2019 Annual report

icsma

la mutuelle

gpafi

International Civil Servants'
Mutual Associations of United Nations
and Specialized Agencies, Geneva

UNITED NATIONS
GENEVA

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Designed and Printed at United Nations, Geneva – 2000053 **(E)** – June 2020 – 1,100 – **AMFI/2020/1**

ORGANS OF ICSMA

BOARD OF DIRECTORS

President	Mr. Thomas Neufing *	**Secretary**	Ms. Prisca Chaoui **
Vice President	Ms. Corinne Momal-Vanian *	**Members**	Ms. Myriam Foucher *** Mr. Hugues Noumbissie ***
Treasurer	Mr. Adam Dobrogowski ****		
Vice Treasurer	Mr. Benjamin Hauser *****		

* appointed by the Director-General of the United Nations Office at Geneva, ** appointed by the Staff Coordinating Council of the United, Nations Office at Geneva, *** elected by the ICSMA Ordinary General Assembly, **** representative of an affiliated organization,***** co-opted by the Board of Directors.

REPRESENTATIVES OF AFFILIATED ORGANIZATIONS

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UNEP	To be designated	**IPU**	Ms. Andrée Lorber-Willis
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MEMBERS OF THE INVESTMENT COMMITTEE

Mr. Adam Dobrogowski
Mr. Benjamin Hauser
Mr. John Breckenridge
Mr. Joerg Weber
Ms. Marie-Pierre Fleury
Mr. Patrick Humair
Mr. Benito Vazquez

MEMBERS OF THE CREDIT COMMITTEE

Mr. Thomas Neufing
Ms. Corinne Momal-Vanian
Mr. Benjamin Hauser
Mr. Adam Dobrogowski
Ms. Prisca Chaoui
Ms. Myriam Foucher
Mr. Hugues Noumbissie

LA MUTUELLE EXECUTIVE SECRETARY AND GPAFI OFFICER-IN-CHARGE

Ms. Marie-Pierre Fleury

THE OVERSIGHT BODY

PricewaterhouseCoopers SA	**Represented by**	Mr. Nicolas Biderbost Mr. Ludovic Derenne

REPORT FROM THE BOARD OF DIRECTORS

Dear Members,

At the time of this report, the entire world is fighting the coronavirus epidemic. Who would have thought, during the transition to the new year, that three months later we would all be confined to our homes to minimize contact to save lives? 42,000 people have already died, and by the time you read these words, that number will have been multiplied by a figure that, just thinking about it, is chilling.

The pandemic is tragic for all human beings as well as the economy and will leave an indelible mark on our memories. Let us hope that lessons will be learned and that measures will be taken to anticipate a situation which, according to the experts, will recur. Economic interests should not be privileged at the expense of human lives, and it is urgent to realize that outsourcing clearly has its limits, and that we cannot depend on others to survive as we currently do.

In the terrible circumstances which we all face and which will unfortunately last, the Board of Directors does not wish to convene an Ordinary General Assembly within six months from the closure of the accounts, as provided for in the Statutes. The 2020 General Assembly will be held later in the year, when the situation allows or, if necessary, will be grouped with that of 2021. In the meantime, the Board of Directors has exceptionally decided to credit the interest to the CHF deposit accounts, which is proposed every year to the Assembly without waiting for its approval knowing that some members need this money and cannot wait indefinitely in uncertainty. The official validation of this interest rate or, if necessary, a regularization, as well as the approval of all the other usual points of the agenda, will take place at a later date. Members who nevertheless wish to obtain information or clarifications on the 2019 accounts may write to Ms. Marie-Pierre Fleury.

Discussing the financial results of 2019 under these circumstances seems futile, but good news also brings comfort. 2019 was an exceptional year for both GPAFI and La Mutuelle, with a significant increase in revenue.

Concerning La Mutuelle, the increase in revenue comes mainly from the excellent results recorded on the management mandates as at 31 December 2019. The unrealized losses, recorded until then on management mandates, have all been filled, and a significant latent gain has been noted. However, knowing that a major part of the assets are invested in the financial markets, and given the vertiginous fall of the latter due to the coronavirus, the Members of the Board of Directors wished to continue their line of conduct, in force since the subprime crisis that occurred in 2007-2008, namely to take the greatest care to ensure the sustainability of La Mutuelle. Consequently, it decided not to distribute the entire surplus, but to propose the same total remuneration as 2018, i.e. 1.05% split between an interest rate of 0.20% and a bonus of 0.85%, and then to allocate the balance, i.e. CHF 4,762,641, to the extraordinary reserve fund in order to face a possible capital loss on investments. It should be noted that this balance includes the unrealized gain on management mandates, i.e. CHF 1,538,487. If at 31 December 2020 the result on investments shows lower losses than this sum, a redistribution will be made to members holding a CHF deposit account.

The Board of Directors wishes to remind members that, even if the ordinary and extraordinary reserve Funds, which have been significantly increased following the subprime crisis to reduce the risk incurred by La Mutuelle, are amounting, for the Fund in CHF and at 31 December 2019, at CHF 70 million, or 18% of the balance sheet less reserves excluding the new allocation, caution must continue to be taken, especially in an environment of declining revenue and negative interest rates.

Concerning GPAFI, the sharp rise in the excess of revenue is due to the increase in insurer management fees linked to the growth in the number of insured and the renegotiation of insurance contracts. Regarding this last point, Ms. Fleury continued, with the help of an external consultant, the discussions initiated in 2018 with insurance companies. Together, they reviewed relationships with all partners, made contractual adjustments and, when possible, simplified operational processes. One of the objectives was also to be able to maintain premium stability over several years in order to avoid year-end anxiety, which was accepted by our partners and we thank them. When it comes to setting premiums, it is important to understand that the level of premiums depends on the stability of an insurance contract. The main contract, namely the complementary health insurance provided by UNIQA, is a balanced contract which means that the premiums are sufficient to cover the costs of the insured and of the insurance. In this context, it was unfortunately not possible to accept ITU retirees in the complementary health insurance, following the transfer of the basic insurance for ITU civil servants to UNSMIS. As medical expenses are statistically higher for a certain age, the risk that an imbalance involving an increase in the premiums of all insured persons, i.e. more than 9,400, would occur in a near future could not be accepted.

The composition of the Board of Directors has changed following the resignation of Mr. Urenthren Pillay in 2019. Mr. Benjamin Hauser, Budget Officer with the Financial Resources Management Service of the Office of the Nations United at Geneva, was co-opted by the Board of Directors. His solid knowledge, notably in accounting, finance and auditing, allows ISCMA to benefit from cutting-edge expertise.

Regarding the year 2020, it is very difficult to predict how long the current pandemic will affect our activity and how. Nevertheless, we expect to launch the tender for the change of the computer system, the cost of which is estimated at CHF 1,200,000, as well as the tender for loan insurance. We also need to update the risk analysis and finalize the tax compliance checks. The Bike to Work operation is postponed until September and October. The agenda depends on the outcome of the current crisis, but what matters above all is to see you in good health.

REPORT FROM THE CREDIT COMMITTEE

If the outstanding loans at year-end fell slightly in 2019, i.e. -0.4%, mainly due to the voluntary separation program in force within UNHCR, the loans granted during the year fell more significantly compared to 2018, i.e. -7%, as the demand for housing loans was lower notably due to the uncertainties linked to employment. In this regard, it should be recalled that La Mutuelle is extremely cautious when studying loans and the calculation of the financial charges of the transaction. Even with the environment of low interest rates prevailing for many years, we must not lose sight of the possibility of an eventual rise in rates in the medium term. In this context, La Mutuelle exercises great caution by taking a large margin in the calculation of mortgage charges in order to ensure that members will be able to face a possible increase in rates which, in the absence of such an approach, could push members into a debt spiral and cause them to lose their property.

The Credit Committee unfortunately noticed that the increase in members' over-indebtedness continued during the year, and this upward trend is frightening. The pay cuts which took place in 2018 were certainly one of the elements which contributed to the unbalance of financial situations, then unstable, towards over-indebtedness by creating an excess of charges over income. Throughout the year, the Credit Committee approved the granting of numerous loans to improve financial situations, rebalanced budgets by refinancing external debts with a higher interest rate and helped members to renegotiate debt collections by reimbursing the debts.

The Credits Committee stresses the importance of urgently handling financial situations as soon as the first signs of financial imbalance appear, especially knowing that the health crisis we are currently facing with the coronavirus will leave serious financial consequences, among others. Solutions can be found with the help of La Mutuelle such as debt reorganization, modification of current loan conditions, extension of the term to (temporarily) reduce charges (the longer the duration of the loan, the higher the cost), and we encourage concerned members to contact La Mutuelle as quickly as possible. The Secretariat of La Mutuelle is available to members and can give an objective opinion and find sustainable solutions, when possible.

REPORT FROM THE INVESTMENT COMMITTEE

12 months ago, the Members of the Investment Committee mentioned that, as far as CHF financial investments were concerned and over the last 10 years, 2018 was one of the worst. They put the blame on the uncertainty that prevailed within the financial markets on the trade war between China and the United States, on Great Britain and their search for an agreement on Brexit as well as the rise of populist parties in Europe generating disputes. These uncertainties did not disappear during 2019. Nevertheless, positive outcomes, which remain to be confirmed, have emerged, such as the trade agreement between the United States and China, and the end of the Brexit impasse. This good news reassured investors and took the financial markets to new high in 2019.

As regards the Swiss market, the Swiss National Bank (SNB) has toughened its negative interest rate policy. As far as ICSMA is concerned, the effects have been felt on the members' assets deposited with banks, the negative rate applied having fallen further. Given the current economic situation, it seems that Switzerland will be forced to live with such rates for many years to come. Based on these perspectives, and for La Mutuelle, the Members of the Board of Directors decided to freeze deposits on the CHF current account in order to reduce the impact of negative interest. It should be noted that the cost of this charge, which La Mutuelle had to bear on the assets deposited on the CHF current accounts, namely CHF 100,000, was not withdrawn from the members' accounts but recognized as a charge, the Board not wishing, for the time being, to apply negative interest rates on the members' accounts.

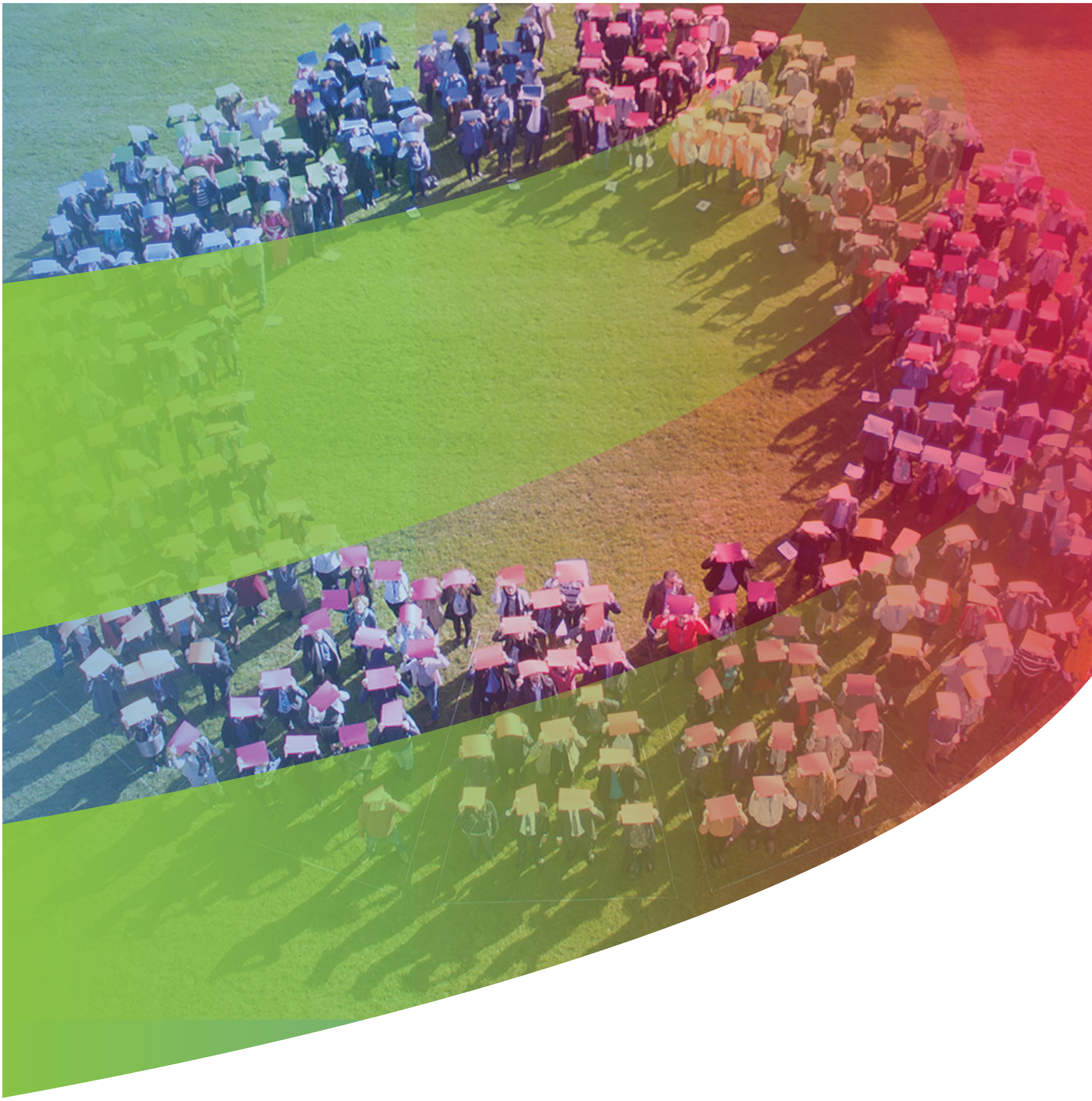
In this difficult context, where the purchase of bonds in CHF is impossible, the Members of the Investment Committee sought solutions to offset negative interest rates, or at least reduce their effects on cash and investments in CHF. They decided to invest the assets in two real estate funds, Orox EUR Smart Estate and Swiss Realtech, which is also an opportunity to diversify the investments.

As far as the results for the year 2019 for La Mutuelle are concerned, and more particularly the CHF Fund, revenue increased by 45% compared to 2018. The management mandates recorded an exceptional performance which canceled all latent losses occurred during the previous years. A reversal to provision of CHF 1,408,031 was recorded in revenue. In addition, a latent gain of CHF 1,538,487 was noted, although the Board of Directors did not wish to distribute it to the members as latent but preferred to allocate it to the extraordinary reserve fund to cope with possible future declines. The high volatility of management mandates, as seen in the 2018 and 2019 financial statements, shows the importance of being cautious. Furthermore, a policyholder participation income of CHF 753,203 was received from the loan insurance. The expenses in CHF decreased by 16% due to the absence of an allocation to the reserve for losses on management mandates. Concerning the USD Fund, revenue increased by 7% thanks to the significant increase in bank interest. On the other hand, charges increased by 91% due to the sharp increase in interest paid to members on their USD account (USD 136,886 in 2019 compared to USD 10,047 in 2018) following the significant increase in the interest rate proposed (0.80% against 0.05%).

Revenues for GPAFI increased by 50% due to the reversal to provision on short-term employee benefits, the increase in entry fees and contributions as well as commissions from insurers. Expenses increased by 6% and concerned staff costs, whose standard costs were up in 2019 compared to 2018, as well as the payment of UN support costs, following the integration of GPAFI into the structure of ICSMA.

The current coronavirus crisis should not have a significant impact on GPAFI's accounts in 2020, however it is extremely difficult to predict what will happen for La Mutuelle. The first quarter of 2020 showed stability in the level of loans granted and outstanding loans, but investments posted an unrealized loss of CHF 6 million, a figure which gives weight to the decision of the Board of Directors not to distribute the entire 2019 surplus to holders of CHF deposit accounts. The high level of the extraordinary reserve, i.e. CHF 15,358,000 as of 31 December 2019, plus the allocation proposed by the Board of Directors for the 2019 financial year, i.e. CHF 4,763,000, allows us however to remain confident.

MAIN RESULTS FOR YEAR 2019



MAIN RESULTS FOR YEAR 2019

LA MUTUELLE

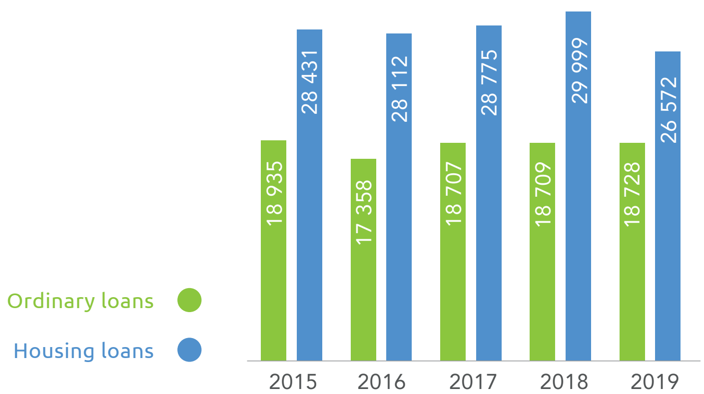
Loans to members

Housing loans granted to members during 2019 were down 11.42% compared to 2018. Ordinary loans granted during the year were stable compared to 2018.

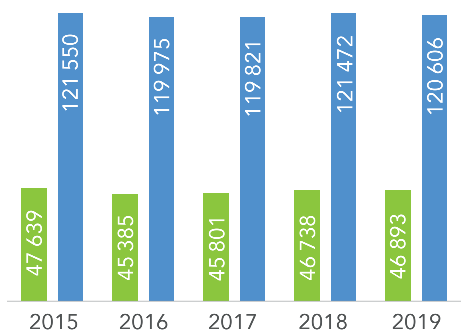
Regarding outstanding loans at year-end, ordinary loans were up by 0.33% compared to 2018, and housing loans were down by 0.71%.

It should be noted that several members holding loans have chosen to opt for the Voluntary separation program proposed by the UNHCR, which explains the drop in outstanding loans at year-end.

Loans granted during the year
(in CHF 1,000)



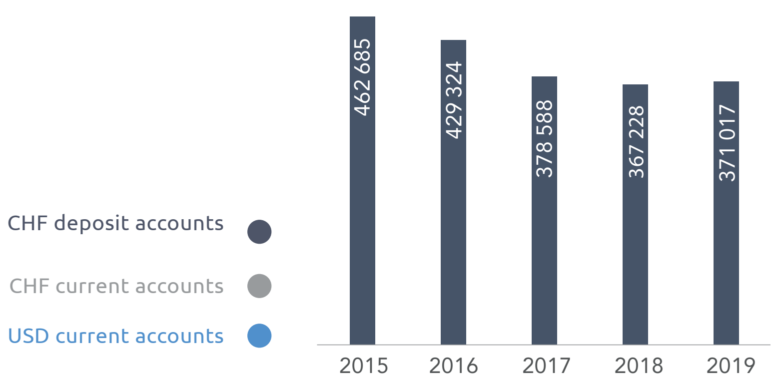
Outstanding loans at year-end
(in CHF 1,000)



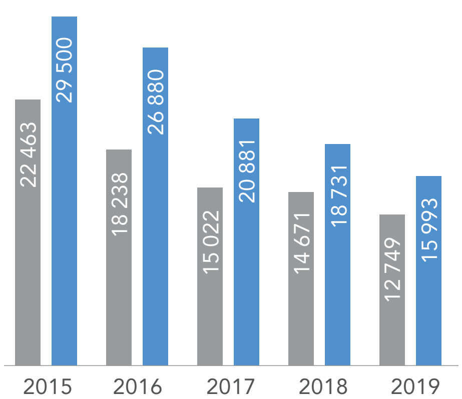
Members' deposits

Members's deposits increased in 2019 by 1% compared to 2018 (-3% in 2018). However, the CHF and USD current accounts decreased respectively by 13.10% (-2.34% in 2018) and -14.62% (-10.30% in 2018).

CHF deposit accounts at year-end (in CHF 1,000)



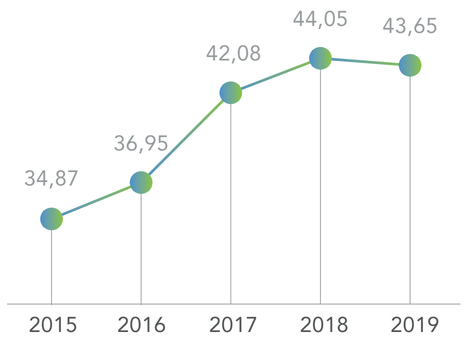
CHF and USD current accounts at year-end (in 1,000)



Ratio of loans to members' CHF deposits (in %)

The increase in members' deposits combined with the decline in outstanding loans has contributed to the slight decline of the loans to deposits ratio. At 31 December 2019, the assets that members have deposited with La Mutuelle are loaned at 43.65%.

Ratio of loans to members' CHF deposits (%)



Revenue

Revenue for the year 2019 was primarily generated by loans to members and bond portfolios managed by La Mutuelle.

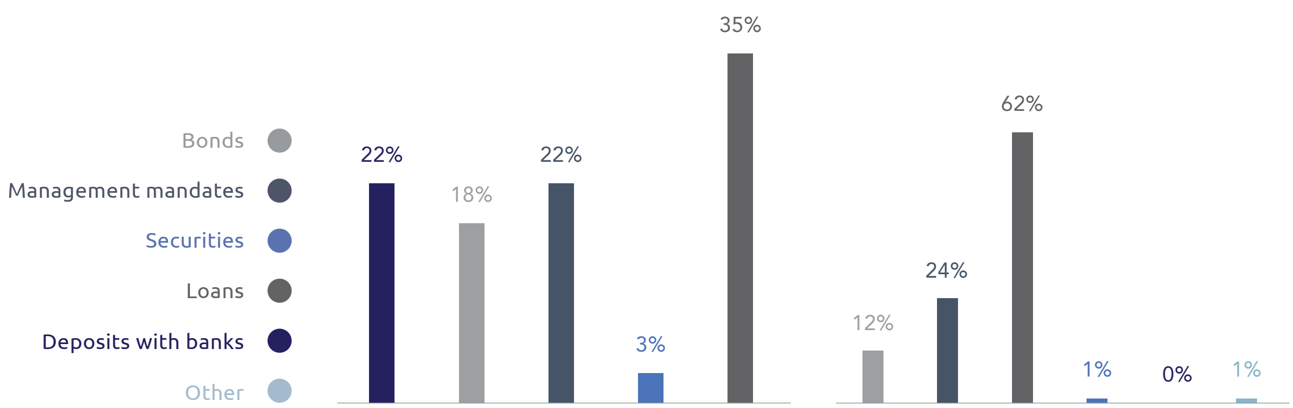
Loans to members represent 35% of total assets and generate 62% of the revenue.

Bond portfolios represent 18% of total assets and generate 12% of the revenue.

Management mandates represent 22% of total assets and generate 24% of the revenue.

Deposits made with banks represent 22% of total assets and generate no revenue but negative interest for deposits in CHF.

Distribution of assets **Distribution of revenue**



Interest rates

Interest rates applied during the year 2019

Housing loan **3.5%**

Ordinary loan **5.9%**

Current account en CHF **0%**

Current account en USD **0.8%**

Evolution of the members

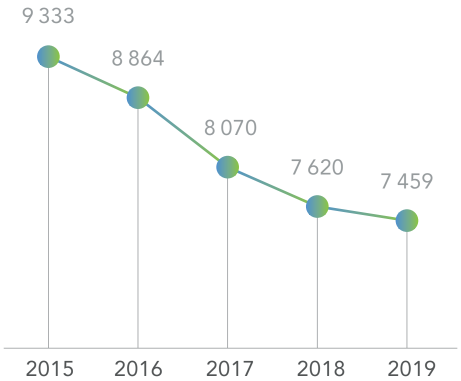
Membership slightly declined in 2019. It must be noted that the tax compliance process continued during the year and still impact membership.

During the year 2019, the resignations of members were made as follows:

1. Voluntary resignations of members: 41%,
2. The closing of dormant accounts: 41%,
3. End on contract: 14%
4. Death: 3%.

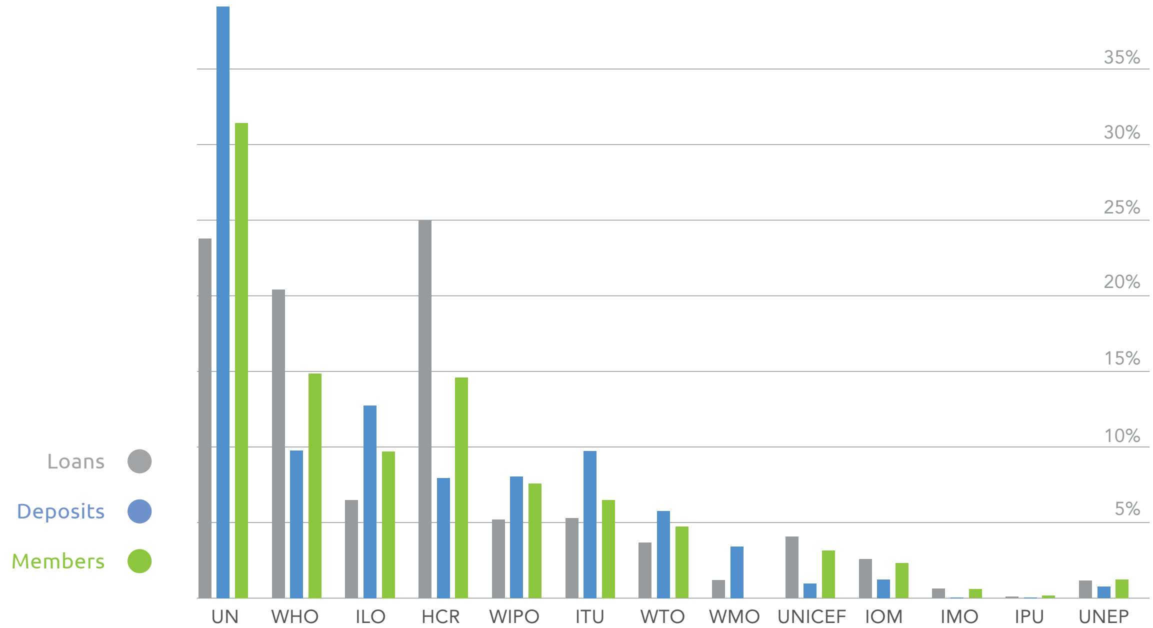
La Mutuelle welcomed 325 new members (312 in 2018).

Evolution of the members



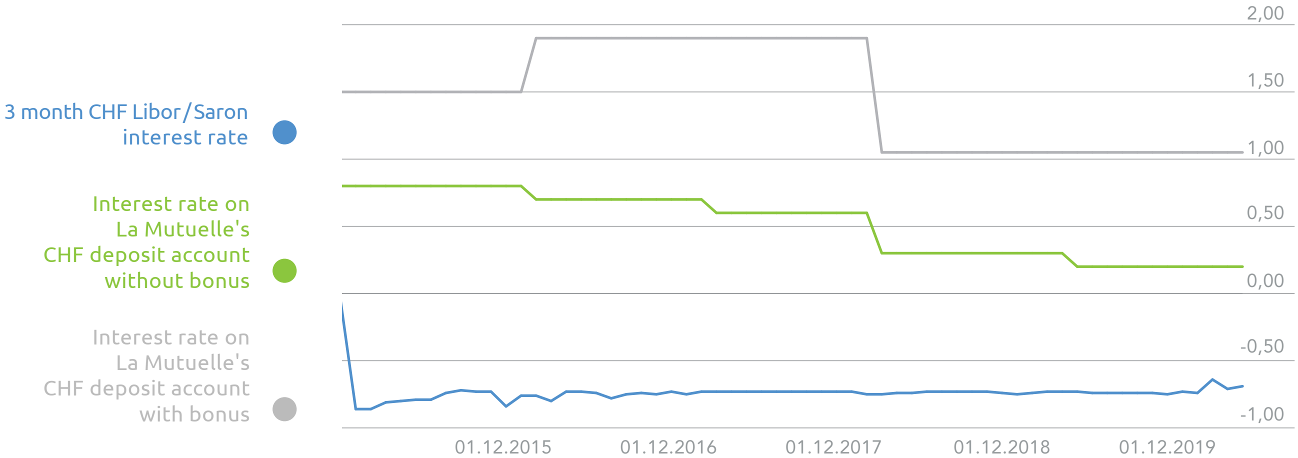
Statistics

Distribution of loans, deposits and members per organization (%)



Comparison

Comparison 3 month CHF Libor / Saron rate - Interest rate on La Mutuelle's CHF deposit account



MAIN RESULTS FOR YEAR 2019

GPAFI

Distribution of insurance contracts

Complementary health insurance

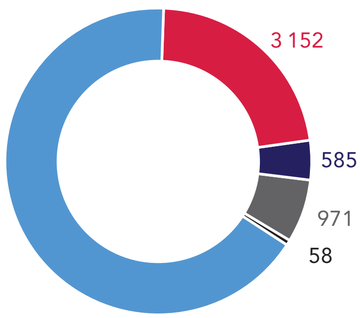
Assistance

Loss of salary insurance

Accident insurance

Life insurance

Distribution of insurance contracts



Insurance affiliations increased as follows compared to 2018:

a. Complementary health insurance: +10%

b. Assistance: +17%

c. Loss of salary insurance: +12%

d. Accident: +3%

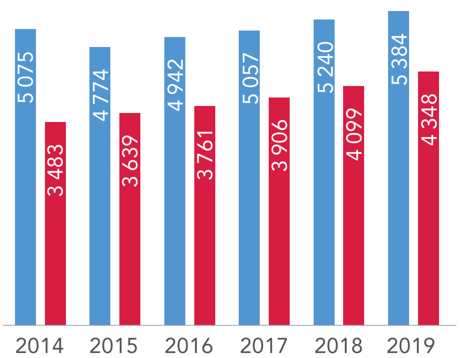
Life insurance, launched in 2019, has 58 insureds.

Evolution of the members (debtors) and other family members

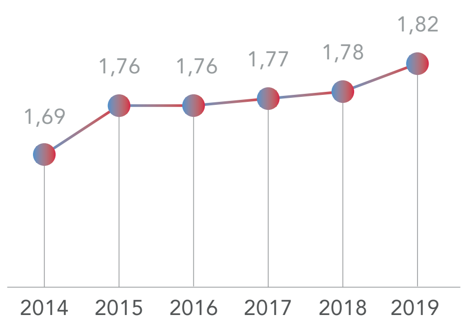
Members (debtors)

Other insured family members

Members (debtors) and other insured family members



Insured members per family



The number of GPAFI members (debtors) increased by 2.75% in 2019 (+3.62% in 2018), generating an increase of their family members of 6.07% (+4.94% in 2018).

Membership - Resignations / Terminations

(right)

Revenue

(left)

Membership

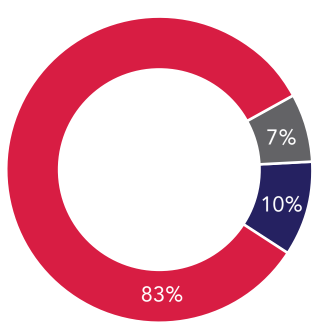
Resignations / Terminations

Membership

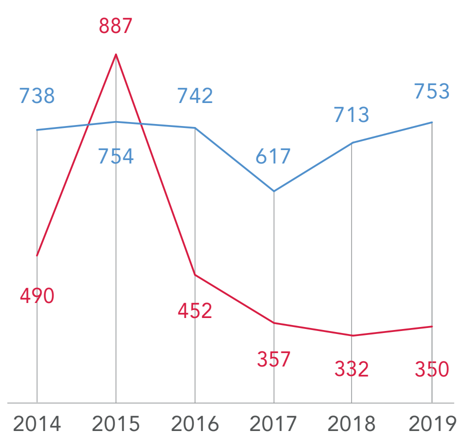
Insurer management fees

Other income

Distribution of revenue



Membership – Resignations/Terminations



Revenue was generated at 83% by the management fees paid by the insurers.

Membership fees represent 10% of total revenue.

PROPOSAL OF THE BOARD OF DIRECTORS REGARDING THE RESULT OF LA MUTUELLE'S CHF AND USD FUNDS

CHF Fund

Taking into account the results of the 2019 financial year, the Board of Directors recommends to the General Assembly the following distributions:

a) Proposal of interest rate on the CHF deposit accounts for 2019

0.20% net.

b) Distribution of a bonus on the CHF deposit accounts for 2019

Taking into account the result for the year 2019, the Board of Directors recommends to the General Assembly the distribution of a new bonus of

0.85% net.

c) Allocation of the remaining surplus to the extraordinary reserve fund

As a precautionary measure due to COVID-19 and its possible negative impacts of the 2020 financial statements, the Board of Directors does not wish to distribute the latent gain on management mandates, since unrealized, nor the complete 2019 surplus. It proposes to distribute the same total remuneration as in 2018, 1.05%, and allocate the difference, CHF 4,762,641.03, to the extraordinary reserve funds.

Interest would be distributed as follows:

Interest on CHF deposit accounts (0.20%)	**690 478.00**	**CHF**
Interest on CHF deposit accounts closed in 2019	-8 864.70	CHF
Bonus (0.85%)	2 934 532.00	CHF
Total	**3 616 145.30**	**CHF**

The remainder of excess revenues would be distributed as follows:

Result CHF Fund	**4 762 641.03**	**CHF**
Transfer to the ordinary reserve Fund (0% for 2019)	0	CHF
Deposit to the extraordinary reserve Fund in CHF	4 762 641.03	CHF

USD Fund

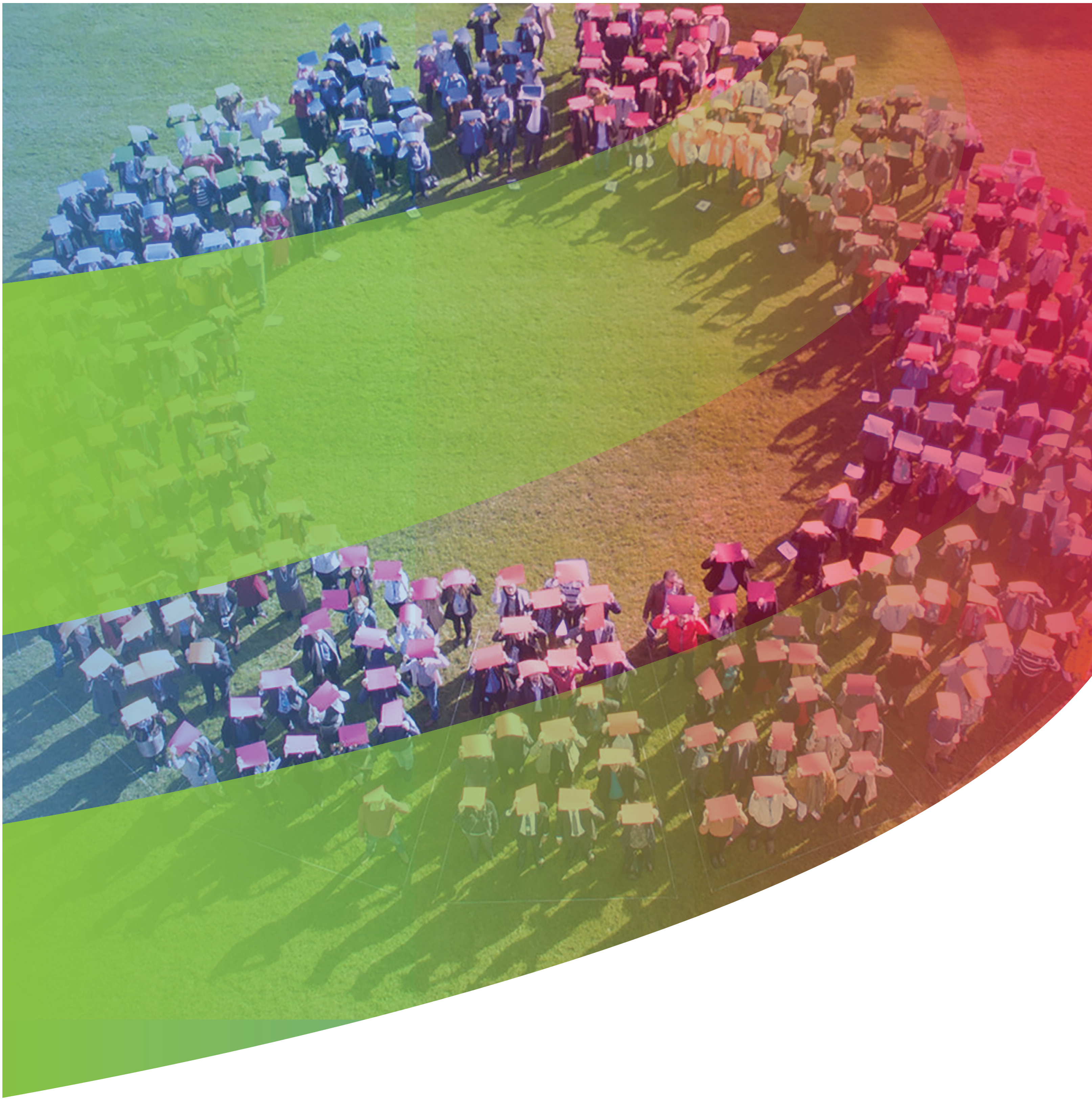
The Board of Directors decided to distribute the results of the 2019 financial year as follows:

Result USD Fund	**259 895.84**	**USD**
Transfer to the ordinary reserve Fund (12.50% of interest)	17 110.76	USD
Equivalent in CHF	16 682.99	CHF
Transfer to the extraordinary reserve Fund in USD	242 785.08	USD
Equivalent in CHF	236 715.46	CHF
Total USD Fund	**259 895.84**	**USD**
Equivalent in CHF	**253 398.44**	**CHF**

Taxation

Although La Mutuelle does not levy tax on the interest, members are individually responsible for compliance with tax laws applicable to them, and must declare the deposits they have and the interest they earn if required by law. La Mutuelle processes verifications of the respect of this mandatory rule for all depositors.

2019
FINANCIAL STATEMENTS



I - ICSMA

COMBINED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

	Notes	31.12.2019 In CHF 1,000	31.12.2018 In CHF 1,000
ASSETS			
Current assets			
Cash and cash equivalents	6	113 862	101 928
Term deposits	7	1 950	-
Bonds held until maturity	8	11 452	16 934
Loans to members	12	37 385	37 485
Mobility passes		4	24
Other current assets	13	2 732	2 124
Total current assets		167 385	158 495
Non-current assets			
Bonds held until maturity	8	81 074	91 219
Management mandates designated at fair value	9	101 538	98 592
Securities designated at fair value	10	14 056	10 110
Derivative financial instruments	11	17	-
Loans to members	12	129 184	129 687
Tangible and intangible assets	14	58	67
Total non-current assets		325 927	329 675
TOTAL ASSETS		**493 312**	**488 170**
LIABILITIES			
Current liabilities			
Premiums paid in advance by members		611	597
Payables		1 239	877
Employee benefits	18	174	202
Provision for interest on the CHF deposit accounts	16	3 625	3 599
Members' deposits	15	399 359	400 386
Total current liabilities		405 008	405 661
Non-current liabilities			
Employee benefits	18	4 988	4 686
Total non-current liabilities		4 988	4 686
TOTAL LIABILITIES		**409 996**	**410 347**
NET ASSETS		**83 316**	**77 823**
Represented by			
Result of the financial year	19	5 771	-123
Exchange difference due to combined statement		80	122
Ordinary reserve	17	60 332	60 295
Extraordinary reserve	17	17 261	17 423
IPSAS 25 reserve	3	-128	106
NET ASSETS/EQUITY		**83 316**	**77 823**

II - ICSMA

COMBINED STATEMENT OF FINANCIAL PERFORMANCE AT 31 DECEMBER

	Notes	31.12.2019 In CHF 1,000	31.12.2018 In CHF 1,000
REVENUE	19		
Bank interest		225	164
Interest on loans to members		7 837	7 076
Net gains and losses on bonds held until maturity		1 810	2 138
Net gains and losses on management mandates valued at fair value		1 612	-6 290
Net gains and losses on securities valued at fair value		134	167
Net gains and losses on derivative financial instruments		17	-
Reversal to provision for depreciation on bonds		-	40
Reversal to provision for depreciation on management mandates		1 408	5 922
Reversal to provision for depreciation on loans		109	28
Management fee paid by the insurances		1 311	891
Other revenue		428	206
TOTAL REVENUE		**14 891**	**10 342**
EXPENSES	20		
Operating expenses		4 844	4 789
Amortization of tangible and intangible assets		30	23
Interest paid on CHF deposit accounts		3 616	3 517
Interest paid on USD accounts		137	10
Loss on loans		219	21
Allocation to provision for depreciation on managed accounts		-	1 754
Allocation to provision for depreciation on securities		130	193
Allocation to provision on short term employee benefits		-	12
Other expenses		144	146
TOTAL EXPENSES		**9 120**	**10 465**
NET INCOME		**5 771**	**-123**

III - ICSMA

COMBINED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER

	2019 In CHF 1,000	2018 In CHF 1,000
Surplus / (Deficit) for the period	**5 771**	**-123**
Exchange difference due to combined statement	-42	27
Adjustment of the IPSAS 25 provision	122	117
Currency effect on the after-service health insurance liabilities	-56	47
Depreciation and impairment losses	-175	23
Provision for employee benefits (current liabilities)	-25	43
Non-monetary transactions	**5 595**	**134**
Increase/(Decrease) in provision for interest on the CHF deposit accounts	25	-3 175
Increase/(Decrease) in payables	361	-151
(Increase)/Decrease in premiums to be received from members	-	35
Increase/(Decrease) in premiums paid in advance by members	14	108
Net cash flow resulting from operating activities	**400**	**-3 183**
Net cash flow resulting from investing activities		
(Increase)/Decrease in short-term investment	3 532	6 752
(Increase)/Decrease in long-term investment	3 236	38 372
(Increase)/Decrease in current loans to members	100	393
(Increase)/Decrease in non-current loans to members	503	-3 009
(Increase)/Decrease in other current assets	-588	385
(Increase)/Decrease in tangibles and intangible assets	184	-53
Net cash flow resulting from investing activities	**6 967**	**42 840**
Net cash flow resulting from financing activities		
Increase/(Decrease) in members' accounts	-1 027	-13 646
Net cash flow resulting from financing activities	**-1 027**	**-13 646**
Net Increase/(Decrease) in cash and cash equivalent	**11 935**	**26 145**
Cash and cash equivalents at the beginning of the period	101 928	75 783
Cash and cash equivalents at the end of the period	113 863	101 928

IV - ICSMA

COMBINED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED ON 31 DECEMBER

In CHF 1,000	Notes	Ordinary reserve	Extra-ordinary reserve	"IPSAS 25 reserve"	Effect of transition to IPSAS	Currency exchange adjustments	Result of the financial year	Total net assets
Net asset at 31 December 2017		**60 953**	**17 812**	**-536**	**-1 256**	**95**	**208**	**77 276**
Allocation to ordinary reserve	17	597	0	0	0	0	-597	0
Allocation to extraordinary reserve	17	0	-389	0	0	0	389	0
Allocation to IPSAS 25 reserve		0	0	642	0	0	0	642
Dissolution of the ordinary reserve fund		-1 256	0	0	0	0	1 256	0
Dissolution of effect of transition to IPSAS reserve		0	0	0	1 256	0	-1 256	0
Exchange difference due to combined statement		0	0	0	0	27	0	27
Surplus (Deficit) for the period		0	0	0	0	0	-123	-123
Total changes during the year		**-659**	**-389**	**642**	**1 256**	**27**	**-331**	**547**
Net asset at 31 December 2018		**60 294**	**17 423**	**106**	**0**	**122**	**-123**	**77 823**
Net asset at 31 December 2018		**60 294**	**17 423**	**106**	**0**	**122**	**-123**	**77 823**
Allocation to ordinary reserve	17	38	0	0	0	0	-38	0
Allocation to extraordinary reserve	17	0	-162	0	0	0	162	0
Allocation to IPSAS 25 reserve		0	0	-234	0	0	0	-234
Exchange difference due to combined statement		0	0	0	0	-42	0	-42
Surplus (Deficit) for the period		0	0	0	0	0	5 771	5 771
Total changes during the year		**38**	**-162**	**-234**	**0**	**-42**	**5 895**	**5 495**
Net asset at 31 December 2019		**60 332**	**17 261**	**-128**	**0**	**80**	**5 772**	**83 316**

V - LA MUTUELLE

STATEMENT OF FINANCIAL POSITION FOR THE CHF FUND AT 31 DECEMBER

	Notes	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
ASSETS			
Current assets			
Cash and cash equivalents	6	101 180	86 089
Bonds held until maturity	8	10 966	13 979
Loans to members	12	37 385	37 485
Mobility passes		4	24
Other current assets	13	1 397	1 646
Total current assets		150 932	139 223
Non-current assets			
Bonds held until maturity	8	71 596	82 622
Securities designated at fair value	10	14 056	10 110
Management mandates designated at fair value	9	101 538	98 592
Derivative financial instruments	11	17	-
Loans to members	12	129 184	129 687
Tangible and intangible assets	14	49	67
Total non-current assets		316 440	321 078
TOTAL ASSETS		**467 372**	**460 301**
LIABILITIES			
Current liabilities			
Payables		722	383
Employee benefits	18	130	118
Provision for interest on the CHF deposit accounts	16	3 625	3 599
Members' deposits	15	383 766	381 899
Total current liabilities		388 243	385 999
Non-current liabilities			
Employee benefits	18	3 962	3 512
Total non-current liabilities		3 962	3 512
TOTAL LIABILITIES		**392 205**	**389 511**
NET ASSETS		**75 167**	**70 790**
Represented by			
Result of the financial year		4 762	-732
Ordinary reserve	17	55 428	55 428
Extraordinary reserve	17	15 358	16 091
IPSAS 25 reserve	3	-381	3
NET ASSETS/EQUITY		**75 167**	**70 790**

VI - LA MUTUELLE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE CHF FUND AT 31 DECEMBER

	Notes	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
REVENUE	19		
Bank interest		-	-
Interest on loans to members		7 837	7 076
Net gains and losses on bonds held until maturity		1 518	1 830
Net gains and losses on management mandates valued at fair value		1 612	-6 290
Net gains and losses on securities valued at fair value		134	167
Net gains and losses on derivative financial instruments		17	-
Reversal to provision for depreciation on bonds		-	40
Reversal to provision for depreciation on management mandates		1 408	5 922
Reversal to provision for depreciation on loans		109	28
Other revenue		158	42
TOTAL REVENUE		**12 793**	**8 815**
EXPENSES			
Operating expenses	20	4 038	4 040
Amortization of tangible and intangible assets	14	28	22
Interest paid on CHF deposit accounts	16	3 616	3 517
Loss on loans	12	219	21
Allocation to provision for depreciation on management mandates		-	1 754
Allocation to provision for depreciation on securities		130	193
TOTAL EXPENSES		**8 031**	**9 547**
REVENU NET		**4 762**	**-732**

VII - LA MUTUELLE
STATEMENT OF FINANCIAL POSITION FOR THE USD FUND AT 31 DECEMBER

	Notes	31.12.2019 in USD 1,000	31.12.2018 in USD 1,000
ASSETS			
Current assets	6	6 866	9 880
Cash and cash equivalents	7	2 000	-
Term deposits	8	498	2 994
Bonds held until maturity	13	229	213
Other current assets		9 593	13 087
Non-current assets			
Bonds held until maturity	8	9 721	8 710
Total non-current assets		9 721	8 710
TOTAL ASSETS		**19 314**	**21 797**
LIABILITIES			
Current liabilities			
Payables		67	72
Members' deposits	15	15 993	18 731
Total current liabilities		16 060	18 803
TOTAL LIABILITIES		**16 060**	**18 803**
NET ASSETS		**3 254**	**2 994**
Represented by			
Result of the financial year		260	349
Ordinary reserve	17	2 299	2 261
Extraordinary reserve	17	695	384
NET ASSETS/EQUITY		**3 254**	**2 994**

VIII - LA MUTUELLE
STATEMENT OF FINANCIAL PERFORMANCE FOR THE USD FUND AT 31 DECEMBER

	Notes	31.12.2019 in USD 1,000	31.12.2018 in USD 1,000
REVENUE	19		
Bank interest		226	168
Net gains and losses on bonds held until maturity		293	315
Other revenue		1	2
TOTAL REVENUE		**520**	**485**
EXPENSES			
Operating expenses	20	122	125
Amortization of tangible and intangible assets	14	1	1
Interest paid on USD accounts		137	10
TOTAL EXPENSES		**260**	**136**
NET INCOME		**260**	**349**

IX - GPAFI

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

	Notes	31.12.2019 in USD 1,000	31.12.2018 in USD 1,000
ASSETS			
Current assets			
Cash and cash equivalents	6	5 988	6 087
Other current assets	13	1 112	268
Total current assets		7 100	6 355
Non-current assets			
Tangible and intangible assets	14	9	-
Total non-current assets		9	-
TOTAL ASSETS		**7 109**	**6 355**
LIABILITIES			
Current liabilities			
Premiums paid in advance by members		611	597
Payables		452	423
Employee benefits	18	44	84
Total current liabilities		1 107	1 104
Non-current liabilities			
Employee benefits	18	1 026	1 174
Total non-current liabilities		1 026	1 174
TOTAL LIABILITIES		**2 133**	**2 278**
NET ASSETS		**4 976**	**4 077**
Represented by			
Result of the financial year		750	268
Ordinary reserve	17	2 733	2 734
Extraordinary reserve	17	1 240	972
IPSAS 25 reserve	3	253	103
NET ASSETS/EQUITY		**4 976**	**4 077**

X - GPAFI

STATEMENT OF FINANCIAL PERFORMANCE AT 31 DECEMBER

	Notes	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
REVENUE	19		
Management fee paid by the insurances		1 311	891
Other revenue		269	162
TOTAL REVENUE		**1 580**	**1 053**
EXPENSES			
Operating expenses	20	685	627
Amortization of tangible and intangible assets	14	1	-
Allocation to provision on short term employee benefits		-	12
Other expenses		144	146
TOTAL EXPENSES		**830**	**785**
NET INCOME		**750**	**268**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: General information

1. The International Civil Servants Mutual Associations, hereinafter designated "ICSMA", founded in 1958, is a non-profit Fund exclusive to the United Nations and Specialized Agencies, administrated by international civil servants within the United Nations Office at Geneva, whose objectives are to promote mutual assistance among staff members of the United Nations Office and other Organizations within the United Nations family at Geneva, and the facilitation of the settlement of the said staff members and their family. Members have the possibility to borrow and deposit funds at favorable interest rates, benefit from reduced fares for the utilization of public transportation and from insurance schemes.

2. The affiliated Organizations are the following: ILO, ITU, WTO, WMO, WIPO, IMO, UNICEF, IOM, WHO, HCR, IPU and UNEP.

3. ICSMA is governed by the Statutes which were approved at the Annual General Assembly on 2 May 2018, and to the extent they are applicable, the Rules and Regulations of the United Nations Office in Geneva. ICSMA is not subject to any other jurisdiction.

4. ICSMA is comprised of two entities, La Mutuelle and the Provident and Insurance Group of International Officials, hereinafter designated "GPAFI".

5. La Mutuelle and GPAFI operate entirely independently, and each of them is individually responsible.

6. The offices of the La Mutuelle and GPAFI are located at the United Nations Office, Palais des Nations, Avenue de la Paix 8-12, 1211 Geneva 10. La Mutuelle has a branch at the ILO every Thursday and a branch at the WMO on the 1st and 3rd Tuesday afternoons of each month.

NOTE 2: Principles governing the preparation of Financial Statements

7. Pursuant to the United Nations General Assembly resolution, the financial statements of ICSMA were prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB), based on IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) as defined by the International Accounting Standards Board (IASB). When IPSAS do not provide specific standard, IFRS or IAS apply.

8. The financial statements as at 31 December 2019 have been prepared on the accrual method of accounting and drawn up in line with the going concern principles that have been applied consistently throughout the year. These are in Swiss Francs (CHF) and rounded to thousand francs.

9. The financial statements for the year ended 31 December 2019 were agreed and adopted by the Board of Directors of ICSMA at its meeting held on 17 March 2020 and must be approved by the members during the annual General Assembly the date of which is currently unknown.

Adoption of new or revised standards

10. The IPSAS 41 accounting standard replaces the IPSAS 29 Standard and introduces more useful information by applying a single forward-looking expected credit loss model applicable to all financial instruments subject to impairment testing. An entity can apply different approaches to assess whether the credit risk on a financial instrument has increased significantly since initial recognition or to assess expected credit losses. The entity may take into account, during the assessment, reasonable and justifiable information that is available without undue cost or effort that could affect the credit risk. This Standard is applicable for accounting years starting on 1 January 2022. An early application is possible. For ISCMA, the main effect of the implementation of this standard will be the application of the principle of expected credit losses for the valuation of loans. According to analysis, the implementation should not generate significant financial impacts.

NOTE 3: Significant accounting policies:

Foreign currency transactions

11. The transactions in EUR made by GPAFI are recorded at the United Nations Operational Rates of Exchange, hereinafter designated "UNORE", prevailing at the date of the transaction and at the end of the financial year. It must be noted that the EUR account was closed in 2019, ending foreign currency transactions.

12. GPAFI's computer software enables the recording of accounting transactions in foreign currencies and their equivalent in CHF by entering, for each operation, the UNORE in force at the date of the transaction. At the end of the year, the software automatically calculates the foreign exchange gains and losses resulting from these transactions and the conversion at the closing date of the financial year, and records them in the statement of the financial performance.

13. La Mutuelle operates two completely separate Funds for members' savings in their original currency. La Mutuelle maintains two separate accounts with two different functional currencies. The CHF is the functional currency of the Fund in CHF, and USD is the functional currency of the Fund in USD. Indeed, the CHF Fund is more important than USD and most of the expenses are paid in CHF.

14. The combined financial statements of La Mutuelle and GPAFI are presented in CHF, which is the functional and presentation currency.

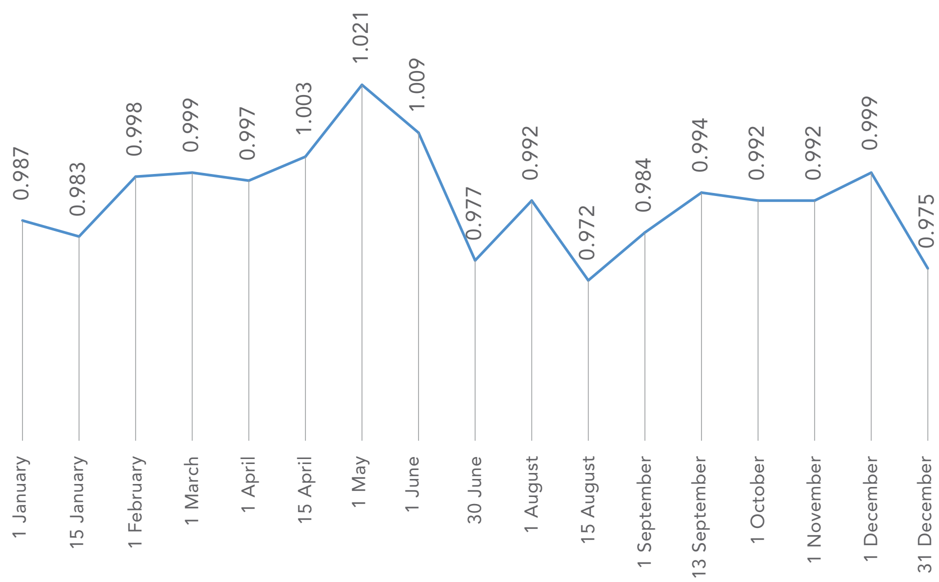
15. La Mutuelle statements of accounts in USD have been combined into those in CHF as follows:

> **a.** Statement of the USD financial performance is converted into CHF at the 2019 UNORE average rate, which is 0.995,
>
> **b.** Statement of the USD financial position is converted into CHF at the UNORE in force at the closing date of the financial year, which is 0.975.

16. This principle is applied since the IT software used by La Mutuelle to perform recording of accounting transactions can be done in the original currency of each Fund only, CHF or USD, but does not allow the recording of transactions in USD against their countervalue in CHF. The cost of developing this IT program is considered too high (IPSAS 1).

17. Transactions in foreign currencies made by La Mutuelle are converted in the functional currency of each Fund, at the UNORE in force at the time of the transaction. Foreign exchange gains and losses, resulting from these transactions and the translation, at year-end exchange rate, of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance in CHF and USD.

The United Nations operational rates of exchange (UNORE) for the year 2019



Financial assets and liabilities

18. Financial assets and liabilities are recognized initially at fair value and classified according to their characteristics. Subsequent reevaluation of financial assets is determined by their classification and is reviewed at the end of the year. Financial assets are derecognised when ICSMA has transferred its rights to receive cash flows from the financial assets and the related risks. Interest-bearing financial liabilities are subsequently measured at amortized cost using the method of effective interest rate. ICSMA classifies its financial assets in the following categories:

Classification	Type of financial assets / liabilities
Financial assets held to maturity and carried at amortized cost	Bond portfolios traded on financial markets and managed by La Mutuelle, loans granted to members
Financial assets measured at fair value through profit or loss	Term deposits, cash and cash equivalents, management mandates, securities, derivative financial instruments
Historical value	Withholding tax to recover, accrued interests on bonds, premiums to be received from members and other receivable assets, payables, members' deposits, premiums paid in advance by members,

Cash and cash equivalents

19. Cash and cash equivalents correspond to cash at bank and cash equivalents with a maturity of less than 3 months, including term deposits and financial investments, and that can be converted at any time into cash.

Term deposits

20. Term deposits are investments of more than 3 months made with banks. The interest rate is fixed throughout the term of the investment and interest is recognized on an effective yield basis.

Bond portfolios

21. Bonds are financial assets with fixed maturities and coupon, which are listed on financial markets and intended to be held until maturity. Bonds are recorded at the gross purchase price on acquisition and measured at amortized cost at effective interest rate at year-end. Discounts or premiums on any acquisition are amortized over the holding period of each bond. Transaction costs are recognized as an expense. The effective interest rate is used to value bonds. The impact of the amortization of the bonds is taken into account in the net change of the bonds valuation.

Management mandates

22. Management mandates are portfolios of bonds and mutual funds traded on the financial markets and managed by banks. Each management mandate is handled individually as a financial asset and is initially recorded at investment value of the portfolio as a whole. The latter is adapted to the fair value of the portfolio at year-end based on the last market prices. Revenues generated by each portfolio are recorded once as a whole under the statement of financial position managed accounts revenues the cost and time required for an individual recognition are considered too high (IPSAS 1).

Securities

23. Securities such as capital guaranteed structured products, floating rate notes or mutual funds are financial assets traded in financial markets. Capital guaranteed structured products and floating rate notes have an uncertain return but a fixed maturity, while mutual funds have no maturity and an uncertain return. Securities are recorded at the gross purchase price on acquisition and this valuation is adjusted to the fair value at the closing date of the financial year on the basis of their quoted closing price.

Derivative financial instruments

24. La Mutuelle uses derivative financial instruments such as forward exchange contracts in order to hedge the exchange risks incurred on real estate funds expressed in foreign quotes. These financial instruments are initially recognized at their fair value on the date on which the derivative contract is concluded and are revalued at their fair value. Derivatives are presented as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Loans to members

25. Loans to members are financial assets with fixed maturities. There are 2 types of loans: the ordinary loan and the housing loan. At year-end, loans are recorded at fair value and take into account an impairment related to doubtful loans established on a case by case basis.

Premiums to be received from members

26. Premiums to be received from members correspond to insurance premiums billed to members for the year in force but not yet paid at the end of the year. At the end of the year, the premiums to be received are recorded at fair value and include a doubtful impairment charge on a case-by-case basis.

Withholding tax to recover

27. The withholding tax has been levied on the payment of Swiss bond interests, on the interest of CHF deposits, and on CHF and € bank accounts as long as the interest rate is positive. It is recovered during the next financial year.

Accrued interests on bonds

28. Accrued interest on bonds and securities is recognized under assets as receivables.

Members' deposits

29. Members have the possibility to deposit funds in two CHF accounts, the current and the deposit account, and the USD current account.

Premiums paid in advance by members

30. Premiums paid in advance by members correspond to premiums billed to members for the following year but already paid by members during the fiscal year.

Payables

31. The accrued liabilities correspond to benefits that have been made during the year but that will be invoiced after the year-end closing.

Recognition of income and charges

Financial assets

32. Interest is recognized on a time proportion basis taking into account the effective yield of the asset when the difference with the nominal yield is significant. Dividends are recognized when the right to receive payment by ICSMA is established. If bonds are bought and accrued interest for the period before the acquisition date must be paid, the acquisition cost is reduced by the accrued interest. The interest accruing since the date of acquisition until the date of payment are recognized under income.

Loans to members

33. Interest is recognized monthly on a time proportion basis.

Members' deposits

34. Interest is recognized monthly and yearly as per the process described under note 16.

Insurance income

35. Income is measured at fair value of the amount received or to be received, net of commercial discounts and rebates.

36. Concerning the insurer management fees, UNIQA prepares a quarterly statement on the basis of the premiums invoiced for the quarter. The fees of TSM Assurances are paid in the form of quarterly installments and those of ZURICH are calculated at the final settlement of the premiums at the end of the financial year.

Other income and charges

37. Income such as fees for manual process, penalties applied for non respect of the withdrawal notice and insurance premium payment reminders are recognized when the transaction is performed. Bills and credit notes are recognized at the period to which they relate.

Tangible and intangible assets

Property, plant and equipment

38. Tangible assets are recognized at historical cost, less accumulated depreciation and any impairment losses. Tangible assets are depreciated over a useful life of 5 years using the straight-line method. Assets are capitalized if their original acquisition price is equal to or greater than CHF 5,000. Tangible assets, only held by La Mutuelle, are composed of IT servers purchased in 2015, and computers purchased in 2018.

Intangible assets

39. Intangible assets are recognized at historical cost, less accumulated depreciation and any impairment losses. Intangible assets are depreciated over a useful life of 3 years using the straight-line method. Assets are capitalized if their original acquisition price is equal to or greater than CHF 5,000. Assets under this threshold are recognized as an expense as long as they do not increase the value of the good or its lifetime. Intangible assets, held by La Mutuelle and GPAFI, are composed of IT licenses, software and costs resulting from the improvement of the website.

Impairment of non-financial assets

40. At 31 December 2019, the only non-financial assets of ICSMA are servers acquired in 2015, computers acquired in 2018 as well as IT licenses. At the closing date of the financial exercise, ICSMA verifies if there is an indication that an asset may have lost value and that the book value exceeds the recoverable amount. If this is the case an impairment cost is recognized within the statement of the financial performance.

Provisions

41. A provision covers obligations for which the outcome, the due date or amount is uncertain. A provision must be recognized within the statement of the financial situation if and only if a present obligation (legal or constructive) as arisen as a result of a past event, a payment is probable and the amount can be estimated reliably. As the interest rate on the CHF deposit account proposed by La Mutuelle must be approved by the General Assembly, on the proposal of the Board of Directors, within 6 months following the closing date, the interest that will be credited represents a liability and a provision is recorded.

Contingent assets and liabilities

42. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of ICSMA.

43. A contingent liability is:

a. a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of ICSMA, or

b. a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

44. Contingent assets and liabilities are detailed in the notes to the financial statements.

Employee benefits

45. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term benefits

46. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. They comprise first-time employee benefits, regular daily/weekly/monthly benefits, compensated absences (annual leave, home leave, sick leave, maternity and paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes) provided on the basis of services rendered. These benefits are recorded at nominal value and recognized as current liabilities within the statement of financial position.

Accumulated unused annual leave

47. The United Nations staff members may accumulate up to a maximum of 60 working days that must be paid in case of separation. Accumulated unused annual leave at 31 December 2019 is recognized by ICSMA as non-current liabilities within the statement of financial position (employee benefits).

Post-employment benefits

48. Post-employment benefits comprise the after-service health insurance (ASHI), the United Nations Joint Staff Pension Fund and the end-of-service repatriation benefits.

Repatriation benefits

49. As per the Staff Rules of the United Nations Office, staff members in the Professional category and other relevant staff members are entitled to repatriation grants and related relocation costs (travel, removal expenses), upon their separation from the organization, based on the number of years of service. As at 31 December 2019, one ICSMA staff member is eligible for repatriation benefits.

Actuarial valuation of post-employment liabilities

50. Liabilities related to after-service health insurance are calculated by an independent actuary based on the projected unit credit method for the calculation of the balance at 31 December 2019. As per the General Assembly resolution 70/244 on the United Nations common system, the statutory retirement age is 65 for all staff members appointed from 1 January 2014.

The assumptions for salary increases, retirements, withdrawal settlement and mortality are online with those used by the United Nations Joint Staff Pension

Fund for its own actuarial valuation. The present value is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in net assets. The assumptions considered are the following:

	Assumptions used in valuation of after-service health insurance obligations
Discount rate	0.36% (0.93% in 2018) - Weighted average of discount rates of three major currencies representing after-service health insurance liabilities, i.e., the United States dollar, the euro and the Swiss franc. Each year's projected after-service health insurance cash flow is discounted at a spot rate for high-quality corporate bonds payable in each major currency appropriate for that maturity.
Expected rate of medical cost increase	0.93% (0.75% in 2018) - Weighted average of health-care cost trend rates estimated for United States dollar, euros and Swiss franc claims reimbursement.

After-service health insurance

51. After-service health insurance provides worldwide coverage for medical expenses of eligible former staff members and their dependants. Upon end of service, staff members (and their spouses, dependant children and survivors) may elect to participate in a defined-benefit health insurance plan of the United Nations, provided that they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those recruited before that date. The after-service health insurance liability represents the present value of the share of ICSMA's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions from all plan participants in determining ICSMA's residual liability. Contributions from retirees are deducted from the gross liability, and a portion of the contributions from active staff is also deducted to arrive at the Organization's residual liability in accordance with the cost-sharing ratios authorized by the General Assembly.

52. The present value of future benefits is the discounted value of all benefits, less retiree contributions, to be paid in the future to all current retirees and active staff expected to retire. The accrued liability represents that portion of the present value of benefits that has accrued from the staff member's date of entry on duty until the valuation date. An active staff member's benefit is fully accrued when that staff member has reached the date of full eligibility for after-service benefits. Thus, for retirees and active staff members who are eligible to retire with benefits, the present value of future benefits and the accrued liability are equal. Liabilities are calculated using the projected unit credit method, whereby each participant's benefits under the plan are expensed as they accrue, taking into consideration the plan's benefit allocation formula.

53. The following table presents a reconciliation of opening and closing balances of the after-service health insurance liability:

	2019	2018
Defined benefit obligations at 1 January	4 657 977	5 135 967
Service expense cost	113 203	130 267
Interest expense cost	42 505	38 562
Benefits paid	-33 451	-52 439
Actuarial (gain) or loss	233 298	-641 645
Foreign exchange (gain) or loss	-56 632	47 264
Defined benefit obligations at 31 December	4 956 900	4 657 977

54. The net amount of the defined after-service health insurance obligation is recognized within the statement of financial position and amounts to CHF 4,956,900 at 31 December 2019 (CHF 4,657,977 at 31 December 2018).

55. Actuarial gains and losses arise when the actuarial estimate differs from the expected long-term rates. They arise from adjustments resulting from experience (differences between previous actuarial assumptions and what has actually occurred) and changes in actuarial assumptions due to factors such as mortality rates, discount rates, forecasts of changes in medical health care, the medical inflation. They are recognized in the net assets, under IPSAS 25 reserve, and amount to CHF 233,298 at 31 December 2019 (CHF - 641,645 at 31 December 2018).

56. Current service cost and interest cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. These are classified within the statement of financial performance and amount to at CHF 155,708 at 31 December 2019 (CHF 168,829 at 31 December 2018).

57. Foreign exchange gains and losses, resulting from the conversion in CHF of amounts in USD generated by the after-service health insurance, are recognized in the statement of financial performance as unrealized gains or losses on foreign exchange and amount to CHF 56,632 at 31 December 2019 (CHF – 47,264 at 31 December 2018).

Medical costs sensitivity analysis

58. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. A variation by 1% of medical costs would have the following impacts:

	2019		2018	
	+1%	-1%	+1%	-1%
Effect on the aggregate of the current service cost and interest cost	87 989	-60 330	55 061	-38 113
Effect on the defined-benefit obligation	1 421 073	-1 047 011	1 254 893	-936 335

United Nations Joint Staff Pension Fund

59. The United Nations Joint Staff Pension Fund is a fund that was established by the United Nations General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other organizations admitted to membership in the Fund. The Pension Fund is a funded, multi-employer defined-benefit plan. As ICSMA is a Fund of the United Nations Office at Geneva, its employees are affiliated to the Pension Fund of the United Nations Joint Staff Pension Fund.

60. ICSMA's financial obligation to the United Nations Joint Staff Pension Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.90% for participants and 15.80% for ICSMA) together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

61. The Pension Board carries out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities. The latest actuarial valuation was performed as of 31 December 2017 and revealed a deficit of 0.05% (a surplus of 0.16% in the 2015 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2017 was 23.75% of pensionable remuneration, compared to the actual contribution rate of 23.70%. At 31 December 2015, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 145% (141% in the 2015 valuation). The funded ratio was 103% (101% in the 2015 valuation) when the current system of pension adjustments was taken into account. At the time of this report, the General Assembly has not invoked the provision of Article 26.

62. The contributions paid by La Mutuelle to the United Nations Joint Staff Pension Fund in 2019 amounted to CHF 305,805 (CHF 293,449 in 2018). The billing of the salary costs for GPAFI being done globally, it is not possible to extract the amount of the contributions paid by GPAFI.

Reserve for compensation payments

63. According to Article 48 of the Secretary-General's Bulletin (ST/SGB/188) on the Establishment and Management of Trust Funds, an amount representing a percentage of net base salary paid to staff members, currently 1%, should be collected and allocated to a special reserve to deal with compensation claims that could be submitted according to Appendix D of the Staff Rules, which rules govern the payment of compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. The amounts, retained by the United Nations in a pool account, are not refundable and recognized under the expenses.

NOTE 4: Risk management

64. ICSMA defines risk as potential losses that may be caused by external and internal factors. As the the primary objective is the capital preservation with a maximization of the return, the Board of Directors issued rules for overall risk management, as well as rules addressing specific areas such as asset management. The last analysis of the risks faced by La Mutuelle was done in 2016 and the update will be done in 2020.

65. The risks faced by ICSMA are market risk, credit risk, liquidity risk, currency risk and operational risk. ICSMA is not engaged in speculative transactions.

The market risk

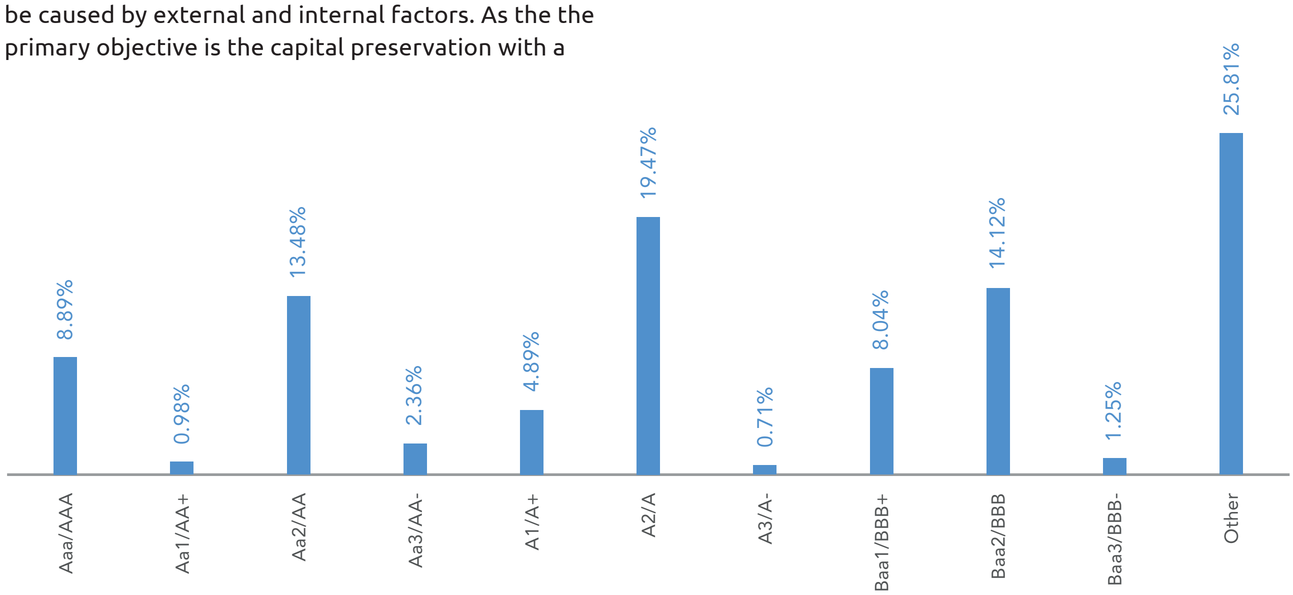
66. The market risk is the risk of investment losses, resulting from fluctuations in the prices of bonds and securities. La Mutuelle minimizes this risk by using qualitative criteria for the selection of investments. The Investment Policy of La Mutuelle, reviewed in 2015 in order to take into account the current financial situation, allows the purchase of the following bonds:

a. Treasury bills and bonds issued by governments or by entities with a Government guarantee with a minimum rating of AA (Moody's or Standard & Poor's equivalent),

b. New issues of supranational organizations and international development institutions with a minimum rating of AA (Moody's or Standard & Poor's equivalent),

c. Corporate bonds with a minimum rating of BBB- (Moody's or Standard & Poor's equivalent) as long as the Investment Committee gives its approval.

67. At 31 December 2019, the distribution of the investments per rating is the following:



The credit risk

68. The credit risk is the risk that a counterparty does not repay its debt. This risk applies to the following financial assets:

a. Cash and cash equivalents and term deposits: if a bank with which ICSMA deposits cash and cash equivalents and makes term deposits were to fail, a net loss should be recorded by ICSMA. The credit risk is minimized by the fact that cash and cash equivalents and term deposits are distributed with various banks such as UBS, Lombard Odier, Banque Cantonale de Genève, Crédit Suisse, Barclays Bank and PostFinance. The risk is minimized by choosing a counterparty with a short-term rating of A1 of higher (Moody's or Standard & Poor's equivalent).

b. Bonds, management mandates and securities: if a creditor is unable to repay its debt a net loss should be borne by ICSMA. The credit risk for investments is minimized through two mandate of investments monitoring that La Mutuelle has with Crédit Suisse and UBS, which provides two more opinions about the quality of investments.

c. Loans: La Mutuelle is exposed to the risk of default in case a member does not repay his/her debt. The Board of Directors has issued rules regarding the granting of ordinary and housing loans. These rules take into account, notably, member’s salary, the contractual status (type, duration, date of entry into the organization), the financial capacity and the external debts. Furthermore, the ordinary loan is limited to 7x the member's net monthly take-home pay, and the maximum housing loan amount granted is CHF 250,000. The maximum debt that a member can have with La Mutuelle is CHF 250,000.

d. Premiums related to insurance: in the context of group insurance contracts concluded between GPAFI and the insurers, these insurers carry out an overall invoicing for all the insured persons, and GPAFI, as a policyholder, pays the premiums to the insurers according to the agreed payment dates. GPAFI invoices the premiums to its members individually. The risk premium, linked to the fact that GPAFI pays premiums to insurers without having the assurance of recovering such amounts from insured persons, is minimized through the debtir management set up by GPAFI. Indeed, sending reminders before the exclusion of a member for non-payment is very short process which allows , in particular, to block the payment of benefits by the insurer to this member. With this agreement, GPAFI can exclude a member retroactively to the date of the blocking of benefits without having to pay the premium unpaid by the member, and without suffering any financial loss.

The interest rate risk

69. The interest rate risk corresponds to the fluctuation of a financial asset or liability arising from a change in interest rates. ICSMA is exposed to the risk of capital depreciation on interest bearing financial assets. Concerning cash and cash equivalents, ICSMA faces, since 2015, negative interest charged by the depositaries banks following the decision of the Swiss National Bank to introduce negative interest rates on assets held in deposits with the SNB. The charge is recognized in the statement of the financial performance. The risk linked to the bond portfolio is minimized since these are held to maturity.

70. To protect the CHF and USD bond portfolios against the interest rate risk, the bonds are bought and held until maturity. However, if a major risk of bankruptcy of the debtor exists, the sale is exceptionally authorized provided that it is clearly justified. Furthermore, the duration of the portfolios shall not exceed 7 years.

71. The duration of the management mandates contracted by La Mutuelle shall not exceed 5 years. If a bank wishes to exceed this limit it must first obtain the approval of the members of the Investment Committee.

Interest rate sensitivity analysis

72. The following table shows the impact on revenues of a variation by 100 basis points, i.e.1% of the weighted average interest rate:

Interest rate sensitivity analysis

	2019		2018	
	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year
		in CHF 1,000		in CHF 1,000
Financial assets				
Cash and cash equivalents	+100	748	+100	849
	-100	-1 475	-100	-1 099
Term deposits	+100	181	+100	110
	-100	86	-100	18
Bonds held until maturity	+100	-2 919	+100	-3 230
	-100	2 919	-100	3 230
Securities designated at fair value	+100	141	+100	101
	-100	-141	-100	-101
Management mandates designated at fair value	+100	-3 900	+100	-2 370
	-100	3 900	-100	2 370
Loans to members	+100	4 461	+100	4 417
	-100	-4 065	-100	-4 028

The currency risk

73. The currency risk is the risk arising from currency fluctuations, and their impact on the valuation of an asset or a liability. The currency risk to which ICSMA is exposed to is, for La Mutuelle, mainly linked to managed accounts through the foreign currencies as well as to the Trust Fund expressed in USD. GPAFI no longer faces currency risk since the euro account was closed in 2019.

74. According to La Mutuelle's investment policy, approved by the Board of Directors, management mandates must contain at least 50% of the CHF. As a whole, management mandates must be invested at least 70% in the base currency and a maximum of 110%. Banks with managed accounts may use forward exchange contracts, futures, swaps and options if necessary, but only for protection and not for speculation.

75. Unrealized exchange losses or gains at year end resulting from the evaluation of the Trust Fund are recognized in the statement of the financial performance.

76. In order to minimize the risk linked to variations in the exchange rate, La Mutuelle invests cash and cash equivalents, term deposits, bond portfolios, securities and loans to members only in the respective currencies of the Funds which are the CHF for the CHF Fund and the USD for the USD Fund. However, in order to offset negative interest, the Smart Estate 1 real estate fund, listed in euro, was purchased and a foreign exchange contract concluded as a protection against any variation in exchange rates.

Sensitivity analysis to changes in the CHF against other currencies

77. The following table shows the impact of a fluctuation of the CHF against other currencies by 1% on revenues:

Sensitivity analysis to changes in the CHF against other currencies

	2019		2018	
	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year
Financial assets		in CHF 1,000		in CHF 1,000
Management mandates designated at fair value	+100	60	+100	40
	-100	-60	-100	-40
Trust Fund	+100	163	+100	37
	-100	-19	-100	-122
Derivative financial instruments	+100	36	+100	-
	-100	-1	-100	-

The liquidity risk

78. The liquidity risk for La Mutuelle is the risk of unanticipated large withdrawals. La Mutuelle able to anticipate withdrawals thanks to the members withdrawal notice of 3 working days. To minimize this risk, La Mutuelle maintains cash of CHF 113,862,000 and invests part of the members' deposits in products that can be sold within 3 working days. For GPAFI, the liquidity risk corresponds to the risk of a significant increase in the premiums billed by the insurers to GPAFI before their collection from the members. GPAFI is able to anticipate these increases as tariff negotiations with insurers take place during the summer for the following year, or even for several years. The risk is also minimized insofar as the premiums billed to the members are payable in advance for a given period, while GPAFI benefits from a period of payment from insurers and, for certain contracts, pays installments in the course of the year and the balance after the establishment of a final statement at year-end.

Fair value hierarchy

79. The financial instruments are classified using a fair value hierarchy that has the following levels:

a. Level 1: Instruments valued using quoted prices in active markets where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced. These include management mandates and securities.

b. Level 2: Instruments where the fair value can be determined by reference to similar instruments trading in active markets, or where a technique is used to derive the valuation but where all inputs to that technique are observable. These include cash and cash equivalents, term deposits as well as derivative financial instruments.

c. Level 3: Instruments where the fair value cannot be determined directly in active markets, and some other valuation technique must be employed. Instruments classified in this category have an element which is unobservable and which has a significant impact on the fair value.

80. The financial instruments in the following table are measured at fair value which except for the bonds portfolios which are measured at amortized cost. The fair value at 31 December 2019 is CHF 96,778,851 (CHF 111,637,052 at 31 December 2018).

Fair value hierarchy

	31.12.2019 in CHF 1,000			31.12.2018 in CHF 1,000		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and cash equivalents						
In CHF	-	107 168	-	-	92 137	-
In USD, equivalent in CHF	-	6 694	-	-	9 752	-
in EUR, equivalent in CHF	-	-	-	-	39	-
Subtotal	**-**	**113 862**	**-**	**-**	**101 928**	**-**
Term deposits						
In USD, equivalent in CHF	1 950	-	-		-	-
Subtotal	**1 950**	**-**	**-**		**-**	**-**
Managed accounts designated at fair value						
In CHF	101 538	-	-	98 592	-	-
Subtotal	**101 538**	**-**	**-**	**98 592**	**-**	**-**
Bonds held until maturity						
in CHF	82 562	-	-	96 601	-	-
In USD, equivalent in CHF	9 964	-	-	11 552	-	-
Subtotal	**92 526**	**-**	**-**	**108 153**	**-**	**-**
Securities designated at fair value						
In CHF	14 056	-	-	10 110	-	-
Subtotal	**14 056**	**-**	**-**	**10 110**	**-**	**-**
Derivative financial instruments designated at fair value						
In CHF	-	17	-	-	-	-
Sous-total	**-**	**17**	**-**	**-**	**-**	**-**
Loans to members						
in CHF	-	-	166 569	-	-	167 137
Subtotal	**-**	**-**	**166 569**	**-**	**-**	**167 137**
TOTAL	**210 070**	**113 879**	**166 569**	**216 855**	**101 928**	**167 137**

81. During the reporting period ending 31 December 2019 there were no transfers between the levels.

The operational risk

82. The operation risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, persons and systems such as:

a. Internal fraud: ICSMA internal organization requires intervention of a minimum of 2 persons to validate deposits and loan activities which reduces the risk of internal fraud. Furthermore, ICSMA financial transactions are checked at the end of each month by a third person.

b. External fraud: the main La Mutuelle IT servers are separated from the website servers in order to minimize the risk of external fraud.

c. Damage to physical assets: the relocation of La Mutuelle backup servers in a remote place of the Palais des Nations minimizes the risk of potential losses resulting from business interruption.

d. Member, products and business practices: ICSMA, members of the Board of Directors, Representatives of affiliated organizations and members of the various committees have signed a Code of Ethics to adhere to a code of conduct and ethics.

e. Non-compliance: La Mutuelle minimizes the risk linked to money laundering and tax non-compliance by means of regular controls.

83. At the closing date of 31 December 2019, there were no impairment indicators of financial assets that would indicate that an adjustment of value would be required.

NOTE 5 : Accounting estimates and judgement

84. The preparation of financial statements in accordance with IPSAS involves the use of estimates and/or assumptions that have influence on, firstly, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and, secondly, the amount of revenue and expenses during the reporting period. Although estimates are based on historical experiences and on various other factors believed to be reasonable under the circumstances, actual results may differ materially from those projected in these estimates.

85. The areas involving a high degree of judgment or complexity, or where assumptions and estimates have a significant impact on the preparation of financial statements are post-employment benefits, provisions for receivables and measurement of financial instruments at fair value.

NOTE 6: Cash and cash equivalents

Combined statement of cash and cash equivalents

	31.12.2019 en CHF 1 000	31.12.2018 en CHF 1 000
CHF FUND		
Cashier	16	2
Trust Fund	10 004	7 980
Available management mandates	-54	225
Current CHF bank accounts	57 202	43 930
Current USD bank accounts	1 974	1 184
Current EUR bank accounts	-	39
CHF Cash deposits account	40 000	40 000
USD Cash deposits account	1 951	3 949
USD Term deposits maturing before 3 months	2 769	4 619
TOTAL IN CHF	**113 862**	**101 928**

86. The average return on CHF bank accounts and deposits for 2019 was -0.42% versus -0.22% in 2018. The average return on USD bank accounts for 2019 was 2.27%, versus 1.49% in 2018.

87. The fair value of cash and cash equivalents is equal to the book value.

NOTE 7: Term deposits

Combined statement of term deposits

	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
TERM DEPOSITS OVER 3 MONTHS AND LESS THAN 12 MONTHS		
USD FUND, EQUIVALENT IN CHF		
Deposits with BCGE	1 950	-
Subtotal	**1 950**	**-**
TOTAL	**1 950**	**-**

88. The average return on term deposits in USD for the year 2019 was 2.83%.

NOTE 8: Bonds held until maturity

Combined Statement of bonds held until maturity

	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
BONDS MATURING WITHIN 12 MONTHS		
CHF FUND		
CHF bonds	10 966	13 979
USD FUND		
USD bonds, equivalent in CHF	486	2 955
TOTAL	**11 452**	**16 934**
BONDS MATURING LATER THAN 12 MONTHS		
CHF FUND		
CHF bonds	72 285	83 311
Loss recorded *	-689	-689
Subtotal	**71 596**	**82 622**
USD FUND		
USD bonds, equivalent in CHF	9 478	8 597
Subtotal	**9 478**	**8 597**
TOTAL	**81 074**	**91 219**

*For the record an expected liquidation : 2.125% Sairgroup Zürich 1997 - 2004

89. According to the investment policy, bonds managed by La Mutuelle must meet the qualitative criteria listed under "Market risk" of Note 4 "Risk Management".

90. Bond portfolios are down by 11% compared to 2018, negative CHF interest rates significantly reducing the number of bond new issues as well as buying opportunities.

NOTE 9: Management mandates designated at fair value

Combined statement of management mandates designated at fair value

	31.12.2019			31.12.2018		
	Fair value (net revenues) in CHF 1,000	Variation versus book value in CHF 1,000	Unrealized gain/(loss) (%)	Fair value (net revenues)	Variation versus book value	Variation versus book value
Banks						
Lombard Odier	40 168	168	0,42	38 379	-1 621	-4,05
Banque Privée Edmond de Rothschild 1	40 869	869	2,17	40 080	80	0,20
Banque Privée Edmond de Rothschild 2	20 501	501	2,50	20 133	133	0,67
TOTAL	**101 538**	**1 538**		**98 592**	**-1 408**	

91. According to the investment policy, bonds managed by La Mutuelle must meet the qualitative criteria listed under "Market risk" Note 4 "Risk Management".

92. As the management mandates recorded an excellent performance in 2019, the provision for unrealized losses, amounting to CHF 1,408,031, is dissolved. In addition, an unrealized gain of CHF 1,538,487 is recognized in the statement of the financial performance.

NOTE 10: Securities designated at fair value

Combined statement of securities designated at fair value

	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
SECURITIES MATURING AFTER 12 MONTHS		
CHF FUND		
Parts Unirenta Union Investments GMBH	101	101
Lombard Odier Fund (CH) Ultra low CHF I	9 482	9 355
2.75% Zurich Compagnie d'Assurance 2016-Perp.	1 000	1 000
Philae Fund Varia Decalia Swiss Realtech	1 906	-
Smart Estate 1	2 044	-
Loss recorded	-477	-346
TOTAL	**14 056**	**10 110**

93. ICSMA classes under securities investments available for sale at any time.

94. According to the investment policy, securities managed by La Mutuelle must meet the qualitative criteria listed under "Market risk" Note 4 "Risk Management".

95. The 2.75% Zurich Compagnie d'Assurance bond as well as the Smart Estate 1 and Philae Fund Valia Decalia Swiss Realtech real estate funds were purchased with the objective of improving the return on investments. They are classified in the securities since they are not subject to any duration. Repayment may take place in the event of the sale of the bond or the funds, the liquidation of the company or the funds. Regarding the Zurich bond, it can also be redeemed early or have its conditions redefined as of 2 June 2021.

NOTE 11: Derivative financial instruments

Combined statement of derivative financial instruments designated at fair value

	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
CHF FUND		
Forward exchange contracts	17	-
TOTAL	**17**	**-**

96. La Mutuelle has entered into a forward exchange contract in order to minimize the risk arising from exchange rate fluctuations relating to the Smart Estate 1 real estate fund listed in euro. This contract is recorded at its fair value at 31 December and is entered on the assets side of the balance sheet.

Forward exchange contract

Date	Currency	Amount sold	Currency	Amount purchased	Forward exchange rate	Maturity
16.12.2019	EUR	1 910 515.07	CHF	2 085 613.78	1.09165	16.12.2020

NOTE 12: Loans to members

Combined statement of loans to members

	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
AMORTIZATION OF LOANS SCHEDULED WITHIN 12 MONTHS		
Ordinary loans	14 747	14 512
Housing loans	22 638	22 973
TOTAL	**37 385**	**37 485**
AMORTIZATION OF LOANS SCHEDULED AFTER 12 MONTHS		
Ordinary loans	32 146	32 225
Housing loans	97 967	98 500
Provision for depreciation on loans	-929	-1 038
TOTAL	**129 184**	**129 687**

97. The amount of the provision for depreciation on loans corresponds to the doubtful cases and is evaluated based on the outstanding balance at year-end. The provision decreased to CHF 929,390 at 31 December 2019 (CHF 1,037,976 at 31 December 2018), and the files of the members concerned are handled by a debt collection agency.

98. The provision is distributed as follows:

Provision for depreciation on loans

	31.12.2019			31.12.2018		
	Ordinary loans	Housing loans	Members	Ordinary loans	Housing loans	Members
Organizations						
WHO	41 788	-	1	62 484	89 031	2
UNICEF	19 605	70 577	1	19 605	167 895	2
ILO	-	32 177	1	-	32 177	1
UN	148 833	112 270	6	115 720	112 270	4
UNEP	-	10 091	1	-	10 091	1
IOM	-	65 345	2	-	-	-
HCR	50 648	378 056	4	50 648	378 055	4
Subtotal	**260 874**	**668 516**	**16**	**248 457**	**789 519**	**14**
TOTAL		**929 390**			**1 037 976**	

99. During the year 2019, a loss of CHF 207,045 was recorded (reversal to provision of CHF 28,371 in 2018).

NOTE 13: Other Current Assets

100. Other current assets are distributed as follows:

	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
Withholding tax to recover	745	847
Accrued interest on bonds	840	987
Prepayments	59	5
Sundry debtors	27	17
Insurance premiums paid in advance	690	-
Commissions to be received from insurers	371	268
TOTAL	**2 732**	**2 124**

NOTE 14: Property, plant and equipment:

101. Changes in the net book value of tangible and intangible assets during the year are mentioned below:

Combined statement of property, plant and equipment

	Computer equipment in CHF 1,000	IT licences and software in CHF 1,000	Site internet in CHF 1,000	Total in CHF 1,000
Gross value at 31 December 2017	79	68	106	253
Additions	16	37	-	53
Gross value at 31 December 2018	**95**	**105**	**106**	**306**
Depreciation Fund at 31 December 2017	69	66	81	216
Depreciation	9	1	13	23
Depreciation Fund at 31 December 2018	**78**	**67**	**94**	**239**
Net value at 31 December 2017	10	2	25	37
Net value at 31 December 2018	**17**	**38**	**12**	**67**
Gross value at 31 December 2018	95	105	106	306
Additions	-	21	-	21
Disposals	-57	-68	-80	-205
Gross value at 31 December 2019	**38**	**58**	**26**	**122**
Depreciation Fund at 31 December 2018	78	68	94	240
Depreciation	8	-	21	29
Disposals amortization	-57	-68	-80	-205
Depreciation Fund at 31 December 2019	**29**	**-**	**35**	**64**
Net value at 31 December 2018	17	38	12	67
Net value at 31 December 2019	**9**	**58**	**-9**	**58**

102. As at 31 December 2019, no assets have been pledged as collateral for debt.

NOTE 15: Members' deposits

Combined statement of members' deposits

	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
CHF FUND		
Current accounts	12 749	14 671
Deposit accounts	371 017	367 228
Subtotal	**383 766**	**381 899**
USD FUND, EQUIVALENT IN CHF		
USD accounts	15 593	18 487
Subtotal	**15 593**	**18 487**
TOTAL	**399 359**	**400 386**

103. CHF and USD current accounts (converted in CHF) decreased during the year 2019, respectively by 10.10% and 15.65%. However, the CHF deposit accounts rose by 1.03%.

NOTE 16: Interest paid on CHF current and deposit accounts and USD accounts

104. Interest is credited on the CHF current accounts at the end of each fiscal year at a fixed interest rate.

105. Interest is paid monthly on the USD account on the basis of an interest rate reviewed each quarter.

106. The interest rate paid on the CHF deposit accounts depends on the results of the financial year. It is agreed, following the proposal of the Board of Directors, by the General Assembly which is held within six months following the end of each financial year. Interest is then credited to the members' accounts. For the purpose of the end of the year, the interest rate proposed for 2019 by the Board of Directors is 0.20% plus a bonus of 0.85%, or a total of 1.05% (2018: 0.30% plus a bonus of 0.75%). It corresponds to a payment of interest of CHF 3,625,010 (CHF 3,599,233 at 31 December 2018) recognized as a provision which will be added to the amount of deposits at year end.

NOTE 17: Ordinary and extraordinary reserve funds

Combined statement of the ordinary reserve fund

	2019 in CHF 1,000	2018 in CHF 1,000
Balance at 1 January	60 295	60 953
Statutory allocation	37	-658
Balance at 31 December	**60 332**	**60 295**

Combined statement of the extraordinary reserve fund

	2019 in CHF 1,000	2018 in CHF 1,000
Balance at 1 January	17 423	17 812
Allocation according to the annual results	-162	-389
Balance at 31 December	**17 261**	**17 423**

107. Ordinary and extraordinary reserve funds correspond to the capital of ICSMA.

The ordinary reserve fund

108. At year-end closing, the ordinary reserve fund should be between 8% and 12% of the balance sheet, less the reserves. If the ordinary reserve fund is less than of 8% of total assets less the reserves, the Board of Directors shall take the necessary measures to achieve this objective at the end of the following financial year.

109. 12.50% of the revenue of each financial year of La Mutuelle and GPAFI must be allocated to the respective ordinary reserve fund. However, if the latter exceeds 12% of the balance sheet less the reserves, the Board of Directors may decide to waive the statutory allocation if it deems it not necessary. Approval by the Ordinary General Assembly shall be required.

110. If the situation requires to use the ordinary reserve fund of La Mutuelle and/or that of GPAFI, and that it is below 8% of the balance sheet of La Mutuelle, or respectively of GPAFI, less the reserves, the Board of Directors shall convene an Extraordinary General Assembly in order to obtain the agreement of the members, and present a detailed schedule for the recapitalization of the ordinary reserve fund.

111. At 31 December 2019, the ordinary reserve fund amounts to 14.51% of total assets less reserves (14.69% at 31 December 2018).

The extraordinary reserve fund

112. An allocation to the extraordinary reserve fund is done when the Board of Directors considers that an additional margin of safety is required.

113. The use of the extraordinary reserve of La Mutuelle or GPAFI shall be presented by the Board of Directors to the Ordinary General Assembly for approval.

NOTE 18: Employee benefits

114. The following table shows the employee benefit liabilities at 31 December 2019.

Employee benefits

	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
CURRENT LIABILITIES		
Accumulated leave	164	188
Reserve for possible claims	-	7
Home leave	10	7
Subtotal	**174**	**202**
NON-CURRENT LIABILITY		
After-Service Health Insurance	4 957	4 658
Repatriation grant and travel	31	28
Subtotal	**4 988**	**4 686**
TOTAL	**5 162**	**4 888**

NOTE 19: Revenue from the activity

115. Revenue from La Mutuelle's activity comes from loans granted to members and income from investments.

116. La Mutuelle grants its members ordinary and housing loans. The 2019 interest rate on the housing loan was 3.50%, while for the ordinary loan it was 5.90%. Revenue at 31 December increased to CHF 7,837,000 (CHF 7,076,000 as at 31 December 2018) due to the participation in loan insurance surplus for the years 2016 to 2018, received during the year.

117. Bank interest, corresponding to the remuneration of USD term deposits and USD deposits with banks, increased to CHF 225,000 at 31 December 2019 (CHF 164,000 at 31 December 2018).

118. Income from bonds managed by La Mutuelle amounted to CHF 1,810,000 at 31 December 2019 and are down compared to 31 December 2018 (CHF 2,178,000). This decrease comes from a partial reinvestment of expired bonds holding a higher coupon as well as bond markets proposing few opportunities due to the negative interest rates.

119. Income from management mandates amounted to CHF 3,020,000 at 31 December 2019 and was up compared to 31 December 2018 (CHF - 368,000). This increase is due to the latent gain on management mandates of CHF 1,538,000. It should also be noted that during the year 2018, the liquidation of the UBP management mandate had a significant negative impact on the result.

120. La Mutuelle net revenue / members' deposits ratio is up to 0.43% versus -0.10% in 2018.

121. The revenue of GPAFI's activity comes from the contributions invoiced to the members as well as commissions paid by the insurers for the management of the collective contracts carried out by GPAFI in the field of the promotion, the information, the advice, the formalities of the admission and individual billing to the insured. The 2019 revenue amounts to CHF 1,580,000 and is up compared to 31 December 2018 (CHF 1,053,000).

122. Insurance premiums billed to members, recorded on the billing date in transitional accounts, are not considered as income as fully repaid to the insurers

Revenue

	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000
Gross revenue	14 891	10 342
Expenses	9 120	10 465
NET LOSS/REVENUE	**5 771**	**-123**
Allocated to the reserve funds as follows:		
- Ordinary	17	38
- Extraordinary	5 754	-161
TOTAL	**5 771**	**-123**
Net la Mutuelle revenue /La Mutuelle members' deposits	0,43%	-0,10%
Interest rate proposed / paid on the CHF deposit account proposed by la Mutuelle	0,20%	0,30%

123. The proposal of the Board of Directors on the compensation of the net loss is detailed on page 14 of the annual report.

NOTE 20: Operating expenses

	31.12.2019 in CHF 1,000	31.12.2018 in CHF 1,000	Variation
Staff Costs	2 594	2 558	1%
Financial fees	577	382	51%
Overhead expenses	130	145	-10%
Computer expenses	285	378	-25%
Loan insurance	878	993	-12%
Support costs UNOG	380	333	14%
TOTAL	**4 844**	**4 789**	**1%**

124. The financial fees increased by 51% due to due to negative interest.

125. Operating expenses decreased by 10% since part of them was transferred to the support costs.

126. Computer expenses are down by 25%, the 2018 cost being linked to the writing of IT processes.

127. Loan insurance increased by 12% due to an increase in the amount of claims.

128. Support costs increased by 14% due to the integration of GPAFI into the structure of ICSMA as GPAFI must now pay this administrative fee.

NOTE 21: Budget comparison

129. The Board of Directors approves annually a budget of operating expenses related to a work plan and future developments. The budget sets the maximum expenditures allowed in CHF for operating costs under each budget line. All major projects and expenses resulting must be approved by the Board of Directors.

130. Concerning La Mutuelle, the actual expenses of the two Funds are combined in CHF in order to be compared with the budgeted expenses, without, however, presenting the breakdown of the actual expenses between the two Funds.

Comparison of budgeted amounts and actual amounts

In CHF 1 000	2019			2018		
	Budget	Actual	Variation	Budget	Actual	Variation
Staff costs	2 868	2 594	274	2 837	2 558	279
Overhead expenses	853	654	199	745	624	121
Computer expenses	352	285	67	473	378	95
Loan insurance	1 010	878	132	1 010	993	17
Negative interest	456	450	6	-	-	-
Global custody	65	39	26	110	58	52
Expenses not covered by the budget						
- interests paid on accounts		3 753			3 527	
- loss on loans		219			21	
- other financial fees		88			324	
- allocation to provisions		131			1 959	
- Amortization of tangible and intangible assets		29			23	
TOTAL		**9 120**			**10 465**	

NOTE 22: Related-party disclosure

131. Members of ICSMA meet once a year in an ordinary General Assembly to approve the management of the previous year and determine the general policies of management of ISCMA.

132. ICSMA Board of Directors is composed of seven elected members. Each affiliated organization, twelve in total, delegate a representative to attend meetings of the Board of Directors with an advisory capacity.

133. The Credit Committee consists of members of the Board of Directors.

134. The Investment Committee consists of the Treasurer, Vice-Treasurer of the Board of Directors, a staff member of one of the affiliated organizations, the Executive Secretary, the Chief of GPAFI, the Investment Officer, and the Loan Officer. The composition of the Investment Committee must be approved by the Board of Directors.

135. The Executive Secretary and the Chief of GPAFI are recruited according to the procedures in force in the United Nations Office at Geneva. Their appointment must be approved by the Board of Directors. The Executive Secretary and the Chief of GPAFI shall act in accordance with Chapter 9 of the Statutes and the provisions of the Internal Regulations.

136. The Executive Secretary of La Mutuelle (grade P5), who is currently also in charge of GPAFI, is assisted in her task by the Investment Officer (grade P4) and the Loan Officer (grade P3). The remuneration paid during the year to these executives comprises the net salary and the post adjustment and amounts to CHF 527,397 (CHF 525,040 at 31 December 2018).

137. The members of the Board of Directors, Committees and Representatives shall receive no financial compensation from ICSMA.

138. Members of the Board of Directors, Committees, Representatives and employees can obtain loans, make deposits and take out insurance in similar conditions to other members. Loan applications submitted by the Executive Secretary and the Chief of GPAFI must be approved by the Board of Directors. If a member of the Board of Directors submits a loan application that requires the approval of the Credit Committee, he/she is not entitled to take part in the meeting of the Credit Committee. At 31 December 2019, loans amounted to CHF CHF 904,945 (CHF 747,889 at 31 December 2018) and deposits to CHF 1,246,711 (CHF 1,329,174 at 31 December 2018). Some members of the Board of Directors and Committees, as well as some Representatives and ICSMA staff members use the services of GPAFI.

NOTE 23: Segment

139. As described in Note 3.13, La Mutuelle has two independent internal Funds, one in CHF and the other in USD. Therefore, segment information is based on the activities of each Fund and presented in Tables V to VIII.

140. The sole activity of GPAFI is brokerage in the field of life and health insurance.

NOTE 24: Events after the reporting date

141. No event after the date of closure having a significant impact on the financial statement for the 2018 financial year is to be noted subsequent to the signature of the financial statements and their submission to the Board of Directors for approval on 17 March 2020.

Report of the statutory auditor

to the General Assembly of International Civil Servants' Mutual Association of United Nations and Specialized Agencies

Geneva

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of International Civil Servants' Mutual Association of United Nations and Specialized Agencies, which comprise the statement of financial position, statement of financial performance, cash flow statement, statement of changes in net assets and notes (pages 16 to 47), for the year ended 31 December 2019.

Board's responsibility

The Board is responsible for the preparation of the financial statements in accordance with the requirements of the association's articles of incorporation and accounting and evaluation rules described in notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements for the year ended 31 December 2019 comply with the association's articles of incorporation and give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Public Sector Accounting Standards (IPSAS).

We recommend that the financial statements submitted to you be approved.

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PricewaterhouseCoopers SA

Nicolas Biderbost	Ludovic Derenne
Audit expert Auditor in charge	Audit expert

Geneva, 8 June 2020

MINUTES OF THE ORDINARY GENERAL ASSEMBLY OF 25 JUNE 2019

Mr. Thomas Neufing, President of the Board of Directors, opened the annual General Assembly.

The statutory quorum of 40 members having been reached, the 2019 General Assembly could therefore begin.

The members of the Board of Directors introduced themselves, as well as the representatives of the oversight body, PricewaterhouseCoopers.

1. Election of the Chair of the General Assembly

Mr. Neufing proposed to members that Mr. René Vargas should Chair the Assembly. The proposal was accepted.

2. Report of the Board of Directors for 2018

Mr. Neufing informed the members that the 2019 General Assembly was being held later than expected, though still within six months of the closing of accounts, because the year-end closure had taken longer than usual owing to the fact that the accounts of both La Mutuelle and GPAFI had been consolidated for the first time.

The year 2018 had thus been marked by the integration of GPAFI into the ICSMA structure. The Board of Directors wished to draw the Assembly's attention to the complexity of the integration. The business and operational processes are different from those of La Mutuelle, and the members of the Board have no insurance expertise, which made decision-making problematic. The Board of Directors, wishing to have a comprehensive, professional picture of the work of GPAFI, and in particular of the products that it offered and the terms and conditions attached thereto (for policyholders and insurers), had asked for an external consultant to be appointed in order to provide that expertise. The Board of Directors aimed to work with all stakeholders, including UNSMIS, ILO, WHO and retirees, with a view to gathering their remarks, comments and recommendations, which would be included in its report. The Board wished to highlight the importance of working together and pulling in the same direction on an informed basis, which required time and consultations. In addition, despite the recommendations of the working group established in 2014 to review the modalities of cooperation between GPAFI and UNOG, the members of the Board are of the opinion that, since the complementary health insurance offered by GPAFI is complementary to the basic insurance provided by UNSMIS, there would be greater synergy and expertise if UNSMIS manages the contract. The members of the Board have thus initiated discussions with the UNOG Division of Administration and UNSMIS to see whether a transfer would be possible.

With regard to La Mutuelle, the process of verifying tax compliance had continued. Around 1,500 members have still not submitted tax compliance documentation, despite several reminders. It is regrettable that most of those members, despite having received several reminders, have still not responded, which led to a considerable and unnecessary waste of time and energy for staff at La Mutuelle. Consequently, the Board of Directors had requested the secretariat of La Mutuelle to submit it all the files of the members concerned in order to have those members withdrawn. The establishment of La Mutuelle's IT processes had been completed; some GPAFI processes still needed to be validated, and the call for tenders for the launch of the IT system should be issued in the first half of 2020. The change of IT system would require a review of the entire organization of ICSMA, but would have the advantage of allowing more time to be devoted to advising or otherwise interacting with members, given that some tasks would be automated. There was currently not enough time.

In terms of lending activity, the Board wished to underline its concern regarding the rising debt levels among international civil servants. La Mutuelle sometimes manages to restore difficult financial situations, but members have an unfortunate tendency to wait too long before asking for help, or their situation became such that the granting of a loan could in no way improve matters, so that La Mutuelle could no longer be of much assistance. At a time of low interest rates, the Board of Directors called on members to exercise the utmost caution in the management of their finances.

The performance of investments had influenced profits for 2018, but the interest rate on offer for deposit accounts in CHF, namely 1.05%, remained exceptional.

In response to a question from a member, Ms. Fleury said that the number of members as at 31 December 2018, namely 7,620, did include the 1,500 members who had failed to submit tax compliance documentation.

3. Financial situation at 31 December 2018

Mr. Dobrogowski said that the financial markets had performed well in 2018 up to the end of November. The last month of the year had been poor, which had unfortunately resulted in a need to increase provisions to offset the December slump. The current economic situation, characterized by negative returns and political and commercial tensions, made asset management difficult, and the Investment Committee needs to find solutions to reduce the impact of costs while keeping losses in check. Revenue would continue to decline so long as the situation persisted, but the reserves, which are currently in surplus, will help to offset the magnitude of the decline. It was for that reason that the Board of Directors proposed that an amount of approximately CHF 700,000 should be withdrawn from the extraordinary reserve to improve the rate offered to members with deposit accounts in CHF. The decrease in members' deposits, mainly owing to the tax compliance process, continued to allow an improvement in the rate proposed, but that was expected to end in 2019 when the process itself came to an end. The performance of the management mandates in 2019 had been very good as a result of the drop in interest rates. Unfortunately, the banks with which La Mutuelle worked had announced that a further decline would occur in what was already a negative pay-out rate and that the conditions for the application of negative rates would get worse.

The consolidated balance sheet of ICSMA amounted to CHF 488 million, with La Mutuelle accounting for CHF 482 million and GPAFI for CHF 6 million. The net assets of ICSMA came to CHF 78 million, with La Mutuelle accounting for CHF 74 million and GPAFI for CHF 4 million.

As far as the financial statements of GPAFI were concerned, the ordinary reserve fund had been reduced by CHF 1,256,000 to clear the effect of transition to IPSAS reserves, which had been negative following the recognition of the liability of GPAFI to ASHI. The result of the financial year, namely a surplus of CHF 268,000, had been allocated to the extraordinary reserve fund.

As for the financial results for the USD Fund of La Mutuelle, the financial year had yielded a surplus of USD 349,000, of which USD 37,393 would be allocated to the ordinary reserve fund in order to reach a level equivalent to 12% of the balance sheet minus the reserves, while the remaining amount would be allocated to the extraordinary reserve. Since the 12% target had been reached at the end of 2018, the interest rate proposed to members with USD accounts had been increased significantly since the beginning of 2019, from 0.05% to 0.80%.

Responding to a question about how assets were invested and in which currency, Mr. Dobrogowski said that the majority of the investments were in bonds and in the same currencies in which members had made deposits.

One member said that GPAFI and La Mutuelle are two completely different entities with different goals. He noted that La Mutuelle's financial results had not improved with the integration of GPAFI and that the attractiveness of La Mutuelle had diminished, as evidenced by the decline in membership, and he asked how the Board saw the future. Ms. Fleury recalled that, in the early 2000s, La Mutuelle had recorded a very strong increase in members' deposits, which had been difficult to handle operationally. The decrease in the number of members and in assets, mainly owing to the closure of accounts that did not comply with tax legislation, made it possible, however, to devote more time to the remaining members. Moreover, given the negative interest rates, the decrease in members' deposits made it possible to reduce costs and offer an attractive interest rate for deposit accounts in CHF. The outlook for ICSMA was promising, although asset management would remain difficult as long as interest rates were negative. Mr. Dobrogowski pointed out that the accounts of GPAFI and La Mutuelle are entirely separate and were consolidated only for the purpose of preparing the annual report. The member added that he was asking ICSMA to hold discussions with the tax authorities with a view to ensuring that accounts were exempt from taxation, as it is the case in Austria and Spain.

One member asked why the Lombard Odier management mandate had lost money, and whether that had taught La Mutuelle a lesson so that it would change its investment policy. In response, Ms. Fleury said that the poor performance of the markets in December had had an impact on the portfolio managed by Lombard Odier, which had been invested, in part, in emerging markets, but that the performance since the beginning of the year had been very good. In view of the fact that the funds deposited by members in La Mutuelle's bank account are generating a negative return, the Investment Committee is trying to find solutions to overcome the situation and at least break even. Mr. Dobrogowski added that it is stated, in the investment policy, that La Mutuelle should adopt a cautious approach to safeguard the capital and not to take risks. The market situation is changing, which raises the question: what is the main objective of the investment activities? Is it acceptable to go for safe investments, such as bonds and deposits, and lose money on them, or not? Should the risk be taken to safeguard the capital? The Board of Directors and the members have to think differently and redefine the main objective. Securing the funds and putting them in a bank account where they are currently losing value implies taking a risk, which, according to the investment policy, is to be avoided. The current situation is very complex.

One member asked what GPAFI was and why payments into the CHF deposit account offered by La Mutuelle were capped at CHF 2,000 per month. In reply, Ms. Fleury said that GPAFI offered insurance products to civil servants, such as complementary health insurance, accident insurance, loss-of-salary insurance and life insurance. The CHF 2,000 limit served to ensure that members received a decent return, as if members were allowed to deposit more funds, the interest rate proposed would be lower.

One member asked whether it would again be possible, in the future, for members who met their financial obligations to pay their pensions into their La Mutuelle account. Ms. Fleury said that the Board planned to take up that issue once the tax compliance process had been resolved.

One member recalled that compliance with financial obligations was part and parcel of the Staff Rules, and that, by signing a contract of employment, civil servants undertook to observe the applicable rules and declare their accounts to the tax authorities. He added that the United Nations General Assembly had adopted a resolution that further strengthened the duty of staff members to respect their private obligations. ICSMA, as a United Nations fund, was, on the other hand, exempt from taxation.

One member asked how far La Mutuelle would take risks in terms of asset management, and whether members would have to voice an opinion. In response, Mr. Neufing said that La Mutuelle wanted to remain conservative with its objectives and would make proposals to members at the next General Assembly.

One member commented that transferring control of complementary insurance to UNSMIS would mean that UNSMIS would be responsible for all health insurance, and asked whether it was not a problem to have all one's eggs in the same basket. In addition, since the proportion of alternative medicines in complementary insurance had been halved a few years previously, would it not be possible to revert to the initial arrangement? Ms. Fleury said that, in the Swiss system, basic and complementary insurance are managed by the same insurers. A significant long-term advantage of the transfer would be a decrease in premiums thanks to synergies. The issue of alternative medicines would be discussed with UNIQA when the contract came up for renewal.

4. Report of the External Auditors for 2018

Mr. Biderbost, of PricewaterhouseCoopers, presented the auditors' report on the annual accounts of ICSMA. In order to verify their accuracy, the accounts of GPAFI and La Mutuelle had been audited separately, and the result was that the auditors were able to express a positive opinion with regard to the consolidated accounts. The audit had been conducted in accordance with international auditing standards, with the conclusion being that the annual accounts for the year ending 31 December 2018 complied with the Statutes and with IPSAS standards and gave a true and fair view of the assets.

As there were no questions, Mr. Vargas asked whether the Assembly wished to approve the auditors' report. It was so approved by show of hands.

5. Approval of the 2018 financial statements

Mr. Vargas asked whether the Assembly wished to adopt the financial statements as at 31 December 2018. It was so approved by show of hands.

6. Approval for distribution of surplus for 2018

Mr. Dobrogowski, referring to page 14 of the annual report, said that, for La Mutuelle's CHF fund, the Board of Directors proposed withdrawing CHF 732,475 from the extraordinary reserve in order to distribute an interest rate of 0.30%, plus a bonus of 0.75%, i.e. a total of 1.05%. The deficit for La Mutuelle's financial year, namely CHF 732,000, was equal to the withdrawal that needed to be made from the extraordinary reserve in order to improve the interest rate offered to members.

The interest rate of 0.30% reflected the level of negative interest rates, which would fall to – 1%.

As there were no questions, Mr. Vargas asked whether the Assembly wished to approve the proposed total interest rate of 1.05%. It was so approved by show of hands.

7. Report on ICSMA activities in the first half of 2019

Ms. Fleury said that the situation at GPAFI in the first half of 2019 was stable compared to 2018. GPAFI had recorded an increase in applications for complementary health insurance, while loss-of-salary insurance was again proving popular.

Concerning La Mutuelle, Ms. Fleury said that the issue of investment management had already been addressed. The beginning of the year had been stable from an operational point of view.

8. Other business

Mr. Vargas asked the Assembly whether there were any questions to be raised of a general nature.

One member suggested investing members’ assets in the property market. In response, Mr. Vargas said that the Board would come back to that point at the next Assembly.

As there were no further questions, Mr. Vargas thanked the Assembly, congratulated the staff at La Mutuelle and GPAFI, and closed the meeting at 1.45 p.m.