4TH QUARTER 2024

QUARTERLY REPORT PGB

pensioenfonds PGB

Main points

- *Policy coverage ratio 31 December 2024: 116.2% (0.3% decrease compared to the end of 2023).*
- *Present UFR coverage ratio 31 December 2024: 116.7% (4.2% increase compared to the end of 2023).*
- *Returns on investments for the entire year 2024: +9.4%.*
- *Invested assets 31 December 2024: € 34.9 billion.*

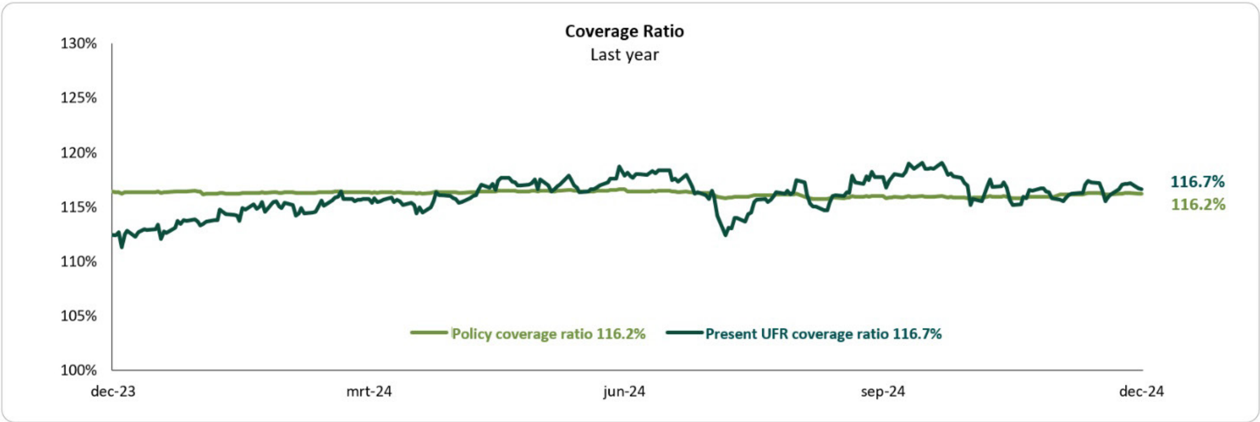
Preface

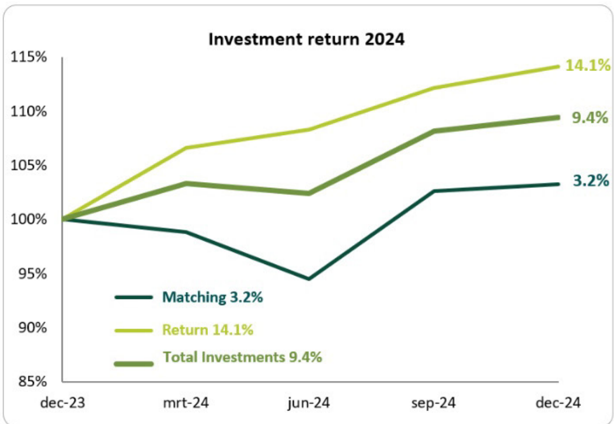
Ronald Heijn, Vice-Chairman Pensioenfonds PGB: 'At this moment, Pensioenfonds PGB is financially healthy and stable. And that's good news. We achieved a good return on our investments: 9.4% over 2024. At the same time, interest rates fell. This means we have to set aside more money for current and future pensions (our obligations). As a result, our policy funding ratio fell slightly compared to the end of 2023, but at the end of 2024 it still stood at a healthy 116.2%.

We increased all pensions by 0.4% with effect from 1 January 2025. The board decided on this at the end of November. We carefully considered the average price increase (inflation) in the past period, as well as our financial situation. Our aim is to maintain spending power at the same level as much as possible, so we fully understand that this percentage may be disappointing. Let us explain this to you. After all, this is about your pension. In this column (in Dutch only), board member Edwin de Jong explains the considerations the board made when deciding on the increase. We also explain why that decision was not easy.

In the meantime, we continue to implement the new pension rules. Pensioenfonds PGB is expected to make the switch on 1 January 2027. It will not have escaped your notice that these are turbulent times. In the world around us we see war and geopolitical tensions. And, closer to home, the current political debate about the new pension law that came into effect in 2023 is causing quite a stir. Naturally, we are monitoring these developments closely. And we hope that the much-needed peace and clarity that the pension sector, and especially our participants, so desperately need, will soon be achieved. Because that is what we continue to stand for: a proper and careful transition to the new pension. For all our participants.'

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 UFR coverage ratio rose from 112.5% to 116.7% as of December 2024. The policy funding ratio fell from 116.5 to 116.2% 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 September 2024) while the policy funding ratio is the average of the present UFR funding ratios of the past twelve months (using the UFR funding 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. In the fourth quarter of 2024, the board decided to increase pensions by 0.4% with effect from 1 January 2025.

Investment return
The return on the investments is +9.4% over the full 2024 year. The investments to hedge the interest rate risk (matching portfolio) have a return of +3.2%. The decreased interest rate has a positive impact on the return of the matching portfolio. The value of the matching portfolio increases when interest rates fall. In contrast, when interest rates rise, the value decreases. The return portfolio, which mainly consists of equities, achieved a return of +14.1% over the over the full 2024 year. The return on the portfolio is largely driven by the positive returns on global equity markets.

Distribution of investments
The value of the pension liabilities rises or falls as a result of interest rate movements. As of the end of December, 70% 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 € 34.9 billion at the end of December 2024. This is an increase of € 2.9 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.

Result by age group	Weight		Return on investment
	MP	RP	2024
Age up to 49	15%	85%	12.5%
Age 50-55	25%	75%	11.4%
Age 56-61	35%	65%	10.3%
Age from 62	45%	55%	9.2%

Pension liabilities

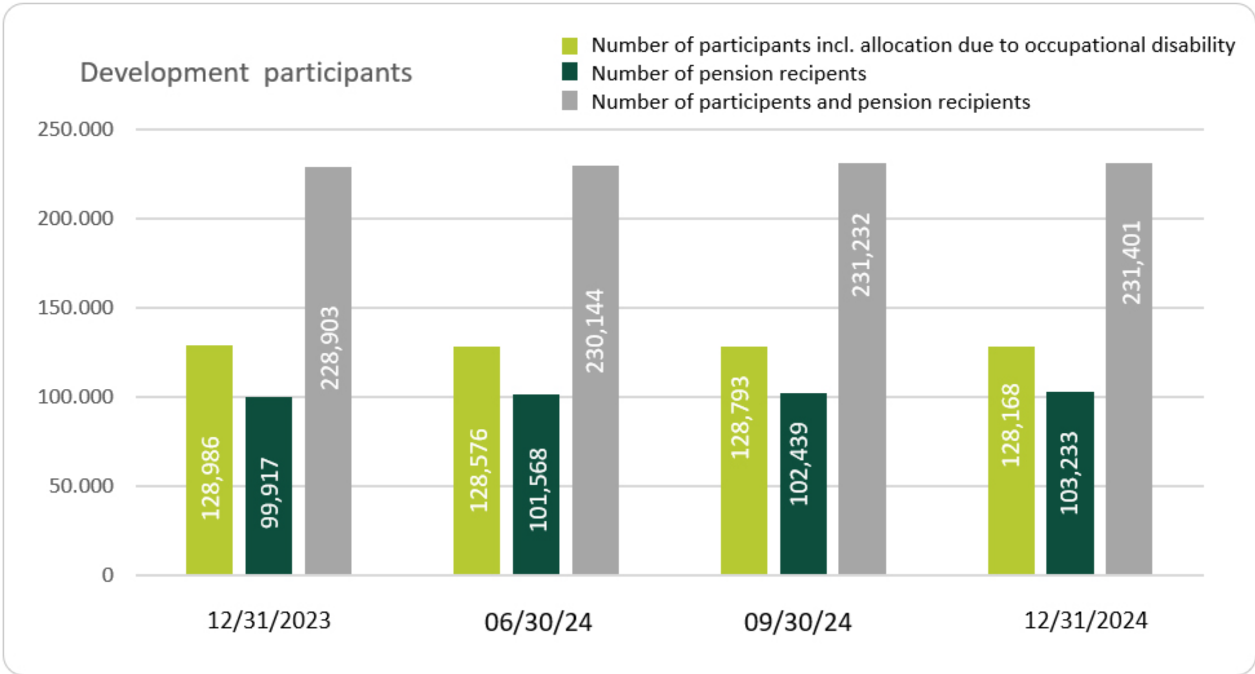
Liabilities (UFR): The value of the obligations increased from € 28.6 billion at the end of 2023 to € 30.1 billion at the end of December 2024. The notional interest rate of De Nederlandsche Bank decreased from 2.32% at the end of 2023 to 2.14% at the end of December 2024. The drop in interest rates increases the market value of the pension liabilities.

Developments at Pensioenfonds PGB

- Board member Anne Kock on sustainable investments (in Dutch only)
- Your pension will increase by 0.4% in 2025
- Pension contribution for basic scheme unchanged at 28% in 2025
- Results survey: Our participants have told us how much risk they are willing and able to take
- Minister Van Hijum gains insight into pension transition at Pensioenfonds PGB (in Dutch only)
- Column ombudsman: investing for beginners (in Dutch only)

Development participants

The number of participants accruing pension with Pensioenfonds PGB - including allocation due to occupational disability - decreased by 625 in the 4th quarter, from 128,793 to 128,168. The number of participants receiving a pension increased in the 4th quarter of 2024 from 102,439 to 103,233, an increase of 0.8%. At the end of December 2024, a total of 231,401 participants were accruing or receiving a pension.



Development of participants from 31 December 2023 to 31 December 2024

The total number of participants - including participants who left their pension with Pensioenfonds PGB (those who have finished accruing their pensions) after leaving - came to approximately 450,000 at the end of December 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 investment 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 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, partly based on estimates, and have not been verified by the certifying auditor and external actuary.