



UNITED  
NATIONS  
GENEVA

# 2022 Annual Report



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



## NOTICE OF THE 2023 ORDINARY GENERAL ASSEMBLY

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Dear Member,

La Mutuelle and GPAFI being, since 1 January 2018, entities of the International Civil Servants Mutual Associations (ICSMA), you are invited to participate to ICSMA' Ordinary General Assembly, to be held on:

**Monday 19 June 2023 at 12:00pm**  
room XXII, Palais des Nations

The agenda items are the following:

1. Election of the Chairman of the Assembly;
2. Report of the Board of Directors for 2022;
3. Presentation of the financial statements at 31 December 2022;
4. Report of the Oversight body for 2022;
5. Approval of the 2022 Financial statements;
6. Approval of the distribution of the revenue for the 2022 financial year of La Mutuelle 's CHF Fund;
7. Report on ICSMA's activity at the end of the first half of 2023;
8. Other business.

A cocktail will be offered to participants at the end of the meeting.

While looking forward to meeting you soon, we remain,  
Yours sincerely,

Prisca CHAOUI

Secretary, ICSMA Board of Directors

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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 *	<b>Members</b>	Ms. Myriam Foucher *** Mr. Hugues Noubissie ***
<b>Treasurer</b>	Mr. Mr Benjamin Hauser ***		
<b>Vice Treasurer</b>	Mr. Adam Dobrogowski ****		

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

## REPRESENTATIVES OF AFFILIATED ORGANIZATIONS

<b>ILO</b>	Mr. Sylvain Delaprison Mr. Pierre Moulet until November	<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. Krishnavarahan Adhivarahan Mr. Brigitta Exterkate until June
<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. Benjamin Hauser Mr. Adam Dobrogowski Mr. John Breckenridge Mr. Joerg Weber	Mr. Krishnavarahan Adhivarahan Ms. Marie-Pierre Fleury Mr. Patrick Humair Mr. Benito Vazquez
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## MEMBERS OF THE CREDIT COMMITTEE

Mr. Thomas Neufing Mr. Giovanni Pizzini Mr. Benjamin Hauser Mr. Adam Dobrogowski	Ms. Prisca Chaoui Ms. Myriam Foucher Mr. Hugues Noubissie
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## LA MUTUELLE EXECUTIVE SECRETARY AND GPAFI OFFICER-IN-CHARGE

Ms. Marie-Pierre Fleury

## THE OVERSIGHT BODY

PricewaterhouseCoopers SA	<b>Represented by</b> Mr. Marc Secretan Mr. Tarik Bouchama
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# REPORT FROM THE BOARD OF DIRECTORS

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Dear Member,

We are writing this report on the Association's activities in a turbulent financial environment, notably with the takeover of Credit Suisse by UBS. Although the current situation may give rise to fears, it is with serenity that we are going through this nervous episode, as the choice of our investment management has always been dictated by the minimization of risks and the protection of our members' assets. Keeping that in mind, since the 2007 subprime crisis the Board of Directors strengthened the measures already in place by, for example, significantly increasing reserves (CHF 77 million in 2022 compared to CHF 29 million in 2007 for La Mutuelle alone), giving an investment's monitoring mandate to two banking institutions, recruiting an investment Officer and implementing an Investment Committee. We are currently witnessing the effectiveness of this strategy as the Association is only slightly affected by the banking shakiness, and operations are continuing normally and without fear.

To minimize risk, La Mutuelle's assets are divided between loans to members, deposits with banks and bonds. As the price of bonds depends on the level of interest rates, their valuation may rise or fall during their lifetime. But the important advantage is that at maturity, a bond is repaid in full, without loss.

The management of the investments is carried out by the Association itself as well as by the banks with a management mandate. Although the basic purpose of these investments is the same, i.e. to purchase bonds and hold them until maturity to ensure full repayment, their annual accounting, as required by IPSAS for reporting purposes, is different. Indeed, the bond management mandates must be recognized at their value at 31 December which, given the rise in interest rates, is lower than the value of the initial investment by CHF 5.1 million. Given that the valuation of the annual closing is temporary and not realized, that it will be recovered upon maturity of the bonds, that the quality of the investments is not affected in any way and that the loan activity is doing very well, the Members of the Board of Directors, considering that the health and the sustainability of La Mutuelle are in no way questioned, believe that, despite the temporarily negative result of the financial year, the distribution of a remuneration on the CHF deposit account is justified and must be

made. Furthermore, the proposal to distribute the same remuneration as in 2021, i.e. 1.35%, divided between an interest rate of 0.50% and an exceptional bonus of 0.85%, by taking the deficit from the extraordinary reserve Fund, will in no way impact the health of the Association and merely reflects the good performance of the activities despite the temporary impact of rising interest rates.

Concerning La Mutuelle's USD accounting, the surplus income is lower by USD 99,000, which corresponds exactly to a temporary loss recorded on a security, which will be recovered, at the latest, at its maturity since the investment will then be reimbursed in full.

The year 2022 was also a busy one for GPAFI with the termination on 31 December, by Zurich Insurance, of the loss of salary and accident insurance contracts due to the lack of compliance with the Regulations of the Swiss collective insurance policy. Indeed, the benefits granted to family members could no longer be maintained, such contracts being only dedicated to active and retired staff members. To avoid, at all costs, leaving a large part of the insured without coverage, the Board of Directors looked for a new partner and is pleased to collaborate, since 1 January 2023, with the French insurer MGEN, a major player in the field of social protection, and this almost under the same conditions. As far as the life insurance contract is concerned, the Board of Directors asked SwissLife for a long-term partnership to perpetuate the relationship knowing that the insurance could be terminated annually. However, as SwissLife did not respond favourably to this request and did not wish to take over the insured individually, the Board of Directors considered how to allow GPAFI's members and their spouse to continue to benefit from a long-term life insurance coverage. Several insurers were contacted to find an alternative to the current coverage, and La Mobilière showed its interest in covering the insured who wished to by proposing conditions almost similar to the current ones (sometimes even more attractive), and by proposing, on top of that, the possibility of using the insurance policy as a guarantee for access to property, and to maintain the relationship in case of change of employer. Therefore, the contract with SwissLife has been terminated on 31 December 2023 to have sufficient time to accompany the members in their change of provider should they wish to.

The result of GPAFI's financial year amounts to CHF 941,000. If revenues are up by 6%, due to a latent currency exchange gain, expenses are also up by 19% mainly because of the change of insurers. However, as announced during the 2022 General Assembly, the solid result allows to, temporarily and from 1 January 2023, freeze the administrative fee, which amounts to CHF 1 per person and per insurance contract, to reduce the cost paid by members. In the current environment of rising prices this news is welcome, and the Board of Directors is committed to continuing in this direction.

The ordinary and extraordinary reserve Funds of GPAFI and La Mutuelle are significant and solid, and 2022 showed the importance of having this safety cushion to face the turbulences without jeopardizing the perennity of the Association.

The update of the risk analysis, carried out by the Association, as well as the two audits performed by PricewaterhouseCoopers SA did not raise any remarks other than those already made and which still concern IT. Measures to strengthen the systems and to minimize further down the risks have been taken such as the change of servers for La Mutuelle, the setting up of a test environment separate from the backup for both entities and an off-site system backups for GPAFI. The joint work with our UNOG IT colleagues allows us to make progress on the change of the IT system, but fundamental choices such as architecture and systems take time and must be studied carefully.

Concerning the request made by the external auditors, PricewaterhouseCoopers SA, to depositors to verify the balance of their account(s) at 31 December 2022 to test the absence of fraud within La Mutuelle, the response rate reached an all-time high, i.e. 100%, 25 members having responded to the request and confirmed the accuracy of their accounts. Regardless of the annual controls performed by the auditors, the Board of Directors hopes that more and more members will realize the utmost importance of checking their accounts at least once a year to verify them. In this sense, the exceptional and maximum 2022 response rate is encouraging.

As the statutory objective of the Association is to promote mutual assistance among international civil servants and their family members, the objective for 2023 is to focus on strengthening ties. We hope that the advancement of the IT development and the increase in visibility will enable many colleagues who wish, for example, to have access to property at advantageous interest rates or to benefit from broader medical coverage and who are not members yet, to make their wishes come true. And for the current members, thanks to the new IT system, a simplification of the processes to gain in speed and efficiency. Without forgetting the wish to find some calm, peace and hope in a world currently agitated by wars, earthquakes and climate change.

The message conveyed by the Board of Directors, year after year, related to the importance of the precautionary principle in the conduct of the activities, the prudent management of investments and the maintenance of a high level of reserves, takes on its full meaning here. Thanks to this strategy the temporary decline in the result of the financial year and the current financial turmoil do not call into question its future. The Board of Directors reiterates its unfailing commitment to the prudent management of the Association with the aim of continuing to preserve the interests of depositing members, to enable others to borrow on extremely favorable terms, and to improve health coverage. This strategy has proven its effectiveness, particularly since the pandemic, and must be continued to maintain the objective of mutual assistance with serenity. It warmly thanks all the members for the trust they have shown, year after year, despite the sometimes-difficult environments, as well as the staff of the Association who do a remarkable job.

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## REPORT FROM THE CREDIT COMMITTEE

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2022 was highlighted by a significant recovery in loan applications. Indeed, the activity was strong for both ordinary (+30.53%) and housing loans (+19.15%), and the number of loans granted amounted to 1'011, i.e. 180 more than the previous year. This was achieved in a post-COVID environment and a climate of war in Ukraine, which had three major consequences for the increase in demand, namely:

- an increase in insecurity creating the need to invest in real estate;
- a decrease in the supply of raw materials which pushed inflation to levels not seen in over 20 years, reducing individual purchasing power and implying a cash shortfall;
- a general rise in interest rates, except within La Mutuelle, which had an impact on the housing loan applications, both to finance new projects and to repay mortgage or housing debts that have become too expensive.

Despite the rising interest rates, the Members of the Credit Committee did not want to pass on this increase to La Mutuelle, knowing that household budgets are already suffering strongly from the rise in prices. This statu quo also gives some members the opportunity to refinance their loans at more favourable conditions. Indeed, the interest rates proposed by La Mutuelle are currently among the lowest on the market, they include a death/disability insurance and are paid at an effective discount rate, which means that the interest rate applies monthly on the remaining capital due and not borrowed. During the term of a loan, the interest paid ends up being lower as the remaining capital due is reduced and is therefore fully amortized at maturity. As an example, the net interest rate of a housing loan of CHF 200,000, granted by La Mutuelle over a period of 12 years, is 1.72% (gross 3.50%), and that of an ordinary loan of CHF 20,000, granted over a period of 7 years is 2.88% (gross 5.90%). Without forgetting that La Mutuelle does not charge any fees when granting loans.

The generalized increase in interest rates could have a significant impact on borrowers who have not taken the necessary precautions to ensure that they will be able to cope with a rise. For this reason, when calculating the charges for a housing loan, La Mutuelle takes into consideration a reference mortgage interest rate of 4.50% plus 1% for amortization and 1% for renovation

costs to ensure that members can cope with an increase without being impacted. It should be noted that, if the rise in interest rates were to continue, the reference rate used could move from 4.50% to 5%, a level used before.

During the past year and within the framework of this lending activity, the Members of the Credit Committee have unfortunately noted an increase in cases of over indebtedness, which is expected to be accentuated by the rise in interest rates. La Mutuelle has enabled few members to repay outstanding debts and lawsuits through the granting of an ordinary loan. It must be emphasized that it is one of the few, if not the only, institution that grants loans to pay off unpaid debts. Debt refinancing has also helped to reduce the expenses of members who were experiencing financial difficulties. Unfortunately, the Credit Committee also had to refuse to grant loans to members whose level of indebtedness was too high and for whom the financing would not have improved their financial situation, on the contrary.

In 2022, the Members of the Credit Committee have, once again and with regret, notified their exclusion from La Mutuelle to 2 members who had made false statements when submitting their loan application. It is crucial to remember that La Mutuelle has the responsibility to avoid over-indebtedness of its members when granting a loan and that, consequently, the documents to be completed and submitted at the time of an application must be in conformity with reality, particularly regarding external commitments and health status. It should also be remembered that a false declaration leads to a refusal by the insurance company to reimburse the balance due on a loan in the event of disability or death, which can have terrible consequences.

In the current context, 2023 should remain sustained in terms of loan applications, especially since the Credit Committee does not foresee any increase in interest rates during the year. But vigilance will be required given the significant financial impact generated by the current economic situation. It is for this reason that members and non-members, who are starting to feel the negative effects on their budget and are experiencing difficulties in meeting their financial obligations, must act quickly and not hesitate to contact La Mutuelle to find together solutions to their problems.

## REPORT FROM THE INVESTMENT COMMITTEE

From an economic point of view, the pandemic that we experienced from 2020 onwards can be considered as the trigger for the worldwide problems we are currently facing, to which we must add the tensions started in 2022 with the war in Ukraine. In this difficult environment we are pleased to note that, from an investment point of view, the Association is solid and healthy. Even though the result for the year 2022 is negative due to the rise in interest rates, this drop in the valuation of investments is only temporary and the bonds will be repaid in full at their maturity date.

The energy crisis, the slowdown in growth, the record inflation and the brutal rise in interest rates orchestrated by the Central banks have impacted the financial markets in 2022 (-20% for the world equity benchmark, -17% for the Swiss bond benchmark). And the beginning of 2023 looks complicated with the problems encountered by several banks, including Credit Suisse, which was bought by UBS to allow it to continue its activities.

The war in Ukraine and the deterioration of the geopolitical environment have had significant economic consequences, causing a sudden acceleration in inflation. The decision by Western countries to reduce their dependence on Russian oil and gas has led to a surge in energy costs, which has boosted inflation. In the eurozone, price increases peaked at 10.60% in October, a level never seen before in history. In Switzerland, the average inflation was 2.80%, well below its European neighbors but still above the Swiss National Bank (SNB)'s target of less than 2.00%.

After more than a decade of low or even negative interest rates, Central banks, like the SNB, have had to raise their interest rates sharply to counter the hike in prices. The US Federal Reserve Bank (Fed) raised its rate from a range of 0%-0.25% to 4.25-4.50%, a significant increase. This move in interest rates has also affected banking institutions, particularly those that had not anticipated the rise in charges on their balance sheets. Indeed, having become accustomed to borrowing at a particularly low cost to finance their activities, the banks quickly had to refinance at much higher levels, jeopardizing their financial health.

Coming back to La Mutuelle, and as mentioned earlier in the Board of Directors' message, the diversification of assets allows for a minimization of risks. Assets are

divided between loans granted to members, which represent 43% of members' deposits, term deposits and bonds mainly held until maturity. The valuation of the latter declining in case of rise of interest rates, the impact of this movement was felt during the year 2022 as the CHF portfolio managed by La Mutuelle showed a performance of -3.55%, while the management mandates, invested in CHF and foreign currency bonds, showed performances between -4.83% (Rothschild) and -10.52% (Lombard Odier). It should be noted that the difference in performance can be explained by the presence of foreign currency bonds in the management mandates. As said earlier, the inflation being much higher outside Switzerland the impact on foreign currency bonds follows the same trend. However, the policy of holding investments until maturity has the advantage of not having to incur losses since they will be repaid in full. The 2022 downward movement is therefore only temporary, and the losses recorded at the end of the year, for the purpose of drawing up the annual report, will be recovered over time. The temporary decrease in management mandates, i.e. CHF 8,722,000, is therefore recognized in the statement of financial performance and thus impacts La Mutuelle's income, which is down to CHF -410,000. The interest received on loans is higher than in 2021 as the number of loans granted has followed the same trend.

La Mutuelle's expenses have raised by 2% due to the increase in the provision for possible losses on securities and loans. However, operating expenses are down by 8%, mainly due to the end of negative interest rates and the decrease in cash and cash equivalents.

As the Association's activity is excellent, the Board of Directors wishes to distribute a remuneration on the CHF deposit account similar to that of 2021, i.e. 1.35%, divided between an interest rate of 0.50% and a bonus of 0.85%. Consequently, the negative result for the year 2022 for the CHF fund of La Mutuelle will be compensated by a withdrawal of CHF 9,843,862 from the extraordinary reserve Fund.

La Mutuelle's USD Fund shows a positive result of USD 49,000, which is USD 99,000 lower than in 2021 due to a temporary decrease in the valuation of a bond. Revenues also follow this trend due to the drop in bond revenues and to the temporary loss recorded on a security which will be recovered at its maturity. Expenses are down by 6%.



GPAFI's results are stable compared to 2021. Revenues are slightly up due to a temporary foreign exchange gain on the valuation of the Trust Fund expressed in USD and an increase in the commission received from insurers resulting from the rise in policyholders. Expenses jumped significantly due to costs related to the termination of the loss of earnings and accident insurance contracts by Zurich Insurance and the search for a new partner to take over these coverages, the temporary recruitment of an employee to cope with the workload during a maternity leave and IT development. The net result is slightly lower than in 2021.

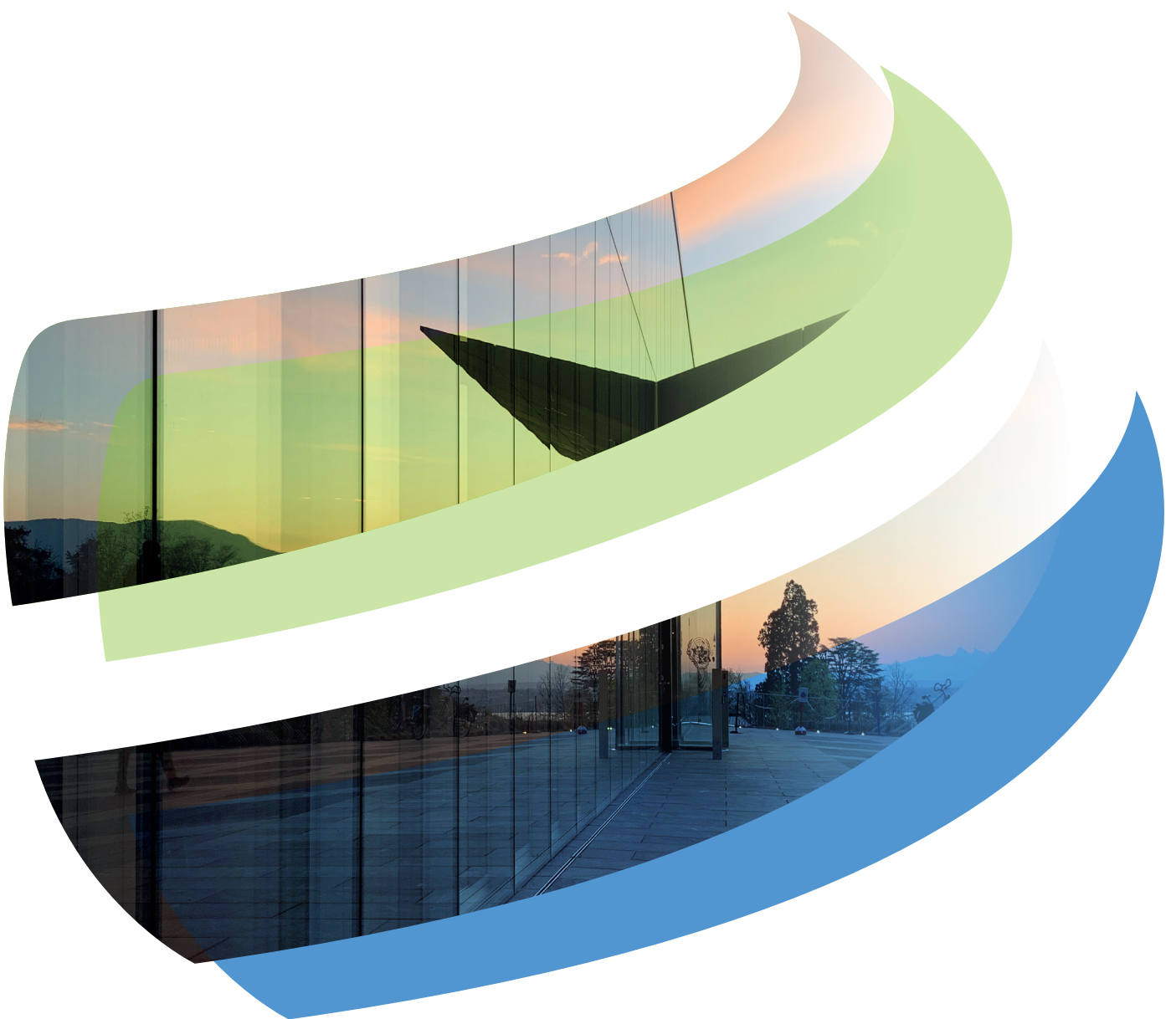
Although there has been some turmoil since the beginning of 2023, the financial market situation looks to be more favorable to bond investments, with a slowdown in the rise in interest rates. The Association will fully benefit from this as it will be able to reinvest assets on better terms and increase revenues while preserving members' funds and continuing to minimize risk.

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# MAIN RESULTS FOR YEAR 2022

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## 12 MAIN RESULTS FOR YEAR 2022



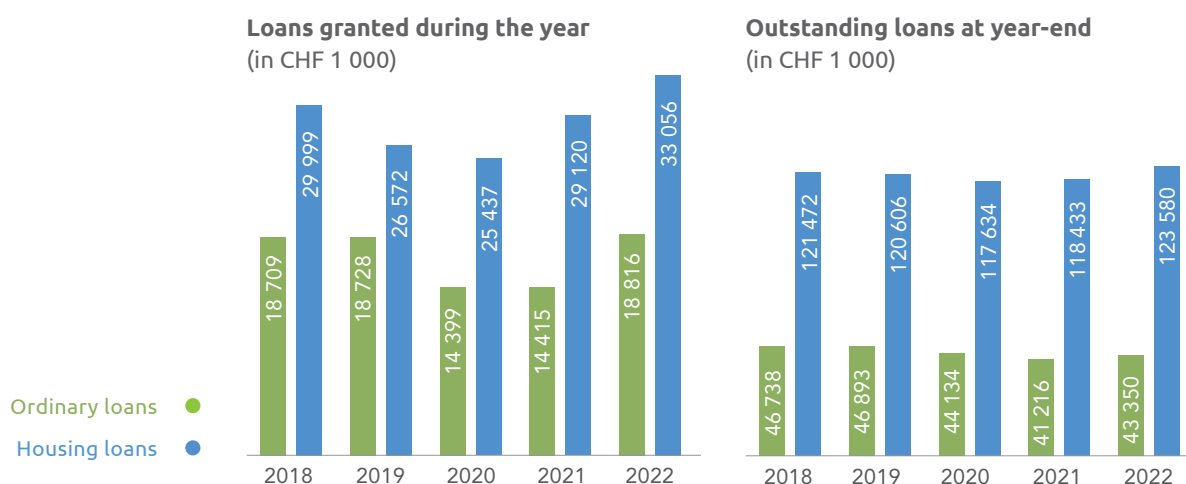
### Loans to members

Loans granted to members during 2022 are up 13.52% (+14.48% in 2021) for the housing loan, and 30.53% (+0.11% in 2021) for the ordinary loan.

Outstanding loans at year-end are also up, by 4.35% (-6.61% in 2021) for the housing loan, and 5.18% (+0.68% in 2021) for the ordinary loan.

Since the beginning of the pandemic, the demand for housing loans has not declined and remained strong. However, thus for ordinary loans declined in 2020, remained stable in 2021 and surged in 2022 to reach the pre-pandemic levels.

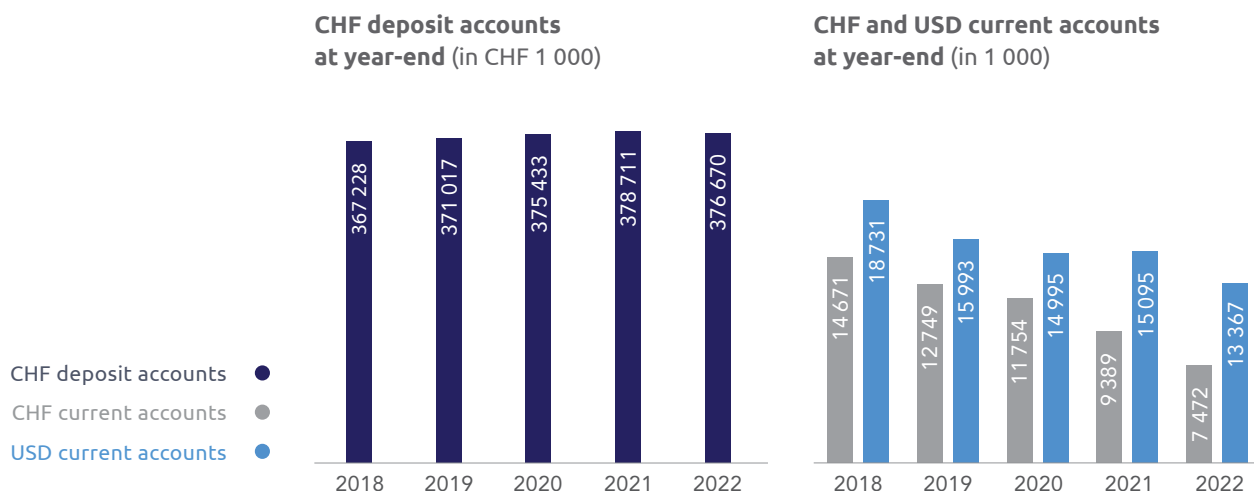
Early loan repayments were also lower during the year.



### Members' deposits

Members' CHF deposit accounts, CHF current accounts and USD accounts decreased during 2022 by 0.54% (+0.87% in 2021), by 20.42% (-20.12% in 2021) and by 11.45% (+0.67% in 2021) respectively.

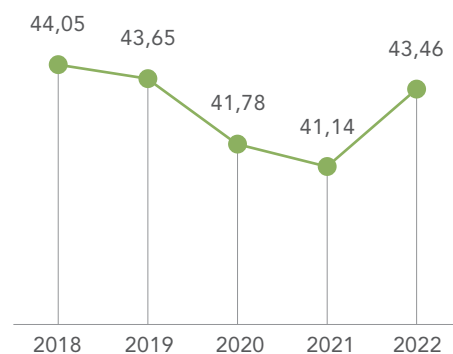
Members' deposits are decreasing since 2021 while withdrawals increased. It should be noted that the passing of a few members holding an account with a significant balance combined with resignations due to the lack of tax compliance have impacted the accounts.



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

The increase in outstanding loans combined with the decline in members' deposits has contributed to the increase of the loans to deposits ratio. At 31 December 2022, the assets that members have deposited with La Mutuelle are loaned at 43,46%.

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

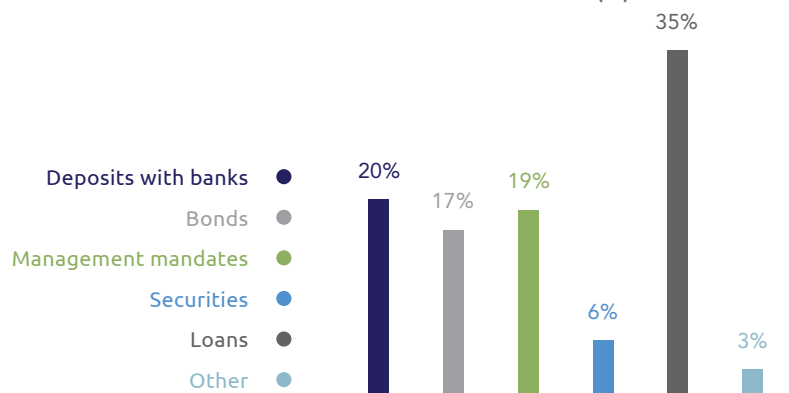


## Revenue

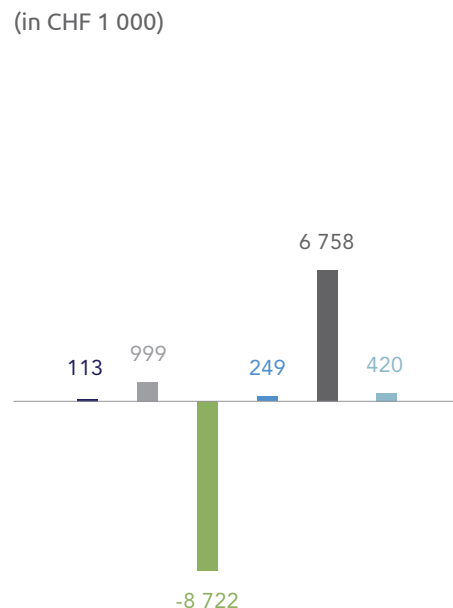
Revenue for the year 2022 was primarily generated by the loans granted to members and bond portfolios managed by La Mutuelle.

- Loans granted to members represent 35% of total assets.
- Bond portfolios represent 17% of total assets.
- Management mandates represent 19% of total assets.
- Deposits made with banks represent 20% of total assets and generate no revenue.

## Distribution of assets (%)



## Distribution of revenue (in CHF 1 000)



## Interest rates

### Interest rates applied during the year 2022



Housing loan  
**3.5%**



Ordinary loan  
**5.9%**



CHF current account  
**0%**



USD current account  
**0.4%**



Evolution of the members

Membership slightly decreased in 2022. Members' resignations were made as follows:

- 1. Voluntary resignations of members: 33%;
- 2. The closing of dormant accounts: 32%;
- 3. End on contract: 24%;
- 4. Death: 11%.

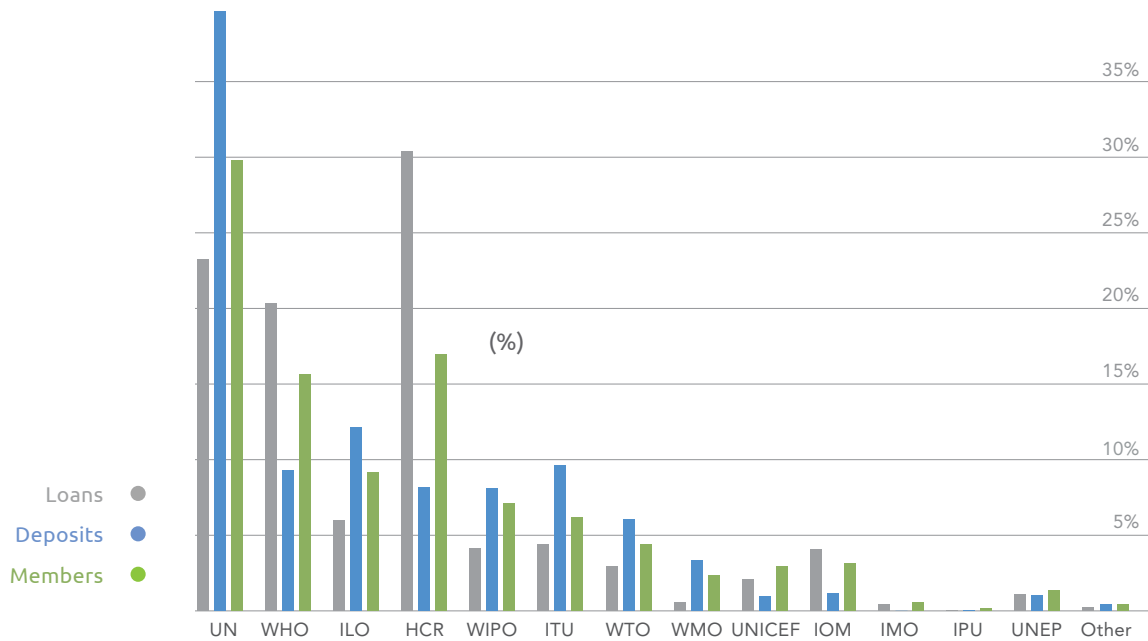
La Mutuelle welcomed 326 new members (238 in 2021).

Evolution of the members



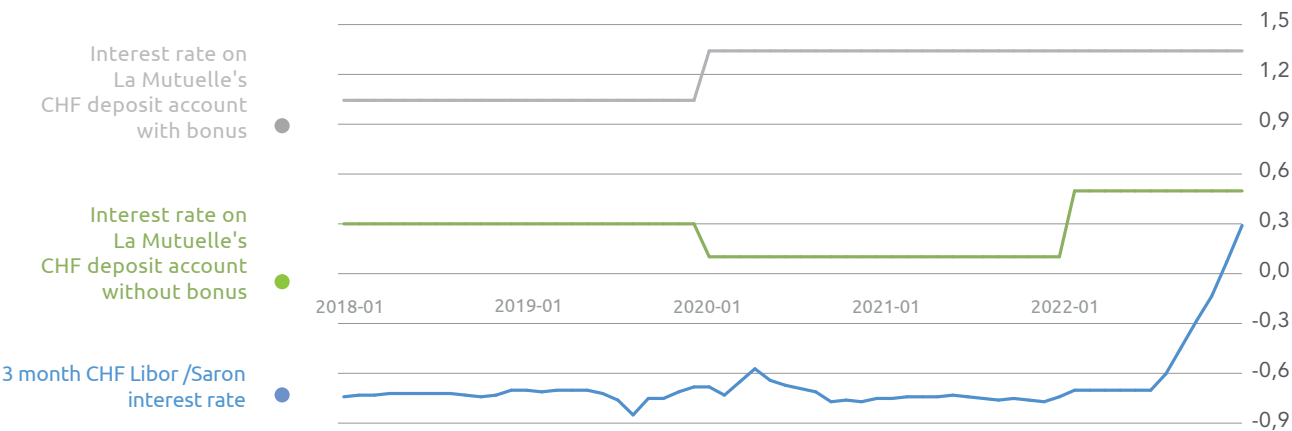
Statistics

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 2022

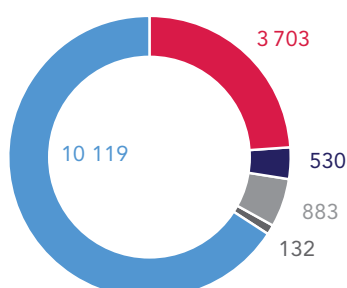
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## Distribution of insurance contracts



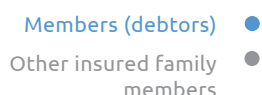
## Distribution of insurance contracts



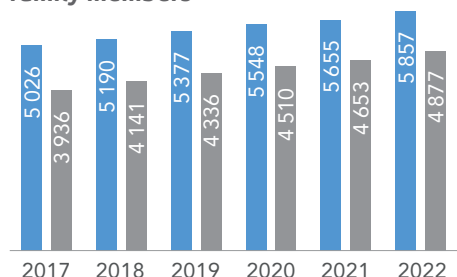
Insurance affiliations evolved as follows in 2022 compared to 2021:

- a. Complementary health insurance: +4%
- b. Assistance insurance: +7%
- c. Loss of salary insurance: -2%
- d. Accident insurance: -4%
- e. Life insurance: + 5%

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



## Members (debtors) and other insured family members



## Insured members per family

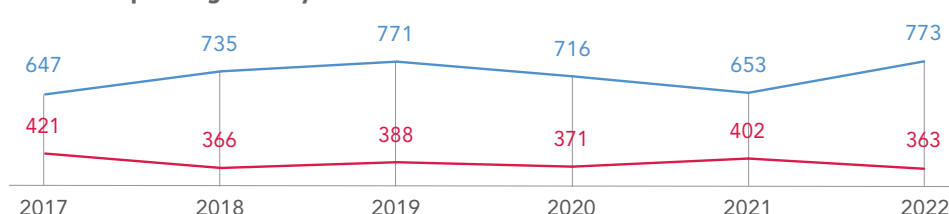


The number of GPAFI members (debtors) increased by 3.57% in 2022 (+1.93% in 2021), generating an increase of their family members of 4.81% (+3.17% in 2021).

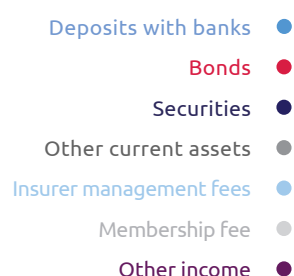
## Membership - Resignations / Terminations



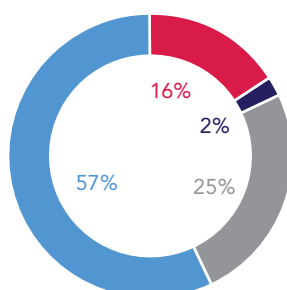
## Membership - Resignations/Terminations



## Revenue

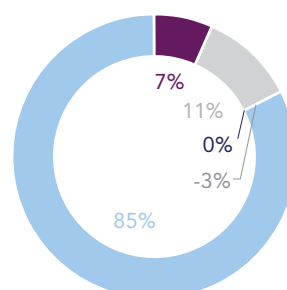


## Distribution of assets



Revenue for the year 2022 was primarily generated by the management fees paid by the insurers.

## Distribution of revenue



- Management fees paid by the insurers generate 85% of the revenue.
- Membership fees generate 11% of the revenue.

- Deposits with banks represent 57% of total assets and generate no revenue.
- Bond portfolios represent 16% of total assets and generate revenue near 0% due to low interest.
- Securities represent 2% of total assets and generate -3% of the revenue due to the interest increase.
- Other income represents 25% of total revenue and generate 7% of the revenue.

## 16 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 2022 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 2022

**0.50% net.**

#### b) Distribution of a bonus on the CHF deposit accounts for 2022

**0.85% net.**

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

The Board of Directors wishes to propose to the members the same remuneration as last year, which would generate a deficit of CHF 9,843,862.58 to be covered by a withdrawal from the extraordinary reserve Fund in CHF.

Remuneration would be distributed as follows:

Interest on CHF deposit accounts (0.50%)	1 755 610	CHF
Interest on CHF deposit accounts closed in 2022	-51 533	CHF
Bonus (0.85%)	2 984 536	CHF
<b>Total</b>	<b>4 688 612</b>	<b>CHF</b>

The loss of the financial year filled as follows:

<b>Result CHF Fund</b>	<b>-9 843 862</b>	<b>CHF</b>
Transfer to the ordinary reserve fund (0% for 2022)	-	CHF
Withdrawal from the extraordinary reserve Fund in CHF	-9 843 862	CHF

### USD Fund

The Board of Directors decided to distribute the results of the 2022 financial year as follows:

<b>Result USD Fund</b>	<b>48 794</b>	<b>USD</b>
Transfer to the ordinary reserve Fund (12.50% of interest)	7 183	USD
Equivalent in CHF	6 630	CHF
Transfer to the extraordinary reserve Fund in USD	41 610	USD
Equivalent in CHF	38 406	CHF
<b>Total USD Fund</b>	<b>48 794</b>	<b>USD</b>
<b>Equivalent in CHF</b>	<b>45 037</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

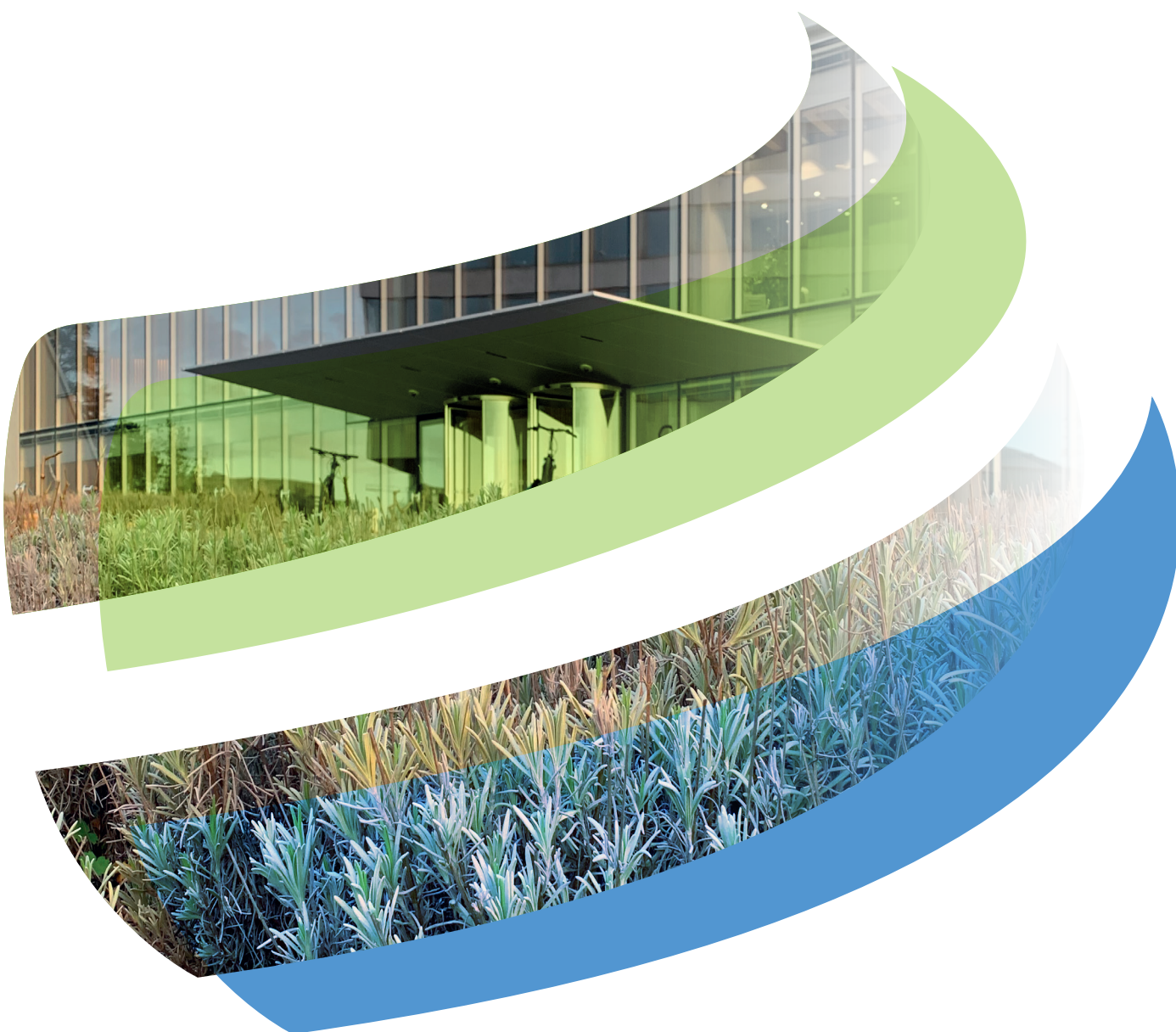
by law. La Mutuelle processes verifications of the respect of this mandatory rule for all depositors.

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# 2022 FINANCIAL STATEMENTS

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## COMBINED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

	Notes	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	95 001	105 251
Term deposits	7	5 500	1 830
Bonds held until maturity	8	26 550	15 317
Securities designated at fair value	10	923	10 000
Loans to members	12	38 442	36 536
Mobility passes		12	6
Other current assets	13	14 478	17 480
Total current assets		180 906	186 420
Non-current assets			
Bonds held until maturity	8	53 866	72 333
Management mandates designated at fair value	9	91 885	100 956
Securities designated at fair value	10	29 035	15 467
Derivative financial instruments	11	4	12
Loans to members	12	127 534	122 162
Tangible and intangible assets	14	108	122
Total non-current assets		302 432	311 052
<b>TOTAL ASSETS</b>		<b>483 338</b>	<b>497 472</b>
<b>LIABILITIES</b>			
Current liabilities			
Premiums paid in advance by members		785	787
Payables		558	544
Employee benefits	18	265	265
Provision for interest on the CHF deposit accounts	16	4 740	4 756
Members' deposits	15	396 480	401 912
Total current liabilities		402 828	408 264
Non-current liabilities			
Employee benefits	18	3 041	5 105
Total non-current liabilities		3 041	5 105
<b>TOTAL LIABILITIES</b>		<b>405 869</b>	<b>413 369</b>
<b>NET ASSETS</b>		<b>77 469</b>	<b>84 103</b>
Represented by			
Result of the financial year	19	-8 856	323
Exchange difference due to combined statement		-93	-120
Ordinary reserve Fund	17	60 744	60 605
Extraordinary reserve Fund	17	23 852	23 668
IPSAS 25 reserve Fund	3	1 822	-373
<b>NET ASSETS/EQUITY</b>		<b>77 469</b>	<b>84 103</b>

## COMBINED STATEMENT OF FINANCIAL PERFORMANCE AT 31 DECEMBER

	Notes	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>REVENUE</b>	<b>19</b>		
Bank interest		113	10
Interest on loans to members		6 758	7 222
Net gains and losses on bonds held until maturity		1 004	1 217
Net gains and losses on management mandates valued at fair value		-8 722	-336
Net gains and losses on securities valued at fair value		205	167
Net gains and losses on derivative financial instruments		-8	20
Reversal to provision for depreciation on securities		-	82
Reversal to provision for depreciation on loans		118	-
Reversal to provision on short term employee benefits		7	-
Management fee paid by the insurers		1 476	1 437
Other revenue		603	583
<b>TOTAL REVENUE</b>		<b>1 554</b>	<b>10 402</b>
<b>EXPENSES</b>	<b>20</b>		
Operating expenses		4 994	5 212
Amortization of tangible and intangible assets		49	30
Interest paid on CHF deposit accounts		4 689	4 724
Interest paid on USD accounts		54	57
Losses on loans		137	-
Allocation to provision for depreciation on securities		484	-
Allocation to provision for depreciation on loans		-	18
Allocation to provision on short term employee benefits		3	38
<b>TOTAL EXPENSES</b>		<b>10 410</b>	<b>10 079</b>
<b>NET INCOME</b>		<b>-8 856</b>	<b>323</b>

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

	2022 in CHF 1 000	2021 in CHF 1 000
<b>Surplus / (Deficit) for the period</b>	<b>-8 856</b>	<b>323</b>
Exchange difference due to combined statement	27	108
Adjustment of the IPSAS 25 provision	85	97
Currency effect on the after-service health insurance liabilities	45	171
Depreciation and impairment losses	-63	30
Provision for employee benefits (current liabilities)	3	37
<b>Non-monetary transactions</b>	<b>-8 759</b>	<b>766</b>
Increase/(Decrease) in provision for interest on the CHF deposit accounts	-16	52
Increase/(Decrease) in payables	13	-90
Increase/(Decrease) in premiums paid in advance by members	-2	82
<b>Net cash flow resulting from operating activities</b>	<b>-5</b>	<b>44</b>
<b>Net cash flow resulting from investing activities</b>		
(Increase)/Decrease in short-term investment	-5 825	-4 271
(Increase)/Decrease in long-term investment	13 978	2 999
(Increase)/Decrease in current loans to members	-1 906	172
(Increase)/Decrease in non-current loans to members	-5 373	1 793
(Increase)/Decrease in other current assets	2 996	-4 054
(Increase)/Decrease in tangibles and intangible assets	77	-124
<b>Net cash flow resulting from investing activities</b>	<b>3 947</b>	<b>-3 485</b>
<b>Net cash flow resulting from financing activities</b>		
Increase/(Decrease) in members' accounts	-5 433	1 484
<b>Net cash flow resulting from financing activities</b>	<b>-5 433</b>	<b>1 484</b>
<b>Net Increase/(Decrease) in cash and cash equivalent</b>	<b>-10 250</b>	<b>-1 191</b>
Cash and cash equivalents at the beginning of the period	105 251	106 442
Cash and cash equivalents at the end of the period	95 001	105 251

#### IV - ICSMA

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

In CHF 1000	Notes	Ordinary reserve Fund	Extra- ordinary reserve Fund	IPSAS 25 reserve Fund	Exchange difference	Result of the financial year	Total net assets
<b>Net assets 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>
Allocation to ordinary reserve Fund	17	162				-162	
Allocation to extraordinary reserve Fund	17		931			-931	
Allocation to IPSAS 25 reserve Fund				-78			-78
Exchange difference due to combined statement					108		108
Surplus / Deficit for the year						323	323
<b>Total changes during the year</b>		<b>162</b>	<b>931</b>	<b>-78</b>	<b>108</b>	<b>-770</b>	<b>353</b>
<b>Net assets at 31 December 2021</b>		<b>60 605</b>	<b>23 668</b>	<b>-373</b>	<b>-120</b>	<b>323</b>	<b>84 103</b>
<b>Net assets at 31 December 2021</b>		<b>60 605</b>	<b>23 668</b>	<b>-373</b>	<b>-120</b>	<b>323</b>	<b>84 103</b>
Allocation to ordinary reserve Fund	17	139				-139	
Allocation to extraordinary reserve Fund	17		184			-184	
Allocation to IPSAS 25 reserve Fund				2 195			2 195
Exchange difference due to combined statement					27		27
Surplus / Deficit for the year						-8 856	-8 856
<b>Total changes during the year</b>		<b>139</b>	<b>184</b>	<b>2 195</b>	<b>27</b>	<b>-9 179</b>	<b>-6 634</b>
<b>Net assets at 31 December 2022</b>		<b>60 744</b>	<b>23 852</b>	<b>1 822</b>	<b>-93</b>	<b>-8 856</b>	<b>77 469</b>



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

	Notes	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	83 537	95 857
Term deposits	7	5 500	-
Bonds held until maturity	8	24 962	13 488
Securities designated at fair value	10	-	10 000
Loans to members	12	38 442	36 536
Mobility passes		12	6
Other current assets	13	11 873	14 923
Total current assets		164 326	170 810
Non-current assets			
Bonds held until maturity	8	45 237	63 302
Management mandates designated at fair value	9	91 885	100 956
Securities designated at fair value	10	28 484	13 865
Derivative financial instruments	11	4	12
Loans to members	12	127 534	122 162
Tangible and intangible assets	14	108	120
Total non-current assets		293 252	300 417
<b>TOTAL ASSETS</b>		<b>457 578</b>	<b>471 227</b>
<b>LIABILITIES</b>			
Current liabilities			
Payables		343	276
Employee benefits	18	205	212
Provision for interest on the CHF deposit accounts	16	4 740	4 756
Members' deposits	15	384 142	388 100
Total current liabilities		389 430	393 344
Non-current liabilities			
Employee benefits	18	2 687	4 000
Total non-current liabilities		2 687	4 000
<b>TOTAL LIABILITIES</b>		<b>392 117</b>	<b>397 344</b>
<b>NET ASSETS</b>		<b>65 461</b>	<b>73 883</b>
Represented by			
Result of the financial year		-9 844	-789
Ordinary reserve Fund	17	55 428	55 428
Extraordinary reserve Fund	17	18 948	19 737
IPSAS 25 reserve Fund	3	929	-493
<b>NET ASSETS/EQUITY</b>		<b>65 461</b>	<b>73 883</b>

## VI - LA MUTUELLE

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

	Notes	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>REVENUE</b>	19		
Bank interest		41	-
Interest on loans to members		6 758	7 222
Net gains and losses on bonds held until maturity		784	939
Net gains and losses on management mandates valued at fair value		-8 722	-336
Net gains and losses on securities valued at fair value		310	134
Net gains and losses on derivative financial instruments		-8	20
Reversal to provision for depreciation on securities		-	82
Reversal to provision for depreciation on loans		118	-
Allocation to provision on short term employee		7	-
Other revenue		302	379
<b>TOTAL REVENUE</b>		<b>-410</b>	<b>8 440</b>
<b>EXPENSES</b>			
Operating expenses	20	4 076	4 422
Amortization of tangible and intangible assets	14	45	26
Interest paid on CHF deposit accounts	16	4 689	4 725
Losses on loans	12	137	-
Allocation to provision for depreciation on securities		484	-
Allocation to provision for depreciation on loans		-	18
Allocation to provision on short term employee		3	38
<b>TOTAL EXPENSES</b>		<b>9 434</b>	<b>9 229</b>
<b>NET INCOME</b>		<b>-9 844</b>	<b>-789</b>

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

	Notes	31.12.2022 in USD 1 000	31.12.2021 in USD 1 000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	6 198	4 281
Term deposits	7	-	2 000
Bonds held until maturity	8	1 720	1 999
Securities designated at fair value	10	1 000	-
Other current assets	13	114	80
Total current assets		9 032	8 360
Non-current assets			
Bonds held until maturity	8	7 632	8 889
Securities designated at fair value	10	379	1 478
Total non-current assets		8 011	10 367
<b>TOTAL ASSETS</b>		<b>17 043</b>	<b>18 727</b>
<b>LIABILITIES</b>			
Current liabilities			
Payables		67	72
Members' deposits	15	13 367	15 095
Total current liabilities		13 434	15 167
<b>TOTAL LIABILITIES</b>		<b>13 434</b>	<b>15 167</b>
<b>NET ASSETS</b>		<b>3 609</b>	<b>3 560</b>
Represented by			
Result of the financial year		49	148
Ordinary reserve Fund	17	2 355	2 336
Extraordinary reserve Fund	17	1 205	1 076
<b>NET ASSETS/EQUITY</b>		<b>3 609</b>	<b>3 560</b>

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

	Notes	31.12.2022 in USD 1 000	31.12.2021 in USD 1 000
<b>REVENUE</b>			
	19		
Bank interest		75	11
Net gains and losses on bonds held until maturity		225	302
Net gains and losses on securities valued at fair value		-64	33
Other revenue		1	1
<b>TOTAL REVENUE</b>		<b>237</b>	<b>347</b>
<b>EXPENSES</b>			
Operating expenses	20	129	136
Amortization of tangible and intangible assets	14	2	1
Interest paid on USD accounts		57	62
<b>TOTAL EXPENSES</b>		<b>188</b>	<b>199</b>
<b>NET INCOME</b>		<b>49</b>	<b>148</b>

**IX - GPAFI****25****STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER**

	Notes	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	5 743	5 477
Other current assets	13	2 500	2 483
Total current assets		8 243	7 960
Non-current assets			
Bonds held until maturity	8	1 585	898
Securities designated at fair value	10	201	250
Tangible and intangible assets	14	-	2
Total non-current assets		1 786	1 150
<b>TOTAL ASSETS</b>		<b>10 029</b>	<b>9 110</b>
<b>LIABILITIES</b>			
Current liabilities			
Premiums paid in advance by members		785	787
Payables		153	202
Employee benefits	18	60	53
Total current liabilities		998	1 042
Non-current liabilities			
Employee benefits	18	354	1 105
Total non-current liabilities		354	1 105
<b>TOTAL LIABILITIES</b>		<b>1 352</b>	<b>2 147</b>
<b>NET ASSETS</b>		<b>8 677</b>	<b>6 963</b>
Represented by			
Result of the financial year		941	977
Ordinary reserve Fund	17	3 092	2 970
Extraordinary reserve Fund	17	3 751	2 896
IPSAS 25 reserve Fund	3	893	120
<b>NET ASSETS/EQUITY</b>		<b>8 677</b>	<b>6 963</b>

## STATEMENT OF FINANCIAL PERFORMANCE AT 31 DECEMBER

	Notes	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>REVENUE</b>	<b>19</b>		
Net gains and losses on bonds held until maturity		5	2
Net gains and losses on securities valued at fair value		-44	3
Management fee paid by the insurers		1 476	1 437
Other revenue		301	203
<b>TOTAL DES REVENUS</b>		<b>1 738</b>	<b>1 645</b>
<b>EXPENSES</b>			
Operating expenses	20	795	665
Amortization of tangible and intangible assets	14	2	3
<b>TOTAL EXPENSES</b>		<b>797</b>	<b>668</b>
<b>NET INCOME</b>		<b>941</b>	<b>977</b>

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# NOTES TO THE FINANCIAL STATEMENTS

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## **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 La Mutuelle and GPAFI are located at the United Nations Office, Palais des Nations, Avenue de la Paix 8-12, 1211 Geneva 10.

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

7. Pursuant to the United Nations General Assembly resolution, the financial statements of ICSMA have been 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 at 31 December 2022 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. Comparative figures have been reclassified to conform with the financial statements presentation in the current year.
  9. The financial statements for the year ended 31 December 2022 were agreed and adopted by the Board of Directors of ICSMA on 14 March 2023 and must be approved by the members during the annual General Assembly.
- ### **Adoption of new or revised standards**
10. No new or revised standards, which could impact the presentation of the financial statements of ICSMA at 31 December 2022 were adopted.



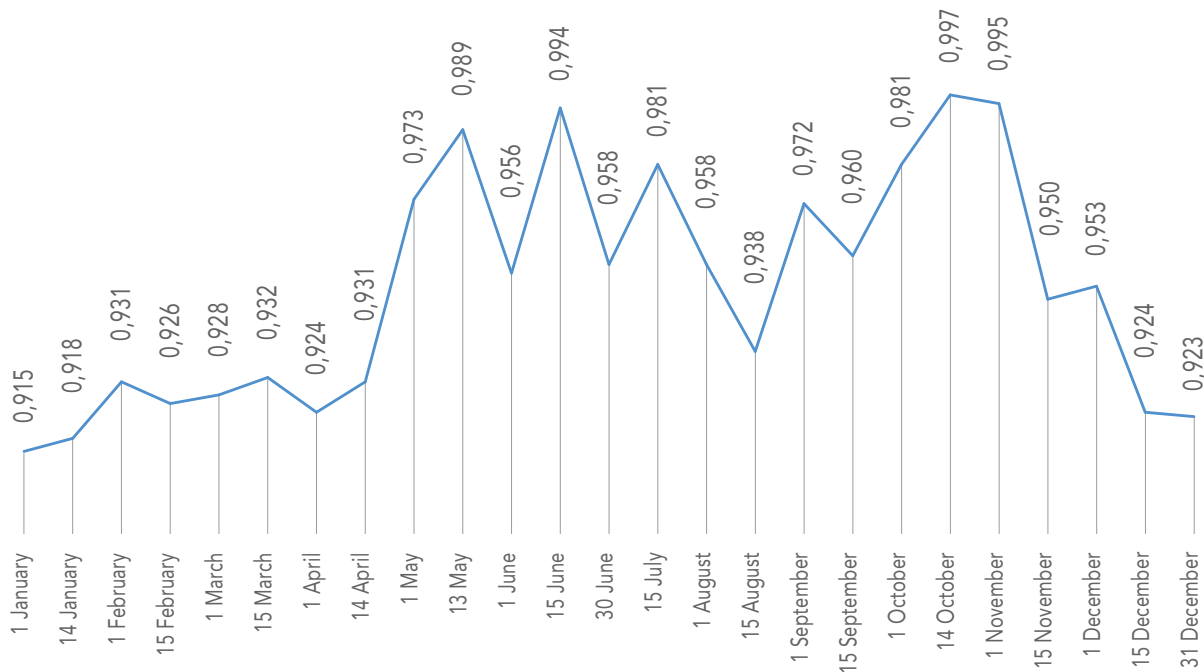
NOTE 3: Significant accounting policies

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 2022 UNORE average rate, which is 0.954;
  - 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 0.923.

- 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 2022



## 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 ICSMA, 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 in 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 2021.

***Intangible assets***

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

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

39. At 31 December 2022, the only non-financial assets of ICSMA are servers acquired in 2021 and 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) has 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 year-end 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. At 31 December 2022, 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 2022. 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	2.34% (0.27% in 2021) - 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	0.27% (0.10% in 2021) - 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.** In order to adjust the actuarial experience, the actuary performed an extensive calibration of the financial factors. The changes in financial assumptions (increase in the discount rate, consideration of the effective currencies of care, i.e. CHF and Euro, adjustment of medical costs) as well as the experience adjustment (analysis carried out on the basis of a 10-year history) have had a significant impact on ICSMA's after-service health insurance liabilities, as the update of the actuarial study showed that these were overestimated. It should be noted that the increase in interest rates also influences future liabilities since future flows are reduced by the discount rate. The higher the discount rate, the lower the present value of future cash flows, and vice versa.

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

	2022	2021
Defined benefit obligations at 1 January	5 071 845	4 724 933
Service expense cost	152 860	134 056
Interest expense cost	13 743	4 874
Benefits paid	-81 813	-41 567
Actuarial (gain) or loss	-2 195 515	78 317
Foreign exchange (gain) or loss	44 344	171 232
Defined benefit obligations at 31 December	3 005 464	5 071 845

**54.** The net amount of the defined after-service health insurance obligation is recognized within the statement of financial position and amounts to CHF 3,005,464 (CHF 5,071,845 at 31 December 2021).

**55.** Actuarial gains and losses arise when the actuarial estimate differs from the expected long-term rates. They arise from adjustments resulting from experience (differences between previous actuarial assumptions and what has actually occurred) and

changes in actuarial assumptions due to factors such as mortality rates, discount rates, forecasts of changes in medical health care, the medical inflation. They are recognized in the net assets, under IPSAS 25 reserve, and amount to CHF -2,195,515 (CHF 78,317 at 31 December 2021).

**56.** Current service cost and interest cost is the increase in the present value of the defined benefit obligation resulting from employee service in the

current period. These are classified within the statement of financial performance and amount to at CHF 166,603 (CHF 138,930 at 31 December 2021).

**57.** Foreign exchange gains and losses, resulting from the conversion in CHF of amounts in USD generated by the after-service health insurance, are recognized in the statement of financial performance as unrealized gains or losses on foreign exchange and amount to CHF 44,344 (CHF 171,232 at 31 December 2021).

### **Medical costs sensitivity analysis**

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

	2022		2021	
	+1%	-1%	+1%	-1%
Effect on the aggregate of the current service cost and interest cost	-57 473	-100 207	77 379	-20 537
Effect on the defined-benefit obligation	881 125	-374 023	1 430 495	-942 295

### **United Nations Joint Staff Pension Fund**

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

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

**61.** The Pension Board carries out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

The latest actuarial valuation was performed as of 31 December 2021 and revealed a surplus of 2.30% (0.50% in the 2019 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2021 was 21.40% (23.20% in the 2019 valuation) of pensionable remuneration, compared to the actual contribution rate of 23.70%. At 31 December 2021, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments and based on a nominal interest rate of 6%, was 158.20% (144.40% in the 2019 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.

**62.** The contributions paid by ICSMA to the United Nations Joint Staff Pension Fund in 2022 amounted to CHF 399,327 (CHF 375,381 in 2021).

### **Reserve for compensation payments**

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



NOTE 4: Risk management

64. ICSMA defines risk as potential losses that may be caused by external and internal factors. As the 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 risk analysis was done in 2022.

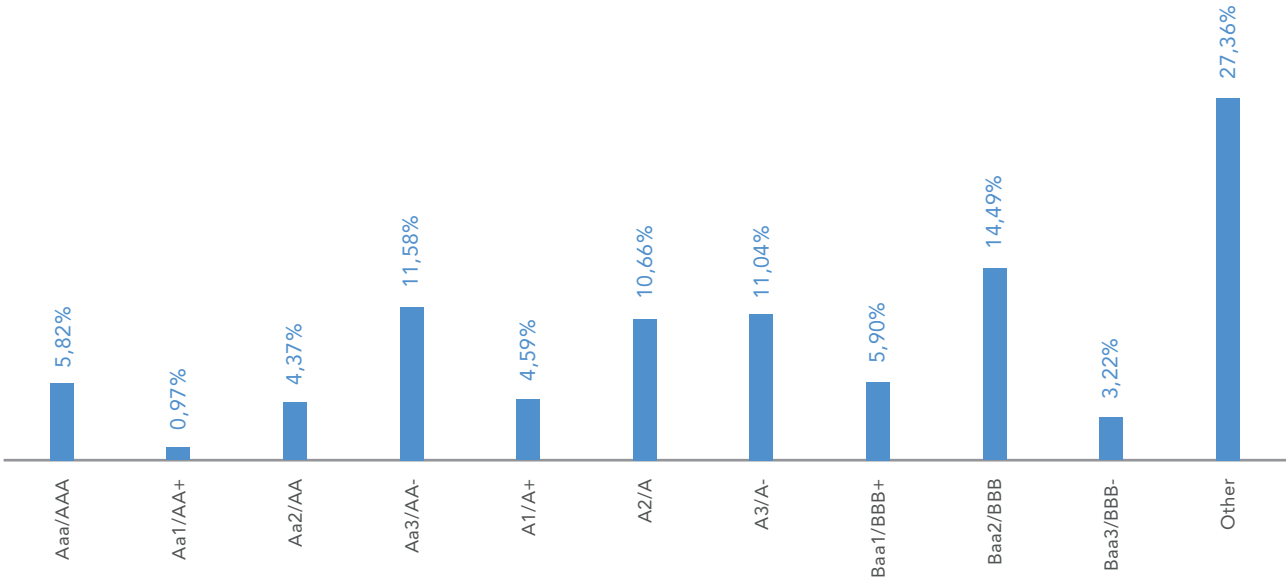
65. The risks faced by ICSMA are market risk, credit risk, liquidity risk, currency risk and operational risk. ICSMA is not engaged in speculative transactions.

The market risk

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

- a. Treasury bills and bonds issued by governments or by entities with a Government guarantee with a minimum rating of AA (Moody's or Standard & Poor's equivalent),
- b. New issues of supranational organizations and international development institutions with a minimum rating of AA (Moody's or Standard & Poor's equivalent),
- c. Corporate bonds with a minimum rating of BBB- (Moody's or Standard & Poor's equivalent) as long as the Investment Committee gives its approval.

67. At 31 December 2022, the distribution of the investments per rating is the following:





### *The credit risk*

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

**a. Cash and cash equivalents and term deposits:**

if a bank with which ICSMA deposits cash and cash equivalents and makes term deposits were to fail, a net loss should be recorded by ICSMA. The credit risk is minimized by the fact that cash and cash equivalents and term deposits are distributed with various banks such as UBS, Lombard Odier, Banque Cantonale de Genève, Crédit Suisse, Barclays Bank and PostFinance. The risk is minimized by choosing a counterparty with a short-term rating of A1 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 debtor 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*

**69.** The interest rate risk corresponds to the fluctuation of a financial asset or liability arising from a change in interest rates. ICSMA is exposed to the risk of capital depreciation on interest bearing financial assets. Concerning cash and cash equivalents, since 2015 ICSMA has been confronted with 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. This charge, which is expected to end in 2023 with the expirations of the last term deposits, is recognized in the statement of the financial performance. The risk linked to the bond portfolio is minimized since these are held to maturity.

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

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

### Interest rate sensitivity analysis

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

#### Interest rate sensitivity analysis

	2022		2021	
	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year
	in CHF 1 000		in CHF 1 000	
Financial assets				
Cash and cash equivalents	+100	498	+100	1 011
	-100	-498	-100	-1 011
Term deposits	+100	507	+100	218
	-100	-507	-100	-218
Bonds held until maturity	+100	-3 201	+100	-3 697
	-100	3 201	-100	3 697
Securities designated at fair value	+100	288	+100	255
	-100	-288	-100	-255
Management mandates designated at fair value	+100	-3 308	+100	-3 710
	-100	3 344	-100	3 710
Loans to members	+100	4 210	+100	4 122
	-100	-3 841	-100	-3 762

### The currency risk

**73.** The currency risk is the risk arising from currency fluctuations, and their impact on the valuation of an asset or a liability. The currency risk to which ICSMA is exposed to is mainly linked to managed accounts through the foreign currencies (La Mutuelle only) as well as to the Trust Fund expressed in USD.

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

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

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

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

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

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

	2022		2021	
	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year
	in CHF 1 000		in CHF 1 000	
<b>Financial assets</b>				
Management mandates designated at fair value	+100	36	+100	50
	-100	-36	-100	-50
Trust Fund	+100	26	+100	159
	-100	-234	-100	-159
Derivative financial instruments	+100	-9	+100	-25
	-100	30	-100	37

### ***The liquidity risk***

**78.** 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 95,001,000 and invests part of the members' deposits in products that can be sold within 3 working days. For GPAFI, the liquidity risk corresponds to the risk of a significant increase in the premiums billed by the insurers to GPAFI before their collection from the members. GPAFI is able to anticipate these increases as tariff negotiations with insurers take place during the summer for the following year, or even for several years. The risk is also minimized insofar as the premiums billed to the members are payable in advance for a given period, while GPAFI benefits from a period of payment from insurers and, for certain contracts, pays installments in the course of the year and the balance after the establishment of a final statement at year-end.

### ***Fair value hierarchy***

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

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

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

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

**80.** The financial instruments in the following table are measured at fair value except for the bonds portfolios which are measured at amortized cost. The fair value at 31 December 2022 is CHF 75,021,782 (CHF 89,277,160 at 31 December 2021):

**Fair value hierarchy**

	31.12.2022 in CHF 1 000			31.12.2021 in CHF 1 000		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Cash and cash equivalents</b>						
In CHF	-	89 280	-	-	81 334	-
In USD, equivalent in CHF	-	5 721	-	-	23 917	-
<b>Subtotal</b>	<b>-</b>	<b>95 001</b>	<b>-</b>	<b>-</b>	<b>105 251</b>	<b>-</b>
<b>Term deposits</b>						
In CHF	5 500	-	-	-	-	-
In USD, equivalent in CHF	-	-	-	1 830	-	-
<b>Subtotal</b>	<b>5 500</b>	<b>-</b>	<b>-</b>	<b>1 830</b>	<b>-</b>	<b>-</b>
<b>Bonds held until maturity</b>						
In CHF	71 784	-	-	77 688	-	-
In USD, equivalent in CHF	8 632	-	-	9 962	-	-
<b>Subtotal</b>	<b>80 416</b>	<b>-</b>	<b>-</b>	<b>87 650</b>	<b>-</b>	<b>-</b>
<b>Managed accounts designated at fair value</b>						
In CHF	91 885	-	-	100 956	-	-
<b>Subtotal</b>	<b>91 885</b>	<b>-</b>	<b>-</b>	<b>100 956</b>	<b>-</b>	<b>-</b>
<b>Securities designated at fair value</b>						
In CHF	28 685	-	-	24 115	-	-
In USD, equivalent in CHF	1 273	-	-	1 352	-	-
<b>Subtotal</b>	<b>29 958</b>	<b>-</b>	<b>-</b>	<b>25 467</b>	<b>-</b>	<b>-</b>
<b>Derivative financial instruments designated at fair value</b>						
In CHF	-	4	-	-	12	-
<b>Sous-total</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>-</b>
<b>Loans to members</b>						
In CHF	-	-	165 976	-	-	158 698
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>165 976</b>	<b>-</b>	<b>-</b>	<b>158 698</b>
<b>TOTAL</b>	<b>207 759</b>	<b>95 005</b>	<b>165 976</b>	<b>215 903</b>	<b>105 263</b>	<b>158 698</b>

81. During the reporting period ending 31 December 2022 there were no transfers between the levels.

**The operational risk**

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

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

**b. External fraud:** the main 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 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:** ICSMA minimizes the risk linked to money laundering and tax non-compliance by means of regular controls.

83. At the closing date of 31 December 2022, there were no impairment indicators of financial assets that would indicate that an adjustment of value would be required.

**NOTE 5: Accounting estimates and judgement**

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

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

**NOTE 6: Cash and cash equivalents****Combined statement of cash and cash equivalents**

	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
Cashier	51	25
Available management mandates	221	149
Current CHF bank accounts	47 508	61 160
Current USD bank accounts, equivalent in CHF	2 029	2 086
CHF Cash deposit account	-	20 000
USD Cash deposit account, equivalent in CHF	-	1 831
CHF Term deposits maturing before 3 months	41 500	-
USD Term deposits maturing before 3 months, equivalent in CHF	3 692	20 000
<b>TOTAL IN CHF</b>	<b>95 001</b>	<b>105 251</b>

**86.** The average return on CHF bank accounts for 2022 was -0.90% versus -0.66% in 2021. The average return on USD bank accounts for 2022 was 1.67%, versus 0.07% in 2021.

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

**NOTE 7: Term deposits****Combined statement of term deposits**

	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>TERM DEPOSITS OVER 3 MONTHS AND LESS THAN 12 MONTHS</b>		
<b>MUTUELLE - CHF Fund</b>		
Banque Cantonale de Genève	5 500	-
<b>MUTUELLE - USD Fund, equivalent in CHF</b>		
Banque Cantonale de Genève	-	1 830
<b>TOTAL</b>	<b>5 500</b>	<b>1 830</b>

88. The average return on term deposits in CHF and USD for the year 2022 was 0.01% (no deposits in 2021)

and 0.27% (0.38% in 2021) respectively.

### NOTE 8: Bonds held until maturity

#### Combined Statement of bonds held until maturity

	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>BONDS MATURING WITHIN 12 MONTHS</b>		
<b>MUTUELLE - CHF Fund</b>		
CHF bonds	24 962	13 488
<b>MUTUELLE - USD Fund</b>		
USD bonds, equivalent in CHF	1 588	1 829
<b>TOTAL</b>	<b>26 550</b>	<b>15 317</b>
<b>BONDS MATURING LATER THAN 12 MONTHS</b>		
<b>MUTUELLE - CHF Fund</b>		
CHF bonds	45 926	63 991
Depreciation *	-689	-689
<b>MUTUELLE - USD Fund</b>		
USD bonds, equivalent in CHF	7 044	8 133
<b>Subtotal</b>	<b>52 281</b>	<b>71 435</b>
<b>GPAFI</b>		
CHF bonds	1 585	898
<b>Subtotal</b>	<b>1 585</b>	<b>898</b>
<b>TOTAL</b>	<b>53 866</b>	<b>72 333</b>

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

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

90. 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.

91. The investment monitoring report, made by Crédit Suisse at 31 December 2022, did not indicate any increase in credit risk or possible losses on investment.

92. Bond portfolios are down 8% compared to 2021 due to a large amount of expiring bonds that could not be reinvested due to a lack of opportunities.

### NOTE 9: Management mandates designated at fair value

#### Combined statement of management mandates designated at fair value

	31.12.2022			31.12.2021		
	Fair value (net revenue) in CHF 1 000	Variation versus book value in CHF 1 000	Unrealized gain/(loss) (%)	Fair value (net revenue) in CHF 1 000	Variation versus book value in CHF 1 000	Unrealized gain/(loss) (%)
<b>MUTUELLE - CHF Fund</b>						
<b>Banks</b>						
Lombard Odier	35 394	-4 606	-11,52	40 037	37	0,09
Banque Privée Edmond de Rothschild 1	38 326	-1 674	-4,19	40 533	533	1,33
Banque Privée Edmond de Rothschild 2	18 165	-1 835	-9,17	20 386	386	1,93
<b>TOTAL</b>	<b>91 885</b>	<b>-8 115</b>		<b>100 956</b>	<b>956</b>	

93. According to the investment policy, management mandates must meet the qualitative criteria listed under "Market risk" Note 4 "Risk Management".

94. Management mandates have seen their valuation fall sharply in 2022. The provision for unrealized gains/losses has increased from CHF 956,271 in 2021 to CHF - 8,114,879 in 2022 due to the sharp rise in interest rates. It is recognized in the statement of the financial performance.

## NOTE 10: Securities designated at fair value

### Combined statement of securities designated at fair value

	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>SECURITIES MATURING WITHIN 12 MONTHS</b>		
<b>MUTUELLE - 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
<b>Subtotal</b>	<b>-</b>	<b>10 000</b>
<b>MUTUELLE - USD Fund, equivalent in CHF</b>		
Barclays Floater Note 2020 - 2023	923	-
<b>Subtotal</b>	<b>923</b>	<b>-</b>
<b>TOTAL</b>	<b>923</b>	<b>10 000</b>
<b>SECURITIES MATURING AFTER 12 MONTHS</b>		
<b>MUTUELLE - CHF Fund</b>		
Unirenta Union Investments GMBH	101	101
0.60% UBS Capital Protection Coupon Note 2022 - 2025	5 000	-
Crédit Agricole Floating Rate Notes 2022 - 2027	3 000	-
Citigroup Fixed Rate Note 2022 - 2027	2 000	-
Citigroup protected Coupon Barrier Note 2022 - 2027	2 000	-
Goldman Sachs Dolphin Notes 2022 - 2027	2 000	-
Lombard Odier Fund (CH) Ultra low CHF I	9 482	9 482
Philae Fund Varia Decalia Swiss Realtech	3 748	1 732
Smart Estate 1	2 137	3 050
Depreciation	-984	-500
<b>Subtotal</b>	<b>28 484</b>	<b>13 865</b>
<b>MUTUELLE - USD Fund, equivalent in CHF</b>		
Barclays Floater Note 2020 - 2023	-	915
UBS Group Floater 2021 - 2032	442	437
Depreciation	-92	-
<b>Subtotal</b>	<b>350</b>	<b>1 352</b>
<b>GPAFI</b>		
2% Luzerner Kantonalbank AG 2021 - perpetual	250	250
Depreciation	-49	-
<b>Subtotal</b>	<b>201</b>	<b>250</b>
<b>TOTAL</b>	<b>29 035</b>	<b>15 467</b>



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

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

97. 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.

## NOTE 11: Derivative financial instruments

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

	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>MUTUELLE - CHF Fund</b>		
Forward exchange contracts	4	12
<b>TOTAL</b>	<b>4</b>	<b>12</b>

98. La Mutuelle has entered into a forward exchange contract in 2022 in order to minimize the risk arising from exchange rate fluctuations linked to the Smart

Estate 1 real estate fund listed in euro. This contract is recorded at its fair value at 31 December and is classified under the assets.

### Forward exchange contracts

Date	Currency	Amount sold	Currency	Amount purchased	Forward exchange rate	Maturity
<b>2022</b>						
14.12.22	EUR	2 017 888	CHF	1 959 672	0,9712	15.12.23
<b>2021</b>						
14.12.21	EUR	3 022 888	CHF	3 129 143	1,0352	16.12.22

## NOTE 12: Loans to members

### Combined statement of loans to members

	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>AMORTIZATION OF LOANS SCHEDULED WITHIN 12 MONTHS</b>		
Ordinary loans	14 107	13 596
Housing loans	24 335	22 940
<b>TOTAL</b>	<b>38 442</b>	<b>36 536</b>
<b>AMORTIZATION OF LOANS SCHEDULED AFTER 12 MONTHS</b>		
Ordinary loans	29 149	27 620
Housing loans	99 218	95 493
Provision for depreciation on loans	-833	-951
<b>TOTAL</b>	<b>127 534</b>	<b>122 162</b>

**99.** In application of IPSAS 41, 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 144,982 at 31 December 2022 (CHF 98,050 at 31 December 2021).

**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 monitoring between 2 accounting years. The panel 2 amounts to CHF 45,346 at 31 December 2022 (CHF 71,280 at 31 December 2021).

**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 642,649 at 31 December 2022 (CHF 781,925 at 31 December 2021).

The 3 panels amount to CHF 832,977 at 31 December 2022 (CHF 951,255 at 31 December 2021).

**100.** In 2022 a loss of CHF 121,715 was recorded (CHF 0 in 2021) and concerns 2 legally recognized insolvent members. As per the Regulations their file will continue to be followed during 20 years.

### NOTE 13: Other Current Assets

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

	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
Trust Fund	13 093	15 888
Withholding tax to recover	446	525
Accrued interest on term deposits	-42	-
Accrued interest on bonds	416	498
Accrued interest on securities	6	19
Prepayments	51	73
Sundry debtors	64	53
Commissions to be received from insurers	444	424
<b>TOTAL</b>	<b>14 478</b>	<b>17 480</b>

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

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

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

	IT Hardware in CHF 1 000	IT computer system in CHF 1 000	Website in CHF 1 000	Total in CHF 1 000
Gross value at 31 December 2020	39	58	25	122
Additions	67	57	-	124
<b>Gross value at 31 December 2021</b>	<b>106</b>	<b>115</b>	<b>25</b>	<b>246</b>
Depreciation Fund at 31 December 2020	32	36	25	93
Depreciation	8	23	-	31
<b>Depreciation Fund at 31 December 2021</b>	<b>40</b>	<b>59</b>	<b>25</b>	<b>124</b>
Net value at 31 December 2020	7	22	-	29
<b>Net value at 31 December 2021</b>	<b>66</b>	<b>56</b>	<b>-</b>	<b>122</b>
Gross value at 31 December 2021	106	115	25	246
Additions	-	24	10	34
Disposals	-39	-47	-25	-111
<b>Gross value at 31 December 2022</b>	<b>67</b>	<b>92</b>	<b>10</b>	<b>169</b>
Depreciation Fund at 31 December 2021	40	59	25	124
Depreciation	17	31	-	48
Disposals amortization	-39	-47	-25	-111
<b>Depreciation Fund at 31 December 2022</b>	<b>18</b>	<b>43</b>	<b>-</b>	<b>61</b>
Net value at 31 December 2021	66	56	-	122
<b>Net value at 31 December 2022</b>	<b>49</b>	<b>49</b>	<b>10</b>	<b>108</b>

103. At 31 December 2022 no assets have been pledged as collateral for debt.

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

	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>MUTUELLE - CHF Fund</b>		
Current accounts	7 472	9 389
Deposit accounts	376 670	378 711
<b>Subtotal</b>	<b>384 142</b>	<b>388 100</b>
<b>MUTUELLE - USD Fund</b>		
USD accounts, equivalent in CHF	12 338	13 812
<b>Subtotal</b>	<b>12 338</b>	<b>13 812</b>
<b>TOTAL</b>	<b>396 480</b>	<b>401 912</b>

**104.** The CHF current and deposit accounts as well as the USD accounts (converted in CHF) decreased during the year 2022, respectively by 20.42%, 0.54% and 10.67%.

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

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

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

**107.** The interest rate paid on the CHF deposit accounts depends on the result 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. The interest rate proposed for 2022 by the Board of Directors is 0.50% plus a bonus of 0.85%, or a total of 1.35% (2021: 0.10% plus a bonus of 1.25%, or a total of 1.35%). It corresponds to a payment of interest of CHF 4,740,146 (CHF 4,756,262 at 31 December 2021) 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**

	2022 in CHF 1 000	2021 in CHF 1 000
Balance at 1 January	60 605	60 443
Statutory allocation	139	162
<b>Balance at 31 December</b>	<b>60 744</b>	<b>60 605</b>

**Combined statement of the extraordinary reserve Fund**

Balance at 1 January	23 668	22 737
Allocation according to the annual result	184	931
<b>Balance at 31 December</b>	<b>23 852</b>	<b>23 668</b>

**108.** The ordinary and extraordinary reserve Funds correspond to the capital of ICSMA.

***The ordinary reserve Fund***

**109.** 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.

**110.** 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.

**111.** 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.

**112.** At 31 December 2022, the ordinary reserve Fund amounts to 15.30% of total assets less reserves (14.65% at 31 December 2021).

***The extraordinary reserve Fund***

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

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

**NOTE 18: Employee benefits**

**115.** The following table shows the employee benefit liabilities at 31 December 2022:

**Employee benefits**

	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
<b>CURRENT LIABILITIES</b>		
Accumulated leave	251	251
Home leave	14	14
<b>TOTAL</b>	<b>265</b>	<b>265</b>
<b>NON-CURRENT LIABILITIES</b>		
After-Service Health Insurance	3 005	5 072
Repatriation grant and travel	36	33
<b>TOTAL</b>	<b>3 041</b>	<b>5 105</b>

**NOTE 19: Revenue from the activity**

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

**117.** La Mutuelle grants its members ordinary and housing loans. The 2022 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 6,758,000 (CHF 7,222,000 at 31 December 2021) because of the participation in the loan insurance surplus for the years 2017 to 2021 that was received during 2021.

**118.** Bank interest, corresponding to the remuneration of USD term deposits and USD deposits with banks, increased to CHF 113,000 (CHF 10,000 at 31 December 2021).

**119.** Income from bonds managed by ICSMA amounted to CHF 1,004,000 (CHF 1,217,000 at 31 December 2021). This decrease comes from a partial reinvestment of expired bonds holding a higher coupon.

**120.** Income from management mandates amounted to CHF 220,000 (CHF 149,000 at 31 December 2021).

**121.** La Mutuelle net revenue / members' deposits ratio is down to -2.56% versus -0.20% in 2021 due to the negative result of the year and the remuneration proposed by the Board of Directors for the CHF deposit accounts.

**122.** 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 promotion, information, advices, membership and individual billing. The 2022 revenue amounts to CHF 1,738,000 (CHF 1,645,000 at 31 December 2021).

**123.** 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**

	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000
Gross revenue	1 554	10 402
Expenses	10 410	10 079
<b>NET LOSS/REVENUE</b>	<b>-8 856</b>	<b>323</b>
Allocated to the reserve Funds as follows:		
- Ordinary	125	139
- Extraordinary	861	184
<b>TOTAL</b>	<b>986</b>	<b>323</b>
Net La Mutuelle revenue /La Mutuelle members' deposits	-2,56%	-0,20%
Interest rate proposed / paid on the CHF deposit accounts	0,50%	0,10%

**124.** The proposal of the Board of Directors on the compensation of the net loss is detailed on page 16 of the annual report.

**NOTE 20: Operating expenses**

	31.12.2022 in CHF 1 000	31.12.2021 in CHF 1 000	Variation
Staff Costs	2 687	2 539	6%
Financial fees	593	1 067	-44%
Overhead expenses	160	124	29%
Computer expenses	292	268	9%
Loan insurance	849	810	5%
Support costs UNOG	413	404	2%
<b>TOTAL</b>	<b>4 994</b>	<b>5 212</b>	<b>-4%</b>

**125.** Staff costs are up by 6% due to the recruitment of new employees to cope with early retirements and maternity leave.

**126.** Financial fees are down by 44% due to reinvestment of cash in investment vehicles that do not bear negative interest and the abolition of these by the Swiss National Bank. Negative interest is down from CHF 743,000 to CHF 419,000.

**127.** Overhead expenses increased by 29% due to changes in the insurances proposed by GPAFI.

**128.** Computer expenses are up by 9% due to the process related to the change of IT systems.

**129.** The cost of the loan insurance is up by 5% due to higher claims.

**130.** Operating expenses are down by 4% compared to 2021.

**NOTE 21: Budget comparison**

**131.** 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.

**132.** 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.

**133.** The budget was insufficient for personnel costs due to paid leave exceeding the provision made at 31 December 2021 and concerns two staff members of La Mutuelle who took an early retirement. The same for negative interest, which is related to a La Mutuelle's term deposit bearing a negative interest and which was not taken into account when the budget was evaluated.

**134.** The budget for IT expenses was partially consumed, resulting in lower than expected expenses.

#### Comparison of budgeted amounts and actual amounts

In CHF 1 000	2022			2021		
	Budget	Actual	Variation	Budget	Actual	Variation
Staff costs	2 622	2 687	-65	2 752	2 539	213
Overhead expenses	916	573	343	673	528	145
Computer expenses	1 629	291	1 338	322	268	54
Loan insurance	900	849	51	900	818	82
Negative interest	347	433	-86	950	743	207
Global custody	45	28	17	55	38	17
Expenses not covered by the budget		-			-	
- interests paid on accounts		4 743			4 781	
- loss on loans		137			-	
- other financial fees		133			278	
- allocation to provisions		487			56	
- Amortization of tangible and intangible assets		49			30	
<b>TOTAL</b>		<b>10 410</b>			<b>10 079</b>	

#### NOTE 22: Related-party disclosure

**135.** 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.

**136.** 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.

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

**138.** 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.

**139.** 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.

**140.** 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 546,010 (CHF 527,722 at 31 December 2021).

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



**142.** 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 2022, loans amounted to CHF 957,180 (CHF 866,657 at 31 December 2021) and deposits to CHF 1,206,625 (CHF 1,370,018 at 31 December 2021). 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**

**143.** 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.

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

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

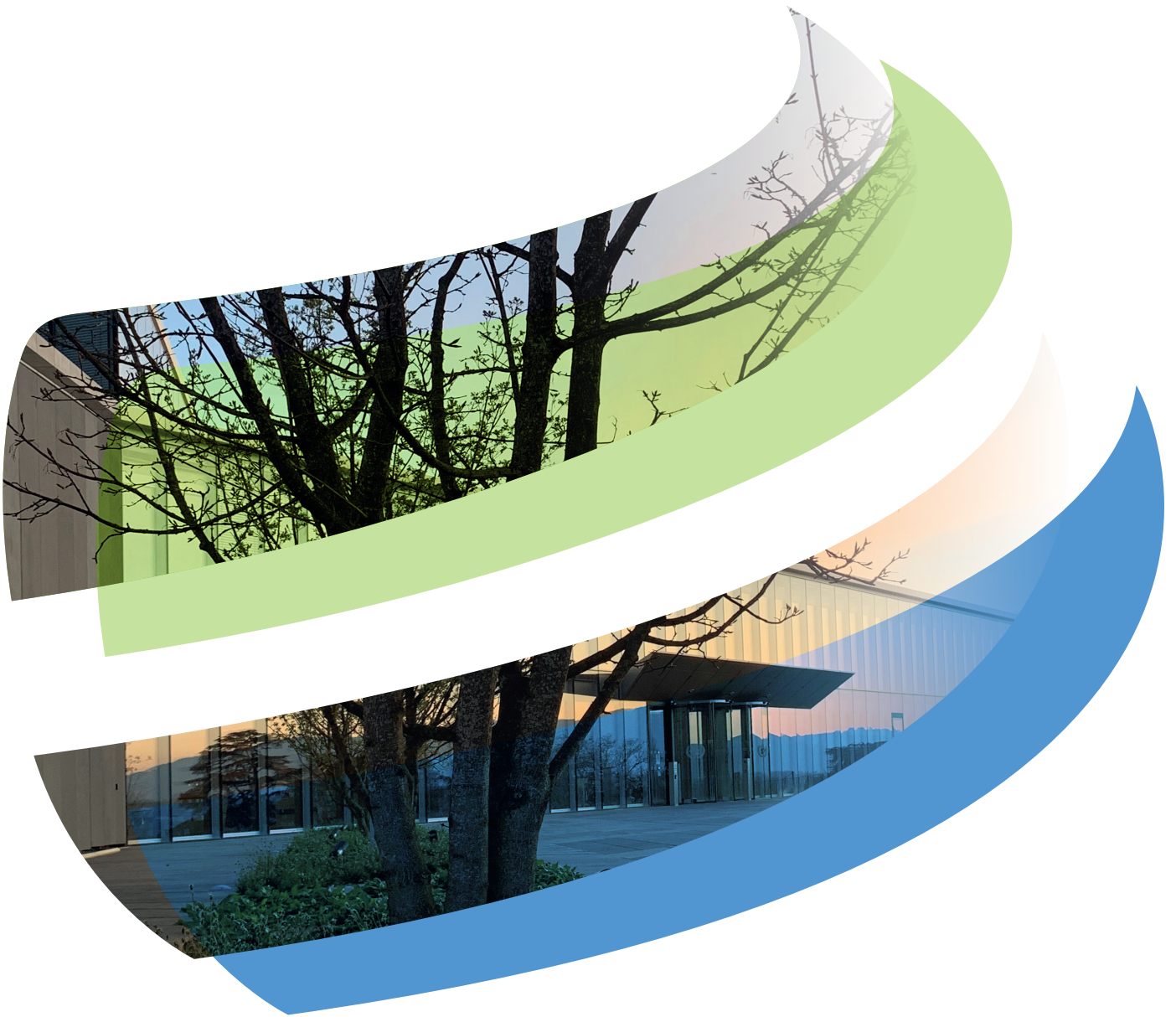
**145.** No event after the date of closure having a significant impact on the financial statement for the 2022 financial year is to be noted subsequent to the signature of the financial statements and their submission to the Board of Directors for approval on 14 March 2023.

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# THE OVERSIGHT BODY'S REPORT

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

Report of the statutory auditor  
to the General Assembly on the financial  
statements 2022

# Report of the statutory auditor

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

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of the International Civil Servants' Mutual Associations of the United Nations and Specialized Agencies (hereafter designated "ICSMA"), which comprise the statement of the financial position as at 31 December 2022, the statement of financial performance for the year then ended, the cash flow statement, the statement of changes in net assets and the notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2022 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 ICSMA 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 of Directors for the annual financial statements

ICSMA's Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of ICSMA's articles of incorporation. It is also responsible for such internal controls as it deems necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Board of Directors is responsible for assessing ICSMA'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 ICSMA's Board of Directors either intends to liquidate ICSMA or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain a reasonable assurance about whether the annual 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:

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, 1211 Genève 2, Switzerland  
Téléphone: +41 58 792 91 00, [www.pwc.ch](http://www.pwc.ch)

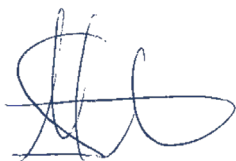
PricewaterhouseCoopers SA is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

- 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 ICSMA'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 of Directors' 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 ICSMA'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 ICSMA to cease to continue as a going concern.

We communicate with ICSMA's Board of Directors 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.

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

PricewaterhouseCoopers SA



Marc Secretan  
Licensed audit expert  
Auditor in charge



Tarik Bouchama

Geneva, 3 May 2023

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# MINUTES OF THE ORDINARY GENERAL ASSEMBLY OF 17 JUNE 2022

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Mr. Thomas Neufing, President of the Board, welcomed the members and opened the Annual General Assembly.

In accordance with Article 18 of the Statutes, the statutory quorum of 40 members is reached and the 2022 General Assembly can be held. Mr. Thomas Neufing introduced the members of the Board of Directors as well as the auditors, PricewaterhouseCoopers SA (hereafter PwC), represented by Mr. Tarik Bouchama.

Mr. Thomas Neufing asked the Secretary of the Board of Directors, Mrs. Pisca Chaoui, to read the agenda.

## **1. Election of the President of the ordinary General Assembly**

Mr. Thomas Neufing proposed to the assembly the nomination of Mr. René Vargas as President of the meeting. This proposal was accepted unanimously.

Mr. René Vargas asked the assembly how it wished to adopt the decisions. One member proposed to adopt them by consensus. In case of opposition, a vote would then be taken. This proposal was approved by the assembly.

## **2. Report of the Board of Directors for 2021**

Mr. Neufing informed the members that, during the year 2021, GPAFI and La Mutuelle continued to work closer together as the GPAFI team moved to the offices of La Mutuelle due to the SHP renovation work. More and more employees are now working for both entities, and a new staff member has been recruited to reinforce both teams. This merger allows, among other things, to diversify the skills of the employees and their work, and to reduce costs. There is still the question of joining the information systems, which are currently separate, and on which ICSMA is working. This change is taking longer than expected, particularly because of the differences between the two current infrastructures. It is therefore essential not to make a mistake in the direction to take so as not to impact all users. The IT teams of ICTS and ICC are working with ICSMA to determine the way forward. Mr. Neufing reminded that the change of IT system will address all the recommendations made by the external auditors, PwC.

Mr. Neufing pointed out that the income of the CHF Fund was 9% lower than in 2020, but that thanks to a

tight management of expenses these were reduced by 3%. The Board of Directors, nevertheless, wished to propose the same remuneration as in 2020, i.e. an interest rate of 0.10% plus a bonus of 1.25%, by taking the resulting deficit from the extraordinary reserve Fund in CHF. The income and expenses of the USD Fund are down by, respectively, 21% and 25% compared to 2020, and the result for the year is down by 6% compared to 2020.

Mr. Neufing wished to thank all members who responded to the request made by the external auditors to check the balance of their account(s) as of 31 December 2021 as the response rate was 84%. Mr. Neufing reminded members of the importance of checking their accounts at least once a year to ensure that they are correct and allow to test the lack of fraud within La Mutuelle.

As far as GPAFI is concerned, income and expenses were down, respectively, by 9% and 2% compared to 2020, a year which, it should be remembered, recorded an exceptional income related to an insurance contract. The extension of the complementary health insurance contract for three more years without any increase in premiums and with an option for two more years was an excellent news. As the premiums have not changed for several years, this renewal of this contract, under the same conditions, can be considered as exceptional.

As the ordinary reserve Funds of both entities exceed 12% of the balance sheet less the reserves, the Board considered that a portion of these could be redistributed to the members. The change of the IT system will require, however, a significant drawdown of reserves given the size of the investment which, it should be noted, will also improve the services to members. Moreover, in an environment of low returns on investments and declining income, it is important to remain prudent, but the Board is favorable to a progressive redistribution, as would already be the case this year if the proposal for the remuneration of the CHF deposit account is accepted by the assembly, and will address this very complex issue at a future retreat.

Regarding loans granted to members, Mr. Neufing reported an increase of 14.48% in housing loans and stability in ordinary loans. However, outstanding loans at the end of the year were down by 7% due to an increase in early loan repayments (137%), probably

linked to the huge rise of savings during the pandemic. In 2021, the Members of the Credit Committee unfortunately had to exclude a member of La Mutuelle who had only partially declared his external debts when submitting a loan application, and another member, who was separated for health reasons, had seen the balance of the loan not covered by the death/disability insurance following a false statement made related to the sick leave taken at the time of the loan application.

Mr. Vargas asked the assembly if there were any questions, which there were not. The report of the Board of Directors was approved by the assembly by consensus.

### **3. Presentation of the financial statements on 31 December 2021**

Mr. Dobrogowski mentioned that, from an investment valuation point of view, 2021 was stable compared to 2020, but this quick observation hides the difficulty of investing members' assets. He reminded that La Mutuelle's main objective is to preserve the capital and minimize the risk, and for that purpose it does not invest in equities. Knowing that, theoretically, the least risky investments are deposits with banks, it must be noted that the performance of these deposits during the year was -0.75%, and that of the Swiss equities, bearing a higher risk, was 20% (SMI index). The problem with equities is their volatility, which can significantly affect the year's results in the event of a fall in the stock market and generate a loss. For this reason, La Mutuelle avoids this type of investment, but the limited investment opportunities and current rates of return increase the difficulty.

The Covid pandemic and the halt in activity, which occurred in the first half of 2020, have created bottlenecks in certain supply chains. One of the consequences is a significant decorrelation between supply and demand, which is felt directly on household budgets. This rise in prices also impacts the interest rates, one of the components of which is inflation, and for that reason some countries, such as the United States, have announced an increase of their interest rates. This has a positive effect as it will be possible to invest assets with more favorable conditions, but also a negative one as the valuation of bonds will fall if rates rise. Nevertheless, concerning the bond portfolios managed by La Mutuelle, given that bonds are held until maturity the impact will be felt on the annual valuation with the recording of an unrealized gain or loss. This is what happened in 2021 with the evaluation of the management mandates as the unrealized gain recorded in 2020 has been considerably reduced. The Members of the Investment

Committee therefore expect that the valuation of investments at the end of 2022 will generate allocations to provisions, thus increasing expenses and negatively impacting the result.

The negative interests affected significantly the 2021 result for La Mutuelle as it rose by 26% compared to 2020. The 2022 budget forecasts show an estimated increase of 28% compared to 2021. The discussion related to the reallocation of the negative interest on the members' account with significant net assets is therefore important and makes sense when reading these estimates.

The rise in interest rates allowed, at the end of 2021, the reinvestment of La Mutuelle's and GPAFI's cash in CHF in bonds and securities benefitting from a net return close to 0%, higher than the negative interest (-0.75%). However, it is important to realize that, for La Mutuelle's assets, the reinvestment of expiring bonds will impact the results. Considering the forthcoming reimbursements, including CHF 14 million in 2022, it is undeniable that income will continue to fall over the next few years while costs are expected to increase (IT changes, negative interest), hence the importance of the reserves which serve as a safety cushion. Moreover, it should be borne in mind that the financial markets have been performing exceptionally well for several years now, and that a correction is likely to occur soon, which would impact La Mutuelle as it did during the subprime crisis.

In 2021 the Members of the Investment Committee started to revise the investment policy to modify, if necessary, the strategy adopted so far, the objective remaining the minimization of risk. This review will continue in 2022.

Mr. Vargas asked the assembly if there were any questions, which there were not. The report of the Investment Committee was approved by the assembly by consensus.

### **4. Report of the Oversight body for 2021**

Mr. Bouchama presented the report of the Auditors related to ICSMA's annual accounts. He recalled that the audit of the financial statements was carried out in accordance with the international auditing standards, and that the financial statements for the year ended 31 December 2021 complied with the Statutes and gave a true and fair view of the assets, liabilities, financial position and results of operations in accordance with IPSAS.

Mr. Vargas asked the assembly if there were any questions, which there were not. The report of the Oversight body was approved by the assembly by consensus.



### **5. Approval of the 2021 Financial statements**

Mr. Vargas asked the assembly if there were any questions, which there were not. The 2021 financial statements were approved by the members by consensus.

### **6. Approval of the distribution of the revenue for the 2021 financial year of La Mutuelle's CHF Fund**

Mr. Dobrogowski reminded the recommendation of the Board of Directors, namely the distribution of an interest rate on the CHF deposit account of 0.10% net plus a bonus of 1.25% net, i.e. a total of 1.35%. The bonus will generate a deficit for 2021, but thanks to the significant reserves, La Mutuelle can afford it. It also allows us to maintain a stable return compared to previous years, even if the environment is difficult for investments.

A member asked whether the bonus was taken from the ordinary or extraordinary reserve Fund and from La Mutuelle or GPAFI? Mr. Dobrogowski answered that the bonus comes from La Mutuelle's extraordinary reserve Fund in CHF.

Mr. Vargas asked the assembly if there were any further questions, which there were not. The proposal related to the distribution the surplus income was approved by the assembly by consensus.

### **7. Election of 3 Directors serving with and/or administrated by the United Nations Office at Geneva**

Mrs. Fleury reminded that, according to article 34 of the Internal rules and Regulations, upon renewal of the mandates of the Directors of ICSMA, civil servants serving with or administered by the United Nations Office at Geneva, who wish to present their candidature to one of the 3 seats, must send their application to the Executive Secretary of La Mutuelle at least 7 working days before the date of the Ordinary General Assembly, with the support of at least 25 ICSMA members, a curriculum vitae and a cover letter, failing which the application will not be accepted. A Director wishing to be considered for another term of office shall simply express his/her wish to pursue his/her mandate and shall, and to the extent possible, attend the Ordinary General Assembly.

The deadline for complying with the minimum of 7 working days was 10 June 2022, and only the candidacies of the outgoing members, i.e. Mrs. Myriam Foucher, Mr. Hugues Noumbissie and Mr. Benjamin Hauser, were received.

Mr. Vargas asked the assembly if there were any questions for the candidates, which there were not. The outgoing directors were re-elected by consensus.

The composition of the Board of Directors is therefore as follows:

President:	Thomas Neufing
Vice President:	Giovanni Pizzini
Treasurer:	Adam Dobrogowski
Deputy Treasurer:	Benjamin Hauser
Secretary:	Prisca Chaoui
Members:	Myriam Foucher Hugues Noumbissie

### **8. Report on ICSMA's activity at the end of the first half of 2022**

Mrs. Fleury clarified a point concerning the question that had been asked earlier about GPAFI and La Mutuelle' reserve Funds, by confirming that these are separate as already mentioned at the time of the vote on the integration of GPAFI into La Mutuelle.

As far as the up-to-date activity is concerned, GPAFI shows a continued stability in its growth and insurance yields which allowed, notably, the extension of the complementary health insurance contract under the same conditions for a further 3 years, with an option for two more years without change in premiums. The only significant change is related to the charge generated by the negative interest on assets deposited with banks. To minimize this charge and improve the return, investments in bonds have been made.

Concerning La Mutuelle, Mrs. Fleury underlined that, loans granted to members increased, but as mentioned previously by Mr. Hauser and Mr. Dobrogowski, the rise in interest rates resulting from the rise in inflation has a negative impact on investments, but the fact that the bonds are held until maturity would eventually reduce the effects. However, La Mutuelle has the necessary reserves to deal with possible annual latent losses.

Concerning mobility, Mrs. Fleury said that the demand for mobility passes is lower despite the reduced prices offered by La Mutuelle. Obviously telecommuting does not encourage colleagues to buy an annual pass, but the increase in fuel prices might change habits. Mrs. Fleury also mentioned that "Bike to work" runs until the end of June, an initiative sponsored by La Mutuelle for many years.

A member asked what the interest rate on the housing loan is. Mrs. Fleury replied that it is at 3.50%, including a death/disability insurance. Interest is paid at an effective discount rate as the interest rate is applied monthly on the remaining capital and not on the capital borrowed. This means that the net rate paid by the borrower is lower than 3.50% and close to 2%.



Another member referred to the annual report and the impact that a new financial crisis could have on La Mutuelle. He would like to know the position of the Treasurer, the members of the Committee, PwC, on the right way to invest with regards to this possible forthcoming correction, and if we should expect it in 2022.

Mr. Dobrogowski explained that the portfolio is managed with a 7-year investment horizon, that the market behaves in a volatile way, with upward phases following downward phases, but that due to the investment framework changing over the years the return on the portfolio has decreased. However, he believes that it will be possible to recover a probable shortfall in the future, but not immediately, as it should not be forgotten that the return on investments has fallen from 3% to -0.75%, and that the duration of the investments made by La Mutuelle to preserve the capital is about 7 years. We must be aware of the market situation and also of the way we invest.

Mr. Bouchama added that asset management was the responsibility of the Investment Committee and not of the Oversight body. As PwC is independent, it cannot make recommendations on a portfolio management decision but only on the application of accounting principles or on the internal control system.

## 9. Other business

A member asked why GPAFI's reserve Fund could not be used to promote mobility within the Palais.

Mr. Pizzini answered that the Board of Directors decided, during its last meeting, to abolish the monthly administrative fee, which amounts to CHF 1 per person and per insurance as from next year thanks to the positive results that GPAFI has achieved in the last years. A participation will thus be distributed to the insured. He also added that the extension of the complementary health insurance contract, proposed by UNIQA, means that the premiums will remain unchanged for almost 10 years, an exceptional achievement especially if we look at the Swiss statistics which confirm a strong inflationary trend in health costs since several years, except for the last 2 years due to Covid.

Mrs. Fleury added that the reserves will also be affected by the upgrade to the IT system, which was estimated to be expensive. Concerning bicycles, the Board was very much in favor of considering an envelope to provide bicycles for staff, as well as electric bikes and scooters. However, within the United Nations at Geneva there is a working group, in which ICSMA participates together with the Pension Fund, UNSMIS and the Division of Administration, which is

addressing the issue of mobility within the Palais. The situation is not so simple as it is necessary to consider mobility as a whole and not just partially, and a global mobility solution that suits everyone must be found, not only for cyclists but also people with reduced mobility. The working group has had several meetings, including with the EPFL, to get the opinion of specialists in the field and to find one or more means of transport suitable for everyone. This will, however, take time as the subject is so complex.

Mr. Hauser stressed that the Board of Directors is asking itself what the optimal percentage of reserves is to achieve. But the answer is not simple, as the objective of minimizing risk and providing a return must always be kept in mind. The Board will, however, continue the discussion at a future retreat. Regarding the subprime crisis, Mr. Hauser mentioned that the Investment Committee is influenced in its strategy by the general investment environment. The 2007/2008 crisis led to the environment of low interest rates we are in now, and it is possible that we are coming out of it now with rising interest rates and decreasing valuations. No one knows what will happen in the future, but we must remain cautious and constantly assess the situation.

Concerning mobility, one member pointed out that the administration of the Office of the High Commissioner for Human Rights had installed shelters and encouraged the use of bicycles. Perhaps La Mutuelle could learn from this. Mrs. Fleury confirmed that discussions had taken place, notably on the mobility plan proposed by the Office of the High Commissioner, but also with UNEP. The inter-organization exchange was very productive and enabled to move in the right direction together, benefiting from each other's experiences.

Mrs. Chaoui thanked Mrs. Fleury and the ICSMA team for all the work they do for active and retired staff members.

As there were no further questions, Mr. Vargas gave the floor to Mr. Neufing to close the meeting.

Mr. Neufing thanked Mr. Vargas for leading the 2022 General Assembly and supported Mrs. Chaoui's words. He recalled that the Members of the Board are volunteers, that they provide a service in addition to their daily work and that he is very happy to work with a team that brings together different skills and experiences. He also thanked the work done by Mrs. Fleury and her team and expressed his joy at being able to meet again physically after a long period of pandemic.

The 2022 Ordinary General Assembly was closed at 1:30 pm.