



STANDARD BULLETIN

SETTING THE STANDARD FOR SERVICE AND SECURITY

May 2012



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BOARD MEETING AND FINANCIAL RESULTS

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR TO 20 FEBRUARY 2012

'This has been both an eventful year and one of consolidation. I can report that your club remains very well placed to continue to provide members with the service and security that they need. Although the underwriting has been challenging, we are reporting another overall surplus, so that the financial security that the club provides to its members is stronger than ever.'

Ricardo Menendez, Chairman, Standard Club

The directors' report and financial statements were approved at the board meeting held on Thursday 10 May and the financial highlights are set out below. In a year that was both eventful and one of consolidation, the club has seen its reserves grow slightly to a new record level of \$353m.

Following the successful club reorganisation through a 'Part VII transfer' last year, the accounts now present the results for the entire Standard family on a consolidated basis.

INVESTMENTS

The investment result for the year was a very creditable 6.7%. The board considered a detailed asset allocation study – something that is undertaken at least every three years, or more often if required – and set a new investment risk budget, although the resulting changes to the benchmark and discretionary investment ranges are modest, confirming the appropriateness of the club's investment policy to date.

NEW DIRECTOR

The board of Standard Bermuda (the parent company) was pleased to welcome Gunther Jaegers from Reederei Jaegers, to represent the interests of the Standard London small ships class.

NEW CLUB NAME

An Extraordinary General Meeting of members took place following the board meeting and approved the resolution to change the name of the parent company to The Standard Club Ltd and those of its two underwriting subsidiaries to The Standard Club Europe Ltd and The Standard Club Asia Ltd. These name changes will take effect from 17 July.

SOLVENCY II

The board reviewed progress with Solvency II compliance. The club remains on course with its work, which includes developing its internal model. The amount of work involved makes this a major project for the club's board and managers.

STRATEGY

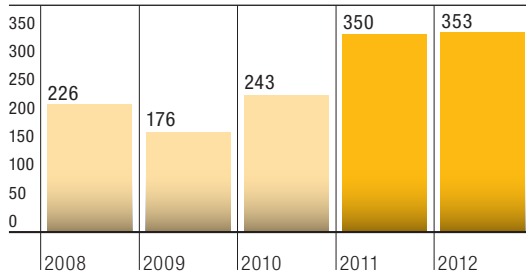
The board reviewed and reaffirmed the club's strategy. This is to pursue its core objective of providing good value P&I insurance to its members on a sustainable basis, first-class service and financial security, while at the same time growing and broadening the club's services to its members. We expect to announce additional insurance covers over the forthcoming months.

FINANCIAL HIGHLIGHTS 2012

| | 2012 US\$m | Restated 2011 US\$m |
|--|---------------|---------------------------|
| RESULTS FOR THE FINANCIAL YEAR ENDED 20 FEBRUARY 2012 | | |
| Calls and premiums net of reinsurance | 221 | 210 |
| Total claims net of reinsurance and operating expenses | (265) | (192) |
| Balance of technical account for general business | (44) | 18 |
| Net investment income | 47 | 59 |
| Excess of income over expenditure for the year | 3 | 77 |
| OUTSTANDING CLAIMS LIABILITIES | | |
| Estimated known outstanding claims net of all recoveries | 351 | 324 |
| Incurred but not reported claims (IBNR) | 172 | 136 |
| Total estimated claims liabilities | 523 | 460 |
| FUNDS AVAILABLE FOR CLAIMS | | |
| Open policy years | 275 | 232 |
| Closed policy years | 248 | 228 |
| Free reserves | 353 | 350 |
| Total balance sheet funds | 876 | 810 |

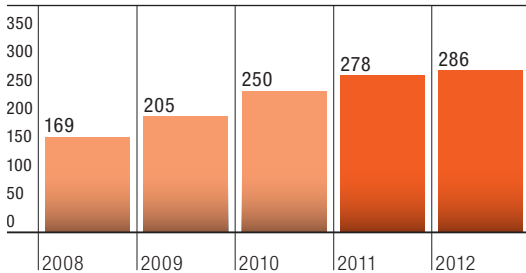
FREE RESERVES

\$ MILLION



PREMIUM INCOME

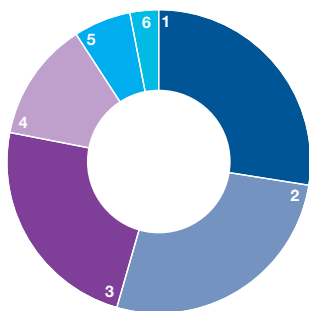
\$ MILLION



SHIP TYPES ENTERED

OWNED TONNAGE

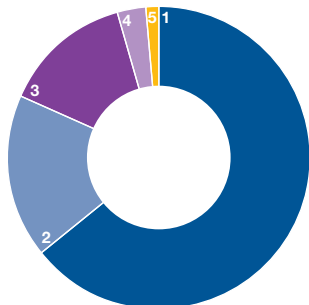
| | | |
|---|---------------------------|-----|
| 1 | Tankers | 28% |
| 2 | Container & general cargo | 27% |
| 3 | Dry bulk | 24% |
| 4 | Offshore | 13% |
| 5 | Passenger & ferry | 6% |
| 6 | Other | 3% |



ASSET ALLOCATION

As at 20 February 2012

| | | |
|---|--------------|-------|
| 1 | Bonds | 64.4% |
| 2 | Equities | 17.3% |
| 3 | Cash | 14.0% |
| 4 | Alternatives | 3.0% |
| 5 | Gold | 1.3% |



TONNAGE

GT MILLIONS



COUNTRY OF MANAGEMENT

OWNED TONNAGE

| | | |
|----|-------------------|-----|
| 1 | Greece | 11% |
| 2 | USA | 9% |
| 3 | Italy | 9% |
| 4 | Germany | 9% |
| 5 | Japan | 8% |
| 6 | Canada | 7% |
| 7 | United Kingdom | 5% |
| 8 | Republic of Korea | 5% |
| 9 | Singapore | 5% |
| 10 | Switzerland | 3% |
| 11 | Rest of Europe | 15% |
| 12 | Rest of World | 10% |
| 13 | Rest of Asia | 4% |

