4TH QUARTER 2021

PGB QUARTERLY REPORT

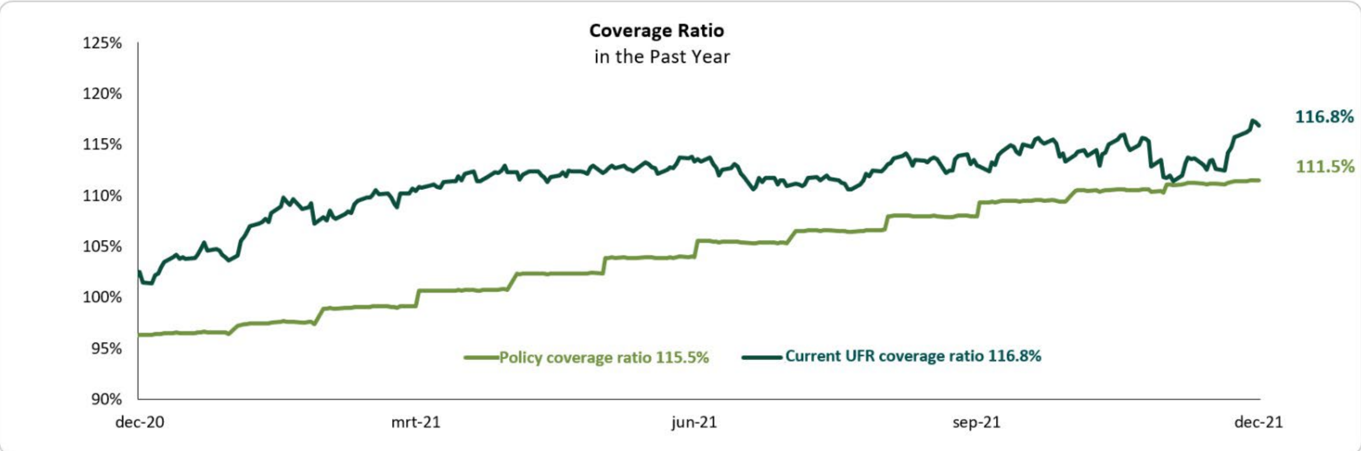
Key points:

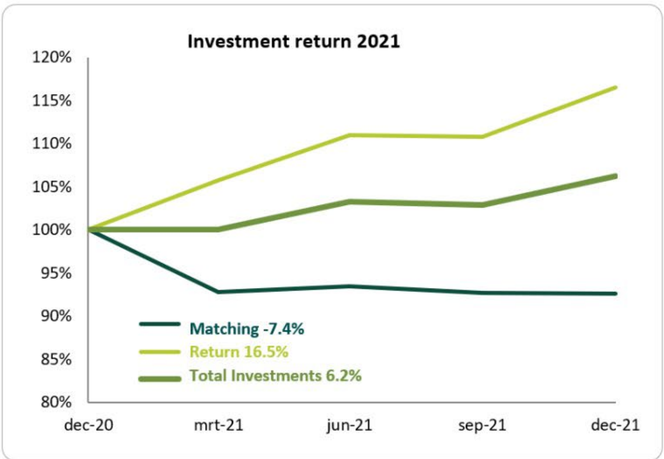
- *Policy coverage ratio 31 December 2021: 111.5% (up 15.2% compared to year-end 2020)*
- *Current UFR coverage ratio 31 December 2021: 116.8% (up 14.3% compared to year-end 2020)*
- *Return on investment since year-end 2020: 6.2%*
- *Invested assets as at 31 December 2021: € 37.2 billion*

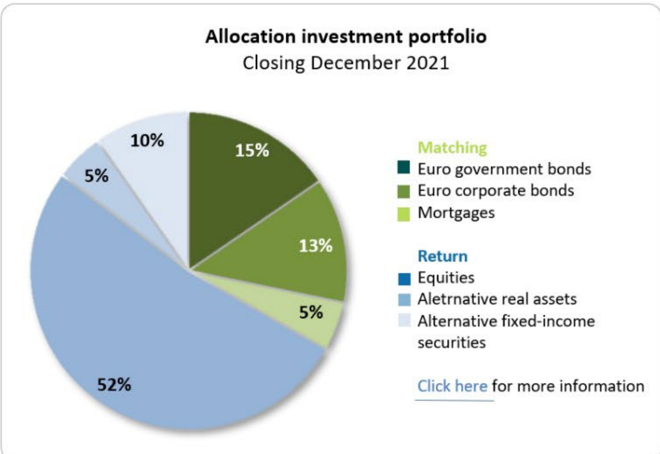
Jochem Dijckmeester, chair of the Board of Pensioenfonds PGB: "Looking back on 2021, we can still see the major impact of the coronavirus on all of us. Corona has affected many employers and employees from the sectors affiliated with us, and we as Board regularly reflect on that. We see that concerns about the future remain. Our financial situation strongly improved in 2017. The returns for 2021 were good, and rising interest rates reduced our liabilities. As a result, our policy coverage ratio ended at 111.5% by the end of 2021, up 15% compared to the end of 2020. This increased coverage ratio enables us to slightly increase pensions by 0.23% for the first time since 2008. We have also been able to keep the pension premium at the same level for 2022. If our financial situation remains good this year and once the transitional rules for the new pension system are clear, there may perhaps be more room to increase pensions. So, as Board, we keep our finger on the pulse. In doing so, we closely consider the interests of all our participants."

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
PGB's coverage ratios have increased since the end of 2020. The current UFR coverage ratio rose from 112.9% to 116.8% in the fourth quarter. The policy coverage ratio rose from 107.9% to 111.5% in the fourth quarter. The two coverage ratios do not move evenly because the actual UFR coverage ratio is a snapshot in time (end of December), while the policy coverage ratio is the average of the actual UFR coverage ratios of the past 12 months. These coverage ratios are benchmarks for any indexation or reduction (i.e. an increase or decrease of your pension). This is assessed annually. Partly because of the improved financial situation, the Board decided to increase pensions, by 0.23%. The increase will take effect retroactively from 1 January 2022 and will apply to all pensions.

Investment return
The return on investments was +6.2% in 2021. The investments to hedge the interest rate risk (Matching Portfolio) showed a -7.4% return in 2021. This is due to the higher interest rates. The Return Portfolio, consisting in particular of equities, showed a return of +16.5% in 2021, thanks to the positive returns on the stock markets.

Allocation of investments
The value of the pension liabilities goes up or down as a result of interest rate movements. As of 31 December, 43% of the impact of this movement on our financial position (interest rate hedge) is absorbed by investments in the Matching Portfolio (which includes euro government bonds). 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 € 37.2 billion as at the end of December. This is an increase of € 1.3 billion compared to the end of September, due to positive returns on equities in particular.

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%	12.9%
Age 50-55	25%	75%	10.5%
Age 56-61	35%	65%	8.1%
Age from 62	45%	55%	5.7%

Pension liabilities

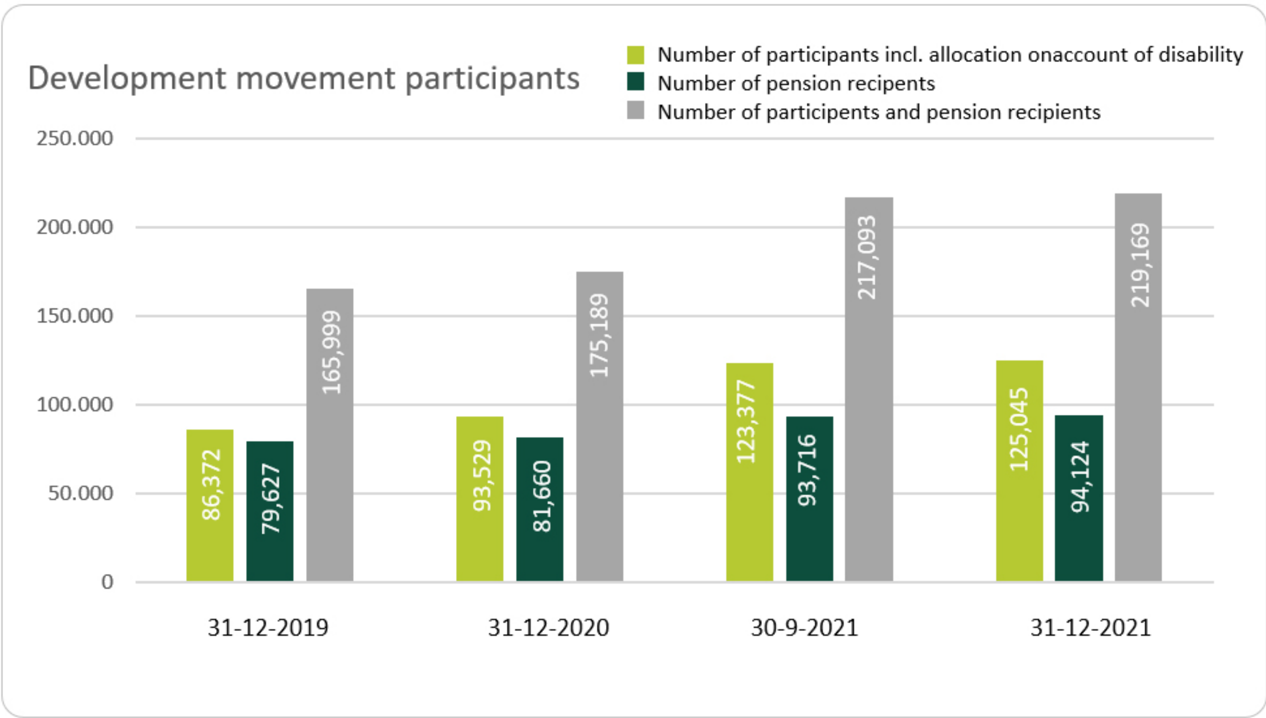
Liabilities (UFR): The value of the liabilities dropped in the fourth quarter of 2021, from € 32.0 billion to € 31.9 billion. The actuarial interest rate of the Dutch Central Bank as at 31 December was 0.56%. As at the end of September, this interest rate was 0.53%. The increase in interest rate leads to a lower market value of the liabilities.

Developments at Pensioenfonds PGB

- New website Pensioenfonds PGB

The number of participants accruing pension with Pensioenfonds PGB - including allocation on account of disability - increased by 1,668, from 123,377 to 125,045. The number of participants receiving pension rose from 93,716 to 94,124 in the fourth quarter of 2021. In total, 219,169 participants were accruing or receiving pension at the end of December 2021.

***Table 2**: Development group of participants (31 December 2021)*



The total number of participants - including participants who have left their pensions with Pensioenfonds PGB after leaving the company ('sleepers') - was approximately 436,000 at the end of December 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, Pensioenfonds PGB. The risk of these investments is limited, because it is common practice for governments to repay the loans. Pensioenfonds 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 mainly 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, because the value of the liabilities shows a larger drop. 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.