

The Rechabite Friendly Society Limited

HealthyInvestment
ethical investments since 1835

 **Red Rose
Assurance**

Solvency & Financial Condition Report (SFCR) 2025



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Introduction

The Solvency and Financial Condition Report (SFCR) is an annual report that The Rechabite Friendly Society Limited (the Society), which trades as Healthy Investment and Red Rose Assurance is required by law to produce. This report has been prepared in accordance with the Solvency UK regulations which came into force on 31 December 2024. The report follows the prescribed structure as set out in Article 1A Chapter 3A of the PRA Rulebook.

On 17 October 2018, the Prudential Regulation Authority (PRA) published PS25/18 Solvency II: External audit of the public disclosure requirement. This policy statement confirms the removal of the audit requirement in respect of the public Solvency II reporting of smaller insurers. Healthy Investment has assessed whether they will qualify for the audit exemption based on the rules laid out in the policy statement and as a smaller insurer has decided, as in previous years, not to have the SFCR audited for the year ended 31 December 2025.

The SFCR has been prepared on the basis of the financial position and risk assessments as at 31 December 2025 and meets all of the requirements for the SFCR as set out in the PRA Rulebook Chapter 3 and follows the prescribed structure as set out in Article 1A Chapter 3A of the PRA Rulebook.

Summary

Healthy Investment is a mutual provider of With-profits Investment Bonds, ISAs, Junior ISAs and Tax Exempt and Standard Endowment Savings Plans. In addition to a number of legacy products, the Society manages the run-off of policies previously held with Coventry Assurance. The Society also manages Stakeholder and Ethical Child Trust Funds and ISAs for Child Trust Fund (CTF) holders who want to remain invested after age 18, which are Unit-linked investments.

In February 2025 the Society accepted via a transfer of engagements the business previously written by Red Rose Assurance. This includes a mix of With-profits policies, which have been transferred into the Healthy Investment With-profits Fund and Unit-linked Child Trust Funds and continuation accounts and Shariah and ESG (Environmental, Social and Governance) ISAs. Business is accepted solely from UK residents.

Business and performance

Strong investment performance and the transfer of Red Rose Assurance has resulted in higher levels of new business, growth of the Balance Sheet and an increase in Own Funds. This means that we have been able to add bonuses to With-profits policies of £2.7 million.

2025 highlights:

- A total of £8.8 million was invested with the Society.
- Members' investments under management £202.8 million.
- 493 new policies taken out.
- 115,223 members at 31 December 2025.
- Solvency cover of 253%.

The Society generated a pre-tax surplus of £0.6 million.

Systems of governance

Authorised by the PRA and regulated by the Financial Conduct Authority (FCA) and the PRA, the Society recognises the importance of strong corporate governance, ensuring that a well-established governance framework, internal controls, and committee structure are maintained at all times. As a member of the Association of Financial Mutuals the Society confirms that it has applied the AFM Code throughout 2025.

Risk profile

The Board is ultimately responsible for the Society's system of risk management and internal control and for reviewing its effectiveness, and for determining the Society's risk appetite. There is an ongoing process for identifying, evaluating, and managing the significant risks faced by the Society.

The Board has delegated responsibility for monitoring the effectiveness of the Society's risk management and internal controls to the Risk Committee. Its implementation and maintenance are the responsibility of the Chief Executive and the Director Finance and Risk.

The principal risks that the Society is exposed to, which are further detailed in Section C of this report, are:

- Market risk
- Underwriting risk
- Counterparty default risk
- Liquidity risk
- Operational risk

Valuation for solvency purposes

No change has been made in the methodology since the previous valuation. Assumptions for future experience have been updated during 2025.

Assets held by the Society as at 31 December 2025 were as follows:

	Solvency II £'000	Financial Statements £'000	Difference £'000
Government bonds	0	0	0
Corporate bonds	0	0	0
Collective investments	104,071	104,071	0
Futures	0	0	0
Deferred tax	36	36	0
Property, plant, and equipment held for own use	385	385	0
Cash and cash equivalents	625	764	(139)
Insurance and intermediaries' receivables	38	38	0
Assets held for unit-linked contracts	98,868	98,729	139
Intangible assets (including computer software)	0	78	(78)
Prepayments and accrued income	37	37	0
Other	35	35	0
Total	204,095	204,175	(78)

Values in the above table have been rounded individually.

Section D covers the valuation techniques and assumptions in more detail.

Capital management

The Society's capital management covers the capital the Society has available to manage its business and the capital needed to cover the risks in the business. This continuous assessment forms part of the Risk Appetite Framework (RAF) and part of the regular Own Risk and Solvency Assessment (ORSA).

Capital available as at 31 December 2025 was:

	2025	2024
	£'000	£'000
Own Funds	11,748	8,968
Capital requirement	(4,639)	(3,500)
Excess Own Funds	<u>7,109</u>	<u>5,468</u>
Solvency Cover	253%	256%

Section E covers the Society's capital management in more detail.

A. Business and performance

A.1 Business

A.1.1 The company

The Rechabite Friendly Society Limited, which trades as Healthy Investment and Red Rose Assurance, is an incorporated registered friendly society as defined by the Friendly Societies Act 1992. Our friendly society registration number is 218f.

Our history stretches back to 1835 where, as part of the temperance movement, the Society provided a range of savings and protection products to members who abstained from alcohol. These days the Society is a modern financial mutual and since 2002 membership has been open to everyone.

The Society is a mutual insurance company owned by and run for the sole benefit of its members and as such has no shareholders.

A.1.2 Regulation

Healthy Investment (firm reference number 109994) is authorised and regulated by the Prudential Regulation Authority (PRA), whose headquarters are 20 Moorgate, London EC2R 6DA.

Healthy Investment is also regulated by the Financial Conduct Authority (FCA), whose headquarters are located at 12 Endeavour Square, London E20 1JN.

A.1.3 External auditor

Royce Peeling Green Limited
Chartered Accountants & Registered Auditors
The Copper Room
Deva City Office Park
Trinity Way
Manchester
M3 7BG

A.1.4 Lines of business and geographical areas

The Society is a With-profits provider of life insurance investment products including Investment Bonds, ISAs, Junior ISAs, Friendly Society Tax Exempt and Standard Savings Plans, which all invest in the Society's Ethical With-profits Fund (HI WPF).

In addition to a number of legacy products, the Society manages the run-off of policies previously held with Coventry Assurance Society. The ring fenced fund in which these policies were managed, was collapsed in 2024 in accordance with the terms of the transfer agreement.

The Society is also a provider of Unit-linked investments. These include Child Trust Funds (CTF) and continuation ISAs which are invested in one of two Unit-linked Life Funds. The stakeholder CTFs and Continuation ISAs are invested in the Healthy Investment All Share Unit-linked Life Fund and the Ethical CTFs and Continuation ISAs are invested in the Healthy Investment Ethical Unit-linked Life Fund. The Unit-linked business of Red Rose Assurance includes Stakeholder Child Trust Funds and

continuation accounts and Shariah ISAs and Junior ISAs and ESG ISAs and Junior ISAs all of which are managed in separate Unit-linked Funds.

As all the Society's business was originally written in the UK the Society only has a small number of policyholders who have subsequently moved overseas. The Society is engaging with regulators and the Association of Financial Mutuals to establish how best to support these members and treat them fairly where policies cannot legally be encashed in the absence of an EU financial services trade agreement.

A.1.5 Significant business developments or other events

In February 2025 the Society transferred in the assets and liabilities of Red Rose Assurance friendly society. This has enabled the Society to develop the distribution of their Shariah compliant ISAs and Junior ISAs.

The Society has continued to invest in a new policy administration system. Built on modern infrastructure, the new system will improve the service we offer to members and provide greater flexibility for product innovation.

A.2 Underwriting performance

A.2.1 Revenue account

The following table illustrates Healthy Investment's performance for 2025, as reflected in the 2025 Annual Report and Accounts, with the 2024 comparative.

Statement of Comprehensive Income	2025	2024
	£'000	£'000
Premiums	7,295	7,438
Investment returns	26,067	6,770
Other income	1,291	1,044
Claims	(11,958)	(9,539)
Expenses	(2,570)	(2,090)
Change in contract liabilities	(19,495)	(4,009)
Surplus/(deficit) before tax	630	(316)

Numbers have been rounded individually

A.2.2 Line of business

The following tables illustrate Healthy Investment's performance by line of business for 2025 and the 2024 comparative. Values have been rounded individually.

2025	With-profits	Unit-linked	Total
	£'000	£'000	£'000
Premiums	7,295	-	7,295
Other income	1,291	-	1,291
Investment returns	26,067	-	26,067
Claims	(11,958)	-	(11,958)
Expenses	(2,570)	-	(2,570)
Technical provisions	302	(19,193)	(19,495)
Surplus	19,823	(19,193)	630

2024	With-profits	Unit-linked	Total
	£'000	£'000	£'000
Premiums	7,438	-	7,438
Other income	1,044	-	1,044
Investment returns	6,770	-	6,770
Claims	(9,539)	-	(9,539)
Expenses	(2,021)	-	(2,021)
Technical provisions	2,594	(6,603)	(4,009)
Surplus	6,286	(6,603)	(317)

A.3 Investment performance

As at 31 December 2025, the Society managed £202.8 million of member's money, which includes our Ethical With-profits Funds, Unit-linked Child Trust Funds and continuation ISAs and the Red Rose Assurance Shariah Compliant and ESG ISAs and Junior ISA.

Our With-profits Funds produced a total return (capital and income) of £3.61 million (2024: £0.3 million) whilst our Unit-linked Life Funds produced a total return of £15.93 million (2024: £6.5million).

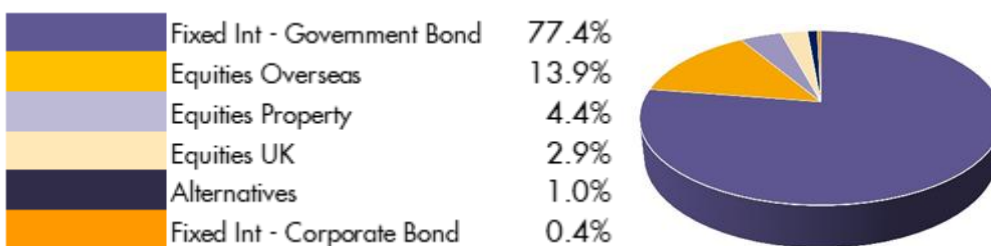
Our Ethical With-profits Fund's investment performance was 7.18% in 2025 (2024: 0.29%). This multi-asset fund is designed to secure the guarantees given to our members and to provide a level of return in both good and bad years. A significant amount of fixed interest investments are used in the fund to help secure these guarantees.

Legal and General Investment Management (LGIM) has continued throughout 2025 to manage the investments in the Society's With-profits Fund, which, along the Society's actuary, includes advising the Board on the strategic asset allocation.

LGIM were chosen in 2023 for their ability to offer funds that align with the ethics and principles of our members and allow the Society to reduce the cost of investment management.

We are committed to providing ethical and responsible With-profits savings and investments with the objective of offering the potential for long term growth for the growing number of investors seeking to combine investing for a financial return with a positive contribution to the environment.

The Healthy Investment Ethical Investment Fund asset mix as at 31 December 2025.



In addition, LGIM manage our All Share Unit-linked Life Fund and Ethical Unit-linked Life Fund for Child Trust Funds and Continuation ISAs the Red Rose Unit-linked Life Fund for Red Rose Stakeholder Child Trust Funds and continuation accounts and Red Rose Assurance ESG Unit-linked Life Fund for ISAs and Junior ISAs.

A.3.1 Funds

The following tables illustrate the investment performance by income and net gains/(losses) on the Society's funds in 2025 and, where applicable the 2024 comparative.

2025	HI With- profits Fund £'000	HI CTF UL Funds £'000	Red Rose Shariah ISA UL Fund £'000	Red Rose ESG UL Fund £'000	Red Rose CTF UL Life Fund £'000	Total £'000
Fund size	104,073	78,030	4,100	315	16,284	202,802
Income received	3,618	2,415	12	3	484	6,532
Gains	3,606	13,677	373	17	1,862	19,535
Total	7,224	16,092	385	20	2,346	26,067

2024	HI WPF £'000	UFLs £'000	Total £'000
Fund size	99,551	72,585	172,136
Income received	3,138	2,558	5,696
Gains	(2,844)	3,918	1,074
Total	294	6,476	6,770

A.3.2 Asset class performance

The following tables illustrate investment performance by asset class and by fund for 2025 and the 2024 comparative.

2025	HI With- profits Fund £'000	HI CTF UL Funds £'000	Red Rose Shariah ISA UL Fund £'000	Red Rose ESG UL Fund £'000	Red Rose CTF UL Life Fund £'000	Total £'000
Fixed interest	3,899					3,899
Equities and property collectives	3,319	16,092	385	20	2,346	22,162
Bank and cash balances	6	-	-	-	-	6
Investment expenses	-	-	-	-	-	-
Total return	7,224	16,092	385	20	2,346	26,067
Gross return %	7.18%	23.88%	12.58%	7.23%	18.84%	

2024	HI WPF £'000	CTF ULFs £'000	Total £'000
Fixed interest	(1,420)		(1,420)
Equities and property collectives	1,291	6,746	8,037
Bank and cash balances	423	-	423
Investment expenses	294	6,746	7,040
Investment expenses	-	-	-
Total Return	294	6,746	7,040
Gross Return %	0.29%	9.02%	

A.4 Performance of other activities

All activities are included in A.2 and A.3.

A.5 Any other information

All other material information is covered within A.1 – A.3.

B System of governance

B.1 General information on the system of governance

B.1.1 Introduction

As a member of the Association of Financial Mutuals the Society confirms that it has applied the AFM Code throughout 2025. The AFM Code describes the principles of effective corporate governance for Directors of mutual insurers.

The AFM Code is based on six overarching principles requiring an “apply and explain” approach. The Board of Directors considers each of the principles individually and explains how each principle has been addressed in its governance practices.

The six principles below define how the Society’s corporate governance achieves its aims:

- Purpose and leadership
- Board composition
- Director responsibilities
- Opportunity and risk
- Remuneration
- Stakeholder relationships and engagement

The Board is primarily responsible for the strategic direction and governance of the Society with the Chief Executive responsible for running the Society’s business in accordance with the authority delegated to them.

B.1.2 Organisational structure

The Society’s Board consists of an independent Non-executive Chair, five other independent Non-executive Directors, the Chief Executive and the Director Finance and Risk. In 2025 the Chair, Tim Birse, and the Senior Independent Director, Philip Okell, retired from the Board, both having completed nine years’ service.

Two Non-executive Directors who served on the Red Rose Assurance Board, Mark Sedgely and Sazeda Patel join the Board in 2025 as well as the new Chair, Graeme Caughey.

Every year the Nomination Committee formally assesses the performance of the Board and its committees and the performance of individual directors. The Nomination Committee is chaired by the Society’s Chair who ensures the transparency of the process and that any training and development needs are identified and actioned. In addition to this annual assessment of performance the Society undertakes periodic externally facilitated effectiveness reviews, one of which was undertaken in 2025.

The oversight of the Society’s activities is conducted by a number of Board appointed committees, each of which comprises a majority of Non-executive Directors:

- Audit Committee
- Risk Committee
- Nomination Committee

- Remuneration Committee
- Investment Committee

A Non-executive Director is always appointed to the role of committee Chair. An authority mandate documents the decisions that are reserved for the Board and not delegated to committees.

The committees' terms of reference and authority are defined by the Board and each committee is required to review its performance annually against its terms of reference.

B1.3 Senior Manager Functions

The Society applies the Senior Managers Regime in its system of governance as required by our regulators; the FCA and PRA. The regime defines a set of Senior Management Functions (SMFs) each of which include inherent responsibilities.

The Board has appointed two Executive Directors, the Chief Executive and Director Finance and Risk with operational responsibility for the Society.

The Senior Manager Functions at 31 December 2025 are listed below.

SMF 1	Chief Executive
SMF 2	Chief Finance Function
SMF 4	Chief Risk Officer
SMF 9	Chair of Governing Body
SMF 10	Chair of the Risk Committee
SMF 11	Chair of the Audit Committee
SMF 12	Chair of the Remuneration Committee
SMF 13	Chair of Nomination Committee
SMF 14	Senior Independent Director
SMF 15	Chair of the With-profits Committee
SMF 16	Compliance Oversight
SMF 17	Money Laundering Reporting Officer
SMF 20	Chief Actuary
SMF 20a	With-profits Actuary

Those board members that fulfil a Senior Management Function as defined under the Senior Managers & Certification Regime have a specific statement of responsibilities which is reviewed and acknowledged by the respective board member annually.

It is the responsibility of the Board to ensure that all SMF holders have the authority and resources necessary to fulfil their responsibilities.

In addition, the Board has formed 5 committees, plus an independent With-profits Committee, with specific terms of reference and responsibilities. These committees and their roles are detailed in B.1.5.

B.1.4 Role of the Board

The Board has responsibility for ensuring that the Society is run for the benefit of members and that all members are treated fairly. It is responsible for developing and setting the strategic direction of

the Society, ensuring adequate risk management policies and procedures are in place, defining the culture of the Society and for ensuring that it is governed in accordance with its rulebook and the PRA's and FCA's principles and rules.

To ensure it fulfils its responsibilities it has established a governance structure which includes:

- The formation of 5 committees with agreed terms of reference and responsibility for monitoring and reporting on specific areas.
- A written statement of the matters reserved for the Board.
- The appointment of SMF holders with specific responsibilities for operational activities.
- Job descriptions for the Chairman and Chief Executive which define their roles and responsibilities and detail segregation of duties.
- The implementation of a robust risk management system which includes the annual review and setting of a risk appetite and risk appetite framework.
- Written policy statements and procedures for all critical functions and processes which clearly identify roles, responsibilities and reporting requirements, which are reviewed regularly.
- The provision of timely management information to monitor the key risks and performance of the Society.
- The annual review and approval of the Strategic and Operational Business Plan.

B.1.5 The role of Board committees

B.1.5.1 Audit Committee

The Audit Committee has responsibility for reviewing and providing assurance to the Board on the integrity of the annual accounts and the effectiveness of the internal control systems. It ensures that financial reporting is in line with appropriate accounting standards and regulatory requirements.

The committee has oversight of the external and internal audit functions, recommending the external and internal audit strategies, reviewing audit reports and recommending the appointment or re-appointment of the external and internal auditors.

B.1.5.2 Risk Committee

The Risk Committee is responsible for delivering independent oversight of the risk management systems and processes used by the Society to identify and manage risk. It reviews the Society's risk appetite, its risk management framework, the Society's key risks and tolerance levels and recommends their approval.

The committee is also responsible for oversight of the compliance function and reviewing the reverse stress and Forward Looking Assessment of Solvency (FLAS) testing scenarios and the results.

B.1.5.3 Nomination Committee

The Nomination Committee is responsible for the oversight of the selection, development and succession plans for Board members and senior managers and the associated governance responsibilities.

It reviews the mix of skills, knowledge, experience and diversity on the Board to ensure that it has the right balance to meet regulatory expectations and effectively pursue its strategy.

The committee also monitors Directors' and employees' compliance with the regulators' fitness and propriety requirements, reviews the independence of Non-executive Directors and manages the annual appraisal process for the Board, committees and individual Directors.

B.1.5.4 Remuneration Committee

The Remuneration Committee has responsibility for reviewing the Society's remuneration strategy and policy and ensuring that it is consistent with the Society's attitude to risk, regulatory requirements and supports its business objectives. It also designs and recommends the remuneration packages of the Executive Directors.

B.1.5.5 Investment Committee

The Investment Committee has responsibility for the oversight of the management of the Society's investment portfolios, monitoring adherence to the Society's ethical investment stance and recommending an investment strategy that aligns with the Society's risk appetite.

B.1.5.6 With-profits Committee

The With-profits Committee provides independent oversight on behalf of policyholders of the Society's management of its With-profits Funds. It comprises two independent members and one Non-executive Director, all with experience of managing With-profits business.

The With-profits Committee normally meets twice a year and receives the papers of all Board and committee meetings throughout the year to enable it to comment on any issues of fairness.

B.1.6 Key Functions

The Society has five key functions in place, all of which have the authority, resources and operational independence to fulfil their responsibilities.

B.1.6.1 Risk management

The Chief Risk Officer is the Director Finance and Risk and the function holder. They report directly to the Chair of the Risk Committee on all matters relating to risk management and are responsible for advising the Board on the system of risk management and overseeing its implementation.

They ensure that the Society's ORSA process is developed appropriately and embedded throughout the Society and is responsible for ensuring risks are identified, assessed and monitored and that mitigating actions are in place.

B.1.6.2 Compliance

The Chief Executive is the Head of Compliance and reports to the Board on all matters relating to regulatory compliance. They are responsible for ensuring that the Board and senior management understand and fulfil their regulatory responsibilities.

They prepare the annual compliance development plan and report to the Board on its implementation.

B.1.6.3 Internal audit

The Chair of the Audit Committee is David Fawell, who has responsibility for oversight of the outsourced internal auditors and is the function holder.

Throughout the year PKF Littlejohn LLP have provided independent internal audit services. Internal audit serves as the third line of defence and provides an independent assessment of the effectiveness and adequacy of the risk, control and governance processes.

B.1.6.4 Actuarial

The Chief Actuary and With Profits Actuary as at 31 December 2026 is Sally Butters of Steve Dixon Associates LLP. They provide advice and technical expertise in the calculation and monitoring of the Society's capital position. This includes coordinating the calculation of technical provisions, the methods and assumptions used and ensuring that the models used are robust and appropriate.

They report directly to the Chief Executive who is responsible for control of the outsourced function holder.

B.1.6.5 Investment

The Director Finance and Risk is responsible for oversight of the outsourced investment managers. This responsibility includes monitoring performance, ensuring compliance with Board approved investment guidelines and that the outsourcing arrangements do not impede the PRA and FCA in the carrying out of their obligations.

B.1.7 Material changes to the system of governance

Other than the change in Chief and With-profits Actuary from Stephen Dixon to Sally Butters, both of whom are employees of Steve Dixon Associates LLP, there have been no material changes in the year to the Society's system of governance.

B.1.8 Remuneration

B.1.8.1 Remuneration policy

The Society's remuneration policy is designed to support the recruitment, motivation, and retention of employees. Remuneration is considered within the context of the financial services and friendly society sectors. The objective is to pay at the relevant market level with a package that is fair, competitive, rewards performance, provides attractive benefits, motivates everyone to achieve the Society's objectives and inspires individuals to reach their full potential.

The board has designed the remuneration policy and practices to ensure that they are not likely to cause detriment to members and encourage employees and directors at all levels to seek good outcomes for members.

The committee believes that the current remuneration structure provides appropriate levels of remuneration to achieve the objectives of the policy.

Remuneration policy for Executive Directors

The remuneration of the Society's Executive Directors comprises salary together with pensions and other benefits in common with many financial services organisations. No fees are paid to Executive Directors. Remuneration reflects individuals' experience and responsibility. It is based on individual and Society performance and is benchmarked against other friendly societies and mutual insurers.

Service contracts

Executive Directors

The Chief Executive is employed on a contract with the Society which requires six months' notice by either party and includes a discretionary performance related bonus element of up to 25% of basic salary.

The Chief Executive's contract precludes them from engaging in any other paid employment or business activities for profit, without express permission of the Board.

The Director Finance and Risk is employed on a contract with the Society with a six months' notice period. Remuneration for the role does not include any variable or performance related bonus.

Non-executive Directors

Non-executive Directors are paid an annual retainer. There is no other remuneration except where the Society meets the authorised expenses of Non-executive Directors incurred on Society business.

The current annual retainers of Non-executive Directors is:

Chair	£20,384
Senior Management Regime Function Holders	£17,472
Investment Committee Chair	£17,472
Notified Non-executive Directors	£14,560

The remuneration of Non-executive Directors is subject to the auto-enrolment legislation and, where obligated to, Non-executive Directors have been auto-enrolled at the minimum contribution rate into the Society's Stakeholder Pension Scheme with Royal London.

The remuneration of Non-executive Directors is reviewed annually which includes benchmarking of remuneration to a peer group of mutual With-profits investment providers of comparable size.

The Executive Directors' service contracts and the letters of appointment of Non-executive Directors are available for inspection during normal working hours at the registered office of the Society.

Salaries

All staff salaries are reviewed annually, or at other times if there is a significant change in an individual's responsibilities. The Society aims to pay salaries at the relevant level for the role based on the individuals' performance.

Variable remuneration

As an Executive Director the Chief Executive participates in a discretionary bonus scheme which provides a maximum payment of up to 25% of salary. Any payment under the scheme is not pensionable.

Payment is based on the achievement of Society wide key performance indicators and personal objectives set by the Board.

All bonus payments are made at the discretion of the Board and no element of the scheme is contractually binding.

No payment of any part of the year's bonus will be made if:

- No reversionary bonus is declared to members
- The Society's monthly calculation of capital cover ratio is below 125%
- The Society is subject to regulatory enforcement action or censure
- The employee is dismissed

60% of the total bonus payable will be paid immediately following approval by the Board.

10% of the total bonus payable will be deferred for 12 months.

15% of the total bonus payable will be deferred for 2 years.

15% of the total bonus payable will be deferred for 3 years.

Deferred bonuses will continue to be paid whether or not the annual bonus is payable, unless the reason for non-payment of the annual bonus is as a result of actions taken in previous years where their impact in the following years should reasonably have been foreseen at the time.

If the employee leaves the employment of the Society due to retirement or redundancy the deferred payment will be made at the same time as it would have been had the individual still been in the employment of the Society. If they leave for other reasons payments are forfeited. Whatever the reason for leaving these payments are at the discretion of the Board.

The Society's sales staff receive an element of bonus which is determined by the Board based on performance.

There are no elements of variable remuneration for any Non-executive Directors.

B.1.8.2 Pension schemes

The Society operates a defined contribution personal pension scheme which is open to all employees. New employees are eligible, after they have completed their probationary period, with the option of contribution levels of 3% or 5% of basic salary, with respective employer contributions of 6% and 10%.

The Society's auto enrolment scheme starts from the date of employment and eligible employees and Directors are auto enrolled into the scheme, although there is the ability to opt out. Contribution levels for the auto-enrolment scheme in the current tax year are 5% for employees and 3% for the Society.

B.1.8.3 Other variable remuneration

The Society's sales team participates in a discretionary bonus scheme approved by the board based on new business performance.

B.1.9 Material related party transactions

Other than those relating to policies held by the individual there have been no transactions with Executive or Non-executive Directors, senior managers, or other employees. Any policy transactions entered into by Directors and employees have all been conducted at arm's length.

The Nomination Committee reviews the policies held by Directors and all employees and has concluded that no holding is of sufficient size to create a material conflict of interest between the individual as a policyholder and as a Director or employee.

B.2 Fit and proper requirements

The Society ensures that the standards of fitness and propriety of all Directors and employees reflect the requirements of the Senior Managers and Certification Regime. The Senior Managers' regime focuses on individuals who hold key roles in the Society and the Certification Regime applies to those employees who could pose a risk of significant harm to the Society or its members. The Conduct Rules are high level requirements that apply to all individuals.

The Key and SMCR Function Holders have all been approved by the regulatory authorities and the Nomination Committee is responsible for oversight and implementation of the Society's Fitness and Propriety Policy.

The Nomination Committee ensures that the Board of the Society consists of members who collectively possess the professional qualifications, skills, knowledge and experience in the following areas:

- Insurance and financial markets
- Business strategy
- Systems of governance
- Financial and actuarial analysis
- Regulatory compliance

The Society has also decided that its Chief Executive should be an experienced business leader with experience of the financial services sector and have a commitment to mutuality. The Chief Finance Officer should be a person with an appropriate professional qualification, for example an actuary or accountant, with financial services sector experience. The Chief Actuary should be a qualified Fellow of the Institute and Faculty of Actuaries, hold a current practicing certificate for Chief Actuary and have experience of With-profits business.

In its assessment of fitness and propriety the Society satisfies itself that the individual is of good repute, possesses the required level of competence, knowledge and experience and has undergone all required training. This will include:

- Assessing performance against the PRA conduct standards and FCA conduct rules
- Assessing performance against internal policies and procedures
- Obtaining a satisfactory Disclosure and Barring Service check
- Undertaking an annual performance review
- Obtaining satisfactory credit references
- Obtaining employment references

B.3 Risk management system including the Own Risk and Solvency Assessment (ORSA)

B.3.1 Risk governance

Risk management in its business activities is key to the Society's ability to create and protect member value. The Board approved risk appetite and risk management framework incorporate the strategies for managing current and emerging risks.

The Society has adopted the "Three lines of defence" approach to define the operational implementation of the risk management framework as this clarifies the relative roles and responsibilities.

First line of defence — operational management

Managers are responsible for the identification, ownership and management of risks including the performance of controls.

Second line of defence — risk and governance functions

The risk and governance functions are responsible for the analysis, quantification and monitoring of risk through the risk management framework. The Risk Committee, with input from the actuarial and compliance functions creates the standards, policies and framework for risk management and monitors and reports on risk exposures to the Board.

Third line of defence — internal audit

The independent internal audit function undertakes an annual needs assessment approved by the Audit Committee. Internal Audit evaluates the Society's processes, procedures and controls, makes recommendations and documents agreed actions. The outsourced internal auditors report directly to the Audit Committee.

B.3.2 Risk management framework

The Society's Risk Appetite Framework (RAF) describes the range of risks to which the Society is exposed, its risk strategy and its risk appetite. The Society's appetite to risk is categorised according to agreed criteria and ranges from "avoid" where the Society is unwilling to accept any risk which, after management actions, could result in loss, to "adventurous" where a high level of risk applies. The intervening steps are "minimalist", "cautious" and "open" each with a varying degree of appetite to risk.

Each risk is apportioned to one of the risk categories with impact and probability scores before and after management actions. The level of tolerance and the financial consequences of each risk are recorded alongside the risks in the risk register.

B.3.2 Risk management process

The Risk Committee which comprises Non-executive and Executive Directors has responsibility for oversight of the Society's risk management process. The Risk Committee meets quarterly or more frequently if necessary.

A Risk Management Team (RMT) comprising the Executive Directors and senior managers supports the Chief Risk Officer and is responsible for embedding the system of risk management throughout the Society. The RMT meets regularly to review the risk register, consider new and emerging risks

and carry out and report on reverse stress scenarios. Each year it reviews the ORSA Report, prepares an annual risk analysis and submits a report to the Risk Committee outlining its activities during the year.

B.3.3 Own Risk and Solvency Assessment (ORSA)

The ORSA process is the series of inter-related activities that manage risk in the Society. Responsibility for coordinating the ORSA process resides with the Chief Risk Officer. The key output from the ORSA process is an annual report which is reviewed by the RMT, presented to the Risk Committee and approved by the Board.

ORSA is an iterative and continuous process that ensures the identification, management and mitigation of risk and facilitates decision making throughout the business, allowing the Executive team and the Board to understand the impact strategic decisions will have on the Society's risk profile.

The overriding purpose of the ORSA is to understand, quantify and manage the Society's risks and associated controls and support risk measured business decisions.

The annual ORSA Report is the culmination of the year's ORSA process and once approved by the Board is submitted to the PRA and a summary is presented to all Society employees.

B.3.4 Capital management policy

A key output of the ORSA process is the projection of capital under normal and stressed conditions. This enables the Society to recognise the strengths and weaknesses of its strategy and business plans in adverse circumstances and to understand any needs for capital management actions.

The Board of the Society sets a lower and upper level of solvency within which the Society is prepared to operate.

The free assets and solvency coverage ratio are calculated monthly and discussed at every Board meeting. The solvency position is also tracked on a weekly basis to provide additional assurance. Depending on the current and forecast trend in movement the Society may decide to take action which could include an adjustment to interim and terminal bonuses, a reduction in administrative expenses, amending asset allocations in the investment guidelines, amending product conditions, or restricting new business.

B.4 Internal control system

B.4.1 Internal control system

The Society has an established system of internal control which is an important part of its risk management system and includes:

- Board policy statements
- Operating procedures
- Defined mandates and authority limits
- Management reporting lines
- Physical controls
- Segregation of duties

These are supplemented by periodic reviews of control processes, procedures and policies by management, the Board and external advisers.

The responsibility for the system of control rests with the Board, with the Audit Committee responsible for reviewing its effectiveness. The Audit Committee reviewed the systems of internal control during the year, including the activities of the internal audit function and were able to confirm to the Board that appropriate controls had been maintained during the year.

B.4.2 Compliance function

The Society's Chief Executive has responsibility for the compliance function and compliance oversight.

The role of the compliance function is to embed an appropriate compliance structure within the Society. The core activities are compliance advice and compliance monitoring. To support this a compliance plan is approved by the Board which documents the compliance objectives for the year. The annual plan takes into consideration the implications of regulatory changes, policy and procedures for ensuring compliance with money laundering rules, data protection and health and safety legislation, in addition to business risks.

Progress is reported at every Board meeting and includes emerging themes in addition to the outcome of the regular compliance monitoring programme.

The Chief Executive as Compliance Officer is responsible for coordinating the relationship and engagement with the regulatory authorities, the PRA and FCA. The Board is kept fully informed of any communications or contact with the regulators.

B.5 Internal audit function

Internal audit services were outsourced to PKF Littlejohn LLP (PKF), Chartered Accountants during 2025. The chair of the Audit Committee has responsibility for oversight of their performance and is the Senior Manager Function Holder.

PKF undertakes an audit needs assessment, with involvement from Executive Directors and senior management. This audit needs assessment informs the production of the internal audit strategy which includes the internal audit plan for the year. This is reviewed by the Audit Committee and recommended for Board approval.

The internal auditors present their internal audit reports to the Audit Committee, advising progress against the internal audit plan, their audit findings, their recommendations, and the management actions that have been agreed to address the audit findings.

In addition to having regular dialogue with the Executive Directors and senior managers the internal auditors report directly to the Audit Committee, including meeting with the committee in the absence of the Executive Directors.

B.6 Actuarial function

The Society's actuarial function is outsourced to Steve Dixon Associates LLP. Sally Butters fulfils the Senior Manager Functions of Chief Actuary and With Profits Actuary and reports directly to the Board and independent With-profits Committee. The Chief Executive is responsible for oversight of the actuarial function.

Each year the programme and scope of work required from the actuarial function is agreed by the Society's Board.

The actuarial function is responsible for the production of actuarial function reports and information required for statutory and regulatory reporting. In addition, the actuarial function provides management information to support the Society in the management of its business.

The Actuary provides regular input to the Chief Executive, Director Finance and Risk and the Board and its Investment, Risk and Audit Committees on all matters that require actuarial expertise, particularly in relation to implications for capital management and the fair treatment of members.

B.7 Outsourcing

It is the Society's policy to use internal resources for functions that can be carried out cost effectively and use outsourcing as a means of reducing costs and where particular skills or specialist knowledge is required.

Healthy Investment's outsourcing policy includes the due diligence process, the appointment process, performance management requirements and the re-appointment process. This applies to outsourced critical and important functions.

Functions currently outsourced include the actuarial function, external and internal audit, investment management, IT support, HR support, taxation support and some disaster recovery services.

All outsourced service providers are based in the United Kingdom and subject to UK jurisdiction.

B.8 Any other information

All other material information regarding the Society's system of governance is disclosed in sections B.1 to B.8.

The Board is satisfied that the system of governance and risk management is robust and appropriate for the nature, scale and complexity of the business.

C Risk profile

Risk management is an integral part of the Society's activities and supports its strategic objectives which are to create and protect member value. The Society's Risk Management Framework sets out the range of risks to which the Society is exposed, its risk strategy and risk appetite for each category of risk.

The risk register records all the identified key risks, the likely impact, the probability of them occurring, the financial consequences, the controls in place to monitor each risk and the management actions available to the Society to maintain exposure within agreed tolerance limits.

The Society has a defined risk appetite for each category of risk as follows and business policies are determined accordingly.

Avoid - where the Society is unwilling to accept any risk that, after management action, could result in loss.

Minimalist - where the Society is willing to accept some risk which, after management action, may result in loss or disruption that has a minor impact on the Society.

Cautious - where the Society is willing to accept some risk, which after management action, may result in loss or disruption that has some impact on the Society but not to the extent that would have noticeable detriment to members.

Open - where the Society is willing to accept risk, which after management action, may result in loss or disruption that has an impact on the Society to the extent that members may experience minor disruption in service with the possibility of the Society being unable to smooth the loss, resulting in a possible reduction in return.

Adventurous - where the Society is willing to accept a high level of risk which, after management action, may result in serious disruption to members, reduced return or breach of regulatory rules.

The risk management system identifies the risks requiring capital support using the Standard Formula for the Solvency Capital Requirement (SCR).

A comparison as at 31 December of the risk profile shown in the Standard Formula Calculation of the Gross Solvency Capital Requirement (SCR) is (before allowing for loss absorbency and diversification):

Risk	2025 %	2024 %
Market	63	61
Underwriting – Life	34	36
Operational	2	3
Counterparty	1	1
	100	100

Values have been rounded individually

The Society is a With-profits insurer, and it can (and will) adjust future bonuses, market value reductions, and surrender values (and hence the value of policies to its members) if any of the key risks set out in the Risk Appetite Framework (RAF) fall outside the Board's tolerance limits. The RAF also documents those management actions which are agreed by the Board and are in line with the Principles and Practices of Financial Management.

After allowing for taking actions to bring payouts in line with financial performance, the risk profile shown in the Standard Formula Calculation of the Solvency Capital Requirement (after loss absorbency) is:

Risk	2025 %	2024 %
Market	24	14
Underwriting – Life	67	71
Operational	8	15
Counterparty	0	0
	100	100

C.1 Market risk

C.1.1 Description of the risk

Market risk is the risk of a loss arising either directly or indirectly from fluctuations in the level and volatility of market prices of assets and liabilities.

As at 31 December 2025 the total capital required in respect of market risk facing the business was £ million (2024: £9.5 million). This comprised of the following risks and is illustrated before and after loss absorbency.

Market risks	2025 Before loss absorbency £'000	2025 After loss absorbency £'000	2024 Before loss absorbency £'000	2024 After loss absorbency £'000
Equity risk	10,099	1,307	6,758	334
Interest rate risk	445	0	1,139	-
Credit spread risk	190	0	706	-
Currency risk	3,984	0	2,543	-
Property risk	725	0	673	-
Concentration risk	45	0	232	232
Market risk before diversification	15,487	1,307	12,050	566
Risk diversification	(2,825)	0	(2,566)	(159)
Market risk after diversification	12,662	1,307	9,484	407

Values have been rounded individually

The key market risks relate to the performance of the assets in the With-profits Funds although loss of future margins due to reduced annual management charges on the Unit-linked Funds is also material.

Equity price risk

The equity price risk is the exposure to fluctuations in the market value of the equity portfolios and the impact on the cost of guarantees in the event of a fall in market values.

Interest rate risk

The risk of a change in the value of fixed interest financial instruments not being matched by changes in the value of liabilities.

Credit spread risk

The risk is that the variations in risk free rate as specified by the PRA are different to the movements in yields on corporate bonds and other fixed interest securities.

Currency risk

The risk of exposure to fluctuations in the currency value of non-sterling denominated assets.

Property price risk

The risk of changes in the value of investment properties held directly or through collective investment schemes.

Risk diversification

Risk diversification is a risk management strategy that spreads market risk exposure over a combination of financial asset classes with the aim of reducing overall market risk. By lowering the overall risk of a portfolio by investing in a range of financial assets, market risk is less than the sum of its individual parts.

C.1.2 Measures used to assess market risk

The Society measures market risk exposure by stressing the value of assets and technical provisions allowing for an extreme stress. They are stressed before and after loss absorbency. The overall market risk SCR then allows for risk diversification to allow for one risk occurring at the same time as another.

C.1.3 Risk exposure and concentration of risk

Equity price risk

As at 31 December 2025, the equity exposure in the With-profits Funds was £18.8 million (2024: £12.5 million).

Property price risk

As at 31 December 2025, the property exposure in the With-profits Funds was £2.9 million (2024: £2.7 million).

Interest rate risk

As at 31 December 2025, the interest rate exposure was £81.9 million (2024: £83.2 million).

Currency risk

As at 31 December 2025, the currency exposure was £15.9 million (2024: £10.1 million).

Credit risk

As at 31 December 2025 the credit spread exposure was £1.4 million which was the total exposure to corporate bonds (2024: £10.2 million).

The credit quality steps are an assessment of the credit quality of the corporate bond assets (categorised by complementary identifier code) held within the Society's investments reflecting rating information provided within look-through tripartite investment data.

The credit ratings have been mapped to the credit quality steps defined within the Solvency II rules, with 0 being the highest credit quality and 6 being the lowest. Credit step 3 is normally equivalent to the lowest investment grade step. Any assets which are not rated or for which no rating was supplied have been mapped to an unrated step.

The table below shows the exposure of the corporate bonds by credit rating:

Credit quality step	Total £'000	% holding
0	130	9%
1	232	17%
2	554	40%
3	11	1%
4	47	3%
5	36	3%
6	6	0%
Unrated/Not calculatable	358	26%
Total	1,374	100%

Values have been rounded individually.

C.1.4 Risk mitigation

Measures are in place to manage equity, currency and other market risks and there are processes in place to reduce exposure. Interest rate risk is controlled by matching wherever possible the duration of the liability cash-flows underlying technical provisions with fixed interest securities of similar duration.

C.2 Underwriting risk

C.2.1 Description of the risk

Underwriting risk arises from the actual experience being different from that assumed when the product was designed and priced and comprises mortality risk, longevity risk, lapse risk and expenses risk.

The Society remains most exposed to lapse risk and equity risk even after loss absorbency.

Mortality and longevity

Life assurance business is exposed to changes in life expectancy. The risk is that more or fewer policyholders die than assumed and the benefit paid is more or less than the provisions made. The Society has limited exposure to mortality and longevity risk.

Lapse risk

In pricing the life insurance business, the Society forecasts the rates at which policies will surrender or lapse. The risk is that the length of time policies stay with the Society is shorter or longer than assumed and as a result this affects the number of policies over which fixed costs and acquisition costs can be recovered.

Expense risk

The Society is exposed to the risk that the expenses of running the business are higher than expected. The pricing of policies assumes a level of acquisition and maintenance expenses which coupled with the expected new business volume and number of in-force policies informs the calculation of technical provisions. The risk exposure arises if the charges the Society deducts from policyholders' benefits are not sufficient to cover expenses.

C.2.2 Measures used to assess the risk

The calculation of the SCR assesses the underwriting risk exposure, assesses a stress calibrated by the PRA to reflect a one-year stress at the 99.5% level of probability and then applies that stress to the calculation of both the assets and the liabilities. Each separate stress can then show the impact of risk from that source as they have been calibrated at the same level.

Risk exposure is the amount of total exposure to a particular contingency or risk. This is not a calibrated risk exposure at a particular level of risk as it does not show the amount of loss due to a risk at the same likelihood of the risk occurring.

The SCR applies the same likelihood to each element of the exposure to risk to arrive at a calibrated level of loss that could occur at a similar level of probability.

The table below illustrates the underwriting or insurance risk before and after loss absorbency:

Underwriting risks	2025	2025	2024	2024
	Before loss	After loss	Before loss	After loss
	absorbency	absorbency	absorbency	absorbency
	£'000	£'000	£'000	£'000
Mortality	268	50	256	16
Longevity	21	3	4	1
Lapse	5,958	3,264	4,800	1,826
Expense	1,596	652	1,183	314
Catastrophic mortality experience	69	69	75	75
Underwriting risk before diversification	7,912	4,039	6,318	2,232
Diversification	(970)	(382)	(787)	(208)
Underwriting risk after diversification	6,942	3,657	5,531	2,024

Values have been rounded individually.

C.2.3 Risk exposure and concentration of risk

The Society measures exposure to risk using the total financial amount that the risk could affect. The impact of this exposure is measured by examining stresses to expected experience and their impact on the finances of the Society.

Mortality and longevity

As of 31 December 2025, Healthy Investment was exposed to £48.1 million (2024: £49.9 million) of mortality risk in the form of total benefits that would be payable on death (assuming everyone died immediately) in excess of the technical provisions.

A 15% permanent increase in future mortality rates assumed would increase technical provisions by £268k before loss absorbency and £50k after, on policies where an increase in mortality causes losses. A 20% permanent reduction in mortality would increase technical provisions by £21k before loss absorbency and £3k after on policies where a reduction in mortality would cause losses. These risks are relatively minor in impact.

The mortality exposure is not concentrated in a few lives but is widely spread through all the insurance policies written by the Society. The risk is mitigated through a regular review of actual experience against estimated mortality so that adequate provisions are established. Underwriting standards for new policies are reviewed following the experience review.

Catastrophic mortality experience risks

A large-scale epidemic causing a one-off increase in mortality of 1.5 per thousand lives in one year could cause a one-off negative impact of £69k on Own Funds with no reduction for loss absorbency. Again, this risk is relatively minor in its impact on the Society.

Expenses

Total expenses in 2025 were £2.6 million (2024: £2.0 million).

A permanent 10% increase in expenses and a 1% per annum permanent increase in future inflation would increase the technical provisions by £1.6 million before loss absorbency and £0.7 million after. Expenses are largely concentrated in investment, employee and actuarial costs.

Lapse

Healthy Investment is exposed to lapse risk from surrender values being less or more than technical provisions and the loss of margins to pay future expenses. Surrender values of all non unit-linked policies amount to £99.1 million (2024: £96.8 million). The technical provisions amount to £96.5 million (2024: £93.0 million).

The risk is measured by looking at the greatest impact of a permanent 50% reduction in assumed lapses or a permanent 50% increase in assumed lapses or a mass lapse of 40% of those policies in force.

A permanent 50% increase or decrease in the rates of assumed lapses has a minimal impact on technical provisions. Allowing for a mass lapse at 40% of the policies in force reduces future margins and would reduce the Own Funds by £6.0 million (2024: £4.8 million) before allowing for loss absorbency and £3.3 million after (2024: £1.8 million).

C.2.4 Risk mitigation

The Society has policies and procedures in place to monitor and manage the underwriting risks.

Mortality and longevity

Mortality and longevity risk is managed through a regular review of actual mortality against expected experience.

Expenses

Expense risk is managed by ensuring that budgets agreed are affordable and that actual expenses are appropriately controlled.

Lapse

Lapse risk is managed by reviewing claims experience and persistency, through an active member retention strategy, and by ensuring that there is no material exposure to individual sources of business.

C.3 Counterparty default risk

C.3.1 Description of the risk

Counterparty default risk is the risk of loss as a result of the default or failure of third parties to meet their debt obligations.

C.3.2 Exposure to counterparty default risk

As of 31 December 2025, Healthy Investment was exposed to £1.1 million (2024: £1.1 million) due to cash held in banks and other financial institutions.

C.3.3 Management of the counterparty risk

The Society's exposure to counterparty loss is managed by the investment manager. For collective investments the prevailing UCITS rules apply, which requires them to report any material breaches of these rules to the Society.

C.4 Liquidity risk

C.4.1 Description of the risk

Liquidity risk is the risk that, though solvent, the Society would not have sufficient resources to enable it to meet its financial obligations as they become due or that that they could not be realised quickly.

C.4.2 Measures used to assess the risk

Liquidity risk is not measured using the SCR but is monitored on a daily basis in line with the Society's policy on cash management.

C.4.3 Risk exposure and concentration of risk

The fixed interest and equity holdings are traded on recognised investment exchanges and can be realised for cash within five business days. A core holding of UK government securities is held and these are realisable on the day that a request for sale is made.

With-profits cash and marketable securities	2025	2024
	£'000	£'000
With-profits cash and marketable securities	104,290	100,181

The undiscounted insurance cash-flows expected from the maturity of policies and fixed interest investments are shown in the table below and have been derived from the calculation of discounted technical provisions for insurance contract liabilities.

Years to maturity	Policy (claims plus expenses less premiums)	Fixed interest maturities and coupons
	£'000	£'000
< 1 year	9,227	7,668
1 - 3 years	27,654	27,271
4 - 5 years	19,079	13,821
6 - 10 years	34,051	25,333
11 - 15 years	22,713	15,995
16 - 20 years	9,318	11,196
20 + years	15,513	27,400
Total	137,555	128,683

Values have been rounded individually

C.4.4 Risk mitigation

Liquidity is maintained at a level where the Society can be confident that all policyholders' claims can be paid without delay and is managed by matching maturities of assets and liabilities and holding investments that can be readily realised.

No liquidity sensitivity analysis has been undertaken due to the marketable nature of the investments held.

C.5 Operational risk

C.5.1 Description of the risk

Operational risk is the risk of loss or adverse consequences for the business resulting from inadequate or failed processes, people, or systems or from external events.

The main operational risks faced by the business are:

- Data security - the risk of unauthorised access, use or disclosure of data.
- IT infrastructure - the risk of system failure, integrity, reliability, or effectiveness.
- Outsourcing - the risk of a service provider failure, non-performance, or ineffective management.
- Compliance - the risk of not meeting regulatory or legal requirements.
- Reputation - the risk of adverse publicity.
- Fraud - the risk that policyholder funds are misappropriated.
- Key person - the risk of the Society losing more than one key member of staff without notice.
- Business continuity - the risk of business disruption and damage to physical assets from natural or other causes.
- Conduct - the risk of not conducting business fairly and in the design, pricing, marketing of products and inappropriate service to customers.

C.5.2 Measures used to assess operational risk

The SCR calculation included an assessment and quantification of operational risk exposure and the Society's risk management process identifies, quantifies and documents operational risks.

C.5.3 Risk exposure and concentration of risk

As of 31 December 2025, the total capital required in the SCR in respect of operational risk facing the business was £458k (2024: £425k).

C.5.4 Risk mitigation

Senior managers are involved in the day to day running of the business and ensuring that policies and procedures are adhered to. The audit and risk committees assess the effectiveness and performance of the internal control systems on a regular basis and review any significant incidents, with internal and external audit providing additional review.

The Board receives regular reports from management and committees and as part of its control framework approves all new and existing product changes and operational policy statements. Conduct risk management receives additional scrutiny with the Society's With-profits Committee providing independent oversight.

C.6 Other material risks

There is a risk that the Society will not meet its strategic goals and achieve the key objectives of its business plan.

The following key strategic risks are monitored regularly by the Society's Risk Management Team and any increased risk is brought to the attention of the Risk Committee for discussion:

- Higher expenses and inflation
- Lower investment returns, especially over the longer term when guarantees on existing products impact on accumulating With-profit (AWP) business
- Higher amounts of Market Value Reduction free lapses
- Higher numbers of Child Trust Fund policies exiting the book at age 18

The Forward Looking Assessment of Solvency (FLAS) forecasts that the capital requirement will be met throughout the course of the business plan.

The Board has, through the FLAS, considered the scenarios which could cause the Society to be unable to meet its regulatory solvency requirements in the longer term.

The Society concluded that it had sufficient available management actions to manage the impact of the material risks.

C.7 Other risks and any other information

C.7.1 Other risks

Climate change

The Society considers the implications of climate change on our members and our business.

The Society's management has undertaken a detailed assessment of the financial risks of climate change. The principal exposure is market risk as the UK transitions to a low carbon economy. There is some potential for distribution to be disrupted if the physical impacts of climate change alter the way financial advisers and introducers are able to conduct business. Our exposure to liability (claims) risk is low.

The Society is working with LGIM, its investment managers, to ensure that the financial risks that emerge from the UK reducing carbon emissions are actively managed within their funds. LGIM are committed in their investment approach to helping tackle climate change and helping the world on its path to net zero carbon emissions.

The Board is satisfied that the risk management framework and necessary monitoring and controls are in place to ensure that climate risks are actively managed within agreed tolerance limits. The Society will look to continue to improve its governance and risk management to allow for the impacts of climate change.

The Risk Management Team (RMT) have operational responsibility for leading the Society's assessment and management of the financial risks of climate change against the agreed tolerances. The RMT then report to the Board's Risk Committee, who in turn report back to the Board.

The Board has ultimate responsibility for the Society's climate-related strategy. The Board sets out investment guidelines that include the Society's ethical criteria and climate change responsibilities.

As part of its governance and risk management the Society has considered various scenarios arising from the impact of climate change to understand the potential risks and how best to manage them.

The Society is committed to being an ethical provider of ethical savings and investment products. Part of this commitment is our desire to care for our planet and its people and to do what we can to reduce environmental damage.

Reducing the negative impact we have on the environment is the responsibility of everyone.

We encourage the sharing of ideas through team meetings. In particular we look to minimise the use of paper, avoid single use plastics, use electricity and gas economically, promote the use of public transport when travelling and only use fairly traded refreshments.

Board meetings are held face-to-face but sub-committees are virtual meetings to reduce travelling. Hybrid working is encouraged where possible to allow less commuting and help with any family responsibilities.

C.7.2 Any other information

The Society fulfils its obligations to invest all assets in accordance with the prudent person principle required under Solvency II through adherence to its policy statements on investment management and risk management.

The Board approves investment guidelines for each fund which take into account overall solvency needs and includes the level of equity exposure, fixed interest duration, credit quality and counter party limits.

Investment management is outsourced to Legal and General Investment Management who operate within the investment guidelines approved by the Board.

The appointment of the outsourced investment managers is a matter reserved for the Board and through the Investment Committee and the monthly management information pack produced for the Board it monitors their performance on an ongoing basis.

All other material information regarding the Society's risk profile is disclosed in sections C.1 to C.7.

D. Valuation for solvency purposes

D.1 Assets

D.1.1 Summary of assets

Assets held by the Society as at 31 December 2025 were as follows:

	Solvency II	Financial Statements	Difference
	£'000	£'000	£'000
Government bonds	-	-	-
Corporate bonds	-	-	-
Collective investments	104,071	104,071	-
Futures	-	-	-
Deferred tax	36	36	-
Property, plant, and equipment held for own use	385	385	-
Cash and cash equivalents	625	764	(139)
Insurance and intermediaries' receivables	38	38	-
Assets held for unit-linked contracts	98,868	98,729	139
Intangible assets (including computer software)	-	78	(78)
Prepayments and accrued income	37	37	-
Other	35	35	-
Total	204,095	204,175	(78)

D.1.2 Equities

Equities have been valued at fair market value under Solvency II at market prices, as at the reporting date. These are quoted bid prices, provided by the investment managers on a look through basis, on equities which are all readily traded on recognised active markets. The value of these in the financial statements, in accordance with FRS 102, is on a bid basis. No significant estimates or judgements are used in the valuation of these investments.

D.1.3 Bonds

The bonds have been valued at fair market value under Solvency II at market prices, as at the reporting date, plus any accrued interest. These are bid prices provided by the investment managers, on bonds which are all readily traded on recognised active markets. The value of these in the financial statements, in accordance with FRS 102, is on a bid basis. No significant estimates or judgements are used in the valuation of these investments.

D.1.4 Collective investment schemes

The collective investment schemes have been valued at fair market value under Solvency II on market prices, as at the reporting date. These are quoted bid prices, provided by the investment managers, on schemes which are all readily traded on recognised active markets.

The value of these in the financial statements, in accordance with FRS 102, is on the same basis. No significant estimates or judgements are used in the valuation of these investments.

The investment manager provides monthly reports detailing the underlying securities held, based on information provided by the schemes' fund managers. The Society determines if a market is active by assessing its depth, frequency of trades and bid-offer spreads based on information provided by the investment managers and publicly available.

D.1.5 Assets held for Unit-linked contracts

Equities have been valued at fair market value under Solvency II at market prices, as at the reporting date. These are quoted bid prices, provided by the investment managers on a look through basis, on equities which are all readily traded on recognised active markets. The value of these in the financial statements, in accordance with FRS 102, is on a bid basis.

The bonds have been valued at fair market value under Solvency II at market prices, as at the reporting date, plus any accrued interest. These are prices provided by the investment managers, on bonds which are all readily traded on recognised active markets at bid basis. The value of these in the financial statements, in accordance with FRS 102, is on a bid basis.

The collective investment schemes have been valued at fair market value under Solvency II at market prices, as at the reporting date. These are quoted bid prices, provided by the investment managers, on schemes which are all readily traded on recognised active markets. The value of these in the financial statements, in accordance with FRS 102, is on the same basis.

The valuations of the financial assets are all at fair value on quoted bid prices and are not subject to estimation.

D.1.6 Prepayments and accrued income

Prepayments of £37k consist of contract costs paid in advance. Accrued dividends and interest on investments have this year been categorised within financial assets at fair value.

D.1.7 Cash and other cash equivalents

Cash and cash equivalents are bank and cash account balances, which are not in fixed term accounts and have been valued at fair value. The values are the statement balances at the reporting date less unrepresented payments. No estimation or adjustments are required on these. The value in the financial statements is the same.

D.1.8 Insurance and other receivables

Insurance receivables are outstanding amounts due from policyholders. The amount due to policyholders has been valued at fair value. No estimation or adjustments are required on these. The value in the financial statements is the same.

D.1.9 Property, plant and equipment held for own use

Tangible assets are valued at cost less accumulated depreciation and impairment losses. The estimated useful life is assessed for tangible assets and the depreciation over this period is on a straight-line basis. The property for own use is recorded at fair value. A formal open market valuation was carried out by Trevor Dawson, commercial property consultants, in January 2026. This valued the property at £375k, an increase of £25k on the previous year's valuation.

D.1.10 Intangible assets

Under the Solvency II valuation at 31 December 2025 the Society had no intangible assets. The financial statements include £78k of goodwill on acquisition and nil remaining net book value on capitalised computer software.

D.1.11 Solvency II and financial statement differences

The table below shows, by material asset class, the differences between the Solvency II and financial statements values:

Solvency II assets to Financial Statement assets reconciliation	2025 £'000	2024 £'000
Solvency II assets	204,095	173,452
Differences:	-	-
Intangible assets	78	88
Investments reported bid value	-	(14)
Financial statement assets	204,175	173,526

D.2 Technical provisions

The Society has several main lines of business:

- Accumulating With-profits policies including Single Premium Bonds and ISAs. The latter are available for adults and for juniors. The ISAs are recurring single premium whole of life policies whereas the Single Premium Bonds are single premium whole life policies. This includes policies transferred from Red Rose Friendly Society.
- Conventional life policies split between tax exempt and taxable policies. This includes with-profits and non-profit policies, single and regular premium contracts, and endowment and whole life assurance business. It also includes policies transferred to the Society from both Coventry Assurance and Red Rose Friendly Society.
- Child Trust Fund (CTF) and Unit-linked ISA policies. These policies are recurring single premium Unit-linked investments. CTF policies mature at age 18 and Unit-linked ISAs are whole life policies. This includes policies transferred from Red Rose Friendly Society.
- Other non-conventional legacy business including the remaining Adult Sick and Death policies; some minor profit-sharing sickness plans; the Family Group Funeral Plan and quinquennial business transferred from Red Rose Friendly Society; and the Table A policies transferred from Coventry Assurance.

The total technical provisions as at 31 December 2025 for the above lines of business are:

Material class of liabilities	Best Estimate £'000	Risk Margin £'000	Technical Provision £'000
With-profits bonds	32,471	37	32,508
With-profits ISAs	27,705	61	27,766
Conventional Tax Exempt	17,455	22	17,478
Conventional Taxable	17,864	24	17,888
Unit-linked CTF	73,412	40	73,451
Unit-linked ISA	19,268	1,095	20,363
Other	427	7	434
Total	188,601	1,287	189,888

Values have been rounded individually.

Other technical and charitable liabilities calculated using a proportionate technique are:

Other reserves	2025 £'000	2024 £'000
Surplus Contribution Fund	5	5
Temperance Fund	100	94
Douglas Carr Fund	66	61
Total	171	160

Values have been rounded individually.

Other liabilities	2025 £'000	2024 £'000
Deferred tax	-	-
Corporation tax	-	-
Insurance and intermediary payables	1,963	1,659
Trade (not insurance) payable	325	437
Interfund account balance	-	8
Total	2,288	2,105

Values have been rounded individually.

Best Estimate Liabilities (BEL):

The BEL is calculated as the sum of the policy reserves and the Cost of Guarantee (CoG). The best estimate liability for the With-profits business is calculated by projecting, for each individual policy, the net monthly cash-flows and then discounting these net cash-flows back to the valuation date.

The net monthly cash-flow is the expected expenses for administering a policy (allowing for expense inflation) and investment expenses, plus expected claim amounts (including claims upon death, maturity (where applicable) and surrender) allowing for future reversionary and terminal bonuses.

The cash-flow calculations comply with Rules 3.1 and 3.2 of the Technical Provisions part of the PRA Rulebook.

The CoG is an additional reserve held to cover the cost of guaranteed benefits.

The best estimate for the Unit-linked business is the sum of:

A unit reserve which is the value of policy units, and a value in force which reflects the discounted value of monthly future administration and investment expenses plus cost of any risk benefits provided less monthly future annual management charges. The future annual management charge is the monthly charge which the Society applies to the unit-linked policy units. The administration and investment expenses are the expected actual costs of the unit-linked policies to the Society. The calculations allow for expected claims (including claims upon death, transfers out and maturity).

Risk margin

The risk margin is the additional premium to ensure that the value of the technical provisions is equivalent to the amount that another insurer would be expected to require if taking over and meeting the liabilities of the Society.

The risk margin is calculated as the present value of the future projected non-hedgeable solvency capital requirement multiplied by a cost-of-capital rate of 4% per annum alongside a tapering factor and discounted using the same discount rates as the policy net cash-flows. The future solvency capital requirements are projected until the last policy is expected to exit. No simplifications are used within the calculation of the risk margin.

The risk margin is calculated using the interest rate set out in the Insurance and Reinsurance Undertakings (Prudential Requirements) (Risk Margin) Regulations 2023.

D.2.1 The main assumptions used in the calculation of the technical provisions.

The calculation of the technical provisions requires realistic assumptions on:

- discount rates for future cash-flows
- lapse rates
- expenses and expense inflation
- mortality rates

D.2.1.1 Discount rates for future cash-flows

The discount rates are used to discount the expected future net cash-flows to generate a value as at the valuation date. The rates used are spot rates provided by the PRA. The PRA publishes risk-free spot rate curves for each currency on a monthly basis. As the Society's liabilities are all denominated in Sterling the GBP yield curve is used.

Example rates from the implied forward yield curve as at 31 December 2025 are shown in the table below:

Term to maturity (years)	Risk free rate	Term to maturity (years)	Risk free rate
1	3.540%	30	4.589%
2	3.492%	40	4.433%
5	3.665%	50	4.224%
10	4.045%	60	4.068%
15	4.361%	70	3.957%
20	4.536%	75	3.913%
25	4.604%	80	3.874%

No judgement has been applied as the risk-free interest rate is supplied by the PRA.

D.2.1.2 Lapse assumptions

For With-profits products, lapse is a generalised term for when a policy is lapsed or surrendered.

For the unit-linked products a lapse is a transfer of the policy out of the Society. It is assumed that all CTF policies mature at the life assured's 18th birthday.

The lapse rate assumptions are based on the latest analysis of the Society's past experience. The lapse assumption rates reflect actual experience, based on a Lapse and Partial Withdrawal Investigation carried out in the second half of 2025 using data as at 30 June 2025. The actual data used in the investigation is for the period 1 January 2022 to 31 December 2024 inclusive for the With-profits Fund, to take into account reporting delays.

Judgement is applied when assessing historical data to ensure that the data used is applied appropriately. Judgement is also used when assessing data validity.

D.2.1.3 Expense assumptions

The expense assumptions have been set based on the most recent open fund expense analysis for the Society.

The expense analysis projects forward the Society's budgeted management expenses allowing for expense inflation. The management expenses are split between acquisition, renewal and investment expenses. The acquisition and renewal expenses are further split between administration and overhead expenses.

The analysis also projects forward the expected premium income, number of in force policies and the With-profits and Unit-linked Funds in order to derive appropriate assumptions to cover all expected future management expenses.

For the unit-linked valuation an assumption is required of the costs incurred by the Society for administering these policies which need to be covered by the annual management charge applied to the policy units. The expected unit-linked administration costs are based on a Society budget of the expected costs for the forthcoming year and the number of unit-linked policies in force.

The expense inflation is based on inflation figures from the government bond market (comparing index linked and nominal based UK gilts) and the Society's view of other elements of inflation.

Judgement is used to split expenses between the expense category and the products.

Within the valuation of the technical provisions for the best estimate and for the stress scenarios, allowance is made for the fixed nature of some of the expenses. For the mass lapse stress scenario, some expenses can be saved in operating costs but some cannot due to their fixed nature. This is the most material impact of the stress scenarios on the expense assumption used and gets a separate set of assumptions.

D.2.1.4 Mortality assumptions

Mortality assumptions are based on published standard mortality tables. These are then adjusted by applying a percentage based on the latest analysis of the Society's past experience.

Judgement is used in the selection of the standard mortality tables. Judgement is also applied when assessing historical data to ensure the data used is valid and applied appropriately.

D.2.2 Level of uncertainty associated with value of technical provisions

The technical provisions are calculated using financial models and as such there is always an inherent degree of uncertainty. Historical Society experience is used to guide the assumption setting but past experience is no guarantee of future experience.

Analysis of how model results compare to past experience can be used as a guide.

The sensitivity of the model results is also central to the assumption setting process.

A robust assumption setting process is followed to ensure that any uncertainties are kept to a minimum.

D.2.3 Material difference to valuation in financial statements

For investment business, current accounting standards require only the value of policy units to be brought into account. Therefore, the value in-force for the Unit-linked business is not included in the technical provisions within the financial statements. The result is to increase the technical provisions by £4.4 million in the financial statements compared to the Solvency II Balance Sheet.

D.2.4 Adjustments or transitional measures used to calculate the value of technical provision

The Society is not using a volatility adjustment or matching adjustment or any transitional arrangement within the calculation of technical provisions.

D.2.5 Recoveries from re-insurance

The Society has no re-insurance arrangements.

D.3 Other liabilities

A summary of the other Solvency II liabilities is:

Other liabilities	2025	2024
	£'000	£'000
Deferred tax	0	0
Corporation tax	0	0
Insurance and intermediary payables	1,963	1,659
Trade (not insurance) payables	325	437
Inter-fund account balance	0	8
Total	2,288	2,105

Values have been rounded individually.

Other liabilities have been valued on the FRS 102 basis. There is no difference in value to the Solvency II fair value basis.

D.3.1 Corporation and deferred tax

The current Corporation Tax rate applicable to the Society is 20% (2024: 20%) and is due within 12 months of the Society's year end.

Corporation Tax is calculated on the policyholders' profit on its taxable business. The Society is subject to tax on the taxable part of its life and endowment business, interest income, any income from property, certain realised gains, unrealised gains on collective investment equity funds (spread over 7 years) and unrealised gains on the value of listed fixed interest securities.

The Society measures a tax liability (asset) at the amount it expects to pay (recover) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of timing differences at the reporting date.

Timing differences arise where there are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Timing differences also arise and deferred tax recognised when the tax allowances for the cost of a fixed asset are received before or after the depreciation of the fixed asset is recognised in profit or loss. If and when all conditions for retaining the tax allowances have been met, the deferred tax shall be reversed.

There is a deferred tax liability as of 31 December 2025 of £nil (2024: nil).

A deferred tax asset can arise on the excess of the proportion of taxable business expenses over income, unused tax losses and a favourable deferred tax movement in unrealised gains/losses.

Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. There is a deferred tax asset as of 31 December 2025 of £36k (2024: £13k).

Judgement has been used in assessing the taxable proportion and the future rate of corporation tax.

D.3.2 Insurance and intermediary payables

As at 31 December 2025 the total insurance and intermediary balances payable were £1,963k (2024: £1,659k), which includes £1,960k (2024: £1,639k) of outstanding claims.

Commission and fees payable to intermediaries were £3k (2024: £20k). The balance is calculated in accordance with the terms and conditions of the contract with the intermediaries.

D.3.3 Trade (not insurance) payables

As at 31 December 2025 the total trade payables were £325k (2024: £437k) which are all due within 12 months. Trade payables are amounts due and estimates made for services and goods supplied. There are no capital commitments or leasing arrangement liabilities.

D.3.4 Employee benefit liabilities

There are no material employee benefit liabilities. The employee pension schemes are money purchase schemes.

The Society operates an incentive scheme for Executive Directors with 40% of bonuses deferred over three years. As of 31 December 2025, £10k is currently deferred from prior year bonus awards.

D.4 Alternative methods of valuation

No alternative methods of valuation have been used other than those for proportionality and bid-prices of equity and bond valuations on a look through basis.

Some small insurance policies have been valued using a proportional method. This includes the Surplus Contribution Fund as well as some other non-insurance liabilities such as the Douglas Carr Fund and the Temperance Fund. All have had the full-face value recognised. The costs of setting up complete technical provision calculations would be disproportionate to the greater accuracy achieved.

D.5 Any Other Information

There is no other material information regarding the valuation of assets and liabilities.

E. Capital management

E.1 Own Funds

E.1.1 Policies and objectives

The key capital management objectives are:

- To comply with the capital requirements of the UK regulator, the PRA
- To ensure that the Society's financial strength is maintained
- To ensure that the Society's strategy is sustainable and can be implemented
- To give current and future members and other stakeholders confidence in the long-term stability of the Society

These objectives are reviewed at least annually. The Board is responsible for ensuring that the Society meets the capital requirement at all times. The Society complied with the PRA's capital requirement throughout the year.

The Board aims to maintain an appropriate buffer in excess of the regulatory capital requirement, the Solvency Capital Requirement (SCR).

The Society prepares a strategic business plan over five years and an operational business plan for one year.

The Society maintains the agreed capital objectives through its system of risk management, investment policy, control of expenses and the implementation of its operational business and distribution plan.

E.1.2 Measurement and monitoring of capital

The capital position of the Society is monitored on a regular basis. Benchmarks are set to assess the adequacy of the Society's financial strength. In circumstances where there is a significant fall in the capital base, management action is taken to reduce risk exposure.

As a mutual organisation the Fund for Future Appropriations is Tier 1 capital. The Society has no Tier 2 or Tier 3 Own Funds.

The Solvency II Own Funds as at 31 December were:

Solvency II Funds	2025	2024
	£'000	£'000
Value of net assets	204,095	173,452
Technical provisions	(190,059)	(162,379)
Other liabilities	(2,288)	(2,105)
Excess of assets over liabilities	11,748	8,968
Own Funds	2025	2024
	£'000	£'000
Reconciliation Reserve	11,748	8,968
Total available Own Funds to meet the SCR	11,748	8,968
Capital Required (Higher of SCR, MCR)	(4,639)	(3,500)
Own Funds in excess (Tier 1)	7,109	5,468

The change in technical provisions has been caused by:

- Declaration of 2025 bonus and allowance for Market-Value Reductions
- New business and exiting policies
- The transfer-in of the Red Rose policy liabilities
- Change in expense, mortality and lapse assumptions

E.1.3 Reconciliation of Fund for Future Appropriations and Own Funds

A reconciliation of the Fund for Future Appropriations and Solvency II Own Funds:

Reconciliation of FFA and Own Funds	2025	2024
	£'000	£'000
Fund for Future Appropriations	7,450	6,415
Difference in technical provisions for Unit-linked liabilities	4,374	2,627
Difference in intangible assets and prepayments	(78)	(88)
Difference in invested asset bid value	-	14
Own Funds (Tier 1–unrestricted)	11,748	8,968

The Fund for Future Appropriations represents the excess of assets over policyholder liabilities within the With-profits Funds and represents the cumulative retained earnings which have not been allocated to policyholders.

E.2 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

E.2.1 Capital requirement

The amount of the capital requirements as at 31 December 2025 were:

Capital requirement	2025	2024
	£'000	£'000
Eligible Own Funds (Tier 1)	11,748	8,968
Solvency Capital Requirement	4,639	3,500
Coverage	253%	256%

E.2.2 Analysis of SCR by risk module

An analysis of the SCR by risk module is:

Risk	2025	2024
	£'000	£'000
Market	12,662	9,484
Insurance	6,942	5,531
Default	107	115
Basic SCR undiversified	19,711	15,130
Less diversification	(3,788)	(2,979)
Gross Basic SCR	15,923	12,151
Less loss absorbency	(11,742)	(9,989)
Operational risk	458	425
Net SCR	4,639	2,586

Values in the table have been rounded individually.

There were no simplifications used in the calculations.

No specific parameters have been used in the Standard Formula Model calculations.

E.2.3 Inputs used in the Minimum Capital Requirement

The inputs used in the MCR are:

The inputs used in the MCR are:

- the BEL for with-profit guaranteed benefits
- the BEL for with-profit discretionary benefits
- the technical provisions calculated as a whole for unit-linked business
- the capital at risk
- the SCR

A linear MCR is calculated by applying given factors to each of the BEL inputs. The MCR is then restricted by a cap and a floor, being 45% and 25% of the SCR respectively, with an absolute floor of £3.5m

E.2.4 Material changes in the SCR

The material changes in the SCR net of loss absorbency are:

Material changes in the SCR	2025	2024
	£'000	£'000
As at 1 January	2,586	2,681
Changes in:		
Equity Risk	973	(5)
Lapse Risk	1,438	94
Expense Risk	338	(135)
Credit Spread Risk	-	(22)
Concentration Risk	(232)	168
Diversification	(530)	(95)
Operational Risk	34	(6)
Other	31	(93)
As at 31 December	4,639	2,586

E.2.5 Material changes in the MCR

There has been no change in the MCR.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Society has not used the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.

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

The Society has not used an internal model.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

Throughout 2025 the MCR and SCR were complied with.

E.6 Any other information

No further material information is required regarding the capital management of the Society.

F. Templates

The following QRTs are required for the SFCR:

The Rechabite Friendly Society Limited

Solvency and Financial Condition Report

Disclosures

31 December
2025

(Monetary amounts in GBP thousands)

General information

Entity name	The Rechabite Friendly Society Limited
Entity identification code and type of code	LEI/213800Y2Y2XDTRFCE80
Type of undertaking	Life undertakings
Country of incorporation	GB
Language of reporting	en
Reporting reference date	31 December 2025
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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IR.02.01.02 - Balance sheet

IR.05.02.01 - Premiums, claims and expenses by country: Life obligations

IR.05.03.02 - Life income and expenditure

IR.12.01.02 - Life technical provisions

IR.23.01.01 - Own Funds

IR.25.04.21 - Solvency Capital Requirement

IR.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

IR.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	36
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	385
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	104,071
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	0
R0140	<i>Government Bonds</i>	0
R0150	<i>Corporate Bonds</i>	0
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	104,071
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	98,729
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	0
R0280	<i>Non-life and health similar to non-life</i>	
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	38
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	764
R0420	Any other assets, not elsewhere shown	72
R0500	Total assets	204,095

		Solvency II value
		C0010
Liabilities		
R0505	Technical provisions - total	189,888
R0510	<i>Technical provisions - non-life</i>	0
R0515	<i>Technical provisions - life</i>	189,888
R0542	Best estimate - total	188,601
R0544	<i>Best estimate - non-life</i>	
R0546	<i>Best estimate - life</i>	188,601
R0552	Risk margin - total	1,287
R0554	<i>Risk margin - non-life</i>	
R0556	<i>Risk margin - life</i>	1,287
R0565	Transitional (TMTP) - life	0
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	171
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	1,963
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	325
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>	
R0870	<i>Subordinated liabilities in Basic Own Funds</i>	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	Total liabilities	192,347
R1000	Excess of assets over liabilities	11,748

IR.05.02.01

Premiums, claims and expenses by country: Life obligations

	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400	Top 5 countries (by amount of gross premiums written)						Total Top 5 and home country
	Home Country						
	C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written							
R1410 Gross	8,804						8,804
R1420 Reinsurers' share							0
R1500 Net	8,804						8,804
Premiums earned							
R1510 Gross	8,804						8,804
R1520 Reinsurers' share							0
R1600 Net	8,804						8,804
Claims incurred							
R1610 Gross	22,843						22,843
R1620 Reinsurers' share							0
R1700 Net	22,843						22,843
R1900 Net expenses incurred	2,455						2,455

IR.05.03.02

Life income and expenditure

	Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
Premiums written							
R0010	Gross direct business	7,295	1,509				8,804
R0020	Gross reinsurance accepted						0
R0030	Gross	7,295	1,509	0	0	0	8,804
R0040	Reinsurers' share						0
R0050	Net	7,295	1,509	0	0	0	8,804
Claims incurred							
R0110	Gross direct business	11,958	10,886				22,843
R0120	Gross reinsurance accepted						0
R0130	Gross	11,958	10,886	0	0	0	22,843
R0140	Reinsurers' share						0
R0150	Net	11,958	10,886	0	0	0	22,843
Expenses incurred							
R0160	Gross direct business	2,455	107				2,562
R0170	Gross reinsurance accepted						0
R0180	Gross	2,455	107	0	0	0	2,562
R0190	Reinsurers' share						0
R0200	Net	2,455	107	0	0	0	2,562
R0300	Other expenses						
Transfers and dividends							
R0440	Dividends paid						

IR.12.01.02
Life technical provisions

Best estimate

R0025 Gross Best Estimate (direct business)
R0026 Gross Best Estimate (reinsurance accepted)
R0030 **Gross Best Estimate**

R0080 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
R0090 Best estimate minus recoverables from reinsurance/SPV and Finite Re

R0100 **Risk margin**

Amount of the transitional on Technical Provisions

R0140 TMTP - risk margin
R0150 TMTP - best estimate dynamic component
R0160 TMTP - best estimate non-dynamic component
R0170 TMTP - amortisation adjustment
R0180 **Transitional Measure on Technical Provisions**

R0200 **Technical provisions - total**

	Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	95,921	92,680					188,601
							0
	95,921	92,680	0	0	0	0	188,601
							0
	95,921	92,680	0	0	0	0	188,601
	153	1,135					1,287
							0
							0
							0
							0
	0	0	0	0	0	0	0
	96,073	93,815	0	0	0	0	189,888

IR.23.01.01
Own Funds

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above

R0220 **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**

R0290 **Total basic own funds**

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees
R0350	Letters of credit and guarantees other
R0360	Supplementary members calls
R0370	Supplementary members calls - other
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580	SCR
R0600	MCR
R0620	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0725	Deductions for participations in financial and credit institutions
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
0	0		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
11,748	11,748			
0		0	0	0
0				0
0	0	0	0	0
0				
0				
0				
0				
0			0	0
11,748	11,748	0	0	0
11,748	11,748	0	0	
11,748	11,748	0	0	0
11,748	11,748	0	0	
4,639				
3,500				
253.26%				
335.66%				
C0060				
11,748				
0				
0				
0				
11,748				

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

	C0010
Market risk	
R0070 Interest rate risk	0
R0080 Equity risk	1,307
R0090 Property risk	0
R0100 Spread risk	0
R0110 Concentration risk	0
R0120 Currency risk	0
R0125 Other market risk	0
R0130 Diversification within market risk	0
R0140 Total Market risk	1,307
Counterparty default risk	
R0150 Type 1 exposures	0
R0160 Type 2 exposures	0
R0165 Other counterparty risk	0
R0170 Diversification within counterparty default risk	0
R0180 Total Counterparty default risk	0
Life underwriting risk	
R0190 Mortality risk	50
R0200 Longevity risk	3
R0210 Disability-Morbidity risk	0
R0220 Life-expense risk	652
R0230 Revision risk	0
R0240 Lapse risk	3,264
R0250 Life catastrophe risk	69
R0255 Other life underwriting risk	0
R0260 Diversification within life underwriting risk	-382
R0270 Total Life underwriting risk	3,657
Health underwriting risk	
R0280 Health SLT risk	0
R0290 Health non SLT risk	0
R0300 Health catastrophe risk	0
R0305 Other health underwriting risk	0
R0310 Diversification within health underwriting risk	0
R0320 Total Health underwriting risk	0
Non-life underwriting risk	
R0330 Non-life premium and reserve risk (ex catastrophe risk)	0
R0340 Non-life catastrophe risk	0
R0350 Lapse risk	0
R0355 Other non-life underwriting risk	0
R0360 Diversification within non-life underwriting risk	0
R0370 Non-life underwriting risk	0
R0400 Intangible asset risk	0
Operational and other risks	
R0422 Operational risk	458
R0424 Other risks	0
R0430 Total Operational and other risks	458
R0432 Total before all diversification	5,805
R0434 Total before diversification between risk modules	5,423
R0436 Diversification between risk modules	-784
R0438 Total after diversification	4,639
R0440 Loss absorbing capacity of technical provisions	0
R0450 Loss absorbing capacity of deferred tax	0
R0455 Other adjustments	0
R0460 Solvency capital requirement including undisclosed capital add-on	4,639
R0472 Disclosed capital add-on - excluding residual model limitation	0
R0474 Disclosed capital add-on - residual model limitation	0
R0480 Solvency capital requirement including capital add-on	4,639
R0490 Biting interest rate scenario	0
R0495 Biting life lapse scenario	0

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