Corporate Governance
There were no changes to the membership of the Board of Management during 2012 however, following the 2013 AGM the Society’s Chairman for the past ten years, Ian Gardner decided not to stand for re-election and announced that the coming year will be his last year as a member of the Board.

The Society, having reviewed current corporate governance recommendations followed an agreed process in electing a new Chairman and I am pleased to announce that Martin Day has been appointed to succeed Ian as Society Chairman.

The 2013 AGM again made use of proxy voting; the number of votes was a little lower than in the previous year and the Society still struggles to attract members to attend the meeting. The Board of Management run the Society on behalf of the policyholders who are our members. Voting on resolutions put to the members at the AGM is an important means of communicating with your Board whether it is by attending the AGM or by making use of your proxy vote.

Membership
The Society will only be a long term success if it manages to maintain and grow its membership. It was hoped that 2012 would see a net increase in the membership but this ambition fell short. In 2013 the membership finally saw an increase over the year with a net increase in income protection policyholders. It is expected that the Society will see a further increase during the coming year.

Regulation
Most of the concerns outlined in last year’s report remained throughout 2013. The Society was not negatively impacted by the regulatory changes resulting from the Retail Distribution Review.

April 2013 saw a change in Regulator with the Financial Services Authority (FSA) being succeeded by two new Regulators, The Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA). The change in itself and the move to a dual regulatory regime has been an unwelcome distraction for both the Board and Management.

Allocation, Compound Bonus and Terminal Bonus
With another good year of sickness experience Allocations of Profits have again been increased for those members holding Classic Plus contracts with the Allocations on all others being maintained. The Compound Bonus has also been maintained even though income earned from investments continues to be depressed by low interest rates. The Board of Management have also been able to agree an increase in Terminal Bonus rates for the coming year.

Future Developments
The Board issued a letter to members early in 2014 regarding two particular developments.

Mutual Members Fund
The Board has acknowledged the debate within the regulation of the mutual movement over the fair distribution of profits to members. The Society has an increasing proportion of members who do not have a with-profits policy with the Society. The creation of the Mutual Members Fund will provide a means to recognise the different classes of members and provide for each in a fair and equitable way.

Development Opportunity
The Society has set up a subsidiary, HF Life Limited to sell group protection insurance. The business uses the trading name of Optimal and is due to commence trading during March 2014.

Product Development
Management are considering a number of options for amendments to existing products and the introduction of new plans. The use of additional distribution methods to complement the Society’s current use of Advisers is also being considered.

Results
It is pleasing to be able to report that both the Society’s overall funds and that the Funds for Future Appropriations have once again increased. The numbers of new policies written during the year also saw a further substantial increase and resulted in a net increase in the number of members of the Society for the first time in a number of years.

A commentary on the business review and financial results is provided in the Strategic Report, produced for the first time and contained in the full version of the Financial Statements, which can be downloaded from our website at www.holloway.co.uk/about-us/governance

Martin Collins
Chief Executive
Notice of Annual General Meeting

Notice is hereby given that the One Hundred and Thirty Third Annual General Meeting of The Original Holloway Friendly Society Limited will be held at Holloway House, 71 Eastgate Street, Gloucester, at 4.00 p.m. on Tuesday, 17th June 2014, for the following purposes:–

1. To confirm the Minutes of the Annual General Meeting held on the 18th June, 2013.
2. To receive and, if approved, adopt the Report of the Board of Management and the Society’s Accounts for the Year ended 31st December, 2013.
3. To approve the Directors’ Remuneration Report for the year ended 31st December 2013 (Advisory vote)
4. To elect Board Members.

The following Board Members having served more than nine years on the Board are subject to annual election as recommended by the Annotated Combined Code on Corporate Governance and, being eligible, offer themselves for election for the stated term of office:–

Mr. M. J. Matthews 1 Year
Mr. C. A. Organ 1 Year
Mr. K. P. Griffin 1 Year
Mr. R. J. W. Perks 1 Year

5. To appoint as Auditor.

Messrs. Moore Stephens, Chartered Accountants, 30 Gay Street, Bath, BA1 2PA

6. To confirm an alteration of the Rules in accordance with the provisions of Rule 28(S).

7. To transact any other business not requiring notice of motion.

Mathew C Crompton-Manser,
Company Secretary
1st April 2014

Board Members Standing for Re-Election

The Board have discussed those standing for re-election and consider that each have an important role in running the Society during the term of office for which they are being elected. The Board have agreed to implement the recommendations of the Combined Code with regard to the term of each appointment.

Some of the Non-Executive Directors standing for re-election no longer meet the independence criteria as set out in the Combined Code. The Board have taken this into consideration in their discussions and, due to their extensive knowledge and experience of the Society and the value that this experience brings to the Board, recommend their re-election to the membership.

Details of board members standing for re-election are set out below.

Mike Matthews
Mike was appointed to the Committee of Management in 1991 and subsequently joined the Board upon incorporation. Mike had chaired the Audit Committee for a number of years until taking on the role of Vice Chairman in 2009. He was Production and Finance Director of a commercial printing company in Gloucester for 25 years.

Councillor Colin Organ
Colin is an elected Gloucester City Councillor and Cabinet Member with responsibilities for Housing, Health and Leisure. He is a previous Director Designate of Westbury Homes PLC and is the founder and owner of The Estate Agency and New Homes Centre based in Gloucester. Colin has served as a Non-executive Director on the Holloway Friendly Board since 1997.

Kieron Griffin
Kieron qualified as a Solicitor in 1983 and has been a Partner in a firm of Solicitors in Gloucester for more than 30 years. He is also Clerk to H M Verderers Court in the Forest of Dean and has been a Board Member since 1997. He is presently Chair of the Nomination Committee.

Bob Perks
Bob has been a non-executive Director since 2005 and is Chairman of the Marketing Committee. He has spent most of his career in Financial Services with Natwest and latterly as Sales and Marketing Director at Britannic Money PLC. He now runs his own consultancy practice as well as being a Director of Intermediary Group, Financial Synergies Plc. He also sits on the Board of the Wessex Association of Chambers of Commerce. Bob has previous experience of friendly societies boards of management, serving some eight years prior to joining Holloway Friendly.

Memorandum, Rule and Schedule Changes

Since last year’s AGM the Society has introduced a new Schedule 14; which does not apply to any class of member. Schedule 14 updates our Group Life Schedule.

In addition the Board has agreed a new Schedule 13a that will only apply to new Purely IP Defined Benefit members but is not currently registered with the FCA. This will introduce a new rate table and premium calculation.

The full Schedules should be consulted for actual wording and implications. Should an existing member require further explanation of the above new Schedules, please contact the Society for a copy of the Schedules.

Mathew C Crompton-Manser
Company Secretary
1st April 2014
We have an obligation to manage the assets of the Society in the best interests of members, and we continually look for developments and opportunities that may give rise to added value for them. With this in mind, we have created a new subsidiary through which we will sell group protection insurance.

The subsidiary is a separate company owned by the Society, named HF Life Limited trading as Optimal. The group protection contracts we will sell are insurance policies designed to provide cover for a group consisting of many individuals, for example, to an employer wishing to provide their employees with life insurance.

This is a well-established market and we have seen some of our competitors use this business model with considerable success. The main purpose of setting up this new subsidiary would be, over the longer term, to increase the overall value that we generate for our members.

To reduce the risk to the Society (and hence members) associated with large volumes of claims on business of this nature, we intend to reinsure a significant proportion of the group policies sold. This will avoid the Society having to pay out on many claims at once, and to avoid paying extremely large single claims. This means that some of the risk the Society is exposed to will be reduced.

On behalf of Holloway Friendly Care first provides confidential, impartial advice and support 24 hours a day, 365 days a year. The service is free for you to access whenever you need.

**Telephone information and advice**

Our Information and Advice specialists are here to help you find practical ways forward when you feel overwhelmed by problems. Sometimes, having the information to make a sensible plan, and some support in doing so, is all it takes to feel better. Our advisors are highly trained to quickly find what you need and help you get back in control of your life.

Common subjects include -

- Family and Personal: Relationships, Divorce, Child Support, Domestic Violence, Childcare, Eldercare, Community Care, Changing a Name
- Debt: Credit, Debt, Banks, Loans, Consolidation
- Workplace: Bullying and Harassment, Maternity Rights/Pay, Sick Pay, Health and Safety at Work

**Confidentiality**

Although provided by Holloway Friendly, Care first services are completely independent and your call is treated in confidence in accordance with the BACP Ethical Framework. When you make contact you will be asked to identify yourself by membership and you may also be asked for other information – this is purely for statistical use.

**To find out more and how to use the new Members Assistance Program visit www.holloway.co.uk/members**

As we have no shareholders to pay we can ensure that our profits are only distributed to those who have a policy with us* or are invested in the Society to provide better value and higher levels of service. Our Board of Management, Senior Management team and all of our staff are only responsible to you, our members and because we know you and have at times been involved with some of your most difficult periods in life we always try that little bit harder to make things better for you.

And don’t forget you can get involved with the running of the Society. This year our Annual General Meeting is to be held on 17th June 2014, which is your chance to meet members of the Board and staff, voice your views on the Society personally to those that run it and vote for the important issues facing the Society.

If you’re unable to make it on the day you can still cast your vote by post, we’ve included all the forms you need and a pre-paid envelope to return it to us. If you lose the envelope you can still return your voting form to Holloway Friendly, Holloway House, 71 Eastgate Street, Gloucester, GL1 1PW.

*Entitlement to share of profit is dependent on the policy you own.

**Benefits of your Policy**

We all tend to take our health for granted but every year through no fault of their own and sometimes quite suddenly many people find themselves off work as a result of illness or an accident. All manner of bills still have to be paid, not just mortgage and utility bills but food and fun things for the family. How many of us could afford not to have an income?

As the original provider, Holloway Friendly offer policies designed to provide valuable income protection cover at an affordable level. Each of these policies allow you to protect your income in the event of being unable to work due to accident or sickness and with Employment and Support allowance now paid at a maximum of £99 per week there’s never been a more important time to maintain your protection.

All policies have a range of options enabling you to tailor the policy to your own circumstances and are flexible for the future, so if your circumstances have changed talk to your financial advisor to ensure you’re getting the most from your policy.
**Extract of Financial Statements for 2013**

Outlined below is an extract of significant figures taken from the financial statements. A copy of the full Report and Financial Statements for the year ended 31st December 2013 can be requested from the Society’s Head Office or downloaded from our website at www.holloway.co.uk/about-us/governance

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>£1,267,038</td>
<td>£1,221,868</td>
</tr>
<tr>
<td>Income protection premium income</td>
<td>£4,983,666</td>
<td>£4,779,046</td>
</tr>
<tr>
<td>Gains/(losses) on investments</td>
<td>£1,205,147</td>
<td>£1,427,276</td>
</tr>
<tr>
<td>Net operating expenses</td>
<td>£2,136,438</td>
<td>£1,698,598</td>
</tr>
<tr>
<td>Sickness benefit</td>
<td>£772,026</td>
<td>£892,322</td>
</tr>
<tr>
<td>Surplus apportioned to members</td>
<td>£1,357,595</td>
<td>£1,356,838</td>
</tr>
<tr>
<td>Bonus on Members’ Fund</td>
<td>£321,764</td>
<td>£325,739</td>
</tr>
<tr>
<td>Retirement Fund balance</td>
<td>£19,501,007</td>
<td>£19,754,114</td>
</tr>
<tr>
<td>Sickness Reserve</td>
<td>£6,194,789</td>
<td>£6,810,429</td>
</tr>
<tr>
<td>General Reserve</td>
<td>£19,888,117</td>
<td>£16,615,443</td>
</tr>
<tr>
<td>Total Assets</td>
<td>£48,551,178</td>
<td>£46,127,765</td>
</tr>
</tbody>
</table>

**Allocation and Bonuses for 2013**

The Board of Management has been able to declare the following:

<table>
<thead>
<tr>
<th>Allocation of Surplus</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holloway Old Tables</td>
<td>£1.30</td>
<td>£1.30</td>
</tr>
<tr>
<td>Holloway New Tables &amp; Classic</td>
<td>£1.50</td>
<td>£1.50</td>
</tr>
<tr>
<td>Holloway New Classic Plan</td>
<td>£1.25</td>
<td>£1.25</td>
</tr>
<tr>
<td>Holloway Premier Plan</td>
<td>£0.20</td>
<td>£0.20</td>
</tr>
<tr>
<td>Holloway Classic Plus</td>
<td>£0.90</td>
<td>£0.75</td>
</tr>
<tr>
<td>Holloway Classic Plus - Guaranteed</td>
<td>£0.75</td>
<td>£0.60</td>
</tr>
<tr>
<td>Holloway Classic Plus – New Table</td>
<td>£0.30</td>
<td>£0.25</td>
</tr>
</tbody>
</table>

| Compound Bonus | 1.75% | 1.75% |

**Terminal Bonus**

For the coming year the terminal bonus rates to be applied to maturing policies will be as follows:

<table>
<thead>
<tr>
<th>Policy Term</th>
<th>Bonus</th>
<th>Bonus</th>
<th>Bonus</th>
<th>Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 4 years</td>
<td>Nil</td>
<td>Nil</td>
<td>12.5%</td>
<td>10%</td>
</tr>
<tr>
<td>5 to 9 years</td>
<td>5%</td>
<td>5%</td>
<td>17.5%</td>
<td>12.5%</td>
</tr>
<tr>
<td>10 to 14 years</td>
<td>10%</td>
<td>7.5%</td>
<td>22.5%</td>
<td>17.5%</td>
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<td></td>
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</tbody>
</table>

**Important Dates**

17th June 2014: Annual General Meeting
22nd December 2014: Last date for payment of premiums for 2014. All premiums received after this date will be credited in and for 2015.
24th December 2014 to 5th January 2015: Holloway House closed for Christmas and New Year Holidays
16th June 2015: Annual General Meeting (Provisional)

**Contact Us**

General Enquiries: mail@holloway.co.uk 01452 526238
Increases, decreases and changes in deferment period: sales@holloway.co.uk 01452 782769
Claims Department: claims@holloway.co.uk 01452 782754
Direct Debit and premium administration: directdebit@holloway.co.uk 01452 782756

We are not authorised to give independent personal financial planning advice, so we suggest that you contact your financial advisor for advice on your policy or www.unbiased.co.uk if you do not have a financial adviser.

Holloway Friendly is the trading style of The Original Holloway Friendly Society Limited
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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. FRN 109986. Founded in 1880