

Press Release

Quarterly report Q2

Heerlen/Amsterdam, July 21, 2022.

- **Current coverage ratio rises to 122.7%**
- **Return at -8.4% in the second quarter (-€44 billion)**
- **Decrease in pension liabilities by €56 billion due to higher interest rates (+0.9%)**
- **Policy coverage ratio rises to 111.6%**

In the second quarter of 2022, ABP's latest coverage ratio rose by 5.3% to 122.7%. The increase is, as in the first quarter, mainly due to the rise in interest rates, which means that the fund needs much less capital (-€56 billion) to pay out all current and future pensions. This more than makes up for the loss on investments (-€44 billion). The current coverage ratio at the end of June already includes a decrease of 3%, due to the pension increases in July. As the latest coverage ratio increases, the policy coverage ratio also rises to 111.6%.

Harmen van Wijnen, Chairman of the Board of Trustees: "It has become impossible for most participants to follow. ABP's coverage ratio is rising and its financial position is improving significantly, despite the poor performance of the financial markets and the frequent use of the words recession and crisis. This has everything to do with the rise in interest rates. Because this means that we need to keep less capital to meet our liabilities. For many years we had good returns and were unable to increase pensions. And yet in 2022, which has been hallmarked by negative returns so far, we were able to increase pensions. This paradoxical situation underscores yet again why we need to shift toward a new pension system."

What can ABP participants expect?

Effective July 1, 2022, pensions and pension claims were increased by 2.39%. In July, retired employees will also receive a back payment of 1.2% for the first six months of 2022. At the end of the year, ABP will assess whether pensions can be increased in 2023. When doing so, the fund will consider the financial position at the end of October and the price increase between September 2021 and September 2022, taking into account the interests of all groups of participants. The Board of Trustees will decide what increase, if any, is appropriate.

ABP's coverage ratios rise in the second quarter of 2022

In the second quarter of 2022, the latest coverage ratio rose by 117.4% to 122.7%. This coverage ratio already includes the increased liabilities due to the pension increase. The decision to increase pensions as of July 1 this year has an effect of about -3% on the latest coverage ratio at the end of June.

The coverage ratio of a pension fund provides an indication of whether a pension fund is able to pay out all its pensions, now and in the future. It expresses the ratio between ABP's available assets (€486 billion) and its liabilities, which are all the current and future pension payments (€396 billion).

The policy coverage ratio (the average of the latest coverage ratios over the past twelve months) increased from 106.5% to 111.6% in the second quarter of 2022.

What did ABP's investments and liabilities do in the second quarter of 2022?

The ongoing corona pandemic and the war in Ukraine continue to have a negative impact on financial markets. As a result, ABP posted a negative return of -8.4% (-€44.3 billion) in the second quarter. The return over the first six months of the year is -11.9% (-€65.7 billion).

The actuarial interest rate rose by 0.9% (from 1.1% to 2.0%) in the second quarter. As a result, the value of the pensions that ABP has to pay out now and in the future fell from €452 billion at the end of March 2022 to €396 billion at the end of June 2022. When interest rates rise, a fund does not have to keep as much capital to meet all its liabilities.

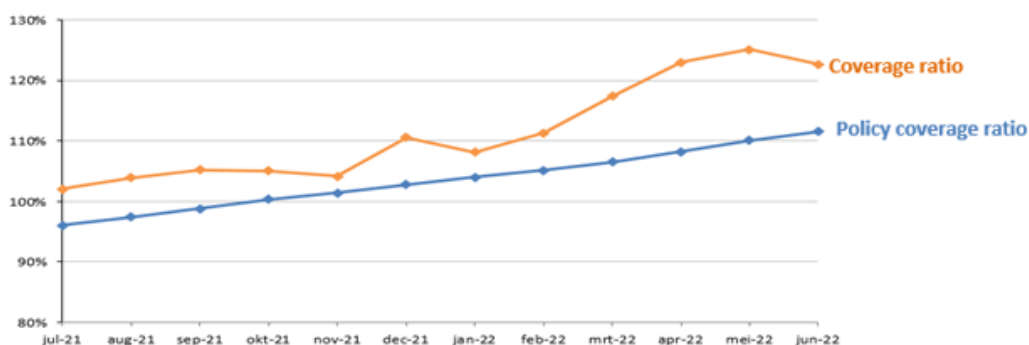
Investment outlook

Despite the falling stock markets, the financial position of the fund is strong. This is due both to the significantly higher interest rates, which reduced the current value of our liabilities, and to the increased value of investments made in previous years. The main risk to the fund is that a deeper-than-expected downturn in the economy will cause the value of our investments to decline and interest rates to fall.

Kerncijfers	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Actuele dekkingsgraad (%)	104,5	105,3	110,6	117,4	122,7
Beleidsdekkingsgraad (%)	94,6	98,8	102,8	106,5	111,6
Beschikbaar vermogen (€ miljard)*	523	528	552	531	486
Verplichtingen (€ miljard)	500	502	499	452	396
Rekenrente (%)	0,5	0,5	0,6	1,1	2,0

* de belangrijkste redenen voor verandering van het beschikbaar vermogen zijn behaald beleggingsrendement, premies en uitkeringen.

Development of coverage ratios at the end of the month



1. The policy coverage ratio is based on a 12-month average of the monthly coverage ratios reported to DNB.

2. The weekly and monthly coverage ratios are based on provisional figures for the investments and provisions for pension liabilities. Quarterly end-of-year figures are based on final figures.

Attachment: ABP investment portfolio composition and returns

	Weight	Q2 2022		2022		2021	
		Return		Return		Return	
		in %	in € billion	in %	in € billion	in %	in € billion
Fixed-income securities	40,1	-8,8	-18,5	-14,1	-31,2	-0,9	-1,5
Government bonds	10,4	-6,5	-3,3	-11,6	-5,9	-3,5	-1,6
Long-term government bonds	12,2	-14,5	-9,8	-23,0	-16,9	-7,0	-3,6
Corporate bonds	11,3	-6,8	-4,0	-10,9	-7,1	4,8	3,4
Emerging market bonds	6,1	-4,2	-1,3	-4,1	-1,3	0,9	0,3
Inflation-linked bonds	0,1	0,2	0,0	2,0	0,0	4,0	0,0
Equities	25,6	-9,5	-14,6	-14,2	-24,0	23,0	37,1
Equities, developed countries	18,7	-10,4	-12,2	-14,7	-18,9	28,8	35,3
Equities, emerging markets	7,0	-6,6	-2,4	-12,9	-5,0	4,3	1,8
Alternative investments	24,3	5,6	6,9	15,3	17,5	32,7	29,2
Private equity	9,5	5,0	2,2	5,0	2,2	39,4	12,5
Commodities	6,1	5,0	2,0	32,8	10,6	45,4	11,1
Infrastructure	4,6	1,9	0,4	4,8	1,0	16,1	2,8
Hedge funds	3,9	12,6	2,2	21,9	3,7	16,9	2,6
Real estate	11,0	-4,7	-2,6	-3,7	-2,1	23,1	10,3
Real estate	11,0	-4,7	-2,6	-3,7	-2,1	23,1	10,3
Portfolio return (before overlay)	101,0	-5,4	-28,7	-7,2	-39,6	15,2	75,0
Overlay *	-1,0	-2,9	-15,6	-4,7	-26,0	-4,1	-20,3
Interest and inflation hedge *		-2,1	-11,3	-3,5	-19,1	-1,2	-6,2
Currency hedging *		-1,2	-6,1	-1,7	-9,2	-2,3	-11,4
Cash and other *		0,3	1,8	0,4	2,2	-0,6	-2,8
Total	100,0	-8,4	-44,3	-11,9	-65,7	11,1	54,7