

Financial Condition Report 2019 of ELINI, Evere (Brussels), Zug Branch

Dear Sir, Madame,

ELINI Zug Branch is a Branch office of the Mutual Association *European Liability Insurance for the Nuclear Industry* (shortened to ELINI) with registered office in B-1140 Brussels, Avenue Jules Bordet, 166/3. The Zug Branch was established on 21 June 2013 and received a license from the Swiss Regulator "FINMA" on 15 November 2019.

The Financial Statements of the Zug Branch office are attached to this Financial Condition Report. The Financial Statements from the Head office - that include the Financial Statements of the Swiss Branch - for the year ending 31 December 2019, together with the Report of the Board to the AGM from the head office, can be consulted in the Annual Report 2019 that is available as publication on the ELINI website.

The object of the Association is to cover the nuclear third-party liability of its Members (insurance class 13).

The activities of the Association cover Belgium as well as any other country in which the Association has Members and/or where these Members have their activities in accordance with our Articles of Association and the Underwriting Guidelines.

The SFCR (Solvency and Financial Condition Report) covers the Business and Performance of ELINI, including its branches, its system of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. ELINI is required to hold sufficient assets to match its liabilities at all times while, at the same time, be committed to high governance standards. This document is available on the ELINI website.

If applicable, and in line with FINMA regulations, the risks within the Branch that are associated with our 5 Swiss Members are separately reported in the Financial Statements of the Zug Branch and later integrated in the Financial Statements of the Head Office in Belgium.

Although the ELINI Zug Branch has not carried out any insurance activity towards its Swiss Members during the financial year 2019, all the information on Capacity and Reinsurance Structure applies to the Swiss Members as to all other Members as described in the documents in attachment of the head office.

The insurance capacity for Nuclear Third-Party Liability amounted to € 184.830.835 in 2019, an increase from € 160.141.505 in 2018.

ELINI may however commit more than € 184.830.835 on risks where additional facultative reinsurance is in place and this resulted in a maximum commitment of € 264.830.835 for one single Member.

ELINI's own retention was limited to € 100.000.000 in 2019.

After ELINI was granted an insurance license in Switzerland on 15 November 2019, an equalization reserve amounting to 2.720.000 CHF was established and registered in the financial statements.

Total administrative expenses amounted to 95.731,21 CHF in 2019 versus 75.446,63 CHF in 2018 mainly due to a provision for audit fees as an audit is most likely to be conducted for the financial year 2019, now the insurance license was granted.

All our investments are kept on bank accounts in Switzerland, the tied assets on a State guaranteed bank account to comply with FINMA regulation on Tied Assets, and the free assets that cover the organizational fund on bank accounts with the same or another Swiss bank.

For the year 2019 the Zug Branch had 2 part time Staff members: the General Manager of the Swiss Branch and the Deputy General Manager of the Swiss Branch. All other activities were outsourced.

The Management of the Swiss Branch recommends to Board and AGM to carry over the loss of the financial year 2019 which amounts to 2.818.142,46 CHF in retained earnings and losses.

No event, nor decision of any importance that could have any influence on the continuation of the activities of the Swiss branch have occurred subsequently to year-end.

Based on the elements currently in our possession, the ELINI Zug Branch would still not yet provide insurance coverage in 2020.

With reference to the events resulting from the development and spread of Coronavirus (COVID 19) after 31 December 2019, the branch believes that they represent a non-adjusting event. ELINI has taken a number of measures to ensure the maintenance of operational business continuity of the Mutual and consequently for the branch. Based on the branch's insurance business underwritten – which is nil so far - no significant impacts are expected on the branch's financial performance, its capital or liquidity resources. ELINI will continue to monitor the overall evolution of COVID 19 in order to assess the potential impacts on the branch and will continue to implement any necessary risk mitigation measures.



Heiner Hefti
General Manager of the Swiss Branch



Jean-Denis Treillard
Managing Director ELINI

***European Liability Insurance
for the Nuclear Industry,
Evere (Brussel), Zug Branch***

*Financial Statements
for the year ended 31 December 2019
and Independent Auditor's Report*

To the General Manager of

**European Liability Insurance for the Nuclear Industry,
Evere (Brussel), Zug Branch**

INDEPENDENT AUDITOR'S REPORT

As a federally-supervised audit firm, we have audited the accompanying financial statements of the European Liability Insurance for the Nuclear Industry, Evere (Brussels), Zug Branch, Zug, which comprise the balance sheet as at 31 December 2019, and the profit and loss statement and notes for the year then ended, in line with Article 28 para. 2 of the Insurance Supervision Act (ISA) and with reference to the FINMA guidelines "Preparation and audit of the financial statements of branch offices of foreign insurance companies (WNL)".

The financial statements have been prepared by the General Manager on the basis of the financial reporting provisions of the Swiss Code of Obligations and the requirements of the supervisory law.

General Manager's Responsibility for the Financial Statements

The General Manager is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of the Swiss Code of Obligations and the requirements of the supervisory law – in particular the Financial Market Supervision Act (FINMASA), the Insurance Supervision Act (ISA), the Insurance Supervision Ordinance (ISO) and the FINMA Insurance Supervision Ordinance (ISO-FINMA) as well as with the FINMA guidelines "Preparation and audit of the financial statements of branch offices of foreign insurance companies (WNL)" –, and for such internal controls as the General Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulatory requirements set out in Article 28 para. 2 ISA, the WNL and Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the branch office's preparation of the financial statements 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 branch office's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of the European Liability Insurance for the Nuclear Industry, Evere (Brussels), Zug Branch, Zug, as of and for the year ended 31 December 2019 are prepared, in all material respects, in accordance with the financial reporting provisions of the Swiss Code of Obligations, the requirements of supervision law (in particular FINMASA, ISA, ISO and ISO-FINMA) and with the WNL.

Basis of Accounting

Without modifying our opinion, we note that the financial statements of the European Liability Insurance for the Nuclear Industry, Evere (Brussels), Zug Branch, Zug, are prepared on the basis of the accounting principles specified above. The financial statements are prepared to comply with the requirements of Article 25 para. 4 ISA. As a result, the financial statements may not be suitable for another purpose.

Other Matter

The financial statements of European Liability Insurance for the Nuclear Industry, Evere (Brussels), Zug Branch, Zug, for the year ended December 31, 2018 have not been audited.

Deloitte AG

Frédéric Kocher
Licensed audit expert
Auditor in charge

Sabina-Ioana Nitescu

Zürich, 30 April 2020

Enclosures

- Financial statements (balance sheet, profit and loss statement and notes)

**European Liability Insurance for Nuclear Industry, Evere (Brussels),
Zug Branch**

Balance Sheet	Notes	31.12.2019	31.12.2018
		CHF	CHF
ASSETS			
Current assets			
Cash and cash equivalents		4,359,281.02	142,461.99
UBS (Operative bank account)	3.1	1,525,913.07	42,482.49
UBS (Fortune Lilee bank account)	3.7	3,378.50	99,979.50
ZKB (Business account)	3.7	2,829,989.45	0.00
Prepaid expenses		9,812.25	9,197.95
Prepaid expenses to third parties		9,812.25	9,197.95
Total current assets		4,369,093.27	151,659.94
TOTAL ASSETS		4,369,093.27	151,659.94

**European Liability Insurance for Nuclear Industry, Evere (Brussels),
Zug Branch**

Balance Sheet	Notes	31.12.2019	31.12.2018
		CHF	CHF
LIABILITIES AND LIAISON ACCOUNT TO HEAD OFFICE			
Current liabilities			
Gross technical reserves	3.2	2,720,000.00	0.00
Equalization reserves		2,720,000.00	0.00
Other current liabilities		459,703.59	458,127.80
Direct tax liabilities		1,981.50	984.50
Other current liabilities to third parties		1,472.69	893.90
Current account to head office non interest bearing	3.3	456,249.40	456,249.40
Accrued expenses		40,900.00	51,900.00
Accrued expenses to third parties		40,900.00	51,900.00
Total current liabilities		3,220,603.59	510,027.80
Liaison account to head office			
Liaison account to head office	3.4	1,148,489.68	-358,367.86
Capital inflow		2,725,000.00	0.00
Capital / Organizational fund		1,600,000.00	0.00
Result carried forward		-358,367.86	-279,490.83
Result for the current period		-2,818,142.46	-78,877.03
Total liaison account to head office		1,148,489.68	-358,367.86
TOTAL LIABILITIES AND LIAISON ACCOUNT TO HEAD OFFICE		4,369,093.27	151,659.94

**European Liability Insurance for Nuclear Industry, Evere (Brussels),
Zug Branch**

Profit and loss statement for the period		2019	2018
01.01. - 31.12.			
	Notes		
		CHF	CHF
Net claims incurred		-2,720,000.00	0.00
Gross change in claims and equalization reserves		-2,720,000.00	0.00
Net administrative costs	3.6	-95,731.21	-75,446.63
Personnel costs - gross salary		-7,816.65	0.00
Rental fees		-6,462.00	-7,000.50
Accounting fees		-16,022.05	-13,946.48
Legal fees		0.00	-110.00
Director's fees		-12,468.70	-12,607.43
Actuary fees		-23,769.50	-41,782.22
Consultancy fees		-10,292.31	0.00
Auditor fees	3.5	-18,900.00	0.00
Net investment result		-3,738.90	-3,397.40
Investment expenses		-3,738.90	-3,397.40
OPERATING RESULT		-2,819,470.11	-78,844.03
Extraordinary, non-recurring or prior-period profit	3.7	2,340.10	0.00
Extraordinary income		2,340.10	0.00
RESULT BEFORE TAXES		-2,817,130.01	-78,844.03
Direct taxes		-1,012.45	-33.00
Cantonal and communal taxes		-1,012.45	-33.00
RESULT FOR THE CURRENT PERIOD		-2,818,142.46	-78,877.03

European Liability Insurance for Nuclear Industry, Evere (Brussels), Zug Branch

Notes to the financial statements according to the Swiss Code of Obligations Art. 959c

1 General information

- 1.1 European Liability Insurance for the Nuclear Industry, Evere (Brussels), Zug Branch, is the Swiss branch of the European Liability Insurance for the Nuclear Industry, incorporated in Evere (Brussels), Belgium.
- 1.2 The Company was established as a branch of the head office in Evere (Brussels) and is domiciled in Zug.
- 1.3 The Company has an annual average of less than 10 full-time positions.
(previous year: less than 10 full-time positions)

2 Key accounting and valuation principles (Art. 959c para. 1 lit. 1 CO)

- 2.1 The annual accounts for the Company have been prepared in accordance with Swiss law. The main principles used, which are not already specified by the Code of Obligations, described as follows.
- 2.2 The currency in which the Company operates is Swiss Francs (CHF) (functional currency). Transactions in foreign currency are converted into CHF at average monthly exchange rate.
Monetary assets and liabilities in foreign currencies are converted into CHF at the exchange rate on the balance sheet date. Any profits or losses resulting from the exchange are recorded in the income statement.
Non-monetary assets and liabilities at historical costs are converted at the foreign exchange rate at the time of the transaction. In case the foreign exchange rate on the balance sheet date is lower than the historical exchange rate, a foreign exchange loss is recorded in the income statement.
- 2.3 Related parties include all companies within the European Liability Insurance for the Nuclear Industry. Transactions with related parties must take place under proper market conditions (at arm's length).
- 2.4 The cash and cash equivalents includes cash holdings, bank deposits and short-term money market investments with a maximum original maturity of 3 months. These are recorded at their nominal value.
- 2.5 Realized investment gains/losses and other income are recognized when the transactions occur. Any unrealized gains are deferred in the balance sheet as not having an effect on net income. Unrealized losses, on the other hand, are recorded in the income statement (inparity principle).
- 2.6 Premiums are recorded at inception of a contract and earned in accordance with the "pro rata temporis" method over the contract period.
Unearned premium reserves consist of the share of written premiums to be earned in future period, calculated in accordance with the "pro rata temporis" method.

Claims reserves consist of the following elements:

Case reserves represent the best estimate of the ultimate payment for claims reported and open as of the balance sheet date. The Company has no claims, reported or open, as per the balance sheet date.

Incurred But Not Reported (IBNR) reserves are estimates of the amounts required to settle claims that have been incurred but not yet reported. These reserves are calculated by the appointed actuary and are in line with the Company's reserving policy as submitted to FINMA.

Equalization reserves are calculated by the appointed actuary and are in line with the Company's reserving policy as submitted to FINMA.

European Liability Insurance for Nuclear Industry, Evere (Brussels), Zug Branch

Notes to the financial statements according to the Swiss Code of Obligations Art. 959c

3 Information relating to items on the balance sheet and income statement (Art. 959c para. 1 lit. 2 + Art. 961a CO/ISO-FINMA)

3.1 Cash and cash equivalents (Art. 959a para. 1 lit. 1a CO)

In CHF	Reporting year	Previous year
<i>Bank current accounts</i>	4,359,281	142,462
Total cash and cash equivalents	4,359,281	142,462

3.2 Gross technical reserves (Appendix C lit. c ISO-FINMA)

In CHF	Reporting year	Previous year
<i>Equalization reserves</i>	2,720,000	0
Total gross technical reserves	2,720,000	0
Total net technical reserves	2,720,000	0

3.3 Current account to head office non interest bearing

The head office charges the administration fees to the Company on an annual basis. The outstanding yearly invoices are recorded on the current account to head office non interest bearing.

3.4 Liaison account to head office movement schedule (Appendix C lit. e ISO-FINMA)

Liaison account to head office in CHF	Reporting year	Previous year	%
<i>Opening balance</i>	-358,368	-279,491	-28%
<i>Capital inflow to organisational fund</i>	2,725,000		
<i>Allocation to organisational fund</i>	1,600,000		
<i>Result for the period</i>	-2,818,142	-78,877	-3473%
<i>Closing balance</i>	1,148,490	-358,368	420%

3.5 Fees to regulatory auditor (Art. 961a lit. 2 CO)

In CHF	Reporting year	Previous year
<i>Audit services</i>	18,900	0
Total fees for audit services	18,900	0

3.6 Administrative expenses (Art. 959b para. 4 CO)

In CHF	Reporting year	Previous year
<i>Other operating expenses</i>	95,731	75,447
Total administrative expenses	95,731	75,447

3.7 Extraordinary and prior-period expenses or income

In CHF	Reporting year	Previous year
Adjustment of over accrued expenses related to FINMA fees	2,340.10	0.00

3.8 The total amount of assets used to secure own liabilities and assets under reservation of ownership According to regulatory requirements, CHF 2'833'367.95 and CHF 0 were attributed to tied assets, as of December 31, 2019 and 2018, respectively.

European Liability Insurance for Nuclear Industry, Evere (Brussels), Zug Branch

Notes to the financial statements according to the Swiss Code of Obligations Art. 959c

3.9 Subsequent events

With reference to the events resulting from the development and spread of Coronavirus (COVID 19) after 31 December 2019, the branch believes that they represent a non-adjusting event. ELINI has taken a number of measures to ensure the maintenance of operational business continuity of the Mutual and consequently for the branch. Based on the branch's insurance business underwritten – which is nil so far - no significant impacts are expected on the branch's financial performance, its capital or liquidity resources. ELINI will continue to monitor the overall evolution of COVID 19 in order to assess the potential impacts on the branch and will continue to implement any necessary risk mitigation measures.

Financial situation report: quantitative template "Performance Solo NL"

Currency: CHF or annual report currency
Amounts stated in millions

	Total		Direct Swiss business													
	Previous year	Reporting year	Accident		Illness		Motor vehicle		Transport		Fire, natural hazards, property damage		General third-party liability		Other branches	
			Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
1	0,000	0,000											0,000	0,000		
2	0,000	0,000											0,000	0,000		
3	0,000	0,000											0,000	0,000		
4	0,000	0,000											0,000	0,000		
5	0,000	0,000											0,000	0,000		
6	0,000	0,000											0,000	0,000		
7	0,000	0,000											0,000	0,000		
8	0,000	0,000											0,000	0,000		
9	0,000	0,000											0,000	0,000		
10	0,000	0,000											0,000	0,000		
11	0,000	-2,720											0,000	-2,720		
12	0,000	0,000											0,000	0,000		
13																
14	0,000	-2,720											0,000	-2,720		
15	-0,075	-0,096											-0,075	-0,096		
16	0,000	0,000											0,000	0,000		
17	-0,075	-0,096											-0,075	-0,096		
18	0,000	0,000											0,000	0,000		
19	-0,075	-2,816											-0,075	-2,816		
20	0,000	0,000														
21	-0,003	-0,004														
22	-0,003	-0,004														
23	0,000	0,000														
24	0,000	0,000														
25	0,000	0,000														
26	-0,079	-2,819														
27	0,000	0,000														
28	0,000	0,000														
29	0,000	0,000														
30	0,000	0,002														
31	-0,079	-2,817														
32	0,000	-0,001														
33	-0,079	-2,818														

