2018 ANNUAL REPORT

icsma

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

UNITED NATIONS

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2019

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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 Urenthren Pillay ***		
Vice Treasurer	Mr Adam Dobrogowski ****		

* 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.

REPRESENTATIVES OF AFFILIATED ORGANIZATIONS

ILO	Mr Pierre Moulet	**HCR**	Mr Christophe Duverger
UNICEF	Mr Adam Dobrogowski	**WTO**	Ms Hélène Reyboubet
IMO	To be designated	**WMO**	Mr Willy Perignon
WIPO	Ms Janice Cook Robbins	**WHO**	Mr Yoshiyuki Matsuo
UNEP	To be designated	**IPU**	Ms Andrée Lorber-Willis
ITU	Ms Subira Suedi	**IOM**	Ms Petra Van Boxel

MEMBERS OF THE INVESTMENT COMMITTEE

Mr Urenthren Pillay
Mr Adam Dobrogowski
Mr John Breckenridge
Ms Marie-Pierre Fleury
Mr David Bicchetti
Mr Patrick Humair
Mr Benito Vazquez

MEMBERS OF THE CREDIT COMMITTEE

Mr Thomas Neufing
Ms Corinne Momal-Vanian
Mr Urenthren Pillay
Mr Adam Dobrogowski
Ms Prisca Chaoui
Ms Myriam Foucher
Mr Hugues Noumbissie

LA MUTUELLE EXECUTIVE SECRETARY

Ms Marie-Pierre Fleury

CHIEF OF GPAFI

Mr David Bicchetti

THE OVERSIGHT BODY

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

FOREWORD
BY **THE DIRECTOR-GENERAL** OF THE UNITED NATIONS OFFICE AT GENEVA

UN Photo/Pierre Albouy

Dear AMFI Members,

Through this annual report, I have the opportunity to highlight the importance of AMFI for the United Nations Office at Geneva and other affiliated organizations. For more than sixty years, AMFI has served our colleagues, whose special status as international civil servants does not always allow them access to services such as credit or insurance, or on unfavourable terms.

As the United Nations system undertakes reforms that impact us all, it is important to have an entity that is an integral part of this system and whose purpose is to support staff while ensuring that the rules of our organization are respected.

As AMFI is under my high patronage, I would like to express my sincere gratitude to the members of the Board of Directors, representatives of affiliated organizations and AMFI staff for the excellent work that has been done over many years to support international civil servants in Geneva.

The Director-General

Michael Møller

REPORT FROM THE BOARD OF DIRECTORS

Dear Member,

The integration of the Provident and Insurance Group of International Officials, hereinafter designated “GPAFI”, in the structure of ICSMA, done in 2018, gives us the opportunity to recall the way these two entities were created 60 years ago, thanks to the Staff Council of the European Office of the United Nations, then chaired by Mr. André Courtois.

Due to to a loan of CHF 400,000 granted by the Bank of Langenthal, the Mutuelle d'Epargne et de Crédit, the former name of ICSMA, was set up to enable civil servants to borrow and save funds. The maximum amount that could be borrowed at that time was CHF 5,000 for a maximum period of 2 years. The annual report consisted of three pages, one of which was reserved for the report of the external auditor, Société Anonyme Fiduciaire Suisse. It is also interesting to note that during the last 60 years, only three civil servants have held the position of Executive Secretary, namely Ms. Mathilde Chambrier (from 1958 to 1981), Mr. Philippe Augsburger (from 1981 to 2002) and Ms. Marie Pierre Fleury (since 2002).

GPAFI owes its existence to the impossibility of the United Nations Staff Mutual Insurance Society against Sickness and Accident to extend, at that time, its benefits to retired civil servants and, under certain conditions, to temporary staff. The Staff Council therefore “provoked”, a term used at the time, the creation of GPAFI and signed two insurance agreements with the Société Genevoise de Secours Mutuels and the Genevoise-Vie. At the end of its first year of existence, GPAFI had about fifty members, and more than 600 two years later with a balance sheet totaling CHF 11'535.

When we look at ICSMA and GPAFI’s archives we can note that the framework has remained unchanged for 60 years. There is the same rigor, the same objectives, the same constraints. The longevity and success of the two entities is due to a constant line of conduct established over the last 60 years by numerous successive Board of Directors / Committees, which have favored prudent management of business and quality rather than quantity. Some may consider this overly cautious, but ICSMA, as a Fund of the United Nations Office at Geneva, must evolve in its "niche", control and limit its growth and help its members by being closest to them. The lack of a profit-maximizing vocation also allows it to be objective in the advice it gives to the international civil servants, members or not, and to durably find solutions to sometimes fragile financial situations. Finding the right balance between depositing members, borrowers and insurance policy holders is also a difficult exercise, especially when the interest rates are negative, and IT costs continually on the rise.

By welcoming the members of GPAFI, some of whom are already familiar with ICSMA, the Board of Directors reiterates its commitment to consider the interests of active and retired members in all decisions that will be made regarding the activities of the GPAFI, as it has always been the case for ICSMA. It wants to be able to work with all parts in order to reach a common decision-making, but the implementation of the consultation process requires that the activity of the GPAFI be well understood by the ICSMA, which requires time .

This integration also gives the opportunity to rejuvenate the image of ICSMA and its entities, La Mutuelle and GPAFI, through new logos.

A call for tenders for the mandate of the external auditors was launched in 2018, and the contract was awarded again to PricewaterhouseCoopers SA. However, at the request of the Board of Directors, the audit team has been completely changed.

In the coming years, ICSMA will have to face the great challenge of changing the computer system. This transition will allow, thanks to a greater use of computer tools, to automate some tasks and to strengthen proximity with our members by devoting more time giving advices and mutual assistance, ICSMA’s statutory goal.

REPORT FROM THE CREDIT COMMITTEE

The loan activity remained stable in 2018. Housing loans granted for real estate transactions in the Franco-Swiss area are up compared to the previous year due to low mortgage interest rates. Despite this situation, which has persisted for several years, we should not forget that one day a reversal of this trend will occur, and that if the borrowers have not taken precautionary actions such as amortizing their debt or contracting a mortgage for a long period, they are likely to undergo the consequences of rising interest rates. Even if La Mutuelle calculates the debt ratio of the borrowers by taking a margin on the interest rate of their mortgages, the Members of the Credit Committee fear the inversion of the yield curve and the impact it will have on the household budget.

Regarding ordinary loans, the Members of the Credit Committee noted, not without emotion, the increase in the indebtedness of members and the difficulties they faced in paying rent, school fees and other bills. They also noted that, in the majority of cases, the problems were not new and had existed for several years. Difficulties can touch us all, life is not a long calm river. Salary cuts, changes in family situations and illness are reasons that can lead to financial imbalance. Excess of expenditure in relation to income is another one. Recognizing that you are in financial difficulty is a difficult step to make, but very important as that's where the deleveraging process begins. It is fundamental to realize that, the longer we delay handling financial problems, the more the deleveraging will become complicated or even impossible, hence the importance of acting as quickly as possible when the situation comes to the fore. Many ordinary loans, approved by the members of the Credit Committee in 2018, were used to repay unpaid debts directly to creditors or debt collection offices, and to improve the financial situation of the members. Unfortunately, other requests had to be refused, as the indebtedness of the members was such that a loan would not have improved their situation.

In the current context, where low interest rates are not expected to persist, where incomes for some are declining, and general costs are increasing, the Members of the Credit Committee are recommending that borrowers, ICSMA members or not, pay strong attention to the management of their budget. It is possible to reduce expenses by, for example, by paying attention to the fees paid on consumer loans and credit cards, as well as to opt for long-term mortgage interest rates to protect against a probable increase. They recall that La Mutuelle is at the disposal of all civil servants if they wish to obtain advice on their financial situation.

REPORT FROM THE INVESTMENT COMMITTEE

Although the year 2018 recorded strong global growth, it will remain one of the worst years since 2008 in terms of financial market performance with a catastrophic final quarter. The trade war between China and the United States, the stagnation of Brexit, the rise in US interest rates and geopolitical problems are all factors responsible for the recorded declines.

Concerning the Swiss market, the aforementioned economic risks weighed on the Swiss economy, which did not modify the policy of the Swiss National Bank (SNB) on negative interest rates. The debate over the cost of the negative interest rate policy has intensified, as the longer the negative interest rate phase continues, the greater the burden on the financial sector and institutional investors is. The pressure on the SNB has been strong to find a way out of this situation that has lasted for four years, but the most optimistic do not expect a rise before 12 to 18 months.

Negative interest rates weighed heavily on La Mutuelle's investments, more particularly on the CHF cash deposited with banks whose return was of course negative, as well as on management mandates with banks. The Members of the Investment Committee recommended that the Board of Directors close the management mandate with UBP, which has been underperforming for several years. The loss recorded amounted to CHF 771,472. The provision for latent loss on management mandates had to be increased at the end of the year by CHF 1,753,564 to cover the deficit generated by the poor performance of the financial markets recorded last quarter. The impact hurt La Mutuelle’ s results for the year 2018, which is down 22% compared to 2017.

GPAFI’s result for the year 2018 is the same as of 2017 and demonstrates the stability of this entity.

The Members of the Investment Committee face a great deal of difficulty managing assets in the current financial environment. The objective that needs to be reached, namely the preservation of capital, is difficult to achieve given the negative returns recorded. This situation is forcing the Members of the Board of Directors to reduce the proposed remuneration on the CHF deposit account to 0.30% (0.60% in 2017) while distributing a 0.75% bonus (1.30% in 2017) by deducting the sum of CHF 732,475 from the extraordinary reserve. The total remuneration of 1.05% nevertheless remains much higher than that proposed for similar accounts in financial institutions. For the USD accounts, the ordinary reserve target of 12% of the total balance less reserves being reached, the interest rate proposed to the members will increase significantly from 1 January 2019.

Regarding GPAFI, the increase in the number of insured persons is regular and constant, and the main product remains the complementary health insurance. It is regrettable that accident and loss of earnings insurance remain largely unknown to the civil servants, considering that sports such as mountain-climbing, scuba diving, motorsports are not necessarily covered by basic insurance, and that in case of sick leave with half-pay the loss of earnings insurance avoids the significant decrease of the salary as well as major financial difficulties.

MAIN RESULTS FOR YEAR 2018

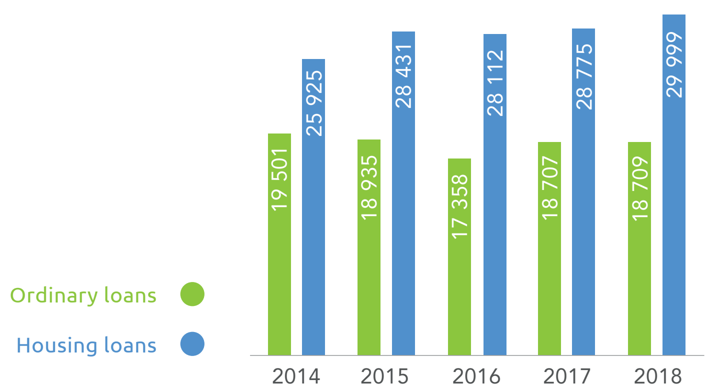
LA MUTUELLE

Loans to members

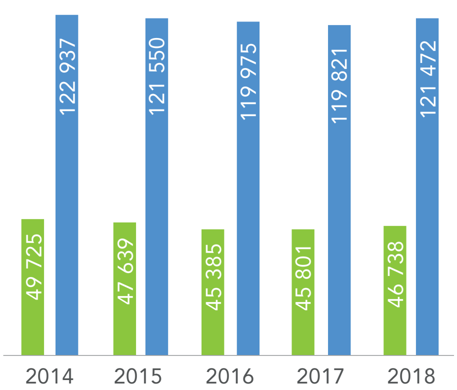
Housing loans granted in 2018 were up by 4.25% compared to 2017, and the increase mainly concerns real estate located in the Franco-Swiss area. Ordinary loans granted during the year 2018 are stable compared to 2017.

Outstanding housing and ordinary loans at the end of the year are up, respectively by 1.38% and 2.05% compared to 2017.

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



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

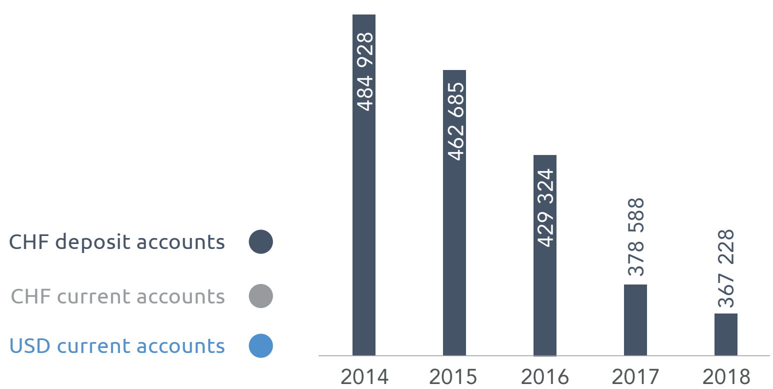


Members' deposits

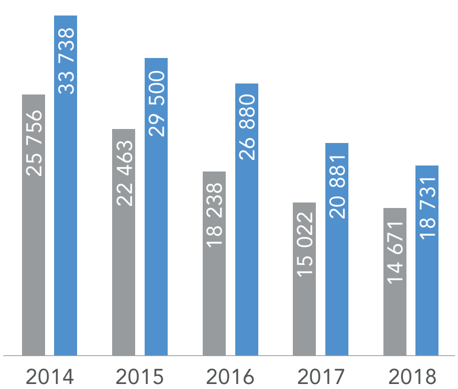
Deposits continued to decrease in 2018, but at a much lower level than in previous years, namely -3% for the CHF deposit accounts (-11.82% in 2017), -2.34% for CHF current accounts (- 17.63% in 2017) and -10.30% for the USD current accounts (-22.32% in 2017).

Account closures and withdrawal of funds continued in 2018, but at a slower pace as the compliance checks for the existing accounts come to an end.

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



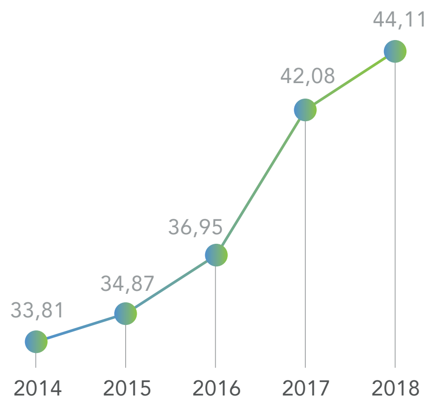
CHF and USD current accounts at year-end
(in CHF 1,000)



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

Despite the increase of outstanding loans, the decline in members' deposits favored an increase in the deposit to loan ratio as the magnitude of the decline in deposits is higher than the increase in loans. At 31 December 2018, the assets that members have deposited with La Mutuelle are loaned at 44.11%. As the return received on loans is higher than the one received on deposits, the increase of the ratio allows to continue to propose an attractive interest rate on the CHF deposit account.

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



Revenue

Revenue for the year 2018 was primarily generated by loans to members and bond portfolios managed by La Mutuelle.

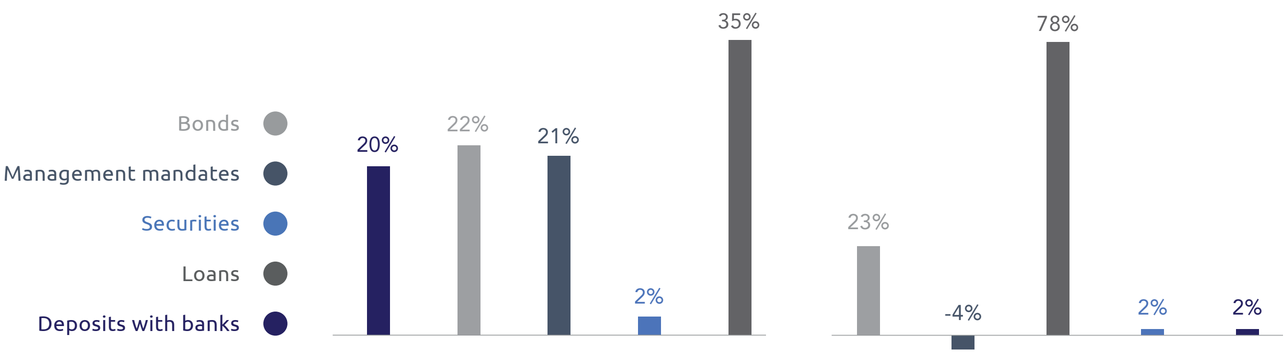
Loans to members represent 35% of total assets and generate 78% of the revenue.

Bond portfolios represent 22% of total assets and generate 23% of the revenue.

Management mandates represent 21% of total assets and generate -4% of the revenue.

Deposits made with banks represent 20% of total assets and generate 2% of the revenue.

Distribution of assets **Distribution of revenue**



Interest rates

Interest rates applied during the year 2018

Housing loan
3.5%

Ordinary loan
5.9%

CHF current account
0%

USD current account
0.05%

Evolution of the members

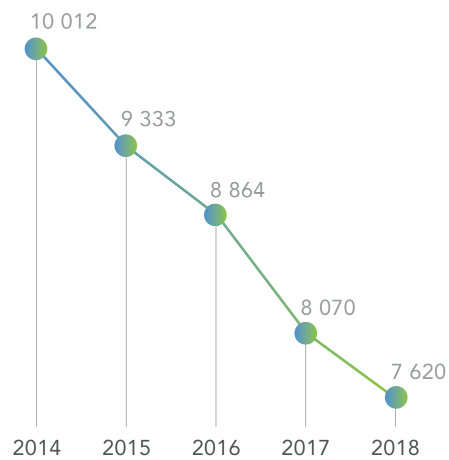
Membership continues to decline, again due to the tax compliance checks which come to an end as shown by the slowdown in resignations.

During the year 2018, the resignations of members were made as follows:

1. Voluntary resignations of members: 50%,
2. The closing of dormant accounts: 36%,
3. End on contract: 11%
4. Death: 3%.

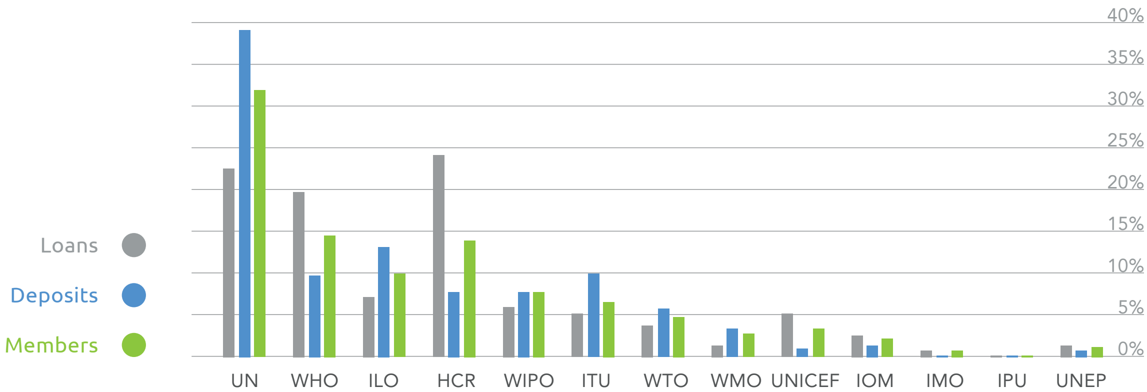
La Mutuelle welcomed 312 new members.

Evolution of the members



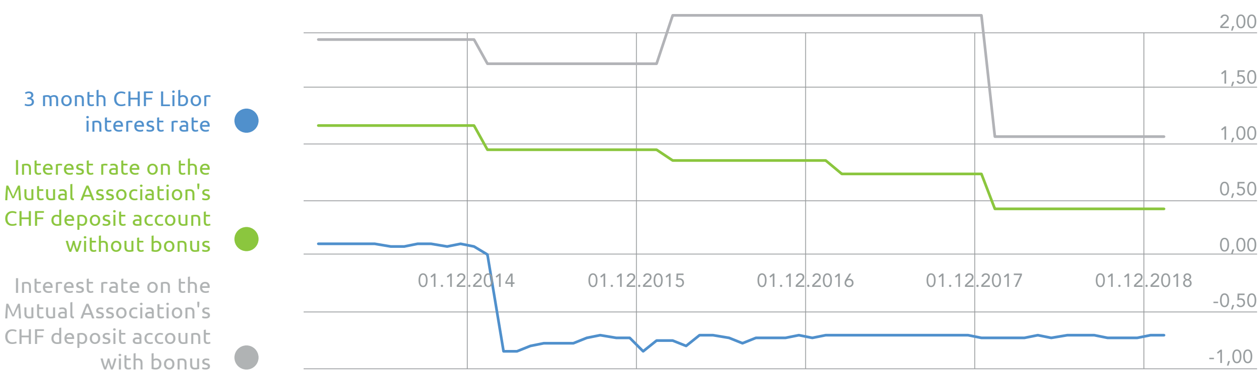
Statistics

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



Comparison

Comparison 3 month CHF Libor interest rate - Interest rate on La Mutuelle CHF deposit account



MAIN RESULTS FOR YEAR 2018

GPAFI

Distribution of insurance contracts

Affiliations to complementary health and assistance insurances rose at the end of 2018, by 2% and 11% respectively.

Loss of Gain and Accident insurance affiliations are down by 3% and 4% respectively.

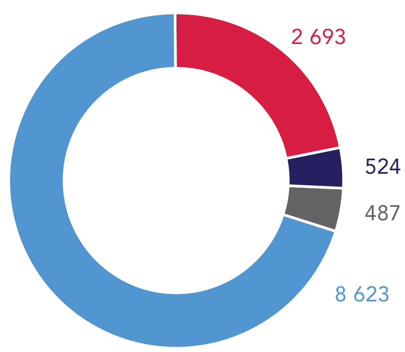
Complementary health insurance

Assistance

Loss of salary insurance

Accident insurance

Distribution of insurance contracts

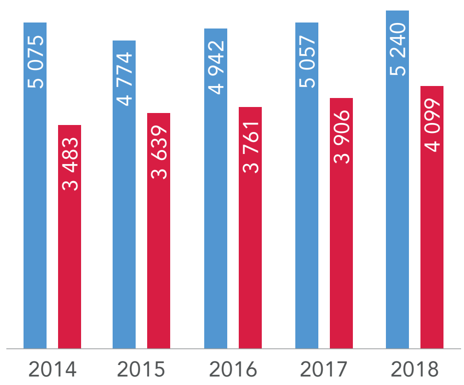


Evolution of the members (debtors) and other family members

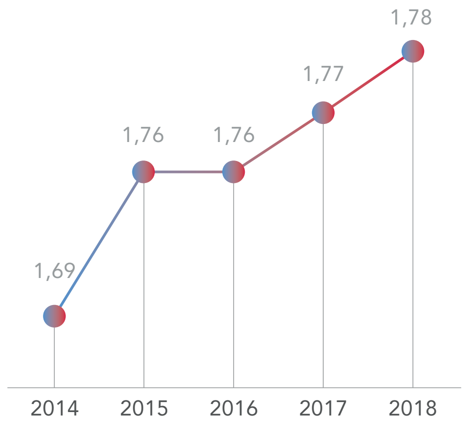
Members (debtors)

Other insured family members

Evolution of the members (debtors) and other family members



Insured members per family



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

Membership - Resignations / Terminations

(left)

Revenue

(right)

Membership

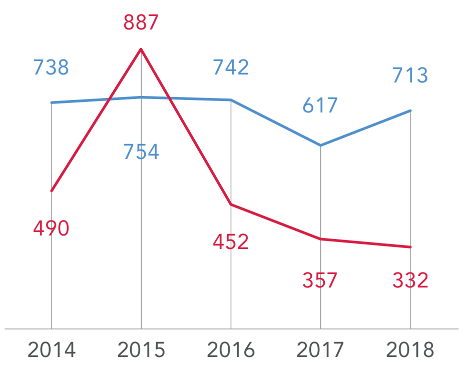
Resignations/Terminations

Membership fee

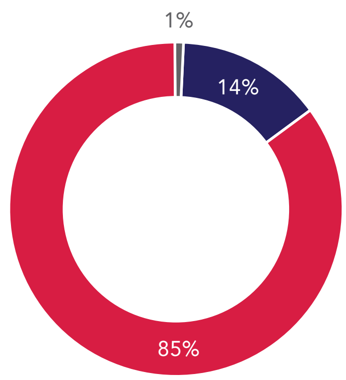
Insurer management fees

Other income

Membership - Resignations / Terminations



Distribution of revenue



Revenue was generated at 85% by the management fees paid by the insurers.

Membership fee represent 14% 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 2018 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 2018

0.30% net.

b) Distribution of a bonus on the CHF deposit accounts for 2018

Taking into account the result for the year 2018, the Board of Directors recommends to the General Assembly the distribution of a new bonus of

0.75% net.

Withdrawal of the deficit from the extraordinary reserve fund

The Board of Directors would like to use part of the extraordinary reserve to distribute a higher bonus to the members holding a CHF deposit account in CHF. It proposes the withdrawal of an amount of CHF 732,475.39 from the extraordinary reserve in order to offer a 0.75% net bonus and settle the deficit of the financial year.

Interest would be distributed as follows:

Interest on CHF deposit accounts (0.30%)	**1 028 352.00**	**CHF**
Interest on CHF deposit accounts closed in 2018	-82 665.07	CHF
Bonus (0.75%)	2 570 881.00	CHF
Total	**3 516 567.93**	**CHF**

The absorption of the deficit would be as follows:

Result CHF Fund	**-732 475.39**	**CHF**
Transfer to the ordinary reserve Fund (0% for 2018)	0	CHF
Withdrawal from the extraordinary reserve Fund in CHF	732 475.39	CHF
Total CHF Fund	**0**	**CHF**

USD Fund

Decision of the Board of Directors on the use of excess revenue on La Mutuelle’s USD Fund

Result USD Fund	**348 847.31**	**USD**
Transfer to the ordinary reserve Fund (12.50% of interest)	1 255.84	USD
Equivalent in CHF	1 239.51	CHF
Transfer to the ordinary reserve Fund in USD	37 393.04	USD
Equivalent in CHF	36 906.93	CHF
Transfer to the extraordinary reserve Fund in USD	310 198.43	USD
Equivalent in CHF	306 165.85	CHF
Total USD Fund	**348 847.31**	**USD**
Equivalent in CHF	**344 312.29**	**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.

2018
FINANCIAL STATEMENTS

I - ICSMA

COMBINED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

	Notes	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
ASSETS			
Current assets			
Cash and cash equivalents	6	101 928	75 783
Bonds held until maturity	7	16 934	23 686
Loans to members	10	37 485	37 732
Mobility passes		24	9
Premiums to be received from members		-	35
Other current assets	11	2 124	2 524
Total current assets		158 495	139 769
Non-current assets			
Bonds held until maturity	7	91 219	103 750
Securities designated at fair value	9	10 110	4 939
Management mandates designated at fair value	8	98 592	129 604
Loans to members	10	129 687	126 821
Tangible and intangible assets	12	67	37
Total non-current assets		329 675	365 154
TOTAL ASSETS		**488 170**	**504 923**
LIABILITIES			
Current liabilities			
Premiums paid in advance by members		597	489
Payables		877	1 029
Employee benefits	16	202	187
Provision for interest on the CHF deposit accounts	14	3 599	6 774
Members' deposits	13	400 386	414 032
Total current liabilities		405 661	422 511
Non-current liabilities			
Employee benefits	16	4 686	5 136
Total non-current liabilities		4 686	5 136
TOTAL LIABILITIES		**410 347**	**427 647**
NET ASSETS		**77 823**	**77 276**
Represented by			
Result of the financial year	17	-123	208
Exchange difference due to combined statement		122	95
Ordinary reserve	15	60 295	60 953
Extraordinary reserve	15	17 423	17 812
IPSAS 25 reserve	3	106	-536
Effect of transition to IPSAS		-	-1 256
NET ASSETS/EQUITY		**77 823**	**77 276**

II - ICSMA

COMBINED STATEMENT OF FINANCIAL PERFORMANCE AT 31 DECEMBER

	Notes	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
REVENUE	17		
Bank interest		164	322
Interest on loans to members		7 076	7 124
Net gains and losses on bonds held until maturity		2 138	2 891
Net gains and losses on management mandates valued at fair value		-6 290	913
Revenue on securities valued at fair value		167	101
Reversal to provision for depreciation on bonds		40	66
Reversal to provision for depreciation on management mandates		5 922	158
Reversal to provision for depreciation on loans		28	-
Reversal to provision on short term employee benefits		-	45
Management fee paid by the insurances		891	851
Other revenue		206	375
TOTAL REVENUE		**10 342**	**12 846**
EXPENSES			
Operating expenses	18	4 789	4 902
Amortization of tangible and intangible assets	12	23	48
Interest paid on CHF deposit accounts	14	3 517	6 683
Interest paid on USD accounts	14	10	11
Loss on loans	10	21	182
Allocation to provision for depreciation on loans		-	314
Allocation to provision for depreciation on managed accounts		1 754	410
Allocation to provision for depreciation on securities		193	76
Allocation to provision on short term employee benefits		12	-
Other expenses		146	12
TOTAL EXPENSES		**10 465**	**12 638**
NET INCOME		**-123**	**208**

III - ICSMA

COMBINED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER

	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
Surplus / (Deficit) for the period	**-123**	**208**
Exchange difference due to combined statement	27	-111
Adjustment of the IPSAS 25 provision	117	99
Currency effect on the after-service health insurance liabilities	47	-150
Depreciation and impairment losses	23	48
Provision for employee benefits (current liabilities)	43	-50
Non-monetary transactions	**257**	**-164**
Increase/(Decrease) in provision for interest on the CHF deposit accounts	-3 175	-938
Increase/(Decrease) in payables	-151	-237
(Increase)/Decrease in premiums to be received from members	35	-24
Increase/(Decrease) in premiums paid in advance by members	108	-31
Net cash flow resulting from operating activities	**-3 183**	**-1 230**
Net cash flow resulting from investing activities		
(Increase)/Decrease in short-term investment	6 752	27 063
(Increase)/Decrease in long-term investment	38 372	44 294
(Increase)/Decrease in current loans to members	393	412
(Increase)/Decrease in non-current loans to members	-3 009	-361
(Increase)/Decrease in other current assets	385	422
(Increase)/Decrease in tangibles and intangible assets	-53	-25
Net cash flow resulting from investing activities	**42 840**	**71 805**
Net cash flow resulting from financing activities		
Increase/(Decrease) in members' accounts	-13 646	-61 082
Net cash flow resulting from financing activities	**-13 646**	**-61 082**
Net Increase/(Decrease) in cash and cash equivalent	**26 145**	**9 537**
Cash and cash equivalents at the beginning of the period	75 783	66 246
Cash and cash equivalents at the end of the period	101 928	75 783

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 2016		**60 175**	**17 222**	**103**	**0**	**206**	**1 368**	**79 074**
Allocation to ordinary reserve	15	778	0	0	0	0	-778	0
Allocation to extraordinary reserve	15	0	590	0	0	0	-590	0
Allocation to IPSAS 25 reserve		0	0	-639	0	0	0	-639
Allocation of the Effect of transition to IPSAS reserve		0	0	0	-1 256	0	0	-1 256
Exchange difference due to combined statement		0	0	0	0	-111	0	-111
Surplus (Deficit) for the period		0	0	0	0	0	208	208
Total changes during the year		**778**	**590**	**-639**	**-1 256**	**-111**	**-1 160**	**-1 798**
Net asset at 31 December 2017		**60 953**	**17 812**	**-536**	**-1 256**	**95**	**208**	**77 276**
Net asset at 31 December 2017		**60 953**	**17 812**	**-536**	**-1 256**	**95**	**208**	**77 276**
Allocation to ordinary reserve	15	597	0	0	0	0	-597	0
Allocation to extraordinary reserve	15	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		**60 295**	**17 423**	**106**	**0**	**122**	**-123**	**77 823**

V - LA MUTUELLE

STATEMENT OF FINANCIAL POSITION FOR THE CHF FUND AT 31 DECEMBER

	Notes	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
ASSETS			
Current assets			
Cash and cash equivalents	6	86 089	58 102
Bonds held until maturity	7	13 979	23 686
Loans to members	10	37 485	37 732
Mobility passes		24	9
Other current assets	11	1 646	2 103
Total current assets		139 223	121 632
Non-current assets			
Bonds held until maturity	7	82 622	92 789
Securities designated at fair value	9	10 110	4 939
Management mandates designated at fair value	8	98 592	129 604
Loans to members	10	129 687	126 824
Tangible and intangible assets	12	67	37
Total non-current assets		321 078	354 193
TOTAL ASSETS		**460 301**	**475 825**
LIABILITIES			
Current liabilities			
Payables		383	467
Employee benefits	16	118	115
Provision for interest on the CHF deposit accounts	14	3 599	6 774
Members' deposits	13	381 899	393 610
Total current liabilities		385 999	400 966
Non-current liabilities			
Employee benefits	16	3 512	3 732
Total non-current liabilities		3 512	3 732
TOTAL LIABILITIES		**389 511**	**404 698**
NET ASSETS		**70 790**	**71 127**
Represented by			
Result of the financial year	17	-732	-389
Ordinary reserve	15	55 428	55 428
Extraordinary reserve	15	16 091	16 480
IPSAS 25 reserve	3	3	-392
NET ASSETS/EQUITY		**70 790**	**71 127**

VI - LA MUTUELLE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE CHF FUND AT 31 DECEMBER

	Notes	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
REVENUE	17		
Bank interest		-	200
Interest on loans to members		7 076	7 124
Net gains and losses on bonds held until maturity		1 830	2 565
Net gains and losses on management mandates valued at fair value		-6 290	913
Revenue on securities valued at fair value		167	101
Reversal to provision for depreciation on bonds		40	66
Reversal to provision for depreciation on management mandates		5 922	158
Reversal to provision for depreciation on loans		28	-
Other revenue		42	212
TOTAL REVENUE		**8 815**	**11 339**
EXPENSES			
Operating expenses	18	4 040	4 017
Amortization of tangible and intangible assets	12	22	46
Interest paid on CHF deposit accounts	14	3 517	6 683
Loss on loans	10	21	182
Allocation to provision for depreciation on loans		-	314
Allocation to provision for depreciation on management mandates		1 754	410
Allocation to provision for depreciation on securities		193	76
TOTAL EXPENSES		**9 547**	**11 728**
NET INCOME		**-732**	**-389**

VII - LA MUTUELLE

STATEMENT OF FINANCIAL POSITION FOR THE USD FUND AT 31 DECEMBER

	Notes	31.12.2018 in USD 1,000	31.12.2017 in USD 1,000
ASSETS			
Current assets	6	9 880	12 248
Cash and cash equivalents	7	2 994	-
Bonds held until maturity	11	213	150
Total current assets		13 087	12 398
Non-current assets			
Bonds held until maturity	7	8 710	11 208
Total non-current assets		8 710	11 208
TOTAL ASSETS		**21 797**	**23 606**
LIABILITIES			
Current liabilities			
Payables		72	79
Members' deposits	13	18 731	20 881
Total current liabilities		18 803	20 960
TOTAL LIABILITIES		**18 803**	**20 960**
NET ASSETS		**2 994**	**2 646**
Represented by			
Result of the financial year	17	349	316
Ordinary reserve	15	2 261	1 945
Extraordinary reserve	15	384	385
NET ASSETS/EQUITY		**2 994**	**2 646**

VIII - LA MUTUELLE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE USD FUND AT 31 DECEMBER

	Notes	31.12.2018 in USD 1,000	31.12.2017 in USD 1,000
REVENUE	17		
Bank interest		168	124
Net gains and losses on bonds held until maturity		315	331
Other revenue		2	6
TOTAL REVENUE		**485**	**461**
EXPENSES			
Operating expenses	18	125	131
Amortization of tangible and intangible assets	12	1	2
Interest paid on USD accounts	14	10	12
TOTAL EXPENSES		**136**	**145**
NET INCOME		**349**	**316**

IX - GPAFI
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

	Notes	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
ASSETS			
Current assets			
Cash and cash equivalents	6	6 087	5 702
Premiums to be received from members		-	35
Other current assets	11	268	274
Total current assets		6 355	6 011
Non-current assets			
Total non-current assets		-	-
TOTAL ASSETS		**6 355**	**6 011**
LIABILITIES			
Current liabilities			
Premiums paid in advance by members		597	489
Payables		423	485
Employee benefits	16	84	72
Total current liabilities		1 104	1 046
Non-current liabilities			
Employee benefits	16	1 174	1 404
Total non-current liabilities		1 174	1 404
TOTAL LIABILITIES		**2 278**	**2 450**
NET ASSETS		**4 077**	**3 561**
Represented by			
Result of the financial year	17	268	285
Ordinary reserve	15	2 734	3 704
Extraordinary reserve	15	972	972
IPSAS 25 reserve	3	103	-144
Effect of transition to IPSAS		-	-1 256
NET ASSETS/EQUITY		**4 077**	**3 561**

X - GPAFI

STATEMENT OF FINANCIAL PERFORMANCE AT 31 DECEMBER

	Notes	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
REVENUE	17		
Management fee paid by the insurances		891	851
Reversal to provision on short term employee benefits		-	45
Other revenue		162	157
TOTAL REVENUE		**1 053**	**1 053**
EXPENSES			
Operating expenses	18	627	756
Allocation to provision on short term employee benefits		12	-
Other expense		146	12
TOTAL EXPENSES		**785**	**768**
NET INCOME		**268**	**285**

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 31 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 Tuesdays 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 2018 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. Financial statements have been prepared under the historical cost convention as modified by the reevaluation of financial assets. These are in Swiss Francs (CHF) and rounded to thousand francs.

9. The integration of GPAFI under ICSMA being effective as of 1 January 2018, GPAFI’s accounts at 31 December 2017 are outside ICSMA’s scope. The financial statements for the year ended 31 December 2018 were agreed and adopted by the Board of Directors of ICSMA at its meeting held on 7 May 2019 and must be approved by the members during the annual General Assembly to be held on 25 June 2019.

Adoption of new or revised standards

10. No new or revised standards, which could impact the presentation of the financial statements of ICSMA at 31 December 2018 were adopted.

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.

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:

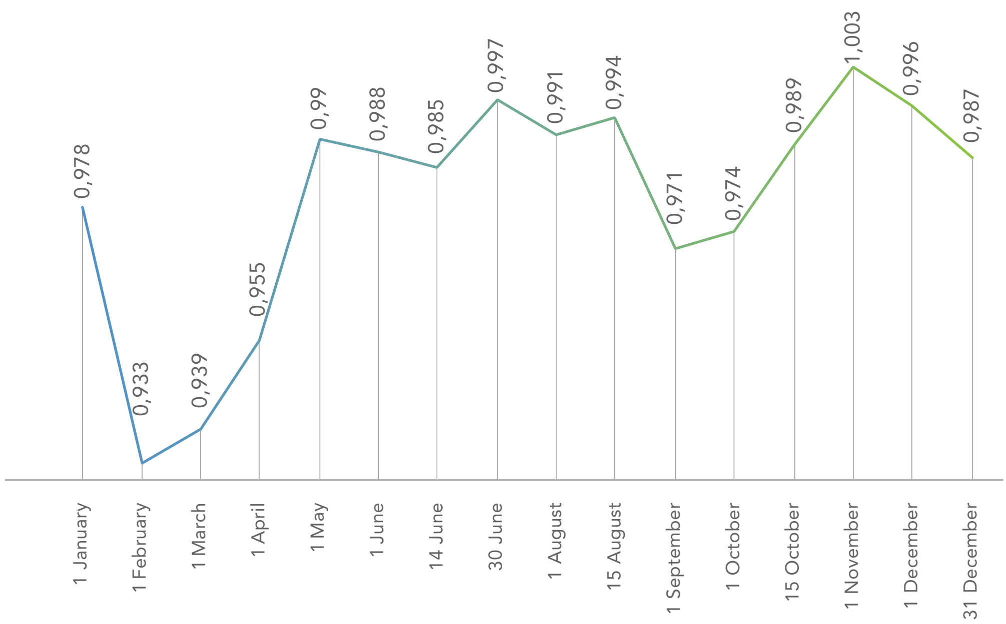
a. Statement of the USD financial performance is converted into CHF at the 2018 UNORE average rate, which is 0.977.

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 0.987.

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 2018



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
Receivables and loans to members measured at fair value less allowance for doubtful receivables	Term deposits, loans granted to members, cash and cash equivalents, withholding tax, accrued interests on bonds, premiums to be received from members and other receivable assets
Financial assets measured at fair value through profit or loss	Management mandates, securities
Financial liabilities measured at fair value	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.

Loans to members

24. 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

25. 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

26. The withholding tax has been levied on the payment of Swiss bond interests, on the interest of CHF deposits, and on CHF and EURO bank accounts. It is recovered during the next financial year.

Accrued interests on bonds

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

Members' deposits

28. 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

29. 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

30. 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

31. 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

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

Members' deposits

33. Interest is recognized monthly and yearly as per the process described under note 14.

Insurance income

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

35. 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

36. Income such as fees for manual process penalties applied for non respect of the withdrawal notice 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

37. 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 2012 and 2015, and computers purchased in 2013 and 2018.

Intangible assets

38. 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, only held by La Mutuelle, are composed of IT licenses, software and costs resulting from the improvement of the website.

Impairment of non-financial assets

39. At 31 December 2018, the only non-financial assets of ICSMA are servers acquired in 2012 and 2015, computers acquired in 2013 and 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

40. 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

41. 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.

42. 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.

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

Employee benefits

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

Short-term benefits

45. 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

46. 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 2018 is recognized by ICSMA as non-current liabilities within the statement of financial position (employee benefits).

Post-employment benefits

47. 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

48. 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 2018, no AMFI staff member is eligible for repatriation benefits. However, in 2019, one AMFI staff member will be.

Actuarial valuation of post-employment liabilities

49. 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 2018. 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	0.93% (0.75% in 2017) - 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	1.30% (1.30% in 2017) - Weighted average of health-care cost trend rates estimated for United States dollar, euro and Swiss franc claims reimbursement.

After-service health insurance

50. 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.

51. 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.

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

	2018	2017
Defined benefit obligations at 1 January	5 135 967	4 547 369
Service expense cost	117 148	127 274
Interest expense cost	42 735	30 542
Benefits paid	-70 059	-57 604
Atuarial (gain) or loss	-615 078	639 319
Foreign exchange (gain) or loss	47 264	-150 933
Defined benefit obligations at 31 December	4 657 977	5 135 967

53. The net amount of the defined after-service health insurance obligation is recognized within the statement of financial position and amounts to CHF 4,657,977 at 31 December 2018 (CHF 5,135,967 at 31 December 2017).

54. 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 615,078 at 31 December 2018 (CHF - 639,319 at 31 December 2017).

55. 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 159,883 at 31 December 2018 (CHF 157,816 at 31 December 2017).

56. 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 – 47’264 at 31 December 2018 (CHF 150,933 at 31 December 2017).

Medical costs sensitivity analysis

57. 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:

	2018		2017	
	+1%	-1%	+1%	-1%
Effect on the aggregate of the current service cost and interest cost	55 061	- 38 113	65 800	-46 700
Effect on the defined-benefit obligation	1 254 893	-936 335	1 412 600	-1 074 400

United Nations Joint Staff Pension Fund

58. 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.

59. 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.

60. 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.

61. The contributions paid by La Mutuelle to the United Nations Joint Staff Pension Fund in 2018 amounted to CHF 293,449 (CHF 289,531 in 2017). 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

62. 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. Concerning La Mutuelle, the amounts, retained by the United Nations in a pool account and not refundable, are recognized under the expenses. For GPAFI, there is a separate reserve classified in current liabilities (employee benefits).

NOTE 4: Risk management

63. 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 an update is in progress.

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

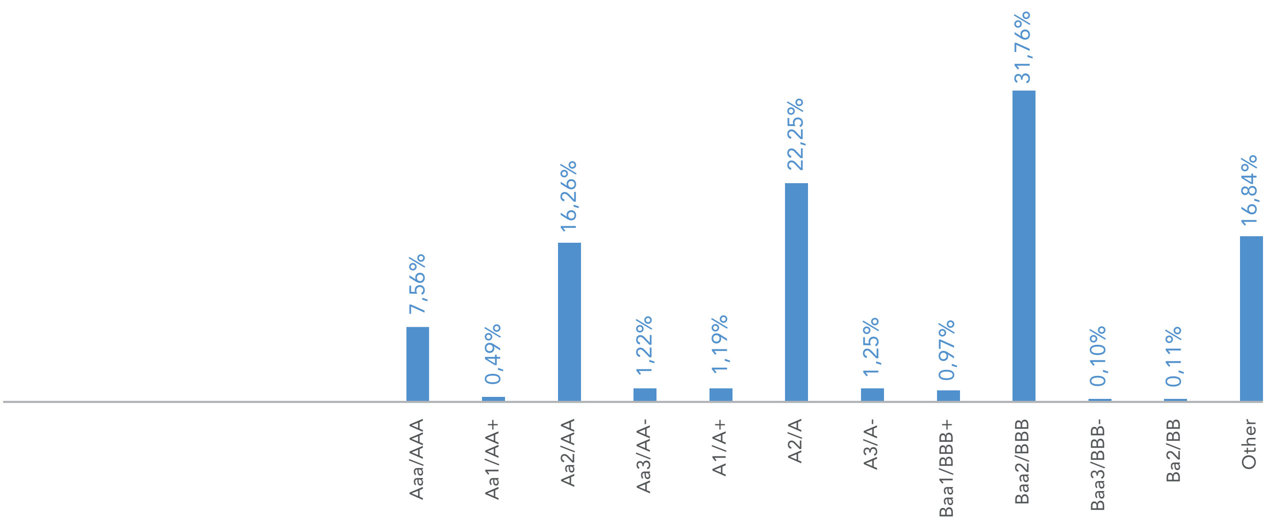
The market risk

65. 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.

66. At 31 December 2018, the distribution of the investments per rating is the following:



The credit risk

67. 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 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

68. 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.

69. 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.

70. 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

71. 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

	2018		2017	
	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	849	+100	677
	-100	-1 099	-100	-714
Term deposits	+100	110	+100	123
	-100	18	-100	-5
Bonds held until maturity	+100	-3 230	+100	-4 500
	-100	3 230	-100	4 500
Securities designated at fair value	+100	101	+100	148
	-100	-101	-100	49
Management mandates designated at fair value	+100	-2 370	+100	-3 770
	-100	2 370	-100	3 770
Loans to members	+100	4 417	+100	4 281
	-100	-4 028	-100	-3 906

The currency risk

72. 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, and for GPAFI cash and cash equivalents in euro.

73. 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.

74. 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.

75. 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. A variation of the exchange rate will therefore have no impact on the valuation of assets.

76. The foreign exchange risk to which GPAFI is exposed is minimized by the fact that cash and cash equivalents in euros represent less than 1% of total cash and cash equivalents.

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

	2018		2017	
	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	40	+100	8
	-100	-40	-100	-8
Trust Fund	+100	37	+100	-252
	-100	-122	-100	-466

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 95,841,000 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, securities and bond portfolios.

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 and term deposits.

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. These include loans to members.

80. The financial instruments in the following table are measured at fair value which corresponds to the book value, except for the bonds portfolios which are measured at amortized cost. The fair value at 31 December 2018 is CHF 111,637,052 (CHF 133,339,098 at 31 December 2017).

Fair value hierarchy

	31.12.2018 in CHF 1,000			31.12.2017 in CHF 1,000		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and cash equivalents						
In CHF	-	92 137	-	-	63 781	-
In USD, equivalent in CHF	-	9 752	-	-	11 979	-
In EUR, equivalent in CHF	-	39	-	-	23	-
Subtotal	**-**	**101 928**	**-**	**-**	**75 783**	**-**
Managed accounts designated at fair value						
In CHF	98 592	-	-	129 604	-	-
Subtotal	**98 592**	**-**	**-**	**129 604**	**-**	**-**
Bonds held until maturity						
In CHF	96 601	-	-	116 475	-	-
In USD, equivalent in CHF	11 552	-	-	10 962	-	-
Subtotal	**108 153**	**-**	**-**	**127 437**	**-**	**-**
Securities designated at fair value						
In CHF	10 110	-	-	4 939	-	-
Subtotal	**10 110**	**-**	**-**	**4 939**	**-**	**-**
Loans to members						
In CHF	-	-	167 137	-	-	164 556
Subtotal	**-**	**-**	**167 137**	**-**	**-**	**164 556**
TOTAL	**216 855**	**101 928**	**167 137**	**261 980**	**75 783**	**164 556**

81. During the reporting period ending 31 December 2018 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 ICSMA 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 2018, 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

	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
CHF FUND		
Cashier	2	14
Trust Fund	7 980	10 726
Available management mandates	225	1 024
Current CHF bank accounts	43 930	52 017
Current USD bank accounts	1 184	1 657
Current EUR bank accounts	39	23
CHF Cash deposit account	40 000	-
USD Cash deposit account	3 949	3 916
USD Term deposits maturing before 3 months	4 619	6 406
TOTAL IN CHF	**101 928**	**75 783**

86. The average return on CHF bank accounts and deposits for 2018 was -0.22% versus -0.11% in 2017. The average return on USD bank accounts for 2018 was 1.49%, versus 1.18% in 2017. Although as at 31 December 2018 there are no term deposits maturing after 3 months, the return on the USD term deposits for the year 2018 is 1.38% compared to 0.93% in 2017.

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

NOTE 7: Bonds held until maturity

Combined Statement of bonds held until maturity

	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
BONDS MATURING WITHIN 12 MONTHS		
CHF FUND		
CHF bonds	13 979	23 686
USD FUND		
USD bonds, equivalent in CHF	2 955	-
TOTAL	**16 934**	**23 686**
BONDS MATURING LATER THAN 12 MONTHS		
CHF FUND		
CHF bonds	83 311	93 518
Loss recorded*	-689	-729
Subtotal	**82 622**	**92 789**
USD FUND		
USD bonds, equivalent in CHF	8 597	10 961
Subtotal	**8 597**	**10 961**
TOTAL	**91 219**	**103 750**

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

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

89. Bond portfolios are down by 15% compared to 2017, negative CHF interest rates significantly reducing the number of bond new issues as well as buying opportunities.

90. A partial repayment of the Sairgroup Zürich bond was made in 2018 for an amount of CHF 39,762, reducing the loss to CHF 689,123.

NOTE 8: Management mandates designated at fair value

Combined statement of management mandates designated at fair value

	31.12.2018			31.12.2017		
	Fair value (net revenues) in CHF 1,000	Variation versus book value in CHF 1,000	Unrealized gain/(loss) (%)	Fair value (net revenues) in CHF 1,000	Variation versus book value in CHF 1,000	Unrealized gain/(loss) (%)
Banks						
Lombard Odier	38 379	-1 621	-4,05	39 530	-469	-1,17
Union Bancaire Privée (UBP)	-	-	-	29 259	-5 922	-16,83
Banque Privée Edmond de Rothschild 1	40 080	80	0,20	40 473	473	1,18
Banque Privée Edmond de Rothschild 2	20 133	133	0,67	20 342	342	1,71
TOTAL	**98 592**	**-1 408**		**129 604**	**-5 576**	

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. The management mandate with UBP was closed in 2018 with a net loss of CHF 6,693,312. This amount was recognized within the statement of financial performance under “Net gain and losses on management mandates valued at fair value”. A reversal to provision for this management mandate was done for an amount of CHF 5,921,840. Negative interest also applied on cash in management mandates and negatively impact their performance and valuation. Due to the decrease in valuation, the provision increased by CHF 1,753,564 to reach CHF 1,408,031 at 31 December 2018 (CHF 5,576,307 at 31 December 2017).

NOTE 9: Securities designated at fair value

Combined statement of securities designated at fair value

	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
SECURITIES MATURING AFTER 12 MONTHS		
CHF FUND		
Unirenta Union Investments GMBH Fund	101	101
Lombard Odier Fund (CH) Ultra low CHF I	9 355	3 991
2.75% Zurich Compagnie d'Assurance 2016-Perp.	1 000	1 000
Loss recorded	-346	-153
TOTAL	**10 110**	**4 939**

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 was bought in order to improve the return. It is classified within securities as there is no maturity date. The repayment can be made in the event of the sale of the bond, the liquidation of the company but the latter may also repay the bond early on 2 June 2021 or redefine new conditions.

NOTE 10: Loans to members

Combined statement of loans to members

	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
AMORTIZATION OF LOANS SCHEDULED WITHIN 12 MONTHS		
Ordinary loans	14 512	14 369
Housing loans	22 973	23 363
TOTAL	**37 485**	**37 732**
AMORTIZATION OF LOANS SCHEDULED AFTER 12 MONTHS		
Ordinary loans	32 225	31 432
Housing loans	98 500	96 458
Provision for depreciation on loans	-1 038	-1 066
TOTAL	**129 687**	**126 824**

96. A methodology change has been made for the distribution of loans by maturity. Until then, only the total loans due before and after 12 months were included in the breakdown. From now on, the amortization receivable on all loans is also considered. In order for a comparison to be made between 2017 and 2018, a restatement of the figures at 31 December 2017 has been made.

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 1,037,976 at 31 December 2018 (CHF 1,066,347 at 31 December 2017), 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

	31.12.2018			31.12.2017		
	Ordinary loans	Housing loans	Members	Ordinary loans	Housing loans	Members
Organizations						
WHO	62 484	89 031	2	62 484	89 031	2
UNICEF	19 605	167 895	2	21 085	168 045	2
ILO	-	32 177	1	-	32 177	1
UN	115 720	112 270	4	91 595	112 270	5
UNEP	-	10 091	1	-	10 091	1
HCR	50 648	378 055	4	66 296	413 273	3
Subtotal	**248 457**	**789 591**	**14**	**241 460**	**824 887**	**14**
TOTAL		**1 037 976**			**1 066 347**	

99. During the year 2018, a reversal to provision of CHF 28,371 was done (loss of CHF 182,811 in 2017).

NOTE 11 : Other Current Assets

100. Other current assets are distributed as follows:

	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
Withholding tax to recover	847	1 021
Accrued interest on bonds	987	1 170
Prepayments	5	58
Commission / Premium repayments	268	274
Sundry debtors	17	1
TOTAL	**2 124**	**2 524**

NOTE 12: Property, plant and equipment

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

	Computer equipment in CHF 1,000	IT licences and software in CHF 1,000	Internet site in CHF 1,000	Total in CHF 1,000
Gross value at 31 December 2016	79	68	81	228
Additions	-	-	25	25
Gross value at 31 December 2017	**79**	**68**	**106**	**253**
Depreciation Fund at 31 December 2016	59	50	59	168
Depreciation	10	16	22	48
Depreciation Fund at 31 December 2017	**69**	**66**	**81**	**216**
Net value at 31 December 2016	21	18	22	61
Net value at 31 December 2017	**10**	**2**	**25**	**37**
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**

102. As at 31 December 2018, no assets have been pledged as collateral for debt.

NOTE 13 : Members' deposits

Combined statement of members' deposits

	31.12.18 in CHF 1,000	31.12.17 in CHF 1,000
CHF FUND		
Current accounts	14 671	15 022
Deposit accounts	367 228	378 588
Subtotal	**381 899**	**393 610**
USD FUND, EQUIVALENT IN CHF		
USD accounts	18 487	20 422
Subtotal	**18 487**	**20 422**
TOTAL	**400 386**	**414 032**

103. Members' deposits decreased during the year 2018, by 2.34% for the CHF current accounts, by 3% for the CHF deposit accounts and by 9.48% for the USD accounts expressed in CHF.

NOTE 14: 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 2018 by the Board of Directors is 0.30% plus a bonus of 0.75%, or a total of 1.05% (2017: 0.60% plus a bonus of 1.30%). It corresponds to a payment of interest of CHF 3,599,233 (CHF 6,773,605 at 31 December 2017) recognized as a provision which will be added to the amount of deposits at year end.

NOTE 15: Ordinary and extraordinary reserve funds

Evolution of the ordinary reserve fund

	2018 in CHF 1,000	2017 in CHF 1,000
Balance at 1 January	60 953	60 175
Statutory allocation	-658	778
Balance at 31 December	**60 295**	**60 953**

Evolution of the extraordinary reserve fund

Balance at 1 January	17 812	17 222
Allocation according to the annual results	-389	590
Balance at 31 December	**17 423**	**17 812**

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 the Mutual Association 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 the Mutual Association and/or that of GPAFI, and that it is below 8% of the balance sheet of the Mutual Association, 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 2018, the ordinary reserve fund amounts to 14.69% of total assets less reserves (14.24% at 31 December 2017).

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 16: Employee benefits

114. The following table shows the employee benefit liabilities at 31 December 2018.

Employee benefits

	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000
CURRENT LIABILITIES		
Accumulated leave	188	181
Reserve for possible claims	7	6
Home leave	7	-
Subtotal	**202**	**187**
NON-CURRENT LIABILITY		
After-Service Health Insurance	4 658	5 136
Repatriation grant and travel	28	-
Subtotal	**4 686**	**5 136**
TOTAL	**4 888**	**5 323**

NOTE 17: 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 2018 interest rate on the housing loan was 3.50%, while for the ordinary loan it was 5.90%. Revenue decreased to CHF 7,076,000 at 31 December 2018 (CHF 7,124,000 at 31 December 2017).

117. Bank interest, corresponding to the remuneration of term deposits and deposits with banks decreased to to CHF 164,000 at 31 December 2018 (CHF 322,000 at 31 December 2017).

118. Income from bonds managed by La Mutuelle amounted to CHF 2,178,000 at 31 December 2018 and are down compared to 31 December 2017 (CHF 2,891,000). 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. Revenue from management mandates amounted to CHF -368,000 at 31 December 2018 and is down compared to 31 December 2017 (CHF 913,000). This decrease results from the loss incurred on the UBP management mandate, negative interests and low yields offered on the bond markets.

120. La Mutuelle net revenue / members' deposits ratio is down to -0.10% versus -0.02% in 2017.

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. Revenues for the year 2018 are similar as to those of 2017, ie 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

	31.12.18 in CHF 1,000	31.12.17 in CHF 1,000
Gross revenue	10 342	12 846
Expenses	10 465	12 638
NET LOSS/REVENUE	**-123**	**208**
Allocated to the reserve funds as follows:		
- Ordinary	38	597
- Extraordinary	-161	-389
TOTAL	**-123**	**208**
La Mutuelle net revenue /La Mutuelle members' deposits	-0,10%	-0,02%
Interest rate proposed / paid on the CHF deposit account proposed by la Mutuelle	0,30%	0,60%

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 18: Operating expenses

	31.12.18 in CHF 1,000	31.12.17 in CHF 1,000	Variation
Staff costs	2 558	2 638	-3%
Financial fees	382	526	-27%
Overhead expenses	145	207	-30%
Computer expenses	378	394	-4%
Loan insurance	993	801	24%
Support costs UNOG	333	336	-1%
TOTAL	**4 789**	**4 902**	**-2%**

124. The financial fees decreased by 27% due to due to lower costs related to negative interest and foreign exchange losses.

125. Operating expenses decreased by 30%, mainly due to lower expenses related to telephone, audit and the purchase of preprinted paper.

126. Computer expenses are down 4%, 2017 cost being related to the purchase of new computers.

127. Loan insurance increased by 24% due to an increase in the amount of claims.

NOTE 19: Budget comparison

128. 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.

129. 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

	2018			2017		
(in CHF 1,000)	Budget	Actual	Variation	Budget	Actual	Variation
Staff costs	2 837	2 558	279	2 568	2 638	-70
Overhead expenses	745	624	121	580	555	25
Computer expenses	473	378	95	461	394	67
Loan insurance	1 010	993	17	1 010	801	209
Global custody	110	58	52	110	63	47
Expenses not covered by the budget						
- interests paid on accounts		3 527			6 694	
- loss of loans		21			182	
- other financial fees		324			463	
- allocation to provisions		1 959			800	
- amortization of tangible and intangible assets		23			48	
TOTAL		**10 465**			**12 638**	

NOTE 20: Related-party disclosure

130. 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.

131. 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.

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

133. 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.

134. 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.

135. The Executive Secretary (P5) is assisted in his/her task by the Investment Officer (grade P4) and Loan Officer (grade P3). The remuneration paid to these executives comprises net salary and post adjustment and amount to CHF 525,040 (CHF 537’240 at 31 December 2017). Concerning the remuneration of the executives of GAFI, the billing of the salary costs being done globally, it is not possible to extract the net salary and the post adjustment. Their net remuneration for 2018 amounted to CHF 169,778.

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

137. 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 2018, loans amounted to CHF CHF 747,889 (CHF 749,437 at 31 December 2017) and deposits to CHF 1,329,174 (CHF 1,069,171 at 31 December 2017). Some members of the Board of Directors and Committees, as well as some Representatives and ICSMA staff members use the services of GPAFI.

NOTE 21: Segment

138. As described in Note 3.1, 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.

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

NOTE 22: Events after the reporting date

140. No event after the date of closure having a significant impact on the financial statement for the 2017 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 7 May 2019.

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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 12 to 42), for the year ended 31 December 2018.

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.

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2, Switzerland
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

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Opinion

In our opinion, the financial statements for the year ended 31 December 2018 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.

PricewaterhouseCoopers SA

Nicolas Biderbost	Ludovic Derenne
Audit expert Auditor in charge	Audit expert

Geneva, 15 May 2019

MINUTES OF THE ORDINARY GENERAL ASSEMBLY OF 31 MAY 2018

Mr. Patrick Goergen, President of the Board of Directors, opened the annual General Assembly.

1. Election of the Chair of the General Assembly

Mr. Goergen, informing members that he would chair the Ordinary General Assembly, said that the statutory quorum of 40 members had been reached and that the 2018 General Assembly could begin its work.

2. Report of the Board of Directors for 2017

Mr. Goergen said that 2017 had centred on continuing to verify tax compliance, which had proven to be a key issue for La Mutuelle since the Board of Directors had found that many members did not comply with applicable tax laws, thereby jeopardizing La Mutuelle's reputation and survival. The process would continue in 2018 as 3,500 accounts still needed to be verified. He requested members who had not yet done so to facilitate the process by submitting supporting documentation to the secretariat as soon as possible. He recalled that, since automatic exchange of information was being implemented internationally, it would no longer be possible to avoid tax compliance checks given that all money transfers would henceforth be traced by the tax authorities. In addition, it should be noted that some countries had already abandoned cash transactions and that that trend would become more generalized. The tax compliance verification process was very time-consuming for La Mutuelle's staff; therefore, the launch of the express loan was unfortunately postponed to 2019.

Information technology had also taken up a large part of La Mutuelle's resources because the integration of GPAFI required an overhaul of the current system. The Board of Directors had worked with an external firm to determine what IT solution should be given preference. The following three possibilities had been suggested: complete integration, partial integration and migration to enterprise resource planning (ERP) software. The optimal solution, and the one eventually chosen, was complete integration. The account balance of 25 members had been checked by external auditors, and Mr. Goergen thanked those who had responded to that important request.

In addition, La Mutuelle was involved in soft mobility and had established a new partnership with Catch a Car in 2017.

3. Financial situation at 31 December 2017

Mr. Bicchetti said that developments in 2018 had shown continuity with 2017 but that his current view of the economic and financial situation was less positive than at the start of the year owing to European problems that were having an adverse effect on Swiss financial markets and interest rates. The interest on loans to members had accounted for most of the revenue in 2017, and the revenue from bonds would continue to decrease in the coming years owing to negative interest rates and the reimbursement of bonds purchased a few years earlier. La Mutuelle's profitability had improved in 2017, mostly because of a drop in deposits by members, which was due, as previously mentioned, to the tax compliance verification process.

In response to a question from a member, Mr. Bicchetti said that GPAFI would bear the entire cost of integrating with La Mutuelle.

4. Report of the External Auditors for 2017

Mr. Lienhard, of PricewaterhouseCoopers, recalled that as part of their mandate, the auditors had scrutinized the internal audit system. He said that all the pending recommendations related to information technology and would be reviewed when the new system was put in place. Random checks had been conducted and had not revealed any irregularities. He confirmed that La Mutuelle's accounts were in line with applicable rules and recommended the Assembly to adopt them.

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

5. Approval of the 2017 financial statements

Mr. Goergen asked whether the Assembly wished to adopt the financial statements as at 31 December 2017. It was so decided by show of hands.

6. Approval for distribution of surplus for 2017

Mr. Bicchetti said that the CHF reserves stood at 13.7% of the total balance minus the reserves, i.e. above the statutory target of 12%. As a precaution, the Board of Directors nonetheless wished to hold back the surplus owing to considerable upcoming IT expenses and continued uncertainty in the financial markets. The Board of Directors suggested not allocating additional funds to the ordinary reserve and distributing a 0.6% interest rate to pre-empt future revenue losses, plus a bonus of 1.3%, i.e. a total of 1.9%. The fiscal year deficit of CHF 389,000 corresponded to the latent loss on exchange stemming from the evaluation of the trust fund and was to be covered using the extraordinary reserve in order to offer members a better interest rate. Regarding profit on the USD fund, the Board of Directors had decided to allocate the entire surplus to the ordinary reserve until the statutory target of 12% had been reached (the reserve currently stood at 9.28%).

As there were no questions, Mr. Goergen asked whether the Assembly wished to approve the proposed distribution of surplus on the CHF fund. It was so decided by show of hands.

7. Election of members to the Board of Directors

Ms. Fleury enumerated the changes due to take place in the Board of Directors: Ms. Stéphanie Cochard would not be standing for re-election for lack of time; Mr. Bicchetti was no longer eligible to be a member due to his appointment as Chief of GPAFI; and Mr. Goergen was retiring.

Regarding the two Board members appointed by the Director-General of the United Nations Office at Geneva (UNOG), the latter, Mr. Michael Møller, had confirmed the extension of Ms. Corinne Momal-Vanian's term and had appointed Mr. René Vargas, Registrar of the United Nations Administrative Tribunal in Geneva, though his appointment remained conditional on the approval of his supervisor.

The member appointed by the UNOG Staff Coordinating Council remained Ms. Prisca Chaoui, as confirmed by Mr. Ian Richards, President of the Staff Coordinating Council.

The seat reserved for a representative of an affiliated organization would, according to the principle of rotation, be filled by UNICEF; the name of the UNICEF representative would be announced shortly.

As for the three seats filled by staff serving with and/or administrated by UNOG, she said that Mr. Hugues Noumbissie wished to stand for another term. Two other staff members had put their names forward as candidates, namely Ms. Myriam Foucher, Chief of the HR Policy Unit, and Mr. Urenthren Pillay, Executive Secretary of the Joint Inspection Unit (JIU).

In the absence of other candidates, the three seats were assigned, on approval of the Assembly, to Ms. Foucher, Mr. Noumbissie and Mr. Pillay.

8. Situation of the accounts

Ms. Fleury said that 2018 continued to see a drop in member deposits, albeit to a lesser extent, due to the tax compliance verification process. The downward trend was likely to persist since checks were ongoing. Loans were currently stable; however, a decrease could not be ruled out, due partly to the introduction of the global service delivery model (GSDM).

The establishment of the new IT system was taking a considerable amount of time because it involved writing all the current IT processes and the target processes, issuing a call for tenders and introducing the actual changes. Since the end of 2017, La Mutuelle had been working on writing the current processes.

La Mutuelle was seeking to step up its advisory services regarding loan processes so that members could keep track of the process even when a transaction was not being made directly with La Mutuelle. Such services would fall under the mutual assistance mandate.

A call for tenders had been issued and the contract awarded to PricewaterhouseCoopers. Since the Board of Directors had requested a change of auditors so as to keep a fresh eye on La Mutuelle's operations, Ms. Fleury bade goodbye to Mr. Lienhard and thanked him and his team for their work and invaluable advice and recommendations.

9. Other business

As there were no further questions, Mr. Goergen thanked the Assembly and closed the meeting at 1.20 p.m.