Exeter Friendly Society Limited

The Exeter
Health & Life insurance

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
Suzanne Clark, BEng, FCA, MCSI	Independent Non-Executive Director
Dr Donald MacLean, FFA	Independent Non-Executive Director
Kelvin Malayapillay, BEng, ACGI, MSc, Dip IC, MBA, PCiC	Independent Non-Executive Director
Isobel Langton	Chief Executive (Appointed as Company Secretary November 2025)
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 (Retired August 2025)
Karen Senior	Company Secretary (Appointed August 2025 and resigned November 2025)
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Independent External Auditors:	Forvis Mazars LLP
Bankers:	Barclays PLC
Investment Managers:	Royal London Asset Management Limited
Tax Advisers:	Grant Thornton UK LLP

When we refer to Group in this Annual Report we mean the Exeter Friendly Society Limited (the Society or The Exeter) and its subsidiaries unless the context dictates otherwise.

Strategic Report

Who We Are

Our story as a modern mutual is built on the strong foundations of the Pioneer Friendly Society, established in 1888, and the Exeter Hospital Aid Society, formed in 1927. These origins shaped what would become The Exeter. Over time, we have grown and adapted to meet the changing needs of our members, ensuring we remain a secure and successful organisation. Today, we continue to uphold our commitment to doing what's right, creating a community built on trust, stability, and mutual support.

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

- Income Protection: Provides a monthly payment if someone is unable to work due to illness or injury, ensuring financial stability during tough times.
- Life Insurance: Inclusive cover designed to help those with serious or multiple health conditions protect their loved ones in the event of death.
- Health Insurance: Offers fast access to medical treatments and care at an affordable price, ensuring members receive the best possible healthcare without financial strain.

Our purpose is clear: 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.

As a mutual, we do not exist to make profits for shareholders. Instead, we reinvest those profits back into the business, ensuring that our members benefit. Every decision we make is guided by the long-term interests of those who rely on us.

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

- Growing purposefully and sustainably, aligned with our values.
- Broadening our customer base and market reach.
- Offering distinctive, flexible product offerings that deliver clear value.
- Leading the market with outstanding customer experience and service.
- Continuously improving efficiency and cost-effectiveness.
- Leveraging technology, data, and AI to create new capabilities.
- Attracting and empowering talent that shares The Exeter's sense of purpose and customer ethos.

With mutuality at our core, we're building a stronger, more secure tomorrow, for all our members.

Key Numbers

Total number of members

151,503

2024 – 146,385

Total value of claims paid

£74m

2024 - £63m

New business sales

£33m

2024 - £35m

Gross premium income

£135.0m

2024 - £125.1m

Total group assets

£277.2m

2024 - £269.4m

Trustpilot trust Score*

4.0/5

2024 – 4.2 / 5

Financial Adviser Service Awards

4 Star

2024 – 4 Star

Charity Support

£48.0k

2024 – £51.1k

Colleague Engagement

84%

2024 – 87%

HealthWise

Top member benefit services used

Remote GP

Physiotherapy

Mental health

* Based on 1,290 reviews

Chair's Statement

As Chair of The Exeter, I am pleased to present our 2025 Annual Report, reflecting a year of purposeful progress, strategic clarity, and continued commitment to our members.

This year, we have deepened our identity as a modern mutual. One that places people at the heart of what we do. Our mutual status is not just a legal structure, it is a cultural cornerstone and the foundation of everything we do, empowering us to make decisions that serve your best interests, fostering trust, stability, and resilience in an increasingly complex world.

Culture and Purpose

At the heart of our organisation is a culture rooted in empathy, integrity, and service. We have continued to embed these values across all levels of The Exeter, ensuring that every interaction whether with members, advisers, or colleagues reflects our purpose: to provide more people with more peace of mind in an uncertain world.

Our culture evolves through listening, learning, and leading. This year, we expanded our feedback mechanisms to ensure member, adviser and colleague voices shape our services. We also continued to invest in leadership development and talent pipelines, recognising that a strong culture is sustained by capable, values-driven people.

Strategic Development and the Board's Role

The Board has played a pivotal role in shaping and overseeing our strategy. In 2025, we reaffirmed our strategic ambition: to build a sustainable future for The Exeter by delivering exceptional member value, operational excellence, and inclusive growth.

We have guided The Exeter through key transformation initiatives, including the next phase of our digital evolution, which is enhancing claims processing, member engagement, and adviser support. The Board has ensured these developments are aligned with our purpose and compliant with the FCA's Consumer Duty, which continues to be a valuable framework for prioritising member outcomes.

Regulatory Engagement

This year saw the launch of the FCA's Pure Protection Market Study, which is examining the distribution and value of products such as income protection and life insurance. As a mutual committed to inclusive underwriting and fair member outcomes, we welcome this scrutiny and have actively engaged with the study to help shape a more transparent and consumer focused market.

In parallel, the FCA and PRA Mutuals Sector Report, requested by HM Treasury, is expected to assess the current landscape for mutuals and explore how regulation can better support inclusive growth. The Board sees this as a vital opportunity to advocate for proportionate regulation that recognises the unique value mutuals bring to society. We are contributing to this dialogue through our trade bodies and direct engagement with regulators.

Board Evolution and Governance

In 2026, we plan to welcome an Independent Non-Executive Director and an Executive Director to the Board. These new appointments reflect our commitment to strong governance, diversity of thought, and continuous renewal. The Board remains focused on ensuring that our governance structures are robust, transparent, and future-ready.

Economic Environment

Together we continue to live in uncertain economic times. At the time of writing, the escalating tensions in the Middle East continue to drive uncertainty and potential disruption to the global economy. We continue to monitor the situation on geopolitical events which impact the UK economy and make life both complex and more expensive for all of us. Whether it is higher interest rates, the cost of living, higher inflation or volatility we understand that, we all need to navigate our lives through all of these things and that is why we strive to provide as much certainty, clarity and simplicity of support as we can. Our transformation initiatives have focussed on all these things and we will continue to strive to ensure we support real positive outcomes for all our members.

Looking Ahead

As we look to the future, we do so with confidence. The Exeter is well positioned to navigate economic uncertainty, regulatory change, and evolving member needs. Our strategy is clear, our culture is strong, and our Board is united in its commitment to delivering long-term value for you.

On behalf of the Board, I thank you for your trust, our colleagues for their dedication, and our partners for their collaboration. Together, we continue to build a Society that is resilient, inclusive, and member focused.

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

2025 has been a year of both challenge and opportunity for The Exeter. Against a backdrop of economic uncertainty, regulatory evolution, and shifting consumer expectations, we have remained focused on delivering our business plan, strengthening our leadership, and refreshing our strategy to ensure long-term sustainability and member value.

Delivering the Business Plan

We entered the year with a clear set of priorities: to enhance member outcomes, improve operational efficiency, and grow our reach in the protection and health insurance markets. I am proud to report that we have made strong progress across all fronts.

Our income protection and health insurance products continued to perform well, supported by our member-first approach. We saw modest growth in premium income, in line with sector trends, and maintained a strong solvency position, reflecting our prudent financial management and mutual ethos.

We also advanced our digital transformation programme, improving claims processing times and adviser support tools. These enhancements are helping us deliver faster, more personalised service, and are laying the groundwork for further future innovation.

Navigating Economic and Sector Challenges

The UK insurance sector has faced headwinds in 2025, including inflation, geopolitical uncertainty, and evolving regulatory expectations. While interest rates have begun to ease, cost pressures remain. Consumer confidence is gradually returning, and we are seeing increased demand for protection products, particularly among younger and more financially conscious consumers. This trend reinforces the importance of our inclusive underwriting philosophy and our commitment to serving those who may struggle to access cover elsewhere.

People and Leadership

At The Exeter we succeed because of the people who work here. In 2025, we invested in leadership development, launched new wellbeing initiatives, and continued to build a culture of collaboration and accountability. I am especially proud of our colleagues' resilience and adaptability in another year of change.

We welcomed Suzy Esson as Chief Operating Officer to our Executive Team, bringing fresh perspectives and expertise. This appointment reflects our commitment to strong governance and future-ready leadership.

Refreshed Strategy and Looking Ahead

This year, we undertook a strategic refresh to ensure our long-term relevance and resilience. Our strategy continues to focus on three pillars:

- Member Value: Enhancing products, service, and engagement to deliver meaningful outcomes.
- Operational Excellence: Leveraging technology and data to improve efficiency and agility.
- Sustainable Growth: Expanding our reach through adviser partnerships, digital channels, and inclusive underwriting.

We are also preparing for future regulatory developments, including the review of the Friendly Societies Act. These changes present opportunities to demonstrate our value as a modern mutual and to advocate for our members' interests.

Closing Thoughts

As we look ahead, I am confident in our direction and proud of our progress. The Exeter is well-positioned to navigate uncertainty, embrace innovation, and continue delivering on our purpose: to support people through life's challenges with high quality, inclusive protection.

Thank you to our members for your trust, to our colleagues for your dedication, and to our Board for your guidance. Together, we are building a stronger, more inclusive future.

Isobel Langton
Chief Executive

Principal Activities and Business Model

The Exeter operates as a modern mutual, committed to delivering long-term value and peace of mind to its members through specialist protection and healthcare products. Our business model is built on mutuality, member-centricity, and strategic agility. This enables us to respond effectively to evolving market dynamics and member needs.

Our work at The Exeter is anchored in our purpose: to support members in times of ill health or financial vulnerability. We do this by offering high-quality, inclusive products that meet diverse and changing needs. Our healthcare proposition focuses on personalisation, transparency, and member experience, while our protection offering is built on simplicity, fairness, and trust. We reinvest profits to benefit future generations of members, widening inclusion and making peace of mind more accessible. Our pricing philosophy reflects this ethos, balancing sustainability with fairness, and ensuring that premiums are set to deliver long-term value rather than short-term gain.

As a mutual, The Exeter is owned by its members, not shareholders. This allows us to prioritise member interests over short-term financial gain. Mutuality is not just a legal structure, it is a mindset that informs our culture, strategy, and decision-making. We are committed to measuring our success not only through financial performance but also through the quality of relationships we build, the outcomes we deliver, and the trust we maintain with our members and communities. Our mutual status enables us to pursue our purpose with clarity and focus, free from the competing demands of shareholder returns. This clarity is reflected in our culture, where decisions are made in the best interests of members, and where long-term sustainability is prioritised over short-term gain.

Customer experience sits at the heart of how we compete and differentiate ourselves in the market. We believe that delivering an exceptional experience across every touchpoint (whether through onboarding, claims, or member support) is the most effective way to earn trust and loyalty. Our strategy is built around the belief that customer experience is not just a service function, but a strategic asset. We blend technology and human empathy to create journeys that are clear, flexible, and truly meaningful. Members feel supported, empowered, and confident in their interactions with us, and advisers value the ease and clarity we bring to their work. This focus on experience is a deliberate point of differentiation, aligned with our purpose and core strengths.

Our products are distributed primarily through financial advisers and broker networks, which account for the vast majority of new business. This channel enables us to reach a broad and diverse customer base, while maintaining high standards of advice and service. We continue to invest in adviser relationships and digital tools to enhance engagement and support.

Paying claims is central to our purpose. Our policies are designed to deliver fair outcomes and are priced to ensure sustainability. We take pride in our generous claims philosophy, which includes responsible underwriting and a commitment to saying “yes” more often, especially for complex cases. Member benefits extend beyond financial payouts, with value-added services such as health support and loyalty bonuses reinforcing our member-first approach.

The Board plays a critical role in overseeing strategy, risk, and member outcomes. It receives regular updates on transformation progress, financial performance, and regulatory compliance. The Board also leads on embedding the Consumer Duty, ensuring that our culture, values, and operations consistently deliver good outcomes. Leadership sets the tone from the top, reinforcing our commitment to ethical and member-focused conduct.

Refreshing our strategy

Our strategic ambition is to transform The Exeter into a truly modern mutual. This transformation is underpinned by ten strategic focus areas that guide our decision-making and investment priorities. These include growing our membership base, diversifying our propositions, deepening adviser relationships, and building a scalable, efficient organisation. We aim to be recognised as a mainstream player with a unique market position, offering distinct and purposeful propositions that cater to a broad range of customer needs and budgets.

In recent years, The Exeter has focused on building a sustainable platform for growth. This has meant investing in our people, systems, and technology, and strengthening our financial resilience. Our business model is centred on providing Income Protection, Private Medical Insurance, and Life Insurance, with 99% of new business distributed through financial advisers and broker networks.

Throughout 2025, we performed strongly in the protection insurance market, launching new propositions such as the multi-benefit option, and responding to increased demand for Private Medical Insurance as access to medical provision in the UK became more challenging. Our commitment to mutuality, reinvesting profits for the benefit of members, has been a key factor in our success.

Our Strategic Ambition for 2025 and Beyond

The Exeter’s refreshed strategy is rooted in our heritage as a mutual, but it is future-facing. Our ambition is to build a business that is not only resilient and sustainable, but also agile, innovative, and truly distinctive in the markets we serve. As we look to 2025 and beyond, we are setting our sights higher on growth, on impact, and on delivering value for our members, advisers, and communities.

1. Growing Purposefully and Sustainably

Our growth agenda is purposeful. We are not seeking scale for its own sake, but growth that is sustainable, responsible, and aligned with our values. We are building a robust pipeline for long-term growth by:

- Deepening our understanding of member needs and evolving our propositions accordingly.
- Investing in the capabilities, systems, and partnerships that will allow us to serve more people, more effectively.
- Maintaining a disciplined approach to risk and capital management, ensuring that growth never comes at the expense of our financial strength or member security.

2. Broadening Our Customer Base and Market Reach

We are committed to broadening our reach, both in terms of the customers we serve and the ways in which we serve them. Our refreshed strategy places a strong emphasis on:

- Expanding access to our products, especially for those who have traditionally found it difficult to obtain insurance.
- Enhancing our core Healthcare and Protection propositions, while exploring adjacent opportunities that align with our purpose.
- Leveraging data and insight to identify unmet needs and develop innovative solutions that set us apart in the market.

3. Offering Distinctive, Purposeful Propositions

Our ambition is to be recognised for propositions that are not only competitive, but truly distinctive—offering clear value, choice, and flexibility. We are:

- Simplifying and clarifying our product suite to make it easier for members and advisers to understand and access the right cover.
- Embedding transparency and fairness in everything we do, from pricing to claims to communications.
- Continuously innovating to ensure our products remain relevant in a changing world.

4. Supporting Advisers to Jointly Succeed

We recognise that advisers are critical partners in delivering our strategy. Our refreshed approach is to:

- Deepen our engagement with advisers, providing them with the tools, resources, and support they need to thrive.
- Foster a culture of partnership, where success is shared and challenges are tackled collaboratively.
- Invest in digital and data-driven solutions that make it easier for advisers to do business with us and deliver great outcomes for their clients.

5. Leading the Market with End-to-End Customer Experience

Customer experience is at the heart of our ambition. We are determined to set new standards for service and support by:

- Designing every touchpoint with empathy, professionalism, and integrity.
- Using technology to streamline processes, reduce friction, and empower members to manage their cover with confidence.
- Listening to feedback and acting on it—ensuring that our members' voices shape our decisions and our future.

6. Continuously Improving Efficiency and Cost-Effectiveness

Efficiency is not just about cost—it's about enabling us to do more for our members, more effectively. Our strategy includes:

- Streamlining operations and eliminating unnecessary complexity.
- Harnessing automation and process improvement to free up resources for value-adding activities.
- Maintaining a relentless focus on delivering value for money, both for members and for the business.

7. Leveraging Flexible, Scalable, and Resilient Technology and Data

Technology and data are the engines of our future growth. We are:

- Investing in scalable, secure, and resilient platforms that can support our ambitions for years to come.
- Using data to drive smarter decision-making, personalise experiences, and identify new opportunities.
- Ensuring that our technology is flexible enough to adapt as our strategy evolves and as the needs of our members change.

8. Creating New Capability and Capacity Through AI

Artificial Intelligence is a cornerstone of our refreshed strategy. We are embedding AI across the business to:

- Enhance operational efficiency and accuracy.
- Expand our capacity to serve members and advisers, even as we grow.
- Unlock new insights and opportunities that would not be possible through traditional approaches.

- Ensure that the power of AI is always harnessed in a way that complements and enhances the human qualities that define The Exeter.

9. Navigating Uncertainty with Agility and Pace

The world is changing faster than ever, and our strategy is designed to ensure The Exeter can respond with agility and pace. We are:

- Building a culture that embraces change, encourages experimentation, and learns from failure.
- Prioritising initiatives that deliver the greatest impact, while retaining the flexibility to pivot as circumstances evolve.
- Strengthening our risk management and scenario planning to anticipate and respond to emerging threats and opportunities.

10. Empowering Our People for a Clear Advantage

Our people are our greatest asset. Our ambition is to create an environment where every colleague can thrive and contribute to our shared success by:

- Investing in leadership, skills, and culture to unlock agility and innovation.
- Fostering a diverse and inclusive workplace where everyone feels valued and empowered.
- Aligning our people strategy with our business goals, ensuring that we have the capability and capacity to deliver on our ambitions.

Looking ahead, The Exeter is positioned for sustainable growth. Our refreshed strategy builds on the successful execution of previous plans and marks a transition into a stable, post-transformation phase. We continue to invest in capabilities, propositions, and member experience, ensuring that our mutual model remains relevant, resilient, and responsive in a changing world.

Member Engagement

Meeting the needs of our members is at the heart of everything we do. We actively listen and use feedback to improve service and ensure fair treatment for all, with particular focus on supporting vulnerable members. This commitment goes beyond regulatory compliance and reflects our genuine care for members' wellbeing.

Our Customer Forum champions fair treatment and oversees initiatives aligned with our Vulnerable Charter and Consumer Duty obligations. To reinforce this, the Board has appointed Suzanne Clark, Independent Non-Executive Director, as our Consumer Duty Champion.

This year, we introduced Member Round-Up, our first direct email engagement initiative, featuring policy updates, health awareness campaigns, and insights from HealthWise (our member benefit app). We also hosted a PMI Intermediary Round Table, gaining valuable feedback on what members expect in terms of pricing, underwriting, and digital transformation.

Looking ahead, the next phase of our transformation will focus on our Member Servicing teams, enhancing processes, technology, and training to improve responsiveness and consistency. This work will lay the foundations for a more seamless, personalised member experience, supported by integrated systems and smarter digital tools

Adviser Engagement

In 2025, we strengthened adviser relationships through an engagement strategy designed to help them nurture strong client relationships, grow their business and navigate regulatory change. We helped deepen professional development through a series of webinars and interviews covering topics such as behavioural economics, changing the narrative to address the diverse needs of clients, and how we help ensure claims are paid.

A key change in 2025 was the introduction of our dedicated new business teams. Supporting existing account managers, the new business teams are there to help both health and protection advisers with ongoing applications.

These efforts contributed to improved adviser brand sentiment which increased year-on-year to 3.84/5.00 (2024: 3.56/5.00).

Supplier Engagement

Building strong, collaborative relationships with our business partners and suppliers is critical to our success. In 2025, we deepened these partnerships to support transformation and operational resilience, including extending our agreement with AXA our material outsourced service provider for claims handling until the end of 2028, and establishing a new relationship with IGPR to accelerate underwriting processes.

We also began exploring new Supplier Management software to strengthen existing relationships and introduce more automated governance. Engagement with partners takes place regularly to ensure alignment and continuous improvement, while we maintain a sharp focus on technology innovation and monitor developments in the tech market to identify opportunities that enhance efficiency and value.

Colleague Engagement

Our colleagues are central to delivering our strategy and serving customers. We are committed to building a high-performing, customer-first, inclusive culture where colleagues thrive and develop rewarding careers.

We actively listen through surveys, forums, culture groups, and face-to-face events, ensuring colleague voices shape decisions. At Board level, all stakeholders, including colleagues, are considered, supported by direct engagement through CEO and Chair meetings and the Employee Consultation Forum. Our Senior Independent Director and designated Non-Executive Director champion colleague engagement, reinforcing openness and transparency.

We invest in communication and collaboration through leadership forums, strategy sessions, and annual colleague conference. Confidential support channels and our Whistleblowing Policy remain in place to safeguard trust and integrity.

Business Plan

The Exeter is positioned for sustainable growth, guided by our 2026–2028 Business Plan. This plan builds on the successful execution of previous strategies and marks our transition into a stable, post-transformation phase. It underscores our commitment to investing in the systems and people fundamental to delivering our strategy. This includes enhancing efficiency through advanced technology, strengthening colleague capabilities, and maintaining a controlled cost base. By continuing to invest in propositions and member experience, we aim to preserve and generate long-term value for members, ensuring our mutual model remains relevant, resilient, and supported by a robust capital base for future growth.

Key Performance Indicators

The Board closely monitors a set of key performance indicators to assess progress in delivering the organisation's strategy. These include sales, premium income, membership growth, claims experience, operating expenses, reserves, capital strength, and solvency.

To provide a clear view of strategic progress, we have developed a comprehensive scorecard that tracks performance against our Business Plan and strategic priorities across members, colleagues, and the organisation. The metrics selected represent the most relevant indicators of success, measuring achievement against strategic targets and product performance relative to expectations. This scorecard is shared internally on a monthly basis, ensuring transparency and alignment across the business.

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 151,503 (2024: 146,385) at the year-end, despite the closure of the Cash Plan book which resulted in a reduction of 6,862 members.

	2025	2024	Movement	%
General Business Membership	50,121	50,430	(309)	- 0.6%
Long Term Business Membership IP	71,599	66,225	5,374	8.1%
Long Term Business Membership Life	29,783	22,868	6,915	30.2%
Society Membership	151,503	139,523	11,980	8.6%
Cash Plan Membership	0	6,862	(6,862)	- 100.0%
Group membership	151,503	146,385	5,118	3.5%

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 The Exeter reported under UK GAAP are found in Note 5, which details premiums written for both new business and renewals.

	New Business 2025 £	New Business 2024 £	**Increase / Decrease**	**Gross Written Premium 2025 £**	Gross Written Premium 2024 £	**Increase / Decrease**
PMI	19.1m	25.4m	(24.9%)	76.6m	70.4m	8.8%
Income Protection	7.0m	5.8m	21.6%	41.8m	37.2m	12.4%
Life Protection	5.6m	3.7m	50.4%	16.7m	15.5m	7.4%
Health Cash Plan	-	0.2m	-100%	-	2.2m	-100%

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 19.4% to £37.0 million (2024: £31.0 million). Net operating expenses increased by 7.8% from £35.7 million to £38.5 million. This information is detailed in Note 9.

The total net claims paid out for the Group in 2025 was £60.9m (2024: £51.7m). This information can be found in note 7.

Claims (net)	**2025 £**	2024 £	**Increase / Decrease**
PMI	51.9m	41.8m	24.3%
Income Protection and Life Protection	8.6m	8.1m	6.2%
Health Cash Plan	0.4m	1.8m	(77.1%)

Asset and Liability Movements

The Group invests its assets primarily in bank deposits, government securities and corporate securities. Investment markets were volatile during 2025, resulting in valuation movements on investments, with unrealised gains recognised at the reporting date.

Asset–liability matching is applied to a significant proportion of the business. This approach is designed so that movements in asset values broadly align with movements in insurance liabilities, thereby mitigating the impact of market volatility on the financial position.

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

Financial Reinsurance

The Group uses 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 Exeter 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. As at 31 December 2025, the balance of the loan was £28.5m.

Movements on Reserves and Solvency

The Group Fund for Future Appropriations and General Reserves decreased by £2.1 million resulting in a combined Group Fund for Future Appropriations and General Reserve of £176.9 million (2024: £179.0 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 oversees 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	
	2025	**2024**
	£000	**£000**
Available capital	**70,503**	**72,676**
Capital requirements:		
MCR	4,867	5,174
SCR	19,470	20,695
Available capital as a % of MCR	1448%	1405%
Available capital as a % of SCR	362%	351%

Long Term Business Fund (unaudited)

	Long term Business Fund	
	2025	**2024**
	£000	**£000**
Available capital	**89,254**	**89,980**
Capital requirements:		
MCR	16,500	15,704
SCR	66,002	62,816
Available capital as a % of MCR	541%	573%
Available capital as a % of SCR	135%	143%

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	
	2025	2024
	£000	£000
Available capital	**2,591**	2,554
Capital requirements:		
MCR	2,400	2,400
SCR	197	557
Available capital as a % of MCR	108%	106%
Available capital as a % of SCR	1314%	458%

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. During 2024 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, ceased renewals of any policies from 1 October 2024, the final policies ended in September 2025, and no active policies remain. Alternative cover arrangements for cover were made available to members.

Principal Risks and Uncertainties

Introduction

At The Exeter, robust risk management is fundamental to the delivery of our strategy and the protection of our members' interests. The Board and its committees provide clear oversight and direction, ensuring that risk governance is embedded at every level of the organisation. Our approach is underpinned by a comprehensive risk management framework, aligned with ISO 31000, which defines clear roles and responsibilities, a structured taxonomy, and rigorous assessment methodologies.

During 2025, we have invested in additional resources in our second line function, to strengthen our levels of oversight, challenge and independent assurance across key risk areas.

We maintain a dynamic risk appetite, approved and regularly reviewed by the Board, which guides decision-making and supports the achievement of our objectives within defined boundaries. Our risk taxonomy enables consistent identification, categorisation, and reporting of risks across all business units, while our assessment processes, including the use of risk heatmaps, ensure that principal and emerging risks are systematically evaluated and managed.

During the year, The Exeter has continued to focus on its principal risks and uncertainties, reflecting the evolving external environment and the specific challenges facing our business. These include financial, operational, regulatory, and strategic risks, each subject to regular review and robust control measures. The Board's ongoing oversight, supported by the Own Risk and Solvency Assessment (ORSA), provides assurance over the Group's long-term viability and resilience.

Through this section, we set out our risk governance structure, framework, and appetite, and provide a transparent account of the principal risks and uncertainties facing The Exeter.

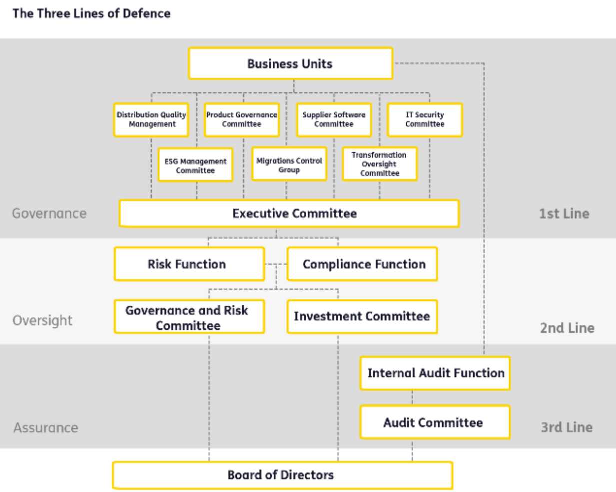
Risk Governance

The Exeter's risk governance structure is designed to ensure clear accountability and effective oversight at every level of the organisation. The Board retains ultimate responsibility for risk management, supported by the Governance & Risk Committee, Audit Committee, and Investment Committee. Day-to-day risk ownership resides with the business units and management committees, who are responsible for identifying, assessing, and managing risks within their areas of accountability.

The Executive Committee provides strategic direction and ensures that risk considerations are embedded in decision-making. The second line of defence offers independent oversight, challenge, and reporting to both the Executive Committee and the Board. The third line, Internal Audit, provides independent assurance on the effectiveness of risk management and internal controls.

The use of the three lines of defence (TLoD) model, illustrated in the accompanying diagram, underpins a strong risk culture and supports the delivery of our strategic objectives.

The Three Lines of Defence Model



The TLoD risk management model is headed up by the Executive Committee, being the first line of defence (LoD), the Risk Management and Compliance functions act as the second LoD and Internal Audit provides 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.

Risk Management Framework

The Board adopts an Enterprise Wide Risk Management (EWRM) framework to ensure that risks are managed effectively.

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.

During 2025 significant work has been undertaken to enhance the EWRM Framework at The Exeter through:

1. Better clarifying the way we categorise risks (our "Risk Taxonomy");
2. Better calibrating the way we evaluate the severity and impact of risk emerging (our "Risk Assessment"); and
3. Revisiting our Risk Appetite Statements and ratings to ensure they align to our purpose, values and commitment to our members.

Risk Taxonomy

Our Risk Taxonomy sets out the way all risks at The Exeter are categorised. Our Risk Taxonomy is hierarchical, allowing for risks to be reported and categorised at all levels of the organisation. This ensures risks are not missed, can be monitored, managed and controlled individually and also aggregated across functions and by themes to provide the Board with management information identifying the nature and scale of different risks.

Risk Assessment

Risk assessment is fundamental to ensuring that The Exeter identifies, understands, and manages the risks that could impact the achievement of its objectives. During 2025, at the request of the Board, the Risk Function reviewed and enhanced the approach to evaluating both the probability of a risk occurring and its potential impact.

Our risk likelihood table has been enhanced from one to three distinct methods for risk owners to assess the likelihood of risk materialisation, allowing flexibility and clarity. For risk impact, additional measures have been introduced, requiring risk owners to consider all relevant impacts and select the most severe for scoring. This ensures a consistent, robust, and transparent assessment process.

Probability and impact scores are combined to provide a simple, top risks heatmap for Executive Management and The Board to discuss and oversee.

Risk Appetite

Risk appetite defines the level and type of risk The Exeter is willing to accept in pursuit of its strategic objectives. In 2025, the Risk Function, at the Board's direction, undertook a comprehensive review of risk appetite across the organisation. This resulted in updated risk appetite ratings and detailed appetite statements for all risk types within the risk taxonomy.

These statements provide clear boundaries for risk-taking and ensure that exposures are managed in line with the Group's values and objectives. Risk appetite is monitored regularly and allows the Board and Management to make decisions based on the relative appetite for different risks. This enables the Board and Management to respond proactively to changes in the risk environment and maintain alignment with strategic priorities.

Controls

All risks are supported by documented controls, which are the activities and processes used to manage those risks. These controls are reviewed regularly to ensure they remain effective. Controls are designed to be proportionate, clearly linked to the risk they address, and focused on either preventing issues or identifying them promptly. Clear responsibility is assigned for operating and monitoring every control, and evidence of their operation is maintained. This structured approach helps ensure that controls remain relevant and responsive to changes in the organisation and its risk environment, supporting strong risk management and ongoing improvement.

Principal Risks

Understanding and managing the risks we face is essential to protecting our members and delivering on our long-term strategy. The summary below groups our principal risks and uncertainties into four broad categories: Financial, Regulatory, Strategic, and Operational. It explains the key factors that could influence our performance, highlights the most significant risks within each category, and sets out how we manage and monitor them. This overview evidences that The Exeter has robust processes in place to anticipate challenges, respond effectively, and maintain the strength and resilience of the organisation in a changing environment.

Risk Category - Financial Risks	
Risk Description	Financial risk at The Exeter centres on the possibility that the organisation may not have sufficient liquid resources or capital to meet its obligations, particularly in times of market stress or economic uncertainty. This risk also includes the danger of making incorrect financial assumptions or errors in financial models, which could lead to significant losses, liquidity shortfalls, or even threaten The Exeter's solvency. A further aspect of financial risk relates to the performance and quality of investments. Market movements can influence financial strength even within a cautious, closely matched strategy. Shifts in returns and market conditions could still affect capital resilience and longer–term outcomes. The Exeter is also mindful of the risk that products may be priced incorrectly, which could undermine both financial stability and the value offered to members.
Risk Landscape	The financial environment in which The Exeter operates is shaped by persistent geopolitical and market volatility, which continues to create uncertainty around cash flows and investment returns. Regulatory expectations are rising, with enhanced reporting requirements and a strong supervisory focus on liquidity and capital management, especially for UK insurers. The Exeter must also contend with the challenges of inflation, fluctuating interest rates and the need to adapt to reforms from the regulator as they are required. These factors, combined with the increasing complexity of financial models and the need for robust scenario analysis, mean that The Exeter must remain vigilant and adaptable.
Our Risk Management Approach	The Exeter maintains a disciplined approach to forecasting both short- and medium-term cash flows, regularly challenging any variances that arise. The Society holds Board-approved liquidity buffers, carefully calibrated to withstand severe but plausible stresses, and diversifies its banking relationships to avoid over-reliance on any single counterparty. High-quality liquid assets are pre-positioned, and contingency funding arrangements are kept under regular review. Financial models are subject to rigorous validation and independent challenge, with a strong emphasis on data quality and governance. Pricing decisions are reviewed frequently to ensure they remain fair and adequate considering changing claims patterns, inflation, and regulatory requirements. The finance team is trained to identify and mitigate bias in modelling and forecasting, and there is a continuous focus on aligning planning models with capital and liquidity projections. Second line teams support, guide and challenge these processes and controls through delivering expert insight and providing assurance over control effectiveness.
Monitoring & Metrics	The Exeter closely monitors a range of financial indicators to ensure that emerging risks are identified and addressed promptly. These include the level of liquidity coverage compared to risk appetite thresholds, daily cash positions and their variance from forecasts, and The Exeter's solvency position under adverse scenarios. The quality and timeliness of financial reporting are also tracked, as are the outcomes of model validations and scenario analyses. Pricing adequacy is monitored through loss ratios, margins, and the impact of price changes on business volumes. Any exceptions or complaints linked to pricing are investigated thoroughly to ensure that members continue to receive fair value.

Risk Category - Regulatory Risks	
Risk Description	Regulatory risk at The Exeter refers to the possibility of reputational harm, operational restrictions, or financial penalties resulting from ineffective engagement with regulators or failure to comply with legal and supervisory requirements. This risk also includes the threat of legal action arising from the Society's activities, products, or services, which could lead to fines or other sanctions.
Risk Landscape	The regulatory environment is becoming increasingly complex, with frequent reforms and heightened expectations around transparency, conduct, and governance. The Exeter operates under close scrutiny from supervisory bodies, who expect proactive, open, and constructive engagement. There is also a growing focus on Consumer Duty and fair value, which requires The Exeter to demonstrate that it consistently acts in the best interests of its members. Legal risks are ever-present, with new legislation and case law introducing additional compliance challenges.
Our Risk Management Approach	The Exeter maintains a policy of proactive and transparent engagement with regulators, ensuring that all requests and consultations are met with timely and comprehensive responses. The Society keeps detailed records of its financial position and compliance status and tracks regulatory actions and remediation items through formal governance processes. Legal developments are closely monitored, and compliance frameworks are updated as necessary to address emerging risks. The Exeter also works closely with legal advisors to manage potential claims and ensure that any issues are resolved swiftly and effectively.
Monitoring & Metrics	The Exeter monitors the timeliness and quality of its responses to regulatory requests, as well as the number and severity of open regulatory actions and findings. The Exeter also tracks the outcomes of industry reviews and legal claims, and pays close attention to stakeholder feedback and reputation indicators. Regulatory and legal risks are identified early and managed effectively, helping to protect the Society's reputation and maintain the trust of its members

Risk Category - Strategic Risks	
Risk Description	Strategic risk at The Exeter refers to the possibility that the Society may not achieve its financial, strategic, or customer-focused objectives. This risk might arise from changes in the market, increased competition, or the failure to deliver the expected benefits from transformation programmes and new propositions.
Risk Landscape	The strategic environment is shaped by ongoing transformation initiatives, evolving customer expectations, and the actions of competitors. The Exeter must adapt to shifts in market demand, regulatory developments, and technological advances, all of which can affect its ability to grow and deliver value to its members. The Exeter is also mindful of the risk that its products and services may not keep pace with changing needs, or that transformation programmes may not deliver the anticipated benefits.
Our Risk Management Approach	The Exeter applies robust project management controls and regularly monitors the realisation of benefits from its transformation programmes. The Exeter uses agile methods to deliver change, engages stakeholders throughout the process, and ensures that lessons learned are captured and acted upon. Proposition development is managed through a structured lifecycle, with regular reviews and outcome testing to ensure that products and services remain relevant and competitive. Market intelligence is gathered and analysed to inform strategic decisions and respond quickly to emerging trends.
Monitoring & Metrics	The Exeter tracks the realisation of transformation benefits, the achievement of delivery milestones, and any variance between forecasted and actual outcomes. The Exeter also monitors market share, customer feedback, and the effectiveness of its response to competitor activity. This comprehensive approach ensures that strategic objectives remain on track and that The Exeter continues to deliver value to its members.

Risk Category - Operational Risks	
Risk Description	Operational risk at The Exeter encompasses the wide range of challenges that can arise from the day-to-day running of the organisation. This includes risks related to information security, third-party suppliers, systems and infrastructure, people, business change, process execution, and the threat of financial crime or fraud.
Risk Landscape	The operational environment is increasingly complex, with greater reliance on automation, digitalisation, and third-party providers. Along with other insurers, The Exeter faces ongoing potential threats from cyber-attacks, data breaches, and system failures, as well as the need to attract and retain skilled colleagues in a competitive market. Regulatory expectations around operational resilience and data protection continue to rise, requiring The Exeter to maintain high standards of control and oversight.
Our Risk Management Approach	The Exeter addresses operational risks by maintaining layered defences against cyber threats, implementing strong controls over third-party relationships, and ensuring that systems and infrastructure are resilient and well-maintained. Workforce planning, training, and engagement are prioritised to build capacity and capability. Change management processes are formalised, and operational procedures are regularly reviewed and improved to minimise errors and disruptions. The Exeter also operates a comprehensive framework for detecting and responding to financial crime and fraud.
Monitoring & Metrics	Operational risks are monitored through indicators such as the number and severity of risk incidents, system availability, supplier performance, staff turnover, and the effectiveness of process controls. The Exeter also tracks the completion of training programmes, the success of business changes, and the detection and resolution of fraud or financial crime. Operational integrity is maintained and members continue to receive reliable and secure service.

Economic and Geopolitical Challenges

The UK continues to operate in a period of economic and geopolitical uncertainty, shaped by persistent inflationary pressure, elevated borrowing costs, and global instability. Although inflation has eased from earlier peaks, it remains above the Bank of England’s long term target, and interest rates are expected to decline only gradually. These conditions continue to affect household finances, business confidence, and overall economic activity.

In the wider economic environment, financial markets have also experienced heightened volatility as global events influence energy prices, investor sentiment, and economic expectations. The Exeter’s direct exposure to financial market volatility is relatively limited because assets and liabilities are closely matched, and the organisation maintains a prudent investment strategy designed to minimise unnecessary market risk. This approach helps to reduce sensitivity to sudden market movements, although broader financial conditions can still influence planning assumptions and long term outlook.

Geopolitical tensions continue to contribute to this uncertain outlook. Ongoing conflict in Eastern Europe and the Middle East has sustained volatility in global energy markets and placed further pressure on inflation. These dynamics impact the wider UK economy and, in turn, the environment in which The Exeter operates. Geopolitical instability has also contributed to an increase in global cyber threat activity, The Exeter's cyber risk management is addressed separately within operational risk.

Domestically, higher interest rates have continued to place pressure on mortgage affordability and household budgets. While some improvements are expected as the economic environment stabilises, the effects of recent cost of living pressures are likely to continue influencing member behaviour and broader economic conditions for some time. Energy prices remain elevated compared with historic norms, further contributing to financial pressure for many households.

While our operations are UK-based, we remain exposed to these global and domestic economic dynamics. We continue to monitor developments closely, with inflation, interest rates, and geopolitical risk remaining central to our risk management framework.

Climate Change and Environmental, Social and Governance (ESG)

We manage our business for the long-term, believing that peace of mind and security empowers our members to focus on what truly matters. This commitment continues to drive our ESG strategy, which remains central to our long-term value and business resilience.

We have continued to partner with an independent specialist in this field to assist us in our ESG journey, ensuring expert guidance and accountability.

As a mutual, we exist for the benefit of our members, and our ESG Strategy reflects our responsibility to make a positive impact on society and be the kind of business our members expect and deserve.

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			

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 continue to report against the Streamlines Energy and Carbon Reporting (SECR), which was created by the the global Financial Stability Board to promote financial transparency related to climate risks. In addition, we have voluntarily aligned our climate related reporting with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), so we can be transparent about efforts to minimise our environmental impact. This aligns with our ambition to have a positive impact on our local environment and be an ethical employer and Society. Following the completion of the TCFD's work in 2023, responsibility for climate related disclosures standards has transitioned to the International Sustainablity Standard Board (ISSB), whose standards build directly on the TCFD framework.

Progress Against TCFD Disclosures

Strategy	Reporting
The resilience of our strategy to different climate-related scenarios including a 2°c or lower scenario	We have embedded our material climate-related risks and opportunities into our Risk Management Framework, covering short, medium and long-term horizons. These include extreme weather events and transition to a lower carbon economy. Key climate-related opportunities have been identified, particularly in the context of healthcare and protection, recognising the inextricable link between the health of the planet and human health. Oversight of these risks and opportunities is maintained by our Governance and Risk Committee, ensuring continued alignment with our ESG Strategy and resilience planning.
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 Wide Risk Management (EWRM) framework to identify and monitor risks. Regular reports are provided to the Governance & Risk Committee as well as the Board. The EWRM 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 EWRM Framework in June 2024. Carbon Footprint was re-engaged in 2025 to review our Greenhouse Gas (GHG) emissions. While sourcing reliable and meaningful data remains a challenge, their recommendations have continued to inform our actions for 2026. The Exeter's environmental targets and metrics, outlined in this report, support our transition to a lower carbon business and our commitment to achieving net zero in our direct operations.

Governance	
Board oversight of climate-related risks and opportunities	The Board is ultimately responsible for the climate related risks 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 our ESG strategy and the ESG Management Committee. The ESG Management Committee, comprising executives and senior management, provides oversight and advice to both the Executive Committee and the Board. It plays a key role in monitoring progress against ESG objectives and supporting climate change responsibilities.

Climate Reporting

Our sustainability and carbon management consultant, Carbon Footprint, identified, as part of their review of The Exeter for 2025, a number of suitable carbon off-setting initiatives, which are verified carbon standards projects, for The Exeter to consider.

carbon footprint standard™ CO_2e Assessed Organisation

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 2025 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.

The total location-based carbon footprint for The Exeter for the year ended 31 December 2025 was 340.1 tonnes CO2e (2024: 209.97 tonnes CO2e), and the market-based total is 281.01 tonnes CO2e (2024: 148.64 tonnes CO2e). 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 increase in reported carbon emissions in the year reflects changes in activity levels and data capture rather than a deterioration in underlying environmental performance. As the Society continues to improve the completeness and accuracy of its emissions data, including the scope of activities captured, year-on-year movements may not be directly comparable.

Energy and Greenhouse Gas Report

The table below summarises the GHG emissions for reporting year: 1 January 2025 to 31 December 2025 and reflects the minimum boundary which covers scope 1 & 2 and Scope 3.

Scope	Emission Source	Location Based tCO_2e	Market Based tCO_2e
Scope 1[1]	No Emission Sources	-	-
Scope 1 Sub Total		**-**	**-**
Scope 2	Electricity	42.56	-
Scope 2 Sub Total		**42.56**	**-**
Scope 3	3.6 Grey Fleet (employee-owned vehicles)	53.38	53.38
Scope 3	3.6 Hire Cars	1.29	1.29
Scope 3 Sub Total		**54.67**	**54.67**
Total tonnes of CO_2e		97.23	54.67
Tonnes of CO_2e per employee (FTE)		0.42	0.24
Tonnes of CO_2e per £ million turnover		0.73	0.41
SECR Total Energy Consumption (kWh)		465,291	465,291

[1] There is no Scope 1 assessed.

[1]Activity	2025	2024	2023	2022
Total energy consumed (kWh)	465,291	414,509	405,145	372,971
Total Gross Location-Based Emissions (tCO_2e)	97.23	92.57	88.28	77.35
Total Gross Market-Based Emissions (tCO_2e)	54.67	**46.43**	**43.80**	**34.59**
Total Net Market-Based Emissions (tCO_2e)	54.67	**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 260 employees in 2025 (2024:240), taken as an average throughout the year and a forecast turnover of £133m for 2025.

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 2025, and based on an active market-based approach, indicates that The Exeter can achieve the following:

- 50% reduction in emissions per employee by 2027 (2024: 2030).
- 90% reduction in emissions per employee by 2043 (2024: 2043).

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

- Revisit our Net Zero implementation to ensure that suitable actions are taking place and incorporate the increase in scope within the Net Zero targets.
- Endeavour to set supply chain emission reduction targets by improving data accuracy for key suppliers and ensuring that sustainability policies and key climate change metrics align to those required to meet any decarbonisation targets set by The Exeter.
- Investigate obtaining more accurate and actual information for the business travel elements in future assessments.
- Investigate the potential for air source heat pump installation and continue to explore the possibility of planned solar PV installation in line with Energy Savings and Opportunities Scheme (ESOS) recommendations.

Our ESG 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 we believe our members would expect this from us.

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. In 2025, we conducted member research by issuing a survey asking questions around communication preferences and brand sentiment to help us make more informed decisions around our membership engagement strategy. Following the results of our survey and our ongoing commitment to deepen engagement and deliver more relevant communications, we successfully launched our first quarterly member newsletter.

Our Customers and Vulnerable Customers

Our response to the Consumer Duty (the Duty) required minimal adjustments, as our longstanding philosophy has always been aligned with its principles. Our members have consistently been central to our decision-making processes, even before the regulatory change.

As we pursue our growth and ambitions, and in accordance with Consumer Duty, we are continuing to enhance our data capabilities. This includes embedding our six core member profiles to ensure our decisions, products, and communications are consistently aligned to the needs, preferences, and outcomes of our members.

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 27.

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.

Annual Engagement Survey Results

Using our external provider, People Insight, colleagues participated in our annual survey aimed at enhancing engagement and enriching the colleague experience at The Exeter. In 2025, the annual colleague survey delivered an engagement score of 84% (2024: 87%), driven by positive views on interesting and challenging work and a strong sense of enablement. The most valued aspects of working at The Exeter were the people, teamwork, and fair, respectful treatment.

Belonging Survey

In addition to our Annual Engagement Survey, in 2025 we also carried out a bespoke survey to help us better understand how everyone at The Exeter experiences inclusion, support and connection. 95% of respondents strongly agreed they had a positive working relationship with their colleagues (4% neutral, 2% disagree) and 88% strongly agreed they feel comfortable being themselves while at work (6% neutral, 6% disagree).

Wellbeing Initiatives

We are committed to supporting our colleagues' wellbeing by offering a range of benefits, support services and flexible working options. We provide access to Mental Health First Aiders, and the Employee Assistance Programme (EAP), alongside regular mental health training and resources help colleagues manage stress and maintain a positive mindset.

We offer a Holiday Buying and Selling scheme (salary sacrifice), allowing colleagues to purchase up to one additional week of annual leave. This, combined with flexible working arrangements, promotes better work-life balance, reducing stress and increasing job satisfaction.

In 2025, we launched My Health Assessment, a new health and wellbeing benefit for all colleagues. This provides a comprehensive 360° health assessment with Nuffield Health every three years, giving colleagues a clear picture of their health and helping them take proactive steps to stay well.

By fostering a culture of care and inclusion, we continue to build a workplace where colleagues feel valued, supported, and empowered to thrive both personally and professionally.

Training on Modern Slavery and Human Trafficking

We continue to train our colleagues on modern slavery and human trafficking to raise awareness and ensure legal compliance across our operations and supply chains.

Performance and development

We continue to empower colleagues to take ownership of their performance and development through tailored performance plans and in conjunction with their team canvas. Our development hub provides colleagues with an online resource bank to support learning and development.

Our leaders are supported through a dedicated leadership development group, aligned with our leadership framework and strategy, to help them evolve and develop.

For more information on colleague engagement, please refer to Our Stakeholders on Page 27.

Operating our Business Responsibly and Protecting the Environment

We continued to address climate change by measuring our carbon emissions and by supporting the management of climate related risks across our Group, our investments and supply chains. We identified material climate-related risks and opportunities for our Group, using these insights to shape and strengthen our ESG Strategy.

2025 Highlights

- Continued to achieve 100% renewable electricity from a renewable supplier and continue to look for ways to reduce energy usage.
- Launched My Health Assessment, a new health and wellbeing benefit for all colleagues.
- Submitted our Energy Savings and Opportunities Scheme (ESOS).
- New Corporate Charity of the Year activated (Macmillan Cancer Support) with colleague fundraising mobilised during 2025, following the conclusion of the FORCE partnership.
- Modern Slavery awareness raised: Prepared Q&A materials for the "Question of the Month" initiative to help colleagues spot risks and escalate appropriately (links to statement, reporting channels and helpline).
- Attained ISO 14001 certification, reinforcing our commitment to environmental management and setting a benchmark for supply chain practices.

Our ESG Management Committee, a subcommittee of the Executive Committee, reviews and monitors 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.

Supporting our Communities

At The Exeter, we believe in building strong, lasting relationships between our business and the communities where we live and work. We recognise that our responsibility extends beyond our business operation, it includes contributing to a more sustainable society, both locally and globally.

In 2025, we continued to share our time, knowledge, and expertise through fundraising and colleagues providing hands-on support. In total, The Exeter donated £48,000 (2024: £51,191) to charitable causes.

Our Corporate Charity of the Year for 2025 was Macmillan Cancer Support, selected by our colleagues. This partnership reflects our mission statement to “support The Exeter’s corporate social responsibility through charitable giving”. As the demographic of our colleagues has changed and grown across the UK more widely, we are proud to support a charity with national reach and impact.

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

For more information on colleague engagement, please refer to Our Stakeholders on Page 27.

Governance

We are committed to upholding the highest standards of governance, ensuring our business is conducted with transparency, integrity and accountability. This is underpinned by our ethical principles and a robust compliance framework that extends across our operations and supply chain.

Key areas of focus include:

- Integrity and ethics – we conduct our business transparently, ethically, and with the utmost integrity at every level, fostering trust and accountability throughout our business and supply chain.
- Adherence to laws and regulations – we maintain strict adherence to all relevant laws and regulations, ensuring our operations are carried out responsibly and ethically.
- Conflict-free practices – we proactively declare potential conflicts of interest and refrain from giving or receiving illegal or inappropriate inducements, further fortifying our commitment to ethical practices.

To reinforce our commitment to good governance and compliance, all colleagues attest to our Code of Conduct, which outlines our policies and expectations of colleagues on topics such as bribery and corruption, data protection, information security, conflicts of interest and whistleblowing. Our Modern Slavery Act Statement sets out our zero-tolerance approach to slavery and human trafficking, both within our organisation and across our supply chain and vendors.

We have clear policies and a robust governance structure that supports our commitments to equity, diversity and inclusion, wellbeing, upholding human rights, business ethics, responsible use of data, and ensuring our supply chain is both responsible and sustainable. These principles are embedded in our we lead, operate and deliver long-term value for members and our key stakeholders.

Our Equity, Diversity and Inclusion (EDI)

As a modern mutual, our purpose is to give more people peace of mind in a more uncertain world. We aim to be inclusive, offering cover, choice, and options for as many as possible. Fairness guides everything we do, shaping how our colleagues think and act.

Our people and culture drive our success through operational excellence, passion for service, and commitment to members' care. We focus on developing and promoting talent from all around The Exeter, knowing that varied experiences lead to better decisions.

We value inclusivity and respect differences, believing that a workforce reflecting our members and communities helps us deliver 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 23 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 equality, 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 Society's 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	The Committee met with an executive search firm to discuss the appointment of an additional independent non-executive director. The search for an additional independent non-executive director was completed with the selection of James Shepherd, who is due to be appointed to the Board post year end.

Disclosure	Commitment	Progress to date
	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.	
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 based on the principle and provisions 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. Please see the Nomination Committee report on page 54.	The Nomination Committee continues to look at Board succession and the skills and experience mix at least annually. In December 2025 we conducted a board effectiveness evaluation and as part of that we consider succession planning.
Support efforts to increase diversity in the senior management pipeline towards executive and non-executive Board positions	Senior management succession planning processes will include the identification of individuals within the organisation with Board-level potential and will support those individuals to progress in their careers.	The Exeter continues its commitment to better gender and equity, diversity and inclusion balance through its EDI statement which is published on the website at www.the-exeter.com.

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.

For further details please refer to our Gender Pay Gap Report which can be found on our website under www.the-exeter.com/about-us/corporate-governance/

S172(1) Statement

While The Exeter continues to report under the Friendly Societies Act 1992, it has elected to present a Section 172(1) statement in accordance with the Companies (Miscellaneous Reporting) Regulations 2018 describing how directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006 when performing their duties for the 2025 financial year. Full details on how the Board and the directors have fulfilled their section 172 duties can be found in the Strategic Report and Corporate Governance Report. The following sections have therefore been incorporated by reference into this statement.

The primary responsibility of the Board is to promote the long-term success of the Group.

All its 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. The 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.

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 Group and the Society 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:

Section 172		Find out more
(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 its operations, and have integrated this understanding into the development of the three-year and longer-term business plan and strategy. Throughout 2025, the directors ha-ve made decisions that they believe best advance the Group's longterm success for the benefit of its members as a whole. Our strategic direction is 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.	• Strategic Report: Page 4 • Consideration of stakeholders interests: Page 27
(b) The interests of our colleagues	The directors acknowledge that our people 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.	• Chief Executive's review: Page 7 • Stakeholder engagement: Page 27 • Colleague engagement: Page 27 • Consideration of stakeholder interests: Page 27 • Remuneration Committee report: Page 60 • Ethics and integrity: Page 47
(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. Board members regularly meet with key suppliers and ensure there is always open and transparent engagement with our regulatory bodies and other stakeholders.	• Strategic report: Page 4 • Stakeholder engagement: Page 27 • Consideration of stakeholder interests: Page 27
(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.	• Strategic report: Page 4 • Stakeholder engagement: Page 27 • ESG reporting: Page 19 • Consideration of stakeholder interests: Page 27

Section 172		Find out more
	The Exeter is committed to facilitating the transition to a lower carbon future. More information can be found on page 19. 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 Society's Code of Conduct and related policies set out our commitment to promoting and maintaining the highest ethical standards. Areas covered in the Code of Conduct and policies include our impact on the environment and our communities, our workplace and our business conduct. The Whistleblowing Policy and Speak Up process encourage colleagues to raise concerns about suspected wrongdoing or unlawful and unethical conduct, including bribery, corruption and fraud. More information can be found on page 47. The business continuously reviews its minimum expectations for all partners and collaborators and each year the Board reviews and approves the Modern Anti-Slavery Statement to ensure that high standards are upheld both within the business and throughout its supply chains.	• Risk management: Page 14 • Consideration of stakeholder interests: Page 27 • Audit Committee report: Page 47 • Ethics and integrity: Page 47 • Conflicts of interest: Page 39 • External effectiveness evaluation: Page 47
(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.	• Strategic report: Page 4 • Stakeholder engagement: Page 27 • Consideration of stakeholder interests: Page 27 • Remuneration Committee report: Page 60

Stakeholder engagement S.172s

The table below summarises the interests of our key stakeholder groups and how both the business and the Board engaged with them throughout 2025. It also highlights how stakeholders' views and priorities are brought into Board discussions and reflected in the Board's decision–making, ensuring that our actions continue to support our members, colleagues suppliers and wider communities.

	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:

	Why we engage	How we have engaged
		• 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 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. Our Head of Outsourced Operations serves 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. 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. 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's 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

	Why we engage	How we have engaged
		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 its communities. After three years of supporting the local FORCE Cancer Charity, which offers free support and information to individuals affected by cancer at their centre in Exeter and its community hospitals, in 2025 colleagues selected Macmillan Cancer Support as the Society's new charity partner. This will encourage support to be given nationally, reflecting that the geographical demographic of the team has changed in recent years. More information can be found about our partnership with Macmillan on page 22. 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 Committee, and during Board meetings.
Regulatory Bodies	Interaction with regulatory bodies, including the Financial Conduct Authority and the Prudential Regulation Authority, supports effective oversight and underpins strong governance, risk management and financial resilience in the interests of members.	We engage with regulatory bodies by submitting regulatory returns, responding to information requests, and participating in meetings with the Financial Conduct Authority and the Prudential Regulation Authority. Engagement also takes place through industry forums, including those organised by the Association of British Insurers.

Decision-making and stakeholder engagement

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

Members	Colleagues
The Exeter treats its members fairly and provides them with a quality service. Members are vital for the long-term continuation of the business.	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: • **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.	**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 directors engage and consider 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 promote the use of 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.	**How the directors engage and consider this stakeholder:** The Board recognises the importance of attracting, retaining, and developing talent, and considers colleagues' views in decision-making. In 2025, the Board re-approved the Society's Equity, Diversity and Inclusion (EDI) Policy and website statement and is currently engaged in the development of a 'Belonging Strategy'. Colleague rewards and bonuses are reviewed with their feedback in mind, and this input is also considered in Executive remuneration decisions taken by the Remuneration Committee. The Nomination Committee 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 directors engage and consider this stakeholder: Several directors have engaged in fundraising activities in support of our chosen charity. 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 Society 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 directors engage and consider this stakeholder:** Regular feedback and collaboration with our intermediaries and outsource providers help us monitor and agree on quality and, where relevant, 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 events attended by an executive director and senior management. This comprehensive approach helps shape our strategies and improve our services with brokers. Based on the risk-based plan, Audits for risk assessment and policy compliance are identified and carried out where they form part of the annual plan. The Board receives updates from business areas that interface with suppliers, intermediaries, and service providers. This includes reports from the internal audit team on planned audits focusing on the oversight of our outsourced partners operations. 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 directors engage and consider 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.

Significant decisions

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

- Stakeholders' interests and how these might be impacted by the decision;
- Alignment with the Board's risk appetite and the impact of decision on our management of principal or emerging risks;
- The implications for the Group's long-term success.
- The impact on affected stakeholders and (where relevant) the environment.

The table below provides context to the Board's approach to decision making in view of its obligations under Section 172 and stakeholder interests.

The principal decision considered by the Board	How stakeholders and other factors were considered	What was the outcome
Holding the 2025 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. Failure to deliver the business plan could impact all stakeholders and therefore progress is monitored closely so that remedial actions can be taken if and when necessary.	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.
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 70). The Board considered that the decision balanced sustainable bonus distribution with the long-term financial health of the Society, ensuring equitable treatment across the membership.
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.	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. **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 remain compliant with regulations and maintain high standards of business conduct.

The principal decision considered by the Board	How stakeholders and other factors were considered	What was the outcome
Recruitment of Chief Operating Officer	In deciding whether a role of Chief Operating Officer should be created, the Board considered the future needs, skills and experience the business needed to support the ongoing transformation programme and future delivery of the business strategy. The impact on the Customer Service, Change and Migration teams was taken into account, as well as organisational capability to drive improvement in member experience, ensuring alignment with strategic priorities.	Recruitment of Suzy Esson as Chief Operating Officer was agreed to strengthen leadership capacity and support transformation.
Change of external auditor	The interests of members were central to the decision, as the external audit provides assurance on the integrity of the Society's financial statements. The Board assessed the potential impact on operational continuity and the transition process, including any risks to reporting timelines. Feedback from the Audit Committee and discussions with management were taken into account, alongside market reputation and capability of prospective audit firms.	The Board approved the appointment of a new external auditor, following a competitive tender process. This decision supports audit independence, enhances transparency, and ensures the Society continues to meet high standards of governance and financial reporting.

This Strategic Report on pages 4 to 34 (inclusive) was approved by the Board and signed on its behalf by:

Peter Hubbard
Board Chair
08 April 2026

Isobel Langton
Chief Executive
08 April 2026

Corporate Governance

Corporate Governance Report

Introduction

Good corporate governance underpins our commitment to running the Society in the best interests of its members. The Exeter's corporate governance framework supports effective decision making that drives its purpose and culture, delivery of its strategy and the sustainable success of the business. It achieves this by delineating responsibilities and providing structures for oversight of performance, risk management, and systems and controls.

Corporate Governance Codes

Throughout the year ended 31 December 2025, The Exeter applied the principles of the AFM Corporate Governance Code (the AFM Code). Further details of compliance against the AFM Code are provided on pages 41 to 43.

The Exeter's approach to corporate governance in some areas is also based on the principles and provisions of the UK Corporate Governance Code 2024 (the Code). Although the Code is primarily aimed at listed companies, the Society's Board is committed to operating in line with best practice standards of corporate governance. For this reason, the Board chooses to have regard for the Code in some areas, so far as is relevant to private financial services companies.

The Role of the Board

The Board is responsible for establishing the Society's purpose and values, setting its strategy and leading the development of its culture.

The Board's responsibilities

Leadership The Board provides leadership to the Group, creating value for its members and ensuring the interests of all stakeholders and its contribution to wider society are considered.	**Purpose and Values** The Board establishes The Exeter's purpose and commitments, ensuring that its obligations to members and other stakeholders are understood and fulfilled. More information on The Exeter's purpose and commitments can be found in the strategic report on page 4.
Strategy The Board approve , oversees and monitors the implementation of the Group's strategy, ensuring 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.	**Culture** The Board establishes a culture that is aligned with The Exeter's purpose and strategy, fostering an entrepreneurial and customer-focused approach aimed at delivering high-quality products and services that generate good outcomes for 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.
Performance The Board delegates the execution of the strategy and the day to day management of the Group to the CEO, who is accountable to the Board for the successful leadership and operation of the organisation. The Board remains responsible for overseeing the direction and management of all the affairs	**Governance & Risk** The Board is responsible for setting (and monitoring adherence to) the Group's risk appetite and ensuring the effectiveness of the Group's risk management, compliance and internal control frameworks. The Board has established a robust governance and risk framework designed to ensure the business is operated

of the Society, which involves measuring the Society's performance against its objectives and ensuring that the necessary resources, policies, governance structures and practices are in place for successful delivery of the strategy.

and managed appropriately. A system of prudent and effective controls is in place 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

The Board must 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 operates in the interests of the 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 the Society's other stakeholders, the environment, the reputation of the Group and the need to act fairly towards its members.

Stakeholder engagement can be found on page 27.

The Board and its Committees

The Board consists of the Chair, four executive directors and four non-executive directors, of whom four are deemed to be independent. Having regard to the Code, the Chair was considered to be independent upon appointment.

The biographies of each of the Board members are provided on page 43 and further information regarding the balance of independence on the Board can be found on page 54.

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. Further information about each of the Committees can be found on pages 46 to 62.

THE BOARD

AUDIT COMMITTEE	GOVERNANCE & RISK COMMITTEE	NOMINATION COMMITTEE	INVESTMENT COMMITTEE	REMUNERATION COMMITTEE
Responsible for oversight of the Group'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 advisers. See page 58.	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 60.

While certain activities and decisions may be delegated to the Board's Committees and the executive directors, as appropriate, there are certain matters that the Board has reserved for its own decision. Reserved matters relate to the following areas:

- 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 to management
- corporate governance
- setting risk appetite

The schedule of reserved matters is reviewed annually by the Board.

The Executive Committee

The Society also has an Executive Committee (Exco), comprising the executive team, to support the Chief Executive. The Exco reviews and agrees any recommendations management wishes to propose to the Board or its Committees and manages day-to-day issues within the authority granted by the Board. It is not a committee of the Board and does not include 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, which include:

- The development of the Society's strategy for the Board's input and approval;
- Implementation of the strategy, operational plans, policies, procedures and budgets;
- The management 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 Exco meets weekly on an informal basis, with formal governance meetings taking place monthly and at other times as 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.

Exco members are:

Isobel Langton	Chief Executive
Steve Bryan	Director of Distribution and Marketing
Michael Payne	Chief Financial Officer
Suzy Esson[1]	Chief Operating Officer
Sally Hodge	Chief People Officer
Ali Law	Chief Information Officer
Gary Warman	Chief Risk Officer

(1) Suzy Esson was appointed to The Exeter on 1 April 2025 as Chief Operating Officer and was appointed to the Board post year end.

Regular attendees at Exco meetings include the Head of Finance, the Head of Compliance, the Senior Risk Manager, the Head of Internal Audit, the Head of Actuarial and the Reporting Actuary. The Medical Director is not an Exco member as his executive role is largely an advisory one.

Roles in the Boardroom

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

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. • Chairs Board meetings and ensures there is timely flow of information 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. • Promotes the highest standards of integrity and ensures robust and effective governance. • Provides advice, support and guidance to the Chief Executive. • Manages Board composition, performance and succession planning and ensures new Non-Executive Directors receive a formal, tailored induction in addition to ongoing training and development. • Leads relations with members and stakeholders in order to understand their views on governance and the Society's performance against its strategy.
NON-EXECUTIVE DIRECTORS Provide objective oversight, strategic guidance and constructive challenge.	• Critically review the strategies proposed by the Executive and examine the operational and financial performance of the Society. • Provide effective oversight, strategic guidance and specialist advice, enabled by their diverse business and commercial experience. • Constructively challenge the Executive Directors, holding them to account. • Independent Non-Executive Directors, provide objective judgement when evaluating proposals from management. • Ensure that no individual or small group of individuals dominate the Board's decision-making.
DEPUTY CHAIR AND SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR Provides a sounding board for the Board Chair and serves as an intermediary for other directors and members.	• Acts 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 deputises 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 route to raise 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. • CEO leads the Executive Committee and ensures its effectiveness in managing the overall operations and resources of the Group. • Executive Directors report to the Board on the performance of the business 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 complying with the AFM Code and other statutory and regulatory requirements, having regard to the principles and provisions of the Code where relevant.

Operation of the Board

In 2025, the Board met 12 times, including two meetings dedicated to strategic development, and attendance is set out on page 46. Throughout the year, the independent non-executive directors met regularly 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 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 fulfil their duties.

The agenda for each Board meeting is based on a calendar of business and is reviewed by the Chair, the Chief Executive, and the Company Secretary before each meeting. Frequently the agenda is adapted to ensure appropriate focus on current material developments and strategic impacts. 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. Each Committee Chair also provides updates on decisions made at the Committee level, including regular updates on member, governance, and colleague matters.

Board Activities

The main items considered by the Board during the year are 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 & Acquisitions and disposals	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
Chief Operating Officer report	X		X		X		X
Strategy and change report and any funding requests	X		X		X		X
ESG review, and results			X				X
Risks and Compliance							
Risk Appetite					X	X	
Chief Risk Officer 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				
Review and approval of Board appointments and director role changes	X		X		X	X	X
Committee reports	X	X	X		X	X	X
Approval of various policies			X		X		X
Pension effectiveness							X
Effectiveness							
Annual Board performance review and outturn	X	X					
Approval of directors' conflicts of interest	X	X	X	X	X	X	X

Board Strategy Days

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

Board and Committee annual effectiveness review (the 2025 evaluation)

The Board conducts a formal and rigorous review of its performance and that of its Committees and Directors each year. Having completed a detailed externally facilitated review in 2024, the 2025 evaluation was conducted internally, through a series of carefully coordinated and formal conversations between the Chair and each director, along with key executives who regularly participate in meetings. A report highlighting the principal findings was presented to the Board post year end.

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 comply with the rules, principles and standards of conduct laid down by those respective authorities.

Having regard to 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. More information regarding the Nomination Committee's assessment of directors' independence is provided on page 54.

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 new directors 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.

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 provide the resources required for developing directors' knowledge and capabilities through continued personal development and membership of professional bodies.

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 directors' 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. This duty is in addition to their obligation to disclose to the Board any interest in transactions or arrangements under consideration by the Group.

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. Furthermore, directors may impose limits or conditions when granting authorisation, 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.

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. Considerable 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 272 colleagues, with 47.6% of senior management roles being held by women. Details of our Gender Pay Gap Report can be found on our website under www.the-exeter.com/about-us/corporate-governance/

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 socioeconomic 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 2025 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 2025, we had no breaches (2024: no breaches).

Compliance with the Association of Financial Mutuals Code

The Board has considered the 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 Society's purpose, objectives, and strategy, which form the foundation of the Business Plan. • The Society's purpose and vision are considered and updated as part of the strategy review. The Board was closely involved in the refresh of the strategy in 2025, which clearly sets out how The Exeter will achieve its vision to stand out as the insurer people trust most to deliver true peace of mind, allowing it to deliver its purpose of 'giving more people more peace of mind in an uncertain world'. • 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	• 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 evaluations of the Board and its Committees, with an independent external evaluation taking place every three years. • The Nomination Committee regularly reviews the Board's composition and succession plans. A skills matrix is maintained that clearly identifies the skills, knowledge and experience of individual directors, highlighting any gaps which can then be addressed in future appointments. • The Board composition is balanced between independent and non-independent directors. Longevity, diversity, skill, experience and continued independence of non-executives are assessed annually.
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	• 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. • Individuals appointed to the Board receive an induction which encompasses accountability and responsibilities in line with regulatory requirements. • Board and Committee reports provide directors with a sound understanding the business and support any required decisions. In addition, senior management also provide ad-hoc updates, training and presentations to supplement reporting. • The Board receives training and learning support and policies along with management information. This enables directors to fulfil their roles and align their decisions and thinking with the success and vision of the organisation. Non-executives are asked to attend external seminars and conferences where possible and appropriate. • All 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 the annual evaluation of the directors, the Board, and its Committees.

	Principle	Applied	How Applied
			• Terms of reference are in place for each of the Board's Committees and are subject to annual review.
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 are subject to robust monitoring, mitigation and reporting systems. These have been articulated in the Risk Management Report on page 14. • Using the Own Risk and Solvency Assessment (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 developed and monitored by the Remuneration Committee. The policy, which is set out on page 62, 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 utilises 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, who provides Board-level oversight of 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, Audit Committee Chair, 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 issued in 2019. 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	Chair
B – Board	Senior Independent Non-Executive Director
G – Governance & Risk Committee	Independent Non-Executive Director
I – Investment Committee	
N – Nomination Committee	
R – Remuneration Committee	


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, member experience and stakeholder management expertise.

Current external appointments: Helen is Trustee & Chair of the Member Experience Committee for the Legal & General Master Trust.

Previous experience: Helen worked for many years at Aegon UK, where she held a number of key positions, including Head of International Sales, Commercial Director and Director of Banks and Partnerships. After leaving Aegon, Helen also held executive roles at smaller master trust companies and specialist fintechs which fueled her passion for ensuring more people understand the value of protection, investment, and pension planning. Helen was previously Chief Pensions Officer at USS (the largest private pension fund in the UK) where her responsibilities included all aspects of delivery and development of employer and member pensions servicing (including operations, insight, communications, product design, proposition, change and transformation).


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 and Chair of the Remuneration Committee in June 2024.

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

Current external appointments: Kelvin is currently an Independent Non-Executive Director and Chair of the Remuneration Committee at Teachers Building Society.

Previous experience: Kelvin has served as an independent Non-Executive Director with Tune Protect Group, one of Asia's largest travel insurers and has chaired the Risk Committee there. In his executive career, Kelvin has held a number of roles within his career 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.


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 Institute for Securities and Investment.

Current external appointments: Suzanne is Non-Executive Director and Audit Committee Chair at HBL UK Bank and 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 is a former Non-Executive Director of Leeds Teaching Hospitals NHS Trust.


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 is director of Tyndale House and Institute.

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. 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 was appointed as Commercial Director in October 2023 and 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: None.

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 & Innovation COO and Customer & Distribution CFO at M&G, 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 is a Board Member of the Association of Financial Mutuals (AFM).

Previous experience: Steve's long career in the Financial Services sector saw him join The Exeter following a 20-year tenure at Legal & General where he held several senior roles across the General Insurance and Protection divisions, culminating in Steve heading up Intermediary distribution across both disciplines. Beginning his career postgraduate with Lloyds Bank, Steve specialises in the development and execution of strategy with a specialism in Intermediary Distribution and Marketing.

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
	(12)	(7)	(6)	(2)	(5)	(8)
Peter Hubbard	12/12	-	6/6	2/2	5/5	8/8
Suzanne Clark	12/12	7/7	6/6	2/2	5/5	8/8
Donald MacLean	12/12	7/7	6/6	2/2	5/5	8/8
Kelvin Malayapillay	12/12	7/7	6/6	2/2	5/5	8/8
Helen McEwan	11/12	7/7	5/6	2/2	5/5	8/8
Isobel Langton	12/12	-	-	2/2	-	-
Steve Bryan	12/12	-	-	-	-	-
Michael Payne	12/12	-	6/6	-	-	-
Willie Hamilton	12/12	-	-	-	-	-

(1) This included two strategy meetings and one development meeting.

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

Role of the Committee

The Audit Committee supports the Board in monitoring the quality and integrity of financial reporting, the adequacy of the internal control environment, and ensuring the independence and effectiveness of internal and external audit.

Membership and operation of the Committee

The members of the Audit Committee are appointed by the Board upon the recommendation of the Nomination Committee. All members of the Committee are independent non-executive directors and collectively have extensive knowledge of the protection and health insurance sector, as well as a broad range of financial reporting, risk management, internal control and commercial experience to effectively challenge management. The Board is satisfied that members of the Committee have recent and relevant financial experience.

The Committee met seven times during the year. Information regarding the attendance of each of its members is provided on page 46. Private sessions of the Committee were also held separately with the external auditors, internal auditors and the With Profits Actuary, allowing open and detailed discussion without management being present.

Other regular attendees at Committee meetings during the year included the Chair of the Board, the Chief Executive, the Chief Financial Officer and Chief Actuary, the Director of Distribution and Marketing, the Chief Medical Officer, the Chief Risk Officer, the Head of Internal Audit and the external auditor. Other senior managers, including the Head of Finance and the With Profits Actuary 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, or their delegate attended all meetings of the Committee during the year.

The Chair provides reports to the Board on the Committee's activities, engages with key individuals involved in the Group's governance and attends the AGM to answer any questions from members about the Committee's work. Additionally, the Chair holds regular meetings with the external Senior Statutory Audit Partner and the Head of Internal Audit; this provides a private forum for sharing information and for raising and discussing any concerns that might have arisen.

The Committee is authorised to seek external legal and independent professional advice if needed.

The Committee maintains an annual calendar of business to ensure that it discharges all its responsibilities during the year. Each meeting agenda, which is approved by the Committee's Chair, allocates time as necessary for consideration of significant matters and any emerging issues.

Summary of the Audit Committee's activities during 2025

- Reviewed the Annual Report and Accounts and solvency and financial condition report.
- Reviewed external auditor's reports on the financial statements, covering significant audit risks, areas of audit focus, appropriateness of significant management judgements used in preparing the accounts and the effectiveness of the Society's internal control systems.
- Assessed the adequacy and effectiveness of the Society's internal control systems, including 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.
- Endorsed the external audit plan and approved the external auditor's letter of engagement and fees.
- Undertook a tender exercise for the external audit in 2025. As a result of which Ernst & Young LLP ('EY') were selected by the Audit Committee and will be put to the members for voting at the Annual General Meeting (AGM) on 24 June 2026.
- Reviewed and monitored progress against the Internal Audit Plan and approved revisions to the Internal Audit Charter. A copy of the Internal Audit Charter can be found on the Society's website www.the-exeter.com.
- Reviewed internal audit reports, considered the findings and monitored Management's progress in delivering agreed actions.
- Reviewed the accounting and disclosure of the discontinuation of the Exeter Cash Plan business.
- Continued to work to embed the recommendations from the independent external evaluation process.
- Endorsed timeline and process for the preparation of the 2025 Annual Report and Accounts and considered an initial draft.
- Advised the Board on how it has discharged its responsibilities and considered whether the 2024 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provided assurance to the Board.
- Reviewed and approved the Committee's terms of reference.

Membership

Suzanne Clark (Chair)
Kelvin Malayapillay
Helen McEwan
Donald MacLean

Committee governance

The Committee has carried out a review of its activities over the previous twelve months and has concluded that it operated and carried out its duties in accordance with its terms of reference. The Committee's 2025 performance review was carried out as part of an overarching Board and Committee evaluation, conducted by the Chair of the Board by way of individual conversations with directors and the Executive. A report highlighting the principal findings was presented to the Board and its Committees post year end.

The terms of reference of the Audit Committee are required to be reviewed annually to ensure that they continue to be fit for purpose. A copy of the terms of reference can be found on our website at www.the-exeter.com.

The Committee's Key Areas of Focus

The Committee's annual calendar of business ensures that appropriate time is allocated for detailed review of reporting and challenge of management and the external and internal auditors, allowing the Committee to assess the integrity of the Society's financial reporting and the effectiveness of the internal control environment. The Committee's key areas of focus and consideration for 2025 were:

Financial Reporting	• Reviewed whether the description of the Group'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. • 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 and the accounting treatment and disclosures of the Exeter Cash Plan during a run-off phase.
External auditor	• Approved the external audit plan, letter of engagement and fees. • Reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process, considering relevant UK professional and regulatory requirements. • Reviewed and approved the policy on the provision of non-audit services by the external auditors. • Led the tendering process for the selection of a new independent external auditor and recommended to the Board that the appointment of EY be put to the members for approval at the Society's AGM.
Internal auditor function	• Approved the internal audit plan and regularly monitored its progress. Key areas of the plan included Financial Risk Management, Claims Processes, and Financial Crime. • 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. • Considered the Head of Internal Audit's independence and the adequacy of the resources available to the function. • Monitored the implementation of minor enhancements to the operation of Internal Audit that had been recommended through the External Quality Assessment (EQA) conducted by KPMG in 2024. • Following the resignation of the Head of Internal Audit, the Audit Committee approved a temporary arrangement with Deloitte for the secondment of an Associate Director to lead the function, pending the review of the future internal audit model.
Control oversight	• Regularly reviewed and considered Actuarial Function reports and the work of the independent With Profits Actuary. • Reviewed the implementation of actions to strengthen internal controls, identified by the external auditor. • Reported to the Board any areas needing action or improvement and made appropriate recommendations.

Financial Reporting

The primary role of the Committee in relation to financial reporting is to review the appropriateness of the annual financial statements and challenge 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 debate 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's financial reporting.

To aid its review, the Committee considers reports from the Chief Financial Officer and 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.
- 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 accounting treatment and disclosures in ECP and ECPH - The Committee reviewed accounting treatment and disclosures in the financial reporting of these entities as the cash plan business entered a run off phase.

The Committee receives 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. The Committee is responsible for recommending the appointment, reappointment, or removal of the external auditor and leads the re-tendering selection process. Subject to the Board's agreement, a recommendation is then presented to the members for approval at the Annual General Meeting (AGM). This year the Board recommended the re-appointment of Forvis Mazars LLP as The Exeter's independent external auditors for the financial year ending 31 December 2025 and this was approved by the members at the AGM on 25 June 2025.

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

During the year, the Committee assessed the effectiveness of the external audit process, including whether the agreed audit plan for the financial year ending 31 December 2024 had been fulfilled, any deviations from the plan and support provided by management, including access to staff and records. 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 and objective, whilst also identifying opportunities to strengthen the audit process, including improving collaboration and audit planning.

Provision of non-audit services

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.

The Committee makes decisions based on what it deems to be in the best interests of the Society's members as a whole. This includes assessing which firm is best suited to undertake any additional non-audit work, taking into account 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 will never 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.

Consistent with current standards, the independent external auditors are not normally engaged to provide any additional services and Forvis Mazars LLP did not provide any non-audit services for the year under review (2024: nil).

External audit tender

During the year, the Audit Committee led the process for the tender and appointment of the Company's external auditor.

The Committee worked with management to establish a clear timetable for the tender, ensuring sufficient time for independence checks and quality evaluation. Selection criteria were agreed in advance and focused on:

- Audit quality and robustness of approach.
- Independence and objectivity.
- Relevant sector expertise.
- Diversity of choice, including consideration of firms beyond the largest networks.

A transparent Request for Proposal was issued, and all bids were evaluated against the agreed criteria. The Committee documented its assessment and maintained a clear audit trail of decisions.

Following the evaluation, the Committee recommended the appointment of EY as external auditor. The Board accepted this recommendation and will seek member approval at the forthcoming Annual General Meeting.

Internal Audit

The Committee supports the Board in ensuring the effectiveness of the internal audit function, which includes the adequacy of its resourcing and plans, its performance, its independence from management and any other restrictions.

To ensure the independence of the Internal Audit function, the Committee Chair met regularly with the Head of Internal Audit during the year and is satisfied that the Internal Audit function has adequate standing and is free from management influence or other restrictions.

The 2025 internal audit plan, which is designed with reference to the Group's principal risks, was reviewed and approved by the Committee. Further information on principal risks is available on page 14.

During 2024, KPMG LLP completed an EQA review to assess the internal audit function's conformance with the Institute of

Internal Auditors (IIA) standards and the Internal Audit Financial Services Code of Practice. Minor enhancements were recommended by KPMG, the implementation of which the Committee continued to monitor throughout 2025.

Following the engagement with Deloitte to second their Associate Director to lead the Internal Audit function, pending evaluation of Internal Audit's future operating model, the Committee remains satisfied that Internal Audit has the necessary resources, objectivity and competence to fulfil its mandate.

Fair, balanced and understandable assessment

The Board confirms that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for members to assess the Group's position and performance, business model and strategy. To enable the Board to make this statement, the Committee has reviewed and challenged the disclosures made in Annual Report and Accounts, has considered the findings of the external auditor and has received assurances from management as to the accuracy and completeness of statements made. The Committee has reviewed the Annual Report and Accounts and concluded that taken as a whole, they are 'fair, balanced and understandable' requirement has been met.

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

Whistleblowing and Fraud

The Whistleblowing Policy is an important mechanism in ensuring ethical business conduct. Ultimately, responsibility for the Whistleblowing Policy lies with the Board which, together with the Audit Committee, receives reports on its operation.

The Committee also receives updates on any potential theft or fraud within the Group. If a serious concern is identified, this is investigated and updates are provided to the Committee. The Group remains committed to high standards of business conduct and expects all colleagues to act appropriately and comply with the Society's policies 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. Financial crime also forms part of colleagues' mandatory training. Any suspicion of fraud should be reported immediately and such cases will be investigated thoroughly.

Priorities for 2026

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;
- continue to focus on enhancing the clarity and presentation of the annual report;
- implement any actions from the 2025 Board and Committee evaluation;
- determine the future operating model of Internal Audit; and
- oversee the transition to the new External Auditors.

Suzanne Clark
Audit Committee Chair
08 April 2026

Governance & Risk Committee

Role of the Committee

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

The Committee:

- Reviews and advises the Board on the overall risk appetite, tolerance and strategy throughout the year including the identification and management of material risks;
- Oversees and advises the Board on emerging risks, current risk exposures and future risk strategy;
- In conjunction with the Audit Committee, monitors the overall risk assessment processes that inform the Board's decision-making, regularly reviews and approves the parameters used in these measures and the methodologies adopted, and sets a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
- Advises and makes necessary recommendations to the Board on any proposed strategic transactions;
- Approves and monitors compliance with the Own Risk and Solvency Assessment (ORSA) Policy and provides oversight and challenge for the ORSA process; and
- Provides qualitative and quantitative advice to the Nomination and the Remuneration Committees to ensure executive remuneration policies encourage good risk management.

The terms of reference of the Governance and Risk Committee are reviewed annually to ensure that they continue to be fit for purpose. A copy of the terms of reference can be found on our website at www.the-exeter.com.

Membership and operation of the Committee

The members of the Committee are appointed by the Board upon the recommendation of the Nomination Committee. The majority of the Committee's members are independent non-executive directors. The Board believes the Committee's members have the necessary range of expertise to provide effective challenge to management.

The Committee met six times during the year. Information regarding the attendance of each of its members is provided on page 46. Other regular attendees at Committee meetings during the year included the Chair of the Board, the Chief Executive, 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 at least once a year they meet with the Committee without other members of management being present.

The Committee has established an annual calendar of business to ensure it discharges all its responsibilities during the year.

Brief summary of the Committee's activities during 2025

- Monitored and reviewed the effectiveness of the risk management systems and internal controls.
- Conducted a robust assessment of key risks.
- Reviewed the enhancements to the EWRM Framework through a review of the Risk Taxonomy, Risk Assessment, and Risk Appetite Statements.
- Reviewed and recommended for approval the annual ORSA report, including consideration of the long-term ORSA projections.
- Monitored the effectiveness of the Compliance function and reviewed regular reporting on regulatory change.
- Reviewed and considered the annual anti-money laundering report.
- Received regular reports on information security.
- Considered quarterly solvency monitoring reporting.
- Agreed the Solvency UK future management actions.
- Considered regular updates on Environment, Social and Governance (ESG) matters and climate risk.
- Commenced the annual review of the Corporate Governance handbook.
- Reviewed and recommended to the Board changes to the Society's Code of Conduct.

Membership

Donald MacLean (Chair)
Peter Hubbard
Suzanne Clark
Kelvin Malayapillay
Helen McEwan
Michael Payne

Committee governance

The Committee's 2025 performance review was carried out as part of an overarching Board and Committee evaluation, conducted by the Chair of the Board by way of individual conversations with directors and the Executive. A report highlighting the principal findings was presented to the Board and its Committees post year end.

The Committee's key areas of focus

During 2025 the Committee carried out the following key activities:

Risk	• Reviewed and challenged the quarterly Risk Report (including the quarterly Risk Dashboard). • Reviewed and challenged the ESG and Climate Change Risk Management Plan. • Reviewed and made recommendations to the Board in respect of the annual Enterprise Risk Management framework. • Reviewed the impact on important business services and impact tolerances to consider Operational Resilience. • Reviewed, challenged and made recommendations to the Board of the bi-annual Risk and Control Self Assessment. • Provided challenge and oversight of cyber security.
Compliance	• Reviewed and monitored the quarterly report from the Head of Compliance, 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 regulator reporting on member complaints.
ORSA	• Reviewed, challenged and made recommendations for final approval by the Board of the 2025 ORSA Report, including consideration of its design, objectives, sensitivities and the review and approval process. • Reviewed and challenged the quarterly Solvency UK 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 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 the Board's approval of the Society's risk appetite statements. • Commenced the annual review of the Corporate Governance Handbook which is due for review, and if thought fit, approval by the Board post year end.
Other matters	• Reviewed, challenged and made recommendations for approval by the Board of all Solvency policies.

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 and 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. This process is regularly reviewed by the Board and any risk-related issues are investigated with additional compliance or, with the agreement of the Audit Committee, 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.

During 2025 significant work has been undertaken to enhance the EWRM Framework at The Exeter through:

- better clarifying the way we categorise risks (our "Risk Taxonomy");
- better calibrating the way we evaluate the severity and impact of risk emerging (our "Risk Assessment"); and
- revisiting our Risk Appetite Statements and ratings to ensure they align to our purpose, values and commitment to our members.

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 19.

Throughout the year, the Board has monitored the effectiveness of systems of risk management and internal control processes to ensure they remain robust. This 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 controls, providing assurance to the Board regarding the effectiveness of 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 continued increase in cyber attacks in the UK and globally, the robustness of the Society's IT infrastructure and associated controls framework are subjected to an ongoing programme of testing and enhancement, to ensure The Exeter is in a position to defend against increasingly sophisticated threats. In respect of data, the business continues to ensure compliance with the General Data Protection Regulation (GDPR) and other regulations.

The Committee assesses cyber risks continuously in the context of the maturity of the Society's enterprise infrastructure, platforms and security controls to effectively prevent, detect and respond to cyber attacks. Crisis management procedures are in place and are regularly evaluated, 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.

Despite the ever-present threat, deployment of various digital and technology platforms supports the business's growth; it has driven greater efficiency in the management and delivery of services and improved the effectiveness of communications with colleagues, members, intermediaries, advisors and suppliers. The Committee remains focused on the steps taken to protect the Society's information systems and technology as key business enablers. Consequently, it supports the ongoing investment in technology and specialist resources to strengthen the Society's platforms, cyber-security defences and controls to prevent and detect cyber threats, to respond to attacks, and to mitigate 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 2025, the Committee focused on several key areas:

- 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
08 April 2026

Nomination Committee

Role of the Committee

The primary responsibilities of the Nomination Committee are to lead the process for Board appointments, to review regularly the composition of the Board and recommend any changes, to ensure plans are in place for orderly succession to both the Board and Executive positions, to monitor leadership talent and oversee the development of a diverse pipeline for succession, and to monitor and maintain the policy on Boardroom equity, diversity and inclusion.

Membership and operation of the Committee

The members of the Nomination Committee, all of whom are independent non-executive directors, are appointed by the Board. The Board believes the Committee's members have the necessary range of expertise to provide effective challenge to management.

The Chair of the Board acts as Chair of the Committee, except when the Committee is dealing with the matter of the succession of the Chair of the Board. On this occasion, the meeting would usually be chaired by the Senior Independent Director (SID).

The Committee Chair provides reports to the Board on the Committee's activities and attends the AGM to answer any questions from members about the Committee's activities.

The Committee met five times during the year. Information regarding the attendance of each of its members is provided on page 46.

Only members of the Committee have the right to attend meetings. Other individuals, such as the Chief Executive Officer, the Chief People Officer, 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 serves as the Secretary to the Committee, or her delegate attended all meetings of the Committee during the year.

The Committee is authorised to seek external legal or independent professional advice as it sees fit.

The Committee maintains an annual calendar of business to ensure that it discharges all its responsibilities during the year.

Committee governance

The Committee has carried out a review of its activities over the previous 12 months and has concluded that it operated and carried out its duties in accordance with its terms of reference. The Committee's 2025 performance review was carried out as part of an overarching Board and Committee evaluation, conducted by the Chair of the Board by way of individual conversations with directors and the Executive. A report highlighting the principal findings was presented to the Board and its Committees post year end.

The terms of reference of the Nomination Committee are required to be reviewed annually to ensure that they continue to be fit for purpose. A copy of the terms of reference can be found on our website at www.the-exeter.com.

Brief summary of the Nomination Committee's activities during 2025

- Progressed the search process to identify a candidate for appointment to the Board as an Independent Non-Executive Director.
- 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 non-executive director to be effective post year end.
- 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 from the independent external evaluation process.

Membership

Peter Hubbard (Chair)
Helen McEwan
Suzanne Clark
Kelvin Malayapillay
Donald MacLean

The Committee's Key Areas of Focus

The Committee's key areas of focus for 2025 were:

Board composition	• Leading the selection and appointment of James Shepherd as an independent non-executive director of the Board, alongside the appointment of Suzy Esson as an Executive Director. Both appointments took effect post year end. • 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. • Reviewed the non-executive directors' succession plan.
Equity, Diversity and Inclusion	• Received updates in respect of equity, diversity and inclusion. • 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" framework.
Governance and oversight	• Reviewed and recommended to the Board the annual election and re-election of directors at the 2025 AGM. • Reviewed the Executive Committee and senior management structure including succession planning, including the short-term succession plan. • Monitored compliance with the senior managers 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.

Board composition

The Committee has assessed the composition and size of the Board and concludes that it provides a good balance of skills, experience, knowledge, diversity and independence.

Directors' biographies and an overview of their skills and experience can be found on pages 43 to 46.

Board diversity

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.

Board independence

All of the Non-Executive Directors are considered by the Board to be independent. Helen McEwan, having served as a director for nine years as of September 2025, has had her service agreement extended by a further three years, subject to her annual re-election at each AGM. The Board remains satisfied that, based on her participation in meetings and her contribution outside of the boardroom, Ms McEwan continues to demonstrate independence of character in the performance of her role. Furthermore, the extension of Ms McEwan's appointment will ensure continuity given the relatively short tenures of the other independent Non-Executive Directors.

Peter Hubbard met the independence criteria having regard to the Code on his appointment as Chair and there have been no significant additions to his external commitments since his appointment.

Directors' time commitment

The Society provides an estimated indication of the time commitment expected from its independent non-executive directors 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 committed by 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. The Committee's conclusion is that all of the non-executive directors were generous with the time they allocated to the Society during the year.

Election and re-election of non-executive directors

Before the Board recommends a non-executive director for election or re-election at the Annual General Meeting, the Committee evaluates their 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.

All directors stood and were re-elected at the AGM in June 2025. Post year end the Committee will consider directors for election and re-election at the June 2026 AGM.

Board succession planning

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.

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 meetings in September and December 2025, the Committee reviewed the revised talent and succession plan and the second iteration of the leadership development programme, both of which are aligned with the leadership framework and business strategy.

Board appointments

During the year the Committee identified the need to further expand the Board's composition in order to ensure an appropriate balance of independent and non-independent representation. The following appointments commenced post year end:

- Suzy Esson (Executive Director)
- James Shepherd (Independent Non-Executive Director)

The selection process is outlined below.

Selection and appointment process

In identifying suitable candidates for appointment to the Board, the Committee always considers candidates on merit against the role specification. The appointment process is led by the Chair of the Board, except where the appointment is for their successor, in which case it would be led by the senior independent non-executive director (SID). Before a Board appointment is made, the Nomination Committee approves a candidate specification setting out the responsibilities of the role and necessary skills and capabilities. The Board promotes an environment which is supportive of individuals from diverse backgrounds and endeavours to apply the following process:

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. • Agree the desirable qualities, having regard to the Society's business model, strategy, external environment and stakeholders.
Role brief development	• Develop a comprehensive role brief for the position to be filled, setting out the required skills, experience and time commitment, with reference to the Society's EDI policy, and any other key corporate governance requirements.
Shortlisting	• Liaise with the external search agency to develop an initial long list of candidates representing a broad range of backgrounds. • The Committee Chair / Board Chair, Chief Executive, and Chief People Officer work with the search agency to refine the list and prepare a short list.
Interview	• To assess the candidates, a formal multiple-stage interview process is used. • Initial interviews are held with the Committee Chair / Board Chair supported by the Chief Executive and the Chief People Officer resulting in two final candidates for consideration. • Committee members interview the two final candidates and provide feedback to the Committee Chair / Board Chair, the Chief Executive and the Chief People Officer. • The preferred candidate is then interviewed by the remaining Board members prior to formal appointment to the Board.
Due diligence and recommendation	• A comprehensive due diligence and role referencing process is undertaken. • Upon satisfactory completion, the Committee recommends to the Board the appointment of the successful candidate.

Depending on the succession plan and areas of strategic focus that might require support, where appropriate the Committee may seek candidates who have limited experience of the protection and health insurance sectors if they have relevant transferable skills (for example, significant experience obtained in large, complex organisations). The Committee believes that this approach will help attract a wide range of talented candidates.

Induction Process

The Committee Chair, supported by the Company Secretary, oversees the induction programme for any new director, which is designed to help establish a broad knowledge and full understanding of the Group's strategy, business, challenges and culture. The induction process ensures that a 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 internal and external auditors;
- the option for informal introductory meetings with other colleagues;

- if required, formal external director training, 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.

Board training and development

The Chair of the Board is responsible for leading the development and training of the directors, taking into account the findings of the annual Board performance evaluation and conversations regarding each director's performance. Additional briefings and training sessions are provided for Board members and directors are committed to their own continuing professional development (CPD), undertaking the training they consider necessary to assist them in carrying out their duties. In addition, in 2025, the Board undertook Cyber Security Training.

During the year, following adoption of the recommendations from the external Board performance evaluation complete by Demyst Board Sciences in 2024, the Board participated in a series of development sessions, the purpose being to further strengthen cohesion and collaboration, build a unified decision-making environment and enhance the Board's performance. The results of the development programme and broader improvements made since the Demyst evaluation were considered as part of the Board and Committee's 2025 evaluation. A report highlighting the principal findings is due to be presented to the Board and its Committees post year end.

Equity, Diversity and Inclusion

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
08 April 2026

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 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 46.

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 skills and 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. 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 Security Services (UK) Ltd for the provision of custodian services for the Society's investments. Every three years a review is undertaken, with the latest in December 2025, 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 2028.

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

Below is a summary of the Committee's responsibilities:

- 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 2025

- 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
Suzanne Clark
Kelvin Malayapillay
Donald MacLean
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 2025 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 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.
Other matters	• Monitored the performance and ongoing appointment of the external investment managers, considering their performance, capabilities and overall management costs. • Conducted a three-year desk review on RLAM in December 2025, 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 2028.

Helen McEwan
Investment Committee Chair
08 April 2026

Remuneration Committee

Role of the Committee

The Committee is responsible for determining the Society's 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, ensuring that executive director remuneration is aligned to the performance outcome by the Board.

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.

In summary, the Committee:

- Oversees the development of the Society's remuneration strategy and policy;
- Provides oversight of the implementation of the remuneration policy for all executive 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 agrees the objectives of 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 the executive directors 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 benefit structures; and
- Agrees the policy for authorising claims for expenses from the directors.

Membership and operation of the Committee

The members of the Remuneration Committee are appointed by the Board upon the recommendation of the Nomination Committee. 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.

The Committee met eight times during the year. Information regarding the attendance of each of its members is provided on page 46.

Committee meetings are attended by representatives of KPMG LLP, who were appointed by the Committee as its remuneration consultants in 2024, following a rigorous tender process. Other regular attendees at Committee meetings during the year included the Chief People Officer and, where appropriate, the Chief Executive. The Company Secretary, who serves as the Secretary to the Committee, or her delegate attended all meetings of the Committee during the year.

Summary of the Remuneration Committee's activities during 2025

- Determined the Executive and colleague compensation, including pay increases, termination payments and bonus awards.
- Set the Board Chair's fee.
- Commissioned and considered the output from an external benchmarking exercise of executive remuneration.
- In conjunction with the remuneration consultants, started to consider the potential design, structure and areas of incentivisation for a Long-Term Incentive Plan (LTIP), which will better reflect the current business needs, for consideration by the Board.
- Reviewed the 2025 Directors' Remuneration Report.
- Continued to work to embed the recommendations from the independent external evaluation process.

Membership

Kelvin Malayapillay (Chair)
Peter Hubbard
Suzanne Clark
Helen McEwan
Donald MacLean

The Committee Chair provides reports to the Board on the Committee's activities and attends the AGM to answer any questions from the Society's members about the Committee's work.

The Committee is authorised to seek external legal or independent professional advice as it sees fit.

The Committee maintains an annual calendar of business to ensure that it discharges all its responsibilities during the year.

Committee governance

During the year, the Committee has continued to work to close actions agreed following the 2024 Board and Committee effectiveness review conducted by external consultancy Demyst. This includes, with the assistance of KPMG, improving the remuneration policy and designing a potential new Executive LTIP to better reflect the nature and needs of the business today.

The Committee's 2025 performance review was carried out as part of an overarching Board and Committee evaluation, conducted by the Chair of the Board by way of individual conversations with directors and the Executive. A report highlighting the principal findings is due to be presented to the Board and its Committees post year end.

The Committee's terms of reference are reviewed annually to ensure they are fit for purpose. A copy of the terms of reference can be found on our website at www.the-exeter.com.

The Committee's key areas of focus

The Committee’s annual calendar of business ensures that sufficient time is allocated for thorough discussion and debate of reports and recommendations. The Committee’s key areas of focus and consideration for 2025 were:

Remuneration	• Evaluated the business performance for 2025 and proposed the final bonus scheme payments. • Continued to review the Executive Bonus schemes to ensure alignment with the business strategy and performance. • Considered the remuneration benchmarks for the Executive Directors taking into account external data from a wide range of comparators and with the help of remuneration consultants. • Led consideration and design of a potential Long Term Incentive Plan (LTIP) scheme which would be better aligned to the Society’s goals and needs supported by the remuneration consultants.
Business	• Consider evaluation metrics to ensure alignment with the business strategy.

Kelvin Malayapillay
Remuneration Committee Chair
08 April 2026

Directors' Remuneration Report

Statement by Chair of the Remuneration Committee

On behalf of the Board, I am very pleased to present the Directors' Remuneration Report for the year to 31 December 2025. 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.

The Board appreciated the high level of member support for the 2024 Remuneration Report, which received 97.7% of votes in favour at the 2025 AGM.

KPMG, as the Committee'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 reward executives appropriately for performance, taking into internal and external measures.

Kelvin Malayapillay
Remuneration Committee Chair
08 April 2026

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 Society and its stakeholders.
- Performance-related rewards are integral to the total remuneration package, ensuring alignment with the Society's strategic goals.
- The remuneration package is competitive within the market in which the Society 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 Society'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 Society'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 capabilities and experience relevant to the role and appropriate to contribute to the success of the Society.	Base salaries take into account: • Capabilities 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) and benchmarking carried out by KPMG. 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 capabilities 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 directors. 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 2025
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 2025 are provided on page 67.
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 66.
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 66.
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 66.

Comparability of Policy Across the Group

The following notes outline any differences in the Society's 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.

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 deferred for two years post-award. The deferred portion of the annual bonus award may be adjusted up or down during the deferral period to reflect subsequent performance. As a result, the total amount ultimately paid in respect of a bonus year, including deferred elements, may exceed the maximum bonus opportunity.

The Medical Director, who is an Executive Director and an independent advisor to management, does not participate in the bonus schemes.

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%
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 capabilities 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.

Copies of executive directors' service contracts are available for inspection at the Society's registered office.

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, based on the principle and provisions of 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.

Copies of the non-executive directors' letters of appointment are available for inspection at the Society's registered office.

Considerations Elsewhere in the Group

The Committee is aware of the potential disconnect that 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.

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 to and has had direct and open dialogue with members on executive director remuneration. The Directors' Remuneration Report is subject to a non-binding vote at the AGM.

Annual Report on Remuneration

The following table shows the breakdown of total remuneration for Directors in 2025 together with the prior year comparatives:

	2025 £000s						2024 £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	231	0	434	35	0	**700**	223	0	621	33	0	**877**
John Gunn[2]	0	0	161	0	0	**161**	217	0	311	33	0	**561**
Isobel Langton	385	0	422	58	0	**865**	372	0	598	56	0	**1,026**
Michael Payne	231	0	89	35	0	**355**	219	0	132	33	0	**384**
Professor Willie Hamilton	84	0	0	0	0	**84**	93	0	0	0	0	**93**
Sub-totals	**931**	**0**	**1,106**	**128**	**0**	**2,165**	**1,124**	**0**	**1,662**	**155**	**0**	**2,941**
Non-Executive Directors												
Keith Baldwin	0	0	0	0	0	**0**	37	0	0	0	0	**37**
Suzanne Clark	63	1	0	0	0	**64**	61	2	0	0	0	**63**
Peter Hubbard	101	4	0	0	0	**105**	98	3	0	0	0	**101**
Donald MacLean	60	2	0	0	0	**62**	38	1	0	0	0	**39**
Kelvin Malayapillay	59	1	0	0	0	**60**	56	1	0	0	0	**57**
Helen McEwan	69	3	0	0	0	**72**	61	3	0	0	0	**64**
Steve Payne	0	0	0	0	0	**0**	33	1	0	0	0	**34**
Sub-totals	**352**	**11**[3]	**0**	**0**	**0**	**363**	**384**	**11**[3]	**0**	**0**	**0**	**395**
Totals	**1,283**	**11**	**1,106**	**128**	**0**	**2,528**	**1,508**	**11**	**1,662**	**155**	**0**	**3,336**

(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, and Steve Bryan.

(2) John Gunn:
Resigned 26 June 2024

(3) 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 2024 and 2025 comparative salaries of the executive directors:

Name	As at April 2025	As at April 2024	Increase
Isobel Langton (Chief Executive)	£387,664	£376,373	3%
Steve Bryan (Director of Distribution and Marketing)	£232,599	£225,824	3%
John Gunn (Finance Director)[1]	£0	£225,824	N/A
Michael Payne (Chief Financial Officer)	£232,523	£225,750	3%
Professor Willie Hamilton (Medical Director)	£59,213	£57,488	3%

[1] John Gunn: Resigned 26 June 2024

Variable Pay - Executive Director Bonus Scheme

Variable pay at the Society is designed to enable managers and colleagues to share in the success of the Group and is payable upon 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 and is designed to deliver awards that reflect 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. 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.

2025					2024			
Component		Weight	Performance (on target =100%, maximum = 200%)	Contribution to performance	Component	Weight	Performance (on target =100%, maximum = 200%)	Contribution to performance
Technology Transformation		40%	88.3%	25%	Technology Transformation	40%	88%	40%
New Business Value Create		20%	107.5%	21.5%	New Business Value Create	30%	200%	60%
Cost to Serve Index		10%	103%	10.3%				
Financial Adviser Service Award		20%	50%	10%	Financial Adviser Service Award	20%	84%	10%
People Transformation		20%	200%	40%	People Transformation	10%	75%	15%
Total				106.7%	Total			125%
Remuneration Committee Override				-	Remuneration Committee Override			-
Corporate Award (target = 100%)				106.7%	Corporate Award (target = 100%)			125%

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.

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 with the Society for themselves, their spouse or partner and dependent children.

External fees received

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

Payments to past directors

No payments were made to any former Executive Directors during the year.

Payments for loss of office

No payments were made during the year.

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 non-executive directors (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 the 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.

On behalf of the Board

Kelvin Malayapillay
Remuneration Committee Chair
08 April 2026

Directors' Report

The Society's Board of Directors present their report, together with the audited consolidated financial statement of the Exeter Friendly Society Limited (the Society or The Exeter) and its subsidiaries (the Group), for the year ended 31 December 2025. 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 2025 the Society had 151,503 members (2024: 146,385). The Directors confirm that the Society did not carry out any activities outside its powers during the year.

The Directors' Report comprises pages 69 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 34 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 34 (inclusive)).

The following information, which would otherwise be required to be disclosed in the Directors' Report and which is incorporated into this report by reference can be found on the following pages of the Strategic Report:

- Strategy (page 3);
- Environmental, Social and Governance (page 19);
- Greenhouse gas emissions, energy consumption and energy efficiency action (page 20);
- Risk Management Report (page 14);
- Information on equality of employment opportunities and employee engagement (page 24);
- 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 27); and
- Business relationships with suppliers, customers, members and the effect of that regard, including any principal decisions taken (page 32).

Board of Directors

The Directors in office during 2025 were:

Steve Bryan	Donald MacLean
Suzanne Clark	Kelvin Malayapillay
William Hamilton	Helen McEwan
Peter Hubbard	Michael Payne
Isobel Langton	

The biographies of the Directors can be found on pages 43 to 46.

Annual General Meeting (AGM)

The Society's AGM will be held on 24 June 2026. Full details of the arrangements for the AGM and details of the resolutions to be proposed, together with explanatory notes, will be set out in the Notice of AGM and communicated to 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 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 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 delivered to 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.

Regulatory

Appointment and retirement of Directors

The appointment and retirement of directors is governed by the Society's Rules, the Act and the AFM Code. In addition, the Society has regard to the Code in relation to the appointment and retirement of directors.

Having regard to the Code, all directors retire and stand for election at the AGM every year. All eligible directors will retire and stand for election or re-election at the 2026 AGM.

Directors' interests

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.

Directors' insurance and indemnities

The Directors have the benefit of the indemnity provisions contained in the Society's Rules and throughout 2025, 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.

Regulatory

The Exeter 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 Exeter 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.

Principal Activities of the Society

The principal activities of the Group is the provision of health insurance, life insurance, and protection insurance.

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 27.

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 our Learning Hub, contracts of employment, colleague policies, 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, the Group is 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.

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's creditor days were 13 days at 31 December 2025 (2024: 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 19.

Charitable Donations and Political Contributions

No political donations were made in 2025 (2024: £nil). Donations totalling £48,000 (2024: £51,191) were given to charities during 2025. In addition to this figure an amount of £1,000 (2024: £1,500) was paid in respect of medical insurance policies that included hospice donations as a benefit.

Relations with Members

The Board is committed 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 2025, 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 (2024: £1.60)

Commuted Shares: £1.83 (2024: £1.83)

Interest Rates

Ordinary Accounts 5.5% (2024: 5.5%)

Commuting Members: 5.5% (2024: 5.5%)

Over 65's: 5.5% (2024: 5.5%)

The Terminal Bonus to be paid to all ordinary members whose policies mature or surrender from April 2026 will be 80% of the member's dividend account. The equivalent Terminal Bonus rate for April 2024 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 justified.

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 £58k (2024: £137k). 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 25 June 2025 until the conclusion of the 2026 AGM. Following a competitive tender, the Board recommends the appointment of Ernst & Young LLP as the Society's external auditor and accordingly a resolution will be proposed at the AGM to take place on 24 June 2026.

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 for the Society. The basis of preparation of the going concern is detailed in Note 1 on page 87.

The UK economic environment remains subject to uncertainty. Recent policy continues to focus on supporting economic stability and long–term growth through targeted public investment.

In the wider economic environment, financial markets have also experienced heightened volatility as global events influence energy prices, investor sentiment, and economic expectations. The Exeter's direct exposure to financial market volatility is relatively limited because assets and liabilities are closely matched, and the organisation maintains a prudent investment strategy designed to minimise unnecessary market risk. This approach helps to reduce sensitivity to sudden market movements, although broader financial conditions can still influence planning assumptions and long term outlook. Geopolitical tensions continue to contribute to this uncertain outlook. Ongoing conflict in Eastern Europe and the Middle East has sustained volatility in global energy markets and placed further pressure on inflation. These dynamics impact the wider UK economy and, in turn, the environment in which The Exeter operates.

Although the Group operates solely within the UK, it remains exposed to indirect impacts arising from global economic and geopolitical factors, particularly through inflationary pressures, financial market volatility and changes in the interest rate environment. These factors are monitored as part of the Group's ongoing risk management and going concern assessment. The Directors have not identified any conditions or events that cast significant doubt on the Group's ability to continue as a going concern, and no material adverse impact on operations is anticipated.

During 2024 a strategic decision was made to divest from the Cash Plan market. Consequently, The Exeter Cash Plan (ECP), was in a run-off phase during 2025.

Our investment strategy is heavily influenced by the Group's liabilities, its solvency position and its liquidity position. As at the end of 2025, there are no equity investments (2024 : £9m) with all assets being invested in liquid and 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 2025 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 2025 was £12m (2024: £22m). 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 2025 financial results and

2026-2028 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 2026-2028 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 2025. 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'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 2028.
- 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.

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 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 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.

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 the Friendly Societies Act 1992 and the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (the Regulations).

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 as at the end of the financial year and the income and expenditure of the Group 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 Group's transactions, that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Act and the regulations under it. They are also responsible for the system of internal control, for safeguarding the assets of the Group 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.

The Directors confirm that, to the best of their knowledge:

- the Group'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 the undertakings included in the consolidation 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;
- the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the Society's members to assess the Group's position, performance, business model and strategy;
- 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 ability to continue to do so for twelve months from the date of approval of the financial statements.

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.

Statement as to disclosure of information to the auditor

Each of the directors in office at the date of signing the Directors' Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group'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's independent auditors are aware of that information.

Signed on behalf of the Board of Directors:

Peter Hubbard
Board Chair
08 April 2026

Isobel Langton
Chief Executive
08 April 2026

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 2025 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 financial statements, which includes a summary of significant accounting policies, excluding the capital adequacy disclosures in Note 2 calculated in accordance with the Solvency UK regime which are marked as unaudited.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 of the Society's affairs as at 31 December 2025 and of the Group's and the Society's excess of expenditure over income on ordinary activities after tax 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 Society's ability to continue to adopt the going concern basis of accounting included but were not limited to:

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 those charged with governance 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's and the Society's gross long-term insurance asset, as disclosed in Note 1.2ii, Note 21 and Note 23, is significant at £160,690k (2024: £136,541k). The long-term contracts within the Group incorporate persistency assumptions that reflect expected policyholder behaviors relating to the continuation or lapse of policies. The persistency assumptions represent a significant component of the valuation of the long-term insurance contract asset. The best estimate asset is sensitive to the assumption and is subject to considerable estimation uncertainty. The Society establishes persistency assumptions based on a combination of internal experience data and professional judgement. This is in line with industry practice, particularly because the drivers of persistency experience can be specific to each insurer. The process incorporates several critical elements: the design methodology of the experience analysis, selection of appropriate investigation periods, systematic handling of notification delays for lapsed policies within the data management system, and implementation of manual adjustments to correct lapse status classifications in the underlying data systems. Given the materiality and subjectivity of the assumptions, we consider the Valuation of the gross long-term insurance contract asset – Persistency assumptions to be a significant risk and a key audit matter.	In conjunction with our actuarial specialists, we performed the following procedures to test the persistency assumptions: • Performed enquiries 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; • Critically assessing the investigation periods selected by management to check they are of an appropriate duration and in line with market practice; • 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's and the Society's gross long-term insurance asset, as disclosed in Note 1.2ii, Note 21 and Note 23, is significant at £160,690k (2024: £136,541k). It 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 expense assumptions as a significant area of risk within the valuation of the long-term insurance contract asset. The expense assumptions require significant judgement, particularly regarding projected in-force policies, cost savings, and 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 long-term insurance contract asset. Consequently, if these assumptions were inappropriate, they could lead to a material misstatement in the financial statements. We therefore identified the Valuation of the gross long-term insurance contract asset – Expenses assumptions as a fraud risk, significant risk and a key audit matter.	In conjunction with our actuarial specialists, we performed the following procedures to test the expenses assumptions: • Performed enquiries with senior management involved in the expenses assumptions setting process to understand the methodology and governance over the process; • Tested the design and implementation of key controls around the expenses assumptions, including 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; • Challenged the appropriateness of significant judgements made by 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 expense 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	Group: £3,580k (2024: £3,580k) Society: £3,527 (2024: £3,580k)
How we determined it	Materiality was set by reference to the sum of the Group's / Society's Fund for Future Appropriations ('FFA') and Reserves (of which it represented 2%) (2024: 2%).
Rationale for benchmark applied	The sum of the Group's and 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.
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 for the Group at £2,685k (2024: £2,685k) and for the Society £2,645k (2024: £2,685k), which represents 75% (2024: 75%) of overall materiality. When determining performance materiality, we considered our knowledge of the Group and the 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 (2024: £179k) for the Group and £176k (2024: £179k) for the Society, which represent 5% (2024: 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, its 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 components of the group, including the Society, were subject to full scope audit performed by the group audit team.

At the Society level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

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 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 applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and of 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 Society; or
- the Society 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 73, 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 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 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 its industry, we considered that non-compliance with the laws and regulations of the Prudential Regulation Authority (the 'PRA') and the Financial Conduct Authority (the '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 Group and the Society and the industry in which it operates, and considering the risk of acts by 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 Group and the Society is 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 listed above, 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: posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of the gross long-term insurance contract asset, revenue recognition (which we pinpointed to the cut-off assertion for new business premiums) and 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 inquiries 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 team 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 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 remained 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 ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ending 31 December 2020 to 31 December 2025.

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

Andrew Jones

Andrew Jones (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
08 April 2026

Consolidated Statements of Income and Expenditure for the year ended 31 December 2025

Technical Account - General Business	Notes	Group		Society	
		2025	2024	**2025**	2024
		£000	£000	**£000**	£000
Gross Premiums written	5	**76,547**	72,472	**76,553**	70,357
Change in the provision for unearned premiums	5	**(1,892)**	(7,406)	**(2,326)**	(7,566)
Earned premiums		**74,655**	65,066	**74,227**	62,791
Claims incurred					
- Claims paid	7	**(52,376)**	(43,577)	**(51,973)**	(41,816)
- Change in the provision for claims amount	8	**1,658**	(576)	**1,543**	(633)
Total claims incurred		**(50,718)**	(44,153)	**(50,430)**	(42,449)
Net operating expenses	9	**(31,112)**	(30,695)	**(30,879)**	(29,460)
Balance on the general business technical account		**(7,175)**	(9,782)	**(7,082)**	(9,118)

Technical Account - Long Term Business	Notes	Group		Society	
		2025	2024	**2025**	2024
		£000	£000	**£000**	£000
Gross premiums written	5	**58,423**	52,677	**58,423**	52,677
Outwards reinsurance premiums	5	**(19,218)**	(17,395)	**(19,218)**	(17,395)
Earned premiums net of reinsurance		**39,205**	35,282	**39,205**	35,282
Investment Income					
- Income from other investments	6	**146**	143	**146**	143
Unrealised gains on investments	6	**56**	35	**56**	35
Claims incurred, net of reinsurance					
- Gross claims paid	7	**(21,938)**	(19,816)	**(21,938)**	(19,816)
- Reinsurers' share	7	**13,307**	11,693	**13,307**	11,693
- Change in the provision for claims gross amount	8	**25,227**	790	**25,227**	790
- Change in the provision for claims reinsurers' share	8	**(8,054)**	6,836	**(8,054)**	6,836
- Bonus and rebates		**(780)**	(910)	**(780)**	(910)
Total claims incurred		**7,762**	(1,407)	**7,762**	(1,407)
Net operating expenses	9	**(44,410)**	(36,078)	**(44,410)**	(36,078)
Investment expenses and charges					
- Investment expenses and charges		**(4)**	(3)	**(4)**	(3)
- Value adjustment on financial liability financing		**(612)**	(494)	**(612)**	(494)
Total investment expenses and charges	6	**(616)**	(497)	**(616)**	(497)
Tax attributable to long term business		**0**	0	**0**	0
Excess of expenditure over income		**2,143**	(2,522)	**2,143**	(2,522)
Transfer to the fund for future appropriations		**(2,143)**	2,522	**(2,143)**	2,522
Balance on the long-term business technical account		**0**	0	**0**	0

Non-Technical Account		Group		Society	
		2025	2024	**2025**	2024
	Notes	**£000**	£000	**£000**	£000
Balance on the general business technical account		**(7,175)**	(9,782)	**(7,082)**	(9,118)
Balance on the long-term business technical account		**0**	0	**0**	0
Investment income	6				
- Income from other investments		**1,863**	2,036	**1,793**	1,947
Unrealised gains / (losses) on investments	6	**1,018**	(1,517)	**1,018**	(1,525)
Investment expenses and charges	6				
- Investment expenses and charges		**(101)**	(158)	**(101)**	(158)
- Gains / (losses) on realisation of investments		**39**	911	**(4)**	911
Movement in fair value of investment in subsidiary	14	**0**	0	**20**	(488)
Excess of expenditure over income on ordinary activities before tax		**(4,356)**	(8,510)	**(4,356)**	(8,431)
Tax on excess of expenditure over income on ordinary activities	12	**0**	0	**0**	0
Excess of expenditure over income on ordinary activities after tax		**(4,356)**	(8,510)	**(4,356)**	(8,431)

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 136 form part of these financial statements.

Consolidated Statements of Other Comprehensive Income and Expenditure

for the year ended 31 December 2025

		Group		Society	
		2025	2024	**2025**	2024
	Notes	**£000**	£000	**£000**	£000
Excess of expenditure over income on ordinary activities before tax		**(4,356)**	(8,510)	**(4,356)**	(8,431)
Actuarial gain / (loss) on pension scheme	20	**55**	(21)	**55**	(21)
Unrealised gain / (loss) on property revaluation		**38**	(158)	**38**	(158)
Total recognised loss in the year		**(4,263)**	(8,689)	**(4,263)**	(8,610)

The notes from pages 87 to 136 form part of these financial statements.

Statements of Changes in Equity
For the year ended 31 December 2025

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 2025

		Group		Society	
	Notes	**2025**	2024	**2025**	2024
		£000	£000	**£000**	£000
ASSETS					
Intangible assets					
- Intangible assets	15	**14,341**	9,990	**14,341**	9,990
Investments					
- Investments in group undertakings	14	**0**	0	**2,615**	2,595
- Other financial investments	17	**42,431**	61,123	**42,431**	59,271
Insurance contract asset					
- Insurance contract assets	21	**160,690**	136,541	**160,690**	136,541
Debtors					
- Debtors arising out of direct insurance and reinsurance operations	18	**36,697**	35,219	**36,634**	34,523
Other assets					
- Property and equipment	16	**2,554**	2,746	**2,554**	2,746
- Cash at bank		**10,991**	12,027	**8,349**	11,043
- Amounts due from subsidiary undertakings		**0**	0	**49**	90
- Pension scheme surplus	20	**204**	278	**204**	278
Prepayments and accrued income					
- Accrued interest		**48**	58	**48**	58
- Deferred acquisition costs	13	**7,910**	10,618	**7,910**	10,618
- Prepayments		**1,290**	804	**1,290**	783
Total Assets		**277,156**	269,404	**277,115**	268,536

	Notes	Group		Society	
		2025	2024	**2025**	2024
		£000	£000	**£000**	£000
LIABILITIES					
Reserves	19.1				
- General Business Fund reserve		**78,420**	81,101	**78,415**	81,098
- Revaluation reserve		**432**	394	**432**	394
- Pension reserve		**201**	146	**201**	146
Fund for future appropriations	19.2	**97,839**	97,372	**97,839**	97,372
Technical provisions	21				
- Provision for unearned premiums		**35,291**	33,399	**35,291**	32,965
- Reinsurers' share of technical provisions		**22,662**	14,608	**22,662**	14,608
- Unexpired Risk reserve		**901**	1,195	**901**	1,195
- Claims outstanding		**6,365**	7,565	**6,365**	7,450
- Members' dividend account		**8,526**	8,988	**8,526**	8,988
Financial liability - financing	24	**8,316**	6,028	**8,316**	6,028
Creditors					
- Creditors arising out of direct insurance and reinsurance operations	25	**5,547**	5,022	**5,537**	4,996
- Amounts due to subsidiary undertakings		**0**	0	**28**	28
- Other creditors including tax and social security	27	**5,582**	6,361	**5,582**	6,256
- Pension liability	20	**80**	90	**80**	90
Accruals and deferred income		**6,994**	7,135	**6,940**	6,922
Total Liabilities		**277,156**	269,404	**277,115**	268,536

The financial statements beginning on page 80 and the notes on pages 87 to 136 were approved and authorised for issue by the Board of directors on 8 April 2026 and were signed on its behalf by:

Peter Hubbard
Board Chair
8 April 2026

Isobel Langton
Chief Executive
8 April 2026

Statements of Cash Flows for the year ended 31 December 2025

	Notes	Group 2025 £000	Group 2024 £000	Society 2025 £000	Society 2024 £000
Cash flows from operating activities					
Cash generated from operating activities	28	**1,378**	3,417	**(209)**	4,066
Dividend income received	28	**80**	237	**80**	237
Interest income received	28	**1,929**	1,942	**1,859**	1,854
Net cash generated from operating activities		**3,387**	5,596	**1,730**	6,157
Cash flows from investing activities					
Purchase of property and equipment	16	**(42)**	(65)	**(42)**	(65)
Purchase of intangible assets	15	**(6,148)**	(6,058)	**(6,148)**	(6,058)
Net cash used in investing activities		**(6,190)**	(6,123)	**(6,190)**	(6,123)
Cash flows from financing activities					
Increase in financial liability - financing		1,750	1,914	1,750	1,914
Net cash generated from financing activities		**1,750**	1,914	**1,750**	1,914
Exchange rate gain / (loss) on cash and cash equivalents		**16**	(33)	**16**	(33)
Net (decrease) / increase in cash and cash equivalents		**(1,037)**	1,354	**(2,694)**	1,915
Cash and cash equivalents at the beginning of the year		**12,027**	10,673	**11,043**	9,128
Cash and cash equivalents at the end of the year[1]		**10,991**	12,027	**8,349**	11,043

[1] Cash and cash equivalents consist solely of cash at bank, of which £2.76m was held in trust by AXA in Barclays current accounts (2024: £3.0m)

The notes on pages 87 to 136 form part of these financial statements.

Analysis of change in net debt

Group	At 1 Jan 2025 £000	Cash Flows: Cash £000	Cash Flows: Non-cash £000	At 31 Dec 2025 £000
Cash and cash equivalents	12,027	(1,036)	**0**	10,991
Financial liabilities - financing (note 24)				
Financial liability - financing	**(5,107)**	(1,750)	74	(6,782)
Value adjustment on financial liability - financing	**(921)**	0	(612)	(1,533)
	(6,028)	**(1,750)**	**(538)**	**(8,316)**
Total	**5,999**	**(2,786)**	**(538)**	**2,676**

Society	At 1 Jan 2025 £000	Cash Flows: Cash £000	Cash Flows: Non-cash £000	At 31 Dec 2025 £000
Cash and cash equivalents	11,043	(2,694)	**0**	8,349
Financial liabilities - financing (note 24)				
Financial liability - financing	**(5,107)**	(1,750)	74	(6,782)
Value adjustment on financial liability - financing	**(921)**	0	(612)	(1,533)
	(6,028)	**(1,750)**	**(538)**	**(8,316)**
Total	**5,016**	**(4,444)**	**(538)**	**33**

Notes to the Consolidated Financial Statements
for the year ended 31 December 2025

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. All amounts are shown in thousands of pounds (£'000), unless otherwise stated.

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

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 eliminated 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, including policies with reviewable premiums, the contract boundary has been determined in accordance with Solvency UK regulations, which require cash flows to be included up to the point at which the insurer has a unilateral right to terminate the contract or reprice the policy to fully reflect the risks of the individual policyholder. As premiums are underwritten at outset and subsequent premium reviews are applied on a portfolio basis rather than reflecting individual policyholder risk, the contract boundary extends to the policy retirement date.

The determination of the contract boundary represents a significant judgement; however, this judgement is made within a clearly defined regulatory framework set out by the PRA and Solvency UK, and is applied consistently across the portfolio. The valuation is sensitive to lapse assumptions over the extended contract boundary, and these sensitivities are disclosed to reflect the estimation uncertainty inherent in long-term projections. The Society's Directors are satisfied that this approach is fully compliant with Solvency UK requirements and consistent with industry practice for income protection contracts with reviewable premiums.

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 2025 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. 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**.

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. This treaty covers a mass lapse of at least 30% of policies, up to 40% of policies over a one-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 2025, this was 9.4% (2024: 9.9%) 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 2025. 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 measured in the Balance Sheet at fair value through profit and loss, with any changes in fair value recognised in the Statement of Income and Expenditure.

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 asset

The methodology for calculating long term insurance contract assets 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. For 2025, the actual CLRs by product for the whole of 2025 were used. The 2024 CLR was manually adjusted to include a large claim expected, this manual adjustment was removed during 2025.

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

The Society's objective is to maintain a strong solvency position in order to protect members' interests. This objective is achieved through Board approved capital targets set within the Society's risk appetite framework.

Capital adequacy is monitored on an ongoing basis using forward–looking solvency projections, with the Own Risk and Solvency Assessment (ORSA) being the primary tool for assessing the Society's capital position under both business–as–usual and stressed scenarios. The outcomes of these assessments are reviewed by the Board and used to inform strategic decision making. Where capital coverage is projected to move outside risk appetite or tolerance, management actions are identified and considered to restore the capital position. As a Friendly Society, the Society does not issue external capital and therefore relies on retained capital to maintain an appropriate level of solvency.

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	
	2025	**2024**
	£000	**£000**
Available capital	**70,503**	**72,676**
Capital requirements:		
MCR	4,867	5,174
SCR	19,470	20,695
Available capital as a % of MCR	1448%	1405%
Available capital as a % of SCR	362%	351%

Long Term Fund (unaudited)

	Long term Business Fund	
	2025	**2024**
	£000	**£000**
Available capital	**89,254**	**89,980**
Capital requirements:		
MCR	16,500	15,704
SCR	66,002	62,816
Available capital as a % of MCR	541%	573%
Available capital as a % of SCR	135%	143%

The Exeter Cash Plan (unaudited)

	Exeter Cash Plan	
	2025	2024
	£000	£000
Available capital	**2,591**	2,554
Capital requirements:		
MCR	2,400	2,400
SCR	197	557
Available capital as a % of MCR	108%	106%
Available capital as a % of SCR	1314%	458%

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	
	Note	**2025**	2024	**2025**	2024
Statutory fund for future appropriations		**£000**	£000	**£000**	£000
Opening fund for future appropriations		**97,372**	100,492	**97,372**	100,492
Transfer to / (transfer from) the fund for future appropriations		**467**	(3,120)	**467**	(3,120)
Closing fund for future appropriations		**97,839**	97,372	**97,839**	97,372
Reconciliation to Solvency UK own funds (unaudited)					
Closing fund for future appropriations		**97,839**	97,372	**97,839**	97,372
Adjustments required for Solvency UK:		**(8,585)**	(6,882)	**(8,585)**	(6,882)
Own funds under Solvency UK		**89,254**	90,490	**89,254**	90,490

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 £97.8 million (2024: £97.4 million).

2.3 Capital management - General insurance business

	Note	Group		Society	
	Note	**2025**	2024	**2025**	2024
Statutory reserves		**£000**	£000	**£000**	£000
Opening reserves		**81,147**	89,727	**81,637**	89,649
Excess of expenditure over income		**(2,680)**	(8,401)	**(2,680)**	(7,833)
Actuarial gain / (loss) on pension scheme		**55**	(21)	**55**	(21)
Unrealised gain / (loss) on property revaluation		**38**	(158)	**38**	(158)
Closing Reserves		**78,560**	81,147	**79,050**	81,637
Reconciliation to Solvency UK own funds (unaudited)					
Closing reserves		**78,560**	81,147	**79,050**	81,637
Adjustments required for Solvency UK:		**(5,466)**	(5,917)	**(8,547)**	(8,961)
Own funds under Solvency UK		**73,094**	75,230	**70,503**	72,676

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

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 (2024: £2.6 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, 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 2025. The table below sets them out by type of contract.

		2025			2024	
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
Group (note 21.3)	**£000**	**£000**	**£000**	£000	£000	£000
Holloway income protection	**6,330**	**0**	**6,330**	5,849	0	5,849
Other income protection	**(133,519)**	**22,269**	**(111,250)**	(120,581)	19,900	(100,681)
Term assurance	**(33,501)**	**393**	**(33,108)**	(21,809)	(5,292)	(27,101)
Total	**(160,690)**	**22,662**	**(138,028)**	(136,541)	14,608	(121,933)
Society (note 21.3)	**£000**	**£000**	**£000**	£000	£000	£000
Holloway income protection	**6,330**	**0**	**6,330**	5,849	0	5,849
Other income protection	**(133,519)**	**22,269**	**(111,250)**	(120,581)	19,900	(100,681)
Term assurance	**(33,501)**	**393**	**(33,108)**	(21,809)	(5,292)	(27,101)
Total	**(160,690)**	**22,662**	**(138,028)**	(136,541)	14,608	(121,933)

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**	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
UK	**5,518**	6,790	**5,518**	6,675
International	**115**	207	**115**	207
Total	**5,633**	6,997	**5,633**	6,882

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	2023 £000	2024 £000	2025 £000	Total £000
Estimate of ultimate claims costs				
At the end of the reporting year	32,666	44,593	51,267	128,526
One year later	31,185	44,050		
Two years later	31,185			
Current estimate of cumulative claims incurred	31,185	44,050	51,267	126,502
Cumulative payments to date	(31,185)	(44,050)	(45,634)	(120,869)
Liability recognised in the balance sheet	0	0	5,633	5,633
Reserve in respect of prior years				0
Total reserve included in the balance sheet	0	0	5,633	5,633

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.

A 1% increase in interest rates would result in a 5.4% fall (2024: 5.8% fall) in available funds (assets less liabilities in the ORSA) at the end of 2025. A 1% decrease in interest rates would result in a 6.0% increase in available funds (2024: 6.5% 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% (2024: 0.1%). A 1% fall in interest rates would decrease the projected discounted cash flows by 0.1% (2024: 0.1%).

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	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Debt securities - UK securities (notes 17.2 and 17.3)	**12,216**	19,612	**12,216**	19,612
Financial liability - financing	**347**	422	**347**	422
Insurance receivables (notes 18.1 and 18.2)	**36,697**	35,219	**36,634**	34,523
Cash and cash equivalents	**10,991**	12,027	**8,349**	11,043
Total assets bearing credit risk	**60,251**	67,280	**57,546**	65,600

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 2025, 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	12,216	0	0	0	0	**12,216**
Corporate bonds	2,241	2,145	4,617	17,687	2,101	1,077	**29,868**
Financial reinsurance	0	347	0	0	0	0	**347**
Debtors arising out of direct insurance operations	0	0	0	0	0	36,697	**36,697**
Cash and cash equivalents	0	0	10,990	0	0	0	**10,990**
Total Assets	**2,241**	**14,708**	**15,607**	**17,687**	**2,101**	**37,774**	**90,118**

Society

	AAA	**AA**	**A**	**BBB**	**B**	**Unrated**	**Total**
	£000	£000	£000	£000	£000	£000	£000
Government securities	0	12,216	0	0	0	0	**12,216**
Corporate bonds	2,241	2,145	4,617	17,687	2,101	1,077	**29,868**
Financial reinsurance	0	347	0	0	0	0	**347**
Debtors arising out of direct insurance operations	0	0	0	0	0	36,634	**36,634**
Cash and cash equivalents	0	0	8,350	0	0	0	**8,350**
Total Assets	**2,241**	**14,708**	**12,967**	**17,687**	**2,101**	**37,711**	**87,415**

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
Financial reinsurance	0	422	0	0	0	0	422
Debtors arising out of direct insurance operations	0	0	0	0	0	35,219	35,219
Cash and cash equivalents	0	0	12,024	1	0	0	12,025
Total Assets	1,060	22,307	19,261	17,872	2,345	36,301	99,146

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
Financial reinsurance	0	422	0	0	0	0	422
Debtors arising out of direct insurance operations	0	0	0	0	0	34,523	34,523
Cash and cash equivalents	0	0	11,042	1	0	0	11,043
Total Assets	988	22,128	17,816	16,760	2,319	35,605	95,616

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 16.

Group

Undiscounted profile of financial liabilities and obligations 2025	2025 - 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	42,558	0	0	0	**42,558**
- Reinsurers' share of insurance contract assets (long term business fund)	6,733	16,557	15,990	(16,618)[1]	**22,662**
Financial liability - financing					
- Financing (note 24)	3,166	5,150	0	0	**8,316**
Post-employment benefits obligations (note 20)					
- Pension benefit obligation (long term business fund)	0	0	80	0	**80**
Trade and other payables					
- Insurance payables (note 21)	5,547	0	0	0	**5,547**
- Other creditors including tax and social security (note 27)	5,582	0	0	0	**5,582**
- Accruals and deferred income	6,994	0	0	0	**6,994**
Total financial liabilities	**70,579**	**21,707**	**16,070**	**(16,618)**	**91,738**

Undiscounted 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**

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

Society

Undiscounted profile of financial liabilities and obligations 2025	2025 - 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	42,558	0	0	0	42,558
- Reinsurers' share of insurance contract assets (long term business fund)	6,733	16,557	15,990	(16,618)	22,662
Financial liability - financing					
- Financing (note 24)	3,166	5,150	0	0	8,316
Post-employment benefits obligations (note 20)					
- Pension benefit obligation (long term business fund)	0	0	80	0	80
Trade and other payables					
- Insurance payables (note 21)	5,537	0	0	0	5,537
- Amounts due to subsidiary undertaking	28	0	0	0	28
- Other payables including tax and social security (note 27)	5,582	0	0	0	5,582
- Accruals and deferred income	6,940	0	0	0	6,940
Total financial liabilities	**70,543**	**21,707**	**16,070**	**(16,618)**	**91,702**

Undiscounted 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**

Fair value estimate - Group

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

	Group			
2025	**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)	27,820	2,048	0	**29,868**
- Debt securities and other fixed income securities (note 17.2)	0	12,216	0	**12,216**
- Financial asset (note 24)	0	0	347	**347**
Total assets at fair value	**27,820**	**14,264**	**347**	**42,431**
Liabilities:				
Financial liabilities - financing at fair value through income				
- Financial liability (note 24)	0	0	8,316	**8,316**
Total liabilities at fair value	**0**	**0**	**8,316**	**8,316**

	Group			
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)	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**

[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			
2025	**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)	27,820	2,048	0	**29,868**
- Debt securities and other fixed income securities (note 17.2)	0	12,216	0	**12,216**
- Financial asset (note 24)	0	0	347	**347**
Total assets at fair value	**27,820**	**14,264**	**347**	**42,431**
Liabilities:				
Financial liabilities - financing at fair value through income				
- Financial liability financing (note 24)	0	0	8,316	**8,316**
Total liabilities at fair value	**0**	**0**	**8,316**	**8,316**

	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)	0	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**

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	
		2025	2024	**2025**	2024
		£000	£000	**£000**	£000
Long Term Business - gross premiums written					
	Holloway income protection	**2,153**	2,360	**2,153**	2,360
	Life products	**16,653**	15,509	**16,653**	15,509
	Other income protection	**39,617**	34,808	**39,617**	34,808
Gross premiums written		**58,423**	52,677	**58,423**	52,677
Outward reinsurance premiums		**(19,218)**	(17,395)	**(19,218)**	(17,395)
Earned premiums net of reinsurance		**39,205**	35,282	**39,205**	35,282
General Business - gross premiums written					
	UK	**76,246**	71,333	**76,252**	69,218
	International	**301**	1,139	**301**	1,139
Gross premiums written		**76,547**	72,472	**76,553**	70,357
Change in gross provision for unearned premiums		**(1,892)**	(7,406)	**(2,326)**	(7,566)
Earned premiums		**74,655**	65,066	**74,227**	62,791

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	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Income from investments at fair value:								
Interest income	**1,782**	1,799	**146**	143	**1,713**	1,710	**146**	143
Dividend income	**80**	237	**0**	0	**80**	237	**0**	0
Net gains on the realisation of investments - debt securities	**101**	911	**0**	0	**57**	911	**0**	0
Total investment income	**1,963**	2,947	**146**	143	**1,850**	2,858	**146**	143
Investment expenses and charges								
Total unrealised losses								
Losses on realisation of investments - equities	**(62)**	0	**0**	0	**(62)**	0	**0**	0
Value adjustment on the financial liability - financing	**0**	0	**(612)**	(494)	**0**	0	**(612)**	(494)
Investment management expenses	**(101)**	(158)	**(4)**	(3)	**(101)**	(158)	**(4)**	(3)
Total investment expenses	**(163)**	(158)	**(616)**	(497)	**(163)**	(158)	**(616)**	(497)
Unrealised gains / (losses) on investments - debt securities	**687**	(681)	**56**	35	**687**	(688)	**56**	35
Unrealised gains / (losses) on investments - equities	**331**	(836)	**0**	0	**331**	(836)	**0**	0
Total investment return	**1,018**	(1,517)	**56**	35	**1,018**	(1,524)	**56**	35

7 Net benefits and claims

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Long term fund:				
Claims paid during the year	**19,732**	17,785	**19,732**	17,785
Payment of terminal bonuses	**964**	873	**964**	873
Change in the members' dividend account excluding interest & dividend credited	**1,242**	1,158	**1,242**	1,158
Long term insurance contracts benefits and claims payable	**21,938**	19,816	**21,938**	19,816
Reinsurers' share of gross benefits and claims	**(13,307)**	(11,693)	**(13,307)**	(11,693)
Long term insurance contracts - Net benefits and claims	**8,631**	8,123	**8,631**	8,123
General fund:				
Gross claims	**52,376**	43,577	**51,973**	41,816
General insurance contracts benefits and claims payable	**52,376**	43,577	**51,973**	41,816
General insurance contracts - Net benefits and claims	**52,376**	43,577	**51,973**	41,816
Net benefits and claims	**61,007**	51,700	**60,604**	49,939

8 Net change in insurance contract liabilities

General Fund

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Increase in gross insurance contract liabilities	**234**	7,983	**783**	8,200
Change in provision for unearned premium	**(1,892)**	(7,406)	**(2,326)**	(7,566)
Net change in insurance contract liabilities	**(1,658)**	576	**(1,543)**	634

Long Term Fund

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
(Increase) / decrease in gross insurance contract assets	**(24,447)**	120	**(24,447)**	120
Provision for bonuses and rebates	**(780)**	(910)	**(780)**	(910)
Gross change in insurance contract assets	**(25,227)**	(790)	**(25,227)**	(790)
Reinsurers' share of gross change in insurance contract assets				
Change in long term insurance contract liabilities	**8,054**	(6,836)	**8,054**	**(6,836)**
Net change in insurance contract assets	**(17,172)**	(7,626)	**(17,172)**	(7,626)

Further analysis regarding the movement in insurance contract assets/liabilities can be found in Note 21.

9 Net operating expenses

General Fund

	Group		Society	
	2025	2024	**2025**	**2024**
	£000	£000	**£000**	£000
Acquisition costs (excluding commissions)	**6,691**	5,341	**6,691**	4,809
Change in deferred acquisition costs (excluding commissions)	**6**	(10)	**6**	(31)
Administrative expenses	**7,092**	8,428	**6,860**	7,935
Net operating expenses (excluding commission to brokers)	**13,789**	13,759	**13,557**	12,713
Commission and introductory fees	**14,620**	18,051	**14,619**	17,920
Change in deferred acquisition costs (commission)	**2,703**	(1,115)	**2,703**	(1,173)
Commission to brokers	**17,323**	16,936	**17,322**	16,747
Net operating expenses (including commission to brokers)	**31,112**	30,695	**30,879**	29,460

Long Term Fund

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Acquisition costs (excluding commissions)	**12,740**	10,959	**12,740**	10,959
Administrative expenses	**11,930**	11,048	**11,930**	11,048
Net operating expenses (excluding commission to brokers)	**24,670**	22,007	**24,670**	22,007
Commission and introductory fees	**19,740**	14,071	**19,740**	14,071
Commission to brokers	**19,740**	14,071	**19,740**	14,071
Net operating expenses (including commission to brokers)	**44,410**	36,078	**44,410**	36,078

Net operating expenses include:	Group		Society	
	2025	2024	**2025**	2024
Auditor's remuneration net of VAT:	**£000**	£000	**£000**	£000
Fees payable to the Society's auditor for the audit of the Society's and Group's annual accounts	**372**	392	**372**	392
Audit of the accounts of subsidiaries	**55**	58	**0**	0
Total auditor's remuneration	**428**	450	**372**	392
Depreciation of tangible assets (note 16)	**271**	271	**271**	271
Amortisation of intangible assets (note 15)	**1,371**	748	**1,371**	748
Intangible asset - change in UEL (note 15)	**411**	783	**411**	783
Aggregate amount of directors' emoluments	**2,165**	2,941	**2,165**	2,941

10 Employee information

	Group		Society	
	2025	2024	**2025**	2024
	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	**222**	201	**222**	201
Business development	**31**	29	**31**	29
Average full-time equivalents in the year	**253**	230	**253**	230
The closing full-time equivalent at 31 December was:	**259**	237	**259**	237
Staff costs for the above persons were:	**£000**	£000	**£000**	£000
Wages and salaries	**19,717**	18,709	**19,701**	18,291
Social security costs	**1,938**	1,572	**1,930**	1,541
Other pension costs	**1,579**	1,397	**1,573**	1,374
Total staff costs	**23,234**	21,678	**23,204**	21,206

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	
	2025 Number	2024 Number	**2025 Number**	2024 Number
Executive				
£0 - £99,999	**1**	1	**1**	1
£100,000 - £199,999	**1**	0	**0**	0
£200,000 - £299,999	**0**	0	**1**	0
£300,000 - £399,999	**1**	1	**0**	1
£400,000 - £499,999	**0**	0	**1**	0
£500,000 - £599,999	**0**	1	**0**	1
£600,000 - £699,999	**0**	0	**0**	0
£700,000 - £799,999	**1**	0	**1**	0
£800,000 - £899,999	**1**	1	**0**	1
£900,000 - £999,999	**0**	1	**1**	1
Total	**5**	5	**5**	5
Non-executive				
£10,000 - £49,999	**0**	3	**0**	3
£50,000 - £59,999	**0**	1	**0**	1
£60,000 - £69,999	**3**	2	**3**	2
£70,000 - £79,999	**1**	0	**1**	0
£80,000 - £89,999	**0**	0	**0**	0
£90,000 - £99,999	**0**	0	**0**	0
£100,000 - £109,999	**1**	1	**1**	1
Total	**5**	7	**5**	7

Defined Contribution Pension benefits were accruing to three executive directors as at 31 December 2025 (2024: four). The aggregate amount of pension contributions made by the Society to the Executive directors was £127k (2024: £155k). Pension contributions in respect of the highest-paid director for the year amounted to £58k (2024: £56k). The highest paid director received £962k in remuneration (2024: £1,026k).

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 62.

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	
	2025	2024	**2025**	2024
	£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% (2024: effective rate 25%).

12.2 Reconciliation of current tax expense

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
(Deficit) / surplus before tax from continuing operations	**(4,356)**	(8,510)	**(4,356)**	(8,431)
Tax at standard corporation tax rate 25% (2024: 25%)	**(1,089)**	(2,128)	**(1,089)**	(2,108)
Effects of:				
Effect of the Society's business being tax exempt	**1,094**	1,986	**1,089**	2,108
Remeasurement of deferred tax for changes in tax rates	**0**	1	**0**	0
Movement in deferred tax not recognised in Exeter Cash Plan	**(5)**	141	**0**	0
Tax on income for the year	**0**	0	**0**	0

Total accumulated tax losses as at the reporting date is £13,767k (2024: £13,160k).

For the financial year ended 31 December 2025, 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 2025		**10,618**	**10,618**
Total acquisition costs deferred			
	Commission and introductory fees	7,435	7,435
	Other acquisition costs	475	475
Total acquisition costs amortised			
	Commission and introductory fees	(10,137)	(10,137)
	Other acquisition costs	(481)	(481)
At 31 December 2025		**7,910**	**7,910**
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**

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 for this entity were released in full during 2024.

14 Investments in group undertakings

The Society investment in subsidiaries can be analysed as follows:

	2025	2024
	General Business Fund	General Business Fund
	£000	£000
Cost at 1 January	**5,852**	5,852
Cost at 31 December	**5,852**	5,852
Cumulative fair value change at 1 January	**(3,257)**	(2,769)
Movement in fair value during the year	**20**	(488)
Cumulative fair value change at 31 December	**(3,237)**	(3,257)
Carrying value at 31 December	**2,615**	2,595

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 2025 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 2025 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

	2025		2024	
	Software and licenses	**Total**	Software and licenses	Total
Cost:	**£000**	**£000**	£000	£000
Cost at 1 January	13,834	13,834	8,225	8,225
Additions	6,148	6,148	6,058	6,058
Impairment	(13)	(13)	0	0
Disposals and write-offs	(350)	(350)	(449)	(449)
Cost at 31 December	**19,619**	**19,619**	13,834	13,834
Accumulated amortisation:				
Provision at 1 January	3,844	3,844	3,546	3,546
Amortisation	1,783	1,783	747	747
Disposals and write-offs	(349)	(349)	(449)	(449)
Provision at 31 December	**5,278**	**5,278**	3,844	3,844
Carrying value at 31 December	**14,341**	**14,341**	9,990	9,990

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 2025	2,150	1,157	206	192	3,705
Additions	0	24	0	18	42
Disposals	0	(3)	(5)	(33)	(41)
Revaluation	0	0	0	0	0
At 31 December 2025	**2,150**	**1,178**	**201**	**177**	**3,706**
Accumulated depreciation:					
At 1 January 2025	0	742	122	96	960
Provision for the year	38	157	41	35	271
Revaluation adjustment	(38)	0	0	0	(38)
Disposals	0	(3)	(5)	(33)	(41)
At 31 December 2025	**0**	**896**	**158**	**98**	**1,152**
Net book value at 31 December 2025	**2,150**	**282**	**43**	**79**	**2,554**

	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**

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 2025 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 £1,186k (2024: £1,224k).

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	
	2025	2024	**2025**	2024
Securities:	**£000**	£000	**£000**	£000
At 1 January	**60,701**	81,221	**58,849**	79,377
Additions	**1,698**	1,979	**1,698**	1,979
Disposals at fair value	**(21,420)**	(21,017)	**(19,536)**	(21,017)
Changes in Market value	**1,105**	(1,482)	**1,073**	(1,490)
At 31 December	**42,084**	60,701	**42,084**	58,849
Financial asset - financing:				
At 1 January	**422**	334	**422**	334
Movement in financial asset	**(75)**	88	**(75)**	88
At 31 December	**347**	422	**347**	422
Total	**42,431**	61,123	**42,431**	59,271

17.2 Fair value through income - Group

	2025					
	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:	27,820	27,346	2,048	1,938	29,868	29,284
	27,820	**27,346**	**2,048**	**1,938**	**29,868**	**29,284**
Debt securities and other fixed income securities	12,216	12,434	0	0	12,216	12,434
	12,216	**12,434**	**0**	**0**	**12,216**	**12,434**
Total securities	**40,036**	**39,780**	**2,048**	**1,938**	**42,084**	**41,718**
Financial reinsurance	**0**	**0**	**347**	**347**	**347**	**347**
Total	**40,036**	**39,780**	**2,395**	**2,285**	**42,431**	**42,065**

	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**

17.3 Fair value through income – Society

	2025					
	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:	27,820	27,346	2,048	1,938	29,868	29,284
	27,820	**27,346**	**2,048**	**1,938**	**29,868**	**29,284**
Debt securities and other fixed income securities	12,216	12,434	0	0	12,216	12,434
	12,216	**12,434**	**0**	**0**	**12,216**	**12,434**
Total securities	**40,036**	**39,780**	**2,048**	**1,938**	**42,084**	**41,718**
Financing reinsurance	**0**	**0**	**347**	**347**	**347**	**347**
Total	**40,036**	**39,780**	**2,395**	**2,285**	**42,431**	**42,065**

	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**

18 Debtors arising out of direct insurance and reinsurance operations

18.1 Group

2025	Contract Holders	Agents / Brokers / Intermediaries	Reinsurers	Total
	£000	£000	£000	£000
Due as at 31 December 2025 - less than 30 days in arrears	35,246	182	721	36,149
Due as at 31 December 2025 - 30 days or more in arrears	161	303	545	1,009
Provision for impairment as at 31 December 2025	(206)	(255)	0	(461)
Total debtors arising out of direct insurance and reinsurance operations receivables	**35,201**	**230**	**1,266**	**36,697**

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**

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.

The Provision for impairment, is the result of an evaluation of the net asset values with the group's subsidiaries.

18.2 Society

2025	Contract Holders	Agents / Brokers / Intermediaries	Reinsurers	Total
	£000	£000	£000	£000
Due as at 31 December 2025 - less than 30 days in arrears	35,246	120	721	36,087
Due as at 31 December 2025 - 30 days or more in arrears	161	303	545	1,009
Provision for impairment as at 31 December 2025	(206)	(256)	0	(462)
Total debtors arising out of direct insurance and reinsurance operations receivables	**35,201**	**167**	**1,266**	**36,634**

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**

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.

The Provision for impairment, is the result of an evaluation of the net asset values with the groups subsidiaries

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:

2025 - Group	Group			
	General Reserve	Revaluation Reserve	Pension Reserve	Total
	£000	£000	£000	£000
Balance as at 1 January 2025	81,101	394	146	81,641
Transfer (to) / from the statement of other comprehensive income	(2,681)	38	55	(2,588)
Balance as at 31 December 2025	**78,420**	**432**	**201**	**79,053**

2025 - Society	Society			
	General Reserve	Revaluation Reserve	Pension Reserve	Total
	£000	£000	£000	£000
Balance as at 1 January 2025	81,097	394	146	81,637
Transfer (to) / from the statement of other comprehensive income	(2,682)	38	55	(2,589)
Balance as at 31 December 2025	**78,415**	**432**	**201**	**79,048**

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**

19.2 Fund for future appropriations

The fund for future appropriations can be analysed as follows:

2025	Group	Society
	£000	£000
Balance as at 1 January 2025	97,372	97,372
Transfer from the technical account long term business	467	467
Balance as at 31 December 2025	**97,839**	**97,839**

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)
Balance as at 31 December 2024	**97,372**	**97,372**

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. There is an assumptions report dated 31 December 2025.

No employer contributions were paid to the scheme in 2025 (2024: £29k), as all administrative expenses and PPF levies had already been deducted at source by the pension provider.

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 £272k at the year-end (2024: £285k).

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

	2025	2024
	£000	£000
Present value of defined benefit obligation	(5,477)	(5,876)
Fair value of plan assets	5,681	6,154
Surplus	204	278
Net asset in balance sheet	**204**	278

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

	2025	2024
	£000	£000
Employers part of current service cost	0	0
Administrative expenses	(140)	(185)
Interest income	11	20
Total expense included in income and expenditure	**(129)**	(165)

iii. Amounts recognised outside income and expenditure

	2025	2024
	£000	£000
Actuarial gain / (loss)	55	(21)
Amount recognised outside income and expenditure	**55**	(21)

iv. Plan assets

	2025		2024		2023	
	Allocation	£000	Allocation	£000	Allocation	£000
Multi-asset fund	0%	0	0%	0	0%	0
LDI Funds	0%	0	0%	0	0%	0
Other	100%	5,681	100%	6,154	100%	7,222
Total	**100%**	**5,681**	100%	6,154	100%	7,222

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

	2025	2024
	£000	£000
Opening net asset	**278**	519
Expense charged to income and expenditure	**(129)**	(165)
Gain / (loss) recognised outside income and expenditure	**55**	(105)
Employer contributions	**0**	29
Closing net asset	**204**	278

vi. The movement in the net defined benefit asset during 2025 is as follows:

The movement in the net defined benefit asset during 2025 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 2025	(5,876)	6,154	278	0	**278**
Employer's part of current service cost	0	0	0	0	**0**
Interest expense	(306)	317	11	0	**11**
Actual return on plan assets	0	(230)	(230)	0	**(230)**
Actuarial losses - experience on benefit obligation	(69)	0	(69)	0	**(69)**
Actuarial gains - changes in financial assumptions	328	0	328	0	**328**
Actuarial gains - changes in demographic assumptions	26	0	26	0	**26**
Administrative expenses	0	(140)	(140)	0	**(140)**
Employer contributions	0	0	0	0	**0**
Benefit payments	420	(420)	0	0	**0**
As at 31 December 2025	**(5,477)**	**5,681**	**204**	**0**	**204**

vii. The significant actuarial assumptions were as follows:

Assumptions	**2025**	2024	2023
Price inflation (RPI)	2.8% pa	3.2% pa	3.1% pa
Discount rate	5.50%	5.40%	4.40%
Pension increases (in deferment)	2.80%	3.20%	3.10%
Pension increases (in payment)	2.90%	3.30%	3.10%
Life expectancy of males aged 65 at balance sheet date	21.6 years	21.4 years	21.4 years
Life expectancy of females aged 65 at balance sheet date	23.8 years	23.9 years	23.9 years
Life expectancy of males aged 65 in 20 years from balance sheet date	22.8 years	22.6 years	22.6 years
Life expectancy of females aged 65 in 20 years from balance sheet date	25.3 years	25.3 years	25.3 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	(16) / +18	(604) / +742
RPI Inflation	0.5% pa	+6 / (6)	+317 / (281)
Mortality	20%	+28	+320

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 (2024: 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	**2025**	2024
	£000	£000
Balance as at 1 January	**(90)**	(90)
Interest on scheme liabilities	**(4)**	(3)
Actuarial loss / (gain) for the period recognised through the Statement of income and expenditure	**4**	(7)
	(90)	(100)
Benefit paid	**10**	10
Balance as at 31 December	**(80)**	(90)

The Society's Chief Actuary has determined the amount of the provision required as at 31 December 2025 to meet the expected future liabilities; mortality is unchanged and a discount rate of 4.6% (2024: 4.6%) and pension increases of 2.7% (2024: 3.0%) have been applied.

20.3 Defined contribution scheme

The Society also operates one (2024: one) defined contribution pension scheme, which is open to all eligible employees. The cost of Society contributions for the year ended 31 December 2025 was £1,670k (2024: £1,386k) and there were no outstanding contributions (2024: Nil) at the year-end date.

21 Insurance contract assets/liabilities

Insurance contract assets arise where the present value of expected future premiums exceeds the present value of expected future claims, expenses and reinsurance cash flows, calculated on a best estimate basis with an explicit risk margin. Recoverability is supported by the long-term nature of the contracts, the contractual right to receive future premiums within the defined contract boundary, and the use of best estimate assumptions for lapse, morbidity, mortality and expenses that are derived from the Society's own experience and industry data. The emergence of future premiums is monitored through experience analysis, and sensitivities to key assumptions, including lapse rates, are disclosed to reflect the uncertainty inherent in long-term projections. The Directors consider the long term nature of these contracts, and in turn the recoverability of the insurance contract assets, as part of the annual valuation process.

The valuation of long-term insurance contract assets incorporates discounting using prescribed Solvency UK risk-free rates and an explicit risk margin to reflect non-hedgeable risks. Discounting reflects the time value of money and does not, of itself, affect the recoverability of insurance contract assets, which is driven by the expected emergence of future cash flows within the contract boundary. The inclusion of the risk margin reduces the value of the insurance contract asset relative to a pure best estimate valuation and therefore introduces an additional layer of prudence. As a result, no separate impairment test is performed, as the Solvency UK valuation methodology already incorporates allowance for uncertainty and adverse deviation through the risk margin.

21.1 Analysis of insurance contract assets/liabilities and reinsurance liabilities – Group

	2025			2024		
	Gross £000	**Reinsurance £000**	**Net £000**	Gross £000	Reinsurance £000	Net £000
Long term insurance business Solvency UK technical provision (BEL)[1]	**(181,964)**	**31,148**	**(150,816)**	(156,894)	22,758	(134,136)
Long term insurance business Solvency UK technical provision (Other)	**6**	**0**	**6**	7	0	7
Long term insurance business Solvency UK risk margin	**21,268**	**(8,486)**	**12,782**	20,346	(8,150)	12,196
Total long term insurance contract (asset) / liability	**(160,690)**	**22,662**	**(138,028)**	(136,541)	14,608	(121,933)
Long term insurance business members dividend account	**8,526**	**0**	**8,526**	8,988	0	8,988
Long term insurance business claims liabilities	**732**	**0**	**732**	568	0	568
Total long term insurance (asset) / liability	**(151,432)**	**22,662**	**(128,770)**	(126,985)	14,608	(112,377)
General insurance unearned premiums	**35,291**	**0**	**35,291**	33,399	0	33,399
General insurance claims incurred but not settled / reported	**5,184**	**0**	**5,184**	5,666	0	5,666
General insurance other claims liabilities	**449**	**0**	**449**	1,332	0	1,332
General insurance unexpired risk provision	**901**	**0**	**901**	1,195	0	1,195
Total general insurance liabilities	**41,825**	**0**	**41,825**	41,592	0	41,592
Total	**(109,607)**	**22,662**	**(86,945)**	**(85,393)**	14,608	(70,785)

[1] BEL - Best Estimate Liability

The insurance asset reflects the future profitability of long-term insurance contracts. We expect £20.8m of profit to materialise over the next 12 months and the remaining £139.9m thereafter.

21.2 Analysis of insurance contract assets/liabilities and reinsurance liabilities - Society

	2025			2024		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	£000	**£000**	**£000**	£000	£000	£000
Long term insurance business Solvency UK technical provision (BEL)	**(181,964)**	**31,148**	**(150,816)**	(156,894)	22,758	(134,136)
Long term insurance business Solvency UK technical provision (Other)	**6**	**0**	**6**	7	0	7
Long term insurance business Solvency UK risk margin	**21,268**	**(8,486)**	**12,782**	20,346	(8,150)	12,196
Total long term insurance contract (asset) / liability	**(160,690)**	**22,662**	**(138,028)**	(136,541)	14,608	(121,933)
Long term insurance business members dividend account	**8,526**	**0**	**8,526**	8,988	0	8,988
Long term insurance business claims liabilities	**732**	**0**	**732**	568	0	568
Long term insurance business provision for closure reserve	**0**	**0**	**0**	0	0	0
Total long term insurance (asset) / liability	**(151,432)**	**22,662**	**(128,770)**	(126,985)	14,608	(112,377)
General insurance unearned premiums	**35,291**	**0**	**35,291**	32,965	0	32,965
General insurance claims incurred but not settled / reported	**5,184**	**0**	**5,184**	5,560	0	5,560
General insurance other claims liabilities	**449**	**0**	**449**	1,322	0	1,322
General insurance unexpired risk provision	**901**	**0**	**901**	1,195	0	1,195
Total general insurance liabilities	**41,825**	**0**	**41,825**	41,042	0	41,042
Total	**(109,607)**	**22,662**	**(86,945)**	(85,943)	14,608	(71,335)

21.3 Movement in long term insurance Solvency UK technical provision – Group and Society

	2025			2024		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	£000	**£000**	**£000**	£000	£000	£000
Balance at 1 January	**(136,540)**	**14,608**	**(121,932)**	(136,960)	21,444	(115,516)
Model changes	**(99)**	**(4)**	**(103)**	0	0	0
Net change of in-force business	**(14,038)**	**(3,007)**	**(17,045)**	(13,730)	(1,968)	(15,698)
Impact of change in assumptions	**(10,013)**	**11,065**	**1,052**	14,150	(4,868)	9,282
Balance at 31 December	**(160,690)**	**22,662**	**(138,028)**	(136,540)	14,608	(121,932)
Impact of change in assumptions is made up of:						
Changes in morbidity (other)	**(9,795)**	**6,094**	**(3,701)**	4,004	(2,728)	1,276
Change in mortality	**(6,896)**	**6,349**	**(547)**	0	0	0
Changes in lapse rates	**4,997**	**(1,172)**	**3,825**	3,699	(1,391)	2,308
Revised expenses assumptions	**0**	**0**	**0**	(1,472)	(52)	(1,524)
Change in inflation	**2,149**	**(471)**	**1,678**	586	(403)	183
Changes in discount rates	**(1,039)**	**265**	**(774)**	6,199	(294)	5,905
Change in bonus rates	**571**	**0**	**571**	1,134	0	1,134
Balance at 31 December	**(10,013)**	**11,065**	**1,052**	14,150	(4,868)	9,282
Balance at 31 December is made up of:						
Holloway income protection	**6,330**	**0**	**6,330**	5,849	0	5,849
Other income protection	**(133,519)**	**22,269**	**(111,250)**	(120,581)	19,900	(100,681)
Term assurance	**(33,501)**	**393**	**(33,108)**	(21,809)	(5,292)	(27,101)
Balance at 31 December	**(160,690)**	**22,662**	**(138,028)**	(136,541)	14,608	(121,933)

Without reinsurance, the long term business provision would change by £24 million to £(160.7) million (2024: £(136.5) million).

21.4 Movement in long term insurance members' dividend account – Group and Society

	2025	2024
	£000	£000
Balance at 1 January	8,988	9,236
Bonus credited during the period	360	538
Dividends credited during the period	475	433
Forfeiture and lapses during the period	(55)	(61)
Death, retirements and surrenders during the period	(1,242)	(1,158)
Balance at 31 December	**8,526**	**8,988**

21.5 Movement in long term insurance business claims liabilities – Group and Society

	2025			2024		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	£000	**£000**	**£000**	£000	£000	£000
Balance at 1 January	**568**	**0**	**568**	620	0	620
Claims arising	**19,896**	**(13,307)**	**6,589**	17,733	(11,693)	6,040
Claims paid during the year	**(19,732)**	**13,307**	**(6,425)**	(17,785)	11,693	(6,092)
Balance at 31 December	**732**	**0**	**732**	568	0	568

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	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Balance at 1 January	**33,399**	25,993	**32,965**	25,399
Premiums written in the year	**76,547**	72,472	**76,553**	70,357
Premiums earned during the year	**(74,655)**	(65,066)	**(74,227)**	(62,791)
Balance at 31 December	**35,291**	33,399	**35,291**	32,965

21.7 Movement in general insurance claims incurred but not reported/ settled (IBNR / IBNS)

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Balance at 1 January	**5,666**	4,916	**5,560**	4,760
Movement in claims incurred in the prior year	**(564)**	(1,945)	**(458)**	(1,932)
Movement in claims IBNR / IBNS in the current year	**82**	2,695	**82**	2,732
Balance at 31 December	**5,184**	5,666	**5,184**	5,560

21.8 Movement in general insurance other claims liabilities

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Balance at 1 January	**1,332**	842	**1,322**	825
Movement in claims received but not yet paid	**(883)**	490	**(873)**	497
Balance at 31 December	**449**	1,332	**449**	1,322

21.9 Movement in unexpired risk reserve

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Balance at 1 January	**1,195**	1,858	**1,195**	1,858
Movement in unexpired risk reserve	**(294)**	(663)	**(294)**	(663)
Balance at 31 December	**901**	1,195	**901**	1,195

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	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Balance at 1 January	**14,608**	21,444	**14,608**	21,444
Movement in reinsurers' share of contract asset	**8,054**	(6,836)	**8,054**	(6,836)
Balance at 31 December	**22,662**	14,608	**22,662**	14,608

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% (2024: 4.5%) of future claims and £68.39 (2024: £68.39), inflating at the Bank of England implied inflation curve (2024: 3%, and thereafter). Based on projected expenses for 2025, budgeted accounts for 2026-2028, Bank of England implied inflation and using actuarial judgement.
Allowance for Future Bonus	Based on the maximum sustainable dividend and terminal bonus rates.
Mortality	40% (2024: 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% (2024: 50%) TM92(ult)/TF92(ult) for other Income Protection contracts
Morbidity	Best estimate 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 claim 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 rest of the UK for all durations (b) Rest of the UK: Best estimate based on experience for the duration five to 15 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 do 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 (2024: £33) per policy, inflating at the Bank of England implied inflation curve. (2024: 3%, and 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 which represent a 1 in 200 year probability of occurring, 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.	£61.6 million (2024: £60.0 million)
Mortality: An instantaneous permanent increase in mortality rates of 15%	£0.3 million (2024: £0.3 million)
An increase in renewal and claims expenses by 10% and an increase in expense inflation rate by 1% pa	£7.5 million (2024: £7.2 million)
Increase in lapses by 50%	£63.2 million (2024: £58.7 million)
A shock upwards of interest rates, increasing short term rates by up to 70% and long term rates by up to 20%, with a minimum increase of 1%	£14.4 million (2024: £13.9 million)

Sensitivites are symmetrical, with the exception of lapses, where mass lapse reinsurance is in place.

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 £10.7 million. (2024: £11.3 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%	£13.9 million (2024: £11.9 million)
An increase in renewal and claims expenses by 10% and an increase in expense inflation rate by 1% pa	£1.8 million (2024: £1.4 million)
Increase in lapses by 50%	£2.2 million (2024: £0.7 million)
An increase in interest rates by 1% pa	£1.4 million (2024: £0.8 million)

24 Financial Liability - Financing

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Opening balance as at 1 January	6,028	3,531	6,028	3,531
Funds received in the year	1,750	1,915	1,750	1,915
Value adjustment on financial liability[1]	612	494	612	494
Movement in funds receivable[2]	(74)	88	(74)	88
Total closing balance as at 31 December	8,316	6,028	8,316	6,028

(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:

	2025	2024
	£000	£000
Value of repayments which fall due:		
- within one year	**3,166**	2,028
- between one and five years	**5,150**	4,000
- in more than five years	**0**	0
Total closing balance as at 31 December	**8,316**	6,028

The following table demonstrates the sensitivity of future cash flows:

Sensitivity	**Impact to discounted future repayments £000**
Interest Rate Up 1%	6.9
Interest Rate Down 1%	(6.5)
Mortality +15%	4.8
Longevity -20%	(6.1)
Expenses +10% +1% Exp Infl	5.7
Lapses +50%	(11.8)
Lapses -50%	12.5
ML Cat Risk	5.3

25 Creditors arising out of direct insurance and reinsurance operations

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Due to contract holders	**411**	381	**411**	381
Due to agents/brokers/intermediaries	**3,420**	3,120	**3,410**	3,094
Due to reinsurers	**1,716**	1,521	**1,716**	1,521
Total creditors arising out of direct insurance and reinsurance operations	**5,547**	5,022	**5,537**	4,996

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	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Trade payables	**1,164**	1,492	**1,164**	1,492
Tax and social security	**2,944**	2,794	**2,944**	2,742
Other payables	**1,474**	2,075	**1,474**	2,022
Total other creditors including tax and social security	**5,582**	6,361	**5,582**	6,256

28 Cash used in operating activities

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Deficit for the year before transfer to reserves and fund for future appropriations	**(2,216)**	(11,033)	**(2,216)**	(10,954)
- Interest received	**(1,929)**	(1,942)	**(1,859)**	(1,854)
- Dividends received	**(80)**	(237)	**(80)**	(237)
- Net realised and unrealised (gains) / losses on investments	**(1,112)**	571	**(1,069)**	579
- Purchase of investments at fair value through income	**(1,698)**	(1,979)	**(1,698)**	(1,979)
- Sales of investments at fair value through income	**21,427**	21,928	**19,532**	21,928
- Foreign exchange differences	**(16)**	33	**(16)**	33
Total	**14,376**	7,341	**12,594**	7,516
Non-cash items				
- Expenses deferred during the year	**2,709**	(1,125)	**2,709**	(1,205)
- Depreciation	**271**	271	**271**	271
- Amortisation & impairment loss	**1,783**	748	**1,783**	748
- Impairment in subsidiary	**0**	0	**(20)**	488
- Loss on disposal of Property, equipment and intangibles	**15**	0	**15**	0
- Value adjustment on financial liability financing	**612**	494	**612**	494
Total	**5,390**	388	**5,370**	796
Changes in working capital				
Net increase in insurance receivables	**(1,478)**	(7,861)	**(2,111)**	(7,965)
Net increase in prepayments and accrued income	**(476)**	(381)	**(497)**	(369)
Net (decrease) / increase in insurance asset and associated reinsurance balances	**(16,158)**	1,266	**(15,609)**	1,482
Net increase in pension obligations	**119**	220	**119**	220
Net increase in insurance payables	**525**	956	**540**	976
Net decrease / (increase) in amounts due to subsidiary undertakings	**0**	0	**41**	(53)
Net (decrease) / increase in trade and other payables	**(779)**	2,021	**(674)**	2,021
Net decrease in accruals and deferred income	**(141)**	(533)	**18**	(558)
Total	**(18,388)**	(4,312)	**(18,173)**	(4,246)
Cash used in operations	**1,378**	3,417	**(209)**	4,066

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.

29 Related party transactions

29.1 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).

29.2 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.

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.

	Group		Society	
	2025	2024	**2025**	2024
	£000	£000	**£000**	£000
Salaries and other short-term employee benefits	**4,040**	3,580	**4,040**	3,580
Post-employment benefits	**278**	209	**278**	209
Total key management compensation	**4,318**	3,789	**4,318**	3,789

29.3 Other related parties

During their term of office in 2025, the Chief Executive and two (2024: two) other executive members of the Board of directors received free Private Medical Insurance, total claims made under these policies was £13k (2024: £2k). 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.

The Medical Director has a policy for himself and his spouse which is priced free of charge.

30 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.

The Society is also monitoring regulatory developments such as Solvency UK reforms and emerging sustainability disclosure requirements to maintain compliance and transparency.

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