



BlueRe

annual report
2015



peaceful town

Robert Piccart 2016

Annual Report 2015
of the Board of Directors and of the
Statutory Auditor to be presented at
the Annual General Meeting
on 28 April 2016

**The company (Mutual association) is incorporated in
Luxembourg on June 17th, 2011 and governed by the modified
Law of December 6th 1991 on the insurance sector and the
Grand-Ducal Regulation dated December 5th 2007 issued by the
Commissariat aux Assurances and is authorised by l'arrêté
ministériel of March 30th 2009 to do reinsurance.**

Registered Office :

14, Syrdallstrooss, L-6850 Manternach, Luxembourg

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Fax +352 263 83 135

Financial Highlights

In euro

Statement of Earnings

| | 2015 | 2014 | 2013 | 2012 |
|--|----------------|----------------|---------------|---------------|
| Net premium earned | 656.569 | 375.031 | 0 | 0 |
| Claims | 0 | 0 | 0 | 0 |
| Expenses and taxes | -213.940 | -130.620 | -56.797 | -236.462 |
| Net investment result | 26.034 | 25.649 | 22.206 | 61.522 |
| Other income | 227.500 | 70.000 | 52.500 | 210.000 |
| | ----- | ----- | ----- | ----- |
| Earnings before allocation to the equalisation provision | 696.163 | 340.060 | 17.909 | 35.060 |
| Variation in the reserve for equalisation and catastrophes, net of reinsurance | -696.163 | -340.060 | 0 | 0 |
| | ----- | ----- | ----- | ----- |
| Earnings after distribution to reserve for equalisation and catastrophes | 0 | 0 | 17.909 | 35.060 |

Balance Sheet

| | | | | |
|------------------|------------------|------------------|------------------|------------------|
| Assets | 7.928.423 | 7.397.703 | 7.084.698 | 6.996.895 |
| Liabilities | -1.155.453 | -624.733 | -311.728 | -241.834 |
| | ----- | ----- | ----- | ----- |
| Own funds | 6.772.970 | 6.772.970 | 6.772.970 | 6.755.061 |

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Members

AB SVAFO
AREVA
British Energy Ltd
Bruce Power
CEZ a.s.
EDF
Electrabel SA
Endesa
EPZ NV
Forsmarks Kraftgrupp AB
Fortum Power and Heat Oy
Kernkraftwerk Gösgen-Däniken AG
OKG Aktiebolag
Ontario Power Generation Inc. (OPG)
Ringhals AB
SCK•CEN
SKB
Slovenské Elektrárne a.s.
Studsvik AB
Sydkraft Nuclear Power AB
Teollisuuden Voima Oyj (TVO)

Board of Directors

Michaël Plaschy
Mikko Huopalainen
Kevin Kelly
Ann Geivaerts
Berndt Kockum
Elena Pérez Ferreiro
Radim Sladkovský
Daniel Vanwelkenhuyzen
Caroline Verwijs
Stéphane Yvon

Chairman
Vice-Chairman
Vice-Chairman

Advisory Committees

Reinsurance Advisory Committee

Daniel Vanwelkenhuyzen *Chairman*
Guillermo Alvarez Orejas
Ann Geivaerts
Václav Hronek
Berndt Kockum
Maria Laguna
Laura Noukka
Kathleen Sinclair
Bengt Svensson

Legal Advisory Committee

Ann Geivaerts *Chairman*
Rickard Danielsson
Etienne de Lempdes
Pablo De Mena Pernil
Henrik Hinders
Anders Ingman
Jane Lasry
Jiri Ortman
Godelieve Vandeputte
Daniel Vanwelkenhuyzen

Finance and Investment Advisory Committee

Kevin Kelly
Bram-Paul Jobse
Jo Machtelinckx
Christophe Madec
Lauri Piekari
Annemie Roefs
Alastair Russell
Zuzana Šípošová
Daniel Vanwelkenhuyzen
Marleen Vercammen

Chairman

Internal Auditor

Willy Gemis

Management

Management Committee

Danny Vanwelkenhuyzen *Chairman*
Ann Geivaerts
Maria Laguna
Jo Machtelinckx
Annemie Roefs

Auditors

Deloitte Audit s.à.r.l.
560, rue de Neudorf
L-2220 Luxembourg
Grand-Duchy of Luxembourg
Represented by :
Mr. Jérôme Lecoq
Réviseur d'entreprises agréé

Actuary

Deloitte Tax & Consulting
560, rue de Neudorf
L-2220 Luxembourg
Grand-Duchy of Luxembourg
Represented by :
Mr. Thierry Flamand
Partner

Letter from the Chairman

Dear Members,

It's my pleasure to present you the Annual Report 2015 of BlueRe m.a. Luxembourg. This was the associations' fourth year of existence and its second year of operations.

The BlueRe capacity offered almost doubled from € 8,8 million in 2014 to € 14,6 million in 2015. A similar increase is also expected for 2016.

Net earned reinsurance contributions increased from € 375.000 to € 657.000. Since no claims were reported, the total income out of the reinsurance business was allocated to the equalization provision. As a result, total assets of our association increased by some 6% compared to the previous year end.

The nuclear third party liability insurance market is on the move after legislative measures in France and Belgium. This will result in at least one new insured Member in 2016 but also Members' demand for higher insurance capacity.

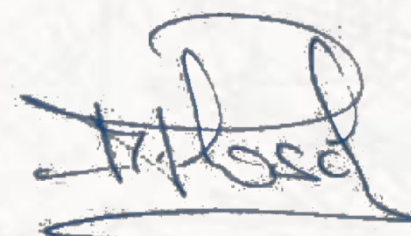
Our aim remains to meet this Members' growing demand for higher capacity as much as possible while working to improve the capital basis of our association.

The yield on financial assets was slightly negative in 2015 due to non-realised losses which are expected to be unsustainable.

We keep on working to develop BlueRe in the best interest of all its Members.

I would like to thank all the Members for their support and give special thanks to my fellow Board members as well as to the management team for their work.

Looking forward to working with you in 2016 !



Michaël Plaschy
Chairman of the Board

Corporate Message

BlueRe is a mutual reinsurance association, founded in 2011 and headquartered in Luxembourg. All of the Members of the company are involved in the Nuclear sector. BlueRe focuses on the reinsurance of nuclear liability risks aiming to add genuine value to customers and brokers.

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

BlueRe provides TPL reinsurance services for nuclear power plants and other nuclear projects.

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, BlueRe'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.

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, seven of them are representing the nuclear Members, one is an independent Director and two are members of 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 budget.

In addition, the Board has appointed 3 specific Advisory Committees being the Finance and Investment Advisory Committee, the Legal Advisory Committee and the Reinsurance Advisory 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 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 insurance 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 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 being the 3rd line of defense.

Report of the Board of Directors to be presented to the Annual General Meeting of April 28th, 2016

Dear Member,

We are pleased to present for your approval the financial statements of BlueRe ("the Company") for its fourth financial year and its second year of operations, which started 1st January 2015 and ended on 31st December 2015.

The management of BlueRe 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.

BlueRe 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, and results of operations. The audit report is also included in the annual report.

Activity

The Company was incorporated in Luxembourg on June 17th, 2011 and published in the official journal Mémorial C Recueil des Sociétés et Associations under reference number 2284 on September 27th, 2011.

The agreement from Commissariat aux Assurances was published December 20th, 2011 by "Arrêté Ministériel".

As from January 1st, 2014, BlueRe started its re-insurance activity with a total reinsurance capacity of € 8.440.000. The reinsurance capacity for 2015 was increased to € 14.600.000.

Earned contributions

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

Net contributions amounted to € 656.569 in 2015 and compare to € 375.031 in 2014, all from ELINI. Seven Members are using the BlueRe capacity.

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.

At December 31st, 2015 no provisions were made.

General expenses

The general expenses in 2015 amount to € 188.184 and compare to € 108.908 in 2014. Part of the increase is due to higher acquisition costs on the reinsurance business that amount to € 16.931 compared to € 10.063 the previous year. Other increases in administrative expenses are seen for higher audit and other consultancy fees (mainly Solvency II related), HR costs and IT costs.

Those Members not using the BlueRe reinsurance capacity have contributed for a total of € 70.000 in the administration fees during 2015, unchanged from 2014.

The administration fees which were accounted for under "Accruals and deferred income" have now been added to "Other income" in the profit and loss account in accordance with the Board of Directors' decision dated June 11th, 2015 not to refund these administration fees.

Investments

The total book value of the investments and cash amounts to € 7.819.154.

The market value of the investments and cash is € 7.792.028. The unrealized losses are not included in the income statement.

The investment strategy at year end was 70% investments in cash and money market products and 30% in fixed income products, and compare to 100% cash and money market products at the end of the previous year. These investments resulted in a net financial income of € 26.034 during the financial year.

The unrealised losses at the end of the financial year amount to € 27.126. This amount of unrealized losses was not included in the income statement in accordance with the accounting principles that the investments are not subject to value adjustments in the profit and loss account if the reduction is not considered being permanent.

No derivative products, such as equity, interest rate, credit, foreign exchange or commodity forwards, options or swaps, were bought.

Credit rating and duration classified by investment product as of December 31st, 2015

| Euro | Credit ratings | Duration |
|-----------------------|-----------------------|-----------------|
| Money market products | A | 0,80 year |
| Fixed income funds | A- | 0,68 year |
| Deposits & Cash | A | 0,08 year |

The overall average credit rating of the portfolio is A.

The overall average weighted duration of the portfolio is 0,66 years

Country Allocation on the overall portfolio as of December 31st, 2015.

BE 15,19% • CH 0,82% • DE 2,28% • DK 0,40% • ES 0,97% • FR 5,00% • GB 1,64% • IT 1,28% • LU 56,47% • NL 0,55% • NO 1,76% • PT 0,33% • US 9,65% • CA 0,02% • AU 0,30% • MX 0,05% • CN 0,93% • Cash 2,36%

Result

The surplus before allocation and after taxes for the year 2015 amounts to € 696.163 and compares to € 340.060 for 2014.

This entire amount will be allocated to the equalization provision 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).

Following the above mentioned regulation the Board of Directors proposes to the Annual General Meeting that no surplus will be allocated to the Guarantee Fund.

Guarantee Fund

As at December 31st, 2015 the subscribed capital of € 3.600.000 and the additional contributions of € 3.120.000 constitute together a fund of € 6.720.000. The profit brought forward amounts to € 52.970, all unchanged from the previous year.

Others

No research and development activities incurred.

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

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

BlueRe does not have any branches or subsidiaries.

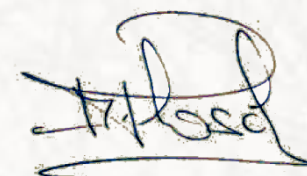
No event, nor decisions of any importance that could have any influence on the continuation of the activities of BlueRe have occurred subsequently to year-end.

Based on the elements in our possession, BlueRe should continue a positive development in 2016.

Recommendations

We propose that you

- Approve the annual accounts as at December 31st 2015 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.



Michael Plaschy
Chairman of the Board of Directors
On behalf of the Board of Directors

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Members of
BlueRe m.a.
Association d'Assurance Mutuelle
14, Syrdallstrooss
L-6850 Manternach

Report on the annual accounts

Following our appointment by the General Meeting of Members dated April 30, 2015, we have audited the accompanying annual accounts of BlueRe m.a., which comprise the balance sheet as at December 31, 2015 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 BlueRe m.a. as of December 31, 2015, 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.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*


Jérôme Lecoq, *Réviseur d'entreprises agréé*
Partner

March 24, 2016

BlueRe m.a.
Association d'Assurance Mutuelle
BALANCE SHEET
As at December 31, 2015
(in EUR)

| ASSETS | Note(s) | 31.12.2015 | 31.12.2014 |
|--|----------------|---------------------|---------------------|
| Investments | 3.2, 4 | | |
| Other financial investments | | | |
| Shares and other variable-yield transferable securities and units in unit trusts | | 2.348.034,80 | 1.765.441,14 |
| Debt securities and other fixed income transferable securities | | 4.350.000,00 | 0,00 |
| Deposits with credit institutions | | 1.000.000,00 | 5.000.000,00 |
| | | 7.698.034,80 | 6.765.441,14 |
| Debtors | 3.3 | | |
| Other debtors | | 36.890,00 | 36.890,00 |
| | | 36.890,00 | 36.890,00 |
| Other assets | | | |
| Tangible assets and stocks | 3.4 | 28.088,22 | 0,00 |
| Cash at bank and in hand | | 121.119,11 | 588.131,22 |
| | | 149.207,33 | 588.131,22 |
| Prepayments and accrued income | | | |
| Accrued interest and rent | | 8.454,97 | 6.553,28 |
| Deferred acquisition costs | 3.5 | 1.203,87 | 687,00 |
| Other prepayments and accrued income | | 34.632,00 | 0,00 |
| | | 44.290,84 | 7.240,28 |
| TOTAL ASSETS | | 7.928.422,97 | 7.397.702,64 |

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

BlueRe m.a.
Association d'Assurance Mutuelle
BALANCE SHEET
As at December 31, 2015
(in EUR)
- continued -

| LIABILITIES | Note(s) | 31.12.2015 | 31.12.2014 |
|--|----------------|---------------------|---------------------|
| Capital and reserves | 5 | | |
| Subscribed capital | | 3.600.000,00 | 3.600.000,00 |
| Equivalent funds | | 3.120.000,00 | 3.120.000,00 |
| Profit brought forward | | 52.969,76 | 52.969,76 |
| Profit for the financial year | | 0,00 | 0,00 |
| | | 6.772.969,76 | 6.772.969,76 |
| Technical provisions | 3.6 | | |
| Provision for unearned premiums | | 48.154,87 | 27.479,00 |
| Equalisation provision | | 1.036.223,00 | 340.059,83 |
| | | 1.084.377,87 | 367.538,83 |
| Creditors | 3.3, 6 | | |
| Other creditors, including tax and social security | | 45.207,54 | 62.081,55 |
| | | 45.207,54 | 62.081,55 |
| Accruals and deferred income | 5 | 25.867,80 | 195.112,50 |
| TOTAL LIABILITIES | | 7.928.422,97 | 7.397.702,64 |

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

BlueRe m.a.
Association d'Assurance Mutuelle
PROFIT AND LOSS ACCOUNT
For the year ended December 31, 2015
(in EUR)

| | Note(s) | 31.12.2015 | 31.12.2014 |
|---|---------|---------------------|---------------------|
| TECHNICAL ACCOUNT NON-LIFE | | | |
| INSURANCE BUSINESS | | | |
| Earned premiums | | | |
| Gross premiums written | 7 | 677.245,00 | 402.510,00 |
| Change in the gross provision for unearned premiums | | (20.675,87) | (27.479,00) |
| | | 656.569,13 | 375.031,00 |
| Allocated investment return transferred from the non-technical account | | | |
| | 13 | 26.033,63 | 25.649,03 |
| Net operating expenses | | | |
| Acquisition costs | | (16.931,00) | (10.063,00) |
| Change in deferred acquisition costs | | 516,87 | 687,00 |
| Administrative expenses | 11, 12 | (171.769,65) | (99.532,46) |
| | | (188.183,78) | (108.908,46) |
| Change in the equalisation provision | | (696.163,17) | (340.059,83) |
| Balance on the technical account for non-life business | | (201.744,19) | (48.288,26) |

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

BlueRe m.a.
Association d'Assurance Mutuelle
PROFIT AND LOSS ACCOUNT
For the year ended December 31, 2015
(in EUR)
- continued -

| | Note(s) | 31.12.2015 | 31.12.2014 |
|---|----------------|---------------------|--------------------|
| NON-TECHNICAL ACCOUNT | | | |
| Balance on the technical account for non-life insurance business | | (201.744,19) | (48.288,26) |
| Investment income | | 27.863,65 | 25.673,89 |
| Income from other investments | 8 | 23.676,01 | 25.673,89 |
| Gains on the realisation of investments | | 4.187,64 | 0,00 |
| Investment charges | | (1.830,02) | (24,86) |
| Investment management charges, including interest | | (1.830,02) | (24,86) |
| Allocated investment return transferred from the non-technical account | 13 | (26.033,63) | (25.649,03) |
| Other income | 5 | 227.500,00 | 70.000,00 |
| Tax on profit on ordinary activities | 9 | (7.470,81) | (4.441,74) |
| Profit on ordinary activities after tax | | 18.285,00 | 17.270,00 |
| Other taxes not shown under the preceding items | 9 | (18.285,00) | (17.270,00) |
| Profit for the financial year | | 0,00 | 0,00 |

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

BlueRe m.a.
Association d'Assurance Mutuelle
NOTES TO THE ACCOUNTS
As at December 31, 2015

NOTE 1 - GENERAL

BlueRe m.a. (the "Company"), was incorporated in Luxembourg as a "mutual association" on June 17, 2011 and is governed by the Law of December 7, 2015 on the insurance business as amended and the Grand-Ducal Regulation dated December 5, 2007 issued by the *Commissariat aux Assurances*.

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.

The Company has been authorized by the Minister on December 20, 2011. The Company has started to carry out reinsurance activities as from January 1, 2014.

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.

BlueRe m.a.
Association d'Assurance Mutuelle
NOTES TO THE ACCOUNTS
As at December 31, 2015
- 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 and loss account.

3.2. Investments

Shares and other variable-yield transferable securities and units in unit trusts

Shares and other variable-yield transferable securities and units in unit trusts are valued at their acquisition costs. The incidental costs are expensed as incurred. Unrealized losses are recorded on the income statement 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.

BlueRe m.a.
Association d'Assurance Mutuelle
NOTES TO THE ACCOUNTS
As at December 31, 2015
- continued -

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

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 irrecoverable. 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.

BlueRe m.a.
Association d'Assurance Mutuelle
NOTES TO THE ACCOUNTS
As at December 31, 2015
- continued -

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 |
| Office furniture | 10,00% / Year |
| Vehicles | 20,00% / Year |
| Software | 20,00% or 33,33% / 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 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.

BlueRe m.a.
Association d'Assurance Mutuelle
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NOTE 4 - INVESTMENTS

The actual value of investments is as follows:

| EUR | December 31, 2015 | December 31, 2014 |
|--|--------------------------|--------------------------|
| Shares and other variable-yield transferable securities and units in unit trusts | 2.320.909,03 | 1.769.840,99 |
| Debt securities and other fixed income transferable securities | 4.350.000,00 | 0,00 |
| Deposits with credit institutions | 1.000.000,00 | 5.000.000,00 |
| | 7.670.909,03 | 6.769.840,99 |

As at December 31, 2015 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, 2015, 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, 2015.

NOTE 5 - SUBSCRIBED CAPITAL AND EQUIVALENT FUNDS

The subscribed capital of the Company amounts to EUR 3.600.000 and has been contributed in 2011 for EUR 3.200.000 by 21 members.

At the Annual General Meetings of Members dated April 25, 2013 and April 24, 2014, it was agreed to reallocate an amount of EUR 200.000 each of the equivalent funds to the subscribed capital in order to align the subscribed capital of the Company with the actual requirements in terms of minimum guarantee fund following the Grand-Ducal Regulation of December 5, 2007 as amended.

The equivalent funds amounting to EUR 3.120.000 consist in additional amounts which were contributed by its 21 members.

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As at December 31, 2015, the subscribed capital and the equivalent funds can be split between the members as follows:

| | Allocation as at December 31, 2015 EUR | Allocation as at December 31, 2014 EUR |
|---------------------------------|---|---|
| AREVA | 320.000,00 | 320.000,00 |
| British Energy Limited | 320.000,00 | 320.000,00 |
| Bruce Power Inc. | 320.000,00 | 320.000,00 |
| CEZ a.s. | 320.000,00 | 320.000,00 |
| EDF S.A. | 320.000,00 | 320.000,00 |
| Electrabel S.A. | 320.000,00 | 320.000,00 |
| Endesa S.A. | 320.000,00 | 320.000,00 |
| EPZ N.V. | 320.000,00 | 320.000,00 |
| Forsmarks Kraftgrupp AB | 320.000,00 | 320.000,00 |
| Fortum Power and Heat OY | 320.000,00 | 320.000,00 |
| KKW Gösgen Däniken AG | 320.000,00 | 320.000,00 |
| OKG Aktiebolag | 320.000,00 | 320.000,00 |
| Ontario Power Generation Inc. | 320.000,00 | 320.000,00 |
| Ringhals AB | 320.000,00 | 320.000,00 |
| SCK•CEN | 320.000,00 | 320.000,00 |
| Svensk Kärnbräns-lehantering AB | 320.000,00 | 320.000,00 |
| Slovenské Elektrárne a.s. | 320.000,00 | 320.000,00 |
| Studsvik AB | 320.000,00 | 320.000,00 |
| SVAFO AB | 320.000,00 | 320.000,00 |
| Sydskraft Nuclear Power AB | 320.000,00 | 320.000,00 |
| TVO | 320.000,00 | 320.000,00 |
| | 6.720.000,00 | 6.720.000,00 |

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For the year ended December 31, 2015, the 14 members not using the BlueRe reinsurance capacity have collectively paid administration fees amounting in aggregate to EUR 70.000 related to the administrative costs of the Company. These administration fees are accounted for under "Other income" in the profit and loss account.

The administration fees amounting to EUR 157.500 that were paid during the year 2013 and which were accounted for under "Accruals and deferred income" have been accounted for under "Other income" in the profit and loss account for the year ended December 31, 2015 following the Board of Directors' decision dated June 11, 2015 not to refund these administration fees.

NOTE 6 – CREDITORS

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

NOTE 7 – GROSS PREMIUMS WRITTEN

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

NOTE 8 - INCOME FROM OTHER INVESTMENTS

For the year ended December 31, 2015, income from other investments mainly includes interest on deposits with credit institutions, amounting to EUR 21.451,92 (2014: EUR 25.673,89).

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.

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NOTE 10 - PERSONNEL EMPLOYED DURING THE YEAR

For the year ended December 31, 2015, the Company employed 1 staff member on a part time contract basis (2014: nil).

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

| | 2015 | 2014 |
|-----------------------|------------------|-------------|
| | EUR | EUR |
| Wages and salaries | 8.162,22 | 0,00 |
| Social security costs | 2.066,07 | 0,00 |
| Pension scheme | 0,00 | 0,00 |
| Others | 247,82 | 0,00 |
| Total | 10.476,11 | 0,00 |

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

The Company granted remuneration to members of its supervisory bodies for the services rendered during the year amounting to EUR 4.500 (2014: nil).

The Company has no commitments in respect of retirement pensions for former members of those bodies as at December 31, 2015.

For the year ended December 31, 2015, the Company did not grant advances or credits to the members of its supervisory bodies.

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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:

| | 2015 | 2014 |
|-------------------------------|------------------|-----------------|
| | EUR | EUR |
| Annual audit fees (VAT excl.) | <u>10.000,00</u> | <u>6.000,00</u> |
| | 10.000,00 | 6.000,00 |

Fees are shown on an accrual basis for the year.

For the year ended December 31, 2015, 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.

NOTE 14 - OTHER REGULATORY REQUIREMENTS

At all times, the Company must have an adequate solvency margin to cover the requirements in respect of the Grand-Ducal regulation dated December 5, 2007, specifying the conditions governing authorisation and pursuit of reinsurance business in Luxembourg, as amended.

Following the prescribed calculation, the solvency margin requirements applicable to the Company at December 31, 2015 amount to EUR 3.600.000.

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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 annual accounts under Luxembourg legislation.

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BlueRe m.a.

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