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APOLLO

1969 at LLOYD'S

SYNDICATE 1969
ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2016

KEY PERFORMANCE INDICATORS

ANNUAL BASIS	**2016 $'m**	2015 $'m	Change
GROSS PREMIUM WRITTEN	**290.7**	286.2	2%
NET PREMIUM WRITTEN	**228.5**	227.0	1%
NET PREMIUM EARNED	**229.7**	198.3	16%
(LOSS) / PROFIT FOR THE FINANCIAL YEAR	**(5.4)**	11.8	(145)%
CLAIMS RATIO	**62%**	53%	9%
EXPENSE RATIO	**40%**	40%	0%
COMBINED RATIO	**102%**	93%	9%

UNDERWRITING YEAR BASIS	**2014**	2013	2012	2011	2010
PROFIT / (LOSS) ON CAPACITY	**7.4%**	0.4%	9.1%	(0.7)%	(15.1)%

THE FORECAST RESULT FOR THE 2015 YEAR OF ACCOUNT IS A PROFIT OF 2.5% TO 7.5%.

THE RESULTS FOR THE 2016 CALENDAR YEAR HAVE BEEN AFFECTED BY A HIGHER THAN NORMAL FREQUENCY OF CATASTROPHE EVENTS IN THE UNITED STATES ("US").

FOR 2016 THE SYNDICATE HAS CHANGED ITS PRESENTATION CURRENCY FROM STERLING TO US DOLLARS, BEING THE PREDOMINANT CURRENCY IN WHICH IT UNDERWRITES BUSINESS.

CONTENTS

SYNDICATE 1969

DIRECTORS AND ADMINISTRATION

MANAGING AGENT
Apollo Syndicate Management Limited

REGISTERED OFFICE
One Bishopsgate
London, EC2N 3AQ

COMPANY REGISTRATION NUMBER
09181578

COMPANY SECRETARY
IF Macdowall

DIRECTORS

JM Cusack	(Non-Executive Chairman)
S Althoff	(Non-Executive Director)
AP Hulse	(Non-Executive Director)
JN Owen	(Non-Executive Director)
DCB Ibeson	
PA Ellis	
NG Jones	
JD MacDiarmid	
SAC White	

ACTIVE UNDERWRITER
NG Jones

BANKERS
Lloyds Bank plc
Citibank
Royal Bank of Canada

AUDITOR
Deloitte LLP, London

ACTIVE UNDERWRITER'S REPORT

BACKGROUND AND CURRENT PORTFOLIO

2016 was a year of positive development for the syndicate. We have closed the 2014 YOA with a profit, outperforming the original business plan, and have made further progression with our strategy of building a specialist insurance business at Lloyd's. Whilst the combined ratio on the 2016 calendar year is 102%, the open years of account are currently forecast to produce a profit on closure. We have also added a new class for Marine & Energy Liability and have expanded the Non-Marine Liability team. In addition, our infrastructure has been enhanced to meet the increasing needs of the business.

We are fully established in the areas of Direct & Facultative Property (D&F), North American Binding Authorities, Property Treaty, Specie & Cargo, Non-Marine Liability and Energy. In 2015 we added experienced underwriters in Aviation and Marine & Energy Liability.

It is our intention to build a high quality, profitable and flexible business for the long term. We aim to have a spread portfolio to reduce volatility and dependence on any one class but also to be able to react effectively to changing market conditions for the benefit of capital providers and clients. The syndicate will maintain its focus on specialist and profitable lines of business.

We will only recruit the highest calibre underwriters who have a profitable track record and experience in their class. We believe adding experienced and well respected underwriting teams will deepen the internal challenge and peer review aspect of the business and bring further intellectual capacity into the development of the business and controls for the future. These underwriters are capable of growing or shrinking their books depending on market conditions and can deliver top quartile performance based on their track record.

In arriving at our forecast premium income figures and building out the newer classes of business, we are anticipating that market conditions will remain very challenging in the near term and that uncertainty in the wider economic and political environment will remain prevalent. Our objective is to build a business that delivers profit in a competitive market place rather than waiting for shifts in the market as a result of external events. We will, however, ensure that the infrastructure is capable of reacting to enable us to take advantage of an improved market, should such an event occur.

As a result of the traditional structure of our capital support and the fact that many senior underwriters and management are capital providers to the syndicate, our business is not unduly influenced by capital or investor requirements to achieve growth targets.

The syndicate continually reviews the performance of each class and aims to reallocate premium where necessary (with Lloyd's approval), either to rebalance the portfolio in light of emerging experience or to take advantage of market opportunities. Underwriters aim to produce profit on both a gross and net of reinsurance basis.

2016 CALENDAR YEAR RESULT

The result for the 2016 calendar year on an annual accounting basis is a loss of \$5.4m (2015 profit: \$11.8m) with a combined ratio of 102% (2015: 93%). The 2016 calendar year result is made up of contributions to earnings from all open years of account (2014, 2015 and 2016).

The syndicate has experienced competitive pressures in each class of business in the 2016 year of account, particularly in Property, Aviation and Energy. The syndicate has retained its underwriting discipline, reflecting the syndicate's objective to write profitable business rather than chasing income.

The number of catastrophe events during 2016, rather than the severity of any individual event, has had a negative impact on both the 2015 and 2016 years of account causing the overall loss for the year.

The majority of these catastrophe losses arose from Hurricane Matthew, and flooding and hail events in Texas and Louisiana. According to data released by the US organisation "Property Claim Services", 2016 was the most active Catastrohe in the US since the 1980's. The Specie & Cargo account also experienced a notable loss from the SpaceX satellite, which impacted the 2014 year of account.

2014 CLOSED YEAR RESULT

We are now closing the 2014 year of account at a profit of 7.4% on stamp capacity. This is above the mid-point of our forecast range and exceeds our 2014 year of account approved business plan forecast. This is explained in further detail in the managing agent's report. We would like to take this opportunity to thank our capital providers for their strong support in achieving this result.

SYNDICATE 1969
ACTIVE UNDERWRITER'S REPORT

2016 PORTFOLIO

Following the 12.5% pre-emption approved by Lloyd's, the syndicate stamp was increased to $282.6m (£180.0m at the planning foreign exchange rate of $1.57) for the 2016 year of account. The approved gross written premium net of commission was $254.9m (£162.4m). Our ultimate premium forecast will fall short of the approved plan due to the combination of the competitive pressures in the market and the disciplined underwriting culture within the syndicate. Further details can be found in the managing agent's report.

The strategy and focus of the D&F, Binding Authority and Property Treaty classes continued unchanged for 2016. Our focus is on maintaining underwriting discipline in these classes as rates continue to fall. The D&F team is a market leader and has a successful track record since the syndicate's inception. The territorial focus continued to be the US, Caribbean and Mexico accessed through a broad spread of brokers.

The Property Binding Authority book gives the syndicate exposure to a spread of risks that cannot be accessed in the open market. Underwriters carefully select the brokers and coverholders with whom to trade. The book includes specialist books of Vacant Property and Real Estate Owned business.

Our approach to assuming risk in the Property Treaty account is highly disciplined and extremely selective. No risk excess, quota share or aggregate stop loss covers are underwritten. The territorial scope remained unchanged, targeting regionally specific accounts in Canada, UK, Western Europe, South Africa, Japan, Australia and New Zealand.

The Specie & Cargo team writes a diversified account. The Cargo book specialises in smaller cargo accounts, most of which include an element of storage. The largest sub classes of cargo are oil, which is written on a worldwide basis with a bias towards Chinese risks (which do not cover storage), project cargo with consequential loss, primary and excess US motor truck cargo, and carnets. The Specie book consists predominantly of high value risks with very good security. The fine art and general specie (precious metals, securities and excess Securities Investor Protection Corporation) books are the largest part of the Specie account, with cash in transit and jewellers block much smaller.

The actual premium underwritten in 2016 fell short of the plan due to market competition. The loss experience on the account in 2016 has been higher than expected, with a notable loss from the SpaceX satellite impacting the calendar year result. We had originally planned to maintain premium income for 2017 in line with the 2016 plan. In light of the highly competitive trading environment, we will exercise discipline whilst seeking growth with specific brokers on selected target business. This is expected to result in a reduction in our ultimate premium income written for the year. A consortium has been in place since 2013 and has been renewed for 2017 with Apollo retaining a greater share of the premium with the support of other Lloyd's syndicates.

The Non-Marine Liability team writes a diverse book of business on both an open market and facilities basis. The majority of the account is written on a direct excess basis focussing on Fortune 1000, transportation, civil construction, and mining companies. Underwriters seek to position their attachment points above attritional levels so that the portfolio loss profile is generally low frequency, potentially high severity, with the exposures being well protected by reinsurance.

The Non-Marine Liability class continued to grow steadily, building on the platform established in earlier years and also favourable US Casualty market conditions. Additional underwriters have been added to bolster the team and help deliver further growth for 2017.

Since 2013 the team has led a consortium which has been renewed for 2017 with the addition of two further Lloyd's syndicates. We are very mindful of the current competitive environment and will continue our careful underwriting approach.

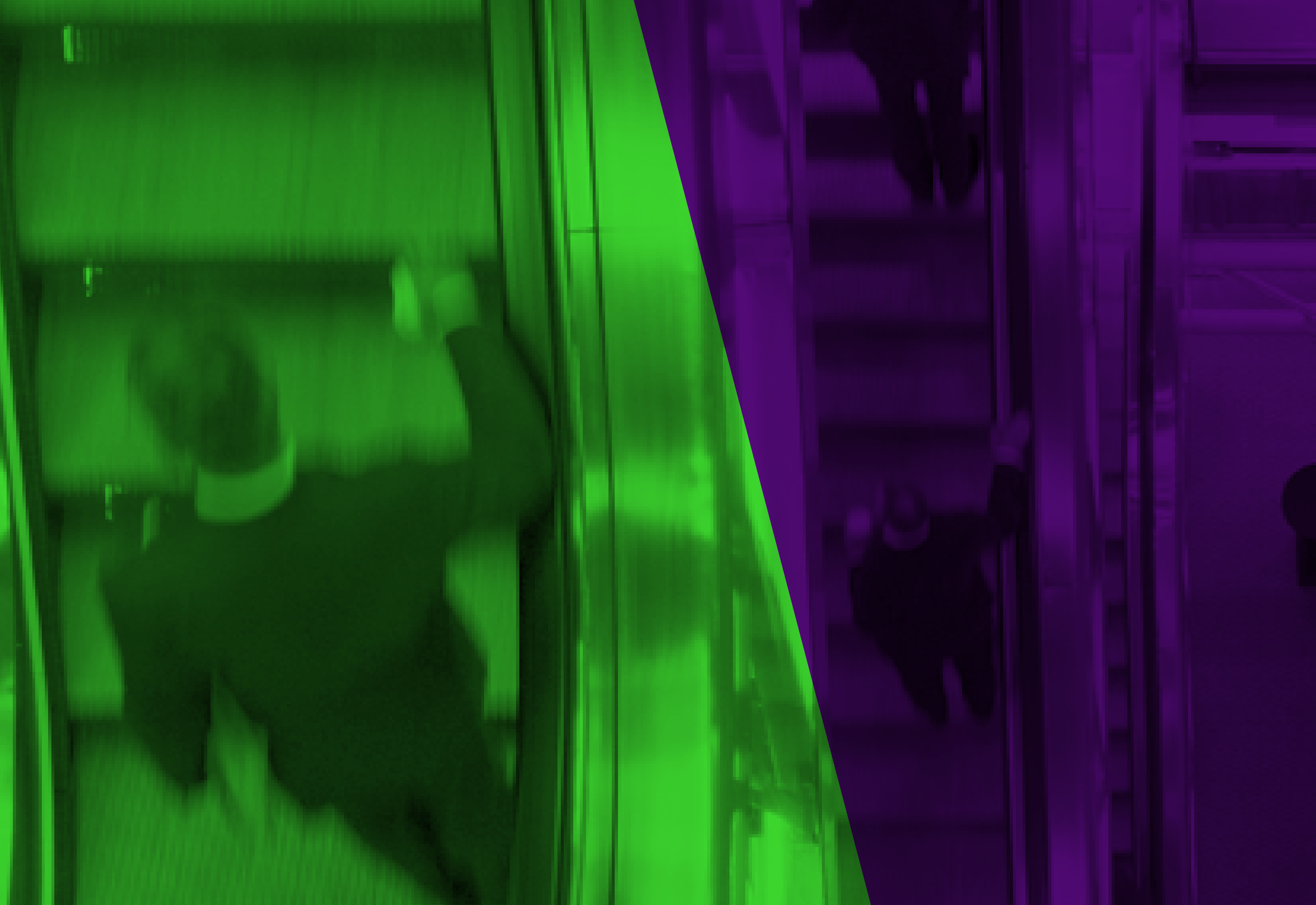
Our plan for the Energy account in 2016 reflected very competitive market conditions and a global slowdown in the energy sector. The account is primarily focused on the upstream sector and includes oil and gas lease operators, drilling and construction contractors, and gas utilities.

The cover offered is for property damage, operators extra expense, and construction.

Incidental to these major heads of cover are loss of production income, business interruption, loss of hire, war, and terrorism.

We planned to increase premium income for 2015 to allow us to fully establish the account but the oil price crash that occurred in the second half of 2014 resulted in premium income in 2015 being below the original planned amount.

2016 income will fall short of original planned expectations due to these competitive pressures. The team has significant experience and a profitable track record in this class within the Lloyd's and company market and have navigated their way through difficult market conditions before.



The syndicate recruited a leading underwriter in the Marine & Energy Liability sector with a historically profitable track record in the Lloyd's market to write a Marine & Energy Liability account. This provides the syndicate with greater technical strength in an area that is often written on a packaged basis with Energy Property.

The Marine Liability book consists of Protection & Indemnity (P&I), Charterers, Ports and Terminals, Shipyards, and other risks associated with cargo transportation. The Energy Liability account includes onshore and offshore Exploration and Production (E&P) operators and their associated field contractors.

The underwriter has significant experience in this class and is fully able to steer his way through the current weak rating environment.

The aviation market remains very challenging with significant overcapacity in all segments.

We recruited a market leading class underwriter in 2015 and have initially written only a small amount of income, whilst positioning ourselves on selected areas of the class in order to take full advantage of hardening in market conditions when this occurs.

Our conservative, disciplined approach to the class has continued in 2016 and we will look to develop more business that has traditionally not been placed in the Lloyd's market, building on our relationships with regional brokers and managing general agents. As aviation business requires significant line size capability, the consortium established with a Lloyd's syndicate in 2015 has been renewed for 2017.

2017 PORTFOLIO

The 2017 Lloyd's approved plan is to underwrite $269.3m (£200.9m at the planning foreign exchange rate of $1.34) of premium income (net of commission) with a stamp capacity of $281.4m (£210.0m).

We have added a new class underwriter for Marine Hull for 2017. We identified the Marine Hull class of business as one that would expand our marine offering and also offer profitability in certain segments of the class.

Our plan for the class is based on a willingness to lead business, and also to facilitate a competitive product offering, built around factors other than just pricing, to make us more relevant to Marine Hull brokers and clients. We now have one of the leading underwriters in this class of business with a historically profitable track record in the Lloyd's market. There should also be some additional benefit from Marine Hull to our existing Marine & Energy Liability and Specie & Cargo accounts.

The plan for Syndicate 1969 for 2017 can be summarised as follows:

- further growth in the Non-Marine Liability account emanating from new business to Lloyd's and increased lines on existing business;
- continue with the disciplined approach in the Property classes;
- renew the Energy portfolio and the Specie & Cargo classes cautiously given challenging market conditions;
- further develop the Aviation and Marine & Energy Liability accounts positioning ourselves on selected areas of the classes; and
- develop the new Marine Hull class.

The syndicate will seek to add new lines of business as opportunities arise but will maintain its focus on specialist and profitable lines. We will consider adding new classes which offer profitable diversity to improve the overall portfolio in line with our strategy to expand our capability and expertise for the long term.

Once again we would like to thank you for your on-going support for Syndicate 1969 and look forward to updating you with our progress in the future.

NG Jones
Active Underwriter
20 March 2017

NG Jones
Active Underwriter

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The directors of the managing agent present their report, which incorporates the strategic review, for Syndicate 1969 for the year ended 31 December 2016.

This Annual Report is prepared using the annual basis of accounting as required by Statutory Instrument No. 1950 of 2008, The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("Lloyd's Regulations 2008").

Separate underwriting year accounts for the closed 2014 account of Syndicate 1969 are included following these annual accounts.

PRINCIPAL ACTIVITY

There have not been any significant changes to the syndicate's principal activity during the year, which continues to be the transaction of general insurance and reinsurance business.

Syndicate 1969 trades through Lloyd's worldwide licenses and rating and has the benefit of the Lloyd's brand. Lloyd's has an A (Excellent) rating from A.M. Best, A+ (Strong) from Standard & Poor's and AA- (Very Strong) from Fitch.

The syndicate's capacity for the 2016 year of account was £180m ($282.6m at the Lloyd's planning rate of $1.57). For the 2015 year of account capacity was £160m ($273.6m at $1.71). Capacity for the 2017 year of account has increased to £210m ($281.4m at $1.34).

Apollo Syndicate Management Limited ("ASML") is approved as a managing agency at Lloyd's and is authorised by the Prudential Regulation Authority. ASML is regulated by the Financial Conduct Authority and Prudential Regulation Authority.

LEFT TO RIGHT BACK ROW:
Nick Jones, Active Underwrter, **Simon White,** Claims Director, **David Ibeson,** Chief Executive Officer, **Phil Ellis,** Chief Risk Officer, **Jamie MacDiarmid,** Finance Director

LEFT TO RIGHT FRONT ROW:
Sven Althoff, Non Executive Director, **Jayne Owen,** Non Executive Director, **Julian Cusack,** Non Executive Chairman, **Tony Hulse,** Non Executive Director

RESULTS

	2016 $'m	Restated 2015 $'m	Change
Gross premium written	290.7	286.2	2%
Net premium written	228.5	227.0	1%
Net premium earned	229.7	198.3	16%
(Loss) / Profit for the financial year	(5.4)	11.8	(145)%
Claims ratio	62%	53%	9%
Expense ratio	40%	40%	0%
Combined ratio	102%	93%	9%

Notes:
The claims ratio is the ratio of net claims incurred to net premiums earned.
The expense ratio is the ratio of net operating expenses to net premiums earned.
The combined ratio is the sum of the claims and expense ratios.
The expense and combined ratios exclude investment income, realised and unrealised gains and losses and foreign exchanges gains and losses.
Lower ratios represent better underwriting and operational performance.
2015 was previously stated in Sterling and has been restated in US Dollars at the average rate of exchange for that year.

ASML uses a range of key performance indicators, including those shown in the table, to measure the performance of the syndicate against its objectives and overall strategy. These indicators are regularly reviewed and are measured against plan and prior year outcomes.

Gross written premium increased 2% to $290.7m (2015: $286.2m). The result for the financial year 2016 is a loss of $5.4m (2015: profit of $11.8m). Profits and losses will be distributed and called respectively by reference to the results of individual underwriting years.

From 1 January 2016 the syndicate has changed its presentation currency from Sterling to US Dollars. The syndicate predominantly writes business denominated in US Dollars and reporting accordingly will improve comparability between years and reduce the volatility in the reported results caused by foreign currency exchange rates.

REVIEW OF THE BUSINESS

2016 results reflect a difficult underwriting environment, a further softening of rates and a strategy of writing profitable risks over growing volume. Loss experience has been noteworthy on Property Treaty, Property Direct & Facultative and Property Binding Authority. Loss activity reflects Hurricane Matthew, an increase in US designated catastrophes, notably in respect of flood and hail losses, and the SpaceX satellite. The 2016 calendar year result is made up of contributions from earnings on all open years of account (2014, 2015 and 2016).

Turning to the traditional three year accounting basis, the 2014 year of account is closing at a return on stamp capacity of 7.4%, which is above the mid-point of the previously published forecast profit range of 3.5% to 8.5% of stamp capacity. The short tail Property classes contributed significantly to this profit. These classes benefited from a relatively low level of catastrophe events despite absorbing losses from Hurricane Odile. There were two other notable risk losses on the Energy account and the SpaceX satellite loss on the Specie & Cargo account.

The 2015 year of account has a forecast profit in the range of 2.5% to 7.5% on stamp capacity at the 24 month stage. A weak rating environment was reflected in an actual risk adjusted rate reduction of 6.2%, albeit this was better than anticipated. Results have been impacted by the high incidence of large losses during 2016 discussed above.

It is too early in the development of the 2016 year of account to publish a forecast result for the year. The syndicate has written 93% of its planned income. The rating environment has continued to be very competitive although it was marginally better than planned. An actual risk adjusted rate reduction of 5.4% was experienced. The syndicate will publish its first forecast range for the 2016 account in the second quarter of 2017 which will reflect the 2016 loss experience.

There has been no early release of profit on the 2015 and 2016 open years of account at this stage of development.

The syndicate is now well established in the Lloyd's market and is receiving excellent support from a wide range of brokers. We believe the syndicate is well positioned to deliver consistent profits on an underwriting year basis in future years.

Further information regarding the syndicate underwriting portfolio is contained in the active underwriter's report.

INVESTMENT PERFORMANCE

The syndicate produced an investment return of \$0.9m in the year (2015: \$0.5m).

The investment objective is to invest the premium trust funds in a manner designed primarily to preserve capital values and provide liquidity. Within those constraints the syndicate's assets have been invested in money market funds in order to limit exposure to capital market volatility.

CAPITAL

One of the advantages of operating in the Lloyd's market is the lower capital ratios that are available due to the diversification of business written in Syndicate 1969 and in Lloyd's as a whole. In October 2016 the Lloyd's Standards Assurance Group confirmed a green rating for ASML Solvency II compliance.

ASML assesses the syndicate's capital requirements through a rigorous process of risk identification and quantification using an internal capital model at a 1:200 confidence level. The model is based on Solvency II regulatory requirements and has been approved by Lloyd's.

The ultimate Solvency Capital Requirement ("SCR") is subject to an uplift determined by the Lloyd's Franchise Board based on their assessment of the economic capital requirements for the Lloyd's market in total. The SCR together with the Lloyds' uplift is referred to as the Economic Capital Assessment ("ECA").

There was a change in the ECA calculation during 2016 to reflect the latest regulatory guidance. This is a cash neutral adjustment which requires a reduction in the SCR to offset the increase in technical provisions caused by changes to Lloyd's requirements following recent interpretation of the Solvency II treatment of outwards reinsurance premiums. This change impacted the regulatory reporting and the setting of certain Lloyd's guidelines including the ECA.

The ECA for the 2017 underwriting year on the new basis is set at 64.8% of planned premium income.

Lloyd's unique capital structure provides excellent financial security to policyholders and capital efficiency for members. The Lloyd's chain of security provides the financial strength that ultimately backs insurance policies written at Lloyd's and has three links:

1. All premiums received by syndicates are held in trust as the first resource for settling policyholders' claims;
2. Every member is required to hold capital in trust funds at Lloyd's which is known as Funds at Lloyd's ("FAL"). FAL is intended primarily to cover circumstances where syndicate assets are insufficient to meet participating members' underwriting liabilities. FAL is set with reference to the ECA's of the syndicates the member participates on. Since FAL is not under the control of the managing agent, it is not shown in the syndicate accounts. The managing agent is, however, able to make a call on members' FAL to meet liquidity requirements or to settle underwriting losses if required; and
3. Lloyd's central assets are available at the discretion of the Council of Lloyd's to meet any valid claim that cannot be met through the resources of any member further up the chain. Lloyd's also retains the right to request a callable contribution equal to 3% of capacity from the syndicate.

PRINCIPAL RISKS AND UNCERTAINTIES

The managing agent has established a risk management function for the syndicate with clear terms of reference from the Board of Directors and its committees. The ASML Board approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of these policies.

The risk appetite is set annually as part of the syndicate business planning and capital setting process. The risk management function is also responsible for maintaining the syndicate's Own Risk and Solvency Assessment ("ORSA") process and provides regular updates to the Board. The formal ORSA report for the syndicate is provided to the Board at least annually for approval.

The managing agent recognises that the syndicate's business is to accept risk which is appropriate to enable it to meet its objectives and that it is not realistic or possible to eliminate risk entirely. A description of the principal risks and uncertainties facing the syndicate is set out in the notes to the annual accounts.

The Board have agreed a number of key risk indicators and approved the corresponding appetite for each measure. A traffic light indicator is used for monitoring current levels of risk.

Following a referendum the UK government announced that it would seek to issue formal notice by the end of March 2017 of the UK's withdrawal from the EU ("BREXIT").

The syndicate writes a small amount (c.$10m) of European insurance business, 70% of this is reinsurance, licenses for which are expected to be maintained in a post-Brexit environment. There is a risk of loss of business where the syndicate provides insurance products to companies which are part of a European group. This could result in a gradual withdrawal of business from the London Market if European companies wish to purchase (re) insurance products in the single market.

The syndicate is not thought to have any exposure to the impact of changes to the discount rate used to calculate lump sum awards for UK bodily injury claims (the Ogden rate), announced by the Lord Chancellor on 27 February 2017. If there is any exposure it will be negligible.

CORPORATE GOVERNANCE

The ASML Board is chaired by Julian Cusack, who is supported by three further non-executive directors, two of whom are independent. David Ibeson is the Chief Executive Officer and there are four further executive directors.

Defined operational and management structures are in place and terms of reference exist for all Board and executive committees.

The ASML Board meets at least four times a year and more frequently when business needs require. The Board has a schedule of matters reserved for its decision and is supported by an Audit and Risk Committee and a Remuneration and Nominations Committee.

The Board also receives regular reports from the Executive Directors that chair six Executive Committees; the Executive Committee, Underwriting Committee, Reserving Committee, Risk and Capital Committee, Finance Committee, and Operations and Outsourcing Committee. The other committees report through the Executive Committee which oversees the day to day operation of the business.

STAFF MATTERS

ASML considers its staff to be a key resource and the retention of staff as fundamental to the success of the business. The strategy adopted by ASML is to build a strong culture of staff engagement, communication and contribution recognition. This is achieved through monthly staff briefings, a fully open plan cross-function office environment and continually seeking feedback. ASML strives to act as a single team where employees work closely across functions, have mutual respect and enjoy coming to work.

Terms and conditions offered to employees, as part of their overall remuneration package, remain competitive with the rest of the London market insurance industry and staff are provided with opportunities to develop their skills and capabilities.

The managing agent seeks to provide a good working environment for its staff that is safe and complies with relevant legislation. During the year, there has been no injury to staff in the workplace or any actions taken by any regulatory bodies in respect of staff matters.

BUSINESS OPERATIONS

ASML is Lloyd's centric with a purely London-based operation and distribution model. ASML fully embraces and supports Lloyd's vision of being a broker market, as well as accessing local markets through third party coverholders.

ASML aims to maintain a lean back office function utilising outsourcing arrangements where flexibility is required or greater efficiency can be achieved. As a mid-sized business in a single location, ASML will be capable of expanding and contracting as market conditions dictate. Through the use of specific outsourcing it will be able to maintain an appropriate support function commensurate with its underwriting capacity.

Lloyd's has begun to roll out its electronic trading platform (PPL) for the Terrorism and Financial Products classes. There is a planned schedule to put this in place for all Lloyd's classes over the next few years with roll out for Marine classes planned in 2017. ASML intends to fully embrace this capability.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year are shown on page 2. Directors' interests are shown in note 22 as part of the related parties note to the accounts.

ANNUAL GENERAL MEETING

The directors do not propose to hold an Annual General Meeting for the syndicate. If any members' agent or direct corporate supporter of the syndicate wishes to meet with them the directors will be prepared to do so.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each person who is a director of the managing agent at the date of approving this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the syndicate's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the syndicate's auditor is aware of that information.

AUDITOR

Deloitte LLP has indicated its willingness to continue in office as the syndicate's auditor.

FUTURE DEVELOPMENTS

The syndicate will continue to write a spread portfolio to reduce volatility and dependence on any one line of business to aid repositioning of the book when market conditions change. The syndicate will maintain its focus on profitable, specialist, lines of business.

The syndicate will try to out-perform the market through continued focus on the selection of profitable risks even when rates are soft. This will be achieved through building and using long term relationships and a better understanding of risk and client needs.

In 2017 the syndicate will develop the Marine & Energy Liability and Marine Hull lines following recruitment of lead underwriters in these classes in 2016.

Further growth will be targeted in Non-Marine Liability through new business to Lloyd's and increased line sizes. Accident & Health will be scaled back through discontinuing the participation on the AmTrust Syndicate 1861 consortium. The syndicate will look for opportunities to add new lines of business which meet our strategic aims and risk appetite.

Growth in the syndicate investment holdings mean that it is now economic to begin to diversify the portfolio during 2017 to derive improved returns for the benefit of capital providers. Specialist fund managers, with strong knowledge of the Lloyd's market, will be engaged to manage a portfolio of low risk, short duration, bonds. In addition there will be a measured investment into absolute return funds.

David Ibeson
Chief Executive Officer

The syndicate has received strong support from a stable and committed base of capital providers. Over a number of years the initial capital base of Hays Group, Hannover Re and traditional Names has been joined by a small number of highly respected global insurance and reinsurance entities.

A strong, diversified and knowledgeable spread capital base gives significant competitive advantage and maintaining this will remain a focus.

I would like to take this opportunity to thank all our staff for their hard work and commitment to the business during the last year.

Approved on behalf of the Board.

DCB Ibeson
Chief Executive Officer
20 March 2017

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The managing agent is responsible for preparing the syndicate annual accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare syndicate annual accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The syndicate annual accounts are required by law to give a true and fair view of the state of affairs of the syndicate as at that date and of its profit or loss for that year.

In preparing the syndicate annual accounts, the managing agent is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the notes to the syndicate annual accounts; and
- prepare the syndicate annual accounts on the basis that the syndicate will continue to write future business unless it is inappropriate to presume that the syndicate will do so.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate annual accounts comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Legislation in the UK governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 1969

We have audited the syndicate annual financial statements for the year ended 31 December 2016 which comprises the profit and loss account, the balance sheet, the statement of changes in members' balances, the statement of cash flows and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the syndicate's members, as a body, in accordance with regulation 10 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate'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 syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE MANAGING AGENT AND THE AUDITOR

As explained more fully in the statement of managing agent's responsibilities, the managing agent is responsible for the preparation of syndicate annual financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate annual financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE SYNDICATE ANNUAL FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the annual financial statements sufficient to give reasonable assurance that the annual financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the annual financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON SYNDICATE ANNUAL FINANCIAL STATEMENTS

In our opinion the annual financial statements:

- give a true and fair view of the syndicate's affairs as at 31st December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

OPINION ON OTHER MATTER PRESCRIBED BY THE INSURANCE ACCOUNTS DIRECTIVE (LLOYD'S SYNDICATE AND AGGREGATE ACCOUNTS) REGULATIONS 2008

In our opinion the information given in the active underwriter's report and the managing agent's report for the financial year in which the annual financial statements are prepared is consistent with the annual financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where The Insurance Accounts Directive (Lloyds's Syndicate and Aggregate Accounts) Regulations 2008 requires us to report to you, if in our opinion:

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Mark McQueen,
ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants
and Statutory Auditor

London, United Kingdom
20 March 2017

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

Technical account – General business	Notes	2016 $'000	Restated 2015 $'000
Gross premiums written	5	290,679	286,214
Outward reinsurance premiums		(62,182)	(59,221)
Net premiums written		228,497	226,993
Change in the provision for unearned premiums:			
Gross amount	6	(1,785)	(32,569)
Reinsurers' share	6	2,951	3,906
Change in the net provision for unearned premiums		1,166	(28,663)
Earned premiums, net of reinsurance		**229,663**	**198,330**
Allocated investment return transferred from the non-technical account	11	**865**	**453**
Claims paid			
Gross amount		(109,298)	(92,230)
Reinsurers' share		9,105	8,253
Net claims paid		(100,193)	(83,977)
Change in the provision for claims			
Gross amount	6	(69,576)	(29,930)
Reinsurers' share	6	27,001	9,580
Change in the net provision for claims		(42,575)	(20,350)
Claims incurred, net of reinsurance		**(142,768)**	**(104,327)**
Net operating expenses	7	(91,663)	(79,932)
Balance on the technical account - general business		**(3,903)**	**14,524**

All operations relate to continuing activities.
The notes on pages 33 to 67 form an integral part of these annual accounts.

Non-technical account – General business	Notes	2016 $'000	Restated 2015 $'000
Balance on the technical account - general business		**(3,903)**	**14,524**
Investment income	11	865	453
Allocated investment return transferred to technical account - general business		(865)	(453)
Loss on foreign exchange		(1,453)	(2,751)
(Loss) / Profit for the financial year		**(5,356)**	**11,773**

There were no amounts recognised in other comprehensive income in the current or preceding year other than those included in the profit and loss account. Therefore no statement of comprehensive income has been presented.

BALANCE SHEET

Assets	Notes	2016 $'000	Restated 2015 $'000
Investments			
Financial investments	4,12	205,674	169,788
Reinsurers' share of technical provisions			
Provision for unearned premiums	6	28,816	26,549
Claims outstanding	6	55,618	29,510
		84,434	56,059
Debtors			
Debtors arising out of direct insurance operations	13	62,538	67,703
Debtors arising out of reinsurance operations	14	10,198	3,108
Other debtors	15	4,277	6,240
		77,013	77,051
Other assets			
Cash and cash equivalents	16	59,130	30,129
Overseas deposits	17	14,310	10,392
		73,440	40,521
Prepayments and accrued income			
Deferred acquisition costs		32,338	37,997
Other prepayments and accrued income		2,633	1,256
		34,971	39,253
Total assets		**475,532**	**382,672**

Liabilities	Notes	2016 $'000	Restated 2015 $'000
Capital and reserves			
Members' balances		10,172	16,089
Technical provisions			
Provision for unearned premiums	6	147,924	149,060
Claims outstanding	6	230,962	165,426
		378,886	314,486
Deposits received from reinsurers	21	49,580	25,224
Creditors			
Creditors arising out of direct insurance operations	18	4,097	950
Creditors arising out of reinsurance operations	19	26,845	19,968
Other creditors	20	5,411	5,885
		36,353	26,803
Accruals and deferred income		541	70
Total liabilities		**465,360**	**366,583**
Total liabilities and members' balances		**475,532**	**382,672**

The annual accounts on pages 27 to 67 were approved by the Board of Apollo Syndicate Management Limited on 20 March 2017 and were signed on its behalf by:

JD MacDiarmid
Finance Director
20 March 2017

STATEMENT OF CHANGES IN MEMBERS' BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2016

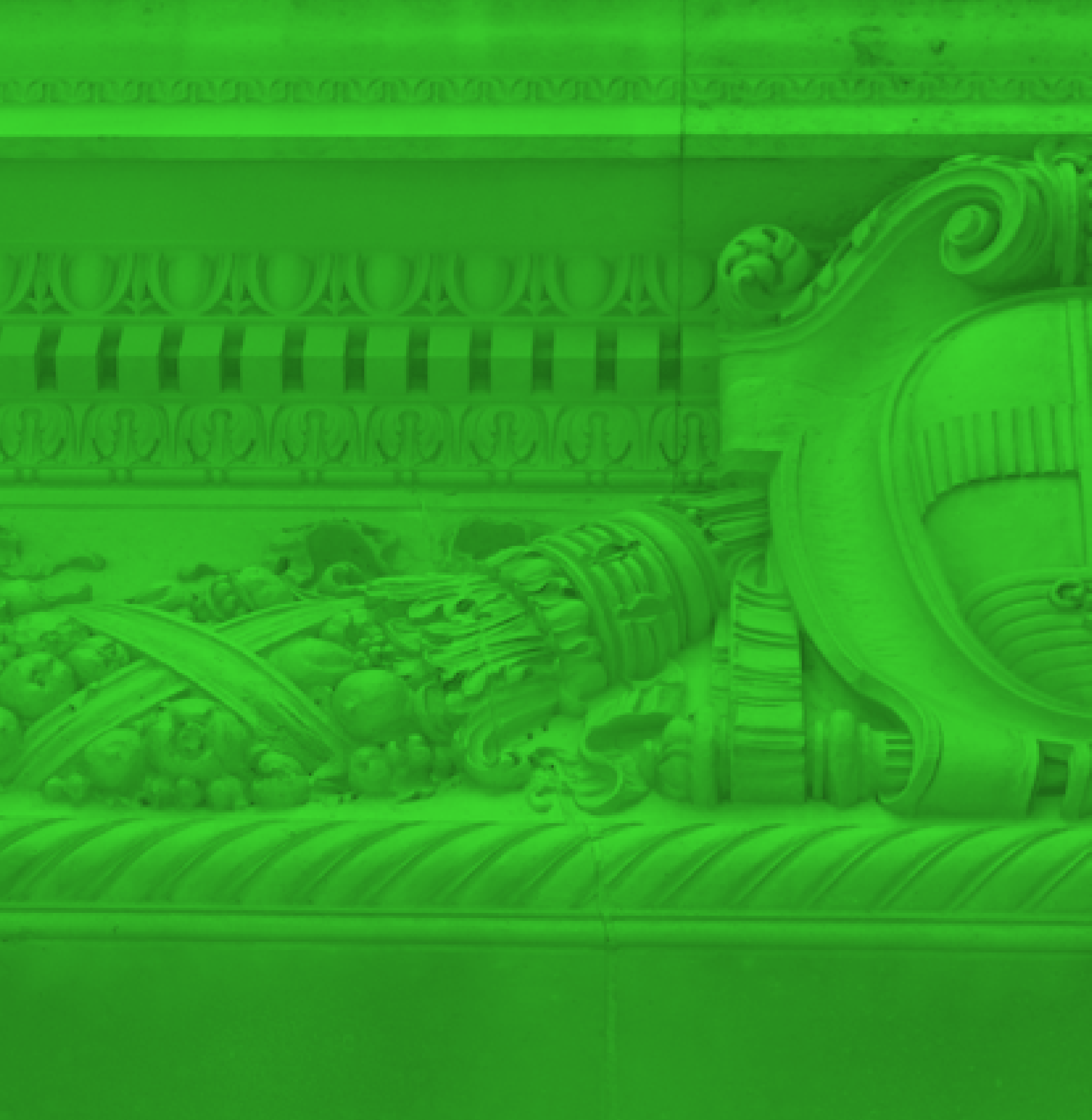
	2016 $'000	Restated 2015 $'000
Members' balances brought forward at 1 January	16,089	17,171
(Loss) / Profit for the financial year	(5,356)	11,773
Transfer to members' personal reserve fund	(115)	(12,072)
Members' agents' fees	(446)	(783)
Members' balances carried forward at 31 December	**10,172**	**16,089**

Members participate on syndicates by reference to years of account and their ultimate result, assets and liabilities are assessed with reference to policies incepting in that year of account in respect of their membership of a particular year.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 $'000	Restated 2015 $'000
Cash flows from operating activities			
(Loss) / Profit for the financial year		(5,356)	11,773
Adjustments for:			
Increase in gross technical provisions		64,400	57,023
Increase in reinsurers' share of technical provisions		(28,375)	(12,759)
Decrease / (Increase) in debtors		38	(26,136)
Increase in creditors		9,550	5,700
Decrease / (Increase) in other assets/liabilities		4,753	(7,668)
Investment return		(865)	(453)
Net cash inflow from operating activities		**44,145**	**27,480**
Cash flows from investing activities			
Net purchase of other financial instruments		(35,886)	(77,524)
Investment income received		865	453
Movements in overseas deposits		(3,918)	(780)
Increase in deposits received from reinsurers		24,356	(19,495)
Net cash outflow from investing activities		**(14,583)**	**(97,346)**
Net cash flow from financing activities			
Transfer to members in respect of underwriting participations		(115)	(12,072)
Members' agents' fees paid on behalf of members		(446)	(783)
Net cash outflow from financing activities		**(561)**	**(12,855)**
Net increase/(decrease) in cash and cash equivalents		29,001	(82,721)
Cash and cash equivalents at 1 January		30,129	112,850
Cash and cash equivalents at 31 December	16	**59,130**	**30,129**

NOTES TO THE ANNUAL ACCOUNTS



1.BASIS OF PREPARATION

Syndicate 1969 comprises a group of members of the Society of Lloyd's that underwrites insurance business in the London Market. The address of the syndicate's managing agent is 1 Bishopsgate, London EC2N 3AQ.

The annual accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and Financial Reporting Standard 103 Insurance Contracts ("FRS 103").

The annual accounts have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss that are measured at fair value.

The syndicate's functional and presentation currency is US Dollars. All amounts have been rounded to the nearest thousand and are stated in US Dollars unless otherwise indicated.

From 1 January 2016 the syndicate has changed its presentation currency from Sterling to US Dollars. Comparatives have been restated in US Dollars. The syndicate predominantly writes business denominated in US Dollars and alignment of the reporting currency with the US Dollars functional currency will improve comparability between years and reduce the volatility in the reported results. 2015 members' balances have been restated from opening of £11,007,000 to $17,170,000 (using the opening foreign exchange rate of $1.56) and closing of £10,945,000 to $16,089,000 (using the closing foreign exchange rate of $1.47). The 2015 profit for the financial year has been restated from £7,812,000 to $11,773,000 (using the foreign exchange rates prevailing during the year).

After making enquiries, the directors have a reasonable expectation that continued capital support will be in place such that the syndicate will continue to write new business in future underwriting years of account. Accordingly they continue to adopt the going concern basis of accounting in preparing the annual accounts.

2. USE OF JUDGEMENTS AND ESTIMATES

In preparing these annual accounts, the directors of the managing agent have made judgements, estimates and assumptions that affect the application of the syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which they are identified.

The syndicate's principal estimate is the provision for claims outstanding, including claims that have been incurred at the reporting date but have not yet been reported ("IBNR"), and the related reinsurers' share.

Other significant estimates are written and earned gross premiums, outwards reinsurance premium ceded and earned, acquisition costs and the valuation of investments. Management regularly reviews and revises these estimates as appropriate based on current information.

The measurement of the provision for claims outstanding and the related reinsurance involves judgments and assumptions about the future that have the most significant effect on the amounts recognised in the annual accounts.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date and includes IBNR.

This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgment is applied when estimating the value of amounts that should be provided for IBNR.

2. USE OF JUDGEMENTS AND ESTIMATES (continued)

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the managing agent's in-house actuaries. These techniques generally involve projecting from past experience the development of claims over time in view of the likely ultimate claims to be experienced and, for more recent underwriting, use of benchmarks. Account is taken of variations in business accepted and the underlying terms and conditions.

The provision for claims also includes amounts in respect of internal and external claims handling costs.

For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of business accepted and assessments of underwriting conditions.

Accordingly the most critical assumptions as regards claims provisions are that the past is a reasonable indicator of the likely level of claims development, that the outstanding claims estimates are reasonable and that the rating and other models used for current business are based on fair reflections of the likely level of ultimate claims to be incurred.

The level of uncertainty with regard to the estimations within these provisions generally decreases with the length of time elapsed since the underlying contracts were exposed to new risks.

The reserve setting process is integrated with Apollo's governance framework. The proposed reserves are reviewed by the Reserving Committee on a quarterly basis. Analysis provided to the Reserving Committee for review includes incurred development curves against ultimate loss by class of business and year of account.

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available.

The ultimate liability will vary as a result of subsequent information and events, this may result in significant adjustments to the amounts provided.

The estimate of the provision for claims outstanding will develop over time and the estimated claims expense will continue to change until all the claims are paid.

The historic development of claims incurred estimates is set out in the loss development triangles by year of account in note 4.

The adjustment in the current year for the revision to the prior year estimate of the provision for claims outstanding is disclosed in note 6.

3. SIGNIFICANT ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently in accounting for items which are considered material in relation to the syndicate's annual accounts.

GROSS PREMIUMS WRITTEN

Premiums written comprise premiums on contracts of insurance incepted during the financial year as well as adjustments made in the year to premiums on policies incepted in prior accounting periods.

Premiums are shown gross of brokerage payable and are exclusive of taxes and duties thereon. Estimates are made for pipeline premiums, representing amounts due to the syndicate not yet received or notified.

Additional or return premiums are treated as a re-measurement of the initial premium.

OUTWARDS REINSURANCE PREMIUMS

Written outwards reinsurance premiums comprise the total premiums payable for contracts entered into during the period and are recognised on the date on which the policy incepts.

Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Under some policies, reinsurance premiums payable are adjusted retrospectively in the light of claims experience. Where written premiums are subject to an increase retrospectively, any potential increase is recognised as soon as there is an obligation to the reinsurer.

PROVISIONS FOR UNEARNED PREMIUMS

Written premiums are recognised as earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

Outwards reinsurance premiums are earned in the same accounting period as the premiums for the related direct or inwards business being reinsured.

CLAIMS PROVISIONS AND RELATED RECOVERIES

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years.

Incurred claims outstanding are reduced by anticipated salvage and other recoveries from third parties. The amount of any salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The provision for claims outstanding is assessed on an individual case by case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of IBNR claims as well as claims incurred but not enough reported ("IBNER").

The reinsurers' share of provisions for claims is based on amounts of claims outstanding and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. Where the security rating provides an indication that the recoverable amount may be impaired a proportion of the balance will be provided for as a provision for bad debt by applying a percentage based on historical experience.

Adjustments to the amounts of claims provisions established in prior years are reflected in the annual accounts for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

UNEXPIRED RISKS PROVISION

A provision for unexpired risks is made where claims and related expenses likely to arise after the end of the financial period in respect of contracts concluded before that date are expected, in the normal course of events, to exceed the unearned premiums and premiums receivable under these contracts after the deduction of any acquisition costs deferred.

The provision for unexpired risks is calculated separately by reference to classes of business which are regarded as managed together after taking into account relevant investment return. All the classes of the syndicate are considered to be managed together.

FINANCIAL ASSETS AND LIABILITIES

The syndicate has chosen to apply the provisions of Section 11 (Basic Financial Instruments) and Section 12 (Other Financial Instruments Issues) of FRS 102 for the treatment and disclosure of financial assets and liabilities.

The syndicate's investments comprise holdings in collective investment schemes and cash and cash equivalents. The syndicate does not invest in derivative financial instruments.

Recognition:

Financial assets and liabilities are recognised when the syndicate becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. The syndicate does not hold any equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement:
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

Investments are measured at fair value through the profit or loss. All other financial assets and liabilities are held at amortised cost. The syndicate does not hold any non-current debt instruments and does not classify debt instruments as payable or receivable within one financial year.

Realised and unrealised gains and losses arising from changes in the fair value of investments are initially presented in the non-technical profit and loss account in the period in which they arise. Dividend and interest income is recognised as it accrues. Investment management and other related expenses are recognised when incurred. The overall investment return is subsequently transferred to the technical account to reflect the investment return on funds supporting the underwriting business.

Derecognition of financial assets and liabilities:
Financial assets are derecognised when and only when:

a) the contractual rights to the cash flows from the financial asset expire or are settled;
b) the syndicate transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
c) the syndicate, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement:
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the company estimates the fair value by using a valuation technique.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, yield curves, credit spreads, liquidity statistics and other factors.

The use of different valuation techniques could lead to different estimates of fair value. FRS 102 section 11.27 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). More information on the hierarchy is included in note 12.

Impairment of financial instruments measured at amortised cost:

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in profit and loss immediately.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the syndicate in the management of its short-term commitments.

Bank overdrafts that are repayable on demand and form an integral part of the syndicate's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

INVESTMENT RETURN

Investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges and interest.

Realised gains and losses represent the difference between the net proceeds on disposal and the purchase price.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period.

Investment return is initially recorded in the non-technical account and subsequently transferred to the technical account to reflect the investment return on funds supporting the underwriting business.

DEPOSITS RECEIVED FROM REINSURERS

The syndicate requires certain reinsurers to collateralise their potential exposure to the syndicate through the depositing of funds. To the extent that the funds are not called upon as paid recoveries at the balance sheet date they are recorded as cash and cash equivalents with a corresponding liability recorded as deposits received from reinsurers.

NET OPERATING EXPENSES

Net operating expenses include acquisition costs and amounts charged to members through the syndicate.

Costs incurred by the managing agent on behalf of the syndicate are recognised on an accruals basis. No mark-up is applied.

ACQUISITION COSTS

Acquisition costs comprise costs arising from the conclusion of insurance contracts. They include both direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. Acquisition costs include fees paid to consortium leaders in return for business written on behalf of the syndicate as a consortium member.

Acquisition costs are earned in line with the earning of the gross premiums to which they relate. The deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the balance sheet date.

CONSORTIUM INCOME

The syndicate is the leader of a number of underwriting consortia. Under the terms of these contracts participants are required to pay fees to the syndicate, as leader, in return for the business written on their behalf. These fees represent a contribution towards the expenses incurred by the syndicate underwriting for the consortia. The syndicate accrues the consortium fee income in line with the writing of the business for each consortium, calculated in accordance with the individual contractual arrangements.

In addition the consortium arrangements include provisions for the receipt of profit commissions based on the performance of the business written by the consortium leader. The syndicate accrues profit commissions in accordance with the contractual terms based on the forecast performance of each consortium. Both the accrued consortium fees and accrued profit commissions are included as a credit to administrative expenses.

MANAGING AGENT'S FEES

The managing agent charges a management fee of 0.9% of syndicate capacity. This expense is recognised over the 12 months following commencement of the underwriting year to which it relates.

The managing agent has agreed contractual terms with the capital providers to the syndicate for the payment of profit commissions based on the performance of the individual years of account of the syndicate. Profit commissions are accrued in line with the contractual terms and the development of the result of the underlying years of account.

Amounts charged to the syndicate do not become payable until after the appropriate year of account closes, normally at 36 months, although the managing agent may receive payments on account of anticipated profit commissions if interim profits are released to members.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated into US Dollars which is the functional and presentational currency of the syndicate. Transactions in foreign currencies are translated using the exchange rates at the date of the transactions or at the appropriate average rates of exchange for the period. The syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Non-monetary items denominated in foreign currencies that are measured at historic cost are translated to the functional currency using the exchange rate at the date of the transaction. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as monetary items. Comparative amounts have been restated in US Dollars.

Foreign exchange differences arising on translation of foreign currency amounts are included in the non-technical account.

PENSION COSTS

Apollo operates a defined contribution pension scheme. Pension contributions relating to managing agency staff working on behalf of the syndicate are charged to the syndicate and included within net operating expenses.

TAXATION

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year have been included in the balance sheet under the heading 'other debtors'.

No provision has been made for any other overseas tax payable by members on underwriting results.

4. RISK AND CAPITAL MANAGEMENT

INTRODUCTION AND OVERVIEW

This note presents information about the nature and extent of insurance and financial risks to which the syndicate is exposed, the managing agent's objectives, policies and processes for measuring and managing insurance and financial risks, and for managing the syndicate's capital.

The nature of the syndicate's exposures to risk and its objectives, policies and processes for managing risk have not changed significantly from the prior year.

RISK MANAGEMENT FRAMEWORK

The primary objective of the syndicate's risk management framework is to protect the syndicate's members from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. All staff providing services to the syndicate are trained to recognise the critical importance of having efficient and effective risk management systems in place.

The Board of Directors of the managing agent has overall responsibility for the establishment and oversight of the syndicate's risk management framework. The Board has established an Audit and Risk Committee which oversees the operation of the syndicate's risk management framework and reviews and monitors the management of the risks to which the syndicate is exposed.

ASML has established a risk management function, together with terms of reference for the Board of Directors, its committees and the associated executive management committees which identify the risk management obligations of each. The function is supported by a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers. The framework sets out the risk appetites for the syndicate and includes controls and business conduct standards.

Under the risk management framework, ASML's Risk and Capital Committee oversees the risk management function. The management of specific risk grouping is delegated to several executive committees: the Underwriting Committee and the Reserving Committee are responsible for developing and monitoring insurance risk management policies; the management of aspects of financial risks is the responsibility of the Finance Committee.

4. RISK AND CAPITAL MANAGEMENT (CONTINUED)

In addition, the syndicate is exposed to conduct and operational risks and the management of aspects of these risks is the responsibility of the Underwriting Committee and the Operations and Outsourcing Committee respectively. The risk management function and the Risk and Capital Committee are then the second line of defence above these committees.

The Risk and Capital Committee and risk management function report to each meeting of the Audit and Risk Committee on their activities. The Reserving Committee, Underwriting Committee, Finance Committee, and Operations and Outsourcing Committee report regularly to the Executive Committee and work closely with the risk management function on their activities as well as reporting to the Audit and Risk Committee and the Board of Directors.

INSURANCE RISK

Management of insurance risk

The principal risk the syndicate faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of claims.

A key component of the management of underwriting risk for the syndicate is a disciplined underwriting strategy that is focused on writing quality business and not writing for volume. Product pricing is designed to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the syndicate's total exposure to specific risks together with limits on geographical and industry exposures. The aim is to ensure that a well-diversified book is maintained with no over exposure in any one geographical region or to any one event.

Contracts can contain a number of features which help to manage the underwriting risk such as the use of deductibles, or capping the maximum permitted loss, or number of claims (subject to local regulatory and legislative requirements).

The syndicate makes use of reinsurance to mitigate the risk of incurring significant losses linked to one event, including excess of loss and catastrophe reinsurance. Where an individual exposure is deemed surplus to the syndicate's appetite, additional facultative reinsurance is purchased.

The syndicate limits its exposure to catastrophic events based on the syndicate's risk appetite. The syndicate uses commercially available proprietary risk management software to assess catastrophe exposure. There is, however, always a risk that the assumptions and techniques used in these models do not exactly model the actual losses that occur or that claims arising from an unmodelled event are greater than those anticipated.

4. Risk and capital management (continued)

The Board sets limits to the syndicate's exposure to catastrophe events both on a gross and net of reinsurance basis and adherence to these limits is regularly monitored by the exposure management team which reports monthly to the Underwriting Committee. The maximum limits set for the syndicate's highest realistic disaster scenario (RDS) for 2016 are the following percentages of the 2016 stamp: 52.2% gross and 17.4% net (2015: 60.6% gross and 22.1% net).

Gross premium analysed by territory	2016 $'000	Restated 2015 $'000
UK	29,836	49,870
Other EU countries	12,519	34,913
US	173,567	149,854
Other	74,757	51,577
Total	**290,679**	**286,214**

The Reserving Committee oversees the management of reserving risk. The use of proprietary and standardised modelling techniques, internal and external benchmarking and the review of claims development are all instrumental in mitigating reserving risk.

The managing agent's in-house actuaries perform a reserving analysis on a quarterly basis liaising closely with underwriters, claims and reinsurance personnel. The aim of this exercise is to produce a probability-weighted average of the expected future cash outflows arising from the settlement of incurred claims and claims on unearned premium. These projections include an analysis of claims development compared to the previous 'best estimate' projections. The output of the reserving analysis is reviewed by external consulting actuaries in order for them to provide the Statement of Actuarial Opinion ("SAO") on the year-end reserves.

The Reserving Committee performs a comprehensive review of the projections, both gross and net of reinsurance. Following this review the Reserving Committee makes recommendations to the Audit and Risk Committee and Board of Directors as to the claims provisions to be established.

In arriving at the level of claims provisions a margin may be applied over and above the actuarial best estimate.

Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for attritional losses, large losses and catastrophes, or from changes in estimates of IBNR claims.

4. Risk and capital management (continued)

A five per cent increase or decrease in the ultimate cost of settling claims arising is considered to be reasonably possible at the reporting date. A five percent increase or decrease in total earned claims liabilities would have the following effect on profit or loss and members' balances.

	2016		Restated 2015	
	Gross $'000	Net $'000	Gross $'000	Net $'000
5% increase	(11,548)	(8,767)	(8,271)	(6,796)

A 5% decrease in total claims liabilities would have an equal but opposite effect on the profit for the year and members' balance. It is noted that on a net of reinsurance basis the effects would be more complex depending on the nature of the loss and its interaction with other losses already incurred. The incidence of profit commission payable to intermediaries may also affect the gross and net impact on results and members' balance.

Financial risk

The focus of financial risk management for the syndicate is ensuring that its financial assets are sufficient to fund the obligations arising from its insurance contracts as they fall due. The primary objective of the investment management process is to maintain capital value which is of particular importance in volatile financial market conditions. A secondary objective is to optimise the risk-adjusted total return whilst being constrained by capital preservation and liquidity requirements. A low risk investment policy has been adopted and the syndicate assets have been invested in money market funds.

Credit risk

Credit risk is the risk of financial loss to the syndicate if a counterparty fails to discharge a contractual obligation.

The syndicate is exposed to credit risk in respect of the following:

• holdings in collective investment schemes;
• reinsurers' share of insurance liabilities;
• amounts due from intermediaries;
• amounts due from reinsurers in respect of settled claims;
• failure of sub-contractors/outsource providers to honour their contractual obligations;
• cash and cash equivalents; and
• other debtors and accrued interest.

Management of credit risk

The syndicate's credit risk with respect to reinsurers is managed by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty.

The syndicate limits the amount of cash and cash equivalents that can be deposited with a single counterparty and maintains an authorised list of counterparties.

4. Risk and capital management (continued)

The syndicate's exposure to reinsurance counterparties is monitored by the reinsurance team as part of their credit control processes. On a quarterly basis the Finance Committee reviews the credit exposures to reinsurance counterparties.

The syndicate assesses the creditworthiness of all reinsurers by reviewing public rating information and by internal investigations. The impact of reinsurer default is regularly assessed and managed accordingly. Where reinsurance is transacted with unrated reinsurers the reinsurer is required to fully collateralise their exposure through depositing funds in trust for the syndicate.

Intermediary performance is reviewed against the terms of business agreements by the compliance function. The status of intermediary debt collection is reported to the Finance Committee.

Exposure to credit risk

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure.

The following table analyses the credit rating by investment grade of financial investments, reinsurers' share of technical provisions, debtors arising out of direct insurance operations, debtors arising out of reinsurance operations, cash and cash equivalents and overseas deposits that are neither past due, nor impaired.

Debtors arising out of direct and reinsurance operations are comprised of pipeline premiums, balances relating to outstanding receipts from Lloyd's Central Accounting ('LCA') and amounts for business settled outside of Xchanging ('settled direct'). By their nature it is not possible to classify these balances by credit rating and therefore they are included as not rated in the following tables. Recoverability of the debt is monitored by ASML to manage syndicate exposure to credit risk.

4. Risk and capital management (continued)

2016	AAA $'000	AA $'000	A $'000	Not rated $'000	Total $'000
Financial investments - Holdings in collective investment schemes	205,674	-	-	-	205,674
Reinsurers' share of claims outstanding	-	2,422	42,667	10,529	55,618
Debtors arising out of direct insurance operations	-	-	-	62,538	62,538
Debtors arising out of reinsurance operations	-	972	8,959	267	10,198
Cash and cash equivalents	-	-	59,130	-	59,130
Overseas deposits	14,310	-	-	-	14,310
Total	**219,984**	**3,394**	**110,756**	**73,334**	**407,468**

Restated 2015	AAA $'000	AA $'000	A $'000	Not rated $'000	Total $'000
Financial investments - Holdings in collective investment schemes	169,788	-	-	-	169,788
Reinsurers' share of claims outstanding	-	1,548	27,962	-	29,510
Debtors arising out of direct insurance operations	-	-	-	67,703	67,703
Debtors arising out of reinsurance operations	213	26	1,608	1,261	3,108
Cash and cash equivalents	-	-	30,129	-	30,129
Overseas deposits	10,392	-	-	-	10,392
Total	**180,393**	**1,574**	**59,699**	**68,964**	**310,630**

Unrated balances relating to outwards reinsurance ceded are fully collateralised by funds deposited in trust for the syndicate.

4. Risk and capital management (continued)

Financial assets that are past due or impaired

The syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date. These debtors have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties.

An analysis of the carrying amounts of past due or impaired debtors is presented in the table below.

2016	Debtors arising from direct insurance operations $'000	Debtors arising from reinsurance operations $'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	6,712	4,424
91 to 180 days	2,280	12
More than 180 days	3,758	-
Past due but not impaired financial assets	12,750	4,436
Neither past due nor impaired financial assets	49,788	5,762
Net carrying value	**62,538**	**10,198**

Restated 2015	Debtors arising from direct insurance operations $'000	Debtors arising from reinsurance operations $'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	8,766	1,736
91 to 180 days	1,718	71
More than 180 days	3,402	40
Past due but not impaired financial assets	13,886	1,847
Neither past due nor impaired financial assets	53,817	1,261
Net carrying value	**67,703**	**3,108**

There are no impaired debtors arising from direct insurance or reinsurance operations.

4. Risk and capital management (continued)

Liquidity risk

Liquidity risk is the risk that the syndicate will encounter difficulty in meeting obligations arising from its insurance contracts and financial liabilities as they fall due. The syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts and its ongoing expenses.

Management of liquidity risk

The syndicate's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the syndicate's reputation.

The syndicate's approach to managing its liquidity risk is as follows:

- forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts and overheads over the short, medium and long term;
- the syndicate purchases assets with durations not greater than its estimated insurance contract liabilities and expense outflows;
- assets purchased by the syndicate are required to satisfy specified marketability requirements;
- the syndicate maintains cash and liquid assets to meet daily calls; and
- the syndicate regularly updates its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

The syndicate invests its premium trust funds in money market funds which offer daily liquidity. Holdings in money market funds are well diversified, very liquid and generally low risk. There is, however, a remote risk that the fund does not have sufficient liquidity to meet all redemptions in extreme conditions.

The maturity analysis presented in the table below shows the remaining contractual maturities for the syndicate's insurance contracts and financial assets and liabilities. For insurance and reinsurance contracts, the contractual maturity is the estimated date when the gross undiscounted contractually required cash flows will occur. For other financial assets and liabilities it is the earliest date on which the gross undiscounted cash flows (including contractual interest payments) could be paid assuming conditions are consistent with those at the reporting date. The table below takes no credit for any income from investments or any potential profit or loss on unearned premium. Therefore unearned premium and deferred acquisition cost maturity reflect the expected claim payment profile.

4. Risk and capital management (continued)

2016	Carrying amount $'000	Undiscounted net cash flows Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial investments:					
Holdings in collective investment schemes	205,674	205,674	-	-	-
Reinsurers' share of technical provisions	84,434	26,151	21,262	24,623	12,398
Debtors, prepayments and accrued income	111,984	84,577	12,867	9,693	4,847
Cash and cash equivalents	59,130	59,130	-	-	-
Overseas deposits	14,310	14,310	-	-	-
Total assets	**475,532**	**389,842**	**34,129**	**34,316**	**17,245**
Technical provisions	(378,886)	(117,352)	(95,409)	(110,492)	(55,633)
Deposits received from reinsurers	(49,580)	(31,830)	(16,244)	(1,474)	(32)
Creditors	(36,353)	(23,339)	(11,911)	(1,080)	(23)
Accruals and deferred income	(541)	(541)	-	-	-
Total liabilities	**(465,360)**	**(173,062)**	**(123,564)**	**(113,046)**	**(55,688)**

Restated 2015	Carrying amount $'000	Undiscounted net cash flows Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial investments:					
Holdings in collective investment schemes	169,788	169,788	-	-	-
Reinsurers' share of technical provisions	56,059	17,822	15,535	15,941	6,761
Debtors, prepayments and accrued income	116,304	82,890	16,870	11,806	4,738
Cash and cash equivalents	30,129	30,129	-	-	-
Overseas deposits	10,392	10,392	-	-	-
Total assets	**382,672**	**311,021**	**32,405**	**27,747**	**11,499**
Technical provisions	(314,486)	(99,986)	(87,152)	(89,423)	(37,925)
Deposits received from reinsurers	(25,224)	(22,810)	(2,042)	(322)	(50)
Creditors	(26,803)	(24,237)	(2,170)	(343)	(53)
Accruals and deferred income	(70)	(70)	-	-	-
Total liabilities	**(366,583)**	**(147,103)**	**(91,364)**	**(90,088)**	**(38,028)**

The disclosure does not take account of premiums received from new business written which can be used to pay claims arising.

4. Risk and capital management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices, excluding those that are caused by credit downgrades which are included under credit risk. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk within the framework set by the managing agent's investment policy. The nature of the syndicate's exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

Management of market risk

For each of the major components of market risk the syndicate has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of market risk and the exposure of the syndicate at the reporting date to each major component are addressed below.

Interest rate risk

Interest rate risk arises primarily from the syndicate's financial investments, cash and cash equivalents and overseas deposits. The risk of changes in the fair value of these assets is managed by primarily investing in money market funds and cash and cash equivalents.

These assets are not exposed to significant fluctuations in market value due to changes in bond yields because the underlying assets are either repayable on demand or have very short duration. Therefore there are no maturity duration tables or corresponding interest rate sensitivity disclosures to provide in these annual accounts.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The syndicate writes business primarily in Sterling, Euros, US Dollars and Canadian Dollars and is therefore exposed to currency risk arising from fluctuations in the exchange rates of its functional currency (US Dollars) against these currencies.

The foreign exchange policy is to maintain assets in the currency in which the cash flows from liabilities are to be settled in order to hedge the currency risk inherent in these contracts so far as is allowed by regulatory requirements and for any profit or loss to be reflected in the net assets of the functional currency.

4. Risk and capital management (continued)

The table below summarises the carrying value of the syndicate's assets and liabilities, at the reporting date:

2016	Sterling $'000	Euro $'000	US Dollar $'000	Other $'000	Total $'000
Total assets	50,143	9,973	384,858	30,558	475,532
Total liabilities	(35,789)	(11,966)	(392,611)	(24,994)	(465,360)
Net assets	**14,354**	**(1,993)**	**(7,753)**	**5,564**	**10,172**

Restated 2015	Sterling $'000	Euro $'000	US Dollar $'000	Other $'000	Total $'000
Total assets	50,433	17,947	291,448	22,844	382,672
Total liabilities	(36,349)	(13,136)	(305,820)	(11,278)	(366,583)
Net assets	**14,084**	**4,811**	**(14,372)**	**11,566**	**16,089**

An analysis of the syndicate's sensitivity to currency risk is presented in the table below. The table shows the effect on profit or loss of reasonably possible changes in the relevant risk variable. The sensitivity analysis assumes that all other variables remain constant and that the exchange rate movement occurs at the end of the reporting period. The impact of exchange rate fluctuations could differ significantly over a longer period. The occurrence of a change in foreign exchange rates may lead to changes in other market factors as a result of correlations.

Profit / (Loss) for the year	2016 $'000	Restated 2015 $'000
Currency risk		
10 percent strengthening of Sterling against US Dollar	1,595	1,565
10 percent weakening of Sterling against US Dollar	(1,305)	(1,280)
10 percent strengthening of Euro against US Dollar	(221)	535
10 percent weakening of Euro against US Dollar	181	(437)

The impact of the above changes in the risk variables on members' balances would be the same, since the syndicate recognises all changes in recognised assets and liabilities in profit or loss.

The sensitivity analysis is based on the syndicate's net currency exposure at the reporting date and may vary at the time that any actual market movement occurs.

4. Risk and capital management (continued)

Other price risk

The syndicate investments comprise of holdings in collective investment schemes. The investments are currently placed in money market funds which are generally low risk investments with limited sensitivity to market movements. There is a risk that future investment returns will be lower as a result of changes to market conditions.

A fair value hierarchy is provided in note 12 which categorises the syndicate according to the level of judgement exercised in valuation.

Capital management

Capital framework at Lloyd's

The Society of Lloyd's ("Lloyd's") is a regulated undertaking and subject to supervision by the Prudential Regulatory Authority ("PRA") under the Financial Services and Markets Act 2000, and in accordance with the Solvency II Framework.

Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's would comply with the Solvency II requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly, the capital requirement in respect of the syndicate members is not disclosed in these annual accounts.

Lloyd's capital setting process

In order to meet Lloyd's requirements, each syndicate is required to calculate its Solvency Capital Requirement (SCR) for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR 'to ultimate'). The syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon (one year SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each syndicate are subject to review and approval by Lloyd's. ASML use an internal model developed in house to calculate the SCR as opposed to adopting a standard formula. The SCR is reviewed and approved by the Board through the Own Risk Solvency Assessment ("ORSA") process.

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicates on which it is participating but not for other members' shares. Accordingly, the capital requirements that Lloyd's sets for each member, operates on a similar basis. Each member's SCR is based on the member's share of the syndicate's SCR 'to ultimate'.

4. Risk and capital management (continued)

Where a member participates on more than one syndicate, Lloyd's sums together each syndicate's SCR but a credit for diversification is allowed to reflect the spread of risk consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's rather than a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2016 was 35% of the member's SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), assets held and managed within a syndicate (funds in syndicate), or as the member's share of the members' balances on each syndicate on which it participates.

Accordingly all of the assets less liabilities of the syndicate, as represented in the members' balances reported on the balance sheet, represent resources available to meet members' and Lloyd's capital requirements.

Claims development

The level of reserving uncertainty varies significantly from class to class. The Property business written by the syndicate has a short-tailed risk profile however the increase in premium written through the Non-Marine Liability and Marine & Energy Liability classes has lengthened the tail of the book as a whole.

The syndicate's current catastrophe exposure is predominantly US windstorm. Property catastrophe claims, such as earthquake or hurricane losses can take several months or years, to develop as adjusters visit damaged property and agree claim valuations.

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each reporting date, together with cumulative payments to date. Balances have been translated at exchange rates prevailing at 31 December 2016 in all cases.

4. Risk and capital management (continued)

Gross claims development as at 31 December 2016:

Pure underwriting year	2011 $'m	2012 $'m	2013 $'m	2014 $'m	2015 $'m	2016 $'m	Total $'m
Incurred gross claims							
At end of underwriting year	39.9	37.3	50.1	53.5	58.3	84.8	-
one year later	75.6	78.1	95.3	116.1	137.8	-	-
two years later	75.4	79.6	97.8	133.7	-	-	-
three years later	74.0	75.8	95.7	-	-	-	-
four years later	72.8	74.0	-	-	-	-	-
Five years later	72.6	-	-	-	-	-	-
Incurred gross claims	72.6	74.0	95.7	133.7	137.8	84.8	598.6
Less gross claims paid	(70.0)	(67.2)	(84.1)	(82.7)	(50.1)	(15.8)	(369.9)
Gross claims outstanding for 2010 and prior years	2.3	-	-	-	-	-	2.3
Gross claims outstanding provision	**4.9**	**6.8**	**11.6**	**51.0**	**87.7**	**69.0**	**231.0**

Net claims development as at 31 December 2016:

Pure underwriting year	2011 $'m	2012 $'m	2013 $'m	2014 $'m	2015 $'m	2016 $'m	Total $'m
Incurred net claims							
At end of underwriting year	32.7	35.5	48.5	45.3	50.9	69.9	-
one year later	66.9	68.2	92.4	94.2	110.3	-	-
two years later	65.1	69.7	95.6	106.4	-	-	-
three years later	63.9	68.5	93.6	-	-	-	-
four years later	62.9	66.8	-	-	-	-	-
Five years later	62.6	-	-	-	-	-	-
Incurred net claims	62.6	66.8	93.6	106.4	110.3	69.9	509.6
Less net claims paid	(60.4)	(60.2)	(83.1)	(72.9)	(43.9)	(15.6)	(336.1)
Net claims outstanding for 2010 and prior years	1.8	-	-	-	-	-	1.8
Net claims outstanding provision	**4.0**	**6.6**	**10.5**	**33.5**	**66.4**	**54.3**	**175.3**

All balances presented are in respect of premiums earned to the balance sheet date and therefore reflect the pattern of earnings and risk exposed over a number of calendar years.

4. Risk and capital management (continued)

Year of account development

The table below presents the annual results split by year of account. Movements in results for closed years of account are reflected within the results for the year into which they closed by reinsurance to close ("RITC").

Profit / (Loss) before members' agents' fees Year of account	2016 $'000	2015 $'000
2013	-	124
2014	(1,964)	8,850
2015	8,612	2,799
2016	(12,003)	-
Calendar year result	**(5,356)**	**11,773**

The 2014 year of account distribution of $12,164,000 (after members' agents' fees of $503,000) will be paid to members in 2017. During 2016 $113,000 was distributed in relation to the 2013 year of account after members' agents' fees of $519,000.

5. Segmental analysis

An analysis of the underwriting result before investment return is set out below:

2016	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Gross[1] operating expenses $'000	Reinsurance balance $'000	Total $'000
Direct insurance:						
Marine, aviation and transport	25,191	27,565	(16,645)	(8,128)	(234)	2,558
Fire and other damage to property	121,422	118,039	(72,170)	(42,207)	(9,717)	(6,055)
Third-party liability	63,695	54,854	(35,176)	(16,707)	(2,674)	297
Motor	(1,759)	714	(590)	(60)	(125)	(61)
Pecuniary loss	136	142	(98)	(43)	(3)	(2)
Total - Direct	208,685	201,314	(124,679)	(67,145)	(12,753)	(3,263)
Reinsurance	81,994	87,580	(54,195)	(24,518)	(10,372)	(1,505)
	290,679	**288,894**	**(178,874)**	**(91,663)**	**(23,125)**	**(4,768)**

Restated 2015	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Gross[1] operating expenses $'000	Reinsurance balance $'000	Total $'000
Direct insurance:						
Marine, aviation and transport	24,977	24,101	(15,702)	(6,111)	(640)	1,648
Fire and other damage to property	114,433	105,993	(46,795)	(36,632)	(16,451)	6,115
Third-party liability	52,370	36,945	(16,814)	(11,783)	(7,757)	591
Motor	5,158	2,606	(1,327)	(1,213)	(391)	(325)
Pecuniary loss	153	60	(27)	(35)	(14)	(16)
Total - Direct	197,091	169,705	(80,665)	(55,774)	(25,253)	8,013
Reinsurance	89,123	83,940	(41,495)	(24,158)	(12,229)	6,058
	286,214	**253,645**	**(122,160)**	**(79,932)**	**(37,482)**	**14,071**

[1] Gross operating expenses are the same as net operating expenses shown in the profit and loss account as no commissions in respect of outward reinsurance were set off in arriving at the net operating expenses for 2016 and 2015.

Commissions on direct insurance gross premiums earned during 2016 were $54,745,000 (2015: $48,096,000).

All premiums were concluded in the UK.

6. Technical provisions

The syndicate has applied a similar approach this year end to establishing the technical provisions for claims outstanding reserves and reinsurer's share thereof held as at the end of the previous year. Included within net claims incurred of $142,768,000 (2015: $104,327,000) is a release of $3,362,000 from claims reserves established at the prior year (2015: release $1,923,000). An analysis of the movement in technical provisions is set out below:

	Unearned premiums $'000	Claims outstanding $'000	Total $'000
Gross			
At 1 January 2016 (Restated)	149,060	165,426	314,486
Exchange adjustments	(2,921)	(4,040)	(6,961)
Movement in provision	1,785	69,576	71,361
At 31 December 2016	**147,924**	**230,962**	**378,886**
Reinsurance			
At 1 January 2016 (Restated)	26,549	29,510	56,059
Exchange adjustments	(684)	(893)	(1,577)
Movement in provision	2,951	27,001	29,952
At 31 December 2016	**28,816**	**55,618**	**84,434**
Net technical provisions			
At 31 December 2016	**119,108**	**175,344**	**294,452**
At 31 December 2015 (Restated)	122,511	135,916	258,427

7. Net operating expenses

	2016 $'000	Restated 2015 $'000
Brokerage and commissions	57,814	61,067
Other acquisition costs	12,753	11,353
Acquisition costs	70,567	72,420
Change in deferred acquisition costs	4,133	(8,523)
Administrative expenses	9,199	10,447
Members' standard personal expenses	7,764	5,588
Total	**91,663**	**79,932**

Net operating expenses are stated after fees receivable under consortium arrangements of $4,824,000 (2015:$6,719,000).

8. Auditor's remuneration

	2016 $'000	Restated 2015 $'000
Audit of syndicate accounts	92	116
Other services pursuant to Regulations and Lloyd's Byelaws	108	99
Non audit fees	136	77
Total	**336**	**292**

9. Staff numbers and costs

All staff are employed by the managing agency or related companies. The following amounts were recharged to the syndicate in respect of salary costs:

	2016 $'000	Restated 2015 $'000
Wages and salaries	12,663	12,569
Social security costs	1,399	1,185
Pension costs	636	779
Total	**14,698**	**14,533**

9. Staff numbers and costs (continued)

The average monthly number of employees employed by the managing agency or related companies but working for the syndicate during the year was as follows:

	2016 Number	2015 Number
Underwriting	21	19
Claims and reinsurance	7	6
Management, administration and finance	31	26
Non-executive directors	4	4
Total	**63**	**55**

10. Emoluments of the directors of the managing agent

For the period ending 31 December 2016, the directors of ASML received the following aggregate remuneration charged to the syndicate and included within net operating expenses of $2,607,000 (2015: $2,688,000).

Included in the aggregated remuneration charged to the syndicate are emoluments paid to the highest paid director amounting to $872,000 (2015: $862,000).

The active underwriter received the $441,000 (2015: $526,000) remuneration charged as a syndicate expense.

11. Investment income

	2016 $'000	Restated 2015 $'000
Income from investments	897	515
Gains on realisation of investments	59	2
	956	517
Losses on realisation of investments	(91)	(64)
Total	865	453

11. Investment income (continued)

The table below presents the average amount of funds in the year per currency and analyses by major currency the average investment yields in the year.

	2016 '000	Restated 2015 '000
Average amount of syndicate funds available for investment during the year (original currency)		
Sterling	6,420	5,900
Euro	7,619	10,000
US Dollar	216,158	140,000
Canadian Dollar	29,424	22,200
Total funds available for investment in US Dollars	**253,723**	**175,401**
Total investment return in US Dollars	865	453
Annual investment yield		
Sterling	0.4%	2.7%
Euro	0.0%	0.0%
US Dollar	0.3%	0.1%
Canadian Dollar	1.0%	0.7%
Total annual investment yields	**0.3%**	**0.2%**

12. Financial investments

The carrying values of the syndicate's financial assets and liabilities are summarised by category below:

	2016 $'000	Restated 2015 $'000
Financial assets		
Measured at fair value through profit and loss		
• Holdings in collective investment schemes	205,674	169,788
Measured at cost		
• Cash at bank and in hand (see note 16)	9,550	4,905
• Deposits with credit institutions (see note 16)	49,580	25,224
• Overseas deposits (see note 17)	14,310	10,392
	73,440	40,521
Measured at undiscounted amount receivable		
• Other debtors (see note 15)	4,277	6,240
Total financial assets	**283,391**	**216,549**
Financial liabilities		
Measured at cost		
• Deposits received from reinsurers (see note 21)	(49,580)	(25,224)
Measured at undiscounted amount payable		
• Other creditors (see note 20)	(5,411)	(5,885)
Total financial liabilities	**(54,991)**	**(31,109)**

All investments are measured at fair value through profit or loss. The valuation technique used for determination of the fair value of financial instruments can be classified by the following hierarchy:

- Level 1 – Quoted prices for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

- Level 2 – When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If it can be demonstrated that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

12. Financial investments (continued)

- Level 3 – If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

  The table below analyses financial instruments held at fair value in the syndicate's balance sheet at the reporting date by its level in the fair value hierarchy.

Holdings in collective investment schemes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2016	1,532	204,142	-	205,674
31 December 2015 (Restated)	4,810	164,978	-	169,788

Information on the methods and assumptions used to determine fair values for each major category of financial instrument measured at fair value is provided below.

Holdings in collective investment schemes are generally valued using prices provided by external pricing vendors. The categorisation of the fair value by level has been determined by looking through the funds to the underlying holdings within the collective investment schemes. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price.

Some government and supranational securities are listed on recognised exchanges and are generally classified as level 1 in the fair value hierarchy. Those that are not listed on a recognised exchange are generally based on composite prices of recent trades in the same instrument and are generally classified as level 2 in the fair value hierarchy.

Corporate bonds, including asset backed securities that are not listed on a recognised exchange or are traded in an established over-the-counter market are also mainly valued using composite prices. Where prices are based on multiple quotes and those quotes are based on actual recent transactions in the same instrument the securities are classified as level 2, otherwise they are classified as level 3 in the fair value hierarchy.

Management performs an analysis of the prices obtained from pricing vendors to ensure that they are reasonable and produce a reasonable estimate of fair value. Management considers both qualitative and quantitative factors as part of this analysis. Examples of analytical procedures performed include reference to recent transactional activity for similar securities, review of pricing statistics and trends and consideration of recent relevant market events.

13. Debtors arising out of direct insurance operations

	2016 $'000	Restated 2015 $'000
Due within one year	62,538	67,654
Due after one year	-	49
Total	**62,538**	**67,703**

14. Debtors arising out of reinsurance operations

	2016 $'000	Restated 2015 $'000
Due within one year	10,161	3,108
Due after one year	37	-
Total	**10,198**	**3,108**

15. Other debtors

	2016 $'000	Restated 2015 $'000
Consortium fee receivable	4,277	6,172
Taxes receivable	-	68
Total	**4,277**	**6,240**

16. Cash and cash equivalents

	2016 $'000	Restated 2015 $'000
Cash at bank and in hand	9,550	4,905
Deposits with credit institutions	49,580	25,224
Total	**59,130**	**30,129**

Deposits with credit institutions relate to collateral received from reinsurers. These deposits are held in trust for the benefit of the syndicate and can be drawn upon in accordance with the terms of the corresponding reinsurance contracts. The funds, therefore, are not available to meet other liquidity requirements of the syndicate and a corresponding creditor is recognised (see note 21).

17. Overseas deposits

Other assets comprise of overseas deposits which are advanced as a condition of conducting underwriting business in certain countries and therefore represent restricted assets.

18. Creditors arising out of direct insurance operations

	2016 $'000	Restated 2015 $'000
Due within one year	4,097	950

19. Creditors arising out of reinsurance operations

	2016 $'000	Restated 2015 $'000
Due within one year	26,800	19,968
Due after one year	45	-
Total	**26,845**	**19,968**

20. Other creditors

	2016 $'000	Restated 2015 $'000
Amounts due to group companies	353	2,668
Profit commission payable	5,045	3,217
Taxes payable	13	-
Total	**5,411**	**5,885**

21. Deposits received from reinsurers

	2016 $'000	Restated 2015 $'000
Deposits received from reinsurers	49,580	25,224

Deposits received from reinsurers are held in trust for the benefit of the syndicate and can be called upon to meet potential reinsurance recoveries arising on future events. To the extent that that the funds are not called upon as paid recoveries at the balance sheet date they are recorded as cash and cash equivalents with a corresponding liability recorded as deposits received from reinsurers.

22. Related parties

All business with related parties is transacted on an arm's length basis.

ASML, the managing agent, is a wholly owned subsidiary of Apollo Partners LLP ("APL"). DCB Ibeson, NG Jones, and SAC White are partners of APL, along with other members of the senior underwriting team. Metacomet LLC, a US incorporated limited liability company is a corporate partner of APL. Affiliated companies of Metacomet LLC participate on the syndicate.

In accordance with the Managing Agent's Agreement ASML accrued managing agent's fees (0.9% of syndicate capacity) and profit commission (17.5% of profit).

APL employs all Apollo group staff, including underwriters, claims and reinsurance staff. APL provides the services of these staff and its partners to ASML to enable it to provide the services as managing agent for the syndicate. APL also incurs a large proportion of the expenses in respect of operating the syndicate. The cost of these services and expenses are recharged to ASML which in turn recharges these to the syndicate on a basis that reflects its usage of resources.

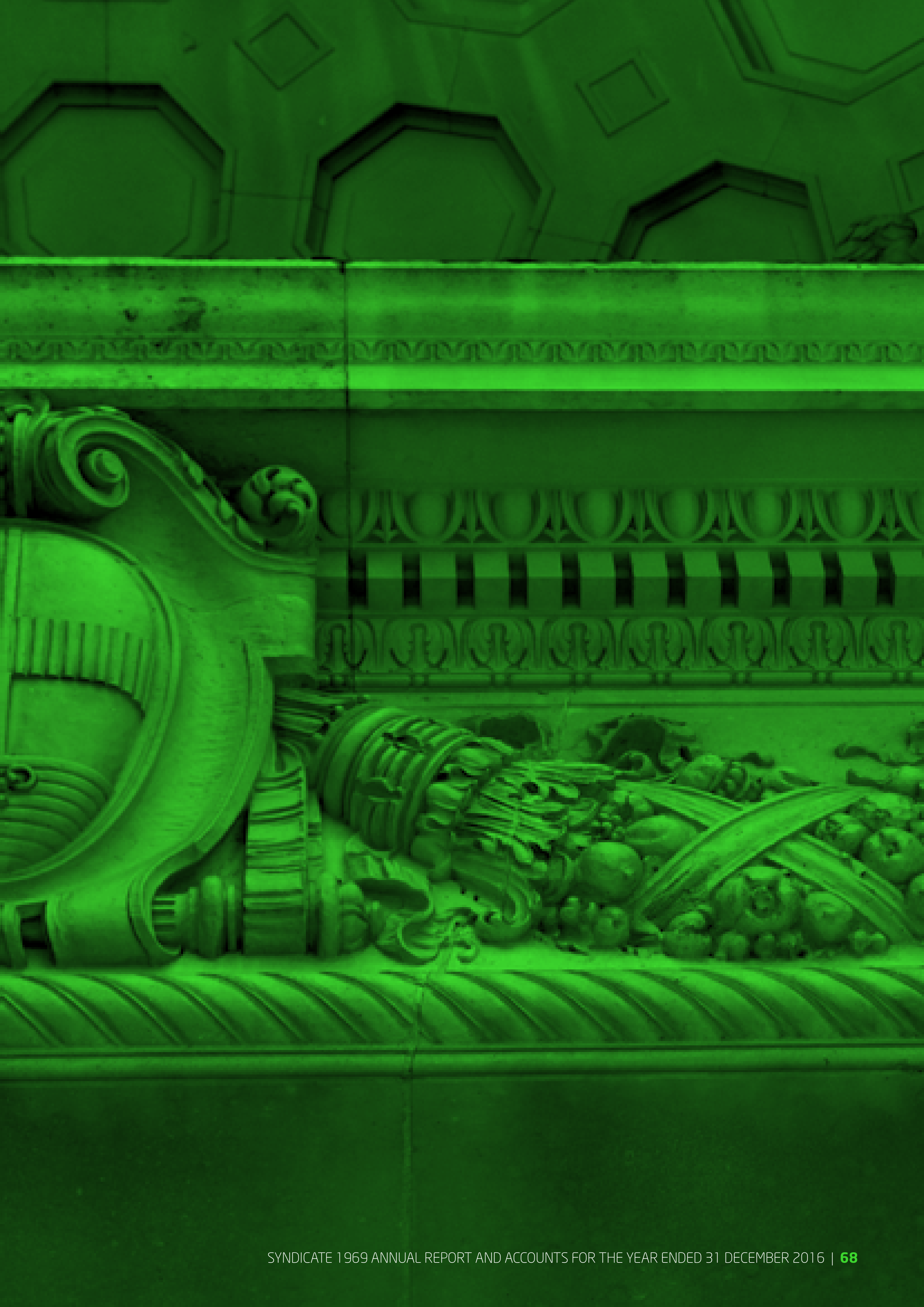
ASML	2016 $'000	Restated 2015 $'000
Managing agent's fee	2,956	1,293
Profit commission	2,702	2,118
Expense recharges	22,489	9,242
Total	**28,147**	**12,653**

Syndicate 1969 had the following amounts outstanding at the year-end, which are included in other creditors (see note 20):

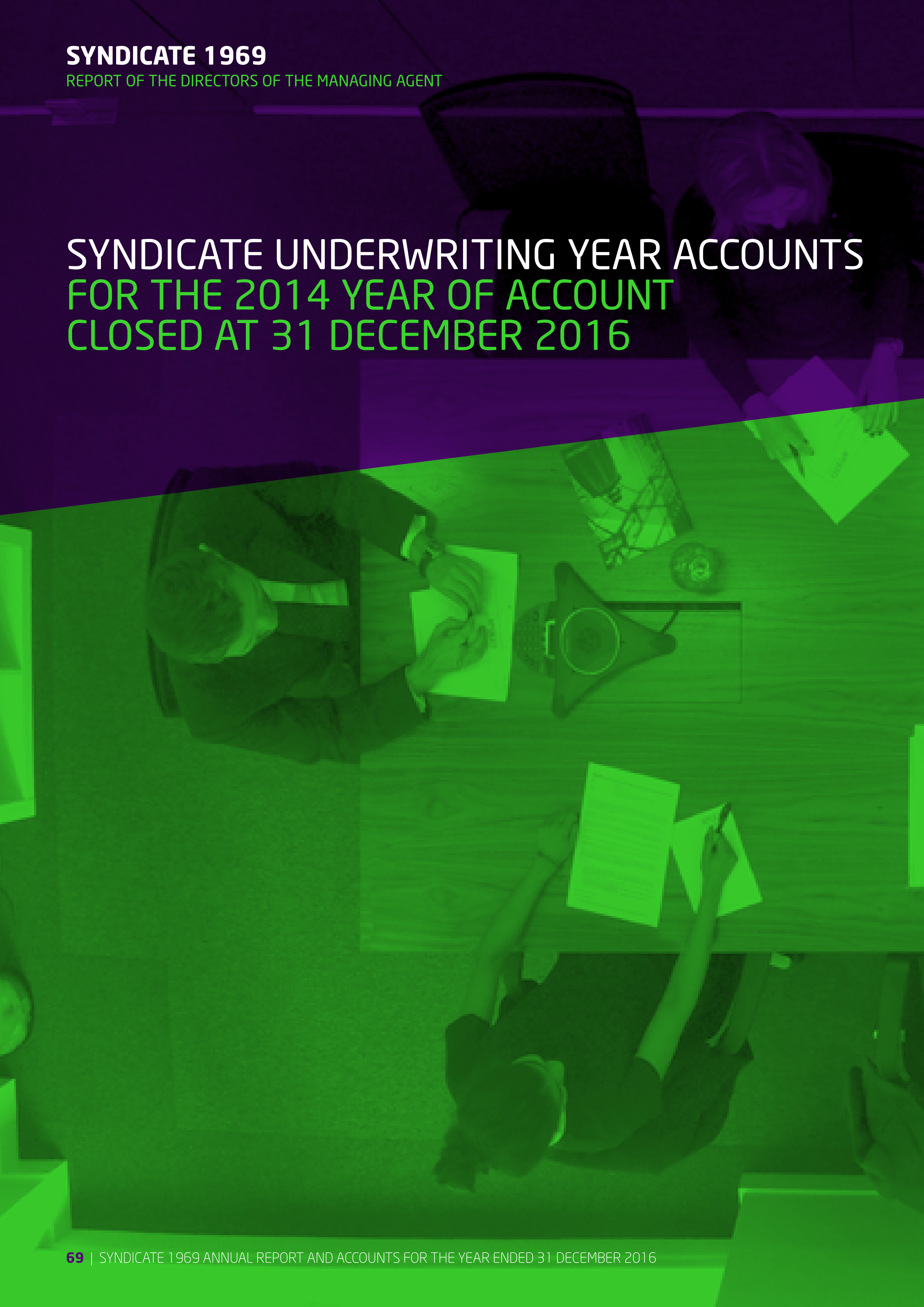
	2016 $'000	Restated 2015 $'000
ASML	353	2,668
ASML (profit commission)	5,045	3,217

APL is the parent company of certain capital providers for Syndicate 1969. NG Jones and other members of the syndicate's underwriting team participate on the syndicate through a Limited Liability Partnership.

Hannover Re participated on the syndicate with a 30.1% share of the 2016 year of account. S Althoff, a non-executive director of ASML, is the Head of Property & Casualty Lines Worldwide at Hannover Re. The syndicate entered into outwards reinsurance contracts with premium totalling $1,060,000 (2015: $1,118,000). At 31 December 2016 the total balances receivable were $407,000 (2015: $262,000) and related to recoveries due on paid and outstanding claims.



SYNDICATE UNDERWRITING YEAR ACCOUNTS FOR THE 2014 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2016



REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The directors of the managing agent present their report for the 2014 year of account of Syndicate 1969 for the cumulative result to 31 December 2016.

The syndicate underwriting year account is prepared under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 in accordance with the Lloyd's Syndicate Accounting Bylaw (No. 8 of 2005) and applicable accounting standards in the United Kingdom.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

2014 ACCOUNT

The 2014 year of account has been closed with a profit of \$12.7m (£10.3m at the closing exchange rate of \$1.23) representing 7.4% of capacity of £140.0m (\$171.8m at closing foreign exchange rate) after all personal expenses except members' agents' fees.

Following approval of a 27.3% pre-emption, the stamp capacity for 2014 was £140.0m (\$212.8m at the Lloyd's planning foreign exchange rate of \$1.52). The syndicate underwrote gross net premium of £132.4m (\$201.3m), compared to the approved plan of £135.0m (\$205.2m). The rating environment for the underwriting year was competitive, actual risk adjusted rates softened by 3.7% which was slightly worse than the planning expectation of a rate decrease of 1.6%.

In addition to the Property classes the plan also included building Specie & Cargo, Non-Marine Liability and Energy accounts. In addition the syndicate underwrote a Terrorism account by supporting a consortium led by a leading Lloyd's syndicate.

The Property Direct & Facultative account continued to target and renew medium sized risks through a broad spread of Lloyd's brokers. The territorial focus for the account was the USA, Caribbean and Mexico, where more attractive rating conditions prevailed. The Property Direct & Facultative account was slightly below the plan due to rating pressures. The Property Binding Authority book was renewed in line with the strategy employed for 2013.

The territorial scope of the Property Treaty account has remained unchanged, targeting regionally specific accounts in Canada, UK, Western Europe, South Africa, Japan, Australia and New Zealand.

The Specie & Cargo account developed further during 2014, although the actual premium underwritten fell short of the plan due to market competition. The account continued to be supported by a consortium arrangement with a Lloyd's syndicate.

The Non-Marine Liability class received very strong support from our consortium partners and the broking community. The team identified a number of market opportunities and continued to build its market position.

The Energy team built strongly on the start made in 2013 delivering 2014 premium income in line with plan. The team added a modest amount of Gulf of Mexico windstorm exposure for 2014 which was protected by quota share reinsurance.

Whilst the account benefited from the general low level of catastrophe events, the syndicate has been affected by several large losses. The most significant of these were Hurricane Odile, two notable losses on the Energy account, and the SpaceX satellite loss. Whilst the short tail Property classes contributed the majority of the underwriting profit, the longer tailed Non-Marine Liability class has also performed well to date.

2015 ACCOUNT

Following a 14.3% pre-emption approved by Lloyd's, the syndicate stamp increased to £160.0m ($273.6m at the Lloyd's planning rate of $1.71) for the 2015 year of account. The approved gross net written premium was £152.9m ($254.9m) and £138.0m ($236.0m) was written. The rating environment remained challenging with an actual risk adjusted rate reduction of 6.2%, which was better than the plan reduction of 8.7%.

A well regarded Aviation team with a long track record in the class was recruited. The Aviation market is currently very challenging but we consider this class offers attractive long-term opportunities and the syndicate wrote a small amount of income whilst we positioned ourselves on selected areas of the class. As Aviation business requires significant line size capability a consortium was established with a Lloyd's syndicate.

Underwriting of Marine & Energy Liability began, however Energy business fell back as a result of a global slowdown in the energy sector. Participation commenced on an Accident and Health consortium led by another Lloyd's syndicate.

An additional underwriter was recruited in the Specie & Cargo team to help deliver further growth in 2015. The Non-Marine Liability account continued to grow steadily with the recruitment of additional underwriters.

Significant large losses during the 2016 calendar year have impacted 2015 policies that were still on risk and this will impact the profit on closure.

The 24 month forecast range is 2.5% to 7.5%.

2016 ACCOUNT

Following the 12.5% pre-emption approved by Lloyd's the syndicate stamp increased to £180.0m ($282.6m at the Lloyd's planning rate of $1.57) for the 2016 year of account. The approved gross net written premium was £162.4m ($254.9m). The rating environment continued to be very competitive with an actual risk adjusted rate reduction of 5.4%, marginally better than plan reduction of 6.1%.

For 2016 a new Marine & Energy Liability class underwriter with a historically profitable track record was recruited. When developing our original plan for Energy in 2013 it had always been our intention to broaden the product offering to establish a presence in the Energy Liability market. In addition to Energy Liability this class also covers Marine Liability business which sits well with our existing Specie & Cargo account.

In 2016 a disciplined approach was maintained in the Property classes, the 2015 base for Specie & Cargo and Non-Marine Liability has been built upon and the Energy portfolio has been cautiously renewed in challenging market conditions. Further there was development of selected areas of the Aviation account and the Personal Accident account was renewed by continuing to support a consortium led by another Lloyd's syndicate. Participation on the Terrorism consortium ceased.

The 2016 loss experience was higher than expected for the first 12 months with a number of large and catastrophe losses including Hurricane Matthew and a number of flood and hail losses.

The first public forecast will be at the 15 month stage.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the managing agent and their interests are disclosed in Syndicate 1969's annual accounts.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each person who is a director of the managing agent at the date of approving this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the syndicate's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the syndicate's auditor is aware of that information.

AUDITOR

Deloitte LLP has indicated its willingness to continue in office as the syndicate's auditor.

Approved on behalf of the Board.

DCB Ibeson
Chief Executive Officer
20 March 2017

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

Apollo Syndicate Management Limited, as managing agent, is responsible for preparing syndicate underwriting year accounts in accordance with applicable law and the Lloyd's Syndicate Accounting Byelaw.

The Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulation 2008 (the "Lloyd's Regulations") require the managing agent to prepare syndicate underwriting year accounts for each syndicate in respect of any underwriting year which is being closed by reinsurance to close at 31 December 2016. These syndicate underwriting year accounts must give a true and fair view of the result of the closed year of account.

In preparing the syndicate underwriting year of accounts, the managing agent is required to:

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in these accounts.

The managing agent is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the syndicate underwriting year of accounts comply with the Lloyd's Regulations and Syndicate Accounting Byelaw. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 1969 - 2014 CLOSED YEAR OF ACCOUNT

We have audited the syndicate underwriting year accounts for the 2014 year of account of syndicate 1969 for the three years ended 31 December 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in members' balances, the cash flow statement and the related notes 23 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the syndicate's members, as a body, for the 2014 year of account in accordance with regulation 6 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Our audit work has been undertaken so that we might state to those 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 syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE MANAGING AGENT AND THE AUDITOR

As explained more fully in the statement of managing agent's responsibilities, the managing agent is responsible for the preparation of the syndicate underwriting year accounts, under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), which give a true and fair view.

Our responsibility is to audit and express an opinion on the syndicate underwriting year accounts in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

An audit involves obtaining evidence about the amounts and disclosures in the syndicate underwriting year accounts sufficient to give reasonable assurance that the syndicate underwriting year accounts are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the syndicate underwriting year accounts.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON SYNDICATE UNDERWRITING YEAR ACCOUNTS

In our opinion the syndicate underwriting year accounts:

- give a true and fair view of the profit for the 2014 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (no.8 of 2005).

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Lloyd's Syndicate Accounting Byelaw (no.8 of 2005) requires us to report to you if, in our opinion:

- the managing agent in respect of the syndicate has not kept proper accounting records; or
- the syndicate underwriting year accounts are not in agreement with the accounting records.

M. McQueen

Mark McQueen.
ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor

London, United Kingdom
20 March 2017

PROFIT AND LOSS ACCOUNT

Technical account	Notes	$'000
Syndicate allocated capacity		**171,766**
Gross premiums	25	259,400
Outward reinsurance premiums		(55,490)
Net premiums written and earned		**203,910**
Reinsurance to close premium receivable, net of reinsurance	26	**40,991**
		244,901
Allocated investment return transferred from the non-technical account	32	**598**
Claims paid		
Gross amount		(98,828)
Reinsurers' share		11,239
Net claims paid		(87,589)
Reinsurance to close premium, net of reinsurance	27	**(60,090)**
Claims incurred, net of reinsurance		**(147,679)**
Net operating expenses	28	(80,892)
Balance on the technical account for general business		**16,928**

Non-technical account	**Notes**	**$'000**
Balance on the general business technical account		16,928
Investment income	32	598
Allocated investment return transferred to general business technical account		(598)
Loss on foreign exchange		(4,261)
Profit for the 2014 closed year of account		**12,667**

There are no recognised gains or losses in the accounting period other than those dealt with in the technical and non-technical accounts.

Statement of changes in members' balances
For the 36 months ended 31 December 2016

	$'000
Profit for the 2014 closed year of account	12,667
Members' agents' fees	(503)
Amounts due to members at 31 December 2016	**12,164**

Members participate on syndicates by reference to years of account and their ultimate result, assets and liabilities are determined by reference to policies incepting in that year of account in respect of their membership of a particular year.

BALANCE SHEET
2014 YEAR OF ACCOUNT
FOR THE 36 MONTHS ENDED 31 DECEMBER 2016

Assets	Notes	$'000
Investments		
Financial investments	33	100,986
Reinsurance recoveries anticipated on gross reinsurance to close premium	27	20,786
Debtors		
Debtors arising out of direct insurance operations	35	253
Debtors arising out of reinsurance operations	36	3,500
Other debtors	37	141
		3,894
Other assets		
Cash and cash equivalents		1,256
Overseas deposits	38	6,600
		7,856
Prepayments and accrued income		
Other prepayments and accrued income		2,556
Total assets		**136,078**

Liabilities	Notes	$'000
Amounts due to members	34	12,164
Reinsurance to close premium payable to close the account - gross amount	27	77,575
Deposits received from reinsurers		277
Creditors		
Creditors arising out of direct insurance operations	39	880
Creditors arising out of reinsurance operations	40	2,167
Other creditors	41	43,015
		46,062
Total liabilities		**136,078**

The syndicate underwriting year accounts on pages 79 to 93 were approved by the Board of Apollo Syndicate Management Limited on 20 March 2017 and were signed on its behalf by:

JD MacDiarmid

Finance Director

20 March 2017

STATEMENT OF CASH FLOWS
2014 YEAR OF ACCOUNT
FOR THE 36 MONTHS ENDED 31 DECEMBER 2016

	$'000
Cash flows from operating activities	
Profit for the 2014 closed year of account	12,667
Adjustments for:	
Increase in gross reinsurance to close payable	77,575
Increase in reinsurers' share of reinsurance to close	(20,786)
Increase in debtors	(3,894)
Increase in creditors	46,062
Increase in other assets/liabilities	(2,556)
Investment return	(598)
Net cash inflow from operating activities	**108,470**
Cash flows from investing activities	
Purchase of other financial instruments	(100,986)
Investment income received	598
Movements in overseas deposits	(6,600)
Increase in deposits received from reinsurers	277
Net cash flow from investing activities	**(106,711)**
Net cash flow from financing activities	
Members' agents' fees paid on behalf of members	(503)
Net cash outflow from financing activities	**(503)**
Net increase in cash and cash equivalents	1,256
Cash and cash equivalents at 1 January 2014	-
Cash and cash equivalents at 31 December 2016	**1,256**

NOTES TO THE UNDERWRITING YEAR ACCOUNTS
2014 YEAR OF ACCOUNT
FOR THE 36 MONTHS ENDED 31 DECEMBER 2016

23. Basis of preparation

These underwriting year accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and Financial Reporting Standard 103 Insurance Contracts ("FRS 103").

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2014 year of account which has been closed by reinsurance to close at 31 December 2016.

Consequently the balance sheet represents the assets and liabilities of the 2014 year of account at the date of closure. The profit and loss account and cash flow statement reflect the transactions for that year of account during the three-year period until closure. The accounts are compiled using the signing messages relating to the year of account; this means that the resulting cash balance shown in the balance sheet belongs to that specific year of account.

These underwriting year accounts cover the three years from the date of inception of the 2014 year of account to the date of closure. Accordingly, this is the only reporting period and so corresponding amounts are not shown.

As a consequence of the 2014 year of account reinsuring to close into the 2015 year of account, the residual risks to the members on the closed year have been minimised. The risk disclosure requirements of FRS 102 and FRS 103 are therefore deemed not applicable to these underwriting year accounts. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

24. Accounting policies

The accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account.

Gross premiums written

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Premiums in respect of insurance contracts underwritten under a binding authority, lineslip or consortium arrangements are allocated to the year of account corresponding to the calendar year of inception of the arrangement. Premiums are shown gross of brokerage payable and exclude taxes.

24. Accounting policies (continued)

Outward reinsurance premiums

Outwards reinsurance premiums are allocated to a year of account in accordance with the underlying risks being protected.

Claims paid and related recoveries

Gross claims paid include internal and external claims settlement expenses and, together with reinsurance recoveries less amounts provided for in respect of doubtful reinsurers, are attributed to the same year of account as the original premium for the underlying policy.

Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

Reinsurance to close premium payable

A reinsurance to close is a contract of insurance which, in return for a premium paid by the closing year of account, transfers, normally to the following year of account, all known and unknown liabilities arising out of transactions connected with insurance business underwritten by the closing year of account. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

The net reinsurance to close premium payable is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectable reinsurance recoveries and net of future net premiums relating to the open year of account and all previous years of account reinsured therein. No credit is taken for investment earnings which may be expected to arise in the future on the funds representing the reinsurance to close.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are described within the "Use of judgements and estimates" and in the accounting policy for "Claims provisions and related reinsurance recoveries" section of the syndicate annual accounts.

The calculation of the reinsurance to close premium payable is determined by the directors on the basis of the information available to them at the time. However, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the reinsurance to close so determined.

Investment return

The investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. The investment return arising in each calendar year is allocated to years of account in proportion to the average funds available for investment attributable to those years. Investment returns in respect of overseas deposits are allocated to the year of account which funded these deposits.

24. Accounting policies (continued)

Syndicate operating expenses

Costs incurred by the managing agent in respect of the syndicate are charged to the syndicate. No mark-up is applied. Where expenses do not relate to any specific year of account they are apportioned between years of account on bases which reflects the benefit obtained by each year of account from each type of expense.

Where expenses are incurred jointly by the managing agent and the syndicate, they are apportioned on bases that are considered to fairly reflect the nature and usage of the expense concerned in order to comply with the Lloyd's Code for Underwriting Agents: Syndicate Expenses, made by the Council of Lloyd's on 6 September 2000.

Acquisition costs

Acquisition costs represent costs arising from the conclusion of insurance contracts. They include both direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies.

Consortium income

The syndicate is the leader of a number of underwriting consortia. Under the terms of these contracts participants are required to pay fees to the syndicate, as leader, in return for the business written on their behalf. These fees represent a contribution towards the expenses incurred by the syndicate underwriting for the consortia. The syndicate accrues the consortium fee income in line with the writing of the business for each consortium, calculated in accordance with the individual contractual arrangements.

In addition the consortium arrangements include provisions for the receipt of profit commissions based on the performance of the business written by the consortium leader. The syndicate accrues profit commissions in accordance with the contractual terms based on the performance of each consortium. Both the accrued consortium fees and accrued profit commissions are included as a credit to administrative expenses.

Managing agent's fees

The managing agent charges a management fee of 0.9% of syndicate capacity. The managing agent has agreed contractual terms with the capital providers to the syndicate for the payment of profit commissions based on the performance of the year of account. Amounts charged to the syndicate become payable on closure of the year of account although the managing agent may receive payments on account of anticipated profit commissions if interim profits are released to members.

24. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated into US Dollars which is the functional and presentational currency of the syndicate. Transactions in foreign currencies are translated using the exchange rates at the date of the transactions or at the appropriate average rates of exchange for the period. The syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historic cost are translated to the functional currency using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation of foreign currency amounts are included in the non-technical account.

25. Segmental analysis - 2014 year of account after three years

An analysis of the balance on the technical account before investment return is set out below:

2014 year of account after three years	Gross premiums written[1] $'000	RITC received[2] $'000	Gross claims incurred $'000	Gross operating expenses[3] $'000	Reinsurance balance $'000	Total $'000
Direct insurance:						
Marine, aviation and transport	26,916	4,596	(26,476)	(8,394)	(1,136)	(4,494)
Fire and other damage to property	108,517	16,783	(72,466)	(33,840)	(8,551)	10,443
Third-party liability	31,451	4,664	(17,897)	(9,808)	(4,723)	3,687
	166,884	26,043	(116,839)	(52,042)	(14,410)	9,636
Reinsurance	92,516	14,948	(63,521)	(28,850)	(8,399)	6,694
	259,400	**40,991**	**(180,360)**	**(80,892)**	**(22,809)**	**16,330**

1 All premiums written are earned as at 36 months.

2 RITC received of $40,991,000 (net of anticipated reinsurance recoveries of $3,828,000) was received from the 2013 year of account.

3 Gross operating expenses are the same as net operating expenses shown in the profit and loss account as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses for 2014 year of account.

25. Segmental analysis - 2014 year of account after three years (continued)
All premiums were concluded in the UK.

The geographical analysis of premiums by situs of the risk is as follows:

	$'000
UK	8,575
Other EU countries	9,142
US	150,708
Other	90,975
Total	**259,400**

26. Reinsurance to close premium receivable

	Reported $'000	IBNR $'000	Total $'000
Gross reinsurance to close premium receivable	31,450	13,369	44,819
Reinsurance recoveries anticipated	(2,609)	(1,219)	(3,828)
Reinsurance to close premium receivable, net of reinsurance	**28,841**	**12,150**	**40,991**

27. Reinsurance to close premium payable

	$'000
Gross reinsurance to close premium payable	81,532
Reinsurance recoveries anticipated	(21,442)
Reinsurance to close premium, net of reinsurance (at average exchange rates)	60,090
Foreign exchange	(3,301)
Reinsurance to close premium payable, net of reinsurance (at closing exchange rates)	**56,789**

Foreign exchange differences arise on translation of foreign currency amounts using the exchange rates at the date of the transactions or appropriate average rates in the profit and loss account and closing exchange rates in the balance sheet.

27. Reinsurance to close premium payable (continued)

	Reported $'000	IBNR $'000	Total $'000
Gross reinsurance to close premium payable	54,068	23,507	77,575
Reinsurance recoveries anticipated	(14,632)	(6,154)	(20,786)
Reinsurance to close premium payable, net of reinsurance	**39,436**	**17,353**	**56,789**

28. Net operating expenses

	$'000
Brokerage and commissions	56,103
Other acquisition costs	9,941
Acquisition costs	66,044
Administrative expenses	7,477
Members' standard personal expenses	7,371
Total	**80,892**

Net operating expenses are stated after fees receivable under consortium arrangements of $3,069,000

29. Auditor's remuneration

	$'000
Audit of syndicate accounts	74
Other services pursuant to Regulations and Lloyd's Byelaws	111
Non audit fees	74
Total	**259**

30. Staff numbers and costs

All staff are employed by the managing agency or related companies. The following amounts were recharged to the syndicate in respect of salary costs:

	$'000
Wages and salaries	9,143
Social security costs	1,240
Other pension costs	751
Total	**11,134**

30. Staff numbers and costs (continued)

The average monthly number of employees employed by the managing agency or related companies but working for the syndicate each year and aggregated for the three years was as follows:

	Number
Underwriting	16
Claims and reinsurance	5
Management, administration and finance	17
Non-executive directors	1
Total	**39**

31. Emoluments of the directors of the managing agent

For the period since ASML became managing agent, the directors received aggregate remuneration of $542,000 charged to the syndicate's 2014 year of account and included within net operating expenses.

Included in the total above are emoluments paid to the highest paid director amounting to $275,000.

The active underwriter received remuneration of $75,000 charged as a syndicate expense.

32. Investment income

	$'000
Income from investments	649
Gains on the realisation of investments	47
	696
Losses on the realisation of investments	(98)
Total	**598**

33. Financial investments

	Market value $'000	Cost $'000
Holdings in collective investment schemes	100,986	100,986

All of the above financial investments are held in short-term money market funds.

34. Balance on technical account

	2013 & prior year of account $'000	2014 pure year of account $'000	Total 2014 $'000
Technical account balance before allocated investment return & net operating expenses	7,964	89,258	97,222
Acquisition costs	(370)	(65,674)	(66,044)
	7,594	23,584	31,178
Allocated investment return transferred from the non-technical account			598
Net operating expenses other than acquisition costs			(14,848)
Loss on foreign exchange			(4,261)
Profit for the 2014 closed year of account			**12,667**
Members' agents' fees			(503)
Amounts due to members at 31 December 2016			**12,164**

35. Debtors arising out of direct operations

	$'000
Due within one year	253

36. Debtors arising out of reinsurance operations

	$'000
Due within one year	3,500

37. Other debtors

	$'000
Consortium fee receivable	15
Amount due from members	126
Total	**141**

38. Overseas deposits

Other assets comprise of overseas deposits which are advanced as a condition of conducting underwriting business in certain countries.

39. Creditors arising out of direct insurance operations

	$'000
Due within one year - intermediaries	880

40. Creditors arising out of reinsurance operations

	$'000
Due within one year	2,167

41. Other creditors

	$'000
Amounts due to group companies	1,218
Inter-year loans	39,110
Profit commission payable	2,687
Total	43,015

42. Related parties

All business with related parties is transacted on an arm's length basis.

ASML is a wholly owned subsidiary of Apollo Partners LLP ("APL"). DCB Ibeson, NG Jones and SAC White are partners of APL, along with other members of the senior underwriting team. Metacomet LLC, a US incorporated limited liability company is a corporate partner of APL. Affiliated companies of Metacomet LLC also participate on the syndicate.

ASML became managing agent for Syndicate 1969 with effect from 1 August 2015. Profit commission of $2,687,000 has accrued with respect to the 2014 year of account.

APL employs all Apollo group staff, including underwriters, claims and reinsurance staff. APL provides the services of these staff and its partners to ASML to enable it to provide the services as managing agent for the syndicate. APL also incurs a large proportion of the expenses in respect of operating the syndicate. The cost of these services and expenses are recharged to ASML which in turn recharges these to the syndicate on a basis that reflects its usage of resources. The total amount recharged by ASML to the 2014 year of account was $2,048,000.

42. Related parties (continued)

Syndicate 1969 had the following amounts outstanding at the year-end, which are included in other creditors (see note 41):

	$'000
ASML	1,218
ASML (profit commission)	2,687

AmTrust Syndicates Limited (formerly ANV Syndicates Limited) managed Syndicate 1969 prior to 1 August 2015. In addition AP Hulse was a director of both AmTrust Syndicates Limited (formerly ANV Syndicates Limited) and ASML until 7 November 2016.

APL is the parent company of certain capital providers for Syndicate 1969. NG Jones and other members of the syndicate's underwriting team participate on the syndicate through a Limited Liability Partnership.

Hannover Re participated on the syndicate with a 25.3%, share of the 2014 year of account. S Althoff, a non-executive director of ASML, is the Head of Property & Casualty Lines Worldwide at Hannover Re. The syndicate entered into outwards reinsurance contracts with premium totalling $2,042,000. At 31 December 2016 the total balances receivable were $362,000 and related to recoveries due on paid and outstanding claims.

FIVE YEAR SUMMARY OF UNDERWRITING RESULTS
AS AT 31 DECEMBER 2016

	Restated (note 7)				
	2010	**2011**	**2012**	**2013**	**2014**
Syndicate allocated capacity (£'000)	63,748	74,450	84,771	109,941	140,000
Syndicate allocated capacity ($'000) (note 2)	102,969	123,587	132,243	161,613	171,766
Number of underwriting members	324	354	303	310	371
Aggregate net premiums ($'000)	100,637	125,117	132,069	148,589	203,910
Result for a name with an illustrative share of £10,000					
Gross premiums	19,010	20,236	18,507	16,482	18,529
Net premiums	15,787	16,806	15,580	13,515	14,565
Premium for reinsurance to close an earlier Year of account	-	2,730	2,587	2,723	2,928
Net claims	(8,675)	(10,133)	(7,349)	(7,358)	(6,257)
Reinsurance to close the year of account	(3,218)	(3,130)	(3,748)	(3,728)	(4,292)
Syndicate operating expenses	(6,034)	(5,964)	(5,341)	(4,520)	(5,252)
Loss on exchange	(75)	(276)	(129)	(348)	(304)
Balance on technical account	**(2,215)**	**33**	**1,600**	**284**	**1,388**
Investment return	65	154	63	35	43
Profit / (Loss) before personal expenses	**(2,150)**	**187**	**1,663**	**319**	**1,431**
Illustrative personal expenses (note 3)	(285)	(304)	(247)	(262)	(526)
Profit / (Loss) after illustrative profit commission and personal expenses	**(2,435)**	**(117)**	**1,416**	**57**	**905**
Capacity utilised (note 4)	87.9%	93.8%	93.0%	89.8%	93.9%
Net capacity utilised (note 5)	68.0%	73.1%	74.2%	69.6%	67.8%
Underwriting profit/claims ratio (note 6)	(11.7)%	0.2%	8.6%	3.8%	9.1%
Result as a percentage of stamp capacity	(15.1)%	(0.7)%	9.1%	0.4%	7.4%

Notes to the summary:

1. The summary has been prepared from the audited accounts of the syndicate.
2. Syndicate allocated capacity expressed in US Dollars at closing rate.
3. Illustrative personal expenses comprise the managing agent's fee, contributions to the Central Fund and High Level Stop Loss Scheme in applicable years, Lloyd's Annual Subscription incurred by a Name writing the illustrative share, irrespective of any minimum charge applicable to the managing agent's fee, and profit commission payable to the managing agent. This amount excludes members' agents' fees.
4. Capacity utilised represents gross premium written net of acquisition costs expressed as a percentage of allocated capacity using business planning foreign exchange rates.
5. Net capacity utilised represents written premium net of acquisition costs net of reinsurance expressed as a percentage of allocated capacity using business planning foreign exchange rates.
6. The underwriting profit ratio represents the balance on technical account expressed as a percentage of gross premiums written.
7. The comparatives have been restated in US Dollars using the foreign exchange rate at the date the year of account was closed.


SYNDICATE 1969

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