

Main points:

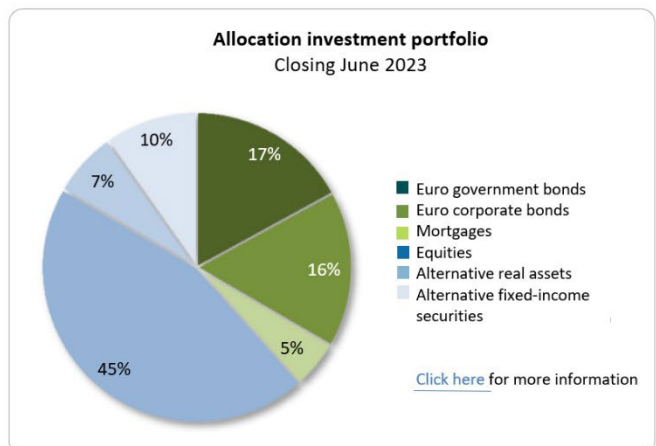
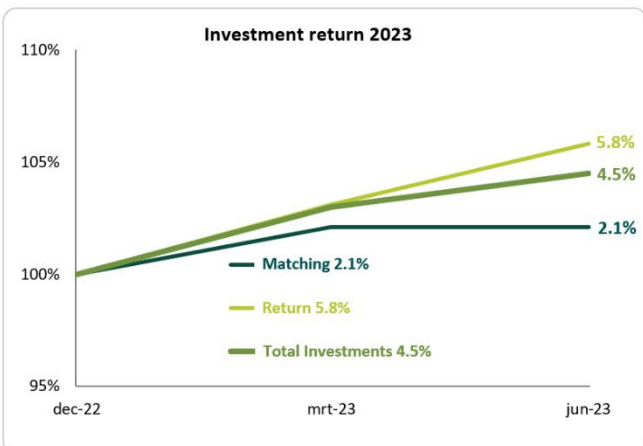
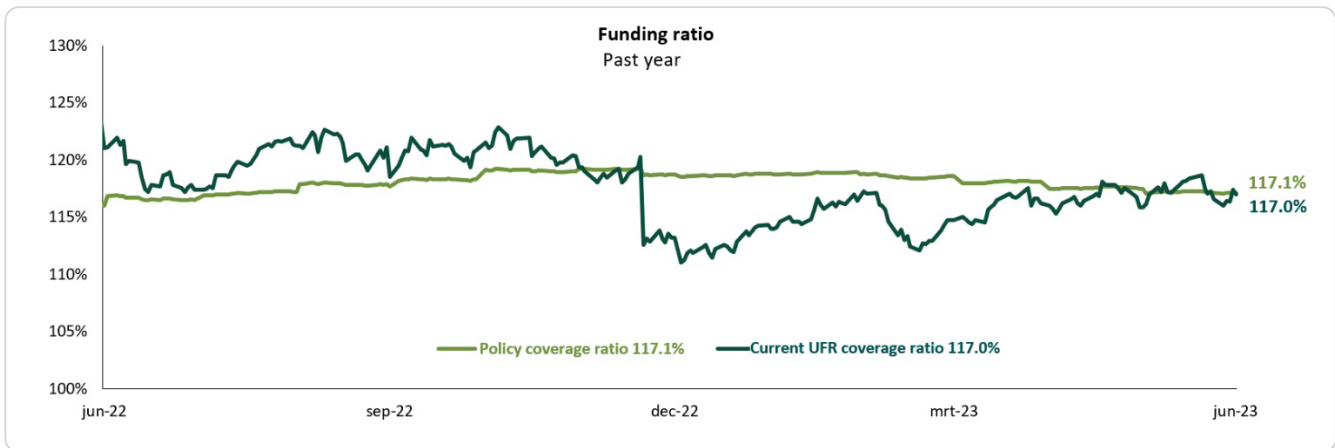
- Policy funding ratio 30 June 2023: 117.1% (1.6% increase compared to the end of 2022).
- Current UFR funding ratio 30 June 2023: 117.0% (3.8% increase compared to the end of 2022).
- Return on investments since the end of 2022: +4.5%.
- Invested assets 30 June 2023: € 30.1 billion.

Jochem Dijkmeester, Chairman of the Board of Pensioenfonds PGB: “The financial position of Pensioenfonds PGB improved again in the second quarter of 2023. We achieved a positive investment result of 4.5% for the first half of the year. The current funding ratio also increased. This is due to good returns on our investments and rising market interest rates. As a result, Pensioenfonds PGB has to reserve fewer funds to pay all pensions in the future.

On 30 May, the Senate approved the Future Pensions Act legislative proposal, which is good news. This means we can now go ahead with the implementation of the new pension rules together with our employers and social partners. We will carefully and responsibly guide them through the choices they have to make. We will also continue to update our participants so they are aware of the situation. And they can trust that we will continue to take care of their pension as best we can.

It is still unclear whether Pensioenfonds PGB can increase pensions again this year. The Board will decide this later in the year. We will weigh all interests carefully, including our policy coverage ratio, which indicates whether we have sufficient funds on hand to meet our future obligations. We will also be looking at price indices of Statistics Netherlands. This index determines the maximum scope for the Board to increase pensions. Naturally, we will keep you informed through our various communication channels.”

Overview of our financial position and investment return



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

Explanation of our 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 117.0%. The policy funding ratio fell from 118.7% to 117.1% over the same period. The two coverage ratios do not move evenly because the present UFR funding ratio is a snapshot (end of June) while the policy funding ratio is the average of the current UFR funding ratios of the past twelve month-ends. These funding ratios are measures of any increase or decrease in pensions. This is assessed annually.

Investment return

The return on the investments was +4.5% over the first half year 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 +5.8% over the first half year of 2023.

Distribution of investments

The value of pension liabilities rises or falls as a result of interest rate movements. As of 30 June, 67% of the effect of this movement on our financial position will be absorbed (interest hedging) through investments in the Matching Portfolio, which includes Euro government bonds. The purpose 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 € 30.1 billion as of 30 June. This is an increase of € 1.3 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 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	Weighting		Return
	MP	RP	2023
Age up to and including 49	15%	85%	5.2%
Age 50-55	25%	75%	4.9%
Age 58-61	35%	65%	4.5%
Age from 62	45%	55%	4.1%

Pension liabilities

Liabilities (UFR): The value of the liabilities increased from €25.6 billion at the end of 2022 to € 25.8 billion at the end of June 2023. The notional interest rate of De Nederlandsche Bank decreased from 2.58% at the end of 2022 to 2.57% at the end of June 2023. A decline in interest rates results in a higher market value of pension liabilities.

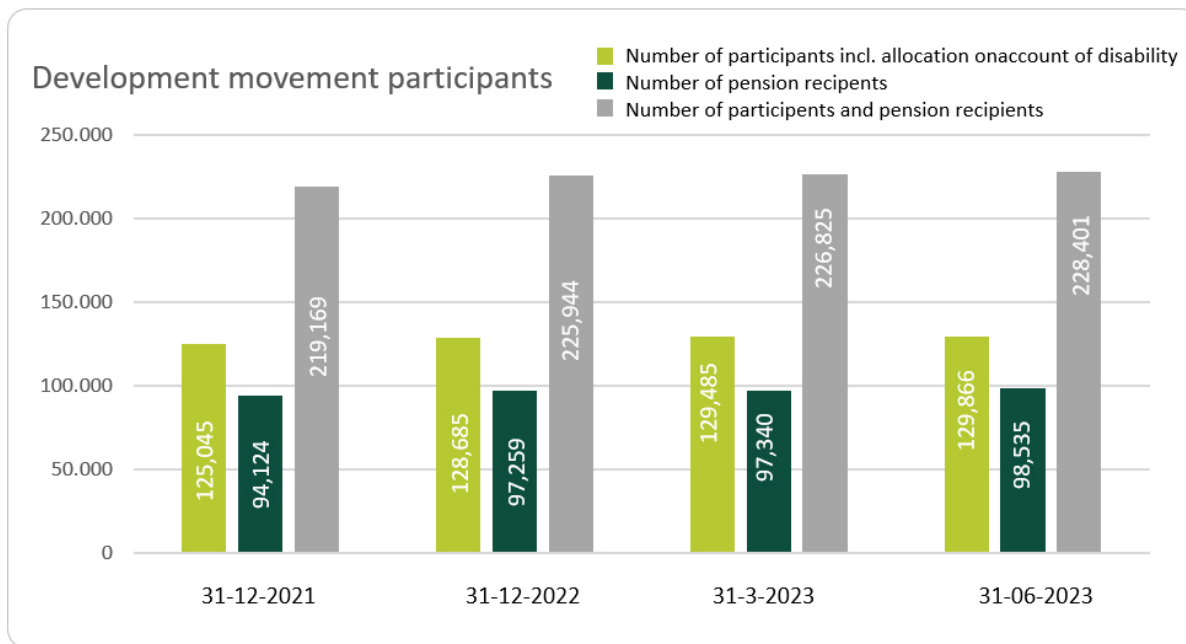
Developments at Pensioenfonds PGB

- [Pensioenfonds PGB receives Gouden Oor certificate](#)
- [The fall of the cabinet does not affect your pension](#)
- [Additional pension choice ‘lump sum’ postponed again](#)
- [Anne Kock-de Kreuk new Board member of Pensioenfonds PGB](#)
- [Pensioenfonds PGB wins Pensioen Pro Award](#)
- [Senate approves new pension bill](#)
- [Check out our PGB Annual Magazine 2022](#)
- [Pensioenfonds PGB has own ombudsman](#)

Development participants

The number of participants accruing pension with Pensioenfonds PGB - including allocation due to occupational disability - increased by 381 in the 2nd quarter, from 129,485 to 129,866. The number of participants receiving a pension increased in the 2nd quarter of 2022 from 96,300 to 97,259, an increase of 1.2%. At the end of June 2023, a total of 228,401 participants were accruing or receiving a pension.

Development of participants from the end 2021 to 30 June 2023



The total number of participants - including participants who left their pension with Pensioenfonds PGB (deferred members) after leaving - came to approximately 438,000 at the end of June 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's PGB. The risk on these investments is limited, as it is customary for governments to repay the loans. Pensioenfond's PGB mainly invests in bonds issued by 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.