



2020

Annual Report



Annual Report 2020

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CHAPTER I

The Office du Ducroire

One-stop Shop for Exporters



Message from the Chairman

ARSÈNE JACOBY



**Dear Customers, Dear Exporters,
Dear interested Readers,**

According to STATEC, the National Institute of Statistics and Economic Studies of the Grand Duchy of Luxembourg, Luxembourg ended the year 2020 with a contraction in real GDP of only -1,3% which places the Grand Duchy among the countries of the euro zone and the EU that resisted the impact of the crisis relatively well. This preliminary STATEC result testifies to the solid fundamentals of the Grand Duchy's economy, which is characterised by a resilient and diversified socio-economic fabric that has adjusted rapidly to new working conditions, notably through the widespread use of teleworking and other adaptation measures. The smaller than initially expected contraction of 6% is also confirmation of the soundness of the various choices made by the Government in terms of health and economic policies. Looking ahead, our economy is forecasted to bounce back to a healthy 4% growth rate in 2021.

The pandemic reminded us all that Export Credit Agencies are essential shock absorbers that ensure liquidity in the international trading system. ODL, as the Luxembourg Credit Agency, contributed critically to cushion the effects of the COVID-19 crisis by, inter alia, introducing a reinsurance program for the private credit insurers. The scheme allowed us to maintain the credit limits throughout our system and prevented a major liquidity contraction thereby helping to support trade flows. During the crisis, ODL also increased the percentage of cover of limits and contracts and the percentage of insurance coverage for bank guarantees. We introduced import guarantees, reduced our reimbursement delay and claim period, and last but not least we made our bank loans insurance scheme more flexible. All these measures helped Luxembourg companies to trade internationally thereby mitigating the economic fallout caused by COVID-19.

However, beyond this more traditional role of countercyclical actor, ODL is ready to accompany its customers into the post-pandemic recovery period. We stand ready to support our customers in securing supply chains, facilitating restructuring and helping to re-open for business. In this context, our partnership with the private financial institutions is deemed of utmost importance. I would like to express my sincere gratitude for the long-term fruitful cooperation with our partner banks.

As we shift into a post-pandemic world the traditional role of ECAs will have to be re-assessed! Business as usual was yesterday. We need to be more in sync with the private market activity. The access to finance by smaller and medium-sized companies is clearly perfectible and I will make it a top priority to bridge that gap.

Finally, I would like to express my deepest gratitude to the hard-working and dedicated staff of ODL. This endeavor started more than 60 years ago and its ongoing success is evidence of the commitment of the women and men who are continuing to support our export community day in day out. On behalf of the entire Board of Directors of ODL, I would like to thank you for your unwavering support.

Corporate governance

WITH THE ENTERING INTO FORCE OF THE LAW FOR ODL, THE CORPORATE GOVERNANCE STRUCTURE CHANGED IN JANUARY 2020.

BOARD OF DIRECTORS

- ▲ **Mr Arsène JACOBY**, Chairman
Ministry of Finance
- ▲ **Mr Jean-Louis THILL**
Ministry of Foreign and European Affairs
- ▲ **Mr Pierre FRISCH**
Ministry of Finance
- ▲ **Mr André HANSEN**
Ministry of the Economy
- ▲ **Mr Claude WIRION** (until December 2020)
Commissariat aux Assurances
- ▲ **Mr Yves BAUSTERT** (since January 2021)
Commissariat aux Assurances
- ▲ **Ms Violaine MATHURIN** (until May 2020)
Private sector
- ▲ **Ms Cindy TEREBA** (since July 2020)
Private sector
- ▲ **Mr René WINKIN**
Private sector
- ▲ **Mr David ARENDT**
Private sector

CREDIT COMMITTEE

(since January 2021)

- ▲ **Mr Arsène JACOBY**, Chairman
- ▲ **Mr Pierre FRISCH**
- ▲ **Mr Hugo WOESTMANN**

LEGAL COMMITTEE

(since January 2021)

- ▲ **Mr David ARENDT**, Chairman
- ▲ **Mr Michel LEESCH**
- ▲ **Mr Tom LOESCH**

AUDIT AND BUDGET COMMITTEE

(since January 2021)

- ▲ **Mr Claude WIRION**, Chairman
- ▲ **Mr Arsène JACOBY**
- ▲ **Mr Pierre KRIER**

COPEL

(Comité pour la promotion des exportations luxembourgeoises)

- ▲ **Mr André HANSEN**, Chairman
Ministry of the Economy
- ▲ **Mr Max FISCHBACH**
Ministry of the Economy
- ▲ **Mr Arsène JACOBY**
Ministry of Finance
- ▲ **Mr Michel LEESCH**
Ministry of Foreign and European Affairs
- ▲ **Mr Gilles Scholtus** (since January 2020)
Ministry of Small and Medium-sized Enterprises

MANAGEMENT

- ▲ **Ms Simone JOACHIM**
CEO (since March 2020)
- ▲ **Ms Danielle WIRTZ**
Deputy CEO (since March 2020)
- ▲ **Ms Anne-Cécile ACHTEN**
Legal Counsel
- ▲ **Mr Charles-Emmanuel DE RIBAUCCOURT**
Credit Analyst
- ▲ **Mr Cristiano LEAL**
Accountant
- ▲ **Ms Nadine MARQUES**
Account Manager
- ▲ **Mr Nelson TEIXEIRA**
Account Manager

AUDITOR

- ▲ **Deloitte Audit**

NEW LAW OF DECEMBER 4, 2019

On January 1st, 2020 the new law for ODL (the "Law") entered into force. The Law disenfranchised ODL from the Chamber of Commerce and clarified, broadened and strengthened the mission and governance of ODL and integrated the Copel (Comité pour la promotion des exportations luxembourgeoises) into ODL.

The staff of ODL, previously working for the Chamber of Commerce, has been transferred to ODL. The management is headed by a CEO and a Deputy CEO who are in charge of the daily business. The Committee of ODL, who was previously responsible for the daily business operations and governance was replaced by a Board of Directors as the governing body of ODL. Three technical Committees were created in January 2021, the Credit Committee, the Legal Committee and the Audit and Budget Committee, to support and advise the management and the Board of Directors in their work. Based on the Law, the Board of Directors has passed resolutions to regulate the functioning of its meetings, the composition and functioning of Board, Committees and the delegated authority to the Management of ODL.

MISSION

ONE-STOP SHOP FOR EXPORTERS

ODL, a public institution created in 1961, supports Luxembourg exporters in their international development through:

- financial support for exports
- insurance facilities for exports, imports, investments
- insurance facilities for banks that finance the Luxembourg companies

ODL promotes Luxembourg exports of goods and services by granting financial support either as partial reimbursement of the costs related to the promotion of exports and the participation in trade fairs, or as advances repayable under certain conditions.

As an insurer, ODL covers Luxembourg exporting companies against the risk of non-payment of their customers / suppliers due to insolvency, payment default or due to political events such as the risk of currency transfer, war, revolutions, natural disasters, risk of expropriation or government action.

ODL also offers insurance facilities for banks that grant credit lines to Luxembourg exporters and /or that issue bank guarantees in favor of the customers of the Luxembourg companies. ODL covers the banks against the risk of default of the Luxembourg company, which creates leverage by allowing the bank to increase the credit lines without taking any additional risk.

ODL offers innovative products enabling it to respond to the needs of Luxembourg exporters in general but also the specific needs of SMEs and start-ups or whenever the private insurance market fails.

In the context of the pandemic, ODL has shown that it fulfils its mission even in challenging times and supports exporters during the crisis.

ODL, in close consultation with the Ministry of Finance, immediately implemented in April 2020 a package of important measures to strengthen its support to Luxembourg companies.

- increase of the percentage of cover of limits and contracts issued during the state of crisis in the context of export insurance;

- collaboration with the Mutualité de Cautionnement with the establishment of insurance for guarantees issued by the Mutualité, allowing them to increase their support capacity;
- flexibilisation of the "Bank loans insurance" which allows banks to partially reduce the risk of non-repayment of the loans they grant to Luxembourg exporters for the development of their international activities. In this context, ODL also softened the conditions applicable to this product, in particular by increasing the percentage of insurance and by broadening the definition of eligible bank loans;
- increase of the percentage of the insurance product for bank guarantees which is aimed at banks of Luxembourg exporters to ensure the guarantee line granted by the bank and inclusion of import guarantees in the field of insurance application;
- reduction of the claim period which allowed companies to be compensated more quickly in the event of a claim;
- reduction of the reimbursement delay for invoices paid in the context of financial support;
- reinsurance program of the private credit insurers: Under this reinsurance program, the credit insurers undertake to keep the credit limits that were actually used in the 12 months preceding March 1, 2020 as intact as possible until the end of June 2021. In this way, commercial relations and trade flows can be maintained. In exchange for this commitment, ODL, acting on behalf of the State, undertakes to reinsure the risks underwritten by the credit insurers. This program has been approved by the European Commission and will end on 30 June 2021.

All financial support and insurance facilities granted by ODL comply with national and international rules, regulations and laws.



CHAPTER II

Activities 2020

1. Credit Insurance
2. Financial Support for Exports



1. Credit Insurance

KEY FIGURES OF 2020

881.034.515 € | 505.528.016 €
2019

▲ NEW BUSINESS INSURED

16.796.118 € | 4.154.543 €
2019

▲ WRITTEN PREMIUM

10.878.155 € | 4.159.366 €
2019

▲ EARNED PREMIUM, NET OF REINSURANCE

780.406.587 € | 572.513.756 €
2019

▲ OUTSTANDING COMMITMENTS AS OF 31 DECEMBER

49.163.578 € | 8.494.944 €
2019

▲ CLAIMS PAID

1.441.537 € | 6.525.230 €
2019

▲ RECOVERIES FOR CLAIMS PAID

The business environment in 2020 was dominated by the global COVID-19 pandemic and the intervention measures adopted by governments to tackle it. As an export-oriented economy, Luxembourg companies were particularly impacted by the pandemic in the first half of the year.

The increase by 74% of the new business insured is partially the result of the insurance of two transactions financed by long-term export credits and partially the result of an increase in demand for ODL insurance and reinsurance due to the pandemic.

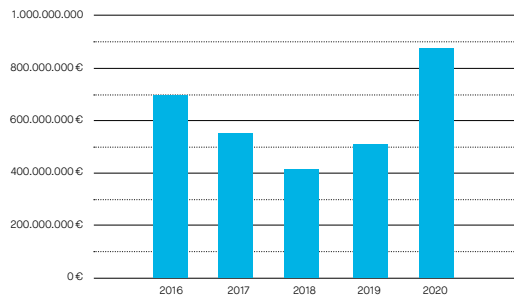
The increase of 400% of the written premium to 16,8 million euros reflects the increase of the MLT new business.

Overall 59% of the outstanding commitments are related to medium- and long-term export contracts, 25% to short-term export business, 12% to prefinancing contracts and only 4% to the insurance of bank loans and bank guarantees.

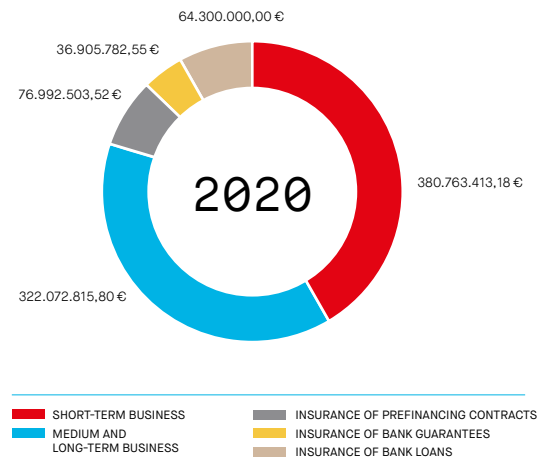
The highest commitment by country is to Turkey representing 22% of the outstanding commitment, followed by India and Russia.

ODL settled claims amounting to 49,2 million euros of which 45 million euros relate to losses already recognized in previous years. The largest settlement of 41 million euros relates to a medium- and long-term contract covered in India in 2013.

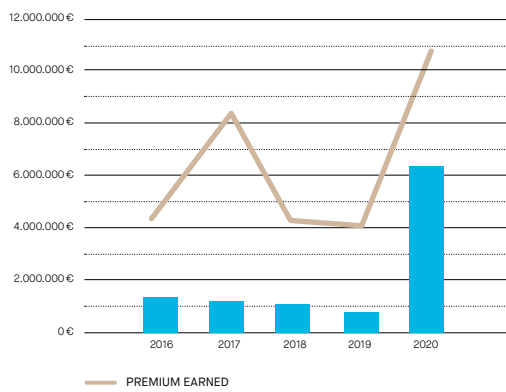
NEW BUSINESS INSURED



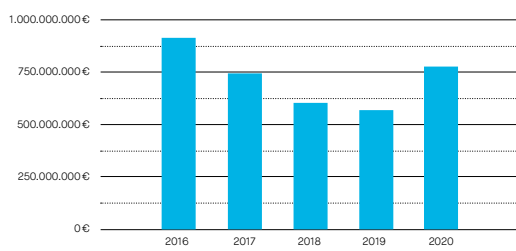
NEW BUSINESS INSURED



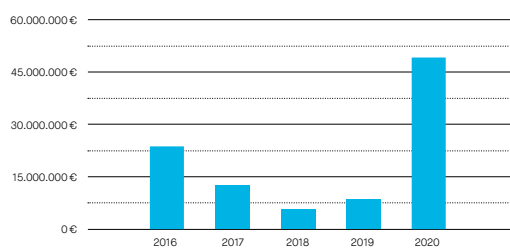
WRITTEN PREMIUM + EARNED PREMIUM



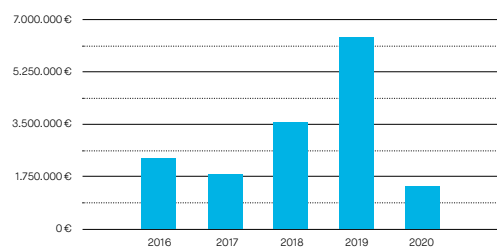
OUTSTANDING COMMITMENTS AS OF 31 DECEMBER



CLAIMS PAID



RECOVERIES FOR CLAIMS PAID



INSURANCE OF MEDIUM- AND LONG-TERM BUSINESS: EXPORT CONTRACTS

(IN THOUSANDS OF EUR)	WITH STATE GUARANTEE		WITHOUT STATE GUARANTEE		FOR THE ACCOUNT OF THE STATE		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
New business insured	309.203	150.183	12.807	18.698	0	0	322.010	168.881
Number of transactions insured	141	83	9	6	0	0	150	89
Written premium	8.817	2.555	66	129	0	0	8.883	2.684
Reinsurers' share								
New transactions insured	45.177	0	0	0	0	0	45.177	0
Written premium	3.284	25	0	0	0	0	3.284	25
Outstanding commitments								
as of 31 December	452.962	422.716	9.345	15.315	0	0	462.307	438.031
Offers of cover outstanding as of 31 December	55.083	71.882	0	0	0	0	55.083	71.882
Claims paid*	45.055	7.792	0	0	0	0	45.055	7.792
Recoveries for claims paid	1.150	6.331	0	0	0	0	1.150	6.331

*GROSS AMOUNT, BEFORE REINSURANCE

ODL offers a complete range of products to insure **Luxembourg exporters and their banks** against the risk of non-payment of their export contracts due to insolvency/ payment default of their customers or due to political events.

ODL covers exports of capital goods, industrial projects, general construction works and engineering services, with a completion period exceeding 12 months, that are either payable on a prorata basis according to deliveries made or the progress of work (**cash transactions**), or financed through credit over several years (**buyer credit/supplier credit**). For all repayment periods exceeding two years, 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) apply.

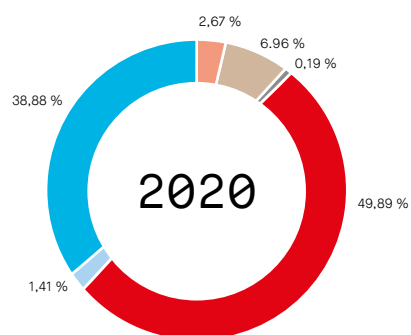
In a supplier credit, the Luxembourg exporter grants extended payment terms to its foreign buyer. Usually the credit is documented by bills of exchange/promissory notes drawn by the exporter and accepted by the buyer. The bill of exchange can be discounted by a bank, with or without recourse against the exporter.

In a buyer credit, the lending bank grants an export credit to the foreign buyer and the Luxembourg exporter can draw on the credit and receives cash payment for the execution of the commercial contract.

At the request of the lending bank and in addition to the buyer credit cover, ODL may grant an on demand guarantee, callable on first demand, to the refinancing bank. In the internal relationship between ODL and the lending bank, the Terms and Conditions of Buyer Credit policy remain applicable.

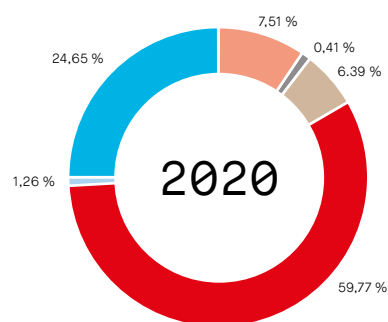
In addition to this coverage of non-payment risk, ODL can cover the **cancellation (pre-shipment)** risk as well as the **unfair calling of bank guarantees** (bid bond, advance payment guarantee, performance guarantee) that are often requested by the buyer in an export contract.

BREAKDOWN OF NEW MEDIUM AND LONG-TERM BUSINESS INSURED IN 2020



AFRICA
NORTH AMERICA
LATIN AMERICA
ASIA
AUSTRALIA-OCEANIA
EUROPE

BREAKDOWN OF MEDIUM AND LONG-TERM COMMITMENTS ON 31 DECEMBER 2020



AFRICA
NORTH AMERICA
LATIN AMERICA
ASIA
AUSTRALIA-OCEANIA
EUROPE

50% of the medium- and long-term business insured in 2020 relates to debtors located in Asia and 39% in Europe while 60% of the outstanding commitment on 31 December 2020

for medium – and long-term business relates to debtors located in Asia and 25% to debtors in Europe.

BREAKDOWN OF MEDIUM AND LONG-TERM OUTSTANDING COMMITMENTS (IN MILLIONS OF EUR)

TOTAL	PAYMENT DELAYS	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
462,31	90,49	231,02	42,88	22,64	14,38	9,65	9,02	8,59	8,31	8,01	6,27	7,44	3,61

The commitments take into account the percentage of cover and include the principal and estimated interest.

INSURANCE OF SHORT-TERM BUSINESS

(CREDIT TERMS UP TO 12 MONTHS)

Business for the account of ODL

(with or without State guarantee)

ODL insures Luxembourg exporters against the risk of non-payment of their customers located in non-marketable risks countries¹. These risks are covered with the guarantee of the State.

In case of failure of the private insurance market, ODL may cover exports to EU countries and core countries of the OECD (marketable risks). These risks are then covered without the guarantee of the Luxembourg State.

(in thousands of EUR)	WITH STATE GUARANTEE		WITHOUT STATE GUARANTEE		TOTAL	
	2020	2019	2020	2019	2020	2019
New business insured	76.175	103.893	8.679	44.289	84.854	148.182
Written premium	751	541	18	74	769	615
Reinsurers' share						
Insured transactions	0	6.903	0	0	0	6.903
Written premium	146	58	0	0	146	58
Commitments as of 31 December	18.069	26.472	0	11.963	18.069	38.435
Claims paid	132	361	0	215	132	576
Indemnities recovered	268	195	0	0	268	195

As a consequence of the COVID-19 outbreak, the European Commission noticed in March 2020 that there is a lack of sufficient private insurance capacity for short-term export-credits in general and considered all commercial and political risks associated with exports to the countries listed in the Annex to the Communication to short-term business as temporarily non-marketable until 31 December 2020². By its Communication of 13 October 2020, the Commission prolonged that temporary exception until 30 June 2021.

As from April 2020 on, ODL has covered marketable and non-marketable short-term risks with the guarantee of the Luxembourg State.

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

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

² Communication from the Commission amending the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance, OJ C 1011, 28.3.2020, p. 1.

Business for the account of the State

Individual Top Up

In 2020, ODL continued to manage the Individual Top-Up policy for the account of the State. This program was launched by the Government during the financial crisis in 2008. It provides additional cover where full cover is not available under the exporter's private credit insurance policy due to the risk profile of the buyer or the country risk.

During the COVID pandemic, the demand for top-up cover increased considerably. As liquidity is a key risk driver in creditworthiness assessment, private credit insurers reduced credit limits, even for borrowers with acceptable solvency.

The top-up cover has enabled Luxembourg exporters to continue trading with their customers.

	2020	2019
Number of companies having used the Top Up coverage	7	6
New business insured	165.469.870 €	68.961.102 €
Outstanding commitments as of 31 December	44.372.510 €	22.072.864 €
Written premium	341.820 €	143.026 €
Claims paid	0 €	125.541 €

COVID 19: Reinsurance of short-term credit and surety risks

Following the amendment to the short-term export-credit communication of 28 March 2020, the European Commission considered all countries as non-marketable or as temporarily non-marketable risk countries. In this respect, the Luxembourg authorities have introduced a reinsurance program destined to complement a broader package of measures that aims at avoiding a systemic crisis in the Luxembourg economy. Under the reinsurance program managed by ODL, the credit insurers undertake to keep the credit limits that were used in the 12

months preceding March 1, 2020 as intact as possible until the end of June 2021. In this way, commercial relations and trade flows can be maintained. In return for this commitment, ODL, acting on behalf of the State, undertakes to reinsure the risks underwritten by the credit insurers.

The maximum loss coverage of the State was fixed at 145,17 million euros representing 0,58% of the total outstanding credit limits of EUR 25 billion euros.

	2020
Written premium	5.226.050 €
Outstanding commitments as of 31 December	130.502.131 €
Claims paid	1.399.387 €
Indemnities recovered	23.986 €

INSURANCE OF PREFINANCING CONTRACTS

ODL insures Luxembourg importers and traders against the risk of non-reimbursement of their advance payment in case of non-delivery of the ordered goods by the supplier located

in a non-marketable risk country. These risks are covered with the guarantee of the State.

	2020	2019
New business insured	76.992.503 €	84.050.178 €
Outstanding commitments as of 31 December	93.884.760 €	67.488.241 €
Written premium	1.711.265 €	643.724 €
Claims paid	2.576.655 €	0 €
Claims recovered	0 €	0 €

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. In the context of the COVID pandemic, the maximum percentage of cover has been increased to 85%.

The risks are covered with the guarantee of the State.

	2020	2019
New business insured	36.905.782 €	21.953.083 €
Outstanding commitments as of 31 December	10.898.165 €	1.236.771 €
Written premium	57.916 €	61.294 €
Claims paid	0 €	0 €

INSURANCE OF BANK LOANS

To complete its offer for banks, ODL introduced in 2019 a product called Insurance of bank loans. This insurance protects the bank against the risk of non-repayment of the loan by the Luxembourg exporting company and so enables the bank to grant higher credit lines.

ODL covers 50% of the amount of the bank loan. In the context of the COVID pandemic, the maximum percentage of cover has been increased to 85%

The risks are covered with the guarantee of the State.

	2020	2019
New business insured	64.300.000 €	13.500.000 €
Outstanding commitments as of 31 December	20.372.583 €	5.250.000 €
Written premium	186.327 €	35.062 €
Claims paid	0 €	0 €

2. Financial support for Exports

KEY FIGURES OF 2020

With the new law of ODL, the COPEL (Comité pour la promotion des exportations luxembourgeoises), has become the decision-making body of ODL for the granting of financial aid supporting the marketing activities of Luxembourg companies expanding internationally.

1.020.477 €

▲ AMOUNT PAID

675.329 €

▲ TOTAL COMMITMENTS AS OF 31 DECEMBER



RECEIVED



DECLINED



REQUESTING A FINANCIAL SUPPORT



SUPPORTED

▲ NUMBER OF APPLICATIONS



REQUESTING A FINANCIAL SUPPORT FOR THE 1ST TIME

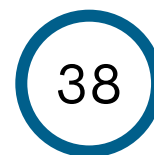


SUPPORTED FOR THE 1ST TIME

▲ NUMBER OF COMPANIES



REQUESTING A FINANCIAL SUPPORT

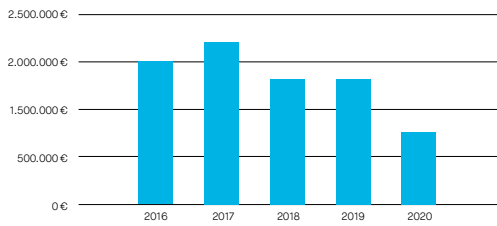


SUPPORTED

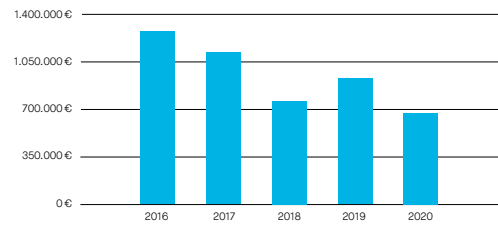
▲ NUMBER OF COMPANIES

▲ NUMBER OF YOUNG AND MICROCOMPANIES

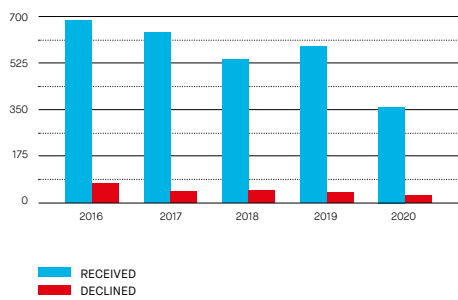
AMOUNT PAID



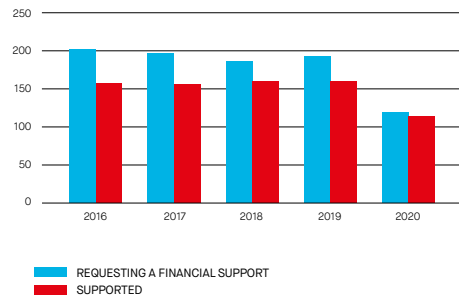
TOTAL COMMITMENTS AS OF 31 DECEMBER



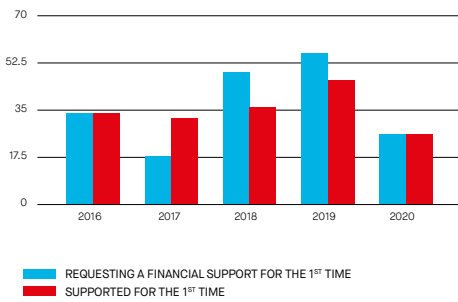
NUMBER OF APPLICATIONS



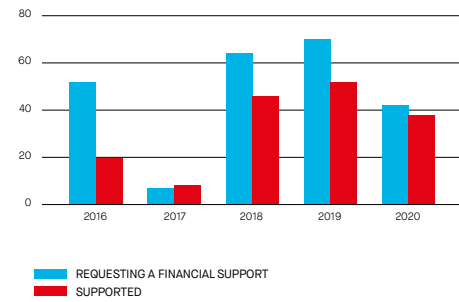
NUMBER OF COMPANIES



NUMBER OF COMPANIES-FIRST CONTACT



NUMBER OF YOUNG AND MICRO-COMPANIES



Since 2002, ODL partially reimburses the costs related to the design and the translation of promotional support, consultancy services and market studies, registration of trade brands and patents, advertising costs as well as the cost related to the participation to trade fairs.

In 2018, a new aid for "Digital marketing" was introduced to support digital tools used by exporting companies in order to promote their products and services internationally.

In 2020, the demand for the "Digital Marketing" aid has increased while the demand for all other types of aid have decreased significantly. The overall amount of aid paid out dropped from 1,8 million euros to 1 million. On the one hand, due to liquidity problems in the pandemic, many companies reduced their budget for promotional costs and on the other hand, most of the trade fairs were cancelled.

The aids granted are regulated by the law of December 4, 2019 on the Office du Ducroire Luxembourg and comply with European State aid regulations, in particular with the Commission Regulation called de minimis (with the actual ceiling of 200.000 EUR per company over a 3-year period).

CHAPTER III

Financial Statements

1. Credit Insurance
2. Financial Support for Exports
3. Auditor's Report





1. Credit Insurance

BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

Balance sheet for the account with state guarantee

AS AT 31.12.2020 AND 31.12.2019 IN EUR

	NOTE*	31.12.2020	31.12.2019
ASSETS			
C. Investments			
III. Other Financial investments			
1. Shares and other variable-yield transferable securities and units in unit trusts	3.1.2	11.808.559,37	9.904.393,37
2. Debt securities and other fixed income transferable securities	3.1.3	90.179.305,41	93.547.654,69
6. Deposits with credit institutions		1.388.009,66	19.222.873,77
		103.375.874,44	122.674.921,83
D. bis Subrogation and salvage	3.8	17.183.433,65	19.734.886,92
E. Reinsurers' share of technical provisions			
I. Provision for unearned premiums		4.326.653,65	1.948.850,71
III. Provision for claims outstanding		52.646.428,97	81.151.491,91
		56.973.082,62	83.100.342,62
F. Debtors			
I. Debtors from direct insurance transactions		2.159.627,93	1.344.985,09
II. Debtors from reinsurance transactions		20.143.509,13	235.066,09
III. Other Debtors		0,00	0,00
		22.303.137,06	1.580.051,18
G. Other assets			
I. Tangible assets and stocks	3.2	24.924,50	5.264,13
II. Cash at bank and in hand		13.126.068,24	22.979.147,18
		13.150.992,74	22.984.411,31
H. Prepayment and accrued income			
I. Accrued interest and rent		315.379,30	368.614,01
III. Other prepayment and accrued income		845.588,68	796.936,61
		1.160.967,98	1.165.550,62
TOTAL ASSETS		214.147.488,49	251.240.164,48

* The accompanying notes form an integral part of these annual accounts

	NOTE*	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
A. Capital and reserves			
I. Subscribed capital or equivalent funds	3.3	50.000.000,00	44.525.000,00
IV. Reserves	3.3	27.152.297,88	31.728.068,75
VI. Profit or (loss) for the financial year	3.3	(1.834.050,36)	899.229,13
		75.318.247,52	77.152.297,88
D Reinsurers' share of subrogation and salvage			
		12.485.198,82	14.339.042,59
C. Technical provisions			
I. Provision for unearned premiums		10.409.223,78	5.510.658,53
III. Provision for claims outstanding		88.174.540,31	121.983.198,65
V. Equalisation provision			
2. Equalisation provision		25.813.215,40	30.137.085,09
		124.396.979,49	157.630.942,27
E. Provisions for risk and liabilities			
III. Provision for recovery fees		30.342,47	411.410,54
G. Creditors			
	2.8		
I. Creditors arising from direct insurance transactions		174.335,28	3.547,39
II. Creditors from reinsurance transactions		305.858,36	256.818,19
V. Other Creditors			
2. Other		(18.696,47)	66.615,44
		461.497,17	326.981,02
H. Accruals and deferred income			
I. Other accruals		1.455.223,02	1.379.490,18
		1.455.223,02	1.379.490,18
TOTAL EQUITY AND LIABILITIES		214.147.488,49	251.240.164,48

* The accompanying notes form an integral part of these annual accounts

Profit and loss account for the account with state guarantee

AS AT 31.12.2020 AND 31.12.2019 IN EUR

	NOTE*	31.12.2020	31.12.2019
I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance			
a) Gross written premiums	3.4	11.144.451,77	3.807.768,69
b) Outward reinsurance premiums		(3.430.838,35)	(74.136,18)
c) Change in gross provision for unearned premiums		(4.898.565,25)	1.410.340,75
d) Change in the provision for unearned premiums, reinsurers' share		2.377.802,94	(1.330.227,69)
		5.192.851,11	3.813.745,57
2. Allocated investment return transferred from the non-technical account		106.071,82	448.258,09
3. Other technical income, net of reinsurance		19.665,71	3.301.377,62
4. Claims incurred, net of reinsurance			
a) Claims paid		(15.376.957,17)	(5.301.310,02)
aa) Gross amount		(47.764.191,19)	(8.153.944,27)
ab) Reinsurers' share		32.387.234,02	2.852.634,25
b) Change in the provision for claims		5.303.595,40	2.175.197,29
ba) Gross amount		33.808.658,34	2.874.479,57
bb) Reinsurers' share		(28.505.062,94)	(699.282,28)
	3.4	(10.073.361,77)	(3.126.112,73)
6. Bonuses and rebates, net of reinsurance		(119.667,66)	(100.486,08)
7. Net operating expenses			
a) Acquisition costs		(167.650,50)	(20.792,78)
c) Administrative expenses	3.5	(1.244.739,91)	(2.020.235,85)
d) Reinsurance commissions and profit participation		486.314,34	31.106,34
		(926.076,07)	(2.009.922,29)
9. Change in equalisation provision		4.323.869,69	(1.857.209,66)
10. Balance on the technical account for non-life insurance Business		(1.476.647,17)	469.650,52
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for non-life insurance Business		(1.476.647,17)	469.650,52
3. Investment income	3.6	446.264,66	895.712,12
5. Investment charges	3.7	(269.478,30)	(148.615,30)
6. Allocated investment return transferred to the non-life technical account		(106.071,82)	(448.258,09)
7. Other income		574,09	131.627,83
8. Other charges, including value adjustments		(428.691,82)	(887,95)
10. Profit or (loss) on ordinary activities after tax		(1.834.050,36)	899.229,13
17. Profit or (loss) for the financial year		(1.834.050,36)	899.229,13

* The accompanying notes form an integral part of these annual accounts



Balance sheet for the account without state guarantee

AS AT 31.12.2020 AND 31.12.2019 IN EUR

	NOTE*	31.12.2020	31.12.2019
ASSETS			
C. Investments			
III. Other Financial investments			
6. Deposits with credit institutions		12.890.541,95	12.864.855,40
		12.890.541,95	12.864.855,40
H. Prepayment and accrued income			
III. Other prepayment and accrued income			
		28.362,88	16.362,88
		28.362,88	16.362,88
TOTAL ASSETS		12.918.904,83	12.881.218,28

	NOTE*	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
A. Capital and reserves			
I. Subscribed capital	4.1	3.000.000,00	3.000.000,00
IV. Reserves	4.1	8.863.568,53	8.825.753,16
VI. Profit or (loss) for the financial year	4.1	296.698,99	41.550,57
		12.160.267,52	11.867.303,73
C. Technical provisions			
I. Provision for unearned premiums		3.596,25	34.789,08
III. Provision for claims outstanding		0,00	0,00
V. Equalisation provision			
1. Balancing reserve		568.205,59	919.104,11
		571.801,84	953.893,19
E. Provisions for other risks and charges			
2. Provision for taxation	4.2	136.270,38	15.473,90
		136.270,38	15.473,90
H. Accruals and deferred income			
1. Other accruals		50.565,09	44.547,46
TOTAL EQUITY AND LIABILITIES		12.918.904,83	12.881.218,28

* The accompanying notes form an integral part of these annual accounts

Profit and loss account for the account without state guarantee

AS AT 31.12.2020 AND 31.12.2019 IN EUR

	NOTE*	31.12.2020	31.12.2019
I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance			
a) Gross written premiums	4.3	83.796,49	203.748,93
b) Outward reinsurance premiums		0,00	0,00
c) Change in gross provision for unearned premiums		31.192,83	(4.961,42)
d) Change in the provision for unearned premiums, reinsurers' share		0,00	(2.199,77)
		114.989,32	196.587,74
2. Allocated investment return transferred from the non-technical account		9.368,43	40.183,65
3. Other technical income, net of reinsurance		0,00	0,00
4. Claims incurred, net of reinsurance			
a) Claims paid		0,00	0,00
aa) Gross amount		0,00	(215.459,31)
bb) Reinsurers' share		0,00	0,00
b) Change in the provision for claims			
aa) Gross amount		0,00	148.325,07
bb) Reinsurers' share		0,00	0,00
	4.3	0,00	(67.134,24)
6. Bonuses and rebates, net of reinsurance		(6.017,63)	(8.975,55)
7. Net operating expenses			
a) Acquisition costs		0,00	0,00
c) Administrative expenses	4.4	(57.988,78)	(64.463)
d) Reinsurance commissions and profit participation		0,00	1.465,32
		(57.988,78)	(63.008,31)
9. Change in equalisation provision		350.898,52	(83.285,88)
10. Balance on the technical account for non-life insurance Business		411.249,86	14.367,41
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for non-life insurance Business		411.249,86	14.367,41
3. Investment income	4.5	15.614,04	66.972,75
6. Allocated investment return transferred to the non-life technical account		(9.368,43)	(40.183,65)
9. Tax on profit or (loss) on ordinary activities		(120.796,48)	394,06
10. Profit or (loss) on ordinary activities after tax		296.698,99	41.550,57
17. Profit or (loss) for the financial year		296.698,99	41.550,57

* The accompanying notes form an integral part of these annual accounts

Balance sheet for the account of the state

AS AT 31.12.2020 AND 31.12.2019 IN EUR

	NOTE*	31.12.2020	31.12.2019
ASSETS			
C. Investments			
III. Other Financial investments			
6. Deposits with credit institutions		13.235.489,65	10.922.309,41
		13.235.489,65	10.922.309,41
TOTAL ASSETS		13.235.489,65	10.922.309,41

	NOTE*	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
A. Capital and reserves			
I. Subscribed capital	5.1	6.777.396,57	6.777.396,57
IV. Reserves	5.1	4.123.815,19	4.123.815,19
VI. Profit or (loss) for the financial year	5.1	2.312.356,93	(3.735,20)
		13.213.568,69	10.897.476,56
C. Underwriting reserves			
I. Provision for unearned premiums		0,00	2.444,00
III. Provision for claims outstanding		21.920,96	22.388,85
		21.920,96	24.832,85
TOTAL EQUITY AND LIABILITIES		13.235.489,65	10.922.309,41

* The accompanying notes form an integral part of these annual accounts

Profit and loss account for the account of the state

AS AT 31.12.2020 AND 31.12.2019 IN EUR

	NOTE*	31.12.2020	31.12.2019
I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance			
a) Gross written premiums	5.2	5.567.870,64	143.026,16
c) Change in gross provision for unearned premiums		2.444,00	6.007,25
		5.570.314,64	149.033,41
2. Allocated investment return transferred from the non-technical account			
		7.953,83	33.710,35
3. Other technical income, net of reinsurance			
		23.986,58	0,00
4. Claims incurred, net of reinsurance			
a) Claims paid			
aa) Gross amount		(1.399.387,21)	(125.541,28)
b) Change in the provision for claims			
aa) Gross amount		467,89	(22.388,85)
		(1.398.919,32)	(147.930,13)
7. Net operating expenses			
c) Administrative expenses	5.3	(1.896.281,35)	(61.022,39)
		(1.896.281,35)	(61.022,39)
10. Balance on the technical account for non-life insurance Business			
		2.307.054,38	(26.208,76)
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for non-life insurance Business			
		2.307.054,38	(26.208,76)
3. Investment income			
	5.4	13.256,38	56.183,91
6. Allocated investment return transferred to the non-life technical account			
		(7.953,83)	(33.710,35)
10. Profit or (loss) on ordinary activities after tax			
		2.312.356,93	(3.735,20)
17. Profit or (loss) for the financial year			
		2.312.356,93	(3.735,20)

* The accompanying notes form an integral part of these annual accounts



NOTES TO THE ANNUAL ACCOUNTS

AS AT 31 DECEMBER 2020 (EXPRESSED IN EUR)

Note 1 – General Information related to all accounts

1. Mission of the Office du Ducroire

The Office du Ducroire (hereinafter "ODL"), established in 1961, is the official Luxembourg Export Credit Agency. It is an institution under public law placed under the authority of the Ministry of Finance.

ODL's mission is to promote the international development of Luxembourg companies by insuring the risks of economic losses linked to their activity of import and export, their investments abroad as well as by granting financial aid for their marketing activities outside of Luxembourg.

The significant accounting requirements for ODL are presented in the law for ODL of 4 December 2019. In accordance to article 29 of the Law of 4th of December 2019, ODL presents separate balance sheet at closing date and profit and loss account for the year then ended, for each type of activity:

1. insurance activity for the account of ODL with State guarantee;
2. insurance activity for the account of ODL without State guarantee;
3. insurance activity for the account of the State;
4. financial aid for exports.

ODL does not prepare consolidation financial statements.

ODL carries out the following insurance activities:

- for the account of the State and with the approval of the council of Government, if the risks exceed ODL's technical possibility in terms of tenor or intensity.
- on its own account and without a State guarantee if the risks are considered marketable by the Communication on short term business of the European Commission.
- on its own account, and with a State guarantee under all other circumstances.

The "financial aid activity" is presented separately for the account of the State.

Note 2 – Summary of the accounting principles for the insurance activities

The accounting and valuation principles for ODL are defined by the Board of Directors. They follow the statutory models applicable to insurance companies under the Law of 8 December 1994 relating to the annual and consolidated financial statements of insurance and reinsurance companies subject to Luxembourg law.

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

The financial statements are presented in euros (EUR). Assets and liabilities expressed in currencies other than euros are converted into euros at the exchange rate in force at the closing date. Foreign currency transactions executed during the financial year are converted to euros at the exchange rate prevailing at the date of transactions.

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

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 acquisition cost including the expenses incidental thereto. In case of a permanent depreciation in value, value adjustments are made at the closing date. These value adjustments are cancelled if the reason for which the value adjustments were made has ceased to exist.

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

Shares are valued at acquisition cost including the expenses incidental thereto. In the case of depreciation in value, value adjustments are made at closing date. These value adjustments are cancelled if the reasons for which the value adjustments were made have ceased to apply. Market value corresponds to the last available quote on the valuation day for shares listed on a stock exchange or quoted on another regulated market.

2.1.3 Debt securities and other fixed income transferable securities

Debt securities and other fixed income securities are valued at amortised cost. Premiums paid over the redemption value (Agio) and discounts received in consideration of the redemption value (Disagio) are apportioned to the profit and loss account over the period to maturity. In the case of permanent depreciation in value according to the opinion of the Board of Directors, value adjustments are made at closing date. These value adjustments are cancelled if the reasons for which the value adjustments were made have ceased to exist.

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

Securities for which the principal is guaranteed by a bank are valued at the acquisition cost, increased by the interest accrued. A value adjustment is made in case of permanent loss at closing date. These value adjustments are not maintained if the reason for which these value adjustments were made has ceased to exist.

2.2 Reinsurers' share of technical provisions

Reinsurers' share of technical provisions represents the actual or estimated amounts, which under contractual reinsurance agreements, are reinsured.

2.3 Debtors

Amounts repayable by debtors are recorded at nominal value. They might be subject to value adjustments in case of probable loss.

2.4 Other assets

Tangible assets and stocks are valued at acquisition cost and are amortised on a straight-line basis over their useful life, which is fixed at 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 are interests and

rents already earned during the financial year but have not yet become receivable of closing date.

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

2.6 Technical provisions

2.6.1 Provision for unearned premiums

The provision for unearned premiums corresponds to the pro rata temporis share of the gross written premiums that is allocated to the periods following the closing date.

2.6.2 Provision for outstanding claims

The provision for outstanding claims represents a conservative estimate of ODL's liability for indemnities to be paid to the policyholders. The provision is calculated based on the risk category and the default period 1) for each delay in payment notified to ODL and 2) for all future instalments of a loan for which a previous instalment has not been paid.

2.6.3 Equalization provision

ODL establishes, in addition of the provision for claims outstanding, an equalization provision which intends to cover exceptional and significant fluctuations in claims.

The equalization provision is calculated separately as a percentage of commitment for each risk category.

The coefficients, defined by the ODL's Board of Directors, are applied to the outstanding commitments at closing date.

There is nevertheless a general ceiling for the yearly allocation to the equalization provision which cannot exceed 60% of the investment return transferred from the non-technical account to the technical account plus 75% of the technical balance before allocation to equalization provision and transfer of investment return.

2.7 Provision for other risks and charges

The provision for other risks and charges includes the tax charge for the financial year for activities without the guarantee of the State.

2.8 Creditors

Amounts due to creditors are recorded at the nominal value and are due during the next financial year.

2.9 Accruals and deferred income

Accruals and deferred income correspond 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 written premiums represent the total amount of premiums invoiced during the financial year, regardless of whether these amounts relate wholly or partly to a subsequent year. The earned premiums correspond to the pro rata temporis share of the premiums that are allocated to the current financial year. At closing date, a provision for unearned premium is recorded.

The reinsurers' share of premiums includes all premiums paid or payable in accordance to 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, and the subrogation and salvage. These positions are evaluated at nominal value.

2.12 Claims incurred, net of reinsurance

Claims incurred net of reinsurance include claims paid during the financial year, plus the change in the provision for outstanding claims.

2.13 Net operating expenses

Acquisition costs include commissions paid for brokerage and fronting.

Administrative expenses include the costs of premium collection, portfolio administration, management of bonuses and refunds, for inward and outward businesses. 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

In the shareholder agreement signed in May 2009 between Northstar Trade Finance, SNCI, ODL and Northstar Europe S.A. (hereafter "NEUR"), ODL, as a non-funding shareholder, has provided to the funding shareholders a guarantee in the form of a participation in the transactions funded by NEUR (hereafter "NEUR" commitments). In the event NEUR is not able to assume itself the NEUR commitments without getting into financial difficulties having a serious effect on its net assets, the guarantee can be called in total or part by the Board of Directors of NEUR. The participation of ODL in NEUR commitments is limited to 850.000 EUR. At the closing date, no request of payment under the guarantee has been addressed to ODL.

2.15 Post closing events

On January 1st 2021 the staff of ODL, previously working for the Chamber of Commerce, has been transferred to ODL and three Technical Board Committees were created, the Credit Committee, the Legal Committee and the Audit and Budget Committee, to support and advise the management and the Board of Directors in their work.

In April 2021, the capital of the account with State guarantee was increased from EUR 50.000.000 to EUR 70.000.000 through a budget allocation of EUR 20.000.000 in order to allow ODL to face the increasing demand of credit insurance in the context of the pandemic and the post-pandemic recovery period.

In the context of a claim in India insured by ODL, the amount of recovery mentioned in note 3.8 was evaluated at liquidation value (EUR 17.183.433,65). A takeover plan of the insolvent company has been approved by all the creditors according to which ODL recovers the amount of EUR 38.162.350,39.

In March 2021, the funds have been paid by the buyer on an Escrow account with a clawback mechanism as legal actions are still pending. If the takeover plan cannot be implemented as originally envisaged, the funds have to be handed back to the buyer.

No other major event was noted by the Board of the Directors and the management.

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 2020 interests in the company NORTHSTAR EUROPE S.A.

	VALUE 01.01.2020	ADDITIONS/ ALLOCATIONS	DISPOSALS/ REVERSALS	VALUE 31.12.2020
Acquisition value	595.000,00	0,00	0,00	595.000,00
Value adjustments	(595.000,00)	0,00	0,00	(595.000,00)
Book value	0,00	0,00	0,00	0,00

Further to the decision of Northstar Europe S.A. (NEUR) to wind down the company, the Board of Directors decided to adjust the value of the investment in NEUR to 0 EUR.

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

	VALUE 01.01.2020	ADDITIONS/ ALLOCATIONS	DISPOSALS/ REVERSALS	VALUE 31.12.2020
Acquisition value	9.904.393,37	2.000.000,00	(0,00)	11.904.393,37
Value adjustments	0,00	0,00	(95.834,00)	(95.834,00)
Book value	9.904.393,37	2.000.000,00	(95.834,00)	11.808.559,37

The market value of shares and other variable-yield transferable securities and units in unit trusts amounts as at 31 December 2020 to EUR 13.886.286,01(2019: EUR 11.731.246,62).

3.1.3 Debt securities and other fixed income transferable securities

	VALUE 01.01.2020	ADDITIONS/ ALLOCATIONS	DISPOSALS/ REVERSALS	VALUE 31.12.2020
Acquisition value	93.566.830,54	17.619.729,83	(20.966.181,60)	90.220.378,77
Reversal Discounts/ Premiums 2019	(270.615,76)	(77.153,77)	96.329,62	(251.439,91)
Discounts/ Premiums 2020	251.439,91	84.416,58	(125.489,94)	210.366,55
Book value	93.547.654,69	17.626.992,64	(20.995.341,92)	90.179.305,41

The market value of debt securities and other fixed income transferable securities amounts as at 31 December 2020 to EUR 92.624.063,58 (2019 EUR 95.709.499,00).

The amortisation of discounts and premiums on debt securities and other fixed income transferable securities amounts as follows:

	2020	2019
Amortisation of discounts	7.262,81	(659,39)
Amortisation of premiums	(29.160,32)	(28.006,44)

The amortisation of discount on fixed income securities is shown under caption "Investment income". Discounts represent the negative difference between the purchase prices of these securities compared to the amount repayable at maturity and are written up in instalments over the period remaining until maturity.

The amortisation of premium on fixed income securities is shown under caption "Investment charges". Premiums represent the positive difference between the purchase prices of securities compared to the amount repayable to maturity and are written down in instalments over the remaining period to maturity.

3.2 Other assets (tangible assets and stocks)

	VALUE 01.01.2020	ADDITIONS/ ALLOCATIONS	DISPOSALS/ REVERSALS	VALUE 31.12.2020
Acquisition value	127.507,48	23.698,49	0,00	151.205,97
Value adjustments	(122.243,35)	(4.038,12)	0,00	(126.281,47)
Book value	5.264,13	19.660,37	0,00	24.924,50

3.3 Capital and reserves

The capital belongs to the State. The capital can be increased through the incorporation of reserves or budgetary allocations.

The Board of Directors decided to increase the capital of the account with the guarantee of the State from EUR 44.525.000,00 to EUR 50.000.000,00, through incorporation of reserves, following the effective date of the Law of the 4 December 2019.

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

	SUBSCRIBED CAPITAL	RESERVES	PROFIT OR (LOSS) OF THE FINANCIAL YEAR
Balance at 31.12.2019	44.525.000,00	31.728.068,75	899.239,13
Appropriation of results	0,00	(4.575.770,87)	(899.239,13)
Capital increase	5.475.000,00	0,00	0,00
Net result	0,00	0,00	(1.834.050,36)
Balance at 31.12.2020	50.000.000,00	27.152.297,88	(1.834.050,36)

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

	2020	2019
Gross written premiums:	11.144.451,77	3.807.768,69
of which in direct insurance	9.800.310,64	2.664.407,24
of which in coinsurance	1.344.141,13	1.143.361,45
Gross earned premiums, net of reinsurance	5.192.851,11	3.813.745,57
Claims incurred, net of reinsurance	(10.073.361,77)	(3.126.112,73)
Administrative expenses	(1.244.739,91)	(2.020.235,85)
Reinsurance balance	4.469.017,68	(2.443.758,59)

3.5 Administrative expenses

Due to the COVID 19 pandemic, the transfer of the staff working for ODL from the Chamber of Commerce to ODL became effective on 1 January 2021. ODL reimbursed EUR 407.005,45 (2019: EUR 373.608,30) to the Chamber of Commerce for staff costs and paid in 2020 EUR 157.979,05 (2019: EUR 88.109,22) to Credendo group in accordance with a collaboration agreement.

Auditing fees included in operating expenses for the period ended 31 December 2020 amounted to EUR 23.818,86 including tax (2019: EUR 20.107,82) for the account with State guarantee.

3.6 Investment income

	2020	2019
Income deriving from other investments	529.887,83	707.714,08
Profits deriving from the realization of investments	33.818,40	146.133,69
Readjustments on investments	(95.834,00)	165.680,40
Reversal discounts 2019	(77.153,77)	(77.813,16)
Discounts (Disagio)	84.416,58	77.153,77
Allocation of financial products	(28.870,42)	(123.156,66)
TOTAL	446.264,66	895.712,12

3.7 Investment charges

	2020	2019
Investment management charges	(240.317,98)	(112.924,86)
Value adjustments on investments	0,00	0,00
Losses arising on realization of investments	0,00	(7.684,00)
Reversal premiums 2019	96.329,62	68.323,18
Premiums (Agio)	(125.489,94)	(96.329,62)
TOTAL	(269.478,30)	(148.615,30)

3.8 Subrogation and salvage

The outstanding amount to be recovered at year end is broken down as follows:

	2020	2019
Gross amount	17.183.433,65	19.734.886,92
Reinsurers' share	(12.485.198,82)	(14.339.042,59)
Net amount	4.698.234,83	5.395.844,33

Note 4 – Analysis of the most important items related to the account without State guarantee

4.1 Capital and reserves

	SUBSCRIBED CAPITAL	RESERVES	PROFIT OR (LOSS) OF THE FINANCIAL YEAR
Balance at 31.12.2019	3.000.000,00	8.825.753,16	41.550,57
Allocation of results		37.815,37	(41.550,57)
Net result			296.698,99
Balance at 31.12.2020	3.000.000,00	8.863.568,53	296.698,99

4.2 Provision for other risks and charges

Breakdown of taxation provisions as at 31 December 2020:

DESCRIPTION	ACCRUAL	ADVANCES	BALANCE
Municipal Business Tax:			
• 2018, 2019 and 2020	29.662,00	0,00	29.662,00
Corporate Income Tax:			
• 2018, 2019 and 2020	106.608,38	(24.045,20)	82.563,18
TOTAL	136.270,38	(24.045,20)	112.225,18

Advances are reported under the caption "Other prepayment and accrued income".

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

	2020	2019
Gross written premiums:	83.796,49	203.748,93
· of which in direct insurance	83.796,49	203.748,93
· of which in coinsurance	0,00	0,00
Gross earned premiums, net of reinsurance	114.989,32	196.587,74
Claims incurred, net of reinsurance	0.00	(67.134,24)
Administrative expenses	(57.988,78)	(64.473,63)
Reinsurance balance	0,00	(734,45)

4.4 Administrative expenses

Due to the COVID 19 pandemic, the transfer of the staff working for ODL from the Chamber of Commerce to ODL became effective on 1 January 2021. ODL reimbursed EUR 31.308,12 (2019: EUR 29.651,45) to the Chamber of Commerce for staff costs and paid EUR 0,00 (2019: EUR 2.930,64) to Credendo group in accordance with a collaboration agreement.

Auditing fees included in operating expenses for the period ended 31 December 2020 amounted to EUR 1.323,27 including tax (2019: EUR 1.117,11) for the account without state guarantee.

4.5 Investment income

	2020	2019
Income deriving from other investments	15.614,04	66.972,75
TOTAL	15.614,04	66.972,75

Note 5 – Analysis of the most important items for the account of the State

5.1 Capital and reserves

	SUBSCRIBED CAPITAL	RESERVES	PROFIT OR (LOSS) OF THE FINANCIAL YEAR
Balance at 31.12.2019	6.777.396,57	4.123.815,19	(3.735,20)
Appropriation of results			3.735,20
Net result			2.312.356,93
Balance at 31.12.2020	6.777.396,57	4.123.815,19	2.312.356,93

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

	2020	2019
Gross written premiums:	5.567.870,64	143.026,16
• of which in direct insurance	5.567.870,64	143.026,16
• of which in coinsurance	0,00	0,00
Gross earned premiums, net of reinsurance	5.570.314,64	149.033,41
Administrative expenses	(1.896.281,35)	(61.022,39)

5.3 Administrative expenses

Due to the COVID 19 pandemic, the transfer of the staff working for ODL from the Chamber of Commerce to ODL was reported to 1 January 2021. ODL reimbursed EUR 31.308,12 (2019: EUR 29.651,45) to the Chamber of Commerce for staff costs.

Auditing fees included in operating expenses for the period ended 31 December 2020 amounted to EUR 1.323,27 including tax (2019: EUR 1.117,11) for the account of the State.

5.4 Investment income

	2020	2019
Income deriving from other investments	13.256,38	56.183,91
TOTAL	13.256,38	56.183,91



2. Financial Support for Exports

BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

Balance sheet for Copel

AS AT 31.12.2020 AND 31.12.2019 IN EUR

ASSETS	NOTE*	31.12.2020	31.12.2019
CURRENT ASSETS			
Assets held at a bank			
Current bank accounts			
• current accounts		6.768.654,19	7.592.286,71
TOTAL ASSETS		6.768.654,19	7.592.286,71

	NOTE*	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
Capital and reserves			
Government allocations			
• Government allocations	3	6.630.592,34	8.395.572,54
Provision for commitments			
Other provisions			
• Provision for financial support granted		675.329,89	929.791,46
Creditors			
• Costs payable		546.527,48	531.902,91
Final result of the year		(1.083.795,52)	(2.264.980,20)
TOTAL EQUITY AND LIABILITIES		6.768.654,19	7.592.286,71

* The accompanying notes form an integral part of these annual accounts

Profit and loss account for Copel

AS AT 31.12.2020 AND 31.12.2019 IN EUR

	31.12.2020	31.12.2019
EXPENSES	(1.083.795,52)	(2.264.980,20)
Financial support provided		
Financial support for trade fairs	(652.415,57)	(1.475.191,97)
Costs of research or advisory costs	(15.956,00)	(34.015,00)
Design costs	(117.937,54)	(96.557,01)
Promotion costs (advertising)	(86.245,92)	(118.902,41)
Registration/Certification	(22.223,05)	(36.988,82)
Opening of representation offices	(1.192,13)	(45.209,50)
Digital Marketing	(118.557,53)	(934,85)
Call for tenders	(5.950,00)	
	(1.020.477,74)	(1.807.799,56)
Other external charges		
Property leases	(54.883,00)	(57.469,66)
Administrative expenses	(60.368,35)	(57.259,77)
Travel expenses	(712,58)	(5.387,41)
Bank fees and commissions	(109,90)	(110,80)
	(116.073,83)	(120.227,64)
Personnel costs		
Gross salaries	(156.540,56)	(160.117,85)
Directors' fees	(45.164,96)	(12.000,00)
	(201.705,52)	(172.117,85)
Other operating costs		
Change in the other provisions (Provision for financial support granted)	254.461,57	(164.835,15)
	254.461,57	(164.835,15)
INCOME	0,00	0,00
Other income and interest		
Interest on financial accounts	0,00	0,00
	0,00	0,00
FINAL RESULT OF THE YEAR	(1.083.795,52)	(2.264.980,20)

* The accompanying notes form an integral part of these annual accounts

NOTES TO THE ANNUAL ACCOUNTS

AS PER DECEMBER 31, 2020 (EXPRESSED IN EUR)

Note 1 – General Information

The "Comité pour la promotion des exportations luxembourgeoises" (hereinafter "COPEL") was created by a cooperation agreement of 29 April 2002 between the Office du Ducroire (hereinafter "ODL") and the Government. The COPEL is attached to ODL as a subcommittee. In its monthly meeting the COPEL assess the applications for financial support and makes recommendations to the Committee of ODL.

The COPEL ascertains whether the applicant and the underlying project fulfil the eligibility requirements and qualify for the financial support requested.

The COPEL also ensures that the proposed grant complies with EU competition rules and OECD rules governing officially supported export credit and related credit aid.

Note 2 – Summary of significant accounting policies

The financial statements are presented in euros (EUR).

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

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 financial support for exports activity.

2.3 Other provisions

Other provisions correspond to financial support granted (letter of commitment) but not yet paid. These commitments are presented at nominal value.

2.4 Creditors

The costs payable are valued at the nominal value and are due during the next year.

Note 3 – Government allocations

	GOVERNMENT ALLOCATIONS	FINAL RESULT OF THE YEAR	TOTAL
Balance at 31.12.2019	8.395.572,54	(2.264.980,20)	6.130.592,34
Movements during the year	500.000,00		500.000,00
Allocation of the balance	(2.264.980,20)	2.264.980,20	0.00
Balance for the year		(1.083.795,52)	(1.083.795,52)
Balance at 31.12.2020	6.630.592,34	(1.083.795,52)	5.546.796,82

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 Board of Directors of
OFFICE DU DUCROIRE
14, rue Erasme
L-1468 LUXEMBOURG

REPORT ON THE AUDIT OF THE ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of the Office du Ducroire (the "Public Institution"), which comprise, for the year ended December 31, 2020:

- A separate balance sheet and profit and loss account for each competitive and non-competitive activity described in Articles 9 and 11 of the modified law of December 4, 2019, namely:
 - With State guarantee,
 - Without State guarantee,
 - For the account of the State.
- Separate notes to the annual accounts, including a summary of significant accounting policies, for each activity described in Articles 9 and 11 of the modified law of December 4, 2019 and above;
- A balance sheet and profit and loss account for the "Comité pour la Promotion des Exportations Luxembourgeoises" (the "COPEL");
- Separate notes to the annual accounts, including a summary of significant accounting policies, applicable to the COPEL.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Public Institution as at December 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the Annual Accounts" section of our report. We are also independent of the Public Institution in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the Annual Accounts

The Board of Directors 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 Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Public Institution’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Public Institution or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’Entreprises Agréé” for the Audit of the Annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Public Institution’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Public Institution’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Public Institution to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

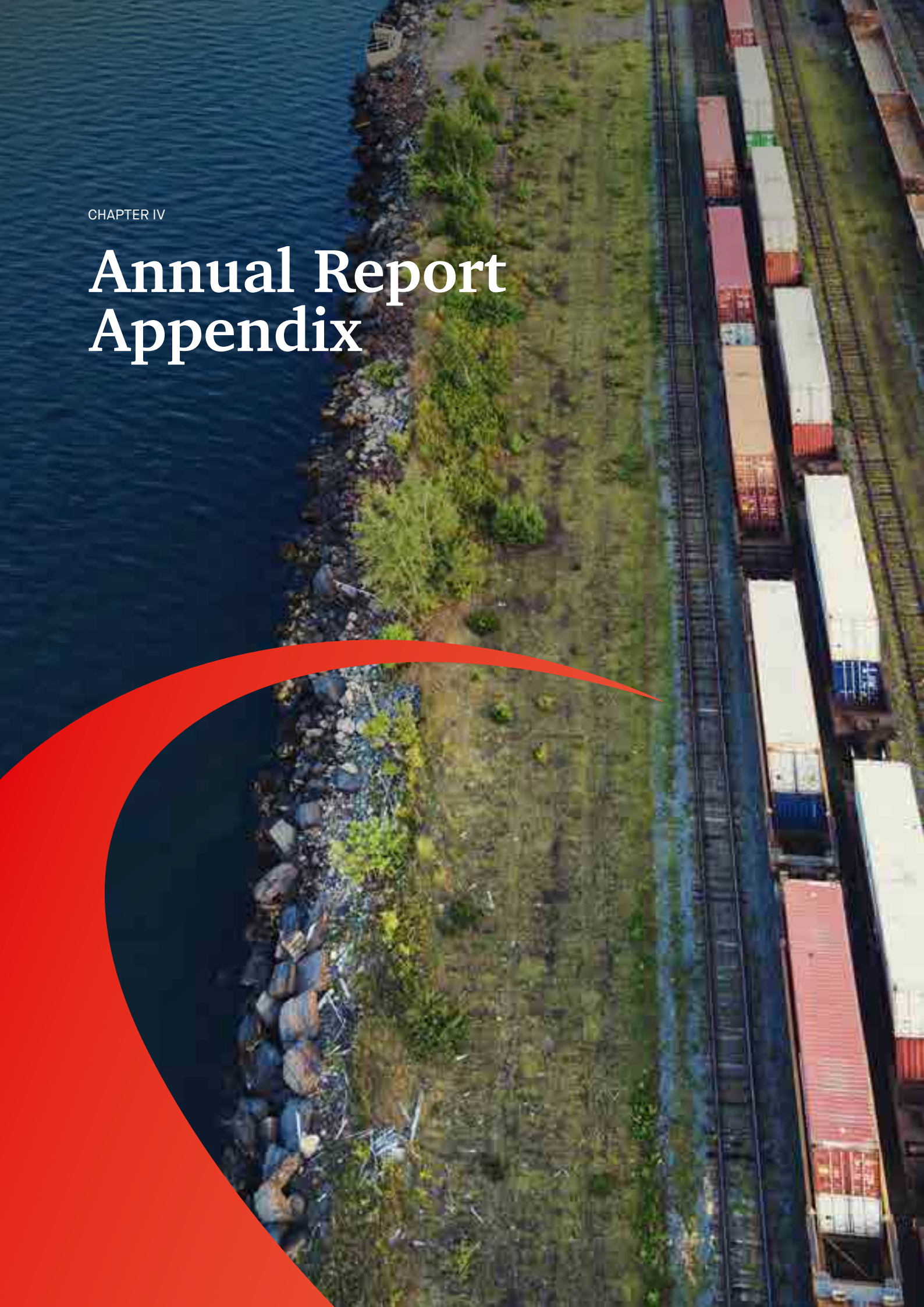
Luxembourg, 9 July 2021

For Deloitte Audit,
Cabinet de révision agréé

Ludovic BARDON, Partner
Réviseur d’entreprises agréé

CHAPTER 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 (approximately 12 million euros today), 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.

ODL is currently reviewing its ESG policy and related due diligence requirements.

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 in the fight against bribery in international business transactions, OECD members adopted a revised recommendation (OECD Recommendation on Bribery and Officially Supported Export Credits) on 13 March 2019.

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 Board of Directors 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.

Anti-Money Laundering / Financing of Terrorism

While not formally subject to the Law of 12 November 2004 related to the combat of money laundering and the financing of terrorism (as subsequently amended) , ODL complies in all respects with the requirements of that law and (among other obligations mandated by the law) carries out required due diligence on the beneficiaries of its insurance products.



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