

TO ALL MEMBERS

22 May 2017

Dear Sirs

FINANCIAL POSITION AND OPEN POLICY YEARS

The board of the club met on Friday 12 May 2017 in Rome 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 2017

The Report and Consolidated Financial Statements for the year to 20 February 2017 were approved by the board and will shortly be circulated to the membership by email and published on the club's website. These show that the Standard Club achieved, for the second year in a row, a modest underwriting surplus, with a combined ratio of 95% (following a 5% return of mutual premium on the 2016/17 policy year).

The board was pleased to note a positive investment performance for the financial year ending 20 February 2017. In challenging markets, the investment portfolio returned 3% against the benchmark.

The healthy investment returns, supported by the positive underwriting result, which includes the results on the club's share of the Standard Syndicate, delivered a surplus of \$40 million and an increase in free reserves from \$390 million to \$430 million. This 10% increase in free reserves tracks closely the growth in tonnage. Tonnage increased by 9% to 150 million gt from 135 million gt over the year mostly due to organic growth with members adding tonnage but also to new members joining both during the 2016/17 policy year and at renewal.

The board reviewed carefully the results of the club's share of The Standard Syndicate. Current market conditions have been challenging for this important new pillar in the club's strategy. It has nevertheless made strong progress, welcoming two new capital providers and building volume and new lines of business. The board remains resolute that growth and diversification will secure the future strength of the club, and is fully committed to supporting the Syndicate so that it can make a strong positive contribution to support members' premiums.

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The Standard Club Europe Ltd

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Overall, the stable underwriting performance and good quality, selective growth is in line with the club's strategy of delivering a broad range of covers that represent excellent and sustainable value for its valued membership backed by first-class financial security and service.

P&I CLASS

2014/15 policy year

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

2015/16 policy year

A modest underwriting deficit is forecast. No further calls are expected to be necessary.

2016/17 policy year

A modest underwriting surplus is forecast. Apart from the final instalment of the estimated total premium, which is due on 1 November 2017, no further calls are expected to be necessary.

2017/18 policy year

The estimated total premium has been debited with the final instalment due on 1 November 2018.

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 has therefore decided to further reduce calls which were already amongst the lowest in the International Group. Release call percentages have now been set at 0%, 0% and 6% of estimated total premium for the three open policy years of 2015/16, 2016/17 and 2017/18.

DEFENCE CLASS

2014/15 policy year

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

2015/16 and 2016/17 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.

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2017/18 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**2014/15 policy year**

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

2015/16 and 2016/17 policy years

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

2017/18 policy year

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

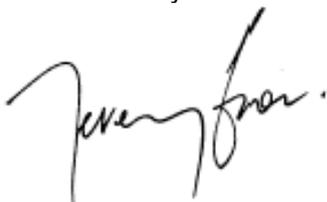
Release calls

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 2014/15 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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