



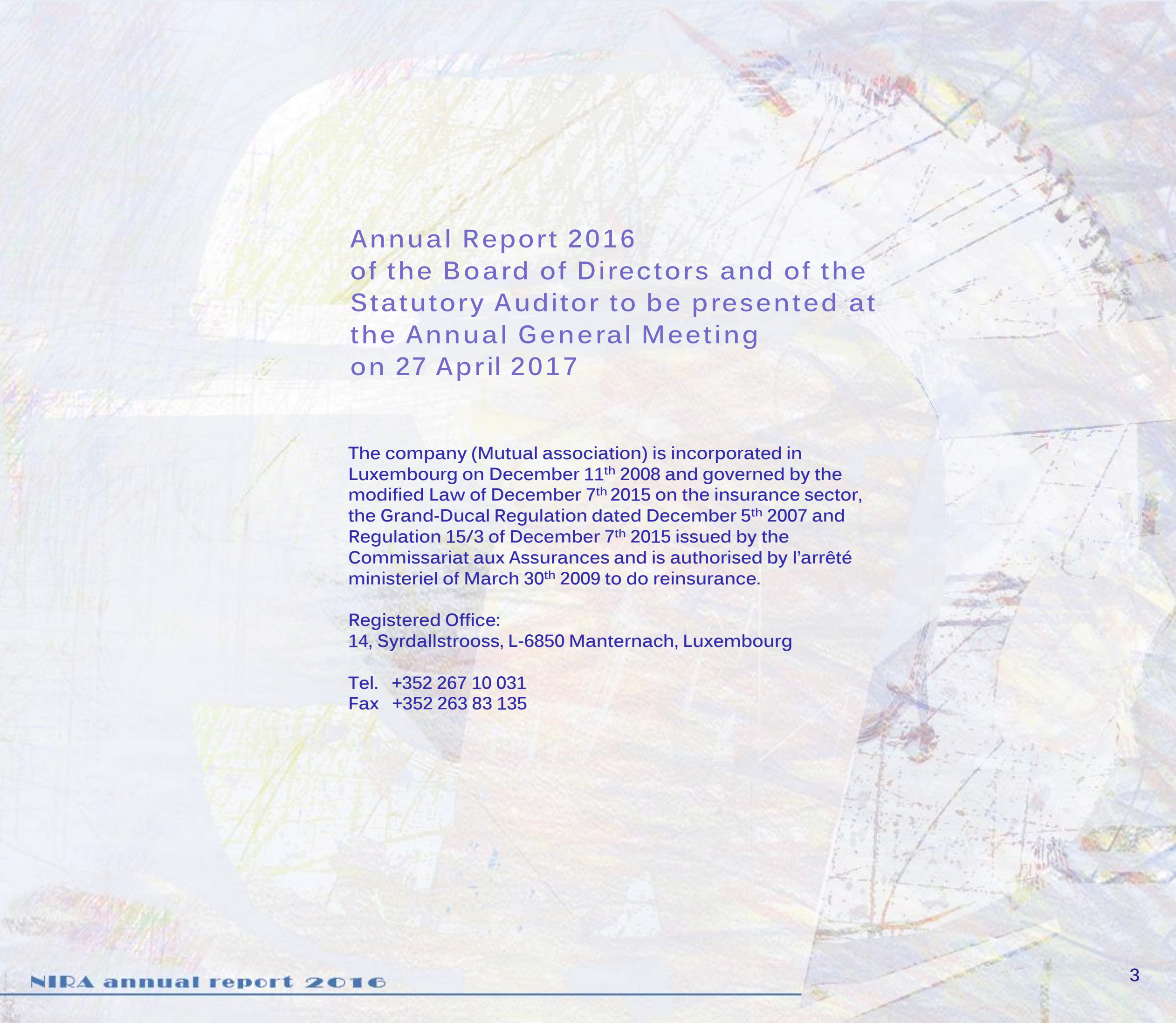
NIRA 2016

annual report



Pi : a number of beauty.

Robert Piccart



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

The company (Mutual association) is incorporated in Luxembourg on December 11th 2008 and governed by the modified Law of December 7th 2015 on the insurance sector, the Grand-Ducal Regulation dated December 5th 2007 and Regulation 15/3 of December 7th 2015 issued by the Commissariat aux Assurances and is authorised by l'arrêté ministeriel of March 30th 2009 to do reinsurance.

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14, Syrdallstrooss, L-6850 Manternach, Luxembourg

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Financial Highlights

in Euro

Statement of Earnings	2016	2015	2014	2013	2012
Net Premium Earned	5.461.172	5.395.841	5.465.573	5.681.504	6.225.667
Claims	-3.339.726	-1.029.188	51.700	194.243	-4.270.023
Rebates	0	0	0	0	38.472
Expenses and Taxes	-1.307.211	-850.544	-732.112	-663.573	-616.704
Net Investment Result	2.356.703	822.616	1.667.735	226.644	3.826.109
Other technical income	15.478	0	0	0	0
	-----	-----	-----	-----	-----
Earnings before allocation to the equalisation provision	3.186.416	4.338.726	6.452.897	5.438.818	5.203.521
	-----	-----	-----	-----	-----
Balance Sheet					
Assets	85.921.604	79.565.943	73.690.702	69.614.931	66.506.102
Liabilities	-47.770.778	-42.725.941	-36.850.700	-32.774.928	-29.676.100
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Guarantee fund	38.150.826	36.840.002	36.840.002	36.840.002	36.830.002

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Members

NIRA m.a.

AB SVAFO
Ameren Corporation
Areva NC
Areva NP
Axpo Power AG
Axpo Trading AG
Belgoprocess NV
BKW Energie AG
British Energy Ltd
Bruce Power LP
Centrales Nucléaires en Participation SA (CNP)
ČEZ a.s.
China General Nuclear Corporation (CGN)
Comanche Peak Power Company LLC
EDF
Electrabel s.a.
EnBW Energie Baden Württemberg AG
EnBW Kernkraft GmbH
EPZ NV
Eskom Holdings Ltd
Eurodif Production SA
Forsmarks Kraftgrupp AB
Fortum Power & Heat Oy

Gemeenschappelijke Kernenergiecentrale Nederland BV (GKN)
Gesellschaft für Nuklear Service mbH (GNS)
Kernkraftwerk Gösgen-Däniken AG
Kernkraftwerk Leibstadt AG
Kernkraftwerk Obrigheim GmbH
MVM Paks Nuclear Power Plant Ltd
New Brunswick Power Corporation
Northern State Power Company-Minnesota (NSP-M)
OKG Aktiebolag
Ontario Power Generation (OPG)
PreussenElektra GmbH
Ringhals AB
RWE Power AG
SCK•CEN
SKB
Slovenské Elektrárne AS
Socatri SARL
South Carolina Electric & Gas (SCG&E)
Studsvik AB
Sydkraft Nuclear Power AB
Teollisuuden Voima Oyj (TVO)
URENCO Ltd
Vattenfall Europe Nuclear Energy GmbH
Zwischenlager Würenlingen AG



Board of Directors

Gert Jan Geertsema

Chairman

Klaus Greimel

Vice-Chairman

Kathleen Sinclair

Vice-Chairman

Geert Bunkens

José Luis Carbonell

Ann Geivaerts

Václav Hronek

Rafael Jiménez-Shaw

Detlev Prüske

Daniel Vanwelkenhuyzen

Advisory Committees

Underwriting Committee

Daniel Vanwelkenhuyzen *Chairman*
Eric Desseyn
Ann Geivaerts
Patrick Haenecour
Berndt Kockum
Maria Laguna
Kathleen Sinclair
Zuzana Šípošová

Finance and Investment Advisory Committee

Rafael Jiménez-Shaw *Chairman*
Lauri Piekari
Annemie Roefs
Marleen Vercammen

Audit Committee

José Luis Carbonell
Geert Bunkens
Gert Jan Geertsema

Chairman

Internal Auditor

Willy Gemis

Compliance Officer

Annemie Roefs

Risk Committee

José Luis Carbonell
Ivan Annezer
Gert Jan Geertsema

Chairman

Management

Management Committee

Daniel Vanwelkenhuyzen *Chairman*
Ann Geivaerts
Maria Laguna
Jo Machtelinckx
Marleen Vercammen

Staff

Daniel Vanwelkenhuyzen
Ann Geivaerts
Maria Laguna
Jo Machtelinckx
Marleen Vercammen
Solange Raë

Letter from the Chairman

Dear Members,

It is my pleasure to present to you the annual accounts of NIRA m.a. for the year 2016 and the outlook for 2017. This was the eighth year of operation in Luxembourg.

The operating activities of our mutual in 2016 were rather different from those in 2015. On one side, a higher number of reported damages, IBNR and claim expenses resulted in € 3.339.700 of expenses. On the other side, due to strong net investment income (€ 2.356.700), there were satisfactory earnings before distribution to reserve for equalisation and catastrophies. The total earnings resulted in a surplus of € 3.186.200. This figure includes a tax payment of € 603.000, the first since NIRA established in Luxemburg. To complete the picture: the gross premiums amounted to € 6.025.100, the nett premiums to € 5.461.200 which was more or less in line with previous years. All in all, I would say that 2016 was not an easy year of operation but taking this into consideration, the financial figures were satisfactory.

The total assets increased to € 85.921.600 an increase of some 8% compared with the year 2015. The total funds by the end of December 2016 amount to € 75.209.600 (in 2015: € 71.343.900) compared to € 36.000.000 when the mutual was created nine years ago.

The Board and the Underwriting Committee have worked further on the question how to develop the re-insurance business of our mutual in the future and how to maintain the annual re-insurance premium income at satisfactory levels. In 2015, it was decided that the core business will remain the re-insurance of “nuclear” installations but on a wider range. During our Members Meeting in Stockholm on 12 June 2015, this further defined.

In order to execute a wider range of activities, we amended our Articles of Association on 15 September 2015 to remove some restrictions for Membership. As a result, our mutual could expand its business and a number of new Members were joined NIRA in 2016.

This being my third year as Chairman of the Board, I wish to thank my colleague Board members and the Management, as well as all Members of NIRA for their support.



*Gert Jan Geertsema
Chairman of the Board of Directors of NIRA ma*

Corporate Message

NIRA is a mutual reinsurance association, founded in 2008 and headquartered in Luxembourg. NIRA stands for Nuclear Industry Reinsurance Association. All the Members of the company are involved in the Nuclear sector. NIRA was traditionally an industry captive re-insurer. A fresh approach has been adopted to focus on the reinsurance of nuclear risks with the advantage which has been built over the last 20 years of discipline and an intricate knowledge of underwriting and risk management in this field. Our team's extensive and successful track record means we add genuine value to customers and brokers.

A Strong Underwriting Culture

NIRA has brought a fresh approach to the reinsurance industry with focus, discipline and an intricate knowledge of underwriting and risk management in the area of nuclear risks.

Leading Expertise and Experience

We have the right team in place, underwriting and management professionals with a wealth of experience in nuclear reinsurance.

A Diverse, Balanced Book of Business

Independence gives us the freedom to write the reinsurance business we want to write, a diverse book across key lines of business in different areas of the world. We can respond quickly to market movements and developments.

Industrial & Engineering Reinsurance

NIRA provides a complete range of reinsurance services across all project phases of power plants and other nuclear projects from preconstruction to operation.

Operational Phase

Industrial All Risks (IAR) is a combined “All Risks” insurance for Property Damage (PD) and Machinery Breakdown (MB), combined with or without business interruption.

Treaty Reinsurance

Treaty reinsurance for Property Damage and Third Party Liability.

Corporate Governance Report

To ensure the appropriate level of corporate governance, the Board has put in place arrangements which it believes are suitable for a mutual carrying on reinsurance and enable the Mutual to comply with the circular LC14/5 carrying modifications of the circular letter modified 99/6 relative to the annual report of the companies of reinsurance.

As of the 1st January 2016, being the inception date of the Solvency II regime, NIRA's goal is to ensure that the Mutual is compliant with the requirements defined by EIOPA and translated into Luxembourg regulations by the C.A.A. The Solvency Financial condition report (SFCR) can be found on our website.

All the principles are written in the document "Memorandum of good governance". In addition, the Management Committee presents annually to the Board the Report on internal control.

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

The Board

There are currently ten Board Members, six of them are representing the nuclear Members, two members are independent and two are representing the Management.

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 Board meets four times a year.

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

Board Committees

The Board has a schedule of matters that it reserves for itself. These matters cover approval of accounts, significant changes to accounting policies, changes to the membership of the Board and its Advisory Committees, recommendations of the strategy to be applied to the Members of the mutual, approval of the annual operating budget.

In addition, the Board has appointed 4 specific Advisory Committees being the Finance and Investment Advisory Committee, the Audit Committee, the Risk Committee and the Underwriting Committee. These Committees are composed out of representatives of the Members of the Association.

The mission of these Committees is to analyse specific topics, to prepare matters for consideration and recommendation towards the Board. The final decision making process remains in the hands of the Board. Therefore, the existence of the Committees does not replace the ultimate responsibility of the Board.

Board and Committee Papers

Appropriate and timely management information is circulated to Directors and Committee members in good time before the meetings.

Minutes are kept of every meeting. They are signed off by the Chairman after approval.

Annual General Meeting

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

Internal Control

The Board is ultimately responsible for the Mutual's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against misstatements or loss.

Control Procedures

The mutual has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include reviews by Management as well as internal and external audits.

Risk Identification

The Management Committee is responsible for the identification and evaluation of the risk underwritten. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including regulatory requirements.

Monitoring and Corrective Actions

The Mutual has a Procedures Manual which provides practical guidance for all staff (1st line of defence).

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 and therefore being the 3rd line of defence.

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 Nuclear Industry Reinsurance Association, shortened NIRA (“the Company”) for its eight year of operations, which started 1st January 2016 and ended on 31st December 2016.

The management of NIRA is responsible for the information contained in the financial statements and other sections of the annual report. The management considers that the financial statements and related information have been prepared in accordance with Luxembourg generally accepted accounting principles. These financial statements include amounts that are based on management’s judgment and best estimates.

NIRA 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.

Deloitte Audit Société à Responsabilité Limitée, rue de Neudorf 560, 2220 Luxembourg, has been appointed 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. The audit report is also included in the annual report.

Activity

The Company was incorporated in Luxembourg on December 11th, 2008 and published in the official journal “Mémorial C” under reference number 358 date February 18th, 2009.

The agreement from Commissariat aux Assurances was published March 30th, 2009 by “Arrêté Ministériel”.

Following the master novation agreement signed between NIRA Ltd, domiciled in the Isle of Man, and the Company, all reinsurance business of NIRA Ltd, were novated into the Company dated July 1st 2009.

For 2016 the overall combined re-insurance capacity Material Damage and Third party liability has increased to € 67.000.000 versus € 65.000.000 previous year's capacity.

The net retention for Material Damage Treaty and quota share 2016 were maintained at € 16.000.000 and € 5.000.000 respectively. Facultative material damage Re-insurance support was offered with a net retention of maximum € 8.000.000 in 2016 compared to € 30.000.000 in 2015

The Third Party Liability treaty/fac retention remained stable at around € 25.400.000 with the exception of two facultative contracts raising the maximum treaty/fac retention to € 50.000.000.

The maximum gross retention in 2016 was US\$ 95.000.000 of which US\$ 70.000.000 were retroceded.

Earned contributions

The contributions written are reflected as net contributions written in Profit and Loss account. Unearned contributions represent the portion of contributions written, which are related to the next accounting years.

Earned gross of reinsurance contributions increased from € 5.795.622 in 2015 to € 6.290.093 in 2016 due to the new Property damage contract with Chinese Member started 30 December 2015 .

The earned reinsurance costs for Property Damage contracts increased from € 399.781 in 2015 to € 828.920 in 2016 and is due to the new Property damage contract with our new Chinese Member for which a big part is retroceded.

Claims

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

The total claim cost for the period is € 3.339.726 versus € 1.029.188 in 2015.

This costs is composed out of € 372.636 actual payments of which € 17.498 are in relation to losses occurred in 2016 and an increase in reserve of € 2.967.090 of which € 2.326.870 is related to losses occurred in financial year 2016 .

The total claims costs are mainly related to the EMANI session but the variation in reserve also includes an allocation to the IBNR reserve on TPL risks of € 598.406 and change in the ANI ICRP fund of € 260.827

The total outstanding claims reserve at year end amounts to € 12.277.267 versus € 9.310.177 in 2015 and includes the ANI ICRP refund fund for the amount of € 3.061.594 for this year and € 2.800.768 for 2015.

Further the above mentioned reserve includes a provision for claims Incurred But Not Reported (IBNR). As from year 2015, an IBNR policy in view of a 30 years prescription period in nuclear third party liability is applied. Previous years a 10 years prescription period was applied. For this period an amount of € 598.406 was allocated to the IBNR versus € 514.432 in 2015 which brings the total IBNR provision to € 4.807.264 and this compares to previous year's IBNR provision of € 4.208.858.

General expenses

General expenses decreased from € 795.540 in 2015 to € 704.199 in 2016 and include acquisition costs on the reinsurance treaties amounting to € 53.792 for 2016 and € 63.430 for 2015. The administrative expenses decreased from € 732.110 in 2015 to € 650.406 in 2016 and are due to lower professional fees for Solvency II (-14 %) and higher Meeting expenses (+3,5%).

Investments

The total book value of the investments amounts to € 79.945.574 and compares with € 73.755.259 previous year and include investments and cash at banks.

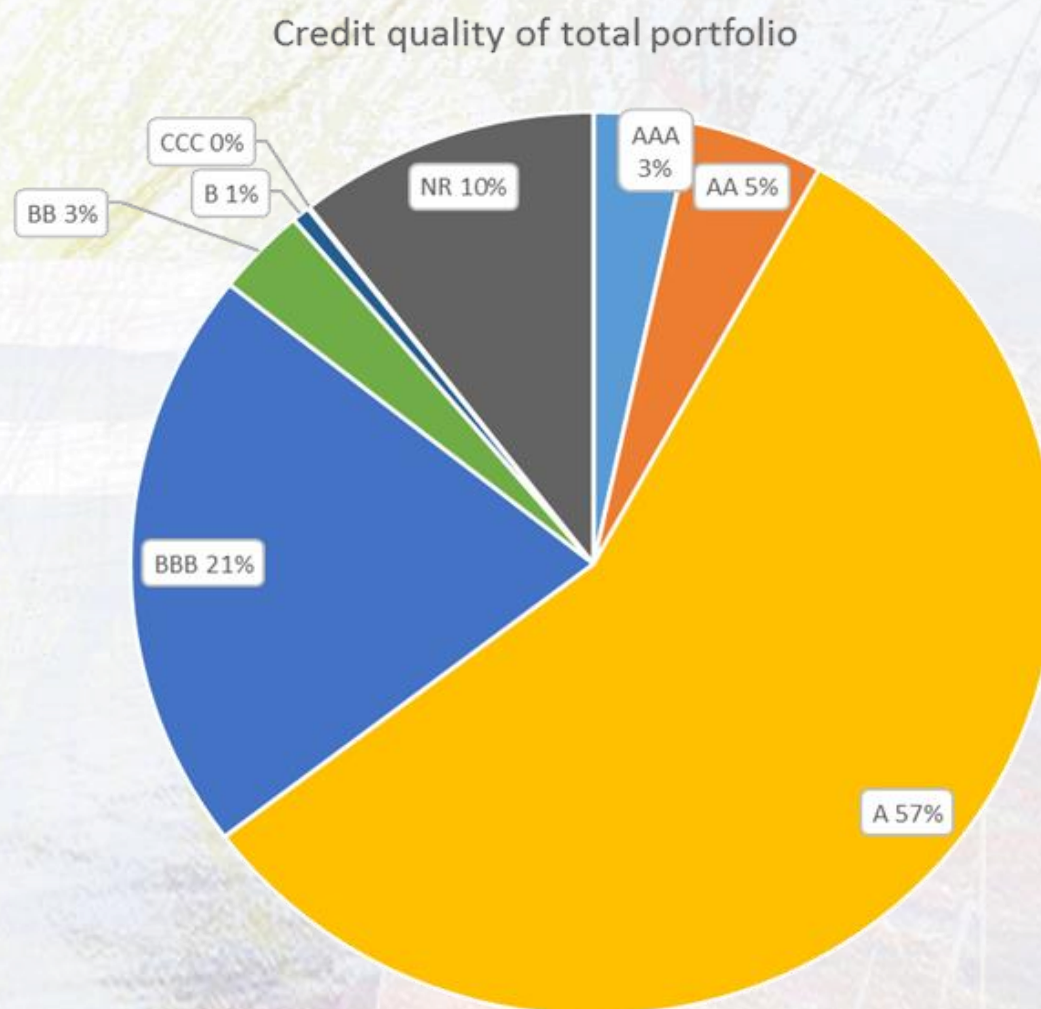
The deposit held with ANI amounting to € 3.357.807 for 2016 and € 3.187.456 for 2015 is not included in this chapter on investments.

The market value of the investments and cash at banks is € 81.817.890 and compares to € 76.563.328 in 2015. All these investments are recorded at their purchase value and the unrealized gains of € 1.872.315 are not recorded in the income statement for the year. (in 2015 it was € 2.808.068). The weighted actual return on investments for 2016 is 1,65%. (in 2015 it was 1,17%).

The investment strategy at year end is 55% liquidities, 37% long term investments and 8% equity resulting in a net financial income of € 2.356.703 and compare to 61% liquidities and 34% long term investments and 5% equity previous year with a net income of € 822.616. The higher financial income in the financial statements can be explained by the fact that we made changes in our investment products and due to the sale of investments the prior year unrealised profits were realised. No derivative products, such as equity, interest rate, credit, foreign exchange or commodity forwards, options or swaps, were bought.

Credit rating of the investment product as at 31 December 2016

The overall weighted average credit rating of the total portfolio is A -, broken down as follows:



Country Allocation and Duration as at 31 December 2016

The country allocation of the total investment portfolio is split as follows:

AT 0,05% • BE 29,46% • BM 0,06% • CH 0,22% • DE 3,22% • DK 0,61% • ES 2,39% • EU 1,55% • FI 0,13% • FR 24,61% • GB 4,84% • IE 0,58% • IT 0,63% • LU 9,46% • NL 3,40% • NO 0,63% • Europe others 0,39% • US 14,12% • CA 0,32% • AU 0,73% • MX 0,68% • Latin America others 0,04% • CN 1,03% • JP 0,18% • Asia others 0,24% • Africa/Middle East others 0,25% • Others 0,10% •

The duration of the total investment portfolio excluding equity is 1,78 year.

Result

The 3.186.416 € surplus before allocation and after taxes for 2016 compares with € 4.338.726 surplus in 2015.

In accordance with the regulations applicable to reinsurance companies (The Grand Ducal Regulation of 5 December 2007 and article 99 of the modified law of 6 December 1991) the allocation to the equalisation provision is the full technical surplus of € 1.432.521 and for the first year only a part of the Financial surplus because as at December 31,2016 the balance of the equalisation reserve has reached 30% of the ceiling equalisation provision amount.

Based on this regulation, the maximum theoretical target of the equalisation reserve amount should be 98.804.146 € which is the average earned premiums over the last 5 years multiplied by 17,5. At year end the reserve amounts to 32.251.673 € or 32,64% of the target amount.

With respect to the financial result of the company for the year ended December 31,2016 the allocation cannot exceed the balance corresponding the technical rate (1,25%- Circular Letter CAA 16/10 applicable as from December 1st ,2016) multiplied by the technical provisions of the Company as at December 31,2015 or € 523.071.

Following the above mentioned regulation the Board of Directors proposes to the Annual General Meeting that the remaining financial surplus of € 1.230.824 be allocated to the guarantee fund.

Guarantee Fund

As at December 31st,2016 the subscribed capital amounts to € 3.600.000 and the additional contributions of € 33.320.002 constitute together a fund of € 36.920.002.

If you agree to our proposal to allocate the profit of the year to the guarantee fund the fund would increase to € 38.150.826

The guarantee fund together with the equalization provision now available to the Members to be used as reinsurance capacity, will be € 70.402.497.

Others

No research and development activities incurred.

NIRA does not face abnormal price, credit or liquidity risks.

NIRA has not purchased any of its own shares during the year and does not hold any own shares at this time.

NIRA does not have any branches or subsidiaries.

No event, nor decisions of any importance that could have any influence on the continuation of the activities of NIRA have occurred subsequently to year-end. Based on the elements in our possession, NIRA should continue a positive development in 2017.

Recommendations

We propose that you:

- Approve the annual accounts as at December 31st, 2016 as presented
- Grant discharge to the Directors of the Company in respect of their duties and functions for the year ended
- Grant discharge to the Statutory Auditor
- Appoint a Statutory Auditor



Gert Jan Geertsema
Chairman of the Board of Directors
On behalf of the Board of Directors

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Members of
Nuclear Industry Reinsurance Association,
Association d'Assurance Mutuelle
14, Syrdallstrooss
L-6850 Mantemach

Report on the annual accounts

Following our appointment by the General Meeting of Members dated April 28, 2016, we have audited the accompanying annual accounts of Nuclear Industry Reinsurance Association, Association d'Assurance Mutuelle, which comprise the balance sheet as at December 31, 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, 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.

Responsibility of the réviseur d'entreprises agréé

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 as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 *réviseur d'entreprises agréé's* judgement, 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 *réviseur d'entreprises agréé* considers internal control relevant to the entity'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 entity'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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Nuclear Industry Reinsurance Association, Association d'Assurance Mutuelle as of December 31, 2016, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the annual accounts and our report of *réviseur d'entreprises agréé* thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with the applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*



Jérôme Lecq, *Réviseur d'entreprises agréé*
Partner

April 10, 2017

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION
Association d'Assurance Mutuelle
BALANCE SHEET
As at December 31, 2016
(expressed in EUR)

ASSETS	Note(s)	2016	2015
Investments	3.2, 4		
Other financial investments			
Shares and other variable-yield transferable securities and units in unit trusts		56.106.055,68	49.219.960,42
Debt securities and other fixed income transferable securities		4.950.000,00	5.000.000,00
Deposits with credit institutions		11.229.853,57	11.231.623,01
		72.285.909,25	65.451.583,43
Deposits with ceding undertakings		3.357.807,03	3.187.455,64
Reinsurers' share of the technical provision			
Provision for unearned premiums	3.6	440.092,75	682.001,91
		440.092,75	682.001,91
Debtors			
Debtors arising out of reinsurance operations	3.3	1.960.583,43	1.751.685,72
Other debtors		56.075,90	31.263,95
		2.016.659,33	1.782.949,67
Other assets			
Tangible assets and stocks	3.4	80.195,48	84.064,39
Cash at bank and in hand		7.659.664,91	8.303.675,61
		7.739.860,39	8.387.740,00
Prepayments and accrued income			
Accrued interest and rent		3.214,53	5.911,73
Deferred acquisition costs		35.193,21	27.415,34
Other prepayments and accrued income		42.867,64	40.885,53
		81.275,38	74.212,60
TOTAL ASSETS		85.921.604,13	79.565.943,25

The accompanying notes form an integral part of these annual accounts.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION
Association d'Assurance Mutuelle
BALANCE SHEET
As at December 31, 2016
(expressed in EUR)

- continued -

LIABILITIES	Note(s)	2016	2015
Capital and reserves	5		
Subscribed capital		3.600.000,00	3.600.000,00
Equivalent funds		33.320.002,33	33.240.002,33
Profit for the financial year		1.230.823,62	0,00
		38.150.825,95	36.840.002,33
Technical provisions	3.6		
Provision for unearned premiums		1.974.531,81	2.239.442,98
Claims outstanding	6	12.277.266,80	9.310.177,28
Equalisation provision		32.251.672,89	30.296.080,89
		46.503.471,50	41.845.701,15
Creditors	3.3, 7		
Creditors arising out of reinsurance operations		531.670,23	677.674,90
Other creditors, including tax and social security		693.177,52	130.940,38
		1.224.847,75	808.615,28
Accruals and deferred income		42.458,93	71.624,49
TOTAL LIABILITIES		85.921.604,13	79.565.943,25

The accompanying notes form an integral part of these annual accounts.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION

Association d'Assurance Mutuelle

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2016

(expressed in EUR)

	<u>Note(s)</u>	<u>2016</u>	<u>2015</u>
TECHNICAL ACCOUNT NON-LIFE INSURANCE BUSINESS			
Earned premiums			
Gross premiums written	8	6.025.181,53	6.506.150,48
Outward reinsurance premiums		(587.011,23)	(808.036,79)
Change in the gross provision for unearned premiums		264.911,17	(710.528,08)
Change in the provision for unearned premiums, reinsurers' share		(241.909,16)	408.255,87
		<u>5.461.172,31</u>	<u>5.395.841,48</u>
Allocated investment return transferred from the non-technical account	13	2.356.702,65	822.616,32
Claims incurred, net of reinsurance			
Claims paid:			
Gross amount		(372.636,28)	(408.374,53)
Change in the provision for claims:			
Gross amount		(2.967.089,52)	(620.813,63)
		<u>(3.339.725,80)</u>	<u>(1.029.188,16)</u>
Net operating expenses			
Acquisition costs		(79.654,09)	(66.510,39)
Change in deferred acquisition costs		7.777,87	(6.248,64)
Administrative expenses	12	(650.406,35)	(732.110,43)
Reinsurance commissions and profit participation		18.083,91	9.328,94
		<u>(704.198,66)</u>	<u>(795.540,52)</u>
Other technical income		15.477,60	0,00
Change in the equalisation provision		(1.955.592,00)	(4.338.725,71)
Balance on the technical account for non-life insurance business		<u>1.833.836,10</u>	<u>55.003,41</u>

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION

Association d'Assurance Mutuelle

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2016

(expressed in EUR)

- continued -

	<u>Note(s)</u>	<u>2016</u>	<u>2015</u>
NON-TECHNICAL ACCOUNT			
Balance on the technical account for non-life insurance business		1.833.836,10	55.003,41
Investment income		2.457.471,80	858.726,32
Income from other investments		387.175,03	683.188,74
Gains on the realisation of investments		2.070.296,77	175.537,58
Investment charges		(100.769,15)	(36.110,00)
Investment management charges, including interest		(99.751,60)	(32.484,03)
Losses on the realisation of investments		(1.017,55)	(3.625,97)
Allocated investment return transferred from the non-technical account	13	(2.356.702,65)	(822.616,32)
Tax on profit on ordinary activities		(572.912,48)	(19.585,59)
Profit on ordinary activities after tax		1.260.923,62	35.417,82
Other taxes not shown under the preceding items	9	(30.100,00)	(35.417,82)
Profit or loss for the financial year		<u>1.230.823,62</u>	<u>0,00</u>

The accompanying notes form an integral part of these annual accounts.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
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NOTES TO THE ACCOUNTS
As at December 31, 2016

NOTE 1 – GENERAL

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION, Association d'Assurance Mutuelle (the "Company"), was incorporated in Luxembourg as a "mutual association" on December 11, 2008 and is governed by the Law of December 7, 2015 on the insurance sector.

The Company's accounting year begins January 1 and ends December 31 each year.

The object of the Company is to carry out reinsurance activities, excluding all direct insurance operations in the Grand-Duchy of Luxembourg as well as in any other country in which the Company has members and/or where these members have their activities.

NOTE 2 – PRESENTATION OF THE ANNUAL ACCOUNTS

The annual accounts have been prepared in conformity with the modified Law of December 8, 1994 on annual accounts of insurance and reinsurance undertakings, and with the accounting policies generally accepted within the insurance and reinsurance industry in Luxembourg. The accounting policies and the valuation rules are, except for those which are imposed by the law or the *Commissariat aux Assurances*, determined and applied by the Board of Directors.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
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NOTES TO THE ACCOUNTS
As at December 31, 2016
- continued -

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are as follows:

3.1. Foreign currency translation

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

The accounts denominated in foreign currency of the profit and loss account are converted in EUR on a monthly basis using the exchange rate in force at the last day of the previous month.

The accounts denominated in foreign currency of the balance sheet are converted in EUR using exchange rate as of the balance sheet closing date.

Exchange gains and losses are recorded in the profit or loss account.

3.2. Investments

Shares and other variable-yield transferable securities

Shares and other variable-yield transferable securities are valued at their acquisition costs. 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.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
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NOTES TO THE ACCOUNTS
As at December 31, 2016

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Debt securities and other fixed income transferable securities

Investments in interest bearing bonds are valued at their acquisition costs. The incidental costs are expensed as incurred. The differences between acquisition cost and redemption values of the securities are amortised pro rata to maturity of the securities. Under this method, the premium or discount on purchase is amortised to the profit and loss account on a straight line basis from the date of acquisition to the date of maturity of the bond.

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

In case of permanent reduction in value, fixed income securities shall be subject to value adjustments in the profit and loss account when the reimbursement at redemption date is partly or fully uncertain or compromised.

Deposits with credit institutions and with ceding undertakings

Deposits are stated at their nominal value at year-end.

3.3. Debtors and creditors

Debtors are stated at their nominal value. Value adjustments are made when they are partially or totally unrecoverable. The value adjustments are not maintained when the reasons for which they were made cease to apply.

Creditors are recorded under liabilities at their reimbursement value. If the amount paid exceeds the initial amount, the resulting difference is reflected in the profit and loss account at the date of settlement.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
Association d'Assurance Mutuelle
NOTES TO THE ACCOUNTS
As at December 31, 2016

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3.4. Tangible assets

Due to usage and/or obsolescence, assets are amortised on a linear basis. Current amortization percentages for tangible assets are as follows:

Installations, machinery and IT	33,33% / Year
Software (upon evaluation management committee by project)	20% or 33,33% / Year
Office furniture	10% / Year
Vehicles	20% / Year

3.5. Deferred acquisition costs

Acquisition costs related to non-life insurance policies are deferred according to a method compatible with that used for unearned premiums.

3.6. Technical provisions

The Company constitutes technical provisions based on contributions relating to its active, non expired outstanding treaties at the end of the accounting year.

The provision for unearned premiums consists of the amount representing the part of the premium which is to be allocated to the subsequent financial year(s). It is computed on a contract by contract basis. The same principles apply to the reinsurer's share in the provision for unearned premiums.

Provisions for claims outstanding represents the total estimated cost of all claims arising from events which have occurred up to the end of the accounting year, whether reported or not, less amounts already paid in respect of such claims. Every claim is handled individually which results in individual claim provisions. The estimated cost of every incurred loss is calculated based on information received from ceding companies, nuclear pools and claim adjusters.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
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NOTES TO THE ACCOUNTS
As at December 31, 2016

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A provision for claims incurred but not reported ("IBNR") is constituted with respect to the prevailing Conventions related to Third Party Liability of Nuclear Energy which require that actions for claims arriving out of a nuclear incident can be initiated within ten years. In view of the forthcoming revision of these Conventions and the prolongation of this period to 30 years, the Board of Directors, during the year ended December 31, 2014, has adopted to change the ten year IBNR policy to a thirty year IBNR reserving policy.

The change ratified by the Board of Directors has become effective for financial years starting on January 1, 2015 and onwards.

The equalisation provision comprises amounts set aside in accordance with legal and administrative requirements to equalise fluctuations in loss ratios in future years or to provide for special risks.

3.7. Taxes

Taxes are accounted for on an accrual basis.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
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NOTES TO THE ACCOUNTS
As at December 31, 2016
- continued -

NOTE 4 – INVESTMENTS

The actual value of investments is as follows:

EUR	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Shares and other variable-yield transferable securities and units in unit trusts	57.978.371,32	52.028.029,29
Debt securities and other fixed income transferable securities	4.950.000,00	5.000.000,00
Deposits with credit institutions	11.229.853,57	11.231.623,01
Deposits with ceding undertakings	3.357.807,03	3.187.455,64
	<u>77.516.031,92</u>	<u>71.447.107,94</u>

As at December 31, 2016, the Board of Directors of the Company believes that there is no permanent impairment on shares and other variable-yield securities and units in unit trusts and on debt securities and other fixed income transferable securities.

As at December 31, 2016, the actual value of debt securities and other fixed income transferable securities corresponds to the book value and nominal value of these investments. As such, there are no premiums or discounts amortised in the profit and loss account for the year ended December 31, 2016.

As at December 31, 2016, the deposits with ceding undertakings consist of a premium deposit retained by the ceding company accumulated in virtue of an existing agreement since its date of inception and which amounts to EUR 3.357.807,03 (EUR 3.187.456,64 in 2015).

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
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NOTES TO THE ACCOUNTS
As at December 31, 2016

- continued -

This premium deposit consists of a part of the contractual premiums attributed to the Company which are retained by the ceding undertaking and allocated to a "Reserve Fund" for the sole purpose to pay loss expenses. These premiums allocated to the "Reserve Fund" are held for 10 years, after which a portion is periodically returned to policy holders based upon historical loss experience.

NOTE 5 – SUBSCRIBED CAPITAL AND EQUIVALENT FUNDS

The subscribed capital of the Company amounts to EUR 3.600.000 and has been contributed in 2009 for EUR 3.200.000 by 3 members (EMANI, ELINI, NIRA Ltd). As of the moment of the final liquidation of NIRA Ltd, a reinsurance company domiciled in the Isle of Man and liquidated on June 28, 2010, the NIRA Ltd's shareholders became automatically members of the Company as successor in title, in the same proportions as they were shareholders within NIRA Ltd. At that same moment, EMANI and ELINI had no longer a voting right.

At the Annual General Meetings of Members dated April 25, 2013 and April 24, 2014, it was agreed to reallocate each time an amount of EUR 200.000 of the equivalent funds to the subscribed capital.

The equivalent funds amounting to EUR 33.320.002,33 (2015: EUR 33.240.002,33) consist in additional amounts which were contributed by NIRA Ltd (in name of its 36 shareholders) and the Company's new voting members, each being authorised with 1 voting right.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
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NOTES TO THE ACCOUNTS
As at December 31, 2016
- continued -

As at December 31, 2016, the subscribed capital and the equivalent funds can be split between the members as follows:

	Allocation as at December 31, 2016 EUR	Allocation as at December 31, 2015 EUR
Ameren Corporation	10.000	10.000
AREVA NC (formerly Cogema S.A.)	3.580.116	3.580.116
AXPO Power AG	2.746.281	2.746.281
Axpo Trading AG (formerly EGL AG)	78.882	78.882
B.K.W. Energy Ltd.	1.356.040	1.356.040
Belgoprocess NV	14.195	14.195
British Energy Ltd	10.000	10.000
Bruce Power LP	14.122	14.122
Centrales Nucléaires en Participation S.A. (c/o Alpiq Suisse S.A)	366.279	366.279
CEZ	10.000	10.000
Comanche Peak Power Company LLC.	10.000	10.000
CGN	50.000	-
E.ON Kernkraft GmbH	3.249.105	3.249.105
EDF	44.424	44.424
Electrabel	10.000	-
Elektriciteits-Produktie­maatschappij Zuid- Nederland (EPZ) N.V.	759.881	759.881
EnbW Kernkraft GmbH (formerly GKW Neckar GmbH)	768.634	768.634
EnBW Energy Baden Württemberg AG	1.021.498	1.021.498
Eskom Holding Ltd	348.774	348.774
Eurodif Production S.A.	3.077.329	3.077.329
FBFC S.A.	608.552	608.552

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
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NOTES TO THE ACCOUNTS
As at December 31, 2016
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	Allocation as at December 31, 2016 EUR	Allocation as at December 31, 2015 EUR
Forsmarks Kraftgrupp AB	922.316	922.316
Fortum Power & Heat Oy	87.488	87.488
G.K.N. BV	958.429	958.429
GNS (Gesellschaft für Nuklear-Service) mBH	15.556	15.556
Kernkraftwerk Leibstadt A.G. (KKL)	1.799.399	1.799.399
Kernkraftwerk Obrigheim GmbH	280.446	280.446
Kernkraftwk Gösgen Däniken A.G.	2.084.699	2.084.699
O.K.G. Aktiebolag	2.720.060	2.720.060
Ontario Power Generation (OPG)	12.761	12.761
MVM Paks Nuclear Power Plant Ltd	360.946	360.946
New Brunswick Power Nuclear Corporation	10.000	10.000
NSP (Nothem State Power Company)	10.000	-
R.W.E. Power AG	3.301.031	3.301.031
Ringhals AB	1.323.715	1.323.715
SCK-CEN	15.813	15.813
SCE&G	10.000	-
SKB	10.000	10.000
Slovenske Elektrarne AS	96.645	96.645
Socatri S.à r.l.	87.488	87.488
Studsvik AB	13.607	13.607
SVAFO AB	5.000	5.000
Sydskraft Nuclear Power AB	1.689.221	1.689.221
Teollisuuden Voima Oyj	2.343.742	2.343.742
URENCO Ltd	13.202	13.202
Vattenfall Europe Nuclear Energy GmbH	595.056	595.056
Zwischenlager Wurenlingen AG (Zwilag)	19.270	19.270
	36.920.002	36.840.002

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NOTES TO THE ACCOUNTS
As at December 31, 2016
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NOTE 6 – CLAIMS OUTSTANDING

Claims outstanding include a provision of EUR 4.807.264,00 for claims incurred but not reported in virtue of the IBNR reserving policy applicable as at December 31, 2016 (2015: EUR 4.208.858,00).

NOTE 7 – CREDITORS

All creditors become due and payable in less than one year.

NOTE 8 – GROSS PREMIUMS WRITTEN

Gross premiums written by the Company relate to non-life business only and for the classes Material Damage and Third Party Liability.

NOTE 9 – TAXATION

The Company is subject to income and net worth taxes applicable in the Grand-Duchy of Luxembourg to *Sociétés Anonymes*.

Taxes other than income taxes are disclosed under the caption “other taxes not shown under the preceding items” in the profit and loss account.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
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As at December 31, 2016
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NOTE 10 – PERSONNEL EMPLOYED DURING THE YEAR

For the years 2016 and 2015, the Company did employ five part time staff members and one full time staff member.

The total staff costs with respect to the financial year may be broken down as follows:

	2016	2015
	EUR	EUR
Wages and salaries	267.867,46	282.901,77
Social security costs	60.485,65	70.664,79
Pension scheme	43.300,04	36.425,99
Others	781,13	3.018,56
Total	372.434,28	393.011,11

NOTE 11 – REMUNERATION GRANTED TO BOARD MEMBERS AND COMMITMENTS ENTERED INTO IN RESPECT OF RETIREMENT PENSIONS FOR FORMER BOARD MEMBERS

The Company did grant remuneration to members of its supervisory bodies for the services rendered during the year amounting to EUR 18.000 (2015: EUR 28.125). The Company has no commitments in respect of retirement pensions for former members of those bodies as at December 31, 2016.

For the year ended December 31, 2016, the Company did not grant advances or credits to the members of its supervisory bodies.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
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NOTES TO THE ACCOUNTS
As at December 31, 2016
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NOTE 12 – FEES PAYABLE TO THE AUDIT FIRM

Fees charged to the Company by the *réviseur d'entreprises agréé* and its respective entire network is analysed as follows:

	2016	2015
	EUR	EUR
Annual audit fees (VAT excl.)	15.375,00	15.375,00
	<u>15.375,00</u>	<u>15.375,00</u>

Fees are shown on an accrual basis for the financial year.

For the year ended December 31, 2016, audit fees are related to the audit of annual accounts and the issue of the auditor's supplementary report in accordance with Circular Letter 09/2 issued by the *Commissariat aux Assurances*, as amended.

NOTE 13 – ALLOCATED INVESTMENT RETURN

In accordance with Article 55 of the modified Law of December 8, 1994 on the accounts of insurance and reinsurance undertakings, the Company has transferred the whole investment income, net of corresponding charges, to the non-life insurance technical account.

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION,
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NOTES TO THE ACCOUNTS
As at December 31, 2016

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NOTE 14 – OFF-BALANCE SHEET COMMITMENTS

As at December 31, 2016, an amount of EUR 999.783 (2015: EUR 1.000.000) on a cash at bank account is given as a guarantee in favour of one ceding undertaking by way of a Letter of Credit.

NOTE 15 – PARENT COMPANY

As there is no other mutual/company entitled to, de jure or de facto, exert a deciding influence on the appointment of the majority of the directors or on the orientation of the management, the Company cannot be considered as a subsidiary of any other entity and consequently is not included into consolidated financial statements and is exempt to prepare consolidated financial statements under Luxembourg legislation.

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