

Lloyds Bank Subsidiaries Limited

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

Registered office

25 Gresham Street
London
EC2V 7HN

Registered number

00117008

Directors

M S Dolman
D M Jones

Company Secretary

A E Mulholland

Member of Lloyds Banking Group

Strategic report

For the year ended 31 December 2025

The Directors present their Strategic report and the audited financial statements of Lloyds Bank Subsidiaries Limited (the "Company") for the year ended 31 December 2025.

Business overview and principal activity

The principal activity of the Company is to act as an intermediate holding company for a number of companies within Lloyds Banking Group ("the Group"), and this is likely to continue for the foreseeable future. A full list of the Company's subsidiaries is shown in note 7.

The results of the Company show a profit after taxation of £4,267,000 (2024: £5,377,000 profit) for the year as set out in the Statement of comprehensive income on page 5.

The Company has shareholders' equity of £11,122,000 (2024: £127,838,000).

The Company is funded entirely by other companies within Lloyds Banking Group ("the Group").

Future outlook

The Company's activities will continue unchanged for the foreseeable future.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company's and Group's risk management policy are contained in note 11 to the financial statements.

Other significant uncertainties are discussed in detail below.

Economic environment

In 2025, the UK economy experienced modest growth alongside persistent inflation pressures. Elevated input costs and continued global uncertainty limited business investment. Technological developments, including increased adoption of artificial intelligence, supported incremental productivity gains; however, challenges such as new US trade tariffs, geopolitical tensions including ongoing conflict in both Eastern Europe and the Middle East and ongoing supply chain disruption continued to weigh on economic activity.

Globally, recovery remained uneven, with inflation and differing monetary policy paths contributing to variable demand conditions. As a result, many UK businesses maintained a cautious approach to investment and expansion.

Consistent with the Group's purpose of Helping Britain Prosper and its commitment to supporting customers, the Group continued to assist those most affected by developments in the economic environment.

The Company will continue to monitor the situation and risks to the business.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Section 172(1) statement

In accordance with the Companies Act 2006 (the Act), for the year ended 31 December 2025, the Directors provide the following statement describing how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company under section 172.

Statement of engagement with other stakeholders

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), the following statement also provides details of how the Directors have engaged with and had regard to the interests of key stakeholders. The Company is a subsidiary of Lloyds Banking Group plc, and as such follows many of the processes and practices of Lloyds Banking Group plc, which are further referred to in this statement where relevant.

Engagement and Decision Making

The Directors acknowledge that one of the primary responsibilities of the Board is to ensure the strategy of the Company, as aligned to that of the Group, achieves long-term success and generates sustainable returns, central to which is ensuring engagement with all stakeholders, and considering in all instances the long-term implications of decisions made, acting at all times to maintain the highest possible standards of conduct and maintaining the Group's reputation.

Strategic report (continued)

For the year ended 31 December 2025

Section 172(1) statement and statement of engagement with other stakeholders (continued)

Suppliers

The Company ensures that it demonstrates good practice in its supplier relationships in line with Group guidance. The Directors recognise the importance of their role in overseeing these relationships, which are integral to the Company's future success, in line with the Group's strategy. Further information in respect of the relationship of the Group with its suppliers is included within the Governance section within the Group's Annual Report and financial statement for 2025, available on the Lloyds Banking Group website.

Customers

The Directors ensure the Company, as part of Lloyds Banking Group, works towards achieving the Group's customer ambitions and focusing on treating customers fairly. Lloyds Banking Group plc regularly benchmarks amongst its customers the performance of itself and its subsidiaries, and uses this insight along with a range of internal and external research to ensure ongoing improvement in customer experience.

Shareholders

The Company is a wholly owned subsidiary of Lloyds Banking Group plc. As a wholly owned subsidiary, the Directors ensure that the strategy, priorities, processes and practices of the Company are fully aligned where required to those of the Group, ensuring that the interests of Lloyds Banking Group plc are duly acknowledged. Further information in respect of the relationship of Lloyds Banking Group plc with its shareholders is included within the Strategic Report within the Lloyds Banking Group plc Annual Report and Accounts for 2025, which does not form part of this report, available on the Lloyds Banking Group plc website.

Colleagues

Colleagues remain central to the delivery of the Company's strategic ambitions and this continues to be recognised in the colleague engagement activity undertaken across the Group, in which the Company participates. The Directors consider these arrangements to be effective as they enable a broader range of colleague engagement activities. The Board continued to consider arrangements for engaging with colleagues during the year, with focus on ensuring colleague views and feedback are appropriately reflected in Board discussions. Feedback from wider colleague engagement activity informed the Board's consideration of matters such as customer processes, operational improvements and areas where colleague sentiment indicated opportunities for enhanced support.

Communities and the Environment

Due to its limited physical presence, the Company has a minimal direct impact on the community and the environment, it does however continue to support the Group's related initiatives. Further information in respect of the Group overall approach to engaging with and contributing to the communities in which it operates is included within the Strategic report within the Lloyds Banking Group plc's Annual Report and Accounts for 2025, which does not form part of this report. Additional information on Lloyds Banking Group plc's Helping Britain Prosper Plan is available on the Group website.

Approved by the Board of Directors and signed on its behalf by:



M S Dolman
Director

27 April 2026

Directors' report

For the year ended 31 December 2025

The Directors present their Directors' report and the audited financial statements of Lloyds Bank Subsidiaries Limited (the "Company") for the year ended 31 December 2025.

General information

The Company is a private company limited by shares, incorporated and domiciled in England and Wales, United Kingdom (registered number: 00117008).

Employees

The Company has no direct employees (2024: none). All staff are employed by other Group undertakings and no staff costs are recharged to the Company.

Dividends

During the year ended 31 December 2025 a dividend of £120,983,000 was declared and paid (2024: £nil).

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements. The Directors are also satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future being at least 12 months from the date of approval of these financial statements.

Streamlined energy and carbon reporting

The Company is out of scope of the Streamlined Energy and Carbon Reporting ("SECR"), as it does not have to report on SECR in its own Directors' Report where included in the Group's SECR statement of a UK Group report. Further information in respect of SECR is included within Lloyds Banking Group plc Annual Report and Accounts for 2025, which does not form part of this report, available on the Lloyds Banking Group plc website.

Post balance sheet events

Subsequent to the reporting date, amounts due from group undertakings and amounts due to group undertakings were netted, resulting in a residual amount due from group undertakings of approximately £1.5m. In addition, the terms of amounts due from group undertakings were amended such that, with effect from 1 January 2026, the balances are non interest bearing. These events do not provide evidence of conditions that existed at the reporting date and are considered non adjusting events for the purposes of IAS 10 Events after the Reporting Period. Accordingly, the amounts recognised at the reporting date have not been adjusted.

Information included in the Strategic report

The disclosures for Future outlook, Principal risks and uncertainties and Engagement with suppliers, customers and others that would otherwise be required to be disclosed in the Directors' report can be found in the Strategic report on pages 1 and 2.

Financial risk management objectives and policies

The details of the Company's and Group's financial risk management policy are contained in note 11 to the financial statements.

Directors

The current Directors of the Company are shown on the front cover.

The following changes have taken place between the beginning of the reporting period and the approval of the Annual report and financial statements:

J Richardson	(resigned 17 April 2025)
D M Jones	(appointed 23 April 2025)

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

Directors' indemnities

Lloyds Banking Group plc has granted to the Directors of the Company a deed of indemnity which constitutes 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of the Director who joined the board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service. The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

Directors' report (continued)

For the year ended 31 December 2025

Statement of Directors' responsibilities

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

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

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

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

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

Directors' confirmations

Each of the Directors, as listed in the Directors' Report, confirm to the best of their knowledge that:

- the Company financial statements, which have been prepared in accordance with 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 profit/loss of the Company; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risk and uncertainties that it faces.

Auditor and disclosure of information to Auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The 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.

Deloitte LLP are deemed to be re-appointed as auditor under section 487(2) of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:



M S Dolman
Director

27 April 2026

Statement of comprehensive income

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Interest income	9	5,241	7,170
Investment income	4	336	-
Total income		5,577	7,170
Profit before taxation	5	5,577	7,170
Taxation	6	(1,310)	(1,793)
Profit after tax, being total comprehensive income		4,267	5,377

The accompanying notes are an integral part of these financial statements.

Balance sheet

As at 31 December 2025

	Note	2025 £'000	2024 £'000
ASSETS			
Amounts due from group undertakings	9	8,376	125,575
Investment in subsidiary undertakings	7	10,038	10,038
Investment in associated and other undertakings	7	567	567
Total assets		18,981	136,180
LIABILITIES			
Amounts due to group undertakings	9	6,549	6,549
Current tax liability		1,310	1,793
Total liabilities		7,859	8,342
EQUITY			
Share capital		-	-
Retained earnings	8	11,122	127,838
Total equity		11,122	127,838
Total equity and liabilities		18,981	136,180

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:



M S Dolman
Director

27 April 2026

Statement of changes in equity

For the year ended 31 December 2025

	Share capital £'000	Retained Earnings £'000	Total equity £'000
Balance at 1 January 2024	-	122,461	122,461
Profit after tax, being total comprehensive income	-	5,377	5,377
As at 31 December 2024	-	127,838	127,838
Profit after tax, being total comprehensive income	-	4,267	4,267
Dividends paid to equity shareholders	-	(120,983)	(120,983)
As at 31 December 2025	-	11,122	11,122

The accompanying notes are an integral part of these financial statements.

Cash flow statement

For the year ended 31 December 2025

	2025 £'000	2024 £'000
Cash flows generated from operating activities		
Profit before taxation	5,577	7,170
Adjustments for:		
Interest income	(5,241)	(7,170)
Investment income	(336)	-
Operating cash flows before movements in working capital	-	-
Tax paid	(1,793)	(1,237)
Cash used in operating activities	(1,793)	(1,237)
Cash flows used in financing activities		
Dividends paid	(120,983)	-
Cash used in financing activities	(120,983)	-
Cash flows generated from investing activities		
Interest income*	5,241	7,170
Investment income*	336	-
Increase in amounts due from immediate parent company*	117,199	(5,933)
Cash generated from investing activities	122,776	1,237
Change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
Cash and cash equivalents at end of the year	-	-

*The Company does not have a bank account and all movements above are settled via intercompany. Dividends are paid and received in cash, but are paid directly to the parent entity on the Company's behalf.

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2025

1. Basis of preparation

Lloyds Bank Subsidiaries Limited (the "Company") is a private company limited by shares, incorporated in the UK under the Companies Act 2006, and registered in England and Wales. The registered office can be found on the front page and its principal activity is included in the Strategic report.

The financial statements of the Company have been prepared in accordance with United Kingdom adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The Company has a net asset position at the year end. The Directors have considered this, along with the expected activities of the Company for the foreseeable future, and have reached the conclusion that the Company will be able to meet its future obligations as they fall due and thus the financial statements have been prepared on a going concern basis.

The Directors are also satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future.

The financial information has been prepared under the historical cost convention. As stated above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

The financial statements are presented in Sterling which is the Company's functional and presentational currency. In preparation of these financial statements the Balance sheet has been arranged in order of liquidity and figures are rounded to the nearest thousand.

The 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 Company.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2025 and which have not been applied in preparing these financial statements are given in note 13. No standards have been early adopted.

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

2. Material accounting policies

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

2.1 Income recognition

Income and expense from financial instruments

Interest income and expense are recognised in the Statement of comprehensive income for all interest bearing financial instruments, using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense to a period of account. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the net lending balance using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.2 Financial assets and liabilities

Financial assets comprise amounts due from group undertakings. Financial liabilities comprise amounts due to group undertakings.

On initial recognition, financial assets are measured at fair value. These are subsequently classified as measured at amortised cost, fair value through other comprehensive income 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. 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.

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.

Notes to the financial statements (continued)

For the year ended 31 December 2025

2. Material accounting policies (continued)

2.3 Impairment of financial assets

The Company has not adopted the simplified expected credit loss model for its financial assets, as allowed by IFRS 9, paragraph 5.5.15. Instead, the general expected credit loss model has been applied to financial assets.

2.4 Foreign currency translation

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

2.5 Taxation

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

Current tax 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.

2.6 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. Dividends on ordinary shares are recognised as a reduction in equity in the period in which they are paid.

2.7 Investments

Investment in subsidiary undertakings

Investment in subsidiary undertakings is stated in the Balance sheet at cost less any provision for impairment.

Investment in subsidiary undertakings is reviewed for impairment losses at the end of each period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of comprehensive income for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net realisable value and value in use. For the purposes of assessing impairment, investments are grouped at the lowest level at which cash flows are separately monitored by management.

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

4. Investment income

During the year dividend income of £336,000 (2024: £nil) was received from Cardnet Merchant Services Limited, which the Company has a 1.08% interest in.

Notes to the financial statements (continued)

For the year ended 31 December 2025

5. Profit before taxation

Fees payable to the Company's auditor for the audit of the financial statements of £18,000 (2024: £18,000) have been borne by the ultimate parent company and are not recharged to the Company.

The Company did not have any employees during the year (2024: nil).

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

6. Taxation

	2025	2024
	£'000	£'000
a) Analysis of expense for the year		
UK corporation tax:		
- Current tax on taxable profit for the year	1,310	1,793
Tax expense	1,310	1,793

Corporation tax is calculated at a rate of 25% (2024: 25%) of the taxable profit for the year.

b) Factors affecting the tax expense for the year

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

	2025	2024
	£'000	£'000
Profit before taxation	5,577	7,170
Tax expense thereon at UK corporation tax rate of 25% (2024: 25%)	1,394	1,793
Factors affecting expense:		
Non-taxable items	(84)	-
Tax expense on profit	1,310	1,793
Effective rate	23.49%	25.00%

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 (continued)

For the year ended 31 December 2025

7. Investment in subsidiary undertakings

	Investment in subsidiary undertakings £'000	Investment in associated and other undertakings £'000	Total £'000
Cost at 1 January and 31 December 2025	13,773	1,400	15,173
Accumulated impairment at 1 January and 31 December 2025	(3,735)	(833)	(4,568)
Carrying value of investments at 1 January and 31 December 2025	10,038	567	10,605

Investment in subsidiary undertakings is stated at cost less impairment. As permitted by section 611 of the Companies Act 2006, where the relief afforded under section 612 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiaries.

The subsidiary undertakings which were held throughout 2025 and 2024 were:

	Company interest (ordinary shares)	Principal activities	Registered address
Direct subsidiary undertakings			
Lloyds Offshore Global Services Private Limited	100.00%	Business support	6/12, Primrose Road, Bangalore, 560025, India
Lloyds TSB Pacific Limited	100.00%	Financial services	18th Floor, United Centre, 95 Queensway, Hong Kong
Indirect subsidiary undertakings			
Lloyds Far East Sarl	100.00%	Nominee services	17 Boulevard F.W., Raiffeisen L-2411, Luxembourg
Other undertakings			
Cardnet Merchant Services Limited	1.08%	Transaction services	25 Gresham Street, London, EC2V 7HN
Subsidiary undertakings in liquidation			
Lime Street (Funding) Limited	100.00%	Investment holding company	1 More London Place, London, SE1 2AF

The liquidation process for Lime Street (Funding) Limited is still ongoing as at the date of these financial statements. The Directors' expectation is that the carrying value of the investment will be realised.

The country of incorporation is the same as the registered address and also the area of operation for each of the above subsidiary, associated and other undertakings.

8. Share capital

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

The Company's number of shares is 2,613,861,429. The number of shares issued and fully paid is 1. The number of shares issued and not fully paid is nil.

The Company's objectives when managing capital are to safeguard the Company's ability to run down the Company in an orderly manner, provide an adequate return to its shareholder through pricing products and services commensurately with the level of risk and, indirectly, to support the Group's regulatory capital requirements.

The Company's parent manages the Company's capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company's parent may adjust the amount of dividends to be paid to the shareholder, return capital to the shareholder, issue new shares, or enter into debt financing. The Company's parent can also request the Company to pay dividends or make a capital contribution in order to maintain or adjust the Group's capital structure.

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in equity.

Notes to the financial statements (continued)

For the year ended 31 December 2025

9. Related parties

A summary of the outstanding balances at the year end and the related income and expense for the year are set out below.

				2025 £'000	2024 £'000
Amounts due from group undertakings					
Nature of transaction	Related party	Repayment	Interest		
Amounts due from group undertakings	Lloyds Bank plc	On demand	1 month SONIA	8,376	125,575
Amounts due to group undertakings					
Nature of transaction	Related party	Repayment	Interest		
Amounts due to group undertakings	Lloyds Bank plc	On demand	N/A	6,549	6,549
Interest income					
Interest receivable on amounts due from other group undertakings	Lloyds Bank plc			5,241	7,170

There were no credit losses or bad debt expenses relating to the above balances incurred during the year, or in the prior year.

The Company paid tax of £1,793,000 (2024: £1,237,000) during the year to fellow subsidiary undertakings.

During the year dividend income of £336,000 (2024: £nil) was received from Cardnet Merchant Services Limited, which the Company has a 1.08% interest in.

10. Ultimate parent undertaking

The Company's immediate parent company is Lloyds Bank plc. The company regarded by the Directors as the ultimate parent company and ultimate controlling party is Lloyds Banking Group plc, a public limited company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Lloyds Bank plc is the parent company of the smallest such group of undertakings. Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group, 33 Old Broad Street, London, EC2N 1HZ. Lloyds Banking Group plc's financial statements may be downloaded via <https://www.lloydsbankinggroup.com/investors/financial-downloads.html>.

The Company's related parties include other companies in the Group and the Company's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is determined to be the Company's Directors, who are listed on the cover of these financial statements.

11. Financial risk management

The Company's operations expose it to credit risk, liquidity risk, market risk and interest rate risk. It is not exposed to any significant foreign exchange risk. Responsibility for the control of overall risk lies with the Board of Directors, operating within a management framework established by Lloyds Banking Group, and the ultimate parent, Lloyds Banking Group plc.

11.1 Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

The credit risk associated with amounts from group undertakings is not considered significant.

Default is considered to have occurred when there is evidence that the counterparty is experiencing financial difficulty which is likely to affect significantly the ability to repay the amount due. Unless identified at an earlier stage. Default is deemed to have occurred when a payment is 90 days past due.

Maximum credit exposure

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below and equates to carrying value.

	2025 £'000	2024 £'000
Amounts due from group undertakings	8,376	125,575

The current long-term rating of the immediate parent company, Lloyds Bank plc, is A1 as per Moody's (2024: A1). No expected credit losses have arisen in respect of the balance and accordingly no provision has been recognised (2024: None).

11.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

To manage this risk borrowing facilities are available from within the Group and are managed as part of the Group by its immediate parent company. Typically this funding is repayable on demand, although there is no expectation that such a demand would be made.

The financial liabilities at the year end were amount due to group undertakings of £6,549,000 (2024: £6,549,000).

Notes to the financial statements (continued)

For the year ended 31 December 2025

11. Financial risk management (continued)

11.3 Market risk

Market risk is the risk of financial loss from changes in market prices of financial assets and liabilities, typically from changes and volatility in interest rates (see note 11.4 for interest rate risk).

11.4 Interest rate risk

Interest rate risk arises from the mismatch between interest rate sensitive liabilities and interest rate sensitive assets. From the perspective of the Company, the interest rate risks are integrated with the interest rate risks of the Group and are not managed separately. The scenarios are run only for assets and liabilities that represent the major interest bearing positions.

Based on the simulations performed, the full year impact on post tax profit of 84 basis point shift in interest rates would be a maximum increase or decrease of approximately £1,002,000 (2024: £487,000).

The only asset exposed to interest rate risk is amounts due from group undertakings of £8,376,000 (2024: £125,575,000).

11.5 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is a measure as at a specific date and may be significantly different from the amount which will actually be paid or received on maturity or settlement date.

Valuation of financial assets and liabilities

The valuations of financial instruments have been classified into three levels according to the quality and reliability of information used to determine the fair values.

Level 1 portfolios

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 predominantly comprise equity shares, treasury bills and government securities.

Level 2 portfolios

Level 2 valuations are those where quoted market prices are not available, for example where the instrument is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3 portfolios

Level 3 portfolios are those where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments are valued using various valuation techniques that require significant management judgment in determining appropriate assumptions, including earnings multiples and estimated future cash flows.

Financial assets and liabilities at amortised cost

Trade and other receivables and Trade and other payables are held at amortised cost.

The Directors consider that there are no significant differences between the carrying amounts shown in the Balance sheet and their fair value, due to their short term nature. The fair value of amounts due from group undertakings and amounts due to group undertakings are classified as level 2 in the fair value hierarchy.

12. Contingent liability

The Group has an open matter in relation to a claim for group relief of losses incurred in its former Irish banking subsidiary, which ceased trading on 31 December 2010. In 2020, HMRC concluded its enquiry into the matter and issued a closure notice denying the group relief claim. The Group appealed to the First Tier Tax Tribunal. The hearing took place in May 2023. In January 2025, the First Tier Tribunal concluded in favour of HMRC. The Group believes it has applied the rules correctly and that the claim for group relief is correct. Having reviewed the Tribunal's conclusions and having taken appropriate advice the Group has appealed to the Upper Tier Tax Tribunal, and does not consider this to be a case where an additional tax liability will ultimately fall due. If the final determination of the matter by the judicial process is that HMRC's position is correct, management believes that this would result in an increase in the Company's current tax liabilities of approximately £31,823,000 (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.

13. 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.

Notes to the financial statements (continued)

For the year ended 31 December 2025

14. Post balance sheet events

Subsequent to the reporting date, amounts due from group undertakings and amounts due to group undertakings were netted, resulting in a residual amount due from group undertakings of approximately £1.5m. In addition, the terms of amounts due from group undertakings were amended such that, with effect from 1 January 2026, the balances are non interest bearing. These events do not provide evidence of conditions that existed at the reporting date and are considered non adjusting events for the purposes of IAS 10 Events after the Reporting Period. Accordingly, the amounts recognised at the reporting date have not been adjusted.

Independent auditor's report to the members of Lloyds Bank Subsidiaries Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lloyds Bank Subsidiaries Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 14.

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.

Independent auditor's report to the members of Lloyds Bank Subsidiaries Limited (Continued)

Other information

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

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report to the members of Lloyds Bank Subsidiaries Limited (Continued)

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

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

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

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

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

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

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

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

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

**Independent auditor's report to the members of Lloyds Bank Subsidiaries 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.

L. Cowie

Lyn Cowie CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
27 April 2026