2ND QUARTER 2025

QUARTERLY REPORT PGB

Main points

- *Policy coverage ratio June 30, 2025: 117.8% (1.6% increase compared to the end of 2024).*
- *Present UFR coverage ratio June 30, 2025: 123.7% (7.0% increase compared to the end of 2024).*
- *Returns on investments for the first six months of 2025: -2.3%.*
- *Invested assets June 30, 2025: € 33.7 billion.*

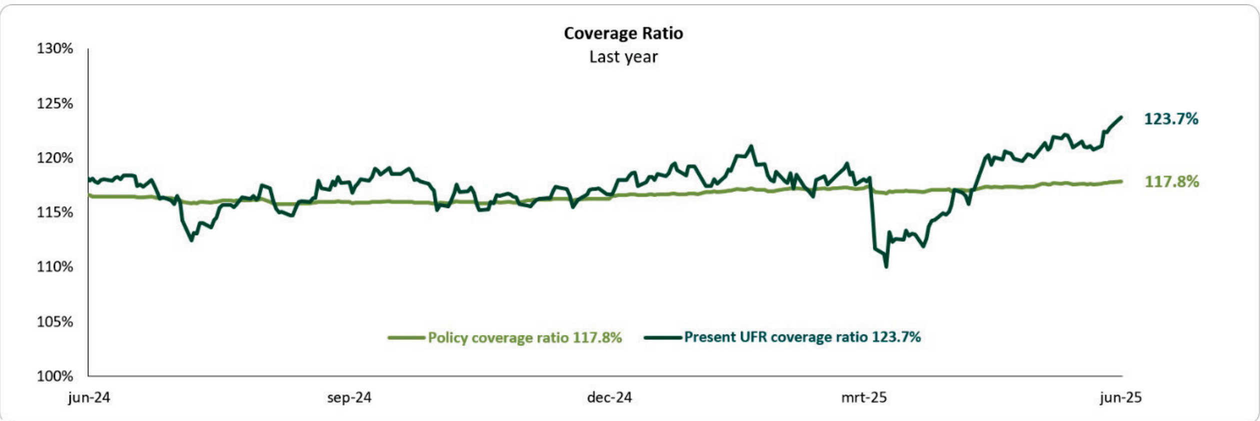
Preface

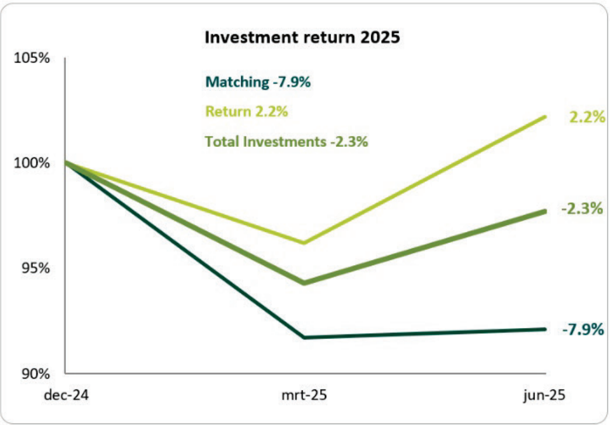
Ronald Heijn, Vice-Chairman Pensioenfonds PGB: 'The second quarter of 2025 saw a turbulent start. The global import tariffs announced by President Trump in April caused considerable unrest in the financial markets. Stock markets fell sharply as a result, which also affected our investments. Fortunately, our investments recovered during the second quarter. The return on our investments was -2.3% over the first six months of 2025. However, our financial situation improved thanks to rising interest rates. As a result, our policy coverage ratio amounted to 117.8% at the end of June. This an increase of 1.6% compared to the end of 2024.

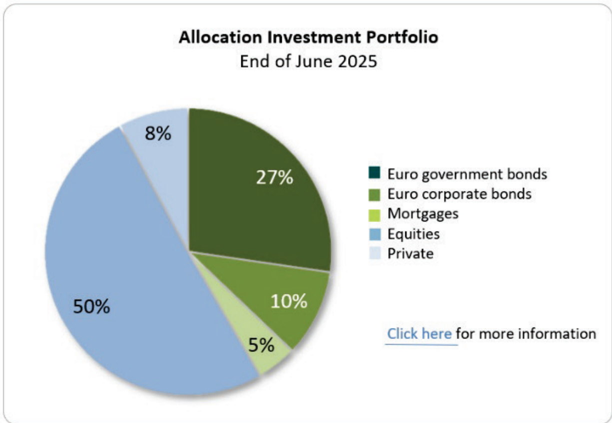
Halfway through the year, I like to look ahead. A cautious look towards the end of this year. That's when we, as the board, decide whether to increase pensions. That's always a careful decision, because we have to consider the interests of all our participants. Still, the current financial situation is no guarantee of an increase. This also depends on what happens with investments and interest rates in the coming months.

And that brings me to another important point on the horizon: our proposed transition to the new pension on 1 January 2027. The fact that we feel a bit more comfortable financially is a reassuring thought. But how we will transition to the new pension will depend on the financial situation at that time. We continue to advocate a good and careful transition. And a healthy financial situation helps with that.'

Overview financial position and investment return







See the appendix on page 3 for an explanation of the most important terms.

Explanation of financial position and investment return

Financial position
Compared to year-end 2024, the present UFR coverage ratio rose from 116.7% to 123.7% as of June 2025. The policy coverage ratio increased from 116.5 to 117.8% over the same period. The two ratios do not move evenly because the present UFR coverage ratio is a snapshot (as of end of June 2025) while the policy coverage ratio is the average of the present UFR coverage ratios of the past twelve months (using the UFR coverage ratio of the end of the month). The coverage ratios are criteria for any increase or decrease in pensions. Every year, the Pensioenfonds PGB board decides whether pensions will remain the same, be increased or reduced. As of 1 January 2025, pensions have been increased by 0.4%.

Investment return
The return on the investments was -2.3% over the first six months of 2025. The investments to hedge the interest rate risk (matching portfolio) have a return of -7.9%. The increased interest rate has a negative impact on the return of the matching portfolio. The value of the matching portfolio decreases when interest rates rise. In contrast, when interest rates fall, the value rises. The return portfolio, which mainly consists of equities, achieved a return of +2.2% over the first six months of 2025. The return on the portfolio is largely driven the global equity markets. In the first quarter of 2025, equities performed negatively, and in early April 2025, equities also fell following US President Trump's announcements on trade tariffs. These trade tariffs could have a significant impact on international trade and the global economy. Initially, equities fell. Following the conclusion of agreements with various countries, the likelihood of agreements with others, and the temporary deferment of tariffs for several countries, equities rose. The second quarter of 2025 has proven to be a positive quarter for equities after all.

Distribution of investments
The value of the pension liabilities rises or falls as a result of interest rate movements. As of the end of June, 73% of the effect of this movement on our financial position will be absorbed (rate hedging) through investments in the matching portfolio. which consists of government bonds from the Netherlands and Germany, among other things. The aim of the return portfolio, which largely consists of equities, is to achieve extra return on investments in order to be able to increase pensions. The value of the total investments was € 33.7 billion at the end of June 2025. This is a decrease of € 1.2 billion compared to the end of 2024.

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 by age group	Weight		Return on investment
	MP	RP	2025
Age up to 49	15%	85%	0.7%
Age 50-55	25%	75%	-0.3%
Age 56-61	35%	65%	-1.3%
Age from 62	45%	55%	-2.3%

Pension obligations

Obligations (UFR): The value of the obligations deceased from € 30.1 billion at the end of 2024 to € 27.5 billion at the end of June 2025. The notional interest rate of De Nederlandsche Bank increased from 2.14% at the end of 2024 to 2.73% at the end of June 2025.
The rise in interest rates decreases the market value of the pension obligations.

News and developments

- How will the new pension affect pensioners?
- Anne Kock and Frans van de Veen talk about creating focus and choosing what really makes a difference.
- Results of the knowledge survey on the new pension
- The new video about partner's pension
- Do you invest money to live off? Take inflation into account
- On track for the new pension
- How will the new pension rules affect the partner's pension?
- What do you think of our services?
- Videos about the solidary or flexible contribution schemes

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, Pensioenfonds PGB. The risk on these investments is limited, as it is customary for governments to repay their loans. Pensioenfonds 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 investment category mainly consists of equities (global) and private real assets (property, infrastructure and private equity). These investments are mainly in Euros, US Dollars and British Pounds.

Coverage ratio
The coverage ratio is the ratio between our assets (the investments) and the pensions we have to pay out (our obligations). Is the coverage ratio 100%? Then there will be just enough money to pay for the pensions. How our coverage ratio develops depends mainly on our investment results and interest rates.

Interest rates
The value of the pension obligations and the matching portfolio changes with an interest rate movement. An interest rate increase generally has a positive effect on the coverage ratio, even if the value of the matching portfolio decreases as a result, because the obligations 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.