

Highlights:

- Policy funding ratio 30 June 2017: 100.8% (4.8% increase in 2017)
- Current UFR-funding ratio 30 June 2017: 105.9%
- Return on investments in second quarter 2017: 0.1%
- Invested assets 30 March 2017: € 24.5 billion

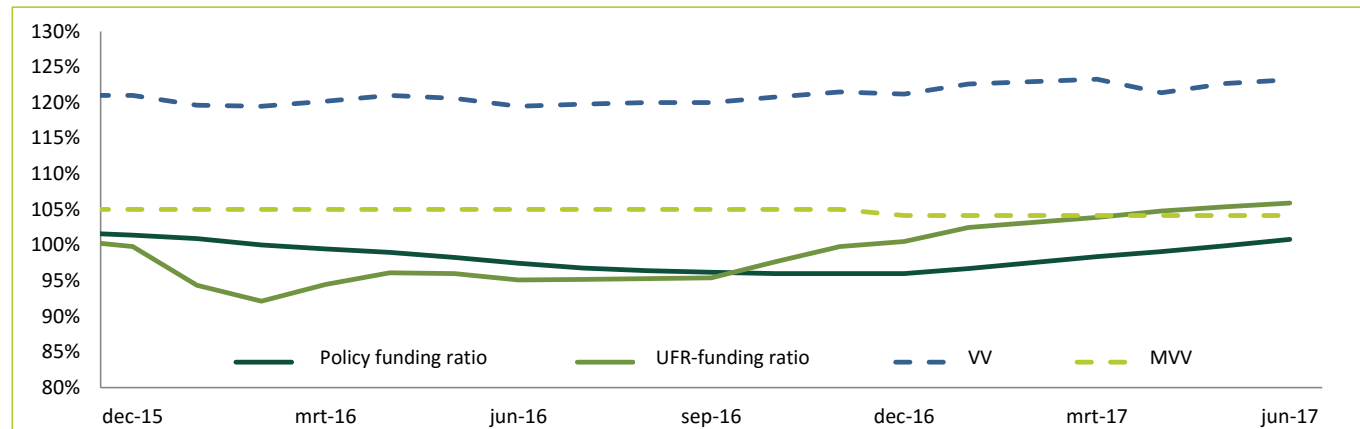
Ruud Degenhardt, chairman of the board of Pensioenfond PGB: “Our financial situation has further improved during the second quarter of 2017. This is mainly due to the higher interest rate. Our liabilities decrease as a result. This has a positive effect on our funding ratio. Our policy funding ratio, which is a 12-month average, is once again higher than 100%. This means that we can cooperate in individual transfers of accrued benefits. This is good news for our participants.”

Financial results

Policy Funding ratio

In the second quarter of 2017 the policy funding ratio rose from 98.4% (31 March 2017) to 100.8% (30 June 2017). The policy funding ratio is an average funding ratio calculated over a twelve-month period (twelve UFR-funding ratios).

Chart 1: Development of the funding ratios



Explanation: The required policy funding ratio of Pensioenfond PGB is currently around 123% (Capital Requirement) (VV). PGB must reach this level by the end of 2026. If not, PGB is required to lower the pensions. If the policy funding ratio has been lower than the Minimum Capital Requirement (MVV) for five consecutive years, i.e. the minimum required funding ratio of 104.1%, Pensioenfond PGB is also required to lower the pensions. Indexation is only possible if the policy funding ratio exceeds 110%.

Key figures PGB	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Policy funding ratio	100.8%	98.4%	96.0%	96.2%	97.5%
Total Investment Return	0.1%	2.0%	-0.3%	2.9%	3.9%

Return

The return on the investments over the second quarter of 2017 was 0.1%.

Table 1: Investments and returns up to and including 30 June 2017

	Investments		Return	
	In mln €	In %	2017	Q2 2017
PGB-total	24,469	100%	2.1%	0.1%
Low-risk investments (Matching)	10,735	43.9%	-2.7%	-10.9%
Government bonds	4,249	17.4%	-3.7%	-1.7%
Corporate bonds	3,778	15.4%	-0.1%	-0.1%
Mortgages	1,413	5.8%	1.8%	1.1%
Euro liquidities	45	0.2%	–	–
Inflation-linked bonds	1,106	4.4%	-2.6%	-2.6%
Interest coverage	145	0.6%	–	–
Higher-risk investents (return)	13,734	56.1%	6.2%	0.9%
Equities	10,705	43.8%	5.1%	-1.0%
Alternative fixed-income securities	982	4.0%	-2.8%	-4.2%
Alternative real assets	1,736	7.1%	2.2%	-0.6%
<i>Real estate</i>	763	3.1%	2.9%	0.5%
<i>Infrastructure</i>	921	3.8%	1.6%	-1.4%
<i>Private Equity</i>	52	0.2%	3.6%	-0.6%
Liquidities	104	0.4%	–	–
Currency hedging	206	0.8%	–	–

Explanation: The matching portfolio partly covers the interest rate risk of the liabilities. The purpose of the return portfolio is to achieve a return allowing us to increase the pension benefit payments.

Market developments

The interest rate rose in the second quarter. This had a negative effect on the matching portfolio, which to a large extent consists of government bonds. The return portfolio, which consists mostly of equities, achieved a positive return in the second quarter (+0.9%). The US dollar dropped in value versus the euro in the second quarter. This had a negative effect on the value of a number of individual investment categories. Because much of the currency risk was hedged, the return portfolio showed a positive result as yet.

Pension liabilities

Liabilities (UFR): the actuarial interest rate of the Dutch Central Bank rose in the second quarter of 2017, from 1.4% to 1.5%. As a result of this interest rate increase, the fund had to reserve less for the payment of pensions. The value of the liabilities dropped from 23.5 billion to 23.1 billion euro.

Developments at Pensioenfonds PGB

- The contribution for the basis scheme will remain unchanged in 2018. At the same time, the target retirement age will increase to 68. The management board has taken a preliminary decision in principle.
- Individual transfers of accrued benefits can be resumed as of 1 July. This is because the policy funding ratio is higher than 100%.
- As of 30 May 2017, wholesale businesses in flowers and plants are required to follow the agreed pension scheme for their industry.
- This year, apart from the 2016 annual report, a digital annual report magazine for participants has been published for the first time.
- There is again a vacancy in the management board for a board member on behalf of pensioners. Marjan van Noort (56) retired because she unexpectedly got a new job at the FNV.

Development participants

The number of participants accruing pension with Pensioenfond PGB - including allocation on account of disability – increased by 962 (1.3%) in the second quarter, from 74,291 to 75,253. The number of participants receiving pension increased in the second quarter from 73,525 to 74,152; an increase of 0.9%. In total, 149,405 participants accrued or received pension at the end of the second quarter.

Table 2: development participants (30 June 2017)

Number of participants	30-06-2017	31-03-2017	31-12-2016	31-12-2015
Graphics media and off-set printing	21,960	22,154	22,332	22,180
Cardboard and flexible packaging business	5,003	5,325	5,300	4,466
Painting and printing ink industry	1.871	1,897	1,831	1,720
Publishing trade	9.102	9,074	9,100	8,111
Plastics and rubber industry	4.334	4,081	1,845	1,791
Paper industry	2.959	2,544	2,347	2,320
Chemicals and pharmaceuticals industry	6.588	6,569	6,263	4,587
Wholesale	2.167	2,010	1,945	1,075
Services industry	1.835	1,830	1,704	1,111
Wholesale in flowers and plants	5,138	4,930	4,523	3,833
Process industry	6,903	6,439	3,878	2,793
Maritime contracting	1.984	1,976	1,995	1,834
Offshore fishing	898	909	908	-
Participants with allocation on account of disability	4.511	4,553	4,631	4,131
Total number of participants including allocation on account of disability	75,253	74,291	68,602	59,952
Total number of recipients of pension	74,152	73,525	73,733	71,492
Total number of participants and recipients of pension	149,405	147,816	142,335	131,444

The total number of participants - including participants who left their pension with Pensioenfond PGB after they left Pensioenfond PGB's service (deferred participants) was approximately 311,000 at the end of June 2017.

Disclaimer

The figures in this quarterly report are preliminary, partly based on estimates, and have not been checked by the certifying accountant and an external actuary.