



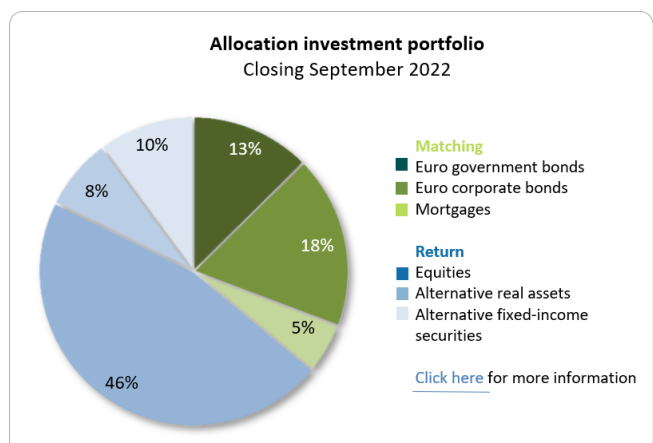
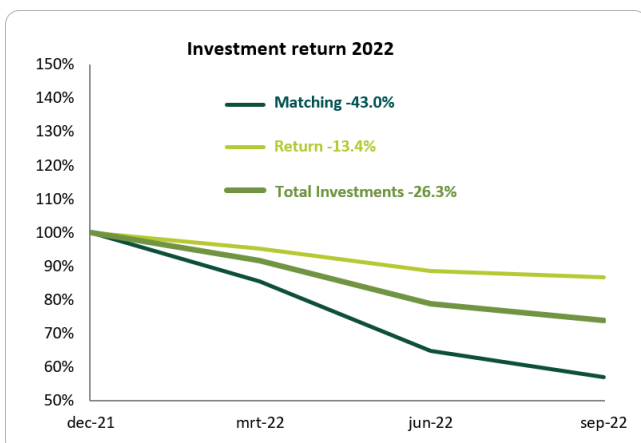
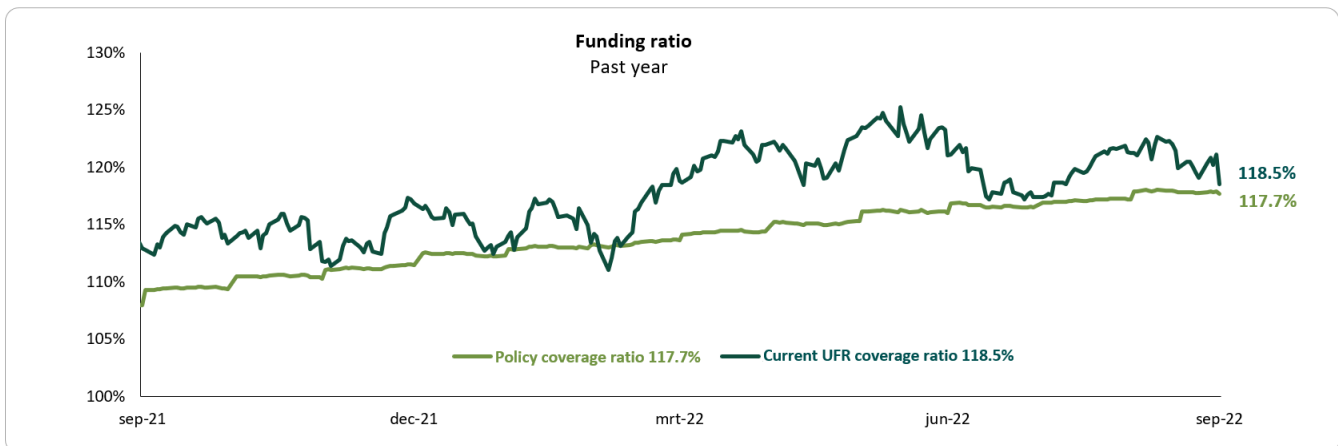
## Main points:

- Policy funding ratio 30 September 2022: 117.7% (6.2% increase compared to the end of 2021)
- Present UFR funding ratio 30 September 2022: 118.5% (1.7% increase compared to the end of 2021)
- Return on investments since the end of 2021: -26.3%.
- Invested assets 30 September 2022: €28.5 billion

Jochem Dijkmeester, Chairman of the Board of Pensioenfonds PGB: “Our results also show a contradictory picture in the third quarter. Partly due to the falling share prices this year, our assets have fallen and we have achieved a negative return on our investments. But because of rising interest rates, we don’t need to keep so much money in cash to pay for current and future pensions. The rising interest rate therefore results in a higher coverage ratio. This means we may also be able to increase the pensions as of January. This year, we were able to increase all pensions by 3% with retroactive effect from 1 January 2022. The board will decide in December or January how much Pensioenfonds PGB can increase the pensions in the coming year. I can already tell you that it’s going to be a difficult decision. On the one hand, we would like to do something to offset the high inflation. We’re well aware that our participants are looking forward to another increase in their pension. On the other hand, we’re preparing for the new pension system, which means we have to be extra careful with our decreased assets. An increase must be fair for all generations who accrue pension with us. We’ll keep you informed of the outcome.”

## 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

The coverage ratios of Pensioenfond's PGB have increased since the end of 2021. This is mainly due to the rise in interest rates. The present UFR funding ratio increased over the first three quarters of 2022 from 116.8 to 118.5%. The policy funding ratio increased from 111.5% to 117.7% 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 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 your pension). It is tested annually whether this is the case. Because of the improved financial situation at the end of 2021, the board decided to increase the pensions by 0.23%. In July 2022, it was also decided to add an additional indexation of 2.77%. This brings the total increase to 3% in 2022. The increase has retroactive effect from 1 January 2022 and applies to all pensions.

### Investment return

The return on the investments is -26.3% over the first three quarters of 2022. The investments to hedge the interest rate risk (Matching Portfolio) achieved a return of -43.0% over the first three quarters. This is the result of the considerably higher interest rate. The value of the Matching Portfolio decreases when interest rates rise. When interest rates fall, the value rises. The Return Portfolio, mainly consisting of equities, achieved a return of -13.4% over the first three quarters. The share market was under pressure from the war in Ukraine, higher interest rates and fears of a recession.

### Distribution of investments

The value of the pension liabilities rises or falls as a result of interest rate movements. As of 30 September, 65% of the effect of this movement on our financial position will be absorbed (interest hedging) through investments in the Matching Portfolio, including Euro government bonds. 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 €28.5 billion at the end of September. This is a decrease of €8.6 billion compared to the end of December as a result of a negative return on the Matching Portfolio in particular.

### 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. Conversely, the pension capital of an older participant is more affected by the rising interest rate. This explains the relatively greater loss of return for older participants.

Result per age cohort	Weight		2022
	MP	RP	
Age up to and including 49	15%	85%	-17.8%
Age 50-55	25%	75%	-20.8%
Age 56-61	35%	65%	-23.8%
Age from 62	45%	55%	-26.7%

### Pension liabilities

Liabilities (UFR): The value of the liabilities decreased over the first three quarters of 2022 from €31.9 billion to €24.2 billion. The notional interest rate of De Nederlandsche Bank is 2.48% as at 30 September. This interest was 0.56% at the end of December. The interest rate increase results in a lower market value of the liabilities.

### Developments at Pensioenfond PGB

[Send your 'certificate of life' digitally from now on](#)

[The new pension, what about it?](#)

[PGB Pensioendiensten and AxyWare sign agreement for pension administration software](#)

[Pensioenfond PGB and abrdn expand collaboration](#)

[Mariële Poot new member of the Supervisory Board](#)

[How state opening of parliament affects your purchasing power](#)

[Lower House in debate about new pension act](#)

[Joint administration platform development halted](#)

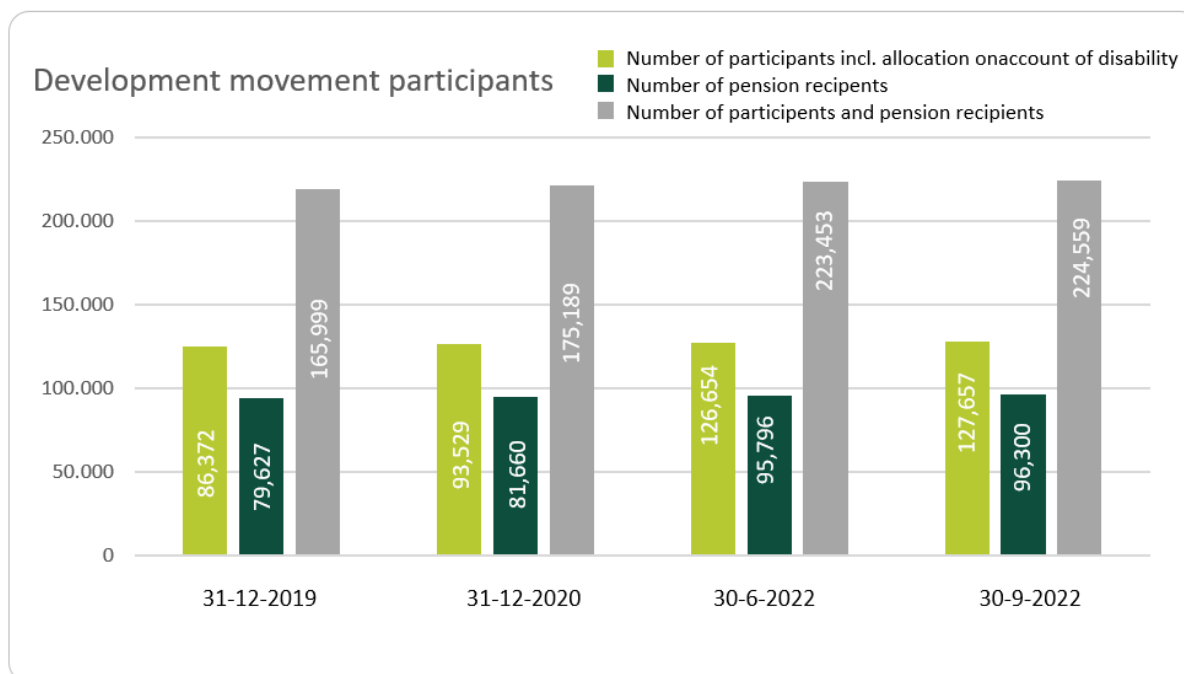
[Additional pension choice 'lump sum' option available from 1 July 2023](#)

### Development participants

The number of participants accruing pension with Pensioenfond PGB - including allocation due to occupational disability - increased with 602 in the 3<sup>rd</sup> quarter, from 127,657 to 128,259. The number of participants receiving a pension increased in the 3<sup>rd</sup> quarter of 2022 from 95,796 to 96,300, an increase of 0.5%.

At the end of September 2022, a total of 224,559 participants were accruing or receiving a pension.

**Table 2:** development participants (30 September 2022)



The total number of participants - including participants who left their pension with Pensioenfond PGB (deferred members) after leaving - came to approximately 442,000 at the end of September 2022.

## 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.