2ND QUARTER 2024

QUARTERLY REPORT PGB

Main points

- *Policy coverage ratio 30 June 2024: 116.6% (0.1% increase compared to the end of 2023).*
- *Present UFR coverage ratio 30 June 2024: 117.9% (5.4% increase compared to the end of 2023).*
- *Return on investments since the end of 2023: +2.4%.*
- *Invested assets 30 June 2024: € 32.6 billion.*

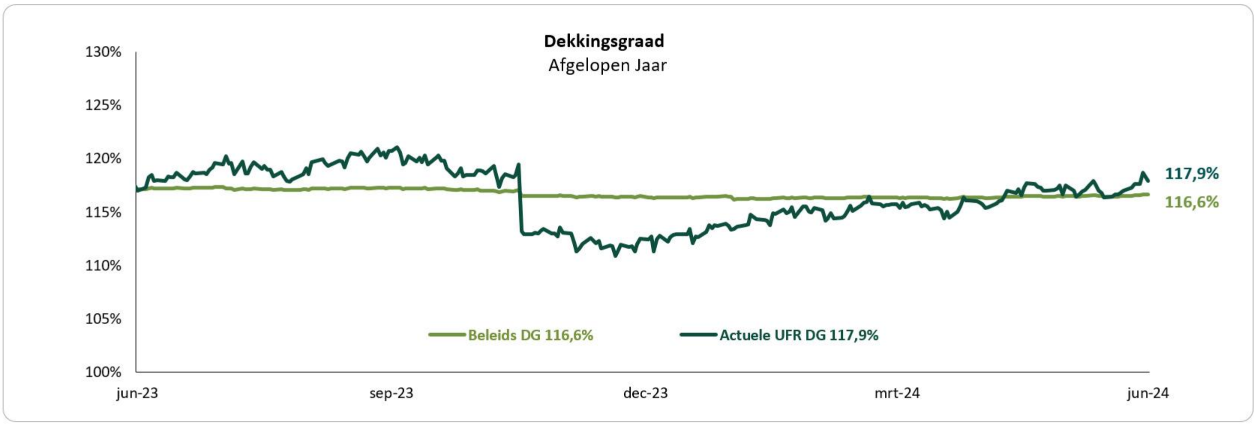
Preface

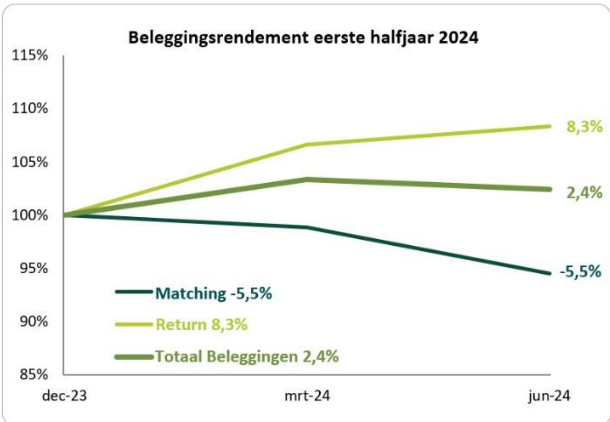
Our financial position improved again in the second quarter thanks to higher interest rates. Our current coverage ratio increased by 5.4% compared to the end of 2023 and now stands at 117.9%. Our policy funding ratio also increased slightly, from 116.5% to 116.6% over the same period. The return on our investments for the first half of 2024 amounted to 2.4%. So financially, we feel a bit more comfortable and our buffers are larger. That is good news for the switch to the new pension, because if the financial situation allows it, we may also be able to distribute part of our buffer. Although that will take a while: Pensioenfonds PGB wants to switch to the new pension on 1 January 2027. Behind the scenes, we are working hard on the transition.

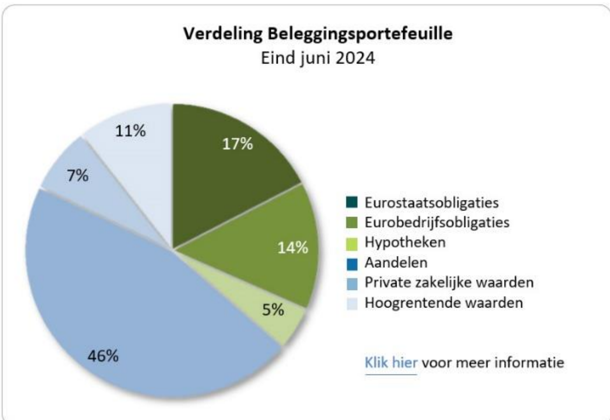
The board of Pensioenfonds PGB continuously ensures the transition to the new pension is balanced for all our participants. This enables us to make timely adjustments if necessary. We are also constantly discussing this with social partners, employers, politicians and regulators. Sometimes, this leads to new insights. That is why we recently made the choice to improve two aspects of our solidarity contribution scheme. This ensures a more balanced distribution and a higher pension expectation for most (former) participants. We believe it is important to implement these improvements now. This will improve the pension scheme even more. Want to know more about this? Then view the product brochure on our website.

Lastly, we wish you a wonderful summer!

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
Compared to year-end 2023, the present UFR coverage ratio increased from 112.5% to 117.9% in the first six months of 2024. The policy funding ratio increased from 116.5 to 116.6% over the same period. The two coverage ratios do not move evenly because the present UFR coverage ratio is a snapshot (as of end of June 2024) while the policy funding ratio is the average of the present UFR funding ratios of the past 12 month-ends.
The coverage ratios are criteria for any increase or decrease in pensions. It is tested annually whether this is the case.

Investment return
The return on the investments was +2.4% over the first six months of 2024. The investments to hedge the interest rate risk (Matching Portfolio) have a return of -5.5%. The increased interest rate has a negative impact on return on investment. 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 +8.3% over the first six months. Equities are performing positively in the first six months, with shares from the Pacific region in particular performing well this year. In the first quarter, emerging market equities lagged slightly behind developed markets after some unrest surrounding Chinese equities, but emerging market equities caught up in the second quarter.

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, 72% of the effect of this movement on our financial position will be absorbed (rate hedging) through investments in the Matching Portfolio, which consists of Euro government bonds, 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 € 32.6 billion at the end of June 2024. This is an increase of € 0.6 billion compared to the end of 2023.

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.

Resultaat per cohort	Gewicht		Rendement
	MP	RP	2024
Leeftijd t/m 49	15%	85%	6,2%
Leeftijd 50-55	25%	75%	4,9%
Leeftijd 56-61	35%	65%	3,5%
Leeftijd vanaf 62	45%	55%	2,1%

Pension Obligations

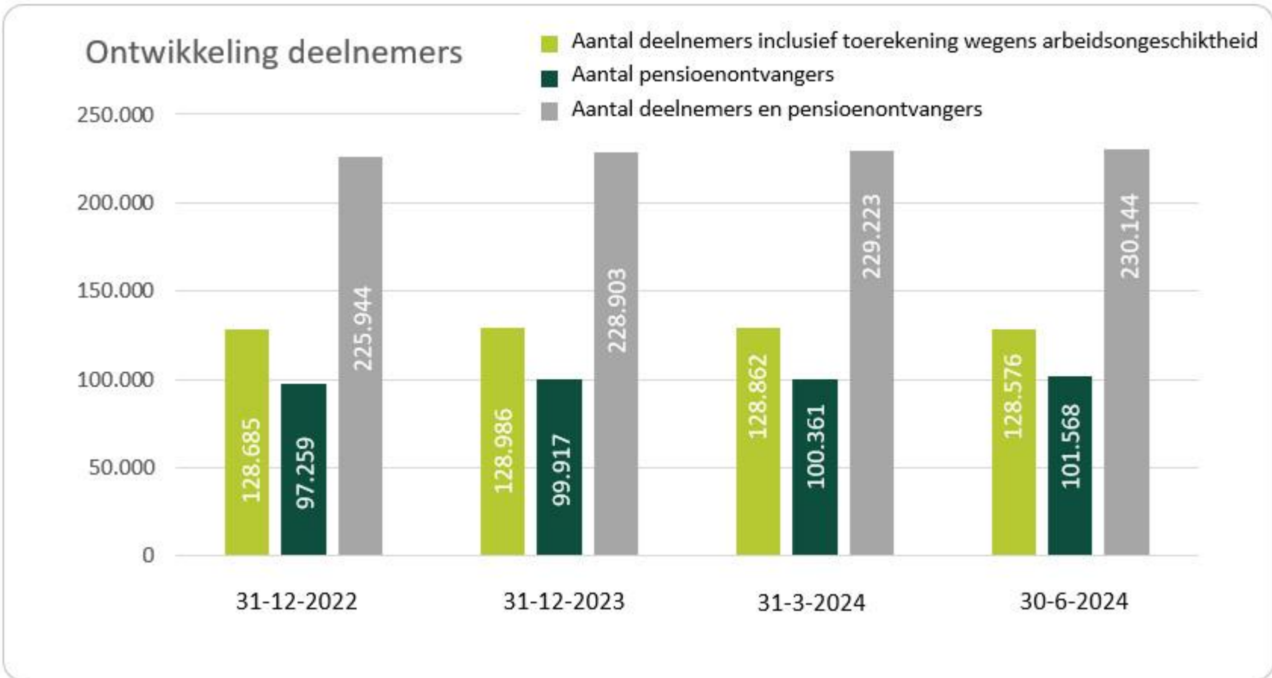
Liabilities (UFR): The value of the obligations decreased from € 28.6 billion at the end of 2023 to € 27.8 billion at the end of June 2024. The notional interest rate of De Nederlandsche Bank increased from 2.32% at the end of 2023 to 2.55% at the end of June 2024.

Developments at Pensioenfonds PGB

- Improvements in our solidary contribution scheme
- Column board member Anne Kock: my fossil dilemma
- Pensioenfonds PGB publishes annual reports
- Welcome to our 100,000th pension recipient!
- A thank you to our participants
- Pension and investing. How much risk do you want to take?

Development participants

The number of participants accruing pension with Pensioenfonds PGB - including allocation due to occupational disability - decreased by 286 in the second quarter, from 128,862 to 128,576. The number of participants receiving a pension increased in the second quarter of 2024 from 100,361 to 101,568, an increase of 1.24%. At the end of June 2024, a total of 230,144 participants were accruing or receiving a pension.



Development of participants from 31 December 2021 to 30 June 2024

The total number of participants - including participants who left their pension with Pensioenfonds PGB after leaving (those who have finished accruing their pensions) - came to approximately 446,000 at the end of June 2024.

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 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.

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 liabilities 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.