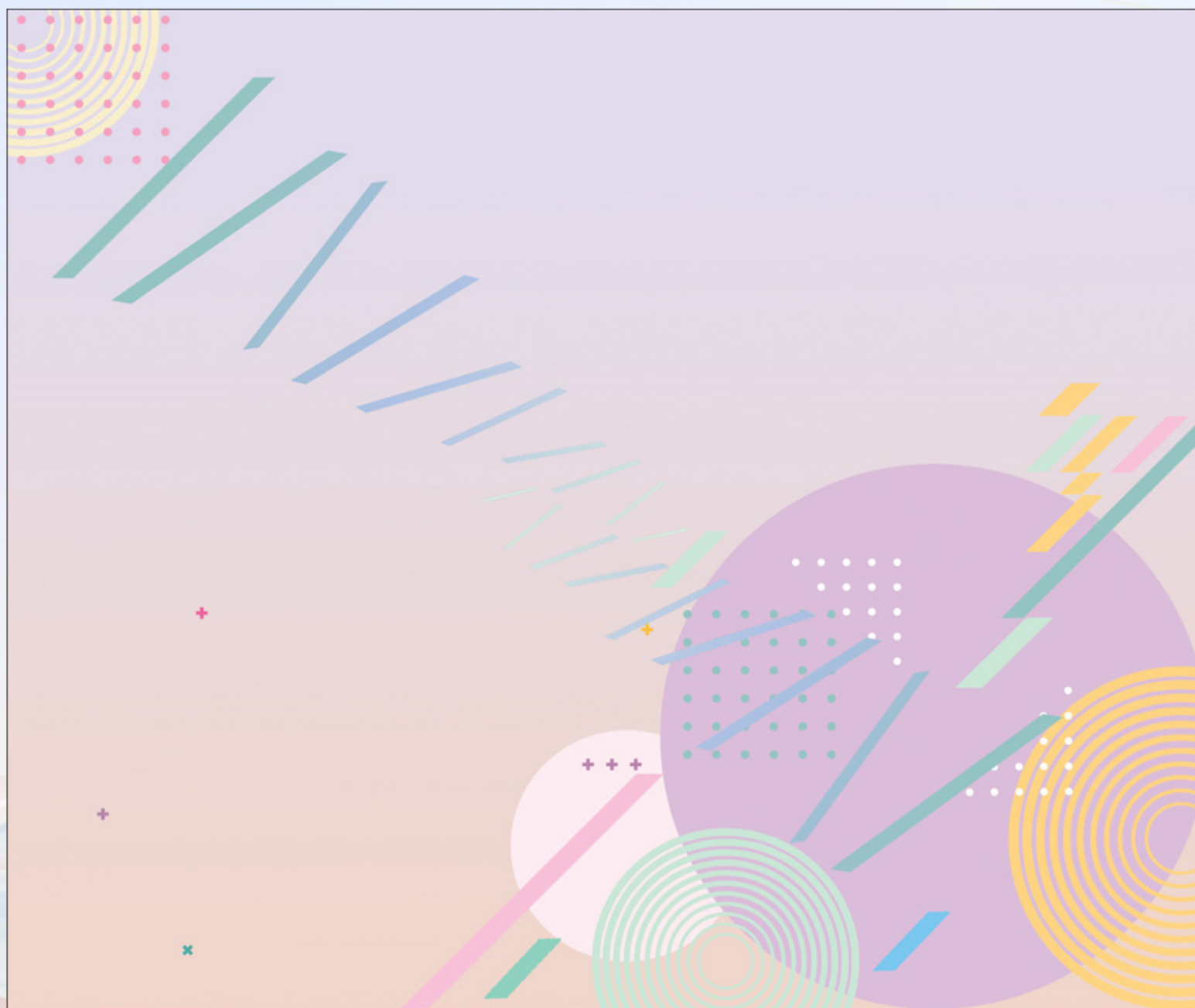


The background of the page features a series of overlapping, flowing, wavy lines in shades of blue and orange. These lines create a sense of movement and depth, with some areas appearing more saturated than others. The overall effect is a modern, artistic, and dynamic visual element.

Elini

annual report
2019



Composition abstract n°17

R. PICCART 2020

**Annual Report 2019
of the Board of Directors and
of the Statutory Auditor
to be presented at
the Annual General Meeting
on 30th April 2020**

Insurance company authorised by decision of the Management
Committee NBB (formerly CBFA) on the 6th November 2003.
to underwrite "Liability" (branch 13)
(Moniteur Belge 04.12.2003 - Code 2275)

Registered Office:
Av. Jules Bordet, 166 - B 3
B 1140 Brussels
Belgium

Tel. +32 (0)2 702 90 10

Financial Highlights

In euro

Statement of Earnings

	2019	2018	2017	2016	2015
Net premium earned	7.956.582	6.466.303	6.476.981	6.132.484	4.995.260
Claims	341.626	3.228	82.562	0	16.871
Expenses	-2.382.027	-2.033.276	-1.732.726	-1.817.647	-1.741.989
Other income	160.389	329.461	268.093	310.013	152.405
Net investment result	4.426.301	396.408	-110.001	3.195.613	9.461
Earnings before distribution to reserve for equalisation and catastrophes	10.502.870	5.162.124	4.984.909	7.820.463	3.432.008
Variation in the reserve for equalisation and catastrophes, net of reinsurance	-7.647.837	-4.975.096	-5.169.436	-5.642.010	-3.457.960
Taxes	-908	-29	-18	-343	-348
Earnings after distribution to reserve for equalisation and catastrophes	2.854.124	186.999	-184.546	2.178.110	-26.300

Balance Sheet

Assets	120.065.386	108.528.593	102.277.362	93.374.321	78.016.247
Liabilities	-1.023.629	-1.221.998	-1.121.362	-1.739.075	-1.475.830
Guarantee fund	119.041.757	107.306.594	101.155.999	91.635.246	76.540.417
<i>(including reserve for equalisation and catastrophes)</i>					

Content

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Members

Belgium

Belgoprocess NV
Electrabel SA
FBFC International NV
Institute for Radioelements (IRE) (*)
SCK•CEN
Transnubel (*)
Transrad (*)

Brazil

Eletronuclear (*)

Canada

Bruce Power Inc.
New Brunswick Power Corporation (*)
Ontario Power Generation (OPG)

Czech Republic

ČEZ a.s.

Finland

Fortum Power & Heat Oy
Teollisuuden Voima Oyj (TVO)

France

EDF
Eurodif SA (integrated in Orano as at 31 December 2019)
Framatome
ORANO SA

Germany

RWE Power AG (*)

Great Britain

British Energy Ltd
Nuclear Decommissioning Authority (NDA) (*)
Urenco Ltd (*)

Hungary

MVM Paks Nuclear Power Plant Ltd (*)
RHK Puram

Italy

ENEL S.p.A. (*)
Sogin S.p.A. (*)

Romania

Societatea Nationala Nuclearelectrica SA (SNN)

Slovak Republic

Slovenské Elektrárne a.s.

South Africa

Eskom Holdings SOC Ltd

Spain

Endesa (*)

Sweden

AB SVAFO
Forsmarks Kraftgrupp AB
OKG Aktiebolag
Ringhals AB
Svensk Kärnbränslehantering AB (SKB)
Studsvik AB
Sydkraft Nuclear Power AB

Switzerland

Axpo Power AG
BKW Energie AG (*)
Kernkraftwerk Gösgen-Däniken AG
Kernkraftwerk Leibstadt AG
Zwischenlager Würenlingen AG (ZWILAG)

The Netherlands

Elektriciteits-Produktiemaatschappij Zuid-Nederland NV (EPZ) (*)

Board of Directors *

B. Svensson	<i>Chairman</i>
K. Kelly	<i>Vice-Chairman</i>
C. Legrain	<i>Vice-Chairman</i>
M. Beyens	
A. Havris	
R. Muscogiuri	
J. Ortman	
A. Sandberg	
A. Shuttleworth	
J. Toroska	
J. Machtelinckx	<i>Executive Committee</i>
J.D. Treillard	<i>Executive Committee</i>

* Status at the time of the Annual General Meeting

The external mandates of the Board members can be found on our website.

Advisory Committees *

Insurance Advisory Committee

B. Svensson *Chairman*
A. De Bruycker
T. Erb
N. Feldman
P. Haenecour
H. Hefti
V. Hronek
J. Javanainen
B.P. Jobse
B. Kockum
M. Laguna
M. Mooser
I. Räisänen
J.D. Treillard
S. Yvon

Legal Advisory Committee

A. Shuttleworth *Chairman*
L. Antal
M. Beyens
R. Danielsson
S. Elhaut
B.R. Hilbers
M. Laguna
J. Lasry
J. Ortman
A. Sandberg
M. Schoch
J.D. Treillard
G. Vandeputte

Advisory Committees *

Finance and Investment Advisory Committee

J. Machtelinckx	<i>Chairman ad-hoc</i>
L. Maršálek	
L. Piekari	
A. Roefs	
J. Tasker	
M. Vercammen	

Audit Committee

C. Legrain	<i>Chairman</i>
K. Kelly	
R. Muscogiuri	
J. Toroska	

Risk Committee

J. Toroska	<i>Chairman</i>
A. Havris	
R. Muscogiuri	
J. Ortman	
A. Sandberg	

Internal Auditor

BDO – Represented by Christophe Quiévreux

* Status at the time of the Annual General Meeting

Management *

Executive Committee

J.D. Treillard

Managing Director

J. Machtelinckx

Financial Manager

Auditors

Deloitte

Réviseurs d'Entreprises SC s.f.d. SCRL

Gateway Building, Luchthaven Nationaal 1 J

BE - 1930 Zaventem

Represented by

Mr. R. Neckebroeck

Actuarial function

Nicolai & Partners

Duboisstraat 43

BE - 2060 Antwerpen

Mrs. V. Nicolai

* Status at the time of the Annual General Meeting

Letter from the Chairman

Dear Members,

It is a pleasure to present ELINI's 2019 Annual Report.

At the time these words are being written we are all facing the pandemic event, and we hope that everyone is safe.

This reminds us that the unlikely may happen, even if this is a remote possibility. Just like Nuclear Third Party Liability insurance, that we all hope will never be used, but in case something happens, needs to be immediately available, not only for the indemnities to be paid to the potential victims, but also and above all the whole Claims Handling process, in close relation with the nuclear operators and the local authorities.

In this regard, ELINI has been recognized as having developed one of the most advanced Claims Handling System in the Nuclear Third Party Liability insurance market, which was updated in 2019, and is fully operational ever since.

The Management of ELINI has been working on these aspects for the last years, to make sure that the Nuclear Industry can rely on its Mutual to bear its social responsibility and accompany the actions of the individual Members towards the stakeholders in case of a potential nuclear event.

The end of 2019 has seen the change in the Management of ELINI, and I would like to take this opportunity to give a special tribute and a warm thank you to Danny Vanwelkenhuyzen, who has been managing ELINI since its creation in 2001, and has been working for ELINI to grow and become one of the major players in the Nuclear Third Party Liability insurance market. From a position of partner, ELINI has now reached a leading position in some Nuclear Third Party Liability insurance programs, where its ability to handle the claims has been fully recognised.

Thank you Danny.

The image of ELINI has also evolved with a rebranding and the refurbishment of its Website that I encourage you to visit.

In this context, ELINI is also proud to announce that a Branch was opened in Switzerland. The Swiss authorities have granted the "ELINI Brussels, Zug Branch" with a license as direct insurer on the 15th November 2019. This will allow ELINI to better accompany its Swiss Members on a direct insurance basis.

With the even more important role of Governance and Compliance, the Management has been continuously working on the improvement of its internal control, and the quality of the reports made to the authorities in the different countries ELINI operates. Solvency II is still a major part of the agendas of the different committees.

The Management remains continuously committed in monitoring its Members' financial securities, as well as the quality of the risks covered. ELINI continues to expand its specific loss prevention program amongst its Members and the potential Candidates.

This leads us to the business activity, where the major points are the following :

- The growth of activity driven by our management, has a positive impact on the capacity, where a net capacity offered in 2018 of € 95 Million, reached € 100 Million in 2019.
- The own funds of ELINI reached € 120 million at the end of 2019, from € 107 million end of 2018.
- The gross earned contributions increased from € 8,9 Million in 2018, to € 11,2 Million in 2019, due to the increased capacity bought by the Members.
- The Claims load has been reviewed, since some old Claims were closed, which led to a boni of € 346 469. The claims still opened amount for a total of € 51 418.
- The change in our Assets Managers, has led to transfer the portfolio, and created an exceptional Realised Gain Capital of € 4,6 Million.
- The Surplus in 2019 amounts to € 10,5 Million.
- AM Best confirmed its rating of "A-" for 2019, in the continuity of the previous years.
- ELINI has now some solutions to cover the calls exposures of its Members,

Beside the mere business activities, ELINI is continuously recognised as one of the major actors representing the World's Nuclear Industry Community with regard to Nuclear Third Party Liability matters and some of its staff members are regular speakers at seminars related to Nuclear Third Party Liability matters.

2020 will be a challenging year, that may see the decisions of the governments to implement the revised heads of damages and limits of liability for their national nuclear operators, for which ELINI represents one of the key actors.

Yours sincerely,



Bengt Svensson
Chairman of the Board of Directors.

Description of Activities

ELINI is a Belgian mutual insurance association formed in December 2002 to provide insurance capacity for nuclear liability risks to its Members. The present Members of ELINI include nuclear facilities in Belgium, Brazil, Canada, Czech Republic, Finland, France, Germany, Great Britain, Hungary, Italy, Romania, Slovak Republic, South Africa, Spain, Sweden, Switzerland and the Netherlands.

The capacity provided by ELINI is independent of that provided by the various nuclear Pools.

The main benefits to Members of ELINI include:

- Additional insurance capacity in view of the Revised Paris and Brussels Supplementary Conventions;
- Alternative insurance capacity for terrorism cover and 30 years prescription period;
- Potential for contribution savings;
- Information exchange and data center for nuclear insurance matters.

Underwriting & Claims Handling

ELINI's current portfolio is based on nuclear liability risks cover, in accordance with the decision of the Member, with the existing Pools and any other markets as coinsurer, reinsurer or leader with the exception in those countries where a 100 % policy is taken out by the Member.

The prices of the insurance coverages are in accordance with own rating tables so that Members of the Mutual will derive immediate benefit from reduced contributions.

Few years ago, ELINI has been working on a rating model, based on TPL surveys on-site. In 2011 the Board of Directors agreed to link the results obtained from these surveys to the contribution calculation. The strengths and weaknesses of a site are incorporated in the contribution calculation and represent an incentive for each Member to improve the site safety. This model is applied as of January 1st, 2012.

If there is a nuclear incident resulting in offsite release of radiation, ELINI will offer its services to, and in close collaboration with the local competent Authority and its Member, and act in accordance to the instructions given and the expectations formulated by them. It is ELINI's view that, in such a crisis situation, the entire insurance market should show solidarity.

As an insurer, ELINI will contribute to the cost in accordance with the provisions of the Member's insurance policy.

In order to be prepared for a potential nuclear incident, ELINI decided to develop a unique web based platform for claim handling allowing to register claims, manage claims and report in a detailed way to all parties involved and this both on a national and trans boundary basis.

ELINI contracted with highly specialised companies for the set-up of dedicated call centers and dispatching of claim experts and loss adjusters. The individual approach of the Members allows ELINI to take into consideration their expectations.

The implementation of the system is realised in close collaboration with the Members having decided to organise their post incidental management together with ELINI.

Article 25 of the Articles of Association provides for additional contributions from Members if required to meet claims.

Reinsurance

ELINI can purchase reinsurance cover to supplement capacity and to spread risk as the Board deems appropriate.

Management Structure

ELINI is a mutual association constituted in Brussels under Belgian law and authorised by decision of the Management Committee of the NBB (formerly CBFA) on the 6th November 2003.

The strategic management of the Association is the responsibility of the Board of Directors which, with the exception of those powers expressly reserved for the General Meeting, has full managerial authority.

The administration and day to day management of the Association is the responsibility of the Managing Director together with the Executive Committee.

Membership

Only companies or authorities in the private or public sector operating in the nuclear industry or their representatives, and which have an insurable interest, can be Members of the Association.

Election of a new Member shall be submitted to the Board of Directors and shall become effective when ratified by the General Meeting.

A new Member must take out or have the intention to take out at a later stage at least one insurance policy with unreserved acceptance of the rights and obligations included in the Articles of Association.

There are three kind of Members:

- Non Insured Members who do not take part in the constitution of the guarantee fund but pay an administrative fee;
- Non Insured Members who take part in the constitution of the guarantee fund (Supportive Members);
- Insured Members who have an insurance policy and have contributed to the constitution of the guarantee fund.

Loss Prevention Services

The ELINI loss prevention division supports the underwriting team as well as the Members to identify potential loss exposures and to assess the adequacy of existing loss prevention measures. Based on on-site evaluations, review of technical documentation and discussions with site responsables and technical staff, detailed risk reports are made up. The surveyor will evaluate and compare the facility with good engineering practices, legal requirements, insurance standards and similar risks. Strengths and weaknesses of each site will be highlighted. Where required a comprehensive list of suggestions and recommendations will be drawn up with a view to improve safety and to prevent or mitigate losses. An in-house developed grading system supports the underwriting process by contribution rate adjustment and can support the Members' loss prevention programs through contribution reduction.

Report of the Board of Directors to be presented to the Annual General Meeting of 30th April 2020

Dear Member,

We are pleased to present for your approval the financial statements of our Mutual for its seventeenth year of operations, which ended on 31st December 2019.

The financial statements include the figures from the ELINI branch in Switzerland.

The Board of Directors of ELINI is responsible for the information contained in the financial statements and other sections of the annual report. The Board considers that the financial statements and related information have been prepared in accordance with generally accepted accounting principles appropriate in the circumstances. These financial statements include amounts that are based on the Board's judgment and best estimates.

ELINI maintains a system of internal accounting controls to provide reasonable assurance that our assets are safeguarded against loss from unauthorized use or disposal and that the accounting records provide a reliable basis for the preparation of the financial statements.

We engaged Deloitte, with your approval, as the independent auditors to audit the financial statements and to express their opinion thereon. Their opinion is based on procedures considered by them to be sufficient to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position, cash flows and results of operations. Their report is joint with the annual accounts.

Capacity

The maximum insurance capacity per policy, including the Treaty and Facultative contracts with NIRA and BlueRe, increased from € 160.141.505 in 2018 to € 184.830.835 in 2019. Our own retention increased from € 95.00.000 to € 100.000.000 in the same period.

Additional capacity was ceded to other reinsurers amounting to a maximum of € 80.000.000 in 2019. As a result, the maximum gross capacity for one single Member amounted to € 264.830.835 in 2019.

Contributions

The contributions written, and reinsurance premiums ceded are reflected in the earnings on a pro-rata basis over the terms of each policy. Unearned contributions represent the portion of contributions written, which are applicable to the non-expired term of the policies in force.

Gross earned contributions increased from € 8.996.894 in 2018 to € 11.282.970 in 2019. This growth can be attributed to the elevated gross insurance capacity and the fact that more Members use an elevated capacity from ELINI in their insurance program.

Reinsurance costs also increased from € 2.530.591 to € 3.326.389 of which € 1.828.941 was attributed to BlueRe compared to € 1.524.911 in 2018. The capacity bought by ELINI from BlueRe increased from € 27.000.000 in 2018 to € 34.778.400 in 2019.

Claims

Provisions are made for the estimated cost of incurred losses following management estimates. These estimates are based on information from the members, their brokers, nuclear pools, claims adjusters, independent consultants and other relevant sources.

The total outstanding claims reserve at the end of the year was reduced by € 346.469 compared to the end of 2018. This reduction mainly results from closing the claim files for which the subscription period expired, including the Socatri claim dating from 2008 with a positive impact of € 314.864 on the claims reserve and a claim file for Areva (Orano) also dating from 2008 with an impact of € 31.600 on the reserve.

Two new incidents have been notified during the year 2019. For both of these claims, a claims reserve of € 1.750 each was created. These amounts do not yet include the internal and external claim handling costs which are both calculated as 15% of the initial claims reserve, a percentage that has been fixed in 2014, possibly subject to an annual review but has never been changed since.

The claims reserve as at 31 December 2019 now amounts to € 51.418 and relates to only 3 notified incidents with occurrences in 2011, 2016 and 2017.

General expenses

General expenses increased from € 2.033.276 in 2018 to € 2.382.027 in 2019 or an increase of +17%. The main drivers behind the increase of 350 k€ in administrative expenses are an increase in brokerage fees and higher HR costs after an increase in FTE's.

Smaller increases were observed over the various items in the profit and loss accounts and are mainly related to the license applications in Switzerland, Canada and Brazil.

Investments

The total book value of the investments and liquidities increased from € 103.457.162 in 2018 to € 117.142.088 in 2019.

The investment strategy of 10% in shares and the remaining 90% in a mix of fixed income and money market products remained unchanged throughout the year.

The investment yield on the portfolio was calculated at 5,92% for 2019, significantly outperforming the target of Euro Area inflation which came out at 1,30% in December 2019.

The accounting financial income amounted to € +4.426.301 after part of the financial profits were realized during the year. The unrealized gains as at 31 December 2019 are not reported in the balance sheet, neither in the income statement.

Book value and estimated fair market value of investments as at 31 December 2019 :

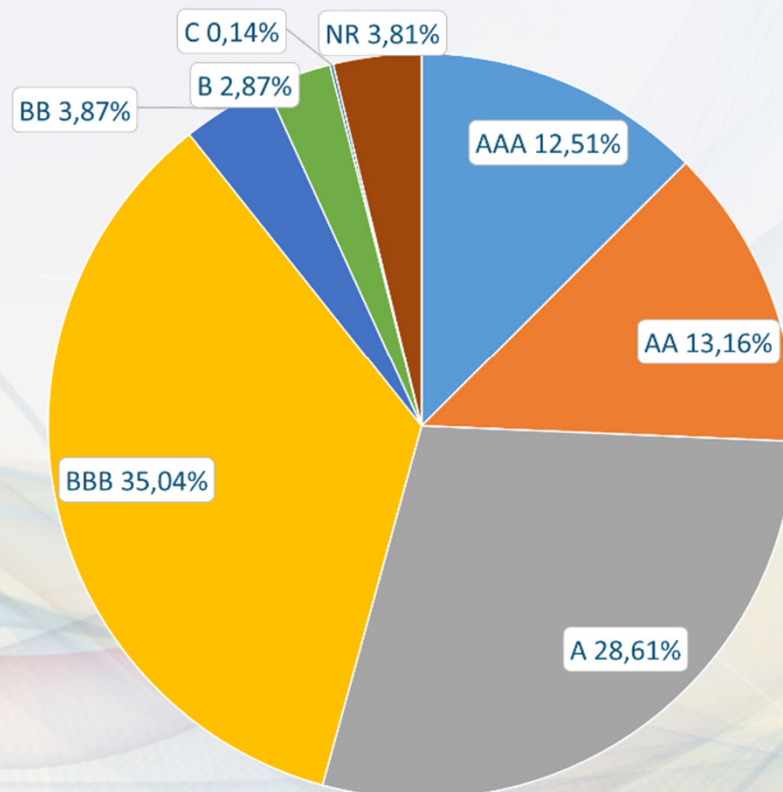
Euro	Book value	Unrealized capital gains/losses	Market value
Fixed Income funds	84.957.366	676.424	85.633.791
Money market funds	9.095.880	-28.893	9.066.987
Deposits	100.517	0	100.517
Cash	8.084.194	0	8.084.194
Equity funds	14.904.131	1.227.805	16.131.936
	117.142.088	1.875.336	119.017.424

Weighted average credit rating and duration of the total portfolio as of 31 December 2019 :

The weighted average duration of all financial assets is 4,10 years.

The overall average credit rating of the portfolio (including equities) is A-.

ELINI Credit quality of total portfolio 31/12/2019



Country Allocation as of 31 December 2019.

Overall portfolio:

AT 1,36% • BE 6,62% • BM 0,16% • CA 6,31% • CH 3,83% • CN 0,52% • DE 8,64% • DK 0,44% • ES 5,96% • FI 0,97% • FR 15,18% • GB 5,22% • IE 1,52% • IT 8,16% • LU 3,24% • NL 8,49% • NO 0,43% • SE 0,66% • RU 0,74% • Europe others 1,63% • US 12,66% • MX 0,79% • Latin America others 1,09% • AU 0,58% • NZ 0,02% • JP 0,92% • Asia others 2,76% • Africa/Middle East others 1,11%

ELINI's commitment to Sustainable investing starts by working together with Asset Managers who comply with the sustainable standards of the United Nations Global Compact and/or United Nations Principles of Responsible Investing. All our investment funds are selected by our Asset Managers taking into consideration Environmental, Social and Governance (ESG) factors including the sustainable standard of the UN Global Compact. They all have proper internal guidelines who display their ESG Policy in terms of governance, strategy, risk and the actions they undertake in the ESG space.

Result

The € 10.501.961 surplus for 2019 after taxes and before allocation to the equalization fund compares with a surplus of € 5.162.095 for 2018.

The technical profit for 2019 amounts to € 7.647.837 and will be fully allocated to the reserve for equalization and catastrophes. This amount includes the allocation to the equalization reserve in the Swiss branch (2.720.000 CHF) and the part of the financial surplus earned on the technical reserves amounting to € 1.484.125.

In accordance with our Articles of Association, the Board of Directors proposes to the Annual General Meeting that the non-technical result from the Belgian activities amounting to € 5.462.692 shall be allocated to the Guarantee Fund, whereas the loss of € - 2.608.568 in the Swiss branch is deferred to the next financial year, in accordance with the local regulations.

Guarantee Fund

The Guarantee Fund and reserve for equalization now available to the members to be used as insurance capacity, if you agree to our proposal, will be € 119.409.726 compared to € 108.153.236 at the end of the previous year. Since the Swiss regulator has granted ELINI a license to carry out nuclear TPL direct insurance on 15 November 2019, the capital from the Swiss Members becomes available for insurance purposes. However, the equalization reserve held within the Swiss branch is available to the Members insured by the Swiss branch only. This amount of 2.720.000 CHF (equivalent of 2.505.989 €) must be withdrawn from the capacity available for all Members. The maximum available capacity for all Members of ELINI is hence limited to 116.903.737 €.

The amount of the Guarantee Fund also includes subscribed but not paid capital amounting to € 2.084.156, down from € 4.048.312. This amount of subscribed but not paid capital is almost fully (98,5 %) due in 2020.

Post balance sheet events

In respect of the Corona Virus event, ELINI has taken a number of measures to ensure the maintenance of operational continuity of the Mutual. As a monoline Nuclear Third-Party Liability insurer, ELINI has no direct exposure that can be linked to the Covid-19 disease. We therefore do not foresee any complications over the next 12 months on the liabilities side of our balance sheet.

As to regards of the assets, ELINI is also closely monitoring the financial situation in respect of its investment portfolio. Recent market volatility has had a negative impact on the market value of its investments, but at this stage, no permanent impairments were identified that should prompt ELINI to record unrealized financial losses in its Financial Statements.

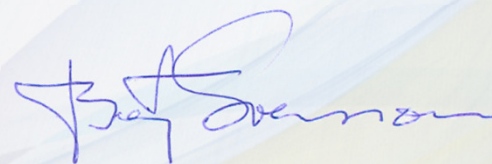
An up-to-date Internal Risk Analysis in relation to the Covid-19 situation explaining the operational continuity, as well as the actual or potential impact on ELINI's assets and liabilities, has been submitted to the Belgian regulator on 16 March 2020.

ELINI's prudent business model operates with a Solvency II buffer providing headroom to absorb such unforeseen events.

Discharge from liabilities

The Board of Directors recommends to the Annual General Meeting to grant discharge to each member of the Board of Directors and to the Statutory Auditor from all liability in respect of the exercise of their duties related to the financial year 2019.

We look forward to a good operational year in 2020 and I would like to take this opportunity to thank you for your support.



Bengt Svensson
Chairman of the Board of Directors
On behalf of the Board of Directors

Corporate Governance Report

CORPORATE GOVERNANCE STRUCTURE

ELINI continues to believe that Corporate Governance is extremely useful and effective in stimulating the use of best governance practices.

All the principles described are covered in the document “Corporate Governance Memorandum”. A yearly revision is desirable to account for the changing legal and cultural environment, the new aspirations of our stakeholders and the conduct of Members, Directors and Staff. This Corporate Governance Report is entirely applicable for ELINI and the Swiss Branch.

Following the new EU-wide regulatory regime, known as Solvency II, the company also needs to disclose specific information on their Corporate Governance in the framework in particular the Solvency Financial condition report (SFCR). This Report can be found on our website.

The relevant principles of governance are applied to the Mutual in the following way:

MANAGEMENT STRUCTURE

The General Meeting has the powers vested in it by Law and by the Articles of Association, without any prejudice to the laws and regulations in force regarding the control of ELINI.

The Board of Directors is the management body which jointly oversees the activities of the Mutual. There are currently twelve Board members, eight of them are representing the Members and two members are Executive Directors composing the Executive Committee.

The composition of the Board is balanced considering the respective skills, experience and background of each of the Board members. Board members undertake that they have sufficient time to exercise their duties, taking into consideration the number and importance of their other commitments.

The Executive Committee has full authority to undertake the daily management of the Association.

In addition, the Board has appointed specific Advisory Committees being the Risk Committee, Audit Committee, Finance & Investment Advisory Committee, Insurance Advisory Committee and Legal Advisory Committee. These Committees are composed out of representatives of the Members and members of staff. All Advisory Committees have charters that explain their purpose and role as well as their responsibilities.

The mission of these Committees is to analyze specific topics, to prepare matters for consideration and recommendation towards the Board. The existence of the Committees does not replace the ultimate responsibility of the Board.

The Board of Directors and the Committees meet as frequently as the interests of the Mutual require. For instance, the Board meets normally four times a year. Minutes are kept of every meeting.

In line with the requirements applicable in the fit and proper policy, both Board of Directors and Committees perform annually a self-assessment.

OPERATIONAL STRUCTURE AND KEY FUNCTIONS

The scope of work of the Internal Auditor, is to determine whether ELINI's network of risk management, internal control and governance processes, as designed and represented by management, is adequate and sufficient.

The Compliance Officer ensures that the company is in compliance with its outside regulatory and legal requirements as well as internal policies and bylaws.

The Board of Directors and Executive Committee decide on the risk strategy and design of the risk structure. The Risk Manager, deploys practices to identify, assess, monitor and mitigate various risks to ELINI's business.

The Actuarial function is in charge of the control on the calculations made by the ELINI and to give a level of comfort to the Board of Directors on actuarial processes.

In accordance with Articles 44, 46, 47 and 48 of Solvency II Directive, the Mutual has implemented the following key functions: risk management function, compliance function, internal audit function and actuarial function. Each key function discloses a report as well as for the year to come a plan and are in direct contact with the Board of Directors.

All key functions have a separate policy explaining their role and responsibilities. Each key function needs to comply with the fit & proper policy and conducts a self-assessment. In case the key function is outsourced, the internal person in charge reviews the performance and conducts a control on compliance with the guidelines of the outsourcing policy.

MONITORING AND CORRECTIVE ACTIONS

The Mutual has internal procedures which provide practical guidance for all staff (1st line of defense).

The second line of control performed by the actuarial function, risk management function & compliance function, assures the follow-up of the control of the risks and that corrective actions are taken.

The internal auditor reports to the Audit committee on the effectiveness of the procedures as 3rd line of defense.

In achieving its business objectives, ELINI emphasizes the adherence to the highest standards of business integrity and ethics, as well as the respect of and compliance with all applicable national and supra-national laws and regulations.

Employees have the obligation to inform rightful concerns or threats on violation of these values and codes and about unethical or unlawful behavior to the management. Denunciators will be protected against any disciplinary measures.

ELINI has also put in place efficient and transparent procedures for handling complaints. Complaints are considered a vital and essential source of information to improve the internal control systems. Therefore, they are recorded and handled accordingly.

Concerning the IT-infrastructure, a continuity policy and implementation process including proper securities is in place. The IT-department certifies that security, privacy and all other IT management requirements are adequately addressed by the cloud computing vendor. In respect of GDPR, personal data is mapped in a register with restricted access and a privacy policy is put into place. The DPO is responsible for tracking compliance with the GDPR.

Statutory auditor's report to the general meeting of members of European Liability Insurance for the Nuclear Industry AAM for the year ended 31 December 2019 - Annual accounts

In the context of the statutory audit of the annual accounts of European Liability Insurance for the Nuclear Industry AAM (the "association" we hereby submit our statutory audit report. This report includes our report on the annual accounts and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the general meeting of members of 25 april 2019, in accordance with the proposal of the board of directors ("bestuursorgaan" / "organe d'administration") issued upon recommendation of the audit committee. Our mandate will expire on the date of the general meeting of members deliberating on the annual accounts for the year ending 31 December 2021. We have performed the statutory audit of the annual accounts of European Liability Insurance for the Nuclear Industry AAM for 17 consecutive periods.

Report on the annual accounts

Unqualified opinion

We have audited the annual accounts of the association, which comprises the balance sheet as at 31 December 2019 and the income statement for the year then ended, as well as the explanatory notes. The annual accounts show total assets of 120 065 (000) EUR and the income statement shows a profit for the year ended of 2 854 (000) EUR.

In our opinion, the annual accounts give a true and fair view of the association's net equity and financial position as of 31 December 2019 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the annual accounts" section of our report. We have complied with all ethical requirements relevant to the statutory audit of the annual accounts in Belgium, including those regarding independence.

We have obtained from the board of directors and the association's officials the explanations and information necessary for performing our audit.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>The valuation of investments and their accounting treatment</p> <p>Per 31 December 2019, the other financial investments amount to 109 058 (000) EUR and represent 91% of the total balance sheet.</p> <p>The investments are valued at acquisition cost, which is based on the information received from the investments bank.</p> <p>Taking into account the importance of these financial investments on the balance sheet, we consider that the financial investments are a key audit matter.</p> <p>We refer to « C.III.Other financial investments » of the balance sheet, disclosure « N° 3 Market value of the investments » and disclosure « N° 20 Valuation rules - 6. Other ».</p>	<p>We have conducted audit procedures over the valuation and accounting treatments of the financial investments held by the company in accordance with to the company's valuation rules and the accounting principles applicable in Belgium.</p> <p>For a sample of purchase transactions, we have tested the acquisition value based on the reports provided by the investment banks in order to assess the valuation of the financial investments.</p> <p>Additionally, for a sample of transactions, the results accounted for are validated with the settlement documents received from the investment banks, in order to verify the accuracy of the gains and losses recorded.</p> <p>The market value of the financial investments, which is based on the valuation reports provided by the investment managers, are compared against the acquisition value in the company's books, in order to verify if there is any impairment risk.</p> <p>The market value reports provided by the investment managers were validated with readily, external and independent market information.</p>

Key audit matters	How our audit addressed the key audit matters
<p>The methodology and assumptions used in setting the insurance reserves</p> <p>The insurance reserves includes the company's nuclear claims for 51 (000) EUR. The determination of the insurance reserves requires judgements in the selection of assumptions and methodologies.</p> <p>Due to the chosen assumptions and the methodologies in determining the amount of the reserves, we consider these assumptions and methodologies to be a key audit matter.</p> <p>We refer to « C.III. Provisions for insurance claims » of the balance sheet and disclosure « N° 20 Valuation rules – 3. Reserve for risks and charges ».</p>	<p>We have identified and tested the relevant key internal controls with respect to the insurance reserve business cycle to assess the appropriateness of the insurance reserves and the claims being recognized.</p> <p>We have tested all outstanding claims with the underlying documentation to support the insurance reserves, which has been accounted for.</p> <p>The insurance reserves are set up based on the available information from external parties, which are considered as experts in the field, and management estimates and assumptions. For all new nuclear claims, we have:</p> <ul style="list-style-type: none"> • analyzed the appropriateness and validity of the assumptions used by management to determine the provision; • challenged the management estimates with the report from the experts; • reviewed consistency of the procedures with respect to the calculation of the insurance reserves from year to year. <p>For outstanding reserves, we examined the updated external parties' reports and discussed with the management the changes in the insurance reserves.</p> <p>In addition, we requested all members to confirm the outstanding claim(s) towards ELINI. We performed an examination of these confirmations and compared the confirmed claims with the current insurance reserve.</p>

Responsibilities of the board of directors for the preparation of the annual accounts

The board of directors is responsible for the preparation and fair presentation of the annual accounts in accordance with the financial reporting framework applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of the 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 association's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the statutory auditor 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 statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of annual accounts in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the association nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the association's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, 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 an 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 association'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 the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report 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 statutory auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with the audit committee regarding, amongst 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.

We also provide those charged with the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the documents to be filed according to the legal and regulatory requirements, maintaining the association's accounting records in compliance with the legal and regulatory requirements applicable in Belgium, as well as for the association's compliance with the law of 27 June 1921 on nonprofit organizations, foundations and European political parties and foundations and the association's articles of association.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the documents to be filed according to the legal and regulatory requirements, compliance with certain obligations referred to in the law of 27 June 1921 on nonprofit organizations, foundations and European political parties and foundations and the articles of association, as well as to report on these matters.

Statement on the social balance sheet

The social balance sheet, to be filed at the National Bank of Belgium in accordance with article 3:12, § 1, 8° of the Code of companies and associations, includes, both in form and in substance, all of the information required by this Code, including those relating to wages and training, and is free from any material inconsistencies with the information available to us in the context of our mission.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the association during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the annual accounts, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the annual accounts.

Other statements

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting is in accordance with the relevant legal and regulatory requirements.
- We do not have to report any transactions undertaken or decisions taken which may be in violation of the company's articles of association, the law of 27 June 1921 on non-profit organizations, foundations and European political parties and foundations the Companies Code or, as from 1 January 2020, the Code of companies and associations.
- This report is consistent with our additional report to the audit committee according to article 79 in the Law of 13 March 2016 relating to the statute and controls of insurance or reinsurance companies, referred to in article 11 of Regulation (EU) N° 537/2014.

Zaventem, 16 April 2020

The statutory auditor



Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Rik Neckebroeck

Balance sheet as of 31 December 2019 and 2018

(Currency - Euro)

ASSETS	31/12/2019	31/12/2018
C. Investments		
III. Other financial investments		
1. Parts in investment funds	108.957.377	98.163.178
2. Bonds and other fixed interests	0	0
6. Term deposits	100.517	100.957
	109.057.894	98.264.135
D. bis. Part of reinsurance in the technical reserves		
I. Reserve for non-earned premiums and current risks	81.403	73.521
III. Reserve for claim receivable	1.860	1.860
	83.263	75.381
E. Receivables		
I. Receivables from direct insurance		
1. Insurers	19.135	32.620
2. Intermediaries	11.026	8.846
II. Receivables resulting from reinsurance	0	5.442
III. Other receivables	14.741	306.514
IV. Subscribed capital, not paid	2.084.156	4.048.312
	2.129.058	4.401.733
F. Other assets		
I. Tangible Assets	585.705	499.331
II. Liquidities	8.084.207	5.193.027
	8.669.912	5.692.357
G. Transitory accounts		
I. Interest and rent	125.258	94.987
	125.258	94.987
TOTAL ASSETS	120.065.386	108.528.593

The accompanying notes are an integral part of these balance sheets.

Balance sheet as of 31 December 2019 and 2018

(Currency - Euro)

LIABILITIES	31/12/2019	31/12/2018
A. Equity		
I. Subscribed capital or equivalent fund, net of uncalled capital		
1. Guarantee fund securities	79.200.390	72.504.497
V. Retained earnings		
1. Surplus (Deficit) of the period (Belgium)	0	0
2. Surplus (Deficit) of the period (Switzerland)	-2.926.580	-318.012
	76.273.810	72.186.485
C. Technical reserves		
I. Reserve for unearned premiums and unexpired risks	316.550	448.755
III. Reserve for claim payable	51.418	397.887
V. Reserve for equalisation and catastrophes	42.767.947	35.120.109
	43.135.916	35.966.751
G. Payables		
I. Payables resulting from direct insurance business	155.071	26.257
II. Receivables resulting from reinsurance business	93	0
IV. Debt versus financial institutions	13	0
V. Other payables		
1. Fiscal and Social payables		
a) Property tax and VAT	11.097	30.915
b) Social payables	172.550	151.682
2. Other	212.435	71.418
	551.259	280.272
H. Transitory accounts	104.401	95.085
	104.401	95.085
TOTAL LIABILITIES	120.065.386	108.528.593

The accompanying notes are an integral part of these balance sheets.

Income Statement for the year ended 31 December 2019 and 2018

(Currency - Euro)

	31/12/2019	31/12/2018
1. Earned premiums, net of reinsurance		
a) Gross premiums	11.150.766	9.084.768
• Premiums written	11.150.766	9.084.768
• Rebates to Members	0	0
b) Reinsurance Premiums	-3.334.270	-2.575.852
c) Variation of the reserve for unearned premiums and unexpired risks, gross of reinsurance (increase -, decrease +)	132.204	-87.874
d) Variation of the reserve for unearned premiums and unexpired risks, reinsurers part (increase +, decrease -)	7.882	45.261
	7.956.582	6.466.303
2bis. Investment Income		
b) Income from other investments	145.691	109.986
c) Write-back of adjustments on investments	217.586	191.376
d) Realized capital gains	4.619.695	470.260
	4.982.972	771.621
3. Other technical income net of reinsurance	160.389	329.461
4. Costs of claims, net of reinsurance		
a) Net amount paid		
aa) Gross amount	-6.548	-10.759
bb) Part of reinsurers	1.705	0
b) Variation of the claims services reserve, net of reinsurance		
aa) Variation of the reserve for claims, gross of reinsurance (increase -, decrease +)	346.469	13.987
bb) Variation of the reserve for claims, part of reinsurance (increase -, decrease +)	0	0
	341.626	3.228
7. Net operating expenses (-)		
a) Acquisition expenses	-240.954	-100.701
c) Administrative expenses	-2.141.074	-1.932.575
	-2.382.027	-2.033.276

Income Statement for the year ended 31 December 2019 and 2018

(Currency - Euro)

- continued -

	<u>31/12/2019</u>	<u>31/12/2018</u>
7bis. Expenses relating to investments (-)		
a) Expenses for managing investments	-34.041	-58.163
b) Adjustments to investment values	0	0
c) Realized less values	-522.630	-317.050
	-556.672	-375.213
SURPLUS/(DEFICIT) OF THE PERIOD BEFORE VARIATION RESERVE FOR EGALIZATION AND CATASTROPHES	10.502.870	5.162.124
9. Variation in the reserve for egalization and catastrophes, net of reinsurance (increase -, decrease +)	-7.647.837	-4.975.096
Surplus/(DEFICIT) of the period available for Distribution	2.855.032	187.027
15. Taxes	-908	-29
Result of the period	2.854.124	186.999

The accompanying notes are an integral part of this income statement

Income Statement for the year ended 31 December 2019 and 2018

(Currency - Euro)

TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS			
		31/12/2019	31/12/2018
1. Earned premiums, net of reinsurance			
a) Gross premiums		11.150.766	9.084.768
• Premiums written	11.150.766	9.084.768	
• Rebates to Members	0	0	
b) Reinsurance Premiums		-3.334.270	-2.575.852
c) Variation of the reserve for unearned premiums and unexpired risks, gross of reinsurance (increase -, decrease +)		132.204	-87.874
d) Variation of the reserve for unearned premiums and unexpired risks, reinsurers part (increase +, decrease -)		7.882	45.261
		7.956.582	6.466.303
2. Allocated investment return transferred from the non-technical account		0	0
		0	0
2bis. Investment Income			
b) Income from other investments		48.690	38.110
c) Write-back of adjustments on investments		77.573	70.086
d) Realized capital gains		1.543.902	162.945
		1.670.165	271.141
3. Other technical income net of reinsurance		160.389	329.461
4. Costs of claims, net of reinsurance			
a) Net amount paid			
aa) Gross amount		-6.548	-10.759
bb) Part of reinsurers		1.705	0
b) Variation of the claims services reserve, net of reinsurance (increase -, decrease +)			
aa) Variation of the reserve for claims, gross of reinsurance (increase -, decrease +)		346.469	13.987
bb) Variation of the reserve for claims, part of reinsurance (increase -, decrease +)		0	0
		341.626	3.228

Income Statement for the year ended 31 December 2019 and 2018

(Currency - Euro)

- continued -

TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS		
	31/12/2019	31/12/2018
6. Cost of refund of contribution. net of reinsurance (-)		
a) Net amount paid	0	0
b) Variation of the refunds reserve. net of reinsurance (incr - decr +)	0	0
	<u>0</u>	<u>0</u>
7. Net operating expenses (-)		
a) Acquisition expenses	-240.954	-100.701
c) Administrative expenses	-2.141.074	-1.932.575
	<u>-2.382.027</u>	<u>-2.033.276</u>
7bis. Expenses relating to investments (-)		
a) Expenses for managing investments	-11.377	-20.153
b) Adjustments to investment values	0	0
c) Realized less values	-174.663	-109.858
	<u>-186.040</u>	<u>-130.011</u>
8. Other re-insurance charges	0	0
SURPLUS/(DEFICIT) OF THE PERIOD BEFORE VARIATION RESERVE FOR EGALIZATION AND CATASTROPHES	7.560.694	4.906.845
9. Variation in the reserve for egalization and catastrophes, net of reinsurance (increase -, decrease +)	-7.647.837	-4.975.096
Balance on the technical account for non-life insurance business	-87.143	-68.251

The accompanying notes are an integral part of this income statement

Income Statement for the year ended 31 December 2019 and 2018

(Currency - Euro)

NON TECHNICAL ACCOUNT		
	31/12/2019	31/12/2018
1. Balance on the technical account for non-life insurance	-87.143	-68.251
3. Investment income		
b) Income from other investments	97.001	71.876
c) Write-back of adjustments on investments	140.014	121.290
d) Realized capital gains	3.075.793	307.315
	<u>3.312.808</u>	<u>500.480</u>
5. Expenses relating to investments (-)		
a) Expenses for managing investments	-22.665	-38.010
b) Adjustments to investment values	0	0
c) Realized less values	-347.967	-207.192
	<u>-370.632</u>	<u>-245.202</u>
6. Allocated investment return transferred to the non-life insurance technical account	<u>0</u>	<u>0</u>
	0	0
7. Other income	<u>0</u>	<u>0</u>
	0	0
15. Tax on profit on ordinary activities	-908	-29
Profit on ordinary activities after tax	2.854.124	186.999
Surplus / (deficit) of the period available for distribution	2.854.124	186.999

The accompanying notes are an integral part of this income statement

Income Statement for the year ended 31 December 2019 and 2018

(Currency - Euro)

ALLOCATION OF THE SURPLUS / DEFICIT

	<u>31/12/2019</u>	<u>31/12/2018</u>
A. Profit to be allocated	2.536.112	-51.841
1. Surplus / Deficit of the period	2.854.124	186.999
2. Retained earnings	-318.012	-238.840
B. Withdrawal from own funds	0	0
1. Withdrawal from the guarantee fund	0	0
2. Withdrawal from the reserves	0	0
C. Allocation to the own funds	-5.462.692	-266.171
1. Allocation to the guarantee fund	-5.462.692	-266.171
D. Result to carry forward	2.926.580	318.012
1. Surplus to carry forward	0	0
2. Deficit to carry forward	2.926.580	318.012
F. Result to be distributed	0	0

The accompanying notes are an integral part of this income statement

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

(Currency - Euro)

1. ACTIVITY OF THE ASSOCIATION AND SUMMARY OF THE MAIN ACCOUNTING PRINCIPLES

The Association's objective is to insure the civil liability (Branch 13) of its insured members in the context of and limited to the responsibility specified in the Convention of Paris or Vienna on civil liability in the area of nuclear energy and/or specified in the national legislations of the countries where the Convention of Paris or Vienna is not applicable but follow the same principles.

By a decision of the Belgian Prudential Authority taken on 6 November 2003, the Association has been granted the agreement to execute insurance activities of the branch "Civil Liability" (Branch 13).

During the year 2019, the maximum insurance capacity of E.L.I.N.I. is 264.830.835 EUR of which:

- For those Members not using the BlueRe capacity :
 - The first layer of 100.000.000 EUR is covered by E.L.I.N.I.;
 - 100% of any amount in excess of 100.000.000 EUR up to 120.000.000 EUR is reinsured by way of treaty reinsurance contract;
 - 100% of any amount in excess of 120.000.000 EUR is reinsured by way of facultative reinsurance contracts.
- For those Members using the BlueRe capacity :
 - The first layer of 50.000.000 EUR is covered by E.L.I.N.I.;
 - 100% of any amount in excess of 50.000.000 EUR up to 84.778.400 EUR is reinsured by way of treaty by BlueRe;
 - 100% of any amount in excess of 84.778.400 EUR up to 134.778.400 EUR is covered by the E.L.I.N.I. capacity;
 - 100% of any amount in excess of 134.778.400 EUR up to 154.778.400 EUR is reinsured by way of treaty;
 - 100% of any amount in excess of 154.778.400 EUR up to 184.830.835 EUR is reinsured by way of facultative reinsurance contracts;
 - For two contracts, an additional 80.000.000 EUR is reinsured by way of a facultative reinsurance Quota Share contract as part of a total insured limit of 264.830.835 EUR.

The risk for E.L.I.N.I. is limited to 100.000.000 EUR as per 31 December 2019.

The accounting principles of E.L.I.N.I. can be summarized as follows:

a. Overview of the amortization rates applied

Other assets – tangible fixed assets	% per year
Software (upon evaluation executive committee by project)	20% or 33,33%
Installations, electronic equipment and office tools	33,33
Furniture	10
Vehicles	20

b. Technical provisions

The association constitutes technical provisions based on contributions relating to the active, non-expired policies in force at the end of the accounting year, claims payable increased with best estimate of the internal and external claim handling costs and the reserve for equalization and catastrophes in accordance with Articles 10 and 11 of the Royal Decree of 22 February 1991.

c. Fixed Income securities

The fixed income securities (straight and convertible bonds) are valued at their acquisition cost. The incidental costs are expensed as incurred.

The differences, if material, between acquisition cost and redemption value of the securities are amortized pro rata to maturity of the securities.

Unless the intention of the association is to sell the securities in the short term, no adjustment is booked to reflect the market value if this market value is below the net book value determined according to the method described above.

Reduction in value on fixed income securities shall be recorded in the income statement when the reimbursement at redemption date is partly or fully uncertain or compromised

d. Shares and other non-fixed income securities

Shares and other non-fixed interest securities are recorded at acquisition cost. The incidental costs are expensed as incurred.

Unrealized losses are recorded in the profit and loss account if there will be a permanent reduction in the value of these securities. In this case, the security will be depreciated to its lower value.

Permanent impairments are determined based on the two following conditions:

- Market value must be below book value for a period uninterrupted of 12 months;
- And the decrease in market value should be at least equal to 20% of the book value at the end of that period.

e. Foreign exchange rate contracts

The foreign exchange rate contracts are converted in Euro using the exchange rate as of the balance sheet date.

f. Foreign currency translation

The Company maintains its accounts in Euro (EUR) and the annual accounts are expressed in this currency.

The foreign currency denominated accounts, on the balance sheet, are converted in Euro using the exchange rate as of the balance sheet date.

The foreign currency denominated accounts of the income statement are converted into Euro on a monthly basis using the exchange rate in force at the beginning of the month as proxy for the daily foreign exchange rate over the related month.

All exchange gains and losses are recorded in the income statement, as foreign exchanges revenues and charges.

- g. The integration of assets and liabilities of branches in foreign currencies:

The assets and liabilities of a branch in foreign currency are integrated at closing rate of the period, while the income statement is converted at prevailing average foreign exchange rate of the related period. The difference is recorded in foreign exchange revenues and charges in the income statement.

2. GUARANTEE FUND

The Board of Directors proposes to the Annual General Meeting to allocate 5.462.692,18 EUR, i.e. the financial non-technical result of the year 2019, to the Guarantee fund. Note that the result of the year 2019 of the Swiss branch will not be transferred to the Guarantee Fund but will be reported separately as retained earnings (- 2.608.568,23 EUR).

The evolution of the Guarantee Fund over 2019 is as follows:

Guarantee fund at 31 December 2018	72.504.497,08
Capitalisation members	1.233.201,00
Transfer of the Surplus of the year	5.462.692,18
<i>Guarantee fund at 31 December 2019</i>	<i>79.200.390,26</i>
Retained earnings at 31 December 2018	-318.012,12
Loss of the Swiss branch	-2.608.568,23
<i>Retained earnings at 31 December 2019</i>	<i>-2.926.580,35</i>

3. RESERVE FOR EQUALIZATION AND CATASTROPHES

In application to Article 11, §1, A, 3° of the Royal Decree dated 22 February 1991 on the general rules on the control of insurance companies, the association started in 2004 to build a reserve for equalization and catastrophes. The purpose thereof is to create a reserve that would smooth out variations in claims or would cover exceptional risks. Based on the current regulations, the theoretical target amount that should be provided for within the Associations' equalization and catastrophes reserve is 100.000.000 EUR. The yearly movement however depends on the income or loss of the association before (net) investment income (exclusive the result from the Swiss Branch). An income results in an addition to the reserve for the income amount, and a loss results in a usage of the reserve for the amount of the loss. The application of this rule resulted in an addition of 7.647.837,42 EUR for the year 2019, including the addition of 2.505.988,58 EUR within the Swiss Branch.

This brings the total Reserve for Equalization and Catastrophes up to 42.767.946,82 EUR.

It should however be noted that at the end of 2019 the guarantee fund amounts to 76.273.809,90 EUR (including the result of the Swiss branch) and can also be used to cover the obligation of the association. Furthermore, the unrealised gains on investments amounting to 1.875.336 EUR at 31 December 2019 (2018 : nil) are not reported in the Balance Sheet but can also be realised in case of a catastrophe. Additionally, the association may call under certain circumstances for additional funds of the members (article 25 of the Articles of Association) to be used to cover the obligations of the association.

4. MANAGEMENT

The investment management of the Association is outsourced.

Reinsurance commissions refunded to E.L.I.N.I. are 85.741,17 EUR for 2019 and 66.299,36 EUR for 2018 and are deducted from the reinsurance premium charges.

5. PERSONNEL EMPLOYED

For the year ending 31 December 2019 and including the Swiss branch, E.L.I.N.I. employed 13 staff members corresponding to a full time equivalent of 8,4. Previous year, the Association employed 10 staff members with a full time equivalent of 7,2.

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EUROPEAN LIABILITY
INSURANCE FOR THE
NUCLEAR INDUSTRY

ASSOCIATION
D'ASSURANCES
MUTUELLES

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