

### Main points:

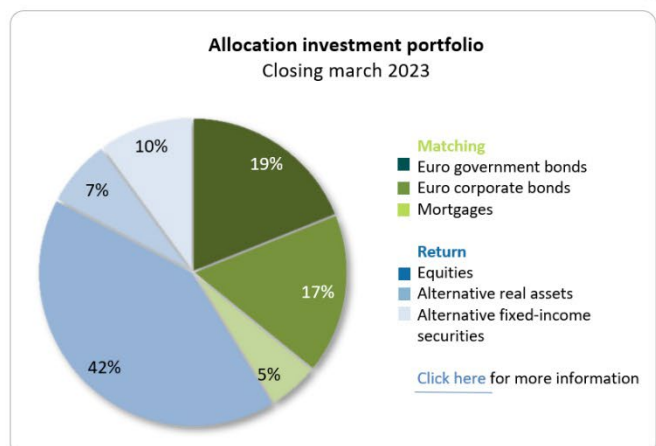
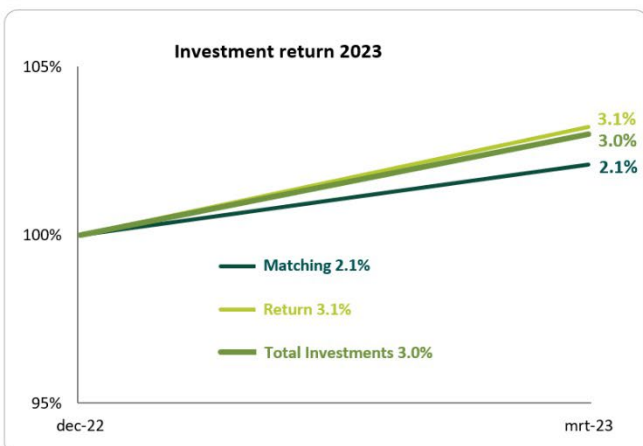
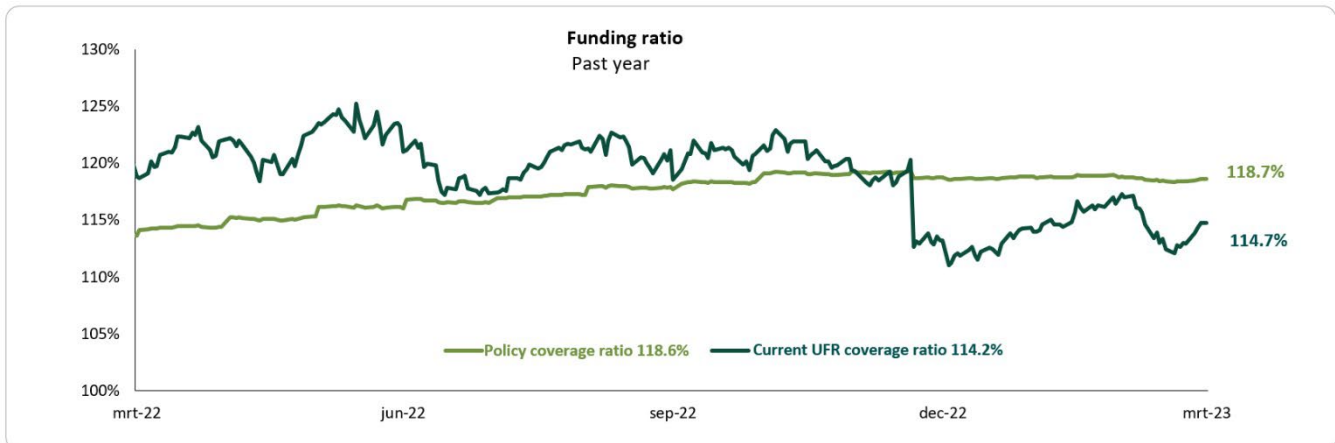
- Policy funding ratio 31 March 2023: 118.6% (0.1% increase compared to the end of 2022).
- Present UFR funding ratio 31 March 2023: 114.7% (1.5% increase compared to the end of 2022).
- Return on investments since the end of 2022: +3.0%.
- Invested assets 31 March 2023: € 29.6 billion.

Jochem Dijkmeester, Chairman of the Board of Pensioenfond PGB: “Despite the turbulent economic situation, our financial position improved slightly in the first quarter of 2023. We achieved a positive investment result of 3% and our current coverage ratio increased slightly. And that is good news for our participants, certainly also because we were able to increase pensions by 7% from 1 January 2023 thanks to the rising interest rate. In 2022, we increased pensions by a total of 3% in a short period of time.

The new Dutch Pensions Act was passed in the House of Representatives last December after a careful process. At the end of May we will know whether this Future Pensions Act has also passed the Senate. I really hope so. Our first calculations show that the new pension will work out well for all generations. It is also transparent because it is clear which part of the kitty (pot) is reserved for your pension. That makes it personal. And all generations share the joys and burdens together. That is precisely what makes the new pension so strong. We are fully engaged in preparations to ensure a smooth transition to the new system. In the past period, we informed our employers and social partners of the choices they have to make, together with us. And of course we also keep our participants informed. Because it is important that they know where they stand and can trust the choices we make as a pension fund.”

## Overview Financial Position and Investment Return

See the appendix on page 4 for an explanation of the most important terms.



## Explanation of Financial Position and Investment Return

### Financial Position

At the end of 2022, the Board decided to increase all pensions by 7% from 1 January 2023. This decision has been incorporated in the financial position from the end of 2022. Compared to year-end 2022, the current UFR funding ratio rose from 113.2% to 114.7%. The policy funding ratio fell from 118.7% to 118.6% over the same period. The two coverage ratios do not move evenly because the present UFR funding ratio is a snapshot (as of end of March) while the policy funding ratio is the average of the present UFR funding ratios of the past twelve month-ends. These coverage ratios are criteria for any indexation or discounting (an increase or decrease in the pension). It is tested annually whether this is the case.

### Investment return

The return on the investments rose by 3.0% over the first quarter of 2023. The investments to hedge the interest rate risk (Matching Portfolio) achieved a return of +2.1%. This is the result of the lower interest rate. The value of the Matching Portfolio decreases when interest rates rise. When interest rates fall, the value rises. The Return Portfolio, which mainly consists of equities, achieved a return of +3.1% over the first quarter of 2023.

### Distribution of investments

The value of the pension liabilities rises or falls as a result of interest rate movements. As of 31 March, 67% of the effect of this movement on our financial position will be absorbed (interest hedging) through investments in the Matching Portfolio, which consists of Euro government bonds, among other things. The aim of the Return Portfolio, which largely consists of equities, is to create extra return on investments in order to be able to increase pensions. The value of the total investments is € 29.6 billion as of 31 March. This is an increase of € 0.8 billion compared to the end of 2022 as a result of a positive return on both the Matching Portfolio and the Return Portfolio.

### Investment Returns Defined Contribution Schemes

Some of the participants have a pension capital through a defined contribution scheme. The details depend on the pension scheme. An appropriate investment portfolio has been drawn up for each age category. In addition, younger participants invest a larger part of their capital in the Return Portfolio (RP). This involves a bigger risk. Older participants invest more in the portfolio with less risk (Matching Portfolio, MP), so their pension capital is better protected against falls in interest rates and falls in share prices.

Result per age cohort	Weight		Return
	MP	RP	2023
Age up to and including 49	15%	85%	3.0%
Age 50-55	25%	75%	2.9%
Age 56-61	35%	65%	2.8%
Age from 62	45%	55%	2.7%

**Pension liabilities**

Liabilities (UFR): The value of the liabilities increased from € 25.6 billion at the end of 2022 to € 25.9 billion at the end of March 2023. The notional interest rate of De Nederlandsche Bank decreased from 2.58% at the end of 2022 to 2.52% at the end of 2022. The interest rate decrease results in a higher market value of the pension liabilities.

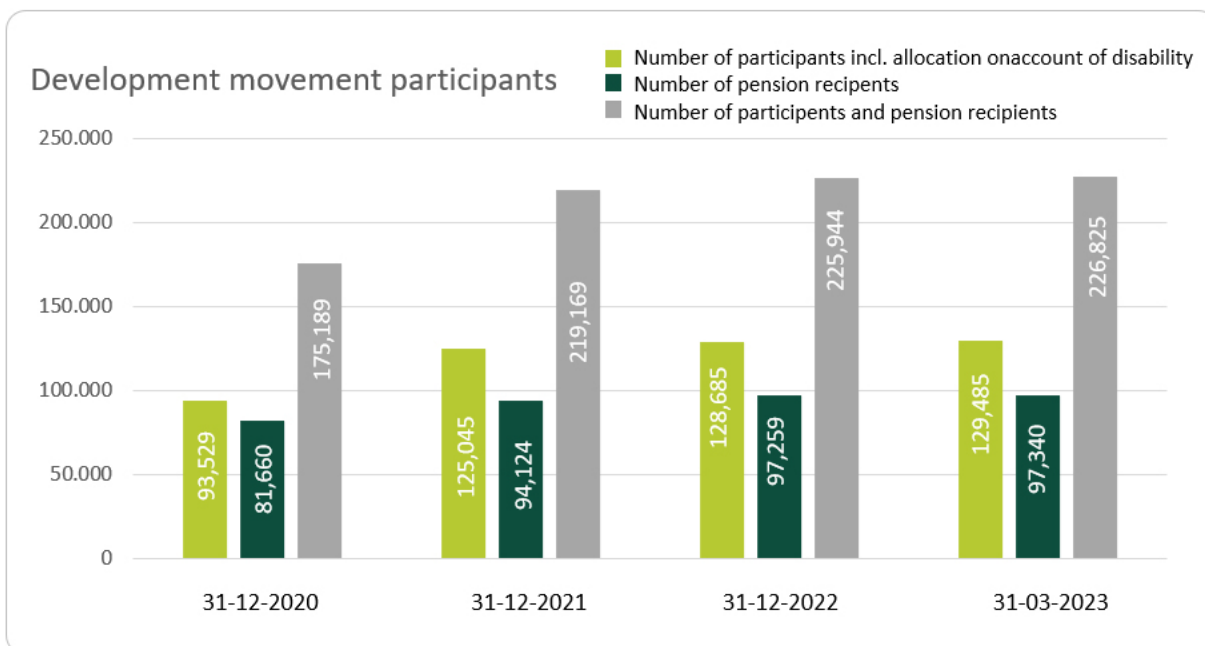
**Developments at Pensioenfond PGB**

- [Our pension magazine PGB Beeld is now available online](#)
- [Farewell to directors Maarten Jansen and Rob Heerkens](#)
- [Pensioenfond PGB climate plan: ‘There is no planet B’](#)
- [Your pension has been increased by 7% in 2023](#)

**Development participants**

The number of participants accruing pension with Pensioenfond PGB - including allocation due to occupational disability - increased with 800 in the 1<sup>st</sup> quarter, from 128,685 to 129,485. The number of participants receiving a pension increased in the 1<sup>st</sup> quarter of 2023 from 97,259 to 97,340, an increase of 0.1%. At the end of March 2023, a total of 226,825 participants were accruing or receiving a pension.

**Table 2:** development participants (31 March 2023)



The total number of participants - including participants who left their pension with Pensioenfond PGB (deferred members) after leaving - came to approximately 446,000 at the end of March 2023.

## Explanation of the most important terms

### Matching (Portfolio)

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

### Return (Portfolio)

These investments should provide extra returns. This category mainly consists of equities (worldwide), private real assets (mainly immovable property and infrastructure) and high-interest-bearing assets (mainly bonds from emerging countries). These investments are mainly in Euros, US Dollars and British Pounds.

### Interest rates

The value of the pension liabilities and the Matching Portfolio changes with an interest rate movement. An interest rate increase generally has a positive effect on the funding ratio, even if the value of the Matching Portfolio decreases as a result, because the liabilities fall more sharply in value. It works the other way around when interest rates fall.

### Real assets

These are equities and private real assets that are part of the Return Portfolio.

#### Disclaimer

The figures in this quarterly report are provisional figures, based in part on estimates, and have not been verified by the certifying auditor and external actuary.