



THE ORIGINAL HOLLOWAY FRIENDLY SOCIETY LIMITED

# Annual Report 2025

for the year ended 31 December 2025

Keeping life colourful

# Welcome from the Chair

Dear Members,

Welcome to the 2025 Annual Report and Accounts for the Original Holloway Friendly Society, which includes our Strategic Report and Financial Statements. There are six parts to this report.

First, there is an Overview from me, as your Society's Chair.

Second is the Strategic Report from the Chief Executive. It begins with an Overview followed by a Business Review and finally a description of the Risks to the Strategy and how we approach Risk Management.

Third is the Bonus Report, which shows how we calculate and share the bonus value with our Members.

Fourth is the Report of the Board of Management. This covers the activities of the Board and its Committees, including the Corporate Governance Report, followed by the Directors' Remuneration Report.

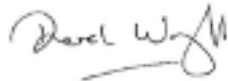
The fifth item is the report of the Independent Auditor.

The final item is the Financial Statements, including notes to explain their presentation.

The Society applied, in full, the Corporate Governance Code developed by the Association of Financial Mutuals for firms like ours.

I hope you find the content interesting and informative. We are always pleased to hear from you and we welcome any feedback or suggestions on our report, the progress of your Society or your experiences dealing with us. All Directors make a point of being available to talk to Members at the Annual General Meeting ('AGM') and this is an excellent way for you to raise any matter with us. Other ways you can contact us are listed on the back cover of this report.

Yours sincerely,



**Derek Wright**  
Chair  
02/04/2026

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# Officers, Professional Advisers and Registered Office

## The Board of Management ('Board')

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

Independent Non-Executive Directors

Chief Executive and Executive Director  
Chief Operating Officer and Executive Director  
Chief Risk Officer and Executive Director

Chief & With Profits Actuary  
Chief Actuary  
Company Secretary

Derek Wright  
Anna East<sup>1</sup>  
Andrew Horsley<sup>2</sup>  
Dave Cheeseman  
Anna East<sup>1</sup>  
Andrew Horsley  
Lynzi Harrison<sup>3</sup>  
Adrian Humphreys<sup>4</sup>  
John Gunn<sup>8</sup>

Ben Pears  
Suzy Esson<sup>5</sup>  
Sandy Richards<sup>6</sup>

Alison Carr<sup>9</sup>  
Simon Sayer<sup>7</sup>  
Alison Poyner

<sup>1</sup>until 31 March 2026.

<sup>2</sup> from 01 April 2026.

<sup>3</sup> until 10 June 2025.

<sup>4</sup> until 10 June 2025.

<sup>5</sup> resigned on 21 January 2025 and left on 31 March 2025.

<sup>6</sup> appointed on 10 June 2025 and regulatory approval received on 12 August 2025.

<sup>7</sup> appointed on 1 September and regulatory approval received on 17 September 2025.

<sup>8</sup> from 1 February 2026.

<sup>9</sup> Chief Actuary until 31 August 2025.

# Officers, Professional Advisers and Registered Office

## Professional Advisers as at 31 December 2025

### Chief Actuary and With Profits Actuary

Alison Carr, BSc, FIA  
Steve Dixon Associates LLP  
Global House, 1 Ashley Avenue  
Epsom, Surrey  
KT18 5AD

### Internal Auditor

RSM UK Risk Assurance Services LLP  
10th Floor, 103 Colmore Row, Birmingham  
B3 3AG

### Independent Auditor

BDO LLP  
55 Baker St  
Marylebone, London  
W1U 7EU

### Fund Managers

LGT Wealth Management UK LLP  
14 Cornhill  
London  
EC3V 3NR

### Bankers

Lloyds Bank  
19 Eastgate Street  
Gloucester  
GL1 1NU

## Registered Office

### The Original Holloway Friendly Society Limited

Holloway House,  
71 Eastgate Street  
Gloucester  
GL1 1PW

**email:** [hello@holloway.co.uk](mailto:hello@holloway.co.uk)

**web:** [holloway.co.uk](http://holloway.co.uk)

**telephone:** 01452 526 238

The Original Holloway Friendly Society Limited is a friendly society registered and incorporated under the Friendly Societies Act 1992. The Board is the Committee of Management defined in the Act. 'Board', 'Board of Management' and 'Directors' are used interchangeably in this report.

The Society is governed by its Memorandum and Rules (the 'Rules'), which are available on its website. The Society uses the trading style 'Holloway Friendly' and is referred to throughout this report as 'the Society'. The Society has one subsidiary, HF Life Limited, which does not currently trade, and has no liabilities and no significant assets.

The Society is registered in the UK under number 145F. The Society is authorised and regulated by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. Its Firm Reference Number, needed for regulatory enquiries, is FRN 109986.

The Society is a member of the Association of Financial Mutuals ('AFM'). It follows the Corporate Governance Code ('the Code') developed by the AFM for mutual firms. Colleagues of the Society are a members of the Investment and Life Assurance Group ('ILAG').

Annual Report 2025

# Chair's Overview

# Chair's Overview

This past year has been one of relative stability in the financial markets with equities, as measured by the FTSE 100 index, reaching all-time highs but with bond yields fluctuating. Whilst inflation did initially fall to the long-term norm it then started to rise again bringing with it some uncertainty as to the future pattern of short-term interest rates. The start to 2026 has been unsettling for global economies as the potential impact of the US-Iran war is likely to lead to further inflationary pressures. As suggested in last year's report, the increases in employer National Insurance rates led to concerns within the financial services market, especially for small Friendly Societies such as ourselves.

As discussed in the Chief Executive's strategic report, we decided to restructure our operating model early in the year. I am pleased to report that the Society's ability and willingness to adapt has meant that we have been able to continue to meet the needs of you, our Members with a very high standard of service which was recognised through our achieving the 4-star status in the FT Adviser Service Awards.

While we continue to be cautious, we recognise that some things have changed, possibly forever. Our purpose at the Society, to be there when you need us most, remains intact. How we achieve that purpose changes, as we face new challenges.

## Delivering Benefits to Members

Our sales were purposely lower than in the previous year but with a rising trend towards the year end which has continued in early 2026 and our Membership numbers have increased. In practical terms, we have paid out more in benefits to our Members than ever before, replacing the incomes of those who cannot work through illness and injury. Part of our purpose is to help our Members back to work. We have continued to do that as well as promoting other ways in which we can support our Members.

We never forget that the Society exists to serve you, our Members, especially in your time of greatest need. We have striven throughout 2025 to ensure that we continue to pay valid claims promptly.

This commitment to serving Members is at the heart of our attractiveness in the market. Advisers can be confident in recommending us because we treat potential and existing Members as we would like to be treated ourselves.

## Bonus

The rates of new regular bonuses for all Members with eligible plans were reviewed reflecting underlying performance. Full details are in the report on [pages 20-21](#).

## Regulation and Corporate Governance

We have continued to respond to the requirements of our two regulators, the Prudential Regulation Authority, and the Financial Conduct Authority. While we are smaller than many financial services providers, we are proud to respond fully to changes in regulation, believing that adopting regulation in the right spirit is what our Members expect. The focus over 2025 was the bedding in of the regulator's Consumer Duty requirements. We welcome the principles of this initiative, but it is important that the regulators adopt appropriate proportionality in monitoring firms' adherence to this Duty.

Each year the Board reviews its succession plan and is satisfied that it remains appropriate.

In March 2025 Suzy Esson stood down as the Chief Operating Officer. We decided not to recruit for that role instead giving others in the Society an opportunity to take on more responsibility.

After just over 9 years as a Non-Executive Director of the Society, Adrian Humphreys retired from the Board. Adrian added much to board meetings often rightly challenging the status quo. Thank you, Adrian for your contribution to the Society. Lynzi Harrison also retired from the Board on 10 June 2025 after serving 3 years as a Non-Executive Director. Thank you, Lynzi for your contribution to the Society.

# Chair's Overview

## Our Strategy

Our strategy is to grow by offering quality products to more people. Towards the end of the year, we reviewed the strategy agreed at the end of 2023 and concluded that it remained appropriate. We noted the need to keep expenses under a tight rein whilst continuing to grow our levels of new business and maintain an acceptable level of solvency.

## Looking Ahead

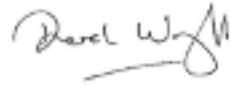
These last few years have been extremely difficult ones for us all. I am proud of the consistent focus on serving Members throughout. During 2025 we continued to see the benefits of our IT system in enabling us to provide more options for current and future Members.

## Thanks

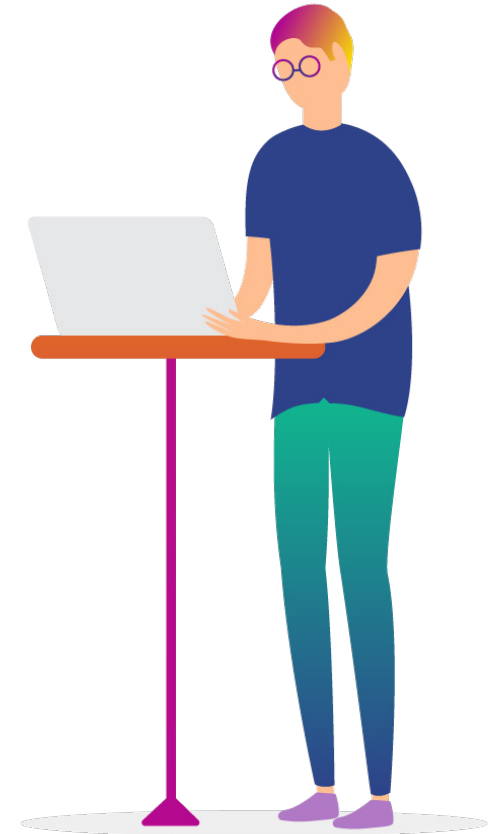
All of this is only achieved through the hard work and dedication of the Society's people. On behalf of my fellow Directors, a big thank you to everyone at the Society for their part in ensuring our success and building the foundations for the Society's future.

I hope to see many of you at the AGM.

With best wishes,



Derek Wright  
Chair  
02/04/2026



Annual Report 2025

# Strategic Report

# Strategic Report

## Chief Executive's Overview

2025 was a year of transformation for the Society, which included a restructure of our operating model and improvements in our operational and actuarial functions. Whilst these changes were undertaken, new business levels were maintained at an acceptable level and our overall membership increased.

As a result of the restructure our operational expenditure was reduced in comparison to the previous year. Overall, a good level of service was maintained to our Members, although service levels were temporarily impacted at times due to the restructure. During the year we met all our regulatory objectives and managed the risks facing the Society effectively.

The highlights of the year were as follows:

- Net membership increased to 30,028 (2024: 29,617),
- Gross premium income (before reinsurance) increased to £14.9m (2024: £13.2m)
- Operating expenses were significantly reduced to £5.35m (2024: £7.05m)\*
- Liquid assets decreased to £15.1m (2024: £15.6m)\*\*
- Solvency Ratio improved to 154.5% (unaudited) (2024: 141%).

*\* Operating expenses are as per note 9 less commission, depreciation, amortisation and one-off costs which are detailed on page 13 under Key performance indicators.*

*\*\* Liquid assets are assets less short-term creditors*

### Member Support

As an organisation owned by our customers ("Members"), the Society's focus is always on helping our Members through our products, services and support. In this respect I am delighted to confirm that over the course of the year, we:

- Helped 459 members return to work following a period of sickness,
- Paid over £6.2m in claims to members unable to work,
- Maintained a high 'claims paid ratio'\*\*, paying out on 95.6% of claims, and
- Raised over £1,150 for charity, including the James Hopkins Trust and MacMillian Cancer Support.

**\*\* Claims paid ratio is the percentage of all claims received that are paid**

We also provided our Members with additional support such as second opinion GP services and access to online GP consultations available 24 hours, 7 days a week.

### Economic Review and Outlook

Despite continued global uncertainty and political instability, 2025 proved to be a relatively positive year for financial markets. The UK stock market delivered strong double-digit growth, reaching new record highs. However, for many households—including our Members—the picture felt more mixed. Inflation remained higher than anyone would have liked, with the Consumer Price Index finishing the year 3.6% above where it started at 1st January 2025. Everyday essentials such as food, transport, and beverages rose faster than the average, putting pressure on family budgets across the country. Toward the end of the year, wage growth began to improve, helping ease some of the strain on household finances.

At the same time, NHS waiting times reached what many described as crisis levels. Longer delays in accessing treatment mean that individuals experiencing illness or injury often wait far longer before they can recover fully and return to work. For a Society like ours, dedicated to supporting Members' income during periods of ill health, these pressures have a direct influence on claims. As treatments took longer to begin or complete, we saw a slightly higher volume of claims and a longer duration of claims than expected.

# Strategic Report

More broadly, the UK economy showed signs of uneven recovery during 2025. Forecasts for economic growth were revised upwards to around 1.5%, supported by rising real wages and easing interest rates. However, many businesses continued to face rising operational costs and difficulties in recruiting and retaining staff. While the Government increased investment in areas such as transport and regulatory reform, progress in improving core public services—including NHS capacity—remained limited. These conditions continued to shape the financial wellbeing of our members and the demand for income protection support.

## Looking Ahead to 2026

The outlook for 2026 points to another year of transition for both the UK economy and working households. Growth is expected to remain modest, with forecasts suggesting an expansion of around 1.2% to 1.4%. However, unemployment is projected to edge higher as the labour market continues to soften. A rise in unemployment is a concern for many working families, and it may increase the importance of having a financial safety net in place.

Inflation, which proved stubbornly high throughout 2025, and was expected to fall in 2026 now looks certain to rise due to the impact of the US-Iran war.

Long-standing issues such as low productivity, subdued business investment, and wider fiscal pressures could continue to affect economic confidence. Slower growth in real incomes and a softer labour market may weigh on consumer spending and financial resilience. Political and fiscal uncertainty could also continue to affect market conditions.

Even so, there are areas of opportunity for the UK. Investment in green energy, technology, and modern infrastructure is expected to strengthen. As inflation cools and interest rates gradually decline, overall confidence may improve later in the year.

For our Members, 2026 is likely to be another year where financial protection remains highly valued. The combination of economic uncertainty, ongoing NHS pressures, and a shifting labour market reinforces the importance of the support and security that income protection provides when health issues disrupt working life.

## Financial Security

The Society was founded in 1875, the longevity of which is a testament to our resilience, and despite the continued economic uncertainty, the Society remains financially secure.

Despite the uncertain economic outlook, the Society remains well capitalised with a solvency ratio of 154.5% (unaudited) at year-end (2024: 141%). This represents a strong increase in our financial resilience during the year.

## The Future

The Society needs to continue to grow and evolve to deliver on its strategy to create long term member value. The Board is cautiously optimistic that we will be able to meet the challenges facing the Society and that we are positioned well to be able to compete in the modern marketplace. As a business we will continue to use our Members' money wisely to invest into technology and efficiencies to help us reach scale, whilst controlling our operational costs. However, these developments are always done with our Members in mind, focusing on developments that improve their experience with the Society.

## And Finally...

I would like to express my thanks to my colleagues for their commitment and dedication over the last year, the continued support from our business partners, that can see how focused we are on giving a great customer experience, and the Society's Board for their support and guidance during the year.

May I close by wishing all our Members, colleagues and supporters a successful 2026.



**Ben Pears,**  
Chief Executive  
02/04/2026

# Strategic Report

## Key Performance Indicators for 2025

The important indicators of the Society's success as it pursues its strategy have been agreed with the Board as follows:

### Financial

Earned premiums	premiums paid by Members for their plans
Sickness claims paid	payments made to Members during their time of need
Expenses	costs to run the business

### Member Value

Total Membership	the reason for our existence
New Sales	the lead indicator of our ability to attract new Members

### Risk

Solvency Ratio	the financial strength to manage risks that materialise
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### Stakeholder Operations

Lapses	retention of Members is central to the Society's success
Engagement	a strong Society emerges from dedicated people
Community	to support our local community
Environment	to mitigate the Society's environmental impact



# Strategic Report

## 2025 Business Review

### Purpose

Our purpose remains to be “here when you need us”. In practical terms, this means protecting your income when you can’t work because of sickness or accident. This is why we exist. Regularly reminding ourselves of our purpose helps ensure that all of us who work at the Society do so in the best interests of our Members and the wider public.

### Strategy and Business Model, Performance of Key Performance Indicators

#### Strategy

In September 2023, we reviewed our 5-year strategy and concluded that we will pursue our “managed growth plus” strategy. This is best characterised as

- Aiming to grow our business over the 5-year period (2024-2029), in line with our available capital
- Managing headcount and financial resources carefully
- Remaining as an Income Protection specialist and developing a small number of new products over time to enable us to diversify our portfolio
- Retaining focus on the intermediary market for our core protection products
- Investing modestly to further improve our service to Members and Advisers and to drive further operational efficiencies

- Adopting a proactive approach to in-organic growth opportunities including the acquisition of complementary books of business or transfers of engagements. See note 25.

#### Business Model

Our business model is designed to balance providing innovation and service to our Members with operating as cost-effectively as possible. We build the products ourselves and administer them from start to finish. We seek to provide excellent service to Members and Advisers as a core part of our value proposition. We consider outsourcing where we think we can benefit either from access to expert resources that we could not afford due to our size, or because the activity is not a core process and the performance of which we do not regard as a service differentiator for the Society.

We have continued along the journey of modernising our systems estate and removing dependency on some legacy outsource relationships. Our product range is modern and is consistent with the aims of the Financial Conduct Authority’s Consumer Duty objectives. We continue to invest in people through professional training and studies and have seen pleasing results across the year.

#### Key Performance Indicators – Financial

Earned Premiums gross of reinsurance increased over the year to £14.879m (2024: £13.242m).

Sickness Claims paid, net of sickness reinsurance recoveries, increased to £6.22m (2024: £5.05m).

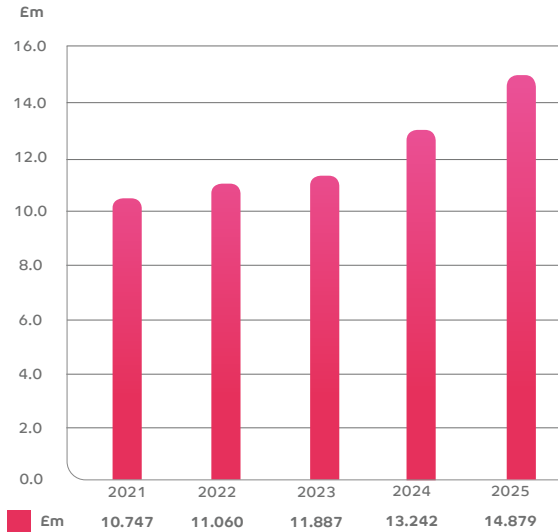
Operating Expenses: Commission was lower due to decreased new business volumes, at £2.890m (2024: £4.452m). Operating expenses were £5.345m (2024: £7.050m). One-off costs were £0.654m (2024: £0.089m). Depreciation and amortisation of £0.516m (2024: £0.516m) are not included in these figures.

The Fund for Future Appropriations, which describes how much is available either to distribute to Members or to use as capital to write more new business, decreased in the year to £55.847m, from £57.435m in 2024.

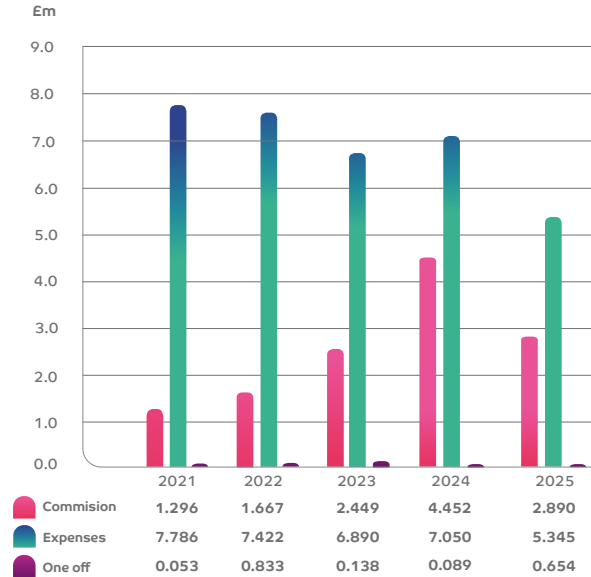
The value of the Society’s investments, including land and buildings, decreased to £15.058m from £15.588m. The change reflects investment performance and the drawdown of investments to fund the withdrawals of our longer serving Holloway members.

# Strategic Report

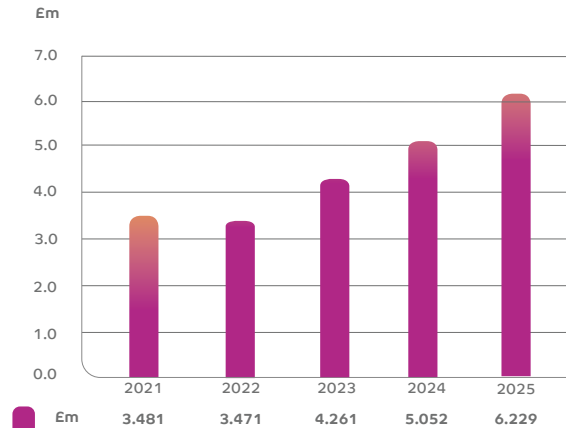
## Gross Earned Premium Income



## Operating Expenses



## Income Protection Claims paid



Income Protection Claims paid is calculated as gross claims less the reinsurance share of the claim.

## Key Performance Indicators – Member Value

**Total Membership** increased over the year to 30,028 from 29,617.

**New Sales** are measured by their annualised premium at the point of sale. We call this measure the Annual Premium Income (API). 2025 sales were lower than in 2024, at £2.24m API (2024: £3.215m).

## Key Performance Indicators - Risk

**Solvency Ratio** is a measure of the Society's capacity to absorb adverse variations in the risks it takes within its business. From the Members' viewpoint, it is a metric that indicates the security of their benefits. Our Solvency Ratio improved in 2025 and was 154.5% (unaudited) as at 31 December 2025 (141% 2024).

We monitor the Solvency Ratio regularly and have defined steps to take in the event the ratio moves outside of tolerance. The Solvency Ratio target range is set relatively high, as is typical for our sector, to reflect that, as a mutual Society, we do not have readily available additional capital should risks crystallise.

# Strategic Report

## Key Performance Indicators – Stakeholder Operations

Lapses continue to be monitored both to ensure that sales are of the desired quality but also to ensure that we can give Members options rather than losing important cover in the event that they are experiencing financial hardship. We continued our focus on identifying early-stage indicators of possible lapse and intervening to offer Members alternative options. Low lapses are generally regarded as good for the Society and the implementation of its strategy. Lapses in 2025 were broadly in line with assumptions.

**Engagement** covers how committed our colleagues are to the Society and its goals. We generally measure this through responses to our regular colleague surveys that document how they are feeling at points throughout the year. The 'Employee engagement index' score was 82% which is classed as strong engagement. We work hard to ensure that everyone working at the Society knows what is going on and how their contribution makes a difference to the service we provide. Our work in this area includes several different forms of regular communication. It is two-way, including surveys and less structured ways in which colleagues can raise questions or discuss issues of concern. We operate agile working throughout the Society so that colleagues can split their time between working in Holloway House and working from home, depending on the work being undertaken at the

time. Communication mechanisms have evolved both within teams and across the Society to reflect these new ways of working and we will continue to identify new ways of ensuring effective colleague engagement.

**Community and Environment** In 2025, we continued our charitable fund raising including for the James Hopkins Trust, a children's charity based in Gloucestershire providing support for severely disabled under 5s and their families, and Macmillan Cancer Support. Following established practice, the Society was pleased to match the amount raised in 2025, with the result that just over £1,150 was donated to these charities during the year.

We have continued to take action to maintain and mitigate the Society's environmental impact where possible. Our investment managers have positioned the Society's investments to deliberately be at the low end of the carbon spectrum.



# Strategic Report

## Risks to the Strategy and Risk Management

We face a number of risks, some of which are common to all insurers and some of which are specific to us. We consider the key risks to be as follows:

**Strategic risks** The mutual sector relies on attracting continued new Members to provide capital. The Society has proven capable at designing products that provide reasonable returns on capital. Its plans for future strategic growth are at risk if the future supply of member capital is reduced.

**Expense risks** The demands placed on the Society continue to increase. The Society has to meet on-going expenses out of premium income which is mainly fixed as prices of our products do not typically change once they have been sold. As costs increase, we try to increase new business to maintain positive net income.

**Market risks** Most of the Society's assets are invested in cash, cash funds, high-quality government and corporate bonds. The bonds and the significant value of future profits means the Society is sensitive to interest rate movements which have been volatile in recent years. We have no immediate plans to alter our investment approach in 2026.

**Operational risks** cover a wide variety of topics. The key hot spots being managed are our operational resilience to business disruption and cyber risks as the number of instances of cyber-crime more generally continues to increase.

**Future Claims** The Society writes typically long-dated guaranteed products. The value of these is particularly sensitive to future claim outcomes, both in terms of the number of claims and how long people claim for. Our recent experience suggests people are not recovering quite as quickly as predicted. We have reflected this learning in our future assessment. We continue to focus on our claims handling processes to ensure that we pay valid claims quickly and that we play our part in helping our Members back to work.

**Solvency risks** over the medium to long term arise where adverse trends in key financial flows (new business premiums, claims and expenses) crystallise and the Society cannot access new capital. Typically, this risk is a consequence of other risks but is a key metric for the Board and management.

**Liquidity risks** may arise as a consequence of uncertainties in projecting cashflows, both income and outgoings. The Society has few sources

of and demands for liquidity. Financial projections provide information on the likely future high level cashflows for the Society over the projection period (typically annually for 3 to 5 years). Short-term cash requirements are monitored by the finance function and a range of measures exist to manage both the available supply of cash and the forecast demands.

### Risk Management

The Society has a Risk Management Framework which facilitates the mechanisms for effective risk management. The framework contains all the components to support the approach to the identification, assessment, management and control of risk. The framework is organised around a "three lines of defence" model whereby management of risk is the responsibility of everyone. First line management is responsible for the implementation of the risk management process, within tolerances and frameworks that are designed and overseen by the second line risk and compliance functions. Internal audit provides third line independent assurance to the Board over the combined effectiveness of lines one and two.

The Board oversees and challenges the risk management function's activities by receiving regular reports into the Audit and Risk Committee. The risk strategy is reviewed by the Board annually.

# Strategic Report

The key risk management processes operating within the Society are:

- A quarterly 2nd line review of the risk register to consider whether risks are being reasonably assessed, actions are being completed and risk consideration by management factors in latest emerging trends and information.
- An annual Own Risk and Solvency Assessment process which considers, for those risks that are mitigated by holding capital, the impact on the financial position of the Society of risks crystallising either in isolation or as part of a scenario.
- Limit and tolerance setting processes (also commonly referred to as Risk Appetite) which identify where possible metrics that can be used to assess whether or not a risk is being managed within acceptable limits.
- Combined Risk and Compliance Assurance reviews, which are second-line thematic exercises performed to examine how effectively the Risk Management System is being used end to end for a few selected business processes annually.
- A policy framework, which sets the level of standards and rules that the Society expects all its people to abide by, in order for risk to remain within acceptable limits.

**Risk modelling** will continue to be used to assess the impact on the Society of different scenarios and will use this information to support our decision making. In 2025, our Risk and Actuarial team prepared several scenarios considering the potential impact of higher claims, lower new business levels and higher expenses. Our modelling capability will continue to be enhanced in 2026 to ensure that risks are quantified wherever possible, and the Society's management and Board understand the implications of taking various strategic options.

## **Broader Matters Considered by Directors in Performing their Duties**

Directors are generally obliged to consider a range of matters in discharging their duties. This Annual Report describes a number of specific matters. Directors are also expected to report on how they have considered broader matters. Specifically:

### **Likely consequences of any decision in the long term**

The Directors always consider the long-term impact of the decisions that they discuss. Generally, the long-term impact means that strategy must be considered, while short-term decisions are tactical. The Directors always consider whether tactical decisions might affect strategy, including possible unexpected consequences.

### **The interests of our Colleagues**

Caring for those who work for the Society is central to our decision making. As a knowledge business,

the Directors recognise that continuing high levels of service and developing the strategy require engaged, committed, well-trained and motivated colleagues.

## **The need to foster the Society's business relationships with suppliers, Members and others**

The Directors intend the Society to be a good corporate citizen. Treating Members well is central to our mission and strategy, and is required by regulation, so is considered as part of all decisions. The Directors expect the Society to work properly and reasonably with Advisers, ensuring that regulations, especially regarding conduct, are followed in spirit and in deed. Decisions regarding sales are taken with particular focus on the short and the longer term and the expected outcomes for Members. The Directors expect the Society to work closely with its suppliers to ensure that there is a long-term, viable, mutually supportive relationship with all stakeholders and consider this in decisions that are made.

## **The impact of the Society's operations on the community and the environment**

The Directors seek to ensure that the Society is a responsible employer and supports its local community. It is active in supporting a local charity (see 'Responsibility to the Community' section earlier). The Directors always consider the community and environmental impact of decisions.

# Strategic Report

## **The desirability of the Society to maintain a reputation for high standards of business conduct**

The Directors expect the highest standard of business conduct from all those working for the Society, congruent with regulatory obligations. Every decision is considered from this perspective by the Directors. More details are provided throughout this report.

## **The need to act fairly between stakeholders**

The Directors expect that all stakeholders are treated fairly and appropriately and expect to see that an appropriate balance has been struck between stakeholders for all decisions.

## **The Environment, Climate Change & Sustainability**

The Society has continued to develop its activities regarding climate change and sustainability. Our overarching objective is for the Society to be carbon-neutral on Scope 1 and Scope 2 GHG emissions, using appropriate high-quality carbon offsets. We believe that this is an appropriate and proportionate objective for an organisation of our scale and complexity.

Our sustainability focus has continued to develop a number of local initiatives where we can make a contribution. Colleagues have contributed ideas which have given rise to initiatives around recycling,

and increasing the use of electronic communication to Members, which now includes our annual mailings in respect of our Annual General Meeting.

We continue to consider our activities under the core elements of recommended climate-related financial disclosures that are used within Task Force on Climate-related Financial Disclosures (TCFD). Specifically:

**People** We continue to promote good health and wellbeing practices to our colleagues, by providing tools and support to live healthy balanced lifestyles with a sense of purpose and satisfaction. Where appropriate we extend this approach to all Members, especially those who are claiming.

**Prosperity** is at the heart of the products we offer. Our products ensure that those who are too ill or injured to work still receive an income. Our retention/support activities for Members' experiencing financial difficulties are now embedded as business as usual. We extended the ability of our Members to take a break from paying premiums without lapsing their plans and losing valuable cover. We also allocated specific funds to assist with unexpected one-off costs that our Members incurred, such as essential appliances breaking down.

**Planet** We continue to find a number of ways to reduce our carbon footprint, including promoting hybrid working and holding meetings online to reduce unnecessary commuting. As an asset owner we recognise that it is important for our purpose to flow out and be shared by our partners. Our investment manager, LGT Wealth Management UK LLP, has agreed with us how to choose which firms to invest in.

**Governance** of our various climate initiatives is provided by senior management with the CEO personally sponsoring the initiatives undertaken.

# Strategic Report

## Directors' Assessment

During 2025 the Directors assessed the Society's prospects over the next five-year period. This assessment took account of the benefits expected from the initiatives delivered in 2025 allowing for current macro-economic and market factors. The resulting outcomes were discussed and helped to shape the development of our business plan.

As a result of these assessments, the Directors have a reasonable expectation that the Society can continue to progress over this time horizon, meeting all of its liabilities as they fall due.

The Board has considered the effectiveness of the internal control and risk management systems. Both of these systems have continued to be monitored during 2025. A range of incident and performance metrics have been provided within regular reporting from which the Board can determine whether or not risk management and control activity has been broadly effective.

Additional independent assurance has been provided to the Board through internal audit reviews which were undertaken by a fully independent party, RSM UK Risk Assurance Services LLP.

Taking all of these factors into account, the Board is satisfied that the internal control and risk management systems are effective.

## Conclusion

The foundations of the Society's strategy are its member-centric culture. The new products that PRISM allows us to offer are built on this service culture and mean that the Society is attractive to new Members and to Advisers everywhere.

All of us at Holloway remain firmly committed to the ethos and ideals of the Society as captured within its Mission, Purpose and Values and to working tirelessly to achieve it for the wider Membership.

On behalf of the Board of Management



Ben Pears, Chief Executive  
02/04/2026



Annual Report 2025

# Bonus Report

# Bonus Report

## Apportionment of surplus, compound, and final bonus

Traditional Holloway plans were designed to build up a capital sum to be provided at the maturity of the plan. The capital sum grows by the application of bonuses, which reflect a share in the Society's profits.

### Apportionment of surplus

This is calculated as an annual amount per unit held which is added to the capital account of the Member. Based on the advice of our With Profits Actuary, the Board has declared the same bonus rate for 2025, as follows:

Bonus Declarations		
Apportionment of Surplus	2025	2024
Holloway Old Tables	£1.30	£1.30
Holloway New Tables and Classic	£1.50	£1.50
Holloway New Classic Plan	£1.25	£1.25
Holloway Premier Plan	£0.20	£0.20
Holloway Classic Plus	£0.90	£0.90
Holloway Classic Plus – Guaranteed	£0.75	£0.75
Holloway Classic Plus – New Table	£0.30	£0.30
Provident Standard, Provident D13 and D26	£1.30	£1.30
Provident Commuted	£2.40	£2.40
Holloway Commuted	£1.86	£1.86

### Compound bonus

Based on the advice of our With Profits Actuary, the Board has slightly increased compound bonuses from their 2024 levels, The amounts to be credited to Members' Accounts for 2025, are as follows:

Credit to Members' Accounts	2025	2024
Compound Bonus	2.25%	1.75%



### Final bonus

Final bonus is added to the capital sum immediately prior to the maturity of the plan, or in other specific circumstances.

The levels of current final bonus are available on request. Our contact details are included at the back of this report.

Final bonuses are kept under continual review and are declared by the Board based on the advice of our With Profits Actuary. If the value of the Society's surplus or investments changes suddenly or the numbers of Members claiming increases beyond expected levels, the final bonus may be changed before the next scheduled review.

On behalf of the Board of Management

Derek Wright, Chair  
02/04/2026

Annual Report 2025

# Report of the Board of Management

# Report of the Board of Management

## Introduction

The Board has pleasure in presenting the Annual Report of the Original Holloway Friendly Society Limited to its Membership for the year ended 31 December 2025.

## Principal Activities and Objectives

Our principal activity is the provision of income protection insurance, including insurance based on Holloway principles, to people based in the UK and Isle of Man. The Society has a very small number of Members who live outside these areas. No activities have been carried out which are outside the Society's powers.

Our business is to sell protection products through Advisers to people who may need the support that the Society's products provide.

## Outcomes for Members

### Bonuses to Members

The bonuses payable to Holloway plan Members are set out in the Bonus Report on pages 20-21.

### Service to our Membership, Feedback and Complaints

We continue to make every effort to provide a first-class service. We welcome feedback from Members and Advisers and act on the responses received.

From time to time, complaints are received. We have established systems to ensure that complaints are handled with care and sensitivity. All complaints are thoroughly and impartially investigated. Members always have the right to raise their complaint with the Financial Ombudsman Service, which we encourage if Members remain dissatisfied.

### Financial Position

The Society has maintained levels of solvency above its Solvency Capital Requirement (the regulatory requirement). Throughout this year, the Board has developed its understanding of the impact on solvency of a range of different outcomes. The Board receives quarterly solvency estimates, supported by periodic valuations. As a result, the Board understands the risks of different possible business plans and can provide effective challenge.

### Corporate Governance

The Corporate Governance Report provides information about the Board, including details of the Directors, the Board's responsibilities and activities and the operation of its permanent Committees, including attendance by Committee Members.

### Opportunity and Risk

The Board has considered and assessed how the Society can best create and preserve value over the long term. In doing this, the Board considered

tangible and intangible sources of value and the roles of stakeholders, together with processes for identifying innovation. The opportunities considered depend on the Board's attitude to risk and the Society's long-term strategy and prospects.

The Board is responsible for the Society's overall approach to strategic decision making and risk management. It has oversight of the risks faced by the Society and the plans for their management, including who is accountable to stakeholders for each risk. Most of this work is delegated to the Audit and Risk Committee, the Chief Risk Officer and the risk function, with appropriate reporting to the Board.

The Board has established its approach to managing the risks posed by conflicts of interest. Most of this work is delegated to the Nomination Committee, which reports on it to the Board.

The Board has an established internal control framework with clearly defined roles and responsibilities. Most of this work is delegated to the Audit and Risk Committee, which reports on it to the Board.

# Report of the Board of Management

## Remuneration

The Board has established a Remuneration Policy which recognises that appropriate and fair levels of reward are necessary to enable the Society to secure and retain high-quality people, be they Executives, managers, members of the sales team, operations or support and governance teams. In particular, the Board is satisfied that there is a strong alignment between the remuneration of Executives and the Society's performance, and that this alignment demonstrates shared purpose and common objectives. The alignment follows throughout the Society, based on the nature and seniority of each role.

The Remuneration policy has been developed around principles which align with the Society's culture, values and long-term success, and include consideration of matters such as gender pay gap reporting.

The Remuneration Policy is transparent, as disclosed in this report. As a result, the Society is accountable to Members over remuneration matters. In determining the Policy, the Board has considered the Society's broader operating context including the pay and conditions of the wider workforce as well as the pay and benefits of Directors and senior management.

Most of this work is delegated to the Remuneration Committee, which reports on it to the Board.

## Board's Responsibilities

The Board has a duty to report to Members on the Society's performance and its financial position. It is responsible for preparing the financial statements on pages 53-70.

The Society's Rules and UK law require the Board to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Society and of its results for that period. In preparing those financial statements, and in carrying out the business of the Society, the Board is required to:

- Select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, disclosing and explaining any material departures, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Society and for ensuring that the accounts

comply with the Friendly Societies Act 1992 and are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and FRS 103 'Insurance Contracts', and applicable law).

As at the date of this report, each Director confirms that, so far as each individual is aware:

- there is no information relevant to the audit of the Society's financial statements for the year ending 31 December 2025 of which the auditor is unaware, and
- all steps have been taken that an individual ought to have taken to discharge the duty of a Director to become aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

The Board is responsible for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

# Report of the Board of Management

## Culture and Values

The Board is responsible for the Society's culture. The Society's values were developed by a group of Colleagues in 2016 and then reviewed by Colleagues in 2022. These amended values were in place throughout 2025.

The purpose and the values together inform the expected behaviours of all those who work for the Society and these values are integrated into each of the Society's functions and operations. The Directors recognise that a healthy corporate culture is critical to the Society's competitive advantage and is vital to the creation and protection of long-term value.

Activities to ensure that the agreed culture and values are embedded throughout the Society are largely delegated to the Chief Executive, who shares the work with other members of the Executive and management.

Culture and values are not easy to manage or direct. Our approach is that by doing things right, the right culture should emerge. The Executive leads by example, stressing the need for high quality Member service, mutual support, fairness, teamwork, honesty, wholeheartedness, innovation, and continual improvement. These values and associated behaviours, consistently identified, used as the underpin for action, and implemented, should drive the right culture.

The policies and practices guiding behaviour and treatment at the Society are aligned with our purpose and values. They include clear procedures for raising concerns, such as via several possible whistleblowing routes, which are reviewed regularly.

The Society measures culture primarily via a six-monthly engagement survey. Results are shared with the Board.

## Responsibility for the financial impact of climate change

The Directors take responsibility for assessing and managing the Society's interaction with its environment and the consequences for climate change seriously. They have regard for regulatory advice and guidance, but, more importantly, are keen to treat the environment with respect.

## Regulatory Guidance on Climate Change

The Society's assets are exposed to the market risks arising from climate change. They are primarily invested in a diversified portfolio of UK bonds of fairly short duration. Stress tests are performed every year to ensure that the Society can continue to meet its obligations in unfavourable markets. We will continue to monitor and assess the appropriateness of our assets.

The Society is exposed to the physical risks of climate change. Sickness is the Society's most material risk and some studies have demonstrated

a connection between increased temperature and increased sickness. The Society reviews its sickness assumptions every year and performs stress tests to ensure that it could meet its obligations if sickness was worse than assumed.

## Environmental Impact

As a relatively small firm providing a product (insurance) that is virtual rather than physical, the Society's direct impact on the environment is minimal. This notwithstanding, we are mindful of our responsibility to protect and tend our environment. As a Society, we want to play our part in sustaining a healthy planet for all to enjoy. We do not invest in thermal coal because of its high carbon emissions. We will continue to work with our investment managers to develop our investment strategy in line with these goals.

# Report of the Board of Management

## Uncertainty involved in Estimates

Currently, we do not have enough claims, particularly long-term claims, to rely solely on our own experience in deciding our best estimate of future claims and recoveries. Instead, we use industry data which gives us access to a far greater number of claims. We then adjust to allow for trends we observe in our data where we think these will continue in the future. The Board considers the advice of the Chief Actuary on these matters and challenges the assumptions that are proposed, including how they have been derived. Having robustly considered the position, the Board is satisfied that its technical provisions are an appropriate long-term best estimate.

## Directors' Conclusions

The Directors are satisfied that it is appropriate to adopt a going concern basis of accounting in preparing the financial statements. We have concluded that there is no material uncertainty that would impair the Society's ability to present its accounts on this basis for the twelve months following the signing of the accounts.

After due consideration, the Directors have concluded that this Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Members to assess the Society's performance, business model and strategy.

## Appointment of Independent Auditor

A resolution to reappoint BDO LLP as the Society's Independent Auditor will be proposed at the forthcoming AGM.



# Report of the Board of Management

## Character of the Board

### Diversity

The Board strongly believes that diversity of thought, attitude and background throughout the Society is a driver of business success. Diversity brings a broader, more rounded perspective to decision making and risk management, making the Board and management more effective. The Board believes that diversity includes, but is not limited to, criteria such as gender, social and ethnic backgrounds, cognitive and personal strengths, and experience of different businesses. It strives, in its recruitment, to continually improve its diversity.

Appointments to the Board demonstrate efforts to establish an appropriate balance of expertise, diversity and objectivity. Appointments to the Board and succession planning have taken into account the Board's diversity, equity and inclusion policy.

### Board Effectiveness

The Board is responsible for assessing its own performance and effectiveness. From time to time, it commissions external parties to assess its effectiveness and to support its development. This year, in line with its understanding of best practice, an internal Board evaluation was conducted.

In 2025, the Chair held a formal appraisal meeting with each Director. Overall, the Board demonstrates a high level of competence relevant to the Society's business needs and stakeholders. In particular, the Board is satisfied that it is of the size and is

appropriately structured to meet the Society's strategic needs and challenges, and to enable effective decision making.

### Board Disclosures

The Society maintained indemnity insurance against Directors' and Officers' Liability.

The Society made no political donations during the financial year.

### Serving the Membership

The Board is committed to serving Members, who are the Society's owners and customers. Communication with Members is encouraged via letters, email, the website, telephone, survey responses and an invitation to the AGM.

Members are encouraged to use their vote. The Society continues to offer different ways of casting votes to make it easier including allowing Members to cast their vote electronically or complete and return the proxy voting form.

At the AGM, the Chief Executive presents the previous year's performance and describes our future plans. All Board Members expect to be available to answer Members' questions. Attendance at the AGM may be on-line or in person. In 2025 the majority of notices for the AGM were sent via email.

### Stakeholder Relationships and Engagement

Mutual organisations create a social, economic and environmental impact, but they do not operate in a vacuum, and they are not immune to changes in their markets or in the wider world. Sustainable business benefits the wider community. The Society has a responsibility to create and sustain long-term value for a variety of stakeholders including its impact on the environment.

The Society has identified the stakeholder relationships that are integral to its ability to generate and preserve value, including with Members and with those who work for the Society.

The Society has a comprehensive programme of engagement with stakeholders, primarily consisting of regular face-to-face meetings, but including more informal opportunities for a meaningful dialogue. We maintain regular dialogue with important suppliers and Advisers. We demonstrate how we value these relationships by paying our bills promptly, working in a professional and productive manner and monitoring how contracts are fulfilled.

We value our local community as a material stakeholder. During the year several colleagues took part in a sponsored walk for Macmillan Cancer Support. The Society matched the colleague's donation and in total £1,150 was raised.

# Report of the Board of Management

## Reporting to Members

This Annual Report is the primary way in which we seek to present to Members a fair, balanced and understandable assessment of the Society's position and prospects on an annual basis.

## Applying the AFM Corporate Governance Code: Purpose and Leadership

The Directors recognise the need for them to act with integrity and to lead by example, particularly in the behaviours of the Executive Directors, which are more visible to all at the Society on a day-to-day basis.

The Directors recognise the need to build positive relationships with all stakeholders (regulators, Advisers, investment managers, consultancy firms, all those working for the Society, and Members). This year, Directors have been responsible for building relationships with each category of stakeholder. The Board ensures that the Society operates with a clear sense of purpose and a collective vision. Activities that promote the sense of purpose and the vision for all are largely delegated to the Chief Executive, who shares the work with his Executive and management.

The Chief Executive meets quarterly with all at the Society to discuss progress within the context of our purpose and vision. He meets separately with the Executive and management to discuss higher

level and strategic objectives, again in the context of the Society's purpose and vision.

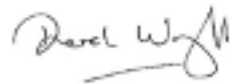
The purpose and vision are discussed with all stakeholders as appropriate.

As a result, the purpose and vision set the context for the decision-making process to achieve long-term sustainable success.

## Thanks and appreciation

The Directors add their thanks to those of the Chair and formally note their appreciation of all those at the Society who continue to demonstrate dedication and hard work on behalf of Members and Advisers.

## On behalf of the Board of Management



Derek Wright, Chair  
02/04/2026

# Report of the Board of Management

## Corporate Governance Report

### Accountability

The Board has established and maintained corporate governance practices that provide clear lines of accountability and responsibility to support effective decision making. These practices include an effective Committee structure, scheduled meetings, schedules for Board and Committee business, high-quality papers, and input where appropriate from the risk management function. Business for the Board and its Committees includes consideration of the performance of business functions, led by the accountable Executive.

The Society's Rules, read in conjunction with the Friendly Societies Act 1992, the FCA Handbook and PRA Rulebook, set out the authority, accountability, role and conduct of Directors and the principal rights and responsibilities of Members.

### About the Board, Its Role and Character and Organisation

#### Role and Responsibilities

The Board is collectively responsible for the long-term success of the Society. Its role is to provide entrepreneurial leadership of the Society within a framework of effective controls that enables risk to be assessed and managed. The Board sets the Society's strategic aims, ensures that the necessary financial and human resources are in place for the Society to meet its objectives, and reviews management performance. It agrees the Society's values and standards and ensures that

its obligations to Members, including reporting to Members on the Board's stewardship, and others are understood and met.

In meeting its responsibilities, the Board is expected to ensure good corporate governance. In short, this means that the Board has to ensure that the Society is well run. The process of ensuring good governance starts at the top, hence there is a focus on the governance of the Board and its Committees. It is these matters that are addressed in this report.

The Society produces an annual Solvency and Financial Condition Report which provides more details about the Board's assessment of the Society's financial strength and its governance. This report is available on our website [www.holloway.co.uk](http://www.holloway.co.uk).

#### Ensuring High Standards of Corporate Governance

In assessing the quality of corporate governance, the Board draws upon the views of Directors, emerging industry and wider corporate concerns and expectations, and published materials on corporate governance.

The Society complies in full with the AFM Corporate Governance Code.

1. Purpose and leadership  
Pages 30 – 34
2. Board composition  
Pages 30 – 34

3. Director responsibilities  
Pages 29-30

4. Opportunity and risk  
Pages 29-30

5. Remuneration  
Pages 41 – 42

6. Stakeholder relationships and engagement  
Pages 37 - 38

#### The Value of Independent Challenge

The Society values the independence of thought and challenge that independent Non-Executive Directors can deliver in the context of overall Board composition and organisational structure. The Board continually seeks opportunities to promote independent thought in its decision-making processes. The Board has determined that more than half of its Directors are considered to be independent. Throughout 2025, the composition of the Board varied and comprised up to two Executive Directors and up to six Non-Executive Directors. However, at all times there were more independent Non-Executive Directors than Executive Directors appointed.

Independent challenge in Board and Committee decision making mitigates the risk of individuals having unfettered powers. Independent challenge allows for broader industry experience to be taken into account and improves the objectivity of decision making. It encourages constructive problem solving and tends to benefit firms in the long term.

# Report of the Board of Management

## Board Mechanics

The Board expects to meet formally at least five times every year together with one or two strategy and development days. Additional meetings, seminars and workshops are held as required to support the formulation of strategy, to address any emerging issues and for training or professional development purposes.

The letters of appointment for Non-Executive Directors are available to Members on request. The Company Secretary is the secretary to the Board and is responsible for advising the Board on all governance matters and for helping ensure that the Board acts in an orderly and effective fashion.

The Board considers the appointment and removal of the Company Secretary.

## Integrity of Information

The Board has confidence in the quality and integrity of the information used for decision making and reporting within the Society. There are formal and robust internal processes to ensure that systems and controls are operating effectively. Information sources used and shared are broad as well as deep.

Board papers are of high quality and are designed to generate appropriate discussion and challenge leading ultimately, where necessary, to well-documented and effective decision making.

From time to time, the Board Chair, the Chairs of the Committees and the Company Secretary meet to review the governance processes and to confirm that they remain fit for purpose. They consider initiatives which could strengthen the Society's governance and more detailed matters such as the quality of Board papers and the structure of meetings.

## The Chair, Chief Executive and Senior Independent Director

There are role profiles for the Chair, the Chief Executive, and the Senior Independent Director, which describe the duties of each role.

The Chair's priority is leadership of the Board and ensuring its effectiveness. He ensures that all Directors have appropriate information, and he facilitates constructive discussion. The Chair was considered independent on appointment.

The Chief Executive's priorities are the formulation of strategy, its execution, and the management of the Society overall.

The Board has delegated authority for the operational management of the businesses to the Chief Executive, who makes decisions on matters that are necessary for the effective day-to-day running and management of the business within certain limits. Above these limits, matters must

be escalated to the Board for consideration and approval.

The Senior Independent Director's priority is to act as an alternative person to whom stakeholders can raise concerns, to serve as an intermediary for the other Directors or Members and, with other Directors, to evaluate the Chair's performance. He/she holds annual meetings with the Board, the Chair being absent, to discuss the Chair's performance. They then meet privately with the Chair to discuss the findings.

# Report of the Board of Management

## **Non-Executive Directors, Executive Directors, Independence and the Balance of the Board**

The Non-Executive Directors are independent of management, bringing effective and constructive challenge to the deliberations of the Board and helping to develop proposals on strategy. The Executive Team is led by the Chief Executive who prepares and presents business to be conducted by the Board and its Committees. The majority of the Directors on the Board are non-executive.

Using commonly applied tests, the Society's Non-Executive Directors are deemed independent except that they, along with the Executive Directors, have policies with the Society, making payments on an arms-length basis. The Board, having considered the matter, considers that all of its Non-Executive Directors are independent in character and judgement.

All Directors are subject to regular re-election.

The Board is comprised of an appropriate balance of diverse and complementary skills necessary to competently oversee an insurer. Its collective experience and skills cover the areas of strategy, management, sales, distribution and marketing, execution, accounting, actuarial and audit matters, information technology, investment management,

risk management, prudential regulatory and conduct oversight, and the appropriate and effective operation of a board. As a result, the Board is well placed to meet the requirements of its immediate stakeholders (Members, current and future, our Colleagues, regulators and Advisers) and the wider industry. The combination of skills, backgrounds, experience and knowledge of the Board members promotes accountability and incorporates objective thought, which in turn provides constructive challenge to achieve effective decision making. The Board is appropriately balanced, and by being so, promotes effective decision making and supports the delivery of the Society's strategy.

Conflicts of interest can arise and could compromise decision making. The Board has agreed that any relationship or circumstance that is likely to affect, or could appear to affect, a Director's judgement should be disclosed and recorded in the register of conflicts of interests. Directors are obliged to inform the Society of any new conflicts that arise. The register is updated at every meeting or earlier on request.

# Report of the Board of Management

## Profile of Directors

The following Directors are expected to be serving on the Board after the AGM in 2026. We have shown the details of those that are offering themselves for election at the 2026 AGM first, followed by all other Directors.

### Offering themselves for election at the 2026 AGM:

**Derek Wright, Chair of the Board, Independent Non-Executive Director.** Derek joined the Board in February 2017.

Derek is an actuary and has worked in the life insurance industry as a practitioner and as a consultant. Derek was the chief actuary of Laurentian Life in Gloucester until its sale in 1995 after which he joined Deloitte LLP where he set up its UK actuarial practice. He was appointed a partner of Deloitte in 1999. From 2011, until his retirement in 2015, Derek led the Canadian actuarial practice of Deloitte. Much of Derek's time at Deloitte was spent on audit and risk consulting activities to the insurance industry.

Derek is a Non-Executive Director of Schroders Pension Management Ltd.

Derek is the Chair of the Board of Management. He is a member of the Nomination and Remuneration Committees. He is a Director of HF Life Limited.

Derek is retiring by rotation and is offering himself for re-election for a one-year term. Having reached the age of 70 the Board carefully considered Derek's eligibility to re-stand as a Non-Executive Director. Derek's contribution is important to the Society's long-term success because of the broad knowledge and experience in technical and commercial insurance matters and the financial and actuarial expertise that he brings to Board and Committee discussions.

**Dave Cheeseman, Independent Non-Executive Director.** Dave joined the Board in February 2020.

Dave has over 30 years' experience in the life insurance industry. He brings a strong mix of financial, actuarial and operational skills to the Board. During the last 15 years he has been a board member of a number of different life companies. From 2010 to 2016 he served as chief finance officer of AXA UK Life and between 2017 and 2020 he performed the same role for Phoenix Life.

Dave is an actuary with a degree in Mathematics from Nottingham University.

Dave is a Non-Executive Director and Chair of the Risk Committee at Leek Building Society and a Non-Executive Director and Chair of the Audit & Risk Committee at Amber River Group Limited.

Dave is the Chair of the Audit and Risk Committee.

Dave is retiring by rotation and is offering himself for re-election for a three-year term. Dave's contribution is important to the Society's long-term success because of the financial and actuarial expertise that he brings to Board including detailed knowledge of the regulatory framework.

**Sandy Richards, Chief Risk Officer and Executive Director** Sandy joined the Board on 10 June 2025.

Sandy joined the Society as Chief Risk Officer in May 2024 and joined the Board as an Executive Director in June 2025. Sandy has over 30 years' financial services experience in banking and insurance, including 10 years within mutual friendly societies. Sandy has held a number of senior finance, risk and operational roles within firms including BT Group, National Friendly, RAC Group and Arval (part of BNP Paribas).

Sandy is a qualified Fellow Chartered Certified Accountant.

Sandy is a Board Member of the Association of Financial Mutuals.

Sandy is offering herself for election for a three-year term at the 2026 AGM being the first following her appointment as an Executive Director. Her contribution is important to the Society's long-term success because of her finance, risk and managerial experience including detailed knowledge of the regulatory framework.

# Report of the Board of Management

## John Gunn, Independent Non-Executive Director

John joined the Board on 1 February 2026.

John has over 25 years' experience in the insurance industry and has spent eight years on Boards across Audit, Risk, and Investment Committees. Previously Chief Risk Officer, and later Chief Finance Officer at Exeter Friendly Society, John helped deliver strong growth in new business revenue through enhanced risk controls and a refreshed product range. John is known for his strategic thinking and strong stakeholder relationships.

## Directors serving within their elected term

## Andrew Horsley, Independent Non-Executive Director

Andrew joined the Board in February 2022.

Andrew is a Fellow of the Chartered Governance Institute with over 30 years' experience in the financial services sector. Andrew retired from Cirencester Friendly where he was Company Secretary and Head of Compliance, having previously held senior roles at Engage Mutual. Andrew was previously a Non-Executive Director at The Chorley & District Building Society where he had been Vice-Chair of the Society and Chair of the Nomination & Remuneration Committee. Andrew,

was until recently, a Non-Executive Director and the Chair of Red Rose Friendly

Andrew is a member of the Nomination and Remuneration Committee and was appointed as their Chair on 1 January 2025. He is the Board's Non-Executive Director Consumer Duty Champion.

## Ben Pears, Chief Executive and Executive Director.

Ben joined the Board on 24 June 2024

Ben has had a 27-year career in financial services, having worked for Aviva, Virgin Money, Coutts and Barclays. In the latter stages of his career, he made the transition into the mutual sector having been Chief Executive Officer of Kingston Unity Friendly Society between 2017 and 2021 and a Director at the Oddfellows between 2021 and 2024.

Ben brings expertise across a range of different disciplines including strategic planning, operations, sales marketing and governance. Ben is a strong believer in mutuality and has served on the Board of the Association of Financial Mutuals.

Ben is a qualified financial advisor, investment manager and marketeer, whilst also holding certificates in project management and business efficiency.

# Report of the Board of Management

## Attendance

The table below shows the attendance of the Directors at Board and Committee meetings.

Board and Committee Meetings 2025							
Name	Board		Audit and Risk Committee		Nomination and Remuneration Committees		
	Attended	Out of	Attended	Out of	Attended	Out of	
Dave Cheeseman	10	10	6	6			
Anna East	10	10	6	6	7	7	
Adrian Humphreys <sup>1</sup>	5	5	3	3			
Derek Wright	10	10			7	7	
Lynzi Harrison <sup>2</sup>	4	5	2	3			
Andrew Horsley	10	10	3	3	7	7	
Ben Pears <sup>3</sup>	10	10			5	5	
Susan Esson <sup>4</sup>	1	1					
Sandy Richards <sup>5</sup>	6	6					

<sup>1</sup>Until 10 June 2025

<sup>2</sup>Until 10 June 2025

<sup>3</sup>Nomination Committee only

<sup>4</sup>Until 21 January 2025

<sup>5</sup>From 10 June 2025

# Report of the Board of Management

## Matters Considered by the Board and its Committees

The Board has a number of important responsibilities that it discharges throughout the year. These responsibilities include making decisions in the following areas:

- developing and agreeing the strategy for the Society
- approving the annual business plan and budget
- overseeing operations
- assessing Executive performance, and
- considering new ventures and reviewing existing operations.

We continued along the journey of modernising our systems estate and removing dependency on some legacy outsource relationships. We continued to provide our Members with additional support such as second opinion GP services and access to online GP consultations available 24 hours, 7 days a week.

The Board is helped in its work by several Committees. These Committees typically consider matters on behalf of the Board and conclude their discussions with recommendations for the Board. They may provide assurance to the Board

on matters within their remit. Broadly, decisions needed to achieve the agreed plan, strategy, conduct, culture, and risk management are delegated to the Chief Executive, while decisions to set the plan, strategy, required conduct, culture and risk management are made by the Board. A schedule of the Matters Reserved for the Board is available on request.

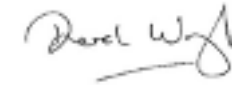
### Board Committees

The Board has established three Committees to assist it in discharging its responsibilities. They cover Audit and Risk, Nomination and Remuneration matters. These Committees are important constituents of the Society's governance arrangements.

Each Committee has written terms of reference, which are available on the Society's website under the 'how we run Holloway Friendly' section or can be mailed on request. These documents include the role and responsibilities of each Committee. They are regularly reviewed, to ensure that each Committee is effective, meets appropriate best practice and is positioned to deliver effective assurance to the Board without unnecessary duplication. The Chair of each Committee reports to the Board on matters of significance at each of its scheduled meetings. The Board retains ultimate responsibility for all decisions made.

The Company Secretary or her delegates serve as the secretary to each Committee. Each Committee may seek external professional advice at the Society's expense. The effectiveness of each Committee is considered as part of the annual Board performance review.

On behalf of the Board of Management



Derek Wright, Chair  
02/04/2026

# Report of the Board of Management

## Report from the Audit and Risk Committee

### Membership

At the end of 2025, the Committee comprised three Independent Non-Executive Directors.

### Matters Considered by the Committee

#### Significant Issues in relation to Financial Statements

The Committee considers all risks that affect the business. Where the risks can be modelled, they are included in the assessment of the future financial position. The Committee considers carefully the assumptions used to project these risks. Judgement is important in these assessments, particularly for insurance risks, such as sickness (both inception and duration), and lapse rates.

#### Independent Auditor Performance and Independence

The Committee assessed the performance, independence and objectivity of BDO LLP and the effectiveness of the audit process leading up to the issue of financial statements in 2025. A key component of this assessment was consideration that the Independent Auditor is sufficiently robust in its challenge. The Committee reviewed the Independent Audit strategy and received reports from the Independent Auditor on its policies and procedures regarding independence and quality control, including an annual confirmation of its independence in line with industry standards.

Every year, the Committee considers whether its auditor is independent and objective, in line with industry standards. The Committee was satisfied that BDO LLP was independent and objective on appointment and will review this assessment during 2026.

#### Re-appointment of the Independent Auditor

The Committee proposes that BDO LLP be re-appointed at the next AGM.

#### Oversight of Fees payable to the Independent Auditor

The fees, exclusive of VAT, payable to BDO LLP for the year ended 31 December 2025 amounted to £135,000 (2024: £155,000) for the statutory audit. No non-audit services were carried out by BDO LLP for the Society during 2025 (2024: Enil).

#### Oversight of the Actuarial Function

The Committee considered the valuation methodology and assumptions as proposed by the actuarial function and, after discussion, recommended them to the Board. It considered the proposals for interim and final bonus from the With Profits Actuary and recommended them to the Board.

It assessed the performance of the Actuarial Function and the Chief Actuary during the year and was satisfied.

There is a direct reporting line from the Chief Actuary to the Committee Chair.

# Report of the Board of Management

## Oversight of the Compliance Function

The Committee considered the proposed compliance plan and, after discussion, recommended it to the Board. The Committee oversaw compliance activity, including changes to the plan in the light of changes in resource.

There is a direct reporting line from the Compliance Officer to the Committee Chair.

## Oversight of the Risk Function

The Committee oversaw the continuing evolution of the Risk Management System and the Internal Control System.

There is a direct reporting line from the Chief Risk Officer to the Committee Chair.

## Oversight of Anti-Money-Laundering Reporting Officer's Activity

The Committee received the annual Money Laundering Reporting Officer's report and the up-to-date risk assessment.

There is a direct reporting line from the Money Laundering Reporting Officer to the Committee Chair.

## Oversight of Internal Audit

The Internal Audit function has been provided by RSM UK Assurance LLP.

The Committee considered the suggested internal audit universe proposed, received the reports from the Internal Auditor and monitored the progress of agreed management actions.

There is a direct reporting line from the Internal Auditor to the Committee Chair.

**Dave Cheeseman**  
Chair of the Audit and Risk Committee  
02/04/2026



# Report of the Board of Management

## Report from the Nomination and Remuneration Committees

### Membership

At the end of 2025, the Remuneration Committee comprises two Independent Non-Executive Directors and the Chair, while the Nomination Committee comprises two Independent Non-Executive Directors, the Chair and the Chief Executive.

### Matters Considered by the Committees

#### Remuneration Committee

The Committee considered the remuneration of the Society in general, and specifically the remuneration of the Executive management.

The Committee considered the awards to be made under the Short-Term Incentive Plan.

The Committee determined appropriate bonus payments to be made under these plans.

The Directors' Remuneration Report on pages 40-43 has more details about the Society's remuneration arrangements.

### Diversity and Skills

The Society seeks to attract and retain individuals who contribute through their diversity of thought, attitude and experience. This approach is applied throughout the Society. It is particularly important at Board and senior management level. The primary concern is always the skills brought by new recruits and how these skills complement those of others, at Board or other level. The Board endeavours to encourage diversity of thought and to avoid group thinking by encouraging debate.

### Nomination Committee

#### Board Performance Evaluation

The Committee supported the Chair in the performance evaluations of the Board and its Committees. As external Board appraisal work had been conducted in 2021, the Board and its Committees performed a self-evaluation, the results of which were considered by the Committee. The Committee considered whether the Board would benefit from an external Board evaluation and decided it would be more beneficial to consider this at the end of 2026 following the restructure of the Board in 2025 and early 2026.

### Succession Planning and New Director Appointments

The Board is actively engaged in succession planning for both Executive and Non-Executive roles to ensure that the Board can retain its effectiveness in future. Succession plans extend to cover the loss of members of senior management. The Committee appointed a new Executive Director to the Board following the resignation of the Chief Operations Officer.

# Report of the Board of Management

## Director and Executive Director Evaluation, Development and New Director Induction

The Chair led individual evaluations with all Directors. These evaluations include a review of objectives and of development needs and a confirmation that each Director has sufficient time to devote to the affairs of the Society. They demonstrate whether each Director continues to contribute effectively and whether she or he has access to adequate support.

Separately, the Senior Independent Director led the Directors in an evaluation of the performance of the Chair.

The Society is committed to the ongoing professional development of the Board. There is a policy on the continuing professional development of all Directors and a range of development opportunities are provided or supported. During the year, Directors attended a number of development events. As a result, Non-Executive Directors have sufficient current and relevant knowledge and experience to understand the main activities and risks in the Society's business model.

The Committee had oversight of the induction plans for the new Executive Directors.

**Andrew Horsley**  
Chair of the Nomination and  
Remuneration Committee  
02/04/2026



# Report of the Board of Management

## Directors' Remuneration Report

### Remuneration Policy

The Society's strategy describes how long-term success, and value will be created for Members. Its values describe the behaviours and culture expected to flourish in parallel. The Executive Directors, led by the Chief Executive, are responsible for developing and implementing the strategy, including leading the Society's management team.

A number of factors contribute to the Society's successful future growth. Proper reward is one of them. The Remuneration Policy describes how the Board encourages success, teamwork, value generation for Members and implementation of its strategy in a collegiate, measured and effective way. It is designed to encourage behaviour in line with the Society's values and risk appetite, and to ensure conduct that is appropriate for a modern financial services organisation.

### Principles of the Remuneration Policy

The Society's Remuneration Policy is built on the following principles:

- to enhance Member benefits and interests
- to attract and retain people with the skills and experience for their jobs

- to compete effectively for talent given the employment market
- to support the development of individuals, in line with the Society's ambitions
- to provide rewards that reflect individual performance as well as overall results, including the demonstration of the Society's values
- to avoid rewarding executive, management or individual failure
- to provide termination arrangements that are fair to all
- to meet all relevant regulatory requirements regarding remuneration
- to be consistent with the Society's policies and practices on gender, equality and diversity
- to develop remuneration that is simple to explain, understand and calculate
- to be consistent with the Society's risk appetite, and
- to avoid conflicts between individual interests and those of the Society's Members.

The Remuneration Policy is applied consistently to all employees. It enables all to enjoy broadly similar benefits and performance incentives at a level of participation that reflects individual roles and responsibilities. It is designed to ensure that Member interests and the future viability of the Society are aligned primarily with the interests of those who contribute to the Society's success.

To achieve this, a competitive salary and benefit package is balanced with appropriate performance-related bonuses. The relative size of the bonus depends on the size of an individual's responsibilities. For example, for Executive Directors, remuneration is designed so that the performance-related components are a significant proportion of the total potential.

### Executive Director remuneration

The Society wants to attract and retain Executive Directors with the vision, passion and drive necessary to achieve its strategy for the long-term benefit of its Members. While attitude is the most important characteristic in all of its recruitment, the Society recognises that industry and sector knowledge and experience is important, as is the willingness to act in line with its values. The Society recognises that it is part of the financial services industry and the mutual movement, and that its remuneration must be considered in this light.

# Report of the Board of Management

The Society balances what it can offer prospective Executive Directors on appointment with plans that reward success. It balances payment now with payment later, bearing in mind that the impact of achievements may not be fully realised for some time. Part of this balance is ensuring that failure is not rewarded.

Key features of the remuneration of Executive Directors include:

- **Basic pay:** the level of basic pay takes account of individual skills and experience, pay across the Society and published information from comparable firms in the financial services sector
- **Pension:** up to 10% of basic pay
- **Other insurances:** health, dental, income protection and life insurances
- **Short Term Incentive Plan or annual bonus plan:** up to 15% of basic salary depending on performance against a number of measures and targets, adjusted for individual performance as decided by the Remuneration Committee, and

- **Enhanced Bonus Plan:** this plan pays a bonus depending on performance against a number of measures and targets, adjusted for individual performance as decided by the Remuneration Committee. This bonus scheme is designed to encourage the growth of the business while maintaining the security of Member benefits. The maximum bonus payable is 10% of salary with payment being deferred for three years. Subject to agreement, a new plan begins each year.

The effectiveness of all Executive bonus plans is continually reviewed. All Executive bonus schemes, including the rules, awards and payments, are at the discretion of the Remuneration Committee and are subject to clawback if performance is later found to have been misstated, if misconduct or significant management failure is discovered, or for any other reason that leads to damage to the Society's reputation.

## Non-Executive Director remuneration

Non-Executive Directors are paid an annual fee depending on their role. Fees are reviewed every three years. They are set with reference to similar organisations in the same sector. No other benefits are provided.

The review of fees for Non-Executive Directors (other than the Chair) is delegated to the Executive Directors, who may take advice from external remuneration consultants if deemed appropriate. The proposals are presented to the Remuneration Committee.

The Remuneration Committee Chair proposes the fees for the Chair, which are considered by the Remuneration Committee with the Board Chair standing down when this item is discussed.

## Other employees

All other employees are entitled to the pension, private healthcare, health cash plan, income protection and life insurance benefits mentioned above and they also participate in the Annual Bonus Scheme or a Sales Incentive Scheme depending on their role.

## Governance of the Remuneration Policy

This Policy is agreed and administered by the Remuneration Committee. A copy of the policy can be obtained from the Company Secretary.

## Application of this Policy in 2025

A Short-Term Incentive Plan and Enhanced Bonus Plan were in place in 2025. A payment was made for the short-term incentive plan.

# Report of the Board of Management

## **Consultation with Members**

The Society is committed to open dialogue with its Members on its Remuneration Policy.

## **Recruitment of Executive Directors and Service Contracts**

Once an Executive Director has been appointed, she or he must stand for election at the next AGM.

Executive Director service contracts include the principle that individuals must mitigate their own damages in the event of the early termination of a service agreement. Notice periods are twelve months for the Chief Executive and six or fewer months for other Executives.

## **Recruitment of Non Executive Directors**

Non-Executive Directors are appointed following a rigorous recruitment and selection process.

Having been appointed by the Board, each Director must stand for election at the subsequent AGM. The initial term of office is three years from the first AGM, then a further three and then up to three successive one-year terms.

Non-Executive Directors may not normally serve more than nine years. Re-election after six years is permitted subject to rigorous review and an assessment of the need for refreshing of the Board.

The Non-Executive Director letter of appointment sets out the time commitment expected of each Non-Executive Director in the performance of their duties. The notice period for Non-Executive Directors is one month and there is no provision for loss-of-office or exit payments.

# Report of the Board of Management

## Directors' Emoluments

The table below sets out the emoluments to all Directors during 2025.

Directors' Emoluments, £						
Director	Salary or Fees	Bonuses	Benefits	Pension	Total 2025	Total 2024
Anna East	33,000				33,000	34,000
Adrian Humphreys <sup>1</sup>	13,200				13,200	24,000
Stuart Tragheim <sup>2</sup>	-	-	-	-	-	301,083
Ben Pears <sup>3</sup>	172,550	8,755	10,961	17,255	209,521	98,645
Susan Esson <sup>4</sup>	6,793	-	1,709	679	9,181	91,547
Dave Cheeseman	33,000				33,000	30,000
Derek Wright	41,000				41,000	61,000
Mark Allen <sup>5</sup>	-	-	-	-	-	50,075
Lynzi Harrison <sup>6</sup>	13,200				13,200	24,000
Andrew Horsley	33,000				33,000	26,000
Sandy Richards <sup>7</sup>	71,815	6,438	5,823	7,182	91,258	-
<b>Total</b>	<b>417,558</b>	<b>15,193</b>	<b>18,493</b>	<b>25,116</b>	<b>476,360</b>	<b>740,350</b>

<sup>1</sup> left on 10 June 2025

<sup>2</sup> left on 29 February 2024

<sup>3</sup> appointed on 09 September 2024

<sup>4</sup> resigned on 21 January 2025 and left on 31 March 2025

<sup>5</sup> left on 29 March 2024

<sup>6</sup> left on 10 June 2025

<sup>7</sup> appointed on 10 June 2025

On behalf of the Board of Management

Andrew Horsley  
Chair of the Nomination and Remuneration Committee  
02/04/2026



Annual Report 2025

# Independent auditor's report to the Members of The Original Holloway Friendly Society Limited

# Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 December 2025 and of the Society's net deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Friendly Societies Act 1992.

We have audited the financial statements of The Original Holloway Friendly Society Limited (the Society") for the year ended 31 December 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements other than that part of note 3 which is marked unaudited, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, Financial Reporting Standard 103 Insurance Contracts (United Kingdom Generally Accepted Accounting Practice) and the special provisions relating to Friendly Societies as set out in the Friendly Societies (Accounts and Related Provisions) Regulations 1994, as amended.

## Basis for opinion

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

## Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by Board of Directors on 12th August 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 6 years, covering the years ended 31 December 2020 to 31 December 2025. We remain independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Society and we remain independent of the Society in conducting our audit.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Society's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing the Directors' going concern assessment to determine whether the factors assessed are appropriate;
- Reviewing the clerical accuracy of the information included in the analysis;
- Challenging the nature and amount of the stresses applied to the base case;
- Obtaining and reviewing the Solvency and Financial Condition Report ('SFCR') and the Own Risk and Solvency Assessment ('ORSA') to understand the extent of capital in excess of regulatory requirements under the Base and Stress scenarios including considering the reverse stress scenario; and
- Enquiring of the Directors and reviewing management information, board minutes and regulatory correspondences to identify any factor that may cast significant doubt on the Society's ability to continue as a going concern

# Opinion on the financial statements

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Society's ability to continue as a going concern.

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

## Overview

Key audit matters		Materiality
	2025	2024
Valuation of technical provision	✓	✓
Society financial statements as a whole £630,000 (2024: £651,500) based on 1.5% (2024: 1.5%) of the Funds for Future Appropriations minus member bonus balances.		

### An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Society's activities and the overall control environment. Based on this understanding, we assessed those aspects of the Society's transactions and balances which were most likely to give risk to a material misstatement.

had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which

## Key audit matter

<p><b>Valuation of technical provisions</b></p> <p>At 31 December 2025 the Society recognised a net balance of £39,937,337 (2024: £39,463,198)</p> <p>Refer to the accounting policy set out in Note 1 and Notes 2,4 and 8 to the Financial Statements.</p>	<p>We consider the valuation of the Long-Term Business Provision (“LTBP”) to be a significant risk.</p> <p>Specifically, we consider the risk to relate to the modelling and assumptions that are applied in the calculation as these involve complex and significant judgements about future events, both internal and external to the business, for which small changes can have a material impact on the resultant valuation.</p> <p>Additionally, the valuation process is reliant upon the accuracy and completeness of policyholder and other data.</p>
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## How the scope of our audit addressed the key audit matter

In order to obtain sufficient and appropriate audit evidence we have, with the support of an actuarial expert engaged for their relevant experience, performed the following procedures:

### Methodology/Modelling

- Obtained an understanding of the process for model change; and
- Assessed the results of management’s analysis of change to corroborate that the impact of changes to models were consistent with that expected.

We concluded that the modelling was appropriate.

### Assumptions

- Understood the design and implementation of key controls over the processes for setting and updating key assumptions;
- Reviewed and challenged the results of experience analyses to assess whether these, and the expert judgement applied, support the adopted assumptions;
- Assessed the expense assumptions with respect to the Board approved budget, having challenged the historic reliability of the budgeting process; and

- Performed procedures to test that the assumptions adopted in the models are consistent with the approved basis.

We concluded that the assumptions are reasonable and that they have been appropriately included within the year end model.

### Data

- We obtained the data which was provided to the Society’s actuaries and our own actuarial experts and performed a reconciliation to the accounting records and policy administration system;
- We agreed a sample of data for new members to the policy administration system; and
- Gained an understanding of management’s process for data extraction and input into the actuarial model and tested that input process.

We concluded that the data used for actuarial model inputs was materially complete and accurate.

### Key observations:

Overall, we are satisfied that the technical provisions are fairly stated.

# Opinion on the financial statements

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

Society financial statements		
	2025 £k	2024 £k
<b>Materiality</b>	<b>630.0</b>	<b>651.5</b>
<b>Basis for determining materiality</b>	1.5% of Funds for Future Appropriations excluding member bonus balances.	1.5% of Funds for Future Appropriations excluding member bonus balances.
<b>Rationale for the benchmark applied</b>	We determined Funds for Future Appropriation to be the most appropriate benchmark, as it reflects a key measure of the performance of a mutual friendly society and is used to assess the level of free reserves and in determining solvency. We have excluded member bonus accounts from our calculation to ensure materiality is based on the Society's unallocated reserves.	
<b>Performance materiality</b>	<b>470.0</b>	<b>456.0</b>
<b>Basis for determining performance materiality</b>	75% of materiality	70% of materiality
<b>Rationale for the percentage applied for performance materiality</b>	In determining performance materiality, we considered factors such as our assessment of the Society's overall control environment, and expected total value of known and likely misstatements, based on past experience.	In determining performance materiality, we considered factors such as our assessment of the Society's overall control environment, and expected total value of known and likely misstatements, based on past experience.

# Opinion on the financial statements

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £12,000 (2024: £13,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material

inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Opinion on the financial statements

## Other Friendly Societies Act reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Friendly Societies Act 1992 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Report of the Board of Management	Matters on which we are required to report by exception
<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"><li>• the information given in the Strategic report and the Report of the Board of Management for the financial year for which the financial statements are prepared is consistent with the financial statements; and</li><li>• the Strategic report and the Report of the Board of Management have been prepared in accordance with the Friendly Societies Act 1992 and the regulations made under it.</li></ul> <p>In the light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Report of the Board of Management.</p>	<p>We have nothing to report in respect of the following matters in relation to which the Friendly Societies Act 1992 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"><li>• proper accounting records have not been kept by the Society; or</li><li>• the Society financial statements are not in agreement with the accounting records; or</li><li>• we have not received all the information and explanations we require for our audit.</li></ul>

# Opinion on the financial statements

## Responsibilities of directors

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

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

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Society and management.

## Extent to which the audit was capable of detecting irregularities, including fraud

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

### Non-compliance with laws and regulations

Based on:

- Our understanding of the Society and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Society policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be the Friendly Societies Act 1992, Friendly Societies (Accounts and Related Provisions) Regulations 1994 and United Kingdom Generally Accepted Accounting Practice.

The Society is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the requirements and regulatory pronouncements of the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

Our procedures in respect of the above included:

- Enquiries of management whether there were any litigations and claims;
- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

### Irregularities including fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiries of management and those charged with governance, including the Audit Committee and internal auditors, regarding any known or suspected instances of fraud;

# Opinion on the financial statements

- Obtaining an understanding of the Society's policies and procedures relating to:
  - o Detecting and responding to the risks of fraud; and
  - o Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of technical provisions and management override of controls.

Our procedures in respect of the above included:

Valuation of technical provisions:

- Refer to the key audit matters section.

Management override:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias (refer to the key audit matters section).

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

## Use of our report

This report is made solely to the Society's members, as a body, in accordance with Section 73 of the Friendly Societies Act 1992. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Giles Watson, (Senior Statutory Auditor)**

For and on behalf of BDO LLP, Statutory Auditor

London, UK

02 April 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Annual Report 2025

# Financial Statements

# Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025	Note	2025	2024
		£	£
<b>TECHNICAL ACCOUNT: LONG TERM BUSINESS</b>			
Gross premium written	5	14,878,733	13,242,175
Outward reinsurance premiums	5	(2,397,341)	(1,847,806)
Net earned premium income		12,481,392	11,394,369
Investment income and realised gain	6	554,499	626,704
Unrealised (loss)/gain on investments		449,279	(196,301)
<b>Total technical income</b>		<b>13,485,170</b>	<b>11,824,772</b>
Gross claims incurred		8,015,880	7,264,740
Reinsurance recoveries		(1,904,453)	(3,388,873)
Claims incurred net of reinsurance	7	6,111,427	3,875,867
Change in technical provisions	8	(480,497)	12,277,797
Net operating expenses	9	9,404,480	12,107,539
Investment expenses and charges		37,750	50,700
Tax attributable to long-term business	10	-	-
		15,073,160	28,311,903
<b>Net surplus/(deficit) for the year</b>		<b>(1,587,990)</b>	<b>(16,487,131)</b>
Transfer (to)/from the fund for future appropriations	11	1,587,990	16,487,131
<b>Balance on Technical Account: Long-Term Business</b>		<b>-</b>	<b>-</b>

The above results relate wholly to continuing activities. The Society had no other comprehensive income or expenditure and has elected not to prepare separate analysis using a non-technical account.

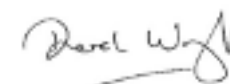
The Society has not presented a Statement of Changes in Equity. There are no equity holders in the Society, which is a mutual organisation. As described in the presentation of financial statements paragraph under the notes to the financial statements, the above represents the Statement of Comprehensive Income of The Original Holloway Friendly Society.

# Financial Statements

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2025	Note	2025	2024
		£	£
<b>ASSETS</b>			
Intangible assets	12	2,519,202	3,011,854
Investments			
Land and buildings	13	745,000	745,000
Other financial investments	14	14,313,184	14,843,297
		<u>15,058,184</u>	<u>15,588,297</u>
Assets held to cover linked liabilities	15	549,673	556,031
Debtors			
Arising out of reinsurance operations	16	254,099	931,201
Other debtors		75,302	72,689
		<u>329,401</u>	<u>1,003,890</u>
Other Assets			
Tangible assets	17	59,318	64,283
Cash at bank and in hand		284,919	453,369
		<u>344,237</u>	<u>517,652</u>
Prepayments and accrued income			
Accrued interest		126,873	125,485
Other prepayments and accrued income		233,509	271,031
		<u>360,382</u>	<u>396,516</u>
Technical provisions	8	39,937,337	39,463,198
		<b>59,098,416</b>	<b>60,537,438</b>
<b>LIABILITIES</b>			
Fund for future appropriations	11	55,846,833	57,434,823
Technical provision for linked liabilities	8	549,673	556,031
Creditors			
Arising out of reinsurance operations		582,753	484,583
Claims outstanding		117,880	99,563
Other creditors (inc tax and social security)	18	2,001,277	1,962,438
		<u>2,701,910</u>	<u>2,546,584</u>
		<b>59,098,416</b>	<b>60,537,438</b>

As described in the presentation of financial statements paragraph under the notes to the financial statements, the above represents the Statement of Financial Position of The Original Holloway Friendly Society.

The financial statements on pages 53 -70 were approved by the Board of Management on 02 April 2026 and were signed on its behalf by:



**Derek Wright**  
Chair and Director



**Ben Pears**  
Chief Executive Officer



**Alison Poyner**  
Company Secretary

# Notes to the Financial Statements

## Note 1. Significant accounting policies

The significant accounting policies applied in preparing these financial statements are set out below. They have been applied consistently to all the information presented, unless otherwise stated.

### Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards ('FRS') 102 and 103 as issued by the Financial Reporting Council and the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (the 'Regulations').

FRS 102 requires the use of certain critical accounting estimates. It requires management to exercise judgement in applying the chosen accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out in Note 2. Forming estimates inherently requires the use of available information and application of judgement. Actual outcomes could differ from estimates.

In accordance with FRS 103 on Insurance Contracts, the Society has applied existing accounting practices for insurance contracts, modified as appropriate to comply with applicable standards.

The financial statements have been prepared on a historic cost basis, except for the revaluation of certain properties and financial instruments.

The Society, being a mutual life assurance company, is exempt from the requirements under FRS 102

Section 7 to produce a cash flow statement.

The Society operates, and prepares these statements, using Great British Pounds (£).

### Presentation of Financial Statements

In accordance with Regulation 7(3) of The Friendly Societies (Accounts and Related Provisions) Regulations 1994, the Directors present the financial statements of the Society. There are no material differences between the financial statements of the Society and those of the Group of which it is the head and as such the Directors have elected not to present the consolidated financial statements of the Group.

### Going concern

The Society meets its day-to-day working capital requirements through its own resources. The Society's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to continue in operational existence for a period of at least twelve months from when the financial statements are authorised for issue. In making this assessment the Directors have considered a wide range of stress scenarios as part of the yearly ORSA process, Society's strategic plans, trading forecasts and the capital and liquidity requirements of the Society. The Society therefore continues to adopt the going concern basis in preparing its financial statements.

### Accounting for property

Land and buildings are included at open market value, as determined every three years by an

independent surveyor. The valuation was last undertaken in November 2023. In the intervening years between formal valuations, the Directors seek a desktop report and base their valuation on it. No depreciation has been applied during the year.

### Accounting for net earned premiums

Premiums written represent new and renewal premium in respect of non-participating insurance contracts and renewals in respect of participating insurance business. There is no premium written in respect of the investment contracts.

Premiums for new business are accounted for when the insurance contract liability is set up and the premium is due for payment. Premiums for renewal business are accounted for when due for payment.

Reinsurance premiums are accounted for when due for payment. All premiums are UK based, there is no exposure to overseas premiums.

### Accounting for investment income

Investment income includes dividends and interest from investments. Dividend income is recognised when receivable and interest income is included on an accruals basis.

### Accounting for net gains or losses on investments

Realised gains or losses on investments are accounted for as the difference between net proceeds and their original purchase price. Where the investment was purchased in the previous accounting period, any unrealised gains or losses brought forward are reversed.

# Notes to the Financial Statements

Unrealised gains or losses on investments are accounted for as the difference between a fair value at 31 December 2025 and a similar valuation as at 31 December 2024 or, where purchased during 2025, the purchase price.

## Accounting for operating expenses

Operating expenses, charged in the long-term business technical account, comprising acquisition and administrative expenses, are charged when incurred.

## Accounting for pension

Contributions to the Society's defined contribution pension schemes are charged to the net operating expenses in the period in which the liability is accrued.

## Accounting for the tax attributable to long-term business

The Society is only liable to taxation on part of its life and endowment assurance fund. Taxation is provided for on an accruals basis, provision being made for the current year's liability.

## Accounting for investments

### Assets held to cover linked liabilities

These investments are included at fair value through profit and loss. The linked liabilities match the corresponding assets and are valued on a basis consistent with them.

### Other financial investments

These investments are included at fair value through profit and loss, with changes in value during the

year being accounted for in the long-term business technical account.

The Society invests in the following investment categories:

Shares, other variable yield securities and unit trusts (Equity funds)

- Debt securities and other fixed income securities (Corporate bonds and Government securities)
- Deposits with credit institutions, including cash funds (cash funds)

In compliance with FRS102, the Society discloses in Note 15 and 14, for each class of financial asset held at fair value in the statement of financial position, an analysis of the level in the fair value hierarchy into which the measurements are categorised.

Valuation methodology	Level
Using active quoted prices	1
Using other observable inputs	2
Using other valuation techniques	3

### Intangible assets

These assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using a straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

### Amortisation

Computer software	25% on a straight-line basis	Useful life 4 years
Administration System	10% on a straight-line basis	Useful life 10 years

### Tangible assets

These assets are accounted for at their purchase cost plus any incidental costs of acquisition. Depreciation is calculated to write off the cost of tangible assets over their estimated useful lives, at the following rates:

### Asset Depreciation

Office equipment	10 - 25% on a straight-line basis
Computer equipment	25% on a straight-line basis
Property improvements	10% on a straight-line basis

### Accounting for claims and benefits

Maturity claims are accounted for when due for payment. Surrenders are accounted for on the earlier of the date payment is made or when the insurance contract ceases to be included within the long-term insurance contract liability.

Death and sickness claims are accounted for when the Society has been notified of the claim and that claim has been assessed and accepted. The value of claims on participating plans includes bonuses paid or payable.

# Notes to the Financial Statements

Reinsurance recoveries are accounted for in the same period as the related claim. Reinsurance new business advances are accounted for in the same period to which the new business relates.

Unit-linked benefits are accounted for when realised. They are equal to the assets held to meet them.

## Accounting for the fund for future appropriations

The fund for future appropriations represents the excess of assets over and above the long-term value of insurance contracts and other liabilities. It represents the amounts that have yet to be declared as bonuses for participating insurance contracts and the Society's free assets. Any profit or loss reported on the Statement of Comprehensive Income is transferred to or from this fund.

## Accounting for plan allocations and bonuses

Bonuses and interest are allocated to participating with profit Members of the Society, with reference to the terms of the contracts for insurance that they hold with the Society and are agreed by the Board. Bonuses to members in the form of interest and allocations are recognised in the Technical Account Long-Term Business when declared. Payments are made to Members on the termination of their contract with the Society.

## Accounting for technical provisions

The long-term business provision is determined by the Board on the advice of the Chief Actuary, as part of the annual actuarial valuation of the Society's

long-term business. The provision is determined in accordance with Solvency UK rules as permitted by FRS103.

The long-term business provision on a Solvency UK basis is calculated as the present value of the expected future cash flows (benefit payments and expenses less premiums) plus a risk margin. The risk margin allows for the cost to a third party of holding Solvency UK capital until all the contracts are settled. The valuation rate of interest used to discount the expected future cash flows is prescribed by regulation.

## Accounting for reinsurance

The amounts that will be recoverable from reinsurers are estimated based upon the gross provisions, having due regard to collectability. The reinsurers' share of claims incurred in the Statement of Comprehensive Income reflects the amounts received or receivable from reinsurers in respect of those claims incurred during the period.

Creditors arising out of reinsurance are primarily premiums payable for reinsurance contracts and are accounted for in the Statement of Comprehensive Income as 'Outward reinsurance premiums' when due.

Debtors arising out of reinsurance operations are claim amounts due from reinsurance contracts and are accounted for in the Statement of Comprehensive Income as 'Reinsurers share' when due.

## Accounting for financial assets

Financial assets, other than investments and derivatives, including other debtors, are initially measured at transaction price including transaction costs and subsequently held at amortised cost less any impairment.

# Notes to the Financial Statements

## Note 2. Critical accounting judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from estimates. The more critical areas where accounting estimates and judgements are made are set out below.

### Valuation of land and buildings

The valuation of the property is subjective and is subject to a degree of uncertainty. The valuation is based on an assumption of market yields and market rental rates.

### Long-term business provision

A Best Estimate of Liabilities is determined on best estimate assumptions together with a Risk Margin which reflects the costs that a third party would require to administer the Society's liabilities. Both Best Estimate of Liabilities and the Risk Margin are calculated in line with Solvency UK requirements as implemented by the PRA in the UK at the valuation

date. Due to the long-term nature of the Society's liabilities, these estimates are subject to significant uncertainty.

The assumptions used for mortality and sickness are based on standard industry tables adjusted where appropriate to reflect the Society's experience. The assumptions used for expenses and lapse rates are based on Society plans and experience. The main assumption underlying these techniques is that past claims development experience compared with a standard table provides a reliable basis for projecting future claims experience. For a growing firm, there is more uncertainty around variability of future, relative to past, experience.

When a homogeneous product class is expected to generate future cash inflows to the Society net of a risk margin, the provision for that product class is disclosed as an asset on the Statement of Financial Position.

The assumptions used are described in [Note 4](#).

# Notes to the Financial Statements

## Note 3. Capital Management

The Society maintains an appropriate level of capital to ensure the payment of existing Member benefits in accordance with the Solvency UK Solvency Capital Requirements.

The capital management objectives are:

- to ensure that the strategy can be implemented and sustained
- to maintain the financial strength at an appropriate level for the risks of the business
- to give confidence to Members and other stakeholders, and
- to comply with the capital requirements of the regulator.

Details of the Society's objectives and its strategy to achieve them are provided in the Chief Executive's Overview on pages 10-11.

The Board reviews the strategy annually by considering financial projections under a range of plausible scenarios looking forward for a period of typically three to five years.

A range of metrics are considered within each scenario with the most important being the solvency ratio and cashflow position and the risks presented under each scenario considered. The projected capital position for the Society

is assessed relative to the approved "solvency ladder" which provides a view as to likely future capital management actions that may be necessary.

The scenario with the most acceptable overall outcome, balancing the various metrics, defines the Society's annual business plan and is used as a reference point for setting expense budgets and sales targets.

The Solvency Capital Requirement is calculated in accordance with the Solvency UK Standard Formula. The Society complied with the prudential requirements regarding capital and technical provisions throughout 2025. It is not, and has not been in 2025, subject to any externally imposed capital requirements.

### Capital statement (unaudited)

Capital balances disclosed in these financial statements are unaudited as the Company's Solvency and Financial Condition Report falls outside of the audit regime.

The following summarises the capital resources of the Society as determined for UK regulatory purposes. So, the capital statement covers all of the Society's life insurance business. There are no specific constraints on the capital of the Society. As the Society has no shareholders, all of its capital belongs to its Members.

Life business UK non-participating	2025 £000s	2024 £000s
Total capital resources before deductions*	55,847	57,435
Adjustments to assets**	(2,519)	(3,012)
Other provisions	-	(81)
<b>Total available capital resources</b>	<b>53,328</b>	<b>54,342</b>

\* the Fund for Future Appropriations

\*\* includes intangible assets

	2025 £000s	2024 £000s
Total available capital resources	53,328	54,342
Regulatory capital requirement	(34,525)	(38,669)
<b>Capital surplus</b>	<b>18,803</b>	<b>15,673</b>
Minimum capital requirement	8,631	9,667
Coverage Ratio	154.5%	141.0%

Drivers of the change are described under Analysis of Change in [Note 4](#).

# Notes to the Financial Statements

## Note 4. Risk Management

As the Society's capital belongs to its Members, the Society is able to amend the level of profit allocation and bonuses payable to them, should this be necessary to maintain solvency.

The Board has set target capital levels and, should solvency levels fall, has trigger levels which would require management actions to address the position.

### Long-term insurance liability valuation assumptions

A gross premium valuation is used to calculate the liabilities. The assumptions used in the valuation of the long-term insurance liabilities are set out below. Due to the long-term nature of the Society's liabilities, the assumptions, and hence the valuation results which are based on them, are subject to significant uncertainty.

### Discount rate of interest

Assumptions are set having regard to risk-free rates of return, without volatility or matching adjustment, as specified by the Prudential Regulatory Authority as at 31 December 2025. Selected rates are shown below, and the full set are on the Bank of England website.

Selected Discount Rates, %, as dictated by the Prudential Regulatory Authority	
Duration (year)	31 Dec 2025
1	3.54%
2	3.49%
3	3.53%
4	3.59%
5	3.67%
10	4.05%
15	4.36%
20	4.54%
25	4.60%
30	4.59%
50	4.22%

### Expenses

Maintenance expenses are set allowing for new business in accordance with the Society's business plans for the period 2026-2030. Thereafter expenses are assumed to increase with an expense inflation assumption derived from the difference between conventional gilt and index-linked gilt curves.

### Sickness

For income protection products, a sickness inception and recovery approach is used, based on a multiple of the industry standard IP11 rates table. Inception assumptions vary by product and are set considering recent experience. Allowance is made within the calculation of the liabilities to account for plans with different deferred periods and occupational classes. The recovery rates vary by claim duration and are set based on recent experience. Other aggregate adjustments are made so that projected claims more closely match claims paid in practice. The assumptions are reviewed annually to allow for emerging experience.

### Lapses

The lapse assumptions are set based on recent experience adjusted for any trends that are observed. The assumptions vary by product and by how long plans have been in-force. For some products, and some durations, experience is very sparse or does not exist. In these cases, assumptions from alternative products or pricing assumptions are used. The assumptions are reviewed annually to allow for emerging experience. In line with Solvency UK regulations, all unit-linked contracts are assumed to lapse at the valuation date as they have passed their maturity date.

### Mortality

Assumptions are set by reference to standard actuarial tables: for healthy lives, 50% of AMC00 and for sick lives 100% of IP11.

# Notes to the Financial Statements

## Options and guarantees

None of the Society's insurance contracts had any financially significant options or any guaranteed surrender values in place during the year up to the valuation date.

## Analysis of change

The table below presents the movement in the Society's available capital over 2025, as per the Solvency UK regulations.

Analysis of Change, 2025, £000		
2025	Capital	Change
<b>Available capital at start of year</b>	54,342	
In-force business movements	52,950	-1,392
New business	55,746	2,796
Interest rates	55,226	-520
Inflation and other market movements	53,983	-1,243
Model and basis changes*	53,322	-661
Other	53,328	6
<b>Available capital at end of year</b>	<b>53,328</b>	

## Underlying approach to risk management

The following principles outline the Society's approach to risk management and internal control:

- the Board has responsibility for ensuring that there are effective risk management and internal control systems
- primary oversight of these systems is delegated to the Audit and Risk Committee by the Board
- the Risk Management System ensures that risks that might move outcomes well outside those envisaged by the business plan are identified, measured, monitored, managed and reported appropriately
- the Internal Controls System ensures that controls are effective. This includes understanding the nature of the controls, monitoring their effectiveness, allowing them to evolve and developing a culture of openness and continual challenge. Root cause analysis and consideration of near misses are important components of the approach
- the Executive Committee receives reports on risks from throughout the Society. It reviews the reports and commissions further investigation as necessary, and
- managers are accountable for the internal control environment in their areas.

## Sensitivity of the results to changes in principal risks

The following describes the sensitivity of the Society's results to changes in principal risks, as measured by changes in assumptions. The changes used reflect reasonably possible ranges:

Sensitivity of Results to Assumption Changes, £000		
Available capital at 31 Dec 2025		53,328
Principal Risk	Change	Impact
More people fall sick	10%	-5,335
People don't recover as quickly	-5%	-3,964
More people lapse	10%	-5,769
Fewer people lapse	-10%	6,344
Plans cost more to administer	10%	-975
Risk-free yields rise	+100bps	-4,106
Risk-free yields fall	-100bps	4,572
Corporate bond asset values fall	-10%	-775
Inflation falls	-50bps	-1,478

# Notes to the Financial Statements

The principal risks are described in more detail below.

## Insurance health risks

The Society is exposed to a range of insurance risks through its insurance plan liabilities. Principally, these are sickness, lapse and expense risks. In all three cases, if the risk materialises, profitability will be reduced. These risks are inherently part of the Society's business.

The Society regularly reviews its sickness experience to ensure that any changes required can be fed into pricing and underwriting. Its underwriting and claims-handling processes are monitored to ensure they remain effective.

Lapse risk is difficult to manage. The Society has enhanced its service by implementing a programme to support Members who are considering lapsing their plans, ensuring that the full range of options is communicated and supporting whatever choice the Member makes.

Expense risk is closely monitored.

## New business risks

Lower-than-expected new business is a risk. The Society needs a healthy and increasing stream of quality new business to achieve its strategy.

Higher-than-expected new business also involves risk. It is important that there are sufficient people to handle increased volume and that underwriting standards are maintained. It is important that there is sufficient regulatory capital to allow the business to be written. Like most businesses, existing personnel can be temporarily moved to support a sudden increase in new business, but this is not a permanent solution. It carries the risk that important strategic work cannot then progress.

The Society is actively and continually managing these risks.

## Financial (market, credit and liquidity) risks

The Society is exposed to a range of financial risks.

### Market risk

Market risk is the risk of changes in the value of investments, including from interest rates and inflation. The Society has a small exposure to equity price risk and currency risk. Appropriate sensitivities are shown on page 63-64.

### Interest rate risk

Interest rate risk arises from the value of the Society's insurance liabilities and in the fair value of risk-free asset values.

### Inflation risk

Inflation risk arises from the inflation of expenses including claims, offset by inflating premiums and benefit levels on index-linked plans.

## Equity price risk

The Society is exposed to equity price risk as a result of its holdings in equity investments, classified as financial assets at fair value through profit or loss. The Society has an investment policy which sets limits on its exposure to equities in aggregate terms and by currency and counterparty. All assets held in equities are GBP-denominated, higher quality equities.

	Impact on P&L	Impact on Equity
Scenario	(£'000)	(£'000)
Equity price increase by 10%	159.88	159.88
Equity price increase by 10%	(158.88)	(159.88)

## Managing market risk

The Executive Committee oversees market risk. The Committee recommends the investment policy to the Board, receives reporting, oversees investment activity and ensures that the agreed policy is followed.

The Society manages its assets for the benefit of its Members. The asset allocation policy, counterparty limits and other controls balance the risks against the rewards.

# Notes to the Financial Statements

## Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Society is exposed to credit risk are:

- amounts due from corporate bond issuers
- amounts due from Advisers
- amounts due from Members, and
- reinsurers' share of insurance contract liabilities.

The Society has very little credit risk. Its counterparties are selected to be of high creditworthiness.

The Society manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or groups of counterparties. Such risks are subject to regular review.

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

Market Value	€000	
	2025	2024
Investment grade	12,601	13,980
Non-investment grade	-	-
Non-rated	2,454	2,446
	<b>15,055</b>	<b>16,426</b>

Investment grade assets are those with S&P ratings of BBB- or higher.

The assets reported above exclude assets backing unit-linked insurance contracts. The holders of these contracts bear the credit risk arising from them.

The assets reported above include those held in the With Profits funds where the Society is able to transfer part of the credit risk arising from them to holders of With Profits investment and insurance contracts to the extent that the future level of discretionary bonuses can be reduced to absorb any associated credit losses, as well as losses arising from most other financial risks.

## Liquidity risk

Liquidity risk is the risk that cash may not be available at a reasonable cost to pay obligations when due. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unknown levels of demand.

Amounts under unit-linked insurance plans are generally repayable on demand and the Society is responsible for ensuring there is sufficient liquidity within the asset portfolio to enable unit-linked liabilities to be met as they fall due.

With Profits insurance plans can be surrendered before maturity for a cash surrender value. Liquidity risk can be managed by the Society exercising its discretion to adjust the level of bonus payable on early surrender.

Other financial liabilities such as claims outstanding, creditors arising from reinsurance operations and other creditors are settled within a short timeframe of within a year. As such, the Society has not presented a maturity analysis for its financial liabilities.

## Operational risks

Operational risks cover the impact of failed, missing or inadequate processes, people or infrastructure, and include the impact of failures of strategy and a damaged reputation. For a business that is changing so quickly, the Society is vulnerable to operational risks of many different types. Loss of data and cyber-threats are common concerns for financial services organisations.

The Society takes operational risk seriously. Its Governance and Assurance manager works with managers across the business to minimise the incidence and impact of operational risk, to analyse actual and near-miss incidents and to ensure that any errors that arise are properly dealt with. The management of operational risk is connected to the management of conduct risk and culture.

# Notes to the Financial Statements

## Note 5. Premium income

	2025 £	2024 £
Income Protection business – non-participating contracts	12,866,209	11,063,760
Income Protection business – participating contracts	2,012,523	2,179,042
<b>Income Protection business – regular premiums</b>	<b>14,878,733</b>	<b>13,242,175</b>
Outward Reinsurance premiums – Munich Re	(2,313,934)	(1,782,568)
Outward Reinsurance premiums – other	(83,407)	(65,238)
<b>Net earned premium income</b>	<b>12,481,392</b>	<b>11,394,369</b>

A Value in Force and New Business treaty is in place with Munich Re. As reinsurance premiums are paid, they are recorded as an expense through the Statement of Comprehensive Income. In 2025 a reinsurance premium of £2.31m (2024, £1.78m) have been recognised in respect of this contract. It is included in Outward reinsurance premiums.

## Note 6. Investment income and realised gain/(loss)

Income from investments:	2025 £	2024 £
Interest income (cash deposits)	22,708	83,698
Interest income (UK government securities)	36,638	64,008
Interest income (other fixed interest securities)	373,890	354,136
Dividend income	38,714	73,502
	<b>471,950</b>	<b>575,344</b>
Gain/Loss on realisation of investments	82,549	51,360
<b>Investment income and realised gain</b>	<b>554,499</b>	<b>626,704</b>

## Note 7. Claims incurred net of reinsurance

Technical provisions	Total 2025 £	Total 2024 £
Sickness benefit	6,266,135	5,064,828
Reinsurer share	(1,904,453)	(3,388,873)
	<b>4,361,682</b>	<b>1,675,955</b>
Unit-linked encashments	52,356	68,370
Withdrawals and maturities	1,697,389	2,131,542
	<b>1,749,745</b>	<b>2,199,912</b>
<b>Claims incurred net of reinsurance</b>	<b>6,111,427</b>	<b>3,875,867</b>

In January 2024 an additional reinsurance facility was entered into with Munich Re. This is in respect of New Business contingent advance claims. In 2025 reinsurance claims of £1.904m (2024 £3.4m) have been recognised in respect of this contract. It is shown within Reinsurers share.

On 31 December 2025 the Society entered into a Mass lapse reinsurance treaty with Hannover Re. There are no amounts included in the 2025 Financial Statements.

# Notes to the Financial Statements

## Note 8. Technical provisions

Unit-linked Liabilities	Total 2025 £	Total 2024 £
Balance at 1 January	556,031	610,065
Movement	45,998	14,336
Withdrawals	(52,356)	(68,370)
<b>Balance at 31 December</b>	<b>549,673</b>	<b>556,031</b>

Other Liabilities/(Assets)	Total 2025 £	Total 2024 £
Balance at 1 January	(39,463,198)	(51,795,029)
Other Liabilities/(Assets)	3,782,179	4,276,083
New business	(6,686,522)	(9,561,385)
Interest rates	519,584	3,640,699
Inflation and other	1,243,208	29,238
Model and basis changes	661,053	13,874,221
Other	6,359	72,975
<b>Balance at 31 December</b>	<b>(39,937,337)</b>	<b>(39,463,198)</b>

Total		
Balance at 1 January	(38,907,167)	(51,184,964)
Movement	(480,497)	12,277,797
<b>Balance at 31 December</b>	<b>(39,387,664)</b>	<b>(38,907,167)</b>

Note 3 on Capital management and Note 4 on Risk management and control provide information about the valuation assumptions and risk approach associated with the technical provisions. The change in technical provisions over the period is part of the analysis of change in available capital set out in Note 4.

As per the Solvency UK regulations, members funds are included within technical provisions above using a discount factor to reflect the expected future cash flows.

The analysis below shows the movement to members balances and their undiscounted value as at 31 December 2025.

Member balances:	Total 2025 £	Total 2024 £
Balance at 1 January	14,004,386	15,154,295
Apportionment of surplus	589,156	638,126
Compound bonus	287,765	239,045
Final bonus	70,279	50,486
Death interest	1,392	1,829
Balance plus bonuses	14,952,978	16,083,781
Withdrawals	(1,697,389)	(2,079,395)
<b>Balance at 31 December</b>	<b>13,255,589</b>	<b>14,004,386</b>

# Notes to the Financial Statements

## Note 9. Net operating expenses

Net operating expenses	2025 £	2024 £
Acquisition expenses	6,774,093	8,969,060
Administrative expenses	2,630,387	3,138,479
<b>Net operating expenses</b>	<b>9,404,480</b>	<b>12,107,539</b>

Included within acquisition expenses are commission expenses of £2,890,000 (£4,452,000; 2024)

Net operating expenses include the following:

Fees* payable to the Society's auditor:		
Audit (BDO LLP)	135,000	155,000
Other charges:		
Depreciation on tangible fixed assets	23,209	22,119
Amortisation on intangible assets	492,652	494,146

\* All fees are exclusive of VAT.

Employee benefits expense:

Salaries and wages	3,521,572	4,134,513
Social security costs	400,759	465,883
Pension costs	442,360	457,049
	<b>4,364,691</b>	<b>5,057,445</b>

Number of employees:

Board and senior management	7	10
Acquisition and Member contact	15	22
Administration	38	42
	<b>60</b>	<b>74</b>

Numbers include Executive Directors and are a monthly average. The Directors remuneration Report is on pages 40-43.

## Note 10. Taxation

No tax is due in 2025 or 2024.

## Note 11. Fund for future appropriations

Fund for future appropriations	General Reserve £	Life and Endowment £	Total 2025 £	Total 2024 £
Balance at 1 January	57,148,503	286,320	57,434,823	73,921,954
Transfer to/(from)	(1,587,990)	-	(1,587,990)	(16,487,131)
<b>Balance at 31 December</b>	<b>55,560,513</b>	<b>286,320</b>	<b>55,846,833</b>	<b>57,434,823</b>

## Note 12. Intangible assets

Intangible assets	Administration System £	Computer Software £	Total 2025 £	Total 2024 £
Cost				
At 1 January	4,909,170	6,941	4,916,111	5,081,447
Additions	-	-	-	-
Disposals	-	-	-	(165,336)
At 31 December	4,909,170	6,941	4,916,111	4,916,111
Amortisation				
At 1 January	1,901,799	2,458	1,904,257	1,574,917
Charge for year	490,917	1,735	492,652	494,146
Eliminated on disposals	-	-	-	(164,806)
At 31 December	2,392,716	4,193	2,396,909	1,904,257
<b>Net Book Value at 31 December</b>	<b>2,516,454</b>	<b>2,748</b>	<b>2,519,202</b>	<b>3,011,854</b>

# Notes to the Financial Statements

## Note 13. Land and buildings

Land and buildings	2025 £	2024 £
Cost/Valuation		
At 1 January	745,000	745,000
(Decrease) in valuation	-	-
<b>At 31 December</b>	<b>745,000</b>	<b>745,000</b>

The cost of land and buildings was £1,880,000. The 'Land and buildings' item refers to the Society's Head Office property, which is freehold and is included at market value as at 31 December 2025. A valuation was carried out by Philip J Pratt BSc MRICS (Registered Valuer) of Alder King property consultants in November 2023. The Head Office is fully occupied by the Society and was valued on an existing-use basis. Valuations are carried out every three years. The Directors consider this valuation to remain appropriate.

## Note 14. Financial assets fair value through profit and loss

Financial assets – fair value through profit and loss	Market Value 2025 £	Cost 2025 £	Market Value 2024 £	Cost 2024 £
<b>Shares, other variable yield securities and unit trusts</b>				
UK Listed	1,598,845	1,444,626	1,473,308	1,486,031
<b>Debt securities and other fixed income securities:</b>				
GBP denominated	10,785,295	10,490,230	11,677,919	11,861,495
	<b>12,384,140</b>	<b>11,934,856</b>	<b>13,151,227</b>	<b>13,347,526</b>
<b>Deposits with credit institutions, including cash funds:</b>				
GBP denominated	1,929,044	1,929,044	1,692,070	1,692,070
	<b>14,313,184</b>	<b>13,863,900</b>	<b>14,843,297</b>	<b>15,039,596</b>

All financial assets are level 1. Level 1 assets are those which are reported at a quoted price in an active market, where price, without adjustment, has been used to measure fair value. No level 2 or 3 assets were held.

## Note 15. Assets to cover linked liabilities

Assets to cover linked liabilities	Market Value 2025 £	Cost 2025 £	Market Value 2024 £	Cost 2024 £
<b>Financial assets – fair value through profit and loss:</b>				
<b>Shares, other variable yield securities and unit trusts</b>				
UK Listed	122,481	113,339	111,855	112,256
Debt and fixed income securities	418,862	402,751	429,911	426,981
Deposits with credit institutions, including cash funds	8,330	8,330	14,265	14,265
	<b>549,673</b>	<b>524,420</b>	<b>556,031</b>	<b>553,502</b>

All financial assets are level 1. Level 1 assets are those which are reported at a quoted price in an active market, where price, without adjustment, has been used to measure fair value. No level 2 or 3 assets were held.

## Note 16. Debtors

Debtors	2025 £	2024 £
Arising out of reinsurance operations	254,099	931,201

In January 2024 an additional reinsurance facility was entered into with Munich Re. This is in respect of New Business contingent advance claims. The debtor at 31 December represents the quarter 4 claim.

# Notes to the Financial Statements

## Note 17. Tangible assets

Tangible assets	Office Equipment £	Computer Equipment £	Property Improvements £	Total 2025 £	Total 2024 £
Cost					
At 1 January	141,065	162,400	14,358	317,823	294,371
Additions	-	18,910	-	18,910	28,207
Disposals	-	(26,294)	-	(26,294)	(4,755)
At 31 December	141,065	155,016	14,358	310,439	317,823
Depreciation					
At 1 January	125,222	123,771	4,547	253,540	236,181
Charge for year	5,965	15,808	1,436	23,209	21,521
Eliminated on disposals	-	(25,628)	-	(25,628)	(4,162)
At 31 December	131,187	113,951	5,983	251,121	253,540
<b>Net Book Value as at 31 December</b>	<b>9,878</b>	<b>41,065</b>	<b>8,375</b>	<b>59,318</b>	<b>64,283</b>

## Note 18. Other creditors

Other creditors	2025 £	2024 £
Other creditors including taxation and social security:		
Taxation and social security	82,012	134,916
Amounts due to retired Members	1,122,222	1,087,735
Amounts due to extra contributions	45,571	57,092
Other creditors	751,472	682,695
	<b>2,001,277</b>	<b>1,962,438</b>

Retired Members are Members who have reached retirement age and have no insurance element to their policies. They are able to withdraw their balance at any time upon request. No bonuses are due on these balances.



# Notes to the Financial Statements

## Note 19. Capital commitments

There were no capital commitments due at 31 December 2025 or 2024.

## Note 20. Financial commitments

There were no financial commitments due at 31 December 2025 or 2024.

## Note 21. Particulars of business

All the Society's business relates to direct insurance business, being income protection, specialist critical illness and friendly society ten-year plans, written for residents of the UK or the Isle of Man.

## Note 22. Related parties

All Board members, some members of senior management, and some family members have plans with the Society and pay premiums on an arm's length basis. The total face value of these plans does not exceed £3,410. There are no other related party transactions.

## Note 23. With Profits Actuary

The With Profits Actuary was Alison Carr, FIA, of Steve Dixon Associates LLP. She was also Chief Actuary from 1 January 2025 until 31 August 2025. The Society requested her to furnish it with the particulars required under Section 77 of the Friendly Societies Act 1992. Mrs Carr confirmed that neither she nor her family were Members of the Society, nor have they any financial or pecuniary interests in the Society with the exception of fees paid to Steve Dixon Associates LLP for professional services. The fees paid to Steve Dixon Associates LLP amounted to £114,490 in 2025 (£186,149 in 2024). The majority of these fees were paid for Chief Actuary services and With Profit Actuary services.

Simon Sayer of Holloway Friendly was appointed Chief Actuary on 01 September 2025.

## Note 24. Actuarial valuation

In accordance with the Prudential Regulation Authority Handbook (Supervision 4.3.13 R) the Society is obliged to have an actuarial valuation of its long-term business. The valuation report has been prepared by Simon Sayer, Chief Actuary of Holloway Friendly in accordance with the relevant Technical Actuarial Standards published by the Financial Reporting Council.

## Note 25. Post balance sheet events

On 02 March 2026 the Society signed an Agreement to Transfer with a smaller Friendly Society under which the assets and liabilities of that Society will transfer into the Society towards the end of 2026. The proposed transfer is subject to approval by the membership of the smaller Society and regulatory approvals.



We welcome and invite feedback from you, our Members and owners. You can contact us in a number of different ways, as follows:

**In person**, by attending the Annual General Meeting. Invitations are usually issued three to four weeks beforehand.

**By email**, using [hello@holloway.co.uk](mailto:hello@holloway.co.uk)

**By telephone**, on 0800 0931 535

**By letter**, by writing to Holloway Friendly, Holloway House, 71 Eastgate Street, Gloucester, Gloucestershire, GL1 1PW