

Financial Condition Report 2020 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 2020, together with the Report of the Board to the AGM from the head office, can be consulted in the Annual Report 2020 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 2020, 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 gross capacity for Nuclear Third-Party Liability amounted to € 175.900.000 in 2020, an increase from € 154.778.400 in 2019.

ELINI may however commit more than € 175.900.000 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 € 115.000.000 in 2020.

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. This amount has not been changed during the financial year 2020.

Total administrative expenses amounted to 116.631,60 CHF in 2020 versus 95.731,21 CHF in 2019 mainly due to higher actuarial, audit and regulator's fees after the insurance license was granted.

All 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, but also the free assets that cover the organizational are kept with the same Swiss bank.

For the year 2020 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, unchanged from a year earlier.

The Management of the Swiss Branch recommends to the Board and AGM to carry over the loss of the financial year 2020 which amounts to 133.076,14 CHF in retained earnings and losses, which brings the total amount of retained losses to 3.309.586,46 CHF.

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.

The ELINI Zug Branch will start carrying out direct insurance activities as from 1 January 2021.

With reference to the events resulting from the development and spread of Coronavirus (COVID-19) after 31 December 2020, 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 2020
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 2020, 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 2020 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.

Deloitte AG

Frédéric Kocher
Licensed audit expert
Auditor in charge

Gabriel Schwab
Licensed audit expert

Zürich, 29 April 2021

Enclosures

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

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

Balance Sheet		31.12.2020	31.12.2019
	Notes		
		CHF	CHF
ASSETS			
Current assets			
Cash and cash equivalents	3.1	4.220.019,37	4.359.281,02
UBS (Operative bank account)		0,00	1.525.913,07
UBS (Fortune Liece bank account)		0,00	3.378,50
ZKB (Business account)		829.253,02	2.829.989,45
ZKB (Tied assets)		3.390.766,35	0,00
Prepaid expenses		10.050,00	9.812,25
Prepaid expenses to third parties		10.050,00	9.812,25
Total current assets		4.230.069,37	4.369.093,27
TOTAL ASSETS		4.230.069,37	4.369.093,27

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

Balance Sheet	Notes	31.12.2020	31.12.2019
		CHF	CHF
LIABILITIES AND LIAISON ACCOUNT TO HEAD OFFICE			
Current liabilities			
Gross technical reserves	3.2	2.720.000,00	2.720.000,00
Equalization reserves		2.720.000,00	2.720.000,00
Other current liabilities		458.639,03	459.703,59
Direct tax liabilities		794,80	1.981,50
Other current liabilities to third parties		1.594,83	1.472,69
Current account to head office non interest bearing	3.3	456.249,40	456.249,40
Accrued expenses		36.016,80	40.900,00
Accrued expenses to third parties		36.016,80	40.900,00
Total current liabilities		3.214.655,83	3.220.603,59
Liaison account to head office			
Liaison account to head office	3.4	1.015.413,54	1.148.489,68
Capital inflow		2.725.000,00	2.725.000,00
Capital / Organizational fund		1.600.000,00	1.600.000,00
Result carried forward		-3.176.510,32	-358.367,86
Result for the current period		-133.076,14	-2.818.142,46
Total liaison account to head office		1.015.413,54	1.148.489,68
TOTAL LIABILITIES AND LIAISON ACCOUNT TO HEAD OFFICE		4.230.069,37	4.369.093,27

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

Profit and loss statement for the period		2020	2019
01.01. - 31.12.			
	Notes		
		CHF	CHF
Net claims incurred		0,00	-2.720.000,00
Gross change in claims and equalization reserves		0,00	-2.720.000,00
Net administrative costs		-116.631,60	-95.731,21
Personnel costs - gross salary	3.6	-22.000,00	-7.816,65
Rental fees		-6.498,00	-6.462,00
Accounting fees		-29.408,45	-16.022,05
FINMA fees		-4.686,45	0,00
Legal fees		-210,75	0,00
Travel expenses		-467,10	0,00
Director's fees		0,00	-12.468,70
Insurance fees		-2.128,60	0,00
Actuary fees		-21.540,00	-23.769,50
Consultancy fees		0,00	-10.292,31
Auditor fees	3.5	-25.130,00	-18.900,00
Cost allowance		-4.562,25	0,00
Net investment result		-2.080,84	-3.738,90
Investment expenses		-2.080,84	-3.738,90
OPERATING RESULT		-118.712,44	-2.819.470,11
Extraordinary, non-recurring or prior-period profit		-12.903,70	2.340,10
Extraordinary income	3.7	0,00	2.340,10
Extraordinary expenses		-12.903,70	0,00
RESULT BEFORE TAXES		-131.616,14	-2.817.130,01
Direct taxes		-1.460,00	-1.012,45
Cantonal and communal taxes		-810,00	-1.012,45
Federal profit taxes		-650,00	0,00
RESULT FOR THE CURRENT PERIOD		-133.076,14	-2.818.142,46

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 for the financial year 2020. (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>	4.220.019	4.359.281
Total cash and cash equivalents	4.220.019	4.359.281

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

In CHF	Reporting year	Previous year
<i>Equalization reserves</i>	2.720.000	2.720.000
Total gross technical reserves	2.720.000	2.720.000
Total net technical reserves	2.720.000	2.720.000

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>	1.148.490	-358.368	420%
<i>Capital inflow to organisational fund</i>	0	2.725.000	-100%
<i>Allocation to organisational fund</i>	0	1.600.000	-100%
<i>Result for the period</i>	-133.076	-2.818.142	95%
<i>Closing balance</i>	1.015.414	1.148.490	-12%

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

In CHF	Reporting year	Previous year
<i>Audit services</i>	-25.130	-18.900
Total fees for audit services	-25.130	-18.900

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

In CHF	Reporting year	Previous year
<i>Other operating expenses</i>	-116.632	-95.731
Total administrative expenses	-116.632	-95.731

3.7 Extraordinary and prior-period expenses or income

In CHF	Reporting year	Previous year
Adjustment of over accrued expenses related to FINMA fees	0,00	2.340,10
Adjustment of under accrued expenses related to Audit/Actuary fees	-12.903,70	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 3'390'766.35 and CHF 2'833'367.95 were attributed to tied assets, as of December 31, 2020 and 2019, 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

The company has performed a management assessment and has come to the conclusion that there are no subsequent events after 31 December 2020.