

NATO SANS CLASSIFICATION

16 décembre 2015

DOCUMENT
C-M(2015)0086-AS1

**RAPPORT DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN
SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
DU FONDS DE COUVERTURE MÉDICALE DES AGENTS À LA RETRAITE (FCMR)
POUR L'EXERCICE 2014**

SUITE DONNÉE

Le 15 décembre 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)24 et figurant en annexe au C-M(2015)0086, 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)0086 et doit être placée en tête de ce document.

NATO SANS CLASSIFICATION

9 décembre 2015

DOCUMENT

C-M(2015)0086

Procédure d'accord tacite :

15 déc 2015 18:00

**RAPPORT DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN
SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
DU FONDS DE COUVERTURE MÉDICALE DES AGENTS À LA RETRAITE (FCMR)
POUR L'EXERCICE 2014**

Note du secrétaire général délégué

1. On trouvera ci-joint le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) sur la vérification des états financiers du Fonds de couverture médicale des agents à la retraite (FCMR) 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 novembre 2015, d'autoriser la communication au public du rapport de l'IBAN ainsi que des états financiers correspondants (annexe).
3. J'estime que ce rapport ne nécessite pas d'examen plus approfondi. Par conséquent, **sauf avis contraire me parvenant d'ici au mardi 15 décembre 2015 à 18 heures**, je considérerai que le Conseil aura pris note du rapport de l'IBAN diffusé sous la cote IBA-AR(2015)24 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

Original : anglais

NATO SANS CLASSIFICATION

-1-



PAGE BLANCHE

**NOTE DU BUREAU DE LA PLANIFICATION ET DE LA POLITIQUE GÉNÉRALE DES
RESSOURCES SUR LA COMMUNICATION AU PUBLIC**

**RAPPORT DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN
SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
DU FONDS DE COUVERTURE MÉDICALE DES AGENTS À LA RETRAITE (FCMR)
POUR L'EXERCICE 2014**

Références : (A) IBA-A(2015)179 // IBA-AR(2015)24

(B) Note de couverture accompagnant les états financiers 2014 du fonds de couverture médicale des agents à la retraite (FC(2015)045)

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.
2. L'IBAN a émis une opinion sans réserve sur les états financiers 2014 du fonds de couverture médicale des agents à la retraite (FCMR). 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 FCMR 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.

PAGE BLANCHE

**Note succincte
du Collège international des commissaires aux comptes de l'OTAN
à l'intention du Conseil
sur la vérification des états financiers
du fonds de couverture médicale des agents à la retraite (FCMR)
pour l'exercice clos le 31 décembre 2014**

Le fonds de couverture médicale des agents à la retraite (FCMR) a été créé au 1^{er} janvier 2001 par suite de l'approbation du PO(2000)123 par le Conseil. L'objectif était de constituer une réserve afin de garantir la disponibilité de fonds suffisants pour permettre à l'OTAN, dans les années ultérieures, de faire face aux obligations qui lui incombent s'agissant de la prise en charge des dépenses médicales des agents retraités répondant aux critères fixés et des personnes reconnues comme étant à leur charge.

Le FCMR est doté d'un Comité de surveillance, qui est chargé d'en superviser la gestion. Le Comité se réunit au moins deux fois par an.

En 2014, les paiements des organismes et du personnel de l'OTAN sont restés constants, s'établissant à 22,6 millions d'euros (MEUR) contre 22,2 MEUR en 2013, et les primes d'assurance prélevées sur le fonds se sont élevées à 16,6 MEUR contre 14,8 MEUR en 2013. Fin 2014, le gestionnaire du Fonds détenait 272,9 MEUR au nom de l'OTAN (232,1 MEUR fin 2013), et la valeur actuarielle de l'obligation à long terme relative aux soins médicaux postérieurs à la période d'emploi était d'environ 1,8 milliard d'euros (contre 1,1 milliard d'euros fin 2013).

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

Le Collège n'a pas eu d'observation à formuler pour l'exercice considéré.

Par ailleurs, le Collège a fait le point sur la suite donnée aux questions ayant fait l'objet d'observations lors d'audits précédents, et il a constaté que l'une de ces questions avait été réglée et que les deux autres devaient encore l'être. La lettre d'observations et de recommandations (annexe 4) contient un récapitulatif de l'état de ces différentes questions.

Les commentaires officiels du contrôleur des finances du Secrétariat international figurent également à l'annexe 4.

PAGE BLANCHE

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

**OPINION SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
DU FONDS DE COUVERTURE MÉDICALE DES AGENTS À LA RETRAITE
(FCMR)**

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****Rapport sur les états financiers**

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers du fonds de couverture médicale des agents à la retraite (FCMR) pour l'exercice clos le 31 décembre 2014, qui se composent 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 et du tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi que de diverses 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 portant spécifiquement sur la comptabilité et sur les rapports financiers des régimes de retraite, le Secrétariat international établit les états financiers du FCMR 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 du FCMR 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 30 octobre 2015

Lyn Sachs
Présidente

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

**LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS
CONCERNANT LE FONDS DE COUVERTURE MÉDICALE
DES AGENTS À LA RETRAITE
(FCMR)**

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 fonds de couverture médicale des agents à la retraite (FCMR) 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 pour l'exercice considéré.

Par ailleurs, le Collège a fait le point sur la suite donnée aux questions ayant fait l'objet d'observations lors d'audits précédents, et il a constaté que l'une de ces questions avait été réglée et que les deux autres devaient encore l'être. La question de la faiblesse des contrôles internes relatifs au versement des cotisations, soulevée par le Collège lors de la vérification des états financiers de 2010, n'est toujours pas réglée. La correction des faiblesses constatées exigera l'attention de la direction.

Les commentaires officiels du contrôleur des finances du Secrétariat international (SI) sont intégrés à la présente lettre.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

Le Collège a fait le point sur la suite donnée aux observations et recommandations formulées à l'issue des audits précédents. On en trouvera un récapitulatif dans le tableau ci-dessous.

Suites données aux observations antérieures

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
(1) Exercice 2013 IBA-AR(2014)13, paragraphe 1 Absence de réunion du Comité de surveillance en 2013 Le Collège a constaté que le Comité de surveillance ne s'était pas réuni en 2013, ce qui est contraire aux dispositions du RPC. La présidence du Comité a justifié comme suit l'absence de réunion : 1) aucun changement n'a été apporté à la stratégie d'investissement au cours de l'exercice, et tous les avoirs demeurent placés dans des fonds indiciels ; 2) tous les membres du Comité ont reçu des relevés mensuels de la part du gestionnaire financier ; 3) aucune autre question n'avait besoin d'être examinée. En outre, à la date d'établissement de la présente lettre, les résultats de l'étude de la gestion des actifs et des passifs commandée en 2012 n'avaient toujours pas été reçus. Par conséquent, le Comité a jugé superflu et inutilement coûteux de se réunir en 2013. Recommandation En règle générale, le Collège recommande de se conformer au RPC. Si le Comité juge superflu ou inutilement coûteux de se réunir, il convient que la présidence en consigne clairement les raisons dans un document, qu'elle soumette celui-ci à tous les membres du Comité, que ceux-ci marquent leur accord par écrit, et que ce document et les réponses des membres soient dûment classés, afin que le Comité puisse apporter la preuve qu'il a honoré ses obligations pour ce qui est du FCMR.	Le Comité de surveillance s'est réuni deux fois en 2014. Les procès-verbaux des réunions ont été communiqués au Collège.	Question réglée.

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
(2) Exercice 2012 IBA-AR(2013)25, paragraphe 5.1 Inadéquation de l'actif net du FCMR pour le service des prestations escomptées Le Collège appelle l'attention du Conseil sur le fait que les ressources prévues actuellement ne suffiront pas pour permettre à l'OTAN de faire face à ses obligations, alors que c'est là l'objet même du fonds, et il recommande que, comme proposé dans le SG(2009)0302, le SI fournisse une estimation du montant minimal qu'il faudra injecter dans le FCMR pour assurer sa viabilité. Cette estimation devra être basée sur les résultats de l'étude de la gestion des actifs et des passifs communiqués à la réunion tenue en décembre 2012 par le Comité de surveillance, ainsi que sur le rapport final relatif à cette étude, daté du 30 avril 2013. Le Collège recommande également que le SI fournisse toutes les informations nécessaires et qu'il présente toute mesure corrective mise en œuvre pour limiter le niveau des obligations. Le tout devrait être présenté aux pays dans les meilleurs délais afin de leur permettre de prendre, si c'est encore possible, les mesures correctives supplémentaires qui s'imposent.	Le Service international des rémunérations et des pensions (SIRP) a présenté au Comité de surveillance un projet pour la première partie de l'étude de la gestion des actifs et des passifs, dans lequel il donne une estimation actualisée du montant des entrées et des sorties futures du fonds. Cependant, la version définitive de l'étude n'a pas encore été communiquée.	Question restant à régler.
Commentaires du contrôleur des finances du SI <i>Il est prévu que l'étude de la gestion des actifs et des passifs soit présentée d'ici à la fin de l'année au Comité de surveillance du FCMR, puis, si elle est approuvée par ce dernier, au Comité des budgets.</i>		
(3) Exercices 2010 et 2011 IBA-AR(2013)06, paragraphe 5.3 Faiblesse des contrôles internes relatifs au versement des cotisations Le Collège recommande au SI de continuer à mettre au point des procédures de contrôle qui lui permettent de vérifier, en temps voulu et de manière systématique, que les organismes se sont acquittés correctement et intégralement des cotisations mensuelles dues au titre du FCMR.	Le Service Trésorerie ne reçoit toujours pas des organismes et agences de l'OTAN qui ne sont pas reliés au système informatique de gestion du personnel (PMIS) toutes les informations qui lui permettraient de confirmer que ceux-ci se sont acquittés intégralement et correctement des cotisations dues. Dans la lettre d'observations et de recommandations relative à	Question restant à régler.

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
	l'exercice 2013 (IBA-AR(2014)13), le Comité de surveillance avait fait observer que le Bureau du contrôle financier du SI avait mis en place un processus permettant, en fin d'année, de confronter les soldes établis par ces organismes et ceux établis par le SI. Cependant, le Collège n'a pas pu obtenir une assurance raisonnable sur le point de savoir si ce processus de contrôle interne était déjà mis en œuvre et produisait les effets escomptés.	
Commentaires du contrôleur des finances du SI <i>Le processus permettant, en fin d'année, de confronter les soldes établis par les organismes qui ne sont pas reliés au PMIS et ceux établis par le SI a été exécuté pour l'exercice 2013 et le sera à nouveau pour l'exercice 2015.</i>		

NATO RETIREES MEDICAL CLAIMS FUND
Statement of Net Assets Available for Benefits

(All amounts in EUR)

	Notes	Current Year 31-Dec-14	Current Year 31-Dec-13
Assets			
Cash in ING Bank current account	4	128,350.17	1,484,004.56
Investments at market value	5	272,937,693.15	232,110,197.88
Accounts Receivable	6	302,707.63	4,552,455.91
Total Assets		273,368,750.95	238,146,658.35
Liabilities			
Accounts Payable	7	9,061.26	226,714.84
Total Liabilities		9,061.26	226,714.84
Net assets available for benefits		273,359,689.69	237,919,943.51

NATO RETIREES MEDICAL CLAIMS FUND

Statement of Changes in Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year	Current Year
		31-Dec-14	31-Dec-13
Increase in net assets			
Net unrealized gain in market value of investments	5	30,233,783.72	22,604,657.46
Contributions for current year	8	22,573,655.20	22,226,989.20
Contributions for future years	8	0.00	19,129.88
Profit sharing per agreement with insurer	9	0.00	4,239,661.00
Fund rebates	5	393,711.55	486,413.97
Interest income	10	5,963.23	5,756.18
Impact of change of accounting estimate			
Total increase in net assets available for benefits		53,207,113.70	49,582,607.69
Decrease in net assets			
Insurance premiums	11	16,638,680.04	14,770,498.04
Insurance management fee	11	1,127,544.48	1,007,444.64
Contributions for future years	7	0.00	19,129.88
Fund purchase fees	5	0.00	3,398.00
Administrative fees	11	1,143.00	0.00
Total decrease in net assets available for benefits		17,767,367.52	15,800,470.56
Net increase for the year		35,439,746.18	33,782,137.13
Net assets available for benefits, beginning of year		237,919,943.51	204,137,806.38
Net assets available for benefits, end of year		273,359,689.69	237,919,943.51

**EXPLANATORY NOTES TO THE
2014 FINANCIAL STATEMENTS OF THE
NATO RETIREES' MEDICAL CLAIMS FUND**

NOTE 1: GENERAL INFORMATION

The Retirees' Medical Claims Fund (RMCF) was set up with effect from 1 January 2001 pursuant to Council approval of PO(2000)123. The purpose was to establish a reserve to ensure that sufficient funds are available for the years to come to enable NATO to meet its obligations to pay the medical expenses of eligible retired staff members and their recognised dependants.

Description of the Fund

Staff leaving the Organization after 10 consecutive years of service and having reached the age of 55 are eligible to reimbursement of medical costs for themselves and their recognized dependants (Article 51.2 of the Civilian Personnel Regulations (CPR)).

Until 31 December 2000, any staff who had at least 10 years consecutive service and reached 65, was covered for life for their medical expenses through Organization's insurers. However, with the rise in the number of retirees and the increasing medical costs, the insurers were no longer able to cover the expenses. Accordingly, the Organization assumed this responsibility as from 1 January 2001.

For this purpose, the Retirees' Medical Claims Fund was set up with effect from 1 January 2001 pursuant to Council approval of PO(2000)123. The Council agreed to the establishment of a reserve to ensure that sufficient funds are available for the years to come to enable NATO to meet its obligations.

However, on the date of the creation of the RMCF there existed a potential liability towards staff who filled the age and service conditions mentioned above but had not yet retired. No asset was provided to fund this initial liability; therefore, from its inception the RMCF was underfunded.

The Fund only finances retirees from the age of 65. Former staff between the ages of 55 and 65 are insured under a different financing scheme.

The RMCF is maintained primarily by the annual premiums paid as continuing insurance. The surplus funds collected, which represent the bulk of contributions, are invested with the Investment Manager.

Financing

The Fund receives the following contributions:

- 4.5% of the active agents' emoluments (1/3 borne by the staff, 2/3 by NATO).
- 5% of the last basic salary of the retirees who are required to contribute (1/3 borne by the staff, 2/3 by NATO). This rate was increased, from 3%, as from 1 January 2013.

Governance

The rules and principles governing the RMCF are provided at Annex XIII of the NATO CPRs.

A consultative committee, called the Supervisory Committee, oversees the management of the RMCF with the object of ensuring that sufficient funds will always be available to cover medical costs until the last NATO pensioner or his/her dependants die. It acts as advisor to the NATO Secretary General.

The composition of the Supervisory Committee is as follows: a Chair appointed by the Secretary General (Director of Economics or Financial Controller, NATO-IS - the Chair shall be neutral); one representative of the International Staff (Director of Economics or Financial Controller, NATO-IS); two representatives for the NATO Production and Logistics Organisations; one representative for bodies governed by the Paris Protocol; two staff representatives appointed by the Liaison Committee of NATO Staff Associations; two representatives appointed by the Confederation of Retired Civilian Staff Associations.

The Fund, held in the name of NATO, is entrusted to an independent investment manager.

The Supervisory Committee determines the investment strategy and decides in which funds to invest. The Investment Manager executes purchases and sells according to instructions received from NATO-IS Treasury, which are in accordance with Supervisory Committee decisions.

The Investment Manager keeps the Supervisory Committee informed of all matters relating to the composition and performance of the funds through regular meetings with the Committee members.

Members of the RMCF Supervisory Committee do not receive any additional remuneration or benefits in return for their responsibilities.

Investment strategy

For 2014, as since 2009, the Supervisory Committee decided to maintain the strategy of investing in index funds and to maintain holdings approximately as follows:

50% in European government (sovereign) bonds
25% in global equities
25% in European equities

Vanguard Investment Series plc, a prominent index-fund manager, buys and sells bonds and equities on behalf of the Fund within the objectives and restrictions set out in the contract signed with the Organisation. Investments are in Euro.

An asset-liability study was initiated in order to reassess the investment strategy and funding of the Fund.

Management of the RMCF

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 RMCF. Financial services are provided by the Office of Financial Control, NATO-IS. Administrative services and secretarial support are provided by Human Resources, Personnel Support.

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 RMCF is accrual based.

The financial statements summarize the transactions and net assets of the Fund. The statements do not take into account the liability to pay benefits that fall due after the year end of the reporting period. The actuarial position of the NATO RMCF, which takes these liabilities into account, is presented in Note 3.

Basis of presentation

The financial statements have been prepared on a going-concern basis: the RMCF 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.

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. Estimates include, but are not limited to: the long term obligation of the continued medical coverage and contingent assets.

Foreign currency transactions

The insurance premiums are calculated and paid in EUR and the accounting is in EUR. Since mid-2009, contributions are made in EUR; consequently, foreign currency transactions are not material. Realized gains and losses resulting from such transactions appear in the cash flow statement.

Cash and Cash Equivalents

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

Investments

Investments reported under these RMCF financial statements consist of equities and government bonds in index investment funds. These investments are reported as non-current assets reflecting the long term financial strategy of the RMCF.

An index fund is a collective investment scheme that aims to replicate the movements of an index of a specific financial market, regardless of market conditions. It does not aim to out-perform the market. Index funds are commonly composed of a representative sample rather than all the securities in a given market, in appropriate weights. They are subject to a form of passive management rather than active management.

At the end of each reporting period a valuation is made by the investment manager at fair value by reference to official prices quoted on the day of valuation. The Account Statement received from Vanguard's transfer agent uses the Generally Accepted Accounting Principles (GAAP) methodology to calculate the Daily Net Asset Value (Daily NAV), a tradable, realisable value on the last trading day of the month. These are the values generally reported in financial statements by fund investors.

Amounts are net of purchase costs and increased by rebates.

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.

Net Assets

The net assets available at year-end correspond essentially to the surplus contributions that were not used to pay the insurance premiums and were invested with the Investment Manager or awaiting transfer.

Financial Risks

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

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

The RMCF 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 RMCF 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 RMCF 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 as of 31 December 2014:

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

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

Price risk

The RMCF is exposed to equity securities market risk.

The two index equity funds in which RMCF funds are invested are not rated. The European Government Bond Index Fund is comprised of bonds with ratings as indicated below:

Rating	AAA	AA	A	BBB	<BBB	Not rated	Cash
At 31.12.2014	29.6%	33.2%	3.1%	33.6%	0.0%	0.5%	0.0%

Credit ratings are derived from Moody's, S&P and Fitch. When ratings from all three are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

Currency risk

Since mid-2009, RMCF is not exposed to foreign currency exchange risk arising from fluctuations in currency rates. The scheme receives contributions only in EUR. As explained above, funds are invested in EUR and insurance premiums are due in EUR.

Liquidity risk

A liquidity risk could arise from a short term liquidity requirement. There is a very limited exposure to liquidity risk because contributions from NATO payroll centres are received on a monthly basis, are higher than the insurance premiums and are paid by NATO bodies; the NATO bodies receive either contributions from their member states or income from their

customers, generally are other NATO bodies funded through their approved budgets. It is only the excess funds (after payment of insurance premiums) that are invested with Vanguard Investment Series plc with the aim of increasing the assets available for benefits over time.

Interest rate risk

The RMCF is restricted from entering into borrowings.

A portion of RMCF is invested in bonds. The market value of bonds fluctuates according to market perception of the issuer's creditworthiness and to projected interest rates. The value of assets available for benefits is therefore subject to some interest rate risk.

NOTE 3: ACTUARIAL VALUATION

An actuarial study was conducted in 2015 by the OECD International Service for Remunerations and Pensions (ISRP) to assess the value of the long term NATO post employment medical care obligation.

The evaluation of the situation end 2014, further to the study conducted in 2015, results in an overall present value of MEUR 1,797, of which MEUR 1,745 for the obligation related to the continued medical coverage of retirees funded through the RMCF and MEUR 52 for the obligation related to the specific category of staff called "bridgers" (see below).

The methodology is based on the Projected Unit Credit Approach, the method recognised by the IFRS/IPSAS standards.

Endogenous assumptions taken into account are:

- Probability that a staff member leaves the Organisation, retires, or becomes invalid.
- Annual salary increase and impact due to career progression (0.27% above inflation)

Exogenous assumptions taken into account are:

- Discount rate in nominal value for post-employment medical care: 1.41%
- Price inflation in the long run: 2%
- Rates of mortality for both active staff and pensioners (mortality table International Civil Servant Life Table 2013 – ICSLT2013, source ISRP/EUROSTAT).
- Medical inflation in the long run: 4% annually (based on an analysis of medical expenses data for the period 2008-2013).
- Long term expected return on plan assets: 5% annually.

The previous actuarial study dated from 2014 estimated that the value of the obligation for post-employment medical care at the end of 2013 was MEUR 1,084. The current projection of this liability at the end of 2014 can be obtained as follows:

(amounts in MEUR)

Evaluation of the obligation at year end 2013	(a)	1,084
Benefits paid	(b)	16
Interest costs	(c)	31
Current service costs	(d)	73
Obligation at year end 2013 projected into 2014	(e)=(a-b+c+d)	1,172
Actuarial loss (gain) on obligation	(e-f)	625
Evaluation of obligation at year end 2014	(f)	1,797

The value of the obligation includes an amount of EUR 52.4 million corresponding to a specific category of staff referred to as “bridgers” (see below). The obligation corresponding to continued medical coverage of retirees funded through the RMCF is therefore MEUR 1,745 million.

The actuarial loss (i.e. the difference between the obligation of 2013 projected into 2014 resulting from the previous study and the obligation estimated at year end 2014 by the new study) is MEUR 625. The actuarial loss represents 53% of the obligation projected in 2014. The sharp decrease of the discount rate used for the calculations explains most (92%) of this actuarial loss.

Assumptions taken into account in the previous actuarial study were:

Discount rate: 2.84%

Price inflation: 2%

Future salary increase: 0.27% above inflation

Medical inflation: 4%

By definition actuarial valuations are largely dependent on the endogenous and exogenous parameters. Therefore any changes to the latter can result in material changes to the final evaluation of the obligation. In this case, the discount rate was decreased, by 143 basis points, from 2.84% to 1.41%. Sensitivity tests were conducted for the purposes of the study showing that a discount rate of 2.41% (i.e. an increase of 100 basis points) would result in a decrease of the actuarial liability of MEUR 431 and that a discount rate of 0.41% (i.e. a decrease of 100 basis points) would result in an increase of the actuarial liability of MEUR 614.

The discount rate refers to market yields on high quality corporate bonds. For the purpose of this actuarial study, in the absence of a market for Eurozone corporate bonds with maturities longer than 18 years, the Euro area government bond yield curve was used instead as a reference to discount the liabilities of the RMCF. This resulted in the discount rate of 1.41%, compared to the previous 2.84%.

Use of the ever-changing market value reference discount rate is likely to result in substantial changes of the actuarial valuations. Considering that the present interest rates used for the actuarial study are historically low, the use of a higher discount rate in the future would result in a decrease in the valuation of the liability.

Sensitivity tests were conducted for the purposes of the study showing that an increase of 100 basis points of the medical inflation rate to 5% would result in an increase of the actuarial liability of MEUR 589 and that a decrease of 100 basis points of the medical inflation rate to 3% would result in a decrease of the actuarial liability of MEUR 425.

The present actuarial study has used a new mortality table developed jointly by ISRP and EUROSTAT (ICSLT2013). It is based on data covering several international organizations in Europe, including NATO and the European Union.

It should be noted that medical claims for eligible former staff between the ages of 55 and 65 (referred to as "bridgers") are not funded through the RMCF. They are insured under the terms of the "bridging-cover" whereby the related annual contributions and reimbursements are included in the medical claims insurance system of active staff. Contributions based on the "bridgers" last salary (5% since 2013 (3% previously), on a 1/3 "bridger" to 2/3 employer proportion) are made to the medical claim insurance company. No specific fund was set up to resource these requirements; they are handled on an annual basis. No payments to the RMCF are required from "bridgers" in the intervening years between their retirement from the organization and their reaching the age of 65, at which point they benefit from RMCF insurance coverage and contribute to its funding.

Based on the same actuarial study as above, the potential liability relating to medical coverage for staff pertaining to the "bridging cover" was estimated EUR 52.4 at year end 2014 (44.5 million at year end 2013).

NOTE 4: CASH AND CASH EQUIVALENTS

The various NATO entities and pensioners pay their contributions into a suspense account. This account serves to pay insurance premiums and affect the transfers of funds to be invested by the Investment Manager. Short term investments are made as required.

The table below analyses the flows of cash:

(All amounts in EUR)	2014	2013
Opening cash balance	1,484,004.56	1,410,335.19
Contributions received	22,573,723.61	22,279,089.07
Net Premiums' profit-sharing agreement	4,239,661.00	0.00
Financial Results	5,913.48	8,379.28
Contributions invested	-10,200,000.00	-5,200,000.00
Insurance - premiums, fees & studies	-17,973,809.48	-17,008,479.92
Miscellaneous Receipts/(Disbursements)	-1,143.00	-5,319.06
Closing cash balance	128,350.17	1,484,004.56
Net cash flow	-1,355,654.39	73,669.37

NOTE 5: FUNDS HELD BY THE INVESTMENT MANAGER

Distribution of Assets as of 31 December

	2014		2013	
	EUR	%	EUR	%
Euro Gov't Bond Index Fund	132,406,665.69	48.51%	108,495,531.27	46.74%
Europe Stock Index Fund	67,407,528.74	24.70%	62,450,652.99	26.91%
Global Stock Index Fund	73,123,498.72	26.79%	61,164,013.62	26.35%
TOTAL	272,937,693.15	100.00%	232,110,197.88	100.00%

Details of the changes in investment fund balances available for benefits over the past two years are as follow:

in EUR	Euro Govt Bond INS Euro Shares	Europe Stock Index Fund INS Euro Shares	Global Stock Index Fund INS Euro Shares	TOTAL
31 Dec 2012 balance	101,172,334	52,204,053	50,446,137	203,822,524
Purchases before purchase fees	5,200,000	0	0	5,200,000
Withdrawals	0	0	0	0
Distributions	0	0	0	0
Rebates received	125,339	181,489	179,586	486,414
Purchase Fees	-3,398	0	0	-3,398
2013 net transactions	5,321,941	181,489	179,586	5,683,016
Sum of 31 Dec 2012 balance and 2013 net transactions	106,494,275	52,385,542	50,625,723	209,505,540
Gain/loss in market value excluding 2013 net transactions	2,001,256	10,065,111	10,538,291	22,604,657
31 Dec 2013 balance	108,495,531	62,450,653	61,164,014	232,110,198
Purchases before purchase fees	9,900,000	300,000	0	10,200,000
Withdrawals	0	0	0	0
Distributions	0	0	0	0
Rebates received	142,786	141,829	109,097	393,712
Purchase Fees	0	0	0	0
2014 net transactions	10,042,786	441,829	109,097	10,593,712
Sum of 31 Dec 2013 balance and 2014 net transactions	118,538,318	62,892,482	61,273,110	242,703,909
Gain/loss in market value excluding 2014 net transactions	13,868,348	4,515,047	11,850,388	30,233,784
31 Dec 2014 balance	132,406,666	67,407,529	73,123,499	272,937,693

Fund's Overall Performance

In 2014, Vanguard Investment Series plc index funds closely tracked their respective benchmarks during the period. Their returns, net of expenses and including the effect of reinvested dividends, are compared below to that of the corresponding benchmarks for the past two years:

Returns in %					
Vanguard index fund			Benchmark		
	2014	2013		2014	2013
Euro Gov't Bond	1.03	2.07	Spliced Euro Gov Bond Float Adj Index	1.03	2.13
Europe Stock	-1.40	20.05	MSCI Europe	-1.41	19.82
Global Stock	1.37	21.25	MSCI World	1.36	21.20

The number of units and Daily NAV per unit for the RMCF at year end, together with the resulting year-end market values, were as follows:

NATO UNCLASSIFIED

ANNEX 3 to
FC(2015)043-REV1

3-10

RMCF Investment Fund Units and NAVs as of 31 December

	<u>2014</u>	<u>Units</u>	<u>NAV in EUR</u>	<u>Market Value in EUR</u>
Euro Gov't Bond Index Fund	621,791.89	212.9437	132,406,665.69	
Europe Stock Index Fund	4,102,135.96	16.4323	67,407,528.74	
Global Stock Index Fund	4,202,813.93	17.3987	<u>73,123,498.72</u>	
TOTAL				272,937,693.15
	<u>2013</u>	<u>Units</u>	<u>NAV in EUR</u>	<u>Market Value in EUR</u>
Euro Gov't Bond Index Fund	571,620.89	189.8033	108,495,531.27	
Europe Stock Index Fund	4,074,099.76	15.3287	62,450,652.99	
Global Stock Index Fund	4,195,839.67	14.5773	<u>61,164,013.62</u>	
TOTAL				232,110,197.88

NOTE 6: ACCOUNTS RECEIVABLE

Contributions are paid on a monthly basis. Receivables at the end of 2014 were as follows:

(amounts in EUR)	2014	2013
Contributions	296,401.65	306,567.88
Receivable from insurer under profit sharing agreement	0	4,239,661.00
Interest receivable	6,305.98	6,227.03
Total accounts receivable	302,707.63	4,552,455.91

At the date of issuance of these financial statements, no contributions were a year or more past due. In 2014, the amount due by the insurer under a profit sharing agreement was received. A similar agreement is in place for the period 2012-2016, and is considered under the contingent asset note. This explains the large decrease in accounts receivable.

NOTE 7: ACCOUNTS PAYABLE

Accounts payable consisted mainly of EUR 9,032.06 in contributions received for future years. All amounts due to the insurer and the third party administrator were paid by end 2014. End 2013, EUR 190,964.00 was due to the insurer for insurance premiums and EUR 16,620.96 to the third party administrator for management fees. End 2013, EUR 19,129.88 corresponded to contributions received for future years.

NOTE 8: CONTRIBUTIONS RECEIVED

Contributions received in the course of the year on a cash basis were as follows:
(amounts in EUR)

Contributions from	2014	2013
Active Staff and NATO Employer for current year	22,185,932.20	21,540,670.71
Active Staff and NATO Employer for future years	0.00	19,129.88
Active Staff and NATO Employer for Y-1	0.00	348,666.64
Retired Staff from Def Benefit Pension Scheme	382,253.22	364,487.46
Retired Staff from Def Contribution Pension Scheme	1,457.40	1,485.05
Other Retired Staff	3,411.71	4,649.33
Total	22,573,054.53	22,279,089.07

NOTE 9: PROFIT SHARING AGREEMENT WITH INSURER

According to a profit-sharing agreement with the insurer, a portion of the excess of premiums over reimbursements is refunded to the RMCF. For the years 2006-2011, the formula for the refund was $\text{Refund} = [(\text{Premiums} \times 97\%) - \text{Reimbursements} \times 85\%]$. This formula was renegotiated, effective 2012, to the advantage of RMCF, reducing the premium per covered party and raising the final multiplier to 100%.

RMCF's share of profits for the period 2006-2011 amounted to EUR 4,239,661.00, recorded as a receivable as at 31 December 2013. It was received in 2014.

A similar arrangement has been entered into, covering the period 2012-2016, whereby NATO would be refunded the totality of the difference $\text{Premiums} \times 97\% - \text{Reimbursements}$, if it is positive. The final settlement is foreseen during the first quarter of 2018. At this stage it is not possible to assess whether this would result in any inflow of cash to NATO, neither to estimate its amount: claim cases can last two years and amounts at a given moment can be affected by unusually high settlements of unresolved claims. Therefore no revenue or asset is recognized at this time.

NOTE 10: INTEREST

Interest is earned on the bank account for the period during which cash holdings are pending investment. Amounts presented are netted of bank charges.

NOTE 11: INSURANCE PREMIUMS AND MANAGEMENT FEES

The insurance premium to cover the medical expenses of the retirees is paid monthly to the third party administrator on the basis agreed under the NATO Group Insurance Policy.

The value of the insurance premium paid to the insurance company is essentially based on the number and age of the beneficiaries. The premium includes a management fee of EUR 1,127,544.48 (EUR 1,007,444.64 for 2013). The increase in net insurance premiums and management fees is mainly due to a larger number of beneficiaries.

Other administrative expenses relate to the reimbursement of actuaries' travel expenses (EUR 1,143.00).

NOTE 12: CONTINGENT ASSETS

As indicated above, there is a profit-sharing agreement with the insurer.

The arrangement covers the period 2012-2016, whereby NATO would be refunded the totality of the difference Premiums X 97% – Reimbursements, if it is positive. The final settlement is foreseen during the first quarter of 2018. At this stage it is not possible to assess whether this would result in any inflow of cash to NATO, neither to estimate its amount: claim cases can last two years and amounts at a given moment can be affected by unusually high settlements of unresolved claims. Therefore no revenue or asset is recognized at this time.

The past agreement resulted in an economic benefit to the RMCF.

NOTE 13: CONTINGENT LIABILITIES

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

NOTE 14: RELATED PARTY TRANSACTIONS

The following related 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 RMCF. None of the costs related to the administrative services provided by NATO International Staff are charged to the RMCF.

NOTE 15: 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 International Staff.

Members of the RMCF Supervisory Committee do not receive any additional remuneration or benefits in return for their responsibilities. The International Staff Financial Controller was appointed Chairperson of the Supervisory Committee end 2010.

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

NOTE 16: STATISTICAL INFORMATION

Evolution of RMCF membership (number of affiliates)			
year-end	2000	Affiliates	0
	2001	Joined	166
	2001	Exited	0
year-end	2001	Affiliates	166
	2002	Joined	250
	2002	Exited	-1
year-end	2002	Affiliates	415
	2003	Joined	229
	2003	Exited	-4
year-end	2003	Affiliates	640
	2004	Joined	242
	2004	Exited	-14
year-end	2004	Affiliates	868
	2005	Joined	328
	2005	Exited	-15
year-end	2005	Affiliates	1,181
	2006	Joined	258
	2006	Exited	-27
year-end	2006	Affiliates	1,412
	2007	Joined	259
	2007	Exited	-25
year-end	2007	Affiliates	1,646
	2008	Joined	333
	2008	Exited	-37
year-end	2008	Affiliates	1,942
	2009	Joined	330
	2009	Exited	-32
year-end	2009	Affiliates	2,240
	2010	Joined	316
	2010	Exited	-37
year-end	2010	Affiliates	2,519
	2011	Joined	401
	2011	Exited	-39
year-end	2011	Affiliates	2,881
	2012	Joined	265
	2012	Exited	-27
year-end	2012	Affiliates	3,119
	2013	Joined	268
	2013	Exited	-63
year-end	2013	Affiliates	3,324
	2014	Joined	533
	2014	Exited	-62
year-end	2014	Affiliates	3,795

* * * * *