PSVaG
Insolvenzsicherung
der Betriebsrenten

2023
Annual Report

Who we are

We are a self-help institution within the German economy providing statutory protection for occupational pension schemes in the event of employer insolvency. As such we never lose sight of the special responsibility that we hold in the area of social security.

Through our vision of “Confidence in the security of occupational pensions”, we work to realise our statutory remit as a mutual insurance association.

We are consistently by the side of our beneficiaries and members, currently securing the occupational pension provision of over 14 million people.

Our guiding principles are fairness, service, cost awareness and stability.

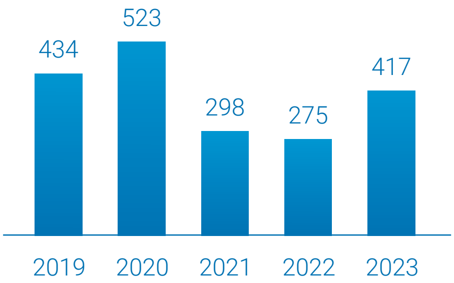
Figures for the 2023 financial year

	2023	2022
Membership	**101,850**	101,300
Contribution assessment base	**€ 382 billion**	€ 373 billion
Contribution rate	**1.9‰**	1.8‰
Total contributions	**€ 740 million**	€ 685 million
Insurable cases	**417**	275
Claim volume	**€ 631 million**	€ 582 million
Registered beneficiaries	**9,800**	4,800
Registered persons with entitlement to benefits	**52,100**	9,400
Compensation fund	**€ 3.4 billion**	€ 3.3 billion
Total assets	**€ 8.8 billion**	€ 8.3 billion
Employees	**301**	294

Equal rights, including the use of non-discriminatory language, are integral to and embraced within our everyday activity. It is equally important to us, however, that the language we use is easy to understand.

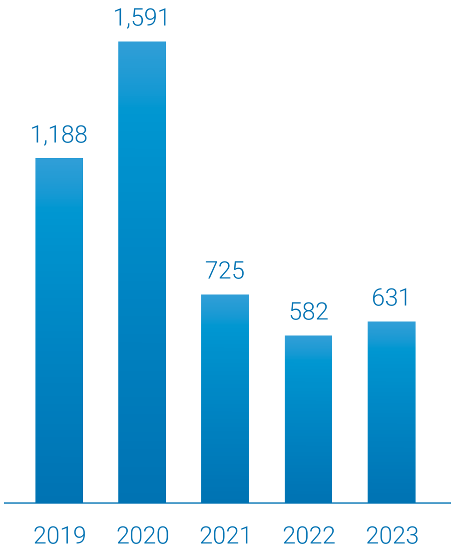
We therefore use gender-neutral language as far as possible.

No. of insurable cases



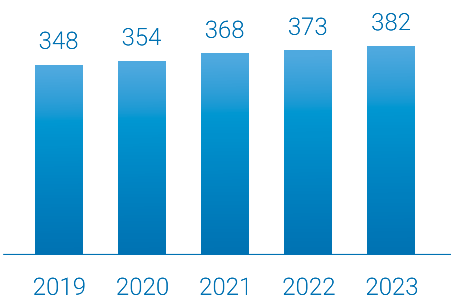
+52%
compared with 2022

Claim volume in € millions



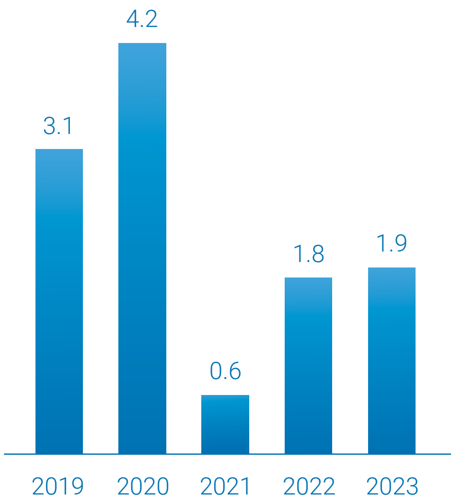
+8%
compared with 2022

Contribution assessment base in € billions



+2%
compared with 2022

Contribution rate in ‰



+6%
compared with 2022

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Corporate Management

Letter from the Board of Management

Ladies and gentlemen

Once again in 2023, the Russian war of aggression in Ukraine and, later in the year, the war in the Middle East, as well as the return to normality after the coronavirus pandemic, continued to have a significant impact on society and many areas of the economy in Germany. High inflation since 2022 combined with rising interest rates has resulted in more insolvency activity, as reflected in the claims being handled by the PSVaG. The number of new insurable cases rose by more than half, the volume of claims almost doubled, and there was a four-fold increase in the number of beneficiaries.

The persistent volatility on the capital markets over the course of 2023 was associated with high but falling levels of inflation and an associated sense of expectation on the interest rate markets. When actually implemented, interest rate hikes by the central banks had a clear impact on the financial sector (liquidity problems for banks and UK bonds, tumbling real estate prices), while the real economy, particularly the services sector, continued to do well. It took until the final weeks of the year for some confidence to emerge as inflation figures fell significantly, nudging interest rates down and giving equities a boost. Overall, there were significant increases in the market value of investments. Much of the value lost from funds and direct holdings in 2022 was recouped. Reserves were created in the funds again.

In June 2023, the PSVaG expected the contribution rate for 2023 to be around the average of the last ten years (2.0 per thousand). The volume of claims was already up year-on-year by the middle of 2023, and this development took further hold in the second six months. Looking at 2023 overall, however, it was not in fact a year with a high claims volume. Rather, the volume of claims was average measured against past decades. In November, the PSVaG set the contribution rate for 2023 at 1.9 per thousand.

Given that some insolvency proceedings that had been applied for were not opened in 2023, the actual claims volume in the fourth quarter was significantly lower than assumed when calculating the rate. In addition, the capital markets performed significantly better than anticipated in the last three months, in terms of both equities and bonds. Consequently, € 631 million was allocated to the provision for contribution rebates. This will have a direct impact on the 2024 contribution rate, helping to keep it low.

The number of members of the PSVaG increased from approximately 101,300 to 101,850 in 2023, which can mainly be attributed to further registrations for pension commitments via *Pensionskassen*, pension entitlements becoming vested, and company splits or spin-offs. At the end of 2023, the PSVaG was guaranteeing a major part of private-sector occupational pension provision in Germany, encompassing in excess of 14 million pension commitments.

Currently, some 13,000 of our 100,000 members have reported commitments via *Pensionskassen*. However, we assume that there are still some employers with Pensionskasse commitments subject to compulsory insolvency insurance that have not registered with us yet. In order to reach these potential members, we plan to gather the relevant information from the *Pensionskassen* this year and compare the data against our membership base. The level of claims for Pensionskasse commitments has been relatively low to date. However, as each insolvency case generally involves examining a large number of pension schemes, processing these cases requires a huge amount of time and effort.

A current issue is the growing number of pensioner companies (Rentnergesellschaften) created after a pension buy-out. These are entities that no longer operate as a business following a spin-off or carve-out, and only manage and pay out the pension obligations that they have taken over. They are PSVaG members, and in the event of an insolvency the PSVaG is generally the biggest creditor. In addition to the insolvency risk, there are also financial and regulatory issues around pensioner companies, for which no clear framework for action has yet been developed.

In 2023 we also continued to implement new and existing projects and measures to improve our service for our members and beneficiaries in line with our overall remit. One such milestone was the introduction of our digital membership portal in August 2023, which enables our members to contact PSVaG directly online. This will ensure the seamless transmission of reporting data. Further digitalisation projects are in the pipeline including a portal for pension beneficiaries and the automatic creation of contribution notices. However, as some legal foundations still need to be created, not everything can be done quite yet. Against this background, the PSVaG proposed various changes to the law in 2023 and is engaging in dialogue with the Federal Ministry of Labour and Social Affairs.

Our in-house transformation process continued with the implementation of the management guidelines. As shown by an employee survey, our staff value the collaborative aspect of their work at the PSVaG and the fact that their working environment is open, trust-based and respectful.

The PSVaG was founded in October 1974, and to mark our 50th anniversary we will be holding a symposium in the autumn. We would like to thank our employees for their successful and dedicated work over the past five decades.

Cologne, 6 February 2024

Dr. Marko Brambach **Dr. Benedikt Köster**

Supervisory Board

Ingo Kramer
Chairman
Shareholder, J. Heinr. Kramer Group, Bremerhaven,
Honorary President, Confederation of
German Employer Organisations (BDA), Berlin
Member since 18 February 2021

Jörg Asmussen
Deputy Chairman
CEO and executive member of the Executive Board
of the German Insurance Association (GDV), Berlin
Member since 29 June 2021

Dr. Rudolf Muhr
Deputy Chairman
Chairman of the Advisory Board of Muhr und
Bender KG, Attendorn
Member since 7 July 2006

Susanna Adelhardt
Total Rewards – Head of Benefits, HR Business
Management, Evonik Industries AG, Essen
Chair of the Management Board, Pensionskasse
Degussa VVaG, Marl
Member since 19 June 2023

Claudia Andersch
Chair of the Board, R+V Kranken-
versicherung AG, R+V Lebensversicherung AG,
R+V Lebensversicherung a.G.,
R+V Pensionsversicherung a.G., Wiesbaden
Member since 6 August 2019

Klaus Bräunig
Lawyer, Berlin
Member since 27 June 2001

Dr. Gerhard F. Braun
Business graduate, Deidesheim
Member since 7 July 2006

Dr. Heinke Conrads
Member of the Management Board of Allianz
Lebensversicherungs-AG, Stuttgart
Member since 8 June 2022

Brigitte Faust
Business graduate, Munich
Member since 3 July 2013

Claus-Christian Gleimann
Senior Vice President Group HR/Executive HR,
E.ON SE, Essen
Chairman of the Board of the Confederation of
German Employer Organisations for the Energy and
Utilities Sector (VAEU), Hanover
Member since 19 June 2023

Dr. Reinhard Göhner
Lawyer, Kirchlengern
Member since 1 July 2014

Alexander Gunkel
Member, Executive Board of the Confederation of
German Employer Organisations (BDA), Berlin
Member since 7 July 2006

Janina Kugel
Managing Director, Kugel & Associates GmbH,
Berlin
Member from 7 July 2016
until 19 June 2023

Richard Nicka
Graduate in financial mathematics, Ettringen
Member from 29 June 2021
until 19 June 2023

Composition of the Supervisory Board and attendance of meetings

The Supervisory Board in its current composition is a diverse body, particularly in terms of its members' professional and educational backgrounds. The Board as a whole possesses the knowledge, skills and professional experience necessary to fulfil its remit. Its members have a range of different professional focuses, with experience from different areas of industry and wide-ranging expertise in the fields of business and politics. The average age of the Supervisory Board members as at the end of the 2023 financial year is 62, with the youngest member being 51 and the oldest 70 years old.

In 2023, the Supervisory Board once again engaged in the self-evaluation of its members, considering their knowledge in the areas of expertise needed to be able to advise the Board of Management and monitor the management of the PSVaG. The review took the form of a self-evaluation, as required by supervisory law. The results are used on a regular basis to derive a development plan for the individual subject areas and training is carried out as agreed. Overall, the members of the Supervisory Board have the necessary qualifications, knowledge and experience, taking into account the specifics of the association, to expertly guide and monitor the PSVaG's development.

The Supervisory Board has formed a Personnel Committee, an Investment Committee and a Legal and Audit Committee from among its members. To the extent permitted by law, decision-making powers of the Supervisory Board may also be delegated to these committees. The committees perform the functions assigned to them by the rules of procedure and special resolutions of the Supervisory Board in the name and on behalf of the Supervisory Board. Each committee includes at least three members of the Supervisory Board.

Personnel Committee	Legal and Audit Committee	Investment Committee
Ingo Kramer (Chair) Claudia Andersch Janina Kugel, until 19 June 2023 Dr. Rudolf Muhr	Alexander Gunkel (Chair) Jörg Asmussen Klaus Bräunig	Susanna Adelhardt (Chair since 19 June 2023) Richard Nicka (Chair until 19 June 2023), until 19 June 2023 Dr. Heinke Conrads Dr. Rudolf Muhr

As far as possible, all meetings of the Supervisory Board and its committees were held in person, with a hybrid or virtual form used in a few cases. The attendance rates for Supervisory Board members at Supervisory Board meetings and at committee meetings in 2023 were 93% and 100% respectively.

Management Report

Basic principles of the PSVaG

Object of the insurance

The Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit (PSVaG) is the statutory agency providing insolvency protection for occupational pension schemes. Its purpose is to guarantee occupational pensions in the event of an employer becoming insolvent in the Federal Republic of Germany or the Grand Duchy of Luxembourg. This role is based on the Fourth Section of the Act for the Improvement of Occupational Old-age Pensions (BetrAVG).

The insolvency insurance covers those schemes where the fulfilment of acquired claims to an occupational pension is jeopardised by the employer becoming insolvent. Such schemes comprise:

1. Direct pension commitments (also referred to as direct commitments)
2. Indirect pension commitments through

a) direct pension insurance plans – only in the case of revocable rights or irrevocable entitlements if these have been assigned, presented as security or pledged,

b) pension relief funds,

c) pension funds,

d) *Pensionskassen*.

On the basis of a General Agreement (Section 8, para. 1 of BetrAVG in conjunction with Section 2, para. 2 of its Articles of Association), the PSVaG insures old-age pension obligations assumed as a result of an employer becoming insolvent with a consortium currently numbering 47 life insurance undertakings. 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 of BetrAVG in the form of statutory contributions from those employers who provide occupational old-age pensions through the schemes subject to compulsory insolvency insurance referred to above.

The contributions must be sufficient to cover:

- the present value of claims to insolvency insurance benefits that arise during the current calendar year (base accounting interest rate pursuant to Section 235, para. 1 no. 4 of the Insurance Supervision Act; VAG),
- the difference between the present 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 present value at the end of the previous year,
- 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 193 of VAG.

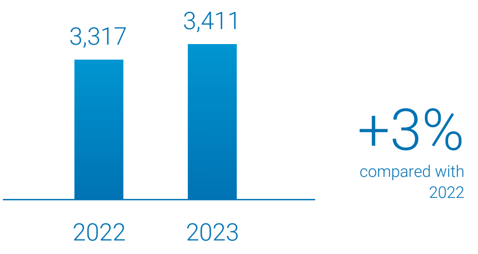
The required levels of contributions are calculated during the final quarter of the year and apportioned to all of the employers subject to compulsory contributions. A characteristic feature of this process is the fact that the contribution rates reflect differences in expenses from one year to the next.

Dealing with contribution peaks

Contribution peaks may be alleviated by making use of the compensation fund and by applying a smoothing method. In the event of a high volume of claims, the compensation fund may be used with the consent of BaFin to reduce the contribution rate. The smoothing process may be used to distribute the annual contributions required over the current and up to four subsequent calendar years. This option has only been used once to date, in 2009, while the compensation fund has been used four times.

With regard to the compensation fund, as required by the PSVaG's Articles of Association, BaFin has stipulated that allocations must be made to the fund at least until a target of 9‰ of the contribution assessment base has been reached pursuant to Section 10, para. 2 of BetrAVG. This allocation is carried out anti-cyclically in that the higher the claim expenses, the lower the allocation. As at the 2023 year-end, the target level for the compensation fund was € 3,411 million, which was reached by allocating an amount of € 94 million.

Size of compensation fund in € millions



Supervision by BaFin

In its capacity as a mutual insurance association, the PSVaG is subject to supervision by the German Federal Financial Supervisory Authority (BaFin).

The 2023 financial year

Overview of the financial year

In 2023 the number of company insolvencies in Germany grew by 23%, the second increase in a row. Following an 8% decline among PSVaG members in the previous year, an increase of 52% in the number of insolvencies was recorded in 2023. This is 12% below the average for the period from 2013 to 2022.

Over the course of the 2023 financial year, the development in claims was lower than we had expected at the start of the year. Higher than expected income as defined in Section 9 of BetrAVG was recorded, and the dividends from the Consortium also developed more positively than originally assumed. The investment result was considerably higher compared with the previous year. Administrative costs were in line with forecasts.

At the end of the first half of 2023, we had informed our members that we were expecting the contribution rate for 2023 to be in the region of the average for the past ten years (2.0‰). In November we were able to set the rate at 1.9‰. A particularly positive contributory factor was the € 206 million reversal of the provision for rebates from the previous year.

We successfully transferred occupational pension schemes back to employers that continued operations after insolvency, making a full transfer in 34 cases and a partial transfer in 16 further cases. This saved our members € 41 million in gross terms.

Required contribution level

The required contribution level totalling € 740 million for 2023 consists of two items. The higher portion of € 726 million is based on the required contribution rate of 1.9‰ and the reported contribution assessment base of € 382 billion. The second portion of € 14 million is based on the additional statutory rate of 1.5‰ for pension commitments via *Pensionskassen*, which is used for the pro rata financing of the compensation fund and will continue to be applied up to and including 2025.

The contribution rate of 1.9‰ is slightly higher than the previous year's rate of 1.8‰. It is, however, lower than the recent average. The average rate for the past ten years is 2.0‰ and the average for all 49 financial years to date is 2.7‰.

Annual Financial Statements

The Annual Financial Statements for the 2023 financial year have been prepared in accordance with the German Ordinance on Insurance Accounting (RechVersV).

The income statement shows a negative technical result, offset by the non-technical positions.

The financial performance indicators include the highest income items such as members' contributions, income pursuant to Section 9 of BetrAVG and the dividends from the Consortium, as well as investment income. The highest expense item is insolvency case costs. The individual items are explained in further detail in the "Our services" and "Capital investments" sections.

The calculation of contributions carried out in October 2023 reflected anticipated developments for the full 2023 year based on the development up until that point. As is the case every year, it was necessary to include estimates and extrapolations for the final months to the year-end.

The 2023 financial statements show a better overall financial situation than was anticipated when the contribution was being calculated. This was mainly due to a better than expected development in claims, attributable in particular to the postponement until 2024 of some insolvency cases that had already been filed. Further factors included a more favourable investment result in a context of falling interest rates and rising stock markets. Consequently, € 631 million was allocated to the provision for contribution rebates. This amount will reduce the level of contributions for 2024. Overall, due to the system, the annual financial statements show a balanced result.

The allocation of € 94 million to the compensation fund resulted in the target of 9‰ of the contribution assessment base being achieved.

Members’ meeting

At the members’ meeting held on 19 June 2023 in Cologne and chaired by the Chairman of the Supervisory Board, the actions of the Board of Management and Supervisory Board were ratified, the auditor appointed, and changes to the Articles of Association adopted. There were changes to the composition of the Supervisory Board. Susanna Adelhardt and Claus-Christian Gleimann were newly elected, while Janina Kugel and Richard Nicka both stood down.

Our services

Insolvencies

The general level of insolvencies in the German economy also increased in 2023 due to higher prices for primary products, and energy in particular, and relatively high interest rates over a sustained period. The number of insolvencies rose by 23% to 18,100 company insolvencies, almost returning to pre-pandemic levels. The number of employees affected by insolvencies also grew, up by around 17% to 205,000 individuals. Creditreform estimates the value of creditors' claims in 2023 to be € 34 billion, compared with € 33 billion in 2022.

In keeping with the general economic trend, the number of insolvency proceedings affecting the PSVaG also rose, increasing by 52% in 2023. As there were twelve major claims, compared with four in the previous year, the number of new pension beneficiaries to be insured climbed by as much as 336%. However, due to the high proportion of *Pensionskassen* commitments with relatively low expenses recognised in profit or loss per beneficiary, claims expenses for new insolvencies only rose by 93%.

Overview of insolvencies

Year of insolvency	**2023**	**2022**
Total insurable cases[1]	**417**	275
of which out-of-court settlements	**0**	0
Beneficiaries (entitled) and pensioners[2]	**61,900**	14,200

[1] Including cases where insolvency is rejected due to a lack of assets and cases of complete termination of operations where bankruptcy proceedings are not considered due to an obvious lack of assets.

[2] Including retransfers in the context of an insolvency plan and rejected cases.

Insured entitlements and insured pensioners

The PSVaG insures benefits (entitlements) that are not yet due, makes capital payments and pays settlements to persons entitled to benefits, and insures pensions that have fallen due, thereby discharging the debt, with a consortium of currently 47 life insurers.

The number of insured beneficiaries (entitled) rose by 8% while the number of pensioners fell by less than 1%.

Beneficiaries

	Beneficiaries (entitled)	Pensioners
As at 31 Dec. 2022	217,300	454,500
New additions due to insolvencies in 2023	52,100	9,800
Other additions	5,200	10,500
Exits	40,100	22,500
As at 31 Dec. 2023	234,500	452,300
of which insured with the Consortium		444,500

"Other additions" of pensioners and "Exits" of beneficiaries (entitled) include 7,000 (former) beneficiaries who were insured with the Consortium in 2023 due to them drawing a pension for the first time. "Exits" of beneficiaries (entitled) mainly include retransfers, as well as one-off payments, settlements and rejected cases. Decreases in the number of pensioners are generally due to a pension no longer being drawn following the death of the beneficiary.

Number of processed and outstanding cases

During the financial year the PSVaG conclusively audited the basis for and amount of any benefit obligation for 33,400 beneficiaries (entitled) and pensioners, while also increasing the current pension already being paid due to an insolvency-protected adjustment clause or providing follow-up insurance for other reasons in a total of 15,600 cases. In 2023 there were 31,300 beneficiaries who received benefits directly from the PSVaG or who had new insurance cover taken out with the Consortium or their cover increased.

In order to minimise interruptions in benefit payments upon insolvency, highest priority is given to the timely processing of pension claims once the insolvency is reported. This means that the PSVaG frequently begins its process before the insolvency proceedings have officially begun.

The following table provides details of the number of outstanding cases and how these have progressed:

Outstanding cases

	Beneficiaries (entitled)	Pensioners[1]
As at 31 Dec. 2022	31,300	4,800
Additions	54,300	20,400
Exits due to processing	15,300	18,100
Exits due to other form of settlement	20,300	2,100
As at 31 Dec. 2023	50,000	5,000

[1] Pensioners on occurrence of claim and conversions; excluding dynamic increases.

Benefits paid

In 2023 the PSVaG paid out direct benefits to beneficiaries totalling € 71 million (2022: € 67 million). The Consortium paid out an additional € 862 million (2022: € 883 million).

Claim volume

The claim volume was higher than in the previous year due to the increase in insolvency activity, totalling € 631 million (2022: € 582 million).

The PSVaG's involvement in insolvency proceedings

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

The PSVaG posted income of € 132 million in 2023 from insolvency quota payments, transferred relief fund assets and other claims.

In 2023, the PSVaG was able to agree a transfer back to the employer by means of 50 insolvency plan procedures affecting 21,500 beneficiaries, thereby avoiding gross expenses of € 41 million.

Dividends from the Consortium

With regard to insurance agreements concluded in the past, the Consortium transferred dividends of € 230 million including interest to the PSVaG in 2023 for the 2022 financial year. This was posted to income in 2023.

Pension expenses for future claims

In order to reduce future contributions, € 631 million (2022: € 206 million) was allocated to the provision for rebates. € 94 million (2022: € 57 million) was transferred to the compensation fund.

Administrative costs

The administrative costs totalling € 39 million (2022: € 38 million) primarily include the costs relating to the processing of benefits, expenses in connection with membership administration and costs of overall operations.

PSVaG's provisions

To cover its obligations arising up until 31 December 2023, the PSVaG allocated a total of € 4.5 billion (2022: € 4.5 billion) to the provision for outstanding insurance claims. This provision contains the present value of the projected benefit obligation pursuant to Section 10, para. 2 of BetrAVG, which is € 4.0 billion. This present value was calculated using the 2018 G Heubeck guide tables and the statutory base accounting interest rates. Based on the PSVaG's own observations, the mortality probabilities used in the guide tables were permanently reduced by 18%. The interest rate on which the calculation of entitlement is based is stipulated by law and depends on the year of insolvency.

Present value of the insured entitlements in € millions by year of insolvency

Year of insolvency	Base accounting interest rate	Present value
up to 2006	3.67%	442
2007 – 2011	3.00%	831
2012 – 2014	2.33%	519
2015 – 2016	1.67%	244
2017 – 2021	1.20%	1,413
2022 – 2023	0.33%	525
Total		**3,975**

The average interest rate for the insured entitlements, weighted according to present value, is 1.91%.

A total of € 4.2 billion has been allocated to the provision for rebates, compensation fund and loss reserve.

The Consortium's provisions

As at December 2023, the Consortium had created provisions in the anticipated amount of € 12.1 billion (2022: € 12.3 billion) for the insurance agreements concluded by the PSVaG. We expect the insurers to continue to generate dividends on these provisions over the coming years, which will be paid out to the PSVaG and help to reduce the future level of membership contributions.

Our membership

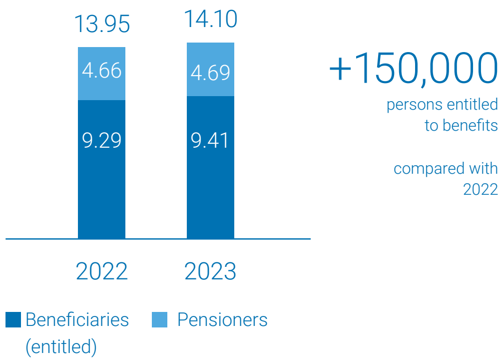
Number of members

The PSVaG had 101,850 members as at 31 December 2023, an increase of around 550 compared with the previous year. This rise is the net result of approximately 3,700 new memberships and the termination of approximately 3,150 memberships. New memberships arose as a result of the new reporting obligation for pension commitments via *Pensionskassen* applicable since 1 January 2021, but also as a result of pension entitlements becoming vested, and company splits or spin-offs. Memberships ended on account of mergers and insolvencies, and in cases in which all of the benefit obligations had been fulfilled or had expired.

Number of persons entitled to benefits covered by insolvency insurance

There were 14.1 million individuals with entitlement to benefits reported by our members in 2023, an increase of 0.15 million compared with the previous year. It is possible that employees and former employees who received several pension commitments through multiple schemes or from more than one employer have been counted more than once in the figures.

Persons entitled to benefits and covered by insolvency insurance in millions



Contribution assessment base

The breakdown of the total contribution assessment base by type of scheme over a ten-year period, i.e. for the years 2013 (totalling € 312 billion) and 2023 (totalling € 382 billion), shows a slight fall in direct pension commitments and relief fund commitments. Pensionskasse commitments have only been subject to insolvency insurance since 2021.

Shares of the individual pension schemes in %

	2023	2013
Direct pension commitments	**85.7**	87.2
Pension relief fund commitments	**10.4**	11.5
Pensionskasse commitments	**2.4**	
Pension fund commitments	**1.5**	1.2
Revocable direct policies or direct policies presented as security	**< 0.1**	0.1

Capital investments

Stratification of contribution assessment bases

The membership of the PSVaG remains very heterogeneous. More than half of the member companies report a contribution assessment base of less than € 0.1 million. Overall, this layer of the membership pays 0.4% of total contributions. In contrast, the 5.5% of our members with the highest reported contribution assessment bases pay more than 90% of all membership contributions.

Breakdown of membership by size category

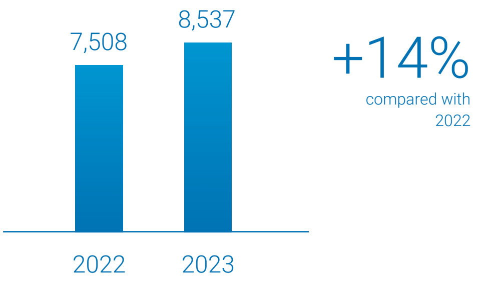
Contribution assessment base in € millions	Percentage of members	Percentage of total contribution assessment base
up to 0.1	62.4	0.4
0.1 – 0.5	18.3	1.1
0.5 – 1.0	5.6	1.0
1.0 – 5.0	8.2	4.7
more than 5.0	5.5	92.8

Market and portfolio performance

Capital market activity in 2023 was very dynamic, but ultimately generally pleasing. Early in the year, the stock markets continued the recovery that had begun in the previous year, albeit with interruptions in the form of liquidity crises at US banks, UK pension funds and Credit Suisse. The initially still high inflation figures and additional interest rate hikes by the central banks pushed interest rates up further, with the added factor of good economic data in the USA. Ten-year rates for US and German government bonds hit long-term highs (at just under 5% and 3% respectively). In the final quarter, falling inflation and rather moderate economic data fuelled expectations of interest rate cuts by central banks and caused medium and long-term interest rates to fall significantly again, dropping by one whole percentage point (29 December: USA 10Y 3.9%; DE 10Y 2.0%) Equities rallied in response at the year-end, with US and European shares gaining more than 20% year-on-year. Euro government bonds were returning 7% and euro corporate bonds as much as 8% in 2023.

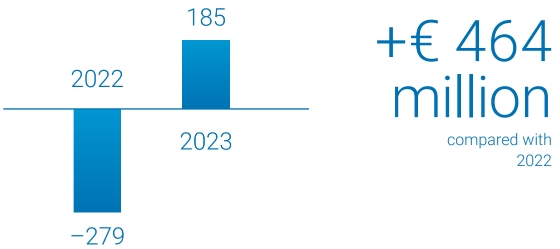
In this dynamic environment, the PSVaG's investments grew in value by 6.3% (including account balances). Reserves were built up again in the fund investments and the hidden losses in the direct portfolio were significantly reduced. Given the high quality of the securities in the direct portfolio (average rating AA-), we do not expect any defaults in the future either. The net return, helped by high write-ups, reached 2.3%.

Book value of capital investments in € millions



The book value of capital investments rose by more than one billion € to total € 8,537.3 million (previous year: € 7,508.3 million) during the year under review. Included in this increase are write-ups of € 113.0 million. More than € 900 million was allocated to fund investments and the direct portfolio, of which € 380 million in the form of demand deposits and money market funds. All investments measured at amortised cost were valued according to the strict principle of the lower of cost or market. Registered bonds, promissory notes and bank deposits were reported at their nominal value in the balance sheet. The alleviated principle of valuation at the lower of cost or market, which may be used as a discretioary practice, was again not applied.

Income from capital investments in € millions

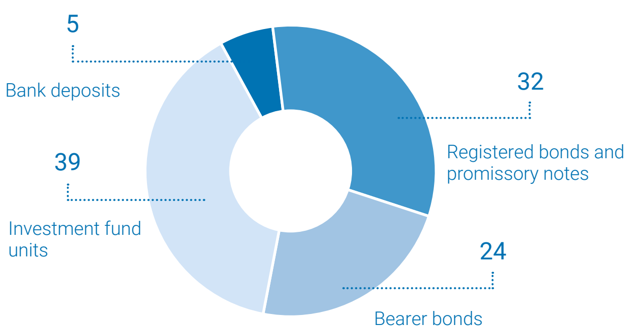


Net income from investments totalled +€ 184.7 million (2022: € 278.9 million). This includes write-ups of € 113.0 million, of which € 98.9 million related to bearer instruments in the direct portfolio. A further € 14.1 million related to investment certificates. No dividends were distributed from the funds during the reporting year. Income from the direct portfolio grew strongly, to reach € 64.2 million (2022: € 54.2 million).

Capital investment structure

The PSVaG continues to pursue a conservative capital investment policy. Particularly with regard to the direct portfolio, and therefore in the case of bearer and registered bonds and promissory notes and loans, issuers or issues with a high credit rating were always prioritised during investment decision-making. Additionally, new investments were focused on securities with shorter maturities. Investments in investment certificates relate to German special funds (special alternative investment funds with fixed investment conditions and a Luxembourg special fund for alternative investments. Money market funds were also added at the turn of the year. Deposits at banks (mainly time deposits) are largely required for the settlement of claims in future years and have corresponding maturity dates.

Structure of capital investments in %



Overall, € 1,149.8 million was invested in bonds and in demand and time deposits during the reporting year, with the focus continuing to be on short-term investments, accounting for around 70%. In recognition of the importance of quality in the difficult market environment, new investments were made in government or government-related issuers (41%) and Pfandbriefe (15%). The average rating for new investments as a whole was AA-. Securities and demand and time deposits worth € 969.3 million were redeemed by the issuers. No further selling took place in the direct portfolio. New investments in special funds totalled € 533.0 million, most of which related to fixed-income investments. Money market funds in the amount of € 290.0 million were acquired to invest the contribution liquidity at the year-end. The equity dividend fund was closed at a market value of € 111.6 million and with a gain of € 9.4 million, and the proceeds invested in the equities master fund.

Investment strategy

Strategic asset allocation (SAA) forms the basis of investment management, and is regularly reviewed and updated. As well as focusing on the return target derived from the liabilities, reviews focus on a conservative risk/return ratio. Capital investments are allocated on the basis of the time horizon for the corresponding obligations. Most investments are made in the direct portfolio, with an investment horizon of up to 15 years. The vast majority of the fund investments have a medium to long-term investment horizon, serving to diversify the capital investment portfolio and also to increase the return potential.

The specific maturities of the fixed-income securities acquired for the direct portfolio are obtained from the asset/liability management (ALM) calculations, which are based on the expected conversion dates for the entitlements (cash flow matching). The securities in question are generally held until they mature (buy and hold strategy). This minimises the need for premature selling and thus avoids the transaction costs and risks created by potential price losses if securities have to be sold off early. A limit system is in place to restrict the potential default risks. With regard to the direct portfolio, the only acquisitions were issues with an investment grade rating (average rating of AA-), with the aim of diversification across different regions and issuers.

Sustainability

In order to reconcile the challenge of the sustainable transformation process of the real economy with the interests of the PSVaG members in the best possible way, we pay special attention to sustainability aspects in relation to investment, adhering to BaFin's Guidance Notice on Dealing with Sustainability Risks. The risks in question are "environmental, social or governance events or conditions, which if they occur have or may potentially have significant negative impacts on the assets, financial and earnings situation, or reputation of a supervised entity" (as quoted in BaFin's Guidance Notice on Dealing with Sustainability Risks, December 2019). In 2023, the PSVaG focused particularly strongly on improving and developing its existing sustainability approaches.

Since 2019, we have made sure that we integrate ESG (environmental, social and governance) factors into investment decision-making and risk management whenever selecting issuers and issues for the direct portfolio. In 2022, we developed our own ESG benchmark to manage ESG quality in the direct portfolio. ESG scores are used to identify issues that we believe represent an elevated sustainability risk. The main objective is to identify and avoid sustainability-related risks (e.g. stranded assets) at an early stage while taking advantage of opportunties as they arise. We realigned how the ESG score is calculated during the year under review so that, in our opinion, the UN Sustainable Development Goals (SDGs), which are important to the PSVaG, are better reflected. Fund investments have also been evaluated using the existing ESG scheme since the start of 2023. Repeated analysis of the physical and transitory risks of climate change once again revealed only minor medium and long-term effects for the direct portfolio and rather moderate effects for the fund investments.

With regard to indirect investments, the PSVaG continued to ensure that sustainability criteria are sensibly integrated into the actively pursued investment strategy in each case. All asset managers commissioned have signed the UN Principles for Responsible Investment (UNPRI) and report the corresponding ESG and greenhouse gas information for their mandates.

Employees

The number of PSVaG staff increased in 2023, largely due to increased regulatory requirements and, again, the assumption of insolvency protection for Pensionskasse commitments. One of the ways in which the PSVaG is countering the shortage of skilled workers is through its “Employees recruit employees” referral programme launched in May 2023, which helped to recruit around 20% of the new staff members hired.

Number of employees

	2023	2022
Full-time	**192**	186
Part-time	**89**	86
Suspended employment[1]	**20**	22
Total	**301**	294
Effective no. of employees	**250.0**	242.5
Average no. of employees	**300.2**	286.2

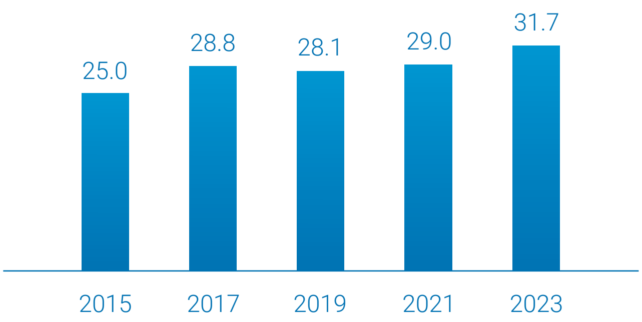
Employees’ interest in having more leisure time is creating the need for a bigger workforce. The proportion of part-time employees has grown consistently over recent years. At 31.7% in 2023 it was on a par with the previous year. During the reporting year 20% of employees took advantage of the collectively agreed arrangement that enables them to convert special payments into up to five days of additional leave. In this context, the issue of work/life balance is important to the PSVaG, with not only childcare and support for parents and close family members in need of care, but also changing leisure needs and health restrictions being

[1] Employees in the passive phase of semi-retirement, on parental leave or long-term sick leave.

the motivation for additional part-time working requests.

More and more men are, in our view, now working part-time or taking parental leave in order to be more involved in childcare.

Development of part-time rate in %



Flexible working time arrangements and the options for mobile working and digital learning are increasingly becoming an integral part of the modern working world, helping to boost employee satisfaction and motivation, not to mention the attractiveness of the PSVaG on the labour market. This is confirmed by good employer ratings on the relevant social media platforms. The employee satisfaction survey conducted in 2023 also shows a major increase in employee satisfaction, with the responses regarding working conditions and corporate communication having improved the most significantly. The good results of the survey are also reflected in the staff turnover rate, which is lower than 5%.

Following increases in recent years, the proportion of women managers did not increase further in 2023, but dropped slightly to 44.1%. Nevertheless, it is clear that the PSVaG has being pursing an HR and career advancement policy based on equal opportunities regardless of gender for many years now.

Selected personnel key figures

	2023	2022
Part-time rate	**31.7%**	31.6%
Average age	**43.9 years**	43.8 years
Length of service	**11.7 years**	11.5 years
Proportion of women	**55.5%**	53.3%
Proportion of women in executive positions	**44.1%**	45.0%
Staff turnover rate	**4.9%**	4.3%

The complex nature of the PSVaG's work means that our employees must be highly qualified and have specialist knowledge. The majority of our employees are therefore university graduates.

The staff's specialist knowledge must also be constantly updated and expanded. Training courses offered by commercial CPD providers are used for this purpose. For the most part, expert knowledge is acquired through extensive induction programmes and through in-house training.

Other important topics such as digitalisation, demographics, lifelong learning and agile working are making new demands of management styles and working relationships. In this context, we support our managers and staff with a diverse range of offerings. In addition to more traditional training courses, numerous personnel development measures and team days were also offered in 2023, dedicated to the key concepts of "personal responsibility, communication and trust" and the new management guidelines derived from these qualities.

Risk report

Aims of risk management

The PSVaG follows an integrated approach to risk management. This is founded on the legal provisions of Sections 23 and 26 of the Insurance Supervision Act (VAG) and on supervisory rules, particularly Circular R 01/2020 of the Federal Financial Supervisory Authority (BaFin) setting out the minimum requirements for the commercial organisation of small insurance undertakings as defined in Section 211 of VAG. Pursuant to Section 91, para. 2 of the Joint Stock Companies Act (AktG), the Board of Management is also obliged to “implement appropriate measures, particularly a monitoring system, to ensure than any developments that could endanger the company’s continued existence are detected at an early stage”. By presenting this report, the PSVaG is meeting its obligation to report on the essential risks associated with its anticipated development (Section 289, para. 1 of the German Commercial Code, HGB).

In line with the PSVaG’s Articles of Association, its sole purpose is the provision of insolvency insurance for occupational pensions in the Federal Republic of Germany and in the Grand Duchy of Luxembourg. Due to the obligation of the employers concerned to pay contributions (Section 10 of BetrAVG), there is no general risk of the PSVaG becoming insolvent, and its risk-bearing capacity is therefore unlimited in the first instance, albeit with a de facto limit in the form of the financial strength of the member companies. A combination of uncertain claim amounts, limits on the ability to foresee how investments would perform in the event of a crisis, and uncertainty around the future creditworthiness of its member companies make it impossible for the PSVaG to determine the absolute amount of its risk and the limits of its risk-bearing capacity.

Additionally, due to the statutory obligation to contract, the PSVaG is only able to tackle underwriting risks to a very limited extent. Diversification of risk-bearing capacity is inherent to the model. Risk-bearing capacity can also only be improved marginally by transferring risk to third parties. In a scenario in which the member companies were no longer able to finance the benefits, it seems unlikely, given the interconnected nature of the financial economy, that third parties would be able to step in.

Against this background, the legislator has imposed solvency requirements on the PSVaG. As a general rule, the requirements for small insurance undertakings (Solvency I) apply accordingly, with the enhanced recognition of own funds. The German Federal Financial Supervisory Authority (BaFin) may also stipulate that further funds may be counted as equity capital and it may extend the deadlines for restoring solvency.

For this reason, the PSVaG’s risk management system is not geared towards protecting against its own insolvency but is instead focused around the achievement of its corporate objectives. To this end, early warning levels and risk thresholds have been defined, taking into account the impact on the required contribution. If these are exceeded, extended risk monitoring is carried out or measures designed to address the risk situation are introduced to stabilise the PSVaG.

Risk management supports the sustainable development of the PSVaG. Assuming risks in a controlled way forms part of an insurance undertaking’s core business. In the capacity of a mutual insurance association, the PSVaG may also pursue long-term strategies, not least with regard to investments.

Risk management system

The PSVaG has provided detailed descriptions of its commercial and risk strategy, its structures and workflows, and its risk management system in the form of a risk manual. It is the heads of department who are responsible for identifying and assessing risk, with each individual risk that is identified being documented in a separate risk description. The risk manual, as the central pillar of risk management, is updated at least once per year, along with a review of the individual risk definitions more generally. The heads of department are also responsible for proposing ways of minimising risk and for implementing appropriate risk control measures. Those risks that have been identified and evaluated in advance by the risk managers are discussed and assessed by the Board of Management and heads of department at regular meetings.

It is the Board of Management that holds responsibility for overall risk management and that ultimately must define the PSVaG's commercial and risk strategy. An overall evaluation of the risk situation, on which the Supervisory Board is briefed, is carried out quarterly. In the event of a defined change to the risk situation, an ad-hoc update is required.

The responsible departments control and monitor risks, and these risks are recorded in the internal control system (ICS).

The PSVaG also has a compliance coordinator who provides support with orderly business organisation, thereby guaranteeing compliance with statutory and regulatory requirements. Potential compliance risks or risks of legal change in relation to compliance with or the implementation of laws, legal provisions, regulatory requirements or ethical/moral standards, as well as internal rules and regulations, are monitored on an ongoing basis. In order to achieve its security goals in terms of information risk management, the PSVaG maintains an information security management system and has its own information security officer.

A modern and effective investment risk management system allows for the early detection and management of risk associated with future development. The PSVaG complies with both the regulatory requirements and its own more restrictive internal rules on risk management at its discretion.

The Board of Management and Supervisory Board are briefed monthly/quarterly on the current risk situation by the Risk Controlling department.

The Board member with responsibility for finance is briefed on a weekly basis. In the event of any new risks or a significant change in the risk situation, the Board of Management is updated on an ad hoc basis.

Risks of future development

Actuarial practice

The volume of claims essentially depends on the number of insured cases (insolvencies) in the financial year. Claim expenses depend both on the number of insolvencies and on the cost per insured insolvency. A high volume of claims could mean unexpectedly high contributions. The inherent actuarial risk from insolvency events is the biggest risk facing the PSVaG, which is also exposed to longevity risks from benefit entitlements and the risk that beneficiaries (entitled) apply to draw their benefits earlier than expected. As the review of the pension schemes is in some cases not completed until several years after the occurrence of the insured event, there is also a reserve risk, i.e. the risk that the provision for outstanding insurance claims will be insufficient. The volume of claims is also dependent on the pension trend, in other words assumptions about pension adjustments.

Another potential risk is that income pursuant to Section 9 of BetrAVG could be lower than expected.

The contribution assessment base of all member companies is used to calculate the membership contribution. There is a risk that the total contribution assessment base could develop differently from expected.

How the PSVaG's claim volume develops is heavily dependent on the general state of the wider economy and is therefore not unrelated to investment performance. This development is also strongly influenced by the legal situation (obligation to file for insolvency) and the economic policy being pursued by the Federal Government or state governments.

As well as impacting on the contribution rate, the actuarial risks facing the PSVaG can also affect its liquidity and ability to operate (e.g. number of cases to be processed). These risks are limited by means of liquidity management and by prioritising the processing of benefits.

Capital investments

Rising share prices and falling interest rates enabled risk indicators to recover during the past financial year. The stock market rally in the final quarter made a particularly strong contribution to reserves, which stood at € 36 million.

The main risks relating to investments comprise:

- market risk (unfavourable interest rate, price or exchange rate development)
- credit/credit default risk (credit rating risk)
- concentration risk (risk of strongly correlating risks that increase default risk)
- liquidity risk

Sustainability risks are covered by the above risk categories. Sustainability risk is reflected in market risk in the form of price losses, and in credit risk in the form of a higher probability of default and spread premiums. In terms of liquidity risk, it is reflected in the fact investments could become more difficult to sell. Such risks are countered by ensuring that the composition of the assets and the investment process comply with the investment rules defined in the VAG and, additionally, are governed by more comprehensive internal investment guidelines and limits.

In order to evaluate concentration risk, the PSVaG has defined the following categories:

Direct portfolio according to debtor category in %

	2023
Companies	30.4
Savings banks and regional banks	23.1
Volksbanks and Raiffeisenbanks	13.5
Private banks	13.5
Development and investment banks	7.7
Federal Länder and foreign regions	4.0
Local authorities	3.2
Public-law corporations and institutions	3.1
State	1.6

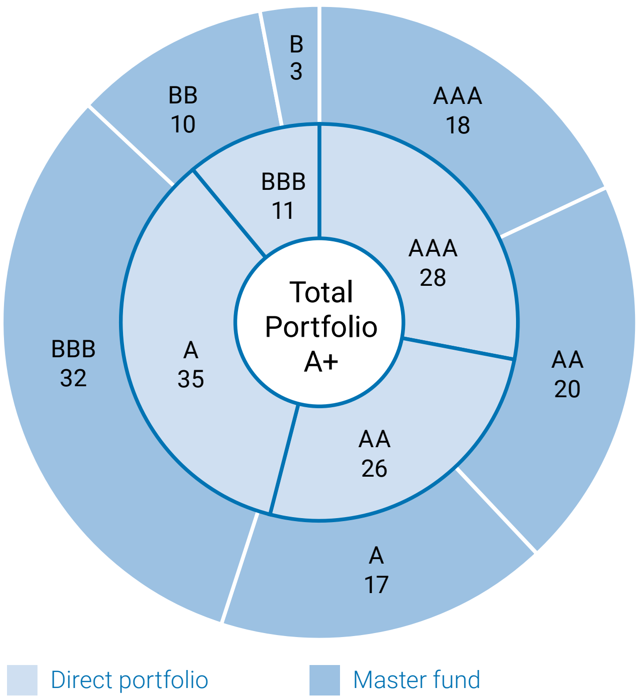
An additional limit system based on countries, regions and sectors is also in place to tackle concentration risks.

As a result of the high level of investment in fixed-income papers, the investment portfolio is exposed to interest rate risk. The interest rate sensitivity (modified duration) of the investments fell from 4.0% in the previous year to a current level of 3.7%. The concentration of market risks is reduced by mixing and diversifying investments. Exposure to individual issuers is limited by means of a system of limits and threshold values. No issuers account for exposure of more than 5% of the total amount of all investments. The selection of individual stocks is always based in the first instance on good issuer quality. Issuers in the direct portfolio are reviewed on an ongoing basis. New investments in the direct portfolio all have at least an investment grade rating, The average rating in the direct portfolio is AA-.

With regard to the master fund, the average rating improved from A- to A. Overall, the average portfolio rating is unchanged, at A+.

Monitoring how liquid investments are involves checking whether the compensation fund is covered by sufficient investments that could be sold within one month.

Breakdown of investment ratings in %



The PSVaG holds three special funds. While the master fund, taking account of the PSVaG's conservative risk profile, comprises reward-focused investments in riskier assets than the direct portfolio, investments in the liquidity fund are designed to be easily accessible over short maturities and subject only to minor price and default risks. The private debt mandate invests in senior collateralised loans, i.e. in the lowest-risk tranches found in this segment with a regional focus on Europe and the USA. In addition to achieving higher returns, the role of the special funds is stronger diversification.

As well as identifying negative developments in the investment portfolio through the control and early warning system, the investment risk management approach described above supplies information on the investments for the purposes of ensuring the PSVaG's risk-bearing capacity.

Operational risks

The PSVaG is exposed to many operational risks typically associated with insurance undertakings, including in relation to IT, processes, employee placement and the use of service providers. There are also PSVaG-specific risks, notably risks associated with changes in the law and risks arising from the consortium agreement.

In addition to the economic impact of operational risks, particularly in terms of administrative costs, there are also potential risks to liquidity, reputation, corporate strategy and sustainable development to consider.

The biggest operational risk from an economic perspective is the risk of the profit share of the consortium members being lower than expected. A lower profit share will have a direct impact on the contribution rate. The PSVaG's influence on the level of profit sharing is minimal.

Electronic data processing is one of the main risk focuses. System availability in 2023 was estimated to be in excess of 99.5%. The system for data backups means that business operations can be restored within a very short space of time even in the event of a total data loss.

Data is held redundantly in separate locations and is organised so that there is no possibility of a data loss impacting on the proper operation of business processes.

There is a general risk of changes to the law and the risk that legal decisions made in individual cases will also apply to other areas of the PSVaG. This could impact on its obligation to pay benefits. The PSVaG is increasingly affected by a lack of skilled personnel, pushing up the costs associated with recruitment and professional development, and therefore resulting in higher administrative costs generally.

There is also a risk that third parties might no longer be able to perform the agreed service or could demand a higher price for that same service.

Additionally, risks can arise from erroneous or malicious acts by employees or third parties. To protect against such risks, the PSVaG has a graduated system of competencies such as signature and authorisation rules, duties and controls. This system flanks the business processes with both detailed organisational documents and technical measures, such as access controls. This system is under constant development. Additionally, the PSVaG secures its IT infrastructure using the latest security tools, including firewalls and systems designed to detect malicious software. We carry out regular security testing of the external and internal infrastructure (penetration tests).

With regard to risks that pose a threat to the PSVaG's ability to operate, measures and contingency plans are in place to minimise harm.

Summary of the risk situation

Based on its own assessment, the PSVaG fulfils the relevant regulatory requirements and considers itself to be appropriately positioned in terms of risks and future requirements.

The uncertain economic situation and further interest rate hikes could still push up insolvencies and trigger major negative effects on the capital markets, which would result in a higher contribution rate.

There are no significant changes to risks compared with the previous year.

There have been no developments detected that would jeopardise the PSVaG’s continued existence.

Opportunities and aims for 2024

The PSVaG fulfils a statutory remit and does not pursue any economic objective. Opportunities can therefore only exist insofar as this remit can be performed better, in other words more quickly or favourably, or with a higher level of quality.

The PSVaG continues to work intensively on the issue of digitalisation, striving to digitise its business processes through the ongoing standardisation and automation of its workflows. This is creating a foundation upon which the PSVaG can optimise its internal processes and organise them more efficiently. In turn, this means that the service provided to members, persons entitled to benefits and external partners can be improved. Digital communication has a key role to play in this regard. The use of the latest digital communication tools provides opportunities for better performance of the statutory remit. The PSVaG attempts to realise these opportunities by driving forward the digitalisation of communication with its members, insolvency executors and beneficiaries. It is reviewing the potential for incorporating artificial intelligence (AI) into its business processes as a way of improving efficiency.

The PSVaG can fulfil its remit more favourably if it makes optimal use of potential sources of income. This is why, together with security and liquidity, achieving a return is an investment aim pursued by the PSVaG. Furthermore, the contribution burden on members is lower if the PSVaG is able to increase its income pursuant to Section 9 of BetrAVG. The increasing number of reorganisations within insolvency proceedings is one particular factor that is opening up opportunities in this regard. Firstly, ensuring a business remains a going concern will generally create economic value add for creditors compared with breaking that business up. The PSVaG therefore supports well-founded restructuring projects within the framework of its co-determination rights. Secondly, the PSVaG uses special statutory regulations in such proceedings to persuade insolvent companies to continue their occupational pension schemes. Ultimately, the burden of pension obligations is reduced if reinsurance policies can be transferred in full discharge of debt in accordance with Section 8, para. 2 of BetrAVG.

The PSVaG strives to enforce its rights in insolvency cases. Where the legal situation is unclear, it seeks economically sound solutions or resolves issues through legal channels. This also helps to ease the burden on members. With regard to insolvency proceedings that have not yet been concluded, the PSVaG has asserted claims in the approximate amount of € 5.3 billion. Given that these proceedings are simple insolvency claims, only a small, single-digit percentage can generally be expected to be paid.

Forecast and outlook

The level of claims during the first few weeks of 2024 was lower than during the previous year. A significant proportion of the insolvencies filed during the final months of 2023 had not been declared by the end of the year. The previous year's provision for rebates will cover the majority of the resulting expenses.

Looking at the wider economic picture, however, we expect the number of insolvencies to continue to rise, particularly due to the (after)effects of high interest rates and high inflation. The smaller number of reported vacancies, which in the past was negatively correlated with the PSVaG's claims volume, also suggests that claims will increase in 2024 to above the long-term average. However, as recent years have shown, the actual claims volume will be particularly heavily dependent on large individual claims.

We anticipate a small increase in income from the Consortium dividends for the PSVaG, coupled with slightly lower income as defined in Section 9 of BetrAVG compared with the previous year.

The capital market environment remains dynamic and challenging. What happens next with inflation, and how the central banks react, will be crucial. However, we generally expect the interest rate environment to remain stable, although initial cuts in key interest rates are not unrealistic for the second half of the year. The fact that economic expectations are generally weak does not affect this. The realisation of geopolitical risks could trigger market fluctuations in the short term at least. Yet as long as this does not result in any fundamental changes to the general conditions, strategic asset allocation and cash flow matching will continue. Interest income is expected to rise slightly and have a positive effect on the investment result.

Administrative costs will be slightly higher than in the previous year, in particular due to the further collectively agreed pay increases in the current year and the digitalisation measures required at the PSVaG. This will only have a minimal impact on the contribution rate, however.

By taking advantage of the comparatively low volume of claims in earlier years, we have been able to build up the compensation fund over the past few years, reaching the target level (€ 3.4 billion). Consequently, it is likely that no further relevant allocations will be needed.

The future course of the Russian war of aggression in Ukraine and the war in the Middle East, and their potential impact on the economy and business cycle, cannot be foreseen, but an indirect impact on the PSVaG and its activity cannot be ruled out.

We plan to publish an initial forecast of the contribution rate for the current financial year at our members' meeting and to inform the member companies by means of a circular.

Cologne, 6 February 2024

Pensions-Sicherungs-Verein
Versicherungsverein auf Gegenseitigkeit
The Board of Management

Dr. Marko Brambach **Dr. Benedikt Köster**

Annual Financial Statements

Annual Balance Sheet as at 31 December 2023

Assets in €

	2023	2022
A. Intangible assets	534,317.25	668,348.64
B. Investments		
Other financial investments		
1. Shares, units or shares in investment funds, and other variable-yield securities	3,327,813,880.94	2,577,956,251.98
2. Bearer bonds and other fixed-income securities	2,000,711,502.03	1,821,701,869.85
3. Other loan receivables		
a) Registered bonds	1,653,700,000.00	1,769,000,000.00
b) Promissory notes and loans	1,115,217,631.97	1,114,174,761.97
4. Bank deposits	439,900,000.00	225,500,000.00
	8,537,343,014.94	**7,508,332,883.80**
C. Receivables		
I. Accounts receivable on direct written insurance business from policyholders	105,511,317.16	89,458,046.69
II. Other receivables	100,718.38	613,069.61
	105,612,035.54	**90,071,116.30**
D. Other assets		
I. Tangible assets and stocks (inventories)	4,426,638.39	5,079,783.51
II. Cash at bank in current accounts, cheques and cash in hand	54,035,162.73	568,938,613.81
	58,461,801.12	**574,018,397.32**
E. Accruals and deferrals		
I. Accrued interest and rent	40,258,309.15	33,953,942.35
II. Other prepayments and accrued income	38,616,187.58	50,032,111.08
	78,874,496.73	**83,986,053.43**
Total assets	**8,780,825,665.58**	**8,257,076,799.49**

Liabilities in €

	2023	**2022**
A. Capital and reserves		
Revenue reserves Loss reserve pursuant to Section 193 of VAG	**201,560,000.00**	**201,560,000.00**
B. Technical provisions		
Provision for insurance claims outstanding	4,462,856,042.31	4,468,114,794.96
Provision for bonuses and rebates	631,400,778.09	205,966,531.38
Other technical provisions (compensation fund pursu-ant to Section 5, para. 2 of the Articles of Association)	3,411,000,000.00	3,317,000,000.00
	8,505,256,820.40	**7,991,081,326.34**
C. Provisions for other risks and charges		
Provisions for pensions and similar obligations	63,874,352.00	58,899,298.00
Other provisions	4,482,770.21	3,891,040.00
	68,357,122.21	**62,790,338.00**
D. Other liabilities		
Accounts payable on direct written insurance business to policyholders	513,024.39	853,720.23
Other liabilities, of which taxes: € 20,503.82 (2022: € 4,981.95)	452,660.08	316,047.00
	965,684.47	**1,169,767.23**
E. Accruals and deferrals	**4,686,038.50**	**475,367.92**
Total liabilities	**8,780,825,665.58**	**8,257,076,799.49**

Income Statement

for the period from 1 January to 31 December 2023

Technical account in €

	2023	2022
Earned premiums		
Premiums written	741,754,449.07	686,722,751.33
Amount released from the previous year's provision for rebates pursuant to Section 6 of the Articles of Association	205,966,531.38	182,114,996.91
	947,720,980.45	**868,837,748.24**
Other technical income	**230,682,814.32**	**269,403,180.24**
Expenses for insurance claims		
Payments for insurance claims	636,210,364.81	562,736,526.21
Change in provision for claims outstanding (allocation)	– 5,258,752.65	19,692,270.22
	630,951,612.16	**582,428,796.43**
Change in other technical provisions (allocation to compensation fund)	**94,000,000.00**	**57,000,000.00**
Expenses for bonuses and rebates	**631,400,778.09**	**205,966,531.38**
Operating expenses	**12,562,811.30**	**11,752,280.63**
Other technical expenses	**5,189.86**	**37,256.19**
Balance of the technical account	**– 190,516,596.64**	**281,056,063.85**

Non-technical account in €

	2023	**2022**
Investment income		
Income from other investments	64,199,846.77	54,189,493.47
Income from value readjustments on investments	113,003,097.21	0.00
Gains on the realisation of investments	11,309,970.74	179,000.00
	188,512,914.72	**54,368,493.47**
Investment expenses and charges		
Investment management expenses, interest on borrowings and other investment-related expenses	3,162,161.64	3,440,583.17
Value adjustments on investments	294,180.00	329,602,789.66
Losses on the realisation of investments	365,245.35	199,447.00
	3,821,586.99	**333,242,819.83**
Other income	**7,617,705.66**	**812,000.19**
Other expenses	**1,792,436.75**	**2,993,737.68**
Profit for the year (operating profit from ordinary activities)	**0.00**	**0.00**
Transfers to revenue reserves: loss reserve pursuant to Section 193 of VAG	**0.00**	**0.00**
Balance sheet profit/balance sheet loss	**0.00**	**0.00**

10-year overview[1]

Overview of the development of the Pensions-Sicherungs-Verein from 2014 to 2023

Financial year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
No, of members as at 31 Dec,[2]	94,034	94,078	94,482	94,795	95,100	95,250	95,000	99,400	101,300	**101,850**
Contribution rate in ‰	1.3	2.4	0.0	2.0	2.1	3.1	4.2	0.6	1.8	**1.9**
Contribution assess-ment base in € billions	320	327	333	339	345	348	354	368	373	**382**
Total contributions in € millions	419	787	2	679	737	1,081	1,487	242	685	**740**
No, of insurable cases	597	515	458	468	372	434	523	298	275	**417**
Claim volume in € millions	399	862	507	659	660	1,188	1,591	725	582	**631**
No, of benefit recipients reported	4,192	8,564	5,023	5,300	8,700	4,300	18,900	4,900	4,800	**9,800**
No, of beneficiaries reported with non-forfeitable entitlement	6,874	10,116	8,890	9,800	10,500	14,100	33,100	9,300	9,400	**52,100**
Total assets in € millions as at 31 Dec,	5,001	5,511	5,355	5,931	6,511	7,512	8,277	8,151	8,257	**8,781**
Investments in € millions as at 31 Dec,	4,853	5,248	5,292	5,620	6,235	7,306	7,050	7,581	7,508	**8,537**
Compensation fund in € millions as at 31 Dec,	1,798	1,962	1,998	2,507	2,986	3,132	3,186	3,260	3,317	**3,411**
No, of PSVaG employees[3]	232	228	226	228	234	246	256	270	286	**300**

[1] An overview of all financial years since 1975 is available on the PSVaG website.

[2] Including insured non-members. These comprised 2 employers as at 31 December 2023.

[3] Average no. of employees including part-time employees or those whose employment has been suspended (parental leave, semi-retirement).

Members of the Consortium for the PSVaG

As at 31 December 2023, the following 47 life insurance companies were members of the Consortium for the PSVaG with Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart, as the executive insurer:

Life insurance undertaking	Sponsoring share
Ager Lebensversicherung Aktiengesellschaft	2.9%
Allianz Lebensversicherungs-Aktiengesellschaft	16.8%
Alte Leipziger Lebensversicherung auf Gegenseitigkeit	2.5%
Athora Lebensversicherung Aktiengesellschaft	2.0%
AXA Lebensversicherung Aktiengesellschaft	5.2%
Barmenia Lebensversicherung a.G.	0.7%
Basler Lebensversicherungs-Aktiengesellschaft	2.0%
Bayerische Beamten Lebensversicherung a.G.	1.2%
Bayern-Versicherung Lebensversicherung Aktiengesellschaft	2.4%
Concordia oeco Lebensversicherungs-AG	0.1%
Condor Lebensversicherungs-Aktiengesellschaft	0.5%
Continentale Lebensversicherung AG	0.4%
COSMOS Lebensversicherungs-Aktiengesellschaft	0.2%
Credit Life AG	0.2%
ERGO Lebensversicherung Aktiengesellschaft	10.2%
Frankfurter Lebensversicherung AG	0.8%
Frankfurt Münchener Lebensversicherung AG	0.6%
Generali Deutschland Lebensversicherung AG	2.7%
Gothaer Lebensversicherung Aktiengesellschaft	2.7%
Hannoversche Lebensversicherung AG	0.7%
HanseMerkur Lebensversicherung AG	0.5%
HDI Lebensversicherung AG	4.2%
HUK-COBURG-Lebensversicherung AG	0.1%
IDEAL Lebensversicherung a.G.	0.3%
INTER Lebensversicherung AG	0.3%

Life insurance undertaking	Sponsoring share
Lebensversicherung von 1871 auf Gegenseitigkeit München	0.3%
LVM Lebensversicherungs-AG	0.1%
Mecklenburgische Lebensversicherungs-Aktiengesellschaft	0.1%
MÜNCHENER VEREIN Lebensversicherung AG	0.3%
neue leben Lebensversicherung Aktiengesellschaft	0.1%
Nürnberger Lebensversicherung Aktiengesellschaft	3.1%
Öffentliche Lebensversicherung Braunschweig	0.2%
Öffentliche Lebensversicherungsanstalt Oldenburg	0.1%
Provinzial Lebensversicherung Hannover	0.6%
Provinzial NordWest Lebensversicherung Aktiengesellschaft	1.2%
Provinzial Rheinland Lebensversicherung AG Die Versicherung der Sparkassen	1.4%
Proxalto Lebensversicherung Aktiengesellschaft	9.5%
R+V LEBENSVERSICHERUNG AKTIENGESELLSCHAFT	2.8%
SIGNAL IDUNA Lebensversicherung a.G.	3.9%
Stuttgarter Lebensversicherung a.G.	0.7%
SV SparkassenVersicherung Lebensversicherung Aktiengesellschaft	2.0%
Swiss Life AG, Niederlassung für Deutschland	1.0%
Versicherer im Raum der Kirchen Lebensversicherung AG	0.2%
VOLKSWOHL-BUND LEBENSVERSICHERUNG a.G.	0.8%
Württembergische Lebensversicherung Aktiengesellschaft	5.0%
WWK Lebensversicherung auf Gegenseitigkeit	1.2%
Zurich Life Legacy Versicherung AG	5.2%

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Our Annual Report can be downloaded from our website in German and English (summarised version). Also available (in German) are the Articles of Association and the General Terms and Conditions of Insolvency Insurance for Corporate Old-Age Pensions (AIB), as well as the most recent versions of all information leaflets.

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