

CIRCULAR

The Standard for
service and security

TO ALL MEMBERS

20 May 2016

Dear Sirs

FINANCIAL POSITION AND OPEN POLICY YEARS

The board of the club met on Friday 13 May 2016 and reviewed the club and group's financial position. This circular provides an update to members and their brokers.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2016

The Report and Consolidated Financial Statements for the year to 20 February 2016 were approved by the board and have been circulated to the membership by email and published on the club's website. These show that the Standard Club achieved a modest underwriting surplus, with a combined ratio of 95% (as against last year's ratio of 100%), helped by some improvement on prior year claims development.

These results include the club's 40% share in the Standard Syndicate at Lloyd's. This investment generated a small loss for the club, as was expected for a start-up syndicate. Notwithstanding this loss, the board are pleased with the syndicate's development in its first nine months of operation, the diversification this brings to the club, and the additional covers that can be offered to the membership.

Investment returns were down 0.9% at the end of the financial year due to negative contributions from equities and alternatives, offset by a revaluation of the club's investment property.

Notwithstanding the negative investment returns, modest improvements in the back year reserves delivered a surplus of \$10 million and an increase in free reserves from \$380 million to \$390 million; this 2.5% increase in free reserves tracks closely the growth in tonnage. Tonnage increased by 2% to 138 million gt from 135 million gt over the year.

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.

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The Standard Club Europe Ltd

www.standard-club.com

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P&I CLASS

2013/14 policy year

Despite being the worst policy year on record there has been a reduction in a range of claim estimates over the financial year. Accordingly, the year was closed, and there will be no further calls on members.

2014/15 policy year

Claims in this policy year have continued to develop better than expected, resulting in an improvement of the underwriting result for the year. No further calls are expected to be necessary.

2015/16 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 2016.

2016/17 policy year

The estimated total premium has been debited with the final instalment due on 1 November 2017.

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 maintain release calls that are amongst the lowest in the International Group. Release call percentages have been set at 2%, 3% and 7% of estimated total premium for the three open policy years of 2014/15, 2015/16 and 2016/17.

DEFENCE CLASS

2013/14 policy year

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

2014/15 and 2015/16 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.

2016/17 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.

STANDARD LONDON CLASS**2013/14 policy year**

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

2014/15 and 2015/16 policy years

These years are performing satisfactorily. No further premiums are expected to be necessary.

2016/17 policy year

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

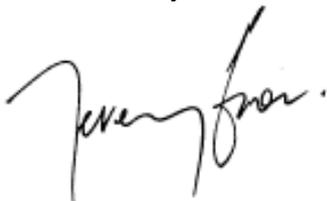
Release calls

The release call percentages are 0% for all open policy years. 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 2013/14 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



Jeremy Grose
Chief Executive
Charles Taylor & Co Limited