



L A M U T U E L L E

Association Mutuelle des Fonctionnaires Internationaux
de l'Office des Nations Unies et Agences Spécialisées

November 10th, 2008

Dear Members,

We refer to our letter dated October 8th, 2008 and would like to keep you informed about the situation of our Mutual Association.

During October we have increased our CHF term deposits by decreasing the amount held in managed accounts. This increase allows us, on a short term basis, to be in a more comfortable position. However, we will see the consequences of this move on the return on investments because, as you have probably heard or read, banks remain extremely reluctant to lend each other funds. At this time, the return available on term deposits is extremely low and far lower than the interest rate proposed on the CHF deposit account for the year 2007, i.e. 2%. At certain times we simply had no other choice than leaving the funds in a current account bearing no interest.

This situation of low return available from current investment opportunities forces us to take a temporary measure in order to be able to continue to give an attractive return for the CHF deposit account. Therefore members who will retire or leave their organization after 1 January 2009, will no longer be able to deposit in the CHF deposit account their final emoluments including the last salary, the repatriation grant, accrued leave and termination indemnities in the event of voluntary separation. However, they will still have the possibility to deposit them in the CHF current account that bears an interest rate of 0.50% net. This measure will be reviewed when the economic and financial situation allows us to do so.

We would also like to emphasize the fact that the higher interest rate proposed on the CHF deposit account is mainly due to the interest received from loans to staff members, currently 4.00% for the housing loan and 6.50% for the ordinary loan. In recent years the growth of CHF deposits has been much stronger than the growth of loans (33% versus 23% over the last 5 years), with the result that our investments in lower yielding bonds, term deposits and managed accounts have been steadily increasing.

As far as the CHF result is concerned, it is down by 7.30% at the end of October compared to that of October 2007 because we have sold, at a loss, bonds that we no longer feel comfortable with. For the USD result it is far higher than in October 2007.

To repeat our previous letter we confirm that in the spirit of caution and considering the current situation, we will continue to increase our provisions related to investments. The interest rate that we will propose you on the CHF deposit account for the year 2008 will be lower than in 2007 as it will take into account these provisions. When the economic and financial situation improves and if the provisions are higher than necessary, a part will be distributed to the members holding a CHF deposit account.

We will keep you informed again in the course of December 2008.

Finally, we have the pleasure to inform you that from December 1st, 2008, members who have a secured login will be able to make direct bank transfers to one of their external accounts. In order to do so they will have to complete a "Request to register a bank account for transfers through the secured login" form, located on our website and send it back to the Mutual Association for validation. An information circular, located also on our website, will give you more information.

The Members of the Board of Directors