

Ecclesiastical Insurance Office public limited company announces results for the year ended 31 December 2025

Ecclesiastical Insurance Office public limited company ('Ecclesiastical', 'EIO' or 'the Company'), a specialist insurance group¹, today announces its full year results for 2025. A copy of the results will be available on the company's website at ecclesiastical.com.

Financial highlights

Another strong year of performance

- Ecclesiastical delivered a profit before tax of £84.6m (2024: £82.5m). This reflects an insurance service result of £104.7m and an investment result of £91.0m, supported by positive market conditions and disciplined portfolio management.

Sustained premium growth

- Gross written premiums (GWP)² increased by 2.1% to £653.7m (2024: £640.3m) driven by strong new business growth in the UK and solid retention across our specialist segments.

Robust underwriting performance

- Underwriting profit² rose to £62.2m (2024: £47.6m). As in 2024, the year saw an unusually low level of weather related and large loss activity, with underwriting performance remaining robust across all territories. As the insurer of many iconic and irreplaceable buildings we recognise the inherent volatility in the annual results.

Strong capital position

- The EIO Group's financial strength remains solid. Both Moody's (A2, stable outlook) and AM Best (A, stable outlook) reaffirmed our credit ratings, and our Solvency II coverage ratio at 252% remains well above regulatory requirements and our own conservative risk appetite thresholds.

Key achievements

Giving to good causes

- Ecclesiastical donated over £28m to charity and good causes during 2025. This brings total giving since 2014 to over £275m, further advancing the ambition of our parent, Benefact Group¹, to contribute meaningfully to communities and good causes across the UK and beyond.

Growth in specialist markets

- Ecclesiastical deepened its presence in its core sectors and expanded into new areas where specialist expertise delivers genuine value. This included enhancements to our Schemes proposition, growth in Care & Leisure and Arts & Culture portfolios and continued investment in services for commercial customers. Ecclesiastical's reputation as trusted specialists remains one of our strongest differentiators, reflected in further industry recognition throughout the year.

Continued recognition for trusted service

- For the fifth consecutive year, Ecclesiastical UK received the Outstanding UK Claims Service Quality Marque from independent research consultancy Gracechurch. The business also retained its long held position at the top of Fairer Finance's rankings, securing 1st place for the 22nd consecutive time.

A culture that sets us apart

- Benefact Group has recently been named one of the Top 4 "Best Big Companies to Work For" and the #2 Insurance Company by Best Companies. In Canada, Ecclesiastical was named a Greater Toronto Top Employer for the eighth consecutive year and was recognised as a Leader in Philanthropy and Community

Engagement by Imagine Canada for the fifth year in a row. These achievements reflect a culture centred on specialist capability and deep commitment to the communities we serve.

Mark Hews, Ecclesiastical Chief Executive Officer said:

I'm very pleased to report another year of strong financial performance for Ecclesiastical Insurance Office public limited company. We continued to deliver on our strategy of sustainable, profitable growth while staying true to our purpose - to grow our business so that we can give more to good causes. That purpose has once again guided our decisions and inspired our teams, enabling us to support even more charities and communities across the UK and beyond.

Thanks to our strong financial performance, we have been able to donate over £28m to good causes this year. This contribution will support vital projects for those facing the greatest challenges in society. Having now donated over £275m since 2014, we have now surpassed our target to give £250m and have become one of the largest corporate donors to charity in the UK.

Our General Insurance business delivered an underwriting profit of £62.2m, an increase on last year, supported by unusually benign weather conditions and the absence of major losses. While this is a welcome result, it is important to recognise the inherent volatility of our specialist markets. As the insurer of many iconic, historic and irreplaceable buildings, we are acutely aware of the responsibility we carry and the potential for significant losses. In recent years we have supported customers through devastating fires, floods and storms, and these events remain a powerful reminder of why our long-term, disciplined approach is so essential.

We remain committed to delivering good value and uniquely specialist propositions to our customers, ensuring we are there for them when they need us most. I congratulate my colleagues on their simultaneous recognition as one of the most trusted insurers in the UK, one of the best employers and one of the largest corporate donors. These achievements provide an excellent foundation upon which we can both grow our business and grow our giving.

I want to express my heartfelt thanks to our colleagues, brokers, customers, and partners. Your support and belief in our mission not only drives our success, but also enables us to make a lasting, meaningful difference in people's lives. As we look ahead to 2026, we remain committed to delivering brilliant service, driving sustainable growth, and continuing to build a legacy of good that will endure for generations.

¹ The 'Group' or 'EIO Group' refers to Ecclesiastical Insurance Office public limited company together with its subsidiaries. The 'Benefact Group' and 'wider group' refers to Benefact Group plc, the immediate parent company of Ecclesiastical Insurance Office public limited company, together with its subsidiaries. The 'Benefact Trust' and 'the Trust' refers to Benefact Trust Limited, the ultimate parent undertaking of Ecclesiastical Insurance Office public limited company.

² The EIO Group uses Alternative Performance Measures (APMs) to help explain performance. More information on APMs is included in note 9 to this announcement.

ECCLESIASTICAL INSURANCE OFFICE PLC

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The Company has now approved its Annual Report and Accounts for 2025.

This Annual Financial Report announcement contains the information required to comply with the Disclosure and Transparency Rules, and extracts of the Strategic Report and Directors' Report forming part of the full financial statements.

The financial information set out below does not constitute the Company's statutory accounts for the year ended 31 December 2025. The Annual Report and Accounts will be available on or before [20 April 2026] on the Company's website at ecclesiastical.com. Copies of the audited financial statements are also available from the registered office at Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester GL3 4AW.

A copy of the Company's statutory accounts for the year ended 31 December 2025 will be submitted to the National Storage Mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

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.

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.

¹ The EIO Group uses Alternative Performance Measures (APMs) to help explain performance. More information on APMs is included in note 9 to this announcement.

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.

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 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.

¹ The EIO Group uses Alternative Performance Measures (APMs) to help explain performance. More information on APMs is included in note 9 to this announcement.

² Values 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

Directors' Report

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.

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).

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

Charitable and political donations

Charitable donations made in the year amounted to £28.1m (2024: £36.5m).

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.

Principal risks and uncertainties

The directors have carried out a robust assessment of the principal risks facing the EIO Group including those that threaten its business model, future performance, solvency and liquidity. The principal risks and uncertainties, together with explanations of how they are mitigated, are included in the Principal risks section of this announcement.

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.

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:

<p>Strategic risk Risks that threaten EIO’s ability to execute its strategies and achieve its business objectives.</p>		
<p>Risk detail</p>	<p>Key mitigants</p>	<p>Change from last year</p>
<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</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 	<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>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"> • 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>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>		
<p>Risk detail</p>	<p>Key mitigants</p>	<p>Change from last year</p>
<p>Underwriting risk 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 	<p>There have not been material changes to this risk during the year</p>

	<ul style="list-style-type: none"> • Underwriting Audits are carried out across General Insurance Businesses 	
<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>
<p>Financial risks</p> <p>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</p> <p>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</p> <p>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</p> <p>The Risk where actions and behaviours may result in poor outcomes for customers, colleagues and / or stakeholders</p>		
<p>Conduct risk</p> <p>The risk of unfair behaviour or practices (including by third parties) that adversely affect the Company's customers, harm colleagues, distort</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. 	<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</p>

<p>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"> • 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>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 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>	<ul style="list-style-type: none"> • Policy and Governance frameworks in place across the EIO Group to ensure a consistent approach to regulatory and legal requirements • 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>The markets within which we operate remain unchanged, however, there continues to be a 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</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 	<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>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>	<p>governance framework is in place and operating effectively.</p> <ul style="list-style-type: none"> • 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>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>

Statement of directors’ responsibilities in respect of the financial statements

The following statement is extracted from the Directors’ report of the 2025 Annual Report and Accounts, and is repeated here for the purposes of the Disclosure and Transparency Rules. The statement relates solely to the Company’s 2025 Annual Report and Accounts and is not connected to the extracted information set out in this announcement. The names and functions of the directors making the responsibility statement are set out in the Governance section of the full Annual Report & Accounts.

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 the Governance section of the full Annual Report and Accounts confirm that, to the best of their knowledge:

- the EIO Group and Company financial statements, which have been prepared in accordance with UK-adopted international 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2025

	2025	2024
	£000	£000
Insurance revenue	651,416	629,953
Insurance service expenses	(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	(18,952)	(6,862)
Net investment result	90,977	71,850
Fee and commission income	1,973	544
Other operating expenses	(90,842)	(63,501)
Other finance costs	(3,239)	(3,102)
Profit before tax	84,597	82,475
Tax expense	(18,167)	(17,296)
Profit for the year	66,430	65,179

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2025

	2025	2024
	£000	£000
Profit for the year	66,430	65,179
Other comprehensive income/(expense)		
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial gains/(losses) on retirement benefit plans	1,376	(1,630)
Attributable tax	(344)	408
	1,032	(1,222)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Losses on currency translation differences	(911)	(9,325)
Gains on net investment hedges	2,302	8,807
Attributable tax	(704)	(1,381)
	687	(1,899)
Net other comprehensive income/(expense)	1,719	(3,121)
Total comprehensive income	68,149	62,058

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2025

	31 December 2025 £000	31 December 2024 £000
Assets		
Cash and cash equivalents	93,174	105,761
Financial investments	1,094,685	982,001
Other assets	134,744	156,768
Current tax recoverable	424	2,346
Reinsurance contract assets	234,875	239,453
Investment property	121,701	128,563
Property, plant and equipment	30,576	34,284
Deferred tax assets	5,314	7,365
Goodwill and other intangible assets	18,015	28,625
Pension assets	18,710	17,552
Total assets	1,752,218	1,702,718
Equity		
Share capital	120,477	120,477
Share premium account	4,632	4,632
Retained earnings and other reserves	492,902	501,934
Total shareholders' equity	618,011	627,043
Liabilities		
Other liabilities	67,874	61,843
Current tax liabilities	512	97
Provisions for other liabilities	4,597	5,979
Insurance contract liabilities	791,706	779,418
Lease obligations	22,664	24,573
Deferred tax liabilities	43,492	40,615
Investment contract liabilities	172,375	133,706
Subordinated liabilities	26,835	25,112
Retirement benefit obligations	4,152	4,332
Total liabilities	1,134,207	1,075,675
Total shareholders' equity and liabilities	1,752,218	1,702,718

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

	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	-	-	-	-	(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	-	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	-	-	-	-	(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	-	17,805	484,129	627,043

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 6 to this announcement.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	2025	2024
	£000	£000
Profit before tax from continuing operations	84,597	82,475
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	5,661	6,357
Loss/(profit) on disposal of property, plant and equipment	42	(178)
Amortisation and impairment of intangible assets	17,758	3,369
Movement in expected credit loss provision	(133)	(9)
Net fair value gains on financial instruments and investment property	(44,666)	(21,685)
Dividend and interest income	(37,384)	(39,683)
Finance costs	3,239	3,102
Other adjustments for non-cash items	24	616
<i>Changes in operating assets and liabilities:</i>		
Net decrease/(increase) in reinsurance contract assets	468	(27,129)
Net increase in investment contract liabilities	38,669	37,820
Net increase in insurance contract liabilities	13,063	19,809
Net increase in other assets	(24,705)	(21,990)
Net increase in other liabilities	4,431	7,903
Cash generated by operations	61,064	50,777
Purchases of financial instruments and investment property	(370,865)	(161,953)
Sale of financial instruments and investment property	311,999	130,778
Dividends received	12,979	12,043
Interest received	24,831	26,419
Tax paid	(5,951)	(6,415)
Net cash from operating activities	34,057	51,649
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,484)	(3,336)
Proceeds from the sale of property, plant and equipment	5	1,963
Purchases of intangible assets	(7,160)	(6,191)
Net cash used by investing activities	(8,639)	(7,564)
Cash flows from financing activities		
Interest paid	(2,920)	(2,625)
Payment of lease liabilities	(2,445)	(2,116)
Dividends paid to Company's shareholders	(9,181)	(9,181)
Charitable grant paid to ultimate parent undertaking	(24,000)	(33,000)
Net cash used by financing activities	(38,546)	(46,922)
Net decrease in cash and cash equivalents	(13,128)	(2,837)
Cash and cash equivalents at beginning of year	105,761	112,082
Exchange gains/(losses) on cash and cash equivalents	541	(3,484)
Cash and cash equivalents at end of year	93,174	105,761

NOTES TO THIS ANNUAL FINANCIAL REPORT ANNOUNCEMENT OF RESULTS

for the year ended 31 December 2025

1. Accounting policies

The Company has prepared this announcement of its consolidated results using the same accounting policies and methods of computation as the full financial statements for the year ended 31 December 2025 as prepared in accordance with UK-adopted international accounting standards (UKIAS) applicable at 31 December 2025 issued by the International Accounting Standards Board (IASB).

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.

2. General Information

Whilst the financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of UKIAS, this announcement does not itself contain sufficient information to comply with UKIAS. Full financial statements that comply with UKIAS were approved by the Board of Directors on 19 March 2026.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2025 or 2024, but is derived from those accounts. Statutory accounts for 2024 have been delivered to the Registrar of Companies and those for 2025 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under sections 498(2) and 498(3) of the Companies Act 2006.

This announcement was approved at a meeting of the Board of Directors held on 19 March 2026.

Ecclesiastical Insurance Office public limited company is a subsidiary of Benefact Group plc which is an investment holding company whose ordinary shares are not listed.

The ordinary shares of Ecclesiastical Insurance Office public limited company are not listed.

Copies of the audited financial statements are available from the registered office at Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom.

The following information is included in this announcement in compliance with the Disclosure and Transparency Rules and has been extracted from the full financial statements for 2025.

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 9 in this announcement.

2025

		Property	Liability	Miscellaneous financial loss	Other	Whole of life	Total
		£000	£000	£000	£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

2024

		Property	Liability	Miscellaneous financial loss	Other	Whole of life	Total
		£000	£000	£000	£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

(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.

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 8 to this announcement 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.

4. Financial risk and capital management

The EIO 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 EIO 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 EIO Group is exposed. This includes equity price volatility, movements in exchange rates and long-term UK growth prospects. The EIO Group's management and measurement of financial risks is informed by either stochastic modelling or stress testing techniques

(a) Categories of financial instruments

(i) Categories applying IFRS 9

	Financial assets			Financial Liabilities				Total
	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

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.

(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**Fair value measurement at the end of the reporting year based on**

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£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
	<u>659,027</u>	<u>236,911</u>	<u>86,049</u>	<u>981,987</u>

*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.

Gains and losses on derivative liabilities of the Group 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 5 to this announcement).

Fair value measurements based on level 3

Fair value measurements in level 3 consist of financial assets at fair value through profit or loss, analysed as follows:

	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	<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>39</u>	<u>26,947</u>
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	<u>84,939</u>	<u>1,110</u>	<u>86,049</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>(51)</u>	<u>7,990</u>

All the above gains or losses included in profit or loss for the year are presented in net investment return 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

(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 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
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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.

(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.

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).

	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 21 to the full financial statements. 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
	£000		£000
UK	231,694	UK	228,029
Canada	153,899	Canada	142,984
Australia	129,144	Australia	122,959
Europe	33,771	Europe	27,672
Total	548,508	Total	521,644

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	2024
	£000	£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
	£000	£000
Balance at 1 January	273	292
Movement in the year	(267)	(19)
Balance at 31 December	6	273

(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 is exposed is as follows:

	2025		2024
	£000		£000
UK	272,690	UK	231,894
Europe	98,831	Europe	84,939
US	12,352	US	15,448
Total	383,873	Total	332,281

(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 5 to this announcement. 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
	£000		£000
Can \$	89,762	Can \$	81,992
Aus \$	63,439	Aus \$	57,212
Euro	69,743	Euro	56,532
USD \$	9,238	USD \$	13,003
HKD \$	3	HKD \$	36

The figures in the table above, for the current and prior years, do not include currency risk that the Group is exposed to on a 'look through' basis in respect of collective investment schemes denominated in sterling. The Group enters into derivatives to hedge currency exposure, including exposures on a 'look through' basis. The open derivatives held by the Group at the year end to hedge currency exposure are detailed in note 5 to this announcement.

(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 8 to this announcement. 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 to the full financial statements, and other liabilities for which a maturity analysis is included in note 29 to the full financial statements, and subordinated debt for which a maturity analysis is included in note 30 to the full financial statements.

(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 to the full financial statements.

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	-	-

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.

(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.

5. 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 6 to this announcement. The Group has formally assessed and documented the effectiveness of derivatives that qualify for hedge accounting in accordance with IFRS 9 *Financial Instruments*.

	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						
Foreign exchange contracts						
Forwards (Euro)	168,417	1,742	-	134,525	1,098	-
Forwards (US dollar)	(9,793)	725	-	35,902	-	215
Hedge derivatives						
Foreign exchange contracts						
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.

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 to the full financial statements) and derivative fair value liabilities are recognised within other liabilities (note 29 to the full financial statements).

6. Translation and hedging reserve

	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

The translation reserve arises on consolidation of the Group'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.

7. 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 9 to this announcement:

- 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 UKIAS.

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	Combined operating ratio	Insurance £000	Investments £000	Other £000	Total £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)	136,025
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	Combined operating ratio	Insurance £000	Investments £000	Other £000	Total £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

(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.

8. 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
	£000	£000
Gross		
General insurance contract liabilities for incurred claims	654,773	635,317
General insurance contract liabilities for remaining coverage	92,202	94,896
Life insurance contract liabilities for remaining coverage	44,731	49,205
Total gross insurance contract liabilities	<u>791,706</u>	<u>779,418</u>
Reinsurance assets		
General reinsurance contract assets for incurred claims	203,929	205,518
General reinsurance contract assets for remaining coverage	30,946	33,935
Total reinsurers' share of insurance liabilities	<u>234,875</u>	<u>239,453</u>
Net		
General insurance contract liabilities for incurred claims	450,844	429,799
General insurance contract liabilities for remaining coverage	61,256	60,961
Life insurance contract liabilities for remaining coverage	44,731	49,205
Total net insurance liabilities	<u>556,831</u>	<u>539,965</u>
Gross insurance liabilities		
Current	283,159	285,766
Non-current	508,547	493,652
Reinsurance assets		
Current	111,619	130,213
Non-current	123,256	109,240

	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	<u>133,949</u>	<u>322,836</u>	<u>5,032</u>	<u>-</u>	<u>-</u>	<u>461,817</u>

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

	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/(income) 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

(a) General business insurance contracts

(i) Reconciliation of the liability for remaining coverage

Insurance contracts issued	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

(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
At 1 January 2024	554,979	79,840	634,819
Incurred 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
Incurred 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	294,732	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

(iii) Reconciliation of the asset for remaining coverage

Reinsurance contracts held

	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 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

(iv) Reconciliation of the asset for incurred claims

Reinsurance contracts held

	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/(expense) 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

(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.

(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%

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 to the full financial statements).

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) to this announcement.

(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.

(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
Changes that relate to current service				
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)
Changes that relate to future service				
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
Changes that relate to current service				
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)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(184)	78	106	-
	(184)	78	106	-
Insurance service result	(737)	47	(578)	(1,268)
Finance income 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

(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)

(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

9. 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 and the combined operating ratio to their most directly reconcilable line items in the financial statements.

		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 cost	Other income and charges	Total	
	General	Life					
£000	£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	191,398	1,268	12,517			(1)	205,182
Net expense from reinsurance contracts	(100,502)	-	-			-	(100,502)
Insurance service result	90,896	1,268	12,517			(1)	104,680
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	(28,730)	(2,010)	(4,809)		(54,207)	(1,086)	(90,842)
Other finance costs	-	-	-			(3,239)	(3,239)
Profit/(loss) before tax	[2] 62,167	320	78,670		(54,207)	(2,353)	84,597

* 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 expressed as a percentage of net earned premiums. It is calculated as ([3] - [2]) / [3].

	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

Underwriting result by segment		UK & Ireland	Australia	Canada	Other	Total
		£000	£000	£000	£000	£000
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 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
Other operating expenses		81.0%	109.3%	83.0%		83.7%

		2024
		£000
General insurance		
Insurance revenue	[1]	623,195
Deduct change in the gross unearned premium provision		17,406
Gross written premiums		640,601
Outward reinsurance premiums written		(261,194)
Net written premiums		379,407
Change in the net unearned premium provision		(16,050)
Net earned premiums	[3]	363,357

		2024					Total	
		Insurance		Inv'mnt	Corporate	Other		
		General	Life	return	cost	income and charges		
		£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		157,290	1,045	9,801		-	-	168,136
Net expense from reinsurance contracts		(84,590)	-	-		-	-	(84,590)
Insurance service result		72,700	1,045	9,801		-	-	83,546
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]	47,642	1,406	69,933		(33,152)	(3,354)	82,475

* instalment handling charges

** discounting on non-latent claims provisions

Combined operating ratio = ([3] - [2]) / [3] 86.9%

2024					
Gross written premiums by segment	UK & Ireland	Australia	Canada	Other	Total
	£000	£000	£000	£000	£000
Insurance revenue	[1] 418,569	96,281	101,881	6,465	623,196
Deduct change in the gross unearned premium provision	18,294	(936)	(325)	372	17,405
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

2024					
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)	(73,307)	(8,486)	(465,905)
Insurance service result before reinsurance contracts held	124,345	6,393	28,574	(2,022)	157,290
Net expense from reinsurance contracts	(53,408)	(7,333)	(9,463)	(14,386)	(84,590)
Insurance service result	70,937	(940)	19,111	(16,408)	72,700
Other operating expenses	(17,325)	(2,294)	(5,439)	-	(25,058)
Underwriting result	[2] 53,612	(3,234)	13,672	(16,408)	47,642
Combined operating ratio = ([3] - [2]) / [3]	77.4%	107.4%	81.4%		86.9%

10. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Charitable grants paid to the ultimate parent undertaking are disclosed in note 15 to the full financial statements.

Full disclosure of related party transactions is included in note 35 to the full financial statements.