

Solvency and Financial Condition Report

Ecclesiastical Life Limited (ELL) For the
year ended 31 December 2025



Ecclesiastical Life Limited – Solvency and Financial Condition Report 2025

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Executive Summary

Introduction

This Solvency and Financial Condition Report (SFCR) has been prepared in line with the requirements of the Solvency II (SII) Regulations per the Prudential Regulation Authority (PRA) Rulebook, to assist the customers, business partners and shareholders of Ecclesiastical Life Limited (ELL, the Company) and other stakeholders in understanding the nature of the business, how it is managed and its solvency position. The Company is a wholly owned subsidiary of Ecclesiastical Insurance Office public limited company (EIO), which in turn is a wholly owned subsidiary of the Benefact Group plc (BG, the Group). An SFCR is also published covering the SII requirements of EIO and the Group.

The Business

The Company is a life insurer operating only in the United Kingdom. Following an outwards transfer of business in 2010 its in-force business consists principally of whole-of-life assurance business associated with funeral plans. The nature of the policies is such that the administration of the policies primarily involves only payment of death claims.

New business ceased in April 2013 and the legacy book has been in run-off since. ELL re-opened to new business in August 2021 through the Ecclesiastical Life Limited Investment Solution (ELLIS) product, writing whole of life policies backing funeral plans issued by Ecclesiastical Planning Services Limited (EPSL) a related undertaking of the Group and two other third parties. This newer business stream has become a more significant feature of the Company's financial performance and position as it expands.

There have been no material changes in the Company's business and performance, system of governance, risk profile, valuation for solvency purposes or capital management over the year.

More information about the Company structure and the business written can be found in section A below.

Business Performance

The Company reported a pre-tax profit of £3.1m for the year (2024: profit of £1.4m). The main drivers of the operating profit in the current year have been from investment markets, with equity markets in particular continuing to improve, as well as the continued growth of the new business and the income associated with that. Equity markets have risen in the period, and yields have come down causing bond values to rise. The Company has paid £30m of dividend in the year up to EIO, which has impacted its investment performance, but has still been able to build profits that have improved on prior year.

Solvency and Financial Condition

The Company uses the Standard Formula to calculate its solvency capital requirement (SCR). A summary of the Company's solvency position at the end of 2025 and the change over the year is shown below:

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Summary Solvency position	2025	2024	Change
	£'000	£'000	£'000
Eligible Own Funds	36,587	42,113	(5,526)
Standard Formula SCR			
Market risk	15,254	16,905	(1,651)
Counterparty default risk	516	1,060	(544)
Life underwriting risk	3,515	2,869	646
Diversification	(2,643)	(2,672)	29
Operational risk	598	403	195
Loss absorbing capacity of deferred tax	(1,518)	(1,197)	(321)
	15,722	17,368	(1,646)
Coverage ratio	233%	242%	(9%)

The Company's regulatory solvency coverage remains strong in 2025, although has fallen from the 2024 position. Eligible own funds before the impact of an additional dividend of £10m paid in the period have increased in the year due to the improved market performance and overall profit in the Company. With a strong solvency position and the Group looking to maximise its capital position a decision was made to pay a dividend up to EIO. Equity risk within market risk has increased slightly, despite sales of equity stocks in the period, however the improved market performance has led to the value of the equity investment rising in line with markets. Interest rate risk and spread risk has fallen in the year due to bond sales in the period to support the dividends paid, this has been against a backdrop of lower interest rates as Bank of England base rates have dropped in the year albeit modestly leading to little movement in long terms rates.

More detail on the changes in SCR during the year is given in section E.

Outlook for 2026

The UK life insurance sector enters 2026 with a backdrop of moderating but steady growth, shaped by easing inflation, improving economic stability, and evolving regulatory expectations. 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, although the extent of any impact is not yet clear. Growth forecasts for the UK in 2026 remain relatively low, with most predicting between 1.2 and 1.4% and long term growth being reduced to 1.1% by the OBR, citing fiscal pressures and continued global uncertainties. Despite this the Company remains well positioned to continue to grow and navigate change and continues to look for opportunities that fit its business model to allow this growth.

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Solvency levels going into 2026 are strong and are projected to remain so over the plan period. The Company regularly monitors solvency levels with no instances of a breach to its minimum capital requirement (MCR), SCR or the Board's risk appetite having occurred up to the date of this report being published.

Focus over the period ahead is to profitably grow new business, including investing in new opportunities, which is anticipated to become an increasingly significant contributor to profits. Attention will continue to be placed on disciplined management of the closed book of business to deliver modest profits.

Statement of Directors' Responsibilities

Ecclesiastical Life Limited

Financial year ended 31 December 2025

The Directors are responsible for preparing the SFCR in accordance with the Prudential Regulatory Authority rules and Solvency II Regulation.

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Company's Annual Report & Accounts, confirm that, to the best of their knowledge:

- a) Throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurer; and
- b) It is reasonable to believe that, at the date of the publication of the SFCR, the Company continues so to comply, and will continue so to comply in future.

By Order of the Board

Steve O'Dwyer

Director Date:

27 March 2026

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A. Business and performance

A.1 Business details and group structure

A.1.1 Name and legal form of the Company

Ecclesiastical Life Limited is a limited company incorporated and domiciled in England. The address of the registered office is:

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

A.1.2. Supervisory authority

The supervisory authority of the Company and the Group is:

Prudential Regulation Authority
Bank of England
20 Moorgate
London
EC2R 6DA

A.1.3. External auditor

The external auditor of the Company and the Group is:

PricewaterhouseCoopers LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0FR

A.1.4. Qualifying holdings

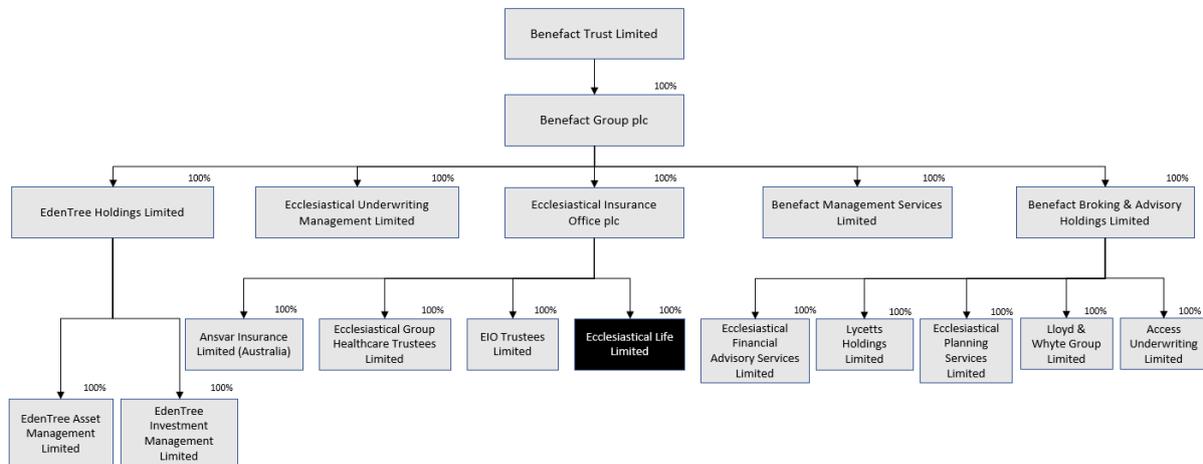
Qualifying holdings are a direct or indirect holding in the Company which represents 10% or more of the capital or of the voting rights, or a holding that makes it possible to exercise a significant influence over the Company.

The entire equity share capital of the Company is owned by EIO.

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A.1.5. Group structure

Below is a simplified representation of the Benefact Group and the position of the Company within that group:



The Company is a wholly-owned subsidiary of EIO. Its ultimate parent is Benefact Trust Limited (BTL), a registered charity. All three companies are incorporated and operate in the United Kingdom.

A.1.6 Lines of business

The Company’s material line of business is index-linked and unit-linked life insurance contracts, with business wholly conducted in the United Kingdom.

A.1.7 Significant events

During 2025, whilst interest rates and inflation decreased, they continue to remain higher than expected. Geopolitical factors, including tariffs and on-going tensions in the Middle East have contributed to the continued higher level of inflation and interest rates. Despite this Equity markets have performed well in the year, and bond yields have reduced slightly, impacting bond values. Whilst rates of inflation have reduced, they remain above the Bank of England target and whilst there has been cuts in interest rates in 2025, they are expected to remain relatively stable for 2026. Growth forecasts for 2026 in the United Kingdom remain relatively low, with most predicting between 1.2% and 1.4% and long-term growth being reduced to 1.5% before year end 2025 by the OBR, citing fiscal pressures and continued global uncertainties, this has since now reduced to 1.1%.

Risks are being continually monitored, and the Company is managing the ongoing impact of inflation, interest rate variability and geopolitical uncertainty, utilising business continuity and risk management processes where appropriate.

The Company has a robust and regular solvency monitoring process in place together with a strong risk management framework. Up to the date of this report being published no instances of a breach of its MCR, SCR or the Board’s risk appetite have been identified.

The significant risks to which the Company is exposed and how these are managed are discussed in more detail in section C.

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A.2 Performance from underwriting activities

Overall underwriting performance:

Underwriting performance	2025	2024
	Actual	Actual
	£'000	£'000
Written & earned premium	50,882	46,419
Claims paid	(20,420)	(17,416)
Movement in long term business provision	(30,590)	(27,978)
Net expenses and commission	(1,965)	(1,222)
Underwriting result	(2,093)	(197)
Net investment return of assets backing liabilities	5,214	1,578
Net Underwriting result	3,121	1,381

The Company operates solely in the UK. Until August 2021, the Company's business comprised an in-force portfolio of policies consisting entirely of whole-of-life insurance policies written for the purpose of funding funeral provision. These policies give rise to claims on the death of the lives assured and reserves are held in the Company's accounts at levels that allow for funding of future benefits and expenses at prudently assessed levels. This business is in run-off, with no business written from April 2013.

The Company re-opened to new business in August 2021 with the launch of whole of life investment contracts backed by an investment product provided by an external organisation. These contracts themselves back prepaid funeral plans written by EPSL, a fellow member of the Group, and other third-party providers. The new business is currently operating at a profit due to the nature of the product in relation to movements in investment markets in the year.

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A.3 Performance from investment activities

	Investment performance			
	Shareholders' fund		Without profit fund	
	2025	2024	2025	2024
	Actual	Actual	Actual	Actual
	£'000	£'000	£'000	£'000
Income	1,319	1,562	2,415	2,445
Fair value gains/(losses)	936	(712)	713	(1,576)
Investment return	2,255	850	3,128	869
Investment expenses	(118)	(81)	(51)	(60)
Net investment return	2,137	769	3,077	809

The two funds above represent the split of policyholder (without profit fund) and shareholder assets and in the case of the policyholder, the liabilities and the assets backing those liabilities.

The majority of the Company's investments are in debt investments in the form of index-linked gilts, and corporate bonds, intended to match life insurance liabilities on the legacy book. Fair value gains were reported in 2025 as yields fell slightly, causing values to rise. Investment returns for 2025 compared to prior year are shown in the table above, split into returns recognised in the underwriting result (Without profit fund) and returns arising against surplus investments (Shareholders' fund).

The overall investment return from debt investment assets was broadly equal and opposite to the movement in claims reserves after allowing for claims payments, due to the close matching position, as the Company seeks to manage asset duration to match liability duration. The Company also holds a portfolio of debt and equities from which it generates an investment return. Fair value gains were recognised in this portfolio as equity markets improved in the year.

The Company has built up funds to match investment contract liabilities of £172.4m relating to new business written since August 2021. Within the income line of the table there is £1.35m of coupon on the third-party structured note included, which the Company invests in.

A.3.1 Gains and losses recognised directly in equity

No investment gains or losses have been recognised in equity in either the current or prior year.

A.3.2 Investments in securitisation

No investments are held in securitisation in either the current or prior year.

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A.4 Performance from other activities

There are no other material activities in the Company in either the current or prior year.

A.5 Any other information

There is no other material information regarding the Company's business and performance to be reported.

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B. System of governance

B.1 General information on the system of governance

B.1.1 Governing Body – Roles and segregation of responsibilities

The Governing Body of the Company is the Board of Directors. The Board’s role is to provide leadership of the Company within a framework of prudent and effective controls which enables the risks which the Company faces to be assessed and managed. The Board is responsible for the Company’s sound and prudent management, ensuring a strong and effective governance framework is implemented and regulatory requirements are met.

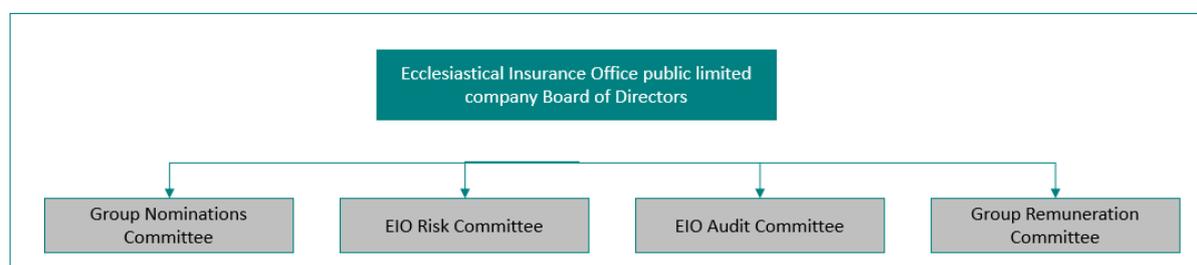
The Board is responsible for culture and values, strategy and direction, leadership and organisation, governance, risk management and controls, financial expectations and performance and communication.

A formal schedule of matters reserved for the Board’s decision is in place and includes strategy and management, structure and capital, financial reporting and controls, risk management and internal controls, contracts, communication, Board membership and other appointments, remuneration, delegation of authority, corporate governance and policies.

B.1.2 Delegation to committees

Although the Company’s Articles allow the Board to delegate powers to committees, to date, no regulated entity level committees have been formed by the Company. During the year, the functions of an Audit Committee and Risk Committee were performed at EIO level by the EIO Audit Committee (EIO AC) and EIO Risk Committee (EIO RC) and matters dealt with and escalated appropriately.

Four committees have been established by the Board of EIO, to support the discharge of its duties including in respect of the Company:



Each Committee has agreed terms of reference which sets out requirements for membership, meeting administration, committee responsibilities and reporting.

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EIO Audit Committee (EIO AC)

Comprising three EIO Non-executive Directors (NEDs) (as at 31 December 2025), its responsibilities include:

- overseeing of the Company's financial, climate and non-financial and regulatory reporting processes;
- overseeing the Company's risk management systems and internal controls;
- reviewing the Company's whistleblowing arrangements;
- reviewing tax strategy and policies;
- overseeing the internal audit plan and reviewing findings of audits; and
- managing the relationship with the external auditor including in relation to the auditors; appointment, reappointment and resignation, terms and remuneration, independence and expertise, non-audit services and the audit cycle.

EIO Risk Committee (EIO RC)

Comprising four EIO NEDs (as at 31 December 2025), its responsibilities during 2025 included:

- overseeing the EIO Group's risk management framework including risk appetite, tolerance and strategy;
- overseeing the EIO Group's risk and compliance monitoring; and reviewing the risks facing the Company.

B.1.3 Roles and responsibilities of key functions

The Board Charter and Governance Framework document the main roles and responsibilities of key functions as set out below:

Chief Executive Officer

The Chief Executive Officer (CEO) is a Director of the Company and is responsible for the day-to-day management of the business, ensuring delivery of, and reporting to the Board on, the implementation and execution of the strategy and long-term objectives determined by the Board.

Non-Executive Directors (NEDs)

The NEDs have a responsibility to uphold high standards of integrity and probity, including acting as both internal and external ambassadors of the Company. As part of their role, the NEDs should constructively challenge and help develop proposals on strategy.

Chief Actuary

The Chief Actuary is accountable for all aspects of actuarial services for the Company, in particular coordination of technical provision calculations and advising on financial risks. The Chief Actuary reports to the CEO and is accountable to the Board.

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Group Internal Audit (GIA)

The Group Chief Internal Auditor provides independent assurance to the Board that the governance processes, management of risk and systems of internal control are adequate and effective to mitigate the most significant risks to the EIO Group. The Group Chief Internal Auditor is accountable to the Chair of EIO's Audit Committee.

Further information is provided later in this Report.

Group Risk and Compliance

The Group Chief Risk and Compliance Officer (CRO) is responsible for oversight of the prudent management of risk in relation to ELL (and a consolidated view of risk across the EIO Group).

In addition, Group Compliance provides assurance to the Board that the EIO Group has adequate systems and controls sufficient to ensure compliance with its obligations under the regulatory system, associated risks, and for countering the risk that the EIO Group might be used to further financial crime. It ensures that appropriate mechanisms exist to identify, assess and act upon new and emerging regulatory obligations and compliance risks that may impact on the EIO Group.

Further information on GIA and the Group Risk and Compliance Functions is provided later in this Report.

B.1.4. Material changes in the system of governance

There were no material changes to the system of governance.

B1.5. Assessment of the adequacy of the system of governance

The Board annually reviews the adequacy of the system of governance on a holistic basis and has concluded that it is appropriate and effective based on the nature, scale and complexity of the risks inherent in the business.

In reviewing the effectiveness, the following was considered:

- outcomes from the Risk and Control Self-Assessment process (CRSA);
- outcomes from the Own Risk and Solvency Assessment (ORSA) process;
- relevant internal audit, risk assurance and compliance monitoring reports;
- reports from management; and
- changes in regulation and legislation.

The Governance Framework is formally reviewed and approved by the BG plc Board and adopted by the Board.

The Company believes the size and composition of the Board gives it sufficient independence, balance and wider experience to consider the issues of strategy, performance, resources and standards of conduct.

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B.1.6. Remuneration policy

The Company has no employees. All staff are provided by the Company's immediate parent, EIO. No Directors receive a fee from the Company.

B.1.7. Entitlement to share options, shares or variable components of remuneration

As no staff or directors are remunerated by the Company there are no share options, shares or variable components of remuneration.

B.1.8 Supplementary pension or early retirement schemes for the members of the board and other key function holders

As no staff or directors are remunerated by the Company there are no supplementary pension or early retirement schemes provided by the Company.

B.1.9. Material transactions during the reporting period with shareholders, persons who exercise a significant influence, and with members of the board

There were no material transactions for the reporting period ended 31 December 2025. No contract of significance existed during or at the end of the financial year in which a director was or is materially interested.

B.2 Fit and proper requirements

B.2.1 Skills, knowledge and expertise requirements

The Company is committed to ensuring that all fit and proper regulatory requirements are met for its senior leaders within the Senior Managers and Certification Regime (SM&CR).

The PRA and Financial Conduct Authority (FCA) consider that the most important factors in assessing an individual's fitness and propriety are:

- Honesty, integrity and reputation;
- Competence and capability; and
- Financial soundness

In order to initially determine fitness and propriety all prospective senior role holders take part in a multi-stage interview process, supported by psychometric testing, involving relevant stakeholders. The candidates' knowledge, experience and qualifications in such areas as market knowledge, business strategy, financial analysis, working within regulated frameworks and governance/risk management are fully explored. Due diligence is fulfilled through pre-employment checks and referencing that are carried out upon an offer being accepted.

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B.2.2 Ensuring ongoing fitness and propriety

Ongoing adherence to these standards is assessed through performance review cycles and is subject to further confirmation through an annual fit and proper process, carried out for all individuals caught within the SM&CR, covering:

- competence and performance in carrying out the documented responsibilities of the role;
- Continuous Professional Development (CPD) and training to maintain knowledge and skills;
- completion of regular mandatory company training;
- disclosure and barring criminal records and credit checks;
- self-assessment against fitness and proprietary questions.

Where the Company becomes aware of concerns regarding the fitness and propriety of a person in a relevant role it will investigate and take appropriate action without delay in line with the Fitness and Propriety policy. The regulator will be notified of any action where necessary.

B.3 Risk management system including the ORSA

B.3.1 Overview of the risk management system

The Company is managed within an Enterprise-wide risk management framework that is embedded across the wider Group with the purpose of providing the tools, guidance, policies, standards and defining responsibilities to enable the Company to achieve its strategy and objectives. The risk management framework is owned by the Board with day to day responsibility for facilitation of the implementation and oversight delegated to the Group Risk function, led by the CRO.

Regulatory requirements for risk management are complied with at all times and are regarded as the minimum standards. The risks relating to the Company are overseen by the CEO and the Board, with appropriate escalation to the EIO RC or EIO AC as necessary. The adequacy of the risk management framework is reviewed on an annual basis at a group level.

B.3.2 Effectiveness of identifying and managing risks

The Company has a well-established Risk Framework which covers the full risk lifecycle. A key tool used in the Risk Framework is the risk appetite. The Board has established a risk appetite for the Company, which focuses on the material risk areas and establishes the risk-taking capacity of the Company. This is monitored and any breaches of appetite are reported to the Board.

The Board also uses the ORSA process as a tool to assess the effectiveness of the system of governance and risk management, and whether revisions are required to cover any changes to the undertaking's current and future business strategy and operations.

B.3.3 Implementation of the Risk Management Function

The Risk Management process operates within the framework of the Group and deploys a strong three lines of defence model whereby:

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- *1st Line (Business Management)* is responsible for strategy execution, performance, identification and management of risks and the application of appropriate controls;
- *2nd Line (Reporting, Oversight and Guidance)* led by the CRO, is responsible for assisting the Board in formulation of risk appetite, establishment of minimum standards, developing appropriate reporting and providing oversight and challenge of risk profiles and risk management activities; and
- *3rd Line (Assurance)* provides independent and objective assurance of the effectiveness of the Company's systems of internal control. This activity principally comprises the GIA function which is subject to oversight and challenge by the EIO AC.

The risk management process is an ongoing process with regular assessment of the risk profile.

B.3.4 Own risk and solvency assessment process

The Company conducts an ORSA process within a Group Framework, that is a key part of its business management and governance structure. The objective is to demonstrate that the Group and each UK regulated insurance entity has, or can access, the necessary resources to carry out its corporate strategy and business plan in the context of risk policy, risk appetite, a forward-looking assessment of risks, the potential for stress and the quality of our risk management environment.

A report is produced at the Group level, though all the appropriate assessment and reports are carried out for each relevant company in the Group, including the Company at an individual level. Key steps in the process are:

- a review of risks identified and included in the risk profile;
- ongoing identification of any new and emerging risks;
- quantification of all material risks identified;
- calculation of the overall capital requirements and solvency position of the Company over the plan period, using both the Company's own view of risk and regulatory measures;
- carrying out stress tests and scenario analysis;
- comparison of the risk profile and stressed positions with the risk appetite;
- review of the business plan in light of the projected risk profile and capital requirements;
- confirmation that the business has sufficient capital to deliver the business plan; and
- preparation of a report for the Board summarising findings.

A supplementary Company (ELL) specific ORSA report sets out the elements of the ORSA process that relate specifically to the Company and is appended to the Group ORSA Report.

The ORSA process is co-ordinated by the Group Risk function, with significant contribution from the Actuarial Function. The elements of the Group ORSA Report relating to the Company are approved by the Board.

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B.3.5 Frequency of review

The ORSA is an ongoing process that operates on an annual cycle with a report covering the solvency position at the reference date of 31st December. The annual frequency is deemed sufficient for carrying out a full ORSA due to the stable nature of the business model, maturity of the risk framework and surplus capital held. However, the ORSA is re-run, either in full or partially, in accordance with several pre-defined ORSA triggers that are defined and monitored to identify events that could significantly impact business decision making.

The most recent Group ORSA and ELL ORSA Reports were approved by the Group and the Company's Boards in June 2025.

B.3.6 Determination of own solvency needs

The ORSA includes all risks to which the Company is exposed, including consideration of any risks not included in the Standard Formula for the calculation of regulatory capital requirements. For the purpose of determining the own solvency needs of the Company the assessment is made on the Group's chosen measure of economic capital, a 1 in 200 year value at risk. The equity transitional measure included in the Standard Formula is not used when assessing the Company's own solvency needs.

The Company currently has significant levels of capital in excess of that needed to maintain solvency and does not have any plans to change its capital structure, although the capital position and risk profile are regularly monitored in the context of the Company's risk appetite.

B.4 Internal control system

B.4.1 Internal control system

The Internal control system is implemented by the Board and Group Management Board (GMB) and ensures that the Company is managed efficiently and effectively. This system is set up at a Group level, with appropriate implementation in the Company's operations.

Group level policies and business processes are designed and implemented to ensure that business objectives are achieved and that risks are managed in line with the risk appetite and risk framework. The control framework comprises the following elements:

- **Control environment:** A business culture that recognises the importance of systems of control, with the establishment of an operational environment that maintains effective controls and ensures adequate resources to operate the control framework to required standards;
- **Objective Setting:** management has in place a process to set objectives and the chosen objectives support and align with the Group's objectives and are consistent with risk appetite;
- **Risk Assessment:** Internal and external events that affect the achievement of business objectives are identified, distinguishing between risks and opportunities. Risks are

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analysed, with appropriate risk responses selected by the Board and GMB. Where appropriate, actions are developed to align risks with the Company's risk tolerance and appetite;

- *Control standards:* a policy framework that establishes the Board's minimum standards for the mitigation of risk within the stated appetite;
- *Control activities:* business processes that include control activities designed to mitigate risks to the level required to meet the control objectives;
- *Monitoring activities:* regular monitoring of controls aligned to their materiality;
- *Training and communication:* effective communication of required control standards and adequate training to ensure those operating or monitoring controls can do so effectively;
- *Recording:* clear documentation of controls to enable their ongoing operation; and
- *Reporting:* reporting of material control effectiveness to allow appropriate decision makers to understand whether control objectives are being met or whether action is required to strengthen the control environment.

B.4.2 Compliance function

Group Compliance sits within the second line of defence. The primary objective of Group Compliance is to protect and enhance value in the Company by providing assurance to the Board of Directors and the GMB that the firm remains compliant with all of its obligations under FCA and PRA rules, Financial Services and Markets Act (FSMA) and any other laws, rules, regulations and administrative provisions deriving from FSMA. It also ensures that appropriate mechanisms exist to identify, assess and act upon the possible impact of any changes in the regulatory environment of the firm's operations and the identification and assessment of compliance risk.

It does this by:

Assisting ELL in identifying and evaluating current and future compliance risks;

- Monitoring the adequacy and effectiveness of controls in place to mitigate the risks within the Company;
- Working with the Company management to advise on the design and implementation and enhancement of controls to manage compliance risks;
- Maintaining a healthy and transparent relationship with the FCA and PRA;
- Ensuring the regulated activity within the business is undertaken in line with the expectations of the relevant regulators; and
- Escalating any material breaches of FCA regulation as necessary to the Board and, where appropriate, to the regulators.

The Group Head of Compliance, in the discharge of their duties shall report to the Company Board and will:

- Provide assurance, advice and guidance to the Board and SMFs within the Company on meeting the expectations of the FCA, PRA and other applicable rules and legislation;

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- Provide regular assessments of the adequacy and effectiveness of the Company's compliance risk management, internal compliance controls and regulatory governance processes and systems;
- Identify and escalate significant compliance related issues to the Company Board and highlight potential improvements to address concerns identified;
- Periodically provide information on the status and results of Compliance Monitoring activity and the sufficiency of Group Compliance resources;
- Evaluate whether Group Compliance has sufficient and appropriately trained staff and/or external resource to deliver its plan and discharge its responsibilities;
- Ensure that Group Compliance is subject to an external, independent audit at least once every five years by a suitably qualified, independent reviewer or review team from outside the organisation.

Group Compliance receives its authority from the EIO RC, which is a committee of the Board of EIO established to, amongst other things:

- Recommend to the EIO Board the Company's overall regulatory risk appetites, tolerances and risk strategy in the context of the current and prospective macroeconomic and financial environment and monitor compliance with it; and
- Ensure that material regulatory risks facing the Company have been identified and addressed appropriately.

To provide for the independence of Group Compliance, the Group Head of Compliance is accountable to the EIO RC Chair, reports administratively to the Group Chief Risk and Compliance Officer, and has access to the Chair of the Company Board and to the CEO.

B.5 Internal audit function

B.5.1 Implementation of the internal audit function

GIA receives its authority from the EIO AC, which is a committee of the EIO Board established to, amongst other things; review the work of the internal auditors of the Company to evaluate the adequacy and effectiveness of the Company's financial, operating, compliance, and risk management controls.

Adequate and effective risk management, internal control, and governance processes reduce but cannot eliminate, the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls, and the occurrence of unforeseeable circumstances.

Adequate and effective risk management, internal control, and governance processes therefore provide reasonable, but not absolute, assurance that the Company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business.

GIA maintains a professional audit team with sufficient knowledge, skills, experience and professional qualifications. Where specialist, technical support is necessary to supplement GIA resource, this is available through co-sourcing contracts with external specialist companies, ensuring that GIA has immediate access to specialist skills where required. GIA confirms to the EIO AC that the Core

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Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing are complied with.

GIA operates within the Company’s three lines model. In order to operate an effective framework GIA maintains regular and ongoing dialogue with the first and second line functions to maintain a current and timely perspective of business direction and issues.

Demarcation between the third line and the first two lines must be preserved to enable GIA to provide an independent overview to EIO AC and the EIO Board on the effectiveness of all risk management and assurance processes within the organisation. Any blurring of the roles of the three lines should be exceptional and any such blurring must be approved by the EIO AC.

The GIA methodology provides a series of different assurance responses to a variety of scenarios to give the stakeholders the best assurance for the time GIA spends in an area as follows:

- *risk-based internal audits* - GIA’s standard audit response, the methodology will also be used to respond to most management requests for assurance and focuses on assessing the adequacy and effectiveness of key controls mitigating significant risks.

There are three categories of risk-based audit:

Full Audit	An extensive audit that will usually cover a wide-ranging scope or a deep dive scope; typically this would be an end-to-end process requiring walkthroughs, site/team visits.
Focused Scope	A shorter focused review, covering a small suite of key controls within a specific control theme or process. This should entail less walkthrough and site visits; and can usually be completed remotely or with reduced interaction with the business area being audited.
Rudimentary	An audit with a very limited or undefined scope but carried out with regard to a basic set of auditing principles: i.e. no opinions presented without evidence and all work is peer reviewed prior to finalising reporting. Scope can focus on developing areas of control and enables ‘state of the nation’ opinion to also be given.

- *programme and project assurance* - A series of risk-based assurance responses to programmes and projects. This differs from standard risk-based audits in that it focuses on the commercial aspects of the programme, such as benefits realisation as well as on key controls;
- *close and continuous* - This will involve GIA having regular meetings with key stakeholders and attending decision making forums as appropriate. It will also include ongoing assessment of key documents as they are produced. Any concerns will be raised with management at an early stage to allow the programme to address them in a timely manner; and

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- *consultancy* - Completing a piece of ad-hoc work for management, usually around the development of controls in a specialised area. Such work may be characterised by the need to formally contract with the business to assist in control development. GIA will rarely perform these pieces of work as they potentially compromise their independence.

The above are communicated through the following methods:

- reporting to the EIO AC - Quarterly reporting is provided to the EIO AC, where the Group Chief Internal Auditor attends EIO AC meetings to summarise the output within the reporting period and provide an opinion on a number of key risk themes; and
- internal audit reports - In addition to the audit client, internal audit reports are issued to all executive management and members of the GMB and the external auditor. Reporting of issues focuses on describing the control breakdown or failure, who was responsible and the risk that has materialised or could potentially materialise.

In response to the issues raised by GIA, management is required to document the steps they are taking to address the issue, provide a realistic timescale and, importantly, the action is assigned a single owner to enhance accountability.

B.5.2 Independence of the internal audit function

To ensure the independence of GIA, the Group Chief Internal Auditor will report functionally to the EIO AC Chair, and administratively to the Group CEO and has access to the Chair of the Group Board. Financial independence, essential to the effectiveness of internal auditing, is provided by the EIO AC approving a budget to allow GIA to meet the requirements stated above.

GIA is functionally independent from the activities audited and the day-to-day internal control processes of the organisation and is therefore able to conduct assignments on its own initiative, with free and unfettered access to people and information, in respect of any relevant department, establishment or function of the organisation, including the activities of branches and subsidiaries and outsourced activities.

Where it is identified by data owners that information should be redacted before being provided to members of the GIA team, the redacted information will be reviewed by the Group Chief Internal Auditor to ensure that the redaction is appropriate and does not constitute a restriction of scope. In the event that the redacted data relates directly to the Group Chief Internal Auditor, or the GIA team, the Chair of the EIO AC will review the redactions and confirm (or otherwise) to the Group Chief Internal Auditor whether the redactions are appropriate.

B.6 Actuarial Function

The Actuarial Function is headed by the Chief Actuary, an employee of EIO who holds a Life Chief Actuary Practising Certificate issued by the Institute and Faculty of Actuaries. Resource for performing actuarial calculation work is provided by actuarial staff employed by EIO. Peer review is undertaken by internal actuarial staff.

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The primary responsibility of the Actuarial Function is the co-ordination of the calculation of the technical provisions and value of insurance liabilities for the purposes of both the Company's accounts and in meeting the regulatory requirements under SII. It recommends bases for calculations which, when approved by the Board, are used to derive the results. To support this activity the Actuarial Function carries out investigations of experience, most notably for mortality, and compares outcomes to assumptions used in calculations of technical provisions.

The Actuarial Function is responsible for assisting the risk management function in assessment of risk and ensuring that the Board is provided with sufficient information to understand and oversee the management of material risk exposures. In particular, the Actuarial Function assesses the asset and liability matching position of the Company and recommends any changes necessary to remain within risk appetite.

B.7 Outsourcing

The Company has a small number of direct employees (employed by EIO) and outsources its back office and administration processes to companies within the Group. Its fund management is serviced by a third party and another company within the Group. The Company will continue to operate in this manner provided that the arrangements do not:

- materially impair the quality of the system of governance of the Company;
- unduly increase operational risk;
 - impair the abilities of the Company's regulators to monitor the compliance of the Company with its obligations; or
- undermine continuous and satisfactory service to the Company's customers.

The Company remains responsible and accountable for any activities it has outsourced and operates a defined framework for outsource provider selection and management that includes risk assessing the services, conducting regular and appropriate due diligence and managing the outsource provider relationship and performance.

Comprehensive written contracts are entered into with accountability for managing the delivery of the services assigned to an individual manager within the Company along with a senior executive as ultimate owner. Exit and contingency plans are documented and are reviewed on a frequent basis to ensure they remain appropriate.

B.7.1 Outsourcing of critical or important functions or activities

The Company has material outsourcing contracts both for investment management activities, outsourced to EdenTree Investment Management Limited (EdenTree) and the provision of the investment fund, that backs the new whole of life policies, outsourced to a third party. EdenTree Investment Management Limited is a subsidiary of the Group, with a comprehensive investment management agreement in place. EdenTree outsource trustee services and custodian and dealing services.

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The Company has a material outsourcing arrangement in place with EPSL for the administration of the Company's life policies relating to pre-paid funeral plans with EPSL. This is an intragroup relationship, but still adheres to the supplier management framework approach and governance.

B.8 Any other information

As at 31 December 2025, there is no other material information to report.

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C. Risk profile

C.1 Underwriting risk

The following table provides a quantitative overview of the Company's level of exposure to life underwriting risk:

Life underwriting risk	2025	2024
	£'000	£'000
Longevity risk	6	10
Mortality risk	1,237	800
Life catastrophe risk	13	13
Life expense risk	1,316	1,214
Life lapse risk	2,287	1,835
Diversification	(1,344)	(1,003)
	3,515	2,869

C.1.1 Insurance risk exposure

The Company is exposed to only a limited level of underwriting risk.

All of the policies pay a benefit on death of the life assured to provide payment for a funeral.

In the current interest rate environment the reserve held for each policy in the legacy book is lower than the current benefit levels. As discount rates are now higher than the expected long term inflation rate that benefits are expected to increase by, there is a risk that the population of lives assured die earlier on average than assumed in the reserving calculations and that would result in less time for the positive real return assumed in the reserve calculation to be earned. There is also a risk that expenses increase over the period that the liabilities remain in-force such that the provisions made are inadequate.

The nature of underwriting risk exposure can change over time for both the legacy and ELLIS portfolios depending on the level of longer term risk free rates. The rise in the level of the risk free curve is the reason for the rise in the Company's mortality risk. Although for the ELLIS product expense risk is expected to be the most significant underwriting risk in the long term, currently the lapse risk on this business is the largest underwriting risk.

The risk exposure is measured as part of the ongoing process of valuation of the Company's liabilities and the mortality experience of the portfolio is investigated annually.

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Over the year there has been a reduction in total risk exposure for the legacy book as the number of in-force policies continues to run-off. However, with the Company open to new business the number of policies in force continues to grow and, as a result, underwriting risk is expected to increase over time, in particular, expense risks.

C.1.2 Insurance risk concentration

All policies have been underwritten in the UK on lives of UK residents, but there is no identified further concentration of risk within this group.

C.1.3 Insurance risk mitigation

This risk has overlaps with market risk as it relates to reinvestment risk in the event of increased longevity.

In the legacy book, the primary technique for mitigating this risk is to match expected assets cash flows to the expected level of death payments by year. This position is monitored at least annually by the Actuarial Function who will also monitor the Company's and the wider population's experience to ensure that reserving assumptions remain appropriate.

C.1.4 Insurance risk sensitivity

Sensitivity analysis is carried out to identify the immediate impact on technical provisions in the event of a reassessment of mortality rates, an increase in unit per policy expenses and higher than expected expense inflation. These concluded that the Company is able to remain comfortably solvent in the event of such stresses.

C.2 Market risk

The following table provides a quantitative overview of the Company's level of exposure to market risk:

Market risk	2025	2024
	£'000	£'000
Interest rate risk	3,458	5,128
Spread risk	3,760	5,227
Equity risk	10,969	10,837
Market concentration risk	1,036	1,070
Currency risk	2,088	2,230
Market diversification	(6,057)	(7,587)
	15,254	16,905

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C.2.1 Market risk exposure

The Company manages its investment assets in three distinct categories. Firstly, the Company holds assets to back the technical provisions held for its legacy business insurance obligations and some surplus in respect of risk capital associated with these assets and liabilities. Secondly, it invests in a structured note which provides returns to policyholders in the unit linked whole-of-life funeral plan backing product (called the ELLIS product). Finally, it maintains a shareholders' fund and where there is an appetite for bearing greater levels of market risk, particularly equity and interest rate risk.

There is a low appetite for market risk with regard to the legacy business. The main risk exposure is to spread risk and default risk on the portfolio of index-linked corporate bonds. This exposure is defined by the value of corporate bonds held and measured by assessing likelihoods of spreads widening and default rates over future periods.

Whilst the spread risk can cause volatility in the Company's balance sheet over short time periods, the strategy of holding bonds to maturity should mean that permanent losses will not occur unless bonds default. There was small increase in the proportion of holdings of corporate bonds over the reporting period, leading to relatively small increase in the level of this risk. Limits are set for the exposure to a single counterparty and any sub-investment quality bonds are permitted only if approved by the Board.

The matching of assets and liabilities by duration means that the net exposure to interest rate risk is kept to a level commensurate with risk appetite. There is no currency risk for the legacy business as all assets and liabilities are in pounds Sterling.

As a unit linked product the ELLIS product passes a significant proportion of the market risk to the policyholders. However, the presence of a return of premium guarantee means that there is material market risk for the Company. The structured note backing the unit linked liability is invested in a combination of equities, bonds and cash which exposes the Company to equity, currency, spread and interest rate risks. To mitigate these risks the structured note includes a put option which significantly reduces its market risk.

The most material market risks that the Company is exposed to from investments in the shareholders' fund are:

- equity risk, with a significant proportion of the fund (£11.2m) being invested in equities, primarily through investment in Open Ended Investment Companies (OEICs);
- currency risk arising from investment in overseas assets (£0.4m), primarily equities, in order to provide some diversification and gain from opportunities in different economies;
- spread risk and default risk, arising from investment in corporate bonds; and
- interest rate risk – the fund has £23.5m invested in fixed-interest stocks where there is a risk of falls in value in the event of rises in interest rates.

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The market risk profile of the shareholders' fund has changed materially over the year due to the payment dividends to EIO which has led an increase in the proportion held in fixed-interest government bonds and a reduction in foreign currency, equity and corporate bond holdings.

C.2.2 Compliance with prudent person principle

The investment mandates for the shareholders fund and non-linked portfolios specify the types of assets that the Company wishes to invest in. These only permit acquiring assets where the risks are well-understood and does not allow complex asset structures. There are no material investments in assets other than equity, fixed interest, and cash. Most of the exposure to equities is through investment in collective investment funds. Regular investment risk reports are provided from the asset managers that enable the Company to fully understand the risks in the assets. These reports are reviewed by the Group's Market & Investment Risk Executive Meeting (MIREM). The assets in this fund are included in the Group's economic capital model, so are quantitatively assessed.

Limits are placed at an EIO level on the proportions of assets that can be invested in the various asset classes, countries and industry sectors, exposure to single counterparties and quality of issuers. These limits are tracked regularly. No investments in non-standard assets are permitted without sign-off by the MIREM and the ELL Board, and no such assets are currently held by the Company.

The only derivative the Company invested in over the reporting period is a put option within the structured note backing the ELLIS product. All investment risks are monitored regularly and overseen by the Board. In particular the performance of the structured note is checked on a monthly basis in order to ensure that the price is being calculated correctly in line with the contract and that the performance is in line with expectations.

C.2.3 Market risk concentration

The majority of market risk exposure is located in the UK. The largest exposure is to the UK government, with 17% of total investments being in UK gilts. There are no other material concentrations of market risk as the portfolio is well diversified. Other than government stock, the largest single exposure is 2% of total investments.

C.2.4 Market risk mitigation

The main market risk mitigation technique adopted by the Company for the legacy portfolio is matching of expected future liability cash-flows with appropriate assets. In particular, all assets held at 31 December 2025 to notionally back the technical provisions for the legacy business insurance contracts shared the characteristics with the liabilities of being denominated in pounds Sterling and linked to the Retail Prices Index, so mitigating these elements of currency and inflation risk.

Further interest rate risk is mitigated by matching of duration of cash-flows across the portfolio. This position is monitored regularly and the assets held changed as necessary to maintain sufficiently close matching.

For the ELLIS product the main market risk mitigation technique is the use of a put option within the structured note to provide downside protection from market volatility. This is alongside the ensuring that the underlying assets held within the structured note are well diversified.

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C.2.5 Market risk sensitivity

Stress tests have been carried out to assess the effect of adverse changes in market conditions on the profits and solvency position of the Company. This includes falls in equity markets, changes in interest rates, widening of spreads on corporate bonds and defaults of the largest counterparty. These concluded that the Company is able to remain comfortably solvent in the event of such stresses.

C.3 Credit risk

C.3.1 Credit risk exposure

The only material credit risk exposures of the Company are in respect of cash held in banks and to the issuer of the structured note backing the ELLIS product.

C.3.2 Credit risk concentration

The largest credit risk exposure at 31 December 2025 was from the structured note investment backing the ELLIS product.

C.3.3 Credit risk mitigation

The Company does not hold substantial cash bank balances. It uses different banks for its investment and operational accounts. The credit risk exposure to the structured note is limited by the existence of collateral assets equal to 103% of the structured note's value.

C.3.4 Credit risk sensitivity

This risk is straightforward to assess for cash held in banks. A default by a bank could potentially lead to loss of all funds deposited at that bank. The risk associated with the structured note is more complex to assess but is largely mitigated by the collateral held. The maximum downside for the Company, leading to a full loss of the maximum amount of exposure, would not cause material financial concern.

C.4 Liquidity risk

C.4.1 Liquidity risk exposure

The Company has identified potential triggers for the crystallisation of liquidity risk, being:

- more deaths in a period than those assumed in the best estimate projections;
- a significant number of policy surrenders, though this is assessed to be low with a relatively small number occurring each year; and
- expenses exceeding projected levels.

None of these circumstances are assessed as being sufficiently severe to cause concern. The monitoring of expected future asset and liability cash-flows enables this risk to be assessed.

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C.4.2 Liquidity risk concentration

All of the assets held to meet future payments to legacy business policy holders are invested in government or corporate bonds, 45% of which, by market value at 31 December 2025, are issued by the UK government, with the balance being distributed across various counterparties with no significant concentrations of liquidity risk.

Trades on the structured note backing the new funeral plan product are only actioned once a month. This could ultimately lead to increased liquidity risk as there is potentially a lag between a claim being paid out and the funds being realised from the structured note. However, at this stage this risk is not particularly material as the number of claims occurring on this business is still relatively small.

C.4.3 Liquidity risk mitigation

The Company carries out regular forecasts of future expected cash-flow requirements and maintains cash balances that are sufficient to cover these for several months in normal conditions. The Company operates a “hold to maturity” strategy for assets backing the legacy business liabilities, with the portfolio constructed so that assets are usually available to meet emerging benefit payment requirements. Most of the Company’s investments held to back these insurance liabilities are highly liquid assets so should be readily accessible in stressed circumstances.

C.5 Operational risk

C.5.1 Operational risk exposure

The Company defines operational risk as “The risk of loss arising from inadequate or failed internal, processes, people and systems, or from external events”. The definition includes conduct of business, other aspects of compliance and legal risk but excludes strategic and reputational risks which are considered separately in section C.6. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

Senior management carries out an ongoing assessment of the operational risks, with support from the Group’s risk function and this assessment is reviewed by the Board. The Company is exposed to a number of different types of operational risk which at a high level can be categorised as people risk, systems risk, process risk, regulatory risk, legal risk, and external environmental factors. The most material risks to which the Company is exposed are key-person risk, due to the scale of the business and its reliance on a small number of staff and systems risk. There have been no material changes in risk exposure over the reporting period.

C.5.2 Operational risk concentration

The small scale of the Company’s operations can be considered to give a concentration of operational risk. It operates with a single administration system and a small team of people which creates single points of failure and key-person risk. Management of this is recognised as necessary to ensure sufficient resilience of the business with the risk being accepted as an inevitable consequence of the size and nature of the firm.

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C.5.3 Operational risk mitigation

The Company accepts operational risk as a natural consequence of doing business. Mitigation is sought where it is cost effective to do so or where there is a regulatory requirement.

Mitigation techniques with respect to operational risk centre on the use of preventative and detective controls. Preventative controls are sought to either avoid a particular risk materialising or lessening its impact if it does. Detective controls also provide value in helping to flag that a risk exposure is changing or is impacting business activities in a particular way. This allows corrective actions to be taken or planned to ensure that the risk exposure will not threaten the achievement of the strategic objectives of the Company.

The wide range of mitigation techniques used to manage operational risk reflects the diversity of the drivers within this category of risk. Specific operational risk mitigation techniques are recorded in a risk profile. The techniques are assessed according to their design and operational effectiveness, with further actions put in place where deficiencies are identified. These assessments are made on a regular basis as part of formal risk profile reviews. These regular assessments enable the ongoing effectiveness of the various mitigation techniques to be reviewed and actions taken where required.

The EIO RC provides oversight of the relevant risk across EIO. Escalation and monitoring reports are provided to this committee to provide information on the key risk exposures and mitigants.

C.5.4 Operational risk sensitivity

The Company has carried out scenario analysis for the operational risks identified as the most material. This has involved key managers in the business, with assistance from the Group Risk function, considering the range of circumstances that could trigger an operational risk event, assessing the controls in place and determining likely actions that would take place in the event of these risks crystallising.

This analysis concluded that the key risks are being managed appropriately and the Board agreed with the actions that would be taken.

C.6 Other material risks

C.6.1 Other Material Risk exposure

The other material risks that the Company is exposed to are strategic, group and reputational risk.

Strategic risk relates to risks associated with the effective development and implementation of the Company's strategy. The Company writes new business through a very limited number of channels which increases the level of strategic risk. The Company plans to continue its strategy of managing the operations effectively and prudently.

Group risk relates to exposures resulting from belonging to a Group of operating companies. One particular risk that applies to each Company that is part of a group is contagion risk, the effect of an event in one part of the Group having an adverse impact on other parts of the Group.

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Reputational risk relates to exposures that would result in negative reputational impacts upon the Company were they to occur. Reputational risks are often attached with other risk types, for example, a regulatory breach (operational risk) will have reputational risks associated with it.

C.6.2 Other Material risk concentration

There are no material risk concentrations from these risks and they have remained largely unchanged over the reporting period.

C.6.3 Other Material risk mitigation

The Company's system of governance covered in section B helps to mitigate these risks.

C.6.4 Other Material risk sensitivity

All of these risks have been considered when developing the business plans and actions have been derived to address the risks identified. All key risks are also explored within the stress testing and scenario analysis framework in order to ensure that the business has a good understanding of their potential impacts.

C.7 Any other information

There is no other material information to report regarding the risk profile of the Company.

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D. Valuation for solvency purposes

Following the implementation of SII on 31st December 2024, any articles referred to are in line with the PRA Rulebook.

All material asset and liability classes, including technical provisions, have been valued in accordance with the PRA Rulebook.

As permitted by the PRA Rulebook, the valuation of assets and liabilities are based, where appropriate, on the valuation method used in the preparation of the annual financial statements. The financial statements have been prepared in accordance with international financial reporting standards (IFRS) and audited by external auditors.

Material assets and liabilities are defined as assets and liabilities that are valued in excess of £263k (Equivalent to 1% of IFRS net assets).

International Accounting Standard (IAS) 39, Financial Instruments: Measurement and Recognition, requires the classification of certain financial assets and liabilities into separate categories for which the accounting requirement is different.

The classification depends on the nature and purpose of the financial assets and liabilities, and is determined at the time of initial recognition. Financial instruments are initially measured at fair value. Their subsequent measurement depends on their classification.

The ELLIS product launched by the Company in 2021 has no significant insurance risk and is therefore classified as a financial instrument in the preparation of the annual financial statements. The Company recognises a liability measured at fair value. The fair value of these liabilities is estimated based on an arms-length transaction between willing market participants with consideration given to the cost of the guarantee to the policyholders. The cost of the guarantee to policyholders is determined using risk free rates of return, with the associated volatility assumption and allowing for the costs of administration associated with this low risk investment strategy.

Financial instruments designated as at fair value through profit or loss and hedge accounted derivatives under International Financial Reporting Interpretations Committee (IFRIC) 16 are subsequently carried at fair value. All other financial assets and liabilities are held at amortised cost using the effective interest method, except for short-term receivables and payables where the recognition of interest would be immaterial.

The Directors consider that the carrying value of those financial assets and liabilities not carried at fair value approximates to their fair value.

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D.1 Assets

D.1.1 Solvency II valuation of assets

Reconciliation from IFRS to Solvency II valuation	31 Dec 25 As reported IFRS Basis	Reclassify to aid comparison	31 Dec 25 Reclassified IFRS valuation	Net valuation movement	31 Dec 25 SII Valuation
	£'000	£'000	£'000	£'000	£'000
Total assets	244,051	229	244,280	(1,466)	242,814
Total liabilities	217,765	229	217,994	(11,767)	206,227
Net assets	26,286	-	26,286	10,301	36,587
Analysis of Assets					
Deferred tax asset	1,466	-	1,466	(1,466)	-
Investments	239,893	497	240,390	-	240,390
Receivables (trade, not insurance)	497	(497)	-	-	-
Any other assets	(229)	229	-	-	-
Cash and cash equivalents	2,424	-	2,424	-	2,424
Total assets	244,051	229	244,280	(1,466)	242,814

The table includes reclassification of certain IFRS assets and liabilities to aid comparability. Moving a balance from assets to liabilities removes the need to disclose the same difference in both assets and liabilities.

A description of how the assets have been valued, and any differences from the IFRS valuation, is explained below:

Deferred tax asset

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

The deferred tax asset relates to carried forward taxable trading losses and are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

For SII the deferred tax asset has been recalculated to take into account the valuation differences between the financial statements and the SII valuation of assets and liabilities.

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Investments – overview

The fair value measurement basis used to value investments held at fair value is categorised into a fair value hierarchy as follows:

Level 1: fair values measured using quoted bid prices in active markets for identical assets. 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, either directly (i.e. as prices) or indirectly (i.e. 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. 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.

Level 3: fair values measured using inputs for the asset 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 Company's functional currency and adjusted to reflect illiquidity where appropriate, with the fair values disclosed being directly sensitive to this input.

Receivables (trade, not insurance)

Accrued interest of £497k included within 'receivables (trade, not insurance)' in the financial statements have been moved to investments as investment valuations are inclusive of accrued interest for SII. This is a presentational difference only with no change in value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. As cash balances are not subject to a significant risk of change in value, they are considered to be held at fair value.

Other assets

Intercompany debtor balances with the Company's parent and other entities within the wider group are shown as any other assets. The balances are repayable on demand, and the amortised cost is assumed to approximate to fair value.

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D.2 Technical provisions

D.2.1 Solvency II valuation of technical provisions and assumptions used

The total value of technical provisions at 31 December 2025 was:

Technical provisions	2025 £'000	2024 £'000
Legacy business		
Best estimate liabilities	40,031	44,670
Premium debtors	(524)	(924)
Risk margin	77	87
	39,584	43,833
ELLIS product		
Best estimate liabilities	163,757	127,984
Premium debtors	-	-
Risk margin	425	328
	164,182	128,312
Total technical provisions	203,766	172,145

Technical provisions are valued by projecting probability-weighted future cash-flows using best-estimate assumptions and discounting these to the reporting date using a risk-free curve specified by the PRA.

The main assumptions made for this are:

- mortality – 95% of population mortality tables, ELT16M (males) and ELT16F (females) in 2026 with improvement of 1% per annum in future years;
- surrender rates – 0.4% p.a.
- benefit escalation (Retail Prices Index (RPI)) for legacy business – derived from market inflation swap rates at the reporting date (31 December 2025); and
- future renewal expenses – Legacy whole-of-life: £20.03 per policy per annum, inflating at RPI (as above) plus 0.75% per annum. New whole-of-life: 0.3% p.a. of AUM and £7.15 per policy per annum, inflating at RPI plus 0.75% per annum.

D.2.2 Level of uncertainty

Judgement is made to derive all of the assumptions used in the calculation of technical provisions. For each of these the actual future outcomes may differ from the values assumed, giving uncertainty in the value of technical provisions.

The assumed level of future inflation will affect the value of assumed future legacy business benefit payments and so the value of technical provisions. The assumptions are derived from market swap rates at the reporting date and are consistent with the methodology used to set the risk-free yields.

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The value of technical provisions is relatively sensitive to surrender rates assumed despite surrender rates on ELL's business being very low in absolute terms.

The assumption of future levels of mortality will have a relatively minor impact on the value of technical provisions. Experience of this portfolio of business has been sufficiently credible to give comfort that the long-term level of mortality in 2025 will not deviate materially from the base level assumption.

For the future improvements in mortality, the uncertainty that would lead to an increase in value of liabilities is related to lower annual rates of improvement than assumed.

The expenses incurred in running off the in-force business could differ from assumed levels.

Comparison of Solvency II technical provisions with valuation in annual financial statements:

Reconciliation from IFRS to SII	2025	2024
	£'000	£'000
IFRS reserves (<i>Legacy business</i>)	44,702	49,078
Deduct IFRS Risk Adjustment	(418)	(372)
Deduct Contractual Service Margin	(5,924)	(6,439)
Expenses assumed	(82)	(92)
Real interest rate	981	1,284
Investment expenses	248	287
Explicit Risk Margin	77	87
SII technical provisions	<u>39,584</u>	<u>43,833</u>
Life business liabilities (<i>ELLIS product</i>)	172,375	133,706
Impact of investment assumptions	(8,618)	(5,722)
Explicit Risk Margin	425	328
SII technical provisions	<u>164,182</u>	<u>128,312</u>
Total SII technical provisions	<u>203,766</u>	<u>172,145</u>

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Legacy insurance business

A key difference between the valuation of liabilities for solvency purposes and those used in the financial statements is that the latter includes a contractual service margin. In addition, the latter includes a risk adjustment for non-financial risks whereas the former incorporates a risk margin calculated on a different basis. The underlying best estimates are the same for both bases with the exception of the expense assumptions and discount rates used.

The SII valuation discounts cash-flows using a risk-free curve derived from swap rates with the addition of a volatility adjustment (24 basis points at 31 December 2025), whilst the valuation for the financial statements uses a discount rate curve based on the government bond yields plus an illiquidity risk premium.

ELLIS product

The ELLIS product is classified as an investment contract. Life business liabilities are valued in the IFRS annual report and accounts at fair value. The fair value of these liabilities is estimated based on an arms-length transaction between willing market participants with consideration given to the cost of the guarantee to the policyholders. For SII life business liabilities are transferred to technical provisions. As noted above, valuation technical provisions is covered in section D.2.

D.2.3 Use of the matching adjustment

The matching adjustment has not been used in the calculation of technical provisions.

D.2.4 Use of the volatility adjustment

The volatility adjustment is used to calculate the value of technical provisions for the legacy single premium funeral plan business only, the unadjusted risk free curve is used for the rest of ELL's business.

If the volatility adjustment was changed to zero, the impact would be an increase in technical provisions of £649k, a decrease in the SCR of £40k, and a decrease of £649k in both basic own funds and amount of own funds eligible to cover the SCR and the MCR.

D.2.5 Use of the transitional risk-free interest rate-term structure

The transitional risk-free interest rate term has not been used in the calculation of technical provisions.

D.2.6 Use of the PRA Rulebook's transitional deduction

The transitional risk-free interest rate term structure and transitional deduction are not applied in calculating the technical provisions.

D.2.7 Recoverables from reinsurance contracts and special purpose vehicles

There are no recoverables assumed from reinsurance contracts or special purpose vehicles. This is unchanged from the previous reporting period.

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D.2.8 Material changes in the assumptions made in the calculation of technical provisions compared to the previous reporting period

The most material changes in the relevant assumptions made in the calculation of technical provisions compared to the previous reporting period are those reflecting economic conditions and outlook at the reference dates of the respective calculations.

D.3 Other liabilities

D.3.1 Solvency II valuation of other liabilities

A copy of the QRT 'S.02.01.02 – Balance sheet' is included in Appendix 1. The table below summarises the SII valuation and the variance against the financial statements prepared in accordance with IFRS, with a breakdown of the valuation of liabilities:

Reconciliation from IFRS to Solvency II valuation	31 Dec 25 Reported IFRS Basis	Reclassify to aid comparison	31 Dec 25 Reclassified IFRS valuation	Net valuation movement	31 Dec 25 SII Valuation
	£'000	£'000	£'000	£'000	£'000
Total assets	244,051	229	244,280	(1,466)	242,814
Total liabilities	217,765	229	217,994	(11,767)	206,227
Net assets	26,286	-	26,286	10,301	36,587
Analysis of Liabilities					
Technical provisions - life	44,702	172,375	217,077	(13,311)	203,766
Payables (trade, not insurance)	172,732	(172,375)	357	-	357
Deferred tax liabilities	318	-	318	1,544	1,862
Provisions other than technical provisions	13	-	13	-	13
Other Liabilities	-	229	229	-	229
Total liabilities	217,765	229	217,994	(11,767)	206,227

As explained in section D.1, the table includes reclassification of certain IFRS assets and liabilities to aid comparability. A description of how the liabilities have been valued, and any differences from the IFRS valuation, are explained below:

Technical provisions – life

The valuation of technical provisions and differences in methodology compared with the financial statements are covered in section D.2.

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Payables (Trade, not insurance)

Except for life business liabilities, all balances recognised are short-term in nature and so their carrying value in the financial statements is deemed to be an appropriate approximation of fair value.

Life business liabilities are valued in the IFRS annual report and accounts at fair value. The fair value of these liabilities is estimated based on an arms-length transaction between willing market participants with consideration given to the cost of the guarantee to the policyholders. For SII life business liabilities are transferred to technical provisions. As noted above, valuation of technical provisions is covered in section D.2.

Provisions other than technical provision

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is more probable than not.

Deferred tax liabilities

The calculation of deferred tax is covered in section D.1.

D.4 Alternative methods for valuation

No alternative valuation methods have been adopted for the valuation of assets or liabilities.

D.5 Any other information

There is no further material information regarding the valuation of assets and liabilities for solvency purposes.

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E. Capital Management

Under SII, capital that the Company can use to meet its regulatory SCR and MCR is called Own Funds.

Off balance sheet items that can be called upon to absorb losses are called Ancillary Own Funds. The Company does not hold any such items.

The excess of assets (section D.1) over liabilities (section D.3) plus qualifying subordinated debt less any foreseeable distributions constitutes basic own funds:

Basic Own Funds	2025	2024
	£'000	£'000
Solvency II valuation of assets	242,814	235,856
Solvency II valuation of liabilities	<u>(206,227)</u>	<u>(173,743)</u>
Excess of assets over liabilities	36,587	62,113
Foreseeable distributions	<u>-</u>	<u>(20,000)</u>
Basic Own Funds	<u>36,587</u>	<u>42,113</u>

Foreseeable distributions are future expense items such as dividends that have been approved for payment by the Board. The Company has paid a dividend of £30m to EIO in 2025. The Company has no subordinated debt.

E.1 Own funds

E.1.1 Own funds - objectives, policies and processes

The policy provides a robust framework for the management and control of capital that underpins business performance and supports the strategic development of the Company. The policy can be summarised as follows:

Regulatory and Legislative

- ensure current and future rules are monitored and understood, particularly regarding the definition of capital (quality and fungibility) and various capital requirements.

Definition and monitoring of Capital Available

- ensure capital is maintained at a sufficient quality in order to meet current and future capital requirements, in accordance with regulatory and rating agency restrictions;
- ensure the Company has a defined risk appetite regarding the quality and tiering of capital required to meet its own internal appetite for solvency;
- ensure there is sufficient capital held in order to satisfy local capital requirements, regulatory or otherwise;

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- ensure that fungibility restrictions are carefully monitored and controlled to avoid having a detrimental impact on the Company's solvency position, regulatory or otherwise;
- ensure that the level of capital available is monitored on a regular basis in accordance with an agreed process; and
- ensure there is regular monitoring and review of the quality, tiering and fungibility of capital, in order to assess whether the above targets are met on an ongoing basis.

Definition and monitoring of our Capital Requirements

- ensure all current and future capital requirements, regulatory or otherwise, are understood at all times;
- ensure the Company has an agreed definition of an 'Economic Capital Requirement', reflecting its own view of risk;
- ensure the Company has an agreed risk appetite to ensure a satisfactory level of capital coverage on all relevant bases including a statement of coverage for its economic capital and regulatory capital;
- ensure the Company has at least enough capital to meet its regulatory requirements at all times;
- ensure all Company capital requirements covered by the risk appetite are calculated and the relevant solvency position reviewed on a regular basis in accordance with an agreed process;
- ensure that relevant stakeholders are informed of any changes to solvency positions in excess of agreed reporting levels; and
- ensure that future capital requirements and projected solvency positions throughout the period of the business plan are assessed in the ORSA process.

Principles around the Distribution and Raising of Capital

- ensure there is a clearly defined process for assessing the level of any dividends and donations prior to any payment being made;
- ensure there is a clearly defined process for monitoring market conditions and future capital needs in order to assess the requirement and benefit of capital raising or redemptions; and
- ensure the appropriateness for raising or redeeming capital is assessed against all other principles outlined in the Policy.

Principles around the Allocation and Use of Capital

- ensure there is an agreed approach for allocating Economic Capital to different risks;
- ensure the Company has an agreed return on capital target which is aligned to the expectations of all key stakeholders;
- ensure there is an agreed approach to setting and monitoring the return on capital of the Company;
- ensure that there is a clear process for determining when a strategic decision should take into account a capital perspective; this must cover all decisions that materially change the use of capital or solvency position; and
- ensure that each such decision-making considers the impact on solvency, capital allocation, return on capital and any other principles included in the Policy.

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Reporting

The Board will continue to monitor and maintain the integrity of the capital management policy, standards and guidance to ensure they reflect the culture of the business and the regulatory environment in which it operates.

Reports detailing performance against this policy or any business critical changes will be reviewed periodically, but at least annually, by the Group Finance and Investment Committee. Any breaches of policy are escalated immediately to management and reported to the Group Risk and Compliance functions.

Business planning and budgeting is undertaken on an annual basis, covering a three year planning horizon.

E.1.2 Movement in own funds compared to prior period

A copy of the QRT 'S.23.01.01 – Own Funds' is included in Appendix 6. The table below is a summary of own funds, by tier, with comparison to the prior year:

Analysis of Available Own Funds	Total	Tier 1		Tier 2	Tier 3
		Unrestricted	Restricted		
2025	£'000	£'000	£'000	£'000	£'000
Ordinary share capital	10,000	10,000	-	-	-
Value of net deferred tax asset	-	-	-	-	-
Reconciliation reserve	26,587	26,587	-	-	-
	<u>36,587</u>	<u>36,587</u>	<u>-</u>	<u>-</u>	<u>-</u>
2024					
Ordinary share capital	10,000	10,000	-	-	-
Value of net deferred tax asset	774	-	-	-	774
Reconciliation reserve	31,339	31,339	-	-	-
	<u>42,113</u>	<u>41,339</u>	<u>-</u>	<u>-</u>	<u>774</u>
Movement in own funds					
Ordinary share capital	-	-	-	-	-
Value of net deferred tax asset	(774)	-	-	-	(774)
Reconciliation reserve	(4,752)	(4,752)	-	-	-
	<u>(5,526)</u>	<u>(4,752)</u>	<u>-</u>	<u>-</u>	<u>(774)</u>

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The ordinary share capital is called up, issued and fully paid, and is classified as unrestricted tier 1 capital as it meets the relevant requirements of the PRA Rulebook.

The reconciliation reserve is primarily retained earnings from the financial statements adjusted for differences in valuation between the financial statements and SII, as covered in section D.

The table below summarises the key movements in the reconciliation reserve between the current and prior year:

Movement in reconciliation reserve	£'000
Prior year balance	<u>31,339</u>
IFRS Retained earnings for year	2,126
Dividends paid	(10,000)
Prior Year adjustment	257
Movement in revaluation of SII technical provisions from IFRS reserves	2,672
Movement in SII valuation of other assets	-
Movement in SII recalculation of deferred tax asset	(581)
Movement in Foreseeable dividends, distributions and charges	-
Recognition of deferred tax asset as tier 3 capital	<u>774</u>
Total movement for year	<u>(4,752)</u>
Current year balance	<u>26,587</u>

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E.1.3 Eligible amount of own funds available to cover the Solvency Capital Requirement and Minimum Capital Requirement

The table below summarises the own funds eligible to cover the SCR:

Analysis of eligible own funds available to cover SCR	2025 £'000	2024 £'000
Unrestricted tier 1 capital	36,587	41,339
Restricted tier 1 capital	-	-
Total eligible tier 1 capital	36,587	41,339
Restricted tier 1 relegated to tier 2	-	-
Other tier 2 capital	-	-
Total eligible tier 2 capital	-	-
Eligible tier 3 capital	-	774
Total eligible capital	36,587	42,113
Ineligible capital	-	-
Total own funds available	36,587	42,113

Only 15% of the Company's SCR can be covered by tier 3 capital. The Company's tier 3 capital is below the threshold and therefore is wholly available.

The table below summarises the own funds eligible to cover the MCR:

Analysis of eligible own funds available to cover MCR	2025 £'000	2024 £'000
Unrestricted tier 1 capital	36,587	41,339
Restricted tier 1 capital	-	-
Total eligible tier 1 capital	36,587	41,339
Restricted tier 1 relegated to tier 2	-	-
Other tier 2 capital	-	-
Total eligible tier 2 capital	-	-
Total eligible capital	36,587	41,339
Ineligible capital	-	774
Total own funds available	36,587	42,113

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Tier 3 capital cannot be used to cover the Company’s MCR requirement and therefore is wholly ineligible.

E.1.4 Comparison between Solvency II own funds and equity reported in the financial statements

Reconciliation from IFRS net assets to Solvency II available own funds	2025	2024
	£'000	£'000
Equity as reported in IFRS Financial Statements	26,286	53,902
Revalue technical provisions	13,311	10,639
Remove prepayments and other items with no SII fair value	-	-
Remove foreseeable dividends, distributions and charges	-	(20,000)
Recalculation of deferred tax	(3,010)	(2,428)
Solvency II valuation of own funds	36,587	42,113

Technical provisions are valued on a SII basis as described in section D.2. The SII recalculation of the deferred tax asset is described in section D.1.

E.1.5 Transitional arrangements

There are no own fund items that are subject to transitional arrangements.

E.1.6 Ancillary own funds

No ancillary own funds have been recognised.

E.1.7 Items deducted from own funds and restrictions affecting the availability and transferability of own funds

No items have been deducted from basic own funds, and there are no significant restrictions affecting the availability and transferability of own funds.

E.2 Solvency Capital Requirement [SCR] & Minimum Capital Requirement [MCR]

E.2.1 SCR and MCR

The SCR is the amount of capital that the Company is required to hold as required by the SII PRA Rulebook. The Company uses the Standard Formula SCR calculation which is defined in the SII and the PRA Rulebook. This is formula based and consists of modules for each risk type, and adjustments for diversification and the loss absorbing capacity of deferred tax. A breakdown of the SCR elements applicable to the Company is given in the following section.

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The MCR is the higher of the absolute floor (£3,500k) and the combined MCR (£3,931k).

The combined MCR is based on the linear MCR, subject to a cap (45% of the SCR) and floor (25% of the SCR). The Linear MCR is a simplistic calculation based on factors applied to net written premiums and net best estimate of technical provisions, analysed by class of business.

A copy of the QRT 'S.25.01 – Solvency Capital Requirement' and 'S.28.01 – Minimum Capital Requirement' are reproduced in Appendices 7 and 8 respectively. As at 31 December 2025 the SCR for the Company was £15,722k, and the MCR was £3,931k. Both amounts are still subject to supervisory assessment.

Changes to the SCR and MCR compared to the prior period

Movement in Capital Requirements	2025 £'000	2024 £'000	Change £'000
Market risk	15,254	16,905	(1,651)
Counterparty default risk	516	1,060	(544)
Life underwriting risk	3,515	2,869	646
Diversification	(2,643)	(2,672)	29
Basic Solvency Capital Requirement (BSCR)	16,642	18,162	(1,520)
Operational risk	598	403	195
Loss absorbing capacity of deferred tax	(1,518)	(1,197)	(321)
SCR	15,722	17,368	(1,646)
MCR	3,931	4,342	(411)

The decrease in market risk was primarily the result of the payment of a significant amount of dividends during 2025 this was partially offset by a number of factors including the increase in the size of the ELLIS book of business and a rise in equity markets. The spread risk in particular has reduced significantly as bonds were included in the dividend payments.

The decrease in counterparty risk is down to a reduction in cash holdings. The increase underwriting risk was due to the increase in the ELLIS book of business and due to the increase in yields.

For the current year the MCR floor (25% of SCR) is above the absolute floor and so the MCR floor is being used as the biting movement for the SCR, this is in line with the prior year.

E.2.2 Use of simplified calculations and Undertaking-specific parameters

No simplifications or undertaking-specific parameters have been used in calculating the standard formula SCR. As no capital add-on has been applied, and no undertaking-specific parameters have been utilised, no illustration of their impact is necessary and use of the option provided for in the PRA Rulebook has not been made.

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E.2.3 Inputs used in the calculation of the MCR

A copy of the QRT 'S.28.01.01 - Minimum Capital Requirement' showing the inputs used for the calculation of the MCR is included in Appendix 8.

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

The duration-based equity risk sub-module has not been used.

E.4 Differences between the standard formula and the internal model

An internal model has not been used to calculate the Company's SCR.

E.5 Non-compliance with the MCR and non-compliance with the SCR

E.5.1 MCR non-compliance

There has been no breach of the MCR during the reporting period.

E.5.2 SCR non-compliance

There has been no breach of the SCR during the reporting period.

E.6 Any other information

No further information regarding the capital management of the Company is required.

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Appendix 1 – QRT IR.02.01.02 Balance Sheet

IR.02.01.02

Balance sheet

	Solvency II value
	C0010
Assets	
R0030 Intangible assets	0
R0040 Deferred tax assets	0
R0050 Pension benefit surplus	0
R0060 Property, plant & equipment held for own use	0
R0070 Investments (other than assets held for index-linked and unit-linked contracts)	80,463
R0080 <i>Property (other than for own use)</i>	0
R0090 <i>Holdings in related undertakings, including participations</i>	0
R0100 <i>Equities</i>	0
R0110 <i>Equities - listed</i>	0
R0120 <i>Equities - unlisted</i>	0
R0130 <i>Bonds</i>	66,985
R0140 <i>Government Bonds</i>	42,941
R0150 <i>Corporate Bonds</i>	24,044
R0160 <i>Structured notes</i>	0
R0170 <i>Collateralised securities</i>	0
R0180 <i>Collective Investments Undertakings</i>	13,478
R0190 <i>Derivatives</i>	0
R0200 <i>Deposits other than cash equivalents</i>	0
R0210 <i>Other investments</i>	0
R0220 Assets held for index-linked and unit-linked contracts	159,927
R0230 Loans and mortgages	0
R0240 <i>Loans on policies</i>	0
R0250 <i>Loans and mortgages to individuals</i>	0
R0260 <i>Other loans and mortgages</i>	0
R0270 Reinsurance recoverables from:	0
R0280 <i>Non-life and health similar to non-life</i>	0
R0315 <i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0340 <i>Life index-linked and unit-linked</i>	0
R0350 Deposits to cedants	0
R0360 Insurance and intermediaries receivables	0
R0370 Reinsurance receivables	0
R0380 Receivables (trade, not insurance)	0
R0390 Own shares (held directly)	0
R0400 Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410 Cash and cash equivalents	2,424
R0420 Any other assets, not elsewhere shown	0
R0500 Total assets	242,814

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	Solvency II value
	C0010
Liabilities	
R0505 Technical provisions - total	203,766
R0510 <i>Technical provisions - non-life</i>	0
R0515 <i>Technical provisions - life</i>	203,766
R0542 Best estimate - total	203,264
R0544 <i>Best estimate - non-life</i>	0
R0546 <i>Best estimate - life</i>	203,264
R0552 Risk margin - total	502
R0554 <i>Risk margin - non-life</i>	0
R0556 <i>Risk margin - life</i>	502
R0565 Transitional (TMTP) - life	0
R0740 Contingent liabilities	0
R0750 Provisions other than technical provisions	13
R0760 Pension benefit obligations	0
R0770 Deposits from reinsurers	0
R0780 Deferred tax liabilities	1,862
R0790 Derivatives	0
R0800 Debts owed to credit institutions	0
R0810 Financial liabilities other than debts owed to credit institutions	0
R0820 Insurance & intermediaries payables	0
R0830 Reinsurance payables	0
R0840 Payables (trade, not insurance)	357
R0850 Subordinated liabilities	0
R0860 <i>Subordinated liabilities not in Basic Own Funds</i>	0
R0870 <i>Subordinated liabilities in Basic Own Funds</i>	0
R0880 Any other liabilities, not elsewhere shown	229
R0900 Total liabilities	206,227
R1000 Excess of assets over liabilities	36,587

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Appendix 2 – QRT IR.05.02.01 Premiums, claims and expenses by country: Life insurance and reinsurance obligations

IR.05.02.01

Premiums, claims and expenses by country: Life obligations

	C0150	C0160	C0170	C0180	C0190	C0200	C0210
	Top 5 countries (by amount of gross premiums written)						Total Top 5 and home country
Home Country							
R1400	C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written							
R1410 Gross	50,882						50,882
R1420 Reinsurers' share							0
R1500 Net	50,882						50,882
Premiums earned							
R1510 Gross	50,882						50,882
R1520 Reinsurers' share							0
R1600 Net	50,882						50,882
Claims incurred							
R1610 Gross	20,420						20,420
R1620 Reinsurers' share							0
R1700 Net	20,420						20,420
R1900 Net expenses incurred	2,134						2,134

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Appendix 3 – QRT IR.05.03.02 Life income and expenditure

IR.05.03.02 Life income and expenditure

	Insurance with profit participation C0010	Index-linked and unit-linked insurance C0020	Life annuities C0030	Non-life annuities C0040	Other life insurance C0050	Health insurance C0060	Total life and health C0070
Premiums written							
R0010		50,368			-86		50,882
R0020	<i>Gross effect business</i>						0
R0020	<i>Gross reinsurance accepted</i>						0
R0030	Gross	50,368	0	0	-86	0	50,882
R0040	<i>Reinsurers' share</i>						0
R0050	Met	50,368	0	0	-86	0	50,882
Claims incurred							
F0110	<i>Gross effect business</i>	15,800			4,820		20,420
F0120	<i>Gross reinsurance accepted</i>						0
F0130	Gross	15,800	0	0	4,820	0	20,420
F0140	<i>Reinsurers' share</i>						0
F0150	Met	15,800	0	0	4,820	0	20,420
Expenses incurred							
F0160	<i>Gross effect business</i>	1,715			419		2,134
F0170	<i>Gross reinsurance accepted</i>						0
F0180	Gross	1,715	0	0	419	0	2,134
F0190	<i>Reinsurers' share</i>						0
F0200	Met	1,715	0	0	419	0	2,134
F0300	Other expenses						
Transfers and dividends							
R0440	Dividends paid						

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Appendix 4 – QRT IR.12.01.02 Life technical provisions

		IR.12.01.02 Life technical provisions						
		Best estimate						
		Life technical provisions						
		Amount of the transitional on Technical Provisions						
		C0010	C0020	C0030	C0040	C0060	C0080	C0070
		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
R0025	Gross Best Estimate (direct business)		163,757			39,507		203,264
R0026	Gross Best Estimate (reinsurance accepted)		163,757	0	0	39,507	0	203,264
R0030	Gross Best Estimate		163,757	0	0	39,507	0	203,264
R0080	Total Recoverables from reinsurer/SPV and Fintie Re after the adjustment for expected losses due to counterparty default							0
R0090	Best estimate minus recoverables from reinsurer/SPV and Fintie Re		163,757	0	0	39,507	0	203,264
R0000	Risk margin		425			77		502
		Amount of the transitional on Technical Provisions						
R0140	TMTP - risk margin							0
R0150	TMTP - best estimate dynamic component							0
R0160	TMTP - best estimate non-dynamic component							0
R0170	TMTP - amortisation adjustment		0	0	0	0	0	0
R0180	Transitional Measure on Technical Provisions		164,182	0	0	39,584	0	203,766
R0200	Technical provisions - total		164,182	0	0	39,584	0	203,766

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Appendix 5 – QRT IR.22.01.21 Impact of long term guarantees measures and transitionals

IR.22.01.21

Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
	C0010	C0030	C0050	C0070	C0090
R0010 Technical provisions	203,766	0	0	649	0
R0020 Basic own funds	36,587	0	0	-649	0
R0050 Eligible own funds to meet Solvency Capital Requirement	36,587	0	0	-649	0
R0090 Solvency Capital Requirement	15,722	0	0	-36	0
R0100 Eligible own funds to meet Minimum Capital Requirement	36,587	0	0	-649	0
R0110 Minimum Capital Requirement	3,931	0	0	-9	0

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Appendix 6 – QRT IR.23.01.01 Own Funds

IR.23.01.01 Own Funds

	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
R0010 Ordinary share capital (gross of own shares)	10,000	10,000	0	0	0
R0030 Share premium account related to ordinary share capital	0	0	0	0	0
R0040 Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0	0	0	0
R0050 Subordinated mutual member accounts	0	0	0	0	0
R0070 Surplus funds	0	0	0	0	0
R0090 Preference shares	0	0	0	0	0
R0110 Share premium account related to preference shares	0	0	0	0	0
R0130 Reconciliation reserve	0	0	0	0	0
R0140 Subordinated liabilities	26,587	26,587	0	0	0
R0160 An amount equal to the value of net deferred tax assets	0	0	0	0	0
R0180 Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0210 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0	0	0	0	0
R0250 Total basic own funds	36,587	36,587	0	0	0
Ancillary own funds					
R0300 Unpaid and uncalled ordinary share capital, callable on demand	0	0	0	0	0
R0310 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings, callable on demand	0	0	0	0	0
R0320 Unpaid and uncalled preference shares callable on demand	0	0	0	0	0
R0330 A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0	0	0	0	0
R0340 Letters of credit and guarantees	0	0	0	0	0
R0350 Letters of credit and guarantees other	0	0	0	0	0
R0360 Supplementary members calls	0	0	0	0	0
R0370 Supplementary members calls - other	0	0	0	0	0
R0390 Other ancillary own funds	0	0	0	0	0
R0400 Total ancillary own funds	0	0	0	0	0
Available and eligible own funds					
R0500 Total available own funds to meet the SCR	36,587	36,587	0	0	0
R0510 Total available own funds to meet the MCR	36,587	36,587	0	0	0
R0540 Total eligible own funds to meet the SCR	36,587	36,587	0	0	0
R0550 Total eligible own funds to meet the MCR	36,587	36,587	0	0	0
R0580 SCR	15,722				
R0600 MCR	3,931				
R0620 Ratio of Eligible own funds to SCR	232.71%				
R0640 Ratio of Eligible own funds to MCR	930.83%				
Reconciliation reserve					
R0700 Excess of assets over liabilities	36,587				
R0710 Own shares (held directly and indirectly)	0				
R0720 Foreseeable dividends, distributions and charges	10,000				
R0725 Deductions for participations in financial and credit institutions	0				
R0730 Other basic own fund items	0				
R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	26,587				
R0750 Reconciliation reserve					

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Appendix 7 – QRT IR.25.04.21 Solvency Capital Requirement

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

	C0010
Market risk	
R0070 Interest rate risk	3,458
R0080 Equity risk	10,969
R0090 Property risk	0
R0100 Spread risk	3,760
R0110 Concentration risk	1,036
R0120 Currency risk	2,088
R0125 Other market risk	
R0130 Diversification within market risk	-6,057
R0140 Total Market risk	15,254
Counterparty default risk	
R0150 Type 1 exposures	425
R0160 Type 2 exposures	79
R0165 Other counterparty risk	
R0170 Diversification within counterparty default risk	-17
R0180 Total Counterparty default risk	516
Life underwriting risk	
R0190 Mortality risk	1,238
R0200 Longevity risk	6
R0210 Disability-Waridity risk	0
R0220 Life-expense risk	1,316
R0230 Revision risk	0
R0240 Lapse risk	2,287
R0250 Life catastrophe risk	13
R0255 Other life underwriting risk	
R0260 Diversification within life underwriting risk	-1,344
R0270 Total Life underwriting risk	3,515
Health underwriting risk	
R0280 Health SLT risk	
R0290 Health non SLT risk	
R0300 Health catastrophe risk	
R0305 Other health underwriting risk	
R0310 Diversification within health underwriting risk	
R0320 Total Health underwriting risk	0
Non-life underwriting risk	
R0330 Non-life premium and reserve risk (ex catastrophe risk)	
R0340 Non-life catastrophe risk	
R0350 Lapse risk	
R0355 Other non-life underwriting risk	
R0360 Diversification within non-life underwriting risk	
R0370 Non-life underwriting risk	0
R0400 Intangible asset risk	
Operational and other risks	
R0422 Operational risk	598
R0424 Other risks	
R0430 Total Operational and other risks	598
R0432 Total before all diversification	27,302
R0434 Total before diversification between risk modules	19,883
R0436 Diversification between risk modules	-2,643
R0438 Total after diversification	17,240
R0440 Loss absorbing capacity of technical provisions	
R0450 Loss absorbing capacity of deferred tax	-1,518
R0455 Other adjustments	
R0460 Solvency capital requirement including undisclosed capital add-on	15,722
R0472 Disclosed capital add-on - excluding residual model limitation	
R0474 Disclosed capital add-on - residual model limitation	
R0480 Solvency capital requirement including capital add-on	15,722
R0490 Billing interest rate scenario	
R0495 Billing life lapse scenario	

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Appendix 8 – QRT IR.28.01.01 Minimum Capital Requirement

IR.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations		C0010		
R0010	MCR _{RL} Result	0	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
			C0020	C0030
R0020	Medical expense insurance and proportional reinsurance			
R0030	Income protection insurance and proportional reinsurance			
R0040	Workers' compensation insurance and proportional reinsurance			
R0050	Motor vehicle liability insurance and proportional reinsurance			
R0060	Other motor insurance and proportional reinsurance			
R0070	Marine, aviation and transport insurance and proportional reinsurance			
R0080	Fire and other damage to property insurance and proportional reinsurance			
R0090	General liability insurance and proportional reinsurance			
R0100	Credit and suretyship insurance and proportional reinsurance			
R0110	Legal expenses insurance and proportional reinsurance			
R0120	Assistance and proportional reinsurance			
R0130	Miscellaneous financial loss insurance and proportional reinsurance			
R0140	Non-proportional health reinsurance			
R0150	Non-proportional casualty reinsurance			
R0160	Non-proportional marine, aviation and transport reinsurance			
R0170	Non-proportional property reinsurance			
Linear formula component for life insurance and reinsurance obligations		C0040		
R0200	MCR _L Result	1,978	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
			C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits			
R0220	Obligations with profit participation - future discretionary benefits			
R0230	Index-linked and unit-linked insurance obligations		163,757	
R0240	Other life (re)insurance and health (re)insurance obligations		39,507	
R0250	Total capital at risk for all life (re)insurance obligations			2,588
Overall MCR calculation		C0070		
R0300	Linear MCR	1,978		
R0310	SCR	15,722		
R0320	MCR cap	7,075		
R0330	MCR floor	3,931		
R0340	Combined MCR	3,931		
R0350	Absolute floor of the MCR	3,500		
R0400	Minimum Capital Requirement	3,931		