

SUMMARY ANNUAL REPORT

Financial year 1-1-2023 up to and incl. 31-12-2023

Annual report

2023

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1. Key figures

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

	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Numbers					
Participants	15,051	14,753	15,011	15,299	14,778
Former participants	10,851	10,357	9,143	8,021	7,347
Pension beneficiaries	1,681	1,351	1,046	791	560
Total	27,583	26,461	25,200	24,111	22,685
Financial data					
Investments at pension fund's risk					
Invested assets	3,093,704	2,443,051	3,134,933	2,819,164	2,154,122
Investment result	274,094	-953,733	14,202	357,676	314,745
Return on investments	9.9%	-28.6%	0.3%	14.9%	18.8%
Technical provisions					
Provision for pension liabilities own account	2,422,722	2,056,248	2,809,905	2,744,036	2,072,386
Provision for pension liabilities reinsurance	642	902	2,817	1,523	2,776
Total technical provisions	2,423,364	2,057,150	2,812,722	2,745,559	2,075,162
Reserves					
General reserve	703,047	469,637	359,716	99,673	107,848
Funding ratio					
Present	129.0%	122.8%	112.8%	103.6%	105.2%
Required (strategic)	119.9%	121.1%	118.3%	118.5%	119.4%
Minimum required	105.1%	105.2%	104.8%	104.8%	105.0%
Policy	130.5%	121.4%	108.2%	97.9%	106.9%
Real	90.2%	85.4%	84.6%	78.8%	83.6%

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Contributions by employers and employees	2023	2022	2021	2020	2019
Pension plan contributions	331,412	307,106	316,317	304,906	284,946
Other contributions	5,174	4,835	4,460	4,607	4,481
Total	336,586	311,941	320,777	309,513	289,427
Pension benefits (excl. lump sum payments)	9,122	6,811	5,099	3,521	2,041
Costs					
Operating and administration costs	4,355	3,902	3,593	3,673	3,411
Pension administration (in euros per participant and pension beneficiary)	260	242	224	228	222
Asset management (as % of invested assets)	0.28%	0.24%	0.16%	0.17%	0.17%
Indexation					
1-1-2023 / 1-1-2022 / 1-1-2021 / 1-1-2020 / 1-1-2019	0.00%	4.58%	0.00%	0.00%	0.00%
Accrual cutback					
Cutback pension accrual for the year	0.00%	29.70%	33.00%	25.40%	0.00%

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2. Foreword

The year 2023 was marked by a range of political developments, including in the Netherlands, where parliamentary elections resulted in a shift to right-wing parties. The war in Gaza caused disruption, as did the ongoing war in Ukraine.

The upward trend in interest rates before the summer had a very positive effect on our funding ratio. In view of the higher interest rates, we increased our interest hedging. When interest rates started to decline towards the end of the year, the impact on our funding ratio was limited due to our acquisition of financial products. Inflation seemed somewhat under control by the end of 2023, but market interest rates were not. The overall sentiment is that political conflicts, for instance around Taiwan or the turmoil in the Red Sea, could trigger a new spike in inflation. If that happens, central banks will need to raise interest rates. At present, interest rates seem to be on hold.

2023 ended with an end-of-year rally on the stock markets, allowing our pension fund to close the year with significantly positive results. This was also attributable to the slight decline in interest rates, which boosted equity markets towards the end of the year. All these developments had a major impact on the financial position of our pension fund, which is now robust.

Inflation was negative in 2023, according to Statistics Netherlands (CBS). Unfortunately, this meant we were unable to increase pensions for indexation.

The employer and the trade unions have extended the validity of the terms of the pension agreement, which is part of the collective labour agreement (CLA). As a result, our current CDC pension plan – the current pension system – may be prolonged until the end of 2027. However, in consultation with our pension fund, the employer and the trade unions may decide to transition to the new pension system sooner.

The Future of Pensions Act (Wet toekomst pensioenen) finally took effect on 1 July 2023. By 1 January 2025 at the latest, the employer and the trade unions will need to have in place a transition plan, setting out how the transition to the new pension system will be implemented. The choices made for our new pension plan will also be confirmed in the transition plan. Based on the transition plan, our pension fund will need to draw up an implementation plan to enable execution of the new pension plan. The implementation plan will also need to include a communication plan. Our board is consulting with the employer and the trade unions regarding the changes in the pension plan. The drafts of both plans will need to be submitted to the supervisory authorities – the Dutch central bank (DNB) and the Authority for the Financial Markets (AFM) – for approval (the deadline for submission is 1 July 2025).

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On 1 January 2027, our pension fund will transition to the new pension system. We have established a project group and multiple working groups, which are currently identifying the impact the new legislation will have on our participants and pensioners.

Subsequently, there will be a step-by-step plan for the implementation of the new pension rules.

In 2023 there were no changes in our outsourcing partners, except with regard to our investments. For instance, two new small cap managers were appointed in 2023: Berenberg for Europa and M&G for Japan. Our investment portfolio was also further diversified.

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3. Balance sheet

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

Balance

(after appropriation of results)

Assets	31-12-2023	31-12-2022
Investments at pension fund's risk		
Real estate investments	328,035	363,799
Equities	837,775	703,793
Fixed income investments	1,920,530	1,366,612
Derivatives	65,990	259,346
	3,152,330	2,693,550
Receivables and prepayments	9,620	5,084
Cash and cash equivalents	24,616	79,687
Total assets	3,186,566	2,778,321

Liabilities	31-12-2023	31-12-2022
Reserves		
Fund's capital	703,047	469,637
	703,047	469,637
Technical provisions for pension fund's risks		
Provision for pension liabilities	2,422,722	2,056,248
Provision for occupational disability risk	642	902
	2,423,364	2,057,150
Current liabilities and accrued liabilities	60,155	251,534
Total liabilities	3,186,566	2,778,321

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4. Cash flow statement

	2023	2022
Pension activities		
Income		
Contributions by employers and employees	330,770	310,759
Benefits from reinsurance	201	0
Incoming value transfers of pension rights	8,884	12,533
Other	-4	-1
	339,851	323,291
Expenditure		
Pension benefits	-9,082	-6,788
Premium for reinsurance	-1,499	-214
Outgoing value transfers of pension rights	-5,157	-5,767
Operating and administration costs	-3,936	-3,956
	-19,674	-16,725
Total pension activities	320,177	306,566
Investment activities		
Income		
Sale and redemption of investments	1,684,927	2,123,092
Direct investment results	44,477	50,564
	1,729,404	2,173,656
Expenditure		
Acquisition of investments	-2,101,697	-2,433,847
Asset management expenditures	-2,955	-2,837
	-2,104,652	-2,436,684
	-375,248	-263,028
Movement in cash and cash equivalents	-55,071	43,538
Cash and cash equivalents at 1 January	79,687	36,149
Cash and cash equivalents at 31 December	24,616	79,687

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Colophon

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