

	NATO	NORTH ATLANTIC COUNCIL
	OTAN	CONSEIL DE L'ATLANTIQUE NORD

NATO SANS CLASSIFICATION

25 novembre 2015

DOCUMENT
C-M(2015)0079-AS1

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU RÉGIME DE PENSIONS À COTISATIONS DÉFINIES (DCPS) DE L'OTAN POUR L'EXERCICE 2014

SUITE DONNÉE

Le 24 novembre 2015, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport du Collège international des commissaires aux comptes de l'OTAN diffusé sous la cote IBA-AR(2015)16, figurant en annexe au C-M(2015)0079, et il a approuvé la recommandation du Bureau de la planification et de la politique générale des ressources visant la communication au public.

(signé) Alexander Vershbow
Secrétaire général délégué

NOTE : La présente note fait partie du C-M(2015)0079 et doit être placée en tête de ce document.

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NATO SANS CLASSIFICATION

18 novembre 2015

DOCUMENT

C-M(2015)0079

Procédure d'accord tacite :

24 nov 2015 18:00

**RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE
L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU RÉGIME DE
PENSIONS À COTISATIONS DÉFINIES (DCPS) DE L'OTAN POUR L'EXERCICE 2014**

Note du secrétaire général délégué

1. On trouvera en annexe le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) sur la vérification des états financiers du régime de pensions à cotisations définies (DCPS) de l'OTAN pour l'exercice clos le 31 décembre 2014. Ce rapport contient une opinion sans réserve.
2. Le rapport a été examiné par le Bureau de la planification et de la politique générale des ressources (RPPB). Conformément au PO(2015)0052, celui-ci recommande au Conseil, dans une note qu'il a approuvée le 25 septembre 2015, de communiquer au public le rapport de l'IBAN ainsi que les états financiers correspondants (voir annexes).
3. J'estime que ce rapport ne nécessite pas d'examen plus approfondi. Par conséquent, **sauf avis contraire me parvenant d'ici au mardi 24 novembre 2015 à 18 heures**, je considérerai que le Conseil aura pris note du rapport de l'IBAN diffusé sous la cote IBA-AR(2015)16 et qu'il aura approuvé la recommandation du RPPB visant la communication au public des documents précités.

(signé) Alexander Vershbow

4 annexes
1 pièce jointe

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**RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE
L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
DU RÉGIME DE PENSIONS À COTISATIONS DÉFINIES (DCPS) DE L'OTAN
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2014**

Références : (A) IBA-A(2015)128-REV1 // IBA-AR(2015)16
(B) Note de couverture accompagnant les états financiers 2014 du DCPS
(FC(2015)115)

1. En vertu du PO(2015)0052, les rapports non classifiés du Collège international des commissaires aux comptes de l'OTAN (IBAN), assortis le cas échéant des états financiers correspondants, sont en principe rendus publics après leur examen par le Conseil de l'Atlantique Nord.
2. L'IBAN a émis une opinion sans réserve sur les états financiers 2014 du régime de pensions à cotisations définies (DCPS) de l'OTAN. Son rapport (référence (A)) sera transmis au Conseil afin qu'il en prenne note, ainsi que le prévoient les procédures agréées.
3. Le contrôleur des finances du Secrétariat international a estimé (référence (B)) que les états financiers 2014 du DCPS pouvaient être rendus publics.
4. Le Bureau de la planification et de la politique générale des ressources estime quant à lui que le rapport de l'IBAN ne contient pas d'informations qui, en vertu de la politique relative à la mise en lecture publique de l'information OTAN, ne peuvent être rendues publiques et, conformément à la politique agréée dans le PO(2015)0052, il recommande par conséquent que le Conseil approuve la communication au public de ce rapport et des états financiers correspondants.

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**Note succincte
du Collège international des commissaires aux comptes de l'OTAN à l'intention du
Conseil sur la vérification des états financiers du régime de pensions
à cotisations définies (DCPS) de l'OTAN
pour l'exercice clos le 31 décembre 2014**

Le Collège a procédé à la vérification des états financiers du régime de pensions à cotisations définies (DCPS) de l'OTAN, régime de pensions par capitalisation auquel contribuent les agents recrutés depuis le 1^{er} juillet 2005 ainsi que l'OTAN, en tant qu'employeur. Au 31 décembre 2014, la valeur des actifs du DCPS s'élevait à 242,5 millions d'euros et le régime comptait 3 001 affiliés.

Le Collège a émis une opinion sans réserve sur les états financiers et sur la conformité pour l'exercice clos le 31 décembre 2014.

Le Collège n'a pas eu d'observation à formuler dans le rapport d'audit.

Le Collège a fait le point sur une observation remontant à un précédent audit et il a constaté que la question qui en faisait l'objet avait été partiellement réglée. Ses conclusions sont récapitulées dans la lettre d'observations et de recommandations (annexe 4).

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COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

OPINION SUR LA VÉRIFICATION DES ÉTATS FINANCIERS

DU RÉGIME DE PENSIONS À COTISATIONS DÉFINIES DE L'OTAN

(DCPS)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2014

**OPINION DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN
À L'INTENTION DU CONSEIL DE L'ATLANTIQUE NORD
ET DES AGENTS AFFILIÉS
AU RÉGIME DE PENSIONS À COTISATIONS DÉFINIES DE L'OTAN**

Rapport sur les états financiers

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers du régime de pensions à cotisations définies (DCPS) de l'OTAN pour l'exercice clos le 31 décembre 2014, composés de l'état de l'actif net disponible pour le service des prestations, de l'état de l'évolution de l'actif net disponible pour le service des prestations, des tableaux relatifs aux pensions de retraite et aux pensions d'invalidité relevant du DCPS, du relevé des coûts et de la valeur de marché des placements, ainsi que de notes explicatives, y compris un résumé des méthodes comptables importantes.

Responsabilité de la direction

La direction est chargée d'établir les états financiers conformément à la norme comptable internationale (IAS) 26 (*Comptabilité et rapports financiers des régimes de retraite*)¹ et aux dispositions du Règlement financier de l'OTAN telles qu'elles ont été fixées par le Conseil de l'Atlantique Nord, et de veiller à ce qu'ils donnent une image fidèle de la situation de l'entité. Elle est ainsi responsable de la conception, de l'application et de la tenue d'un système de contrôle interne de nature à permettre l'établissement et la présentation d'états financiers qui soient exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur.

Responsabilité du Collège

Il incombe au Collège de formuler sur ces états financiers une opinion qui soit fondée sur son travail de vérification, lequel aura été effectué conformément aux dispositions de sa charte et aux normes internationales d'audit. Ces normes exigent que le Collège respecte certains principes déontologiques, et qu'il planifie et effectue sa vérification de manière à parvenir à une assurance raisonnable sur le point de savoir si les états financiers sont exempts d'inexactitudes significatives.

Un audit consiste à appliquer des procédures permettant d'obtenir des éléments probants relatifs aux montants et aux informations figurant dans les états financiers. Les procédures retenues à cette fin sont laissées à l'appréciation de l'auditeur, qui évalue notamment les risques d'inexactitudes significatives dans les états financiers, que celles-ci relèvent d'une

¹ Comme le cadre comptable OTAN ne comporte pas de norme portant spécifiquement sur la comptabilité et sur les rapports financiers des régimes de retraite, le Secrétariat international établit les états financiers du DCPS conformément à l'IAS 26.

fraude ou d'une erreur. Pour l'évaluation de ces risques, le système de contrôle interne sur lequel s'appuient l'établissement et la présentation des états financiers de l'entité concernée est pris en considération, le but étant d'élaborer des procédures d'audit qui soient adaptées à la situation considérée et non pas d'exprimer une opinion sur l'efficacité du système de contrôle interne. Il s'agit aussi de déterminer si les méthodes comptables appliquées sont appropriées et si les estimations comptables faites par la direction sont raisonnables, ainsi que d'évaluer la présentation générale des états financiers.

Le Collège estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Opinion sur les états financiers

L'opinion du Collège est qu'à tous égards significatifs, les états financiers donnent une image fidèle, conforme à l'IAS 26, de la situation financière du DCPS au 31 décembre 2014, ainsi que de l'évolution de la situation financière du régime au cours de l'exercice clos à cette date.

Rapport sur la conformité

Responsabilité de la direction

En plus d'être responsable, comme il est dit plus haut, de l'établissement et de la présentation des états financiers, la direction est chargée de veiller à ce que les opérations financières et les informations présentées dans les états financiers soient conformes aux dispositions du Règlement financier de l'OTAN et du Règlement du personnel civil de l'OTAN telles qu'elles ont été fixées par le Conseil de l'Atlantique Nord.

Responsabilité du Collège

En plus d'être responsable, comme il est dit plus haut, de la formulation d'une opinion sur les états financiers, le Collège est chargé de se prononcer sur le point de savoir si les opérations financières et les informations présentées dans les états financiers sont, à tous égards significatifs, conformes au Règlement financier de l'OTAN et au Règlement du personnel civil de l'OTAN. Il lui incombe notamment d'appliquer des procédures lui permettant d'obtenir une assurance raisonnable sur le point de savoir si les fonds ont été utilisés pour le règlement de dépenses autorisées et si les opérations correspondantes ont été exécutées conformément à la réglementation en vigueur dans le domaine financier et en matière de personnel. De telles procédures prévoient notamment l'évaluation des risques de non-conformité significative.

Le Collège estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Opinion sur la conformité

Le Collège estime que les opérations financières et les informations présentées dans les états financiers sont, à tous égards significatifs, conformes au Règlement financier de l'OTAN et au Règlement du personnel civil de l'OTAN.

Bruxelles, le 2 septembre 2015

Lyn Sachs
Présidente

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS

**CONCERNANT
LE RÉGIME DE PENSIONS À COTISATIONS DÉFINIES DE L'OTAN
(DCPS)**

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2014

Introduction

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers du régime de pensions à cotisations définies (DCPS) de l'OTAN pour l'exercice clos le 31 décembre 2014, et il a émis une opinion sans réserve à leur sujet ainsi que sur la conformité.

Observations et recommandations

Le Collège n'a pas eu d'observation à formuler dans le rapport d'audit.

Le Collège a fait le point sur une observation remontant à un précédent audit et il a constaté que la question qui en faisait l'objet avait été partiellement réglée.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

Le Collège a fait le point sur la suite donnée aux observations et recommandations formulées dans le cadre de précédents audits. On en trouvera un résumé dans le tableau ci-dessous.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

OBSERVATION / RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
Rapport d'audit 2009 IBA-AR(2011)09, paragraphe 5.1 Observation Le Collège a constaté que le Secrétariat international n'était que partiellement préparé au versement des prestations de pension, pour les motifs suivants : • non-recours à des applications informatiques pour le versement des prestations ; • absence de prestataire de pensions ; • nécessité d'emprunter des fonds au régime de pensions coordonné en raison de problèmes de liquidités. Recommandation du Collège Le Collège recommande que le Secrétariat international veille à être bien préparé à l'augmentation attendue du nombre de versements de prestations dans le cadre du DCPS. À cet effet, il lui recommande d'utiliser le système informatique pour le versement des prestations au titre du DCPS, de sélectionner un/des prestataire(s) de pensions, d'obtenir en temps voulu, de la part de Vanbreda et du/des prestataire(s) de pensions, les montants nécessaires au versement des prestations et de ne plus emprunter de fonds au régime de pensions coordonné.	Le Collège a relevé ce qui suit : • L'Unité Pensions (Gestion exécutive) travaille actuellement à l'automatisation des versements dans le cadre du DCPS, en se fondant sur le système informatique de gestion du personnel (PMIS). Il s'agit d'intégrer au PMIS le processus de versement des prestations au titre du DCPS d'ici à la fin du mois de septembre 2015 ; il est prévu que le système de planification des ressources d'entreprise (ERP) soit doté de fonctions nécessaires, qui seront développées ultérieurement ; • la procédure de sélection d'un prestataire de rentes est terminée, sans toutefois avoir donné les résultats escomptés ; cette question est examinée dans le cadre de l'étude menée actuellement pour analyser les défauts du DCPS ; des recommandations assorties de solutions seront formulées à l'automne de 2015 ; • le DCPS a remboursé le montant emprunté au régime de pensions coordonné ; les avances sont désormais versées à partir des comptes du Secrétariat international.	Question partiellement réglée.

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FC(2015)054-REV1

**NATO DEFINED CONTRIBUTION PENSION SCHEME
FINANCIAL STATEMENTS AS AT 31/12/2014
FINANCIAL YEAR 2014**

Annexes:

- 1 Statement of Net Assets Available for Benefits
- 2 Statement of Changes in Net Assets Available for Benefits
- 3 Retirement and Invalidity Pensions - Statement of Net Assets Available for Benefits
- 4 Retirement and Invalidity Pensions - Statement of Changes in Net Assets Available for Benefits
- 5 Schedule - Cost and Market Values of Investments
- 6 Explanatory notes to the financial statements

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NATO DEFINED CONTRIBUTION PENSION SCHEME
Statement of Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year	Prior Year
		31-Dec-14	31-Dec-13
Assets			
Cash	4	3,684,045.18	3,671,362.26
Investments at market value	5	238,846,956.08	187,336,100.65
Accounts Receivable	6		
Contributions receivable from NATO bodies		110.47	36,642.73
Bank interest accrued		4,079.41	5,686.66
Other receivable		0.00	49.50
Total Assets		242,535,191.14	191,049,841.80
Liabilities			
Accounts Payable	7		
Payable to staff members/NATO bodies		0.00	38,042.33
Payable to others		1,041.62	628.04
Total Liabilities		1,041.62	38,670.37
Net assets available for benefits	8	242,534,149.52	191,011,171.43

NATO DEFINED CONTRIBUTION PENSION SCHEME
Statement of Changes in Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year	Prior Year
		31-Dec-14	31-Dec-13
Increase in net assets			
Net unrealized gain in market value of investments	5	26,147,997.90	17,244,913.78
Contributions	9	40,905,625.92	37,893,843.52
Inward transfer of pension rights	10	137,389.61	1,005,144.50
Miscellaneous receipts	11	21,837.38	6,179.66
Total increase in net assets available for benefits		67,212,850.81	56,150,081.46
Decrease in net assets			
Net unrealized loss in market value of investments	5	0.00	0.00
Accounts closed (Staff)	12	14,738,448.23	11,750,323.25
Outward transfer of pension rights	10	152,059.84	471,505.21
Transfers to insurance and DCPS retirement account	13	780,979.43	0.00
Transfer to NATO Bodies (amount due by member)	14	11,310.63	0.00
Miscellaneous payments	15	7,074.59	12,208.30
Total decrease in net assets available for benefits		15,689,872.72	12,234,036.76
Net increase for the year		51,522,978.09	43,916,044.70
Net assets available for benefits, beginning of year		191,011,171.43	147,095,126.73
Net assets available for benefits, end of year		242,534,149.52	191,011,171.43

NATO DCPS RETIREMENT AND INVALIDITY PENSIONS
Statement of Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year	Prior Year	Variance
		31-Dec-14	31-Dec-13	CY - PY
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	4			
Cash		0.00	0.00	0.00
Current bank accounts		118,012.35	83,408.38	34,603.97
Cash equivalents		0.00	0.00	0.00
Total Cash and Cash Equivalents		118,012.35	83,408.38	34,603.97
Receivables				
Receivable from Insurance Company	3, 18	1,333.29	5,203.16	-3,869.87
Tax Adjustment Receivable		39,808.00	41,394.00	-1,586.00
Receivable from DBPS		0.00	0.00	0.00
Miscellaneous receivable		1,041.62	236.48	805.14
Total Receivables		42,182.91	46,833.64	-4,650.73
Miscellaneous Assets				
Bank interest accrued		277.65	229.86	47.79
Miscellaneous receipts		0.00	0.00	0.00
Total Miscellaneous Assets		277.65	229.86	47.79
TOTAL CURRENT ASSETS		160,472.91	130,471.88	30,001.03
NON-CURRENT ASSETS		0.00	0.00	0.00
TOTAL NON CURRENT ASSETS		0.00	0.00	0.00
TOTAL ASSETS		160,472.91	130,471.88	30,001.03
LIABILITIES				
CURRENT LIABILITIES				
Payable	3, 18			
Payable to I.S.		150,000.00	120,000.00	30,000.00
Payable to DCPS		0.00	0.00	0.00
Net interest payable to DBPS		0.00	0.00	0.00
Miscellaneous payable		0.00	49.50	-49.50
Other payable		10,472.91	10,422.38	50.53
Total Payables		160,472.91	130,471.88	30,001.03
TOTAL CURRENT LIABILITIES		160,472.91	130,471.88	30,001.03
NON CURRENT LIABILITIES		0.00	0.00	0.00
TOTAL NON CURRENT LIABILITIES		0.00	0.00	0.00
TOTAL LIABILITIES		160,472.91	130,471.88	30,001.03
NET ASSETS				
Surplus/Deficit of the period		0.00	0.00	0.00
Total Net Assets		0.00	0.00	0.00
TOTAL NET ASSETS		0.00	0.00	0.00

**NATO DCPS RETIREMENT AND INVALIDITY PENSIONS
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR
RETIREMENT AND INVALIDITY PENSION BENEFITS**

(All amounts in EUR)

	Notes	2014	2013
INCREASE IN NET ASSETS	3,13,18		
DCPS redemptions received		745,251.00	0.00
Settlements received for invalidity from insurer		284,999.38	165,434.57
Annuity payments received from commercial provider		122,976.44	104,048.31
Tax adjustment received from Defined Benefit Pension Scheme		41,394.00	4,830.60
Other		7,766.93	18,802.56
Total increase in net assets available for benefits		1,202,387.75	293,116.04
DECREASE IN NET ASSETS	3,13,18		
Annuities purchased		(745,067.18)	0.00
Lump sum retirement benefit		(183.82)	0.00
Monthly annuity payments paid		(326,070.46)	(210,136.84)
Tax adjustment		(39,808.00)	(38,274.60)
Contribution paid to DCPS		(74,796.13)	(39,229.88)
Insurance		(4,555.52)	(4,281.13)
Other		(11,906.64)	(1,193.59)
Total decrease in net assets available for benefits		(1,202,387.75)	(293,116.04)
Net increase (decrease) for the year		0.00	0.00
Net assets available for benefits, beginning of year		0.00	0.00
Net assets available for benefits, end of year		0.00	0.00

NATO DEFINED CONTRIBUTIONS PENSION SCHEME
Schedule - Net Purchase Cost and Market Values of Investments
(All amounts in 1,000 EUR)

Year ended 31-Dec-14	Net Purchase Cost	Market Value 31.12.2014
EUROLAND BOND FUND EUR C CLASS C	1,827.5	1,911.3
GLOBAL EQUITY FUND EUR C CLASS C	4,274.1	4,718.0
GLOBAL EQUITY FUND USD C CLASS C	197.3	232.4
GLOBAL BOND FUND EUR C CLASS C	2,621.7	2,791.2
GLOBAL BOND FUND USD C CLASS C	-358.9	-354.5
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	768.5	768.6
INSTICASH	9,300.5	9,305.5
VANGUARD STOCK INDEX EUR	3,441.7	3,860.7
VANGUARD STOCK INDEX USD	1,849.9	1,885.2
VANGUARD BOND INDEX USD	480.4	496.8
VANGUARD EURO GOVERNMENT BOND INDEX	1,238.9	1,282.3
Difference on exchange rates	-278.6	0.0
TOTAL	25,362.9	26,897.4

Year ended 31-Dec-13	Net Purchase Cost	Market Value 31.12.2013	Market Value 31.12.2014
EUROLAND BOND FUND EUR C CLASS C	2,488.6	2,503.7	2,784.8
GLOBAL EQUITY FUND EUR C CLASS C	8,588.2	9,181.6	10,862.1
GLOBAL EQUITY FUND USD C CLASS C	1,716.1	1,896.0	2,249.4
GLOBAL BOND FUND EUR C CLASS C	2,714.0	2,556.5	2,904.3
GLOBAL BOND FUND USD C CLASS C	437.2	425.0	484.1
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	122.6	122.6	139.3
INSTICASH	10,240.0	10,243.3	10,256.4
Difference on exchange rates	92.2	0.0	0.0
TOTAL	26,398.9	26,928.6	29,680.3

Year ended 31-Dec-12	Net Purchase Cost	Market Value 31.12.2012	Market Value 31.12.14
EUROLAND BOND FUND EUR C CLASS C	455.3	461.1	522.7
GLOBAL EQUITY FUND EUR C CLASS C	10,137.4	10,540.5	14,915.2
GLOBAL EQUITY FUND USD C CLASS C	1,319.0	1,392.3	1,973.6
GLOBAL BOND FUND EUR C CLASS C	3,171.4	3,160.0	3,241.6
GLOBAL BOND FUND USD C CLASS C	1,043.5	1,063.6	1,093.1
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	518.9	544.6	591.9
INSTICASH & UNIVERSAL EURO ACCUMULATION C	9,397.4	37,166.4	37,230.4
Difference on exchange rates	124.7	0.0	0.0
TOTAL	26,167.6	54,328.5	59,568.5

Year ended 31-Dec-11	Net	Market Value	
	Purchase Cost	31.12.2011	31.12.14
EUROLAND BOND FUND EUR C CLASS C	840.4	845.4	1,089.2
GLOBAL EQUITY FUND EUR C CLASS C	8,284.3	8,038.7	13,033.4
GLOBAL EQUITY FUND USD C CLASS C	1,274.0	1,158.7	1,880.2
GLOBAL BOND FUND EUR C CLASS C	914.4	1,009.1	1,053.2
GLOBAL BOND FUND USD C CLASS C	615.8	628.1	656.8
UNIVERSAL EURO ACCUMULATION C	10,565.5	10,616.5	0.0
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	260.7	260.7	278.0
Difference on exchange rates	-136.6	0.0	0.0
TOTAL	22,618.4	22,557.2	17,990.8

Year ended 31/12/2010	Net	Market Value	
	Purchase Cost	31.12.2010	31.12.14
EUROLAND BOND FUND EUR C CLASS C	685.6	687.6	900.3
GLOBAL EQUITY FUND EUR C CLASS C	10,585.4	11,572.4	17,011.1
GLOBAL EQUITY FUND USD C CLASS C	916.7	1,020.2	1,498.1
GLOBAL BOND FUND EUR C CLASS C	799.2	876.6	1,010.1
GLOBAL BOND FUND USD C CLASS C	354.2	370.9	427.3
UNIVERSAL EURO ACCUMULATION C	8,223.4	8,243.3	0.0
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	169.7	169.9	187.1
Difference on exchange rates	31.4	0.0	0.0
TOTAL	21,765.7	22,940.8	21,034.2

Year ended 31-Dec-2009	Net	Market Value	
	Purchase Cost	31.12.2009	31.12.14
EUROLAND BOND FUND EUR C CLASS C	408.9	450.5	618.6
GLOBAL EQUITY FUND EUR C CLASS C	14,958.4	17,259.4	29,694.1
GLOBAL EQUITY FUND USD C CLASS C	998.5	1,190.4	2,050.4
GLOBAL BOND FUND EUR C CLASS C	851.9	861.0	1,146.2
GLOBAL BOND FUND USD C CLASS C	14.8	16.2	21.6
UNIVERSAL EURO ACCUMULATION C	4,993.8	5,009.8	0.0
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	121.0	121.1	144.0
Difference on exchange rates	3.3	0.0	0.0
TOTAL	22,350.8	24,908.4	33,674.8

Year ended 31-Dec-2008	Net	Market Value	
	Purchase Cost	31.12.2008	31.12.14
EUROLAND BOND FUND EUR C CLASS C	276.8	290.7	453.1
GLOBAL EQUITY FUND EUR C CLASS C	13,884.0	9,955.2	21,493.7
GLOBAL EQUITY FUND USD C CLASS C	1,014.2	704.9	1,516.5
GLOBAL BOND FUND EUR C CLASS C	876.5	946.1	1,272.2
GLOBAL BOND FUND USD C CLASS C	163.0	166.0	222.6
UNIVERSAL EURO ACCUMULATION C	1,336.8	1,354.2	0.0
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	89.5	90.1	103.8
Difference on exchange rates	-14.3	0.0	0.0
TOTAL	17,626.4	13,507.2	25,061.9

Year ended 31-Dec-2007	Net	Market Value	
	Purchase Cost	31.12.2007	31.12.14
EUROLAND BOND FUND EUR C CLASS C	128.8	129.3	218.0
GLOBAL EQUITY FUND EUR C CLASS C	10,630.8	11,091.0	13,500.4
GLOBAL EQUITY FUND USD C CLASS C	576.1	651.3	793.8
GLOBAL BOND FUND EUR C CLASS C	533.5	529.5	786.1
GLOBAL BOND FUND USD C CLASS C	72.1	77.5	115.3
UNIVERSAL EURO ACCUMULATION C	2,087.9	2,113.1	0.0
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	74.2	76.3	95.6
Difference on exchange rates	14.9	0.0	0.0
TOTAL	14,118.4	14,668.0	15,509.2

Year ended 31-Dec-2006	Net	Market Value	
	Purchase Cost	31.12.2006	31.12.2014
EUROLAND BOND FUND EUR C CLASS C	20.2	20.3	34.4
GLOBAL EQUITY FUND EUR C CLASS C	5,422.7	5,640.0	7,481.3
GLOBAL EQUITY FUND USD C CLASS C	365.0	394.5	523.3
GLOBAL BOND FUND EUR C CLASS C	206.2	205.8	302.6
GLOBAL BOND FUND USD C CLASS C	44.0	45.1	66.3
UNIVERSAL EURO ACCUMULATION C	74.0	74.4	0.0
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	20.0	20.2	23.8
Difference on exchange rates	1.8	0.0	0.0
TOTAL	6,153.8	6,400.3	8,431.7

Year ended 31-Dec-2005	Net	Market Value	
	Purchase Cost	31.12.2005	31.12.14
EUROLAND BOND FUND EUR C CLASS C	0.0	0.0	0.0
GLOBAL EQUITY FUND EUR C CLASS C	612.9	640.5	915.4
GLOBAL EQUITY FUND USD C CLASS C	36.6	38.1	54.3
GLOBAL BOND FUND EUR C CLASS C	20.0	20.2	28.3
GLOBAL BOND FUND USD C CLASS C	0.0	0.0	0.0
UNIVERSAL EURO ACCUMULATION C	0.0	0.0	0.0
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	0.0	0.0	0.0
TOTAL	669.5	698.9	998.1

GRAND TOTAL	183,232.2	238,847.0
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**EXPLANATORY NOTES
NATO DEFINED CONTRIBUTION PENSION SCHEME****NOTE 1: GENERAL INFORMATION****Description of the Fund**

The NATO Defined Contribution Pension Scheme (DCPS) was implemented with effect from 1 July 2005 based on Council's approval of C-M(2000)53 and C-M(2005)0057. The DCPS aims to provide retirement benefits for NATO staff who are employed for the minimum six-year vesting period and to make cash payments to staff who leave before satisfying the vesting requirement. All new entrants recruited on or after 1 July 2005 are compulsorily affiliated to the NATO DCPS.

The DCPS is a cash purchase pension scheme. Both staff and NATO contribute to the Scheme. There is no long term liability for NATO related to the DCPS.

An account is opened for each member of the Scheme. Contributions are invested according to the member's instructions within the eleven funds currently available, described below. Members can check the status of their accounts and give instructions via a secure web portal.

Upon departure, the member's account is disinvested. Until 20 December 2012, the effective date of changes to related NATO Civilian Personnel Regulations (CPR), if the member had vested in the Scheme and was at least 50 years old, the member could take up to 25% of the proceeds as a cash lump sum and the balance had to be applied to the purchase of a retirement pension from a commercial provider. In 2009, the vesting period was five years; in 2010 the vesting period was increased to six years. Members who leave the NATO employer prior to vesting withdraw the entire proceeds as a cash lump sum.

On 20 December 2012 the NATO Council approved a number of changes to the rules which provided more choice and flexibility for affiliates regarding their retirement benefits. The upper and lower limits on ages at which affiliates could take benefits were abolished. The lump sum is no longer restricted to those aged 50 and over and is no longer limited to 25%. Affiliates leaving the DCPS may take any percentage of their holdings in cash. Affiliates accounts no longer have to be closed when they reach 65. They may remain indefinitely as passive investors, with no further investments or switches until full disinvestment, beyond the age of 65.

As at 31 December 2014, there were 3,001 NATO DCPS affiliates (members) (2,782 as at 31 December 2013). Note 20 provides a summary of the evolution of the membership since inception.

Financing

Staff make a compulsory contribution of 8% of basic salary to the Scheme. Staff may make additional voluntary contributions to the Scheme up to 5% of basic salary. NATO pays employer contributions of 12% of basic salary of each active scheme member. Contributions to the DCPS are part of pay and are made monthly.

Scheme members may, under certain circumstances, transfer into their DCPS account any amounts corresponding to pension rights accrued under the pension scheme to which they were previously affiliated.

Governance

The DCPS is administered in accordance with NATO Civilian Personnel Regulations (CPRs), Annex VI, governing the DCPS approved by the Council under C-M(2005)0057.

The Secretary General is responsible for the administration and management of the Scheme, assisted by a consultative committee, the DCPS Management Board, whose Chairman is appointed by the Secretary General.

The committee also includes: seven representatives of the Administrative Services for the International Staff, the International Military Staff, the NATO Standardization Agency and the NATO Defence College, the Assistant Secretary General (ASG) Executive Management and the Financial Controller of the International Staff or their representatives; two representatives of the Administrative Services for the NATO Production and Logistics Organisations and other bodies not listed above; a representative from SHAPE J1 Manpower and Personnel, and the Financial Controller, Allied Command Operations, or their representatives; one representative from the Administrative Services of a NATO military body in Allied Command Transformation; six representatives of the staff nominated by the Liaison Committee of the NATO Civilian Staff Associations shall nominate up to six representatives to the Management Board from among the members of the Scheme. At least one representative shall be a member of the NATO International Staff; one representative of retired NATO staff nominated by the Confederation of Retired NATO Staff.

The Assistant Secretary General for Executive Management was appointed Chairperson of the DCPS Management Board in late 2010.

The members of the DCPS Management Board, who are also NATO staff members, receive no additional remuneration or benefits in return for their participation.

Investment Policy

The Management Board oversees the investment policy of the Scheme.

Members of the NATO DCPS invest in their choice of several funds, consisting of equity, bond and cash funds. Investments are made in units in the respective funds; the unit price fluctuates according to its market value. Four additional investment funds, passively-managed (indexed) funds offered by Vanguard were selected by the NATO Contract Awards Committee in consultation with the DCPS Management Board in November 2013 and became available to DCPS affiliates in February 2014.

The funds are available in EUR and/or in USD as follows:

Equity Funds:

Mellon Global Equity Portfolio EUR C
Mellon Global Equity Portfolio USD C
Vanguard Global Stock Index Fund EUR
Vanguard Global Stock Index Fund USD

Bond Funds:

Mellon Global Bond Portfolio EUR C
Mellon Global Bond Portfolio USD C
Mellon Euroland Bond Portfolio EUR C

Vanguard Global Bond Index Fund USD
Vanguard Euro Government Bond Index Fund EUR

Cash Funds:

Mellon Universal Liquidity Funds – Liquidity Plus USD
BNP Paribas InstiCash Fund - EUR

NATO shall not be held responsible for any losses on investments incurred by movement in the investment markets (Annex VI, Article 10.3 of the NATO Civilian Personnel Regulations).

Management of the DCPS

Previnet SPA (Italy) was selected as the Third Party Administrator of the DCPS at the introduction of the Scheme in July 2005, and has been administering the scheme on behalf of NATO since that date. Previnet is responsible for the individual accounts administration, benefit administration, reporting, customer services and maintenance of the DCPS web site with on-line facilities for the scheme members.

Previnet tracks contributions and individual holdings of scheme members. It also provides aggregate accounting data and investment instructions destined for NATO-IS and the Investment Managers.

NATO-IS Office of Financial Control (OFC) receives the monthly contributions from the various NATO body payroll centres in a custodial bank account and converts the funds, on the instructions prepared by the Scheme Administrator, into EUR or USD, as required, for the investment accounts. The OFC is responsible for transfer of the funds from the relevant bank account to the appropriate accounts with the Investment Managers, BNY Mellon, Vanguard and BNP Paribas, based on the Scheme Administrator's reconciliation of the global amount and validation of the amounts to be invested for each staff member.

NATO-IS Executive Management Human Resources Pensions Unit reconciles the number of units per member received from the Scheme Administrator against the leaving scheme members' accounts on the website. OFC then transfers the redemption/lump sum amounts according to the bank instructions provided by the leaving scheme members.

DCPS amounts redeemed for the purchase of pension annuities and amounts due from an outside insurer for invalidity pensions of former DCPS members are administered by the OFC. The member's holdings are transferred to the relevant pension provider when a leaving DCPS member is entitled to purchase an annuity. OFC also transfers monthly invalidity pensions and the adjustments related to income tax to former DCPS members who qualify.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Declaration of conformity

The financial statements of the NATO DCPS have been prepared in accordance with the NATO Financial Regulations and International Accounting Standard 26, "Accounting and Reporting by Retirement Benefit Plans". The NATO Accounting Framework, which is an

adapted version of the International Public Sector Accounting Standards (IPSAS), does not have a specific standard for accounting and reporting by retirement benefit plans.

The accounting system currently used by the NATO DCPS is accrual based.

Basis of presentation

The financial statements have been prepared on a going-concern basis: the DCPS will continue in operation for the foreseeable future.

The amounts shown in these financial statements are presented in EUR.

Changes in accounting policy

There are no changes to report.

Reclassification of financial statements of previous years

None to report

Use of estimates

In the application of accounting policies, which are described below, management is required to make judgments, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Foreign currency transactions

Contributions are made in the currency of the respective payroll centre. Investments are made in USD and in EUR as chosen by the scheme member. NATO Parity Rates do not apply in the DCPS. All bank transactions are processed at the market rate. Contributions received in currencies other than EUR and USD are converted in the latter at investment dates and payments to the Investment Managers are made in EUR and USD.

The amounts shown in these financial statements are presented in EUR. The following rates of exchange fixed by the European Central Bank as at 31 December 2014 were used to convert the balances of the different currencies into EUR:

		<u>EUR</u>
Euro	EUR	1.0000
Danish Kroner	DKK	7.4453
Pound Sterling	GBP	0.7789
Norwegian Kroner	NOK	9.0420
Polish Zloty	PLN	4.2732
Turkish Lira	TRY	2.8320
US Dollar	USD	1.2141
Hungarian Forint	HUF	315.5400

Contributions due in December 2014 and invested in January 2015 are converted using the exchange rates as at 31 December 2014.

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term assets. They include short term deposits held with banks and short term highly liquid investments.

Investments

Investments reported under these DCPS financial statements consist of equity funds, bond funds and cash funds. These investments are non-current assets with respect to the purpose of the DCPS.

Investments are recorded at market value on the reporting date.

Receivables

Receivables are stated at net realisable value. No allowance for loss is recorded for receivables relating to NATO bodies' statutory contributions.

Payables

Payables are amounts due to third parties based on services provided that remain unpaid. This includes, as required, an estimate of accrued obligation for services provided but not yet invoiced.

Net Assets

The net assets available at year-end correspond to investments at market value plus receivables and contributions awaiting investment less payables. Also included are interest earned on the custodial bank account, surpluses gained on transactions with the insurance company and miscellaneous gains and losses related to corrective transactions

Financial Risks

The DCPS uses only non-derivative financial instruments as part as its normal operations. These financial elements include cash, investment funds, bank accounts and accounts receivable.

All financial instruments are recognised in the statement of financial position at their fair value.

The DCPS is exposed to a variety of financial risks, including credit risk, market (price) risk and liquidity risk. The maximum exposure as at 31 December 2014 is equal to the total amount of bank balances and receivables. NATO shall not be held responsible for any losses on investments incurred by movement in the investment markets (Annex VI, Article 10.3 of the NATO Civilian Personnel Regulations).

Credit risk

The DCPS incurs credit risks from cash and cash equivalent held with banks and receivables. There is very limited credit risk associated with the realization of these elements.

Concerning cash and cash equivalent the DCPS credit risk is managed by holding current bank accounts and short term highly liquid deposits that are readily convertible to a known amount of cash held with ING Bank (Belgium) which has the following short term credit ratings:

ING Bank	Credit Ratings as at 31.12.2014			
	Fitch	S&P	Moody's	Date of last rating update
Short term	A+	A	A2	19.12.2014

Concerning receivables, the credit risk is managed by maintaining control procedures over receivables. These consist essentially of contributions due by NATO bodies' payroll centres. This risk is considered limited since these bodies are primarily funded by member nations which are considered creditworthy.

Price risk

The DCPS individual member holdings are exposed to equity and bond securities market risk. NATO shall not be held responsible for any losses on investments incurred by movement in the investment markets (Annex VI, Article 10.3 of the NATO Civilian Personnel Regulations).

In cases of death in service, the insurance company who will provide the survivor's annuity has a claim on the proceeds of the redemption of the affected member's holdings in an amount equal to the lesser of the member's holdings on 31 October of the previous year or the insurer's previously established cost of that annuity. While there have been no shortfalls to date, there is a risk that the value of available holdings on the date of transfer to the insurance company could be less than that of the preceding 31 October. Up to now, this has resulted in the available amounts being higher, and the surplus is kept on a suspense account and forms part of the net assets.

Currency risk

The DCPS is exposed to a limited foreign currency exchange risk arising from fluctuations in currency rates. The contributions received in various currencies are converted into EUR or USD as required by the members' investment decisions. The converted amounts are invested in funds held in EUR or USD accordingly.

Liquidity risk

A liquidity risk could arise from a short term liquidity requirement in relation to amounts due to departing staff. There is a very limited exposure to liquidity risk because the amounts due to departing staff are equal to their holdings, and because amounts transferred to the investment manager are equal to the contributions received from the payroll centres of NATO bodies which receive resources from member states funding the related budgets, or income from their customers which generally are other NATO bodies funded through their approved budgets.

There is a limited liquidity risk in relation to the payment of annuities to eligible members. These transactions are handled on bank accounts separate from those used for investments and disinvestments. Amounts due by the insurers arrive later than when annuities are due to members. This situation is managed through cash advances from the NATO International Staff (EUR 150,000 end 2014, EUR 120,000 end 2013).

Interest rate risk

The DCPS is restricted from entering into borrowings.

A portion of DCPS is invested in bond funds. The market value of bonds fluctuates according to market perception of the issuer's creditworthiness and to projected interest rates. The value of DCPS individual member accounts is therefore subject to some interest rate risk.

NOTE 3: PENSION BENEFITS PAYMENTS**Benefits**

Benefits are paid for retirement (eight cases in 2014, four cases in 2013), survivor (four cases in 2014, three cases in 2013) and invalidity (six cases in 2014, three cases in 2013) pensions. They are paid at the end of each month.

Annuities received from commercial pension providers pending augmentation by the adjustment related to income tax and further transfer to the retired beneficiary are held in a separate bank account, NATO-DCPS Retirement Pensions.

Benefits received from the insurer pending augmentation by the adjustment related to income tax and further transfer to the disabled beneficiary are held in another separate bank account, NATO-DCPS Invalidity Pensions.

Contributions, depending on the degree of invalidity, are made to the DCPS and invested, until the beneficiary reaches retirement age.

Contributions for medical insurance are also paid as required.

The Statement of Net Assets Available for Benefits of NATO-DCPS Retirement Pensions and Invalidity Pensions is in Annex 3.

The Statement of Changes in Net Assets Available for Benefits is at Annex 4.

Pension Adjustment

The Scheme is not subject to income tax under the terms of Articles IX and X of the Agreement on the Status of the North Atlantic Treaty Organization signed in Ottawa on 20 September 1951 (the Ottawa Treaty).

In accordance with Annex VI, Article 15 of the CPRs, beneficiaries are subject to tax by national authorities on their annuity receipts and receive an adjustment equivalent to 50% of the amount by which the recipient's pension would theoretically need to be increased, were the balance remaining after deduction of the amount of national income tax or taxes on the total to correspond to the amount of the pension calculated in accordance with the CPRs. This adjustment is paid out of the DCPS Retirement Pensions and Invalidity accounts (Annexes 3 and 4) and is funded by one of two specific budgets approved by the North Atlantic Council, one from the Civil Budget and the other from the Military Budget. Related information is disclosed in the Financial Statements of the NATO Coordinated Pension Scheme.

Amounts due in relation to 2014 were EUR 41,784.00 (EUR 41,394.00 for 2013). There were 8 beneficiaries in 2014 (six in 2013).

NOTE 4: CASH AND CASH EQUIVALENTS

The various NATO entities pay their contributions into a custodial account. This account serves to effect the transfer of funds to be invested by the Investment Manager and to receive redemptions for departing staff. The total in the account at year-end was EUR 3,684,045.18 (EUR 3,671,362.26 end 2013) and mainly corresponds to contributions received in December and awaiting transfer to the Investment Managers.

Separate bank accounts are held for transactions relating to the payment of pension and invalidity benefits.

NOTE 5: FUNDS HELD BY THE INVESTMENT MANAGER

BNY Mellon is the Investment Manager first six funds listed below; BNP Paribas Investment Partners manages the BNP Paribas InstiCash Fund in Euro; Vanguard Asset Management manages the four index funds.

Distribution of Assets as of 31 December

	2014	2013
Mellon Global Equity Portfolio EUR C	133,624,687.75	108,963,175.47
Mellon Global Equity Portfolio USD C	12,772,172.83	10,569,674.24
Mellon Global Bond Portfolio EUR C	14,535,987.36	10,338,500.96
Mellon Global Bond Portfolio USD C	2,732,535.80	2,709,637.93
Mellon Euroland Bond Portfolio EUR C	8,532,334.58	5,952,740.52
Universal Liquidity Funds - Liquidity Plus USD	2,332,045.39	1,376,278.03
BNP Paribas InstiCash EUR	56,792,248.24	47,426,093.50
Vanguard Stock Index EUR	3,860,664.88	-
Vanguard Stock IndexUSD	1,885,214.74	-
Vanguard Bond Index USD	496,806.98	-
Vanguard Euro Government Bond Index EUR	1,282,257.53	-
TOTAL	238,846,956.08	187,336,100.65

Unrealized Gain/Loss in Market Value of Investments

Gains and losses in the market value of investments vary according to the volume of contributions invested, redemptions, currency fluctuations, and changes in the unit prices of the investment funds. The annual unrealized gains and losses for the past two years were as follows:

	in EUR	<u>2014</u>	<u>2013</u>
Market value end current year		238,846,956.08	187,336,100.65
less Market value end previous year		187,336,100.65	143,692,327.43
less Investments current year		41,061,023.26	38,620,687.89
plus Redemptions current year		<u>15,698,165.73</u>	<u>12,221,828.45</u>
= Net unrealized gain/loss current year		26,147,997.90	17,244,913.78

Unit Price per Fund

New investments and redemptions may take place within each of the funds twice per month and the unit price for each fund fluctuates continuously. Income is therefore not reported by fund in absolute terms. The appropriate performance measure per fund is the unit price. The

unit prices for each of the funds at year-end and the resulting annualized income per unit were as follows:

<u>Fund Name and Currency</u>	<u>2014</u>	<u>2013</u>	<u>Annualized Income Per Unit</u>
Mellon Global Equity Portfolio EUR C	1.544800	1.305800	0.23900
Mellon Global Equity Portfolio USD C	2.107900	2.018200	0.08970
Mellon Global Bond Portfolio EUR C	1.688700	1.486500	0.20220
Mellon Global Bond Portfolio USD C	2.286600	2.279800	0.00680
Mellon Euroland Bond Portfolio EUR C	1.961600	1.763600	0.19800
Universal Liquidity Funds-Liquidity Plus USD	1.190990	1.190847	0.00014
BNP Paribas InstiCash EUR	140.976400	140.796300	0.18010
Vanguard Stock Index EUR	17.398700	-	n.a
Vanguard Stock Index USD	21.151100	-	n.a
Vanguard Bond Index USD	134.679600	-	n.a
Vanguard Euro Government Bond Index	212.943700	-	n.a

Schedule

Annex 5 provides a schedule of the net purchase cost and market values of investments since 2005.

NOTE 6: RECEIVABLES

Contributions are paid on a monthly basis by NATO bodies. There was a partial NATO body employer and employee contributions receivable at the end of 2014, for a total of EUR 110.47 which was received in January 2015. There were three NATO body employer and employee contributions receivable at the end of 2013, for a total of EUR 36,642.73 which were received in January 2014.

Bank interest accrued as of year-end amounting to EUR 4,079.41 was credited to the bank account in January 2015.

NOTE 7: PAYABLES

These amounts consist in miscellaneous net interest and banking costs to be paid to the DCPS Retirement and Invalidity accounts.

NOTE 8: NET ASSETS AVAILABLE FOR BENEFITS

The custodial account also receives the proceeds of redeemed holdings of deceased DCPS affiliates. In cases of death in service, the insurance company who will provide the survivor's annuity has a claim on the proceeds of the redemption of the affected member's holdings in an amount equal to the lesser of the member's holdings on 31 October of the previous year or the insurer's previously established cost of that annuity. Up to now, holdings on the date of transfer to the insurance company have been higher than the amount recorded as of the preceding 31 October, and the corresponding amount of EUR 43,809.96 end 2014 (EUR 28,442.36 end 2013) kept on a suspense account. This surplus, adjusted by miscellaneous

gains and losses on corrective investments effected by the third party administrator (loss of EUR 685.47), amounted to EUR 43,124.49 end 2014 (27,756.89 end 2013).

Cumulated interest earned on the custodial bank account amounted to EUR 89,455.27 end 2014 (EUR 89,194.39 end 2013).

These two amounts are included in the Net Assets Available for Benefits and could be used to cover eventual future potential shortfalls of the sort described in Note 2 (Price Risk).

NOTE 9: CONTRIBUTIONS

A minimum of 8% is deducted from staff emoluments monthly and transferred to DCPS together with the NATO employers' contributions of 12% of emoluments. Staff may make additional voluntary contributions.

The composition of contributions is as follows:

Contributions	in EUR	<u>31-Dec-14</u>	<u>31-Dec-13</u>
Employee share received		17,252,606.56	15,904,653.00
NATO bodies shares received		23,652,908.89	21,952,547.79
Contributions to be received		110.47	36,642.73
Total		40,905,625.92	37,893,843.52

The increase is due to the combined effect of increasing membership and salary adjustments.

NOTE 10: INWARD/OUTWARD TRANSFERS OF PENSION RIGHTS

The NATO Civilian Personnel Regulations (Annex VI, Article 6) provide that staff may, under certain circumstances, arrange for payment to the Organisation of any amounts corresponding to the retirement pension rights accrued under the pension scheme to which the staff member was previously affiliated in so far as that scheme allows such a transfer. These payments are called inward transfers.

The inward transfers resulted essentially from an agreement given by the Belgian Office National des Pensions in late 2009. The decrease in the amounts transferred is due to settlement of pending files. Other transfers were received mainly from the Netherlands, Belgium and the European Union.

Outward transfers are also allowed, in which cases the proceeds of ex-DCPS member's closed account are paid to the eligible pension scheme (CPR Annex VI, Article 11).

NOTE 11: MISCELLANEOUS RECEIPTS

The composition of the miscellaneous receipts is as follows:

	in EUR	<u>31-Dec-14</u>	<u>31-Dec-13</u>
Interest earned		4,079.41	5,686.66
Foreign exchange profit		15,156.57	51.94
Vanguard rebates		2,601.40	0.00
Misc receipts		0.00	391.56
Interest from DCPS Invalidity Pensions		<u>0.00</u>	<u>49.50</u>
TOTAL miscellaneous receipts		21,837.38	6,179.66

NOTE 12: ACCOUNTS CLOSED (STAFF)

The accounts of former staff members leaving DCPS are closed and the proceeds are paid in whole or in part either to the former staff member, or to the insurance company providing the annuity to the former staff member or his or her survivors.

The composition of Accounts Closed was as follows:

	in EUR	<u>31-Dec-14</u>	<u>31-Dec-13</u>
Pension benefits paid to leaving members		14,738,448.23	11,712,280.92
Pension benefits to be paid to 1 ex member/NATO body		0.00	38,042.33
Total Accounts Closed		14,738,448.23	11,750,323.25

NOTE 13: TRANSFERS TO INSURANCE AND RETIREMENT ACCOUNTS

In 2014, three members left DCPS and took a DCPS retirement pension for which the cost of EUR 745,251.00 was transferred to the DCPS retirement account. Another member died in service and, as described above in Note 8 a), EUR 35,728.43 of the proceeds of the redemption of the affected member's holdings was transferred to the insurer to pay for the related survivor annuity. This brought the total of such transfers during the year to EUR 780,979.43. There were no such transfers in 2013.

	in EUR	<u>31-Dec-14</u>	<u>31-Dec-13</u>
Pension benefits forwarded to DCPS retirement account		745,251.00	0.00
Pension benefits transferred to the insurance company		<u>35,728.43</u>	<u>0.00</u>
TOTAL transferred to insurance and DCPS retirement account		780,979.43	0.00

NOTE 14: TRANSFERS TO NATO BODIES

These are amounts due by staff to their former NATO body employer, taken from their DCPS account (EUR 11,310.63 in 2014).

NOTE 15: MISCELLANEOUS PAYMENTS

Miscellaneous payments are as follows:

	in EUR	<u>31-Dec-14</u>	<u>31-Dec-13</u>
Foreign exchange loss		2.46	6,662.59
Bank charges		6,216.17	4,917.65
Other		<u>855.96</u>	<u>628.06</u>
Total		7,074.59	12,208.30

NOTE 16: CONTINGENT LIABILITIES

There are no material contingent liabilities arising from legal actions and claims that are likely to result in significant liability to the DCPS.

Adjustments related to income tax may be due to certain annuity recipients. The amounts are yet to be determined but the total of possible obligations relating to this item is not expected to be material.

NOTE 17: CONTINGENT ASSETS

None to report.

NOTE 18: RELATED PARTY TRANSACTIONS

Members of the DCPS Management Board receive no additional remuneration or benefits in return for their participation. The Chairman of the Management Board is the ASG for Executive Management. The NATO-IS Financial Controller is a member of the Management Board.

NATO-International Staff, in particular Executive Management and the Office of Financial Control, are responsible for the day-to-day management of the DCPS. No management fees corresponding to the related costs are charged to the DCPS. In the global framework of the Administrative Support process, the NATO bodies are charged by the IS on a pro rata basis for these costs, including the fees paid to the Third Party Administrator. The related income of approximately EUR 290,000 per year reduces the contributions due from Nations to fund the NATO Civil Budget.

In 2014, an additional cash advance of EUR 30,000 were made by NATO International Staff to allow for the timely payment of pension and invalidity benefits, bringing the total amount advanced to EUR 150,000 at year-end.

Conversely, tax adjustment payments are made to beneficiaries from the DCPS Retirement and Invalidity accounts as an advance to be settled by the Defined Benefit Pension Scheme budget which handles all tax adjustment operations NATO-wide. This resulted in amounts receivable from the latter of EUR 39,808 end 2014 (EUR 41,394 end 2013).

As provided for by the CPRs (Annex VI, articles 13 and 14), survivors' benefits for the surviving spouses and dependent children of serving staff who die in service and invalidity benefits to serving staff are funded (partially for survivor benefits, totally for invalidity benefits) through the payment of insurance premiums which are paid directly by the NATO bodies to the insurance company and are not accounted for in the present financial statements. Amounts paid for death in service benefits were EUR 4,356,154 in 2014 (EUR 4,496,919 in 2013); amounts paid for invalidity benefits were EUR 3,728,917 in 2014 (EUR 3,627,625 in 2013).

The Scheme does not hold any securities of the employer sponsor or, directly, of its related parties.

NOTE 19: KEY MANAGEMENT PERSONNEL

For the purposes of these financial statements, Key Management Personnel are considered to be the NATO-IS Assistant Secretary General for Executive Management and the Financial Controller. Their remuneration is totally covered by the NATO International Staff.

Members of the DCPS Management Board do not receive any additional remuneration or benefits in return for their responsibilities. The Management Board is chaired by the Assistant Secretary General for Executive Management. The IS Financial Controller is a member of the Board.

NOTE 20: STATISTICAL INFORMATION

Evolution of DCPS membership (number of affiliates)			
year-end	2004	Affiliates	0
	2005	Joined	274
	2005	Exited	0
year-end	2005	Affiliates	274
	2006	Joined	527
	2006	Exited	-6
year-end	2006	Affiliates	795
	2007	Joined	501
	2007	Exited	-23
year-end	2007	Affiliates	1273
	2008	Joined	511
	2008	Exited	-43
year-end	2008	Affiliates	1741
	2009	Joined	443
	2009	Exited	-71
year-end	2009	Affiliates	2113
	2010	Joined	477
	2010	Exited	-208
year-end	2010	Affiliates	2382
	2011	Joined	454
	2011	Exited	-260
year-end	2011	Affiliates	2576
	2012	Joined	274
	2012	Exited	-188
year-end	2012	Affiliates	2662
	2013	Joined	310
	2013	Exited	-190
year-end	2013	Affiliates	2782
	2014	Joined	433
	2014	Exited	-214
year-end	2014	Affiliates	3001