

TO ALL MEMBERS

1 June 2015

Dear Sirs

FINANCIAL POSITION AND OPEN POLICY YEARS

The board of the club met in May and reviewed the club's financial position. This circular provides an update to members and their brokers.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2015

The Report and Financial Statements were approved by the board and will be published on the club's website. *A Review of the Year* will be sent to members shortly. These show that the Standard Club achieved a 'breakeven' underwriting result, with a combined ratio of 100% – in line with the board's target and comparable with last year's ratio of 101%.

Tonnage increased by 3% to 135 million gt from 131 million gt. This increase was achieved in spite of a small reduction in tonnage at renewal, as some members were not renewed due either to unacceptable operating standards or to an unwillingness to align premiums paid with risk brought to the club. The club delivered an investment return of 1.8% during the financial year; excluding negative currency movements the investment return was approximately 5.7%. This return drove a surplus of \$11 million and an increase in free reserves from \$369 million to \$380 million; this 3% increase in free reserves was in line with the growth in tonnage.

Overall, the stable underwriting performance and conservative, selective growth is in line with the club's strategy of delivering sustainable, good-value cover with excellent financial security and a high-quality membership.

P&I CLASS

2012/13 policy year

The year was closed, and there will be no further calls on members. Claims development was lower than expected, with a reduction in a number of large claims estimates.

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The Standard Club Europe Ltd

www.standard-club.com

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2013/14 policy year

Claims in this policy year have continued to deteriorate, resulting in a slight worsening of the underwriting result for the year. Despite this, no further calls are expected to be necessary.

2014/15 policy year

A modest underwriting deficit is forecast. No further calls are expected to be necessary apart from the final instalment of the estimated total premium, which is due on 1 November 2015.

2015/16 policy year

The estimated total premium has been debited with the final instalment due on 1 November 2016.

Release calls

The board continues to have a high degree of confidence in the financial strength of the club and future call stability. It wishes this to be evident to members and the board has therefore decided to set release calls that are amongst the lowest in the P&I market. Release call percentages have been reduced again, and are set at 2%, 3% and 7% of estimated total premium for the three open policy years of 2013/14, 2014/15 and 2015/16.

DEFENCE CLASS**2012/13 policy year**

The year was closed, and there will be no further calls on members.

2013/14 and 2014/15 policy years

Claims in these policy years have developed better than forecast with both years recording an underwriting surplus. No further premiums are expected to be necessary.

2015/16 policy year

The estimated total premium has been debited. No further premiums are expected to be necessary.

Release calls

The release call percentages for the three open policy years are the same as for the P&I Class.

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STANDARD LONDON CLASS**2012/13 policy year**

The year was closed, and there will be no further calls on members.

2013/14 and 2014/15 policy years

These years are performing satisfactorily, with adverse development on one major fleet partly offset by improvements on older years. No further premiums are expected to be necessary.

2015/16 policy year

The estimated total premium has been debited. No further premiums are expected to be necessary.

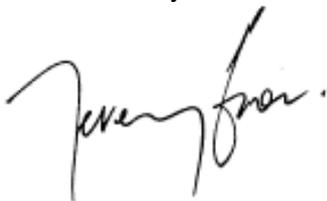
Release calls

The release call percentages are 2%, 0% and 0% for the three open policy years of 2013/14, 2014/15 and 2015/16 respectively. These low levels of release calls reflect the board's confidence in the financial position of the class and future call stability.

WAR RISKS CLASS

The 2012/13 policy year was closed with no further premiums expected to be necessary for any open policy year. The release calls have been maintained at 0% for all open policy years.

Yours faithfully



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