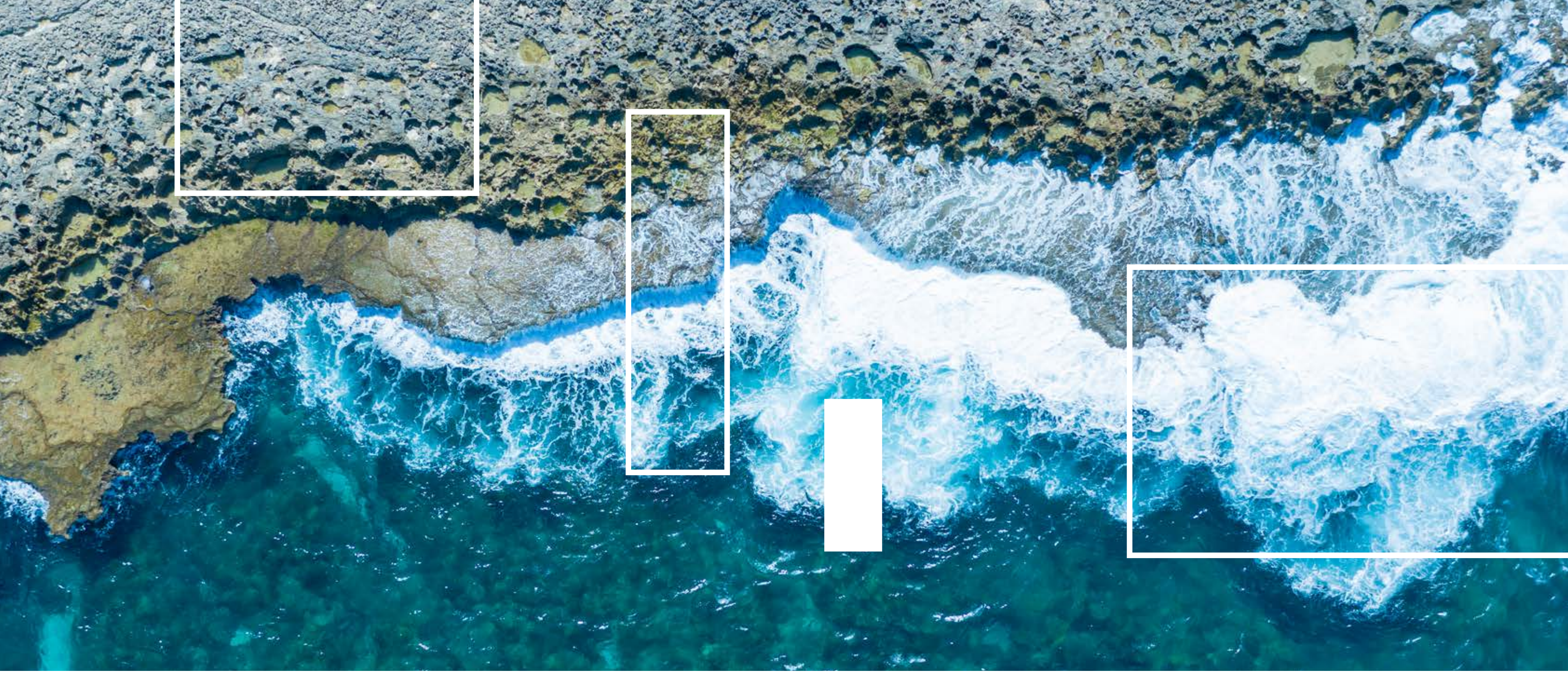


October 2020

Gard

Club Financial Summary

Highlights 2019/20 financial year

P&I only income and expenditure summary

- Owned tonnage increased by 7%
- P&I premiums reduced by 8.1% (though the underlying result, on an estimated total call basis, was a premium almost unchanged)
- P&I reinsurance premiums reduced by 4.3%
- Gross paid claims and net incurred claims increased by 23.4% and 19.6% respectively
- USD 99.7 million P&I underwriting loss on the actual reported basis (129% combined ratio)
- Putting this underwriting result in context the club accounted for a nil deferred call in 2019/20, equating to a USD 74 million premium reduction
- On the basis of the original estimated total call (ETC), the P&I underwriting loss would have been USD 25.8 million (106% combined ratio)

Gard Group, balance sheet summary

- 5.8% investment return
- Gard Group assets and free reserves increased by 1% and 1.8% respectively

Owned tonnage (P&I) increased by
+7%

Premium income (P&I)
-8.1%
(though flat on ETC basis)

Net incurred claims (P&I) increased by
+19.6%

+1.8%
Free reserves (Group)

Investment return (Group)
+5.8%

Combined ratio (P&I)
129%
(106% on the basis of original estimated total call)

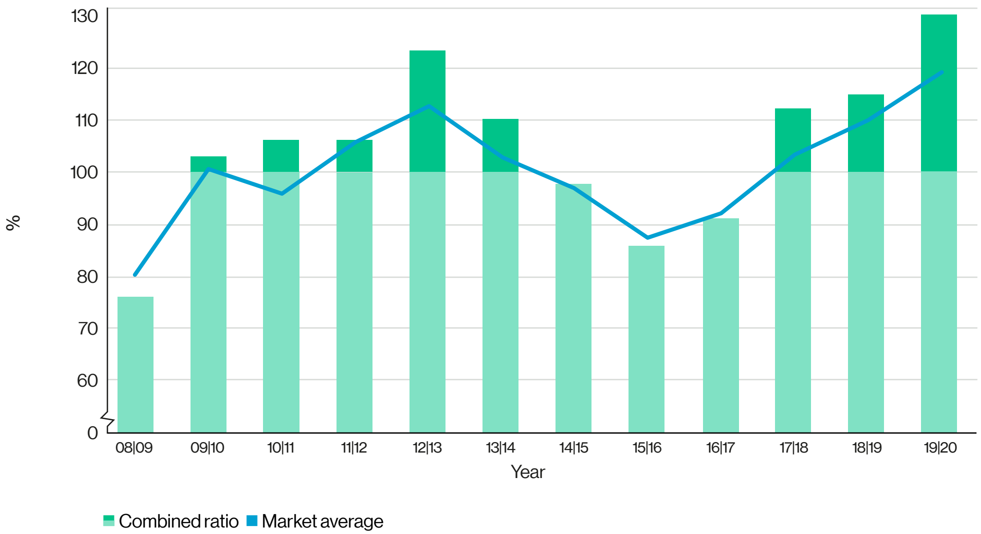
Combined ratio

The 2019/20 P&I combined ratio on the basis of the premium actually charged was 129%. Had Gard debited on the full estimated total call (ETC) basis the P&I combined ratio would have been 106%.

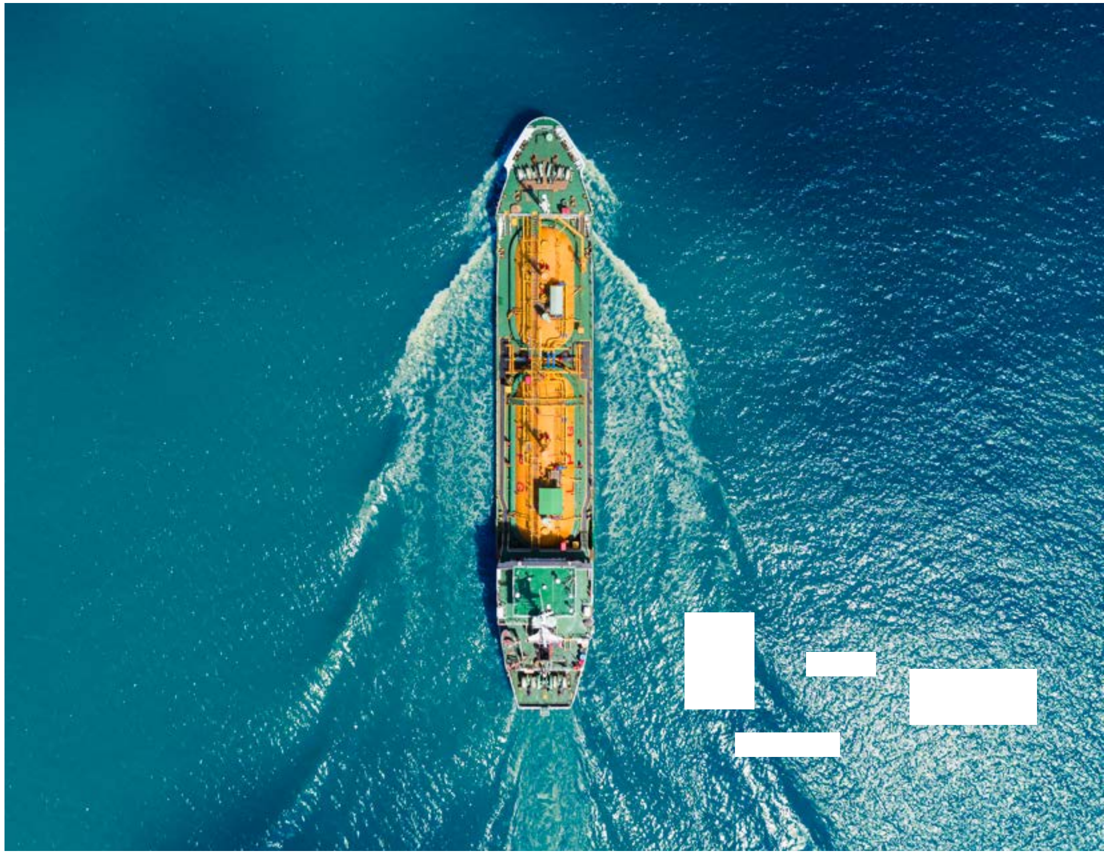
The graph below shows P&I class only, as actually charged (rather than ETC).

The Gard Group combined ratio 'as if' the full estimated total call had been made would have been 102%.

P&I Combined ratio



- The Gard Marine and Energy (M&E) book combined ratio was 93% (improved from 118% in 2018/19) and consequently contributed positively to the Group result
- From a Group perspective (P&I, Marine and Energy) Gard's Group combined ratio on the basis of premium actually charged was 114%
- The Gard Group combined ratio 'as if' the full estimated total call had been made would have been 102%



Consolidated financials continue please click here >

Consolidated financials

Gard P&I only income and expenditure summary

(USD 000s)	2017/18	2018/19	2019/20
Calls and Premiums	**467,425**	**481,130**	**442,052**
Reinsurance Premiums	-106,201	-102,296	-97,890
Operating Expenses	-45,490	-102,190	-38,831
Operating Income	**315,734**	**276,644**	**305,331**
Gross Paid Claims	425,855	344,800	425,553
Net Paid Claims	n/a	n/a	n/a
Net Change in Provision for Claims	n/a	n/a	n/a
Net Incurred Claims	357,388	338,538	405,015
Technical Surplus (Deficit)	**-41,654**	**-61,894**	**-99,684**
Investment Income	n/a	n/a	n/a
Overall Surplus for Year (Deficit)	**n/a**	**n/a**	**n/a**

Gard's basis of disclosure

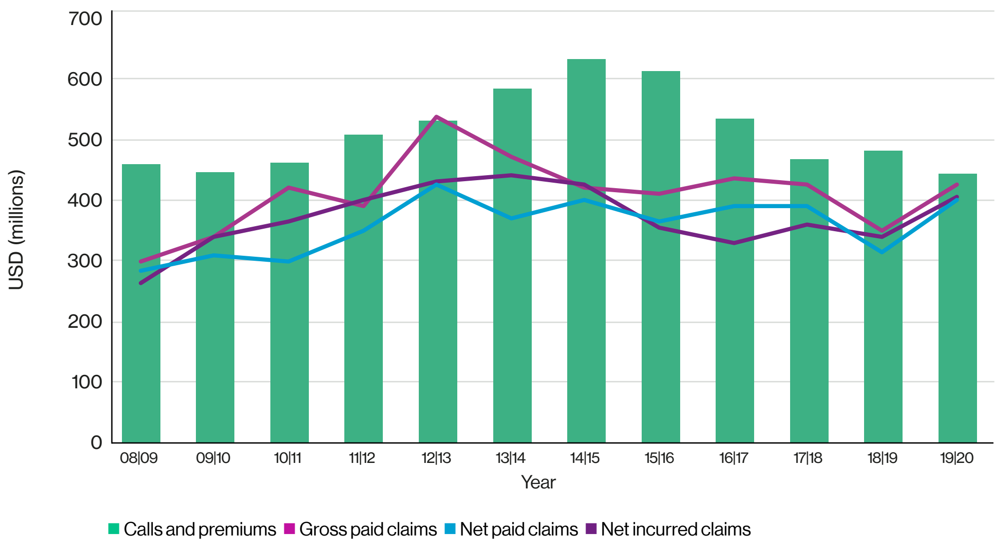
Gard changed their basis of reporting the P&I class of cover in 2010/11. Gard P&I underwriting results continue to be partially provided, but the club has progressively reduced the amount of information disclosed. Since 2014/15 Gard has only published the combined Gard Group results for net paid claims, net change in the provision for claims, investment return, assets and free reserves (i.e. the combined results for P&I, Marine and Energy).

In the table above we show the Gard P&I class underwriting results to the fullest extent disclosed.

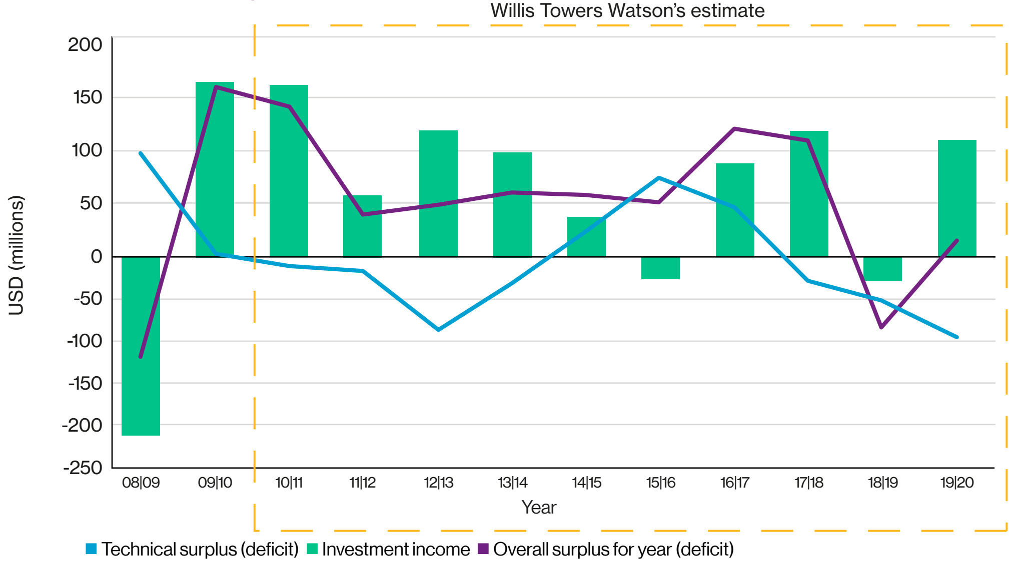
We use Gard 'Group' figures for investment income, assets and free reserves in the table on page 5.

To provide a meaningful comparison, the figures used in the following financial graphs represent Willis Towers Watson analysts' estimates of solely the P&I proportion Gard's investment income, assets and free reserves.

P&I underwriting development



P&I overall result - including investment income



Consolidated financials

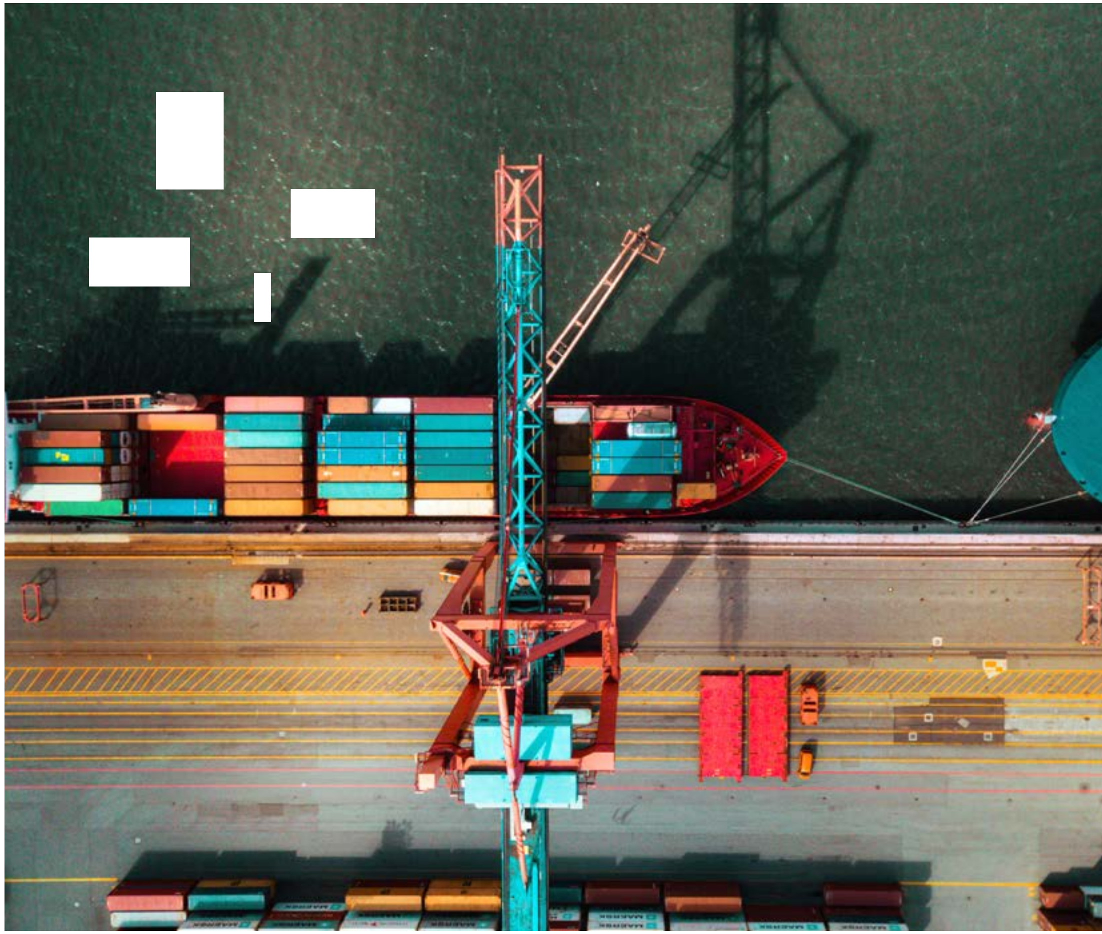
Gard Group balance sheet summary

(USD 000s)	2017/18	2018/19	2019/20
Net Assets	**2,336,244**	**2,310,964**	**2,333,084**
Net Outstanding Claims	1,087,214	1,152,111	1,153,884
Free Reserves	**1,249,030**	**1,158,853**	**1,179,200**

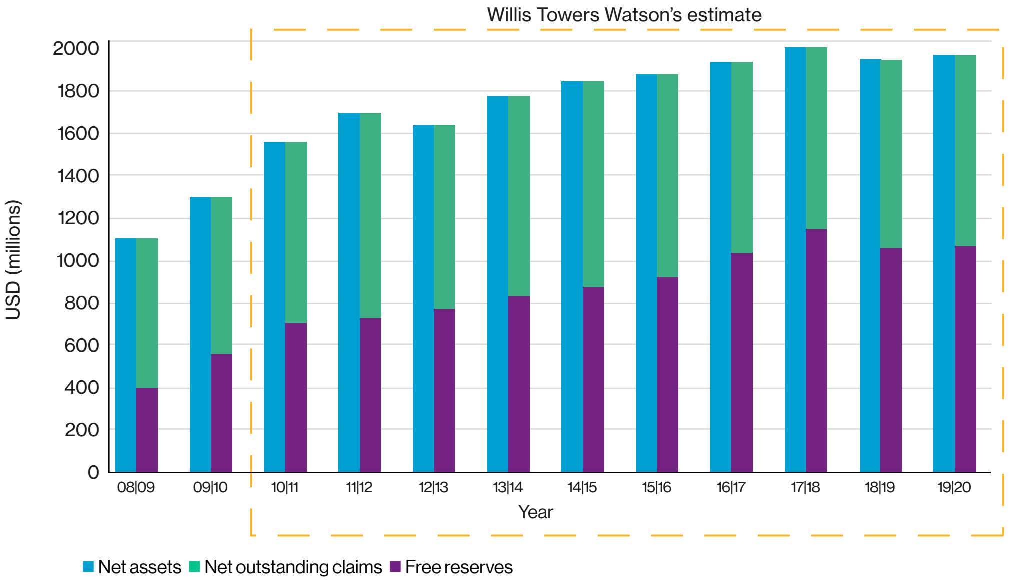
	2018	2019	2020
S&P Rating*	A+	A+	A+

AER (Average Expense Ratio) Five years ending 20 February:	2018	2019	2020
	11.2	13.0	12.8

* Stable outlook. Figures are correct at the time of release.



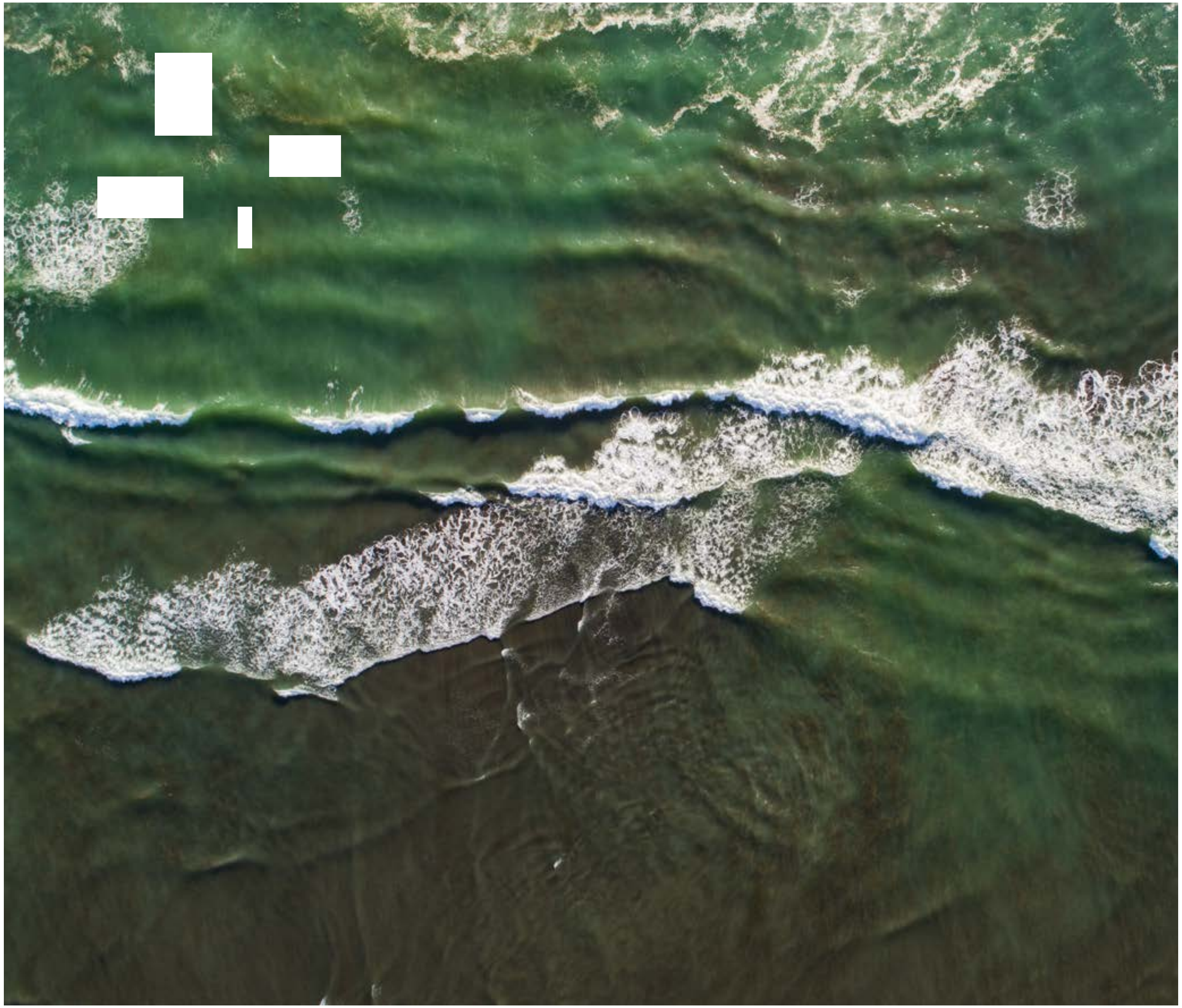
P&I assets and free reserves



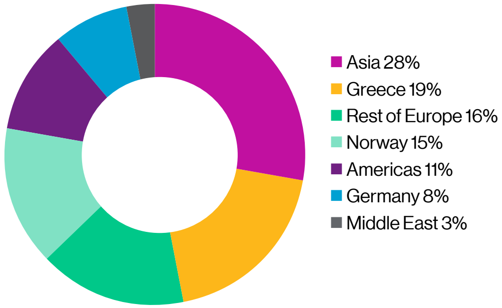
Entered tonnage

(GT, millions)	2018	2019	2020
Owned / Mutual	207.3	214.1	229.0
Owned MOU / Fixed	16.0	15.4	15.7
Chartered / Fixed	85.0	85.0	95.0
Total	**308.3**	**314.5**	**339.7**

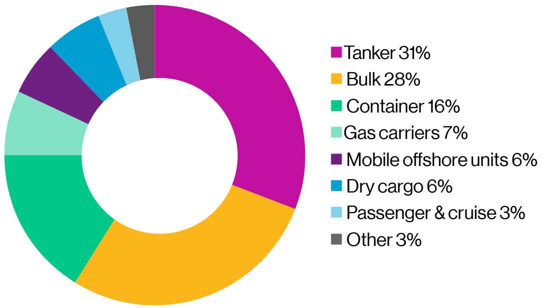
(MOU: mobile offshore units)



Tonnage split by nationality of management



Tonnage split by vessel type



Glossary

Combined ratio

Combined ratios provide a direct comparison of club underwriting performance. The combined ratio is essentially the net loss ratio for the club and is defined as follows:

$$\text{Net combined ratio} = \frac{\text{(Net incurred claims + operating expenses)}}{\text{(Premium – reinsurance costs)}}$$

- A combined ratio of 100% represents an underwriting break-even position
- Anything in excess of 100% would be an underwriting loss
- A combined ratio less than 100% would represent an underwriting surplus

Average Expense Ratio (AER)

Average Expense Ratios (AERs) were introduced in 1999 following pressure from the European Commission in an attempt to enable direct comparisons of operating costs between clubs within the International Group. The formula that all clubs are required to adhere to when calculating their AER figure is as follows:

$$\text{The AER formula is the five-year average of:} \quad \frac{\text{Operating costs x100}}{\text{(Premium income + investment income)}}$$

In principle the AER is a reasonable idea, but in reality it is only ever a very approximate guide to the relative operating costs of individual clubs. For example different membership profiles, disproportionately high levels of premium or investment, whether the club owns or rents their office space, how much the club spends on loss prevention, global office network, member portals etc all have an impact on the AER.

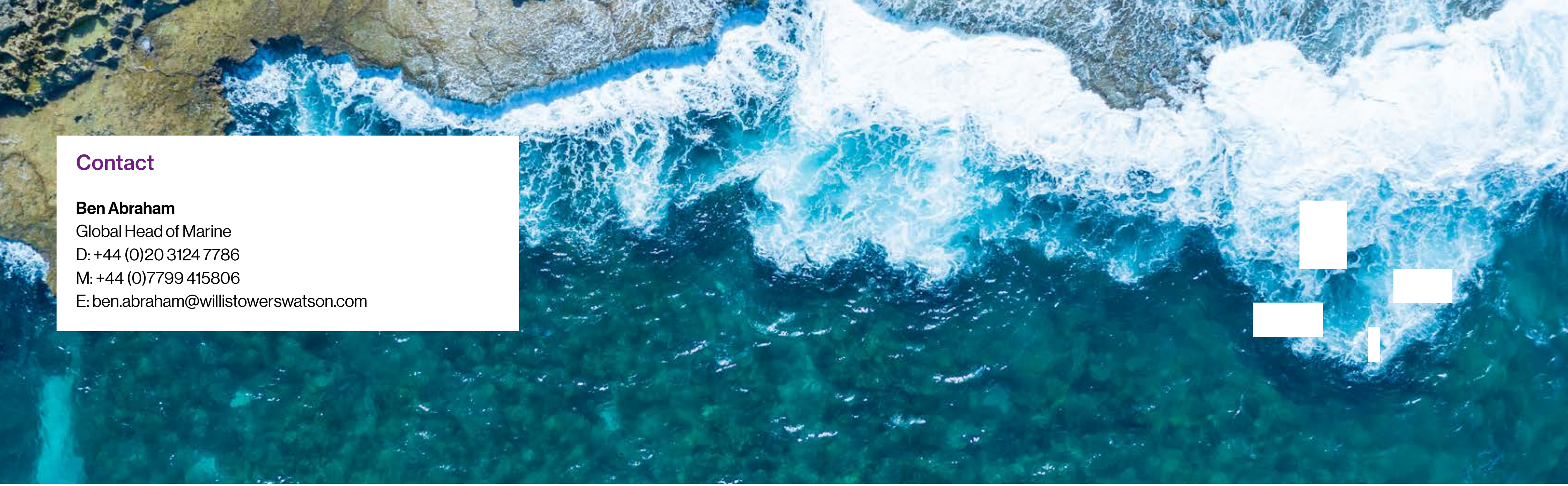
Basis of financial analysis

The main aim in the Willis Towers Watson analysis of club report and accounts has been consistency. Although there are still variations between the way clubs report, we try as far as possible to compare 'like with like' and to apply the same approach year after year.

A glossary of terms is provided below.

Glossary of terms

Calls and Premiums	All calls (gross basis, including brokerage)
Reinsurance Premiums	All reinsurance premiums
Operating Expenses	All general management, administrative and audit expenses (not including claims management costs)
Operating Income	Calls, less reinsurance costs, less expenses
Gross Paid Claims	Paid gross claims, including Pool contributions (including claims management costs)
Net Paid Claims	Gross paid claims less reinsurance and Pool recoveries
Net Change in Provision for Claims	Change in net estimated outstanding claims
Net Incurred Claims	Net paid claims plus change in provision for claims
Technical Surplus (Deficit)	Operating Income less Net Incurred Claims
Investment Income	All investment income, including exchange gains/losses, tax etc.
Overall Surplus for Year (Deficit)	Incurred technical surplus (deficit), plus investment income
Net Assets	Total assets, less creditors, less miscellaneous provisions for taxation etc
Net Outstanding Claims	Total net estimated outstanding claims
Free Reserves (Including Forecast Deferred Calls)	Net assets, less outstanding claims



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