HELLENIC WAR RISKS

Financial Statements

Directors' Report and Consolidated Financial Statements
for the year ended 31 December 2017

HELLENIC
WAR RISKS
IS MANAGED
BY **THOMAS
MILLER**

With our specialist, mutual war risks insurance, we protect the Hellenic shipping community from malicious loss or damage, all over the world.

Contents

Hellenic War Risks at a glance	5
Notice of Meeting	6
Directors	7
Chairman's Statement	9
Directors' Report	10-14
Independent Auditors' Report	15
Consolidated Statement of Comprehensive Income	18
Consolidated Statement of Financial Position	19
Consolidated Statement of Changes In Equity	20
Consolidated Statement of Cash Flows	21
Notes to the Consolidated Financial Statements	24-38
Managers and Officers	39

The Association as a mutual insurer is attuned to the difficult conditions facing its Members and strives unsparingly to ensure it provides the optimum coverage and cost to them.

M F Lykiardopulo, Chairman

Hellenic War Risks at a glance

Total Entered Value

$101bn

Surplus for the Year

$3.48m

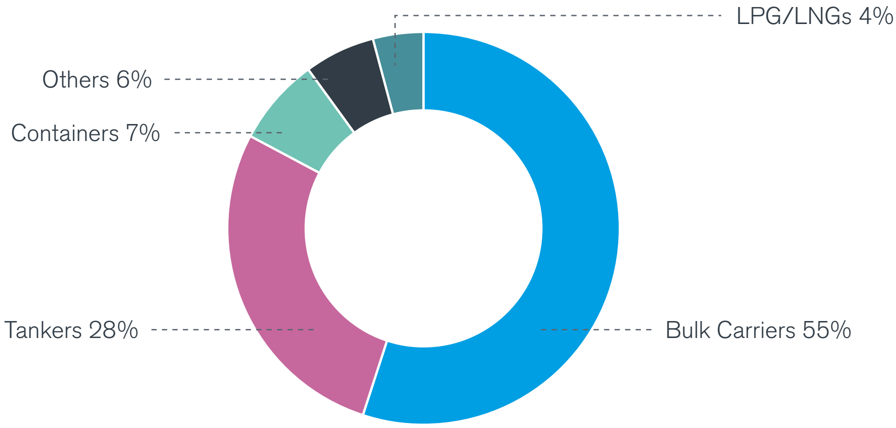
Total Number of Ships Entered

2,719

Investment Return

6%

Vessel Types



Claims activity

8

The Association incurred eight claims in 2017 (2016, seven claims)

End of Year Reserves

$114m

Notice of Meeting

Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty Ninth Annual General Meeting of the Members of the Association will be held at the Grande Bretagne Hotel, Syntagma Square, 105 64 Athens, at 10.00am on 17 September 2018 for the following purposes:

To approve and adopt the Directors' Report and the Consolidated Financial Statements for the year ended 31 December 2017.

To elect Directors.

To reappoint the Auditors and authorise the Directors to fix their remuneration.

To approve and adopt amendments to the Rules and Bye-Laws of the Association.

To transact any other business of an Ordinary General Meeting.

By Order of the Board.

Thomas Miller (Bermuda) Limited
Company Secretary
22 May 2018

Directors

Directors	Alternate Directors
M F Lykiardopulo (Chairman)	
M G Pateras (Deputy Chairman)	
J A Angelicoussis (Resigned 6 December 2017)	M Angelicoussi (Resigned 6 December 2017)
M Angelicoussi (Appointed 6 December 2017)	J A Angelicoussis (Appointed 6 December 2017)
C I Caroussis	
G Embiricos	
S J Fafalios	
A Frangou	
G J Goulandris	
P J Goulandris	
G J Goumas	
P Gripari	
P Hajioannou	
P E Kollakis	S Kollakis (Appointed 24 January 2017)
A T Lemos	F P Lemos
P Laskaridis	S Laskaridis
M C Lemos	
S G Livanos	
M T Los	
J M Lyras	M J Lyras (Appointed 6 February 2017)
N C Martinos	
G D Pateras	
A Sodergren	
M Travlou	
N Veniamis	
R Zein	
A M Chandris (Appointed 13 November 2017)	
P G Livanos (Appointed 26 January 2018)	

The value of being a Member of this Association has never been greater and your Board believes that they are in a very strong position to continue to support the Members…

M F Lykiardopulo, Chairman

Chairman's Statement

2017 saw a continuation of difficult trading conditions for shipowners, alleviated only by some improvement in rates in the dry bulk sector after a long period of depressed returns.

Unfortunately, the safety of ships and their crews also continued to be threatened by conflicts and rising tensions in many areas. The Association as a mutual insurer is attuned to the difficult conditions facing its Members and strives unsparingly to ensure it provides the optimum coverage and cost to them.

The Association experienced a relatively benign year in the level of incurred claims compared to previous years. With regard to Somali piracy, there was increased activity but it is encouraging that the continued use of onboard security has foiled attempts at further ship seizures. The Association continues to discount Additional Premium rates to encourage Members to maintain their anti-piracy efforts, and I would urge Members to remain vigilant against the diminished, but still present, threat of ship seizures by Somali pirates.

In West Africa, another entered ship was boarded by Nigerian pirates, resulting in the kidnapping of the Master. The Association's unrivalled experience in dealing with such cases resulted in his swift release and repatriation. In what remains a highly competitive war risks market, the Association's assistance to Members in cases where there is a real threat to life is one area in which the Association can truly differentiate itself from its competitors. In all cases, I would remind Members of their obligation to make timely reports of Additional Premium calls to the Association.

Competitive premium rates are as vital as the Association's unrivalled coverage and service to ensure that the Association continues to remain the natural choice for Greek shipowners to insure their fleets for war risks. The Association's strong financial position means that annual premium rates were able to be decreased by a further 10% at the 2018 renewal despite the losses suffered by commercial market reinsurers in other areas during 2017. My fellow Directors and I remain committed to the Association providing the most competitive rates for both annual and Additional Premiums.

The Association increased its market share of the Greek merchant fleet to over 75% in 2017 (when measured by gross tonnage) with entered values at the year-end standing at over US$100 billion. The leverage in reinsurance purchasing produced by the size of the Association's Membership enables lower rates to be charged to Members. The Association's reinsurance programme also acts to protect the reserves, which stand at over US$113 million at the 2017 year-end, with the Association continuing to retain full claims control which, especially in the case of discretionary cover, enables Members' interests to be best served.

Although the Association's premium income fell again in 2017, the fall was offset by corresponding reductions in reinsurance costs. Sterling's weakness against the dollar contributed to a reduction in operating expenses and the 2017 investment return increased markedly from that achieved in 2016. Together with the increases in entered values and number of Additional Premium declarations, these factors combined to produce an end of year surplus of US$3.48 million, a 28% increase on the US$2.7 million surplus reported last year. This further reinforces the Association's position to continue being able to provide market-leading pricing, breadth of cover and claims response service in the years ahead. The value of being a Member of this Association has never been greater and your Board believes that they are in a very strong position to continue to support the Members, should premiums and terms in the marine insurance market generally begin to turn upwards.

The Board continues to appoint new Directors to ensure the Membership is appropriately represented and I would like to thank all the Directors for their wholehearted efforts to ensure that the Association's success continues in what remain challenging times for the shipping industry. I would also like to thank the Members for their continued loyalty to their Association over the past year.

M F Lykiardopulo
Chairman
22 May 2018

Directors' Report

The Directors have pleasure in presenting their Report and the Consolidated Financial Statements of Hellenic Mutual War Risks Association (Bermuda) Limited (the "Association") for the year ended 31 December 2017.

Principal Activity

The principal activity of the Association continued to be the insurance of Greek owned merchant ships against war risks.

Directors

The current Directors of the Association and dates of appointment during the financial year and to date are shown on page 7.

Contributions and Premiums

The underwriting income for the year amounted to US$6,622,000, of which 21% (US$1,396,000) represented income from advance contributions and 79% (US$5,226,000) represented income from additional premiums. The corresponding figure for underwriting income in the 2016 financial year was US$10,710,000.

Investments

The Association's Investment Fund increased to US$123,911,000 as at 31 December 2017 (2016: US$118,342,000). US$11,704,000 was held in cash, cash funds or money market instruments, US$78,946,000 was invested in US Dollar bonds, US$4,330,000 was invested in alternatives funds and US$28,931,000 was invested in equity (exchange traded) funds.

Reserves

The balance of the Association's funds as at 31 December 2017, including the Statutory Reserve Fund of US$240,000, stood at US$113,935,000 (2016:US$110,452,000).

Directors' Meetings

The Directors met four times during 2017: in Athens on 3 March, in Zurich on 15 May, in Athens on 11 September and in Paris on 20 November.

At every meeting, except the meeting on 3 March which was held specifically for consideration of a claim, the Directors reviewed the total value of the ships insured by the Association, as well as the Association's financial position and reports from the Investment Managers on the investment of the Association's funds.

The Directors reviewed the application of the Isle of Man Financial Services Authority's Code of Corporate Governance to the Association and confirmed the Association's continued compliance with the Code. They also confirmed the Association's compliance with the Bermuda Insurance Code of Conduct.

During the year, the Directors considered a renewal report and various issues relating to marketing, including to target fleets not currently entered for war risks with the Association. At the November meeting, the Directors undertook a detailed review of the proposed terms for renewal of the Association's reinsurance programme prior to authorising its renewal, as well as considering the Rates and Terms to Members for 2018.

AP Areas

As at 1 January 2017, the Additional Premium ("AP") Areas pursuant to Rule 15 were as follows:

Africa: Benin, Gulf of Guinea, but only in respect of the area enclosed by:
on the northern side, the coast of Benin, Togo and Nigeria
on the western side, a straight line from the border, on the coast, of Ghana and Togo to position 3° N, 1° 10' E
on the southern side a straight line from there to position 3° N, 8° E
and on the eastern side, a straight line from there to 4° N, 8° 31' E and then from there to the border, on the coast of Nigeria and Cameroon,

Libya, Nigeria, Somalia and Togo;

Indian Ocean / Arabian Sea / Gulf of Aden / Gulf of Oman / Southern Red Sea:

The waters enclosed by the following boundaries:
On the north-west, by the Red Sea, south of 15° N
on the west of the Gulf of Oman by 58° E
on the east, 65° E
and on the south, 12° S

Middle East: Iran, Iraq, Israel, Lebanon, Saudi Arabia, Syria and Yemen;

South America: Venezuela.

The Association's AP Areas as at 1 January 2018, as well as the parameters for Somalia, Gulf of Aden/Indian Ocean and Yemen (including Transits of all four Areas) are described in detail in Circular C3/2017, which can be read on and downloaded from the Association's website.

Members' attention is also drawn to the terms of Rule 25, which deal exclusively with AP Areas. Members are required to give written notice before a ship enters any AP Area. If notice is not given, the ship has no cover while in the AP Area unless otherwise agreed by the Directors.

AP Areas

Additional Premium ("AP") Areas as at 1 January 2018

South America
Venezuela

Africa
Benin
Gulf of Guinea
Libya
Nigeria
Somalia
Togo
Southern Red Sea
Gulf of Aden / Gulf of Oman
Arabian Sea / Indian Ocean

Middle East
Iran
Iraq
Israel
Lebanon
Saudi Arabia
Syria
Yemen

Directors' Responsibilities Statement

The following statement, which should be read in conjunction with the Independent Auditors' Report, set out on pages 15 - 16, is made for the purpose of clarifying for Members the respective responsibilities of the Directors and the Auditors in the preparation of the Consolidated Financial Statements.

Bermudian company law requires the Directors to prepare financial statements, which give a true and fair view of the state of affairs of the Association as at 31 December 2017 and of the surplus of the Association for the year then ended. In the preparation of these financial statements, the Directors are required to ensure that they:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements;
- prepare the Consolidated Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- develop internal controls over the financial reporting process to provide reasonable assurance that relevant and reliable financial information is produced; and
- oversee management's performance of its financial reporting responsibilities.

The Directors fulfil these responsibilities by reviewing financial information prepared by management and discussing relevant matters with management and the Association's external auditors.

The Directors are responsible for the keeping of proper accounting records which disclose, with reasonable accuracy, at any time, the financial position of the Association and to enable them to ensure that the Consolidated Financial Statements comply with regulatory requirements. They are also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Messrs Moore Stephens & Butterfield, the Association's Auditors, are willing to continue in office. A resolution to reappoint them and to authorise the Directors to determine their remuneration will be submitted to the forthcoming Annual General Meeting.

Website

The Report and Consolidated Financial Statements may also be read and downloaded from the Association's website at www.hellenicwarrisks.com.

M F Lykiardopulo
Chairman
22 May 2018

Independent Auditors' Report

Independent Auditors' Report to the Members of Hellenic Mutual War Risks Association (Bermuda) Limited

Opinion

We have audited the consolidated financial statements of Hellenic Mutual War Risks Association (Bermuda) Limited and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements are prepared, in all material respects, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda and Canada. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing standards generally accepted in Bermuda and Canada 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 consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Bermuda and Canada, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We communicate with those charged with governance regarding, among 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.

Other matter

This report is made solely to the Group's members, as a body. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Chartered Professional Accountants
Hamilton, Bermuda
22 May 2018

A member firm of Moore Stephens International
- members in principal cities throughout the world.


$114m
End of year
reserves

Accounts

Consolidated Statement of Comprehensive Income for the year ended 31 December 2017

	Notes	2017 US$ '000	2016 US$ '000
Revenue			
Contributions and premiums	3	6,622	10,710
Reinsurance premiums	4	(6,333)	(8,217)
		289	**2,493**
Expenditure			
Net incurred claims	5	-	(6)
Acquisition costs		(65)	(82)
Operating expenses	6	(3,877)	(3,830)
Net exchange gain / (loss)	7	505	(10)
		(3,437)	**(3,928)**
Operating loss		(3,148)	(1,435)
Investment return	8	6,624	3,877
Net income for the year before taxes		**3,476**	**2,442**
Income tax deferred		7	7
Net income for the year		**3,483**	**2,449**
Transfer of reserve after acquisition		-	255
Transfer from capital reserve		-	8
Net income		3,483	2,712
General reserve at beginning of year		110,212	107,500
General reserve at end of year	19	**113,695**	**110,212**

The accompanying notes form an integral part of these Consolidated Financial Statements.

Accounts

Consolidated Statement of Financial Position for the year ended 31 December 2017

	Notes	2017 US$ '000	2016 US$ '000
Assets			
Cash and cash equivalents	14	11,703	15,190
Financial assets at fair value through profit and loss	9 and 14	112,399	103,156
Accrued interest		494	361
Amounts due from Members	16	-	1,194
Sundry receivables	15	2,848	3,110
Reinsurance recoveries on outstanding claims	11	2,574	3,791
Fixed assets net	13	1,342	1,205
		131,360	**128,007**
Liabilities			
Financial liabilities at fair value through profit and loss	9	(59)	(113)
Outstanding claims	10 and 11	(2,574)	(3,796)
Payables	17	(12,278)	(13,407)
Amounts due to Members	16	(2,249)	-
Tax and social security contributions		(265)	(239)
		(17,425)	**(17,555)**
Total net assets		**113,935**	**110,452**
Funds			
Statutory reserve	18	240	240
General reserve	19	113,695	110,212
Total funds		**113,935**	**110,452**

Chairman: Mr M F Lykiardopulo
Director: Mrs A Sodergren
Managers: Thomas Miller (Bermuda) Limited
Date: 22 May 2018
The accompanying notes form an integral part of these Consolidated Financial Statements.

Accounts

Consolidated Statement of Changes in Equity for the year ended 31 December 2017

	Notes	Company 2017 US$ '000	Company 2016 US$ '000	Group 2017 US$ '000	Group 2016 US$ '000
Funds					
Capital reserve balance brought forward		-	-	-	8
Statutory reserve balance brought forward		240	240	240	240
General reserve balance brought forward		110,212	107,508	110,212	107,500
		110,452	107,748	**110,452**	**107,748**
Net income for the year		3,336	2,704	3,483	2,449
Transfer of reserve on acquisition		-	-	-	255
Funds at end of year		113,788	110,452	**113,935**	**110,452**
Statutory reserve	18	240	240	240	240
General reserve	19	113,548	110,212	113,695	110,212
Total funds		**113,788**	**110,452**	**113,935**	**110,452**

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2017

	2017 US$ '000	2016 US$ '000
Cash flows from operating activities		
Net income for the year	3,483	2,449
Adjustments for:		
Gain on sale of financial investments	(1,366)	(871)
Net unrealised gain on valuation of financial investments	(3,188)	(959)
Depreciation and amortisation	30	26
Changes in working capital:		
Decrease in reinsurance recoveries on outstanding claims	1,217	1,003
Decrease in sundry receivables	262	1,701
Increase in accrued interest	(133)	(41)
Decrease in amounts due from Members	1,194	3,087
Increase in amounts due to Members	2,249	-
Decrease in outstanding claims	(1,222)	(1,062)
Decrease in payables	(1,129)	(5,064)
Increase / (decrease) in tax and social security contributions	26	(32)
Cash flows from operating activities	**1,423**	**237**
Cash flows from investing activities		
Purchase of financial investments	(123,031)	(144,445)
Proceeds from sale of financial investments	118,288	142,667
Increase in investment in subsidiary	-	(270)
Cash flows used in investing activities	(4,743)	(2,048)
Foreign currency translation	(167)	(142)
Net decrease in cash and cash equivalents	(3,487)	(1,953)
Cash and cash equivalents at beginning of year	15,190	17,143
Cash and cash equivalents at end of year	**11,703**	**15,190**

The accompanying notes form an integral part of these Consolidated Financial Statements.

2,719 Total Number of Ships Entered

Accounts

Notes to the Consolidated Financial Statements for the year ended 31 December 2017

1. Constitution
Hellenic Mutual War Risks Association (Bermuda) Limited (the "Association") insures Greek owned merchant ships against war risks. The Association was incorporated as an exempt company in Bermuda under an Act of the Bermuda Legislature. The Association's Rules and Bye-Laws contain details of powers concerning the conduct of the business and management of the Association. The Association holds an insurance permit under section 22 of the Insurance Act 2008 (an Act of Tynwald) to carry on insurance business in or from the Isle of Man. The Association is subject to Isle of Man income tax at a rate of 0%. Under current Bermuda law, the Association is not required to pay any taxes in Bermuda on either income or capital gains. The Association has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed, the Association will be exempted from taxation until the year 2035.

2. Accounting policies
a) General information and statement of compliance with IFRS
These consolidated financial statements of the Association have been prepared in accordance with International Financial Reporting Standards (IFRS).

These consolidated financial statements have been prepared on a historical cost basis, except that listed investments have been measured at fair value as disclosed in note 2(J) and note 9. All transactions relate to continuing activities.

The consolidated financial statements for the year ended 31 December 2017 (including comparatives) were approved and authorised for issue by the Board of Directors on 22 May 2018.

b) Principles of consolidation
On 1 November 2016 the Association increased its shareholding from 58% to 100% of the issued share capital of Hellenic Shipping War Risks Insurance S.A., which in Greek is named Ellinikai Naftiliakai Asfalissis Kata Kindinon Polemou A.E. ("Ellinikai"), a company incorporated in Greece.

The consolidated financial statements include the accounts of the Association and Ellinikai. The consolidation is conducted under the historical cost convention.

c) Policy Year accounting
For internal accounting and reporting purposes, the Association follows Policy Year accounting.

Contributions and premiums, reinsurance premiums payable, claims and reinsurance recoveries are allocated to the Policy Years to which they relate.

Investment income, profits/losses on sale of investments and currency exchange gains/losses are allocated proportionally to the funds on the General Reserve and open Policy Years.

The management fee and general expenses are allocated to the current Policy Year.

d) Non-US dollar currencies
The consolidated financial statements have been drawn up in US dollars, the presentation currency of the Association.

Foreign currency assets and liabilities and movement on forward currency contracts have been translated at the closing US dollar exchange rate at the year end. The resultant difference is included within exchange gains/losses (see note 7).

Revenue transactions are translated into US dollars at the closing rate applicable for the month in which the transaction took place.

All exchange gains/losses whether realised or unrealised have been included in the Consolidated Statement of Comprehensive Income.

e) Contributions and premiums
Contributions and premiums, less returns, are the total receivable for the whole period of cover provided by the contracts incepting during the accounting period together with any premium adjustments relating to prior accounting periods.

2. Accounting policies (continued)

f) Claims

Incurred claims include claims paid, the estimated cost of known outstanding claims and a provision for incurred but not reported claims. These amounts are shown net of reinsurance recoveries in the Consolidated Statement of Comprehensive Income.

Estimated costs of known outstanding claims are based on the Managers' best assessment and judgement of the expected final costs of any claim, relying on the information available at the time. Inherent in these estimates are factors that could vary as the claims develop, including reports on the background facts of an incident and advice from lawyers appointed on the Association's behalf. Accordingly, the amounts provided for estimated outstanding claims may differ materially from the Association's ultimate liability for such claims. Estimates on individual claims are reviewed on a regular basis and any differences are recorded in the period in which they are determined. Outstanding claims in the consolidated statement of financial position are shown gross and reinsurance recoveries are shown as an asset.

The provision for claims incurred but not reported is based on the Managers' best estimate of the final cost of any claims arising out of events that occurred during the year, but which have not currently been reported to the Association. The Association does not experience a volume of claims sufficient to allow meaningful actuarial analysis and so the estimate is based on the Managers' assessment of the likelihood of claims being incurred but not reported. Accordingly, the provision for claims incurred but not reported may differ materially from the actual amount of such claims and differences are recorded in the period in which they are determined.

g) Reinsurance recoveries

The amount credited to the Consolidated Statement of Comprehensive Income for reinsurance recoveries relates to recoveries on claims incurred during the year.

h) Reinsurance premiums

Reinsurance premiums payable by the Association are charged to the Consolidated Statement of Comprehensive Income on an accruals basis. Reinsurance does not relieve the Association's obligations to insured Members and a reinsurer insolvency could expose the Association to the risk of loss. Accordingly provisions are established for any reinsurance amounts due that management deems to be uncollectible.

(I) Investment return

Investment return comprises interest received and accrued on bonds and bank deposits, dividend receipts and profits and losses on the disposal of investments.

Investment return is allocated between the General Reserve and open Policy Years proportionately to their funds.

j) Investments

Bonds, mutual funds and alternatives funds are stated at fair value through profit and loss and are held in the trading portfolio. Fair value is determined to be the market value as at the end of each reporting period. An impairment review is carried out on each holding at the end of each reporting period and any movements arising are recognised in the Consolidated Statement of Comprehensive Income.

k) Fixed assets and depreciation and amortisation

The fair value of the Group's Land and Buildings has been arrived at on the basis of a valuation carried out as at 1 January 2014 by Messrs Savills plc, independent valuers not connected with the Association. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties. The fair value by this valuation was treated as deemed cost by the Association as per IFRS 1.

The valuation mentioned above has also provided an estimation for the useful life of each asset (with a range of 31 to 33 years from the valuation date) on which the yearly depreciation amounts have been calculated on a straight line basis.

Depreciation regarding Furniture & Fittings is calculated at rates between 10% and 20% from the first day of usage (and on a straight line basis) of each component, up to its respective estimated residual value.

l) Reserves

The permitted purposes for which the funds and reserves are maintained are stated within the Association's Rules.

m) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash equivalents are investments with original maturity of three months or less from the date of acquisition. (The cash and cash equivalents of the Association are analysed in more detail in note 14).

Notes to the Consolidated Financial Statements for the year ended 31 December 2017 (continued)

2. Accounting policies (continued)

n) Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Amounts due from members and sundry receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Association's cash and cash equivalents, amounts due from members and sundry receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities

The Association's financial liability pertains to its payables. Payables are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

o) Significant accounting judgements, estimates and assumptions

The following are significant management judgements, estimates and assumptions in applying the accounting policies of the Association that have the most significant effect on the consolidated financial statements.

Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Claims

The Association is currently handling various claims where the actual outcome may vary from the amount recognised in the consolidated financial statements. None of the provisions will be discussed here in further detail so as not to seriously prejudice the Association's position in the related claims (see also note 2(f)).

Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	2017 Level 1 US$ '000	2017 Level 2 US$ '000	2016 Level 1 US$ '000	2016 Level 2 US$ '000
Assets				
Listed securities	107,877	-	98,382	-
Unlisted securities	-	4,330	-	4,770
Net fair value	**107,877**	**4,330**	**98,382**	**4,770**

Notes to the Consolidated Financial Statements for the year ended 31 December 2017 (continued)

2. Accounting policies (continued)

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

All the listed equity securities are denominated and are publicly traded in US Dollars or in Euros. Fair values have been determined by reference to their quoted bid prices at the reporting date.

The fair value of the Association's investments in money market funds has been determined by reference to their quoted bid prices at the reporting date. Gains and losses are recorded within investment return.

Gains or losses recognised in profit or loss for the period are presented in investment return and analysed in note 8 to the consolidated financial statements.

There have been no transfers in or out of level 3 in the reporting periods under review.

p) Future accounting pronouncements

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published.

Managements policy is that all of the relevant pronouncements will be adopted in the Association's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Association's financial statements are provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Association's consolidated financial statements.

IFRS 9 Financial instruments

The CICA aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety.

IFRS 15 Revenue from contracts with customers

The CICA aims to replace IAS 18 Revenue in its entirety.

Both of the above have been issued and are effective for annual periods beginning on or after 1 January 2018.

3. Contributions and premiums

	2017 US$ '000	2016 US$ '000
Advance contributions	1,376	1,847
Additional premiums	5,226	8,845
Ellinikai contributions	20	18
	6,622	**10,710**

Before the start of each Policy Year, the Directors decide the rate of Advance Contribution to be paid for that year, expressed as a percentage of the total sum insured in respect of each Entered Ship. The level of the Association's income from Advance Contributions may be affected by changes in the number or value of ships entered. Any reduction in Advance Contribution income would result in reductions in initial reinsurance premiums and in acquisition costs (brokerage). For example, had there been a 10% (US$137,600) reduction in the level of 2017 Advance Contributions, there would have been corresponding reductions of US$60,500 in initial Reinsurance Premiums and US$6,500 in acquisition costs. All other things being equal, a 10% reduction in Advance Contribution income would, therefore, have decreased the operating result by US$70,600.

The level of the Association's income from Additional Premiums may be affected by the number of Additional Premium Areas and the rates charged for trading to those Areas. It may also be affected by changes in the number or value of ships entered. Any reduction in Additional Premium income would result in a reduction in additional reinsurance premium. For example, had there been a 10% (US$522,600) reduction in the level of 2017 Additional Premium, there would have been a corresponding reduction of US$572,800 in Additional Reinsurance Premium. All other things being equal, a 10% reduction in Additional Premium income would, therefore, have increased the operating result by US$50,200.

Insurance risk is associated with claims on the Association. Exposure is primarily mitigated by a strategy of risk transfer through the Association's reinsurance programme. The Association's underwriting policy, which the Board reviews at least once a year, is also used to manage this risk.

4. Reinsurance premiums

	2017 US$ '000	2016 US$ '000
Initial	605	1,415
Additional	5,728	6,802
	6,333	**8,217**

The rate the Association is charged for the initial reinsurance, which the Directors agree at their November meeting, is fixed before the start of each Policy Year and applies for the whole year. The reinsurance rates the Association is charged for voyages into Additional Premium Areas are assessed on a voyage by voyage basis and vary according to the prevailing situation in each area. The level of the Association's Additional Premium reinsurance cost may also be affected by changes in the number of Areas. Any increase in this reinsurance cost would result in higher Additional Premium income. For example, had there been a 10% (US$572,800) increase in Additional Premium reinsurance cost, there would have been a corresponding increase of US$522,600 in Additional Premium income. All other things being equal, the operating result would, therefore, have decreased by US$50,200.

Reinsurance risk is mitigated by placing reinsurance only with underwriters rated 'A' or above by AM Best or Standard & Poor's and by the careful monitoring of individual reinsurers' line sizes. The Association's reinsurance contract includes a term giving it the right to remove any underwriter that loses its 'A' rating. The Board reviews reinsurance annually before renewal.

Notes to the Consolidated Financial Statements for the year ended 31 December 2017 (continued)

5. Net incurred claims

	2017 US$ '000	2016 US$ '000
Gross claims paid	1,200	4,367
Less: reinsurance recoveries	(1,195)	(4,301)
Net claims paid	**5**	**66**
Increase / (Decrease) in provision for outstanding claims	(1,222)	(1,062)
(Increase) / Decrease in provision for reinsurance recoveries	1,217	1,002
Net incurred claims	**-**	**6**

The Association is protected against the incidence of claims by reinsurance treaties under which the Association obtains recovery in full from its reinsurers in respect of all claims arising out of events occurring in all Additional Premium Areas except for transits of the Indian Ocean / Arabian Sea / Gulf of Aden / Gulf of Oman / Southern Red Sea AP area, for which the Association continues to maintain a deductible of $250,000 in respect of each and every incident. No claims were incurred in this AP area in 2017 although suspicious approaches and attacks continued to be reported. The ongoing use of onboard security has been a key factor in ensuring no ships entered with the Association have been seized by Somali pirates since 2011. Since the 1997 Policy Year, the Association obtains recovery in excess of an annual aggregate deductible of US$250,000 in respect of all claims arising out of events occurring in non-Additional Premium Areas.

6. Operating expenses

	Notes	2017 US$ '000	2016 US$ '000
Management fee	20	2,567	2,905
Directors' meetings – travel and hotel expenses		262	181
Charitable donations		252	115
Greek office expenses (Branch & Ellinikai)		169	61
Employee costs		138	125
Managers' travel		79	50
Legal and other professional charges		76	72
Insurance expenses		74	82
Audit fees		70	54
Communications – telephone and postage		34	27
Printing and stationery		32	27
Depreciation and amortisation	13	30	26
Government fees		25	27
Directors' fees		22	8
Promotional expenses		18	6
Bank and finance charges		16	45
NATO PBOS Working Group		13	19
		3,877	**3,830**

7. Net exchange gain / (loss)

	2017 US$ '000	2016 US$ '000
Net exchange gain / (loss) on operating activities	505	(10)

8. Investment return

	2017 US$ '000	2016 US$ '000
Interest on bonds	1,945	1,626
Interest on bank deposits	54	23
Gain on sale of bond securities	30	576
Loss on sale of absolute return funds	-	(246)
Gain on sale of equity securities	1,336	541
Rental / other income	71	398
	3,436	2,918
Net unrealised gain on valuation of equity securities	2,968	1,184
Net unrealised gain on valuation of absolute return funds	165	12
Net unrealised gain / (loss) on valuation of bond securities	55	(237)
	3,188	959
Investment return	**6,624**	**3,877**

9. Investments

	2017 US$ '000	2016 US$ '000
Bonds	78,946	79,719
Equities	28,931	18,663
Total listed investments at market value		
- cost US$101,223 (2016 US$94,753)	107,877	98,382
Alternatives Funds – unlisted	4,330	4,770
Forward contracts receivable (see note 14)	192	4
Financial assets at fair value	112,399	103,156
Financial liabilities at fair value:		
Forward contracts payable (see note 14)	(59)	(113)
	112,340	**103,043**

Notes to the Consolidated Financial Statements for the year ended 31 December 2017 (continued)

9. Investments (continued)

The market value of the Association's investments in bonds may be affected by changes in the prevailing level of interest rates. At the date of the Consolidated Statement of Financial Position, the investments in bonds had effective interest rates between 0.875% and 4.5% (2016 effective interest rates for bonds between 0.625% and 4.5%).

The risk of changes in interest rates, and other market risks, are managed by the Association's investment policy. The Investment Managers keep asset allocation under review, adjusting it according to the prevailing interest rates and other changes in the financial markets.

i) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. The modified duration is an indicator of the sensitivity of the assets and liabilities to changes in the current interest rates. The Association manages this risk through the specific investment guidelines under which the Investment Manager operates. At 31 December 2017, an increase / decrease of 50 basis points in interest yields, with all other variables held constant, profit for the year would have been US$1,021,200 lower / higher.

ii) Market risk

Market risk is the risk of changes in the financial markets affecting the value of the Association's investments. It is managed by the Association's investment policy, which is monitored by means of reports from the Investment Managers to the Directors at each Board meeting.

iii) Equity price risk

The Association is exposed to equity securities price risk as a result of its holdings in equity investments, classified as financial assets at fair value through profit or loss. The majority of investments held are listed and traded on the New York and other recognised exchanges.

If the New York Stock Exchange had increased / decreased by 5%, with all other variables held constant, and all the Association's equity investments moving according to historical correlation with the index the profit for the year would increase / decrease by US$1,446,600 respectively.

No loans have been made to Directors, Officers or Managers and none are contemplated.

No other unquoted investments were held during the year.

All quoted investments are listed on major stock exchanges.

10. Claims development

	2011 US$ '000	2012 US$ '000	2013 US$ '000	2014 US$ '000	2015 US$ '000	2016 US$ '000	2017 US$ '000	Total US$ '000
As at end of first financial year	32,904	8,181	642	365	4,364	696	512	
One year later	28,029	8,909	551	314	7,542	597		
Two years later	29,643	11,425	552	288	7,654	-		
Three years later	26,242	10,255	552	288	-	-		
Four years later	26,244	9,965	552	-	-	-		
Five years later	26,048	9,424	-	-	-	-		
Six years later	26,048	-	-	-	-	-		
Current estimate	26,048	9,424	552	288	7,654	597	512	
Cumulative payments	(26,048)	(9,404)	(552)	(288)	(6,800)	(587)	(60)	
	-	**20**	**-**	**-**	**854**	**10**	**452**	**1,336**
Claims reserves on earlier years								1,238
Claims reserves								2,574
IBNR Provision								-
								2,574

11. Outstanding claims

	2017 US$ '000			2016 US$ '000		
	Gross	Recoverable	Net	Gross	Recoverable	Net
Reported unpaid claims relating to:						
open underwriting years:						
2017	452	(452)	-	-	-	-
Closed underwriting years						
2016	10	(10)	-	666	(666)	-
Previously closed underwriting years	2,112	(2,112)	-	3,125	(3,125)	-
	2,574	(2,574)	-	3,791	(3,791)	-
Provision for incurred but not reported claims	-	-	-	5	-	5
	2,574	**(2,574)**	**-**	**3,796**	**(3,791)**	**5**

At the November 2017 board meeting the Directors closed the 2016 underwriting year.

Notes to the Consolidated Financial Statements for the year ended 31 December 2017 (continued)

12. Contingent liability

The Association remains involved in litigation in relation to the loss of the DEMETRA BEAUTY in the Gulf of Oman in January 1991.

In 2017, the Association was successful in the Piraeus Court of Appeal in defeating various claims made by the Owners of the DEMETRA BEAUTY. Owners have filed an appeal to the Supreme Court and a hearing date is currently awaited. The Association continues to believe that there is no liability on the Association in the matter although, as in previous years, an estimate of the legal costs likely to be incurred in the continued defence of the case is included in the provision for outstanding claims. (see Notes 2(f) and 11).

13. Fixed assets

	Land and Buildings US$ '000	Furniture and Fittings US$ '000	Total US$ '000
Cost			
At 1 January 2017	1,943	53	1,996
Foreign currency translation adjustment	269	8	277
At 31 December 2017	2,212	61	2,273
Accumulated depreciation			
At 1 January 2017	(740)	(51)	(791)
Depreciation (see note 6)	(30)	-	(30)
Foreign currency translation adjustment	(102)	(8)	(110)
At 31 December 2017	(872)	(59)	(931)
Net Book Value			
At 31 December 2017	1,340	2	1,342
At 31 December 2016	1,203	2	1,205

Included within land and buildings is investment property of $1,252,080 (2016: $1,124,000).

14. Cash and investments summary

Cash and cash equivalents and investments	2017 Cost US$ '000	2016 Fair Value US$ '000	2017 Cost US$ '000	2016 Fair Value US$ '000
Interest bearing securities	79,008	78,946	79,839	79,719
Cash and cash equivalents	11,053	11,052	14,577	14,577
Alternatives Funds	3,780	4,330	4,382	4,770
Equities	22,215	28,931	14,914	18,663
Forward contracts receivable (see note 9)	-	192	-	4
Company Total	116,056	123,451	113,712	117,733
Subsidiary cash	651	651	613	613
Cash and cash equivalents and investments	116,707	124,102	114,325	118,346
Forward contracts payable (see note 9)	**-**	**(59)**	**-**	**(113)**
Group total	**116,707**	**124,043**	**114,325**	**118,233**

15. Sundry receivables

	Company		Group	
	2017 US$ '000	2016 US$ '000	2017 US$ '000	2016 US$ '000
Claims recoverable from reinsurers	314	388	314	388
Other receivables and prepayments	2,512	2,703	2,534	2,722
	2,826	**3,091**	**2,848**	**3,110**

16. Amounts due from Members

	Company		Group	
	2017 US$ '000	2016 US$ '000	2017 US$ '000	2016 US$ '000
Amounts due:-				
Less than two month	(2,637)	618	(2,637)	618
Two to three months	537	685	537	685
Over three months	(149)	(109)	(149)	(109)
	(2,249)	**1,194**	**(2,249)**	**1,194**

17. Payables

	Company		Group	
	2017 US$ '000	2016 US$ '000	2017 US$ '000	2016 US$ '000
Members' balances	7,941	8,054	7,941	8,054
Reinsurance balances	4,026	5,001	4,026	5,001
Accrued expenses and deferred income	276	323	311	352
	12,243	**13,378**	**12,278**	**13,407**

Notes to the Consolidated Financial Statements for the year ended 31 December 2017 (continued)

18. Statutory reserve

The minimum solvency margin required in Bermuda for 2017 was US$120,000 (2016: US$120,000), as set out in the Insurance Act 1978, amendments thereto and related Regulations insofar as such provisions relate to accounting and financial reporting matters. An additional US$120,000 of statutory reserves are restricted as set out in the legislation under which the Association is incorporated and may not be distributed by the Association without approval in accordance with the Companies Act.

The provisions of the Isle of Man Insurance Regulations 1986 (as amended) set the minimum level of solvency required of the Association in the Isle of Man. The level is based on the net premiums written during the year, converted at the sterling rate of exchange prevailing at the year end. The solvency margin required for 2017 was US$97,000 (2016: US$310,000).

As at 31 December 2017 the balance of the Association's funds, including the Statutory Reserve Fund of US$240,000, was US$113.935 million. The Association, therefore, complied with the externally imposed capital requirements to which it is subject.

19. General reserve

The General Reserve is available to meet the whole or any part of the claims, costs, expenses and outgoings on any closed Policy Year or years to the extent that the contributions and premiums paid in respect of such year or years are insufficient to meet those claims, costs, expenses and outgoings.

The Directors' reserving policy, agreed in 2016, highlights the need for reserves: to demonstrate financial security; to meet statutory solvency requirements; and to minimise the impact of matters outside the scope of solvency requirements that could materially affect the Association's financial results.

The Association is authorised and regulated by the Bermuda Monetary Authority and the Isle of Financial Services Authority. Its reserves comfortably exceed current requirements in both places (see note 18).

Reserves could, if necessary in the future, also be used to minimise the effect of any material change in the Association's financial results on the level of contributions paid by Members. For example, if the insurance market changed significantly, so that capacity contracted, or if for any other reason reinsurance rates increased sharply, the Association's reserves would allow it to finance a greater retention of risk, to reduce the effect of any rates increase on the membership and to allow adjustment to a higher rate environment by stages.

20. Related party disclosures

The Association has no share capital and is controlled by the Members, who are also the insureds. The subsequent insurance transactions are consequently deemed to be between related parties but these are the only transactions between the Association and the Members.

All but one of the Directors (who is Bermuda resident) are representatives or agents of member companies and other than the insurance and membership interests of the Directors' companies, the Directors have no financial interests in the Association.

Thomas Miller Investment (Isle of Man) Limited acted as Investment Managers on behalf of the Association during the year. Fees for these services are included in the US$2,567,000 Management fee (2016: US$2,905,000) paid to the Manager during the year, which is disclosed in note 6 of the financial statements. These transactions were conducted at an arms length basis.

HMWRA IOM has a Protection of Funds agreement in place with the Association. This agreement would allow HMWRA IOM to take over the business and the provision of insurance by the Association to its members should the political and commercial environment in Bermuda destabilise. The likelihood of such occurrences happening in Bermuda is considered minimal, and HMWRA IOM is therefore expected to remain dormant for the foreseeable future.

While HMWRA IOM remains dormant, the Association bears all expenses for HMWRA IOM with the exception of bank charges. The expenses amounted to £8,840 during the year to 31 December 2017 (2016: £8,287). The Association continues to maintain a guarantee fund facility of £50,000 with HMWRA IOM.

21. Investment in subsidiary

On 1 November 2016 the Association increased their shareholding from 58% to 100% of the issued share capital of Hellenic Shipping War Risks Insurance S.A., which in Greek is named Ellinikai Naftiliakai Asfalissis Kata Kindinon Polemou A.E. ("Ellinikai"), a company incorporated in Greece.

The Association purchased the remaining 42% of the issued share capital from Hellenic Mutual War Risks Association Limited ("Hellenic London") for the sum of €246,633 (US$270,349.)

22. Financial risk management

Credit risk

Credit risk is the risk of losses caused by other parties failing, in whole or in part, to meet obligations to the Association. Debtor exposure is mitigated because it is widely spread across the membership. This exposure is monitored by means of thrice yearly reports from the Managers to the Board and approximately monthly reports to the Chairman and Deputy Chairman, and it is the Association's policy not to confirm renewal to any Member with amounts overdue.

Concentrations of credit risk exist to the extent that, as at 31 December 2017, investments, cash and cash equivalents were held as follows:

	S&P Rating	2017 US$ '000	2016 US$ '000
Bank of New York	All A rated at least	79,122	80,653
Fund Managers	Not Rated	4,330	4,770
Equity holdings	Not Rated	28,931	18,663
Barclays Bank	A (2016: A -)	7,805	8,679
TMI Liquidity Funds	AAA	529	193
Goldman Sachs Funds	AAA	2,644	4,612
Alpha Bank - Greece	CCC+	683	663
		124,044	**118,233**

The Association monitors credit risk on a regular basis and manages risk by placing funds with counterparties that have high credit ratings as assigned by international credit rating agencies.

Liquidity risk

Liquidity risk is the risk of losses caused by assets not being liquid enough to meet obligations of the Association as they fall due. This exposure is monitored regularly by both the Managers and the Board, and significant levels of assets are maintained in very liquid instruments to minimise this exposure.

Maturity summary	Short term 0-3 months	3 months to 1 year	Over 1 year	Total
Cash and cash equivalents	11,053	-	-	11,053
Interest bearing securities	1,000	5,832	72,114	78,946
Alternatives Funds	4,330	-	-	4,330
Equities	28,931	-	-	28,931
Forward contracts:	-	192	-	192
Company total	45,314	6,024	72,114	123,452
Subsidiary cash	651	-	-	651
Group total	**45,965**	**6,024**	**72,114**	**124,103**

22. Financial risk management (Continued)

Currency risk

The Association has no exposure in any other currencies. All bank balances and cash and cash equivalents are held in American and European institutions.

	Company		Group	
Currency exposure	**2017 %**	**2016 %**	**2017 %**	**2016 %**
Euro	1	-	6	4
Sterling	-	-	-	-
US Dollar	99	100	94	96
	100	**100**	**100**	**100**

23. Subsequent events

The Company and its subsidiary evaluated events and transactions occurring from 1 January 2018, through to 22 May 2018, for potential recognition or disclosure in the notes to the consolidated financial statements.

The Managers believe that there are no post year end events that need to be reflected in the consolidated financial statements or disclosed in the notes to the consolidated financial statements.

Managers and Officers

Managers

Thomas Miller (Bermuda) Limited

Secretary

Thomas Miller (Bermuda) Limited

Assistant Secretary

Thomas Miller (Isle of Man) Limited

Registered Office and Business Address of The Association

Canon's Court
22 Victoria Street
Hamilton HM 1179
Bermuda

hellenicwarrisks.com