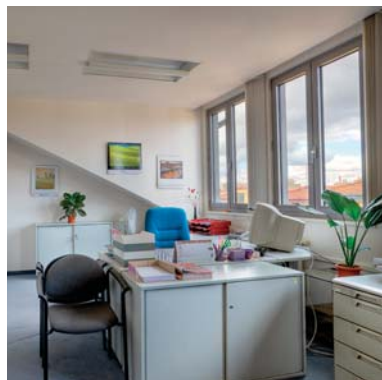


Annual Report 2008  
Penzijní fond Komerční banky, a.s.



# Pension Fund

for people



Penzijní fond Komerční banky, a.s. has operated on the Czech market since 1994. As a subsidiary wholly owned by Komerční banka, a.s., it belongs to the Soci t  G n rale Group. The goal of the pension fund is to ensure an acceptable level of appreciation while approaching investment opportunities conservatively. The merits of Penzijn  fond Komer n  banky, a.s., include information accessibility and openness along with a professional approach, both of which help clients to achieve their goals easily.

# Contents





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# Company Profile

Penzijní fond Komerční banky, a.s. (hereinafter also “Penzijní fond Komerční banky”, “PF KB” or “we”) was established on 27 July 1994 by Komerční banka, a.s. (hereinafter “Komerční banka” or “KB”) as a joint stock company providing a retirement benefit scheme with state contributions in accordance with Act 42/1994 Coll., on State Contributory Supplementary Pension Insurance.

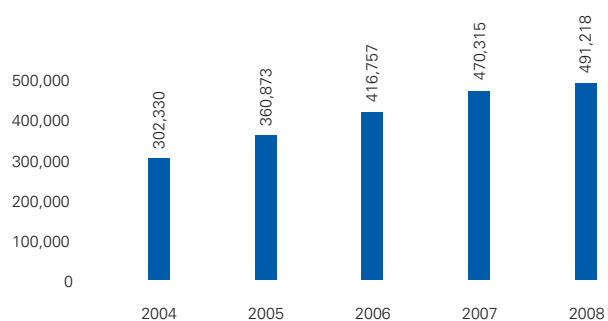
Penzijní fond Komerční banky is one of the Czech Republic’s largest and most notable pension funds. PF KB effectively manages its client’s funds, as well as its own funds, while also focusing on the long-term stable appreciation of policy holders’ savings. Accordingly, PF KB pursues a conservative investment strategy. In the business segment, PF KB has further strengthened the significance of distribution channels within the Komerční banka Group, which will also continue in 2009. PF KB offers a professional level of services for policy holders and employees, as well as partners from among agency companies.

To deliver our strategy of a financially stable fund, we continue to use a conservative approach to the investments of our policy holders’ savings while placing emphasis on minimising investment risks, controlling costs thoroughly, pursuing a proactive business policy, and approaching existing and new policy holders in a professional manner.

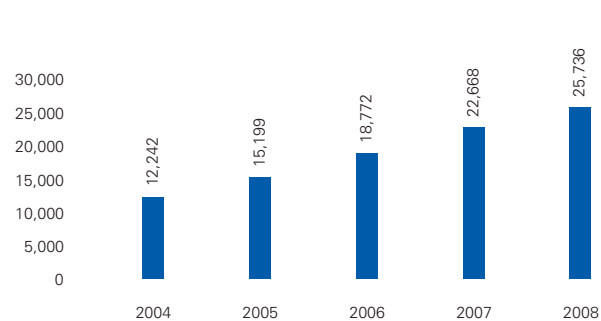
# Selected Financial Highlights

	Unit	2008	2007
Total assets	CZK thousand	26,276,533	23,083,497
Share capital and capital funds	CZK thousand	500,000	200,000
Equity	CZK thousand	437,956	358,380
Profit after tax	CZK thousand	165,158	562,256
Market share (number of policy holders)	%	11.44	11.90
Market share (managed funds)	%	13.81	14
Volume of transactions (managed funds)	CZK thousand	25,735,997	22,667,727
Amount of transactions (number of active clients)	Persons	491,218	470,315
Number of employees	Persons	60	58
Rating (Moody's)		Aa1.cz	Aa1.cz

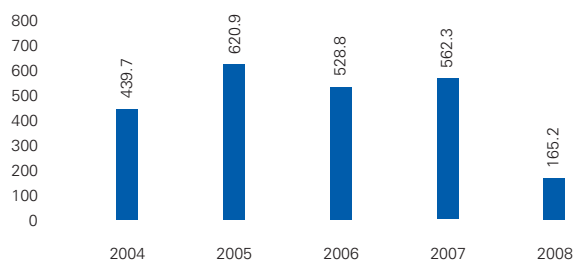
Development of the number of policy holders



Development of policy holder funds (CZK million)



Development of the profit and loss (CZK million)



Our business strategy for 2009 is to maintain our share in an ever-growing market. By the year-end, we aim to welcome our 500,000th policy holder and increase our managed funds to CZK 28 billion.

# Foreword of the Chairman of the Board of Directors

Dear Ladies and Gentlemen,  
Retirement Benefit Policy Holders,  
and Business Partners,

I am pleased to present to you the results of Penzijní fond Komerční banky for the year ended 31 December 2008. Although last year's results were adversely affected by the financial market downturn, we managed to fulfil the vast majority of our objectives and strengthen the financial stability of PF KB. Our reported profit was the second highest of all pension funds operating in the Czech Republic. Thus, although the situation of financial markets was very difficult, we managed to follow up on the successful results achieved in previous years. The key financial indicators for retirement benefits continued to grow in 2008. The pension fund reported additional growth in the number of clients and the volume of managed assets, which confirms the stability of the system and citizens' interest in retirement benefits. Thanks to the growth potential, the number of pension fund policy holders increased by over 8 percent to nearly 4.3 million. The amount of policy holders' pension funds, which are managed by ten pension funds currently active on the Czech market, rose by CZK 24 billion to CZK 186 billion. More and more people are becoming fully aware of the importance of savings in pension funds as they do not want to rely on the state-run "pay-as-you-go" pension system. Despite the fact that pension system reform is being postponed, there is no doubt that the debates regarding the necessity of reform due to the anticipated demographic development in the Czech Republic helped to increase the number of policy holders.

I am very pleased to report that the number of new policy holders has again increased and PF KB has significantly contributed to this growth on a regular basis. In 2008, PF KB executed over 70,000 new individual retirement benefit policies. Thus, we reached 491,218 active policy holders, which is a year-on-year increase of over 20,000 policy holders. Reaching the milestone of 500,000 clients was postponed to 2009 due to the slowdown in the growth of the number of policy holders in the fourth quarter of 2008. Measured by the number of policy holders, PF KB's market share oscillated between 11 and 12 percent in 2008. The total volume of pension funds managed by PF KB rose by 14 percent to CZK 25.7 billion, which helped us to keep our market share at 13.8 percent and strengthen our fourth place ranking on the market both in terms of the volume of managed funds and the number of policy holders. In 2008, as in 2007, we won numerous tenders called by major employers. The number of policy holders enjoying contributions from their employers exceeded 130,000 persons in PF KB; their share in the total number of policy holders continues to be 28 percent. In 2008, the average total monthly contribution to the retirement benefit schemes operated by our pension fund achieved CZK 657, which markedly exceeds the average monthly contribution on the market.



As of 31 December 2008, domestic pension funds reported a total profit of CZK 706.4 million, a figure substantially lower compared to the same date in the previous year. In 2008, financial markets experienced exceptionally adverse development resulting in a record fall in the prices of most assets. Although the results of Penzijní fond Komerční banky were affected by this development, we managed to generate above-average profit compared to other pension funds. This was mainly due to the conservative structure of our portfolio, which mostly consists of governmental debt securities. For the year ended 31 December 2008, PF KB generated a profit after tax of CZK 165.2 million, which is more than 23 percent of the profit generated by the entire sector. The generated profit enabled the General Meeting to decide on appreciating clients' funds at 0.58 percent per annum in 2008. In 2008, Moody's reaffirmed our national rating of Aa1.cz. The rating predominantly reflects the conservative investment strategy of the fund as well as its effective operation and support provided by the parent company Komerční banka. The rating reflects PF KB's ability to meet annual commitments made to its policy holders within its investment portfolio. The rating awarded is the highest rating achievable by a pension fund in the Czech Republic and it is an important signal not only for employers who consider providing retirement benefit contributions to their employees but also for existing and future policy holders. Maintaining this standard of excellence for our clients in the future is a new challenge for PF KB.

In 2009, PF KB wishes to continue the pursuit of its long-term goals, which includes strengthening PF KB's market position and managing our policy holders' funds safely and efficiently. To fulfil these goals, we will largely use the expertise and opportunities provided by PF KB's shareholder, Komerční banka, the international Société Générale financial group, our employees, external business partners including employers, and last but not least, suggestions and comments from our retirement benefit policy holders.

In conclusion, I would like to thank all of our policy holders, the employers who contribute to their employees' retirement benefit schemes using our pension fund, and all business partners for their trust and lasting customer loyalty. I am confident that the cooperation of all the parties that have contributed to our success will continue and further develop the pension fund as a modern and efficient company.

I wish you and our company much success in 2009.

**Pavel Jiráček**  
Chairman of the Board of Directors  
and Managing Director

# Report of the Board of Directors

## Strategy for PF KB's Development and Outlook for 2009

PF KB's strategy is to ensure its long-term financial stability and strengthen its market position. To deliver our strategy we will use a conservative approach to the investments of our policy holders' savings while placing emphasis on minimising investment risk, controlling costs thoroughly, pursuing a proactive business policy, and approaching our existing and new policy holders professionally. We intend to deepen our relationships with our policy holders and continue to extend the pool of satisfied clients of the pension fund by providing high-quality services, keeping our policy holders informed on a regular basis, and approaching policy holders individually using the state-of-the-art customer relationship management system (CRM). The results in 2008 were adversely affected by the financial market downturn. Although the reported profit generated by the pension fund was lower compared to 2007, it was the second highest of all pension funds operating on the market. PF KB managed to substantially increase the number of policy holders and the volume of managed funds compared to 2007, thus fulfilling most designated business goals.

As of 31 December 2008, the number of policy holders totalled 491,218, which represents a market share of 11.4 percent. The total volume of pension funds from policy holders rose by more than CZK 3 billion to CZK 25.7 billion, while our market share stayed nearly at 14 percent.

The business strategy for 2009 is to maintain our share on the continuously growing market. By the year-end, we would like to reach 500,000 active policy holders and increase the volume of managed funds to CZK 28 billion. We are markedly strengthening our business cooperation with Komerční banka's distribution network and other subsidiary or fellow subsidiary companies from the SG/KB financial group, principally with Modrá pyramida stavební spořitelna. We provide our policy holders with a comprehensive offering of the financial products and services of the entire SG/KB financial group. We intend to attract new clients in cooperation with key external networks that offer citizens personal financial advisory services. In acquiring employers from corporate and budget-driven organisations, we will largely use the clientele potential of Komerční banka, which has a significant market share in large, medium-sized and small companies. We will also reinforce security measures to protect existing policy holders and their pension funds. PF KB's business activities will be promoted by a massive marketing campaign. We have continued with the implementation of a comprehensive customer relationship management system, which should improve the effectiveness of our work and make our approach to policy holders more individualised. In asset management, PF KB will closely follow the pension fund's approved investment strategy, whose priority is to minimise risk and protect policy holders' pension funds. By applying a conservative investment strategy PF KB will reduce portfolio volatility, including its sensitiveness to interest rate development, and mitigate the portfolio risk profile. We will deepen our cooperation with top SG/KB financial group experts to strengthen our professional approach to asset management. PF KB will also extend the implemented risk management system used by KB, which should allow us to be able to provide our policy holders with secure and competitive appreciation of invested funds in the long term. As in the previous year, we will focus on effectively managing operating costs including acquisition costs. We will also actively participate in preparing and implementing changes to the retirement benefit scheme so as to make it more transparent, trustworthy and attractive.

## Major Events in 2008

In April 2008, Moody's reaffirmed PF KB's high Aa1.cz rating. This positive rating reflects the pension fund's conservative investment strategy, its effectiveness, and the support received from the parent company, Komerční banka. The rating takes into account PF KB's ability to fulfil its annual obligations to retirement policy holders in the pension fund within its investment portfolio.

Given the deepening crisis on financial markets, PF KB largely focused its activities on strengthening its financial stability and protecting policy holders' funds. A new conservative strategy of the pension fund was approved and fully implemented forthwith. Based on the new strategy, PF KB sold the stock portfolio held by PF KB. In addition, a risk management system used in KB was implemented. Komerční banka, the sole shareholder of PF KB, increased the pension fund's equity by CZK 300 million in April 2008. Over 70,000 new policy holders chose PF KB as their pension fund. The volume of funds provided by policy holders rose almost by 14 percent, reaching CZK 25.7 billion. In 2008, other major events included the timely completion of the sale of the real estate portfolio and the strengthening of the pension fund's corporate governance.

## Market Share of Penzijní fond Komerční banky

At the 2008 year end, the number of policy holders of the retirement benefit scheme in the Czech Republic reached nearly 4.3 million. The trend of dynamic growth in the retirement benefit schemes market continued in 2008 and PF KB contributed significantly in this respect. The total number of PF KB's policy holders increased by more than 20,000 to 491,218 as of 31 December 2008, which represents a market share of 11.4 percent. The aggregate volume of the policy holders' funds increased by more than CZK 3 billion to CZK 25.7 billion, and the pension fund's market share was maintained at nearly 14 percent. In 2008, as in 2007, PF KB won a number of tenders called by major employers. The number of policy holders enjoying contributions from their employer exceeded 130,000 persons in PF KB; their share in the total number of policy holders continues to be 28 percent. Due to excellent cooperation with employers, the share of policy holders enjoying contributions from their employer exceeds the average market levels. The strong result of the distribution network of Komerční banka significantly supported the successful business results of PF KB in both given indicators. The subsidiary Modrá pyramida stavební spořitelna, whose distribution network was fully engaged in mediating new policies as well as providing high-quality services to the existing retirement benefit scheme policy holders, significantly contributing to the results of the fund. Hence, Penzijní fond Komerční banky offers its services not only through the ever-growing network of Komerční banka's branches but also through the sales points of Modrá pyramida stavební spořitelna. Thanks to its conservative approach and emphasis placed on personal data protection, PF KB is considered a stable and secure pension fund.

PF KB is a market leader in the use of information technologies employed in managing the pension fund and communicating with retirement benefit policy holders. This trend and other developments allow the pension fund to be more effective in administering retirement benefits so as to achieve an appropriate level of services for policy holders. Features that are characteristic of PF KB's activities include information availability and openness to the public.

## Business Activities

PF KB continues to deepen its cooperation with the parent bank in terms of its marketing and business activities. PF KB significantly strengthened the business support of Komerční banka's distribution network and its banking advisers. We proactively present the pension fund and the retirement benefits scheme at our meetings with corporate clients. As part of the marketing strategy, Penzijní fond Komerční banky has improved its segmentation of potential clients so as to better identify reasons to enter into a retirement benefit scheme. The pension fund respects the segmentation-based approach to clients as established by the parent company.

To further increase the effectiveness and quality of relationships with both individual policy holders and employers and business partners of the pension fund, PF KB's Board of Directors decided to implement a Customer Relationship Management project in the second half of 2008. Phase 1, focused on relationship improvement, was completed at the early 2009; Phase 2, aimed at efficiency improvement, will be implemented by the end of the first half of 2009.

In 2008, PF KB continued to apply the same approach to marketing activities that proved successful in previous years. To benefit from seasonal demand for the product, marketing activities were broken down into a spring and an autumn campaign. While the spring campaign deals with the presentation of PF KB's results of operations and appreciation achieved, the autumn campaign is focused on communicating tax benefits to employees and employers. PF KB takes advantage of the increased interest of employers in the retirement benefit scheme during collective bargaining for the next year.

To provide potential customers with more comprehensive services, the retirement benefit scheme of Penzijní fond Komerční banky is efficiently complemented by a full offering of products and services rendered across the entire Komerční banka financial group. These offers continue to apply principally to tenders held by employers.

## Information Technology

Overall, PF KB's information system is in excellent condition and required no major adjustments in the last year. PF KB strengthened the overall security of its system by upgrading the security architecture in line with the latest findings to protect its network against internet threats, and completed an extensive update of its security policy and business continuity plans. Hence, PF KB reinforced the protection of the pension fund's assets and operations and is better positioned to manage emergency situations, if any, with minimal potential losses. PF KB is ready to restore and ensure the pension fund's operations in other premises if the existing premises become unavailable.

In 2008, PF KB continued to pursue its strategy of gradually revamping its application software, i.e. transferring the individual program modules to the full three-tier architecture including migration to the JAVA platform, and increasing operations security with emphasis placed on its fast restoration if problems occur.

PF KB concluded 70,626 new contracts with policy holders. PF KB also sent out over 320,000 letters to retirement benefit scheme policy holders, and registered approximately 285,000 new documents relating to our policy holders' contracts in the database. At the same time, PF KB received 5.7 million policy holder contributions totalling nearly CZK 4.2 billion. More than 133,000 policy holders received retirement benefit contributions from their employers. In 2008, the contributions from employers amounted to CZK 1.02 billion. In the area of State Subsidies to Pension Funds ("SDPF"), we claimed over 5.6 million state contributions amounting to CZK 577 million. We paid over 38,000 benefits totalling CZK 2.26 billion. The number of documents stored in our electronic archives increased by 370,000 documents to 3,235 million in 2008.

In 2008, the pension fund continued to optimise its operations to smoothly improve the efficiency of services rendered to customers while cutting overall costs. The quality of services provided to the policy holders was further improved. PF KB is well positioned to continue meeting high demands and offering high quality services to its policy holders in the future.

## Human Resources

In 2008, Penzijní fond Komerční banky was led by an experienced and stabilised management team. The composition of the Board of Directors was the same as in the previous year. The divisions were expanded to include eight new colleagues. A new position – “Investment Management and Risk Management Specialist” – was introduced. The total headcount reached 60 people; the average headcount was 59 employees. Cooperation within the whole Komerční banka financial group (not only in the business area) was further strengthened.

PF KB is aware that its employees are its most valuable asset and thus makes every effort to create optimal working conditions for them. Close attention is paid to employee benefits, evaluation and professional education.

Hence, the team of PF KB’s employees and management can definitely be considered stabilising features of Penzijní fond Komerční banky, allowing it further successful development.

In 2008, the staffing of the Supervisory Board changed. Miloslav Sodomka, who replaced Dagmar Lomecká, became a new member. Pavel Čejka, whose four-year term of office had passed, was re-elected.

## Comments on the Financial Results of Operations

Between 2004 and 2006, pension funds, although pursuing their conservative strategies, benefited from the massive growth of the Czech stock market, which greatly contributed to favourable results in the given period. This positive influence markedly weakened in 2007 and mainly in 2008, which resulted in a general decline in the revenues generated in the industry. In 2008, financial markets underwent exceptionally adverse development with a subsequent record fall in the prices of most assets. With regard to the adverse development on the financial markets, PF KB sold most of the stock titles held in its portfolio. Although the adverse development affected its results of operations, Penzijní fond Komerční banky, a.s. managed to generate the second highest profit of all pension funds operating on the market in 2008 thanks to the conservative structure of the portfolio, which had a large share of governmental debt securities. The profit of Penzijní fond Komerční banky after tax amounted to CZK 165.2 million in 2008. In 2008, PF KB continued to gradually reduce the proportion of shares and participation certificates in the portfolio in favour of conservative, especially governmental debt, securities of the Czech Republic. At the 2008 year-end, the proportion of governmental debt securities was 72.5 percent of the portfolio; there were no shares included in the portfolio (see the Overview of the Placement of PF KB’s Funds). A factor that influenced the profit positively was the amount of operating costs. While facing external pressure on increasing its cost items, PF KB managed to maintain its overall costs at the 2007 levels. Penzijní fond Komerční banky noted dynamic growth of funds registered in favour of policy holders, increasing year-on-year by 13.5 percent, and thus confirming PF KB’s stable position on the retirement benefits market. The generated profit of Penzijní fond Komerční banky allows clients’ funds to appreciate at 0.58 percent per annum.

### Overview of placements and amount of PF KB’s funds as of 31 December 2008

	CZK thousand	%
Debt securities	21,111,457	82.92
Treasury bills	354,432	1.39
Shares and participation certificates	687,181	2.70
Financial assets	3,113,128	12.23
Non-operating real estate	0	0.00
Other investments	193,808	0.76
<b>TOTAL</b>	<b>25,460,006</b>	<b>100.00</b>

Penzijní fond Komerční banky noted dynamic growth of funds registered in favour of policy holders, increasing year-on-year by 13.5 percent, and thus confirming PF KB’s stable position on the retirement benefits market.

# Statutory Bodies

## Board of Directors



Kamil Kočí

Miloš Rýznar

Pavel Jirák

Vojtěch Kubec

Radek Cmíral

### [Pavel Jirák \(1966\)](#)

#### **Chairman of the Board of Directors and Managing Director**

(since 1 October 2006)

Graduate of the University of Economics, Prague; Faculty of Economics and Public Administration (1991)

Employed at PF KB since 2005

Professional experience: 18 years

### [Vojtěch Kubec \(1955\)](#)

#### **Vice Chairman of the Board of Directors and Director of the Sales Division**

(since 18 December 2006)

Graduate of Czech Technical University in Prague, majoring in Engineering Technology (1979)

Employed at PF KB since 1996

Professional experience: 28 years

### [Radek Cmíral \(1973\)](#)

#### **Member of the Board of Directors and Director of the Finance Division**

(since 1 March 2007)

Graduate of the University of Economics, Prague; Faculty of Economics and Public Administration (1998)

Employed at PF KB since 2007

Professional experience: 12 years

### [Kamil Kočí \(1962\)](#)

#### **Member of the Board of Directors and the Head of the Project Management Department**

(since 1 March 2007)

Graduate of the Czech Technical University in Prague, majoring in Economics and Management (1985)

Employed at PF KB since 1994

Professional experience: 24 years

### [Miloš Rýznar \(1964\)](#)

#### **Member of the Board of Directors and Sales Director**

(since 15 December 2006)

Graduate of the University of Economics, Prague; Faculty of Transportation and Communications (1987)

Employed at PF KB since 2007

Professional experience: 22 years

### [Changes in the Composition of the Board of Directors](#)

None changes in the composition of the Board of Directors in the year 2008.

## Supervisory Board

### [Pavel Čejka \(1964\)](#)

#### **Chairman of the Supervisory Board**

(since 17 October 2007)

### [Petr Slabý \(1960\)](#)

#### **Vice Chairman of the Supervisory Board**

(since 17 October 2007)

### [David Formánek \(1968\)](#)

#### **Member of the Supervisory Board**

(since 1 March 2007)

### [Vladimír Jeřábek \(1968\)](#)

#### **Member of the Supervisory Board**

(since 20 April 2007)

### [Iva Jiráková \(1961\)](#)

#### **Member of the Supervisory Board**

(since 30 June 2006)

### [Miloslav Sodomka \(1970\)](#)

#### **Member of the Supervisory Board**

(since 2 December 2008)

### [Changes in the Composition of the Supervisory Board](#)

#### **Dagmar Lomecká (1952)**

Member of the Supervisory Board

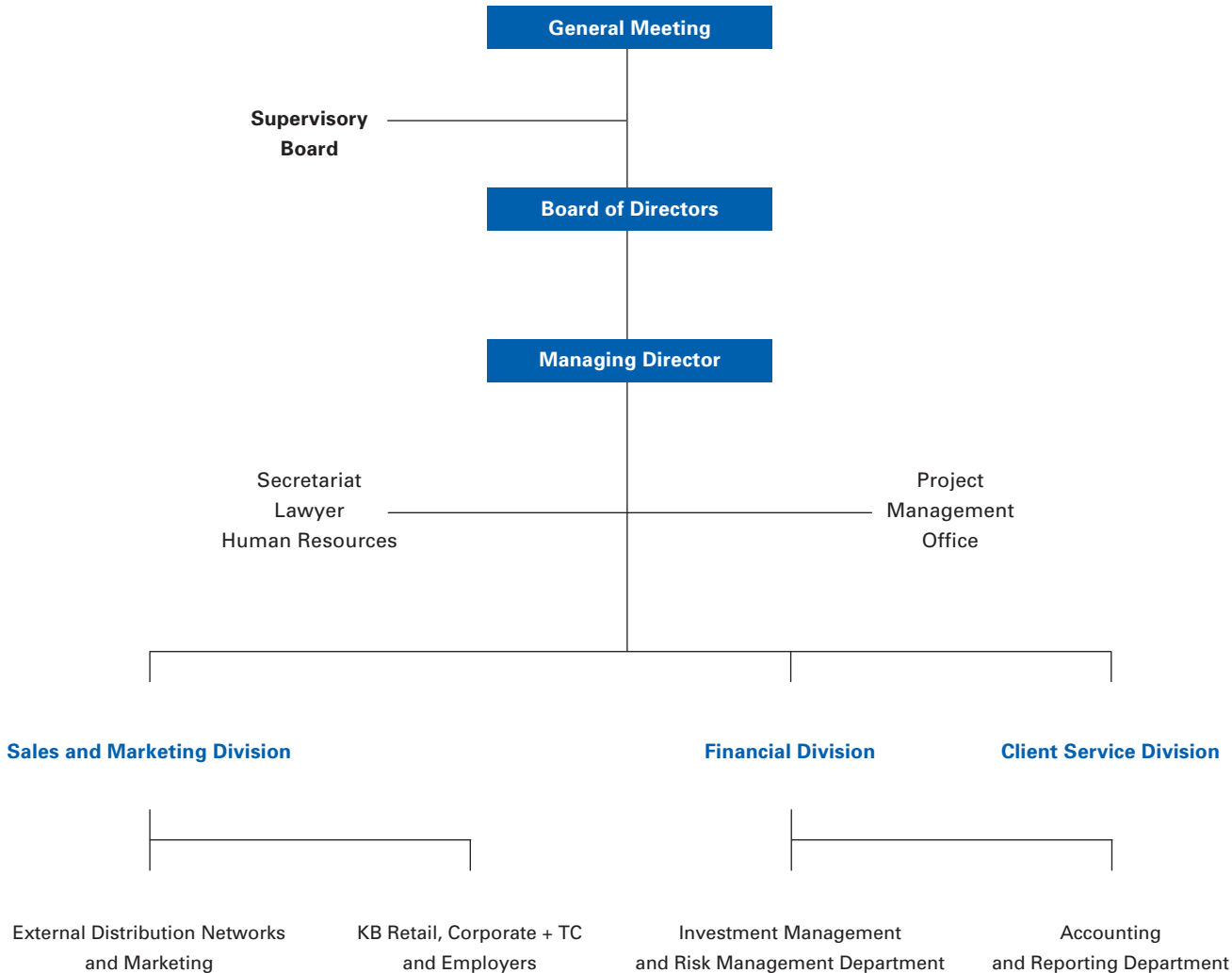
(until 1 December 2008)

#### **Miloslav Sodomka (1970)**

Member of the Supervisory Board

(since 2 December 2008)

# Organisational Structure of the Company



# Ownership Structure

<u>Shareholder</u>	<u>Equity Interest</u>
Komerční banka, a.s.	100

## General Meetings in 2008

Through a resolution (dated 25 April 2008) of the sole shareholder (Komerční banka, a.s.), acting in the capacity as the General Meeting of Penzijní fond Komerční banky, all matters that are within the scope of the General Meeting were discussed, particularly the Board of

Directors' Report on PF KB's Performance and Financial Position as of and for the year ended 31 December 2007 and the financial statements of PF KB for the year ended 31 December 2007 were approved and the sole shareholder made a decision on the allocation of profit. The share of profit approved by the General Meeting for allocation to the retirement benefit policy holders enabled the Company to credit the individual accounts of policy holders with a yield of 2.33 percent p.a. for the year ended 31 December 2007.

On 29 April 2008, the General Meeting adopted a resolution to amend the effective Articles of Association and, at the same time, approved the payment of CZK 300,000,000 to be made over and above the share capital balance by the sole shareholder, Komerční banka, a.s.

# Sworn Statement

Penzijní fond Komerční banky declares that all information and data included in this annual report is true and complete. Moreover, PF KB declares that this document reflects all matters that are of relevance to the decision-making of retirement benefit policy holders and potential policy holders.

Penzijní fond Komerční banky additionally declares that no adverse changes in its financial position or any other changes that may have an impact on the accurate and correct assessment of its financial position occurred prior to the date on which the annual report was prepared.

In Prague on 14 May 2009

Signed on behalf of the Board of Directors by:

**Pavel Jiráček**  
Chairman of the Board of Directors  
and Managing Director  
Division

**Radek Cmíral**  
Member of the Board of Directors  
and Director of the Finance  
Division

# Report of the Supervisory Board

The Supervisory Board, as the oversight body of Penzijní fond Komerční banky, oversaw the performance of the Board of Directors and the implementation of PF KB's business activities in 2008. The Supervisory Board carried out its tasks arising from the relevant statutory provisions and the Articles of Association of PF KB. It regularly reviewed whether the pension fund's activities complied with generally binding legal regulations, resolutions adopted by the General Meeting, Articles of Association, the Statute and the Pension Plan of PF KB and with the interests of the retirement benefit scheme policy holders and PF KB's shareholder. The Board of Directors provided the Supervisory Board with underlying materials and information for the review. During 2008, the Supervisory Board was kept informed of PF KB's activities on a regular basis.

In 2008, the Supervisory Board held four regular sessions. In addition to the activities referred to above, the Supervisory Board focused on reviewing the fulfilment of the planned business and financial results of 2008 and PF KB's investment strategy, and also got acquainted with the progress of real estate disposals, capital strengthening measures and legislative changes to retirement benefits that are being prepared. The Supervisory Board provided the Board of Directors with suggestions, recommendations and proposals of measures on an ongoing basis to improve PF KB's activities. The Supervisory Board received and investigated one complaint.

In 2008, there was one change in the staffing of the Supervisory Board: the term of office of Dagmar Lomecká, a member of the Supervisory Board elected by employees, ended on 1 December 2008; a new member of the Supervisory Board, Miloslav Sodomka, was elected by employees effective from 2 December 2008.

The Supervisory Board reviewed the Report on Related Party Transactions for the year ended 31 December 2008 prepared in compliance with Section 66a (9) of the Commercial Code. Based on the submitted documentation it states that Penzijní fond Komerční banky incurred no detriment in the reporting period from 1 January 2008 to 31 December 2008 in respect of the contracts and agreements concluded between related parties.

After reviewing the financial statements of Penzijní fond Komerční banky for the year ended 31 December 2008 and pursuant to the independent auditor's report, the Supervisory Board states that the records and accounting books were maintained in a clearly supportable manner and in compliance with generally binding regulations applicable to accounting. The financial statements prepared on the basis of these accounting records give a true and fair view of the performance and financial position of Penzijní fond Komerční banky. The auditor, Deloitte Audit, s.r.o., audited the financial statements of PF KB and issued an unqualified opinion.

Reflecting these facts, the Supervisory Board recommends that the sole shareholder approve the financial statements for the year ended 31 December 2008.

The Supervisory Board reviewed the proposal of the Board of Directors to allocate the profit of CZK 165,158,074.22 and recommends that the sole shareholder approve the proposal as follows:

## Proposal for the distribution of profit for 2008

Profit to be allocated by the General Meeting	165,158,074.22
Reserve fund (5%)	8,257,903.71
Social fund	200.000.00
Equity programme	0
Profit for retirement benefit beneficiaries	2,026,095.77
Dividends	0.00
Retained earnings	14,289,711.65
Profit to be distributed to policy holders	140,384,363.09
Percentage of the profit distributed to policy holders	85.00%
Appreciation to policy holders	0.58%

In Prague on 27 March 2009



**Pavel Čejka**  
Chairman of the Supervisory Board

# Auditor's Report

**Deloitte.**

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186 00 Prague 8  
Czech Republic

Registered at the Municipal Court  
in Prague, Section C, File 24349  
Id Nr.: 49620592  
Tax Id Nr.: CZ49620592

## To the Shareholder of Penzijní fond Komerční banky, a.s.

Having its registered office at: Lucemburská 1170/7, Prague 3, 130 11  
Identification number: 618 60 018

Principal activities: Collection of funds from retirement benefit policyholders and the State for the benefit of policyholders, management of the collected funds for the purpose of their reliable appreciation, payment of retirement benefits to policyholders

### Report on the Financial Statements

Based upon our audit, we issued the following audit report dated 9 February 2009 on the financial statements which are included in this annual report on pages 20 to 41:

"We have audited the accompanying financial statements of Penzijní fond Komerční banky, a.s. which comprise the balance sheet as of 31 December 2008, and the profit and loss account and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with accounting regulations applicable in the Czech Republic. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### 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 related application guidelines issued by 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 control 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 control. 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 Penzijní fond Komerční banky, a.s. as of 31 December 2008, and of its financial performance for the year then ended in accordance with accounting regulations applicable in the Czech Republic."

## Report on the Related Party Transactions Report

We have also reviewed the factual accuracy of the information included in the related party transactions report of Penzijní fond Komerční banky, a.s. for the year ended 31 December 2008 which is included in this annual report on pages 42 to 44. This related party transactions report is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company 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 related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Penzijní fond Komerční banky, a.s. for the year ended 31 December 2008 contains material factual misstatements.

The Company has decided not to disclose amounts under related party contracts citing business secrecy restrictions.

## Report on the Annual Report

We have also audited the annual report for consistency with the financial statements referred to above. This annual report is the responsibility of the Company's Statutory Body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the information included in the annual report is consistent, in all material respects, with the financial statements referred to above.

In Prague on 25 May 2009

**Audit firm:**  
Deloitte Audit s.r.o.  
Certificate no. 79  
Represented by:

**Statutory auditor:**

**Diana Rogerová,**  
authorised employee

**Diana Rogerová,**  
certificate no. 2045

# Financial Section

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## Balance Sheet as of 31 December 2008

CKZ thousand

		Gross at 31 December 2008	Adjustment at 31 December 2008	Net at 31 December 2008	Net at 31 December 2007
<b>ASSETS</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1. Cash in hand, deposits with central banks</b>	<b>2</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>18</b>
1.1 Cash in hand	3	10	0	10	18
1.2 Deposits with central banks	4	0	0	0	0
<b>2. Government zero-coupon bonds and other securities eligible for refinancing with the CNB</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2.1 Government securities	6	0	0	0	0
2.2 Other securities	7	0	0	0	0
<b>3. Amounts due from banks and savings banks</b>	<b>8</b>	<b>3,113,118</b>	<b>0</b>	<b>3,113,118</b>	<b>720,909</b>
3.1 – payable on demand	9	75,129	0	75,129	720,909
3.2 – other receivables incl. term deposits over seven days	10	3,037,989	0	3,037,989	0
<b>4. Amounts due from non-banking entities</b>	<b>11</b>	<b>73,123</b>	<b>73,123</b>	<b>0</b>	<b>0</b>
4.1 – payable on demand	12	0	0	0	0
4.2 – other receivables	13	73,123	73,123	0	0
<b>5. Debt securities</b>	<b>14</b>	<b>21,465,888</b>	<b>0</b>	<b>21,465,888</b>	<b>19,527,624</b>
5.1 – issued by government	15	18,372,490	0	18,372,490	16,349,942
5.2. – issued by other entities	16	3,093,398	0	3,093,398	3,177,682
<b>6. Shares, participation certificates and other investments</b>	<b>17</b>	<b>687,181</b>	<b>0</b>	<b>687,181</b>	<b>1,677,340</b>
6.1 Shares	18	0	0	0	403,290
6.2 Participation certificates and other investments	19	687,181	0	687,181	1,274,050
<b>7. Investments in associated undertakings</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
7.1 – in banks	21	0	0	0	0
7.2 – in other entities	22	0	0	0	0
<b>8. Investments in subsidiary undertakings</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
8.1 – in banks	24	0	0	0	0
8.2 – in other entities	25	0	0	0	0
<b>9. Intangible assets</b>	<b>26</b>	<b>54,188</b>	<b>43,550</b>	<b>10,638</b>	<b>8,859</b>
9.1 Establishment costs	27	0	0	0	0
9.2 Goodwill	28	0	0	0	0
9.3 Other intangible assets	29	53,529	43,550	9,979	8,631
9.4. Acquisition of intangible assets and advances paid	30	659	0	659	228
<b>10. Tangible assets</b>	<b>31</b>	<b>225,977</b>	<b>66,347</b>	<b>159,630</b>	<b>327,028</b>
10.1 Land and buildings for operating activities	32	182,578	35,220	147,358	151,708
10.2 Other tangible assets	33	43,399	31,127	12,272	175,320
10.2.1 Operating tangible fixed assets (w/o buildings and land)	34	42,398	31,127	11,271	12,394
10.2.2 Acquisition of tangible fixed assets and advances paid	35	1,001	0	1,001	37
10.2.3 Lands and buildings for non-operating activities	36	0	0	0	148,900
10.2.4 Non-operating tangible fixed assets (w/o buildings and land)	37	0	0	0	13,989
10.2.5 Acquisition of tangible fixed assets (non-operating) and advances paid	38	0	0	0	0
<b>11. Other assets</b>	<b>39</b>	<b>197,390</b>	<b>46</b>	<b>197,344</b>	<b>218,123</b>
11.1 Other cash values	40	786	0	786	304
11.2 Trade receivables and receivables from employees	41	2,612	46	2,566	8,229
11.3 State receivables – state contribution	42	158,725	0	158,725	152,004
11.4. State receivables – tax receivables	43	35,023	0	35,023	57,455
11.5 Receivables from security trading (w/o unpaid securities)	44	60	0	60	60
11.6 Inventory	45	0	0	0	0
11.7 Estimated assets	46	184	0	184	71
<b>12. Subscribed capital called-up and not paid</b>	<b>47</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>13. Prepayments and accrued income</b>	<b>48</b>	<b>642,724</b>	<b>0</b>	<b>642,724</b>	<b>603,596</b>
13.1 Prepayments	49	642,721	0	642,721	603,589
13.2 Accrued income	50	3	0	3	7
<b>TOTAL ASSETS</b>	<b>51</b>	<b>26,459,599</b>	<b>183,066</b>	<b>26,276,533</b>	<b>23,083,497</b>

CKZ thousand

		Balance at 31 December 2008	Balance at 31 December 2007
<b>LIABILITIES</b>	<b>52</b>		
<b>1. Amounts due to banks and savings banks</b>	<b>53</b>	<b>0</b>	<b>0</b>
1.1 – payable on demand	54	0	0
1.2 – other liabilities	55	0	0
<b>2. Amounts due to non-banking clients</b>	<b>56</b>	<b>0</b>	<b>0</b>
<b>3. Payables from debt securities</b>	<b>57</b>	<b>0</b>	<b>0</b>
3.1 Issued debt securities	58	0	0
3.2 Other payables from debt securities	59	0	0
<b>4. Other liabilities</b>	<b>60</b>	<b>25,829,685</b>	<b>22,717,396</b>
4.1 Trade creditors	61	22,356	25,779
4.2 Payroll payable and other liabilities to employees	62	2,083	1,815
4.3 Social security commitments	63	788	1,003
4.4 Payables to state – state contributions	64	0	0
4.5 Payables to state – tax liabilities	65	7,668	7,195
4.6 Payables from security trading	66	42,526	2,870
4.7 Estimated liabilities and other liabilities	67	18,267	11,007
4.8 Funds of retirement benefit policy holders	68	25,735,997	22,667,727
4.8.1 – Policy holders' and state contributions	69	23,158,250	20,277,303
4.8.2 – Funds for the payment of pensions	70	86,213	69,671
4.8.3 – Yields from policy holders' contributions	71	2,453,476	2,251,077
4.8.4 – Unallocated contributions of retirement benefit policy holders	72	26,536	57,686
4.8.5 – Payables from awarded outstanding lump-sum settlements	73	11,522	11,990
<b>5. Accruals and deferred income</b>	<b>74</b>	<b>1,078</b>	<b>1,404</b>
5.1 Accruals	75	917	1,402
5.2 Deferred income	76	161	2
<b>6. Reserves</b>	<b>77</b>	<b>7,814</b>	<b>6,317</b>
6.1 Reserves for pensions and other related payables	78	7,814	6,317
6.2 Reserves for taxes	79	0	0
6.3 Other reserves	80	0	0
<b>7. Subordinated liabilities</b>	<b>81</b>	<b>0</b>	<b>0</b>
<b>8. Share capital</b>	<b>82</b>	<b>200,000</b>	<b>200,000</b>
– of which: share capital paid up	83	200,000	200,000
<b>9. Treasury shares</b>	<b>84</b>	<b>0</b>	<b>0</b>
<b>10. Share premium</b>	<b>85</b>	<b>0</b>	<b>0</b>
<b>11. Reserve funds and other funds from profit</b>	<b>86</b>	<b>308,775</b>	<b>282,212</b>
11.1 Mandatory reserve funds	87	237,940	209,827
11.2 Reserve fund for treasury shares	88	0	0
11.3 Other reserve funds	89	0	0
11.4 Other funds from profit	90	70,835	72,385
11.4.1 – of which: pension reserve fund	91	68,396	70,640
<b>12. Reserve fund for revaluation</b>	<b>92</b>	<b>0</b>	<b>0</b>
<b>13. Capital funds</b>	<b>93</b>	<b>300,000</b>	<b>0</b>
13.1 Shareholders' capital contributions	94	300,000	0
13.2 Other capital funds	95	0	0
<b>14. Gains or losses arising from revaluation</b>	<b>96</b>	<b>(589,281)</b>	<b>(686,088)</b>
14.1 Gains or losses arising from revaluation of assets and liabilities	97	88,738	(561,975)
14.2 Gains or losses arising from mutual funds	98	(678,019)	(124,113)
14.3 Gains or losses arising from conversion of investments	99	0	0
<b>15. Retained earnings or accumulated losses</b>	<b>100</b>	<b>53,304</b>	<b>0</b>
15.1 Retained earnings	101	53,304	0
15.2 Accumulated losses	102	0	0
15.3 Profit/(loss) to be approved	103	0	0
<b>16. Profit or loss for the accounting period</b>	<b>104</b>	<b>165,158</b>	<b>562,256</b>
<b>TOTAL LIABILITIES</b>	<b>105</b>	<b>26,276,533</b>	<b>23,083,497</b>

## Off Balance Sheet Accounts as of 31 December 2008

CKZ thousand

OFF BALANCE SHEET ASSETS		2008	2007
<b>1.</b>	<b>Committed facilities and guarantees granted</b>	<b>0</b>	<b>0</b>
	a) commitments	0	0
	b) guarantees and warranties	0	0
	c) gaurantees from bills of exchange	0	0
	d) guarantees from letters of credit	0	0
<b>2.</b>	<b>Pledges granted</b>	<b>0</b>	<b>0</b>
	a) real estate pledges	0	0
	b) cash pledges	0	0
	c) securities	0	0
	d) other	0	0
<b>3.</b>	<b>Receivables from spot transactions</b>	<b>0</b>	<b>0</b>
	a) interest rate instruments	0	0
	b) currency instruments	0	0
	c) equity instruments	0	0
	d) commodity intstruments	0	0
<b>4.</b>	<b>Receivables from term transactions</b>	<b>0</b>	<b>0</b>
	a) interest rate instruments	0	0
	b) currency instruments	618,788	1,229,843
	c) equity instruments	0	0
	d) commodity intstruments	0	0
	e) credit instruments	0	0
<b>5.</b>	<b>Receivables from option contracts</b>	<b>0</b>	<b>0</b>
	a) interest rate instruments	0	0
	b) currency instruments	0	0
	c) equity instruments	0	0
	d) commodity intstruments	0	0
	e) credit instruments	0	0
<b>6.</b>	<b>Receivables written off</b>	<b>0</b>	<b>0</b>
<b>7.</b>	<b>Assets provided into custody, administration and safe-keeping</b>	<b>0</b>	<b>0</b>
	of which: securities	0	0
<b>8.</b>	<b>Assets provided for management</b>	<b>25,002,770</b>	<b>21,787,006</b>
	of which: securities	22,153,070	21,204,964

CKZ thousand

OFF BALANCE SHEET LIABILITIES		2008	2007
<b>1.</b>	<b>Committed facilities and guarantees received</b>	<b>0</b>	<b>0</b>
	a) commitments	0	0
	b) guarantees and warranties	700,000	700,000
	c) guarantees from bills of exchange	0	0
	d) guarantees from letters of credit	0	0
<b>2.</b>	<b>Pledges accepted</b>	<b>0</b>	<b>0</b>
	a) real estate pledges	0	0
	b) cash pledges	0	0
	c) securities	0	0
	d) others	0	0
	e) collateral – securities	0	0
<b>3.</b>	<b>Payables from spot transactions</b>	<b>0</b>	<b>0</b>
	a) interest rate instruments	0	0
	b) currency instruments	0	0
	c) equity instruments	0	0
	d) commodity instruments	0	0
<b>4.</b>	<b>Payables from term transaction</b>	<b>0</b>	<b>0</b>
	a) interest rate instruments	0	0
	b) currency instruments	660,862	1,233,597
	c) equity instruments	0	0
	d) commodity instruments	0	0
	e) credit instruments	0	0
<b>5.</b>	<b>Payables from option contracts</b>	<b>0</b>	<b>0</b>
	a) interest rate instruments	0	0
	b) currency instruments	0	0
	c) equity instruments	0	0
	d) commodity instruments	0	0
	e) credit instruments	0	0
<b>6.</b>	<b>Assets received into custody</b>	<b>0</b>	<b>0</b>
	of which: securities	0	0
<b>7.</b>	<b>Assets received for management</b>	<b>0</b>	<b>0</b>
	of which: securities	0	0

## Profit and Loss Statement for the Year Ended 31 December 2008

CKZ thousand		31 December 2008	31 December 2007	
<b>1.</b>	<b>Interest income and similar income</b>	<b>1</b>	<b>802,664</b>	<b>649,497</b>
	– of which: interest income from debt securities	2	723,925	633,347
<b>2.</b>	<b>Interest expenses and similar expenses</b>	<b>3</b>	<b>0</b>	<b>0</b>
	– of which: interest expenses from debt securities	4	0	0
<b>3.</b>	<b>Income from shares and other holdings</b>	<b>5</b>	<b>14,877</b>	<b>14,504</b>
<b>4.</b>	<b>Fees and commission income</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>5.</b>	<b>Fees and commission expenses</b>	<b>7</b>	<b>(173,505)</b>	<b>(169,153)</b>
	– of which: commission for acquisition activities		(134,368)	(116,297)
<b>6.</b>	<b>Net profit/(loss) from financial operations</b>	<b>8</b>	<b>(298,444)</b>	<b>181,943</b>
<b>7.</b>	<b>Other operating income</b>	<b>9</b>	<b>228,657</b>	<b>34,384</b>
	– income from non financial placement of participants' funds	10	8,911	13,544
<b>8.</b>	<b>Other operating expenses</b>	<b>11</b>	<b>(260,188)</b>	<b>(2,961)</b>
	– income from non financial placement of participants' funds	12	(4,088)	(567)
<b>9.</b>	<b>Administrative costs</b>	<b>13</b>	<b>(140,981)</b>	<b>(128,455)</b>
1	Staff costs	14	(51,662)	(45,887)
1.1	Salaries and wages incl. remuneration of board members	15	(37,764)	(32,858)
1.2	Social and health insurance	16	(10,840)	(10,576)
1.3	Other social costs	17	(3,058)	(2,453)
2	Other administrative costs	18	(89,319)	(82,568)
2.1	Marketing costs	19	(30,264)	(32,668)
2.2	Administr. costs incl. consumed material and utilities expenses	20	(59,055)	(49,900)
<b>10.</b>	<b>Use of reserves and adjustm.items for tang. and intangible assets</b>	<b>21</b>	<b>3,287</b>	<b>0</b>
	– of which non financial placement of participants' funds	22	0	0
1	Use of reserves for tangible assets	23	0	0
2	Use of provisions for tangible assets	24	3,287	0
3	Use of provisions for intangible assets	25	0	0
<b>11.</b>	<b>Depreciation, creation of reserves and provisions</b>	<b>26</b>	<b>(12,213)</b>	<b>(15,076)</b>
	– of which non financial placement of participants' funds	27	0	0
1	Depreciation of tangible assets	28	(8,651)	(8,847)
2	Creation of reserves for tangible assets	29	0	0
3	Creation of provisions for tangible assets	30	0	0
4	Depreciation of intangible assets	31	(3,562)	(6,229)
5	Creation of provisions for intangible assets	32	0	0
<b>12.</b>	<b>Use of provisions and reserves for receivables and guarantees</b>	<b>33</b>	<b>36</b>	<b>308</b>
1	Use of provisions for receivables and guarantees	34	36	308
2	Use of reserves for receivables and commitments from guarantees	35	0	0
3	Profit from transferred receivables and income from written-off receivables and guarantees	36	0	0
<b>13.</b>	<b>Write-off, creation of reserves and provisions for receivables and guarantees</b>	<b>37</b>	<b>(38)</b>	<b>0</b>
1	Creation of provision for receivables and commitments from guarantees	38	0	0
2	Creation of reserves for quarantees	39	0	0
3	Write-offs of receivables and commitments from guarantees	40	(38)	0
<b>14.</b>	<b>Use of provisions for investments in subsidiaries and associates</b>	<b>41</b>	<b>0</b>	<b>0</b>
<b>15.</b>	<b>Creation of provisions for investments in subsidiaries and associates</b>	<b>42</b>	<b>0</b>	<b>0</b>
<b>16.</b>	<b>Use of other reserves including pension reserves</b>	<b>43</b>	<b>1,221</b>	<b>956</b>
<b>17.</b>	<b>Creation of other reserves including pension reserves</b>	<b>44</b>	<b>(2,719)</b>	<b>(3,544)</b>
<b>18.</b>	<b>Use of other provisions</b>	<b>45</b>	<b>0</b>	<b>0</b>
<b>19.</b>	<b>Creation of other provisions</b>	<b>46</b>	<b>(66)</b>	<b>0</b>
<b>20.</b>	<b>Profit/(loss) from ordinary activities before tax</b>	<b>47</b>	<b>162,588</b>	<b>562,403</b>
<b>21.</b>	<b>Extraordinary income</b>	<b>48</b>	<b>0</b>	<b>0</b>
<b>22.</b>	<b>Extraordinary costs</b>	<b>49</b>	<b>0</b>	<b>0</b>
<b>23.</b>	<b>Profit or loss from extraordinary activities before tax</b>	<b>50</b>	<b>0</b>	<b>0</b>
<b>24.</b>	<b>Income tax</b>	<b>51</b>	<b>2,570</b>	<b>(147)</b>
<b>25.</b>	<b>Profit or loss from subsidiaries and associates</b>	<b>52</b>	<b>0</b>	<b>0</b>
<b>26.</b>	<b>Profit or loss for accounting period after taxation</b>	<b>53</b>	<b>165,158</b>	<b>562,256</b>

## Statement of Changes in Equity for the Year Ended 31 December 2008

CKZ thousand	2008	2007
<b>1. Share capital</b>		
Opening balance	200,000	200,000
Increase	0	0
Decrease	0	0
Conversion of convertible bonds to shares	0	0
Exercise of options and warrants	0	0
Closing balance	200,000	200,000
<b>2. Treasury shares</b>	<b>0</b>	<b>0</b>
<b>3. Share premium fund</b>		
Opening balance	0	0
Increase	0	0
Decrease	0	0
Closing balance	0	0
<b>4. Reserve funds</b>		
Opening balance	209,827	183,389
Obligatory allocation	28,113	26,438
Other increase	0	0
Decrease	0	0
Closing balance	237,940	209,827
<b>5. Other funds from profit</b>		
Opening balance	72,385	72,901
Increase	2,921	2,656
Decrease	4,471	3,172
Closing balance	70,835	72,385
<b>6. Capital funds</b>		
Opening balance	0	0
Increase	300,000	0
Decrease	0	0
Closing balance	300,000	0
<b>7. Gains or losses from revaluation not included in profit or loss</b>		
Opening balance	(686,088)	65,516
Increase	101,902	39,558
Decrease	5,095	791,162
Closing balance	(589,281)	(686 088)
<b>8. Retained earnings</b>		
Opening balance	0	9,500
Increase	53,304	0
Decrease	0	9,500
Closing balance	53,304	0
<b>9. Accumulated losses brought forward</b>		
Opening balance	0	0
Increase	0	0
Decrease	0	0
Closing balance	0	0
<b>10. Net profit/(loss) for the period</b>	<b>165,158</b>	<b>562,256</b>
<b>11. Dividends</b>	<b>0</b>	<b>0</b>
Directors' fees	0	0
Equity	437,956	358,380

# Notes to the Financial Statements for the Year Ended 31 December 2008

## 1. Background Information

### 1.1. Incorporation and Description of the Business

Penzijní fond Komerční banky (henceforth the "Company") was formed by a Memorandum of Association as a joint stock company on 27 July 1994 and was incorporated following its registration in the Register of Companies held at the Court in Prague on 28 November 1994. The Czech Finance Ministry issued a licence in respect of the incorporation and operations of the pension fund on 24 November 1994. The Company's issued share capital is CZK 200,000 thousand.

The following table shows individuals and legal entities with an equity interest greater than 20 percent and the amount of their equity interest:

Shareholder/Owner	Ownership percentage
Komerční banka, a.s.	100
<b>Total</b>	<b>100</b>

The Company is primarily engaged in providing retirement benefit schemes under Act 42/1994 Coll. on Retirement Benefit Schemes with State Contribution and Changes in Several Acts related to its Implementation, as amended. The Company conducts its business solely on the territory of the Czech Republic.

### 1.2. Changes and Amendments to the Register of Companies

Changes in the Board of Directors and the Supervisory Board in the year ended 31 December 2008, described in greater detail in Note 1.5., have not yet been recorded to the Register of Companies.

### 1.3. Adjustments of Articles of Association

In the year ended 31 December 2008, the Articles of Association were adjusted predominantly in respect of the capital increase made by the shareholder.

### 1.4. Organisational Structure

The Company's organisational structure in 2008 was as follows:

Department of the Managing Director  
Finance Department  
Trade and Marketing Department  
Client Service Department

The Company is part of the Komerční banka, a.s. Financial Group.

### 1.5. Board of Directors and Supervisory Board

During the year ended 31 December 2008, the following changes were made to the composition of the Board of Directors and Supervisory Board:

	Position	Name
Board of Directors	No changes	No changes
Supervisory Board	Member	Dagmar Lomecká (until 1 December 2008)
	Member	Miloslav Sodomka (since 2 December 2008)

Composition of the Boards as of 31 December 2008:

	Position	Name
Board of Directors	Chairman	Pavel Jirák
	Vice Chairman	Vojtěch Kubec
	Member	Kamil Kočí
	Member	Radek Cmíral
	Member	Miloš Rýznar
Supervisory Board	Chairman	Pavel Čejka
	Vice Chairman	Petr Slabý
	Member	David Formánek
	Member	Vladimír Jeřábek
	Member	Miloslav Sodomka
	Member	Iva Jiráková

## 2. Accounting Policies and General Accounting Principles

The Company's accounting records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., Czech Accounting Standards for reporting entities that maintain their accounts under Notice 501/2002 Coll., as amended, and relevant regulations, guidance notes and notices, specifically Notice of the Czech Finance Ministry 501/2002 Coll., which provides implementation guidance on certain provisions of Accounting Act 563/1991 Coll., as amended.

The accounting records are maintained in compliance with general accounting principles, in particular the historical cost valuation basis, accruals principle, prudence concept and going concern assumption.

The presentation of financial statements requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and their reported amounts of revenues and expenses during the financial reporting period. These estimates are based on the information available at the balance sheet date and actual results could differ from those estimates.

### 2.1. Tangible and Intangible Fixed Assets

Tangible and intangible fixed assets include assets with an acquisition cost greater than CZK 40 thousand and CZK 60 thousand, respectively, on an individual basis and an estimated useful life greater than one year. Purchased tangible and intangible fixed assets are valued at acquisition cost.

Assets costing less than CZK 40 thousand and CZK 60 thousand are not treated as tangible and intangible assets, respectively, and are charged through "Consumed purchases" and "Services", respectively.

The cost of tangible asset improvements exceeding CZK 40 thousand for the taxation period increases the acquisition cost of the related tangible fixed asset. The cost of completed intangible asset improvements exceeding CZK 40 thousand for the taxation period increases the acquisition cost of the related intangible fixed asset.

#### Depreciation of Fixed Assets

##### Depreciation for Accounting Purposes

Depreciation of fixed assets is recorded on a straight line basis over the depreciation period indicated below.

Category of assets	Depreciation period in years
Buildings and structures	40
Machinery and equipment, cabinets for computer equipment	4
Electronic archive	6
Vehicles	7
Air-conditioning units	12
Safes and fire resistant cabinets	15
Furniture and fixtures	8, 6*
Software	4, 5, 6, 10

\* For assets put into use subsequent to 1 January 2001.

In accordance with the amended Notice 501/2002 Coll., non-operating assets have no longer been depreciated with effect from 1 January 2004. Non-operating tangible assets are initially recognised at cost. Pursuant to the requirements set out in Section 33 of Act 42/1994 Coll., the Company remeasures its assets at fair value. Changes in measurement are recorded to the account "Gains or losses arising from revaluation" with the exception of a decline in value due to other-than-temporary impairment. Immovable assets are remeasured at market values annually on the basis of independent appraisal reports.

In the year ended 31 December 2008, all non-operating assets of the Company were sold. In this respect, the Company recognised impairment identified on the basis of an expert appraisal and in prior years through income. The Company charged provisions equalling this impairment through expenses in 2006.

No other than the above tangible and intangible assets were provided for in 2008 and 2007.

### 2.2. Securities

All securities held by the Company are divided into portfolios when acquired, in accordance with the Company's intent and the securities investment strategy.

All securities held by the Company are recognised using settlement date accounting provided that the period between the contract date and the fulfilment of the commitment arising from this contract is not longer than the period typical for the relevant type of transaction.

Upon acquisition, all securities held by the Company are stated at fair value which is mostly equal to the cost and direct transaction costs, if any, related to the purchase.

The Company recognises all securities as "Securities available for sale".

### Securities Available for Sale

Securities available for sale are securities not recognised within “Securities at fair value through profit or loss” or “Securities held to maturity”. This portfolio comprises shares, debt securities and participation certificates. Securities available for sale are reported at fair value. Accrued interest income is reported in the profit and loss statement. Unrealised profit and loss from the revaluation of securities at fair value are reported as a component of equity within “Gains and losses from revaluation not included in the profit and loss” until they are sold, settled or impaired.

If no price of a security, for which the security is traded on securities markets, is available, the fair value of the security is determined on the basis of the present value of future cash flows.

### 2.3. Impairment of Securities

The Company reviews the existence of objective evidence to determine whether securities have suffered permanent impairment. The Company proceeds in accordance with the provisions of Czech Accounting Standard No. 108 “Securities” and the loss recognised in equity is reversed and recognised in financial expenses of Account Group 61 of the charter of accounts for financial institutions.

If there is objective evidence of an impairment of financial assets (securities), the recoverable amount has to be estimated. With respect to securities available for sale, the amount of impairment has to be reversed from equity with a corresponding entry to the account for the recognition of fair value remeasurement.

### 2.4. Derivative Financial Transactions

A derivative is a financial instrument:

- that requires little initial net investment;
- whose fair value changes in response to the change in a specified interest rate, security price, commodity price, foreign exchange rate, index of prices, or similar variable; and
- that is contracted and settled at a future date.

The Company uses certain derivative financial instruments to hedge against foreign exchange rate risks to which it is exposed as a result of its financial market transactions. The Company designates a derivative as hedging only if the criteria set out below are met at the designation date.

The derivative financial instruments used by the Company as hedging instruments include currency forwards and swaps.

The criteria for a derivative instrument to be accounted for as a hedge include:

- At the inception of the hedge, the documentation identifies the hedged item and the hedging instrument, defines the risk that is being hedged and the approach to assessing whether the hedge is effective, and the hedging relationship is formally documented;
- The hedge is expected to be highly effective at inception and throughout the period; and
- Changes in the fair value of the hedged item are almost fully offset by changes in the fair value of the hedging instrument and the results are within a range of 80 percent to 125 percent.

The Company only accounted for a fair value hedge during the reporting period.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that prove to be highly effective in relation to the hedged risk, are recorded in the profit and loss statement along with the corresponding change in the fair value of the hedged asset that is attributable to the specific hedged risk. The ineffective element of the hedge is charged directly to the profit and loss statement. On this basis, the Company hedges the selected portfolios of foreign currency assets. The effectiveness of the hedge is regularly tested on a quarterly basis through prospective and retrospective tests.

### 2.5. Loans and Receivables

Receivables are stated at amortised cost net of provisions. Provisions are made based upon the results of the inventory taking, to the extent that the carrying values of assets are lower than the actual balance. The Company recognises provisioning charges in respect of past due receivables, receivables from the issuers of debt securities arising from outstanding coupons and nominal values. The Company makes a full provision against outstanding coupons. Default interest on outstanding coupons is not recognised as a component of receivables on the face of the balance sheet and is recorded as a contingent gain off balance sheet. The Company monitors, in the supporting accounting sub-ledgers, charges for provisions that are allowable for tax purposes in accordance with the Provisioning Act 593/1992 Coll., and charges for non-tax deductible provisions.

The Company did not receive or provide any loans in the years ended 31 December 2008 and 2007.

### 2.6. Pension Policy Costs

The Company amortised pension policy costs on a straight line basis over four years for the years ended 31 December 2002, 2001 and 2000. In the year ended 31 December 2003, the calculation of the average life of a pension policy was updated and led to an extension of the period over which pension policy acquisition costs are amortised to eight years. The Company continued amortising pension policy costs on the same basis in 2008 and 2007.

## 2.7. Provisioning and Reserving Policies

Provisions are made against assets based on the count results to the extent that the values of the assets are lower than their carrying values and this impairment is temporary.

Reserves are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

In the year ended 31 December 2008, the Company continued to carry an actuarial reserve for commitments arising from retirement benefit policies.

## 2.8. Foreign Currency Translation

Transactions denominated in foreign currencies during the year are recognised in Czech crowns and re-translated at the exchange rate of the foreign exchange market, promulgated by the Czech National Bank on the date of the transaction. Assets and liabilities denominated in foreign currencies are re-translated into Czech crowns using the exchange rate of the foreign exchange market, promulgated by the Czech National Bank as of the balance sheet date.

Foreign exchange gains or losses from the revaluation of foreign currency assets and liabilities are recorded through expenses and income as appropriate.

## 2.9. Taxation

Taxation is calculated in accordance with the provisions of the relevant legislation of the Czech Republic, based on the profit or loss recognised in the profit and loss statement prepared under Czech Accounting Standards.

Deferred income tax is provided, using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The currently enacted tax rates are used to determine deferred income tax. The principal temporary differences arise from depreciation of tangible fixed assets, specific and general provisions for loans, securities revaluation and tax losses carried forward. Deferred tax assets in respect of unutilised tax losses carried forward and other temporary differences are recognised to the extent that it is probable that future taxable profits will be available against which the tax assets can be utilised.

## 2.10. Accounting Treatment for Retirement Benefit Schemes with State Contribution

Contributions made by retirement benefit policy holders are recorded to Account 372 "Funds on policyholders accounts" and Account 374 "Payables from retirement benefit scheme contributions". State contribution claims in respect of the last quarter are recorded to Account 347 'Settlement with the state budget.'

Claims from lump-sum payments to policy holders (lump-sum settlement, one-off compensation and transfers) that have been awarded but not yet effected are reported within payables (with the maximum period from the awarding of the claim to its payment being three months). The aggregate amount of all pension claims is recorded in long-term payables and this payable is reduced as the pensions are paid. The difference between the sum of funds in the so called 'personal accounts of pension beneficiaries' and the anticipated aggregate long-term payable under pensions represents the valorisation to pension beneficiaries and is covered by the pension reserve fund (the Company's statutory fund). The aggregate long-term payable under pensions was not discounted in the accounting books in the years ended 31 December 2008 and 2007, and was carried at its nominal value. The pension reserve fund had been established in the period prior to 2001 from state contributions refunded by policy holders in circumstances where the policy was terminated earlier and a lump-sum settlement was made. This reserve fund is additionally adjusted by an equalisation fund which is created from profits and decreased to reflect valorisations of pensions awarded to pension beneficiaries.

## 2.11. Uncertainty Regarding the Impact of the Global Financial Crisis

The Company may be impacted by the global financial and economic crisis. As a result of the global financial crisis, the Company may be exposed to an increased risk, specifically due to the high volatility and uncertainty regarding possible asset impairment and future developments on the market. These potential risks may impact the financial statements of the Company in the future. The presented unconsolidated financial statements for the year ended 31 December 2008 are based on the current best estimates and management of the Company believes that they present the truest and fairest view of the Company's financial results and financial position using all relevant and available information at the financial statements date.

The presentation of unconsolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. These estimates, which specifically relate to the determination of fair values of financial instruments, valuation of intangible assets, impairment of assets and provisions, are based on the information available at the balance sheet date. The current global economic crisis, its acceleration and market turbulence increase the risk that the actual results and outcomes may significant differ from these estimates. Key areas with a potential for significant differences between the actual results and the estimates principally include fair values of securities.

### 3. Amounts Due from Banks

CKZ thousand	2008	2007
Current accounts	54,829	19,813
Term placements	3,058,289	701,096
<b>Balance at 31 December</b>	<b>3,113,118</b>	<b>720,909</b>

### 4. Amounts Due from Non-banking Entities

CKZ thousand	2008	2007
Receivables	73,123	73,123
Provisions	(73,123)	(73,123)
<b>Balance at 31 December</b>	<b>0</b>	<b>0</b>

The receivables shown above include receivables arising from outstanding matured debt securities. These receivables are more than 36 months past their due dates.

### 5. Securities

Securities are reported on the face of the balance sheet as follows:

CKZ thousand	2008	2007
Debt securities including treasury bills	21,465,888	19,527,624
Shares and participation certificates	687,181	1,677,340
<b>Total</b>	<b>22,153,069</b>	<b>21,204,964</b>

All securities are held in the 'Securities available for sale' portfolio:

CKZ thousand	Market value in 2008	Market value in 2007
Debt securities issued by banks	1,221,136	1,426,303
Debt securities issued by corporations	18,018,058	15,855,067
Other debt securities	1,872,262	1,751,379
Treasury bills	354,432	494,875
Shares and participation certificates for sale	687,181	1,677,340
<b>Total securities available for sale</b>	<b>22,153,069</b>	<b>21,204,964</b>

The proportion of debt securities to the aggregate balance of securities was 96.9 percent as of 31 December 2008.

Under Section 34 (3) of Act 42/1994 Coll. on Retirement Benefit Schemes, the portfolio of the pension fund's assets must not include more than 20 percent of the aggregate nominal value of securities issued by the same issuer. This limitation does not apply to bonds listed in Section 3 (2) (a) and (b) (specifically bonds issued by the OECD member state or the central bank of the state, the European Investment Bank, the European Bank for Reconstruction and Development and the International Bank for Reconstruction and Development). The Company carried no equity investments in associates or subsidiaries for the years ended 31 December 2008 and 2007. All securities are traded on the stock exchange.

### 6. Tangible and Intangible Fixed Assets

#### Intangible Fixed Assets

##### Cost

CKZ thousand	Balance at 31 December 2007	Additions	Disposals	Balance at 31 December 2008
Software	49,678	4,910	(1,251)	53,337
Low value intangible FA	202	0	(10)	192
Acquisition of intangible FA	228	5,341	(4,910)	659
<b>Total</b>	<b>50,108</b>	<b>10,251</b>	<b>(6,171)</b>	<b>54,188</b>

## Accumulated Amortisation

CKZ thousand	Balance at 31 December 2007	Additions	Disposals	Balance at 31 December 2008
Software	(41,047)	(3,562)	1,251	(43,358)
Low value intangible FA	(202)	0	10	(192)
<b>Total</b>	<b>(41,249)</b>	<b>(3,562)</b>	<b>1,261</b>	<b>(43,550)</b>

## Net Book Value

CKZ thousand	2007	2008
Software	8,631	9,979
Low value intangible FA	0	0
Acquisition of intangible FA	228	659
<b>Total</b>	<b>8,859</b>	<b>10,638</b>

## Amortisation of Intangible Fixed Assets Charged to Expenses

CKZ thousand	Balance at 31 December 2007	Balance at 31 December 2008
Amortisation of intangible fixed assets	6,229	3,562

## Tangible Fixed Assets

### Cost

CKZ thousand	Balance at 31 December 2007	Additions	Disposals	Revaluation gains or losses	Balance at 31 December 2008
<b>Land</b>	<b>18,951</b>	<b>0</b>	<b>(6,002)</b>	<b>(949)</b>	<b>12,000</b>
Operating	12,000	0	0	0	12,000
Non-operating	6,951	0	(6,002)	(949)	0
<b>Buildings, halls and structures</b>	<b>315,815</b>	<b>0</b>	<b>(233,668)</b>	<b>88,431</b>	<b>170,578</b>
Operating	170,578	0	0	0	170,578
Non-operating	145,237	0	(233,668)	88,431	0
<b>Individual movable assets</b>	<b>55,387</b>	<b>3,341</b>	<b>(17,975)</b>	<b>1,583</b>	<b>42,336</b>
Operating	41,398	3,195	(2,257)	0	42,336
Non-operating	13,989	146	(15,718)	1,583	0
– Machinery and equipment – 1st depreciation group	27,110	887	(1,406)	0	26,591
– Vehicles – 1st depreciation group	8,724	2,308	(2,210)	0	8,822
– Furniture and fixtures – 2nd depreciation group	17,601	0	(13,983)	1,583	5,201
– Other equipment – 3rd depreciation group	1,753	146	(177)	0	1,722
– Other equipment – 4th depreciation group	199	0	(199)	0	0
<b>Other tangible fixed assets (low value tangible fixed assets)</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>61</b>
<b>Investments under construction</b>	<b>37</b>	<b>4,306</b>	<b>(3,342)</b>	<b>0</b>	<b>1,001</b>
Operating	37	4,160	(3,196)	0	1,001
Non-operating	0	146	(146)	0	0
<b>Total</b>	<b>390,251</b>	<b>7,647</b>	<b>(260,986)</b>	<b>89,065</b>	<b>225,977</b>

## Accumulated Depreciation and Provisions

CKZ thousand	Balance at 31 December 2007	Additions	Disposals	Balance at 31 December 2008
<b>Buildings, halls and structures</b>	(30,870)	(4,350)	0	(35,220)
Operating	(30,870)	(4,350)	0	(35,220)
Non-operating	0	0	0	0
<b>Individual movable assets</b>	(29,005)	(4,319)	2,258	(31,066)
Operating	(29,005)	(4,319)	2,258	(31,066)
Non-operating	0	0	0	0
– Machinery and equipment – 1st depreciation group	(18,194)	(3,076)	48	(21,222)
– Vehicles – 1st depreciation group	(5,462)	(811)	2,210	(4,063)
– Furniture and fixtures – 2nd depreciation group	(4,643)	(205)	0	(4,848)
– Other equipment – 3rd depreciation group	(706)	(227)	0	(933)
– Other equipment – 4th depreciation group	0	0	0	0
<b>Other tangible fixed assets (low value tangible fixed assets)</b>	(61)	0	0	(61)
Provision against non-operating assets due to other than temporary impairment	(3,287)	0	3,287	0
<b>Total</b>	<b>(63,223)</b>	<b>(8,669)</b>	<b>5,545</b>	<b>(66,347)</b>

## Net Book Value

CKZ thousand	2007	2008
<b>Land</b>	<b>18,951</b>	<b>12,000</b>
Operating	12,000	12,000
Non-operating	6,951	0
<b>Buildings, halls and structures</b>	<b>281,658</b>	<b>135,358</b>
Operating	139,708	135,358
Non-operating	141,950	0
<b>Individual movable assets</b>	<b>26,382</b>	<b>11,270</b>
Operating	12,393	11,270
Non-operating	13,989	0
– Machinery and equipment – 1st depreciation group	8,916	5,369
– Vehicles – 1st depreciation group	3,262	4,759
– Furniture and fixtures – 2nd depreciation group	12,958	353
– Other equipment – 3rd depreciation group	1,047	789
– Other equipment – 4th depreciation group	199	0
<b>Other tangible fixed assets (low value tangible fixed assets)</b>	<b>0</b>	<b>0</b>
<b>Investments under construction</b>	<b>37</b>	<b>1,002</b>
Operating	37	1,002
Non-operating	0	0
<b>Total</b>	<b>327,028</b>	<b>159,630</b>

## Depreciation of Tangible Fixed Assets Charged to Expenses

In the year ended 31 December 2008, depreciation of tangible assets amounted to CZK 8,652 thousand (2007: CZK 8,847 thousand). The Company sold non-operating assets with the carrying value (including gains or losses from revaluation) amounting to CZK 162,889 thousand in the year ended 31 December 2008. The Company incurred loss of CZK 43,817 thousand upon the sale.

## Aggregate Low Value Tangible Assets not Reported on the Balance Sheet

CKZ thousand	2008	2007
Low value tangible assets not reported on the balance sheet	12,729	12,142

The Company did not purchase or sell any tangible or intangible assets with a subsequent purchase.

## 7. Other Assets

CKZ thousand	2008	2007
Trade receivables and receivables from employees	2,612	8,244
State contribution	158,725	152,004
Taxes due	35,023	57,455
of which: deferred tax	32,718	39,125
Receivables from securities trading	60	60
Other cash assets	786	304
Provisions	(46)	(15)
Estimated receivables	184	71
<b>Balance at 31 December</b>	<b>197,344</b>	<b>218,123</b>

The balance receivable arising from the state contribution pursuant to Section 7 of Act 42/1994 Coll., on Retirement Benefit Schemes was CZK 158,725 thousand and CZK 152,004 thousand as of 31 December 2008 and 2007, respectively.

The decrease in tax receivables was principally due to the refunds of corporate income tax prepayments made of CZK 11.1 million, a lower receivable arising from withholding tax on dividends of CZK 4.6 million and a lower deferred tax asset of CZK 2.5 million.

Receivables from securities trading are composed of receivables from the portfolio administrator.

## 8. Deferred Expenses (Prepayments) and Accrued Income

Deferred expenses and accrued income amounted to CZK 642,724 thousand and CZK 603,596 thousand as of 31 December 2008 and 2007, respectively.

Deferred expenses arising from acquisition commissions in the amount of CZK 638,767 thousand as of 31 December 2008 (CZK 603,589 thousand as of 31 December 2007) represent the most significant item.

The increase in expenses in respect of commissions from 2007 to 2008 was largely due to the increase in the number of contracts in the relevant periods.

## 9. Loans Received from Banks and Clients

The Company carried no received loans as of 31 December 2008 and 2007.

## 10. Other Liabilities

CKZ thousand	2008	2007
Trade payables, payables to employees and estimated payables	42,706	38,601
Tax payables, payables from social security	8,456	8,198
of which: deferred tax	0	3,883
Negative fair value of derivatives	42,526	2,870
Cash in personal accounts including state contribution not yet collected	25,735,997	22,667,727
<b>Total</b>	<b>25,829,685</b>	<b>22,717,396</b>

## 11. Reserves

CKZ thousand	Balance at 31 December 2007	Charges	Use/Release	Balance at 31 December 2008
Other reserves – Reserve for pensions	6,317	2,719	1,222	7,814
<b>Total</b>	<b>6,317</b>	<b>2,719</b>	<b>1,222</b>	<b>7,814</b>

## 12. Shareholder's Equity

The balance of the Company's equity was CZK 437,956 thousand and CZK 358,380 thousand as of 31 December 2008 and 2007, respectively. Following the decision of the sole shareholder, the profit of CZK 562,256 thousand for the year ended 31 December 2007 was distributed as follows: a mandatory allocation of CZK 28,113 thousand to the Company's reserve fund, an allocation of CZK 477,918 thousand to the policyholders (which amounts to 85 percent of the total profit generated by the Company in the year ended 31 December 2007), an allocation of CZK 1,700 thousand to the social fund, CZK 1,222 thousand was paid as a contribution to the equalisation fund for pensions and retained earnings amounted to CZK 53,304 thousand.

The equity is significantly impacted by the development of unrealised losses in the portfolio of the Company. This development is monitored on an ongoing basis and the need for the capital strengthening of the Company, if any, is being assessed in cooperation with the shareholder and the regulator.

In the year ended 31 December 2008, the equity of the Company was increased through the investment of a shareholder in the amount of CZK 300 million in the capital fund of the Company. The investment was paid in full as of 31 December 2008.

### Share capital structure as of 31 December 2008

CZK thousand Category of shares	Number of shares	Nominal value	Total nominal value of the issue
Bearer	2,000	100	200,000
<b>Total</b>	<b>2,000</b>	<b>100</b>	<b>200,000</b>

### Individual and corporate equity interests:

Name of the entity	Registered office	Ownership percentage
Komerční banka, a.s.	Na Příkopě 33, Prague 1	100
<b>Total</b>		<b>100</b>

Shares are not fully negotiable, the General Meeting must approve a transfer to a third party. No changes in the issued share capital were reported during 2008.

## 13. Gains or Losses Arising from Revaluation

CZK thousand	2006	Change in the balance	2007	Change in the balance	2008
Shares	8,723	(57,217)	(48,494)	48,494	0
Debt securities and treasury bills	145,834	(606,360)	(460,526)	518,249	57,723
Participation certificates	0	(124,113)	(124,113)	(553,906)	(678,019)
Non-operating assets	(85,593)	(3,472)	(89,065)	89,065	0
Deferred tax	(3,448)	39,558	36,110	(5,095)	31,015
<b>Total</b>	<b>65,516</b>	<b>(751,604)</b>	<b>(686,088)</b>	<b>96,807</b>	<b>(589,281)</b>

## 14. Write-Offs of Non-statute Barred Receivables and Financial Investments

In the year ended 31 December 2008, the Company wrote off trade receivables of CZK 38 thousand. No trade receivables were written off in the year ended 31 December 2007.

## 15. Interest Income

CZK thousand	2008	2007
Interest income on current accounts and term placements	78,739	16,150
Interest income on securities	723,925	633,347
<b>Total interest income</b>	<b>802,664</b>	<b>649,497</b>

In the years ended 31 December 2008 and 2007, the Company incurred no interest expenses.

The year-on-year increase in net interest income is attributable to the increased size of the interest rate portfolio and the development of rates on the financial market.

## 16. Income from Shares and Other Holdings

Income from shares and other holdings principally comprises income from dividends in respect of the shares held in the available-for-sale portfolio.

## 17. Net Commission and Fee Expense

<b>CZK thousand</b>	<b>2008</b>	<b>2007</b>
Commission and fee expense	173,505	169,153
of which: portfolio administration expenses	33,013	48,314
<b>Net fee expense</b>	<b>173,505</b>	<b>169,153</b>

The increase in the commission and fee expense from 2007 to 2008 is principally due to the increase in the Company's acquisition activities (approximately 70 thousand new contracts) and the decrease in portfolio administration fees is due to the adjustment of contractual terms.

## 18. Net Profit/(Loss) from Financial Operations

<b>CZK thousand</b>	<b>2008</b>	<b>2007</b>
Profit on trading with shares and participation certificates	(137,386)	202,174
Foreign exchange gains/(losses)	(9,064)	(20,231)
Loss – impairment of bond	(151,994)	0
<b>Net profit/(loss) from financial operations</b>	<b>(298,444)</b>	<b>181,943</b>

The net profit/(loss) from the fair values and settlement of hedging financial derivative instruments is included in 'Foreign exchange gains/(losses)'. The aggregate year-on-year decrease in the net profit from financial operations was predominantly attributable to the unfavourable development on the capital market during 2008 in respect of the global financial crisis.

## 19. Analysis of Operating Expenses and Income

### Other Operating Income

<b>CZK thousand</b>	<b>2008</b>	<b>2007</b>
Income from the transfer of assets	211,891	3,214
Rental income from real estate	8,911	13,544
Income from terminated contracts, statute barred entitlements and income from unpaid state contribution with lump-sum settlement	5,326	14,773
Other, including the income from rebilling	2,529	2,853
<b>Total other operating income</b>	<b>228,657</b>	<b>34,384</b>

A total of CZK 3,494 thousand representing income from statute-barred policies carrying no entitlement to claim lump-sum settlement payments, including income from the unpaid state contribution in respect of lump-sum settlement, was released to income in the year ended 31 December 2008. Another income amount of CZK 1,832 thousand relates to statute-barred undeliverable entitlements and unidentifiable payments. With regard to the statute barred entitlements, the statute of limitations set out in Section 100 et seq. of the Civil Code was applied.

## Other Operating Expenses

CZK thousand	2008	2007
Costs of asset transfers	255,405	1,599
Costs of leasehold real estate	4,088	567
Other corrections of prior years	507	653
Damage, penalties and fines	106	60
Other	82	82
<b>Total other operating expenses</b>	<b>260,188</b>	<b>2,961</b>

## 20. Administrative Expenses

### Staff Costs and Number of Employees

Year Ended 31 December 2008

CZK thousand	Number	Wages and salaries	Social security and health insurance contributions	Other costs	Total staff costs
Staff	54	25,342	8,879	2,694	36,915
Management (Board of Directors)	5	11,786	1,787	364	13,937
Outsourcing agreements	14	607	171	0	778
Supervisory Board	6	29	3	0	32
<b>Total</b>		<b>37,764</b>	<b>10,840</b>	<b>3,058</b>	<b>51,662</b>

Year Ended 31 December 2007

CZK thousand	Number	Wages and salaries	Social security and health insurance contributions	Other costs	Total staff costs
Staff	53	25,803	9,017	2,296	37,116
Management	5	6,155	1,320	157	7,632
Outsourcing agreements	16	858	239	0	1,097
Supervisory Board	6	42	0	0	42
<b>Total</b>		<b>32,858</b>	<b>10,576</b>	<b>2,453</b>	<b>45,887</b>

The number of employees is based on the average re-calculated headcount. The category of management includes members of the Board of Directors.

### Other Administrative Expenses

CZK thousand	2008	2007
Sales costs (net of commissions for acquisition activities) including cooperation contracts	46,167	42,993
Consumed purchases	4,443	4,425
SW and HW services	6,352	8,390
Audit, advisory, translations, annual report, depositary	5,738	5,930
Telephone, postal charges, statements of personal accounts	13,465	12,866
Other	6,560	7,187
Taxes and fees	6,594	777
<b>Total other administrative expenses</b>	<b>89,319</b>	<b>82,568</b>

The line "Other" principally includes other services from external suppliers relating to operating real estate of CZK 3,784 thousand (2007: CZK 2,471 thousand) and repair and maintenance costs of CZK 792 thousand (2007: CZK 1,429 thousand).

## 21. Income Tax on Ordinary Activities, Deferred Tax Liabilities and Assets

### Corporate Income Tax Charge

CZK thousand	2008	2007
Profit before tax	162,588	562,403
Items increasing taxable profit	97,711	18,201
Item decreasing taxable profit	788,908	636,375
Tax base after adjustments	(528,609)	(55,771)
Due tax using the 5 percent rate	0	0
Tax relief	0	0
Due tax, net of tax relief	0	0
Standalone tax base	0	0
Tax on the standalone tax base	0	0
Tax from previous years	0	(1)
<b>Total tax liability</b>	<b>0</b>	<b>(1)</b>

### Corporate Income Tax Charge

CZK thousand	2008	2007
Due tax	0	(1)
Deferred tax	(2,570)	148
<b>Total</b>	<b>(2,570)</b>	<b>147</b>

### Deferred Tax Asset (Liability)

CZK thousand	2008	2007
Opening balance	35,242	(4,168)
Decrease/increase – profit and loss statement	2,570	(148)
Decrease/increase – revaluation differences	(5,094)	39,558
<b>Total deferred tax</b>	<b>32,718</b>	<b>35,242</b>

CZK thousand	2008	2007
<b>Deferred tax asset</b>	<b>34,169</b>	<b>39,125</b>
Provisions against receivables and reserves	290	1
Estimated balance for fees and bonuses	76	62
Provisions against assets	0	164
Estimated balance for tax loss	2,788	2,788
Gains or losses from the revaluation of buildings	0	4,454
Gains of losses from the revaluation of securities	31,015	31,656
<b>Deferred tax liability</b>	<b>(1,451)</b>	<b>(3,883)</b>
Differences in net book values of tangible and intangible fixed assets	(1,451)	(3,883)
<b>Total deferred tax at 31 December</b>	<b>32,718</b>	<b>35,242</b>

## 22. Additional Information on Retirement Benefit Schemes with State Contribution

CZK thousand	Balance at 31 December 2008	Balance at 31 December 2007
Number of retirement benefit policy holders (individuals)	491,218	470,315
Number of benefits paid, including transfers for the period:		
– One-off compensation	17,183	13,957
– Lump-sum settlement	8,256	6,504
– Pensions (number of pension beneficiaries to date)	2,607	2,516
– Transfers to other funds	10,106	7,294
Amount of paid benefits, including transfers in CZK '000:	2,245,183	1,457,271
– One-off compensation	1,545,102	1,013,690
– Lump-sum settlement	261,001	167,495
– Pensions	52,570	41,692
– Transfers to other pension funds	386,510	234,394
Depository of the fund:	Česká spořitelna, a.s.	Česká spořitelna, a.s.
% appreciation of invested funds from profit:		
– profit allocation		
(Net of state contribution)	*	2.3%

\* The figure will be available following the allocation of the profit for the year ended 31 December 2008.

## 23. Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument indicates to what extent it is exposed to interest rate risk. The table below provides information on the extent of the Company's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that reprice to a market rate of interest before maturity, the next repricing date. It is the policy of management of the Company to manage the exposure to fluctuations in net interest income arising from changes in interest rates through the gaps in individual groups of assets and liabilities. Those assets and liabilities that do not have a contractual maturity date or are not interest-bearing are grouped in the 'undefined' category.

CZK thousand	On demand	Up to 3 months	3 months to 1 year	1 year to 2 years	2 years to 4 years	4 years to 5 years	Over 5 years	Undefined	Total
Cash and amounts due from banks	483,169	600,730	1,726,758	0	302,471	0	0	0	3,113,128
Debt securities available for sale	0	1,187,940	2,287,836	3,924,800	5,686,064	2,139,562	6,239,686	0	21,465,888
Shares and participation certificates available for sale	0	0	0	0	0	0	0	687,182	687,182
Tangible and intangible fixed assets	0	0	0	0	0	0	0	170,269	170,269
Other assets	0	0	0	0	0	0	0	197,343	197,343
Deferred expenses and accrued income	0	0	0	0	0	0	0	642,723	642,723
<b>Total assets</b>	<b>483,169</b>	<b>1,788,670</b>	<b>4,014,594</b>	<b>3,924,800</b>	<b>5,988,535</b>	<b>2,139,562</b>	<b>6,239,686</b>	<b>1,697,517</b>	<b>26,276,533</b>
Other liabilities	0	42,526	0	0	0	0	0	51,162	93,688
Funds of policy holders	0	179,175	32,552	24,419	5,946	2,191	12,152	25,479,562	25,735,997
Accrued expenses and deferred income	0	0	0	0	0	0	0	1,078	1,078
Reserves	0	0	0	0	0	0	0	7,814	7,814
Equity	0	0	0	0	0	0	0	500,000	500,000
Reserve funds and other funds from profit	0	0	0	0	0	0	0	308,775	308,775
Gains or losses arising from revaluation	0	0	0	0	0	0	0	(589,281)	(589,281)
Profit for the period	0	0	0	0	0	0	0	165,158	165,158
Retained earnings	0	0	0	0	0	0	0	53,304	53,304
<b>Total liabilities</b>	<b>0</b>	<b>221,701</b>	<b>32,552</b>	<b>24,419</b>	<b>5,946</b>	<b>2,191</b>	<b>12,152</b>	<b>25,977,572</b>	<b>26,276,533</b>
<b>Net on balance sheet interest rate exposure at 31 December 2008</b>	<b>483,169</b>	<b>1,566,969</b>	<b>3,982,042</b>	<b>3,900,381</b>	<b>5,982,589</b>	<b>2,137,371</b>	<b>6,227,534</b>	<b>(24,280,055)</b>	<b>0</b>

More than 90 percent of the Company's assets are invested in fixed-income earning instruments. The Company monitors interest rate risk by assessing two important indicators: modified duration and PVBP (price value basis point).

The active management of the portfolio's average duration is of vital importance to the fulfilment of the investment strategy in administering assets, both in terms of short-term corrections in response to the anticipated development of financial markets and adjustments of interest rate risk and a projected cash flow in connection with the development of the Company's on balance sheet liabilities.

In managing interest rate risk exposures, the Company does not establish any specific limits. The situation and strategy is discussed and adjusted on a monthly basis at the Company's investment committees with the asset administrator.

The Company monitors the sensitiveness of the portfolio to changes in interest rates in regular reports. The two worst case scenarios as of 31 December 2008 are as follows: the increase in the rates across the entire yield curve of 20 basis points would result in the decrease in the value of the portfolio of CZK 151,926 thousand and the increase in rates at the long end of 20 basis points would result in the decrease of the value of the portfolio of CZK 120,546 thousand.

## 24. Liquidity Risk

Liquidity risk is a measure of the extent to which the Company will not have enough available sources to meet its commitments associated with financial contracts. The table below provides an analysis of assets, liabilities and shareholder's equity into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. Those assets and liabilities that do not have a contractual maturity date are grouped together in the 'maturity undefined' category in the year ended 31 December 2008.

CZK thousand	On demand	Up to 3 months	3 months to 1 year	1 year to 2 years	2 years to 4 years	4 years to 5 years	Over 5 years	Maturity undefined	Total
Cash and amounts due from banks	483,169	600,730	1,726,758	0	302,471	0	0	0	3,113,128
Debt securities available for sale	0	394,434	1,585,899	4,199,107	5,686,065	3,115,187	6,485,196	0	21,465,888
Shares and participation certificates available for sale	0	0	0	0	0	0	0	687,182	687,182
Tangible and intangible fixed assets	0	0	0	0	0	0	0	170,269	170,269
Other assets	786	161,577	2,262	0	0	0	0	32,718	197,343
Deferred expenses and accrued income	0	0	0	0	0	0	0	642,723	642,723
<b>Total assets</b>	<b>483,955</b>	<b>1,156,741</b>	<b>3,314,919</b>	<b>4,199,107</b>	<b>5,988,536</b>	<b>3,115,187</b>	<b>6,485,196</b>	<b>1,532,892</b>	<b>26,276,533</b>
Other liabilities	0	42,526	0	0	0	0	0	51,162	93,688
Funds of policy holders	0	179,175	32,552	24,419	5,946	2,191	12,152	25,479,562	25,735,997
Accrued expenses	0	0	0	0	0	0	0	1,078	1,078
Reserves	0	0	2,026	0	0	0	0	5,788	7,814
Equity	0	0	0	0	0	0	0	500,000	500,000
Reserve funds and other funds from profit	0	0	0	0	0	0	0	308,775	308,775
Gains or losses arising from revaluation	0	0	0	0	0	0	0	(589,281)	(589,281)
Profit for the period	0	0	0	0	0	0	0	165,158	165,158
Retained earnings	0	0	0	0	0	0	0	53,304	53,304
<b>Total liabilities</b>	<b>0</b>	<b>221,701</b>	<b>34,578</b>	<b>24,419</b>	<b>5,946</b>	<b>2,191</b>	<b>12,152</b>	<b>25,975,546</b>	<b>26,276,533</b>
<b>Net on balance sheet liquidity exposure at 31 December 2008</b>	<b>483,955</b>	<b>935,040</b>	<b>3,280,341</b>	<b>4,174,688</b>	<b>5,982,590</b>	<b>3,112,996</b>	<b>6,473,044</b>	<b>(24,442,654)</b>	<b>0</b>

## 25. Total Assets and Liabilities Denominated in Foreign Currencies Retranslated into CZK, Foreign Currency Risk Measurement Assets and Liabilities Denominated in Foreign Currencies

CZK thousand	EUR	Total
Bank accounts	591	591
Participation certificates available for sale	687,181	687,181
<b>Total</b>	<b>687,772</b>	<b>687,772</b>

In accordance with legislation and investment objectives, the Company's investment strategy in respect of foreign currencies has been determined on a prudent basis with a specific focus on instruments denominated in CZK, the bulk of investments being made in fixed-income earning instruments. To benefit specifically from short-term growth potentials of foreign markets with fixed-income earning instruments, the Company additionally invested in government bonds denominated in EUR during the year. As of 31 December 2008, the Company held available-for-sale participation certificates denominated in a foreign currency and did not hold any bonds denominated in a foreign currency. The volume of these investments is principally restricted by a cap on foreign currency exposures undertaken by the Company in investing in foreign currency instruments. The foreign currency risk of the Company is measured on an aggregate basis reflecting correlations of currencies as well as through the sum of foreign currency risks of individual currencies included in the Company's portfolio. The Company's foreign currency risk is measured on a daily basis as a minimum. The limit set in respect of the Company's foreign currency risks (confidence level of 95 percent, one-year period) is 1.5 percent of the portfolio.

#### Hedging of Foreign Currency Risk Attached to Shares/Investment Funds' Shares Held in the "Securities available for sale" Portfolio

##### Hedging instruments

The Company hedges against the risk of foreign currency investments in securities through currency swaps or forwards. The hedging is made through hedging derivative financial instruments concluded for a period between two weeks and one year. Hedged investments are denominated in EUR, hence the hedging is effected from EUR to CZK.

For hedge accounting purposes, the effectiveness of the hedges is tested through prospective and retrospective tests.

#### An Overview of Open Derivative Transactions as of 31 December 2008:

CZK thousand	Positive fair value	Negative fair value	Nominal value of the off balance sheet asset	Nominal value of the off balance sheet liability
Derivatives designated as fair value hedges (FX Swap)	0	42,526	618,788	660,862
<b>Total</b>	<b>0</b>	<b>42,526</b>	<b>618,788</b>	<b>660,862</b>

Negative values of financial derivatives are reported as 'Other liabilities'.

#### 26. Loans and Guarantees Provided to the Members of Executive, Management or Supervisory Bodies

The Company provided no loans to the members of its executive, management or supervisory bodies during the years ended 31 December 2008 and 2007.

#### 27. Related Party Transactions

##### Assets and Liabilities

Assets:	CZK thousand	
Komerční banka, a.s.	135,087	Commission for acquisition activities, deferred expenses balance
	16	Rebilling of services, estimated receivable
	1,008,507	Principal and interest on the term deposit
Modrá pyramida stavební spořitelna, a.s.	43,706	Commission for acquisition activities, deferred expenses balance
Komerční pojišťovna, a.s.	2	Commission for acquisition activities, deferred expenses balance
ESSOX s.r.o.	170	Commission for acquisition activities, deferred expenses balance
Factoring, a.s.	124	Rebilling of services, estimated receivable
<b>Liabilities:</b>		
Komerční banka, a.s.	917	Deferred income for data sharing services
	923	Invoices
	34	Unbilled services, estimated payable
Factoring, a.s.	29	Rental prepayments received
	84	Estimated payable for expense services

## Expenses and Income

<b>Expenses:</b>	<b>CZK thousand</b>	
Komerční banka, a.s.	24	Banking fees
	28,680	Commission paid to the branches of Komerční banka a.s.
	20,399	For the use of the trade mark, promotional campaign
Modrá pyramida stavební spořitelna, a.s.	7,741	Commission for acquisition activities and for cooperation contracts
ESSOX s.r.o.	31	Commission for acquisition activities and for cooperation contracts
Factoring, a.s.	1,023	Rebilling of services
<b>Income:</b>		
Komerční banka, a.s.	485	Income from the sharing of the subsidiaries' data
	8,727	Interest on term deposits
Factoring, a.s.	4,030	Rental received
Factoring, a.s.	1,018	Rebilling of services

### 28. Assets Accepted by the Company from Third Parties and Managed by the Company on a Third Party's Account

The Company carried no assets accepted from third parties and managed by the Company on a third party's account as of 31 December 2008 and 2007.

### 29. Off Balance Sheet Commitments, Assets under Administration and Contingent Liabilities

The Company's off balance sheet accounts reflect the balance of a portfolio received for administration amounting to CZK 25,002,770 thousand.

An asset of CZK 618,788 thousand and a liability of CZK 660,862 thousand are maintained off balance sheet, arising from the hedging of the SGAM participation certificates by hedging derivative instruments.

During 2008, the Company acquired securities at a cost of CZK 700,000 thousand, the acquisition cost was guaranteed by Société Générale.

The Company retains off balance sheet no securities transactions with the trade date in 2008 and the settlement date in 2009.

The Company reports no contingent liabilities.

The Company was involved in no legal dispute, the outcome of which would significantly impact the Company.

### 30. Post Balance Sheet Events

No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

# Report on Related Party Transactions for the Year Ended 31 December 2008

(hereinafter the "Report on Relations")

Penzijní fond Komerční banky, a.s., with its registered office address at Lucemburská 1170/7, Prague 3, Corporate ID: 61860018, incorporated in the Register of Companies, Section B, File 2865, maintained at the Municipal Commercial Court in Prague (hereinafter the "Company"), is part of a business group (holding company) Soci t  G n rale S.A., having its registered office at 29, BLD Hausmann, 75009 Paris, France, registration number in the French Register of Companies: R.C.S. Paris B552120222 (1955 B 12022) (hereinafter "SG" or "SG Paris") in which the following relations between the Company and its controlling entity and further between the Company and other entities controlled by the same controlling entity (hereinafter the "Related Entities") exist. The sole shareholder of the Company is Komer n  banka, a.s., with its registered office at Na P řikop  33/969, 114 07 Prague 1, corporate ID 453 17 054, incorporated in the Register of Companies maintained at the Municipal Court in Prague, Section B, File 1360. SG holds 60.35 percent of the shares in Komer n  banka, a.s.

This Report on Relations between the entities stated below was prepared in accordance with the provision of Section 66a (9) of Act 513/1991 Coll., as amended (the Commercial Code) for the year ended 31 December 2008, that is, from 1 January 2008 to 31 December 2008 (hereinafter the "Reporting Period").

## I. Introduction

During the Reporting Period, the Company entered into arrangements with the following Related Entities:

Company	Registered office address	SG's share of the voting power
Komer�n� banka, a.s.	Na P�řikop� 33/969, Prague 1	60.35%
Investi�n� kapit�lov� spole�nost KB, a.s.	Dlouh� 34/713, Prague 1	100%
Komer�n� poji�řovna, a.s.	Karolinsk� 1/ 650, Prague 8	100%
ESSOX s.r.o.	Senov�z�n� n�m�st� 7/231, �esk� Bud�jovice	100%
Modr� pyramida stavebn� spo�itelna, a.s. ("MPSS")	B�lehradsk� 128/222, Prague 2	100%
Factoring KB, a.s.	Lucembursk� 1170/7, Prague 3	100%
Soci�t� G�n�rale S.A.	Soci�t� G�n�rale S.A. 29, BLD Hausmann, 75009 Paris, France	

## II. Arrangements with Related Entities

### A. Contracts and Agreements with the Controlling Entity and Other Related Entities

#### I. Contracts and Agreements Entered into during the Reporting Period

Type of agreement (or subject matter of the agreement if not obvious from the name of the agreement)	Contractual party	Performance of the Company	Counter-performance	Damage incurred by the Company
Agreement on Call Centre Services	Komer�n� banka, a.s.	cash consideration	use of the call centre	none
Cooperation Agreement	Komer�n� banka, a.s.	cash consideration	group VAT taxation	none
5x purchase contract – purchase of treasury bills	Komer�n� banka, a.s.	cash consideration	purchase of treasury bills	none
16x purchase contract – purchase of bonds	Komer�n� banka, a.s.	cash consideration	purchase of bonds	none
4x term deposit confirmation	Komer�n� banka, a.s.	cash funds	interest	none

Type of agreement (or subject matter of the agreement if not obvious from the name of the agreement)	Contractual party	Performance of the Company	Counter-performance	Damage incurred by the Company
Agreement on cooperation for the organisation of a competition	Komerční banka, a.s.	cash consideration and provision of prizes	organisation and realisation of a competition	none
Amendment No. 2 to the Management Contract	Investiční kapitálová společnost, a.s.	cash consideration	asset management	none
Mandate Contract – Amendment No. 3	MPSS	cash consideration	mediation of retirement benefit scheme policies	none
Confidentiality Agreement	Société Générale	provision of information	treatment of confidential information	none
Contract for the lease of non-residential premises and payment of the related services – rental determined for 2008	Factoring KB, a.s.	provision of non-residential premises and parking places	price pursuant to the contract	none

## II: Performance Received and Provided during the Reporting Period under Contracts Entered into in Prior Reporting Periods

Type of agreement (or subject matter of the agreement if not obvious from the name of the agreement)	Contractual party	Performance of the Company	Counter-performance	Damage incurred by the Company
Licence contract – use of the Komerční banka, a.s. trademark	Komerční banka, a.s.	cash consideration	provision of trademark rights	none
Personal data processing framework agreement	Komerční banka, a.s.	provision of information set by the agreement	personal data processing in compliance with the legislation	none
Framework insurance contract	Komerční banka, a.s.	cash consideration	insurance payment	none
Agreement on the assignment of a mandate for a payment point – payment of retirement benefits through Komerční banka's branches including Amendment No. 1	Komerční banka, a.s.	fees	Mediation of the payment of contributions	none
2 x agreement for the use of safes	Komerční banka, a.s.	fees	provision of safes	none
Framework treasury contract (the following transactions: currency swaps, interest rate swaps, FRA transactions, currency options, foreign currency transactions, interest rate options, commodity swaps, commodity options, or combinations thereof or modifications) of 26 January 2007	Komerční banka, a.s.	cash consideration	mediation of the conclusion of transactions	none
Distribution Agreement	Komerční banka, a.s.	cash consideration	use of the distribution network	none
Cooperation Agreement	Komerční banka, a.s.	cash consideration	use of the distribution network	none
Contract for the provision of services (sharing of data from subsidiaries)	Komerční banka, a.s.	provision of data	cash consideration	none
Advertising including the rebilled performance of the KB, a.s. suppliers*	Komerční banka, a.s.	cash consideration	advertising and promotion, printing	none
Mandate Agreement including Amendments 1–3	MPSS	remuneration	mediation of retirement benefit scheme	none
Contract for cooperation in the area of retirement benefit schemes including Amendments 1–4	MPSS	commission	mediation of conclusion of retirement benefit policies	none
Contract for personal data processing	MPSS	provision of data	personal data processing in compliance with the legislation	none
Contract for the provision of advantageous conditions for employees of PFKB a.s. – participants in the MPSS building savings	MPSS	provision of advantageous conditions	provision of advantageous conditions	none
Management Contract	Investiční kapitálová společnost KB, a.s.	cash consideration	asset management	none
Amendment No. 1 to the Management Contract	Investiční kapitálová společnost, a.s.	cash consideration	asset management	none

Type of agreement (or subject matter of the agreement if not obvious from the name of the agreement)	Contractual party	Performance of the Company	Counter-performance	Damage incurred by the Company
Contract for the lease of non-residential premises and payment of the related services dated 20 February 2007 including Amendments Nos. 1 and 2	Factoring KB, a.s.	provision of non-residential premises	cash consideration in the form of rental	none
Cooperation Agreement including Amendment No.1	ESSOX s.r.o	remuneration	mediation of retirement benefit scheme	none
Mandate Agreement including Amendment No.1	ESSOX s.r.o	remuneration	mediation of retirement benefit scheme	none
Contract for cooperation in the area of retirement benefit schemes including amendments	ESSOX s.r.o	commission	mediation of conclusion of retirement benefit policies	none
Personal data processing agreement	ESSOX s.r.o	provision of data	personal data processing in compliance with the legislation	none
Framework cooperation contract	Komerční pojišťovna, a.s.	cash consideration	life insurance provision	none
Personal data processing agreement	Komerční pojišťovna, a.s.	fees	personal data processing in compliance with the legislation	none
Contract for cooperation in the area of retirement benefit schemes including Amendments 1–4	Komerční pojišťovna, a.s.	commission	mediation of conclusion of retirement benefit policies	none
Mandate agreement	Komerční pojišťovna, a.s.	remuneration	mediation of retirement benefit scheme	none
Contract for the lease of non-residential premises and payment of related services – rental determined for 2008	Factoring KB, a.s.	provision of non-residential premises and parking places	price pursuant to the contract	none

## B. Other Legal Acts Implemented by the Company in the Interest of the Controlling Entity and Other Related Entities

During the Reporting Period, the Company did not realise or implement any other legal acts with related parties.

## C. Measures Taken or Implemented by the Company in the Interest of or at the Initiative of the Controlling Entity and Other Related Entities

During the Reporting Period, the Company did not take or implement any measures in the interest of or at the initiative of Related Entities.

## III. Conclusion

The Board of Directors of the Company has reviewed all arrangements put in place between the Company and the Related Entities during the Reporting Period and states that the Company incurred no damage as a result of any contracts, agreements, any other legal acts or any other measures taken or implemented by the Company in the Reporting Period.

In Prague on 25 February 2009



**Pavel Jiráček**  
Chairman of the Board of Directors




**Vojtěch Kubec**  
Vice-Chairman of the Board of Directors



**Kamil Kočí**  
Member of the Board of Directors



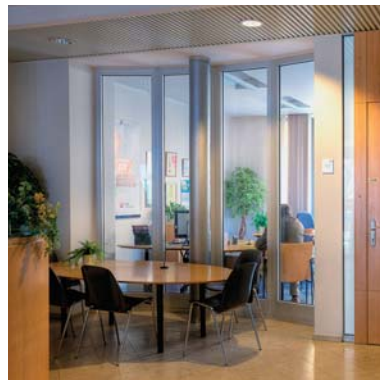
**Radek Cmíral**  
Member of the Board of Directors



**Miloš Rýznar**  
Member of the Board of Directors



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