

PSVaG

PENSIONS-SICHERUNGS-VEREIN

Mutual insurance association

Report on the
2013 Financial Year

Issued by:
PENSIONS-SICHERUNGS-VEREIN
Mutual insurance association

Bahnstraße 6, 50996 Cologne
Tel.: +49 0221 93659-202
Fax: +49 0221 93659-194
<http://www.psvag.de>
e-mail: info@psvag.de

15 May 2014

The full version of the 2013 Annual Report
is available in German.

Table of contents

	Page
Supervisory Board and Board of Management	5
Management Report	7
Annual Financial Statements	
Balance Sheet as at 31 December 2013	22
Profit and Loss Account for the period from 1 January 2013 to 31 December 2013	25
Overview of the historical development of the PSVaG from 1975 to 2013	27
Members of the Consortium for the PSVaG	28

Honorary Chairman of the Supervisory Board

Prof. Dr. Dr. h.c. Klaus Murmann, Kiel
Honorary President of the Confederation of German Employer Organisations (BDA), Berlin
Chairman Emeritus, Sauer-Danfoss Inc., Chicago, Neumünster

Supervisory Board

Prof. Dr. sc. techn. Dieter Hundt, Chairman
Honorary President of the Confederation of German Employer Organisations (BDA), Berlin
Chairman of the Supervisory Board of Allgaier Werke GmbH, Uhingen

Dr. Michael Hessling, Deputy Chairman
Member of the Board of Management of Allianz Lebensversicherungs-AG, Stuttgart
Member of the Board of Management of Allianz Private Krankenversicherungs-AG, Munich

Dr. Rudolf Muhr, Deputy Chairman
Chairman of the Advisory Board of Muhr und Bender KG, Attendorn

Klaus Bräunig, Lawyer
Managing Director of the German Association of the Automotive Industry (VDA), Berlin

Dr. Gerhard F. Braun
President of the Rhineland-Palatinate Regional Association of Organisations of Entrepreneurs,
Mainz
Managing Partner of Karl Otto Braun GmbH & Co. KG, Wolfstein

Brigitte Faust (as of 3 July 2013)
President of the Food and Drink Employers' Association, Munich
HR Director Employee & Industrial Relations, Coca-Cola Erfrischungsgetränke AG, Berlin

Dr. Jörg Freiherr Frank von Fürstenwerth
CEO and member of the Executive Board of the German Insurance Association (GDV), Berlin

Alexander Gunkel
Member of the Governing Board of the Confederation of German Employer Organisations
(BDA), Berlin

Norbert Heinen
Chairman of the Board of Württembergische Lebensversicherung AG, Stuttgart

Klaus Hofer, Lawyer
Chairman of the Corporate Pension Committee of the Confederation of German Employer Organisations (BDA), Berlin (until October 2013)

Jürgen Husmann, Graduate economist
Former Member of the Governing Board of the Confederation of German Employer Organisations (BDA), Berlin

Stefan Lauer (until 3 July 2013)
Chairman of the Socio-political Working Group on Transport (SAV), Frankfurt am Main
(until 30 June 2013)
Member of the Board of Directors of Deutsche Lufthansa AG, Frankfurt am Main
(until 30 June 2013)

Horst-Werner Maier-Hunke
President of the North Rhine-Westphalian Regional Association of Organisations of Entrepreneurs, Düsseldorf
Managing Director of DURABLE Hunke & Jochheim GmbH & Co. KG, Iserlohn

Board of Management

Hans H. Melchior, Graduate economist
Cologne

Dr. Hermann Peter Wohlleben, Lawyer
Cologne

Management Report

The remit of the PENSIONS-SICHERUNGS-VEREIN – Object of the insurance

The PENSIONS-SICHERUNGS-VEREIN Versicherungsverein auf Gegenseitigkeit (PSVaG) is the statutory agency providing insolvency protection for occupational pension schemes. The sole purpose of this mutual insurance association is to guarantee occupational pensions in the event of an employer becoming insolvent in the Federal Republic of Germany, where this guarantee function is fulfilled pursuant to the Fourth Section of the German Law on the Improvement of Occupational Old-age Pensions (BetrAVG), and in the Grand Duchy of Luxembourg.

The insolvency insurance covers all schemes where the fulfilment of earned claims to an occupational pension is jeopardised by the employer becoming insolvent. Such schemes include:

1. direct pension commitments, also referred to as direct commitments
2. indirect pension commitments through
 - a) pension relief funds,
 - b) direct pension insurance plans – only in the case of revocable rights or irrevocable entitlements if these have been assigned, presented as security or pledged – and
 - c) pension funds.

On the basis of a General Agreement (Section 8, para. 1 of BetrAVG in conjunction with Section 2, para. 2 of the PSVaG's Articles of Association), the PSVaG transfers old-age pension obligations assumed as a result of an employer becoming insolvent to a consortium currently numbering 50 life insurance undertakings (cf. list on page 28). The executive insurer of the Consortium for the PSVaG is Allianz Lebensversicherungs-AG, Stuttgart.

Source of funds, financing procedure

The funds used to cover insolvency insurance claims are raised pursuant to Section 10 BetrAVG in the form of statutory contributions from those employers who provide occupational old-age pensions through one of the schemes subject to compulsory insolvency insurance.

Since the amendment to Section 10, para. 2 of BetrAVG, which entered into force in 2006, the contributions must be sufficient to cover the following:

- the cash value of claims to insolvency insurance benefits that arise during the current calendar year (base accounting interest rate pursuant to Section 65 of the Insurance Supervision Act - VAG)
- the difference between the cash value of the entitlements to benefits forming the subject of claims due to insolvency cases at the end of the calendar year and the equivalent cash value at the end of the previous year (base accounting interest rate one third higher than that applied to current benefits)
- administrative and other costs
- payments made into a compensation fund designated by the German Federal Financial Supervisory Authority (BaFin), and
- payments into a loss reserve account pursuant to Section 37 of VAG.

The capitalised values of both the pensions requiring continued payment and the insurable pension entitlements are financed in the year of insolvency from the contributions received by the PSVaG.

The required levels of contributions are calculated at the end of the year and apportioned to all of the employers subject to compulsory contributions. A characteristic feature of this process is the fact that the contribution rates reflect differences in claim volumes from one year to the next. In other words, an increase in the claim volume results in an increase in the rate of contributions and a reduction in the claim volume leads to lower contribution rates.

Retroactive financing of “old claims” through one-off contributions

Beginning in 2007, “old claims” of around €2.2 billion, i.e. non-forfeitable entitlements from insolvencies up to and including 2005 that were insurable but had not yet been financed, were financed retroactively through a one-off contribution (cf. 2007 Annual Report). This one-off contribution, set at rate of 0.866 per cent, is generally payable in 15 equal annual payments with instalments due on 31 March of each year from 2007 to 2021. Alternatively, all future instalments can be paid early as one lump sum on a voluntary basis, in which case interest is deducted from all future instalments at an accounting interest rate set one third higher than the rate applicable at the time of payment in accordance with Section 65 of VAG (2013: 2.33%).

A total of €83.7 million was payable for the seventh instalment due on 31 March 2013. A further 650 or so instalment payers took advantage of the option of voluntary early payment, paying a total of €12.3 million after deduction of the statutory discount. Roughly 12,700 employers remain who are obliged to pay annual instalments totalling €82.0 million over the period from 2014 to 2021.

Cash value of the insured entitlements

Insured entitlements to future benefits as a result of insolvencies occurring up to 31 December 2013 numbered approximately 194,000. The total cash value of these entitlements is in the region of €3,410.6 million. These values were calculated using the 2005 G Heubeck guide tables with the statutory base accounting interest rates, i.e. a rate of 3.67% for entitlements from insolvencies up to 31 December 2006, a rate of 3.00% for entitlements from insolvencies from 1 January 2007 to 31 December 2011, and a rate of 2.33% for entitlements from insolvencies as of 1 January 2012.

The amount available to cover insured entitlements is €2,701.9 million (previous year: €2,258.5 million), as reported in the balance sheet items "Contributions carried forward" and "Provisions for insurance claims outstanding". This meant that 79% (previous year: 65%) of the insured entitlements was covered by capital provisions as at 31 December 2013.

Levelling of contribution peaks

In addition to drawing from the compensation fund, which requires the consent of the supervisory authority, Section 10, para. 2, sentence 5 of BetrAVG provides for another instrument to be used for the purpose of levelling contribution peaks. According to this provision, the portion of required annual contributions that exceeds those of the previous year may be distributed over the current year and the four following years. This option has been used once to date, in 2009.

Assessment of contributions, total contributions

On the basis of the financing scheme prescribed by law, contributions are calculated by the PSVaG in the following manner:

On the expenses side:

- Claim volume extrapolated for the full year
(minus income as defined in Section 9 of BetrAVG)
- PSVaG administrative costs
- Allocation to the compensation fund
- Allocation to the loss reserve

On the income side:

- Investment income minus investment expenses and charges
- Offsetting of the previous year's provision for contribution reimbursements
- Dividends from the consortium for the previous year
- Any amounts drawn from the compensation fund

Required contributions

The contributions required on the basis of this calculation reflect the amount reported for 2013 by participating firms as the contribution assessment base, a total of €312 billion (previous year: €304 billion). On the basis of the calculation, the contribution rate for 2013 was set at 0.17 per cent.

The weighted average contribution rate for the past five years is 0.45 per cent, with a weighted average for the past ten years of 0.39 per cent. The average for all 39 previous financial years is 0.30 per cent. Total contributions in 2013 – excluding payments due on 31 December 2013 for 2009 (levelling) and excluding one-off contributions – amounted to €544.2 million (previous year: €916.8 million).

A decision regarding the charging of an advance payment for 2014 will be taken during the first half of 2014.

Assets, financial position and earnings

The calculation of contributions carried out in October 2013 reflected anticipated claims for the full 2013 year as projected on the basis of previous years' levels. As is the case every year, it was necessary to include estimates and extrapolations for the claim volume in the final months to the year-end.

The financial situation at the 2013 year-end had improved compared with the situation on which the contribution calculation was based. As well as higher revenues pursuant to Section 9 of BetrAVG and an improved return on capital investments, the total value of benefits paid following insolvencies over the last few months of 2013 was lower than expected. Consequently, an amount of €195.1 million was set aside as a provision for contribution reimbursements and will be used to reduce the contributions payable in 2014.

Claim volume

The total claim volume was €780.7 million. This total includes expenditure for insurance benefits as reported in the Profit and Loss Statement in the amount of €1,207.9 million minus the portion of contributions for 2009 allocated to 2013, which totalled €427.3 million and are included in the premiums written.

Capital investments

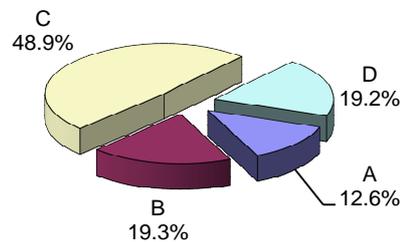
The book value of capital investments rose by €690.4 million to total €4,436.1 million (previous year: €3,745.8 million) during the reporting year. All capital investments measured at amortised cost were valued according to the strict principle of the lower of cost or market. Registered bonds and bank deposits were reported at their nominal value in the balance sheet.

As in previous years, the PSVaG pursued a cautious investment policy focused on the sound financial standing of issuers of bearer and registered bonds and promissory notes and a consistent "buy and hold" strategy. Investments in investment certificates are restricted to special funds in which the PSVaG is the

sole investor. These serve not only to diversify capital investments but also to increase the return prospects. Deposits at banks are largely required for the settlement of claims in 2014 and have corresponding maturity dates. Investments that are not required for settling claims are successively invested in the direct portfolio and investment funds.

During the reporting year a total of €925.3 million (previous year: €750.1 million) was invested in bonds with maturities ranging from 2015 to 2023, while €200.4 million fell due in 2013. A net amount of €50.1 million was invested in funds.

Capital investment structure



A = investment fund units

B = bearer bonds

C = registered bonds and promissory notes

D = bank deposits (time deposits)

The net income from investments totalled €94.7 million (previous year: €106.3 million).

Membership

The number of members rose to 93,765 (previous year: 93,031) as at 31 December 2013. The addition of 4,512 new members and the loss of 3,778 members resulted in an overall net membership increase of 734. The new additions primarily related to employers who were required to have insolvency insurance protection to cover income conversion commitments through reinsured group relief funds. Most of the terminated memberships related to mergers, insolvencies, suspensions of membership following clarification of obligations, or the termination of occupational pension schemes due to the fulfilment of pension obligations or the death of the last person with entitlement under the scheme.

Insurance cover for non-members

Insurance cover with the PSVaG is taken out on the basis of a statutory obligation. Section 3, para. 3 of its Articles of Association provides for this insurance being taken out with the PSVaG without acquiring membership. Four employers are currently availing themselves of this option. Their contribution assessment base accounted for around 0.001% of the total base in 2013. For the sake of simplicity, these employers have not been shown separately in the membership figures.

Number of persons entitled to benefits

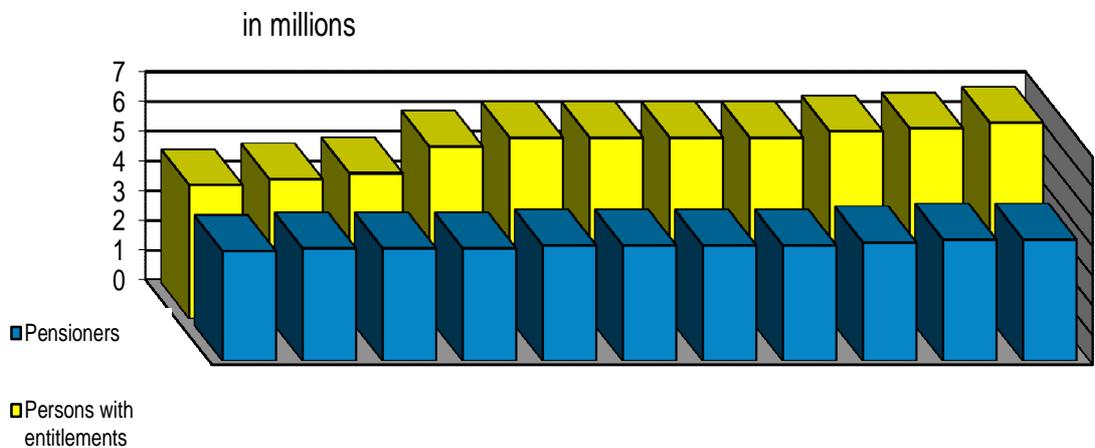
The number of persons reported by the members as being entitled to benefits and covered by insolvency insurance is:

	<u>2013</u>	<u>2012</u>
Persons entitled to benefits (non-forfeitable entitlements)	6,599,477	6,424,215
Pensioners	<u>4,125,748</u>	<u>4,134,919</u>
Total	<u>10,725,225</u>	<u>10,559,134</u>

If an employer offers multiple pension schemes, beneficiaries may be counted more than once.

The above figures have developed as follows over the past ten years:

Persons entitled to benefits and covered by insolvency insurance

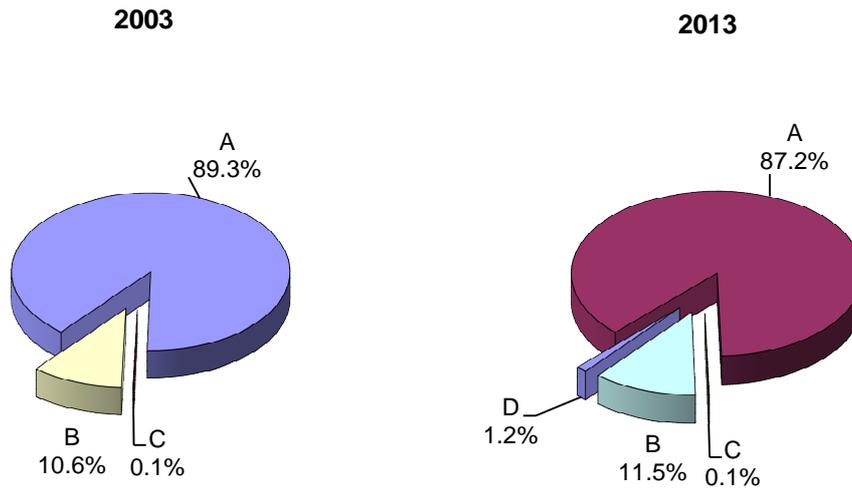


	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total	8,2	8,5	8,7	9,6	10,0	10,0	10,0	10,0	10,3	10,5	10,7
of which:											
Entitlements	4,5	4,7	4,9	5,8	6,1	6,1	6,1	6,1	6,3	6,4	6,6
Pensioners	3,7	3,8	3,8	3,8	3,9	3,9	3,9	3,9	4,0	4,1	4,1

Breakdown of individual contribution assessment bases

A comparison of the relative shares of the different pension schemes in the total contribution assessment bases for the years 2003 and 2013 shows a decline in direct pension commitments and an increase in pension relief fund commitments. Year-to-year comparisons may show contrary trends. Pension funds, which have been subject to insolvency insurance requirements since 2002, accounted for 1.2% of the total in 2013 (unchanged on the previous year).

Shares of the individual pension schemes



- A = direct pension commitments
- B = relief fund commitments
- C = revocable direct policies or direct policies presented as security
- D = pension fund commitments

Distribution of contribution assessment bases in 2013

Contribution assessment base € millions	Percentage shares	
	of members	of total contribution base
up to 0.1	60.0	0.5
0.1 – 0.5	19.9	1.4
0.5 – 1.0	5.9	1.2
1.0 – 5.0	8.9	5.8
over 5.0	<u>5.3</u>	<u>91.1</u>
	<u>100.0</u>	<u>100.0</u>

As indicated, there were no significant volume changes in the distribution of contribution assessment bases. Around 5% of members accounted for around 90% of all contributions.

Relative charge of insolvency insurance contributions

One interesting issue for the member companies is the level of the relative charge of insolvency insurance contributions. To this end, the insolvency insurance contributions were compared against the costs associated with occupational old-age pension provisions and with personnel costs.

These ratios were calculated for the 2012 financial year for a representative selection of around 130 member companies ranking among the largest contribution payers and together accounting for around 40% of the total contribution volume in 2012.

The German Accounting Law Modernisation Act (BilMoG) has changed companies' accounting practice. Any allocation to pension provisions must now be broken down into the components personnel expenses and interest expenses. Interest expenses are posted under net financial income and no longer as expenses for old-age pension benefits. To make the figures comparable with earlier evaluations, interest expenses have been approximated on the basis of the reported contribution assessment base.

Insolvency insurance contributions – on the basis of the 2012 contribution rate of 0.30 per cent, corresponding to the average weighted contribution rate over all previous financial years – averaged:

- 2.70% of old-age pension expenses (including interest expenses) and
- 0.28% of personnel expenses (including interest expenses).

Not including the interest expenses for the interest accruing on pension provisions, insolvency insurance contributions averaged:

- 5.10% of old-age pension expenses and
- 0.30% of personnel expenses.

Corporate governance

The German Corporate Governance Code contains nationally and internationally recognised standards for good and responsible corporate management. These standards are primarily aimed at listed companies. In its capacity as a self-help institution within the German economy, the PSVaG adheres to the Code's principles and observes its recommendations and suggestions to the extent that they are applicable to and support the specific statutory function of the mutual insurance association.

Website

The PSVaG's website at www.psvag.de contains general information on the PSVaG, its Articles of Association, the General Terms and Conditions of Insolvency Insurance for Corporate Old-Age Pensions (AIB), German versions of the Annual Report, summaries of the Annual Report in English, the most recent versions of all PSVaG leaflets and a list of publications. It also contains forms for use in complying with reporting obligations and for matters relating to contributions and benefits. The PSVaG's general e-mail address is info@psvag.de. To contact a specific member of staff by e-mail, the prefix "info" should be replaced by the name of the staff member in question using the format "first name.surname".

Employees

	No. on 1 Jan 14	No. on 1 Jan 13
Actively employed: (including semi-retired part-time)		
– Full-time	165	163
– Part-time	51	48
	<u>216</u>	<u>211</u>
Suspended employment:		
– Parental leave	10	8
– Passive phase of semi-retirement	4	6
	<u>14</u>	<u>14</u>
Total number of employees	<u>230</u>	<u>225</u>
Effective no. of employees, i.e. on a full-time equivalent basis	197.7	192.7

Outlook for 2014

The volume of claims during the first few weeks of 2014 reflects the influence of insolvencies reported at the end of 2013. No prediction can be made at this stage regarding future developments.

Insolvency insurance for occupational old-age pension commitments is highly dependent on individual events, with the result that no reliable estimate of claim volumes can be provided at this time.

A forecast regarding the development of the contribution rate for the current financial year is generally made in the middle of the year, with the member organisations being notified by means of a circular.

Insolvency and benefit payments

The general level of insolvencies in the corporate sector continued to wane during 2013. Showing a total of 25,995 company insolvencies, the figures provided by the German Federal Statistical Office point to a fall of 8.1% compared with the previous year.

In contrast, the number of insolvencies that were relevant to the PSVaG once again increased on the previous year, a development that can be attributed in particular to the rise in membership over recent years. However, both the number of beneficiaries and the total benefits paid to recipients fell markedly. The main reason for this reduction was fact that several major claims cases had pushed up the previous year's figures.

The relevant figures for the PSVaG are provided in the following table and described below. When comparing the figures in the table "Overview of insolvency cases affecting PSVaG" for the individual years it is important to remember that the figures for earlier years are updated figures (see Note 1 under the table).

Overview of insolvency cases affecting PSVaG

Year of insolvency	2011 ¹	2012 ¹	2013	1975 – 2013
I. Insolvencies	616	642	668	16,288
of which:				
1. Insolvency proceedings including dismissal due to lack of assets ²	615	639	668	16,063
2. Out-of-court settlements	1	3	0	225
II. Persons entitled to benefits				
1. Registered pensioners				
a) Number	7,188	17,538	12,337	645,888
b) Total benefits € millions	224	611	426	15,537
c) Average monthly pension €	179	181	189	–
2. Registered persons with non-forfeitable entitlement	11,619	24,668	15,117	715,526

¹ The changes in the figures stated under I. and II. compared with the figures quoted in the 2012 Annual Report are due to the subsequent reporting in the 2013 financial year of additional insolvencies in the respective years and to the ongoing updating of information based on the subsequent receipt of reports containing more precise data on individual insolvencies.

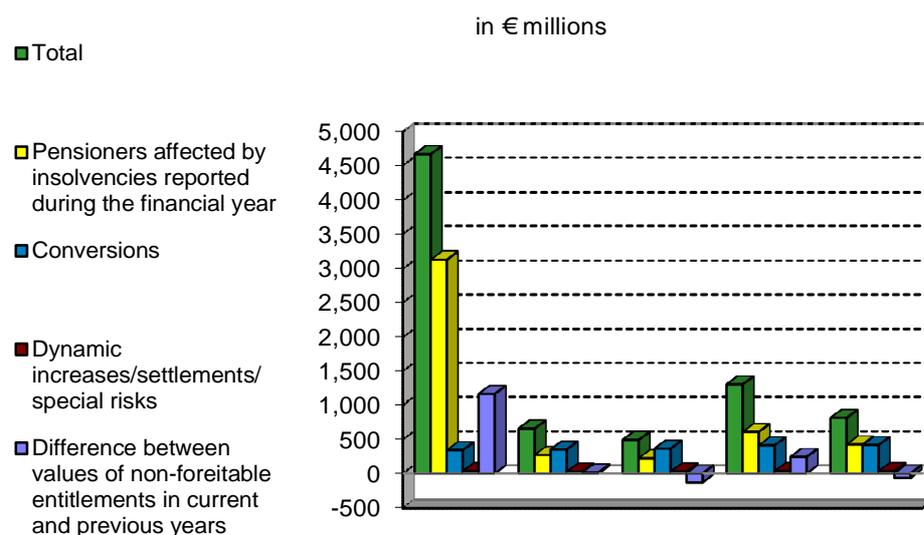
² Including bankruptcy and judicial settlement procedures (up to 1999) and cases of the complete termination of operations where bankruptcy proceedings are not initiated due to an obvious lack of assets.

During the reporting year the PSVaG was affected by 668 (previous year: 581)^{*} insolvencies (insurable cases as defined in Section 7, para. 1 of BetrAVG) involving 12,337 recipients of benefits (previous year: 17,477) and 15,117 persons with non-forfeitable benefit entitlements (previous year: 24,438). This equates to an increase of 15.0% (previous year: + 17.1%) in the number of insolvency cases and a decrease of 34.5% (previous year: + 141.6%) in the number of persons entitled to benefits.

^{*} Here, in the following text and in the graph below, this figure does not take account of the ongoing updating of the overview of insolvency cases.

The anticipated cost of taking over pension payments from insolvency cases during the financial year is €426 million (previous year: €612 million). Added to this are the expenses associated with converted entitlements, at €419 million (previous year: €414 million), as well as the costs relating to pension adjustments in line with contractual adjustment clauses, lump-sum settlements pursuant to Section 8, para. 2 of BetrAGV and late claims, totalling €32 million (previous year: €33 million). As in the previous year, the allocation of provisions for special risks was not required during the financial year. Taking into account the difference of - €57 million (previous year: €243 million) between the cash value of the insured entitlements at the end of the current year and the value at the end of the previous calendar year, gross benefit expenses for 2013 totalled €820 million (previous year: €1,302 million) (see overview below). This figure does not yet include claim adjustment costs, settlement income from earlier years and income as defined in Section 9 of BetrAVG.

Composition of gross benefit expenses *



	2009	2010	2011	2012	2013
Total	4,667	663	494	1,302	820
of which:					
Pensioners affected by insolvencies reported during the	3,131	272	223	612	426
Conversions	342	352	365	414	419
Dynamic increases/settlements/special risks	33	25	27	33	32
Difference between values of non-foreif. entitlements (2006 onwards)	1,161	14	-121	243	-57

The PSVaG posted income of €194.2 million in 2013 from insolvency quota payments, transferred relief fund assets and other claims. This income offsets

* See footnote on p.16.

some of the costs relating to insurance claims and thus the contribution charge payable by the member companies.

The PSVaG is frequently one of the largest creditors in insolvency proceedings due to the statutory subrogation of claims from the occupational pension provision that it insures. It therefore participates – to the extent that cases are economically significant – in the work of the creditor representation body established by law (General Creditor Assembly and, where applicable, the provisional Creditor Committee). The resulting close cooperation with insolvency executors and trustees is ultimately conducive to the fulfilment of the tasks for which the PSVaG is responsible.

During the 2013 reporting period, a total of 61,860 (previous year: 47,558) cases of benefit entitlements from all claims years were processed. Of these, 25,428 (previous year: 27,785) were old-age pension entitlements, including 11,221 conversions (previous year: 11,959). Some 36,432 processed cases (previous year: 19,773) related to benefit entitlements with regard to which the PSVaG has issued a final notice of intent to pay. The total number of cases processed in 2013 and resulting in a final notice of intent to pay, calculated after adding 9,560 (previous year: 9,011) cases of pension increases based on contractual adjustment clauses and other cases of retroactive insurance, therefore totalled 71,420 (previous year: 56,569).

Overview of pension and entitlement cases still pending

Year of insolvency	1975-2007	2008	2009	2010	2011	2012	2013	Total
1. Pension cases	3	0	106	16	47	462	2,430	3,064
2. Entitlement cases	390	310	11,593	3,847	5,295	15,247	13,818	50,500
3. Conversion cases	1,630							1,630

The figures shown in the above table for pending pension and entitlement cases also include cases that cannot yet be processed, due to missing documents etc.

The number of outstanding cases involving recipients of benefits as at the year-end was 3,064 (previous year: 4,654). As at the balance sheet date, roughly 1,000 of these pensioners had received their occupational pension either from special funds established by their former employers or through the “old” payment scheme. With regard to the latter, the pensioners receive their occupational pension on behalf and for the account of the PSVaG from the previous paying agent until such time as registration with the Consortium is technically feasible. Pension cases from earlier years that are yet to be processed are primarily

based on late claims, late registrations and previously disputed cases on which a ruling was reached shortly before the year-end.

The number of entitlement cases still to be settled as at the balance sheet date was 50,500 (previous year: 74,976). There are still 16,140 (previous year: 42,243) entitlement cases outstanding from the financial years up to 2010. Those entitled to benefits will suffer no disadvantage as a result of this situation, however.

In conversion cases, the PSVaG is required to pay benefits to those persons who are entitled to benefits and whose entitlements were still pending on the date of insolvency as of the date on which benefits fall due for the first time.

In order to minimise interruptions in benefit payments resulting from insolvency, highest priority is given to the timely processing of pension claims once insolvency has been reported. This objective was once again achieved in 2013. A major contributor to this success was the proven approach of continuing the payment of pensions temporarily, i.e. until corresponding reports have been made to the consortium, using the old mode of payment.

High priority is also given to the timely processing of conversion cases. Additionally, the PSVaG makes every effort to reduce the number of outstanding entitlement cases from previous years. However, due to the irregular incidence and unforeseeable consequences of insolvencies, relatively long processing times are likely to remain unavoidable, particularly with regard to entitlement cases.

Annual Financial Statements

Balance Sheet

Assets	€	€	€	Previous year € thousands
A. Intangible assets			331,478.—	165
B. Investments				
Other financial investments				
1. Shares, investment fund units and other variable-yield securities		558,688,940.—		483,549
2. Bearer bonds and other fixed-income securities		856,679,722.20		583,762
3. Other loan receivables				
a) Registered bonds	1,820,000,000.—			
b) Promissory notes and loans	350,457,108.—	2,170,457,108.—		1,729,899
4. Bank deposits		850,320,000.—	4,436,145,770.20	948,550 (3,745,760)
C. Receivables				
I. Accounts receivable on direct written insurance business from				
Policyholders		138,636,936.73		210,858
II. Other receivables		41,917.92	138,678,854.65	488 (211,346)
D. Other assets				
I. Tangible assets and stocks (inventories)		1,836,359.—		2,047
II. Cash at bank in current accounts, cheques and cash in hand		174,841,775.64	176,678,134.64	116,639 (118,686)
E. Prepayments and accrued income				
I. Accrued interest and rent		27,358,343.66		21,559
II. Other prepayments and accrued income		4,629,500.—	31,987,843.66	17 (21,576)
Total assets			4,783,822,081.15	4,097,533

As at 31 December 2013

Liabilities	€	€	Previous year € thousands
A. Capital and reserves			
Revenue reserves			
Loss reserve pursuant to Section 37 VAG		67,490,000.—	66,170
B. Technical provisions			
I. Contributions carried forward	463,602,496.39		512,271
II. Provision for insurance claims outstanding	2,790,779,559.46		2,206,196
III. Provision for bonuses and rebates	195,133,116.04		123,305
IV. Other technical provisions (Compensation fund - Section 5 para. 2, Articles of Association)	<u>1,238,300,000.—</u>	4,687,815,171.89	1,164,100 (4,005,872)
C. Provisions for other risks and charges			
I. Provisions for pensions and similar obligations	23,125,225.—		21,658
II. Other provisions	<u>1,321,364.—</u>	24,446,589.—	1,333 (22,991)
D. Other liabilities			
I. Accounts payable on direct written insurance business to			
Policyholders	3,570,146.69		1,937
II. Other liabilities - of which for taxes: € 324,163.95 (previous year: € 208,500.39)	<u>478,004.57</u>	4,048,151.26	520 (2,457)
E. Accruals and deferrals		22,169.—	43
Total liabilities		<u>4,783,822,081.15</u>	<u>4,097,533</u>

Profit and Loss Account
for the period from 1 January 2013 to 31 December 2013

Items	€	€	Previous year € thousands
I. Technical account			
1. Earned premiums			
a) Premiums written	1,056,552,753.30		1,425,307
b) Change in contributions carried forward (release)	48,668,134.16		48,210
c) Amount released from the previous year's provision for bonuses and rebates pursuant to Section 6 of the Articles of Association	<u>123,305,522.91</u>		204,482
		1,228,526,410.37	
2. Other technical income		164,467,420.52	123,753
3. Expenses for insurance claims			
a) Payments for insurance claims	623,345,651.46		1,116,187
b) Change in provision for claims outstanding (allocation)	<u>584,583,346.87</u>		575,264
		1,207,928,998.33	
4. Change in other technical provisions (allocation to compensation fund)		74,200,000.—	83,400
5. Expenses for bonuses and rebates		195,133,116.04	123,306
6. Operating expenses		7,043,507.19	6,714
7. Other technical charges		<u>255,780.82</u>	189
8. Balance of the technical account		-91,567,571.49	-103,308
II. Non-technical account			
1. Investment income			
a) Income from other investments	90,929,589.07		80,994
b) Value readjustments on investments	10,484,350.—		26,133
c) Gains on the realisation of investments	<u>416,157.—</u>		775
		101,830,096.07	
2. Investment expenses and charges			
a) Investment management expenses, interest on borrowings and other investment-related expenses	773,110.62		541
b) Value adjustments on investments	6,281,689.80		276
c) Losses on the realisation of investments	<u>43,018.—</u>		793
		7,097,818.42	
3. Other income		35,672.57	19
4. Other expenses		<u>1,880,378.73</u>	1,703
5. Profit for the year (operating profit from ordinary activities)		1,320,000.—	1,300
6. Transfers to revenue reserves loss reserve pursuant to Section 37 VAG		<u>1,320,000.—</u>	1,300
7. Balance sheet profit / Balance sheet loss		—,—	—

Overview of the development of the PENSIONS-SICHERUNGS-VEREIN
from 1 January 1975 (commencement of business operations) to 31 December 2013

Financial year	Members	Advance contribution rate	Final contribution rate	Contribution assessment base	Total contributions	Insurable insolvency cases	Claims volume	Benefit recipients reported	Persons reported with non-forfeitable entitlement to benefits	Total assets	Investments	Compensation fund	PSVaG employees ¹
	No. ³ (31 Dec)	%	%	€ billions	€ millions	No.	€ millions	No.	No.	€ millions (31 Dec)	€ millions (31 Dec)	€ millions (31 Dec)	No. ²
1975	31,045	1.5	1.5	37.3	56.5	249	38.2	5,060	7,290	47.6	42.4	17.6	36
1976	31,685	1.5	1.9	42.4	81.6	267	83.7	8,614	8,795	61.7	50.9	17.9	41
1977	32,102	1.7	1.9	46.5	87.4	246	65.5	4,745	5,808	101.5	89.5	45.2	42
1978	32,778	1.7	0.7	50.1	36.5	187	39.7	4,765	6,785	151.0	145.8	52.0	43
1979	32,518	0.5	1.1	55.2	60.9	154	65.2	5,346	8,116	135.6	117.0	58.4	48
1980	32,547	0.8	1.4	61.4	85.9	161	87.3	6,879	6,985	177.3	160.8	68.3	50
1981	33,895	0.9	2.0	68.5	137.5	246	141.6	11,780	13,228	243.9	233.4	79.8	59
1982	33,977	1.4	6.9	74.1	512.5	363	623.9	39,564	55,498	661.6	552.0	5.7	71
1983	33,746	-	3.7	76.2	281.6	322	264.3	10,689	14,992	339.2	318.3	65.6	81
1984	33,968	1.8	2.6	83.9	218.6	369	200.2	8,036	15,601	375.3	358.2	137.8	85
1985	34,662	1.6	1.4	92.0	135.6	366	194.0	7,461	9,746	415.5	402.8	141.1	88
1986	34,848	1.0	1.1	98.2	116.4	332	191.0	8,135	13,448	436.8	419.9	171.8	97
1987	35,725	0.6	1.8	107.4	244.4	307	299.5	15,891	19,873	522.8	501.0	183.0	99
1988	35,813	1.2	0.9	112.0	103.3	200	158.8	4,460	7,606	489.2	473.8	188.2	103
1989	36,051	0.6	0.6	117.6	72.8	173	143.4	4,943	7,872	461.0	445.3	190.0	101
1990	36,712	-	0.3	123.7	38.8	158	170.1	7,323	6,241	402.2	373.5	190.5	100
1991	37,282	-	0.9	131.4	116.0	162	201.5	6,165	6,355	419.7	398.0	191.3	100
1992	37,758	0.3	0.8	140.6	115.5	207	216.7	10,487	11,192	448.3	429.8	191.3	99
1993	38,115	0.3	3.1	150.8	467.5	328	703.9	34,349	27,830	718.7	661.8	53.3	101
1994	38,179	1.0	2.3	157.0	363.3	348	425.4	18,414	21,506	785.6	755.6	139.8	109
1995	38,573	1.0	2.6	163.6	426.7	386	489.3	15,228	19,639	729.0	697.5	189.1	121
1996	39,045	1.0	2.8	171.3	481.2	404	724.6	41,948	29,674	790.1	756.0	51.1	131
1997	39,233	1.0	2.7	178.4	482.6	406	422.8	12,737	15,088	786.7	743.0	151.9	138
1998	39,737	1.0	1.2	184.6	223.6	399	387.7	11,763	16,033	757.3	737.3	219.5	133
1999	39,774	0.5	2.8	189.2	530.5	394	610.6	27,751	18,980	936.5	896.7	281.0	130
2000	39,778	1.0	2.1	208.6	439.9	442	548.1	14,898	18,467	801.8	763.8	332.5	129
2001	39,893	1.0	2.5	218.0	546.0	479	614.1	17,339	18,398	848.6	806.8	369.4	130
2002	40,643	1.0	4.5	225.0	1,016.8	705	1,481.4	43,565	41,696	1,271.6	1,203.6	70.7	136
2003	45,858	1.5	4.4	235.0	1,036.1	726	877.2	29,125	25,798	959.7	913.7	221.8	149
2004	53,102	1.5	3.6	243.0	881.8	753	760.6	19,507	16,866	951.2	923.7	348.7	157
2005	59,636	1.5	4.9	251.0	1,237.7	745	1,234.0	29,326	27,653	1,001.8	962.6	477.7	160
2006	64,696	1.5	3.1	264.0	825.7	654	791.5	13,863	13,634	1,321.0	1,289.2	588.0	161
2007	69,376	1.0	3.0	272.0	822.6	530	943.5	11,873	17,411	2,100.7	2,038.4	654.7	166
2008	73,093	1.0	1.8	277.0	506.1	544	591.8	7,491	9,430	2,242.1	2,194.0	696.6	170
2009	76,029	-	14.2	285.0	4,068.3	971	4,356.3	79,871	89,242	4,036.5	3,370.5	874.0	179
2010	83,322	-	1.9	289.0	549.2	679	648.7	9,434	11,346	3,795.6	3,568.5	992.5	190
2011	90,740	-	1.9	295.0	569.3	616	626.1	7,188	11,619	3,567.3	3,296.0	1,080.7	206
2012	93,031	-	3.0	304.0	916.8	642	1,264.8	17,538	24,668	4,097.5	3,745.8	1,164.1	221
2013	93,765	-	1.7	312.0	544.2	668	780.7	12,337	15,117	4,783.8	4,436.1	1,238.3	230
					19,437.7	16,288	22,467.7	645,888	715,526				
Total													
1,361,414													
Persons entitled to benefits													

1 Including part-time employees or employees whose employment has been suspended (parental leave, semi- retirement) cf. page 15 (Management Report)

2 Up to 1986: number of employees as at 31 Dec. including members of the Board of Management; from 1987 onwards: yearly average in accordance with the Accounting Directives Act of 19 December 1985

3 Figures from 2013 onwards include insured non-members – cf. page 12 (Management Report)

Members of the Consortium for the PSVaG

As at 31 December 2013, the following 50 life insurance companies were sponsoring members of the Consortium for the PSVaG (sponsoring share given in % in brackets):

AachenMünchener Lebensversicherung AG (2.7)	HDI Lebensversicherung AG (4.2)
Allianz Lebensversicherungs-AG (16.8)	HUK-COBURG-Lebensversicherung AG (0.1)
ALTE LEIPZIGER Lebensversicherung auf Gegenseitigkeit (2.5)	IDEAL Lebensversicherung a.G. (0.3)
ARAG Lebensversicherungs-AG (0.6)	IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe (3.9)
Asstel Lebensversicherung AG (0.7)	INTER Lebensversicherung AG (0.3)
AXA Lebensversicherung AG (8.1)	Landeslebenshilfe V.V.a.G. (0.1)
Barmenia Lebensversicherung a. G. (0.7)	Lebensversicherung von 1871 a. G. Munich (0.3)
Basler Leben AG (0.7)	LVM Lebensversicherungs-AG (0.1)
Basler Lebensversicherungs-AG (2.0)	Mecklenburgische Lebensversicherungs-Aktiengesellschaft (0.1)
Bayerische Beamten Lebensversicherung a.G. (1.2)	MÜNCHENER VEREIN Lebensversicherung a.G. (0.3)
Bayern-Versicherung Lebensversicherung Aktiengesellschaft (2.2)	neue Leben Lebensversicherung AG (0.1)
Concordia Lebensversicherungs-Aktiengesellschaft (0.1)	NÜRNBERGER Lebensversicherung AG (3.1)
Condor Lebensversicherungs-Aktiengesellschaft (0.5)	Öffentliche Lebensversicherung Berlin Brandenburg AG (0.1)
Continental Lebensversicherung AG (0.4)	Öffentliche Lebensversicherung Braunschweig (0.2)
Cosmos Lebensversicherungs-Aktiengesellschaft (0.2)	Öffentliche Lebensversicherungsanstalt Oldenburg (0.1)
Delta Lloyd Lebensversicherung AG (2.0)	Provinzial NordWest Lebensversicherung AG (1.2)
ERGO Lebensversicherung AG (10.2)	Provinzial Rheinland Lebensversicherung AG (1.4)
Familienfürsorge Lebensversicherung AG im Raum der Kirchen (0.2)	R+V Lebensversicherung AG (2.8)
Generali Lebensversicherung AG (9.5)	RheinLand Lebensversicherung AG (0.2)
Gothaer Lebensversicherung AG (2.0)	SAARLAND Lebensversicherung AG (0.1)
Hannoversche Lebensversicherung AG (0.7)	Swiss Life AG, Niederlassung für Deutschland (1.0)
HanseMercur Lebensversicherung AG (0.5)	Stuttgarter Lebensversicherung a.G. (0.7)
	SV Sparkassenversicherung Lebensversicherung AG (2.0)
	VGH Provinzial Lebensversicherung Hannover (0.6)
	VOLKSWOHL-BUND Lebensversicherung a.G. (0.8)
	Württembergische Lebensversicherung AG (5.0)
	WWK Lebensversicherung a. G. (1.2)
	Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft (5.2)

The executive insurer of the Consortium for the PSVaG is Allianz Lebensversicherungs-AG, Stuttgart.