00968406

Lloyds Bank Insurance Services Limited

Annual Report and Accounts
2025

Member of Lloyds Banking Group

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COMPANY INFORMATION

Board of Directors

V Lennon
R A Messenger*
J A Ward*

* denotes Executive Director

Company Secretary

H J Matthew

Independent Auditors

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Registered Office

25 Gresham Street
London
EC2V 7HN

Company Registration Number

00968406

STRATEGIC REPORT

The Directors present their Strategic Report on Lloyds Bank Insurance Services Limited ('the Company') for the year ended 31 December 2025.

Our strategy is to help our customers by:

- Delivering a leading customer experience
- Digitising Lloyds Banking Group plc and its subsidiaries (the 'Group' or 'Lloyds Banking Group')
- Maximising the Group's capabilities
- Transforming ways of working

As part of the Insurance, Pensions and Investments (IP&I) strategy to become the 'Go to Provider' for home insurance, the Company acts as an intermediary for General Insurance, including home insurance, motor insurance, creditor insurance, business insurance, pet insurance and accident and health insurance marketed primarily under the Lloyds Bank, Bank of Scotland, Halifax and MBNA brands and sold predominantly through direct channels, Lloyds Banking Group distributors and corporate partnerships. The Company is focused on investing in the growth of its customer base and ensuring policyholder obligations are met, while at the same time ensuring the Company is managed to maximise capital efficiency and returns for its shareholder and IP&I. To support this, the Company is focused on the following key performance indicators:

- Net commission income
- Regulatory capital in excess of internal buffers
- Liquidity position

Principal activities

The principal activity of the Company is to act as an intermediary for insurance undertakings of Lloyds Banking Group and third party underwriters. The Company also acts as an introducer to other insurance intermediaries of Lloyds Banking Group. All contracts of insurance are written in the United Kingdom (UK).

In home insurance, we continue to focus on direct business, responding to a rapid customer shift to digital channels, adapting to ensure we can compete more effectively online. Motor, pet, health & business insurance is provided via corporate partnerships. Life insurance is provided through the Company's subsidiary Cavendish Online offering simple, affordable and accessible protection products to our customers. The creditor book of business is in run off.

Results for the year

The results for the year ended 31 December 2025 is a profit after tax of £13.4 million (2024 profit: £10.4 million). The total net assets of the Company at 31 December 2025 are £41.0 million (2024: £27.6 million).

Profit after tax has increased by £3.0 million to £13.4 million predominately driven by an increase in commission income and lower expenses.

No dividends were declared on the ordinary shares during the year in respect of 2025 (2024: £20 million).

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 and is aligned to best practice outlined by the Climate Financial Risk Forum (CFRF). The Company is included in the LBG Sustainability Report. This report is available on the LBG website at www.lloydsbankinggroup.com/investors/esg-information.

Key performance indicators

Net commission income

Net commission income has increased by £3.1 million to £29.1 million in 2025 (2024: £26.0 million) with higher volumes on home insurance driven by improved market competitiveness on the core book combined with increased renewal value on motor insurance.

The Company's net commission income only reflects commission in respect of insurance entities external to the Lloyds Banking Group. The Company is not remunerated for activity in relation to insurance entities within the Lloyds Banking Group.

STRATEGIC REPORT (continued)

Capital resources

The Directors assess that the Company currently has adequate capital resources and will continue to do so in the foreseeable future. The Company's surplus in excess of regulatory capital requirements (on MIPRU - Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries) is £40.2 million (2024: £26.9 million). MIPRU represents the excess of equity over and above a proportion of the Company's annual commission income and further detail around this measure can be seen in note 20.

Liquidity

The Company regularly monitors its liquidity position to ensure that, even under stressed conditions, the Company has sufficient liquidity to meet its obligations and remains within approved risk appetite as set out in note 20.

Other Sources where KPIs are presented

The Company also forms part of Lloyds Banking Group IP&I Division. The development, performance and position of the IP&I are presented within Lloyds Banking Group's Annual Report, which does not form part of this report.

The Directors consider that the above are the key performance indicators which are appropriate to the principal activity of the Company. These, together with other metrics which cover customer, operational measures and capital, are included in the balanced scorecard which is used to measure all aspects of the performance of the business. In addition, the Directors are of the opinion that the information presented in the financial statements as a whole provides the management information necessary for the Directors to understand the development, performance and position of the business of the Company.

Outlook

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

Principal risks and uncertainties

Risks and uncertainties to our strategic plan, both positive and negative, are considered by product through the planning process. The following table describes the principal risks faced by the Company. Further details on financial risks and how the Company mitigates them can be found in note 20, as shown by the note reference.

Financial risks

Principal Risk	Note reference	Description
Market Risk	20(a)	Market risk is defined as the risk that the Company's capital or earnings profile is affected by adverse market rates, in particular 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	20(b)	Credit risk is the risk that parties with whom we have contracted, fail to meet their financial obligations. The Company is subject to credit risk through a variety of counterparties through cash in liquidity funds and bank accounts. Credit risk is mitigated via the risk transfer policy and the investment policy which ensure exposures are appropriately monitored and action taken where necessary.
Capital Risk	20(c)	Capital risk is defined as the risk that an insufficient quantity or quality of capital is held to meet regulatory requirements or to support business strategy, an inefficient level of capital is held or that capital is inefficiently deployed across the Company. The Company is regulated by the FCA. The FCA imposes a Minimum Capital Requirement on the Company as defined in FCA regulations. Capital risk is managed via the Capital Risk Policy, which includes tools and governance to monitor capital requirements and assign capital accordingly.
Liquidity risk	20(d)	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 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 mitigated by applying the Liquidity Risk Policy, which includes controls to maintain liquidity at necessary levels.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Non-financial 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 Information, cyber and physical security, IT systems, data and privacy, internal and external suppliers, people, business continuity, payments and transaction execution, financial reporting & 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').
Conduct Risk	Conduct Risk is defined as the risk of customer detriment across the customer lifecycle including: failures in product management, distribution and servicing activities; from other risks materialising, or other activities which could undermine the integrity of the market or distort competition, leading to unfair customer outcomes, regulatory censure, reputational damage or financial loss. This is managed through our governance committee structure and is supported through the management of the Policy Framework.
Compliance Risk	Compliance Risk is defined as the risk of financial penalties, regulatory censure, criminal or civil enforcement action or customer detriment because of failure to identify, assess, correctly interpret, comply with, or manage regulatory and/or legal requirements. This is managed through our governance committee structure and is supported through the management of the Policy Framework, specifically the Compliance Policy, which aims to ensure the business implements controls, and that monitoring and testing is in place to ensure compliance with laws rules and regulations.

During the ordinary course of business the Company is also subject to complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, customers or other third parties, as well as legal and regulatory reviews, challenges, investigations and enforcement actions, both in the UK and overseas.

All such material matters are periodically reassessed, with the assistance of external professional advisors where appropriate, to determine the likelihood of the Company incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established to management's best estimate of the amount required at the relevant balance sheet date as set out in note 16.

In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed to properly assess the situation, and no provisions are held in relation to such matters. However, 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.

Section 172(1) Statement and Statement of Engagement with Other Stakeholders

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.

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, including customers, shareholders, regulators, suppliers, communities and the environment.

Further detail on stakeholder interaction is provided in the Directors' Report on pages 10 to 11

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)

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

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 Proposer strategy.

The Board recognises that engaging with its stakeholders is key to achieving the strategy and long-term objectives of Scottish Widows Group. Managing and understanding their interests forms a key part of the Board's ongoing activities and training and the Board delegates day to day engagement with stakeholders to senior management as part of running the business. The Board considers its stakeholders when making decisions. To gain an understanding of their perspectives, the Board receives feedback from stakeholders through engagement both inside and outside of the boardroom. The Chief Executive and management provide the Board with details of material stakeholder interaction and feedback, through quarterly business updates. Stakeholder interests are also identified by management in the wider proposals put to the Board. The Board also receives regular updates from the Chief Executive of its subsidiary, Cavendish Online Limited, regarding its business, performance and future strategy.

Senior management supports Board decision making by addressing stakeholder implications in proposals submitted to the Board for consideration and routinely provides the Board with details of material stakeholder interactions.

Customers

The Board remains committed to understanding and addressing customer needs, which is central to achieving the Company's ambitions. The Company serves a wide variety of different customers and acts in a way designed to meet their diverse needs in a timely and efficient way through its range of products and associated customer service.

Customer Service Performance

Quarterly reporting from management allows the Board to monitor performance, and challenge management, in delivering on its customer-related objectives. The Board reviews customer complaint metrics to understand areas where improvements can be made.

Management regularly reviews the Company's performance against key customer service metrics.

Every opportunity is taken by the Board, and the wider Insurance, Pensions & Investments ('IP&I') business, to consider customer feedback and related management information, including as part of the Board's strategic decision-making process.

A key area of Board discussion in 2025 was management actions and supplier engagement to deliver improvements in the Company's customer claims experience and this remains a central focus of Board oversight into 2026.

Trust pilot scores are tracked as a key measure for strengthening customer trust.

Digital transformation

The IP&I business continues to actively improve its approach to meet customers' demand for digitised customer journeys.

A primary objective has been advancing the Company's digital adoption strategy balanced with customer outcomes, control frameworks and operational resilience.

Early in the year the Board undertook a review of digital adoption across the Company's operations. Discussions included consideration of fraud risk and vulnerable customers, and the Board's expectation of management to deliver digital transformation alongside suitable safeguards and alternative service options.

The proposed rollout of a fully online claims management service will allow eligible customers to receive claims payouts without any manual intervention, improving the speed and simplicity of the customer experience.

Consumer Duty

Throughout 2025, the Board has monitored the embedding of Consumer Duty requirements to deliver good customer outcomes for customers in line with the Company's customer-centric strategy.

This will strengthen the focus of the Company's business on the delivery of good outcomes for customers, specifically ensuring customers receive information they can understand, products and services that meet their needs and offer fair value, and ensuring customers receive the support they need.

Consumer Duty Management Information (MI) has significantly evolved over the past 12 months, enabling the creation of a comprehensive MI dashboard which supports regular deep dives into specific topics or themes.

A full range of Consumer Duty metrics are in place for Home, Motor, Creditor, Business Insurance and Pet. Consumer Duty monitoring will continue to evolve through 2026, with new products (such as Health) added when they hit maturity.

The Board recognises that compliance with Consumer Duty will continue to embed. Progress updates will continue in 2026, with regular customer engagement remaining a key priority.

STRATEGIC REPORT (continued)

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

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.

Communities and the Environment

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

Accordingly, the Company remains dedicated to strengthening its General Insurance products in line with the IP&I Division's commitment to make protection simpler, more accessible and aligned to its purpose of helping people plan for secure future.

Climate Risk

The Board considers the Company's management of climate risk, providing oversight and challenge on those activities which impact on the Company's reputation as a responsible business.

Regulators

The Board and the Company continue to maintain strong, open, and transparent relationships with relevant regulators and government authorities. Liaison with regulators and the Government, both directly and as part of Lloyds Banking Group, is an ongoing priority at all levels of the organisation, ensuring Lloyds Banking Group, and the Company's strategic aims align with the requirement of these important stakeholders.

Regulatory Agenda

Individual Directors have, in the ordinary course of business, held discussions with the FCA on key aspects of the regulatory agenda impacting the Company.

The Board, in turn received quarterly updates on these and the wider IP&I business' regulatory interactions during the year. This has included updates on Consumer Duty, claims handling practices, Premium Finance Market Study and storm claims declinature rates, with the Board monitoring regulatory expectations and management responses closely

In addition, throughout the year, the Board received details of the key regulatory developments impacting the Company which included (but were not limited to): Policy Statement (PS25/21) Simplifying the insurance rules and the PRA's approach to managing climate related risks.

Suppliers

As part of Lloyds Banking Group, the Company has entered into strategic partnerships for important aspects of its operations and customer service provision. As well as external partners, the Company relies on intra-group supplier arrangements for certain services. The Board recognises the importance of its role in overseeing these relationships, which are integral to the Company's future success.

The advantage of being part of a larger group means there are robust processes in place to monitor and review costs with third parties who provide services to the Company's. The outsourced business model allows the Company to negotiate competitive fees and commercial terms with its service suppliers to control costs for all our customers.

Supplier Framework

Importance is placed on having the right supplier framework to operate responsibly. Lloyds Banking Group's Sourcing & Supply Chain Management Policy applies to all its businesses units, divisions, and subsidiaries, including the Company, with the Directors assuming ultimate responsibility for its application as relevant to the Company. This ensures the most significant supplier contracts receive the approval of the Board, including those which are key in progressing strategic priorities. The framework also ensures appropriate Executive oversight of supplier spending not considered by the Board, allowing challenge to be made where appropriate, and minimising risks and unnecessary cost.

Suppliers are required to adhere to relevant Lloyds Banking Group policies and comply with its Code of Supplier Responsibility which can be found on the Lloyds Banking Group website. This defines expectations for responsible business behaviour, underpinning the efforts of the Company and Lloyds Banking Group to share and extend good practice. All material contracts are subject to rigorous cost management governance with regular reviews of key supplier risks.

STRATEGIC REPORT (continued)

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

Supplier Management

Recognising the role of suppliers in the Company's day-to-day operations, and its future ambitions, the Board undertakes regular reviews of the Company's core external suppliers informed by performance reporting via management updates to the Board.

The quality and timeliness of outsourced complaint handling is a key area of Board focus and challenge. Following identification of issues with a key supplier, the Board have observed improvement over the course of the year supported by management intervention and positive ongoing engagement with the supplier. The Board will regularly review performance to ensure customer impact is minimised.

The Board undertook a review of IP&I Supplier Management for GI Broker companies. Lloyds Banking Group's approach to supply chain management is recognised for improving transparency and reducing risk where control is limited. While no major issues were identified in the Company's business - cyber risk with third-party suppliers remains an area of focus for the Company. Cyber risk and monitoring of financial stability with third party suppliers remain areas of focus.

Partnerships

The Board recognises that strategic partnerships are crucial for business sustainability, customer outcomes, financial strength, and innovation, but also acknowledges the value of well-governed third-party relationships.

In 2025, the Board provided oversight for the development, launch, and optimisation of several significant product partnerships within the Company's Motor, Pet, and Health Insurance propositions. Notably, the Board supervised the transition to a new motor insurance underwriting partner, Axa, in May 2025, as well as closely monitored the performance of recently introduced offerings - Pet Insurance in collaboration with Agria and Health Insurance in partnership with Vitality.

Modern Slavery

The Responsible Business Committee of the Board of Lloyds Banking Group governs Lloyds Banking Group's approach to human rights. Lloyds Banking Group's Human Rights Position Statement can be found on the Lloyds Banking Group website.

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

Lloyds Banking Group's Modern Slavery & Human Trafficking Statement covers all its subsidiary companies and sets out the steps taken to prevent modern slavery in Lloyds Banking Group's business and supply chains.

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.

On behalf of the Board of Directors

R A Messenger

Director

10 June 2026

DIRECTORS' REPORT

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

The Company is a subsidiary of Lloyds Bank General Insurance Limited and part of the Insurance, Pensions and Investments (IP&I) Division of Lloyds Banking Group. The Company's ultimate parent company and ultimate controlling party is Lloyds Banking Group plc.

Results and dividend

The results for the year ended 31 December 2025 is a profit after tax of £13.4 million (2024 profit: £10.4 million). The total net assets of the Company at 31 December 2025 are £41.0 million (2024: £27.6 million).

Profit after tax increased from £10.4 million to £13.4 million predominantly as a result of an increase in commission income and lower expenses.

During the year, the Company did not pay an interim dividend on the ordinary shares in respect of 2025 (2024: £20 million).

Capital Reduction

On 14th November 2025, the Board approved a Resolution to reduce the share capital of the Company to £1 by cancelling and extinguishing 13,599,999 ordinary shares of £1.00 each. The amount has been credited to retained earnings.

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:

J L Harrison	(Resigned 12 February 2026)

The emoluments of Directors are not recharged to this Company as it is considered that their services to this Company are incidental to their activities within Lloyds Banking Group.

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 Company 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.

Future developments

Future developments are detailed within the Strategic Report and also in note 23.

Engagement with suppliers, customers and others

Disclosures relating to engagement with suppliers, customers and others are included in the Strategic Report and are therefore incorporated into this report by reference.

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 note 20, and additionally have considered projections for the Company's capital and funding position. Having consulted on these, the Directors conclude that it is appropriate to continue to adopt the going concern basis in preparing the accounts.

Financial risk management

Disclosures relating to financial risk management are included in note 20 to the financial statements and are therefore incorporated into this report by reference.

DIRECTORS' REPORT (continued)

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 9, and the Directors' Report on pages 10 to 11 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

10 June 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLOYDS BANK INSURANCE SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Lloyds Bank Insurance Services 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 statement of cash flows; and
- the related notes 1 to 24 (except note 20(c) for regulatory capital held and regulatory capital required).

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLOYDS BANK INSURANCE SERVICES LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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 their 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 tax legislation; and
- do 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 relevant internal specialists such as IT specialists and Fair Valuation specialist regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

A significant risk was identified surrounding the valuation of the Investment in subsidiaries balance. This involves a number of estimates and judgements. Specifically, the significant risk has been pinpointed to the reasonableness of the forecasted cash flows used within the model. We have obtained an understanding of the key controls within the reporting process for this account balance and assessed the design and implementation of these. We have worked with our valuations specialists to assess the appropriateness of the model inputs and assumptions used.

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, reviewing internal audit reports and reviewing correspondence with FCA.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLOYDS BANK INSURANCE SERVICES 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 or the 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.

Charlie Scarr, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

10 June 2026

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 £'000	2024 £'000
Revenue - commission income		31,158	26,936
Commission expense		(2,070)	(892)
Net commission income	3	29,088	26,044
Investment income	4	5,228	5,211
Net gains on assets at fair value through profit or loss	5	39	15
Other income		5,267	5,226
Expenses			
Expenses for administration	6	(9,592)	(9,840)
Expenses for placement of insurance contracts	6	(6,877)	(7,613)
Total expenses		(16,469)	(17,453)
Profit before tax		17,886	13,817
Taxation charge	8	(4,472)	(3,459)
Profit for the year and total comprehensive income		13,414	10,358

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 19 to 36 are an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2025

	Note	2025 £'000	2024 £'000
ASSETS			
Investment in subsidiaries	12	13,409	13,409
Deferred tax assets	9	61	81
Financial assets:			
Loans and receivables at amortised cost	10	8,017	12,591
Investments at fair value through profit or loss	11	30,258	30,219
Cash and cash equivalents	13	59,084	40,439
Total assets		110,829	96,739
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity shareholder			
Share capital	14	—	13,600
Retained profits		40,997	13,983
Total equity		40,997	27,583
Liabilities			
Current tax liabilities	15	4,452	3,432
Provisions for other liabilities and charges	16	598	731
Financial liabilities:			
Other financial liabilities	17	64,782	64,993
Total liabilities		69,832	69,156
Total equity and liabilities		110,829	96,739

The notes set out on pages 19 to 36 are an integral part of these financial statements.

The financial statements on pages 15 to 36 were approved by the Board on 10 June 2026 and signed on behalf of the Board:

R A Messenger

Director

10 June 2026

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 £'000	2024 £'000
Cash flows generated from operating activities			
Profit before tax		17,886	13,817
Adjusted for:			
Investment income and net fair value gains on assets held at fair value through profit or loss	4,5	(5,267)	(5,226)
Net decrease in operating assets and liabilities	18	4,230	11,798
Taxation paid		(3,432)	(3,863)
Net cash flows generated from operating activities		13,417	16,526
Cash flows generated from investing activities			
Investment income	4	5,228	5,211
Capital injection	12	—	(1,500)
Net cash flows generated from investing activities		5,228	3,711
Cash flows from financing activities			
Dividends paid	19	—	(20,000)
Net cash flows used in financing activities		—	(20,000)
Net increase in cash and cash equivalents		18,645	237
Cash and cash equivalents at the beginning of the year		40,439	40,202
Net cash and cash equivalents at the end of the year	13	59,084	40,439

The notes set out on pages 19 to 36 are an integral part of these financial statements.

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

	Note	Share capital £'000	Retained profits £'000	Total equity £'000
Balance as at 1 January 2024		13,600	23,625	37,225
Profit for the year		—	10,358	10,358
Dividend paid	19	—	(20,000)	(20,000)
Balance as at 31 December 2024		13,600	13,983	27,583
Share capital reduction		(13,600)	13,600	—
Profit for the year		—	13,414	13,414
Balance as at 31 December 2025		—	40,997	40,997

Not all the above amounts can be distributed to the equity holder since the Company is required to meet regulatory capital requirements. Further details are given in note 20.

The notes set out on pages 19 to 36 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.

The Company forms part of Lloyds Banking Group, which prepares a group set of consolidated financial statements under IFRS which includes the Company.

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 23.

(b) Financial assets and financial liabilities

Management determines the classification of its financial assets and financial liabilities at initial recognition. Management's policies for the recognition of specific financial assets and financial liabilities, as identified on the balance sheet, are set out under the relevant accounting policies.

On initial recognition, financial assets are classified as measured at amortised cost or fair value through profit or loss, depending on the Company's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest. The Company assesses its business models at a portfolio level based on its objectives for the relevant portfolio, how the performance of the portfolio is managed and reported, and the frequency of asset sales. Financial assets with embedded derivatives are considered in their entirety when considering their cash flow characteristics. The Company reclassifies financial assets when and only when its business model for managing those assets changes. A reclassification will only take place when the change is significant to the Company's operations and will occur at a portfolio level and not for individual instruments; reclassifications are expected to be rare.

The Company initially recognises financial assets and liabilities when the Company becomes a party to the contractual provisions of the instrument.

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.

Transaction costs incidental to the acquisition of a financial asset classified as measured at fair value through profit or loss are expensed through the statement of comprehensive income, within net gains and losses on assets and liabilities at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts, both in the normal course of business and in the event of default, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

1. Accounting policies (continued)

(c) Fair value methodology

All assets and liabilities carried at fair value, or for which a fair value measurement is disclosed, are categorised into a 'fair value hierarchy' as follows:

(i) Level 1

Valued using quoted prices in active markets for identical assets and liabilities 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. Examples include listed equities, listed debt securities, Open Ended Investment Companies (OEICs) and unit trusts traded in active markets, and exchange traded derivatives such as futures.

(ii) Level 2

Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar (but not identical) instruments in active markets
- Quoted prices for identical or similar instruments in markets that are not active, where prices are not current, or price quotations vary substantially either over time or among market makers
- Inputs other than quoted prices that are observable for the instrument (for example, interest rates and yield curves observable at commonly quoted intervals and default rates)
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means

Examples of these are securities measured using discounted cash flow models based on market observable swap yields such as Over the Counter interest rate swaps, listed debt and restricted equity securities.

(iii) Level 3

Valuations are based on mathematical models, market prices/data (where available) and subjective assumptions, including unobservable inputs. Unobservable inputs may have been used to measure fair value where observable inputs are not available. This approach allows for situations in which there is little, if any, market activity for the asset or liability at the measurement date (or market information for the inputs to any valuation models). Unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset or liability, for example private equity investments held by the Company. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible.

Examples of Level 3 assets include unlisted debt securities.

Further analysis of the Company's instruments held at fair value is set out at note 20. The Company's management, through a Fair Value Pricing Committee, review information on the fair value of the Group's financial assets and the sensitivities to these values on a regular basis.

Transfers between different levels of the fair value hierarchy are deemed to have occurred at the next reporting date after the change in circumstances that caused the transfer.

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

1. Accounting policies (continued)

(d) Revenue recognition

Commission income

Income comprises brokerage fees and commission income, which are recognised in the Statement of Comprehensive Income at the later of the inception or renewal of the underlying policy and when the policy placement has been completed and confirmed, having regard to the nature and term of the policy involved. Allowance is made for commission clawback refunds on the basis of prior lapse experience. Additional commission is due from certain third party insurers based upon their underwriting results. This is recognised in the Statement of Comprehensive Income only when the Company has been notified of the underwriting result, or to the extent that it is highly probable that a significant reversal in the amount of additional commission recognised will not occur, or the income is received.

Investment income

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

Dividends receivable in respect of listed shares and collective investment vehicles are recognised on the date that these are quoted ex-dividend; other dividend income is recognised when the right to receive the dividend is established. All dividends received are recognised through the statement of comprehensive income, within investment income.

Net gains and losses on assets and liabilities at fair value through profit or loss

Net gains and losses on assets and liabilities at fair value through profit or loss includes both realised and unrealised gains and losses. Movements are recognised in the statement of comprehensive income in the period in which they arise.

(e) Expense recognition

Expenses for the placement of insurance contracts.

Expenses for the placement of insurance contracts are recognised in the Statement of Comprehensive Income as incurred. These consist of costs either incurred directly by the Company or recharged from fellow Lloyds Banking Group subsidiaries.

Commission expense

Commission and profit share expense to third parties are recognised in the Statement of Comprehensive Income as incurred.

Administrative expenses

Administrative expenses are recognised in the Statement of Comprehensive Income as incurred. These consist of costs either incurred directly by the Company or recharged from fellow Lloyds Banking Group subsidiaries.

(f) Loans and receivables at amortised cost

Loans and receivables at amortised cost are financial assets, other than cash and cash equivalents that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest, a basic lending arrangement results in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Where the contractual cash flows introduce exposure to risks or volatility unrelated to a basic lending arrangement such as changes in equity prices or commodity prices, the payments do not comprise solely principal and interest.

Loans and receivables at amortised cost are initially recognised at fair value less directly attributable transactions costs and subsequently measured at amortised cost, subject to impairment. Further information on the Company's impairment policy is set out in policy (j).

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

1. Accounting policies (continued)

(g) Investments at fair value through profit or loss

Investments at fair value through profit or loss comprise debt and equity securities.

Classification

Financial assets are classified at fair value through profit or loss where they are within a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis or they do not otherwise meet the criteria to be measured at amortised cost. All derivatives and equity instruments are carried at fair value through profit or loss.

Recognition

Purchases and sales of financial assets are recognised on the trade date, i.e. the date the Company commits to purchase the asset from, or deliver the asset to, the counterparty. Investments are initially recognised at their fair value and are subsequently remeasured at fair value.

Measurement

The fair values of investments are based on current bid prices and therefore price in market expectations of the expected effects of potential changes to laws and regulations, risks associated with climate, credit and general market change and other factors. If the market for a financial asset is not active, and also for unlisted securities, the Company establishes fair value by using valuation techniques. These include the use of similar arm's length transactions and reference to other instruments that are substantially the same, making maximum use of market inputs and relying as little as possible on entity-specific inputs. Refer to note 1(c) Fair value methodology and note 20 Risk management for details of valuation techniques and significant inputs to valuation models.

Structured entities

The Company holds investments in structured entities arising from investments in collective investment vehicles. Unconsolidated collective investment vehicles are carried at fair value.

(h) Investment in subsidiaries

The Company owns one subsidiary as set out in note 12. This subsidiary is 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 (j).

(i) Cash and cash equivalents

Cash and cash equivalents includes cash at bank, short-term highly liquid investments with original maturities of three months or less (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) and bank overdrafts where a legal right of set off exists.

Cash and cash equivalents that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A basic lending arrangement results in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Cash and cash equivalents that are within a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis or do not meet the criteria to be measured at amortised cost are classified and measured as investments at fair value through profit or loss.

Holdings in liquidity funds that meet the definition of cash equivalents 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.

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

1. Accounting policies (continued)

(j) 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. In determining whether there has been a significant increase in credit risk, the Company uses quantitative tests based on relative and absolute probability of default (PD) movements linked to internal credit ratings and other indicators of historic delinquency. 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 initial recognition, 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. Typically financial instruments with an external credit rating of investment grade are considered to have low credit risk.

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.

The loss allowance for trade receivables without a significant financing component is measured at an amount equal to lifetime expected credit losses, in accordance with the simplified approach in IFRS 9.

A loan or receivable is normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic prospect of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the statement of comprehensive income.

Non-financial assets

Assets that have an indefinite useful life, 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.

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

1. Accounting policies (continued)

(k) Taxes

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

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

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.

(l) 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.

(m) Dividends payable

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

(n) Provisions for other liabilities and charges

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that the obligation will result in an outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from contracts are less than the unavoidable costs of meeting the obligations under the contracts.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless the likelihood of possible obligations arising is remote.

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

1. Accounting policies (continued)

(o) Other financial liabilities

Other financial liabilities are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost. In practice, the carrying value of these balances equates to the fair value due to the short-term nature of the amounts included within other financial liabilities.

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.

In the course of preparing these financial statements, there are no critical judgements nor have any critical accounting estimates been made in the process of applying the Company's accounting policies.

3. Net commission income

	2025 £'000	2024 £'000
Commission income	23,440	20,892
Profit share income	7,718	6,044
Total revenue - commission income	31,158	26,936
Commission expense	(2,070)	(892)
Net commission income	29,088	26,044

Net commission income comprises commission and profit share income from third parties net of commission and profit share expense to third parties.

4. Investment income

	2025 £'000	2024 £'000
Cash and cash equivalents interest income	4,878	4,861
Interest on loan to insurance intermediary	350	350
Total	5,228	5,211

5. Net gain on assets at fair value through profit or loss

	2025 £'000	2024 £'000
Net gains on assets held at fair value through profit or loss	39	15
Total	39	15

Net gains on assets held at fair value through profit or loss include net unrealised gains of £39 thousand (2024: gains of £15 thousand).

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

6. Expenses

	2025 £'000	2024 £'000
Expenses for administration	9,592	9,840
Expenses for the placement of insurance contracts	6,877	7,613
Total	16,469	17,453

The administration of the Company is undertaken by another Lloyds Banking Group company. A recharge is levied from this undertaking to the Company in respect of those costs incurred on behalf of the Company, in addition there are some operating expenses which are incurred directly by the Company. In 2025, net costs recharged to the Company were £16.5 million (2024: £17.5 million).

The Company had no direct employees during the year (2024: nil). The employee costs, including pension costs and share-based payment costs, are included in the recharge noted above.

7. Auditors' remuneration

	2025 £'000	2024 £'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	111	108
Total	111	108

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

8. Taxation charge

(a) Current year tax charge

	2025 £'000	2024 £'000
Current tax		
Current tax on taxable profit for the year	4,452	3,432
Adjustments in respect of prior years	—	5
Total current tax charge	4,452	3,437
Deferred tax		
Origination and reversal of timing differences	20	22
Impact of deferred tax rate change	—	—
Total deferred tax charge	20	22
Total tax charge	4,472	3,459

(b) Reconciliation of tax charge

	2025 £'000	2024 £'000
Profit before tax	17,886	13,817
Tax charge at effective UK corporation tax rate of 25% (2024: 25%)	4,472	3,454
Effects of:		
Adjustments in respect of prior years	—	5
Total	4,472	3,459

The effective tax rate for the year is 25.0 per cent (2024: 25.0 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.

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

9. Deferred tax assets

	Accelerated capital allowances	Other short term differences and provisions	Total
	£'000	£'000	£'000
At 1 January 2024	58	45	103
Statement of Comprehensive Income credit during 2024	(11)	(11)	(22)
At 31 December 2024	47	34	81
Statement of Comprehensive Income charge during 2025	(9)	(11)	(20)
At 31 December 2025	38	23	61

At the balance sheet date, a deferred tax asset of £61 thousand has been recognised (2024: £81 thousand) based on the expectation that the company will be able to benefit from group relief with connected companies.

10. Loans and receivables at amortised cost

	2025	2024
	£'000	£'000
Commission receivable	3,102	2,413
Due from related parties	2,133	4,602
Due from insurance intermediary	2,441	5,288
Accrued income	341	288
Total	8,017	12,591

Amounts due from related parties includes an indemnification asset of £0.1 million (2024: £0.2 million) in relation to provisions (further details of which are disclosed in note 16) which are indemnified by LBGI under the Intragroup Agreement signed on 10 March 2015 and varied on 19 December 2016, 1 July 2019 and 17 February 2022.

Amounts due from Insurance intermediary of £2.4 million (2024: £5.3 million) represents commission and profit share due.

All of the above loans and receivables at amortised cost are expected to be received within one year of the reporting date.

11. Investments at fair value through profit or loss

	2025	2024
	£'000	£'000
Collective Investment Schemes - Unlisted	30,258	30,219
Total	30,258	30,219

Interests in unconsolidated structured entities

Included within investments at fair value through profit or loss and cash and cash equivalents (note 13) are investments in unconsolidated structured entities of £88.9 million (2024: £70.0 million) arising from investments in collective investment schemes and liquidity funds.

The collective investment schemes are primarily financed by investments from investors in the vehicles. The investments are carried at fair value and the Company's maximum exposure to loss is equal to the carrying value of the investment.

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

12. Investment in subsidiaries

	1 January 2025	Additions	Impairment	31 December 2025
	£'000	£'000	£'000	£'000
Cavendish Online Limited	13,409	—	—	13,409
Net book value	13,409	—	—	13,409

	1 January 2024	Additions	Impairment	31 December 2024
	£'000	£'000	£'000	£'000
Cavendish Online Limited	11,909	1,500	—	13,409
Net book value	11,909	1,500	—	13,409

There were no impairments during the year. A review of the carrying value of the subsidiary investments to assess indications of impairment is performed on an annual basis.

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

Name	Class of Share	Percentage held	Country of registration or Incorporation	Nature of Business
Cavendish Online Limited (i)	Ordinary	100	England	Insurance broker

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) 234 High Street, Exeter, EX4 3NL

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.

13. Cash and cash equivalents

	2025	2024
	£'000	£'000
Cash at bank and in hand	489	639
Investments held through liquidity funds	58,595	39,800
Total	59,084	40,439

14. Share capital

	2025	2024
	£'000	£'000
Issued and fully paid share capital:		
1 (2024: 13,600,000) ordinary shares of £1 each	—	13,600
Total	—	13,600

On 14th November 2025, the Board approved a Resolution to reduce the share capital of the Company to £1 by cancelling and extinguishing 13,599,999 ordinary shares of £1.00 each. This has been credited to retained earnings.

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

15. Current tax liabilities

	2025	2024
	£'000	£'000
Current tax liabilities	4,452	3,432
Total	4,452	3,432

16. Provisions for other liabilities and charges

	Commission clawbacks	Other	Customer discount communications	Total
	£'000	£'000	£'000	£'000
At 1 January 2024	555	72	150	777
Increase in the year	518	—	—	518
Amount utilised in the period	(509)	(5)	(50)	(564)
At 31 December 2024	564	67	100	731
Increase in the year	431	—	—	431
Amount utilised in the period	(487)	(17)	(60)	(564)
At 31 December 2025	508	50	40	598

The Company remains liable for certain conduct-related operational risk liabilities associated with historic sales, communication practices for policies underwritten by LBGI as well as any future amounts in respect of past events which the company may incur in this regard. LBGI has entered into an Intragroup Agreement with the Company signed on 10 March 2015 and varied on 19 December 2016, 1 July 2019 and 17 February 2022, whereby LBGI will indemnify the Company's liabilities and costs associated with such operational losses. An Indemnification Asset in relation to provisions indemnified is recognised in amounts due from related parties as disclosed in note 10.

a. Commission clawbacks

This relates to commission received on an indemnity basis which results in a proportion of commission being repayable to the third party underwriter in the event of the policy being cancelled by the policyholder. The provision is calculated with respect to past experience of the impact of refunded commission, and of predicted future cancellation of policies, which are subject to indemnity commission.

b. Other provisions

Other provisions relate to amounts held in respect of product rectification costs. An Indemnification Asset of £50 thousand (2024: £67 thousand has been recognised in amounts due from related parties as disclosed in note 10).

c. Customer Discount Communications

Following investigations relating to the communication of discounts on certain home insurance contracts, provisions have been established in the Company to reflect the best estimate of rectification payments to be made to customers by the Company, which are indemnified by LBGI under the Intragroup Agreement signed on 10 March 2015 and varied on 19 December 2016, 1 July 2019 and 17 February 2022. An Indemnification Asset of £40 thousand (2024: £100 thousand) has been recognised in amounts due from related parties as disclosed in note 10.

17. Other financial liabilities

	2025	2024
	£'000	£'000
Trade payables and accrued expenses	1,834	1,688
Amounts due to related parties	62,948	63,305
Total	64,782	64,993

All other financial liabilities are expected to be settled less than one year after the reporting date.

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

18. Net decrease in operating assets and liabilities

	2025 £'000	2024 £'000
Net decrease/(increase) in operating assets:		
Loans and receivables at amortised cost	4,574	(1,811)
Net decrease/(increase) in operating assets	4,574	(1,811)
Net (decrease)/increase in operating liabilities:		
Provisions for other liabilities and charges	(133)	(46)
Other financial liabilities	(211)	13,655
Net (decrease)/increase in operating liabilities	(344)	13,609
Net decrease in operating assets and liabilities	4,230	11,798

19. Dividends paid

	2025 £'000	2024 £'000
Total dividends paid on equity shares	—	20,000
Total	—	20,000

No dividends were paid during the year in respect of 2025 (2024: £20.0 million, 1.47 pound per share).

20. Risk management

The principal activity of the Company is to act as an insurance intermediary for Lloyds Bank General Insurance and other third party underwriters. The Company brokers a range of general insurance products such as home, motor, business, pet, creditor and accident and health insurance. Products are marketed primarily under the Lloyds Bank, Bank of Scotland and Halifax brands and sold predominantly through the Lloyds Banking Group network and corporate partnerships. The Company also brokers business with insurance entities external to the Lloyds Banking Group.

This note summarises the financial risks and the way in which they are managed.

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

The timing of the unwind of the deferred tax assets and liabilities is dependent on the timing of the unwind of the temporary timing differences, arising between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes, to which these balances relate.

The sensitivity analyses given throughout this note are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated, for example changes in interest rates and changes in market values. The sensitivity analysis presented also represents management's assessment of a reasonably possible alternative in respect of each sensitivity, rather than worst case scenario positions.

(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.

The Company's objective in managing market risk is to maximise returns from investments whilst ensuring regulatory requirements are met and adequate financial security is maintained on an on-going basis.

The Company was exposed in the year to market risk in Collective Investment Schemes: unlisted investments which are authorised and regulated by the FCA and fall under the EU directive on Undertakings for Collective Investment in Transferable Securities.

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

20. Risk management (continued)

The investments in the Collective Investment Scheme and holdings in the liquidity funds are categorised as Level 1 in the fair value hierarchy.

As at 31 December 2025

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Collective Investment Schemes - unlisted	30,258	—	—	30,258
Investments held through liquidity funds	58,595	—	—	58,595
Total Assets	88,853	—	—	88,853

As at 31 December 2024

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Collective Investment Schemes - unlisted	30,219	—	—	30,219
Investments held through liquidity funds	39,800	—	—	39,800
Total Assets	70,019	—	—	70,019

Investments in unconsolidated structured entities of £88.9 million (2024: £70.0 million) arising from investments in Collective Investment Schemes is categorised as level 1 in the fair value hierarchy. There were no investments categorised as level 2 or level 3.

(i) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in interest rates and the shape of the yield curve.

If interest rates were to increase or decrease by 25 basis points, the impact on profit and loss would be an increase or decrease respectively of £0.2 million (2024: increase or decrease respectively of £0.2 million) in respect of financial assets and financial liabilities bearing floating rates of interest.

(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).

Credit risk is managed in line with the Lloyds Banking Group Credit Risk Policy which set out the principles of the credit control framework. Credit risk to the Company arises primarily from exposure to loans and receivables at amortised cost and financial assets at fair value through profit or loss. Exposure to loans and receivables at amortised cost is assessed on a case by case basis, using a credit rating agency where appropriate.

Expected credit losses are calculated using three key input parameters: the probability of default ('PD') (except for lifetime expected credit losses), the loss given default ('LGD') and the exposure at default ('EAD'). The probability of default and expected loss given default are determined using internally generated credit ratings.

Expected credit losses are measured on a collective basis for certain groups of financial assets, such as trade receivables due from external parties which are considered to be homogenous in terms of their risk of default.

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

20. Risk management (continued)

(b) Credit risk (continued)

The following table sets out details of the credit quality of financial assets that are neither past due nor impaired:

As at 31 December 2025

	Total	AAA	AA	A	BBB or lower	Not rated
	£'000	£'000	£'000	£'000	£'000	£'000
Stage 1 assets						
Loans and receivables at amortised cost	2,133	—	—	—	—	2,133
Cash and cash equivalents	489	—	—	489	—	—
Loss allowance	—	—	—	—	—	—
Exposure to credit risk	**2,622**	**—**	**—**	**489**	**—**	**2,133**
Simplified approach assets						
Loans and receivables at amortised cost	5,910	—	2,974	416	459	2,061
Loss allowance	(26)	—	—	—	—	(26)
Exposure to credit risk	**5,884**	**—**	**2,974**	**416**	**459**	**2,035**
Assets at fair value through profit or loss						
Collective Investment Scheme - unlisted	30,258	—	30,258	—	—	—
Investments held through liquidity funds	58,595	—	58,595	—	—	—
Total	**97,359**	**—**	**91,827**	**905**	**459**	**4,168**

As at 31 December 2024

	Total	AAA	AA	A	BBB or lower	Not rated
	£'000	£'000	£'000	£'000	£'000	£'000
Stage 1 assets						
Loans and receivables at amortised cost	4,890	—	—	288	—	4,602
Cash and cash equivalents*	—	—	—	—	—	—
Loss allowance	—	—	—	—	—	—
Exposure to credit risk	**4,890**	**—**	**—**	**288**	**—**	**4,602**
Simplified approach assets						
Loans and receivables at amortised cost	7,754	—	2,417	3	—	5,334
Loss allowance	(53)	—	—	—	—	(53)
Exposure to credit risk	**7,701**	**—**	**2,417**	**3**	**—**	**5,281**
Assets at fair value through profit or loss						
Collective Investment Scheme - unlisted	30,219	—	—	30,219	—	—
Investments held through liquidity funds	40,439	—	—	40,439	—	—
Total	**83,249**	**—**	**2,417**	**70,949**	**—**	**9,883**

Amounts classified as “not rated” in the above tables are not rated by Standard & Poor's or an equivalent rating agency.

(c) Capital risk

Capital risk is defined as the risk that the Company has an insufficient quantity or quality of capital or that capital is inefficiently deployed across the Company.

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

20. Risk management (continued)

(c) Capital risk (continued)

The Company's objectives when managing capital are to have sufficient capital to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for the shareholder and benefits for other stakeholders and to comply with the capital requirements set out by the FCA in the UK.

In order to maintain or adjust the capital structure to meet the objectives above including ensuring sufficient capital is held to meet capital requirements, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares, sell assets or raise debt which can be included as available capital for capital requirement purposes under FCA regulations.

Consistent with others in the non-life insurance intermediation industry, the FCA imposes a Minimum Capital Requirement on the Company as defined in FCA regulations. Total available capital for capital requirement purposes is calculated as 'Total equity' as shown in the Balance Sheet.

The Company held sufficient capital to meet its minimum capital requirement throughout the reporting year.

	2025	Restated 2024
	£'000	£'000
Regulatory capital held (unaudited) *	40,997	27,583
Regulatory capital required (unaudited)	(779)	(673)
Regulatory Surplus	40,218	26,910

*The prior year's total available capital for capital requirement purposes has been updated to consistently apply the definition of available regulatory capital, including share capital.

(d) 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 Lloyds Banking Group Liquidity Policy.

The table below analyses the Company's financial liabilities into relevant maturity groupings, based on the remaining period at the Balance Sheet date to the contractual maturity date. The amounts disclosed in the table are undiscounted.

	Carrying value	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Over 2 years
	£'000	£'000	£'000	£'000	£'000
As at December 2025					
Other financial liabilities (note 17)	64,782	64,782	—	—	—
Carrying value	64,782	64,782	—	—	—

	Carrying value	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Over 2 years
	£'000	£'000	£'000	£'000	£'000
As at December 2024					
Other financial liabilities (note 17)	64,993	64,993	—	—	—
Carrying value	64,993	64,993	—	—	—

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

20. Risk management (continued)

(e) Concentration risk

Credit concentration risk

Credit concentration risk relates to the inadequate diversification of credit risk.

Credit risk is managed through the setting and regular review of counterparty credit and concentration limits on asset types which are considered more likely to lead to a concentration of credit risk. However, for other assets, such as investments in funds falling under the Undertakings for Collective Investment in Transferable Securities ('UCITS') Directive, no limits are prescribed as the risk of credit concentration is deemed to be immaterial.

Exposure to credit risk is concentrated across counterparties as follows:

	2025 £'000	2024 £'000
Trade and other receivables:		
Amounts due from group undertakings	2,133	4,602
Amounts due from Insurance intermediary	2,441	5,288
Other receivables	3,443	2,701
Cash and cash equivalents (amounts due from financial institutions)	59,084	40,439
Collective Investment Scheme - unlisted	30,258	30,219
Total	97,359	83,249

Liquidity concentration risk

Liquidity concentration risk arises where the Company is unable to meet its obligations as they fall due or do so only at an excessive cost, due to over-concentration of investments in particular financial assets or classes of financial asset.

As most of the Company's invested assets are cash and cash equivalents it is unlikely that a material concentration of liquidity concentration could arise.

This is supplemented by active liquidity management in the Company, to ensure that even under stress conditions the Company has sufficient liquidity as required to meet its obligations. This is delegated by the Board to and monitored through the Insurance, Pensions & Investments Asset and Liability Committee (IP&IALCO), the Insurance, Pensions & Investments Risk Committee (IP&IRC), the Insurance Shareholder Investment Management Committee (ISIM) and Banking and Liquidity Operating Committee (BLOC).

21. Contingencies and commitments

Tax authorities

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 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 £8.1m (including interest). The appeal has been listed for hearing in March 2027, however 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.

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

22. Related party transactions

(a) Ultimate parent and shareholding

The Company's immediate parent undertaking is Lloyds Bank General Insurance Limited a company registered in the United Kingdom. Lloyds Bank General Insurance 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. Once approved, copies of the consolidated Annual Report and Accounts 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 https://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.

	2025			
	Income during period	Expenses during period	Payable at period end	Receivable at period end
	£'000	£'000	£'000	£'000
Relationship				
Parent	2,064	—	61,751	1,964
Other related parties	—	16,441	1,197	658

	2024			
	Income during period	Expenses during period	Payable at period end	Receivable at period end
	£'000	£'000	£'000	£'000
Relationship				
Parent	890	20,000	57,835	4,085
Other related parties	—	17,465	5,470	1,156

In addition to the balances disclosed in the table, balances of £88.9 million (2024: £70.0 million) and income of £4.9 million (2024: £4.9 million) in respect of funds controlled by Lloyds Banking Group meet the definition of related parties.The above balances are unsecured in nature and are expected to be settled in cash.

Parent undertaking transactions relate to all reported transactions and balances with parent companies, such transactions include cash and cash equivalent balances and Group relief for corporation tax. Expenses during period with the Parent undertaking represent the payment of dividends in 2024.

Transactions with other related parties (which include fellow Subsidiaries and other Insurance Intermediaries) are primarily in relation to Intra Lloyds Banking Group trading and operating and employee expenses.

Related party income is in respect of the recognition of indemnification assets for provisions covered by the Intragroup Agreement between the Company and LBGI, a fellow subsidiary company, signed on 10 March 2015 and varied on 19 December 2016 and 1 July 2019.

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, for the Company, are all Directors and IP&I Executive Committee members. The emoluments of key management are not recharged to this Company as it is considered that their services to this Company are incidental to their activities within Lloyds Banking Group.

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

23. Future accounting 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.

24. Post balance sheet events

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