

INFORMATION ON SUPPLEMENTARY PENSION SAVINGS

In accordance with laws and regulations, this document is provided sufficiently in advance to each party interested in supplementary pension savings prior to concluding a Contract on Supplementary Pension Savings. The current version of this document is available at www.kbps.cz. An overview of all documents provided to an interested party/participant prior to concluding a Contract on Supplementary Pension Savings is stated in the investment questionnaire.

1. Basic information on the pension company

Name	KB Penzijní společnost, a.s. (hereinafter referred to as KB PS)
Registered office	Prague 5 – Stodůlky, nám. Junkových 2772/1, postcode 155 00
Company ID No.	61860018
Telephone	955 525 999
E-mail	kbps@kbps.cz
Internet	www.kbps.cz

The activities of KB PS, a member of the Komerční banka, a.s. financial group, consist in:

- collecting contributions from participants, employer contributions, and state contributions for the purposes of their placement into participation funds, managing the assets in the participation funds, and paying out supplementary pension savings withdrawals pursuant to the Supplementary Pension Savings Act,
- operating the supplementary pension insurance through a transformed fund

2. Information on the intermediary

Name	
Registered office	
Company ID No.	
Contact information	
Contractual relationship to KB PS	

3. Essential particulars of supplementary pension savings and related risks

Supplementary pension savings constitute a financial product for saving founded on the basis of a Contract on Supplementary Pension Savings entered into between KB PS and the interested party/participant, and which consists in:

- long-term collection of funds from the participant and the state, and potentially third parties, to the benefit of the participant,
- managing these funds by means participation funds, and
- the pension company's paying out withdrawals per the terms and conditions stipulated by law, the Contract on Supplementary Pension Savings, and the by-laws of the pertinent participation fund.

A participant in supplementary pension savings can be any individual who is not at the same time a participant in supplementary pension insurance through the transformed fund (i.e. does not have a contract concluded before 1 December 2012).

The Contract on Supplementary Pension Savings and the Business Terms and Conditions for Supplementary Pension Savings, as well as the by-laws of the pertinent participation fund and pre-contractual information provided by KB PS or by the intermediary of supplementary pension savings must be studied carefully.

The state supports supplementary pension savings by providing state contributions in accordance with the monthly amount of the participant's contributions to supplementary pension savings as well as by a possible income tax incentive. The contributions of an employer that contributes to the employee's supplementary pension savings are not subject to health and social insurance deduction in the amount determined by law on either the employer's or the participant's side.

The supplementary pension savings activities of pension companies are subject to supervision by the Czech National Bank. Supervision over the provision of state contributions is conducted by the Ministry of Finance of the Czech Republic.

Due to the advantages of the state contribution, possible employer contribution, and tax advantages, supplementary pension savings is one of the most advantageous financial products for long-term savings. This product is nevertheless by its nature an investment, and as such it comes with risks. The value of the portfolio and of the individual investment instruments may increase and decrease in time, and there is no guarantee that the originally invested amount will be returned. Information on past returns cannot be considered indicative of future returns. A detailed description of risks relating to the individual participation funds can be found in the by-laws of the individual participation funds. The basic risk profile and a list of significant risks defining this profile also are recorded in the key information documents for participation funds, which also can be found at www.kbps.cz for each participation fund.

4. Contents of the Contract on Supplementary Pension Savings and by-laws of the participation fund

Through the Contract on Supplementary Pension Savings, KB PS undertakes to collect and manage the participant's assets in one or more participation funds per the Contract on Supplementary Pension Savings and the agreed savings strategies and to pay out withdrawals to the participant under the terms and conditions established in the Contract on Supplementary Pension Savings. The participant is obliged to pay the contribution under the terms and conditions of, in the amount of, and in the manner defined by the Contract on Supplementary Pension Savings. The Business Terms and Conditions for Supplementary Pension Savings constitute an integral part of the Contract on Supplementary Pension Savings and they govern in particular the rules for providing this product. The participant may terminate the supplementary pension savings at any time by a notice in writing.

In the Contract on Supplementary Pension Savings, the participant shall designate the method and amount of his or her contribution and, if applicable, the employer's contribution, as well as the savings strategy, which may be a life cycle strategy defined by KB PS or an individually determined strategy. The participant is entitled to change the savings strategy at a subsequent date.

In the Contract on Supplementary Pension Savings, the participant may also designate one or more individuals who will in case of the participant's death become entitled to one-off settlement or lump-sum settlement.

The by-laws of the participation fund contain information on the participation fund's method of investing and further information that the interested party/participant needs in order precisely and correctly to assess his or her decision to place funds into such participation fund. The by-laws of the participant fund also, and in particular, explain the risks associated with supplementary pension savings and govern the terms for valuing the assets in the participation fund.

5. Consideration paid to the pension company and other fees incurred by the participant

Consideration paid to KB PS

Consideration paid for managing the assets in the participation funds and consideration paid for growing the value of the assets in the participation funds are defined in the by-laws of the pertinent participation fund and stated in the price list. This consideration is established as an amount calculated as a percentage of the average of equity value for each fund for a given accounting period.

The amount of consideration for growing the value of the assets in the participation funds is stated in the price list. This consideration is established as a percentage of the difference between that annual average value of a pension unit in the relevant period and the highest annual average value of a pension unit in the years preceding the relevant period since the establishment of the funds, multiplied by the annual average number of pension units in the individual funds.

Fees paid by the participant

Fees charged to the participant are established by KB PS in accordance with the Supplementary Pension Savings Act and are stated in the Price List.

A fee for changing the savings strategy is charged only if the change in the savings strategy is made more frequently than twice per calendar year. Changes in the savings strategy in the form of rearranging your existing assets among the Participation funds will be effected within a time period of 1 month from the effective date of the change of the Contract.

A transfer of the participant's assets into another participation fund managed by KB PS or a transfer of all the participant's assets to another pension company may be made at no charge in case that the participant had a part or the whole of his or her assets placed in a participation fund in the by-laws of which there occurred changes in the method of investing, the investment objectives, or an increase in the consideration paid; in a participation fund that is being cancelled; in participation funds being merged; in a participation fund the management of which was transferred to another pension company; in a participation fund a mandatory transfer of which was decided by the Czech National Bank; or in a participation fund of a pension company that is being merged with another pension company.

KB PS may charge a fee for changes in the savings strategy or transfer of the participant's assets to another pension company in case that the participant requests such changes after the lapse of 6 months from the day of a decision to approve changes in the by-laws of the participation fund, cancellation of the participation fund, permission for merger of the participation fund, permission to transfer management of all participation funds, an order to transfer management of the participation fund, or approval of a merger of pension companies became legally binding.

KB PS may charge additional one-off fees for the following operations: suspension of a withdrawal payment, sending a statement of supplementary pension savings more frequently than once per year, when a method for making a withdrawal payment other than a domestic bank transfer will be selected, and provision of information by means other than as stipulated by the Supplementary Pension Savings Act. The amount of fees for these operations must reasonably reflect the costs relating to their performance. KB PS is entitled to change the amount of fees stated in the price list.

Taxes paid through KB PS:

Method of termination:	Contribution			Revenues
	Participant	State	Company	
Life-long pension (paid by life insurance company)	0%	0%	0%	0%
Retirement pension for the designated period (paid by pension company)	0%	0%	0%	15%*
Pension for a precisely defined period with precisely defined amount (paid by life insurance company, tax is paid only from earnings assigned to life insurance company)	0%	0%	0%	0%
One-off settlement (paid by pension company)	0%	0%	15%	15%
Lump-sum settlement to the participant or designated person	0%	returned	15%	15%
Lump-sum settlement to an heir (paid by pension company)	0%	returned	0%	0%

* Retirement pension for a designated period of 10 years and longer is tax-exempt.

6. Incentives

KB PS is not entitled to accept, offer, or provide any fee, reward, or non-monetary advantage (“incentive”) in connection with its activities that could lead to a breach in its obligation to negotiate with the participant in a qualified, honest, and just manner and in the participant’s best interest and to conduct all its activities in the best interest of the participant. Incentives do not constitute further costs for the participant, but they do constitute for him or her information about to whom and for what reasons KB PS makes expenditures in relation to its activities.

Additional information on incentives can be provided upon request to the registered office of KB PS or at the intermediary’s points of sale.

7. Methods of protecting the participant’s assets

The participant’s assets in participation funds are not insured by law and are not subject to any form of a guarantee system. There is no guaranteed rate of return on the assets invested as part of supplementary pension savings. A guaranteed rate of return on the assets as at a fund’s payment date may be governed by the by-laws of the participation funds. The participants’ assets are, however, both factually and from an accounting viewpoint separate from the assets of KB PS, and any credit event, inability to pay, or other financial problems of KB PS will have no direct influence on the assets of the participation funds. The participants’ assets are recorded in separate accounts maintained by the depository, and all activities of KB PS are subject to the control of an independent depository which is Česká spořitelna, a.s.

8. Entitlements from supplementary pension savings

KB PS provides to the participant the following withdrawals from the supplementary pension savings:

- a) retirement pension for a defined period
- b) disability pension for a defined period
- c) one-off settlement
- d) lump-sum settlement
- e) payment of a one-off insurance premium for a life-long pension
- f) payment of a one-off insurance premium for a pension for a precisely defined period with a precisely defined pension amount

Additional information concerning the individual entitlements from supplementary pension savings are contained in the Business Terms and Conditions that constitute an integral part of the Contract.

9. Recommendation of a savings strategy

Recommendation of a savings strategy always proceeds from a determination as to the interested party/participant’s requirements and needs. For the sake of simplicity and security, a life cycle strategy (growth strategy, balanced strategy, and conservative strategy) is preferred for the interested party/participant over possibilities of individually composed portfolios.

An investment questionnaire is completed first with any party interested in the supplementary pension savings product. This questionnaire is used to obtain the necessary information concerning the interested party/participant’s knowledge and experience with finance, knowledge and experience with the investment instruments into which the participation funds invest, and the interested party/participant’s tolerance and preference in relation to investment risk. In addition, his or her objectives and preferences in relation to the savings strategy are determined. The outcome from the investment questionnaire is an investment profile.

Completion of an investment questionnaire is voluntary.

If an interested party/participant declines to complete it, KB PS is unable to provide a substantiated recommendation. If the interested party/participant insists on concluding a contract/amendment, KB PS will recommend a balanced lifestyle strategy to an interested party/participant with more than 10 years before reaching retirement age. With a view to the sufficiently long investment horizon of the interested party/participant in supplementary pension savings, the risk undertaken, the expected returns, and analysis of the data available since the transformation of the pension funds, KB PS considers the balanced lifestyle strategy to be the optimal choice in such case.

If an interested party/participant with 10 years and less before reaching retirement age declines to complete the investment questionnaire, KB PS will recommend a conservative lifestyle strategy.

If an interested party/participant declines the offered savings strategy, he or she may manage the distribution of assets in the funds himself or herself. In that case, however, he or she must take into account that any choice not corresponding to the recommended savings strategy may not conform to his or her objectives, knowledge, and experience, or to his or her risk tolerance.

Overview of recommendations from KB PS

Profile from the investment questionnaire		Recommended life cycle strategy
Dynamic		Growth Life Cycle Strategy
Growth		
Balanced		Balanced Life Cycle Strategy
Conservative		Conservative Life Cycle Strategy
Participant declined to complete the investment questionnaire	Time to retirement age > 10 years	Balanced Life Cycle Strategy
	Time to retirement age ≤ 10 years	Conservative Life Cycle Strategy

Note: For women, retirement age is assessed based on that of a man with the same date of birth.

10. Asset structure in participation funds and savings strategy

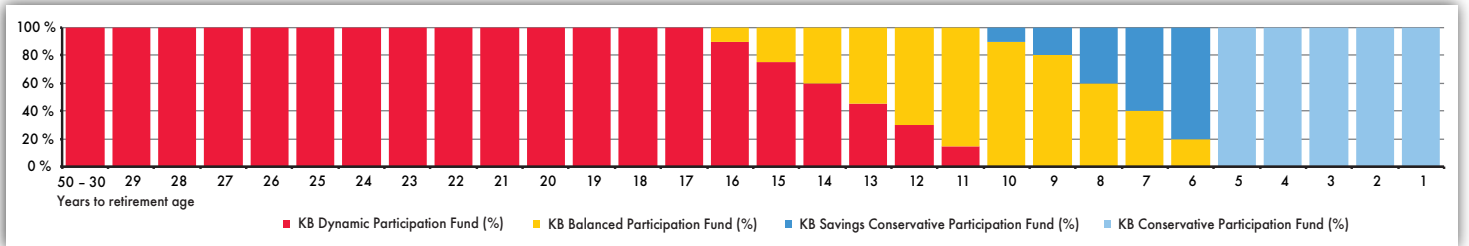
The asset structure in participation funds is defined by the Supplementary Pension Savings Act, and for each participation fund it is also governed by the pertinent by-laws of that participation fund. Those by-laws are available to each interested party/participant at any time upon request and also are available at the KB PS website.

The structure of the individual life cycle strategies is established by KB PS and is composed from the individual participation funds managed by KB PS.

Growth Life Cycle Strategy:

Growth strategy – structure

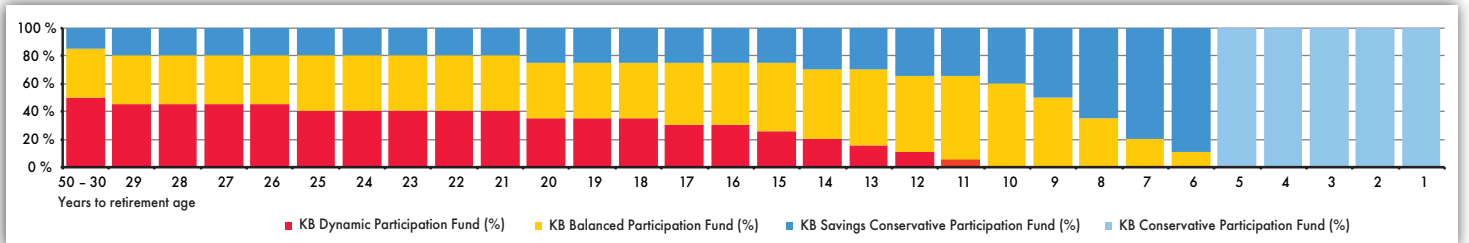
Years to retirement age	50 – 30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
KB Dynamic Participation Fund (in %)	100	100	100	100	100	100	100	100	100	100	100	100	100	100	90	75	60	45	30	15	0	0	0	0	0	0	0	0	0	0
KB Balanced Participation Fund (in %)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	25	40	55	70	85	90	80	60	40	20	0	0	0	0	0
KB Savings Conservative Participation Fund (in %)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	20	40	60	80	0	0	0	0	0
KB Mandatory Conservative Participation Fund (in %)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	100	100	100	100



Balanced Life Cycle Strategy:

Balanced strategy – structure

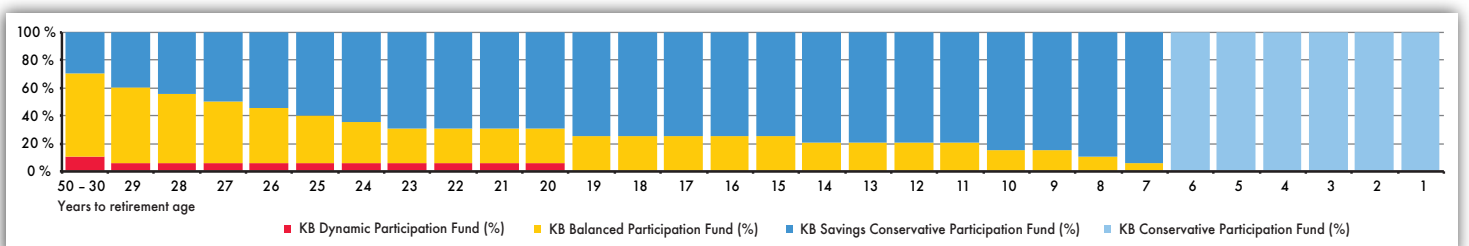
Years to retirement age	50 – 30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
KB Dynamic Participation Fund (in %)	50	45	45	45	45	40	40	40	40	40	35	35	35	30	30	25	20	15	10	5	0	0	0	0	0	0	0	0	0	0
KB Balanced Participation Fund (in %)	35	35	35	35	35	40	40	40	40	40	40	40	45	45	50	50	55	55	60	60	50	35	20	10	0	0	0	0	0	0
KB Savings Conservative Participation Fund (in %)	15	20	20	20	20	20	20	20	20	20	25	25	25	25	25	30	30	35	35	40	50	65	80	90	0	0	0	0	0	0
KB Mandatory Conservative Participation Fund (in %)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	100	100	100	100



Conservative Life Cycle Strategy:

Conservative strategy – structure

Years to retirement age	50 – 30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
KB Dynamic Participation Fund (in %)	10	5	5	5	5	5	5	5	5	5	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
KB Balanced Participation Fund (in %)	60	55	50	45	40	35	30	25	25	25	25	25	25	25	25	20	20	20	20	15	15	10	5	0	0	0	0	0	0	0
KB Savings Conservative Participation Fund (in %)	30	40	45	50	55	60	65	70	70	70	70	75	75	75	75	80	80	80	80	85	85	90	95	0	0	0	0	0	0	0
KB Mandatory Conservative Participation Fund (in %)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	100	100	100	100



The representation of participation funds in life cycle strategies is merely informative and may deviate over the short term during the savings period.

Valid from: 1 December 2016