

## Press release

### Annual review ABP 2022

Heerlen/Amsterdam, January 26, 2023.

- **Current coverage ratio: 110.9% (110.6% as at end 2021)**
- **Two resolutions to increase pensions: 2.39% in July and 11.96% in December**
- **Investment return: -17.6% (+11.1% in 2021)**
- **Policy coverage ratio increases to 118.6% (102.8% as at end 2021)**

ABP's financial position in 2022 appears to be stable, as the current coverage ratio at the beginning and end of 2022 was almost the same, at almost 111%. That said, the year was marked by change. The current coverage ratio rose sharply in the intervening quarters but, in the last quarter, fell to its level at the end of last year. This was due to the pension increase being factored in. Alongside that, the war in Ukraine caused financial markets to underperform. Consequently, ABP's investment return was negative over 2022: -17.6%. ABP's assets shrank from €552 billion at the end of 2021 to €459 billion at the end of 2022. Interest rates also rose during the year, which had the positive effect of reducing the value of the liabilities (all pension payments now and in the future) for the fund. The policy coverage ratio increased by 15.8% (from 102.8% as at end 2021 to 118.6% as at end 2022).

**Harmen van Wijnen, Chairman of the Board of Trustees:** "2022 was the year of the pension paradox: For the first time since 2008, we had a substantial negative investment return and at the same time, again for the first time since 2008, we decided on a full pension increase of over 14%. This increase will benefit all participants in the short or longer term and was very welcome among retired employees, in view of the rise in the cost of living. But even after this increase in pensions and despite disappointing investment returns, we will retain a sufficient buffer. The coverage ratios have remained above the minimum required level. These paradoxical developments in 2022 underline once again the need for a renewed pension system. We want to embark on that in 2026."

#### What can ABP participants expect?

On top of the interim pension increase in July last year (2.39%), the pension increase of 11.96% will take effect from January 1 this year. Participants still accruing pension will see this in MijnABP, while retired employees have already seen it in their current accounts. For the rest of this year, pensions will remain the same. At the end of November this year, ABP will look at its financial position and assess whether pensions will change or remain the same in 2024.

#### ABP coverage ratios rise in 2022

The current coverage ratio increased from 110.6% to 110.9% in 2022, with the biggest increases in the first, second, and third quarters, the coverage ratio rose steadily to 124.2%, largely driven by rising interest rates. In the fourth quarter, ABP factored the pension increase of 11.96% into its coverage ratio. This had a negative impact, as the fund's liabilities increased in value. The current coverage ratio as at end 2022 amounted to 110.9%.

The policy coverage ratio (the average of the coverage ratios over the past twelve months) increased from 102.8% to 118.6% over the course of 2022. This coverage ratio, which is important for pension increases, was therefore above the current required level of 110% (FTK, Financial Assessment Framework) and the more lenient minimum of 105%, which applies to funds wishing to switch to the new pension system.

#### How did ABP's investments and liabilities fare in 2022?

ABP's available assets shrank from €552 billion as at end 2021 to €459 billion as at end 2022. ABP had a return of -17.6% (-€96.9 billion) over 2022 as a whole, mainly due to the financial market malaise caused by the war in Ukraine. In the fourth quarter, the return was -1.2% (-€5.4 billion).

The notional interest rate increased by 2.0% in 2022 (from 0.6% to 2.6%). As a result, the value of the pensions that ABP has to pay out now and in the future fell from €499 billion at the end of 2021 to €414 billion at the end of December 2022. This decrease has a positive impact on the coverage ratio.

#### ABP sets more ambitious climate targets

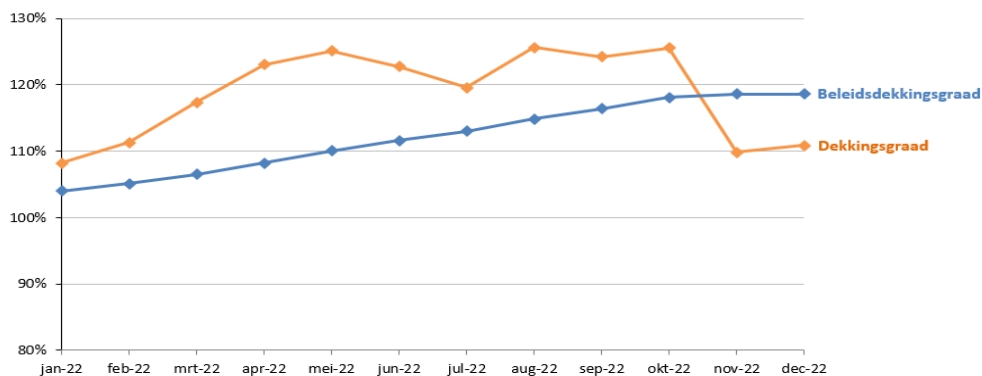
In December, ABP launched its new climate policy outlining the measures the fund is taking in its investment policy. On the one hand, ABP aims to use the measures to respond to the risks of a changing climate and climate legislation on its portfolio and, on the other, to help create a liveable world by making attractive investments. ABP aims to achieve an absolute CO<sub>2</sub> reduction of 50% by 2030 compared with 2019 for the entire investment portfolio and throughout the value chain (scope 1, 2, and 3). In addition, the fund aims to invest €30 billion in the climate transition by 2030, of which €10 billion will be impact investments. ABP can no longer invest in companies that sell products or services that are inextricably linked to climate damage. These companies have no place in a sustainable economy and are therefore too risky. Instead, ABP wishes to invest in companies with long-term opportunities that can and want to facilitate the climate transition. If a company does have a major climate impact, ABP requires it to have a climate plan, in line with the Paris Agreement. The new climate policy will be implemented in the time to come.

#### Investment outlook

The value of investments continues to be squeezed due to the possibility of economic recession and global unrest, such as an escalation of the war in Ukraine and wider geopolitical developments. European monetary policy-makers' continued monitoring of inflation is keeping interest rates high, which is good for the pension fund's financial situation. A key risk for the fund is a faster and deeper recession than expected, as this would result in a fall in both the value of investments and interest rates. On the other hand, potentially lower energy prices will provide a fresh impetus for the economy and could therefore prop up long interest rates.

| Kerncijfers                       | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 |
|-----------------------------------|---------|---------|---------|---------|---------|
| Actuele dekkingsgraad (%)         | 110,6   | 117,4   | 122,7   | 124,2   | 110,9   |
| Beleidsdekkingsgraad (%)          | 102,8   | 106,5   | 111,6   | 116,4   | 118,6   |
| Beschikbaar vermogen (€ miljard)* | 552     | 531     | 486     | 460     | 459     |
| Verplichtingen (€ miljard)        | 499     | 452     | 396     | 370     | 414     |
| Rekenrente (%)                    | 0,6     | 1,1     | 2,0     | 2,5     | 2,6     |

### Ontwikkeling dekkingsgraden per maandeinde



1. De beleidsdekkingsgraad is gebaseerd op een 12 maandsgemiddelde van de aan DNB gerapporteerde maanddekkingsgraden.

2. De week- en maanddekkingsgraden zijn gebaseerd op voorlopige cijfers van de beleggingen en de VPV. Bij kwartaal ultimo 's zijn de cijfers gebaseerd op definitieve cijfers.

### Samenstelling en rendement beleggingsportefeuille ABP

|                                  | Gewicht<br>in % | Q4 2022           |                              | 2022              |                              | 2021              |                              |
|----------------------------------|-----------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|
|                                  |                 | Rendement<br>in % | Rendement<br>in miljard<br>€ | Rendement<br>in % | Rendement<br>in miljard<br>€ | Rendement<br>in % | Rendement<br>in miljard<br>€ |
| <b>Staatsobligaties</b>          | <b>40,2</b>     | <b>-1,4</b>       | <b>-2,6</b>                  | <b>-19,7</b>      | <b>-44,1</b>                 | <b>-0,9</b>       | <b>-1,5</b>                  |
| Staatsobligaties                 | 9,9             | -1,6              | -0,8                         | -17,3             | -8,9                         | -3,5              | -1,6                         |
| Langlopende Staatsobligaties     | 12,7            | -3,8              | -2,3                         | -33,0             | -25,6                        | -7,0              | -3,6                         |
| Bedrijfsobligaties               | 11,2            | 1,1               | 0,6                          | -13,4             | -8,6                         | 4,8               | 3,4                          |
| Obligaties opkomende landen      | 6,4             | -0,7              | -0,2                         | -3,3              | -1,0                         | 0,9               | 0,3                          |
| Inflatie gerelateerde obligaties | 0,1             | 3,0               | 0,0                          | 2,7               | 0,0                          | 4,0               | 0,0                          |
| <b>Aandelen</b>                  | <b>26,6</b>     | <b>0,3</b>        | <b>-0,2</b>                  | <b>-15,1</b>      | <b>-25,4</b>                 | <b>23,0</b>       | <b>37,1</b>                  |
| Aandelen ontwikkelde landen      | 19,6            | 0,2               | -0,3                         | -14,2             | -18,3                        | 28,8              | 35,3                         |
| Aandelen opkomende landen        | 7,0             | 0,6               | 0,1                          | -18,0             | -7,0                         | 4,3               | 1,8                          |
| <b>Alternatieve beleggingen</b>  | <b>22,8</b>     | <b>-5,1</b>       | <b>-5,7</b>                  | <b>10,5</b>       | <b>13,1</b>                  | <b>32,7</b>       | <b>29,2</b>                  |
| Private Equity                   | 9,4             | -7,3              | -3,4                         | -1,7              | -0,7                         | 39,4              | 12,5                         |
| Grondstoffen                     | 6,1             | -4,2              | -1,2                         | 24,3              | 8,7                          | 45,4              | 11,1                         |

|                                              |              |             |              |              |              |             |              |
|----------------------------------------------|--------------|-------------|--------------|--------------|--------------|-------------|--------------|
| Infrastructuur                               | 5,4          | -0,7        | -0,2         | 6,0          | 1,3          | 16,1        | 2,8          |
| Hedge fondsen (in afbouw)                    | 1,9          | -7,8        | -0,8         | 18,9         | 3,8          | 16,9        | 2,6          |
| <b>Vastgoed</b>                              | <b>10,9</b>  | <b>-3,0</b> | <b>-1,5</b>  | <b>-8,8</b>  | <b>-4,8</b>  | <b>23,1</b> | <b>10,3</b>  |
| Vastgoed                                     | 10,9         | -3,0        | -1,5         | -8,8         | -4,8         | 23,1        | 10,3         |
| <b>Portefeuille rendement (voor overlay)</b> | <b>100,5</b> | <b>-2,2</b> | <b>-10,0</b> | <b>-11,1</b> | <b>-61,2</b> | <b>15,2</b> | <b>75,0</b>  |
| <b>Overlay</b>                               | <b>-0,5</b>  | <b>1,0</b>  | <b>4,6</b>   | <b>-6,5</b>  | <b>-35,7</b> | <b>-4,1</b> | <b>-20,3</b> |
| Rente- en inflatiehedge                      |              | -0,3        | -1,3         | -5,1         | -28,3        | -1,2        | -6,2         |
| Valutahedge                                  |              | 1,5         | 6,7          | -1,6         | -8,8         | -2,3        | -11,4        |
| Cash en overig                               |              | -0,2        | -0,9         | 0,2          | 1,4          | -0,6        | -2,8         |
| <b>Totaal</b>                                | <b>100,0</b> | <b>-1,2</b> | <b>-5,4</b>  | <b>-17,6</b> | <b>-96,9</b> | <b>11,1</b> | <b>54,7</b>  |