

Lloyds Bank General Insurance Holdings Limited

Annual Report and Accounts **2025**

Member of Lloyds Banking Group

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COMPANY INFORMATION

Board of Directors

R A Messenger (Chair)

J L Bezuidenhout

Company Secretary

K J Mckay

Independent Auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Registered Office

25 Gresham Street
London
EC2V 7HN

Company Registration Number

01628564

STRATEGIC REPORT

The Directors present their strategic report on Lloyds Bank General Insurance Holdings Limited (the 'Company') for the year ended 31 December 2025.

The Company is a subsidiary of Scottish Widows Group Limited (SWG) and contributes to the results of the Insurance, Pensions and Investments (IP&I) Division of Lloyds Banking Group, focusing on providing general insurance to meet our customers' needs.

Principal activities

The Company is a holding company.

Result for the Year

The result for the year ended 31 December 2025 is a profit after tax of £20.8 million (2024: £88.9 million). The total net assets of the Company at 31 December 2025 are £4.3 million (2024: £290.6 million).

Dividends of £25 million were paid during the year in respect of 2025 (2024: £125 million).

Events During the Year

As part of the IP&I strategy to simplify the legal entity structure of the division, the Company disposed of a subsidiary during the year. On 11 September 2025 the Company transferred its entire holdings of Lloyds Bank General Insurance Limited (LBGI) to SWG, the Company's immediate parent undertaking. LBGI was transferred, at carrying book value, to SWG via distribution in-specie transfers for nil consideration. Further details are set out in note 7.

On 18th December 2025, the Company's wholly-owned subsidiary, St Andrew's Group Limited, entered members' voluntary liquidation as part of a planned strategy to simplify the structure of the division. The subsidiary has ceased trading prior to liquidation, and a licensed insolvency practitioner was appointed to realise the remaining assets and settle its liabilities.

The impact of the liquidation on the Company's results for the year includes an impairment of the Company's investment. Further details are provided in note 7 to the financial statements.

Economic Environment

The UK economy proved resilient to global challenges in 2025. Although elevated inflation and pay growth resulted in slower interest rate cuts than in the US and Eurozone, real-wages grew and households' spending growth rose. Low private sector indebtedness and high household savings provide resilience and capacity for improving growth.

Climate Change

The Company is a subsidiary of Lloyds Banking Group plc. Lloyds Banking Group (LBG) is committed to supporting the aims of the 2015 Paris Agreement in transitioning to a more sustainable, low carbon economy and recognises the importance of embedding climate-related risks and opportunities into business operations and strategy.

The Company is supportive of the Task Force on Climate-Related Financial Disclosures (TCFD) framework and related regulatory expectations. The Company is included in the LBG Sustainability Report. This report is available on the LBG website at www.lloydsbankinggroup.com/investors/esg-information.

STRATEGIC REPORT (continued)**Key performance indicators**

The Company's principal business during the year was the holding of investments in subsidiaries. Its principal income is the receipt of dividends from these subsidiaries and investment income. During the year the Company received total dividend income of £25 million (2024: £125 million) from the following entities: St Andrew's Insurance plc £5 million (2024: £40 million), Lloyds Bank General Insurance Limited £20 million (2024: £50 million), Lloyds Bank Insurance Services Limited £nil (2024: £20 million) and Halifax General Insurance Services Limited £nil (2024: £15 million).

The Directors are of the opinion that the above is the key performance indicator which is appropriate to the principal activity of the Company.

Other Sources where KPIs are presented

The Company also forms part of Lloyds Banking Group's Insurance, Pensions and Investments (IP&I) Division. The development, performance and position of the IP&I Division are presented within Lloyds Banking Group's annual report, which does not form part of this report.

Outlook

The Directors consider that the Company's principal activities will continue to be unchanged in the foreseeable future.

Principal risks and uncertainties

The Company through its investment in subsidiaries is also exposed to financial risk, in particular the risk of financial loss arising from impairment of subsidiary companies, the adoption of inappropriate accounting policies, ineffective controls over financial reporting and financial reporting fraud. Further details on the current year impairment are included in note 7.

The following table describes the principal risks faced by the Company through its investment in subsidiaries. Further details on financial risks and how the Company mitigates them can be found in note 16, as shown by the note reference.

Financial risks

Principal Risk	Note reference	Description
Market risk	16(a)	Market risk is defined as the risk that the Company's capital or earnings profile is affected by adverse market rates, in particular equity, credit default spreads, interest rates and inflation in insurance business. External rates are outwith the Company's control therefore mitigation is via having sufficient financial reserves to cover reduced earnings.
Credit risk	16(b)	Credit risk is the risk that parties with whom we have contracted, fail to meet their financial obligations. The Company through its investment in subsidiaries is subject to credit risk within invested assets, cash in liquidity funds, bank accounts and reinsurance. Credit risk is mitigated via the risk transfer policy and the investment policy which ensure exposures are appropriately monitored and action taken where necessary.
Liquidity risk	16(c)	Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its commitments as they fall due, or can only secure them at excessive cost. Liquidity risk is mitigated by applying the Liquidity Risk Policy, which includes controls to maintain liquidity at necessary levels.

Non-financial risks

The Company faces a variety of non-financial risks through its operations. The Company manages these risks by following the embedded Risk Management Framework (RMF) which uses methodologies and systems consistent with those implemented across Lloyds Banking Group. The various stages of the framework cover the identification, measurement, management monitoring and reporting of risks.

Principal Risk	Description
Operational risk	Operational risk is the risk of loss from inadequate or failed internal processes, people and systems or from external events. This includes risks around cyber and physical security, IT systems, data and privacy, internal and external suppliers, people, business continuity, payments and transaction execution, financial reporting (incl. tax), health and safety and premises, and change execution. Operational risk is managed through an operational risk framework. The Company maintains a formal approach to operational risk event escalation, whereby material events are identified, captured and escalated. Root causes of events are determined, and action plans put in place to ensure an optimum level of control to keep customers and the business safe, reduce costs, and improve efficiency.
Climate risk	The Group defines Climate Risk as the risk from the impacts of climate change and the transition to net zero ('inbound risk'), or a result of the Group's response to tackling climate change and supporting the transition to net zero ('outbound risk').

STRATEGIC REPORT (continued)**Section 172(1) Statement and Statement of Engagement with Other Stakeholders**

This section is our 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) of the Act when performing their duty to promote the success of the Company under section 172.

Further detail on stakeholder interaction is contained within the directors' Report on pages 8 to 9. The directors remain mindful in all their deliberations of the long-term consequences of their decisions, as well as the importance of Scottish Widows maintaining a reputation for high standards of business conduct and the Board engaging with, and taking account of the views of, its key stakeholders, including customers, shareholders, colleagues, regulators and the government, suppliers, communities and the environment.

As a subsidiary of Lloyds Banking Group plc, Lloyds Bank General Insurance Holdings Limited follows many of Lloyds Banking Group's processes and practices, which are referred to in this statement where relevant.

Stakeholder Engagement

The Board recognises the vital importance of engaging with all its stakeholders.

Shareholders

The Company is a wholly owned subsidiary of Lloyds Banking Group (Shareholder).

The Shareholder seeks a financial return on its investment, delivered through dividends.

Any dividend paid during the year is disclosed in the Directors' Report.

As a wholly owned subsidiary, the Board ensures that the Company's strategy, priorities, processes, and practices are aligned, where appropriate, with those of its Shareholder, recognising the Shareholder's interests at all times.

Colleagues

The Company does not directly employ colleagues; they are employed by other Lloyds Banking Group entities. Examples of Board engagement included:

- Property – reviewing the impact on colleagues of changes to the Group's Edinburgh property estate;
- People metrics – assessing metrics across diversity, absence, and hybrid working; and
- Colleague survey – challenging management on the results of the 2025 colleague survey and cultural priorities.

Communities and the Environment

The Insurance Board is the ultimate authorisation body for matters which concern the operation of Scottish Widows' business and is responsible for approving the Scottish Widows Transition Plan and Insurance, Pensions and Investments' strategic response to ESG matters.

Further details are available in the Strategic Report of the 2025 Annual Report and Accounts on the Company's website.

Modern slavery

The Responsible Business Committee of the Board of Lloyds Banking Group, as part of its oversight of its performance (including that of the Company) as a responsible business, governs the approach to human rights.

Lloyds Banking Group's Human Rights Position Statement can be found on the Lloyds Banking Group website.

The Company's day-to-day management of modern slavery and human rights is supported and coordinated by the Lloyds Banking Group Human Rights Manager, who is part of the Lloyds Banking Group Sustainable Business function, and is guided by a cross divisional working group, the Modern Slavery and Human Rights Working Group.

The IP&I Executive Committee governs (and approves) this Statement as it relates to the Company. The statement is published on the Scottish Widows website.

STRATEGIC REPORT (continued)**Section 172(1) Statement and Statement of Engagement with Other Stakeholders (Continued)****Diversity**

In line with Lloyds Banking Group strategy and activity to maximise the potential of people, its goal is to ensure inclusion is at the heart of everything it does.

Further details of Lloyds Banking Group's diversity targets are set out in its Annual Report and Accounts available on its website.

On behalf of the Board of Directors



R A Messenger

Director

19 March 2026

DIRECTORS' REPORT

The Directors present the audited financial statements of the Company. The Company is a private company limited by shares, domiciled and incorporated in England and Wales.

Results and dividend

The result for the year ended 31 December 2025 is a profit after tax of £20.8 million (2024 profit: £88.9 million). The total net assets of the Company at 31 December 2025 are £4.3 million (2024: £290.6 million).

During the year, dividends of £25 million were paid on the ordinary shares in respect of 2025 (2024: £125 million).

Group reorganisation

As part of the IP&I strategy to simplify the legal entity structure of the division, the Company disposed of a subsidiary during the year. On 11 September 2025 the Company transferred its entire holdings of Lloyds Bank General Insurance Limited (LBGI) to Scottish Widows Group Limited (SWG), the Company's immediate parent undertaking. LBGI was transferred, at carrying book value, to SWG via distribution in-specie transfers for nil consideration. Further details are set out in note 7.

Liquidation of Subsidiary

On 18th December 2025, the Company's subsidiary, St Andrew's Group Limited, entered members' voluntary liquidation. The directors took this decision following a review of the subsidiary's operations and its future role within the Group.

The subsidiary remained in liquidation at the balance sheet date. The Company continues to recognise the investment and related balances in accordance with applicable accounting standards, and has assessed these for impairment as detailed in note 7.

Directors

The names of the current Directors are listed on page 3. Changes in Directorships during the year and since the end of the year are as follows:

D Davis	(Resigned 18 March 2025)
J K Harris	(Resigned 4 June 2025)
M H Trussell	(Appointed 7 July 2025 / Resigned 17 September 2025)
M H Cuhls	(Resigned 17 September 2025)
J S Wheway	(Resigned 17 September 2025)
C Barua	(Resigned 17 September 2025)
W L D Chalmers	(Resigned 17 September 2025)
K A Cooper	(Resigned 17 September 2025)
S T Nyahasha	(Resigned 17 September 2025)
P G Mcnamara	(Resigned 17 September 2025)
C J G Moulder	(Resigned 17 September 2025)
G E Schumacher	(Resigned 17 September 2025)
R A Messenger	(Appointed 17 September 2025)
J L Bezuidenhout	(Appointed 17 September 2025)

Particulars of the Directors' emoluments are set out in note 18.

Directors' indemnities

Lloyds Banking Group 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 Directors 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 indemnity during that period of service.

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

Disclosure of information to auditor

Each person who is a Director at the date of approval of this report confirms that, so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has 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 auditors are aware of that information. This confirmation is given, and should be interpreted in accordance with, the provisions of the Companies Act 2006.

DIRECTORS' REPORT (continued)**Future developments**

Future developments are detailed within the Strategic Report and also in note 19.

Going concern

The going concern of the Company is dependent on successfully maintaining adequate levels of capital and liquidity. In order to satisfy themselves that the Company has adequate resources to continue to operate for the foreseeable future, the Directors have considered a number of key dependencies which are set out in the risk management section (note 16). Having consulted on these, the Directors conclude that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

Disclosures relating to financial risk management are included in note 16 of the accounts and are therefore incorporated into this report by reference.

Independent auditors

Pursuant to section 487 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.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company financial statements in accordance with UK-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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent
- 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 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.

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.

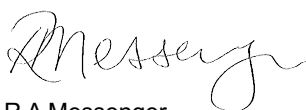
Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors whose names are listed on page 3 confirms that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and financial performance of the Company
- the Strategic Report on pages 4 to 7, and the Directors' Report on pages 8 to 9 include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces

The Directors have also separately reviewed and approved the Strategic Report.

On behalf of the Board of Directors



R A Messenger

Director

19 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LLOYDS BANK GENERAL INSURANCE HOLDINGS LIMITED**Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of Lloyds Bank General Insurance 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 cashflows;
- the statement of changes in equity;
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LLOYDS BANK GENERAL INSURANCE HOLDINGS LIMITED (continued)**Responsibilities of directors (continued)**

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.

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 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 2006 and 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, including component audit teams and relevant internal specialists such as tax, valuations and IT specialists, 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 internal audit 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 and reviewing internal audit reports.

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 or the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LLOYDS BANK GENERAL INSURANCE HOLDINGS LIMITED (continued)**Report on other legal and regulatory requirements****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.



Charlie Scarr, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

19 March 2026

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 £'000	2024 £'000
Revenue			
Income from shares in subsidiary undertakings		25,000	125,000
Investment income	3	204	278
Total revenue		25,204	125,278
Expenses			
Finance costs	5	(9)	(6)
Impairment of investments in subsidiary undertakings	7	(4,297)	(36,297)
Total expenses		(4,306)	(36,303)
Profit before tax		20,898	88,975
Taxation charge	6	(49)	(68)
Profit for the year		20,849	88,907

There are no items of comprehensive income which have not already been presented in arriving at the profit for the year. Accordingly, the profit for the year is the same as total comprehensive income for the year.

The notes set out on pages 17 to 25 are an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2025

	Note	2025 £'000	2024 £'000
ASSETS			
Investment in subsidiaries	7	608	287,141
Loans and receivables at amortised cost	8	18	14
Cash and cash equivalents	9	3,805	3,552
Total assets		4,431	290,707
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity shareholder			
Share capital	10	—	—
Other reserves	11	302	302
Retained profits		3,950	290,337
Total equity		4,252	290,639
Liabilities			
Current tax liabilities	12	49	68
Financial liabilities:			
Other financial liabilities	14	130	—
Total liabilities		179	68
Total equity and liabilities		4,431	290,707

The notes set out on pages 17 to 25 are an integral part of these financial statements.

The financial statements on pages 13 to 25 were approved by the Board on 19 March 2026 and signed on behalf of the Board:



R A Messenger

Director

19 March 2026

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 £'000	2024 £'000
Cash flows from operating activities			
Profit before tax		20,898	88,975
Adjusted for:			
Finance Income	3	(204)	(278)
Income from shares in subsidiary undertakings		(25,000)	(125,000)
Finance costs	5	9	6
Impairment in investment in subsidiary	7	4,297	36,297
Net decrease in operating assets and liabilities	13	126	66
Taxation paid		(68)	(257)
Net cash flows used in operating activities		58	(192)
Cash flows from investing activities			
Interest received	3	204	278
Capital injection to subsidiaries		—	(150,000)
Proceeds from disposal of subsidiaries		—	150,000
Dividends received		25,000	125,000
Net cash flows generated from investing activities		25,204	125,278
Cash flows from financing activities			
Dividends paid	15	(25,000)	(125,000)
Finance costs	5	(9)	(6)
Net cash flows used in financing activities		(25,009)	(125,006)
Net increase in cash and cash equivalents		253	80
Cash and cash equivalents at the beginning of the year		3,552	3,472
Net cash and cash equivalents at the end of the year	9	3,805	3,552

The notes set out on pages 17 to 25 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Share capital £'000	Other reserves £'000	Retained profits £'000	Total equity £'000
Balance as at 1 January 2024		44,500	302	281,930	326,732
Profit and total comprehensive income for the year		—	—	88,907	88,907
Dividend	15	—	—	(125,000)	(125,000)
Reduction of Issued Share Capital under Section 641 of the Companies Act 2006	10	(44,500)	—	44,500	—
Balance as at 31 December 2024		—	302	290,337	290,639
Profit and total comprehensive income for the year		—	—	20,849	20,849
Dividend	15	—	—	(25,000)	(25,000)
Distribution of non-cash assets to owners	7	—	—	(282,236)	(282,236)
Balance as at 31 December 2025		—	302	3,950	4,252

The notes set out on pages 17 to 25 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**1. Accounting policies**

The accounting policies adopted in the preparation of the financial statements, which have been consistently applied to all periods presented in these financial statements unless stated otherwise, are set out below.

(a) Basis of preparation

The financial statements of the Company have been prepared:

- (1) in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006
- (2) under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities at fair value through profit or loss, as set out in the relevant accounting policies

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

In accordance with IAS 1 'Presentation of Financial Statements', assets and liabilities in the Balance Sheet are presented in accordance with management's estimated order of liquidity. Analysis of the assets and liabilities of the Company, into amounts expected to be received or settled within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current), is presented in the notes.

Standards and interpretations effective in 2025

The International Accounting Standards Board (IASB) has issued an amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates, effective 1 January 2025. This amendment has not had a significant impact on the Group or Company.

As at the date of authorisation of these financial statements, the Company has not early adopted any issued amendments or standards. Details of standards and interpretations in issue but which have not been adopted early are set out at note 19.

(b) Revenue recognition*Investment income*

Interest income for all interest-bearing financial instruments is recognised in the Statement of Comprehensive Income as it accrues, within finance income.

Dividend income

Dividend income in respect of the Company's investments in subsidiary undertakings is recognised when the right to receive the dividend is established. All dividends received are recognised through the statement of comprehensive income, within income from shares in subsidiary undertakings.

(c) Finance costs

Finance costs consists of fund charges and are recognised in the period to which they relate.

(d) Investment in subsidiaries

The Company owns a number of subsidiaries as set out in note 7. 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 policy (f).

(e) Cash and cash equivalents

Cash and cash equivalents include investments in liquidity funds, which are short-term highly liquid investments (excluding such investments as otherwise meet this definition but which are held for investment purposes rather than for the purposes of meeting short-term cash commitments).

Holdings in liquidity funds are measured at fair value through profit or loss, with income received recognised in finance 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 ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**1. Accounting policies (continued)****(f) Impairment***Financial assets*

An impairment charge in the statement of comprehensive income would include the change in expected credit losses for financial assets held at amortised cost. Expected credit losses are calculated by using an appropriate probability of default and applying this to the estimated exposure of the Company at the point of default after taking into account the value of any collateral held or other mitigants of loss.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. The assessment is unbiased, probability-weighted and uses forward-looking information consistent with that used in the measurement of expected credit losses. However, unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1.

For financial instruments that are considered to have low credit risk, the credit risk is assumed to not have increased significantly since initial recognition. Financial instruments are considered to have low credit risk when the borrower is considered to have a low risk of default from a market perspective, such as external bank accounts.

Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. The Company uses this 90 day backstop.

Non-financial assets

Assets that have an indefinite useful life, for example investment in subsidiaries, are not subject to depreciation or amortisation and are tested annually for impairment.

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.

(g) Taxes

Tax expense comprises current tax. Current tax is 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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025
1. Accounting policies (continued)**(h) 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.

(i) Dividends payable

Dividends payable on ordinary shares are recognised in equity in the period in which they are approved.

2. Critical accounting judgements and key sources of estimation uncertainty

The Company's management makes estimates and judgements that affect the reported amount of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

a. Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments

Further details can be found in note 7.

b. Critical accounting judgements*Impairment of investments*

The recoverable amount of investments in subsidiaries requires judgement with regard to future cash flows and risks associated with those cash flows, together with the discount rate applied. The Company has developed a tool to allow the Directors to assess impairment in line with IAS36, which considers net asset values and future cashflows.

3. Finance Income

	2025	2024
	£'000	£'000
Interest income	204	278
Total	204	278

Interest income is generated from cash held in liquidity funds.

4. Auditors' remuneration

	2025	2024
	£'000	£'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	10	10
Total	10	10

Audit fees are settled by another company within Lloyds Banking Group and recharged to a subsidiary of the Company.

5. Finance costs

	2025	2024
	£'000	£'000
Finance costs	9	6
Total	9	6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

6. Taxation charge

(a) Current year tax charge

	2025 £'000	2024 £'000
Current tax		
UK corporation tax	49	68
Total tax charge	49	68

Corporation tax is calculated at a rate of 25.0 per cent (2024: 25.0 per cent) of the taxable profit for the year.

(b) Reconciliation of tax charge

	2025 £'000	2024 £'000
Profit before tax	20,898	88,975
Tax at 25% (2024: 25%)	5,225	22,244
Non-taxable items	(6,250)	(31,250)
Disallowable expenses	1,074	9,074
Total tax charge	49	68

The effective tax rate for the year is 0.23 per cent (2024: 0.08 per cent).

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.

7. Investment in subsidiaries

	1 January 2025 £'000	Additions £'000	Impairment £000	Disposals £000	31 December 2025 £'000
Lloyds Bank General Insurance Limited	282,236	—	—	(282,236)	—
St Andrew's Group Limited	4,400	—	(4,297)	—	103
Halifax General Insurance Services Limited	505	—	—	—	505
Net book value	287,141	—	(4,297)	(282,236)	608

	1 January 2024 £'000	Additions £'000	Impairment £000	Disposals £000	31 December 2024 £'000
Lloyds Bank Insurance Services Limited	66,575	—	—	(66,575)	—
Lloyds Bank General Insurance Limited	190,661	91,575	—	—	282,236
St Andrew's Insurance plc	49,589	—	(24,589)	(25,000)	—
St Andrew's Group Limited	4,400	—	—	—	4,400
Halifax General Insurance Services Limited	12,213	—	(11,708)	—	505
Net book value	323,438	91,575	(36,297)	(91,575)	287,141

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**7. Investment in subsidiaries (continued)**

As part of the IP&I strategy to simplify the legal entity structure of the division, the Company disposed of a subsidiary during the year. On 11 September 2025 the Company transferred its entire holdings of Lloyds Bank General Insurance Limited (LBGI) to Scottish Widows Group Limited (SWG), the ultimate parent company of the IP&I Division. LBGI was transferred, at carrying book value of £282 million, to SWG via distribution in-specie transfers for nil consideration.

During the year, the Company recognised an impairment of £4.3 million in respect of its investment in St Andrew's Group Limited. This follows the decision to place the company into members' voluntary liquidation.

There are no significant estimation uncertainties related to the carrying value of investments in subsidiaries in the current year. Subsidiaries in liquidation or not trading have been measured based on net asset value rather than value-in-use calculations.

The Company owned the whole of the issued ordinary share capital of the following subsidiaries during the reporting period:

Name	Class of Share	Percentage held	Country of registration or Incorporation	Nature of Business
St Andrew's Group Limited (i)	Ordinary	100	England	In liquidation
Halifax General Insurance Services Limited (ii)	Ordinary	100	England	Non-trading

The year-end of all subsidiaries is 31 December and their country of incorporation and principal operations (where relevant) is the UK.

Principal Place of Business:

(i) 33 Old Broad Street, London, EC2N 1HZ

(ii) Trinity Road, Halifax, West Yorkshire, HX1 2RG

The ability of the regulated entities to pay cash dividends to the Company or repay loans or advances is restricted by regulatory solvency requirements as well as Companies Act distributable reserve requirements. The ability of non-regulated entities to pay cash dividends to the Company or repay loans or advances is restricted by Companies Act distributable reserve requirements.

8. Loans and receivables at amortised cost

	2025	2024
	£'000	£'000
Accrued Income	18	14
Total	18	14

9. Cash and cash equivalents

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

	2025	2024
	£'000	£'000
Investments held through liquidity funds	3,805	3,552
Total	3,805	3,552

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

10. Share capital

	2025	2024
	£'000	£'000
Issued and fully paid share capital:		
1 (2024: 1) ordinary shares of £1 each	—	—
Total	—	—

11. Other reserves

	2025	2024
	£'000	£'000
At 1 January and 31 December		
Capital contribution reserve	302	302
Total	302	302

Other reserves represent a capital contribution from the Company's holding company which is not repayable, but which forms part of the Company's distributable reserves.

12. Current tax liabilities

	2025	2024
	£'000	£'000
Current tax liabilities	49	68
Total	49	68

13. Net decrease in operating assets and liabilities

	2025	2024
	£'000	£'000
Net (increase) / decrease in operating assets		
Financial assets:		
Loans and receivables at amortised cost	(4)	66
Net (increase) / decrease in operating assets	(4)	66
Net increase in operating liabilities		
Financial liabilities:		
Other financial liabilities	130	—
Net increase in operating liabilities	130	—
Net decrease in operating assets and liabilities	126	66

14. Other financial liabilities

	2025	2024
	£'000	£'000
Due to related parties	103	—
Other liabilities	27	—
Total	130	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**15. Dividends paid**

	2025	2024
	£'000	£'000
Total dividends paid on equity shares	25,000	125,000
Total	25,000	125,000

Dividends of £25 million (£25 million per share) were paid on the ordinary shares during the year in respect of 2025 (2024: £125 million, 280.9 pence per share).

16. Risk management

The Company is a holding company within Lloyds Banking Group and its subsidiaries provide general insurance services.

This note summarises the financial risks associated with the activities of the Company and the way in which they are managed.

The Company is exposed to financial risk through its financial assets and financial liabilities.

(a) Market risk

Market risk is defined as the risk that our capital or earnings profile is affected by adverse market rates, in particular equity, credit default spreads, interest rates and inflation in Insurance business.

Investments in liquidity funds are categorised as level 1 in the fair value hierarchy.

(b) Credit risk

Credit risk is defined as the risk that parties with whom the Company has contracted, fail to meet their financial obligations (both on or off balance sheet).

Investment credit risk

The Company's investment policy sets rules limiting exposure to concentrations of risk as a result of aggregation of exposure to any single counterparty. Setting limits mitigates such credit risk exposure. Credit default risk is the most significant financial risk, but this is mitigated by a cautious approach to counterparty risk.

Loans and receivables

Other loans and receivables are considered not to carry significant credit risk.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Company does not have sufficient financial resources to meet its commitments as they fall due or can only secure them at excessive cost. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or from the inability to generate cash inflows as anticipated.

Liquidity risk is managed in line with the Insurance Liquidity Risk Policy and the wider Lloyds Banking Group Funding and Liquidity Risk Policy.

There are no assets or liabilities within the Company that are exposed to liquidity risk as at 31 December 2025 (2024: £nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

17. Contingencies and commitments

Tax authorities

Lloyds Banking 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 £348k (including interest). The appeal has been listed for hearing in March 2027, but final conclusion of the judicial process may not be for several years.

Other legal actions and regulatory matters

In addition, in the course of its business the Company is subject to other complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, customers (including their appointed representatives), investors or other third parties, as well as legal and regulatory reviews, enquiries and examinations, requests for information, audits, challenges, investigations and enforcement actions, which could relate to a number of issues. This includes matters in relation to compliance with applicable laws and regulations, such as those relating to prudential regulation, consumer protection, investment advice, business conduct, systems and controls, environmental, competition/anti-trust, tax, anti-bribery, anti-money laundering and sanctions, some of which may be beyond the Company's control, both in the UK and overseas. Where material, such matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Company incurring a liability. The Company does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows.

18. Related party transactions

(a) Ultimate parent and shareholding

The Company's immediate parent undertaking is Scottish Widows Group Limited, a company registered in the United Kingdom. Scottish Widows Group 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 Accounts of Lloyds Banking Group may be obtained from Lloyds Banking Group's head office at 33 Old Broad Street, London EC2N 1HZ or downloaded via www.lloydsbankinggroup.com.

(b) Transactions and balances with related parties

Transactions with other Lloyds Banking Group companies

The Company has entered into transactions with related parties in the normal course of business during the year.

Relationship	2025			
	Income during period	Expenses during period	Payable at period end	Receivable at period end
	£'000	£'000	£'000	£'000
Parent	—	25,000	—	—
Subsidiary	25,000	—	103	—

Relationship	2024			
	Income during period	Expenses during period	Payable at period end	Receivable at period end
	£'000	£'000	£'000	£'000
Parent	—	125,000	—	—
Subsidiary	125,000	—	—	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**18. Related party transactions (continued)**

In addition to the balances disclosed in the table, balances of £3.8 million (2024: £3.6 million) and income of £0.2 million (2024: £0.3 million) in respect of funds controlled by Lloyds Banking Group meet the definition of related parties. During the year, LBGI was transferred to SWG at carrying book value (£282.2m), via distribution in-specie transfer, for nil consideration.

Parent undertaking transactions relate to dividends paid to the Company's immediate parent.

Transactions between the Company and entity employing key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is determined to be the Company's Directors.

Key management compensation:

The Directors consider that they receive no remuneration for their services to the Company. Key management personnel provide services to other companies within Lloyds Banking Group and consider their services to the Company to be incidental to their other activities within Lloyds Banking Group.

19. Future accounting developments

The following pronouncements are not applicable for the year ending 31 December 2025 and have not been applied in preparing these financial statements. Save as disclosed below, the full impact of these accounting changes is being assessed by the Company, and reliable estimates cannot be made at this stage.

There are a number of new accounting pronouncements issued by the IASB with an effective date of 1 January 2027. This includes IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures. The impact of these standards are being assessed and they have not been endorsed for use in the UK.

The IASB has issued its annual improvements and a number of minor amendments to IFRS Accounting Standards effective date on or after 1 January 2025, including IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosure. These improvement and amendments are not expected to have a significant impact on the Company.

There are no other standards or interpretations that are not yet effective and that would be expected to have a material impact on the Group or Company.

20. Post balance sheet events

There are no post balance sheet events affecting the Company that require disclosure for the year ending 31 December 2025.