




Proudly part of the **BENEFACT GROUP** 
Registration number: 00024869

Ecclesiastical Insurance
Office public limited company
2025 Annual Report and Accounts



Ecclesiastical Insurance Office public limited company

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Ecclesiastical Insurance Office public limited company

Directors and Company Information

Directors and officers of Ecclesiastical Insurance Office public limited company during the year and up to the date of signing the financial statements were:

Directors

*F.X. Boisseau MSc *Chair* (appointed Chair 1 January 2026)
M. C. J. Hews BSc (Hons), FIA *Group Chief Executive*
M. E. H. Bennett BSc (Hons), FIA *Group Chief Financial Officer*
S. J. Whyte MC Inst. M, ACII *Deputy Group Chief Executive*
*J. Coyle B Acc, CA, FCIBS
*Sir S. M. J. Lamport GCVO, DL
*The Venerable K. B. Best BA
*M.A. Murphy (appointed 3 December 2025)
*J.E. Dale (appointed 3 February 2026)
*A.C. Winther BA (resigned 26 June 2025)
*R. D. C. Henderson FCA (resigned 31 December 2025)
*M. E. Darby-Walker BA (resigned 31 December 2025)

Company Secretary

R. J. Hall FCG

Independent Auditors

PricewaterhouseCoopers LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0FR
United Kingdom

Registered and Head Office

Benefact House
2000 Pioneer Avenue
Gloucester Business Park
Brockworth
Gloucester
GL3 4AW
United Kingdom

Company Registration Number

00024869

Registrar

Computershare Investor Services plc
The Pavilions
Bristol
BS13 8AE

**Non-Executive Director*

Ecclesiastical Insurance Office public limited company

Strategic Report

The directors present their strategic report for the year ended 31 December 2025 for the Ecclesiastical Insurance Office public limited company ('Ecclesiastical Insurance Office plc' or 'EIO' or 'the Company'), together with its subsidiaries the Ecclesiastical Group, also the Group or EIO Group. EIO's immediate parent company is Benefact Group plc.

Group Chief Executive's review

Overview

2025 was another outstanding year for the Ecclesiastical Group. Our teams delivered a strong performance and demonstrated what a values-driven business can achieve when commercial focus and purpose-driven impact work hand in hand.

We have now surpassed £275m given to good causes since 2014 - another remarkable milestone for the EIO Group and one that reflects the collective commitment of colleagues, customers, brokers and partners who choose to work with an organisation that uses profit as a force for good.

What defines us is not only the results we deliver, but the lives we help change along the way. That is the heart of Benefact Group, and it is the foundation on which we continue to build.

Our General Insurance business delivered an underwriting profit¹ of £62.2m, up 30.5% on the previous year. While the year benefited from unusually benign weather and no major losses, our long-term outlook recognises the inherent volatility as the insurer of many iconic and irreplaceable buildings. Over recent years we have experienced several devastating fires, flood events and storms, and these remain a powerful reminder of the responsibility and potential for large losses given the significant nature of many of the buildings we insure.

Gross Written Premiums rose by 2.1%, driven by growth in the UK and Ireland, supported by continued strong retention and acquisitions of customers across both our traditional segments and newer segments such as Leisure and an expanded Care appetite. With changed market conditions we continue to be selective and disciplined in our growth.

At Benefact Group, our purpose continues to be the foundation of our success. As a charity owned, commercially disciplined business, we grow so we can give. Over the past year that purpose has guided our decisions, strengthened our resilience and deepened the impact we create for the communities we serve.

Our Chair

This year offered an important moment to say a heartfelt thank you to David Henderson, whose leadership as Chair has played a central role in our success. We are delighted that David will continue to champion our purpose as Chair of Benefact Trust.

We are equally pleased to welcome François-Xavier Boisseau as the new Chair of Benefact Group and EIO. With deep experience, a strong understanding of our organisation and unwavering commitment to our purpose, François-Xavier is well placed to guide the EIO Group into its next chapter.

Delivering for our customers

Across our Group we continued to deliver high-quality outcomes for our customers and to be recognised for the expertise, trust and care our teams demonstrate every day.

In the UK, our General Insurance claims team earned the Outstanding Service Quality Marque from Gracechurch for the fifth year running - a powerful endorsement of the empathy, expertise and consistency our customers experience when they need us most. Ecclesiastical UK retained its position at the top of the Fairer Finance rankings for the 22nd time and secured Which? Best Buy recognition for both buildings and contents insurance for the third consecutive year.

Internationally, Ecclesiastical Canada was honoured for Excellence in Philanthropy & Community Service for the fifth year running by Imagine Canada.

These achievements matter, not because they are independent trophies or awards, but because they reflect who we are: a Group built on empathy, integrity and genuine care, a culture where people put customers first, every single day.

Building a movement for good

Strong financial performance enabled us to give over £28m to good causes this year, including £24m to our charitable owner, Benefact Trust Limited. In doing so, we have now surpassed giving over £275m to good causes. This is an extraordinary achievement and the impact it has is real.

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This year alone, our giving helped regenerate communities, protect heritage buildings, support families facing financial pressure, strengthen mental health services, assist those experiencing homelessness, and fund youth programmes that give hope and opportunity. Through our donations to Benefact Trust's, the Trust has made a number of humanitarian grants, supporting refugees fleeing conflict, contributing to medical relief efforts in Gaza, aiding communities recovering from climate related disasters and so much more.

Behind every grant there is a story – a life made safer, brighter, and more hopeful. Lives touched because our customers, clients, brokers, partners, reinsurers and colleagues choose to do business with us.

Our Planet, Our Part

We recognise our role in the natural world and our duty to protect it. Our response to climate change is action-led, rooted in our values and has gone well beyond talk. We have embedded environmental, social and governance considerations across our investment decisions and supported customers and communities to become more climate resilient.

Whilst there is always more to do, after high-quality charitable offsets, we have achieved net-negative direct emissions for two years in a row. We do not underwrite or invest in businesses involved in fossil fuel extraction, heavy industry or commercial aviation, and we do not invest in organisations that conflict with our values.

With focus, innovation and determination, we will strive to keep driving down our emissions and supporting our customers on the journey to net zero.

Destination employer

As a charity owned organisation with a purpose unlike any other in our industry, we attract people who want their work to create a positive impact. Our colleagues come together around a shared ambition: to grow a commercially successful, values-driven business so that we can give even more to good causes.

That purpose shapes a culture where people feel respected, supported and inspired to do their best work. We provide life changing careers that change lives, and I'm proud that this commitment is reflected in our employee engagement results, achieving Best Companies "Outstanding" and "World Class" accreditations, alongside further national, international and diversity awards.

Our parent company, Benefact Group has recently been named one of the Top 4 "Best Big Companies to Work For" in the UK, a testament to the strength of our culture and leadership. These results reflect who we are, and the extraordinary people who make this organisation such a special place to work.

Looking ahead

We enter 2026 with momentum, clarity and confidence. Inspired by the impact of our giving, we remain focused on sustainable growth, operational excellence and enhancing the products and services that set us apart. 2026 will be pivotal as we launch a new strategic chapter and set our stretch goals for the future. Our ambition is bold: to build a stronger Group so we can create even greater impact for the good causes and communities we exist to support.

Join our movement

Surpassing £275m in charitable giving is a proud milestone for us, yet it marks just the starting point for how far we plan to go. We thank all our existing supporters and invite others to join us – as a customer, colleague, partner or investor. Every time an individual or business chooses our Group, they help us grow our impact and improve the world in which we live.

Together, we will continue to build a business where profit is used as a force for good and where long-term value is measured by the difference we make.

Mark Hews
Group Chief Executive
19 March 2026

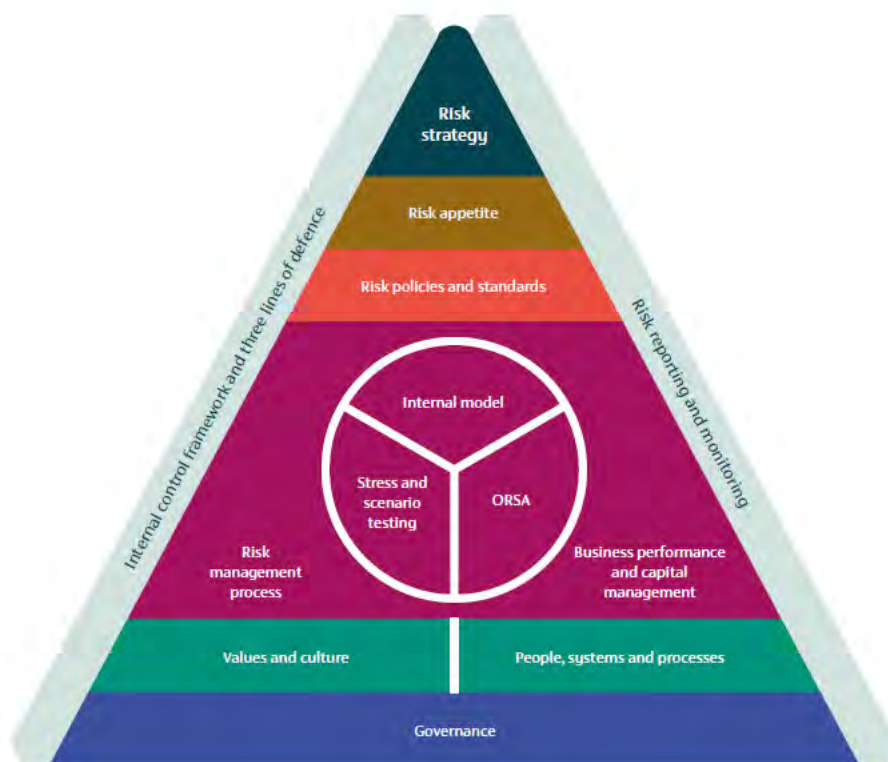
†The EIO Group uses Alternative Performance Measures (APMs) to help explain performance. More information on APMs is included in note 36.

Strategic Report

Risk Management Report

Introduction

Strong governance is fundamental to what we do and drives the ongoing embedding of our Risk Management Framework. This provides the tools, guidance, policies, standards and defined responsibilities that enable us to achieve our business strategy and objectives, whilst ensuring that individual and aggregated risks to our objectives are identified and managed on a consistent basis.



The Risk Management Framework is integrated into the culture of EIO and is owned by the Board. EIO has its own Risk Management Framework that operates within the Framework set by the Benefact Group. Responsibility for facilitation of the implementation and oversight is delegated via the Group Chief Executive to the Group Risk Function, led by the Group Chief Risk and Compliance Officer. The Risk Management Framework and tools used to identify and manage risks have been reviewed through 2025.

The Risk Management process demands accountability and is embedded in performance measurement and reward, thus promoting clear ownership for risk and operational efficiency at all levels. On an annual basis, the EIO Risk Committee (EIO RC) on behalf of the Board, carries out a formal review of the Group's key strategic risks with input from the Group Management Board (GMB). The EIO RC allocates responsibility for assessment and monitoring each of the risks to individual members of the GMB or other Senior Managers. Formal periodic monitoring of the key strategic risks is undertaken which includes progress of Risk Management actions.

The Company's Risk Management Framework is part of a wider Internal Control Framework. Systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable, but not absolute assurance as to the prevention and detection of financial misstatements, errors, fraud or violation of law or regulations.

Key to the successful operation of the internal control framework is the deployment of a strong Three Lines of Defence Model whereby:

- 1st Line (Business Management) is responsible for strategy execution, performance and identification and management of risks and application of appropriate controls.
- 2nd Line (Reporting, Oversight and Guidance) is responsible for assisting the Board in formulating risk appetite, establishing minimum standards, developing appropriate risk management tools, providing oversight and challenge of risk profiles and risk management activities within each of the business units and providing risk reporting to Executive Management and the Board.

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- 3rd Line (Assurance) provides independent and objective assurance of the effectiveness of the Group's systems of internal control. This activity principally comprises the Internal Audit function, which is subject to oversight and challenge by the Benefact Group Audit & Risk Committee.

The Company's Risk Appetite clearly defines the levels of each type of risk that the firm is willing or able to take in pursuit of its strategic objectives. The risk appetites set by the Board pay due regard to the Benefact Group's Risk Appetite Statements which were refined and refreshed during 2025 to ensure these were appropriate for the Group as a whole. The Company's statements were approved by the Board on a staged basis throughout the year and are subject to ongoing assessment to ensure their continued appropriateness.

The Own Risk and Solvency Assessment (ORSA) process is carried out at least once a year and is a key part of the business management and governance structure. This integrates the risk management, business planning and capital management activities and ensures that risk, capital and solvency considerations are built into the development and monitoring of the Group's business strategy and plans and all key decision-making.

Risk environment

The Risk environment is monitored on an ongoing basis, and key areas of concern are escalated to the EIO Risk Committee.

Whilst there are a range of relatively consistent drivers of the risk environment for a Group of businesses operating within the regulated financial services sector, there are four factors that are considered as being most notable in terms of their emergence and are material to the assessment of the risk profile of the Group when looking forward into the plan-period:

Market Softening: Softening of the insurance markets throughout 2025, which is expected to deepen during 2026. Whilst we have also seen softening in reinsurance rates, overall, it is expected that the market conditions will create downside risk as competition increases and rates reduce.

Geopolitical Events: Volatility arising from geopolitical events and conditions is another theme from 2025 that is expected to continue into 2026 and beyond. Significant tensions across the Globe, with the potential for flashpoints to emerge at any point, can affect the economic and market conditions within which EIO operates as well as heightening potential operational vulnerabilities that exist, for example, the impacts of disruption to Global supply chains.

New Technologies: Rapid development and adoption of new technologies such as AI will call for a re-evaluation of the risk profile in terms of facilitating the activities of malevolent actors, for example in the cyber and financial crime space, in addition to causing shifts in the competitive landscape, for example with firms adopting lower cost operations coupled with more agile business capabilities.

Climate Change: Climate Change continues to be a driver of risk across different categories. There are risks that will emerge directly from the physical effects of climate change on our business such as changes in weather patterns and the transition to a lower-carbon economy with firms looking to achieve Net-Zero targets. There are also indirect implications of Climate Change. Changes in the political landscape can have material impacts on the development of risks associated with climate change, with the effects of "anti-green" sentiment arising from different regimes around the Globe impacting on the growth of EIO's investment portfolio given the strong ethical positioning of our investment strategy. At the same time, other Governments and Regulators continue to drive corporate behaviour through legislation and regulation to support the Global efforts to promote sustainable practices and prepare for climate change impacts.

Principal risks and uncertainties

EIO is an insurance company headquartered in the UK and with operations in Australia, Canada and Ireland. It is also the holding company for the DB Pension Scheme Corporate Trustee (EIO Trustees Limited) and a Life Insurance Company (Ecclesiastical Life Limited). EIO forms the major part of the Insurance Division within the Benefact Group, which additionally has divisions relating to Asset Management, and Broking & Advisory.

This section sets out both the principal risks, i.e. those that are assessed as having the highest inherent rating in the context of EIO in its capacity as described above. It is recognised that, given the importance of the Insurance Company to the overall strategic execution and performance of the Benefact Group, those risks and uncertainties are also likely to be a feature of the Benefact Group's overall risk profile.

There is an ongoing risk assessment process which uses the Benefact Group Risk Taxonomy to establish a view on the current principal risks to EIO, which are organised and aligned to the Level 1 Risk Categories below:

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<p>Strategic risk Risks that threaten EIO's ability to execute its strategies and achieve its business objectives.</p>		
Risk detail	Key mitigants	Change from last year
<p>Strategy risk The risk that key strategic goals are not realised or that acquisitions or divestiture decisions create inefficiencies, unintended consequences or financial strain</p>	<ul style="list-style-type: none"> • EIO Group Strategy is refreshed on a three-to-five-year cycle. To continue to drive the EIO Group forward this is reviewed annually to ensure continued alignment to key strategic goals. • Integrated EIO Group and strategic business unit (SBU) strategy reviewed annually to align to strategic goals • Ongoing monitoring of external environment and industry bodies • Ongoing internal monitoring and reporting of key strategic goals, including change projects, operational stability and financial position • Rolling three-year business plan cycle undertaken for all businesses annually 	<p>The EIO Group has successfully concluded its 'Next Chapter' strategic cycle and is planning the launch of its revised five-year strategy in Summer 2026.</p>
<p>Brand and reputation risk There is a risk of reputational damage or damage to the Ecclesiastical Insurance, Ansvar or Benefact Group brand owing to activities at the holding company level or from within one or more of the divisions</p>	<ul style="list-style-type: none"> • Processes in place to respond to emerging incidents or threats that could damage the brand • Media policy in place, reviewed and embedded • There is a dedicated marketing and PR function responsible for the implementation of the marketing and communication strategy which is aligned to business strategies • Ongoing monitoring of media platforms to ensure appropriate responses to published materials 	<p>Maintaining a positive reputation is critical to EIO's vision of being the most trusted and ethical specialist insurance company and the risk remains unchanged from last year.</p>
<p>Climate change The risks arising through climate change. The key impacts for the Company are physical risks (event-driven or longer-term shifts), the transition risks of moving towards a lower-carbon economy and liability risks associated with the potential for litigation arising from an inadequate response.</p> <p>Detailed disclosures on EIO's progress towards its ambitious sustainability objectives are contained in the Responsible Business Section of this report and the Benefact Group plc Strategic Report.</p>	<ul style="list-style-type: none"> • Catastrophe risk is appropriately managed through reinsurance models • Specific considerations of flood risk and other weather-related risk factors in insurance risk selection • Delivery of ESG expectations on EIO's Investment Strategy and Policy to support management of transition risks 	<p>Awareness of the challenges that are faced globally as a result of climate change are well reported. There have been no material changes to this risk since last year. A programme of work continues to fully analyse the impact and to develop appropriate risk management responses</p>
<p>Insurance risk The Insurance risks that arise from the fluctuation in the frequency, severity and / or value and amounts of insured events differ to the expectations set at the time of underwriting.</p>		

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Risk detail	Key mitigants	Change from last year
<p>Underwriting risk</p> <p>The risk of failure to price insurance products adequately and failure to establish appropriate underwriting disciplines. The premium charged must be appropriate for the nature of the cover provided and the risk presented. Disciplined underwriting is vital to ensure that only business within the Company's risk appetite and desired niches is written</p>	<ul style="list-style-type: none"> • The underwriting licensing process has been reviewed, refreshed and communicated. All underwriters have documented authority levels which must be adhered to. Local checking procedures ensure compliance with authority limits. • A documented underwriting strategy and risk appetite is in place which is monitored by Strategic Business Units (SBUs) • Underwriting standards and guidance are in place, regularly reviewed and communicated. • There are ongoing targeted underwriting training programmes in place • Underwriting Audits are carried out across General Insurance Businesses 	<p>There have not been material changes to this risk during the year</p>
<p>Latent claims</p> <p>The risk of financial loss arising from the deterioration of reserves held for causes of claim that typically have long latent periods prior to reporting</p>	<ul style="list-style-type: none"> • Full review of Physical and Sexual Abuse (PSA) claims utilising the stochastic reserving model for all territories is in place • The Board receives a report from the Actuarial Function Holder's review of Technical Provisions • Robust management of claims including investigation and justification is delivered • Reserving Team training and awareness of the risk is delivered to ensure that the appropriate reserves are made 	<p>Oversight of physical and sexual abuse claims continues across all territories. Over 2025, the reserves were strengthened reflecting year end view of experience, including the emergence of claims farming in Canada – this has increased the assessed exposure to risk.</p>
<p>Catastrophe risk</p> <p>The risk of large-scale extreme events giving rise to significant insured losses. Through our general insurance business, we are exposed to significant natural catastrophes in the territories in which we do business</p>	<ul style="list-style-type: none"> • Modelling and exposure monitoring is undertaken to understand the cat risk profile and inform the purchase of appropriate reinsurance • Local risk appetite limits have been established to manage concentrations of risks, and these are monitored by SBUs • There is a comprehensive reinsurance programme in place to protect against extreme events. All placements are reviewed and approved by the Group Reinsurance Board • Processes in place to provide oversight and sign off of reinsurance modelling and exposure management across the company • The Risk Appetite specifies the reinsurance purchase levels and retention levels for such events 	<p>There have been no material changes to this risk during the year</p>
<p>Reinsurance risk</p> <p>The risk of failing to access and manage reinsurance capacity at a reasonable price. Reinsurance is a central component of our business model, enabling us to insure a portfolio of large risks in proportion to our capital base</p>	<ul style="list-style-type: none"> • We take a long-term view of reinsurance relationships to deliver sustainable capacity • A well-diversified panel of reinsurers is maintained for each element of the programme • A General Insurance Reinsurance Executive Meeting approves all strategic reinsurance decisions 	<p>The level of this risk has remained broadly similar since last year. We continue to take a long-term approach to our reinsurance relationships</p>

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<p>Financial risks The risks that threaten the financial stability of EIO, potentially harming the wider financial system and customer.</p>		
Risk detail	Key mitigants	Change from last year
<p>Economic, Investment and Market risk There is a risk of financial loss due to changes in economic conditions. This includes a fall in the value of investments held, as well as the impact of movements in interest rates. There are further risk impacts emanating from EIO from the impact of movements in exchange rates and discount rates on insurance and pension liabilities</p>	<ul style="list-style-type: none"> • An investment strategy is annually reviewed and approved which includes consideration of liabilities and capital requirements and is in line with the PRA's Prudent Person Principle • There are appropriate governance structures in place to monitor KPIs and MI • Risk quantification is assessed through the Internal Model and scenarios are conducted as part of the annual ORSA process • Use of third-party expertise to actively manage investments • Risk metrics are tracked to provide early warning indicators of changes in the market environment 	<p>Whilst 2025 was a relatively benign year in terms of economic and market volatility, EIO remains alert to the potential for economic volatility arising from geopolitical tensions that could be a feature of the global situation in the short to medium term</p>
<p>Capital adequacy and allocation risk There is a risk that EIO is unable to maintain adequate capital levels or that capital is allocated inefficiently resulting in lost opportunities</p>	<ul style="list-style-type: none"> • Governance arrangements are in place to oversee the use and calibration of the Internal Model • The business plan process incorporates assessing return on capital metrics for divisions and business units in comparison to required hurdle rates • The Second Line of Defence delivers an Internal Model Validation Programme • Local regulatory capital requirement assessments are completed to comply with local regulation across the EIO Group • MI and KPI reports are regularly reviewed and acted upon • Solvency risk appetites are set by the EIO Group • Within EIO there is an approved internal model compliant with UK regulatory solvency requirements 	<p>There have been no material changes to this risk since last year and remains a high risk to the Company</p>
<p>Conduct risk The Risk where actions and behaviours may result in poor outcomes for customers, colleagues and / or stakeholders</p>		
<p>Conduct risk The risk of unfair behaviour or practices (including by third parties) that adversely affect the Company's customers, harm colleagues, distort market integrity, or damage the Company's reputation. The Company maintains a diverse and inclusive company culture where high standards of personal conduct are expected, and colleagues feel confident they will be listened to if they raise any concerns.</p>	<ul style="list-style-type: none"> • All colleagues adhere to the EIO Group Code of Conduct and complete training to outline expectations. These include standards of ethics and behaviour as well as relevant regulatory rules. • Customer charters have been implemented in all SBUs and customer outcomes are included in measures of performance • Conduct Risk MI is delivered to relevant governing bodies for review and action 	<p>The Company remains committed to placing customers at the centre of its practices and decision making, demonstrated by its wide-ranging industry awards and customer satisfaction scores. The level of this risk is unchanged from the prior year.</p>
<p>Operational risk The risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.</p>		
<p>Legal and regulatory risk</p>	<ul style="list-style-type: none"> • Policy and Governance frameworks in place across the EIO Group to ensure a 	<p>The markets within which we operate remain unchanged, however, there continues to be a</p>

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<p>The risk that operating across several different regulatory territories and legal landscapes is not managed effectively, leading to inefficiencies, errors, non-compliance with impacting regulation or laws</p>	<p>consistent approach to regulatory and legal requirements</p> <ul style="list-style-type: none"> • Monitoring of regulatory developments and feeding into the Company's Emerging Risks process and relevant local actions to address future exposures • There is an established methodology for implementing regulatory change • Regular MI and KPI reporting to Committees and Boards • There is an approved and embedded three lines of defence model across the EIO Group 	<p>significant volume of regulatory change, and therefore the level of risk remains high.</p>
<p>Cyber risk The risk that unauthorised access, loss of confidentiality, compromise of integrity, or disruption to the availability of information, technology assets, or digital services results in financial loss, regulatory non-compliance, operational disruption, or adverse impacts to customer trust and the Company's reputation.</p>	<ul style="list-style-type: none"> • Comprehensive information security policies and standards are in place, regularly reviewed and communicated. • Layered security measures are deployed to deliver defence in depth for all networks • Active monitoring and automated response processes are in place to quickly identify and mitigate cyber security attacks • All staff receive regular and targeted cyber security awareness training and testing • Independent security reviews and assessments are performed on a regular basis 	<p>EIO has made significant investment in the capability to prevent, detect, and respond to cyber attacks. At the same time the volume and sophistication of cyber-attacks have increased across all industries, in part as a consequence of technological advances and increasing geopolitical tensions. Overall the risk is assessed as high.</p>
<p>Data governance (inc. management and protection) The risk that the confidentiality, integrity and/or availability of data is compromised, or data is misused. The Company holds significant amounts of customer and financial data and there could be significant implications if this is compromised or is found to be inaccurate.</p>	<ul style="list-style-type: none"> • A Group Technology, Data and AI Strategic Forum meets regularly and is responsible for shaping and overseeing the Group Data Strategy. The Forum ensures that a robust data governance framework is in place and operating effectively. • The Group Data Policy is implemented into EIO Group. The policy is routinely reviewed, updated and communicated to ensure they are up to date, meet regulatory requirements and industry best practice. • Data is managed by Data Owners and Stewards, and supported by Data teams for technical support, assurance and oversight 	<p>Enhancements continue to be made to the governance, management, use and control of data, to meet the evolving requirements, and remains a key focus.</p>
<p>Outsourcing and Third Party risk Poor customer service or disruption to the business may be caused by supplier failure (including data or regulatory breach) or inadequate contractual arrangements, due diligence and ongoing supplier management.</p>	<ul style="list-style-type: none"> • Outsourcing and Procurement Frameworks implemented into EIO • Appropriate and proportionate Initial and ongoing due diligence and monitoring, including cyber security and business continuity 	<p>The risk remains unchanged, with action underway to enhance oversight of the high risk suppliers.</p>

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Our business model and strategy

EIO is part of the Benefact Group, a family of specialist financial services businesses united by a singular purpose: to donate all available profits to charity and good causes to transform lives and communities. EIO's ambition is to do right by its customers, business partners, and colleagues, alongside its commitment to philanthropy sets apart EIO from other businesses in the financial services sector.

Benefact Group's purpose is to contribute to the greater good of society. This is achieved by managing a successful, ethically run portfolio of businesses including EIO. Benefact Group donates all available profits generated by its businesses to support good causes. These are delivered by considerable donations, including Movement For Good in the United Kingdom and Ireland, and through donations made by EIO to its ultimate charitable owner, Benefact Trust Limited.

The Benefact Group's overarching strategy brings alignment and strategic focus across all its businesses, including investment in systems and people to target further growth and drive increased charitable donations. Whether in specialist insurance, asset management, broking, or advisory, each business within the Benefact Group is a specialist in its own field, built on genuine insight and ethics. Together, the Benefact family offers products and services designed to protect in the present, anticipate possibilities, and invest in a healthier financial future.

EIO is committed to continue doing the right thing for its customers, business partners, and colleagues, and to delivering growing donations to its ultimate charitable owner, enabling Benefact Trust Limited to make independent grants and continue its work in transforming lives.

Responsible business

The Ecclesiastical Group is part of the wider Benefact Group. A Responsible Business Report containing a summary of social and environmental impact is in the Benefact Group Annual Report and Accounts which is published on benefactgroup.com. It covers social impact including approach to diversity, equality and inclusion, colleague wellbeing and charitable giving. It also summarises climate impact and is supported by a separate report featuring disclosures in line with the Taskforce on Climate-related Financial Disclosures (TCFD), which is published on the Company's website. A separate report enables the Benefact Group to explain climate-related disclosures in much more detail for the benefit of an increasing range of interested stakeholders.

The following table provides details of the carbon associated with the direct operation of businesses that are part of the wider Benefact Group, in line with the Streamlined Energy and Carbon Reporting (SECR) requirements. This table does not include the emissions relating to the investment portfolio or any underwriting activity. The Group offsets its Scope 1 and 2 emissions through highly assured charitable projects to achieve 'net negative' for its direct impact.

Emissions source	2025				2024			
	UK	Non-UK	Total	Scope 1 & 2 tCO ₂ /employee	UK	Non-UK	Total	Scope 1 & 2 tCO ₂ /employee
Scope 1: fuel, fluorinated gas losses and fuel combustion in offices and company fleet	67	31	98		116	15	131	
Scope 2: electricity and cooling in premises (location based) ¹	505	190	696		591	149	740	
Scope 2: electricity and cooling in premises (market based) ²	181	189	370		109	146	97	
Scope 3: business travel ³ , waste, water use	624	177	801		538	269	807	
Total CO₂e (location based electricity)*	872	397	1269	0.51	763	430	1,193	0.51*

tCO₂e is tonnes of CO₂ and equivalent gases.

¹ The average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)

² Emissions based on how an organization buys its energy

³ Air, rail, bus, taxi, ferry, car rental and vehicles owned and driven by an employee, driven for business purposes (grey fleet)

* Scopes 1, 2 (market based) and scope 3

In 2025, total energy use is 3,933,852 kWh of which 2,981,284 is UK and 952,568 kWh is non-UK based. In 2024, total energy use was 4,570,001 kWh of which 3,841,221 kWh was UK and 728,780 kWh was non-UK based. Scope 3 emissions reported as part of SECR mostly comprise business travel, with emissions on par with 2024.

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Methodology

The table provides details of the carbon associated with the direct operation of businesses that are part of the Benefact Group. All other Kyoto gases are included (methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride) with the final figures reported in tonnes of carbon dioxide equivalent gases (tCO₂e). The emissions reporting year runs from 1 September 2024 to 31 August 2025. These emissions are measured and reported according to GHG protocols, SECR regulations and are in line with the ISO 14064-1:2018 Specification with guidance at the organisational level for quantification and reporting of greenhouse gas emissions and removals standard. Calculated emissions followed the ISO 14064-1 principles of relevance, completeness, consistency, accuracy and transparency. The Group has reported on all emissions sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. DEFRA's emissions factors are used to produce this calculation. Figures have been rounded for ease.

The reporting comprises:

- Scope 1: emissions from office gas and oil use, company cars, refrigerant (f-gas) leaks in office air conditioning units
- Scope 2: emissions from purchased and self generated electricity; purchased heat and steam from district heating systems, all used in offices
- Scope 3: emissions from business travel, office waste and water use in offices.

Overall, the Group's 2025 emissions are slightly up on 2024. The tCO₂e per employee remains the same because there are around 150 more employees in 2025 compared to the previous reporting period. This footprint is based on 81% data coverage, with 19% extrapolated. As always, efforts are ongoing to increase the percentage of primary data. Scope 1 emissions continue to reduce due to a combination of recent office relocations (to higher performing premises), an increasingly hybrid and electric company fleet and no f-gas leaks. Backup generator testing at the Group's HQ is now included: a correction on previous years where it had been unintentionally omitted.

Scope 2 location electricity use is the net electricity use for the Group and is based on the carbon intensity of the local grid. Location based electricity is down on 2024, meaning overall, the Group has used less electricity. This is due to efficiencies implemented at the Group's HQ along with lower energy demand in other new offices. Scope 2 market rate electricity reflects the type of electricity purchased by the Group. Compared to 2024, market based electricity is up, meaning a greater proportion of the Group's electricity was not from renewable sources this reporting period. The Group avoided 325 tonnes of CO₂e by procuring renewable electricity.

Colleagues

Colleagues across the Benefact Group are united by our purpose to give to good causes. Each business within the Benefact Group is specialist and expert in its field, with an engaged global team of colleagues driving growth and success.

Health and wellbeing

Employee health and wellbeing continued to be a key focus for the Group in 2025. Learning resources and communications covered topics such as menopause, bereavement and neuroinclusion. Mental Health Awareness Week was spotlighted across the group, with organised walks and events across our offices. The 'Smart Health' portal continues to bring physical, mental and financial wellbeing support together in one easily accessible place, including a 24/7 mental health helpline for all employees and their families. A Women's Financial Planning event supported female colleagues with relevant financial information and signposting.

Engagement

Independent assessment of engagement levels was benchmarked through the b-heard survey provided by Best Companies. The survey is a well-established way to listen and celebrate, with over 2,000 responses. The Benefact Group overall continues to sustain a two-star 'outstanding' rating, with the UK businesses achieving a 3-star 'World Class' accreditation and ranked as one of the UK's Top 5 best large companies to work for.

Group-wide communication 'The Link' continued to keep colleagues connected across all three continents the business operates in. A new easy-to-use hub for employment related questions launched, to give colleagues an enhanced experience when looking for information on pay, wellbeing, development, rewards and more.

Diversity, equity and inclusion

The Group continued its strong commitment to diversity, equity and inclusion. 'Belonging at Benefact' launched this year, the Group's strategy for fostering an inclusive, values-driven culture. Over 300 people leaders have participated in inclusive leadership training and colleague led networking groups, such as the Neurodiversity, LGBTQ+ and Women's network, continued to grow.

The 'WeAllBelong' campaign amplified authentic colleague voices, sharing personal stories that celebrate diversity and inclusion. Real testimonials were promoted internally and across social media. A number of events brought people together, including a Women in Leadership panel discussion which welcomed over 80 external attendees, a Male Allyship workshop and Pride month celebrations in June.

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Recruitment processes have been enhanced to support inclusivity, consistency and candidate comfort. Walk-through interview videos and 'meet the hiring manager' features launched to support candidates, especially those who are neurodivergent, and job adverts were revamped to be more inclusive. The careers site now features an accessibility tool to help users better customise the website to suit their needs.

The strategy is already showing positive results, with record-high b-heard scores for colleagues feeling 'they can be themselves at work'. The Group's investment business EdenTree won the highly commended award for Investment Group of the Year for Diversity and Inclusion at the Women in Investment Awards 2025 and Ecclesiastical Ireland was proudly awarded the Investors in Diversity Silver Accreditation this year.

Non-financial and Sustainability Information statement

The Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 are addressed below. Non-financial and Environmental, Social and Governance (ESG) information is integrated across the Strategic Report, in particular in the Responsible Business Report.

Non-financial information	Disclosure	Section	Pages
Business model	EIO's business model and information on how it does business differently	Strategic report - Our Business model and strategy	9
Key performance indicators (KPIs)	EIO's KPIs set out how it is doing against its strategic goal	Strategic Report – Key performance indicators	24
Principal risks	EIO's key risks and their management	Strategic report – Principal risks and uncertainties	5
Environmental, Social matters, colleagues, human rights, financial crime and corruption	Statements of EIO's policy and practice in these areas	Strategic Report - Primarily within the responsible business section and below.	10

EIO's key policies / statements of intent

EIO has a range of policies and guidance in place to support the key outcomes for its stakeholders. These also ensure consistent governance on climate and environmental matters, its employees, social matters, human rights and anti-bribery and corruption.

Climate and environmental matters

The Ecclesiastical Group is part of the Benefact Group and as a diverse financial services business, the Benefact Group is exposed to climate risk primarily through investments and insurance. It also has a responsibility to reduce its operational impact and can achieve positive impact through its charitable giving. The majority of the Benefact Group's climate and environmental matters are relevant to the Ecclesiastical Group.

A separate TCFD report is published on the Group's website at ecclesiastical.com, but the following provides a summary of key considerations.

Governance

The Benefact Group Board has overarching responsibility for overseeing the response to climate change. EIO as part of the Benefact Group has adopted the Benefact Group plc's Governance Framework. Accordingly, the EIO Risk Committee has sight of climate related risk matters on behalf of the EIO Board. Across the business various committees, management functions and a core climate strategy function lead, develop and deliver the Group's response.

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Strategy

The Benefact Group has a robust strategy review and evaluation process. In particular scenario analysis is used as a key tool for assessing and understanding climate risk.

Testing risks through scenarios	
Insurance	Investment
<ul style="list-style-type: none"> · Focusing on worst case scenario: the assessment of insurance underwriting risk has focused on the worst-case scenario of the Bank of England’s three Climate Biennial Exploratory Scenario (CBES) scenarios (the No Additional Action scenario) because this enables identification of the most extreme outcomes, therefore the greatest risks to the business, particularly over the medium to long-term. The scenarios have been used primarily in a qualitative nature to identify the types of perils that are most likely to affect the current insured portfolio. Benefact Group have also looked at other, less harmful scenarios to understand a range of feasible outcomes and so the difference in expected impact that would result from positive climate mitigation actions. · Considering socioeconomic impacts: besides considering the direct impact of weather events, the economic and social impact on key customers were also considered, in this case also using the scenarios whereby Paris-aligned targets are met, to identify some of the issues they likely face in the various circumstances. This analysis is being used to inform customer propositions and how the Benefact Group might work with and support customers to manage and mitigate climate risk. <p>The process has been used to assess the Benefact Group’s insurance footprint in various geographies, for example assessing wildfires in Canada, temperature rises in Australia and windstorm and flood in the UK. For example, in the UK a tool for flood and storm mapping, Mapview, is used to manage individual and accumulated local exposures.</p>	<ul style="list-style-type: none"> · Property investments continue to be assessed for climate impact using a Real Estate Environmental Benchmark (REEB) benchmark, Energy Performance Certificate (EPC) schedule priority, physical and climate risk assessments and scope 1, 2 and 3 data completion, it also included emissions reduction targets and a decarbonisation plan. · Footprinting: tools used by EdenTree, which is part of the asset management division of the Benefact Group, enable the Benefact Group to view its investments from various perspectives. These include the portfolio emission pathway vs climate scenario budgets (and whether it is overshooting) and the associated temperature increase. <p>Based on current targets, equity investments are expected to be aligned with the Sustainable Development Scenario by 2050, representing a potential temperature increase of 1.5°C by 2050 compared to 2.9°C for the benchmark.</p> <ul style="list-style-type: none"> · This figure is tracked annually to ensure continued alignment. This temperature alignment score is based on the ISS-ESG methodology and shows the estimated temperature increase which the portfolio is associated with by 2050. · The current proportion of holdings that have adopted a Science Based Target (SBT) are also tracked. Increasing this is a key part of our engagement work to support the decarbonisation of our portfolio.

The Benefact Group is a member of voluntary climate action initiative ClimateWise which drives best practice and provides independent assessment.

Risk management

- The Enterprise Risk Management process provides the tools, guidance, policies, standards and defined responsibilities to enable the Benefact Group to achieve its strategy and objectives whilst ensuring that risks to objectives are identified and managed.
- The Benefact Group’s risk management process is a structured and iterative method for identifying, assessing, responding and monitoring risk on an ongoing basis.
- Risk management is integrated into the way the Benefact Group works with each business unit and significant business areas using this process, producing risk registers and feeding into reporting shared with the Group Risk function and ultimately the Benefact Group Audit and Risk Committee.

The principal climate risks faced by the Benefact Group are:

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Risk	Nature of risk	Time horizon	Actions being taken to understand and mitigate impact on business, strategy and planning
Physical	<p>Direct damage to assets both owned and insured and indirect impacts from supply chain disruption.</p> <p>The main physical risk exposures stem from its property underwriting portfolio and from its investment assets.</p>	<p>There are acute, event-driven risks which can occur over all time horizons, and chronic risks, which are typically longer-term.</p>	<ul style="list-style-type: none"> • Benefact Group have partnered with a third-party expert to quantify exposures on its insured portfolio across territories where it operates using models based on a range of scenarios. This will be used to inform capital, pricing and underwriting strategy. • Mapping technology has also been used in the UK to identify concentration of risks in the most flood-prone areas. • Benefact Group continue to work with its reinsurance partners to ensure that its risk mitigation remains appropriate for its current risk exposures and to learn from their expertise. • The Benefact Group is a member of the Partnership for Carbon Accounting Financials (PCAF) and has completed an initial assessment of the carbon impact of its underwriting portfolios in the UK, Ireland, Australia and Canada. This will inform strategy for engagement and decarbonisation. • As part of its investment process, EdenTree assesses a company's exposure to climate risk (including physical risk). Where this is deemed to be material or poorly managed, a company will not be included in the portfolio.
Transition	<p>Relates to financial risks resulting from transitioning to a low carbon economy. They arise from policy, technology and market disruption. Additional implications include the subsequent changes to consumer expectations, demand and behaviour.</p> <p>The main exposure to transition risks is on the value of its investment assets through the impact of changes to a low carbon economy on investee companies.</p>	<p>Short to medium term</p>	<ul style="list-style-type: none"> • Funds are invested with a responsible and sustainable policy which excludes fossil fuel exploration and production, thermal coal extraction and eschews investment in high carbon emitters (automotive, aviation and heavy industry). • Across EdenTree's Funds, we also invest in companies providing solutions that will enable the low-carbon transition alongside providing a compelling investment case • The Benefact Group's asset manager EdenTree has established a Climate Stewardship Plan which engages investee companies and targets improvement. • Climate change is also a permanent pillar of EdenTree's engagement strategy, and they have supported various initiatives over the years. They have contributed for seven consecutive years to the CDP's non-disclosure campaign. They supported the Paris Pledge for Action in 2015 and are a signatory to the TCFD Framework. EdenTree also maintain memberships including the UK Sustainable Investment and Finance Association, UN Principles for Responsible Investment and the Institutional Investors Group on Climate Change. • The Benefact Group also footprints its property portfolio annually, to understand both physical and transition risks, inform investment strategies and understand energy performance.
Liability	<p>Stems from the potential for litigation if entities and boards do not adequately</p>	<p>Short term</p>	<ul style="list-style-type: none"> • Each territory assesses exposure to the potential for receiving future liability claims relating to climate related litigation arising from customers' activities. Each territory will also continue to track the potential for insured

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	consider or respond to the impacts of climate change.		customers to be exposed to liability risks and the evolving legal environment.
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A full overview of actions taken to understand and mitigate impact on business, strategy and planning is included in the full TCFD report. Actions include mapping technology to identify concentration of insurance risks and a responsible and sustainable investment policy.

Metrics and targets

- The Benefact Group has committed to Net Zero targets over the short and long-term. Net Zero progress and ClimateWise performance are integrated into the long-term incentive plan for senior leaders.
- A wide range of metrics and targets are used across the Benefact Group's climate programme (fully outlined in the TCFD report). They include fund alignment with a 1.5-degree pathway, underwriting footprint calculated to the Partnership on Carbon Accounting Financials methodology, amount of giving to climate charities and carbon intensity per employee.
- The Benefact Group does not have a suite of key performance indicators specifically in relation to measuring climate change, but this is monitored through investment performance.

Taskforce on Climate-related Financial Disclosures (TCFD) compliance summary

Climate reporting is included in the Strategic report (in particular in the Responsible Business section) and a separate TCFD report published on ecclesiastical.com. The following table is produced to highlight the TCFD pillars, recommended disclosures and where this information can be found across the Strategic report and separate TCFD report.

TCFD pillars	TCFD recommended disclosures	Section of the Strategic report, that disclosures are included in, in compliance with the Companies Act	Section of the TCFD Disclosure report with further details, in compliance with the Listing Rules TCFD report reference – available at benefactgroup.com
Governance Disclose the organisation's governance around climate-related issues and opportunities	<ul style="list-style-type: none"> - Describe the Board's oversight of climate-related risks and opportunities - Describe management's role in assessing and managing climate-related risks and opportunities 	<ul style="list-style-type: none"> - Non-financial and sustainability information statement (page 12). - Section 172 statement (page 17) 	<ul style="list-style-type: none"> - Governance structure overview (page 4). - Examples of climate topics discussed/decisions made at various governance forums including Board Committees and management groups (page 5).
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material.	<ul style="list-style-type: none"> - Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term - Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. - Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree or lower scenario. 	<ul style="list-style-type: none"> - Climate strategy overview in the Group Chief Executive's Review (page 3). - Non-financial and sustainability information statement (page 12). - Principal risks (page 5). 	<ul style="list-style-type: none"> - Strategy overview (page 6). - How climate is embedded in how the Group operates (page 6). - Climate risk and opportunity consideration (page 7). - Physical, transition and liability risks outlined, time horizons considered and actions being taken to understand and mitigate impact outlined (page 8). - Using scenario analysis to understand and test climate risk (page 9).
Risk management Disclose how the organisation identifies,	<ul style="list-style-type: none"> - Describe the organisation's processes for identifying and assessing climate-related risks. 	<ul style="list-style-type: none"> - Non-financial and sustainability information statement (page 12). 	<ul style="list-style-type: none"> - Risk management framework and process overview (page 10).

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assesses and manages climate-related risks	<ul style="list-style-type: none"> - Describe the organisations processes for managing climate-related risks. - Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. 		<ul style="list-style-type: none"> - Overview of how the risk management process and risk management tools are used to capture, assess and respond to risk, but also to monitor and report (page 10).
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	<ul style="list-style-type: none"> - Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. - Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions (GHG), and the related risks. - Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. 	<ul style="list-style-type: none"> - Climate strategy overview in the Chief Executive's Review (page 3). - Non-financial and sustainability information statement (page 12). - Direct footprint reporting in line with SECR requirements (page 10). 	<ul style="list-style-type: none"> - Overview of Net Zero targets set over the short- and long-term (page 11). - Overview of approach to key metrics against each pillar of climate strategy (page 12).

Colleagues

- The Benefact Group's Code of Conduct policy is centred on 'Doing the right thing' and sets the standards of conduct and behaviour expected from employees.
- The Board aims to ensure it is comprised of persons who are fit and proper to direct the business. The Board's diversity policy sets out the approach to diversity in the leadership population.
- Other information on our commitments to supporting diversity and development is included in the Responsible Business section on page 10. Also included within the Corporate Governance report on page 33 is information about the composition and diversity of the Board.

Social matters

- The Benefact Group was founded with a charitable purpose and this remains what motivates us today. Benefact Group believe business has a social responsibility and should give more to support charities and communities. The Group does not make political donations.
- The Group's tax strategy supports its group strategy and the ethical way it does business. The Group are committed to managing all aspects of tax transparently and in accordance with current legislation. The Group works to achieve the spirit of legislation and not just the letter of the law in each tax jurisdiction. The Groups tax strategy is available on ecclesiastical.com.

Human rights, anti-bribery and anti-corruption

- The Benefact Group Board is committed to operating with honesty and integrity in all of our business activities and promoting an anti-bribery and corruption culture across the Benefact Group.
- The Benefact Group has established and upholds good practices regarding human rights, anti-corruption and anti-bribery through a range of measures including robust risk management, employee Code of Conduct and employee training on topics such as data protection and vulnerable customers.
- The Benefact Group complies with relevant legislation concerning supply chain – the Modern Slavery Act 2015 and the Payment Practices and Performance regulations – to drive good practice and transparency.
- The Responsible Business section contains more information including our commitment to putting customers and partners at the heart of everything we do, focusing on good governance, service and support.

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Section 172 Statement

Key stakeholders

This section explains how the Board engages with stakeholders and how their views inform the Board's deliberations. The Board recognises that our stakeholders have diverse interests and perspectives, all of which must be understood and taken into account as part of effective decision-making.

As a global financial services group committed to transforming lives and communities, we strive to act responsibly and in line with our purpose and values. The Board acknowledges that stakeholder interests may not always align. When areas of tension arise, directors assess the impacts, risks and benefits for each stakeholder group, considering the long-term implications and the Company's strategic priorities. This approach enables the Board to reach decisions that balance these interests responsibly, support sustainable performance and uphold its commitments to customers, colleagues, communities and other stakeholders.

The Board also remains mindful of the broader social context in which the Ecclesiastical group of companies operates and the expectations placed on the Company by society, regulators and the markets in which it operates.

Further detail on how the Board engaged with stakeholders during 2025 is provided in the sections that follow. The Section 172(1) Statement sets out how directors discharged their statutory duties over the year, while the Board Activities section within the Corporate Governance Report offers additional insight into key decisions taken during the year and how stakeholder views were considered as part of the Board's decision-making.

Stakeholder Engagement

Below is an overview of the business's approach to stakeholder engagement.

Key stakeholders	The Business engages with them by:
Customers	The business engaged with customers through a comprehensive program of research, feedback and direct interaction. This included ongoing surveys, listening exercises and targeted follow-up to deepen insight, alongside close monitoring of complaints and satisfaction to drive improvements and reduce foreseeable harm. Engagement also took place through direct meetings, industry events and wider sector insight activities, with findings reviewed by Customer and Conduct Councils to inform enhancements to products, processes and customer communications. The business continues to refine its communications through root-cause analysis and external testing to support customer understanding. Particular focus was given to vulnerable customers through consistent training and standards, and the business's review of Important Business Services ensured it remained operationally resilient and able to keep customers informed during severe-but-plausible scenarios.
Colleagues	Colleague engagement was supported through regular Best Companies surveys, with insights shared across teams and used to shape local action plans. As the designated Non-Executive Director for colleague engagement, Sir Stephen Lampert and the Group Chief People Officer, held direct discussions with colleagues, including Emerging Talent groups, providing feedback to the Board. Engagement was further strengthened through multi-channel communications such as intranet updates, newsletters, briefings and conferences. Colleagues also participated in DEI events and networks, union and representative forums, and were supported through whistleblowing training. Group Management Board members hosted virtual meetings across the business to encourage open questions and feedback, while the Group continued to offer a broad range of development, mentoring and volunteering opportunities.
Brokers	The business continued to strengthen broker relationships through regular engagement supported by segmentation and joint account planning, enabling discussions on products, emerging trends and service performance. Broker insight remained central to the business approach, with feedback gathered through listening exercises, surveys and independent benchmarking. The business also reviewed products to ensure fair value and appropriate distribution, and shared specialist knowledge across its core sectors through site visits, tours and CPD-accredited content to support brokers in serving customers effectively.
Shareholder and investors	The Company maintained open and transparent communication with its ultimate Shareholder, Benefact Trust Limited, providing regular updates on strategy, performance, leadership, risk, culture and expected grant funding to ensure the direction of the business remained aligned with the Trust's strategic priorities. Communication with the Company's preference shareholders is facilitated through its Registrar, Computershare. The Company Secretariat maintained regular contact with Computershare throughout the

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Key stakeholders	The Business engages with them by:
	year to ensure that timely, accurate and up-to-date information was provided to preference shareholders, supporting clear and effective communication with this stakeholder group.
Suppliers	<p>The business engaged with suppliers through senior management oversight, operating in line with the Group's Procurement and Outsourcing Policies to ensure risks were identified, monitored and appropriately managed.</p> <p>Supplier relationships were actively managed through responsible procurement practices, regular performance reviews and ongoing monitoring of service-level standards.</p> <p>These activities were carried out under the Group's Supplier Relationship Management Framework and applied proportionately based on the nature and risk profile of each supplier arrangement.</p>
Regulators	During the year, engagement with the Company's regulators was led by the Group Chief Risk Officer and the Group Head of Compliance, who maintained regular and constructive dialogue with supervisory authorities on a broad range of matters affecting the Company. In addition, several Directors met with regulators during the year, providing opportunities for direct discussion of strategic priorities, regulatory expectations and developments in the Group's risk and compliance activities.
Communities and Climate	<p>As part of the Benefact Group, EIO has adopted the Group's climate change strategy and recognises its responsibility in supporting the Group's wider ambition to achieve its climate and sustainability goals. During the year, the Group Impact team continued to lead and coordinate social-impact and environmental initiatives across the organisation, advancing programmes of charitable giving that support communities and contribute to reducing the Group's overall environmental footprint.</p> <p>The Group Impact team also played a central role in shaping and delivering activities aligned with the Benefact Group's broader sustainability and climate commitments, ensuring a coherent, responsible and consistently applied approach across EIO and the Group as a whole.</p>

Below is an overview of the board's approach to stakeholder engagement.

Key stakeholders	The Board engages with them by:
Customers	The Board does not have direct engagement with our customers. It therefore primarily engaged with customers through its oversight of the Customer Promises and regular monitoring of performance against them. It received quarterly Consumer Duty updates, providing visibility of customer-outcome trends, emerging risks and actions taken to deliver good outcomes and prevent foreseeable harm. The Board also reviewed the business strategy to ensure continued alignment with Consumer Duty requirements and approved the firm's Important Business Services (IBS), associated Intolerable Harm thresholds (ITOLs) and the Operational Resilience Assessment, helping ensure key services remain robust and that customers are protected during severe-but-plausible disruptions. For more information on this, please refer to the Key Board Activities Summary in the Corporate Governance Report.
Colleagues	The Board engaged with colleagues through regular site visits to regional offices and operational teams, enabling Directors to hear colleague views directly and deepen their understanding of day-to-day activity. Their insight was further supported by updates on colleague-engagement survey results, presentations from subject-matter experts, and detailed reports from Sir Stephen Lamport, the designated Non-Executive Director for colleague engagement, alongside David Smith, the Group Chief People Officer. Directors also met leaders from across the business at Leadership Conferences, while the EIO Audit Committee maintained oversight of speaking-up arrangements through regular whistleblowing updates and its annual review of the whistleblowing framework.
Brokers	<p>While the Board does not routinely engage directly with brokers, Directors received regular updates on strategic progress and product reviews, ensuring they remained well-informed about broker activity, market dynamics and developments across its distribution network.</p> <p>As part of the boards director appointment process, all new directors completed a comprehensive induction programme, including an overview of the Company's products and services, enabling them to develop a clear understanding of its broker distribution channels. Further details on the appointment process can be found in the Nominations Committee Report.</p>
Shareholder and investors	The Board engaged with its shareholder, Benefact Trust Limited, through established information-sharing protocols that provide regular updates on performance, operations and financial position.

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Key stakeholders	The Board engages with them by:
	<p>Engagement was further supported by the presence of at least one Common Director, who attends every Board meeting and relays key insights from Benefact Trust Limited's Board discussions. The Board and Committee Chairs, together with the Group Chief Executive Officer, also participate in ongoing dialogue with the Trust regarding expectations for the Group, business strategy and grant funding.</p> <p>These structured channels ensure the Trust's views are consistently communicated to the Board, while enabling Common Directors to support the Trust's understanding of the Company's strategic and operational priorities. A conflict-of-interest policy is in place to ensure that interactions remain transparent and well-governed.</p>
Suppliers	<p>EIO works closely with a wide range of suppliers who are essential to maintaining the high standard of service it provides to its customers, and the Board recognise the importance of sustaining strong and effective supplier relationships.</p> <p>While Directors do not typically engage directly with suppliers, day-to-day relationship management is delegated to senior management under the Supplier Relationship Management Framework.</p> <p>The Board, through regular reporting from the EIO Risk Committee, remained informed about key third-party relationships, including material outsourcing arrangements, actual or potential supplier risks, and the governance processes in place across the supply chain. These structured updates provided a clear and consistent channel for Board-level oversight of supplier-related matters.</p>
Regulators	<p>The Board received regular updates on regulatory strategy and on the views of both the PRA and FCA, including key themes from supervisory communications issued to firms.</p> <p>The Board continued to address the feedback provided during the Periodic Summary Meeting and maintained oversight of progress against the key areas identified.</p> <p>In addition, the EIO Risk Committee received routine reports on regulatory matters such as Operational Resilience, Material Outsourcing and Operational Incident Reporting. The Board further engaged with the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) in relation to the appointment of François Boisseau as incoming Chair, taking account of the feedback received through this process.</p>
Communities and Climate	<p>The Board received updates on the Group's climate strategy and progress against its commitment to achieve Net Zero by 2040, ensuring continued oversight of climate-related priorities. Board-level engagement was further supported by the role of Sir Stephen Lamport, the designated Non-Executive Director for climate matters, who led discussions and helped strengthen organisational awareness of climate-related responsibilities.</p> <p>In addition, Directors undertook visits to several charities supported by the Group, providing firsthand insight into the impact of the Group's community and sustainability initiatives and informing Board understanding of community needs.</p>

Below is an overview of outcomes of engagement.

Key stakeholders	Methods of engagement and outcomes
Customers	<p>During the year, performance against the Customer Promises demonstrated that the business continued to deliver good outcomes in line with Consumer Duty expectations. Insights from product and communication testing led to tangible improvements, including refinements to product features and clearer, more accessible customer communications. The effectiveness of this customer-focused approach was reflected in strong external feedback, with a 4.7-star Trustpilot rating, multiple industry accolades, such as the 2025 Which? Best Buy and the Fairer Finance Gold Ribbon and confirmation from the Board that the firm remained operationally resilient following its review of IBS, ITOLs and resilience controls.</p>
Colleagues	<p>The Board was pleased to see strong levels of colleague engagement during the year, reflected in an 86% participation rate in the b-Heard survey and a 3-Star UK accreditation, indicating high advocacy and a positive colleague experience. This was reinforced externally, with the Company ranking 4th in the Top 5 Best Big Companies to Work For. Sustained interest in joining the Group resulted in over 206,000 visits to our careers site, leading to 24,400 applications, 347 new hires and 18 Early Careers entrants.</p> <p>The Board was also encouraged to note the introduction of neonatal and miscarriage leave, recognising the meaningful support it provides to colleagues and the positive contribution it makes to strengthening its supportive and inclusive culture. Additional wellbeing engagement included partnering with the DSM</p>

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Key stakeholders	Methods of engagement and outcomes
	Foundation to deliver a workshop for parents and guardians on teenage drug and alcohol issues, further enhancing the support available to our workforce.
Brokers	The Board's oversight of product governance resulted in clearer product fit, more robust fair-value assessments and more precise target-market definitions, ensuring its products remained well aligned with customer needs and broker expectations. The Board was both pleased and proud of its teams to see this work recognised externally, with the business achieving first place in the Gracechurch Brokers Claims Survey, securing the Service Quality Marque (2026), and winning the BIA Risk and Resilience Award 2025.
Shareholder and investors	The Board's structured engagement with its ultimate shareholder, Benefact Trust Limited, ensured continued alignment between the Company's strategic direction and the Trust's charitable mission. Regular information-sharing protocols and active dialogue with the Trust, supported by the attendance and insights of Common Directors, strengthened transparency and mutual understanding of performance, operations and financial priorities. This helped sustain a constructive and well-governed relationship and ensured clarity around expectations for grant funding and long-term value creation. In parallel, engagement with preference shareholders was supported through the timely release of financial information via its Registrar, Computershare, ensuring investors received clear, accurate and accessible updates on the Company's performance. Together, these channels reinforced shareholder confidence and supported a well-informed investor base across both its charitable owner and wider shareholder groups.
Suppliers	The Board's oversight of supplier-related activity helped strengthen the resilience and reliability of its supply chain during the year. Regular reporting on material outsourcing arrangements and supplier risk enabled management to address emerging issues promptly, enhance controls and ensure that key third-party partners continued to meet the standards expected under the Supplier Relationship Management Framework. As a result, the Company maintained strong operational continuity, reduced exposure to supplier-related risks and ensured critical services remained consistently delivered to customers.
Regulators	The Board's ongoing engagement with regulators supported timely and effective responses to PRA and FCA correspondence and helped ensure that regulatory expectations continued to be reflected in the Company's control environment. This oversight enabled the business to advance its Operational Resilience and Model Validation work, strengthening the robustness of key services and models. The Board and its Committees also guided the Company's implementation of regulatory change arising from evolving supervisory requirements. In addition, the submission of the annual Operational Resilience self-assessment provided regulators with assurance over the maturity of the Company's resilience framework and the progress being made against its resilience objectives.
Communities and Climate	The Board's oversight of climate and community matters supported continued progress toward the Benefact Group's (of which EIO is part) commitment to achieve Net Zero by 2040, with updates during the year demonstrating increasing maturity in the Benefact Group's climate strategy and wider sustainability approach. This oversight was strengthened by the leadership of Sir Stephen Lamport, the designated Non-Executive Director for climate matters, whose input helped deepen the Board's understanding of climate-related risks, opportunities and organisational responsibilities. Director visits to charities supported by EIO provided valuable firsthand insight into the positive impact of the Company's community programmes and reaffirmed the effectiveness of its social-impact initiatives. These engagements strengthened the Board's confidence in the alignment between the Company's charitable giving, community partnerships and its wider purpose-driven agenda. In parallel, targeted engagement with key community groups including charity founders, fundraisers and partner organisations enabled EIO to continue building strong relationships, deepen its understanding of community needs and enhance the reach and effectiveness of its social and climate-related initiatives. More information on the Company's approach to Climate Change, and Taskforce on Climate-related Financial Disclosures (TCFD) please refer to the Responsible Business section of the Strategic Report.

Ecclesiastical Insurance Office public limited company

Strategic Report

Section 172 Statement for Year End 31 December 2025

This section of the Annual Report explains how the directors have fulfilled their duties under Section 172(1) of the Companies Act 2006, which requires directors to promote the success of the Company for the benefit of its shareholders as a whole, while having regard to a range of wider stakeholder interests. These statutory considerations include the long-term consequences of decisions, the interests of employees, relationships with customers and suppliers, the impact of the Company's activities on the community and the environment, the maintenance of high standards of business conduct, and the need to act fairly between members.

The directors recognise that the long-term success of the Company, and its continued ability to support people, charities and good causes, relies on placing the interests of stakeholders at the heart of Board deliberations. The Board considers it essential that the Company maintains its reputation for high standards of business conduct and oversees the culture, values and behaviours that underpin this commitment. The Board monitors compliance with policies, regulatory obligations and governance expectations to ensure that its responsibilities to stakeholders are consistently upheld. Further details can be found in the Corporate Governance Report.

To support effective decision-making, the Board requires that stakeholder considerations are clearly articulated in all proposals submitted for approval. This ensures that directors have appropriate visibility of the potential impacts, risks and opportunities associated with each decision, enabling them to exercise their duties under Section 172 in a balanced, responsible and well-informed manner.

This section sets out where key disclosures in respect of each section of the section 172 can be found within the Report and Accounts:

Section 172 Factor	Where to Find Supporting Disclosures in This Report
A. The likely consequences of any decision in the long term	<ul style="list-style-type: none"> • Our Business Model and Strategy • Responsible Business Report • Key Board Activities
B. The interests of the Company's employees	<ul style="list-style-type: none"> • Responsible Business Report • Stakeholder Engagement • Key Board Activities • Remuneration Report
C. The need to foster the Company's business relationships with suppliers, customers and others	<ul style="list-style-type: none"> • Our Business Model and Strategy • Stakeholder Engagement • Responsible Business Report
D. The impact of the Company's operations on communities and the environment	<ul style="list-style-type: none"> • Responsible Business Report • Stakeholder Engagement • Our Business Model and Strategy
E. The desirability of maintaining a reputation for high standards of business conduct	<ul style="list-style-type: none"> • Corporate Governance Report • Risk Management • Responsible Business Report • Key Board Activities
F. The need to act fairly between members of the Company	<ul style="list-style-type: none"> • Corporate Governance Report • Key Board Activities • Shareholder Information • Directors' Report

This Section 172 statement should be read alongside the wider governance-related disclosures contained in the Corporate Governance Report, the Committee Reports, and the Strategic Report. Together, these sections provide a comprehensive overview of how the Board oversees strategy, risk, culture, sustainability and stakeholder engagement in accordance with the UK Corporate Governance Code 2024 and the expectations of the Financial Reporting Council.

Ecclesiastical Insurance Office public limited company

Strategic Report

Group Chief Financial Officer's review

It gives me great pleasure to be able to present another outstanding set of results for the year. The Company is reporting a profit before tax of £84.6m (2024: £82.5m), outperforming expectations and achieving another year of profitable growth. The result represents one of the strongest results in our 138 year history and, importantly, has enabled us to continue to give more to good causes, having now donated over £275m in charitable giving, since 2014.

Overall, the profit was driven by a strong net investment result of £91.0m (2024: £71.9m) and excellent trading performance with an insurance service result of £104.7m (2024: £83.5m). Gross written premium¹ increased by 2.1% to £653.7m (2024: £640.3m) following continued and disciplined growth, despite increasingly challenging market conditions. During the year, as part of a strategic reassessment of programme plans for internally generated software assets, a £14.6m impairment was recognised.

EIO Group's strong credit ratings with both Moody's (A2 with stable outlook) and AM Best (A with stable outlook) were reaffirmed during the year, and our Solvency II regulatory capital position remains highly resilient, well above both regulatory requirements and risk appetite.

General Insurance

Overall, our underwriting businesses contributed to an exceptional result in the year. Collectively, our businesses have continued to deliver robust and profitable growth in insurance revenue during challenging market conditions, building on our strong position in core segments and recent product launches. The increase in gross written premium of 2.1% to £653.8m (2024: £640.6m) reflected significant new business wins and robust retention levels.

Underwriting experience benefited from particularly favourable claims experience, resulting in an insurance service result of £90.9m (2024: £72.7m) and an exceptional Combined Operating Ratio¹ (COR) of 83.7% (2024: 86.9%). The result reflected benign weather claims and limited large loss experience across most territories, alongside relatively stable prior year claims development. The devastating impact of Storm Eowyn in Ireland and legacy claims strengthening in Canada did, however, highlight the potential for higher cost of claims and the inherent volatility in our insurance exposures.

Our overall profit includes a net insurance financial loss of £19.0m (2024: £6.9m net loss) which is driven by the impact of discount rate movements in the year, albeit this would be offset by returns in our well-matched investment portfolio, included in the net investment result.

United Kingdom and Ireland

In the United Kingdom and Ireland, reported underwriting profits¹ were £49.5m (2024: £53.6m), resulting in a COR of 81.0% (2024: 77.4%). The result benefitted from another benign year for weather claims, large losses and higher associated reinsurance profit commission. Whilst Storm Eowyn had a devastating impact on many of our customers within the Ireland branch, the rest of the UK business remained largely unaffected due to a late change in the storm path. The business was similarly fortunate to avoid material losses from other named storms in the year.

Despite increasingly soft market conditions throughout the financial year, the portfolio continued its growth journey and gross written premium increased by 5.6% to £461.2m (2024: £436.9m). The portfolio continued to be disciplined in its approach and adaptive to market conditions, prioritising its commitment to insuring significant value locations and to managing the associated risk.

Australia

In Australia, the business reported an underwriting loss of £2.9m (2024: £3.4m loss)², resulting in a COR of 109.3% (2024: 107.4%). Overall, the gross claims experience was favourable for the year, led by positive current year Liability experience, including more stable PSA prior year development. However, the net result was impacted by the cost of intra-group reinsurance arrangements and increased investment in the business.

Consistent with other territories, the business experienced challenging market conditions and gross written premium fell slightly by 1.5% to £93.9m (2024: £95.3m)². This was largely driven by lower than expected new business and rate on renewals, partially offset by improved retention rates.

Ecclesiastical Insurance Office public limited company

Strategic Report

Canada

Canada reported an underwriting profit of £11.9m² (2024: £13.8m profit) leading to a COR of 83% (2024: 81.4%). The result reflected lower current-year loss activity and disciplined expense management, partially offset by strengthening of prior year latent claims following adverse experience in the prior year. Within the current loss year, favourable claims experience was led by especially benign weather claims in the period.

Levels of income remained broadly consistent with the prior year, reporting a small reduction in gross written premium to £101.0m (2024: £101.6m)². Strong new business wins, led by growth in our core segments, were offset by lower retention and rate on renewals due to softening market conditions.

Investments

The Company reported a particularly strong net investment result for the year of £91.0m (2024: £71.9m profit), as the majority of its asset classes performed well in more positive market conditions.

The investment result was supported by stable investment income levels of £46.0m (2024 £50.1m) and especially strong fair value gains of £44.7m (2024: £21.4m gains). Fair value gains benefitted from favourable returns on bonds, OEIC listed equities and property, as well as outstanding performance in our strategic unlisted equity investment portfolio.

We remain committed to our long-term investment philosophy, with a well-diversified and appropriately matched portfolio. Our investment approach is a key part of our climate strategy, and you can find out more in the Responsible Business report.

Long-term business

Ecclesiastical Life Limited, our life business, reported an improved profit before tax of £3.1m for the year (2024: £1.4m profit), driven by growth and investment gains in the period. Assets and liabilities in relation to the life insurance business remain well matched.

Outlook

We expect increasingly soft and competitive insurance market conditions to remain a key feature of 2026. During this period, we are committed to modest and profitable growth, maintaining our underwriting discipline and continuing to ensure we can provide market leading services to its customers. With a fast-developing Technology and AI landscape, we are prepared to innovate and invest in the business to strive for operational excellence and to continue to provide our services to customers as efficiently and effectively as possible.

External economic and market conditions may continue to change during 2026. Recent geopolitical events have contributed to changes in financial markets and the wider economic environment. These developments may influence inflation, interest rates and general business activity in the UK and the territories we operate in, although the extent of any impact is not yet clear. Our investment strategy and highly resilient capital position ensures we can take a long-term view and remain in a position of strength as we look to prioritise supporting our customers during increasingly uncertain and challenging times.

Balance sheet and capital position

In the year, total shareholders' equity reduced by £9.0m to £618.0m, as reported profits were offset by charitable donations and paying a dividend of £50m to Benefact Group to support the effective use of capital across the wider Benefact Group. The Company's capital position remains extremely robust, with Solvency II capital ratio cover for EIO remaining at 252% (2024: 252%).

During the year charitable donations of £24.0m were paid to the Company's ultimate shareholder, Benefact Trust Limited, as well as £4.1m to other causes. The Company has now given over £275m in charitable donations since 2014, continuing the Benefact Group's ambition to give more to good causes.

Mark Bennett
Group Chief Financial Officer

¹The EIO Group uses Alternative Performance Measures (APMs) to help explain performance. More information on APMs is included in Note 36

²Values here have been calculated using a constant exchange rate to ensure the effects of exchange rates have been removed. The prior year end rate has been used in the calculation here.

Ecclesiastical Insurance Office public limited company

Strategic Report

Key performance indicators

The Group considers its key performance indicators to be profit or loss before tax, regulatory capital, gross written premiums, and combined operating ratio. In addition to information included within this Strategic Report, details about the Group's regulatory capital, gross written premiums, and combined operating ratio can be found in notes 4 and 36 to the financial statements.

Strategic Report

This Strategic Report has been approved and authorised for issue by the Board of Directors and signed on its behalf by

Mark Hews
Group Chief Executive
19 March 2026

Ecclesiastical Insurance Office public limited company

Governance

Board of Directors

The directors of the company who were in office during the year and up to the date of signing the Annual Report and Accounts were:

François-Xavier Boisseau

Chair

Appointed: 20 March 2019

Tenure: 7 years

François-Xavier Boisseau became Chair of Ecclesiastical Insurance Office public limited company and Benefact Group plc on 1 January 2026.

He was appointed to the Board in March 2019. He is the Chair of IQUW Syndicate Managing Agency Ltd.

François-Xavier has more than 30 years' experience working in the insurance industry, 25 years in the UK. He was CEO of Insurance Ageas (UK) until December 2018. Prior to that he was CEO of Groupama and CEO of GUK Broking Services as well as being Non-Executive Chairman of Lark, Bollington and Carole Nash.

Mark Hews

Group Chief Executive

Appointed: 2 June 2009

Tenure: 16 years 9 months

Mark Hews was appointed Group Chief Executive in May 2013 and was previously Group Chief Financial Officer. He was appointed to the Board in June 2009 and appointed to the Board of MAPFRE RE in December 2013. He also became a Trustee of The Windsor Leadership Trust in November 2017.

He was formerly a Director of HSBC Life and Chief Executive of M&S Life. Prior to this he was Finance Director at Norwich Union Healthcare. He started his financial career at Deloitte (formerly Bacon and Woodrow) as a consultant and actuary.

Mark Bennett

Group Chief Financial Officer

Appointed: 1 January 2025

Tenure: 1 year 2 months

Mark Bennett was appointed Group Chief Financial Officer in January 2025, having progressed his career within the organisation since 2007. After working at an actuarial consultancy firm in London, Mark began his career at Benefact Group in 2007.

Mark qualified as an Actuary in 2009 and, after working in various actuarial teams, was appointed Group Chief Actuary in 2018. Since then, Mark has overseen the Group's Actuarial, Reinsurance, Risk and Investment functions. Mark became Acting CFO in July 2024, additionally leading the Finance and Premises functions, before taking on the role permanently in January 2025.

S. Jacinta Whyte

Deputy Group Chief Executive

Appointed: 16 July 2013

Tenure: 12 years 8 months

Jacinta Whyte was appointed Deputy Group Chief Executive and joined the Board in July 2013 with responsibility for the Group's General Insurance business globally. She was also appointed to the Ansva Australia Board during 2013.

Jacinta joined Ecclesiastical in 2003 as the General Manager and Chief Agent of the Group's Canadian business, a role that she continues to hold. Having commenced her career as an underwriter for RSA in Dublin in 1974, she moved with them to Canada in 1988, holding a number of senior executive positions in both Ireland and Canada.

Ecclesiastical Insurance Office public limited company

Governance

James Coyle

Senior Independent Director, Audit Committee Chair

Appointed: 21 May 2024

Tenure: 1 year 9 months

James was appointed to the Board in May 2024. James is Senior Independent Director and Chair of the Audit and Risk Committee at Pollen Street Capital. He is also a Non-Executive Director and Risk Committee Chair of HSBC Bank (Singapore) Limited and Chair of HSBC Global Services Limited, and Deputy Chair of Deloitte LLP's Oversight Board.

Previously, James chaired boards and audit committees at HSBC UK Bank plc, HSBC Trust Company, Marks & Spencer Unit Trust Management, Worldfirst UK, and Scottish Water, among others.

He retired in 2015 as Group Financial Controller/Deputy Finance Director at Lloyds Banking Group after 25 years in financial services, following senior finance roles at Bank of Scotland and BP.

Michael Murphy

Independent Non-Executive Director, Risk Committee Chair

Appointed 3 December 2025

Tenure: 3 months

Michael is an experienced Board Director and Chair with more than 30 years in Insurance & Financial Services, having held Executive and Non-Executive Director roles on regulated Boards at international organisations including Great-West/Canada Life, Aviva, Willis Towers Watson, Bank of Ireland and Flood Re. He previously held Global, EMEA and Irish leadership roles as CEO, CFO and Chief Actuary in these organisations, successfully designing new strategies and delivering significant transformation, restructuring, cultural change and strong, sustainable growth across different businesses, countries and cultures.

He is currently an independent Non-Executive Director, Chair and Board Committee Chair with several regulated Insurance, Reinsurance, Wealth and Retirement businesses in the UK. He is also an Executive Coach and Mentor to the Founders/CEOs of several international FinTech's and Insurtech's.

Sir Stephen Lamport

Independent Non-Executive Director, Joint Remuneration Committee Chair

Appointed: 23 March 2020

Tenure: 6 years

Sir Stephen joined the Board in March 2020. In addition, he was appointed as a Non-Executive Director and Trustee of the Company's ultimate beneficial owner, Benefact Trust Limited.

He is Vice-President of the Community Foundation for Surrey, Chairman of Painshill Park Trust, and Trustee of the Yvonne Arnaud Theatre. A Deputy High Bailiff of Westminster Abbey, he served as Receiver General from 2008 to 2018 and was previously Group Director at RBS. Earlier, he was Private Secretary and Treasurer to The Prince of Wales and a member of HM Diplomatic Service with postings in New York, Tehran, and Rome. Sir Stephen is also a Deputy Lieutenant of Surrey.

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The Venerable Karen Best

Independent Non-Executive Director

Appointed: 19 August 2024

Tenure: 1 year 7 months

The Venerable Karen Best was appointed to the Board in August 2024, having been a member of the Benefact Trust Board prior to this. The Venerable Karen Best has served as Archdeacon of Manchester since 2017. Ordained in 1994, she began her ministry in the Diocese of London as a Prison Chaplain and later Associate Vicar, before serving in Rochester, Chelmsford, and Bolton. Karen is passionate about supporting others on their spiritual journey through preaching, teaching, and walking alongside them. She values her relationship with Christ above all and describes herself as a 'work in progress.' A pioneer by accident and design, she embraces opportunities to model leadership as a GMH woman and Christian Mystic.

Jane Dale

Independent Non-Executive Director

Appointed 3 February 2026

Tenure: 1 month

Jane is a Chartered Accountant who spent the majority of her executive career in financial services, including 18 years at Legal & General where she had a variety of finance and business roles, including as Managing Director of the GI business. Her last executive role was with Ageas UK where she was Finance Director of the life assurance business.

Jane started her non-executive career in 2009 when she joined British Gas Services as Chair of the Audit & Risk Committee, where she stayed for 9 years. Since 2016 she has held a variety of non-executive roles including Chesnara, Covea Insurance and Brown & Brown Europe, where she has undertaken a variety of committee chair roles including audit and risk.

Angus Winther retired from the Board at the AGM on 26 June 2025. Additionally, David Henderson and Maria Darby-Walker resigned from the Board on 31 December 2025

Ecclesiastical Insurance Office public limited company

Governance

Directors' Report

The directors present their report and the audited consolidated Annual Report and Accounts for the year ending 31 December 2025.

Information incorporated by reference

In accordance with Section 415 of the Companies Act 2006 (the Act), the directors present their report for the year ended 31 December 2025. Other sections of the Annual Report and Accounts have been deemed to be incorporated into the Directors' Report by reference and the table below outlines where required disclosures can be found. In accordance with section 414C(11), some disclosures have been included in the Strategic report.

Information	Reported in	Page(s)
Business model	Our business and strategy section of Strategic Report	Page 9/10
Corporate Governance Statement	Corporate Governance Report	Page 33
Financial instruments	Note 4 Derivative financial instruments and hedging accounting policy	Page 96 Page 76
Important events since 31 December 2025	Directors' Report	Page 31
Future developments	Directors' Report	Page 28
Research and development	Directors' Report	Page 29
Employee engagement and involvement	Stakeholder engagement and section 172 Statement Corporate Governance Report Responsible Business section of Strategic Report	Page 17 Page 33 Page 10
Stakeholder engagement	Stakeholder engagement and section 172 Statement	Page 17
Greenhouse gas emissions and energy consumption	Responsible Business section of Strategic Report	Page 10
Going Concern and Viability Statement	Directors' Report	Page 30
Diversity and inclusion	Stakeholder engagement and section 172 Statement Corporate Governance Report Nominations Committee Report	Page 17 Page 33 Page 44
The Section 172 Statement	Stakeholder engagement and section 172 Statement	Page 17
Payment Practices	Responsible Business section of Strategic Report	Page 10
Principal risks and uncertainties	Strategic Report Note 3	Page 2 Page 92

Company status and branches

EIO is incorporated and domiciled in England and Wales (registration number 00024869). The registered office of the Company is Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom. The Company has branches in Canada and Ireland.

Principal activities

The Company operates principally as a provider of general insurance. Details of the subsidiary undertakings of the Company are shown in note 34 to the financial statements.

Future Developments

Looking ahead, the Company expects to continue progressing initiatives that support the EIO Group's strategic priorities and long-term objectives. More information on forthcoming developments, planned activities and areas of focus can be found in the Strategic Report and the Corporate Governance Report

Ownership and share capital

At the date of this report, the entire issued Ordinary share capital of the Company was owned by Benefact Group plc. In addition, 3.37% of the issued 8.625% non-cumulative irredeemable preference shares of £1 each ('Preference shares') are owned by Benefact Group plc. In turn, the entire issued ordinary share capital of Benefact Group plc was owned by Benefact Trust Limited, the ultimate parent of the EIO Group.

Directors and their interests

The directors of the Company who served during the year and up to the date of this report were Mark Hews, Karen Best, Mark Bennett, François-Xavier Boisseau, James Coyle, Michael Murphy, Sir Stephen Lamport, and Jacinta Whyte. David Henderson, Maria Darby-Walker and Angus Winther stepped down from the Board during the year. Biographies of those directors who are currently serving on the Board are set out in the Directors' Information Page.

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As set out in the Notice of Meeting, all current directors who have served since the last AGM will be proposed for re-election. All directors seeking re-election were subject to a formal and rigorous performance evaluation, further details of which can be found in the Group Nominations Committee Report. Details of directors' service contracts are set out in the Directors' Remuneration Report of Benefact Group plc. Also, Michael Murphy and Jane Dale will be proposed for election following recommendation of the Group Nominations Committee. In addition, and following the announcement on 18 February 2026, Gail Tucker will join the Board with effect from 1 May 2026. Therefore, she will also be proposed for election at the upcoming AGM.

Neither the directors nor their connected persons held any beneficial interest in any ordinary shares of the Company during the year ended 31 December 2025 and to the date of this report.

The interests of the directors and their connected persons in the preference shares in the capital of the Company as at 31 December 2025 and to the date of this report are shown below:

Director	Nature of interest	Number of Non-Cumulative Irredeemable Preference Shares held
Mark Hews	Connected person	75,342

The Board has a documented process in place in respect of conflicts.

No contract of significance existed during or at the end of the financial year in which a director was or is materially interested.

Indemnities and insurance

In accordance with the Company's Articles and the qualifying third-party indemnity provisions (as defined by Section 234 of the Companies Act 2006), the Company indemnifies each of its directors and directors of any associated company against certain liabilities that may be incurred because of their positions. These provisions were in force during the course of the financial year ended 31 December 2025 and at date of signing for the benefit of the directors of the company and that of any associated company. In addition, the Company maintains directors' and officers' liability insurance. Neither our indemnity nor the insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently.

Director and senior management diversity

In accordance with Listing Rule 6.6.6R(10), the required disclosure relating to Director and Senior Management Diversity is set out in the Nominations Committee Report within this Annual Report, which is incorporated into this Directors Report by reference.

Employees

The Benefact Group is dedicated to nurturing a culture and work environment where all colleagues can reach their potential. The Diversity, Equity and Inclusion Standard and Guidance sets its commitment to creating and sustaining an open and inclusive workplace where everyone belongs, and the Benefact Group places the care and wellbeing of all its colleagues at the heart of its employment policies. Throughout the colleague lifecycle, from recruitment onwards, the Benefact Group considers adjustments to its processes and practices to remove barriers for colleagues with disabilities.

The Benefact Group engages with third-party and occupational health specialists to provide expert advice and ensure it offers the best support possible. The adjusted work approach creates an environment where colleagues with additional needs can fully participate in all opportunities provided by the Benefact Group, including continued employment, training, job moves, and promotions. The Benefact Group offers various support options to help colleagues maintain a healthy work-life balance, including flexible working practices, a virtual GP service, an employee assistance program, flu vaccinations, eye tests, and a wide range of flexible benefits such as dental care and critical illness insurance and inclusive colleague networks.

Information on employee engagement and well-being is provided in the responsible business section.

Research and Development

In the ordinary course of business, the Company develops new products and services across each of its business units, ensuring they meet evolving customer needs and reflect emerging market, regulatory and technological developments. This ongoing product and service development supports its commitment to innovation and continuous improvement.

Dividends

Dividends paid on the preference shares were £9,181,000 (2024: £9,181,000). The Directors do not recommend a final dividend on the Ordinary shares (2024: £nil).

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An interim dividend of £50m on the Ordinary Shares of 4p each was paid to Benefact Group plc during the year.

Going concern

The financial performance and principal risks and uncertainties section of the Strategic Report starting on page 2 provide a review of the EIO Group's business activities and disclose the EIO Group's principal risks and uncertainties, including exposures to insurance, financial, operational and strategic risk.

The EIO Group has considerable financial resources: financial investments of £1,094.7m, 76% of which are liquid (2024: financial investments of £982.0m, 78% liquid) and cash and cash equivalents of £93.2m (2024: £105.8m) to withstand economic pressures. Liquid financial investments consist of listed equities and open-ended investment companies, government bonds and listed debt.

The EIO Group has a strong risk management framework and solvency position, is well placed to withstand significant market disruption and has proved resilient to stress testing. The EIO Group has considered its capital position, liquidity and expected performance. The EIO Group and its businesses have sufficient levels of cash and other liquid resources and has expectations it can meet its cash commitments over its planning horizon. The EIO Group and its businesses expect to continue to meet regulatory requirements.

Despite economic pressures and challenges, given The EIO Group's operations, robust capital strength, liquidity and in conjunction with forecast projections and stress testing, the directors have a reasonable expectation that The EIO Group has adequate resources and is well placed to manage its risks successfully and continue in operational existence for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Longer-term viability statement

The directors have assessed the prospects of the Group in accordance with Provision 31 of the 2018 UK Corporate Governance Code. Although the prospects and business plans of the Group are considered over a longer period, the assessment by the directors covers three years. In making its assessment the directors considered:

- The Group's current position and prospects, risk appetite, and the potential impact of the principal risks and how these are managed;
- The Group's long-term business plans and strategy, and the costs associated with its delivery;
- The Group's current capital, liquidity and solvency position and projections;
- The political, economic and regulatory environment, including uncertainties on the geopolitical outlook.

While the directors have no reason to believe the Group will not be viable over a longer period, a three-year outlook period has been selected. In determining this assessment period, consideration has been given to the nature of the Group and its businesses, its stage of development, strategy and business model. Given the rate of change in the markets in which the Group operates, three years provides an appropriate balance between the period of outlook and degree of clarity over specific, foreseeable risk events that could impact on the viability of the Group. The directors will continue to monitor and consider the suitability of this period.

The Group uses varying stress scenarios with reference to the principal risks, which are documented on pages 5 to 9. Scenarios are designed to be severe, but plausible, and assess the impact of certain events on the Group's profitability and capital strength. Reverse stress testing is also used to assess what could make the Group's business model unviable. The outcome of testing was discussed by the Board during the year and consideration was given to the current environment on the Group's viability.

Among the considerations and scenarios were further investment market volatility, claims experience and business deterioration.

The solvency position of the Group has been projected as part of the Own Risk and Solvency Assessment (ORSA), which is a private, internal, forward-looking assessment of own risk, required as part of the Solvency II regime. The forward looking emphasis of the ORSA ensures that business strategy and plans are formulated with full recognition of the risk profile and future capital needs.

Analysis confirms that the Group has sufficient capital resources to cover its capital requirements and is operationally resilient.

The directors have also considered the Group's ability to service its preference shares, subordinated liabilities and the expectations of its ultimate charitable owner, Benefact Trust Limited. The Group has fixed annual dividend payments in respect of its non-cumulative irredeemable preference shares and payments in respect of its subordinated liabilities. The Group makes regular grants to its ultimate charitable owner, Benefact Trust Limited. There is a regular cycle of discussion with Benefact Trust Limited to determine the appropriate level of grants, in which the Group's capital position and future business needs are taken into account.

Ecclesiastical Insurance Office public limited company

Governance

Confirmation of viability

Based on the Group's strong capital position, the strong risk management framework in place and the Group's resilience to the variety of adverse circumstances as demonstrated in the results of the stress testing and potential mitigating actions, the directors confirm that they have a reasonable expectation that the Group will continue in operation and be able to meet its liabilities over the three year period of the viability assessment.

Political donations

No political donations were made in the year (2024: £nil). The EIO Group policy is that no political donations may be made or expenditure incurred.

Important events since 31 December 2025

As mentioned above, subsequent to the year-end 31 December 2025, the Company announced on 18 February 2026 that Gail Tucker is expected to be appointed as a Non-Executive Director and a member of the EIO Audit and Risk Committees. The appointment will take effect on 1 May 2026 and will enhance the Board's expertise and contribute towards improved gender diversity at Board level.

External auditor

During the year, the EIO Audit Committee reviewed the effectiveness of the External Auditor.

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that PricewaterhouseCoopers LLP be re-appointed as External Auditor will be presented to the forthcoming AGM for consideration.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information that the auditor is unaware, that could be needed by the auditor in order to prepare their report.

Having made enquiries of fellow directors and the Group's auditor, each director has 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Annual General Meeting

A copy of the Notice for the 2025 AGM is available on page 159.

Directors' responsibilities statement

The directors are responsible for preparing the 2025 Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-Adopted International Accounting Standards (UKIAS). Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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Directors' confirmations

The directors consider that the 2025 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the EIO Group's and Company's position and performance, business model and strategy. Each of the directors, whose names and functions are listed on pages 25, 26 and 27 confirm that, to the best of their knowledge:

- the EIO Group and Company financial statements, which have been prepared in accordance with UKIAS accounting standards, give a true and fair view of the assets, liabilities and financial position of the EIO Group and Company, and of the profit of the EIO Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the EIO Group and Company, together with a description of the principal risks and uncertainties that it faces.

Approved and authorised for issue by the Board of Directors and signed on its behalf by

François-Xavier Boisseau
Chair
19 March 2026

Mark Hews
Group Chief Executive
19 March 2026

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Corporate Governance

Introduction from the Chair

Dear Stakeholder

I am honoured to present the Corporate Governance Report, my first as Chair, following David Henderson's resignation at the end of 2025 to take up his position as Chair of Benefact Trust. On behalf of the Board, I would like to express our sincere appreciation for David's leadership and contribution to the sound governance of the Company during his tenure.

This report sets out our approach to governance and provides a detailed account of how the Board and its Committees operated during 2025. Further information on our governance framework and practices is included throughout this section.

Ecclesiastical is proudly part of the Benefact Group, a financial services group ultimately owned by Benefact Trust Limited, a registered charity. Benefact Group plc comprises three distinct divisions, each overseen by a divisional holding company. Ecclesiastical serves as the holding company for the insurance division. Additional details on the Benefact Group plc structure can be found in the Benefact Group plc Report and Accounts.

Areas of Board and Committee focus

The year under review was one of transition and renewal. The Board's principal focus during 2025 was to ensure a smooth and effective succession process for the Chair position, led by the Group Nominations Committee, and to continue strengthening the Board's composition in line with the UK Corporate Governance Code 2024 and the expectations of its shareholders. Further information on these activities is provided in the Nominations Committee Report. The Board looked to continue demonstrating its resilience and commitment to its stakeholders as detailed below. More information on the Board's activities and key decisions can be found within this report.

Our approach to governance

As a Board, we remain committed to maintaining the highest standards of corporate governance and believe that the Company's affairs should be conducted in accordance with recognised best practice. Although the Company does not have equity shares admitted to the London Stock Exchange's commercial companies category under the revised UK Listing Regime, it has voluntarily adopted the Principles and, where possible, the Provisions of the UK Corporate Governance Code 2024 (the 'Code'), issued by the Financial Reporting Council. The Code is available on the FRC's website at frc.org.uk.

During the year, the Board and its Committees oversaw the application of the revised 2024 Code. The changes to provision 29, relating to the effectiveness of the risk management and internal control framework will apply to the year beginning 1 January 2026.

I am pleased to confirm that, for the year ended 31 December 2025, the Company has applied the Principles of the Code and complied with its Provisions in all material respects, subject to the limited exceptions set out in this report. Where we have not complied fully, we have provided clear and transparent explanations in accordance with the "comply or explain" approach required under the Listing Rules and the Code.

Provision	Current Status / Explanation
4: <i>When 20 per cent or more of votes have been cast against the board recommendation for a resolution, the Company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result.</i>	Given Benefact Group plc owns the entire issued Ordinary share capital of the Company, there is no need to comply with the provisions relating to outcomes from shareholder votes
10. <i>The board should identify in the annual report each Non-Executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director:</i> <i>– holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;</i> <i>Where any of these or other relevant circumstances apply, and the board nonetheless considers that the non-executive director is independent, a clear explanation should be provided.</i>	The Board has considered the circumstances and relationships of all Non-Executive Directors and is satisfied that a majority of the Non-Executive Directors remained independent in character and judgement. Sir Stephen Lamport is also a Non-Executive Director of the Company's ultimate parent, Benefact Trust Ltd, a registered charity, and this common directorship is regarded as good practice with a charity that owns trading subsidiaries.

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36: *Remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests.*

Given the Company does not have listed equity shares it is unable to comply with the shareholding requirements for Executive Directors.

AGM and re-election of directors

This year's AGM will be taking place on 25 June 2026. A copy of the Notice for the AGM is available on page 159.

In accordance with the Code and as set out in the Notice of Meeting, all directors who have served since the last AGM will be proposed for re-election, with the exception of Angus Winther, who retired from the Board with effect from 26 June 2025, and Maria Darby-Walker and David Henderson, who both resigned with effect from 31 December 2025. I can confirm that all directors seeking re-election have been subject to a formal and rigorous performance evaluation.

In addition, Michael Murphy and Jane Dale, who were appointed during the year, will each seek election at the AGM. Furthermore, as indicated in the Directors' Report, Gail Tucker will be appointed to the Board with effect from 1 May 2026 and will therefore also stand for election at the upcoming AGM.

François-Xavier Boisseau
Chair
19 March 2026

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Board leadership and Company Purpose

The Role of the Board

The Board is accountable to the Company's shareholders for the long-term success of the Group and for safeguarding its purpose, values, strategy, culture, and governance framework. We place great importance on maintaining a well-informed and decisive Board, with meetings scheduled regularly throughout the year to ensure timely and effective decision-making.

In addition to setting up the Group's strategic direction, the Board establishes annual objectives and oversees their delivery through the approval and ongoing review of the business plan and strategic initiatives. This structured approach ensures alignment between short-term priorities and long-term goals.

Purpose, values and strategy

The Company's purpose is to contribute to the greater good of society by improving the lives of our customers, beneficiaries, and the wider community. We achieve this through the stewardship of a diverse portfolio of businesses that operate to the highest ethical standards and are committed to delivering long-term sustainable value.

Our approach is underpinned by a clear expectation that all businesses within the EIO Group set a high bar placing customers at the heart of decision-making, acting responsibly, and serving as an example of best practice across the industry. We seek to embed an ethical dimension in all aspects of our operations, ensuring that integrity and accountability remain central to our governance framework.

As a company with a distinctive purpose, we recognise that success is defined not only by what we do, but by how we do it. Our values shape the way we work, underpinning our vision, ambition, and strategy. They provide the common thread that unites our family of businesses and guide our actions in delivering positive outcomes for all stakeholders.

In accordance with the Code, the Board ensures that the Company's purpose, values, and strategy are aligned with its culture. This is achieved through regular reporting and discussion on culture-related metrics, employee engagement surveys, and stakeholder input. The Board (via its committees) also reviews the outcomes of internal audits and risk assessments to confirm that behaviours across the Group reflect our stated values. Where areas for improvement are identified, the Board oversees the implementation of targeted actions to strengthen cultural alignment and reinforce ethical standards.

Culture

The Board is responsible for setting the right values and culture across the Group and for ensuring the fair treatment of customers. Our culture is deeply connected to the Group's purpose – to give all available profits to charity and good causes. We measure our success by how much we can give to good causes, and during the year colleagues recorded over 630 volunteering days, dedicating thousands of hours to charities and causes close to their hearts.

In 2024, we launched a simplified and refreshed set of values which now guide and shape the culture across the wider Benefact Group, as outlined below:

Collaborating	We're a family of diverse businesses united by our culture of inclusion and our commitment to the value, energy and fun of working together.
Ambitious	Our growth is empowered by our ability to be confident, bold and agile. We actively listen, learn and innovate whilst maintaining a consistent focus on delivering the highest standards for our customers and clients.
Responsible	We stake our reputation on integrity, ethical principles and commitment to building a responsible and sustainable legacy.
Expert	We nurture our colleagues with opportunities for growth, trusting each other's specialist expertise, knowledge and experience to deliver the best outcomes for our customers, clients and beneficiaries.
Supporting	Our purpose is at the heart of everything we do, bringing us together to build a movement for good.

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Every colleague, including our Directors, plays a vital role in shaping and sustaining our culture through how we interact with one another, our business partners, clients, customers and wider communities. Our values are embedded across the entire colleague lifecycle - from recruitment and performance management to our behaviour model, emerging talent and leadership development programmes and internal communications.

New colleagues are introduced to our values through the Global Group Induction programme, which explains how these values influence our business. All colleagues also complete annual Code of Conduct training to reinforce the importance of our values and culture.

Individual performance evaluations consider both delivery of objectives and the demonstration of values-based behaviours, which in turn inform reward outcomes. Local recognition schemes further encourage colleagues to demonstrate positive cultural behaviours and support peer-to-peer recognition.

We further promote an inclusive culture through training such as Inclusive Leadership and through colleague led networks including Male Allyship, Neurodiversity, LGBTQ+ and Women's networks, which provide safe and supportive spaces for colleagues.

The Board has assessed and monitored how the Group's desired culture is embedded across the organisation and reports on its oversight activities and outcomes in line with the 2024 UK Corporate Governance Code.

We oversee the wider Benefact Group culture through employee engagement surveys, with results reviewed by the Board to assess and monitor how the desired culture has been embedded. The Board receives regular updates on Diversity, Equity and Inclusion plans and progress and through the Risk Committee, it also receives regular reporting on culture from a range of business areas, including cultural status indicators, taking corrective action where necessary. Board members undertake site visits and meet colleagues to hear first-hand their experiences of working within the Group.

A key outcome during the year was the Group being awarded the UK's No.4 Best Big Company to Work For by Best Companies in 2025, retaining the 3* World Class recognition in the UK and Ireland. Wellbeing provision for colleagues was also strengthened with the introduction of neonatal miscarriage leave.

Key areas of focus for our Board during the year

Our Board and Committee meetings were held both in person and remotely throughout the year, supporting agile and effective decision-making. The outgoing Chair and the Senior Independent Director also held regular calls with the Non-Executive Directors to ensure open communication. Members of the General Management Board (GMB), together with other senior colleagues, attended Board and Committee meetings to encourage open dialogue, provide insight into business performance, review progress, and help inform priorities for EIO and its subsidiaries.

The Board operates to a structured annual programme of activities agreed by the Chair in collaboration with the Company Secretary and, where appropriate, with input from the Group Chief Executive Officer. This programme covers strategy and performance, strategic reviews, financial results, governance matters, legal and regulatory issues, colleagues, culture and values, and risk management. This approach ensures that the Board's discussions and decisions are well-informed, appropriately sequenced, and aligned with the needs of the business, while also taking account of the interests of our stakeholders. Further information on stakeholder engagement during the year can be found in our Section 172 Statement and Stakeholder Engagement Disclosures.

A key area of focus for the Board during the year was overseeing the Chair succession process, which concluded with the appointment of François Boisseau as successor to David Henderson. Further detail on this process is included in the Nomination Committee Report.

The following table summarises selected Board decisions and areas of focus during the year, together with the stakeholder groups considered in each case. While not exhaustive, these examples reflect the breadth and depth of matters reviewed by the Board. The Board undertook these activities as part of its ongoing oversight of performance, risk and organisational development, ensuring that each matter considered supported the Company's strategic direction and long-term value creation.

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As outlined in our Stakeholder Engagement disclosure, the stakeholder groups considered for these purposes comprise:

1 customers; 2 colleagues; 3 communities; 4 shareholders and investors; 5 suppliers (including brokers); 6 regulators and governments; and 7 the environment

<p>Consumer Duty Annual Update. The Board reviewed and approved the annual Consumer Duty Assessment during the year. In carrying out this review, the Board considered evidence of the outcomes being delivered for customers and the effectiveness of the Company's arrangements in ensuring that customers receive products and services that meet their needs and offer fair value.</p> <p>The assessment demonstrated that the Company continues to deliver good outcomes for its customers in line with the requirements of Consumer Duty. The Board concluded that the Company's approach remains appropriate and effective, and it will continue to monitor performance and customer outcomes to ensure that standards are maintained and strengthened where necessary.</p> <p><i>Stakeholders Considered: 1,2,5,6</i></p> <p>Global ERP Platform: As part of its oversight of the Company's Invest strategic priority, the Board received regular updates on the selection and implementation of a new global ERP platform for Group Finance. The Board monitored progress, sought assurance on programme delivery, and reviewed expected benefits, noting that the platform is designed to drive material efficiencies, strengthen financial processes, and enhance consistency across the Group. These updates provided the Board with assurance that the investment remained aligned to the Company's long-term operational and strategic objectives.</p> <p><i>Stakeholders Considered: 2,4,5,6,</i></p> <p>Corporate Governance Code training: During the year, the Board undertook training on the forthcoming changes to the 2024 Corporate Governance Code. The session enhanced the Board's understanding of the updated governance expectations and their implications for Board effectiveness, reporting, and oversight practices.</p> <p>This training strengthened the Board's ability to provide informed stewardship, ensured that directors remained up to date with evolving regulatory standards, and supported the Company's commitment to high-quality governance and transparent reporting.</p> <p><i>Stakeholders Considered: 6,4,7,1,2,5</i></p>	<p>b-heard Survey Results: During the year, the Board reviewed the outcomes of the 2024 b-heard colleague engagement survey, reported in Q1 2025. The Board welcomed the strong participation rate of 85%, viewing this as a positive indicator of colleague engagement and trust in the process.</p> <p>The Board was pleased to note that the Group achieved an 'Outstanding' rating, with the UK business attaining a Three-Star World Class accreditation. The Board considered these results to be a strong reflection of the Group's culture, leadership behaviours and ongoing focus on colleague experience. The insights from the survey were discussed in the context of sustaining a healthy culture and supporting continued improvements in engagement, performance and organisational outcomes.</p> <p><i>Stakeholders Considered: 2,4,6,7,3</i></p> <p>Health and Safety update The Board received and noted its annual Health and Safety update. As a result, the Board gained assurance on the effectiveness of the H&S Management system, compliance with legal regulatory requirements and any trends in incidents and near misses.</p> <p><i>Stakeholders Considered: 2,6,1,3,5,4,7</i></p> <p>Modern Slavery Act Statement 2025-26: As part of its oversight of culture and responsible business practices under the Energise strategic initiative, the Board received an update on the Modern Slavery Act and the findings of the 2024 House of Lords Select Committee review of the Modern Slavery Act 2015. The Board considered the outcomes of a Group-wide gap analysis, noting that no material changes were required to ensure alignment with the Government's updated guidance for 2025.</p> <p>The Board reviewed the strengthened Group Modern Slavery Statement and took assurance that its principles are embedded across the organisation, particularly within Procurement, where enhanced controls and supplier oversight are in place. The Board also noted the positive cultural outcome of sustained colleague engagement, with all staff receiving regular training on modern slavery risks and ethical conduct.</p> <p>These updates provided the Board with confidence that the Group continues to uphold high standards of integrity, supports a culture of ethical behaviour, and</p>
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<p>Dividend Recommendations: During the year, the Board approved dividend payments to its parent company, supporting the wider Group's ability to deliver its charitable and community-focused objectives under the Giving strategy. In making this decision, the Board considered the Company's financial position, capital requirements and long-term sustainability, ensuring that the distribution was consistent with prudent financial management and aligned with the Company's strategic priorities.</p> <p>These actions reinforced the Company's purpose-led culture and enabled the Group to continue its distinctive approach to charitable giving. They contributed to tangible societal outcomes and directly supported the objectives of the Giving strategy.</p> <p><i>Stakeholders Considered: 4,1,2,6,7</i></p> <p>Climate change update: In line with the Company's adoption of Benefact Group plc's climate change strategy, the Board received an update from the Group Impact Director on key developments in climate-related regulation and reporting, as well as the broader media and political landscape. The Board also reviewed progress on the Group's climate commitments, including its work in relation to recognised external frameworks.</p> <p>Reflecting the Company's ambition to play our part in protecting our planet, the Board considered how the evolving climate strategy supports the Group's wider societal and environmental objectives. A dedicated Board training session on climate change and sustainability was scheduled for early 2026 to further strengthen Board capability and ensure effective oversight of climate matters.</p> <p>Further information on the Company's climate change strategy is provided in the Responsible Business Section of the Strategic Report.</p> <p><i>Stakeholders Considered: 7,6,3,4,1,5,2</i></p> <p>General Insurance Growth: As part of its oversight of the Company's growth strategy, the Board received regular updates on business performance and market activity. The Board noted continued strong growth, with the business successfully attracting and retaining high-profile clients despite intensifying competition across key geographies.</p> <p>The Board also reviewed customer and broker experience indicators, noting excellent levels of satisfaction, supported by leading NPS scores and external recognition for service quality. The business further advanced its growth agenda through the launch of a range of new specialist products and the enhancement of its customer proposition, including</p>	<p>maintains compliance with evolving regulatory expectations.</p> <p><i>Stakeholders Considered: 5,1,2,6,3,4,7</i></p> <p>DEI Training: During the year, the Board participated in dedicated training on Diversity, Equity and Inclusion (DEI). This formed part of the Company's ongoing commitment to fostering an inclusive culture that supports the long-term success of the organisation and reflects the values embedded within the Group's strategic framework.</p> <p>The training provided the Board with enhanced insight into evolving regulatory, workforce and societal expectations relating to DEI, and reinforced the importance of inclusive leadership behaviours in shaping culture and decision-making. The session also supported the Board's understanding of how DEI considerations influence organisational resilience, talent attraction and retention, and stakeholder trust.</p> <p>By strengthening the Board's capability and awareness in this area, the training underpinned the Company's commitment to maintaining a positive, ethical and inclusive culture, one where we all belong. For more information see the Responsible Business Section of the Strategy Report.</p> <p><i>Stakeholders Considered: 2,4,6,1,3,7</i></p> <p>Group Vision and Aspirations: The Board considered and approved the Group's Corporate Strategic Plan for 2026–2028. In reviewing the Plan, the Board focused on its alignment with the Group's strategic priorities, including the continued delivery of growth, efficiency and investment. The Plan also supports the Group's transition to its next strategic chapter, scheduled for launch in mid-2026.</p> <p>Management reported to the Board on the governance, testing and assurance work undertaken in the development of the Plan, including stress and sensitivity analysis. The Board noted that the Plan reflects the Group's commitment to sustainable, profitable growth, incorporates efficiencies arising from operational improvement initiatives, and provides for planned distributions consistent with the Group's broader responsibilities.</p> <p>Having considered these factors, the Board concluded that the Plan appropriately supports the Group's long-term strategic objectives while maintaining a robust solvency position over the planning period. The Corporate Strategic Plan for 2026–2028 was accordingly approved.</p> <p><i>Stakeholders Considered: 4,6,1,2,5,7,3</i></p> <p>Improved Technological Capabilities: The Board received updates on the Group's enhanced technological capabilities and considered the related</p>
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<p>tailored value-added initiatives such as masterclasses, training and podcasts.</p> <p>These outcomes provided the Board with assurance that execution of the growth strategy remained on track and continued to strengthen the Company's competitive position.</p> <p><i>Stakeholders Considered: 1,4,5,6,2,7</i></p> <p>AI and Data Strategy: At its October Away Day, the Board undertook a deep-dive review of the Group's technology, data and AI strategy, recognising its critical role in strengthening analytical capability, supporting more informed decision-making and enhancing operational efficiency. The Board's scrutiny and guidance during this session enabled the further development of key AI initiatives and improvements to data governance, helping to ensure the Group is well-positioned to adopt <i>emerging technologies responsibly and securely</i>.</p> <p>Stakeholders Considered: 5,1,2,4,3,</p>	<p>benefits and risks. Through this oversight, the Board helped ensure that the programme continued to strengthen operational resilience, improve data quality and reduce key technology-related risks across the Group.</p> <p><i>Stakeholders Considered: 1,4,6,2,5</i></p>
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In addition to the matters outlined above, a key area of focus for the Board and its Committees during the year was the Company's preparedness for Operational Resilience. Throughout the year, the Board and its Committees (particularly the Risk Committee) engaged both directly and indirectly with a range of stakeholders to ensure a comprehensive understanding of the potential impact of Operational Resilience on customers, colleagues, regulators and other key stakeholders, as well as their respective interests and views.

This engagement included discussions with colleagues, interactions with key regulators, and insights obtained through reporting from executive management, to whom the day-to-day running of the business is delegated. These activities supported the Directors in meeting their responsibilities under Section 172 of the Companies Act 2006.

Further information on how the Board oversaw the Company's Operational Resilience readiness is set out below.

Operational Resilience Readiness and Self-Assessment

During the year, the Board determined to prioritise further investment in the Company's operational resilience capabilities in order to meet its regulatory obligations under PRA SS1/21 and FCA PS21/3, and to support the long-term sustainability of the business. In discharging its duties under section 172 of the Companies Act 2006, the Board considered the importance of maintaining reliable, secure and resilient operations for the benefit of customers, employees, regulators and other key stakeholders.

Through the Risk Committee, the Board oversaw progress against the Company's operational resilience plan. This included approving the Operational Resilience Policy and associated standards, and reviewing and agreeing the Company's Important Business Services, impact tolerances and testing approach. All work was completed ahead of the 31 March 2025 regulatory deadline.

In March 2025, the Board reviewed and approved the annual operational resilience self-assessment and concluded that, subject to two identified risks relating to reliance on third-party providers Microsoft and BT, the Company remained operationally resilient. The Board noted that these risks had been disclosed to the Regulators and was satisfied with the robustness of the resilience testing undertaken. The self-assessment and proposed changes to impact tolerances were approved and submitted to the Regulators.

This decision directly supports the Company's strategic theme of Invest through continued enhancement of critical operational capabilities and infrastructure. These actions strengthen the Company's long-term resilience, underpin stakeholder confidence and support the successful delivery of its strategic ambitions.

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Whistleblowing

The Company has adopted Benefact Group plc's Whistleblowing policy, and the Committee continues to oversee whistleblowing procedures for the Company. For more information on this, please refer to the Audit Committee Report.

Conflicts of interest

In accordance with the Companies Act 2006 and the Company's Articles of Association, the Group Company Secretary maintains a formal Register of Directors' Conflicts to monitor and manage any actual or potential conflicts of interest. All Directors receive training on their statutory duties under the Companies Act 2006 and are regularly reminded of their obligations to act in the best interests of the Company.

Directors are required to declare any actual or potential conflicts of interest at the earliest opportunity, typically at the first Board meeting following identification. Such declarations are recorded in the conflicts register and reviewed by the Board in line with the provisions of the Companies Act 2006 and the Company's Articles of Association. To ensure ongoing compliance, Directors review and confirm the accuracy of their recorded interests on a biannual basis.

The Board also oversees procedures for managing conflicts arising in trading relationships, including those involving brokers and the general insurance business. These procedures are designed to ensure that customer interests remain paramount and that all dealings are conducted with integrity, transparency, and a commitment to delivering the best possible outcomes for customers.

Division of responsibilities

The Board maintains a clear division of responsibilities between executive and non-executive roles to ensure effective oversight, accountability, and independence. These responsibilities are formally documented, reviewed regularly by the Board, and communicated through the Company's governance framework.

The roles of the Chair and Group Chief Executive are undertaken by separate individuals, as illustrated in the governance structure chart below, in accordance with best practice under the Code. The Chair is responsible for leadership of the Board and ensuring its effectiveness, while the Group Chief Executive is accountable for the operational management and delivery of the Group's strategy.

To strengthen governance and stakeholder engagement, the Board has designated Non-Executive Directors as champions for key areas, including workforce engagement and climate change.

Throughout the year, the former Chair, David Henderson, held meetings with Non-Executive Directors without Executive Directors present, providing an opportunity for open discussion and independent challenge. Separately, the Group Chief Executive, Mark Hews, met regularly with the Group Management Board to oversee day-to-day operations. Matters of significance arising outside the scheduled Board meetings were promptly communicated to Directors to ensure timely oversight and decision-making.

An overview of the Board composition and its governance structure as at 19 March 2026 is set out below:

Governance Structure

Documents available at ecclesiastical.com

- *Articles of Association*
- *Matters Reserved to the Board*
- *Committee Terms of Reference*

The Board

As a subsidiary of Benefact Group plc, the Board have adopted Benefact Group's Governance Framework, which facilitates transparency, accountability and effective decision making within a framework of prudent and effective controls.

The Board's role is to provide entrepreneurial leadership of the Group within the approved framework of prudent and effective controls which enables the risks which the Group faces to be assessed and managed. The Board sets the Group's high level strategic aims, ensures that the necessary financial and human resources are in place for it to meet its objectives and reviews management performance. The Board sets the Company's values and standards and ensures that its obligations to its customers, its shareholders and other stakeholders are understood and met.

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<p>Chair, François-Xavier Boisseau</p> <p>The Chair is responsible for the active leadership of the Board, ensuring its effectiveness in all aspects of its role. The Chair is pivotal in creating the conditions for overall board and individual director effectiveness, setting clear expectations concerning the style and tone of board discussions, ensuring the Board has effective decision-making processes and applies sufficient challenge to major proposals.</p>	<p>Senior Independent Director, James Coyle</p> <p>The Senior Independent Director supports and acts as a sounding board for the Chair and is responsible for overseeing the governance practices of the Company and leading the directors in their appraisal of the Chair. Along with the Chair, the Senior Independent Director is the primary contact for the shareholder and they meet regularly with the shareholder to share and understand views.</p>	<p>Non-executive Directors, Karen Best, James Coyle, Jane Dale, Sir Stephen Lampert and Michael Murphy,</p> <p>Non-Executive Directors have a responsibility to uphold high standards of integrity and probity including acting as both internal and external ambassadors of the Company. As part of their role as members of a unitary board, Non-Executive Directors should constructively challenge and help develop proposals on strategy.</p>	
<p>Committees</p> <p>The Board has established four principal Committees, each operating under formally approved Terms of Reference, to which it delegates specific responsibilities. These Committees play a vital role in supporting the Board's oversight and governance, and they collaborate closely where matters overlap. For example, the Audit Committee and Risk Committee work together on issues relating to internal controls and risk management.</p> <p>Following each meeting, the respective Committee Chair provides a comprehensive update to the Board, ensuring transparency and enabling informed decision-making across all areas of governance.</p> <p>An outline of the Committees' roles and responsibilities is set out below. For more detail on the work of each committee please refer to the individual committee report within these Report and Accounts.</p>			
<p>Audit Committee</p> <p>Oversees financial, climate, non-financial and regulatory reporting processes; internal controls; whistleblowing arrangements; tax strategy and policies; internal audit function; and manages the relationship with the external Auditor.</p>	<p>Risk Committee</p> <p>Oversees the Risk Management Framework including risk appetite and tolerance; the risk and compliance functions; and reviews prudential risk (including overseeing the capital model), conduct risk and climate change risk.</p>	<p>Group Nominations Committee</p> <p>This is a joint committee with Benefact Group plc. The Group Nominations Committee ensures that there is an appropriate balance of skills, knowledge and experience on the Board, its committees and within the Group's subsidiary companies.</p>	<p>Group Remuneration Committee</p> <p>The Group Remuneration Committee is a joint committee with Benefact Group plc. It determines the Group's Remuneration Policy and ensures there is alignment between performance and reward.</p>
<p>Group Chief Executive, Mark Hews</p> <p>The Board delegates the execution of the Company's strategy and day-to-day management of the business to the Chief Executive, assisted by members of the Group Management Board (GMB).</p>			
<p>Deputy Group Chief Executive, Jacinta Whyte</p> <p>The Deputy Group Chief Executive is accountable to the Group Chief Executive for leading the general insurance businesses.</p>	<p>Group Chief Financial Officer, Mark Bennett</p> <p>The Group Chief Financial Officer is accountable to the Group Chief Executive for the financial management of the Group and for ensuring that it complies with its statutory and regulatory reporting requirements.</p>	<p>Group Company Secretary, Rachael Hall</p> <p>The Company Secretary is responsible for compliance with board procedures, advising the Board on all governance matters, supporting the Chair and helping the Board and its Committees to function efficiently. All Directors have access to the advice of the Company Secretary.</p>	

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Board attendance at meetings in 2025

In 2025, the Board held six scheduled meetings, two additional meetings, and one away day held jointly with the Benefact Group plc board. In addition, the Board participated in regular training sessions. Below is a record of the Directors' attendance for Board meetings during 2025. Details of committee attendance can be found in the individual committee reports.

Where a Director was unable to attend a particular meeting, meeting papers were issued to them in advance and they had the opportunity to provide comments to the Chair of the Board or to the relevant Committee Chair.

Date	Venue	Scheduled / Ad hoc	D Henderson	M Bennett	K Best	F Boisseau	J Coyle
04.02.25	Glos	Scheduled	✓	✓	✓	✓	✓
20.03.25	London	Scheduled	✓	✓	✓	✓	✓
21.05.25	London	Ad hoc	✓	✓	✓	A	✓
11.06.25	Teams	Ad hoc	✓	✓	✓	✓	✓
26.06.25	Glos	Scheduled	✓	✓	✓	✓	✓
23.09.25	London	Scheduled	✓	✓	✓	✓	✓
08.10.25	London	Away Day – joint with BG	✓	✓	✓	✓	✓
26.11.25	London	Scheduled	✓	✓	✓	✓	✓
			8/8	8/8	8/8	7/8	8/8

Date	Venue	Scheduled / Ad hoc	M Darby-Walker	M Hews	S Lamport	A Winther	J Whyte
04.02.25	Glos	Scheduled	✓	✓	✓	✓	✓
20.03.25	London	Scheduled	✓	✓	✓	✓	✓
21.05.25	London	Ad hoc	✓	✓	✓	✓	✓
11.06.25	Teams	Ad hoc	✓	✓	✓	✓	✓
26.06.25	Glos	Scheduled	✓	✓	✓	✓	✓
23.09.25	London	Scheduled	✓	✓	✓	-	✓
08.10.25	London	Away Day – joint with BG	A	✓	✓	-	✓
26.11.25	London	Scheduled	A	✓	✓	-	✓
			6/8	8/8	8/8	5/5	8/8

- A Winther retired from the Board on 26 June 2025. He attended all applicable meetings during the year.
- M Murphy appointed to the Board from 3 December 2025
- J Dale appointed to the Board on 3 February 2026.

Board Composition up to the date of this report

The table below details Board and Board Committee Composition Changes in 2025 and prior to publication of this report.

Board	Audit Committee	Risk Committee	Joint Nominations Committee	Joint Remuneration Committee
Mark Bennett Appointed 1 January 25	Angus Winther Stepped down 26 June 25	Michael Murphy Appointed 3 December 25	David Henderson Stepped down 31 December 25	David Henderson Stepped down 31 December 25
Angus Winther Retired 26 June 25	François Boisseau Stepped down 31 December 25	Maria Darby-Walker Stepped down 31 December 25	Angus Winther Stepped down 26 June 25	François Boisseau Appointed 23 September 25.
Michael Murphy Appointed 3 December 25	Jane Dale	François Boisseau	François Boisseau	

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<p>Maria Darby-Walker Resigned 31 December 25</p> <p>David Henderson Resigned 31 December 25</p> <p>François Boisseau Appointed as Chair and stepped down as Senior Independent Director 1 January 26</p> <p>James Coyle Appointed as Senior Independent Director 1 January 26</p> <p>Jane Dale Appointed 3 February 26</p>	<p>Appointed 3 February 26</p> <p>Michael Murphy Appointed 3 December 25</p>	<p>Stepped down 31 December 25</p> <p>Jane Dale Appointed 3 February 26</p>	<p>Appointed 23 September 25</p>	
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Internal controls

The Board is ultimately responsible for the systems of risk management and internal control maintained by the Group and reviews their appropriateness and effectiveness annually. The Board views the management of risk as a key accountability and is the responsibility of all management and believes that, for the period in question, the Group has maintained an adequate and effective system of risk management and internal control that complies with the Code. Further details are set out in the Risk Management Report.

The Group embeds risk management into its strategic and business planning activities whereby major risks that could affect the business in the short and long term are identified by the relevant management together with the assessment of the effectiveness of the processes and controls in place to manage and mitigate these risks.

As part of the Benefact Group, EIO has adopted the Benefact Group's internal control framework. In doing so, the Board acknowledges its responsibility in setting the tone for the Company and creating a high degree of control consciousness in all employees.

A Code of Conduct and a Code of Ethics are embedded into the culture of our business and is accessible to all colleagues via the intranet.

Assurance on the adequacy and effectiveness of internal control systems is obtained through management reviews, risk and control self-assessment, second-line reviews conducted by Group Risk and Compliance and EIO's internal audit programme.

Systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable, but not absolute assurance as to the prevention and detection of financial misstatements, errors, fraud or violation of law or regulations. Further information on internal controls is set out in the EIO Audit Committee Report.

EIO, along with the Group, is well advanced in its work to implement Provision 29 of the Code.

By order of the Board

Rachael Hall,
Group Company Secretary
19 March 2026

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Nominations Committee Report

	Committee member	Member since	Meetings attended
Chris Moulder (Chair)	Chris Moulder	November 2019	3/3
	François Boisseau	September 2025	1/1
	James Coyle	June 2025	1/1
	David Henderson ¹	January 2018	3/3
	Angus Winther ²	May 2021	1/2

¹Stepped down 31 December 2025

²Stepped down 26 June 2025

Dear Stakeholder

I am pleased to present the Group Nominations Committee's Report for the year-ending 31 December 2025. This is a joint Committee of EIO and Benefact Group plc. I am a Non-Executive Director and Senior Independent Director of Benefact Group plc and Chair the Group Nominations Committee on behalf of both Boards.

Chris Moulder, Group Nominations Committee's Chair

12 March 2026

Committee composition and activity during 2025

The Group Nominations Committee is chaired by the Senior Independent Director of the Benefact Group plc. Given its Group remit, the membership of the Committee comprises a majority of independent Non-Executive Directors from either the Boards of EIO or Benefact Group plc. Angus Winther stepped down from the Committee in June 2025. James Coyle and François Boisseau were appointed to the Committee in June and September respectively.

The Committee's focus in 2025 has been on the succession of the Chair for EIO and Benefact Group plc and dealing with any subsequent changes to the composition of the Board. The Committee ensures that the Board, Board Committees and Executive Team continue to have the right composition of skills, experience, knowledge and diversity of thought, as well as robust succession planning to support the delivery of the Group's strategy.

In 2025, the Board approved the appointment of François Boisseau as Chair to succeed David Henderson. In addition, Michael Murphy was appointed to the Board as a Non-Executive Director to succeed Neil Maidment who resigned down from the Board at the end of 2024. Angus Winther retired from the Board at the AGM in June and Maria Darby-Walker stepped down from the Board in December.

The Committee also oversaw changes to the composition of the Board Committees, the Executive Team and changes to subsidiary Boards. As reported last year, Mark Bennett was appointed as Group Chief Financial Officer with effect from 1 January 2025 to succeed Denise Cockrem who retired during 2024.

Board Composition and changes during the year

The Committee keeps under review the Board's composition and its Non-Executive Director recruitment priorities. Succession planning is a fundamental part of the Committee's remit.

The Corporate Governance Report includes more information on the changes to the Board and Board Committees during the year and prior to publication of this report.

Appointment of New Chair

During the year, the Senior Independent Director led the process for appointing a new Chair (to serve as Chair to EIO and Benefact Group plc). The desired qualities for the Chair along with the protocol for appointment were distributed to all the existing Non-Executive Directors of EIO and Benefact Group plc and expressions of interest were received by three Directors who were all considered credible candidates.

An Appointments Panel was established which comprised the Group Nominations Committee Chair, two non-conflicted Directors on the Board and a representative from the ultimate Shareholder. Odgers, a recruitment agency, was engaged to evaluate each of the candidates with a series of questionnaires and an interview. Feedback from Odgers was considered by the Panel. Each candidate was interviewed by the Appointments Panel and separately by the Group Chief Executive Officer. The views of those Directors not involved with the process were sought. The Panel met to evaluate all the feedback and a preferred candidate was selected. The Board subsequently approved that François-Xavier Boisseau be elected as the next Chair with effect from 1st January 2026 to succeed David Henderson. François joined the Board in 2019 and has extensive experience in insurance which has been developed during his executive and non-executive career extending to over 35 years in the financial services industry. He is well placed to lead the Board as its Chair.

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Throughout the process, the Regulator was engaged at every stage including the desire that the new Chair serve for five years which would take the preferred candidate over his natural term by two years. The PRA considered the appointment including the desired tenure and, following an interview, regulatory approval was given.

David Henderson stepped down from the Board on 31 December 2025 having served as a Director for nine years and Chair for six years. The Committee and the Board are very grateful for the significant contribution he has made to the Group.

Appointment of New Non-Executive Directors

An Appointments Panel comprising Chris Moulder, David Henderson, and Rachael Hall was formed for the recruitment of at least two new Non-Executive Directors with extensive senior experience in insurance and actuarial to succeed Neil Maidment and François-Xavier Boisseau (on assuming the Chair role). A Position Specification for the roles based on objective criteria and having regard to the outcome of the Board skills analysis was developed.

Following a tender process, Odgers (who had no connection to the Group other than supporting Executive assignments) was engaged to support the recruitment process.

Having due regard to the Board's diversity and inclusion ambitions, the skills and competences outlined in the specification, and the Company's ethics, culture and values, Odgers drew up a list of potential candidates. This long-list was reduced to a short-list by the Appointments Panel and interviews were held. The Board appointed Michael Murphy on 3 December 2025. As part of the search, two additional candidates were identified from other sources and Jane Dale was appointed on 3 February 2026 and Gail Tucker will be appointed on 1 May 2026.

Senior Independent Director and Chair of the Risk Committee

Having been appointed to the Chair, François-Xavier Boisseau stepped down from his existing roles as Senior Independent Director and Chair of the EIO Risk Committee at the end of the year.

With effect from 3 February 2026, and having received approval from the Regulator on 3 February 2026, Michael Murphy was appointed as Chair of the EIO Risk Committee succeeding François-Xavier Boisseau.

With effect from 1 January 2026, and having received approval from the Regulator, James Coyle was appointed as Senior Independent Director succeeding François-Xavier Boisseau.

Size of the Board

The Committee considers that the size of the Board contributes to its effectiveness and longer-term success. The optimal size of the Board is considered to be 10-11. As at the date of this report, the size of the Board is nine (10 with effect from 1 May 2026) which is considered the right size to operate in an efficient and collaborative manner and to ensure an appropriate mix of skills and diversity to support succession planning and to accommodate the additional roles and responsibilities of some of the Directors on Board Committees.

Diversity

The Company recognises the benefits of an inclusive and diverse Board and is committed to improving diversity on the Board. It believes that diversity both strengthens the Board and business performance. The Board will take opportunities, as and when appropriate, to further improve diversity in its broadest sense (including ethnicity, skills, regional and industry experience, background, age, gender and other distinctions) as part of its recruitment practice. However, the Board believes the approach to diversity and inclusion should not be a 'tick box exercise' but an opportunity to continue to build a cohesive and robust leadership. Ultimately, all appointments should be made on merit with directors able to bring a range of thoughts and opinions to avoid 'Groupthink'.

Gender and ethnic diversity reporting

Disclosures in the form prescribed by the UK Listing Rules of the FCA relating to gender and executive management are set out in the table below.

This section details disclosures in the form prescribed by the UK Listing Rules requirements relating to gender and ethnic diversity of the Board and executive management.

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EIO plc	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	6 (7)	66.7% (70%)	4 (4)	7 (7)	87.5% (87.5%)
Women	3 (3)	33.3% (30%)	0 (0)	1 (1)	12.5% (13%)
Other categories	-	-	-	-	-
Not specified / Prefer not to say	-	-	-	-	-

Data relating to the gender and ethnic diversity of the Board was collected by way of a questionnaire as part of the annual year end attestation process. This questionnaire asked Board members to disclose their gender identity and ethnic background, on a voluntary self-reporting basis, by selecting options aligned with those in the left-hand columns of the tables (including the option not to specify an answer). Group employees (including executive management) are asked to confirm their gender and ethnicity at the application stage of their recruitment. Gender and diversity data of executive management was sourced from this existing data, which is held within Group HR's secure system.

EIO plc	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	8 (9)	88.9% (90%)	4(4)	8 (7)	100% (100%)
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	1 (1)	11.1% (10%)	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified/ prefer not to say	-	-	-	-	-

Data relating to the gender and ethnic diversity of the Board was collected by way of a questionnaire as part of the annual year-end attestation process. This questionnaire asked all individual Board members to disclose their gender identity and ethnic background, on a voluntary self-reporting basis, by selecting options aligned with those in the left-hand columns of the tables above (including the option not to specify an answer).

Group employees (including executive management) are asked to confirm their gender and ethnicity at the application stage of their recruitment. Gender and diversity data of executive management was sourced from this existing data, which is held within Group HR's secure system.

Board Diversity Policy

On recommendation of the Committee, the Board adopted a revised version of the Board Diversity Policy on 26 November 2025.

The Board's Diversity Policy includes objectives which align with the diversity and inclusion targets set out in the Listing Rules. The Board's Diversity Objectives are set out in the table below.

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The Committee was conscious that improvements were required in relation to the diversity of the Board and its Committees particularly in terms of female representation which it has actively addressed during the year. In line with the expectations of the FCA, the Committee will continue to make this a consideration when recruiting new directors in the future.

The Board is disappointed that it has been unable to achieve two of the objectives as at 31 December 2025 and will continue to focus on them during 2026.

Board Diversity Objective	Implementation and progress
At least 40% of the Board are women.	This objective has not been met during the year. The Board have concentrated on building a diverse pipeline and two female directors have been recruited and, as previously stated, will take up their posts in 2026. This will remain an area of focus.
At least one of the senior positions on the Board (defined as Chair, Chief Executive, Senior Independent Director and Chief Financial Officer) is held by a woman.	The Board are conscious that one of the senior positions on the Board should be female and have concentrated on recruiting new female directors to build the pipeline for senior positions on the Board. The Board plans to fulfil this requirement by the end of 2026.
At least one director is from a minority ethnic background.	One member of the Board is from an ethnic minority background.

Numerical information, together with detail relating to the approach taken to collate this diversity data in accordance with UKLR 6.6.6 R(9) is set out in the Board Diversity Schedule.

Gender and ethnic diversity within the Executive Team and its direct reports and the wider workforce

For further information on gender and ethnic diversity within the Executive Team, its direct reports, and the wider workforce, please refer to the Strategic Report

Non-Executive Directors' Length of Service

The Committee monitors the tenure of all Directors, as reflected in the Board diversity table, and each Director's individual tenure is disclosed within their biography.

Non-Executive Director's Independence

In line with the requirements of the Code, a majority of our Board comprises independent Non-Executive Directors.

Independence is reviewed as part of each director's annual effectiveness review, considered by the Committee and agreed by the Board annually. The Committee has considered the circumstances and relationships of all Non-Executive Directors and, following rigorous review, the Committee confirmed to the Board that a majority of the Non-Executive Directors remained independent in character and judgement. No individual participated in the discussions relating to their own independence. One Non-Executive Director (and two Executive Directors) remain directors of the Company's immediate parent, Benefact Group plc and are not deemed to be independent.

During the year, François-Xavier Boisseau was also a director on the Board of Benefact Trust Limited and the Company ('a common director'); he stepped down from the Board of Benefact Trust Limited on 31 December 2025. Sir Stephen Lamport, who was previously a common director with the Trust, was reappointed to the Board of Benefact Trust Limited with effect from 1 January 2026. The common directorship model is regarded as good practice with a charity that owns a trading subsidiary and these common directors enable the Trust to gain a thorough understanding of its subsidiary company's performance and the strategic issues it faces, and for the subsidiary to understand the expectations of its parent company. With these factors in mind, the Committee and the Board consider it appropriate that a common director is regarded as an independent Non-Executive Director. A joint Company and Benefact Trust Limited Nominations Committee Meeting is held annually, amongst other things to consider the appointment of common directors.

Time Commitment

Prior to their appointment to the Board, all proposed new Directors are asked to disclose their other significant commitments, which are reviewed by the Committee and the Board when considering their appointment to ensure they can discharge their responsibilities. Expected time commitments are agreed with each Non-Executive Director on an individual basis and include time to attend and prepare for Board and Board Committee meetings and to undertake training. During the induction period, a new Non-Executive Director will be expected to devote additional time to gain an understanding of the business.

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The Committee evaluates the time Non-Executive Directors spend on the Company's business annually and is satisfied that, in 2025, the Non-Executive Directors continued to be effective and fulfilled their time commitment as stated in their letters of appointment.

External directorships are considered to be valuable in terms of broadening the experience and knowledge of Executive and Non-Executive Directors. Prior to approving any significant new external commitment for a Director, the Board will consider the nature of the role, the existence of any actual, potential or perceived conflict of interest, and ensure the commitment required is not excessive. The Conflicts Register maintained by the Group Company Secretary is used to monitor external interests. Any monetary payments received by Executive Directors from outside directorships are paid over to and retained by the Company.

Director training and development

The Committee and the Group Company Secretary support the Chair in developing and monitoring effective induction, training and development for the Board.

All Directors undertake a formal, comprehensive and tailored induction upon joining the Board designed to provide them with an understanding of the operation of the Group, its purpose, values and strategy and key business areas and functions. This includes sessions with key SMEs across the Company. When a Director is joining a Board Committee, their induction schedule will also include an induction to the operation of that Committee.

In addition, the annual training schedule of the Board is developed in consultation with the Committee, the Executives and key SMEs around the Company before being approved by the Board. It is dynamic and can change to reflect the needs of the Board. Any Director may request further training to support their individual or collective needs. Throughout the year, the Directors continued to deepen their understanding of the business through Board deep dives as well as receiving training on IFRS17 (reflections and market insight), the revised UK Corporate Governance Code and Diversity, Equality and Inclusion.

The Group Company Secretary maintains annual Continuing Professional Development (CPD) records for all directors.

Succession Planning and Talent Development

The Committee oversees succession planning to ensure that the Company strikes the right balance of skills, experience, diversity of thought and effectiveness on the Board, its Committees and the Executive Team. Succession planning takes into account the Company's strategic ambitions, opportunities and challenges faced as well as considering both current and anticipated future business needs.

In terms of Board and Committee Succession, the Committee regularly reviews the composition of the Board to ensure that its members have the right balance of skills and experience to support the delivery of the Company's Strategy. Each role is considered in terms of an emergency, short-term and long-term successor. This is supported by a robust skills analysis which is conducted for all directors annually. The Committee uses the results of the succession planning and skills analysis exercise to refresh the Board's Non-Executive Director recruitment priorities and to lead the search process for any new Board appointments.

During 2025, the Committee focused on finding a successor for David Henderson as Chair and subsequently for François-Xavier Boisseau as Senior Independent Director and Chair of the Risk Committee. The successors for the Chair and the Senior Independent Director had been identified by the succession planning process. The successor for the Chair of the Risk Committee was an external recruit. In 2026, the Committee will focus on strengthening the accounting and audit skills on the Board as well as continuing to focus on diversity.

The composition of the Executive Team must comprise the right balance of skills, experience and diversity of thought to drive the delivery of the strategy agreed by the Board. Consequently, the Committee regularly reviews the succession plans and approves any changes to the Executive Team, their immediate direct reports and the Board composition of Subsidiary Boards. The Committee also reviews the development of talent across the broader Group ensuring a diverse pipeline of talent is in place.

Board Effectiveness and Performance

In accordance with the UK Corporate Governance Code 2024, the Committee ensures that a formal and rigorous annual evaluation of the performance of the Board, its Committees and each Director is undertaken. The Company operates a structured evaluation cycle that includes internally facilitated reviews in most years, complemented by an externally facilitated review at least every three years to ensure robust scrutiny and continuous improvement in Board effectiveness.

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The 2025 Board and Committee effectiveness reviews were internally facilitated and took place in January 2026, assessing performance over the 2025 financial year. The evaluation process was overseen by the Chair, with support from the Company Secretariat, who administered questionnaires and collated responses.

The evaluation of the Chair was led by the Senior Independent Director in line with the requirements of the Code. All Directors took part in individual effectiveness reviews in January 2026, and the Committee concluded that each Director continued to perform effectively and contribute positively to the Group's long-term sustainable success. In accordance with the Code, all Directors continuing in office intend to offer themselves for election or re-election at the 2026 AGM.

The evaluation confirmed that the Board and its Committees continued to operate effectively and that they maintained a constructive culture of challenge, open discussion and accountability. The Board discussed the outcome of the evaluation including the significant strengths underpinning the effectiveness of the Board and agreed some key areas of focus for 2026.

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Risk Committee Report

Michael Murphy (Chair)	EIO Risk Committee member	Member since	Meetings attended
	François-Xavier Boisseau ¹	September 2024	7/7
	James Coyle	September 2024	7/7
	Maria Darby-Walker ²	September 2024	5/7
	Sir Stephen Lamport ³	September 2024	6/7
	Michael Murphy ⁴	December 2025	0/0
	Jane Dale ⁵	February 2026	0/0

¹ François-Xavier Boisseau stepped down from the Committee as a member and Chair on 31 December 2025.

² Maria Darby-Walker was unable to attend two meetings this year. She stepped down from the Committee on 31 December 2025.

³ Sir Stephen Lamport did not attend the Committee's meeting in July due to other professional commitments.

⁴ Michael Murphy was appointed as a member of the Committee on 3 December 2025 and took up the role of acting Chair on 1 January 2026, subject to regulatory approval, which was received on 3 February 2026

⁵ Jane Dale was appointed as a member of the Committee on 3 February 2026.

Dear Stakeholder

I am pleased to present this report as Chair of the Risk Committee.

The Committee was established by the Board in September 2024 primarily to provide oversight and advice to the Board on current and future risk exposures, by reference to strategic developments, including determining risk appetite, tolerances and culture.

François-Xavier Boisseau stepped down as a member and Chair of the Committee on 31 December 2025 when he took up the role of Chair of the Board. I take this opportunity to thank François for his leadership of the Committee since its inception. I joined the Committee on 3 December 2025 and have succeeded François as Chair. Maria Darby-Walker also stepped down from the Committee on 31 December 2025 and we thank Maria for her contribution. We also welcomed Jane Dale as a member of the Committee on 3 February 2026.

This report describes the work undertaken by the Committee during 2025 to monitor the risk management framework; the Internal Model; solvency; capital management; operational resilience and other material risks, paying close attention to impacts from the internal and external environments.

The Board has voluntarily chosen to include this report in addition to the disclosures in the Risk Management Report and Principal Risks sections. The latter sets out the principal risks and uncertainties. The Committee has reviewed these in detail and is comfortable that the business has addressed them appropriately taking account of the ongoing operating model and strategic priorities.

Michael Murphy

Chair of the Risk Committee

19 March 2026

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Areas of focus during 2025

In 2025, the Committee continued to oversee risk and compliance monitoring and oversaw the management of key risks, taking account of direct and indirect impacts from the external environment which included geo-political risks, cyber risk, climate change and adverse weather events, and regulatory change. In relation to the latter, areas of focus for the Committee during the year included overseeing the Company's response to regulation relating to operational resilience; third party risk management; and solvent exit analysis.

During the year, the Committee received reports on risk and compliance monitoring and assurance; underwriting and insurance risk; market and investment risk; material outsourcing and third-party risk; operational resilience and business continuity; data management; AI and cyber risk; and the Consumer Duty.

Individual reports were also received from the Actuarial Function (on reinsurance, underwriting and pricing); the Money Laundering Reporting Officer; and the Data Protection Officer.

Throughout the year, the Committee monitored the ongoing use, development, governance and calibration of the Internal Model; oversaw independent validation; and recommended Model changes and management actions to the Board. The Committee also reviewed the Operational Resilience Self-Assessment, and the Own Risk and Solvency Assessment, recommending both to the Board for approval.

Additionally, the Committee oversaw the development and implementation of the risk management framework and recommended appropriate risk appetite changes to the Board. The Committee also considered the design and operating effectiveness of the system of internal control and risk management including financial, operational, reporting and compliance controls.

Meetings of the Risk Committee were attended by the Group Chair, Deputy Group Chief Executive, Group Chief Risk and Compliance Officer, Group Chief Financial Officer, Group Underwriting Director, and Group Chief Internal Auditor.

The Group Chief Risk and Compliance Officer reports to the Committee on a regular basis and has direct access to the Committee Chair and the Non-Executive Directors. The Committee ensures that it meets with the Group Chief Risk and Compliance Officer at least annually without other management present.

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Audit Committee Report

	EIO Audit Committee member	Member since	Meetings attended
James Coyle (Chair)	James Coyle (Chair)	September 2024	6/6
	François-Xavier Boisseau ¹	September 2024	5/6
	Angus Winther ²	September 2024	4/4
	Michael Murphy ³	December 2025	0/0
	Jane Dale ⁴	February 2026	0/0

¹François-Xavier Boisseau stepped down as a member of the Committee on 31 December 2025 on his appointment as Chair of the Board. He was unable to attend one meeting this year due to a professional commitment.

²Angus Winther was a member of the Audit Committee until 26 June 2025, when he retired from the Board.

³Michael Murphy was appointed a member of the EIO Audit Committee on 3 December 2025. No meetings for the year have been held since his appointment.

⁴Jane Dale was appointed as a member of the Committee on 3 February 2026.

Dear Stakeholder

I am pleased to introduce my report on the work undertaken by the Committee during the 2025 financial year.

During the year, the Committee saw several changes to its membership. Angus Winther stepped down on 26 June 2025 and François-Xavier Boisseau stepped down on 31 December 2025 following his appointment as Chair of the Board. We were pleased to welcome Michael Murphy in December 2025 and Jane Dale in February 2026. I would like to thank all Committee members for their continued contribution and support throughout the year.

The Committee was established by the Board to monitor the integrity of the Group's financial and regulatory reporting, its internal financial control processes, and its internal and external audit arrangements. A core part of our role is to provide challenge and oversight to ensure that the Group's reporting is accurate, transparent and based on appropriate judgements.

Strengthening the Group's financial control environment remained a significant focus in 2025. Work included supporting preparations for the Group's approach to Provision 29 of the Corporate Governance Code and the effectiveness of material controls, which will be reported on within the 2026 Annual Report and Accounts. The Committee also continued to monitor emerging developments and external risks to ensure that controls and reporting processes remain responsive and robust.

As outlined in the Corporate Governance Report, the Group has adopted Benefact Group plc's Governance Framework. Within that framework, the Committee plays a vital role in providing independent scrutiny across financial reporting and internal control activities. We ensure the interests of shareholders are protected by overseeing the accuracy, integrity and clarity of financial reporting, and by reviewing the effectiveness of the Group's control environment and risk management strategies.

The Committee remains satisfied that the Group maintained a strong risk management and internal control culture throughout 2025, underpinned by sound governance practices.

James Coyle
Chair of the Audit Committee
19 March 2026

Members of the Committee

Committee members are Non-Executive Directors and bring a wide range of financial, risk, control and commercial expertise, with a particular depth of experience in the insurance sector that are necessary to fulfil the Committee's duties and enable the Committee to challenge and scrutinise management's work. The Board considers that the Committee has recent and relevant financial experience and accounting competence and that the Committee as a whole is appropriately competent in the sectors in which the Group operates.

Committee meetings

In addition to the members of the Committee, regular attendees of meetings included the Chair of the Board, Group Chief Executive Officer, Deputy Group Chief Executive, Group Chief Financial Officer, Group Chief Internal Auditor, Group Chief Risk and Compliance Officer and the external auditors. Other subject matter experts are invited to attend certain meetings in order to provide insight into key matters and developments.

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In 2025, the Group's external auditors, PricewaterhouseCoopers LLP (PwC), attended all six of the Committee's meetings. During the year, the Committee met privately with the external auditors without management present.

The Committee's key responsibilities and activities include:

- scrutinising the financial statements and reviewing accounting policies and significant judgements and estimates;
- reviewing the content of financial reporting and advising the Board whether, taken as a whole, they are fair, balanced and understandable;
- reviewing the going concern basis of preparation of the financial statements and statements on viability for recommending to the Board;
- reviewing climate and non-financial metrics reporting;
- reviewing whistleblowing arrangements;
- overseeing external and internal audit arrangements; and
- reviewing the effectiveness of systems of internal control and the management of financial risks.

A summary of the main activities of the Committees during the year is set out below:

Auditor appointment and tenure, independence and non-audit services

The Committee continues to oversee the relationship with and performance of the external auditor including, the external audit process, the audit fee, appointment, reappointment and removal of the external auditor, assessing their independence and effectiveness on an ongoing basis.

PwC has acted as the Group's external statutory auditor following appointment at the Company's Annual General Meeting in June 2020. The Group's policy for auditor rotation follows regulatory requirements and PwC will be required to be rotated after no more than 20 years, and an audit tender held after no more than 10 years. Gary Shaw of PwC was appointed as the Group's senior statutory auditor for the financial year 2025. His term in this role may not exceed five years. Before his appointment, the senior statutory auditor for the financial year 2024 was Alexis Gish of PwC. Prior to this, Sue Morling of PwC served as the senior statutory auditor for four years.

The Company confirms that it complied with the provisions of the Competition and Markets Authority's Order for the financial year under review. Both the Board and the external auditor have safeguards in place to protect the independence and objectivity of the external auditor.

The Committee oversees the development, implementation and monitoring of the Group's policy on the provision of non-audit services by the external auditor. The purpose of the policy is to safeguard the independence and objectivity of the external auditor and to ensure compliance with applicable legislation and with the Ethical Standard issued by the Financial Reporting Council (FRC).

The Committee oversees the external audit plan to ensure it is comprehensive, risk-based and cost-effective. The plan describes the proposed scope of the work and the approach to be taken, and the proposed materiality levels to be used which are described on page 62. In order to focus the audit work on the right areas, the auditors identify particular risk issues based on various factors, including their knowledge of the business and operating environment and discussions with management.

For the year ended 31 December 2025, the Group was charged £1,265,900 (ex VAT) by PwC for audit services. Non-audit fees for audit-related assurance services required by legislation and/or regulation amounted to £206,600, making total fees from PwC of £1,472,500. There were no other non-audit services provided by PwC during the financial year.

External audit effectiveness

The Committee assesses the effectiveness of the external auditor annually against several criteria including, but not limited to, accessibility and knowledgeability of audit team members, the efficiency of the audit process including the effectiveness of the audit plan, and the quality of improvements recommended.

The Committee reviewed a report based on input from senior management, business unit leaders and those most involved in the external audit process, regarding the PwC 2024 statutory audit and audit-related assurance services. The Committee recognised the strengths of the external auditor and that duties were performed independently and effectively.

Appropriateness of the Group's external financial reporting

The primary role of the Committee in relation to financial reporting is to review, challenge and agree the appropriateness of the half-year and annual financial statements and annual regulatory reporting under Solvency II, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial and regulatory reporting standards, and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been made or there has been discussion with the external auditor;

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- whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy; and
- any correspondence from regulators in relation to financial reporting.

In respect of these annual financial statements the Committee paid particular attention to the significant judgements set out below, including a review of the corporate governance disclosures, monitoring of the external audit process and statements about going concern and viability. The Committee concluded that it remained appropriate to prepare the financial statements on a going concern basis and recommended the viability statement to the Board for approval.

The Committee reviewed and challenged the annual regulatory submissions of Ecclesiastical Insurance Office plc and Ecclesiastical Life Limited under Solvency II focussing on the reporting requirements of the publicly filed Solvency and Financial Capital Report (SFCR) and Quantitative Reporting Templates (QRTs).

The significant areas of focus considered by the Committee in relation to 2025, and how these were addressed, are outlined below. These were discussed and agreed with management during the course of the year, and also discussed with the auditors.

Area of focus	Committee response
<p>General insurance reserves</p> <p>The estimation of the ultimate liability arising from claims under general business insurance contracts is a critical accounting estimate. There is uncertainty as to the total number of claims on each class of business, the amounts that such claims will be settled for and the timings of any payments.</p>	<p>The Committee considered a detailed report provided by the Group Actuarial Director on the adequacy of general insurance reserves at the half year.</p> <p>At the full year the Committee received a report and discussed and challenged management across a wide range of assumptions and key judgements.</p> <p>This was a major area of audit focus and the auditor also provided detailed reporting on these matters to the Committee.</p> <p>Other key areas of focus during 2025 were latent claim reserves, the impact of the softening market, weather events impacting Group companies and subsidence in the UK.</p> <p>The Committee concluded at year end that the reserving process and outcomes were robust, applied consistently, were well managed and that the overall reserves set were reasonable as disclosed in note 27 of the financial statements.</p> <p>The Committee was also satisfied that management had carried out a thorough review of the drivers of uncertainty and had arrived at an appropriate recommendation for the level of booked reserves including the risk adjustment.</p>
<p>Life insurance reserves</p> <p>The calculation of life insurance reserves requires management to make significant judgements about bond yields, discount rates, credit risk, mortality rates and current expectations of future expense levels.</p>	<p>The Committee considered management's recommendations for life insurance reserves which included their basis and the methodology. The main areas of judgement reviewed by the Committee were the estimated future cash flows and the discount rate applied to future cash flows.</p> <p>The Committee reviewed the work done by the Chief Life Actuary to assess whether the methodology remained appropriate, with a particular focus on mortality rates, surrender rates and future attributable expenses.</p> <p>Following its review, and after consideration of the auditor's report, the Committee was satisfied that the assumptions proposed were appropriate and overall the judgements made in respect of the reserves were reasonable. The assumptions are disclosed in note 26 of the financial statements.</p>
<p>Pension scheme accounting</p> <p>The liabilities of the scheme are material in comparison to the Group's net asset and the valuation requires many actuarial assumptions, including judgements in relation to long-term interest rates, inflation, longevity and investment returns.</p> <p>Judgement is applied in determining the extent to which a surplus in the Group's defined</p>	<p>During 2025, reports were received from management on the proposed approach to the valuation of the pension scheme. As the pension scheme is sensitive to changes in key assumptions, management completed an assessment as to the appropriateness of the assumptions used, taking advice from independent actuarial experts and including, where appropriate, benchmark data, and reported its findings to the Committee. Improvements in the pension actuary's models increased the accuracy, and also dynamically captured changes in the scheme's liability profile.</p> <p>Following the review, management concluded the future improvements in mortality table will be updated to the CMI 2024 table. In the CMI 2024 table, the default half-life parameter of 1 year will be applied, meaning the pandemic-related mortality effect is assumed to reduce by half each year. The best estimate multipliers for the post-retirement mortality tables were revised following input from the Scheme Actuary.</p>

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<p>benefit scheme can be recognised as an asset.</p>	<p>Following consideration, the Committee concluded that the assumptions and disclosures proposed were appropriate.</p> <p>The impact of updating assumptions to reflect those in force at the balance sheet date on the valuation at 31 December 2025 is explained in note 18 to the financial statements.</p>
<p>Valuation of intangible assets</p> <p>The valuation and impairment assessment of intangible assets, particularly internally developed software, is a key area of focus due to the scale of the Group’s technology investment and the materiality of these balances.</p> <p>Technological change and evolving business requirements increase the risk that certain assets may not deliver their expected future economic benefits or that useful economic lives may need to be reassessed.</p>	<p>The Committee reviewed management’s impairment assessment in accordance with IAS 36 Impairment of Assets, including the identification of impairment indicators and the value-in-use calculations supporting recoverable amounts.</p> <p>The Committee scrutinised the key assumptions underpinning these calculations—future cash flow projections, expected cost savings and operational benefits, useful economic lives, discount rates, and growth assumptions—assessing whether they were consistent with approved business plans and current market conditions.</p> <p>The Committee sought evidence supporting management’s forward-looking estimates, including the project plans, costs, and the effect of technological developments on expected asset use. Following this detailed review and challenge, the Committee agreed that an impairment was required for certain intangible assets. It was satisfied that the remaining carrying values were supportable, that useful economic lives had been considered where necessary, and that the impairment recognised reflected an appropriate application of IAS 36 Impairment of Assets.</p>
<p>Valuation of unlisted equity</p> <p>This is an area of focus given the materiality and the subjectivity in deriving fair value.</p> <p>The judgements and estimates used to determine the value of the Group’s interest in unlisted equity follow industry recognised fair value model techniques and the principles of IFRS 13 Fair Value Measurement. Judgements and estimates include the selection of the most appropriate valuation approach, the set of comparable companies, choice of valuation multiples and the setting of an illiquidity discount.</p>	<p>The Committee reviewed management’s fair value assessment of the Group’s unlisted equity investment, including the valuation model prepared in accordance with IFRS 13 Fair Value Measurement. It focused on key areas of judgement such as the selection of comparable companies, calibration of valuation multiples, and the illiquidity discount.</p> <p>A key area of attention was management’s first-time use of a model adjustment. Management explained that the adjustment was introduced to reflect specific characteristics and objective evidence of fair value not fully captured in the base model. The Committee examined the evidence supporting these qualitative factors and assessed whether they were consistent with market participant assumptions.</p> <p>The Committee challenged the rationale and transparency of the model including this overlay adjustment and reviewed the supporting analysis. It evaluated whether the approach remained aligned with IFRS 13 requirements to maximise observable inputs while appropriately incorporating relevant unobservable inputs.</p> <p>Following this review, the Committee concluded that the valuation approach, including the model adjustment, was appropriate and that the resulting fair value was appropriate.</p>

Fair, balanced and understandable

The Committee considered whether in its opinion, the 2025 Annual Report and Accounts were fair, balanced and understandable and provided the information necessary for shareholders to assess the Group’s position and performance, business model and strategy. The Committee provided feedback on drafts of the Annual Report and Accounts, highlighting any areas where further clarity was required in the final version.

When forming its opinion, the Committee reflected on information it had received and discussions throughout the year as well as its knowledge of the business and its performance.

The Committee was satisfied that the disclosures in the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and represented the results and business performance for the year ended 31 December 2025.

Oversight of systems of internal control including the internal audit function

Assessment of internal controls

The approach to internal control and risk management is set out in the Corporate Governance Report section of this Annual Report and Accounts.

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In reviewing the effectiveness of the system of internal control and risk management during 2025, the Committee has:

- reviewed the findings arising from both external and internal audit reports issued during the year;
- monitored management's responsiveness to the findings and recommendations of the Group Chief Internal Auditor;
- met with the Group Chief Internal Auditor without management being present to discuss any issues arising from internal audits carried out; and
- considered a report prepared by the Group Chief Internal Auditor giving his assessment of the strength of the Group's internal controls based on internal audit activity during the year.

Internal control over financial reporting

Internal control over financial reporting is designed to provide reasonable, though not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with UK-adopted international accounting standards. Controls within the Group's financial reporting processes are intended to ensure that:

- roles, responsibilities and delegated authorities are clearly defined;
- appropriate segregation of duties exists across key financial transactions;
- commitments and expenditure are authorised at the appropriate levels;
- accounting records are maintained that accurately and fairly reflect transactions;
- any unauthorised acquisition, use or disposal of assets that could materially impact the financial statements is prevented or detected on a timely basis;
- transactions are recorded to permit the preparation of financial statements; and
- the financial statements comply with UK-adopted international accounting standards.

Internal controls have inherent limitations, and therefore can only provide reasonable assurance against material misstatement. Based on reports from management and work performed by internal and external auditors, the Committee did not identify any material weaknesses in internal control over financial reporting during the year. The Committee was satisfied that the financial systems operated effectively throughout the period and noted no issues that would indicate they will not continue to operate effectively in the forthcoming year.

Group Internal Audit (GIA)

GIA provides independent, objective assurance to the Board that the governance processes, management of risk and systems of internal control are adequate and effective to mitigate the most significant risks to the Group. GIA operates co-sourcing arrangements in the UK, Ireland and Canada where specialist resource is required to supplement existing resources. In addition, GIA oversees and monitors the outsourced internal audit arrangements in Australia.

The Committee oversees the annual internal audit plan to ensure that it is aligned to the Group's key risks. It also assesses the internal audit plan and reviews the findings of internal audit with management.

The Committee is satisfied that GIA has appropriate resources. The Group Chief Internal Auditor is accountable to the Chair of the Committee and reports administratively to the Group Chief Executive. The Group Chief Internal Auditor has access to the Chair of the Committee and the Chair of the Board. The function has an extensive stakeholder management programme in place.

GIA's annual programme of work is risk based and designed to cover areas of higher risk or specific focus. The plan is approved annually in advance by the Committee and is regularly reviewed throughout the year to ensure that it continues to reflect areas of higher priority. Where necessary, changes to the agreed plan are identified as a consequence of the Group's changing risk profile. Throughout the year, GIA submitted quarterly reports to the Committee summarising findings from audit activity undertaken and the responses and action plans agreed with management. The Committee monitored progress of the most significant management action plans to ensure that these were completed in a timely manner and to a satisfactory standard.

Whistleblowing

Whistleblowing arrangements are administered by Group HR, with oversight provided by the Committee. The Committee receives quarterly updates on cases raised through the whistleblowing channels and considers any significant matters escalated during the year. A structured annual whistleblowing programme is in place, incorporating training, communication, and monitoring activities. Mandatory online training for all colleagues and managers covers whistleblowing principles and the Group's Code of Conduct. This is reinforced through individual attestations and regular internal communications, helping to maintain awareness and support an open, transparent and 'speak-up' culture across the Group. Whistleblowing policies, procedures and guidance materials are reviewed and updated each year to ensure they remain clear, accessible and effective in encouraging individuals to raise concerns safely and with confidence.

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Legal and regulatory developments

The Committee received and reviewed reports on the impact of legal and regulatory developments relevant to the Group.

The year ahead

The Committee will continue to focus on strong financial governance in the context of increasing regulatory expectations and investor scrutiny. With the enhanced internal controls requirements under the UK Corporate Governance Code, including the forthcoming Provision 29 declaration, the Committee will review relevant developments and ensure that the entity's control environment remains well designed and effective.

As new accounting and sustainability reporting standards emerge, the Committee will oversee management's preparations to ensure the Group's reporting remains compliant, transparent and supported by high quality data. Technology continues to be central to the Group's strategy, and the Committee will monitor the implementation of new platforms that enhance efficiency, strengthen controls and support accurate reporting. Growing digital dependence means that cybersecurity, data governance and responsible use of artificial intelligence will remain prominent and recurring themes on the Committee's agenda, reflecting their priority across audit committees globally.

Against a backdrop of continued economic and geopolitical uncertainty, the Committee will work closely with management to ensure risk management processes remain forward looking, responsive to change and aligned with the Group's objectives. Through ongoing oversight of governance, internal controls and financial stewardship, the Committee aims to support the continued resilience, integrity and transparency of the Group's reporting in the year ahead.

Ecclesiastical Insurance Office public limited company

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Remuneration Committee Report

Remuneration Review

Group Remuneration Committee Chair's statement

As Chair of the Group Remuneration Committee, I am pleased to introduce the Remuneration Committee Report for 2025 and to highlight some of the key aspects of the Committee's work during the year. The Committee's principal aim remains to ensure that all colleagues are rewarded fairly according to their contribution to the success of the Group and the quality of their individual performance, keeping carefully in mind the relationship between reward, recruitment and retention.

This review sets out an overview of remuneration at EIO which is aligned with that at Benefact Group. The full Group Directors' Remuneration Report is available in the Benefact Group plc Annual Report.

Remuneration Principles

To ensure these continue to drive the Group's strategy and to achieve long-term success, while maintaining the Group's high standards as an ethically and socially responsible business by the delivery of the expected level of grant to the Group's shareholder and owner Benefact Trust Limited, remuneration continues to be underpinned by the following principles: fair reward; simplification of the Group's incentive arrangements; compliance with evolving regulatory and corporate governance requirements; linking pay and performance; alignment of incentive designs with the Group's strategy and shareholder expectations; and consideration of the reputational impact of any changes.

2025 performance and incentive outcomes

The financial results for EIO are set out in the Group Chief Financial Officer's report. The Committee note with thanks the efforts of all our colleagues across the Group in continuing to deliver what matters most to the business: supporting our customers by providing excellent customer service, maximising our grant to our charitable shareholder, Benefact Trust Limited, and delivering on the Group's next chapter in our ambitious strategy for the future.

The annual bonus and long-term incentive plan outcomes in the year reflected the wider Group performance. The Committee considered that the annual bonus outcomes were a fair reflection of the overall performance achieved by both the Group and the individuals. Having considered all the relevant factors, the Committee determined that a discretionary adjustment to the Strategic Target outcome be applied based on a material addition to the original strategic targets set at the outset of the year, which impacted a number of key initiatives. No discretion was applied to the long-term incentive plan. Further details of performance against the targets set for 2025 are disclosed in the Benefact Group plc 2025 Directors' Remuneration Report.

In line with the Committee's established practice, the Committee, supported by the Group Chief Risk and Compliance Officer, considered risk management outcomes across the Group as part of its deliberations, including how these had impacted individual performance assessments where relevant. Following this review, the Committee did not consider further risk adjustment of the awards was necessary.

The Committee is of the view that the remuneration policy operated as intended during the year and that the overarching remuneration framework continues to be appropriate taking into account both internal and external factors, therefore no changes are proposed to the Policy for 2026.

Director changes in the year

As set out in the Directors' Remuneration Report last year, in 2024 we reshaped the Boards of Benefact Group and Ecclesiastical Insurance Office plc to increase the independence of Ecclesiastical Insurance Office plc. Following this, the Deputy Chief Executive is no longer a Board Director of Benefact Group plc but remains a Board Director of Ecclesiastical Insurance Office plc. Whilst no longer a director of Benefact Group plc, her remuneration details have continued to be disclosed for transparency in the full report.

As disclosed last year, Mark Bennett was appointed to the Boards of EIO and Benefact Group plc and as Group Chief Financial Officer on 1 January 2025. All of his remuneration arrangements are in line with our Directors' Remuneration Policy and were disclosed in full last year. Details of his pay in the year and for the year ahead are included in the full report.

Ecclesiastical Insurance Office public limited company

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Implementation of Policy for 2026

Base salary

The level of salary increases for UK Ecclesiastical employees is a key consideration in setting the level of any salary increase for Executive Directors. The Committee determined, after careful consideration, that the base salary for the Group Chief Executive would be increased by 6% (effective 1 April 2026) due to exceptional circumstances relating to his responsibilities in London. The base salaries of the Deputy Chief Executive and Group Chief Financial Officer would be increased by 3.5% (effective 1 April 2026), which is in line with the wider employee population.

Incentives

There are no proposed changes to the incentive opportunities. The Committee has reviewed the performance measures and weightings and is satisfied that they continue to be aligned to the Group's strategy. Some minor changes are proposed, further details of which are provided in the full report.

Chair and NED fees

The Committee considered the Chair's fees as part of the regular review of Chair and Non-Executive Director (NED) fees. The Chair took no part in the discussions on his fees, nor the NEDs in discussion of theirs.

Gender pay gap

The gender pay report for 2025 showed our median gender pay gap slightly decreased to 18.2% (2024: 19.5%) for EIO. The wider Group median pay gap has also slightly decreased to 23.4% (2024: 25.8%) due to year-on-year changes in the composition of the population across the Group. The Group remains committed to promoting inclusion and diversity throughout our business and to ensuring that all employees have a fair and equal pay opportunity appropriate to their role.

Conclusion

I value the continued support and counsel of our charitable owner and ultimate shareholder, Benefact Trust Limited, and reaffirm our responsibility to drive sustained, improved and responsible performance over the long-term through our remuneration strategy, policy and principles.

Sir Stephen Lamport
Chair of the Group Remuneration Committee
19 March 2026

Committee member	Member since	Meetings attended
Sir Stephen Lamport (Chair)	June 2020	4/4
David Henderson	September 2016	4/4
Rita Bajaj	September 2024	4/4

Group Remuneration Committee

Purpose and membership

The Committee is responsible for recommending to the Board the Remuneration Policy for Executive Directors and for determining the remuneration packages for Executive Directors, members of the Group Management Board (GMB), Material Risk Takers (MRTs) and heads of strategic business units. None of the individuals within these populations are involved in discussions relating to their own remuneration.

The Committee also has overarching responsibility for the Group-wide Remuneration Policy. In fulfilling its responsibilities, the Committee seeks to ensure that the Policy is fair, transparent, and avoids unnecessary complexity. It considers, among other factors, the extent to which pay arrangements support the Benefact Group's culture, values, and strategic objectives.

All members are independent NEDs and have the necessary experience and expertise to meet the Committee's responsibilities. As a joint committee of EIO and Benefact Group plc, membership comprises directors from both Boards ensuring alignment of the Group's Risks and Remuneration Policies and consideration of Risk management and outcomes in setting reward.

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Advisers to the Committee

During the year, the Committee received external independent advice from Deloitte in relation to the Committee's activities. As a founding member of the Remuneration Consultants Group, Deloitte voluntarily adheres to its Code of Conduct.

Fees for professional advice to the Committee paid to Deloitte were £61,600 (2024: £79,925). The Committee is satisfied that the advice it received during 2025 from Deloitte was impartial.

The Committee also had access to benchmarking reports from Willis Towers Watson and McLagan, which provided additional data to support the determination of pay and conditions throughout the Benefact Group.

In the course of its deliberations, the Committee also considered the views of the Group Chief Executive, Group Chief Financial Officer, Group Chief People Officer, Group Chief Risk and Compliance Officer and Group Reward Director. Additionally, the Committee also received updates from the CEO, Benefact Broking and Advisory, and Head of Distribution. The Company Secretariat advised on legal and governance-related matters. Such input, however, did not relate to their own remuneration.

No other external advisers provided services to the Committee during the year.

Remuneration Policy summary

The full Benefact Group Directors' Remuneration Policy can be found in the 2024 Directors' Remuneration Report, which sets out the full details of the remuneration policy and how it will be implemented, as well as a full description of the principles which underpin the Group's reward structure.

The remuneration structure for the Executive Directors comprises of:

- Fixed annual elements including salary, pension contribution that is aligned with the wider employer population, and benefits. These are set in order to recognise the responsibility and experience of the Executive Directors and to ensure current market competitiveness.
- Variable incentive elements including an annual bonus, with one-third of the total bonus deferred over three years, and a long-term incentive plan. These are set in order to incentivise and reward the Executive Directors for making the Group successful on a sustainable basis. Both the annual bonus and long-term incentive plan are subject to a balanced scorecard of financial and non-financial measures aligned to our strategy.

Annual Report on Remuneration

This section of the Remuneration Review sets out how the above Remuneration Policy was implemented in 2025 and the resulting payments the highest paid director received. The financial information contained in this review has been audited where indicated.

Highest paid Director

The table below shows a single total figure of remuneration received in respect of qualifying services for the 2025 financial year for the highest paid director, together with comparative figures for 2024. The remuneration disclosures for the other Board Directors are set out in full in the Benefact Group plc 2025 Directors' Remuneration Report. The disclosure in this review is not specific to time allocated within EIO as remuneration relates to Group-wide accountability.

Fixed remuneration £000								Variable remuneration £000						Total remuneration £000	
Salary		Benefits ¹		Pension benefit ²		Total		Annual bonus ³		Long Term Incentive Plan (LTIP) ⁴		Total		Total	
2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
668	576	36	31	68	60	772	667	813	884	741	423	1,554	1,307	2,326	1,974

¹Benefits include car allowance and private medical insurance which are valued at the taxable value. Provision of benefits during 2025 was in line with the Directors' Remuneration Policy. From 2024, the highest paid director's benefits now include taxable benefits.

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²The highest paid director received a cash allowance in lieu of pension of 12% of salary (net of national insurance contributions) in lieu of pension, in line with Company policy. Cash allowances can be paid to UK-based Executive Directors where pension contributions would be in excess of the HMRC annual and/or lifetime allowance.

³In line with the deferral policy, for annual bonus earned, one-third of the total bonus is deferred over a period of three years. The value of 2025 annual bonus that is deferred is set out in the Benefact Group plc 2025 Directors' Remuneration Report.

⁴LTIP represents the amount payable in respect of the three-year LTIP performance period 2023-2025 for 2025 and 2022-2024 for 2024, as disclosed in the 2024 Directors' Remuneration Report. The Group operates a cash LTIP scheme, therefore no part of the award was attributable to share price appreciation. The director holds unvested LTIP awards in accordance with the rules of the LTIP plan.

Annual bonus outcomes for 2025

The annual bonus outturns were determined taking into account both Group and individual performance and is set out in full in the Benefact Group plc 2025 Directors' Remuneration Report.

LTIP outcomes in 2025 (audited)

The LTIP amount included in the single total figure of remuneration is the cash award resulting from the Group LTIP grant for the period 2023-2025. Vesting was dependent on performance over the three financial years ending on 31 December 2025 and is set out in full in the Benefact Group plc 2025 Directors' Remuneration Report.

Wider stakeholder engagement

The Committee is committed to considering the views of key stakeholders when making remuneration decisions. This approach ensures that our policies and practices remain fair, transparent, and aligned with the long-term interests of the Group and its stakeholders.

The Group consults with its recognised Union, Unite, regarding remuneration for employees within relevant UK businesses. Additionally, employees can provide feedback via the Group's employee engagement survey and to their managers or HR. The Group Chief People Officer attends the Committee meetings and advises the Committee on HR strategy, including the effectiveness of the Group's remuneration policies and how they are viewed by employees.

Ecclesiastical Insurance Office public limited company

Independent auditors' report to the members of the Ecclesiastical Insurance Office public limited company

Report on the audit of the financial statements

Opinion

In our opinion, Ecclesiastical Insurance Office public limited company's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the Company's affairs as at 31 December 2025 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the 2025 Annual Report and Accounts (the "Annual Report"), which comprise:

- the Consolidated Statement of Profit or Loss as at 31 December 2025;
- the Consolidated and Parent Statements of Comprehensive Income as at 31 December 2025;
- the Consolidated and Parent Statements of Changes in Equity as at 31 December 2025;
- the Consolidated and Parent Statements of Financial Position as at 31 December 2025;
- the Consolidated and Parent Statements of Cash Flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Ecclesiastical Insurance Office plc Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided. Other than those disclosed in note 12, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We have scoped the audit based on the significant components and material account balances within the group, which is described below.

Key audit matters

- Assumptions used in calculating Physical and Sexual Abuse "PSA" reserves (group and parent)
- Valuation of unlisted equity investment (group and parent)

Materiality

- Overall group materiality: £11,500,000 (2024: £11,500,000) based on 1.9% of net assets.
- Overall company materiality: £10,925,000 (2024: £10,925,000) based on 1.9% of net assets.
- Performance materiality: £8,625,000 (2024: £8,625,000) (group) and £8,194,000 (2024: £8,194,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Ecclesiastical Insurance Office public limited company

Independent auditors' report to the members of the Ecclesiastical Insurance Office public limited company

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Valuation of unlisted equity investment is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p>Assumptions used in calculating Physical and Sexual Abuse "PSA" reserves (group and parent)</p> <p>As disclosed in the Audit Committee Report and notes 2, 3 and 26. The valuation of the general insurance liability for incurred claims is a complex process involving inherent uncertainty and is a significant area of management judgement within the financial statements of the group and parent company. The uncertainty around claims frequency, claims severity, discount rate, future inflation and risk adjustment require management judgement and estimation in calculating the general insurance liability for incurred claims. We consider the area of the most significant judgement to be specific to assumptions used in calculating the fulfilment cash flows for PSA exposures, specifically in relation to the probability weighted best estimate of the liability for incurred claims. Specifically, the assumptions requiring significant judgement and estimation are claims frequency, claims severity, future inflation and the specific allowance included within the risk adjustment.</p>	<p>We engaged our actuarial specialists and with their involvement, we have performed the following procedures in relation to the fulfilment cash flows:</p> <ul style="list-style-type: none"> • Inspected the Reserving Committee control which reviews, challenges and approves the assumptions used within the calculation of the fulfilment cash flows; • Challenged the key assumptions used by management including evaluation of historical claims frequency, claims severity, future inflation, as well as the specific allowance included within the risk adjustment; • Evaluated reasonable alternative assumptions by performing independent sensitivity analysis and assessing the impact on the value of fulfilment cash flows calculated; • We have assessed the appropriateness of the resulting general insurance liability for incurred claims based on the assumptions selected. <p>Based on the work performed and evidence obtained, we consider the assumptions used in the calculation of the PSA fulfilment cash flows and the specific allowance within the risk adjustment to be appropriate.</p>
<p>Valuation of unlisted equity investment (group and parent)</p> <p>As disclosed in the Audit Committee Report and notes 2, 3 and 4, Ecclesiastical Insurance Office plc (EIO) has a holding in an unlisted equity investment valued at £98.8m as at 31 December 2025. Valuing this investment requires judgement in the methodology applied as well as the significant assumptions used within the valuation. The most significant assumptions that feed into the valuation of the unlisted equity investment are the price to tangible book value ratio and the illiquidity discount, as well as any out-of-model adjustments to the valuation.</p>	<p>We engaged our specialised valuations team and with their involvement performed the following:</p> <ul style="list-style-type: none"> • assessed the methodology used by management in the valuation of the investment. • assessed the appropriateness of the comparators used to derive the price to tangible book ratio assumption. • Assessed the appropriateness of the illiquidity discount applied. • assessed the appropriateness of the out-of-model adjustment. <p>Based on the work performed and evidence obtained, we consider the assumptions used in the valuation of unlisted equity investments to be appropriate.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the Company, the accounting processes and controls, and the industry in which they operate.

Ecclesiastical Insurance Office public limited company

Independent auditors' report to the members of the Ecclesiastical Insurance Office public limited company

The group operates a general insurance business in the United Kingdom, Republic of Ireland, Canada and Australia and a life insurance business. The group also includes certain non-insurance entities within the United Kingdom and Australia which are smaller and do not form part of our in-scope components. We considered the United Kingdom, Australia and Canada general insurance businesses, as each of these include PSA liabilities, to be significant components, as well as the consolidation adjustments. We performed a full scope audit of the United Kingdom general insurance business as well as the consolidation adjustments, and an audit of specific large balances for Australia and Canada. The general insurance business in the Republic of Ireland, Ansvr UK as well as the life insurance business, although not considered significant components, were also noted to include specific large balances that have been brought into the scope of our audit. We considered the remaining untested amounts across the group to ensure sufficient coverage has been obtained.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's and Parent company financial statements. In addition to enquiries with management, we also understood the governance processes in place to assess climate risk. We have performed our own risk assessment of the climate risk faced by the Company, the commitments made by the Group, how these may affect the financial statements and the audit procedures that we perform. We have assessed the risks of material misstatement to the financial statements as a result of climate change and concluded that for the year end 31 December 2025, climate change does not impact our audit risk assessment. We did however assess the consistency of disclosures included within the Annual Report and 'Other Information' including the Strategic Report.

Materiality

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 in aggregate on the financial statements as a whole.

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

	Financial statements - group	Financial statements - company
Overall materiality	£11,500,000 (2024: £11,500,000).	£10,925,000 (2024: £10,925,000).
How we determined it	1.9% of net assets	1.9% of net assets
Rationale for benchmark applied	The engagement team concluded that a net assets benchmark is the most appropriate when setting an overall materiality on the 2025 audit engagement. In our view, we consider net assets to be the appropriate benchmark as it best aligns with the underlying interest of the stakeholders. The quantum of materiality was determined by considering the various benchmarks available to us as auditors, our experience of auditing other insurance groups and the business performance during 2025.	In line with overall group materiality, the engagement team concluded that a net assets benchmark is the most appropriate when setting an overall materiality. This is capped at 95% of overall group materiality to allow for potential aggregation risk.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £2.0 million and £10.9 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £8,625,000 (2024: £8,625,000) for the group financial statements and £8,194,000 (2024: £8,194,000) for the company financial statements.

Ecclesiastical Insurance Office public limited company

Independent auditors' report to the members of the Ecclesiastical Insurance Office public limited company

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Ecclesiastical Insurance Office plc Audit Committee that we would report to them misstatements identified during our audit above £575,000 (group audit) (2024: £575,000) and £546,000 (company audit) (2024: £546,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtained and reviewed management's going concern assessment which included the board approved forecasts along with stressed and downside scenarios;
- Considered the forward looking assumptions and assessed the reasonableness of these based on recent historic performance;
- Considered information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict management's assessment; and
- Considered our own independent alternative downside scenarios and whether these could impact the going concern assessment.

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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Ecclesiastical Insurance Office public limited company

Independent auditors' report to the members of the Ecclesiastical Insurance Office public limited company

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by the auditor. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Ecclesiastical Insurance Office plc Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

Ecclesiastical Insurance Office public limited company

Independent auditors' report to the members of the Ecclesiastical Insurance Office public limited company

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

Auditors' 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 auditors' 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.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulation, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial statements, as well as management bias in accounting estimates, in particular the valuation of specific general insurance contract liabilities including Physical and Sexual Abuse ("PSA") reserves and the valuation of unlisted equity investments. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquired of Group functions including compliance, risk and internal audit and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewed key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewed relevant meeting minutes including those of the Board, Audit Committee and Group Audit, Risk & Compliance Committee;
- Procedures related to the valuation of specific general insurance contract liabilities such as PSA reserves described in the related key audit matter;
- Risk based target testing of journal entries, in particular any journal entries which include characteristics which were identified as potentially being indicative of a fraudulent journal; and
- Procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Ecclesiastical Insurance Office public limited company

Independent auditors' report to the members of the Ecclesiastical Insurance Office public limited company

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- a corporate governance statement has not been prepared by the Company.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the Company for the financial year ended 31 December 2020. Our uninterrupted engagement covers 6 financial years.

Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Gary Shaw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
19 March 2026

Consolidated statement of profit or loss
for the year ended 31 December 2025

	Notes	2025 £000	2024 £000
Insurance revenue	5, 6	651,416	629,953
Insurance service expenses	7	(446,234)	(461,817)
Insurance service result before reinsurance contracts held		205,182	168,136
Net expense from reinsurance contracts		(100,502)	(84,590)
Insurance service result		104,680	83,546
Net insurance financial result	8	(18,952)	(6,862)
Net investment result	9	90,977	71,850
Fee and commission income	10	1,973	544
Other operating expenses	11	(90,842)	(63,501)
Other finance costs		(3,239)	(3,102)
Profit before tax		84,597	82,475
Tax expense	14	(18,167)	(17,296)
Profit for the year	11	66,430	65,179

Consolidated and parent statements of comprehensive income
for the year ended 31 December 2025

	Notes	2025		2024	
		Group £000	Parent £000	Group £000	Parent £000
Profit for the year		66,430	93,512	65,179	67,852
Other comprehensive income/(expense)					
<i>Items that will not be reclassified to profit or loss:</i>					
Actuarial gains/(losses) on retirement benefit plans	17	1,376	1,376	(1,630)	(1,630)
Attributable tax		(344)	(344)	408	408
		1,032	1,032	(1,222)	(1,222)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Losses on currency translation differences	25	(911)	(1,377)	(9,325)	(5,105)
Gains on net investment hedges	25	2,302	2,379	8,807	4,420
Attributable tax	25	(704)	(595)	(1,381)	(1,105)
		687	407	(1,899)	(1,790)
Net other comprehensive income/(expense)		1,719	1,439	(3,121)	(3,012)
Total comprehensive income		68,149	94,951	62,058	64,840

Consolidated and parent statements of financial position
at 31 December 2025

	Notes	31 December 2025		31 December 2024	
		Group £000	Parent £000	Group £000	Parent £000
Assets					
Cash and cash equivalents	23	93,174	68,841	105,761	80,330
Financial investments	20	1,094,685	768,355	982,001	674,401
Other assets	22	134,744	140,986	156,768	153,337
Current tax recoverable		424	424	2,346	1,545
Reinsurance contract assets	26	234,875	176,970	239,453	178,143
Investment property	19	121,701	121,701	128,563	128,563
Property, plant and equipment	18	30,576	28,898	34,284	32,509
Deferred tax assets	28	5,314	7	7,365	6
Goodwill and other intangible assets	16	18,015	15,865	28,625	26,425
Pension assets	17	18,710	18,710	17,552	17,552
Total assets		1,752,218	1,340,757	1,702,718	1,292,811
Equity					
Share capital	24	120,477	120,477	120,477	120,477
Share premium account		4,632	4,632	4,632	4,632
Retained earnings and other reserves		492,902	453,621	501,934	435,851
Total shareholders' equity		618,011	578,730	627,043	560,960
Liabilities					
Other liabilities	29	67,874	56,493	61,843	66,640
Current tax liabilities		512	512	97	96
Provisions for other liabilities	27	4,597	4,485	5,979	5,886
Insurance contract liabilities	26	791,706	605,281	779,418	567,572
Lease obligations	32	22,664	21,095	24,573	22,906
Deferred tax liabilities	28	43,492	43,174	40,615	39,307
Investment contract liabilities	31	172,375	-	133,706	-
Subordinated liabilities	30	26,835	26,835	25,112	25,112
Retirement benefit obligations	17	4,152	4,152	4,332	4,332
Total liabilities		1,134,207	762,027	1,075,675	731,851
Total shareholders' equity and liabilities		1,752,218	1,340,757	1,702,718	1,292,811

No statement of profit or loss is presented for Ecclesiastical Insurance Office public limited company as permitted by Section 408 of the Companies Act 2006. The profit after tax of the parent company for the year was £93.5m (2024: profit of £67.9m).

The financial statements of Ecclesiastical Insurance Office public limited company, registered number 00024869, on pages [X] to [X] were approved and authorised for issue by the Board of Directors on 19 March 2026 and signed on its behalf by:

Francois-Xavier Boisseau
Chair

Mark Hews
Group Chief Executive

Consolidated and parent statements of changes in equity
for the year ended 31 December 2025

Group	Notes	Share capital £000	Share premium £000	Revaluation reserve £000	Translation and hedging reserve £000	Retained earnings £000	Total £000
At 1 January 2025		120,477	4,632	-	17,805	484,129	627,043
<i>Profit for the year</i>		-	-	-	-	66,430	66,430
<i>Other net income</i>		-	-	-	687	1,032	1,719
Total comprehensive income		-	-	-	687	67,462	68,149
Dividends on ordinary shares	15	-	-	-	-	(50,000)	(50,000)
Dividends on preference shares	15	-	-	-	-	(9,181)	(9,181)
Gross charitable grant	15	-	-	-	-	(24,000)	(24,000)
Tax relief on charitable grant	15	-	-	-	-	6,000	6,000
At 31 December 2025		120,477	4,632	-	18,492	474,410	618,011
At 1 January 2024		120,477	4,632	857	19,704	483,246	628,916
<i>Profit for the year</i>		-	-	-	-	65,179	65,179
<i>Other net expense</i>		-	-	-	(1,899)	(1,222)	(3,121)
Total comprehensive (expense)/income		-	-	-	(1,899)	63,957	62,058
Dividends on ordinary shares	15	-	-	-	-	(30,000)	(30,000)
Dividends on preference shares	15	-	-	-	-	(9,181)	(9,181)
Gross charitable grant	15	-	-	-	-	(33,000)	(33,000)
Tax relief on charitable grant	15	-	-	-	-	8,250	8,250
Reserve transfers		-	-	(857)	-	857	-
At 31 December 2024		120,477	4,632	-	17,805	484,129	627,043
Parent							
At 1 January 2025		120,477	4,632	-	6,545	429,306	560,960
<i>Profit for the year</i>		-	-	-	-	93,512	93,512
<i>Other net income</i>		-	-	-	407	1,032	1,439
Total comprehensive income		-	-	-	407	94,544	94,951
Dividends on ordinary shares		-	-	-	-	(50,000)	(50,000)
Dividends on preference shares		-	-	-	-	(9,181)	(9,181)
Gross charitable grant		-	-	-	-	(24,000)	(24,000)
Tax relief on charitable grant		-	-	-	-	6,000	6,000
At 31 December 2025		120,477	4,632	-	6,952	446,669	578,730
At 1 January 2024		120,477	4,632	857	8,335	425,750	560,051
<i>Profit for the year</i>		-	-	-	-	67,852	67,852
<i>Other net expense</i>		-	-	-	(1,790)	(1,222)	(3,012)
Total comprehensive (expense)/income		-	-	-	(1,790)	66,630	64,840
Dividends on ordinary shares		-	-	-	-	(30,000)	(30,000)
Dividends on preference shares		-	-	-	-	(9,181)	(9,181)
Gross charitable grant		-	-	-	-	(33,000)	(33,000)
Tax relief on charitable grant		-	-	-	-	8,250	8,250
Reserve transfers		-	-	(857)	-	857	-
At 31 December 2024		120,477	4,632	-	6,545	429,306	560,960

The revaluation reserve represented cumulative net fair value gains on owner-occupied property with the movement in the year representing the sale of a property. Details of the translation and hedging reserve are included in note 25.

Consolidated and parent statements of cash flows
for the year ended 31 December 2025

	Notes	2025		2024	
		Group £000	Parent £000	Group £000	Parent £000
Profit before tax from operations		84,597	110,732	82,475	84,749
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment		5,661	4,981	6,357	5,628
Loss/(profit) on disposal of property, plant and equipment		42	42	(178)	(178)
Amortisation and impairment of intangible assets		17,758	17,710	3,369	3,466
Movement in expected credit loss provision		(133)	-	(9)	-
Net fair value gains on financial instruments and investment property		(44,666)	(42,064)	(21,685)	(28,203)
Dividend and interest income		(37,384)	(60,869)	(39,683)	(31,311)
Finance costs		3,239	3,173	3,102	3,102
Other adjustments for non-cash items		24	24	616	594
Changes in operating assets and liabilities:					
Net decrease/(increase) in reinsurance contract assets		468	(3,025)	(27,129)	(26,120)
Net increase in investment contract liabilities		38,669	-	37,820	-
Net increase in insurance contract liabilities		13,063	38,564	19,809	7,229
Net increase in other assets		(24,705)	(34,334)	(21,990)	(22,130)
Net increase/(decrease) in other liabilities		4,431	(11,765)	7,903	26,030
Cash generated by operations		61,064	23,169	50,777	22,856
Purchases of financial instruments and investment property		(370,865)	(149,600)	(161,953)	(103,820)
Sale of financial instruments and investment property		311,999	120,994	130,778	109,376
Dividends received		12,979	28,251	12,043	11,708
Interest received		24,831	18,435	26,419	18,441
Tax paid		(5,951)	(6,751)	(6,415)	(5,579)
Net cash from operating activities		34,057	34,498	51,649	52,982
Cash flows from investing activities					
Purchases of property, plant and equipment		(1,484)	(1,394)	(3,336)	(3,273)
Proceeds from the sale of property, plant and equipment		5	-	1,963	1,961
Purchases of intangible assets		(7,160)	(7,160)	(6,191)	(6,180)
Net cash used by investing activities		(8,639)	(8,554)	(7,564)	(7,492)
Cash flows from financing activities					
Interest paid		(2,920)	(2,855)	(2,625)	(2,625)
Payment of lease liabilities		(2,445)	(1,851)	(2,116)	(1,796)
Dividends paid to Company's shareholders		(9,181)	(9,181)	(9,181)	(9,181)
Charitable grant paid to ultimate parent undertaking		(24,000)	(24,000)	(33,000)	(33,000)
Net cash used by financing activities		(38,546)	(37,887)	(46,922)	(46,602)
Net decrease in cash and cash equivalents		(13,128)	(11,943)	(2,837)	(1,112)
Cash and cash equivalents at beginning of year		105,761	80,330	112,082	83,436
Exchange gains/(losses) on cash and cash equivalents		541	454	(3,484)	(1,994)
Cash and cash equivalents at end of year		93,174	68,841	105,761	80,330

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Notes to the financial statements

1 Accounting policies

Ecclesiastical Insurance Office plc (hereafter referred to as the 'Company', or 'Parent'), a public limited company incorporated and domiciled in England and Wales, together with its subsidiaries (collectively, the 'Group') operates principally as a provider of general insurance, with offices in the UK & Ireland, Australia and Canada. The Company is limited by shares. The material accounting policies adopted in preparing the financial statements of the Group and Parent are set out below.

Basis of preparation

The Group's consolidated and Parent's financial statements have been prepared using the following accounting policies, which are in accordance with UK-adopted international accounting standards (UKIAS) applicable at 31 December 2025, and in accordance with requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The policies have been applied consistently to all years unless otherwise stated. The financial statements have been prepared on the historical cost basis, except for certain financial assets, financial liabilities and derivatives measured at fair value through profit and loss (FVTPL), and the revaluation of properties and certain derivatives measured at fair value through other comprehensive income (FVOCI).

As stated in the Directors' Report, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates (the 'functional currency'). The consolidated financial statements are stated in sterling, which is the Company's functional currency and the Group's presentational currency.

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account for the Company is not presented.

New and revised standards

One amendment issued by the International Accounting Standards Board (IASB) and endorsed by the UK is effective for periods beginning on or before 1 January 2025 and is therefore applicable for the 31 December 2025 financial statements in relation to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (issued on 15 August 2023). This amendment does not have a material impact on the EIO Group's Consolidated Financial Statements.

The following new UK Sustainability Reporting Standards have been issued but are not yet effective for the year ended 31 December 2025.

Sustainability reporting standard	Key requirements	Expected impact on the financial statements
UK SRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>	Enhanced sustainability-related financial disclosures and climate-related disclosures.	The most notable changes will be: <ul style="list-style-type: none">· Disclosures will consider a broader range of sustainability risks and opportunities, not just those related to climate.· Introduces the concept that disclosures should address both the impact of the Group's activities on the environment and society, as well as how environmental and sustainability risks might affect the Group's financial position and performance.
UK SRS S2 <i>Climate-related Disclosures</i>		

Notes to the financial statements

1 Accounting policies (continued)

The following international financial reporting standards (IFRSs) and amendments were in issue but not yet effective and have not been applied to these financial statements:

Accounting standard	Key requirements	Expected impact on the financial statements	Effective date
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	The new standard introduces clearer structure to financial statements by defining specific income statement subtotals and categories. It also enhances disclosure requirements, particularly around management-defined performance measures (MPMs), and improves cash flow reporting through targeted amendments to IAS 7.	The adoption of IFRS 18 is expected to result in presentational changes in the consolidated financial statements and disclosure changes in the notes.	Periods beginning on or after 1 January 2027
Amendments to the Classification and Measurement Requirements for Financial Instruments in IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	These amendments improve the requirements in IFRS 9 and IFRS 7 related to settling financial liabilities using an electronic payment system; and assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features. The amendments also modify disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and add disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.	The Group is currently assessing the impact of adopting this standard. Therefore, the quantitative effect of this standard is currently unknown.	Periods beginning on or after 1 January 2026

Other standards and amendments in issue but not yet effective:

The following standards and amendments were in issue but not yet effective and are not expected to have a material impact on the Group's Consolidated Financial Statements:

- Annual Improvements to IFRS Accounting Standards - Volume 11 was published on 18 July 2024, effective periods beginning on or after 1 January 2026.
- Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity*, was issued on 18 December 2024, effective for annual periods beginning on or after 1 January 2026.
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* was issued on 9 May 2024, effective for periods beginning on or after 1 January 2027.
- Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency*, was issued on 13 November 2025, effective for annual periods beginning on or after 1 January 2027.

Notes to the financial statements

1 Accounting policies (continued)

Use of estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Those estimates which have the most material impact on the financial statements are disclosed in note 2.

Basis of consolidation

Subsidiaries

Subsidiaries are those entities over which the Company, directly or indirectly, has control, with control being achieved when the Company has power over the investee, is exposed to variable return from its involvement with the investee and has the ability to use its power to affect its returns. The results and cash flows relating to subsidiaries acquired or disposed of in the period are included in the consolidated statement of profit or loss, and the consolidated statement of cash flows, up to the date of disposal, and are included within discontinued operations where appropriate. All inter-company transactions, balances and cash flows are eliminated, with the exception of those between continuing and discontinued operations.

In the Parent statement of financial position, subsidiaries are accounted for within financial investments at cost less impairment, in accordance with International Accounting Standard (IAS) 27 Separate Financial Statements.

The Group uses the acquisition method of accounting to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interests are measured either at fair value or at a proportionate share of the identifiable net assets of the acquiree. Goodwill is measured as the excess of the aggregate of the consideration transferred, the fair value of contingent consideration, the amount of non-controlling interests and, for an acquisition achieved in stages, the fair value of previously held equity interest over the fair value of the identifiable net assets acquired. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly through profit or loss.

For business combinations involving entities or businesses under common control, the cost of the acquisition equals the value of net assets transferred, as recognised by the transferor at the date of the transaction. No goodwill arises on such transactions.

Foreign currency translation

The assets and liabilities of foreign operations are translated from their functional currencies into the Group's presentation currency using period-end exchange rates, and their income and expenses using average exchange rates for the period. Exchange differences arising from the translation of the net investment in foreign operations are taken to the currency translation reserve within equity. On disposal of a foreign operation, such exchange differences are transferred out of this reserve, along with the corresponding movement on net investment hedges, and are recognised in the statement of profit or loss as part of the gain or loss on sale.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised through profit or loss.

Product classification

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Contracts that do not transfer significant insurance risk are classified as investment or service contracts. All of the Group's life business contracts written up to April 2013 are classified as insurance contracts and those written from August 2021 are classified as investment contracts. The closed book of business (insurance contracts) relates to funeral plan business directly written by Ecclesiastical Life Limited (ELL) backed by a Whole of Life policy, which is administered by Ecclesiastical Planning Services Limited (EPSL). This was closed to new business in 2013. EPSL is a subsidiary undertaking of the Benefact Group. New business (investment contracts) written from August 2021 creates unit trust backed life policies to secure the pre-paid funeral plans written by EPSL and a third party provider.

Contracts may contain a discretionary participating feature, which is defined as a contractual right to receive additional benefits as a supplement to guaranteed benefits. The Group does not have any such participating contracts (referred to as with-profit contracts). The Group's long-term business contracts are referred to as non-profit contracts in the financial statements.

Notes to the financial statements

1 Accounting policies (continued)

Net investment return

Net investment return consists of dividends, interest and rents receivable for the period, realised gains and losses, unrealised gains and losses on financial investments and investment properties. Dividends on equity securities are recorded as revenue on the ex-dividend date. Interest and rental income is recognised as it accrues.

Unrealised gains and losses are calculated as the difference between carrying value and original cost, and the movement during the period is recognised through profit or loss. The value of realised gains and losses includes an adjustment for previously recognised unrealised gains or losses on investments disposed of in the accounting period.

Fee and commission income

The life company fee and commission income consists of the coupon received on assets under management as part of the structured note holding. Coupons are recorded as revenue on date of receipt, with the final month of the year recognised as it accrues.

The general insurance fee and commission income consists of amounts received from third-party insurers.

Insurance contract liabilities

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Insurance risk is transferred when the Group agrees to compensate a policyholder should an adverse specified uncertain future event occur. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance and reinsurance contracts held also expose the Group to financial risk.

Insurance contracts issued and reinsurance contracts held may be initiated by the Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' held include contracts issued, initiated, or acquired by the Group, unless otherwise stated.

Under IFRS 17 *Insurance Contracts* the presentation of insurance revenue and insurance service expenses in the consolidated statement of profit or loss is based on the concept of insurance service provided during the period.

Insurance contract liabilities are measured as the sum of the liability for incurred claims (LIC) and liability for remaining coverage (LFRC). The LIC represents the obligation to pay valid claims for insured events that have occurred, which may also include events that have already occurred but have not been reported to the Group. The LFRC represents the Group's liability for insured events that have not yet occurred under the insurance contract. Under IFRS 17, insurance revenue in each reporting period represents the change in the LFRC that relates to services for which the Group expects to receive consideration.

(a) General insurance and reinsurance contracts

(i) Classification

The Group issues general insurance products to both individuals and businesses. The Group offers general insurance products in a number of sectors.

The Group does not offer any product with direct participating features.

(ii) Separating components

The Group assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the host insurance contract. The Group's insurance and reinsurance contracts do not include any components that require separation.

Once the consideration of distinct components has been determined, the Group assesses whether the contract should be separated into several insurance components that, in substance, should be treated as separate contracts. To determine whether a single legal contract does not reflect the substance of the transaction and its insurance components should be recognised and measured separately instead, the Group considers whether there is an interdependency between the different risks covered, whether components can lapse independently of each other and whether the components can be priced and sold separately. The Group's insurance and reinsurance contracts do not include any separate insurance components that should be treated as separate contracts.

Notes to the financial statements

1 Accounting policies (continued)

(iii) Level of aggregation

Insurance and reinsurance contracts are aggregated into portfolios and split into annual cohorts and profitability groups for measurement and presentational purposes. The portfolios are comprised of contracts with similar risks which are managed together. Judgement is applied when determining portfolios and includes drivers such as geography, lines of business (where these are separate components) and legal entities within the Group.

Each annual cohort of business recognised within the portfolio is further divided into groups based on the expected profitability, determined at initial recognition and assessed using actuarial valuation models applied to lower level sets of contracts. As a minimum the following groupings are separated:

- Onerous contracts;
- Contracts that have no significant possibility of becoming onerous (based on the probability that changes to assumptions result in contracts becoming onerous); and
- Any remaining contracts.

Contracts are considered onerous if the fulfilment cashflows allocated to that group of contracts in total are a net outflow. Where the Premium Allocation Approach (see section (vi)) is applied, the Group uses an IFRS 17 permitted simplification that assumes that no contracts in a portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. The Group has developed methodology that identifies facts and circumstances that indicate whether a set of contracts is onerous, which is primarily based on internal management budgeting information.

(iv) Recognition and derecognition

An insurance contract issued by the Group is recognised from the earliest of:

- The date the Group is exposed to risk which is ordinarily the beginning of the coverage period (i.e. the period during which the Group provides services in respect of any premiums within the contract boundary of the contract);
- The date the first premium payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; or
- The date when facts and circumstances indicate the contract is onerous.

When a contract is recognised, it is added to an existing group of contracts. However, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future similar contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises a new contract based on the modified terms.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant LRC.

(v) Contract boundaries

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group, determined as:

Insurance contracts

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- The Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not consider risks that relate to periods after the reassessment date.

Notes to the financial statements

1 Accounting policies (continued)

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

Reinsurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the Group is no longer compelled to pay amounts to the reinsurer and if the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

(vi) Measurement model – Premium Allocation Approach (PAA)

The Group applies the PAA when measuring the liability for remaining coverage of groups of insurance and reinsurance contracts when the following criteria are met at inception:

Insurance contracts:

- The coverage period of each contract in the group is one year or less; or
- Where the coverage period of a group of contracts is longer than one year, it is reasonably expected that the measurement of the liability for remaining coverage for the group containing those contracts under PAA does not differ materially from the measurement that would be recognised by applying the General Measurement Model (GMM).

Reinsurance contracts held:

- The coverage period of each contract in the group is one year or less; or
- The Group reasonably expects that the resulting measurement of the asset for remaining coverage under the PAA would not differ materially from the result of applying the GMM.

The vast majority of the Group's non-life business has a duration of one year or less and the PAA model is eligible automatically. Where the PAA model is not automatically eligible, financial modelling is performed comparing the financial effects under the two models. Where the financials are not expected to be materially different under the GMM and PAA, the relevant unit of account is treated as PAA eligible.

Initial recognition

On initial recognition of each group of contracts, the carrying amount of the LRC is measured as the premiums received less any insurance acquisition cash flows allocated to the group at that date. For reinsurance contracts held, the measurement of the reinsurance contract held includes all expected cash flows within the boundary of the reinsurance contract, including those cash flows related to recoveries from future underlying insurance contracts that have not yet been issued by the Group, but are expected to be issued during the coverage period of the reinsurance contract held.

Subsequent recognition

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- Increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses; and
- Decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

For reinsurance contracts held, at each of the subsequent reporting dates, the Group applies the same accounting policies to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts.

To identify onerous contracts, the PAA facts and circumstances test uses the latest signed-off Corporate Strategic Plan, identifying sets of contracts with a gross Combined Operating Ratio (COR) > 100% (including risk adjustment), when aligned to the relevant period being tested. Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held representing the expected recovery of the losses.

Notes to the financial statements

1 Accounting policies (continued)

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss within insurance service expenses in the consolidated statement of profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. Measurement of the loss component arising from the identification of onerous contracts is based on the future expected profitability calculation attributed to the annual cohort(s) which are indicated to be loss making.

The Group recognises the LIC of a group of insurance contracts at the discounted amount of the future cash flows relating to claims incurred but not yet settled and attributable expenses.

Discount rates are applied to reflect the time value of money and characteristics of the liability cash flows and contracts (including liquidity).

The change in the LIC due to the effects of the time value of money and financial risk is recognised within the net insurance financial result in the consolidated statement of profit or loss.

The Group recognises the loss arising from onerous contracts as part of the insurance service expense in the statement of comprehensive income. If there are no changes in expectations in subsequent periods, the release of the loss component is recognised as an adjustment to insurance service expenses in the consolidated statement of profit or loss in line with the pattern of earned premium.

(vii) Measurement Model – General Measurement Model (GMM)

For information on the GMM, please see (b) (iii) below.

(viii) Risk adjustment

The risk adjustment reflects the compensation required by the Group for bearing uncertainty about the insurance cash flows that arise from non-financial risks. The Group uses a combination of techniques to measure the risk adjustment, aligning to latest risk appetite approach.

Risk appetite is set net of reinsurance with the amount held for insurance contracts including the amount transferred to reinsurers. Under the PAA, the risk adjustment is driven by claims reserving uncertainty, which the Group models using statistical techniques including bootstrapping, supplemented where appropriate by scenario analysis, diversification between lines of business and back testing of actual reserve development experience. The Group appetite targets an overall confidence level at or above the 75th percentile. General operational risk not attributed to insurance contracts is not within the scope of risks included.

The change in the risk adjustment for earned business is recognised within insurance service expenses in the consolidated statement of profit or loss.

(ix) Insurance acquisition cash flows

Insurance acquisition cash flows are costs considered directly attributable to selling, underwriting or starting a portfolio of insurance contracts and are presented within the liability for remaining coverage. Insurance acquisition cash flows include direct costs and indirect costs. The PAA provides an option to expense insurance acquisition cash flows as incurred, however the Group has chosen not to apply this option. Insurance acquisition cash flows are amortised over the coverage period of the group of insurance contracts which they relate to.

Under IFRS 17, insurance acquisition cash flows for insurance contracts, insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts are included in the measurement of insurance contracts issued.

(x) Insurance revenue

Under the premium allocation approach, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and after adjustment to reflect the time value of money and the effect of financial risk, if applicable) allocated to the period for services provided. The Group allocates the expected premium receipts to each period of insurance contract services, on the basis of the passage of time or, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, on the basis of the expected timing of incurred insurance service expenses. Changes to the basis of allocation are accounted for prospectively as a change in accounting estimate.

Notes to the financial statements

1 Accounting policies (continued)

Under the GMM approach, as the Group provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration Group expected to be entitled to in exchange for those services. Insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
 - Insurance claims and expenses incurred in the period measured at amounts expected at the beginning of the period, excluding:
 - Amounts related to the loss component;
 - Repayments of investment components;
 - Amounts of transaction-based taxes collected in a fiduciary capacity; and
 - Insurance acquisition expenses;
 - Changes in the risk adjustment for non-financial risk, excluding:
 - Changes included in insurance finance income or expenses;
 - Changes that relate to future coverage (which adjust the CSM); and
 - Amounts allocated to the loss component;
 - Amounts of the CSM recognised in profit or loss for the services provided in the period; and
 - Experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

The amount of CSM recognised in profit or loss in each period to reflect services provided is determined by considering, for each group of contracts, coverage units that reflect the quantity of the benefits provided in each period and the expected coverage period. Coverage units are reviewed and updated at each reporting date. The quantity of benefits provided is based on the level of maximum benefit provided under the insurance contract and the coverage period is set as the probability-weighted average expected duration for the group of contracts.

(xi) Insurance service expenses

Insurance service expenses include fulfilment and acquisition cash flows which are costs directly attributable to insurance contracts and comprise both direct costs and the allocation of fixed and variable overheads. It is comprised of the following:

- Incurred claims and benefits excluding investment components;
- Other incurred discretionary attributable insurance service expenses;
- Amortisation of insurance acquisition cash flows;
- Changes that relate to past service (i.e. changes in the future cash flows relating to the LIC); and
- Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

Amortisation of insurance acquisition cash flows is done on a straight-line basis and reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above. Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

(xii) Net income or expense from reinsurance contracts

Net income or expense from reinsurance contracts represents the insurance service result for groups of reinsurance contracts held and comprises of the allocation of reinsurance premiums and other incurred directly attributable claims and expenses.

Reinsurance premium and expenses are recognised using the principles used to determine insurance revenue and expenses. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services.

The estimates of the present value of future cash flows of the reinsurance contracts held will reflect the risk of non-performance by the reinsurer and the risk adjustment for reinsurance contracts held and is measured and recognised separately from insurance contracts issued.

In addition, the allocation of reinsurance premiums includes changes in the reinsurance assets arising from retroactive reinsurance contracts held and voluntary reinstatement ceded premiums.

Reinsurance expenses reflect the allocation of reinsurance premiums paid or payable for receiving services in the period.

The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be recovered under the reinsurance contract held.

Notes to the financial statements

1 Accounting policies (continued)

(xiii) Net insurance financial result

Net insurance financial result comprises the change in the carrying amount of groups of insurance contracts issued and reinsurance contracts held arising from the effect of the time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk.

(b) Life insurance

(i) Level of aggregation

The Group's life insurance business comprises whole of life insurance contracts with similar risks which are managed together. These are aggregated into a single portfolio of insurance contracts.

The portfolio of contracts is divided into groups based on the expected profitability, determined at initial recognition and assessed using actuarial valuation models. As a minimum the following groupings are separated:

- Onerous contracts;
- Contracts that have no significant possibility of becoming onerous (based on the probability that changes to assumptions result in contracts becoming onerous); and
- Any remaining contracts.

As the fair value approach has been applied on transition, the Group is not required to recognise separate cohorts for contracts issued more than one year apart.

(ii) Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of insurance contracts. The measurement of the contracts includes all the future cash flows within the boundary of each contract in the group.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- The Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not consider risks that relate to periods after the reassessment date.

The Group has concluded that it has no practical ability to reassess the risks of its portfolio and set a price to reflect them after inception of the life insurance contract. Therefore no contract boundary is assumed to exist before the expiry of the insurance contract.

(iii) Measurement Model – General Measurement Model (GMM)

The GMM is the default method used to measure insurance contracts under IFRS 17.

Initial recognition

On initial recognition, the carrying amount of the LRC is measured as the sum of discounted probability-weighted fulfilment cash flows within the contract boundary, an explicit risk adjustment and a contractual service margin (CSM), representing the unearned profit of the contract to be recognised as revenue over the coverage period. If the portfolio of contracts is expected to be onerous at inception, the loss is recognised immediately within insurance service expenses in the statement of consolidated profit or loss and the CSM is set to zero.

Subsequent measurement

The carrying amount of the LRC is updated at each reporting date to reflect the re-measurement of the fulfilment cash flows to reflect estimates based on current assumptions. The changes in fulfilment cash flows are reflected either in the insurance service result or by adjusting the CSM, depending upon their nature. If the fulfilment cash flows exceed the CSM, the portfolio of contracts becomes onerous, and the loss is recognised immediately within insurance service expenses in the statement of consolidated profit or loss.

The Group recognises the LIC of a group of insurance contracts at the discounted amount of the fulfilment cash flows relating to claims incurred but not yet settled and attributable expenses.

Notes to the financial statements

1 Accounting policies (continued)

(iv) Risk adjustment

The risk adjustment reflects the compensation required by the Group for bearing uncertainty about the cash flows that arises from non-financial risks. The Group uses the value at risk/confidence level approach, choosing a confidence level and deriving the risk adjustment directly from it. The confidence level percentile input used by the Group to determine the risk adjustment is the 95th percentile calculated using a one-year Value-at-Risk (VaR) measure. The risk adjustment is calculated at the entity level.

The Group's general and life insurance businesses are managed separately, subject to different risk profiles, and the compensation required for bearing the associated non-financial risks is measured using different risk time horizons. The Group's view of the compensation for non-financial risks is different for the general and life insurance contracts and therefore it is expected that the confidence levels for the risk adjustment will be different between the two types of business.

(v) Insurance revenue

As the Group provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration Group expected to be entitled to in exchange for those services. Insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
 - Insurance claims and expenses incurred in the period measured at amounts expected at the beginning of the period, excluding:
 - Amounts related to the loss component;
 - Repayments of investment components;
 - Amounts of transaction-based taxes collected in a fiduciary capacity; and
 - Insurance acquisition expenses;
 - Changes in the risk adjustment for non-financial risk, excluding:
 - Changes included in insurance finance income or expenses;
 - Changes that relate to future coverage (which adjust the CSM); and
 - Amounts allocated to the loss component;
 - Amounts of the CSM recognised in profit or loss for the services provided in the period; and
 - Experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

The amount of CSM recognised in profit or loss in each period to reflect services provided is determined by considering, for each group of contracts, coverage units that reflect the quantity of the benefits provided in each period and the expected coverage period. Coverage units are reviewed and updated at each reporting date. The quantity of benefits provided is based on the level of maximum benefit provided under the insurance contract and the coverage period is set as the probability-weighted average expected duration for the group of contracts.

(vi) Insurance service expenses

Insurance service expenses include fulfilment and acquisition cash flows which are costs directly attributable to insurance contracts and comprise both direct costs and the allocation of fixed and variable overheads. It is comprised of the following:

- Incurred claims and benefits excluding investment components;
- Other incurred discretionary attributable insurance service expenses;
- Amortisation of insurance acquisition cash flows;
- Changes that relate to past service (i.e. changes in the future cash flows relating to the LIC); and
- Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

Amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above. Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

(vii) Insurance acquisition cash flows

For life insurance contracts, acquisition costs comprise direct costs such as initial commission and the indirect costs of obtaining and processing new business. As with general insurance business, those attributable are included in the measurement of insurance contracts issued and reinsurance contracts held.

Notes to the financial statements

1 Accounting policies (continued)

Investment contract liabilities

For products that have no significant insurance risk and therefore classified as investment contracts, the Group recognises a liability measured at fair value. The fair value of these liabilities is estimated based on an arms-length transaction between willing market participants with consideration given to the cost of the minimum repayment guarantee to the policyholders. The cost of the guarantee is determined using risk free rates of return, with the associated volatility assumption and allowing for the costs of administration associated with this low risk investment strategy.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities acquired at the date of acquisition. Goodwill on acquisitions prior to 1 January 2004 (the date of transition to IFRS) is carried at book value (original cost less amortisation) on that date, less any subsequent impairment. Where it is considered more relevant, the Group uses the option to measure goodwill initially at fair value, less any subsequent impairment.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Computer software

Computer software is carried at historical cost less accumulated amortisation and impairment, and amortised over a useful life of between three and ten years, using the straight-line method. Amortisation and impairment charges incurred for the period are included in the statements of profit or loss within other operating and administrative expenses.

Software costs that cannot be classified as intangible assets are charged to profit or loss during the period in which they are incurred.

Other intangible assets

Other intangible assets consist of acquired brand, customer and distribution relationships, and are carried at cost at acquisition less accumulated amortisation and impairment after acquisition. Amortisation is on a straight-line basis over the weighted average estimated useful life of intangible assets acquired. Amortisation and impairment charges incurred for the period are included in the statement of profit or loss within other operating and administrative expenses.

Property, plant and equipment

Owner-occupied properties are stated at fair value and movements are taken to the revaluation reserve within equity, net of deferred tax. When such properties are sold, the accumulated revaluation surpluses are transferred from this reserve to retained earnings.

Where the fair value of an individual property is below original cost, any revaluation movement arising during the period is recognised within net investment return in the statement of profit or loss. Valuations are carried out at least every three years by external qualified surveyors. All other items classed as property, plant and equipment within the statement of financial position are carried at historical cost less accumulated depreciation and impairment.

Land is not depreciated. No depreciation is provided on owner-occupied properties since such depreciation would be immaterial. Depreciation is calculated to write down the cost of other assets to their residual values over their estimated useful lives as follows:

Computer equipment	3 - 5 years straight line
Motor vehicles	4 years straight line
Fixtures, fittings and equipment	3 - 10 years or length of lease straight line
Right-of-use assets	The shorter of the lease term and useful life of the asset

Where the carrying amount of an item carried at historical cost less accumulated depreciation is greater than its estimated recoverable amount, it is written down to its recoverable amount by way of an impairment charge to profit or loss.

Repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Notes to the financial statements

1 Accounting policies (continued)

Investment property

Investment property comprises land and buildings which are held for long-term rental yields. It is carried at fair value with changes in fair value recognised in the statement of profit or loss within net investment return. Investment property is valued annually by external qualified surveyors at open market value. Investment properties are derecognised when they have been disposed of. Where the Group disposes of a property, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net investment return.

Financial instruments

(a) Classification and measurement

All financial assets under IFRS 9 are to be initially recognised at fair value, plus or minus (in the case of a financial asset not at FVTPL) transaction costs that are directly attributable to the acquisition of the financial instrument. Classification and subsequent measurement of financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Debt instruments

There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. Interest income from these financial assets is included in 'net investment result' using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI, except where an election is made to classify as FVTPL. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'net investment result'. Interest income from these financial assets is included in 'net investment result' using the effective interest rate method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. In order to eliminate or significantly reduce an accounting mismatch, an irrevocable election can be made (on an instrument-by-instrument basis) to classify and measure debt instruments at FVTPL instead of amortised cost or FVOCI. A gain or loss on a debt investment that is measured at FVTPL is recognised in profit or loss and presented net within 'net investment result'.

Equity instruments

- FVTPL: By default, the group classifies and measures equity investments at FVTPL. Changes in the fair value of equity instruments at FVTPL are recognised in 'net investment result' in the consolidated statement of profit or loss.
- FVOCI: An irrevocable election can be made (on an instrument-by-instrument basis) on the date of acquisition to classify and measure equity instruments at FVOCI. Designation is not permitted if the equity instrument is held for trading. Where this election has been made, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss within 'net investment result' when the Group's right to receive payments is established.

(b) Impairment

The Group recognises a forward-looking loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost or FVOCI. ECL is an unbiased, probability-weighted estimate of credit losses and considers all reasonable and supportable information. The impairment methodology applied depends on whether there has been a significant increase in credit risk or default.

The Group elects to apply the simplified approach permitted by IFRS 9 and recognises lifetime ECL for trade receivables and lease receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for current and forecast economic conditions.

Notes to the financial statements

1 Accounting policies (continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. A financial asset is written off to the extent there is no reasonable expectation of recovery. Any subsequent recovery in excess of the financial asset's written down value is credited to profit or loss.

Impairment losses are presented within 'net investment return' in the consolidated statement of profit or loss.

Offset of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Subordinated liabilities

Subordinated liabilities are recognised initially at fair value, being the issue proceeds net of premiums, discounts and transaction costs incurred. All borrowings are subsequently measured at amortised cost using the effective interest rate method. The amortisation is recognised as an interest expense using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Leases

Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the lease asset is available for use by the Group. Each lease payment is deducted from the lease liability. Finance costs are charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are determined using the net present value of the payments over the lease term with the rate used to discount payments reflecting the rate implicit in the lease or, if it not readily determinable, the Group's incremental borrowing rate, and include:

- Fixed payments less any lease incentives receivable;
- Variable lease payments that are based on an index or rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of an option if the lessee is reasonably certain to exercise that option; and
- Payments and penalties from terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are initially measured at cost and subsequently measured as cost less accumulated depreciation and comprises:

- The amount of the initial measurement of lease liability;
- Any lease payment made at or before the commencement date, less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are presented within property, plant and equipment in the statement of financial position.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also sublets property no longer occupied by the Group.

Notes to the financial statements

1 Accounting policies (continued)

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when it is virtually certain that the reimbursement will be received.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation but either an outflow of resources is not probable or the amount cannot be reliably estimated.

Employee benefits

Pension obligations

The Group operates defined benefit and defined contribution pension plans, the assets of which are held in separate trustee-administered funds.

For defined benefit plans, the pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to profit or loss so as to spread the regular cost over the service lives of employees. The pension obligation is measured as the present value of the estimated future cash outflows using a discount rate based on market yields for high-quality corporate bonds. The resulting pension plan surplus or deficit appears as an asset or obligation in the statement of financial position. Any asset resulting from this calculation is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future employer contributions to the plan. Independent actuarial valuations are carried out at the end of each reporting period.

In accordance with IAS 19 Employee Benefits, current and past service costs, gains and losses on curtailments and settlements and net interest expense or income (calculated by applying a discount rate to the net defined benefit liability or asset) are recognised through profit or loss. Actuarial gains or losses are recognised in full in the period in which they occur in other comprehensive income.

Contributions in respect of defined contribution plans are recognised as a charge to profit or loss as incurred.

Other post-employment obligations

Some Group companies provide post-employment medical benefits to their retirees. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Interest expense (calculated by applying a discount rate to the net obligations) is recognised through profit or loss. Actuarial gains and losses are recognised immediately in other comprehensive income. Independent actuarial valuations are carried out at the end of each reporting period.

Other benefits

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the period-end date.

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable result for the period, after any adjustment in respect of prior periods.

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is provided in full on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured using tax rates expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled, based on tax rates and laws which have been enacted or substantively enacted at the period-end date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

In May 2023, amendments to IAS 12 were published to address the implementation of the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Pillar Two Model Rules. The Group became subject to these rules from 1 January 2025. In accordance with the IAS 12 amendments, the Group continues to apply the mandatory exception from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

Appropriations

Dividends

Dividends on Ordinary shares are recognised in equity in the period in which they are declared and, for the final dividend, approved by shareholders. Dividends on Non-Cumulative Irredeemable Preference shares are recognised in the period in which they are declared and appropriately approved.

Charitable donation to ultimate parent undertaking

Payments are made via Gift Aid to the ultimate parent company, Benefact Trust Limited, a registered charity. The Group does not regard these payments as being expenses of the business and, as such, recognises these net of tax in equity in the period in which they are approved.

Use of Alternative Performance Measures (APM)

As detailed in the Strategic Report, the Group uses certain key performance indicators which, although not defined under IFRS, provide useful information and aim to enhance understanding of the Group's performance. These include gross written premiums, net written premiums, net earned premiums, underwriting result and combined operating ratio. The key performance indicators should be considered complementary to, rather than a substitute for, financial measures defined under IFRS. Note 36 provides details of how these key performance indicators reconcile to the results reported under IFRS.

Notes to the financial statements

2 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and judgements that affect the reported amounts of assets and liabilities. Estimates and judgements are regularly reviewed and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management have considered the current economic environment in their estimates and judgements.

(a) Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations which are dealt with separately below, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Pension and other post-employment benefits

The Group's pension and other post-employment benefit obligations are discounted at a rate set by reference to market yields at the end of the reporting period on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds includes the nature and quality of the corporate bonds and the identification of outliers which are excluded.

The Group also applies judgement in determining the extent to which a surplus in the defined benefit plan can be recognised in the statement of financial position. In accordance with IAS 19 Employee benefits, the recognisable surplus is limited to the lower of the surplus in the plan and the asset ceiling. The asset ceiling is the present value of future economic benefits available in the form of a refund or as a reduction in future contributions. The Group applies judgement in determining the asset ceiling in accordance with IFRS Interpretations Committee Interpretation 14 (IFRIC 14).

Unlisted equity securities

The value of unlisted equity securities, where there is no active market and therefore no observable market price, are classified as level 3 financial assets. This requires the Group to make judgements in respect of the most appropriate valuation technique to apply. Further details, including the amounts recognised within the financial statements which are impacted by these judgements are shown in note 4(b).

Significant insurance risk

Whole-of-life policies issued by the Group where significant insurance risk has been accepted from a policyholder are accounted for as insurance contracts. Whole-of-life policies where the Group has not accepted significant insurance risk from a policyholder are accounted for as financial instruments. Contracts can have features of, or appear to have features of, an insurance contract and therefore judgement is required on whether there is insurance risk and then whether that insurance risk is significant. Policies are considered to be insurance contracts where future benefits are linked to inflation as there is uncertainty over the timing and amount of a resulting claim. Policies that provide a policyholder with a guarantee to return the original premium have not transferred insurance risk and are considered financial instruments.

Level of aggregation

The Group separates insurance contracts into portfolios of similar risks that are managed together. For the non-life business the majority of the Group's insurance contracts represent a combination of component risks which are sold as an overall product and this unit has not been unbundled because the combination is not solely for administrative or customer convenience. For contracts eligible for the Premium Allocation Approach (materially all of the non-life business), the primary indicator of the portfolios for gross business has been judged to be the geographic territory of the risk. The Group has considered that the non-life business as a whole is the appropriate level of aggregation for usefulness and understanding of the financial statements, thereby providing valuable insights to users.

Notes to the financial statements

2 Critical accounting estimates and judgements in applying accounting policies (continued)

The life business represents a separate portfolio, as a single product line. Portfolios of insurance contracts are divided into profitability groups for measurement purposes. Under the PAA model the default assumption is made that no groups are onerous unless facts and circumstances indicate otherwise, which is determined through review for go-forward expected losses for groupings identified in the Group Corporate Strategic Plan.

Risk adjustment

A risk adjustment for non-financial risk is determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The risk adjustment for non-financial risk has been determined using a combination of confidence level techniques and scenarios. Further details are included in the risk adjustment sections of the insurance contract liabilities accounting policy in note 1.

(b) Key sources of estimation uncertainty

In applying the Group's accounting policies various transactions and balances are valued using estimates or assumptions. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions.

The following items are considered key estimates and assumptions which, if actual results differ from those predicted, may have significant impact on the following year's financial statements:

The ultimate liability arising from claims incurred under general business insurance contracts

The estimation of the ultimate liability arising from claims made under general business insurance contracts is a critical accounting estimate. There is uncertainty as to the total number of claims made on each business class, the amounts that such claims will be settled for and the timing of any such payments. There are various sources of estimation uncertainty as to how much the Group will ultimately pay with respect to such contracts. Such uncertainty includes:

- whether a claim event has occurred or not and how much it will ultimately settle for;
- variability in the speed with which claims are notified and in the time taken to settle them, especially complex cases resolved through the courts;
- changes in the business portfolio affecting factors such as the number of claims and their typical settlement costs, which may differ significantly from past patterns;
- new types of claim, including latent claims, which arise from time to time;
- changes in legislation and court attitudes to compensation, including the discount rate applied in assessing lump sums, which may apply retrospectively;

The uncertainties surrounding the estimates of claims payments for the various classes of business are discussed further in note 3. General business insurance liabilities include a risk adjustment in addition to the best estimates for future claims. The sensitivity of profit or loss to changes in the ultimate settlement cost of claims reserves is presented in note 26.

Future benefit payments arising from life insurance contracts

The determination of the liabilities under life insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and national mortality tables, adjusted to reflect recent historical mortality experience of the Group's portfolio, with allowance also being made for expected future mortality improvements. The estimated mortality rates are used to determine forecast benefit payments net of forecast premium receipts.

A discount rate curve is calculated on a bottom up basis. The risk free curve is based on the UK government bond yield curve. A liquidity premium based on the return on a notional index of fixed interest assets, including gilts and corporate bonds, is added to the risk free curve. The liquidity premium is adjusted for credit risk and differences in liquidity between the notional assets and the liabilities.

In addition, a risk adjustment for non-financial risks is then added to the best estimate liability calculated on the basis set out above. Further details are included in the life insurance risk adjustment section of the insurance contract liabilities accounting policy in note 1. The sensitivity of profit or loss to changes in the assumptions is presented in note 26 (b)(iv).

Notes to the financial statements

2 Critical accounting estimates and judgements in applying accounting policies (continued)

Pension and other post-employment benefits

The cost of these benefits and the present value of the pension and other post-employment benefit liabilities depend on factors that are determined on an actuarial basis using a number of assumptions. Any change in these assumptions may affect planned funding of the pension plans.

The discount rate assumption is a component in determining the charge to profit or loss. The effect of movements in the actuarial assumptions during the period, including discount rate, mortality, inflation, salary and medical expense inflation assumptions, on the pension and other post-employment liabilities are recognised in other comprehensive income. An explanation of the actuarial gains recognised in the current year is included in note 17.

The Group determines an appropriate discount rate at the end of each period, to be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and other post-employment benefit obligations.

The expected rate of medical expense inflation is determined by comparing the historical relationship of medical expense increases over a portfolio of UK-based post-retirement medical plans with the rate of inflation, making an allowance for the size of the plan and actual medical expense experience.

Other key assumptions for the pension and post-employment benefit costs and credits are based in part on current market conditions. Additional information including the sensitivity of pension and post-employment medical benefit scheme liabilities to changes in the key assumptions is disclosed in note 18.

Unlisted equity securities

The valuation of unlisted equity securities requires estimates to be made for the illiquidity discount and credit rating discount. The illiquidity premium reflects the additional return required by investors for holding assets that are not readily tradeable and involves analysing previous transactions. The credit rating discount accounts for the credit risk associated with the issuer of the unlisted equity. The creditworthiness of the issuer is evaluated by comparing to other similar companies. Further details, including the sensitivity of the valuation to these inputs, are shown in note 4(b).

Discount rates

IFRS 17 requires entities to determine discount rates that reflect the characteristics of the liabilities using either the 'bottom up' or 'top down' approach. The 'top down' approach involves using discount rate curves derived from a portfolio of reference assets adjusted to remove all characteristics of the assets that are not present in insurance contracts, but not requiring to eliminate the illiquidity premium.

The Group selected to apply the 'bottom up' approach which requires the use of risk-free rate curves and adding the illiquidity premium. The Group derives illiquidity by reference to the illiquidity estimated to apply to a suitable reference portfolio of assets with similar liquidity characteristics. The published yields on Government bonds in each territory are used as a reference for risk-free rates. The characteristics of the Group's general insurance contract claims liabilities are less liquid than those of its life insurance contracts, because the life insurance contracts have surrender options.

Notes to the financial statements

3 Insurance risk

Through its general and life insurance operations, the EIO Group is exposed to a number of risks. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim. Factors such as the business and product mix, the external environment including market competition and reinsurance capacity all may vary from year to year, along with the actual frequency, severity and ultimate cost of claims and benefits. This subjects the EIO Group to underwriting and pricing risk (the risk of failing to ensure disciplined risk selection and to obtain the appropriate premium), claims reserving risk (the risk of actual claims payments exceeding the amount we are holding in reserves) and reinsurance risk (the risk of failing to access and manage reinsurance capacity at a reasonable price).

(a) Risk mitigation

Statistics demonstrate that the larger and more diversified the portfolio of insurance contracts, the smaller the relative variability in the expected outcome will be. The EIO Group's underwriting strategy is designed to ensure that the underwritten risks are well diversified in terms of type and amount of risk and geographical spread. In all operations pricing controls are in place, underpinned by sound statistical analysis, market expertise and appropriate external consultant advice. Gross and net underwriting exposure is protected through the use of a comprehensive programme of reinsurance using both proportional and non-proportional reinsurance, supported by proactive claims handling. The overall reinsurance structure is regularly reviewed and modelled to ensure that it remains optimum to the EIO Group's needs. The optimal reinsurance structure provides the EIO Group with sustainable, long-term capacity to support its specialist business strategy, with effective balance sheet and profit and loss protection at a reasonable cost.

Catastrophe protection is purchased following an extensive annual modelling exercise of gross and net (of proportional reinsurance) exposures. In conjunction with reinsurance brokers the EIO Group utilises the full range of proprietary catastrophe models and continues to develop bespoke modelling options that better reflect the specialist nature of the portfolio. Reinsurance is purchased in line with the EIO Group's risk appetite.

(b) Concentrations of risk

The core business of the EIO Group is general insurance, with the principal classes of business written being property and liability. The miscellaneous financial loss class of business covers personal accident, fidelity guarantee and loss of money, income and licence. The other class of business includes cover of legal expenses and also a small portfolio of motor policies, but this has been in run-off in the United Kingdom since November 2012. The EIO Group's whole-of-life insurance policies support funeral planning products.

The table below summarises written premiums for the financial year, before and after reinsurance, by territory and by class of business which is an indication of the concentration of risk accepted by the EIO Group in the year. Further details on the gross and net written premiums, which are alternative performance measures that are not defined under IFRS, are detailed in note 36.

Notes to the financial statements

3 Insurance risk (continued)

Written premiums

2025		General insurance				Life insurance	
		Property £000	Liability £000	Miscellaneous financial loss		Whole of life £000	Total £000
Group	£000			£000	£000		
Territory							
United Kingdom and Ireland	Gross	337,336	96,932	29,185	5,486	(85)	468,854
	Net	167,874	108,235	14,163	1,014	-	291,286
Australia	Gross	48,106	39,591	1,227	51	-	88,975
	Net	9,917	18,811	1,207	9	-	29,944
Canada	Gross	67,745	28,118	-	-	-	95,863
	Net	40,078	23,891	-	-	-	63,969
Total	Gross	453,187	164,641	30,412	5,537	(85)	653,692
	Net	217,869	150,937	15,370	1,023	-	385,199

Parent

Territory							
United Kingdom and Ireland	Gross	338,712	112,034	29,185	5,486	-	485,417
	Net	167,874	108,235	14,163	1,014	-	291,286
Canada	Gross	67,745	28,118	-	-	-	95,863
	Net	40,078	23,891	-	-	-	63,969
Total	Gross	406,457	140,152	29,185	5,486	-	581,280
	Net	207,952	132,126	14,163	1,014	-	355,255

2024

2024		General insurance				Life insurance	
		Property £000	Liability £000	Miscellaneous financial loss		Whole of life £000	Total £000
Group	£000			£000	£000		
Territory							
United Kingdom and Ireland	Gross	325,781	85,970	27,352	4,597	(271)	443,429
	Net	162,268	82,332	13,413	391	(271)	258,133
Australia	Gross	53,643	40,212	1,320	170	-	95,345
	Net	11,757	34,328	1,297	30	-	47,412
Canada	Gross	71,070	30,486	-	-	-	101,556
	Net	46,570	27,021	-	-	-	73,591
Total	Gross	450,494	156,668	28,672	4,767	(271)	640,330
	Net	220,595	143,681	14,710	421	(271)	379,136

Parent

Territory							
United Kingdom and Ireland	Gross	325,780	85,970	27,352	7,334	-	446,436
	Net	162,268	82,332	13,413	3,128	-	261,141
Canada	Gross	71,070	30,486	-	-	-	101,556
	Net	46,570	27,021	-	-	-	73,591
Total	Gross	396,850	116,456	27,352	7,334	-	547,992
	Net	208,838	109,353	13,413	3,128	-	334,732

Notes to the financial statements

3 Insurance risk (continued)

(c) General insurance risks

Property classes

Property cover mainly compensates the policyholder for damage suffered to their property or for the value of property lost. Property insurance may also include cover for pecuniary loss through the inability to use damaged insured commercial properties (business interruption).

For property insurance contracts, there can be variability in the nature, number and size of claims made in each period.

The nature of claims may include those arising from the perils of fire, weather damage, escape of water, explosion, riot and malicious damage, subsidence, accidental damage, theft and earthquake. Subsidence claims are particularly difficult to predict because the damage is often not apparent for some time. The ultimate settlements can be small or large with a risk of a settled claim being reopened at a later date.

The number of claims made can be affected in particular by weather events, changes in climate, economic environment, and crime rates. Climate change may give rise to more frequent and extreme weather events, such as river flooding, hurricanes and drought, and their consequences, for example, subsidence claims. If a weather event happens near the end of the financial year, the uncertainty about ultimate claims cost in the financial statements is much higher because there is insufficient time for adequate data to be received to assess the final cost of claims.

Individual claims can vary in amount since the risks insured are diverse in both size and nature. The cost of repairing property varies according to the extent of damage, cost of materials and labour charges.

Contracts are underwritten on a reinstatement basis or repair and restoration basis as appropriate. Costs of rebuilding properties, of replacement or indemnity for contents and time taken to bring business operations back to pre-loss levels for business interruption are the key factors that influence the cost of claims. Individual large claims are more likely to arise from fire, storm or flood damage. The greatest likelihood of an aggregation of claims arises from earthquake, weather or major fire spreading events.

Claims payment, on average, occurs within a year of the event that gives rise to the claim. However, there is variability around this average with larger claims typically taking longer to settle and business interruption claims taking much longer depending on the length of the indemnity period involved.

Liability classes

The main exposures are in respect of liability insurance contracts which protect policyholders from the liability to compensate injured employees (employers' liability) and third parties (public liability).

Claims that may arise from the liability portfolios include damage to property, physical injury, disease and psychological trauma. The EIO Group has a different exposure profile to most other commercial lines insurance companies as it has lower exposure to industrial risks. Therefore, claims for industrial diseases are less common for the EIO Group than injury claims such as slips, trips and back injuries.

The frequency and severity of claims arising on liability insurance contracts can be affected by several factors. Most significant are the increasing level of awards for damages suffered, legal costs and the potential for periodic payment awards.

The severity of bodily injury claims can be influenced particularly by the value of loss of earnings and the future cost of care. The settlement value of claims arising under public and employers' liability is particularly difficult to predict. There is often uncertainty as to the extent and type of injury, whether any payments will be made and, if they are, the amount and timing of the payments, including the discount rate applied for assessing lump sums. Key factors driving the high levels of uncertainty include the late notification of possible claim events and the legal process.

Late notification of possible claims necessitates the holding of provisions for incurred claims that may only emerge some years into the future. In particular, the effect of inflation over such a long period can be considerable and is uncertain. A lack of comparable past experience may make it difficult to quantify the number of claims and, for certain types of claims, the amounts for which they will ultimately settle. The legal and legislative framework continues to evolve, which has a consequent impact on the uncertainty as to the length of the claims settlement process and the ultimate settlement amounts.

Claims payment, on average, occurs about three to four years after the event that gives rise to the claim. However, there is significant variability around this average.

Notes to the financial statements

3 Insurance risk (continued)

Provisions for latent claims

The public and employers' liability classes can give rise to very late reported claims, which are often referred to as latent claims. These can vary in nature and are difficult to predict. They typically emerge slowly over many years, during which time there can be particular uncertainty as to the number of future potential claims and their cost. The EIO Group has reflected this uncertainty and believes that it holds adequate reserves for latent claims that may result from exposure periods up to the reporting date.

Note 26 presents the development of the estimate of ultimate claim cost for public and employers' liability claims occurring in a given year. This gives an indication of the accuracy of the estimation technique for incurred claims.

(d) Life insurance risks

The EIO Group provides whole-of-life insurance policies to support funeral planning products, for most of which the future benefits are linked to inflation and backed by index-linked assets. None of the risks arising from this business are amongst the EIO Group's principal risks and no new policies with insurance risk have been written in the life fund since 2013.

The primary risk on these contracts is the level of future investment returns on the assets backing the liabilities over the life of the policyholders is insufficient to meet future claims payments, particularly if the timing of claims is different from that assumed. The interest rate and inflation risk within this has been largely mitigated by holding index-linked assets of a similar term to the expected liabilities profile. The main residual risk is the spread risk attached to corporate bonds held to match the liabilities.

Uncertainty in the estimation of the timing of future claims arises from the unpredictability of long-term changes in overall levels of mortality. The EIO Group bases these estimates on standard industry and national mortality tables and its own experience. The most significant factors that could alter the expected mortality rates profile are epidemics, widespread changes in lifestyle and continued improvement in medical science and social conditions. This small mortality risk is retained by the EIO Group. The EIO Group holds a reserve to meet the costs of future expenses in running the life business and administration of the policies. There is a risk that this is insufficient to meet the expenses incurred in future periods.

Notes to the financial statements

4 Financial risk and capital management

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of financial risk are interest rate risk, credit risk, equity price risk and currency risk.

There has been no change from the prior year in the nature of the financial risks to which the Group is exposed. The continued conflict in Ukraine, Middle East and the cost of living crisis means there is continued uncertainty in relation to the economic risks to which the Group is exposed. This includes equity price volatility, movements in exchange rates and long-term UK growth prospects. The Group's management and measurement of financial risks is informed by either stochastic modelling or stress testing techniques.

(a) Categories of financial instruments applying IFRS 9

Group	Financial assets			Financial liabilities			Total £000
	Designated as fair value through profit or loss £000	Classified as fair value through profit or loss £000	Amortised cost £000	Fair value through profit or loss £000	Amortised cost £000	Other assets and liabilities £000	
At 31 December 2025							
Financial investments	1,092,158	2,513	14	-	-	-	1,094,685
Other assets	-	-	124,806	-	-	9,938	134,744
Cash and cash equivalents	-	-	93,174	-	-	-	93,174
Lease obligations	-	-	-	-	(22,664)	-	(22,664)
Subordinated liabilities	-	-	-	-	(26,835)	-	(26,835)
Other liabilities	-	-	-	(480)	(49,669)	(17,725)	(67,874)
Inv't contract liabilities	-	-	-	(172,375)	-	-	(172,375)
Net other	-	-	-	-	-	(414,844)	(414,844)
Total	1,092,158	2,513	217,994	(172,855)	(99,168)	(422,631)	618,011
At 31 December 2024							
Financial investments	977,837	4,150	14	-	-	-	982,001
Other assets	-	-	147,583	-	-	9,185	156,768
Cash and cash equivalents	-	-	105,761	-	-	-	105,761
Lease obligations	-	-	-	-	(24,573)	-	(24,573)
Subordinated liabilities	-	-	-	-	(25,112)	-	(25,112)
Other liabilities	-	-	-	-	(44,909)	(16,934)	(61,843)
Inv't contract liabilities	-	-	-	(133,706)	-	-	(133,706)
Net other	-	-	-	-	-	(372,253)	(372,253)
Total	977,837	4,150	253,358	(133,706)	(94,594)	(380,002)	627,043
Parent							
At 31 December 2025							
Financial investments	723,121	2,513	14	-	-	42,707	768,355
Other assets	-	-	132,907	-	-	8,079	140,986
Cash and cash equivalents	-	-	68,841	-	-	-	68,841
Lease obligations	-	-	-	-	(21,095)	-	(21,095)
Subordinated liabilities	-	-	-	-	(26,835)	-	(26,835)
Other liabilities	-	-	-	(480)	(40,479)	(15,534)	(56,493)
Net other	-	-	-	-	-	(295,029)	(295,029)
Total	723,121	2,513	201,762	(480)	(88,409)	(259,777)	578,730
At 31 December 2024							
Financial investments	627,530	4,150	14	-	-	42,707	674,401
Other assets	-	-	146,310	-	-	7,027	153,337
Cash and cash equivalents	-	-	80,330	-	-	-	80,330
Lease obligations	-	-	-	-	(22,906)	-	(22,906)
Subordinated liabilities	-	-	-	-	(25,112)	-	(25,112)
Other liabilities	-	-	-	(215)	(51,453)	(14,972)	(66,640)
Net other	-	-	-	-	-	(232,450)	(232,450)
Total	627,530	4,150	226,654	(215)	(99,471)	(197,688)	560,960

The carrying value of those financial assets and liabilities not carried at fair value in the financial statements is considered to approximate to their fair value.

Notes to the financial statements

4 Financial risk and capital management (continued)

(b) Fair value hierarchy

The fair value measurement basis used to value those financial assets and financial liabilities held at fair value is categorised into a fair value hierarchy as follows:

Level 1: fair values measured using quoted bid prices (unadjusted) in active markets for identical assets or liabilities. This category includes listed equities in active markets, listed debt securities in active markets and exchange-traded derivatives.

Level 2: fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This category includes listed debt or equity securities in a market that is not active and derivatives that are not exchange-traded.

Level 3: fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes unlisted debt and equities, including investments in venture capital, and suspended securities. Where a look-through valuation approach is applied, underlying net asset values are sourced from the investee, translated into the Group's functional currency and adjusted to reflect illiquidity where appropriate, with the fair values disclosed being directly sensitive to this input.

Instruments move between fair value hierarchies primarily due to increases or decreases in market activity or changes to the significance of unobservable inputs to valuation, and are recognised at the date of the event or change in circumstances which caused the transfer. During the year there was a transfer from level 1 to level 2 due to a change in the observable inputs.

Analysis of fair value measurement bases

Group	Fair value measurement at the end of the reporting year based on			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
At 31 December 2025				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	272,026	-	111,847	383,873
Debt securities	450,729	96,630	1,149	548,508
Structured notes	-	159,777	-	159,777
Derivatives	-	2,513	-	2,513
	722,755	258,920	112,996	1,094,671
At 31 December 2024 (as restated*)				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	247,342	-	84,939	332,281
Debt securities	411,685	108,849	1,110	521,644
Structured notes	-	123,912	-	123,912
Derivatives	-	4,150	-	4,150
	659,027	236,911	86,049	981,987

*The fair value hierarchy disclosures have been restated to reclassify debt securities of £108.2m from Level 1 to Level 2 and £1.1m from Level 1 to Level 3. This reflects a change in approach that better evidences input observability and provides a more accurate classification.

Notes to the financial statements

4 Financial risk and capital management (continued)

Parent	Fair value measurement at the end of the reporting year based on			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
At 31 December 2025				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	258,547	-	111,847	370,394
Debt securities	328,476	23,102	1,149	352,727
Derivatives	-	2,513	-	2,513
	587,023	25,615	112,996	725,634
At 31 December 2024 (as restated*)				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	231,574	-	84,939	316,513
Debt securities	278,974	31,164	879	311,017
Derivatives	-	4,150	-	4,150
	510,548	35,314	85,818	631,680

*The fair value hierarchy disclosures have been restated to reclassify debt securities of £30.5m from Level 1 to Level 2 and £0.9m from Level 1 to Level 3. This reflects a change in approach that better evidences input observability and provides a more accurate classification.

Gains and losses on derivative liabilities of the Group and Parent were recognised through other comprehensive income if they were hedge accounted, otherwise were recognised at fair value through profit or loss. Derivative liabilities are categorised as Level 2 (see note 21).

Fair value measurements based on level 3

Fair value measurements in level 3 for both the Group and Parent consist of financial assets at fair value through profit or loss, analysed as follows:

Group	Equity securities £000	Debt securities £000	Total £000
For the year ended 31 December 2025			
Opening balance	84,939	1,110	86,049
Total gains recognised in profit or loss	26,908	39	26,947
Closing balance	111,847	1,149	112,996
Total gains for the year included in profit or loss for assets held at the end of the reporting year	26,908	39	26,947
For the year ended 31 December 2024			
Opening balance	76,898	1,161	78,059
Total gains/(losses) recognised in profit or loss	8,041	(51)	7,990
Closing balance	84,939	1,110	86,049
Total gains/(losses) for the year included in profit or loss for assets held at the end of the reporting year	8,041	(51)	7,990

Notes to the financial statements

4 Financial risk and capital management (continued)

Parent	Equity securities £000	Debt securities £000	Total £000
For the year ended 31 December 2025			
Opening balance	84,939	879	85,818
Total gains recognised in profit or loss	26,908	5	26,913
Transfer	-	13	13
Purchases	-	267	267
Disposal proceeds	-	(15)	(15)
Closing balance	<u>111,847</u>	<u>1,149</u>	<u>112,996</u>
Total gains for the year included in profit or loss for assets held at the end of the reporting year	<u>26,908</u>	<u>5</u>	<u>26,913</u>
For the year ended 31 December 2024			
Opening balance	76,898	909	77,807
Total gains/(losses) recognised in profit or loss	8,041	(30)	8,011
Closing balance	<u>84,939</u>	<u>879</u>	<u>85,818</u>
Total gains/(losses) for the year included in profit or loss for assets held at the end of the reporting year	<u>8,041</u>	<u>(30)</u>	<u>8,011</u>

All the above gains or losses included in profit or loss for the year (for both the Group and Parent) are presented in the net investment result within the statement of profit or loss.

The valuation techniques used for instruments categorised in levels 2 and 3 are described below.

Listed debt and equity securities not in active market (level 2)

These financial assets are valued using third-party pricing information that is regularly reviewed and internally calibrated based on management's knowledge of the markets.

Non-exchange-traded derivative contracts (level 2)

The Group's derivative contracts are not traded in active markets. Foreign currency forward contracts are valued using observable forward exchange rates corresponding to the maturity of the contract and the contract forward rate. Over-the-counter equity or index options and futures are valued by reference to observable index prices.

Structured notes (level 2)

These financial assets are not traded on active markets. Their fair value is linked to an index that reflects the performance of an underlying basket of observable securities, including derivatives, provided by an independent calculation agent.

Unlisted equity securities (level 3)

These financial assets are valued using observable net asset data, adjusted for unobservable inputs including comparable price-to-book ratios based on similar listed companies, normalised for performance measures where appropriate, and management's consideration of constituents as to what exit price might be obtainable.

The valuation is sensitive to the level of underlying net assets, the Euro exchange rate, the price-to-tangible book ratio, an illiquidity discount and a credit rating discount applied to the valuation to account for the risks associated with holding the asset. The sensitivity of the valuation to reasonable changes in the unobservable inputs is as follows:

Variable	Change in variable	Potential increase/ (decrease) in the valuation	
		2025 £000	2024 £000
Increase in price-to-tangible book ratio	+10%	10,313	8,494
Decrease in price-to-tangible book ratio	-10%	(10,313)	(8,494)
Increase in illiquidity discount	+5%	(6,006)	(4,996)
Decrease in illiquidity discount	-5%	6,006	4,996

Notes to the financial statements

4 Financial risk and capital management (continued)

(c) Interest rate risk

The Group's exposure to interest rate risk arises primarily from movements on financial investments that are measured at fair value and have fixed interest rates, which represent a significant proportion of the Group's assets, subordinated debt which has a fixed interest rate until 2030, and from insurance liabilities discounted at a market interest rate. The Group's investment strategy is set in order to control the impact of interest rate risk on anticipated cash flows and asset and liability values. The fair value of the Group's investment portfolio of fixed income securities reduces as market interest rates rise as does the present value of discounted insurance liabilities, and vice versa.

Interest rate risk concentration is reduced by adopting asset-liability duration matching principles where appropriate. Excluding assets held to back the life business, the average duration of the Group's fixed income portfolio is four years (2024: four years), reflecting the relatively short-term average duration of its general insurance liabilities.

For the Group's life insurance business, consisting of policies to support funeral planning products, benefits payable to policyholders are independent of the returns generated by interest-bearing assets. Therefore, the interest rate risk on the invested assets supporting these liabilities is borne by the Group. This risk is mitigated by purchasing fixed interest investments with durations that match the profile of the liabilities. For funeral plan insurance policies, benefits are linked to the Retail Prices Index (RPI). Assets backing these liabilities are also linked to the RPI, and include index-linked gilts and corporate bonds. For practical purposes it is not possible to exactly match the durations due to the uncertain profile of liabilities (for example mortality risk) and the availability of suitable assets, therefore some interest rate risk will persist. The Group monitors its exposure by comparing projected cash flows for these assets and liabilities and making appropriate adjustments to its investment portfolio.

The table below summarises the maturities of life insurance business assets and liabilities that are exposed to interest rate risk.

	Maturity			Total £000
	Within 1 year £000	Between 1 and 5 years £000	After 5 years £000	
Group life business				
At 31 December 2025				
Assets				
Debt securities	2,359	18,641	45,638	66,638
Cash and cash equivalents	2,424	-	-	2,424
	4,783	18,641	45,638	69,062
Liabilities (discounted)				
Life insurance contract liabilities for remaining coverage	5,837	17,241	21,653	44,731
At 31 December 2024				
Assets				
Debt securities	23,934	15,571	48,163	87,668
Cash and cash equivalents	7,105	-	-	7,105
	31,039	15,571	48,163	94,773
Liabilities (discounted)				
Life insurance contract liabilities for remaining coverage	5,637	17,784	25,784	49,205

Group financial investments with variable interest rates, including cash and cash equivalents, and insurance instalment receivables are subject to cash flow interest rate risk. This risk is not significant to the Group.

Notes to the financial statements

4 Financial risk and capital management (continued)

(d) Credit risk

The Group has exposure to credit risk, which is the risk of non-payment of their obligations by counterparties and financial markets borrowers. Areas where the Group is exposed to credit risk are:

- Counterparty default on loans and debt securities;
- Deposits held with banks;
- Reinsurers' share of insurance liabilities (excluding provision for unearned premiums) and amounts due from reinsurers in respect of claims already paid; and
- Amounts due from insurance intermediaries and policyholders.

The Group is exposed to minimal credit risk in relation to all other financial assets.

The carrying amount of financial and reinsurance assets represents the Group's maximum exposure to credit risk. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. Limits on the level of credit risk are regularly reviewed. Where available the Group also manages its exposure to credit risk in relation to credit risk ratings. Investment grade financial assets are classified within the range of AAA to BBB ratings, where AAA is the highest possible rating. Financial assets which fall outside this range are classified as sub-investment grade. 'Not rated' assets capture assets not rated by external ratings agencies.

The following table provides information regarding the credit risk exposure of financial assets with external credit ratings from Standard & Poors or an equivalent rating from a similar agency. This includes financial assets that meet the definition of 'solely payments of principal and interest' (SPPI).

Group	SPPI			Non-SPPI
	Cash and cash equivalents ¹ £000	Reinsurance debtors £000	Total SPPI £000	Debt securities £000
At 31 December 2025				
AAA	-	-	-	198,696
AA	59,230	15,076	74,306	171,341
A	33,941	16,906	50,847	101,387
BBB	-	-	-	66,392
Below BBB	-	-	-	1,152
Not rated	3	3,698	3,701	9,540
	93,174	35,680	128,854	548,508
At 31 December 2024				
AAA	-	-	-	216,001
AA	73,838	11,087	84,925	149,341
A	31,921	13,242	45,163	87,153
BBB	-	-	-	52,830
Below BBB	-	-	-	5,430
Not rated	2	3,058	3,060	10,889
	105,761	27,387	133,148	521,644

¹ Cash includes any amounts held on deposit classified within financial investments and disclosed in note 20. Cash balances which are not rated relate to cash amounts in hand.

Notes to the financial statements

4 Financial risk and capital management (continued)

Parent	SPPI		Non-SPPI
	Cash and cash equivalents ¹ £000	Reinsurance debtors £000	Debt securities £000
		Total SPPI £000	
At 31 December 2025			
AAA	-	-	140,791
AA	35,173	6,672	61,141
A	33,665	8,635	86,076
BBB	-	-	55,105
Below BBB	-	-	1,152
Not rated	3	1,245	8,462
	68,841	16,552	352,727
At 31 December 2024			
AAA	-	-	132,309
AA	49,114	3,733	58,768
A	31,214	8,159	72,722
BBB	-	-	34,771
Below BBB	-	-	3,015
Not rated	2	3,058	9,432
	80,330	14,950	311,017

¹ Cash includes any amounts held on deposit classified within financial investments and disclosed in note 20. Cash balances which are not rated relate to cash amounts in hand.

For financial assets meeting the SPPI test that do not have low credit risk, the carrying amount disclosed above is an approximation of their fair value.

Group cash balances are regularly reviewed to identify the quality of the counterparty bank and to monitor and limit concentrations of risk.

The debt securities portfolio consists of a range of mainly fixed interest instruments including government securities, local authority issues, corporate loans and bonds, overseas bonds, preference shares and other interest-bearing securities. Limits are imposed on the credit ratings of the corporate bond portfolio and exposures regularly monitored. Group investments in unlisted securities represent 0% of this category in the current year and less than 1% prior year.

The Group's exposure to counterparty default on debt securities is spread across a variety of geographical and economic territories, as follows:

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
UK	231,694	165,057	228,029	140,361
Canada	153,899	153,899	142,984	142,984
Australia	129,144	-	122,959	-
Europe	33,771	33,771	27,672	27,672
Total	548,508	352,727	521,644	311,017

Notes to the financial statements

4 Financial risk and capital management (continued)

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on a regular basis through the year by reviewing their financial strength. The Group Reinsurance Security Committee assesses, monitors and approves the creditworthiness of all reinsurers, reviewing relevant credit ratings provided by the recognised credit rating agencies, as well as other publicly available data and market information. The Group Reinsurance Security Committee also monitors the balances outstanding from reinsurers and maintains an approved list of reinsurers.

The Group's credit risk policy details prescriptive methods for the collection of premiums and control of intermediary and policyholder debtor balances. The level and age of debtor balances are regularly assessed via monthly credit management reports. These reports are scrutinised to assess exposure by geographical region and counterparty of aged or outstanding balances. Any such balances are likely to be major international brokers that are in turn monitored via credit reference agencies and considered to pose minimal risk of default. The Group has no material concentration of credit risk in respect of amounts due from insurance intermediaries and policyholders.

The table below provides an analysis of the gross carrying amounts of groups of insurance debtors and groups of reinsurance debtors by past due status:

	2025 £000	2024 £000
Insurance debtors		
Current	150,126	115,847
0 to 30 days	16,409	18,459
30 days to 90 days	2,512	19,157
More than 90 days	9,784	15,826
	178,831	169,289
Reinsurance debtors		
Current	29,767	19,107
0 to 30 days	120	1,560
30 days to 90 days	2,149	1,439
More than 90 days	3,644	5,281
	35,680	27,387

Amounts arising from expected credit losses on financial assets are as follows:

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Balance at 1 January	273	143	292	153
Movement in the year	(267)	(135)	(19)	(10)
Balance at 31 December	6	8	273	143

Notes to the financial statements

4 Financial risk and capital management (continued)

(e) Equity price risk

The Group is exposed to equity price risk because of financial investments held by the Group which are stated at fair value through profit or loss. The Group mitigates this risk by holding a diversified portfolio across geographical regions and market sectors, and through the use of derivative contracts from time to time which would limit losses in the event of a fall in equity markets.

The concentration of equity price risk by geographical listing, before the mitigating effect of derivatives, to which the Group and Parent are exposed is as follows:

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
UK	272,690	259,211	231,894	216,126
Europe	98,831	98,831	84,939	84,939
US	12,352	12,352	15,448	15,448
Total	383,873	370,394	332,281	316,513

(f) Currency risk

The Group operates internationally and its main exposures to foreign exchange risk are noted below. The Group's foreign operations generally invest in assets and purchase reinsurance denominated in the same currencies as their insurance liabilities, which mitigates the foreign currency exchange rate risk for these operations. As a result, foreign exchange risk arises from recognised assets and liabilities denominated in other currencies and net investments in foreign operations. The Group mitigates this risk through the use of derivatives when considered necessary.

The Group exposure to foreign currency risk within the investment portfolios arises from purchased investments that are denominated in currencies other than sterling.

The Group's foreign operations create two sources of foreign currency risk:

- The operating results of the Group's foreign branches and subsidiaries in the Group financial statements are translated at the average exchange rates prevailing during the year; and
- The equity investment in foreign branches and subsidiaries is translated into sterling using the exchange rate at the year-end date.

The forward foreign currency risk arising on translation of these foreign operations is hedged by the derivatives which are detailed in note 21. The Group has designated certain derivatives as a hedge of its net investments in Canada and Australia, which have Canadian and Australian dollars respectively as their functional currency.

The largest currency exposures, before the mitigating effect of derivatives, with reference to net assets/liabilities are shown below, representing effective diversification of resources.

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Can \$	89,762	89,762	81,992	81,992
Aus \$	63,401	9,797	57,212	4,547
Euro	69,743	69,743	56,532	56,532
USD \$	9,238	9,238	13,003	13,003
HKD \$	3	3	36	36

The figures in the table above, for the current and prior years, do not include currency risk that the Group and Parent are exposed to on a 'look through' basis in respect of collective investment schemes denominated in sterling. The Group and Parent enter into derivatives to hedge currency exposure, including exposures on a 'look through' basis. The open derivatives held by the Group and Parent at the year end to hedge currency exposure are detailed in note 21.

Notes to the financial statements

4 Financial risk and capital management (continued)

(g) Liquidity risk

Liquidity risk is the risk that funds may not be available to pay obligations when due. The Group is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. The Group ensures that assets held to cover insurance liabilities have maturity profiles that align with the expected timing of claim payments. Excluding assets held to back the life business, the average duration of the Group's fixed income portfolio is four years (2024: four years), reflecting the relatively short-term average duration of its general insurance liabilities. An estimate of the timing of the net cash outflows resulting from insurance contracts is provided in note 26. The Group has robust processes in place to manage liquidity risk and has available cash balances, other readily marketable assets and access to funding in case of exceptional need. This is not considered to be a significant risk to the Group.

Non-derivative financial liabilities consist of lease liabilities, for which a maturity analysis is included in note 32, and other liabilities for which a maturity analysis is included in note 29, and subordinated debt for which a maturity analysis is included in note 30.

(h) Market risk sensitivity analysis

The sensitivity of profit and other equity reserves to movements on market risk variables (comprising interest rate, currency and equity price risk), each considered in isolation and before the mitigating effect of derivatives, is shown in the table below. This table does not include the impact of variables on retirement benefit schemes. Financial risk sensitivities for retirement benefit schemes are disclosed separately in note 17.

Group	Variable	Change in variable	Potential increase/ (decrease) in profit		Potential increase/ (decrease) in other equity reserves	
			2025 £000	2024 £000	2025 £000	2024 £000
Interest rate risk		-100 basis points	6,674	4,012	14	(129)
		+100 basis points	(6,142)	(3,594)	(9)	109
Currency risk		-10%	4,475	4,155	19,827	17,649
		+10%	(3,662)	(3,400)	(16,222)	(14,440)
Equity price risk		+/-10%	28,790	24,921	-	-

Parent	Variable	Change in variable	Potential increase/ (decrease) in profit		Potential (decrease)/ increase in other equity reserves	
			2025 £000	2024 £000	2025 £000	2024 £000
Interest rate risk		-100 basis points	768	(1,045)	(1)	(113)
		+100 basis points	(1,440)	491	1	106
Currency risk		-10%	4,475	4,155	13,870	11,798
		+10%	(3,662)	(3,400)	(11,349)	(9,653)
Equity price risk		+/-10%	27,780	23,738	-	-

The following assumptions have been made in preparing the above sensitivity analysis:

- The value of fixed income investments will vary inversely with changes in interest rates, and all territories experience the same interest rate movement;
- Currency gains and losses will arise from a change in the value of sterling against all other currencies moving in parallel;
- Equity prices will move by the same percentage across all territories; and
- Change in profit is stated net of tax at the standard rate applicable in each of the Group's territories.

Notes to the financial statements

4 Financial risk and capital management (continued)

(i) Capital management

The Group's primary objectives when managing capital are to:

- Comply with the regulators' capital requirements of the markets in which the Group operates; and
- Safeguard the Group's ability to continue to meet stakeholders' expectations in accordance with its corporate mission, vision and values.

The Group is subject to insurance solvency regulations in all the territories in which it issues insurance and investment contracts, and capital is managed and evaluated on the basis of both regulatory and economic capital, at a group and parent entity level.

In the UK, the Group and its UK regulated entities are required to comply with rules issued by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

The PRA expects a firm, at all times, to hold Solvency II Own Funds in excess of its calculated Solvency Capital Requirement (SCR). Group solvency is assessed at the level of Ecclesiastical Insurance Office public limited company (EIO)'s parent, Benefact Group plc. Consequently, there is no directly comparable solvency measure for EIO group. Quantitative returns are submitted to the PRA, in addition to an annual narrative report, the Solvency and Financial Condition Report (SFCR) which is also published on the Company's website. A further report, the Regular Supervisory Report (RSR) is periodically submitted to the PRA.

EIO's Solvency II Own Funds and Solvency Capital Requirement will be subject to a separate independent audit, as part of the Group's process for Solvency II reporting to the PRA. ELL is not audited. The Group's regulated entities, EIO and ELL, expect to meet the deadline for submission to the PRA of 13 April 2026 and their respective SFCRs will be made available on the Group's website shortly thereafter. Benefact Group is also expected to meet its deadline for submission to the PRA of 27 May 2026, with its SFCR also being made available on the Group's website shortly after.

	2025		2024	
	Ecclesiastical Insurance Office plc Parent £000	Ecclesiastical Life Limited £000	Ecclesiastical Insurance Office plc Parent £000	Ecclesiastical Life Limited £000
Solvency II Own Funds	666,231	36,587	635,550	42,112
Solvency Capital Requirement	264,232	15,722	251,917	17,368
Coverage Ratio	252%	233%	252%	242%

Economic capital is the Group's own internal view of the level of capital required, and this measure is an integral part of the Own Risk and Solvency Assessment Report (ORSA) which is a private, internal forward-looking assessment of own risk, as required as part of the Solvency II regime.

Notes to the financial statements

5 Segment information

(a) Operating segments

The Group's primary operating segments are based on geography and are engaged in providing general insurance and life insurance services. The Group also considers investments a separate reporting segment, also based on geography. Expenses relating to Group management activities are included within 'Corporate costs'. The Group's life insurance business is carried out within the United Kingdom.

The Group's chief operating decision maker is considered to be the Group Management Board whose members include the Company's executive directors.

The activities of each operating segment are described below.

- General business

United Kingdom and Ireland

The Group's principal general insurance business operation is in the UK, where it operates under the Ecclesiastical and Ansvar brands. The Group also operates an Ecclesiastical branch in the Republic of Ireland underwriting general business across the whole of Ireland.

Australia

The Group has a wholly-owned subsidiary in Australia underwriting general insurance business under the Ansvar brand.

Canada

The Group operates a general insurance Ecclesiastical branch in Canada.

Other insurance operations

This includes the Group's internal reinsurance function, adverse development cover and operations that are in run-off or not reportable due to their immateriality.

- Life business

Ecclesiastical Life Limited provides long-term policies to support funeral planning products. The business reopened to new investment business in 2021 but it is closed to new insurance business.

Inter-segment and inter-territory transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

(b) Segment performance

The Group uses the following key measures to assess the performance of its operating segments, which are alternative performance measures and reconciled to the consolidated statement of profit or loss in note 36:

- Gross written premium
- Underwriting result
- Combined operating ratio
- Investment return

Gross written premium is the measure used in internal reporting for turnover of the general and life insurance business segments. The underwriting result is used as a measure of profitability of the insurance business segments. The combined operating ratio expresses the total underwriting costs of the general insurance business as a percentage of net earned premiums. The investment return is used as a profitability measure of the Group's investments. Gross written premium, the underwriting result and the combined operating ratio are attributed to the geographical region in which the customer is based.

The life business segment result comprises the profit or loss on insurance contracts (including return on assets backing liabilities in the long-term fund), investment return comprising profit or loss on funeral plan investment business and shareholder investment return, and other expenses.

All other segment results consist of the profit or loss before tax measured in accordance with UK-adopted International Accounting Standards (UKIAS).

Notes to the financial statements

5 Segment information (continued)

Segment gross written premiums

	2025 £000	2024 £000
General business		
United Kingdom and Ireland	461,192	436,863
Australia	88,975	95,345
Canada	95,863	101,556
Other insurance operations	7,747	6,837
Total	653,777	640,601
Life business	(85)	(271)
Group gross written premiums	653,692	640,330

Group revenues are not materially concentrated on any single external customer.

Segment results

2025	<i>Combined operating ratio</i>	Insurance	Investments	Other	Total
		£000	£000	£000	£000
General business					
United Kingdom and Ireland	81.0%	49,534	68,273	(2,618)	115,189
Australia	109.3%	(2,721)	3,809	126	1,214
Canada	83.0%	11,346	5,478	(1,211)	15,613
Other insurance operations		4,008	-	-	4,008
	83.7%	62,167	77,560	(3,703)	136,024
Life business		320	1,110	1,350	2,780
Corporate costs		-	-	(54,207)	(54,207)
Profit/(loss) before tax		62,487	78,670	(56,560)	84,597

2024	<i>Combined operating ratio</i>	Insurance	Investments	Other	Total
		£000	£000	£000	£000
General business					
United Kingdom and Ireland	77.4%	53,612	59,091	(2,757)	109,946
Australia	107.4%	(3,234)	3,406	345	517
Canada	81.4%	13,671	7,626	(946)	20,351
Other insurance operations		(16,407)	(505)	4	(16,908)
	86.9%	47,642	69,618	(3,354)	113,906
Life business		1,406	315	-	1,721
Corporate costs		-	-	(33,152)	(33,152)
Profit/(loss) before tax		49,048	69,933	(36,506)	82,475

Notes to the financial statements

5 Segment information (continued)

(c) Geographical information

Gross written premiums from external customers and non-current assets, as attributed to individual countries in which the Group operates, are as follows:

	2025		2024	
	Gross written premiums £000	Non-current assets £000	Gross written premiums £000	Non-current assets £000
United Kingdom and Ireland	468,854	264,198	443,429	320,801
Australia	88,975	5,261	95,345	5,621
Canada	95,863	3,228	101,556	4,110
	653,692	272,687	640,330	330,532

Gross written premiums are allocated based on the country in which the insurance contracts are issued. Non-current assets exclude rights arising under insurance contracts, deferred tax assets, pension assets and financial instruments and are allocated based on where the assets are located.

6 Insurance revenue

	General business £000	Life business £000	Total £000
For the year ended 31 December 2025			
Contracts not measured under the Premium Allocation Approach			
Amounts relating to the changes in the Liability for Remaining Coverage			
Expected incurred claims and other expenses after loss component allocation	-	5,373	5,373
Change in the risk adjustment for non-financial risk for the risk expired after loss component	57	31	88
CSM recognised in profit or loss for the services provided	-	684	684
	57	6,088	6,145
Contracts measured under the Premium Allocation Approach	645,271	-	645,271
Total insurance revenue	645,328	6,088	651,416
For the year ended 31 December 2024			
Contracts not measured under the Premium Allocation Approach			
Amounts relating to the changes in the Liability for Remaining Coverage			
Expected incurred claims and other expenses after loss component allocation	-	5,350	5,350
Change in the risk adjustment for non-financial risk for the risk expired after loss component	-	16	16
CSM recognised in profit or loss for the services provided	-	712	712
	-	6,078	6,078
Contracts measured under the Premium Allocation Approach	623,875	-	623,875
Total insurance revenue	623,875	6,078	629,953

Notes to the financial statements

7 Insurance service expenses

A breakdown of Insurance service expenses is included below:

	General business £000	Life business £000	Total £000
For the year ended 31 December 2025			
Incurred claims and benefits excluding investment components	310,944	-	310,944
Insurance acquisition cash flows amortisation	141,304	-	141,304
Changes that relate to past service	(10,828)	-	(10,828)
Losses on onerous contracts and reversal of those losses	(6)	-	(6)
Changes that relate to current service	-	4,820	4,820
Total insurance service expenses	441,414	4,820	446,234
For the year ended 31 December 2024			
Incurred claims and benefits excluding investment components	306,938	-	306,938
Insurance acquisition cash flows amortisation	134,733	-	134,733
Changes that relate to past service	15,898	-	15,898
Losses on onerous contracts and reversal of those losses	(784)	-	(784)
Changes that relate to current service	-	5,032	5,032
Total insurance service expenses	456,785	5,032	461,817

8 Net insurance financial result

	General business £000	Life business £000	Total £000
For the year ended 31 December 2025			
Insurance finance (expense)/income from insurance contracts issued			
Interest accreted	(23,464)	(1,883)	(25,347)
Effect of changes in interest rates and other financial assumptions	(1,689)	454	(1,235)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-	(309)	(309)
Total	(25,153)	(1,738)	(26,891)
Insurance finance income/(expense) from reinsurance contracts held			
Interest accreted	7,362	-	7,362
Effect of changes in interest rates and other financial assumptions	644	-	644
Effect of changes in non-performance risk of reinsurers	(67)	-	(67)
Total	7,939	-	7,939
Net insurance financial result	(17,214)	(1,738)	(18,952)
For the year ended 31 December 2024			
Insurance finance (expense)/income from insurance contracts issued			
Interest accreted	(23,657)	(2,160)	(25,817)
Effect of changes in interest rates and other financial assumptions	11,829	2,690	14,519
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-	(211)	(211)
Total	(11,828)	319	(11,509)
Insurance finance income/(expense) from reinsurance contracts held			
Interest accreted	6,763	-	6,763
Effect of changes in interest rates and other financial assumptions	(2,122)	-	(2,122)
Effect of changes in non-performance risk of reinsurers	6	-	6
Total	4,647	-	4,647
Net insurance financial result	(7,181)	319	(6,862)

Notes to the financial statements

8 Net insurance financial result (continued)

The Group's investment return on assets detailed in note 9 includes the financial performance of the assets held to back insurance liabilities. The Group manages financial performance by aligning its investment strategies where appropriate with the characteristics of its insurance liabilities, mitigating the overall profit impact of net insurance financing effects.

9 Net investment result

	General business £000	Life business £000	Total £000
For the year ended 31 December 2025			
<i>Income from financial assets at fair value through profit or loss</i>			
- equity income	12,975	330	13,305
- debt income	14,329	1,902	16,231
<i>Income from financial assets calculated using the effective interest rate method</i>			
- cash and cash equivalents income	2,287	152	2,439
- other income received	7,647	-	7,647
Other income/(expense)			
- rental income	8,237	-	8,237
- exchange movements	(1,816)	-	(1,816)
Investment income	43,659	2,384	46,043
Fair value movements on financial instruments at fair value through profit or loss	38,483	1,650	40,133
Fair value movements on investment property	4,431	-	4,431
Profit on disposal of investment property	102	-	102
Movement in expected credit loss allowance	268	-	268
Net investment return	86,943	4,034	90,977
For the year ended 31 December 2024			
<i>Income from financial assets at fair value through profit or loss</i>			
- equity income	11,535	335	11,870
- debt income	13,634	2,316	15,950
- structured note income	-	1,119	1,119
<i>Income from financial assets calculated using the effective interest rate method</i>			
- cash and cash equivalents income	2,645	236	2,881
- other income received	8,766	-	8,766
Other income			
- rental income	8,730	-	8,730
- exchange movements	831	-	831
Investment income	46,141	4,006	50,147
Fair value movements on financial instruments at fair value through profit or loss	23,681	(2,287)	21,394
Fair value movements on investment property	291	-	291
Movement in expected credit loss allowance	18	-	18
Net investment return	70,131	1,719	71,850

Included within fair value movements on financial instruments at fair value through profit or loss are gains of £2.9m (2024: £6.9m gains) in respect of derivative financial instruments.

Notes to the financial statements

10 Fee and commission income

During the year the Group recognised £2.0m (2024: £0.5m) in accordance with IFRS 15 *Revenue from contracts with customers*. Fee and commission income from contracts with customers was recognised at a point in time as follows:

	General business £000	Life business £000	Total £000
For the year ended 31 December 2025			
Income from third-party insurers	623	-	623
Structured note income	-	1,350	1,350
	623	1,350	1,973
For the year ended 31 December 2024			
Income from third-party insurers	544	-	544
	544	-	544

11 Profit for the year

	2025 £000	2024 £000
Profit for the year has been arrived at after charging/(crediting)		
Net foreign exchange losses/(gains)	1,816	(831)
Depreciation of property, plant and equipment	5,661	6,357
Loss/(profit) on disposal of property, plant and equipment	42	(178)
Amortisation of intangible assets	3,177	3,340
Impairment of intangible assets	14,581	29
Increase in fair value of investment property	(4,431)	(291)
Employee benefits expense including termination benefits, net of recharges	132,035	114,855

12 Auditor's remuneration

	2025 £000	2024 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts		
	976	976
Fees payable to the Company's auditor and its associates for other services:		
- The audit of the Company's subsidiaries	290	294
Total audit fees	1,266	1,270
- Audit-related assurance services	207	172
Total non-audit fees	207	172
Total auditor's remuneration	1,473	1,442

Amounts disclosed are net of services taxes, where applicable. Audit-related assurance services include PRA and other regulatory audit work.

Notes to the financial statements

13 Employee information

The average monthly number of full-time equivalent employees of the Group and Parent, including executive directors, during the year by geographical location was:

Group	2025			2024		
	General business No.	Life business No.	Other No.	General business No.	Life business No.	Other No.
United Kingdom and Ireland	1,106	2	155	1,025	2	156
Australia	145	-	-	149	-	-
Canada	111	-	-	88	-	-
	1,362	2	155	1,262	2	156

Parent	2025			2024		
	General business No.	Life business No.	Other No.	General business No.	Life business No.	Other No.
United Kingdom and Ireland	1,106	2	155	1,025	2	156
Canada	111	-	-	88	-	-
	1,217	2	155	1,113	2	156

Average numbers of full-time equivalent employees have been quoted rather than average numbers of employees to give a better reflection of the split between business areas, as some employees' work is divided between more than one business area.

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Wages and salaries	127,914	114,390	112,016	98,246
Social security costs	13,432	13,432	10,580	10,580
Pension costs - defined contribution plans	9,893	8,714	9,007	7,829
Pension costs - defined benefit plans	24	24	111	111
Other post-employment benefits	228	228	209	209
Total staff costs	151,491	136,788	131,923	116,975
Staff costs recharged to related undertakings of the Group	(18,971)	(18,971)	(16,917)	(16,917)
Capitalised staff costs	(1,538)	(1,538)	(1,207)	(1,207)
	130,982	116,279	113,799	98,851

The above Group and Parent figures do not include termination benefits of £1.1m (2024: £1.5m) of which £0.1m (2024: £0.4m) was recharged to related undertakings of the Group and Parent. Included within the above figures is a payment of £33,194 made in respect of a director's loss of office during the year.

Notes to the financial statements

14 Tax expense

(a) Tax charged/(credited) to the statement of profit or loss

		2025 £000	2024 £000
Current tax	- current year	14,129	13,851
	- prior year adjustments	41	326
Deferred tax	- temporary differences	3,878	3,261
	- prior year adjustments	119	(141)
	- Impact of change in deferred tax rate	-	(1)
Total tax expense		18,167	17,296

Tax on the Group's result before tax differs from the United Kingdom standard rate of corporation tax for the reasons set out in the following reconciliation:

		2025 £000	2024 £000
Total pre-tax profit		84,597	82,475
Tax calculated at the UK standard rate of tax of 25% (2024: 25%)		21,149	20,619
<i>Factors affecting charge for the year:</i>			
Expenses not deductible for tax purposes		397	321
Non-taxable income		(4,063)	(3,829)
Overseas taxes in excess of UK headline rate		524	1
Impact of change in deferred tax rate		-	(1)
Adjustments to tax charge in respect of prior periods		160	185
Total tax expense		18,167	17,296

Deferred tax has been provided at an average rate of 25% (2024: 25%).

(b) Tax charged/(credited) to other comprehensive income

		2025 £000	2024 £000
Current tax charged on:			
	Fair value movements on hedge derivatives	109	276
	Fair value movements on property	-	286
Deferred tax (credited)/charged on:			
	Fair value movements on property	-	(286)
	Actuarial movements on retirement benefit plans	344	(408)
	Fair value movements on hedge derivatives	595	1,105
Total tax charged to other comprehensive income		1,048	973

Tax relief on charitable grants of £6.0m (2024: £8.3m) has been taken directly to equity.

On 20 June 2023, the UK substantively enacted the Pillar Two global minimum tax rules as part of the OECD's Base Erosion and Profit Shifting ("BEPS") initiative. The Group is within the scope of these rules from 1 January 2025, having exceeded the relevant thresholds for the preceding two years.

Under Pillar Two, a top-up tax may be payable where the effective tax rate of the Group's operations in any jurisdiction, calculated in accordance with the Pillar Two principles, falls below 15%. For 2025 and 2026, simplified transitional safe harbour provisions based on Country-by-Country reporting data will be applied. In January 2026, the OECD announced a one-year extension of the transitional safe harbour to include 2027. Although this has not yet been enacted into UK law, it is expected to be implemented during 2026.

Notes to the financial statements

14 Tax expense (continued)

The Group has performed an initial assessment of its exposure to Pillar Two taxes. Based on this review, no material top-up tax is expected during the transitional period for 2025 or 2026 and a similar outcome is anticipated for 2027 once the legislative changes are enacted. Additional analysis will be undertaken to determine the potential impact of the full rules when they take effect from 2028 onwards.

15 Appropriations

	2025 £000	2024 £000
Amounts paid directly from equity in the year:		
Dividends		
Ordinary share dividend	50,000	30,000
Non-Cumulative Irredeemable Preference share dividend (8.625 pence per share)	9,181	9,181
Charitable grants		
Gross charitable grants to the ultimate parent company, Benefact Trust Limited	24,000	33,000
Tax relief	(6,000)	(8,250)
Net appropriation for the year	<u>18,000</u>	<u>24,750</u>

16 Goodwill and other intangible assets

Group

	Goodwill £000	Computer software £000	Other intangible assets £000	Total £000
Cost				
At 1 January 2025	2,097	54,714	182	56,993
Additions	-	7,160	-	7,160
Exchange differences	-	(133)	10	(123)
At 31 December 2025	<u>2,097</u>	<u>61,741</u>	<u>192</u>	<u>64,030</u>
Accumulated impairment losses and amortisation				
At 1 January 2025	-	28,186	182	28,368
Amortisation charge for the year	-	3,177	-	3,177
Impairment loss for the year	-	14,581	-	14,581
Exchange differences	-	(121)	10	(111)
At 31 December 2025	<u>-</u>	<u>45,823</u>	<u>192</u>	<u>46,015</u>
Net book value at 31 December 2025	<u>2,097</u>	<u>15,918</u>	<u>-</u>	<u>18,015</u>
Cost				
At 1 January 2024	2,097	48,898	191	51,186
Additions	-	6,191	-	6,191
Exchange differences	-	(375)	(9)	(384)
At 31 December 2024	<u>2,097</u>	<u>54,714</u>	<u>182</u>	<u>56,993</u>
Accumulated impairment losses and amortisation				
At 1 January 2024	-	25,132	188	25,320
Amortisation charge for the year	-	3,332	8	3,340
Impairment loss for the year	-	29	-	29
Exchange differences	-	(307)	(14)	(321)
At 31 December 2024	<u>-</u>	<u>28,186</u>	<u>182</u>	<u>28,368</u>
Net book value at 31 December 2024	<u>2,097</u>	<u>26,528</u>	<u>-</u>	<u>28,625</u>

Notes to the financial statements

16 Goodwill and other intangible assets (continued)

Parent	2025			2024		
	Computer software £000	Other intangible assets £000	Total £000	Computer software £000	Other intangible assets £000	Total £000
Cost						
At 1 January	53,981	181	54,162	48,169	190	48,359
Additions	7,160	-	7,160	6,180	-	6,180
Disposals	(31)	-	(31)	-	-	-
Exchange differences	(133)	10	(123)	(368)	(9)	(377)
At 31 December	60,977	191	61,168	53,981	181	54,162
Accumulated impairment losses and amortisation						
At 1 January	27,556	181	27,737	24,407	183	24,590
Amortisation charge for the year	3,128	-	3,128	3,429	8	3,437
Impairment loss for the year	14,582	-	14,582	29	-	29
Disposals	(31)	-	(31)	-	-	-
Exchange differences	(123)	10	(113)	(309)	(10)	(319)
At 31 December	45,112	191	45,303	27,556	181	27,737
Net book value at 31 December	15,865	-	15,865	26,425	-	26,425

Computer software for the Group and Parent has been tested for impairment and is carried at cost less accumulated impairment losses and amortisation. The calculations for all recoverable amounts use cash flow projections based on management-approved business plans, covering a three-year period. Cash flows beyond this period are extrapolated using the UK long-term average growth rate, usually sourced from the Office for Budget Responsibility (OBR). Where the value in use is less than the current carrying value in the statement of financial position, the computer software is impaired in order to ensure that the carrying value is not greater than its future value. The value in use was calculated using projected cash flows for the next seven years, a discount rate of 12.0% and a growth rate beyond initial cash flow projections of 1.5%.

Notes to the financial statements

17 Retirement benefit schemes

Defined contribution pension plans

The Group operates a number of defined contribution pension plans, for which contributions by the Group are disclosed in note 13.

Defined benefit pension plan

The Group's defined benefit plan is operated by the parent company in the UK. The plan closed to new entrants on 5 April 2006. The terms of the plan for future service changed in August 2011 from a non-contributory final salary scheme to a contributory scheme in which benefits are based on career-average revalued earnings. The scheme closed to future accrual on 30 June 2019. Active members in employment at this date retained certain enhanced benefits after the plan closed to future accrual, including benefits in relation to death in service and ill health retirement. They also retain the link to final salary whilst they remain employed by the parent company. From 1 July 2019, active members in employment joined one of the Group's defined contribution plans. The scheme previously had two separate sections: the EIO Section and the Ansvar Section. With effect from 1 January 2021, the two separate sections of the scheme have been combined.

The assets of the defined benefit plan are held separately from those of the Group by the Trustee of the Ecclesiastical Insurance Office public limited company Staff Retirement Benefit Fund (the 'Fund'). The Fund is subject to the Statutory Funding Objective under the Pensions Act 2004. An independent, qualified actuary appointed by the Trustee is responsible for undertaking triennial valuations to determine whether the Statutory Funding Objective is met. Pension costs for the plan are determined by the Trustee, having considered the advice of the actuary and having consulted with the employer. The most recent triennial valuation was as at 31 December 2022. The next triennial actuarial valuation is as at 31 December 2025 and has until March 2027 to be completed. No contributions are expected to be paid by the Group in 2026.

Actuarial valuations were reviewed and updated by an actuary at 31 December 2025 for IAS 19 purposes. The surplus in the scheme attributable to the former EIO Section has been assessed against the economic benefit available to the Parent as a reduction in future contributions in accordance with IFRIC 14. This has resulted in the recognisable surplus being restricted by £81.7m. The Parent has an unconditional right to a refund of the surplus attributable to the former Ansvar Section of the Fund, which has been recognised in full in accordance with IFRIC 14.

In the current year, actuarial gains arising from changes in financial assumptions of £4.7m (2024: gains of £26.8m) have been recognised in the statement of other comprehensive income. This includes a £1.3m gain from a 0.05% increase in the discount rate, along with further £3.4m gains due to a decrease in inflation. In the prior year, a £28.9m gain arising from a 0.97% increase in the discount rate, partially offset by a £2.1m loss due to an increase in inflation.

The experience loss on the defined benefit obligation of £0.7m (2024: loss of £0.2m) was predominantly due to actual inflation exceeding the inflation assumptions. In the prior year, the experience loss was the result of updating for actual member experience and from actual inflation exceeding the inflation assumptions. A review and update to certain demographic assumptions resulted in an actuarial loss of £0.9m (2024: gain of £0.5m) being recognised in the current year.

The defined benefit plan typically exposes the Group to risks such as:

- Investment risk: The Fund holds some of its investments in asset classes, such as equities, which have volatile market values. While these assets are expected to provide the best returns over the long term, any short-term volatility could cause funding to be required if a deficit emerges. Derivative contracts are used from time to time, which would limit losses in the event of a fall in equity markets;
- Interest rate risk: Scheme liabilities are assessed using market rates of interest to discount the liabilities and are therefore subject to any volatility in the movement of the market rate of interest. The net interest income or expense recognised in profit or loss is also calculated using the market rate of interest. The Group's defined benefit plan holds Liability Driven Investments (LDIs) to hedge part of the exposure of the scheme's liabilities to movements in interest rates;
- Inflation risk: A significant proportion of scheme benefits are linked to inflation. Although scheme assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to a deficit emerging. The Group's defined benefit plan holds LDIs to hedge part of the exposure of the scheme's liabilities to movements in inflation expectations;
- Mortality risk: In the event that members live longer than assumed the liabilities may be understated originally, and a deficit may emerge if funding has not adequately provided for the increased life expectancy; and

Notes to the financial statements

17 Retirement benefit schemes (continued)

- Currency risk: The Fund holds some of its investments in foreign denominated assets. As scheme liabilities are denominated in sterling, short-term fluctuations in exchange rates could cause additional funding to be required if a deficit emerges. Currency derivative contracts are used from time to time, which would limit losses in the event of adverse movements in exchange rates.

The Trustee sets the investment objectives and strategy for the Fund based on independent advice and in consultation with the employer. Key factors addressed in setting strategy include the Fund's liability profile, funding level and strength of employer covenant. Their key objectives are to ensure the Fund can meet members' guaranteed benefits as they fall due, reduce the risk of assets failing to meet its liabilities over the long term and manage the volatility of returns and overall funding level.

A blend of diversified growth assets comprising equities, listed infrastructure and property and protection assets - bonds, gilts and cash - are deployed to balance the level of risk to that required to provide, with confidence, a sufficient return and liquidity to continue to meet members' obligations as they fall due. The Trustees have identified the key risks faced by the Fund in meeting this objective to be equity price risk, falls in bond yields and rising inflation.

A liability-driven investment allocation is maintained as a risk management tool to provide some future protection for the Fund against falling yields and rising inflation. Exposure of the Fund's assets to interest rates and inflation counter-balances exposure of the Fund's liabilities to these factors and has suppressed, but not eliminated, volatility in the funding position.

The Trustee regularly monitors investment performance and strategy to ensure the structure adopted continues to meet their objectives and to highlight opportunities to reduce investment risk and volatility where practical and affordable. Their aim is to achieve a long-term funding target in line with guidance from the Pensions Regulator. The Trustee intends that this long-term target will be reached through investment performance only and without requiring further contributions from the employer. During 2025, the Trustee has continued to develop the investment strategy to strengthen the resilience of the funding position to downside interest rate and inflation risks.

The Trustee adopts a Responsible and Sustainable Investment Policy in relation to the Fund's equities. This includes an 'absence of harm' exclusion policy, as well as an aspiration to reduce the portfolio's carbon intensity over time.

Group and Parent	2025	2024
	£000	£000
The amounts recognised in the statement of financial position are determined as follows:		
Present value of funded obligations	(207,142)	(208,987)
Fair value of plan assets	307,502	297,212
	100,360	88,225
Restrictions on asset recognised	(81,650)	(70,673)
Net defined benefit pension scheme surplus in the statement of financial position	18,710	17,552
Movements in the net defined benefit pension scheme asset recognised in the statement of financial position are as follows:		
At 1 January	17,552	19,788
Expense charged to profit or loss	(24)	(111)
Amounts recognised in other comprehensive income	1,182	(2,125)
At 31 December	18,710	17,552
The amounts recognised through profit or loss are as follows:		
Current service cost	(208)	(255)
Administration cost	(745)	(642)
Interest expense on liabilities	(11,167)	(10,382)
Interest income on plan assets	15,962	13,509
Past service cost	-	(79)
Effect of interest on asset ceiling	(3,866)	(2,262)
Total, included in employee benefits expense	(24)	(111)
The amounts recognised in the statement of other comprehensive income are as follows:		
Return on plan assets, excluding interest income	5,146	(11,038)
Experience losses on liabilities	(653)	(227)
(Losses)/gains from changes in demographic assumptions	(905)	510
Gains from changes in financial assumptions	4,705	26,768
Change in asset ceiling	(7,111)	(18,138)
Total included in other comprehensive income	1,182	(2,125)

The actuarial losses on retirement benefit plans of £1.4m (2024: losses of £1.6m) in the statement of other comprehensive income include gains of £0.2m (2024: gains of £0.5m) in relation to the post-employment medical benefits plan.

Notes to the financial statements

17 Retirement benefit schemes (continued)

The following is the analysis of the defined benefit pension balances:

Group and Parent	2025	2024
	£000	£000
Pension surplus	18,710	17,552

The principal actuarial assumptions (expressed as weighted averages) were as follows*:

	%	%
Discount rate	5.52	5.47
Inflation (RPI)	2.97	3.26
Inflation (CPI)	2.58	2.80
Future salary increases	3.83	4.05
Future increase in pensions in deferment	3.07	3.28
Future average pension increases (linked to RPI)	2.86	3.09
Future average pension increases (linked to CPI)	2.01	2.10

*Single-equivalent rates are disclosed for the current year.

Mortality rate

The average life expectancy in years of a pensioner retiring at age 65, at the year-end date, is as follows:

Male	22.5	22.2
Female	24.0	23.8

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the year-end date, is as follows:

Male	23.4	23.0
Female	24.9	24.8

Plan assets are weighted as follows:

	£000	£000
Cash and other ¹	8,615	6,390
Equity instruments		
UK quoted	22,339	19,796
Overseas quoted	27,182	25,609
	49,521	45,405
Liability driven investments - unquoted	88,957	86,329
Debt instruments		
UK public sector quoted - fixed interest	12,919	12,784
UK non-public sector quoted - fixed interest	84,953	90,361
UK quoted - index-linked	12,970	18,638
	110,842	121,783
Derivative financial instruments - unquoted	14,547	(592)
Property	35,020	37,897
	307,502	297,212

¹ Includes accrued income, prepayments and other debtors and creditors.

The actual return on plan assets was a gain of £21.1m (2024: a gain of £2.5m).

The underlying assets of the LDIs are primarily UK government bonds and interest rate repurchase agreements at various rates and terms.

The fair value of unquoted securities is measured using inputs for the asset that are not based on observable market data. The fair value is estimated and approved by the Trustee based on the advice of investment managers. Property is valued annually by independent qualified surveyors using standard industry methodology to determine a fair market value. All other investments either have a quoted price in active markets or are valued based on observable market data.

Notes to the financial statements

17 Retirement benefit schemes (continued)

The movements in the fair value of plan assets and the present value of the defined benefit obligation over the year are as follows:

	2025	2024			
	£000	£000			
Plan assets					
At 1 January	297,212	305,644			
Interest income	15,962	13,509			
Actual return on plan assets, excluding interest income	5,146	(11,038)			
Pension benefits paid and payable	(10,073)	(10,261)			
Administration cost	(745)	(642)			
At 31 December	307,502	297,212			
Defined benefit obligation					
At 1 January	208,987	235,583			
Current service cost	208	255			
Past service cost	-	79			
Interest cost	11,167	10,382			
Pension benefits paid and payable	(10,073)	(10,261)			
Experience losses on liabilities	653	227			
Losses/(gains) from changes in demographic assumptions	905	(510)			
Gains from changes in financial assumptions	(4,705)	(26,768)			
At 31 December	207,142	208,987			
Asset ceiling					
At 1 January	70,673	50,273			
Effect of interest on the asset ceiling	3,866	2,262			
Change in asset ceiling	7,111	18,138			
At 31 December	81,650	70,673			
History of plan assets and liabilities					
	2025	2024	2023	2022	2021
	£000	£000	£000	£000	£000
Present value of defined benefit obligations	(207,142)	(208,987)	(235,583)	(229,343)	(377,113)
Fair value of plan assets	307,502	297,212	305,644	301,773	422,885
	100,360	88,225	70,061	72,430	45,772
Restrictions on asset recognised	(81,650)	(70,673)	(50,273)	(57,092)	(17,468)
Surplus	18,710	17,552	19,788	15,338	28,304

The weighted average duration of the defined benefit obligation at the end of the reporting year is 13.1 years (2024: 13.7 years).

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation, expected salary increases and mortality. The sensitivity analysis below has been determined based on reasonably possible changes in the assumptions occurring at the end of the reporting year assuming that all other assumptions are held constant.

Assumption	Change in assumption	(Decrease)/increase in plan liabilities	
		2025	2024
		£000	£000
Discount rate	Increase by 0.5%	(12,049)	(12,543)
	Decrease by 0.5%	13,346	14,026
Inflation	Increase by 0.5%	7,910	8,095
	Decrease by 0.5%	(7,858)	(8,056)
Salary increase	Increase by 0.5%	769	865
	Decrease by 0.5%	(733)	(900)
Life expectancy	Increase by 1 year	5,631	5,836
	Decrease by 1 year	(5,657)	(5,851)

Post-employment medical benefits

The Parent operates a post-employment medical benefit plan, for which it chooses to self-insure. The method of accounting, assumptions and the frequency of valuation are similar to those used for the defined benefit pension plan.

Notes to the financial statements

17 Retirement benefit schemes (continued)

The provision of the plan leads to a number of risks as follows:

- Interest rate risk: The reserves are assessed using market rates of interest to discount the liabilities and are therefore subject to volatility in the movement of the market rates of interest. A reduction in the market rate of interest would lead to an increase in the reserves required to be held;
- Medical expense inflation risk: Future medical costs are influenced by a number of factors including economic trends and advances in medical technology and sciences. An increase in medical expense inflation would lead to an increase in the reserves required to be held;
- Medical claims experience: Claims experience can be volatile, exposing the Company to the risk of being required to pay over and above the assumed reserve. If future claims experience differs significantly from that experienced in previous years, this will increase the risk to the Company;
- Spouse and widow(er)s' contributions: The self-insured benefit includes a potential liability for members who pay contributions in respect of their spouse and widow(er) contributions. There is the possibility that the contributions charged may not be sufficient to cover the medical costs that fall due; and
- Mortality risk: If members live longer than expected, the Company is exposed to the expense of medical claims for a longer period, with increased likelihood of needing to pay claims.

The amounts recognised in the statement of financial position are determined as follows:

Group and Parent	2025	2024
	£000	£000
Present value of unfunded obligations and net obligations in the statement of financial position	4,152	4,332
Movements in the net obligations recognised in the statement of financial position are as follows:		
At 1 January	4,332	4,801
Total expense charged to profit or loss	228	209
Net actuarial gains during the year, recognised in other comprehensive income	(194)	(495)
Benefits paid	(214)	(183)
At 31 December	4,152	4,332
The amounts recognised through profit or loss are as follows:		
Interest cost	228	209
Total, included in employee benefits expense	228	209

The weighted average duration of the net obligations at the end of the reporting year is 8.5 years (2024: 9.0 years).

The main actuarial assumptions for the plan are an increase in the medical cost inflation of 7.47% (2024: 7.26%) and a discount rate of 5.52% (2024: 5.47%). The actuarial gain recognised in the current year has been driven by a £0.3m actuarial gain caused by actual experience of the pension scheme differing from actuarial assumptions. This has been partially offset by an actuarial loss of £0.1m arising from a 0.21% increase in the medical cost inflation assumption. In the prior year, an actuarial gain of £0.5m was recognised as a result of a increase in the discount rate. This was partially offset by an actuarial loss of £0.1m arising from a 0.12% increase in the medical cost inflation assumption. The sensitivity analysis below has been determined based on reasonably possible changes in the assumptions occurring at the end of the accounting year assuming that all other assumptions are held constant.

Assumption	Change in assumption	(Decrease)/increase in plan liabilities	
		2025	2024
		£000	£000
Discount rate	Increase by 0.5%	(163)	(258)
	Decrease by 0.5%	174	285
Medical expense inflation	Increase by 1.0%	330	537
	Decrease by 1.0%	(294)	(456)
Life expectancy	Increase by 1 year	352	325
	Decrease by 1 year	(332)	(303)

Notes to the financial statements

18 Property, plant and equipment

Group	Land and buildings £000	Motor vehicles £000	Furniture, fittings and equipment £000	Computer equipment £000	Right-of- use asset £000	Total £000
Cost or valuation						
At 1 January 2025	600	17	16,916	12,164	36,269	65,966
Additions	-	-	125	1,359	822	2,306
Disposals	-	-	(1,162)	(363)	(1,619)	(3,144)
Exchange differences	-	-	(38)	(19)	(61)	(118)
At 31 December 2025	600	17	15,841	13,141	35,411	65,010
Accumulated depreciation						
At 1 January 2025	-	15	8,792	10,005	12,870	31,682
Charge for the year	-	-	1,674	1,117	2,870	5,661
Disposals	-	-	(1,162)	(363)	(1,347)	(2,872)
Exchange differences	-	-	(6)	(14)	(17)	(37)
At 31 December 2025	-	15	9,298	10,745	14,376	34,434
Net book value at 31 December 2025	600	2	6,543	2,396	21,035	30,576
Cost or valuation						
At 1 January 2024	2,350	17	15,851	11,601	32,140	61,959
Additions	-	-	1,788	1,549	5,534	8,871
Disposals	(1,750)	-	(447)	(865)	(951)	(4,013)
Exchange differences	-	-	(276)	(121)	(454)	(851)
At 31 December 2024	600	17	16,916	12,164	36,269	65,966
Accumulated depreciation						
At 1 January 2024	-	15	7,719	9,414	10,628	27,776
Charge for the year	-	-	1,631	1,549	3,177	6,357
Disposals	-	-	(445)	(865)	(744)	(2,054)
Exchange differences	-	-	(113)	(93)	(191)	(397)
At 31 December 2024	-	15	8,792	10,005	12,870	31,682
Net book value at 31 December 2024	600	2	8,124	2,159	23,399	34,284

Notes to the financial statements

18 Property, plant and equipment (continued)

Parent	Land and buildings £000	Motor vehicles £000	Furniture, fittings and equipment £000	Computer equipment £000	Right of use asset £000	Total £000
Cost or valuation						
At 1 January 2025	600	14	16,025	11,416	34,306	62,361
Additions	-	-	101	1,293	327	1,721
Disposals	-	-	(1,162)	(363)	(1,365)	(2,890)
Exchange differences	-	-	(40)	(22)	(67)	(129)
At 31 December 2025	600	14	14,924	12,324	33,201	61,063
Accumulated depreciation						
At 1 January 2025	-	14	8,565	9,351	11,922	29,852
Charge for the year	-	-	1,482	1,035	2,464	4,981
Disposals	-	-	(1,162)	(363)	(1,098)	(2,623)
Exchange differences	-	-	(7)	(17)	(21)	(45)
At 31 December 2025	-	14	8,878	10,006	13,267	32,165
Net book value at 31 December 2025	600	-	6,046	2,318	19,934	28,898
Cost or valuation						
At 1 January 2024	2,350	14	14,949	10,791	30,014	58,118
Additions	-	-	1,724	1,549	5,534	8,807
Disposals	(1,750)	-	(443)	(865)	(951)	(4,009)
Exchange differences	-	-	(205)	(59)	(291)	(555)
At 31 December 2024	600	14	16,025	11,416	34,306	62,361
Accumulated depreciation						
At 1 January 2024	-	14	7,683	8,813	10,038	26,548
Charge for the year	-	-	1,427	1,445	2,756	5,628
Disposals	-	-	(443)	(865)	(744)	(2,052)
Exchange differences	-	-	(102)	(42)	(128)	(272)
At 31 December 2024	-	14	8,565	9,351	11,922	29,852
Net book value at 31 December 2024	600	-	7,460	2,065	22,384	32,509

All properties of the Group and Parent, other than those held for sale, were last revalued at 31 December 2023. Valuations were carried out by Cluttons LLP, an independent professional firm of chartered surveyors who have recent experience in the location and type of properties. Valuations were carried out using standard industry methodology to determine a fair value. All properties are classified as level 3 assets.

Movements in fair values are taken to the revaluation reserve within equity, net of deferred tax. When such properties are sold, the accumulated revaluation surpluses are transferred from this reserve to retained earnings. Where the fair value of an individual property is below original cost, any revaluation movement arising during the year is recognised within net investment return in the statement of profit or loss.

The value of land and buildings of the Group on a historical cost basis is £0.9m (2024: £0.9m). The value of land and buildings of the Parent on a historical cost basis is £0.9m (2024: £0.9m).

Depreciation expense has been charged in other operating expenses.

Notes to the financial statements

19 Investment property

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Fair value at 1 January	128,563	128,563	130,813	130,813
Disposals	(11,293)	(11,293)	(2,541)	(2,541)
Fair value gains recognised in profit or loss	4,431	4,431	291	291
Fair value at 31 December	121,701	121,701	128,563	128,563

The Group's investment properties were last revalued at 31 December 2025 by Cluttons LLP, an independent professional firm of chartered surveyors who have recent experience in the location and type of properties. Valuations were carried out using standard industry methodology to determine a fair value. There has been no change in the valuation technique during the year. All properties are classified as level 3 assets. There have been no transfers between investment categories in the current year.

Investment properties are held for long-term capital appreciation rather than short-term sale. Rental income arising from the investment properties owned by both the Group and Parent amounted to £8.2m (2024: £8.7m) and is included in net investment return.

20 Financial investments

Financial investments summarised by measurement category are as follows:

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Financial investments at fair value through profit or loss				
Equity securities				
- listed	285,042	271,563	247,342	231,574
- unlisted	98,831	98,831	84,939	84,939
Debt securities				
- government bonds	277,880	147,680	266,434	137,438
- listed	270,628	205,047	255,210	173,579
Structured notes	159,777	-	123,912	-
Derivative financial instruments				
- forwards	2,513	2,513	4,150	4,150
	1,094,671	725,634	981,987	631,680
Loans and receivables				
Other loans	14	14	14	14
Parent investments in subsidiary undertakings				
Shares in subsidiary undertakings	-	42,707	-	42,707
Total financial investments	1,094,685	768,355	982,001	674,401
Current	577,726	378,807	538,759	349,204
Non-current	516,959	389,548	443,242	325,197

All investments in subsidiary undertakings are unlisted.

The Group's exposure to interest rate risk is detailed in note 4(c).

Notes to the financial statements

21 Derivative financial instruments

The Group utilises derivatives to mitigate equity price risk arising from investments held at fair value, foreign exchange risk arising from investments denominated in foreign currencies, and foreign exchange risk arising from investments denominated in Sterling that contain underlying foreign currency exposure. These 'non-hedge' derivatives either do not qualify for hedge accounting or the option to hedge account has not been taken.

The Group has also formally designated certain derivatives as a hedge of its net investments in Australia and Canada. A gain of £2.3m (2024: gain of £8.8m) in respect of these 'hedge' derivatives has been recognised in the hedging reserve within shareholders' equity, as disclosed in note 25. The Group has formally assessed and documented the effectiveness of derivatives that qualify for hedge accounting in accordance with IFRS 9 *Financial Instruments*.

Group	2025			2024		
	Contract/ notional amount £000	Fair value asset £000	Fair value liability £000	Contract/ notional amount £000	Fair value asset £000	Fair value liability £000
Non-hedge derivatives						
<i>Foreign exchange contracts</i>						
Forwards (Euro)	168,417	1,742	-	134,525	1,098	-
Forwards (US dollar)	(9,793)	725	-	35,902	-	215
Hedge derivatives						
<i>Foreign exchange contracts</i>						
Forwards (Australian dollar)	51,554	20	177	53,551	1,993	-
Forwards (Canadian dollar)	81,488	26	303	64,573	1,059	-
	291,666	2,513	480	288,551	4,150	215

All derivatives in the current and prior year expire within one year.

The derivative financial instruments of the Parent are the same as the Group, with the exception of the Australian dollar foreign exchange contract which is classified as a non-hedge derivative.

All contracts designated as hedging instruments were fully effective in the current and prior year.

The notional amounts above reflect the aggregate of individual derivative positions on a gross basis and so give an indication of the overall scale of the derivative transactions. They do not reflect current market values of the open positions.

Derivative fair value assets are recognised within financial investments (note 20) and derivative fair value liabilities are recognised within other liabilities (note 29).

Notes to the financial statements

22 Other assets

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Accrued interest and rent	4,670	3,609	4,025	2,754
Other prepayments and accrued income	10,545	8,686	9,466	7,308
Amounts owed by related parties	109,112	120,432	137,287	139,406
Other debtors	10,417	8,259	5,990	3,869
	134,744	140,986	156,768	153,337
Current	32,349	32,394	17,708	15,695
Non-current	102,395	108,592	139,060	137,642

Included within amounts owed by related parties of the Group and Parent is a loan of £96.8m (2024: £133.3m) due from Benefact Group plc. The expected credit loss provision held on this loan is £0.1m (2024: £0.3m). Included within amounts owed by related parties of the Parent is £9.7m (2024: £2.3m) pledged as collateral in respect of an insurance liability.

Included within other debtors of the Group and Parent is a letter of credit for £2.0m (2024: £2.0m).

Included within other debtors of the Group is £1.0m (2024: £0.9m) classified as contract assets in accordance with IFRS 15.

23 Cash and cash equivalents

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Cash at bank and in hand	50,118	40,301	56,572	45,679
Short-term bank deposits	43,056	28,540	49,189	34,651
	93,174	68,841	105,761	80,330

Included within short-term bank deposits of the Group and Parent are cash deposits of £1.6m (2024: £3.8m) pledged as collateral by way of cash margins on open derivative contracts to cover derivative liabilities. Included within cash at bank and in hand of the Group and Parent are amounts of £0.9m (2024: £0.9m) held in accordance with the third country branch requirements of the European Union.

Included within Group cash at bank and in hand are amounts of £13.8m (2024: £9.2m) pledged as collateral by way of cash calls from reinsurers.

Notes to the financial statements

24 Share capital

	Issued, allotted and fully paid	
	2025 £000	2024 £000
Ordinary shares of 4p each	14,027	14,027
8.625% Non-Cumulative Irredeemable Preference shares of £1 each	106,450	106,450
	120,477	120,477
	2025 No. '000	2024 No. '000
Ordinary shares of 4p each At 1 January and 31 December	350,678	350,678
8.625% Non-Cumulative Irredeemable Preference shares of £1 each At 1 January and 31 December	106,450	106,450

The number of shares in issue are as follows:

On winding up, the assets of the Company remaining after payment of its liabilities are to be applied to holders of the Non-Cumulative Irredeemable Preference shares in repaying the nominal capital sum paid up on the shares and an amount equal to all arrears of accrued and unpaid dividends up to the date of the commencement of the winding up. The residual interest in the assets of the Company after deducting all liabilities belongs to the Ordinary shareholders.

Holders of the Non-Cumulative Irredeemable Preference shares are not entitled to receive notice of, or to attend, or vote at any general meeting of the Company unless at the time of the notice convening such meeting, the dividend on such shares which is most recently payable on such shares shall not have been paid in full, or where a resolution is proposed varying any of the rights of such shares, or for the winding up of the Company.

Notes to the financial statements

25 Translation and hedging reserve

Group	Translation reserve £000	Hedging reserve £000	Total £000
At 1 January 2025	5,489	12,316	17,805
Losses on currency translation differences	(911)	-	(911)
Gains on net investment hedges	-	2,302	2,302
Attributable tax	-	(704)	(704)
At 31 December 2025	4,578	13,914	18,492
At 1 January 2024	14,814	4,890	19,704
Losses on currency translation differences	(9,325)	-	(9,325)
Gains on net investment hedges	-	8,807	8,807
Attributable tax	-	(1,381)	(1,381)
At 31 December 2024	5,489	12,316	17,805
Parent			
At 1 January 2025	3,601	2,944	6,545
Losses on currency translation differences	(1,377)	-	(1,377)
Gains on net investment hedges	-	2,379	2,379
Attributable tax	-	(595)	(595)
At 31 December 2025	2,224	4,728	6,952
At 1 January 2024	8,706	(371)	8,335
Losses on currency translation differences	(5,105)	-	(5,105)
Gains on net investment hedges	-	4,420	4,420
Attributable tax	-	(1,105)	(1,105)
At 31 December 2024	3,601	2,944	6,545

The translation reserve arises on consolidation of the Group's and Parent's foreign operations. The hedging reserve represents the cumulative amount of gains and losses on hedging instruments in respect of net investments in foreign operations.

Notes to the financial statements

26 Insurance liabilities and reinsurance assets

The Group has not disaggregated the following disclosures by geographical segment as it is one of a combination of factors for determining portfolios and would significantly increase the volume of disclosures without providing material additional insights to users of the financial statements.

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Gross				
General insurance contract liabilities for incurred claims	654,773	516,517	635,317	487,036
General insurance contract liabilities for remaining coverage	92,202	88,764	94,896	80,536
Life insurance contract liabilities for remaining coverage	44,731	-	49,205	-
Total gross insurance contract liabilities	791,706	605,281	779,418	567,572
Reinsurance assets				
General reinsurance contract assets for incurred claims	203,929	166,522	205,518	162,256
General reinsurance contract assets for remaining coverage	30,946	10,448	33,935	15,887
Total reinsurers' share of insurance liabilities	234,875	176,970	239,453	178,143
Net				
General insurance contract liabilities for incurred claims	450,844	349,995	429,799	324,780
General insurance contract liabilities for remaining coverage	61,256	78,316	60,961	64,649
Life insurance contract liabilities for remaining coverage	44,731	-	49,205	-
Total net insurance liabilities	556,831	428,311	539,965	389,429
Gross insurance liabilities				
Current	283,159	220,924	285,766	217,586
Non-current	508,547	384,357	493,652	349,986
Reinsurance assets				
Current	111,619	68,573	130,213	90,249
Non-current	123,256	108,397	109,240	87,894

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

Group	Insurance contract liabilities			Reinsurance contract assets		Total £000
	General liabilities for remaining coverage £000	General liabilities for incurred claims £000	Life liabilities for remaining coverage £000	General assets for remaining coverage £000	General assets for incurred claims £000	
At 1 January 2024	90,994	634,819	56,029	(21,340)	(198,768)	561,734
Insurance revenue	(623,875)	-	(6,078)	-	-	(629,953)
Incurred claims and other insurance service expenses	-	306,938	-	-	-	306,938
Changes that relate to current service	-	-	5,032	-	-	5,032
Changes that relate to past service	-	15,898	-	-	-	15,898
Losses on onerous contracts and reversal of those losses	(784)	-	-	-	-	(784)
Insurance acquisition cash flows amortisation	134,733	-	-	-	-	134,733
Insurance service expenses	133,949	322,836	5,032	-	-	461,817
Insurance service result before reinsurance contracts held	(489,926)	322,836	(1,046)	-	-	(168,136)
Allocation of reinsurance premiums	-	-	-	150,849	-	150,849
Recoveries of incurred claims and other insurance service expenses	-	-	-	2,643	(93,132)	(90,489)
Changes that relate to past service	-	-	-	-	23,603	23,603
Recoveries of losses on onerous contracts and reversal of those losses	-	-	-	627	-	627
Net expense/(income) from reinsurance contracts	-	-	-	154,119	(69,529)	84,590
Finance expense/(income) from insurance contracts issued	-	11,828	(319)	-	-	11,509
Finance income from reinsurance contracts held	-	-	-	-	(4,647)	(4,647)
Net insurance financial result	-	11,828	(319)	-	(4,647)	6,862
Total amounts recognised in statement of profit or loss	(489,926)	334,664	(1,365)	154,119	(74,176)	(76,684)
Exchange differences	(2,386)	(20,357)	-	2,066	5,692	(14,985)
Premiums received	624,768	-	-	-	-	624,768
Insurance acquisition cash flows	(128,554)	-	-	-	-	(128,554)
Claims and other directly attributable expenses paid	-	(313,809)	(5,459)	-	-	(319,268)
Premiums paid	-	-	-	(168,780)	-	(168,780)
Amounts received	-	-	-	-	61,734	61,734
Total cash flows	496,214	(313,809)	(5,459)	(168,780)	61,734	69,900
At 31 December 2024	94,896	635,317	49,205	(33,935)	(205,518)	539,965

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

Group	Insurance contract liabilities			Reinsurance contract assets		Total £000
	General liabilities for remaining coverage £000	General liabilities for incurred claims £000	Life liabilities for remaining coverage £000	General assets for remaining coverage £000	General assets for incurred claims £000	
At 1 January 2025	94,896	635,317	49,205	(33,935)	(205,518)	539,965
Insurance revenue	(645,328)	-	(6,088)	-	-	(651,416)
Incurred claims and other insurance service expenses	-	310,944	-	-	-	310,944
Changes that relate to current service	-	-	4,820	-	-	4,820
Changes that relate to past service	-	(10,828)	-	-	-	(10,828)
Losses on onerous contracts and reversal of those losses	(6)	-	-	-	-	(6)
Insurance acquisition cash flows amortisation	141,304	-	-	-	-	141,304
Insurance service expenses	141,298	300,116	4,820	-	-	446,234
Insurance service result before reinsurance contracts held	(504,030)	300,116	(1,268)	-	-	(205,182)
Allocation of reinsurance premiums	-	-	-	148,118	-	148,118
Recoveries of incurred claims and other insurance service expenses	-	-	-	4,273	(47,866)	(43,593)
Changes that relate to past service	-	-	-	-	(3,994)	(3,994)
Recoveries of losses on onerous contracts and reversal of those losses	-	-	-	(29)	-	(29)
Net expense/(income) from reinsurance contracts	-	-	-	152,362	(51,860)	100,502
Finance expense from insurance contracts issued	-	25,153	1,738	-	-	26,891
Finance income from reinsurance contracts held	-	-	-	-	(7,939)	(7,939)
Net insurance financial result	-	25,153	1,738	-	(7,939)	18,952
Total amounts recognised in statement of profit or loss	(504,030)	325,269	470	152,362	(59,799)	(85,728)
Exchange differences	(59)	(752)	-	32	460	(319)
Premiums received	657,515	-	-	-	-	657,515
Insurance acquisition cash flows	(156,120)	-	-	-	-	(156,120)
Claims and other directly attributable expenses paid	-	(305,061)	(4,944)	-	-	(310,005)
Premiums paid	-	-	-	(153,138)	-	(153,138)
Amounts received	-	-	-	-	60,928	60,928
Total cash flows	501,395	(305,061)	(4,944)	(153,138)	60,928	99,180
Transfer to other items in the statement of financial position	-	-	-	3,733	-	3,733
At 31 December 2025	92,202	654,773	44,731	(30,946)	(203,929)	556,831

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

	Insurance contract liabilities		Reinsurance contract assets		Total £000
	General liabilities for remaining coverage £000	General liabilities for incurred claims £000	General assets for remaining coverage £000	General assets for incurred claims £000	
Parent					
At 1 January 2024	75,388	494,445	(1,812)	(152,958)	415,063
Insurance revenue	(530,330)	-	-	-	(530,330)
Incurred claims and other insurance service expenses	-	246,148	-	-	246,148
Changes that relate to past service	-	29,484	-	-	29,484
Insurance acquisition cash flows amortisation	110,960	-	-	-	110,960
Insurance service expenses	110,960	275,632	-	-	386,592
Insurance service result before reinsurance contracts held	(419,370)	275,632	-	-	(143,738)
Allocation of reinsurance premiums	-	-	109,571	-	109,571
Recoveries of incurred claims and other insurance service expenses	-	-	2,011	(41,294)	(39,283)
Changes that relate to past service	-	-	-	(7,387)	(7,387)
Net expense/(income) from reinsurance contracts	-	-	111,582	(48,681)	62,901
Finance expense from insurance contracts issued	-	6,264	-	-	6,264
Finance income from reinsurance contracts held	-	-	-	(2,812)	(2,812)
Net insurance financial result	-	6,264	-	(2,812)	3,452
Total amounts recognised in statement of profit or loss	(419,370)	281,896	111,582	(51,493)	(77,385)
Exchange differences	(1,196)	(8,803)	572	2,148	(7,279)
Premiums received	538,371	-	-	-	538,371
Insurance acquisition cash flows	(112,657)	-	-	-	(112,657)
Claims and other directly attributable expenses paid	-	(280,502)	-	-	(280,502)
Premiums paid	-	-	(126,229)	-	(126,229)
Amounts received	-	-	-	40,047	40,047
Total cash flows	425,714	(280,502)	(126,229)	40,047	59,030
At 31 December 2024	80,536	487,036	(15,887)	(162,256)	389,429

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

	Insurance contract liabilities		Reinsurance contract assets		Total £000
	General liabilities for remaining coverage £000	General liabilities for incurred claims £000	General assets for remaining coverage £000	General assets for incurred claims £000	
Parent					
At 1 January 2025	80,536	487,036	(15,887)	(162,256)	389,429
Insurance revenue	(565,668)	-	-	-	(565,668)
Incurred claims and other insurance service expenses	-	254,717	-	-	254,717
Changes that relate to past service	-	6,299	-	-	6,299
Losses on onerous contracts and reversal of those losses	(43)	-	-	-	(43)
Insurance acquisition cash flows amortisation	119,598	-	-	-	119,598
Insurance service expenses	119,555	261,016	-	-	380,571
Insurance service result before reinsurance contracts held	(446,113)	261,016	-	-	(185,097)
Allocation of reinsurance premiums	-	-	111,410	-	111,410
Recoveries of incurred claims and other insurance service expenses	-	-	3,818	(33,483)	(29,665)
Changes that relate to past service	-	-	-	1,143	1,143
Net expense/(income) from reinsurance contracts	-	-	115,228	(32,340)	82,888
Finance expense from insurance contracts issued	-	19,651	-	-	19,651
Finance income from reinsurance contracts held	-	-	-	(5,676)	(5,676)
Net insurance financial result	-	19,651	-	(5,676)	13,975
Total amounts recognised in statement of profit or loss	(446,113)	280,667	115,228	(38,016)	(88,234)
Exchange differences	35	(925)	102	478	(310)
Premiums received	570,238	-	-	-	570,238
Insurance acquisition cash flows	(115,932)	-	-	-	(115,932)
Claims and other directly attributable expenses paid	-	(250,261)	-	-	(250,261)
Premiums paid	-	-	(113,624)	-	(113,624)
Amounts received	-	-	-	33,272	33,272
Total cash flows	454,306	(250,261)	(113,624)	33,272	123,693
Transfer to other items in the statement of financial position	-	-	3,733	-	3,733
At 31 December 2025	88,764	516,517	(10,448)	(166,522)	428,311

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

(a) General business insurance contracts

(i) Reconciliation of the liability for remaining coverage

Insurance contracts issued

Group	PAA		GMM	Total £000
	Excluding loss component £000	Loss component £000	Liability for remaining coverage £000	
At 1 January 2024	87,602	2,692	700	90,994
Insurance revenue	(623,875)	-	-	(623,875)
Losses on onerous contracts and reversal of those losses	-	(784)	-	(784)
Insurance acquisition cash flows amortisation	134,733	-	-	134,733
Insurance service expenses	134,733	(784)	-	133,949
Total amounts recognised in statement of profit or loss	(489,142)	(784)	-	(489,926)
Exchange differences	(2,214)	(172)	-	(2,386)
Premiums received	624,768	-	-	624,768
Insurance acquisition cash flows	(128,554)	-	-	(128,554)
Total cash flows	496,214	-	-	496,214
At 31 December 2024	92,460	1,736	700	94,896
Insurance revenue	(645,271)	-	(57)	(645,328)
Losses on onerous contracts and reversal of those losses	-	37	(43)	(6)
Insurance acquisition cash flows amortisation	141,304	-	-	141,304
Insurance service expenses	141,304	37	(43)	141,298
Total amounts recognised in statement of profit or loss	(503,967)	37	(100)	(504,030)
Exchange differences	(63)	4	-	(59)
Premiums received	657,515	-	-	657,515
Insurance acquisition cash flows	(156,120)	-	-	(156,120)
Total cash flows	501,395	-	-	501,395
At 31 December 2025	89,825	1,777	600	92,202

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

Parent	PAA		GMM	Total £000
	Excluding loss component £000	Loss component £000	Liability for remaining coverage £000	
At 1 January 2024	74,688	-	700	75,388
Insurance revenue	(530,330)	-	-	(530,330)
Insurance acquisition cash flows amortisation	110,960	-	-	110,960
Insurance service expenses	110,960	-	-	110,960
Total amounts recognised in statement of profit or loss	(419,370)	-	-	(419,370)
Exchange differences	(1,196)	-	-	(1,196)
Premiums received	538,371	-	-	538,371
Insurance acquisition cash flows	(112,657)	-	-	(112,657)
Total cash flows	425,714	-	-	425,714
At 31 December 2024	79,836	-	700	80,536
Insurance revenue	(565,611)	-	(57)	(565,668)
Losses on onerous contracts and reversal of those losses	-	-	(43)	(43)
Insurance acquisition cash flows amortisation	119,598	-	-	119,598
Insurance service expenses	119,598	-	(43)	119,555
Total amounts recognised in statement of profit or loss	(446,013)	-	(100)	(446,113)
Exchange differences	35	-	-	35
Premiums received	570,238	-	-	570,238
Insurance acquisition cash flows	(115,932)	-	-	(115,932)
Total cash flows	454,306	-	-	454,306
At 31 December 2025	88,164	-	600	88,764

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

(ii) Reconciliation of the liability for incurred claims

Insurance contracts issued	Estimates of present value of future cash flows £000	Risk adjustment for non- financial risk £000	Total £000
Group			
At 1 January 2024	554,979	79,840	634,819
Incurring claims and other insurance service expenses	294,320	12,618	306,938
Changes that relate to past service	28,346	(12,448)	15,898
Insurance service expenses	322,666	170	322,836
Insurance service result before reinsurance contracts held	322,666	170	322,836
Finance expense from insurance contracts issued	11,828	-	11,828
Net insurance financial result	11,828	-	11,828
Total amounts recognised in statement of profit or loss	334,494	170	334,664
Exchange differences	(17,740)	(2,617)	(20,357)
Claims and other directly attributable expenses paid	(313,809)	-	(313,809)
Total cash flows	(313,809)	-	(313,809)
At 31 December 2024	557,924	77,393	635,317
Incurring claims and other insurance service expenses	295,538	15,406	310,944
Changes that relate to past service	(773)	(10,055)	(10,828)
Insurance service expenses	294,765	5,351	300,116
Insurance service result before reinsurance contracts held	294,765	5,351	300,116
Finance expense from insurance contracts issued	25,153	-	25,153
Net insurance financial result	25,153	-	25,153
Total amounts recognised in statement of profit or loss	319,918	5,351	325,269
Exchange differences	(579)	(173)	(752)
Claims and other directly attributable expenses paid	(305,061)	-	(305,061)
Total cash flows	(305,061)	-	(305,061)
At 31 December 2025	572,202	82,571	654,773

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

Parent	Estimates of present value of future cash flows £000	Risk adjustment for non- financial risk £000	Total £000
At 1 January 2024	435,029	59,416	494,445
Incurring claims and other insurance service expenses	237,936	8,212	246,148
Changes that relate to past service	38,741	(9,257)	29,484
Insurance service expenses	276,677	(1,045)	275,632
Insurance service result before reinsurance contracts held	276,677	(1,045)	275,632
Finance expense from insurance contracts issued	6,264	-	6,264
Net insurance financial result	6,264	-	6,264
Total amounts recognised in statement of profit or loss	282,941	(1,045)	281,896
Exchange differences	(7,791)	(1,012)	(8,803)
Claims and other directly attributable expenses paid	(280,502)	-	(280,502)
Total cash flows	(280,502)	-	(280,502)
At 31 December 2024	429,677	57,359	487,036
Incurring claims and other insurance service expenses	245,475	9,242	254,717
Changes that relate to past service	11,711	(5,412)	6,299
Insurance service expenses	257,186	3,830	261,016
Insurance service result before reinsurance contracts held	257,186	3,830	261,016
Finance expense from insurance contracts issued	19,651	-	19,651
Net insurance financial result	19,651	-	19,651
Total amounts recognised in statement of profit or loss	276,837	3,830	280,667
Exchange differences	(899)	(26)	(925)
Claims and other directly attributable expenses paid	(250,261)	-	(250,261)
Total cash flows	(250,261)	-	(250,261)
At 31 December 2025	455,354	61,163	516,517

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

(iii) Reconciliation of the asset for remaining coverage

Reinsurance contracts held

Group	Excluding loss recovery component £000	Loss recovery component £000	Total £000
At 1 January 2024	19,187	2,153	21,340
Allocation of reinsurance premiums	(150,849)	-	(150,849)
Recoveries of incurred claims and other insurance service expenses	(2,643)	-	(2,643)
Recoveries of losses on onerous contracts and reversal of those losses	-	(627)	(627)
Net expense from reinsurance contracts	(153,492)	(627)	(154,119)
Total amounts recognised in statement of profit or loss	(153,492)	(627)	(154,119)
Exchange differences	(1,928)	(138)	(2,066)
Premiums paid	168,780	-	168,780
Total cash flows	168,780	-	168,780
At 31 December 2024	32,547	1,388	33,935
Allocation of reinsurance premiums	(148,118)	-	(148,118)
Recoveries of incurred claims and other insurance service expenses	(4,273)	-	(4,273)
Recoveries of losses on onerous contracts and reversal of those losses	-	29	29
Net (expense)/income from reinsurance contracts	(152,391)	29	(152,362)
Total amounts recognised in statement of profit or loss	(152,391)	29	(152,362)
Exchange differences	(35)	3	(32)
Premiums paid	153,138	-	153,138
Total cash flows	153,138	-	153,138
Transfer to other items in the statement of financial position	(3,733)	-	(3,733)
At 31 December 2025	29,526	1,420	30,946

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

Parent	Excluding loss recovery component £000	Loss recovery component £000	Total £000
At 1 January 2024	1,812	-	1,812
Allocation of reinsurance premiums	(109,571)	-	(109,571)
Recoveries of incurred claims and other insurance service expenses	(2,011)	-	(2,011)
Net expense from reinsurance contracts	(111,582)	-	(111,582)
Total amounts recognised in statement of profit or loss	(111,582)	-	(111,582)
Exchange differences	(572)	-	(572)
Premiums paid	126,229	-	126,229
Total cash flows	126,229	-	126,229
At 31 December 2024	15,887	-	15,887
Allocation of reinsurance premiums	(111,410)	-	(111,410)
Recoveries of incurred claims and other insurance service expenses	(3,818)	-	(3,818)
Net expense from reinsurance contracts	(115,228)	-	(115,228)
Total amounts recognised in statement of profit or loss	(115,228)	-	(115,228)
Exchange differences	(102)	-	(102)
Premiums paid	113,624	-	113,624
Total cash flows	113,624	-	113,624
Transfer to other items in the statement of financial position	(3,733)	-	(3,733)
At 31 December 2025	10,448	-	10,448

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

(iv) Reconciliation of the asset for incurred claims

Reinsurance contracts held

Group	Estimates of present value of future cash flows £000	Risk adjustment for non- financial risk £000	Total £000
At 1 January 2024	180,171	18,597	198,768
Recoveries of incurred claims and other insurance service expenses	88,767	4,365	93,132
Changes that relate to past service	(11,797)	(11,806)	(23,603)
Net income/(expense) from reinsurance contracts	76,970	(7,441)	69,529
Finance income from reinsurance contracts held	4,647	-	4,647
Net insurance financial result	4,647	-	4,647
Total amounts recognised in statement of profit or loss	81,617	(7,441)	74,176
Exchange differences	(5,152)	(540)	(5,692)
Amounts received	(61,734)	-	(61,734)
Total cash flows	(61,734)	-	(61,734)
At 31 December 2024	194,902	10,616	205,518
Recoveries of incurred claims and other insurance service expenses	36,486	11,380	47,866
Changes that relate to past service	6,863	(2,869)	3,994
Net income from reinsurance contracts	43,349	8,511	51,860
Finance income from reinsurance contracts held	7,939	-	7,939
Net insurance financial result	7,939	-	7,939
Total amounts recognised in statement of profit or loss	51,288	8,511	59,799
Exchange differences	121	(581)	(460)
Amounts received	(60,928)	-	(60,928)
Total cash flows	(60,928)	-	(60,928)
At 31 December 2025	185,383	18,546	203,929

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

Reinsurance contracts held

Parent	Estimates of present value of future cash flows £000	Risk adjustment for non- financial risk £000	Total £000
At 1 January 2024	141,333	11,625	152,958
Recoveries of incurred claims and other insurance service expenses	39,130	2,164	41,294
Changes that relate to past service	11,456	(4,069)	7,387
Net income/(expense) from reinsurance contracts	50,586	(1,905)	48,681
Finance income from reinsurance contracts held	2,812	-	2,812
Net insurance financial result	2,812	-	2,812
Total amounts recognised in statement of profit or loss	53,398	(1,905)	51,493
Exchange differences	(1,906)	(242)	(2,148)
Amounts received	(40,047)	-	(40,047)
Total cash flows	(40,047)	-	(40,047)
At 31 December 2024	152,778	9,478	162,256
Recoveries of incurred claims and other insurance service expenses	29,607	3,876	33,483
Changes that relate to past service	267	(1,410)	(1,143)
Net income from reinsurance contracts	29,874	2,466	32,340
Finance income from reinsurance contracts held	5,676	-	5,676
Net insurance financial result	5,676	-	5,676
Total amounts recognised in statement of profit or loss	35,550	2,466	38,016
Exchange differences	(305)	(173)	(478)
Amounts received	(33,272)	-	(33,272)
Total cash flows	(33,272)	-	(33,272)
At 31 December 2025	154,751	11,771	166,522

(v) Reserving methodology

Reserving for non-life insurance claims is a complex process and the Group adopts recognised actuarial methods and, where appropriate, other calculations and statistical analysis. Actuarial methods used include the chain ladder, Bornhuetter-Ferguson and average cost methods.

Chain ladder methods extrapolate paid amounts, incurred amounts (paid claims plus case estimates) and the number of claims or average cost of claims, to ultimate claims based on the development of previous years. This method assumes that previous patterns are a reasonable guide to future developments. Where this assumption is felt to be unreasonable, adjustments are made or other methods such as Bornhuetter-Ferguson or average cost are used. The Bornhuetter-Ferguson method places more credibility on expected loss ratios for the most recent loss years. For smaller portfolios the materiality of the business and data available may also shape the methods used in reviewing reserve adequacy.

The selection of results for each accident year and for each portfolio depends on an assessment of the most appropriate method. Sometimes a combination of techniques is used. The average weighted term to payment is calculated separately by class of business and is based on historical settlement patterns.

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

(vi) Risk Adjustment for non-financial risk

The Risk Adjustment for non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk as it fulfils insurance contracts. Uncertainty is assessed using actuarial methods to quantify the variability in undiscounted net outcomes on an ultimate horizon.

The Group's risk appetite is to hold claims reserves, including a net Risk Adjustment, equating to at least a 75% probability of sufficiency. This approach generally results in a favourable release of provisions in the current financial year, arising from the settlement of claims relating to previous financial years.

Overall, it is estimated that the booked net Risk Adjustment provides for a confidence level of approximately 89% (2024: 90%), which is established by comparing the uplift for the booked net Risk Adjustment to the uncertainty distribution. Percentile estimates for loss distributions are highly uncertain as they contain a large number of judgements on possible future outcomes. This means that the percentile may see some fluctuation year on year due to inherent volatility.

(vii) Calculation of provisions for latent claims

The Group adopts commonly used industry methods including those based on claims frequency and severity and benchmarking.

(viii) Discounting

General insurance outstanding claims provisions have been discounted by applying currency and term specific discount rates in the following territories:

Geographical territory	Discount rate	
	2025	2024
UK and Ireland	3.8% to 6.1%	4.6% to 6.2%
Canada	2.7% to 4.9%	3.0% to 4.9%
Australia	4.7%	4.5%

Parent consists of UK, Ireland and Canada. Group also includes Australia.

The above rates of interest are based on government bond yields of the relevant currency and term at the reporting date. Adjustments are made, where appropriate, to reflect the illiquidity of the liabilities.

The impact of discount rate changes on the outstanding claims liability is presented within the net insurance financial result (note 8).

The sensitivity of Group profit or loss and other equity reserves to interest rate risk, taking into account the mitigating effect on asset values, is provided in note 4(h).

(ix) Assumptions

The Group follows a process of reviewing its reserves for outstanding claims on a regular basis. This involves an appraisal of each reserving class with respect to ultimate claims liability for the recent exposure period as well as for earlier periods, together with a review of the factors that have the most significant impact on the assumptions used to determine the reserving methodology. The work conducted is subject to an internal peer review and management sign-off process.

The most significant assumptions in determining the undiscounted general insurance reserves are the anticipated number and ultimate settlement cost of claims, and the extent to which reinsurers will share in the cost. Factors which influence decisions on assumptions include legal and judicial changes, significant weather events, other catastrophes, subsidence events, exceptional claims or substantial changes in claims experience and developments in older or latent claims. Significant factors influencing assumptions about reinsurance are the terms of the reinsurance treaties, the anticipated time taken to settle a claim and the incidence of large individual and aggregated claims.

(x) Changes in assumptions

There are no significant changes in approach but we continue to evolve estimates in light of underlying experience.

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

(xi) Sensitivity of results

The sensitivity of profit before tax to reasonably possible final settlement assumptions used to calculate the general insurance liabilities is shown in the following table. No account has been taken of any correlation between the assumptions.

Variable	Change in variable	Potential (decrease)/ increase in the result			
		2025		2024	
		Gross £000	Net £000	Gross £000	Net £000
Deterioration in loss ratio	+1%	(6,449)	(3,806)	(6,232)	(3,634)
Improvement in loss ratio	-1%	6,449	3,806	6,232	3,634
Increase in net liability for incurred claims excluding risk adjustment	+10%	(57,217)	(38,666)	(55,792)	(36,304)
Decrease in net liability for incurred claims excluding risk adjustment	-10%	57,217	38,666	55,792	36,304
Increase in risk adjustment*	+1%	(5,722)	(3,867)	(6,781)	(4,674)
Decrease in risk adjustment*	-1%	5,722	3,867	6,781	4,674

* Calculated on undiscounted present value of future cash flows

At 31 December 2025, it is estimated that a fall of 1% in the discount rates used would increase the Group's net outstanding claims liabilities and decrease profit before tax and equity by £14.0m (2024: £13.6m).

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

(xii) Claims development tables

The nature of liability classes of business is that claims may take a number of years to settle and before the final liability is known. The tables below show the development of the undiscounted estimate of ultimate net claims cost for these classes across all territories.

Estimate of ultimate net claims

Group	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000	Total £000
At end of year	47,402	45,920	44,053	44,230	45,459	47,289	47,599	52,252	51,781	56,174	
One year later	41,631	41,706	37,456	39,842	37,509	47,102	45,575	50,629	48,113		
Two years later	37,740	37,797	32,867	37,243	36,193	45,079	45,547	47,449			
Three years later	36,337	34,818	31,647	39,164	37,579	46,666	46,780				
Four years later	35,217	36,431	32,884	39,248	35,694	46,023					
Five years later	32,993	36,550	31,722	35,836	33,812						
Six years later	33,896	38,618	30,442	35,330							
Seven years later	34,297	37,595	30,011								
Eight years later	33,022	37,172									
Nine years later	34,151										
Current estimate of ultimate claims	34,151	37,172	30,011	35,330	33,812	46,023	46,780	47,449	48,113	56,174	415,015
Cumulative payments to date	(26,171)	(29,272)	(21,754)	(25,806)	(20,615)	(20,496)	(14,791)	(10,209)	(5,430)	(1,619)	(176,163)
Outstanding liability	7,980	7,900	8,257	9,524	13,197	25,527	31,989	37,240	42,683	54,555	238,852
Effect of discounting											(42,515)
Present value											196,337
Discounted liability in respect of earlier years											146,928
Total discounted net liability for liability classes											343,265
Total discounted net liability for non-liability classes, expenses and reinsurance debtors											107,579
Total discounted net liability included in insurance liabilities in the statement of financial position											450,844

Parent	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000	Total £000
At end of year	35,882	33,134	31,981	32,688	33,502	33,792	35,458	39,988	36,780	42,332	
One year later	30,906	30,965	27,208	29,509	26,536	32,436	33,776	39,353	34,000		
Two years later	28,199	28,854	23,787	27,615	24,261	27,999	32,262	35,031			
Three years later	27,493	26,774	22,651	27,572	24,634	28,318	34,059				
Four years later	26,894	27,279	21,947	27,853	23,132	28,765					
Five years later	24,782	26,596	21,269	25,403	22,158						
Six years later	25,440	29,261	20,935	25,131							
Seven years later	25,928	29,420	20,708								
Eight years later	25,792	29,324									
Nine years later	27,157										
Current estimate of ultimate claims	27,157	29,324	20,708	25,131	22,158	28,765	34,059	35,031	34,000	42,332	298,665
Cumulative payments to date	(20,863)	(23,115)	(14,847)	(18,656)	(13,380)	(11,395)	(9,269)	(6,748)	(3,332)	(923)	(122,528)
Outstanding liability	6,294	6,209	5,861	6,475	8,778	17,370	24,790	28,283	30,668	41,409	176,137
Effect of discounting											(29,506)
Present value											146,631
Discounted liability in respect of earlier years											118,656
Total discounted net liability for liability classes											265,287
Total discounted net liability for non-liability classes, expenses and reinsurance debtors											84,708
Total discounted net liability included in insurance liabilities in the statement of financial position											349,995

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

(b) Life business insurance contracts

(i) Reconciliation of the liability for remaining coverage

Insurance contracts issued	Estimates of present value of future cash flows £000	Risk adjustment for non- financial risk £000	Contractual service margin £000	Total £000
At 1 January 2024	48,998	231	6,800	56,029
<i>Changes that relate to current service</i>				
CSM recognised in profit or loss for the services provided	-	-	(712)	(712)
Change in the risk adjustment for non-financial risk for the risk expired	-	(16)	-	(16)
Experience adjustments	(318)	-	-	(318)
	(318)	(16)	(712)	(1,046)
<i>Changes that relate to future service</i>				
Changes in estimates that adjust the CSM	(440)	157	283	-
	(440)	157	283	-
Insurance service result	(758)	141	(429)	(1,046)
Finance income from insurance contracts issued	(366)	-	47	(319)
Net insurance financial result	(366)	-	47	(319)
Total amounts recognised in statement of profit or loss	(1,124)	141	(382)	(1,365)
Claims and other directly attributable expenses paid	(5,474)	(5)	20	(5,459)
Total cash flows	(5,474)	(5)	20	(5,459)
At 31 December 2024	42,400	367	6,438	49,205
<i>Changes that relate to current service</i>				
CSM recognised in profit or loss for the services provided	-	-	(684)	(684)
Change in the risk adjustment for non-financial risk for the risk expired	-	(31)	-	(31)
Experience adjustments	(553)	-	-	(553)
	(553)	(31)	(684)	(1,268)
<i>Changes that relate to future service</i>				
Changes in estimates that adjust the CSM	(184)	78	106	-
	(184)	78	106	-
Insurance service result	(737)	47	(578)	(1,268)
Finance expense from insurance contracts issued	1,673	-	65	1,738
Net insurance financial result	1,673	-	65	1,738
Total amounts recognised in statement of profit or loss	936	47	(513)	470
Claims and other directly attributable expenses paid	(4,949)	5	-	(4,944)
Total cash flows	(4,949)	5	-	(4,944)
At 31 December 2025	38,387	419	5,925	44,731

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

(ii) Assumptions

The most significant assumptions in determining life reserves are as follows:

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. Where prudent, an allowance is made for future mortality improvements based on trends identified in population data. For both 2025 and 2024 the base tables used were ELF16F and ELT16M with a 1% improvement applied each year.

Discounting

The nominal discount rate curve is calculated on a bottom up basis. The risk free curve is based on the UK government bond yield curve. A liquidity premium based on the return on a notional index of fixed interest assets, including gilts and corporate bonds, is added to the risk free curve. The liquidity premium is adjusted for credit risk and differences in liquidity between the notional assets and the liabilities.

	2025	2024
Non-Profit Life Business	3.5% to 6.2%	3.7% to 6.0%

Funeral plans renewal expense level and inflation

Numbers of policies in force and both projected and actual expenses have been considered when setting the base renewal expense level. The unit renewal expense assumption for in-force business is £21.23 per annum (2024: £19.36 per annum).

Expense and benefit inflation curves are set with reference to GBP inflation swaps of various terms, and using linear interpolation between available swap terms.

Tax

It has been assumed that current tax legislation and rates enacted at 1 January 2026 will continue to apply. All in-force business is classed as protection business and is expected to be taxed on a profits basis.

(iii) Changes in assumptions

Projected investment returns have been revised in line with the changes in the actual yields of the underlying assets. As a result, liabilities have increased by £0.4m (2024: £2.8m decrease).

The assumed future expenses of running the business have been revised based on expenses that are expected to be incurred by the company. The effect on insurance liabilities of the changes to renewal expense assumptions (described above) was a £0.1m increase (2024: £0.4m increase).

(iv) Sensitivity analysis

The sensitivity of profit before tax to changes in the key assumptions used to calculate the life insurance liabilities is shown in the following table. No account has been taken of any correlation between the assumptions.

Variable	Change in variable	Potential (decrease)/ increase in the result	
		2025 £000	2024 £000
Deterioration in mortality	+10%	(783)	(857)
Improvement in mortality	-10%	911	1,002
Increase in fixed interest/cash yields	+1% pa	(369)	(624)
Decrease in fixed interest/cash yields	-1% pa	398	771
Worsening of base renewal expense level	+10%	30	30
Improvement in base renewal expense level	-10%	(30)	(30)
Increase in expense inflation	+1% pa	64	68
Decrease in expense inflation	-1% pa	(51)	(54)

Notes to the financial statements

26 Insurance liabilities and reinsurance assets (continued)

(v) Maturity analysis

The table below shows the maturity profile of the CSM release.

	Within 1 year £000	Between 1 and 5 years £000	After 5 years £000	Total £000
At 31 December 2025				
CSM release after accretion	770	2,285	2,870	5,925
At 31 December 2024				
CSM release after accretion	764	2,316	3,358	6,438

27 Provisions for other liabilities and contingent liabilities

Group	Regulatory provisions £000	Other provisions £000	Total £000
At 1 January 2025	2,200	3,779	5,979
Additional provisions	4,757	18	4,775
Used during year	(4,770)	(95)	(4,865)
Not utilised	-	(1,295)	(1,295)
Exchange differences	-	3	3
At 31 December 2025	2,187	2,410	4,597
Current	2,187	250	2,437
Non-current	-	2,160	2,160
Parent			
At 1 January 2025	2,200	3,686	5,886
Additional provisions	4,757	-	4,757
Used during year	(4,769)	(95)	(4,864)
Not utilised	-	(1,297)	(1,297)
Exchange differences	-	3	3
At 31 December 2025	2,188	2,297	4,485
Current	2,188	218	2,406
Non-current	-	2,079	2,079

Regulatory provisions

The Group operates in the financial services industry and is subject to regulatory requirements in the normal course of business, including contributing towards any levies raised on UK general and life business. The provisions reflect an assessment by the Group of its share of the total potential levies.

Other provisions

The other provisions relate to costs in respect of dilapidations. Dilapidations provisions are based on the Group's best estimate of future expense required to restoring a leased property to its original state on completion of the lease.

Notes to the financial statements

28 Deferred tax

An analysis and reconciliation of the movement of the key components of the net deferred tax liability during the current and prior reporting year is as follows:

Group	Unrealised gains on investments £000	Net retirement benefit assets £000	IFRS 17 transition adjustment £000	Other differences £000	Total £000
At 1 January 2024	31,423	3,744	(1,068)	(4,744)	29,355
Charged/(credited) to profit or loss	1,267	(34)	(293)	2,180	3,120
Credited to profit or loss	-	-	-	(1)	(1)
- Impact of change in deferred tax rate	-	-	-	(1)	(1)
(Credited)/charged to other comprehensive income	-	(408)	-	819	411
Exchange differences	64	-	(8)	309	365
At 31 December 2024	32,754	3,302	(1,369)	(1,437)	33,250
Charged/(credited) to profit or loss	5,644	(10)	156	(1,793)	3,997
Charged to other comprehensive income	-	344	-	595	939
Exchange differences	3	-	-	(11)	(8)
At 31 December 2025	38,401	3,636	(1,213)	(2,646)	38,178
Parent					
At 1 January 2024	31,924	3,747	-	771	36,442
Charged/(credited) to profit or loss	992	(34)	-	1,487	2,445
Credited to profit or loss	-	-	-	(1)	(1)
- Impact of change in deferred tax rate	-	-	-	(1)	(1)
(Credited)/charged to other comprehensive income	-	(408)	-	819	411
Exchange differences	-	-	-	4	4
At 31 December 2024	32,916	3,305	-	3,080	39,301
Charged/(credited) to profit or loss	5,152	(10)	-	(2,210)	2,932
Charged to other comprehensive income	-	344	-	595	939
Exchange differences	-	-	-	(5)	(5)
At 31 December 2025	38,068	3,639	-	1,460	43,167

Certain deferred tax assets and liabilities have been offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Deferred tax liabilities	43,492	43,174	40,615	39,307
Deferred tax assets	(5,314)	(7)	(7,365)	(6)
	38,178	43,167	33,250	39,301

Included in the above are unused tax losses of £6.5m (2024: £7.3m) arising from life business, which are available for offset against future tax profits and can be carried forward indefinitely. Also included in the above are £1.0m (2024: £nil) of double tax relief credits carried forward for offset against future tax liabilities.

Notes to the financial statements

29 Other liabilities

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Derivative liabilities	480	480	215	215
Other creditors	26,411	19,145	28,468	18,510
Amounts owed to related parties	1,460	1,413	673	18,760
Accruals	39,523	35,455	32,487	29,155
	67,874	56,493	61,843	66,640
Current	67,429	56,493	61,353	66,640
Non-current	445	-	490	-

Derivative liabilities are in respect of foreign exchange contracts and are detailed in note 21.

30 Subordinated liabilities

Group and Parent	2025 £000	2024 £000
6.3144% EUR 30m subordinated debt	26,835	25,112
	26,835	25,112

Subordinated debt consists of a privately-placed issue of 20-year subordinated bonds, maturing in February 2041 and callable after February 2031. The Group's subordinated debt ranks below its senior debt and ahead of its preference shares and ordinary share capital.

Subordinated debt is stated at amortised cost.

31 Investment contract liabilities

Group	2025 £000	2024 £000
Investment contract liabilities	172,375	133,706
	172,375	133,706

Investment contract liabilities represents amounts due to policyholders and, if applicable, the cost of the minimum repayment guarantee.

Investment contract liabilities are repayable on demand or at short notice and therefore classified as current. These liabilities are matched with highly liquid investments and are classified as level 2 liabilities.

Notes to the financial statements

32 Leases

Group as a lessee

The Group has lease contracts for various items of property, motor vehicles and other equipment used in its operations. Leases of property generally have terms of up to 15 years, while motor vehicles and other equipment generally have lease terms between 2 and 6 years. Lease terms are negotiated on an individual basis and contain different terms and conditions, but do not impose any covenants other than security interests. The Group's obligations under its leases are secured by the lessor's title to the leased assets, and leased assets may not be used as security for borrowing purposes.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year.

Group	Land and buildings £000	Motor vehicles £000	Other equipment £000	Total £000
At 1 January 2025	22,699	573	127	23,399
Additions	495	327	-	822
Disposals	(5)	(267)	-	(272)
Depreciation expense	(2,740)	(96)	(34)	(2,870)
Exchange differences	(44)	-	-	(44)
At 31 December 2025	20,405	537	93	21,035
At 1 January 2024	20,630	843	39	21,512
Additions	5,283	91	160	5,534
Disposals	-	(177)	(30)	(207)
Depreciation expense	(2,951)	(184)	(42)	(3,177)
Exchange differences	(263)	-	-	(263)
At 31 December 2024	22,699	573	127	23,399

Parent	Land and buildings £000	Motor vehicles £000	Other equipment £000	Total £000
At 1 January 2025	21,684	573	127	22,384
Additions	-	327	-	327
Disposals	-	(267)	-	(267)
Depreciation expense	(2,334)	(96)	(34)	(2,464)
Exchange differences	(46)	-	-	(46)
At 31 December 2025	19,304	537	93	19,934
At 1 January 2024	19,094	842	40	19,976
Additions	5,283	91	160	5,534
Disposals	-	(176)	(31)	(207)
Depreciation expense	(2,530)	(184)	(42)	(2,756)
Exchange differences	(163)	-	-	(163)
At 31 December 2024	21,684	573	127	22,384

Set out below are the carrying amounts of lease obligations:

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Current	2,169	2,169	1,971	1,971
Non-current	20,495	18,926	22,602	20,935
	22,664	21,095	24,573	22,906

Notes to the financial statements

32 Leases (continued)

Group profit for the year has been arrived at after charging the following amounts in respect of lease contracts:

	2025	2024
	£000	£000
Depreciation expense of right-of-use assets	2,870	3,177
Interest expense on lease liabilities	1,279	996
Expenses relating to low value leases	8	-
	4,157	4,173

The Group had total cash outflows for leases, including interest paid, of £3.7m (2024: £3.1m). The Parent had total cash outflows for leases, including interest paid, of £3.1m (2024: £2.8m). The future cash outflows relating to leases that have not yet commenced are disclosed in note 33.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Group as a lessor

The Group has entered into operating leases on its investment property portfolio. These leases have terms of up to 50 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties. Rental income on these properties recognised by the Group during the year is disclosed in note 19.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2025		2024	
	Group	Parent	Group	Parent
	£000	£000	£000	£000
Year 1	6,496	6,496	7,586	7,586
Year 2	5,736	5,736	6,324	6,324
Year 3	4,898	4,898	5,644	5,644
Year 4	2,933	2,933	4,490	4,490
Year 5	2,080	2,080	2,617	2,617
After 5 years	10,020	10,020	9,936	9,936
Total undiscounted cashflows	32,163	32,163	36,597	36,597

Notes to the financial statements

33 Commitments

At the year end, the Group and Parent had capital commitments of £0.6m (2024: £0.4m) relating to development costs.

The Group and Parent had no lease contract commitments for right-of-use assets that had not commenced at 31 December 2025.

34 Related undertakings

Ultimate parent company and controlling party

The Company is a wholly-owned subsidiary of Benefact Group plc. Its ultimate parent and controlling company is Benefact Trust Limited. Both companies are incorporated in England and Wales and copies of their financial statements are available from the registered office as shown in the Directors and Company Information section of this Annual Report and Accounts. The parent companies of the smallest and largest groups for which group financial statements are drawn up are Ecclesiastical Insurance Office public limited Company and Benefact Trust Limited, respectively.

Related undertakings

The Company's interest in related undertakings at 31 December 2025 is as follows:

Company	Company Registration Number	Share Capital	2025		2024		Activity
			Holding of shares by Company	Group	Holding of shares by Company	Group	
Subsidiary undertakings							
<i>Incorporated in the United Kingdom</i>							
Ecclesiastical Group Healthcare Trustees Limited ^{1,3}	10988127	Ordinary	100%	-	100%	-	Trustee company
Ecclesiastical Life Limited ¹	0243111	Ordinary	100%	-	100%	-	Life insurance
E.I.O. Trustees Limited ^{1,4}	0941199	Ordinary	100%	-	100%	-	Trustee company
<i>Incorporated in Australia</i>							
Ansvar Insurance Limited ²	007216506	Ordinary	100%	-	100%	-	Insurance
Ansvar Insurance Services Pty Limited ^{2,5}	162612286	Ordinary	-	100%	-	100%	Dormant company

¹ Registered office: Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom

² Registered office: Level 5, 1 Southbank Boulevard, Melbourne, VIC 3006, Australia

³ Exempt from audit under s479 of the Companies Act 2006

⁴ Exempt from audit under s480 of the Companies Act 2006

⁵ Exempt from audit

Notes to the financial statements

35 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not included in the Group analysis, but are included within the Parent analysis below.

Benefact Group plc is the Group and Parent's immediate parent company. Other related parties, of both Group and Parent, include subsidiary undertakings of Benefact Group plc, the ultimate parent undertaking and the Group's pension plans.

	Benefact Group plc £000	Subsidiaries £000	Other related parties £000
2025			
Group			
Trading, investment and other income, including recharges, and amounts received	6,496	-	56,634
Trading, investment and other expenditure, including recharges, and amounts paid	63,550	-	2,706
Amounts owed by related parties*	97,533	-	11,550
Amounts owed to related parties	-	-	179,978
Parent			
Trading, investment and other income, including recharges, and amounts received	6,496	21,462	24,769
Trading, investment and other expenditure, including recharges, and amounts paid	63,550	6,795	2,189
Amounts owed by related parties*	97,533	11,352	11,550
Amounts owed to related parties	-	-	1,410
2024			
Group			
Trading, investment and other income, including recharges, and amounts received	8,707	-	56,966
Trading, investment and other expenditure, including recharges, and amounts paid	58,144	-	9,028
Amounts owed by related parties*	133,913	-	3,276
Amounts owed to related parties	-	-	156,186
Parent			
Trading, investment and other income, including recharges, and amounts received	8,707	8,396	22,594
Trading, investment and other expenditure, including recharges, and amounts paid	58,144	24,792	8,525
Amounts owed by related parties*	133,913	2,365	3,276
Amounts owed to related parties	-	18,157	637

* Included within amounts owed by related parties of the Group and Parent is a loan of £97.5m (2024: £133.3m) due from Benefact Group plc.

Trading, investment and other expenditure, including recharges, and amounts paid in the current year includes loans totalling £13.6m (2024: £28.1m), general business claims of £6.3m (2024: £23.5m), funeral plan liability movements of £4.4m (2024: £6.6m) and a dividend paid to Benefact Group plc of £50.0m (2024: £30.0m).

Trading, investment and other income, including recharges, and amounts received in the current year includes general business premiums totalling £19.3m (2024: £5.9m), funeral plan liability movements of £nil (2024: £nil) and deposits received for life business totalling £27.4m (2024: £27.8m).

Amounts owed to related parties by the Group and by the Parent include insurance liabilities which are included in note 26. Amounts owed to related parties by the Group also includes investment contract liabilities which are included in note 31.

Notes to the financial statements

35 Related party transactions (continued)

Transactions and services within the Group are made on commercial terms. With the exception of some insurance liabilities, amounts outstanding between Group companies are unsecured, are not subject to guarantees, and will be settled in cash. No provisions have been made in respect of these balances.

The total aggregate remuneration of the directors of the Company in respect of qualifying services during 2025 was £4.0m (2024: £3.6m). After inclusion of amounts receivable under long-term incentive schemes and pension benefits, the total aggregate emoluments of the directors was £5.4m (2024: £4.6m).

The key management personnel is defined as the Group Management Board (Ecclesiastical's leadership team), Executive and Non-executive directors. The remuneration is shown below.

	2025		Restated*	
	Group £000	Parent £000	Group £000	Parent £000
Key management personnel				
Short term employee benefits	7,278	7,278	7,671	7,671
Post employment benefits	370	370	355	355
Other long term benefits	2,119	2,119	1,263	1,263
	9,767	9,767	9,289	9,289

*Key management personnel remuneration has been re-presented in accordance with IAS 24 *Related party transactions*. The amounts exclude employer social security costs.

Remuneration of the directors and key management personnel represents their total remuneration and has not been attributed according to their work across the Benefact Group.

Charitable grants paid to the Group's ultimate Parent undertaking are disclosed in note 15. Contributions paid to and amounts received from the Group's defined benefits schemes are disclosed in note 17.

Notes to the financial statements

36 Reconciliation of Alternative Performance Measures

The Group uses alternative performance measures (APMs) in addition to the figures which are prepared in accordance with IFRS. The financial measures in our key financial performance data include gross written premiums and the combined operating ratio and are used to manage the Group's general insurance business. Similar measures are commonly used in the industries we operate in and we believe they provide useful information and enhance the understanding of our results. No life insurance premiums were written in the year (2024: none) and the life insurance revenue is the earning of the legacy business over its life, expected to be in excess of 10 years.

Users of the accounts should be aware that similarly titled APM reported by other companies may be calculated differently. For that reason, the comparability of APM across companies might be limited.

The tables below provide a reconciliation of the gross written premiums, net written premiums, net earned premiums and the combined operating ratio to their most directly reconcilable line items in the financial statements.

Group

	2025
	£000
General insurance	
Insurance revenue	[1] 644,948
Deduct change in the gross unearned premium provision	8,886
GMM insurance revenue adjustments	(57)
Gross written premiums	<u>653,777</u>
Outward reinsurance premiums written	<u>(268,578)</u>
Net written premiums	<u>385,199</u>
Change in the net unearned premium provision	<u>(4,555)</u>
Net earned premiums	[3] <u>380,644</u>

Gross written premiums refers to the total premiums written and invoiced by the Group during the reporting year before deducting any outwards reinsurance premiums or adjustments for unearned premiums. It reflects the total premium income generated by the Group's underwriting activities. Net written premiums are the gross written premiums after deducting any outwards reinsurance premiums. Net earned premiums are the net written premiums after adjusting for unearned premiums based on the elapsed time of the policy period.

	2025					
	Insurance		Inv'mnt return	Corporate costs	Other income and charges	Total
	General £000	Life £000	£000	£000	£000	£000
Insurance revenue	[1] 644,948	6,088	442 *	-	(62)	651,416
Insurance service expenses	(453,550)	(4,820)	12,075 **	-	61	(446,234)
Insurance service result before reinsurance contracts held	<u>191,398</u>	<u>1,268</u>	<u>12,517</u>	<u>-</u>	<u>(1)</u>	<u>205,182</u>
Net expense from reinsurance contracts	(100,502)	-	-	-	-	(100,502)
Insurance service result	<u>90,896</u>	<u>1,268</u>	<u>12,517</u>	<u>-</u>	<u>(1)</u>	<u>104,680</u>
Net insurance financial result	-	(1,738)	(17,214)	-	-	(18,952)
Net investment result	-	2,800	88,177	-	-	90,977
Fee and commission income	-	-	-	-	1,973	1,973
Other operating expenses	(28,729)	(2,010)	(4,810)	(54,207)	(1,086)	(90,842)
Other finance costs	-	-	-	-	(3,239)	(3,239)
Profit/(loss) before tax	[2] <u>62,167</u>	<u>320</u>	<u>78,670</u>	<u>(54,207)</u>	<u>(2,353)</u>	<u>84,597</u>

* instalment handling charges

** discounting on non-latent claims provisions

Combined operating ratio = ([3] - [2]) / [3]

83.7%

The underwriting profit/(loss) of the Group is defined as the profit/(loss) before tax of the general insurance business.

The Group uses the net combined operating ratio as a measure of underwriting efficiency. The combined operating ratio expresses the total underwriting costs of the general insurance business as a percentage of net earned premiums. It is calculated as ([3] - [2]) / [3].

Notes to the financial statements

36 Reconciliation of Alternative Performance Measures (continued)

The tables below provide a breakdown of the gross written premiums, net written premiums, net earned premiums and the combined operating ratio by segment.

		2025				
		UK & Ireland	Australia	Canada	Other	Total
		£000	£000	£000	£000	£000
Gross written premiums by segment						
Insurance revenue	[1]	452,821	90,238	94,797	7,092	644,948
Deduct change in the gross unearned premium provision		8,428	(1,263)	1,066	655	8,886
GMM insurance revenue adjustments		(57)	-	-	-	(57)
Gross written premiums		461,192	88,975	95,863	7,747	653,777
Outward reinsurance premiums written		(194,009)	(59,031)	(31,894)	16,356	(268,578)
Net written premiums		267,183	29,944	63,969	24,103	385,199
Change in the net unearned premium provision		(5,877)	(739)	2,716	(655)	(4,555)
Net earned premiums	[3]	261,306	29,205	66,685	23,448	380,644
		2025				
		UK & Ireland	Australia	Canada	Other	Total
		£000	£000	£000	£000	£000
Underwriting result by segment						
Insurance revenue	[1]	452,821	90,238	94,797	7,092	644,948
Insurance service expenses		(308,510)	(67,639)	(68,660)	(8,741)	(453,550)
Insurance service result before reinsurance contracts held		144,311	22,599	26,137	(1,649)	191,398
Net (expense)/income from reinsurance contracts		(74,992)	(23,194)	(7,973)	5,657	(100,502)
Insurance service result		69,319	(595)	18,164	4,008	90,896
Other operating expenses		(19,785)	(2,126)	(6,818)	-	(28,729)
Underwriting result	[2]	49,534	(2,721)	11,346	4,008	62,167
Combined operating ratio = ([3] - [2]) / [3]		81.0%	109.3%	83.0%		83.7%

Notes to the financial statements

36 Reconciliation of Alternative Performance Measures (continued)

Group

	2024
	£000
General insurance	
Insurance revenue	[1] 623,195
Deduct change in the gross unearned premium provision	17,406
Gross written premiums	<u>640,601</u>
Outward reinsurance premiums written	<u>(261,194)</u>
Net written premiums	<u>379,407</u>
Change in the net unearned premium provision	<u>(16,050)</u>
Net earned premiums	[3] <u>363,357</u>

	2024					Total
	Insurance		Inv'mnt return	Corporate costs	Other income and charges	
	General	Life				
	£000	£000	£000	£000	£000	£000
Insurance revenue	[1] 623,195	6,078	735 *	-	(55)	629,953
Insurance service expenses	(465,905)	(5,033)	9,066 **	-	55	(461,817)
Insurance service result before reinsurance contracts held	<u>157,290</u>	<u>1,045</u>	<u>9,801</u>	<u>-</u>	<u>-</u>	<u>168,136</u>
Net expense from reinsurance contracts	(84,590)	-	-	-	-	(84,590)
Insurance service result	<u>72,700</u>	<u>1,045</u>	<u>9,801</u>	<u>-</u>	<u>-</u>	<u>83,546</u>
Net insurance financial result	-	319	(7,181)	-	-	(6,862)
Net investment result	-	1,318	70,532	-	-	71,850
Fee and commission income	-	-	-	-	544	544
Other operating expenses	(25,058)	(1,276)	(3,219)	(33,152)	(796)	(63,501)
Other finance costs	-	-	-	-	(3,102)	(3,102)
Profit/(loss) before tax	[2] <u>47,642</u>	<u>1,406</u>	<u>69,933</u>	<u>(33,152)</u>	<u>(3,354)</u>	<u>82,475</u>

* instalment handling charges

** discounting on non-latent claims provisions

Combined operating ratio = ([3] - [2]) / [3]

86.9%

Notes to the financial statements

36 Reconciliation of Alternative Performance Measures (continued)

		2024				
		UK & Ireland	Australia	Canada	Other	Total
		£000	£000	£000	£000	£000
Gross written premiums by segment						
Insurance revenue	[1]	418,569	96,281	101,881	6,464	623,195
Deduct change in the gross unearned premium provision		18,294	(936)	(325)	373	17,406
Gross written premiums		436,863	95,345	101,556	6,837	640,601
Outward reinsurance premiums written		(185,084)	(50,669)	(27,965)	2,524	(261,194)
Net written premiums		251,779	44,676	73,591	9,361	379,407
Change in the net unearned premium provision		(14,822)	(747)	(109)	(372)	(16,050)
Net earned premiums	[3]	236,957	43,929	73,482	8,989	363,357
Underwriting result by segment						
		UK & Ireland	Australia	Canada	Other	Total
		£000	£000	£000	£000	£000
Insurance revenue	[1]	418,569	96,281	101,881	6,464	623,195
Insurance service expenses		(294,224)	(89,888)	(73,308)	(8,485)	(465,905)
Insurance service result before reinsurance contracts held		124,345	6,393	28,573	(2,021)	157,290
Net expense from reinsurance contracts		(53,408)	(7,333)	(9,463)	(14,386)	(84,590)
Insurance service result		70,937	(940)	19,110	(16,407)	72,700
Other operating expenses		(17,325)	(2,294)	(5,439)	-	(25,058)
Underwriting result	[2]	53,612	(3,234)	13,671	(16,407)	47,642
Combined operating ratio = ([3] - [2]) / [3]		77.4%	107.4%	81.4%		86.9%

ECCLESIASTICAL INSURANCE OFFICE PUBLIC LIMITED COMPANY

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of Ecclesiastical Insurance Office public limited company will be held at Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW on Thursday, 25th June 2026 at 10.55am for the following purposes:

Ordinary business

1. To receive the Report of the Directors and Accounts for the year ended 31st December 2025 and the report of the auditors thereon.
2. To re-elect Mr M. Bennett as a director.*
3. To re-elect The Venerable K. Best as a director.*
4. To re-elect Mr F. X. Boisseau as a director.*
5. To re-elect Mr J. Coyle as a director.*
6. To re-elect Mr M. C. J. Hews as a director.*
7. To re-elect Sir S. Lamport as a director.*
8. To re-elect Mrs S. J. Whyte as a director.*
9. To elect Mrs J. Dale as a director.*
10. To elect Mr M. Murphy as a director.*
11. To elect Ms G. Tucker as a director.*
12. To consider the declaration of a dividend.
13. To re-appoint PricewaterhouseCoopers LLP as auditors and authorise the directors to fix their remuneration.

By Order of the Board

Mrs R J Hall, Secretary
22nd May 2026

* Brief biographies of the directors seeking election or re-election are shown on pages 25 to 26 of the 2025 Annual Report. All non-executive directors seeking re-election have been subject to formal performance evaluation by the Chair who is satisfied that the performance of each non-executive director is effective and sufficient time has been spent on the Company's affairs.

Only a member holding ordinary shares, or their duly appointed representative(s), is entitled to attend, vote and speak at the annual general meeting.

A member holding ordinary shares is entitled to appoint a proxy or proxies (who need not be a member of the Company) to exercise all or any of their rights to attend, speak and vote on their behalf at the annual general meeting. Such a member may appoint more than one proxy in relation to the annual general meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.

Any corporation which is a member holding ordinary shares can appoint one or more corporate representatives who may exercise, on its behalf, all of the same powers as that corporation could exercise if it were an individual member, provided that they do not do so in relation to the same share or shares and that they act within the powers of their appointment.

This notice is sent purely for information to the holders of 8.625% Non-Cumulative Irredeemable Preference shares who are not entitled to attend and vote at the annual general meeting.



Proudly part of the Benefact Group –
a charity owned, international family
of award-winning specialist financial
services companies, built on the idea
that better business, can better lives.

Annual Reports & Accounts 2025
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