NATO SANS CLASSIFICATION

25 novembre 2015

DOCUMENT
C-M(2015)0078-AS1

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DE LA CAISSE DE PRÉVOYANCE 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)17, figurant en annexe au C-M(2015)0078, 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)0078 et doit être placée en tête de ce document.

NATO SANS CLASSIFICATION

18 novembre 2015

DOCUMENT
C-M(2015)0078
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 DE LA CAISSE DE PRÉVOYANCE 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 de la Caisse de prévoyance 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)17 et qu'il aura approuvé la recommandation du RPPB visant la communication au public des documents précités.

(signé) Alexander Vershbow

3 annexes
1 pièce jointe

Original : anglais

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RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DE LA CAISSE DE PRÉVOYANCE DE L'OTAN POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2014

Références : (A) IBA-A(2015)118 // IBA-AR(2015)17
(B) Note de couverture accompagnant les états financiers 2014 de la Caisse de prévoyance (FC(2015)116)

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 de la Caisse de prévoyance 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 de la Caisse de prévoyance de l'OTAN pouvaient être rendus publics.

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
de la Caisse de prévoyance de l'OTAN
pour l'exercice clos le 31 décembre 2014**

Le Collège a procédé à la vérification des états financiers de la Caisse de prévoyance de l'OTAN, qui assure le versement de prestations de retraite aux membres du personnel civil qui sont entrés à l'OTAN avant le 1er juillet 1974 et qui n'ont pas opté pour le régime de pensions coordonné. Au 31 décembre 2014, la valeur des avoirs de la Caisse s'établissait à 9,7 millions d'euros. À cette même date, 17 agents cotisaient à la Caisse.

Le Collège a émis une opinion sans réserve sur les états financiers de la Caisse de prévoyance de l'OTAN 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.

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COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

OPINION SUR LA VÉRIFICATION DES ÉTATS FINANCIERS

DE LA CAISSE DE PRÉVOYANCE DE L'OTAN

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 MEMBRES DU PERSONNEL AFFILIÉS À LA CAISSE DE PRÉVOYANCE 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 de la Caisse de prévoyance de l'OTAN composés de l'état de l'actif net disponible pour le service des prestations au 31 décembre 2014, de l'état des variations de l'actif net disponible pour le service des prestations, 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 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

[1] Comme le cadre comptable OTAN ne comporte pas de norme qui concerne spécifiquement la comptabilité et le compte rendu financier à assurer pour les régimes de retraite, le Secrétariat international présente les états financiers de la Caisse de prévoyance conformément à l'IAS 26.

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 de la Caisse de prévoyance de l'OTAN au 31 décembre 2014, ainsi que de l'évolution de sa situation financière 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 7 septembre 2015

Lyn Sachs
Présidente

The NATO Provident Fund

FINANCIAL STATEMENTS
2014

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Annex 1 to :
FC(2015)040-REV1

The NATO Provident Fund
Statement of Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year	Prior Year
		31-Dec-2014	**31-Dec-2013**
Assets			
Cash and Cash Equivalents	(3)	26,692.73	38,196.26
Investments	(4)	9,637,413.21	13,559,312.17
Accounts Receivable			
Outstanding Contributions	(5)	0.00	0.00
Bank interest accrued	(6)	202.21	614.24
Rounding on Net Asset Value		0.00	0.00
Total assets		**9,664,308.15**	**13,598,122.67**
Liabilities			
Payable to former staff	(7)	0.00	1,590,255.49
Payable to the IS	(8)	0.00	0.00
Bank charges to be paid	(6)	12.10	14.52
Miscellaneous Gains/Losses	(9)	6,832.62	13,154.40
Rounding on Net Asset Value		0.05	0.05
Total Liabilities		**6,844.77**	**1,603,424.46**
Net assets available for benefits		**9,657,463.38**	**11,994,698.21**

The NATO Provident Fund
Statement of Changes in Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year 31-Dec-2014	Prior Year 31-Dec-2013
Increase in net assets			
Change in value of the Fund	(10)	406,327.76	573,919.22
Contributions	(11)	212,362.26	284,622.99
Housing loan reimbursements	(12)	60,199.56	85,195.06
Net Gains Invested	(13)	8,154.40	0.00
Total increase in net assets available for benefits		**687,043.98**	**943,737.27**
Decrease in net assets			
Accounts closed (Staff)	(14)	2,345,059.65	3,499,241.70
OAP, Housing Loans and Advances on Full Settlement	(15)	678,886.11	47,000.00
Administrative expenses	(16)	256.50	1,296.98
Bank costs	(16)	76.55	116.32
Total decrease in net assets available for benefits		**3,024,278.81**	**3,547,655.00**
Net change for the year		-2,337,234.83	-2,603,917.73
Net assets available for benefits, beginning of year		11,994,698.21	14,598,615.94
Net assets available for benefits, end of year		**9,657,463.38**	**11,994,698.21**

EXPLANATORY NOTES TO THE 2014 FINANCIAL STATEMENTS OF THE NATO PROVIDENT FUND

NOTE 1: GENERAL INFORMATION

Description of the Provident Fund

The NATO Provident Fund (the Fund) is a defined contribution pension scheme which provides retirement benefits to civilian staff recruited by NATO before 1 July 1974 and who decided not to join the defined benefit pension scheme set up at this date. Benefits are paid upon retirement as one lump sum, being the total of the individual right acquired.

The Provident Fund 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 Provident Fund.

An account is opened for each member of the Fund. Contributions are invested according to a strategy approved by the Provident Fund Board of Supervisors and applicable to all members. Contributions are invested in a single fund, currently transferred to an insurance company which guarantees a minimum rate of return. Members can check the status of their accounts and give instructions via a secure web portal.

Upon departure, the member’s account is disinvested.

The number of affiliates is decreasing steadily. At end 2014, 17 staff members were affiliated to the Fund (23 at end 2013). It is forecast that all members will have left the Fund by 2019.

The rules and principles governing the Provident Fund are provided under Annex VII of the NATO Civilian Personnel Regulations.

Financing

Monthly contributions are made by staff and NATO, being 7% and 14% respectively of basic salary.

Governance

The Fund is administered in accordance with the NATO Civilian Personnel Regulations (CPRs), Annex VII (A, B and C). The NATO Secretary General is responsible for its administration and is assisted by a consultative committee (Board of Supervisors) to carry out this task.

The CPRs (Annex VII.A. Article 3) state that the Board is chaired by the Assistant Secretary General, Executive Management and as Chairman of the Board is responsible for the administration and management of the Fund.

The Board consists of the Chair, six representatives of the administrative services of various NATO bodies, and six representatives of staff affiliated to the Provident Fund.

In 2013, in consideration of the reduced number of members, the Board decided it would only meet in cases of significant or unforeseen events affecting the Fund. As a consequence, it has not met since.

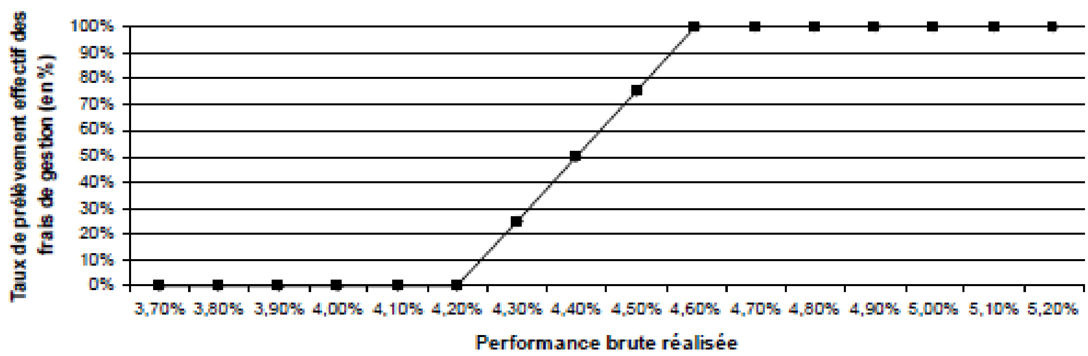
Board members do not receive any additional remuneration for their responsibilities or access to benefits from NATO.

Investment Strategy

In 2007, per PO(2007)0059), Council approved rules adapting the governance of the Fund as well as a new financial management approach in order to address the issue of the decreasing number of affiliates.

Throughout the years, the Fund has consistently been managed with the aim of obtaining a steady return against a low degree of risk. In 2008, the Board approved a solidarity-based investment strategy to address the investment needs of the Fund and following an open call for bids, an insurance company, SOGECAP, was selected on 4 June 2009. SOGECAP's insurance contract guarantees the capital and a minimum net annual return of 3% through 2016.

SOGECAP is contractually committed to reduce its fees if the gross return is below 4.6%. The diminution is gradual (see graph below) if the gross return is lower. No management fees are charged if the gross return is less than 4.2%.



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 Fund is accrual based.

Basis of presentation

The financial statements have been prepared on a going-concern basis: the Provident Fund will continue operating for the foreseeable future.

In accordance with the Regulations of the Provident Fund all amounts are expressed in Euro.

Changes in accounting policy

There are no changes to report.

Foreign currency transactions

All contributions are made and accounted for in Euro.

The amounts standing to the credit of affiliates should be paid in the currency of the country where the body employing them is located. All affiliates are currently employed in bodies based in the Euro zone. However, depending on their nationality, staff might request the redemption of their holdings in a currency other than Euro. Transfers are made at the NATO parity rates prevailing on the date the account is closed.

Cash and Equivalents

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

Invested Funds

At the end of each reporting period, a valuation of the Fund is made by the insurance company at market value.

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 goods received or services provided that remain unpaid. This includes, as required, an estimate of accrued obligation for goods received or services provided but not yet invoiced.

Financial Risks

Financial instruments

The Provident Fund uses only non-derivative financial instruments as part as its normal operations. These financial elements include cash bank accounts, deposit accounts and accounts receivable.

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

The Provident Fund 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, short term deposits, investment funds, and receivables.

Credit risk

The Provident Fund 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 equivalents, the Provident Fund 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	Moody's	S&P	Date of last rating update
Short Term	A+	A2	A	16/12/2014

At year end 2014, SOGECAP had a solvency ratio 108% (112% in 2013).

SOGECAP was rated A, on 2 December 2014, by S&P for counterparty credit and insurer financial strength.

SOGECAP is wholly owned by SOCIETE GENERALE which is rated as follows at year-end 2014:

Société Générale	Credit Ratings as at 31/12/2014			
	Fitch	Moody's	S&P	Date of last rating update
Short Term	F1	P-1	A-1	02/12/2014
Long Term	A	A2	A	02/12/2014

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

Currency risk

The Provident Fund is exposed to foreign currency exchange risk arising from fluctuations in currency rates. This risk is limited since the scheme receives contributions only in Euro, the investments underlying the insurance contract are in Euro and members' holdings are accounted for in Euro. However, staff may request payment of their holdings in a currency other than Euro and currency fluctuations may occur between the date the staff formally retires and the date the payment is made.

Liquidity risk

A liquidity risk could arise from a short term liquidity requirement. There is a very limited exposure to liquidity risk because contributions needed to pay the insurance premiums are paid by NATO bodies which receive contributions from member states funding the related budgets, or income from their customers which generally are other NATO bodies funded through their approved budgets. On occasion, the International Staff makes cash advances to ease-up payment procedures. With regard to capital, the insurance contract guarantees the payment of the affiliates' accounts due upon closure of their account in the Provident Fund.

Interest rate risk

The Provident Fund is restricted from entering into borrowings.

The contract with the insurance company guarantees a minimum rate of return of 3% per annum for each year until 2016.

NOTE 3: CASH AND CASH EQUIVALENTS

Besides the funds managed by SOGECAP, the Provident Fund holds one bank account to collect contributions to be transferred to SOGECAP for investment and to transfer funds to the affiliates after redemption by SOGECAP. This amount corresponds to the funds held on the bank account at the year end.

Cash held end 2014 is essentially made of staff member contributions for the month of December 2014 waiting to be transferred.

NOTE 4: INVESTMENTS

The decrease in the invested amounts is due to the reduction in the number of Provident Fund members.

In 2014 the gross and net returns to NATO were both 3.80% (4.20% in 2013). In accordance with the contract, SOGECAP received no management fee.

The funds underlying the insurance contract are invested in the "Top Croissance 6" mutual fund, which had a total amount of assets under management of EUR 12 billion. At 31 December 2014, the asset distribution was as follows:

Asset Allocation

Asset class	Weight in the fund (%) As of 31/12/2014	Weight in the fund (%) As of 31/12/2013
Fixed Income (fixed rate)	86.7	82.5
Fixed Income (variable rate)	1.8	2.3
Convertible Bonds	0.4	0.5
Equities and Equity Mutual Funds	8.1	7.4
Real Estate	2.6	2.2
Liquidity	0.3	5.1

Bonds portfolio rating breakdown

RATING	Sovereign	Other	Total
AAA	4.7%	5.9%	**10.6%**
AA	42.9%	10.2%	**53.1%**
A	0.8%	20.6%	**21.4%**
BBB	8.1%	6.3%	**14.4%**
BB	0%	0.5%	**0.5%**
	56.5%	**43.5**	**100%**

Sovereign bond allocation by country:

Sovereign bonds country allocation	**As of 31/12/2014**	**As of 31/12/2013**
Australia	*1.55%*	*1.99%*
Austria	*0,34%*	*0.43%*
Belgium	*2.30%*	*2.95%*
U.S.A.	*1.51%*	*2.63%*
Finland	*0,36%*	*0.45%*
France	*67.97%*	*61.20%*
Germany	*0.59%*	*2.11%*
Ireland	*0,52%*	*0.66%*
Italy	*6.53%*	*8.87%*
Netherlands	*2.30%*	*2.95%*
Norway	*0.31%*	*0.0%*
United Kingdom	*2.54%*	*3.14%*
Spain	*5.85%*	*7.76%*
Sweden	*0.89%*	*1.14%*
Supranational	*4.81%*	*2.65%*
Other	*1,63%*	*1.07%*

NOTE 5: OUTSTANDING CONTRIBUTIONS RECEIVABLE

Contributions are paid on a monthly basis. Receivables relate to outstanding contributions due at the end of the year but paid in the following year. As at 31 December 2014, there were no uncollected contributions for covered parties.

NOTE 6: INTERESTS AND BANK CHARGES

This corresponds to interests earned on the transition bank account and received during the following year and to related bank charges due.

NOTE 7: PAYABLE TO FORMER STAFF - CLOSED ACCOUNTS TO BE SETTLED.

This corresponds to the value of the affiliates' accounts closed in December and loans to current affiliates to be paid to them at the beginning of the following year.

The reduction of the amount from year to year is linked to the holdings of staff in such situation. There were no amounts to be paid to departing staff end 2014.

NOTE 8: PAYABLE TO THE IS

This corresponds to amounts due to the NATO International Staff for advances it may make to settle the accounts of affiliates. There were no such advances at end 2014.

NOTE 9: MISCELLANEOUS GAINS/LOSSES

This corresponds to the cumulative amount of miscellaneous net income, essentially interests net of bank charges and fees on premiums. The Board of Supervisors agreed that the balance of bank interest above Euro 5,000.00 be distributed to affiliates' accounts rather than be used for payment of bank fees. (CSCP-R(2011)0001 dated 4 March 2011).

NOTE 10: UNREALISED GAIN IN VALUE OF THE FUND

The unrealised change in the value of the Fund is calculated as follows:

	2014	**2013**
Balance beginning of year	**11,994,698.21**	**14,598,615.94**
Staff members contributions	212,362.26	284,622.99
Loan reimbursements	60,199.56	85,195.06
Accumulated interest invested	8,154.40	0.00
Accounts closed	-2,345,059.65	-3,499,241.70
O.A.P., Loans and advances	-678,886.11	-47,000.00
Administrative expenses	-256.50	-1,296.98
Bank charges	-76.55	-116.32
(a)	**9,251,135.62**	**10,109,304.17**
(b) Net assets available end of year	**9,657,463.38**	**11,994,698.21**
(b) - (a)	**406,327.76**	**573,919.22**

NOTE 11: CONTRIBUTIONS

Monthly contributions are made by staff and NATO, being 7% and 14% (netted as required from any OAP contribution, see Note below) respectively of basic salary. They are to be transferred as premiums to the insurance company and are credited to the individual account of the affiliates. The decrease in contributions is due to the reducing membership of the Provident Fund.

NOTE 12: HOUSING LOAN REIMBURSEMENTS BY STAFF

According to the CPRs, Articles 54.1 and 54.2, each member of the Fund is entitled to withdraw an amount from his (her) account: for payment to an old-age pension scheme (OAP) or the pension scheme applying in his (her) national administration; or to ease a housing problem.

Housing Loans reimbursements are usually handled via deductions from their salaries and amounts are re-credited to the member's account. Staff may make exceptional reimbursement.

NOTE 13: NET GAINS INVESTED

The Board of Supervisors' decision (CSCP-R(2011)0001 dated 4 March 2011) stated that the balance of bank interest above Euro 5,000.00 should be distributed to affiliates' accounts rather than be used for payment of bank fees. An amount of EUR 8,154.40 was invested in 2014 (EUR 0.00 in 2013).

NOTE 14: ACCOUNTS CLOSED

Corresponds to the final settlement for staff who left the Organisation in the course of the year. The reduction is linked to the declining memberships of the Fund.

NOTE 15: OLD AGE PENSIONS, HOUSING LOANS AND ADVANCES ON FULL SETTLEMENT PAID TO STAFF

Staff can request, to have one-third of the amount of their individual account, paid in advance (not earlier than three months prior to their date of departure). The advance is made by each NATO entity, which is reimbursed when the affiliates' portfolio is disinvested.

According to the CPRs, Articles 54.1 and 54.2, each member of the Fund is entitled to withdraw an amount from his (her) account: for payment to an Old Age Pension scheme (OAP) or the pension scheme applicable in his (her) national administration, or to ease a housing problem.

The breakdown between Old Age Pensions contributions, housing loans and advances on Full Settlements paid to affiliates at their request is as follows:

In EUR	2014	2013
Old Age Pensions	0.00	0.00
Housing Loans	267,000.00	47,000.00
Advances on Full Settlement	411,886.11	0.00

NOTE 16: MISCELLANEOUS EXPENSES

These are essentially fees on premiums (0.18%).

NOTE 17: CONTINGENT ASSETS

None to report.

NOTE 18: CONTINGENT LIABILITIES

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

NOTE 19: RELATED PARTY TRANSACTIONS

The following party transactions took place during the year ended 31 December 2014.

NATO International Staff, in particular Executive Management – Human Resources and the Office of Financial Control, are responsible for the day-to-day management of the Provident Fund.

Administrative support provided by NATO International Staff for the administration of the Fund is charged to other NATO bodies according to a cost share which takes into account the number of their affiliates. This includes the cost of International Staff - Office of Financial Control personnel (50% Full Time Equivalent of an A2/A3 grade staff). Costs related to the outsourced administration of affiliates' holdings (including Internet services service so that affiliates can see the value of their Fund on a monthly basis) are funded through the Civil Budget.

In specific circumstances cash advances are made by the International Staff to ease-up payment procedures. Reimbursement to the NATO International Staff account is done as soon as technically possible.

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

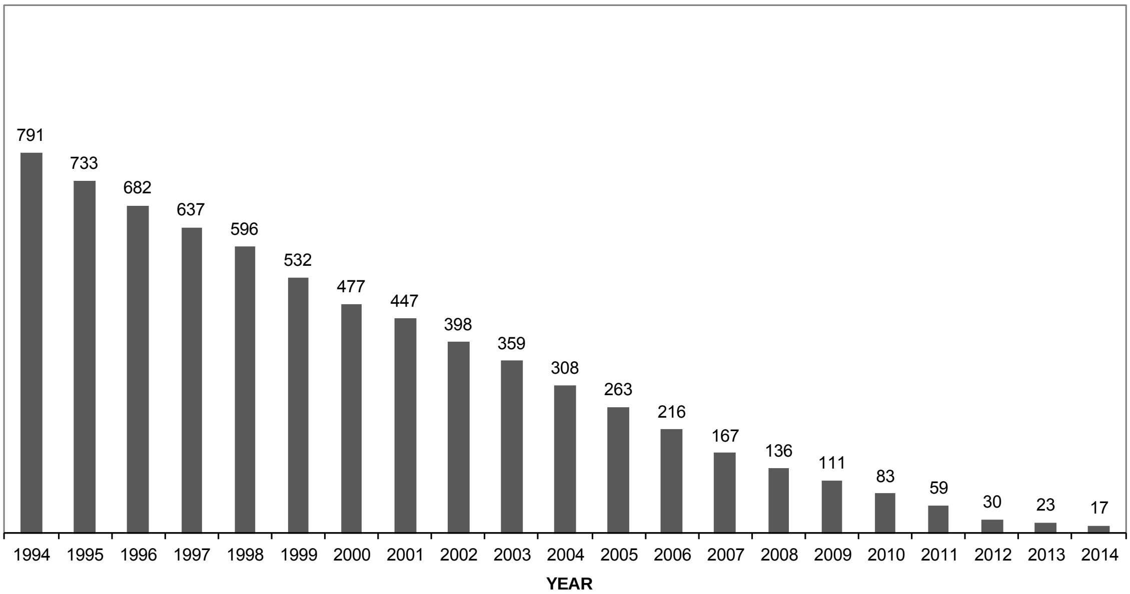
NOTE 20: KEY MANAGEMENT PERSONNEL

For the purpose of these financial statements, key management personnel are considered to be the Assistant Secretary General for Executive Management and the Financial Controller of the International Staff. Their remuneration is entirely covered by the NATO International Staff.

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

NOTE 20: STATISTICAL INFORMATION

NUMBER OF AFFILIATES TO THE PROVIDENT FUND
NOMBRE D' AFFILIES AU FONDS DE PREVOYANCE 1994 - 2014



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List of acronyms:

CPRs: Civilian Personnel Regulations
DCPS: Defined Contribution Pension Scheme
FTE: Full Time Equivalent
IPSAS: International Public Sector Accounting Standards
OAP: Old Age Pension