



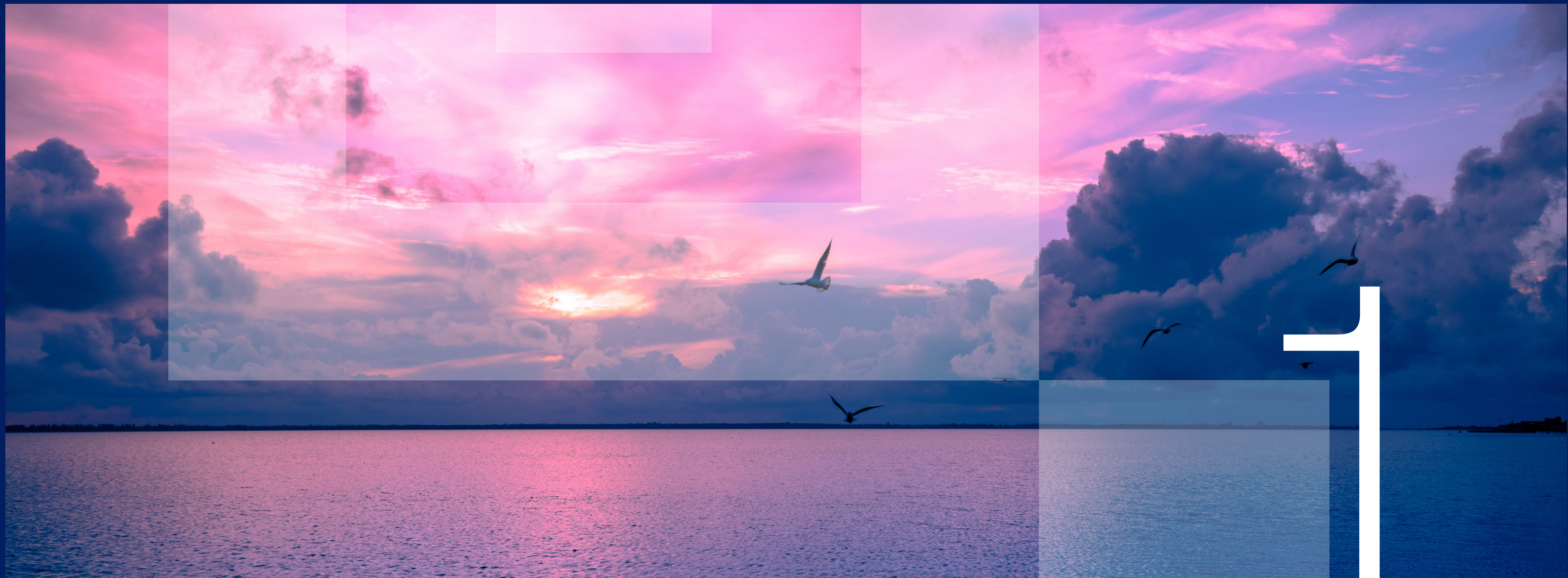
WEST.

2026

Annual Report
& Accounts

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Financial Highlights



Financial Highlights

For the year ending 20 February 2026

Combined Ratio

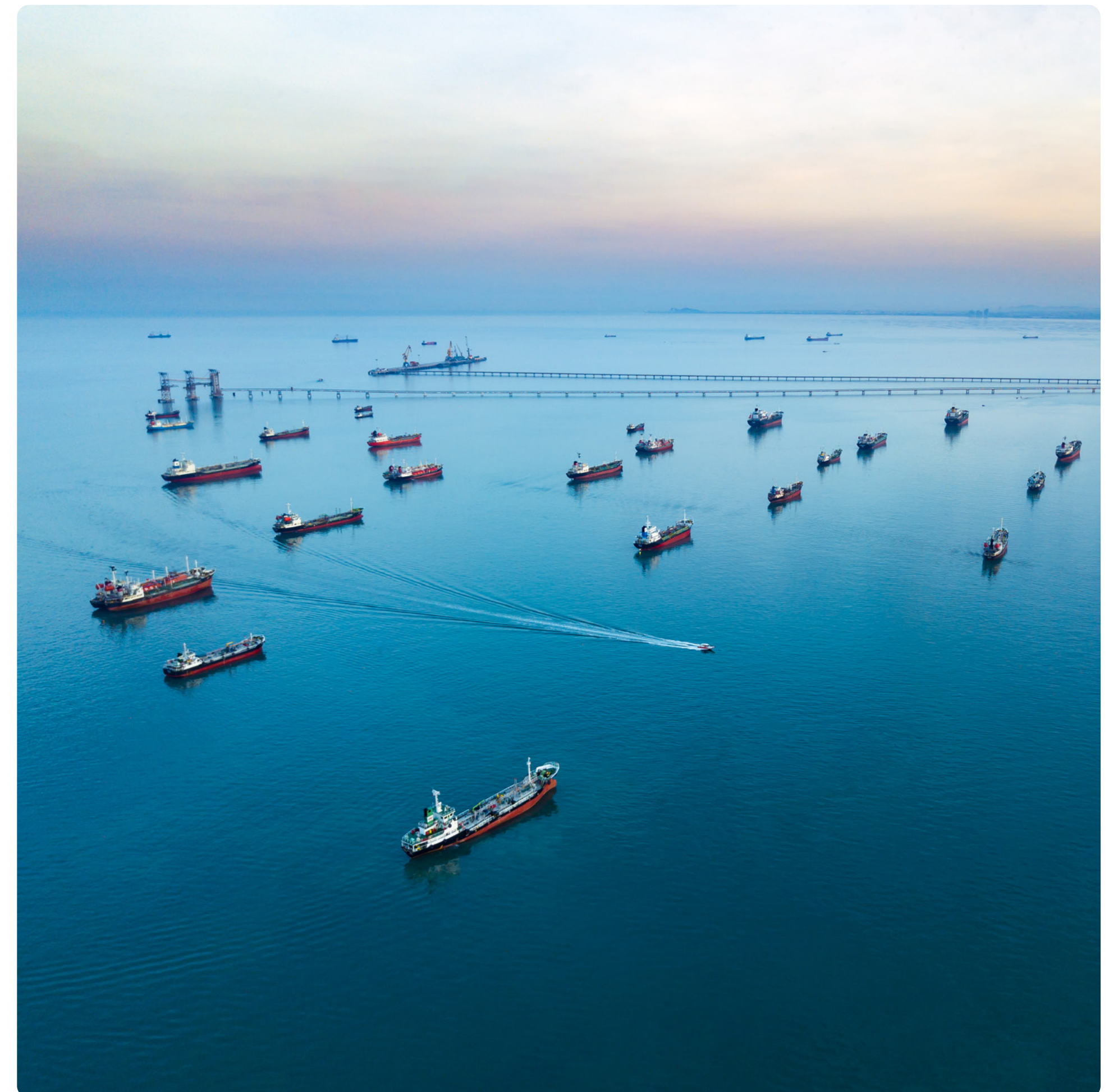
98.0%

3 Year Average
Combined Ratio

98.8%

Investment return

7.9%



Financial Highlights At 20 February 2026

Free Reserve
(USD)

377_m

AM Best

A⁺ Stable
outlook



Standard and Poor's

A⁺ Stable
outlook



Solvency Ratio

195%

Total Assets
(USD)

1,324_m

Financial Highlights

Gross premium (USD)
For the year ending 20 February 2026

409_m



Class 1 Entered Tonnage (GT)
Underwriting Year 2026

c.175_m

Financial Highlights (cont.)

The Club’s strategy remains to grow the Club’s premium from a sound capital base, and the year-ending 20 February 2026 has again been successful on both these fronts.

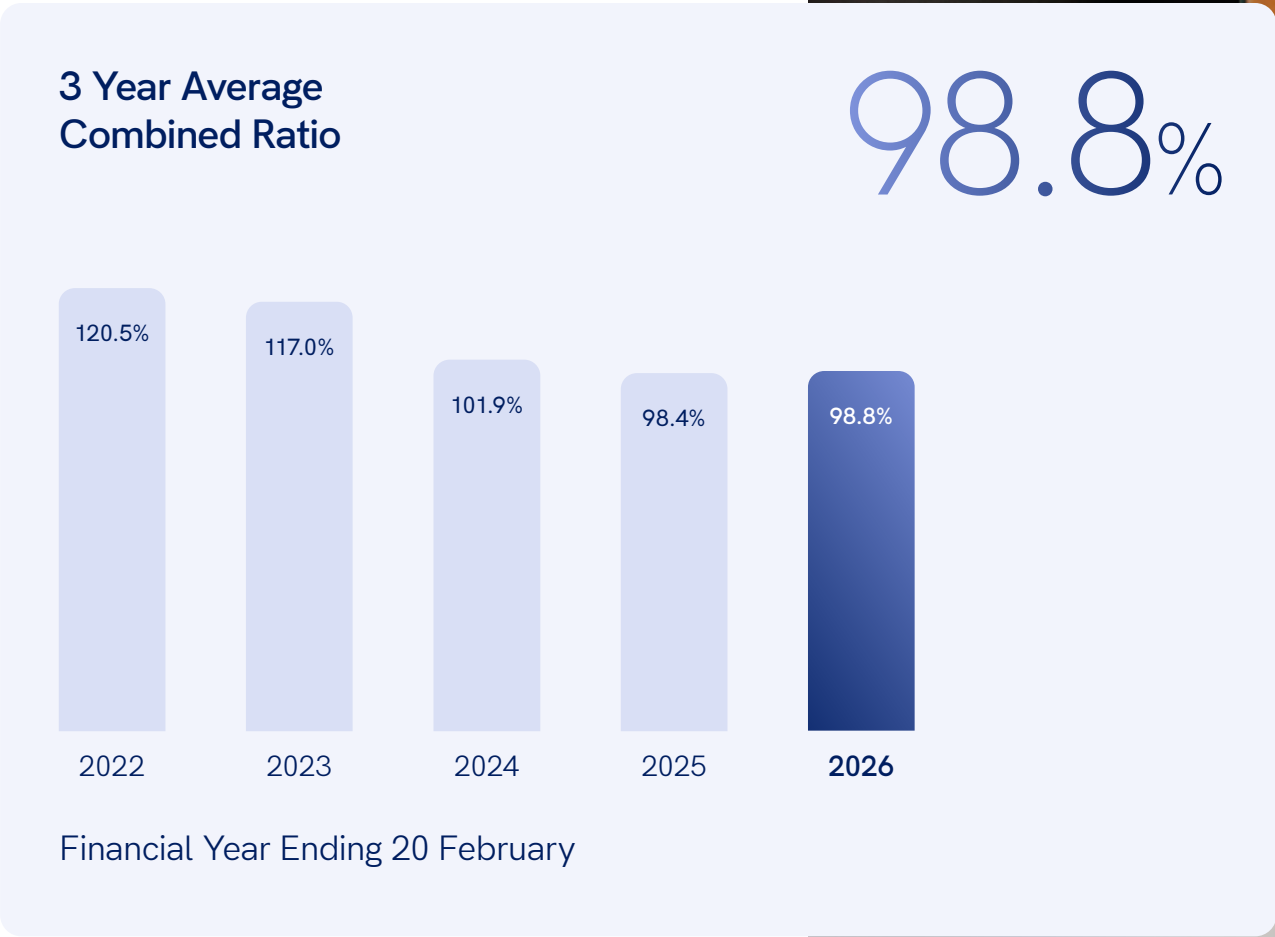
Our total premium written last year was USD 409m, an 18% increase on the prior year, and this growth came from all areas of the Club. Our acquisition of Nordic Marine provided an immediate boost and diversification benefit to the Club’s premium, contributing 5% of the Club’s overall gross premium in the last year.

From the USD 409m gross premium, USD 72m was paid as premium to our reinsurance partners, who play a crucial role in enabling the Club and the other IG Clubs to provide the level of cover that is offered to our Membership. The strength of these relationships is something we value enormously, and the trust we have in the reinsurance market, as well as the support and guidance we receive from our reinsurance brokers, continue to play a critical part in the industry.

Of the USD 409m premium, nearly USD 120m is generated from non P&I mutual business, and we are committed to offering a comprehensive suite of products underpinned by a P&I Club service ethos as we strive to serve and adapt to the evolving needs of our global membership and the wider maritime industry.

For the year-ending 20 February 2026, the Club’s own claims were below their expected level and our share of other Clubs’ Pool claims was close to the initial budgeted level although this was assisted by a comparatively low Pool share of 7.63% due to the Club’s recent positive Pool performance.

Our recent Pool performance and the diversified model certainly supported a strong financial performance in the past year. Our combined ratio was 98%, and our three-year average is now 98.8% meeting our Board’s target level. This operating performance meant that for the fifth consecutive year the Club’s combined ratio is lower than the average across the International Group.



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Financial Highlights (cont.)

All asset classes contributed positively to our investment return of 7.9%, the Club’s strongest investment return since 2011, earning USD 65 million net of tax. This return combined with our positive technical result increased the Club’s Free Reserve to USD 376.8m, the highest in our history.

This Free Reserve forms the basis of our capital evaluation and the progressive improvement, considered with the Club’s recent operating performance being stronger than many of our peers, was recognised with a positive outlook from S&P in the Autumn of 2025.

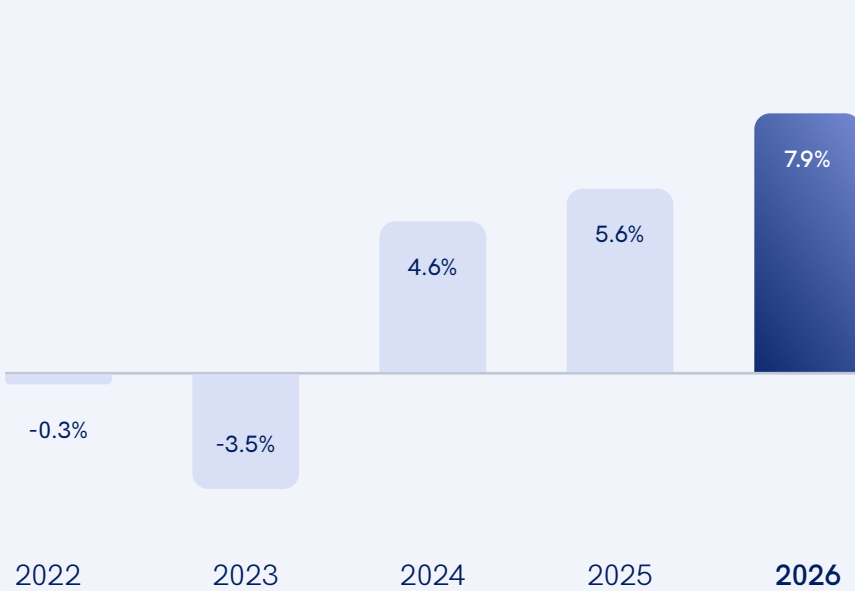
We recently held our 2026 annual review meeting with S&P and were delighted that our continued progress was acknowledged with an upgrade to A- stable outlook. Our AM Best rating is also A-, and our solvency coverage has increased to 195% putting the Club in an excellent position and providing financial stability for the Club’s membership as we move forward in 2026.

Free Reserve (USDm)



As at 20 February

Investment return

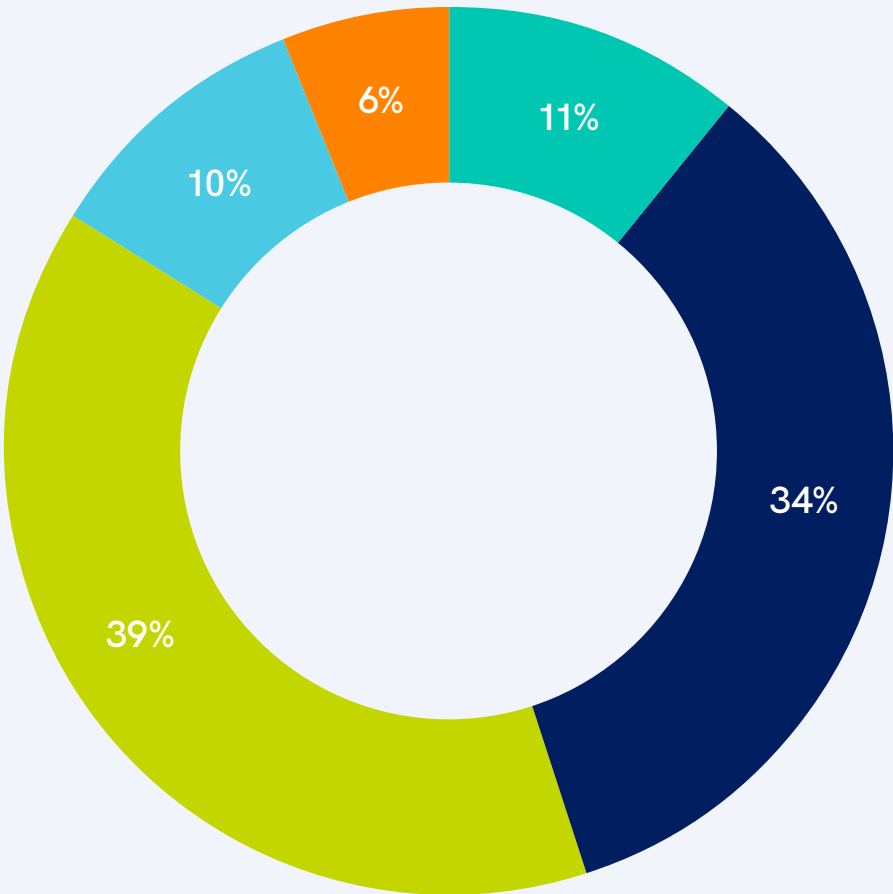


Financial Year Ending 20 February



Asset Allocation

At 20 February 2026



- Cash
- Corporate bonds
- Government bonds
- Equities
- Private assets



Chairman's Statement



Francis Sarre Chairman's Statement

I am especially pleased this year to report on yet another excellent financial result for the Club but one which has been achieved against a backdrop of ongoing geopolitical upheaval. We believe our purpose at West is to enable our Members and clients to navigate complexity with confidence and that has never been more so than in these very challenging times. An integral part of that objective is to provide a broad range of marine insurance products all built on solid financial foundations, so these strong results are further testament to our ability to deliver on that strategy.

West's combined ratio has been lower than the International Group average for five consecutive years and this year our combined ratio of 98% puts West in the upper quartile of its peers. The objective set by the Board of a three-year rolling average combined ratio below 100% continues to be achieved, underlining our consistently robust technical performance.

Despite a volatile start to the financial year, driven by concerns over global trade tensions and escalating tariffs, we were able to benefit from the subsequent market recovery which led the Club to achieve its best investment return in more than ten years, generating a return of 7.9% and earning USD 65 million. This recovery was supported by easing inflationary pressures, leading to more accommodative monetary policies, as well as buoyant equity markets driven by resilient corporate earnings and investors' strong appetite for technology and AI related stocks.

These factors have resulted in our achieving the highest free reserve in the Club's history at USD 376.8m. With solvency coverage increasing to 195%, our recent upgrade to A-stable outlook by Standard and Poor's and our continued A- rating from AM Best, the Club looks to the future from a financially strong and stable position. We are also the largest we have been in terms of entered mutual tonnage, now standing at 121m GT and again testament to the scale and reach of our business.

Chairman’s Statement (cont.)



As already noted, however, these strong financial results have been earned in a period of seismic and ongoing geopolitical events. I have spoken in the past about the impact of sanctions on the maritime community as states seek to achieve their political objectives by an inordinate concentration on our sector and this year has seen the shifting of the geopolitical sands continue unabated. Whilst the US action in Venezuela has resulted in that important oil export market being opened up to mainstream tonnage, by contrast the restrictions on Cuba have recently been tightened with increased secondary sanctions exposure for shipowners and insurers. It is exactly these kinds of unpredictable movements which make future planning for trade flows and ship utilisation so challenging, as well as imposing an ever-increasing regulatory burden on operators.

But it is of course the start of the conflict between the USA and Israel against Iran which has had such sudden and profound impacts, especially the effective closure of the Strait of Hormuz, a waterway through which about a quarter of the world’s traded crude oil, a fifth of LNG and a third of world fertilizer would normally flow. This action clearly demonstrated the profound impacts on global shipping and trade that

can be inflicted when some states seek to use these strategic arteries for political means, but the principles of UNCLOS are clear: the Strait and other such waterways are to be used for international navigation under rights of transit passage and states should neither hamper or impede navigation through it nor seek to impose tolls or other charges for doing so. Safeguarding these basic tenets of maritime law and ensuring shipping is able to flow freely through the Strait and other such constricted waterways without risk of harm is of paramount importance, both for our industry and, more importantly, for the benefit of the global economy.

There was another impact of the Strait’s closure which once again failed to make mainstream headlines, however, and that is the plight of seafarers. Many hundreds of ships were reported to have been trapped inside the Gulf when the conflict started and the asymmetrical warfare being fought has very sadly included attacks on merchant shipping. As happened during Covid, innocent seafarers were once again marooned on ships, unable to disembark and see their families at the end of contracts but now with the added psychological burden of not knowing if their ship might come under attack at any moment. Tragically, some have even lost their lives in such

attacks, because, not for the first time in this area, innocent ships engaged in legitimate trades have somehow become to be seen as legitimate targets in the geopolitical upheavals the region is currently experiencing.

It is deeply regrettable that once again our seafarers find themselves on the front line of a global crisis not of their making but very much impinging on their right to the kind of basic freedoms that we take for granted. Let us hope that the words of IMO Secretary-General Dominguez are heeded and ways are found to expedite the evacuation of innocent seafarers when these events occur.

Even when released, however, there will inevitably be lingering mental trauma and I was pleased to see the Managers address seafarer mental health and well-being with various events and publications during the course of the year, a number of which were delivered in conjunction with the Sailors Society, one of West’s long-term charity partners. This is a vital area of work and recent events have only served to underline its importance.

These conflicts and other interruptions to the normal flow of global trade have demonstrated

yet again the importance of West being a multi-line insurer with a mature set of diversified insurance products to help our Members and clients manage risk globally. From deliberately modest beginnings we have steadily built our non-mutual product offering and client base such that they now collectively contribute some USD 100m or 25% of our overall premium income. The incorporation of the Nordic Marine team into the West Group following our full acquisition last year has shown real benefits in the synergies our teams can deliver - West is now the largest provider of delay insurance in China, for example, with a number of major shipowners secured and others under active consideration, the result of excellent teamwork between Nordic and our underwriting team in Hong Kong.



Chairman's Statement (cont.)

Much credit for this growth must go to Richard Turner, our Head of Product Development who retires this summer. His long experience and deep understanding of other insurance markets has been pivotal to our success and I am delighted that Alexis Wildman - with an equally proven expertise in managing these kinds of products - will pick up the mantle and help us penetrate new markets as well as grow our existing market shares.

Our strategy of regionalisation and supporting our Members at a regional level wherever possible has continued. I reported last year on West being the first IG Club to open an office in Dubai. That has obviously been heavily affected by the conflict in the Gulf region, but I am relieved to report that all our staff in the UAE remain safe. The office has been well placed to meet and support our Members in the region whenever it has been safe to do so and our commitment to its continued success has been further underlined by the Managers' decision to add additional staff to our team there.

Elsewhere we have seen the opening of a new office space for our team in Hong Kong. West was one of the first Clubs to establish an office there in 1982 and we now have the largest office in this vibrant maritime centre. With the full retirement of Richard Macnamara last year, the office is now very ably led by XL Cai as CEO whose team oversaw a move from our venerable home of many years into a modern, contemporary office space in Pacific Place Six. This underlines our commitment to Hong Kong and enables the team to continue to support our Members in China, Hong Kong and Vietnam

as we have done for many decades – indeed, 2026 will mark the 50th anniversary of our deep and enduring relationship with the Vietnamese market. This is a history we are very proud of and as the leading IG Club in China, we look forward to growing our presence further in a vitally important region for West.

In Asia, we also recently entered into a cooperation agreement with WIK Marine for them and their director SR Kim to act as the Club's exclusive representative in South Korea. The move strengthens the Club's local engagement in one of the region's most important maritime markets and reflects West's long-term commitment to supporting the Korean shipping community while ensuring dedicated support for clients and partners across the country. The relationship has already borne fruit with new entries and increased marketing opportunities for our full product range and we look forward to seeing it flourish further.

I noted two new key hires for the Managers in last year's report and have been delighted to see the impact both have had. Bart Mertens joined us as our new Chief Underwriting Officer and made an immediate impact by implementing a revised Global Underwriting Organisation across the Club. This has seen a new structure established which enables our teams to be more efficient and responsive to Members' needs. This was very much in evidence at the recent renewal, which was successfully concluded with all our objectives being achieved and a Member retention rate of over 99% for the second consecutive year.

Chairman's Statement (cont.)

Michela Borzoni is our Head of Sustainability and excellent progress has been made in this important area since she arrived, culminating in the publication of our latest Sustainability Report last autumn. This clearly laid out the significant amount of work that has been done internally to date to map the Club's current position and, more importantly, detailed the three limbs of our sustainability strategy moving forward: long term stewardship, leading maritime expertise and fostering social impact. This is important not only internally for the management of the Club, but also in demonstrating how West will support its Members throughout their own sustainability and decarbonisation journeys. Decisions such as selecting future fuel types will always of course remain the purview of the Members but we believe that the Club nevertheless has a vital part to play in providing support and expertise around the myriad of other contractual, regulatory and insurance issues with which shipowners and operators will have to contend as we move towards a low carbon future.

On the Board, we have seen the retirement of two Directors, Kishore Rajvanshy and Mark Cameron. Kishore has been a long-standing member of the Board since 2007 and Vice-Chairman since 2018. Over those many years he has made an outstanding contribution to the Board's affairs, including chairing the Nomination & Remuneration and Class II Claims Committees. His calm authority and measured advice have been warmly welcomed by myself, the Board and the Managers.

Likewise, Mark has been a Director since 2016 and brought invaluable operational and seafaring experience as well as consistently providing considered, pragmatic input into the Club's strategy and operations, all of which have been of great help to the Board and its Committees.

As they both stand down after distinguished Board tenures, we offer Kishore and Mark our thanks and best wishes.

This year also saw Jerry Kalogiratos and Vasilis Bacolitsas move from the Members' Committee onto the Board and I look forward to their valuable contributions going forward.

On the Members' Committee, we welcomed Caroline Yang, Angad Banga, Johan Sperling, Essam Adly and Morten Skedsmo. We said farewell to Adel Aljasem, Todd Busch, Kristin Bitnes and Dr Wu Chao - thank you all for your contributions to the Committee's affairs.

Finally, my thanks as always to Tom and the management team for their hard work and dedication across the year which, as I have mentioned, has recently seen West regain it's A- rating with Standard and Poor's. West continues to be a leading insurance partner for the marine industry delivering innovative sustainable solutions to help our Members and clients in a rapidly changing world. Service is the bedrock of all we do and the Managers' tireless efforts to deliver those products and services are much appreciated.

Managers' Review



Managers' Review

“There are consistent key themes which remain at the core of what we have achieved as a Club over the last 12 months. These are our ongoing commitment to regionalisation as we expand our footprint globally, diversification as we continue to focus on the products and services we offer our Members and the wider industry, and the Club's robust capital position driven from a strong financial performance.”



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Our Year

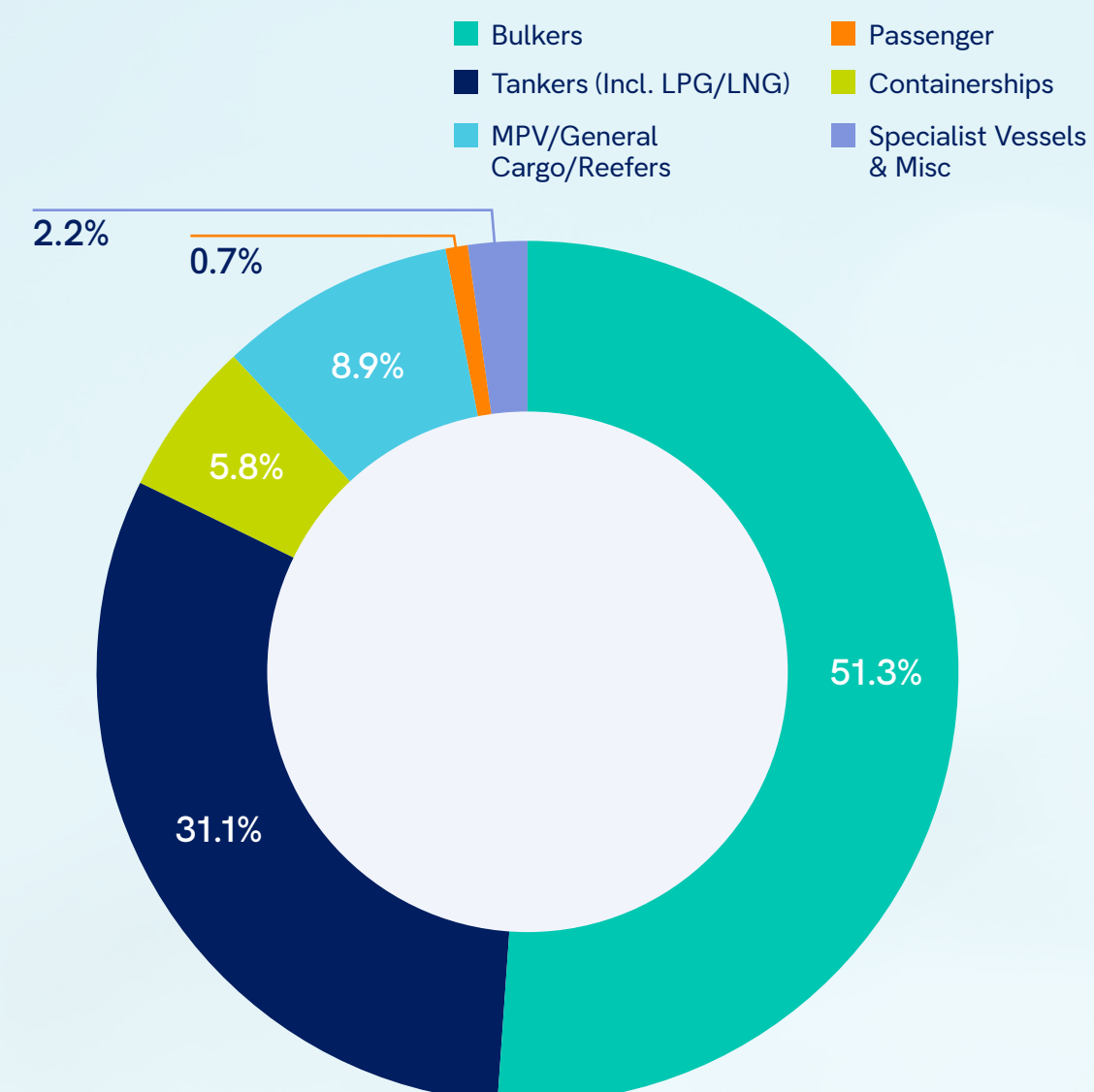


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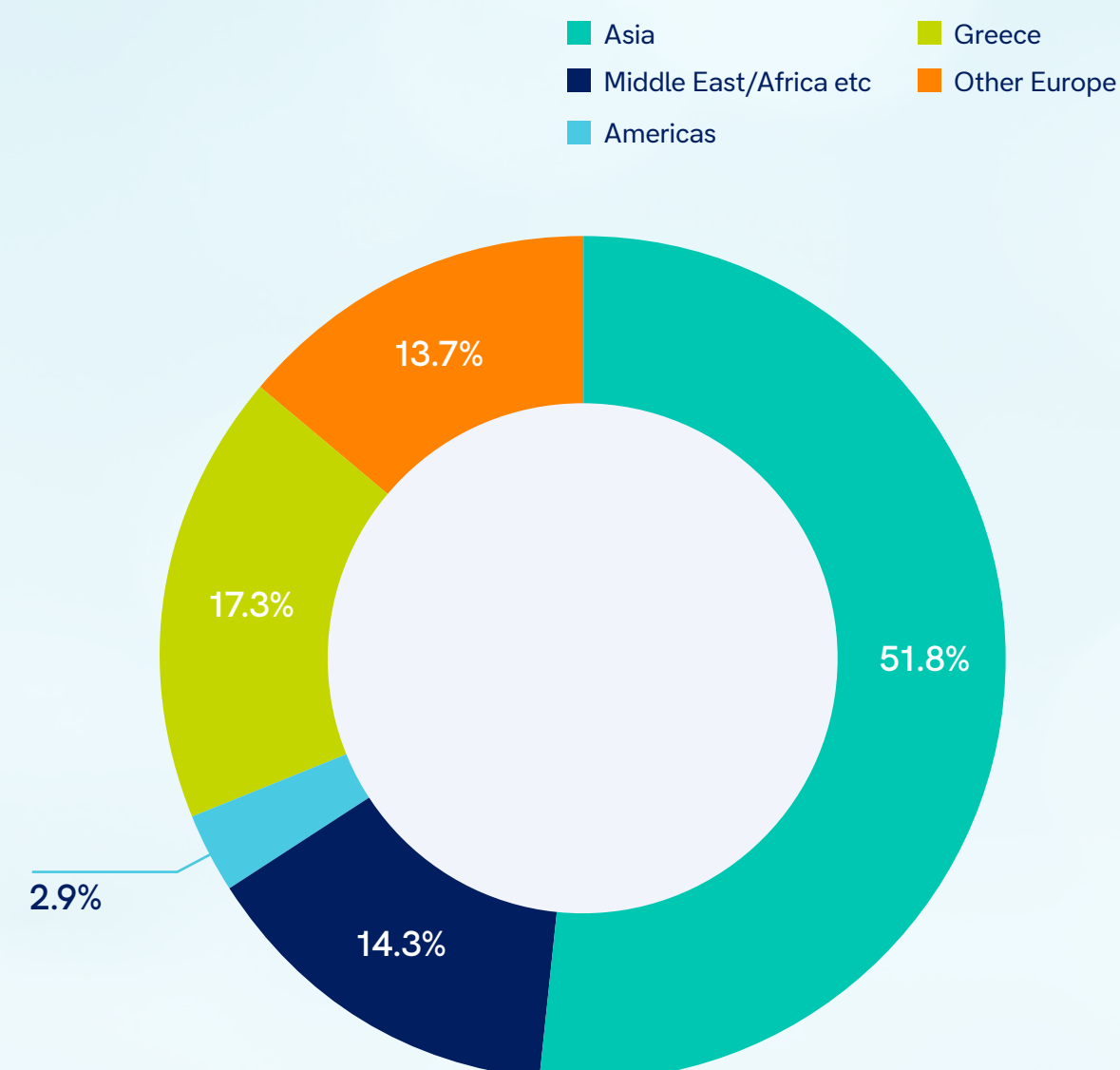
Our Year



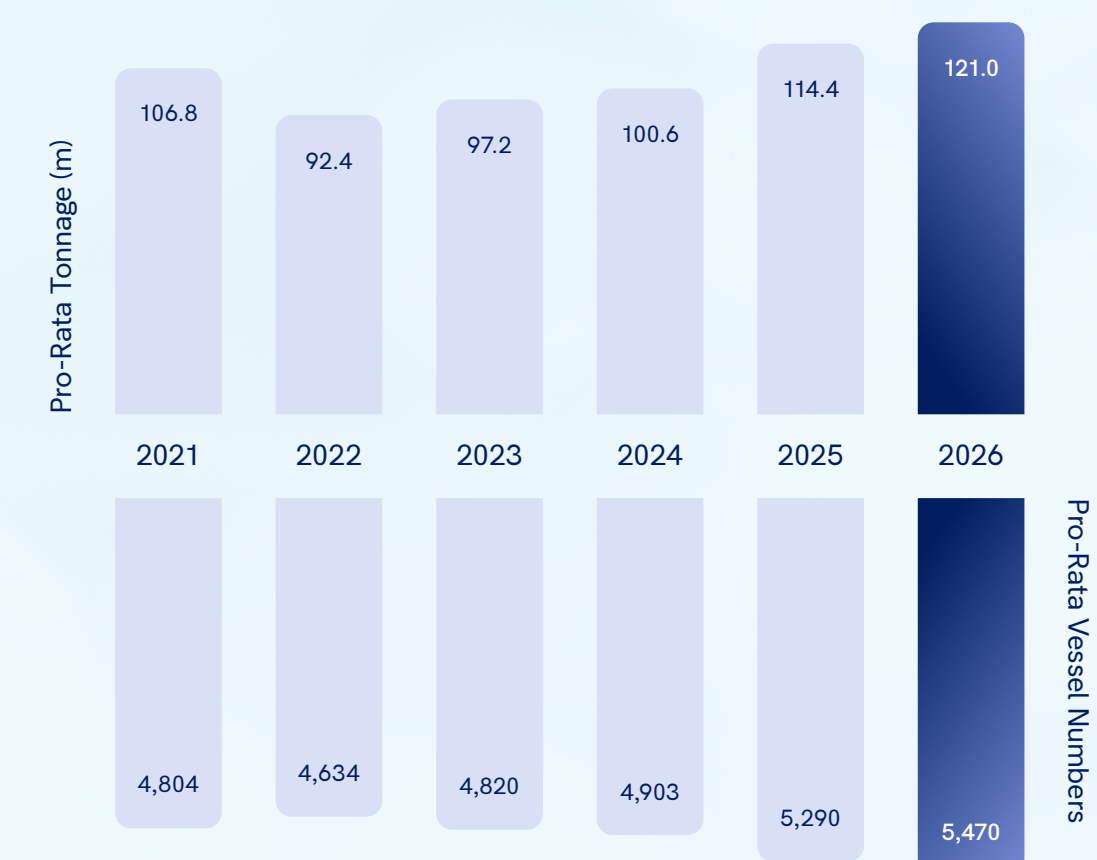
Entered Tonnage by Vessel Type %



Entered Tonnage by Area of Management %



Mutual Tonnage and Vessel Numbers



Consolidated Report & Accounts



Consolidated Accounts and Report of the Réviseur d’Entreprises Agréé

20 February 2026



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Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of The West of England Ship Owners Mutual Insurance Association (Luxembourg) will be held at 31, Grand-Rue, L-1661 Luxembourg on 7 July 2026 at 13:00 hours for the following purposes:

1. To read and acknowledge the Reports of the Directors and the Reports of the Statutory Auditor.
2. To read and adopt the Statutory Report and Accounts and the Statutory Consolidated Report and Accounts for the year ended 20 February 2026.
3. To grant discharge to the Directors and Statutory Auditor for the year under review.
4. To elect Directors and Members' Committee members.
5. To appoint PricewaterhouseCoopers Assurance, Société coopérative as Statutory Auditor of the Association and to fix their remuneration.
6. To transact any other ordinary business of the Association.

The audited Statutory Report and Accounts and Statutory Consolidated Report and Accounts for the year ended 20 February 2026 are available on request.

Members entitled to attend and vote may address a proxy appointment form (in attachment), nominating the Chairman or another person. Members may as well vote using a voting form (in attachment). Proxy appointment forms and voting forms need be sent to the General Manager (Olivier.lebescond@westpandi.com) not less than forty-eight (48) hours prior to the Meeting.

Yours faithfully,

The West of England Ship Owners Mutual Insurance Association (Luxembourg)

O Le Bescond
Secretary

31, Grand-Rue
L-1661 Luxembourg

12 June 2026

NOTE: A Member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a Member of the Association. The instrument appointing a proxy shall be left with the Secretary not later than 48 hours before the holding of the Meeting.

“ West’s combined ratio has been lower than the International Group average for five consecutive years and this year, our combined ratio of 98% puts West in the upper quartile of its peers. The objective set by the Board of a three-year rolling average combined ratio below 100% continues to be achieved, underlining our consistently robust technical performance.”

Francis Sarre



General Information

Directors

F G Sarre (Chair)	Antwerp
O W F Lennox-King (Vice-Chair)	Hong Kong
V Bacolitsas	Athens
A M Cameron	Singapore
R I Ferrada	Santiago
P C F Haynes	London
J Kalogiratos	Athens
T G Mazarakis	New York
L-M Perrella	Montreal
P Philis	Limassol
A T Tokgoz	Istanbul
N A Verheyen	Antwerp

Members’ Committee Members

O W F Lennox-King (Chair)	Hong Kong
E Adly	Cairo
N Athanasiou	Athens
N Bakos	Athens
A Banga	Hong Kong
D Dandolos	Athens
M B Enston	London
G M A M Fossion	Antwerp
M Humphreys	Dubai
A Y Kalchev	Varna
S F Nilaus	Copenhagen
Y Niotis	Piraeus
M Papachristodoulou	Piraeus
S Shao	Beijing
Dr. A F Sharma	Dubai
M Skedsmo	Oslo
J F Sperling	Washington
N Veniamis	Athens
C Yang	Singapore

Managers

West of England Insurance Services (Luxembourg) S.A. (UK Branch)	
One Creechurch Lane London EC3A 5AF United Kingdom	Telephone: +(44) (0)20 7716 6000 E-mail: mail@westpandi.com

Secretary and Principal Office

O Le Bescond	
31, Grand-Rue L-1661 Luxembourg	Telephone: +(352) 4700671 Fax: +(352) 225253

Registered Number

R.C.S. Luxembourg B 8963

Auditor

Deloitte Audit Société à responsabilité limitée	
Cabinet de révision agréé 20 Boulevard de Kockelscheuer L-1821 Luxembourg	Telephone: +(352) 451451

Report of The Directors

The Directors have pleasure in presenting their report together with the published audited consolidated accounts (hereafter the “consolidated accounts”) of The West of England Ship Owners Mutual Insurance Association (Luxembourg) and its subsidiaries (collectively the “Association” or the “Group”) for the year ended 20 February 2026.

Activities

The principal activity of the Association continues to be the insurance and reinsurance of Members’ protection and indemnity risks (Class 1) and freight, demurrage and defence risks (Class 2). The Association also provides insurance and reinsurance against financial and economic losses relating to maritime trade (Class 3) and hull and machinery and related risks (Class 4).

In addition to its Head Office in Luxembourg, the Association has branches in London, Hong Kong and Singapore and representative offices in Piraeus, New York and Dubai. Following the approval of the Swedish Financial Authority, Finansinspektionen on 4 April 2025, the Association fully acquired Nordisk Marinforskaring AB (Nordic Marine Insurance), which is based in Stockholm. Through this structure and its world-wide network of correspondent offices, the Association supports its business activities on behalf of its diversified and global Membership of ship owners and charterers.

The Association’s wholly owned subsidiaries, International Shipowners Reinsurance Company S.A. and The West of England Reinsurance (Hamilton) Limited (registered and domiciled in Luxembourg and Bermuda respectively), have continued to provide reinsurance of the Association.

West of England Insurance Services (Luxembourg) S.A., which is wholly owned by the Association, provides insurance-related management and claims handling services for the Association. West of England Insurance Services (Luxembourg) S.A. wholly owns West of England Hellas S.a.r.l. (formerly West of England (Hellas) Limited), West of England Insurance Services (North America) Inc., West of England Claims Services (North America) Inc. and West of England Services Limited.

The West of England Ship Owners Insurance Services Limited, which is wholly owned by the Association, previously acted as landlord to its tenant companies until the sale of its premises in London in July 2018 and is now effectively dormant.

The Association is one of the members of the International Group of P&I Clubs (the “IG”) who combine to pool risks and share reinsurance in providing cover to a majority of the world’s merchant fleet. The Association, along with the other members of the IG, has established a “segregated cell” insurance company, Hydra Insurance Company Ltd. registered and domiciled in Bermuda, to reinsure certain pool and quota share risks. The Association has contributed share capital to Hydra, and share capital and contributed surplus to the Hydra West of England Cell which is wholly owned by the Association and, during the year, participated in reinsurance activities.

The Association does not perform any research and development activity.





Report of The Directors (cont.)

Future Developments and Events since the Balance Sheet Date

There are no events to report occurring after the 20 February 2026 balance sheet date that have a material impact on these consolidated accounts.

Late February 2026 saw the commencement of the conflict between the US, Israel and Iran which has subsequently spread to the wider Middle East region. The Directors are continuing to monitor the potential impact of the conflict on the Association and, as of the date of the approval of these consolidated accounts, nothing has been identified that would materially affect the operating performance and financial position of the Association.

Risk Management

Luxembourg law requires disclosure, where material, of the risk management objectives and policy of the Association.

The Association's overall appetite for accepting and managing different types of risk is defined by the Board, which has developed a three-lines of defence governance framework with policies and procedures to identify, manage, mitigate and report risk. Key risks have been documented in a dedicated Risk Register and responsibility for each of them allocated to a responsible risk holder at senior management level under the coordination of the Chief Risk Officer. A tolerance has been set by the Board against each risk. This framework is designed to protect the Association's Members and other

stakeholders from events that may prevent it from meeting its contractual and regulatory obligations or financial and business objectives. Risk tolerances and related risk appetites are reviewed regularly and reporting of actual exposure or performance against them is reported to the Association's Group Audit & Risk Committee. Emerging risks are identified and evaluated by senior management and reported to the Group Audit & Risk Committee. The Association annually prepares its Own Risk and Solvency Assessment ("ORSA") as part of its Business Plan, Capital Management and Risk Management processes. It includes a forward-looking assessment of the Association's capital and solvency position within the framework of the Business Plan, ensuring the on-going financial resilience of the Group.

The Board oversees the development and operational implementation of these policies and procedures. It ensures on-going compliance with them through the Group Audit & Risk Committee. The Board also relies on the Internal Audit function which operates independently under clear terms of reference and with a direct reporting line to the Group Audit & Risk Committee and a direct reporting line to the Board.

Report of The Directors (cont.)

The main sources of risk to the Association’s operations and its financial position are:

a) Insurance risk

Insurance risk arises from uncertainty as to the occurrence, amount and timing of insured claims and liabilities. Insurance risk is sub-divided into Underwriting, Reserving and Reinsurance risks.

i. Underwriting risk

The underwriting objective of the Association is to charge premiums that reflect the risks it insures. The principal risk for any insurer is that the frequency and value of insured losses exceed expectations.

The Board sets an underwriting strategy which determines the risk profile of how the Association accepts and manages new and renewing insured risks. This strategy ensures that insured risks are diversified, for example by product line, vessel type and geographical area, to ensure a sufficiently large and diverse population and reduce the variability of the expected outcome of insured losses.

Underwriting risk is considered both at individual fleet level and from a portfolio management perspective, where insured risks are assessed in the light of historical experience and future exposure. To assist the process of pricing and managing underwriting risk the Managers routinely perform a range of activities including:

- Documenting, monitoring and reporting on the Association’s strategy to manage risk;
- Monitoring legal and market developments and amending the terms of entry when necessary;
- Developing processes that take account of market or economic factors in the pricing process.

The Association’s insurance contracts include terms that operate to contain losses, such as deductibles being matched to the risk profile.

The Association’s pricing strategy considers the historic and future value and frequency of claims, adjusted for inflation, changes in claims patterns and external economic factors. Pricing is carried out within the Club’s internal pricing framework which considers indicative rates based on internal (such as claims record and risk factors) and external (market and economic factors) data and actuarial analysis.

ii. Reserving risk

This is the risk of claims in the balance sheet being understated, i.e. the risk that reserves are inadequate due to the inherent uncertainty of knowing the ultimate cost, frequency and timing of liabilities incurred, including the provision made for claims that have not so far been notified (incurred but not reported claims).

Review and reporting controls operate so that estimates are established and maintained, reflecting the Association’s current best estimate of the likely outcome for each claim. The Association has established clear and stringent estimating guidelines, backed by a programme of consistent training, to ensure they are applied uniformly. In addition, prudent reserves are held for claims that have been incurred but not yet reported, these are determined by the Association’s internal actuarial team who use a variety of statistical and actuarial techniques to estimate the most likely overall outcome of liabilities and advise on the confidence level of the booked reserves. An independent view of reserves is also provided by an external consulting firm. In this way, appropriate reserves are determined to meet claims as they fall due.

iii. Reinsurance risk

Reinsurance risk is the risk that the reinsurance purchased by the Association does not respond as intended by reason, for example, of a mismatch with gross losses, counterparty risk or exhaustion of reinsured limits.

Reinsurance reduces claims volatility. As a member of the IG, the Association benefits from its pooling and reinsurance cover for individual claims. For Policy Year 2026, this reinsurance covers claims from \$10 million to \$3.35 billion. This programme is the Association’s primary reinsurance protection, above which the IG’s “overspill” arrangements apply. For retained claims outside the IG programme, the Association has appointed a leading reinsurance broker and uses modelling techniques to identify where reinsurance will be most effective and additional reinsurance protection is purchased.





Report of The Directors (cont.)

b) Financial risk

The Association is exposed to a range of financial risks which can be sub-divided into the risks below.

i. Capital management

The Association seeks to maintain financial strength and capital adequacy to support its business whilst retaining financial flexibility through appropriate levels of liquidity. It assesses its risk-based capital requirements and maintains an efficient capital structure consistent with its risk profile and business requirements as well as with regulatory requirements. To do this, the Association monitors its capital position against regulatory and rating agency models.

The Association is exposed to financial risk through its financial assets and liabilities (i.e. both market and liability matching risks) and through technical assets and liabilities such as reinsurance and Members' claims. Financial assets represent a significant proportion of the Association's assets. The Association holds and invests them to fund obligations arising from its insurance activities.

The Association's key investment risk is that its financial assets together with investment returns generated by them are insufficient to fund its liabilities arising from its insurance and investment operations and do not enable it to maintain adequate operational solvency or the required solvency margin for compliance purposes. The Association's Statement of Investment Principles (SIP) and Investment Policy (IP) reflect the investment risk tolerance set by the Board and are reviewed at least once a year. They define the management of the investment portfolio within the Association's whole risk framework, covering aspects such as asset/liability matching and interest rate risks, credit default risk, equity risk, property risk, counterparty risk, currency risk and liquidity risk. The Association employs external asset managers to manage its investments and an independent custodian to monitor compliance with guidelines. ISRe, acting as the investment committee of the Board, oversees the performance of its financial assets through regular performance, risk and compliance monitoring.

A range of tools is used to preserve the portfolio's liquidity and capital. Specific benchmarks and guidelines are set so that investments are effectively monitored and controlled, particularly in relation to the use of and exposure to derivative instruments, where applicable. The overall asset allocation is set and adjusted within ranges defined in the IP to maximise investment return within the diversification, liquidity, and risk constraints set by the Board. As part of this process, the efficiency of the asset allocation in terms of risk charges is monitored against regulatory and rating agency models.

ii. Asset/liability matching and interest rate risks

The Association continuously monitors the matching between assets and liabilities, ensuring it is not exposed to any unintended interest rate risk (to specific maturities or yield curves). It also uses interest rate risk as a source of regular income and diversification within its strategic allocation, and actively adjusts the duration of the fixed interest portfolio based on market conditions.

Fixed income investments represent the largest asset class within the Association's investment portfolio, and as a result are mainly invested in high quality, liquid, interest-bearing securities and cash equivalents.

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iii. Equity risk

As part of its investment strategy, the Association also invests in equity or equity-related markets. The purpose of these investments is to generate, on average, an excess return relative to the fixed income portfolio. They are also a diversifier of the sources of performance and risk within the overall portfolio.

The maximum exposure to equities is modelled as part of the overall risk framework and the risk tolerance threshold is calculated so that a sudden market downturn would not significantly undermine the solvency position of the Association.

iv. Property risk

The Association is exposed to the volatility of market prices of real estate, through the holding of a property in Hong Kong and investments in real estate investment funds.

Property risk is mitigated by ensuring a robust diversification within the Association’s real estate investments, both in terms of geographical exposure and in terms of segments within the real estate market.

v. Counterparty default and credit risks

The Association has exposure to counterparty default and credit risks, which are the risks of losses due to unexpected default or deterioration in the credit of a counterparty.

Key areas of exposure to counterparty default and credit risks include:

- Debt securities, cash and cash equivalents, and other investments including deposits and derivative transactions;
- Reinsurers’ share of insurance liabilities and amounts due from reinsurers in respect of claims already paid, including amounts due from other Group Clubs through the IG Pool;
- Amounts due from Members including exposure to credit risk from the provision of Maritime Labour Convention certificates.

For its financial investments, the Association mitigates the risks by setting guidelines constraining the quality and percentage of individual counterparties it is exposed to. It also mitigates the risks by delegating the management of fixed income credit portfolios to asset managers having extensive expertise and resources in monitoring credit risk.

The Association manages the counterparty default risk with reinsurers by placing and regularly reviewing limits on its exposure to a counterparty within the overall risk tolerance framework. The creditworthiness of reinsurers is reviewed before placing (including IG processes to ensure the appropriateness of reinsurers on the IG programme) and monitored regularly thereafter. Controls exist within the IG to maintain the strength of the IG Pool; the Pool itself forms a key risk mitigation.

There is no significant concentration of credit risk related to receivables, as the Association has a large number of internationally dispersed ship owner and charterer Members. No single Member is sufficiently material to represent a high-risk credit exposure. The Association’s Rules provide significant contractual rights to safeguard the Association’s position and reduce its exposure to the consequences of default or partial payment.



vi. Currency risk

Currency risk is the risk that the fair value or future cash flows of an asset or a liability will fluctuate due to changes in exchange rates. Currency risk arises from items denominated in currencies other than the Association’s operating currency – US dollars.

The Association maintains a benchmark currency profile for investments which approximates to the currency exposure within its claims liabilities so that currency movements are effectively hedged. By recording the currency exposure within claims reserves and monitoring historical payment patterns, the Association determines a measure of the currency risk and the effectiveness of the currency hedge.

vii. Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due, at reasonable cost. The Association may have to pay claims with little or no notice, so within its risk framework the Board has set limits on the minimum level of cash and liquid funds available to meet such claims payments and on the minimum level of borrowing facilities that should be in place to cover unexpected levels of claims and other cash demands. The main part of the Association’s investments is maintained in highly liquid assets which may be converted to cash at little notice or expense.

c) Operational risk

Operational risk is the risk of loss resulting from ineffective or failed internal processes, people, systems, or external events that disrupt business operations. The Association has identified key operational risks within the risk register and the risk management function ensures that key business areas have policies and procedures in place to minimise the incidence of operational risk.





Report of The Directors (cont.)

Published Consolidated Accounts

These published consolidated accounts conform to the Luxembourg law of 8 December 1994 (as amended) in all respects except that investments are stated at market value, land and buildings at valuation and for the presentation of subrogation and salvages. Luxembourg legislation requires that investments are stated at the lower of historic amortised cost or estimated market value and that subrogation and salvage recovery items are disclosed gross. The treatment adopted in these consolidated accounts is consistent with the basis of accounting generally accepted by the other members of the International Group of P&I Clubs and includes additional disclosures relating to cash flows, policy year positions and average expense ratio to meet the generally accepted reporting bases or specific disclosure requirements of the International Group. The consolidated accounts are set out on pages 36 to 53 with the principal accounting policies summarised on pages 39 to 41. Consolidated accounts conforming fully to the Luxembourg legislation are filed with the Luxembourg authorities: copies are available on request from our principal office.

These consolidated accounts show a surplus for the year of \$71.7 million (2025 \$30.3 million). Total reserves at 20 February 2026 are \$376.8 million (2025 \$306.1 million).

Directors

The present Directors of the Association, who are listed on page 23, held office throughout the year under review with the exception of Mr J Kalogiratos and Mr V Bacolitsas who were appointed with effect from 8 July 2025 and 27 January 2026 respectively. In addition, Mr K S Rajvanshy retired with effect from 5 November 2025.

The listed Members’ Committee Members held office throughout the year under review with the exception of Mrs C Yang who was appointed

with effect from 31 March 2025, Messrs A Banga and J F Sperling who were appointed with effect from 5 November 2025 and Messrs E Adly and M Skedsmo who were appointed with effect from 27 January 2026. In addition, Mr A Aljassem, Mr J Kalogiratos, Mr T Busch, Mrs K Bitnes, Mr V Bacolitsas and Mrs C Wu retired with effect from 14 May 2025, 8 July 2025, 15 July 2025, 4 November 2025, 27 January 2026 and 19 February 2026 respectively.

In accordance with the Constitution of the Association all Directors will retire at the forthcoming Annual General Meeting but being eligible, may offer themselves for re-election.

Directors and Officers Liability Insurance

During the year, the Association maintained insurance cover for Directors and Officers against legal liabilities relating to the Association’s activities.

Auditor

At the Annual General Meeting on 7 July 2026 the Directors will propose a resolution for the appointment of an auditor for the year commencing 20 February 2026.

By order of the Board

O Le Bescond
Secretary

31, Grand-Rue
L-1661 Luxembourg

13 May 2026

“ We believe our purpose at West is to enable our Members and clients to navigate complexity with confidence and that has never been more so than in these very challenging times.”

Francis Sarre



Report of the Réviseur d'Entreprises Agréé

Report on the Audit of the Consolidated Annual Accounts

To the Members of The West of England
Ship Owners Mutual Insurance Association
(Luxembourg)

31, Grand-Rue L-1661 Luxembourg

Deloitte Audit
Société à responsabilité limitée 20
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Opinion

We have audited the consolidated accounts of The West of England Ship Owners Mutual Insurance Association (Luxembourg) and its subsidiaries (the “Association”) which comprise the consolidated balance sheet as at 20 February 2026, and the consolidated income and expenditure account for the year then ended, and notes to the consolidated accounts, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated accounts present fairly, in all material respects, the financial position of the Association as at 20 February 2026, and the results of its operations for the year then ended in accordance with the significant accounting policies set out in Notes 2 and 3 to the consolidated accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “réviseur d’entreprises agréé” for the Audit of the consolidated accounts” section of our report. We are also independent of the Association in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated accounts and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Notes 2 and 3 to the consolidated accounts, which describe the basis of accounting. The consolidated accounts are prepared to assist The West of England Ship Owners Mutual Insurance Association (Luxembourg) to meet its financial information requirements towards its Members and to be consistent with the basis of accounting adopted by the other members of the International Association of P&I Clubs. As a result, the consolidated accounts may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of the audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Valuation of incurred but not reported (“IBNR”) claims reserves:

Risk description:

Gross claims outstanding include incurred but not reported (“IBNR”) claims reserves which are typically recognised to reflect the uncertainty around the ultimate losses that will be incurred arising from claims due to the long-term nature of the Association’s exposure. The judgements that are made by management in determining the valuation of incurred but not reported claims reserves, as mentioned in Note 3 to the consolidated accounts, are significant to the Association’s financial position. Determining these incurred but not reported claims reserves requires subjectivity and alterations in underlying assumptions may have a material impact on the financial position of the Association and on the results of its operations. In this context, the valuation of incurred but not reported claims reserves in respect of management’s selection of methodology and assumptions underlying the valuation of incurred but not reported claims reserves has been assessed as a key audit matter.

Audit responses:

We have assessed the design and implementation of key controls which management performs in relation to insurance reserving. This included assessing the design and implementation of controls over the valuation of incurred but not reported claims reserves and the appropriate governance oversight in determining the key assumptions underpinning the valuation of incurred but not reported claims reserves.

We completed the procedures to assess the competence and objectivity of management’s actuarial experts and involved our own actuarial specialists to assess the appropriateness of the methodology applied and the suitability of the key assumptions and judgements taken in determining the incurred but not reported claims reserves.



Other matter

The West of England Ship Owners Mutual Insurance Association (Luxembourg) has prepared a separate set of consolidated accounts as at 20 February 2026 in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the consolidated accounts on which we issued a separate auditor’s report to the Members of The West of England Ship Owners Mutual Insurance Association (Luxembourg) dated 5 June 2026.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated Report of Directors but does not include the consolidated accounts and our report of the “réviseur d’entreprises agréé” thereon.

Our opinion on the consolidated accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated accounts, or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated accounts

The Board of Directors is responsible for the preparation and fair presentation of these consolidated accounts in accordance with the basis of accounting described in Notes 2 and 3 to these consolidated accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the Board of Directors is responsible for assessing the Association’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 Board of Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.





Responsibilities of the “réviseur d’entreprises agréé”
for the Audit of the Consolidated Accounts

The objectives of our audit are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Association to express an opinion on the consolidated accounts. We are responsible for the direction, supervision, and performance of the Association’s audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as “réviseur d’entreprises agréé” by the General Meeting of the Members on 8 July 2025 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 11 years.

The Report of the Directors is consistent with the consolidated accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the Association’s Group Audit and Risk Committee.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Association in conducting the audit.

For Deloitte Audit,
Cabinet de révision agréé

Ronan Richard,
Réviseur d’entreprises agréé

Partner
05 June 2026

Consolidated Balance Sheet
at 20 February 2026

Assets	Note(s)	2026 \$'000	2025 \$'000
Intangible assets			
Goodwill	4	11,481	927
		11,481	927
Investments			
Land and buildings	5	8,369	9,902
Investments in affiliated undertakings and participating interests	6		
Participating interests		-	1,484
Affiliated undertakings		25	25
Debt securities issued by, and loans to, undertakings with which an insurance undertaking is linked by virtue of a participating interest		-	1,087
Other financial investments	7	926,081	820,511
		934,475	833,009
Reinsurers’ share of technical provisions			
Provision for unearned premiums	14	7,900	6,831
Claims outstanding	16	226,782	239,712
		234,682	246,543
Debtors			
Member debtors	10	56,822	46,630
Reinsurance debtors	9	10,419	7,491
Other debtors	11	5,182	4,433
		72,423	58,554
Other assets			
Tangible assets	12	1,352	1,002
Cash at bank and in hand		56,499	57,442
		57,851	58,444
Prepayments and accrued income			
Accrued interest		5,173	4,462
Deferred acquisition costs		4,581	3,627
Other prepayments and accrued income		3,042	1,541
		12,796	9,630
Total Assets		1,323,708	1,207,107

Liabilities	Note(s)	2026 \$'000	2025 \$'000
Capital and reserves			
Revaluation Reserve	5, 22	7,052	8,383
Income and Expenditure Account	22	369,731	297,699
		376,783	306,082
Technical provisions			
Provision for unearned premiums	14	30,755	21,662
Claims outstanding	16	829,473	803,491
		860,228	825,153
Creditors			
Member creditors		43,290	43,522
Reinsurance creditors		18,279	13,541
Other creditors	13	25,128	18,809
		86,697	75,872
Total Liabilities		1,323,708	1,207,107

F G Sarre

Chair

N A Verheyen

Director

13 May 2026

The accompanying notes are an integral part of these consolidated accounts.

Consolidated Income and Expenditure Account
for the year ended 20 February 2026

Technical Account	Note(s)	2026 \$'000	2026 \$'000	2025 \$'000	2025 \$'000
Earned premiums, net of reinsurance					
Gross premiums written		414,201		353,913	
Change in provision for unearned premiums		(4,865)		(6,362)	
Gross premium earned	15	409,336		347,551	
Outward reinsurance premiums		(70,666)		(64,957)	
Change in provision for unearned premiums, reinsurers' share		(1,267)		2,219	
Reinsurance premium ceded	15	(71,933)		(62,738)	
Earned premiums, net of reinsurance			337,403		284,813
Other technical income					
Allocated investment return transferred from the non-technical account			66,795		42,896
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(276,105)		(277,168)	
Reinsurers' share		60,735		61,573	
Net claims paid	16	(215,370)		(215,595)	
Change in the provision for claims					
Gross amount		(23,759)		(93,628)	
Reinsurers' share		(14,185)		77,164	
Change in the net provision for claims	16	(37,944)		(16,464)	
Claims incurred, net of reinsurance			(253,314)		(232,059)
Net operating expenses					
Administrative expenses		(19,669)		(14,698)	
Acquisition costs		(59,436)		(50,517)	
Change in deferred acquisition costs		462		1,333	
Net operating expenses	17		(78,643)		(63,882)
Balance on the technical account			73,460		31,768

Non-Technical Account	Note(s)	2026 \$'000	2026 \$'000	2025 \$'000	2025 \$'000
Balance on the technical account			73,460		31,768
Investment income	19		76,171		53,691
Investment charges	19		(9,376)		(10,795)
Allocated investment return transferred to the technical account			(66,795)		(42,896)
Surplus on ordinary activities before tax			73,460		31,768
Tax on ordinary activities	20		(1,746)		(1,485)
Surplus on ordinary activities after tax			71,714		30,283

The accompanying notes are an integral part of these consolidated accounts.

Consolidated Statement of Cash Flows
for the year ended 20 February 2026

	Note(s)	2026 \$'000	2025 \$'000
Cash flows from operating activities			
Gross premiums and other technical income		409,457	342,038
Reinsurance premiums paid		(67,855)	(61,562)
Gross claims paid		(276,745)	(267,969)
Reinsurance recoveries received		57,806	57,347
Operating expenses paid		(76,083)	(63,601)
Tax on ordinary activities paid		(1,574)	(1,319)
Net cash generated from operating activities		45,006	4,934
Cash flows from investing activities			
Purchases of property and equipment	12	-	-
Interest income received		22,704	19,787
Dividend income received		2,827	2,828
Investment management expenses paid		(597)	(963)
Net cash flows from investments in affiliated undertakings and participating interests		(8,814)	-
Net cash flows from shares and other variable yield securities and units in unit trusts		(46,850)	(11,832)
Net cash flows from deposits with credit institutions		(810)	(7,940)
Net cash flows from debt securities and other fixed interest securities		(16,589)	(6,908)
Net cash used in investing activities		(48,129)	(5,028)
Cash flows from financing activities			
Net decrease in cash at bank and in hand		(3,123)	(94)
Cash at bank and in hand as at beginning of year		57,442	58,002
Exchange gains / (losses) on cash at bank and in hand		2,180	(466)
Cash at bank and in hand as at end of year		56,499	57,442

Note to the Consolidated Statement of Cash Flows

Reconciliation of surplus on ordinary activities after tax to net cash generated from operating activities

	Note(s)	2026 \$'000	2025 \$'000
Surplus on ordinary activities after tax		71,714	30,283
Depreciation	17	478	470
Exchange loss on miscellaneous items		105	42
Increase in net insurance liabilities	16	38,912	16,464
Nordic Marine net insurance liabilities at acquisition date	16	(968)	-
Increase in provision for unearned premiums		8,024	4,143
Increase in insurance and other debtors		(16,380)	(713)
Increase / (decrease) in insurance and other creditors		9,916	(2,859)
Investment income	19	(76,171)	(53,691)
Investment charges	19	9,376	10,795
Net cash generated from operating activities		45,006	4,934

The accompanying notes are an integral part of these consolidated accounts.

Notes to the Consolidated Accounts for the year ended 20 February 2026

1 General

The West of England Ship Owners Mutual Insurance Association (Luxembourg) (the “Association” or the “Group”) is established in the Grand-Duchy of Luxembourg as a mutual insurance association and provides marine insurance and reinsurance of Members’ protection and indemnity risks (Class 1), freight, demurrage and defence risks (Class 2), financial and economic losses relating to maritime trade risks (Class 3) and hull and machinery and related risks (Class 4). As a mutual association under Luxembourg law, the Association has no share capital or subscribed capital.

2 Presentation of the consolidated accounts

These published consolidated accounts (hereafter “consolidated accounts”) have been prepared in accordance with the significant accounting policies set out in Note 3 to meet the financial information requirements of its Members and include information and disclosures consistent with those adopted by the other members of the International Group of P&I Clubs.

These accounting policies and disclosures are consistent with those required by the amended law of 8 December 1994 on the consolidated annual accounts of insurance and reinsurance undertakings in Luxembourg, except for the following:

- Land and buildings and other financial investments are stated at estimated market value;
- Subrogation and salvages are presented on a net basis within the consolidated balance sheet;
- Additional disclosures are included relating to consolidated cash flows, policy year positions and average expense ratio.

The Association also prepares statutory consolidated accounts (the “statutory consolidated accounts”) in accordance with the legal and regulatory requirements applicable in Luxembourg, including the requirements of the amended law of 8 December 1994 on the annual accounts of insurance and reinsurance undertakings. These statutory consolidated accounts are filed with the Registre de Commerce in Luxembourg and are available at the registered office of the Association.

The impact on the valuation of land and buildings and other financial investments in the consolidated balance sheet resulting from the change in accounting policies described above between these and the statutory consolidated accounts is as follows:

	Land and buildings \$’000	Other financial investments \$’000
Presented herein – Estimated market value	8,369	926,081
Statutory consolidated accounts – Net book value	2,592	868,470

The preparation of consolidated accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the consolidated accounts in the period in which the assumption changed. The Board of Directors believes that the underlying assumptions are appropriate and that the consolidated accounts therefore present the financial position and results fairly.

The Association makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Basis of consolidation

The consolidated accounts have been prepared in US dollars and incorporate the assets and liabilities of the Association and its group undertakings, listed below, at 20 February 2026 and the results of the year ended on that date.

Group undertakings	Ownership %	Incorporated
Hydra Insurance Company Ltd. – The West of England Hydra Cell	100%	Bermuda
International Shipowners Reinsurance Company S.A.	100%	Luxembourg
The West of England Reinsurance (Hamilton) Limited	100%	Bermuda
The West of England Ship Owners’ Insurance Services Limited	100%	United Kingdom
West of England Hellas S.a.r.l.	100%	Luxembourg
West of England Insurance Services (North America) Inc.	100%	United States
West of England Claims Services (North America) Inc.	100%	United States
West of England Insurance Services (Luxembourg) S.A.	100%	Luxembourg
West of England Services Limited	100%	UAE
Nordisk Marinforskaring AB (Nordic Marine Insurance)	100%	Sweden
Qwest Maritime Limited	50%	United Kingdom

All group undertakings are fully consolidated with the exception of the 50% share of the Association’s participation in Qwest Maritime Limited which has not been consolidated due to its immaterial value at 20 February 2026. On 4 April 2025 the Association completed the acquisition of the remaining 55.52% of Nordisk Marinforskaring AB (Nordic Marine Insurance) and the transactions of Nordic Marine Insurance are fully consolidated within these Report and Accounts from that date. At the date of acquisition, Nordic Marine Insurance’s assets totalled \$21.2m and during the year ended 20 February 2026 it contributed gross earned premiums of \$9.4m. In the prior year Nordic Marine Insurance was consolidated using the equity method.

Notes to the Consolidated Accounts for the year ended 20 February 2026

2 Presentation of the published consolidated accounts (cont.)

Classes and policy years

Members are insured in accordance with the Rules of the Association. Separate records are maintained for all Classes of insurance. Mutual policy balance accounts are maintained, individual accounts being held for all open policy years for each Class. The accumulated balance for all policy years is available, if required, for any exceptional future charges.

Calls and reinsurance premiums are credited or charged to the policy year to which cover relates. Claims are included in policy years by reference to the date of the incident and reinsurance recoveries are matched accordingly. General and management expenditure is allocated to Classes on the basis of calls and premium income and is charged to the policy year in which it is incurred. Investment income is allocated to policy years as determined by the Directors.

Activities relating to specific Classes 1, 2, 3 and 4, and the activity relating to The West of England Reinsurance (Hamilton) Limited, which is not attributable to any Class of business, are disclosed separately in Note 21.

3 Summary of significant accounting policies

Foreign currencies

Revenue and expense transactions are converted at the rate ruling at the date of the relevant transactions. Assets and liabilities in currencies other than US dollars are converted to US dollars at the rate prevailing at the balance sheet date. Exchange differences are analysed between realised and unrealised, and taken to the consolidated Income and Expenditure Account. Exchange movements arising from the retranslation of brought forward reserve balances are taken directly to capital and reserves. Unsettled forward exchange transactions are translated into US dollars at the forward rate prevailing on the balance sheet date for the remaining term of the contracts. Unrealised profit or loss on hedging transactions is charged in the consolidated Income and Expenditure Account and disclosed as an asset under other financial investments or a liability under other creditors in the consolidated balance sheet.

Intangible assets

Goodwill is calculated as the difference between the excess of consideration transferred over the net book value of identifiable assets acquired. Goodwill is amortised on a straight-line basis at a rate of 20% per year commencing from the first full year after acquisition. The amortisation of goodwill recognised for the acquisition is released to Value adjustments on investments.

Investments in affiliated undertakings and participating interests

Affiliated undertakings are considered to be the undertakings over which the Club exercises a dominant influence either directly or indirectly. Participating interests refer to rights contained in the capital of other undertakings which, when creating a durable link with those undertakings, are intended to contribute to the Club’s activities.

The shares held in affiliated undertakings and participating interests over which the Club exercises a significant influence over the operating and financial policies of the undertaking are valued using the equity method, at their initial cost adjusted by the proportional share of the undertaking’s net profit or loss. Debt securities issued by, and loans to, undertakings with which an insurance undertaking is linked by virtue of a participating interest are stated at nominal value. Value adjustments are made if it is expected that recoverability is impaired and that reduction in value is of permanent nature.

Land and buildings

Land and buildings are stated at estimated market value, based on periodic valuations by independent valuers. Buildings are amortised over their useful life on a straight-line basis, taking into account their residual value. The residual value and economic useful life of buildings are reassessed by the Directors on a periodic basis. Leasehold properties are written down over the period of the lease.

Other financial investments

Shares and other variable yield transferable securities and units in unit trusts, and Debt securities and other fixed income transferable securities are valued at market value. The market value of securities traded on established exchanges is determined using the latest official close of business price available provided by selected vendors. The market value of investment funds is calculated using the last available net asset value reported by those funds, or the last available capital statement for funds which are not unitised. Deposits are stated at their nominal value at year-end.

Debtors

Full provision is made for amounts owing which are more than one year in arrears and in respect of other balances considered to be doubtful.

Claims outstanding

Statistical projections are calculated for claims outstanding at the balance sheet date based upon paid claims and estimates of notified outstanding claims. Provision is made for future claims handling expenses. Significant delays may occur before claims are settled and, accordingly, a substantial measure of experience and judgement is required in assessing the ultimate cost of outstanding and unnotified claims, which cannot be known with certainty at the balance sheet date.

The reinsurers’ share in claims outstanding represents the part of the gross claims outstanding that the Association is entitled to recover from reinsurers under contractual reinsurance arrangements.

Tangible fixed assets

Tangible fixed assets are valued at purchase price including any acquisition expenses. Tangible fixed assets are depreciated over their useful economic life with the maximum duration being ten years.

Gross premiums written

Gross premiums written consist of calls, premiums, releases and other fees less return premiums and provisions for bad and doubtful debts. Premium is recognised on an accruals basis in the period in which the contract is related. Reinsurance premiums are charged to the consolidated Income and Expenditure Account on an accruals basis.

Provision for unearned premiums

Provision for unearned premiums represents the part of gross premiums written that is estimated to be earned after the balance sheet date. The unearned premium reserve is calculated on a daily pro-rata basis.

Other technical income

Other technical income includes revenue derived from technical services or fees that are not directly classified as gross premiums written but arise from other ordinary activities. Such income is recognised on an accruals basis in the income and expenditure account when the service is rendered.

Claims incurred

Claims incurred comprises claims and related costs, including claims handling expenses, advances made on account of claims during the year, including the Association’s share of claims under pooling agreements, and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Credit is taken for reinsurance recoveries due in respect of claims accounted for at the balance sheet date.

Notes to the Consolidated Accounts for the year ended 20 February 2026

3 Summary of significant accounting policies (cont.)

Investment income and charges

Income and charges from investments are included, together with the related tax credit, in the non-technical account on an accruals basis. Account is taken of dividend income when the related investment is declared “ex-dividend”.

The amortisation of the positive differences and the accretion of negative differences between the acquisition cost and the redemption value are released to investment expenses and investment income respectively, in instalments over the period remaining to repayment.

Transfer of investment return

A transfer of investment return, including unrealised exchange gains and losses, expenses and charges, is made from the non-technical account to the technical account to reflect the return made on those assets directly attributable to the insurance business.

Expenses

General and management expenditure is charged to the consolidated Income and Expenditure Account on an accruals basis.

Acquisition costs and deferred acquisition costs

Acquisition costs represent the brokerage and commissions attributable to the processing of proposals and the issuing of policies. Acquisition costs are deferred and amortised over the periods in which the premiums are earned.

Pension costs

Defined benefit pension costs are charged to the consolidated Income and Expenditure Account in accordance with the advice of qualified actuaries and a plan approved by the UK pensions regulator. Contributions to both the defined benefit pension, if required, and defined contribution pension schemes are charged as an expense in the year to which they relate.

4 Intangible assets

	2026 Goodwill \$'000	2025 Goodwill \$'000
Cost		
At beginning of year	4,634	4,634
Additions	11,481	-
Disposals	-	-
At end of year	16,115	4,634
Accumulated depreciation		
At beginning of year	(3,707)	(2,780)
Provided during year	(927)	(927)
Disposals	-	-
At end of year	(4,634)	(3,707)
Net Book Value	11,481	927

The addition to goodwill relates to the acquisition of the remaining 55.52% of Nordisk Marinforskaring AB (Nordic Marine Insurance). At 20 February 2026 the amount of \$16.1m relates to goodwill on 100% ownership of Nordic Marine Insurance, and \$11.5m remains to be amortised over the next five years.

5 Land and buildings

Land and buildings comprise a property in Hong Kong. The property was revalued at 20 February 2026 by Jones Lang LaSalle Ltd at HK\$65.4 million (\$8.4 million) (2025 HK\$77.0 million / \$9.9 million) and the resultant revaluation deficit was taken to the Revaluation Reserve.

Notes to the Consolidated Accounts
for the year ended 20 February 2026

6 Investments in affiliated undertakings and participating interests

The movements during the financial year in respect of investments in affiliated undertakings and participating interests are as follows:

	Participating interests and affiliated undertakings	Debt securities issued by, and loans to, undertakings with which an insurance undertaking is linked by virtue of a participating interest	\$'000 Total
Gross book value as at 20.02.2025	1,605	1,087	2,692
Additions during the year	-	-	-
Reclassification to fully consolidated undertakings	(1,580)	(1,087)	(2,667)
Gross book value as at 20.02.2026	25	-	25
Accumulated losses as at 20.02.2025	(96)	-	(96)
Reversal of prior year allocation under the Equity Method	96	-	96
Accumulated losses as at 20.02.2026	-	-	-
Net book value 20.02.2026	25	-	25
Net book value 20.02.2025	1,509	1,087	2,596

Participating interests at 20 February 2026, with details of the cost and book value held by the Association, are:

	2026 \$'000 Book Value	2026 \$'000 Cost	2025 \$'000 Book Value	2025 \$'000 Cost
Nordic Marine Insurance	-	-	1,484	1,580
	-	-	1,484	1,580

On 4 April 2025 following the approval of the Swedish Financial Authority, Finansinspektionen, the Board acquired the remaining 55.52% of Nordisk Marinforskaring AB (Nordic Marine Insurance) taking its ownership to 100%, and the value of Nordic Marine Insurance as a participating interest including losses recognised under the equity method was derecognised. Its transactions from this date are fully consolidated within these Report and Accounts (note 4).

Affiliated undertakings at 20 February 2026, with details of the cost and market value held by the Association, are:

	2026 \$'000 Book Value	2026 \$'000 Cost	2025 \$'000 Book Value	2025 \$'000 Cost
Qwest Maritime Limited	25	25	25	25
	25	25	25	25

	2026 \$'000 Market Value	2026 \$'000 Cost	2025 \$'000 Market Value	2025 \$'000 Cost
Shares and other variable yield transferable securities and units in unit trusts	241,323	193,319	177,334	143,142
Debt securities and other fixed income transferable securities	664,687	661,349	623,626	639,247
Deposits with credit institutions	20,000	20,000	19,190	19,190
Other	71	71	361	361
	926,081	874,739	820,511	801,940

Derivatives can be broken down as follows:

	2026 \$'000 Contract / notional amount	2026 \$'000 Fair value asset	2026 \$'000 Fair value liability	2025 \$'000 Contract / notional amount	2025 \$'000 Fair value asset	2025 \$'000 Fair value liability
Forward foreign exchange contracts	52,834	71	1,196	48,621	361	294

The use of derivatives for leveraging purposes is not permitted although certain of the Association’s investment managers have authority to invest in derivative financial instruments for hedging purposes and as a substitute for cash securities only. At 20 February 2026 forward foreign exchange positions comprise long US dollar positions in 18 currencies for a total value of \$40.5 million (2025 \$35.3 million) and short US dollar positions in 11 currencies for a total value of \$12.3 million (2025 \$13.3 million).

Notes to the Consolidated Accounts
for the year ended 20 February 2026

8 Financial commitments and guarantees

The Association itself and through its subsidiaries, International Shipowners Reinsurance Company S.A. and The West of England Reinsurance (Hamilton) Limited, has pledged certain investments as security for bank guarantees and letters of credit issued on behalf of the Association. At 20 February 2026, the secured facilities for guarantees on behalf of Members, including an agreed margin where appropriate, amounted to \$68.3 million (2025 \$68.3 million) and guarantees issued against those facilities totalled \$22.0 million (2025 \$27.3 million).

Total bank guarantees and letters of credit issued on behalf of the Association at 20 February 2026 were:

	2026 \$ million	2025 \$ million
On behalf of Members	22.0	27.3
Letters of credit and other guarantees	7.7	7.5

For guarantees issued on behalf of Members for claims, appropriate balance sheet provision has been made within claims outstanding.

As at 20 February 2026, the Association has outstanding commitments to subscribe shares in five investment funds for a value of \$36.6 million (2025 \$13.3 million) and has committed to the future use of office space for a value of \$9.8 million (2025 \$8.5 million) and has a further commitment to pay \$1.2m (2025 nil) for the acquisition of Nordic Marine Insurance providing certain conditions are met.

9 Reinsurance debtors

	2026 \$'000	2025 \$'000
Recoveries from other members of the International Group of P&I Clubs	376	4,520
Recoveries from the Group Excess Loss reinsurance	228	169
Other reinsurances	9,815	2,802
	10,419	7,491

10 Member debtors

	2026 \$'000	2025 \$'000
Member debtors	56,822	46,630
	56,822	46,630

Ageing analysis

The following is an ageing analysis of member debtors, net of allowance for doubtful debts:

	2026 \$'000	2025 \$'000
Neither past due nor impaired	48,030	36,029
Overdue for up to 3 months	7,406	7,422
Overdue for over 3 months	1,386	3,179
	56,822	46,630

11 Other debtors

	2026 \$'000	2025 \$'000
Investment debtors	329	324
UK Corporation Tax	1,066	1,065
Luxembourg municipal and state taxes	489	324
Other debtors	3,298	2,720
	5,182	4,433

Notes to the Consolidated Accounts
for the year ended 20 February 2026

12 Tangible assets

	2026 Motor vehicles \$'000	2026 Fixtures and fittings \$'000	2026 Total \$'000
Cost			
At beginning of year	109	3,430	3,539
Additions	-	626	626
Disposals	(109)	-	(109)
At end of year	-	4,056	4,056
Accumulated depreciation			
At beginning of year	(109)	(2,428)	(2,537)
Provided during year	-	(276)	(276)
Disposals	109	-	109
At end of year	-	(2,704)	(2,704)
Net Book Value	-	1,352	1,352

	2025 Motor vehicles \$'000	2025 Fixtures and fittings \$'000	2025 Total \$'000
Cost			
At beginning of year	109	3,430	3,539
Additions	-	-	-
Disposals	-	-	-
At end of year	109	3,430	3,539
Accumulated depreciation			
At beginning of year	(109)	(2,171)	(2,280)
Provided during year	-	(257)	(257)
Disposals	-	-	-
At end of year	(109)	(2,428)	(2,537)
Net Book Value	-	1,002	1,002

13 Other creditors

	2026 \$'000	2025 \$'000
Luxembourg municipal and state taxes	1,027	718
UK Corporation Tax	1,058	1,079
Accrued expenses	7,666	5,503
Investment creditors	1,262	294
Other creditors	14,115	11,215
	25,128	18,809

Other creditors include \$1,296,350 (2025 \$1,456,200) becoming due and payable after one year. All other creditors are payable within one year.

Notes to the Consolidated Accounts
for the year ended 20 February 2026

14 Unearned premium and reinsurers share of unearned premium

	2026 \$'000	2025 \$'000
Unearned premium		
At beginning of year	21,662	15,300
Nordic Marine at acquisition date of 4 April 2025	4,228	-
Change in unearned premium	4,865	6,362
At end of year	30,755	21,662
Reinsurers share of unearned premium		
At beginning of year	6,831	4,612
Nordic Marine at acquisition date of 4 April 2025	2,336	-
Change in reinsurers share unearned premium	(1,267)	2,219
At end of year	7,900	6,831

15 Earned premiums, net of reinsurance

	2026 \$'000	2026 \$'000	2026 \$'000	2026 \$'000
Gross premiums by policy year	Class 1	Class 2	Other	Total
Policy year 2025/26	364,997	18,115	20,362	403,474
Policy year 2024/25	3,885	565	656	5,106
Policy year 2023/24	167	130	53	350
Other	289	65	52	406
Total gross premiums	369,338	18,875	21,123	409,336
Reinsurance premiums	(59,868)	(1,408)	(10,657)	(71,933)
Earned premiums, net of reinsurance	309,470	17,467	10,466	337,403

	2025 \$'000	2025 \$'000	2025 \$'000	2025 \$'000
Gross premiums by policy year	Class 1	Class 2	Other	Total
Policy year 2024/25	320,886	17,123	9,640	347,649
Policy year 2023/24	621	(166)	196	651
Policy year 2022/23	(120)	(117)	(4)	(241)
Other	103	(612)	1	(508)
Total gross premiums	321,490	16,228	9,833	347,551
Reinsurance premiums	(54,801)	(1,705)	(6,232)	(62,738)
Earned premiums, net of reinsurance	266,689	14,523	3,601	284,813

Notes to the Consolidated Accounts
for the year ended 20 February 2026

16 Insurance claims and loss adjustment expenses

	2026 \$'000	2026 \$'000	2026 \$'000	2026 \$'000
Gross claims paid and loss adjustment expenses	Class 1	Class 2	Other	Total
Members’ claims	170,085	10,661	45,795	226,541
International Group of P&I Clubs	49,564	-	-	49,564
	219,649	10,661	45,795	276,105
Reinsurance recoveries on claims paid				
Recoveries from other members of the International Group of P&I Clubs	(5,081)	-	-	(5,081)
Recoveries from the Group Excess Loss reinsurance programme	(347)	-	-	(347)
Recoveries from other reinsurances	(11,372)	(1,263)	(42,672)	(55,307)
Reinsurance recoveries on claims paid	(16,800)	(1,263)	(42,672)	(60,735)
Net claims paid and loss adjustment expenses	202,849	9,398	3,123	215,370
Insurance liabilities, gross	798,652	20,204	10,617	829,473
Reinsurers’ share of insurance liabilities				
Recoveries from other members of the International Group of P&I Clubs	(110,187)	-	-	(110,187)
Recoveries from the Group Excess Loss reinsurance programme	(16,845)	-	-	(16,845)
Recoveries from other reinsurances	(91,208)	(623)	(7,919)	(99,750)
Reinsurers’ share of insurance liabilities	(218,240)	(623)	(7,919)	(226,782)
Net insurance liabilities carried forward	580,412	19,581	2,698	602,691
Net insurance liabilities brought forward	546,322	16,361	1,096	563,779
Nordic Marine net insurance liabilities at acquisition date	-	-	968	968
Change in the net provision for insurance liabilities	34,090	3,220	634	37,944
Net insurance claims and loss adjustment expenses	236,939	12,618	3,757	253,314

	2026 \$'000 Gross	2026 \$'000 Reinsurance	2026 \$'000 Net
Current year claims and loss adjustment expenses	276,459	(14,375)	262,084
Movement in cost of prior year claims and loss adjustment expenses	23,405	(32,175)	(8,770)
Total insurance claims and loss adjustment expenses	299,864	(46,550)	253,314
Claims paid and loss adjustment expenses	276,105	(60,735)	215,370
Change in the provision for insurance liabilities	23,759	14,185	37,944
Total insurance claims and loss adjustment expenses	299,864	(46,550)	253,314

Claims outstanding includes \$134.3 million (2025 \$144.1 million) in respect of other clubs’ claims through the International Group Pool, including appropriate provision for claims incurred but not reported. Recoveries shown include amounts statistically projected as recoverable against claims incurred but not reported.

Notes to the Consolidated Accounts
for the year ended 20 February 2026

16 Insurance claims and loss adjustment expenses (cont.)

	2025 \$'000	2025 \$'000	2025 \$'000	2025 \$'000
	Class 1	Class 2	Other	Total
Gross claims paid and loss adjustment expenses				
Members’ claims	233,254	9,250	3,310	245,814
International Group of P&I Clubs	31,354	-	-	31,354
	264,608	9,250	3,310	277,168
Reinsurance recoveries on claims paid				
Recoveries from other members of the International Group of P&I Clubs	(37,747)	-	-	(37,747)
Recoveries from the Group Excess Loss reinsurance programme	(277)	-	-	(277)
Recoveries from other reinsurances	(21,358)	81	(2,272)	(23,549)
Reinsurance recoveries on claims paid	(59,382)	81	(2,272)	(61,573)
Net claims paid and loss adjustment expenses	205,226	9,331	1,038	215,595
Insurance liabilities, gross	766,046	16,619	20,826	803,491
Reinsurers’ share of insurance liabilities				
Recoveries from other members of the International Group of P&I Clubs	(111,126)	-	-	(111,126)
Recoveries from the Group Excess Loss reinsurance programme	(14,703)	-	-	(14,703)
Recoveries from other reinsurances	(93,895)	(258)	(19,730)	(113,883)
Reinsurers’ share of insurance liabilities	(219,724)	(258)	(19,730)	(239,712)
Net insurance liabilities carried forward	546,322	16,361	1,096	563,779
Net insurance liabilities brought forward	530,274	16,230	811	547,315
Change in the net provision for insurance liabilities	16,048	131	285	16,464
Net insurance claims and loss adjustment expenses	221,274	9,462	1,323	232,059

	2025 \$'000 Gross	2025 \$'000 Reinsurance	2025 \$'000 Net
Current year claims and loss adjustment expenses	366,738	(129,160)	237,578
Movement in cost of prior year claims and loss adjustment expenses	4,058	(9,577)	(5,519)
Total insurance claims and loss adjustment expenses	370,796	(138,737)	232,059
Claims paid and loss adjustment expenses	277,168	(61,573)	215,595
Change in the provision for insurance liabilities	93,628	(77,164)	16,464
Total insurance claims and loss adjustment expenses	370,796	(138,737)	232,059

Notes to the Consolidated Accounts
for the year ended 20 February 2026

17 Operating expenses

	2026 \$'000	2025 \$'000
Directors’ fees	624	595
Auditor’s remuneration	699	641
Other expenses	17,868	12,992
Depreciation	478	470
Administrative expenses	19,669	14,698
Acquisition costs	59,436	50,517
Change in deferred acquisition costs	(462)	(1,333)
	78,643	63,882
Deferred acquisition costs		
At beginning of year	3,627	2,294
Nordic Marine at acquisition date of 4 April 2025	492	-
Change in deferred acquisition costs	462	1,333
At end of year	4,581	3,627

Remuneration granted to the Directors in respect of their duties and responsibilities during the financial year amounted to \$624,041 (2025: \$594,810). No loans or advances were granted to the Directors during the year and no commitments were entered into on their behalf. No commitments have been entered into with respect to retirement pensions for former members of the Board of the Association.

The fees of the independent auditor in relation to the audit of the annual accounts and consolidated accounts amount to \$686,576 (2025: \$627,109); non-audit fees of the independent auditor for the year amount to \$12,283 (2025: \$13,615) and relate to agreed-upon work performed by the independent auditor as well as the contractual audit of a separate special purpose financial statement.

Included within acquisition costs is \$42.4 million (2025: \$34.8 million) in respect of commission.

In accordance with Schedule 3 of the International Group Agreement 2025, all members of the International Group of P&I Clubs are required to prepare and disclose an “average expense ratio” which expresses expenses as a percentage of total income, calculated as a five year moving average. The figure for the year ended 20 February 2026 is 16.65% (2025: 16.52%).

18 Staff costs

	2026 \$'000	2025 \$'000
Wages and salaries	29,837	24,728
Other staff related costs	3,452	3,002
Social security costs	3,089	2,287
Other pension costs	2,117	2,624
	38,495	32,641

The average weekly number of employees during the year, by department, was:

	2026 Number	2025 Number
Claims	73	70
Underwriting	60	55
Administration	61	50
	194	175

Certain employees have accrued benefits under a defined benefit pension scheme, The West of England Ship Owners’ Insurance Services Limited Retirement Benefits Scheme (the “Scheme”).

From 30 June 2004, the Scheme was changed from one where benefits provided were based on final salaries to a cash contribution scheme with benefits based on contributions linked to annual salaries and inflation. The Scheme was closed to new entrants on 1 September 2016 and then was closed to future benefit accrual on 31 December 2020. The latter change was enacted in such a way as to have no impact on the accrued benefits in the Scheme. Employees commencing employment after 1 September 2016 are automatically enrolled in a new defined contribution scheme under which no future liability accrues to the Association.

The trustees, in conjunction with the Directors, have a strategy to de-risk the Scheme which has included two bulk annuity “buy-in” policies entered into in April 2014 and in February 2025. These policies are valued in the Scheme assets at 20 February 2026, as shown below, at GBP 64.2 million (USD 86.6 million), (2025 GBP 27.1 million (USD 34.3 million)).

The remaining assets of the Scheme are also invested independently of the Association’s assets. Funding requirements are assessed by an independent professionally qualified actuary triennially. Following the bulk annuity buy-in arrangement entered into in February 2025, the Scheme is assessed to be in a surplus position and consequently no funding is required by the Association however, should this position change, the Directors intend to meet the necessary funding requirements. The scheme’s estimated surplus using the valuation methods required to be used by its trustees is GBP 660,000 (USD 891,000).

Notes to the Consolidated Accounts
for the year ended 20 February 2026

18 Staff costs (cont.)

On an IAS 19 basis the pension scheme is valued at:

	2026 \$'000	2025 \$'000
Present value of Scheme liabilities	(86,697)	(76,550)
Market value of Scheme assets	89,552	83,572
Surplus in the Scheme	2,855	7,022

The principal assumptions underlying these valuations were:

	2026 % per annum	2025 % per annum
Discount rate	5.5	5.5
RPI inflation assumption	3.0	3.3
CPI inflation assumption (pre-2030)	2.0	2.3
CPI inflation assumption (2030 and onwards)	2.9	3.2
Limited price indexation pension increases	2.9	3.1

The average duration of the Scheme’s liabilities is approximately 10 years (2025 10 years).

19 Investment income and charges

	2026 \$'000	2025 \$'000
Investment income	31,652	28,921
Gains on realisation of investments	3,878	6,892
Gains from forwards and exchange	7,628	3,503
Gains from investments consolidated under equity value	96	320
Value re-adjustments on investments	32,917	14,055
Total investment income	76,171	53,691
Investment expenses (including management expenses)	(1,604)	(2,110)
Losses on realisation of investments	(1,462)	(3,357)
Amortisation of goodwill	(927)	(927)
Losses from forwards and exchange	(5,383)	(4,401)
Total investment charges	(9,376)	(10,795)
Total investment return	66,795	42,896

The investment return has been earned as follows:

	2026 \$'000	2025 \$'000
Class 1	57,012	36,363
Class 2	2,824	1,789
The West of England Reinsurance (Hamilton) Limited	7,071	4,744
Nordisk Marinforskaring AB (Nordic Marine Insurance)	(112)	-
	66,795	42,896

Notes to the Consolidated Accounts
for the year ended 20 February 2026

20 Tax on ordinary activities

	2026 \$'000	2026 \$'000	2025 \$'000	2025 \$'000
Luxembourg municipal and state taxes		(250)		(264)
Hong Kong Profits Tax		-		-
Singapore Income Tax		-		-
UK Corporation Tax:				
Current tax on income for the year	(1,058)		(1,079)	
Adjustment in respect of prior years	8		223	
		(1,050)		(856)
Other taxes		(446)		(365)
		(1,746)		(1,485)

21 Summarised Income and Expenditure Account by Class

	2026 \$'000	2026 \$'000	2026 \$'000	2026 \$'000
	Class 1	Class 2	Other and Non-Class	Total
Earned premiums, net of reinsurance (Note 15)	309,470	17,467	10,466	337,403
Other technical income	-	-	1,219	1,219
Claims incurred, net of reinsurance (Note 16)	(236,939)	(12,618)	(3,757)	(253,314)
Net operating expenses (Note 17)	(67,523)	(4,468)	(6,652)	(78,643)
	5,008	381	1,276	6,665
Investment return, net of tax (Notes 19 and 20)	55,350	2,740	6,959	65,049
Surplus for the financial year	60,358	3,121	8,235	71,714
	2025 \$'000	2025 \$'000	2025 \$'000	2025 \$'000
	Class 1	Class 2	Other and Non-Class	Total
Earned premiums, net of reinsurance (Note 15)	266,689	14,523	3,601	284,813
Claims incurred, net of reinsurance (Note 16)	(221,274)	(9,462)	(1,323)	(232,059)
Net operating expenses (Note 17)	(58,329)	(3,898)	(1,655)	(63,882)
	(12,914)	1,163	623	(11,128)
Investment return, net of tax (Notes 19 and 20)	34,948	1,719	4,744	41,411
Surplus for the financial year	22,034	2,882	5,367	30,283

Notes to the Consolidated Accounts
for the year ended 20 February 2026

22 Reserves

2026 (\$'000)	Revaluation Reserve	Income and Expenditure Account	Total reserves
As at 20 February 2025	8,383	297,699	306,082
Revaluation	(1,331)	-	(1,331)
Exchange	-	318	318
Surplus for financial year (Note 21)	-	71,714	71,714
At 20 February 2026	7,052	369,731	376,783

2025 (\$'000)	Revaluation Reserve	Income and Expenditure Account	Total reserves
As at 20 February 2024	8,907	267,416	276,323
Revaluation	(524)	-	(524)
Exchange	-	-	-
Surplus for financial year (Note 21)	-	30,283	30,283
At 20 February 2025	8,383	297,699	306,082

Revaluation Reserve by Class

The balance on the Revaluation Reserve is attributed to Classes as follows:

	2026 \$'000	2025 \$'000
Class 1	6,747	8,022
Class 2	305	361
	7,052	8,383

Total Reserves by Class	2026 \$'000	2025 \$'000
Class 1	258,060	198,977
Class 2	58,723	55,658
Other reserves	60,000	51,447
Total reserves at 20 February	376,783	306,082

At 20 February 2026 other reserves consisted of reserves in respect of Class 3 and Class 4 as well as reserves related to The West of England Reinsurance (Hamilton) Limited and Nordisk Marinforskaring AB (Nordic Marine Insurance) which are not attributable to any Class of business.

23 Subsequent events

There are no events to report occurring after the 20 February 2026 balance sheet date that have a material impact on these consolidated accounts.

Late February 2026 saw the commencement of the conflict between the US, Israel and Iran which has subsequently spread to the wider Middle East region. The Directors are continuing to monitor the potential impact of the conflict on the Association and, as of the date of the approval of these consolidated accounts, nothing has been identified that would materially affect the operating performance and financial position of the Association.

Notes to the Consolidated Accounts
for the year ended 20 February 2026

24 Class 1 policy year position at 20 February 2026

\$'000	2023/24	2024/25	2025/26	Unallocated investment income	Total
Calls and premiums:					
- Year to 20 February 2026	167	3,885	364,997	-	369,049
- Prior years	302,850	320,886	-	-	623,736
Gross premiums	303,017	324,771	364,997	-	992,785
Reinsurance premiums	(52,122)	(53,338)	(61,719)	-	(167,179)
Acquisition costs	(40,903)	(45,864)	(51,906)	-	(138,673)
Net premiums	209,992	225,569	251,372	-	686,933
Investment income	-	-	-	87,799	87,799
Net income	209,992	225,569	251,372	87,799	774,732
Net claims paid – Members	(99,621)	(95,563)	(32,990)	-	(228,174)
Net claims outstanding – Members	(49,692)	(87,376)	(170,118)	-	(307,186)
Net claims incurred – Members	(149,313)	(182,939)	(203,108)	-	(535,360)
Net claims paid – Pool	(5,644)	(29,568)	(12,683)	-	(47,895)
Net claims outstanding – Pool	(16,477)	(24,134)	(32,092)	-	(72,703)
Net claims incurred – Pool	(22,121)	(53,702)	(44,775)	-	(120,598)
Net claims paid	(105,265)	(125,131)	(45,673)	-	(276,069)
Net claims outstanding	(66,169)	(111,510)	(202,210)	-	(379,889)
Net claims incurred	(171,434)	(236,641)	(247,883)	-	(655,958)
Operating expenses	(11,783)	(13,013)	(14,864)	-	(39,660)
Net expenditure	(183,217)	(249,654)	(262,747)	-	(695,618)
Forecast balance on open years	26,775	(24,085)	(11,375)	87,799	79,114
Forecast balance on closed years					178,946
Forecast balance on Class 1 at 20 February 2026					258,060

Based on the position at 20 February 2026 a resolution was put to the Board of Directors at their meeting on 13 May 2026 close the 2023/24 policy year in surplus without allocation of investment income.

Release calls as a percentage of the estimated total mutual call have been set at 7.5% for 2023/24, and 15% for policy years 2024/25 and 2025/26. The estimated yields of these releases, if charged, would be \$18.2 million, \$38.4 million and \$43.2 million respectively. No account of these releases has been taken in the policy year figures above.

Under the resolution referred to above, the Board of Directors were asked to review these releases for the remaining open years and decided to reduce policy year 2024/25 to 7.5% and to maintain policy year 2025/26 at 15%.

The following disclosure is in conformity with the agreed accounting standards of the International Group of P&I Clubs:

(a) Disclosure relating to calls

	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000
Estimated product of a 10% supplementary call	24,235	25,583	28,831

The supplementary call products shown take account of calls already charged, and Members released, at 20 February 2026 and therefore do not represent 10% of the original mutual call for each year.

(b) Disclosure relating to claims paid

	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000
Claims paid – own business	(105,796)	(120,234)	(32,990)
Claims paid – other clubs’ Pool claims	(5,644)	(29,568)	(12,683)
Gross claims paid	(111,440)	(149,802)	(45,673)
Recoveries from the Pool	6,175	24,671	-
Recoveries from the Group Excess Loss reinsurance programme	-	-	-
Recoveries from other reinsurances	-	-	-
Reinsurance recoveries on claims paid	6,175	24,671	-
Net claims paid	(105,265)	(125,131)	(45,673)

Notes to the Consolidated Accounts
for the year ended 20 February 2026

24 Class 1 policy year position at 20 February 2026 (cont.)

(c) Disclosure relating to claims outstanding

	Closed Years \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	Total \$'000
Outstanding claims – own business	(262,207)	(49,712)	(173,354)	(178,737)	(664,010)
Outstanding claims – other clubs' Pool claims	(61,939)	(16,477)	(24,134)	(32,092)	(134,642)
Gross outstanding claims (Note 16)	(324,146)	(66,189)	(197,488)	(210,829)	(798,652)
Recoveries from the Pool	65,131	20	45,036	-	110,187
Recoveries from the Group Excess Loss reinsurance programme	16,845	-	-	-	16,845
Recoveries from other reinsurances	41,647	-	40,942	8,619	91,208
Reinsurance recoveries on outstanding claims (Note 16)	123,623	20	85,978	8,619	218,240
Net claims outstanding	(200,523)	(66,169)	(111,510)	(202,210)	(580,412)

The figure for outstanding claims includes appropriate provision for claims incurred but not reported and future claims handling expenses. Recoveries include amounts statistically projected as recoverable against claims incurred but not reported. Recoveries from the Pool include the International Group’s retained share of the Excess of Loss programme.

25 Class 2 policy year position at 20 February 2026

\$'000	2023/24	2024/25	2025/26	Unallocated investment income	Total
Calls and premiums:					
- Year to 20 February 2026	130	565	18,115	-	18,810
- Prior years	15,992	17,123	-	-	33,115
Gross premiums	16,122	17,688	18,115	-	51,925
Reinsurance premiums	(1,711)	(1,731)	(1,408)	-	(4,850)
Acquisition costs	(2,141)	(2,415)	(2,594)	-	(7,150)
Net premiums	12,270	13,542	14,113	-	39,925
Investment income	-	-	-	16,846	16,846
Net income	12,270	13,542	14,113	16,846	56,771
Net claims paid	(6,179)	(6,102)	(1,058)	-	(13,339)
Net claims outstanding	(1,875)	(5,294)	(9,777)	-	(16,946)
Net claims incurred	(8,054)	(11,396)	(10,835)	-	(30,285)
Administration expenses	(1,479)	(1,571)	(1,776)	-	(4,826)
Net expenditure	(9,533)	(12,967)	(12,611)	-	(35,111)
Forecast balance on open years	2,737	575	1,502	16,846	21,660
Forecast balance on closed years					37,063
Forecast balance on Class 2 at 20 February 2026					58,723

Investment income includes all amounts earned up to 20 February 2026. Based on the position at 20 February 2026 a resolution was put to the Board of Directors at their meeting on 13 May 2026 to close policy year 2023/24 in surplus without allocation of investment income.

Release calls as a percentage of estimated mutual call have been set at 7.5% for 2023/24 and at 15% for 2024/25 and 2025/26. No account of these releases has been taken in the policy year figures above. Under the resolution referred to above, the Board of Directors will be asked to review these releases for the remaining open years and to reduce policy year 2024/25 to 7.5% and to maintain 2025/26 at 15%.

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