



Annual Report
2014



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ONE-STOP SHOP FOR EXPORTERS

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I. THE OFFICE DU DUCROIRE

MESSAGE FROM THE CHAIRMAN

ORGANISATION AND MISSION OF THE OFFICE DU DUCROIRE (ODL) AND COPEL

COOPERATIONS AND PARTICIPATIONS

MESSAGE FROM THE CHAIRMAN

Dear Customers, Dear Exporters, Dear interested Readers,

On June 1st 2014 Mr. Etienne Reuter passed the torch of the presidency of the Luxembourg Export Credit Agency. I would like to seize this opportunity to pay tribute to his remarkable leadership and thank him for his relentless effort in support of Luxembourg's export industry.

I took over at particularly challenging times. Global growth in 2014 did not pick up as expected and economies around the globe continued struggling to gain momentum. ODL's key financial figures are a reflection of these trends. The total volume of insured exports decreased as demand lacked the stimulus of exceptionally large transactions that embellished the 2013 accounts. As a consequence, ODL will record a loss for the financial year 2014 as compared with a profit for the financial year ended 31 December in 2013.

The COPEL, which supports Luxembourg companies in their endeavour to discover new international market opportunities, has experienced a modest increase in disbursed amounts for financial support in 2014.

These headwinds are unfortunately expected to continue in the near term future as all major forecasters point towards a merely moderate rise in global growth. Against this background it is all the more important to stress that ODL has ample reserves to continue fulfilling its mission as a facilitator at the service of the Luxembourg export economy.

As the new President of ODL, I feel compelled to share a few of my own thoughts regarding the future strategy of ODL and upcoming new product lines we intend to offer our clientele. Our customers experience the changing banking regulatory climate first hand as they try to grow their business export into new markets or finance their operating activities. As such, demand for insurance products covering activities which in the past have been satisfied solely through relationship banks has increased. Here at ODL we want to be at the forefront of these developments and anticipate future expected credit-insurance demand. We are currently in negotiations with banks active in the domestic market place to develop credit insurance covering acquisitions of fixed assets to be used in the production process of export related goods. Further adaptations of the product portfolio should be expected as we engage with the financial sector and exporting companies. The aim is to catalyse financial sector support, crowd in Luxembourg banks and develop a framework for export-led growth.

During the Luxembourg presidency of the European Union we will discuss and address the specific needs of SMEs and push hard for innovations, inter alia, in the domain of trade finance. Luxembourg benefits from a well regulated and highly sophisticated financial sector able and willing to positively accompany the efforts of private enterprise. Yet that is not enough for export oriented companies who rely on similarly dynamic financial markets in the countries their goods and services are to be exported to. ODL stands ready to innovate, customize and catalyse.

Let me finally thank the team of dedicated employees at ODL who, in the short time that I had the pleasure to work with them, have impressed me with their motivation, problem solving skill and positive work ethic. I look forward to continue working with an ever-growing team of professionals whose dedication is only matched by the challenges ahead.

ARSÈNE JACOBY
Chairman

I. THE OFFICE DU DUCROIRE

ORGANISATION AND MISSION OF THE OFFICE DU DUCROIRE (ODL) AND COPEL ORGANISATION



COMMITTEE ODL

| | |
|-----------------------------|--|
| Mr Arsène JACOBY, Chairman | Ministry of Finance (since June 2014) |
| Mr Etienne REUTER, Chairman | Ministry of Finance (until May 2014) |
| Mr Gaston STRONCK | Ministry of Foreign and European Affairs (from July 2014) |
| Ms Sasha BAILLIE | Ministry of Foreign and European Affairs (until June 2014) |
| Mr Claude MAY | Ministry of Finance (since June 2015) |
| Mr Nima AHMADZADEH | Ministry of Finance (until June 2015) |
| Mr Pierre FRANCK | Ministry of the Economy and Foreign Trade |
| Mr Claude WIRION | Commissariat aux Assurances |
| Mr Carlo THELEN | Private sector |
| Mr Nicolas SOISSON | Private sector |
| Mr Frank WAGENER | Private sector |

COPEL (COMITÉ POUR LA PROMOTION DES EXPORTATIONS LUXEMBOURGEOISES)

| | |
|---------------------------|---|
| Mr André HANSEN, Chairman | 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 (since October 2014) |
| Mr Léon DELVAUX | Ministry of Foreign and European Affairs (until September 2014) |
| Mr Arsène JACOBY | Ministry of Finance (since June 2014) |
| Mr Etienne REUTER | Ministry of Finance (until May 2014) |

SECRETARIAT

| | |
|------------------------|------------------------------------|
| Ms Simone JOACHIM | Secretary General |
| Mr Francis Léon DONVEN | Deputy Secretary General |
| Mr Nelson TEIXEIRA | Account Manager |
| Ms Danielle WIRTZ | Account Manager |
| Ms Delia SCHOLTES | Account Manager |
| Ms Anne-Cécile ACHTEN | Legal Counsel |
| Mr Sohrab ZIAI | Account Manager (since April 2014) |

AUDITOR

Grant Thornton Lux Audit S.A.

**ORGANISATION AND MISSION
OF THE OFFICE DU DUCROIRE AND COPEL**
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.

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 incorporated the principles of social responsibility into its business model and is committed to contribute to a sustainable global development by supporting socially and ecologically sustainable projects.

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.

I. THE OFFICE DU DUCROIRE

COOPERATIONS AND PARTICIPATIONS

COOPERATION WITH THE PRIVATE SECTOR: WHOLE-TURNOVER POLICIES

ODL offers a wholeturnover policy (called Comprehensive policy (Police Globale)) for Luxembourg exporters repeatedly supplying 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 the 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 of all countries.

In 2014, ODL sold its shares of Trade Credit Re (TCRe) to Delcredere/Ducroire Belgium and is no longer a shareholder in this company specialized in "excess of loss" credit insurance.

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 2014, a new Reinsurance Agreement has been concluded with the Czech credit insurer (EGAP).

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



COOPERATIONS AND PARTICIPATIONS

OTHER PARTICIPATIONS :

In order to meet the needs of the 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 Ducreire (17%) and the SNCI (17%).

Northstar Europe structures ODL covered buyer credits for foreign buyers of European goods and services that respond to a recognized gap in credit markets.



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

ODL is also a founding member of "Luxembourg for Business", the Luxembourg trade promotion agency.



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 is participating 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. ACTIVITIES 2014

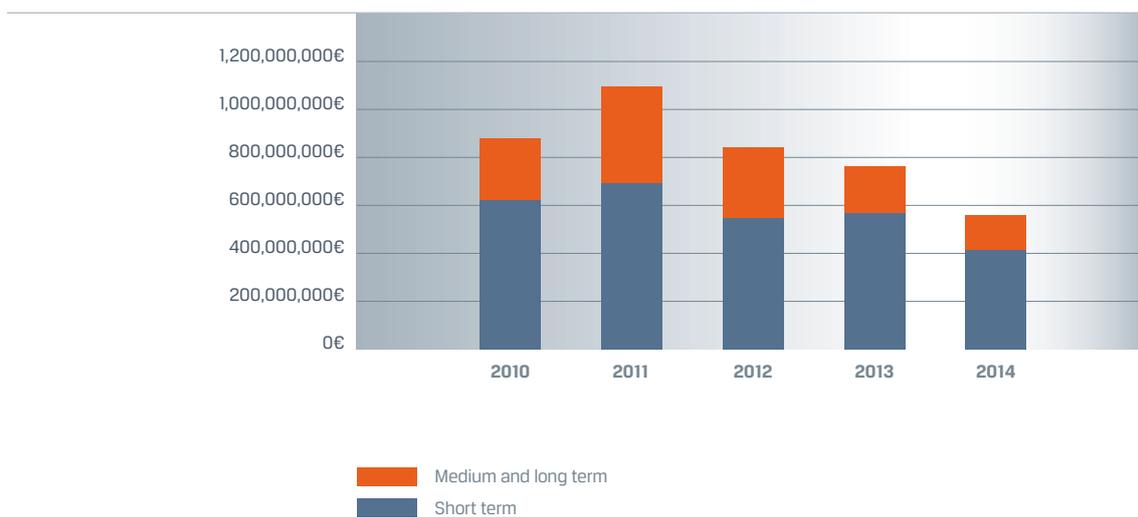
- 1) CREDIT INSURANCE
- 2) FINANCIAL SUPPORT FOR EXPORTS

1) CREDIT INSURANCE

KEY FIGURES OF 2014

| | |
|-------------------------------------|------------------|
| New transactions insured | 543,925,224.47 € |
| Written premium | 3,077,703.35 € |
| Earned premium, net of reinsurance | 3,537,870.88 € |
| Total commitments as of 31 December | 884,863,514.75 € |
| Claims paid | 8,088,843.54 € |
| Recoveries for claims paid | 855,558.83 € |

New transactions insured

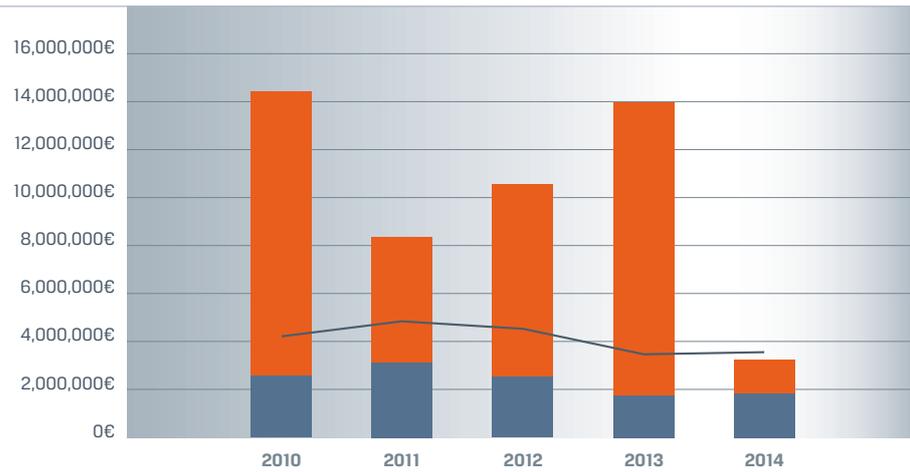


II. Activities 2014

1) CREDIT INSURANCE

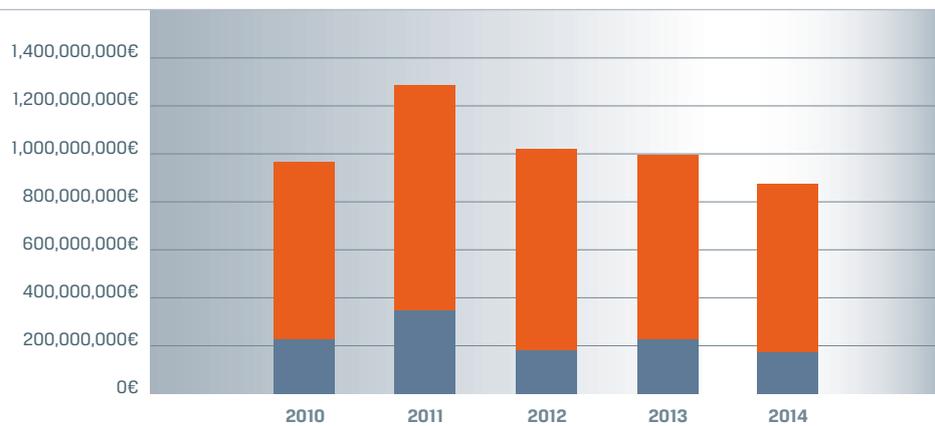
KEY FIGURES OF 2014

Written premium



Medium and long term
Short term
Earned premium

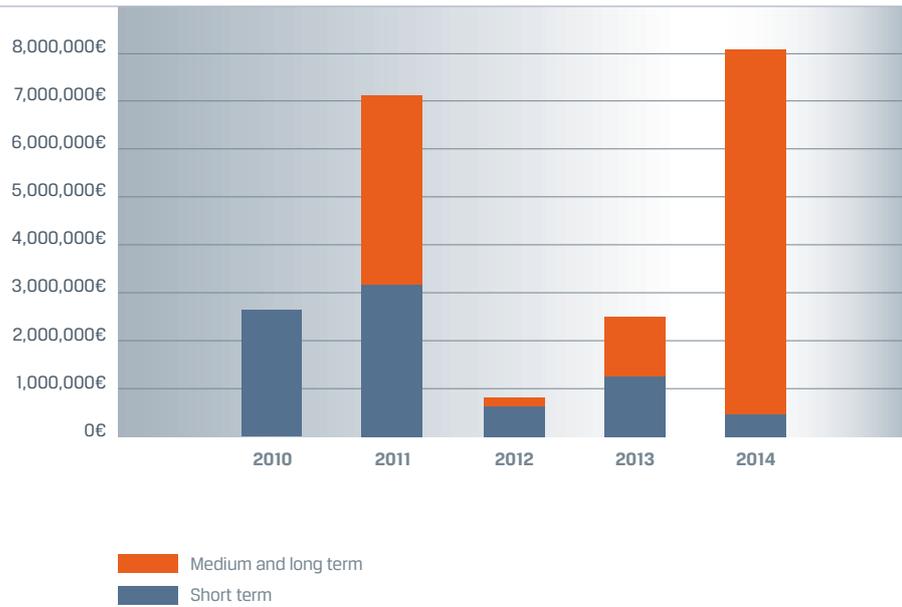
Commitments as of 31 December



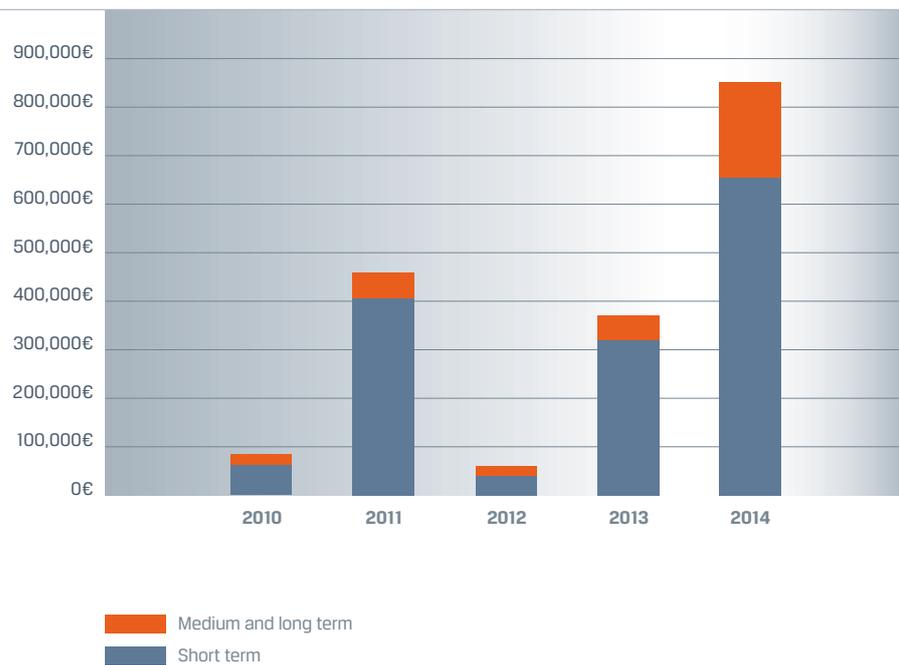
Medium and long term
Short term

1) CREDIT INSURANCE
KEY FIGURES OF 2014

Claims paid



Recoveries for claims paid



II. Activities 2014

1) CREDIT INSURANCE

1.1 SHORT-TERM BUSINESS

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 | |
|---------------------------------------|----------------------|---------|-------------------------|---------|---------|---------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| New transactions insured: | 364,055 | 454,109 | 42,342 | 119,758 | 406,397 | 573,867 |
| Written premium: | 1,618 | 1,538 | 129 | 311 | 1,747 | 1,849 |
| Reinsurers' share: | | | | | | |
| Insured transactions | 82,864 | 79,486 | 20,275 | 55,739 | 103,139 | 135,225 |
| Written premium | 452 | 360 | 56 | 115 | 508 | 475 |
| Commitments as of 31 December: | 146,444 | 202,100 | 16,121 | 33,157 | 162,565 | 235,257 |
| Claims paid: | 320 | 1,134 | 169 | 130 | 489 | 1,264 |
| Indemnities recovered: | 666 | 322 | 0 | 0 | 666 | 322 |

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 2014, ODL continued to manage the Individual Top Up policy for the account of the State. This policy was introduced by the Government and approved by the EU Commission in 2009.

| | |
|--|----------------|
| Number of companies having used the Top Up coverage | 4 |
| New transactions insured | 2,845,000.00 € |
| Commitments as of 31 December | 1,052,901.85 € |
| Written premium | 28,800.00 € |
| Claims paid | 0.00 € |

The exemption for short-term business to Greece has been extended by the European Commission until 30 June 2015.²

¹) Communication of the Commission applying to short-term export credit insurance (01/C392)

²) Communication of the Commission applying to short-term export credit insurance (2015/C28/01)

1) CREDIT INSURANCE

1.2 MEDIUM AND LONG-TERM BUSINESS

1.2. MEDIUM AND LONG-TERM BUSINESS

| in thousands of EUR | With State guarantee | | Without State guarantee | | For the account of the State | | Total | |
|---|----------------------|---------|-------------------------|------|------------------------------|------|---------|---------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| New transactions insured: | 114,271 | 201,755 | 20,412 | 0 | 0 | 0 | 134,683 | 201,755 |
| Number of transactions insured: | 88 | 113 | 20 | 0 | 0 | 0 | 108 | 113 |
| Written premium: | 1,123 | 12,073 | 178 | 0 | 0 | 0 | 1,301 | 12,073 |
| Reinsurers' share: | | | | | | | | |
| New transactions insured | 57,218 | 128,427 | 7,269 | 0 | 0 | 0 | 64,487 | 128,427 |
| Written premium | 626 | 8,872 | 57 | 0 | 0 | 0 | 683 | 8,872 |
| Commitments as of 31 December: | 709,688 | 762,303 | 11,557 | 0 | 0 | 0 | 721,245 | 762,303 |
| Offers of cover outstanding as of 31 December: | 73,197 | 40,257 | 3,180 | 0 | 0 | 0 | 76,377 | 40,257 |
| Claims paid: | 7,600 | 1,218 | 0 | 0 | 0 | 0 | 7,600 | 1,218 |
| Recoveries for claims paid: | 190 | 58 | 0 | 0 | 0 | 0 | 190 | 58 |

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 the 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 (pre-shipment risk) as well as the unfair calling of bank guarantees (bid bond, advance payment guarantee, performance guarantee) that are often required 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 the credit period, interest rate, down payment percentage and insurance premium.

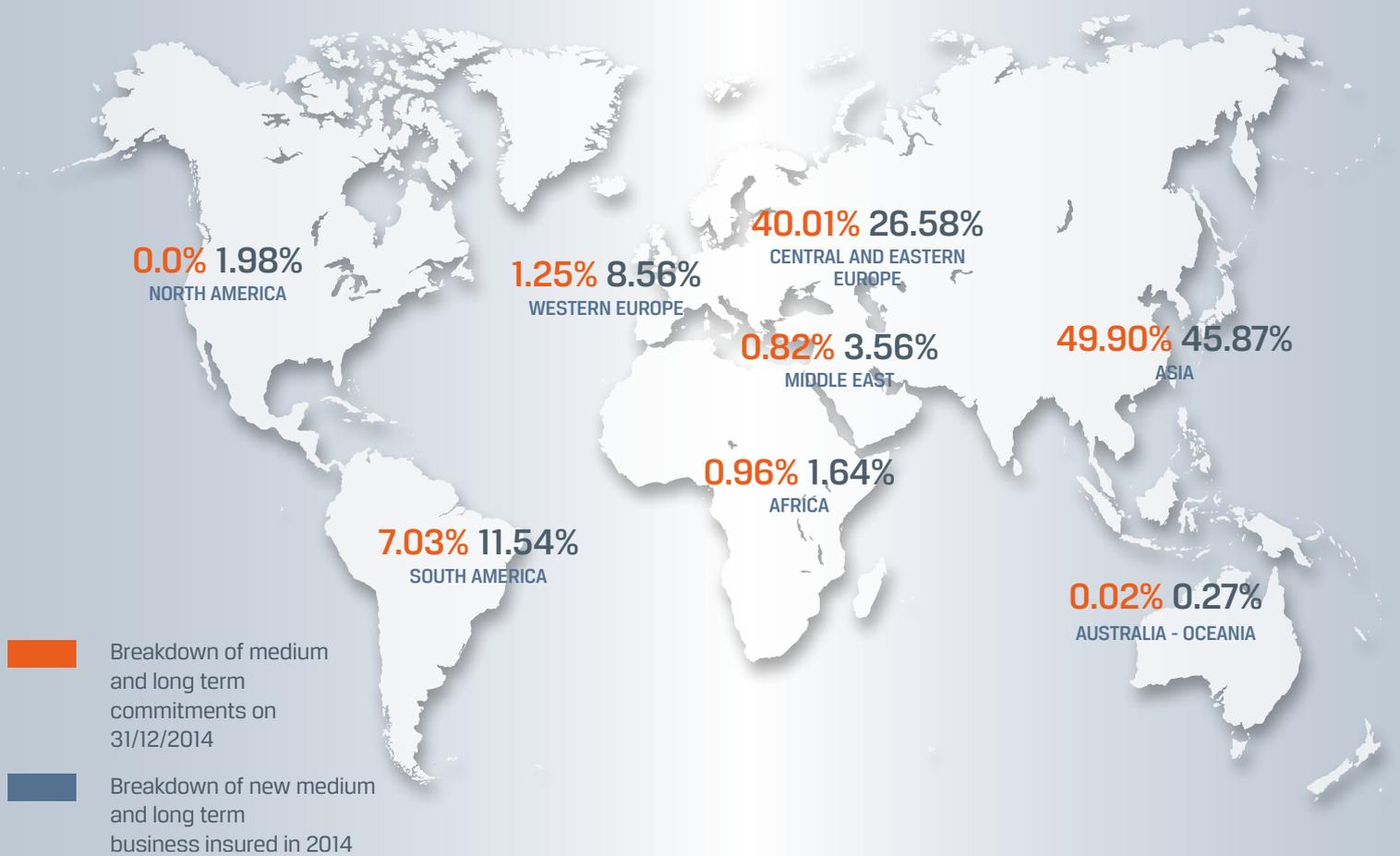
Coverage of medium and long-term business transactions is, in principle, backed by a guarantee from the Luxembourg State or insured directly for the account of the State if it relates

to risks whose severity and duration exceed the technical capabilities of ODL, but is nevertheless regarded as beneficial to the Luxembourg economy. A decision to cover a transaction for the account of the State is taken in a Government council meeting on the Committee's proposal. In 2014, no transaction was covered for the account of the State.

II. Activities 2014

1) CREDIT INSURANCE

1.2 MEDIUM AND LONG-TERM BUSINESS



1) CREDIT INSURANCE

1.2 MEDIUM AND LONG-TERM BUSINESS

SCHEDULE FOR MEDIUM AND LONG-TERM COMMITMENTS AS OF 31 DECEMBER 2014 (IN MILLIONS OF EUR)

| Total | Payment delay | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--------|---------------|--------|--------|-------|-------|-------|-------|-------|-------|-------|------|------|
| 884.86 | 21.94 | 382.87 | 109.59 | 92.69 | 81.42 | 63.45 | 48.16 | 43.15 | 17.08 | 10.58 | 9.33 | 4.61 |

The size of the Luxembourg economy and the sector breakdown of its exporting companies imply high-risk concentration on certain countries.

The three countries listed below represent 84% of ODL's overall medium- and long-term exposure as of 31 December 2014.

COUNTRY

India

Russia

South Korea

To limit the risk concentration, Delcredere/Ducroire (Belgium) reinsures a large proportion of Luxembourg exports. For Luxembourg exports containing a significant non Luxembourg content, ODL has reinsurance agreements in place with other ECAs.

ODL covers buyer credits put in place by Northstar 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 2014, ODL had issued offers of cover for contracts under negotiation amounting to 76,376,896.77 €.

II. Activities 2014

2) FINANCIAL SUPPORT FOR EXPORTS

Based on the Law of 24 July 1995 governing the Office du Ducroire and the decision of the Government of 30 November 2001 the Cooperation

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 to trade fairs, seminars and conferences as well as for consultancy services and export training.
- ▶ tied aid mechanisms like interest make-up scheme, direct grants or technical assistance.

OFFICIAL SUPPORT FOR EXPORT ACTIVITIES IS SUBJECT TO THE FOLLOWING CONDITIONS:

- ▶ interest for the Luxembourg economy.
- ▶ financial viability of the applicant.
- ▶ compliance with the Luxembourg legislation, with 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.

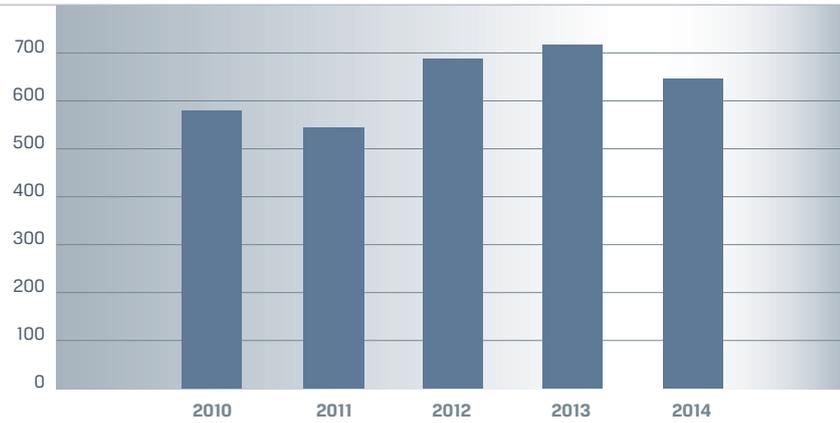
COPEL is composed of four civil servants (covering Foreign Trade, Foreign Affairs, Economy and Finance). The Committee analyses the applications and verifies the compliance with EU regulations and OECD provisions. Official support in excess of 500,000 € will be subject to the approval of the Government.

In total 2,277,129.80 € were disbursed in 2014. As of 31 December, commitments amounted to 1,222,178.11 €. Out of the 646 applications submitted, 32 were declined as ineligible for official support.

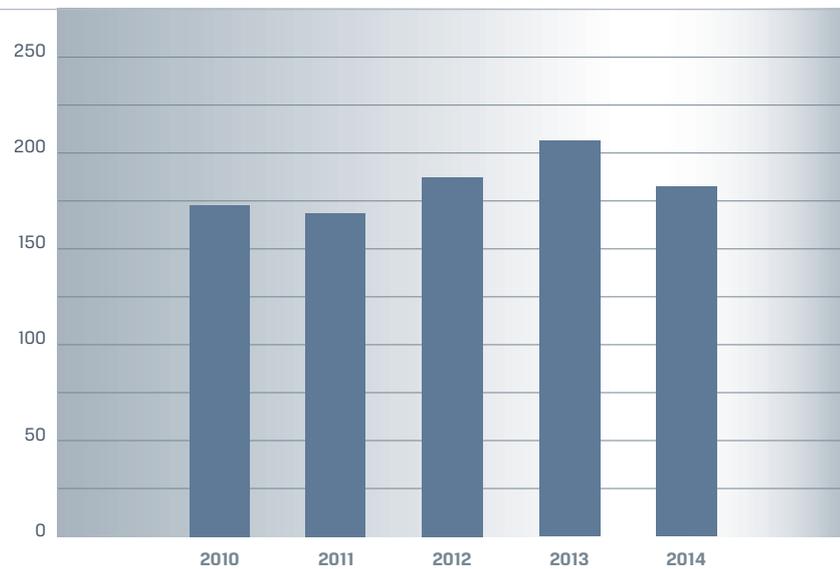
Under the Interest Make-Up scheme, ODL earned in 2014, 61,034.55 € and paid 57,346.11 €. Under this scheme the fixed rate guaranteed to the buyer is the Commercial Interest Reference Rate (CIRR). ODL's contribution is based on the difference between the CIRR and the interest rate at which banks refinance 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.

2) FINANCIAL SUPPORT FOR EXPORTS

Number of applications received

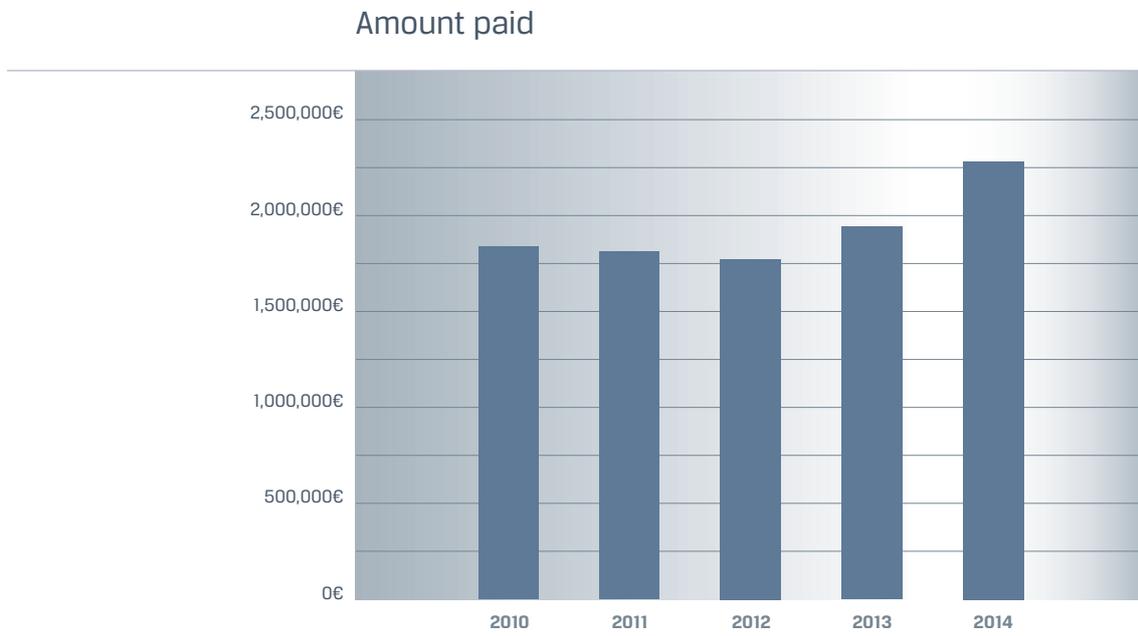


Number of companies



II. Activities 2014

2) FINANCIAL SUPPORT FOR EXPORTS





III. ANNUAL ACCOUNTS

- 1) CREDIT INSURANCE
- 2) FINANCIAL SUPPORT FOR EXPORTS

III. Annual accounts

1) CREDIT INSURANCE

BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

BALANCE SHEET FOR THE ACCOUNT WITH STATE GUARANTEE AS AT 31.12.2014 AND 31.12.2013 IN EUR

| | Note | 2014 | 2013 |
|---|-------|-----------------------|-----------------------|
| ASSETS | | | |
| C. Investments | | | |
| II. Investments in affiliated undertakings and participating interests | | | |
| 3. Participating interests | 3.1.1 | 901,270.00 | 3,081,412.08 |
| III. Other Financial investments | | | |
| 1. Shares and other variable-yield transferable securities and units in unit trusts | 3.1.2 | 3,010,703.31 | 2,921,755.04 |
| 2. Debt securities and other fixed income transferable securities | 3.1.3 | 106,796,715.50 | 106,036,115.50 |
| 6. Deposits with credit institutions | | 45,928,991.68 | 37,049,085.12 |
| | | 156,637,680.49 | 149,088,367.74 |
| E. Reinsurers' share of technical provisions | | | |
| I. Provision for unearned premiums | | 18,614,201.11 | 21,133,753.68 |
| III. Provision for claims outstanding | | 4,638,732.41 | 1,529,186.64 |
| | | 23,252,933.52 | 22,662,940.32 |
| F. Debtors | | | |
| I. Debtors arising out of direct insurance operations | | 372,918.34 | 10,215,278.20 |
| II. Debtors arising out of reinsurance operations | | 262,702.81 | 629,554.35 |
| | | 635,621.15 | 10,844,832.55 |
| G. Other assets | | | |
| I. Tangible assets and stocks | 3.2 | 8,624.95 | 1,248.70 |
| II. Cash at bank and in hand | | 499,328.81 | 1,789,237.76 |
| | | 507,953.76 | 1,790,486.46 |
| H. Prepayment and accrued income | | | |
| I. Accrued interest and rent | | 966,593.00 | 955,008.90 |
| III. Other prepayment and accrued income | | 3,623,068.85 | 648,689.07 |
| | | 4,589,661.85 | 1,603,697.97 |
| TOTAL ASSETS | | 185,623,850.77 | 185,990,325.04 |
| Off-balance sheet commitments for the account with State guarante | | 856,132,422.32 | 964,403,134.35 |

1) CREDIT INSURANCE

BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

BALANCE SHEET FOR THE ACCOUNT WITH STATE GUARANTEE AS AT 31.12.2014 AND 31.12.2013 IN EUR

| | Note | 2014 | 2013 |
|---|------|-----------------------|-----------------------|
| 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 | 47,227,395.42 | 46,742,453.85 |
| VI. Profit or (loss) for the financial year | 3.3 | (4,848,808.80) | 484,941.57 |
| | | 86,903,586.62 | 91,752,395.42 |
| C. Technical provisions | | | |
| I. Provision for unearned premiums | | 28,529,894.59 | 32,670,115.62 |
| III. Provision for claims outstanding | | 20,237,087.96 | 3,039,005.62 |
| V. Equalisation provision | | | |
| 2. Provision for aggravated risks | | 43,396,402.95 | 48,745,662.97 |
| | | 92,163,385.50 | 84,454,784.21 |
| E. Provision for other risks and charges | | | |
| 3. Other provisions | | 5,250.00 | 0.00 |
| | | 5,250.00 | 0.00 |
| G. Creditors | | | |
| I. Creditors arising out of direct insurance operations | | 4,307,414.01 | 92,751.73 |
| II. Creditors arising out of reinsurance operations | | 498,427.05 | 6,015,696.10 |
| V. Other creditors | | | |
| 2. Other | | 13,534.35 | 3,057.30 |
| | | 4,819,375.41 | 6,111,505.13 |
| H. Accruals and deferred income | | | |
| I. Other accruals | | 1,732,253.24 | 3,671,640.28 |
| | | 1,732,253.24 | 3,671,640.28 |
| TOTAL LIABILITIES | | 185,623,850.77 | 185,990,325.04 |

III. Annual accounts

1) CREDIT INSURANCE

BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

PROFIT AND LOSS ACCOUNT FOR THE ACCOUNT WITH STATE GUARANTEE AS AT 31.12.2014 AND 31.12.2013 IN EUR

| | Note | 2014 | 2013 |
|---|------|------------------------|-----------------------|
| I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS | | | |
| 1. Earned premiums, net of reinsurance | | | |
| a) Gross premiums written | 3.4 | 2,741,044.39 | 13,610,873.04 |
| b) Outward reinsurance premiums | | (1,063,020.89) | (9,224,394.30) |
| c) Change in gross provision for unearned premiums | | 4,140,221.03 | (7,565,130.72) |
| d) Change in the provision for unearned premiums, reinsurer's share | | (2,519,552.57) | 6,439,840.41 |
| | | 3,298,691.96 | 3,261,188.43 |
| 2. Allocated investment return transferred from the non-technical account | | | |
| | | 1,387,113.16 | 704,193.40 |
| 3. Other technical income, net of reinsurance | | | |
| | | 603,434.05 | 258,758.74 |
| 4. Claims incurred, net of reinsurance | | | |
| a) Claims paid | | | |
| aa) Gross amount | 3.4 | (7,920,100.89) | (2,351,891.54) |
| bb) Reinsurer's share | | 5,727,250.37 | 476,634.26 |
| b) Change in the provision for claims | | | |
| aa) Gross amount | | (17,198,082.34) | (1,805,224.57) |
| bb) Reinsurer's share | | 3,109,545.77 | 964,788.45 |
| | | (16,281,387.09) | (2,715,693.40) |
| 6. Bonuses and rebates, net of reinsurance | | | |
| | | (71,036.27) | (34,127.28) |
| 7. Net operating expenses : | | | |
| a) Acquisition costs | | (23,118.89) | (46,028.07) |
| c) Administrative expenses | 3.5 | (1,209,646.47) | (1,340,555.15) |
| d) Reinsurance commissions and profit participation | | 212,304.29 | 1,017,338.13 |
| | | (1,020,461.07) | (369,245.09) |
| 9. Change in equalisation provision | | | |
| | | 5,349,260.02 | (904,634.11) |
| 10. Balance on the technical account for non-life insurance Business | | | |
| | | (6,734,385.24) | 200,440.69 |
| III. NON-TECHNICAL ACCOUNT | | | |
| 1. Balance on the technical account for non-life insurance Business | | | |
| | | (6,734,385.24) | 200,440.69 |
| 3. Investment income | | | |
| | 3.6 | 2,896,812.62 | 1,448,814.14 |
| 5. Investment charges | | | |
| | 3.7 | (112,035.68) | (450,357.48) |
| 6. Allocated investment return transferred to the non-life technical account | | | |
| | | (1,387,113.16) | (704,193.40) |
| 7. Other income | | | |
| | | 520,037.58 | 124,827.52 |
| 8. Other charges, including value adjustments | | | |
| | | (32,124.92) | (134,589.90) |
| 10. Profit or (loss) on ordinary activities after tax | | | |
| | | (4,848,808.80) | 484,941.57 |
| 17. PROFIT OR (LOSS) FOR THE FINANCIAL YEAR | | | |
| | | (4,848,808.80) | 484,941.57 |



III. Annual accounts

1) CREDIT INSURANCE

BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

BALANCE SHEET FOR THE ACCOUNT WITHOUT STATE GUARANTEE AS AT 31.12.2014 AND 31.12.2013 IN EUR

| | Note | 2014 | 2013 |
|---|------|----------------------|----------------------|
| ASSETS | | | |
| C. Investments | | | |
| III. Other Financial investments | | | |
| 6. Deposits with credit institutions | | 12,501,748.73 | 12,347,919.67 |
| | | 12,501,748.73 | 12,347,919.67 |
| E. Reinsurers' share of technical provisions | | | |
| I. Provision for unearned premiums | | 16,013.24 | 8,380.60 |
| III. Provision for claims outstanding | | 39,801.90 | 29,401.56 |
| | | 55,815.14 | 37,782.16 |
| H. Prepayment and accrued income | | | |
| III. Other prepayment and accrued income | | 12,000.00 | 12,000.00 |
| | | 12,000.00 | 12,000.00 |
| TOTAL ASSETS | | 12,569,563.87 | 12,397,701.83 |
| Off balance-sheet commitments for the account without State guarantee | | 27,678,190.58 | 33,157,553.57 |

| | Note | 2014 | 2013 |
|--|------|----------------------|----------------------|
| LIABILITIES | | | |
| A. Capital and reserves | | | |
| I. Subscribed capital | 4.1 | 3,000,000.00 | 3,000,000.00 |
| IV. Reserves | 4.1 | 8,092,101.43 | 8,040,187.38 |
| VI. Profit or (loss) for the financial year | 4.1 | 61,417.10 | 51,914.05 |
| | | 11,153,518.53 | 11,092,101.43 |
| C. Technical provisions | | | |
| I. Provision for unearned premiums | | 55,779.62 | 46,590.85 |
| III. Provision for claims outstanding | | 79,603.81 | 106,189.93 |
| V. Equalisation provision | | | |
| 1. Balancing reserve | | 1,255,836.96 | 1,129,060.32 |
| | | 1,391,220.39 | 1,281,841.10 |
| E. Provisions for other risks and charges | | | |
| 2. Provision for taxation | 4.2 | 24,824.95 | 23,759.30 |
| | | 24,824.95 | 23,759.30 |
| TOTAL LIABILITIES | | 12,569,563.87 | 12,397,701.83 |

1) CREDIT INSURANCE

BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

PROFIT AND LOSS ACCOUNT FOR THE ACCOUNT WITHOUT STATE GUARANTEE AS AT 31.12.2014 AND 31.12.2013 IN EUR

| | Note | 2014 | 2013 |
|---|------|---------------------|---------------------|
| I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS | | | |
| 1. Earned premiums, net of reinsurance | | | |
| a) Gross premiums written | 4.3 | 307,858.96 | 311,484.28 |
| b) Outward reinsurance premiums | | (102,400.66) | (115,840.13) |
| c) Change in gross provision for unearned premiums | | (9,188.77) | (32,492.40) |
| d) Change in the provision for unearned premiums, reinsurer's share | | 7,632.64 | 1,479.54 |
| | | 203,902.17 | 164,631.29 |
| 2. Allocated investment return transferred from the non-technical account | | | |
| | | 120,515.09 | 118,191.88 |
| 3. Other technical income, net of reinsurance | | | |
| 4. Claims incurred, net of reinsurance | | | |
| a) Claims paid | | | |
| aa) Gross amount | 4.3 | (168,742.65) | (130,378.51) |
| bb) Reinsurer's share | | 16,438.35 | 65,204.11 |
| b) Change in the provision for claims | | | |
| aa) Gross amount | | 26,586.12 | 64,332.89 |
| bb) Reinsurer's share | | 10,400.34 | (55,859.85) |
| | | (115,317.84) | (56,701.36) |
| 6. Bonuses and rebates, net of reinsurance | | | |
| | | (4,598.73) | (6,930.24) |
| 7. Net operating expenses | | | |
| c) Administrative expenses | 4.4 | (89,360.41) | (138,125.90) |
| d) Reinsurance commissions and profit participation | | 17,898.73 | 30,940.04 |
| | | (71,461.68) | (107,185.86) |
| 9. Change in equalisation provision | | | |
| | | (126,776.64) | (115,098.79) |
| 10. Balance on the technical account for non-life insurance Business | | | |
| | | 6,262.37 | (3,093.08) |
| III. NON-TECHNICAL ACCOUNT | | | |
| 1. Balance on the technical account for non-life insurance Business | | | |
| | | 6,262.37 | (3,093.08) |
| 3. Investment income | | | |
| | 4.5 | 200,858.49 | 196,986.46 |
| 6. Allocated investment return transferred to the non-life technical account | | | |
| | | (120,515.09) | (118,191.88) |
| 8. Other charges, including value adjustments | | | |
| 9. Tax on profit or (loss) on ordinary activities | | | |
| | | (25,188.67) | (23,787.45) |
| 10. Profit or (loss) on ordinary activities after tax | | | |
| | | 61,417.10 | 51,914.05 |
| 17. PROFIT OR (LOSS) FOR THE FINANCIAL YEAR | | 61,417.10 | 51,914.05 |

III. Annual accounts

1) CREDIT INSURANCE

BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

BALANCE SHEET FOR THE ACCOUNT OF THE STATE AS AT 31.12.2014 AND 31.12.2013 IN EUR

| | Note | 2014 | 2013 |
|--|------|----------------------|----------------------|
| ASSETS | | | |
| C. Investments | | | |
| III. Other Financial investments | | | |
| 6. Deposits with credit institutions | | 11,726,494.03 | 11,542,055.99 |
| | | 11,726,494.03 | 11,542,055.99 |
| TOTAL ASSETS | | 11,726,494.03 | 11,542,055.99 |
| Off balance-sheet commitments for the account of the State | | 1,052,901.85 | 1,441,901.85 |

| | Note | 2014 | 2013 |
|---|------|----------------------|----------------------|
| LIABILITIES | | | |
| A. Capital and reserves | | | |
| I. Subscribed capital | 5.1 | 6,777,396.57 | 6,777,396.57 |
| IV. Reserves | 5.1 | 4,500,147.96 | 4,295,053.60 |
| VI. Profit or (loss) for the financial year | 5.1 | 190,914.79 | 205,094.36 |
| | | 11,468,459.32 | 11,277,544.53 |
| C. Underwriting reserves | | | |
| I. Provision for unearned premiums | | 583.78 | 7,060.53 |
| III. Provision for claims outstanding | | 257,450.93 | 257,450.93 |
| | | 258,034.71 | 264,511.46 |
| TOTAL LIABILITIES | | 11,726,494.03 | 11,542,055.99 |

1) CREDIT INSURANCE

BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

PROFIT AND LOSS ACCOUNT FOR THE ACCOUNT OF THE STATE AS AT 31.12.2014 AND 31.12.2013 EN EUR

| | Note | 2014 | 2013 |
|---|------|--------------------|--------------------|
| I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS | | | |
| 1. Earned premiums, net of reinsurance | | | |
| a) Gross premiums written | 5.2 | 28,800.00 | 44,983.90 |
| c) Change in gross provision for unearned premiums | | 6,476.75 | 535.43 |
| | | 35,276.75 | 45,519.33 |
| 2. Allocated investment return transferred from the non-technical account | | | |
| | | 118,344.35 | 123,030.85 |
| 4. Claims incurred, net of reinsurance | | | |
| a) Claims paid | 5.2 | | |
| aa) Gross amount | | 0.00 | 0.00 |
| bb) Reinsurer's share | | 0.00 | 0.00 |
| b) Change in the provision for claims | | | |
| aa) Gross amount | | 0.00 | 0.00 |
| bb) Reinsurer's share | | 0.00 | 0.00 |
| | | 0.00 | 0.00 |
| 7. Net operating expenses | | | |
| c) Administrative expenses | 5.3 | (41,602.55) | (45,476.39) |
| | | (41,602.55) | (45,476.39) |
| 10. Balance on the technical account for non-life insurance Business | | | |
| | | 112,018.55 | 123,073.79 |
| III. NON-TECHNICAL ACCOUNT | | | |
| 1. Balance on the technical account for non-life insurance Business | | | |
| | | 112,018.55 | 123,073.79 |
| 3. Investment income | | | |
| | 5.4 | 197,240.59 | 205,051.42 |
| 6. Allocated investment return transferred to the non-life technical account | | | |
| | | (118,344.35) | (123,030.85) |
| 10. Profit or (loss) on ordinary activities after tax | | | |
| | | 190,914.79 | 205,094.36 |
| 17. PROFIT OR (LOSS) FOR THE FINANCIAL YEAR | | | |
| | | 190,914.79 | 205,094.36 |

III. Annual accounts

1) CREDIT INSURANCE

NOTES TO THE ANNUAL ACCOUNTS AS PER DECEMBER 31, 2014

(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;

1) CREDIT INSURANCE

NOTES TO THE ANNUAL ACCOUNTS

AS PER DECEMBER 31, 2014 (Expressed in EUR)

- ▶ 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 08 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 6 December 1991 on the insurance sector.

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 prorata-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 transferable securities managed by ODL are valued at historic acquisition cost. At year-end, they are valued individually at the lowest of acquisition cost or market value. Value adjustments are deducted from the acquisition cost. Value adjustments, corresponding to the discrepancy between the acquisition cost and the market value, are not maintained if the reason for which these value adjustments were made has ceased to apply.

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1) CREDIT INSURANCE

NOTES TO THE ANNUAL ACCOUNTS AS PER DECEMBER 31, 2014

(Expressed in EUR)

Debt securities and other fixed income transferable securities under management from a particular financial institution are recorded at historic acquisition cost. Impairments made are subject to value adjustments to be deducted from the acquisition cost only in case of durable loss. Value adjustments corresponding to the difference between the acquisition cost and the market value are not maintained if the reason for which these value adjustments were made has ceased to apply.

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 Article 99 of the Law of 6 December 1991 on the insurance sector, 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.

1) CREDIT INSURANCE

NOTES TO THE ANNUAL ACCOUNTS
AS PER DECEMBER 31, 2014 (Expressed in EUR)

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 December 31, 2014 interests in the company NORTHSTAR EUROPE S.A. and in LUXEMBOURG FOR BUSINESS.

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1) CREDIT INSURANCE

NOTES TO THE ANNUAL ACCOUNTS AS PER DECEMBER 31, 2014

(Expressed in EUR)

During the year 2014, the interests held in TRADE CREDIT Re Insurance Company were sold.

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

| | VALUE 1.1.2014 | ADDITIONS / ALLOCATIONS | DISPOSALS / REVERSALS | VALUE 31.12.2014 |
|-------------------|---------------------|-------------------------|-----------------------|-------------------|
| Acquisition value | 3,748,062.08 | 0.00 | (2,653,062.08) | 1,095,000.00 |
| Value adjustments | (666,650.00) | (55,000.00) | 527,920.00 | (193,730.00) |
| Net value | 3,081,412.08 | (55,000.00) | (2,125,142.08) | 901,270.00 |

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 1.1.2014 | ADDITIONS / ALLOCATIONS | DISPOSALS / REVERSALS | VALUE 31.12.2014 |
|-------------------|---------------------|-------------------------|-----------------------|---------------------|
| Acquisition value | 2,999,999.09 | 0.00 | 0.00 | 2,999,999.09 |
| Value adjustments | (78,244.05) | 88,948.27 | 0.00 | 10,704.22 |
| Net value | 2,921,755.04 | 88,948.27 | 0.00 | 3,010,703.31 |

The market value of shares and other variable-yield transferable securities and units in unit trusts amounts as per 31 December 2014 to EUR 3,010,703.31.

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 1.1.2014 | ADDITIONS / ALLOCATIONS | DISPOSALS / REVERSALS | VALUE 31.12.2014 |
|-------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| Acquisition value | 106,036,115.50 | 4,760,600.00 | (4,000,000.00) | 106,796,715.50 |
| Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 |
| Net value | 106,036,115.50 | 4,760,600.00 | (4,000,000.00) | 106,796,715.50 |

The market value of debt securities and other fixed income transferable securities amounts as per 31 December 2014 to EUR 110,006,207.63.

3.2 OTHER ASSETS

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

| | VALUE 1.1.2014 | ADDITIONS / ALLOCATIONS | DISPOSALS / REVERSALS | VALUE 31.12.2014 |
|-----------------------|-----------------|-------------------------|-----------------------|------------------|
| Acquisition value (1) | 95,922.06 | 10,608.99 | 0.00 | 106,531.05 |
| Value adjustments (2) | (94,673.36) | (3,232.74) | 0.00 | (97,906.10) |
| Net value | 1,248.70 | 7,376.25 | 0.00 | 8,624.95 |

1) CREDIT INSURANCE

NOTES TO THE ANNUAL ACCOUNTS

AS PER DECEMBER 31, 2014 (Expressed in EUR)

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 01 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 | RETAINED RESULTS | PROFIT OR (LOSS) OF THE FINANCIAL YEAR |
|---------------------------------|----------------------|-------------------------|---|
| | EUR | EUR | EUR |
| Balance at 31.12.2013 | 46,742,453.85 | 0.00 | 484,941.57 |
| Movements during the year | | | |
| Appropriation of results | 484,941.57 | 0.00 | (484,941.57) |
| Net result | | | (4,848,808.80) |
| Other movements | | | |
| Balance at 31.12.2014 | 47,227,385.42 | 0.00 | (4,848,808.80) |

3.4 INFORMATION RELATED TO PREMIUMS, CLAIMS, OPERATING EXPENSES AND REINSURANCE

| | 2014 |
|---|----------------|
| Gross premiums written: | 2,741,044.39 |
| <i>of which in direct insurance</i> | 2,250,879.60 |
| <i>of which in reinsurance</i> | 490,164.79 |
| Gross earned premiums, net of reinsurance | 3,298,691.96 |
| Gross claims paid, net of reinsurance | (2,192,850.52) |
| Administrative expenses | (1,209,646.47) |
| Reinsurance balance | 5,466,526.97 |

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1) CREDIT INSURANCE

NOTES TO THE ANNUAL ACCOUNTS AS PER DECEMBER 31, 2014

(Expressed in EUR)

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 2014, this body invoiced EUR 434,979.93 (2013: EUR 356,368.85), 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 2014, administrative expenses amounted to a total of EUR 386,284.06 (2013: EUR 733,302.25) 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 2014 are prorated to EUR 11,902.50 including tax (2013: EUR 11,411.25) 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:

| | 2014 | 2013 |
|--|---------------------|---------------------|
| Income deriving from investments | 912,049.09 | 0.00 |
| Income deriving from other investments | 1,319,303.53 | 1,438,564.14 |
| Profits deriving from the liquidation of investments | 137,540.00 | 10,250.00 |
| Readjustments on investments | 527,920.00 | 0.00 |
| | 2,896,812.62 | 1,448,814.14 |

3.7 INVESTMENT CHARGES

Investment charges are broken down as follows:

| | 2014 | 2013 |
|---|---------------------|---------------------|
| Investment management charges, including interest charges | (138,933.95) | (135,670.00) |
| Value adjustments on investments | 33,948.27 | (140,752.48) |
| Losses arising on liquidation of investments | (7,050.00) | (173,935.00) |
| | (112,035.68) | (450,357.48) |

1) CREDIT INSURANCE

NOTES TO THE ANNUAL ACCOUNTS
AS PER DECEMBER 31, 2014 (Expressed in EUR)

**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 | RETAINED RESULTS | PROFIT OR (LOSS) OF THE FINANCIAL YEAR |
|---------------------------|-----------------|-------------------------|---|
| | EUR | EUR | EUR |
| Balance at 31.12.2013 | 8,040,187.38 | 0.00 | 51,914.05 |
| Movements during the year | | | |
| Appropriation of results | 51,914.05 | 0.00 | (51,914.05) |
| Net result | | | 61,417.10 |
| Balance at 31.12.2014 | 8,092,101.43 | 0.00 | 61,417.10 |

4.2 PROVISIONS FOR OTHER RISKS AND CHARGES

The estimated tax charge at 31 December 2014 for activities without government guarantee is broken down as follows:

BREAKDOWN OF TAXATION PROVISIONS AS AT 31 DECEMBER 2014

| DESCRIPTION | ACCRUAL | ADVANCES | BALANCE |
|------------------------------|------------------|--------------------|------------------|
| Municipal Business Tax: 2014 | 4,914.00 | | 4,914.00 |
| Corporate Income Tax: 2014 | 19,910.95 | (12,000.00) | 7,910.95 |
| TOTAL: | 24,824.95 | (12,000.00) | 12,824.95 |

4.3 INFORMATION RELATED TO PREMIUMS, CLAIMS, OPERATING EXPENSES AND REINSURANCE

| | 2014 |
|---|-------------------|
| Gross premiums written: | 307,858.96 |
| <i>of which in direct insurance</i> | <i>307,858.96</i> |
| <i>of which in reinsurance</i> | <i>0.00</i> |
| Gross earned premiums, net of reinsurance | 203,902.17 |
| Gross claims paid, net of reinsurance | (152,304.30) |
| Administrative expenses | (89,360.41) |
| Reinsurance balance | (50,030.60) |

III. Annual accounts

1) CREDIT INSURANCE

NOTES TO THE ANNUAL ACCOUNTS AS PER DECEMBER 31, 2014

(Expressed in EUR)

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 2014, this body invoiced EUR 24,165.55 (2013: EUR 41,925.75), 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 2014, administrative expenses amounted to a total of EUR 46,001.22 (2013: EUR 64,067.35) 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 2014 are prorated to EUR 661.25 including tax (2013: EUR 1,342.50) 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:

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Income deriving from other investments | 200,858.49 | 196,986.46 |
| | 200,858.49 | 196,986.46 |

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

5.1 CAPITAL AND RESERVES

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

| | RESERVES | RETAINED RESULTS | PROFIT OR (LOOS) OF THE FINANCIAL YEAR |
|---------------------------|--------------|------------------|--|
| | EUR | EUR | EUR |
| Balance at 31.12.2013 | 4,295,053.60 | 0.00 | 205,094.36 |
| Movements during the year | | | |
| Appropriation of results | 205,094.36 | 0.00 | (205,094.36) |
| Net result | | | 190,941.79 |
| Balance at 31.12.2014 | 4,500,147.96 | 0.00 | 190,914.79 |

1) CREDIT INSURANCE

NOTES TO THE ANNUAL ACCOUNTS

AS PER DECEMBER 31, 2014 (Expressed in EUR)

5.2 INFORMATION RELATED TO PREMIUMS, CLAIMS, OPERATING EXPENSES AND REINSURANCE

| | 2014 |
|---|------------------|
| Gross premiums written: | 28,800.00 |
| <i>of which in direct insurance</i> | <i>28,800.00</i> |
| <i>of which in reinsurance</i> | <i>0.00</i> |
| Gross earned premiums, net of reinsurance | 35,276.75 |
| Gross claims paid, net of reinsurance | 0.00 |
| Administrative expenses | (41,602.55) |
| 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 2014, this body invoiced EUR 24,165.55 (2013 : EUR 20,962.87), 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 2014, administration expenses amounted to a total of EUR 46,001.22 (2013 : EUR 64,067.35) 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 2014 are prorated to EUR 661.25 including tax (2013: EUR 671.25) 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:

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Income deriving from other investments | 197,240.59 | 205,051.42 |
| | 197,240.59 | 205,051.42 |

III. Annual accounts

2) FINANCIAL SUPPORT FOR EXPORTS

BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

BALANCE SHEET FOR COPEL AS AT 31.12.2014 AND 31.12.2013 IN EUR

| | Note | 2014 | 2013 |
|---|------|---------------------|----------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Assets held at a bank | | | |
| Current bank accounts | | | |
| BCEE current accounts | | 752,429.94 | 1,506,346.51 |
| Bank fixed-term deposit accounts | | | |
| BCEE fixed-term deposit accounts | | 9,104,748.92 | 10,230,697.07 |
| Accruals and deferred income | | 0.00 | 250,000.00 |
| TOTAL ASSETS | | 9,857,178.86 | 11,987,043.58 |

| | Note | 2014 | 2013 |
|---|------|---------------------|----------------------|
| LIABILITIES | | | |
| CAPITAL AND RESERVES | | | |
| Gouvernement allocations | | | |
| Gouvernement allocations | 3 | 10,292,951.60 | 12,346,596.18 |
| PROVISION FOR COMMITMENTS | | | |
| Other provisions | | | |
| Provision for financial support granted | | 1,222,178.11 | 1,824,676.12 |
| Creditors | | | |
| Costs payable | | 189,762.93 | 119,415.86 |
| Final result of the year | | (1,847,713.78) | (2,303,644.58) |
| TOTAL LIABILITIES | | 9,857,178.86 | 11,987,043.58 |
| Value of repayable advances: | | 1,322,083.81 | 1,322,083.81 |

2) FINANCIAL SUPPORT FOR EXPORTS

BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

PROFIT AND LOSS ACCOUNT FOR COPEL AS AT 31.12.2014 AND 31.12.2013 IN EUR

| | 2014 | 2013 |
|--|-----------------------|-----------------------|
| CHARGES | (1,932,800.18) | (2,523,049.87) |
| FINANCIAL SUPPORT PROVIDED | | |
| Financial support for trade fairs | (1,814,373.68) | (1,394,289.92) |
| Costs of research or advisory costs | (114,316.33) | (205,084.18) |
| Export training costs | 0.00 | 0.00 |
| Design costs | (147,891.48) | (145,579.76) |
| Promotion costs (advertising) | (143,304.57) | (132,404.59) |
| Registration / Certification | (5,806.24) | 0.00 |
| Technical assistance | 0.00 | (42,120.00) |
| Interest make-up scheme | (57,346.11) | (115,541.96) |
| Opening of representation offices | (51,437.50) | (20,000.00) |
| Provision for financial support granted | 602,498.01 | (340,739.23) |
| | (1,731,977.90) | (2,395,759.66) |
| OTHER EXTERNAL CHARGES | | |
| Property leases | (14,172.55) | (10,842.74) |
| Administrative expenses | (38,645.61) | (12,003.37) |
| Travel expenses | (5,404.54) | (2,883.64) |
| Bank fees and commissions | (105.60) | (468.25) |
| | (58,328.30) | (26,198.00) |
| PERSONNEL COSTS | | |
| Gross salaries | (130,493.98) | (89,092.21) |
| Directors' fees | (12,000.00) | (12,000.00) |
| | (142,493.98) | (101,092.21) |
| INCOME | 85,086.40 | 219,405.29 |
| RECOVERIES OF FINANCIAL SUPPORT | | |
| Repayable advances | 0.00 | 2,019.67 |
| Interest make-up scheme | 61,034.55 | 189,365.59 |
| | 61,034.55 | 191,385.26 |
| OTHER INCOME AND INTEREST | | |
| Interest on financial accounts | 24,051.85 | 27,994.42 |
| Interest on current accounts | 0.00 | 25.61 |
| | 24,051.85 | 28,020.03 |
| FINAL RESULT OF THE YEAR | (1,847,713.78) | (2,303,644.58) |

III. Annual accounts

2) FINANCIAL SUPPORT FOR EXPORTS

NOTES TO THE ANNUAL ACCOUNTS AS PER DECEMBER 31, 2014
(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.

2) FINANCIAL SUPPORT FOR EXPORTS

NOTES TO THE ANNUAL ACCOUNTS
AS PER DECEMBER 31, 2014 (Expressed in EUR)

NOTE 3 – GOVERNMENT ALLOCATIONS

| | GOVERNEMENT ALLOCATIONS | FINAL RESULT OF THE YEAR | TOTAL |
|---------------------------|----------------------------|-----------------------------|---------------------|
| | EUR | EUR | EUR |
| Balance at 31.12.2013 | 12,346,596.18 | (2,303,644.58) | 10,042,951.60 |
| Movements during the year | 250,000.00 | 0,00 | 250,000.00 |
| Allocation of the balance | (2,303,644.58) | 2,303,644.58 | 0.00 |
| Balance of the year | 0,00 | (1,847,713.78) | (1,847,713.78) |
| Other movements | | | |
| Balance at 31.12.2014 | 10,292,951.60 | (1,847,713.78) | 8,445,237.82 |

NOTE 4 – OFF BALANCE SHEET COMMITMENTS

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



Auditor's report

ON THE ANNUAL ACCOUNTS AS PER DECEMBER 31, 2014

AUDITOR'S REPORT

ON THE ANNUAL ACCOUNTS AS PER DECEMBER 31, 2014

To the Finance Minister
To the President of the Comité du Ducroire
And to the members of the Comité du Ducroire

7, rue Alcide de Gasperi
L-2981 LUXEMBOURG

REPORT OF THE REVISEUR D'ENTREPRISES AGREE**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 2014. 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) et 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 2014, 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 COMITÉ DU DUCROIRE 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 of the annual accounts, and for such internal control as the Comité du Ducroire determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITY OF THE REVISEUR 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 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 Réviseur d'Entreprises Agréé's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risks assessments, the Réviseurs 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 of 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 at 31 December 2014, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Luxembourg, June 15, 2015

Marco CLAUDE
Réviseur d'entreprises agréé
GRANT THORNTON LUX AUDIT S.A.



IV. APPENDIX

CORPORATE & SOCIAL RESPONSIBILITY

CORPORATE & SOCIAL RESPONSIBILITY

ODL IS APPLYING THE FOLLOWING OECD 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.

IV. Appendix

CORPORATE & SOCIAL RESPONSIBILITY

The procedure is two-folded:

▶ 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 in 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.





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