

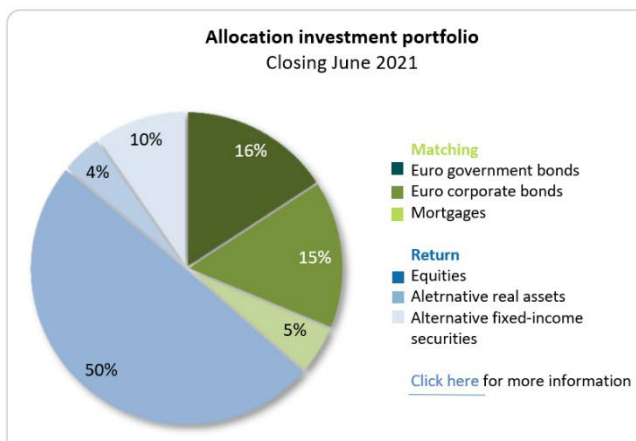
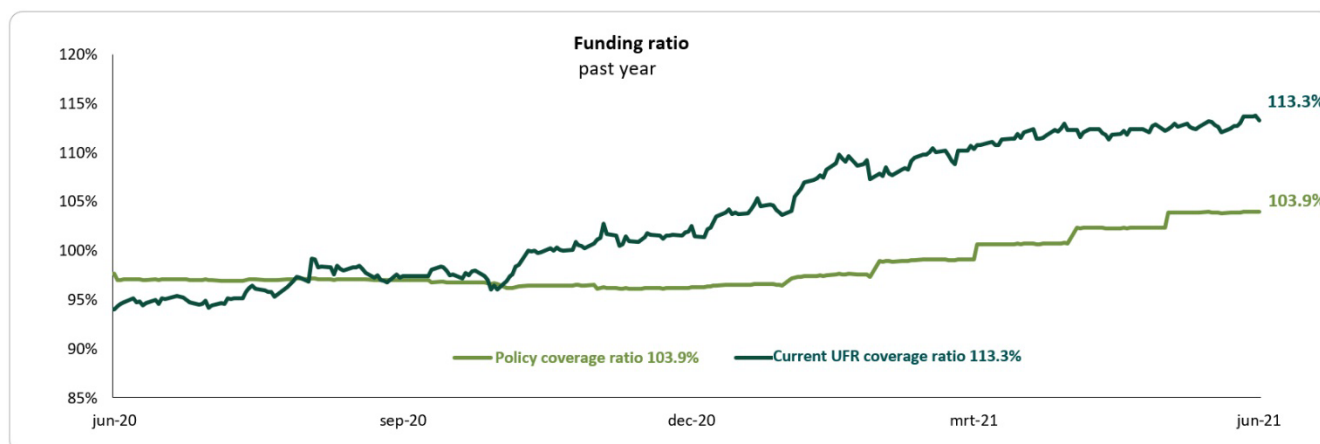
**Key points:**

- Policy coverage ratio as at 30 June 2021: 103.9% (up 7.7% compared to year-end 2020)
- Current UFR coverage ratio as at 30 June 2021: 113.3% (up 10.8% compared to year-end 2020)
- Return on investments since year-end 2020: 3.2%
- Invested assets as at 30 June 2021: € 35.7 billion

Jochem Dijkmeester, chair of the Board of Pensioenfond PGB: "Our improved financial situation in the first quarter fortunately persisted in the second quarter. This improvement is reflected in both the current coverage ratio and the policy coverage ratio, which continue to rise. Due to higher interest rates, the value of bonds unfortunately decreased. Our investments in equities fortunately amply made up for this. As a result, we achieved a positive return of +3.2% up to and including the second quarter. We hope that our financial situation will continue to improve in the coming period, but the economic situation remains uncertain. It also depends very much on the financial and economic consequences of the corona crisis, which continues to put pressure on all our participants and companies. Unfortunately, there is only a small chance that we'll be able to increase pensions next year by granting a supplement. For this, our policy coverage ratio, under the current rules, must be higher than 110 per cent. It is possible that this limit will be adjusted downwards when we are in the transition process to the new pension contract. Legislation for this will be worked out in more detail; the expectation now is that this period will start on 1 January 2023 at the earliest."

**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

In the second quarter, the investments showed a positive return of +3.1%. The favourable developments in the equity market in particular made a positive contribution to the return in both the first and second quarter. In the first half of this year, the higher interest rates had a negative impact on the return on investments because bonds lost value. The actual UFR coverage ratio rose in the second quarter from 110.4% to 113.3%. The policy coverage ratio rose in the second quarter from 99.1% to 103.9%. The two coverage ratios do not move evenly because the current UFR coverage ratio is a snapshot (at the end of June) whereas the policy coverage ratio is the average of the current UFR coverage ratios of the past twelve months. These funding ratios are criteria for any 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 +3.2%. The investments to hedge the interest rate risk (Matching portfolio) showed a -6.6% return since the end of 2020. This is due to the higher interest rates. The Return portfolio, consisting in particular of equities, achieved a return of +11.0% since the end of 2020. In the first and second quarters, the stock market advance from the end of 2020 persisted. In the second quarter, higher future inflation and interest rates were expected. This had a temporary negative impact on the equity market.

### Allocation of investments

The value of the pension liabilities goes up or down as a result of interest rate movements. As at 30 June, 42% of the impact of this movement on our financial position was absorbed (interest rate hedging) by 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 is € 35.7 billion at the end of June.

## 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      | Weight |     | Return |
|----------------------------|--------|-----|--------|
|                            | MP     | RP  | 2021   |
| Age up to and including 49 | 15%    | 85% | 8.4%   |
| Age 50-55                  | 25%    | 75% | 6.6%   |
| Age 56-61                  | 35%    | 65% | 4.8%   |
| Age from 62                | 45%    | 55% | 3.1%   |

## Pension liabilities

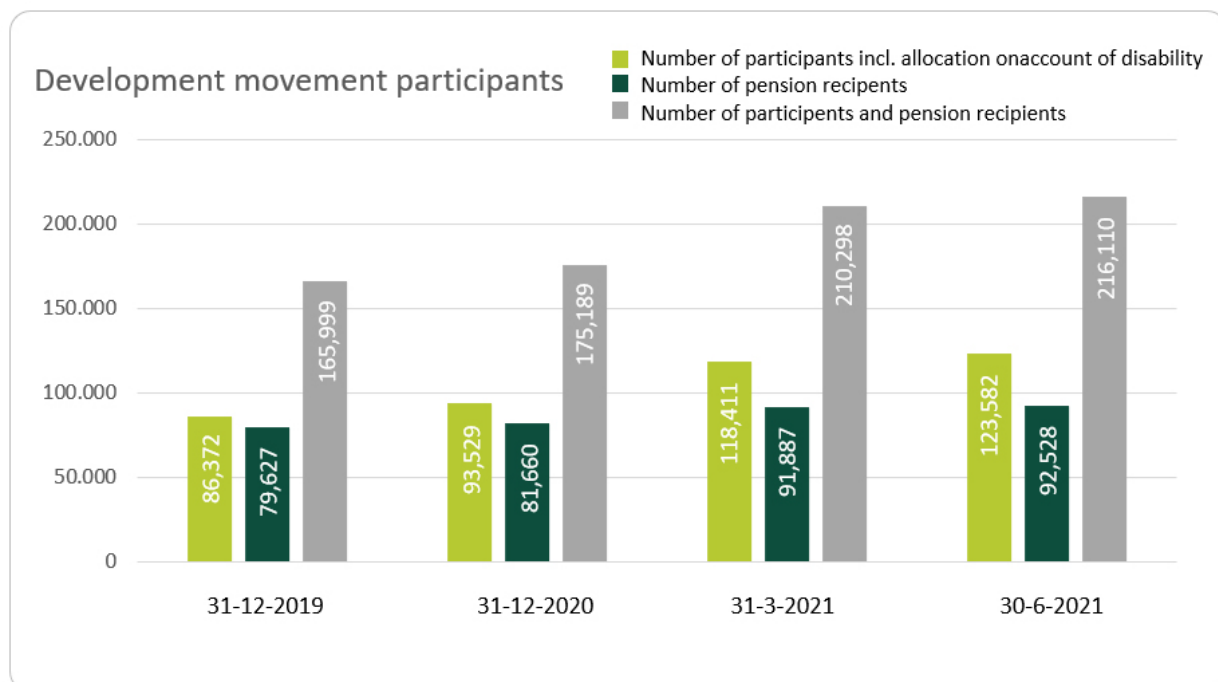
Liabilities (UFR): The value of the liabilities rose in the second quarter of 2021, from € 31.5 billion to € 31.7 billion. The actuarial interest rate of the Dutch Central Bank is 0.51% as at 30 June. This interest rate was 0.52% at the end of March.

## Developments at Pensioenfonds PGB

- Do you want to have influence on your pension? You can do so via the Accountability Body
- A new step towards a better climate
- Transfer of accrued benefits possible again
- Annual magazine Pensioenfonds PGB: an eventful year in focus
- Improvement financial situation continues in first quarter

The number of participants accruing a pension with Pensioenfonds PGB - including allocation due to occupational disability - increased in the second quarter by 5,171 from 118,411 to 123,582. The number of participants receiving a pension increased in the second quarter by 641 from 91,887 to 92,528. In total, 216,110 participants were accruing or receiving pension at the end of June 2021.

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



## 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's PGB. The risk of these investments is limited, because it is common practice for governments to repay the loans. Pensioenfond's 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 checked by the certifying accountant and external actuary.