

ANNUAL REPORT 2021



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CHAPTER I

THE OFFICE DU DUCROIRE



“ODL stands ready to assist its customers in facing this process of structural change towards a world that tackles environmental degradation and human rights violations.”

Message from the Chairman

ARSÈNE JACOBY



Dear Customers, Dear Exporters,
Dear interested Readers,

Luxembourg remains a thriving hub for international business. Backed by extraordinarily strong political, cultural, business links with neighbouring countries and its multilingual universe it offers a unique gateway to the European Union. The Grand Duchy is dedicated to multilateralism and international cooperation. It is one of the most global economies in the world with a strong export orientation, a leading international financial center and a sophisticated legal and regulatory framework for international trade.

Covid-19 tested our resilience to the extreme and I am glad to report that the socio-economic fabric fared well. After ending the year 2020 with a contraction in real GDP of 1.3% Luxembourg registered a strong bounce back of 6.9% in 2021. The pandemic subsides but climate change keeps on challenging our resilience across all sectors of the economy and all areas of development – from public health, social protection and governance systems to information sharing and economic policies.

Export Credit Agencies play an important role in the transition to a net zero global economy. They are at the forefront of green growth and support the setting of ambitious targets by expanding their green portfolios. The alignment of ECA strategies and government policies is pivotal in this setting. The alignment of ECA strategies and government policies is pivotal in this setting and we are happy to report that climate considerations remain a top priority of both our government and ODL.

And we are happy to report that climate considerations remain a top priority of both our government and ODL. We implemented policies and procedures that allow us to assess, monitor and report ESG impacts of applications and on-going transactions. ODL is working with its customers and stakeholders to make sure that all relevant national and international regulations are complied with.

Temperatures are rising world-wide due to greenhouse gases trapping more heat in the atmosphere. Droughts are becoming longer and more extreme around the world. Tropical storms becoming more severe due to warmer ocean water temperatures. Scientific research suggests that the humanitarian, social, and economic consequences of global warming, if unabated, will be dramatic, and the negative impact will be particularly strong in most developing countries. Temperature increases could reach 6 degrees Celsius by the end of the century.

ODL stands ready to assist its customers in facing this process of structural change towards a world that tackles environmental degradation and human rights violations. Supply chains play a crucial role in this endeavour. Recent crises have exhibited the complexity of modern world corporate supply chains. An estimated 80% of global trade passes through supply chains. Outsourcing, re-shoring and or friend-shoring production are complex decisions with wide-ranging long-term effects.

I would like to briefly mention that ODL has acquired new premises. The new headquarters will allow us to plan the future, expand our line of products and provide our customers with state-of-the-art services.

Let me close by expressing my deepest gratitude to the hard-working and dedicated staff of ODL. This endeavour 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.

NEW PREMISES OF ODL



Visit of the new premises of the ODL
by the former Minister of Finance,
Mr Pierre Gramegna, on December 16th 2021.

Inauguration of the new premises of ODL with the Minister of Finance, Mrs Yuriko Backes, on May 16th 2022.



Corporate governance

BOARD OF DIRECTORS

- **Mr Arsène JACOBY**, Chairman
Ministry of Finance
- **Mr Yves BAUSTERT**
Commissariat aux Assurances
- **Mr Pierre FRISCH**
Ministry of Finance
- **Mr André HANSEN**
Ministry of the Economy
- **Mr Jean-Louis THILL**
Ministry of Foreign and European Affairs
- **Mr David ARENDT**
Private sector
- **Ms Cindy TEREBA**
Private sector
- **Mr René WINKIN**
Private sector

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

MANAGEMENT & TEAM

- **Ms Simone JOACHIM**
CEO
- **Ms Danielle WIRTZ**
Deputy CEO
- **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**



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

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 favour 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.

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







CHAPTER II

ACTIVITIES 2021

1. INSURANCE
2. FINANCIAL SUPPORT FOR EXPORTS

Insurance

KEY FIGURES OF 2021

	2021	2020
New business insured	875,114,301€	881,034,515€
Written premium	11,381,403€	16,796,118€
Earned premium, net of reinsurance	11,966,232€	10,878,155€
Outstanding commitments as of 31 December	681,022,932€	780,406,587€
Claims paid	38,126,748€	49,163,578€
Recoveries for claims paid	3,020,881€	1,441,537€

The impact of the COVID-19 pandemic and its effects, such as supply bottlenecks for primary products and problems with international logistics, were ongoing topics in 2021.

Considering the current challenging business environment, the measures created by ODL in 2020 to support exporters during the COVID-19 pandemic remained in place in 2021. As requested by the private insurers, the reinsurance scheme for the private sector was terminated by the end of June 2021.

New business remained at a high level with 875 million euros, although no large transaction financed through a buyer credit was insured in 2021. The written premiums dropped by nearly 30% compared to 2020 where premiums were driven mainly by 2 buyer credits.

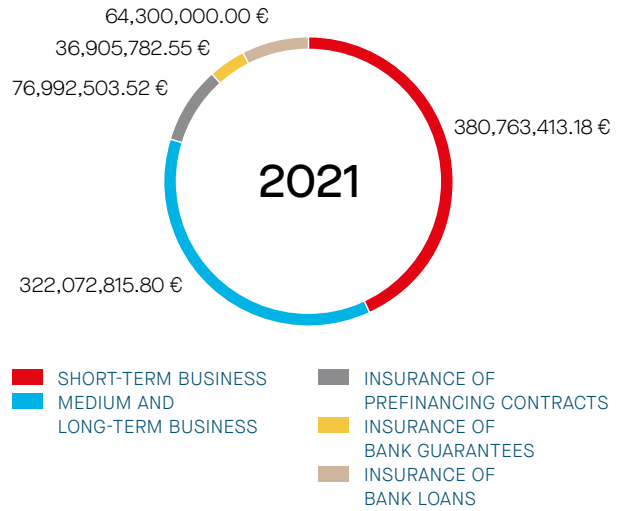
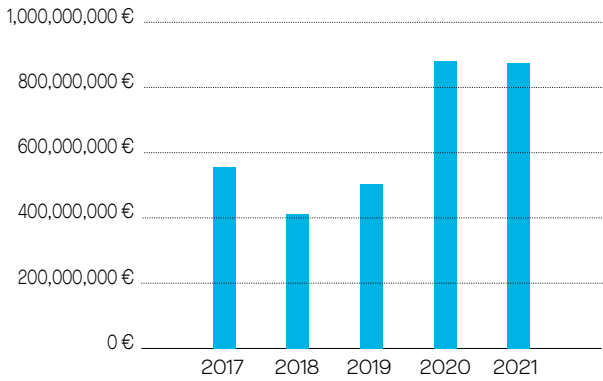
Overall, 60% of the new business was related to export insurance, 36% to insurance of bank loans and bank guarantees, 3.5% to pre-financing contracts and 0.5% to investment insurance.

The outstanding commitments decreased by 100 million euros compared to the previous year. The highest commitment by country is to Luxembourg representing 29% of the outstanding commitment, followed by Turkey and then India.

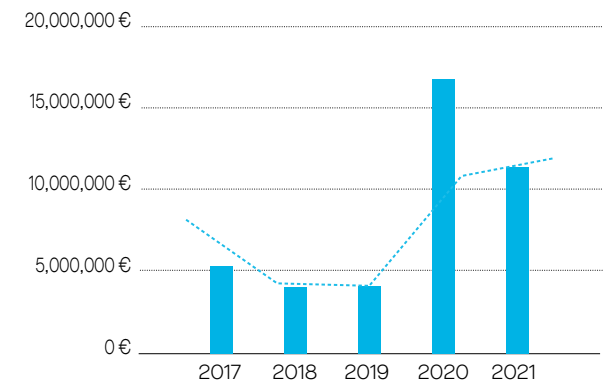
ODL settled claims amounting to 38.1 million euros. The largest settlement of 30 million euros relates to a medium- and long-term contract covered in India in 2013.



New business insured

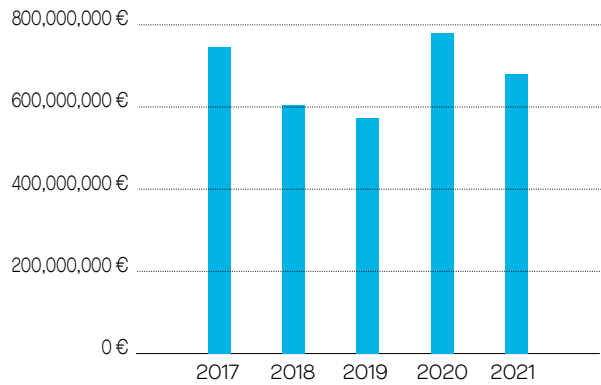


Written and earned premium

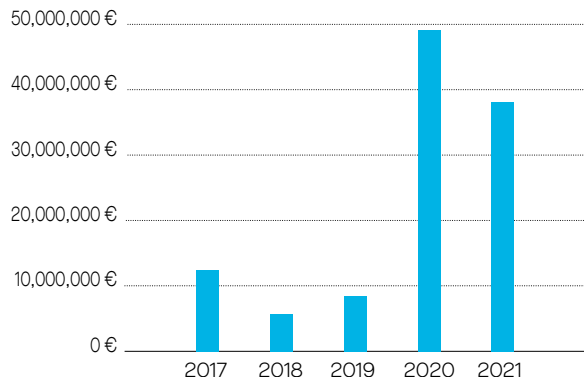


--- WRITTEN PREMIUM

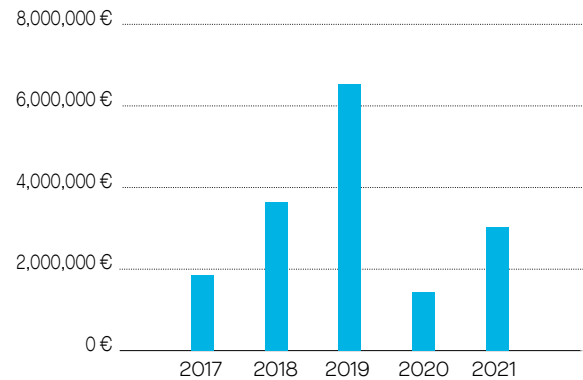
Outstanding commitments as of 31 December



Claims paid



Recoveries for claims paid



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

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) applies.

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.

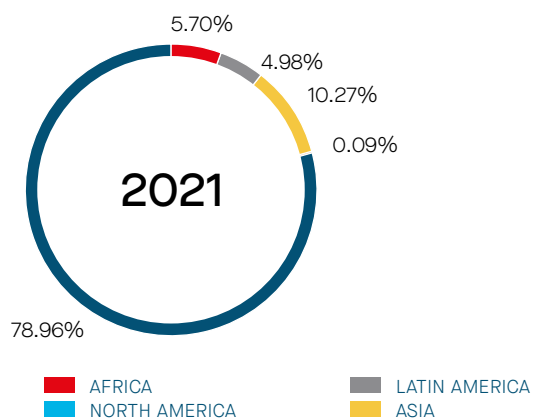
At request of the lending bank and in addition to the buyer credit cover, ODL may grant an on demand guarantee, callable on first demand, to the refinancing bank. In the internal relationship between ODL and the lending bank, the Terms and Conditions of Buyer Credit policy remain applicable.

In addition to the 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.

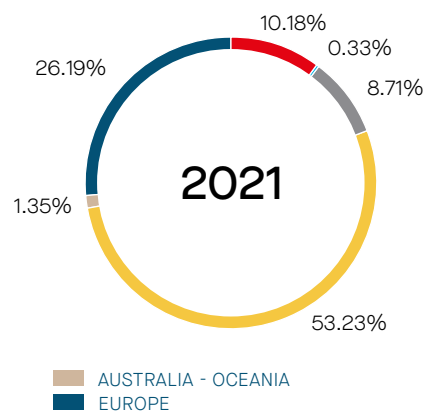
(IN THOUSANDS OF EUR)	WITH STATE GUARANTEE		WITHOUT STATE GUARANTEE		FOR THE ACCOUNT OF THE STATE		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
New business insured	178,268	309,203	- 31	12,807	0	0	178,237	322,010
Number of transactions insured	115	141	1	9	0	0	116	150
Written premium	2,247	8,817	- 1	66	0	0	2,246	8,883
Reinsurers' share								
New transactions insured	0	45,177	0	0	0	0	0	45,177
Written premium	0	3,284	0	0	0	0	0	3,284
Outstanding commitments as of 31 December	355,989	452,962	1,262	9,345	0	0	357,251	462,307
Offers of cover outstanding as of 31 December	391,846	55,083	0	0	147,495	0	539,341	55,083
Claims paid*	37,134	45,055	0	0	0	0	37,134	45,055
Recoveries for claims paid	2,209	1,150	0	0	0	0	2,209	1,150

* gross amount, before reinsurance

Breakdown of new business insured for medium and long-term business in 2021



Breakdown of medium-and long-term commitments on 31 December



79% of the medium- and long-term business insured in 2021 relates to debtors located in Europe and 10% in Asia while 53% of the outstanding commitment at

the 31th December of 2021 for medium – and long-term business relates to debtors located in Asia and 26% to debtors in Europe.

Breakdown of medium and long-term outstanding commitments

IN MILLIONS OF EUR

Total	Payment delays	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
357.25	43.07	180.44	40.71	24.99	15.83	9.59	8.97	8.31	8.01	6.27	7.44	3.61	0.00

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 and without State guarantee)

ODL insures Luxembourg exporters against the risk of non-payment of their customers located in non-marketable risks countries.¹ 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.

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



(IN THOUSANDS OF EUR)	WITH STATE GUARANTEE		WITHOUT STATE GUARANTEE		TOTAL	
	2021	2020	2021	2020	2021	2020
New business insured	72,318	76,175	0	8,679	72,318	84,854
Written premium	312	751	0	18	312	769
Reinsurers' share						0
Insured transactions	0	0	0	0	0	0
Written premium	0	146	0	0	0	146
Outstanding commitments as of 31 December	17,007	18,069	0	0	17,007	18,069
Claims paid	63	132	0	0	63	132
Indemnities recovered	252	268	0	0	252	268

In consequence of the COVID-19 outbreak, the European Commission noticed in March 2020 that there is in general a lack of sufficient private insurance capacity for short-term export-credits 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 March 2022.²

In 2021, 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 (named Allianz Trade since March 2022) in whole turnover policies covering buyers located worldwide.

Business for the account of the State

Individual Top-Up

In 2021, ODL continued to manage the Individual Top-Up policy for the account of the State. The Government launched the programme 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.

² Sixth Amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to 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 (2021/C 473/01)

	2021	2020
Number of companies having used the Top Up coverage	6	7
New business insured	188,487,525€	165,469,870€
Outstanding commitments as of 31 December	40,908,827€	44,372,510€
Written premium	374,998€	341,820€
Claims paid	0€	0€

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

Following the amendment to the short-term export-credit communication of the 28th of 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 programme destined to complement a broader package of measures that aims at avoiding a systemic crisis in the Luxembourg economy. Under the reinsurance programme managed by ODL, the credit insurers undertake to keep the credit limits that were used in the 12 months preceding the 1st of March 2020 as intact as possible until the end of June 2021.

Thus, 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 25 billion euros.

At request of the private insurers, the reinsurance programme was terminated on the 30th of June 2021.

	2021	2020
Written premium	6,626,869€	5,226,050€
Outstanding commitments as of 31 December	89,201,130€	130,502,131€
Claims paid	892,774€	1,399,387€
Indemnities recovered	560,068€	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.

WITH STATE GUARANTEE	2021	2020
New business insured	28,718,604€	76,992,503€
Outstanding commitments as of 31 December	48,351,130€	93,884,760€
Written premium	1,262,223€	1,711,265€
Claims paid	0€	2,576,655€
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 favour of the clients of national exporters.

ODL generally covers 50% of the amount of the guarantee. Because of the COVID pandemic, the maximum percentage of cover has been temporally increased to 85%.

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

The risks are covered with the guarantee of the State.

WITH STATE GUARANTEE	2021	2020
New business insured	33,693,038€	36,905,782€
Outstanding Commitments as of 31 December	15,853,058€	10,898,165€
Written premium	55,036€	57,916€
Claims paid	37,008€	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. Because of the COVID pandemic, the maximum percentage of cover has been temporally increased to 85%.

The risks are covered with the guarantee of the State.

WITH STATE GUARANTEE	2021	2020
New business insured	284,458,505€	64,300,000€
Outstanding Commitments as of 31 December	112,451,041€	20,372,583€
Written premium	503,964€	186,327€
Claims paid	0€	0 €



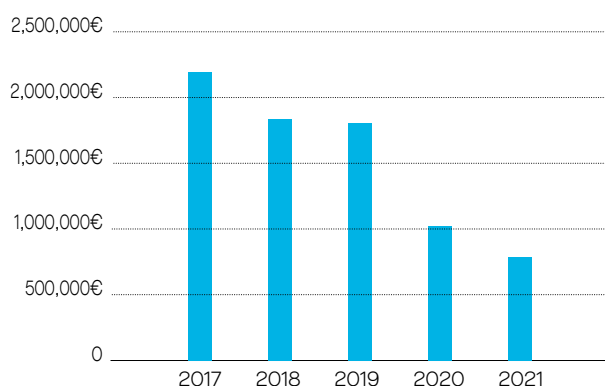
Financial support for exports

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.

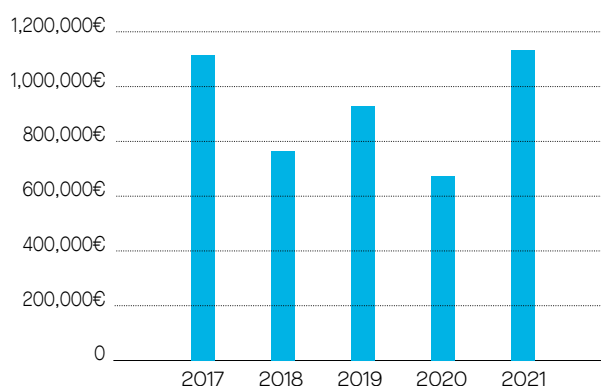
KEY FIGURES OF 2021

AMOUNT PAID		786,388 €
TOTAL COMMITMENTS AS OF 31 DECEMBER		1,133,017 €
NUMBER OF APPLICATIONS	received	457
	declined	28
NUMBER OF COMPANIES	requesting a financial support	135
	supported	88
NUMBER OF COMPANIES	requesting a financial support for the 1 st time	31
	supported for the 1 st time	22
NUMBER OF YOUNG AND MICROCOMPANIES	requesting a financial support	44
	supported	32

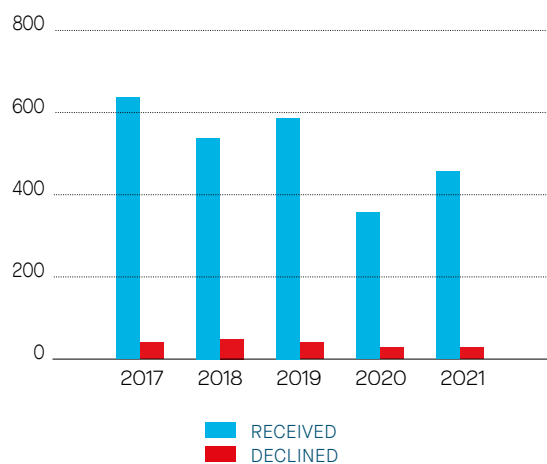
Amount paid



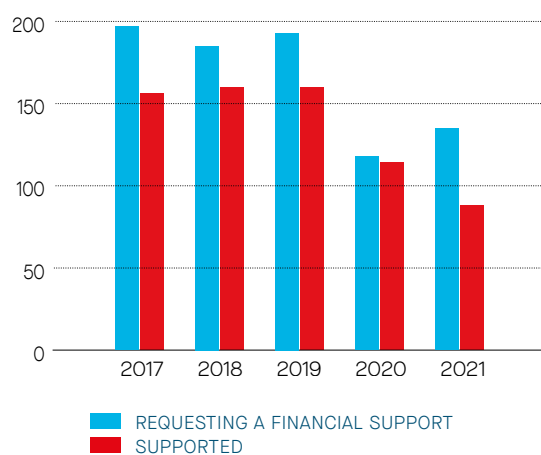
Total Commitments as of 31 December



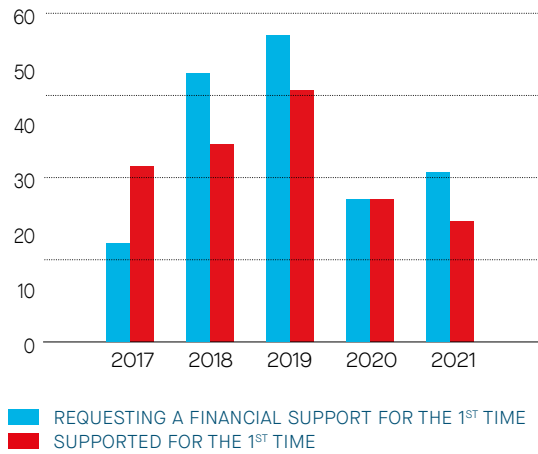
Number of applications



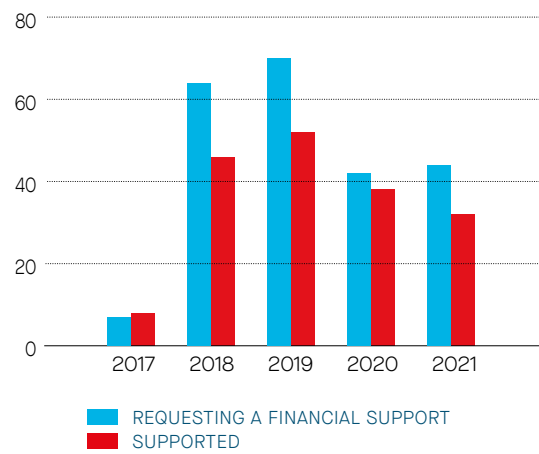
Number of companies



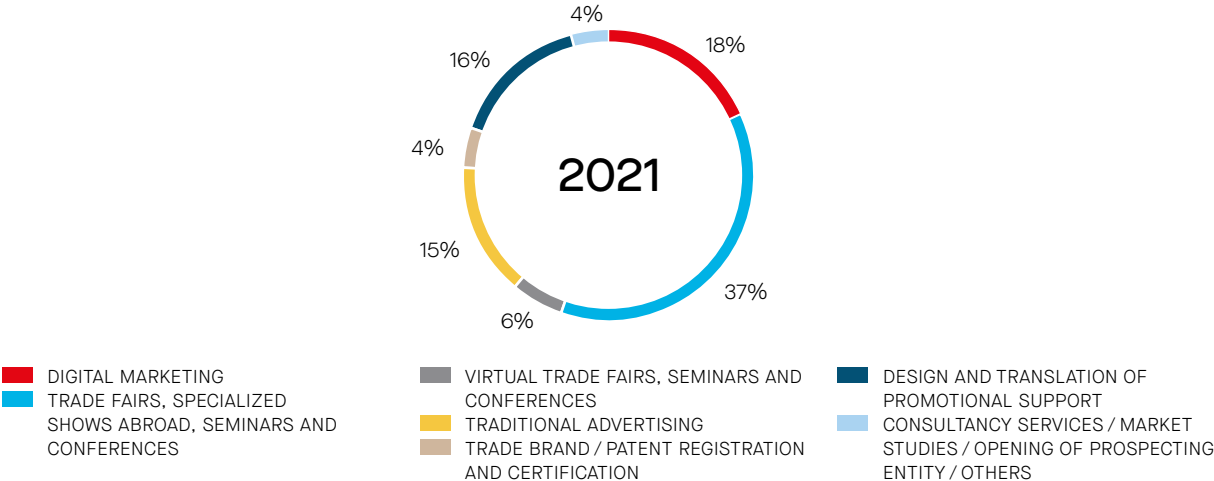
Number of companies requesting a financial support



Number of young and microcompanies



Requests by Type of support



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 costs related to the participation to trade fairs.

The aid granted is regulated by the law of December 4, 2019 on the Office du Ducroire Luxembourg and complies 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

ANNUAL ACCOUNTS

1. AUDITOR'S REPORT
2. BALANCES SHEETS AND PROFIT AND LOSS ACCOUNTS
INSURANCE
FINANCIAL SUPPORT
3. NOTES TO THE ANNUAL ACCOUNTS

Auditor's Report

Deloitte.

Deloitte Audit
Société à responsabilité limitée
20 Boulevard de l'Éclusebaert
L-1821 Luxembourg

Tel: +352 491 451
www.deloitte.lu

To the Finance Minister,
To the Board of Directors of
Office du Ducroire
65, rue d'Eich
L-1461 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

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, 2021:

- 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, 2021, 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.

Société à responsabilité limitée au capital de 100.000 €
N°C: Luxembourg 9 47 891
Autorisation d'établissement: 03022379
© Deloitte Audit, SARL

Deloitte.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 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 23 July 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.

Deloitte

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 23 July 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 23 July 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.

Deloitte.

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.

For Deloitte Audit, Cabinet de révision agréé



Ludovic Bardon

Ludovic Bardon, Réviseur d'entreprises agréé
Partner

Luxembourg, July 5, 2022

Balance sheets and profit and loss accounts

INSURANCE

BALANCE SHEET FOR THE ACCOUNT WITH STATE GUARANTEE AS AT 31.12.2021 AND 31.12.2020 IN EUR

	Note	31.12.2021	31.12.2020
ASSETS			
C. Investments			
I. Land and buildings	3.1.1	4,857,100.00	0.00
III. Other financial investments	3.1.5		
1. Shares and other variable yield transferable securities and units in unit trusts	3.1.3	11,093,135.59	11,808,559.37
2. Debt securities and other fixed income transferable securities	3.1.4	74,345,143.26	90,179,305.41
6. Deposits with credit institutions		0.00	1,388,009.66
		90,295,378.85	103,375,874.44
D.bis Subrogation and salvage	3.8	18,213,013.67	17,183,433.65
E. Reinsurers' share of technical provisions			
I. Provision for unearned premiums		3,337,230.64	4,326,653.65
III. Claims outstanding		26,410,830.82	52,646,428.97
		29,748,061.46	56,973,082.62
F. Debtors			
I. Debtors arising out of direct insurance operations		2,680,289.34	2,159,627.93
II. Debtors arising out of reinsurance operations		10,264,302.79	20,143,509.13
		12,944,592.13	22,303,137.06
G. Other assets			
I. Tangible assets and stocks	3.2	219,466.49	24,924.50
II. Cash at bank and in hand		45,473,085.56	13,126,068.24
		45,692,552.05	13,150,992.74
H. Prepayments and accrued income			
I. Accrued interest and rent		322,258.39	315,379.30
III. Other prepayments and accrued income		509,857.33	845,588.68
		832,115.72	1,160,967.98
TOTAL ASSETS		197,725,713.88	214,147,488.49

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

BALANCE SHEET FOR THE ACCOUNT WITH STATE GUARANTEE
AS AT 31.12.2021 AND 31.12.2020 IN EUR

	Note	31.12.2021	31.12.2020
LIABILITIES			
A. Capital and reserves			
I. Subscribed capital or equivalent funds	3.3	70,000,000.00	50,000,000.00
IV. Reserves	3.3	25,318,247.52	27,152,297.88
VI. Profit or (loss) for the financial year	3.3	1,805,722.68	(1,834,050.36)
		97,123,970.20	75,318,247.52
D. bis Reinsurers' share of subrogation and salvage		13,233,274.65	12,485,198.82
C. Technical provisions			
I. Provision for unearned premiums (and unexpired risks)		8,721,445.67	10,409,223.78
III. Claims outstanding		47,694,676.84	88,174,540.31
V. Equalisation provision		29,808,815.97	25,813,215.40
		86,224,938.48	124,396,979.49
E. Provisions for other risks and charges			
3. Other provisions		3,643.06	30,342.47
G. Creditors			
	2.8		
I. Creditors arising out of direct insurance operations		1,895.20	174,335.28
II. Creditors arising out of reinsurance operations		140,094.48	305,858.36
V. Other creditors, including tax and social security		53,362.21	(-18,696.47)
		195,351.89	461,497.17
H. Accruals and deferred income			
		944,535.60	1,455,223.02
TOTAL LIABILITIES		197,725,713.88	214,147,488.49

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

PROFIT AND LOSS ACCOUNT FOR THE ACCOUNT WITH STATE GUARANTEE
AS AT 31.12.2021 AND 31.12.2020 IN EUR

	Note	31.12.2021	31.12.2020
I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS			
1. Earned premiums	3.4		
a) Gross premiums written		4,379,936.97	11,144,451.77
b) Outward reinsurance premiums		(117,046.88)	(3,430,838.35)
c) Change in the gross provision for unearned premiums		1,687,778.11	(4,898,565.25)
d) Change in the provision for unearned premiums, reinsurers' share		(989,423.01)	2,377,802.94
		4,961,245.19	5,192,851.11
2. Allocated investment return transferred from the non-technical account		634,767.62	106,071.82
3. Other technical income, net of reinsurance		1,334,392.51	19,665.71
4. Claims incurred, net of reinsurance	3.4		
a) Claims paid		(14,821,905.03)	(15,376,957.17)
aa) Gross amount		(37,233,973.45)	(47,764,191.19)
ab) Reinsurers' share		22,412,068.42	32,387,234.02
b) Change in the provision for claims		14,244,265.32	5,303,595.40
ba) Gross amount		40,479,863.47	33,808,658.34
bb) Reinsurers' share		(26,235,598.15)	(28,505,062.94)
		(577,639.71)	(10,073,361.77)
6. Bonuses and rebates, net of reinsurance		(163,323.53)	(119,667.66)
7. Net operating expenses			
a) Acquisition costs		(165,639.88)	(325,629.55)
c) Administrative expenses	3.5	(939,054.64)	(1,086,760.86)
d) Reinsurance commissions and profit participation		31,130.67	486,314.34
		(1,073,563.85)	(926,076.07)
9. Change in equalisation provision		(3,995,600.57)	4,323,869.69
10. Balance on the technical account for non-life insurance Business		1,120,277.66	(1,476,647.17)

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

	Note	31.12.2021	31.12.2020
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account - non-life insurance Business		1,120,277.66	(1,476,647.17)
3. Investment income	3.6	1,187,711.26	446,264.66
5. Investment charges	3.7	(129,675.23)	(269,478.30)
6. Allocated investment return transferred to the non-life technical account		(634,767.62)	(106,071.82)
7. Other income		339,506.41	574.09
8. Other charges, including value adjustments		(77,329.80)	(428,691.82)
10. Profit or (loss) on ordinary activities after tax		1,805,722.68	(1,834,050.36)
17. Profit or (loss) for the financial year		1,805,722.68	(1,834,050.36)

BALANCE SHEET FOR THE ACCOUNT WITHOUT STATE GUARANTEE
AS AT 31.12.2021 AND 31.12.2020 IN EUR

	Note	31.12.2021	31.12.2020
ASSETS			
C. Investments			
III. Other financial investments	3.1.5		
2. Debt securities and other fixed income transferable securities		6,083,542.37	0.00
6. Deposits with credit institutions		6,731,399.91	12,890,541.95
		12,814,942.28	12,890,541.95
H. Prepayments and accrued income			
III. Other prepayments and accrued income		16,362.88	28,362.88
TOTAL ASSETS		12,831,305.16	12,918,904.83

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

BALANCE SHEET FOR THE ACCOUNT WITHOUT STATE GUARANTEE
AS AT 31.12.2021 AND 31.12.2020 IN EUR

	Note	31.12.2021	31.12.2020
LIABILITIES			
A. Capital and reserves			
I. Subscribed capital or equivalent funds	4.1	3,000,000.00	3,000,000.00
IV. Reserves	4.1	9,160,267.52	8,863,568.53
VI. Profit or (loss) for the financial year	4.1	382,570.47	296,698.99
		12,542,837.99	12,160,267.52
C. Technical provisions			
I. Provision for unearned premiums (and unexpired risks)		74.45	3,596.25
V. Equalisation provision		81,612.51	568,205.59
		81,686.96	571,801.84
E. Provisions for other risks and charges			
2. Provisions for taxation	4.2	156,255.36	136,270.38
H. Accruals and deferred income			
		50,524.85	50,565.09
TOTAL LIABILITIES		12,831,305.16	12,918,904.83

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

PROFIT AND LOSS ACCOUNT FOR THE ACCOUNT WITHOUT STATE
GUARANTEE AS AT 31.12.2021 AND 31.12.2020 IN EUR

	Note	31.12.2021	31.12.2020
I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS			
1. Earned premiums	4.3		
a) Gross premiums written		(402.33)	83,796.49
c) Change in the gross provision for unearned premiums		3,521.80	31,192.83
		3,119.47	114,989.32
2. Allocated investment return transferred from the non-technical account		72,864.85	9,368.43
6. Bonuses and rebates, net of reinsurance		40.24	(6,017.63)
7. Net operating expenses			
c) Administrative expenses	4.4	(95,388.49)	(57,988.78)
9. Change in equalisation provision		486,593.08	350,898.52
10. Balance on the technical account for non-life insurance Business		467,229.15	411,249.86
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account - non-life insurance Business		467,229.15	411,249.86
3. Investment income	4.5	121,441.42	15,614.04
6. Allocated investment return transferred to the non-life technical account		(72,864.85)	(9,368.43)
9. Tax on profit or (loss) on ordinary activities		(133,235.25)	(120,796.48)
10. Profit or (loss) on ordinary activities after tax		382,570.47	296,698.99
17. Profit or (loss) for the financial year		382,570.47	296,698.99

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

BALANCE SHEET FOR THE ACCOUNT OF THE STATE
AS AT 31.12.2021 AND 31.12.2020 IN EUR

	Note	31.12.2021	31.12.2020
ASSETS			
C. Investments			
III. Other financial investments	3.1.5		
2. Debt securities and other fixed income transferable securities		6,083,542.37	0.00
6. Deposits with credit institutions		11,272,270.61	13,235,489.65
		17,355,812.98	13,235,489.65
TOTAL ASSETS		17,355,812.98	13,235,489.65

	Note	31.12.2021	31.12.2020
LIABILITIES			
A. Capital and reserves			
I. Subscribed capital or equivalent funds	5.1	6,777,396.57	6,777,396.57
IV. Reserves	5.1	6,436,172.12	4,123,815.19
VI. Profit or (loss) for the financial year	5.1	4,142,244.29	2,312,356.93
		17,355,812.98	13,213,568.69
C. Technical provisions			
III. Claims outstanding		0.00	21,920.96
TOTAL LIABILITIES		17,355,812.98	13,235,489.65

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

PROFIT AND LOSS ACCOUNT FOR THE ACCOUNT OF THE STATE
AS AT 31.12.2021 AND 31.12.2020 IN EUR

	Note	31.12.2021	31.12.2020
I. TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS			
1. Earned premiums	5.2		
a) Gross premiums written		7,001,867.81	5,567,870.64
c) Change in the gross provision for unearned premiums		0.00	2,444.00
		7,001,867.81	5,570,314.64
2. Allocated investment return transferred from the non-technical account		74,814.70	7,953.83
3. Other technical income, net of reinsurance		560,068.22	23,986.58
4. Claims incurred, net of reinsurance			
a) Claims paid			
aa) Gross amount		(892,774.69)	(1,399,387.21)
b) Change in the provision for claims			
ba) Gross amount		21,920.96	467.89
		(870,853.73)	(1,398,919.32)
7. Net operating expenses			
c) Administrative expenses	5.3	(2,673,529.17)	(1,896,281.35)
10. Balance on the technical account for non-life insurance Business		4,092,367.83	2,307,054.38
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account - non-life insurance Business		4,092,367.83	2,307,054.38
3. Investment income	5.4	124,691.16	13,256.38
6. Allocated investment return transferred to the non-life technical account		(74,814.70)	(7,953.83)
10. Profit or (loss) on ordinary activities after tax		4,142,244.29	2,312,356.93
17. Profit or (loss) for the financial year		4,142,244.29	2,312,356.93

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

Balance sheets and profit and loss accounts

FINANCIAL SUPPORT

BALANCE SHEET FOR COPEL AS AT 31.12.2021 AND 31.12.2020 IN EUR

	Note	31.12.2021	31.12.2020
ASSETS			
CURRENT ASSETS			
Assets held at a bank			
Current bank accounts			
Current accounts		6,728,546.34	6,768,654.19
TOTAL ASSETS		6,728,546.34	6,768,654.19
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Government allocations			
Government allocations	6.2	6,896,796.82	6,630,592.34
PROVISION FOR COMMITMENTS			
Other provisions			
Provision for financial support granted		1,133,016.76	675,329.89
CREDITORS			
Costs payable		317,448.59	546,527.48
FINAL RESULT OF THE YEAR		(1,618,715.83)	(1,083,795.52)
TOTAL EQUITY AND LIABILITIES		6,728,546.34	6,768,654.19

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

PROFIT AND LOSS ACCOUNT FOR COPEL
AS AT 31.12.2021 AND 31.12.2020 IN EUR

	Note	31.12.2021	31.12.2020
EXPENSES		(1,618,715.83)	(1,083,795.52)
Financial support provided			
Financial support for trade fairs		(335,734.14)	(652,415.57)
Costs of research or advisory costs		(23,941.26)	(15,956.00)
Design costs		(107,854.85)	(117,937.54)
Promotion costs (advertising)		(50,971.43)	(86,245.92)
Registration / Certification		(42,133.89)	(22,223.05)
Opening of representation offices		(6,500.00)	(1,192.13)
Digital Marketing		(219,252.76)	(118,557.53)
Call for tenders		0.00	(5,950.00)
		(786,388.33)	(1,020,477.74)
Other external charges			
Property leases		(70,900.25)	(54,883.00)
Administrative expenses		(43,415.84)	(60,368.35)
Travel expenses		(1,805.84)	(712.58)
Bank fees and commissions		(962.00)	(109.90)
		(117,083.93)	(116,073.83)
Personnel costs			
Gross salaries		(208,824.70)	(156,540.56)
Directors' fees		(48,732.00)	(45,164.96)
		(257,556.70)	(201,705.52)
Other operating costs			
Change in the other provisions (Provision for financial support granted)		(457,686.87)	254,461.57
INCOME		0.00	0.00
Other income and interest			
Interest on financial accounts		0.00	0.00
RESULT OF THE YEAR		(1,618,715.83)	(1,083,795.52)

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

NOTES TO THE ANNUAL ACCOUNTS AS OF 31 DECEMBER 2021 (EXPRESSED IN EUR)

Note 1 - General Information related to all accounts

1.1 Mission of Office du Ducroire

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 the 4th of December 2019. In accordance to article 29 of the Law of the 4th of December 2019, ODL presents separate balance sheets at closing date and profit and loss accounts for the year then ended, for each type of activity:

- 1) Insurance activity for the account of ODL with State guarantee (Note 3)
- 2) Insurance activity for the account of ODL without State guarantee (Note 4)
- 3) Insurance activity for the account of the State (Note 5)
- 4) Financial support for exports (Note 6)

ODL does not prepare consolidated annual accounts.

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 support activity” is presented separately for the account of the State.

Notes 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 modified 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 the 1st of January and ends on the 31st of December 31st.

The annual accounts 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 Land and buildings

Land is valued at acquisition cost. The building is carried at acquisition cost less any accumulated amortisation. Amortisation is calculated using the straight-line method to allocate an item's cost to its residual values over its estimated useful life which is fixed at 30 years.

2.1.2 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.

2.1.3 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.

2.1.4 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 (Agió) 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 according to the opinion of the Board of Directors.

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 varies over a period of three to five years depending on the nature of the tangible asset. Cash at bank and in hand are presented at nominal value.

2.5 Prepayments and accrued income

The accrued interest and financial income entitlement are interests and financial incomes already earned during the financial year but have not yet become receivable at the 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 Claims outstanding

Claims outstanding represent 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 the percentage of commitments 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 the investment return transferred from the non-technical account to the technical account (60% of the result of the non-technical account) plus 75% of the technical account 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

Gross premiums written represent the total amount of premiums invoiced during the financial year, regardless of whether these amounts relate fully 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 premiums is recorded.

The outward premiums include 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 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 EUR 850,000. At the closing date, no request of payment under the guarantee has been addressed to ODL.

2.15 Post closing events

Russian's invasion of Ukraine and the unprecedented economic sanctions imposed on Russia have introduced volatility into the global economy. By end of February 2022, ODL suspended cover for new business in Russia. Existing insurance coverages granted by ODL continue to protect exporters and financing banks against bad debt losses and political risks in Russia. On 31 December 2021, ODL's commitment regarding risks located in Russia amounted EUR 12,697,327.44.

The sanctions and economic effects of the conflict may have negative impacts on these transactions covered by ODL. But as all due payments had been made on time as of the closing date of the annual accounts, ODL anticipate no or only minor impact on claims to be paid in 2022.

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

Notes 3 - Insurance activity for the account with State guarantee

3.1 Investments

3.1.1 Land and Buildings

On the 19th of August, 2021 ODL purchased offices in a building (co-ownership) situated 65, rue d'Eich in Luxembourg for EUR 4,900,000. The share of land has been valued at EUR 1,000,000 by the Board of Directors.

In November 2021, the staff moved into the new offices.

	01.01.2021	Land	Building	31.12.2021
Acquisition value	0.00	1,000,000.00	3,900,000.00	4,900,000.00
Value adjustments	0.00	0.00	(42,900.00)	(42,900.00)
Book value	0.00	1,000,000.00	3,857,100.00	4,857,100.00

3.1.2 Investments in affiliated undertakings and participating interests

ODL holds on the 31st of December 2021 interests in the company NORTHSTAR EUROPE S.A.

	01.01.2021	Additions / Allocations	Disposals / Reversals	31.12.2021
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.

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

	01.01.2021	Additions / Allocations	Disposals / Reversals	31.12.2021
Acquisition value	11,904,393.37	1,934,946.90	(2,663,215.68)	11,176,124.59
Value adjustments	(95,834.00)	12,845.00	0.00	(82,989.00)
Book value	11,808,559.37	1,947,791.90	(2,663,215.68)	11,093,135.59

The market value of shares and other variable-yield transferable securities and units in unit trusts amounts as of the 31st of December 2021 to EUR 15,439,095.85 (2020: EUR 13,886,286.01).

3.1.4 Debt securities and other fixed income transferable securities

	01.01.2021	Additions / Allocations	Disposals / Reversals	31.12.2021
Acquisition value	90,220,378.77	8,076,545.59	(11,734,245.23)	86,562,679.13
Reversal Discounts / Premiums 2020	(251,439.91)	(84,416.58)	125,489.94	(210,366.55)
Discounts / Premiums 2021	210,366.55	118,214.12	(168,665.25)	159,915.42
Book value	90,179,305.41	8,110,343.13	(11,777,420.54)	86,512,228.00

The market value of debt securities and other fixed income transferable securities amounts as of the 31st of December 2021 to EUR 87,583,351.50 (2020 EUR 92,624,063.58).

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

	2021	2020
Amortisation of discounts	33,797.54	7,262.81
Amortisation of premiums	(43,175.31)	(29,160.32)

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 off 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 at maturity and are written down in instalments over the remaining period to maturity.

3.1.5 Allocation of “Other financial investments”, “Investment income” and “Investment charges” between the three insurance activities

Shares and other variable-yield transferable securities and units in unit trusts, Debt securities and other fixed income transferable securities and deposits with credit institutions (Item C. III. Other Financial Investments 1.2. 6.-of the assets of the balance sheet with the guarantee of the State) are common to the three insurance activities described in note 1.1. These “Other Financial Investments” as well as the “Investment income” and “Investment charges” (item III 3. and 5) in the profit and loss account are recorded in the account with the State guarantee. At the end of each financial year, the financial activity recorded in the account with the State guarantee is distributed by means of accounting entries between the three insurance activities. The quota allocated to each account is determined on the basis of the value of these financial investments at the beginning of the financial year.

3.2 Other assets (tangible assets and stocks)

	01.01.2021	Additions / Allocations	Disposals / Reversals	31.12.2021
Acquisition value	151,205.97	86,336.99	0.00	237,542.96
Value adjustments	(126,281.47)	108,205.00	0.00	(18,076.47)
Book value	24,924.50	194,541.99	0.00	219,466.49

3.3 Capital and reserves

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

In April 2021, the capital of the account with State guarantee was increased from EUR 50,000,000 EUR to 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.

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

	Subscribed capital EUR	Reserves EUR	Profit or (Loss) of the financial year EUR
Balance at 31.12.2020	50,000,000.00	27,152,297.88	(1,834,050.36)
Allocation of results	0.00	(1,834,050.36)	1,834,050.36
Capital increase	20,000,000.00	0.00	0.00
Net result	0.00	0.00	1,805,722.68
Balance at 31.12.2021	70,000,000.00	25,318,247.52	1,805,722.68

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

	2021	2020
Gross written premiums:	4,379,936.97	11,144,451.77
<i>of which in direct insurance</i>	3,496,522.71	9,800,310.64
<i>of which in coinsurance</i>	883,414.26	1,344,141.13
Gross earned premiums, net of reinsurance	4,961,245.19	5,192,851.11
Claims incurred, net of reinsurance	(577,639.71)	(10,073,361.77)
Administrative expenses	(939,054.64)	(1,244,739.91)
Reinsurance balance	(7,054,869.30)	4,469,017.68

3.5 Administrative expenses

3.5.1 Employee benefit expenses

	2021
Wages, salaries and other benefits	293,601.36
Social security charges	82,857.02
Pension costs	16,808.47
Total	393,266.85

3.5.2 Auditing fees

	2021
Auditing fees	12,883.18

3.6 Investment income

	2021	2020
Income deriving from other investments	532,825.91	529,887.83
Profits deriving from the realization of investments	854,375.39	33,818.40
Readjustments on investments	12,845.00	(95,834.00)
Reversal Discounts 2020	(84,416.58)	(77,153.77)
Discounts (Disagio)	118,214.12	84,416.58
Allocation of financial products	(246,132.58)	(28,870.42)
Total	1,187,711.26	446,264.62

3.7 Investment charges

	2021	2020
Investment management charges	(86,499.92)	(240,317.98)
Value adjustments on investments	0.00	0.00
Losses arising on realization of investments	0.00	0,00
Reversal premiums 2020	125,489.94	96,329.62
Premiums (Agio)	(168,665.25)	(125,489.94)
Total	(129,675.23)	(269,478.30)

3.8 Subrogation and salvage

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

	2021	2020
Gross amount	18,213,013.67	17,183,433.65
Reinsurers' share	(13,233,274.65)	(12,485,198.82)
Net amount	4,979,739.02	4,698,234.83

Notes 4 - Insurance activity for the account with State guarantee

4.1 Capital and reserves

	Subscribed capital EUR	Reserves EUR	Profit or (Loss) of the financial year EUR
Balance at 31.12.2020	3,000,000.00	8,863,568.53	296,698.99
Allocation of results	0.00	296,698.99	(296,698.99)
Net result	0.00	0.00	382,570.47
Balance at 31.12.2021	3,000,000.00	9,160,267.52	382,570.47

4.2 Provision for other risks and charges

Breakdown of taxation provisions as at 31 December 2021			
Description	Accrual	Advances	Balance
<i>Municipal Business Tax:</i> - 2019, 2020 and 2021	35,187.00	0.00	35,187.00
<i>Corporate Income Tax:</i> - 2019, 2020 and 2021	121,068.36	(12,045.20)	109,023.16
Total	156,255.36	(12,045.20)	144,210.16

Advances on future tax liabilities are reported under the caption "Other prepayments and accrued income".

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

	2021	2020
Gross written premiums:	(402.33)	83,796.49
<i>of which in direct insurance</i>	(402.33)	83,796.49
<i>of which in coinsurance</i>	0.00	0.00
Gross earned premiums, net of einsurance	3,119.47	114,989.32
Claims incurred, net of reinsurance	0.00	0.00
Administrative expenses	(95,388.49)	(57,988.78)
Reinsurance balance	0.00	0.00

4.4 Administrative expenses

4.4.1 Employee benefit expenses

	2021
Wages, salaries and other benefits	50,245.79
Social security charges	4,360.89
Pension costs	884.65
Total	55,491.33

4.4.2 Auditing fees

	2021
Auditing fees	678.06

4.5 Investment income

	2021	2020
Income deriving from other investments	121,441.42	15,614.04
Total	121,441.42	15,614.04

Notes 5 - Insurance activity for the account of the State

5.1 Capital and reserves

	Subscribed capital EUR	Reserves EUR	Profit or (Loss) of the financial year EUR
Balance at 31.12.2020	6,777,396.57	4,123,815.19	2,312,356.93
Allocation of results	0.00	2,312,356.93	(2,312,356.93)
Net result	0.00	0.00	4,142,244.29
Balance at 31.12.2021	6,777,396.57	6,436,172.12	4,142,244.29

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

	2021	2020
Gross written premiums :	7,001,867.81	5,567,870.64
<i>of which in direct insurance</i>	7,001,867.81	5,567,870.64
<i>of which in coinsurance</i>	0.00	0.00
Gross earned premiums, net of reinsurance	7,001,867.81	5,570,314.64
Administrative expenses	(2,673,529.17)	(1,896,281.35)

5.3 Administrative expenses

5.3.1 Employee benefit expenses

	2021
Wages, salaries and other benefits	121,760.26
Social security charges	43,608.98
Pension costs	8,846.57
Total	174,215.81

5.3.2 Auditing fees

	2021
Auditing fees	6,780.62

5.4 Investment income

	2021	2020
Income deriving from other investments	124,691.16	13,256.38
Total	124,691.16	13,256.38

Notes 6 - Financial support for exports

6.1 Assets held at banks

The assets held at banks are presented at nominal value.

6.2 Government allocations

Government allocations are granted in accordance to article 37 of the Law of 4th of December 2019.

	Government allocations EUR	Final result of the year EUR	Total EUR
Balance at 31.12.2020	6,630,592.34	(1,083,795.52)	5,546,796.82
Movements during the year	1,350,000.00	0.00	1,350,000.00
Allocation of the balance	(1,083,795.52)	1,083,795.52	0.00
Balance for the year	0.00	(1,618,715.83)	(1,618,715.83)
Balance at 31.12.2021	6,896,796.82	(1,618,715.83)	5,278,080.99

6.3 Provision for financial aids granted

Provision for financial aids granted are recorded at nominal value.

6.4 Creditors

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

6.5 Off balance sheet commitments

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





CHAPTER IV

APPENDIX

CORPORATE AND SOCIAL RESPONSIBILITY

To support responsible and sustainable business practices that respect the environment and human rights, and contribute to the fight against corruption, money laundering and the financing of terrorism, ODL will implement a new Environmental, Social and Governance (ESG) procedure in 2022.

Thus, ODL will apply a broader ESG procedure to all applicants for insurance and financial aid as well as to all insurance requests. ODL will review applicants "information and projects" data by the analysis of good governance criteria, environmental and social criteria and will assess the degree of sustainable financing.

In order to have a complete analysis, ODL's new ESG procedure will also proceed criteria about the fight against corruption, money laundering and the financing of terrorism as part of its definition of governance.

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

The new procedure includes:

- the United Nations sustainability goals and in particular goals 9, 14 and 15
- the multilateral environmental standards and agreements, including the Paris climate agreement, as well as the European Green Deal
- the OECD Guidelines for Multinational Enterprises
- the ESG guidelines of the World Bank and of the IFC
- the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFRD)
- the Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (NFDR)
- the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Taxonomy)
- the Corporate Sustainability Reporting Directive (CSRD)
- the environmental and social objectives and commitments of the Luxembourg government.

Environmental and Social Due Diligence

Projects in the industrial sector have often consequences for the importing country's inhabitants and the environment. 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.

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 and financial aid, 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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