

# 2020 Annual report



icsma



la mutuelle



gpafi

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



UNITED NATIONS  
GENEVA

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## ORGANS OF ICSMA

### BOARD OF DIRECTORS

<b>President</b>	Mr. Thomas Neufing *	<b>Secretary</b>	Ms. Prisca Chaoui **
<b>Vice President</b>	Mr. Giovanni Pizzini * Ms. Corinne Momal-Vanian * until 31 May 2020	<b>Members</b>	Ms. Myriam Foucher *** Mr. Hugues Noubissie ***
<b>Treasurer</b>	Mr. Adam Dobrogowski ****		
<b>Vice Treasurer</b>	Mr. Benjamin Hauser *****		

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

### REPRESENTATIVES OF AFFILIATED ORGANIZATIONS

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

### MEMBERS OF THE INVESTMENT COMMITTEE

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

### MEMBERS OF THE CREDIT COMMITTEE

Mr. Thomas Neufing	Mr. Adam Dobrogowski
Mr. Giovanni Pizzini	Ms. Prisca Chaoui
Ms. Corinne Momal-Vanian until 31 May 2020	Ms. Myriam Foucher
Mr. Benjamin Hauser	Mr. Hugues Noubissie

### LA MUTUELLE EXECUTIVE SECRETARY AND GPAFI OFFICER-IN-CHARGE

Ms. Marie-Pierre Fleury

### THE OVERSIGHT BODY

PricewaterhouseCoopers SA	<b>Represented by</b>	Mr. Nicolas Biderbost Mr. Ludovic Derenne
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# REPORT FROM THE BOARD OF DIRECTORS

Dear Members,

It is with a heavy heart that we are writing you these lines, as summarizing the year 2020 could be done using a single word: "tragic." This pandemic deprived us of loved ones, colleagues, friends or relatives, but also places of work, health, entertainment, freedom, human warmth. In such a situation we do not always have the strength to be resilient, and our wounds, often invisible or latent, run deep.

The past year highlighted the need to respect one other and to show solidarity even if we do not share the same opinions. Whether we are for or against wearing a mask, the measures taken by the organizations, cantons and states to mitigate the pandemic, the fact is that a virus has killed much more than the 2.7 million people currently listed, worsened mental health of millions of others and also put them in extreme poverty levels. To respect is to move forward, and we all need desperately to move on.

It is also for the first time that an annual General Assembly was postponed, due to the pandemic. The 2020 and 2021 General Assemblies will therefore be held at the same time, in November 2021. It should be noted, however, that the 2019 financial statements will have to be approved by the members first in order to hold the 2021 General Assembly. If this is not the case, the 2021 General Assembly would then be postponed.

From an operational point of view, a significant change had to be made in March with the implementation of telecommuting for all GPAFI and La Mutuelle staff members. Immediately switching from a global organization with constant interaction between staff members to an individual organization and virtual contacts is extremely difficult, not to mention the additional hurdles generated by having to work from home in an ergonomic environment very different from that of the office and often not adapted. Despite these many constraints, ICSMA's services continued without disruption nor major problems for members. To the extent possible, entities have shown flexibility towards the latter, except for the processing of bank transfers which have been reinforced, due to the increase in hacking, to protect the depositors. The Board of Directors wishes to underline the fantastic work carried out by all ICSMA staff members and profoundly thanks

them for their involvement and dedication which enables ICSMA to get through this tragic period with the least possible impact.

Regarding the 2020 results, La Mutuelle was impacted by the pandemic in terms of loans which have significantly decreased, especially ordinary loans. As these are linked to household consumption, the closing of shops, travel restrictions and the decrease in leisure activities have slowed down expenditure to the detriment of savings. We noticed, however, an increase in loans for the purchase of secondary residences, as some members have clearly expressed a need to "recharge their batteries" outside the cities. Income from loans decreased, as well as those related to investments despite the stability of their valuation compared to 2019 which was an exceptional year. As the 2020 net revenue is lower than the allocation made in 2019 to the extraordinary reserve fund, i.e. CHF 4,0762,641, the Board of Directors proposes to distribute the latter and deduct the loss generated by this distribution from the extraordinary reserve fund. This would represent an interest rate on the CHF deposit account of 0.10% plus a bonus of 1.25%, or a total remuneration of 1.35% (0.20% and a bonus of 0.85%, or 1.05% in 2019). Due to the late holding of the 2021 General Assembly, the Board of Directors has decided, once again, not to wait for the validation of the accounts by the Assembly to distribute this remuneration to the members' accounts. The remuneration will be distributed in members' account within 6 months following the closing of the accounts and, if necessary, a regularization will be carried out later after the two General Assemblies have been held.

GPAFI's activity was stable during the year 2020, but the result increased, notably due to the rise of membership in the complementary health insurance, the review of commissions received from insurers and an unrealized foreign exchange gain on the valuation of the after-service health insurance commitments. The Board of Directors wishes to strengthen relations with its insurance partners and ensure that the balance of the insurance contracts persists in order to maintain a stable level of premiums. However, this does not prevent it from surveying the insurance market to ensure that the services offered comply with current standards. It is also working on solutions to simplify the processing of claim reimbursements and hopes to be able to propose improvements soon. During 2020, the automatic sending



of tax attestations was implemented, and the transition to payment slips with QR code initiated. These will be introduced in 2022 as the current payment slips will disappear on 30 September 2022.

Both entities currently have strong reserve funds which will be used soon to improve the services offered to members. The change of the IT system and the operational merger of the two entities, scheduled for 2023, will allow for better synergies, cost reductions and more focused and dedicated interaction with members. Once this investment has been made, and if the economic situation allows it, the excess reserves will be redistributed to the members. The request for proposal for the change of the IT system is currently being written.

The external auditors, PricewaterhouseCoopers SA, have carried out the two annual audits, i.e. the audit of the accounts and the internal control system audit, and have not issued any new recommendations apart from those existing concerning the IT system which will be resolved with the IT change. The Board of Directors also wishes to thank the depositors who participated in the annual request for verification of their account balances issued by the auditors. This important collaboration ensures that there is no fraud within La Mutuelle.

Concerning the composition of the Board of Directors, following the departure of Mrs. Corinne Momal-Vanian from the United Nations, the Director General of the United Nations Office at Geneva has appointed Mr. Giovanni Pizzini to represent her within the Board of Directors. The latter expresses his deep thanks to Mrs. Momal-Vanian for her immeasurable contribution since the date of her appointment in 2007, which has enabled ICSMA to combine solid results while ensuring and maintaining the sustainability of the Association. It is also delighted with the appointment of Mr. Pizzini, whose solid expertise, particularly in the field of insurance, has already been fully utilized. The Board of Directors also emphasizes the importance of the current diversity skills of all Board members which notably allows, thanks to their complementarity, to handle the best possible way the consequences of the pandemic, including within the organizations of the United Nations system, an economic situation which will deteriorate, interest rates still negative. In 2020, members held a retreat where they reviewed all ICSMA processes and

the outlook for the next five years. Improving member services and strengthening digital tools are the focus for the next three years, and the change of the IT system will streamline administrative processes and strengthen interactions with members.

The Board of Directors would also like to take this opportunity to draw members' attention to the importance of reading communications sent to them by La Mutuelle and GPAFI. The communications are not excessive to avoid the overflow of already too numerous emails, but some members who did not take time to carefully read the emails found themselves facing difficulties for the transfer of funds, or paid unfairly (non-refundable) insurance premiums due to absence of respect of the rules in force. Anticipation and communication simplify processes and avoid a lot of problems.

No one knows what 2021 will look like, but it has begun sadly with more deaths among our members. We hope that the vaccination will allow a return to a more normal life while knowing that it will be different. But let's remain hopeful and rejoice in the positive effects of the vaccine and to be able to meet again in November for our General Assemblies. In the meantime, the members of the Board of Directors wish you and your families health and happiness.

## REPORT FROM THE CREDIT COMMITTEE

While the loan applications remained stable during the first three months of 2020, the effects of the pandemic were felt as early as April with a decrease in requests. The lockdown slowed the desire to spend on consumer goods, thus significantly impacting the number of applications, resulting in a drop of ordinary loans granted by 23.12% as at 31 December. Concerning housing loans, applications were lower (-4.27%) but not as much as expected as it appeared that a certain number of members, feeling the need to “recharge their batteries” outside the cities, took advantage of the pandemic to buy a secondary residence. Outstanding loans at year-end are therefore down by -5.88% for ordinary loans and -2.46% for housing loans. It should be noted that the separation program within the World Meteorological Organization has also impacted the result as some WMO employees benefited from loans with La Mutuelle. The year 2021 is expected to remain in line with 2020 as consumption shall not resume until the vaccine is more widely spread among populations, which we believe will occur towards the end of the third quarter.

Concerning housing loans, it is important to underline that the homeownership access is facilitated by an environment of low mortgage interest rates, but it should not be forgotten that a possible rise in rates to medium term may loom, which would have a significant impact on borrowers' financial situation. This is the reason why La Mutuelle continues to pay great caution when granting housing loans by taking a large margin in the calculation of the charges in order to ensure that members will always be able to face their obligations even if the rates should rise.

The year 2020 is also unfortunately the first in which the members of the Credit Committee have notified two members of their exclusion from La Mutuelle as they had submitted loan requests which did not correctly reflect their external debts. La Mutuelle is responsible for avoiding over-indebtedness of its members, hence the request made to submit accurate information. It is not there to judge but to find solutions to extremely difficult financial situations, hence the fundamental importance of having a clear vision of the financial situation in order to take the best decision in the interest of the members. It should be remembered that La Mutuelle checks the financial situation of applicants and that they must be transparent otherwise they face the risk of a refusal and an exclusion. The relationship that ICSMA maintains with its members is one of mutual trust, and the Credit Committee now considers that if this trust is deliberately and unilaterally broken by members, ICSMA is no longer in a position to meet their financial needs, hence the exclusion notification.

Finally, it is also important to note that La Mutuelle is one of the few, if not the only, establishment that grants loans to repay unpaid debts or debt collections, allowing some members to continue to respect the Standards of Conduct in force within the United Nations and avoid disciplinary action. During 2020, some members were able to benefit from a loan to settle pending debt collection and improve their financial situation. It is extremely important to deal with unpaid debts as quickly as possible so as not to deteriorate an already difficult financial situation. La Mutuelle is at your disposal to help as well as to allow you to make some dreams come true.

## REPORT FROM THE INVESTMENT COMMITTEE

After hitting China in 2019, the pandemic spread to the rest of the world in 2020, crippling global economic activity and causing financial markets to fall at the end of the first quarter. Fears of an economic collapse however quickly subsided due to the implementation of significant stimulus packages by various governments, which had the effect of pushing the stock markets to record levels.

This fear was shared by the Board of Directors, which wished to allocate a significant part of the 2019 surplus in CHF to the extraordinary reserve, i.e. CHF 4'762'641, in order to protect La Mutuelle against the consequences of the decline in the valuation of investments. These devalued, at the end of March, by an amount close to CHF 7 million, a sum which was fortunately recovered in the remainder of the year, making it possible to reach the levels recorded at the end of the 2019 financial year. Nevertheless, the pandemic is far from being eradicated and its negative impact on the economy will have to be assimilated. Simply by reading the real estate ads, which show a high number of sales of commercial premises, restaurants and cafes, we realize the economic damages caused. The job losses are already substantial and will undoubtedly impact public spending. An economic slowdown is expected, and caution is required. It is for this reason that the Board of Directors considers that the proposal to pay a total remuneration of 1.35% to deposit accounts in CHF, up 29% compared to 2019, takes these aspects into consideration and is intended to be careful.

During 2020, the Investment Committee purchased CHF 14.5 million in securities with a maturity between 12 and 24 months, offering yields to maturity ranging between 0.10% and 0.75%, or higher than the rates applied by Swiss banks on account liquidity, namely between -0.75% and -1.00%. ICSMA recorded a charge relating to negative interest rates of CHF 591,000, up 15% compared to 2019. It is therefore important to control the flow of incoming CHF funds in order to avoid an even higher increase, hence the continued limitation of deposits in CHF to 2,000 per month.

As the purchase of bonds in CHF, held until maturity, is still almost impossible due to negative interest rates, income from bonds is down compared to 2019 (CHF 1,303,000 against 1,518,000) and the bond portfolio shrinks due to redemptions. As long as a change in the

rate trend is not effected by the Swiss National Bank, the percentage of this investment vehicle, which in the past generated a significant source of income, will decline compared to the total assets.

From a valuation point of view, the management mandates showed stability compared to 2019, but revenues are down significantly (CHF 319,000 vs 1,612,000). This difference stems from the unrealized gain on management mandates of CHF 1,538,000, made in 2019 following an exceptional year on the financial markets which had allowed the provision to be dissolved in the amount of CHF 1,408,000. Management mandates' total income amounted to CHF 319,000 compared to 3,020,000 in 2019, resulting in a significant drop in income.

2020 expenses are up compared to 2019 (CHF 10,342,000 against 9,120,000) due to the increase in negative interest (CHF 591,000) and the cost linked to the remuneration of members' deposit accounts (CHF 4,702,000 against 3,616,000). It should also be noted that the decline of the USD against CHF affected negatively the valuation of the Trust Fund in CHF, generating an unrealized loss of CHF 485,000, but positively ICSMA's commitments in After Service Health Insurance with an unrealized gain of CHF 467,728.

The asset management remains very difficult, the high volatility and uncertainty associated with the health crisis weigh on economic forecasts and prospects, and it is impossible to predict in which direction ICSMA's investments will go. The preservation of capital in a context of strongly negative rates remains difficult, hence the need to maintain a cautious approach in asset management.

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## **MAIN RESULTS FOR YEAR 2020**



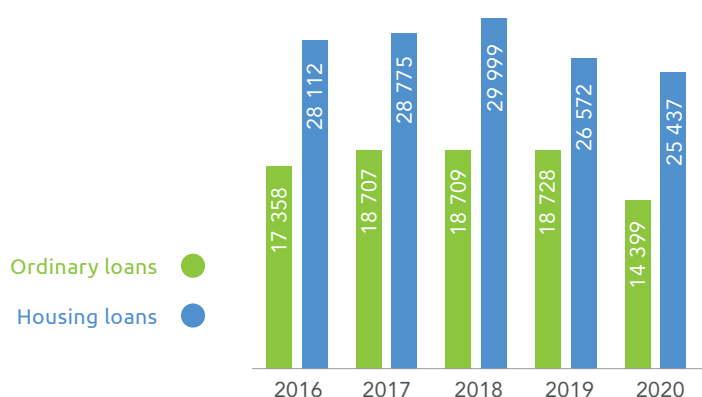
**Loans to members**

Housing loans granted to members during 2020 were down by -4.27% (-11.42% in 2019). Ordinary loans granted during the year were down by -23.12% compared to 2019 (0%).

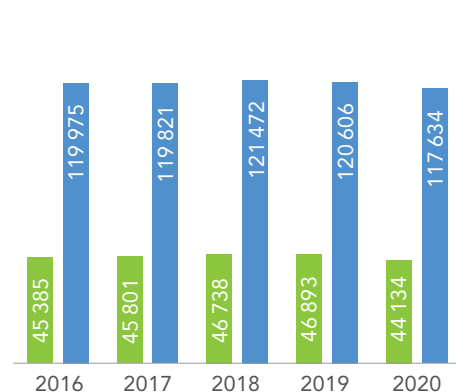
Regarding outstanding loans at year-end, ordinary loans were down by -5.88% (+0.33% in 2019), and housing loans were down by -2.46% (-0.71%).

The pandemic significantly impacted loans, mainly ordinary loans related to consumer spending. In opposite, demand for a housing loans remained strong, many members deciding to buy a secondary residence. It should also be noted that, due to a restructuring within WMO, several members benefiting from loans were separated from this organization, which also explains the decline in outstanding loans at year-end.

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

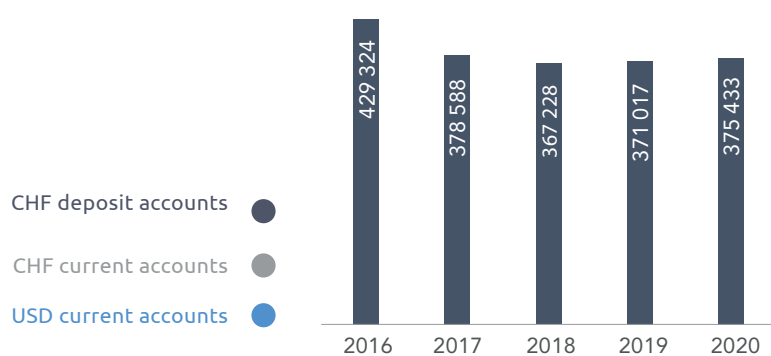


**Outstanding loans at year-end**  
(in CHF 1,000)

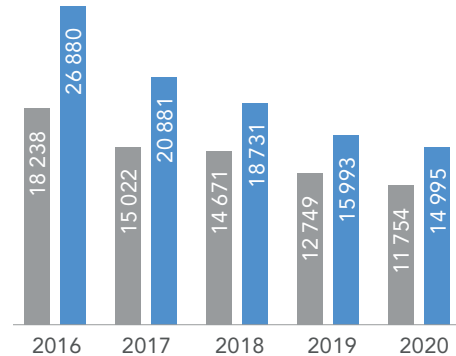
**Members' deposits**

Members's deposits increased in 2020 by 1% (1% in 2019). However, the CHF and USD current accounts decreased respectively by -7.80% (-13.10% in 2019) and -6.24% (-14.62%).

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



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

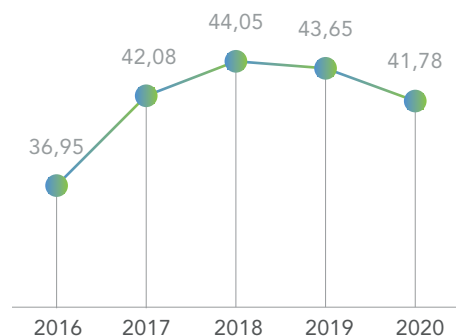




## Ratio of loans to members' CHF deposits (in %)

The increase in members' deposits combined with the decline in outstanding loans has contributed to the slight decline of the loans to deposits ratio. At 31 December 2020, the assets that members have deposited with La Mutuelle are loaned at 41.78%.

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



## Revenue

Revenue for the year 2020 was primarily generated by loans to members and bond portfolios managed by La Mutuelle.

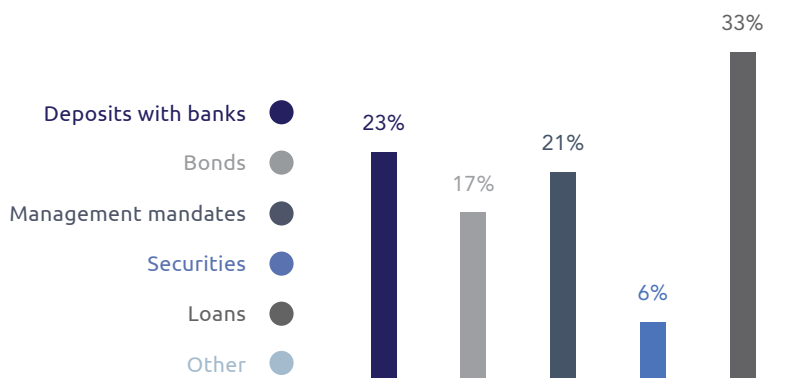
Loans to members represent 33% of total assets and generate 74% of the revenue.

Bond portfolios represent 17% of total assets and generate 16% of the revenue.

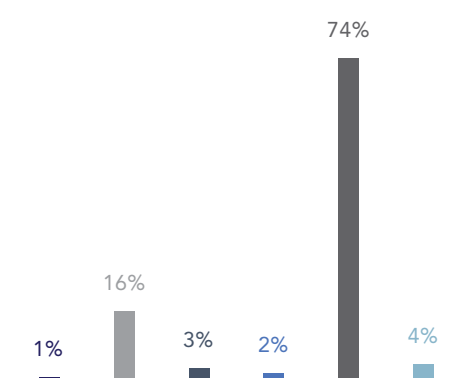
Management mandates represent 21% of total assets and generate 3% of the revenue.

Deposits made with banks represent 23% of total assets and 1% of the revenue.

### Distribution of assets



### Distribution of revenue



## Interest rates

### Interest rates applied during the year 2020



Housing loan  
**3.5%**



Ordinary loan  
**5.9%**



Current account  
en CHF **0%**



Current account  
en USD **0.8%** until  
30 September  
**0.4%** from  
1 October

## Evolution of the members

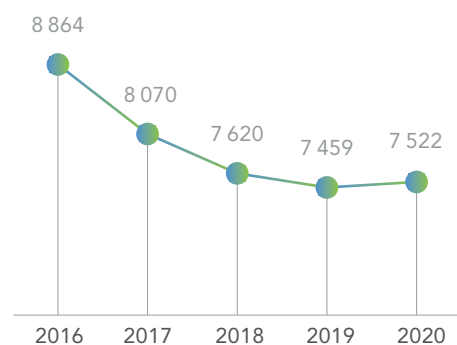
Membership slightly increased in 2020.

The resignations of members were made as follows:

1. Voluntary resignations of members: 37%,
2. The closing of dormant accounts: 22%,
3. End on contract: 31%
4. Death: 10%.

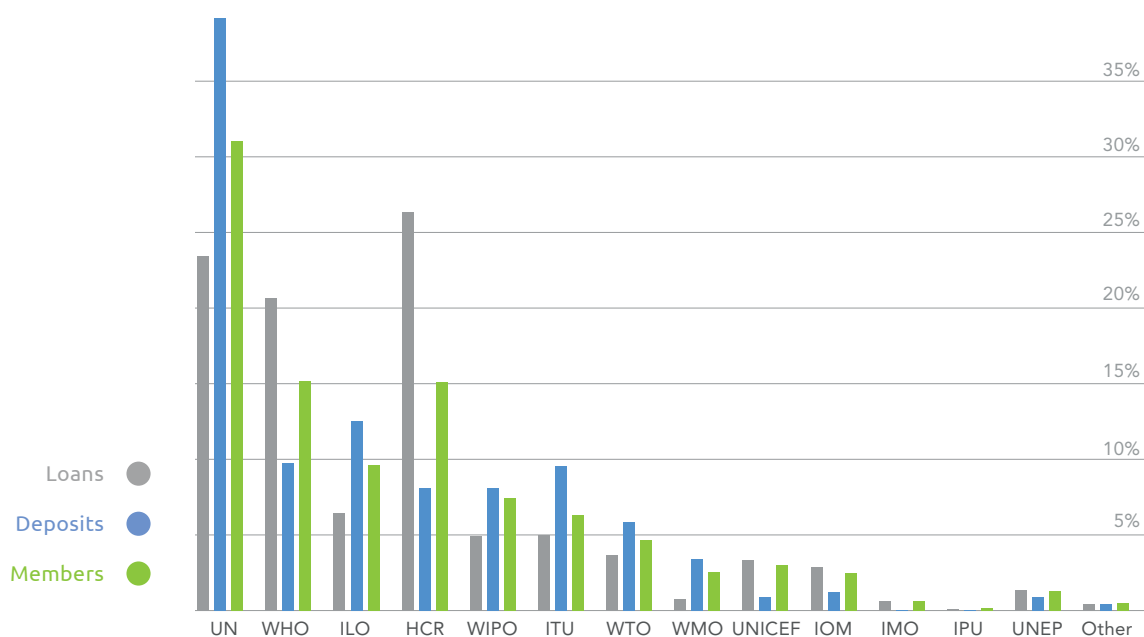
La Mutuelle welcomed 228 new members (325 in 2019).

## Evolution of the members



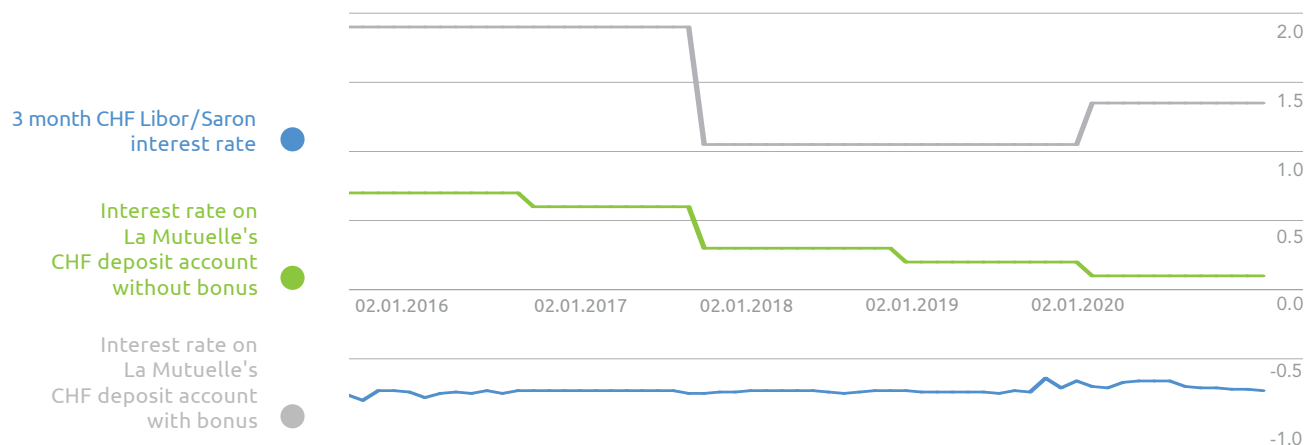
## Statistics

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



## Comparison

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



# MAIN RESULTS FOR YEAR 2020

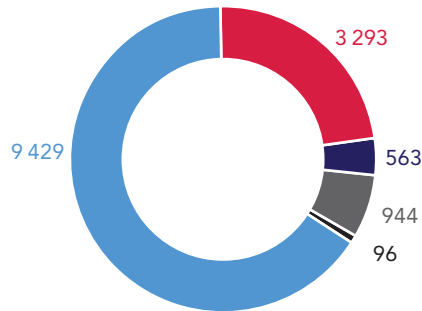


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## Distribution of insurance contracts



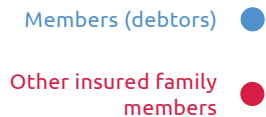
Distribution of insurance contracts



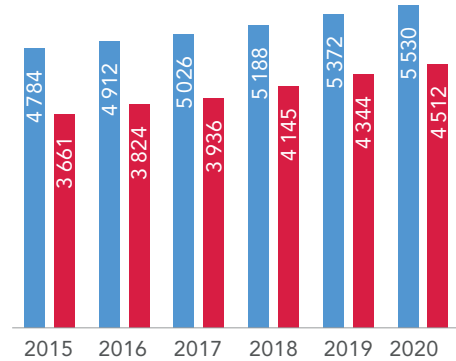
Insurance affiliations evolved as follows compared to 2019:

- a. Complementary health insurance: +4%
- b. Assistance: +4%
- c. Loss of salary insurance: -4%
- d. Accident: -3%
- e. Life insurance: + 66%

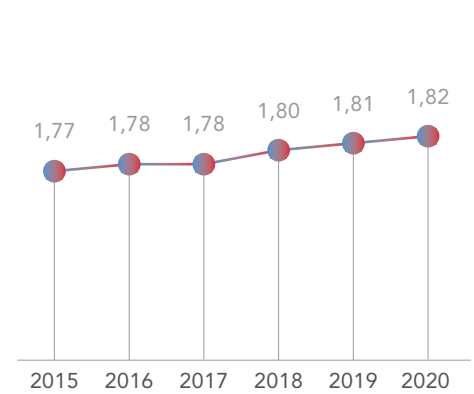
## Evolution of the members (debtors) and other family members



Members (debtors) and other insured family members



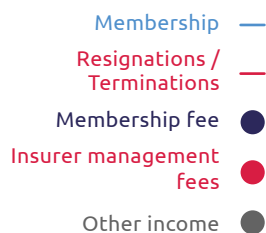
Insured members per family



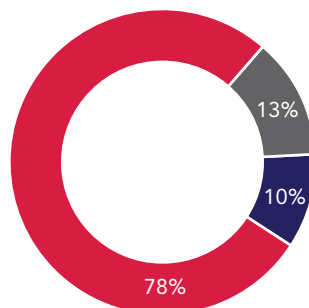
The number of GPAFI members (debtors) increased by 2.94% in 2020 (+2.75% in 2019), generating an increase of their family members of 3.87% (+6.07% in 2019).

## Membership - Resignations / Terminations

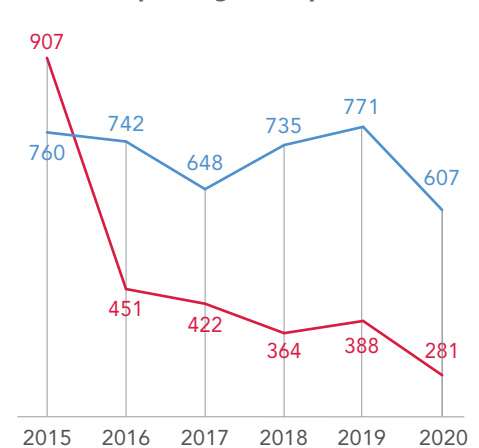
### Revenue



Distribution of revenue



Membership - Resignations/Terminations



Revenue was generated at 78% by the management fees paid by the insurers (83% in 2019).

Membership fees represent 10% of total revenue (same as 2019).

Other income represents 13% of total revenue and includes in particular a foreign exchange gain on the valuation of the commitments in ASHI

## 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 2020 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 2020

**0.10% net.**

#### b) Distribution of a bonus on the CHF deposit accounts for 2020

Taking into account the result for the year 2020, the Board of Directors recommends to the General Assembly the distribution of a new bonus of

**1.25% net.**

#### c) Withdrawal of the deficit from the extraordinary reserve fund

As a precautionary measure due to the pandemic, the Board of Directors proposes to distribute the allocation made last year to the extraordinary reserve fund, namely CHF 4,762,641.03. For that purpose, the net loss of the year, CHF 198,395.06, will be compensated by a withdrawal from the extraordinary reserve fund.

Interest would be distributed as follows:

<b>Interest on CHF deposit accounts (0.10%)</b>	<b>348 436.00</b>	<b>CHF</b>
Interest on CHF deposit accounts closed in 2020	-1 958.35	CHF
Bonus (1.25%)	4 355 450.00	CHF
<b>Total</b>	<b>4 701 927.65</b>	<b>CHF</b>

The loss of the financial year filled as follows:

<b>Result CHF Fund</b>	<b>- 198 395.06</b>	<b>CHF</b>
Transfer to the ordinary reserve fund (0% for 2020)	0	CHF
Withdrawal from the extraordinary reserve Fund in CHF	- 198 395.06	CHF

### USD Fund

The Board of Directors decided to distribute the results of the 2020 financial year as follows:

<b>Result USD Fund</b>	<b>157 483.79</b>	<b>USD</b>
Transfer to the ordinary reserve fund (12.50% of interest)	19 685.47	USD
Equivalent in CHF	17 382.27	CHF
Transfer to the extraordinary reserve fund in USD	137 798.32	USD
Equivalent in CHF	121 675.92	CHF
<b>Total USD Fund</b>	<b>157 483.79</b>	<b>USD</b>
<b>Equivalent in CHF</b>	<b>139 058.19</b>	<b>CHF</b>

### 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.

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# **2020 FINANCIAL STATEMENTS**





## COMBINED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

	Notes	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	118 077	113 862
Term deposits	7	1 766	1 950
Bonds held until maturity	8	19 758	11 452
Securities designated at fair value	10	2 500	-
Loans to members	12	36 709	37 385
Mobility passes		4	4
Other current assets	13	1 787	2 732
<b>Total current assets</b>		<b>180 601</b>	<b>167 385</b>
Non-current assets			
Bonds held until maturity	8	62 770	81 074
Management mandates designated at fair value	9	101 578	101 538
Securities designated at fair value	10	26 279	14 056
Derivative financial instruments	11	-8	17
Loans to members	12	123 955	128 999
Tangible and intangible assets	14	29	58
<b>Total non-current assets</b>		<b>314 603</b>	<b>325 742</b>
<b>TOTAL ASSETS</b>		<b>495 204</b>	<b>493 127</b>
<b>LIABILITIES</b>			
Current liabilities			
Premiums paid in advance by members		705	611
Payables		633	1 239
Employee benefits	18	228	174
Provision for interest on the CHF deposit accounts	16	4 704	3 625
Members' deposits	15	400 428	399 359
<b>Total current liabilities</b>		<b>406 698</b>	<b>405 008</b>
Non-current liabilities			
Employee benefits	18	4 757	4 988
<b>Total non-current liabilities</b>		<b>4 757</b>	<b>4 988</b>
<b>TOTAL LIABILITIES</b>		<b>411 455</b>	<b>409 996</b>
<b>NET ASSETS</b>		<b>83 749</b>	<b>83 131</b>
Represented by			
Result of the financial year	19	1 092	5 706
Exchange difference due to combined statement		-228	80
Ordinary reserve fund	17	60 443	60 332
Extraordinary reserve fund	17	22 737	17 141
IPSAS 25 reserve fund	3	-295	-128
<b>NET ASSETS/EQUITY</b>		<b>83 749</b>	<b>83 131</b>

## COMBINED STATEMENT OF FINANCIAL PERFORMANCE AT 31 DECEMBER

	Notes	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>REVENUE</b>	19		
Bank interest		97	225
Interest on loans to members		6 943	7 837
Net gains and losses on bonds held until maturity		1 587	1 810
Net gains and losses on management mandates valued at fair value		319	1 612
Net gains and losses on securities valued at fair value		111	134
Net gains and losses on derivative financial instruments		-8	17
Reversal to provision for depreciation on management mandates		-	1 408
Reversal to provision for depreciation on loans		182	44
Management fee paid by the insurances		1 403	1 311
Other revenue		800	428
<b>TOTAL REVENUE</b>		<b>11 434</b>	<b>14 826</b>
<b>EXPENSES</b>	20		
Operating expenses		5 171	4 844
Amortization of tangible and intangible assets		29	30
Interest paid on CHF deposit accounts		4 702	3 616
Interest paid on USD accounts		102	137
Loss on loans		178	219
Allocation to provision for depreciation on securities		104	130
Allocation to provision on short term employee benefits		56	-
Other expenses		-	144
<b>TOTAL EXPENSES</b>		<b>10 342</b>	<b>9 120</b>
<b>NET INCOME</b>		<b>1 092</b>	<b>5 706</b>

## COMBINED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER

	2020 in CHF 1,000	2019 in CHF 1,000
<b>Surplus / (Deficit) for the period</b>	<b>1 092</b>	<b>5 706</b>
Exchange difference due to combined statement	-308	-42
Adjustment of the IPSAS 25 provision	69	122
Currency effect on the after-service health insurance liabilities	-467	-56
Depreciation and impairment losses	-156	-110
Provision for employee benefits (current liabilities)	56	-25
<b>Non-monetary transactions</b>	<b>286</b>	<b>5 595</b>
Increase/(Decrease) in provision for interest on the CHF deposit accounts	1 079	25
Increase/(Decrease) in payables	-605	361
Increase/(Decrease) in premiums paid in advance by members	94	14
<b>Net cash flow resulting from operating activities</b>	<b>568</b>	<b>400</b>
<b>Net cash flow resulting from investing activities</b>		
(Increase)/Decrease in short-term investment	-10 622	3 532
(Increase)/Decrease in long-term investment	6 066	3 236
(Increase)/Decrease in current loans to members	676	100
(Increase)/Decrease in non-current loans to members	5 229	503
(Increase)/Decrease in other current assets	942	-588
(Increase)/Decrease in tangibles and intangible assets	-	184
<b>Net cash flow resulting from investing activities</b>	<b>2 291</b>	<b>6 967</b>
<b>Net cash flow resulting from financing activities</b>		
Increase/(Decrease) in members' accounts	1 069	-1 027
<b>Net cash flow resulting from financing activities</b>	<b>1 069</b>	<b>-1 027</b>
<b>Net Increase/(Decrease) in cash and cash equivalent</b>	<b>4 214</b>	<b>11 935</b>
Cash and cash equivalents at the beginning of the period	113 863	101 928
Cash and cash equivalents at the end of the period	118 077	113 863

## IV - ICSMA

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

In CHF 1,000	Notes	Ordinary reserve fund	Extra- ordinary reserve fund	IPSAS 25 reserve fund	Currency exchange adjustments	Result of the financial year	Total net assets
<b>Net asset at 31 December 2018</b>		<b>60 294</b>	<b>17 423</b>	<b>106</b>	<b>122</b>	<b>-123</b>	<b>77 822</b>
Impact of adoption of IPSAS 41	2.10	-	-120	-	-	-	-120
<b>Net asset at 1 January 2019</b>		<b>60 294</b>	<b>17 303</b>	<b>106</b>	<b>122</b>	<b>-123</b>	<b>77 702</b>
Allocation to ordinary reserve fund	17	38	-	-	-	-38	-
Allocation to extraordinary reserve fund	17	-	-162	-	-	162	-
Allocation to IPSAS 25 reserve fund		-	-	-234	-	-	-234
Exchange difference due to combined statement		-	-	-	-42	-	-42
Surplus (Deficit) for the period		-	-	-	-	5 706	5 706
<b>Total changes during the year</b>		<b>38</b>	<b>-162</b>	<b>-234</b>	<b>-42</b>	<b>5 830</b>	<b>5 430</b>
<b>Net asset at 31 December 2019</b>		<b>60 332</b>	<b>17 141</b>	<b>-128</b>	<b>80</b>	<b>5 706</b>	<b>83 131</b>
<b>Net asset at 31 December 2019</b>		<b>60 332</b>	<b>17 141</b>	<b>-128</b>	<b>80</b>	<b>5 706</b>	<b>83 131</b>
Allocation to ordinary reserve fund	17	111	-	-	-	-111	-
Allocation to extraordinary reserve fund	17	-	5 595	-	-	-5 595	-
Allocation to IPSAS 25 reserve fund		-	-	-167	-	-	-167
Exchange difference due to combined statement		-	-	-	-308	-	-308
Surplus (Deficit) for the period		-	-	-	-	1 092	1 092
<b>Total changes during the year</b>		<b>111</b>	<b>5 595</b>	<b>-167</b>	<b>-308</b>	<b>-4 614</b>	<b>617</b>
<b>Net asset at 31 December 2020</b>		<b>60 443</b>	<b>22 737</b>	<b>-295</b>	<b>-228</b>	<b>1 092</b>	<b>83 749</b>

## STATEMENT OF FINANCIAL POSITION FOR THE CHF FUND AT 31 DECEMBER

	Notes	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	106 994	101 180
Bonds held until maturity	8	17 996	10 966
Securities designated at fair value	10	2 500	-
Loans to members	12	36 709	37 385
Mobility passes		4	4
Other current assets	13	1 197	1 397
Total current assets		165 400	150 932
Non-current assets			
Bonds held until maturity	8	54 604	71 596
Securities designated at fair value	10	25 396	14 056
Management mandates designated at fair value	9	101 578	101 538
Derivative financial instruments	11	-8	17
Loans to members	12	123 955	128 999
Tangible and intangible assets	14	23	49
Total non-current assets		305 548	316 255
<b>TOTAL ASSETS</b>		<b>470 948</b>	<b>467 187</b>
<b>LIABILITIES</b>			
Current liabilities			
Payables		443	722
Employee benefits	18	175	130
Provision for interest on the CHF deposit accounts	16	4 704	3 625
Members' deposits	15	387 187	383 766
Total current liabilities		392 509	388 243
Non-current liabilities			
Employee benefits	18	3 758	3 962
Total non-current liabilities		3 758	3 962
<b>TOTAL LIABILITIES</b>		<b>396 267</b>	<b>392 205</b>
<b>NET ASSETS</b>		<b>74 681</b>	<b>74 982</b>
Represented by			
Result of the financial year		-198	4 697
Ordinary reserve fund	17	55 428	55 428
Extraordinary reserve fund	17	19 935	15 238
IPSAS 25 reserve fund	3	-484	-381
<b>NET ASSETS/EQUITY</b>		<b>74 681</b>	<b>74 982</b>



## VI - LA MUTUELLE

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE CHF FUND AT 31 DECEMBER

21

	Notes	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>REVENUE</b>	19		
Interest on loans to members		6 943	7 837
Net gains and losses on bonds held until maturity		1 303	1 518
Net gains and losses on management mandates valued at fair value		319	1 612
Net gains and losses on securities valued at fair value		99	134
Net gains and losses on derivative financial instruments		-8	17
Reversal to provision for depreciation on management mandates		-	1 408
Reversal to provision for depreciation on loans		182	44
Other revenue		401	158
<b>TOTAL REVENUE</b>		<b>9 239</b>	<b>12 728</b>
<b>EXPENSES</b>			
Operating expenses	20	4 380	4 023
Amortization of tangible and intangible assets	14	25	28
Interest paid on CHF deposit accounts	16	4 702	3 616
Loss on loans	12	178	219
Allocation to provision for employee benefits		47	15
Allocation to provision for depreciation on securities		105	130
<b>TOTAL EXPENSES</b>		<b>9 437</b>	<b>8 031</b>
<b>NET INCOME</b>		<b>-198</b>	<b>4 697</b>

## VII - LA MUTUELLE

## STATEMENT OF FINANCIAL POSITION FOR THE USD FUND AT 31 DECEMBER

	Notes	31.12.2020 in USD 1,000	31.12.2019 in USD 1,000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	4 120	6 866
Term deposits	7	2 000	2 000
Bonds held until maturity	8	1 996	498
Other current assets	13	120	229
Total current assets		8 236	9 593
Non-current assets			
Bonds held until maturity	8	9 248	9 721
Securities designated at fair value	10	1 000	-
Total non-current assets		10 248	9 721
<b>TOTAL ASSETS</b>		<b>18 484</b>	<b>19 314</b>
<b>LIABILITIES</b>			
Current liabilities			
Payables		77	67
Members' deposits	15	14 995	15 993
Total current liabilities		15 072	16 060
<b>TOTAL LIABILITIES</b>		<b>15 072</b>	<b>16 060</b>
<b>NET ASSETS</b>		<b>3 412</b>	<b>3 254</b>
Represented by			
Result of the financial year		157	260
Ordinary reserve fund	17	2 317	2 299
Extraordinary reserve fund	17	938	695
<b>NET ASSETS/EQUITY</b>		<b>3 412</b>	<b>3 254</b>

## VIII - LA MUTUELLE

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE USD FUND AT 31 DECEMBER

	Notes	31.12.2020 in USD 1,000	31.12.2019 in USD 1,000
<b>REVENUE</b>	19		
Bank interest		103	226
Net gains and losses on bonds held until maturity		303	293
Net gains and losses on securities valued at fair value		13	-
Other revenue		2	1
<b>TOTAL REVENUE</b>		<b>421</b>	<b>520</b>
<b>EXPENSES</b>			
Operating expenses	20	154	122
Amortization of tangible and intangible assets	14	1	1
Interest paid on USD accounts		109	137
<b>TOTAL EXPENSES</b>		<b>264</b>	<b>260</b>
<b>NET INCOME</b>		<b>157</b>	<b>260</b>

**IX - GPAFI****STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER**

	Notes	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>ASSETS</b>			
Current assets	6	7 444	5 988
Cash and cash equivalents	13	485	1 112
Other current assets		7 929	7 100
Non-current assets			
Tangible and intangible assets	14	6	9
Total non-current assets		6	9
<b>TOTAL ASSETS</b>		<b>7 935</b>	<b>7 109</b>
<b>LIABILITIES</b>			
Current liabilities			
Premiums paid in advance by members		705	611
Payables		123	452
Employee benefits	18	53	44
Total current liabilities		881	1 107
Non-current liabilities			
Employee benefits	18	999	1 026
Total non-current liabilities		999	1 026
<b>TOTAL LIABILITIES</b>		<b>1 880</b>	<b>2 133</b>
<b>NET ASSETS</b>		<b>6 055</b>	<b>4 976</b>
Represented by			
Result of the financial year		1 142	750
Ordinary reserve fund	17	2 827	2 733
Extraordinary reserve fund	17	1 897	1 240
IPSAS 25 reserve fund	3	189	253
<b>NET ASSETS/EQUITY</b>		<b>6 055</b>	<b>4 976</b>

**24**    **X - GPAFI**  
**STATEMENT OF FINANCIAL PERFORMANCE AT 31 DECEMBER**

	Notes	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>REVENUE</b>	19		
Management fee paid by the insurances		1 403	1 311
Other revenue		397	269
<b>TOTAL DES REVENUS</b>		<b>1 800</b>	<b>1 580</b>
<b>EXPENSES</b>			
Operating expenses	20	646	685
Amortization of tangible and intangible assets	14	3	1
Allocation to provision on short term employee benefits		9	-
Other expenses		-	144
<b>TOTAL EXPENSES</b>		<b>658</b>	<b>830</b>
<b>NET INCOME</b>		<b>1 142</b>	<b>750</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: General information

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

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

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

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

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

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

## NOTE 2: Principles governing the preparation of Financial Statements

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

8. The financial statements as at 31 December 2020 have been prepared on the accrual method of accounting and drawn up in line with the going concern principles that have been applied consistently throughout the year. These are in Swiss Francs (CHF) and rounded to thousand francs.

9. The financial statements for the year ended 31 December 2020 were agreed and adopted by the Board of Directors of ICSMA at its meeting held on 20 April 2021 and must be approved by the members during the annual General Assembly to be held at the end of 2021.

### Adoption of new or revised standards

10. The implementation of IPSAS 41, which applies the principle of expected credit losses for the valuation of loans, was carried out in 2019, although this standard is mandatory for accounting years beginning on 1 January 2022. A restatement of the 2019 financial statements was necessary since until now, only loans that presented an objective indication of impairment (basket 3, see Note 12) were recognized. The restatement for the year 2019 shows the following elements:

- a. As at 1 January 2019 an increase in the loan impairment provision to CHF 1,157,515 instead of CHF 1,037,977, i.e. a variation of CHF 120,000 recognized in the Combined Statement of Changes in Net Assets;
- b. A reversal of a provision of CHF 44,000 instead of CHF 109,000, i.e. a difference of CHF 65,000 recognized in the Combined Statement of Financial Position (result of the financial year).



**NOTE 3: Significant accounting policies****Foreign currency transactions**

11. GPAFI operates in CHF only.

12. 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.

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

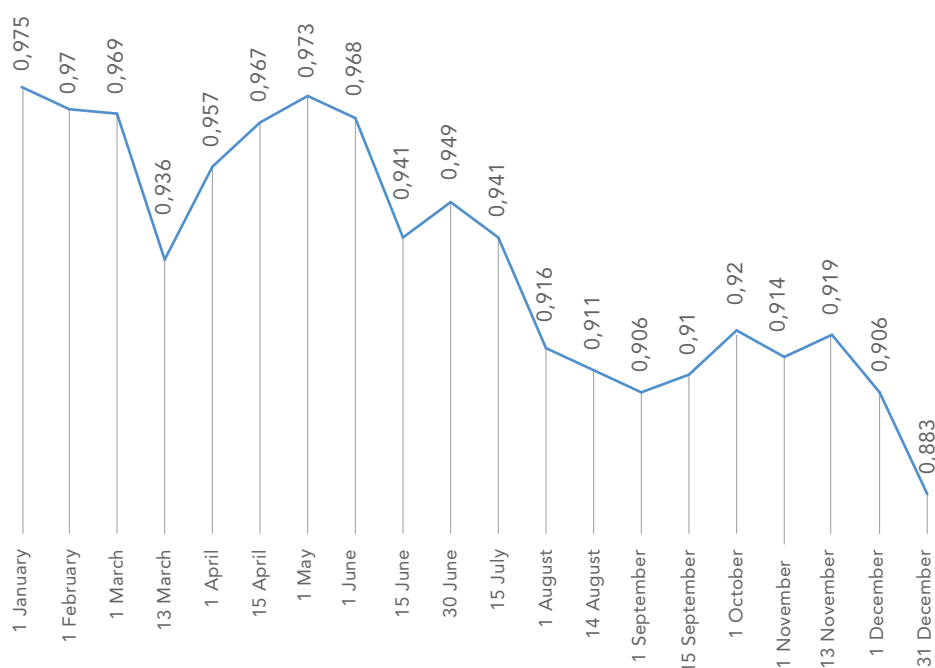
14. La Mutuelle statements of accounts in USD have been combined into those in CHF as follows:

- a. The statement of the USD financial performance is converted into CHF at the 2020 UNORE average rate, which is 0.941,
- b. The 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 0.883.

15. 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).

16. 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 2020**



## Financial assets and liabilities

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

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

### Cash and cash equivalents

18. 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

19. 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

20. 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

21. 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

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

### Derivative financial instruments

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

### Loans to members

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 bank accounts as long as the interest rate is positive. 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 16.

### ***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 and insurance premium payment reminders are recognized when the transaction is performed. Bills and credit notes are recognized at the period to which they relate.

## **Tangible and intangible assets**

### ***Property, plant and equipment***

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 2015, and computers purchased in 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, held by La Mutuelle and GPAFI, are composed of IT licenses, software and costs resulting from the improvement of the website.

## **Impairment of non-financial assets**

39. At 31 December 2020, the only non-financial assets of ICSMA are servers acquired in 2015, computers acquired in 2018 as well as IT licenses. At the closing date of the financial exercise, ICSMA verifies if there is an indication that an asset may have lost value and that the book value exceeds the recoverable amount. If this is the case an impairment cost is recognized within the statement of the financial performance.

### ***Provisions***

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 2020 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 2020, one ICSMA staff member is eligible for repatriation benefits.

#### 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 2020. 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	0.10 % (0.36% in 2019) - Weighted average of discount rates of three major currencies representing after-service health insurance liabilities, i.e., the United States dollar, the euro and the Swiss franc. Each year's projected after-service health insurance cash flow is discounted at a spot rate for high-quality corporate bonds payable in each major currency appropriate for that maturity.
Expected rate of medical cost increase	0.36% (0.93% in 2019) - Weighted average of health-care cost trend rates estimated for United States dollar, euros 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:

	2020	2019
Defined benefit obligations at 1 January	4 956 900	4 657 977
Service expense cost	128 010	113 203
Interest expense cost	15 867	42 505
Benefits paid	-75 510	-33 451
Actuarial (gain) or loss	167 394	233 298
Foreign exchange (gain) or loss	-467 728	-56 632
Defined benefit obligations at 31 December	4 724 933	4 956 900

**53.** The net amount of the defined after-service health insurance obligation is recognized within the statement of financial position and amounts to CHF 4,724,933 at 31 December 2020 (CHF 4,956,900 at 31 December 2019).

**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 167,394 at 31 December 2020 (CHF 233,298 at 31 December 2019).

**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 143,877 at 31 December 2020 (CHF 155,708 at 31 December 2019).

**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 467,728 at 31 December 2020 (CHF 56,632 at 31 December 2019).

### 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:

	2020		2019	
	+1%	-1%	+1%	-1%
Effect on the aggregate of the current service cost and interest cost	53 794	-34 628	85 789	-58 822
Effect on the defined-benefit obligation	1 312 995	-982 250	1 385 546	-1 020 836

### 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 2019 and revealed a surplus of 0.50%

(a deficit of 0.05% in the 2017 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2019 was 23.20% of pensionable remuneration, compared to the actual contribution rate of 23.70%. At 31 December 2019, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments and based on a nominal interest rate of 6%, was 144.40% (139.20% in the 2017 valuation). The increase in the funded ratio is notably attributable to a lower than expected cost of living increase. 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 2020 amounted to CHF 299,297 (CHF 305,805 in 2019). The contributions paid by GPAFI to the United Nations Joint Staff Pension Fund in 2020 amounted to CHF 57'418 (the amount for 2019 cannot be extracted as billed globally).

### 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. The amounts, retained by the United Nations in a pool account, are not refundable and recognized under the expenses.

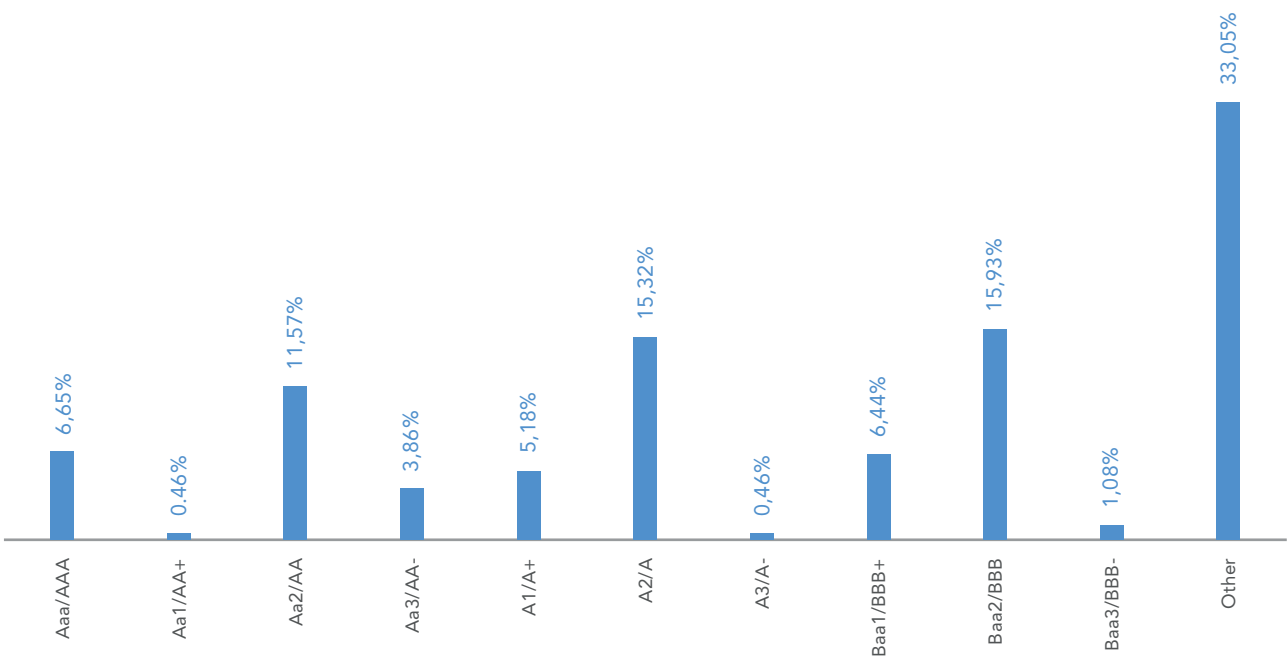


NOTE 4: Risk management

63. ICSMA defines risk as potential losses that may be caused by external and internal factors. As the primary objective is the capital preservation with a maximization of the return, the Board of Directors issued rules for overall risk management, as well as rules addressing specific areas such as asset management. The last analysis of the risks faced by La Mutuelle was done in 2016 and the update is currently in force.
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 2020, 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, Barclays Bank and PostFinance. The risk is minimized by choosing a counterparty with a short-term rating of A1 or 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 debt management set up by GPAFI. Indeed, sending reminders before the exclusion of a member for non-payment is a 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

	2020		2019	
	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year in CHF 1,000	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year in CHF 1,000
<b>Financial assets</b>				
Cash and cash equivalents	+100	592	+100	748
	-100	-1 420	-100	-1 475
Term deposits	+100	162 923	+100	181
	-100	84 512	-100	86
Bonds held until maturity	+100	-1 986	+100	-2 919
	-100	1 986	-100	2 919
Securities designated at fair value	+100	190	+100	141
	-100	-190	-100	-141
Management mandates designated at fair value	+100	-3 806	+100	-3 900
	-100	3 806	-100	3 900
Loans to members	+100	4 252	+100	4 461
	-100	-3 879	-100	-4 065

### 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 mainly linked to managed accounts through the foreign currencies (La Mutuelle only) as well as to the Trust Fund expressed in USD.

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

***Sensitivity analysis to changes in the CHF  
against other currencies***

**76.** 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**

	2020		2019	
	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
<b>Financial assets</b>		in CHF 1,000		in CHF 1,000
Management mandates designated at fair value	+100	133	+100	60
	-100	-133	-100	-60
Trust Fund	+100	-363	+100	163
	-100	-596	-100	-19
Derivative financial instruments	+100	16	+100	36
	-100	-51	-100	-1

***The liquidity risk***

**77.** The liquidity risk for La Mutuelle is the risk of unanticipated large withdrawals. La Mutuelle is able to anticipate withdrawals thanks to the members withdrawal notice of 3 working days. To minimize this risk, La Mutuelle maintains cash of CHF 106,994,000 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

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

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

**b. Level 2:** Instruments where the fair value can be determined by reference to similar instruments trading in active markets, or where a technique is used to derive the valuation but where all inputs

to that technique are observable. These include cash and cash equivalents, term deposits as well as derivative financial instruments.

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

**79.** The financial instruments in the following table are measured at fair value which except for the bonds portfolios which are measured at amortized cost. The fair value at 31 December 2020 is CHF 85,613,091 (CHF 96,778,851 at 31 December 2019).

### Fair value hierarchy

	31.12.2020 in CHF 1,000			31.12.2019 in CHF 1,000		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Cash and cash equivalents</b>						
In CHF	-	114 439	-	-	107 168	-
In USD, equivalent in CHF	-	3 638	-	-	6 694	-
<b>Subtotal</b>	<b>-</b>	<b>118 077</b>	<b>-</b>	<b>-</b>	<b>113 862</b>	<b>-</b>
<b>Term deposits</b>						
In USD, equivalent in CHF	1 766	-	-	1 950	-	-
<b>Subtotal</b>	<b>1 766</b>	<b>-</b>	<b>-</b>	<b>1 950</b>	<b>-</b>	<b>-</b>
<b>Managed accounts designated at fair value</b>						
In CHF	101 578	-	-	101 538	-	-
<b>Subtotal</b>	<b>101 578</b>	<b>-</b>	<b>-</b>	<b>101 538</b>	<b>-</b>	<b>-</b>
<b>Bonds held until maturity</b>						
in CHF	72 600	-	-	82 562	-	-
In USD, equivalent in CHF	9 928	-	-	9 964	-	-
<b>Subtotal</b>	<b>82 528</b>	<b>-</b>	<b>-</b>	<b>92 526</b>	<b>-</b>	<b>-</b>
<b>Securities designated at fair value</b>						
in CHF	27 896	-	-	14 056	-	-
In USD, equivalent in CHF	883	-	-	-	-	-
<b>Subtotal</b>	<b>28 779</b>	<b>-</b>	<b>-</b>	<b>14 056</b>	<b>-</b>	<b>-</b>
<b>Derivative financial instruments designated at fair value</b>						
In CHF	-	-9	-	-	17	-
<b>Sous-total</b>	<b>-</b>	<b>-9</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>-</b>
<b>Loans to members</b>						
in CHF	-	-	160 664	-	-	166 384
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>160 664</b>	<b>-</b>	<b>-</b>	<b>166 384</b>
<b>TOTAL</b>	<b>214 651</b>	<b>118 068</b>	<b>160 664</b>	<b>210 070</b>	<b>113 879</b>	<b>166 384</b>

**80.** During the reporting period ending 31 December 2020 there were no transfers between the levels.

### *The operational risk*

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

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

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

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

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

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

**82.** At the closing date of 31 December 2020, 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**

**83.** 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.

**84.** 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**

	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>CHF FUND</b>		
Cashier	26	16
Trust Fund	11 635	10 004
Available management mandates	148	-54
Current CHF bank accounts	62 630	57 202
CHF Cash deposit account	20 000	40 000
CHF Term deposits maturing before 3 months	20 000	-
<b>Subtotal</b>	<b>114 439</b>	<b>107 168</b>
<b>USD FUND, EQUIVALENT IN CHF</b>		
Current USD bank accounts	1 871	1 974
USD Cash deposit account	1 767	1 951
USD Term deposits maturing before 3 months	-	2 769
<b>Subtotal</b>	<b>3 638</b>	<b>6 694</b>
<b>TOTAL IN CHF</b>	<b>118 077</b>	<b>113 862</b>

85. The average return on CHF bank accounts and deposits for 2020 was -0.63% versus -0.42% in 2019. The average return on USD bank accounts for 2020 was 0.43%, versus 2.27% in 2019.

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

## NOTE 7: Term deposits

### Combined statement of term deposits

	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>TERM DEPOSITS OVER 3 MONTHS AND LESS THAN 12 MONTHS</b>		
<b>USD FUND, EQUIVALENT IN CHF</b>		
Deposits with BCGE	1 766	1 950
<b>TOTAL</b>	<b>1 766</b>	<b>1 950</b>

87. The average return on term deposits in USD for the year 2020 was 2.24% versus 2.83% in 2019.

## NOTE 8: Bonds held until maturity

### Combined Statement of bonds held until maturity

	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>BONDS MATURING WITHIN 12 MONTHS</b>		
<b>CHF FUND</b>		
CHF bonds	17 996	10 966
<b>USD FUND</b>		
USD bonds, equivalent in CHF	1 762	486
<b>TOTAL</b>	<b>19 758</b>	<b>11 452</b>
<b>BONDS MATURING LATER THAN 12 MONTHS</b>		
<b>CHF FUND</b>		
CHF bonds	55 293	72 285
Loss recorded *	-689	-689
<b>Subtotal</b>	<b>54 604</b>	<b>71 596</b>
<b>USD FUND</b>		
USD bonds, equivalent in CHF	8 166	9 478
<b>Subtotal</b>	<b>8 166</b>	<b>9 478</b>
<b>TOTAL</b>	<b>62 770</b>	<b>81 074</b>

\*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 23% compared to 2019, negative CHF interest rates significantly reducing the number of bond new issues as well as buying opportunities.

**NOTE 9: Management mandates designated at fair value****Combined statement of management mandates designated at fair value**

	31.12.2020			31.12.2019		
	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) (%)
<b>Banks</b>						
Lombard Odier	40 351	351	0,88	40 168	168	0,42
Banque Privée Edmond de Rothschild 1	40 666	666	1,67	40 869	869	2,17
Banque Privée Edmond de Rothschild 2	20 561	561	2,80	20 501	501	2,50
<b>TOTAL</b>	<b>101 578</b>	<b>1 578</b>		<b>101 538</b>	<b>1 538</b>	

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

91. The performance of the management mandates was stable in 2020. The provision for unrealized gain increased from CHF 1,538,487 in 2019 to CHF 1,578,097 in 2020 and is recognized in the statement of the financial performance.

**NOTE 10: Securities designated at fair value****Combined statement of securities designated at fair value**

	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>SECURITIES MATURING WITHIN 12 MONTHS</b>		
<b>CHF FUND</b>		
0.10% UBS Capital Protection Coupon Note 2020 - 2021	2 500	-
<b>TOTAL</b>	<b>2 500</b>	<b>-</b>
<b>SECURITIES MATURING AFTER 12 MONTHS</b>		
<b>CHF FUND</b>		
0.75% UBS Capital Protection Coupon Note 2020 - 2022	2 500	-
0.56% UBS Capital Protection Coupon Note 2020 - 2022	2 500	-
Barclays Capital Protected Digital Note 2020 - 2022	5 000	-
Unirenta Union Investments GMBH Fund	101	101
Lombard Odier Fund (CH) Ultra low CHF I	9 482	9 482
2.75% Zurich Compagnie d'Assurance 2016-Perp.	1 000	1 000
Philae Fund Varia Decalia Swiss Realtech	1 810	1 906
Smart Estate 1	3 585	2 044
Loss recorded	-582	-477
<b>Subtotal</b>	<b>25 396</b>	<b>14 056</b>
<b>USD FUND</b>		
Barclays Floater Note 2020 - 2022	883	-
<b>Subtotal</b>	<b>883</b>	<b>-</b>
<b>TOTAL</b>	<b>26 279</b>	<b>14 056</b>

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

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

94. Bonds and mutual funds were purchased with the aim of improving the return of investments. They can be reimbursed in the event of the sale of these investments. Mutual funds invested in bonds are classified as securities since they are not subject to any duration. Regarding the 2.75% Zurich Insurance Company bond, it can also be redeemed early or have its conditions redefined as of 2 June 2021.

## NOTE 11: Derivative financial instruments

### Combined statement of derivative financial instruments designated at fair value

	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>CHF FUND</b>		
Forward exchange contracts	-8	17
<b>TOTAL</b>	<b>-8</b>	<b>17</b>

95. La Mutuelle has entered into a forward exchange contracts in 2020 in order to minimize the risk arising from exchange rate fluctuations linked to

the Smart Estate 1 real estate fund listed in euro. These contracts are recorded at their fair value at 31 December and are classified under the assets.

### Forward exchange contract

Date	Currency	Amount sold	Currency	Amount purchased	Forward exchange rate	Maturity
<b>2020</b>						
15.12.2020	EUR	102 150,00	CHF	109 664,94	1.0736	16.12.2021
14.12.2020	EUR	2 232 265,07	CHF	2 401 024,31	1.0756	16.12.2021
09.12.2020	EUR	1 005 750,00	CHF	1 080 072,61	1.0739	16.12.2021
<b>2019</b>						
16.12.2019	EUR	1 910 515,07	CHF	2 085 613,78	1.09165	16.12.2020

## NOTE 12: Loans to members

### Combined statement of loans to members

	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>AMORTIZATION OF LOANS SCHEDULED WITHIN 12 MONTHS</b>		
Ordinary loans	14 351	14 747
Housing loans	22 358	22 638
<b>TOTAL</b>	<b>36 709</b>	<b>37 385</b>
<b>AMORTIZATION OF LOANS SCHEDULED AFTER 12 MONTHS</b>		
Ordinary loans	29 727	32 146
Housing loans	95 161	97 967
Provision for depreciation on loans	-933	-1 114
<b>TOTAL</b>	<b>123 955</b>	<b>128 999</b>



**96.** With the implementation of IPSAS 41, an entity can apply different approaches to assess whether the credit risk on a financial instrument has increased significantly since its initial recognition or to assess the expected credit losses. The entity may take into account, during the assessment, reasonable and justifiable information that is available without undue cost or effort that could affect the credit risk.

**97.** The recognition of the expected credit loss is done through the following panels:

**a. Panel 1:** includes loans that have not had a significant increase in credit risk since their initial recognition or that have a low credit risk at the reporting date. The expected credit loss is applied by calculating a loan loss ratio to the total outstanding loans over the last 4 years. The panel 1 amounts to CHF 126,616 at 31 December 2020 (CHF 103,443 at 31 December 2019).

**b. Panel 2:** includes loans that have had a significant increase in credit risk since their initial recognition (unless they have low credit risk at the reporting date) but that do not have an objective evidence of impairment. The expected credit loss is applied by taking into account the evolution of debtor files under surveillance between 2 accounting years. The panel 2 amounts to CHF 46,296 at 31 December 2020 (CHF 81,849 at 31 December 2019).

**c. Panel 3:** includes loans that have an objective evidence of impairment at the reporting date. The expected credit loss is applied by taking into account the total amount of debts handled by a debt collection Agency. The panel 3 amounts to CHF 760,325 at 31 December 2020 (CHF 929,390 at 31 December 2019).

The 3 panels amount to CHF 933,237 at 31 December 2020 (CHF 1,114,682 at 31 December 2019).

**98.** During the year 2020, a loss of CHF 167,906 was recorded (loss of CHF 207,045 in 2019).

### NOTE 13: Other Current Assets

**99.** Other current assets are distributed as follows:

	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
Withholding tax to recover	577	745
Accrued interest on bonds	706	840
Accrued interest on securities	16	-
Prepayments	81	59
Sundry debtors	-	27
Insurance premiums paid in advance	-	690
Commissions to be received from insurers	407	371
<b>TOTAL</b>	<b>1 787</b>	<b>2 732</b>

**NOTE 14: Property, plant and equipment:**

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

**Combined statement of property, plant and equipment**

	Computer equipment in CHF 1,000	IT licences and software in CHF 1,000	Website in CHF 1,000	Total in CHF 1,000
Gross value at 31 December 2018	95	105	106	306
Additions	-	21	-	21
Disposals	-57	-68	-80	-205
<b>Gross value at 31 December 2019</b>	<b>38</b>	<b>58</b>	<b>26</b>	<b>122</b>
Depreciation Fund at 31 December 2018	78	68	94	240
Depreciation	8	-	21	29
Disposals amortization	-57	-68	-80	-205
<b>Depreciation Fund at 31 December 2019</b>	<b>29</b>	<b>-</b>	<b>35</b>	<b>64</b>
Net value at 31 December 2018	17	38	12	67
<b>Net value at 31 December 2019</b>	<b>9</b>	<b>58</b>	<b>-9</b>	<b>58</b>
Gross value at 31 December 2019	38	58	26	122
Additions	-	-	-	-
<b>Gross value at 31 December 2020</b>	<b>38</b>	<b>58</b>	<b>26</b>	<b>122</b>
Depreciation Fund at 31 December 2019	29	-	35	64
Depreciation	4	7	18	29
<b>Depreciation Fund at 31 December 2020</b>	<b>33</b>	<b>7</b>	<b>53</b>	<b>93</b>
Net value at 31 December 2019	9	58	-9	58
<b>Net value at 31 December 2020</b>	<b>5</b>	<b>51</b>	<b>-27</b>	<b>29</b>

**101.** As at 31 December 2020, no assets have been pledged as collateral for debt.

**NOTE 15: Members' deposits****Combined statement of members' deposits**

	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>CHF FUND</b>		
Current accounts	11 754	12 749
Deposit accounts	375 433	371 017
<b>Subtotal</b>	<b>387 187</b>	<b>383 766</b>
<b>USD FUND, EQUIVALENT IN CHF</b>		
USD accounts	13 241	15 593
<b>Subtotal</b>	<b>13 241</b>	<b>15 593</b>
<b>TOTAL</b>	<b>400 428</b>	<b>399 359</b>

**102.** CHF and USD current accounts (converted in CHF) decreased during the year 2020, respectively by 7.80% and 3.84%. However, the CHF deposit accounts rose by 1.19%.

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

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

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

**105.** 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 2020 by the Board of Directors is 0.10% plus a bonus of 1.25%, or a total of 1.35% (2019: 0.20% plus a bonus of 0.85%, or a total of 1.05%). It corresponds to a payment of interest of CHF 4,703,886 (CHF 3,625,010 at 31 December 2019) recognized as a provision which will be added to the amount of deposits at year end.

**NOTE 17: Ordinary and extraordinary reserve funds**

**Combined statement of the ordinary reserve fund**

	2020 in CHF 1,000	2019 in CHF 1,000
Balance at 1 January	60 332	60 295
Statutory allocation	111	37
<b>Balance at 31 December</b>	<b>60 443</b>	<b>60 332</b>

**Combined statement of the extraordinary reserve fund**

Balance at 1 January	17 141	17 303
Allocation according to the annual results	5 595	-162
<b>Balance at 31 December</b>	<b>22 737</b>	<b>17 141</b>

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

***The ordinary reserve fund***

**107.** 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.

**108.** 12.50% of the revenue of each financial year of La Mutuelle and GPAFI must be allocated to the respective ordinary reserve fund. However, if the latter exceeds 12% of the balance sheet less the reserves, the Board of Directors may decide to waive the statutory allocation if it deems it not necessary. Approval by the Ordinary General Assembly shall be required.

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

**110.** At 31 December 2020, the ordinary reserve fund amounts to 14.67% of total assets less reserves (14.51% at 31 December 2019).

***The extraordinary reserve fund***

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

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

**NOTE 18: Employee benefits**

113. The following table shows the employee benefit liabilities at 31 December 2020:

**Employee benefits**

	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
<b>CURRENT LIABILITIES</b>		
Accumulated leave	217	164
Home leave	11	10
<b>Subtotal</b>	<b>228</b>	<b>174</b>
<b>NON-CURRENT LIABILITY</b>		
After-Service Health Insurance	4 725	4 957
Repatriation grant and travel	32	31
<b>Subtotal</b>	<b>4 757</b>	<b>4 988</b>
<b>TOTAL</b>	<b>4 985</b>	<b>5 162</b>

**NOTE 19: Revenue from the activity**

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

115. La Mutuelle grants its members ordinary and housing loans. The 2020 interest rate on the housing loan was 3.50%, while for the ordinary loan it was 5.90%. Revenue at 31 December decreased to CHF 6,943,000 (CHF 7,837,000 as at 31 December 2019) notably because the participation in loan insurance surplus for the years 2016 to 2018 was received during 2019.

116. Bank interest, corresponding to the remuneration of USD term deposits and USD deposits with banks, decreased to CHF 97,000 at 31 December 2019 (CHF 225,000).

117. Income from bonds managed by La Mutuelle amounted to CHF 1,587,000 at 31 December 2020 and are down compared to 31 December 2019 (CHF 1,810,000). 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.

118. Income from management mandates amounted to CHF 319,000 at 31 December 2020 and was down compared to 31 December 2019 (CHF 3,020,000). It must be noted that 2019 was exceptionnally good for the management mandates and that a latent gain was of CHF 1,538,000 registered.

119. La Mutuelle net revenue / members' deposits ratio is down to 0.27% versus 1.43% in 2019.

120. The revenue of GPAFI's activity comes from the contributions invoiced to the members as well as commissions paid by the insurers for the management of the collective contracts carried out by GPAFI in the field of the promotion, the information, the advice, the formalities of the admission and individual billing to the insured. The 2020 revenue amounts to CHF 1,748,000 and is up compared to 31 December 2019 (CHF 1,580,000).

121. 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**

	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000
Gross revenue	11 434	14 826
Expenses	10 342	9 120
<b>NET LOSS/REVENUE</b>	<b>1 092</b>	<b>5 706</b>
Allocated to the reserve funds as follows:		
- Ordinary	160	17
- Extraordinary	932	5 689
<b>TOTAL</b>	<b>1 092</b>	<b>5 706</b>
Net La Mutuelle revenue /La Mutuelle members' deposits	0,27%	1,43%
Interest rate proposed / paid on the CHF deposit account proposed by La Mutuelle	0,10%	0,20%

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

**NOTE 20: Operating expenses**

	31.12.2020 in CHF 1,000	31.12.2019 in CHF 1,000	Variation
Staff Costs	2 379	2 594	-8%
Financial fees	1 176	577	104%
Overhead expenses	130	130	-
Computer expenses	242	285	-15%
Loan insurance	900	878	3%
Support costs UNOG	344	380	-9%
<b>TOTAL</b>	<b>5 171</b>	<b>4 844</b>	<b>7%</b>

**123.** The financial fees increased by 104% mainly due to negative interest costs (CHF 591,000) and the unrealized exchange loss recorded on the valuation of the Trust fund following the decline of the USD versus the CHF (CHF 485,000).

**124.** IT costs are down by 15%. This decrease concerns GPAFI, the 2019 expenses having been mainly related to the upgrade of the version of the IT system and the implementation of an annual update contract.

**NOTE 21: Budget comparison**

**125.** 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.

**126.** 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.

**127.** Expenses related to negative interest show a budget deficit of CHF 76,000 due to the recognition of negative accrued interest of CHF 140,000 on the investment "Cash deposits" with Credit Suisse, unbudgeted charge.

### Comparison of budgeted amounts and actual amounts

In CHF 1,000	2020			2019		
	Budget	Actual	Variation	Budget	Actual	Variation
Staff costs	2 605	2 379	226	2 868	2 594	274
Overhead expenses	620	474	146	853	654	199
Computer expenses	299	242	57	352	285	67
Loan insurance	1 000	900	100	1 010	878	132
Negative interest	515	591	-76	456	450	6
Global custody	65	38	27	65	39	26
Expenses not covered by the budget						
- interests paid on accounts		4 804			3 753	
- loss on loans		178			219	
- other financial fees		547			88	
- allocation to provisions		160			131	
- Amortization of tangible and intangible assets		29			29	
<b>TOTAL</b>		<b>10 342</b>			<b>9 120</b>	

### NOTE 22: Related-party disclosure

**128.** 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 ICSMA.

**129.** 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.

**130.** The Credit Committee consists of members of the Board of Directors.

**131.** 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.

**132.** 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.

**133.** The Executive Secretary of La Mutuelle (grade P5), who is currently also in charge of GPAFI, is assisted in her task by the Investment Officer (grade P4) and the Loan Officer (grade P3). The remuneration paid during the year to these executives comprises the net salary and the post adjustment and amounts to CHF 529,030 (CHF 527,397 at 31 December 2019).

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

**135.** 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 2020, loans amounted to CHF 862,187 (CHF 904,945 at 31 December 2019) and deposits to CHF 1,336,168 (CHF 1,246,711 at 31 December 2019). Some members of the Board of Directors and Committees, as well as some Representatives and ICSMA staff members use the services of GPAFI.

**NOTE 23: Segment**

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

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

**NOTE 24: Events after the reporting date**

**138.** No event after the date of closure having a significant impact on the financial statement for the 2020 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 20 April 2021.







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# THE OVERSIGHT BODY'S REPORT

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

Report of the statutory auditor  
to the General Meeting on the financial  
statements 2020

# Report of the statutory auditor

## to the General Meeting of International Civil Servants' Mutual Associations of United Nations and Specialized Agencies

### Geneva

#### Report on the audit of the financial statements

##### Opinion

We have audited the financial statements of International Civil Servants' Mutual Associations of United Nations and Specialized Agencies, which comprise the statement of financial position as at 31 December 2020, statement of financial performance for the year then ended, cash flow statement, statement of changes in net assets and notes, including a summary of significant accounting policies.

In our opinion, the financial statements as at 31 December 2020 (pages 16 to 47) 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).

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Responsibilities of the Board for the financial statements

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, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

##### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on other legal and regulatory requirements

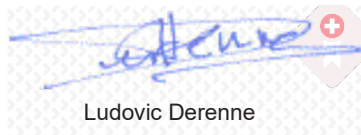
Under the condition of prior approval of the 2019 financial statements by the General Assembly, we recommend that the 2020 financial statements submitted to you be approved.

PricewaterhouseCoopers SA



Nicolas Biderbost

Audit expert



Ludovic Derenne

Audit expert

Geneva, 21 May 2021