

Constructing the future

Robert Piccart

Annual Report 2016
of the Board of Directors and
of the Statutory Auditor
to be presented at
the Annual General Meeting
on 27th April 2017

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)

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Financial Highlights

In euro

Statement of Earnings	2016	2015	2014	2013	2012
Net premium earned	6.132.484	4.995.260	4.921.570	3.144.445	2.783.412
Claims	0	16.871	-195.549	2	-38.637
Expenses	-1.817.647	-1.741.989	-1.452.231	-1.167.688	-1.066.659
Other income	310.013	152.405	197.802	150.174	155.166
Net investment result	3.195.613	9.461	961.173	1.535	2.224.312
Earnings before distribution to reserve for equalisation and catastrophes	7.820.463	3.432.008	4.432.764	2.128.468	4.057.594
Variation in the reserve for equalisation and catastrophes, net		14/7			
of reinsurance	-5.642.010	-3.457.960	-3.776.172	-2.169.630	-2.286.598
Taxes	-343	-348	-21	-284	0
Earnings after distribution to reserve for equalisation and			1//1		
catastrophes	2.178.110	-26.300	656.570	-41.446	1.770.996
Balance Sheet			1		
Assets	93.374.321	78.016.247	76.363.388	71.742.994	50.835.317
Liabilities	-1.739.075	-1.475.830	-3.265.344	-2.983.181	-1.110.006
Guarantee fund	91.635.246	76.540.417	73.098.044	68.759.813	49.725.311
(including reserve for equalisation and o	catastrophes/				

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Members

AB SVAFO

Axpo Power AG (*)

Belgoprocess NV

BKW Energie AG (*)

British Energy Ltd

Bruce Power Inc.

ČEZ, a. s.

EDF

Electrabel SA

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

EnBW Kernkraft GmbH (*)

Endesa (*)

ENEL SpA (*)

Eskom Holdings SOC Ltd

EURODIF SA

FBFC International SA

Forsmarks Kraftgrupp AB

Fortum Power and Heat Oy

Kernkraftwerk Gösgen-Däniken AG (*)

Kernkraftwerk Leibstadt AG (*)

(*) non insured member

MVM PAKS Nuclear Power Plant Ltd. (*)

New Areva Holding

New Brunswick Power Holding Corporation (*)

OKG Aktiebolag

Ontario Power Generation (OPG)

PreussenElektra GmbH (*)

RHK - Puram

Ringhals AB

RWE Power AG (*)

SCK • CEN

Slovenské Elektrárne AS

Societatea Nationala Nuclearelectrica SA (SNN) (*)

Sogin S.p.A. (*)

Studsvik AB

Svensk Kärnbränslehantering AB (SKB)

Sydkraft Nuclear Power AB

Teollisuuden Voima Oyj (TVO)

Urenco Ltd. (*)

Zwischenlager Würenlingen AG (ZWILAG) (*)

Member Representatives & Status

Member	Representative	Status
Belgium		
Belgoprocess NV	Ph. Lannoy	Insured
Electrabel SA	P. Haenecour	Insured
FBFC International NV	E. Laugier	Insured
SCK • CEN	C. Legrain	Insured
Canada		71/1
Bruce Power Inc.	K. Kelly	Insured
New Brunswick Power Holding Corporation	A. Slipp	Non Insured
Ontario Power Generation (OPG)	D. Tang	Insured
Czech Republic		
ČEZ a.s.	J. Ortman	Insured
Finland	11-11/11/19	7:10
Fortum Power & Heat Oy	M. Huopalainen	Insured
Teollisuuden Voima Oyj	J. Javanainen	Insured
France		1
EDF AND	B. Alleman	Insured
Eurodif SA	R. Jiménez-Shaw	Insured
New Areva Holding	E. Laugier	Insured

Member Representatives & Status

Member	Representative	Status
Germany		
EnBW Kernkraft GmbH	E. Wissmann	Non Insured
PreussenElektra GmbH	S. Kurz	Non Insured
RWE Power AG	J. Haaf	Non Insured
Great-Britain	MA 2/ N/4	4-1
British Energy Ltd	K. Sinclair	Insured
URENCO Ltd	I. Mance	Non Insured
OKEIVES EEG		Normisarea
Hungary		
MVM Paks Nuclear Power Plant Ltd	C. Szinger	Non Insured
RHK Puram / / / / / / / / / / / / / / / / / / /	I. Barnabas	Insured
	AL AL WITE	
Italy / / / / / / / / / / / / / / / / / / /	1 / / / / / / / / / / / / / / / / / / /	
ENEL S.p.A.	G. Frea	Non Insured
Sogin S.p.A.	F. Speranza	Non Insured
Romania	11-17-11	1/
Societatea Nationala Nuclearelectrica SA (SNN)	A. Havris	Non Insured
Slovak Republic		(
Slovenské Elektrárne a.s.	Z. Šípošová	Insured
Slovenske Elektrame d.s.	2. 310030 va	ii isai ca
South Africa		
Eskom Holdings SOC Ltd	J. Kilani	Insured
Spain	17/1/- 17 1	
ENDESA / SALE AND A SA	E. Pérez Ferreiro	Non Insured

Member Representatives & Status

Member	Representative	Status
Sweden		
AB SVAFO	S. Ordéus	Insured
Forsmarks Kraftgrupp AB	T. Hallqvist	Insured
OKG Aktiebolag	R. Danielsson	Insured
Ringhals AB	T. Hallqvist	Insured
Svensk Kärnbränslehantering AB (SKB)	A. Ingman	Insured
Studsvik AB	T. Samuelsson	Insured
Sydkraft Nuclear Power AB	B. Svensson	Insured
Switzerland		
Axpo Power AG	T. Erb	Non Insured
BKW Energie AG	U. Schwegler	Non Insured
Kernkraftwerk Gösgen-Däniken AG	M. Plaschy	Non Insured
Kernkraftwerk Leibstadt AG	T. Erb	Non Insured
Zwischenlager Würenlingen AG (Zwilag)	T. Erb	Non Insured
The Netherlands	1/ 11///	1/1/2
EPZ NV	B.P. Jobse	Non Insured

Board of Directors

Bengt Svensson

Christian Legrain

Kevin Kelly

Brice Alleman

Marc Beyens

Roberto Muscogiuri

Alvin Shuttleworth

Branislav Strýcek

Jarkko Toroska

Danny Vanwelkenhuyzen

Marleen Vercammen

Chairman

Vice-Chairman

Vice-Chairman

Independent Director

Independent Director

Executive Committee

Executive Committee

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

Advisory Committees

Insurance Advisory Committee

Bengt Svensson

Thomas Erb

Nick Feldman

Ann Geivaerts

Patrick Haenecour

Václav Hronek

Jyrki Javanainen

Bram-Paul Jobse

Mika Kautonen

Berndt Kockum

Maria Laguna

Markus Mooser

Stéphane Yvon

Danny Vanwelkenhuyzen

Legal Advisory Committee

Alvin Shuttleworth

Marc Beyens

Rickard Danielsson

Jyrki Javanainen

Lenka Luchetti

Ann Geivaerts

Maria Laguna

Jane Lasry

Jiri Ortman

Godelieve Vandeputte

Sec. 1 34

Chairman

Chairman

Advisory Committees

Finance and Investment Advisory Committee

Branislav Strýcek
Geert Bunkens
Jo Machtelinckx
Lauri Piekkari
Bénédicte Rifaï
Annemie Roefs
Marleen Vercammen

Chairman

Audit Committee

Christian Legrain Kevin Kelly Roberto Muscogiuri Jarkko Toroska Chairman

Internal Auditor

Willy Gemis

Risk Committee

Jarkko Toroska Roberto Muscogiuri Tom Houben Chairman

Management

Executive Committee

Danny Vanwelkenhuyzen
Marleen Vercammen

Managing Director Financial Manager

Staff

Wim Buysse
Ann Geivaerts
Maria Laguna
Annemie Roefs
Jo Machtelinckx
Sven Tackaert
Wim Gemis
Heiner Hefti

Loss Prevention Manager
Corporate Organisation & Legal Manager
Senior Underwriter
Asset Manager & Compliance Officer
Deputy Finance Manager
Accountant
IT Project Manager
General Manager Swiss Branch

Auditors

Deloitte
Reviseurs d'Entreprise SC sfd SCRL
Gateway Building, Luchthaven Nationaal 1 J
BE - 1930 Zaventem
Represented by
Mr. Rik Neckebroeck

Actuarial function

Nicolaï & Partners

Duboisstraat 43

BE - 2060 Antwerpen

Mrs. Veerle Nicolaï

Letter from the Chairman

Dear Members,

It is a pleasure to present ELINI's 2016 Annual Report.

First of all, it would be fair to give a special tribute to the work performed by the Management of ELINI in making sure that Solvency II requirements are implemented within the Mutual. Those matters are a major part of our agendas during the different committees and the Management is committed on those aspects to allow ELINI to stand at a World Class position with regard to its internal governance and the control of their Members' financial securities.

On the business activity side during 2016 I would like to point out the following:

- The first is an ongoing growth of activity driven by our management, which has a positive impact on the capacity.
- To be noted is that Electrabel activated their membership in Elini and we participated in an excess of loss solution where Elini wrote the second layer including the new heads of damage.
- Further the four Swiss operators (Gösken-Däniken, Zwilag, Leibstadt and AXPO) gave their agreement to use ELINI's capacity and agreed to capitalize.
- Another new non-insured member during 2016 is the European Atomic Energy Community's site JRC in Geel.
- The capacity offered to OPG and Bruce Power also substantially increased and was taken out for their renewal 1 January 2017.
- o Elini is also proud to inform you that our rating A- with AM Best was renewed during 2016.

ELINI's specific loss prevention program, which aims to be systematically tuned amongst the candidates and existing Members, in order to preserve the Mutual as a whole, and each Member's participation individually has continuously been performed during 2016.

ELINI has been recognised as having one of the most advanced Claims Handling System of the Nuclear Third Party Liability insurance market. This aspect is key in the ongoing discussions with some national authorities.

ELINI has also during 2016 put a lot of effort into the project ENEB 2020 which aims to create a common IT platform for all the mutual, the project is estimated to go live during 2017.

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.

2017 will be a challenging year to face more and more governments' decisions to increase the 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, 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 Member having decided to organise its 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, controlling or owning nuclear installations, 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 onsite evaluations, review of technical documentation and discussions with site responsibles 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 27th April 2017

Dear Member,

We are pleased to present for your approval the financial statements of our Mutual for its fourteenth year of operations, which ended on 31st December 2016.

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 increased from € 116.900.000 in 2015 to € 130.000.000 in 2016 and our own retention also increased from € 77.500.000 in 2015 to € 87.300.000.

As from 31 March 2016, one Member takes a supplementary capacity amounting to 110.000.000 € bringing the total capacity for this Member to 240.000.000 €. This additional capacity is fully reinsured.

Contributions

The contributions written, and reinsurance premiums ceded are reflected in 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.

Net earned contributions increased from € 6.501.907 in 2015 to € 8.089.416 in 2016. This growth can be attributed to a non-insured Member who became insured member and bought capacity as from 31 March 2016 and to increased shares ceded to the mutual association from various other Members.

Reinsurance costs also increased from € 1.506.647 to € 1.956.933 of which € 1.042.143 was attributed to BlueRe compared to € 657.773 in 2015 because higher reinsurance capacity was bought from them (from € 14.600.000 in 2015 to € 22.700.000).

Claims

Provisions are made for the estimated cost of incurred losses on the basis of 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 amounts to € 771.292, unchanged from the end of 2015. The claims reserve relates to the same 9 notified incidents at the end of 2015. According to the management decision in 2014, this amount includes the additional reserve amounting to 30% of the total reserve for all claims notified - representing an estimate of 15% for internal claim handling costs and another 15% for external claim handling fees. The calculation of this additional reserve remains subject to an annual review.

During the financial year 2016, there have been no new claims notified. As a result nothing is reported as cost of claims in the income statement.

General expenses

General expenses increased from € 1.741.989 in 2015 to € 1.817.647 or +4% in 2016. This increase can be explained by increases in

- HR costs (+5%) full year costs for the staff hired in 2015 and increase in time of one part-time staff member
- Travel and meeting expenses (+3%) since the Members Meeting in Boston resulted in higher travel costs.
- On the other hand, consultancy fees and IT costs decreased respectively -3% and -2%.

Investments

The total book value of the investments and liquidities increased from € 72.569.118 in 2015 to € 84.415.247 in 2016. The investment strategy of 60% corporate bonds, 30% liquidities and 10% in shares was changed in October to 10% in shares and 90% in a mix of fixed income and money market products. The investment yield on the portfolio was calculated at +1.01% for 2016.

Following the change in investment strategy, part of this return has been realized, together with capital gains that had not yet been realized during the previous years.

This results in a net financial income of € 3.195.613, unrealized gains as per 31 December 2016 not included.

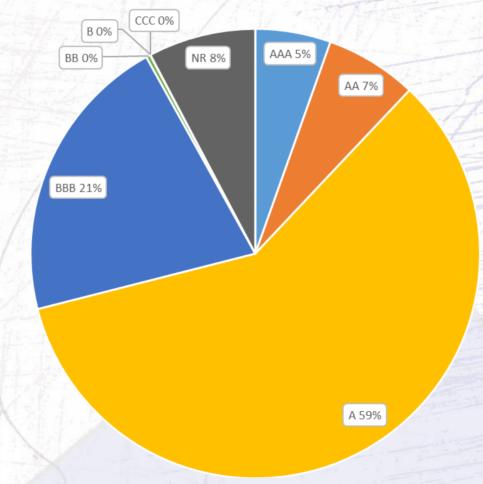
Book value and estimated fair market value of investments as of 31 December 2016:

Euro		Unrealized capital	
	Book value	gains/losses	Market value
Corporate bond funds	29.794.495	223.013	30.017.508
Money market funds	31.551.592	7.125	31.558.717
Fixed interest investments	4.950.000	0	4.950.000
Deposits	4.997.199	0 /	4.997.199
Cash	10.387.663	10-	10.387.663
Equity fund	2.734.297	-49.540	2.684.758
	84.415.247	180.599	84.595.846

Weighted average credit rating of the total portfolio as of 31 December 2016:

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





Country Allocation as of 31 December 2016.

Overall portfolio:

AT 0,30% • BE 24,18% • BM 0,01% • CH 0,34% • DE 4,53% • DK 0,61% • ES 4,56% • EU 1,79% • FI 0,16% • FR 17,25% • GB 8,84% • IE 1,62% • IT 3,30% • LU 6,73% • NL 7,07% • NO 0,12% • Europe others 0,73% • US 5,77% • CA 6,44% • AU 0,45% • MX 0,36% • CN 0,89% • JP 0,21% • Asia others 2,43% • AE 0,25% • Africa/Middle East others 1,05% •

Result

The € 7.820.120 surplus for 2016 after taxes and before allocation to the equalization fund compares with a € 3.431.661 surplus for 2015.

The technical profit for 2016 of € 4.688.130 plus the part of the financial surplus earned on the technical reserves amounting to € 953.880 will be allocated to the reserve for equalization and catastrophes.

In accordance with our Articles of Association, the Board of Directors proposes to the Annual General Meeting that the financial surplus related to the Belgian activities for 2016 of \in 2.243.839 shall be allocated to the guarantee fund, whereas the loss of \in 65.729 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 \leq 91.635.246 compared to \leq 76.540.417 at the end of the previous year. The Guarantee Fund includes the subscribed but not paid capital amounting to \leq 8.511.712 which is due for almost half in 2017 and the remainder over the next three years.

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 during the financial year 2016.

We look forward to a good operational year in 2017 and I would like to take this opportunity to thank you for your support.

Bengt Svensson

non

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.

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 named 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 who jointly oversees the activities of the Mutual. There are currently eleven Board members, seven of them are representing the Members, two are Independent Directors 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 acts as an adviser close to the management to take measures within the scope of the integrity policy and ensure the development of the deontology of the Mutual.

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 explain 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, a check is performed to comply with the guidelines of the outsourcing policy.

MONITORING AND CORRECTIVE ACTIONS

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

The second line of control performed by the 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.

Statutory auditor's report to the shareholders' meeting of European Liability Insurance for Nuclear Industry Association d'Assurance Mutuelle on the annual accounts for the year ended 31 December 2016

As required by law and the association's articles of association, we report to you in the context of our appointment as the association's statutory auditor. This report includes our report on the annual accounts together with our report on other legal and regulatory requirements. These annual accounts comprise the balance sheet as at 31 December 2016 and the income statement for the year then ended, as well as the summary of accounting policies and other disclosures.

Report on the annual accounts – Unqualified opinion

We have audited the annual accounts of European Liability Insurance for Nuclear Industry Association d'Assurance Mutelle ("the association"), prepared in accordance with the financial reporting framework applicable in Belgium, which show total assets of 93,374 (000) EUR and a profit for the year of 2,178 (000) EUR.

Board of directors' responsibility for the preparation of the annual accounts

The board of directors is responsible for the preparation and fair presentation of 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 annual accounts that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) as adopted in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the association's preparation and fair presentation of the annual accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the annual accounts. We have obtained from the association's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the annual accounts of European Liability Insurance for Nuclear Industry Association d'Assurance Mutuelle give a true and fair view of the association's net equity and financial position as of 31 December 2016 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the annual accounts, as well as for maintaining the association's accounting records in compliance with the legal and regulatory requirements applicable in Belgium and for the association's compliance with the Companies Code and the association's articles of association.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statements, which do not modify the scope of our opinion on the annual accounts:

- The director's report, prepared in accordance with articles 95 and 96 of the Companies Code and to be filed in accordance with article 100 of the Companies Code, includes, both in form and in substance, the information required by law, is consistent with the annual accounts and is free from any material inconsistencies with the information that we became aware of during the performance of our mandate.
- The social balance sheet, to be filed in accordance with article 100 of the Companies Code, includes, both in form and in substance, the information required by law and is free from any material inconsistencies with the information available in our audit file.
- 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 requirements of the law and the association's articles of association.
- There are no transactions undertaken or decisions taken in violation of the association's articles of association or the Companies Code that we have to report to you.

Zaventem, 11 April 2017

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL Represented by Rik Neckebroeck

* dulis

Balance sheet as of 31 December 2016 and 2015

(Currency - Euro)

ASSETS	31/12/2016	31/12/2015
C. Investments		3/10/1-19
III. Other financial investments		
1. Parts in investment funds	64.080.385	47.923.623
2. Bonds and other fixed interests	4.950.000	5.000.000
6. Term deposits	4.997.199	9.706.198
	74.027.584	62.629.821
D. bis. Part of reinsurance in the technical reserves		
I. Reserve for non-earned premiums and current risks	51.489	55.446
III. Reserve for claim receivable	1.860	1.860
	53.349	57.306
E. Receivables		
I. Receivables from direct insurance		
1. Insurers	169.280	48.379
2. Intermediaries	3.365	14.950
II. Receivables resulting from reinsurance	0	0
III. Other receivables	33.886	174.052
IV. Subscribed capital, not paid	8.511.712	4.965.984
	8.718.243	5.203.366
F. Other assets	1//	
I. Tangible Assets	109.787	112.000
II. Liquidities	10.387.663	9.939.296
	10.497.450	10.051.296
G. Transitory accounts		
I. Interest and rent	77.695	74.458
	77.695	74.458
TOTAL ASSETS	93.374.321	78.016.247

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

Balance sheet as of 31 December 2016 and 2015

(Currency - Euro)

LIABILITIES	31/12/2016	31/12/2015
A. Equity		78 11 781
I. Subscribed capital or equivalent fund, net of uncalled capital		
1. Guarantee fund securities	66.842.994	57.324.446
V. Retained earnings		1
1. Surplus (Deficit) of the period (Belgium)	0	0
2. Surplus (Deficit) of the period (Switzerland)	-183.325	-117.596
	66.659.669	57.206.850
C. Technical reserves	SAL SHILL	1
I. Reserve for unearned premiums and unexpired risks	386.284	194.578
III. Reserve for claim payable	771.292	771.292
V. Reserve for equalisation and catastrophes	24.975.577	19.333.567
	26.133.153	20.299.437
G. Payables		7 2 1/2
Payables resulting from direct insurance business	106.302	65.882
II. Receivables resulting from reinsurance business	8.704	- 0
V. Other payables	1177//-	
1. Fiscal and Social payables		
a) Property tax and VAT	17.373	23.732
b) Social payables	136.359	119.763
2. Other	234.685	109.539
	503.422	318.916
H. Transitory accounts	78.076	191.045
	78.076	191.045

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

Income Statement as of 31 December 2016 and 2015

(Currency - Euro)

	31/12/2016	31/12/2015
1. Earned premiums, net of reinsurance		
a) Gross premiums	8.281.123	4.763.874
• Premiums written 8.281.123 4.763.87	4	WHAT ALL HER
Rebates to Members 0	0	
b) Reinsurance Premiums	-1.952.976	-1.526.928
c) Variation of the reserve for unearned premiums and unexpired risks, gross of reinsurance (increase -, decrease +)	-191.707	1.738.033
d) Variation of the reserve for unearned premiums and unexpired risks, reinsurers part (increase +, decrease -)	-3.957	20.281
	6.132.484	4.995.260
2bis. Investment Income		
b) Income from other investments	56.371	82.710
c) Write-back of adjustments on investments	122.736	0
d) Realized capital gains	3.321.936	292.443
	3.501.043	375.153
3. Other technical income net of reinsurance	310.013	152.405
4. Costs of claims, net of reinsurance	14X ==	
a) Net amount paid	1//	17
aa) Gross amount	0	-59.475
bb) Part of reinsurers	0	259
b) Variation of the claims services reserve, net of reinsurance		
aa) Variation of the reserve for claims, gross of		
reinsurance (increase -, decrease +)	0	76.087
bb) Variation of the reserve for claims, part of		
reinsurance (increase -, decrease +)	0	0
	0	16.871
7. Net operating expenses (-)		
a) Acquisition expenses	-136.655	-144.526
c) Administrative expenses	-1.680.991	-1.597.463
	-1.817.647	-1.741.989

Income Statement as of 31 December 2016 and 2015

(Currency - Euro) - continued -

	31/12/2016	31/12/2015
7bis. Expenses relating to investments (-)	1 114	
a) Expenses for managing investments	-102.554	-52.645
b) Adjustments to investment values	0	-291.527
c) Realized less values	-202.876	-21.520
	-305.430	-365.692
SURPLUS/(DEFICIT) OF THE PERIOD BEFORE VARIATION	1 101.28 7.00	
RESERVE FOR EGALIZATION AND CATASTROPHES	7.820.463	3.432.008
9. Variation in the reserve for egalization and catastrophes, net	-5.642.010	-3.457.960
Surplus/(DEFICIT) of the period available for Distribution	2.178.453	-25.952
15. Taxes	-343	-348
Result of the period	2.178.110	-26.300

The accompanying notes are an integral part of this income statement

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2016 AND 2015

(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 2016, the maximum insurance capacity of E.L.I.N.I. is 240.000.000 EUR of which:

- For those Members not using the BlueRe capacity:
 - 100% of any amount in excess of 87.300.000 EUR upto 97.300.000 EUR is reinsured by way of treaty reinsurance contract;
 - 100% of any amount in excess of 97.300.000 EUR is reinsured by way of facultative reinsurance contracts.
- For those Members using the BlueRe capacity:
 - The first layer of 30.000.000 EUR is covered by E.L.I.N.I.;
 - 100% of any amount in excess of 30.000.000 EUR upto 52.700.000 EUR is reinsured by way of treaty by BlueRe;
 - 100% of any amount in excess of 52.700.000 EUR upto 110.000.000 EUR is covered by the E.L.I.N.I. capacity;
 - 100% of any amount in excess of 110.000.000 EUR upto 130.000.000 EUR is reinsured by way of treaty.
 - 100% of any amount in excess of 130.000.000 EUR upto 160.000.000 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 240.000.000 EUR.

The risk for E.L.I.N.I. is limited to 87.300.000 EUR as of 31 December 2016.

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 egalisation 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 prorata 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. Unrealised losses are recorded if the Board of Directors evaluates that there is a permanent less value on those securities. Such less values are recorded in the income statement.

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 2.243.839,44 EUR, the financial non-technical profit of the year 2016, to the Guarantee fund.

Note that the result of the year 2016 of the Swiss branch will not be transferred to the Guarantee Fund, but will be reported separately as retained earnings (-65.729,11 EUR).

The evolution of the Guarantee Fund over 2016 is as follows:

Guarantee fund at 31 December 2015	57.324.446
Capitalisation members	7.274.709
Transfer of the Surplus of the year	2.243.839
Guarantee fund at 31 December 2016	66842.994

Retained earnings at 31 December 2015	-117.596
Loss of the Swiss branch	-65.729
Retained earnings at 31 December 2016	-183.325

3. RESERVE FOR EGALIZATION 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 egalization and catastrophes. The purpose thereofe 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' egalization and catastrophes reserve is 87.300.000 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 amount of the income, 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 5.642.009,75 EUR for the year 2016 which brings the total reserve up to 24.975.576,76 EUR.

It should however be noted that at the end of 2016 the guarantee fund amounts to 66.842.994,38 EUR (excluding the result of the Swiss branch) and can be used to cover the obligation of the association.

Additionally, the association may call under certain circumstances for additional funds of the members (article 25 of the Articles of Associations) 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 48.147,23 EUR for 2016 and 67.303,16 EUR for 2015 and are deducted from the reinsurance premium charges.

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