

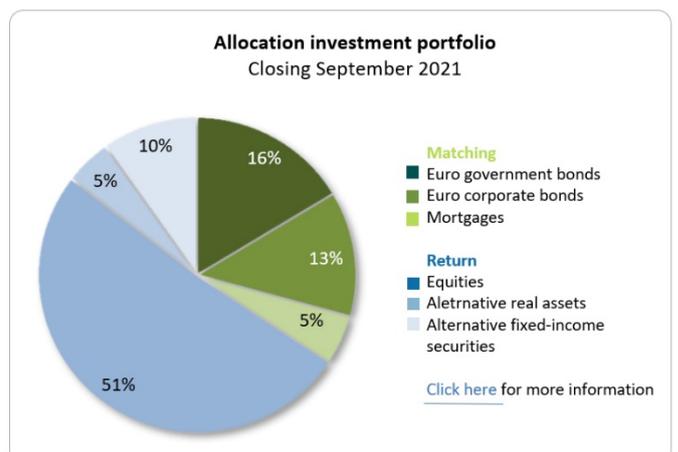
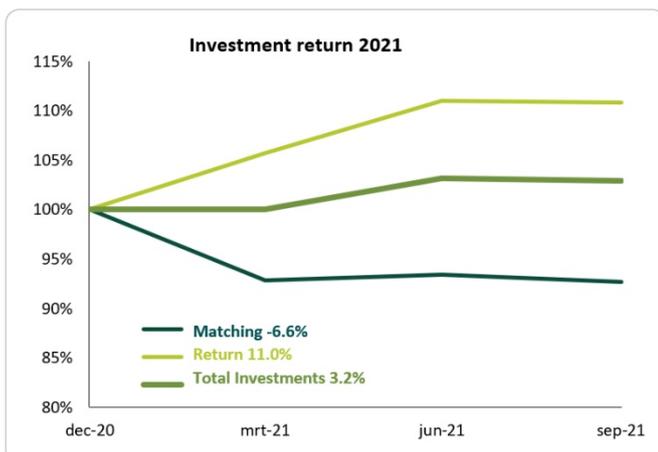
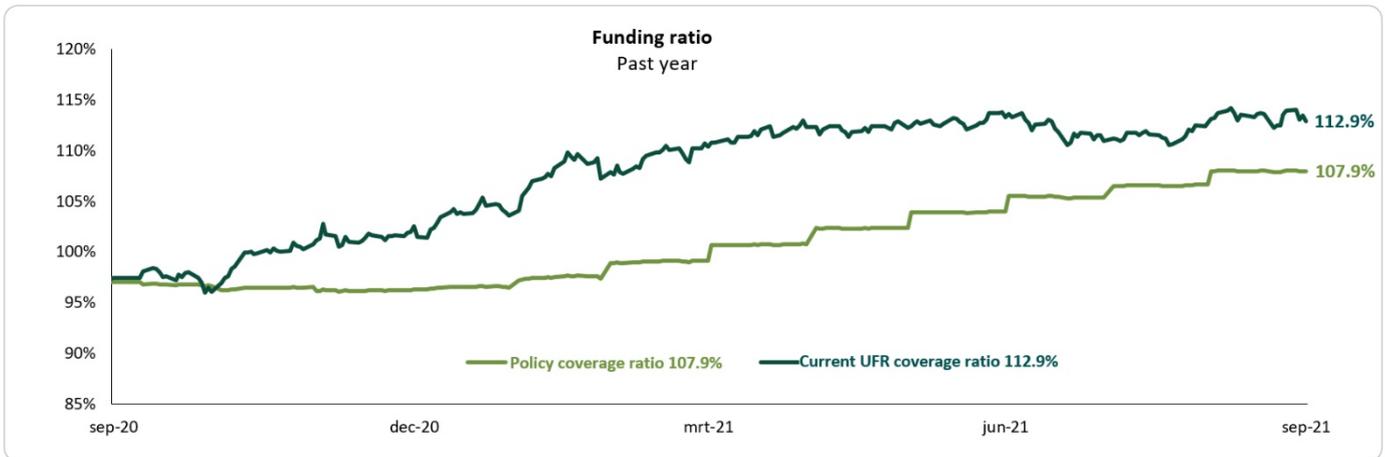
### Key points:

- Policy coverage ratio as at 30 September 2021: 107.9% (up 11.6% compared to year-end 2020)
- Current UFR coverage ratio as at 30 September 2021: 112.9% (up 10.3% compared to year-end 2020)
- Return on investment since year-end 2020: 2.9%
- Invested assets as at 30 September 2021: € 35.9 billion

Jochem Dijkmeester, chairman of the Board of Pensioenfonds PGB: “Our improved financial situation in the first two quarters of this year fortunately persisted in the third quarter. Our coverage ratios have continued to rise further since the end of 2020. Due to higher interest rates, the value of our bonds decreased. Our investments in equities fortunately amply made up for this. As a result, we made a positive return of +2.9% up to and including the third quarter. As our policy coverage ratio has continued to improve slightly each month since March, our participants are asking whether an increase, the so-called indexation, is in sight. We understand this question very well. We very much want the return on pension investments to end up with our members. As at 30 September 2021, our financial situation was not yet good enough to allow for indexation, and we do not know what our financial situation will be like at the end of December. We consider it important to be cautious. That’s why we cannot and will not promise anything. Except that we are doing our utmost to allow participants to benefit from the upward trend in our financial situation.”

## Overview financial position and investment return

See the annex on page 4 for an explanation of the main concepts.



## Explanation to financial position and investment return

### Financial position

PGB's coverage ratios have increased since the end of 2020. The current UFR coverage ratio decreased from 113.3% to 112.9% in the third quarter. The policy coverage ratio rose from 103.9% to 107.9% in the third quarter. The two coverage ratios do not move evenly because the current UFR coverage ratio is a snapshot (at the end of September) whereas the policy coverage ratio is the average of the current UFR coverage ratios of the past twelve months. These coverage ratios are criteria for a possible indexation or reduction (an increase or decrease of your pension). This is assessed annually.

### Investment return

Since the end of 2020, the return on our investments is +2.9%. The investments to hedge the interest rate risk (Matching Portfolio) showed a -7.3% return since the end of 2020. This is due to the higher interest rates. The Return Portfolio, consisting in particular of equities, showed a return of +10.8% since the end of 2020. In the first and second quarters, the stock market advance that started at the end of 2020 persisted. In the third quarter, there was a small decrease in the return of the Matching Portfolio due to increased interest rates. The Return Portfolio also showed a slightly negative return in the third quarter after a slight decline in equity returns.

### Allocation of investments

The value of the pension liabilities goes up or down as a result of interest rate movements. As at 30 September, 48% of the effect of this movement on our financial position was absorbed (interest rate hedging) via investments in the Matching Portfolio consisting of euro government bonds, among others. The purpose of the Return Portfolio, which consists largely of equities, is to create additional returns in order to be able to increase pensions. The value of the total investments was € 35.9 billion at the end of September. This is a small increase compared to June, following the takeover of Pensioenfondsg NEG, among other things.

### Investment returns defined contribution schemes

A number of participants have a capital sum via a defined contribution scheme. The details vary according to the pension scheme. For each age category, we have put together a suitable investment portfolio. Younger participants invest a larger portion of their pension capital in the Return Portfolio (RP). Somewhat more risk is taken with this portfolio. Older participants invest more in the portfolio that involves less risk (Matching Portfolio, MP), this way their pension capital is better protected against decreases in interest rates and drops in share prices.

Result per age cohort	Weighting		Return
	MP	RP	2021
Age up to and including 49	15%	85%	8.1%
Age 50-55	25%	75%	6.3%
Age 58-61	35%	65%	4.5%
Age from 62	45%	55%	2.7%

### Pension liabilities

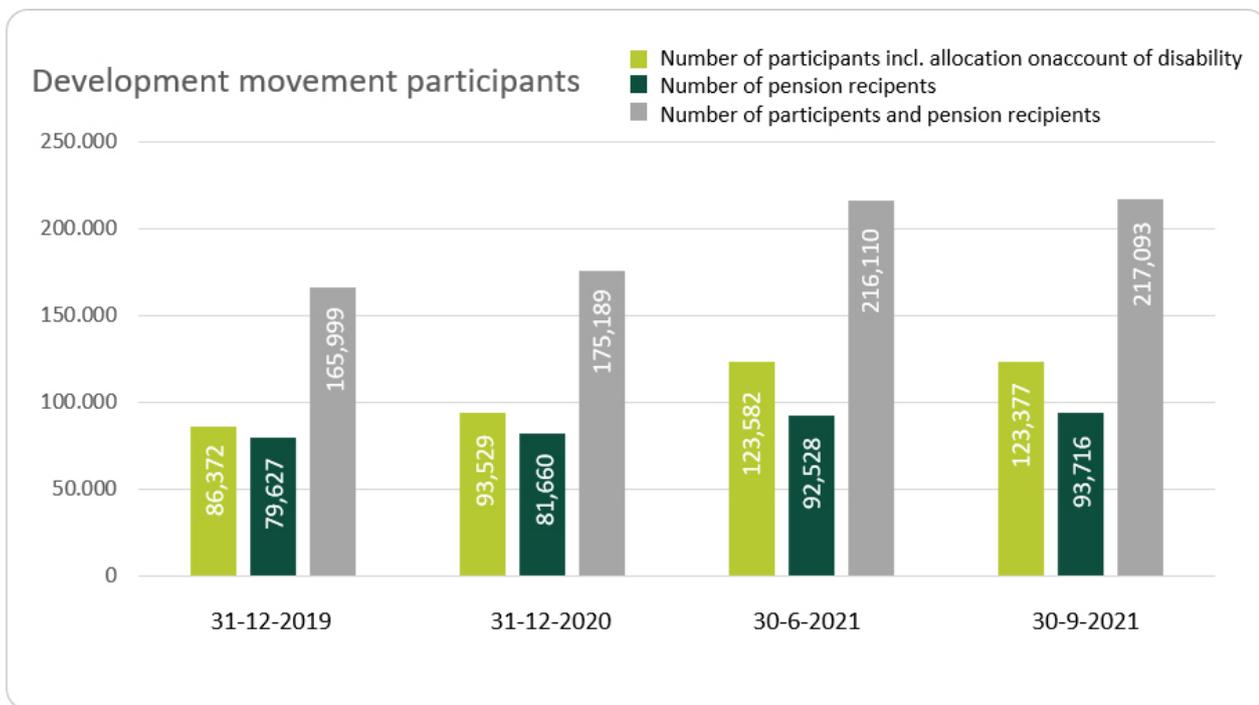
Liabilities (UFR): The value of the liabilities rose from € 31.7 billion to € 32.0 billion in the third quarter of 2021. The actuarial interest rate of the Dutch Central Bank was 0.53% as at 30 September. This interest rate was 0.51% as at the end of March. The increase in interest rate results in a lower market value of the liabilities. This was compensated by taking over the pension liabilities of Pensioenfondsg NEG in a collective transfer of accrued benefits.

### Developments at Pensioenfond's PGB

- [How much risk are you willing to run with your pension?](#)
- [Improvement financial situation persists in second quarter](#)
- [Do you want to have influence on your pension? You can do so via the Accountability Body](#)

The number of participants accruing pension with Pensioenfond's PGB - including allocation on account of incapacity for work - dropped by 205 from 123,582 to 123,377 in the 3<sup>rd</sup> quarter. The number of participants receiving pension rose from 92,528 to 93,716 in the 3<sup>rd</sup> quarter of 2021; an increase of 1.3 percent. In total, 217,093 participants were accruing or receiving pension as at the end of September 2021.

**Table 2:** Development group of participants (30 September 2021)



The total number of participants - including participants who have left their pensions with Pensioenfond's PGB after leaving the company ('sleepers') - was approximately 446,000 at the end of September. The decrease in the number of participants (approximately 7,000 less than in June 2021) is due to the decrease in the number of 'sleepers', caused by the automatic transfers of accrued benefits of small pensions.

## Explanation of key concepts

### Matching (Portfolio)

Investments that depend in particular on interest rate movements, such as, for example, euro government bonds. The Dutch government issues loans which are financed by, for example, Pensioenfond PGB. The risk of these investments is limited, because it is common practice for governments to repay the loans. Pensioenfond PGB invests in particular in bonds of the Dutch and German governments. All these investments are in euros.

### Return (Portfolio)

These investments are intended to provide an extra return. This category consists of equities (worldwide), alternative real assets (in particular real estate and infrastructure) and alternative fixed-income securities (in particular bonds of emerging countries). These investments are in euros, US dollars and pounds sterling.

### Interest rates

The value of the pension liabilities and the Matching Portfolio will change following any interest rate movement. An increase in interest rates will usually have a positive influence on the coverage ratio, even though the value of the Matching Portfolio will decrease as a result. In case of a drop in interest rates, the reverse is true.

### Real assets

Equities and alternative real assets, which are part of the Return Portfolio.

### Currencies

Part of the Return Portfolio is invested in foreign currencies (everything not invested in euros). The value of these foreign currencies can go up or down. Part of this risk is hedged. The part that is not hedged may lead to a positive or negative result.

#### Disclaimer

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