

# 2021 Annual report



icsma



la mutuelle



gpafi

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



UNITED NATIONS  
GENEVA

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# ORGANS OF ICSMA

## BOARD OF DIRECTORS

<b>President</b>	Mr. Thomas Neufing *	<b>Secretary</b>	Ms. Prisca Chaoui **
<b>Vice President</b>	Mr. Giovanni Pizzini *	<b>Members</b>	Ms. Myriam Foucher *** Mr. Hugues Noubissie ***
<b>Treasurer</b>	Mr. Adam Dobrogowski ****		
<b>Vice Treasurer</b>	Mr. Benjamin Hauser ***		

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

## REPRESENTATIVES OF AFFILIATED ORGANIZATIONS

<b>ILO</b>	Mr. Pierre Moulet	<b>HCR</b>	Mr. Christophe Duverger
<b>UNICEF</b>	Mr. Adam Dobrogowski	<b>WTO</b>	Ms. Hélène Reyboubet
<b>IMO</b>	Ms. Ingrid Lopez-Cardona	<b>WMO</b>	Ms. Brigitta Exterkate Mr. Willy Perignon until 30 April 2021
<b>WIPO</b>	Ms. Janice Cook Robbins	<b>WHO</b>	Mr. Yoshiyuki Matsuo
<b>UNEP</b>	To be designated	<b>IPU</b>	Ms. Andrée Lorber-Willis
<b>ITU</b>	Ms. Subira Suedi	<b>IOM</b>	Ms. Petra Van Boxel

## MEMBERS OF THE INVESTMENT COMMITTEE

Mr. Adam Dobrogowski Mr. Benjamin Hauser Mr. John Breckenridge Mr. Joerg Weber	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

Dear Member,

It is with optimism that we started writing this report at the beginning of the 3rd year of the Coronavirus pandemic. Indeed, even if the health situation remains critical, the hope of finding a bit of normal life is great. The hope of finding ourselves together again also. Even though this crisis has highlighted the possibility of working differently, nothing can replace human contact. The return to the workplace will be joyful for some and unenthusiastic for others, but what makes us strong and builds us up is obtained through others. And this in an environment as unique as the United Nations. Finding the right balance that is satisfactory to all will be crucial.

During the year 2021, GPAFI and La Mutuelle have continued to work closer together as the GPAFI team has moved into the offices of La Mutuelle. It should be added that more and more employees now work for both entities, and a new colleague was recruited to reinforce both teams. This merger allows, notably, to diversify the skills of the employees and their work, and to reduce some costs. There is still the question of reuniting the information systems, which are currently separate, and on which ICSMA is working. This change is taking longer than expected, particularly because of the difference in the two current infrastructures, the target envisaged, and the amount of data that needs to be migrated. It is therefore essential not to make a mistake in the direction to take so as not to impact all users. The ICTS and ICC IT teams are working with ICSMA to determine the method to be followed, and we hope to give you more information during the second half of the year. It should be noted that the change in IT system will address all the recommendations previously made by the external auditors, PricewaterhouseCoopers SA.

Regarding La Mutuelle, the installation of an operating system update revealed a lack of space preventing the server from functioning properly. As the current servers are old it was no longer possible to find new disks to increase their memory. Only a complete replacement would solve the problem, even if the cost of the operation is around CHF 150,000. The question therefore arose as to whether La Mutuelle could accept the risk, however small, of not upgrading and of suffering a possible temporary blockage of services, when the system must be changed in the short or medium term. The Board of Directors, opting for prudence and

minimizing the risk, agreed to purchase new servers, which implied an increase in tangible and intangible assets.

Negative interest rates in CHF have a significant impact on operations since a charge of CHF 743,000 has been recognized and is paid by all depositors in CHF. It should be noted that, when the 2022 budget was drawn up, this expense was estimated at CHF 1 million. Based on the current distribution of assets, La Mutuelle has :

a) 182 members with assets of CHF 400,000 or more, representing a total of CHF 99 million, or an average deposit of CHF 544,000,

b) 4,527 members with assets of less than CHF 400,000, representing a total of CHF 289 million, or an average deposit of CHF 64,000.

It is clear that 96% of depositors subsidize the remaining 4%. To what extent does this subsidy, which has a negative impact on the remuneration of the majority of depositors, meets the principle of solidarity as intended by La Mutuelle? This is the question the Board of Directors is asking itself, and passing on the negative interest charged by the banks on part of the 182 depositors' assets would allow a rebalancing and the maintenance of the attractiveness of the CHF deposit account. The decision will be taken later this year.

The income of the CHF Fund is down by 9% compared to 2020, and thanks to tight management of expenses these decreased by 3%. The Board of Directors therefore wishes 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.

The income and expenses of the USD Fund are down respectively by 21% and 25% compared to 2020. The result for the year is 6% lower than in 2020.

The Board of Directors wishes to thank all the members who responded to the request made by the external auditors PricewaterhouseCoopers SA to verify the balance of their account(s) as at 31 December 2021, the response rate being 84%. It reminds the utmost importance of checking the accounts at least once a year to ensure that they are correct, as this allows the absence of fraud to be tested within La Mutuelle.

As far as GPAFI is concerned, income is down by 9% compared to 2020, a year in which a surplus participation was recorded. Expenses are 2% lower than in 2020. The excellent news, recorded during the year 2021, concerns the extension of the contract for the complementary health insurance, offered by our partner UNIQA, for a further 3 years without any increase in premiums and with an option to extend it for a further 2 years under the same conditions if the claims experience does not develop unfavorably. Given that premiums have not changed for several years, this extension can be considered as exceptional.

As the ordinary reserve Funds of both entities exceed 12% of the balance sheet total less reserves, the Board of Directors considered that part of the extraordinary reserve Funds could be redistributed to members. The change of the IT system will, however, require a significant drawdown of reserves given the size of the investment which, it should be noted, will also improve the service to members. Furthermore, in an environment of low return on investment and declining income, it is important to remain prudent, but the Board of Directors is in favour of a progressive redistribution and will address this very complex issue at a future retreat.

For the first time, due to the pandemic, the General Assembly had to be organized by videoconference and not in person, which the Board regrets since many of the usual participants do not have access to IT tools and could not participate. However, this gave the opportunity to exchange with members who usually could not travel. Unfortunately, the Board of Directors noted, with regret, that there was little interest in this event as the attendance was lower than usually, which is already modest. The exchange is important as it allows us to take note of remarks, suggestions and satisfaction, to know if the direction we are taking is the right one,

and the Board of Directors counts on this input to satisfy you. Lack of attendance can also be a sign that members feel that all is well managed and that there is no need to participate, which is also a sign of confidence that should not be relied upon.

It is with a deep sense of concern and a fear in the chest that we conclude our review of the year 2021. The conflict on our doorstep, in Ukraine, concerns us all. But history has shown that wars do not solve problems, dialogue and diplomacy do. How many deaths will it take before we realize that violence has not solved anything? In these terrible moments we think of those who are fighting to defend their country, of those who do not want to be directly or indirectly involved in this conflict, of those who are fighting for democracy and peace, of those who lose their lives. Let us hope that reason will prevail and that we will finally be able to breathe.

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## REPORT FROM THE CREDIT COMMITTEE

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The year 2021 recorded an increase of 14.48% in housing loans granted, reaching an amount of CHF 29,120,413. This increase shows the interest of members in real estate investments, whose prices are nevertheless very high in Switzerland, particularly in the Geneva area. The increase in inflation also impacts mortgage interest rates, which have been rising for several months. This situation allows banks to regain higher margins on new mortgages, an important point given that 60% of Swiss mortgages will be renegotiated over the next 5 years. As a large proportion of these mortgages currently have a higher interest rate than the market, the banks have significant interest in taking advantage of the inflationary movement to increase rates, even if the Swiss National Bank maintains its current policy, in order to minimize the impact that mortgage renegotiations will have on their revenues. The question is to what extent this rise in interest rates will impact the property prices and borrowers' budgets. The year 2022 will certainly give us a glimpse of what is to come in the next few years, but this increase should not have a significant impact on our members because of the margin that is taken by La Mutuelle for the calculation of the total charges. Nevertheless, everyone must remain vigilant as the financial situation can quickly deteriorate.

As far as ordinary loans are concerned, demand remained stable in 2021, but outstanding loans at the end of the year fell by 7%. Early loan repayments have increased by 137% (CHF 1,316,000 in 2021 vs. CHF 555,000 in 2020) and are certainly linked to the explosion of savings during the pandemic. The Members of the Committee expect the demand to pick up again in the course of 2022 if the sanitary situation allows life to return to roughly the same level as before the pandemic.

During the year 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. In addition, a member, who was placed on disability during the year, had the balance of his loan not covered by the death/disability insurance following a false declaration, related to sick leave taken, when submitting a loan application. The Members of the Committee could only deplore these false declarations and the lack of transparency, which had an impact on personal situations that were already extremely difficult. It reminds, once again, that La Mutuelle is there to help and not to judge, but that in order to help it is essential to be able to count on the full cooperation of members. It is not because a person has debts, paid or unpaid, or a large number of sick leave days taken that a loan will not, in principle, be granted. But it is obvious that La Mutuelle will not help a member who fails to be transparent and consequently breaks the contract of trust, as shown by the various exclusions pronounced since 2020.

## REPORT FROM THE INVESTMENT COMMITTEE

From an investment valuation point of view, the year 2021 was stable compared to 2020. But this quick observation hides the difficulty of investing members' assets. First of all, it should be remembered that La Mutuelle's main objective is to preserve capital and minimize risk. This is why it does not invest in equities. Knowing that, theoretically, the least risky investments are deposits with banks, the performance of the latter was -0.75% compared to the Swiss market equities', 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 lead to a negative result at the end of the year if losses are incurred. For this reason, La Mutuelle avoids this investment vehicle, but the low investment opportunities and current rates of return increase the existing difficulty.

The Covid pandemic and the halt in activity, which we recorded in the first half of 2020, have created bottlenecks in certain supply chains, one of the consequences of which is a significant decorrelation between supply and demand. This situation, which affects, in particular, the wood, electronics, automobile and raw materials sectors, is generating inflationary pressures whose effects are felt directly on household budgets. This rise in prices also impacts on interest rates, one of the components of which is inflation, and it is for this reason that some countries, including the United States, have announced that they will raise their interest rates. This has a positive effect as it will be possible to invest assets on better terms, but also a negative effect as the valuation of bonds falls if rates rise. Nevertheless, in the case of the bond portfolios managed by La Mutuelle, given that the bonds are held until maturity, the impact will be felt on the annual valuation, with the recording of an unrealised gain or loss. This is what we have seen in 2021 when valuing La Mutuelle's management mandates, as the unrealized gain recorded in 2020 has been reduced from CHF 1,578,000 to CHF 956,000. The members of the Investment Committee therefore expect that the valuation of the investments at the end of 2022 will generate allocations to provisions, increase expenses and negatively impact the result.

Negative interest has a significant impact on La Mutuelle's results for 2021 as it is 26% higher than in 2020 (CHF 743,000 compared with CHF 591,000 in 2020). The budget forecasts for 2022 show an estimated expense of CHF 950,000, i.e. an increase of 28% compared to 2021. The discussion on the impact of negative interest on the accounts of members with significant net assets is therefore important and makes sense when reading these estimates.

The rise in interest rates has made it possible, at the end of 2021, to invest part of the CHF cash of La Mutuelle and GPAFI in bonds and securities, which will give a net return close to 0%, higher than the negative interest (-0.75%). But it is important to realize that, for La Mutuelle's assets, the reinvestment of maturing bonds will impact the income. For example, the 3% SGS 2022 bond has been replaced by the 0.55% Nestlé 2032 bond, generating an annual income differential of 2.45%, which, for an investment of CHF 2,000,000, corresponds to an income decrease of CHF 49,000. Taking into account the forthcoming bond repayments, 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 presence of the reserves, which serve as a safety cushion. Moreover, it should be borne in mind that, for several years, the financial markets have been performing exceptionally well, and that a correction is likely to occur in the near future and will impact La Mutuelle as it did during the subprime crisis (2007 - 2008).

During 2021, the Investment Committee members have started to review the investment policy in order to revise and modify, if necessary, the strategy adopted so far, the objective remaining the minimisation of risk. This review will continue in 2022.

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# MAIN RESULTS FOR YEAR 2021



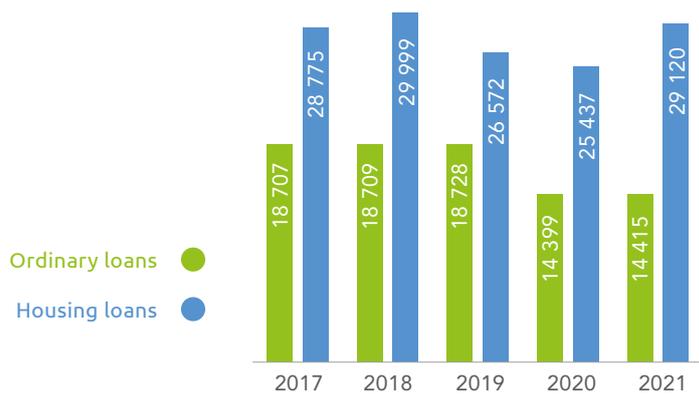
### Loans to members

Housing loans granted to members during 2021 were up by 14.48% (-4.27% in 2020). Ordinary loans granted during the year were up by 0.11% (-23.12% in 2020).

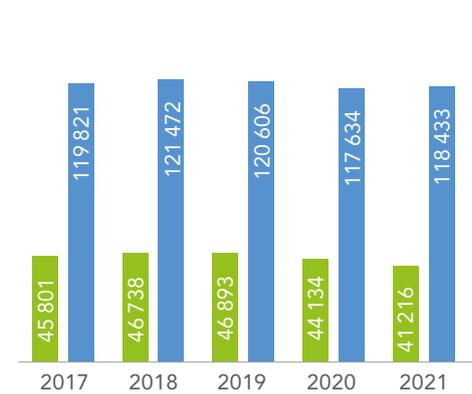
Regarding outstanding loans at year-end, ordinary loans were down by -6.61% (-5.88% in 2020), and housing loans were up by 0.68% (-2.46% in 2020).

The pandemic continues to impact lending, mainly ordinary loans linked to consumer spending. In opposite, applications for housing loans remains strong. It should also be noted that early loan repayments were higher this year, which also explains the drop in outstanding loans at year-end.

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



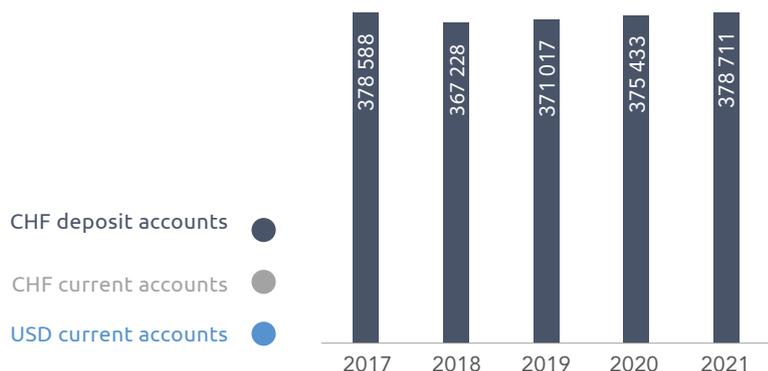
**Outstanding loans at year-end**  
(in CHF 1,000)



### Members' deposits

Members' CHF deposit and USD accounts increased in 2021, respectively by 0.87% (+1% in 2020) and 0.67% (-6.24% in 2020). However, the CHF current accounts decreased by -20.12% (-7.80% in 2020).

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



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



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

The increase in members' deposits combined with the decline in outstanding loans has contributed to the slight decline of the loans to deposits ratio. At 31 December 2021, the assets that members have deposited with La Mutuelle are loaned at 41.14%.

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



### Revenue

Revenue for the year 2021 was primarily generated by loans to members and bond portfolios managed by La Mutuelle.

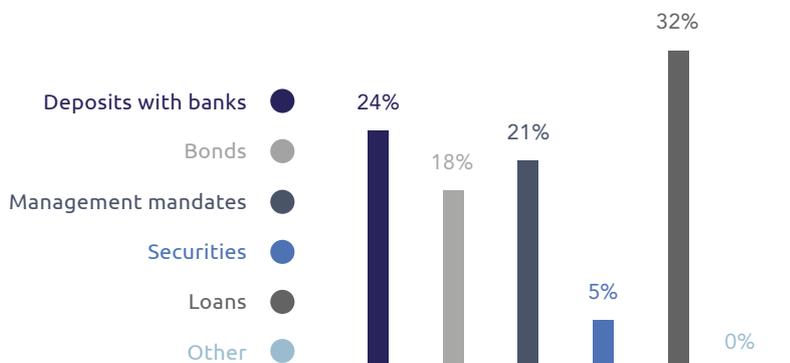
Loans to members represent 32% of total assets and generate 82% of the revenue.

Bond portfolios represent 18% of total assets and generate 14% of the revenue.

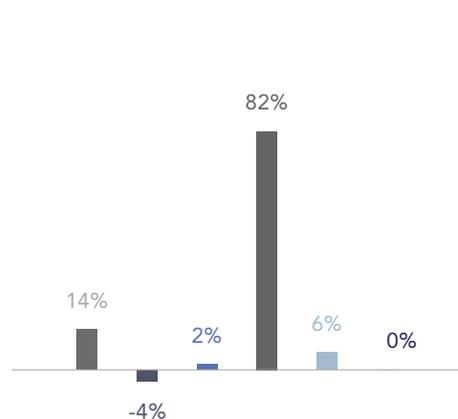
Management mandates represent 21% of total assets and generate -4% of the revenue due to the decrease of the latent gain.

Deposits made with banks represent 24% of total assets and generate no revenue.

#### Distribution of assets



#### Distribution of revenue



### Interest rates

#### Interest rates applied during the year 2021



## Evolution of the members

Membership slightly increased in 2021.  
 The resignations of members were made as follows:

1. Voluntary resignations of members: 41%,
2. The closing of dormant accounts: 6%,
3. End of contract: 33%
4. Death: 20%.

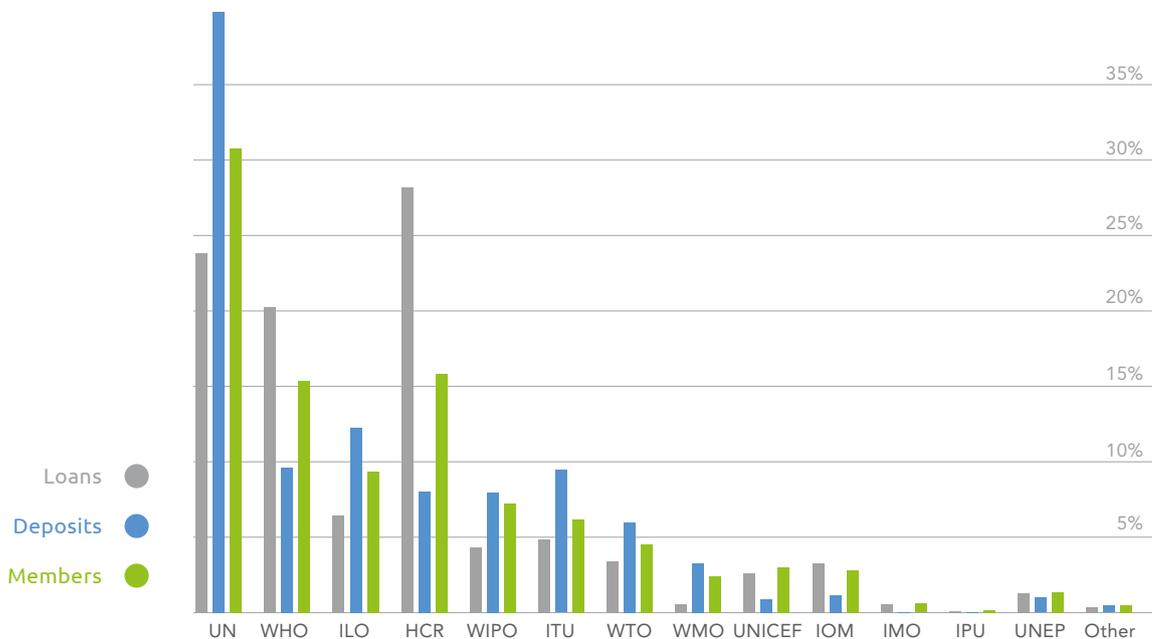
La Mutuelle welcomed 238 new members (228 in 2020).

Evolution of the members



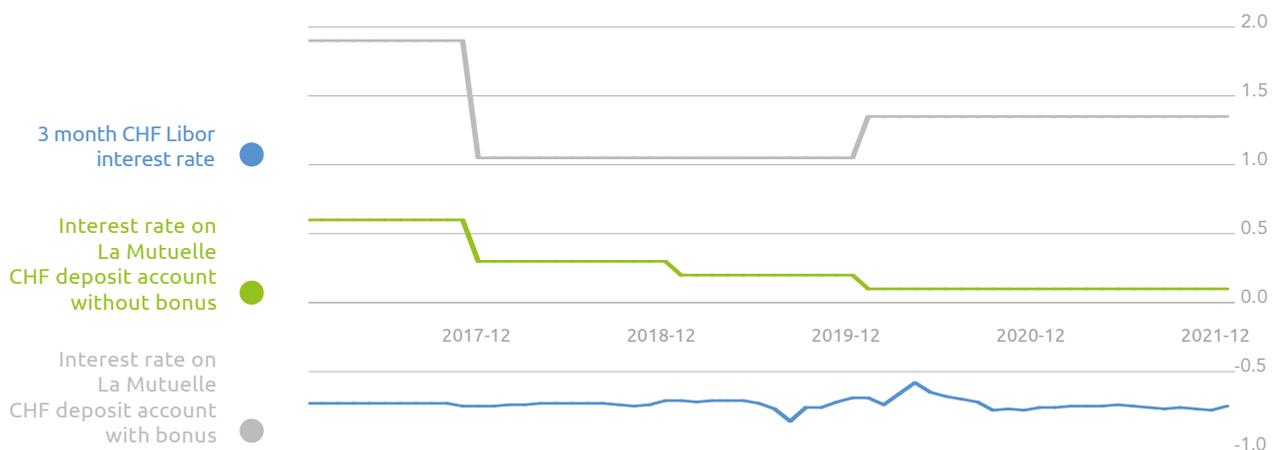
## Statistics

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

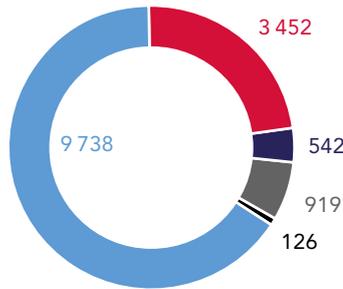




**Distribution of insurance contracts**

- Complementary health insurance
- Assistance
- Loss of salary insurance
- Accident insurance
- Life insurance

Distribution of insurance contracts



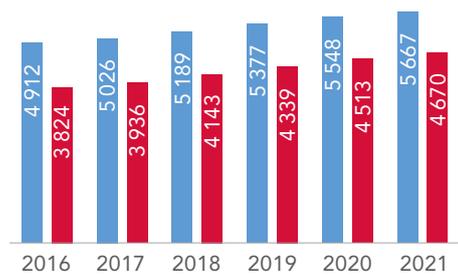
Insurance affiliations evolved as follows compared to 2020:

- a. Complementary health insurance: +3%
- b. Assistance: +5%
- c. Loss of salary insurance: -4%
- d. Accident: -3%
- e. Life insurance : + 31%

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

- Members (debtors)
- Other insured family members

Members (debtors) and other insured family members



Insured members per family

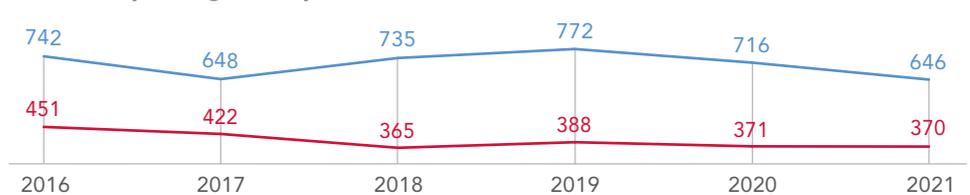


The number of GPAFI members (debtors) increased by 2.74% in 2021 (+2.94% in 2020), generating an increase of their family members of 3.48% (+3.87% in 2020).

**Membership - Resignations / Terminations**

- Membership
- Resignations / Terminations

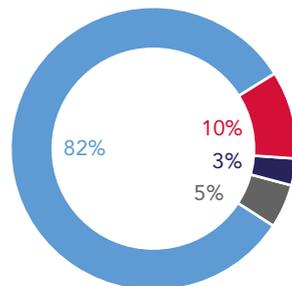
Membership - Resignations/Terminations



**Revenue**

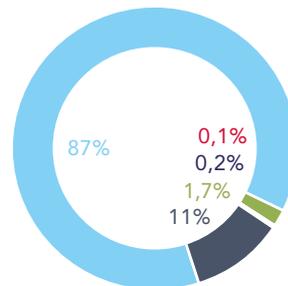
- Deposits with banks
- Bonds
- Securities
- Other current assets
- Insurer management fees
- Membership fee
- Other income

Distribution of assets



Revenue for the year 2021 was primarily generated by the management fees paid by the insurers.

Distribution of revenue



Management fees paid by the insurers generate 87% of the revenue. Membership fees generate 11% of the revenue.

Deposits with banks represent 82% of total assets and generate no revenue.

Bond portfolios represent 10% of total assets and generate 0.12% of the revenue.

Securities represent 3% of total assets and generate 0.18% of the revenue.

Other income represents 5% of total revenue and generate no revenue.

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

### CHF Fund

Taking into account the results of the 2021 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 2021**

**0.10% net.**

**b) Distribution of a bonus on the CHF deposit accounts for 2021**

**1.25% 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 788,993.31 which would be covered by a withdrawal from the extraordinary reserve Fund in CHF.

Remuneration would be distributed as follows:

Interest on CHF deposit accounts (0.10%)	352 316.00	CHF
Interest on CHF deposit accounts closed in 2021	-31 406.49	CHF
Bonus (1.25%)	4 403 946.00	CHF
<b>Total</b>	<b>4 724 855.61</b>	<b>CHF</b>

The loss of the financial year filled as follows:

<b>Result CHF Fund</b>	<b>-788 993.31</b>	<b>CHF</b>
Transfer to the ordinary reserve Fund (0% for 2021)	-	CHF
Withdrawal from the extraordinary reserve Fund in CHF	788 993.31	CHF

### USD Fund

The Board of Directors decided to distribute the results of the 2021 financial year as follows:

<b>Result USD Fund</b>	<b>147 913.31</b>	<b>USD</b>
Transfer to the ordinary reserve Fund (12.50% of interest)	18 489.16	USD
Equivalent in CHF	16 917.58	CHF
Transfer to the extraordinary reserve Fund in USD	129 424.15	USD
Equivalent in CHF	118 423.10	CHF
<b>Total USD Fund</b>	<b>147 913.31</b>	<b>USD</b>
<b>Equivalent in CHF</b>	<b>135 340.68</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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**2021**  
**FINANCIAL STATEMENTS**



## COMBINED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

	Notes	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	121 139	118 077
Term deposits	7	1 830	1 766
Bonds held until maturity	8	15 317	19 758
Securities designated at fair value	10	10 000	2 500
Loans to members	12	36 536	36 709
Mobility passes		6	4
Other current assets	13	1 592	1 787
Total current assets		186 420	180 601
Non-current assets			
Bonds held until maturity	8	72 333	62 770
Management mandates designated at fair value	9	100 956	101 578
Securities designated at fair value	10	15 467	26 279
Derivative financial instruments	11	12	-8
Loans to members	12	122 162	123 955
Tangible and intangible assets	14	122	29
Total non-current assets		311 052	314 603
<b>TOTAL ASSETS</b>		<b>497 472</b>	<b>495 204</b>
<b>LIABILITIES</b>			
Current liabilities			
Premiums paid in advance by members		787	705
Payables		544	633
Employee benefits	18	265	228
Provision for interest on the CHF deposit accounts	16	4 756	4 704
Members' deposits	15	401 912	400 428
Total current liabilities		408 264	406 698
Non-current liabilities			
Employee benefits	18	5 105	4 757
Total non-current liabilities		5 105	4 757
<b>TOTAL LIABILITIES</b>		<b>413 369</b>	<b>411 455</b>
<b>NET ASSETS</b>		<b>84 103</b>	<b>83 749</b>
Represented by			
Result of the financial year	19	323	1 092
Exchange difference due to combined statement		-120	-228
Ordinary reserve Fund	17	60 605	60 443
Extraordinary reserve Fund	17	23 668	22 737
IPSAS 25 reserve Fund	3	-373	-295
<b>NET ASSETS/EQUITY</b>		<b>84 103</b>	<b>83 749</b>

## II - ICSMA

## COMBINED STATEMENT OF FINANCIAL PERFORMANCE AT 31 DECEMBER

	Notes	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>REVENUE</b>	19		
Bank interest		10	97
Interest on loans to members		7 222	6 943
Net gains and losses on bonds held until maturity		1 217	1 587
Net gains and losses on management mandates valued at fair value		-336	319
Net gains and losses on securities valued at fair value		167	111
Net gains and losses on derivative financial instruments		20	-8
Reversal to provision for depreciation on securities		82	-
Reversal to provision for depreciation on loans		-	182
Management fee paid by the insurances		1 437	1 403
Other revenue		583	800
<b>TOTAL REVENUE</b>		<b>10 402</b>	<b>11 434</b>
<b>EXPENSES</b>	20		
Operating expenses		5 212	5 171
Amortization of tangible and intangible assets		30	29
Interest paid on CHF deposit accounts		4 724	4 702
Interest paid on USD accounts		57	102
Loss on loans		-	178
Allocation to provision for depreciation on securities		-	104
Allocation to provision for depreciation on loans		18	-
Allocation to provision on short term employee benefits		38	56
<b>TOTAL EXPENSES</b>		<b>10 079</b>	<b>10 342</b>
<b>NET INCOME</b>		<b>323</b>	<b>1 092</b>

## III - ICSMA

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

	2021 in CHF 1,000	2020 in CHF 1,000
<b>Surplus / (Deficit) for the period</b>	<b>323</b>	<b>1 092</b>
Exchange difference due to combined statement	108	-308
Adjustment of the IPSAS 25 provision	97	69
Currency effect on the after-service health insurance liabilities	171	-467
Depreciation and impairment losses	30	-156
Provision for employee benefits (current liabilities)	37	56
<b>Non-monetary transactions</b>	<b>766</b>	<b>286</b>
Increase/(Decrease) in provision for interest on the CHF deposit accounts	52	1 079
Increase/(Decrease) in payables	-90	-605
Increase/(Decrease) in premiums paid in advance by members	82	94
<b>Net cash flow resulting from operating activities</b>	<b>44</b>	<b>568</b>
<b>Net cash flow resulting from investing activities</b>		
(Increase)/Decrease in short-term investment	-4 271	-10 622
(Increase)/Decrease in long-term investment	2 999	6 066
(Increase)/Decrease in current loans to members	172	676
(Increase)/Decrease in non-current loans to members	1 793	5 229
(Increase)/Decrease in other current assets	199	942
(Increase)/Decrease in tangibles and intangible assets	-124	-
<b>Net cash flow resulting from investing activities</b>	<b>768</b>	<b>2 291</b>
<b>Net cash flow resulting from financing activities</b>		
Increase/(Decrease) in members' accounts	1 484	1 069
<b>Net cash flow resulting from financing activities</b>	<b>1 484</b>	<b>1 069</b>
<b>Net Increase/(Decrease) in cash and cash equivalent</b>	<b>3 062</b>	<b>4 214</b>
Cash and cash equivalents at the beginning of the period	118 077	113 863
Cash and cash equivalents at the end of the period	121 139	118 077

## IV - ICSMA

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

In CHF 1,000	Notes	Ordinary reserve fund	Extra- ordinary reserve fund	IPSAS 25 reserve fund	Currency exchange adjustments	Result of the financial year	Total net assets
<b>Net asset at 31 December 2019</b>		<b>60 332</b>	<b>17 141</b>	<b>-128</b>	<b>80</b>	<b>5 706</b>	<b>83 131</b>
Allocation to ordinary reserve fund	17	111	-	-	-	-111	-
Allocation to extraordinary reserve fund	17	-	5 595	-	-	-5 595	-
Allocation to IPSAS 25 reserve fund		-	-	-167	-	-	-167
Exchange difference due to combined statement		-	-	-	-308	-	-308
Surplus (Deficit) for the period		-	-	-	-	1 092	1 092
<b>Total changes during the year</b>		<b>111</b>	<b>5 595</b>	<b>-167</b>	<b>-308</b>	<b>-4 614</b>	<b>617</b>
<b>Net asset at 31 December 2020</b>		<b>60 443</b>	<b>22 737</b>	<b>-295</b>	<b>-228</b>	<b>1 092</b>	<b>83 749</b>
<b>Net asset at 31 December 2020</b>		<b>60 443</b>	<b>22 737</b>	<b>-295</b>	<b>-228</b>	<b>1 092</b>	<b>83 749</b>
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 period		-	-	-	-	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 asset 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>

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

	Notes	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	109 723	106 994
Bonds held until maturity	8	13 488	17 996
Securities designated at fair value	10	10 000	2 500
Loans to members	12	36 536	36 709
Mobility passes		6	4
Other current assets	13	1 057	1 197
Total current assets		170 810	165 400
Non-current assets			
Bonds held until maturity	8	63 302	54 604
Securities designated at fair value	10	13 865	25 396
Management mandates designated at fair value	9	100 956	101 578
Derivative financial instruments	11	12	-8
Loans to members	12	122 162	123 955
Tangible and intangible assets	14	120	23
Total non-current assets		300 417	305 548
<b>TOTAL ASSETS</b>		<b>471 227</b>	<b>470 948</b>
<b>LIABILITIES</b>			
Current liabilities			
Payables		276	443
Employee benefits	18	212	175
Provision for interest on the CHF deposit accounts	16	4 756	4 704
Members' deposits	15	388 100	387 187
Total current liabilities		393 344	392 509
Non-current liabilities			
Employee benefits	18	4 000	3 758
Total non-current liabilities		4 000	3 758
<b>TOTAL LIABILITIES</b>		<b>397 344</b>	<b>396 267</b>
<b>NET ASSETS</b>		<b>73 883</b>	<b>74 681</b>
Represented by			
Result of the financial year		-789	-198
Ordinary reserve Fund	17	55 428	55 428
Extraordinary reserve Fund	17	19 737	19 935
IPSAS 25 reserve Fund	3	-493	-484
<b>NET ASSETS/EQUITY</b>		<b>73 883</b>	<b>74 681</b>

## VI - LA MUTUELLE

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

	Notes	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>REVENUE</b>	19		
Interest on loans to members		7 222	6 943
Net gains and losses on bonds held until maturity		939	1 303
Net gains and losses on management mandates valued at fair value		-336	319
Net gains and losses on securities valued at fair value		134	99
Net gains and losses on derivative financial instruments		20	-8
Reversal to provision for depreciation on securities		82	-
Reversal to provision for depreciation on loans		-	182
Other revenue		379	401
<b>TOTAL REVENUE</b>		<b>8 440</b>	<b>9 239</b>
<b>EXPENSES</b>			
Operating expenses	20	4 422	4 380
Amortization of tangible and intangible assets	14	26	25
Interest paid on CHF deposit accounts	16	4 725	4 702
Loss on loans	12	-	178
Allocation to provision for depreciation on securities		-	105
Allocation to provision for depreciation on loans		18	-
Allocation to provision for employee benefits		38	47
<b>TOTAL EXPENSES</b>		<b>9 229</b>	<b>9 437</b>
<b>NET INCOME</b>		<b>-789</b>	<b>-198</b>

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

	Notes	31.12.2021 in USD 1,000	31.12.2020 in USD 1,000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	4 281	4 120
Term deposits	7	2 000	2 000
Bonds held until maturity	8	1 999	1 996
Other current assets	13	80	120
<b>Total current assets</b>		<b>8 360</b>	<b>8 236</b>
Non-current assets			
Bonds held until maturity	8	8 889	9 248
Securities designated at fair value	10	1 478	1 000
<b>Total non-current assets</b>		<b>10 367</b>	<b>10 248</b>
<b>TOTAL ASSETS</b>		<b>18 727</b>	<b>18 484</b>
<b>LIABILITIES</b>			
Current liabilities			
Payables		72	77
Members' deposits	15	15 095	14 995
<b>Total current liabilities</b>		<b>15 167</b>	<b>15 072</b>
<b>TOTAL LIABILITIES</b>		<b>15 167</b>	<b>15 072</b>
<b>NET ASSETS</b>		<b>3 560</b>	<b>3 412</b>
Represented by			
Result of the financial year		148	157
Ordinary reserve Fund	17	2 336	2 317
Extraordinary reserve Fund	17	1 076	938
<b>NET ASSETS/EQUITY</b>		<b>3 560</b>	<b>3 412</b>

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

	Notes	31.12.2021 in USD 1,000	31.12.2020 in USD 1,000
<b>REVENUE</b>	19		
Bank interest		11	103
Net gains and losses on bonds held until maturity		302	303
Net gains and losses on securities valued at fair value		33	13
Other revenue		1	2
<b>TOTAL REVENUE</b>		<b>347</b>	<b>421</b>
<b>EXPENSES</b>			
Operating expenses	20	136	154
Amortization of tangible and intangible assets	14	1	1
Interest paid on USD accounts		62	109
<b>TOTAL EXPENSES</b>		<b>199</b>	<b>264</b>
<b>NET INCOME</b>		<b>148</b>	<b>157</b>

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

	Notes	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	7 498	7 444
Other current assets	13	462	485
Total current assets		7 960	7 929
Non-current assets			
Bonds held until maturity	8	898	-
Securities designated at fair value	10	250	-
Tangible and intangible assets	14	2	6
Total non-current assets		1 150	6
<b>TOTAL ASSETS</b>		<b>9 110</b>	<b>7 935</b>
<b>LIABILITIES</b>			
Current liabilities			
Premiums paid in advance by members		787	705
Payables		202	123
Employee benefits	18	53	53
Total current liabilities		1 042	881
Non-current liabilities			
Employee benefits	18	1 105	999
Total non-current liabilities		1 105	999
<b>TOTAL LIABILITIES</b>		<b>2 147</b>	<b>1 880</b>
<b>NET ASSETS</b>		<b>6 963</b>	<b>6 055</b>
Represented by			
Result of the financial year		977	1 142
Ordinary reserve Fund	17	2 970	2 827
Extraordinary reserve Fund	17	2 896	1 897
IPSAS 25 reserve Fund	3	120	189
<b>NET ASSETS/EQUITY</b>		<b>6 963</b>	<b>6 055</b>

**STATEMENT OF FINANCIAL PERFORMANCE AT 31 DECEMBER**

	Notes	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>REVENUE</b>	19		
Net gains and losses on bonds held until maturity		2	-
Net gains and losses on securities valued at fair value		3	-
Management fee paid by the insurances		1 437	1 403
Other revenue		203	397
<b>TOTAL DES REVENUS</b>		<b>1 645</b>	<b>1 800</b>
<b>EXPENSES</b>			
Operating expenses	20	665	646
Amortization of tangible and intangible assets	14	3	3
Allocation to provision on short term employee benefits		-	9
<b>TOTAL EXPENSES</b>		<b>668</b>	<b>658</b>
<b>NET INCOME</b>		<b>977</b>	<b>1 142</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 the 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 were prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB), based on IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) as defined by the International Accounting Standards Board (IASB). When IPSAS do not provide specific standard, IFRS or IAS apply.

8. The financial statements as at 31 December 2021 have been prepared on the accrual method of accounting and drawn up in line with the going concern principles that have been applied consistently throughout the year. These are in Swiss Francs (CHF) and rounded to thousand francs.

9. The financial statements for the year ended 31 December 2021 were agreed and adopted by the Board of Directors of ICSMA held on 18 March 2022 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 2021, 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.

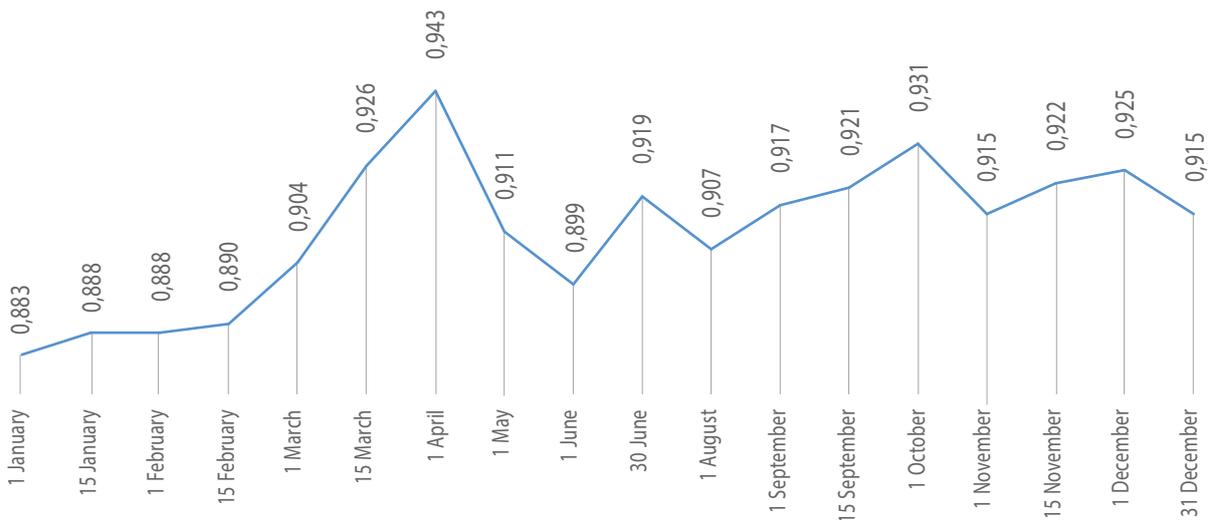
13. The combined financial statements of La Mutuelle and GPAFI are presented in CHF, which is the functional and presentation currency.

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 2021 UNORE average rate, which is 0.914,
- 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 0.915.

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 2021**

## 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 the USD current account.

**Premiums paid in advance by members**

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

**Payables**

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

**Recognition of income and charges****Financial assets**

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

**Loans to members**

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

**Members' deposits**

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

**Insurance income**

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

35. Concerning the insurer management fees, UNIQA prepares a quarterly statement on the basis of the premiums invoiced for the quarter. The fees

of TSM Assurances are paid in the form of quarterly installments and those of ZURICH are calculated at the final settlement of the premiums at the end of the financial year.

**Other income and charges**

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

**Tangible and intangible assets****Property, plant and equipment**

37. Tangible assets are recognized at historical cost, less accumulated depreciation and any impairment losses. Tangible assets are depreciated over a useful life of 5 years using the straight-line method. Assets are capitalized if their original acquisition price is equal to or greater than CHF 5,000. Tangible assets, only held by La Mutuelle, are composed of IT servers purchased in 2015 and 2021, and computers purchased in 2018.

**Intangible assets**

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

**Impairment of non-financial assets**

39. At 31 December 2021, the only non-financial assets of ICSMA are servers acquired in 2015 and 2021, computers acquired in 2018 as well as IT licenses. At the closing date of the financial exercise, ICSMA verifies if there is an indication that an asset may have lost value and that the book value exceeds the recoverable amount. If this is the case an impairment cost is recognized within the statement of the financial performance.

**Provisions**

40. A provision covers obligations for which the outcome, the due date or amount is uncertain. A provision must be recognized within the statement of the financial situation if and only if a present obligation (legal or constructive) 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. As at 31 December 2021, 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 2021. 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:

	<b>Assumptions used in valuation of after-service health insurance obligations</b>
Discount rate	0.27% (0.10% in 2020) - 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	0.10% (0.36% in 2020) - Weighted average of health-care cost trend rates estimated for United States dollar, euros and Swiss franc claims reimbursement.

### After-service health insurance

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

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

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

	2021	2020
Defined benefit obligations at 1 January	4 724 933	4 956 900
Service expense cost	134 056	128 010
Interest expense cost	4 874	15 867
Benefits paid	-41 567	-75 510
Actuarial (gain) or loss	78 317	167 394
Foreign exchange (gain) or loss	171 232	-467 728
Defined benefit obligations at 31 December	5 071 845	4 724 933

**53.** The net amount of the defined after-service health insurance obligation is recognized within the statement of financial position and amounts to CHF 5,071,845 (CHF 4,724,933 at 31 December 2020).

**54.** Actuarial gains and losses arise when the actuarial estimate differs from the expected long-term rates. They arise from adjustments resulting from experience (differences between previous actuarial assumptions and what has actually occurred) and changes in actuarial assumptions due to factors such as mortality rates, discount rates, forecasts of changes in medical health care, the medical inflation. They are recognized in the net assets, under IPSAS 25 reserve, and amount to CHF 78,317 (CHF 167,394 at 31 December 2020).

**55.** Current service cost and interest cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. These are classified within the statement of financial performance and amount to CHF 138,930 (CHF 143,877 at 31 December 2020).

**56.** Foreign exchange gains and losses, resulting from the conversion in CHF of amounts in USD generated by the after-service health insurance, are recognized in the statement of financial performance as unrealized gains or losses on foreign exchange and amount to CHF -171,232 (CHF 467,728 at 31 December 2020).

### Medical costs sensitivity analysis

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

	2021		2020	
	+1%	-1%	+1%	-1%
Effect on the aggregate of the current service cost and interest cost	77 379	-20 537	53 794	-34 628
Effect on the defined-benefit obligation	1 430 495	-942 295	1 312 995	-982 250

### United Nations Joint Staff Pension Fund

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

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

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

The latest actuarial valuation was performed as of 31 December 2019 and revealed a surplus of 0.50% (a deficit of 0.05% in the 2017 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2019 was 23.20% of pensionable remuneration, compared to the actual contribution rate of 23.70%. At 31 December 2019, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments and based on a nominal interest rate of 6%, was 144.40% (139.20% in the 2017 valuation). The increase in the funded ratio is notably attributable to a lower than expected cost of living increase. At the time of this report, the General Assembly has not invoked the provision of Article 26.

61. The contributions paid by ICSMA to the United Nations Joint Staff Pension Fund in 2021 amounted to CHF 375,381 (CHF 356,715 in 2020).

### Reserve for compensation payments

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

#### NOTE 4: Risk management

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

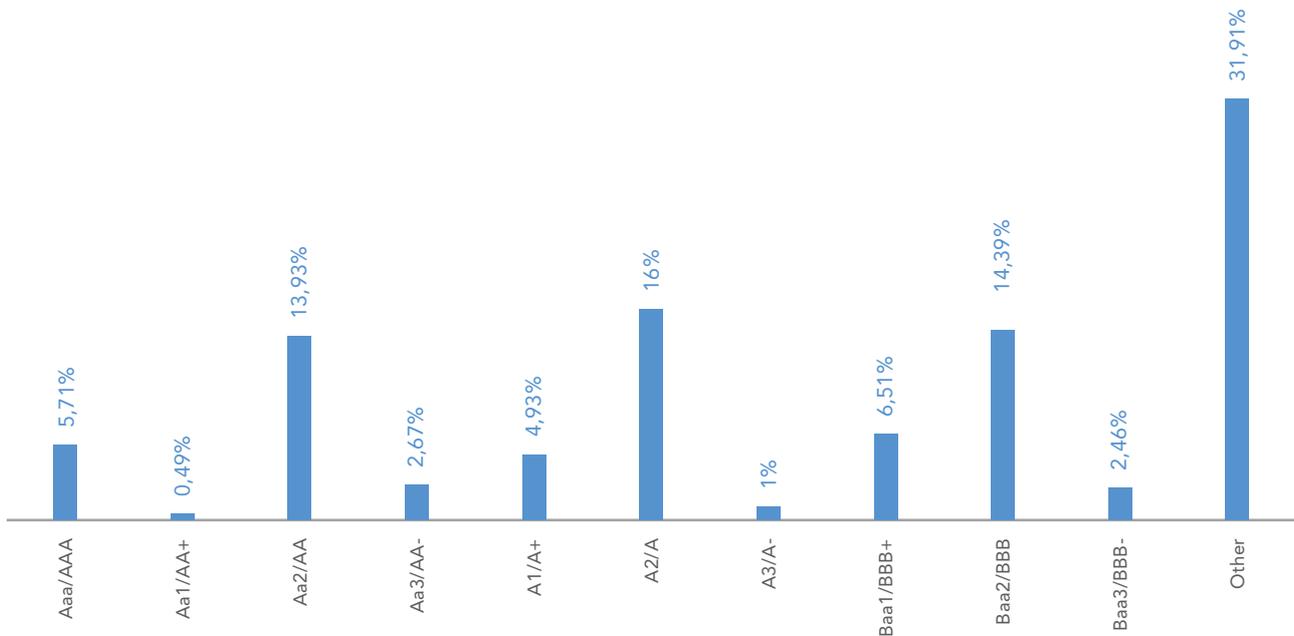
**64.** The risks faced by ICSMA are market risk, credit risk, liquidity risk, currency risk and operational risk. ICSMA is not engaged in speculative transactions.

#### The market risk

**65.** The market risk is the risk of investment losses, resulting from fluctuations in the prices of bonds and securities. 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.

**66.** At 31 December 2021, the distribution of the investments per rating is the following:



### *The credit risk*

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

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

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

**b. Bonds, management mandates and securities:**

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

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

**d. Premiums related to insurance:** in the context of group insurance contracts concluded between GPAFI and the insurers, these insurers carry out an overall invoicing for all the insured persons, and GPAFI, as a policyholder, pays the premiums to the

insurers according to the agreed payment dates. GPAFI invoices the premiums to its members individually. The risk premium, linked to the fact that GPAFI pays premiums to insurers without having the assurance of recovering such amounts from insured persons, is minimized through the debt management set up by GPAFI. Indeed, sending reminders before the exclusion of a member for non-payment is a very short process which allows, in particular, to block the payment of benefits by the insurer to this member. With this agreement, GPAFI can exclude a member retroactively to the date of the blocking of benefits without having to pay the premium unpaid by the member, and without suffering any financial loss.

### *The interest rate risk*

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

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

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

### Interest rate sensitivity analysis

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

#### Interest rate sensitivity analysis

	2021		2020	
	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year  in CHF 1,000	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year  in CHF 1,000
<b>Financial assets</b>				
Cash and cash equivalents	+100	1 011	+100	592
	-100	-1 011	-100	-1 420
Term deposits	+100	218	+100	162 923
	-100	-218	-100	84 512
Bonds held until maturity	+100	-3 697	+100	-1 986
	-100	3 697	-100	1 986
Securities designated at fair value	+100	255	+100	190
	-100	-255	-100	-190
Management mandates designated at fair value	+100	-3 710	+100	-3 806
	-100	3 710	-100	3 806
Loans to members	+100	4 122	+100	4 252
	-100	-3 762	-100	-3 879

### The currency risk

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

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

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

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

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

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

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

	2021		2020	
	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year in CHF 1,000	Increase (+)/ Decrease (-) in basis points	Effect on the result of the financial year in CHF 1,000
<b>Financial assets</b>				
Management mandates designated at fair value	+100	50	+100	133
	-100	-50	-100	-133
Trust Fund	+100	159	+100	-363
	-100	-159	-100	-596
Derivative financial instruments	+100	-25	+100	16
	-100	37	-100	-51

### **The liquidity risk**

77. The liquidity risk for La Mutuelle is the risk of unanticipated large withdrawals. La Mutuelle is able to anticipate withdrawals thanks to the members withdrawal notice of 3 working days. To minimize this risk, La Mutuelle maintains cash of CHF 113,641,000 and invests part of the members' deposits in products that can be sold within 3 working days. For GPAFI, the liquidity risk corresponds to the risk of a significant increase in the premiums billed by the insurers to GPAFI before their collection from the members. GPAFI is able to anticipate these increases as tariff negotiations with insurers take place during the summer for the following year, or even for several years. The risk is also minimized insofar as the premiums billed to the members are payable in advance for a given period, while GPAFI benefits from a period of payment from insurers and, for certain contracts, pays installments in the course of the year and the balance after the establishment of a final statement at year-end.

### **Fair value hierarchy**

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

- a. **Level 1:** Instruments valued using quoted prices in active markets where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced. These include management mandates and securities.
- b. **Level 2:** Instruments where the fair value can be determined by reference to similar instruments trading in active markets, or where a technique is used to derive the valuation but where all inputs to that technique are observable. These include cash and cash equivalents, term deposits as well as derivative financial instruments.
- c. **Level 3:** Instruments where the fair value cannot be determined directly in active markets, and some other valuation technique must be employed. Instruments classified in this category have an element which is unobservable and which has a significant impact on the fair value.

79. The financial instruments in the following table are measured at fair value which except for the bonds portfolios which are measured at amortized cost. The fair value at 31 December 2021 is CHF 89,277,160 (CHF 85,613,091 at 31 December 2020):

### Fair value hierarchy

	31.12.2021 in CHF 1,000			31.12.2020 in CHF 1,000		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Cash and cash equivalents</b>						
In CHF	-	117 222	-	-	114 439	-
In USD, equivalent in CHF	-	3 917	-	-	3 638	-
<b>Subtotal</b>	<b>-</b>	<b>121 139</b>	<b>-</b>	<b>-</b>	<b>118 077</b>	<b>-</b>
<b>Term deposits</b>						
In USD, equivalent in CHF	1 830	-	-	1 766	-	-
<b>Subtotal</b>	<b>1 830</b>	<b>-</b>	<b>-</b>	<b>1 766</b>	<b>-</b>	<b>-</b>
<b>Managed accounts designated at fair value</b>						
In CHF	100 956	-	-	101 578	-	-
<b>Subtotal</b>	<b>100 956</b>	<b>-</b>	<b>-</b>	<b>101 578</b>	<b>-</b>	<b>-</b>
<b>Bonds held until maturity</b>						
in CHF	77 688	-	-	72 600	-	-
In USD, equivalent in CHF	9 962	-	-	9 928	-	-
<b>Subtotal</b>	<b>87 650</b>	<b>-</b>	<b>-</b>	<b>82 528</b>	<b>-</b>	<b>-</b>
<b>Securities designated at fair value</b>						
in CHF	24 115	-	-	27 896	-	-
In USD, equivalent in CHF	1 352	-	-	883	-	-
<b>Subtotal</b>	<b>25 467</b>	<b>-</b>	<b>-</b>	<b>28 779</b>	<b>-</b>	<b>-</b>
<b>Derivative financial instruments designated at fair value</b>						
In CHF	-	12	-	-	-8	-
<b>Sous-total</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-8</b>	<b>-</b>
<b>Loans to members</b>						
in CHF	-	-	158 698	-	-	160 664
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>158 698</b>	<b>-</b>	<b>-</b>	<b>160 664</b>
<b>TOTAL</b>	<b>215 903</b>	<b>121 151</b>	<b>158 698</b>	<b>214 651</b>	<b>118 069</b>	<b>160 664</b>

80. During the reporting period ending 31 December 2021 there were no transfers between the levels.

#### The operational risk

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

- a. **Internal fraud:** ICSMA internal organization requires intervention of a minimum of 2 persons to validate deposits and loan activities which reduces the risk of internal fraud. Furthermore, ICSMA financial transactions are checked at the end of each month by a third person.
- b. **External fraud:** the main La Mutuelle IT servers are separated from the website servers in order to minimize the risk of external fraud.

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

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

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

82. At the closing date of 31 December 2021, there were no impairment indicators of financial assets that would indicate that an adjustment of value would be required.

**NOTE 5: Accounting estimates and judgement**

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

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

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

	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
Cashier	25	26
Trust Fund	15 888	11 635
Available management mandates	149	148
Current CHF bank accounts	61 160	62 630
Current USD bank accounts	2 086	1 871
CHF Cash deposit account	20 000	20 000
USD Cash deposit account	1 831	1 767
CHF Term deposits maturing before 3 months	20 000	20 000
<b>TOTAL IN CHF</b>	<b>121 139</b>	<b>118 077</b>

**85.** The average return on CHF bank accounts and deposits for 2021 was -0.66% versus -0.63% in 2020. The average return on USD bank accounts for 2021 was 0.07%, versus 0.43% in 2020.

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

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

	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>TERM DEPOSITS OVER 3 MONTHS AND LESS THAN 12 MONTHS</b>		
<b>MUTUELLE - USD Fund, equivalent in CHF</b>		
Deposits with BCGE	1 830	1 766
<b>TOTAL</b>	<b>1 830</b>	<b>1 766</b>

87. The average return on term deposits in USD for the year 2021 was 0.38% versus 2.24% in 2020.

## NOTE 8: Bonds held until maturity

### Combined Statement of bonds held until maturity

	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>BONDS MATURING WITHIN 12 MONTHS</b>		
<b>MUTUELLE - CHF Fund</b>		
CHF bonds	13 488	17 996
<b>MUTUELLE - USD Fund, equivalent in CHF</b>		
USD bonds, equivalent in CHF	1 829	1 762
<b>TOTAL</b>	<b>15 317</b>	<b>19 758</b>
<b>BONDS MATURING LATER THAN 12 MONTHS</b>		
<b>MUTUELLE - CHF Fund</b>		
CHF bonds	63 991	55 293
Depreciation *	-689	-689
<b>MUTUELLE - USD Fund, equivalent in CHF</b>		
USD bonds, equivalent in CHF	8 133	8 166
<b>Subtotal</b>	<b>71 435</b>	<b>62 770</b>
<b>GPAFI</b>		
CHF bonds	898	-
<b>Subtotal</b>	<b>898</b>	<b>-</b>
<b>TOTAL</b>	<b>72 333</b>	<b>62 770</b>

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

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

89. Bond portfolios are up by 6% compared to 2020 as the slight rise in interest rates has allowed investment in bonds with a net yield above the negative interest rate but close to 0%. Purchases were also made for GPAFI to reduce the negative interest.

## NOTE 9: Management mandates designated at fair value

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

	31.12.2021			31.12.2020		
	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>						
Lombard Odier	40 037	37	0,09	40 351	351	0,88
Banque Privée Edmond de Rothschild 1	40 533	533	1,33	40 666	666	1,67
Banque Privée Edmond de Rothschild 2	20 386	386	1,93	20 561	561	2,80
<b>TOTAL</b>	<b>100 956</b>	<b>956</b>		<b>101 578</b>	<b>1 578</b>	

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

91. Management mandates have seen a slight decrease in valuation in 2021. The provision for unrealized gain decreased from CHF 1,578,097 in 2020 to CHF 956,271 in 2021 and is recognized in the statement of the financial performance.

## NOTE 10: Securities designated at fair value

### Combined statement of securities designated at fair value

	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>SECURITIES MATURING WITHIN 12 MONTHS</b>		
<b>MUTUELLE - CHF Fund</b>		
0.10% UBS Capital Protection Coupon Note 2020 - 2021	-	2 500
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>TOTAL</b>	<b>10 000</b>	<b>2 500</b>
<b>SECURITIES MATURING AFTER 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
Unirenta Union Investments GMBH	101	101
Lombard Odier Fund (CH) Ultra low CHF I	9 482	9 482
2.75% Zurich Compagnie d'Assurance 2016-Perp.	-	1 000
Philae Fund Varia Decalia Swiss Realtech	1 732	1 810
Smart Estate 1	3 050	3 585
Depreciation	-500	-582
<b>Subtotal</b>	<b>13 865</b>	<b>25 396</b>
<b>MUTUELLE - USD Fund, equivalent in CHF</b>		
Barclays Floater Note 2020 - 2023	915	883
UBS Group Floater 2021 - 2032	437	-
<b>Subtotal</b>	<b>1 352</b>	<b>883</b>
<b>GPAFI</b>		
2% Luzerner Kantonalbank AG 2021 - perpetuelle	250	-
<b>Subtotal</b>	<b>250</b>	<b>-</b>
<b>TOTAL</b>	<b>15 467</b>	<b>26 279</b>

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

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

94. Bonds and mutual funds were purchased with the aim of improving the return of investments. They can be reimbursed in the event of the sale of these investments. Mutual funds invested in bonds are classified as securities since they are not subject to any duration. The 2.75% Zurich Insurance Company bond was redeemed during the year. A bond purchase without maturity was also made for GPAFI to reduce negative interest.

## NOTE 11: Derivative financial instruments

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

	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>MUTUELLE - CHF Fund</b>		
Forward exchange contracts	12	-8
<b>TOTAL</b>	<b>12</b>	<b>-8</b>

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

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

### Forward exchange contract

Date	Currency	Amount sold	Currency	Amount purchased	Forward exchange rate	Maturity
<b>2021</b>						
14.12.2021	EUR	3 022 888.49	CHF	3 129 143.02	1,0352	16.12.2022
<b>2020</b>						
15.12.2020	EUR	102 150.00	CHF	109 664.94	1,0736	16.12.2021
14.12.2020	EUR	2 232 265.07	CHF	2 401 024.31	1,0756	16.12.2021
09.12.2020	EUR	1 005 750.00	CHF	1 080 072.61	1,0739	16.12.2021

## NOTE 12: Loans to members

### Combined statement of loans to members

	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>AMORTIZATION OF LOANS SCHEDULED WITHIN 12 MONTHS</b>		
Ordinary loans	13 596	14 351
Housing loans	22 940	22 358
<b>TOTAL</b>	<b>36 536</b>	<b>36 709</b>
<b>AMORTIZATION OF LOANS SCHEDULED AFTER 12 MONTHS</b>		
Ordinary loans	27 620	29 727
Housing loans	95 493	95 161
Provision for depreciation on loans	-951	-933
<b>TOTAL</b>	<b>122 162</b>	<b>123 955</b>

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

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

**a. Panel 1:** includes loans that have not had a significant increase in credit risk since their initial recognition or that have a low credit risk at the reporting date. The expected credit loss is applied by calculating a loan loss ratio to the total outstanding loans over the last 4 years. The panel 1 amounts to CHF 98,050 at 31 December 2021 (CHF 126,616 at 31 December 2020).

**b. Panel 2:** includes loans that have had a significant increase in credit risk since their initial recognition (unless they have low credit risk at the reporting date) but that do not have an objective evidence of impairment. The expected credit loss is applied by taking into account the evolution of debtor files under surveillance between 2 accounting years. The panel 2 amounts to CHF 71,280 at 31 December 2021 (CHF 46,296 at 31 December 2020).

**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 781,925 at 31 December 2021 (CHF 760,325 at 31 December 2020).

The 3 panels amount to CHF 951,255 at 31 December 2021 (CHF 933,237 at 31 December 2020).

**98.** During the year 2021 no loss was recorded (CHF -167,906 in 2020).

### NOTE 13: Other Current Assets

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

	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
Withholding tax to recover	525	577
Accrued interest on bonds	498	706
Accrued interest on securities	19	16
Prepayments	73	81
Sundry debtors	53	-
Commissions to be received from insurers	424	407
<b>TOTAL</b>	<b>1 592</b>	<b>1 787</b>

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

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

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

	Computer equipment in CHF 1,000	IT computer system in CHF 1,000	Website in CHF 1,000	Total in CHF 1,000
Gross value at 31 December 2019	39	58	25	122
Additions	-	-	-	-
<b>Gross value at 31 December 2020</b>	<b>39</b>	<b>58</b>	<b>25</b>	<b>122</b>
Depreciation Fund at 31 December 2019	29	16	20	65
Depreciation	3	20	5	28
<b>Depreciation Fund at 31 December 2020</b>	<b>32</b>	<b>36</b>	<b>25</b>	<b>93</b>
Net value at 31 December 2019	10	42	5	57
<b>Net value at 31 December 2020</b>	<b>7</b>	<b>22</b>	<b>-</b>	<b>29</b>
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>

**101.** As at 31 December 2021, no assets have been pledged as collateral for debt.

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

	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>MUTUELLE - CHF Fund</b>		
Current accounts	9 389	11 754
Deposit accounts	378 711	375 433
<b>Subtotal</b>	<b>388 100</b>	<b>387 187</b>
<b>MUTUELLE - USD Fund, equivalent in CHF</b>		
USD accounts	13 812	13 241
<b>Subtotal</b>	<b>13 812</b>	<b>13 241</b>
<b>TOTAL</b>	<b>401 912</b>	<b>400 428</b>

**102.** The CHF current accounts decreased during the year 2021 by 20.12%. However, the CHF deposit accounts and USD accounts (converted in CHF) rose, respectively by 0.87% and 4.31%.

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

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

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

**105.** The interest rate paid on the CHF deposit accounts depends on the results of the financial year. It is agreed, following the proposal of the Board of Directors, by the General Assembly which is held within six months following the end of each financial year. Interest is then credited to the members' accounts. The interest rate proposed for 2021 by the Board of Directors is 0.10% plus a bonus of 1.25%, or a total of 1.35% (2020: 0.10% plus a bonus of 1.25%, or a total of 1.35%). It corresponds to a payment of interest of CHF 4,756,262 (CHF 4,703,886 at 31 December 2020) 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**

	2021 in CHF 1,000	2020 in CHF 1,000
Balance at 1 January	60 443	60 332
Statutory allocation	162	111
<b>Balance at 31 December</b>	<b>60 605</b>	<b>60 443</b>

**Combined statement of the extraordinary reserve Fund**

Balance at 1 January	22 737	17 141
Allocation according to the annual result	931	5 595
<b>Balance at 31 December</b>	<b>23 668</b>	<b>22 737</b>

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

***The ordinary reserve Fund***

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

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

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

**110.** At 31 December 2021, the ordinary reserve Fund amounts to 14.65% of total assets less reserves (14.67% at 31 December 2020).

***The extraordinary reserve Fund***

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

**112.** The use of the extraordinary reserve 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**

113. The following table shows the employee benefit liabilities at 31 December 2021:

**Employee benefits**

	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
<b>CURRENT LIABILITIES</b>		
Accumulated leave	251	217
Home leave	14	11
<b>Subtotal</b>	<b>265</b>	<b>228</b>
<b>NON-CURRENT LIABILITIES</b>		
After-Service Health Insurance	5 072	4 725
Repatriation grant and travel	33	32
<b>Subtotal</b>	<b>5 105</b>	<b>4 757</b>
<b>TOTAL</b>	<b>5 370</b>	<b>4 985</b>

**NOTE 19: Revenue from the activity**

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

115. La Mutuelle grants its members ordinary and housing loans. The 2021 interest rate on the housing loan was 3.50%, while for the ordinary loan it was 5.90%. Revenue at 31 December increased to CHF 7,222,000 (CHF 6,943,000 at 31 December 2020) notably because the participation in loan insurance surplus for the years 2017 to 2021 was received during 2021.

116. Bank interest, corresponding to the remuneration of USD term deposits and USD deposits with banks, decreased to CHF 10,000 (CHF 97,000 at 31 December 2020).

117. Income from bonds managed by ICSMA amounted to CHF 1,215,000 (CHF 1,587,000 at 31 December 2020). This decrease comes from a partial reinvestment of expired bonds holding a higher coupon.

118. Income from management mandates amounted to CHF -336,000 (CHF 319,000 at 31 December 2020) and was down due to a decrease in the unrealized gain on management mandates.

119. La Mutuelle net revenue / members' deposits ratio is down to -0.20% versus 0.27% in 2020 due to the remuneration proposed by the Board of Directors for the CHF deposit accounts.

120. The revenue of GPAFI's activity comes from the contributions invoiced to the members as well as commissions paid by the insurers for the management of the collective contracts carried out by GPAFI in the field of the promotion, the information, the advice, the formalities of the membership and individual billing to the insured. The 2021 revenue amounts to CHF 1,645,000 (CHF 1,800,000 at 31 December 2020).

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

**Revenue**

	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000
Gross revenue	10 402	11 434
Expenses	10 079	10 342
<b>NET LOSS/REVENUE</b>	<b>323</b>	<b>1 092</b>
Allocated to the reserve Funds as follows:		
- Ordinary	139	160
- Extraordinary	184	932
<b>TOTAL</b>	<b>323</b>	<b>1 092</b>
Net La Mutuelle revenue /La Mutuelle members' deposits	-0.20%	0.27%
Interest rate proposed / paid on the CHF deposit account proposed by La Mutuelle	0.10%	0.10%

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

**NOTE 20: Operating expenses**

	31.12.2021 in CHF 1,000	31.12.2020 in CHF 1,000	Variation
Staff Costs	2 539	2 379	7%
Financial fees	1 067	1 176	-9%
Overhead expenses	124	130	-5%
Computer expenses	268	242	11%
Loan insurance	810	900	-10%
Support costs UNOG	404	344	17%
<b>TOTAL</b>	<b>5 212</b>	<b>5 171</b>	<b>1%</b>

**123.** Staff costs are up by 7% due to the recruitment of new employees.

**124.** Financial expenses are down by 9%, as the year 2020 recorded a significant exchange loss on the valuation of the Trust Fund. Negative interest is up from CHF 591,000 to CHF 743,000

**125.** The cost of the loan insurance is down by 10% due to lower claims.

**126.** Support costs are up by 17% due to higher staff and IT costs.

**127.** IT costs are up by 11% due to the change of servers of La Mutuelle.

**NOTE 21: Budget comparison**

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

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

### Comparison of budgeted amounts and actual amounts

In CHF 1,000	2021			2020		
	Budget	Actual	Variation	Budget	Actual	Variation
Staff costs	2 752	2 539	213	2 605	2 379	226
Overhead expenses	673	528	145	620	474	146
Computer expenses	322	268	54	299	242	57
Loan insurance	900	818	82	1 000	900	100
Negative interest	950	743	207	515	591	-76
Global custody	55	38	17	65	38	27
Expenses not covered by the budget						
- interests paid on accounts		4 781			4 804	
- loss on loans		-			178	
- other financial fees		278			547	
- allocation to provisions		56			160	
- Amortization of tangible and intangible assets		30			29	
<b>TOTAL</b>		<b>10 079</b>			<b>10 342</b>	

#### NOTE 22: Related-party disclosure

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

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

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

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

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

**135.** The Executive Secretary of La Mutuelle (grade P5), who is currently also in charge of GPAFI, is assisted in her task by the Investment Officer (grade P4) and the Loan Officer (grade P3). The remuneration paid during the year to these executives comprises the net salary and the post adjustment and amounts to CHF 527,722 (CHF 529,030 at 31 December 2020).

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

**137.** Members of the Board of Directors, Committees, Representatives and employees can obtain loans, make deposits and take out insurance in similar conditions to other members. Loan applications submitted by the Executive Secretary and the Chief of GPAFI must be approved by the Board of Directors. If a member of the Board of Directors submits a loan application that requires the approval of the Credit Committee, he/she is not entitled to take part in the meeting of the Credit Committee. At 31 December 2021, loans amounted to CHF 866,657 (CHF 862,187 at 31 December 2020) and deposits to CHF 1,370,018 (CHF 1,336,168 at 31 December 2020). 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**

**138.** 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.

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

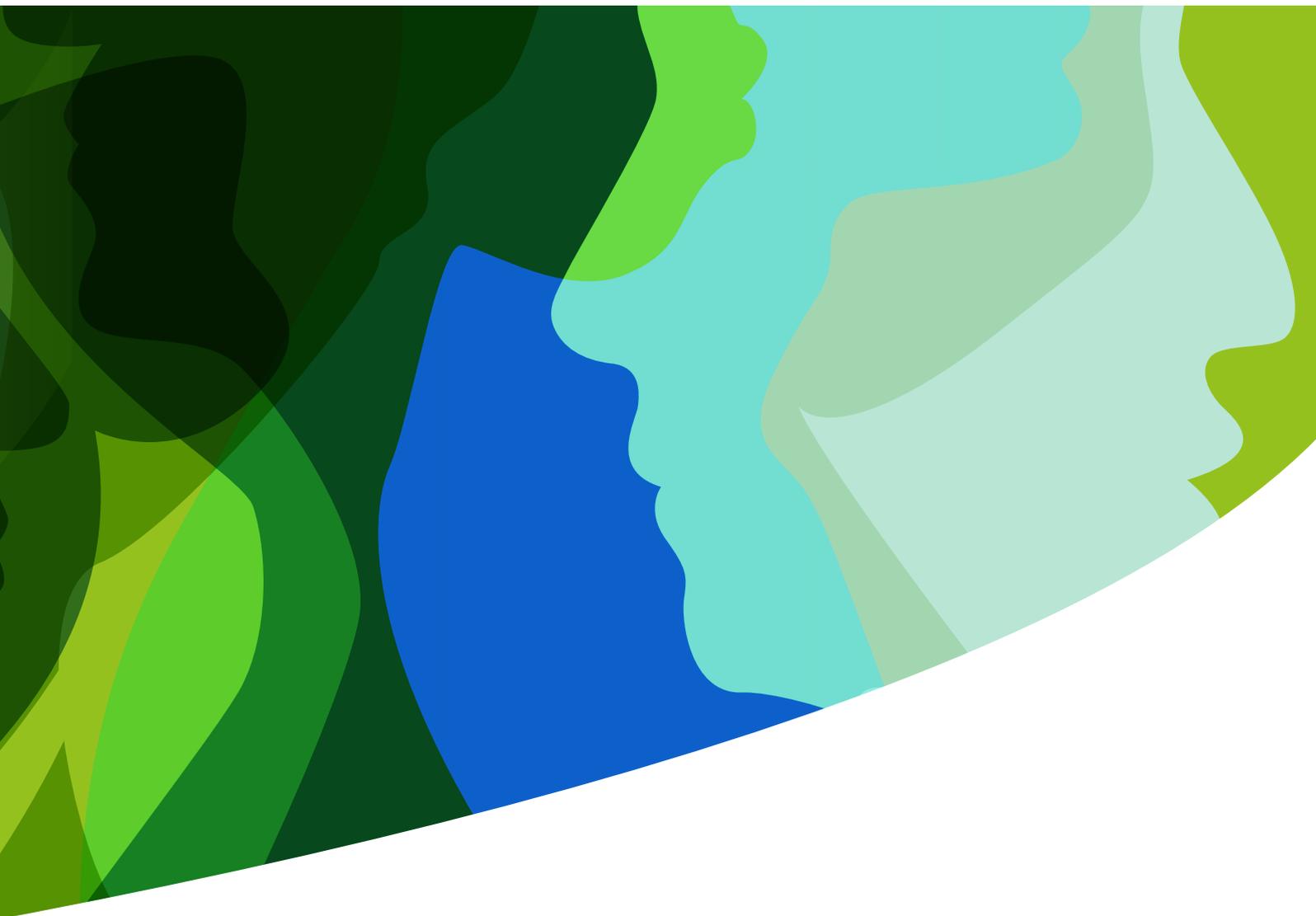
**NOTE 24: Events after the reporting date**

**140.** No event after the date of closure having a significant impact on the financial statement for the 2021 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 18 March 2022.



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# THE OVERSIGHT BODY'S REPORT



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

Report of the statutory auditor  
to the General Meeting on the financial  
statements 2021

# Report of the statutory auditor

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

### Geneva

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

##### Opinion

We have audited the financial statements of International Civil Servants' Mutual Associations of United Nations and Specialized Agencies, which comprise the statement of financial position as at 31 December 2021, statement of financial performance for the year then ended, cash flow statement, statement of changes in net assets and notes, including a summary of significant accounting policies.

In our opinion, the financial statements as at 31 December 2021 (pages 16 to 47) comply with the association's articles of incorporation and give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Public Sector Accounting Standards (IPSAS).

##### Basis for opinion

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

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

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

The Board is responsible for the preparation of the financial statements in accordance with the requirements of the association's articles of incorporation and accounting and evaluation rules described in notes, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

## Report on other legal and regulatory requirements

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

PricewaterhouseCoopers SA

*Marc Secretan*

13. April 2022

Signed with Skribble

Marc Secretan

Audit expert

Auditor in charge

*T. Bouchama*

Tarik Bouchama

Geneva, 13 April 2022

# MINUTES OF THE 2020 AND 2021 ORDINARY GENERAL ASSEMBLIES

Mrs. Prisca Chaoui, Secretary of the Board, welcomed the members and opened the Annual General Assembly.

The statutory quorum of 40 members was reached and the 2020 and 2021 General Assemblies could be held.

The members of the Board of Directors introduced themselves as well as the auditors, PricewaterhouseCoopers S.A.

Mrs. Fleury, Executive Secretary of La Mutuelle and Officer-in-charge, GPAFI, explained the voting process which will be carried out afterwards, by email, mail and secured access.

## A. 2020 ORDINARY GENERAL ASSEMBLY

### 1. Report of the Board of Directors for 2019

Mr. Neufing informed the members that, despite the terrible circumstances we are all facing, and which will unfortunately continue, the Board of Directors had to convene an ordinary General Assembly via Teams in order to obtain validation of the 2019 and 2020 financial years before the end of the year 2021. Due to the postponement of the two Assemblies pending the holding of a face-to-face meeting, it had decided, exceptionally and without waiting for the Assembly's agreement so as not to penalize depositors, to credit the interest rate on the CHF deposit account for both years. A confirmation of these remunerations is required through the vote.

The year 2019 has been exceptional, both for GPAFI and for La Mutuelle, with a significant increase in income. For La Mutuelle, this increase was mainly due to excellent results from management mandates. The unrealized loss recorded until then was canceled, and a significant unrealized gain was recorded. However, knowing that a significant part of the assets is invested in the financial markets, and given the sharp fall of the latter in March 2020 due to the coronavirus crisis, the Board of Directors wished to continue with the course of action that has been followed since the subprime crisis in 2007-2008, namely to adopt the greatest prudence in order to ensure the long-term viability of La Mutuelle. Consequently, it decided not to distribute the entire surplus income but to propose an overall remuneration similar as that of 2018, i.e. 1.05%, divided between an interest rate of 0.20% and a bonus of 0.85%, and to allocate

the balance, i.e. CHF 4,762,641, to the extraordinary reserve Fund in order to be able to face a possible loss of value on investments. It should be noted that this balance includes the unrealized gain on management mandates, i.e. CHF 1,538,487. If on 31 December 2020 the result on investments were to show losses of less than this sum, a redistribution would be made to members holding a CHF deposit account. With regard to loans, Mr. Neufing reported a slight decrease in outstanding loans at year-end, i.e. -0.4%, mainly due to the voluntary separation program in place within UNHCR, which generated early loan repayments. Loans granted during the year were down more significantly compared to 2018, -7%, with lower demand for housing loans due to employment uncertainties. In this respect, it should be recalled that La Mutuelle is very careful when considering a loan, as far as the calculation of the financial charges of the transaction envisaged is concerned. Indeed, the low interest rate environment that has prevailed for many years should not make us lose sight of the possibility of a rise in the medium term. In this context, La Mutuelle takes a margin like the one taken by the banks in the calculation of the mortgage charges in order to ensure that members will be able to cope with a possible rise in rates. The absence of such an approach could push members into a debt spiral and cause them to lose their property. The Credit Committee has unfortunately noted that the increase in the number of cases of over-indebtedness of members has continued during the year, and this upward trend is frightening. It has approved several loans to improve financial situations, to rebalance budgets by refinancing external debts with a higher interest rate, has helped members renegotiate debts collections and has paid off lawsuits that some members had. The Credit Committee stresses the importance of urgently dealing with a financial situation as soon as the first signs of a financial imbalance appear, especially as the current health crisis with the coronavirus will leave significant after-effects, including financial ones. Solutions can be found with the help of La Mutuelle, such as reorganizing debts, extending the duration of a loan to reduce (temporarily) the monthly expenses, and Mr. Neufing encouraged the members concerned to contact the Secretariat of La Mutuelle quickly to deal with this situation urgently.

Concerning GPAFI, the strong increase in the surplus income comes from the increase in commissions from the insurers linked to the increase in the

number of policyholders and to the renegotiation of insurance contracts. Regarding the latter, Mrs. Fleury continued, with the help of an external consultant, the discussions initiated in 2018 with the insurance companies. Together, they reviewed the relationships with all partners, made contractual adjustments and, where possible, simplified operational processes. One of the objectives was also to be able to maintain premium stability over several years to avoid the end-of-year fear, which was accepted by our partners. In terms of setting premiums, it is important to understand that the level of premiums depends on the stability of an insurance contract. The main contract, the complementary health insurance contracted with UNIQA, is a balanced contract, i.e. the premiums are sufficient to cover the costs of the insured and the insurance fees.

In terms of governance, the Board of Directors has seen its composition changed following the resignation of Mr. Urenthren Pillay in 2019. Mr. Benjamin Hauser, Budget Officer in the Financial Resources Management Service of the United Nations Office at Geneva, was co-opted by the Board.

## **2. Presentation of the financial statements at 31 December 2019**

Mr. Hauser reported that the Swiss National Bank (SNB) had stepped up its negative interest rate policy and, as far as La Mutuelle was concerned, the effects had been felt on members' assets deposited with banks, as the negative interest rate applied had fallen further. Given the current economic climate, it seems that Switzerland will have to live with such rates for many years to come. In view of this outlook and for the benefit of La Mutuelle, the Board members have decided to freeze the deposits to the CHF current account to reduce the impact of the negative interest. It should be noted that the cost of this charge that La Mutuelle had to bear on the CHF current account, i.e. CHF 100,000, was not passed on to the members' accounts but recognized as a charge, as the Board does not wish, for the time being, to pass on the negative interest to the members' accounts. In the difficult context, where the purchase of CHF bonds is impossible, the Members of the Investment Committee have been looking for solutions to mitigate the negative interest rates, or at least to reduce their effects on the cash flow and the investments in CHF. They decided to invest the assets in two real estate funds, which also allows for investment diversification. The income of the CHF Fund increased by 45% compared to 2018, as the management mandates performed exceptionally well, cancelling out all the unrealized losses of previous years. For the CHF Fund, expenses were down 16% due to no allocation to the

reserve for losses on management mandates. For the USD Fund, income was up 7% due to the increase in bank interest. Expenses are also up by 91% but are due to the significant increase in interest paid to members on their USD accounts (USD 136,886 in 2019 compared to USD 10,047 in 2018) following the increase in the interest rate offered (0.80% compared to 0.05%).

For GPAFI, income is up by 50% due to the reversal of the provision on short-term employee benefits, higher entry fees and contributions, as well as commissions from insurers. Expenses are up by 6% and relate to staff costs and the payment of UN support costs following the integration of GPAFI into the ICSMA structure.

## **3. Report of the Oversight body for 2019**

Mr. Secretan of PricewaterhouseCoopers S.A. presents the report of the auditors on the ICSMA's annual accounts. He recalled that, in the report signed on 8 June 2020, the audit covers ICSMA's combined accounts at 31 December 2019, which comprises the statement of financial position, of financial performance, the cash flow statement, the statement of changes in net assets and the notes. It reiterates the Board's responsibility for the preparation of the financial statements and for maintaining an adequate system of internal control relevant to ICSMA's size. PwC's responsibility, as auditors, is to issue an audit opinion based on International Standards on Auditing to validate that the accounts are properly prepared according with IPSAS. Mr. Secretan confirms that the financial statements for the year ended 31 December 2019 are in accordance with ICSMA's Statutes, give a true and fair view of the financial position and are IPSAS compliant. He recommends as that the General Assembly approves the accounts for the year 2019.

## **4. Distribution of the revenue for the 2019 financial year of La Mutuelle's CHF Fund**

Mr. Hauser mentioned that, with regard to the CHF Fund and based on the results of the year 2019, the Board of Directors recommends to the General Assembly the distribution of an interest rate of 0.20 % plus a bonus of 0.85 %, i.e. a total remuneration of 1.05%.

## **5. Validation of the co-option of a member of the Board of Directors**

Mrs. Fleury informed that, according to the Statutes, in case of departure of a Board member, the seat must be filled within three months from the date of the vacancy. The ordinary General Assembly must then confirm the co-option. Since Mr. Hauser was co-opted

by the Board of Directors, his appointment by the Assembly is one of the items on which the members must vote.

Mr. Hauser introduces himself and describes his professional background.

## **6. Other business**

One member pointed out the high turnover on the Board. Mrs. Fleury explained that it seems normal for there to be changes as the term of office of some of the Board members is three years. In addition, one of the Directors is a representative of an affiliated organization, so a change is made every three years. It is also necessary to consider retirements, which was the case with Mr. Goergen, changes in professional orientation, as was the case with Mrs. Momal-Vanian in 2020 (in post since 2007) and staff mobility. Mrs. Fleury said, however, that the Board of Directors had always been pretty stable.

One member pointed out that at a previous Assembly she had raised the need for a Financial Disclosure Programme for employees with certain grades and financial functions, as well as for all ICSMA Board Members. This is usually done once a year through the UN Ethics Offices and would build confidence in the Board Members. She wished to know if this issue had been considered. Mrs. Fleury replied that the Executive of La Mutuelle as well as the Board of Directors are subject to the obligation to participate in the UN Financial Disclosure Programme, in accordance with the United Nations Regulations.

Mrs. Fleury wishes to thank all ICSMA members for their feedback, whether positive or negative, which allows for improvement to satisfy members as much as possible.

## **B. 2020 ORDINARY GENERAL ASSEMBLY**

### **1. Report of the Board of Directors for 2020**

Mr. Neufing firstly pointed out that this was the first time that an ICSMA General Assembly had had to be postponed, in this case due to the pandemic. He informed that, from an operational point of view, a significant change had been made in March with the implementation of telecommuting for all staff of the two ICSMA entities, GPAFI and La Mutuelle. Going from a global organization with constant interaction between staff to an individual organization and virtual contacts from one day to the next is extremely difficult, not to mention the additional obstacles generated by having to work at home in an ergonomic environment that is very different from that of the office and often not adapted. Despite these many

constraints, ICSMA's services have continued without interruption or major problems for members. As far as possible, the entities also showed flexibility towards members, with the exception of the verifications in force for the transfer of funds, which were reinforced due to the increase in computer hacking, in the interest of depositors.

Regarding the results for the year 2020, La Mutuelle was impacted by the pandemic at the level of loans, since those granted during the year were down significantly, mainly ordinary loans. The latter being linked to household consumption, the closure of shops, travel restrictions and the reduction in leisure activities have curbed spending to the detriment of savings. However, there was an increase in loans for the purchase of second homes, as some members clearly expressed a need to get away from the cities. Income from loans decreased, income from investments as well despite the stability of their valuation compared to 2019, which, it should be remembered, had been exceptional.

GPAFI's activity was stable during the year 2020, but the result is on the rise, notably due to the increase in the number of memberships in the complementary health insurance, the revision of the commissions received from insurers and a latent exchange gain on the valuation of the liabilities in the after-service health insurance. The Board of Directors wishes to ensure that the relationship with its partners is sustainable and that the balance of the insurance contracts is maintained to be able to keep a stable level of premiums. It is also working on solutions to simplify the processing of medical claims, and hopes to be able to propose improvements soon. During the year 2020, the programme for the automatic sending of tax certificates was implemented, and the transition to QR code payment slips was initiated.

Both entities currently have strong reserve Funds which they will use in the near future to improve the services offered to members. The change of IT system and the operational merger of the two entities, planned for 2023, will allow for better synergies, cost reductions and a more focused and dedicated interaction with members. Once this investment has been made and if the economic situation allows it, the surplus of the reserve Funds will be redistributed to the members.

Regarding the composition of the Board, following the departure of Mrs. Corinne Momal-Vanian from the United Nations, the Director General of the United Nations Office in Geneva appointed Mr. Giovanni Pizzini, Chief of the Health Insurance Section, to represent her on the Board. Mr. Neufing also emphasized the importance of the current diversity of expertise of all Board members, which, thanks to their

complementarity, makes it possible to deal in the best possible way with the consequences of the pandemic, including within the organizations of the United Nations system, a worsening economic situation and continuing negative interest rates. In 2020 and 2021, Members held a retreat to review all ICSMA processes and the outlook for the next five years. Improving member services and strengthening digital tools are the main focus for the next three years, and the change of the IT system will simplify administrative processes and strengthen interactions with members.

Mr. Neufing mentioned that while loan demand remained stable in the first three months of 2020, the effects of the pandemic were felt from April onwards with a slowdown in applications. The lockdown we were forced into curbed any desire to spend on consumer goods, significantly impacting the number of applications and resulting in a 23.12% drop in ordinary loans granted at 31 December. For housing loans, demand was lower (-4.27%), but not as much as expected as it turned out that a number of members felt the need to get away from the cities and took advantage of the pandemic to buy a second home. Loans outstanding at the end of the year are therefore down, -5.88% for ordinary loans and -2.46% for housing loans.

The year 2020 is also sadly the first year in which the Members of the Credit Committee have served notice of exclusion from La Mutuelle to two members who submitted a loan application and did not correctly reflect their external debts in the documents sent. It should be recalled that La Mutuelle carries out checks on the financial situation of the applicants and that these must therefore be transparent, failing which they will be refused and excluded.

During the year 2020, some members were able to benefit from loans to settle outstanding lawsuits and thus put their financial situation in order.

## **2. Presentation of the financial statements at 31 December 2020**

Mr. Hauser points out that the pandemic spread to the rest of the world in the course of 2020, crippling global economic activity and causing financial markets to plummet at the end of the first quarter. However, fears of an economic collapse were quickly allayed as various governments put in place significant stimulus packages, resulting in stock markets recovering to record levels. This fear was shared by the Board of Directors, which wished to allocate a significant part of the 2019 surplus in CHF to the extraordinary reserve Fund. An economic slowdown is expected and caution is required. For this reason, the Board of Directors considers that the proposal to pay a total

remuneration of 1.35% on the CHF deposit accounts, up 29% compared to 2019, takes these aspects into consideration and is intended to be prudent.

During the year 2020, La Mutuelle recorded a negative interest rate charge of CHF 591,000, up 15% on 2019. It is therefore important to control the flow of CHF accounts to avoid an even greater increase, hence the maintenance of the limit on CHF payments to CHF 2,000 per month. As the purchase of CHF bonds, which are held to maturity, is still not possible due to negative interest rates, bond income is down compared to 2019 and the mandatory portfolio is being reduced due to redemptions. As long as the SNB does not change the interest rate trend, the percentage of this investment vehicle, which used to be a major source of income, will fall as a proportion of total assets.

Expenses for the year are higher than in 2019 due to increased negative interest and the cost of remunerating members' deposit accounts.

Asset management is difficult, the high volatility and uncertainty of the health crisis is affecting the economic forecasts and outlook, and it is impossible to predict the direction of La Mutuelle's investments. Capital preservation in a context of negative interest rates remains difficult, hence the need to maintain a prudent approach to asset management.

## **3. Report of the Oversight body for 2020**

Mr. Secretan presented the report of the auditors on the ICSMA's annual accounts. The audit of ICSMA's accounts as at 31 December 2020 was carried out in a similar manner to the 2019 financial year.

Mr. Secretan reported that the financial statements for the year ended 31 December 2020 comply with the Statutes and give a true and fair view of the assets, liabilities, financial position and results in accordance with IPSAS. He confirms that the work of the auditors has been carried out in accordance with International Standards on Auditing. He recalls the scope of the auditors' work, namely to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement. One of the main elements considered is the risk analysis that is performed at the financial statement level. Controls are planned based on this analysis through their understanding of the internal control system.

Subject to the prior approval of the 2019 financial statements by the previous General Assembly, Mr. Secretan recommends that the General Assembly approve the financial statements at 31 December 2020.

#### **4. Distribution of the revenue for the 2020 financial year of La Mutuelle's CHF Fund**

Mr. Hauser mentioned that, based on the results for the year 2020, the Board of Directors recommends to the General Assembly the distribution of an interest rate of 0.10% plus a bonus of 1.25%, i.e. a total remuneration of 1.35%. To this end, the net loss for the year, i.e. CHF 198,395.06, will be offset by a withdrawal from the extraordinary reserve Fund.

#### **5. Postponement of the election of 3 members of the Board of Directors**

As mentioned in the preamble, significant retired members don't have access to IT tools and are used to attending the General Assemblies at the Palais. Therefore, the Board considers that the current conditions are not conducive to elections and proposes to postpone the election of 3 Board members to the next meeting which will be held in person. This item is one of the items on which the members are to vote.

#### **6. Other business**

Mr. Pizzini reported on the renewal of the complementary health insurance contract proposed by UNIQA through GPAFI and recalled that for several years the premiums for this insurance have not increased. During the pandemic, medical expenses were reduced, as treatments were put on hold, and this was reflected not only in the basic insurance, but also in the complementary insurance. The contract with UNIQA was renewed for three years without any change in premiums, with an option for two more years under the same conditions if the claims do not increase significantly. The absence of premium increases over such a period, when medical inflation is higher than salary inflation, is an unknown phenomenon in the Swiss insurance market and even internationally, and is very good news for members.

Concerning the negative interest, Mr. Hauser informed the members that La Mutuelle expects, for the financial year 2022, expenses related to negative interest of about CHF 1 million, i.e. about 10% of the estimated income. Therefore, the situation must be examined and monitored very closely. Mr. Hauser reminded that currently all these expenses are paid centrally and not passed on to the accounts according to assets. It is necessary to ask to what extent the attractiveness of the CHF deposit account can be maintained in the current environment of very limited investment opportunities and high costs for a low-risk investment and recalls that a CHF deposit account interest cap of CHF 400,000 has been put in place for this purpose. La Mutuelle currently has 185

members with net assets of more than CHF 400,000, but the 4,727 CHF La Mutuelle depositors have an average deposit of CHF 81,600. With this increasing cost of negative interest, La Mutuelle finds itself in a situation where basically the small number of members with high CHF assets receive subsidies from the majority of the members. Mr Hauser said that the economy is again under inflationary pressure and that no one knows how this situation will develop. If the SNB does not take any action to reverse the current rate situation, the Board is considering passing on this charge only to accounts with a high net balance, i.e. more than CHF 400,000, in order to maintain the collective spirit and to allow the CHF deposit account to remain viable and attractive.

A member asked about the relationship between La Mutuelle and UBS, whether UBS has information on La Mutuelle members, whether members who use UBS have to pay an additional cost and whether it would not be wise to diversify the banking institutions, for example with the Banque Cantonale de Genève (BCGE). Mrs. Fleury explained that UBS carries out all ICSMA payment transactions, both when members send money and when ICSMA transfers funds to members' accounts. She said that, of course, UBS is aware of the names of the remitters and the recipients of the transfers, as required by law. UBS does not charge for transactions between UBS accounts but does for any other external transfers. This process is the same for any bank that handles payment traffic. The advantage of working with UBS is that it does not charge negative interest from the first franc, but from a certain amount. In addition, Mrs. Fleury said that the service provided by UBS is really exceptional, simple and fast, especially as the process is sometimes very complicated, particularly because of the banking regulations. She added that currently the banks are not looking to increase their client base for payment traffic, which generates a cost, but rather to manage assets that generate commissions. Concerning bank diversification, this has already been achieved as the assets are not deposited only with UBS, as La Mutuelle already works with other banking institutions such as BCGE.

In the absence of any other questions, Mrs. Chaoui thanked Mrs. Fleury and her team, on behalf of the Board members, for all the work they had done for the members, and closed the meeting at 1.20 p.m.

## 2020 AND 2021 ORDINARY GENERAL ASSEMBLIES

### VOTING RESULTS

#### A. 2020 ORDINARY GENERAL ASSEMBLY

	Yes	No	Abstention	Null	Total
<b>1. Do you approve ICSMA's financial statements as at 31 December 2019?</b>					
E-voting	58	-	4	-	62
Email - Post	60	1	-	2	63
<b>Total</b>	<b>118</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>125</b>
<b>Percentage</b>	<b>94.4</b>	<b>0.8</b>	<b>3.2</b>	<b>1.6</b>	<b>100</b>
<b>2. Do you approve the distribution of the 2019 surplus income of La Mutuelle's CHF Fund?</b>					
E-voting	59	-	3	-	62
Email - Post	59	1	-	3	63
<b>Total</b>	<b>118</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>125</b>
<b>Percentage</b>	<b>94.4</b>	<b>0.8</b>	<b>2.4</b>	<b>2.4</b>	<b>100</b>
<b>3. Do you approve the co-option of Mr. Benjamin Hauser to the Board of Directors?</b>					
E-voting	58	-	4	-	62
Email - Post	61	-	-	2	63
<b>Total</b>	<b>119</b>	<b>-</b>	<b>4</b>	<b>2</b>	<b>125</b>
<b>Percentage</b>	<b>95.2</b>	<b>-</b>	<b>3.2</b>	<b>1.6</b>	<b>100</b>

**B. 2021 ORDINARY GENERAL ASSEMBLY**

	Yes	No	Abstention	Null	Total
<b>1. Do you approve ICSMA's financial statements as at 31 December 2020?</b>					
E-voting	57	-	5	-	62
Email - Post	60	1	-	2	63
<b>Total</b>	<b>117</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>125</b>
<b>Percentage</b>	<b>93.6</b>	<b>0.8</b>	<b>4</b>	<b>1.6</b>	<b>100</b>
<b>2. Do you approve the distribution of the 2020 surplus income of La Mutuelle's CHF Fund?</b>					
E-voting	60	-	2	-	62
Email - Post	60	1	-	2	63
<b>Total</b>	<b>120</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>125</b>
<b>Percentage</b>	<b>96</b>	<b>0.8</b>	<b>1.6</b>	<b>1.6</b>	<b>100</b>
<b>3. Do you approve the postponement of the election of 3 members of the Board of Directors?</b>					
E-voting	56	2	4	-	62
Email - Post	58	-	3	2	63
<b>Total</b>	<b>114</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>125</b>
<b>Percentage</b>	<b>91.2</b>	<b>1.6</b>	<b>5.6</b>	<b>1.6</b>	<b>100</b>

