



Directors' Report & Financial Statements

For the year ended 20 February 2026

UK P&I CLUB
IS MANAGED
BY **THOMAS
MILLER**



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Our Key Financials

For the year ended 20 February 2026

\$447M

Gross Written Premium

105%

Combined ratio
before one off merger costs

9.4%

Investment return

\$586M

Free reserves

244%

Solvency-UK Capital
Adequacy Ratio

A-/stable

S&P financial
strength rating

Our Members

For the year ended 20 February 2026

168M+

Owned tonnage
declared to IGP&I
in April 2026

110M+

Chartered tonnage

6,952

Total ship count

4,453

Ship count
(above 1,500 GT)

10%

Americas

44%

Europe,
Middle East
& Africa

46%

Pacific Asia

32%

Bulk carrier



26%

Tanker



18%

Container



13%

Gas carrier



6%

Passenger



5%

Other



Chairman's Statement

Welcome to the UK Club's 2026 annual report. My third year as Chair has been marked by significant geopolitical developments, which together are having a profound and multi-layered impact on global trade. Despite the increasingly volatile and politically uncertain world we now face, I am pleased to say the Club continues to grow – both in terms of entered tonnage and financial strength. And, as many of you already know, by this time next year, we plan to have merged with the TT Club to offer an even stronger, broader and more competitive service to help Members navigate challenges ahead.

The TT Club insures around 80% of the world's containers and has an insurable interest in 55% of the world's top 100 ports. The club was established in 1968 to provide mutual liability cover for the onshore legs of container transport, later diversifying into insuring logistics operators and ports and terminals. TT Club has more than 1,500 members, a global network of 26 offices and reserves of over US\$300 million. Most of our staff around the world are already operating alongside each other, so we already know each other well and have collaborated on a wide range of projects.

The potential benefits and efficiencies resulting from the merger – which is likely to include the acquisition of our Manager, Thomas Miller – will be significant, resulting in a projected saving equivalent to 5% of P&I premiums. It will also give Members more local access to the Club, a wider spread of cost-effective transport insurance products, and a larger and more financially secure capital base. By February 2027, we will have taken a significant step towards our goal of being the world's leading maritime transport mutual – watch this space.

In the meantime, the Club has experienced a less expensive policy year than the record set in 2024, though our contributions to International Group Pool claims continue to be significant. Containership incidents – such as the MSC Elsa 3 sinking in May 2025 and the Wan Hai 503 fire in June 2025, both off the coast of India – continue to cause concern and we are working closely with the industry to consider further loss prevention enhancements.

The Group Pooling Agreement is a key strength of the P&I system, enabling us and the other International Group Clubs to collectively and efficiently manage the cost of the largest claims. The slight easing of Pool contributions and fewer large claims in our US\$10 million retention resulted in a more acceptable combined ratio of 105%, compared to 116% last year. This relatively small underwriting deficit was more than offset by a strong 9.4% investment return, which helped to boost our free reserves to US\$586 million. I am also pleased to say our focused UK Fixed, Charterers and other non-mutual products contributed to our surplus this year.



J.M. Valkier
Chair

“Over the year, the total mutual entry grew by over 6 million GT to 168 million GT.”

Thanks to a significant increase in free reserves, the UK Club again remains one of the strongest Clubs in the International Group. We continue to surpass all regulatory requirements and industry benchmarks, including holding a Solvency-UK Capital Adequacy Ratio (SCR) of 244% and exceeding the S&P capital model's 99.99% confidence level.

The UK Club's combined offering of financial strength and exceptional service resulted in another positive renewal in February 2026. Nearly all existing Members renewed for another 12 months, with many expanding their entries with the Club. Over the year, our mutual tonnage grew by over 6 million GT to 168 million GT. We have experienced particularly strong growth from high-quality operators of tankers and containerships, which has helped to diversify our insured fleet, and existing Members have already committed to entering a significant amount of new tonnage during the 2026 policy year. Chartered entries have stayed strong at around 110 million GT.

Looking ahead, we will continue to focus on developing long-term partnerships with our Members through service excellence. We are also planning another Member and broker survey this year to ensure we have delivered measurable improvements in the areas identified in the May 2024 survey – even though this found overall satisfaction with the Club's service was 99%. Improvements include creating dedicated centres of excellence to provide focused insight, sector leadership and consistently high-quality guidance on major trades and topical issues such as alternative fuels and sanctions.

As ever, I am grateful to all Members who have served so diligently as Directors on the Club's regulated Board and Members' Committee. During the year, we welcomed Tomás Arantes (Transpetro); Howard Flanders (Norwegian Cruise Line) and Nick Potter (AET) to the Members' Committee, which continues to provide a vital link between the Board and our Members. We also thank K. Fujiwara (ENEOS Ocean); I. Gungen (Gungen Maritime & Trading); P. Hajioannou (Safe Bulkers); E. Louis-Dreyfus (Louis-Dreyfus Armateurs); F. Mascarenhas (Transpetro); and R. Zein (Naftomar Shipping & Trading), who have stepped down after many years of outstanding service.

Finally, I again want to thank our staff. Their professionalism and dedication in often challenging circumstances continues to provide Members, brokers and other stakeholders with the highest-level service they rightly expect from such a prestige Club. It is through their collective efforts that the UK Club keeps getting bigger, better and bolder.

J.M. Valkier
Chair
20 May 2026



Directors' Report

The Directors have pleasure in presenting their Report and Financial Statements of the UK P&I Club for the year ended 20 February 2026.

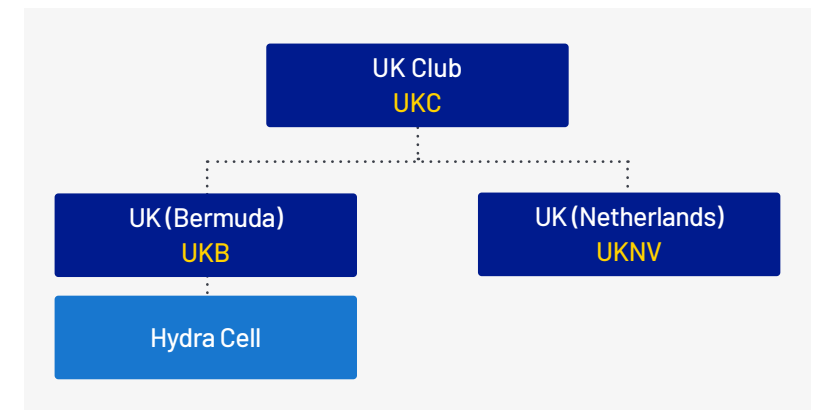
The Club has been protecting our Members from third-party liabilities and related claims-handling expenses in the form of protection and indemnity (P&I) insurance and other marine covers for over 150 years. It continues to offer excellent cover, financial security and value for money.

The Club operates from 12 offices worldwide and, with its extensive correspondent network, provides assistance and local knowledge in over 350 ports worldwide. The Club's deep industry knowledge and innovative services support its service offering, aiding our Members at any time and any location.

The Club provides one of the most comprehensive support packages for loss prevention available in the market. This focuses on making ships safer, keeping crews healthier and providing expert advice through joint initiatives with our industry partners.

Structure

The principal activity of the Club during the year was the insurance and reinsurance of marine protection and indemnity risks on behalf of our Members. The Club has the following active corporate structure.



- **The United Kingdom Mutual Steam Ship Assurance Association Limited (UKC)** writes all of the Club's direct business either directly (through branches in Hong Kong, Singapore and Japan) or via a reinsurance arrangement with UKNV.
- **The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited (UKB)** reinsures 90% of UKC's business (net of external reinsurances).
- **UK P&I Club N.V. (UKNV)** was established in order to continue to operate throughout the European Economic Area EEA. UKNV also provides a fronting solution for some other mutual insurance companies managed by Thomas Miller. This business is 100% reinsured back to the fronted insurer so that UKNV does not retain any of the risk.
- **Club's Hydra Cell** – The Club owns, together with other members of the International Group of P&I Clubs (IGP&I), a reinsurance captive in the form of a segregated cell company in Bermuda, Hydra Insurance Company Limited. The Club owns 100% of its own cell and this cell is included in the Club's Consolidated Financial Statements.

The Club contains two dormant/non-trading subsidiaries:

- **The United Kingdom Mutual Steam Ship Assurance Association (London) Limited (UKL)** is a subsidiary of UKC; and
- **International P&I Reinsurance Company Limited (IPIR)** is a subsidiary of UKB.

The Club also owns a 22.7% stake in its Manager, Thomas Miller. Furthermore, it is the settler and a beneficiary of the Front Street Trust. Both are included in these financial statements.

Direction and Management

Control over the Club's affairs rests with the Board of Directors, which met on five occasions during the year. The members of the Board are elected by the Members' Committee, the membership of which is in turn elected by the Members of the Club.

The Members' Committee met on three occasions during the year. It provides input to the Board on Member-related matters and is entrusted with decisions on discretionary claims.

Most of the Directors are active shipowners so are restricted in the amount of time that they can make available to running the Club's affairs. Therefore, the day-to-day running of the Club is delegated to Thomas Miller, through its wholly owned subsidiaries Thomas Miller P&I Ltd, Thomas Miller (Bermuda) Ltd and Thomas Miller BV.

The Manager, through a network of offices in Europe, Asia and America, forms the principal contact between the Club and the Members. In addition to carrying out the policies laid down by the Boards, they also act as a conduit for feedback of the Members' views.

At Board meetings, the Directors receive reports from the Manager on all areas of the Club's operations. The Board has established several committees:

- The **Group Audit & Risk Committee** oversees all risk, regulatory and accounting (including internal and external audit) matters worldwide. This committee reviews performance against all financial risk management objectives and policies set by the Board, which are discussed in the Directors' Strategic Report and in note 4 to the Financial Statements.
- The **Nominations Committee** makes recommendations regarding the appointment of new Directors and the composition of committees and subsidiary boards.
- The **Ship and Membership Quality Committee** advises on the Club's ship inspection and condition survey schemes. It also provides the Board with advice on the criteria used to set the standards for membership of the Club and the direction of the Club's loss prevention and safety initiatives.
- The **Investment Committee** advises the Board on investment strategy and policy. It also monitors the performance of the investment portfolio.
- The **Strategy Committee** advises the Board on strategic issues.

Other committees of the Board may be formed, as needed, to review specific issues as delegated by the Board, or to take decisions on behalf of the Board, for instance regarding the operation of the Club's war risks cover, where urgent decisions may be required.

Directors

Chair

J.M. Valkier

Anthony Veder Group NV

Deputy Chairs

L. Audaz

MSC Mediterranean Shipping Company SA

R. Chen

Wan Hai Lines Ltd

M. Nomikos

A.M. Nomikos Transworld Maritime Agencies SA

Other Directors

S. Beale

M. Butler

N.C. De Silva

R.C. Gillett

A.J. Taylor

Members' Committee

The Members' Committee solely comprises elected representatives of the Members.

J.M. Valkier

Anthony Veder Group N.V.

Shaikh K.A. Al Sabah

KOTC

R. Aird

Pritchard-Gordon Tankers Ltd.

I. Al-Nadhairi

ASYAD Shipping S.A.O.C.

T. Arantes

Petrobras Transporte S/A – Transpetro

L. Audaz

MSC Mediterranean Shipping Company SA

P. Bagh

Oldendorff Carriers GmbH & Co. KG

I. Caroussis

Chios Navigation (Hellas)

R. Chen

Wan Hai Lines Ltd.

B. Chiu

BW Group Ltd

H. Flanders

Norwegian Cruise Line Holdings Ltd

H. Fujikawa

MMS Co., Ltd., Meiji Shipping Group

A.M. Gibson

Royal Caribbean Cruises Ltd.

D.W. Grzebinski

Kirby Corporation

A. Hadjipateras

Dorian LPG

N.A. Hadjiyiannis

Hellenic Tankers Co Ltd

C.T. Hajimichael

Tsakos Shipping & Trading SA

A. Kalathakis

Navios Maritime Partners L.P.

Lou Dongyang

China Merchants Energy Shipping Co., Ltd

S. Messina

Gruppo Messina S.p.A.

M. Nomikos

A.M. Nomikos Transworld Maritime Agencies S.A.

D. Ofer

Zodiac Maritime Ltd.

S. Paliou

Diana Shipping Inc

M. Papaioannou

Helikon Shipping Enterprises Ltd.

M. Pavić

Tankerska plovdba d.d.

B. Pickering

Chevron Shipping LLC

N. Potter

AET and MISC Group

A. Slee

Taylor Maritime Investments Limited

N. Smedegaard

DFDS A/S

K. Sutoh

Nippon Yusen Kabushiki Kaisha

Tao Weidong

China COSCO Shipping Corporation Ltd.

A. Thanopoulos

DryLog Ltd

S.N. Vlassopoulos

Ionic Shipping (Management) Inc

The following Members have resigned from the Members' Committee since 20 February 2025: K. Fujiwara, ENEOS Ocean Corporation; I. Gungen, Gungen Maritime & Trading SA; P. Hajioannou, Safe Bulkers Inc; E. Louis-Dreyfus, Louis-Dreyfus Armateurs S.A.S.; F. Mascarenhas, Petrobras Transporte S/A – Transpetro; and R. Zein, Naftomar Shipping and Trading.



Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 102 – Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and FRS103 – Insurance Contracts, issued by the Financial Reporting Council and in conformity with the requirements of the Companies Act 2006). Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs and the surplus or deficit of the Club for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Club will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Club's transactions and disclose with reasonable accuracy at any time the financial position of the Club and for ensuring that the Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Club and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors has effected a Directors' and Officers' Liability insurance policy to indemnify the Directors and Officers of the Club against loss arising from any claim against them jointly or severally by reason of any wrongful act in their capacity as Directors or Officers of the Club. The cost of the insurance is included in net operating expenses.

Disclosure of Information to the Auditor

So far as each of the persons who are Directors at the time of this report are aware, there is no relevant audit information of which the Club's auditor is unaware and the Directors confirm that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Club's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

The Directors have appointed Deloitte LLP as auditor. Deloitte LLP has indicated its willingness to continue in office, and a resolution will be proposed at the annual general meeting to reappoint Deloitte LLP as auditor for the next financial year.

Financial Instruments

The Club's financial instruments comprise its financial investments, cash and various items arising directly from operations, such as insurance and other debtors, technical provisions and creditors. The main risks arising from these financial instruments are insurance risk, market risk and credit risk. The Club's approach to management of these risks is disclosed in note 4 of the Financial Statements.

J.M. Valkier
Chairman

A.J. Taylor
Chief Executive

R. Chen
Director

The Directors' report was approved by the Board of Directors on 20 May 2026 and signed on its behalf of the directors above.

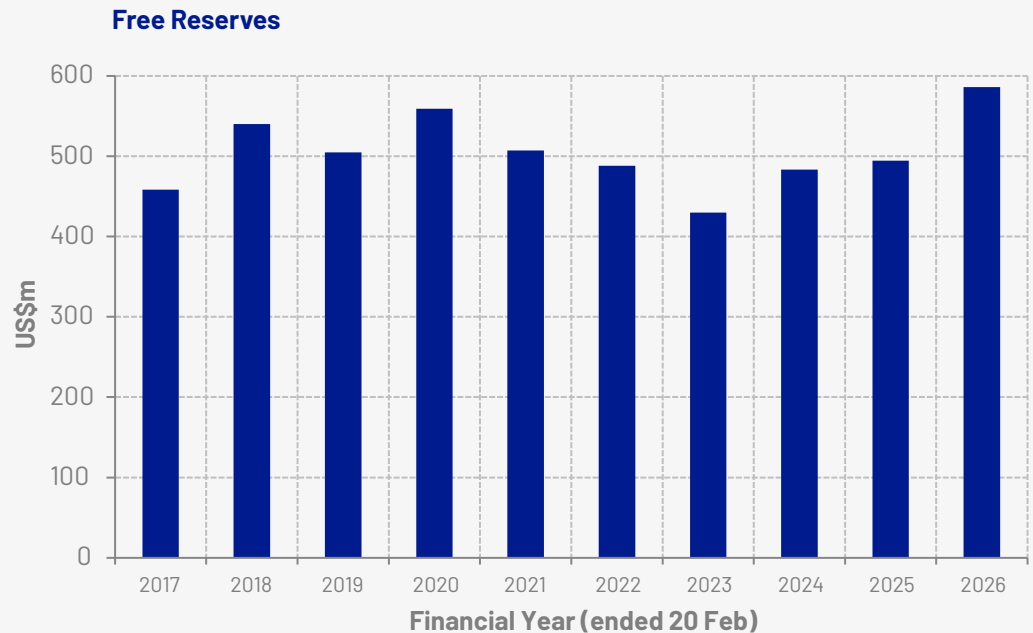


“ The Club’s financial strength remains among the strongest in the industry. ”

Directors’ Strategic Report

Overall Performance

In the year ended 20 February 2026, the UK P&I Club recorded a surplus of US\$60 million, increasing the Club’s free reserves to US\$586 million. The Club’s financial strength remains among the strongest in the industry, with an S&P credit rating of ‘A-/Stable’. The following sections illustrate the Club’s KPIs and discuss the key drivers of the overall result. The same drivers also apply to the parent company’s result.



Underwriting

The Club aims to maintain breakeven underwriting over the medium term by calling sufficient premium to cover claims and expenses incurred.

Over recent years, pricing has recovered following the previous soft market cycle and, for the 2026 renewal, this momentum has continued.

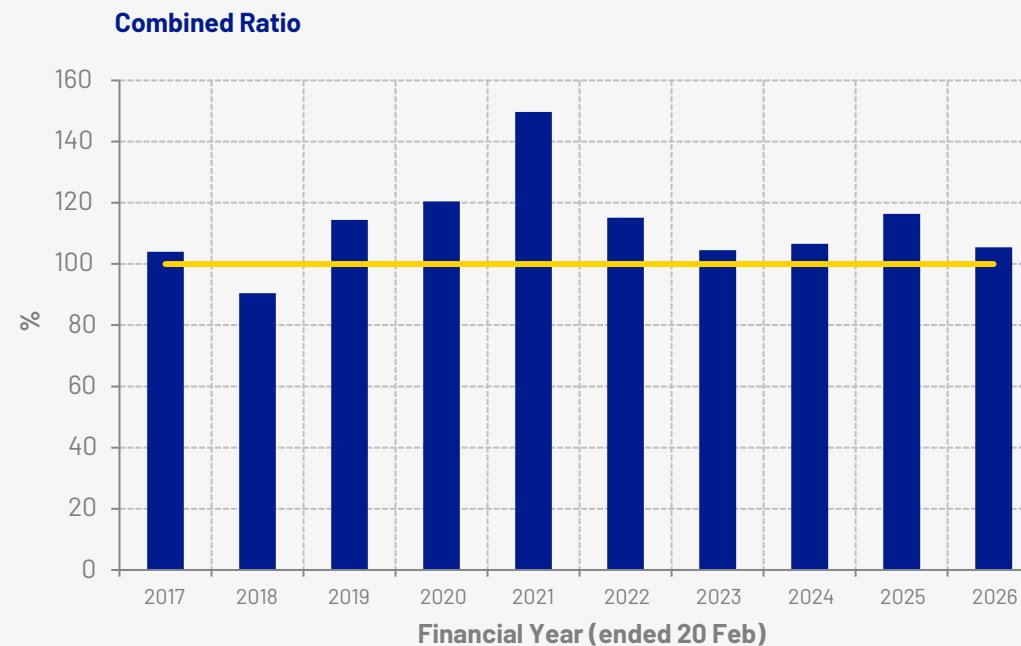
The mutual premium increase achieved at the recent renewal is in line with the Club's longer-term financial forecast and the Club continues to refine its risk appetite and take appropriate action to improve the overall portfolio composition of mutual and fixed premium business entered.

The combined ratio of 105% is at the top of the Club's target combined ratio range.

The Club's non-poolable business has contributed positively to the Club's financial performance, continuing the trend set last year following several years of portfolio remediation.

The Club is reporting year-on-year growth of 6.9 million GT of mutual entered tonnage, equivalent to a 4.3% gain, whilst continuing to remove underperforming business. The Club also continues to enjoy a strong pipeline of new tonnage committed by existing Members to attach during the forthcoming policy year.

The Club continues to purchase appropriate reinsurance to protect against portfolio volatility and manage capital efficiency.



Claims

Volatility continues to be the underlying theme of P&I claims in the 21st century. The 2025 policy year saw the UK Club on the right side of that volatility, with a significantly better than anticipated experience in its retained and non-mutual claims.

All categories of claims saw a fall in value, with cargo and injury claims reported at around 30% of the previous year's figures. Large claims, those above US\$500,000, were less than 50% of the 2024 policy year, and the lowest in over 10 years. Most encouragingly, the level of attritional claims – those below US\$500,000 – fell by over 10% against tonnage growth of almost the same percentage.

With one exception, no particular trends or emerging claims risks were noticeable to distinguish the 2025 policy year from previous years. The exception was an increase in claims for contamination to chemical cargoes, in many cases caused by failings in tank cleaning between cargoes. These often initially present as large claims, although salvage sales and treatment of the cargoes in question often mitigate the losses. Nevertheless, this is an issue that has the attention of the Club's Safety & Risk Management division. The large claims experienced were a mixture of routine dock damage cases, collisions and, regrettably, avoidable illnesses and injuries.

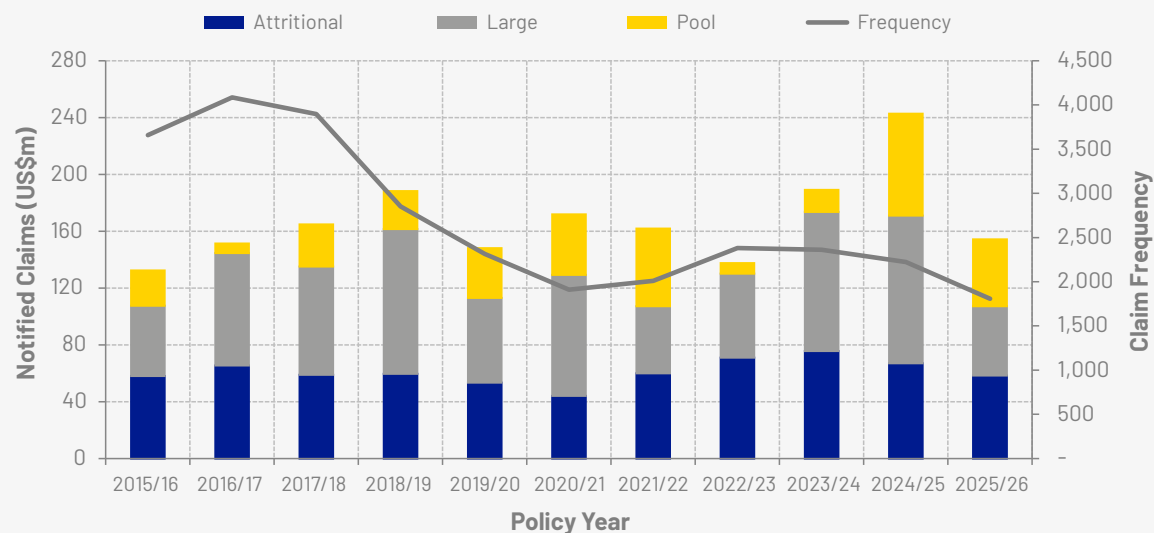
The Director's Report for 2025 noted two major containership fires and commented on the challenges that these incidents pose in terms of ports of refuge and disposing of fire-damaged waste. One of these incidents involving a relatively small containership continued to develop during the 2025 financial year and resulted in costs of over US\$100 million, albeit with strong prospects of a recovery from the ship's charterers. Almost as soon as that incident was resolved, there was another major fire on a containership, this time entered in another IG Club, which ship found refuge in the same port as the UK Club's case and incurred a proportionately similar level of costs.

All of the cases are thought to have resulted from the carriage of undeclared dangerous goods, which is also likely to be the cause of a large claim against a charterer Member of the Club. It is perhaps therefore appropriate that the IG Clubs have made it a requirement in 2026 that their respective Members preserve rights of recourse for the carriage of undeclared dangerous goods in contracts for carriage, reflecting long-established principles under international conventions and national laws that a carrier should be compensated for losses where notice that the goods are dangerous has not been given. With that in mind, the February 2025 decision of the United Kingdom Supreme Court in the MSC FLAMINIA case expanding the scope of claims for which a charterer can limit liability was a disappointing one for shipowners. It has been argued that the case levels the playing field in terms of a charterer's right to the full benefit of limitation.

However, it also risks an innocent shipowner being left with unrecoverable losses in such cases and could enable the guilty shippers to evade the consequences of their actions.

The Club's fixed premium book has performed well. Two large claims in particular have been mitigated by limitation, through the relatively small size of the ships involved. Encouragingly, against occasional concerns at the willingness of some courts to uphold the concept, three of the Club's older claims were also successfully resolved through limitation, with claims presented often significantly in excess of the ships' limitation fund. Some might question the role of limitations in the modern world. However, for the Club and the IGP&I generally, it remains a cornerstone of predictable and insurable risk enabling cost effective insurance.

Total Net Notified Claims by Size and Frequency at 12 Months' Development



Investments

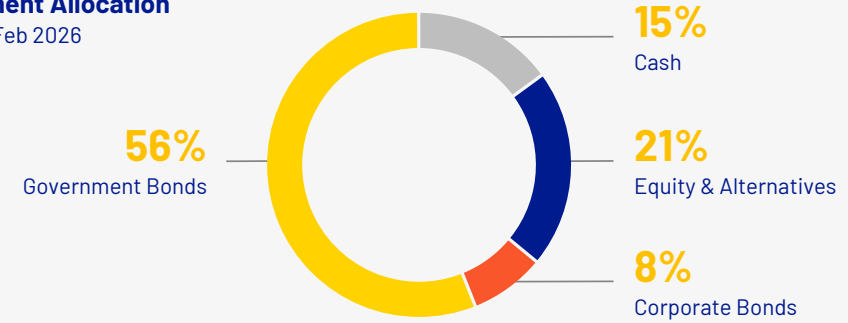
During the 2025/26 financial year, the consolidated investment portfolio delivered a total return of 9.4%. The portfolio enjoyed strong performance despite a backdrop of elevated economic and geopolitical uncertainty. All segments of the portfolio contributed positively to the results, led by the equity allocation, which produced a return of 24.1%. Fixed income exposures also contributed positively, with corporate and government bond holdings producing a combined return of 6.2%.

Despite extended periods of volatility, global equity markets demonstrated resilience throughout the year, reaching new record levels. Nevertheless, the Club has taken a cautious approach to the management of the portfolio to mitigate ongoing risk emanating from geopolitical uncertainty and stretched market valuations.

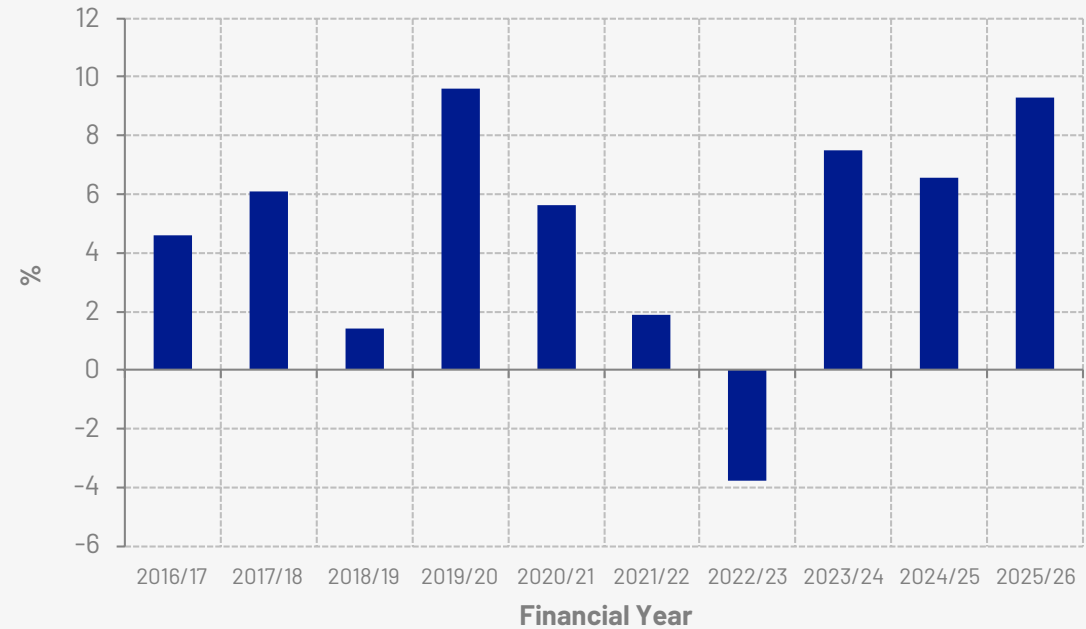
The investment strategy is designed to ensure that the portfolio continues to support the Club's financial objectives. Overall, the asset allocation of the club's investment portfolio remains consistent with its risk appetite, capital and regulatory constraints, expected liabilities and credit rating requirements.

Investment Allocation

as at 20 Feb 2026



Investment return



Capital

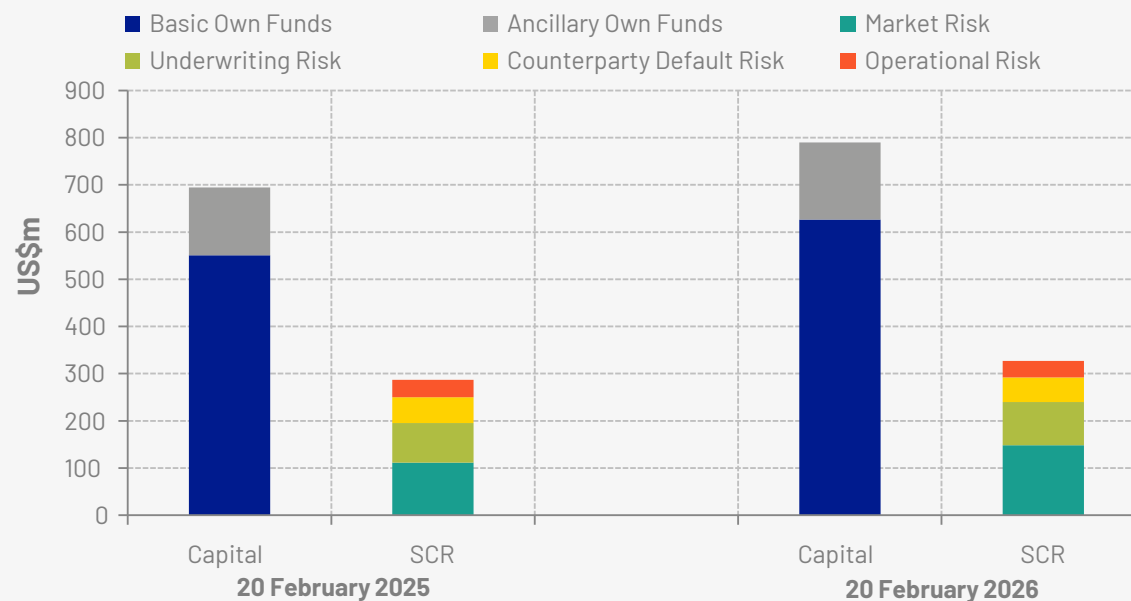
The Club has a strong capital position, with free reserves of US\$586 million. The Club aims to hold sufficient capital to provide our Members with first-class security without holding excessive amounts. As such, the Club's key objectives are to maintain its rating from S&P within the 'A' range and retain sufficient capital to meet its regulatory requirements in all jurisdictions. The Club's capital continues to exceed the 99.99% confidence level as per S&P's capital model. The Club's credit rating of 'A-/Stable' was most recently confirmed by S&P in November 2025.

The Club's key regulatory capital requirement is Solvency-UK's Solvency Capital Requirement (SCR). Rather than use the standard formula to calculate the Club's SCR, the Club uses its own sophisticated internal model, which better reflects the Club's risks and avoids it having to hold unnecessary levels of Members' capital.

The Club's regulatory capital coverage is shown in the following chart, which illustrates its SCR, broken down into key risk categories. For further information, see the Club's Solvency and Financial Condition Report, which is available on the Club's website.

“ The Club's capital continues to exceed the '99.99%' confidence level as per S&P's capital model. ”

Group regulatory capital



Risk Management

The Club has put in place a risk management framework designed to ensure that it identifies, assesses and manages risks which could adversely affect the Club's performance, financial stability or ability to deliver excellent service to our Members. The framework evaluates the potential for adverse outcomes from the insurance and investment markets in which it operates due to operational, geopolitical or macroeconomic factors.

The Club monitors potential new or deteriorating risks, including consideration of emerging cyber threats, the potential for investment losses or changes in underwriting exposure due to climate change, changes in maritime practice affecting loss experience (such as new fuel types or cargoes), and changes in the geopolitical and regulatory environment which could affect insurance and investment markets or the Club's ability to service our Members effectively.

The Club's understanding of risk is integrated into its decision-making process through the Own Risk and Solvency Assessment (ORSA) process, which incorporates qualitative analyses, quantitative scenario testing and use of stochastic modelling methods. The Club's internal model is a key element of the risk management framework, informing business planning, strategy, reinsurance and capital management in addition to being an approved model for the purpose of calculating the Club's regulatory capital requirement.

The Club's most material risks arise from its insurance activities (underwriting risk) and investments (market risk), which are discussed in more detail above. Underwriting and market risks are accepted where they are expected to further the objectives of the Club and remain within the defined risk appetite limits set by the Board. The Club seeks to minimise its exposure to other sources of risk to the extent this is practical and cost effective.

A key tool for managing underwriting exposures is the use of reinsurance to mitigate the cost of individual large claims and/or a higher frequency of larger claims than anticipated in the business plan. The Club buys reinsurance on its own account and is also a member of the IG, participating in the International Group's Pooling Agreement. The Pooling Agreement provides protection for claims greater than US\$10 million through the pooling of these claims with other IG Clubs, although this mitigation is partially offset by the UK Club's exposure to large claims incurred by other IG Clubs. Pool claims greater than US\$100 million are ceded into the international reinsurance market. Details of the IGP&I's reinsurance programme are available on the IGP&I's website, and the structure is similar to last year.

Safety and Risk Management

The Club's Safety & Risk Management division operates around **five strategic pillars** designed to help our Members navigate today's increasingly complex maritime risk landscape. This holistic model recognises new pressures – alternative fuels, digitalisation, evolving crew competence needs and global instability – and delivers practical, expert-driven tools to reduce incidents and enhance safety performance.

The Fleet Quality pillar provides our Members with maritime safety assessments and performance reporting aimed at preventing future incidents. The focus is on ensuring high standards of vessel maintenance, operational readiness and compliance with evolving industry expectations. These assessments are offered free of charge and aim to support safe ship operations across diverse fleet profiles.

Loss Prevention is the largest and most technically detailed pillar, drawing on the expertise of former senior mariners, marine engineers, and health, safety and risk specialists. The Club offers world-class technical guidance, incident-learning videos, Risk Focus reports and extensive training materials based on real-life shipping incidents.

The Crew Wellbeing pillar recognises that physical and mental health are essential foundations of safe operations. The Club provides health guidance, mental wellbeing support and access to a global network of PEME medical partners. Topics include fatigue, drug and alcohol policies, mental resilience and safe working practices.

The Environment pillar supports our Members in transitioning towards sustainable operations and adapting to alternative fuels, modern environmental regulations and wider decarbonisation pressures. Guidance covers sustainable practices, alternative fuel safety, legislative updates, and strategies to reduce emissions and environmental impact.

Under the Industry Collaboration pillar, the Club works closely with global maritime stakeholders – regulators, training institutions, classification societies and NGOs – to raise safety standards and share the latest best practices across the industry. Collaboration ensures that our Members benefit from current knowledge, emerging technological insights and shared learning across the shipping ecosystem. This cooperation also strengthens the development and dissemination of new safety tools, innovations and training approaches.

Through this five-pillar model and an expanding portfolio of specialist training courses, the Club's Safety & Risk Management division delivers a structured, forward-looking and technically robust approach to managing maritime risk. Whether supporting fleet quality, enhancing loss prevention capability, safeguarding crew wellbeing, guiding sustainable transitions or collaborating across the industry, the division equips shipowners and operators with the insight and tools needed for safe, resilient and future-ready operations.

Sustainability and Corporate Social Responsibility

The UK Club's approach to sustainability is set out in the Club's Sustainability Reports, which describe the Club's impacts on the areas identified as being most relevant to the Club.

The UK Club is a signatory to the United Nations Global Compact (UNGC) and, as such, is committed to implementing the 'Ten Principles' of the UNGC, taking action in support of the Sustainable Development Goals (SDGs) and submitting an annual Communication on Progress (COP). We support all 17 SDGs, but our Sustainability Reports focus on the Club's impact with reference to the five SDGs that are most closely aligned with the Club's activities: SDG3 on 'good health and well-being', SDG8 on 'decent work and economic growth', SDG13 on 'climate action', SDG14 on 'life below water' and SDG17 on 'partnerships for the goals'. Further details are set out in the Sustainability Reporting section below.

Following publication of the Club's first Sustainability Report in late 2022, the Club has sought to identify those areas where we can improve the Club's impact, and to find and progress projects in areas where our expertise and resources can make a real difference. The Club's most recent [Sustainability Report](#), published in March 2025, provides an update on our progress over the past two years, including the following projects:

- The Club's 2022 Sustainability Report explained that the Club's greatest positive sustainability impact is in supporting our Members' efforts to decarbonise. To that end, both the Club and its Manager, Thomas Miller, have provided significant support to the Blue Visby coalition, a project aiming to cut greenhouse gas emissions from shipping by approximately 15% through the use of innovative technology.
- The Club has also joined with other industry partners in the Methane Abatement in Maritime Innovation Initiative (MAMII), a project focused on measuring and helping to abate the release of unburnt methane, a potent greenhouse gas.
- Following a successful trial focused on the business-travel and related emissions of the Club's Board, the Club's Board decided to expand the scheme to cover all Club business travel, and to purchase products to offset or mitigate the carbon footprint of the Board's travel and meetings from May 2023, and the wider Club's travel from May 2024. Work is ongoing to measure all corporate travel emissions and identify suitable schemes by which to offset or mitigate them.
- On the human side of sustainability, the Club has funded and helped to drive forward a 'Safe at Sea' project aimed at preventing harassment at sea through education and allyship and has co-funded a charity (Safer Waves) focused on prevention and support through education for seafarers who have suffered harassment.

The Club is fully managed and, consequently, its corporate citizenship goals are reflected by those of its Manager. Further details of Thomas Miller's impact and progress in this area are set out in [Thomas Miller's 2025 ESG report](#).

The Club has developed strong and enduring relationships with several charities, including the Mission to Seafarers, the Seafarers' Charity, the Sailors' Society, Stella Maris, ISWAN and Safer Waves, and has provided significant financial and practical support for several key initiatives focused on maritime health and welfare, and on encouraging greater diversity in shipping. Further details of all of these initiatives are set out in the Club's Sustainability Reports.

During the past year, the Club made charitable donations totalling US\$227k, none of which was to a political party.

“During the past year, the Club made charitable donations totalling US\$227,000, none of which was to a political party.”

Sustainability Reporting

Sustainability Reports

The Sustainability Reports describe the Club's impacts in the areas we have identified as being most relevant to the Club and set out the Club's plans, which are focused mainly on support for our Members.

The reports include a summary of the Club's governance of sustainability-related matters and of its compliance with sustainability-related regulations and legislation, as well as a summary of the Club's activities in five specific areas and how those activities align with the SDGs most relevant to the Club:

- An 'Insured operations' section focuses on the Club's long-standing efforts to prevent and mitigate environmental damage from casualties through skilful loss prevention and claims handling, as well as support for Members making the 'green transition' to alternative fuels and technologies, all with reference to SDG14 ('life below water'). The most recent report contains details of the Club's new Safety & Risk Management division, as well as Member case studies and details of the Club's support for decarbonisation initiatives, including the Blue Visby coalition and MAMII (see above).
- An 'Insured people' section focuses on the Club's many existing safety projects, especially those focused on the human element, and the Club's ongoing support for various seafarer-focused charities and how these link with SDG3 ('good health and well-being'). The most recent report also includes case studies of two projects/charities the Club has supported that aim to prevent harassment and promote equality at sea.

- An 'Own operations' section focuses on the sustainability aspects of the Club's operations (again via Thomas Miller) and how those align with SDG13 ('climate action'). This section also sets out details of the Club's commitment to measuring, reducing and offsetting or mitigating its greenhouse gas emissions to help combat climate change.
- An 'Own people' section focuses on those people who work for the Club and addresses human resource-related matters such as the equality and diversity of those working (via Thomas Miller) for the Club and how those align with SDG8 ('decent work and economic growth'). An employee-led Diversity, Equity and Inclusion (DEI) Forum was launched in 2024 and continues to drive progress in this area.
- A 'Collaboration and partnership' section focuses on the Club's partnerships with our Members, with Thomas Miller, with other Clubs through the IGP&I and with other industry groups, and how these initiatives align with SDG17 ('partnerships for the goals').
- Further details are set out in [the Club's 2025 Sustainability Report](#) and [Thomas Miller's 2025 ESG Report](#).

Communication on Progress (COP)

As a signatory of the UN Global Compact, the Club is required to submit an annual Communication on Progress (COP) to the UNGC. The Club made its COP disclosures in 2024 and 2025, and has started work on its 2026 COP.

Corporate Sustainability Reporting Directive (CSRD)

The Club's Dutch subsidiary, UK P&I Club N.V. (UKNV) had been working towards compliance with the European Union's Corporate Sustainability Reporting Directive (CSRD) and publication of a first CSRD Sustainability Report on the year to 20 February 2026. In late February 2025, however, the European Union published 'Omnibus I Directive (Directive (EU) 2026/470), which included proposals to simplify the CSRD reporting requirements. The changes, which came into force on 18 March 2026, take UKNV out of scope for CSRD. The Club and its Manager continue to monitor these developments and ensure that the Club complies with all necessary reporting requirements.

Streamlined Energy and Carbon Reporting (SECR)

As the Club's core management and business activities are outsourced to Thomas Miller, and the UK Club itself uses less than 40,000 kwh of energy per year, SECR is therefore carried out at the Thomas Miller level and, for these reasons, the Directors have not included information in relation to the Club's energy and carbon usage.

Other Regulatory Matters

Section 172 Statement

In accordance with Section 172 of the UK Companies Act, the Directors' key responsibility is to promote the success of the UK P&I Club (the Club). This principle is embodied in the Board's terms of reference, which are reviewed annually. Each Director is aware that in discharging this responsibility, they must have regard to:

- the need to foster business relationships with Members, suppliers and others;
- the likely consequences of any decisions in the long term;
- the need to maintain a reputation for high standards of business conduct;
- the interests of the Club's staff;
- the impact of the Club's operations on the community and environment; and
- the need to act fairly between Members of the Club.

As a mutual, the Club exists for the benefit of our Members, who are both mutual policyholders and owners of the Club. The Club's more than 150-year history and its focus on long-term partnerships mean that there is a natural alignment with other key stakeholders, such as its Manager Thomas Miller, other policyholders, brokers, reinsurers and regulators. The Club maintains regular dialogue with all stakeholders to maintain strong relationships, as this is central to the success of the Club. Underwriters and claims handlers travel widely to visit Members and attend industry events to foster these relationships.

The Club considers the long-term consequences of its decisions as part of its Own Risk and Solvency Assessment (ORSA) process. A key element of the Club's strategy is to provide a financially stable platform from which to provide risk management and loss prevention services to the shipping industry. Achieving this objective involves decisions on underwriting, in particular the target premium requirement for the Club, reinsurance, capital management and investments. These considerations form the cornerstone of discussions and decision-making, supported by the Club's governance structure.

The Club upholds a high standard of business conduct and ensures regulators or other public authorities are informed in a timely manner of any matters arising.

The commitment of the Club to the community and environment has been discussed in the Sustainability and Corporate Social Responsibility section on page 19.

The Members' Committee, which represents the wider Member base and appoints the Board, is a core part of the governance specifically aimed at ensuring that the wider views are appropriately considered and that all of the Club's Members are treated fairly.

Anti-Bribery and Corruption

The Club is committed to ethical business practices and has a zero-tolerance policy for bribery and corruption. The policy prohibits any form of bribery or inducement and requires all employees and associated persons to comply and report any concerns. The Company provides training to ensure awareness and compliance, and regularly reviews the policy's effectiveness. The goal is to maintain high standards of honesty and accountability in all business activities.

Employee Matters

As noted above, the staff delivering the activities of the Club are employees of the Manager, Thomas Miller, which has put in place appropriate measures bearing in mind the interests of its staff working on Club matters.

Modern Slavery

The Club has a zero-tolerance approach to modern slavery and human trafficking. It is committed to acting ethically and with integrity in all its business dealings and relationships to ensure modern slavery is not taking place in its own business nor in any of the supply chains it operates. The Club commits to the highest professional standards and seeks to comply with all laws and regulations applicable to the business. The selection and management of suppliers, including service evaluation and review, are governed by procurement policies. Recruitment methods and standards for potential suppliers are articulated in those policies.

Industry Issues

The Club continues to monitor relevant industry issues, addressing these in publications, circulars, legal updates and loss prevention bulletins, accessible by Members via the Club's website. There has been a strong focus on decarbonisation, alternative fuels and safety, but geopolitical matters were also prominent in 2025 as Russia's aggression against Ukraine entered a fourth year. Meanwhile, the second Trump administration brought more divergence between US and European security policies, and US actions to counter Chinese dominance in the maritime sector. Following the year-end this extended to the armed conflict with Iran resulting in the closure of the Strait of Hormuz.

The EU's sanctions against Russia, and increasingly against shadow fleet ships, were expanded with a 16th Package in February 2025, a 17th Package in May, an 18th Package in July and a 19th Package in October. The UK's Russian sanctions were mostly well coordinated with the EU, but in some areas became more onerous. Despite the considerable efforts of the G7 to coordinate restrictions on provision of insurance to vessels carrying Russian crude traded above a price cap, by the end of the year, different levels of price cap applied under US and EU/UK law. The overall picture is one of increasing complexity, and Members were reminded of the need to conduct thorough due diligence on parties, cargoes, vessels and other service providers, being mindful that P&I cover is not available for trade that breaches applicable sanctions.

A report was made to MEMCO on the Section 301 investigation of the Office of the U.S. Trade Representative into China's dominance in maritime, logistics and shipbuilding activity, and a related US proposal to impose phased, non-cumulative additional US port fees on Chinese owners/operators and Chinese-built vessels. Following a reciprocal proposal from China to impose Special Port Charges on ships with a defined US nexus, trade negotiations in October 2025 resulted in both countries' measures being suspended for a year.

Safety and environmental concerns were in the spotlight in a report to the Member's Committee on the potential for very large liabilities to be incurred for clean-up, damage and restoration costs in the event of an extensive spill of plastic pellets (nurdles). These lentil-sized beads of plastic, used as the base material in virtually all plastics manufacturing, are not individually toxic to marine or human life, presenting none of the risks associated with dangerous liquids, gases, or corrosives. However, when spilled in large volumes they are considered harmful to the marine ecosystem, and being very light and small are easily spread by wind and tide, and are expensive and difficult to clean up. While they have been carried for some years, the value of claims involving pollution by plastic pellets has recently sharply increased, no doubt reflecting growth in awareness of their potential to cause harm and an increase in societal expectations.

The Committee noted the need to manage both the physical risk of nurdle spills and the financial risk to carriers and their insurers. Physical risk could be diminished by use of stronger packaging; limits on volumes of loose pellets transported in containers; stowage rules to prioritise under-deck or inner-stack container stowage; and crews being alerted by labelling to the presence of pellets and the environmental risk associated with their transport. The IMO has issued carriage guidance, but it is not mandatory and any attempt to address the problem by amending an existing international convention would likely take some years to accomplish. An industry-led approach therefore seems to offer better prospects, and the Club is discussing this with affected Members and with the World Shipping Council accordingly.

The Club worked closely with Members during the year to develop safety measures around the use of alternative fuels, including ammonia. Another potential alternative fuel on which a report was made to MEMCO is nuclear propulsion, where various third-party projects to explore the feasibility of using small modular reactors in civilian shipping were progressed in 2025. The Committee noted the need to update the international legal regime to provide for appropriate liability and compensation mechanisms for nuclear propulsion risks, and to address the numerous safety, security and economic challenges. An International Group Committee is studying the subject, but it remains to be seen whether there will in future be any scope to remove the existing exclusion of nuclear liabilities from the IG's Pooling and Reinsurance arrangements.

At their last meeting of the year, the Members' Committee received a report on the activities of all the committees and working groups of the International Group of P&I Clubs, where legal, regulatory and insurance aspects of shipowners' liabilities are addressed collectively and solutions found. Much of this is highly technical work in which the UK Club's Manager continues to play a very active role. As has been observed in previous reports, it is of continuing benefit to international trade that shipowners have a means of reaching consensus in relation to liability and compensation issues, through their membership of the mutual Clubs that participate in the arrangements of the International Group.

Looking to the Future

The Club is well positioned to meet its future strategic objectives. To deliver these, the Club will continue to focus on its core capabilities to enhance its market position. These core capabilities include the Club's:

- people, who bring a wealth of experience to support Members through all eventualities;
- leading safety and risk management proposition, which champions innovative techniques to prevent, mitigate or respond to the impact of losses at sea;
- capital position, which is among the best in the industry and provides the necessary financial resilience, even in the most extreme scenarios;
- leading brand and service proposition, which provide assurance of professionalism and expertise to Members;
- governance structure, which drives a culture that puts the needs of our Members first, so ensuring a commitment to delivering market-leading service;
- unrivalled membership, which illustrates the attraction of the Club's leading brand to the highest-quality Members.

The Club has developed strong long-term partnerships with its Members through these core capabilities which, when taken together, build an attractive proposition for the shipping community, as evidenced through recent renewal processes.

The Club is currently planning a merger with the TT Club. This merger is expected to deliver significant improvements to each of these core capabilities and elevate the position of the Club within its chosen markets.

“The Club is well positioned to meet its future strategic objectives.”

Approved by the Board of Directors and signed on behalf of the Board.

K. P. Halpenny
Company Secretary
20 May 2026



Independent Auditor's Report to the Members of The United Kingdom Mutual Steam Ship Assurance Association Limited

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of The United Kingdom Mutual Steam Ship Assurance Association Limited (the 'parent company') and its subsidiaries (the 'club'):

- give a true and fair view of the state of the club's and of the parent company's affairs as at 20 February 2026 and of the club's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of income and expenditure;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 21, excluding the capital adequacy disclosures in note 4.6 calculated in accordance with the Solvency UK regime, which are marked as unaudited.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the club and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the club and the parent company for the year are disclosed in note 15 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the club or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matter	The key audit matter that we identified in the current year was the valuation of gross technical provisions.
Materiality	The materiality that we used for the club's financial statements was \$11.1m which was determined on the basis of total reserves.
Scoping	Audit work to respond to the risks of material misstatement was carried out by the club audit team and the Deloitte Netherlands component team.
Significant changes in our approach	There have been no significant changes in our approach in the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the club's and parent company's ability to continue to adopt the going concern basis of accounting included:

- review of the latest available Own Risk and Solvency Assessment ('ORSA') return to assess compliance with regulatory solvency requirements, including evaluating management's forecasts and stress testing;
- assessing the solvency position through assessing the sufficiency of assets to meet liabilities and the adequacy of regulatory capital;
- assessing the historical accuracy of past forecasts;
- assessing the impact of global geopolitical uncertainty on both the frequency and severity of claims activity, and the rate of claims inflation; and
- assessing the appropriateness of the going concern disclosure in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the club's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matter

The key audit matter communicated below is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year and included the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. This matter had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

5.1. Valuation of gross technical provisions

Key audit matter description

The club's gross technical provisions total \$1,154.6m as at 20 February 2026 (\$1,268.7m as at 20 February 2025) and represent the single largest liability on the balance sheet. See notes 2.5, 3 & 10 of the financial statements for disclosures of related accounting policies, accounting estimates and judgements, estimation uncertainty and monetary values.

Gross technical provisions include reserves for claims incurred but not reported ('IBNR') and a margin added to the actuarial best estimate.

The valuation of certain classes – Injury (cruise and non-cruise); Illness (cruise); and Pool (First Lower Pool, Second Lower Pool, Upper Pool Combined and First General Excess) – within these elements of the overall gross technical provisions are inherently subjective with high estimation uncertainty, and alterations in underlying assumptions may have a material impact on the financial position of the club. Within the balance, the valuation of IBNR, given its complexity and reliance on future claim estimations, presents a high level of judgement.

Management also apply a margin in addition to the actuarial best estimate to capture the uncertainty within the balance and to provide for the risk of adverse development in the claims reserves. The margin is a judgement taken by management, based on the perceived uncertainty and potential for volatility in the underlying claims.

Furthermore, given the high level of estimation involved, we have determined that there is potential for fraud through possible manipulation of these inputs and therefore the valuation.

How the scope of our audit responded to the key audit matter

We have gained an understanding of the end-to-end reserving process and obtained an understanding of the relevant controls, specifically over the methodology and assumptions used in reserving.

We tested the underlying claims and reserves data to assess completeness and accuracy of data and associated data attributes relied upon in the club's reserving process.

We have worked with our actuarial specialists to assess and challenge the appropriateness of the methodology and assumptions used by management in setting the club's technical provisions. This challenge of the technical provisions included:

- Inspecting and challenging the reserving process undertaken through inspecting relevant documentation and meetings with management;
- Performing an independent estimate of reserves, gross of specific reinsurance, over the significant risk reserving classes identified above and assessing whether there were any material differences when compared to management's IBNR estimates;
- Inspecting and challenging management's methodology and key assumptions when setting the margin, including assessing whether the approach behind the construction of the margin is reasonable considering changes in economic and non-economic events in the current year; and
- Benchmarking management's margin to the independent reserve variability exercise performed by management's expert and the reserve variability output from peers in the market.

We performed stand back tests on the IBNR and margin balance as a whole to challenge the reasonableness of the overall gross technical provisions estimate, in light of the facts and circumstances that existed at the reporting date and to assess the consistency in the margin applied year on year.

Where management had used the support of actuarial experts, we assessed their competence, capability and objectivity.

Key observations

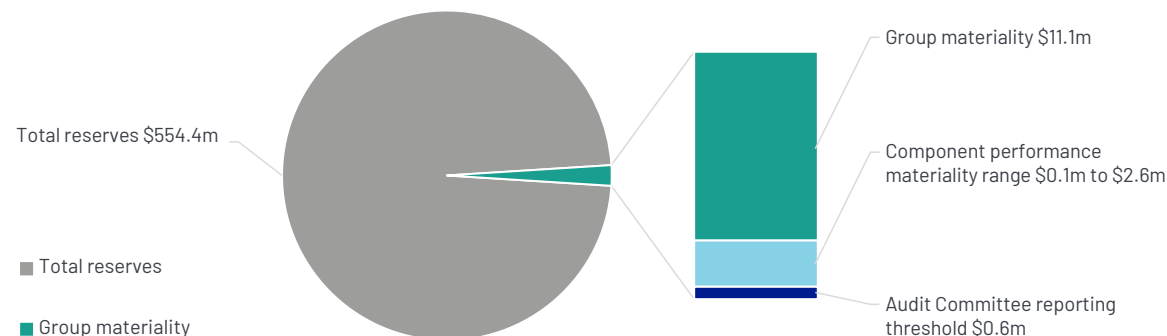
We have concluded that the valuation of gross technical provisions is reasonable.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Consolidated financial statements	Parent company financial statements
Materiality	\$11.1m (2025: \$10.0m)	\$3.8m (2025: \$2.5m)
Basis for determining materiality	2% of total reserves (2025: 2% of total reserves)	2% of total reserves (2025: 2% of total reserves)
Rationale for the benchmark applied	As a mutual insurance company, the club exists for the benefit of its members. We considered total reserves to be the most appropriate benchmark as this represents the club and parent company's overall financial strength and is a proxy for regulatory capital, and therefore its ability to meet claims as they fall due, which is deemed to be of the most concern to the members.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Consolidated financial statements	Parent company financial statements
Performance Materiality	70% (2025: 70%) of club materiality	70% (2025: 70%) of parent company materiality
Basis and rationale for determining performance materiality	<p>In determining performance materiality, we considered the following factors:</p> <ul style="list-style-type: none"> a. The quality of the control environment and whether we were able to rely on the controls; and b. Our assessment of the uncorrected and corrected misstatements expected in the current year. 	

6.3. Error reporting threshold

We agreed with the Group Audit and Risk Committee that we would report to them all audit differences in excess of \$0.6m (2025: \$0.5m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Group Audit and Risk Committee on disclosure matters that we identify when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The scope of our audit was determined by obtaining an understanding of the club and its environment, including internal control and assessing the risks of material misstatement. The club is made up of 5 legal entities, out of which 2 are dormant entities. Within these, the parent company is made up of three separate branches. We identified components at the legal entity level, also identifying the club's branches as separate components for our club audit. We performed audits of the entire financial information over all components, except the dormant entities, which therefore covered all revenue and net assets. The club audit team performed the audit of all balances and transactions except for items outlined in 7.4 which were audited by the Deloitte Netherlands team.

7.2. Our consideration of the control environment

IT controls:

In planning our 2026 audit, we identified 8 systems and tools that were relevant to the club's financial reporting processes which handled data relating to premiums and claims. With the involvement of our IT specialist, we obtained an understanding of the relevant IT controls associated with these systems, and the supporting infrastructures and wider general IT control environment. We identified certain findings in relation to the IT control environment and reported these to the Group Audit and Risk Committee.

Due to the improvements required in the relevant IT controls, we adopted a fully substantive, non-controls reliance audit approach for the 2026 year-end audit.

Business process and financial reporting controls:

In planning our 2026 audit, we identified 6 business processes that we concluded were most relevant to the club's financial reporting process. These processes covered transactions and account balances including the premiums, claims, reinsurance, reserving, treasury and financial reporting processes. Given the reliance of the business process controls on the IT controls, we concluded that obtaining an understanding of the relevant controls to support a fully substantive audit was more appropriate for the year ended 20 February 2026.

7.3. Our consideration of climate-related risks

As part of our audit, we have considered the impact of climate change on the club's operations and its impact on its financial statements. We gained an understanding of management's processes to address climate-related risks, including the reporting and monitoring of climate-related risks to the Group Audit and Risk Committee. We performed our own risk assessment of the financial impact of climate risks on the financial statements. In doing so we considered the estimates and judgements applied to the financial statements and how climate risks may impact their valuation. We read the disclosures relating to climate risks in the Directors' strategic report on page 18 and the annual report and considered whether they are materially consistent with the financial statements as well as our knowledge obtained during the audit.

7.4. Working with other auditors

We worked with Deloitte Netherlands to perform audit work in relation to the valuation of gross technical provisions, testing of journal entries and obtaining an understanding of the financial statement close process in relation to the Netherlands subsidiary. We instructed the Netherlands team as to the significant areas to be covered and supervised their work through regular briefings and calls. We evaluated the scope of their work and their findings, and considered whether it appropriately addressed the risks relevant to our audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the club's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the club or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the club's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the club's own assessment of the risks that irregularities may occur either as a result of fraud or error, that was approved by the board on 1 November 2025;
- results of our enquiries of management, internal audit, the directors and the Group Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the club's sector;
- any matters we identified having obtained and reviewed the club's documentation of their policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including actuarial and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: valuation of gross technical provisions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the club operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the club's ability to operate or to avoid a material penalty. These included the club's regulatory solvency requirements, environmental regulations, data protection, UK Bribery Act and Financial Services and Markets Act 2000, as well as regulations covering the club's branches in Hong Kong (regulated by the Hong Kong Insurance Authority), Singapore (regulated by the Monetary Authority of Singapore), Japan (regulated by the Financial Services Agency in Japan) and the subsidiaries in the Netherlands (regulated by the Authority for the Financial Markets) and Bermuda (regulated by the Bermuda Monetary Authority).

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of gross technical provisions as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the directors concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the FCA and the PRA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the club and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the director's strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006, we are also required to report if, in our opinion, certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Group Audit and Risk Committee, we were appointed by the Board of Directors on 20 September 2024 to audit the financial statements for the year ending 20 February 2025 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the years ending 20 February 2025 and 20 February 2026.

14.2. Consistency of the audit report with the additional report to the Group Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Group Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the club's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kirstie Hanley (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

20 May 2026

Financial Statements



Consolidated Statement of Income and Expenditure

For the year ended 20 February 2026

Technical Account			
Amounts in US\$000	Notes	2026	2025
Income			
Gross earned premium	13	450,647	531,739
Outward reinsurance premium	13	(110,709)	(169,543)
Net earned premium		339,938	362,196
Other insurance income		912	1,316
Investment return transferred from the non-technical account	14	83,869	71,593
Total income		424,719	435,105
Expenses			
Net claims paid	10	(354,634)	(298,766)
Change in provision for claims		57,129	(49,469)
Net claims incurred	10	(297,505)	(348,235)
Net operating expenses	15	(67,222)	(74,755)
Total expenses		(364,727)	(422,990)
Balance on technical account		59,992	12,115
Non-Technical Account			
Amounts in US\$000	Notes		
Balance on technical account		59,992	12,115
Net investment income	14	83,869	71,593
Investment return transferred to the technical account		(83,869)	(71,593)
Share of operating profit/(loss) of Interests in Associated undertakings	11	964	-
Net surplus/(deficit) before taxation		60,956	12,115
Taxation	16	(936)	(1,073)
Net surplus/(deficit) after tax		60,020	11,042

Consolidated Statement of Comprehensive Income

For the year ended 20 February 2026

Amounts in US\$000	Notes	2026	2025
Net surplus/(deficit) after tax		60,020	11,042
Other comprehensive income/(expense) (OCI)		-	-
Total comprehensive income/(loss) after tax		60,020	11,042

OCI for presentation purposes, following change to Associate Accounting.

Consolidated Statement of Financial Position

For the year ended 20 February 2026

Amounts in US\$000	Notes	2026	Restated 2025
Assets			
Financial investments	6	1,091,939	1,130,017
Interests in associated undertakings	11	27,605	-
Derivative financial instruments	7	4,790	2,895
Reinsurers' share of technical provisions	10	387,761	449,544
Debtors	8	74,410	98,381
Cash and cash equivalents	9	194,487	163,741
Current income tax credit		552	1,442
Accrued interest		764	772
Total assets		1,782,308	1,846,792
Reserves and liabilities			
<i>Capital and reserves attributable to Members</i>			
Income and expenditure account		(585,684)	(525,664)
Other reserves		(240)	(240)
Total reserves		(585,924)	(525,904)
Liabilities			
Technical provisions	10	(1,154,644)	(1,268,742)
Derivative financial instruments	7	(4,420)	(2,766)
Creditors	12	(37,320)	(49,380)
Total liabilities		(1,196,384)	(1,320,888)
Total reserves and liabilities		(1,782,308)	(1,846,792)

Comparative balances have been restated following the adjustment discussed in Note 2.13.

The accompanying notes are an integral part of the Financial Statements.

The Consolidated Financial Statements were approved by the Board of Directors on XX May 2026 and were signed on its behalf by:

J.M. Valkier

Chairman

A.J. Taylor

Chief Executive

R. Chen

Director

Companies House number: 00022215

Parent Company Statement of Financial Position

For the year ended 20 February 2026

Amounts in US\$000	Notes	2026	2025
Assets			
Investment in subsidiaries	17	50,583	79,740
Financial investments	6	53,766	43,732
Reinsurers' share of technical provisions	10	1,088,860	1,196,667
Debtors	8	80,962	98,001
Cash and cash equivalents	9	105,454	100,139
Current income tax		751	1,706
Accrued interest		192	247
Total assets		1,380,568	1,520,232
Reserves and liabilities			
<i>Capital and reserves attributable to Members</i>			
Income and expenditure account		(63,411)	(60,925)
Other reserves		(129,179)	(129,179)
Total reserves		(192,590)	(190,104)
Liabilities			
Technical provisions	10	(1,154,792)	(1,266,042)
Creditors	12	(33,186)	(64,086)
Total liabilities		(1,187,978)	(1,330,128)
Total reserves and liabilities		(1,380,568)	(1,520,232)

The parent company made a profit of US\$2.5 million (2025: profit of US\$2.0 million) on ordinary activities after tax for the year ended 20 February 2026. The Club has taken exemption under Section 408 of the Companies Act from preparing a Parent Company Statement of Income and Expenditure. The parent company financial position was approved by the Board of Directors on 20 May 2026 and was signed on its behalf by:

J.M. Valkier
Chairman

A.J. Taylor
Chief Executive

R. Chen
Director

Companies House number: 00022215

Consolidated Statement of Changes in Equity

For the year ended 20 February 2026

Amounts in US\$000	Notes	Free reserves	Other reserves	Restated Total
Balance as at 20 February 2024		514,722	240	514,962
Total comprehensive income for the year		11,042	-	11,042
Transfer of capital		(100)	-	(100)
Balance as at 20 February 2025		525,664	240	525,904
Net surplus/(deficit) after tax		60,020	-	60,020
Comprehensive income for the year				
Share of other comprehensive income of Interests in Associated undertakings		-	-	-
Balance as at 20 February 2026		585,684	240	585,924

Comparative balances have been restated following the adjustment discussed in Note 2.13.

Parent Company Statement of Changes in Equity

For the year ended 20 February 2026

Amounts in US\$000	Notes	Free reserves	Other reserves	Total
Balance as at 20 February 2024		58,883	129,179	188,062
Surplus/(deficit) for the year		2,042	-	2,042
Balance as at 20 February 2025		60,925	129,179	190,104
Surplus/(deficit) for the year		2,486	-	2,486
Balance as at 20 February 2026		63,411	129,179	192,590

Consolidated Statement of Cash Flows

For the year ended 20 February 2026

Amounts in US\$000	Notes	2026	2025
Operating activities			
Calls and premiums received		451,834	524,553
Receipts from reinsurance recoveries		208,436	284,333
Interest and dividends received		33,522	30,661
		693,792	839,546
Claims paid		(557,980)	(612,928)
Acquisition costs and operating expenses paid		(39,658)	(67,473)
Reinsurance premiums paid		(126,365)	(178,002)
Taxation paid		(46)	(1,226)
		(724,049)	(859,629)
Net cash generated/(used) in operating activities		(30,258)	(20,083)
Investing activities			
Purchase of investments		(308,833)	(329,900)
Sale of investments		369,841	145,052
Net cash generated/(used) in investing activities		61,008	(184,848)
Net increase/(decrease) in cash and cash equivalents		30,750	(204,931)
Effect of exchange rate fluctuations on cash and cash equivalents		(4)	(166)
Cash and cash equivalents at the beginning of the year	9	163,741	368,838
Cash and cash equivalents at the end of the year	9	194,487	163,741

The accompanying notes are an integral part of the Financial Statements.

Notes to the Financial Statements

1. General Information

The United Kingdom Mutual Steam Ship Assurance Association Limited (the Club) is incorporated in the United Kingdom as a private company, registered in England and Wales, limited by guarantee and having a statutory reserve but not share capital. It is controlled by the Members who are also the insured policyholders.

The Club is a private company registered in England and Wales, at 90 Fenchurch Street, London, EC3M 4ST, United Kingdom, and the company number is 00022215. A copy of the Financial Statements are available at this address or online at <https://www.ukpandi.com/about/financials/>.

The principal activities of the Club are the insurance and reinsurance of marine protection and indemnity risks on behalf of the Members. The liability of the Members is limited to the calls and supplementary premiums set by the Directors and, in the event of its liquidation, any net assets of the Club (including the Statutory Reserve) are to be returned equitably to those Members insured by it during the final five underwriting years.

These Consolidated Financial Statements were authorised for issue by the Board of Directors on 20 May 2026.

2. Accounting Policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

2.1. Accounting disclosures

The Financial Statements are prepared on an annual basis under the historical cost convention as modified to include certain items at fair value and in accordance with Financial Reporting Standards FRS 102 – Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and FRS 103 – Insurance contracts, issued by the Financial Reporting Council and in conformity with the requirements of the Companies Act 2006.

The Financial Statements have been prepared under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance groups.

The Club has taken exemption from presenting a parent company Income and Expenditure Statement under section 408 of the Companies Act 2006. The Club has taken exemption from presenting a parent company Statement of Cash Flows under section 1.12(b) of FRS 102.

Going concern

The Group has a total accumulated surplus as at 20 February 2026 of US\$586 million (2025: US\$494 million) and, as a mutual organisation, has the facility to raise additional capital via additional calls from its Members for open policy years, should they be required. The Directors consider that the Group's Financial Statements should be prepared on a going concern basis.

The Directors are satisfied that based on the reasonably possible downside scenarios, and after considering the level of capital resources available to the Group, it will be able to meet its obligations to Members, policyholders and others for the foreseeable future, being at least 12 months from the date of approval of these Financial Statements. For this reason, the Directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

Basis of consolidation

The Consolidated Financial Statements incorporate the assets, liabilities and results of the Club and its subsidiary undertakings (per note 16) and the share of results of Interests in Associated undertakings drawn up to 20 February each year. Intra-group transactions, balances, and gains and losses on intra-group transactions are eliminated upon consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Club.

The Club accounts for its investment in Hydra as a special purpose entity. Hydra is registered in Bermuda as a segregated accounts company under the Segregated Accounts Companies Act 2000 and reinsures International Group of P&I Clubs (IGP&I) for a proportion of the pooled risk not covered by the International Group Reinsurance Programme. Each Club has its own segregated cell, wholly owned and funded by share capital, and contributed surplus and premium income from the 'owning' Club, although the cells are not in themselves separate legal entities. The liabilities of each segregated cell are several and not joint; the assets of each cell may only be used to satisfy the liabilities of that cell and/or the 'owning' Club.

2.2. Foreign currencies

Functional currency presentation

Items included in the Financial Statements of the Club's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). This is considered to be the US Dollar and has been selected on the basis that, materially, all of the Club's claims are paid in US Dollars, and the Club's main reinsurance contract with UKB (the Club's Bermudian subsidiary) is denominated in US Dollars.

Transactions and balances

Revenue transactions in foreign currencies have been translated into US Dollars at rates revised at monthly intervals. Foreign currency assets and liabilities are translated into US Dollars at the rates of exchange ruling at the end of the reporting period. All exchange gains and losses, whether realised or unrealised, are included in the non-technical account.

2.3. Gross premiums

Calls and premiums, including fronted business, are presented net of return premiums and gross of commissions in the Income Statement. Where applicable, calls and premiums written during the financial year are earned as revenue on a pro-rata basis over the period of cover provided, from inception to expiry. Amounts relating to periods after the year end are treated as unearned and are included within liabilities in the Statement of Financial Position.

2.4. Outward reinsurance premiums

As discussed in note 4.1 on underwriting risk management, the Club uses reinsurance to mitigate its exposure. Outward reinsurance premiums are the total payable in respect of excess of loss and quota share reinsurances for the period to which the relevant contracts relate.

Quota share reinsurance premiums with UKB are subject to an overriding commission in the form of an agreed discount, the rate of which is agreed for each policy year with UKB. The agreed discount is recognised in the parent company Financial Statements when corresponding reinsurance premiums are recognised.

The Club fronts on behalf of a number of mutual insurance companies managed by Thomas Miller (the Club's Manager). This business is 100% reinsured back to the fronted company, so that the Club does not retain any of the insurance risk.

2.5. Claims

These are the legal costs and expenses of the policyholders covered by the Club and the Club's contribution to claims under the International Group's Pooling Agreement. They include all claims incurred during the year, whether paid, estimated or unreported, together with internal claims management costs, future claims management costs and adjustments for claims outstanding from previous years. Note that they do not include third-party liabilities, although the Club may sometimes pay such liabilities initially and recover the amounts at a later date. The Club has the ability to issue guarantees on behalf of Members; where these are in respect of covered claims, they are included in the technical provisions, otherwise amounts claimed under the guarantee would be recovered from the Member.

Reinsurance recoveries represent recoveries made and due in respect of claims paid by the Club in the year. They include amounts recoverable under the Pooling Agreement and market reinsurance contracts.

Provision for outstanding claims

This provision represents the estimated cost of settling all claims (including internal and external claims settlement costs) arising from events which have occurred up to the date of the Statement of Financial Position. This includes a provision for claims incurred but not yet reported (IBNR). Gross outstanding claims are reported net of salvage and subrogation.

2.6. Financial investments

The Club only invests in assets for which risks can be identified, monitored, controlled and reported. It has applied the requirements of FRS 102 sections 11 and 12 to the measurement, presentation and disclosure of its financial assets. Investments in short-term deposit funds and the foreign exchange security deposit are designated in the Statement of Financial Position at fair value through profit and loss. Fair value is calculated using the bid price at the close of business on the Statement of Financial Position date.

The Club is required to categorise each asset under three distinct levels of hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

2.7. Investment return

This comprises income received during the year adjusted in respect of interest receivable at the year end, and profits and losses on the sale of investments, and gains and losses on closed forward currency contracts.

The unrealised gains and losses on the movement in the fair value of the investments are included in the non-technical account.

2.8. Derivative financial instruments

The Club uses forward currency contracts to hedge the foreign exchange risks that it is exposed to as a result of future operating expenses being payable in Sterling. The forward currency contracts taken out to hedge against the future management fee payments have been designated as fair value hedges.

As a result, both the fair value of the contracts and the corresponding change in the value of the hedged item are shown on the Statement of Financial Position, with the gain or loss shown in the Statement of Income and Expenditure.

The fair values of various derivative instruments used for hedging purposes, and their associated unrecognised firm commitments, are disclosed in note 7. They are classified as Level 2 assets in the fair value hierarchy described in note 2.6.

2.9. Segment reporting

The Board of Directors is responsible for making strategic decisions, including the allocation of resources and the performance assessment of the operating segments. Most business written by the Club relates to protection and indemnity risks. Internal reporting to the Board of Directors mainly covers this single segment. Segmental reporting by geography is presented in note 5.

The Club fronts business on behalf of other mutual insurance companies managed by Thomas Miller. This business is 100% reinsured back to the fronted company, so that the Club does not retain any of the risk.

2.10. Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits, and short-term and other highly liquid investments with original maturity of three months or less from the date of acquisition.

2.11. Debtors

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from insurance contracts are also classified in this category and include Members' contributions, claims deductibles recoverable from Members and reinsurance receivables. Debtors are carried at cost less impairment. Debtors are reviewed for impairment as part of an ongoing and annual review.

2.12. Interests in Associated undertakings

Interests in Associated undertakings comprise associates in which the Club has significant influence but not control. Associates are accounted for using the equity method and are initially recognised at cost. The cost of the investment includes transaction costs. The carrying value of the investment is adjusted for the Club's share of any post-acquisition profits or losses of the associated entity. If the Club's share of losses exceeds its interest in an equity-accounted investment, the carrying amount of that interest is reduced to nil. In addition, the recognition of further losses is discontinued except to the extent that the Club has an obligation to make payments on behalf of the equity-accounted investment.

The Consolidated Financial Statements include the Club's share of income and expenses, and other comprehensive income, from the date that significant influence commences until the date that significant influence ceases. Adjustments are made to align the accounting policies with those of the Club where materially different. In applying the equity method, the Club shall use the financial statements of the associate as of the same date as the financial statements of the Club unless it is impracticable to do so. Where impracticable, the Club shall use the most recent available financial statements of the associate, with adjustments made for the effects of any significant transactions or events occurring between the accounting period ends.

2.13. Prior period changes

The Club is a beneficiary of the Front Street Trust (FST), which holds private equity investments for capital appreciation. Following the change to the accounting treatment of its investment in Thomas Miller, management reviewed the Trust arrangements, including the settlor's rights and powers under the Trust Deed, and concluded that the Club exercises de facto control over FST in accordance with the control indicators set out in FRS 102 Section 9.33, in respect of intermediary investment arrangements.

As these arrangements existed prior to the earliest comparative period presented in these financial statements, adjustments have been made to the opening balances at 20 February 2024 and the comparative information for the year ended 20 February 2025 in accordance with FRS 102 s10. The effect of the change is an increase of US\$31.5 million to investment assets and opening retained earnings.

In applying Section 9.33, management considered the substance of the Club's relationship with FST and concluded that the Trust operates as an intermediary investment vehicle through which the Club holds underlying investments for capital appreciation and does not undertake operational or strategic activities. On this basis, FST has not been consolidated as a subsidiary. Instead, management has looked through to the underlying investment holdings of FST measured those at fair value through profit or loss (FVTPL). This treatment reflects the nature and purpose of the Trust and the way in which economic benefits flow to the Club.

Table of restatement impact is shown below:

Amounts in US\$000	Restated 2025	2024
Financial investments	31,503	31,503
Retained earnings	(31,503)	(31,503)

2.14. Taxation (current and deferred)

The charge for taxation is shown in the Consolidated Income Statement. The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

3. Critical Accounting Estimates and Judgements

The Club makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1. The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Club's most significant accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Club will ultimately pay for such claims. Estimates are made for the expected ultimate cost of claims reported.

The Club separates claims into categories such as cargo claims or illness claims. These different claims categories tend to display different trends or be subject to different uncertainties. Claims arising under the International Group's Pooling Agreement tend to be the most uncertain, predominantly due to their size and circumstances. The Club uses several statistical and standard actuarial techniques in order to estimate the ultimate cost of claims liabilities. These include Chain Ladder, Bornhuetter-Ferguson and other statistical/benchmarking techniques. The principal assumption underlying the liability estimates is that the future claims development will follow a similar pattern to past claims development. This includes assumptions in respect of average claim costs and claim numbers. Additional qualitative judgements are used to assess the extent to which past trends can be applied in the future.

The technical provisions at the year-end are disclosed in note 10.

3.2 Investment classification and fair value measurement

Management has applied significant judgement in determining the appropriate basis of accounting for certain level 3 investments that are controlled by the Group but are measured at fair value rather than consolidated. This judgement includes assessing control in accordance with FRS 102 Section 9.33, the substance of the Group's relationship with the investee and the purpose and activities of the entity. A change in circumstances or a different conclusion on this judgement could result in investments in entities being valued differently or consolidated, which could change the presentation of the Club's financial position, results and cash flows.

3.3 Subsidiary fair value measurement

Subsidiaries measured at fair value are generally unquoted and do not have observable market prices. The fair value of financial assets and financial liabilities that are not traded in an active market (Level 2 and 3) is determined by valuation models and unobservable inputs (for Level 3 only). Judgement is used to select a variety of valuation methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. Details of these methods and assumptions are described in note 4.7

4. Risk Management

This note provides details of key risks that the Club is exposed to and explains its approach to identifying and managing these risks. The approach is governed by several policies, in particular the risk management framework. It is implemented by various committees of the Board and the Manager, and is overseen by the Board's Group Audit & Risk Committee and the Manager's Risk Committee.

The risk management system includes the identification and assessment of risks faced by the Club, which are described in the risk log; a risk appetite, describing the level of risk that the Club is willing to accept; the evaluation of risk, using tools such as the Club's approved internal model and scenario tests; and a risk reporting framework to assist with the monitoring, mitigation and management of risks.

The key risks are described further in the following sections of this note. A number of sensitivity analyses are provided which show the impact of a change in one input assumption with other assumptions remaining unchanged. There are typically dependencies between the assumption tested and other factors, which could have a material impact on the effects identified.

4.1. Insurance risk

Insurance risk arises from the possibility of an adverse financial result due to actual experience being different from that expected when the insurance contracts were priced and written. As an insurer, this is the principal risk that the Club faces. It is usefully considered as two sub-risks, which are discussed separately below.

Underwriting risk

This is the risk that, for the Club's future insurance obligations, premiums are inadequate to cover the associated claims and expenses. As the Club retains a small amount of unexpired risk at the date of the Statement of Financial Position, underwriting risk is not a significant risk to this set of Financial Statements. However, as a going concern which continues to write new business, it poses a significant risk to the evolution of the Club's financial position over time.

Underwriting risk is managed by an underwriting policy which establishes robust underwriting practices to meet business needs and satisfy regulatory control. This is supplemented with a robust forecasting approach using the Club's internal model, undertaken as part of the ORSA process.

The underwriting process is based on a thorough understanding of the risk accepted. This understanding is enhanced as:

- The Club is a P&I insurer and has provided broadly the same cover for many years.
- The Boards and Members' Committee of the Club include representatives from a broad section of the shipping community. This provides insight into changes in the risk accepted by the Club over time.

- Underwriting authority is delegated to specific individuals, who operate under set underwriting parameters, and to senior management, who provide ongoing guidance and review.
- The Club constantly interacts with its Members, providing advice and assistance in many areas, not least safety and risk management. These not only help the Club to understand and underwrite a Member's risks, but also to avoid/mitigate those risks.

Underwriting risk is mitigated via the Club's reinsurance programme in accordance with its reinsurance policy. The programme comprises excess of loss reinsurance cover purchased jointly with other members of the IGP&I, the International Group's Pooling Agreement and the reinsurance of claims retained by the Club.

The excess of loss reinsurance cover purchased jointly with other members of the IGP&I provides cover for large claims arising from mutual business. The Pooling Agreement provides a sharing of claims costs between 12 member Clubs. More information on the IGP&I is available on its website: www.igpandi.org.

Reserve risk

This is the risk that the Club's existing insurance obligations are undervalued. This is a key risk for the Club as the reserves for unpaid losses represent the largest component of the Club's liabilities and are inherently uncertain. Reserve risk is managed by the Club's reserving policy.

The Club establishes provisions for unpaid claims, both reported and unreported, and related expenses to cover its expected ultimate liability. These provisions are established through the application of standard actuarial techniques and assumptions as discussed in note 3.1. In order to minimise the risk of understating these provisions, the data, assumptions made and actuarial techniques employed are reviewed in detail by management and the Group Audit & Risk Committee. Actual experience is monitored against expectations at regular Finance and Reserving Committee meetings to provide early warnings of adverse experience.

Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. Consistent with last year, the Directors consider that a 5% variation in the gross and net loss ratios is a realistic spread of the uncertainty. The sensitivity tests set out below indicate the impact on the surplus before tax of a 5% increase in the loss ratios. The results would be equal and opposite for a 5% decrease.

Amounts in US\$000	Consolidated		Parent	
	2026	2025	2026	2025
Increase in loss ratio by 5%				
Gross	(22,532)	(26,587)	(22,382)	(23,277)
Net	(16,997)	(18,110)	(4,223)	(4,531)

4.2. Market risk

Market risk is the risk that the fair value or future cash flows, of a financial instrument, will fluctuate because of changes in market prices. As most of the Club's assets are invested in financial instruments, this is a key risk for the Club. As a simple example, a 5% reduction in the valuation of all financial investments would reduce the free reserves by approximately US\$55 million (2025: US\$55 million), assuming all other assumptions were unaffected.

Investment management

Market risk is managed in accordance with the Club's investment policy, which requires that investments be managed in accordance with the 'prudent person principle', meaning that the duties of the Investment Managers are discharged with the care, skill, prudence and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise of like character and aims. More specifically, the portfolio:

- is invested in assets and instruments whose risk can properly be identified, measured, monitored, managed, controlled and reported;
- ensures the security, quality and liquidity of the portfolio as a whole;
- is appropriate to the nature, currency and duration of the Club's insurance liabilities;
- includes derivative instruments only where they contribute to a reduction of risks or efficient portfolio management;
- includes only a prudent level of unlisted investments and assets; and
- is diversified to avoid excessive reliance on any asset, issuer or group, or geographical area.

The Club's funds are invested by the Investment Managers (TMI) in accordance with parameters set by an Investment Mandate. The Mandate is considered and approved by the Board on a three-year cycle and on an ad hoc basis, as required. The Board's Investment Committee regularly monitors the performance of the Investment Managers and the risk/return profile of the portfolio.

Foreign currency risk and interest rate risk are key drivers of market risk and are discussed further below. Credit risk on financial investments and cash is covered in the credit risk section of this note.

The Club manages assets in accordance with the investment governance framework that is set by the Board. The framework is reviewed on a periodic basis to ensure that the Board's fiduciary and regulatory responsibilities are being met. Oversight of investments is delegated to the GARCO and day-to-day management of the investments is delegated to the Thomas Miller Investment Managers ("TMI"). Exposure to the asset classes is achieved using physical holdings of the asset class.

Valuation risk

The Club’s earnings are affected by changes in the valuation of its investment portfolios, which reflect movements in underlying market conditions. Investments are measured at fair value, with prices sourced from recognised market pricing vendors using closing market prices where available, or valuation models for less liquid assets.

The Club operates an established control framework to ensure that fair value measurement of financial assets and liabilities complies with the requirements of **FRS 102**. This includes reviewing the valuation methodologies applied by custodians and other pricing sources. Valuation techniques may include market multiples, net asset value (“NAV”), recent transaction prices, discounted cash flow models and other income based approaches. Key assumptions may include discount rates, forecast cash flows, terminal growth rates, maintainable earnings, selected market multiples and adjustments for control, marketability and non performance risk.

Certain investments measured at fair value including Level 3 investments, are unquoted and rely on valuation techniques incorporating significant unobservable inputs. As a result, these valuations are sensitive to changes in assumptions. A reasonably possible change in key unobservable inputs could result in a material change in fair value, with a corresponding impact on profit or loss or equity.

Foreign currency risk

Foreign currency risk is the risk that movements in exchange rates impact the financial performance or solvency position of the Club. The Club is exposed to this risk through its liabilities in non-US Dollar currencies. To manage this risk, the Club matches assets to liabilities for each of its main currencies (Sterling and Euro). The split of assets and liabilities for each of the Club’s main currencies, converted to US Dollars, is set out in the tables below:

Consolidated

Amounts in US\$000	USD	GBP	EUR	Other	Total
2026					
Total assets	1,590,314	94,783	95,309	1,902	1,782,308
Total liabilities	(1,080,920)	(46,186)	(46,186)	(23,092)	(1,196,384)
Net Assets	509,394	48,597	49,123	(21,190)	585,924
2025					
Total assets	1,593,908	95,337	109,120	48,427	1,846,792
Total liabilities	(1,174,982)	(50,750)	(63,437)	(31,719)	(1,320,888)
Net Assets	418,926	44,587	45,683	16,708	525,904

Restated

Comparative balances have been restated following the adjustment discussed in Note 2.13.

Parent

Amounts in US\$000	USD	GBP	EUR	Other	Total
2026					
Total assets	1,373,103	3,529	1,993	1,943	1,380,568
Total liabilities	(1,072,498)	(46,192)	(46,192)	(23,096)	(1,187,978)
Net Assets	300,605	(42,663)	(44,199)	(21,153)	192,590
2025					
Total assets	1,504,655	4,487	9,022	2,068	1,520,232
Total liabilities	(1,184,533)	(50,642)	(63,302)	(31,651)	(1,330,128)
Net Assets	320,122	(46,155)	(54,280)	(29,583)	190,104

Sensitivity to exchange rate movements

A 5% strengthening of the following currencies against the US Dollar would be estimated to have increased/(decreased) the surplus before tax and free reserves at the year-end by the following amounts:

Amounts in US\$000	Consolidated		Parent	
	2026	2025	2026	2025
Impact of strengthening currencies by 5%				
GBP	2,420	2,265	(2,133)	(2,308)
EUR	2,456	(209)	(2,210)	(2,714)

A 5% weakening of these currencies against the US Dollar would have an equal and opposite effect.

Interest rate risk

Interest rate risk is the risk that the fair value and/or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Club is exposed to interest rate risk through its investment assets. The sensitivity of the price of these financial exposures is indicated by their respective durations. The greater the duration of a security, the greater the possible price volatility.

The Club manages its interest rate risk by holding assets of a similar duration profile to its insurance liabilities. This helps to manage the underlying economic position of the Club along with its regulatory solvency position.

Sensitivity to interest rates

The sensitivity of the Club's net assets to a 100 basis point increase in interest rates (across all terms) is illustrated in the table below.

Amounts in US\$000	Consolidated		Parent	
	2026	2025	2026	2025
1% increase				
Assets	(26,184)	(29,138)	(947)	(1,171)
Liabilities	-	-	-	-
Net Impact	(26,184)	(29,138)	(947)	(1,171)
1% decrease				
Assets	27,664	30,787	979	1,223
Liabilities	-	-	-	-
Net Impact	27,664	30,787	979	1,223

4.3. Credit risk

Credit risk is the risk of loss in the value of the Club's financial assets (investments, reinsurance recoveries and other debtors) due to counterparties failing to meet all or part of their obligations.

To manage this risk, the Board considers the financial position of significant counterparties on a regular basis, the Reinsurance Committee monitors aggregate exposure to each reinsurer, and the Club has set selection criteria whereby each reinsurer is required to hold a credit rating greater than or equal to 'A' at the time the contract is made.

Amounts due from Members represents premium owing to the Club in respect of insurance business written. The Club manages the risk of Member default through a screening process to ensure the quality of new entrants to the Club and the ability to cancel cover and outstanding claims to Members that fail to settle amounts payable. The Club limits its reliance on any single Member. Credit risk in respect of members is overseen by the Credit control function and managed through a number of additional controls over and above the screening process that include financial review and regular monitoring of premium settlement performance. Provisions are made against amounts due from certain contract holders and reinsurers, depending on age of the debt and details of overdue debtors are provided in note 8.

The investment policy manages the risk of default by investing predominantly in high-quality bonds and ensuring a broad diversification of holdings. The policy allows for a limited investment in equities, the majority of investments being in fixed interest securities and cash. Within these, most investments are at least A-rated, with many relating to government or supranational bodies.

The following tables provide information regarding aggregate credit risk exposure for financial assets with external credit ratings. The credit rating bands are provided by independent ratings agencies.

Consolidated

Amounts in US\$000	AAA	AA	A	Not readily available/ not rated	Total
2026					
Financial investments	34,435	708,342	44,032	305,130	1,091,939
Interests in Associated undertakings	-	-	-	27,605	27,605
Cash and cash equivalents	85,493	-	108,994	-	194,487
Derivative financial instruments	-	4,790	-	-	4,790
Debtors	-	-	-	74,410	74,410
Reinsurers' share of technical provisions	-	146,068	204,057	37,636	387,761
Other	685	110	521	-	1,316
Total	120,613	859,310	357,604	444,781	1,782,308
2025					
Financial investments	412,999	315,696	55,973	345,349	1,130,017
Cash and cash equivalents	57,798	1,928	104,015	-	163,741
Derivative financial instruments	-	2,895	-	-	2,895
Debtors	-	-	-	98,381	98,381
Reinsurers' share of technical provisions	-	160,831	235,816	52,897	449,544
Other	946	738	530	-	2,214
Total	471,743	482,088	396,334	496,627	1,846,792

Comparative balances have been restated following the adjustment discussed in Note 2.13.

Parent					
Amounts in US\$000	AAA	AA	A	Not readily available/ not rated	Total
2026					
Financial investments	-	53,766	-	-	53,766
Cash and cash equivalents	13,470	-	91,873	111	105,454
Investment in subsidiaries	-	-	50,583	-	50,583
Debtors	-	-	-	80,962	80,962
Reinsurers' share of technical provisions	-	145,564	799,472	143,824	1,088,860
Other	299	110	534	-	943
Total	13,769	199,440	942,462	224,897	1,380,568
2025					
Financial investments	43,732	-	-	-	43,732
Cash and cash equivalents	11,877	1,927	86,335	-	100,139
Investment in subsidiaries	-	-	79,740	-	79,740
Debtors	-	-	-	98,001	98,001
Reinsurers' share of technical provisions	-	160,408	868,835	167,424	1,196,667
Other	671	739	543	-	1,953
Total	56,280	163,074	1,029,937	265,425	1,520,232

The Club has debtors (contract holders, reinsurance recoveries and other debtors) that are past due but not impaired at the reporting date. The assets of the Club have been analysed between those that are neither past due nor impaired and those that are past due but not impaired.

Consolidated

Amounts in US\$000	Neither past due nor impaired	Past due but not impaired	Gross value of impaired assets	Impairment Allowance	Total
2026					
Debtors	68,922	5,488	1,633	(1,633)	74,410

2025

Debtors	95,091	3,290	2,107	(2,107)	98,381
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Parent

Amounts in US\$000	Neither past due nor impaired	Past due but not impaired	Gross value of impaired assets	Impairment Allowance	Total
2026					
Debtors	75,473	5,488	1,633	(1,633)	80,961

2025

Debtors	94,711	3,290	2,107	(2,107)	98,001
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4.4. Liquidity risk

Liquidity risk is the risk that cash may not be available to settle obligations as they fall due. To manage this risk, the Club monitors cash balances daily, ensuring adequate liquidity to meet the expected cash flow requirements due over the short term.

Over the longer term, the Club has adopted an investment policy which requires the maintenance of significant holdings in liquid, short-term deposits to ensure sufficient funds are available to cover anticipated liabilities and unexpected levels of demand.

The following table provides a maturity analysis of the Club's assets and liabilities in the Statement of Financial Position. The timing of cash flows is based on current estimates and historic trends. The actual timings of cash flows may be materially different from those disclosed below:

Consolidated

Amounts in US\$000	Short-term assets	Within 1 year	1-3 years	3-5 years	Over 5 years	Total
2026						
Assets	366,684	430,194	292,961	457,221	235,249	1,782,308
Liabilities	(1,254)	(418,190)	(413,763)	(184,632)	(178,545)	(1,196,384)
Net	365,430	12,004	(120,802)	272,589	56,703	585,924
2025						
Assets	347,392	371,189	394,417	423,508	310,286	1,846,792
Liabilities	(521)	(471,244)	(272,095)	(383,486)	(193,542)	(1,320,888)
Net	346,871	(100,055)	122,322	40,022	116,744	525,904

Comparative balances have been restated following the adjustment discussed in Note 2.13.

Parent						
Amounts in US\$000	Short-term assets	Within 1 year	1-3 years	3-5 years	Over 5 years	Total
2026						
Assets	161,953	450,491	387,968	212,373	167,783	1,380,568
Liabilities	-	(412,852)	(411,460)	(185,723)	(177,943)	(1,187,978)
Net	161,953	37,639	(23,492)	26,650	(10,160)	192,590
2025						
Assets	176,417	504,733	266,863	387,846	184,373	1,520,232
Liabilities	-	(480,440)	(271,740)	(382,886)	(195,062)	(1,330,128)
Net	176,417	24,293	(4,877)	4,960	(10,689)	190,104

4.5. Operational risk

Operational risk is the potential for loss arising from the failure of people, processes or systems, or the impact of external events. The nature of operational risk means that it is dispersed across all functional areas of the Club.

Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring. These processes are documented and compliance is audited on a regular basis through quality control checks and by the internal audit function, which is directed and reviewed by the Group Audit & Risk Committee.

4.6. Capital management

The Club's objective is to maintain sufficient capital to ensure it can continue to meet regulatory requirements and maintain an 'A' range rating with Standard and Poor's.

The Club continues to be regulated in the United Kingdom by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). Under the Solvency II regime, the Club is obliged to assess and maintain the amount of capital required to meet the risks that it faces based on a 99.5% confidence level of solvency over a one-year time frame. As illustrated in the Directors' Strategic Report, the Club's Solvency Capital Requirement (SCR) is calculated to be US\$320 million as at 20 February 2026 (unaudited), representing a solvency ratio of 244%. Throughout the period, the Club complied with the regulator's capital requirements and the requirements in the other countries in which it operates.

The Club monitors available capital and its funding structure in the light of the prevailing economic environment, the risk associated with its asset holdings and regulatory developments impacting on the Club. The Club's internal model is a key tool used for capital management and other business decision-making purposes.

5. Segmental Information

The UK Club provides protection and indemnity risk cover to its Members in respect of ships at sea trading all over the world. Consequently, the Club only reports on this single segment, and it is not feasible to report on other risk or geographical concentrations.

The entity is domiciled in the United Kingdom. A breakdown of gross earned premium revenue by the country in which a Member is located is provided below.

Amounts in US\$000	2026	2025
United States of America	95,305	94,960
Greece	62,614	67,774
China	55,016	52,352
Japan	43,253	40,583
Switzerland	37,176	37,056
Germany	23,971	24,485
United Kingdom	19,933	18,740
Singapore	16,451	15,378
Other ¹	96,928	180,413
Total	450,647	531,739

¹The UK Club fronted US\$3 million (2025: US\$29.6 million) of business on behalf of other mutual insurance companies managed by Thomas Miller. This business is 100% reinsured back to each fronted insurer, so that the Club does not retain any of the insurance risk. In 2025, two companies withdrew from the arrangement, setting up their own EU entities.

6. Financial Investments

All financial investments have been designated as held at fair value through profit or loss and are categorised as described in note 2.6. This is illustrated in the following tables for the Club and the parent company respectively.

The Club's financial investments are summarised below by measurement category:

Consolidated

Amounts in US\$000	Level 1	Level 2	Level 3	Total
As at 20 February 2026				
Debt securities	842,457	-	-	842,457
Equity securities and alternative investments	217,980	-	31,502	249,482
Total	1,060,437	-	31,502	1,091,939
As at 20 February 2025				
Debt securities	868,223	-	-	868,223
Equity securities and alternative investments	188,434	-	73,360	261,794
Total	1,056,657	-	73,360	1,130,017

Comparative balances have been restated following the adjustment discussed in Note 2.13.

Parent

Amounts in US\$000	Level 1	Level 2	Level 3	Total
As at 20 February 2026				
Debt securities	53,766	-	-	53,766
Total	53,766	-	-	53,766
As at 20 February 2025				
Debt securities	43,732	-	-	43,732
Total	43,732	-	-	43,732

The movement in the Club's financial investments is summarised in the following table.

Consolidated

Amounts in US\$000	Restated Total
As at 20 February 2024	903,184
Additions	329,900
Disposals	(112,177)
Fair value movements recognised in the Income Statement	9,110
As at 20 February 2025	1,130,017
Additions	308,674
Disposals	(378,372)
Fair value movements recognised in the Income Statement	31,620
As at 20 February 2026	1,091,939

Comparative balances have been restated following the adjustment discussed in Note 2.13.

Parent

Amounts in US\$000	Total
As at 20 February 2024	51,567
Additions	25,026
Disposals	(32,834)
Fair value movements recognised in the Income Statement	(27)
As at 20 February 2025	43,732
Additions	37,273
Disposals	(28,757)
Fair value movements recognised in the Income Statement	1,518
As at 20 February 2026	53,766

Consolidated

	Restated Market value		Cost value	
	2026	2025	2026	2025
Held at fair value through profit and loss:				
Debt securities	842,457	868,223	858,613	921,756
Equity securities and alternative investments	249,482	261,794	159,602	225,490
Financial assets held at fair value through profit and loss	1,091,939	1,130,017	1,018,215	1,147,246

Comparative balances have been restated following the adjustment discussed in Note 2.13.

Parent

	Market value		Cost value	
	2026	2025	2026	2025
Held at fair value through profit and loss:				
Debt securities	53,766	43,732	52,135	43,440
Financial assets held at fair value through profit and loss	53,766	43,732	52,135	43,440

Equity securities and alternative investments include listed equity instruments and unlisted investments held for capital appreciation, including private equity interests. Certain unlisted investments are classified as Level 3 within the fair value hierarchy due to the use of valuation techniques that incorporate significant unobservable inputs.

7. Derivative Financial Investments

The Club holds a number of derivative financial instruments which are used to hedge against currency fluctuations. Of these US\$0.3 million (2025: US\$0.1 million) are held within the investment portfolio.

As described in note 2.8, the remainder are taken out to hedge against the future management fee payments and have been designated as fair value hedges. They are all held by UKB. The table below analyses these derivative positions where hedging instruments are represented by forward currency contracts and the hedged item is represented by the currency portion of future management fee payments that are classified as unrecognised firm commitments.

Forward currency contracts Amounts in US\$000	2026			2025		
	Contract/ notional amount	Fair value asset	Fair value liability	Contract/ notional amount	Fair value asset	Fair value liability
Hedged item	123,213	4,443	-	114,089	2,787	-
Hedging instrument	123,213	-	(4,420)	114,089	-	(2,765)
Total		4,443	(4,420)		2,787	(2,765)

8. Debtors

Amounts in US\$000	Consolidated		Parent	
	2026	2025	2026	2025
Insurance receivables				
Contract holders	21,522	26,130	21,290	25,724
Reinsurers	45,200	52,551	45,155	52,497
Provision for doubtful debts	(1,633)	(2,107)	(1,633)	(2,107)
Total	65,089	76,574	64,812	76,114
Other debtors				
Prepayments	769	1,164	724	1,122
Sundry debtors	8,552	20,642	8,115	20,765
Intercompany debtors	-	-	7,311	-
Total other debtors	9,321	21,806	16,150	21,887
Total debtors	74,410	98,381	80,962	98,001

All debtors relate to amounts due within one year.

There is no material concentration of credit risk with respect to the debtors' balance, as the Club has many internationally dispersed debtors.

9. Cash and Cash Equivalents

Amounts in US\$000	Consolidated		Parent	
	2026	2025	2026	2025
Cash at bank and in hand	108,994	105,943	91,985	88,262
Money market funds	85,493	57,798	13,469	11,877
Total	194,487	163,741	105,454	100,139

10. Technical Provisions

Amounts in US\$000	Consolidated		Parent	
	2026	2025	2026	2025
Gross outstanding claims	(1,141,342)	(1,253,884)	(1,141,148)	(1,250,871)
Provision for unearned premium and DAC	(13,302)	(14,858)	(13,644)	(15,171)
Technical provisions	(1,154,644)	(1,268,742)	(1,154,792)	(1,266,042)
Reinsurers' share of gross outstanding claims	382,685	438,097	1,076,363	1,182,123
Provision for unearned reinsurance premium and ceded DAC	5,076	11,447	12,497	14,544
Reinsurers' share of technical provisions	387,761	449,544	1,088,860	1,196,667
Total insurance liabilities, net	(766,883)	(819,198)	(65,932)	(69,375)

10.1. Claims development tables

The tables below show the development of claims over time on a gross and net of reinsurance basis. The top half of each table illustrates how the total claims (notified and IBNR) for each of the last 10 accident years has changed at successive year ends (including movements due to currency fluctuations). The bottom half of the table reconciles the cumulative claims to the amount appearing in the Consolidated Statement of Financial Position.

Gross claims

Amounts in US\$000

Reporting year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
- End of reporting year	250,572	282,111	277,372	240,638	385,640	299,656	279,038	398,363	358,499	385,012
- One year later	248,028	291,969	268,472	404,861	403,458	341,884	299,992	409,631	418,693	-
- Two years later	243,901	320,782	267,488	380,296	501,500	341,350	265,284	400,282	-	-
- Three years later	233,917	341,822	248,687	409,922	480,037	339,105	279,320	-	-	-
- Four years later	237,002	324,992	264,347	443,819	490,521	348,803	-	-	-	-
- Five years later	230,343	359,715	275,020	518,944	486,023	-	-	-	-	-
- Six years later	238,597	417,148	281,224	509,581	-	-	-	-	-	-
- Seven years later	239,482	433,346	279,724	-	-	-	-	-	-	-
- Eight years later	237,069	430,497	-	-	-	-	-	-	-	-
- Nine years later	237,248	-	-	-	-	-	-	-	-	-
Current estimate of ultimate claims	237,248	430,497	279,724	509,581	486,023	348,803	279,320	400,282	418,693	385,012
Cumulative payments to date	229,918	401,236	258,772	352,886	394,436	276,985	197,369	251,981	303,037	53,650
Liability recognised in the Consolidated Statement of Financial Position	7,330	29,261	20,952	156,695	91,587	71,818	81,951	148,301	115,656	331,362
Total liability relating to the last 10 policy years										1,054,913
Other claims liabilities										86,429
Technical provisions excluding UPR in the Consolidated Statement of Financial Position										1,141,342

10.2. Movement in insurance liabilities and reinsurance assets

Consolidated

Amounts in US\$000

			2026			2025
	Gross	RI	Net	Gross	RI	Net
Outstanding claims brought forward	(1,253,884)	438,097	(815,787)	(1,385,548)	619,230	(766,318)
Cash paid for claims settled in the year	555,720	(201,085)	354,635	608,706	(309,940)	298,766
Claims incurred in the current year	(445,688)	148,183	(297,505)	(559,476)	211,241	(348,235)
Exceptional item - legal portfolio transfer of EEA claims			-	81,107	(81,107)	-
Foreign exchange	2,510	(2,510)	-	1,327	(1,327)	-
Outstanding claims carried forward	(1,141,342)	382,685	(785,657)	(1,253,884)	438,097	(815,787)

Parent

Amounts in US\$000

			2026			2025
	Gross	RI	Net	Gross	RI	Net
Outstanding claims brought forward	(1,250,871)	1,182,123	(68,748)	(1,302,345)	1,236,946	(65,399)
Cash paid for claims settled in the year	552,993	(520,667)	32,326	584,303	(558,772)	25,529
Claims incurred in the current year	(443,270)	414,907	(28,363)	(532,829)	503,949	(28,880)
Outstanding claims carried forward	(1,141,148)	1,076,363	(64,785)	(1,250,871)	1,182,123	(68,748)

11. Interests in Associated undertakings

The Club's principal equity-accounted investment at 20 February 2026 is the investment in its Manager, Thomas Miller Holdings (TMH), incorporated in Bermuda and registered as an overseas company in the United Kingdom. TMH primarily engages in the management of insurance mutuals and other managing general agency activities in the international transport and professional indemnity sectors.

On 31 October 2025, TMH cancelled shares in one of its employee benefit trusts. This increased the Club's stake from 18.2% to 22.7%, giving the Club significant influence over TMH and changing the nature of the investment into an 'Associate'. The investment has been equity accounted from the date on which significant influence was obtained. The equity method has been applied prospectively, with no restatement of comparative information, in line with FRS 102 which reflects the change in nature of the Club's relationship with TMH.

In the previous year, the TMH investment was held at fair value (level 3). On transition to equity accounting, the carrying amount is the cost of investment in TMH including transaction costs. Goodwill represents the residual value between the Club's share of TMH' net assets and the cost of investment. The previously recognised fair value before transition was 46.7 million, with the element above the cost of investment being recognised through investment return in the nontechnical account. Implicit goodwill is amortised over 10 years. Amortisation of goodwill has been recognised within the share of profit in associate. On transition, all equity accounted investments are reported under the Club's FRS framework and subsequently impacts of accounting alignment recognised within the share of profit in associate.

In line with the requirements of FRS 102, TMH's management has confirmed that no significant developments have been noted between the reporting date of TMH (31 December 2025) and the Club's reporting date of 20 February 2026 apart from the non-binding proposal to acquire the entire issued share capital of TMH which forms part of the ongoing strategic merger between UK P&I Club and the TT Club. (See note 20 Events after the Reporting Period for further information).

The carrying amount of equity accounted investments is 27.4 million.

Amount in US\$000	2026
Cost	
21 Feb 2025	-
Additions	26,641
Share of profit in associate	1,292
Amortisation of goodwill	(328)
Total share of operating profit/(loss) of Interests in Associated undertakings	964
20 Feb 2026	27,605

12. Creditors

Amounts in US\$000	Consolidated		Parent	
	2026	2025	2026	2025
Claims payable	(854)	(2,645)	(854)	(3,022)
Reinsurers	(23,243)	(45,197)	(22,328)	(43,326)
Trade payables and accrued expenses	(13,223)	(1,538)	(10,004)	(1,580)
Intercompany	-	-	-	(16,158)
Total	(37,320)	(49,380)	(33,186)	(64,086)

The fair value of these balances approximates their carrying value.

13. Net Earned Premium

Consolidated

Amounts in US\$000	2026	2025
Mutual premium	373,292	359,162
Fixed premium	70,628	84,875
Fronted premium	3,306	29,558
Gross Written Premium	447,226	473,594
Change in unearned premium provision	3,421	58,144
Gross earned premium	450,647	531,739
Premium ceded to reinsurers		
Reinsurance purchased collectively within the International Group	(65,749)	(56,682)
Other market reinsurance	(38,662)	(71,243)
	(104,411)	(127,925)
Change in unearned reinsurance premium provision	(6,298)	(41,618)
Total premium ceded to reinsurers	(110,709)	(169,543)
Total net earned premium	339,938	362,196

14. Investment return

Consolidated

Year ending February 2026	Income	Net Realised Gain/(loss)	Net Unrealised Gain/(loss)	Total Investment Return
Equity and debt securities	61,857	9,774	33,244	104,875
Cash and cash equivalents	6,083	-	-	6,083
Other investment charges	(7,014)	-	-	(7,014)
Transition to equity accounting	-	-	(20,075)	(20,075)
Total net investment return/(loss)	60,926	9,774	13,169	83,869
Year ending February 2025	Income	Net Realised Gain	Net Unrealised Gain	Total Investment Return
Equity and debt securities	26,405	11,087	29,699	67,191
Cash and cash equivalents	11,689	-	-	11,689
Other investment charges	(7,287)	-	-	(7,287)
Total net investment return/(loss)	30,807	11,087	29,699	71,593

The unrealised gains and losses on the movement in the fair value of the investments are included in the non-technical account.

15. Net Operating Expenses

Amounts in US\$000	2026	2025
Acquisition costs	(32,395)	(47,629)
Residual management fee	(16,396)	(15,060)
Directors' fees	(1,272)	(1,126)
Audit fees	(1,346)	(1,623)
- Audit services	(985)	(1,213)
- Non-audit services	(361)	(410)
Other expenses	(15,813)	(9,317)
Total operating expenses	(67,222)	(74,755)

The management fee is agreed on an annual basis and covers the cost of managing the Club. All fees payable are charged to the Income Statement in the period they relate to. The 2026 audit services fee is US\$1.1 million converted from GBP and EUR invoices.

Average expense ratio

In accordance with Schedule 3 of the International Group Agreement, the Club is required to disclose its average expense ratio (AER), being the ratio of operating expenses to income, including net earned premium and investment return.

The operating expenses include all expenditure incurred in operating the Club, excluding expenditure incurred in dealing with claims. The premium income includes all premiums and calls. The investment return includes all income and gains, whether realised or unrealised, exchange gains and losses less investment taxes, custodial fees, and internal and external investment management costs.

For the five years ended 20 February 2026, the ratio of 13.79 (2025: 13.47) has been calculated in accordance with the Schedule and the guideline issued by the International Group of P&I Clubs and is consistent with the relevant Financial Statements.

16. Tax on Income

Amounts in US\$000	2026	2025
Current taxes on income for the reporting period	(730)	(1,017)
Net adjustment in respect of current and prior periods	84	(11)
Overseas taxation	(290)	(45)
Total income tax expense	(936)	(1,073)

Tax on the Club’s profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated companies as follows:

Amounts in US\$000	2026	2025
Profit/(deficit) before tax	60,956	12,115
Tax at 25% (2025 at 25%)	(15,239)	(3,029)
Portion of investment income not subject to taxation		
Non-taxable transactions	14,303	1,956
Total	(936)	(1,073)

The corporation tax main rate stays at 25% for the year starting April 2025.

By virtue of its mutual status, UKC parent is not subject to taxation on all of its underwriting operations; the investment income of UKC parent is used to derive part of its tax liability. Other non-UK jurisdictions are liable for tax on profits where applicable.

17. Related Party Transactions

The United Kingdom Mutual Steam Ship Assurance Association Limited is the parent company of the Group, which consists of the following subsidiaries. All subsidiary and Associate undertakings are included in the Financial Statements.

Name	Country of incorporation	Nature of business	Class of shares	Proportion of shareholding	Investment in subsidiary	Address
Consolidated						
UK P&I Club N.V.	Netherlands	Insurance	Ordinary	100%	US\$50.6 million (2025: US\$79.7 million)	Wilhelminakade 953A 372 AP Rotterdam Netherlands
The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited	Bermuda	Reinsurance	N/A	100%	No share capital	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
Hydra Insurance Company Limited	Bermuda	Reinsurance	Preferred	100% of owned cell	US\$84.3 million (2025: US\$44.2 million)	Rosebank Centre 5th Floor, 11 Bermudiana Road Hamilton HM08 Bermuda
The United Kingdom Mutual Steam Ship Assurance Association (London) Limited	United Kingdom	Dormant	Private company limited by guarantee which has no share capital	100%	US\$0.0 million (2025: US\$0.0 million)	90 Fenchurch Street London EC3M 4ST United Kingdom
International P&I Reinsurance Company Limited	Isle of Man	Not trading	Ordinary	100%	US\$0.2 million (2025: US\$0.2 million)	Samuel Harris House 5-11 St. George's Street Douglas IM1 1AJ Isle of Man
Associate						
Thomas Miller Holdings	Bermuda	Management of mutuals and other managing general agency activities	Ordinary	22.7%	US\$27.4 million (2025: US\$0.0 million)	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda

The related party transactions are intercompany in nature with reference to the company structure and commentary on page 7.

Within UKC Parent Financial Statements, investments in subsidiaries are stated in the Statement of Financial Position at fair value. Unrealised gains and losses arising from changes in fair value are recognised in the Statement of Income and Expenditure and Retained Earnings for the period in which they arise. Fair value is determined based on the net asset value at the reporting date.

The United Kingdom Mutual Steam Ship Assurance Association (London) Limited (UKL) is a dormant, unregulated subsidiary of UKC. For the year ended 20 February 2026, UKL (registered number 10375) has taken advantage of Section 394c of the Companies Act 2006, the exemption from preparing accounts for a dormant subsidiary and section 448c of the Companies Act 2006, exemption from filing accounts of a dormant company. UKC guarantees all liabilities of UKL.

The Club has no share capital and is controlled by the Members who are also the insured. The insurance transactions are deemed to be between related parties, but these are the only transactions between the Club and the Members.

All of the Directors (except three who are independent specialists and two who are from the management company) are representatives or agents of Member companies, and other than the insurance and membership interests of the Directors' companies, the Directors have no financial interests in the Club. However, they do receive fees in respect of their roles, which are included in the Club's operational expenses. The Directors do not receive pensions or any other benefits.

Amounts in US\$000	2026	2025
<i>Key management compensation</i>		
Short-term employee benefits – Directors' fees	(1,272)	(1,126)
Remuneration of highest paid director	141	99

Thomas Miller P&I Limited (TMP&I)

TMP&I is a subsidiary of Thomas Miller Holdings Limited (TMH) that provides management services to the Club under a one-year termination contract clause. The Club offers a USD15 million revolving credit facility to TMH. At the year end, there were no outstanding debtors or creditors. Since 31 October 2025, the Club has owned 22.7% of Thomas Miller.

Front Street Trust (FST)

The Club is a beneficiary of FST, which holds private equity level 3 investments for capital appreciation. The Trust does not carry out operating or trading activities and does not provide services to the Club or to third parties. The Club, through UKB, is the settlor of FST. At the reporting date, the investment in FST's underlying assets are recognised in the balance sheet at Fair value at US\$31.5 million.

The registered office of the Trustee is: Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, Bermuda, HM 10.

The Club controls FST in accordance with the principles set out in Note 2.13. There is no trading relationship between the Club and FST or the underlying investments held by FST.

At the reporting date, the investment in FST is carried at a fair value of \$31.4m. During the year, a fair value gain of \$31.4m has been recognised in profit and loss which reflects a change in circumstances during the year and captures the economic performance of the asset more faithfully than consolidation would.

If the subsidiary had been consolidated in 2026, the Club's total assets at the time would have increased by \$18.2m, total liabilities would increase by \$0.06m, and the Club's profit would have differed by \$13.3m. Fair value has been determined using the latest valuation issued by an external valuer of the key underlying investment holdings of FST and the net asset value of other investment holdings consistent with FRS 102 fair value guidance. Measuring this investment at fair value through profit or loss under FRS 102 section 9.9c(a) constitutes a departure from paragraph 26 of schedule 1 of the Regulations. This departure is made to achieve a true and fair view of the Club's financial position and performance, as required by schedule 1 paragraph 10(2).

18. Employees

The Group directly employs 1(2025: 1) member of staff based in Japan in respect of its Japanese branch.

19. Change in Accounting Policy – Presentation of Other Comprehensive Income

During the financial year ended 20 February 2026, the Club changed its accounting policy for presenting Other Comprehensive Income (OCI) in the financial statements. Previously, the Club had no OCI items and presented a single Statement of Comprehensive Income. Under the revised policy, the Club now presents a separate Statement of Comprehensive Income in accordance with FRS 102 Section 5.

This change was made to accommodate for investment in associates where the Club has acquired significant influence but not control and are accounted for using the equity method. The Directors believe this presentation should provide more relevant information to users of the Financial Statements. The change in presentation does not affect any previously reported figures or require restatement of prior periods, since the Club did not have any OCI items and the equity method is prospective. There is no impact on profit or loss, total comprehensive income or equity.

20. Merger discussions

In November, the Board agreed to proceed with exploring a merger with TT Club, another Thomas Miller-managed mutual. The discussions focused on evaluating the possibility of the Clubs combining into a single entity, while preserving their independence in their respective markets and maintaining the strength of their distinctive brands and services. A merger would create a market-leading maritime and transport insurance mutual, bringing together considerable resources and a diversified offering to provide a platform for improved Member service and future growth.

Delivering this merger would allow the Club to operate at a broader scale and scope, leveraging the two Clubs' complementary strengths to meet the evolving needs of the industry. The financial benefit of a joint reinsurance programme and a combined capital adequacy position would deliver tangible advantages to the Club's Members.

Updates on the progress of these discussions will be disseminated throughout the coming year.

21. Events after the Reporting Period

This note sets out how events occurring after the reporting date relate to the financial position and performance of the Club in the reporting period.

Geopolitical events

The USA-Israel-Iran conflict started on 28 February 2026 has disrupted global shipping, primarily through heightened risk in the Strait of Hormuz. P&I War Risks are either not covered or, where applicable, they are 100% reinsured.

Proposal to acquire Thomas Miller Holdings Limited

Subsequent to the reporting date, and in addition to the ongoing merger discussions with the TT Club, the Boards of the two Clubs jointly submitted a nonbinding proposal to acquire the entire issued share capital of their manager, Thomas Miller Holdings Limited.

The joint proposal has been presented to the Board of Thomas Miller Holdings Limited and discussions are ongoing. No binding agreement has been reached as at the date of approval of these financial statements.

The proposed transaction remains subject to further negotiation, agreement of terms and, if progressed, appropriate governance and Member approvals. At this stage, it is not possible to determine the financial impact of the proposal, and accordingly no adjustment has been made to the amounts recognised in these financial statements in respect of this matter.

There have been no significant events occurring after the year end that have materially affected the Financial Statements.

Appendix: Policy Year Tables (unaudited)

MUTUAL ONLY	2025	2024	2023
Amounts in US\$000			
Premium debited in this financial year	374,020	(135)	(30)
Premium debited in previous financial years	-	361,497	350,783
Reinsurance premium	(69,356)	(56,341)	(64,479)
Net premium income	304,664	305,021	286,274
Net paid claims and expenses	(132,807)	(252,504)	(230,612)
Investment income	16,345	27,349	41,993
Funds available	188,202	79,866	97,655
Gross outstanding claims (incl. IBNR)	(293,619)	(80,496)	(116,678)
Reinsurance recoveries	104,375	(58,890)	25,729
Net outstanding claims	(189,244)	(139,386)	(90,949)
(Deficit)/Surplus	(1,042)	(59,520)	6,706

Notes

The calls and premiums, reinsurance premiums payable, claims paid and related expenses, reinsurance recoveries and outstanding claims are all allocated to the policy years to which they relate. Return on investments is allocated proportionately to the average balance of funds on each policy year or other funds. Operating expenses are allocated to the current policy year.

Any significant deficits on open policy years will be funded by transfers from reserves or by raising a supplementary premium.

The approximate yield of a 10% supplementary premium on the open policy years would be US\$37 million (2025), US\$36 million (2024) and US\$35 million (2023).

