Exeter Friendly Society Limited

Contents

Exeter Friendly Society Limited

Board:	
Peter Hubbard, BSc, FCA	Board Chair and Independent Non-Executive Director
Helen McEwan, BA, AFPC	Independent Non-Executive Director, Senior Independent & Deputy Chair
Keith Baldwin	Independent Non-Executive Director (resigned 31 August 2024)
Suzanne Clark, BEng, FCA, MCSI	Independent Non-Executive Director
Dr Donald MacLean, FFA	Independent Non-Executive Director (appointed 1 May 2024)
Kelvin Malayapillay, BEng, ACGI, MSc, Dip IC, MBA, PCiC	Independent Non-Executive Director
Steve Payne, BSc, FIA	Independent Non-Executive Director (resigned 26 June 2024)
Isobel Langton	Chief Executive
John Gunn, BSc, FFA	Executive Director (resigned 26 June 2024)
Michael Payne, MBA, FFA	Executive Director
Steve Bryan, BA	Executive Director
Professor Willie Hamilton, CBE, MD, BSc, FRCP, FRCGP	Medical Director
Zoe Kubiak, FCG, MSc	Company Secretary
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With Profits Actuary:	Wendy Crockford, BSc, FIA
Independent External Auditors:	Forvis Mazars LLP
Bankers:	Barclays PLC
Investment Managers:	Royal London Asset Management Limited
Tax Advisers:	Grant Thornton UK LLP

Strategic Report

Who We Are

Our story as a modern mutual is rooted in the rich history of the Pioneer Friendly Society, founded in 1888, and the Exeter Hospital Aid Society, established in 1927. These early beginnings paved the way for the Exeter Friendly Society (the Society or The Exeter). Over the years, we have evolved alongside the changing needs of our members, always adapting to ensure we provide a stable and thriving business. Today, we remain dedicated to doing the right thing for our members, fostering a community that values trust, stability, and mutual support.

Our multi-award-winning products are designed to safeguard our members and their families from the financial burdens of ill health. We offer:

- Income Protection: This provides a monthly payment if someone is unable to work due to illness or injury, ensuring financial stability during tough times.
- Life Insurance: Crafted to be inclusive, this product helps those with serious or multiple health conditions secure the valuable coverage they need to protect their loved ones in the event of death.
- Health Insurance: Offering fast access to medical treatments and care at an affordable price, this product ensures our members receive the best possible healthcare without the financial strain.

Our commitment is to provide peace of mind and security, allowing our members to focus on what truly matters.

As a mutual, and unlike a company, we don't exist to make profits for shareholders. Instead, we reinvest those profits back into the business, ensuring that our members reap the benefits. This means that every decision we make is guided by the long-term interests of those who rely on us. Our commitment is to our members, and their well-being is at the heart of everything we do.

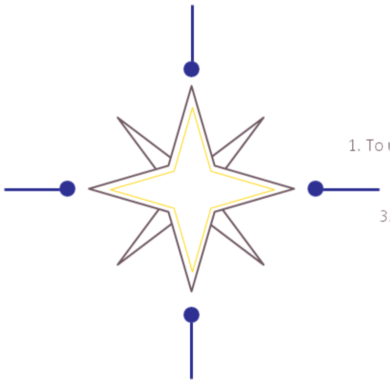
Our overarching strategic ambition is to build a sustainable future for The Exeter and, by extension, our members. We aim to achieve this by:

- Leveraging our unique purpose and mutuality to offer more compelling options for our members.
- Operating at peak efficiency as a customer-led business, seamlessly blending operational excellence with experiential benefits to deliver exceptional value.
- Providing outstanding levels of customer service and an unparalleled experience for our members.
- Innovatively and flexibly meeting and responding to our customers' evolving needs.
- Growing and evolving while ensuring long-term sustainability, seizing opportunities as they arise.
- Attracting and retaining a continuous pipeline of talent that shares The Exeter's sense of purpose, values, and customer ethos, driving our strategy forward with fresh ideas and capabilities.

We want more people to have the confidence that their livelihoods, lifestyles and loved ones are protected in the event of their illness, injury or death.

We are committed to creating inclusive and accessible insurance solutions that better serve the needs of a wider range of people.

Our Purpose
To provide more people with more peace of mind in a more uncertain world



Our Brand Promise

Our Commitments

1. To us, you're more than a customer, you're a member
2. We put people before profit
3. Our measure of success is the claims we pay
4. We do more to cover more people
5. We take care of you

Our Vision
To stand out as the insurer people trust most to deliver true peace of mind

We aspire to hold an unrivalled reputation for the sense of assurance and confidence we inspire, and the loyalty and trust we earn, from our customers.

Our size as an organisation is no barrier to the size of the reputation we continue to build for ourselves.

Key Numbers

Total numbers of members

146,385

2023 - 138,321

Total value of claims paid

£63m

2023 - £48m

New business sales

£35m

2023- £31.3m

Gross premium income

£125.1m

2023- £103.4m

Total group assets

£269.4m

2023 - £274.8m

Trust pilot trust score*

4.2/5

2023 - 4.2/5

Financial Adviser Service Awards

4 star

2023 - 4 star

Charity support

£51.1k

2023 - 51.6k

Colleague engagement

87%

2023 - 83%

HEALTHWise

USAGE INCREASED BY 173%

Top services used

No1
Remote GP 24/7

No2
Physiotherapy consultations

No3
Mental health support

*Based on 1012 reviews.

Chair's Statement

As we reflect on the past year, it is with great pride that I present The Exeter's 2024 Annual Report. This year has been one of significant progress for us as an organisation, as we navigated a complex and ever-changing external landscape, whilst simultaneously delivering key parts of our business transformation. Our commitment to maintaining high standards of service has remained, and I am pleased to report that we have achieved notable milestones in our journey towards further enhancing the customer experience.

Being a Modern Mutual

As a modern mutual, The Exeter is uniquely positioned to navigate these uncertain times. Our mutual status allows us to prioritise the long-term interests of our members over short-term gains, fostering a culture of trust and stability. This approach has been particularly valuable in the current economic and political climate, where uncertainty and volatility have sadly become the norm.

Mutuality and what it means to be a member of The Exeter are defined as part of our purpose, and our strategy enables us to "live" this for our members. We know that our members want reassurance and confidence that we'll be there for them with good communication and the right level of support should they need to make a claim, and this approach leads our thinking as we seek to continuously improve the experience for our customer.

In the rapidly evolving landscape of technology, artificial intelligence (AI) is beginning to transform industries and redefine the way they operate. At The Exeter, we embrace these advancements and will continue to invest in technologies which enhance our services and deliver greater value to our members.

Shifting Landscapes

The UK political landscape has seen significant changes and as part of this there is a growing recognition of the valuable contributions made by mutuals and co-operatives. The UK government's plan to double the size of the mutual sector, coupled with their focus on the financial services industry, has highlighted the importance of mutuals in providing competitive, inclusive and customer-focused alternatives. The FCA's upcoming review of the protection market looks to further improve the way protection products are distributed, ensuring consumers receive fair value and better outcomes, and we will be actively participating in this review. Overall, we are continuing to foster strong relationships with the regulator and our trade bodies, to ensure that our members' interests are well-represented in these discussions, as they will ultimately shape the future of our sector.

Consumer Duty

A hugely positive shift for our industry was the introduction of the FCA's consumer duty, and we assessed our current performance and future plans and found them to be in line with the consumer duty. The duty provides us with a good guide for prioritisation of initiatives. Continuing this momentum will benefit both us as an organisation, all our customers and the wider insurance and financial services industry.

Evolution of our Board

Our Board had some changes this year and I was delighted to welcome Dr Donald MacLean, bringing a wealth of actuarial experience, as an independent non-executive director during the year. Donald has a strong commercial focus as well as strategic and financial acumen, coupled with over 20 years' experience in the financial services sector. We said farewell to Keith Baldwin, who retired having served four years as a non-executive director and Steve Payne, who had served as a non-executive director since 2015. We will miss them both for their extensive expertise and the invaluable guidance to the Board, we wish them both well for their retirement. We also said farewell to John Gunn who also retired in 2024. John joined the Society in 2017 as Chief Actuary and Risk Officer and served as our Finance Director from 2019. He will be missed by his fellow board members, the executive committee and wider business for his valuable contributions to the Society.

Our Thanks

After another busy year, I am very pleased with the performance and strategic direction of our Group and Society. Our dedicated Board, along with our leaders and all colleagues at The Exeter, have worked diligently on behalf of members with a focus on both the present, and the future.

I extend our gratitude to you, our valued members, I thank you all for your trust and I reaffirm our unwavering commitment to serving your needs. Thank you for being an integral part of our journey.

I am always happy to hear directly from you with your feedback, you can email me at chair@the-exeter.com.

Peter Hubbard
Board Chair

Message from the Chief Executive

As CEO of The Exeter, I am delighted to share our achievements and progress over the past year in this 2024 Annual Report and Accounts. This year has been transformative for our organisation, marked by significant milestones in our digital journey and a commitment to providing inclusive insurance solutions and customer experiences.

Delivering for our Members

Once again, we saw an increase in our membership numbers which now stand at 146,385 (2023: 138,321), this is a 5.8% increase. We paid out £63m (2023: £48m) in claims to members in need and through our HealthWise app we provided members access to 10,256 (2023: 3,756) medical appointments in support of both physical and mental wellbeing.

One of our major accomplishments this year has been the successful implementation of key areas of our digital transformation strategy, notably for our claims teams who work tirelessly to support members in their times of need. We have invested heavily in technology to enhance our service delivery and improve customer interactions. Our new digital platforms have streamlined internal processes, reduced turnaround times, and will deliver a more intuitive and efficient experience for our members in the future.

Supporting our Partners

The insurance industry has faced numerous challenges over the past year, from economic uncertainties to evolving regulatory requirements, and we are committed to supporting our adviser community to ensure that together we continue to meet the needs of and deliver value to, consumers of insurance products. Ongoing enhancements in our pre-sales and on-boarding journeys will support advisers enabling them to provide exceptional service and tailored solutions to their clients. By streamlining processes and leveraging innovative technologies, we aim to make the adviser experience more efficient and rewarding, whilst simultaneously prioritising the well-being and satisfaction of consumers.

Our Evolution

Our transformation is a critical component of our long-term strategy, and we are already seeing the benefits for our claims and underwriting teams. But our digital evolution is not just about technology, it is about fundamentally transforming the way we do business and interact with all our customers and key stakeholders. The dedication, expertise, and passion of colleagues has been instrumental in achieving our goals. We have fostered a culture of collaboration and continuous improvement, which has been key to our ability to adapt and thrive in a changing environment. I am incredibly proud of our team and grateful for their hard work and commitment.

Leadership and Engagement

To deliver the transformation and achieve our vision we need the right talent, capability and culture at The Exeter – our people are the key to our success. Over the past year, we have continued to develop our existing talent pool and established a broader and more robust leadership structure which fosters greater capability across all levels of leadership and in our project delivery teams. Over the next 12 months, we will continue to invest in our Leadership Development Programmes, while our people strategy will deliver a collaborative programme of work that involves people from all areas of our business, focused on optimising the things that make The Exeter such a special place to work.

The Future

Looking ahead, we remain focused on our strategic priorities, and we are excited about the opportunities that lie ahead. We will continue to invest in innovation, to enhance our customer experience, strengthen our operational resilience and make The Exeter an employer of choice. I am confident that The Exeter is well-equipped to navigate future challenges and opportunities. Our strong foundation, coupled with our strategic vision, positions us for continued success.

I would like to thank all our members for their trust and support, and I look forward to another year of continued growth and achievement.

Isobel Langton
Chief Executive

Principal Activities and Business Model

Our principal activities include providing Income Protection (IP), Private Medical Insurance (PMI), and Life Insurance (Life) to our members. The Group's insurance businesses encompass both general and long-term elements, with PMI representing the former and IP and Life representing the latter. The Society underwrites our insurance policies, and 99% of our new business is distributed through financial advisers and broker networks.

The Exeter continued to perform strongly within the protection insurance market in 2024. The Society's income protection products saw steady growth, reflecting a greater appetite among providers to offer competitive propositions. The Exeter was the 6th largest writer of income protection by volume in 2024 and maintained its position as the 6th largest by value. Throughout the year, we continued to dedicate our efforts to developing the protection segment of our business. Our successful launch of the multi benefit option in early 2025 to the market has been met with a positive reception.

The Society's strong proposition and exceptional service levels positioned it well to support the increased demand for PMI and protection products. In 2024, The Exeter's PMI business saw a significant increase in demand due to the well-documented issues with accessing medical provision in the UK. The Society's commitment to mutuality, reinvesting profits back into the business for the benefit of its members, has been a key factor in its success

Economic Challenges

The UK's latest budget aimed to uplift living standards through significant public investment, higher wages, and improved public services. However, it also raised concerns about long-term sustainability and potential economic impacts. The potential impacts of these political changes on the UK include increased economic volatility due to trade tensions, higher inflation, and interest rates.

The recent US election and the proposed tariffs being imposed by the new administration could have significant impacts on the UK. The UK's relationship with the US and the EU will be crucial in navigating these challenges and ensuring economic stability.

In addition, the ongoing Russia-Ukraine conflict and other geopolitical tensions have contributed to economic instability and heightened national security threats. These conflicts have disrupted the global energy market, contributing to cost inflation, economic instability, and increased cyber-security risks.

While the business is operational only in the UK, we are exposed to the wider global economy and continue to monitor and react to these developments closely.

Inflation and economic risk factors remain significant components of our risk management strategy. We understand the short-term risks and related impacts and have controls in place to help mitigate them. However, the long-term impact remains uncertain, and this area will continue to be monitored closely.

Climate Change

The Board oversee the Group's operations and ensures it is managed in accordance with its strategies and targets. Since 2022, the Board has been actively involved in its approach to climate change, initially by approving the original sustainable business framework. In line with the revised framework and formal Environmental, Social and Governance (ESG) strategy and since the year-end, the Society became ISO 14001 accredited. This accreditation recognises our environmental performance through more efficient use of resources and reduction of waste, while setting minimum standards for our supply chain management.

In its considerations of climate change, the Board aims to balance the views of all its stakeholders, including members, colleagues, suppliers, regulators, and the communities within which the business operates. It also considers its reputation, long-term success, and financial strength.

Additionally, we are aware of the updated UK Corporate Governance Code 2024, which came into effect from 1 January 2025. This includes new provisions on internal controls and enhanced guidance on board effectiveness, audit committees, and risk management. Details of this can be found on page 29. As well as the updated UK Corporate Governance Code 2024, The Exeter is cognisant of other regulatory requirements that may be applicable, namely:

- The Corporate Sustainability Reporting Directive (CSRD) will place sustainability reporting in the spotlight starting in 2025. Companies will need to provide extensive sustainability disclosures, which will require independent assurance, bringing them in line with financial reporting.
- The International Sustainability Standards Board (ISSB) has published a guide to help companies understand how to report climate-related information using ISSB Standards. This guide is part of the commitment to supporting companies in their sustainability reporting efforts.

These requirements are crucial for financial services companies to ensure transparency, manage risks, and maintain their reputation in the market. The full Climate Change and Environmental, Social and Governance report can be found on page 17.

Supplier and Member Engagement

Fostering successful partnerships with our business partners and suppliers is paramount to our operations. We strive to maintain close and collaborative relationships by assigning dedicated internal managers who meet with key suppliers and partners at least once a month. These meetings focus on discussing service levels and identifying opportunities for continuous improvement in the service we provide to our members. Throughout 2024, we sustained regular engagement by attending group events and participating in specialist panel discussions with our partners and suppliers.

Our commitment to effectively meeting the needs of our members is paramount. We engage closely with our members, leveraging their feedback to continuously enhance our service levels. Our approach ensures that all members are treated fairly, with particular attention to providing necessary support to our more vulnerable members. This commitment goes beyond regulatory compliance; it reflects our genuine care for our members' well-being. We have established a dedicated Customer Forum which is focused on the fair treatment of members, especially those who are vulnerable. The Customer Forum oversees various improvement initiatives, including policy agreements, successful implementation of change initiatives, and ongoing consideration of matters pertinent to our vulnerable charter commitments and consumer duty regulations.

We are dedicated to upholding high standards of culture and behaviour, ensuring that our strategies, governance, leadership, and people policies consistently deliver positive customer outcomes. To reinforce this commitment, the Board has appointed Suzanne Clark, independent non-executive director, as the Consumer Duty Champion.

As a society, we are living with complex illnesses for longer periods. Therefore, the provision of adequate financial protection against the risk of ill health is more important than ever. Our Life product aims to help customers suffering from multiple or serious health conditions access cover that would normally result in a premium loading or being excluded from insurance altogether.

Colleague Engagement

We are deeply committed to engaging our colleagues in our strategy and recognising the crucial role they play in delivering it. We believe that entities with high trust and collaborative cultures achieve better financial results for themselves and their members. As part of our Board decision-making process, we ensure that all stakeholders, including our colleagues, are considered. This is outlined in more detail on page 34.

We actively support various colleague forums, providing opportunities for our team members to understand and play an active role in matters that impact them and their work. The CEO and Chair host regular meetings to engage directly with colleagues in informal conversations, creating an open channel for any issues and concerns to be raised. Additionally, Helen McEwan, our senior independent non-executive director, attends the Employee Consultation Forums to ensure colleagues have direct access to an independent member of the Board. Having a designated non-executive colleague champion who engages directly with colleagues promotes a culture of openness, inclusivity, and transparency.

Colleagues have access to a confidential line to trained members of the People Team to discuss any issues, concerns, or areas of support needed, along with the channel available to them via the Whistle-blowing Policy.

Strategic Progress

The Board and the executive team continue to work closely together to monitor, review and update both our strategy and ambition. The starting point for this work is our purpose and vision:

- Our purpose is to provide more people with more peace of mind in a more uncertain world.
- Our vision is to stand out as the insurer people trust most to deliver true peace of mind.

Our history shows that we have always been a purposeful and principled company, driven by the right intentions for our members. Clearly setting out our purpose and vision provides the underlying principles that will guide us as we move forward and in a constantly changing and uncertain world.

This creates more clarity around who we are, what's most important to us and deepens the connection with our members and each other.

Our strategic ambition is to:

- Build a strong and sustainable future for The Exeter and its members;
- Be clear on what we stand for and be the best at what we do; and
- Continue to secure our unique place in our markets.

This doesn't mean we are aiming to be the biggest, or achieve a certain scale, rather our focus is on being the very best we can be at what we do, guided by our purpose and vision.

It is also important to us and our members that we are clear on the value that we bring to them through our overall experience and proposition. We believe this value is built on three core themes:

- Inclusion – we strive to provide protection cover, choice and options for as many people as possible;
- Service is not just a product – it's everything we do to ensure we provide our members with a quality service and helpful experience; and
- We know what's important – reflecting our deep understanding of our members and their changing needs.

Our initial strategic priorities have been aligned to the first stages of achieving our strategic ambition, building the strong foundations we need to achieve our longer term goals.

During the year we made a strategic decision to exit the Cash Plan market at 31 December 2024. As a consequence the decision was made to run off policies held within the subsidiary company The Exeter Cash Plan. Once the all policies have cancelled on expiry in 2025 The Exeter Cash Plan will be wound down. Consideration has been given to the members and other stakeholders as part of the effective exit from the Cash Plan market. This includes ensuring members are provided with more comprehensive policies where possible, any claim that has been made within the agreed contract terms will continue to be honoured.

Raising the Bar in Member Experience

It is critical that our members receive the best possible service, as this is integral to our future success. We believe we have further elevated the experience we offer through our investment in technological capabilities. This investment has enhanced our already excellent customer experience, clearly demonstrating our genuine commitment to our members.

We also extend this approach to our intermediary partners, aiming to deepen trust and expand the breadth of our relationships. We actively seek ways to support them and strengthen our collaboration.

Unleash our Culture

Our colleagues are a tremendous source of strength, and their continued engagement, support, and trust are vital to achieving our strategic ambitions. We are fostering a mindset, environment, and conditions where our colleagues feel empowered and inspired to deliver their best work in service of our members. Our focus is increasingly on evolving how we lead, involve, engage, and communicate with each other, adapting to the needs of modern hybrid working.

Business Plan

Our business plan for the coming years underscores our commitment to investing in the systems and people that are fundamental to executing our strategy. The plan is centered on sustainable growth, enhancing efficiency through advanced systems and bolstering people capabilities, all while maintaining a controlled cost base.

Ultimately, the plan is designed to generate and preserve value for our members over the long term, establishing a robust capital base to support future growth.

Key Performance Indicators and Strategic Scorecard

The Board diligently monitors several key performance indicators to gauge its success in executing the organisation's strategy. These indicators include sales, premium income, membership, claims, operating expenses, reserves, capital, and solvency. Additionally, a strategic scorecard has been developed, providing the Board and all colleagues with a clear overview of the progress being made against our business plan and strategic goals.

The strategic scorecard encompasses measures related to the Business Plan and the three Strategic Priorities across members, colleagues, and the organisation itself. The metrics have been selected as the most relevant indicators of achievement against strategic targets and the performance of products relative to expected results.

Membership and Members

Membership is crucial to The Exeter as it reflects the scale and success of the business. The long-term ability to continue providing services to members will depend on maintaining or growing the membership base. Therefore, it is noteworthy that the membership base showed an increase compared to previous years, with total membership reaching 146,385 (2023: 138,321) at the year-end.

	2024	2023	Movement	%
General Business Membership	50,430	40,225	10,205	25.4%
Long Term Business Membership IP	66,225	62,733	3,492	5.6%
Long Term Business Membership Life	22,868	20,087	2,781	13.8%
Society Membership	139,523	123,045	16,478	13.4%
Cash Plan Membership	6,862	15,276	(8,414)	(55.1%)
Group membership	146,385	138,321	8,064	5.8%

Written Premium Income and Sales

Written premium income comprises premiums from new policies sold in the year along with combined premiums of historic sales. Gross premiums written by the Group and Society reported under UK GAAP are found in Note 5, which details premiums written for both new business and renewals.

	New Business 2024 £	New Business 2023 £	**Increase / Decrease**	**Gross Written Premium 2024 £**	Gross Written Premium 2023 £	**Increase / Decrease**
PMI	**25.4m**	21.3m	**19.2%**	**70.4m**	53.6m	**31.3%**
Income Protection	**5.8m**	5.5m	**5.5%**	**37.2m**	34.4m	**8.1%**
Life Protection	**3.7m**	4.1m	**(9.8)%**	**15.5m**	12.9m	**20.2%**
Health Cash Plan	**244k**	397k	**(38.5)%**	**2.2m**	2.5m	**(12)%**

Claims and Expenses

The Exeter's policies are designed to pay claims for the benefit of our members, making this a key measure of our performance. Furthermore, our policies are priced to ensure fair premiums for all members, maintaining a balance that ensures the business remains sustainable and capable of meeting our members' needs in the long term.

At Group level the commission payable to intermediaries increased by 43.1% to £31.0 million (2023: £21.7 million). Net operating expenses increased by 0.6% from £33.5 million to £33.7 million. This information is detailed in Note 9.

The total net claims paid out for the Group in 2024 was £51.7m (2023: £40.2m). This information can be found in note 7.

Claims (net)	**2024**	2023	**Increase / Decrease**
	£	£	
PMI	**41.8m**	30.9m	**35%**
Income Protection and Life Protection	**8.1m**	7.3m	**11%**
Health Cash Plan	**1.8m**	1.9m	**(5)%**

Asset and Liability Movements

The Exeter invests its assets in bank deposits, government securities, corporate securities and equities. Investment markets have been volatile during 2024 resulting in unrealised gains on investments. Bond interest rates have increased considerably throughout the year, resulting in a reduction in the value of our bond investments. We apply asset-liability matching to much of our business. This means changes in our assets mirror our reserve needs, which has been particularly important in this volatile year.

An analysis of the Group and Society's financial assets can be seen in Note 17 of the financial statements.

Financial Reinsurance

The Group use financial reinsurance to provide a financing arrangement that covers new business sales of Real Life products. It has been agreed that the reinsurer will pay a proportion of the initial commission on covered policies in exchange for a proportion of cashflows arising from those policies, until the borrowing plus interest is repaid, with a maximum repayment term of 12 years. Full details of the financing arrangement are detailed in Note 24.

Transactions Eliminated on Consolidation

When preparing the Group consolidated financial statements, any intra-group balances and transactions are eliminated. This means that any financial interactions between different parts of the Group are not included in the final consolidated accounts. Additionally, any unrealised income and expenses that arise from these intra-group transactions are also removed.

For example, the Group has an interfund loan between the General Business Fund and the Long Term Fund. This loan is eliminated in both the Balance Sheet of the Society and of the Group. The terms of this loan are based on commercial conditions, specifically the risk-free rate (SONIA) plus 4% per annum. This ensures that the transaction meets the requirements of an arm's length transaction, meaning it is conducted as if the parties were unrelated, ensuring fairness and transparency.

Movements on Reserves and Solvency

The Group Fund for Future Appropriations and General Reserves decreased by £11.2 million resulting in a combined Group Fund for Future Appropriations and General Reserve of £179 million (2023: £190.2 million). This information is further detailed in Note 19.

Solvency margins are a key performance indicator and are reviewed regularly by the Board to ensure we remain financially secure in the future. We report our solvency position directly to the Prudential Regulation Authority (PRA). We align reporting in the Annual Report and Accounts as closely as possible with the requirements of Solvency UK reserving for the long-term business fund.

Solvency UK is the regime by which the Board runs the capital resources of the business. The measure of capital used for management purposes is defined as “Solvency UK own funds” and these resources are measured against the relevant capital levels as defined in the regulations:

- Minimum Capital Requirement (“MCR”) which is the level calculated by a prescribed standard formula below which a company must not fall to remain compliant.
- Solvency Capital Requirement (“SCR”) which is a requirement (also calculated by prescribed standard formulae) which creates a threshold for regulatory intervention if it is breached.
- Companies are also required to assess their own capital requirement based on a forward-looking assessment of future capital requirements known as an Own Risk and Solvency Assessment (“ORSA”).
- The ORSA is a strategic Board tool that is used by The Exeter to ensure that the business is managed in a way that considers and takes account of all perceived risks. The ORSA may introduce higher capital requirements if the Board believes it is appropriate.

Each element of the business is assessed separately for capital purposes and therefore The Exeter's overall capital requirement is split between long term business, general business and the Exeter Cash Plan operations. These elements are considered further below.

The Board approves the risk appetite, defining the level of risk deemed appropriate given the nature and scale of our operations. When assessing the level of Solvency UK own funds held against capital requirements, we set a limit above the relevant capital requirement, ensuring solvency does not fall below this threshold. Should the level of Solvency UK required own funds approach this limit, several risk mitigation actions can be undertaken to improve the situation. These actions may include revisions to the Group's investment strategy, pricing strategy, or restricting new business operations to reduce capital usage.

The unaudited Solvency UK position for The Exeter is managed separately for the long-term and general business funds and the results can be summarised as follows:

General Business Fund (unaudited)

	General Business Fund	
	2024	**2023**
	£000	**£000**
Available capital	**72,676**	**84,613**
Capital requirements:		
MCR	5,174	4,394
SCR	20,695	17,574
Available capital as a % of MCR	1405%	1926%
Available capital as a % of SCR	351%	481%

Long Term Business Fund (unaudited)

	Long term Business Fund	
	2024	**2023**
	£000	**£000**
Available capital	**90,490**	**97,147**
Capital requirements:		
MCR	15,705	14,663
SCR	62,821	58,653
Available capital as a % of MCR	576%	663%
Available capital as a % of SCR	144%	166%

Cash Plan (unaudited)

The Cash Plan operations are conducted within a 100% owned subsidiary which is separately regulated and monitored. As a result, it has a separate capital adequacy requirement which must be separately monitored and maintained. Details of the current unaudited solvency position for the Exeter Cash Plan are set out below:

	Exeter Cash Plan	
	2024	2023
	£000	£000
Available capital	**2,554**	3,152
Capital requirements:		
MCR	2,400	2,359
SCR	557	642
Available capital as a % of MCR	106%	134%
Available capital as a % of SCR	458%	491%

As part of our business strategy and a review of our product offerings, the Board considered how best to improve and streamline member services. This review aims to better meet member and customer needs with more effective and comprehensive solutions. It was determined that the Cash Plan products, acquired in 2015, no longer offered the desired value to our members. As a result, the plan, administered by an external third party, will not offer further renewals of any policies from 1 October 2024, with final policies ending in September 2025. No new business for Cash Plan has been accepted since July 2024.

To support our members during this transition, we have provided a long notice period, allowing them time to source alternative cover if they wish. In keeping with our commitment to the best outcomes for our members, we have reached an agreement with Sovereign Health Care, one of the UK's leading cash plan providers, to offer an alternative product that members may find suitable. Sovereign Health Care has agreed to consider all members by removing the maximum joining age limit and providing immediate cover for pre-existing conditions. At the year end 1,300 members had transferred over to Sovereign Health Care.

Principal Risks and Uncertainties

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives and for ensuring appropriate processes and controls are in place to manage such risks. In meeting its obligations, the Board has carried out an assessment of the principal risks facing The Exeter, including those that would threaten its business model, good customer outcomes, future performance, solvency, or liquidity.

The Exeter classifies risks using the following risk profile elements:

- Insurance Risks
- Capital Risks
- Liquidity Risks
- Operational Risks
- Strategic Risks

A summary by risk profile element of the principal risks identified along with an explanation as to how these are managed and mitigated can be found in the Risk Management Report below. Having monitored and reviewed The Exeter's risk management and internal control systems during the year, the Board is satisfied that these are operating effectively.

Risk Management Framework

The Board adopts an enterprise-wide risk management (ERM) framework to ensure that risks are managed effectively. This framework uses the three lines of defence (TLoD) model, which provides three levels of independent oversight and assurance of the risk management carried out by the business. This is outlined later in this report on page 16.

The Board's Governance & Risk Committee reviews the risk management framework at least annually and receives quarterly reports from the Chief Risk Officer (CRO). In addition, the Executive Committee receives regular risk management reports, and the CRO also reports directly to the Chair of the Governance & Risk Committee.

A full review of both the principal risks and uncertainties and the overarching structure of the risk management framework was undertaken by the CRO during Q4 2024. This confirmed that the principal risks and uncertainties are well understood and have been appropriately managed and also identified areas for further enhancement in the risk management framework itself.

The Board has set risk appetite statements for liquidity and capital, along with the appropriate risk limits and tolerances for each of the funds. The availability of liquidity and utilisation of capital against these is measured and considered regularly and appropriate action is taken to address any issues.

Please refer to the Financial Notes, Note 3 for the detailed value-related assessments of risks.

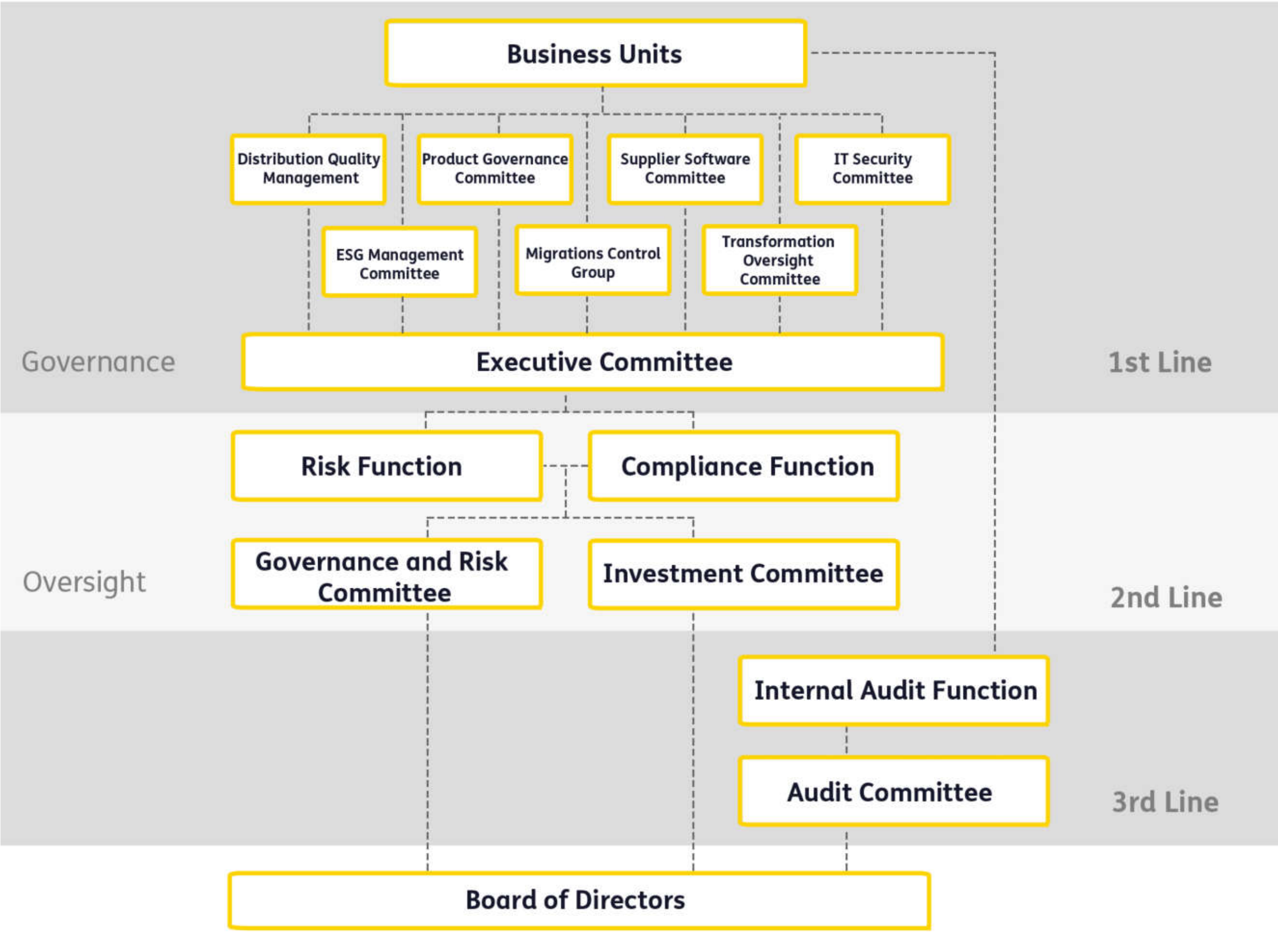
Risk Management Report

Risk Profile Element	Description
Insurance Insurance risks refer to risks inherent in the writing of insurance contracts. (In the case of The Society this refers to Protection and PMI contracts.) Such risks arise from having to estimate likely future experience with respect to the occurrence, amount and timing of insurance liabilities that may turn out to be different from actual experience over time.	Long-term insurance risks primarily relate to mortality, morbidity, lapse and expense variances. General insurance risk arises primarily from variations in claim quantities or values and from morbidity, lapse and expense variations. Systems are in place to estimate, measure, monitor and control exposure to all these risks. These include detailed experience analysis, documented policies and procedures, processes for peer review and compliance with professional standards. The Board's Governance & Risk Committee is responsible for recommending the approval of relevant risk-related policies and monitors compliance thereof based upon reporting provided by the Actuarial and Risk Management teams.
Capital Capital risks arise from having insufficient funds available to cover written business in line with regulatory requirements: • Solvency • Reserving **Liquidity** The inability to meet financial obligations when they become due because of insufficient cashflow: • Liquidity • Asset liability matching	The Society determines the reserves and capital it requires through setting assumptions about the economic environment (as well as demographic assumptions as explained in the "Insurance Risk" section above.) Based on these assumptions, The Society determines the nature and amount of assets to hold to meet liabilities as they are expected to fall due. These assets may prove to be insufficient due to investment and credit markets, and/or interest rates differing from assumed experience. The Society also monitors assets to mitigate concentration of asset risk and exposure to counterparties. As stated in the "Capital" section above, The Society uses its demographic and financial assumptions to estimate future cashflows. When determining the nature and amount of assets required, consideration is also given to the expected timing of these cash flows. The Society attempts to match expected future cash outflows with asset inflows via a process called "Asset and Liability Matching" ("ALM").

Risk Profile Element	Description
	Cash flow timing is also a consideration in determining what type of assets are used to back liabilities. By looking to ensure that assets can be liquidated as and when required, liquidity risk is reduced. It should be noted that for both Capital and Liquidity risk, systems and processes are in place to measure, monitor and control exposure to all risks through strong financial risk management and modelling. This includes regular stress and scenario testing via the ORSA and with careful management of investment strategy and regular dialogue with The Society's asset manager, regular solvency monitoring, adherence to risk appetite and close management of reinsurance arrangements.
Operational Risks of financial losses or reputational damage caused by flawed or failed processes, systems or controls relating to: • People • 3rd parties / suppliers • Data and information • Physical assets • Cyber	The Exeter is exposed to disruption in normal business operations through ineffective, inadequate, or failed internal processes, systems, 3rd party and supply management, information security, or external events can disrupt the flow of business operations. As with all other organisations, The Society is also exposed to potential Cyber risk. Direct or indirect losses can be attributed as financial, customer and reputational. Operational risks are managed through having regularly reviewed policies, procedures, process maps, business continuity planning and operational resilience plans as well as robust staff training and communications, all of which are regularly tested. Operational risk is tested both qualitatively and quantitatively through the ORSA process.
Strategic Risks that external events and/or the decisions we make lead to poor outcomes due to: • Competitor activity • Implementation of our transformation programme • Changes to distribution landscape • Poor propositions • Environmental and regulatory developments	Strategic risks arise through internal and external events that may make it difficult, or even impossible, for an organisation to achieve its objectives and strategic goals. Such risks can have severe consequences that impact organisations in the long-term. This risk would be considered external when an organisation has little or no control over if, when or how it might occur. The Society's strategic risk exposure may arise from poor decision-making, competitor activity, poor transformation implementation, distribution related events, and/or design of poor propositions as well as a failure to adhere to, or react to, regulatory developments. These potential risk events are managed through monitoring the external political, technological, social, regulatory and legal landscape and can be mitigated through implementing good data strategy and policies, MI reviews and reporting, adopting an agile approach to change, developing strong internal capability and leadership as well as making use of external expertise and insight where relevant/necessary.

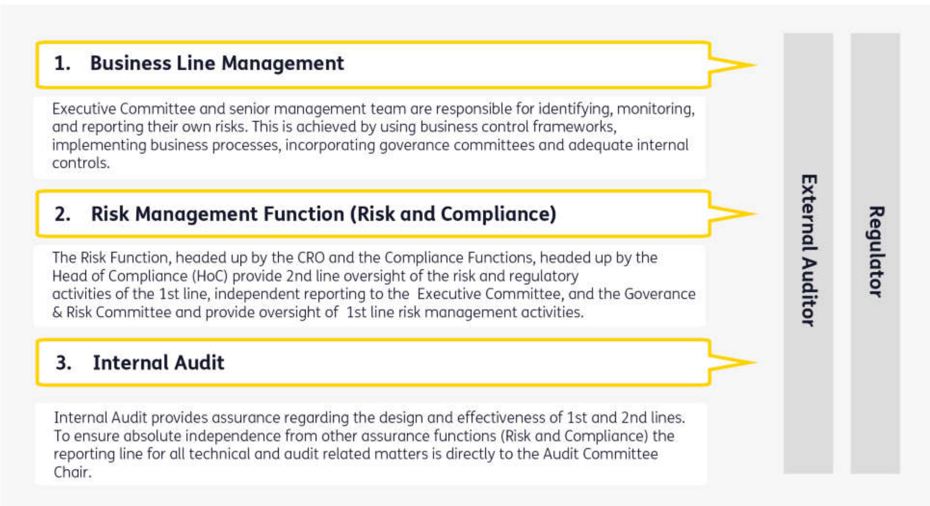
The Three Lines of Defence (TLoD)

The Three Lines of Defence



The business continues to operate a TLoD risk management model with the business, headed up by the Executive Committee, being the first LoD, the Risk Management and Compliance functions as the second LoD and Internal Audit providing the third LoD. The Chief Risk Officer (2nd LoD) reports directly to the Chair of the Governance & Risk Committee whilst the Head of Internal Audit (3rd LoD) reports directly to the Chair of the Audit Committee to ensure independence.

Everyone within the business is responsible for identifying, communicating, and managing risks within their day-to-day activities.



Climate Change and Environmental, Social and Governance (ESG)

Sustainability and environmental, social and governance are embedded in our purpose and reflected in our Strategy, detailed on Page 4.

This commitment has helped us to continue to drive our Environmental, Social and Governance (ESG) strategy in 2024 as it is a key component of our long-term value and business resiliency. We have partnered with an independent specialist in this field to assist us in our ESG journey.

Our ESG Strategy seeks to do all we can to make a positive impact on society. As a mutual, we exist for the benefit of our members and it’s our responsibility to be the Society the members' would like us to be.

Purpose	To provide more people with more peace of mind in a more uncertain world			
Our Commitment	Our commitment to sustainability is embedded in our company purpose, reflected in our values and underpins our business strategy.			
Our vision	To stand out as the insurer people trust most to deliver true peace of mind			
Key ESG priorities	Being there for our members	Valuing our colleagues	Operating our business responsibly and protecting the environment	Supporting our communities
Our commitment	*We believe that it is important for the Society to act in a way that means we are a responsible corporate citizen. This is our aim, and we believe our members would expect this from us.*	*We believe in inclusivity and opportunity, breaking down employment barriers to ensure every colleague feels valued and empowered to advance in their careers.*	*Strive to tackle climate change by reducing carbon emission and risks from our business, our investments and supply chains.*	*We believe that we should create and retain close relationships between our business and the communities where we live and work.*
Planned measurement	Increase member engagement through direct communication, surveys, media, website, Trustpilot and the AGM. Measurable targets through the Vulnerable Customers Champions Forum.	Delivery of the Inclusion, Diversity and Equity Plan across the business. Improve the balance of gender pay. Improve the number of learning and skills hours utilised.	Continue to achieve 100% renewable electricity usage and a reduction of overall usage. Aim to reduce our GHG emissions, waste, water and travel emissions. Responsible investing and looking to transition to as full a sustainable Investment Policy as possible.	Increased charitable support, outlining additional charitable work supported, noting that these are both national and local charities. Improve our community commitment by supporting local ventures.
Foundation	Good governance and responsible business practices: Corporate governance, equitable, diverse and inclusive environments of belonging, supporting wellbeing of our colleagues and providing opportunities for meaningful work, contributing to communities, addressing risks of modern slavery and human trafficking, ensuring strong business ethics, effective risk management, external reporting and benchmarking			

Tackling climate change is a shared global responsibility and we all have a part to play in this. The ways in which the insurance sector could be affected by the Climate Crisis are diverse and are interconnected with other sustainability issues. We are responding to the needs of our members and actively reducing our own environmental impact to help drive the transition to a low-carbon economy.

Climate Risk Report

Climate change is a serious threat to our planet, people, and economies. The scientific evidence is undeniable. To ensure our long-term success and uphold our values, sustainability is essential in our business practices and culture. If we don't take coordinated action, we can expect more severe and frequent climate-related events that will have significant physical impacts.

We are continuing to work towards reporting, where appropriate, under the Taskforce for Climate-Related Financial Disclosures (TCFD) and the Streamlined Energy and Carbon Reporting (SECR), which was created by the global Financial Stability Board to promote financial transparency related to climate risks.

Nevertheless, we have chosen to describe the journey we are on when it comes to climate change.

This year, we have continued our progress towards understanding, reporting on and managing climate risk, so we can be transparent about efforts to minimise our environmental impact. This matches our ambition to have a positive impact on our local environment and be an ethical employer and supplier. It also makes us more attractive to would-be members and colleagues, who rightly expect organisations to make a determined effort to limit climate change.

Progress Against TCFD Disclosures

Strategy	Reporting
The resilience of our strategy to different climate-related scenarios including a 2°c or lower scenario	The material climate-related risks and opportunities, short, medium and long-term have been identified (including extreme weather events and transition to a lower carbon economy) and integrated into our Risk Management Framework. Key climate-related opportunities have been identified, particularly in the context of healthcare and protection. We recognize the inextricable link between the health of the planet and human health. The impact of these risks and opportunities was modeled in 2023, embedded into the Enterprise Risk Management (ERM) framework in 2024, and continues to be monitored by the Governance & Risk Committee.
Risk Management	
Our processes for: **a) identifying and assessing climate-related risks;** **b) managing climate-related risks; and** **c) how our processes are integrated into our overall risk management.**	The Group uses an Enterprise Risk Management (ERM) framework to identify and monitor risks. Regular reports are provided to the Governance & Risk Committee as well as the Board. The ERM framework and ORSA reflect the risks related to climate change.
Metrics and Targets	
Metrics used to assess our climate-related risks and opportunities in line with strategy and risk management processes **Scope 1, 2, and if appropriate scope 3 greenhouse gas (GHG) emissions, and the related risks** **Targets to manage our climate-related risks and opportunities and performance against these targets**	In 2023, Carbon Footprint, our external independent consultants, facilitated two scenario analysis workshops to identify significant climate-related risks and opportunities. The scenario analysis was based on the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD) guidance within ISO 14091 (2021). A management plan was approved by the Board in December 2023 and embedded into our Enterprise Risk Management Framework in June 2024. At the end of 2024 Carbon Footprint was engaged to review our Greenhouse Gas (GHG) emissions. Sourcing reliable and meaningful data continues to be one of the challenges we face, and Carbon Footprint have made a number of positive recommendations and actions for 2025. The Exeter’s environmental targets and metrics are set out in this report and include our action plan to transition to a lower carbon business as net zero in our direct operations.

Governance	
Board oversight of climate-related risks and opportunities	The Board is ultimately responsible for the climate change plan and ESG framework. The Governance & Risk Committee and the Board receive regular updates on climate change and ESG.
Management's role in assessing and managing climate-related risks and opportunities	The Investment Committee monitors and keeps under review investments made; this is through the use of the approved Investment Guidelines. ESG and green investments are key topics reviewed regularly by the Committee. The Executive Committee is accountable for the executive leadership and development of the ESG programme and the ESG Management Committee. An ESG Management Committee, consisting of executives and senior management, has been established to provide oversight and advice to the Board on their climate change and ESG responsibilities.

Climate Reporting

Our sustainability and carbon management consultant, Carbon Footprint, identified, as part of their review of The Exeter for 2024, a number of suitable carbon off-setting initiatives, which are verified carbon standards projects, for The Exeter to consider.

Carbon Footprint has independently assessed The Exeter's Greenhouse Gas (GHG) emissions in accordance with the UK Government's Environmental Reporting Guidelines including the SECR.

The GHG emissions have been assessed following the GHG Protocol Corporate Reporting standard and have used the 2024 emission conversion factors published by the Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows dual reporting where the location-based and market-based approach for assessing Scope 2 emissions from electricity usage. The financial control approach has been used.

Target Setting and Recommendations

The forecast of GHG emission, independently assessed by Carbon Footprint, for The Exeter until 2050 using the dataset for the year ending 2024, and based on an active market-based approach, indicates that The Exeter can achieve the following:

- 50% reduction in emissions per employee by 2030 (2023: 2030).
- 90% reduction in emissions per employee by 2043 (2023: 2045).

The total location-based carbon footprint for The Exeter for the year ending 31 December 2024 was 209.97 tonnes CO_2e (2023: 223.07 tonnes CO_2e), and the market-based total is 148.64 tonnes CO_2e (2023: 164.04 tonnes CO_2e). The table below sets out the Energy and Greenhouse Report detailed results of The Exeter's carbon footprint assessment by scope and source activity.

The following are recommendations that are being pursued as part of the continuous improvements being made in the business.

- Continue to closely monitor our business travel activity and encourage colleagues to consider the environment impact when making their travel decisions.
- Continue to evaluate the business case for installing additional EV charging points at work to encourage and enable colleagues to switch to low carbon electric vehicles.
- Strengthen our focus on sustainability within our supplier tendering and selection process, embedding ESG further into procurement processes.
- Work towards installing solar panels at the office, ensuring the business case around cost efficiency allows this to be a viable option.

Energy and Greenhouse Gas Report

The table below summarises the GHG emissions for reporting year: 1 January 2024 to 31 December 2024.

Scope	Emission Source	Location Based tCO_2e	Market Based tCO_2e
Scope 1[1]	No Emission Sources	-	-
Scope 1 Sub Total		**-**	**-**
Scope 2	Electricity	46.14	-
Scope 2 Sub Total		**46.14**	**-**
Scope 3	3.6 Grey Fleet (employee-owned vehicles)	45.01	45.01
Scope 3	3.6 Hire Cars	1.43	1.43
Scope 3 Sub Total		**46.43**	**46.43**
Total tonnes of CO_2e		92.57	46.43
Tonnes of CO_2e per employee (FTE)		0.39	0.19
Tonnes of CO_2e per £ million turnover		0.79	0.39
SECR Total Energy Consumption (kWh)		414,509	414,509

[1] There is no Scope 1 assessed.

[1]Activity	2024	2023	2022
Total energy consumed (kWh)	414,509	405,145	372,971
Total Gross Location-Based Emissions (tCO_2e)	92.57	88.28	77.35
Total Gross Market-Based Emissions (tCO_2e)	**46.43**	**43.80**	**34.59**
Total Net Market-Based Emissions (tCO_2e)	**46.43**	**43.80**	**34.59**
Intensity ratio: tCO_2e (gross Scope 1 & 2, market-based) per £M revenue	**-**	**-**	**0.07**

[1]Recalculated to only include SECR elements as required under SECR legislation.

The tables are based on 240 employees in 2024, taken as an average throughout the year and a forecast turnover of £117m for 2024.

Our Priorities

Being there for our members

We believe that it is important for us to behave in such a way that means we are a responsible corporate citizen. This is our aim and believe our members would expect this from us.

In 2024, we completed in-depth research to create six different profiles representing our core members. This research aimed to better understand our members and enhance their experience. The results were presented at our Colleague Conference in March 2024 and circulated internally to encourage colleagues to focus on understanding our members and applying this knowledge to their everyday work.

Surveys / Social Media / Annual General Meeting

We actively engaged with our members through annual surveys, external customer review platforms, social media, and our Annual General Meeting (AGM) to gather valuable feedback and insights.

Our Customers and Vulnerable Customers

Our response to the Consumer Duty (the Duty) has required minimal adjustments, as our philosophy has always been inherently aligned with its principles. Our members have consistently been at the forefront of our decision-making processes, even before the regulatory change. However, as we pursue our growth and ambitions, and in accordance with the Duty, we are striving to develop a more sophisticated data set. This will enable us to continue serving our members' best interests and to identify areas for continuous improvement.

Our commitment to our customers is to ensure transparency and clear communication with focus on delivering fair value to customers. This means offering products that are appropriately priced and provide genuine benefits to the policyholders.

We also offer robust support for vulnerable customers. This involves identifying and addressing specific needs of our customers, ensuring they receive the necessary assistance and protection. Measures are in place to handle complaints effectively and use any feedback to improve our services.

Providing our colleagues with comprehensive regular training programs that focus on vulnerable customers, the Duty, the customer journey including complaints and customer service skills, empathy and problem solving. By investing in our colleagues' development, we empower them to confidently deliver excellent customer outcomes.

Complaints

Our teams take the time to ensure members fully understand the process, timelines and support available for handling and resolving complaints. We do this through having dedicated complaints handlers who are trained to communicate clearly and provide regular updates. We are committed to ensuring transparency in this process, as we believe this helps build trust and ensures our members feel their concerns are taken seriously.

We have measures in place to handle complaints effectively, continuously improving our processes to enhance member satisfaction and we welcome feedback to use to positively improve our services.

For more information on our engagement with members, please refer to page 34.

Valuing Our Colleagues

We are committed to inclusivity and creating opportunities for everyone. By removing employment barriers, we ensure that every colleague feels valued and empowered to grow in their career. We promote a culture of accountability and continuous improvement, which includes training our colleagues on consumer duty.

Annual Engagement Survey Results

Using our external provider, People Insight, colleagues participated in a bespoke survey aimed at enhancing engagement and enriching the colleague experience at The Exeter. In 2024, the annual colleague survey was conducted, yielding an impressive engagement score of 87% (2023: 83%). The primary drivers for this high level of engagement were colleagues' positive sentiments about their work, finding it both interesting and challenging. This was closely followed by a strong sense of enablement in their roles. The survey also highlighted that the most valued aspects of working at The Exeter were the people, the spirit of teamwork, and the fair and respectful treatment received.

Wellbeing Initiatives

We are committed to supporting our colleagues' wellbeing by providing Mental Health First Aiders, access to the Employee Assistance Programme (EAP), and various other options. Regular mental health training and resources help colleagues manage stress and maintain a positive mindset. We aim to foster a supportive and inclusive work environment where colleagues feel valued and heard, significantly contributing to their overall wellbeing.

To further enhance wellbeing, we offer flexible working arrangements, which can help colleagues achieve a better work-life balance, reducing stress and increasing job satisfaction. We believe by creating a supportive environment and offering various wellbeing initiatives, we empower our colleagues to thrive both personally and professionally

Training on Modern Slavery and Human Trafficking

We trained our colleagues on modern slavery and human trafficking to raise awareness and ensure compliance.

Focus Surveys on Hybrid Working and Wellbeing

In 2024 colleagues responded to a survey which focussed on hybrid working and wellbeing. The aim of the survey was to gather feedback on what colleagues enjoy about hybrid working, how it can be further improved, and to understand wellbeing in a hybrid working world.

Colleagues are encouraged to be empowered and take ownership of their performance and development, this is through the use of a tailored performance plan and in conjunction with their team canvas. A development hub has been created to provide colleagues with an online knowledge bank for development and performance. Colleagues are invited to take advantage of a wide variety of useful resource.

Our leaders have also been provided with a leadership development group to help them evolve and develop. This program is tied to our leadership framework and strategy.

The Society strives to help colleagues feel confident and have conversations about their wellbeing by providing Mental Health First Aiders, access to the Employee Assistance Programme (EAP), and many other options.

To ensure our colleagues can find the work-life balance that suits them, we introduced a Holiday Buying and Selling (salary sacrifice) scheme. This gives colleagues the opportunity to buy up to one week's extra holiday to use within the year and increased all colleagues' annual leave allowance.

For more information on colleague engagement, please refer to Our Stakeholders on Page 34.

Operating our Business Responsibly and Protecting the Environment

We strive to tackle climate change by reducing carbon emission and risks from our business, our investments and supply chains.

We recognise the urgent need for action on climate change. Through identifying potential impacts and striving to implement a series of initiatives to mitigate our direct impact on society is a top priority.

2024 Highlights

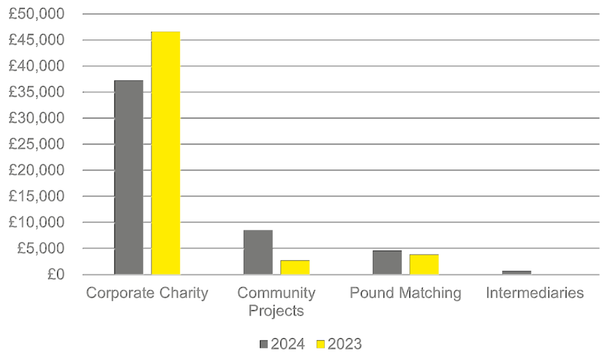
- We continued to achieve 100% renewable electricity from a renewable supplier and continue to look for ways to reduce energy usage.
- A project has been created to investigate the potential implementation of solar panels, and if deemed feasible, will be implemented in 2025/2026.
- We complied with the Energy Savings and Opportunities Scheme (ESOS) Phase 3 and monitor the potential application of phase 4.
- We encouraged lower-emissions modes of travel with incentives for active travel options, including continuing the cycle-to-work schemes and encouraging use of the EV chargers at our office.

Our ESG Management Committee, a subcommittee of the Executive Committee, spearheads efforts to enhance ESG efficiencies and to mitigate our overall impact. The Committee regularly convenes to facilitate discussions on ESG matters, this enables us to encourage business leaders to share progress and updates on plans, provide constructive challenge, and ensure a coordinated approach to the delivery of our ESG Strategy.

We have successfully achieved ISO 14001 certification in February 2025. This is an internationally approved standard which sets out the requirements for an environmental management system and will set out our minimum standard in respect of our supply chain management. In becoming ISO 14001 certified this will help the The Exeter in numerous ways and by providing assurance that environmental impact is being measured and managed systematically and ensuring that the business is meeting its legal obligations. These benefits can only increase our stakeholder engagement and trust.

Supporting our Communities

We believe that The Exeter should create and retain close relationships between our business and the communities where we live and work. This means sharing our time, knowledge and expertise through fundraising and colleagues providing actual hands-on support. The Exeter donated a total of £51,191 (2023: £51,658) to charitable causes.



We continued our support of the FORCE Cancer Charity, our Corporate Charity of the Year for 2024, as chosen by The Exeter colleagues. The partnership involved sponsoring three of their major fundraising events: Cream Teas for Cancer, The 25th Nello and Classics Galore!

We would like to thank FORCE Cancer Charity for a wonderful partnership over the last three years and for giving us the opportunity to work together in making a tangible difference in the lives of those affected by cancer. In the three years we have partnered with FORCE Cancer Charity we have raised and donated £127,311 in support.

We are proud to announce that Macmillan Cancer Support has been selected by our colleagues as our new charity partner for 2025. We have already begun collaborating with Macmillan to define and implement a programme of volunteering and fundraising events driven by our purpose. This new relationship aims to fulfil our mission statement to “support The Exeter’s corporate social responsibility through charitable giving” and we are hoping that our support can be given nationally as we acknowledge the demographic of our colleagues has changed and grown across the UK more widely.

We offer our colleagues the opportunity to apply for community funding or pound matching for charitable activities through the Pound Matching and Community Project donation scheme. Additionally, we provide the option for colleagues to sign up for Payroll Giving, allowing them to support charities that hold personal significance to them.

For more information on colleague engagement, please refer to Our Stakeholders on Page 34.

Governance

Our commitment in this area includes:

Measurement:

- Integrity and ethics – we conduct our business transparently, ethically, and with the utmost integrity. These values extend throughout our supply chain, ensuring trust and accountability.
- Adherence to laws and regulations – we're committed to strict adherence to all relevant laws and regulations. This commitment ensures that our operations are carried out responsibly and ethically.
- Conflict-free practices – we declare any potential conflicts of interest and refrain from giving or receiving illegal or inappropriate inducements, further fortifying our commitment to ethical practices.

To bring to life our commitment to good governance and compliance, we ensure all colleagues attest to our Code of Conduct. The Code of Conduct outlines our policies and expectations of colleagues on a number of topics including bribery and corruption, conflicts of interest, data protection, information security and our whistleblowing process. Our modern slavery act statement sets out our zero-tolerance approach to slavery and human trafficking within the Society and in relation to our supply chain and vendors.

We have established clear policies and a robust governance structure to ensure the highest standards across fundamental issues such as equity, diversity and inclusion, wellbeing, upholding human rights, business ethics, responsible use of data, and ensuring our supply chain is both responsible and sustainable.

Our Equity, Diversity and Inclusion ("EDI")

As a truly modern mutual, our purpose is ‘to provide more people with more peace of mind in a more uncertain world’ and our Customer Value Proposition describes a sense of inclusivity, striving to provide cover, choice and options for as many people as possible. We believe fairness is at the heart of what we do and how we operate, and this flows through to the way in which our colleagues think and act.

Our people and culture are at the heart of the business, through supporting the excellence of operations, their passion for quality of service and their determination to ensure members receive the best care possible. It is therefore important that we continue to identify, develop, educate and promote a diverse pool of talent, which we believe will provide the variety of experience and viewpoints that lead to better decision-making.

One of the strengths of our business comes from being an inclusive and supportive team, which welcomes and respects differences and values the different perspectives and experiences it brings. It is our belief that the more our colleagues reflect the diversity of our stakeholders, including members and the communities we operate in, the better our business will be to service their needs and provide the best solutions. Our colleague engagement is high and the questions relating to EDI in the colleague survey also scored highly (see ‘Valuing our Colleagues’ on page 21 for more information).

The Board recognises, the need to continue driving EDI, particularly at the Board level, and to ensure this ethos drives the entire business culture, reflecting the diversity of our members and stakeholders. EDI remains a standing agenda item for the Nomination Committee. The Chair of the Nomination Committee, along with the CEO, Senior Independent Non-Executive Director and the Chief People Officer, hold monthly meetings with senior management to discuss progress. Additionally, the Executive Committee hold a leadership meeting once a month to focus on people discussions, consider the people strategy, and assess the impact of business strategy transformation initiatives, ensuring all messaging is cohesive within the business.

The Board has pledged to continue to progress our equity, diversity and inclusion agenda with a focus on:

- Building belonging and inclusion
- Creation of a colleagues communities approach to help shape the agenda
- Increased collection and use of data to improve our understanding and support our future actions
- A commitment to provide training as needed to support EDI

As part of its remit, the Nomination Committee reviews the Group policies on workforce EDI, and their objectives and link to the Group strategy. The Exeter has always operated an open and inclusive hiring and colleague management practice. The Board, in reviewing the Group policies and framework, was satisfied that they supported the development of a more diverse workforce and leadership within the business. The Exeter’s Employee and Board EDI Statement can be found on the website at www.the-exeter.com.

The table below sets out the Group commitments designed to assist delivery of the EDI Policy objectives.

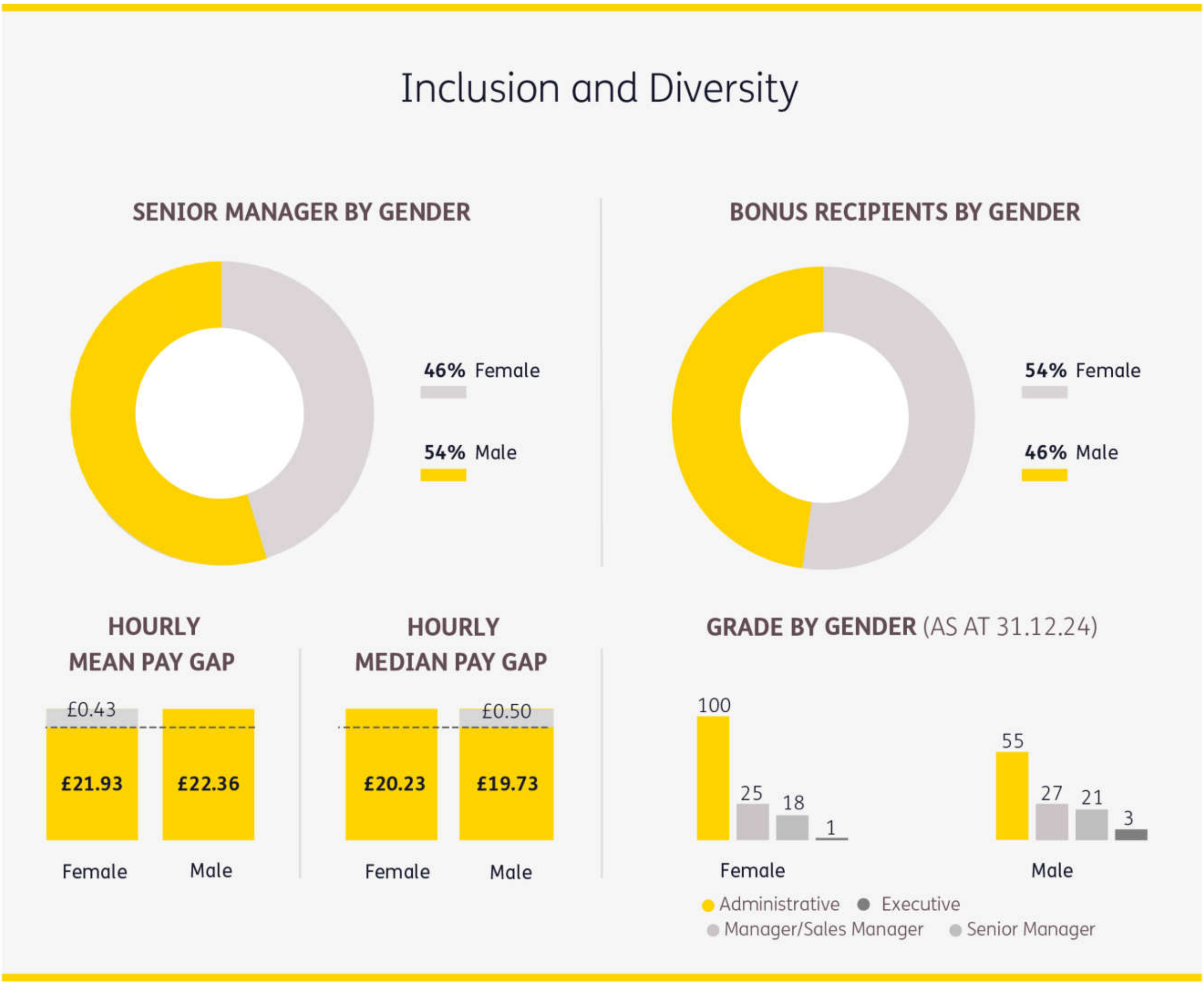
Disclosure	Commitment	Progress to date
Engage with executive search agencies in a manner which enhances opportunities for diverse candidates to be considered for appointment	Only those executive search firms who follow the principles of or are signed up to the Voluntary Code of Conduct for Executive Search Firms (the Voluntary Code) will be considered when recruiting for a Board position. The Nomination Committee will work with the executive search agency to prepare an appropriate role brief, including relevant skills, underlying competencies, and personal capabilities desired, to support the agency in assessing candidates from a broad range of backgrounds who will assist the business in building upon and reinforcing our culture. To facilitate the provision of a broad and diverse range of candidates the Nomination Committee will require long lists to be drawn up following consideration of candidates from both within and beyond the corporate mainstream, in line with the requirements of the Voluntary Code.	Early in 2024, the Committee met with an executive search firm to discuss and develop the role brief for the Governance and Risk Committee Chair. The search for a replacement non-executive director was completed with a formal appointment of Donald MacLean, Governance and Risk Committee Chair and independent non-executive director on 1 May 2024. Kelvin Malayapillay was appointed to Chair of the Remuneration Committee on 30 June 2024.
Support Board-level diversity throughout the succession planning process	Succession planning will be reviewed, at least annually, by the Committee and will address the need for progressive refreshing of the Board, in accordance with the requirements of the UK Corporate Governance Code 2024 ("the Code"). The Committee will assess current individual Board member competencies and develop its understanding of the qualities needed for the Group's continued Board and Committee effectiveness in the longer term. This review will also consider the long-term diversity of the Board. Independent non-executive directors will normally serve no more than nine years to support the progressive refreshing of the Board and to maintain appropriate levels of independence. Appointments of independent non-executive directors for periods beyond nine years will be made only in exceptional circumstances.	The Nomination Committee continues to look at Board succession and the skills and experience mix at least annually. Late 2023, we partnered with Demyst Board Sciences board effectiveness evaluation to conduct an external evaluation of the Board in line with the Code.
Support efforts to increase diversity in	Senior management succession planning processes will include the identification of individuals within the	The Exeter continues its commitment to better gender and equity, diversity and inclusion

Disclosure	Commitment	Progress to date
the senior management pipeline towards executive and non-executive Board positions	organisation with Board-level potential and will support those individuals to progress in their careers.	balance through its EDI statement which is published on the website at www.the-exeter.com. In 2021 The Exeter signed up to the Association of Financial Mutual's (AFM) Mutual Diversity Alliance and also the Women in Finance Charter.

Gender Breakdown

The Board is mindful of its responsibilities to consider succession planning for not only the Board but also for its executive team and senior management. The executive, senior management team and the Nomination Committee annually review The Exeter's talent pipeline in order to ensure that the business works towards identifying talented candidates in the short, medium and long-term for all key roles.

In 2024, 44% of all colleagues were female, a slight decrease from 50% in the previous year. This minor reduction in female representation in senior roles was not intentional and will be closely monitored to ensure improvement. For a detailed gender breakdown of the Board, please refer to the Nomination Committee Report. The accompanying chart illustrates our senior management by gender, bonus recipients by gender, the hourly mean and median pay gap, and grade by gender.



172(1) Directors' Duties Statement

While the Group and Society continues to report under the Friendly Societies Act 1992, it has elected to present a Section 172(1) statement to explain how the directors have had regard to the matters set out in Section 172 of the Companies Act 2006. This includes a fundamental duty to promote the success of the Group and Society for the benefit of its members as a whole. This duty is central to the Board's decision-making processes and outcomes.

All our decisions are considered against the importance of acting in a sustainable, ethical and collaborative way, understanding the views of our different stakeholders and weighing their competing interests. Our Board leads and sets the tone by carefully noting the priorities of our stakeholders during its discussions and when it makes decisions. We also know the importance of continually assessing the long-term impacts of our decisions. This helps us live our purpose and our values, as a responsible, trusted and sustainable business acting in a way which benefits all our stakeholders as much as possible. Fully understanding the impacts of what we are doing has become part of how we operate, and it permeates everything we want to achieve.

> 'Engaging with our stakeholders is crucial for the long-term resilience and sustainability of our Society. It plays a vital role in how we develop and implement our strategies. We carefully consider the needs and perspectives of our diverse stakeholders, as well as the impact of our decisions.'

General Confirmation of Directors' Duties

Each director has a duty to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of members as a whole, and in doing so, must have regard to a range of broader issues. Therefore, when we make decisions, we always take proper account of the following:

- the long-term consequences of our decisions;
- the interests of our colleagues;
- the need to always act fairly between our members
- the importance of having excellent business relationships with suppliers, customers and anyone else who we impact;
- the impacts our operations have on our communities and our environment; and
- the desire to ensure we maintain our reputation for the highest standards of business conduct.

In performing their duties during 2024, the Directors have had regard to the matters set out in S172 of the Companies Act 2006. Full details on how the Board and the directors have fulfilled their section 172 duties can be found in the Strategic Report and the Corporate Governance Report. The following sections have therefore been incorporated by reference into this statement:

Section 172	Find out more
(a) The likely consequence of any decision in the long term	• Strategic Report: Page 4 • Consideration of stakeholders interests: Page 34
(b) The interests of our colleagues	• Chief Executive's review: Page 8 • Stakeholder engagement: Page 34 • Colleague engagement: Page 34 • Consideration of stakeholder interests: Page 34 • Remuneration Committee report: Page 61 • Ethics and integrity: Page 47
(c) The need to foster our business relationships with suppliers, customers and others	• Strategic report: Page 4 • Stakeholder engagement: Page 34 • Consideration of stakeholder interests: Page 34
(d) The impact of the our operations on the community and environment	• Strategic report: Page 4 • Stakeholder engagement: Page 34 • ESG reporting: Page 17 • Consideration of stakeholder interests: Page 34
(e) The desirability of maintaining a reputation for high standards of business conduct	• Risk management: Page 14 • Consideration of stakeholder interests: Page 34 • Audit Committee report: Page 47 • Ethics and integrity: Page 47 • External effectiveness evaluation: Page 47
(f) The need to act fairly among our members	• Strategic report: Page 4 • Stakeholder engagement: Page 34 • Consideration of stakeholder interests: Page 34 • Remuneration Committee report: Page 61

(a) The likely consequence of any decision in the long term	The directors continue to acknowledge the perspectives of various stakeholders regarding the Group and Society and its operations, and have integrated this understanding into the development of the three-year and longer-term business plan and strategy. Throughout 2024, the directors have made decisions that they believe best advance the Group's long-term success for the benefit of its members as a whole. During the year EFS made a strategic decision to exit the Cash Plan market at 31 December 2024. As a consequence the decision was made to run off policies held within the subsidiary, The Exeter Cash Plan (ECP). Once the all policies have cancelled on expiry in 2025 ECP will be wound down. Consideration has been given to the members and other stakeholders in the effective exit from the Cash Plan market. This included ensuring members will be provided with more comprehensive policies where possible, any claim that has been made within the agreed contract terms will continue to be honoured. Moreover, the strategic objectives are established and monitored through a continuous long-term planning process and are delivered through our commitment to member service and satisfaction, colleague training, development, and wellbeing. The business plan is executed within stringent budgetary controls and in accordance with regulations and The Exeter's ORSA.
(b) The interests of our colleagues	The directors acknowledge that our colleagues are essential to the future growth and success of the Group. This success hinges on our ability to attract, retain, and motivate our colleagues. Throughout the year, the Board and management have actively engaged with colleagues and have invited all colleagues to attend an bi-annual colleague conference as well regular Employee Consultation Forums.
(c) The need to foster our business relationships with suppliers, customers and others	In addition to members and colleagues, the directors acknowledge the importance of engaging with a diverse range of stakeholders, including suppliers, customers, governments, regulators, non-government organisations, and communities. The success of our strategy relies on building and maintaining constructive and positive relationships with these stakeholders. The directors are committed to strengthening our relationships with key strategic and commercial partners, always prioritising the quality of service. This includes Board members regularly meeting with key suppliers. The directors ensure there is always open and transparent engagement with our regulatory bodies and other stakeholders.
(d) The impact of our operations on the community and environment	The directors recognise that collaborating with charities, non-government organisations, and community groups helps to build stronger communities and provides valuable insights. This enables the Board to understand our impact on the community and environment, as well as the long-term consequences of our decisions. Throughout the year, the Board engaged with stakeholders to understand the issues and factors that are important to them, and several actions were taken as a result of this engagement.
(e) The desirability of maintaining a reputation for high standards of business conduct	The Exeter is committed to meeting the evolving needs of its customers and facilitating the transition to a lower carbon future. The business continuously reviews its minimum expectations for all partners and collaborators. Additionally, the Board annually approves the Modern Anti-Slavery Statement to ensure that high standards are upheld both within the business and throughout its supply chains.
(f) The need to act fairly among our members	The Exeter remains dedicated to providing quality services, value for money, and satisfaction to its members through direct engagement. After carefully considering all relevant factors, the directors determine the best course of action to promote the long-term success of the Group and Society, while taking into account the impact on stakeholders. In doing so, the directors act fairly towards all members.

Principal Decision Making

The agenda for each board meeting is planned a year in advance and is reviewed by the Chair, the Chief Executive, and the Company Secretary before each meeting. The Board receives various reports, including the CEO Report, the Distribution and Marketing Report, the Operations Report, the Chief Risk Officer's Report on regulatory matters and member issues, and the Finance Director's Report on the trading and financial performance of the Group and Society. Each Committee Chair also provides updates on decisions made at the Committee level, including regular updates on member, governance, and colleague matters. The Board ensures compliance with relevant legislation and regulations, maintaining high standards of compliance, internal controls, and risk management.

For each principal decision made by the Board, the following were taken into consideration:

- Stakeholders' interests and what influence this had on the decision.
- The impact on risk management of our principal or emerging risks.
- The consequence for the Group and Society's long-term success.
- The impact on affected stakeholders and (where relevant) the environment.

The table below provides a further example of the mechanism used by the Board in their decision making:

The principal decision considered by the Board	How stakeholders and other factors were considered	What was the outcome
Holding the 2024 Annual General Meeting (AGM) in person, or video conference or as a hybrid meeting	Consideration has been given to the impact on members of only providing an in-person meeting or whether to extend the ability for a hybrid meeting to be available for all members. The decision was taken to consider the broader impact of making the meeting as accessible as possible. The risk of holding a hybrid meeting was considered minimal. However, there was some minor reputational risk to the Group for not making this meeting accessible to all. The impact on the environment was also considered and holding the meeting as a hybrid meant that members could attend with little CO_2 impact by attending online.	Since 2023, all AGMs have been held as hybrid meetings. The Board believes this approach allows all members, regardless of their location, to access the meeting and interacting with directors. This provides members with additional opportunities to participate.
Review and approval of the business plans and strategy	Stakeholders' interests, including those members, customers and colleagues, are reflected in the business strategy plan which filters through the business and to our members through the delivery of the strategic long, medium and short-term aspirations. The risk to the strategic plans is the potential failure to deliver, this may occur if remedial actions are not taken and could impact on all stakeholders. As part of the risks assessed for this decision, environmental issues were identified as a low risk to the sustainability of the Group and Society and stakeholders' interests.	The interests of our stakeholders, including members, customers, and colleagues, are integrated into our business strategy. This strategy is communicated throughout the organisation and to our members, addressing both long-term and short-term goals.
Review and approval of the Holloway Bonus	The Board considered all aspects, actuarial and technical in relation to the decision on setting the level of bonus for its Holloway members, including the interests of our wider members. The Board considered the risk of non-payment or not setting the bonus at the right level to sustain future payments and growth.	The outcome of the Board decision, after having reviewed all actuarial and technical aspects when deciding the bonus level for Holloway members, considering the interests of our wider membership, was the payment level (as detailed on page 72).
Operational Resilience	The Governance & Risk Committee received regular updates on organisational resilience, which is crucial for ensuring the business can consistently serve members, even in the face of unexpected challenges. These updates were provided through various reports and use of systems, including the Corporate Governance Handbook, the Risk Appetite, and the Business Plan.	Implementing regular updates on operational resilience as part of the Chief Risk Officer Report offers several benefits: **Enhanced Decision-Making**: Regular updates provide the Governance & Risk Committee with timely and relevant information, enabling them to make informed decisions that support the long-term success of the Group and Society. **Proactive Risk Management**: By receiving frequent updates, the Committee can identify and address potential risks early, reducing the likelihood of significant issues arising **Sustainability and Compliance**: Keeping the Committee informed about operational resilience helps ensure that the Group and Society remain compliant with regulations and maintain high standards of business conduct.

This Strategic Report on pages 4 to 28 (inclusive) was approved by the Board and signed on its behalf by:

Peter Hubbard
Board Chair
25 March 2025

Isobel Langton
Chief Executive
25 March 2025

Corporate Governance

Corporate Governance Report

Governance

Good corporate governance is essential to the Board's commitment to running the business in the best interests of its members. Through the year ended 31 December 2024, The Exeter has complied with the AFM Corporate Governance Code 2019 (“the AFM Code”) and additionally voluntarily applied all relevant areas of the FRC UK Corporate Governance Code 2024 ("the Code").

Board Effectiveness

The Board Chair is responsible for upholding high standards of corporate governance and ensuring the Board is well-equipped to fulfil its duties, dedicating sufficient time to key areas that facilitate the achievement of strategic objectives. The corporate governance framework delineates responsibilities and ensures the implementation of appropriate systems and controls, enabling the Board and its Committees to effectively oversee the business and provide necessary challenges. This framework supports effective decision-making and aids directors in discharging their statutory duties, particularly their duty to promote the long-term success of the business. The Board and its Committees maintain and review an annual programme of matters to ensure comprehensive oversight.

The Role Of The Board

Leadership

The Board leads the governance structure of the Group and Society, providing stewardship to ensure the long-term sustainable success of the business. It is responsible for assessing and managing risks, creating value for the Group and Society’s members, colleagues, and other stakeholders, and contributing to the communities and wider society in which it operates.

Culture

The Board establishes the tone for business culture, fostering an entrepreneurial and customer-focused approach aimed at delivering high-quality products and services to our members. The Board safeguards and promotes this culture through various means, including robust internal controls and processes, clear communication and feedback mechanisms, colleague engagement via independent external surveys, and a bi-annual colleague conference.

Purpose and Values

A crucial aspect of the Board’s leadership role is to establish the Group and Society’s purpose, define its values, and promote and monitor its culture. This ensures that the Board's obligations to members and other stakeholders are understood and fulfilled. The purpose and values are detailed in the strategic report on page 4.

Group Strategy

The Board approves, oversees, and monitors the implementation of the Group's strategy. This strategy ensures the business remains responsive to our members' needs, leverages the latest technology, and captures future market opportunities. Further details on our business model and strategy can be found in the strategic report on page 4.

Governance & Risk

The Board is responsible for overseeing risk and determining the Group's risk appetite. In fulfilling this role, it ensures that the necessary resources are available to achieve its objectives and measure performance. The Board has established a robust governance and risk framework designed to ensure the business is operated and managed appropriately. This framework includes prudent and effective controls to identify emerging and principal risks and to manage or mitigate those risks. Further details on risk management can be found on page 14.

Accountability to our Members

The Board has a duty to ensure that relevant legislation and regulations are adhered to and that proper accounting records and effective systems and controls are established, maintained, documented and audited to safeguard members’ interests.

The Board ensures that the business continues to operate in the interests of its members as a whole and is collectively accountable to them for the success of the business. In exercising its duty, the Board has regard to its other stakeholders, the environment, the reputation of the Group and Society and the need to act fairly towards its members.

Stakeholder engagement can be found on page 34.

Management Delegation

The Board delegates the execution of the strategy and the day to day management of the Group and Society to the CEO, who is accountable to the Board for the successful leadership and operation of the organisation.

Matters Reserved to the Board

The Board has a formal schedule of matters reserved for its decision as follows:

- purpose, strategy and management
- values, culture and stakeholders
- Board membership and other key appointments
- financial reporting
- audit, risk and internal controls
- contracts and capital structure
- communication
- colleague remuneration
- delegation of authority
- corporate governance

The Board and its Committees

The Board is responsible for setting long-term objectives and strategy, with the aim of generating and sustaining value over the long term. In fulfilling its responsibilities, the Board considers opportunities and risks to the future success of the business, as well as the sustainability of the business strategy and governance.

The Board monitors progress against strategic objectives, approves proposed actions, and ensures that appropriate internal controls are in place and operating effectively. The Board is supported by five principal committees (Audit, Governance & Risk, Nomination, Investment, and Remuneration), each tasked with reviewing and addressing matters within its own terms of reference. The formal terms of reference for the principal committees, approved by the Board, can also be found on our website at www.the-exeter.com.

The independent non-executive directors are responsible for providing impartial judgement during Board discussions. They leverage their extensive experience and deep understanding of the business to constructively challenge and contribute to the development of strategic proposals. The terms and conditions of appointments for the independent non-executive directors are available upon request.

There is a formal schedule of matters specifically reserved for the Board's decision and a Corporate Governance Handbook which sets out responsibilities and the structure of delegation of authority by the Board to management. The schedule of matters is reviewed and approved annually by the Board.

In 2024, the Board met eight times, including one meeting dedicated to strategic development. Throughout the year, the independent non-executive directors regularly met without the executives. The Board's annual programme schedules meetings between the Chair and independent Non-Executive directors, both with and without the CEO. These Chair-encouraged sessions provided a forum for sharing experiences and discussing broader business topics, fostering debate in Board and Committee meetings, and strengthening working relationships. The attendance record during the year of Directors at formal meetings of the Board and its Committees is shown on page 45.

The Company Secretary serves as Secretary to the Board and its Committees. Every director has access to the Company Secretary, who ensures adherence to Board procedures, good corporate governance, and compliance practices. Alongside the CEO and the Company Secretary, the Board Chair ensures that the Board and its Committees are well-informed and consulted on all reserved matters. Board papers and other information are distributed promptly to ensure directors are properly briefed before meetings.

The Board has established a procedure allowing directors to seek independent professional advice at the Society's expense, if necessary, to fulfill their duties. The matters reserved for the Board are reviewed annually as part of the governance controls to ensure that they continue to be fit for purpose. They were last approved by the Board in September 2024.

THE BOARD
The Board consists of the Chair, Executive Directors, and Independent Non-Executive Directors, with their biographies available on page 42. The Board is responsible for defining the purpose, values, strategies, and objectives to generate and sustain long-term value for members and contribute to the wider society. It is supported by five principal committees (Audit, Governance & Risk, Nomination, Remuneration, and Investment), each with delegated responsibilities as outlined in their respective terms of reference.

AUDIT COMMITTEE	GOVERNANCE & RISK COMMITTEE	NOMINATION COMMITTEE	INVESTMENT COMMITTEE	REMUNERATION COMMITTEE
Responsible for oversight of the Group and Society's financial reporting, monitoring the effectiveness of the internal and external audit functions. See page 47.	Responsible for providing oversight and advice for the current and potential future risk exposures and future risk strategy, including determination of risk appetite. In addition, is responsible for monitoring compliance oversight and the Risk Management Framework. See page 51.	Responsible for ensuring the Board has the necessary balance of skills, experience and diversity to oversee the delivery of the Group's strategy. See page 54.	Responsible for determining and agreeing the investment guidelines and policy, including establishing and maintaining ongoing investment limits, credit policies, and the external professional advisors. See page 59.	Responsible for determining the reward strategy for executive directors and senior management in the context of the wider workforce to ensure reward is aligned to members' and stakeholders' interests. See page 61.

Roles in the Boardroom

The Board consists of both executive and non-executive directors, ensuring that no single individual or small group dominates decision-making. All non-executive directors are deemed independent, and the Chair was also considered to be independent upon appointment.

The division of responsibilities among Board members is outlined below, clearly distinguishing the roles of the Board and Executive management. The Board regularly reviews and updates the role descriptions for the Board Chair, CEO, Deputy Chair and Senior Independent Non-Executive Director (SID) to reflect changes in legislation or best practices.

NON-EXECUTIVE CHAIR Leads the Board and ensures its overall effectiveness in discharging its duties.	• Shapes the culture in the boardroom and promotes openness, challenge and debate. • Sets the agenda for Board meetings, focusing on strategy, performance, value creation, risk management, culture, stakeholders and accountability. • Where appointed, to chair meetings to ensure there is timely information flow before meetings and adequate time for discussion and debate at the meetings. • Fosters relationships based on trust, mutual respect and open communication inside and outside the boardroom. • Leads relations with members and stakeholders in order to understand their views on governance and performance against strategy.
INDEPENDENT NON-EXECUTIVE DIRECTORS Ensure that no individual or small group of individuals can dominate the Board's decision-making.	• Independent non-executive directors meeting the independence criteria set out in the Code comprise half of the Board membership. • Provide constructive challenge, give strategic guidance, offer specialist advice and hold executive management to account. • Ensures that no individual or small group of individuals dominate the Board's decision-making.
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR Provides a sounding board for the Board Chair and serves as an intermediary for other directors and members.	• To act as a sounding board for the Board Chair and to serve as an intermediary for other directors where necessary. • Provides the Board Chair with support in the delivery of objectives, where necessary and deputise where appropriate. • Works closely with the Nomination Committee, leads the process for the evaluation of the Board Chair and ensures orderly succession of the Board Chair's role. • Acts as an alternative contact for members, providing a means of raising concerns other than with the Board Chair or senior management.
CEO AND EXECUTIVE DIRECTORS Lead the implementation of the Group's strategy set by the Board.	• CEO is responsible for delivering the strategy and for the overall management of the Group and Society. • CEO leads the Executive Committee and ensures its effectiveness in managing the overall operations and resources of the Group and Society.

	• Executive directors: provide information and presentations to the Board and participate in Board discussions regarding management, financial and operational matters.
DESIGNATED NON-EXECUTIVE DIRECTOR FOR WORKFORCE ENGAGEMENT Provides an effective engagement mechanism for the Board to understand the views of the workforce.	• Brings the views and experiences of the workforce into the boardroom. • Enables the Board to consider the views of the workforce in its discussions and decision making.
COMPANY SECRETARY Supports the Chair and ensures Directors have access to the information they need to perform their roles.	• Provides a channel for Board and Committee communications including Board information and support. • Advises the Board on corporate governance matters and supports the Board in applying the AFM and UK Corporate Governance Codes and other statutory and regulatory requirements.

Board Activities

The Board had a full agenda during the year as set out in the table below:

	February	March	June	July	September	November	December
Purpose, Strategy and Implementation							
CEO's review, covering financial performance, health and safety performance, people and cultural indicators, initiatives and performance	X		X		X		X
Mergers & Aquisitions and disposals	X	X	X				X
Strategy Review, budget and three-year business plan	X		X	X	X	X	X
Financial Reporting	X	X	X		X		X
Distribution and marketing report	X		X		X		X
Customer Service report	X		X		X		X
Strategy and change report and any funding requests	X	X	X		X		X
ESG review, policy, and results	X		X		X		X
Risks and Compliance							
Annual review of the Enterprise Risk Management (ERM) framework	X	X	X				
ERM Report	X		X		X		X
Compliance reporting including complaints, regulatory reviews and customer duty	X		X		X		X
ORSA and solvency reviews		X	X		X	X	X
Information Security		X	X		X		X
Governance							
Review of full-year results including going concern, viability statement	X	X					
Approval of Holloway Bonus	X						
Review of AGM documents			X				
Approval of Corporate Governance Handbook					X		
Approval of Board appointments and director role changes	X	X					X
Review of Committee reports	X	X	X		X	X	X
Approval of various policies	X	X	X		X		X
Pension effectiveness							X
Effectiveness							
Annual Board performance review and outturn	X		X		X		X
Approval of directors' conflicts of interest					X	X	

The Executive Committee

The Society also has an Executive Committee (ExCo) to support the Chief Executive. This committee considers various matters for recommendation to the Board and handles day-to-day issues within the authority granted by the Board. It is not a formal Board committee and does not include independent non-executive directors. There is a clear division of responsibilities: the Board Chair leads the Board, independent non-executive directors provide oversight, and the Chief Executive and executive directors manage daily operations. The ExCo assists the Chief Executive in their duties, with its terms of reference approved by the Board, including:

- The development and implementation of strategy, operational plans, policies, procedures and budgets;
- The monitoring of operational and financial performance;
- The identification, assessment and control of risk;
- Monitoring compliance with legal and regulatory obligations;
- The priority of and allocation of resources; and
- Monitoring and reacting appropriately to competitive forces in each area of operation.

The Committee meets weekly with formal governance meetings taking place monthly and at other times as special business circumstances may dictate. Its work is supported by subcommittees which focus their attention on key issues such as operational improvement and development, good customer outcomes, information security and counter-fraud measures.

The ExCo receives regular reports from the Chief Executive on key issues arising from Board meetings, including key operational decisions.

Executive Committee members are:

Isobel Langton	Chief Executive
Steve Bryan	Director of Distribution and Marketing
Michael Payne[1]	Chief Financial Officer
Gordon Greig	Strategy and Change Director
Sally Hodge	Chief People Officer
Claire Hird	Customer Service Director
Ali Law	Chief Information Officer (appointed 1 February 2024)
Gary Warman[2]	Chief Risk Officer (appointed 1 November 2024)
John Gunn	Finance Director (resigned 26 June 2024)
Socrates Mhlanga	Chief Risk Officer (resigned 30 October 2024)

Note[1]: Michael Payne become Chief Financial Officer from 26 June 2024

Note[2]: Gary Warman was appointed to The Exeter on 1 September 2024 and took over as Chief Risk Officer on 1 November 2024

Regular attendees include the Head of Finance, the Head of Compliance, the Head of Internal Audit, the Capital Management Actuary, the Reserving & With Profits Actuary and the Company Secretary.

Board Strategy Day

In July, the Board conducted a detailed review of the Society's strategy and vision, business plan, IT infrastructure, and long-term strategic opportunities. Key actions were integrated into management's planning, with the Board regularly reviewing progress on key strategic projects throughout the year.

Board and Committee Annual Effectiveness Review

To be effective as a Board, directors must function cohesively as a group. Each year, an evaluation of the effectiveness of the Board, its committees and individual directors is conducted. Each independent non-executive director has an annual performance appraisal conducted by the Board Chair. This provides an opportunity to identify and optimise the Board's strengths as well as highlighting areas for further focus and development. Executive directors are evaluated within the performance evaluation framework for colleagues generally and by the Remuneration Committee in the context of their remuneration.

In accordance with the Code, the Board engaged Demyst Board Sciences ("Demyst") to conduct an in-depth and independent external review of the Board's performance, and this was completed early in 2024. The results of which were included in the 2023 Annual Report and Accounts. The Board and its committees worked on the recommendations made by Demyst during the year.

In the original report Demyst advised that the Board was highly capable, with reserves of untapped potential. The standout characteristic is the strength of the Board's relational dynamics. Another major strength is the close alignment between the Society's purpose statement, its vision and strategy. Board cohesion is high.

The Board and each committee are skillfully led. There is an open and progressive vision for the Board's development. During important debates, dissenting voices are sought and amplified, giving permission for robust challenge. This enables the opportunity for deeper thinking and more robust debates on certain areas of the more important issues and decisions.

The most important recommendations from the review, which are listed below:

- Streamline board reporting: Demyst recommended a comprehensive redesign of Board reporting, along with a reduction in meeting packs sizes to enhance clarity and efficiency.
- Clarifying certain executive and non-executive responsibilities: Ensuring there is no cross-over of responsibilities and duties.
- Strengthening board cohesion: While current levels of cohesion within the Board are good, there are further opportunities to deepen trust and collaboration between executive and non-executive members, fostering a more unified and effective decision-making environment.
- Enhance Board performance: Demyst presented various ideas and strategies to leverage latent capabilities and boost the Board's performance and functionality.
- Develop a dedicated AI strategy: Recognising the Society's progress in AI, Demyst recommended the creation of a comprehensive AI strategy to operate alongside the primary

business strategy to provide more assurance around future-readiness.

In 2024, the Board reviewed recommendations from the independent effectiveness evaluation and created a Board Effectiveness Tracker. The Board is committed to implementing the changes, having completed most actions. Three actions remain outstanding and will be completed in 2025 as part of the current remuneration review, with the assistance of a new external advisor to the Remuneration Committee.

Board Appointments and Re-election

The Nomination Committee considers the balance of skills and experience on the Board and the requirements of the business. Appointments are made on merit against objective criteria and with due regard for the benefits of equity, diversity and inclusion on the Board. The recruitment process for directors involves appropriate sources of objective external opinion. Further information about the responsibilities of the Nomination Committee in relation to Board appointments is provided on page 54.

Directors must be authorised by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) as part of the qualification of the Senior Managers Regime for the functions they are performing within the Group and Society, and comply with the rules, principles and standards of conduct laid down by those respective authorities.

As recommended by the Code, all directors are subject to election at the first Annual General Meeting following their appointment to the Board and are required to seek re-election annually thereafter. Any term of office beyond six years for an independent non-executive director is subject to particularly rigorous review and the Board's general policy is that independent non-executive directors ideally should not, unless there is a strong business case, serve more than nine years.

Information and Professional Development

The Board believes strongly in the development of all employees and directors. On appointment, a tailored induction programme is arranged for each new director which includes a series of meetings with other directors, senior management and key individuals within the business as well as the provision of key information about the Group and Society.

Further details regarding the appointment and induction of executive and independent non-executive directors can be found on page 54. Any training or development needs are identified during this process and during subsequent annual evaluations of the Board's and individual director's performance and effectiveness. The Group and Society provide the resources required for developing directors' knowledge and capabilities through continued personal development and membership of professional bodies.

The offices of Board Chair, Chief Executive and Company Secretary are distinct and held by different individuals. The Board Chair ensures that the Board receives accurate, timely and clear information sufficient to enable it to fulfil its responsibilities. Under the direction of the Board Chair, the Company Secretary ensures good information flows within the Board, its committees, and between senior management and independent non-executive directors, as well as facilitating induction and assisting with professional development as required. The Company Secretary, to whom all directors have access, also has responsibility for advising the Board through the Board Chair on all governance matters and for ensuring that Board procedures are complied with.

There is an established procedure for directors, if deemed necessary, to seek independent professional advice at the Society's expense in the furtherance of their duties.

Conflicts of Interest

As part of their ongoing development, executive directors may take on one external non-executive role on a non-competitor board, for which they may retain the remuneration. To avoid any conflict of interest, all appointments require Board approval. The Board monitors the extent of directors' other interests, and the time commitment required to ensure its effectiveness is not compromised.

Each director has a duty to avoid situations where they have, or might have, a direct or indirect interest that conflicts, or may conflict, with the interests of the Group or Society. This duty is in addition to their obligation to disclose to the Board any interest in transactions or arrangements under consideration by the Group or Society.

The Board follows an established procedure when deciding whether to authorise an actual or potential conflict of interest. Only independent directors (i.e., those with no interest in the matter under consideration) can make the relevant decision. In making the decision, directors must act in good faith and in a way, they believe will most likely promote the success of the Group or Society. Furthermore, directors may impose limits or conditions when granting authorization, if appropriate.

There is a process for dealing with situations where a director has a conflict of interest. As part of this process, the Board:

- considers each conflict situation separately on its particular facts;
- considers the conflict situation in conjunction with the rest of the conflicted director's duties under the Companies Act 2006;
- keeps records and Board minutes as to authorisations granted by directors and the scope of any approvals given; and
- regularly reviews conflict authorisation.

Our Stakeholders

The Board's Approach to Stakeholder Engagement

The Board acknowledges its responsibility to consider the needs and concerns of our stakeholders as part of its deliberations and decision-making processes. The table below illustrates how the Board ensures effective engagement with, and encourages participation from, our stakeholders.

The views and interests of stakeholders are integral to the development, delivery, and oversight of the Group and Society's business model, strategy, and culture. Where Board decisions impact stakeholders, management is tasked with ensuring that potential impacts are thoroughly considered and presented to the Board.

While the Board and its directors occasionally engage directly with stakeholders, most engagement occurs at an operational level. Consequently, the Board primarily forms its views on stakeholders through reports and information provided by management. The Board continually reviews these processes to ensure they remain effective, thereby ensuring the Board has the necessary information to understand stakeholders' views and apply this knowledge to its deliberations and decision-making.

The table below gives an overview of how the views and interests of our stakeholder groups are represented or reported at Board level, and are factored into the Board's decision-making processes.

	Why we engage	How we have engaged
Members	Our members are key to the long-term success of the Society, both in terms of retaining existing members and attracting new members. The Exeter is committed to providing quality, appropriate and affordable policies to its members.	The Board is committed to maintaining regular, clear, and effective communication while ensuring fair treatment for all members. Members are encouraged to participate in our Annual General Meeting (AGM) either in person or virtually. This year, the AGM was open for attendance and live-streamed, enabling all members to attend and vote. The Board strives for fairness and transparency in all dealings, ensuring our products provide members with valuable outcomes. In our interactions with members, we aim to make our processes as helpful and informative as possible, considering different member preferences. Our member service colleagues are well-trained in telephone and email correspondence, and we utilise other technologies where possible. For instance, we produced the full AGM information pack in Braille to meet the needs of some of our members. Communication channels include emails, video conference calls, telephone, and our website. We gather feedback on our engagement through periodic market research. Understanding what is important to our members is crucial for our business success. Management has established processes for capturing market information on business trends, which are reported to the Board by the executive team through the CEO's reports and management presentations. We continue to develop technology to assist members throughout their policy life, such as the HealthWise app. Other engagement activities this year include: • Annual member policy information and correspondence • Annual Report and Accounts • Correspondence via intermediaries • Gathering insights from print and social media • Member surveys conducted internally or by external independent providers
Suppliers & Intermediaries	The Exeter relies on three key suppliers to deliver exceptional service to our members. Our intermediaries play a crucial role in distributing our products, as we depend on their expertise to understand both our offerings and the needs of our members. Additionally, our outsourced IT support services and reinsurers are vital to our operations, ensuring seamless functionality and robust risk management. These partnerships are integral to maintaining the high standards of service that our members expect and deserve.	The Board acknowledges the critical importance of cultivating trusted partnerships with our suppliers, which encompass member service providers, IT service providers, intermediaries, reinsurers, and other key stakeholders. We are committed to maintaining robust relationships with our intermediaries, facilitated by the dedicated efforts of our supplier managers and Executive Committee members who oversee these pivotal connections. To further enhance our supplier relations, we have appointed a new Head of Outsourced Operations, who will serve as the primary point of contact for our larger suppliers and partners, ensuring seamless communication and collaboration. For suppliers providing services or advice rather than goods, we ensure a robust outline of the required scope, confirming that the service or advice is fit for purpose and meets the original scope of work. These services are closely monitored and maintained. The Exeter considers broader factors when selecting partners, recognising the impact suppliers have on the Group and Society. The Board is committed to ensuring good working conditions throughout the supply chain and adheres to supplier payment terms. The Board is kept informed about suppliers and intermediaries through regular updates.

	Why we engage	How we have engaged
		The Board also reviews business performance at both product and intermediary levels, based on reports from the CEO and the Director of Distribution and Marketing. This allows the Board to form a comprehensive view of the business. Additional oversight is provided through the review of external surveys and results. Other ways of engagement include: • Regular open dialogue • Collecting feedback from surveys • Hosting online forums, summits and training events
Colleagues	Our colleagues are essential to our business, enabling us to deliver our strategy and services to our members. It is vital for both the business and our colleagues that the positive and inclusive culture we have developed continues to thrive.	The Exeter is committed to providing a positive and safe working environment, with a strong focus on health, wellbeing, inclusivity, and offering excellent developmental opportunities. Regular performance check-ins and development conversations, whether virtual or face-to-face, are conducted to support our colleagues. We have various mechanisms in place to ensure engagement with colleagues, including: • Colleague feedback surveys • Regular one-to-one meetings and coffee mornings • Video updates on business performance and general matters • A bi-annual all-colleague conference to provide support, updates, and informal interactions with Board members • Robust and relevant policies • Performance measurements aligned with business strategy and culture The Board regularly receives updates on the People strategy and colleague matters. Helen McEwan, Senior Independent Non-Executive Director and Deputy Chair, serves as the Board colleague representative. Helen regularly attends colleague committee meetings, informal video coffee meetings, and the Employee Consultation Forum. The CEO provides updates on people matters to the Board at every scheduled meeting. The Board and its Committees have direct access to and receive presentations from the Chief People Officer. The Board retains oversight of colleague matters, including health and safety, resource levels, succession planning, talent development, equity, diversity and inclusion, cultural awareness, reward, and retention. The Board is kept informed of the effectiveness of colleague strategies through various reports, including engagement surveys. In response to colleague's feedback, we have implemented a 'real-time' reward system to recognise individuals nominated by their peers.
Community & CSR	The local community comprises the people who live in the area where the business is located. Although they may not necessarily be members of The Exeter, they are all neighbours to the business. We are committed to being mindful of the local environment, infrastructure, and the impact our business has on jobs and prosperity in the local area.	The Exeter is deeply committed to nurturing a positive relationship with our community. For the past three years, our colleagues have proudly supported FORCE Cancer Charity, which offers free support and information to individuals affected by cancer at their centre in Exeter and its community hospitals. Our team actively participates in fundraising projects and initiatives, including community project donations, and we are dedicated to creating local job opportunities whenever possible. This unwavering commitment underscores our dedication to making a meaningful impact in the communities we serve. We build on community activity and understanding of issues and priorities. Our commitment to the environment is reflected in our policy of not sending any waste to landfill and our ongoing efforts to reduce overall emissions. We have collaborated with independent organisations such as Carbon Footprint and other ESG bodies to enhance our knowledge and improve our contribution to society and the community. The Board is kept informed of these activities through regular reports presented to the Governance & Risk Committee, the Nomination

	Why we engage	How we have engaged
		Committee, and during Board meetings.
Governments and Regulators	Regional and national government bodies and agencies which implement and enforce applicable laws, regulations, and guidance across our industry.	The Head of Compliance, the Chief Risk Officer, the Company Secretary, and other subject matter experts regularly update the Board and its committees on regulatory developments affecting the Group or Society. The Chair, the Chief Risk Officer, the Head of Compliance, and the Company Secretary also have regularly scheduled meetings with regulators and other related bodies.

Board Decision-Making and Stakeholder Engagement

The examples below give an insight into how the Board had regard for the interests of its stakeholders in its decision-making processes during the year.

Members

We treat our members fairly and provide them with a quality service. Members are vital for the long-term continuation of the business.

Key areas:

- **Fair Treatment of Members**: Ensuring that all members are treated with fairness and respect in every interaction.
- **Value for Money**: Providing products and services that offer excellent value, balancing cost and quality.
- **Market-Leading Products and Services**: Delivering innovative and high-quality products and services that set us apart in the market.
- **Long-Term Sustainability of the Business and Strategy**: Focusing on sustainable growth and strategic planning to ensure the long-term success of the business.
- **Strong Member Relationships**: Building and maintaining positive, lasting relationships with our members.

How the Board engages with and considers this stakeholder:

The Board receives reports from the Director of Distribution and Marketing. When making strategic decisions, the Board carefully considers how these decisions will impact the delivery of long-term value to our members.

The business has also continued to utilise intelligent general practitioner reporting ("iGPR"), electronic reporting, and record screening to expedite processes for the benefit of our members, providing a straightforward method for GPs to submit their reports.

Although we do not receive many complaints, we take each one very seriously. We welcome feedback from our members in any form. Our member care team is trained to respond efficiently and effectively, ensuring that any member query is resolved as quickly and clearly as possible.

Colleagues

The Exeter values its colleagues and considers them key assets to the business. Our people are central to the success of the business.

Key areas:

- **Work-Life Balance**: Ensuring colleagues have a healthy balance between work and personal life.
- **Recognition and Rewards**: Acknowledging and rewarding colleagues for their hard work and achievements.
- **Open Communication**: Encouraging transparent and open communication between colleagues and management.
- **Health and Safety**: Ensuring a safe working environment and promoting the physical and mental well-being of all colleagues.
- **Engagement and Development**: Fostering a culture of continuous learning and professional growth, encouraging active participation and involvement.
- **Equity, Diversity, and Inclusion**: Promoting a workplace where everyone feels valued, respected, and included, regardless of their background or identity.
- **Positive and Enjoyable Work Environment**: Creating a supportive and enjoyable atmosphere that enhances job satisfaction and overall happiness at work.

How the Board engages and considers this stakeholder:

The Board recognises the importance of attracting, retaining, and developing talent, and considers colleagues' views in decision-making. In 2023, the Board re-approved the Society's Equity, Diversity and Inclusion (EDI) Policy and website statement. Colleague rewards and bonuses are reviewed with their feedback in mind, and this input is also considered in Executive remuneration decisions.

The Board receives regular reports on key matters affecting colleagues, including training and development plans, and outcomes of colleague surveys and engagement. Although a confidential Whistleblowing process is maintained for reporting wrongdoing, fraud, or bribery, no instances were reported during the year. The Board also supports the training and delivery of colleague mental health first aiders.

Community & CSR	Suppliers	Government & Regulators
Supporting our community and respecting the environment are core values for us. We aim to support the local community through fundraising and direct charitable donations. Our colleagues actively participate in community projects, both in their own time and during the Society's time. We strive to be good corporate citizens, aligning our actions with our values and objectives.	Collaborating with our outsourcers, intermediaries, and service providers is crucial for the smooth and secure operation of our business. This ensures a consistent level of quality and support for both our colleagues and members. Intermediaries play a key role in our business, and we highly value their contribution in delivering our products to members.	Keeping the business informed of any government, legal, or regulatory changes is crucial for safeguarding the Society and our members. This ensures that the products we provide lead to positive long-term outcomes.
Key areas: • **Mitigating the Financial Impact of Climate Change**: Actively addressing the financial implications of climate change and striving to reduce our carbon footprint as much as possible. • **Community Support**: Offering direct funding and engaging in charitable fundraising to support our local community. • **Providing Placements and Assistance**: Offering placements and assistance to support community development and individual growth.	**Key areas:** • **Service Management of Outsourced Work**: Ensuring efficient and effective oversight of outsourced tasks to maintain high standards. • **Payment Practices**: Adhering to fair and timely payment practices to build trust and reliability with our partners. • **Responsible Sourcing**: Committing to ethical and sustainable sourcing practices that align with our values. • **Quality Communication**: Fostering clear and consistent communication between service providers, intermediaries, and outsourcers to ensure seamless collaboration.	**Key areas:** • **Regulatory Changes**: Staying informed and compliant with new regulations to ensure the safety and integrity of our operations. • **Climate and Environmental Matters**: Addressing and mitigating the impact of our activities on the environment. • **Colleague Matters**: Focusing on the well-being, development, and engagement of our colleagues. • **Regulatory Consultations**: Participating in consultations to influence and adapt to regulatory developments.
How the Board engages and considers this stakeholder: Several directors and colleagues met with our chosen charity, to explore ways of providing support, whether through fundraising or voluntary assistance. Colleagues also initiated their own fundraising schemes to support various local charities. The Board receives an annual update on the charitable and community initiatives completed throughout the year. The Board is committed to being a responsible business and having a positive impact on the lives of our members, colleagues, and communities. The Board receives regular updates on progress towards our climate change programme. The business has engaged independent providers to assist with calculating and assessing the Society's environmental impact. During the year, the Board reviewed and approved the Modern Anti-Slavery Statement, which is available on our website. In early 2025, The Exeter proudly achieved ISO 14001 accreditation, an international standard for environmental management systems. This accreditation underscores our commitment to better managing our environmental impact and enhancing sustainability practices.	**How the Board engages and considers this stakeholder:** We prioritise feedback and mutual communication with our intermediaries. Regular feedback and collaboration with our outsource providers help us monitor and agree on quality and service targets. This is achieved through regular meetings attended by senior management and, occasionally, by an executive director. Feedback from our intermediaries is gathered through active relationship management, benchmarking, and annual intermediary events attended by an executive director and senior management. This comprehensive approach helps shape our strategies and improve our services with brokers. Audits for risk assessment and policy compliance are conducted. The Board receives updates from business areas that interface with suppliers, intermediaries, and service providers. This includes reports from the Internal Audit team on audits of our outsourced partners' operations, ensuring quality assurance through compliance with relevant international standards such as ISO 27001. In working closely with our suppliers, we aim to provide good value for our members. Regular reporting allows the Board to consider the impact on suppliers when making key strategic decisions.	**How the Board engages and considers this stakeholder:** The Board actively engages with regulatory bodies to contribute to and implement key regulatory changes. Details of these engagements are reported to the Board and, when appropriate, discussed prior to submission to the regulators. The Board also responds to enquiries from regulatory bodies regarding information requests, regulatory filings, and fees.

Board Equity, Diversity and Inclusion ("EDI")

At the Board level, the approach to appointing new directors reflects the Committee's objective to maintain an appropriate balance of experience and backgrounds. Great emphasis is placed on ensuring that Board membership embodies diversity in its broadest sense. Consequently, Board members are drawn from a wide range of disciplines, industries, and cultures.

Throughout the year, the Nomination Committee received comprehensive updates on Equity, Diversity, and Inclusion (EDI) activities. The various workstreams implemented across the business to recruit, develop, and retain a diverse talent pool were evaluated, reflecting our unwavering commitment to fostering an inclusive and equitable workplace.

The Board supports various initiatives across the business to enhance EDI. These efforts include strengthening the talent pipeline, improving access to opportunities, and removing barriers to progression. Other areas of focus include evolving the learning platform and offerings to support the development of strategic capabilities that underpin the business strategy, maintaining a strong emphasis on positive mental health and overall well-being of colleagues, and encouraging colleagues to utilise their two paid annual volunteering days.

The Exeter's workforce comprises just over 240 colleagues, with 44% of senior management roles being held by women. Although we are not legally required to publish our gender pay gap due to having fewer than 250 colleagues, we voluntarily include this information in our Climate Change and Environmental, Social, and Governance (ESG) report, which can be found on page 17.

Our recruitment efforts continue to support organisations that help expand the recruitment pool, open up community-based opportunities, and consider the language used in our adverts, websites, and general communications. The Board is fully supportive of these initiatives, and the Chair of the Nomination Committee, the senior independent director, the CEO, the Chief People Officer and the senior management meet monthly to discuss progress in this important area.

Culture

Our caring, committed culture makes us a better business. Openness, trust, and accountability are fundamental to the way we work. We ensure that our colleagues are treated fairly and with respect, have opportunities to grow and develop, and work in a positive, supportive environment. Valuing a diverse and inclusive workforce at all levels, we are determined to support our colleagues in overcoming traditional gender, ethnicity, and socio-economic barriers that might exist in society.

Our colleagues are at the heart of our business, and the Board considers it essential that policies, practices, and behaviours align with our purpose, values, and strategy. Our aim is to provide a culture where our colleagues thrive and feel valued for who they are and what they bring to The Exeter. Through an inclusive culture, we promote a workplace where our people and partners can speak up and be heard. Our values, commitments, and code of conduct guide the decisions, actions, and behaviours of our colleagues, serving as a foundation for the way we conduct ourselves.

The Board monitors and assesses culture through the following mechanisms:

- Considers the results of all internal 'pulse' and external colleague surveys.
- Annually reviews The Exeter's code of conduct and policies.
- Ensures that the Board and its members regularly meet colleagues both formally and informally.
- Helen McEwan, Senior Independent Non-Executive Director, is responsible for colleague engagement. On behalf of the Board, Helen attends and reports back on discussions at regular Employee Consultation Forum meetings.
- The Nomination Committee considers EDI, talent development, culture, and colleague engagement throughout the year.
- External resources are used to provide guidance and insight

The Exeter establishes a consistent level of expectations across all areas of its strategy. These principles foster a culture of trust, inclusion, and collaboration. We are confident that this behaviour is deeply embedded within the organisation and forms the foundation of The Exeter's culture.

Modern Anti-Slavery and Human Trafficking Statement

The Exeter firmly opposes all forms of human trafficking, forced labour, bonded labour, and child slavery in our direct, indirect, and supply chain operations. We remain dedicated to raising awareness of modern slavery issues and promoting best practices among our suppliers and colleagues. Our 2024 statement, published on our website, reinforces our unwavering commitment to this critical issue.

Financial Crime Prevention

We have a zero-tolerance approach to financial crime, bribery, and corruption. Our policies, frameworks, and controls ensure that we only receive or pay money to or from clients, third parties, partners, and suppliers that we have identified as suitable to do business with. We conduct mandatory annual training for our colleagues, which includes passing a test to confirm their understanding of our policies and their role in upholding them.

We maintain a policy and a register of gifts, entertainment, and hospitality that we receive or provide. We also have processes in place for reporting and reviewing breaches of our policies. In 2024, we had no breaches (2023: no breaches).

Compliance with the Association of Financial Mutuals Code

The Board has considered the updated Association of Financial Mutuals (AFM) Corporate Governance Code including the launch of the AFM Code Guidance, issued in October 2024, in particular the principles of best practice. The following table sets out the extent the Society has applied these principles:

Principle		Applied	How Applied
1.	**Purpose and leadership:** An effective board promotes the purpose of an organisation, and ensures that its values, strategy and culture align with that purpose.	Yes	• Mutuality and heritage are core elements of the Society's values, aimed at making a positive impact on the lives of our members. • Throughout the year, the Board regularly reviews the Group's purpose, objectives, and strategy, which form the foundation of the Business Plan. • The Group's purpose and vision are considered and updated as part of the strategy review. The strategy was successfully delivered in 2024, achieving membership growth, income growth, technological advancements, and the development of our customer value proposition. • Regular staff briefings and team meetings are held to articulate and operationalise the Society's strategy and business plan. The overarching purpose and values that underpin the strategy and expected behaviours are embedded at every level of the organisation through objective setting, regular training, and performance reviews. • The Society monitors its culture and colleague engagement through various methods, including colleague surveys, absenteeism rates, and exit interviews. An annual colleague survey, conducted using People Insight, allows for year-on-year comparisons and benchmarking against similar organisations. • Protocols, including the Corporate Governance and Policy handbooks, are firmly in place. • Our learning initiatives foster the right culture to bring our values to life, creating conditions for continued success. By equipping colleagues with new technology and efficient ways of working, we ensure the delivery of our overall purpose and vision across the organisation.
2.	**Board composition:** Effective board composition requires an effective chair and a balance of skills, backgrounds, experience, and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the organisation.	Yes	• The Board operates through clear and established protocols and governance processes aligning to the Society's Rules and the matters reserved to the Board and its Committees' terms of reference. This ensures all matters and decisions are appropriately challenged and transparent. • Having a robust policy on Board diversity, equity, and inclusion, supports both appointments and succession planning for the Board. • All executives and non-executives performing senior management functions are subject to approval by the PRA and FCA under the Senior Managers and Certification Regime. • Board effectiveness is measured through routine internal evaluations of the Board and its Committees, with an independent external evaluation having taken place in December 2023. • The Nomination Committee regularly reviews the composition and succession plans. A skills matrix is maintained that clearly identifies the knowledge and experience of individual directors, highlighting any gaps in board experience and skills. These identified areas of knowledge gaps are addressed in future appointments. • The Board composition is balanced between executive and independent non-executive directors. Longevity, diversity, skill, experience and continued independence of non-executives are continually monitored with an annual evaluation.
3.	**Director responsibilities:** The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.	Yes	• Individuals appointed to the Board go through an induction process which encompasses accountability and responsibilities in line with regulatory requirements. • The directors use various Board and committee reports to understand the business and any required decisions. As well as reporting, various senior management also provide ad-hoc updates, training and presentations to supplement reports. • The Board is given necessary training and learning support, policies along with management information. This has enabled directors to fulfil their roles and align their decisions and thinking in line with the success and vision of the organisation. Non-executives are also asked to attend external seminars and conferences where possible and appropriate. • All directors and non-executive directors complete an annual fit and proper person test to ensure that they remain suitable and able to carry out their roles and to provide transparency with regard to any potential conflicts of interest. • Accountability is ensured through routine evaluations of the directors, the Board, and its sub-committees.

Principle		Applied	How Applied
			• Terms of reference are in place for each of the Board's sub-committees and are subject to annual review with any recommended changes submitted for Board approval.
4.	**Opportunity and risk:** A board should promote the long-term sustainable success of the organisation by identifying opportunities to create and sustain value and establishing oversight for the identification and mitigation of risks.	Yes	• Through a clear definition of the vision and strategy, the Board's decisions are always focused on delivering quality long-term, and sustainable value to its members. • Principal risks have been identified with a robust monitoring, mitigation and reporting system in place. These have been articulated and reported in the Risk Management Report on page 14. • Using the Own Risk and Solvency Assessment ("the ORSA") report and business planning, the Board debates the risk appetite, carries out scenario testing and identifies how any potential threats can be successfully managed and converted into opportunities. • Investment has been made to increase resources in managing risk over recent years, including increased third-party risk assessments being undertaken for cyber security.
5.	**Remuneration:** A board should promote executive remuneration structures aligned to the long-term sustainable success of an organisation, taking into account pay and conditions elsewhere in the organisation.	Yes	• The Remuneration Policy is set out and monitored by the Remuneration Committee. The policy has clear objectives to incentivise management based on the long-term sustainable success of the Group's strategic vision and business plans. • Succession planning and retention of talent, at both senior and the operating levels of the organisation, continue to be a key area of focus for the Board. • Colleagues and executive directors are remunerated based on market rates and bonuses are paid based on the business strategy and personal achievement to create a common goal. • The Remuneration Committee has engaged an independent third party advisor to assist on providing recommendations on best market practices and remuneration benchmarking.
6.	**Stakeholder relationships and engagement:** Directors should foster effective stakeholder relationships aligned with the organisation's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when making decisions.	Yes	• Through the Group's vision and strategy, stakeholder engagement is embedded at all levels of the organisation and externally where applicable. • The Board and senior management clearly define and promote the direction of engagement across all areas of the organisation. • The Board promotes a meaningful annual cycle of stakeholder engagement and continues an ongoing programme of colleague consultations and forums with Helen McEwan, Senior Independent Non-Executive Director has responsibility for colleague engagement. Isobel Langton, CEO, has been appointed the champion for equity, diversity and inclusion. • The Society provides free and confidential help and advice to colleagues when dealing with life's challenges, through access to Mental Health First Aiders, an Employee Assistance Programme, as well as links to Menopause Matters. • The Board also has appointed Suzanne Clark, Non-Executive Director, as the Consumer Duty champion. • A Whistleblowing Policy is in place, which sets out the way in which colleagues may raise any concerns that they have and how those concerns will be dealt with. Suzanne Clark is also the Board appointed Whistleblowing Champion.

Board of Directors

Below are details of the members of our Board. All of the non-executive directors meet the definition of independence as provided by both the 2024 UK Corporate Governance Code and the Association of Financial Mutuals Corporate Governance Code 2024. The full biographical details of the Board can be found on our website, at the following address www.the-exeter.com.

The Exeter Board Committee Membership Key

- A Audit Committee
- B Board
- G Governance & Risk Committee
- I Investment Committee
- N Nomination Committee
- R Remuneration Committee

- Chair
- Senior Independent Non-Executive Director
- Independent Non-Executive Director

Peter Hubbard
Board Chair

B G N R

Appointment: Appointed to the Board in August 2022 as Board Chair and Independent Non-Executive Director.

Key skills and competencies: Peter has served in both executive and non-executive roles in the regulated environment and brings with him a strong background in leadership. He is a Chartered Accountant by profession and has taken the Advanced Management Programme at Harvard Business School.

Current external appointments: Peter is currently the Chair of the Dudley Building Society.

Previous experience: Being a Chartered Accountant by profession, Peter has worked at Ernst & Young and Kidsons**.** Peter is the former Non-Executive Chair at Co-operative Insurance. Former Non-Executive Director of Q-Metric, The Chartered Insurance Institute, Keoghs, AXA PPP and AXA Art. He has held senior executive positions as Group Chief Executive for the UK General Group of businesses; Chief Executive of AXA Insurance and Managing Director of e-commerce at Lloyd's Banking Group and Planning and Strategy Director at Lloyds Retail Bank.

Helen McEwan
Senior Independent Non-Executive Director and Deputy Chair

A G I N R

Appointment: Appointed to the Board in September 2016 and as Senior Independent Non-Executive Director and Deputy Chair in July 2023.

Key skills and competencies: Helen brings a wealth of experience from the life and pensions industry. She is highly regarded for her astute commercial acumen coupled with her extensive leadership, operations and stakeholder management expertise.

Current external appointments: Helen is currently Chief Pensions Officer to the Universities Superannuation Scheme and Trustee to the Legal & General Master Trust.

Previous experience: Helen spent many successful years at global insurer Aegon UK, where her roles included Director of Banks, Partnerships Director and Head of International Sales. Helen has also worked with a broad range of diverse financial organisations, including Fintech, True Potential and Auto-enrolment specialist at Now Pensions. Helen is passionate about providing high-quality, value-for-money financial products and services which offer great outcomes for customers.

Kelvin Malayapillay
Independent Non-Executive Director

A G I N R

Appointment: Kelvin was appointed to the Board in August 2023 as an Independent Non-Executive Director.

Key skills and competencies: Kelvin has over 20 years in the financial services industry. He has expertise in business strategy, executive coaching, and acts as an advisor to established and start-up firms.

Current external appointments: Kelvin currently holds a Non-Executive Director role with Teachers Building Society.

Previous experience: Kelvin has held a number of roles within his 20-plus years of time in the financial services industry including Retail Bank Strategy Director at Lloyds Banking Group, the Group Strategy Director at LV and has also launched businesses in personal loans and direct-to-consumer life insurance. More recently, Kelvin was a Non-Executive Director with Tune Protect Group, one of Asia's largest travel insurers. His other areas of experience include being an executive coach.

Suzanne Clark
Independent Non-Executive Director

A G I N R

Appointment: Suzanne was appointed to the Board in August 2023 as Independent Non-Executive Director and Chair of the Audit Committee.

Key skills and competencies: Suzanne has over 30 years of internal audit and risk management experience in the financial services industry. She is a qualified and skilled chartered accountant who is also a chartered member of the Chartered Securities and Investment Institute.

Current external appointments: Suzanne is Non-Executive Director and Audit Committee Chair at HBL UK Bank and a Non-Executive Director at Recognise Bank.

Previous experience: Prior to joining The Exeter, Suzanne was the Chief Internal Auditor at Peel Hunt, a UK Investment Bank, and has held senior roles at the Bank of England along with several other financial institutions including Chief Internal Auditor at the Yorkshire Building Society.

Suzanne stepped down as a Non-Executive Director and Audit Committee Chair at Leeds Teaching Hospitals NHS Trust in September 2024.

Dr Donald MacLean
Independent Non-Executive Director

A G I N R

Appointment: Donald was appointed to the Board in May 2024 as Independent Non-Executive Director and Chair of the Governance and Risk Committee in June 2024.

Key skills and competencies: Donald has over 20 years' experience in financial services, most recently with the UK Life insurance arm of Corebridge Financial, formerly AIG Life. There, at various times, he held the roles of Chief Financial Officer, Chief Actuary and Managing Director. Donald has a strong commercial focus as well as strategic and financial acumen.

Current external appointments:

Donald's other appointments include Tyndale House, Group Risk Services Limited and AIG Life Limited.

Previous experience: Donald has held positions within the finance industry, including Aviva, Engage Mutual Assurance, Reinsurance Group of America, and HSBC, including the Chief Actuary role at HSBC Life. Other appointments include Group Risk Services Limited and AIG Life Limited. Donald was also a member of the Actuarial Profession Health and Care Board, a member of the CMI Assurances Committee, and a former visiting lecturer at Bayes Business School (University of London).

Isobel Langton
Chief Executive

B I

Appointment: Isobel was appointed Chief Executive in April 2021.

Key skills and competencies: Isobel has over 30 years of experience in the insurance industry. She is passionate about the vital role the protection and health industry provides in ensuring that people have the financial resilience to withstand some of the worst things life can throw our way. Isobel has a drive for excellent customer service and identifies its value in ensuring great outcomes.

Current External Appointments: Isobel is a fellow of the Royal Society of Art and a Trustee of the Lusitano Breed Society GB.

Previous experience: Isobel has a wealth of experience in the protection and pension industry having held several senior positions at both Irish Life and Royal London. A move to Royal London allowed Isobel to build her passion for Customer Services where she held a number of senior positions and successfully integrated the customer service functions of Royal London and United Assurance Group. In 2014 Isobel was appointed Chief Executive of their Intermediary Division, where she created and implemented strategy for both the protection and pension business, leading them through a period of significant success.

B

G

Appointment: Michael joined the Society as Commercial Director in October 2023, and was appointed as Chief Financial Officer and Chief Actuary in June 2024.

Key skills and competencies: Michael has over 30 years experience in the Insurance, Asset Management, and Wealth Management industries. He is a qualified actuary and has held numerous senior positions throughout his career.

Current External Appointments: Michael currently holds a Non-Executive Director role at Glasgow Clyde College.

Previous experience: Michael joined The Exeter from KPMG where he served as Director in the Insurance Consultant practice. Michael has previously held roles as Customer & Innovations COO and Customer Distributions CFO at M&G, a Portfolio Actuarial and Operations Director at Prudential Assurance, in addition to time at fellow mutual Scottish Friendly where he was Actuarial Director. He has previously held Non-Executive Director roles at M&G Wealth Advice LTD, Prudential International Assurance, and was a member of Prudential's Independent Governance Committee.

B

Appointment: Steve was appointed as Director of Distribution and Marketing in July 2017.

Key skills and competencies: Steve has spent his entire career in the Financial Services sector. He has a degree in Economics and Accountancy from the University of Leeds and brings to our Board his experience across the Protection, General Insurance, Mortgage and Healthcare markets.

Current External Appointments: Steve was appointed to the Board of Association of Financial Mutuals in November 2024.

Previous experience: Steve's lifelong career in the Financial Services sector began with the graduate training scheme at Lloyd's Bank. Subsequently, a 20-year long tenure with Legal & General followed in a variety of roles across the General Insurance and Protection divisions, culminating in Steve heading up the Intermediary Distribution across both divisions.

B

Appointment: Willie is the Medical Director and was appointed to the Board in April 2005.

Key skills and competencies: Willie qualified in Medicine from the University of Bristol in 1982 and has an extensive research career focusing mainly on improving cancer diagnosis.

Current external appointments: Willie is the Professor of Primary Care Diagnostics at the University of Exeter Medical School. Willie has also been the Chief Medical Officer for Liverpool Victoria for over twenty years.

Previous experience: Willie has a rich career in medical research and has received several accolades during his distinguished career. He has won Research Paper of the Year twice and has written two textbooks, one on orthopaedics and the second on cancer, the latter winning a British Medical Association prize. He was the clinical lead for a NICE (National Institute for Health and Care Excellence) guideline NG12, on an investigation of suspected cancer, and sits on several Department of Health Committees relevant to cancer. In 2019 Willie was awarded a CBE in the New Year's Honours list for his 'services to improving early cancer diagnosis'.

Skills and Experience

Below is a general overview of the skills and experience of the Board.

Director	Life, IP and General Insurance	Reinsurance	Medical	Financial / Audit / Investment / Pension	Risk / Compliance	Actuarial	Senior Executive / Chair	Cybersecurity / IT	ESG	Marketing / Distribution / Underwriting
Peter Hubbard	●	●	●	●	●		●	●	●	●
Steve Bryan	●				●		●	●	●	●
Suzanne Clark	●		●	●	●		●	●	●	●
Willie Hamilton	●		●		●		●		●	
Isobel Langton	●	●			●		●		●	●
Kelvin Malayapillay	●	●			●		●	●	●	●
Donald MacLean	●	●		●	●	●	●	●	●	●
Helen McEwan	●			●	●		●	●	●	●
Michael Payne	●	●		●	●	●	●		●	

Board and Committee Membership Attendance

Against each Director's name is shown the number of meetings of the Board and its Committees at which the Directors were present as a member and in brackets the number of such meetings that the Director was invited as a member of the Board or Committee to attend during the year.

Director	Board[1]	Audit	Governance & Risk	Investment	Nomination	Remuneration
	(8)	(7)	(7)	(3)	(4)	(5)
Peter Hubbard	8/8	-	-	3/3	4/4	4/4
Keith Baldwin[2]	5/5	4/4	3/3	2/2	3/3	3/3
Suzanne Clark	8/8	7/7	7/7	3/3	4/4	5/5
Donald MacLean[3]	5/5	4/4	5/5	2/2	2/2	3/3
Kelvin Malayapillay	8/8	7/7	7/7	3/3	4/4	5/5
Helen McEwan	8/8	7/7	7/7	3/3	4/4	5/5
Steve Payne[4]	3/3	3/3	3/3	2/2	3/3	2/2
Isobel Langton	8/8	-	-	3/3	-	-
Steve Bryan	8/8	-	-	-	-	-
John Gunn[5]	4/4	-	3/3	-	-	-
Michael Payne	8/8	-	7/7	-	-	-
Willie Hamilton	8/8	-	-	-	-	-

[1] This included one strategy meeting.

[2] Keith Baldwin resigned 31 August 2024.

[3] Donald MacLean was appointed 1 May 2024.

[4] Steve Payne resigned 26 June 2024.

[5] John Gunn resigned 26 June 2024.

Committee Reports

The Board has five established Committees: Audit, Governance & Risk, Investment, Nomination and Remuneration to undertake a detailed review of those matters within their remit, as defined by each Committee's Terms of Reference. These Terms of Reference are available on request and are published on the Society's website, which can be found at the following address: www.the-exeter.com.

The Board reviews the minutes of Committee meetings and receives reports and recommendations from the Committee Chairs. The composition and performance of the Committees are reviewed annually by the Board.

Audit Committee

Governance

All members of the Committee are independent non-executive directors. The Board believes members have the necessary range of financial, risk management, internal control and commercial expertise to effectively challenge management.

Committee members are appointed by the Board based on recommendations from the Nomination Committee. The Committee meets at least three times a year. The Chair reports on its activities to the Board, regularly engages with key individuals involved in the Group and Society's governance and attends the AGM to address any member questions about the Committee's work. Additionally, the Chair holds regular meetings with the external Senior Statutory Audit Partner and the Head of Internal Audit to discuss support, share information, and to provide a platform for raising any concerns directly with the Chair.

Invitations to attend Committee meetings are regularly extended to the Board Chair, the Chief Executive, the Chief Financial Officer and Chief Actuary, the Director of Distribution and Marketing, the Commercial Director, the Head of Internal Audit, the Medical Director, and Representatives from the independent external auditors. Other senior managers, including the Head of Finance, are invited as needed to present reports essential for the Committee to fulfil its duties. The Company Secretary, who serves as the Secretary to the Committee, attends all meetings.

The Committee is authorised to seek external legal and independent professional advice as needed. The terms of reference are reviewed annually to ensure they remain fit for purpose. They were last reviewed in December 2023, and the review concluded that the amended terms continue to reflect best practice. The next review is scheduled for early 2025 and will include recommendations from the independent External Quality Assessment ("EQA") review. A copy of the terms of reference can be found on our website at www.the-exeter.com.

The Committee has an annual agenda that aligns to the terms of reference and key events in the Group and Society's financial calendar. The agenda is flexible, allowing the Committee to include important topics and to respond to emerging issues as needed.

A brief summary of the Audit Committee's activities during 2024

- Reviewed the Annual Report and Accounts and solvency and financial conditions report.
- Reviewed external auditor's reports on the financial statements. Covering the significant audit risks, areas of audit focus, appropriateness of significant management judgements used in preparing the accounts and the effectiveness of the internal control systems.
- Assessed the adequacy and effectiveness of the internal control systems, particularly the key internal controls over financial reporting, and provided assurance to the Board.
- Reviewed the going concern and viability statements.
- Monitored the role, mandate, independence and effectiveness of the Internal Audit function.
- Approved the external audit plan, the external auditor's terms of engagement and the fees to be paid.
- Reviewed and approved the Internal Audit Plan and the Internal Audit Charter. A copy of the Internal Audit Charter can be found on our website www.the-exeter.com.
- Reviewed and considered reports on the results of internal audit's work.
- Reviewed and considered the recommendations from the independent External Quality Assessment review of the Internal Audit function.
- Considered feedback on the Committee's performance from the independent external evaluation process.
- Advised the Board on how it has discharged its responsibilities and considered whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provided assurance to the Board.

Membership

Suzanne Clark (Chair)
Keith Baldwin (resigned 31 August 2024)
Kelvin Malayapillay
Helen McEwan
Steve Payne (resigned 26 June 2024)
Donald MacLean (appointed 1 May 2024)

The Committee's Key Areas of Focus

The Committee has set a set agenda for the year, which is adapted to reflect changes in the business and the strategy. This ensures that there is challenge of financial reporting, the external and internal auditors and a strong internal control environment. The Committee's key areas of focus and consideration for 2024 were:

Financial Reporting	• Reviewed whether the description of the Group and the Society's performance in the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information members need to assess its position and performance, business model and strategy, while offering advice and recommendations. • Provided advice and recommendations on the clarity of disclosures and compliance with financial reporting standards, as well as relevant financial and governance reporting requirements and guidelines. • Reviewed the significant transactions, accounting matters, and key judgements and estimates used in preparing the Annual Report and Accounts and in particular management's assumptions behind the going concern and viability statements. • Considered the external auditor's report on the financial statements, covering significant audit risks, areas of audit focus, the appropriateness of any significant management judgements used in preparing the accounts and the effectiveness of systems of internal controls. • Confirmed that the directors have carried out a robust assessment of the principal and emerging risks and how they are being managed or mitigated. • Made a recommendation to the Board, regarding the appointment of the independent external auditor to be put to the members for approval at the AGM.
External auditor	• Approved the external audit plan, terms of engagement and the fees. • Reviewed and monitored the external auditors, independence, objectivity and the effectiveness of the audit process, considering relevant UK professional and regulatory requirements. • Reviewed and approved the external auditor's independence policy on non-audit services.
Internal auditor function	• Approved the internal audit plan and regularly monitored its progress. Key areas of focus in the plan were cyber and information security and consumer duty. • Received quarterly internal audit reports, reviewed the results of Internal Audit's work and assessed the appropriateness of the actions proposed by management. • Reviewed and monitored management's responsiveness to implement actions to strengthen the internal control environment arising from internal audit reports. • Considered the Head of Internal Audit's independence and the adequacy of the resources available to the function. • Reviewed Internal Audit's self-assessment of the function's conformance to the Institute of Internal Auditors (IIA) standards and the Internal Audit Financial Services Code of Practice, the recommendations resulting from the independent EQA to ensure an effective internal audit function.
Control oversight	• Regularly reviewed and considered Actuarial Function reports and the work of the independent With Profits Actuary. • Reviewed the implementation of actions identified by the external auditor in their management representation letter to strengthen internal controls. • Reported to the Board, any areas needing action or improvement was needed and made appropriate recommendations. • Monitored the retirement benefit scheme.
Routine matters	• Reviewed the recommendations from the external independent annual review of the Committee's performance was completed early 2024 and the actions taken in response. • Reviewed and approved the Committee's terms of reference and minutes. • Agreed the agenda forward planner for the year ahead.

Financial Reporting

The primary role of the Committee in relation to financial reporting is to review the appropriateness of the annual financial statements with both management and the independent external auditors focussing on:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas where significant judgements have been applied or where there has been discussion with the independent external auditors;
- whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for members to assess the position, performance, business model and strategy; and
- any correspondence from regulators in relation to the Group and Society's financial reporting.

To aid its review, the Committee considers reports from the Chief Financial Officer, the Chief Actuary and the independent external auditors on the outcomes of their annual audit.

The primary areas of judgement considered by the Committee in relation to the accounts and how these were addressed were as follows:

- Insurance contract assets (Long Term Business Fund) – the calculation of the long-term insurance asset is an area where management and professional judgements are important. These are addressed by the Committee, with challenge of the Chief Actuary and management on the key assumptions,

including any relevant professional advice that may have been received. The independent external auditors also reported on the reasonableness of significant accounting estimates which is included in their report on page 75.
- Insurance contract liabilities (General Business Fund) – the calculation of general insurance liabilities is more straightforward than for long-term business, as the contracts are renewable annually and claims have a shorter tail but still requires management and professional judgements. The Committee challenged the Chief Actuary and management on the key assumptions, including estimations of the claims incurred but not reported, claims incurred but not settled, unearned premium and unexpired risks provisions and considered relevant professional advice. The independent external auditors also consider the reasonableness of these assumptions as part of their report on page 75.
- Age at Entry Management Account for the PMI business – the disclosure of the amount set aside to cover the value of potential future losses on Age at Entry business requires management and professional judgement on the appropriateness of the method used in its calculation. The Committee challenged the Chief Actuary and management on the key elements of the calculation and considered relevant professional advice.

The Committee receives regular reports on Solvency UK reporting.

Independent External Audit

The Committee oversees the relationship with and monitors the performance of the external independent auditors on behalf of the Board. It makes recommendations on their appointment, re-appointment, or removal and manages the re-tendering selection process. These recommendations are then presented to the members for approval at the Annual General Meeting (AGM). The Board recommended the re-appointment of Forvis Mazars LLP as The Exeter's independent external auditors, and this was approved by the members at the AGM on 26 June 2024.

The Audit Committee also reviews and sets the terms, responsibilities, and scope of the audit as outlined in the external auditor's engagement letter. Reviewing the overall work plan for the upcoming year, the associated fee proposal, and the audit's cost-effectiveness.

Throughout the year, the Committee assessed the effectiveness of the external audit process, ensuring that the agreed audit plan for the financial year ending 31 December 2024 was fulfilled and understanding any variations from the plan.

In evaluating the external auditor's independence and objectivity, the Committee considered the assurances and information provided by the auditor, including written disclosures of any relationships (such as the provision of non-audit services) that could impact their independence and objectivity. The Committee concluded that Forvis Mazars LLP remained independent of the Group and Society for the year under review.

Policies are in place to safeguard and support the independence and objectivity of the external independent auditors, including a policy requiring prior approval for engaging the independent external auditors for non-audit work.

Non-audit Fees

The Committee makes decisions based on what it deems to be in the best interest of the Group and Society as a whole. This includes assessing which firm is best suited to undertake the work, considering factors such as availability, resources, capability, experience, and any potential conflicts of interest. When assigning work to the independent external auditors, the Committee carefully considers potential independence concerns. Non-audit services provided by the independent external auditors do not include the design or operation of financial information systems, internal audit services, maintenance or preparation of accounting records or financial statements subject to external audit, or any work that could reasonably compromise their independence as auditors.

The independent external auditors are not normally engaged to provide any other services in line with current standards and Forvis Mazars LLP did not provide any non-audit services for the period under review (2023: nil).

Internal Audit

The Audit Committee supports the Board in ensuring the capability of the internal audit function and the adequacy of its resourcing and plans.

The Audit Committee monitors and reviews the effectiveness of the Internal Audit function, including its resources, plans and performance and independence from management or other restrictions. To ensure the independence of the Internal Audit function, the Committee met with the Head of Internal Audit once during the year under review without the presence of management and is satisfied that the Internal Audit function has adequate standing and is free from management influence or other restrictions.

The Committee reviewed and approved the Group's annual internal audit plan. The plan is designed with reference to the Group and Society's principal risks. Further information on the principal risks is available on pages 14 to 17.

During the year, the Committee appointed KPMG LLP to complete an EQA review to ensure conformance with the Institute of Internal Auditors (IIA) standards and the Internal Audit Financial Services Code of Practice. The results of the EQA indicated overall conformance, that the Internal Audit function produces high quality work, has a good standing within the business and operates independently. The Committee will ensure that the minor enhancements recommended are implemented in 2025.

The Committee therefore remains satisfied that the Internal Audit function has the necessary resources, objectivity, and competency to fulfill its mandate.

Fair, Balanced and Understandable Annual Report and Accounts

The Code requires the Board to provide a fair, balanced, and understandable assessment of the Group and Society's position and prospects in its Annual Report and Accounts. At the Board's request, the Committee reviewed the Annual Report and Accounts to ensure it meets this standard and provides the necessary information for members to assess the Group and Society's position, performance, business model, and strategy. The Committee has concluded that this requirement has been met.

The Annual Report and Accounts use a mix of financial and non-financial measures to present the performance for the period. These measures are selected by the Board and executive management to reflect the Group and Society's strategic priorities. The Committee has reviewed these measures and is satisfied that they effectively convey the business's performance and culture, the drivers of its success, and provide useful information for stakeholders.

Whistleblowing and Fraud

The Whistleblowing Policy is a key document governing culture and ethics. Ultimately, responsibility for the Whistleblowing Policy lies with the Board who, together with the Audit Committee, receive reports on its operation.

During the year, the Committee received updates on any potential theft or fraud within the businesses. Where serious concerns are identified individual updates are given to the Committee. The Group remains committed to high standards of business conduct and expects all of its colleagues to act accordingly and has policies in force to assist with this. In the reporting year, no disclosures were made.

The Exeter's Anti-fraud Policy has been communicated to all colleagues and states that all colleagues have a responsibility for fraud prevention and detection. Any suspicion of fraud should be reported immediately and such cases will be investigated thoroughly.

Priorities for 2025

Looking forward, the Audit Committee will build on existing work, as well as:

- Continue to monitor developments within financial reporting and the introduction of the new global Internal Auditing Standards;
- Oversee the implementation of the recommendations from Internal Audit’s EQA; and
- Assess re-appointment of the independent external audit contract for the year ended 31 December 2025.

Suzanne Clark
Audit Committee Chair
25 March 2025

Governance & Risk Committee

Governance

As recommended by the Code, the majority of members of the Committee are independent non-executive directors. The Board believes members have the necessary range of expertise to provide effective challenge to management. Committee meeting attendance can be found on page 45. Invitations to attend Committees are extended on a regular basis to the Board Chair, the Chief Risk Officer and the Head of Compliance

The Chief Risk Officer and Head of Compliance both have direct access to the Committee and its Chair, and they meet at least once a year with the Committee, without the management present.

Role of the Committee

The Committee's full terms of reference, which are reviewed by the Committee and submitted to the Board for approval on an annual basis, are available on the Society's website at www.the-exeter.com.

The Committee ensures and provides assurance to the Board that the risk management strategy and governance arrangements are appropriate to its business, its market and meet the requirements of the regulatory regime.

A summary of responsibilities are as follows:

- Review and advise the Board on the overall risk appetite, tolerance and strategy throughout the year including material risk identification.
- Oversee and advise the Board on new risks, current risk exposures and future risk strategy.
- In conjunction with the Audit Committee, keep under review the overall risk assessment processes that inform the Board's decision-making, regularly review and approve the parameters used in these measures and methodology adopted, and set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- Advise and make necessary recommendations to the Board on proposed strategic transactions.
- Approve and monitor compliance with the ORSA Policy and provide oversight and challenge for the ORSA process.
- Provide qualitative and quantitative advice to the Nomination and the Remuneration Committees to ensure executive remuneration policies encourage good risk management.

A brief summary of the Governance & Risk Committee's activities during 2024

- Monitored and reviewed the effectiveness of the risk management systems and internal controls.
- Continued to have a strong focus, conducted a robust assessment of key risks.
- Oversaw the appointment of new Chief Risk Officer and new Head of Compliance.
- Reviewed and recommended for approval the annual ORSA report. As well as considering the long-term ORSA projections.
- Monitored and reviewed the effectiveness of the Compliance function. Keeping regulatory change and reporting under constant evaluation.
- Reviewed and considered the annual anti-money laundering report.
- Monitored the information and security regular reporting.
- Considered the quarterly solvency monitoring reporting. Agreed the Solvency UK future management actions.
- Monitored the ESG and climate risk regular updates.
- Completed the annual review of the Corporate Governance handbook.
- Recommended changes to the Committee terms of reference to the Board for approval.

Membership

Steve Payne (Chair) (resigned 26 June 2024)
Donald MacLean (Chair) (appointed 1 May 2024 and as Chair 26 June 2024)
Keith Baldwin (resigned 31 August 2024)
Suzanne Clark
Kelvin Malayapillay
Helen McEwan
Michael Payne (appointed 21 February 2024)
John Gunn (resigned 26 June 2024)

The Committee's Key Areas of Focus

The Committee’s key areas of focus for 2024 were:

Risk	• Reviewed and monitored the quarterly Risk Report (including the quarterly Risk Dashboard) • Reviewed and challenged the ESG and Climate Risk Management Plan. • Reviewed and made recommendations to the Board in respect of the annual Enterprise Risk Management framework. • Reviewed the Operational Resilience: Impact on business services and impact tolerances. • Reviewed, challenged and made recommendations to the Board of the bi-annual Risk Control Self-assessment. • Provided challenge and oversight for cyber security.
Compliance	• Reviewed and monitored the quarterly Compliance Function Report, including the impact of regulatory change, and progress updates. • Reviewed the annual PRA periodic summary meeting review. • Reviewed the FCA returns. • Reviewed and approved the threshold conditions report. • Reviewed the members' complaints report.
ORSA	• Reviewed, challenged and made recommendations for final approval, by the Board, of the 2024 ORSA Report, and its design, objectives, sensitivities and review and approval process. • Reviewed and monitored the quarterly solveny report including any recommendations in relation to Solvency UK management actions. • Reviewed and agreed the Solvency UK future management actions.
Governance and other areas of oversight	• Reviewed, challenged and made recommendations to the Board in respect of the annual Financial Crime Report, and the Money Laundering Report. • Reviewed and monitored the IT and Cyber Security report and ad-hoc business penetration testing report. • Reviewed, challenged and made recommendations for approval, by the Board of the Risk Appetite. • Reviewed the Corporate Governance Handbook recommending any changes for approval by the Board.
Routine matters	• Reviewed, challenged and made recommendations for approval, by the Board, of all solvency policies. • Conducted an annual review of the Committee’s performance. The results of the independent external review were considered in 2024. • Reviewed and approved the committee’s terms of reference and minutes. • Reviewed, challenged and made recommendations for approval, by the Board, of the Matters Reserved to the Board. • Set the agenda forward planner for the year ahead.

Risk Management

The Board is responsible for determining the strategy for risk management and control, while senior management designs, operates, and monitors the risk management and internal control processes. The Governance & Risk Committee, acting on behalf of the Board, reviews the adequacy of these processes and ensures that appropriate risk management systems and processes are in place to identify, evaluate, and manage risks faced by the Group or Society. This process is regularly reviewed by the Board, and any risk-related issues are investigated with additional compliance or internal audit resources allocated as needed.

The Board has approved the updated Risk Appetite and Risk Register, which are regularly reviewed and form the basis for discussion and decision-making. Further details on the Risk Appetite, Risk Register, and key risks affecting the business are provided in the Risk Report on page 14 and Note 3 of the Financial Statement, on page 97.

The directors confirm that, during the year, the Board has conducted a robust assessment of the principal and emerging risks, including those that could threaten the business model, future performance, solvency, or liquidity. A description of these principal and emerging risks, along with how they are being managed and mitigated, is set out on pages 14 to 17.

Throughout the year, the Board has reviewed the effectiveness of the systems of risk management and internal control processes to ensure they remain robust. This review included a comprehensive risk management review, identifying key external and operational risks and the controls and activities in place to mitigate them, as well as an assessment of internal control, which provides assurance to the Board regarding the control environment and processes, specifically those related to internal financial control.

The Board evaluated the effectiveness of management's processes for monitoring and reviewing risk management and internal control. No significant failings or weaknesses were identified by the review, and the Board is satisfied that, where areas of improvement were identified, processes are in place to ensure that remedial action is taken, and progress is monitored. The Board confirmed its satisfaction with the outcome of the review of the effectiveness of the systems and processes.

Cyber, IT and Data

Given the ongoing global increase in cyber-attacks, the IT controls framework and infrastructure have been enhanced to defend against increasingly sophisticated threats. The business is also ensuring compliance with GDPR and other regulations.

The Committee continuously assesses cyber risks and manage the maturity of our enterprise infrastructure, platforms, and security controls to effectively prevent, detect, and respond to cyber-attacks. Crisis management procedures are in place, supported by industry-standard tools, experienced IT and security professionals, and external partners to mitigate potential impacts. Regular monitoring provides assurance against cyber threats and other risks.

The reliance on various digital and technology platforms has enabled the business to manage and deliver services and communicate with colleagues, members, intermediaries, advisors, and suppliers. The Committee remains focused on maximising the effectiveness of our information systems and technology as business enablers. Consequently, continuing to invest in technology and specialist resources to strengthen our platforms, cyber-security defences, and controls to prevent and detect cyber threats and respond to attacks, mitigating the risk of operational disruption, technology failure, unauthorised access, and data loss.

Compliance

The Committee oversees the Group's governance and regulatory compliance arrangements, ensuring their ongoing effectiveness. It regularly reviews reports from the Compliance function, including outcomes and recommendations from its monitoring programme. In 2024, the Committee focused on several key areas:

- Approving the appointment of the new Head of Compliance.
- Reviewing and approving the remit of the Compliance function, ensuring it has the necessary resources and access to information to fulfil its mandate. The Committee also ensures that the Compliance function maintains adequate independence and is free from management and other restrictions.
- Reviewing and assessing the annual compliance plan and monitoring its progress.
- Reviewing regular reports from the Head of Compliance including complaints measurement, consumer duty and upcoming regulation reporting.
- Monitoring management's responsiveness to findings and recommendations, ensuring that agreed actions are implemented effectively.

This approach ensures that the Group remains compliant with regulatory requirements and maintains robust governance practices.

The Committee dedicates a significant portion of its time to ensuring compliance with Solvency UK obligations. Throughout the year, the focus was on the methodology and assumptions for the Solvency Capital Requirement calculations, as well as the review and recommendation of the Society's Own Risk and Solvency Assessment Report (ORSA) to the Board.

Donald MacLean
Governance & Risk Committee Chair
25 March 2025

Nomination Committee

Governance

All members of the Committee are independent non-executive directors. The Board believes members have the necessary range of expertise to provide effective challenge to management. Committee meeting attendance can be found on page 45. Members of the Committee are appointed by the Board. The Committee meets at least twice a year. The Chair of the Board acts as Chair of the Committee, except when the Committee is dealing with the succession of the Chair of the Board. On these occasions, the meetings will usually be chaired by the Senior Independent Director (SID). The Chair of the Committee reports to the Board on Committee activities and attends the AGM to respond to any shareholder questions that might be raised on the Committee's activities.

Only members of the Committee have the right to attend meetings. Other individuals, such as the Chief Executive Officer (CEO), the Chief People Officer (CPO), the Distribution and Marketing Director, and, when required, external advisers may be invited to attend all or part of any meeting, as and when appropriate. The Company Secretary, who acts as secretary to the Committee, attends all meetings of the Committee.

The Committee is authorised to seek external legal or independent professional advice as it sees fit. The terms of reference of the Nomination Committee are reviewed annually to ensure that they continue to be fit for purpose. These were last reviewed and approved in September 2024. The review concluded that the terms of reference continue to be fit for purpose. A copy of the terms of reference can be found on our website at www.the-exeter.com.

In accordance with its terms of reference, the Nomination Committee's primary responsibilities includes:

- Leading the process for Board appointments (both executive and non-executive) and making recommendations to the Board.
- Reviewing regularly the Board structure, size, and composition (including skills, knowledge, experience, and diversity) and recommending any necessary or desirable changes.
- Ensuring effective succession plans are in place for the Board and senior management and overseeing the development of a diverse pipeline for orderly succession based on merit and objective criteria, with due regard to diversity of age, gender, ethnicity, sexual orientation, disability, educational, professional, and socio-economic background, cognitive and personal strengths.
- Monitoring the leadership talent and succession plans for colleagues.

Making recommendations to the Board on the Board's policy on boardroom equity, diversity and inclusion its objectives and linkage to strategy, how it has been implemented, and progress on achieving its objectives

Board Changes During 2024

On 1 May 2024 Donald MacLean was appointed to the Board as an independent non-executive director. The process of appointment is noted below. Keith Baldwin who had served as a non-executive director since August 2019 retired from the Board on 31 August 2024 along with Steve Payne who has served as a non-executive director until his retirement on 26 June 2024.

John Gunn resigned as Finance Director on 26 June 2024, John has been employed with The Exeter in various roles, including Chief Actuary and Chief Risk Officer, since February 2017 and was appointed to the Board as Finance Director in April 2019. Michael Payne's role changed from Commercial Director to Chief Financial Officer and Chief Actuary when he took over from John Gunn on 26 June 2024.

Brief summary of the Nomination Committee's activities during 2024

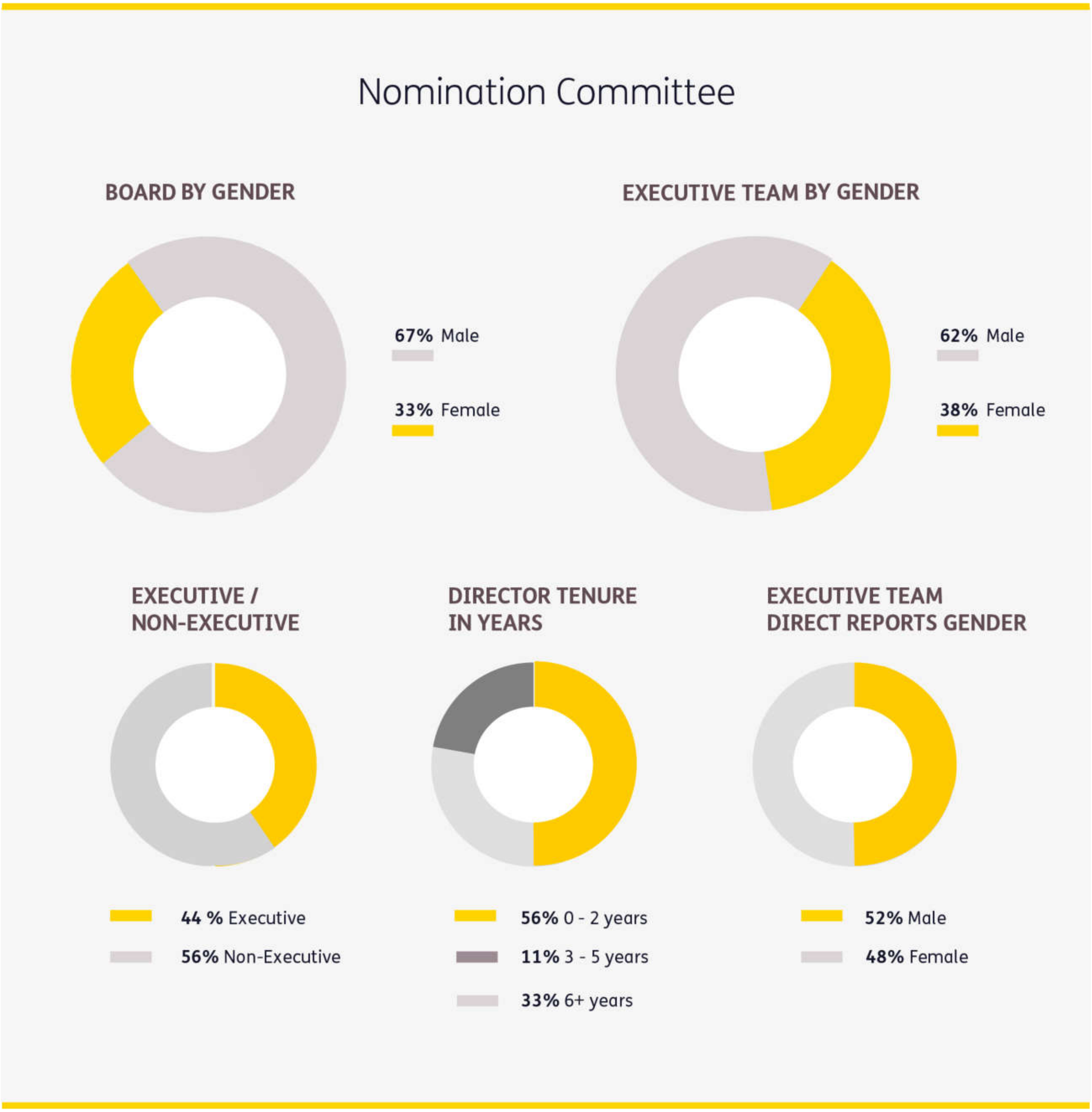
- Reviewed the size, composition, diversity, and skills of the Board and its Committees.
- Dedicated significant time to succession planning for the Board, the Executive Committee, and senior management.
- Recommended to the Board the approval of the appointment of one new independent non-executive director.
- Received regular updates in respect of Equity, Diversity, and Inclusion (EDI).
- Recommended changes to the EDI Policy and the Modern Anti-Slavery Statement to the Board for approval.
- Reviewed and monitored leadership talent and succession planning.
- Recommended changes to the Committee terms of reference to the Board for approval.
- Considered feedback and recommendations from the independent external evaluation process.

Membership

Peter Hubbard (Chair)
Helen M[c]Ewan
Keith Baldwin (resigned 31 August 2024)
Suzanne Clark
Kelvin Malayapillay
Steve Payne (resigned 26 June 2024)
Donald MacLean (appointed 1 May 2024)

The CEO, Chief People Officer and Director of Distribution and Marketing are invited to attend Committee meetings.

> 'The Committee remains focused on succession planning and ensuring the appropriate balance of the Board. We were pleased with the external evaluation process and look forward to embedding the recommendations.'



Time Commitment, Election/Re-election of Non-Executive Directors, Training and Development

The Board provides an estimated indication of the time commitment expected from its independent non-executive directs upon appointment, acknowledging that additional obligations may arise throughout the year. In accordance with its terms of reference, the Committee conducted an annual review of the time required from the Chair of the Board, the Senior Independent Director (SID), and the non-executive directors to fulfil their duties. As part of this process, the Committee considered directors' attendance at meetings and their availability at other times during the year.

Before the Board recommends an independent non-executive director for election or re-election at the Annual General Meeting, the Committee meticulously evaluates their appointment, giving due consideration to performance, skills, knowledge, and ongoing commitment to the role. This assessment ensures the director's ability to contribute effectively to the Board and maintain its balance. Based on these criteria, the Committee deems the current Board to be suitable for the business's needs.

Consequently, all existing Directors, except for Steve Payne and John Gunn, who stepped down from the Board, stood for election or re-election at the Annual General Meeting in June 2024.

In consultation with the Chair of the Board, the Committee also reviewed the training received by directors throughout the year. This included sessions held by in-house and external subject matter experts and advisers. Future training needs are regularly considered and addressed as required.

The Committee's Key Areas of Focus

The Committee has a set agenda for the year although it adapts this to take account of any changes in the business and the Board's strategy to ensure that there is challenge and oversight. The Committee's key areas of focus for 2024 were:

Board composition	• Considered and made necessary recommendations to the Board on the retirement of Steve Payne as non-executive director and John Gunn stepping down from the Board. • In accordance with the selection and appointment procedure, the Committee identified and endorsed a suitable candidate, recommending the appointment of Donald MacLean to the Board. Formally reviewed the overall composition of the Board, including skills, experience, diversity and tenure of the directors. Including consideration of the appointment requirements of the Board and its Committees. • Reviewwd the non-executive director's succession plan.
Equity, Diversity and Inclusion	• A standing agenda item for an update at each meeting in respect of equity, diversity and inclusion was agreed upon and actioned. • Reviewed and monitored the delivery of the equity, diversity and inclusion framework for the business. • Approved the Employee & Board EDI Policy, and the "Building Belonging – Equity, Diversity and Inclusion 2024" framework.
Governance and oversight	• Reviewed and recommend to the Board the future annual election and re-election of directors at the 2024 AGM. • Reviewed the Executive Committee and senior management structure including succession planning, including the short-term succession plan. • Monitored compliance with the senior manangers and certification regime. • Considered the talent and succession strategic plans for the business including receiving regular updates on progress of development of individuals and the plan.
Routine matters	• Considered and implemented any appropriate recommendations emanating from the independent external review of the Committee's independent external performance. • Reviewed and approved the Committee's terms of reference and minutes. • Set the agenda forward planner for the year ahead.

Board Succession Planning

Succession planning is a core element of the Committee's work. When assessing succession plans for the Board, the Committee considers and evaluates the skills, knowledge and experience of its directors to ensure that the Board and its committees are well placed to discharge their duties, considering the need for diversity to reflect a broad range of backgrounds, experience and views.

The tenure of independent non-executive directors is also reviewed regularly to facilitate future refreshment of the Board and to maintain an appropriate balance. From these reviews, the Committee determines the skills, experience, and attributes of new appointees to ensure the Board, and its committees, continue to operate effectively.

Selection and Appointment Process

In identifying suitable candidates for appointment to the Board, the Committee always considers candidates on merit against a role objective criterion. The following is the approach used for seeking and evaluating external candidates. The appointment process is led by the Chair of the Board, except where the appointment is for their successor, when it is led by the senior independent non-executive director (SID).

Before an appointment of a director is made, the Nomination Committee agree to a candidate specification setting out the role and capabilities required. The Board promotes an environment which is supportive of individuals from diverse backgrounds, and in identifying suitable candidates, the following process is followed:

Board composition	• Discuss and agree on the timing, the role description and requirements of an appointed candidate. • Review the overall structure, size and composition of the Board and its Committees including the skills and experience, diversity, and tenure of the directors currently appointed. • The Committee would agree on the desirable qualities, having considered the Society's business model, strategy, and external environment including stakeholders.
Role brief development	• Develop a comprehensive role brief for the position to be filled. • The brief would be aligned with reference to the skills and experience, the Society's Inclusion, EDI policy, related commitments, and any other key corporate governance requirements.
Shortlisting	• The mandate would be given to the external search agency to provide suitable candidates for an initial long list of candidates from a broad range of backgrounds. • The Chair of the Committee, the Board Chair and the Chief People Officer would collaborate with the external search agency to prepare a short-list for review by the Committee. • The Committee would then agree on the appropriate candidates to be invited for an interview.
Interview	• To assess the candidates, a formal multiple-stage interview process would be used and tailored for relevance to the role. • Initial interviews would be held with the Committee Chair and the Board Chair supported by the Chief People Officer. • To agree on the final candidates invited for the final interview, a calibration exercise would be undertaken. • Final interview is held with the members of the Committee with the agreed final two candidates. • The other Board members would also be invited at this stage to meet with the final candidates.
Due diligence and recommendation	• A comprehensive due diligence and role referencing process would be undertaken. • Upon satisfactory completion, appointment recommendations would be made to the Board for approval of the candidate.

Depending on the strategic and succession plans, where appropriate, the Committee will look for candidates who might not have worked in health insurance before but have a lot of experience running large, complex organisations. The Committee believes that this approach will help attract a wide range of talented candidates.

During the year, the Committee launched a recruitment process to facilitate the appointment of a new non-executive director in support of the Board's succession plans and strategic aims. The selection process was led by the Chair of the Board who was assisted by the Chief People Officer. The Committee also used the services of an executive search firm to identify suitable candidates. The executive search agency used was independent of and has no other links with the Group or its directors.

Induction Process

The Committee Chair, supported by the Company Secretary, oversees the induction programme of any new director, which is designed to help establish a broad knowledge and full understanding of the Group and Society's business, challenges, aspirations, and culture. The induction process is structured in a way that ensures the new director has a strong foundation and the necessary information to understand the business, and to be effective in the role.

Each programme is tailored to meet the new director's specific requirements and is phased to allow feedback and further customisation of development activities, where required. A typical induction programme includes:

- individual one-to-one meetings with all directors and the Company Secretary;
- meetings with members of the Executive Committee and senior management;
- meeting with the external auditor and the investment advisors;
- being given the option to meet with colleagues and being introduced informally;
- being provided with a formal external director training, which has previously been facilitated by the Institute of Directors; and
- access to online resources, including to the Board and Committee minutes, key reference materials, and briefings on market status and competition.

In 2024, Donald MacLean underwent a comprehensive induction programme. This included meeting colleagues at all levels of the organisation throughout the year, conducted in person whenever possible and via video conference when necessary.

Senior Management Succession Planning

The Committee is responsible for cultivating a robust and diverse pipeline of high-calibre individuals capable of assuming executive-level responsibilities. The succession planning process involves a thorough review of senior-level talent, enabling the Committee to monitor and assess the strength, composition, and diversity of the talent pipeline, as well as the training and development needs within the Group's senior leadership. At its meeting in December 2024, the Committee reviewed the revised talent and succession plan and the new leadership development programme, both of which are aligned with the leadership framework and business strategy.

Talent and Succession

The Committee is mindful of its responsibilities to consider succession planning for the Board. The senior executive, senior management team and the Committee also annually review the Company's talent pipeline in order to ensure that the Society works towards identifying talented candidates in the short, medium and long-term for all key roles.

Equity, Diversity and Inclusion

At the Board level, the approach to appointing new directors reflects the Committee's objective to maintain an optimal balance of experience and backgrounds. Significant emphasis is placed on ensuring that Board membership embodies diversity in its broadest sense. Consequently, Board members are selected from a wide range of disciplines, industries, and cultures. The Board and Employee EDI Policy is available on our website at www.the-exeter.com.

The Committee reviews the policy on workforce EDI, along with its objectives and strategic alignment. Throughout the year, the Committee received updates on the Group's EDI activities from the Chief People Officer. The various workstreams aimed at recruiting, developing, and retaining a diverse talent pool were thoroughly considered, including the overarching strategy.

Peter Hubbard
Nomination Committee Chair
25 March 2025

Investment Committee

Governance

Membership of the Committee comprises the Chair of the Committee, the independent non-executive directors and the CEO. Regular attendees are the Board Chair, the Commercial Director, the Chief Financial Officer and Chief Actuary, and representatives from the Investment Managers, Royal London Asset Management Limited (RLAM). The Committee meeting attendance can be found on page 45.

The Committee is appointed by the Board, following recommendation by the Nomination Committee and operates under written Terms of Reference and meets at least twice a year. The Board believes members have the necessary range of expertise to provide effective challenge to management. The Chair of the Committee reports to the Board on Committee activities and attends the AGM to respond to any shareholder questions that might be raised on the Committee's activities.

The Committee is authorised to seek external legal or independent professional advice as it sees fit. The terms of reference of the Investment Committee are reviewed annually to ensure that they continue to be fit for purpose. These were last reviewed and approved in September 2024. The review concluded that the terms of reference continue to be fit for purpose. A copy of the terms of reference can be found on our website, www.the-exeter.com.

Royal London Asset Management was appointed as the Society's investment manager in 2011, following a selection process that was overseen by the Committee. A separate contract is in place with HSBC Bank Plc for the provision of custodial services for the Society's investments. A thorough and detailed three-year review was undertaken in September 2022, and the Committee concluded that RLAM continued to perform well and be a good fit with the Society's investment strategy, as RLAM remained a market leader in areas such as corporate bonds and greener investments. The next detailed review will take place in 2025.

The Society has established an Approved Investment Guideline, which delineates the strategy for asset investments, particularly focusing on their behaviour under varying economic conditions. This approach mirrors the management of underlying liabilities, thereby aiding the Society in meeting its statutory solvency capital requirements (SCR). Additionally, the Investment Guideline provides a stable framework for managing non-contractual business elements, mitigating risks to the Society, and consequently reducing the capital required under the Own Risk and Solvency Assessment (ORSA). Monthly monitoring ensures that the actual asset allocation remains aligned with these guidelines.

Role of the Committee

A summary of the Committee's responsibilities as follows:

- Review and recommend investment guidelines to the Board, including monitoring and amending established limits for investments and credit policies including investment and counterparty liability.
- Monitoring investments to ensure they are consistent with the Investment Guidelines and report on any variations with required remedial actions.
- Determine appropriate counterparty limits and credit rating requirements.
- Set and monitor appropriate performance benchmarks for each fund and regularly review performance with external fund managers.
- Regularly review the external fund managers' policy for compliance with the Stewardship Code and report the outcomes to the Board.
- Review the capabilities, performance and costs of the fund manager, every three years, and make appropriate recommendations to the Board.

A brief summary of the Investment Committee's activities during 2024

- Reviewed and monitored the investments against approved guidelines. Reported on any variation and action taken.
- Determined counterparty limits and credit rating requirements.
- Reviewed the performance of the Investment Fund Managers.
- Recommended changes to the Investment Guidelines.
- Recommended changes to the Committee terms of reference to the Board for approval.
- Considered feedback from the independent external evaluation process.

Membership

Helen McEwan (Chair)
Peter Hubbard
Keith Baldwin (resigned 31 August 2024)
Suzanne Clark
Kelvin Malayapillay
Steve Payne (resigned 26 June 2024)
Donald MacLean (appointed 1 May 2024)
Isobel Langton

The Committee's Key Areas of Focus

The Committee has set a set agenda for the year although it adapts this to take account of changes in the business and the Board's strategy to ensure that there is challenge and oversight. The Committee's key areas of focus for 2024 were:

Investment activity	• Reviewed the investment managers' reports and investment summaries, including receiving the annual Investment Management Report. • Considered the benefits to the members and organisation for moving current investments to a greener investment fund. Agreed the investment of any new funds into a greener investment. • Monitored the performance of the investment manager and investments to ensure these were consistent with the investment guidelines. • Reviewed RLAM's compliance with the Stewardship Code, reporting the outcome to the Board.
Internal Reporting and activity	• Reviewed the investment summaries prepared and presented by the Chief Financial Officer. • Reviewed the investment guidelines, noting no new changes to the guidelines. • Monitored the economic impact on the various investments, including increasing interest rates, inflation and general global volatility.
Routine matters	• Monitored the performance and ongoing appointment of the external investment managers, considering their performance, capabilities and overall management costs. • Conducted an independent external annual review of the Committee's performance. • Reviewed and approved the Committee's terms of reference. • Set the agenda forward planner for the year ahead.

Helen McEwan
Investment Committee Chair
25 March 2025

Remuneration Committee

Committee Membership and Attendance

All members of the Committee are independent non-executive directors. Membership of the Committee comprises the Chair of the Committee and all the independent non-executive directors. The Board believes members have the necessary range of expertise to provide effective challenge to management. The Committee meeting attendance can be found on page 45.

The Committee is appointed by the Board, following recommendation by the Nomination Committee and operates under written Terms of Reference and meets at least three times a year. The Chair of the Committee reports to the Board on Committee activities and attends the AGM to respond to any shareholder questions that might be raised on the Committee's activities.

The Committee is authorised to seek external legal or independent professional advice as it sees fit. The terms of reference of the Committee are generally reviewed annually to ensure that they continue to be fit for purpose. These were last reviewed in October 2023. The 2024 review of the terms of reference was delayed as part of an overall review of the Society's reward framework. A copy of the terms of reference can be found on our website, www.the-exeter.com.

In 2024, following a rigorous tender process, the Committee appointed KPMG as its independent advisor. KPMG, with its extensive experience in supporting organisations with growth and transformation agendas, will collaborate with the Committee to implement the Society's reward strategy. As part of their engagement, KPMG will provide recommendations for improvements to the terms of reference, Remuneration Policy, future planning and process, and the overall remuneration structure and levels.

Role of the Committee

The Committee is responsible for determining the Remuneration Policy and setting the remuneration terms and conditions for the Chair of the Board, executive directors, and the Executive Committee. The Committee ensures that Executive Committee members are appropriately incentivised to drive the Group's performance and are rewarded for their contributions to the long-term sustainable success of the business. This is achieved by designing, monitoring, and assessing incentive arrangements, including setting ambitious targets and evaluating performance and outcomes.

The Committee also reviews remuneration arrangements for other senior executives within the Group. It considers the organisation's remuneration philosophy when developing policies and evaluating executive packages, ensuring alignment between executive remuneration and that of the wider workforce.

A summary of the Committee's responsibilities as follows:

- Is responsible for the overall responsibility for the remuneration strategy and policy.
- Is responsible for the remuneration policy for all dxecutive directors and the Board Chair.
- Continuously assesses the appropriateness and relevance of the remuneration policy.
- Determines the total individual remuneration packages for each executive director, the Board Chair, and other designated senior executives.
- Obtains reliable, up-to-date remuneration information from companies of comparable scale and complexity to inform remuneration decisions.
- Establishes the selection criteria, selects, appoints, and sets the terms of reference for any remuneration consultants advising the Committee.
- Approves the design and sets targets for any performance-related pay schemes, and approves the total annual payments made under such schemes.
- Determines the policy and scope of pension arrangements for each executive director and other designated senior executives.
- Ensures that contractual terms on termination and other payments are fair, do not reward failure, and fully recognise any loss.
- Oversees any major changes in colleague benefits structures.
- Agrees on the policy for authorising claims for expenses from the directors.

A brief summary of the Remuneration Committee's activities during 2024

- Conducted a tender process to appoint an experienced independent reward advisor to support the Committee.
- Determined the Executive and colleague compensation, including pay increases, termination, and bonus awards.
- Set the Chair Fee.
- Kept under review the changes in regulation, particularly seeking ways to determine how to appropriately align the executive and colleague pension scheme.
- Reviewed and approved the 2024 Directors' Remuneration Report.
- Considered feedback from the independent external evaluation process.

Membership

Steve Payne (Chair) (resigned 26 June 2024)
Kelvin Malayapillay (Chair) (appointed Chair 26 June 2024)
Peter Hubbard
Keith Baldwin (resigned 31 August 2024)
Suzanne Clark
Helen McEwan
Donald MacLean (appointed 1 May 2024)

The Committee's Key Areas of Focus

The Committee has set a set agenda for the year although it adapts this to take account of changes in the business and the Board's strategy to ensure that there is challenge and oversight. The Committee's brief summary of activities for 2024 were:

Remuneration	• Conducted a thorough review and made recommendations for the Executive Director Bonus Scheme payments for 2023 and 2024. • Evaluated the business performance for 2023 and 2024 and proposed the final bonus scheme payments. • Assessed and provided recommendations for the executive director's remuneration. • Continued to review the Executive Bonus schemes to ensure alignment with the business strategy, performance, and upcoming regulatory requirements. • Examined the CEO remuneration arrangements.
Business	• Evaluated value creation to ensure alignment with the business strategy. • Assessed and approved the alignment of Executive and colleague pension schemes. • Sanctioned the 2024 pay review and bonus awards for all colleagues.
Other	• Conducted a tender process to appoint an independent remuneration advisor to the Committee. • Performed an independent external annual review of the Committee's performance. • Established the agenda forward planner for the upcoming year.

Kelvin Malayapillay
Remuneration Committee Chair
25 March 2025

Directors' Remuneration Report

On behalf of the Board, I am very pleased to present the Directors' Remuneration Report for the year to 31 December 2024. The report has been structured broadly in accordance with the remuneration disclosure regime that applies to Stock Exchange listed companies, to ensure that the Society's remuneration policies and practices are presented in a clear and informative way.

KPMG as the Society's appointed independent remuneration advisor has reviewed the remuneration decisions made by the Committee and the outcomes. From their independent perspective, they have advised the Committee that the decisions made achieve a balance of being fair to members, meet all relevant regulatory and legal requirements, and appropriate reward executives for performance having taken into account internal and external measures.

Remuneration Policy

The remuneration of the executive directors is based on the following principles:

- Executives are incentivised to create long-term value, benefiting both the company and its stakeholders.
- Performance-related rewards are integral to the total remuneration package, ensuring alignment with the company's strategic goals.
- The remuneration package is competitive within the market in which the company operates, ensuring it attracts and retains top talent.
- Failure is not rewarded, and contractual terms are structured to ensure that termination payments are fair to the individual while protecting the company's interests.

The current reward package at The Exeter comprises a combination of base salary, variable pay, and a market-competitive benefits package. The Remuneration Policy is designed to support the company's values and business culture by balancing the recognition and reward of high performance with the need to manage risk. It ensures that colleague behaviours are aligned with the best interests of its members. When determining the executive directors' remuneration for the year, the Remuneration Committee takes into account the reward package of all colleagues. This includes annual base salary reviews, benefits, and bonus schemes.

The full Remuneration Policy is stated below.

Remuneration Policy Table

Type of Remuneration	Purpose and link to the strategy	How it operates
Executive Directors		
Base salary	To attract and retain individuals with skills and experience relevant to the role and appropriate to contribute to the success of the Society.	Base salaries take into account: • Skills and experience; • Salaries across the Society; and • By reference to the published information from comparable organisations in the financial services sector including data from the Willis Towers Watson Financial Services Survey (excluding London). Salaries are usually reviewed annually with changes implemented from 1 April each year.
Benefits	To attract and retain individuals with skills and experience relevant to the role and appropriate to contribute to the success of the Society.	The main benefit provided is the provision of Private Medical Insurance cover for executive directors and their immediate families.
Annual Bonus (Executive Director Bonus Scheme)	Variable pay is designed to enable managers and colleagues to share in the success of the Society and is payable upon achievement of a set of defined business and individual performance targets.	Corporate and individual performance targets are set by the Remuneration Committee at the start of each year and achievements are reviewed after the year-end. The Committee can use its discretion to award or adjust bonuses and awards can be subject to claw-back if performance is misstated, in the event of misconduct or if there has been a major failure of management resulting in substantial damage to the business or reputation of the Exeter Friendly Society Group.
Pension	To attract and retain individuals with skills and experience relevant to the role and appropriate to contribute to the success of the Society.	The executive directors are members of the defined contribution Group Personal Pension Plan, which is available to all colleagues. Pension entitlements are not included as salary for the purpose of bonus calculations.
Non-Executive Directors		
Fees	To attract and retain individuals with skills and experience relevant to the role and appropriate to contribute to the success of the Society without compromising their independence.	Annual fee for Board Chair. Annual fee for independent non-executive directs. Additional fees paid to the Committee Chairs and Deputy Chair. Fees are reviewed periodically, with the Board Chair's fee reviewed by the Committee and the independent non-executive directs' fees reviewed by the Chair and executive directors to avoid any conflict.

Maximum value potential	Performance metrics	Changes to policy in 2023
No specific cap on salaries. In determining any increases, the rate of increase for other colleagues is considered.	Personal and corporate performance and the levels of increase throughout the Society are considered when deciding whether a salary increase should be awarded.	No changes. Details of how the policy on base salaries has been implemented in 2024 are provided on page 65.
No pre-determined maximum.	None.	No changes.
Reviewed and determined by the Committee annually. The maximum bonus opportunity for Executive Directors is 200% of base salary. 40% of the annual bonus award for Executive Directors is deferred for two years post-award.	Performance is measured against key corporate performance indicators and individual performance.	Details of how the variable pay policies have been implemented during the year are provided on page 68.
A maximum Society contribution of 15% of base salary for Executive Directors, except where they have contributed the maximum to their pension, in which case they were given the cash equivalent.	None.	No changes. Details of the pension contributions made during the year are provided in the table on page 67.
No specific cap on fees. However, fee levels are benchmarked against market levels.	None.	No changes. Details of the fees paid during the year are provided on page 67.

Comparability of Policy Across the Group

The following notes outline any differences in the policy on the remuneration of its executive directors from other colleagues within the Group by reference to each element of remuneration:

Base Salary

There are no differences in the application of Remuneration Policy across the Group in relation to base salaries. The Committee considers the overall salary budget and percentage increases made to other colleagues with similar levels of performance when setting executive directors' salaries.

Benefits

There are no differences in policy although the benefits available may vary according to the level of the colleague within the business. Every colleague is entitled to free Private Medical Insurance (PMI) cover with the Society and a 50% discount on normal premium rates for their spouse or partner and dependent children. Executive directors and colleagues above a certain level are entitled to free PMI cover for themselves and their spouse or partner and dependent children.

Pensions

There are no differences in policy although the rates of pension contributions made by the Society vary according to the seniority of the colleague within the business. Pension contributions and colleague levelling up will be reviewed and a programme to align executive, senior management and all colleagues' pension benefits.

Annual Bonus

The Annual Bonus Scheme ("the Scheme") applies to all colleagues with the exception of the executive directors and other members of the Executive Committee. The maximum bonus opportunity within this Scheme varies by the level of the colleague within the business.

The executive directors and other members of the Executive are eligible to participate in the Executive Director Bonus Scheme and Executive Bonus Scheme respectively with 40% of the annual bonus awards made under these Schemes are deferred for two years post-award. The Medical Director does not participate in the bonus schemes, as his executive role is largely an advisory one and ensures complete independence when advising on specific cases.

Relative Importance of Remuneration Elements

The Committee's view is that performance-related elements of the remuneration package for executive directors should be a significant proportion of the total. This serves to align the actions of these directors with the interests of members.

The charts below illustrate the mix, as at the date of this report, between the fixed and performance related pay of executive directors' on target performance levels compared to the minimum and maximum thresholds.

Director	Performance	Base Salary	Executive Director Bonus Scheme	Pension
Isobel Langton (Chief Executive)				
	Minimum	87%	0%	13%
	On Target	57%	34%	9%
	Maximum	47%	47%	6%
Steve Bryan (Director of Distribution and Marketing)				
	Minimum	87%	0%	13%
	On Target	47%	47%	6%
	Maximum	32%	63%	5%
John Gunn (Finance Director)				
	Minimum	87%	0%	13%
	On Target	57%	34%	9%
	Maximum	47%	47%	6%
Michael Payne (Chief Financial Officer)				
	Minimum	87%	0%	13%
	On Target	57%	34%	9%
	Maximum	47%	47%	6%

Executive Directors' Recruitment and Service Contracts

When recruiting directors, the policy is to pay appropriately to attract individuals with the skills and experience appropriate to the role to be filled, considering remuneration across the Group, including other senior managers, and that offered by comparable businesses. Base salaries are set against market data and internal comparisons. All elements of reward are aligned to the Remuneration Policy.

Executive directors are employed on contracts subject to no more than nine months' notice and specify that any director appointed by the Board during the year holds office until the next Annual General Meeting (AGM) and must then stand for election to continue in office. The Committee endorses the principle of mitigation of damages in the event of the early termination of service agreements.

Independent Non-Executive Directors' Letters of Appointment

The independent non-executive directors do not have contracts of service but are provided with letters of appointment. Such appointments are initially for a three-year term although, in accordance with the UK Corporate Governance Code 2024, all directors stand for re-election by members each year at the Society's AGM.

The letters of appointment set out the time commitment expected of the independent non-executive directors in the performance of their duties. They also provide for a notice period of six months although this may be reduced in circumstances where they are no longer able to meet the obligations and conditions of their appointment.

Considerations Elsewhere in the Group

The Committee is aware of the potential disconnect which can be created if executive director remuneration is set in isolation and therefore is updated during the year with details of the pay and employment conditions in the wider workforce. In particular, the Committee is made aware of general salary increases, base level salary in relation to the wider market, general benefit provision and the proposed level of annual bonuses. Where possible the Committee consults with colleagues with regard to pay, this is usually through the regular Employee Consultation Forum.

In setting the Remuneration Policy for executive directors, the Committee has taken account of the pay arrangements for other colleagues in the Group. The same principles apply to the Remuneration Policy for all colleagues, that pay should be benchmarked against relevant markets to ensure competitiveness whilst controlling costs, and that performance-related pay should be aligned with and help drive the achievement of the Group's business strategy. In determining any increase in the level of base salaries for executive directors, the policy requires that the rate of increases for other colleagues is considered.

Consultation with Members

Where possible and appropriate, the Board is committed and has had direct and open dialogue with members on executive director remuneration. The Directors' Remuneration Report is subject to a vote at the AGM.

Annual Report on Remuneration

The following table shows the breakdown of total remuneration for Directors in 2024 together with the prior year comparatives:

	2024 £000s						2023 £000s					
	Salary / Fees	Benefits / Expenses	Bonus	Society Pension Payment[1]	Termination Benefits	Total	Salary / Fees	Benefits / Expenses	Bonus	Society Pension Payment[1]	Termination Benefits	Total
Executive Directors												
Steve Bryan	223	0	621	33	0	**877**	212	0	630	32	0	**874**
John Gunn	217	0	311	33	0	**561**	212	0	343	32	0	**587**
Isobel Langton	372	0	598	56	0	**1,026**	353	0	511	53	0	**917**
Michael Payne[2]	219	0	132	33	0	**384**	54	0	28	0	0	**82**
Professor Willie Hamilton	93	0	0	0	0	**93**	95	0	0	0	0	**96**
Chris Pollard[3]	0	0	0	0	0	**0**	0	0	170	0	0	**170**
Andy Chapman[4]	0	0	0	0	0	**0**	0	0	276	0	0	**276**
Sub-totals	**1,124**	**0**	**1,662**	**155**	**0**	**2,941**	**926**	**0**	**1,958**	**117**	**0**	**3,002**
Non-Executive Directors												
Keith Baldwin	37	0	0	0	0	**37**	53	2	0	0	0	**55**
David Brand	0	0	0	0	0	**0**	32	0	0	0	0	**32**
Peter Hubbard	98	3	0	0	0	**101**	93	4	0	0	0	**97**
Helen McEwan	61	3	0	0	0	**64**	58	2	0	0	0	**60**
Steve Payne	33	1	0	0	0	**34**	64	2	0	0	0	**66**
Kelvin Malayapillay[5]	56	1	0	0	0	**57**	22	1	0	0	0	**23**
Suzanne Clark[6]	61	2	0	0	0	**63**	24	1	0	0	0	**25**
Donald MacLean	38	1	0	0	0	**39**	0	0	0	0	0	**0**
Sub-totals	**384**	**11**[7]	**0**	**0**	**0**	**395**	**346**	**12**[7]	**0**	**0**	**0**	**358**
Totals	**1,508**	**11**	**1,662**	**155**	**0**	**3,336**	**1,273**	**12**	**1,958**	**117**	**0**	**3,360**

(1) The directors have the option of receiving payments in lieu of some or all of these pension contributions. The following have opted to take this allowance; Isobel Langton, Michael Payne, John Gunn, and Steve Bryan.

(2) Michael Payne: Appointed 2 October 2023

(3) Chris Pollard Resigned 30 June 2022

(4) Andy Chapman retired June 2021, the table reflects deferred bonus payments

(5) Kelvin Malayapillay: Appointed 1 August 2023

(6) Suzanne Clark: Appointed 1 August 2023

(7) The expenses quoted are those which the non-executive directors (NEDs) have incurred for travel or accommodation whilst on NED duties at Head Office. HMRC consider these to be taxable so the figure disclosed is the grossed up value of these expenses (other expenses incurred on NED duty which are not in respect of Head Office are not taxable and have therefore not been disclosed).

Executive Directors

Base Salary

The following table sets out the 2023 and 2024 comparative salaries of the executive directors:

Name	As at April 2024	As at April 2023	Increase
Isobel Langton (Chief Executive)	£376,373	£358,450	5%
Steve Bryan (Director of Distribution and Marketing)	£225,824	£215,070	5%
Michael Payne (Chief Financial Officer)	£225,750[1]	-	-
John Gunn (Finance Director)	£225,824	£215,070	5%

[1] Michael Payne: Appointed 2 October 2023

Variable Pay - Executive Director Bonus Scheme

Variable pay at Exeter Friendly Society Limited is designed to enable managers and colleagues to share in the success of the Group and is payable upon the achievement of a set of defined business and individual performance targets. Performance incentive plans for senior managers and executive directors are structured to ensure a strong focus on both short- and longer-term business performance. The amounts paid depend on the Committee's measurement of Group performance against the business targets for the relevant period.

The Executive Director Bonus Scheme is for the executive directors (excluding the Medical Director) and is designed to deliver awards that reflects the performance of the individual executive and the Society over the short and long term. It is designed to be motivational and rewarding for executives, whilst protecting the assets of members and complying with best practice. The Medical Director does not participate in the Scheme, as his executive role is largely an advisory one, this is to ensure that any advice given is in a way that is demonstrably unprejudiced. Each year the participating executive directors can earn a bonus of up to an agreed percentage of salary for the achievement of individual and corporate objectives. The bonus award is based on three performance elements:

- Corporate measured performance;
- Individual performance; and
- A risk and governance modifier (which may reduce or withdraw an award, if there have been significant compliance or governance breaches or excessive customer complaints).

The corporate performance measures were updated in 2023 and 2024 using a balanced scorecard approach. The components of this approach are:

- Delivery of technology transformation (40% weight)
- New business value-create (30% weight)
- Financial Adviser Service Award (20% weight)
- People transformation (10% weight)

The planned targets for all measures were agreed by the Board following approval of the updated three-year Business Plan at the beginning of the relevant year.

2024				
Component		Weight	Performance (on target =100%, maximum = 200%)	Contribution to performance
Technology Transformation		40%	87.5%	40%
New Business Value Create		30%	200%	60%
Financial Adviser Service Award		20%	84%	10%
People Transformation		10%	75%	15%
Total				125%
Remuneration Committee Override				-
Corporate Award (target = 100%)				125%

2023			
Component	Weight	Performance (on target =100%, maximum = 200%)	Contribution to performance
Technology Transformation	40%	87.5%	35%
New Business Value Create	30%	200%	60%
Financial Adviser Service Award	20%	84%	17%
People Transformation	10%	75%	7%
Total			119%
Remuneration Committee Override			1.08
Corporate Award (target = 100%)			130%

The Remuneration Committee have authorised discretion to adjust the metrics above when they feel that the calculated outcome does not reflect the performance of the business.

A recent example of where the Remuneration Committee used its discretion to adjust the calculated bonuse was in 2023. Where the Remuneration Committee agreed on a multiplicative uplift of 8% to all bonus levels to reflect exceptional new business performance against a backdrop of significant investment across the organisation to improve the experience for our members, our advisers, and our colleagues.

Pension Arrangements

The Executive Directors are members of the Society's defined contribution Group Personal Pension Plan, which is available to all colleagues. They may also make their own contributions in addition to those made on their behalf by the Society. The Medical Director is not entitled to pension contributions from the Society.

Other Benefits

The executive directors are entitled to free PMI cover for themselves, their spouse or partner and dependent children.

External Fees Received

No external fees were received by any executive during the year.

Independent Non-Executive Directors

Independent non-executive directors, including the Board Chair, are remunerated solely by fees. They do not receive any incentive payments or other benefit entitlements from the Society.

The review of remuneration for the independent non-executive directs (other than the Board Chair) is delegated to the Chair, the Chief Executive and the Executive Directors of the Board, who may take advice from external remuneration consultants, as appropriate. Their remuneration is intended to reflect the time commitment and responsibilities of the role and is validated by reference to the published information from comparable organisations in the financial services sector.

Kelvin Malayapillay
Remuneration Committee Chair
25 March 2025

Directors' Report and Statement of Directors' Responsibilities

The Society's Board of Directors present their report, together with the audited consolidated financial statement of the Exeter Friendly Society Limited ("the Society") and the Group, for the year ended 31 December 2024. The Society is a Friendly Society which was incorporated under the Friendly Societies Act 1992 ("the Act") on 21 April 1994. Its core business objective is to provide protection for its members and their families against the financial impact of ill health. At 31 December 2024 the Society had 146,385 members (2023: 138,321). The Directors confirm that the Society did not carry out any activities outside its powers during the year.

The Directors' Report comprises pages 70 to 75 and the other sections and pages of the Annual Report and Accounts cross referenced below which are incorporated by reference. The Corporate Governance statement comprises pages 29 to 75 (inclusive). In line with common practice, certain disclosures normally included in the Directors' Report have instead been integrated into the Strategic Report (pages 4 to 29 (inclusive)).

The following cross-referenced material is incorporated into this Directors' Report:

- Environmental, Social and Governance (page 17);
- Risk Management Report (page 14);
- Information on our colleagues (page 34);
- Information on how the directors have engaged with colleagues, have had regard to colleague interests and the effect of that regard on the Society's principal decisions (page 34);
- Statement of Directors' Responsibilities (page 70);
- Business relationships with suppliers, customers, members and the effect of that regard, including any principal decisions taken (pages 34 and 39); and
- The Corporate Governance Report (page 29).

Members of the Board of Directors

Details of the directors, with their biographies, can be found on pages 42 to 45. The following director changes occurred during 2024:

Donald MacLean	Appointed to the Board on 1 May 2024
Steve Payne	Resigned from the Board on 26 June 2024
John Gunn	Resigned from the Board on 26 June 2024
Keith Baldwin	Resigned from the Board on 31 August 2024

Regulatory

The Society is authorised by the Prudential Regulation Authority ("PRA") which is responsible for the prudential regulation of firms and the Financial Conduct Authority ("FCA") which retains the responsibility for conduct issues concerning the distribution of products to customers and how these products are administered.

The Society remains clear over its obligations to the Regulators and the Society's own Rules, its Code of Conduct, Money Laundering rules, Bribery Act, Data Protection, Health and Safety requirements and legislation.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report, the Corporate Governance Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Friendly Society law requires the directors to prepare, for each financial year, financial statements comprising a balance sheet and an income and expenditure account. Under that law the directors have prepared the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" (UK Generally Accepted Accounting Practice) and in conformity with the requirements of the Act.

Under Friendly Society 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 Society as at the end of the financial year and the income and expenditure of the Group and Society for the financial year, or where a true and fair view is not given, the necessary information is provided to explain why this is so.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, in conformity with the requirements of the Friendly Societies Act 1992, 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 and Society will continue in business; and
- publish these Annual Report and Accounts on the main website, which can be found online on the Society's website at www.the-exeter.com.

The directors are responsible for keeping proper accounting records, which must show and explain the Society's and the Group's transactions, that disclose with reasonable accuracy at any time the financial position of the Group and Societyand enable them to ensure that the financial statements comply with the Act and the regulations under it. They are also responsible for the system of internal control, for safeguarding the assets of the Group and Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for members to assess the Group and Society's position, performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Board of Directors section confirms that, to the best of their knowledge:

- the Group and the Society's financial statements, which have been prepared in accordance with the applicable set of accounting standards, in conformity with the requirements of the Act, give a true and fair view of the assets, liabilities, financial

position, and profit or loss of the Group and Society and the undertakings included in the consolation taken as a whole;
- the Strategic Report and the Directors' Report include a fair assessment of the development and performance of the business, together with a description of the principal risks and uncertainties that it faces; and
- they consider it appropriate to adopt the going concern basis of accounting in preparing them and have not identified any material uncertainties to the Group and Society's ability to continue to do so for twelve months from the date of approval of the financial statements.

Each director in office at the date the Directors' Report is approved confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group and Society's independent auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Society's independent auditors are aware of that information.

The directors are responsible for the maintenance and integrity of The Exeter's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report and Other Disclosures

Principal Activities of the Society

The Group comprises of the Exeter Friendly Society Limited and its subsidiaries. The principal activities of the Group is the provision of health insurance, life insurance, and protection insurance.

Corporate Governance

The Society complies with the AFM's Code on corporate governance. While it is not required to comply with the UK Corporate Governance Code 2024 (the Code), the Board holds the Society to the highest standards of Governance, and as such, the Society has voluntarily decided to comply with the Code. At 31 December 2024, the Society was compliant. Details can be found in the Corporate Governance Report, on page 29.

Directors and Their Interests

The details of the directors who served during the financial year ended 31 December 2024 and up to the date of signing the financial statements are set out on page 80, along with their biographies, which are set out on page 42. In accordance with the Code, all directors retire and stand for re-election at the AGM every year. All eligible directors will retire and stand for re-election at the 2025 AGM.

In accordance with the rules of the Society, there is a requirement for all conflicts or potential conflicts of directors' interests to be approved. The Board has reviewed the interests of the directors and their connected persons, and no interests during the year were required to be approved. The Board reviews any new or ongoing interest at each Board or Committee meeting. No director has any material interest in any contract with the Society or any subsidiary undertaking, which was significant in relation to the Society's business.

Stakeholder Engagement

The Board is fully committed to promoting the success of the Society in alignment with section 172 of the Companies Act 2006 and has diligently fulfilled these responsibilities. Our primary stakeholders are our members and customers, supported by financial advisers. Additionally, our stakeholders include suppliers, regulators, colleagues, and the communities in which we operate.

For comprehensive details on the Society's stakeholder engagement and consideration of their interests, please refer to page 34.

Health, Safety and Welfare at Work

The Exeter places great importance on the health, safety and welfare of its colleagues. Relevant policies, standards and procedures are reviewed on a regular basis to ensure that any hazards or material risks are removed or reduced to minimise or, where possible, exclude the possibility of accident or injury to colleagues or visitors. The policies and standard procedures are communicated to colleagues through contracts of employment, Employee Policy Handbook, and briefings. All colleagues have a duty to exercise responsibility to do everything possible to prevent injury to themselves or others.

Financial Crime

The Society is acutely aware of the escalating threat that financial crime, particularly cyber-crime, poses to our business and members. In response, both the Group and Society are committed to upholding the highest ethical standards. We ensure that all colleagues are equipped with comprehensive online training and access to essential policies.

Our policy framework encompasses critical areas such as Whistleblowing, Environmental, Social, and Governance (ESG) criteria, Conflicts of Interest, Anti-Bribery, Modern Anti-Slavery, and Gifts, Entertainment, and Hospitality.

Moreover, every colleague is mandated to complete an e-learning course covering these key policies and risk areas, including anti-bribery, whistleblowing, ESG, and cyber security. Additionally, all colleagues must attest annually to the Corporate Code of Conduct, reinforcing our collective dedication to ethical business practices.

Directors' and Officers' Liability Insurance

Throughout 2024, the Society has maintained liability insurance cover for its directors and officers as permitted under Section 106 of the Act. This cover remains in force at the date of this report. The Society arranges directors' and officers' liability insurance to cover certain liabilities and defence costs that an indemnity does not meet. The insurance policies do not provide any protection in the event of a director or officer being found to have acted fraudulently or dishonestly in respect of the Society or its subsidiaries.

Creditor Payment Policy

Our policy is, where possible, to agree on the terms of payment with suppliers at the start of trading, to ensure that suppliers are aware of the terms of payment and pay in accordance with contractual and other legal obligations.

We aim to settle the supplier's invoice for the complete provision of goods and services (unless there is an express provision for stage payments), when in full conformity with the terms and conditions of the purchase, within the agreed payment terms. The Group and Society's creditor days were 13 days at 31 December 2024 (2023: 13 days).

Environmental, Social and Governance

The Board is committed to improving its corporate, social and environmental impact and full details on the Society's activities can be found on page 17.

Charitable Donations and Political Contributions

No political donations were made in 2024 (2023: £nil). Donations totalling £51,191 (2023: £51,658) were given to charities during 2024. In addition to this figure, an amount of £1,500 (2023: £3,500) was paid in respect of medical insurance policies that included hospice donations as a benefit.

Relations with Members

The Board is steadfast in its commitment to the fair and reasonable treatment of all members, who are both owners and customers of the Society. At each meeting, the Board reviews a comprehensive array of key performance and risk indicators, including several that evaluate the Society's success in delivering positive customer outcomes.

The Society actively seeks member feedback through various channels, such as surveys, correspondence, and telephone contact. Additionally, feedback is solicited through annual statements, renewal notices, and the AGM information pack and notice of meeting. In 2024, the AGM pack prompted numerous member questions, which the Board welcomed, considered, and responded to either on the day or through subsequent correspondence

Bonuses to Holloway Plan Policyholders (Long Term Business Fund)

Only those members with a Holloway plan are entitled to a bonus. In deciding a bonus and interest declarations this year, the Board of Directors has taken into account both fairness to members and the financial climate during the year.

The Board is therefore recommending bonuses and interest rates as set out below:

Bonus Declaration

Ordinary Shares: £1.60 (2023: £1.60)

Commuted Shares: £1.83 (2023: £1.82)

Interest Rates

Ordinary Accounts 5.5% (2023: 4.2%)

Commuting Members and Juveniles: 5.5% (2023: 1.5%)

Over 65's: 5.5% (2023: 1.5%)

The Terminal Bonus to be paid to all ordinary members whose policies mature or surrender from April 2025 will be 80% of the member's dividend account. The equivalent Terminal Bonus rate for April 2023 to March 2025 was 80%.

The total of all dividend accounts is the Members' Dividend Account, which is held at face value as a liability in the Long Term Business Fund.

Complaints and Disputes

The Board ensures there are processes in place for investigating, handling and recording complaints. Complaints are seen as valuable opportunities to improve the way we work and to improve our relationship with members. We aim to rectify our errors without undue delay, and we investigate and explain our position if a complaint is not upheld.

The Exeter is a member of the Financial Ombudsman Service, to which unresolved complaints are referred if all other avenues fail to bring about a satisfactory conclusion.

With-Profits Actuary

In compliance with Section 77 of the Friendly Societies Act 1992, we confirm that the Group With-Profits Actuary, Wendy Crockford, was an employee and member of the Society during the year. Wendy Crockford has confirmed that neither she nor her family have any pecuniary interest in the Society, in respect of her role as the Fund's Actuary.

Additionally, the aggregate amount of remuneration and the value of other benefits, excluding pension or other future or contingent benefits, under any contract of service with the Society or any subsidiary of the Society, is £137k (2023: £133k). This disclosure ensures transparency and compliance with the requirements of the Friendly Societies Act 1992.

Independent External Auditors

The Audit Committee oversees the Group's relationship with and monitors the performance of the external independent auditors and makes recommendations to the Board in relation to their appointment, reappointment or removal. These recommendations are then put to the members for approval at the Annual General Meeting.

All relevant information has been provided to the firm's independent external auditors, Forvis Mazars LLP, who were reappointed as the Group's independent external auditors at the Annual General Meeting on 26 June 2024. Forvis Mazars LLP are willing to continue in office and a resolution will be proposed at the Annual General Meeting scheduled on 25 June 2025 for their re- appointment.

Annual General Meeting (AGM)

The AGM of the Society will be held at midday on 25 June 2025 at Lakeside House, Emperor Way, Exeter EX1 3FD. The notice convening the meeting, together with guidance on voting at the AGM, will be communicated to all members in advance of the meeting.

In continuing to reduce carbon emissions, the Society will again provide a personalised postal invitation to those members who have not opted to receive this electronically. The paper pack will not include a copy of the year under review or annual report and accounts, both of which can be found online on the Society's website at www.the-exeter.com. A hard copy of these reports is also available upon request to the Society.

For those members with special requirements such, as a Braille copy of the AGM pack, please contact the Society so this can be arranged for you.

At the AGM the Board Chair and Chief Executive each provide a presentation on the main developments in the business and members have the opportunity to raise questions and put forward their views. All directors of the Board are present at the AGM to answer questions.

Going Concern

The Strategic Report provides the key performance indicators, capital management, business environment and future outlook and also provides information about the principal risks and material uncertainties affecting the Group and can be found on page 14. After making suitable enquiries, the directors are satisfied that there are adequate resources to continue in business for at least twelve months from the date of approval of the financial statements and that, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements. The basis of preparation of the going concern is detailed in Note 1 on page 87.

The UK's latest budget aims to improve living standards through public investment, higher wages, and better public services, but raises concerns about long-term sustainability and economic impacts. Political changes, including trade tensions and the recent US election, could lead to increased economic volatility, higher inflation, and interest rates, while the Russia-Ukraine conflict and other geopolitical tensions contribute to economic instability and national security threats. Despite operating solely in the UK, the business remains exposed to global economic factors, with inflation and economic risks being key components of its risk management strategy. Despite these challenges, we have not observed, nor do we anticipate, any direct impact on our operations.

We have strategically resolved to divest from the Cash Plan market. Consequently, we will transition the operations of our subsidiary, The Exeter Cash Plan ("ECP"), into a run-off phase. As a result, we intend to initiate the liquidation process for both ECP and the Exeter Cash Plan Holdings Limited.

Our investment strategy focuses on allocating only excess assets to investments such as equities. At the end of 2024, our equity investment stood at £9m (2023: £8m) with the remainder invested in lower-risk assets. Detailed information on the Group's investments can be found in Note 3.2 on page 99. The increase in value during 2024 was as a result of market movements.

We are also mindful of inflation risk, which has been exacerbated by supply-side risks. To mitigate this risk for certain liabilities, we hold index-linked bonds. The value of these bonds at the end of 2024 was £22m (2023: £31m). Scenario testing indicates that the robustness of our balance sheet will enable us to navigate any short-term challenges posed by declines in equity values and increases in inflation.

Under the Act the directors are required to state whether the business is a going concern. In assessing whether the going concern basis is appropriate, the directors have considered all relevant information including the 2024 financial results and 2025-2028 Business Plan. The directors are of the opinion that the Society has adequate capital resources to continue in operational existence for the foreseeable future and confirm there were no material uncertainties identified for a period of twelve months from the date of approval of the statements. For this reason, the directors continue to adopt the going concern basis for the Society's accounts.

Long Term Viability Statement

The Board has conducted a thorough assessment of the Society's prospects, extending beyond the twelve-month period required for the going concern review. A three-year forward-looking period was selected, aligning with the Society's 2025-2028 Business Plan, which provides reasonable clarity on expected cash flows and key risks.

The directors continuously monitor the Society's financial position and outlook, ready to take further action if the capital coverage ratio deteriorates. In their assessment, the directors have considered top and emerging risks, as well as stress testing activities to evaluate the potential impact of these risks. When reviewed alongside the strategic plan and the current financial strength, the directors conclude that the Society remains viable over a three-year period.

Time Horizon

The directors consider a three-year period appropriate. While predicting the future trajectory of the UK or global economy with precision is challenging, this timeframe balances likely outcomes with current information, while accepting some degree of uncertainty. Additionally, information from the outer years of our financial forecasts supports the directors' assessment that the Society is expected to remain viable in the longer term.

Based on the analysis summarised below, the Board has assessed the Society's current viability and confirms that the directors have a reasonable expectation that the Society will continue to operate and meet its liabilities as they fall due over the next three years. This confidence is derived from the three-year Business Plan and the Own Risk and Solvency Assessment (ORSA), both approved by the Board in December 2024. The three-year rolling strategic plan provides a formal projection of capital and liquidity based on profitability forecasts, offering management and the Board sufficient visibility and confidence in the future operating environment for this period.

The three-year time frame has also been chosen because:

- it is aligned with the period covered by the formal medium-term plans approved by the Board which contain projections of profitability, cash flows, capital requirements and capital resources;
- it is also within the period over which internal stress testing is carried out; and
- it is representative of the period and level of anticipated regulatory change in the financial services industry.

The directors are satisfied that this period is sufficient to enable a reasonable assessment of viability to be made.

Consideration of Key Risks

In making its assessment the Board has:

- Carried out a robust and detailed assessment of the Group's risk profile, material existing and emerging risks (Principal Risks and Uncertainties are set out on page 14), in particular those risks which management believes could cause the future results of operations or financial condition to differ materially from current expectations or could adversely impact the Group or Society's ability to meet regulatory requirements.
- Reviewed how those risks are identified, managed and controlled.
- Considered the Business Plan which provides an assessment of forecast up to the end of 2027.
- Considered the Society's viability under various stress scenarios, including reverse stress, to ensure it can meet its liabilities as they fall due for the next twelve months from approval of these financial statements.
- Considered the stability of the markets in which it operates, supply chain resiliency and regulatory changes.
- Reviewed the draft statutory accounts and the in-depth disclosure of the financial performance of the Society.

The directors have considered the impact on the risk profile of the prevailing macroeconomic environment, the changing needs of our members and our work to ensure our processes and systems remain robust. Throughout the year, the Board has considered the principal risks which are most relevant to the strategy, which include:

- Geopolitical and macroeconomic environment – As a UK-focused business, the performance is aligned to the UK's economic conditions. Whilst there remains uncertainty regarding the future profile of interest rates, there remains a robust level of capital and liquidity and regularly undertakes internal stress tests to ensure these are sufficient under a range of severe scenarios.
- As a consequence of the work performed to support the viability statement above, the directors also considered it appropriate to adopt the going concern basis in preparing the financial statements which are shown on page 80.
- Competitive environment and consumer behaviours – The level of competition remains a key consideration. This could be driven by shifting customer behaviours, regulatory changes and continued innovation in the financial services sector, and new participants using price and service advantage to challenge our market share aspirations and profitability.
- Financial crime and cyber security – The directors continuously monitor the external landscape to identify potential cyber or fraud threats whilst operating and continually improving our key financial crime and cyber controls to protect our members and services.
- Operational resilience – Maintaining resilient systems, infrastructure and processes remains critical. We continue to monitor and strengthen our control environment whilst pro-actively monitoring the resilience of our services to ensure there is no disruption to the services we provide our members.

Stress Testing

Management assessed the financial impact of a number of severe but plausible downside scenarios (both individually and in combination) by overlaying them against the three-year business plan. The most important stress scenarios modelled and their link to the Group's Principal Risks and Uncertainties are detailed below:

- Increase in claims – Insurance Risk.
- Increase or reduction in persistency – Insurance Risk.
- Increase in claims combined with increase or reduction in persistency – Insurance Risk.
- Change in new business volumes – Strategy Risk.
- Increased competitor activity – Strategy Risk.
- Loss of relationship with key business partner – Operational Risk.
- Failure to deliver sustainable expense efficiencies – Operational Risk.

In each of these severe but plausible scenarios, the directors reasonably expect that the Group and Society will continue in operation and be able to meet its liabilities as they fall due over the three-year period considered.

Statement of Solvency

Throughout the year the Group and the Society maintained capital reserves in excess of its Solvency Capital Requirement and Minimum Capital Requirement.

Viability Statement

As a consequence of the work performed to support the viability statement above, the directors also considered it appropriate to adopt the going concern basis in preparing the financial statements which are shown on page 87.

Approved on behalf of the Board of directors:

Peter Hubbard
Board Chair
25 March 2025

Isobel Langton
Chief Executive
25 March 2025

Independent Auditors' Report to the Members of Exeter Friendly Society Limited

Opinion

We have audited the financial statements of Exeter Friendly Society Limited (the Society) and its subsidiaries (the Group) for the year ended 31 December 2024 which comprise the Group and the Society Consolidated Statements of Income and Expenditure, the Group and the Society Statements of Other Comprehensive Income and Expenditure, the Group and the Society Balance Sheets, the Group and the Society Statements of Cash Flows and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the Society's affairs as at 31 December 2024 and of the Group's and the Society's excess of expenditure over income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Friendly Societies Act 1992.

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 Group and the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, 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.

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 audit procedures to evaluate the directors' assessment of the Group's and the Society's ability to continue to adopt the going concern basis of accounting included, but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group's and the Society's ability to each continue as a going concern;
- Inspected management's "Going Concern and Viability Review" prepared for the Board, which covers the going concern assessment period of 12 months from the financial statements' approval date. We challenged management's inputs to this review, which were derived from the Group Own Risk and Solvency Assessment Report and the three-year Business Plan. Our assessment included an evaluation of financial projections across this extended period to provide a comprehensive view of the Society's future viability;
- Inspecting the Group Own Risk and Solvency Assessment Report, which gives a forward-looking assessment of risks and solvency requirements, and the future capital position based on modelled scenarios applied by the Board;
- Evaluating the Group's business plan by challenging the appropriateness of management's assumptions and judgments. We critically assessed key budgeting assumptions including forecast growth, and considered the historical accuracy of management's previous forecasts to gauge the reliability of the current projections;
- Inspecting the Board minutes of the Society for the year and up to the date of our audit report;
- Inspecting regulatory correspondence for the Society with the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA);
- Considering information obtained during the course of our audit and events after balance sheet date for any evidence that would contradict management's assessment of going concern; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

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 Group's and the Society'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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were 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 these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to the Audit Committee through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Valuation of the gross long-term insurance contract asset – Persistency assumptions The valuation of the Group and the Society's gross long-term insurance asset, as disclosed in Note 1.2ii, Note 21 and Note 23, is significant at £126,985k (2023: £127,104k). It is based on estimates and is subject to considerable estimation uncertainty. The persistency assumptions, which reflect expected policyholder behaviour regarding continuation or lapse of policies, represent a significant component of this valuation. These assumptions are guided by internal experience data. However, significant judgement is required in their determination. The judgemental elements include the design of the experience analysis, selection of appropriate investigation periods, treatment of delays in lapsed policy notification via the data management system, and application of manual corrections for lapse statuses in the data system. Consequently, if this assumption was inappropriate, it could lead to a material misstatement in the financial statements.	In conjunction with our actuarial specialists, we performed the following procedures to test the persistency assumptions: • Performed inquiries with senior management involved in the persistency assumptions-setting process to understand the methodology and governance over the process; • Tested the design and implementation of key controls around the performance of persistency experience studies, the approval of the proposed assumptions, and their implementation within the actuarial models; • Considered whether the methodology adheres to actuarial and mathematical principles and reflects the nature of the assumptions; • Inspected the formulae in the calculation files and validated that they are in line with the stipulated methodology; • Challenged management's rationale and supporting evidence for expert judgements made, and examined management's governance and oversight over these expert judgements; • Independently calculated measures of 'goodness of fit' by undertaking suitable statistical tests; • Replicated the experience study calculations by recalculating AvE ratios; and • Evaluated whether reserve impacts are in line with expectations developed from general actuarial principles and management's sensitivities. **Our observations** Based on the work performed and the audit evidence obtained, we consider that the persistency assumptions are suitable for the valuation of the gross long-term insurance contract asset.
Valuation of the gross long-term insurance contract asset – Expenses assumptions The valuation of the Group and the Society's gross long-term insurance asset, as disclosed in Note 1.2ii, Note 21 and Note 23, is significant at £126,985k (2023: £127,104k). This valuation is based on estimates and is subject to considerable estimation uncertainty. The long-term contracts within the Group financial statements include an allowance for the estimated future expenses that would be incurred in continuing to maintain the existing policies over their duration. We identified the expenses assumptions as a significant area of risk within the valuation. These assumptions require significant judgement, particularly regarding projected in-force policies, cost savings, cost allocations between strategic, claims, acquisition and maintenance activities over the next three years. The maintenance unit costs are calculated on a per policy basis, with the methodology and assumptions having a significant impact on the overall valuation of the gross insurance contract asset. Consequently, if this assumption was inappropriate, it could lead to a material misstatement in the financial statements.	In conjunction with our actuarial specialists, we performed the following procedures to test the expenses assumptions: • Performed inquiries with senior management involved in the expenses assumptions process to understand the methodology and governance over the process; • Tested the design and implementation of key controls around the expenses assumptions and the budget setting process; • Validated the completeness and accuracy of the expense base over the next three years and the allocation of expenses to the appropriate cost centres; • Assessed the appropriateness of projected policies-in-force; • Assessed the appropriateness of significant judgements made in the application of the methodology, including cost savings and the allocation of expenses between different activities; • Recalculated the per-policy maintenance costs and traced supporting calculations to ensure their mathematical accuracy; • Assessed the appropriateness of the claims management costs by recalculating the assumption; • Challenged the methodology used by management to derive the assumptions by reference to relevant rules and actuarial guidance and by applying our industry knowledge and experience; • Considered the appropriateness of the expense inflation assumptions relative to market experience and external indices, where relevant; and • Considered whether reserve impacts are in line with expectations developed from general actuarial principles and management's sensitivities. **Our observations** Based on the work performed and the audit evidence obtained, we consider that the expenses assumptions are suitable for the valuation of the gross long-term insurance contract asset.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	Overall Group and Society materiality: £3,580k (2023: £3,806k).
How we determined it	Materiality was set by reference to the sum of the Society's Fund for Future Appropriations (FFA) and Reserves (of which it represented 2%) (2023: 2%).
Rationale for benchmark applied	The sum of the Society's FFA and Reserves was chosen as it is a measure of the accumulated surplus and we have determined, in our professional judgement, it to be the principal benchmark within the financial statements relevant to members in assessing the Society's financial position and performance. Since the sum of the FFA and Reserves of the Group is similar to that of the Society, we used the same materiality level for both the Group and the Society.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £2,685k (2023: £2,854k), which represents 75% (2023: 75%) of overall materiality. When determining performance materiality, we considered our knowledge of the Group and Society, the overall control environment, as well as the number, nature and size of misstatements identified in previous audits.
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £179k (2023: £190k), which represent 5% (2023: 5%) of overall materiality, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Group and the Society, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the Group and the Society financial statements. Based on our risk assessment, all non-dormant subsidiaries within the Group, including the Society, were subject to a full scope audit performed by the group audit team. The group audit team also tested the consolidation process, including the consolidation adjustments.

Other information

The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Friendly Societies Act 1992

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 the Friendly Societies Act 1992 and the regulations made under it.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Society and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Friendly Societies Act 1992 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Group and the Society; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 70, 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 Group's and the Society'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 Group or the Society or to cease operations, or have no realistic alternative but to do so.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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.

Based on our understanding of the Group and the Society and their industry, we considered that non-compliance with the laws and regulations of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the Society, the industry in which they operate, and considering the risk of acts by the Group and the Society which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the Group and the Society are in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with regulatory authorities including the PRA and the FCA;
- Reviewing minutes of directors' meetings in the year and up to the date of issue of the audit report; and
- Discussing amongst the engagement team the laws and regulations and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as pension legislation and the Friendly Societies Act 1992.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to: the posting manual journal entries to manipulate financial performance, management bias in significant accounting estimates, in particular in relation to the valuation of the gross long-term insurance contract asset, and the potential for improper revenue recognition through inappropriate cut-off of new business premiums. We also considered the risk of manipulation through significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Performing an end-to-end walkthrough and evaluating the design and implementation of controls in place around the financial statements close process;
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the audit about incentives and opportunities that could lead to the risks of fraudulent financial reporting;
- Considering significant transactions outside the normal course of business;
- Reviewing minutes of meetings of boards of directors and other committees up to date of the issue of the audit report to identify any potential management bias affecting the financial statements;
- Performing journal entries testing based on defined risk criteria to address the risks of fraud related to management override of

controls and incorporating unpredictable procedures in our audit strategy;
- Performing the work set out under 'Key audit matters' within this report over the valuation of the gross long-term insurance contract asset; and
- Reviewing other significant accounting estimates for evidence of management bias.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remains a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board of directors on 27 August 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 31 December 2020 to 31 December 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Society and we remain independent of the Group and the Society in conducting our audit.

Our audit opinion is consistent with our additional report to the Audit Committee.

Use of the audit report

This report is made solely to the Society's members as a body in accordance with section 73 of the Friendly Societies Act 1992. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body for our audit work, for this report, or for the opinions we have formed.

Sam Porritt (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London EC4M 7AU
25 March 2025

Consolidated Statements of Income and Expenditure

for the year ended 31 December 2024

Technical Account - General Business	Notes	Group		Society	
		2024	2023	2024	2023
		£000	£000	£000	£000
Gross Premiums written	5	72,472	56,081	70,357	53,608
Change in the provision for unearned premiums	5	(7,406)	(8,413)	(7,566)	(8,418)
Earned premiums		65,066	47,668	62,791	45,190
Claims incurred					
- Claims paid	7	(43,577)	(32,828)	(41,816)	(30,963)
- Change in the provision for claims amount	8	(576)	(2,516)	(633)	(2,530)
Total claims incurred		(44,153)	(35,344)	(42,449)	(33,493)
Net operating expenses	9	(30,695)	(17,734)	(29,460)	(16,727)
Balance on the general business technical account		(9,782)	(5,410)	(9,118)	(5,030)

Technical Account - Long Term Business	Notes	Group		Society	
		2024	2023	2024	2023
		£000	£000	£000	£000
Gross premiums written	5	52,677	47,332	52,677	47,332
Outwards reinsurance premiums	5	(17,395)	(15,535)	(17,395)	(15,535)
Earned premiums net of reinsurance		35,282	31,797	35,282	31,797
Investment Income					
- Income from other investments	6	143	146	143	146
Unrealised gains on investments	6	35	803	35	803
Claims incurred, net of reinsurance					
- Gross claims paid	7	(19,816)	(15,659)	(19,816)	(15,659)
- Reinsurers' share	7	11,693	8,287	11,693	8,287
- Change in the provision for claims gross amount	8	790	35,089	790	35,089
- Change in the provision for claims reinsurers' share	8	6,836	(4,798)	6,836	(4,798)
- Bonus and rebates		(910)	(872)	(910)	(872)
Total claims incurred		(1,407)	22,047	(1,407)	22,047
Net operating expenses	9	(36,078)	(37,416)	(36,078)	(37,416)
Investment expenses and charges					
- Investment expenses and charges		(3)	(5)	(3)	(5)
- Value adjustment on financial liability financing		(494)	(334)	(494)	(334)
- Losses on realisation of investments		0	(632)	0	(632)
Total investment expenses and charges	6	(497)	(971)	(497)	(971)
Tax attributable to long term business		0	0	0	0
(Excess of expenditure over income) / excess of income over expenditure		(2,522)	16,406	(2,522)	16,406
Transfer from / (transfer to) from the fund for future appropriations		2,522	(16,406)	2,522	(16,406)
Balance on the long-term business technical account		0	0	0	0

Non-Technical Account		Group		Society	
		2024	2023	**2024**	2023
	Notes	**£000**	£000	**£000**	£000
Balance on the general business technical account		**(9,782)**	(5,410)	**(9,118)**	(5,030)
Balance on the long-term business technical account		**0**	0	**0**	0
Investment income	6				
- Income from other investments		**2,036**	2,166	**1,947**	2,093
Unrealised losses on investments	6	**(1,517)**	(1,507)	**(1,525)**	(1,580)
Investment expenses and charges	6				
- Investment expenses and charges		**(158)**	(235)	**(158)**	(235)
- Gains on realisation of investments		**911**	5,655	**911**	5,655
Impairment of investment in subsidiary	14	**0**	0	**(488)**	(200)
(Excess of expenditure over income) / excess of income over expenditure on ordinary activities before tax		**(8,510)**	668	**(8,431)**	703
Tax on excess of (expenditure over income) / income over expenditure on ordinary activities	12	**0**	0	**0**	0
(Excess of expenditure over income) / excess of income over expenditure on ordinary activities after tax		**(8,510)**	668	**(8,431)**	703

All income and expenditure relate to continuing operations. As a Friendly Society, all net earnings are for the benefit of participating policyholders and are carried forward within the Fund for future appropriations and Reserves.

The notes from pages 87 to 135 form part of these financial statements.

Consolidated Statements of Other Comprehensive Income and Expenditure

for the year ended 31 December 2024

		Group		Society	
		2024	2023	**2024**	2023
	Notes	**£000**	£000	**£000**	£000
(Excess of expenditure over income) / Excess of income over expenditure on ordinary activities before tax		**(8,510)**	668	**(8,431)**	703
Actuarial loss on pension scheme	20	**(21)**	(559)	**(21)**	(559)
Unrealised loss on property revaluation		**(158)**	(106)	**(158)**	(106)
Total recognised (loss) / gain in the year		**(8,689)**	3	**(8,610)**	38

The notes from pages 87 to 135 form part of these financial statements.

Statements of Changes in Equity

For the year ended 31 December 2024

As a Friendly Society, all net earnings are for the benefit of participating policyholders and are carried forward within the Fund for future appropriations and Reserves. Accordingly, the Group and Society have no equity, and the Statements of Changes in Equity have not been prepared. Movement in reserves is further analysed in note 19.

Balance Sheets

as at 31 December 2024

	Notes	Group		Society	
		2024	2023	**2024**	2023
		£000	£000	**£000**	£000
ASSETS					
Intangible assets					
- Intangible assets	15	**9,990**	4,679	**9,990**	4,679
Investments					
- Investments in group undertakings	14	**0**	0	**2,595**	3,083
- Other financial investments	17	**61,123**	81,555	**59,271**	79,711
Insurance contract asset					
- Insurance contract assets	21	**136,541**	136,960	**136,541**	136,960
Debtors					
- Debtors arising out of direct insurance operations	18	**35,219**	27,358	**34,523**	26,558
Other assets					
- Property and equipment	16	**2,746**	3,109	**2,746**	3,109
- Cash at bank		**12,027**	10,673	**11,043**	9,128
- Amounts due from subsidiary undertakings		**0**	0	**90**	37
- Pension scheme surplus	20	**278**	519	**278**	519
Prepayments and accrued income					
- Accrued interest		**58**	79	**58**	79
- Deferred acquisition costs	13	**10,618**	9,493	**10,618**	9,414
- Prepayments		**804**	402	**783**	395
Total Assets		**269,404**	274,827	**268,536**	273,672

	Notes	Group		Society	
		2024	2023	**2024**	2023
		£000	£000	**£000**	£000
LIABILITIES					
Reserves	19.1				
- General Business Fund reserve		**81,101**	89,010	**81,098**	88,931
- Revaluation reserve		**394**	552	**394**	552
- Pension reserve		**146**	167	**146**	167
Fund for future appropriations	19.2	**97,372**	100,492	**97,372**	100,492
Technical provisions	21				
- Provision for unearned premiums		**33,399**	25,993	**32,965**	25,399
- Reinsurers' share of technical provisions		**14,608**	21,444	**14,608**	21,444
- Unexpired Risk reserve		**1,195**	1,858	**1,195**	1,858
- Claims outstanding		**7,565**	6,377	**7,450**	6,205
- Members' dividend account		**8,988**	9,236	**8,988**	9,236
Financial liability - financing	24	**6,028**	3,531	**6,028**	3,531
Creditors					
- Creditors arising out of direct insurance and reinsurance operations	25	**5,022**	4,066	**4,996**	4,020
- Amounts due to subsidiary undertakings		**0**	0	**28**	28
- Other creditors including tax and social security	27	**6,361**	4,339	**6,256**	4,235
- Pension liability	20	**90**	90	**90**	90
Accruals and deferred income		**7,135**	7,672	**6,922**	7,484
Total Liabilities		**269,404**	274,827	**268,536**	273,672

The financial statements beginning on page 80 and the notes on pages 87 to 135 were approved and authorised for issue by the Board of directors on 25 March 2025 and were signed on its behalf by:

Peter Hubbard
Board Chair
25 March 2025

Isobel Langton
Chief Executive
25 March 2025

Statements of Cash Flows

for the year ended 31 December 2024

	Notes	Group 2024 £000	Group 2023 £000	Society 2024 £000	Society 2023 £000
Cash flows from operating activities					
Cash generated from operating activities	29	**3,417**	1,273	**4,066**	1,617
Dividend income received	29	**237**	414	**237**	414
Interest income received	29	**1,942**	1,898	**1,854**	1,826
Net cash generated from operating activities		**5,596**	3,585	**6,157**	3,857
Cash flows from investing activities					
Purchase of property and equipment	16	**(65)**	(4)	**(65)**	(4)
Purchase of intangible assets	15	**(6,058)**	(3,758)	**(6,058)**	(3,758)
Net cash used in investing activities		**(6,123)**	(3,762)	**(6,123)**	(3,762)
Cash flows from financing activities					
Increase in financial liability - financing		1,914	2,113	1,914	2,113
Net cash generated from financing activities		**1,914**	2,113	**1,914**	2,113
Exchange rate loss on cash and cash equivalents		**(33)**	(11)	**(33)**	(11)
Net increase in cash and cash equivalents		**1,354**	1,925	**1,915**	2,197
Cash and cash equivalents at the beginning of the year		**10,673**	8,748	**9,128**	6,931
Cash and cash equivalents at the end of the year[1]		**12,027**	10,673	**11,043**	9,128

[1] Cash and cash equivalents consist solely of cash at bank, of which £3.0m was held with AXA (2023: £2.9m)

The notes on pages 87 to 135 form part of these financial statements.

Analysis of change in net debt

Group	At 1 Jan 2024 £000	Cash Flows: Cash £000	Cash Flows: Non-cash £000	At 31 Dec 2024 £000
Cash and cash equivalents	10,673	1,354	**0**	12,027
Financial liabilities - financing (note 24)				
Financial liability - financing	**(3,104)**	(1,915)	(88)	(5,107)
Value adjustment on financial liability - financing	**(427)**	0	(494)	(921)
	(3,531)	**(1,915)**	**(582)**	**(6,028)**
Total	**7,142**	**(561)**	**(582)**	**5,999**

Society	At 1 Jan 2024 £000	Cash £000	Non-cash £000	At 31 Dec 2024 £000
Cash and cash equivalents	9,128	1,915	**0**	11,043
Financial liabilities - financing (note 24)				
Financial liability - financing	**(3,104)**	(1,915)	(88)	(5,107)
Value adjustment on financial liability - financing	**(427)**	0	(494)	(921)
	(3,531)	**(1,915)**	**(582)**	**(6,028)**
Total	**5,597**	**0**	**(582)**	**5,015**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2024

1 Accounting policies

1.1 Basis of preparation and consolidation

The Group's and Society's financial statements have been prepared in accordance with UK accounting standards, including Financial Reporting Standard (FRS) 102, 'The Financial Reporting standard applicable in the United Kingdom and Republic of Ireland' and FRS 103, 'Insurance Contracts' as issued by the Financial Reporting Council, the Friendly Societies Act 1992 and the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (the Regulations).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, financial assets and financial liabilities at Fair value through profit or loss as permitted by FRS 102. The financial statements produced by subsidiaries for consolidation are prepared using accounting policies consistent with those of the Group.

Exeter Friendly Society is domiciled in England and Wales, the registered address is Lakeside House, Emperor Way, Exeter, EX1 3FD.

These financial statements are presented in pounds sterling, which is the functional currency of the Group and Society. The accounting policies have been applied consistently and the consolidated financial statements have been prepared on a going concern basis.

The Group's principal business activities, risk management approach and risks and uncertainties are described in the Strategic report.

Unless otherwise stated all figures in the financial statements are presented rounded to the nearest thousand pounds.

i Subsidiaries

Subsidiaries are entities controlled by the Group. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity and where the parent owns half or less of the voting power of an entity but has:

a) power over more than half of the voting rights by virtue of an agreement with other investors;

b) power to govern the financial and operating policies of the entity under a statute or an agreement; and

c) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group has made a strategic decision to exit the Cash Plan market. Consequently the financial statements of Exeter Cash Plan Holdings Limited and The Exeter Cash Plan have been prepared on a basis other than going concern. This doesn't materially impact on the group consolidated financial statements.

ii Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

The Society has an interfund loan between the General Business Fund and the Long Term fund which is elimiated on consolidation. The arrangement is based on commercial terms of the risk free (SONIA) rate plus 4% per annum, meeting the requirements of an arm's length transaction under the instruction of transfer.

1.2 Significant accounting judgements, estimates and assumptions

The key accounting estimates and judgements relate to the following areas:

i Selection of accounting policies

The directors have applied judgement in determining the most appropriate policies.

ii Valuation of long term technical provisions

The Group calculates its long term technical provisions on the basis of best estimate liabilities plus a risk margin using Solvency

UK principles. Solvency UK requires a best estimates provision, adjusted for a risk margin to reflect the uncertainty of cashflows.

Under Solvency UK, the best estimate technical provisions for life insurance policies are the expected present value of all future cash flows under the policy, including premiums, claims, expenses and commission, which occur after the valuation date but within the period of coverage of the contract boundary. For income protection insurance the contract boundary is the retirement date and for term insurance, it is the end date.

As the income protection business is underwritten at the outset, we have considered the contract boundary to be the policy 'retirement' date. Around 30% of the income protection business (as at 31 December 2024 based on annual premium in force) is written on a reviewable premium basis. Allowance for premium reviewability is made via management actions within SCR stresses. The contract boundary for term assurance business is the expiry date. Only business incepted at the valuation date is included.

The projections for Solvency UK purposes are calculated using best estimate assumptions and allow for discounting at a prescribed risk-free interest rate. The Solvency UK technical provisions require a risk margin to be added to the best estimate of technical provisions to reflect the additional cost of capital needed to offset the risks inherent in the insurance. This risk margin is calculated on a Solvency UK basis, net of the impact of associated reinsurance; however, FRS 103: Insurance Contracts, prohibits the netting of reinsurance assets against the related insurance liabilities. Therefore, the Group has calculated both a gross of reinsurance and a net of reinsurance risk margin and the reinsured element to ensure the risk margin is appropriately presented in accordance with FRS 103.

As the valuation methodology is on a best estimate basis with a risk margin, the long term insurance liability can be negative. For the Group, the future value of premiums exceeds the cost of claims and expenses and therefore results in a negative position and is therefore disclosed as an asset. The corresponding reinsurance balance is also negative (i.e. the value of reinsurance premiums exceeds reinsurance recoveries) and so is presented as a reinsurance liability.

Policy reserves make allowance for policies where there is an expected net cash inflow to the Group (negative reserves). Allowance is made however for negative reinsurance reserves where there is an expected cash outflow due to the reinsurer. The Group has two main reinsurance contracts with Pacific Life Re and Swiss Re. The Group also holds a Lapse Reinsurance treaty with Hanover Re. This treaty does not impact the best estimate technical provision but does have a material impact on the Risk Margin and therefore the overall value of insurance contracts when reported under FRS 103.

The principal assumptions used are morbidity, mortality, persistency and expenses. Interest rates are an important assumption too and the Group use those prescribed under Solvency UK. The assumptions used for morbidity are based on standard industry tables, adjusted where appropriate to reflect the Group's own experience. The assumptions used for expenses and persistency are based on product characteristics and relevant experience. The assumptions used for discount rates are based on prescribed Solvency UK market yields. Due to the long term nature of these obligations, the estimates are subject to uncertainty and Solvency UK, therefore, prescribes a Risk Margin which adjusts reserving for this uncertainty.

The terms of the Treaty with Pacific Life Re for income protection policies sold until late 2016 provided for an initial reinsurance commission to be paid to the Group. As a result of this up-front commission, the reinsurers receive a higher proportion of the future premiums, leading in many cases, to a negative reinsurance reserve, based on the 50% treaty share of future claims and premiums. Since November 2016, all long term business has been under a reinsurance Treaty with Swiss Re which provides for the payment of risk premiums only with no upfront commission, therefore the reserving will slowly change over time as the proportion of policies covered by this treaty increases. **Details of the key assumptions are contained in Note 23**.

The effect of assumptions will have an impact in both the current and future years.

ii Valuation of general insurance technical provisions - claims

For Private Medical Insurance and Cash Plan policies within the general fund, estimates are made for the expected ultimate cost of claims reported as at the year-end date and the cost of claims incurred but not yet settled (IBNS) to the Group and claims incurred but not reported to the Group. It can take many months before the ultimate cost of claims can be established with certainty, and the final outcome may be better or worse than provided. Standard actuarial claims projection techniques are used to estimate outstanding claims. These techniques use past patterns of delay between claims being incurred and settled and combine them with estimates of ultimate loss ratios and seasonality of claims. Case estimates are used for some reported claims where the ultimate amount is not known.

To the extent that the ultimate cost is different from the estimate, where experience is better or worse than expected, the surplus or deficit will be credited or charged to gross claims within the statement of income and expenditure account in future years. **Details are contained in Note 21.1**.

The effect of assumptions will have an impact in both the current and future years.

iii Valuation of pension liabilities and other post-employment benefit obligations

The value of pension obligations is determined using an actuarial valuation. This involves making assumptions about interest rates, expected returns, longevity and future benefit indexation. Due to the long term nature of these obligations, the estimates are subject to significant uncertainty. **Details of the key pension assumptions are contained in Note 20**.

iv Valuation of intangibles

The Group's policy is to measure intangible assets at the point of acquisition calculated as the cost of acquisition less the fair value of the assets acquired. The key assumption used in the valuation of intangibles is the longevity of the asset, which determines the useful economic life. At each reporting date, the Group reviews the carrying amounts of its intangible assets and looks for indicators of impairment. Indicators of impairment are events or circumstances that indicate the carrying value may not be recoverable. This can include factors such as new strategic projects, or acceleration of system replacement. If any such indication exists, management uses their judgement to estimate the asset's recoverable amount. **Details are contained in Note 15**.

v. The age at entry management account

The Age at Entry Management Account (AEMA) represented funds set aside to compensate for the ageing of the Age at Entry book, its been decreasing as the associated business runs off, and 2024 saw the full release of the remaining funds. The AEMA was not recognised as a liability of the Group or Society. However, internally it was deducted from available assets in our ORSA calculations. The AEMA was a discretionary amount and did not belong to the Age at Entry members, retaining the Society's right to reduce it or change the methodology if circumstances dictate.

1.3 Principal accounting policies

i Basis of consolidation

The Group financial statements consolidate the results of the Society and its subsidiary companies. The notes and disclosures within these financial statements apply to the Group and Society unless otherwise stated.

ii Contract classification

All policies issued are insurance contracts under FRS 103. Holloway policies have an investment component, although in comparison to the insurance element this is de minimis. As such these policies are considered insurance contracts.

iii Premiums

a General Insurance Contracts

Written premiums are accounted for in the period in which contracts are entered into. Premiums are recognised as earned over the period of the policy, with premiums applicable to periods after the year-end date being carried forward to the following year on a straight line basis.

b Long Term Insurance Contracts

Premiums are accounted for when due for payment. New business premiums are recognised when the policy liability is set up and the premium is due for payment.

Holloway income protection	Holloway Income Protection products are all reviewable annually.
Life products	Managed Life premiums are guaranteed, but may vary by pre-determined amounts if the policyholder meets certain pre-agreed conditions. Real Life premiums are guaranteed for the life of the contract.
Other income protection	Pure Protection and Bills & Things products are reviewable after the initial 3 years. The Professional Income Protection and Income One products have guaranteed premiums. Pure Protection Plus, Income One Plus, and Income First contracts include both guaranteed and reviewable premium policies with reviewable contracts reviewable after the initial 3 years.

iv Reinsurance

a General Insurance Contracts

The general business fund is not reinsured.

b Long Term Insurance Contracts

Up until August 2024 most of the long-term Income Protection contracts are ceded to reinsurers under contracts to transfer 50% - 85% of the insurance risk. For new Income First v2 policies written since August 2024 the transfer has been 65%. Managed and Impaired Life products are ceded to a reinsurer under contract to transfer 90% of the insurance risk. These contracts are accounted for as insurance contracts. The reinsurer's share of gross written premiums in the statement of income and expenditure account reflects the amounts payable to reinsurers in respect of those premiums reinsured during the period.

Commissions due from the reinsurer are recognised in the period in which the policy commences.

The reinsurer's share of gross benefits and claims incurred in the statement of income and expenditure account reflects the amounts receivable from reinsurers in respect of those claims incurred during the period.

Any balance due from the reinsurers in respect of commission and claims is disclosed within Debtors arising out of direct reinsurance operations in the Balance Sheet. Any balance due to the reinsurer in respect of premiums is disclosed within Creditors arising out of direct insurance and reinsurance operations in the Balance Sheet.

The impact of reinsurance on the long-term insurance reserve is calculated to reflect all future premium payments to the reinsurers and subsequent claims receipts. In many cases for existing business written prior to November 2016 this results in negative reinsurance reserves. Please refer to Note 1.2 for more information about negative reinsurance reserves. Insurance contracts written from November 2016 are reinsured on a separate treaty which is likely to result in fewer negative reinsurance reserves on these policies.

The Society holds a Lapse Reinsurance treaty which is designed to protect the Society against losses resulting from large lapse events. The events covered are:

- a mass lapse of at least 30% of policies, up to 40% of policies over a one-year period; and
- a gradual increase in lapse experience where lapse experience is between 35% and 50% higher than our best estimate assumption, over a 5-year period.

Reinsuring these events reduces the regulatory capital required to be held for such events.

v Claims

a General Business Fund

Claims are approved benefit claims and related claims handling expenses incurred in the year, together with changes in the provision for outstanding claims at the year-end. Within the Society Claims incurred but not settled (IBNS) and in Exeter Cash Plan claims incurred but not reported (IBNR) are projected using a triangulation method together with estimated loss ratios. The date at which a claim is deemed to be incurred is the date at which the claim is assessed for payment in the claims administration system. The IBNR and IBNS provision is then calculated as the ultimate projected cost of claims less cumulative claims incurred already reported. Provision is also made for claims notified but not settled and are estimated on an individual case-by-case basis.

Claims costs include a reallocation of administration expenses calculated based on a percentage of claims incurred. For the year to 31 December 2024, this was 9.9% (2023: 9.3%) which includes the claims handling fee charged by AXA PPP Healthcare Limited for their services and internal costs.

b Long Term Business Fund

All claims are accounted for on acceptance of the claims notification. Gross benefits and claims relate to payouts in 2024. Any other changes are accounted for in the Gross change in contract liabilities in the statement of income and expenditure account.

vi. Acquisition costs

a General Business Fund

Acquisition costs represent commission payable and other related expenses of acquiring insurance policies written during the financial year. Acquisition costs which relate to a subsequent period are deferred and charged to the accounting periods in which the related premiums are earned.

The financial statements of The Exeter Cash Plan have been prepared on a basis other than going concern. Consequently there is no deferral of aquisition costs in this entity.

b Long Term Business Fund

Acquisition costs represent commission payable (net of reinsurance commission receivable) and other related expenses of acquiring insurance policies written during the financial year. The Solvency UK valuation methodology used for the Long Term Business Fund allows for expected future cash flows, offset by an allowance for a Risk Margin. If we introduced Deferred Acquisition Costs onto the Long Term Business Fund balance sheet we would risk double-counting as the balance sheet would contain both the Deferred Acquisition Cost and the future cash flows that are required to recover acquisition costs. Accordingly, the directors believe that all acquisition costs incurred in the Long Term Business Fund should be expensed immediately.

vii. Investment income

Dividends on equity investments are included in the long term technical account and non-technical account when a dividend is declared. Other investment income is recognised on an accruals basis using the effective interest rate method.

Realised and unrealised gains and losses on investments are taken to the long term technical account and the non-technical account. Unrealised gains and losses on investments represent the difference between the valuation of investments at the year-end date and their original cost, or if they have been previously re-valued, at that valuation. The movement in unrealised gains and losses recognised in the period includes the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period. Realised gains and losses on investments are calculated as the difference between the net sale proceeds and the original cost.

FRS 103 permits, but does not require, the financial statements to present results based on the longer term rate of investment return. This investment return may be recorded within the general business and long term business technical accounts. If this option is chosen, FRS 103 requires this approach to be pursued consistently for both the general and long-term funds.

Alternatively, FRS 103 permits recognition of the investment return on investments backing the general insurance and long-term technical provisions on an actual basis. This option is regarded as a more simplified approach when compared to recognising the investment return basis on the longer term rate.

Given that the Society has in place two ring-fenced funds (one for General Business and the other for Long-Term Business) backing each of the general and long-term technical provisions, there is no need to allocate investment return from the long-term business technical account to the non-technical account as the investments backing each of the general and long-term insurance liabilities are segregated in ring-fenced funds. Consequently, recognising the investment return on an actual basis will not require the use of the investment return allocation lines in the prescribed Technical and non-technical account formats (i.e., ‘Allocated investment return allocated to the non-technical account’ or the ‘Allocated investment return transferred from the long-term business technical account’).

viii. Foreign currencies

Foreign currency transactions have been converted into sterling, the Society’s reporting currency, at average rates of exchange. Monetary assets and liabilities in foreign currencies have been translated at the rates of exchange ruling at the year's end. Exchange differences are taken to the statement of income and expenditure account.

ix. Income Tax

The Society’s Private Medical Insurance and Protection products are exempt from Corporation tax. The Exeter Cash Plan products are subject to tax.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax repayable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date, and is not discounted.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. A deferred tax asset has not been recognised due to the uncertainty of future taxable profits arising.

Premiums where applicable are recorded net of insurance premium taxes.

x. Property and equipment

All property is occupied by the Society at the balance sheet date. Land and buildings are formally re-valued annually and included in the accounts at valuation with any surplus or deficit being reflected through a revaluation reserve. All other Property Plant and Equipment are measured under the cost model with depreciation being charged on a straight line basis over the useful life of the asset.

Building fit-out costs	3 - 10 years
Equipment, fixtures and fittings	3 - 10 years
Computer equipment	2 - 5 years

The Society's policy is to revisit the estimated useful economic lives and estimated residual values at the end of each financial year.

xi. Assets held under leases and lease liabilities

A lease is classed as being an operating or a financing lease, and the classification is based on whether the lease transfers substantially all the risks and rewards of ownership.

Payments made in respect of operating leases are charged to the statement income and expenditure on a straight-line basis over the life of the lease, even if the payments are not made on this basis.

Lease incentives received and receivable in relation to an operating lease are accounted for on a straight-line basis over the term of the lease.

xii. Intangible assets

Intangible assets are detailed in note 15.

Software costs are capitalised if it is probable that the asset created will generate future economic value. The expenditure must result in the useful life of the asset being substantially increased beyond the original assessment.

Software costs, including software licences, are recognised as intangible assets and amortised using the straight-line method over their useful lives (three to ten years). Useful lives are determined by considering factors such as the term of the agreement, and the normal life of related assets, and will be in the range of 3 to 10 years. The amortisation begins when the asset is available for use, and the periods used are reviewed annually.

Intangible assets are reviewed for impairment annually as at the balance sheet date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount is not recoverable the asset is written down immediately to the estimated recoverable amount, based on value-in-use calculations. Impairment losses are recognised in the statement of income and expenditure account.

xiii. Investments in group undertakings

Subsidiaries are held in the Society's Balance sheet at cost less any provision for impairment where appropriate. Investments in subsidiary undertakings are assessed for impairment when there are indicators of impairment. These indicators include when the net assets of the subsidiary undertaking fall below the carrying amount of the investment in the group undertaking.

Where the directors have asssessed that a subsidiary is not a going concern the investment in subsidiary is measured at the lower of its carrying amount and recoverable amount.

xiv. Financial assets

The Society classifies its financial assets as financial assets at Fair value through profit or loss or at amortised cost and has chosen to apply the recognition and measurement provisions of IAS 39 and the disclosure requirement of FRS 102.

Financial assets at fair value through profit or loss

The Society classifies all of its investments upon initial recognition as financial assets at fair value through profit or loss and subsequent valuation movements are recognised in the statement of income and expenditure account.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership. Financial assets at Fair value through profit or loss include listed and unlisted investments and units in collective investment vehicles. Fair value is based on the bid value at the balance sheet date.

Financial asset - financing

A financial asset is recognised in respect of amounts receivable from the reinsurer which is included within 'Other financial investments - financial reinsurance' and is measured at fair value through profit or loss.

xv. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits with a maturity of less than 3 months.

xvi. Insurance contract liabilities

The methodology for calculating long term insurance contract liabilities is based on Solvency UK principles. These are set out in Note 1.2.

xvii. Financial Liability - Financing

On 22 October 2022, the Society entered into a contract which has the legal form of a (re)insurance contract but does not meet the definition of an insurance contract under FRS 103.

The arrangement had an effective date of July 2022 and covers new business sales of the Real Life product for a period of three and a half years from July 2022 to December 2025. The reinsurer will pay a proportion of the initial commission on covered policies in exchange for a proportion of cashflows arising from those policies, until the borrowing plus interest is repaid, with a maximum repayment term of 12 years (until expiry on 31 December 2034). Interest is applied using a 3-month compound SONIA plus a fixed spread. Since the contract does not transfer significant insurance risk, it is accounted for as a financial liability under 'xvii. Financial Liability - Financing' and is recorded at fair value through profit or loss.

The fair value of the liability is the reserve held for future repayments. This reserve is calculated on a basis consistent with Solvency UK and represents the present value of future expected cash outflows to service the debt. Fair value movements, including accrued interest, are recognised within the 'Value adjustment on financial liability financing' in the Technical Account - Long term business.

A financial asset is recognised in respect of amounts receivable from the reinsurer which is included within 'Other financial investments'. This is also measured at fair value through profit or loss.

The impact of this arrangement on the Group financial statements is disclosed in note 24.

xviii. Employee benefits

The Society operates three pension schemes – two defined benefit schemes and one defined contribution scheme. Contributions to the defined contribution scheme are charged to the statement of income and expenditure account as incurred.

a Defined benefit pension costs - General Business Fund

The assets of the defined benefit scheme are measured at fair value. The scheme's liabilities are measured on an actuarial basis using the projected unit method and are discounted to reflect the time value of money and the characteristics of the liabilities. The resulting surplus or deficit in the defined benefit scheme is recognised as an asset or liability respectively. If the fair value of the defined benefit scheme is a surplus, the resultant asset is limited to the asset ceiling defined as the present value of economic benefits available in the form of future refunds from the plan or reductions in contributions to the plan. Current service charges are recognised in the statement of income and expenditure. Interest to the net benefit liability (asset) is charged on the statement of income and expenditure account. Actuarial gains and losses are disclosed in the statement of income and expenditure. This fund is closed to new members and closed to future accrual.

b Defined benefit pension costs - Long Term Business Fund

The defined benefit scheme is an unfunded scheme for one former employee/spouse. This scheme is closed to existing employees of the Group. The total cost of the pensions payable each year is charged to the provision, to which is credited appropriate interest earned and transfers from or to retained reserves sufficient to meet the expected liability, as recalculated on an annual basis.

xix. Provisions

Provisions are recognised when the Society or Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. A provision is made for onerous contracts in which the unavoidable costs of meeting the present legal or constructive obligation exceed the expected future economic benefits.

xx Insurance receivables and payables

Insurance receivables and payables are recognised when due and include amounts due to and from agents, brokers and insurance contract holders. Where there is objective evidence that the carrying value is impaired then the impairment loss will be recognised in the statement of income and expenditure either as an operating expense or in the case of receivables, premium income.

xxi. Unexpired risks

A provision is made for unexpired risks in respect of certain private medical insurance products to the extent that the expected claims, related expenses and deferred acquisition costs are expected to exceed unearned premiums for those products, after taking account of future investment income on the unearned premium provision.

The key assumptions in the calculation are the claims loss ratios (CLRs) for each plan. Usually the actual CLRs by product for the whole of 2024 (including claim expenses) are used. However, in light of an expected large claim in 2025 a manual adjustment has been added to the CLR.

The provision for unexpired risks is detailed in note 21.9.

A liability adequacy test is performed on insurance liabilities to ensure that the carrying amount of liabilities (less related intangible assets) is sufficient to cover current estimates of future cash flows. When performing the liability adequacy test, all contractual cash flows are discounted and compared against the carrying value of the liability. This test is performed separately for the General Business Fund and the Long Term Business Fund. Any shortfall is charged immediately to the Statement of Comprehensive Income.

xxii. Fund for future appropriations and Reserves

Under FRS 102, the Group designates reserves between those classified as liabilities (i.e. the fund for future appropriations) and those which are akin to equity. The general business fund surplus is designated as general reserves within Reserves and all surplus and deficits of the Group and Society that do not relate to the long term business fund are classified within Reserves in the Balance Sheet.

The fund for future appropriations represents the excess of assets over and above the insurance contract liabilities and other liabilities for long term business that have not been attributed to policyholders as at the balance sheet date. Transfers between the long term technical account and the fund for future appropriations represent the change in these unallocated amounts between balance sheet dates.

The General business fund reserves represent the excess of assets over and above the insurance contract liabilities and other liabilities for general business that have not been attributed to policyholders as at the balance sheet date.

xxiii. Holloway policies - the members' dividend account

Our Holloway policies are Income Protection plans which are designed to provide the member with a source of income if they are unable to work as a result of an accident, illness or injury. There is also an investment element to Holloway policies which provides an annual bonus to our members as well as an annual interest payment based on the member's bonus pot.

Holloway members will receive an annual bonus depending on the level of income protection benefit they have. This is determined by the number of 'units' (also known as shares) the member has and each unit is worth a certain 'dividend' (an amount). The bonus amount is calculated as of 31 December each year and this is announced by letter to the member the following spring.

Holloway members also receive an annual interest payment added to the bonus, which is based on their bonus pot as of 31 December. If the member cancels the policy before 31 December of the previous year, then the amount of interest will be calculated on a pro-rata basis.

If a Holloway policy is terminated because of death, maturity or cancellation, a terminal bonus is added to the policy's bonus amount. If the policy is cancelled before the maturity age, then the member will lose their last 2 years' dividend bonus.

The Members Dividend Account is the total of the bonus pots across all Holloway members.

2 Capital management

2.1 Capital management

Capital resources result from accumulated mutual capital with no capital tiers or capital instruments in issue; subordinated or unsubordinated. Therefore, all surplus capital is available to support the business. The Society owns shares within the subsidiary company which are fully paid up.

Solvency UK is the UK-wide regime for calculating and disclosing solvency and is the regime by which the Board runs the capital resources of the business. It assesses capital on a number of bases:

Minimum Capital Requirement ("MCR") which is the level calculated by prescribed standard formulae below which a company must not fall to be compliant.

Solvency Capital Requirement ("SCR") which is a requirement (also calculated by prescribed standard formulae) which creates a threshold for Regulatory intervention if is breached. Companies are also required to assess their own capital requirement based on a forward-looking assessment of future capital requirements known as an Own Risk and Solvency Assessment ("ORSA"). The ORSA may introduce even higher capital requirements if the Board believe it is necessary to do so.

The Society and its subsidiaries closely monitor the available capital resources compared to the levels of capital required under relevant regulators or, if higher, the Board's assessment of the appropriate levels of capital to be held as identified in the ORSA.

Whilst the ORSA is prepared on a Group basis the review assesses each element of the business separately as the Society manages its capital requirements within two separate ring-fenced funds for life and general business together with a stand-alone 100% subsidiary of the General Fund which operates the Cash Plan business. Any intra-group or intra-fund transactions take place at market value with any resultant balances being settled regularly where necessary.

The Society has entered into a financial reinsurance agreement see note 24. This generates both an asset and a liability on our balance sheet and does not materially change our available solvency capital.

The Group sets its risk appetite based on the results of its assessment of risk. As the long term, general and cash plan funds are separate with no immediate ability for cross-subsidy then the appetite will apply separately for each fund. This risk appetite is expressed as a percentage of capital resources over and above the capital requirements with maximum and minimum levels set and pre-determined points for review and corrective action. As a minimum, the Board would always aim to have available capital equal to at least 130% of capital resources requirements.

The unaudited Solvency UK position for The Exeter is managed separately for the long term and general business funds and the results can be summarised as follows:

The General Fund (unaudited)

	General Business Fund	
	2024	**2023**
	£000	**£000**
Available capital	**72,676**	**84,613**
Capital requirements:		
MCR	5,174	4,394
SCR	20,695	17,574
Available capital as a % of MCR	1405%	1926%
Available capital as a % of SCR	351%	481%

Long Term Fund (unaudited)

	Long term Business Fund	
	2024	**2023**
	£000	**£000**
Available capital	**90,490**	**97,147**
Capital requirements:		
MCR	15,705	14,663
SCR	62,821	58,653
Available capital as a % of MCR	576%	663%
Available capital as a % of SCR	144%	166%

The Exeter Cash Plan (unaudited)

	Exeter Cash Plan	
	2024	2023
	£000	£000
Available capital	**2,554**	3,152
Capital requirements:		
MCR	2,400	2,359
SCR	557	642
Available capital as a % of MCR	106%	134%
Available capital as a % of SCR	458%	491%

Set out below are the details of how the available capital resources have been calculated for each fund, the restrictions in place over the available capital resources, the basis for calculating the regulatory capital requirements and an explanation of the change in available capital. The available capital has been determined in accordance with the Prudential Regulation Authority's (PRA) regulations and includes the fund for future appropriation and general reserves. The fund for future appropriations and general reserves represent surplus funds of the Society which have not been allocated to members and are available to meet regulatory and solvency requirements of the Society. Adjustments have been made to restate the assets and liabilities in line with PRA regulations.

2.2 Capital management - Long term insurance business

	Note	Group		Society	
		2024	2023	**2024**	2023
Statutory fund for future appropriations		**£000**	£000	**£000**	£000
Opening fund for future appropriations		**100,492**	84,093	**100,492**	84,093
(Transfer from) / transfer to the fund for future appropriations		**(3,120)**	16,406	**(3,120)**	16,406
Actuarial loss		**0**	(7)	**0**	(7)
Closing fund for future appropriations		**97,372**	100,492	**97,372**	100,492
Reconciliation to Solvency UK own funds (unaudited)					
Closing fund for future appropriations		**97,372**	100,492	**97,372**	100,492
Adjustments required for Solvency UK:		**(6,882)**	(3,345)	**(6,882)**	(3,345)
Own funds under Solvency UK		**90,490**	97,147	**90,490**	97,147

The capital statement above has been prepared on an aggregate basis, for the total Long Term Insurance Fund based on current accounting principles. The total available capital resources of the Society's long term insurance business amounted to £97.4 million (2023: £100.5 million).

2.3 Capital management - General insurance business

	Note	Group		Society	
		2024	2023	**2024**	2023
Statutory reserves		**£000**	£000	**£000**	£000
Opening reserves		**89,727**	89,718	**89,649**	89,605
(Excess of expenditure over income) / excess of income over expenditure		**(8,401)**	668	**(7,833)**	703
Actuarial loss on pension scheme		**(21)**	(553)	**(21)**	(553)
Unrealised loss on property revaluation		**(158)**	(106)	**(158)**	(106)
Closing Reserves		**81,147**	89,727	**81,637**	89,649
Reconciliation to Solvency UK own funds (unaudited)					
Closing reserves		**81,147**	89,727	**81,637**	89,649
Adjustments required for Solvency UK:		**(5,917)**	(1,963)	**(8,961)**	(5,036)
Own funds under Solvency UK		**75,230**	87,765	**72,676**	84,613

The capital statement above has been prepared on an aggregate basis, for the total General Insurance Fund based on current accounting principles.

Historically, in addition to regulatory requirements, the Society made capital adjustments within its ORSA for certain Private Medical Insurance products sold by the Society which include an age-at-entry policy whereby the Society calculated the policyholder's premium by reference to the age of the policyholder on joining the Society rather than their age at each annual policy renewal, provided that their cover remained unchanged. In 2023 for internal management purposes £28.5 million of the General Reserve was allocated to cover future underwriting losses arising from these age-at-entry policies. In August 2024 the Board approved the full release of this reserve based on an analysis of claims experience.

2.4 Capital management - Cash plan business

The cash plan operations are conducted through The Exeter Cash Plan, a 100% owned subsidiary which has its own regulatory registration and capital resources requirement. On the basis of Solvency UK regulations which result in total available capital resources of the subsidiary amounted to £2.6 million unaudited (2023: £3.1 million).

3 Risk management

This section alongside the Risk Report on page 14 summarises the principal risks that the Group is exposed to and the way the Group manages them.

3.1 Risks Customers transfer to the Group (Insurance risks)

Insurance risks arise from the inherent uncertainties as to the occurrence, amount, and timing of insurance claims. Long term insurance risk arises from mortality, morbidity, persistency, and expense variances. General insurance risk arises from uncertainties regarding the frequency and severity of claims (including the extent of medical cost inflation). Systems are in place to measure, monitor and control exposure to all these risks across our general insurance and long-term insurance contracts. These are documented in policies for underwriting, pricing, claims and reinsurance. Additionally, to mitigate risk in the long term business fund the Society places reinsurance.

The main insurance sub-risks are as follows:

Lapse Risk	• The risk that policies are terminated by the policyholder earlier than estimated, meaning there are less premiums from which to recuperate initial and ongoing expenses and claims costs.
Pricing risk	• The risk that premiums calculated, based on assumptions in the pricing models, are insufficient to cover expense and claims costs.
Mortality and Morbidity Risk	• The risk that policyholders mortality or health related experience is different from that assumed in the assumptions used to set premiums on our products.

There is a risk of loss due to mispricing for Managed Life, Real Life, Impaired Life, CI, IP & PMI.

Capital Risk

Capital risk describes the risk that The Group is unable to meet its financial obligations at any time due to insufficient funds being set aside to pay claims or meet ongoing liabilities. This may occur through setting inappropriate assumptions when determining reserves or from unexpected losses or defaults on assets held to back liabilities.

Capital risk is allowed for in the Solvency UK calculations using the Standard Formula. The market risk SCR incorporates the risk of any concentration of assets and the catastrophe risk SCR incorporates a concentration of insurance risks. Given the balanced nature of the business mix written, the Society has no material concentrations of risk by product type. However, as substantially all of its business has been written in the UK, results are sensitive to demographic and economic changes arising in the UK.

The Governance & Risk Committee considers concentrations of insurance risk to ensure that the concentration is within the Group's overall risk appetite. The Society seeks to mitigate the risk of excess concentrations of risk through the use of reinsurance, portfolio analysis and risk limits. The key risks to the Society's life insurance business are market risks, insurance risks and expense risks, particularly the inflation of expenses. The investment performance, expenses and other risks to the life insurance business are monitored regularly by the Governance & Risk Committee. In the event of an adverse situation arising, the Society takes action to reduce the impact. These actions may include reducing the rates of terminal bonuses and/or reversionary bonuses or reducing overheads.

Liquidity Risk

Liquidity risk refers to the risk that whilst the Group may have sufficient assets to meet the **value** of its' liabilities, these assets (which may include cash, equities, bonds and other investments) are not readily available to meet the **timing** of such outgoings.

As part of business planning and setting our investment strategy, the timing of expected liabilities is carefully considered and as such the nature of assets we invest in is managed to ensure there are sufficient assets available that can be readily sold when needed.

Operational Risk

Operational risk refers to the risk that the Group is unable to meet its' operational and strategic goals due to lack of capacity and/or capability or due to malicious activities or mismanagement.

Operational risk also refers to the risk of being unable to meet goals due to inadequate or inefficient systems and processes, poor performance and/or malicious activities by third parties, through the loss of data or through non-compliance with regulations and laws leading to reputational damage and/or financial loss.

This risk is managed/mitigated through operation of the TLoD model and through ensuring processes and controls are clearly defined, carried out and regularly reviewed.

Strategic Risk

Strategic risk refers to the risk that the Group is unable to achieve its strategic goals due to an inability to respond to external factors such as competitor activity or an inability to deliver its strategic change agenda, both of which may materialise through inadequate relationships with our distribution partners and/or poor market propositions.

Sensitivity Analysis

The Group carries out detailed planning and scenario analysis to aide a clear understanding of the risks and exposures its activities carry and targets and processes are set having due regard to these exposures.

i. Long term insurance

On life and income protection business, the Group uses underwriting procedures, backed up with medical screening if appropriate. Reinsurance is in place to limit the quantum of risk retained on most policies incepted since November 2006.

Note 21 sets out the long-term insurance contract assets and details the impact of movements during 2024. The table below sets them out by type of contract.

	2024			2023		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
Group (note 21.3)	**£000**	**£000**	**£000**	£000	£000	£000
Holloway income protection	**5,849**	**0**	**5,849**	5,096	0	5,096
Other income protection	**(120,581)**	**19,900**	**(100,681)**	(122,918)	26,186	(96,732)
Term assurance	**(21,809)**	**(5,292)**	**(27,101)**	(19,138)	(4,742)	(23,880)
Total	**(136,541)**	**14,608**	**(121,933)**	(136,960)	21,444	(115,516)
Society (note 21.3)	**£000**	**£000**	**£000**	£000	£000	£000
Holloway income protection	**5,849**	**0**	**5,849**	5,096	0	5,096
Other income protection	**(120,581)**	**19,900**	**(100,681)**	(122,918)	26,186	(96,732)
Term assurance	**(21,809)**	**(5,292)**	**(27,101)**	(19,138)	(4,742)	(23,880)
Total	**(136,541)**	**14,608**	**(121,933)**	(136,960)	21,444	(115,516)

The valuation assumptions have been recommended by the Chief Actuary and approved by the Board. See Note 23 for details of assumptions used in the calculation of the long-term business reserve.

ii. General insurance

The table below sets out the location of general insurance claims liabilities:

	Group		**Society**	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
UK	**6,790**	5,561	**6,675**	5,389
International	**207**	197	**207**	197
Total	**6,997**	5,758	**6,882**	5,586

The development of insurance liabilities provides a measure of the Group and Society's ability to estimate the ultimate value of claims. The top half of the table below illustrates how the Society's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the Balance Sheet. An accident year-basis is considered to be most appropriate for the business written by the Society.

Reporting year	2022 £000	2023 £000	2024 £000	Total £000
Estimate of ultimate claims costs				
At the end of the reporting year	27,326	32,665	45,090	105,081
One year later	27,217	30,688		
Two years later	27,217			
Current estimate of cumulative claims incurred	27,217	30,688	45,090	102,995
Cumulative payments to date	(27,217)	(30,688)	(38,207)	(96,112)
Liability recognised in the balance sheet	0	0	6,882	6,882
Reserve in respect of prior years				0
Total reserve included in the balance sheet	0	0	6,882	6,882

3.2 Financial Risks

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, insurance contract liabilities or assets and associated reinsurance balances. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are market risk, credit risk and liquidity risk. However, the Society also faces financial risks in respect of property valuations, concentration of investments and counter-party exposures.

The Financial Risks that we incur are further analysed in the Risk Management Report on page 14.

Market Risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk arises primarily from investments in fixed-interest securities. In addition, to the extent that claims costs are related to interest rates, liabilities to members are exposed to interest rate risk. Some insurance contracts have benefit payments that are fixed and guaranteed at the inception of the contract. The Society's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities are insufficient to fund the guaranteed benefits payable.

An 1% increase in interest rates would result in a 5.8% fall (2023: 5.5% fall) in available funds (assets less liabilities in the ORSA) at the end of 2024. A 1% decrease in interest rates would result in a 6.5% increase in available funds (2023: 6.2% increase).

Borrowings issued at variable rates expose the Society to cash flow interest rate risk. The financial reinsurance contract is linked to SONIA and therefore the interest on borrowing will vary with interest rates. A 1% increase in interest rates would increase the projected discounted cash flows by 0.1% (2023: 0.2%). A 1% fall in interest rates would decrease the projected discounted cash flows by 0.1% (2023: 0.3%).

Equity price risk

The Society is exposed to equity price risk as a result of its holdings in Royal London equity tracker funds.

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes to market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

A 50% fall (2023: 40% fall) in equity prices would result in a 7% decrease (2023: 5%) in available funds (assets less liabilities in the ORSA).

Currency risk

The Society is exposed to currency risk in respect of liabilities under a small number of insurance policies denominated in euro. The Society seeks to mitigate the risk by holding a bank account in euros. The currency risk is not material and therefore a sensitivity analysis is not provided.

Credit Risk

Credit risk relates to counterparties to the Group failing to meet their financial obligations. The Group takes on investment credit risk when it is considered beneficial to do so in support of the Group's strategic objectives and in matching policyholder liabilities. The Group seeks to minimise other forms of credit risk, in particular those related to deposit takers and bond issuers.

The Group's maximum exposure to credit risk is detailed below. In addition, the Group and Society are exposed to credit risk from policyholders through the sale of insurance policies and intermediaries through the cancellation of policies. An analysis of past-due items can be found in note 18.

On-boarding procedures assess the creditworthiness of new intermediaries, and distribution quality management tools are used to manage any potential concentration risks. The risk of non-payment by policy holders is mitigated by policy lapse rules. No further provision is required over and above the normal provision for doubtful debts.

	Group		**Society**	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Debt securities - UK securities (notes 17.2 and 17.3)	**19,612**	73,072	**19,612**	71,228
Financial liability - financing	**422**	334	**422**	334
Insurance receivables (notes 18.1 and 18.2)	**35,219**	27,358	**34,523**	26,558
Cash and cash equivalents	**12,027**	10,673	**11,043**	9,128
Total assets bearing credit risk	**67,280**	111,437	**65,600**	107,248

The Long Term fund invests its assets in the Royal London Investment Grade Short-Dated Credit Fund and the Royal London Short-Duration Credit Fund. The GBF invests its assets in the Royal London Corporate Bond Fund, the Royal London Investment Grade Short-Dated Credit Fund and the Royal London Short-Duration Credit Fund.

Royal London Investment Grade Short Dated Credit Fund

The Fund's investment objective is to achieve a total return over the medium term (3–5 years) by investing at least 80% in investment-grade bonds. Of these, at least 70% will be short-dated (bonds that will reach maturity within five years).

Royal London Short Duration Credit Fund

The Fund's investment objective is to achieve a total return (combination of capital growth and income) over the medium term (3-5 years) by investing at least 80% in sterling-denominated bonds, of which at least 70% will be short duration (5 years or less).

Royal London Corporate Bond Fund

The Fund's investment objective is to achieve a total return (combination of capital growth and income) over the medium term (3-5 years), by investing at least 80% in sterling-denominated corporate bonds.

At 31 December 2024, the credit quality of the Fund was split as follows:

Group

	AAA	**AA**	**A**	**BBB**	**B**	**Unrated**	**Total**
	£000	£000	£000	£000	£000	£000	£000
Government securities	0	19,612	0	0	0	0	19,612
Corporate Bonds	1,060	2,273	7,237	17,871	2,345	1,082	31,868
Cash and cash equivalents	0	0	12,024	1	0	0	12,025
Total assets	1,060	21,885	19,261	17,872	2,345	1,082	63,505

Society

	AAA	**AA**	**A**	**BBB**	**B**	**Unrated**	**Total**
	£000	£000	£000	£000	£000	£000	£000
Government securities	0	19,612	0	0	0	0	19,612
Corporate Bonds	988	2,094	6,774	16,759	2,319	1,082	30,016
Cash and cash equivalents	0	0	11,042	1	0	0	11,043
Total assets	988	21,706	17,816	16,760	2,319	1,082	60,671

At 31 December 2023, the credit quality of the Fund was split as follows:

Group

	AAA	AA	A	BBB	B	Unrated	Total
	£000	£000	£000	£000	£000	£000	£000
Government securities	0	30,923	0	0	0	0	30,923
Corporate bonds	2,313	4,139	11,206	21,372	2,148	971	42,149
Cash and cash equivalents	0	417	10,251	5	0	0	10,673
Total Assets	2,313	35,479	21,457	21,377	2,148	971	83,745

Society

	AAA	AA	A	BBB	B	Unrated	Total
	£000	£000	£000	£000	£000	£000	£000
Government securities	0	30,923	0	0	0	0	30,923
Corporate bonds	2,272	3,933	10,760	20,225	2,144	971	40,305
Cash and cash equivalents	0	417	8,706	5	0	0	9,128
Total Assets	2,272	35,273	19,466	20,230	2,144	971	80,356

Liquidity Risk

Liquidity risk is the risk that the Group and Society, although solvent, are unable to meet their obligations as they fall due. The objective of liquidity risk management is to ensure that sufficient funds are available over the short and medium term to meet the needs of the Group and Society. This includes new business costs, planned strategic activities, member withdrawals, claims payments and day-to-day cash flow requirements.

The tables below summarise the maturity profile of the financial liabilities and obligations of the Group and Society based on the term to maturity and the underlying policies or benefits. the Group's approach to Liquidity risk management is referred to on page 14.

Group

Maturity profile of financial liabilities and obligations 2024	2024 - Group				
	Within 1 year	1-5 years	Over 5 years	No term	Total
	£000	£000	£000	£000	£000
Insurance contract liabilities (note 21)					
- Insurance contract liabilities	42,159	0	0	0	**42,159**
- Reinsurers' share of insurance contract assets (long term business fund)	5,419	13,865	9,383	(14,059)[1]	**14,608**
Financial liability - financing					
- Financing (note 24)	2,028	4,000	0	0	**6,028**
Post-employment benefits obligations (note 20)					
- Pension benefit obligation (long term business fund)	0	0	90	0	**90**
Trade and other payables					
- Insurance payables (note 21)	5,022	0	0	0	**5,022**
- Other creditors including tax and social security (note 27)	6,361	0	0	0	**6,361**
- Accruals and deferred income	7,135	0	0	0	**7,135**
Total financial liabilities	**68,124**	**17,865**	**9,473**	**(14,059)**	**81,403**

Maturity profile of financial liabilities and obligations 2023	2023 - Group				
	Within 1 year	1-5 years	Over 5 years	No term	Total
	£000	£000	£000	£000	£000
Insurance contract liabilities (note 21)					
- Insurance contract liabilities	34,228	0	0	0	**34,228**
- Reinsurers' share of insurance contract assets (long term business fund)	4,171	12,059	16,344	(11,130)[1]	**21,444**
Financial liability - financing					
- Financing (note 24)	1,030	2,395	106	0	**3,531**
Post-employment benefits obligations (note 20)					
- Pension benefit obligation (long term business fund)	0	0	90	0	**90**
Trade and other payables					
- Insurance payables (note 21)	4,066	0	0	0	**4,066**
- Other creditors including tax and social security (note 27)	4,339	0	0	0	**4,339**
- Accruals and deferred income	7,672	0	0	0	**7,672**
Total financial liabilities	**55,506**	**14,454**	**16,540**	**(11,130)**	**75,370**

[1] This represents the reinsurers share of the risk margin and therefore has no duration.

Society

Maturity profile of financial liabilities and obligations 2024	2024 - Society Within 1 year	1-5 years	Over 5 years	No term	Total
	£000	£000	£000	£000	£000
Insurance contract liabilities (note 21)					
- Insurance contract liabilities	41,610	0	0	0	41,610
- Reinsurers' share of insurance contract assets (long term business fund)	5,419	13,865	9,383	(14,059)	14,608
Financial liability - financing					
- Financing (note 24)	2,028	4,000	0	0	6,028
Post-employment benefits obligations (note 20)					
- Pension benefit obligation (long term business fund)	0	0	90	0	90
Trade and other payables					
- Insurance payables (note 21)	4,996	0	0	0	4,996
- Amounts due to subsidiary undertaking	28	0	0	0	28
- Other payables including tax and social security (note 27)	6,256	0	0	0	6,256
- Accruals and deferred income	6,922	0	0	0	6,922
Total financial liabilities	**67,259**	**17,865**	**9,473**	**(14,059)**	**80,538**

Maturity profile of financial liabilities and obligations 2023	2023 - Society Within 1 year	1-5 years	Over 5 years	No term	Total
	£000	£000	£000	£000	£000
Insurance contract liabilities (note 21)					
- Insurance contract liabilities	33,462	0	0	0	33,462
- Reinsurers' share of insurance contract assets (long term business fund)	4,171	12,059	16,344	(11,130)	21,444
Financial liability - financing					
- Financing (note 24)	1,030	2,395	106	0	3,531
Post-employment benefits obligations (note 20)					
- Pension benefit obligation (long term business fund)	0	0	90	0	90
Trade and other payables					
- Insurance payables (note 21)	4,020	0	0	0	4,020
- Amounts due to subsidiary undertaking	28	0	0	0	28
- Other payables including tax and social security (note 27)	4,235	0	0	0	4,235
- Accruals and deferred income	7,484	0	0	0	7,484
Total financial liabilities	**54,430**	**14,454**	**16,540**	**(11,130)**	**74,294**

Fair value estimate - Group

The principal financial assets held as at the reporting date for the Group, analysed by their fair value hierarchies were:

2024	Level 1	Level 2	Level 3	Total
Assets:	**£000**	**£000**	**£000**	**£000**
Financial assets at fair value through income:[1]				
- Shares and other variable yield securities and units in unit trusts (note 17.2)	39,204	1,885	0	**41,089**
- Debt securities and other fixed income securities (note 17.2)	0	19,612	0	**19,612**
- Financial asset (note 24)	0	0	422	**422**
Total assets at fair value	**39,204**	**21,497**	**422**	**61,123**
Liabilities:				
Financial liabilities - financing at fair value through income				
- Financial liability (note 24)	0	0	6,028	**6,028**
Total liabilities at fair value	**0**	**0**	**6,028**	**6,028**

	Group			
2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:	**£000**	**£000**	**£000**	**£000**
Financial assets at fair value through income:				
- Shares and other variable yield securities and units in unit trusts (note 17.2)	48,546	1,752	0	**50,298**
- Debt securities and other fixed - income securities (note 17.2)	0	30,923	0	**30,923**
- Financial asset (note 24)	0	0	334	**334**
Total assets at fair value	**48,546**	**32,675**	**334**	**81,555**
Liabilities:				
Financial liabilities - financing at fair value through income				
- Financial liability (note 24)	0	0	3,531	**3,531**
Total liabilities at fair value	**0**	**0**	**3,531**	**3,531**

[1] A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety (Level 3 being the lowest level).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities the entity can access at the measurement date.
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly or indirectly.
Level 3 Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

Fair value estimate - Society

The principal financial assets held as at the reporting date for the Society, analysed by their fair value hierarchies were:

	Society			
2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:	**£000**	**£000**	**£000**	**£000**
Financial assets at fair value through income:				
- Shares and other variable yield securities and units in unit trusts (note 17.2)	37,352	1,885	0	**39,237**
- Debt securities and other fixed income securities (note 17.2)		19,612	0	**19,612**
- Financial asset (note 24)	0	0	422	**422**
Total assets at fair value	**37,352**	**21,497**	**422**	**59,271**
Liabilities:				
Financial liabilities - financing at fair value through income				
- Financial liability financing (note 24)	0	0	6,028	**6,028**
Total liabilities at fair value	**0**	**0**	**6,028**	**6,028**

	Society			
2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:	**£000**	**£000**	**£000**	**£000**
Financial assets at fair value through income:				
- Shares and other variable yield securities and units in unit trusts (note 17.2)	46,702	1,752	0	**48,454**
- Debt securities and other fixed income securities (note 17.2)	0	30,923	0	**30,923**
- Financial asset (note 24)	0	0	334	**334**
Total assets at fair value	**46,702**	**32,675**	**334**	**79,711**
Liabilities:				
Financial liabilities - financing at fair value through income				
- Financial liability financing (note 24)	0	0	3,531	**3,531**
Total liabilities at fair value	**0**	**0**	**3,531**	**3,531**

3.3 Risks that we incur in the course of normal business

All the risks within this category are variants of Operational Risk, which in turn is the risk of loss resulting from insufficient, inadequate, or ineffective people, processes and/or systems. These risks are addressed in the Risk Management Report on page 14.

3.4 Strategic & External Risks

The Strategic and External Risks faced by The Exeter are covered in the Risk Management Report on page 14.

Cyber security is regarded as one of The Exeter's top priorities. There are several measures in place to detect and prevent threats to our systems. The risks and preventative measures are covered in the Risk Management Report which starts on page 14.

Also captured within this category are the horizon and emerging risks, these being potential risks that may or may not materialise, e.g. a nationalised Income Protection scheme (a "horizon" risk) and those that we can see approaching but for which there is insufficient detail or data to be able to formulate a meaningful risk value or probability e.g. financial impact of climate change (an "emerging" risk).

4 Strategic divisions

The Group has two strategic divisions, the General Business Fund and the Long Term Business Fund.

The principal activity of the General Business Fund is to underwrite general insurance business through both direct and broker distribution channels. The primary sources of premium income are from the sale of Private Medical Insurance and Cash Plans. The principal activities of the General Business Fund are in the United Kingdom, although there is a small proportion of business which is written in the United

Kingdom but for which the location of risk is outside of the United Kingdom. The geographical segmentation is disclosed in note 5 to the accounts.

The principal activity of the Long Term Business Fund is to provide Income Protection and Life products through broker distribution channels. All activities of the Long Term Business Fund are based in the United Kingdom.

5 Earned premiums net of reinsurance

		Group		Society	
		2024	2023	**2024**	2023
		£000	£000	**£000**	£000
Long Term Business - gross premiums written					
	Holloway income protection	**2,360**	2,463	**2,360**	2,463
	Life products	**15,509**	12,931	**15,509**	12,931
	Other income protection	**34,808**	31,938	**34,808**	31,938
Gross premiums written		**52,677**	47,332	**52,677**	47,332
Outward reinsurance premiums		**(17,395)**	(15,535)	**(17,395)**	(15,535)
Earned premiums net of reinsurance		**35,282**	31,797	**35,282**	31,797
General Business - gross premiums written					
	UK	**71,333**	54,746	**69,218**	52,273
	International	**1,139**	1,335	**1,139**	1,335
Gross premiums written		**72,472**	56,081	**70,357**	53,608
Change in gross provision for unearned premiums		**(7,406)**	(8,413)	**(7,566)**	(8,418)
Total earned premiums		**65,066**	47,668	**62,791**	45,190

All long term insurance contracts are based in the United Kingdom and have regular premiums which are recognised as income when due for payment.

6 Investment return

	Group				Society			
	General Fund		Long Term Fund		General Fund		Long Term Fund	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Income from investments at fair value:								
Interest income	**1,799**	1,752	**143**	146	**1,710**	1,680	**143**	146
Dividend income	**237**	414	**0**	0	**237**	414	**0**	0
Net gains on the realisation of investments - debt securities	**911**	0	**0**	0	**911**	0	**0**	0
Net gains on the realisation of investments - equities	**0**	6,048	**0**	0	**0**	6,048	**0**	0
Total investment income	**2,947**	8,214	**143**	146	**2,858**	8,142	**143**	146
Investment expenses and charges								
Losses on the realisation of investments - debt securities	**0**	(393)	**0**	(632)	**0**	(393)	**0**	(632)
Value adjustment on the financial liability - financing	**0**	0	**(494)**	(334)	**0**	0	**(494)**	(334)
Investment management expenses	**(158)**	(235)	**(3)**	(5)	**(158)**	(235)	**(3)**	(5)
Total investment expenses	**(158)**	(628)	**(497)**	(971)	**(158)**	(628)	**(497)**	(971)
Unrealised (losses) / gains on investments - debt securities	**(681)**	2,560	**35**	**803**	**(688)**	2,487	**35**	803
Unrealised losses on investments - equities	**(836)**	(4,067)	**0**	**0**	**(836)**	(4,067)	**0**	0
Total investment return	**(1,517)**	(1,507)	**35**	803	**(1,524)**	(1,580)	**35**	803

7 Net benefits and claims

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Long term fund:				
Claims paid during the year	**17,785**	13,963	**17,785**	13,963
Payment of terminal bonuses	**873**	793	**873**	793
Change in the members' dividend account excluding interest & dividend credited	**1,158**	903	**1,158**	903
Long term insurance contracts benefits and claims payable	**19,816**	15,659	**19,816**	15,659
General fund:				
Gross claims	**43,577**	32,828	**41,816**	30,963
General insurance contracts benefits and claims payable	**43,577**	32,828	**41,816**	30,963
Total gross benefits and claims	**63,393**	48,487	**61,632**	46,622
Reinsurers' share of gross benefits and claims	**(11,693)**	(8,287)	**(11,693)**	(8,287)
Net benefits and claims	**51,700**	40,200	**49,939**	38,335

8 Net change in insurance contract liabilities

General Fund

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Increase in gross insurance contract liabilities	**7,983**	10,928	**8,200**	10,948
Change in provision for unearned premium	**(7,406)**	(8,412)	**(7,566)**	(8,418)
Net change in insurance contract liabilities	**576**	2,516	**634**	2,530

Long Term Fund

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Decrease / (increase) in gross insurance contract assets	**120**	(34,217)	**120**	(34,217)
Provision for bonuses and rebates	**(910)**	(872)	**(910)**	(872)
Gross change in insurance contract assets	**(790)**	(35,089)	**(790)**	(35,089)
Reinsurers' share of gross change in insurance contract assets				
Change in long term insurance contract liabilities	**(6,836)**	4,798	**(6,836)**	**4,798**
Net change in insurance contract assets	**(7,626)**	(30,291)	**(7,626)**	(30,291)

Further analysis regarding the movement in insurance contract assets/liabilities can be found in Note 21.

9 Net operating expenses

General Fund

	Group		Society	
	2024	2023	**2024**	**2023**
	£000	£000	**£000**	£000
Acquisition costs (excluding commissions)	**5,341**	(1,219)	**4,809**	(1,565)
Increase / (decrease) in deferred acquisition costs (excluding commissions)	**(10)**	28	**(31)**	11
Administrative expenses	**8,428**	11,125	**7,935**	10,649
Net operating expenses (excluding commission to brokers)	**13,759**	9,934	**12,713**	9,095
Commission and introductory fees	**18,051**	14,460	**17,920**	14,311
Increase in deferred acquisition costs (commission)	**(1,115)**	(6,660)	**(1,173)**	(6,679)
Commission to brokers	**16,936**	7,800	**16,747**	7,632
Net operating expenses (including commission to brokers)	**30,695**	17,734	**29,460**	16,727

Long Term Fund

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Acquisition costs (excluding commissions)	**10,959**	12,638	**10,959**	12,638
Administrative expenses	**11,048**	10,905	**11,048**	10,905
Net operating expenses (excluding commission to brokers)	**22,007**	23,543	**22,007**	23,543
Commission and introductory fees	**14,071**	13,873	**14,071**	13,873
Increase in deferred acquisition costs (commission)	**0**	0	**0**	0
Commission to brokers	**14,071**	13,873	**14,071**	13,873
Net operating expenses (including commission to brokers)	**36,078**	37,416	**36,078**	37,416
Net operating expenses include:				
Auditors' remuneration net of VAT:				
Fees payable to the Society's auditor for the audit of the Society's and Group's annual accounts	**392**	320	**392**	320
Audit of the accounts of subsidiaries	**58**	55	**0**	0
Other services not covered above	**0**	0	**0**	0
Total auditors' remuneration	**450**	375	**392**	320
Operating lease rentals	**0**	28	**0**	28
Depreciation of tangible assets (note 16)	**271**	393	**271**	393
Amortisation of intangible assets (note 15)	**748**	640	**748**	640
Intangible asset - change in UEL	**783**	585	**783**	585
Aggregate amount of directors' emoluments	**2,941**	3,002	**2,941**	3,002

10 Employee information

	Group		Society	
	2024	2023	**2024**	2023
	Number	Number	**Number**	Number
The average number of persons (full-time equivalents) including Executive Directors employed by the Group and Society in the year was:				
Administration	**201**	178	**201**	178
Business development	**29**	25	**29**	25
Average full-time equivalents in the year	**230**	203	**230**	203
The closing full-time equivalent at 31 December was:	**237**	216	**237**	216
Staff costs for the above persons were:	**£000**	£000	**£000**	£000
Wages and salaries	**18,709**	15,931	**18,291**	15,625
Social security costs	**1,572**	1,261	**1,541**	1,239
Other pension costs	**1,397**	1,124	**1,374**	1,110
Total staff costs	**21,678**	18,316	**21,206**	17,974

The Exeter Cash Plan and Exeter Cash Plan Holdings Limited do not directly employ any staff, however, any direct costs associated with administrative activities are recharged from the Society.

11 Directors' emoluments

Directors' emoluments, including pension contributions and compensation for loss of office, fell within the following ranges:

	Group		Society	
	2024	2023	**2024**	2023
	Number	Number	**Number**	Number
Executive				
£0 - £99,999	**1**	2	**1**	2
£100,000 - £199,999	**0**	1	**0**	1
£200,000 - £299,999	**0**	0	**0**	0
£300,000 - £399,999	**1**	0	**1**	0
£400,000 - £499,999	**0**	0	**0**	0
£500,000 - £599,999	**1**	1	**1**	1
£600,000 - £699,999	**0**	0	**0**	0
£700,000 - £799,999	**0**	0	**0**	0
£800,000 - £899,999	**1**	2	**1**	2
£900,000 - £999,999	**1**	0	**1**	0
Total	**5**	6	**5**	6
Non-executive				
£10,000 - £49,999	**3**	3	**3**	3
£50,000 - £59,999	**1**	1	**1**	1
£60,000 - £69,999	**2**	2	**2**	2
£70,000 - £79,999	**0**	0	**0**	0
£80,000 - £89,999	**0**	0	**0**	0
£90,000 - £99,999	**0**	1	**0**	1
£100,000 - £109,999	**1**	0	**1**	0
Total	**7**	7	**7**	7

Defined Contribution Pension benefits were accruing to four executive directors as at 31 December 2024 (2023: three). The aggregate amount of pension contributions made by the Society to the Executive directors was £155k (2023: £117k). Pension contributions in respect of the highest-paid director for the year amounted to £56k (2023: £53k). The highest paid director received £1,026k in remuneration (2023: £917k).

Disclosures which are required to be audited as part of the financial statements which include (where applicable):

- The aggregate amount of remuneration (including salary, fees, bonuses and benefits in kind);
- Long-term incentive schemes;
- Pension schemes;
- Compensation for loss of office;
- Sums paid to or receivable by third parties for making directors' services; and
- Remuneration for the highest paid director.

are included in the remuneration report on page 63.

12 Income Tax

Tax activities relate to the activities of Exeter Cash Plan Holdings Limited, and The Exeter Cash Plan.

All of the Society's income and gains are exempt from UK Corporation Tax, giving a nil tax charge.

12.1 Amounts recognised in profit or loss

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Current tax expense:				
Tax expense	**0**	0	**0**	0
Adjustment for prior years	**0**	0	**0**	0
Total current tax expense	**0**	0	**0**	0
Deferred tax	**0**	0	**0**	0
Total income tax expense	**0**	0	**0**	0

The current rate of Corporation Tax in the UK is 25% (2023: effective rate 23.5%).

12.2 Reconciliation of current tax expense

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
(Deficit) / surplus before tax from continuing operations	**(8,510)**	668	**(8,431)**	703
Tax at standard corporation tax rate 25% (2023: 23.5%)	**(2,128)**	157	**(2,108)**	134
Effects of:				
Effect of the Society's business being tax exempt	**1,986**	(212)	**2,108**	(134)
Remeasurement of deferred tax for changes in tax rates	**1**	(3)	**0**	0
Movement in deferred tax not recognised in Exeter Cash Plan	**141**	58	**0**	0
Tax on income for the year	**0**	0	**0**	0

Total accumulated tax losses as at the reporting date is £13,160k (2023: £12,593k).

For the financial year ended 31 December 2024, the current tax rate was 25%.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. A deferred tax asset has not been recognised because it is not probable that the unrelieved tax losses will be recovered.

13 Deferred acquisition costs - General business fund

		Total Group £000	Total Society £000
Cost:			
At 1 January 2024		**9,493**	**9,414**
Total acquisition costs deferred			
	Commission and introductory fees	10,137	10,137
	Other acquisition costs	481	481
Total acquisition costs amortised			
	Commission and introductory fees	(9,023)	(8,965)
	Other acquisition costs	(470)	(449)
At 31 December 2024		**10,618**	**10,618**
Cost:			
At 1 January 2023		2,861	2,746
Total acquisition costs deferred			
	Commission and introductory fees	9,023	8,965
	Other acquisition costs	470	449
Total acquisition costs amortised			
	Commission and introductory fees	(2,363)	(2,285)
	Other acquisition costs	(498)	(461)
At 31 December 2023		**9,493**	**9,414**

Due to the financial statements of the subsidiary company The Exeter Cash Plan being prepared on a basis other than going concern, deferred acquisition costs have been released in full in this entity.

14 Investments in group undertakings

The Society investment in subsidiaries can be analysed as follows:

	2024 General Business Fund	2023 General Business Fund
	£000	£000
Cost at 1 January	5,852	5,852
Cost at 31 December	**5,852**	5,852
Provision for impairment at 1 January	(2,769)	(2,568)
Impairment loss during the year	(488)	(200)
Provision at 31 December	**(3,257)**	(2,769)
Carrying value at 31 December	**2,595**	3,083

All investments in subsidiaries are held within the General Business Fund. Balances are eliminated on consolidation.

The subsidiary undertakings shown below are wholly owned, incorporated in England and Wales, the ultimate parent of the subsidiaries is the Society.

Name of Subsidiary Undertaking	Nature of Business
Go Private Limited	Medical and insurance services intermediary – ceased trading with effect from 21 September 2007. Exempt from audit under S477 (2) and S476 of the Companies Act 2006.
Exeter Friendly Members Club Limited	General insurance intermediary – ceased trading with effect from 31 December 2001; dormant with effect from 31 December 2002. Exempt from audit under S477 (2) and S476 of the Companies Act 2006.
Pioneer Advantage Limited	Dormant since incorporation. Exempt from audit under S477 (2) and S476 of the Companies Act 2006.
Exeter Cash Plan Holdings Limited	Holding company for The Exeter Cash Plan, accounts for the year ended 31 December 2024 have been prepared on a basis other than going concern.
The Exeter Cash Plan	Provider of health insurance - acquired 30 October 2015. Accounts for the year ended 31 December 2024 have been prepared on a basis other than going concern.

The registered address of all of the above subsidiaries is Lakeside House, Emperor Way, Exeter, EX1 3FD.

15 Intangible assets

All Intangible assets are owned by the Society. As such no intangible assets are owned directly by any of the Group's subsidiaries.

Reconciliation of carrying amount

	2024		2023	
	Software and licenses	**Total**	Software and licenses	Total
Cost:	**£000**	**£000**	£000	£000
Cost at 1 January	8,225	8,225	5,137	5,137
Additions	6,058	6,058	3,758	3,758
Impairment	0	0	0	0
Disposals and write-offs	(449)	(449)	(670)	(670)
Cost at 31 December	**13,834**	**13,834**	8,225	8,225
Accumulated amortisation:				
Provision at 1 January	3,546	3,546	2,991	2,991
Amortisation	747	747	1,225	1,225
Impairment loss	0	0	0	0
Disposals and write-offs	(449)	(449)	(670)	(670)
Provision at 31 December	**3,844**	**3,844**	3,546	3,546
Carrying value at 31 December	**9,990**	**9,990**	4,679	4,679

Software costs, including software licences, are recognised as intangible assets and amortised using the straight-line method over their useful lives (three to ten years). The amortisation periods used are reviewed annually.

Software values are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At the Balance Sheet date, a review is carried out of all assets looking for indicators of impairment. Both internal and external factors are considered, and the management team use their judgement and applies prudence when completing impairment reviews. Where the carrying amount is not recoverable the asset is written down immediately to the estimated recoverable amount, based on value-in-use calculations.

Any amortisation or impairment charges are recognised in the General and Long term fund Technical Accounts within Net Operating Expenses.

16 Property and equipment

All Property and equipment are owned by the Society. As such no fixed assets are owned directly by any of the Group's subsidiaries.

All assets are held at cost except Buildings which are held at valuation.

	Land and buildings	Building fit-out costs	Equipment, fixtures and fittings	Computer equipment	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2024	2,350	1,154	242	174	3,920
Additions	0	13	(0)	52	65
Disposals	0	(10)	(35)	(34)	(79)
Revaluation	(200)	0	0	0	(200)
At 31 December 2024	**2,150**	**1,157**	**207**	**192**	**3,706**
Accumulated depreciation:					
At 1 January 2024	0	599	114	98	811
Provision for the year	42	153	43	33	271
Revaluation adjustment	(42)	0	0	0	(42)
Disposals	0	(10)	(35)	(35)	(80)
At 31 December 2024	**0**	**742**	**122**	**96**	**960**
Net book value at 31 December 2024	**2,150**	**415**	**85**	**96**	**2,746**

	Land and buildings	Building fit-out costs	Equipment, fixtures and fittings	Computer equipment	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2023	2,500	1,507	246	348	4,601
Additions	0	0	0	4	4
Disposals	0	(353)	(4)	(178)	(535)
Revaluation	(150)	0	0	0	(150)
At 31 December 2023	**2,350**	**1,154**	**242**	**174**	**3,920**
Accumulated depreciation:					
At 1 January 2023	(0)	721	69	207	997
Provision for the year	44	231	49	69	393
Revaluation adjustment	(44)	0	0	0	(44)
Disposals	0	(353)	(4)	(178)	(535)
At 31 December 2023	**(0)**	**599**	**114**	**98**	**811**
Net book value at 31 December 2023	**2,350**	**555**	**128**	**76**	**3,109**

At the Balance Sheet date, a review is carried out of all assets looking for indicators of impairment. Both internal and external factors are considered, and the management team use their judgement and apply prudence when completing impairment reviews.

The Society's premises at Emperor Way were valued as at 31 December 2024 by Stratton Creber, Chartered Surveyors, External Valuers, on the basis of open market vacant possession value in accordance with the Practice Statement in the Royal Institute of Chartered Surveyors' Appraisal and Valuation manual. If land and buildings had been recognised under the cost model, it would be disclosed under a value of £1,224k (2023: £1,260k).

17 Financial assets

In accordance with UK GAAP recognition and measurement principles, all the Society's debt and equity investments are classified as investments designated at fair value through income and are described in these financial statements as investments held at fair value. All investments except the Index Linked Gilts in the General Fund are designated as held at fair value upon initial recognition and are measured at subsequent reporting dates at fair value, which is the bid price of the exchange on which the investment is quoted. Index Linked assets within the General Fund are valued at the mid-price multiplied by an index factor that takes into account inflation.

The composition and nature of the assets held are set out below.

17.1 Reconciliation of movements per classification in the year

Assets held at fair value through income

	Group		Society	
	2024	2023	**2024**	2023
Securities:	**£000**	£000	**£000**	£000
At 1 January	**81,221**	97,065	**79,377**	95,293
Additions	**1,979**	20,305	**1,979**	20,305
Disposals at fair value	**(21,017)**	(40,467)	**(21,017)**	(40,467)
Changes in Market value	**(1,482)**	4,318	**(1,490)**	4,246
At 31 December	**60,701**	81,221	**58,849**	79,377
Financial asset - financing:				
At 1 January	**334**	528	**334**	528
Movement in financial asset	**88**	(194)	**88**	(194)
At 31 December	**422**	334	**422**	334
Total	**61,123**	81,555	**59,271**	79,711

17.2 Fair value through income - Group

	2024					
	General Business Fund		Long Term Business Fund		Total	
	£000	£000	£000	£000	£000	£000
	Market value	Cost	Market value	Cost	Market value	Cost
Shares and other variable-yield securities and units in unit trusts:	39,204	36,440	1,885	1,938	41,089	38,378
	39,204	**36,440**	**1,885**	**1,938**	**41,089**	**38,378**
Debt securities and other fixed-income securities	19,612	21,902	0	0	19,612	21,902
	19,612	**21,902**	**0**	**0**	**19,612**	**21,902**
Total securities	**58,816**	**58,342**	**1,885**	**1,938**	**60,701**	**60,280**
Financial reinsurance	**0**	**0**	**422**	**422**	**422**	**422**
Total	**58,816**	**58,342**	**2,307**	**2,360**	**61,123**	**60,702**

	2023					
	General Business Fund		Long Term Business Fund		Total	
	£000	£000	£000	£000	£000	£000
	Market value	Cost	Market value	Cost	Market value	Cost
Shares and other variable-yield securities and units in unit trusts:	48,547	47,090	1,752	1,938	50,299	49,028
	48,547	**47,090**	**1,752**	**1,938**	**50,299**	**49,028**
Debt securities and other fixed-income securities	30,923	30,388	0	0	30,923	30,388
	30,923	**30,388**	**0**	**0**	**30,923**	**30,388**
Total securities	**79,470**	**77,478**	**1,752**	**1,938**	**81,222**	**79,416**
Financial reinsurance	**0**	**0**	**334**	**334**	**334**	**334**
Total	**79,470**	**77,478**	**2,085**	**2,272**	**81,555**	**79,750**

17.3 Fair value through income – Society

	2024					
	General Business Fund		Long Term Business Fund		Total	
	£000	£000	£000	£000	£000	£000
	Market value	Cost	Market value	Cost	Market value	Cost
Shares and other variable-yield securities and units in unit trusts:	37,352	34,418	1,885	1,938	39,237	36,356
	37,352	**34,418**	**1,885**	**1,938**	**39,237**	**36,356**
Debt securities and other fixed-income securities	19,612	21,902	0	0	19,612	21,902
	19,612	**21,902**	**0**	**0**	**19,612**	**21,902**
Total securities	**56,964**	**56,320**	**1,885**	**1,938**	**58,849**	**58,258**
Financing reinsurance	**0**	**0**	**422**	**422**	**422**	**422**
Total	**56,964**	**56,320**	**2,307**	**2,360**	**59,271**	**58,680**

	2023					
	General Business Fund		Long Term Business Fund		Total	
	£000	£000	£000	£000	£000	£000
	Market value	Cost	Market value	Cost	Market value	Cost
Shares and other variable-yield securities and units in unit trusts:	46,702	45,068	1,752	1,938	48,454	47,006
	46,702	**45,068**	**1,752**	**1,938**	**48,454**	**47,006**
Debt securities and other fixed-income securities	30,923	30,388	0	0	30,923	30,388
	30,923	**30,388**	**0**	**0**	**30,923**	**30,388**
Total securities	**77,625**	**75,456**	**1,752**	**1,938**	**79,377**	**77,394**
	0					
Financing reinsurance	**0**	**0**	**334**	**334**	**334**	**334**
Total	**77,625**	**75,456**	**2,086**	**2,272**	**79,711**	**77,728**

18 Debtors arising out of direct insurance and reinsurance operations

18.1 Group

2024	Contract Holders	Agents / Brokers / Intermediaries	Reinsurers	Total
	£000	£000	£000	£000
Due as at 31 December 2024 - less than 30 days in arrears	32,694	319	1,041	34,054
Due as at 31 December 2024 - 30 days or more in arrears	236	371	966	1,573
Provision for impairment as at 31 December 2024	(172)	(236)	0	(408)
Total debtors arising out of direct insurance and reinsurance operations receivables	**32,758**	**454**	**2,007**	**35,219**

2023	Contract Holders	Agents / Brokers / Intermediaries	Reinsurers	Total
	£000	£000	£000	£000
Due as at 31 December 2023 - less than 30 days in arrears	24,902	343	1,565	26,810
Due as at 31 December 2023 - 30 days or more in arrears	258	203	438	899
Provision for impairment as at 31 December 2023	(145)	(206)	0	(351)
Total debtors arising out of direct insurance and reinsurance operations receivables	**25,015**	**340**	**2,003**	**27,358**

Debtors greater than 30 days are considered to be impaired. Provision is made on impaired debt to the extent to which recovery is expected based on the experience of similar debtors. Provisions relating to Contract Holders premium due amounts are recognised as an adjustment to premium income in the General and Long Term Technical accounts.

18.2 Society

2024	Contract Holders	Agents / Brokers / Intermediaries	Reinsurers	Total
	£000	£000	£000	£000
Due as at 31 December 2024 - less than 30 days in arrears	32,267	164	1,041	33,472
Due as at 31 December 2024 - 30 days or more in arrears	230	260	966	1,456
Provision for impairment as at 31 December 2024	(169)	(236)	0	(405)
Total debtors arising out of direct insurance and reinsurance operations receivables	**32,328**	**188**	**2,007**	**34,523**

2023	Contract Holders	Agents / Brokers / Intermediaries	Reinsurers	Total
	£000	£000	£000	£000
Due as at 31 December 2023 - less than 30 days in arrears	24,319	128	1,565	26,012
Due as at 31 December 2023 - 30 days or more in arrears	255	203	438	896
Provision for impairment as at 31 December 2023	(144)	(206)	0	(350)
Total debtors arising out of direct insurance and reinsurance operations receivables	**24,430**	**125**	**2,003**	**26,558**

Debtors greater than 30 days are considered to be impaired. Provision is made on impaired debt to the extent to which recovery is expected based on the experience of similar debtors. Provisions relating to Contract Holders premium due amounts are recognised as an adjustment to premium income in the General and Long Term technical accounts.

19 Reserves and Funds for future appropriations

The fund for future appropriations and reserves represents amounts which have yet to be allocated to members. Any surplus or deficit arising during the year on the Long Term Business Fund is transferred to or from the Long Term Business Fund at each year's end. Any surplus or deficit arising during the year on the General Business Fund is transferred to or from the General Business Fund at each year's end.

The Transfer of Engagements dated 31 March 2008 states that each of the Long Term Business Fund and the General Business Fund shall be responsible for maintaining its own Capital Resource Requirement.

19.1 General business reserve

The general business reserve for the Group can be analysed as follows:

2024 - Group	Group			
	General Reserve	Revaluation Reserve	Pension Reserve	Total
	£000	£000	£000	£000
Balance as at 1 January 2024	89,010	552	167	89,729
Transfer to the statement of other comprehensive income	(7,909)	(158)	(21)	(8,088)
Balance as at 31 December 2024	**81,101**	**394**	**146**	**81,641**

2024 - Society	Society			
	General Reserve	Revaluation Reserve	Pension Reserve	Total
	£000	£000	£000	£000
Balance as at 1 January 2024	88,931	552	167	89,650
Transfer to the statement of other comprehensive income	(7,833)	(158)	(21)	(8,012)
Balance as at 31 December 2024	**81,098**	**394**	**146**	**81,638**

2023 - Group	Group			
	General Reserve	Revaluation Reserve	Pension Reserve	Total
	£000	£000	£000	£000
Balance as at 1 January 2023	88,342	658	720	89,720
Transfer from / (to) the statement of other comprehensive income	668	(106)	(553)	9
Balance as at 31 December 2023	**89,010**	**552**	**167**	**89,729**

2023 - Society	Society			
	General Reserve	Revaluation Reserve	Pension Reserve	Total
	£000	£000	£000	£000
Balance as at 1 January 2023	88,228	658	720	89,606
Transfer from / (to) the statement of other comprehensive income	703	(106)	(553)	44
Balance as at 31 December 2023	**88,931**	**552**	**167**	**89,650**

19.2 Fund for future appropriations

The fund for future appropriations can be analysed as follows:

2024	Group	Society
	£000	£000
Balance as at 1 January 2024	100,492	100,492
Transfer to the technical account long term business	(3,120)	(3,120)
Transfer to the statement of other comprehensive income	0	0
Balance as at 31 December 2024	**97,372**	**97,372**
2023	**Group**	**Society**
	£000	£000
Balance as at 1 January 2023	84,093	84,093
Transfer from the technical account long term business	16,406	16,406
Transfer to the statement of other comprehensive income	(7)	(7)
Balance as at 31 December 2023	**100,492**	**100,492**

20 Post-employment benefits

All staff are employed and remunerated by Exeter Friendly Society Limited. As such no staff are employed directly by any of the Group's subsidiaries.

The Society operates three separate arrangements to provide benefits to employees in retirement, as described below.

20.1 Defined benefit scheme – General Business Fund

For some employees, the Society operates a funded pension scheme, the Exeter Friendly Society Limited Retirement Benefits Scheme, which provided benefits for its employees based on a final pensionable pay until 30 June 2009 when the scheme closed to future benefit accrual.

The duration of the benefit payment profile of the scheme using statutory funding assumptions was about 13 years at the last triennial valuation on 1 January 2024. The defined benefit scheme is operated from a trust, which has assets which are held separately from the Society, and by trustees who ensure the scheme's rules are strictly followed.

The funding target is for the scheme to hold assets equal in value to the accrued benefits allowing for future pension revaluation and future pension increases. If there is a shortfall against this target, then the Society and trustees will agree on the deficit contributions to meet this deficit over a period. There is a risk to the Society that adverse experience in factors such as investment returns and mortality could lead to a requirement for the Society to make additional contributions to recover any deficit that arises.

Contributions are based on funding valuations carried out every three years. The valuation performed by an independent qualified actuary as at 1 January 2024 showed a funding surplus of £126k.

The amount of total employer contributions paid to the scheme during 2024 is £29k including administrative expenses and PPF levies (2023: £171k).

A proportion of the pensions in payment have been secured through the purchase of annuity policies with an insurance company. In line with previous years, these have been included in the figures as a matching asset and liability. Based on the actuarial assumptions it is estimated that the asset and matching liability is approximately £285k at the year-end (2023: £372k).

Actuarial gains and losses are recognised immediately through the statement of other comprehensive income.

All pension payments are paid directly through the scheme administrator Broadstone.

i. The plan assets and defined benefit obligations are as follows

	2024	2023
	£000	£000
Present value of defined benefit obligation	**(5,876)**	(6,703)
Fair value of plan assets	**6,154**	7,222
Surplus	**278**	519
Net asset in balance sheet	**278**	519

As defined under Section 28 “Employee Benefits” in FRS 102, the Society believes that it has an unconditional right to a refund of surplus and thus the gross pension surplus can be recognised where applicable.

ii. Expenses recognised in income and expenditure

	2024	2023
	£000	£000
Employers part of current service cost	**0**	0
Administrative expenses	**(185)**	(181)
Interest income	**20**	51
Total expense included in income and expenditure	**(165)**	(130)

iii. Amounts recognised outside income and expenditure

	2024	2023
	£000	£000
Actuarial loss	**(21)**	(553)
Amount recognised outside income and expenditure	**(21)**	(553)

iv. Plan assets

	2024		2023		2022	
	Allocatio n	**£000**	Allocation	£000	Allocation	£000
Multi-asset fund	0%	0	0%	0	63%	4,548
LDI Funds	0%	0	0%	0	31%	2,235
Other	100%	6,154	100%	7,222	6%	434
Total	**100%**	**6,154**	100%	7,222	100%	7,217

The scheme does not invest directly in property occupied by the Society or in financial securities issued by the Society.

The investment strategy is set by the Trustees of the scheme. The strategy is to invest in a range of collective investment schemes consistent with the funding objectives, giving the scheme diversified exposure to a variety of investment markets and potential for growth while also offering protection against interest rate and inflation risk. The collectives in which the scheme currently invests are managed by Legal and General Investment Management.

v. Movement in the net defined benefit asset

	2024	2023
	£000	£000
Opening net asset	**519**	1,031
Expense charged to income and expenditure	**(165)**	(130)
Loss recognised outside income and expenditure	**(105)**	(553)
Employer contributions	**29**	171
Closing net asset	**278**	519

vi. The movement in the net defined benefit asset during 2024 is as follows:

The movement in the net defined benefit asset during 2024 is as follows:

	Present value of obligation	Fair value of plan assets	Total	Movement in the asset limit	Total
	£000	£000	£000	£000	£000
At 1 January 2024	(6,703)	7,222	519	0	**519**
Employer's part of current service cost	0	0	0	0	**0**
Interest expense	(288)	308	20	0	**20**
Actual return on plan assets	0	(913)	(913)	0	**(913)**
Actuarial losses - experience on benefit obligation	116	0	116	0	**116**
Actuarial gains - changes in financial assumptions	680	0	680	0	**680**
Actuarial gains - changes in demographic assumptions	12	0	12	0	**12**
Administrative expenses	0	(185)	(185)	0	**(185)**
Employer contributions	0	29	29	0	**29**
Benefit payments	307	(307)	0	0	**0**
As at 31 December 2024	**(5,876)**	**6,154**	**278**	**0**	**278**

vii. The significant actuarial assumptions were as follows:

Assumptions	**2024**	2023	2022
Price inflation (RPI)	3.2% pa	3.1% pa	3.1% pa
Discount rate	5.40%	4.40%	4.70%
Pension increases (in deferment)	3.20%	3.10%	3.10%
Pension increases (in payment)	3.30%	3.10%	3.10%
Life expectancy of males aged 65 at balance sheet date	21.4 years	21.4 years	21.9 years
Life expectancy of females aged 65 at balance sheet date	23.9 years	23.9 years	24.3 years
Life expectancy of males aged 65 in 20 years from balance sheet date	22.6 years	22.6 years	23.2 years
Life expectancy of females aged 65 in 20 years from balance sheet date	25.3 years	25.3 years	25.7 years

viii. Sensitivity to changes in the weighted principal assumptions

These sensitivity figures have been calculated to show the movement in the Defined Benefit Obligation in isolation, assuming no other changes in market conditions at the accounting date.

		Impact on defined benefit obligation	
	Change in assumption	Change to fair value of assets	Change to defined benefit obligation
	%	£000	£000
Discount rate	1% pa	(17) / +19	(671) / +829
RPI Inflation	0.5% pa	+7 / (6)	+360 / (320)
Mortality	20%	+29	+344

The above sensitivities consider the changes in isolation to each assumption. If multiple changes are made to assumptions, this may lead to a slightly different change to the value of the assets or liabilities.

20.2 Defined benefit scheme – Long Term Business Fund

Following the merger with Pioneer Friendly Society, the Society has taken over the operation of the unfunded defined benefit pension scheme for one (2023: one) former employee. This scheme is closed to existing employees of the Society. The total cost of the pensions payable each year is charged to the provision, to which is credited appropriate interest earned and transfers from or to retained reserves sufficient to meet the expected liability, as recalculated on an annual basis.

Superannuation Reserve Fund	**2024**	2023
	£000	£000
Balance as at 1 January	**(90)**	(90)
Interest on scheme liabilities	**(3)**	(3)
Actuarial gain for the period recognised through the Statement of income and expenditure	**(7)**	(7)
	(100)	(100)
Benefit paid	**10**	10
Balance as at 31 December	**(90)**	(90)

The Society's Chief Actuary has determined the amount of the provision required as at 31 December 2024 to meet the expected future liabilities; mortality is unchanged and a discount rate of 4.6% (2023: 3.6%) and pension increases of 3% (2023: 3.0%) have been applied.

20.3 Defined contribution scheme

The Society also operates one (2023: one) defined contribution pension scheme, which is open to all eligible employees. The cost of Society contributions for the year ended 31 December 2024 was £1,386k (2023: £1,037k) and there were no outstanding contributions (2023: Nil) at the year-end date.

21 Insurance contract assets/liabilities

21.1 Analysis of insurance contract assets/liabilities and reinsurance liabilities – Group

	2024			2023		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	£000	**£000**	**£000**	£000	£000	£000
Long term insurance business Solvency UK technical provision (BEL)[1]	**(156,894)**	**22,758**	**(134,136)**	(158,746)	30,772	(127,974)
Long term insurance business Solvency UK technical provision (Other)	**7**	**0**	**7**	4	0	4
Long term insurance business Solvency UK risk margin	**20,346**	**(8,150)**	**12,196**	21,782	(9,328)	12,454
Total long term insurance contract asset	**(136,541)**	**14,608**	**(121,933)**	(136,960)	21,444	(115,516)
Long term insurance business members dividend account	**8,988**	**0**	**8,988**	9,236	0	9,236
Long term insurance business claims liabilities	**568**	**0**	**568**	620	0	620
Total long term insurance liabilities / (assets)	**(126,985)**	**14,608**	**(112,377)**	(127,104)	21,444	(105,660)
General insurance unearned premiums	**33,399**	**0**	**33,399**	25,993	0	25,993
General insurance claims incurred but not settled / reported	**5,666**	**0**	**5,666**	4,916	0	4,916
General insurance other claims liabilities	**1,332**	**0**	**1,332**	842	0	842
General insurance unexpired risk provision	**1,195**	**0**	**1,195**	1,858	0	1,858
Total general insurance liabilities	**41,592**	**0**	**41,592**	33,609	0	33,609
Total	**(85,393)**	**14,608**	**(70,785)**	**(93,495)**	21,444	(72,051)

[1] BEL - Best Estimate Liability

21.2 Analysis of insurance contract assets/liabilities and reinsurance liabilities - Society

	2024			2023		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	£000	**£000**	**£000**	£000	£000	£000
Long term insurance business Solvency UK technical provision (BEL)	**(156,894)**	**22,758**	**(134,136)**	(158,746)	30,772	(127,974)
Long term insurance business Solvency UK technical provision (Other)	**7**	**0**	**7**	4	0	4
Long term insurance business Solvency UK risk margin	**20,346**	**(8,150)**	**12,196**	21,782	(9,328)	12,454
Total long term insurance contract asset	**(136,541)**	**14,608**	**(121,933)**	(136,960)	21,444	(115,516)
Long term insurance business members dividend account	**8,988**	**0**	**8,988**	9,236	0	9,236
Long term insurance business claims liabilities	**568**	**0**	**568**	620	0	620
Long term insurance business provision for closure reserve	**0**	**0**	**0**	0	0	0
Total long term insurance liabilities / (assets)	**(126,985)**	**14,608**	**(112,377)**	(127,104)	21,444	(105,660)
General insurance unearned premiums	**32,965**	**0**	**32,965**	25,399	0	25,399
General insurance claims incurred but not settled / reported	**5,560**	**0**	**5,560**	4,760	0	4,760
General insurance other claims liabilities	**1,322**	**0**	**1,322**	825	0	825
General insurance unexpired risk provision	**1,195**	**0**	**1,195**	1,858	0	1,858
Total general insurance liabilities	**41,042**	**0**	**41,042**	32,842	0	32,842
Total	**(85,943)**	**14,608**	**(71,335)**	(94,262)	21,444	(72,818)

21.3 Movement in long term insurance Solvency UK technical provision – Group and Society

	2024			2023		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	£000	**£000**	**£000**	£000	£000	£000
Balance at 1 January	**(136,960)**	**21,444**	**(115,516)**	(102,837)	16,647	(86,190)
Model changes	**0**	**0**	**0**	875	(447)	428
Net change of in-force business	**(13,730)**	**(1,968)**	**(15,698)**	(48,152)	11,192	(36,960)
Impact of change in assumptions	**14,150**	**(4,868)**	**9,282**	13,154	(5,948)	7,206
Balance at 31 December	**(136,540)**	**14,608**	**(121,932)**	(136,960)	21,444	(115,516)
Impact of change in assumptions is made up of:						
Changes in morbidity (other)	**4,004**	**(2,728)**	**1,276**	6,493	(4,007)	2,486
Changes in lapse rates	**3,699**	**(1,391)**	**2,308**	6,723	(2,583)	4,140
Revised expenses assumptions	**(1,472)**	**(52)**	**(1,524)**	4,858	133	4,991
Change in inflation	**586**	**(403)**	**183**	(961)	(2)	(963)
Changes in discount rates	**6,199**	**(294)**	**5,905**	(2,905)	511	(2,394)
Change in bonus rates	**1,134**	**0**	**1,134**	(1,054)	0	(1,054)
Balance at 31 December	**14,150**	**(4,868)**	**9,282**	13,154	(5,948)	7,206
Balance at 31 December is made up of:						
Holloway income protection	**5,849**	**0**	**5,849**	5,096	0	5,096
Other income protection	**(120,581)**	**19,900**	**(100,681)**	(122,918)	26,186	(96,732)
Term assurance	**(21,809)**	**(5,292)**	**(27,101)**	(19,138)	(4,742)	(23,880)
Balance at 31 December	**(136,541)**	**14,608**	**(121,933)**	(136,960)	21,444	(115,516)

Without reinsurance, the long term business provision would increase by £0.5 million to £(136.5) million (2023: £(137.0) million).

21.4 Movement in long term insurance members' dividend account – Group and Society

	2024	2023
	£000	£000
Balance at 1 January	9,236	9,267
Bonus credited during the period	538	422
Dividends credited during the period	433	596
Forfeiture and lapses during the period	(61)	(146)
Death, retirements and surrenders during the period	(1,158)	(903)
Balance at 31 December	**8,988**	**9,236**

21.5 Movement in long term insurance business claims liabilities – Group and Society

	2024			2023		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	£000	**£000**	**£000**	£000	£000	£000
Balance at 1 January	**620**	**0**	**620**	683	0	683
Claims arising	**17,733**	**(11,693)**	**6,040**	13,899	(8,287)	5,613
Claims paid during the year	**(17,785)**	**11,693**	**(6,092)**	(13,963)	8,287	(5,676)
Balance at 31 December	**568**	**0**	**568**	620	0	620

Disclosures 21.6 to 21.9 relate to the general insurance business which is not reinsured.

21.6 Movement in general insurance unearned premiums

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Balance at 1 January	**25,993**	17,580	**25,399**	16,981
Premiums written in the year	**72,472**	56,081	**70,357**	53,608
Premiums earned during the year	**(65,066)**	(47,668)	**(62,791)**	(45,190)
Balance at 31 December	**33,399**	25,993	**32,965**	25,399

21.7 Movement in general insurance claims incurred but not reported/settled (IBNR / IBNS)

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Balance at 1 January	**4,916**	3,465	**4,760**	3,284
Movement in claims incurred in the prior year	**(1,945)**	(106)	**(1,932)**	(109)
Movement in claims IBNR / IBNS in the current year	**2,695**	1,557	**2,732**	1,585
Balance at 31 December	**5,666**	4,916	**5,560**	4,760

21.8 Movement in general insurance other claims liabilities

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Balance at 1 January	**842**	713	**825**	707
Movement in claims received but not yet paid	**490**	129	**497**	118
Balance at 31 December	**1,332**	842	**1,322**	825

21.9 Movement in unexpired risk reserve

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Balance at 1 January	**1,858**	922	**1,858**	922
Movement in unexpired risk reserve	**(663)**	936	**(663)**	936
Balance at 31 December	**1,195**	1,858	**1,195**	1,858

A liability adequacy test is performed on insurance liabilities to ensure that the carrying amount of liabilities (less related intangible assets) is sufficient to cover current estimates of future cash flows. When performing the liability adequacy test, all contractual cash flows are discounted and compared against the carrying value of the liability. Any shortfall is charged immediately to the Statement of Comprehensive Income.

22 Reinsurers' share of insurance contract assets

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Balance at 1 January	**21,444**	16,647	**21,444**	16,647
Movement in reinsurers' share of contract asset	**(6,836)**	4,797	**(6,836)**	4,797
Balance at 31 December	**14,608**	21,444	**14,608**	21,444

23 Insurance contract valuation assumptions

Long Term insurance contract asset valuation assumptions

The following table summarises the main elements of the method and basis used when calculating the Long Term Business Provision. These are the same as used to calculate the technical provisions in the ORSA. The method and basis are prepared by the Chief Actuary and are approved by the Board.

Summary of Valuation Basis	
Income Protection Provision	
Method	Gross Premium
Interest Rate	The PRA risk-free curve (with no volatility adjustment) for the UK
Allowance for Expenses	4.5% (2023: 5.5%) of future claims and £68.39 (2023: £68.39), inflating at 3% in 2025 and thereafter (2023: 4.5%, 4% and 3% thereafter). Based on projected expenses for 2024 and budgeted accounts for 2025-2027 and using actuarial judgement.
Allowance for Future Bonus	Based on the maximum sustainable dividend and terminal bonus rates.
Mortality	40% (2023: 40%) of TM92(ult)/TF92(ult) for Income First (occupational class 1), Professional Income Protection, Income One, Income One Plus and Locum Income Protection contracts. 50% (2023: 50%) of TM92(ult)/TF92(ult) for other Income Protection contracts.
Morbidity	Best estimate is based on Society's experience over the last 7 complete calendar years (longer for products that have smaller volumes). The Society uses prevalence rates for the first six months and inception/termination rates thereafter. The Society sets its own rates for prevalence and inceptions and a multiple of CMIR12-T for terminations depending on the product and the duration of claims in line with experience.
Persistency and Lapses	Holloway, Pure Protection, Pure Protection Plus and Income First (age-costed, occupational class 2 and above): Best Estimate based on the Society's experience over the last three years for these products. Bills & Things: Experience has been analysed separately for Northern Ireland (NI) and the rest of the UK: (a) NI: 200% of the rest of the UK for all durations b) Rest of the UK: Best estimate based on experience for the duration five to fifteen years, and 100% of Pure Protection etc for other durations. Professional Income Protection, Income One, Income One Plus (age costed) and Income First (age-costed, occupational class 1): Best Estimate based on the Society's experience over the last three years for these products for durations up to 15 years, and 100% of Pure Protection expected lapses beyond 15 years duration. Income One, Income One (level premium) and Income First (level premium, occupational class 1): Best estimate based on experience from the last three years for the first seven years duration; 100% of lapse rates assumed for age-costed equivalents of these products for durations of eight years and longer. Income First (level premium, occupational class 2 and above): Best estimate based on experience for durations of up to three years and then assumptions derived from those for other Income First Locum: 100% Pure Protection expected lapses. Actuarial judgement is applied where the last three years' experience does not represent the best estimate of the future.

Summary of Valuation Basis	
Life Provision	
Method	Gross Premium
Interest Rate	The PRA risk-free curve (with no volatility adjustment) for the UK
Allowance for Expenses	£33 (2023: £33) per policy, inflating at 3% per annum in 2025, and thereafter (2023: 4.5%, 4%, 3% thereafter)
Mortality	95% of the reinsurer's rates
Persistency and Lapses	Best estimate assumptions derived from the latest lapse experience investigation and using actuarial judgement. Lapse rates are differentiated between Smokers and Non-smokers and by Benefit type, i.e. Decreasing and Level. The Lapse rates vary by duration in force.

These assumptions have been approved by the Chief Actuary and signed off by the Board.

The impact on policy reserves of sensitivities to key valuation assumptions are as follows:

Income Protection

Assumption:	Increase to best estimate liability
Morbidity: an instantaneous permanent increase in inceptions by 35% for 12 months followed by a 25% increase thereafter and a 20% decrease in recoveries. These are reduced by 50% for reviewable annual premium contracts. It is also assumed that future Holloway bonuses can be reduced.	£60.0 million (2023: £60.0 million)
Mortality: An instantaneous permanent increase in mortality rates of 15%	£0.3 million (2023: £0.3 million)
An increase in renewal and claims expenses by 10% and an increase in expense inflation rate by 1% pa	£7.2 million (2023: £7.9 million)
Increase in lapses by 50%	£58.7 million (2023: £63.0 million)
An increase in interest rates by 1% pa	£13.9 million (2023: £13.3 million)

A Holloway Income Protection Policy is designed to meet the demands and needs of a person who wishes to ensure that their income is protected up until an agreed age, as a result of illness or accidental injury. It is also intended to provide a tax-free lump sum payable at the policyholder's selected retirement age by participating in surpluses, which are dependent upon experience.

The long term business provision allows for future bonuses. The total allowance within the long term business provision is £11.3 million. (2023: £11.4 million).

Holloway Income Protection products are all reviewable. Pure Protection and Bills & Things products are reviewable after an initial 3 years. The Locum product is reviewable after an initial 5 years. The Professional Income Protection and Income One products have guaranteed premiums. Pure Protection Plus and Income One Plus contracts include both guaranteed and reviewable premium policies.

Life policies

Assumption:	Increase to best estimate liability
An instantaneous permanent increase in mortality rates of 15%	£11.9 million (2023: £10.5 million)
An increase in renewal and claims expenses by 10% and an increase in expense inflation rate by 1% pa	£1.4 million (2023: £1.3 million)
Increase in lapses by 50%	£0.7 million (2023: £0.5 million)
An increase in interest rates by 1% pa	£0.8 million (2023: (£0.5) million)

24 Financial Liability - Financing

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Opening balance as at 1 January	3,531	1,278	3,531	1,278
Funds received in the year	1,915	2,112	1,915	2,112
Value adjustment on financial liability[1]	494	325	494	325
Movement in funds receivable[2]	88	(184)	88	(184)
Total closing balance as at 31 December	6,028	3,531	6,028	3,531

[1] Value adjustments on Financial Liability - Financing recognised in Investment expenses and charges in the Long Term Technical account

[2] Funds receivable are recognised in the Balance Sheet as 'Other financial investments' and were received post year-end

The Financial Liability – Financing covers new business sales of the Real Life product for a period of three and a half years.

The provider of the Financing will pay a proportion of the initial commission on covered policies in exchange for a proportion of cashflows arising from those policies, until the borrowing plus interest is repaid, with a maximum repayment term of 12 years.

Maturity analysis for amounts due is as follows:

	2024	2023
	£000	£000
Value of repayments which fall due:		
- within one year	**2,028**	1,030
- between one and five years	**4,000**	2,395
- in more than five years	**0**	106
Total closing balance as at 31 December	**6,028**	3,531

The following table demonstrates the sensitivity of future cash flows

Sensitivity	**Impact to discounted future repayments £000**
Interest Rate Up 1%	6.7
Interest Rate Down 1%	(6.3)
Mortality +15%	4.7
Longevity -20%	(5.9)
Expenses +10% +1% Exp Infl	5.0
Lapses +50%	(6.0)
Lapses -50%	7.0
ML Cat Risk	3.5

25 Creditors arising out of direct insurance and reinsurance operations

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Due to contract holders	**381**	296	**381**	296
Due to agents/brokers/intermediaries	**3,120**	2,427	**3,094**	2,381
Due to reinsurers	**1,521**	1,343	**1,521**	1,343
Total creditors arising out of direct insurance and reinsurance operations	**5,022**	4,066	**4,996**	4,020

26 Provisions for other risks and charges and contingent liabilities

Provisions have been established and contingent liabilities disclosed where appropriate.

In the course of conducting business, the Group receives complaints which in some instances can result in legal action. Management is confident that adequate provisions have been established where appropriate and no material loss will arise in this respect.

27 Other creditors including tax and social security

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Trade payables	**1,492**	415	**1,492**	415
Tax and social security	**2,794**	2,276	**2,742**	2,205
Other payables	**2,075**	1,648	**2,022**	1,615
Total other creditors including tax and social security	**6,361**	4,339	**6,256**	4,235

28 Commitments under operating leases

The total lease payments recognised as an expense in the year were £0k (2023: £35k). The Group and Society have no leases as at the end of the financial year.

29 Cash used in operating activities

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
(Deficit) / surplus for the year before transfer to reserves and fund for future appropriations	**(11,033)**	17,074	**(10,954)**	17,109
- Interest received	**(1,942)**	(1,898)	**(1,854)**	(1,826)
- Dividends received	**(237)**	(414)	**(237)**	(414)
- Net realised and unrealised losses / (gains) on investments	**571**	(4,318)	**579**	(4,245)
- Purchase of investments at fair value through income	**(1,979)**	(20,305)	**(1,979)**	(20,305)
- Sales of investments at fair value through income	**21,928**	40,467	**21,928**	40,467
- Foreign exchange differences	**33**	11	**33**	11
Total	**7,341**	30,617	**7,516**	30,797
Non-cash items				
- Expenses deferred during the year	**(1,125)**	(6,633)	**(1,205)**	(6,668)
- Depreciation	**271**	393	**271**	393
- Amortisation & impairment loss	**748**	1,225	**748**	1,225
- Impairment in subsidiary	**0**	0	**488**	200
- Value adjustment on financial liability financing	**494**	334	**494**	334
Total	**388**	(4,681)	**796**	(4,516)
Changes in working capital				
Net increase in insurance receivables	**(7,861)**	(9,195)	**(7,965)**	(9,209)
Net (increase) / decrease in prepayments and accrued income	**(381)**	122	**(369)**	117
Net increase / (decrease) in insurance liabilities and associated reinsurance balances	**1,266**	(18,492)	**1,482**	(18,472)
Net increase / (decrease) in pension obligations	**220**	(47)	**220**	(47)
Net increase in insurance payables	**956**	338	**976**	357
Net (increase) / decrease in amounts due to subsidiary undertakings	**0**	0	**(53)**	24
Net increase in trade and other payables	**2,021**	223	**2,021**	238
Net (decrease) / increase in accruals and deferred income	**(533)**	2,388	**(558)**	2,328
Total	**(4,312)**	(24,663)	**(4,246)**	(24,664)
Cash used in operations	**3,417**	1,273	**4,066**	1,617

The Society classifies the cash flows for the purchase and disposal of financial assets in its operating cash flows as the purchases are funded from cash flows associated with the origination of insurance, net of cash flows for payments of insurance benefits and claims and investment contract benefits.

30 Related party transactions

30.1 Transactions in the year

The Society is exempt from disclosing related party transactions with other companies that are wholly owned within the Group (FRS 102.33.1A).

30.2 Key management compensation

Key management personnel of the Society include all directors, executive and non-executive, and senior managers who are deemed to have a controlling influence over the Group.

In a change from the prior year, the directors have determined key management personnel to be restricted to directors (executive and non-executive) and senior managers with Senior Management Functions under the FCA's Senior Managers and Certification Regime. Historically senior managers were based on employee contract level. The directors believe that the revised definition better represents personnel with authority and responsibility for planning, directing and controlling the activities of the Group. The 2023 comparatives have been restated accordingly.

	Group		Society	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Salaries and other short-term employee benefits	**3,580**	4,154	**3,580**	4,154
Post-employment benefits	**209**	224	**209**	224
Total key management compensation	**3,789**	4,378	**3,789**	4,378

30.3 Other related parties

During their term of office in 2024, the Chief Executive and two (2023: three) other executive members of the Board of directors received free Private Medical Insurance, total claims made under these policies was £2k (2023: £4k). At the year end there were no claims outstanding. The Chief Executive and two other directors receive free cover for their spouses on these policies.

Two directors receive free cover for an immediate family member.

One non-executive director has a PMI policy with the Society, which is priced at standard terms. The Medical Director has a policy for himself and his spouse which is priced free of charge.

31 Developments in financial reporting

The Society is actively monitoring the developments proposed by the Financial Reporting Council (FRC) as part of 'FRED 82 Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs - Periodic Review 2024' (Issued March 2024).

Proposals include a new model of revenue recognition (Section 23) which will not impact the Group, and a new model of lease accounting (Section 20) which will have minimal impact on the financial reporting if the Society engages in leasing arrangements.

The proposed effective date is 1 January 2026.

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