable income	143
Non-tax deductible expenses	60 699
Other items	(56)
Subtotal	15 702
Utilisation of prior period tax loss	(15 702)
Subtotal	--
Income tax calculated using a tax rate of 19% (for 2012: 19%)	--
of which: tax on extraordinary items	--
Tax allowances used	--
Withholding tax	--
Total	--

For the year ended 31 December 2013, the Company did not recognise current tax, as the prior period tax loss has been utilised in respect of Allianz penzijní fond, a.s.



b) Deferred tax asset

The Company did not recognise the deferred tax asset, which relates to unutilised tax losses from the previous period in respect of Allianz penzijní fond, a.s., as the Company's management does not expect this deferred tax asset to be utilised in the future.

19. VALUES TAKEN UNDER MANAGEMENT

TCZK	31.12.2013	1.1.2013
Value of managed assets in pension /participation/transformed funds		
pension funds	48 510	--
participation funds	56 922	--
transformed fund	25 865 906	21 497 122
Total	25 971 338	21 497 122

20. FINANCIAL INSTRUMENTS – MARKET RISK

The Company is exposed to market risks arising from the open positions of transactions involving interest rate and currency instruments that are sensitive to changes in financial market conditions.

(a) 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.

(b) 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.



Residual maturity of the Company's assets and liabilities

TCZK	Up to 3 months	3 months do 1 year	1 to 5 years	Over 5 years	Unspecified	Total
At 31 December 2013						
Cash in hand and balances with CB	--	--	--	--	3	3
Receivables from banks	143 144	--	--	--	--	143 144
Tangible and intangible fixed assets	--	--	--	--	5 820	5 820
Other assets	76 699	--	--	--	777	77 476
Prepaid expenses and accrued income	--	--	--	--	645 001	645 001
Total	219 843	--	--	--	651 601	871 444
Other liabilities	69 790	11 484	--	--	--	81 274
Provisions	--	59 321	--	--	--	59 321
Equity	--	--	--	--	730 849	730 849
Total	69 790	70 805	--	--	730 849	871 444
Gap	150 053	(70 805)	--	--	(79 248)	--
Cumulative gap	150 053	79 248	79 248	79 248	--	--

Residual maturity of the Company's assets and liabilities (continued)

TCZK	Up to 3 months	3 months do 1 year	1 to 5 years	Over 5 years	Unspecified	Total
At 1 January 2013						
Cash in hand and balances with CB	--	--	--	--	5	5
Receivables from banks	175 050	--	--	--	--	175 050
Tangible and intangible fixed assets	--	--	--	--	4 728	4 728
Other assets	271	57	--	--	428	756
Prepaid expenses and accrued income	--	--	--	--	640 889	640 889
Total	175 321	57	--	--	646 050	821 428
Other liabilities	330 878	14 350	--	--	--	345 228
Provisions	--	--	--	--	428	428
Equity	--	--	--	--	475 772	475 772
Total	330 878	14 350	--	--	476 200	821 428
Gap	(155 557)	(14 293)	--	--	169 850	--
Cumulative gap	(155 557)	(169 850)	(169 850)	(169 850)	--	--

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) Interest rate risk

As at 31 December 2013, the Company did not have a financial portfolio, accordingly, it was not exposed to interest rate risk due to the impact of movements in market interest rates.

(d) Currency risk

As at 31 December 2013, all of the Company's assets and liabilities were denominated in CZK. The Company was not thus exposed to currency risk in the relevant period.

21. MATERIAL SUBSEQUENT EVENTS

Effective from 3 January 2014, the Company changed its Depositary, i.e. the bank entrusted with custody and inspection of funds' assets. The new Depositary for the Company will be UniCredit Czech Republic and Slovakia, a.s.

Apart from the above, the Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2013.



Report on relations

We provide this report on relations between related parties based on a provision of the Czech Act on Business Corporations. By relations we mean business relations to controlling, controlled and other related parties. The parties involved are companies of the Allianz Group. During the fiscal year 2013, or during preceding periods, Allianz penzijní společnost, a. s. did not enter into any controlling agreement or a transfer of profit agreement.

Below we have listed those companies, with which Allianz penzijní fond, a. s. maintains material business 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 generální služby, s. r. o., Prague;
- Allianz kontakt, s.r.o., Prague
- Allianz nadační fond, Prague
- VERONIA SHELF, s.r.o., Prague, from 3 December 2012 until 30 April 2013
- DIAMANT REAL, spol. s r.o., from 3 December 2012 until 30 April 2013
- Diamond Point, a.s., Prague, since 1 May 2013
- Allianz Business Services, spol. s r. o., Bratislava, Slovakia;
- 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, United Kingdom;
- 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 společnost, a. s. Allianz penzijní fond, a. s. was established in September 1997 by amalgamation 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 company's 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. On 24 October 2012, Allianz penzijní fond, a.s. was granted license to operate a pension management company, Allianz penzijní společnost, a.s., effective as of 1 January 2013.

Allianz penzijní společnost, 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 the then applicable supplementary pension schemes by Allianz pojišťovna sales agents.

In 2012, a sales agency agreement effective as of January 2013 was entered into between Allianz penzijní společnost, a.s. and Allianz kontakt, s.r.o. as an investment agent, to offer and procure supplementary pension saving schemes and pension savings contracts. The agreement is concluded for an undefined term and can be terminated by notice.

In accordance with a decision of the Board of Management of Allianz pojišťovna, a. s., Allianz penzijní fond, a. s. applied to the Czech National Bank for a pension management company license pursuant to Sec. 31 of the Act on Supplementary Pension Savings, No. 427/2011 Coll., as amended. Allianz penzijní fond, a. s. also applied for the creation of pension funds and subscriber funds. In December 2012, Allianz penzijní fond, a.s. was granted permit to form pension and subscriber funds.

In order to use synergic effects, Allianz penzijní společnost, a. s. and Allianz pojišťovna, a. s. closely cooperate and coordinate their activities in the area of management, asset management, marketing, IT, and human resources (sales techniques training, HR development programmes, parallel employments). 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 agreement is signed for an undefined term and can be terminated by notice.

In 2012, Allianz penzijní společnost, a. s. and Allianz pojišťovna, a. s. concluded an agreement on cooperation in using information technology effective as of January 2013, which replaced the IT cooperation agreement of 2 January 2007 in its entirety. The agreement is concluded for an undefined term. In 2013, the companies entered into an agreement on cooperation and processing of personal data in an effort to fairly divide the operating costs between Allianz pojišťovna, a.s. and Allianz penzijní společnost, a.s. in a manner of specifying a particular value of performance. The agreement is concluded for an undefined term and replaces the Cooperation agreement of 23 February 1995 and the Cooperation agreement of 15 December 2004.

In 2002, the companies concluded a sublease agreement concerning non-residential premises that house the registered office of Allianz penzijní společnost, 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 are concluded under standard terms and conditions as would apply to third parties. In 2012, the companies concluded another sublease agreement and agreement on the lease of interior equipment.



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 stake in this company to Allianz Holding eins GmbH, a company of the group, on 7 April 2010.

Allianz SE

Allianz SE is the group holding company.

Relations to other related parties

Allianz penzijní společnost, a. s. cooperates with other related parties particularly in the areas of information systems and technology, facility management and investments.

In addition, Allianz pojišťovna, a. s. uses instruments of investment companies Allianz Global Investors Kapitalanlagegesellschaft mbH, 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 společnost, a. s.

We declare that, according to Section 82 of the Act on business corporations No. 90/2012 Coll., the report of Allianz penzijní společnost, a. s. on relations between related parties for the accounting period starting 1 January 2013 and ending 31 December 2013 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:

- Structure of relations between the controlling and controlled party and between the controlled party and parties controlled by the same party,
- Contracts between related parties,
- Roles of the controlled party,
- Controlling methods and means,
- Summary of acts made in the last accounting period,
- Assessment of harm.



We hereby declare that we are not aware of any of the above agreements or arrangements being detrimental to Allianz penzijní společnost, a.s. Furthermore, we represent that no disadvantages arise out of the relations between the controlling and controlled party and between the controlled party and parties controlled by the same party; thus, existence of such relations does not impose any risk.

In Prague, 31 March 2014

Jakub Strnad
Chairman of the Board of Directors

Sonia Mihaylova Slavtcheva
Member of the Board of Directors



Contacts

REGISTERED OFFICE

Allianz penzijní fond, a. s.

(until 31 December 2012)

From 1 January 2013, the name has changed to

Allianz penzijní společnost, a. s.

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www.allianz.cz

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Allianz transformovaný fond
Allianz penzijní společnost, a. s.

Annual Report 2013



S vámi od A do Z

Allianz



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In accordance with Sec. 44 of Decree No. 117/2012 Coll., on detailed regulation of activities of pension management companies, subscriber funds and pension funds, Allianz penzijní společnost, a. s. presents its Annual Report, adequately applying Sec. 42, paragraph 1 of the said Decree.

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

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 2013, the pension management company separated assets and liabilities associated with supplementary pension schemes into Allianz transformovaný fond pursuant to Sec. 182 of the Act on supplementary pension savings.

Assets held in the transformed 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.

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:	CZK 300,000,000
Shareholder:	Allianz pojišťovna, a. s. (100 %)
Auditor:	KPMG Česká republika Audit

Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“) has been managing the transformed fund since 1 January 2013. The Czech National Bank approved the Statute of Allianz transformovaný fond in connection with the transformation of Allianz penzijní fond, a.s. on 24 October 2012 under ref. 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 under section B, file 4972.

c) Information about the fund's depositary

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

The depositary of the transformed fund in the specified period was Komerční banka, a.s., having its registered office at: Na Příkopě 33, postal code: 114 07, Prague 1, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 1360, corporate ID No. 45 31 70 54 (hereinafter referred to as the „Depositary“).

The new depositary of the transformed 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.

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. In addition to the Depositary, custody of assets in the form of cash held in a term deposit account was also provided during the specified period by UniCredit Bank Czech Republic, a. s., having its registered office at: Želetavská 1521/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 3608.

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

as of 31 December 2013, stating the total acquisition price and fair value as at the end of the specified period

	Acquisition price (CZK thousand)	Fair value (CZK thousand)
Cash and term deposits	939 511	939 511
Treasury bills	-	-
Government bonds	21 149 248	21 807 035
Mortgage bonds	2 130 104	2 192 691
Corporate bonds	319 502	321 061
Share certificates	647 661	632 208
Stocks	-	-
Total	25 186 026	25 892 507



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

In 2013, 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. 2011	-
31. 12. 2012	-
31. 12. 2013	941 208

* Net asset value (NAV)

h) Amount of accrued returns for the year 2013

For the year 2013, subscribers were credited returns in the amount of 1.6%.

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

Assets (CZK thousand)	31. 12. 2012	31. 12. 2013
Receivables from banks	939 511	107 300
a) payable on demand	709 511	107 300
b) other receivables	230 000	-
Debt securities	24 320 787	21 319 636
Stocks, share certificates and other shares	632 208	82 866
Other assets	-	138 000
TOTAL	25 892 506	21 647 802



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

(CZK thousand)	31.12.2013
Consideration for asset management	137 207

The consideration for managing assets of the transformed fund as at the end of the specified period amounted to 0.6% of the average annual balance sheet total after deducting the cost of acquisition, sale and holding of securities issued by the collective investment 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 pension 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 schemes with state support, the fund's statute and investment strategy.

Market risk is measured using the Value at Risk („VaR“) method; Value at Risk represents potential loss from unfavourable market development over a given time horizon on a certain probability level. The fund determines Value at Risk using stochastic simulation of a high number of potential financial market development scenarios. Value at Risk is measured on the basis of a 1-month holding period on a probability level of 95%. Model results are tested and compared against actual results attained in financial markets on a daily basis. If finding discrepancies, the model is adjusted to reflect current development in the financial markets.



Report of the Supervisory Board

Report of the Supervisory Board of Allianz penzijní společnost, a. s. (hereinafter referred to as the "Pension Company") on the results of its supervisory activities, including the review of the Pension Company regular financial statements for the financial year 2013, the Report on relations between related parties for the financial year 2013 and its opinion on the proposal of the Pension Company's Board of Management for the distribution of profits of Allianz Penzijní společnost, a. s. of the year 2013.

In 2013, all activities of the Supervisory Board of the Pension Company 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 Company'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 Company's activities and business results on a regular basis.

The Board of Management of Allianz penzijní společnost, a. s. presented the regular financial statements of the company prepared for the financial year 2013 and verified by the auditor, as well as the proposal for distribution of profits generated in 2013 to the Supervisory Board. Also the Supervisory Board reviewed the Report on relations for the year 2013.

Based on the above, the Supervisory Board recommended the general meeting of the Pension Company to approve the financial statements of Allianz penzijní společnost, a. s. as of 31 December 2013 along with the proposal for distribution of profits as presented by the Pension Company's Board of Management. Furthermore, the Supervisory Board of the Pension Company recommended the general meeting to approve the Report on relations. For and on behalf of the Supervisory Board of Allianz penzijní společnost, a. s.

Mgr. Josef Lukášek
Chairman of the Supervisory Board



Allianz transformovaný fond
Allianz penzijní společnost, a. s.

Financial part



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

Financial statements

On the basis of our audit, on 19 February 2014 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 transformovaný fond, Allianz penzijní společnost, a.s., which comprise the balance sheet as of 31 December 2013, 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 fund is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Allianz penzijní společnost, 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.



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. as of 31 December 2013, and of its financial performance for the year then ended in accordance with Czech accounting legislation.”

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
11 April 2014

KPMG Česká republika Audit

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

Benešová

Romana Benešová
Partner
Licence number 1834



Balance sheet as at 31 December 2013

TCZK	Note	31.12.2013	1.1.2013	
ASSETS				
3	Receivables from banks and credit unions	8	939 511	107 300
	of which:		709 511	107 300
	a) repayable on demand		230 000	
	b) other receivables			
5	Debt securities	9	24 320 787	21 319 636
	of which:		21 807 055	19 725 441
	a) issued by government institutions		2 513 732	1 594 195
	b) issued by other entities			
6	Shares, units and other investments	10	632 208	82 866
11	Other assets	11		138 000
	Total Assets		25 892 506	21 647 802
LIABILITIES				
4	Other liabilities		24 935 002	20 793 607
	of which:		24 831 005	20 772 576
	a) Accounts of Supplementary Pension Insurance Participants	12	103 997	21 031
	b) Other	14		
6	Provisions		16 296	12 377
13	Revaluation gains (losses)	17	573 989	841 818
	of which:		575 250	843 034
	a) on assets and liabilities		(1 261)	(1 216)
	b) on hedging derivatives			
15	Profit (loss) for the accounting period	16	367 219	
	Total Liabilities		25 892 506	21 647 802
OFF-BALANCE SHEET ITEMS				
	Off-balance sheet assets			
4	Receivables from fixed term transactions	20	492 237	777 740
8	Values placed under management	21	25 865 906	21 497 122
	Off-balance sheet liabilities			
12	Liabilities from fixed term transactions	20	516 330	791 588



Income statement (for the year ended 31 December 2013)

TCZK	Note	2013
1 Interest income and similar income	3	561 284
of which: interest on debt securities		561 000
3 Income from shares and ownership interests		9 445
of which: c) other income from shares and ownership interests		9 445
5 Commission and fee expense	4	(202 010)
6 Gain or loss from financial operations	5	(2 065)
7 Other operating income	6	4 484
16 Release of other provisions		505
17 Establishment and utilisation of other provisions		(4 424)
19 Current year profit (loss) from ordinary activities before tax		367 219
23 Income tax	18	-
24 Net profit (loss) for the period		367 219

Statement of changes in equity

(for the year ended 31 December 2013)

TCZK	Registered capital	Own Shares	Revaluation. gains (losses)	Profit (loss)	Total
Balance at 1/1/2013	-	-	841 818	-	841 818
Change in accounting methods	-	-	-	-	-
Corrections of fundamental errors	-	-	-	-	-
FX gains (losses) and gains (losses) not included in the profit and loss statement	-	-	(267 829)	-	(267 829)
Net profit (loss) for the period	-	-	-	367 219	367 219
Allocation to participants' accounts	-	-	-	-	-
Other changes	-	-	-	-	-
Balance at 31/12/2013	-	-	573 989	367 219	941 208



Notes to the financial statements

(for the year ended 31 December 2013)

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 the decision with a reference number 2012/10254/570, dated 24 October 2012 that 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 2013, the Fund administered contributions of 479 thousand of participants in supplementary pension insurance.

Information about the pension company

The pension company that manages the Fund's assets is Allianz penzijní společnost a.s., identification number (IČ) 25612603, 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 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 and management of contributions of participants in pension fund savings and payment of benefits pursuant to Act No. 426/2011 Coll., on Retirement Savings,
 - c) 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.
-



Depository

Depository services are rendered by Komerční banka, a.s., identification number (IČ) 45317054, with its registered office at Na příkopě 33/969, 114 07 Prague 1 ("the Depository") on the basis of a depository agreement dated 19 April 2012.

(b) Basis of preparation of the financial statements

The financial statements have been prepared on the basis of accounts maintained in accordance with:

- Act No. 563/1991, on Accounting, as amended,
- Decree No. 501/2002, issued by the Ministry of Finance, as amended,
- Czech accounting standards for financial institutions, issued by the Ministry of Finance.

As a result of the transformation process described above, information for the prior period comprises information from the opening balance sheet as at 1 January 2013.

The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

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 brackets represent negative amounts.

These financial statements are non-consolidated.

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 is not longer than 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) Securities

Initial recognition

Upon initial recognition, securities are measured at cost, which includes direct transaction costs.

Subsequent measurement

For the purposes of subsequent measurement, securities that are recognised in assets are classified into the following categories:

- a) securities at fair value through profit or loss,
- b) available-for-sale securities,
- c) held-to-maturity securities,
- d) debt securities acquired in primary issues and not intended for trading.

Securities that are recognised in liabilities are classified into:

- a) securities at fair value through profit or loss ("liabilities from short sales")
- b) issued securities.

Available-for-sale securities

Available-for-sale securities are measured at fair value and gains/losses from this revaluation are recognised in equity under "Revaluation gains (losses)". When a security is sold, the respective revaluation difference is recognised in profit or loss under "Gain or loss from financial operations".

For debt securities in this portfolio, interest income is recognised under "Interest income and similar income".

For debt securities, any foreign exchange gains/losses are recognised in profit or loss under "Gain or loss from financial operations". Foreign exchange gains/losses in respect of equity securities are part of revaluation to fair value and are recognised in equity under "Revaluation gains (losses)".

If a loss arising from a change in the fair value of an available-for-sale security is recognised in equity and there is objective evidence that the security is impaired, the loss is released from equity and charged to expenses.



Held-to-maturity securities

Securities in this portfolio may only include debt securities that the Entity has the positive intention and ability to hold to maturity.

Securities in this portfolio are measured at amortised cost, with accrued interest income being part of the carrying amount of these securities. Interest income is recognised under "Interest income and similar income".

Adjustments are established to held-to-maturity debt securities. Adjustments to these securities are established in an amount that reflects only the change in the risk profile of the issuer but not the change in risk-free interest rates, calculated on an individual basis.

Fair value

Fair value means a market value that is announced on the local or foreign exchange or on other public (organised) market. The Company uses the market value that is announced no later than the date of preparation of the financial statements and that is closest to that date. If the market value is not available or if it does not appropriately reflect the fair value, the fair value is determined using a qualified estimate.

Interest income

Interest income is defined as:

- a) (for coupon debt securities) the accrued coupon specified in issue terms and conditions and the accrued difference between the nominal value and net cost, described as a premium or discount. Net cost is defined as the cost of a coupon bond reduced by the accrued coupon as at the date of acquisition of the security,
- b) (for zero-coupon bonds and bills of exchange/promissory notes) the accrued difference between the nominal value and cost.

Interest income in respect of debt securities is amortised through the income statement from the date of purchase, using the effective interest rate method. In the case of debt securities with a residual maturity of less than one year from the date of purchase, the premium or discount is amortised through the income statement on a straight-line basis from the date of purchase to the date of maturity.

(c) Receivables and adjustments

Operating 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.

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.



(d) Accounts of supplementary pension insurance participants

Contributions obtained from participants are recognised in other liabilities of the Fund.

(e) 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%), and
- c) the amount of the obligation can be estimated reliably.

Provision for pensions and similar obligations

Liability adequacy test

The Fund established provisions for liabilities arising from contracts on supplementary pension insurance. 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 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 adjusted by the 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 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 participants in the pension payment phase using the same model (and thus also the same estimate) as that used for the adequacy test. The Fund establishes a provision only based on the liability adequacy test and does not establish a provision for the annuity option.



(f) 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.

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 prevailing as at the balance sheet date. The net foreign exchange gain/loss arising from the translation of foreign currency assets and liabilities, except for investments denominated in foreign currencies and items that hedge currency risk resulting from agreements not yet recorded in the Fund's balance sheet or from expected future transactions, is recognised in the income statement as "Gain or loss from financial operations".

(g) 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".



Hedging derivatives

Hedging derivatives are recognised in the balance sheet at fair value. The method of recognising changes in fair value depends on the model of hedge accounting applied.

Hedge accounting can be applied if:

- the hedge is in line with the Fund's risk management strategy,
- the hedge relationship is formally documented at the inception of the hedge,
- the hedge relationship is expected to be effective throughout its duration,
- the effectiveness of the hedge relationship can be objectively measured,
- the hedge relationship is effective throughout the accounting period, i.e. changes in the fair value or cash flows of the hedging instruments attributable to the hedged risk are within a range of 80–125% of the changes in the fair value or cash flows of the hedged instruments attributable to the hedged risk,
- for cash flow hedges, a forecast transaction must be highly probable and must present an exposure to variations in cash flows that could affect profit or loss.

Fair value hedges

When a derivative hedges the exposure to changes in the fair value of recognised assets and liabilities, or firm commitments, the hedged item attributable to the hedged risk is also measured at fair value. Such changes in fair value attributable to the hedged risk are recorded in the income statement.

For interest-sensitive instruments, gains (losses) from the revaluation of a hedged item and hedging derivative attributable to the hedged risk are recorded in the income statement under "Interest income and similar income" or "Interest expense and similar expense".

The Entity will cease to recognise a derivative as a hedging derivative if any of the following events occurs:

- a) the hedging derivative expires or is prematurely terminated,
- b) the hedge no longer meets the conditions for classifying the derivative as a hedging derivative,
- c) the Entity decides to stop designating the derivative as a hedging derivative.

In the case of the above events, any adjustments arising from changes in the fair value of hedged instruments measured at cost are henceforth amortised to profit or loss no later than the date of maturity of the hedged item.

Cash flow hedges

When a derivative hedges the exposure to changes in cash flows from recognised assets or liabilities, or forecast transactions, the effective portion of the hedge (i.e. the change in the fair value of the hedging derivative attributable to the hedged risk) is recognised in equity under "Revaluation gains (losses) on hedging derivatives". The ineffective portion is recognised in the income statement under "Gain or loss from financial operations".

If a hedge of a forecast transaction results in the recognition of a financial asset or liability, the cumulative gain or loss from the revaluation of the hedging derivative recognised in equity is reclassified to profit or loss in the same period as the gain or loss on the hedged item.



If a hedging derivative expires or is terminated, or a hedge no longer meets the conditions for designating a derivative as a hedging derivative, the gain or loss on the hedging instrument that has been recognised in equity from the period when the hedge was effective continues to be recognised in equity until the forecast transaction occurs, after which it is recognised in profit or loss.

If the Entity no longer expects the forecast transaction to occur, the gain or loss on the hedging instrument that has been recognised in equity from the period when the hedge was effective is reclassified to profit or loss.

If the Entity decides to stop designating a derivative as a hedging derivative and, at the same time, expects the forecast transaction to occur, the gain or loss on the hedging instrument that has been recognised in equity from the period when the hedge was effective continues to be recognised in equity until the forecast transaction occurs, after which it is recognised in profit or loss.

If the Entity decides to stop designating a derivative as a hedging derivative and, at the same time, does not expect the forecast transaction to occur, the gain or loss on the hedging instrument that has been recognised in equity from the period when the hedge was effective is reclassified to profit or loss.

Embedded derivatives

In certain cases, a derivative may be a component of a hybrid (combined) financial instrument that includes both a host contract and the derivative ("embedded derivative"), which influences the cash flows or otherwise modifies the characteristics of the host contract. An embedded derivative is separated from the host contract and accounted for separately as a derivative if all of the following criteria are met at the same time:

- a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract,
- b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and
- c) the host instrument is not measured at fair value, or is measured at fair value with changes in fair value not recognised in profit or loss.

(h) 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 provided on all temporary differences between the carrying and tax value of assets and liabilities multiplied by the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if there are no doubts that it will be utilised in future accounting periods.



(i) 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.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2013
Interest on debt securities	561 000
Interest on current accounts and term deposits	284
Total	561 284

4. COMMISSION AND FEE EXPENSE

TCZK	2013
Commission and fee expense from	
management of assets	137 207
appreciation of assets	64 803
Total	202 010

The fee for the management of the Fund's assets amounts to 0.6% 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 15% share 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.

5. GAIN OR LOSS FROM FINANCIAL OPERATIONS

TCZK	2013
Gain/(loss) from securities transactions	1 824
Gain/(loss) from derivative transactions	(32 803)
Foreign exchange gain/(loss)	28 914
Total	(2 065)



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 2013, the income from the contributions totalled TCZK 2 904.

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 2013, the income amounted to TCZK 1 580.

7. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2013	1.1.2013
Payables		
from management paid to the Company	9 868	--
for appreciation of assets paid to the Company	64 803	--
TCZK		2013
Expenses		
from management paid to the Company		137 207
for appreciation of assets paid to the Company		64 803
TCZK	31.12.2013	1.1.2013
Off-balance sheet assets		
Values placed under management	25 865 906	21 497 122

8. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2013	1.1.2013
Current accounts at banks	119 035	15 116
Term deposits at banks	820 476	92 184
Total	939 511	107 300



9. DEBT SECURITIES

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

TCZK	31.12.2013	1.1.2013
Available-for-sale debt securities	19 025 429	17 333 943
Held-to-maturity debt securities	5 295 358	3 985 693
Net book value	24 320 787	21 319 636

(b) Analysis of available-for-sale debt securities

TCZK	31.12.2013 Market value	1.1.2013 Market value
Issued by financial institutions		
Listed on a recognised CR exchange	1 877 593	1 279 786
Listed on another exchange	315 109	314 409
Issued by non-financial institutions		
Listed on another exchange	321 030	-
Issued by government sector		
Listed on a recognised CR exchange	16 511 697	15 739 748
Total	19 025 429	17 333 943

Securities listed on another exchange as at 31 December 2013 with a market value of TCZK 636 139 are traded mainly on regulated OECD markets.

(c) Analysis of held-to-maturity debt securities

TCZK	31.12.2013 Book value	1.1.2013 Book value
Issued by government sector		
Listed on a recognised CR exchange	5 295 358	3 985 693
Total	5 295 358	3 985 693



10. SHARES, UNITS AND OTHER INVESTMENTS

(a) Classification of shares, units and other investments into individual portfolios based on the Fund's intention

TCZK	31.12.2013	1.1.2013
Shares, units and other available-for-sale investments	632 208	82 866
Net book value	632 208	82 866

(b) Analysis of available-for-sale shares, units and other investments

TCZK	31.12.2013 Market value	1.1.2013 Market value
Issued by other institutions		
Listed on another exchange	632 208	82 866
Total	632 208	82 866

Securities listed on another exchange as at 31 December 2013 with a market value of TCZK 632 208 are traded mainly on regulated OECD markets.

11. OTHER ASSETS

TCZK	31.12.2013	1.1.2013
Receivables due from the state budget	--	138 000
Total	--	138 000

Receivables due from the state budget of TCZK 138 000 comprise estimated receivables due from the state support/contribution for the 4th quarter of 2012.

Based on a methodological recommendation of the Czech National Bank, the state contribution represents a personal entitlement of a participant in supplementary pension insurance and a pension company is only authorised to claim it with the state. The Company records the state contribution on the date it obtains the relevant funds from the Ministry of Finance in 2014. Accordingly, there are no receivables due from the state budget as at 31 December 2013.



12. ACCOUNTS OF SUPPLEMENTARY PENSION INSURANCE PARTICIPANTS

TCZK	31.12.2013	1.1.2013
Participants' contributions	14 846 858	11 881 707
Employers' contributions	4 825 551	3 941 067
Allocated profit sharing	2 223 945	2 327 369
State support	2 934 651	2 622 433
Total participants' accounts	24 831 005	20 772 576

Based on a decision of the general meeting, the Company expects to distribute the Fund's entire profit for the year 2013 to supplementary pension insurance participants.

13. BENEFITS PAID

Structure of benefits paid in 2013	Amount in TCZK	Number of contracts
Lump-sum settlement	322 698	3 233
Surrender	153 364	4 081
Transfers to other funds	198	3
Pensions	71 758	1 492
Other (premature termination of the contract, pay-out of pension to beneficiaries)	79 163	4 849
Total benefits paid	627 181	13 658

14. OTHER LIABILITIES – OTHER

TCZK	31.12.2013	1.1.2013
Payables due to state	2 725	7 922
Estimated payables	74 671	--
Negative fair value of derivatives (see note 22)	26 601	12 680
Other payables	--	429
Total	103 997	21 031

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



15. PROVISIONS

Provision for pensions

in TCZK	Value of provisions at 1 January 2013	Addition	Release	Value of provisions at 31 December 2013
Retirement pension	12 225	4 424	384	16 265
Survivor pension	152	-	121	31
Total	12 377	4 424	505	16 296

The Fund establishes a provision for pensions in accordance with the methods described in note 2 (e). Based on the liability adequacy test carried out in respect of the portfolio of the current pensioners at 31 December 2013, 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 2013, the most significant economic and actuarial assumptions were as follows:

- (a) The modelled costs of the Fund were derived from the actual administrative, investment and acquisition costs. Based on these data, the 2013 expense per participant in the pension payment phase was determined. The Fund projected future costs using annual cost inflation in the amount determined based on the market conditions.
- (b) To project future revenues and to determine the discount rates, best estimates of the future revenues of the Fund as at 31 December 2013 were used. In accordance with the existing procedure, the model assumed a profit sharing of 85% of the annual profit would be allocated to the participants.
- (c) The following assumptions were used to model contract terminations:
 1. To determine the probability of death, generation 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.
 2. The percentage of participants opting for a pension instead of lump sum payment and the probability of contracts terminations of participants (transfers to other pension fund or lapses) are based on the Company's current experience. The projection assumed the current experience will continue.

16. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit for the year ended 31 December 2013.



17. REVALUATION GAINS AND LOSSES

TCZK	Available-for-sale securities	Hedgingí derivatives	Total
Balance at 1 January 2013	843 034	(1 216)	841 818
Decrease/Increase	267 784	(45)	267 829
Balance at 31 December 2013	575 250	(1 261)	573 989

18. INCOME TAX AND DEFERRED TAX ASSET

(a) Current tax for the current period

TCZK	2013
Current period profit (loss) before tax	367 219
Non-taxable income	570 529
Non-tax deductible expenses	162 529
Other items	--
Subtotal	(40 781)
Income tax calculated using a tax rate of 5% (for 2012: 5%)	--
of which: tax on extraordinary items	--
Tax allowances used	--
Withholding tax	--
Total	--

(b) Deferred tax asset

The Fund did not recognise the deferred tax asset, as the Company's management does not expect this deferred tax asset to be utilised in the future.



19. RECEIVABLES AND LIABILITIES FROM FIXED TERM TRANSACTIONS AND OPTIONS

(a) Nominal and fair values of fixed term transactions and options

	31.12. 2013			1.1. 2013		
	Off-balance sheet items		Fair	Off-balance sheet items		Fair
	Receivables	Liabilities	value	Receivables	Liabilities	value
Hedging instruments						
Forward exchange contracts	356 827	(362 010)	(5 334)	642 330	(646 033)	(360)
Interest rate swaps	135 410	(154 320)	(21 267)	135 410	(145 555)	(12 319)
Total	492 237	(516 330)	(26 601)	777 740	(791 588)	(12 679)

The above off-balance sheet receivables and liabilities are stated at nominal non-discounted values.

All of the above financial instruments were negotiated on the interbank market (OTC).

(b) Residual maturity of fixed term transactions and options

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not specified	Total
At 31 December 2013						
Hedging instruments						
Forward exchange contracts (receivables)	356 827	--	--	--	--	356 827
Forward exchange contracts (liabilities)	(362 010)	--	--	--	--	(362 010)
Interest rate swaps (receivables)	--	--	86 250	49 160	--	135 410
Interest rate swaps (liabilities)	--	--	(99 470)	(54 850)	--	(154 320)
At 1 January 2013						
Hedging instruments						
Forward exchange contracts (receivables)	538 722	103 608	--	--	--	642 330
Forward exchange contracts (liabilities)	(540 855)	(104 728)	--	--	--	(645 583)
Interest rate swaps (receivables)	--	--	86 250	49 160	--	135 410
Interest rate swaps (liabilities)	--	--	(95 725)	(50 280)	--	(146 005)



20. VALUES PLACED UNDER MANAGEMENT

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

21. FINANCIAL INSTRUMENTS – MARKET RISK

The Fund is exposed to market risks arising from the open positions of transactions involving interest rate, equity and currency instruments that are sensitive to changes in financial market conditions.

Cash accumulated in the Fund can be primarily placed in bonds that are issued by a member state of the Organisation for Economic Co-operation and Development or a central bank of that state, and in bonds for which a member state of the Organisation for Economic Co-operation and Development accepted a guarantee. This also applies to bonds issued by the European Investment Bank, the European Bank for Reconstruction and Development or the International Bank for Reconstruction and Development or any other international financial institution of which the Czech Republic is a member, and to other bonds that are traded on a regulated market of the country of the Organisation for Economic Co-operation and Development, for which a permit has been granted by the relevant member state authority.

Investments can be made in units of open-ended unit trusts, securities that are traded on a regulated market of the country of the Organisation for Economic Co-operation and Development, for which a permit has been granted by the relevant member state authority, movable assets representing a guarantee that cash has been stored securely, except for securities, real estate providing a guarantee that cash has been stored securely, intended, in whole or in part, for business or residential purposes, and on condition that the revenue from real estate generated in proper management is attributed to the fund's assets.

(a) Risk management

The Fund uses as 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 method ("VaR"). 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 using the simulation of 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 risk was as follows:

TCZK	At 31 December	Average
VaR of interest rate instruments	1.15 %	1.19 %

As a result of its activities, the Fund is exposed to a certain number of 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 time 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 years	Over 5 years	Not specified	Total
At 31 December 2013						
Receivables from banks	939 511	--	--	--	--	939 511
Debt securities	93 469	371 296	11 783 118	12 072 904	--	24 320 787
Shares, units and other investments	--	--	--	--	632 208	632 208
Total	1 032 980	371 296	11 783 118	12 072 904	632 208	25 892 506
Payables from participants'						
contributions	--	--	--	--	24 831 005	24 831 005
Other liabilities – other	82 302	--	14 854	6 413	428	103 997
Provisions	--	--	--	--	16 296	16 296
Equity	--	--	--	--	941 208	941 208
Total	82 302	--	14 854	6 413	25 788 937	25 892 506
Gap	950 678	371 296	11 768 264	12 066 491	(25 156 729)	--
Cumulative gap	950 678	1 321 974	13 090 238	25 156 729	--	--



Residual maturity of the Fund's assets and liabilities (continued)

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not specified	Total
At 1 January 2013						
Receivables from banks	107 300	--	--	--	--	107 300
Debt securities	1 056 574	4 520 572	7 446 954	8 295 536	--	21 319 636
Shares, units and other investments	--	--	--	--	82 866	82 866
Other assets	138 000	--	--	--	--	138 000
Total	1 301 874	4 520 572	7 446 954	8 295 536	82 866	21 647 802
Payables from participants'						
contributions	--	--	--	--	20 772 576	20 772 576
Other liabilities – other	8 351	12 680	--	--	--	21 031
Provisions	--	--	--	--	12 377	12 377
Equity	--	--	--	--	841 818	841 818
Total	8 351	12 680	--	--	21 626 771	21 647 802
Gap	1 293 523	4 507 892	7 446 954	8 295 536	(21 543 905)	--
Cumulative gap	1 293 523	5 801 415	13 248 369	21 543 905	--	--

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 is 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
K 31. prosinci 2013				
Receivables from banks	9 278	2 200	928 033	939 511
Debt securities	113 760	104 804	24 102 223	24 320 787
Shares, units and other investments	632 208	--	--	632 208
Total	755 246	107 004	25 030 256	25 892 506
Payables from participants' contributions	--	--	24 831 005	24 831 005
Other liabilities – other	11 746	14 854	77 397	103 997
Provisions	--	--	16 296	16 296
Equity	--	--	941 208	941 208
Total	11 746	14 854	25 865 906	25 892 506
Net foreign currency position	743 500	92 150	(835 650)	--

Devizová pozice Fondu

TCZK	EUR	USD	CZK	Total
K 1. lednu 2013				
Receivables from banks	3 945	2 107	101 248	107 300
Debt securities	56 407	102 326	21 160 903	21 319 636
Shares, units and other investments	82 866	--	--	82 866
Other assets	--	--	138 000	138 000
Total	143 218	104 433	21 400 151	21 647 802
Payables from participants' contributions	--	--	20 772 576	20 772 576
Other liabilities – other	1 558	11 121	8 352	21 031
Provisions	--	--	12 377	12 377
Equity	--	--	841 818	841 818
Total	1 558	11 121	21 635 123	21 647 802
Net foreign currency position	141 660	93 312	(234 972)	--



22. 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 contracted interest or principal. As the Fund invests only in securities with a high credit rating, the risk is minimal.

23. MATERIAL SUBSEQUENT EVENTS

As at 3 January 2014, Allianz penzijní společnost, a.s. changed its Depositary, i.e. the bank entrusted with custody and inspection of funds' assets. The new Depositary for Allianz penzijní společnost, a.s. will be UniCredit Czech Republic and Slovakia, a.s.

Apart from the above, the Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements of the Fund as at 31 December 2013.

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

Annual Report 2013



S vámi od A do Z

Allianz



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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 účastnický povinný konzervativní fond,

Allianz penzijní společnost, a. s.

Allianz účastnický povinný konzervativní fond, 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.

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:	CZK 300,000,000
Shareholder:	Allianz pojišťovna, a. s. (100 %)
Auditor:	KPMG Česká republika Audit



Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“) has been managing the statutory conservative fund since 1 January 2013. The pension management company was granted permit to form the statutory conservative fund, including approval of its statute and depositary, by the Czech National Bank under ref. No. 2012/12805/570 on 21 December 2012, which permit came into force as of 21 December 2012.

b) Information about the fund's portfolio managers

The investment manager of the statutory conservative 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 under section B, file 4972.

c) Information about the fund's depositary

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

The depositary of the statutory conservative fund during the specified period was Komerční banka, a.s., having its registered office at: Na Příkopě 33, postal code: 114 07, Prague 1, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 1360, corporate ID No. 45 31 70 54 (hereinafter referred to as the „Depositary“).

The new depositary of the statutory conservative 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.

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. In addition to the Depositary, custody of assets in the form of cash held in a term deposit account was also provided during the specified period by UniCredit Bank Czech Republic, a. s., having its registered office at: Želetavská 1521/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 3608.

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

as of 31 December 2013, stating the total acquisition price and fair value as at the end of the specified period

	Acquisition price (CZK thousand)	Fair value (CZK thousand)
Cash and term deposits	24 700	24 700
Treasury bills	-	-
Government bonds	-	-
Mortgage bonds	-	-
Corporate bonds	-	-
Share certificates	-	-
Stocks	-	-
Total	24 700	24 700



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

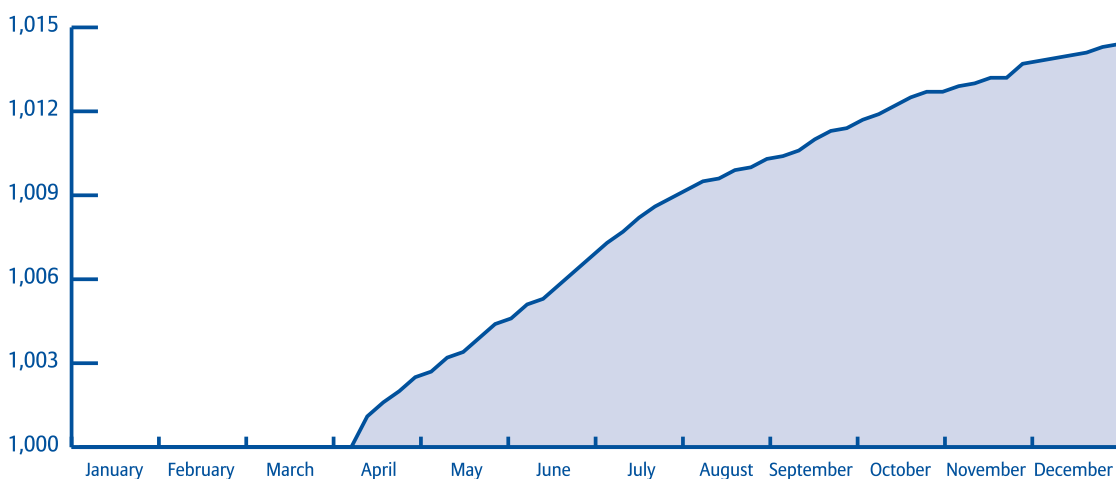
In 2013, there were no litigations or arbitrations concerning the statutory conservative fund.

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. 2011	-	-
31. 12. 2012	-	-
31. 12. 2013	1.0144	24 428 815.64

* Net asset value (NAV)

h) Development of the pension unit value in 2013



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

Assets (CZK thousand)	31. 12. 2012	31. 12. 2013
Receivables from banks	-	24 700
a) payable on demand	-	11 052
b) other receivables	-	13 648
Debt securities	-	-
Stocks, share certificates and other shares	-	-
Other assets	-	-
TOTAL	-	24 700



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

The consideration for managing assets of the statutory conservative fund as at the end of the specified period amounted to 0% of the average annual value of the fund's net assets. The Board of Directors of the 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.



Report of the Supervisory Board

Report of the Supervisory Board of Allianz penzijní společnost, a. s. (hereinafter referred to as the "Pension Company") on the results of its supervisory activities, including the review of the Pension Company regular financial statements for the financial year 2013, the Report on relations between related parties for the financial year 2013 and its opinion on the proposal of the Pension Company's Board of Management for the distribution of profits of Allianz Penzijní společnost, a. s. of the year 2013.

In 2013, all activities of the Supervisory Board of the Pension Company 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 Company'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 Company's activities and business results on a regular basis.

The Board of Management of Allianz penzijní společnost, a. s. presented the regular financial statements of the company prepared for the financial year 2013 and verified by the auditor, as well as the proposal for distribution of profits generated in 2013 to the Supervisory Board. Also the Supervisory Board reviewed the Report on relations for the year 2013.

Based on the above, the Supervisory Board recommended the general meeting of the Pension Company to approve the financial statements of Allianz penzijní společnost, a. s. as of 31 December 2013 along with the proposal for distribution of profits as presented by the Pension Company's Board of Management. Furthermore, the Supervisory Board of the Pension Company recommended the general meeting to approve the Report on relations. For and on behalf of the Supervisory Board of Allianz penzijní společnost, a. s.

Mgr. Josef Lukášek
Chairman of the Supervisory Board



Allianz účastnický povinný konzervativní fond
Allianz penzijní společnost, a. s.

Financial part



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

Financial statements

On the basis of our audit, on 19 February 2014 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 účastnický povinný konzervativní fond, Allianz penzijní společnost, a.s., which comprise the balance sheet as of 31 December 2013, the income statement, and the statement of changes in equity for the period then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the fund is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Allianz penzijní společnost, 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.



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. as of 31 December 2013, and of its financial performance for the period then ended in accordance with Czech accounting legislation."

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
11 April 2014

KPMG Česká republika Audit

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

Benešová

Romana Benešová
Partner
Licence number 1834



Balance sheet as at 31 December 2013

TCZK	Note	31.12.2013
ASSETS		
3	5	24 700
of which:		
a) repayable on demand		11 052
b) other receivables		13 648
Total Assets		24 700
LIABILITIES		
4	6	272
9	7	210
12	7	24 082
15	9	136
Total Liabilities		24 700
OFF-BALANCE SHEET ITEMS		
Off-balance sheet assets		
8	11	24 700



Income statement (for the period ended 31 December 2013)

TCZK	Note	2013
1 Interest income and similar income	3	136
of which: interest on debt securities		-
19 Current year profit (loss) from ordinary activities before tax		136
23 Income tax	10	-
24 Net profit (loss) for the period		136

Statement of changes in equity

(for the period ended 31 December 2013)

TCZK	Share premium	Capital funds	Revaluation. gains (losses)	Profit (loss)	Total
Balance at 5.2.2013	-	-	-	-	-
Net profit (loss) for the period	-	-	-	136	136
Credited pension units	224	25 467	-	-	25 691
Written-off pension units	(14)	(1 385)	-	-	(1 399)
Balance at 31.12.2013	210	24 082	-	136	24 428



Notes to the financial statements

(for the period ended 31 December 2013)

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 2013, the Fund administered contributions of 2 239 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 (IČ) 25612603, 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 and management of contributions of participants in pension fund savings and payment of benefits pursuant to Act No. 426/2011 Coll., on Retirement Savings,
- c) 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 are rendered by Komerční banka, a.s., with its registered office at Na Příkopě 33/969, 114 07 Prague 1, identification number (IČ) 45317054 ("the Depositary") on the basis of a depositary agreement dated 19 April 2012.



(b) Basis of preparation of the financial statements

The financial statements have been prepared on the basis of accounts maintained in accordance with:

- Act No. 563/1991, on Accounting, as amended,
- Regulation No. 501/2002 issued by the Ministry of Finance, as amended,
- Czech accounting standards for financial institutions, issued by the Ministry of Finance.

The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

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 brackets represent negative amounts. These financial statements are non-consolidated.

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 is not longer than 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) Accounts of participants

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

- Other capital funds
- Share premium

(c) 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 provided on all temporary differences between the carrying and tax value of assets and liabilities multiplied by the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if there are no doubts that it will be utilised in future accounting periods.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2013
Interest on current accounts and term deposits	136
Total	136

4. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2013
Off-balance sheet assets	
Values placed under management	24 700

5. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2013
Current accounts at banks	11 052
Term deposits	13 648
Total	24 700



6. OTHER LIABILITIES

TCZK	31.12.2013
Payables to participants	272
Total	272

Payables to participants represent contributions received from participants that were not used to purchase pension units as at 31 December 2013.

7. EQUITY

	31 December 2013
Fund's equity (TCZK)	24 428
Number of pension units (pieces)	24 081 825
Unit value (TCZK)	1,0144

The current value of a pension unit is defined as the value of the participation fund's equity which reflects the corresponding portion of standard expenses having an impact on the participation fund's equity, as at the date on which the current value of the pension unit relating to one pension unit is determined. Pension units are recorded in personal pension accounts of all participants in relation to the participation fund as at the date on which the current value of the pension unit is determined.

Credited and written-off participation units

	Number of pension units	Value of pension units (nominal value)	Value of pension units (share premium)
Balance at 5 February 2013	-	-	-
Credited pension units	25 466 994	25 467	224
Written-off pension units	(1 385 169)	(1 385)	(14)
Balance at 31 December 2013	24 081 825	24 082	210

8. ACCOUNTS OF PARTICIPANTS

TCZK	31.12.2013
Participants' and employers' contributions	23 735
State contributions	557
Total	24 292



9. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit for the period ended 31 December 2013.

The board of directors of the Company decided that the Fund will be exempt from the fees for the portfolio administration and performance for the period ended 31 December 2013.

10. INCOME TAX

Current tax for the current period

TCZK	2013
Current period profit (loss) before tax	136
Non-taxable income	(2)
Non-tax deductible expenses	-
Other items	-
Subtotal	134
Income tax calculated using a tax rate of 5% (for 2012: 5%)	7
of which: tax on extraordinary items	-
Tax allowances used	-
Withholding tax	-
Total	7

For the period ended 31 December 2013, the Fund's tax liability was TCZK 7. Current tax will be paid by the Company, accordingly, the Fund's profit or the price of a pension unit will not be reduced.

In the period ended 31 December 2013, there were no differences between the carrying amount and the tax value of assets and liabilities.

11. VALUES PLACED UNDER MANAGEMENT

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



12. FINANCIAL INSTRUMENTS – MARKET RISK

The Fund is exposed to market risks arising from the open positions of transactions involving interest rate, equity and currency instruments that are sensitive to changes in financial market conditions.

(a) Risk management

The Fund uses as 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.

As a result of its activities, the Fund is exposed to a certain number of 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 time 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 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.

Residual maturity of the Fund's assets and liabilities

At 31 December 2013	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Receivables from banks	24 700	-	-	-	-	24 700
Total	24 700	-	-	-	-	24 700
Other liabilities	272	-	-	-	-	272
Equity	-	-	-	-	24 428	24 428
Total	272	-	-	-	24 428	24 700
Gap	24 428	-	-	-	(24 428)	-
Cumulative Gap	24 428	24 428	24 428	24 428	-	-

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) Interest rate risk

The Fund 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 below table summarises the mismatch between the Fund's interest rate sensitive assets and liabilities. The carrying amounts of these assets and liabilities are included in the earlier of the period in which they are due or the period in which the interest rate changes. Due to their expected premature repayment or non-defined maturity dates, certain assets or liabilities are allocated to individual periods on the basis of an expert estimate.

Interest rate sensitivity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2013					
Receivables from banks	24 700	-	-	-	24 700
Total	24 700	-	-	-	24 700

The above table only includes interest rate sensitive assets and liabilities and is therefore not identical to the balances presented in the Fund's balance sheet.

(d) Currency risk

As at 31 December 2013, 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.

13. MATERIAL SUBSEQUENT EVENTS

Information on a change of the depositary

As of 3 January 2014, depositary services are rendered by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, 140 92 Prague 4 – Michle.

Apart from the above, the Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements of the Fund as at 31 December 2013.

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Allianz vyvážený účastnický fond
Allianz penzijní společnost, a. s.

Annual Report 2013



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Allianz



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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 vyvážený účastnický fond, Allianz penzijní společnost, a. s.

Allianz vyvážený účastnický fond, 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.

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:	CZK 300,000,000
Shareholder:	Allianz pojišťovna, a. s. (100 %)
Auditor:	KPMG Česká republika Audit

Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“) has been managing the balanced fund since 1 January 2013. The pension management company was granted permit to form the balanced fund, including approval of its statute and depositary, by the Czech National Bank under ref. No. 2012/12806/570 on 21 December 2012, which permit came into force as of 21 December 2012.



b) Information about the fund's portfolio managers

The investment manager of the balanced 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 under section B, file 4972.

c) Information about the fund's depositary

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

The depositary of the balanced fund during the specified period was Komerční banka, a.s., having its registered office at: Na Příkopě 33, postal code: 114 07, Prague 1, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 1360, corporate ID No. 45 31 70 54 (hereinafter referred to as the „Depositary“).

The new depositary of the balanced 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.

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 balanced fund's assets. In addition to the Depositary, custody of assets in the form of cash held in a term deposit account was also provided during the specified period by UniCredit Bank Czech Republic, a. s., having its registered office at: Želetavská 1521/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 3608.

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

as of 31 December 2013, stating the total acquisition price and fair value as at the end of the specified period

	Acquisition price (CZK thousand)	Fair value (CZK thousand)
Cash and term deposits	14 578	14 578
Treasury bills	-	-
Government bonds	-	-
Mortgage bonds	-	-
Corporate bonds	-	-
Share certificates	-	-
Stocks	-	-
Total	14 578	14 578



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

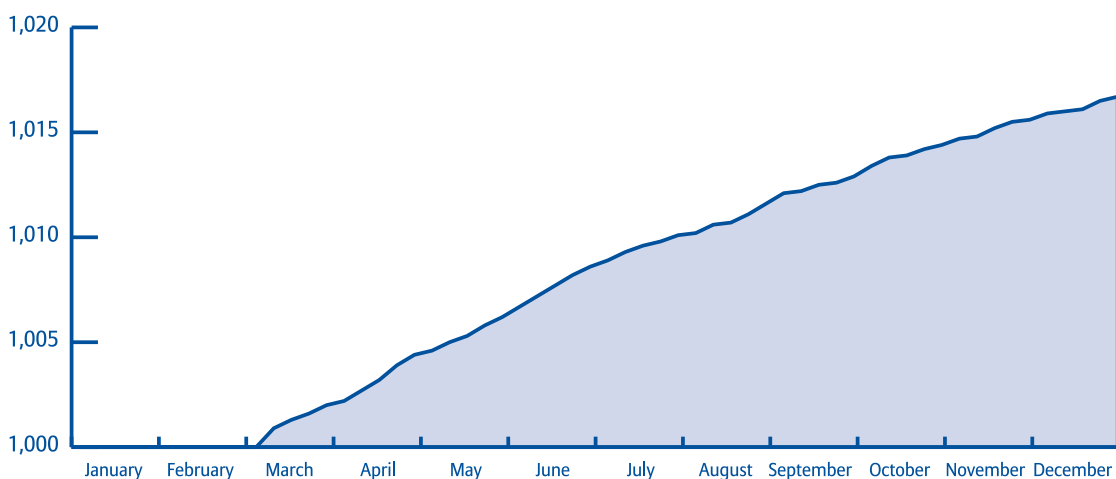
In 2013, there were no litigations or arbitrations concerning the statutory conservative fund.

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. 2011	-	-
31. 12. 2012	-	-
31. 12. 2013	1.0167	14 166 822.11

* Net asset value (NAV)

h) Development of the pension unit value in 2013



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

Assets (CZK thousand)	31. 12. 2012	31. 12. 2013
Receivables from banks	-	14 578
a) payable on demand	-	11 413
b) other receivables	-	3 165
Debt securities	-	-
Stocks, share certificates and other shares	-	-
Other assets	-	-
TOTAL	-	14 578



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

The consideration for managing assets of the balanced fund as at the end of the specified period amounted to 0% of the average annual value of the fund's net assets. The Board of Directors of the 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.



Report of the Supervisory Board

Report of the Supervisory Board of Allianz penzijní společnost, a. s. (hereinafter referred to as the "Pension Company") on the results of its supervisory activities, including the review of the Pension Company regular financial statements for the financial year 2013, the Report on relations between related parties for the financial year 2013 and its opinion on the proposal of the Pension Company's Board of Management for the distribution of profits of Allianz Penzijní společnost, a. s. of the year 2013.

In 2013, all activities of the Supervisory Board of the Pension Company 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 Company'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 Company's activities and business results on a regular basis.

The Board of Management of Allianz penzijní společnost, a. s. presented the regular financial statements of the company prepared for the financial year 2013 and verified by the auditor, as well as the proposal for distribution of profits generated in 2013 to the Supervisory Board. Also the Supervisory Board reviewed the Report on relations for the year 2013.

Based on the above, the Supervisory Board recommended the general meeting of the Pension Company to approve the financial statements of Allianz penzijní společnost, a. s. as of 31 December 2013 along with the proposal for distribution of profits as presented by the Pension Company's Board of Management. Furthermore, the Supervisory Board of the Pension Company recommended the general meeting to approve the Report on relations. For and on behalf of the Supervisory Board of Allianz penzijní společnost, a. s.

Mgr. Josef Lukášek
Chairman of the Supervisory Board



Allianz vyvážený účastnický fond
Allianz penzijní společnost, a. s.

Financial part



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

Financial statements

On the basis of our audit, on 19 February 2014 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 vyvážený účastnický fond, Allianz penzijní společnost, a.s., which comprise the balance sheet as of 31 December 2013, the income statement, and the statement of changes in equity for the period then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the fund is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Allianz penzijní společnost, 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.



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. as of 31 December 2013, and of its financial performance for the period then ended in accordance with Czech accounting legislation.”

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
11 April 2014

KPMG Česká republika Audit

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

Benešová

Romana Benešová
Partner
Licence number 1834



Balance sheet as at 31 December 2013

TCZK	Note	31.12.2013
ASSETS		
3	5	14 578
of which:		
a) repayable on demand		11 413
b) other receivables		3 165
Total Assets		14 578
LIABILITIES		
4	6	411
9	7	138
12	7	13 935
15	9	94
Total Liabilities		14 578
OFF-BALANCE SHEET ITEMS		
Off-balance sheet assets		
8	11	14 578



Income statement (for the period ended 31 December 2013)

TCZK	Note	2013
1 Interest income and similar income	3	94
of which: interest on debt securities		-
19 Current year profit (loss) from ordinary activities before tax		94
23 Income tax	10	-
24 Net profit (loss) for the period		94

Statement of changes in equity

(for the period ended 31 December 2013)

TCZK	Share premium	Capital funds	Revaluation. gains (losses)	Profit (loss)	Total
Balance at 5.2.2013	-	-	-	-	-
Net profit (loss) for the period	-	-	-	94	94
Credited pension units	160	16 537	-	-	16 537
Written-off pension units	(22)	(2 602)	-	-	(2 624)
Balance at 31.12.2013	138	13 935	-	94	14 167



Notes to the financial statements

(for the period ended 31 December 2013)

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 2013, the Fund administered contributions of 2 555 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 (IČ) 25612603, 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 and management of contributions of participants in pension fund savings and payment of benefits pursuant to Act No. 426/2011 Coll., on Retirement Savings,
- c) 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 are rendered by Komerční banka, a.s., with its registered office at Na Příkopě 33/969, 114 07 Prague 1, identification number (IČ) 45317054 ("the Depository") on the basis of a depository agreement dated 19 April 2012.



(b) Basis of preparation of the financial statements

The financial statements have been prepared on the basis of accounts maintained in accordance with:

- Act No. 563/1991, on Accounting, as amended,
- Regulation No. 501/2002 issued by the Ministry of Finance, as amended,
- Czech accounting standards for financial institutions, issued by the Ministry of Finance.

The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

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 brackets represent negative amounts. These financial statements are non-consolidated.

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 is not longer than 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) Accounts of participants

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

- Other capital funds
- Share premium

(c) 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 provided on all temporary differences between the carrying and tax value of assets and liabilities multiplied by the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if there are no doubts that it will be utilised in future accounting periods.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2013
Interest on current accounts and term deposits	94
Total	94

4. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2013
Off-balance sheet assets	
Values placed under management	14 578

5. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2013
Current accounts at banks	11 413
Term deposits	3 165
Total	14 578



6. OTHER LIABILITIES

TCZK	31.12.2013
Payables to participants	411
Total	411

Payables to participants represent contributions received from participants that were not used to purchase pension units as at 31 December 2013.

7. EQUITY

	31 December 2013
Fund's equity (TCZK)	14 167
Number of pension units (pieces)	13 934 653
Unit value (TCZK)	1,0167

The current value of a pension unit is defined as the value of the participation fund's equity which reflects the corresponding portion of standard expenses having an impact on the participation fund's equity, as at the date on which the current value of the pension unit relating to one pension unit is determined. Pension units are recorded in personal pension accounts of all participants in relation to the participation fund as at the date on which the current value of the pension unit is determined.

Credited and written-off participation units

	Number of pension units	Value of pension units (nominal value)	Value of pension units (share premium)
Balance at 5 February 2013	-	-	-
Credited pension units	16 536 420	16 537	160
Written-off pension units	(2 601 767)	(2 602)	(22)
Balance at 31 December 2013	13 934 653	13 935	138

8. ACCOUNTS OF PARTICIPANTS

TCZK	31.12.2013
Participants' and employers' contributions	13 659
State contributions	414
Total	14 073



9. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit for the period ended 31 December 2013.

The board of directors of the Company decided that the Fund will be exempt from the fees for the portfolio administration and performance for the period ended 31 December 2013.

10. INCOME TAX

Current tax for the current period

TCZK	2013
Current period profit (loss) before tax	94
Non-taxable income	-
Non-tax deductible expenses	-
Other items	-
Subtotal	94
Income tax calculated using a tax rate of 5% (for 2012: 5%)	5
of which: tax on extraordinary items	-
Tax allowances used	-
Withholding tax	-
Total	5

For the period ended 31 December 2013, the Fund's tax liability was TCZK 5. Current tax will be paid by the Company, accordingly, the Fund's profit or the price of a pension unit will not be reduced.

In the period ended 31 December 2013, there were no differences between the carrying amount and the tax value of assets and liabilities.

11. VALUES PLACED UNDER MANAGEMENT

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



12. FINANCIAL INSTRUMENTS – MARKET RISK

The Fund is exposed to market risks arising from the open positions of transactions involving interest rate, equity and currency instruments that are sensitive to changes in financial market conditions.

(a) Risk management

The Fund uses as 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.

As a result of its activities, the Fund is exposed to a certain number of 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 time 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 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.

Residual maturity of the Fund's assets and liabilities

At 31 December 2013	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Receivables from banks	14 578	-	-	-	-	14 578
Total	14 578	-	-	-	-	14 578
Other liabilities	411	-	-	-	-	411
Equity	-	-	-	-	14 167	14 167
Total	411	-	-	-	14 167	14 578
Gap	14 167	-	-	-	(14 167)	-
Cumulative Gap	14 167	14 167	14 167	14 167	-	-

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) Interest rate risk

The Fund 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 below table summarises the mismatch between the Fund's interest rate sensitive assets and liabilities. The carrying amounts of these assets and liabilities are included in the earlier of the period in which they are due or the period in which the interest rate changes. Due to their expected premature repayment or non-defined maturity dates, certain assets or liabilities are allocated to individual periods on the basis of an expert estimate.

Interest rate sensitivity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2013					
Receivables from banks	14 578	-	-	-	14 578
Total	14 578	-	-	-	14 578

The above table only includes interest rate sensitive assets and liabilities and is therefore not identical to the balances presented in the Fund's balance sheet.

(d) Currency risk

As at 31 December 2013, 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.

13. MATERIAL SUBSEQUENT EVENTS

Information on a change of the depositary

As of 3 January 2014, depositary services are rendered by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, 140 92 Prague 4 – Michle.

Apart from the above, the Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements of the Fund as at 31 December 2013.

Published by

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Production

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www.tac-tac.cz



Allianz dynamický účastnický fond
Allianz penzijní společnost, a. s.

Annual Report 2013



S vámi od A do Z

Allianz



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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 dynamický účastnický fond, Allianz penzijní společnost, a. s.

Allianz dynamický účastnický fond, 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.

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:	CZK 300,000,000
Shareholder:	Allianz pojišťovna, a. s. (100 %)
Auditor:	KPMG Česká republika Audit

Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“) has been managing the dynamic fund since 1 January 2013. The pension management company was granted permit to form the dynamic fund, including approval of its statute and depositary, by the Czech National Bank under ref. No. 2012/12807/570 on 21 December 2012, which permit came into force as of 21 December 2012.



b) Information about the fund's portfolio managers

The investment manager of the dynamic 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 under section B, file 4972.

c) Information about the fund's depositary

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

The depositary of the dynamic fund during the specified period was Komerční banka, a.s., having its registered office at: Na Příkopě 33, postal code: 114 07, Prague 1, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 1360, corporate ID No. 45 31 70 54 (hereinafter referred to as the „Depositary“).

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.

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. In addition to the Depositary, custody of assets in the form of cash held in a term deposit account was also provided during the specified period by UniCredit Bank Czech Republic, a. s., having its registered office at: Želetavská 1521/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 3608.

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

as of 31 December 2013, stating the total acquisition price and fair value as at the end of the specified period

	Acquisition price (CZK thousand)	Fair value (CZK thousand)
Cash and term deposits	10 736	10 736
Treasury bills	-	-
Government bonds	-	-
Mortgage bonds	-	-
Corporate bonds	-	-
Share certificates	-	-
Stocks	-	-
Total	10 736	10 736



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

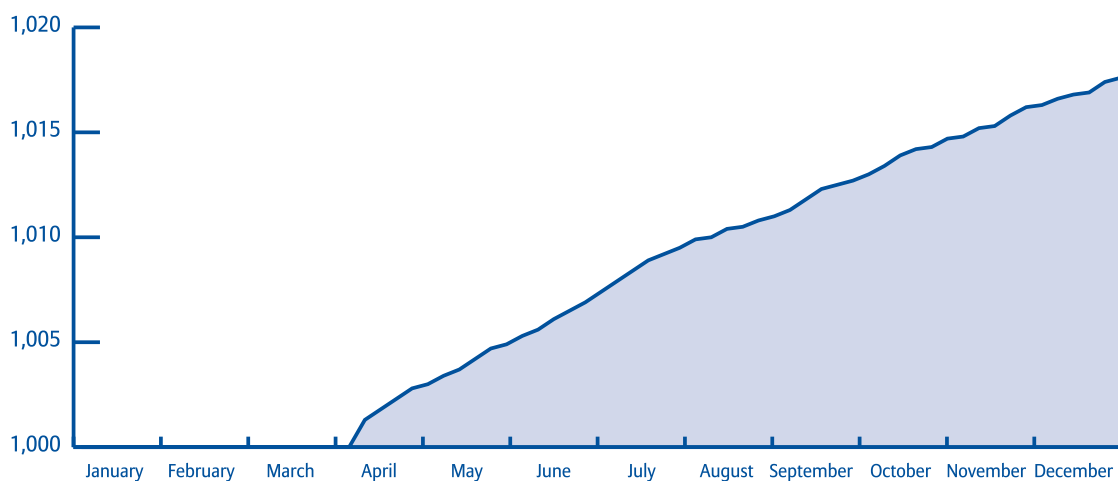
In 2013, there were no litigations or arbitrations concerning the statutory conservative fund.

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. 2011	-	-
31. 12. 2012	-	-
31. 12. 2013	1.0176	10 662 675.27

* Net asset value (NAV)

h) Development of the pension unit value in 2013



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

Assets (CZK thousand)	31. 12. 2012	31. 12. 2013
Receivables from banks	-	10 736
a) payable on demand	-	10 359
b) other receivables	-	377
Debt securities	-	-
Stocks, share certificates and other shares	-	-
Other assets	-	-
TOTAL	-	10 736



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

The consideration for managing assets of the dynamic fund as at the end of the specified period amounted to 0% of the average annual value of the fund's net assets. The Board of Directors of the 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.



Report of the Supervisory Board

Report of the Supervisory Board of Allianz penzijní společnost, a. s. (hereinafter referred to as the "Pension Company") on the results of its supervisory activities, including the review of the Pension Company regular financial statements for the financial year 2013, the Report on relations between related parties for the financial year 2013 and its opinion on the proposal of the Pension Company's Board of Management for the distribution of profits of Allianz Penzijní společnost, a. s. of the year 2013.

In 2013, all activities of the Supervisory Board of the Pension Company 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 Company'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 Company's activities and business results on a regular basis.

The Board of Management of Allianz penzijní společnost, a. s. presented the regular financial statements of the company prepared for the financial year 2013 and verified by the auditor, as well as the proposal for distribution of profits generated in 2013 to the Supervisory Board. Also the Supervisory Board reviewed the Report on relations for the year 2013.

Based on the above, the Supervisory Board recommended the general meeting of the Pension Company to approve the financial statements of Allianz penzijní společnost, a. s. as of 31 December 2013 along with the proposal for distribution of profits as presented by the Pension Company's Board of Management. Furthermore, the Supervisory Board of the Pension Company recommended the general meeting to approve the Report on relations. For and on behalf of the Supervisory Board of Allianz penzijní společnost, a. s.

Mgr. Josef Lukášek
Chairman of the Supervisory Board



Allianz dynamický účastnický fond
Allianz penzijní společnost, a. s.

Financial part



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

Financial statements

On the basis of our audit, on 19 February 2014 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 dynamický účastnický fond, Allianz penzijní společnost, a.s., which comprise the balance sheet as of 31 December 2013, the income statement and the statement of changes in equity for the period then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the fund is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Allianz penzijní společnost, 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.



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. as of 31 December 2013, and of its financial performance for the period then ended in accordance with Czech accounting legislation.”

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
11 April 2014

KPMG Česká republika Audit

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

Benešová

Romana Benešová
Partner
Licence number 1834



Balance sheet as at 31 December 2013

TCZK	Note	31.12.2013
ASSETS		
3	Receivables from banks and credit unions	5 10 736
	of which: a) repayable on demand	10 359
	b) other receivables	377
Total Assets		10 736
LIABILITIES		
4	Other liabilities	6 73
9	Share premium	7 115
12	Capital funds	7 10 478
15	Profit (loss) for the accounting period	9 70
Total Liabilities		10 736
OFF-BALANCE SHEET ITEMS		
Off-balance sheet assets		
8	Values placed under management	11 10 736



Income statement (for the period ended 31 December 2013)

TCZK	Note	2013
1 Interest income and similar income	3	70
of which: interest on debt securities		-
19 Current year profit (loss) from ordinary activities before tax		70
23 Income tax	10	-
24 Net profit (loss) for the period		70

Statement of changes in equity

(for the period ended 31 December 2013)

TCZK	Share premium	Capital funds	Revaluation. gains (losses)	Profit (loss)	Total
Balance at 5.2.2013	-	-	-	-	-
Net profit (loss) for the period	-	-	-	70	70
Credited pension units	116	10 620	-	-	10 736
Written-off pension units	(1)	(142)	-	-	(143)
Balance at 31.12.2013	115	10 478	-	70	10 663



Notes to the financial statements

(for the period ended 31 December 2013)

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 with a reference number 2012/12807/570, 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 2013, the Fund administered contributions of 1 419 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 (IČ) 25612603, 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 and management of contributions of participants in pension fund savings and payment of benefits pursuant to Act No. 426/2011 Coll., on Retirement Savings,
- c) 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 are rendered by Komerční banka, a.s., with its registered office at Na Příkopě 33/969, 114 07 Prague 1, identification number (IČ) 45317054 ("the Depository") on the basis of a depository agreement dated 19 April 2012.



(b) Basis of preparation of the financial statements

The financial statements have been prepared on the basis of accounts maintained in accordance with:

- Act No. 563/1991, on Accounting, as amended,
- Regulation No. 501/2002 issued by the Ministry of Finance, as amended,
- Czech accounting standards for financial institutions, issued by the Ministry of Finance.

The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

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 brackets represent negative amounts. These financial statements are non-consolidated.

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 is not longer than 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) Accounts of participants

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

- Other capital funds
- Share premium

(c) 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 provided on all temporary differences between the carrying and tax value of assets and liabilities multiplied by the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if there are no doubts that it will be utilised in future accounting periods.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2013
Interest on current accounts and term deposits	70
Total	70

4. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2013
Off-balance sheet assets	
Values placed under management	10 736

5. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2013
Current accounts at banks	10 359
Term deposits	377
Total	10 736



6. OTHER LIABILITIES

TCZK	31.12.2013
Payables to participants	73
Total	73

Payables to participants represent contributions received from participants that were not used to purchase pension units as at 31 December 2013.

7. EQUITY

	31 December 2013
Fund's equity (TCZK)	10 663
Number of pension units (pieces)	10 477 877
Unit value (TCZK)	1,0176

The current value of a pension unit is defined as the value of the participation fund's equity which reflects the corresponding portion of standard expenses having an impact on the participation fund's equity, as at the date on which the current value of the pension unit relating to one pension unit is determined. Pension units are recorded in personal pension accounts of all participants in relation to the participation fund as at the date on which the current value of the pension unit is determined.

Credited and written-off participation units

	Number of pension units	Value of pension units (nominal value)	Value of pension units (share premium)
Balance at 5 February 2013	-	-	-
Credited pension units	10 619 976	10 620	116
Written-off pension units	(142 099)	(142)	(1)
Balance at 31 December 2013	10 477 877	10 478	115

8. ACCOUNTS OF PARTICIPANTS

TCZK	31.12.2013
Participants' and employers' contributions	10 448
State contributions	145
Total	10 593



9. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit for the period ended 31 December 2013.

The board of directors of the Company decided that the Fund will be exempt from the fees for the portfolio administration and performance for the period ended 31 December 2013.

10. INCOME TAX

Current tax for the current period

TCZK	2013
Current period profit (loss) before tax	70
Non-taxable income	-
Non-tax deductible expenses	-
Other items	-
Subtotal	70
Income tax calculated using a tax rate of 5% (for 2012: 5%)	3
of which: tax on extraordinary items	-
Tax allowances used	-
Withholding tax	-
Total	3

For the period ended 31 December 2013, the Fund's tax liability was TCZK 3. Current tax will be paid by the Company, accordingly, the Fund's profit or the price of a pension unit will not be reduced.

In the period ended 31 December 2013, there were no differences between the carrying amount and the tax value of assets and liabilities.

11. VALUES PLACED UNDER MANAGEMENT

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



12. FINANCIAL INSTRUMENTS – MARKET RISK

The Fund is exposed to market risks arising from the open positions of transactions involving interest rate, equity and currency instruments that are sensitive to changes in financial market conditions.

(a) Risk management

The Fund uses as 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.

As a result of its activities, the Fund is exposed to a certain number of 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 time 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 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.

Residual maturity of the Fund's assets and liabilities

At 31 December 2013	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Receivables from banks	10 359	-	-	-	-	110 359
Total	10 359	-	-	-	-	10 359
Other liabilities	73	-	-	-	-	73
Equity	-	-	-	-	10 286	10 286
Total	73	-	-	-	10 286	10 286
Gap	10 286	-	-	-	(10 286)	-
Cumulative Gap	10 286	10 286	10 286	10 286	-	-

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) Interest rate risk

The Fund 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 below table summarises the mismatch between the Fund's interest rate sensitive assets and liabilities. The carrying amounts of these assets and liabilities are included in the earlier of the period in which they are due or the period in which the interest rate changes. Due to their expected premature repayment or non-defined maturity dates, certain assets or liabilities are allocated to individual periods on the basis of an expert estimate.

Interest rate sensitivity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2013					
Receivables from banks	10 359	-	-	-	10 359
Total	10 359	-	-	-	10 359

The above table only includes interest rate sensitive assets and liabilities and is therefore not identical to the balances presented in the Fund's balance sheet.

(d) Currency risk

As at 31 December 2013, 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.

13. MATERIAL SUBSEQUENT EVENTS

Information on a change of the depositary

As of 3 January 2014, depositary services are rendered by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, 140 92 Prague 4 – Michle.

Apart from the above, the Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements of the Fund as at 31 December 2013.

Published by

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Production

TAC-TAC agency s.r.o.
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Allianz účastnický fond Selection
Allianz penzijní společnost, a. s.

Annual Report 2013



S vámi od A do Z

Allianz



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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 účastnický fond Selection, Allianz penzijní společnost, a. s.

Allianz účastnický fond Selection, Allianz penzijní společnost, a. s. (hereinafter referred to as the „Selection 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 Selection 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 Selection 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 Selection fund is a fund pursuing a dynamic investment strategy.

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:	CZK 300,000,000
Shareholder:	Allianz pojišťovna, a. s. (100 %)
Auditor:	KPMG Česká republika Audit

Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“) has been managing the Selection fund since 1 January 2013. The pension management company was granted permit to form the Selection fund, including approval of its statute and depositary, by the Czech National Bank under ref. No. 2012/12808/570 on 21 December 2012, which permit came into force as of 21 December 2012.



b) Information about the fund's portfolio managers

The investment manager of the Selection 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 under section B, file 4972.

c) Information about the fund's depositary

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

The depositary of the Selection fund during the specified period was Komerční banka, a.s., having its registered office at: Na Příkopě 33, postal code: 114 07, Prague 1, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 1360, corporate ID No. 45 31 70 54 (hereinafter referred to as the „Depositary“).

The new depositary of the Selection 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.

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 Selection fund's assets. In addition to the Depositary, custody of assets in the form of cash held in a term deposit account was also provided during the specified period by UniCredit Bank Czech Republic, a. s., having its registered office at: Želetavská 1521/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 3608.

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

as of 31 December 2013, stating the total acquisition price and fair value as at the end of the specified period

	Acquisition price (CZK thousand)	Fair value (CZK thousand)
Cash and term deposits	6 908	6 908
Treasury bills	-	-
Government bonds	-	-
Mortgage bonds	-	-
Corporate bonds	-	-
Share certificates	-	-
Stocks	-	-
Total	6 908	6 908



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

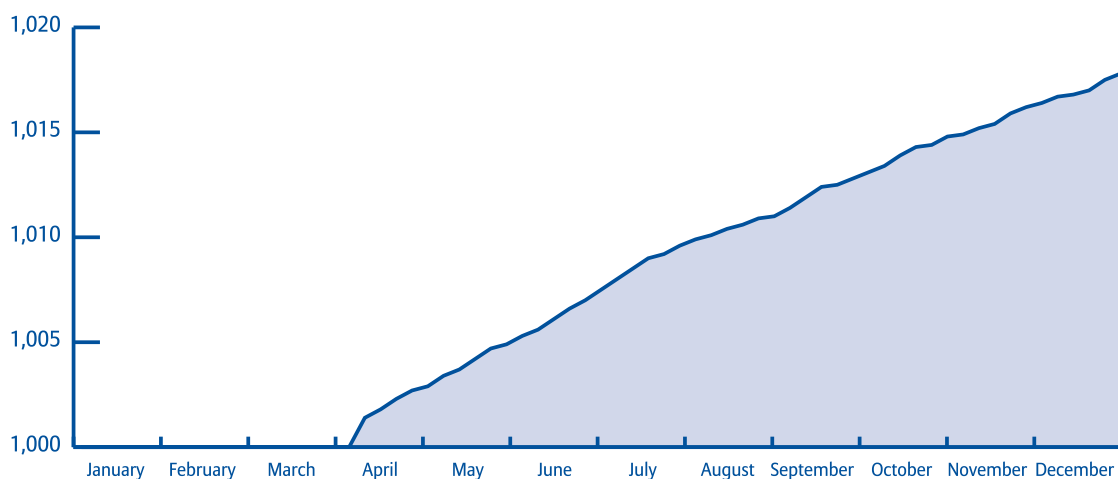
In 2013, there were no litigations or arbitrations concerning the Selection fund.

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. 2011	-	-
31. 12. 2012	-	-
31. 12. 2013	1.0178	6 876 573.97

* Net asset value (NAV)

h) Development of the pension unit value in 2013



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

Assets (CZK thousand)	31. 12. 2012	31. 12. 2013
Receivables from banks	-	6 908
a) payable on demand	-	6 908
b) other receivables	-	-
Debt securities	-	-
Stocks, share certificates and other shares	-	-
Other assets	-	-
TOTAL	-	6 908



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

The consideration for managing assets of the Selection fund as at the end of the specified period amounted to 0% of the average annual value of the fund's net assets. The Board of Directors of the 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.



Report of the Supervisory Board

Report of the Supervisory Board of Allianz penzijní společnost, a. s. (hereinafter referred to as the "Pension Company") on the results of its supervisory activities, including the review of the Pension Company regular financial statements for the financial year 2013, the Report on relations between related parties for the financial year 2013 and its opinion on the proposal of the Pension Company's Board of Management for the distribution of profits of Allianz Penzijní společnost, a. s. of the year 2013.

In 2013, all activities of the Supervisory Board of the Pension Company 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 Company'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 Company's activities and business results on a regular basis.

The Board of Management of Allianz penzijní společnost, a. s. presented the regular financial statements of the company prepared for the financial year 2013 and verified by the auditor, as well as the proposal for distribution of profits generated in 2013 to the Supervisory Board. Also the Supervisory Board reviewed the Report on relations for the year 2013.

Based on the above, the Supervisory Board recommended the general meeting of the Pension Company to approve the financial statements of Allianz penzijní společnost, a. s. as of 31 December 2013 along with the proposal for distribution of profits as presented by the Pension Company's Board of Management. Furthermore, the Supervisory Board of the Pension Company recommended the general meeting to approve the Report on relations. For and on behalf of the Supervisory Board of Allianz penzijní společnost, a. s.

Mgr. Josef Lukášek
Chairman of the Supervisory Board



Allianz účastnický fond Selection
Allianz penzijní společnost, a. s.

Financial part



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

Financial statements

On the basis of our audit, on 19 February 2014 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 účastnický fond Selection, Allianz penzijní společnost, a.s., which comprise the balance sheet as of 31 December 2013, the income statement, and the statement of changes in equity for the period then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the fund is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Allianz penzijní společnost, 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.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz účastnický fond Selection, Allianz penzijní společnost, a.s. as of 31 December 2013, and of its financial performance for the period then ended in accordance with Czech accounting legislation.”

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
11 April 2014

KPMG Česká republika Audit

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

Benešová

Romana Benešová
Partner
Licence number 1834



Balance sheet as at 31 December 2013

TCZK	Note	31.12.2013	
ASSETS			
3	Receivables from banks and credit unions	5	6 908
	of which: a) repayable on demand		6 908
Total Assets			6 908
LIABILITIES			
4	Other liabilities	6	31
9	Share premium	7	67
12	Capital funds	7	6 757
15	Profit (loss) for the accounting period	9	53
Total Liabilities			6 908
OFF-BALANCE SHEET ITEMS			
Off-balance sheet assets			
8	Values placed under management	11	6 908



Income statement (for the period ended 31 December 2013)

TCZK	Note	2013
1 Interest income and similar income	3	53
of which: interest on debt securities		-
19 Current year profit (loss) from ordinary activities before tax		53
23 Income tax	10	-
24 Net profit (loss) for the period		53

Statement of changes in equity

(for the period ended 31 December 2013)

TCZK	Share premium	Capital funds	Revaluation. gains (losses)	Profit (loss)	Total
Balance at 5.2.2013	-	-	-	-	-
Net profit (loss) for the period	-	-	-	53	53
Credited pension units	68	6 803	-	-	6 871
Written-off pension units	(1)	(46)	-	-	(47)
Balance at 31.12.2013	67	6 757	-	53	6 877



Notes to the financial statements

(for the period ended 31 December 2013)

1. GENERAL INFORMATION

(a) Description of the fund

Establishment and description of the fund

Allianz účastnický fond Selection, 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 2012/12808/570, 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 2013, the Fund administered contributions of 1 111 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 (IČ) 25612603, 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 and management of contributions of participants in pension fund savings and payment of benefits pursuant to Act No. 426/2011 Coll., on Retirement Savings,
- c) 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 are rendered by Komerční banka, a.s., with its registered office at Na Příkopě 33/969, 114 07 Prague 1, identification number (IČ) 45317054 ("the Depository") on the basis of a depository agreement dated 19 April 2012.



(b) Basis of preparation of the financial statements

The financial statements have been prepared on the basis of accounts maintained in accordance with:

- Act No. 563/1991, on Accounting, as amended,
- Regulation No. 501/2002 issued by the Ministry of Finance, as amended,
- Czech accounting standards for financial institutions, issued by the Ministry of Finance.

The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

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 brackets represent negative amounts. These financial statements are non-consolidated.

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 is not longer than 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) Accounts of participants

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

- Other capital funds
- Share premium

(c) 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 provided on all temporary differences between the carrying and tax value of assets and liabilities multiplied by the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if there are no doubts that it will be utilised in future accounting periods.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2013
Interest on current accounts and term deposits	53
Total	53

4. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2013
Off-balance sheet assets	
Values placed under management	6 908

5. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2013
Current accounts at banks	6 908
Term deposits	-
Total	6 908



6. OTHER LIABILITIES

TCZK	31.12.2013
Payables to participants	31
Total	31

Payables to participants represent contributions received from participants that were not used to purchase pension units as at 31 December 2013.

7. EQUITY

	31 December 2013
Fund's equity (TCZK)	6 877
Number of pension units (pieces)	6 756 621
Unit value	1,0178

The current value of a pension unit is defined as the value of the participation fund's equity which reflects the corresponding portion of standard expenses having an impact on the participation fund's equity, as at the date on which the current value of the pension unit relating to one pension unit is determined. Pension units are recorded in personal pension accounts of all participants in relation to the participation fund as at the date on which the current value of the pension unit is determined.

Credited and written-off participation units

	Number of pension units	Value of pension units (nominal value)	Value of pension units (share premium)
Balance at 5 February 2013	-	-	-
Credited pension units	6 802 298	6 803	68
Written-off pension units	(45 677)	(46)	(1)
Balance at 31 December 2013	6 756 621	6 757	67

8. ACCOUNTS OF PARTICIPANTS

TCZK	31.12.2013
Participants' and employers' contributions	6 760
State contributions	64
Total	6 824



9. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit for the period ended 31 December 2013.

The board of directors of the Company decided that the Fund will be exempt from the fees for the portfolio administration and performance for the period ended 31 December 2013.

10. INCOME TAX

Current tax for the current period

TCZK	2013
Current period profit (loss) before tax	53
Non-taxable income	-
Non-tax deductible expenses	-
Other items	-
Subtotal	53
Income tax calculated using a tax rate of 5% (for 2012: 5%)	3
of which: tax on extraordinary items	-
Tax allowances used	-
Withholding tax	-
Total	3

For the period ended 31 December 2013, the Fund's tax liability was TCZK 3. Current tax will be paid by the Company, accordingly, the Fund's profit or the price of a pension unit will not be reduced.

In the period ended 31 December 2013, there were no differences between the carrying amount and the tax value of assets and liabilities.

11. VALUES PLACED UNDER MANAGEMENT

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



12. FINANCIAL INSTRUMENTS – MARKET RISK

The Fund is exposed to market risks arising from the open positions of transactions involving interest rate, equity and currency instruments that are sensitive to changes in financial market conditions.

(a) Risk management

The Fund uses as 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.

As a result of its activities, the Fund is exposed to a certain number of 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 time 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 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.

Residual maturity of the Fund's assets and liabilities

At 31 December 2013	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Receivables from banks	6 908	-	-	-	-	6 908
Total	6 908	-	-	-	-	6 908
Other liabilities	31	-	-	-	-	31
Equity	-	-	-	-	6 877	6 877
Total	31	-	-	-	6 877	6 877
Gap	6 877	-	-	-	(6 877)	-
Cumulative Gap	6 877	6 877	6 877	6 877	-	-

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) Interest rate risk

The Fund 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 below table summarises the mismatch between the Fund's interest rate sensitive assets and liabilities. The carrying amounts of these assets and liabilities are included in the earlier of the period in which they are due or the period in which the interest rate changes. Due to their expected premature repayment or non-defined maturity dates, certain assets or liabilities are allocated to individual periods on the basis of an expert estimate.

Interest rate sensitivity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2013					
Receivables from banks	6 908	-	-	-	6 908
Total	6 908	-	-	-	6 908

The above table only includes interest rate sensitive assets and liabilities and is therefore not identical to the balances presented in the Fund's balance sheet.

(d) Currency risk

As at 31 December 2013, 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.

13. MATERIAL SUBSEQUENT EVENTS

Information on a change of the depositary

As of 3 January 2014, depositary services are rendered by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, 140 92 Prague 4 – Michle.

Apart from the above, the Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements of the Fund as at 31 December 2013.

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www.tac-tac.cz



Allianz důchodový fond státních dluhopisů
Allianz penzijní společnost, a. s.

Annual Report 2013



S vámi od A do Z

Allianz



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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 důchodový fond státních dluhopisů, Allianz penzijní společnost, a. s.

Allianz důchodový fond státních dluhopisů, Allianz penzijní společnost, a. s. (hereinafter referred to as the „government bond fund“) was formed as a government bond pension fund pursuant to Act No. 426/2011 Coll., on pension savings, for the purpose of operating pension saving schemes in the so-called 2nd pillar of the pension system, which consists of collecting and managing contributions from saving scheme subscribers in pension funds and payment of benefits in accordance with the said Act.

The government bond 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 held by a subscriber.

Assets held in the government bond 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.

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:	CZK 300,000,000
Shareholder:	Allianz pojišťovna, a. s. (100 %)
Auditor:	KPMG Česká republika Audit

Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“) has been managing the government bond fund since 1 January 2013. The pension management company was granted permit to form the government bond fund, including approval of its statute and depositary, by the Czech National Bank under ref. No. 2012/12561/570 on 18 December 2012, which permit came into force as of 19 December 2012.



b) Information about the fund's portfolio managers

The investment manager of the government bond 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 under section B, file 4972.

c) Information about the fund's depositary

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

The depositary of the government bond fund in the specified period was Komerční banka, a.s., having its registered office at: Na Příkopě 33, postal code: 114 07, Prague 1, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 1360, corporate ID No. 45 31 70 54 (hereinafter referred to as the „Depositary“).

The new depositary of the government bond 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.

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 government bond fund's assets. In addition to the Depositary, custody of assets in the form of cash held in a term deposit account was also provided during the specified period by UniCredit Bank Czech Republic, a. s., having its registered office at: Želetavská 1521/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 3608.

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

as of 31 December 2013, stating the total acquisition price and fair value as at the end of the specified period

	Acquisition price (CZK thousand)	Fair value (CZK thousand)
Cash and term deposits	1 233	1 233
Treasury bills	-	-
Government bonds	-	-
Mortgage bonds	-	-
Corporate bonds	-	-
Share certificates	-	-
Stocks	-	-
Total	1 233	1 233



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

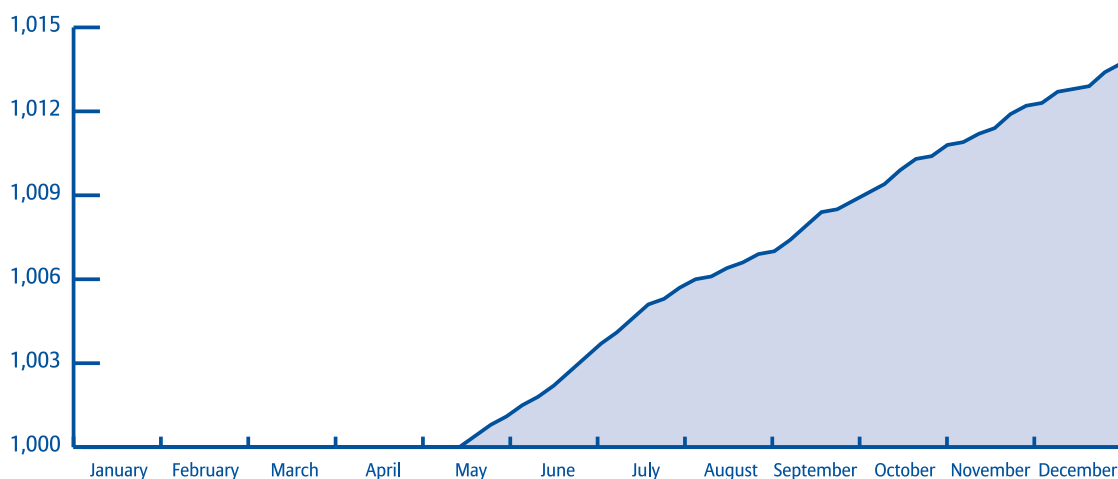
In 2013, there were no litigations or arbitrations concerning the government bond fund.

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. 2011	-	-
31. 12. 2012	-	-
31. 12. 2013	1.0137	1 171 292,70

* Net asset value (NAV)

h) Development of the pension unit value in 2013



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

Assets (CZK thousand)	31. 12. 2012	31. 12. 2013
Receivables from banks	-	1 233
a) payable on demand	-	1 233
b) other receivables	-	-
Debt securities	-	-
Stocks, share certificates and other shares	-	-
Other assets	-	-
TOTAL	-	1 233



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

The consideration for managing assets of the government bond fund as at the end of the specified period amounted to 0% of the average annual value of the fund's net assets. The Board of Directors of the 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 pension 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. 426/2011 Coll., on pension savings, the fund's statute and investment strategy.



Report of the Supervisory Board

Report of the Supervisory Board of Allianz penzijní společnost, a. s. (hereinafter referred to as the "Pension Company") on the results of its supervisory activities, including the review of the Pension Company regular financial statements for the financial year 2013, the Report on relations between related parties for the financial year 2013 and its opinion on the proposal of the Pension Company's Board of Management for the distribution of profits of Allianz Penzijní společnost, a. s. of the year 2013.

In 2013, all activities of the Supervisory Board of the Pension Company 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 Company'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 Company's activities and business results on a regular basis.

The Board of Management of Allianz penzijní společnost, a. s. presented the regular financial statements of the company prepared for the financial year 2013 and verified by the auditor, as well as the proposal for distribution of profits generated in 2013 to the Supervisory Board. Also the Supervisory Board reviewed the Report on relations for the year 2013.

Based on the above, the Supervisory Board recommended the general meeting of the Pension Company to approve the financial statements of Allianz penzijní společnost, a. s. as of 31 December 2013 along with the proposal for distribution of profits as presented by the Pension Company's Board of Management. Furthermore, the Supervisory Board of the Pension Company recommended the general meeting to approve the Report on relations. For and on behalf of the Supervisory Board of Allianz penzijní společnost, a. s.

Mgr. Josef Lukášek
Chairman of the Supervisory Board



Allianz důchodový fond státních dluhopisů
Allianz penzijní společnost, a. s.

Financial part



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

Financial statements

On the basis of our audit, on 19 February 2014 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 důchodový fond státních dluhopisů, Allianz penzijní společnost, a.s., which comprise the balance sheet as of 31 December 2013, the income statement, and the statement of changes in equity for the period then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the fund is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Allianz penzijní společnost, 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.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz důchodový fond státních dluhopisů, Allianz penzijní společnost, a.s. as of 31 December 2013, and of its financial performance for the period then ended in accordance with Czech accounting legislation."

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
11 April 2014

KPMG Česká republika Audit

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

Benešová

Romana Benešová
Partner
Licence number 1834



Balance sheet as at 31 December 2013

TCZK	Note	31.12.2013
ASSETS		
3 Receivables from banks and credit unions	5	1 233
of which: a) repayable on demand		1 233
Total Assets		1 233
LIABILITIES		
4 Other liabilities	6	61
9 Share premium	7	10
12 Capital funds	7	1 156
15 Profit (loss) for the accounting period	9	6
Total Liabilities		1 233
OFF-BALANCE SHEET ITEMS		
Off-balance sheet assets		
8 Values placed under management	11	1 233



Income statement (for the period ended 31 December 2013)

TCZK	Note	2013
1 Interest income and similar income	3	6
of which: interest on debt securities		-
19 Current year profit (loss) from ordinary activities before tax		6
23 Income tax	10	-
24 Net profit (loss) for the period		6

Statement of changes in equity

(for the period ended 31 December 2013)

TCZK	Share premium	Capital funds	Revaluation. gains (losses)	Profit (loss)	Total
Balance at 5.2.2013	-	-	-	-	-
Net profit (loss) for the period	-	-	-	6	6
Credited retirement units	10	1 156	-	-	1 166
Written-off retirement units	-	-	-	-	-
Balance at 31.12.2013	10	1 156	-	6	1 172



Notes to the financial statements

(for the period ended 31 December 2013)

1. GENERAL INFORMATION

(a) Description of the fund

Establishment and description of the fund

Allianz důchodový fond státních dluhopisů, 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 2012/12561/570, dated 18 December 2012 that took effect on 19 December 2012. The Fund started its activities on 13 May 2013.

Retirement savings participants

As at 31 December 2013, the Fund administered contributions of 431 of participants in retirement savings.

Information about the pension company

The pension company that manages the Fund's assets is Allianz penzijní společnost a.s., identification number (IČ) 25612603, 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 and management of contributions of participants in pension fund savings and payment of benefits pursuant to Act No. 426/2011 Coll., on Retirement Savings,
- c) 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 are rendered by Komerční banka, a.s., with its registered office at Na Příkopě 33/969, 114 07 Prague 1, identification number (IČ) 45317054 ("the Depositary") on the basis of a depositary agreement dated 19 April 2012.



(b) Basis of preparation of the financial statements

The financial statements have been prepared on the basis of accounts maintained in accordance with:

- Act No. 563/1991, on Accounting, as amended,
- Regulation No. 501/2002 issued by the Ministry of Finance, as amended,
- Czech accounting standards for financial institutions, issued by the Ministry of Finance.

The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

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 brackets represent negative amounts.

These financial statements are non-consolidated.

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 is not longer than 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) Accounts of participants

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

- Other capital funds
- Share premium

(c) 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 provided on all temporary differences between the carrying and tax value of assets and liabilities multiplied by the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if there are no doubts that it will be utilised in future accounting periods.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2013
Interest on current accounts and term deposits	6
Total	6

4. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2013
Off-balance sheet assets	
Values placed under management	1 233

5. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2013
Current accounts at banks	1 233
Total	1 233



6. OTHER LIABILITIES

TCZK	31.12.2013
Payables to participants	61
Total	61

7. EQUITY

	31 December 2013
Fund's equity (TCZK)	1 172
Number of retirement units (pieces)	1 155 519
Fund's equity per one retirement unit	1,0137

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 participation units

	Number of retirement units	Value of retirement units (nominal value)	Value of retirement units (share premium)
Balance at 13 May 2013	-	-	-
Credited retirement units	1 155 519	1 156	10
Written-off retirement units	-	-	-
Balance at 31 December 2013	1 155 519	1 156	10

8. ACCOUNTS OF PARTICIPANTS

The Fund's equity consists of contributions of retirement savings participants. In 2013, no benefits were paid.



9. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit for the period ended 31 December 2013.

The board of directors of the Company decided that the Fund will be exempt from the fees for the portfolio administration and performance for the period ended 31 December 2013.

10. INCOME TAX

Current tax for the current period

TCZK	2013
Current period profit (loss) before tax	6
Non-taxable income	-
Non-tax deductible expenses	-
Other items	-
Subtotal	6
Income tax calculated using a tax rate of 5% (for 2012: 5%)	-
of which: tax on extraordinary items	-
Tax allowances used	-
Withholding tax	-
Total	-

For the period ended 31 December 2013, the Fund's tax liability was CZK 250. Current tax will be paid by the Company, accordingly, the Fund's profit or the price of a retirement unit will not be reduced.

In the period ended 31 December 2013, there were no differences between the carrying amount and the tax value of assets and liabilities.

11. VALUES PLACED UNDER MANAGEMENT

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



12. FINANCIAL INSTRUMENTS – MARKET RISK

The Fund is exposed to market risks arising from the open positions of transactions involving interest rate, equity and currency instruments that are sensitive to changes in financial market conditions.

(a) Risk management

The Fund uses as primary risk management tool limits on the share of individual types of financial instruments in the Fund's portfolio, as prescribed under Act No. 426/2011 Coll. on Retirement Savings, the Statutes and the investment strategy.

As a result of its activities, the Fund is exposed to a certain number of 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 time 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.

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.

Residual maturity of the Fund's assets and liabilities

TCZK At 31 December 2013	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Receivables from banks	1 233	-	-	-	-	1 233
Total	1 233	-	-	-	-	1 233
Other liabilities	61	-	-	-	-	61
Equity	-	-	-	-	1 172	1 172
Total	61	-	-	-	1 172	1 233
Gap	1 172	-	-	-	(1 172)	-
Cumulative Gap	1 172	1 172	1 172	1 172	-	-

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) Interest rate risk

The Fund 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 below table summarises the mismatch between the Fund's interest rate sensitive assets and liabilities. The carrying amounts of these assets and liabilities are included in the earlier of the period in which they are due or the period in which the interest rate changes. Due to their expected premature repayment or non-defined maturity dates, certain assets or liabilities are allocated to individual periods on the basis of an expert estimate.

Interest rate sensitivity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2013					
Receivables from banks	1 233	-	-	-	1 233
Total	1 233	-	-	-	1 233

The above table only includes interest rate sensitive assets and liabilities and is therefore not identical to the balances presented in the Fund's balance sheet.

(d) Currency risk

As at 31 December 2013, 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.

13. MATERIAL SUBSEQUENT EVENTS

Information on a change of the depositary

As of 3 January 2014, depositary services are rendered by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, 140 92 Prague 4 – Michle.

Apart from the above, the Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements of the Fund as at 31 December 2013.

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Allianz konzervativní důchodový fond
Allianz penzijní společnost, a. s.

Annual Report 2013



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Allianz



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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 konzervativní důchodový fond, Allianz penzijní společnost, a. s.

Allianz konzervativní důchodový fond, Allianz penzijní společnost, a. s. (hereinafter referred to as the „conservative fund“) was formed as a conservative pension fund pursuant to Act No. 426/2011 Coll., on pension savings, for the purpose of operating pension saving schemes in the so-called 2nd pillar of the pension system, which consists of collecting and managing contributions from saving scheme subscribers in pension funds and payment of benefits in accordance with the said Act.

The 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 held by a subscriber.

Assets held in the 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.

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:	CZK 300,000,000
Shareholder:	Allianz pojišťovna, a. s. (100 %)
Auditor:	KPMG Česká republika Audit

Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“) has been managing the conservative fund since 1 January 2013. The pension management company was granted permit to form the dynamic fund, including approval of its statute and depositary, by the Czech National Bank under ref. No. 2012/12561/570 on 18 December 2012, which permit came into force as of 19 December 2012.



b) Information about the fund's portfolio managers

The investment manager of the conservative 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 under section B, file 4972.

c) Information about the fund's depositary

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

The depositary of the conservative fund during the specified period was Komerční banka, a.s., having its registered office at: Na Příkopě 33, postal code: 114 07, Prague 1, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 1360, corporate ID No. 45 31 70 54 (hereinafter referred to as the „Depositary“).

The new depositary of the conservative 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.

f) 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 conservative fund's assets. In addition to the Depositary, custody of assets in the form of cash held in a term deposit account was also provided during the specified period by UniCredit Bank Czech Republic, a. s., having its registered office at: Želetavská 1521/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 3608.

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

as of 31 December 2013, stating the total acquisition price and fair value as at the end of the specified period

	Acquisition price (CZK thousand)	Fair value (CZK thousand)
Cash and term deposits	4 262	4 262
Treasury bills	-	-
Government bonds	-	-
Mortgage bonds	-	-
Corporate bonds	-	-
Share certificates	-	-
Stocks	-	-
Total	4 262	4 262



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

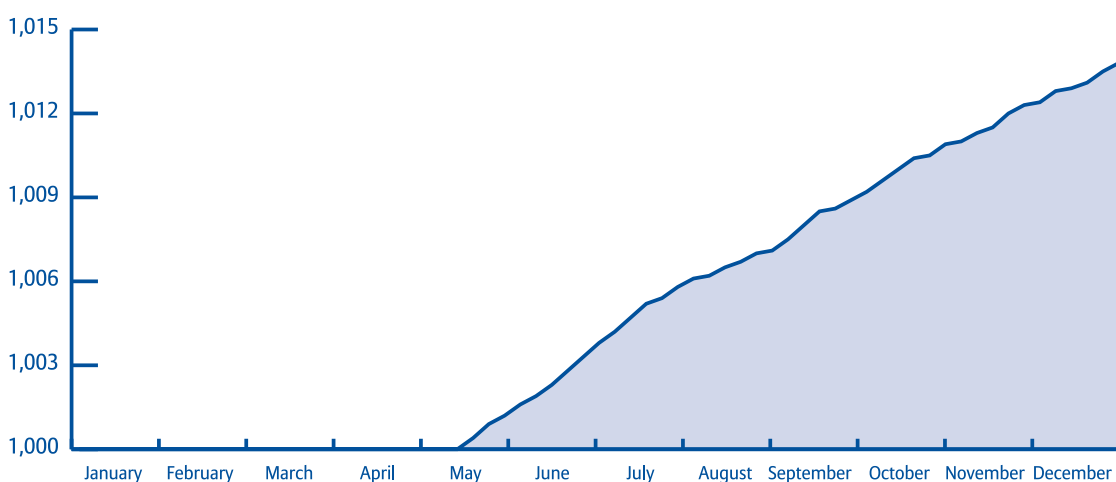
In 2013, there were no litigations or arbitrations concerning the government bond fund.

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. 2011	-	-
31. 12. 2012	-	-
31. 12. 2013	1.0138	4 178 416,54

* Net asset value (NAV)

h) Development of the pension unit value in 2013



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

Assets (CZK thousand)	31. 12. 2012	31. 12. 2013
Receivables from banks	-	4 262
a) payable on demand	-	4 262
b) other receivables	-	-
Debt securities	-	-
Stocks, share certificates and other shares	-	-
Other assets	-	-
TOTAL	-	4 262



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

The consideration for managing assets of the dynamic fund as at the end of the specified period amounted to 0% of the average annual value of the fund's net assets. The Board of Directors of the 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 pension 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. 426/2011 Coll., on pension savings, the fund's statute and investment strategy.



Report of the Supervisory Board

Report of the Supervisory Board of Allianz penzijní společnost, a. s. (hereinafter referred to as the "Pension Company") on the results of its supervisory activities, including the review of the Pension Company regular financial statements for the financial year 2013, the Report on relations between related parties for the financial year 2013 and its opinion on the proposal of the Pension Company's Board of Management for the distribution of profits of Allianz Penzijní společnost, a. s. of the year 2013.

In 2013, all activities of the Supervisory Board of the Pension Company 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 Company'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 Company's activities and business results on a regular basis.

The Board of Management of Allianz penzijní společnost, a. s. presented the regular financial statements of the company prepared for the financial year 2013 and verified by the auditor, as well as the proposal for distribution of profits generated in 2013 to the Supervisory Board. Also the Supervisory Board reviewed the Report on relations for the year 2013.

Based on the above, the Supervisory Board recommended the general meeting of the Pension Company to approve the financial statements of Allianz penzijní společnost, a. s. as of 31 December 2013 along with the proposal for distribution of profits as presented by the Pension Company's Board of Management. Furthermore, the Supervisory Board of the Pension Company recommended the general meeting to approve the Report on relations. For and on behalf of the Supervisory Board of Allianz penzijní společnost, a. s.

Mgr. Josef Lukášek
Chairman of the Supervisory Board



Allianz konzervativní důchodový fond
Allianz penzijní společnost, a. s.

Financial part



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

Financial statements

On the basis of our audit, on 19 February 2014 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 konzervativní důchodový fond, Allianz penzijní společnost, a.s., which comprise the balance sheet as of 31 December 2013, the income statement, and the statements of changes in equity for the period then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the fund is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Allianz penzijní společnost, 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.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz konzervativní důchodový fond, Allianz penzijní společnost, a.s. as of 31 December 2013, and of its financial performance for the period then ended in accordance with Czech accounting legislation."

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
11 April 2014

KPMG Česká republika Audit

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

Benešová

Romana Benešová
Partner
Licence number 1834



Balance sheet as at 31 December 2013

TCZK	Note	31.12.2013
ASSETS		
3	5	4 262
Receivables from banks and credit unions		
of which: a) repayable on demand		4 262
Total Assets		4 262
LIABILITIES		
4	6	84
Other liabilities		
9	7	38
Share premium		
12	7	4 121
Capital funds		
15	9	19
Profit (loss) for the accounting period		
Total Liabilities		4 262
OFF-BALANCE SHEET ITEMS		
Off-balance sheet assets		
8	11	4 262
Values placed under management		



Income statement (for the period ended 31 December 2013)

TCZK	Note	2013
1 Interest income and similar income	3	19
of which: interest on debt securities		-
19 Current year profit (loss) from ordinary activities before tax		19
23 Income tax	10	-
24 Net profit (loss) for the period		19

Statement of changes in equity

(for the period ended 31 December 2013)

TCZK	Share premium	Capital funds	Revaluation. gains (losses)	Profit (loss)	Total
Balance at 5.2.2013	-	-	-	-	-
Net profit (loss) for the period	-	-	-	19	19
Credited retirement units	38	4,127	-	-	4,165
Written-off retirement units	-	(6)	-	-	(6)
Balance at 31.12.2013	38	4,121	-	19	4,178



Notes to the financial statements

(for the period ended 31 December 2013)

1. GENERAL INFORMATION

(a) Description of the fund

Establishment and description of the fund

Allianz konzervativní důchodový 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 2012/12561/570, dated 18 December 2012 that took effect on 19 December 2012. The Fund started its activities on 13 May 2013.

Retirement savings participants

As at 31 December 2013, the Fund administered contributions of 1 632 of participants in retirement savings.

Information about the pension company

The pension company that manages the Fund's assets is Allianz penzijní společnost a.s., identification number (IČ) 25612603, 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 and management of contributions of participants in pension fund savings and payment of benefits pursuant to Act No. 426/2011 Coll., on Retirement Savings,
- c) 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 are rendered by Komerční banka, a.s., with its registered office at Na Příkopě 33/969, 114 07 Prague 1, identification number (IČ) 45317054 ("the Depositary") on the basis of a depositary agreement dated 19 April 2012.



(b) Basis of preparation of the financial statements

The financial statements have been prepared on the basis of accounts maintained in accordance with:

- Act No. 563/1991, on Accounting, as amended,
- Regulation No. 501/2002 issued by the Ministry of Finance, as amended,
- Czech accounting standards for financial institutions, issued by the Ministry of Finance.

The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

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 brackets represent negative amounts.

These financial statements are non-consolidated.

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 is not longer than 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) Accounts of participants

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

- Other capital funds
- Share premium

(c) 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 provided on all temporary differences between the carrying and tax value of assets and liabilities multiplied by the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if there are no doubts that it will be utilised in future accounting periods.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2013
Interest on current accounts and term deposits	19
Total	19

4. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2013
Off-balance sheet assets	
Values placed under management	4 262

5. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2013
Current accounts at banks	4 262
Total	4 262



6. OTHER LIABILITIES

TCZK	31.12.2013
Payables to participants	84
Total	84

7. EQUITY

	31 December 2013
Fund's equity (TCZK)	4 178
Number of retirement units (pieces)	4 121 479
Fund's equity per one retirement unit	1,0138

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 participation units

	Number of retirement units	Value of retirement units (nominal value)	Value of retirement units (share premium)
Balance at 13 May 2013	-	-	-
Credited retirement units	4 127 621	4 127	38
Written-off retirement units	(6 142)	(6)	-
Balance at 31 December 2013	4 121 479	4 121	38

8. ACCOUNTS OF PARTICIPANTS

The Fund's equity consists of contributions of retirement savings participants. In 2013, no benefits were paid.



9. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit for the period ended 31 December 2013.

The board of directors of the Company decided that the Fund will be exempt from the fees for the portfolio administration and performance for the period ended 31 December 2013.

10. INCOME TAX

Current tax for the current period

TCZK	2013
Current period profit (loss) before tax	19
Non-taxable income	-
Non-tax deductible expenses	-
Other items	-
Subtotal	19
Income tax calculated using a tax rate of 5% (for 2012: 5%)	1
of which: tax on extraordinary items	-
Tax allowances used	-
Withholding tax	-
Total	1

For the period ended 31 December 2013, the Fund's tax liability was TCZK 1. Current tax will be paid by the Company, accordingly, the Fund's profit or the price of a retirement unit will not be reduced.

In the period ended 31 December 2013, there were no differences between the carrying amount and the tax value of assets and liabilities.

11. VALUES PLACED UNDER MANAGEMENT

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



12. FINANCIAL INSTRUMENTS – MARKET RISK

The Fund is exposed to market risks arising from the open positions of transactions involving interest rate, equity and currency instruments that are sensitive to changes in financial market conditions.

(a) Risk management

The Fund uses as primary risk management tool limits on the share of individual types of financial instruments in the Fund's portfolio, as prescribed under Act No. 426/2011 Coll. on Retirement Savings, the Statutes and the investment strategy.

As a result of its activities, the Fund is exposed to a certain number of 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 time 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.

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.

Residual maturity of the Fund's assets and liabilities

TCZK At 31 December 2013	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Receivables from banks	4 262	-	-	-	-	4 262
Total	4 262	-	-	-	-	4 262
Other liabilities	84	-	-	-	-	84
Equity	-	-	-	-	4 178	4 178
Total	84	-	-	-	4 178	4 262
Gap	4 178	-	-	-	(4 178)	-
Cumulative Gap	4 178	4 178	4 178	4 178	-	-

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) Interest rate risk

The Fund 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 below table summarises the mismatch between the Fund's interest rate sensitive assets and liabilities. The carrying amounts of these assets and liabilities are included in the earlier of the period in which they are due or the period in which the interest rate changes. Due to their expected premature repayment or non-defined maturity dates, certain assets or liabilities are allocated to individual periods on the basis of an expert estimate.

Interest rate sensitivity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2013					
Receivables from banks	4 262	-	-	-	4 262
Total	4 262	-	-	-	4 262

The above table only includes interest rate sensitive assets and liabilities and is therefore not identical to the balances presented in the Fund's balance sheet.

(d) Currency risk

As at 31 December 2013, 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.

13. MATERIAL SUBSEQUENT EVENTS

Information on a change of the depositary

As of 3 January 2014, depositary services are rendered by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, 140 92 Prague 4 – Michle.

Apart from the above, the Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements of the Fund as at 31 December 2013.

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Allianz vyvážený důchodový fond
Allianz penzijní společnost, a. s.

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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 vyvážený důchodový fond, Allianz penzijní společnost, a. s.

Allianz vyvážený důchodový fond, Allianz penzijní společnost, a. s. (hereinafter referred to as the „balanced fund“) was formed as a balanced pension fund pursuant to Act No. 426/2011 Coll., on pension savings, for the purpose of operating pension saving schemes in the so-called 2nd pillar of the pension system, which consists of collecting and managing contributions from saving scheme subscribers in pension funds and payment of benefits in accordance with the said Act.

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 held by a subscriber.

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.

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:	CZK 300,000,000
Shareholder:	Allianz pojišťovna, a. s. (100 %)
Auditor:	KPMG Česká republika Audit

Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“) has been managing the conservative fund since 1 January 2013. The pension management company was granted permit to form the dynamic fund, including approval of its statute and depositary, by the Czech National Bank under ref. No. 2012/12561/570 on 18 December 2012, which permit came into force as of 19 December 2012.



b) Information about the fund's portfolio managers

The investment manager of the balanced 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 under section B, file 4972.

c) Information about the fund's depositary

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

The depositary of the balanced fund during the specified period was Komerční banka, a.s., having its registered office at: Na Příkopě 33, postal code: 114 07, Prague 1, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 1360, corporate ID No. 45 31 70 54 (hereinafter referred to as the „Depositary“).

The new depositary of the balanced 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.

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 balanced fund's assets. In addition to the Depositary, custody of assets in the form of cash held in a term deposit account was also provided during the specified period by UniCredit Bank Czech Republic, a. s., having its registered office at: Želetavská 1521/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 3608.

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

as of 31 December 2013, stating the total acquisition price and fair value as at the end of the specified period

	Acquisition price (CZK thousand)	Fair value (CZK thousand)
Cash and term deposits	19 014	19 014
Treasury bills	-	-
Government bonds	-	-
Mortgage bonds	-	-
Corporate bonds	-	-
Share certificates	-	-
Stocks	-	-
Total	19 014	19 014



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

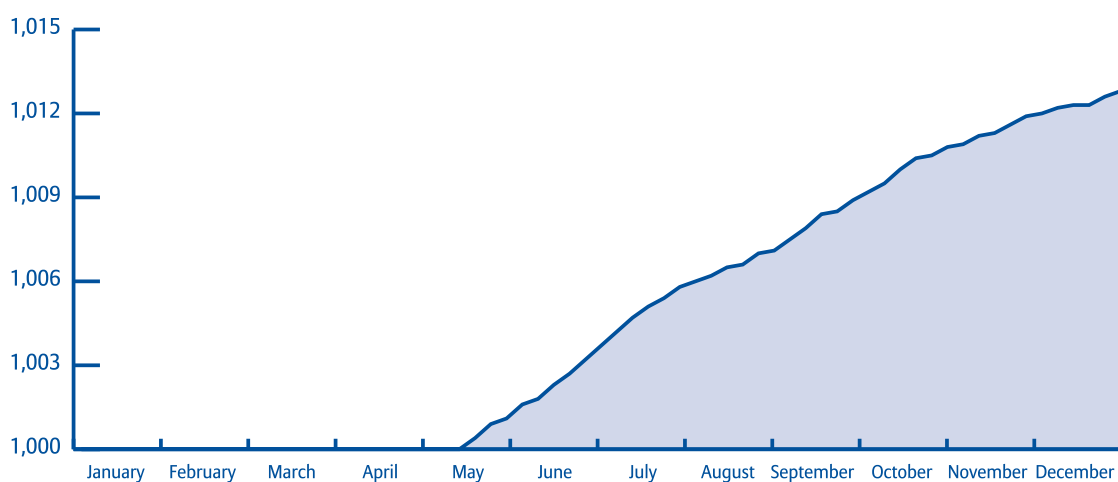
In 2013, there were no litigations or arbitrations concerning the government bond fund.

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. 2011	-	-
31. 12. 2012	-	-
31. 12. 2013	1,0128	18 732 214,52

* Net asset value (NAV)

h) Development of the pension unit value in 2013



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

Assets (CZK thousand)	31. 12. 2012	31. 12. 2013
Receivables from banks	-	19 014
a) payable on demand	-	10 641
b) other receivables	-	8 373
Debt securities	-	-
Stocks, share certificates and other shares	-	-
Other assets	-	-
TOTAL	-	19 014



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

The consideration for managing assets of the dynamic fund as at the end of the specified period amounted to 0% of the average annual value of the fund's net assets. The Board of Directors of the 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 pension 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. 426/2011 Coll., on pension savings, the fund's statute and investment strategy.



Report of the Supervisory Board

Report of the Supervisory Board of Allianz penzijní společnost, a. s. (hereinafter referred to as the "Pension Company") on the results of its supervisory activities, including the review of the Pension Company regular financial statements for the financial year 2013, the Report on relations between related parties for the financial year 2013 and its opinion on the proposal of the Pension Company's Board of Management for the distribution of profits of Allianz Penzijní společnost, a. s. of the year 2013.

In 2013, all activities of the Supervisory Board of the Pension Company 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 Company'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 Company's activities and business results on a regular basis.

The Board of Management of Allianz penzijní společnost, a. s. presented the regular financial statements of the company prepared for the financial year 2013 and verified by the auditor, as well as the proposal for distribution of profits generated in 2013 to the Supervisory Board. Also the Supervisory Board reviewed the Report on relations for the year 2013.

Based on the above, the Supervisory Board recommended the general meeting of the Pension Company to approve the financial statements of Allianz penzijní společnost, a. s. as of 31 December 2013 along with the proposal for distribution of profits as presented by the Pension Company's Board of Management. Furthermore, the Supervisory Board of the Pension Company recommended the general meeting to approve the Report on relations. For and on behalf of the Supervisory Board of Allianz penzijní společnost, a. s.

Mgr. Josef Lukášek
Chairman of the Supervisory Board



Allianz vyvážený důchodový fond
Allianz penzijní společnost, a. s.

Financial part



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

Financial statements

On the basis of our audit, on 19 February 2014 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 vyvážený důchodový fond, Allianz penzijní společnost, a.s., which comprise the balance sheet as of 31 December 2013, the income statement, and the statement of changes in for the period then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the fund is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Allianz penzijní společnost, 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.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz vyvážený důchodový fond, Allianz penzijní společnost, a.s. as of 31 December 2013, and of its financial performance for the period then ended in accordance with Czech accounting legislation.”

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
11 April 2014

KPMG Česká republika Audit

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

Benešová

Romana Benešová
Partner
Licence number 1834



Balance sheet as at 31 December 2013

TCZK	Note	31.12.2013
ASSETS		
3	5	19 014
of which:		
a) repayable on demand		10 641
b) other receivables		8 373
Total Assets		19 014
LIABILITIES		
4	6	282
9	7	166
12	7	18 496
15	9	70
Total Liabilities		19 014
OFF-BALANCE SHEET ITEMS		
Off-balance sheet assets		
8	11	19 014



Income statement (for the period ended 31 December 2013)

TCZK	Note	2013
1 Interest income and similar income	3	70
of which: interest on debt securities		-
19 Current year profit (loss) from ordinary activities before tax		70
23 Income tax	10	-
24 Net profit (loss) for the period		70

Statement of changes in equity

(for the period ended 31 December 2013)

TCZK	Share premium	Capital funds	Revaluation. gains (losses)	Profit (loss)	Total
Balance at 2.5.2013	-	-	-	-	-
Net profit (loss) for the period	-	-	-	70	70
Credited retirement units	166	18 505	-	-	18 671
Written-off retirement units	-	(9)	-	-	(9)
Balance at 31.12.2013	166	18 496	-	70	18 732



Notes to the financial statements

(for the period ended 31 December 2013)

1. GENERAL INFORMATION

(a) Description of the fund

Establishment and description of the fund

Allianz vyvážený důchodový 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 2012/12561/570, dated 18 December 2012 that took effect on 19 December 2012. The Fund started its activities on 2 May 2013.

Retirement savings participants

As at 31 December 2013, the Fund administered contributions of 5 995 of participants in retirement savings.

Information about the pension company

The pension company that manages the Fund's assets is Allianz penzijní společnost a.s., identification number (IČ) 25612603, 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 and management of contributions of participants in pension fund savings and payment of benefits pursuant to Act No. 426/2011 Coll., on Retirement Savings,
- c) 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 are rendered by Komerční banka, a.s., with its registered office at Na Příkopě 33/969, 114 07 Prague 1, identification number (IČ) 45317054 ("the Depository") on the basis of a depository agreement dated 19 April 2012.



(b) Basis of preparation of the financial statements

The financial statements have been prepared on the basis of accounts maintained in accordance with:

- Act No. 563/1991, on Accounting, as amended,
- Regulation No. 501/2002 issued by the Ministry of Finance, as amended,
- Czech accounting standards for financial institutions, issued by the Ministry of Finance.

The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

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 brackets represent negative amounts.

These financial statements are non-consolidated.

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 is not longer than 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) Accounts of participants

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

- Other capital funds
- Share premium

(c) 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 provided on all temporary differences between the carrying and tax value of assets and liabilities multiplied by the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if there are no doubts that it will be utilised in future accounting periods.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2013
Interest on current accounts and term deposits	70
Total	70

4. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2013
Off-balance sheet assets	
Values placed under management	19 014

5. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2013
Current accounts at banks	10 641
Term deposits	8 373
Total	19 014



6. OTHER LIABILITIES

TCZK	31.12.2013
Payables to participants	282
Total	282

7. EQUITY

	31 December 2013
Fund's equity (TCZK)	18 732
Number of retirement units (pieces)	18 496 227
Fund's equity per one retirement unit	1,0128

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) (nominal value)	Number of	Value of retirement units	Value of retirement units retirement units (share premium)
Balance at 2 May 2013	-	-	-
Credited retirement units	18 505 427	18 505	166
Written-off retirement units	(9 200)	(9)	-
Balance at 31 December 2013	18 496 227	18 496	166

8. ACCOUNTS OF PARTICIPANTS

The Fund's equity consists of contributions of retirement savings participants. In 2013, no benefits were paid.



9. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit for the period ended 31 December 2013.

The board of directors of the Company decided that the Fund will be exempt from the fees for the portfolio administration and performance for the period ended 31 December 2013.

10. INCOME TAX

Current tax for the current period

TCZK	2013
Current period profit (loss) before tax	70
Non-taxable income	-
Non-tax deductible expenses	-
Other items	-
Subtotal	70
Income tax calculated using a tax rate of 5% (for 2012: 5%)	3
of which: tax on extraordinary items	-
Tax allowances used	-
Withholding tax	-
Total	3

For the period ended 31 December 2013, the Fund's tax liability was TCZK 3. Current tax will be paid by the Company, accordingly, the Fund's profit or the price of a retirement unit will not be reduced.

In the period ended 31 December 2013, there were no differences between the carrying amount and the tax value of assets and liabilities.

11. VALUES PLACED UNDER MANAGEMENT

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



12. FINANCIAL INSTRUMENTS – MARKET RISK

The Fund is exposed to market risks arising from the open positions of transactions involving interest rate, equity and currency instruments that are sensitive to changes in financial market conditions.

(a) Risk management

The Fund uses as primary risk management tool limits on the share of individual types of financial instruments in the Fund's portfolio, as prescribed under Act No. 426/2011 Coll. on Retirement Savings, the Statutes and the investment strategy.

As a result of its activities, the Fund is exposed to a certain number of 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 time 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.

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.

Residual maturity of the Fund's assets and liabilities

TCZK At 31 December 2013	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Receivables from banks	19 014	-	-	-	-	19 014
Total	19 014	-	-	-	-	19 014
Other liabilities	282	-	-	-	-	282
Equity	-	-	-	-	18 732	18 732
Total	282	-	-	-	18 732	19 014
Gap	18 732	-	-	-	(18 732)	-
Cumulative Gap	18 732	18 732	18 732	18 732	-	-

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) Interest rate risk

The Fund 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 below table summarises the mismatch between the Fund's interest rate sensitive assets and liabilities. The carrying amounts of these assets and liabilities are included in the earlier of the period in which they are due or the period in which the interest rate changes. Due to their expected premature repayment or non-defined maturity dates, certain assets or liabilities are allocated to individual periods on the basis of an expert estimate.

Interest rate sensitivity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2013					
Receivables from banks	19 014	-	-	-	19 014
Total	19 014	-	-	-	19 014

The above table only includes interest rate sensitive assets and liabilities and is therefore not identical to the balances presented in the Fund's balance sheet.

(d) Currency risk

As at 31 December 2013, 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.

13. MATERIAL SUBSEQUENT EVENTS

Information on a change of the depositary

As of 3 January 2014, depositary services are rendered by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, 140 92 Prague 4 – Michle.

Apart from the above, the Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements of the Fund as at 31 December 2013.

Published by

© 2013 Allianz penzijní společnost, a. s.
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Production

TAC-TAC agency s.r.o.
www.tac-tac.cz



Allianz dynamický důchodový fond
Allianz penzijní společnost, a. s.

Annual Report 2013

S vámi od A do Z

Allianz



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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 dynamický důchodový fond, Allianz penzijní společnost, a. s.

Allianz dynamický důchodový fond, Allianz penzijní společnost, a. s. (hereinafter referred to as the „dynamic fund“) was formed as a dynamic pension fund pursuant to Act No. 426/2011 Coll., on pension savings, for the purpose of operating pension saving schemes in the so-called 2nd pillar of the pension system, which consists of collecting and managing contributions from saving scheme subscribers in pension funds and payment of benefits in accordance with the said Act.

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 held by a subscriber.

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.

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:	CZK 300,000,000
Shareholder:	Allianz pojišťovna, a. s. (100 %)
Auditor:	KPMG Česká republika Audit

Allianz penzijní společnost, a. s. (hereinafter referred to as the „pension management company“) has been managing the conservative fund since 1 January 2013. The pension management company was granted permit to form the dynamic fund, including approval of its statute and depositary, by the Czech National Bank under ref. No. 2012/12561/570 on 18 December 2012, which permit came into force as of 19 December 2012.



b) Information about the fund's portfolio managers

The investment manager of the dynamic 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 under section B, file 4972.

c) Information about the fund's depositary

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

The depositary of the dynamic fund during the specified period was Komerční banka, a.s., having its registered office at: Na Příkopě 33, postal code: 114 07, Prague 1, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 1360, corporate ID No. 45 31 70 54 (hereinafter referred to as the „Depositary“).

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.

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. In addition to the Depositary, custody of assets in the form of cash held in a term deposit account was also provided during the specified period by UniCredit Bank Czech Republic, a. s., having its registered office at: Želetavská 1521/1, postal code: 140 92, Prague 4 – Michle, entered in the Commercial Register maintained by the Municipal Court of Prague under section B, file 3608.

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

as of 31 December 2013, stating the total acquisition price and fair value as at the end of the specified period

	Acquisition price (CZK thousand)	Fair value (CZK thousand)
Cash and term deposits	24 001	24 001
Treasury bills	-	-
Government bonds	-	-
Mortgage bonds	-	-
Corporate bonds	-	-
Share certificates	-	-
Stocks	-	-
Total	24 001	24 001



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

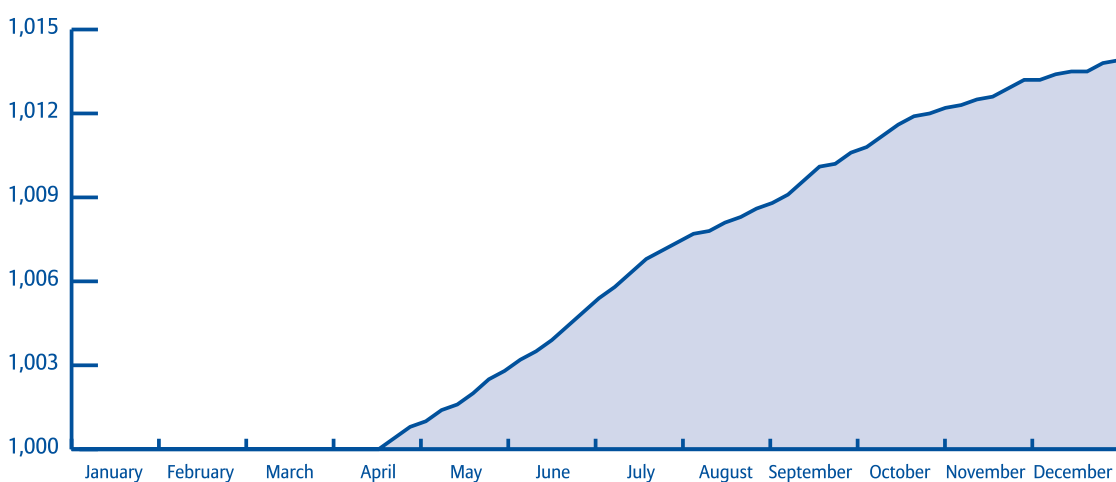
In 2013, there were no litigations or arbitrations concerning the government bond fund.

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. 2011	-	-
31. 12. 2012	-	-
31. 12. 2013	1,0139	23 608 783,70

* Net asset value (NAV)

h) Development of the pension unit value in 2013



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

Assets (CZK thousand)	31. 12. 2012	31. 12. 2013
Receivables from banks	-	24 001
a) payable on demand	-	10 777
b) other receivables	-	13 224
Debt securities	-	-
Stocks, share certificates and other shares	-	-
Other assets	-	-
TOTAL	-	24 001



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

The consideration for managing assets of the dynamic fund as at the end of the specified period amounted to 0% of the average annual value of the fund's net assets. The Board of Directors of the 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 pension 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. 426/2011 Coll., on pension savings, the fund's statute and investment strategy.



Report of the Supervisory Board

Report of the Supervisory Board of Allianz penzijní společnost, a. s. (hereinafter referred to as the "Pension Company") on the results of its supervisory activities, including the review of the Pension Company regular financial statements for the financial year 2013, the Report on relations between related parties for the financial year 2013 and its opinion on the proposal of the Pension Company's Board of Management for the distribution of profits of Allianz Penzijní společnost, a. s. of the year 2013.

In 2013, all activities of the Supervisory Board of the Pension Company 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 Company'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 Company's activities and business results on a regular basis.

The Board of Management of Allianz penzijní společnost, a. s. presented the regular financial statements of the company prepared for the financial year 2013 and verified by the auditor, as well as the proposal for distribution of profits generated in 2013 to the Supervisory Board. Also the Supervisory Board reviewed the Report on relations for the year 2013.

Based on the above, the Supervisory Board recommended the general meeting of the Pension Company to approve the financial statements of Allianz penzijní společnost, a. s. as of 31 December 2013 along with the proposal for distribution of profits as presented by the Pension Company's Board of Management. Furthermore, the Supervisory Board of the Pension Company recommended the general meeting to approve the Report on relations. For and on behalf of the Supervisory Board of Allianz penzijní společnost, a. s.

Mgr. Josef Lukášek
Chairman of the Supervisory Board



Allianz dynamický důchodový fond
Allianz penzijní společnost, a. s.

Financial part



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

Financial statements

On the basis of our audit, on 19 February 2014 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 dynamický důchodový fond, Allianz penzijní společnost, a.s., which comprise the balance sheet as of 31 December 2013, the income statement, and the statement of changes in equity for the period then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the fund is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Allianz penzijní společnost, 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.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz dynamický důchodový fond, Allianz penzijní společnost, a.s. as of 31 December 2013, and of its financial performance for the period then ended in accordance with Czech accounting legislation.”

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
11 April 2014

KPMG Česká republika Audit

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

Benešová

Romana Benešová
Partner
Licence number 1834



Balance sheet as at 31 December 2013

TCZK	Note	31.12.2013	
ASSETS			
3	Receivables from banks and credit unions	5	24 001
	of which:		
	a) repayable on demand		10 777
	b) other receivables		13 224
Total Assets			24 001
LIABILITIES			
4	Other liabilities	6	392
9	Share premium	7	239
12	Capital funds	7	23 285
15	Profit (loss) for the accounting period	9	85
Total Liabilities			24 001
OFF-BALANCE SHEET ITEMS			
Off-balance sheet assets			
8	Values placed under management	11	24 001



Income statement (for the period ended 31 December 2013)

TCZK	Note	2013
1 Interest income and similar income	3	85
of which: interest on debt securities		-
19 Current year profit (loss) from ordinary activities before tax		85
23 Income tax	10	-
24 Net profit (loss) for the period		85

Statement of changes in equity

(for the period ended 31 December 2013)

TCZK	Share premium	Capital funds	Revaluation. gains (losses)	Profit (loss)	Total
Balance at 5.2.2013	-	-	-	-	-
Net profit (loss) for the period	-	-	-	85	85
Credited retirement units	239	23 296	-	-	23 535
Written-off retirement units	-	(11)	-	-	(11)
Balance at 31.12.2013	239	23 285	-	85	23 609



Notes to the financial statements

(for the period ended 31 December 2013)

1. GENERAL INFORMATION

(a) Description of the fund

Establishment and description of the fund

Allianz dynamický důchodový 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 2012/12561/570, dated 18 December 2012 that took effect on 19 December 2012. The Fund started its activities on 8 April 2013.

Retirement savings participants

As at 31 December 2013, the Fund administered contributions of 6 349 of participants in retirement savings.

Information about the pension company

The pension company that manages the Fund's assets is Allianz penzijní společnost a.s., identification number (IČ) 25612603, 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 and management of contributions of participants in pension fund savings and payment of benefits pursuant to Act No. 426/2011 Coll., on Retirement Savings,
- c) 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 are rendered by Komerční banka, a.s., with its registered office at Na Příkopě 33/969, 114 07 Prague 1, identification number (IČ) 45317054 ("the Depositary") on the basis of a depositary agreement dated 19 April 2012.



(b) Basis of preparation of the financial statements

The financial statements have been prepared on the basis of accounts maintained in accordance with:

- Act No. 563/1991, on Accounting, as amended,
- Regulation No. 501/2002 issued by the Ministry of Finance, as amended,
- Czech accounting standards for financial institutions, issued by the Ministry of Finance.

The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

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 brackets represent negative amounts.

These financial statements are non-consolidated.

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 is not longer than 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) Accounts of participants

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

- Other capital funds
- Share premium

(c) 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 provided on all temporary differences between the carrying and tax value of assets and liabilities multiplied by the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if there are no doubts that it will be utilised in future accounting periods.

3. INTEREST INCOME AND SIMILAR INCOME

TCZK	2013
Interest on current accounts and term deposits	85
Total	85

4. TRANSACTIONS WITH RELATED PARTIES

TCZK	31.12.2013
Off-balance sheet assets	
Values placed under management	24 001

5. RECEIVABLES FROM BANKS AND CREDIT UNIONS

TCZK	31.12.2013
Current accounts at banks	10 777
Term deposits	13 224
Total	24 001



6. OTHER LIABILITIES

	31 December 2013
TCZK	
Payables to participants	392
Total	392

7. EQUITY

	31 December 2013
Fund's equity (TCZK)	23 608
Number of retirement units (pieces)	23 285 536
Fund's equity per one retirement unit	1,0139

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) (nominal value)	Number of	Value of retirement units	Value of retirement units retirement units (share premium)
Balance at 13 May 2013	-	-	-
Credited retirement units	23 296 313	23 296	239
Written-off retirement units	(10 777)	(11)	-
Balance at 31 December 2013	23 285 536	23 285	239

8. ACCOUNTS OF PARTICIPANTS

The Fund's equity consists of contributions of retirement savings participants. In 2013, no benefits were paid.



9. PROPOSED PROFIT DISTRIBUTION

As at the balance sheet date, the board of directors of the Company did not decide on the distribution of profit for the period ended 31 December 2013.

The board of directors of the Company decided that the Fund will be exempt from the fees for the portfolio administration and performance for the period ended 31 December 2013.

10. INCOME TAX

Current tax for the current period

TCZK	2013
Current period profit (loss) before tax	85
Non-taxable income	1
Non-tax deductible expenses	-
Other items	-
Subtotal	84
Income tax calculated using a tax rate of 5% (for 2012: 5%)	4
of which: tax on extraordinary items	-
Tax allowances used	-
Withholding tax	-
Total	4

For the period ended 31 December 2013, the Fund's tax liability was TCZK 4. Current tax will be paid by the Company, accordingly, the Fund's profit or the price of a retirement unit will not be reduced.

In the period ended 31 December 2013, there were no differences between the carrying amount and the tax value of assets and liabilities.

11. VALUES PLACED UNDER MANAGEMENT

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



12. FINANCIAL INSTRUMENTS – MARKET RISK

The Fund is exposed to market risks arising from the open positions of transactions involving interest rate, equity and currency instruments that are sensitive to changes in financial market conditions.

(a) Risk management

The Fund uses as primary risk management tool limits on the share of individual types of financial instruments in the Fund's portfolio, as prescribed under Act No. 426/2011 Coll. on Retirement Savings, the Statutes and the investment strategy.

As a result of its activities, the Fund is exposed to a certain number of 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 time 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.

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.

Residual maturity of the Fund's assets and liabilities

TCZK At 31 December 2013	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Receivables from banks	24 001	-	-	-	-	24 001
Total	24 001	-	-	-	-	24 001
Other liabilities	392	-	-	-	-	392
Equity	-	-	-	-	23 609	23 609
Total	392	-	-	-	23 609	24 001
Gap	23 609	-	-	-	(23 609)	-
Cumulative Gap	23 609	23 609	23 609	23 609	-	-

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) Interest rate risk

The Fund 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 below table summarises the mismatch between the Fund's interest rate sensitive assets and liabilities. The carrying amounts of these assets and liabilities are included in the earlier of the period in which they are due or the period in which the interest rate changes. Due to their expected premature repayment or non-defined maturity dates, certain assets or liabilities are allocated to individual periods on the basis of an expert estimate.

Interest rate sensitivity of the Fund's assets and liabilities

TCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2013					
Receivables from banks	24 001	-	-	-	24 001
Total	24 001	-	-	-	24 001

The above table only includes interest rate sensitive assets and liabilities and is therefore not identical to the balances presented in the Fund's balance sheet.

(d) Currency risk

As at 31 December 2013, 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.

13. MATERIAL SUBSEQUENT EVENTS

Information on a change of the depositary

As of 3 January 2014, depositary services are rendered by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, 140 92 Prague 4 – Michle.

Apart from the above, the Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements of the Fund as at 31 December 2013.

Published by

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