

Halifax Financial Services (Holdings) Limited

Annual report and financial statements
for the year ended 31 December 2025

Registered office

Trinity Road
Halifax
West Yorkshire
HX1 2RG

Registered number

02357558

Current directors

J L Bezuidenhout
R A Messenger

Company Secretary

K J McKay

Member of Lloyds Banking Group

Strategic report

For the year ended 31 December 2025

The Directors present their Strategic report and audited financial statements of Halifax Financial Services (Holdings) Limited (the "Company") for the year ended 31 December 2025.

The Company is a subsidiary of HBOS Financial Services Limited and part of the Insurance, Pensions and Investments (IP&I) Division of Lloyds Banking Group (the "Group").

Principal activity

The Company's principal activity is that of an intermediate holding company. Its four subsidiaries are Clerical Medical Investment Fund Managers Limited, Halifax Financial Brokers Limited, Halifax Financial Services Limited, and Legacy Renewal Company Limited. During the year, the Company transferred its investment in HBOS Investment Fund Managers Limited to HBOS Financial Services Limited. The Directors intend to liquidate the Company and its remaining subsidiaries at the earliest opportunity.

Company performance

The result of the Company for the year ended 31 December 2025 is a Profit after taxation of £27,047,000 (2024: £50,781,000 Profit after taxation). The decrease in Profit after taxation is a reduction in dividends received and an impairment on investment in subsidiary undertakings. The Company received dividends totalling £34,455,000 during the year ended 31 December 2025 (2024: £50,000,000) as set out in the Statement of comprehensive income.

The Company has total net assets of £5 (2024: £151,522,000) at 31 December 2025.

The Company has shareholders' equity of £5 (2024: £151,522,000).

During the year, the Company made a distribution of non-cash assets of £135,569,000 to HBOS Financial Services Limited in relation to the transfer of subsidiary HBOS Investment Fund Managers Limited to HBOS Financial Services Limited.

Key performance indicators (KPIs)

The Company's principal business during the year was the holding of investments in subsidiaries and investment in a liquidity fund.

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of the IP&I Division, which the Company is part of, are presented within the Lloyds Banking Group's Annual report, which does not form part of this report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company's and Group's risk management policy are contained in note 14 to the financial statements.

Future outlook

It is the intention of the Directors to place the Company into voluntary liquidation as soon as practicable.

Section 172 (1) Statement

This section constitutes the Company's Section 172(1) statement for the purposes of the Companies Act 2006 (the 'Act'), describing how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) when fulfilling their duty to promote the success of the Company. Further detail on stakeholder interaction is contained within the Directors' report on pages 3 to 4.

The Directors remain mindful in all their deliberations of the long-term consequences of their decisions, as well as the importance of the Scottish Widows Group maintaining a reputation for high standards of business conduct and the Board engaging with, and taking account of, the views of key stakeholders.

This statement also includes examples of how the Directors have had regard to stakeholder interests in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018).

As a subsidiary of Lloyds Banking Group plc, the Company follows many of Lloyds Banking Group's processes and practices, which are referred to in this statement where relevant.

Strategic report (continued)

For the year ended 31 December 2025

Stakeholder Engagement and Board Oversight

Engaging with stakeholders at every level is integral to the Company's role in supporting the delivery of Lloyds Banking Group's Helping Britain Prosper strategy.

The Board delegates day to day engagement with stakeholders to senior management as part of running the business. Senior management supports Board decision making by addressing stakeholder implications in proposals submitted to the Board for consideration.

Shareholders

The Company is a wholly owned subsidiary of Lloyds Banking Group and as such the Board ensures that the strategy, priorities, processes and practices of the Company are aligned, where appropriate, to those of Lloyds Banking Group, ensuring that its interests as the Company's shareholder are duly acknowledged. Further information in respect of the relationship of Lloyds Banking Group with its shareholders is included in the Strategic report within the Lloyds Banking Group Annual report and accounts for 2025, available on the Lloyds Banking Group website.

Interim dividends

The views and interests of the Company's shareholders are key considerations when the Board determined the level of interim dividend payments (further details of which can be found on page 1 of the Strategic Report) as well as when approving the Company's business strategy and long-term objectives.

Communities and the Environment

Creating a sustainable and inclusive future is core to Lloyds Banking Group's strategy and purpose of Helping Britain Prosper.

More information on how Lloyds Banking Group is embedding climate-related risks and opportunities into business operations and strategy, including Task Force on Climate-Related Financial Disclosures can be found in the Lloyds Banking Group Sustainability Report 2025 on the Lloyds Banking Group website.

On behalf of the Board of Directors



R A Messenger
Director

22 May 2026

Directors' report

For the year ended 31 December 2025

The Directors present their annual report for the year ended 31 December 2025.

General information

The Company is a private company limited by shares, incorporated in United Kingdom, domiciled in England and registered in England and Wales (registered number: 02357558).

Distributions

During the year, a dividend of £43,000,000 representing £43,000,000 per share was paid (2024: £50,000,000). No final dividend is proposed in respect of the year ended 31 December 2025 (2024: £nil). The Company made a distribution of non-cash assets of £135,569,000 to HBOS Financial Services Limited in relation to the transfer of subsidiary HBOS Investment Fund Managers Limited to HBOS Financial Services Limited. See note 6.

Post balance sheet events

There are no post balance sheet events that have a material impact on these financial statements.

Directors

The names of the current Directors are listed on the front cover.

There have been no changes to Directors between the beginning of the reporting period and the approval of the Annual report and accounts.

No Director had any interest in any material contract or arrangement with the Company during or at the end of the year.

Going concern

In preparing these financial statements, the Directors have determined that it is inappropriate to adopt the going concern basis of accounting. This decision has been made in light of the Directors' intention to place the Company into liquidation. Accordingly, the financial statements have been prepared on a basis other than that of going concern.

Assets have been valued at their estimated realisable amounts and liabilities at the amounts expected to be paid, including any costs associated with the liquidation process. No adjustment has been made for the realisation of assets in the normal course of business, as the Company will cease trading and its assets will be disposed of as part of the liquidation process.

The Directors believe that this basis of preparation provides a true and fair view of the Company's affairs in the context of the intended liquidation.

Information included in the Strategic report

The disclosures for Financial risk management objectives and policies and Future outlook that would otherwise be required to be disclosed in the Directors' report can be found in the Strategic report on page 1.

Directors' indemnities

Lloyds Banking Group plc has granted to the Directors of the Company a deed of indemnity which constitutes 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of any Director who joined the board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service.

The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

Climate Change

As a subsidiary of Lloyds Banking Group, the Company is aligned with Lloyds Banking Group's approach to supporting the successful transition to a more sustainable, low carbon economy. Further details of this can be found in the Lloyds Banking Group Annual report and accounts via www.lloydsbankinggroup.com. There is expected to be minimal impact upon the Company.

Directors' report (continued)

For the year ended 31 December 2025

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Company's financial statements in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor and disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Pursuant to section 487(2) of the Companies Act 2006, auditors duly appointed by the members of the Company shall, subject to any resolution to the contrary, be deemed to be reappointed for the next financial year and Deloitte LLP will therefore continue in office.

On behalf of the Board of Directors:



R A Messenger
Director

22 May 2026

Statement of comprehensive income

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Interest income	4	659	1,011
Dividends received	5	34,455	50,000
Other income		294	30
Impairment of investment in subsidiary undertakings	10	(8,122)	-
Profit before tax		27,286	51,041
Taxation	8	(239)	(260)
Profit after tax, being total comprehensive income		27,047	50,781

The notes set out on pages 9 to 16 are an integral part of these financial statements.

Balance sheet

As at 31 December 2025

	Note	2025 £'000	2024 £'000
ASSETS			
Cash and cash equivalents	9	-	17,299
Trade and other receivables		-	67
Deferred tax	11	-	1
Investment in subsidiary undertakings	10	-	143,691
Total assets		-	161,058
LIABILITIES			
Amounts due to group undertakings	12	-	9,276
Current tax liability		-	260
Total liabilities		-	9,536
EQUITY			
Share capital	13	-	-
Retained earnings		-	151,522
Total equity		-	151,522
Total equity and liabilities		-	161,058

The accompanying notes set out on pages 9 to 16 are an integral part of these financial statements.

The financial statements on pages 5 to 8 were approved by the Board on 22 May 2026, and signed on behalf of the Board:



R A Messenger
Director

22 May 2026

Statement of changes in equity

For the year ended 31 December 2025

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2024		-	150,741	150,741
Profit for the year being total comprehensive income		-	50,781	50,781
Dividend paid to equity holders of the Company	6	-	(50,000)	(50,000)
At 31 December 2024		-	151,522	151,522
Profit for the year being total comprehensive income		-	27,047	27,047
Dividend paid to equity holders of the Company	6	-	(43,000)	(43,000)
Distribution of non-cash assets to owners	6	-	(135,569)	(135,569)
At 31 December 2025		-	-	-

The notes set out on pages 9 to 16 are an integral part of these financial statements.

Cash flow statement

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Cash flows generated from operating activities			
Profit before tax		27,286	51,041
Adjustments for:			
Finance income		(659)	(1,011)
Impairment in investment in subsidiary undertakings	10	8,122	-
Net decrease/(increase) in Trade and other receivables		67	(1)
Net decrease in Amounts due to group undertakings	12	(9,276)	(30)
Cash generated from operations		25,540	49,999
Tax paid		(498)	(186)
Net cash generated from operating activities		25,042	49,813
Cash flows generated from investing activities			
Finance income		659	1,011
Net cash generated from investing activities		659	1,011
Cash flows used in financing activities			
Dividends paid	6	(43,000)	(50,000)
Net cash used in financing activities		(43,000)	(50,000)
Change in Cash and cash equivalents		(17,299)	824
Cash and cash equivalents at beginning of year		17,299	16,475
Cash and cash equivalents at end of year		-	17,299

The notes set out on pages 9 to 16 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2025

1. Basis of preparation

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered office can be found on the front page and its principal activity is included in the Directors' report.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in both years presented, unless otherwise stated.

The financial statements of the Company have been prepared in accordance with United Kingdom adopted international accounting standards and in conformity with the requirements of the Companies Act 2006.

In the preparation of these financial statements the Balance sheet has been arranged in order of liquidity.

The financial information has been prepared under the historical cost convention.

No new IFRS Accounting Standards pronouncements which have been adopted resulted in a material impact within these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2025 and which have not been applied in preparing these financial statements are given in note 18. No standards have been early adopted.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in pounds sterling, which is the Company's functional and presentational currency.

In preparing these financial statements, the Directors have determined that it is inappropriate to adopt the going concern basis of accounting. This decision has been made in light of the Directors' intention to place the Company into liquidation. Accordingly, the financial statements have been prepared on a basis other than that of going concern.

These separate financial statements contain information about the Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemptions under IFRS 10 Consolidated Financial Statements and Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements on the basis that the Company and each of its subsidiaries are included in the consolidated financial statements of the Company's ultimate parent company.

2. Material accounting policies

The Company's material accounting policies are set out below. These accounting policies have been applied consistently.

2.1 Income recognition

Interest income

Interest income for all interest bearing financial instruments is recognised in the Statement of comprehensive income as it accrues, within Finance income.

Investment income

Dividend income is recognised when the right to receive payment is established.

2.2 Financial assets and liabilities

Management determines the classification of its financial assets and financial liabilities at initial recognition. Financial assets comprise Amounts due from group undertakings. The Company has no financial liabilities.

All financial assets and financial liabilities are stated at amortised cost.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Company has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Company has neither retained nor transferred substantially all of the risks and rewards, but has transferred control.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

2.3 Investments in subsidiaries

The Company owns a number of subsidiaries as set out in note 10. These subsidiaries are held initially at cost, being the fair value of the consideration given to acquire the holding, then subsequently at cost subject to impairment. Further information on the Company's impairment policy is set out at note 2.6.

Notes to the financial statements (continued)

For the year ended 31 December 2025

2. Material accounting policies (continued)**2.4 Dividends**

Dividends payable on ordinary shares are recognised in equity in the period in which they are approved. Dividends receivable are recognised in the Statement of comprehensive income in the period in which they are approved.

2.5 Cash and cash equivalents

Cash and cash equivalents includes cash at bank and short-term highly liquid investments with original maturities of three months or less. Holdings in liquidity funds are measured at fair value through profit or loss, with income received recognised in investment income.

The fair value of holdings in liquidity funds is determined as the last published price applicable to the vehicle at the reporting date.

Holdings in liquidity funds are categorised as level 1 in the fair value hierarchy. These assets are valued using quoted prices in active markets for identical assets to those being valued. An active market is one in which similar arm's length transactions in the instrument occur with both sufficient frequency and volume to provide pricing information on an on-going basis.

2.6 Impairment**Non-financial assets**

Assets that have an indefinite useful life, for example investments in subsidiaries, are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is charged to the relevant line in the Statement of comprehensive income in the period in which it occurs. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Taxation

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the Statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the Statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by His Majesty's Revenue and Customs (HMRC) or other relevant tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. In certain cases where forecast profits are not expected to be sufficient to support the recognition of a deferred tax asset on a standalone entity basis, further consideration has been given to the availability of UK group relief with connected companies to support the recognition.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes.

Notes to the financial statements (continued)

For the year ended 31 December 2025

2.8 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the course of preparing these financial statements, no critical judgements or estimates have been made in the process of applying the Company's accounting policies.

4. Interest Income

	2025	2024
	£'000	£'000
Interest on investment in liquidity fund	659	1,011

During the year ended 31 December 2025, the Company closed its liquidity fund. See note 9.

5. Dividends received

	2025	2024
	£'000	£'000
Dividends received (see note 15)	34,455	50,000

6. Distributions paid

	2025	2024
	£'000	£'000
Dividends paid to immediate parent undertaking (see note 15)	43,000	50,000
Distribution of non-cash assets to owners (see note 15)	135,569	-
	178,569	50,000

7. Profit before tax

Fees payable to the Company's auditors for the audit of the financial statements of £5,983 (2024: £5,848) have been borne by a fellow group company and are not recharged to the Company, no non-audit services were provided to the Company by the auditor.

The Company did not have any employees during the year (2024: none).

The Directors, who are considered to be key management, received no remuneration in respect of their services to the Company. The emoluments of the Directors are paid by a fellow Group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the Company. The Directors are also Directors of a number of other subsidiaries of the Group and are also substantially engaged in managing their respective business areas within the Group. Given this, it is not possible to make an accurate apportionment of Directors' emoluments in respect of their services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the Directors.

Notes to the financial statements (continued)

For the year ended 31 December 2025

8. Taxation

	2025	2024
	£'000	£'000
a) Analysis of charge for the year		
UK corporation tax:		
- Current tax on taxable profit for the year	239	260

Corporation tax is calculated at a rate of 25.00% (2024: 25.00%) of the taxable profit for the year.

b) Factors affecting the tax charge for the year

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the Profit before tax to the actual tax charge for the year is given below:

	2025	2024
	£'000	£'000
Profit before tax	27,286	51,041
Tax charge thereon at UK corporation tax rate of 25.00% (2024: 25.00%)	6,822	12,760
Factors affecting charge:		
Non taxable items	(6,583)	(12,500)
Tax charge on profit on ordinary activities	239	260
Effective rate	0.88%	0.51%

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes. No provision for Pillar 2 current tax is required in respect of this period.

9. Cash and cash equivalents

Cash and cash equivalents for the purposes of the Cash flow statement include the following:

	2025	2024
	£'000	£'000
Investment in liquidity fund	-	17,299

During the year ended 31 December 2025, the Company closed its liquidity fund.

Notes to the financial statements (continued)

For the year ended 31 December 2025

10. Investment in subsidiary undertakings

	2025 £'000	2024 £'000
Cost		
Brought forward	143,691	143,691
Transfer of investment in HBOS Investment Fund Managers Limited	(135,569)	-
Cost at 31 December	8,122	143,691
Provision for impairment		
Brought forward	-	-
Impairment of Investment in subsidiary undertakings	(8,122)	-
Provision for impairment at 31 December	(8,122)	-
Carrying value as at 31 December	-	143,691

During the year, the Company transferred its investment at cost in HBOS Investment Fund Managers Limited to HBOS Financial Services Limited.

During the year, the Company recognised the following impairments of its investment in subsidiary undertakings: £4,831,000 in Clerical Medical Investment Fund Managers Limited; £2,413,000 in Halifax Financial Brokers Limited; £778,000 in Legacy Renewal Company Limited and £100,000 in Halifax Financial Services Limited (2024: no impairment).

The subsidiary undertakings at 31 December 2025, listed below:

Subsidiary undertakings	Company interest	Country of incorporation	Nature of business
Halifax Financial Services Limited	100%	England & Wales	Service company
Halifax Financial Brokers Limited	100%	England & Wales	Financial adviser company (closed book)
Clerical Medical Investment Fund Managers Limited	100%	England & Wales	Service company
Legacy Renewal Company Limited	100%	Scotland	Financial adviser company (closed book)

The registered address of all the above subsidiaries (except Legacy Renewal Company Limited) is: Trinity Road, Halifax, West Yorkshire, HX1 2RG. The registered address of Legacy Renewal Company Limited is: The Mound, Edinburgh, EH1 1YZ.

11. Deferred tax asset

The movement in the Deferred tax asset is as follows:

	2025 £'000	2024 £'000
At 1 January and 31 December	-	1
Deferred tax asset comprises:	2025 £'000	2024 £'000
Accelerated capital allowances	-	1

Notes to the financial statements (continued)

For the year ended 31 December 2025

12. Amounts due to group undertakings

	2025	2024
	£'000	£'000
Amounts due to group undertakings (see note 15)	-	9,276

Amounts due to group undertakings are non-interest bearing, unsecured and repayable on demand, although there is no expectation that such a demand would be made.

13. Share capital

	2025	2024
	£'000	£'000
Allotted, issued and fully paid		
1 (2024: 1) ordinary share of £1 each	-	-

14. Financial risk management

The Company's activities do not expose it to any material financial risks. As a result, the Directors do not consider that the Company has any principal financial risks requiring disclosure.

Notes to the financial statements (continued)

For the year ended 31 December 2025

15. Related party transactions

The Company's immediate parent undertaking is HBOS Financial Services Limited. HBOS Financial Services Limited has taken advantage of the provisions of the Companies Act 2006 and has not produced consolidated Financial statements.

The ultimate parent undertaking and controlling party is Lloyds Banking Group plc, which is the parent undertaking of the only group to consolidate these Financial Statements. Copies of the consolidated Annual Report and Financial Statements of Lloyds Banking Group plc may be obtained from Lloyds Banking Group's head office at 33 Old Broad Street, London, EC2N 1HZ or downloaded via www.lloydsbankinggroup.com.

				2025 £'000	2024 £'000
Amounts due to group undertakings					
Nature of transaction	Related party	Repayment	Interest		
Amounts due to group undertakings	Clerical Medical Investment Fund Managers Limited	N/A	N/A	-	4,830
Amounts due to group undertakings	Legacy Renewal Company Limited	N/A	N/A	-	869
Amounts due to group undertakings	HBOS plc	N/A	N/A	-	294
Amounts due to group undertakings	Halifax Financial Brokers Limited	N/A	N/A	-	3,283
Total Amounts due to group undertakings (see note 10)				-	9,276
Distributions paid					
Nature of transaction	Related party				
Dividends paid	HBOS Financial Services Limited			43,000	50,000
Distribution of non-cash assets to owners	HBOS Financial Services Limited			135,569	-
Total Distributions paid (see note 6)				178,569	50,000
Dividends received					
Nature of transaction	Related party				
Dividend received	HBOS Investment Fund Managers Limited			25,000	50,000
Dividend received	Clerical Medical Investment Fund Managers Limited			4,830	-
Dividend received	Halifax Financial Brokers Limited			3,274	-
Dividend received	Halifax Financial Services Limited			482	-
Dividend received	Legacy Renewal Company Limited			869	-
Total Dividends received (see note 5)				34,455	50,000

The registered offices of related parties are noted below:

Related party	Related party relationship	Registered address
Lloyds Banking Group plc	Ultimate parent company	The Mound, Edinburgh, EH1 1YZ
HBOS Financial Services Limited	Immediate parent company	33 Old Broad Street, London, EC2N 1HZ
Halifax Financial Services Limited	Subsidiary	Trinity Road, Halifax, West Yorkshire, HX1 2RG
Clerical Medical Investment Fund	Subsidiary	Trinity Road, Halifax, West Yorkshire, HX1 2RG
Legacy Renewal Company Limited	Subsidiary	The Mound, Edinburgh, EH1 1YZ
Halifax Financial Brokers Limited	Subsidiary	Trinity Road, Halifax, West Yorkshire, HX1 2RG
HBOS plc	Fellow subsidiary undertaking	The Mound, Edinburgh, EH1 1YZ
HBOS Investment Fund Managers Limited	Fellow subsidiary undertaking	Trinity Road, Halifax, West Yorkshire, HX1 2RG

Key management personnel

There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company which, for the Company, are all Directors and Insurance, Pensions and Investments Executive Committee members. There were no transactions between the Company and key management personnel during the current or preceding year.

Notes to the financial statements (continued)

For the year ended 31 December 2025

16. Contingent liabilities and capital commitments

The Group has an open matter in relation to a claim for group relief of losses incurred in its former Irish banking subsidiary, which ceased trading on 31 December 2010. In 2020, HMRC concluded its enquiry into the matter and issued a closure notice denying the group relief claim. The Group appealed to the First Tier Tax Tribunal. The hearing took place in May 2023. In January 2025, the First Tier Tribunal concluded in favour of HMRC. The Group believes it has applied the rules correctly and that the claim for group relief is correct. Having reviewed the Tribunal's conclusions and having taken appropriate advice the Group has appealed to the Upper Tier Tax Tribunal, and does not consider this to be a case where an additional tax liability will ultimately fall due. If the final determination of the matter by the judicial process is that HMRC's position is correct, management believes that this would result in an increase in the Company's current tax liabilities of approximately £20,000 (including interest). It is unlikely that any appeal hearing will be held before 2027, and final conclusion of the judicial process may not be for several years.

17. Post balance sheet events

There are no post balance sheet events requiring disclosure in these financial statements.

18. Future developments

There are a number of new accounting pronouncements issued by the IASB with an effective date of 1 January 2027, including IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements. While many of the existing requirements of IAS 1 Presentation of Financial Statements are retained, IFRS 18 Presentation and Disclosure in Financial Statements introduces additional disclosure obligations in relation to the structure of the income statement, management-defined performance measures, and the aggregation and disaggregation of financial information.

IFRS 18 will have no impact on the Company's net profit as it impacts neither recognition nor measurement. The new standard will impact the presentation of the Company's results as it requires that operating, investing and financing activities are presented separately. There will also be a change in the Group's cash flow statement as IFRS 18 requires that the first line of the cash flow statement is operating profit rather than profit before tax.

IFRS 19 Subsidiaries without Public Accountability: Disclosures is being assessed and is not expected to have a significant impact on the Company. IFRS 19 has yet to be endorsed for use in the UK.

The IASB has issued its annual improvements and a number of amendments to the IFRS Accounting Standards effective 1 January 2026, including Amendments to IFRS 9 Financial Instruments and Amendments to IFRS 7 Financial Instruments Disclosures. These improvements and amendments are not expected to have a significant impact on the Company.

Independent auditor's report to the members of Halifax Financial Services (Holdings) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Halifax Financial Services (Holdings) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report to the members of Halifax Financial Services (Holdings) Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Halifax Financial Services (Holdings) Limited (continued)

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

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

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK tax legislation; and
- did not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of Halifax Financial Services (Holdings) Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and directors' report.

Matters on which we are required to report by exception

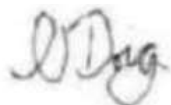
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nikola Doig CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
22 May 2026