



SUMMARY ANNUAL REPORT **2015**

Financial year **1-1-2015** incl. **31-12-2015**



1. Key figures

All amounts are rounded to thousands of euros, unless otherwise stated.

	2015	2014
Contributions		
Pension plan contributions	92,794	85,704
Other contributions	2,275	5,146
Total	95,069	90,850
Pension benefits		
	63	25
Costs		
Operating and administration costs	1,845	1,570
Pension administration (in euros per participant and pension beneficiary)	317	260
Asset management (as % of invested assets)	0.47%	0.90%
Indexation		
As at 1-1-2016/1-1-2015	0.20%	0.00%

	31-12-2015	31-12-2014
Numbers		
Participants	5,779	6,032
Former participants	1,375	711
Pension beneficiaries	39	9
Total	7,193	6,752
Financial data		
Investments at pension fund's risk		
Invested assets	191,672	100,535
Investment result	-2,032	12,237
Return on investments*	1.2%	20.2%
Technical provisions		
Provision for pension liabilities own account	176,048	80,865
Provision for pension liabilities reinsurance	701	1,564
	176,749	82,429
Reserves		
General reserve	17,051	19,296
Funding ratio		
Present	109.6%	123.4%
Required (2015: strategic, 2014: real)	118.4%	116.3%
Minimum required	104.5%	105.1%
Policy	113.2%	
Real	88.8%	

*The return on investment is the arithmetic average of the year's monthly returns. Total return on investment was negative due to the large loss in December. However as the return on investment was positive in most months, the arithmetic average for 2015 turned out positive.

2. Highlights of 2014

On 1 January 2015, new terms regarding the content and funding of the pension plan came into effect. The employer and the trade unions had agreed upon the modifications in late 2014 to address amended laws and regulations that were to enter into force on 1 January 2015. Since that date, tax-efficient pension accrual has been capped at €100,000 per year.

It was also decided to lower the annual pension accrual rate to 1.875% of the employee's pension base. In addition to these two changes, the social partners agreed to lower the threshold for pension accrual (the 'franchise') to the minimum level permitted by law (€12,552 in 2015).

The terms agreed upon were laid down in the pension agreement, after which the board assessed whether they were financially feasible, justifiable and suitable for administration. In April 2015 we officially accepted the modified pension plan.

The 2015 financial year was NN CDC Pensioenfond's second year of existence. During the year, the fund's investment portfolio nearly doubled. Having already declined in 2014, a volatile year on the financial markets, interest rates continued to decline in 2015 following a brief revival in the second quarter. The pension fund's result for 2015 amounted to a loss of €2.2 million.

The negative result was caused mainly by two factors. Firstly, on 15 July the Dutch central bank (DNB) implemented a new method to determine the discount rate used for the valuation of future pension commitments. The application of the new method (c-UFR) led to a downward adjustment of the funding ratio by well over 8% points at 31 July. As a result, gains on contributions were largely offset and the fund's policy funding ratio dropped sharply.

Moreover, due mainly to the decline in stock market prices in December, the fund incurred a negative return on investment amounting to €2 million. With the fund's investment portfolio at the end of 2015 being almost twice as large as at the beginning of the year, the impact of the fall in stock market prices was severe.

The sharp decline in interest rates combined with the modified method for valuation of pension commitments caused the policy funding ratio to fall below the funding ratio required by law. As a result, NN CDC Pensioenfond's has had a reserve deficit since 30 September 2015.

The pension fund therefore had to submit a recovery plan to DNB, explaining how the fund expects to restore its prescribed buffer by the end of the twelve-year period required by law. The recovery plan will be evaluated every year and adjusted as necessary. The plan was approved by DNB in February 2016.

On 20 July, the joint pension planner for NN CDC Pensioenfond's and Pensioenfond's ING went live. By the end of 2015, more than 1,000 employees had visited this on-line tool at least once. A survey held by TNS NIPO revealed that 86% of all respondents were satisfied or very satisfied with the planner. With effect from 1 January 2016, NN CDC Pensioenfond's will indexate accrued pension rights as well as pensions benefits already being paid out by 0.20%, based on the consumer price index. This is the maximum rate of indexation permitted by law and regulations.

On 1 January 2016, Armin Becker was appointed director of the board bureau of NN CDC Pensioenfond's.

3. Balance sheet

All amounts are rounded to thousands of euros, unless otherwise stated.

(after appropriation of results)

Assets	31-12-2015	31-12-2014	Liabilities	31-12-2015	31-12-2014
Investments at pension fund's risk			Reserves		
Real estate investments	12,655	5,396	Fund's capital	17,051	19,296
Equities	51,693	23,774		17,051	19,296
Fixed income investments	128,310	71,664	Technical provisions for pension fund's risks		
Derivatives	116	156	Provision for pension liabilities	176,048	80,865
	192,774	100,990	Provision for occupational disability risk	701	1,564
Receivables and prepayments	2,339	1,218		176,749	82,429
Cash and cash equivalents	1,088	737	Current liabilities and accrued liabilities	2,401	1,220
Total assets	196,201	102,945	Total liabilities	196,201	102,945

4. Cash flow statement

	2015	2014
Pension activities		
Income		
Contributions by employers and employees	95,364	91,163
Benefits from reinsurance	0	0
Incoming value transfers of pension rights	1,596	287
Other	0	2
	96,960	91,452
Expenditure		
Pension benefits	-60	-25
Premium for reinsurance	-50	-60
Outgoing value transfers of pension rights	-232	-4
Operating and administration costs	-1,953	-1,360
Other	0	0
	-2,295	-1,449
Total pension activities	94,665	90,003
Investment activities		
Income		
Sale and redemption of investments	107,536	55,371
Direct investment results	2,649	772
	110,185	56,143
Expenditure		
Acquisition of investments	-204,051	-145,023
Asset management expenditures	-448	-386
	-204,499	-145,409
	-94,314	-89,266
Movement in cash and cash equivalents	351	737
Cash and cash equivalents at 1 January 2015	737	0
Cash and cash equivalents at 31 December 2015	1,088	737

Stichting NN CDC Pensioenfonds

Bijlmerdreef 24, 1102 CT Amsterdam

t 088 - 1162 421

e pensioenloket@nn.cdcpensioen.nl

w nn.cdcpensioen.nl