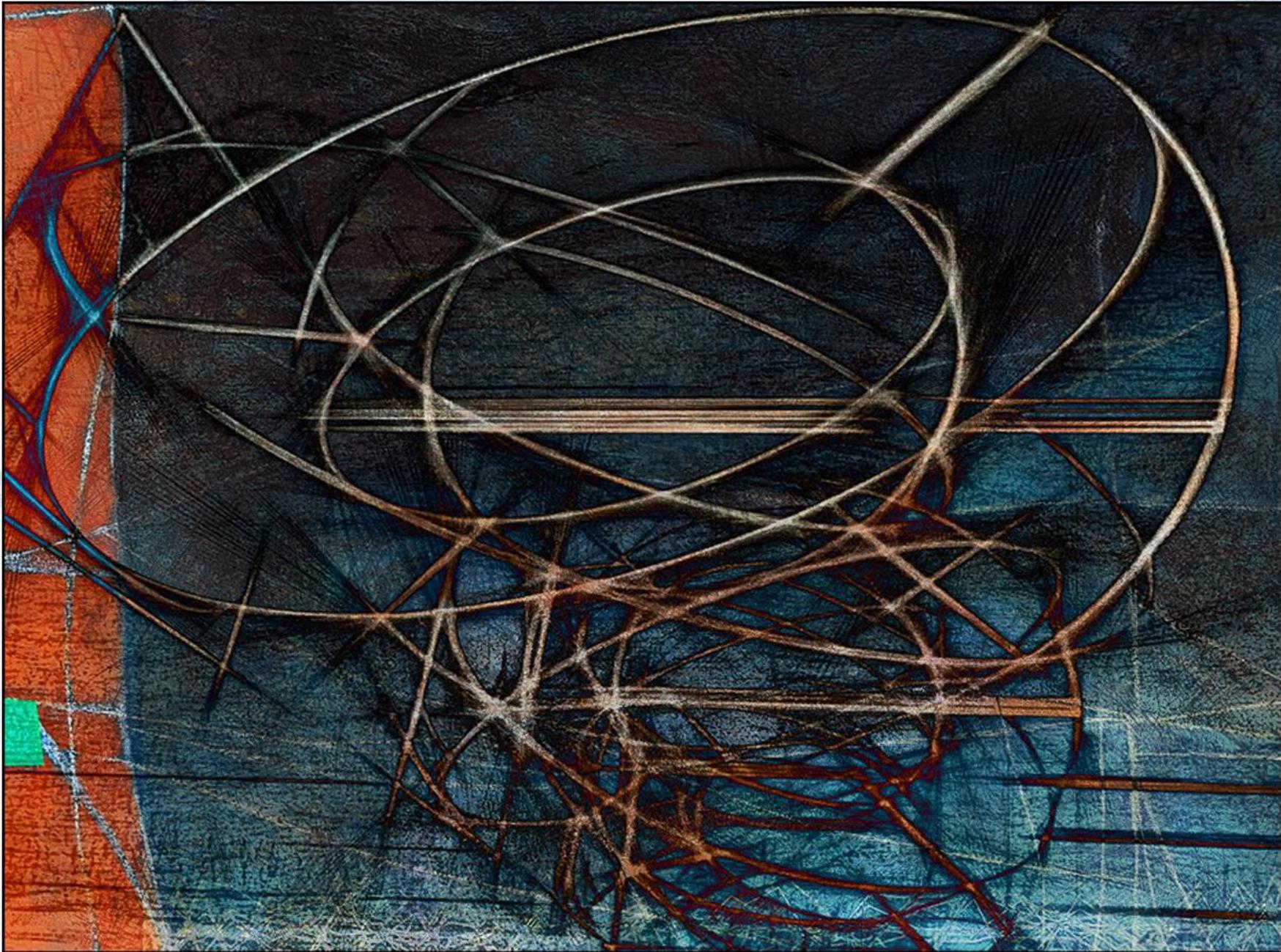




EMANI 
annual report
2018





Dynamics for a new era

R. Piccart 2019



**Annual Report 2018
of the Board of Directors and
of the Statutory Auditor
to be presented at the Annual
General Meeting on 7th June
2019**

Company authorised by Royal Decrees of
20.10.1978 and 07.12.1999
To underwrite "Fire and Natural Hazards",
"Other Property Damage" and "Liability"

(Moniteur Belge 14.11.1978 - 29.12.1999 Code 0921)

Registered Office:
Av. Jules Bordet, 166 - B 4
B 1140 Brussels Belgium
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Fax: +32 (0)2 705 72 92



Financial Highlights

in euro

years ended December 31

Statement of Earnings

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net premium earned	23.759.642	22.148.936	23.438.978	22.890.993	22.836.670
Claims	2.427.917	3.471.737	-11.246.762	-286.275	-2.624.921
Expenses	-3.959.976	-4.021.743	-3.640.421	-3.712.671	-3.414.077
Other income	27.352	8.078	32.630	641	15.868
Net investment result	13.652.670	-1.453.154	1.014.327	1.158.390	6.341.961
Other Expenses	-6.529.932	0	0	0	0
Earnings before distribution to reserve for equalisation and catastrophes	29.377.673	20.153.853	9.598.752	20.051.077	23.155.502
Variation in the reserve for equalisation and catastrophes, net of reinsurance	-15.856.140	-21.489.524	-8.550.093	-19.503.347	-16.920.203
Taxes	-7.552	-1.041	-1.039	-348	-308
Earnings after distribution to reserve for equalisation and catastrophes	13.513.981	-1.336.712	1.047.620	547.382	6.234.991

Balance Sheet

Assets	318.069.374	311.510.330	298.849.924	272.136.119	253.910.139
Liabilities	-23.795.657	-46.636.733	-47.987.712	-30.901.382	-32.746.529
Guarantee fund (including reserve for equalisation and catastrophes)	294.273.717	264.873.597	250.862.212	241.234.738	221.163.611



Contents

6	Members
8	Board of Directors
9	Committees
11	Management
11	Auditors
12	Letter from the Chairman
13	Description of activities
15	Report of the Board of Directors
20	Corporate governance report
22	Statutory auditor's report
28	Balance Sheet and Income Statement
32	Notes to the Financial Statements



Members *

Belgium

Belgoprocess NV
European Atomic Energy Community
SCK-CEN

Canada

Bruce Power L.P.
New Brunswick Power Holding Corp. (NB Power)
Ontario Power Generation (OPG)

Czech Republic

ČEZ a.s.

Finland

Fortum Power & Heat Oy
Teollisuuden Voima Oyj (TVO)

France

EDF
Framatome
Orano

Germany

BGZ Gesellschaft für Zwischenlagerung mbH
EnBW Energie Baden Württemberg AG
EnBW Kernkraft GmbH
Gesellschaft für Nuklear-Service mbH (GNS)
Kernkraftwerk Lippe-Ems GmbH
Kernkraftwerk Obrigheim GmbH
PreussenElektra GmbH
RWE Power AG
Vattenfall Europe Nuclear Energy GmbH

Hungary

MVM Paks Nuclear Power Plant (PAKS)
Puram**

Italy

ENEL **

The Netherlands

Elektriciteits-Produktie­maatschappij Zuid-Nederland (EPZ NV)
Gemeenschappelijke Kernenergiecentrale Nederland BV (GKN)

Romania

Societatea Nationala Nuclearelectrica SA (SNN)

Slovak Republic

Slovenské Elektrárne a.s./ ENEL

South Africa

Eskom Holdings SOC Ltd.

Sweden

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

Switzerland

Axpo Power AG
Axpo Solutions AG
BKW Energie AG
Centrales Nucléaires en Participation (CNP)
Kernkraftwerk Gösgen-Däniken AG
Kernkraftwerk Leibstadt AG
Zwischenlager Würenlingen AG (Zwilag)

* Status at the time of the Annual General Meeting

** Non Insured Member



Members *

United Kingdom

British Energy Ltd
Urenco Ltd
Westinghouse Electric UK Holdings Ltd

USA

BWX Technologies Inc.
Comanche Peak Power Company LLC
Energy Solutions
Eversource Inc.
Indiana Michigan Power Company
Northern State Power Company - Minnesota (NSP-M)
Omaha Public Power District (OPPD)
Pacific Gas & Electric Company (PG&E)
South Carolina Electric & Gas (SCE&G)
STP Nuclear Operating Company
Tennessee Valley Authority (TVA) **
Union Electric Company d/b/a Ameren Missouri
Westinghouse Electric Company LLC

* Status at the time of the Annual General Meeting

** Non Insured Member



Board of Directors *

A. Russell	Chairman
C. Bölle	Vice-Chairman
B. Jobse	Vice-Chairman
M. Blair	
S. Döhler	
N. Feldman	
G. Gould	
P. Sätmark	
E. Laugier	
P. Vandekerckhove	<i>Executive Committee</i>
M. Vercammen	<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 *

Underwriting Committee

C. White *Chairman*
L.E. Agrò
I. Annezer
A. Currie
T. Erb
N. Feldman
J. Floras
A. Havris
H. Hefti
L. Hough
S. Kurz
E. Laugier
I. Maciulis
R. Miller
F. Orset
P. Sätmark
K. Sinclair
P. Vandekerckhove
R. Zahmidi

Technical Advisory Committee

G.L. Noferi *Chairman*
I. Annezer
W. Gemis
J. Oechsler
F. Orset
A. Pührer
J. Sanchez
S. Savolainen

* Status at the time of the Annual General Meeting



Advisory Committees *

Finance and Investment Advisory Committee

M. Vercammen *Chairman*
L. Piekkari
B. Rifai
A. Roefs
A. Russell
J. Tasker
J.W. Thurber

Audit Committee

G. Gould *Chairman*
B.P. Jobse
A. Russell

Risk Committee

G. Gould *Chairman*
B.P. Jobse
A. Russell

Internal Auditor

W. Gemis

Compliance Officer

P. Vandekerckhove

* Status at the time of the Annual General Meeting



Management *

Executive Committee

P. Vandekerckhove
M. Vercammen

Managing Director
Financial Manager

Auditors

Deloitte
Reviseurs d'Entreprise SC sfd 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

Fellow Members

2018 was a record year for EMANI in terms of net premium with only a minor claims experience. Indeed it was only in December 2018 when we received notification of our first claim for the year – very close to another first. This outcome is a result of good underwriting by the underwriting team and strong operational performance by Members.

This has helped consolidate our Solvency margin and support the maintenance of the AM Best rating of A stable. The Board is aware that we exist to provide cover to members and that claims are an occupational hazard but let's recognize an excellent first year with Philippe in charge.

As I confirmed last year, the Board concluded that this will be a period of 'evolution' rather than 'revolution' and the management focus has been in ensuring we meet members' needs. While not targeting expansion, I was pleased to welcome two new members to the mutual at our AGM in Vienna. At the same time the end of 2018 saw the exit of the first of our German members.

Lastly, the Board is conscious that members are all encountering cost pressures in their business and the Board has asked management to seek efficiencies which would target no increase in the cost base in 2019 and agreed that the premium increase in 2019 be restricted to 2.31% in line with the Troostwijk index.

Thank you all for your continued support of EMANI

Alastair Russell
Chairman of the Board



Description of activities

EMANI is a Mutual Insurance Association which offers cover for a wide range of insurance risks relating to nuclear power stations and other companies in the nuclear industry. At present, EMANI offers cover for its Members in Belgium, Canada, Czech Republic, Finland, France, Germany, Hungary, Italy, Romania, The Netherlands, Slovak Republic, South-Africa, Sweden, , United Kingdom and USA. For the Swiss Members, cover is provided by the Branch in Switzerland.

The capacity provided by EMANI is independent of that provided by the various nuclear pools.

The main benefits to Members of EMANI include:

- Additional or alternative insurance capacity for material damage, business interruption, machinery breakdown, terror and erection all risk covers.
- Potential for contribution savings. Potential for distribution of guarantee fund.
- Loss prevention and engineering evaluations.
- Information exchange and data centre for nuclear insurance matters.

Underwriting & Claims Handling

EMANI's current portfolio is principally based on property damage cover, but our underwriting team is always looking for new ways to support the needs of our Members.

Increasingly EMANI acts as a leading underwriter bringing the advantages of a comprehensive insurance cover and competitive pricing to the Members. If requested to do so by a Member, EMANI can also act as a co-insurer in partnership with the national insurance pools or another insurer.

In the event of a claim where EMANI acts as leading underwriter, the loss settlement shall be done in cooperation with an independent loss adjuster. In cases where EMANI acts as a co-insurer, EMANI will generally follow the recommendations and assessment made by the loss adjuster appointed by the lead underwriter. However in certain cases, the Management will decide whether EMANI should appoint independent adjusters or additional expert advice.

Article 26 of the Articles of Association provides for additional contributions from Members if required to meet claims.

Reinsurance

EMANI purchases reinsurance cover to supplement capacity and to spread risk as the Board deems appropriate.



Management Structure

EMANI is a mutual Association constituted in Brussels under Belgian law and authorised by Royal Decree on 20th October 1978. (MB 14/11/1978)

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

The administration, underwriting, claims handling 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 of operating / controlling / owning nuclear installations or their representatives can be Members of the Association.

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

A new Member shall underwrite at least one insurance policy with the Association and shall unconditionally accept the Articles of Association.

Loss Prevention Services

The EMANI loss prevention engineers, assisted by the Technical Advisory Committee (which is drawn from senior engineering staff from the EMANI Members utilities), shall identify the potential for losses to occur at the Members' property and to control such losses through risk detection and a preventative program.

The loss prevention services provide the Members with detailed reports, customized for the risk involved and in conjunction with the Underwriting team a thorough assessment of each Member's assets is established.

Based on the on-site evaluation, a comprehensive list of suggestions and recommendations is drawn up with a view to improve safety and to prevent or mitigate losses. The reports also assist the Members' management to quantify and develop appropriate measures to minimise their level of risk.

The loss prevention services make an invaluable contribution to the EMANI underwriting process.



Report of the Board of Directors to be presented to the Annual General Meeting of 7 June 2019

Dear Member,

At the close of the 40th financial year, we are pleased to report to you on the business of your Mutual Association and to set out below the balance sheet and the income statement for the year ended 31 December 2018.

The financial statements incorporate the results from the EMANI branch in Switzerland which was established on 7 June 2013 and received a license from the Swiss Regulator "FINMA" dated 30 September 2014.

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

The Mutual Association maintains a system of internal accounting controls to provide reasonable assurance that 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.

Deloitte has been engaged, with the approval of Members, as the independent auditor 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 adjoined to the financial statements.

Capacity

The insurance capacity for Material Damage decreased in 2018 to 642.250.000 € versus 656.700.000 € in 2017.

The insurance capacity for Terrorism cover also decreased in 2018 to 642.250.000 € versus 656.700.000 € in 2017.

EMANI may commit more than 642.250.000 € on risks where additional facultative reinsurance is in place and this resulted in maximum commitments of 700.000.000 €.

The own retention for Material Damage insurance policies in 2018 was limited to 227.993.100 € and we reached a maximum of 228.782.146 €. During 2017 this was limited to 229.933.175 € and we reached a maximum of 229.448.047 €.

For Terrorism insurance policies the limit in 2018 was 219.500.000 € and for 2017 it was 222.000.000 €.



Contributions

Contributions written and reinsurance premiums ceded are reflected in earnings on a pro-rata basis over the term of each policy. Unearned contributions represent the portion of contributions written which are applicable to the non-expired terms of the policies in force. For the purpose of the following calculations, contribution is defined as original contribution less rebate.

Earned gross contributions increased from 40.217.772 € in 2017 to 41.288.935 € in 2018 and include the contributions from our Swiss members which were written for the fourth year through the Swiss Branch. This increase of contributions can be attributed to the unearned contributions on the increased USA and Canadian Members of 2017 which became earned in 2018.

Earned reinsurance cost decreased from 18.068.836 € in 2017 to 17.529.294 € in 2018. This increase can be explained by purchasing less facultative reinsurance. Net earned contributions after reinsurance increased to 23.759.642 € in 2018 from 22.148.936 € in 2017.

No Members' rebate was released in 2017 and the outstanding Members' rebate reserves remains at zero.

General expenses

General expenses decreased from 4.021.743 € in 2017 to 3.959.976 € in 2018 or minus 1,5% and includes the expenses from our Swiss branch.

Claims

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

The total claims result (net of reinsurance) for 2018 is a profit to the income statement of 2.427.917 € which compares to a profit of 3.471.737 € in 2017. This comprises a charge in respect of claims paid of 1.563.406 € (net of reinsurance) of which no costs are in relation to losses arising in 2018. In addition, there is a profit due to the decrease in reserves (net of reinsurance) of 3.991.323 €. This decrease however includes 384.785 € of new losses occurred in the year 2018.



Investments

The total book value of the investments and liquid instruments increased from 285.902.943 € at 31 December 2017 to 306.360.514 € at 31 December 2018.

The investment allocation at the beginning of the year of 27,42% long term corporate bonds, 44,12% liquid instruments, 14,90% equity and 13,57 % absolute return funds has changed gradually during the year to 71,69% long term corporate bonds, 16,15% liquid instruments, 12,16% equity and 0 % absolute return fund at 31 December 2018 . This resulted in a market to market annual yield on the investment portfolio of -1,48% which unfortunately did not beat the target of Euro Area inflation of 1,6%. The accounting financial income has recorded a financial profit of 13.652.670 € which includes realized profits due to the change in Investment Managers.

All the investments are recorded at their purchase value and the unrealized gains of 2.963.503 € are not recorded in the income statement for the current year which is in line with Belgian GAAP. Previous year the unrealized gains amounted to 21.424.300 €.

Book value and estimated fair market value of investments as at 31 December 2018.

Euro	Book value	Unrealized capital gains/(losses)	Market value
Equity investment funds	41.804.326	(4.190.126)	37.614.200
Absolute Return funds (equity risk)	0	0	0
Absolute Return funds (bond risk)	0	0	0
Money Market investment funds	26.905.071	(80.755)	26.824.316
Corporate bond investment funds	214.504.857	7.234.384	221.739.241
Fixed income investment	3.400.000	0	3.400.000
Deposits and cash	19.746.260	0	19.746.260
Total	306.360.514	2.963.503	309.324.017

Credit rating of the investment portfolio as at 31 December 2018.

The overall weighted average credit rating of the total portfolio is A-with the following split:

• AAA7,21% • AA13,51% • AA-0,03% • A+1,57% • A28,86% • A-3,17% • BBB36,39% • BB3,58% • B0,29% • NR5,39%.

Average weighted duration of the investment portfolio as at 31 December 2018.

The overall weighted average duration including equity and cash of the total portfolio is 3,35.



Country Allocation of the investment portfolio as at 31 December 2018.

AT 0,87% • BE 8,61% • BM 0,01% • CA 0,36% • CH 1,81% • CN 0,60% • DE 7,84% • DK 0,75% • ES 6,00% • FI 0,73% • FR 21,64% • GB 5,68% • IE 1,99% • IT 7,74% • LU 3,23% • NL 9,12% • NO 0,33% • RU 0,37% • Europe others 1,35% • US 14,94% • MX 0,77% • Latin America others 0,17% • AU 1,08% • NZ 0,16% • JP 2,01% • Asia others 0,79% • Africa/Middle East others 0,36%.

Net Investment Income

Euro	2018	2017
Gains/(losses)	13.761.778	99.096
Interests and dividend securities	0	47.906
Interests term deposits	61.072	80.047
Interests cash and cash equivalents	54.851	15.961
Adjustments to investment values	-57.308	-1.523.938
Investment management expenses	-167.723	-172.226
Net investment income	13.652.670	-1.454.154

Result

The 29.377.673 € surplus for 2018 compares with a 20.153.812 € surplus in 2017 (before allocation to reserve for equalization and catastrophes). The surplus of the year includes the loss of 109.972 € of our Swiss branch. This compares with a loss of 55.498 € in 2017.

The surplus before net investment income for 2018 of 15.856.140 € is allocated in accordance with the rules of the Belgian insurance regulator (National Bank of Belgium) to the reserve for equalization and catastrophes. In the previous year a surplus of 21.489.524 € was allocated.

The Board of Directors recommends to the Annual General Meeting that the surplus of the year be allocated to the guarantee fund for the amount of 13.623.953 € in relation to the Belgian activities and to be carried over in retained earnings for the loss of 109.972 € in relation to the Swiss Branch following the local requirements.

Guarantee Fund

The guarantee fund plus the reserve for equalization now available to the Members for insurance capacity supports amounts to 294.273.717 € and compares to previous year with 264.873.597 € which includes the refund to our first member whose 5 year notice period has come to an end.

The Mutual Association has acknowledged the resignation of certain members, who will leave following the 5 year notice period. Were these members to leave at the end of 2018 their share in the guarantee fund would amount to 20.717.153 € with their departure subject to approval of Belgian Insurance Regulator.



Recommendations

We propose that you:

- Approve the financial statements for the year ended 31 December 2018 as presented
- Grant discharge to the Directors of the Company in respect of their duties and functions for the year ended 31 December 2018
- Grant discharge to the Statutory Auditor



Alastair Russell
Chairman of the Board of Directors
On behalf of the Board of Directors



Corporate Governance Report

CORPORATE GOVERNANCE STRUCTURE

EMANI continues to believe that Corporate Governance can be extremely useful and effective in stimulating the use of best governance practices.

All the principles are described 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 EMANI and EMANI Swiss branch.

Following the new EU-wide regulatory regime of Solvency II, EMANI's goal is to ensure that the Mutual is compliant with the requirements defined by EIOPA and translated into Belgian regulations by the local Supervisor. The Solvency Financial condition report (SFCR) 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 EMANI.

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 members are of the Executive Committee. All Board members are nominated by the Annual General Meeting for a three-year period and eligible for re-appointment.

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 and Investment Advisory Committee and Underwriting Committee. These Committees are composed out of representatives of the Members. All Advisory Committees have charters that explain their purpose and role as well as their responsibilities.

EMANI is not obliged to set up an Audit Committee because it only meets one of the three criteria imposed by article 52, § 1 of the Insurance Supervision Act of 13 December 2016. However, for good governance purposes EMANI has put in place an Audit Committee but the composition of the Committee on the principle of independent is not as defined as in article 48 of the Insurance Supervision Act.

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 meets as frequently as the interests of the Mutual requires. 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 performs annually a self-assessment.



OPERATIONAL STRUCTURE AND KEY FUNCTIONS

The scope of work of the Internal Auditor, is to determine whether EMANI'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 EMANI's business.

EMANI is required by Belgian Law to have a mathematic investigation made by an Actuary to assess the risk in contribution and claim liabilities in respect of insurance policies.

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 need to comply with the fit & proper policy and conduct 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, EMANI 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 on the subject of unethical or unlawful behavior to the management. Denunciators will be protected against any disciplinary measures.

EMANI has also put in place efficient and transparent procedures for handling complaints. Complaints are considered a vital and essential source of information to improve our 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.



Statutory auditor's report to the shareholders' meeting of European Mutual Association for Nuclear Insurance AAM for the year ended 31 December 2018 - Annual accounts

In the context of the statutory audit of the annual accounts of European Mutual Association for Nuclear Insurance AANI (the "company"), 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 shareholders' meeting of 22 October 2015, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2018. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment. We have performed the statutory audit of the annual accounts of European Mutual Association for Nuclear Insurance AANI for at least 21 consecutive periods.

Report on the audit of the financial statements

Unqualified opinion

We have audited the annual accounts of the company, which comprises the balance sheet as at 31 December 2018 and the income statement for the year then ended, as well as the explanatory notes. The annual accounts show total assets of 318 069 (000) EUR and the income statement shows a profit for the year ended of 13 514 (000) EUR.

In our opinion, the annual accounts give a true and fair view of the company's net equity and financial position as of 31 December 2018 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 company'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 2018, the other financial investments amount to 286 616 (000) EUR and represent 90% 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 methodology and assumptions used in setting the insurance reserves</p> <p>The insurance reserves includes the company's nuclear claims for 12 258 (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 - 4. Technical reserves».</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. 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 the company. 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 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 company'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 company 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.

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 company'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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 company 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 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 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 our independence, and where applicable, related safeguards.

From the matters communicated to 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 auditor's report unless law or regulation precludes any public disclosure about the matter.

Report on other legal, regulatory and professional requirements

Responsibilities of the board of directors

The board of directors is responsible for maintaining the company's accounting records in compliance with the legal and regulatory requirements applicable in Belgium in accordance with the law of 27 June 1921 on non-profit organizations, foundations and European political parties and foundations.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (revised in 2018) to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify compliance with certain legal and regulatory obligations, without prejudice to the opinion expressed above.

Statement on the social balance sheet

The social balance sheet, to be filed at the National Bank of Belgium in accordance with article 100, § 1, 6°/2 of the Companies Code, includes, both in form and in substance, all of the information required by the Companies Code 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 company 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 17 of the law of 27 June 1921 on non-profit organizations, foundations and European political parties and foundations referring to article 134 of the Companies Code, 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 or the law of 27 June 1921 on non-profit organizations, foundations and European political parties and foundations.
- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) N° 537/2014.

Zaventem, 24 May 2019

The statutory auditor



DELOITTE Bedijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d SCRL
Represented by Rik Neckebroeck



Balance sheet as of 31 December 2018 and 2017

(Currency - Euro)

ASSETS	<u>31/12/2018</u>	<u>31/12/2017</u>
C. Investments		
III. Other financial investments		
1. Parts in investment funds	283.214.254	220.629.573
2. Bonds and other fixed interests	3.400.000	0
6. Term deposits with financial institutions	1.501	25.900.644
	<u>286.615.756</u>	<u>246.530.216</u>
D. bis. Part of reinsurance in the technical reserves		
I. Reserve for non-earned premiums and current risks	2.558.013	3.098.503
III. Reserve for claim receivable	5.651.115	12.263.119
	<u>8.209.128</u>	<u>15.361.622</u>
E. Receivables		
I. Receivables resulting from direct insurance		
1. Insurers	337.500	1.684.374
2. Intermediaries of insurers	866.498	387
II. Receivables resulting from reinsurance	1.255.234	7.643.102
III. Other receivables	71.707	72.126
	<u>2.530.939</u>	<u>9.399.990</u>
F. Other assets		
I. Tangible Assets	666.643	510.449
II. Liquidities	19.744.758	39.372.727
	<u>20.411.401</u>	<u>39.883.177</u>
G. Transitory accounts		
I. Interest and rent	302.149	335.326
	<u>302.149</u>	<u>335.326</u>
TOTAL ASSETS	<u>318.069.374</u>	<u>311.510.330</u>



Balance sheet as of 31 December 2018 and 2017

(Currency - Euro)

LIABILITIES	31/12/2018	31/12/2017
A. Equity		
I. Subscribed capital or equivalent fund, net of uncalled capital		
1. Guarantee fund securities	98.261.884	84.607.931
5. Retained earnings	-254.931	-144.959
	98.006.953	84.462.973
C. Technical reserves		
I. Reserve for unearned premiums and for unexpired risks	9.026.804	10.536.591
III. Reserve for claims payable	12.257.613	22.860.940
V. Reserve for equalisation and catastrophies	196.266.764	180.410.625
	217.551.181	213.808.156
G. Payables		
I. Payables resulting from direct insurance business	0	11.616.795
II. Receivables resulting from reinsurance business	910.833	36.228
V. Other payables	703.130	447.052
1. Fiscal and Social payables	354.595	296.665
a) Taxes	0	0
b) Social payables	354.595	296.665
2. Other	348.535	150.386
	1.613.963	12.100.075
H. Transitory accounts	897.277	1.139.127
	897.277	1.139.127
TOTAL LIABILITIES	318.069.374	311.510.330

The accompanying notes are an integral part of this balance sheet.



Income Statement for the year ended 31 December 2018 and 2017

(Currency - Euro)

		<u>31/12/2018</u>	<u>31/12/2017</u>
1.	Earned premiums, net of reinsurance		
	a) Gross premiums	39.779.148	42.028.854
	• Premiums written	40.278.493	42.118.717
	• Rebates to Members	-499.345	-89.863
	b) Reinsurance premiums	-16.988.804	-18.430.066
	c) Variation of the reserve for unearned premiums and unexpired risks, gross of reinsurance (increase -, decrease +)	1.509.788	-1.811.083
	d) Variation of the reserve for unearned premiums and unexpired risks, reinsurers part (increase +, decrease -)	-540.490	361.230
		23.759.642	22.148.936
2bis.	Investment Income		
	b) Income from other investments	115.923	143.915
	c) Write-back of adjustments on investments	0	0
	d) Realized capital gains	14.523.885	272.296
		14.639.808	416.211
3.	Other technical income net of reinsurance	27.352	8.078
4.	Costs of claims, net of reinsurance (-)		
	a) Net amount paid	-1.563.406	-3.889.783
	aa) Gross amount	-16.154.171	-10.384.376
	bb) Part of reinsurers	14.590.765	6.494.593
	b) Variation of the claims services reserve, net of reinsurance (increase -, decrease +)	3.991.323	7.361.520
	aa) Variation of the reserve for claims, gross of reinsurance (increase -, decrease +)	10.603.327	14.182.693
	bb) Variation of the reserve for claims, part of reinsurance (increase +, decrease -)	-6.612.004	-6.821.173
		2.427.917	3.471.737
6.	Cost of refund of contribution, net of reinsurance (-)		
	a) Net amount paid	0	0
	b) Variation of the refunds reserve, net of reinsurance (increase -, decrease +)	0	0
		0	0



Income Statement for the year ended 31 December 2018 and 2017

(Currency - Euro)
- continued -

	<u>31/12/2018</u>	<u>31/12/2017</u>
7. Net operating expenses (-)		
a) Acquisition expenses	-188.211	-128.683
c) Administrative expenses	-3.771.765	-3.893.061
	-3.959.976	-4.021.743
7bis. Expenses relating to investments (-)		
a) Expenses for managing investments	-167.723	-172.226
b) Adjustments to investment values	-57.308	-1.523.939
c) Realized less values	-762.107	-173.200
	-987.137	-1.869.366
8. Other re-insurance charges	-6.529.932	0
SURPLUS/(DEFICIT) OF THE PERIOD BEFORE VARIATION RESERVE FOR EGALIZATION AND CATASTROPHES	29.377.673	20.153.853
9. Variation in the reserve for equalization and catastrophes, net of reinsurance (increase -, decrease +)	-15.856.140	-21.489.524
Surplus/(Deficit)	13.521.533	-1.335.671
15. Taxes	-7.552	-1.041
Surplus / (Deficit) of the period available for distribution	13.513.981	-1.336.712

The accompanying notes are an integral part of these income statements.



Notes to the financial statements for the year ended 31 December 2018

(Currency - Euro)

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

The purpose of the Association is to indemnify those of its insured members that have suffered property and/or business interruption damage to their nuclear installations and/or contents thereof. In certain cases the Association also insures non-nuclear risks.

During the year 2018 the total insurance capacity of E.M.A.N.I for Material Damage. was 642.250.000 € of which:

- 16% of the first 5.000.000 € is reinsured by way of "quota share" contracts ;
- 31,04% of the following 95.000.000 €, in excess of 5.000.000 €, is reinsured by way of "quota share" contracts
- 54,58% of 500.000.000 € in excess of 100.000.000 € is reinsured by way of "excess of loss" (for first and second loss) and 15,04% by way of a quota share contract (for each and every loss)
- 84,97% of 42.250.000 € in excess of 600.000.000 € is reinsured by way of an "excess of loss" contracts (for first and second loss)

The risk for E.M.A.N.I. is thus limited to 227.993.100 € for a first loss and 243.993.100 € for a second loss during the year 2018 with the exception of a single own risk of 228.782.146 € in the first loss.

During the year 2018 the total insurance capacity of E.M.A.N.I. for terrorism is 642.250.000 € of which:

- 61,80% of 125.000.000 € is reinsured by way of "quota share" contracts (idem for a first and second loss);
- 47,00% of 250.000.000 € in excess of 125.000.000 € is reinsured by way of "excess of loss" contracts (idem for a first and second loss);
- 84,44% of 225.000.000 € in excess of 375.000.000 € is reinsured by way of "excess of loss" contracts (idem for a first and second loss).
- 90,00% of 42.250.000 € in excess of 600.000.000 € is reinsured by way of an "excess of loss" contracts (for first and second loss)

The risk for E.M.A.N.I. for terrorism is thus limited to 219.500.000 € for a first loss and 235.500.000 € for a second loss during the year 2018.

EMANI may commit more than 642.250.000 € on a risk where additional facultative reinsurance is available to cover the increased share.

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

a. Overview of the amortization rates applied

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



Notes to the financial statements for the year ended 31 December 2018

(Currency - Euro)
- continued -

b. Integration of the Swiss branch:

The integration of assets and liabilities of branches in foreign currencies:

The assets and liabilities of the 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.

The financial statements of the Branch are compliant with Swiss regulations.

c. 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 end of the previous 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.

d. 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, unreleased members' rebates relating to an expired policy, claims payable increased with best estimate of the internal and external claim handling costs and the reserve for equalisation and catastrophes in accordance with Articles 10 and 11 of the Royal Decree of 22 February 1991.

e. 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.



Notes to the financial statements for the year ended 31 December 2018

(Currency - Euro)
- continued -

f. 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.

g. Foreign exchange rate contracts

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



Notes to the financial statements for the year ended 31 December 2018

(Currency - Euro)
- continued -

2. GUARANTEE FUND

The Board of Directors proposes to the Annual General Meeting to allocate the loss of the Swiss Branch of 109.972 EUR to the retained earnings of the Branch and to allocate the surplus of the year 2018, 13.623.953 €, to the Guarantee Fund.

The evolution of the Guarantee Fund over 2018 is as follows:

Guarantee fund at 31 December 2017	84.607.931
Transfer of the loss of the year (exclusive Swiss Branch)	+13.623.953
Dotation of new members	+30.000
Refunds to a member	0
Guarantee fund at 31 December 2018	98.261.884

The evolution of the retained earnings over 2018 is as follows:

Retained earnings 31 December 2017 (Swiss Branch)	-144.959
Transfer of the loss of the year (Swiss Branch)	-109.972
Retained earnings at 31 December 2018 (Swiss Branch)	-254.931

3. RESERVE FOR EGALISATION AND CATASTROPHIES

In application to Article 11, §1, 3° of the Royal Decree dated 22 February 1991 on the general rules on the control of insurance companies. The Mutual Association started in 1996 to build a reserve for equalisation 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 Mutual Associations' equalisation and catastrophes reserve is 228.782.146 € (100% of the highest insured amount, net of transfers under reinsurance per nuclear installation). The yearly movement however depends on the income or loss of the Mutual Association before (net) investment income (exclusive the income 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 15.856.140 € for the year 2018 which brings the total of the reserve up to 196.266.764 €.



Notes to the financial statements for the year ended 31 December 2018

(Currency - Euro)
- continued -

It should however be noted that at the end of 2018 the guarantee fund amounts to 98.006.953 € and can also be used to cover the obligations of the Association. Furthermore, the unrealised gains on investments at 31 December 2018 amount to 2.963.504 € and also could be realised in case of catastrophe. Additionally, the Association may call under certain circumstances for additional funds of the members (article 26 of articles of the bylaws) to be used to cover its obligations.

4. MANAGEMENT

The investment management of the Association has been outsourced. The investment management fee is included in the net asset value of the investment funds except for Blackrock SA for which we registered 100.635 € under Expenses for managing investments and Custodian Charges of 1.958 €.

The broker reinsurance handling fee amounts to 387.013 € for the year 2018 and 356.134 € for 2017.

Reinsurance commissions refunded to E.M.A.N.I. are 862.308 € for 2018 and 681.903 € for the year 2017 and are deducted from the reinsurance premium charges.

5. PERSONNEL EMPLOYED

For the year ended December 31,2018 the company employed 13 staff members which equals to a full time equivalent of 11,3. Previous year we had employed 16 staff members with a full time equivalent of 11,7.



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FOR NUCLEAR INSURANCE

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