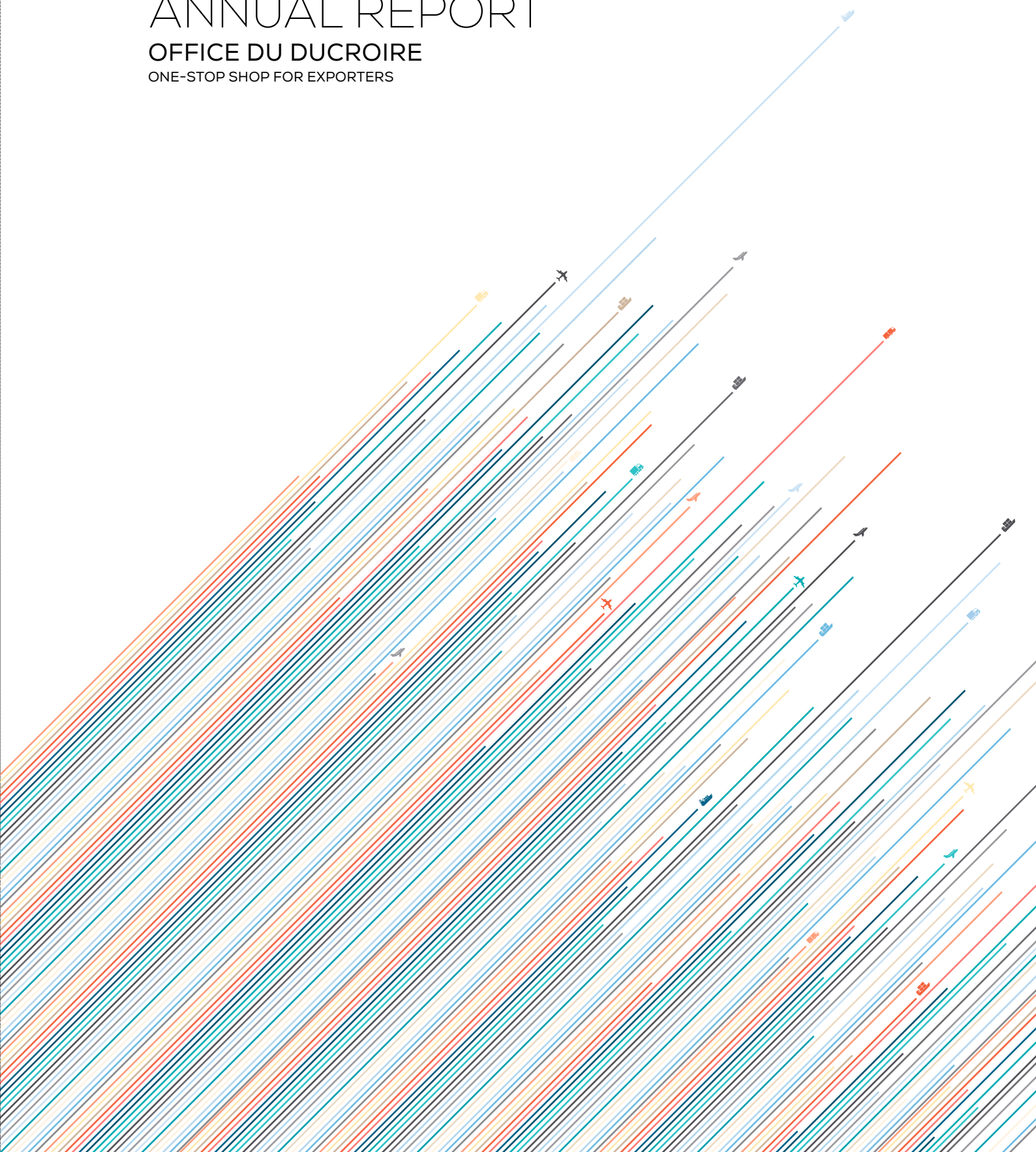


2015

ANNUAL REPORT

OFFICE DU DUCROIRE
ONE-STOP SHOP FOR EXPORTERS



2015

ANNUAL REPORT

OFFICE DU DUCROIRE
ONE-STOP SHOP FOR EXPORTERS

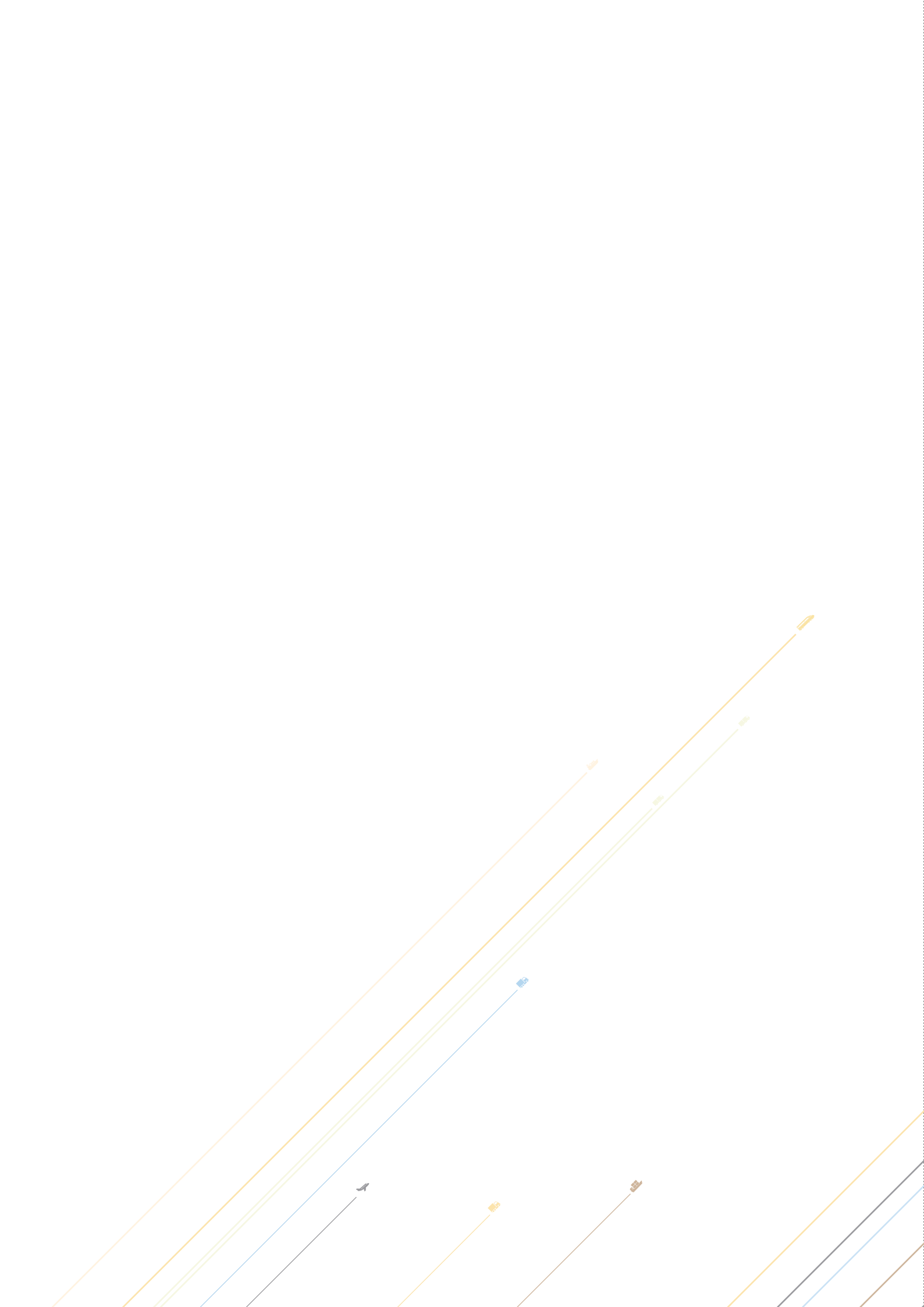




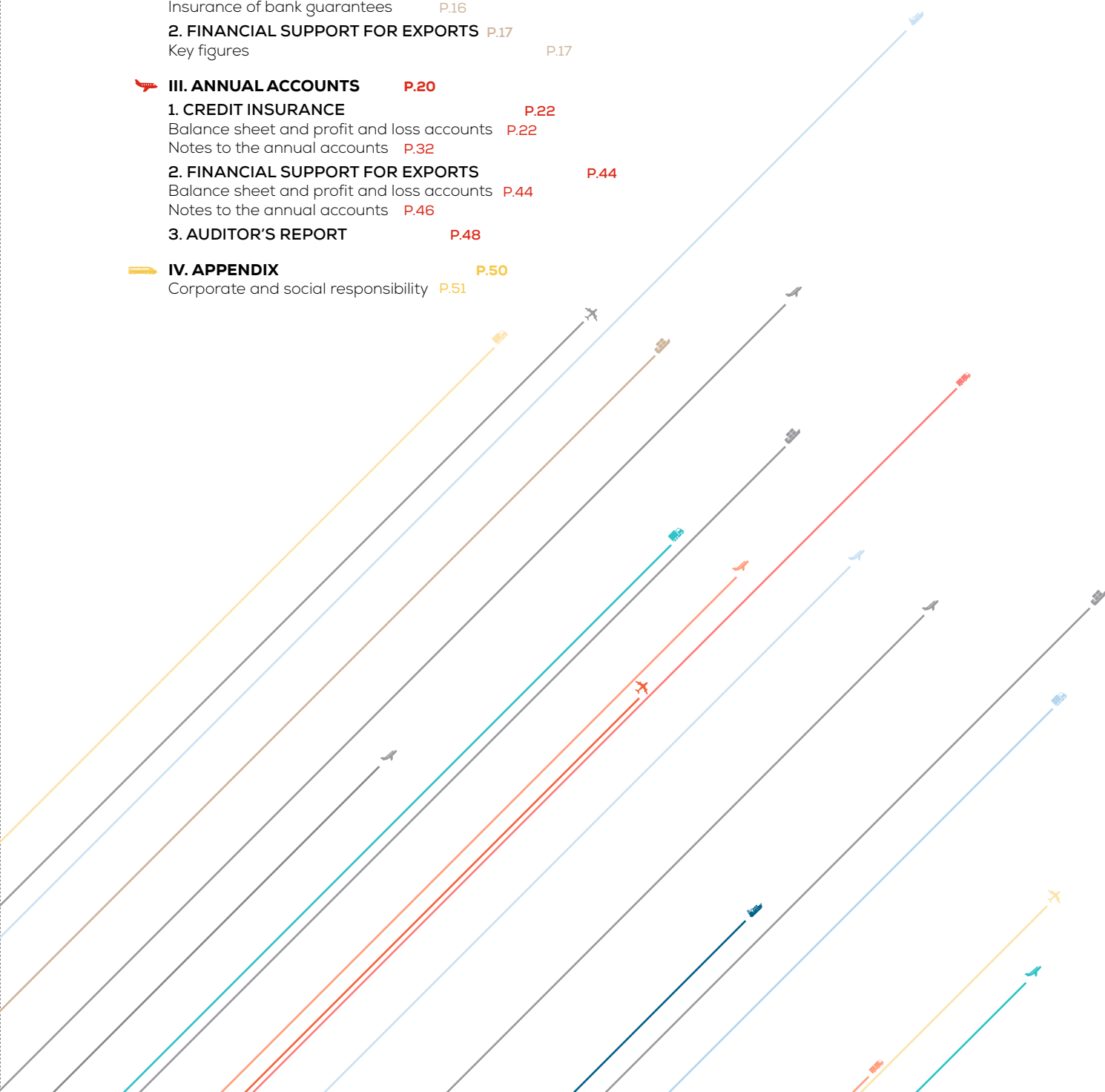


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I. THE OFFICE DU **DUCROIRE**

ONE-STOP SHOP FOR
EXPORTERS



MESSAGE FROM THE PRESIDENT

ARSÈNE JACOBY

2015 has been a
challenging year for ODL

Dear Customers, Dear Exporters,
Dear interested Readers,

During the second half of the year Luxembourg took over the Presidency of the Council of the EU. In this context ODL had the honor of chairing the Council Working Group on Export Credits and was able to craft, in cooperation with EU member states, a common position on ECA support to coal-fired power plants. This paved the way for the endorsement of new arrangements governing the export credit financing of coal-fired power plants at the level of the Organisation for Economic Cooperation and Development (OECD). This new sector understanding aims to achieve lower emissions targets by discouraging the financing of so-called dirty technologies.

The global recovery in 2015 remained subdued and growth in emerging market economies continued to decline. Growth in advanced economies was modest. In the euro area, lower energy prices and monetary led to stronger private consumption. At the same time net exports weakened. ODL's key financial figures are a reflection of these global trends. The total volume of insured exports remained at par with the previous exercise. Revenue developed positively as some large export contracts were insured over the course of the year. Provisioning requirements fell to normal levels after an exceptionally bad year in 2014. Finally, the results of ODL are increasingly impacted by the very low interest rate environment which reduces investment income.

The impact of the difficult macroeconomic environment on ODL is in line with other export credit agencies (ECAs) in Europe and beyond. The negative consequences of slow economic growth, especially in emerging markets have a delayed impact on the results of ECAs. This is due to the terms of export contracts which pay indemnifications after predefined waiting

periods. It is also in the current economic climate that ECAs in general and ODL specifically fully fulfill their role as credit insurers. The indemnifications paid over the last two years have significantly reduced harm on national exporters who otherwise could have encountered difficulties. I would also stress that ODL has ample reserves to continue fulfilling its mission as a facilitator at the service of the Luxembourg export economy.

The COPEL, which supports Luxembourg companies in their endeavour to discover new international market opportunities, has experienced a slight decrease in amounts disbursed in 2015. COPEL is fully funded via Government allocations and does not impact the results of ODL.

As the President of ODL, I would like to stress that we will continue to innovate with a view to fully exploit the growth potential of our export base and reap the benefits of a highly sophisticated financial center. In early 2015, we introduced an insurance of bank guarantees issued in favour of clients of Luxembourg exporters. In order to grow our product line with Luxembourg banks, ODL has started to offer on-demand guarantees. And, we are currently working on the development of credit insurance covering working capital investments. We expect all these efforts to translate into higher long term revenue potential for ODL. This will increase our customer base as well as diversify the risk in our portfolio of export guarantees. I thus remain very optimistic as regards to the future potential development of ODL and its financial results.

Let me stop here and, in line with last year, thank the team at ODL who continue to undertake great care and effort in order to be client oriented and service the export sector wherever possible.

ORGANISATION AND MISSION

OF THE OFFICE DU DUCROIRE (ODL) AND COPEL

ORGANISATION

COMMITTEE ODL

- ▲ Mr Arsène JACOBY, President
Ministry of Finance
- ▲ Mr Gaston STRONCK
Ministry of Foreign and European Affairs
- ▲ Mr Claude MAY
Ministry of Finance (since June 2015)
- ▲ Mr Nima AHMADZADEH
Ministry of Finance (until May 2015)
- ▲ Mr Pierre FRANCK
Ministry of the Economy and Foreign Trade
- ▲ Mr Claude WIRION
Commissariat aux Assurances
- ▲ Mr Carlo THELEN
Private sector
- ▲ Mr René WINKIN
Private sector (since January 2016)
- ▲ Mr Nicolas SOISSON
Private sector (until December 2015)
- ▲ Mr Frank WAGENER
Private sector

COPEL

(COMITÉ POUR LA PROMOTION DES EXPORTATIONS LUXEMBOURGEOISES)

- ▲ Mr André HANSEN, President
Ministry of the Economy and Foreign Trade
- ▲ Mr Pierre FRANCK
Ministry of the Economy and Foreign Trade
- ▲ Mr Jean-Louis THILL
Ministry of Foreign and European Affairs
- ▲ Mr Arsène JACOBY
Ministry of Finance

SECRETARIAT

- ▲ Ms Simone JOACHIM
Secretary General
- ▲ Mr Francis Léon DONVEN
Deputy Secretary General
- ▲ Ms Anne-Cécile ACHTEN
Legal Counsel
- ▲ Mr Charles-Emmanuel
DE RIBAUCCOURT
Credit Analyst
- ▲ Ms Delia SCHOLTES
Account Manager
- ▲ Mr Nelson TEIXEIRA
Account Manager
- ▲ Ms Danielle WIRTZ
Account Manager
- ▲ Mr Sohrab ZIAI
Account Manager





ODL offers innovative products and sets up international networks, enabling it to respond to the needs of Luxembourg exporters in general but also the specific needs of SMEs and start-ups.

MISSION

ONE-STOP SHOP FOR EXPORTERS

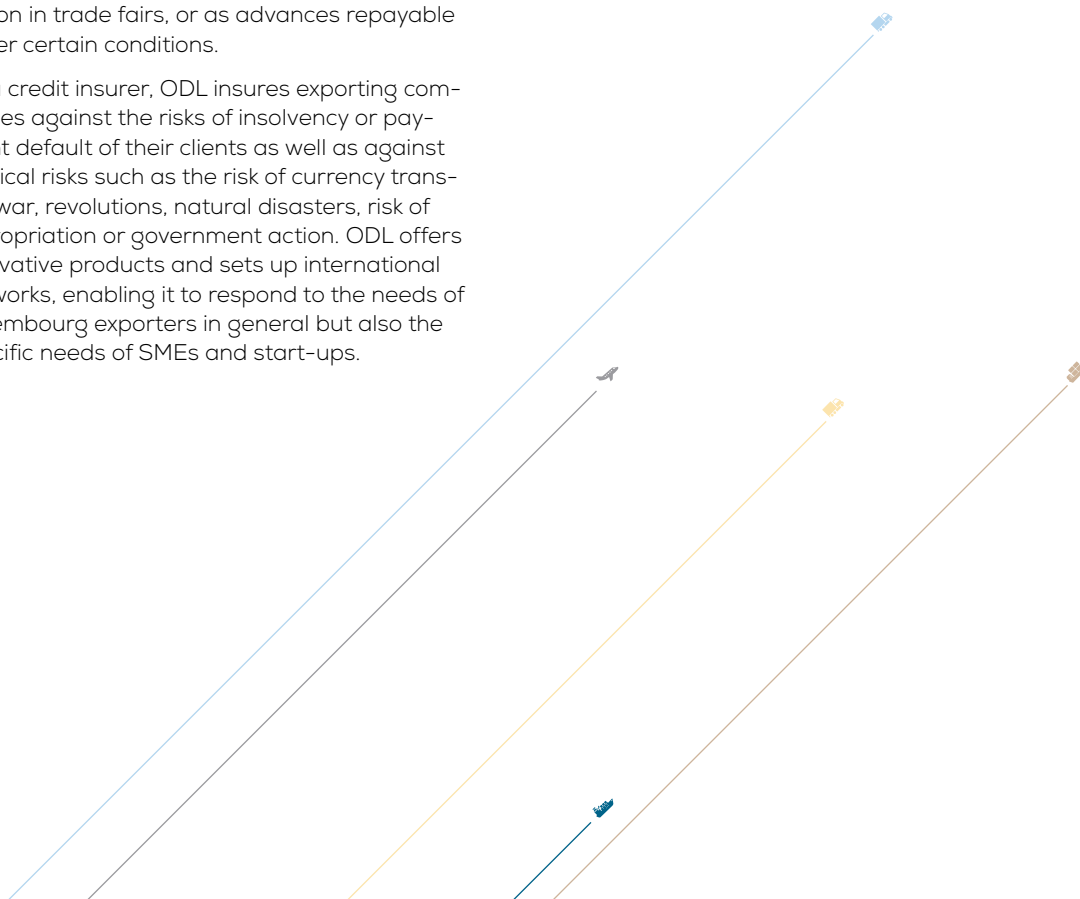
The Office du Ducroire (ODL) is a public institution established in 1961. Its purpose is to foster international economic and financial relations in the interest of the Luxembourg economy, primarily through the acceptance of risks in the fields of export, import and foreign investment.

Since 2002, based on an Agreement signed with the Government, ODL promotes Luxembourg exports of goods and services by granting financial support through the COPEL (Committee for the promotion of Luxembourg exports). Such aid is granted either as partial reimbursement of the costs related to the promotion, the training in export and the participation in trade fairs, or as advances repayable under certain conditions.

As a credit insurer, ODL insures exporting companies against the risks of insolvency or payment default of their clients as well as against political risks such as the risk of currency transfer, war, revolutions, natural disasters, risk of expropriation or government action. ODL offers innovative products and sets up international networks, enabling it to respond to the needs of Luxembourg exporters in general but also the specific needs of SMEs and start-ups.

In January 2015, ODL launched an insurance for bank guarantees issued in favor of the clients of Luxembourg exporters. This new product aims to facilitate financing of international transactions by creating leverage for Luxembourg companies that need credit lines from banks.

ODL has adopted the OECD Guidelines on corporate social responsibility: recommendations and voluntary standards of conduct with regard to transparency, human rights, protection of the environment and the fight against bribery.



COOPERATIONS AND PARTICIPATIONS

COOPERATION WITH THE PRIVATE SECTOR: WHOLETURNOVER POLICIES

ODL offers a wholeturnover policy (called comprehensive policy (police globale)) for Luxembourg exporters which repeatedly supply goods and/or services to several buyers located in so called non-marketable risk countries (non EU and non OECD core countries). This policy offers protection against payment default on short-term receivables (credit terms of up to 12 months). For its Comprehensive policy, ODL has a cooperation and reinsurance agreement with CREDIMUNDI in Belgium.

Since 1993, ODL is offering credit insurance policies from Euler Hermes Belgium for marketable risk countries (EU and core OECD countries). In 2009, Euler Hermes and ODL designed a new policy for the Luxembourg market called "Policy 360° Lux". This wholeturnover policy covers domestic and foreign buyers in any country.

COOPERATION WITH THE PUBLIC SECTOR: MEDIUM AND LONG-TERM CREDIT-INSURANCE

ODL has a Cooperation and Reinsurance Agreement with the Belgian public credit insurer Delcredere/Ducroire and with the public entity of Euler Hermes Germany.

In 2015, a new Reinsurance Agreement has been concluded with the public Export Credit Agency of Estonia (KREDEX).

ODL also has Reinsurance Agreements with the ECAs (Export Credit Agencies) below:



OTHER PARTICIPATIONS

In order to meet the needs of SMEs, ODL participated in June 2009 in the foundation of Northstar Europe SA. Northstar Europe is a partnership between Northstar Trade Finance, Canada (66%), the Office du Ducroire (17%) and the SNCI (17%).

Northstar Europe structures ODL covered buyer credits for foreign buyers of European goods and services that respond to a market gap in bank lending.

Northstar's financing program provides international buyers with the ability to obtain ODL guaranteed medium-term loans between EUR 250,000 and EUR 5 million and a maximum repayment term of 5 years. In general, ODL is reinsured by the ECA of the country of the exporter.



INTERNATIONAL ORGANIZATIONS

In 2011, ODL became a member of the Berne Union, the largest association of public and private insurance companies in the world in the field of export and investment credits. The Berne Union, headquartered in London, is an international non-profit organization created in 1934.

The Berne Union aims to define guidelines and good practices for export credit insurance activities and foreign investment as well as to develop information exchange, expertise and advice on political and commercial risks.



Luxembourg participates in the OECD Arrangement on officially supported export credits. The Agreement, which came into force in 1978, sets up the rules for i.e. credit durations, interest rates, down payment percentages and insurance premiums, intended to create a level playing field of export credits and to reinforce international cooperation.



II. 2015

ACTIVITIES

1. CREDIT INSURANCE
2. FINANCIAL SUPPORT
FOR EXPORTS



1. CREDIT INSURANCE

KEY FIGURES OF 2015

549,247,243.45 €

▲ NEW TRANSACTIONS INSURED

6,230,668.40 €

▲ WRITTEN PREMIUM

3,908,852.21 €

▲ EARNED PREMIUM, NET OF REINSURANCE

838,833,656.62 €

▲ TOTAL COMMITMENTS AS OF 31 DECEMBER

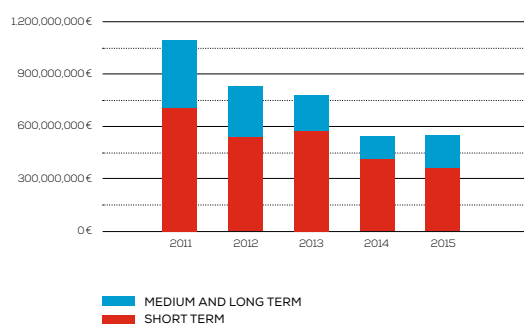
12,321,891.33 €

▲ CLAIMS PAID

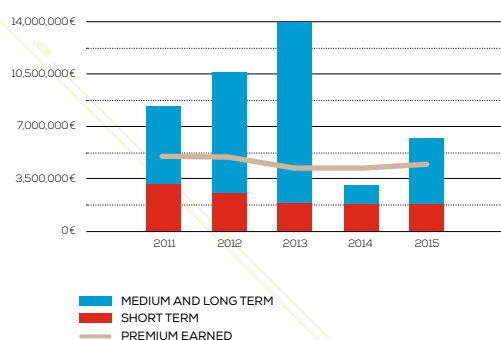
1,036,166.55 €

▲ RECOVERIES FOR CLAIMS PAID

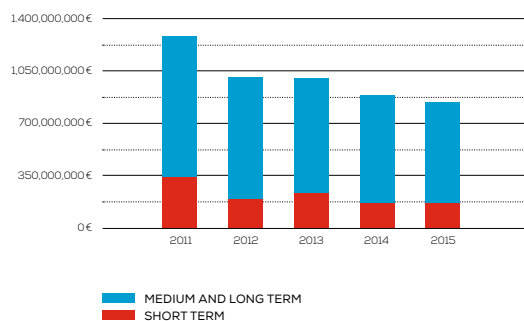
NEW TRANSACTIONS INSURED



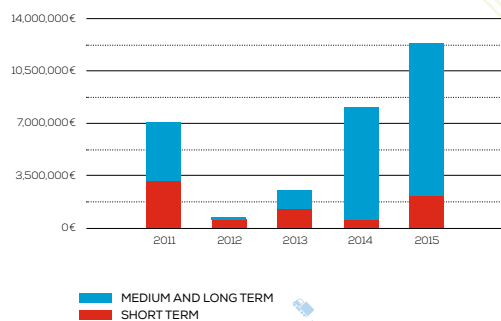
WRITTEN PREMIUM + EARNED PREMIUM



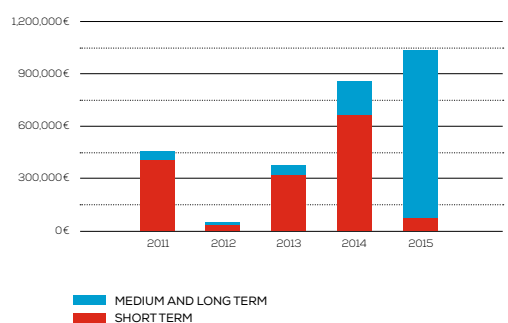
COMMITMENTS AS OF 31 DECEMBER



CLAIMS PAID



RECOVERIES FOR CLAIMS PAID



1.1 SHORT-TERM BUSINESS

BUSINESS FOR THE ACCOUNT OF ODL (WITH OR WITHOUT STATE GUARANTEE)

(IN THOUSANDS OF EUR)	WITH STATE GUARANTEE		WITHOUT STATE GUARANTEE		TOTAL	
	2015	2014	2015	2014	2015	2014
New transactions insured	310,621	364,055	47,233	42,342	357,854	406,397
Written premium	1,631	1,618	152	129	1,783	1,747
Reinsurers' share						
Insured transactions	83,199	82,864	22,358	20,275	105,557	103,139
Written premium	539	452	61	56	600	508
Commitments as of 31 December	144,261	146,444	18,548	16,121	162,809	162,565
Claims paid	2,108	320	0	169	2,108	489
Indemnities recovered	74	666	0	0	74	666

Export business with short-term credit periods to "non-marketable risks" countries are covered with the guarantee of the Luxembourg State.¹

ODL, on a case by case basis, may offer coverage without State guarantee for EU countries and core countries of the OECD (marketable

risks), when insufficient cover is available from private insurers.

In its role as a one-stop shop for exporters, ODL often acts as co-insurer of Euler Hermes in wholeturnover policies covering buyers located worldwide.

BUSINESS FOR THE ACCOUNT OF THE STATE: INDIVIDUAL TOP UP

In 2015, ODL continued to manage the Individual Top Up policy for the account of the State. This policy was introduced by the Government.

Number of companies having used the Top Up coverage	3
New transactions insured	418,845.00 €
Commitments as of 31 December	685,901.85 €
Written premium	4,388.45 €
Claims paid	0.00 €

The exemption for short-term business to Greece has been extended by the European Commission until 30 June 2017.²

¹ Communication of the Commission applying to short-term export credit insurance (OJ C292)

² Communication of the Commission applying to short-term export credit insurance (2015/C215/01)

1.2 MEDIUM AND LONG-TERM BUSINESS

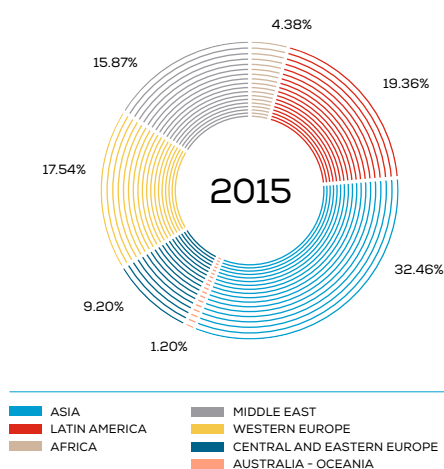
(IN THOUSANDS OF EUR)	WITH STATE GUARANTEE		WITHOUT STATE GUARANTEE		FOR THE ACCOUNT OF THE STATE		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
New transactions insured	162,571	114,271	17,717	20,412	0	0	180,288	134,683
Number of transactions insured	92	88	18	20	0	0	110	108
Written premium	4,269	1,123	157	178	0	0	4,426	1,301
Reinsurers' share								
New transactions insured	44,174	57,218	4,612	7,269	0	0	48,786	64,487
Written premium	1,883	626	38	57	0	0	1,921	683
Commitments as of 31 December	664,536	709,688	9,118	11,557	0	0	673,654	721,245
Offers of cover outstanding as of 31 December	60,800	73,197	2,280	3,180	0	0	63,080	76,377
Claims paid	10,214	7,600	0	0	0	0	10,214	7,600
Recoveries for claims paid	962	190	0	0	0	0	962	190

ODL covers companies against commercial and political risks in relation to exports of capital goods, industrial projects, general construction works and engineering services. These export transactions, with a completion period exceeding 12 months, are either payable on a prorata basis according to deliveries made or the progress of work, or financed through credit over several years (buyer credit / supplier credit). In addition to this basic coverage of non-payment risk, ODL can cover the cancellation (preshipment risk) as well as the unfair calling of bank guarantees (bid bond, advance payment guarantee, performance guarantee) that are often requested by the buyer in an export contract.

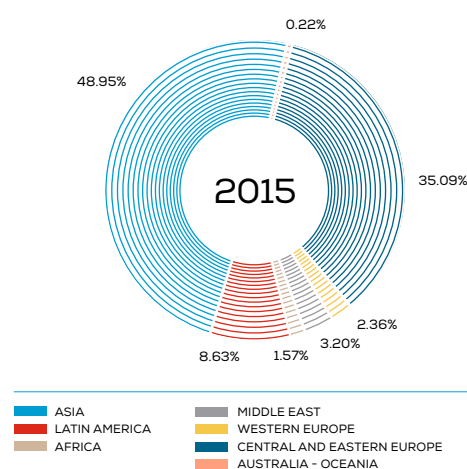
If the repayment period exceeds two years, ODL complies with the regulations of the OECD Arrangement on officially supported export credits, which sets rules regarding credit terms, interest rates, required down payment percentages and insurance premiums.

Coverage of medium and long-term business transactions is, in principle, backed by a guarantee from the Luxembourg State or insured directly for the account of the State. ODL will have recourse to the latter if a contract has risks whose severity and duration exceed the technical capabilities of ODL, but the export is nevertheless regarded as beneficial to the Luxembourg economy. A decision to cover a transaction for the account of the State is taken by a Government council meeting on the Committee's proposal. In 2015, no transaction was covered for the account of the State.

BREAKDOWN OF NEW MEDIUM AND LONG TERM BUSINESS INSURED IN 2015



BREAKDOWN OF MEDIUM AND LONG TERM COMMITMENTS ON 31/12/2015



SCHEDULE FOR MEDIUM- AND LONG-TERM COMMITMENTS AS OF 31 DECEMBER 2015 (IN MILLIONS OF EUR)

TOTAL	PAYMENT DELAYS	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
673.65	17.01	238.47	109.11	89.42	69.94	52.85	46.04	19.16	12.30	10.91	6.17	1.53

The size of the Luxembourg economy and the sector breakdown of its exporting companies show a high concentration of risk in certain countries.

The three countries listed below represent 80% of ODL's overall medium- and long-term exposure as of 31 December 2015.

India
Russia
South Korea



To limit the concentration of risk, Delcredere/ Ducroire (Belgium) reinsures a large proportion of exports covered with a guarantee from ODL. For Luxembourg export contracts in which a large part of the total value is derived from goods or services produced outside of Luxembourg, ODL has reinsurance agreements in place with other ECAs.

ODL covers buyer credits put in place by North-star Europe for European exports. For such operations, ODL is, in principle, reinsured by the public credit insurer of the exporter's country.

At 31 December 2015, ODL had issued offers of cover for contracts still under final negotiation in an amount of 63,080,197.52 €.

1.3 INSURANCE OF BANK GUARANTEES

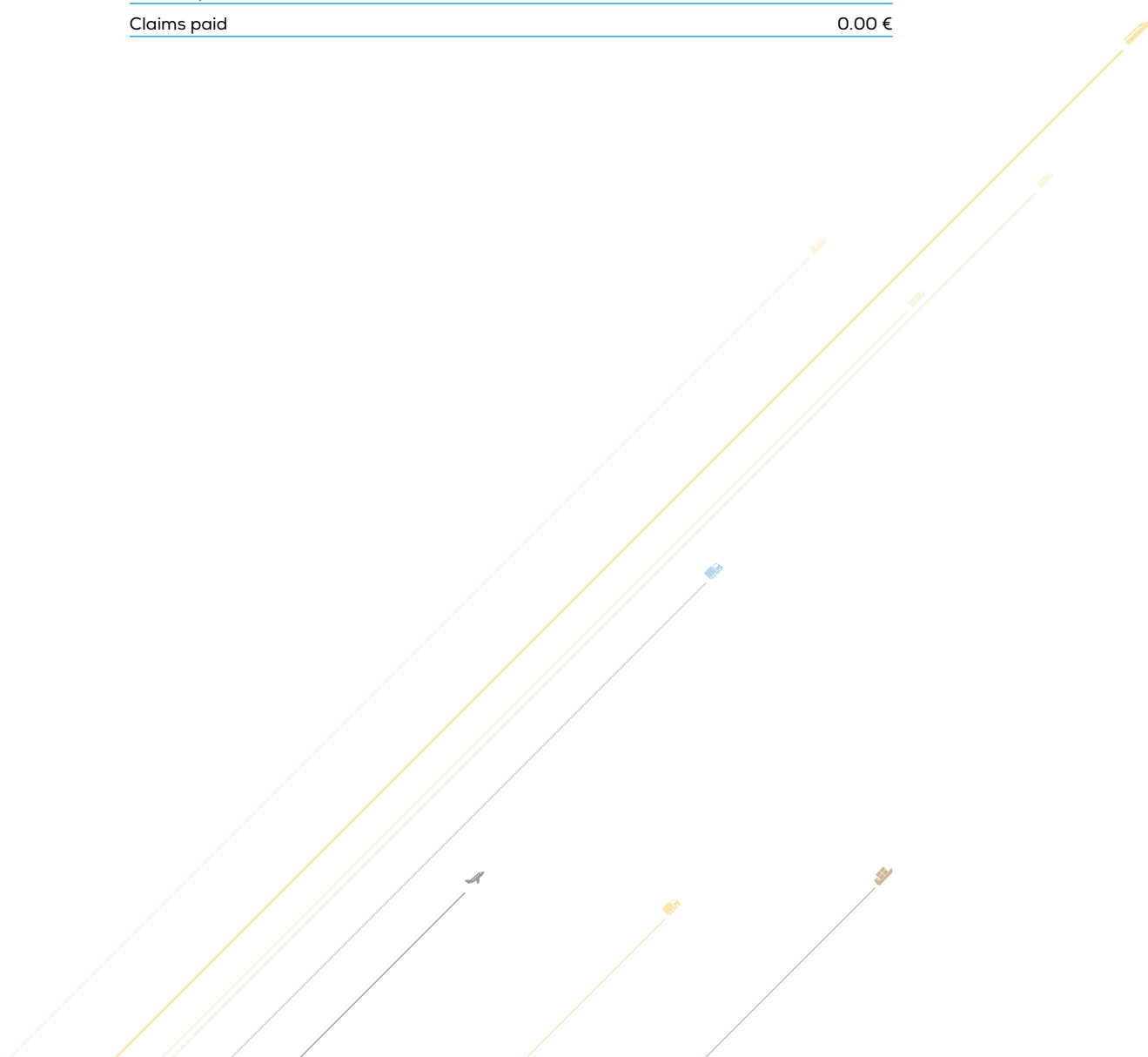
In January 2015, ODL launched an insurance for bank guarantees (e.g. performance bonds, advance payment bonds) issued in favor of the clients of national exporters.

This insurance protects the issuing bank against the risk of default of the exporters and by doing so facilitates financing of international transactions by creating leverage for exporters that need credit lines from banks.

ODL generally covers 50% of the amount of the guarantee. The percentage of cover can be increased up to 80% in special cases.

The premium charged by ODL corresponds to the risk fee charged by the bank to the Luxembourg exporter on the percentage of risk taken by ODL.

New transactions insured	10,686,772.00 €
Commitments as of 31 December	1,684,105.00 €
Written premium	17,676.54 €
Claims paid	0.00 €



2. FINANCIAL SUPPORT FOR EXPORTS

KEY FIGURES OF 2015

1,946,249.71 €

▲ AMOUNT PAID

1,293,089.17 €

▲ TOTAL COMMITMENTS AS OF 31 DECEMBER



RECEIVED



DECLINED



REQUESTING
A FINANCIAL
SUPPORT



SUPPORTED

▲ NUMBER OF APPLICATIONS

▲ NUMBER OF COMPANIES



REQUESTING
A FINANCIAL
SUPPORT FOR THE
1ST TIME



SUPPORTED
FOR THE 1ST
TIME



REQUESTING
A FINANCIAL
SUPPORT

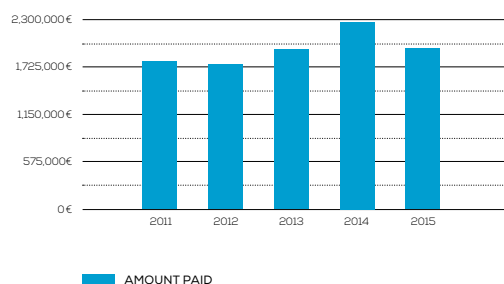


SUPPORTED

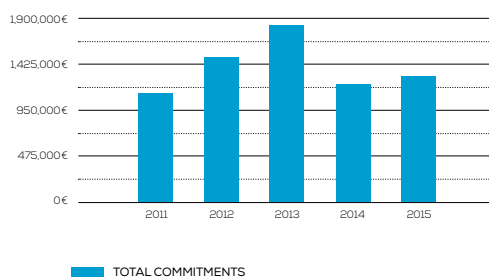
▲ NUMBER OF COMPANIES

▲ NUMBER OF START-UPS

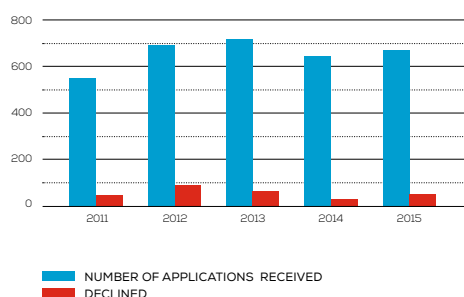
AMOUNT PAID



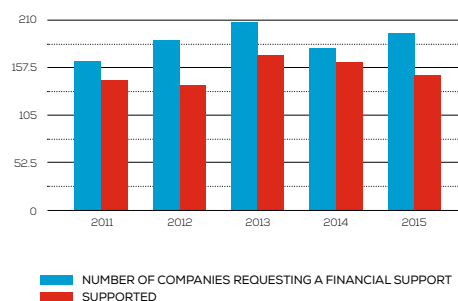
TOTAL COMMITMENTS AS OF 31 DECEMBER



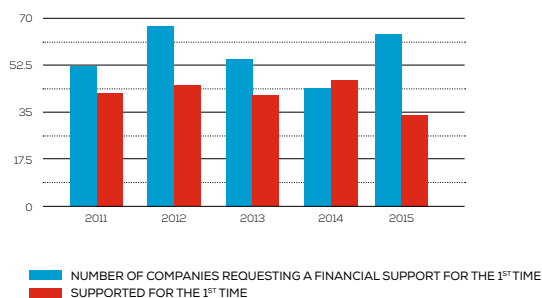
NUMBER OF APPLICATIONS RECEIVED



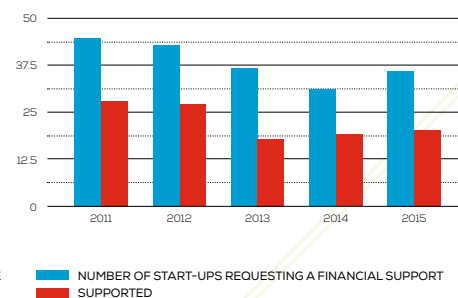
NUMBER OF COMPANIES



NUMBER OF COMPANIES



NUMBER OF START-UPS



Based on the Law of 24 July 1995 governing the Office du Ducroire and the decision of the Government of 30 November 2001 the Co-operation Agreement between the Office du Ducroire and the Government was signed on 29 April 2002.

The Agreement aims to promote Luxembourg exports through:

- financial support for the design and translation of promotional material, for the participation at trade fairs, seminars and conferences as well as for consultancy services and export training.
- tied aid mechanisms like interest make-up schemes, direct grants or technical assistance.

Official support for export activities is subject to the following conditions:

- interest to the Luxembourg economy
- financial viability of the applicant
- compliance with Luxembourg legislation, EU competition rules and the OECD Arrangement on officially supported export credits.

The Agreement has been implemented by the COPEL (Committee for the Promotion of Luxembourg Exports) as referred to in the Law of 4 December 1981 relating to Government loans. COPEL functions as a sub-committee of ODL.

COPEL is composed of four civil servants from the Ministry of Finance, International Trade, Foreign Affairs and the Economy). The Committee analyses the applications and verifies the compliance with EU regulations and OECD provisions. Official support in excess of 500,000 € is subject to the approval of the Government.

Under the so-called "interest make-up" scheme, ODL earned in 2015, 6,395.18 € and paid out 11,930.88 €. Under this scheme the fixed rate guaranteed to the buyer is the Commercial Interest Reference Rate (CIRR). ODL's contribution is based on the difference between the CIRR and the interest rate at which banks refinance on the short-term market (Euribor or Libor), plus the bank's commission. On each half-yearly repayment, ODL pays the difference between the stabilized rate and the rate at which the bank refinances on the foreign exchange or Euro market where the latter is higher than the CIRR. If the refinancing cost is lower than the CIRR, the difference will accrue to ODL.

III. ANNUAL

ACCOUNTS

1. CREDIT INSURANCE
2. FINANCIAL SUPPORT
FOR EXPORTS
3. AUDITOR'S REPORT



1. CREDIT INSURANCE

BALANCE SHEET FOR THE ACCOUNT WITH STATE GUARANTEE

AS AT 31.12.2015 AND 31.12.2014 IN EUR

	NOTE	31.12.2015	31.12.2014
ASSETS			
C. Investments			
II. Investments in affiliated undertakings and participating interests			
3. Participating interests	3.11	1,041,528.00	901,270.00
III. Other Financial investments			
1. Shares and other variable-yield transferable securities and units in unit trusts	3.1.2	12,148,987.97	3,010,703.31
2. Debt securities and other fixed income transferable securities	3.1.3	105,753,309.70	106,796,715.50
6. Deposits with credit institutions		32,957,062.51	45,928,991.68
		-	-
		151,900,888.18	156,637,680.49
E. Reinsurers' share of technical provisions			
I. Provision for unearned premiums		17,350,178.05	18,614,201.11
III. Provision for claims outstanding		5,752,605.78	4,638,732.41
		-	-
		23,102,783.83	23,252,933.52
F. Debtors			
I. Debtors arising out of direct insurance operations		333,038.52	372,918.34
II. Debtors arising out of reinsurance operations		275,325.37	262,702.81
		-	-
		608,363.89	635,621.15
G. Other assets			
I. Tangible assets and stocks	3.2	5,189.86	8,624.95
II. Cash at bank and in hand		5,480,751.46	499,328.81
		-	-
		5,485,941.32	507,953.76
H. Prepayment and accrued income			
I. Accrued interest and rent		573,523.53	966,593.00
III. Other prepayment and accrued income		3,628,290.88	3,623,068.85
		-	-
		4,201,814.41	4,589,661.85
TOTAL ASSETS		185,299,791.63	185,623,850.77
Off-balance sheet commitments for the account with State guarantee		810,481,407.61	856,132,422.32

	NOTE	31.12.2015	31.12.2014
LIABILITIES			
A. Capital and reserves			
I. Subscribed capital or equivalent funds	3.3	44,525,000.00	44,525,000.00
IV. Reserves	3.3	42,378,586.62	47,227,395.42
VI. Profit or (loss) for the financial year	3.3	(901,775.51)	(4,848,808.80)
		-	-
		86,001,811.11	86,903,586.62
C. Technical provisions			
I. Provision for unearned premiums		27,161,031.73	28,529,894.59
III. Provision for claims outstanding		22,627,488.67	20,237,087.96
V. Equalisation provision			
2. Provision for aggravated risks		42,267,523.81	43,396,402.95
		-	-
		92,056,044.21	92,163,385.50
E. Provision for other risks and charges			
3. Other provisions		2,100.00	5,250.00
		-	-
		2,100.00	5,250.00
G. Creditors			
I. Creditors arising out of direct insurance operations		4,177,746.08	4,307,414.01
II. Creditors arising out of reinsurance operations		1,834,830.74	498,427.05
V. Other creditors			
2. Other		1,281.55	13,534.35
		-	-
		6,013,858.37	4,819,375.41
H. Accruals and deferred income			
I. Other accruals		1,225,977.94	1,732,253.24
		-	-
		1,225,977.94	1,732,253.24
TOTAL LIABILITIES		185,299,791.63	185,623,850.77

PROFIT AND LOSS ACCOUNT FOR THE ACCOUNT WITH STATE GUARANTEE

AS AT 31.12.2015 AND 31.12.2014 IN EUR

	NOTE	31.12.2015	31.12.2014
I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance			
a) Gross premiums written	3.4	5,917,293.85	2,741,044.39
b) Outward reinsurance premiums		(2,348,251.24)	(1,063,020.89)
c) Change in gross provision for unearned premiums		1,368,862.86	4,140,221.03
d) Change in the provision for unearned premiums, reinsurers' share		(1,264,023.06)	(2,519,552.57)
		-	-
		3,673,882.41	3,298,691.96
2. Allocated investment return transferred from the non-technical account		171,078.41	1,387,113.16
3. Other technical income, net of reinsurance		461,356.87	603,434.05
4. Claims incurred, net of reinsurance			
a) Claims paid			
aa) Gross amount	3.4	(12,321,891.33)	(7,920,100.89)
bb) Reinsurers' share		7,594,911.75	5,727,250.37
b) Change in the provision for claims			
aa) Gross amount		(2,390,400.71)	(17,198,082.34)
bb) Reinsurers' share		1,113,873.37	3,109,545.77
		-	-
		(6,003,506.92)	(16,281,387.09)
6. Bonuses and rebates, net of reinsurance		(82,995.37)	(71,036.27)
7. Net operating expenses			
a) Acquisition costs		(14,032.11)	(23,118.89)
c) Administrative expenses	3.5	(1,304,419.40)	(1,209,646.47)
d) Reinsurance commissions and profit participation		362,995.36	212,304.29
		-	-
		(955,456.15)	(1,020,461.07)
9. Change in equalisation provision		1,128,879.14	5,349,260.02
10. Balance on the technical account for non-life insurance Business		(1,606,761.61)	(6,734,385.24)
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for non-life insurance Business		(1,606,761.61)	(6,734,385.24)
3. Investment income	3.6	1,541,492.93	2,896,812.62
5. Investment charges	3.7	(992,010.04)	(112,035.68)
6. Allocated investment return transferred to the non-life technical account		(171,078.41)	(1,387,113.16)
7. Other income		339,470.55	520,037.58
8. Other charges, including value adjustments		(12,888.93)	(32,124.92)
		-	-
10. Profit or (loss) on ordinary activities after tax		(901,775.51)	(4,848,808.80)
17. Profit or (loss) for the financial year		(901,775.51)	(4,848,808.80)



BALANCE SHEET FOR THE ACCOUNT WITHOUT STATE GUARANTEE

AS AT 31.12.2015 AND 31.12.2014 IN EUR

	NOTE	31.12.2015	31.12.2014
ASSETS			
C. Investments			
III. Other Financial investments			
6. Deposits with credit institutions		12,620,560.69	12,501,748.73
		-	-
		12,620,560.69	12,501,748.73
E. Reinsurers' share of technical provisions			
I. Provision for unearned premiums		8,163.69	16,013.24
III. Provision for claims outstanding		110,858.29	39,801.90
		-	-
		119,021.98	55,815.14
H. Prepayment and accrued income			
III. Other prepayment and accrued income		24,000.00	12,000.00
		-	-
		24,000.00	12,000.00
TOTAL ASSETS		12,763,582.67	12,569,563.87
Off-balance sheet commitments for the account with State guarantee		27,666,347.16	27,678,190.58

	NOTE	31.12.2015	31.12.2014
LIABILITIES			
A. Capital and reserves			
I. Subscribed capital	4.1	3,000,000.00	3,000,000.00
IV. Reserves	4.1	8,153,518.53	8,092,101.43
VI. Profit or (loss) for the financial year	4.1	21,769.46	61,417.10
		-	-
		11,175,287.99	11,153,518.53
C. Technical provisions			
I. Provision for unearned premiums		43,774.50	55,779.62
III. Provision for claims outstanding		219,716.59	79,603.81
V. Equalisation provision			
1. Balancing reserve		1,290,583.35	1,255,836.96
		-	-
		1,554,074.44	1,391,220.39
E. Provision for other risks and charges			
2. Provision for taxation	4.2	34,220.24	24,824.95
		-	-
		34,220.24	24,824.95
TOTAL LIABILITIES		12,763,582.67	12,569,563.87

PROFIT AND LOSS ACCOUNT FOR THE ACCOUNT WITHOUT STATE GUARANTEE

AS AT 31.12.2015 AND 31.12.2014 IN EUR

	NOTE	31.12.2015	31.12.2014
I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance			
a) Gross premiums written	4.3	308,986.10	307,858.96
b) Outward reinsurance premiums		(96,926.36)	(102,400.66)
c) Change in gross provision for unearned premiums		12,005.12	(9,188.77)
d) Change in the provision for unearned premiums, reinsurers' share		(7,849.55)	7,632.64
		-	-
		216,215.31	203,902.17
2. Allocated investment return transferred from the non-technical account		10,744.91	120,515.09
3. Other technical income, net of reinsurance			
4. Claims incurred, net of reinsurance			
a) Claims paid			
aa) Gross amount	4.3	0.00	(168,742.65)
bb) Reinsurers' share		0.00	16,438.35
b) Change in the provision for claims			
aa) Gross amount		(140,112.78)	26,586.12
bb) Reinsurers' share		71,056.39	10,400.34
		-	-
		(69,056.39)	(115,317.84)
6. Bonuses and rebates, net of reinsurance		(17,218.34)	(4,598.73)
7. Net operating expenses			
c) Administrative expenses	4.4	(87,917.18)	(89,360.41)
d) Reinsurance commissions and profit participation		5,979.55	17,898.73
		-	-
		(81,937.63)	(71,461.68)
9. Change in equalisation provision		(34,746.39)	(126,776.64)
10. Balance on the technical account for non-life insurance Business		24,001.47	6,262.37
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for non-life insurance Business		24,001.47	6,262.37
3. Investment income	4.5	17,908.19	200,858.49
6. Allocated investment return transferred to the non-life technical account		(10,744.91)	(120,515.09)
8. Other charges, including value adjustments			
9. Tax on profit or (loss) on ordinary activities		(9,395.29)	(25,188.67)
		-	-
10. Profit or (loss) on ordinary activities after tax		21,769.46	61,417.10
17. Profit or (loss) for the financial year		21,769.46	61,417.10



BALANCE SHEET FOR THE ACCOUNT OF THE STATE

AS AT 31.12.2015 AND 31.12.2014 IN EUR

	NOTE	31.12.2015	31.12.2014
ASSETS			
C. Investments			
III. Other Financial investments			
6. Deposits with credit institutions		11,698,322.57	11,726,494.03
		-	-
		11,698,322.57	11,726,494.03
TOTAL ASSETS		11,698,322.57	11,726,494.03
Off-balance sheet commitments for the account of the State		685,901.85	1,052,901.85

	NOTE	31.12.2015	31.12.2014
LIABILITIES			
A. Capital and reserves			
I. Subscribed capital	5.1	6,777,396.57	6,777,396.57
IV. Reserves	5.1	4,691,062.75	4,500,147.96
VI. Profit or (loss) for the financial year	5.1	(29,163.22)	190,914.79
		-	-
		11,439,296.10	11,468,459.32
C. Underwriting reserves			
I. Provision for unearned premiums		1,575.54	583.78
III. Provision for claims outstanding		257,450.93	257,450.93
		-	-
		259,026.47	258,034.71
TOTAL LIABILITIES		11,698,322.57	11,726,494.03

PROFIT AND LOSS ACCOUNT FOR THE ACCOUNT OF THE STATE AS AT 31.12.2015 AND 31.12.2014 IN EUR

	NOTE	31.12.2015	31.12.2014
I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance			
a) Gross premiums written	5.2	4,388.45	28,800.00
c) Change in gross provision for unearned premiums		(991.76)	6,476.75
		-	-
		3,396.69	35,276.75
2. Allocated investment return transferred from the non-technical account		10,078.61	118,344.35
4. Claims incurred, net of reinsurance			
a) Claims paid	5.2		
aa) Gross amount		0.00	0.00
bb) Reinsurers' share		0.00	0.00
b) Change in the provision for claims			
aa) Gross amount		0.00	0.00
bb) Reinsurers' share		0.00	0.00
		-	-
		0.00	0.00
7. Net operating expenses			
c) Administrative expenses	5.3	(49,357.59)	(41,602.55)
		-	-
		(49,357.59)	(41,602.55)
10. Balance on the technical account for non-life insurance Business		(35,882.29)	112,018.55
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for non-life insurance Business		(35,882.29)	112,018.55
3. Investment income	5.4	16,797.68	197,240.59
6. Allocated investment return transferred to the non-life technical account		(10,078.61)	(118,344.65)
		-	-
10. Profit or (loss) on ordinary activities after tax		(29,163.22)	190,914.79
17. Profit or (loss) for the financial year		(29,163.22)	190,914.79

NOTES TO THE ANNUAL ACCOUNTS

AS PER DECEMBER 31, 2015 (EXPRESSED IN EUR)

NOTE 1 – GENERAL INFORMATION

1.1. Constitution of the Office du Ducroire

The Office du Ducroire (hereinafter "ODL") was established under article 1 of the modified law of 25 November 1961.

ODL is a public institution and operates under the authority of the Ministry of Finance.

The financial year of ODL begins on January 1st and ends on December 31st.

1.2. Purpose of the Office du Ducroire

The purpose of ODL is to promote international economic and financial relations in the interest of Luxembourg, mainly by the acceptance of export, import and foreign investment risks.

To achieve its purpose, ODL may:

1. issue any guarantees necessary for the reduction of risks, in particular political, credit and financial risks, incurred by companies in carrying out their activities;
2. issue any guarantees necessary for the reduction of risks attached to foreign investments. These investments must contribute to the development of the economic and social situation of the host country and to its economic relations with Luxembourg;
3. issue any guarantees necessary for the reduction of foreign exchange risks, within the limits to be stipulated by Grand-Ducal Regulation;
4. exercise, in Luxembourg and abroad, allied or supplementary activities that will facilitate the attainment of its purpose;
5. accomplish any other tasks entrusted to it by laws or regulations or assigned by the Government in Council. These missions may be the subject of agreements to be entered into by the Government and ODL and to be approved by the latter's Committee.

It is in this capacity that ODL concluded in 2002 a Cooperation Agreement with the State to promote exports of goods and services through official support by:

- intervening in export credit transactions, subsidizing or stabilizing the interest rates of trade credits;
- granting a subsidy resulting in an increased discount of the interest rate applied to a trade credit. A negative interest rate may be envisaged. The subsidy consists in the difference between the subsidized rate and the financing costs, plus the bank commission;
- financing, under associated financing scheme, in whole or part, the concessional component (grant), linked in fact or in law to the non-concessional component (trade credit) of the transaction;
- contributing to the financing of a technical assistance scheme provided within the scope of export credit for local users of goods or services of Luxembourg origin;
- providing partial reimbursement of expenses incurred in the promotion of products of Luxembourg origin abroad or employee training.

ODL performs its activity:

- for the account of the State in the event that the operations provided for under 1) and 2) above entail risks, the seriousness and duration of which exceed its technical capabilities, but whose realization is considered opportune by the Government sitting in Council or in the accomplishment of the missions entrusted to it by Laws or Regulations described above;
- on its own account and without a State guarantee for operations which, by virtue of their nature, duration and intensity of the risk attached to them, are habitually guaranteed by companies acting not on behalf of the State or with a State guarantee;
- on its own account, and with a State guarantee under all other circumstances.

Article 17 of the Law of 24 July 1995 requires ODL to keep accounting records and prepare separate annual financial statements for each type of activity referred to above.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the statutory models applicable to insurance companies under the Law of 8 December 1994 relating to the annual and consolidated annual accounts of insurance and reinsurance companies subject to Luxembourg law. ODL respects, in terms of the establishment of technical provisions, the prudential rules of the law of 7 December 2015 on the insurance sector.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Comité du Ducroire its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

ODL makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ODL maintains its books in euro (EUR). Assets and liabilities expressed in currencies other than euro are translated at the exchange rate in force at the year-end date. Transactions in foreign currencies executed during the year are converted to euros at the exchange rate in force at the date of the transactions.

Operating income and expenses are attributed to the financial year following the principle of the accruals.

This means that:

- the portion of premiums written that cover commitments after the year-end date will not be recognised in the income for the year; only the portion of premiums corresponding to a term of coverage falling within the year in question – earned premiums – will be included as revenue;
- a claim will be included in the financial year as soon as an indicator – such as a late payment notified by an insured – indicates the possibility of compensation, not merely at the date of the actual disbursement of the compensation.

2.1. Investments

2.1.1 Investments in affiliated undertakings and participating interests

Investments in affiliated undertakings and participating interests held as Investments are valued at purchase price including the expenses incidental thereto. In case of durable depreciation in value, value adjustments are made in respect of investments, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not maintained if the reason for which the value adjustments were made has ceased to apply.

2.1.2 Shares and other variable-yield transferable securities and units in unit trusts

Securities for which ODL holds a capital guarantee from the bank have been valued at the acquisition value, increased by the pro-rate-temporis of the guaranteed fixed income. A value adjustment is deducted in case of durable loss at closing date. These value adjustments are not maintained if the reason for which these value adjustments were made has ceased to apply.

2.1.3 Debt securities and other fixed income transferable securities

Debt securities and other fixed income securities are carried at amortised cost. Premiums paid over the redemption value and discounts received in consideration of the redemption value are apportioned to the profit and loss account over the period to maturity. Specific value adjustments are made if an investment's amortised cost is lower than the market value. Value adjustments are not maintained if the reason for which these value adjustments were made has ceased to apply.

Market value corresponds to the last available quote on the valuation day for securities listed on a stock exchange or dealt in on another regulated market.

As at 31 December 2015, the Company made this accounting change for the financial statements providing reliable and more relevant information about the effects of transactions.

The impact of this accounting change is detailed in note 3.1.3

2.2. Reinsurers' share of technical provisions

Reinsurers' share of technical provisions includes actual or estimated amounts which, under contractual reinsurance arrangements, are the responsibility of the reinsurers.

As regards the provision for unearned premiums, the reinsurance amounts are calculated under the terms of the reinsurance contract.

2.3. Debtors

Debtors are recorded at nominal value. They are subject to value adjustments when their recovery is compromised.

2.4. Other assets

Tangible assets and stocks are valued at acquisition cost and are subject to the straight-line depreciation method. The normal anticipated useful life of fixed assets is five years.

Cash at bank and in hand are presented at nominal value.

2.5. Prepayment and accrued income

The accrued interest and rent entitlement include items that represent interest and rent that have been earned up to the balance sheet date but are not yet due.

The other prepayment and accrued income include other charges recorded during the year but relating to a subsequent financial year together with incomes relating to the exercise but only payable after the end of the latter.

2.6. Technical provisions

2.6.1 Provision for unearned premiums

Provision for unearned premiums includes the part of gross premiums written during the year to be allocated to the following year or subsequent years.

2.6.2 Provision for claims outstanding

Provision for claims outstanding represents a prudent estimate of ODL's liability for indemnities in cases where policyholders have reported late payments. The provision is calculated individually for each late payment and takes into account the risk category and the outstanding duration of each claim.

2.6.3 Equalisation provision

In accordance with the law of 7 December 2015 and the Grand-Ducal Regulation of 5 December 2007, ODL establishes in addition to the provisions guaranteeing the existing obligations at the balance sheet date, a provision for aggravated risks.

The provision for aggravated risks is calculated based of the calculation methods provided in the private insurance industry, by the legislation of the European Union and Luxembourg.

The provision for aggravated risks includes general and specific provisions laid down by ODL's Committee according to its risk assessment.

2.7. Provision for other risks and charges

Provision for other risks and charges includes the tax charge for the year for activities without the guarantee of the State by ODL.

2.8. Creditors

Creditors are recorded at the nominal value and expire during the next financial year.

2.9. Accruals and deferred income

Accruals and deferred income corresponds to income received during the financial year but relating to a subsequent financial year, as well as the charges incurred during the financial year but only payable in a subsequent financial year.

2.10. Earned premiums, net of reinsurance

Gross premiums written are recorded at the date of issuance of the invoice to the insured in application of insurance policy conditions and include all the amounts due during the year in respect of insurance contracts, regardless of whether these amounts relate wholly or in part to a subsequent year. At closing date, a reserve is recorded to allocate the transactions to the financial year.

Outward reinsurance premiums include all premiums paid or payable in respect of outward reinsurance contracts concluded by ODL.

2.11. Other technical income, net of reinsurance

This item includes net recoveries on claims paid, net of reinsurance, in direct insurance and reinsurance. These positions are evaluated at nominal value.

2.12. Claims incurred, net of reinsurance

Claims incurred net of reinsurance include amounts paid during the financial year, increased by the provisions for incurred and reported losses from the current financial year and reduced by the provision for incurred and reported claims from the previous year.

2.13. Net operating expenses

Acquisition costs comprise the costs incurred by the conclusion of insurance contracts.

Administrative expenses include the costs of premium collection, portfolio administration, management of bonuses and refunds, as well as accepted and ceded reinsurance. They also include staff costs and depreciation of furniture and equipment, except when they are included in the acquisition costs, claims incurred or investment charges.

2.14. Off balance sheet commitments

This item includes all of the claims covered by ODL as direct insurer and reinsurer.

NOTE 3 – ANALYSIS OF THE MOST IMPORTANT ITEMS RELATED TO THE ACCOUNT WITH STATE GUARANTEE

3.1. Investments

3.1.1 Investments in affiliated undertakings and participating interests

ODL holds on 31 December 2015 interests in the company NORTHSTAR EUROPE S.A. and in LUXEMBOURG FOR BUSINESS.

The movements on investments in affiliated undertakings and participating interests for the financial year are as follows:

	VALUE 01.01.2015	ADDITIONS / ALLOCATIONS	DISPOSALS / REVERSALS	VALUE 31.12.2015
Acquisition value	1,095,000.00	0.00	0.00	1,095,000.00
Value adjustments	(193,730.00)	(11,000.00)	151,258.00	(53,472.00)
Net value	901,270.00	(11,000.00)	151,258.00	1,041,528.00

3.1.2 Shares and other variable-yield transferable securities and units in unit trusts

The movements on shares and other variable-yield transferable securities and units in unit trusts for the financial year are as follows:

	VALUE 01.01.2015	ADDITIONS / ALLOCATIONS	DISPOSALS / REVERSALS	VALUE 31.12.2015
Acquisition value	2,999,999.09	9,991,060.46	0.00	12,991,059.55
Value adjustments	10,704.22	0.00	(852,775.80)	(842,071.58)
Net value	3,010,703.31	9,991,060.46	(852,775.80)	12,148,987.97

The market value of shares and other variable-yield transferable securities and units in unit trusts amounts as per 31 December 2015 to EUR 12,148,987.97.

3.1.3 Debt securities and other fixed income transferable securities

The movements on debt securities and other fixed income transferable securities for the financial year are as follows:

	VALUE 01.01.2015	ADDITIONS / ALLOCATIONS	DISPOSALS / REVERSALS	VALUE 31.12.2015
Acquisition value	106,796,715.50	22,973,250.00	(24,200,280.00)	105,569,685.50
Value adjustments	0.00	0.00	0.00	0.00
Discounts/Premiums	0.00	202,800.29	(19,176.09)	183,624.20
Net value	106,796,715.50	23,176,050.29	(24,219,456.09)	105,753,309.70

The cumulative impact of the accounting change, results in an increase in the net book value of EUR 183,624.20.

The market value of debt securities and other fixed income transferable securities amounts as per 31 December 2015 to EUR 108,139,286.00.

The bonds are valued considering Discounts/Premiums between the acquisition price and the nominal price. Discounts and premiums credited to the profit and loss account amount to EUR 19,176.09 (2014: USD 0.00) respectively USD 202,800.29 (2014: EUR 0.00).

Discounts not yet amortized and premiums not yet credited to the profit and loss account amount to USD 17,448.91 (2014: USD 278.76) and USD 118,139.21 (2014: USD 18,731.71) respectively.

3.2. Other assets

The gross values (1) and value adjustments (2) of tangible assets and stocks were as follows during the year:

	VALUE 01.01.2015	ADDITIONS / ALLOCATIONS	DISPOSALS / REVERSALS	VALUE 31.12.2015
Acquisition value (1)	106,531.05	0.00	0.00	106,531.05
Value adjustments (2)	(97,906.10)	(3,435.09)	0.00	(101,341.19)
Net value	8,624.95	(3,435.09)	0.00	5,189.86

3.3. Capital and reserves

Under Article 3.1) of the Law of 24 July 1995, the ODL's equity capital is made up of capital and reserves. The capital belongs to the State. The capital at the date of entry into force of the Law of 24 July 1995 amounted to LUF 1,600,000,000.00 (EUR 39,662,963.96). The capital may be increased through the capitalization of reserves or budget allocations.

As a result of a decision of the Committee of ODL ("the Committee") on 6 May 1999, the capital was converted to euros and increased from EUR 39,662,963.96 to EUR 40,000,000.00 through the capitalisation of reserves. Under Article 13 of the Organic Law of the Office du Ducroire, the Committee decided on the following financial transfers:

1. on 10 November 2005, the Committee approved an increase of capital, through the transfer of reserves from the account with a State guarantee to the capital account without a State guarantee by an increase of EUR 525,000.00 bringing the account from EUR 2,475,000.00 to EUR 3,000,000.00 ;
2. on 1 March 2007, the Committee approved the transfer of EUR 7,000,000.00 from reserves in the account with a State guarantee to reserves in the account without a State guarantee;

In 2008, the Government carried out a capital increase of ODL through a budget allocation of EUR 7,000,000.00 with a State guarantee, by allocation of the budget article 34.0.81.050 and in 2009 to an increase in the allocation on behalf of the State by EUR 5,000,000.00.

Capital and reserves movements for the financial year are broken down as follows :

	RESERVES (EUR)	RETAINED RESULTS (EUR)	PROFIT OR (LOSS) OF THE FINANCIAL YEAR (EUR)
Balance at 31.12.2014	47,227,395.42	0.00	(4,848,808.80)
Movements during the year			
Appropriation of results	(4,848,808.80)	0.00	4,848,808.80
Net result			(901,775.51)
Other movements			
Balance at 31.12.2015	42,378,586.62	0.00	(901,775.51)

3.4. Information related to premiums, claims, operating expenses and reinsurance.

	2015
Gross premiums written:	5,917,293.85
of which in direct insurance	4,847,631.68
of which in reinsurance	1,069,662.17
Gross earned premiums, net of reinsurance	3,673,882.41
Gross claims paid, net of reinsurance	(4,726,979.58)
Administrative expenses	(1,304,419.40)
Reinsurance balance	5,157,702.13

3.5. Administrative expenses

Under article 11 of the Grand-Ducal Regulation of 27 July 1997 giving effect to Articles 12 and 19 of the Law of 24 July 1995 relating to the Office du Ducroire, "the Office enters into a secretarial Agreement with the designated body, defining the conditions of reimbursement of remuneration costs applicable to personnel provided".

The designated body is the Chamber of Commerce. In 2015, this body invoiced EUR 345,514.55 (2014: EUR 434,979.93), inclusive of charges, for the reimbursement of personnel costs included in the operating expenses of the technical account of non-life insurance business.

Secondly, ODL subcontracts a portion of its management activity to Delcredre/Ducroire, Credimundi S.A and other agencies. In 2015, administrative expenses amounted to a total of EUR 649,366.17 (2014: EUR 386,284.06) included in the net operating expenses of the technical account of non-life insurance business.

The fees of the audit company included in operating expenses for the year 2015 are prorated to EUR 18,954.00 including tax (2014: EUR 11,902.50) for the account with State guarantee and relate solely to the auditing of annual accounts.

3.6. Investment income

Investment income is broken down as follows:

	2015	2014
Income deriving from investments	0.00	912,049.09
Income deriving from other investments	1,174,944.64	1,319,303.53
Profits deriving from the liquidation of investments	12,490.00	137,540.00
Readjustments on investments	151,258.00	527,920.00
Premiums	202,800.29	0.00
	1,541,492.93	2,896,812.62

3.7. Investment charges

Investment charges are broken down as follows:

	2015	2014
Investment management charges, including interest charges	(93,558.15)	(138,933.95)
Value adjustments on investments	(863,775.80)	33,948.27
Losses arising on liquidation of investments	(15,500.00)	(7,050.00)
Discounts	(19,176.09)	0.00
	(992,010.04)	(112,035.68)

NOTE 4 – ANALYSIS OF THE MOST IMPORTANT ITEMS RELATED TO THE ACCOUNT WITHOUT STATE GUARANTEE

4.1. Capital and reserves

Capital and reserves movements for the financial year are broken down as follows:

	RESERVES (EUR)	RETAINED RESULTS (EUR)	PROFIT OR (LOSS) OF THE FINANCIAL YEAR (EUR)
Balance at 31.12.2014	8,092,101.43	0.00	61,417.10
Movements during the year			
Appropriation of results	61,417.10	0.00	(61,417.10)
Net result			21,769.46
Balance at 31.12.2015	8,153,518.53	0.00	21,769.46

4.2. Provision for other risks and charges

The estimated tax charge at 31 December 2015 for activities without government guarantee is broken down as follows:

BREAKDOWN OF TAXATION PROVISIONS AS AT 31 DECEMBER 2015

DESCRIPTION	ACCRUAL	ADVANCES	BALANCE
Municipal Business Tax:			
• 2014 and 2015	6,088.00		6,088.00
Corporate Income Tax:			
• 2014 and 2015	28,132.24	(24,000.00)	4,132.24
TOTAL	34,220.24	(24,000.00)	10,220.24

4.3. Information related to premiums, claims, operating expenses and reinsurance

	2015
Gross premiums written:	308,986.10
• of which in direct insurance	308,986.10
• of which in reinsurance	0.00
Gross earned premiums, net of reinsurance	216,215.31
Gross claims paid, net of reinsurance	0.00
Administrative expenses	(87,917.18)
Reinsurance balance	(27,739.97)

4.4. Administrative expenses

Under article 11 of the Grand-Ducal Regulation of 27 July 1997 giving effect to Articles 12 and 19 of the Law of 24 July 1995 relating to the Office du Ducroire, "the Office enters into a secretarial Agreement with the designated body, defining the conditions of reimbursement of remuneration costs applicable to personnel provided".

The designated body is the Chamber of Commerce. In 2015, this body invoiced EUR 27,421.79 (2014: EUR 24,165.55), inclusive of charges, for the reimbursement of personnel costs included in the operating expenses of the technical account of non-life insurance business.

Secondly, ODL subcontracts a portion of its management activity to Delcredre/Ducroire, Credimundi S.A and other agencies. In 2015, administrative expenses amounted to a total of EUR 41,808.06 (2014: EUR 46,001.22) included in the operating expenses of the technical account of non-life insurance business.

The fees of the audit company included in operating expenses as per 31 December 2015 are prorated to EUR 1,053.00 including tax (2014: EUR 661.25) for the account with State guarantee and relate solely to the auditing of annual accounts.

4.5. Investment income

Investment income is broken down as follows:

	2015	2014
Income deriving from other investments	17,908.19	200,858.49
	17,908.19	200,858.49

NOTE 5 – ANALYSIS OF THE MOST IMPORTANT ITEMS FOR THE ACCOUNT OF THE STATE

5.1. Capital and reserves

Capital and reserves movements for the financial year are broken down as follows:

	RESERVES (EUR)	RETAINED RESULTS (EUR)	PROFIT OR (LOSS) OF THE FINANCIAL YEAR (EUR)
Balance at 31.12.2014	4,500,147.96	0.00	190,914.79
Movements during the year			
Appropriation of results	190,914.79	0.00	(190,914.79)
Net result			(29,163.22)
Balance at 31.12.2015	4,691,062.75	0.00	(29,163.22)

5.2. Information related to premiums, claims, operating expenses and reinsurance

	2015
Gross premiums written:	4,388.45
• of which in direct insurance	4,388.45
• of which in reinsurance	0.00
Gross earned premiums, net of reinsurance	3,396.69
Gross claims paid, net of reinsurance	0.00
Administrative expenses	(49,357.59)
Reinsurance balance	0.00

5.3. Administrative expenses

Under article 11 of the Grand-Ducal Regulation of 27 July 1997 giving effect to Articles 12 and 19 of the Law of 24 July 1995 relating to the Office du Ducroire, "the Office enters into a secretarial Agreement with the designated body, defining the conditions of reimbursement of remuneration costs applicable to personnel provided".

The designated body is the Chamber of Commerce. In 2015, this body invoiced EUR 27,421.79 (2014 : EUR 24,165.55), inclusive of charges, for the reimbursement of personnel costs included in the operating expenses of the technical account of non-life insurance business.

The fees of the audit company included in operating expenses as per 31 December 2015 are prorated to EUR 1,053.00 including tax (2014: EUR 661.25) for the account with State guarantee and relate solely to the auditing of annual accounts.

5.4. Investment income

Investment income is broken down as follows:

	2015	2014
Income deriving from other investments	16,797.68	197,240.59
	16,797.68	197,240.59



2. FINANCIAL SUPPORT FOR EXPORTS

BALANCE SHEET

AS AT 31.12.2015 AND 31.12.2014 IN EUR

	NOTE	31.12.2015	31.12.2014
CURRENT ASSETS			
Assets held at a bank			
Current bank accounts			
• BCEE current accounts		470,166.55	752,429.94
Bank fixed-term deposit accounts			
BCEE fixed-term deposit accounts		7,493,699.62	9,104,748.92
• Accruals and deferred income		0.00	0.00
TOTAL ASSETS		7,963,866.17	9,857,178.86

	NOTE	31.12.2015	31.12.2014
LIABILITIES			
Capital and reserves			
Government allocations			
• Government allocations	3	8,686,208.22	10,292,951.60
Provision for commitments			
Other provisions			
• Provision for financial support granted		1,293,089.17	1,222,178.11
Creditors			
• Costs payable		210,351.79	189,762.93
Final result of the year		(2,225,783.01)	(1,847,713.78)
TOTAL LIABILITIES		7,963,866.17	9,857,178.86
Value of repayable advances		1,317,798.25	1,322,083.81

PROFIT AND LOSS ACCOUNT

AS AT 31.12.2015 AND 31.12.2014 IN EUR

	31.12.2015	31.12.2014
CHARGES	(2,251,595.04)	(1,932,800.18)
Financial support provided		
Financial support for trade fairs	(1,630,660.02)	(1,814,373.68)
Costs of research or advisory costs	(96,825.59)	(114,316.33)
Design costs	(63,377.58)	(147,891.48)
Promotion costs (advertising)	(102,886.52)	(143,304.57)
Registration / Certification	(5,000.00)	(5,806.24)
Interest make-up scheme	(11,930.88)	(57,346.11)
Opening of representation offices	(47,500.00)	(51,437.50)
	-	-
	(1,958,180.59)	(2,334,475.91)
Other external charges		
Property leases	(14,100.30)	(14,172.55)
Administrative expenses	(42,047.33)	(38,645.61)
Travel expenses	(6,115.69)	(5,404.54)
Bank fees and commissions	(162.40)	(105.60)
	-	-
	(62,425.72)	(58,328.30)
Personnel costs		
Gross salaries	(148,077.67)	(130,493.98)
Directors' fees	(12,000.00)	(12,000.00)
	-	-
	(160,077.67)	(142,493.98)
Other operating costs		
Change in the other provisions (Provision for financial support granted)	(70,911.06)	602,498.01
	-	-
	(70,911.06)	602,498.01
INCOME	25,812.03	85,086.40
Recoveries of financial support		
Repayable advances	4,285.56	0.00
Interest make-up scheme	6,395.18	61,034.55
	-	-
	10,680.74	61,034.55
Other income and interest		
Interest on financial accounts	15,131.29	24,051.85
Interest on current accounts	0.00	0.00
	-	-
	15,131.29	24,051.85
FINAL RESULT OF THE YEAR	(2,225,783.01)	(1,847,713.78)

NOTES TO THE ANNUAL ACCOUNTS

AS PER DECEMBER 31, 2015 (EXPRESSED IN EUR)

NOTE 1 – GENERAL INFORMATION

1.1. Origin of the COPEL

The «Comité pour la promotion des exportations Luxembourgeoises» (hereinafter «COPEL») has been created by a cooperation agreement of 29 April 2002 between the Office du Ducroire (hereinafter «ODL») and the Government. The COPEL is attached to the ODL as a subcommittee.

1.2. Purpose of the COPEL

The purpose of the COPEL is to promote Luxembourg exports through official support in the form of partial reimbursement of expenses related to the promotion, export training, participation in trade fairs or direct participation in export financing.

To achieve its objective, the COPEL decides on the acceptability of the applications in light of the general criteria established by the Cooperation Agreement, namely:

- The transaction, respectively sustained activity must represent an interest for the Luxembourg economy;
- Official support must comply with OECD rules governing officially supported export credit and related credit aid;
- The official support must comply with EU competition rules.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The COPEL keeps its books in Euro (EUR) and uses the following accounting principles:

2.1. Assets held at a bank

The assets held at a bank are presented at nominal value.

2.2. Government allocation

Pursuant to the Cooperation Agreement of 19 April 2002, the Government allocations are granted to COPEL within the limits of the budget appropriations. These allocations are used exclusively for the objectives of COPEL.

2.3. Other provisions

Other provisions consist of financial support granted but not yet paid to the exporter. These commitments are carried at nominal value.

2.4. Creditors

The costs payable are valued at their nominal value and expire during the year.

2.5. Personnel costs

The gross salaries relate to the secretariat costs of the ODL attributable to COPEL.

NOTE 3 – GOVERNMENT ALLOCATIONS

	GOVERNMENT ALLOCATIONS (EUR)	FINAL RESULT OF THE YEAR (EUR)	TOTAL (EUR)
Balance at 31.12.2014	10,292,951.60	(1,847,713.78)	8,445,237.82
Movements during the year	240,970.40	0.00	240,970.40
Allocation of the balance	(1,847,713.78)	1,847,713.78	0.00
Balance for the year	0.00	(2,225,783.01)	(2,225,783.01)
Other movements			
Balance at 31.12.2015	8,686,208.22	(2,225,783.01)	6,460,425.21

NOTE 4 – OFF BALANCE SHEET COMMITMENTS

At the closing date, there are no off-balance sheet commitments.

3. AUDITOR'S REPORT

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Finance Minister
To the President of the Comité du Ducroire
And to the members of the Comité du Ducroire
OFFICE DU DUCROIRE
14, rue Erasme
L-1468 LUXEMBOURG

REPORT ON THE ANNUAL ACCOUNTS

Following our appointment, we have audited the accompanying annual accounts of the Office du Ducroire for the financial year ending on 31 December 2015. The annual accounts comprise the following:

- A separate balance sheet and a profit and loss account for each activity described in Article 2, paragraphs 1), 2) and 3) of the law of 24 July 1995;
- Notes to the annual accounts, which comprise a summary of significant accounting policies and other explanatory information;
- The balance sheet as at 31 December 2015, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information for the "Comité pour la Promotion des Exportations Luxembourgeoises" as described in the Article 6 of the convention between the Luxembourg Government and the Office du Ducroire dated 29 April 2002.

Responsibility of the Board of Directors for the annual accounts

The Comité du Ducroire is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts and for such internal control as the Comité du Ducroire determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Comité du Ducroire, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of the Office du Ducroire as of 31 December 2015, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Luxembourg, 20 June 2016

For MAZARS LUXEMBOURG,
Cabinet de révision agréé
10A, rue Henri M. Schnadt
L-2530 LUXEMBOURG

Amir CHAKROUN
Réviseur d'entreprises agréé



IV. ANNUAL REPORT **APPENDIX**

CORPORATE & SOCIAL RESPONSIBILITY

ODL is applying the following OCED guidelines:

- Recommendation on Common Approaches for the Officially Supported Export Credits and Environmental and Social Due Diligence
- Recommendation on Bribery and Officially Supported Export Credits
- Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to Low Income Countries

ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

Projects in the industrial sector have often consequences for the importing country's inhabitants and the environment. In order to prevent and mitigate adverse environmental and social impacts of projects, ODL complies with the OECD guidelines on environmental and social due diligence for export credits.

Therefore, ODL undertakes appropriate environmental and social reviews and assessments for those projects. All projects for which ODL receives an application and for which the contractual amount exceeds 10 million SDR, or which are located in an environmentally sensitive area, are classified according to their potential environmental and social impact. If the project has the potential to have significant adverse environmental and/or social impacts, which are diverse, irreversible or unprecedented it is classified in category A. If its potential impacts are less adverse, the project is classified as category B and in category C if it has a minimal or no potentially adverse environmental and/or social impact.

ODL requires an Environmental and Social Impact Assessment (ESIA) to be carried out for all projects classified in category A. ODL verifies whether the ESIA is complete and impartial and, if necessary, calls on external environmental experts when assessing the quality of the ESIA.

The category B projects for which there is no ESIA are compared to general standards of the International Finance Corporation (IFC) and the sectoral IFC health and safety standards. If the project does not fit into the IFC standards, any other internationally recognized standards, such as European Union standards, may be used. Based on the IFC standards or the European directive, mitigating measures will be agreed upon with the exporter.

All A and B projects and their ESIA's are published on ODL's website.

COMBATING BRIBERY

Under the terms of the OECD Convention on Combating Bribery, signed on 21 November 1997, Luxembourg has taken measures to criminalise acts involving bribery of foreign public officials, transposing the provisions of the Convention to Luxembourg law in the form of the Law of 15 December 2001.

The insurance application form therefore informs the policyholder of current legislation and requires an anti-bribery declaration, as defined under the OECD Convention.

To strengthen measures to combat bribery of foreign public officials, OECD members adopted a recommendation (OECD Recommendation on Bribery and Officially Supported Export Credits) on 14 December 2006.

The procedure is two-fold:

- **Anti-bribery declaration:**

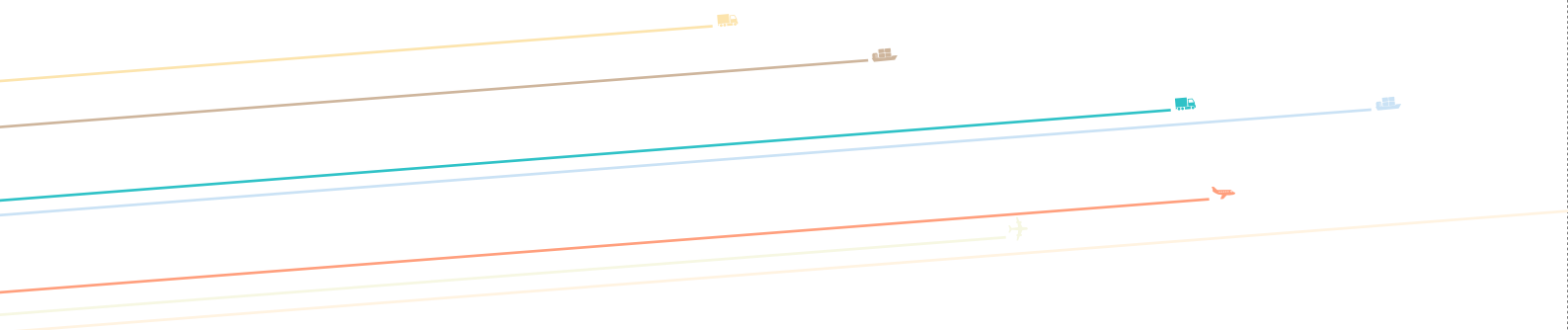
With each application of cover, the exporters and banks, must submit an anti-bribery declaration in which they declare that the commercial and/or financial contract was not or will not be concluded due to criminal acts on the part of any of its employees or anyone acting on its behalf. In addition they declare that neither the policyholder nor any person acting on his behalf is included on debarment lists accessible to the public and have not been prosecuted before a national court or, in the course of the five years preceding the application, been convicted by a national court or subject to equivalent national administrative measures for breach of the laws designed to combat bribery of foreign public officials in any country whatsoever.

- **Due diligence:**

If there should be any indication from the declaration or from other sources that bribery may have been involved, further investigation will be made by ODL. This focuses on the one hand on the internal measures, processes and structures put in place by the policyholder to prevent and combat bribery. On the other hand sales agents involved in the deal as well as commission and remuneration payments will be examined. If there are indications of bribery, the Secretariat will report these to the Committee who will decide what measures need to be taken.

SUSTAINABLE LENDING

ODL undertakes to promote only lending to Low Income Countries that supports a borrowing country's economic and social progress without endangering its financial future and long-term development prospects. In consequence, such lending should, inter alia, generate net positive economic returns, foster sustainable development by avoiding unproductive expenditures, preserve debt sustainability and support good governance and transparency.



OFFICE DU DUCROIRE
14, RUE ERASME - KIRCHBERG
L-1468 LUXEMBOURG
T +352 288 554 - 1
F +352 288 554 - 99
ODL@ODL.LU
WWW.ODL.LU

