

ANNUAL REPORT AND FINANCIAL STATEMENTS

20 FEBRUARY 2026



INDIAN OCEAN



HEAD OFFICE LUXEMBOURG
Latitude: 49.60168 | Longitude: 6.12885



HEAD OFFICE LONDON
Latitude: 51.51028 | Longitude: -0.08719

STRATEGIC REPORT

STRATEGIC REPORT

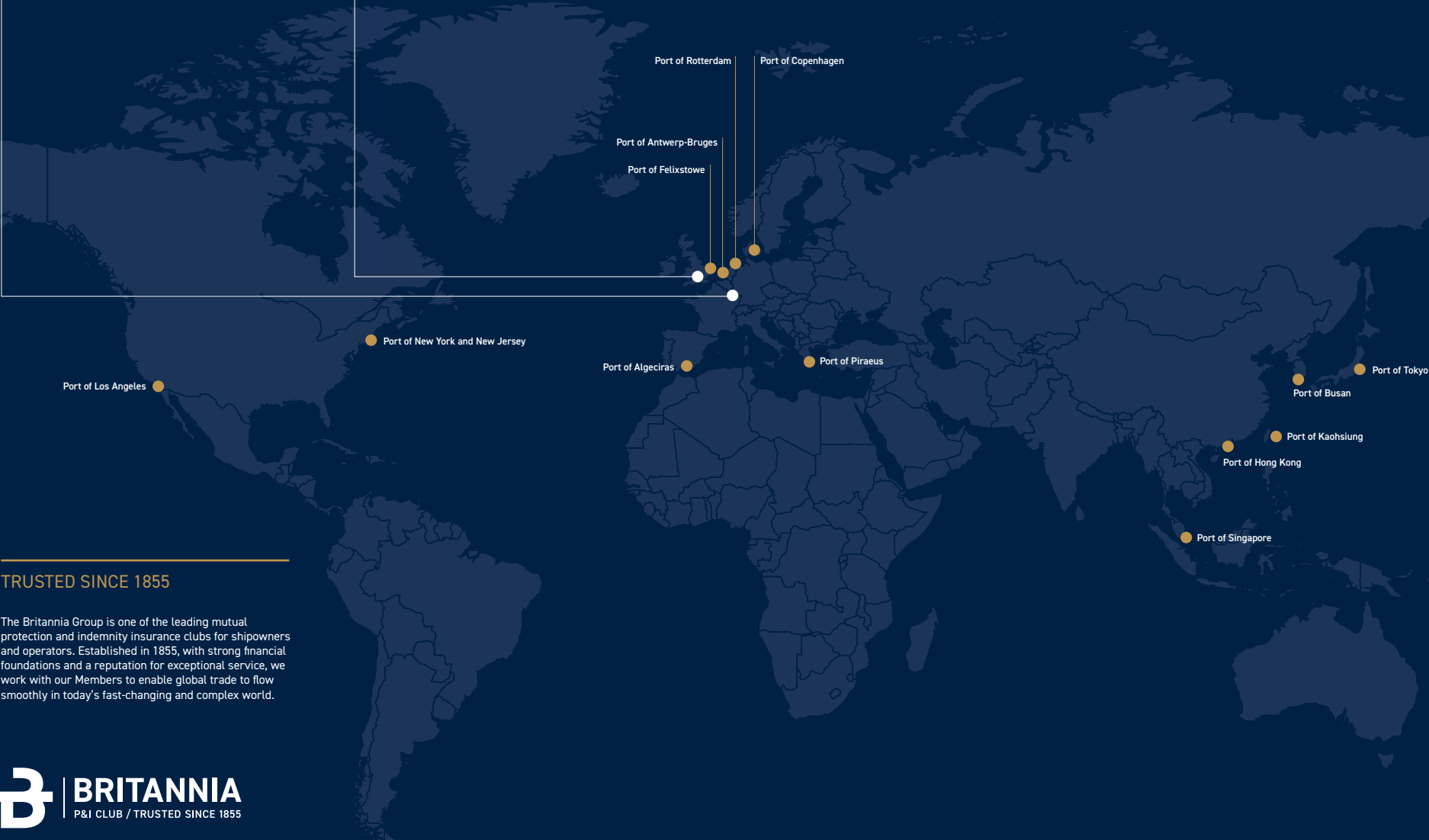
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FINANCIAL STATEMENTS

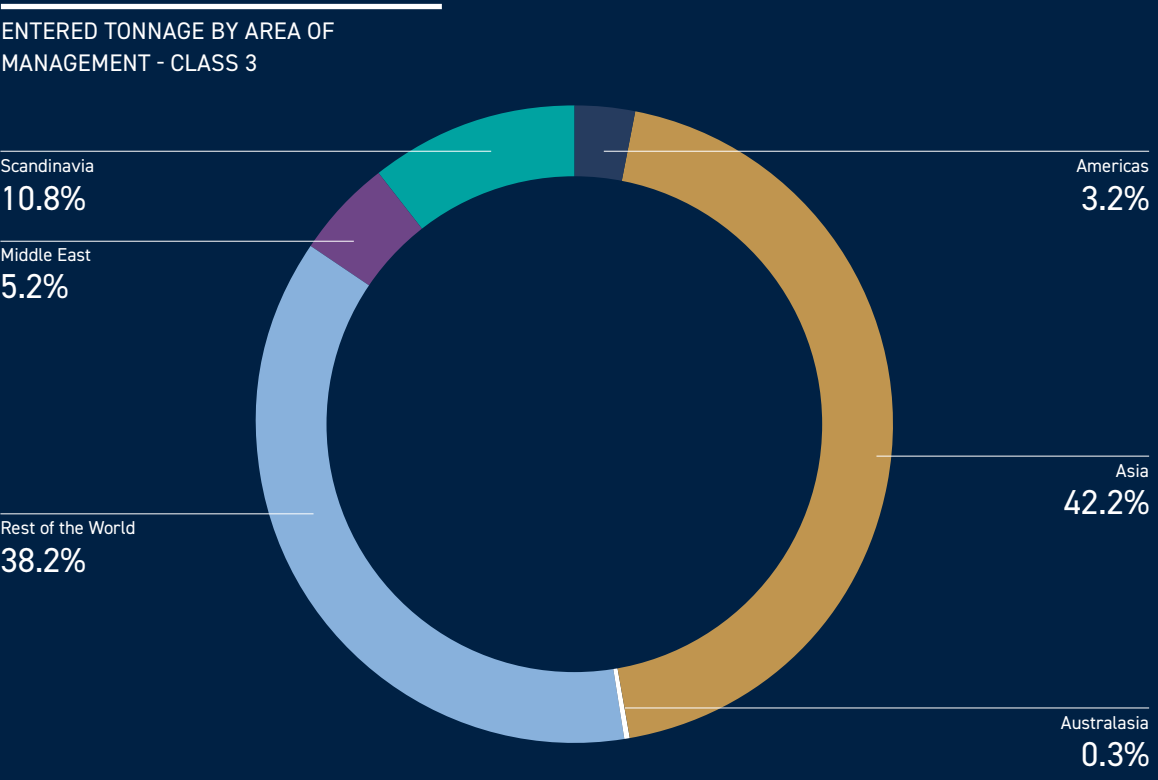
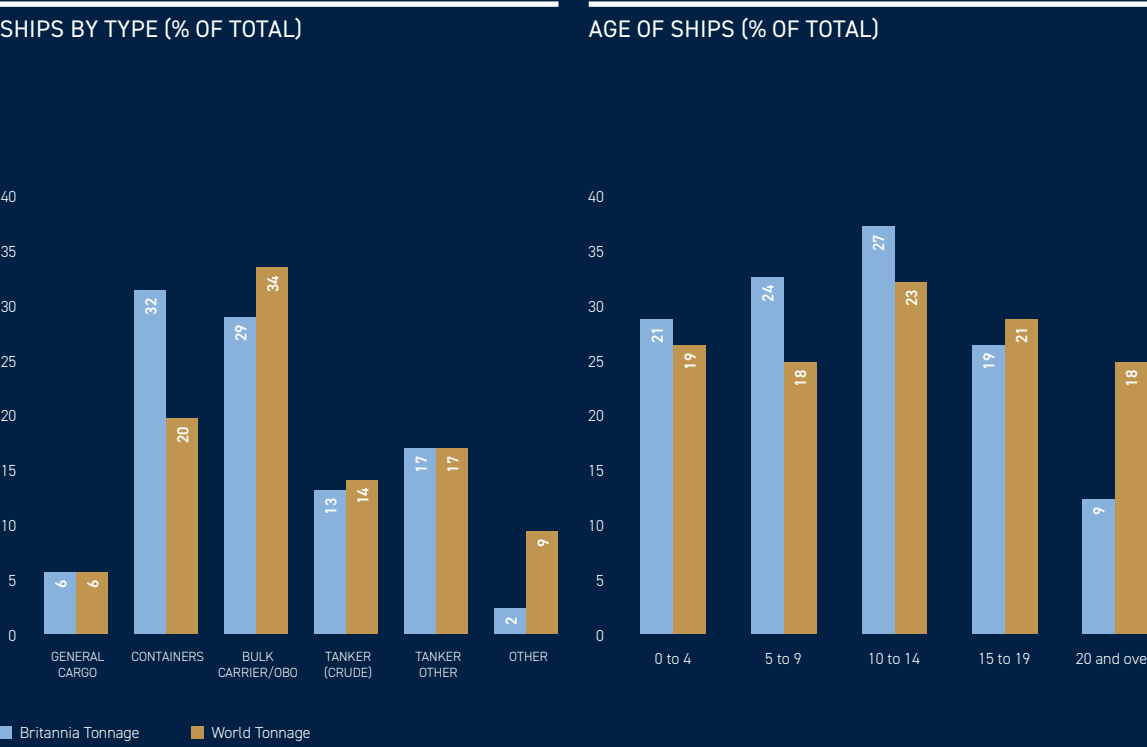
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TRUSTED SINCE 1855

The Britannia Group is one of the leading mutual protection and indemnity insurance clubs for shipowners and operators. Established in 1855, with strong financial foundations and a reputation for exceptional service, we work with our Members to enable global trade to flow smoothly in today's fast-changing and complex world.



KEY FACTS & FIGURES



KEY PERFORMANCE INDICATORS

	20 FEBRUARY 2026 (M GT)	20 FEBRUARY 2025 (M GT)	20 FEBRUARY 2024 (M GT)	20 FEBRUARY 2023 (M GT)
Entered tonnage (owned)	143.7	140.9	141.7	142.0
Entered tonnage (chartered)	51.9	51.1	55.2	51.0
	USD(000)	USD(000)	USD(000)	USD(000)
Calls and premiums*	311,112	288,216	288,815	258,140
Net claims incurred*	(216,202)	(260,776)	(181,261)	(169,933)
Investment income*	86,667	76,658	63,573	(63,781)
Net operating expenses*	(58,026)	(54,714)	(50,245)	(46,490)
Net (deficit)/surplus after taxation*	60,929	(9,819)	58,243	(77,837)
Free reserves*	572,178	540,112	549,931	501,688
Combined ratio	111.3%	137.7%	102.3%	106.6%
IG Average expense ratio	14.45%	14.44%	13.58%	15.39%
Standard & Poor's rating	A- (stable)	A (negative)	A (negative)	A (negative)

*These balances consist of The Britannia Steam Ship Insurance Holdings Limited (Britannia Holdings), The Britannia Steam Ship Insurance Association Limited (Britannia(UK)), The Britannia Steam Ship Insurance Association Europe (Britannia Europe), Universal Shipowners Marine Insurance Association Limited (USMIA) and Hydra Insurance Company Limited -Britannia Cell

CHAIRMAN'S STATEMENT

Against a backdrop of turbulent events, the Britannia Group remains financially robust and well-positioned for the future.



From a financial perspective, 2025/26 has been a significantly improved year. We continue to progress towards a breakeven underwriting result at the pace decided by the Board and consistent with our mutual ethos.

Egied Verbeeck, Chairman

It has almost become an annual ritual that the Chairman writes his statement against a backdrop of turbulent world events. This year is no exception with ongoing conflicts in Ukraine and across the Middle East. Once again, the global shipping industry finds itself in the headlines, with restrictions affecting access to the Straits of Hormuz high on the agenda. While this is not directly a P&I issue, our thoughts are with the many seafarers operating in the region and their families at home. Geopolitical uncertainty continues to present challenges for shipowners. Throughout these periods, however, the Britannia Group remains steadfast in supporting its Members.

Last year, I referred to our commitment to 'sustainable mutuality'. This continues to sit at the very heart of the Britannia Group, alongside the importance of maintaining our strong and trusted brand. We have again been able to return capital to Members with a USD15m distribution to renewing Members at 20 February 2026. Even after this distribution, Britannia remains in a robust financial position with free reserves increasing in 2025/26 by USD32.1m.

From a financial perspective, 2025/26 has been a significantly improved year. We believed that the result for 2024/25 had been adversely affected by a series of one-off events and this year's result supports that view with claims returning to a much more normal level. We continue to progress towards a breakeven underwriting result at the pace decided by the Board and consistent with our mutual ethos. Investment performance has also been strong delivering returns of USD86.7m (9.0%).

The annual report for 2024/25 was understandably dominated by the allision of the MV DALI with the Francis Scott Key Bridge. Thankfully, there has been nothing of comparable scale in the past financial year. There have, however, been a number of developments regarding this claim in the past year. The National Transportation Safety Board report, issued in November 2025, identified the cause of the power outage leading to the allision. In the same month, the State of Maryland issued a new estimate of approximately USD5b for the cost of rebuilding the bridge. Events have moved very quickly since 20 February 2026 with the majority of claims in respect of this incident now agreed and either paid or due for payment imminently. The ability to pay this claim in full and at short notice reinforces the collective strength of the International Group of P&I Associations (the IG) as a responsible association and demonstrates that the Pooling of claims by the IG clubs does what it set out to do.

There have been some changes to the Board and the Members' Representative Committee (MRC) this year. Andrew Cutler (former CEO) has been replaced at the Board by Richard Heppell (CFO). As I mentioned in last year's report, we also welcomed Bruce Nielsen back to the Board on 1 July 2025. For the MRC we have welcomed William Fairclough, Noridah Khamis, Nikolas Tsakos and Marielena Prokopiou and we thank Alex Laios, who stepped down, for his valued contribution.

2025 was also a busy year for the Managers. Andrew Cutler retired on 31 December 2025 after 19 years with the Managers, including 13 years on the Board of Britannia. I would

like to thank Andrew for his leadership and dedication over many years as CEO. Under his stewardship, the Britannia Group has strengthened its position and remained true to its mutual principles through both stable and more challenging periods. Andrew has been succeeded as CEO by Mike Hall, who will already be well known to most of our Members through his previous roles within Tindall Riley and the Britannia Group. I look forward to working with Mike and I see that Britannia is already benefitting from the renewed energy, optimism and forward-looking perspective he brings to the role.

During the year, the Managers also relocated to the new head office premises at 33 King William Street in London in 2025. While only a short move geographically, the transition to more modern accommodation has also contributed to a renewed sense of momentum within the organisation. Looking ahead to the 2026/27 policy year, we are mindful that many of the same uncertainties remain: geopolitical tensions, inflationary pressures, cyber threats and an increasingly complex regulatory environment. Nevertheless, Britannia P&I achieved an excellent renewal at 20 February, welcoming five new P&I Members, securing a significant increase in entered tonnage, commitments from existing Members and the achievement of the rate increases and term changes sought by the Board.

Finally, I would like to thank all our Members for their continued trust and commitment to the Britannia Group. I look forward with confidence to the year ahead as we will continue to deliver on our commitment to sustainable mutuality.

■ **PORT OF SINGAPORE**
Latitude: 1.26° N | Longitude: 103.84° E





■ **PORT OF HONG KONG, CHINA**
Latitude: 22.30° N | Longitude: 114.15° E

A PREMIER GLOBAL CONTAINER HUB,
FEATURING A NATURAL, DEEP-WATER
HARBOUR. IT'S IN THE TOP 10 BUSIEST
CONTAINER PORTS GLOBALLY

DEVELOPMENTS WITHIN BRITANNIA P&I

Mike Hall took over as CEO of the Britannia Group from 1 January 2026, with a second manager director, Richard Heppell (CFO), being appointed to the Group's Boards following the retirement of Andrew Cutler.

Changes within the underwriting team saw Helen Todd promoted to Chief Underwriting Officer with Simon Williams moving into a new role as Chief Commercial Officer.

MEMBERS OF THE BOARD

The members of the Board who held office during the financial year up to the signing of the annual report and accounts are listed below.

Bruce Nielsen	Scottsdale
Mike Hall (Manager)	London
Casper Munch	Copenhagen
Dimitri Saracakis	Athens
Xavier Villers	London
Egied Verbeeck (Chair)	Antwerp
Irene Lan	Taipei
Louis Martel	Montreal
Richard Heppell (Manager)	London
Richard Sadler	London

NOT PICTURED

Raymond Ching	Hong Kong
Max Rothkopf	Hamburg
James Warwick	London
Norifumi Yamamoto	Tokyo



INVESTMENT RETURN

USD86.7m

■ PORT OF COPENHAGEN, DENMARK
Latitude: 55.69° N | Longitude: 12.60° E

FINANCIAL REVIEW

The financial year 2025/26 delivered a much more positive result, reflecting improved retained claims and strong investment returns.

As reported in our previous two annual reports, the allision of the container ship DALL with the Francis Scott Key Bridge has been a major event for the Britannia Group. As we publish this report the majority of the claims arising from this allision are either settled or agreed and awaiting settlement. The total gross value of the claims to the Britannia Group for this incident amount to USD2.1b, the majority of which is reinsured along with the amounts above USD2.1b that constitute the overspill. The IG clubs insure their shipowner Members for individual non-pollution claims up to USD2.1b, any claims above this are termed “overspill” claims. Overspill claims are liabilities for shipowners rather than IG clubs. The IG clubs arrange Collective Overspill insurance cover for members from USD2.1b up to USD3.1b applicable in the 2024 policy year. This is the largest claim ever experienced by the International Group of P&I Clubs. The payment of the claim illustrates perfectly the strength of the P&I Clubs and the pooling of claims liabilities for the benefit of the members of the International Group and claimants. It is this mutuality that remains at the core of the Britannia Group. In the event of a default from the reinsurers on the overspill claim, members remain ultimately liable. Consequently, an overspill call can be made to members to cover any shortfall arising from the default.

The result for the year is a profit of USD60.9m compared with a loss of USD9.8m in 2024/25. The profit includes a much improved underwriting loss of USD27.9m and an investment gain of USD86.7m. The combined ratio for the year ended 20 February 2026 is 111.3% (compared

to 137.7% in 2025). Whilst still a work in progress, this is a big improvement and demonstrates that the issues affecting 2024/25 were largely one-offs, including record Pool claims and exceptional severity of large retained claims, as was commented at the time. The improvement in the combined ratio is also a result of the hard work over several renewals by the Britannia Group underwriting team to achieve the Board's goal of targeting breakeven underwriting over a reasonable timeframe.

The Boards of the Britannia Group remain committed to mutuality and the key objectives of supporting Members while returning to breakeven underwriting in a reasonable timeframe.

The Britannia Group sought a substantial rate increase at renewal in 2025 alongside changes in terms, particularly for FD&D tonnage as part of the continuing push for balanced underwriting. This has been reflected in the increased calls and premium of USD311.1m compared with USD288.2m in the prior year. There was also a significant increase in reinsurance costs for the Group Excess of Loss programme driven by losses on the account.

The most significant improvement in the result this year compared with last year is in the claims. The value of the retained claims, those below USD10m, was down 25% from last year. It was noted that last year was higher than expected and it is pleasing that this year is back to a more normal level. Within this figure is a smaller number of high value claims that is again more as expected.

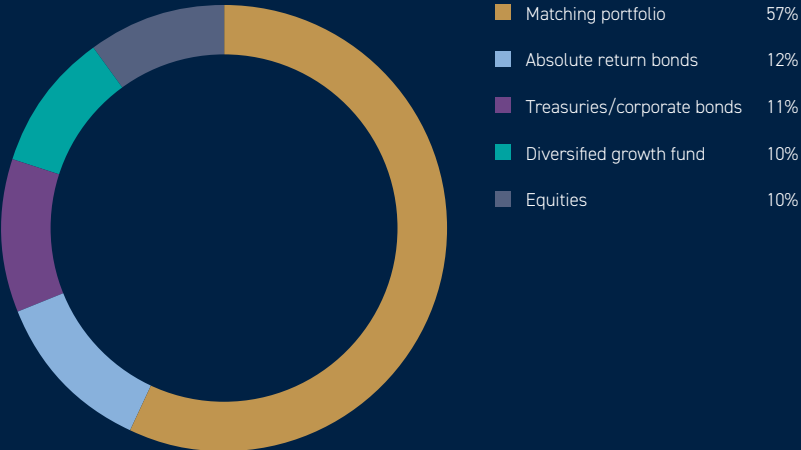
Pool claims were also lower than in the previous year with the number and value down, albeit the value is still high by historic standards.

The expense ratio has increased slightly to 23.6% driven entirely by the foreign exchange rate between USD and GBP that is the currency of the majority of the Britannia Group expenses.

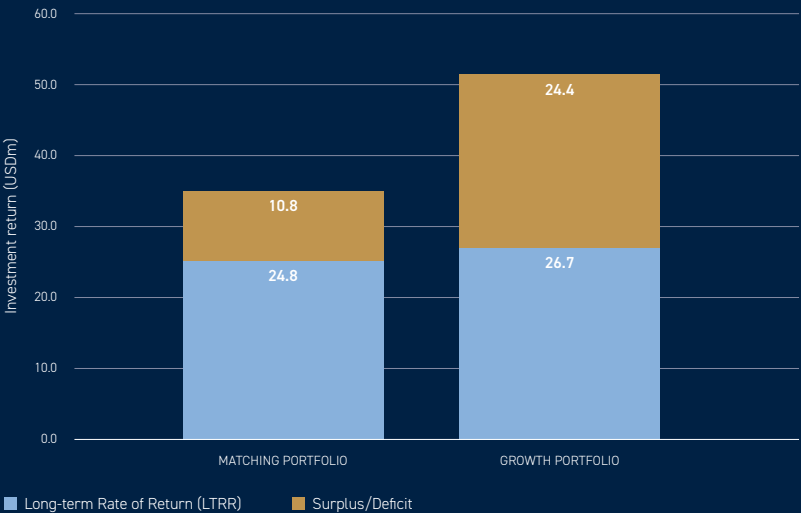
Investment performance was very good again this year despite some volatility early in the year after the imposition of tariffs by the US. Bond returns were good as interest rates eased over the year and equities once again had a good year. The return of USD86.7m represents 9.0%, considerably ahead of the expected return.

The Britannia Group was able to add USD32.1m to free reserves during the year, including the return of approximately USD28.8m in capital to Members post-renewal in February 2025. The free reserves now stand at USD572.2m, underlining once again the capital strength of the Group. This is confirmed by S&P as they continue to rate the Britannia Group's capital strength well above their 99.99% confidence level with exceptional liquidity.

FY2025/26 INVESTMENT COMPOSITION



FY2025/26 INVESTMENT PERFORMANCE
RELATIVE TO LTRR



INVESTMENT STRATEGY & PERFORMANCE

The Britannia Group's investment strategy remains strong in challenging times.

The year ended 20 February 2026 began with the imposition of tariffs by the US in the so-called 'Liberation Day'. This led to significant volatility, particularly in the first two months of the year with the overall portfolio being down over 1% at one stage. The Board monitored these events closely, but as a long-term investor none of the trigger points for portfolio repositioning were hit.

The review of investment strategy that took place in Q2 2025 resulted in the Board reaffirming its commitment to the existing strategy. Strategic asset allocation is part of the investment strategy and the Board made some tactical adjustments to this during the year, primarily to reduce risk. The component parts of the portfolio all remained within target ranges throughout the year. The year end asset allocation is shown in the graph to the left.

The matching portfolio is designed to match the claim liabilities on the balance sheet and is made up of government and high-quality corporate bonds. Assets in excess of this are invested in the growth portfolio consisting of a series of funds that aim for higher returns within the overall risk appetite of the Group.

The return for the year of USD 86.7m or 9.0% compared favourably with the prior year's return and the long-term rate.

The matching portfolio is expected to produce approximately half of the total return from the portfolio over the long-term, with the remainder coming from the growth portfolio. While the matching portfolio only contributed 41% of the total return, that was USD9.7m more than expected and an annual return of 6.6%.

Returns from most areas of the growth portfolio were again above the long-term rate, with the equity portfolio the largest contributor with a return of 23.7%. The graph below illustrates the out performance of the portfolio in 2025/26.

The investment return for the year was very good in challenging times, illustrating the value of the strategy set by the Board.



■ **PORT OF PIRAEUS, GREECE**
Latitude: 37.94° N | Longitude: 23.63° E

SERVES AS GREECE'S CHIEF MARITIME GATEWAY, FEATURING THREE CONTAINER TERMINALS WITH A COMBINED ANNUAL CAPACITY OF OVER 8.3 MILLION TEU

IG REINSURANCE

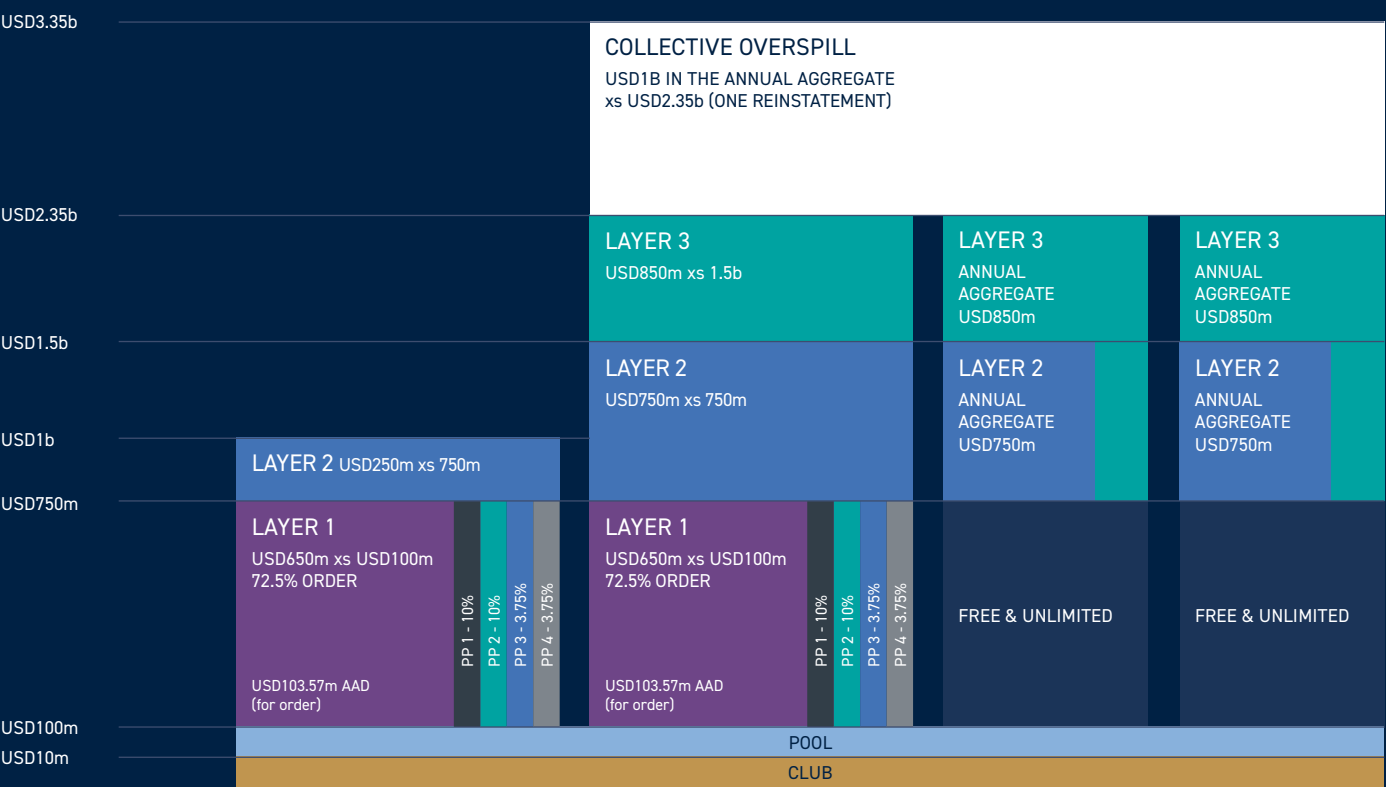
The International Group's (IG) pooling arrangements are unchanged from the previous year, with each club retaining the first USD10m of each owned P&I claim. The IG's Bermuda-based reinsurance captive, Hydra, continues to reinsure the clubs in excess of USD30m up to USD100m as well as for the Annual Aggregate Deductible within the first layer of the 12 IG clubs and represents the most efficient form of reinsurance and risk sharing.

There were two changes to the structure of the General Excess of Loss Reinsurance contract (GXL). A fourth private placement for a share of 3.75% was purchased. This means that the IG's four private placements equate

to 27.5% of layer 1 of the programme, which reduces the share of the open market layer 1 from 75% to 72.5%. This reduced share for the market placement also reduces the IG's Annual Aggregate Deductible in layer 1 from USD107.1m to USD103.6m.

The IG also extended the cover offered by clubs to their members by expanding layer 3 of the GXL from USD600m excess of USD1.5b to USD850m excess of USD1.5b. This in turn means that the IG's Collective Overspill cover of USD1b is now excess of USD2.35b as opposed to USD2.1bn in 2025/26.

2026/27 GXL PROGRAMME STRUCTURE



OIL POLLUTION ONLY
LAYERS 2 & 3 LIMITED COVER IN RESPECT OF MALICIOUS CYBER, COVID AND PANDEMIC

P&I
LAYERS 2 & 3 LIMITED COVER IN RESPECT OF MALICIOUS CYBER, COVID AND PANDEMIC

COVID / PANDEMIC
ONLY IN RESPECT OF LAYERS 2 & 3

MALICIOUS CYBER
ONLY IN RESPECT OF LAYERS 2 & 3

USD100million Pool retention shared pro-rata across P&I and Oil Pollution towers; all reinsurance layers excess of applicable underlying cover

REINSURANCE COST ALLOCATION 2026/27

As part of its annual analysis and in addition to reviewing premiums, the IG's reinsurance committee looked at the claims performance of each of the vessel categories on a 10- and 20-year basis. It concluded that there should be no change to the number of categories at this time but that there should be some adjustments to the relative rate changes. The continued very poor loss experience for FCC vessels saw a 15% rate increase being applied to that category of vessel.

TONNAGE CATEGORY	2026 RATE PER GT	% CHANGE FROM 2025
Persistent Oil Tankers	USD0.5758	-8.0%
Clean Tankers	USD0.4337	NIL
Dry	USD0.5751	-5.0%
FCC	USD1.0237	+15.0%
Passenger	USD3.1472	-8.5%

OUR MEMBERSHIP & RENEWAL

The geographic spread of entered tonnage continues to reflect the global reach of the Britannia Group, supported strongly by our regional hub offices.

Reducing our underwriting deficit remains a key objective. Progress continues to be made in achieving this objective, although the 2024/25 claims environment was particularly challenging for the Britannia Group. For the 2025/26 renewal, the need to address that underwriting deficit and to reduce exposure within certain sectors of the Britannia Group's tonnage saw the Boards target a minimum of 7.5% Estimated Total Call (ETC) pure rate increase plus a further 2.5% risk adjusted rate change (RARC) on the expiring Britannia Group Class 3 ETC. That increase was broadly met.

Our technically based approach to the renewal is designed to promote sustainable underwriting and provide flexibility to consider a suite of measures to achieve the target increase including encouraging Members to retain more risk in lieu of premium increases. Securing the 2025/26 renewal target was a significant challenge when shipowners were extremely sensitive to increasing costs. As a result, there were a number of Members with whom it was not possible to reach acceptable renewal terms, either in part or whole fleet entries. This resulted in a modest reduction on the day in entered tonnage, although the Britannia Group started the 2025/26 Policy Year stronger in terms of both pricing adequacy and risk profile and the Boards thank all our Members for their continuing commitment and support to our Club.

At the commencement of the 2025/26 Policy Year our owned tonnage totalled approximately 141m gt, which meant the reduction of tonnage 'on the day' effectively matched the gains we had benefited from during the 2024/25 Policy Year.

The geographic spread of entered tonnage continues to reflect the global reach of the Britannia Group, supported strongly by our regional hub offices. The entry by ship type underlines the continued commitment to core areas of shipping and mutuality. Both these key metrics are broadly unchanged year on year.



141m

TOTAL OWNED GROSS TONNAGE
AT THE COMMENCEMENT OF THE
2025/26 POLICY YEAR

■ PORT OF NEW YORK AND NEW JERSEY, USA
Latitude: 40.67° N | Longitude: 74.12° W

CLASS 3 – PROTECTION & INDEMNITY (P&I)

Retained claims
Retained claims that are below USD1m are categorised as ‘attritional’ and claims above USD1m are categorised as ‘high value’. The majority of claims notified are below USD1m, therefore by volume there are significantly more attritional claims than high value claims. However, despite being relatively infrequent, high value claims can have a significant impact upon the overall policy year figures. As at 20 February 2026, there were 20 high value claims, the lowest number received since 2018. Overall, there were 5,151 claims notified in the 2025/26 policy year, the lowest since 2020. The overall claim values notified as at 20 February 2026 were USD135.5m, a reduction in value from USD167.7m in 2024/25 and the lowest in recent years.

Of the high value retained claims notified in the 2025/26 policy year, several related to fires on board container ships. One such claim involved a fire and explosion off the coast of India on a ship carrying approximately 1,750 containers. 174 containers were carrying plastic nurdles, many of which were lost overboard. Most of the cargo was ultimately destroyed by the fire and the ship was declared a constructive total loss. In a separate high value claim, a ship had a container fire whilst sailing off the coast of West Africa. Although the fire was brought under control, cargo in approximately 500 containers was believed to have been damaged. In another incident, a container ship detected smoke from the cargo holds

whilst at sea and deviated to China. While the fire was brought under control, cargo in approximately 20 containers was damaged as a result of the fire or from firefighting efforts. In addition to fires on container ships, a significant loss arose as a result of a 1,730 TEU container ship sinking in 50 metres of water, off the coast of India. Approximately 650 containers were lost overboard, of which 70 contained plastic nurdles. Significant losses are expected from this incident in relation to wreck removal, pollution and cargo liabilities.

Our loss prevention and claims teams continually review claims notified to the Club to identify the cause of a loss and establish if there are steps that can be taken to avoid or minimise claims. Through various publications, presentations and Member visits, information on best practice is routinely shared with our Members to minimise the number and value of claims.

Pool claims
Claims over USD10m are pooled among the 12 International Group clubs. At 20 February 2026, 12 pool claims were notified in the 2025/26 policy year at a value of USD308m, which is lower than at the same stage in the previous year.

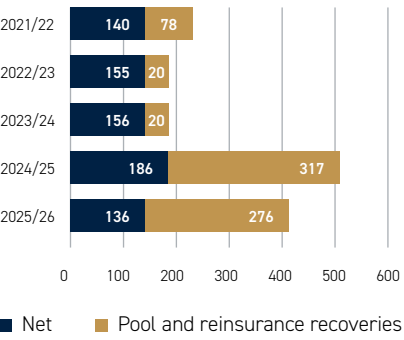
Two large claims, referred to above, have been notified to the Pool. The other notable pool incidents included the SOLONG, a container ship that collided with the STENA IMMACULATE, carrying 220,000 barrels of Jet A1 fuel, off the East Yorkshire coast of the UK resulting in the death of a crew

member. Significant damage was caused to both ships and their cargoes. Separately, the container ship MISSISSIPPI suffered a container collapse during discharge operations at Long Beach Terminal, USA. 72 containers fell overboard, 13 containers fell toward the gantry crane and 10 fell on a barge which was alongside. Significant losses are expected in relation to cargo liabilities, damage to the barge and damage and loss of use claims from the terminal. In June 2025 the MSC TIANJIN was berthing in Alexandria, Egypt, when the ship made contact with two gantry cranes. The damage to the cranes is expected to result in significant repair/replacement claims and business interruption. Finally, in June 2025 the tankers FRONT EAGLE and ADALYNN collided off the coast of Fujairah. Both ships suffered significant damage.

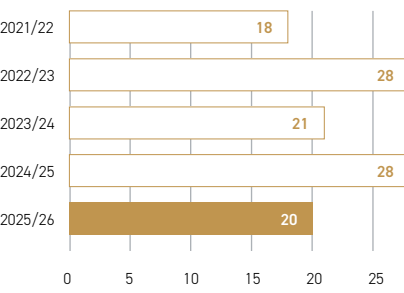
■ PORT OF BUSAN, SOUTH KOREA
Latitude: 35.10° N | Longitude: 129.04° E



CLASS 3 - P&I - ASSOCIATION'S ESTIMATED RETAINED CLAIMS (USDM)
AS AT 20 FEBRUARY 2026



CLASS 3 - P&I CLAIMS - NUMBER OF CLAIMS ON THE ASSOCIATION THAT ARE GREATER THAN USD1M (NET)
AS AT 20 FEBRUARY 2026



THE ESTIMATED VALUE OF CLASS 6
FD&D RETAINED CLAIMS REACHED
USD4.3M IN 2025/26

USD4.3m

■ PORT OF ANTWERP-BRUGES
Latitude: 51.24° N | Longitude: 4.41° E

CLASS 6 - FREIGHT, DEMURRAGE AND DEFENCE (FD&D)

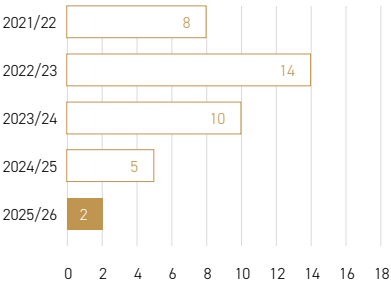
Class 6 FD&D provides the Britannia Group's Members with insurance for the legal costs of maritime disputes that are not covered under Class 3 P&I or any other form of insurance. The most common types of FD&D dispute include those relating to the payment of hire, freight and demurrage, bunker disputes and breaches of charterparty.

We have a global team of FD&D claims handlers who assist Members in resolving the majority of FD&D cases without instructing external lawyers. For complicated matters or where the disputed amount is significant, our claims handlers work with external lawyers and, if necessary, technical experts to resolve the dispute.

The chart below shows the estimated value of FD&D claims (i.e. covered legal costs) notified at 20 February 2026, compared to prior policy years end. Although nearly all FD&D disputes are settled, a very small number of cases can only be resolved by a hearing at the end of legal proceedings. Such cases usually incur the highest costs because barristers and technical experts are appointed to represent Members at the hearing, which means that costs increase as the proceedings progress. This is shown by the chart showing the number of notified claims greater than USD50,000 in each policy year.

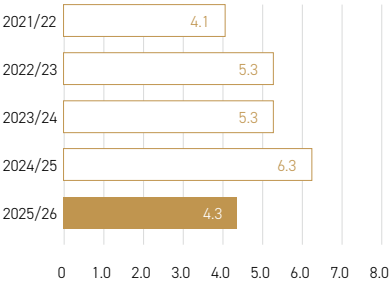
CLASS 6 - FDD CLAIMS - NUMBER OF CLAIMS ON THE ASSOCIATION NOTIFIED TO DATE THAT ARE GREATER THAN USD50,000 (NET)

AS AT 20 FEBRUARY 2026



CLASS 6 - FDD CLAIMS - ASSOCIATION'S ESTIMATED RETAINED CLAIMS (USDM)

AS AT 20 FEBRUARY 2026



LOSS PREVENTION

In an ever-changing shipping world, we act as our Members' trusted partner providing them with exceptional, personalised services to achieve operational excellence and reduce claims.

The Britannia Group's loss prevention department continues to provide the highest level of service, offering Members the knowledge and expertise needed to understand and mitigate risks across all technical aspects of the shipping industry.

2025 marked a year of digital transformation, during which we introduced Artificial Intelligence (AI) into our daily workflows further enhancing our resources and capabilities without ever compromising on quality or human interaction. We remain true to our ethos of delivering first class, personalised loss prevention services to our Membership.

While the full potential of AI in mitigating insurance claims remains uncertain, it is expected to play an important role in future risk identification and mitigation. Therefore, in 2025 we initiated several projects to better understand both the opportunities and, equally, the risks and limitations of this rapidly evolving technology. This work will continue throughout 2026.

Data analysis remains a cornerstone of our loss prevention strategy. This includes our loss prevention claims analysis programme, which involves a comprehensive review of Members' claims records by the loss prevention team, highlighting key insights, identifying trends, and providing bespoke recommendations for reducing risk. In 2025, we also published our first loss prevention

claims data review report, offering detailed insight into the most frequently reported bulk carrier claims along with practical advice on how to mitigate them.

In 2026, the enhanced use of AI will enable us to make better use of our data to identify more easily the main exposure areas to the Club. We will further expand the availability of our data to Members by increasing the number of loss prevention claims data reports. These will cover additional major vessel segments on risk with the Club, including tankers and container ships.

We continue to be a leader among IG clubs in terms of loss prevention publications, with more than 60 technical papers produced on topics relevant to our Membership. As part of the Club's sustainability strategy, we also produced several white papers on the impact of climate change on shipping and P&I claims, as well as guidance on alternative fuels to support the industry's green transition.

Throughout 2025, we experienced increased demand for our loss prevention services. Day-to-day technical enquiries from both external and internal stakeholders have risen for five consecutive years and now exceed 1,300 enquiries annually. Also, requests for our bespoke in-house seminars and training workshops almost doubled in 2025 compared with previous years. This is another strong testament of the value our

Membership places on our personalised loss prevention services. In 2026, we will continue to develop these workshops, making them even more innovative and interactive through the introduction of advanced simulator software and virtual reality bringing real-life hands-on experience closer than ever to participants.

As we move into the future, loss prevention will continue to build bridges between innovative and traditional risk management approaches, ensuring that our bespoke service offering remains relevant to all Members.



THE NUMBER OF SPECIALISED
TECHNICAL PUBLICATIONS PRODUCED
TO HELP MEMBERS MITIGATE RISKS

60+

■ PORT OF KAOHSIUNG, TAIWAN
Latitude: 22.61° N | Longitude: 120.28° E



■ **PORT OF NINGBO-ZHOUSHAN, CHINA**
Latitude: 29.87° N | Longitude: 121.55° E

WORLD'S LARGEST PORT BY CARGO TONNAGE, HANDLING OVER 1.4 BILLION TONNES OF CARGO AND EXCEEDING 43 MILLION TEU IN ANNUAL CONTAINER THROUGHPUT



SUSTAINABILITY

Commitment to sustainability-led output is key to achieving compliance with ESG responsibilities and creating positive conditions for business longevity.

The Britannia Group puts ESG principles at the core of all aspects of its operations by way of its long-term commitment to work towards a sustainable future and the development of a corresponding sustainability strategy. These principles fundamentally underpin the insurance protection we provide to our Members through appropriate management of both risk and arising liabilities, thereby enabling sustainability-driven business output. Our cooperation and active engagement across the industry in relation to ESG and sustainability issues further inform our strategy which in turn enhances the quality of support we provide to our Members in navigating the challenges of meeting their ESG objectives as well as embracing associated emerging opportunities.

We subscribe to the ten principles of the United Nations (UN) Global Compact and our sustainability strategy remains aligned with ten of the UN Sustainable Development Goals (SDGs). Since 2024 the Managers of the Britannia Group, Tindall Riley & Co Limited, have been members of ClimateWise which provides guidance and support to insurance industry stakeholders in the context of risks related to climate change.

Throughout 2025 the Britannia Group and its Managers continued to support its employees in undertaking various charity fundraising and volunteering activities. In addition, our loss prevention team continued to provide educational seminars and webinars, as well as regularly producing articles and reports highlighting risks and providing advice on mitigating exposure in relation to issues such as seafarer safety and well-being, protection of the marine

environment, decarbonisation and the transition to alternative fuels. Furthermore, we have taken opportunities through the International Group's Pollution Committee and Alternative Fuels Working Group to present on the liability and compensation framework for pollution incidents and the transition to alternative fuels or other emerging technologies including the concerns posed by the existing regulatory framework at several industry events this year with the aim of facilitating risk mitigation.

We continue to engage in a dialogue with the other clubs in the International Group with a view to forming a common sustainability strategy at Group level comprising decarbonisation, liability regimes, safety, casualty response, education and sanctions. We believe that such collaboration is a catalyst for optimising both reach and opportunities to improve the conditions of business across the industry which will in turn encourage a streamlined sustainability-led approach on a wider scale.

We are monitoring developments in relation to reporting requirements under the European Union's Corporate Sustainability Reporting Directive (CSRD). Whilst the Council of the European Union amended the CSRD by adopting the final text of the Omnibus I Directive on 24 February 2026, the Britannia Group remains exempt from the requirement to submit CSRD returns (in line with the decision of the European Parliament on 25 February 2025) as it has less than 1,000 employees. This current status remains favourable to the Membership as it avoids having to utilise internal resources and incur additional costs.

CORPORATE GOVERNANCE

Our priority remains our Members, and our track record of financial strength, together with a premium service, have established the Britannia Group as one of the market leaders in the International Group of P&I Clubs.

One of our strategic aims is continued commitment to the IG and we have representatives from the Britannia Group actively participating in many key IG Committees.

Britannia Group corporate structure
The organisation chart below details our corporate structure.

Further details can be found on our website, but in summary:

- Britannia Holdings is the controlling member of both Britannia Europe and Britannia (UK). This ensures that across the Britannia Group we apply common procedures and policies, along with a consistent approach to the cover provided to Members, solvency, capital management, risk, underwriting and claims handling;
- Whether insured by Britannia Europe or Britannia (UK), every Member is part of and benefits from the strength of the Britannia Group;
- The Boards of Britannia Holdings, Britannia Europe and Britannia (UK)

are identical in representation and include an independent non-executive Chair, non-executive industry experts, representation from Members and two Manager appointed directors;

- The Boards are the ultimate decision-making body (e.g. in respect of deciding strategy, cover and Rule changes, risk and capital strategies, appointment of auditors and decisions on premium).

However, an important element within our structure is the Members' Representative Committee (MRC) which is comprised entirely of Members and Directors. The role of the MRC includes acting as a sounding board on all significant matters considered by the Boards, e.g. strategy changes to our Rules and

calls and discretionary claims. This allows us to fully understand some of the broader issues that Members may be encountering.

Management and mutual nature
Our Articles of Association set out the terms under which we operate, with our mutual status defined by the provisions contained in those articles and the Rules of Britannia Europe and Britannia (UK). We have appointed Tindall Riley & Co Limited, through its wholly owned subsidiaries, Tindall Riley Europe Sarl and Tindall Riley (Britannia) Limited, as the Managers who take care of our day-to-day business. We pay the Managers a fee to manage and provide these services, which is disclosed in the Britannia Group's financial statements.

We are committed to mutuality. As a mutual insurer we do not answer to shareholders, only to our Members, most of whom have been with us for many years.

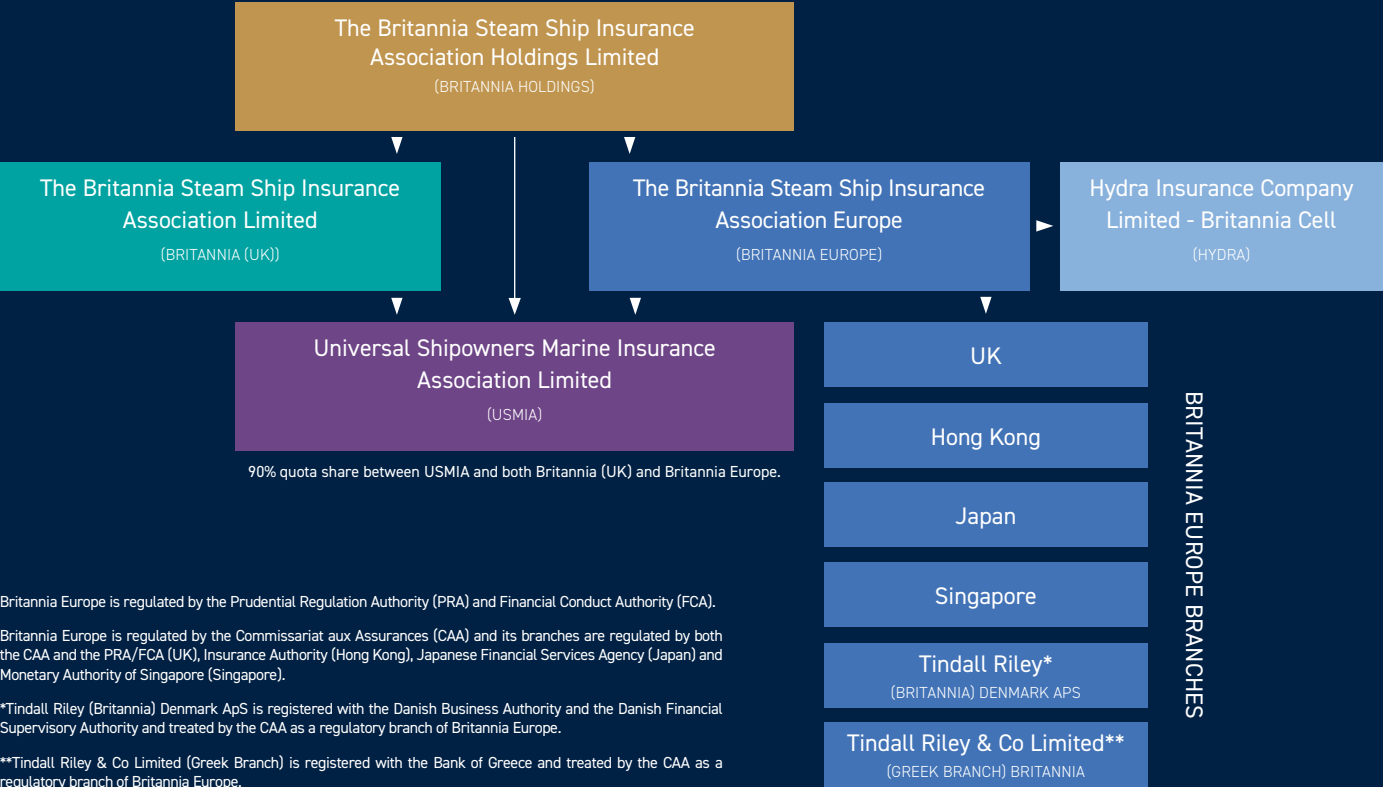
When considering new Members, we look to ensure that they mirror our values. Our mutuality allows us to write each Member's premium based on their individual risk and claims record over a ten-year period.

Underpinning this, our experienced team supports all our Members by providing professional and proactive advice on loss prevention and claims management.

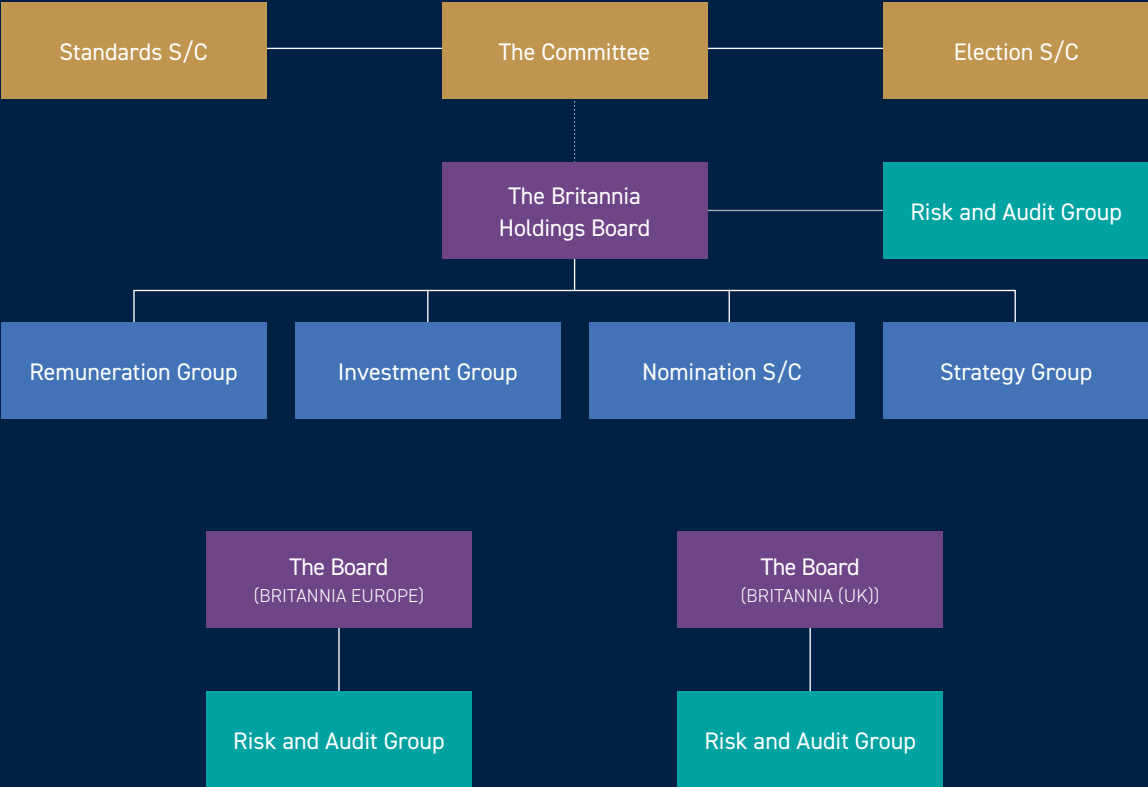
Understanding our Members enables us to adapt our services to meet their needs.

Governance structure
The below chart details our governance structure, including the relationship between the Boards and the MRC. The Boards and the MRC devolve some of their authority to sub-committees, whose Terms of Reference are found on our website.

BRITANNIA GROUP CORPORATE STRUCTURE



GOVERNANCE STRUCTURE



STATEMENT OF COMPLIANCE WITH SECTION 172 (1) OF THE COMPANIES ACT 2006

Our reputation is fundamental to our ability to carry out business, and we seek to protect this reputation by sticking firmly to the principles of fairness and sound business conduct that the Board has established.

Section 172(1) of the Companies Act 2006 requires the directors to promote the success of the Britannia Group for the benefit of the Members and other key stakeholders. In doing so, the directors must have regard to six main areas:

- The likely consequences of any decision taken in the long term;
- The interests of employees, which in the case of the Britannia Group relates to those employed by its Managers;
- The need to foster business relationships with suppliers, customers and others;
- The impact of the operations of the Britannia Group on the community and the environment;
- The desire to maintain a reputation for high standards of business conduct; and
- The need to act fairly between the Members of the Britannia Group.

The Britannia Group's main stakeholders are its Members, consisting of shipowners and charterers with ships entered in the Group. The corporate governance structure includes a Members' Representative Committee of shipowner representatives, facilitating wider engagement and input on major Board decisions such as call setting, capital distribution, and investment strategy. Additional engagement occurs through the Standards Sub-Committee, Loss Prevention Programme, and annual European and Asian Member Forums.

The Board has identified key stakeholders including the Managers and their employees

worldwide, who oversee all daily operational and management functions of the Britannia Group. Additional stakeholders include those providing services such as investment managers, professional advisers, exclusive and local correspondents, local experts like surveyors, reinsurance providers, and insurance brokers. The Britannia Group has developed robust, long-standing relationships with these parties. Notably, the current average membership duration within the Associations is 25 years, and partnerships with exclusive correspondents have, in some instances, spanned several generations.

The Britannia Group prioritises long-term sustainability in its risk appetite statements. The Board avoids short-term decisions, instead focusing on long-term objectives and setting high economic capital targets to ensure financial stability.

The relationship between the Britannia Group and the Managers, which dates back over 170 years, is symbiotic, in that the success of one is inextricably linked to the success of the other. Decisions taken by the Board that directly impact the Managers, such as the amount of the management fee, take full account of this relationship, having regard to service levels and accountability.

Our comprehensive Environmental, Social, and Governance (ESG) policy evaluates the effects of our business activities on local communities and the broader environment. This policy also considers the potential impact of political and climate change factors.

The Group operates in line with regulatory conduct rules, including 'treating customers fairly'. As a mutual insurer, fair Member treatment is central to the Britannia Group. The Group's Standards of Business Conduct policy details these regulations, covering whistleblowing, conflicts of interest, remuneration, modern slavery, anti-bribery, and corruption. A Financial Crime policy is also in place.

The Strategic Report was approved by the Board of Directors of The Britannia Steam Ship Insurance Association Holdings Limited on 28 July 2026 and signed on its behalf by:

H J Connell
Company Secretary





■ **PORT OF FELIXSTOWE, UNITED KINGDOM**
Latitude: 51.96° N | Longitude: 1.34° E

**HANDLES OVER 4 MILLION
CONTAINERS A YEAR AND
PROCESSES APPROXIMATELY 45%
OF ALL UK CONTAINERISED TRADE**

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STATUTORY DIRECTORS' REPORT

Principal Activities

The principal activities of the Britannia Group and its subsidiaries during the year were the insurance and reinsurance of the risks of Protection and Indemnity (Class 3) and Freight, Demurrage and Defence (Class 6). The Strategic Report on pages 4 to 30 reports on these activities and the financial results of the Britannia Group for the year together with likely future developments.

Financial Performance

The directors are satisfied with the performance as stated on page 4.

Financial Instruments

Information on the use of financial instruments by the Britannia Group and its management of financial risk is addressed in Note 16 to the financial statements. Exposure to cash flow risk is addressed under the headings of credit risk, liquidity risk and market risk in that note.

Auditor

The Managers are responsible for the preparation of the financial statements and have confirmed they have provided all relevant audit information of which they are aware. The Risk & Audit Group has considered the financial statements with the Managers, met privately with the auditors, and reported to the Board.

So far as each of the persons who is a director at the time of this report is aware, there is no relevant audit information of which the Britannia Group's auditors are unaware. The directors confirm that they have taken all steps that they ought to have

taken as directors to make themselves aware of any relevant audit information and to establish that our auditors are aware of that information. Deloitte LLP have expressed their willingness to be reappointed as auditors of the Britannia Group. A resolution to reappoint them as the Britannia Group's auditors and to authorise the directors to fix their remuneration will be proposed at the annual general meeting. The directors confirm that, to the best of their knowledge, the Strategic Report on pages 4 to 30 includes a fair review of the development and performance of the business and the position of the Britannia Group, together with a description of the principal risks and uncertainties that it faces.

Carbon Reporting

Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Reporting) Regulations 2018 (the Regulation) require a business to report publicly on its UK energy use and carbon emissions if its annual turnover is in excess of GBP36m and its statement of financial position balance in excess of GBP18m. Whilst the Britannia Group's annual turnover is in excess of these limits, the entirety of the management of the business is outsourced and managed by Tindall Riley & Co Limited (TRC), and therefore the Britannia Group has no direct control over these costs. TRC makes these disclosures in its Annual Report and Financial Statements that are available from Companies House.

This classifies the Britannia Group as a 'low energy user' and therefore no disclosures have been made.

Future Developments

Likely future developments of the Britannia Group are discussed in the Strategic Report.

Directors

The members of the Board are directors of the Britannia Group for the purposes of the Companies Acts. The Britannia Group adheres to the UK Corporate Governance Code and the directors are not aware of any situations where it has been departed from. The present members of the Board are listed on page 10 and 11 of this report. On 1 July 2025 B Nielsen was appointed to the Board. On 31 December 2025 AJ Cutler resigned from the Board and R Heppell was appointed with effect from 1 January 2026. E Verbeeck, L Martel, R Ching, and N Yamamoto all retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election as directors.

Directors' Indemnity Insurance

The Britannia Group has purchased directors' and officers' liability insurance in respect of all its directors and its representatives on the MRC. In addition, a qualifying third-party indemnity provision (as defined by section 234 of the Companies Act 2006) was in force during the financial year and remains in force at the date of approval of this report. These indemnities also benefit the directors of the Group and subsidiaries.

Going Concern

In accordance with the requirements of Financial Reporting Standard 102, the Board of Directors has assessed the Britannia Group's ability to continue as a going concern. The financial position, cash flows and liquidity position all form part of these financial statements. Principal risks and uncertainties are set out in Note 16 to the Financial Statements and include reference to the Britannia Group's objectives for managing capital in line with its financial risks as set out in its SFCR.

Our most recent Own Risk and Solvency Assessment (ORSA) report was completed during November 2025. An important component of the ORSA process is an assessment of the Britannia Group's projected future Solvency Capital Requirement (SCR) and its projected own funds available to meet its SCR. These forward-looking assessments project the Britannia Group managing its risks successfully and maintaining sufficient financial resources to meet its SCR over the period assessed.

The Britannia Group is exposed to a number of financial risks, as set out in Note 16 to the Financial Statements, which could negatively impact future operating performance and financial strength. The Capital Management Plan lists potential management actions for the Board to consider if there is ever a need to remedy a future capital deficiency. One potential management action is for the Board to exercise its contractual right, as a mutual organisation, to set Supplementary Calls on its Mutual Members.

The Board has a reasonable expectation that the Britannia Group has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date when these financial statements were approved and signed.

Accordingly, the Board considers it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

Subsequent Events

There are no subsequent events which require adjustment. Please refer to Note 24 of the Financial Statements for further information.

Approved by the Board of Directors of The Britannia Steam Ship Insurance Association Holdings Limited on 28 July 2026 and signed on its behalf by:

H J Connell
Company Secretary
Companies House Number 11686576

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and its income and expenditure for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records that show the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITANNIA STEAM SHIP INSURANCE ASSOCIATION HOLDINGS LIMITED

Report on the audit of the financial statements

1. OPINION

In our opinion the financial statements of The Britannia Steam Ship Insurance Association Holdings Limited (the 'company') and its subsidiaries (the 'Britannia Group'):

- give a true and fair view of the state of the Britannia Group's and of the company's affairs as at 20 February 2026 and of the Britannia Group's net surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and Financial Reporting Standard 103 Insurance Contracts; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income and expenditure account;
- the consolidated statement of financial position;
- the consolidated statement of cash flows;
- the company statement of financial position; and
- the related notes 1 to 24 (excluding the parts of Note 16.6 (capital risk management) which are marked as 'unaudited'.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and Financial Reporting Standard 103 Insurance Contracts (United Kingdom Generally Accepted Accounting Practice).

2. BASIS FOR OPINION

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

We are independent of the Britannia Group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



■ **PORT OF ROTTERDAM, NETHERLANDS**
Latitude: 51.90° N | Longitude: 4.30° E

EUROPE'S LARGEST SEAPORT,
SPANNING OVER 40KM AND HANDLING
APPROXIMATELY 428 MILLION TONNES
OF CARGO ANNUALLY

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matter that we identified in the current year was valuation of incurred but not reported ("IBNR") provision on retained claims and provision for reported claims.
Materiality	The materiality that we used for the Britannia Group financial statements was USD17.22m which was determined on the basis of 3% of net assets. For the company, we used materiality of USD852k which was determined on the basis of 3% of net assets.
Scoping	The audit work was performed directly by the Britannia Group audit engagement team. Our audit procedures covered 100% of consolidated calls and premiums, 99% of consolidated net surplus and 99% of consolidated net assets.
Significant changes in our approach	There have been no significant changes to our approach in the current year.

4. CONCLUSIONS RELATING TO GOING CONCERN

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

Our evaluation of the directors’ assessment of the Britannia Group’s and the company’s ability to continue to adopt the going concern basis of accounting included:

- Assessing the financial performance of the Britannia Group and company, including investment holdings, cash position, technical provision reserves and net assets positions; this included performing a comparison analysis of the current year versus prior year-end position;
- Evaluating management’s reverse stress testing within the Britannia Group Own Risk and Solvency Assessment ('ORSA') report;
- Assessing the Britannia Group’s reinsurance programme;
- Assessing management’s forecasts for the 12-month period from the date of approval of the financial statements;
- Assessing the historical accuracy of past forecasts; and
- Assessing the appropriateness of the going concern disclosure in the financial statements

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

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

5. KEY AUDIT MATTERS

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

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

5.1. Valuation of incurred but not reported (“IBNR”) provision on retained claims and provision for reported claims

Key audit matter description	Provision for gross outstanding claims, amounting to USD3.17bn (2025: USD1.85bn) and disclosed in Note 7 includes reserves for claims incurred but not reported ('IBNR') 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 Britannia Group's exposure. The IBNR provision is inherently subjective with estimation uncertainty, and alterations in underlying assumptions may have a material impact of the financial position of the Britannia Group and on the results of its operations. We have identified the valuation of IBNR provision on retained claims as our key audit matter since reserving inherently involves uncertainty, and judgement in the selection of key methodologies and assumptions relating to the frequency and severity of claims. The Baltimore incident, a collision with the Francis Scott Key Bridge on 26 March 2024, forms part of our key audit matter due to inherent significant uncertainty surrounding the ultimate gross liability. Further details are included in page 13 of the strategic report as well as Notes 2,3,7 and 16 of the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over the reserving cycle, including those related to IBNR on retained claims. With involvement of our actuarial specialists, we assessed the appropriateness of the key methodologies, assumptions and judgements used in determining the valuation of provision on retained claims, including IBNR provision. We performed audit procedures on testing the key inputs of the technical provision balance by agreeing policy and claims data to the underlying records which has been audited. Specifically with respect to the Baltimore incident, we made enquiries with management and legal counsel, reviewed legal correspondence and documentation from the claims adjuster as well as the publicly available reports and other sources of evidence to assess the appropriateness of management's judgements and assumptions in the calculation of the ultimate gross liability. We also performed a stand-back analysis of the technical provisions balance, considering both the corroborative and potentially contradictory evidence that were obtained through the procedures above, and assessing for consistency with other information obtained during the audit.
Key observations	Based on the work performed, we concluded that the valuation of IBNR provision on retained claims and the estimation of liabilities for claims are reasonable.

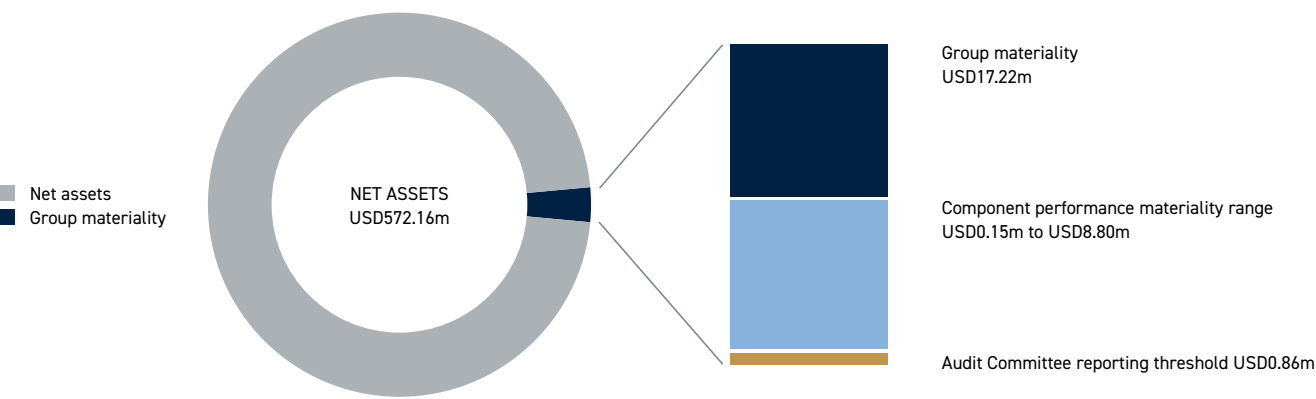
6. OUR APPLICATION OF MATERIALITY

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Materiality	USD17.22m (2025: USD16.24m)	USD852k (2025: USD753k)
Basis for determining materiality	3% of net assets (2025: 3% of net assets)	3% of net assets (2025: 3% of net assets)
Rationale for the benchmark applied	The Britannia Group is a mutual insurer, which exists for the benefit of its Members. As such, we have judged net assets to be the most appropriate benchmark as this represents The Britannia Group's ability to meet claims as they fall due.	



6.2. Performance materiality

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

	BRITANNIA GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Performance materiality	65% (2025: 65%) of Britannia Group materiality	65% (2025: 65%) of company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. the quality of the control environment and whether we were able to rely on controls; b. our experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Risk & Audit Group that we would report to them all audit differences in excess of USD0.86m (2025: USD0.81m) and USD42k for company (2025: USD37k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Risk & Audit Group on disclosure matters that we identify when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. Identification and scoping of components

The scope of our audit work was determined by obtaining an understanding of the Britannia Group and its environment and assessing the risks of material misstatement at the Britannia Group level.

The Britannia Group is comprised of The Britannia Steam Ship Insurance Association Holdings Limited (Britannia Holdings), The Britannia Steam Ship Insurance Association Europe ("Britannia Europe"), The Britannia Steam Ship Insurance Association Limited ("Britannia (UK)"), Universal Shipowners Marine Insurance Association ("USMIA") and Britannia's Hydra cell ("Hydra").

Britannia Europe and Britannia UK are the main insurance risk carriers within the Britannia Group, while Britannia Holdings is the company. These three components were subject to audits of their entire financial information performed by the Britannia Group audit team.

USMIA and Hydra provide reinsurance coverage within the Britannia Group, with mainly intra-Britannia Group transactions and balances, with the exception of investments and cash. Therefore, on these two components we performed audit procedures on specific classes of transactions and account balances. These audit procedures were also performed by the Britannia Group audit team.

Component performance materialities ranged from USD0.15m to USD8.8m.

Based on the scope of our audit, we have covered 100% of consolidated calls and premiums, and 99% of consolidated net surplus and 99% of consolidated net assets .

7.2. Our consideration of the control environment

As an insurance business, the company's financial reporting processes are reliant on IT controls. In planning our 2026 audit, we worked with our IT specialists to obtain an understanding of the relevant IT systems (BPMS and Oracle) that handles data relating to the reported balances. We identified six business processes that we concluded were most relevant to the company's financial reporting process. These processes covered transactions and account balances including the premiums, claims, reinsurance, reserving, treasury and financial reporting processes.

We identified a number of control deficiencies and reported these to the Risk & Audit Group. Due to the reliance of business processes on IT controls and our findings, we adopted a fully substantive approach in our audit.

7.3. Our consideration of climate-related risks

As part of our audit, we have considered the impact of climate change on the Britannia Group's operations and its impact on its financial statements. We gained an understanding of management's processes to address climate-related risks, including the reporting and monitoring of climate related risks to the Risk & Audit Group.

We performed our own risk assessment of the financial impact of climate risks on the financial statements. In doing so we considered the estimates and judgements applied to the financial statements and how climate risks may impact their valuation.

We have read the disclosures relating to climate risks in strategic report on page 27 to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. OTHER INFORMATION

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

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

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

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

11.1. Identifying and assessing potential risks related to irregularities

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

- the nature of the industry and sector, control environment and business performance including the design of the Britannia Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Britannia Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;

- results of our enquiries of management, internal audit, the directors and the Risk & Audit Group about their own identification and assessment of the risks of irregularities, including those that are specific to the Britannia Group's sector;
- any matters we identified having obtained and reviewed the Britannia Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including IT and actuarial specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of incurred but not reported ("IBNR") provision on retained claims and provision for reported claims.

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

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Britannia Group's ability to operate or to avoid a material penalty. These included the Britannia Group's operating regulatory solvency requirements, authorisation by the Luxembourg Minister of Finance and regulations by the CAA, Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA) as well as branches in Hong Kong (regulated by the Hong Kong Insurance Authority), Singapore (regulated by the Monetary Authority of Singapore) and Japan (regulated by the Japanese Financial Services Agency).

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of incurred but not reported ("IBNR") provision on retained claims and the provision for reported provision for reported claims as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

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

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

Report on other legal and regulatory requirements

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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

13. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

13.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

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

We have nothing to report in respect of this matter.

14. USE OF OUR REPORT

This report is made solely to the company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Addis FCA (Senior Statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 July 2026



CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

20 FEBRUARY 2026

	Note	2026 USD(000)	2025 USD(000)
Technical account - general business			
Earned premiums, net of reinsurance			
Calls and premiums	4	311,112	288,216
Reinsurance premiums	5	(64,820)	(59,178)
		246,292	229,038
Allocated investment return transferred from the non-technical account		53,549	49,618
Total income		299,841	278,656
Claims incurred net of reinsurance			
Net claims paid	6	(249,937)	(241,730)
Change in provision for claims	7	33,735	(19,046)
Net claims incurred		(216,202)	(260,776)
Net operating expenses	9	(58,026)	(54,714)
Total expenditure		(274,228)	(315,490)
Balance on technical account		25,613	(36,834)
Non-technical account			
Balance on technical account		25,613	(36,834)
Investment income	10	129,083	49,346
Investment expenses		(2,005)	(1,948)
Unrealised gain/(loss)		(40,411)	29,260
Allocated investment return transferred to the technical account		(53,549)	(49,618)
Gain/(loss) on foreign exchange		2,173	-
Net surplus/(deficit) before taxation		60,904	(9,794)
Taxation	12	25	(25)
Net surplus/(deficit) after taxation		60,929	(9,819)

All amounts are derived from continuing operations. The notes on pages 52 to 74 form part of these financial statements. There are no recognised gains and losses other than those included in the consolidated income and expenditure account.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

20 FEBRUARY 2026

	Note	2026 USD(000)	2025 USD(000)
Assets			
Investments			
Financial investments	13	941,342	982,632
Intangible assets			
	14	3,886	4,860
Reinsurers' share of technical provisions			
Claims outstanding	7	2,500,562	1,143,961
Debtors			
Direct insurance operations - Members	18	139,362	137,922
Reinsurance operations	19	38,272	31,399
Other debtors		5,379	-
		183,013	169,321
Other assets			
Cash at bank	20	157,474	121,886
Prepayments and accrued income			
Accrued interest		2,974	2,481
Other prepayments and accrued income		7,954	3,285
Total assets		3,797,205	2,428,426
Liabilities			
Reserves			
Investment reserve	21	171,884	136,729
General reserve	21	55,000	55,000
Income and expenditure account	21	345,294	348,383
		572,178	540,112
Technical provisions			
Gross outstanding claims	7	3,168,203	1,845,336
Creditors			
Direct insurance operations - Members		41,701	32,907
Reinsurance operations		8,917	6,181
Taxation		-	25
Other creditors		6,206	3,865
Total liabilities		3,797,205	2,428,426

The notes on pages 52 to 74 form part of these financial statements.

The financial statements of The Britannia Steam Ship Insurance Association Holdings Limited (registered number: 11686576) were approved by the Board of Directors on 28 July 2026 and signed on its behalf by: **M R A Hall** **R E Heppell**
Director Director

CONSOLIDATED STATEMENT OF CASH FLOWS

20 FEBRUARY 2026

	Note	2026 USD(000)	2025 USD(000)
Cash flows from operating activities			
Net surplus/(deficit) before tax		60,904	(9,794)
Adjustments for:			
Amortisation of intangible assets		974	(888)
Change in provision for claims (net of reinsurance)		(33,735)	19,046
Increase in insurance and other debtors		(47,716)	(1,779)
Increase/(decrease) in insurance and other creditors		13,870	(20,927)
Investment income		(86,667)	(76,658)
Net cash from operating activities		(92,370)	(91,000)
Cash flows from investing activities			
Purchase of equities		(227,164)	(33,416)
Purchase of fixed interest investments		(209,238)	(249,941)
Proceeds from sale of equities		316,324	78,226
Proceeds from sale of fixed interest investments		218,134	246,081
Net change to deposits with credit institutions		9,666	(24,466)
Income from equity investments		4,981	4,406
Income from fixed income investments		10,636	10,527
Bank and other interest		4,746	4,424
Investment management expenses		(2,005)	(1,948)
Net cash from investing activities		126,080	33,893
Net increase/(decrease) in cash at bank			
		33,710	(57,107)
Cash and cash equivalents at the beginning of the financial year			
		121,886	182,130
Exchange gains/(losses) on cash and cash equivalents			
		1,878	(3,137)
Cash and cash equivalents at the end of the financial year			
		157,474	121,886

The notes on pages 52 to 74 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

20 FEBRUARY 2026

	Note	2026 USD(000)	2025 USD(000)
Assets			
Investments			
Investment in the Britannia Group undertakings	15	28,620	28,620
Other assets			
Cash at bank		4	4
Total assets		28,624	28,624
Liabilities			
Capital and reserves			
Income and expenditure account		28,422	28,624
Amounts owing to the Britannia Group undertakings		202	-
Taxation		-	-
Total liabilities		28,624	28,624

The Britannia Steamship Insurance Association Holdings Limited (the Company) has taken advantage of the exemption in Section 408 of the Companies Act 2006 from presenting its own Statement of Comprehensive Income and related notes as it prepares consolidated accounts. The Company's surplus for the year ended 20 February 2026 was USDNil (2025: USDNil).

The notes on pages 52 to 74 form part of these financial statements.

The financial statements of The Britannia Steam Ship Insurance Association Holdings Limited were approved by the Board of Directors on 28 July 2026 and signed on its behalf by:

M R A Hall
Director

R E Heppell
Director

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Britannia Steam Ship Insurance Association Holdings Limited is a private company limited by guarantee without share capital, which is not authorised to conduct any insurance business incorporated in England and Wales. The company has no share capital and is owned by its policyholders, who are Members of the Mutual. It operates for the benefit of its Members. The address of the registered office is given on the reverse cover. The nature of the Association’s operations and its principal activities are set out in the Strategic Report on pages 4 to 30 of this publication.

“The Britannia Group” is comprised of The Britannia Steam Ship Insurance Association Holdings Limited (Britannia Holdings), The Britannia Steam Ship Insurance Association Europe (“Britannia Europe”), The Britannia Steam Ship Insurance Association Limited (“Britannia (UK)”), Universal Shipowners Marine Insurance Association (“USMIA”) and Hydra Insurance Company Limited - Britannia Cell (“Hydra”).

Basis of preparation

These Group financial statements, which consolidate the financial statements of the Company and its subsidiary undertakings, have been prepared under the historical cost convention as modified to include investments at market value, in compliance with Part 3 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) (the Regulations) under the Companies Act 2006 and in accordance with applicable accounting standards in the UK. In accordance with Financial Reporting Standard 103, “Insurance Contracts” (“FRS 103”), the Group has applied existing accounting policies for insurance contracts. The Regulations require the use of the term ‘profit and loss account’ as a heading. This is replaced in these financial statements by ‘income and expenditure account’, consistent with the mutual status of the Group. The individual statement of financial position of the Company is prepared in accordance with the provisions of Section 394 of the Companies Act 2006 and the Regulations. Under FRS 102 Section 7: Cash Flows, no Statement of Cash Flows has been presented for the Company as the cash flows of the Company are included within the Consolidated Statement of Cash Flows of the Group. An exemption has therefore been claimed under FRS 102 Section 1.12 (b).

Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements. See page 35 in the Statutory Directors Report for more details.

Statement of compliance

These Group financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland FRS 102, FRS 103 and the Companies Act 2006.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are material to the consolidated financial statements.

Basis of accounting

The Group’s business is accounted for on an annual basis. Separate accounts are maintained for each class of business.

For the purpose of reporting to mutual Members, all transactions are allocated to individual policy years. Calls and premiums (including reinsurance premiums), claims and reinsurance recoveries are allocated to the policy year to which they relate. In the case of claims and reinsurance recoveries, the appropriate year is decided by the date of the incident giving rise to the claim. All other income and expenditure items are allocated to the current policy year.

Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the Company and its subsidiary undertakings drawn up to 20 February each year. Intra-group transactions, balances and gains and losses on intra-group transactions are eliminated upon consolidation. Subsidiaries’ accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group has applied merger accounting to consolidate its subsidiaries of which it owns 100% by virtue of its controlling vote.

Rates of exchange

The Group uses the US dollar (USD) as its currency of presentation and functional currency. Monetary assets and liabilities denominated in other currencies are translated into USD at the rates prevailing at the statement of financial position date. Revenue transactions are translated at the actual rate applying at the date of transaction or, where this is not practicable, the average rate for the year. Exchange rate differences are recognised in the non-technical account of the income and expenditure account.

Calls and premiums

Calls and premiums in respect of policies incepting prior to the statement of financial position date are shown gross of acquisition costs and net of returns and bad and doubtful debts. Since all insurance policies are coterminous with the Group’s financial year, there are no unearned premiums at the year-end date. Reinsurance premiums are accounted for in the same accounting period as the direct insurance premium or calls to which they relate.

Acquisition costs

Acquisition costs represent brokerage and commission charges relating to the writing of policies, underwriting management costs, renewal of existing Members’ entries, negotiation with potential Members and the processing of entry documentation.

Claims paid

Claims paid comprise all claims and related expenses approved by the Board and advances made on account of claims during the year. They include the Group’s share of claims under the Pooling Agreement, together with internal management costs of handling and processing claims.

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

Claims outstanding

The provision for claims outstanding in the financial statements comprises the Managers’ estimate of the ultimate outcome of all reported claims based on current information, plus their forecast of the ultimate cost of claims incurred but not reported (IBNR). The provision also includes an allowance for future claims handling costs.

The Group reserves individual reported claims within its retention on a ‘highest reasonable likely outcome’ basis, except in circumstances where there is insufficient information available to make a meaningful estimate. In such cases, a statistically derived reserve is applied, which is based on the development of similar notifications made in earlier years.

The IBNR provision for claims within the Group’s retention is determined by the Managers based on standard actuarial projection techniques supported by stochastic modelling. The model uses historical information on claims development, adjusted for inflation and other variables, such as the number of ships entered with the Group, to project the ultimate cost of claims. The principal assumption underlying this approach is that past experience is a reliable basis for projecting the ultimate cost of claims in more recent years. The confidence levels selected for setting IBNR reserves reflect the Group’s risk tolerance.

Provisions in respect of the Group’s share of other Clubs’ Pool claims are based on information and data supplied by the other parties to the Pooling Agreement, to which the Managers apply similar actuarial techniques and models to those described above.

Provisions for all claims are based on information available at the statement of financial position date. Significant delays are experienced in the notification of certain claims (sometimes of many years’ duration), and accordingly the ultimate cost of claims cannot be known with certainty at the statement of financial position date. It is possible that subsequent information and events may result in the ultimate liability varying from the amount provided. Any such differences between claims provisions and subsequent settlement are dealt with in the technical account – general business in later years.

Claims provisions are recognised gross of any reinsurance recoveries. The reinsurers’ share of claims outstanding is derived from an estimation of the amounts that will be recoverable from reinsurers based on the gross provisions (including the IBNR provisions) and the structure of the Group’s reinsurance programme, and having due regard to the possibility of default by reinsurers.

The IG clubs insure their shipowner members for individual non-pollution claims up to USD2.1b, with any claims amounts above this termed "overspill" claims. Overspill claims are liabilities for shipowners but not IG clubs since there is no transfer of insurance risk to the IG Clubs for claims amounts above USD2.1b. The IG clubs arranged Collective Overspill insurance cover for members from USD2.1b up to USD3.1b applicable in the 2024 policy year. Therefore under the terms of the insurance contract with the members, the Group has no liability and so no risk transfer for individual claims amounts above USD2.1b. In the event of a default from the reinsurers on the overspill claim, Members remain ultimately liable. Consequently, an overspill call can be made to members to cover any shortfall arising from the default.

The associated claims paid, claims outstanding and reinsurance balances for overspill claim are not included in the financial statements.

Investment return

The investment return recognised in the non-technical account comprises investment income (interest and dividends); realised gains and losses on investments sold in the year and movements in unrealised gains and losses arising in the year, net of investment management expenses.

Dividends are recognised from the date on which the shares are quoted 'ex-dividend' and include related tax credits. Interest and expenses are recognised on an accruals basis. Realised gains and losses on investments are calculated as the difference between the net sales proceeds and the purchase price. The movement in unrealised gains and losses recognised in the income and expenditure account represents the difference between the valuation of investments at the statement of financial position date and either their purchase price or their valuation at the commencement of the year, with an adjustment to reverse previously recognised unrealised gains or losses on investments disposed of in the current year. Realised and unrealised gains and losses include any related exchange gains or losses

The transfer to/from the investment reserve represents the difference (net of tax) between the actual investment income for the year and the investment return allocated to the technical account – general business.

Allocation of investment return

An allocation is made from the non-technical account to the technical account – general business in respect of the longer-term investment return on the total investment portfolio, since these investments relate wholly to the technical provisions and Members' funds held for mutually insured risks.

Financial instruments

Non-derivative financial instruments are shown at current market value at the statement of financial position date. Non-derivative listed investments are stated at bid value. Non-derivative unlisted investments are valued by the directors on a prudent basis, having regard to their likely realisable value.

Derivative instruments are held to support the Group's investment return. Derivatives are categorised as held for trading and are classified as financial instruments at fair value through the income statement. Derivative instruments are measured at initial recognition, and subsequently at fair value, and changes in fair value are recognised in the income and expenditure account. Transaction costs incurred in buying and selling derivative instruments are recognised in the income and expenditure account when incurred. The fair value of a derivative instrument is determined by reference to published price quotations in an active market.

Investment in Group undertakings

Investments in Group undertakings and participating interests in the Company's own statement of financial position are stated at cost less impairment.

Intangible assets

The Group has chosen to apply FRS 102 to software development costs as they are directly attributable to bringing the computer system into working condition for use within the business and therefore classified as intangible assets and amortised on a straight-line basis over the estimated useful economic life. Amortisation is recognised in the income and expenditure account.

Policy year accounting

The calls and premiums, reinsurance premiums payable, claims paid and related expenses, reinsurance recoveries and outstanding claims are all allocated to the policy years to which they relate. The allocated investment return and operating expenses are allocated to the current policy year.

Investments

The Group has chosen to apply the recognition and measurement provision and the disclosure requirements of FRS 102.

The Group classifies its investments as financial assets at fair value, gains and losses are taken to the Income and Expenditure Account, which reflects the management of the portfolio on a fair value basis. Fair values of investments traded in active markets are measured at bid price.

Cash at bank

Cash at bank is defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash equivalents are investments with original maturity of three months or less from the date of acquisition.

Taxation (current and deferred)

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES

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

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the amount that the Group will ultimately pay for such claims. Estimates are made of the expected ultimate cost of claims, whether reported or unreported, at the end of the reporting period. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the Group uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes that past trends can be used to project future developments. Refer to Note 16 for disclosure on the sensitivities of these assumptions.

	2026 USD(000)	2025 USD(000)
4. CALLS AND PREMIUMS		
Estimated Total Calls and premiums		
2025/26 policy year	310,471	288,050
2024/25 policy year	858	62
2023/24 policy year	(19)	142
Closed years	(200)	(38)
	311,110	288,216
Deferred calls		
2025/26 policy year	-	-
2024/25 policy year	-	-
2023/24 policy year	-	-
Closed years	2	-
	2	-
	311,112	288,216

All insurance transactions of the Group are transacted by the subsidiary entities of the Company and therefore no Company-only information is provided. All calls and premiums written are in the Marine class of business.

	2026 USD(000)	2025 USD(000)
CALLS AND PREMIUMS BY BRANCH AND ENTITY		
Hong Kong	9,553	9,384
Japan	30,728	30,581
Singapore	19,848	16,367
United Kingdom	11,940	4,519
Luxembourg	239,043	227,366
	311,112	288,216

	2026 USD(000)	2025 USD(000)
5. REINSURANCE PREMIUMS		
International Group excess of loss	46,963	38,252
Other	17,857	20,926
	64,820	59,178

	2026 USD(000)	2025 USD(000)
6. NET CLAIMS PAID		
Gross claims paid		
Members' claims	363,191	320,565
Share of Pool claims	69,527	53,200
	432,718	373,765
Recoveries on claims paid		
From the International Group excess of loss reinsurance	(2,270)	164
From the Pool	17,229	98,497
Other reinsurers	167,822	33,374
	182,781	132,035
	249,937	241,730

	2026 USD(000)	2025 USD(000)
7. CHANGE IN NET PROVISION FOR CLAIMS		
Claims outstanding		
Members' claims	3,012,089	1,672,768
Share of Pool claims	156,114	172,568
	3,168,203	1,845,336
Reinsurers' share of claims outstanding		
From the International Group excess of loss reinsurance	2,246,555	864,505
From the Pool	161,362	177,186
Other reinsurers	92,645	102,270
	2,500,562	1,143,961
Net claims outstanding carried forward	667,641	701,376
Net claims outstanding brought forward	701,376	682,330
Change in net provision for claims	(33,735)	19,046

Francis Scott Key Bridge Incident

On 26 March 2024, the container ship DALI, which is entered with the Britannia Group, allided with one of the pillars of the Francis Scott Key Bridge in Baltimore at approximately 01:30 local time during its voyage from Baltimore to Colombo. The incident was investigated by the US National Transportation Safety Board (NTSB), which concluded on 18 November 2025 that the sole probable cause of the allision was a loose wire in the vessel's electrical system, with a contributing factor being the failure of the Maryland Transportation Authority to address known vulnerabilities of the bridge despite longstanding warnings. Claims arising from the incident are being pursued within the US Limitation Proceedings.

Under US law, there is typically a presumption of liability on the part of the moving vessel, although issues of comparative fault may also arise. While there is evidence supporting the position that the incident was unavoidable, claimants have advanced arguments challenging that assertion, giving rise to litigation risk, which has been a relevant factor in the settlement of a number of major claims.

As a result, three claims have now been resolved by settlement, narrowing the range of potential exposure, although final liability in respect of the remaining claims has yet to be finally determined. Claims arising from the incident fall within the 2024/25 policy year. This settlement was agreed after the balance sheet date.

Claim development tables

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each policy year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position.

[illegible]

Insurance claims - net (Class 3 and Class 6)

Estimate of ultimate claims cost attributable to the policy year

[illegible]

8. MOVEMENT IN PRIOR YEARS' CLAIMS PROVISIONS

	2026 USD(000)	2025 USD(000)
Net provision at beginning of the year	701,376	682,330
Net payments in the year in respect of these provisions	(159,934)	(148,282)
Net provision at the end of the year in respect of claims provided for at the end of the previous year	(527,016)	(518,056)
Improvement in respect of prior years	14,426	15,992

Included within net claims incurred in the technical account are the following amounts in respect of adjustments to claims provisions for years ending prior to 20 February 2025.

9. NET OPERATING EXPENSES

	2026 USD(000)	2025 USD(000)
Directors' fees	1,076	907
Auditors' remuneration	1,028	983
Amortisation	974	888
Other expenses	28,361	27,264
Administrative expenses	31,439	30,042
Acquisition expenses	26,587	24,672
Net operating expenses	58,026	54,714

Auditors' remuneration includes GBP 434,000 relating to the auditing of the financial statements, GBP 310,162 relating to the auditing of the financial statements of subsidiaries (2025: GBP 231,400) and GBP 148,054 for other non-audit services pursuant to regulation (2025: GBP 196,466)

The highest paid director received USD168,000 (2025: USD120,400). The total emoluments represent amounts paid to directors in their capacity as directors and for services provided to the company during the period. The Group employs no staff, management services being provided by Tindall Riley (Britannia) Limited and Tindall Riley Europe S.a.r.l .

In accordance with the International Group Agreement 2023, the Group is required to disclose the average expense ratio for its P&I business for the past five years. The ratio measures all costs of the Group (except those directly related to the management of claims) as a function of call, premium and investment income for a five-year period. The Group's average ratio for the five years to 20 February 2026 was 14.47% (2025: 14.44%). The ratio has been calculated in accordance with the schedule and guidelines issued by the International Group.

10. INVESTMENT INCOME

	2026 USD(000)	2025 USD(000)
Income from equity investments	4,981	4,406
Income from fixed income investments	10,636	10,527
Bank and other interest	4,746	4,424
Realised investment gain	106,842	33,126
Exchange gain/(loss) on cash balances	1,878	(3,137)
Investment income	129,083	49,346

11. LONGER-TERM INVESTMENT RETURN

Investment income is allocated to the technical account - general business on the basis of longer-term rates of investment return. The longer-term rates are based on historical real rates of return and current inflation expectations adjusted for consensus economic and investment forecasts. The return is calculated by applying the rates to the investible assets held during the period for each major market on a monthly basis. The following rates have been used:

	10 years to 2026	10 years to 2025
Comparison of actual return achieved with the return allocated to the technical account using longer-term rates		
Actual return achieved	451,139	335,428
Longer-term return credited to the technical account	353,961	335,697
(Deficit)/surplus of actual returns over longer-term return	97,178	(269)

12. TAXATION

	2026 USD(000)	2025 USD(000)
Analysis of charge for the period		
UK Corporation tax charge	(25)	(25)
Underprovision in previous years	-	-
Unrelieved foreign withholding taxes	-	-
Taxation	(25)	(25)

By virtue of its mutual status, the Group is not liable to tax on its underwriting operations. The investment income of the Group's subsidiary USMIA and its cell in Hydra are not subject to tax in Bermuda but do suffer irrecoverable withholding tax on income from investments in certain jurisdictions.

Factors affecting tax charge for the period

The tax charge for the period is lower (2025 - lower) than that produced by applying the standard rate of Corporation tax in the UK of 25% for the year ending 20 February (2025: 25%) differences are explained below:

Net (deficit)/surplus before tax	60,904	(9,794)
Net surplus/(deficit) on ordinary activities multiplied by standard rate of Corporation tax in the UK of 25% (2025: 25%)	(15,226)	2,449
Effects of:		
Non-taxable mutual insurance underwriting operations	(6,984)	(21,613)
Non-taxable investment income	21,642	19,139
Under provision in previous years	-	-
Utilisation of losses not previously recognised	568	-
Current tax charge	0	(25)

13. FINANCIAL INVESTMENTS

Investments comprise fixed interest investments (UK and US government securities and Corporate bonds), equities and other investments, and deposits with credit institutions. They are carried through to the income and expenditure account using the fair value methodology.

	2026 USD(000)	2025 USD(000)
Market value		
Quoted shares and variable yield securities	292,462	339,169
Debt securities and other fixed income securities	609,731	594,649
Deposits with credit institutions	39,149	48,814
	941,342	982,632
Cost		
Quoted shares and variable yield securities	254,154	256,634
Debt securities and other fixed income securities	578,239	566,974
Deposits with credit institutions	39,149	48,814
	871,542	872,422
Included in investments at market value were:		
Listed on other investment exchanges	902,193	933,818
	902,193	933,818

14. INTANGIBLE ASSETS

	2026 USD(000)	2025 USD(000)
Cost		
Opening balance	9,021	9,021
Capitalisation of software expenditure	-	-
Closing balance	9,021	9,021
Accumilated amortisation		
Opening balance	(4,161)	(3,273)
Amortisation for the year	(974)	(888)
Closing balance	(5,135)	(4,161)
Net Book Value	3,886	4,860

Intangible assets comprise capitalised software development costs depreciated on a straight-line basis over the estimated useful economic life of 10 years.

15. INVESTMENT IN GROUP UNDERTAKINGS	Country of incorporation	Share held	Class of shares	Principal activity	2026 USD(000)	2025 USD(000)
Direct related undertakings						
The Britannia Steam Ship Insurance Association Limited (Britannia (UK))	United Kingdom	100%	N/A ¹	Underwriting	8,000	8,000
The Britannia Steam Ship Insurance Association Europe (Britannia Europe)	Luxembourg	100%	N/A ²	Underwriting	20,500	20,500
Universal Shipowners Marine Insurance Association Limited (USMIA)	Bermuda	100%	Ordinary	Reinsurance	120	120
Indirect related undertakings						
Hydra Insurance Company Limited - Britannia Cell	Bermuda	100%	Preferred	Reinsurance		
Hydra Insurance Company Limited - General Cell	Bermuda	8.33%	Ordinary	Reinsurance		
Shares in subsidiary companies					28,620	28,620

The registered address of each group undertaking is as follows:

Britannia (UK): 33 King William Street, London, EC4R 9AT, United Kingdom

Britannia Europe: 53A rue Glesener, L-1631, Luxembourg

USMIA: Clarendon House, 2 Church Street, Hamilton HM11, Bermuda

Hydra: c/o Carey Olsen Bermuda Limited, Rosebank Centre, 5th Floor, 11 Bermudiana Road, Pembroke HM08, Bermuda

Britannia Holdings controls Britannia (UK) and Britannia Europe by virtue of controlling vote where in each Association it has three times as many votes as the mutual Members. USMIA is controlled through the percentage of shares held which provides Britannia Holdings direct control of the company. Hydra is a Bermudian segregated cell-captive established by the Members of the International Group of P&I Clubs, to reinsure part of the risks which are shared under the Pooling Agreement. Under the terms of Hydra’s byelaws and the governing instrument, assets are segregated in separate cells in such a way that they can only be used to satisfy the liabilities of the ‘owning’ club. Accordingly, the Group consolidates its Hydra cell in these financial statements.

¹ Britannia Holdings’ investment in Britannia (UK) represents USD8.0m of contributed surplus.
² Britannia Holdings’ investment in Britannia Europe represents USD20.5m of contributed surplus.

16. RISK MANAGEMENT

The Group is governed by the Board which drives decision making from board level to operational decision making by the Managers. The Board considers the type and scale of risk that the Group is willing to accept in the ordinary course of its activities and this is used to develop seven Risk Appetite Statements (RAS) that are used when setting strategy or making material decisions. This is further expanded on in the Corporate Governance section on page 28, under the Regulation and Risk Management section.

The framework of governance through which risk is managed as decisions are taken is as follows:

1. The Board meets five times a year and comprises a non-executive chairman, up to eight non-executive directors drawn from the Group’s shipowner Members, one non-executive director who is an expert in insurance matters and two executive directors from the Group’s Managers. Its responsibilities include undertaking reviews of the following matters: the Group’s overall strategy, policy year results (including reserving) and proposed calls, reinsurance, investments, risk management, compliance matters, and capital adequacy as evidenced by the Own Risk Solvency Assessment (ORSA). The Board also oversees implementation of the Group’s investment strategy.

- 2. The Risk & Audit Group (RAG) comprises four or more non-executive directors of the Group. Their responsibilities include the financial statements and the regulatory returns to the relevant regulatory authorities, the risk management framework, internal and external audit, and the robustness of internal financial systems and controls, including the making of recommendations thereon to the Board. The RAG meets four times a year.
- 3. The Remuneration Group comprises up to five non-executive directors of the Group. Its responsibilities include an annual review of the fee paid to the Managers and periodic reviews of directors' remuneration. The group meets twice a year.
- 4. The Nomination Subcommittee comprises up to four non-executive directors of the Group and the two Manager directors. Its principal responsibilities are to make recommendations to the Board on the appointment of new directors, the re-election of existing director and the appointment of the chairman of the Board, and to review the skills, training requirements and performance of directors and Senior Insurance Management Function holders. The subcommittee meets as required during the year.
- 5. The Investment Group comprises up to four non-executive directors and the two Manager directors. It is responsible for monitoring the long-term performance and value-at-risk of the investments against the objectives set out in the investment strategy and for carrying out periodic reviews of the investment strategy. The group meets four times a year.

The Group is focused on the identification and management of potential risks. This covers all aspects of risk management including that to which the Group is exposed through its core activity as a provider of insurance services, and the broader range of risks. The key areas of risk faced by the Group are as follows:

- 1. **Underwriting risk** – being premium and reserving risk
- 2. **Market risk** – being equity risk, interest rate risk and currency rate risk
- 3. **Counterparty default risk** – being the risk that a counterparty is unable to pay amounts in full when due
- 4. **Liquidity risk** – being the risk that cash may not be available to pay obligations as they fall due
- 5. **Operational risk** – being the risk of failure of internal processes or controls
- 6. **Strategic risk** – being the risk that strategy is poorly set, executed or is unresponsive to external developments
- 7. **Group risk** – being the governance, capital, reputational or regulatory issues that can arise from having a Group structure.

In order to manage these risks, the Group has continued to develop and review the internal and external governance frameworks through the ORSA process.

The Board and Managers have established risk management procedures within the business through a compliance manual, an internal quality management system and a risk management framework which considers and logs potential risks and how they are to be managed. The Board monitors the development and operation of risk management policies and controls to mitigate risk through a governance structure which includes an internal audit function (which reports to the RAG) and the Board of the Managers.

The Group manages the risks relating to the operations of the Group through the quarterly risk register update, which uses metrics to monitor risk outcomes and the effect of controls, and receives attestation on less significant controls from risk owners. These risks are compared to the results of capital modelling, risk scenarios, self-reported risk incidents and internal audit findings to ensure that a rounded view of the Group's risk profile is achieved.

16.1. Underwriting risk

The Group's exposure to insurance risk is initiated by the underwriting process which selects Members and sets Call levels based on estimated future claims on the Group from the membership. This risk is managed through the underwriting process, the purchase of reinsurance cover, including the International Group Pooling Agreement, the management of claims costs and the reserving process. The Group's underwriting risk is limited to two classes of business, P&I and FD&D, which are both written on a worldwide basis.

Underwriting process

The Group provides Members with cover for P&I and FD&D risks. The Group sets a target level for Calls at a confidence level which should ensure that the call and investment income are sufficient to meet net claims incurred for the policy year. The development of claims is monitored monthly by the Managers and on a quarterly basis by the Boards of the Managers and the Group.

Underwriting authority is delegated to specific individuals who apply their expertise and set underwriting methodologies under the ongoing guidance and review of senior management. If required, a pre-entry inspection of new ships is carried out. In addition, all new Members are usually subject to a risk management audit of their shore-based operations before acceptance.

Reinsurance and International Group Pooling Agreement

The Group's reinsurance programme is driven by the Board's objective to manage risk to an acceptable level and to optimise the Group's capital position. The programme comprises excess of loss reinsurance cover purchased jointly with other members of the International Group, facultative reinsurance to cover specific risks, cover against a single catastrophic event and an accumulation of smaller attritional claims.

The International Group Pooling Agreement provides a sharing of claims costs above an agreed retention between 12 member associations.

The Group's chartered business is reinsured outside the International Group Pooling arrangements. The programme is predominantly placed with Lloyd's underwriters and the liabilities from these risks are reinsured from the ground up with the Group retaining a certain element of the risk.

Management of claims cost

The Group's strategy is to help its members to prevent and avoid the occurrence of incidents while ensuring the efficient handling and management of claims when they occur. To facilitate this strategy, the Group has established programmes to ensure a high quality of claims management and to reduce claims risk. This includes an extensive loss prevention programme comprising technical seminars for crew and designated persons ashore (DPAs), information for Members on common claims and how they may be prevented, completion of ship inspections and the production of guides for safe carriage of goods and the avoidance of incidents.

Reserving process

The Group establishes provisions for unpaid claims, both reported and unreported, and related expenses, to cover its expected ultimate liability. These provisions are established through the application of actuarial techniques and assumptions and the key methods used by the Group in estimating liabilities are the chain ladder and stochastic bootstrap modelling methods. In order to minimise the risk of understating these provisions, the assumptions made and actuarial techniques employed are reviewed in detail by senior management and reserves are set to give a high level of confidence that they will prove adequate. The results are reviewed by the RAG.

The Group considers that the liability for insurance claims recognised in the consolidated statement of financial position is prudent. However, actual experience will differ from the expected outcome.

Sensitivity

The Group carries out sensitivity testing on its claims reserves. The results of sensitivity testing are set out below, showing the impact on the surplus/deficit before tax, gross and net of reinsurance. For each sensitivity, the impact of a change in a single factor is shown, with other assumptions unchanged. The sensitivity analysis assumes that a change in loss ratio is driven by a change in claims incurred.

	2026 USD(000)	2025 USD(000)
Increase in loss ratio by 5%		
Gross	15,556	14,411
Net	12,315	11,452

A 5% decrease in loss ratios would have an equal and opposite effect.

Increase in loss ratio by 25%		
Gross	77,778	72,054
Net	12,315	11,452

The Britannia Group has assessed the sensitivity of its financial results to a 5% increase or decrease in the gross loss ratio for P&I claims which would increase the gross claims by USD 15.6m (2025;USD14.4m)

The Britannia Group has assessed the sensitivity of its financial results to a 25% increase or decrease in the gross loss ratio for P&I claims. In the scenario where the claim in question is already an accepted Pool claim under the IG’s pooling arrangements, the net financial impact to the Group is significantly mitigated due to the sharing mechanism embedded in the Pool structure. Under the IG Pooling Agreement, losses exceeding the Club’s individual retention are shared among the participating Clubs and are further protected by the Group’s collective reinsurance programme. As a result, the majority of the incremental gross losses associated with a 25% deterioration in the gross loss ratio would be recoverable from the Pool and/or reinsurers and would not be borne fully by the Britannia Group. Consequently, while a 25% change in the gross loss ratio would increase the technical result USD77.8m (2025;USD72.1m), the net impact on the Group’s underwriting result is expected to be minimal.

16.2. Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and price changes. Market risk arises as a result of fluctuations in both the value of assets held and the value of liabilities.

The investment strategy, which is reviewed periodically, is set by the Board with the assistance of external investment consultants. The strategy reflects the risk appetite of the Group and is designed to maximise return while holding risk to a level deemed acceptable. The policy allows the investment managers to invest a proportion of the portfolio (the growth portfolio) in assets which carry a greater risk but potentially higher return, such as equities, with the balance in lower risk investments that match liabilities and provide a cash buffer (the matching portfolio).

Foreign currency risk management

The Group is exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than USD. The most significant currencies to which the Group is exposed are sterling, euro and yen. In order to manage this risk, the Group holds a proportion of its investments in each currency at a level to match expected future claim payments in those currencies. The value of the assets held in foreign currency generally exceeds the value of the matched liabilities and therefore there is a low risk that unmatched liabilities will lead to currency losses. The split of assets and liabilities for each of the Association’s main currencies, converted to US dollar, is set out in the tables below:

Amounts in USD(000)	USD		GBP		EUR		Other		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Total Assets	3,237,758	2,077,647	85,767	80,734	281,198	166,919	192,483	103,126	3,797,205	2,428,426
Total Liabilities	2,757,618	1,561,404	61,048	75,909	257,985	171,587	148,377	79,416	3,225,027	1,888,314
Net Assets	480,140	516,243	24,719	4,825	23,213	(4,668)	44,106	23,710	572,178	540,112

The table below shows the effects of a 5.0% increase or decrease in exchange rates:

	GBP		EUR		Other		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
5.0% increase in exchange rates	(1,236)	(241)	(1,161)	233	(2,205)	(1,185)	(4,602)	(1,194)
5.0% decrease in exchange rates	1,236	241	1,161	(233)	2,205	1,185	4,602	1,194

Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. Interest rate risk arises primarily from the nature and term of investments held and is managed through the buying and selling of appropriate fixed interest securities of different durations.

The Group uses a number of sensitivity management tools to understand the volatility of surpluses/deficits. The table below shows the effects of a 0.5% increase or decrease in interest on earnings from debt securities:

	2026 USD(000)	2025 USD(000)
0.5% increase in interest rates	2,891	2,835
0.5% decrease in interest rates	(2,891)	(2,835)

Equity price sensitivity analysis

The Group is exposed to price risk through its holding of equities. This exposure is limited to a maximum proportion of the overall portfolio. At the year end the holding in equity instruments amounted to 10% (2025 – 12%) of the investment portfolio. The Group also holds an investment in a diversified growth fund amounting to 10% (2025 - 11%) of the portfolio.

Where available, the Group uses closing bid market values to determine the fair value of an investment holding. The carrying value of non-quoted equity holdings, held by the Company, at the year end amounted to USD28.6m (2025 - USD28.6m).

The table below shows the anticipated change in equity market values from a 5% increase or decrease in underlying prices:

	2026 USD(000)	2025 USD(000)
5% increase in equity price	14,623	5,641
5% decrease in equity price	(14,623)	(5,641)

The table above demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. It should be noted that these sensitivities are non-linear, and larger or smaller impacts should not be extrapolated or interpolated from these results. Management actions could include selling investments, changing investment portfolio allocation and taking other protective action. In addition, the financial position of the Group may vary at the time that any market movement occurs.

16.3. Counterparty default risk

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

- The key areas where the Group is exposed to credit risk are:
- Amounts recoverable from reinsurance contracts, including other P&I Clubs
 - Amounts due from Members
 - Counterparty risk with respect to cash and investments

Amounts recoverable on reinsurance contracts

The Group is exposed to credit risk from a counterparty failing to comply with its obligations under a contract of reinsurance. In order to manage this risk, the Managers consider the financial position of significant counterparties on a regular basis and monitor aggregate exposure to each reinsurer. The Group has set selection criteria whereby each reinsurer is required to hold a credit rating of at least "A-" at the time the contract is made. The majority of reinsurance is placed with Lloyd's underwriters (AM Best rating A+) with the benefit of the Central Guarantee Fund. Non-Lloyd's reinsurance is monitored and reported on annually to the Board of TRB.

Amounts due from Members

Amounts due from Members represent premiums owing to the Group in respect of insurance business written. The Group manages the risk of Member default through a screening process to maintain the quality of new entrants to the Group and the ability to cancel cover and payment of outstanding claims to Members that fail to settle amounts payable. The Group's policy is that Members should have paid all outstanding calls prior to being issued with Blue Cards in advance of the coming policy year. In addition, the directors reserve the right to offset outstanding debts against claim payments unless there is a contractual arrangement that prevents such offsetting. Amounts written off as bad debt have been minimal over recent years.

Counterparty risk with respect to cash and investments

The investment policy manages the risk of default through ensuring a diversification of the portfolio by asset, currency, geography, market and counterparty.

The following tables provide information regarding aggregate credit risk exposure for financial assets with external credit ratings.

	2026 USD(000)	2025 USD(000)
Debt securities	609,731	594,649
Derivatives at fair value through income	-	-
Reinsurers' share of technical provisions	2,500,562	1,143,961
Reinsurance debtors	38,272	31,399
Member and other debtors	144,741	137,922
Deposits with credit institutions	39,149	48,814
Cash at bank and in hand	157,474	121,886
Total financial assets bearing credit risk	3,489,929	2,078,630
An analysis of this exposure by credit rating is shown below:		
AAA	-	-
AA	238,498	221,544
A	2,690,121	1,297,139
BBB+ and below	190,383	185,767
No rating	370,927	374,180
Total financial assets bearing credit risk	3,489,929	2,078,630

The unrated exposure relates principally to amounts due from Members in respect of future dated calls and the Absolute Return Bond Fund that is invested with M&G Investments.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations as they fall due. The Group has adopted an investment policy which requires the maintenance of significant holdings in cash funds and short-term deposits to ensure sufficient funds are available to cover anticipated liabilities and unexpected levels of demand. Short-term cash needs are monitored to ensure the most efficient investment of cash balances.

The following table provides a maturity analysis of the Group's financial assets representing the date that a contract will mature, amounts are due for payment or the asset could be realised without significant additional cost:

	Short term assets USD(000)	Within 1 year USD(000)	1 - 2 years USD(000)	2 - 5 years USD(000)	Over 5 years USD(000)	Total USD(000)
At 20 February 2026						
Quoted shares and variable yield securities	292,462	-	-	-	-	292,462
Debt securities and other fixed income securities	51,449	31,462	124,530	214,206	188,084	609,731
Deposits with credit institutions	39,149	-	-	-	-	39,149
Unsettled investment transactions	-	-	-	-	-	-
Reinsurers' share of outstanding claims	-	1,765,774	219,955	285,942	228,890	2,500,561
Direct insurance operations - Members	116	74,651	64,595	-	-	139,362
Reinsurance operations	38,272	-	-	-	-	38,272
Other debtors	5,379	-	-	-	-	5,379
Cash at bank	157,474	-	-	-	-	157,474
Accrued interest	2,974	-	-	-	-	2,974
Total assets	587,275	1,871,887	409,080	500,148	416,974	3,785,364

	Short term assets USD(000)	Within 1 year USD(000)	1 - 2 years USD(000)	2 - 5 years USD(000)	Over 5 years USD(000)	Total USD(000)
At 20 February 2025						
Quoted shares and variable yield securities	339,169	-	-	-	-	339,169
Debt securities and other fixed income securities	54,969	63,040	42,053	223,636	210,950	594,648
Deposits with credit institutions	48,814	-	-	-	-	48,814
Unsettled investment transactions	-	-	-	-	-	-
Reinsurers' share of outstanding claims	-	308,482	253,105	384,737	197,636	1,143,961
Direct insurance operations - Members	23,524	52,386	62,012	-	-	137,922
Reinsurance operations	31,399	-	-	-	-	31,399
Other debtors	-	-	-	-	-	-
Cash at bank	121,886	-	-	-	-	121,886
Accrued interest	2,482	-	-	-	-	2,482
Total assets	622,243	423,908	357,170	608,373	408,586	2,420,280

The following is an analysis of the estimated timings of net cash flows by financial liability. The timings of cash flows are based on current estimates and historic trends. The actual timings of cash flows may be materially different from those disclosed below:

	Within 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total
	USD(000)	USD(000)	USD(000)	USD(000)	USD(000)
At 20 February 2026					
Gross outstanding claims	2,237,230	278,682	362,288	290,003	3,168,203
Direct insurance operations - Members	41,701	-	-	-	41,701
Reinsurance operations	8,917	-	-	-	8,917
Taxation	-	-	-	-	-
Other creditors	6,206	-	-	-	6,206
Total liabilities	911,166	700,976	1,065,531	547,354	3,225,027

At 20 February 2025					
Gross outstanding claims	497,616	408,287	620,624	318,809	1,845,336
Direct insurance operations - Members	32,907	-	-	-	32,907
Reinsurance operations	6,181	-	-	-	6,181
Reinsurance operations	25	-	-	-	25
Other creditors	3,865	-	-	-	3,865
Total liabilities	540,595	408,287	620,624	318,809	1,888,314

16.4. Operational risk

Operational risks relate to the failure of internal processes, systems or controls due to human or other error. In order to mitigate such risks, the Group documents all key processes and controls in a procedures manual. This manual is embedded within the organisation, updated on a continual basis by senior staff and available to all staff. Compliance with the procedures and controls documented within the manual is audited on a regular basis through quality control checks and the internal audit function, which is directed and reviewed by TRB and the RAG. A staff handbook contains all the key policies that have been documented.

16.5. Limitation of the sensitivity analyses

The sensitivity analyses in sections 16.1, 16.2 and 16.3 above show the impact of a change in one input assumption with other assumptions remaining unchanged. In reality, there is normally correlation between the change in certain assumptions and other factors which would potentially have a significant impact on the effect noted above.

16.6. Capital risk management (unaudited)

The Group maintains a resilient capital structure, consistent with the Group's risk appetite. The Group's objective is to maintain sufficient capital to ensure it is able to continue as a going concern, meet regulatory requirements and maintain an "A" rating with Standard & Poor's, with a substantial margin in each case.

The Solvency II regime has been in effect since 1 January 2016. The Group is subject to these regulations. The Group is required to meet the Solvency Capital Requirement (SCR) which is calibrated to ensure a 99.5% confidence of the ability to meet obligations over a 12-month time horizon. The Group calculates its SCR in accordance with the standard formula prescribed in the Solvency II regulations, as the assumptions underlying the standard formula are considered to be a good fit for the Group's risk profile.

The Board's policy is to develop and maintain a strong and flexible capital base in order to meet and exceed the capital requirements of the relevant regulators. The SCR is monitored and updated annually, although if anything significant (such as large investment or claims movements) occurs in the year, it is updated immediately. Other capital measures used by the Board include an Economic Capital Benchmark, which is also monitored against actual capital resources.

In order to monitor capital requirements, the Board reviews the capital position on a quarterly basis and the Managers review performance monthly. This is further expanded on in the Strategic report under the economic and regulatory capital section of the Corporate Governance report on page 28.

The Group aims to maintain capital resources at a level which provides a comfortable margin above the requirements of the Prudential Regulation Authority (PRA) and the regulators of its branch offices in Hong Kong, Japan and Singapore. Capital resources for regulatory purposes for the Group consist of free reserves on a regulatory economic basis and an allowance for the ability to levy additional premium on Members.

The Association and its branches were in compliance with their regulatory capital requirements throughout the financial year.

16.7. Fair value hierarchy

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the Group applies valuation techniques to measure such instruments. These techniques make maximum use of market-observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and outputs are assessed independently of the risk taker. These inputs and outputs are reviewed and approved by the Managers. The Group has minimal exposure to financial assets or liabilities which are valued at other than quoted prices in an active market.

The classification criteria and their application to the Group can be summarised as follows:

- The unadjusted quoted price in an active market for identical assets or liabilities that the Group can access at the measurement date (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly (Level 2)
- Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability (Level 3)

	Level 1	Level 2	Level 3	Total
	USD(000)	USD(000)	USD(000)	USD(000)
At 20 February 2026				
Quoted shares and variable securities	292,462	-	-	292,462
Debt securities and other fixed income securities	-	609,731	-	609,731
Deposits with credit institutions	39,149	-	-	39,149
	331,611	609,731	-	941,342

At 20 February 2025				
Quoted shares and variable yield securities	339,169	-	-	339,169
Debt securities and other fixed income securities	-	594,649	-	594,649
Deposits with credit institutions	48,814	-	-	48,814
	387,983	594,649	-	982,632

17. TONNAGE INFORMATION

The Group provides Members with cover for P&I and FD&D risks. Members are only allowed to take up FD&D cover if they have taken up P&I cover and therefore there are no Members in the Group solely with FD&D cover. As this cover applies to ships at sea, it is not feasible to measure geographical concentration of insurance liabilities for either class of cover. Consequently, the Group has identified P&I risk to be the only reportable area.

The analysis of its tonnage from P&I cover from Members by geographical area is as follows:

	2026 USD(000)	2025 USD(000)
Asia	60,661	60,871
Middle East	7,471	6,756
Scandinavia	15,489	15,647
Australasia	452	452
Americas	4,660	4,756
Europe	54,945	52,422
	143,678	140,904

18. DEBTORS - DIRECT INSURANCE OPERATIONS

	2026 USD(000)	2025 USD(000)
Calls and premiums due from Members	9,292	8,959
Deferred call advised to Members	-	-
Future payment dates	130,070	128,963
Debtors - direct insurance operations	139,362	137,922

19. DEBTORS - REINSURANCE OPERATIONS

	2026 USD(000)	2025 USD(000)
Amounts recoverable from the Pool	16,486	18,617
Other	21,786	12,782
Debtors - reinsurance operations	38,272	31,399

20. CASH AT BANK

	2026 USD(000)	2025 USD(000)
Cash at bank	157,474	121,886
Cash at bank	157,474	121,886

Included within Cash at bank is USD33.1m (2025 USD32.4m) which is not available for use as they are held in regulated bank accounts.

21. RESERVES

	Investment Reserve USD(000)	General Reserve USD(000)	Income and expenditure account USD(000)	Total USD(000)
At 20 February 2024	109,795	55,000	385,136	549,931
Deficit for the financial year	-	-	(9,819)	(9,819)
Transfer to investment reserve	26,934	-	(26,934)	-
At 20 February 2025	136,729	55,000	348,383	540,112
Surplus for the financial year	-	-	60,929	60,929
Capital Distribution	-	-	(28,863)	(28,863)
Transfer to investment reserve	35,155	-	(35,155)	-
At 20 February 2026	171,884	55,000	345,294	572,178

The investment reserve comprises the cumulative net transfers from the income and expenditure account. Annual transfers equivalent to the net unallocated return/(deficit) on the Group's investments are made to or from this reserve. The investment reserve can also be used to make a distribution to Members as the Board deems appropriate.

The general reserve was established in accordance with Rule 39(1) of the Associations to provide for any claims, expenses, losses or other outgoings of the Associations (including any deficiency in respect of any closed policy year), or to eliminate or reduce any call in respect of any policy year. The general reserve can also be used to make a distribution to Members as the Board deems appropriate.

22. FINANCIAL COMMITMENTS AND GUARANTEES

The Association has pledged cash and certain investments as security for bank guarantees and letters of credit issued on behalf of the Association. At February 2026, the secured facilities for guarantees on behalf of Members, including an agreed margin where appropriate, amounted to USD60.5m (2025: USD65.5m), and guarantees issued against those facilities amounted to USD 22.6m (2025: USD 20.7m).

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

	2026 USD(000)	2025 (restated)* USD(000)
On behalf of Members	9,161	8,425
Letters of credit and other guarantees	13,431	12,265

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

* The 2025 comparative figures have been amended to correct a presentation error. The amounts were previously disclosed as millions, whereas they should have been presented in thousands, in line with the stated USD(000) disclosure basis.

23. RELATED PARTY TRANSACTIONS

The Board, comprising a non-executive Chairman, up to ten representatives of the membership of the Group, two independent directors and two Manager nominees, is elected to oversee the management of the Group on behalf of the Members. The members of the Board are directors of the Group and as such are related parties. Because of the mutual nature of the Group’s operations and its Members, being both insured and insurers, the Members are in effect related parties. The aggregate of transactions with Members is disclosed in these financial statements and, in the opinion of the directors, there are no individual transactions, or connected transactions, other than in the ordinary course of the Group’s business with Members, directors or their companies the disclosure of which is necessary for an understanding of the financial statements.

Directors’ remuneration is disclosed in Note 9 to these financial statements. Directors’ fees paid during the year amounted to USD1,076k (2025: USD907k). The highest paid director received USD168,000 (2025: USD120,400). These amounts represent fees paid to directors in their capacity as directors for services provided to the Group during the period.

Tindall Riley & Co Limited, which manages the Association through its subsidiary Tindall Riley (Britannia) Limited, earned management fees of USD61m (2025 – USD57m) for the year and an amount of USD2.1m (2025 – USD0.7m) was owed as at 20 February 2026. Two directors of the Group are also directors of the Managers.

24. SUBSEQUENT EVENTS

The Boards agreed a capital distribution payable to mutual Class 3 Members’ vessels that renew at 20 February 2026. The distribution amounts to 18% of net premium (which equates to approximately 12% on a Gross ETC) and will be offset against the first instalment due for the 2026/27 policy year. On the Britannia Group’s current book, this amounts to USD15m.

The financial statements reflect an adjusting subsequent event relating to the DALI loss. Since the balance sheet date an agreement has been reached on settlement for a significant portion of the claim. There are no other subsequent events requiring disclosure. The financial statements were authorised for issue by the Board on 28 July 2026.

CLASS 3 - PROTECTION AND INDEMNITY POLICY YEAR STATEMENT

(UNAUDITED)

20 FEBRUARY 2026

	2025/26 USD(000)	2024/25 USD(000)	2023/24 USD(000)	Closed years USD(000)	Total USD(000)
Advance calls and premiums					
Year to 20 February 2026	301,872	1,349	(17)		
Year to 20 February 2025	-	278,439	(2)		
Year to 20 February 2024	-	-	278,963		
Year to 20 February 2023	-	-	-		
	301,872	279,788	278,944		
Deferred calls					
Year to 20 February 2025	-	-	-		
Year to 20 February 2024	-	-	-		
Year to 20 February 2023	-	-	-		
	301,872	279,788	278,944		
Reinsurance premiums					
Group excess of loss	(47,794)	(37,731)	(41,645)		
Other	(19,120)	(19,814)	(19,195)		
	(66,914)	(57,545)	(60,840)		
Allocated investment return	49,089	46,487	35,467		
Taxation	-	(25)	(22)		
	284,047	268,705	253,549		
Claims paid less reinsurance recoveries	77,322	140,345	119,001		
Acquisition costs	21,498	19,802	26,686		
Administrative expenses	26,392	28,322	21,200		
	125,212	188,469	166,887		
Balance available to meet outstanding claims	158,835	80,236	86,662	844,335	1,170,068
Estimated outstanding claims					
Own claims	244,872	2,110,435	92,450	542,585	2,990,342
Share of Pool claims	30,994	32,926	21,088	71,106	156,114
	275,866	2,143,361	113,538	613,691	3,146,456
Estimated reinsurance recoveries					
Group excess of loss	(119,051)	(1,950,269)	-	(177,235)	(2,246,555)
Pool	(7,774)	(35,566)	(19,628)	(98,394)	(161,362)
Other reinsurers	(12,146)	(26,753)	(3,095)	(50,641)	(92,635)
	(138,971)	(2,012,588)	(22,723)	(326,270)	(2,500,552)
Net estimated outstanding claims	136,895	130,773	90,815	287,421	645,904
Surplus/(deficit)	21,940	(50,537)	(4,153)	556,914	524,164
Capital distribution				(130,000)	(130,000)
Balance after distributions	21,940	(50,537)	(4,153)	426,914	394,164

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