Docusign Envelope ID: 43260577-813A-8A89-8133-2F952F017683

Aviva ERFA 15 UK Limited

Registered in England and Wales No. 6518135

Annual Report and Financial Statements 2025

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Directors and officer

Directors

J Downes
B Fletcher
E J Rayfield

Officer – Company Secretary

Aviva Company Secretarial Services Limited
80 Fenchurch Street
London
EC3M 4AE

Registered office

Aviva
Wellington Row
York
YO90 1WR

Company number

Registered in England and Wales no. 6518135

Other information

The Company is a member of the Aviva plc group of companies (“the Group”)

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Strategic report

The directors present their strategic report for Aviva ERFA 15 UK Limited (the "Company") for the year ended 31 December 2025.

Review of the Company's business

Principal activities

The Company is a limited company, incorporated under the laws of England and Wales. The principal strategy of the Company is the investment in lifetime mortgage loans secured by first charges over properties within the United Kingdom. During the year, the Company was funded by its parent undertaking, Aviva Life & Pensions UK Limited (UKLAP), and granted security over its assets. The directors consider that this strategy will continue unchanged into the foreseeable future.

Under the terms of the securitisation transaction, the proceeds of the loan notes were used to acquire a portfolio of lifetime mortgage loans held by UKLAP. Cash flows received from these mortgages upon redemption are utilised to pay expenses and to repay the borrowings of the Company.

The directors of the Company have concluded under IFRS9 that UKLAP retain substantially all the exposure to risk and rewards of the pool of equity release mortgage loans at the point of sale through its retention of 100% of loan notes issued by the Company. As a consequence of the accounting treatment, the Company cannot recognise the mortgage loans on its balance sheet, but rather it recognises a deemed loan due from UKLAP.

Significant Events

A restructure of the Company's loan notes took place on 1 October 2025. The existing loan notes were settled and new mortgage backed fixed rate loan notes and variable loan notes were issued to UKLAP. A payment was made to UKLAP from cash holdings and new lifetime mortgages written by UKLAP between January and June 2025 were securitised as part of the restructure. Further details are outlined in Note 13.

Financial position and performance

The financial position of the Company at 31 December 2025 is shown in the statement of financial position on page 13, with the results shown in the income statement on page 12 and the statement of cash flows on page 15.

Income for the year, including unrealised gains and losses on financial instruments, is a profit of £4,071 thousand *(2024: £6,578 thousand profit*) and profit before tax is £42 thousand *(2024: £45 thousand).*

The level of borrowings has increased by £32.7 million to £7,328.7 million *(2024: £7,296.0 million).* This is due to a restructuring of the loans during 2025 which included securitisation of new business, partially offset by loan coupon payment.

Shareholders' equity has increased by £31 thousand *(2024: increase of £34 thousand)*, reflecting the profit after tax for the year.

Section 172 (1) Statement and our Stakeholders

We report here on how our directors have discharged their duties under Section 172 (s.172) of the Companies Act 2006. S.172 sets out a series of matters to which the directors must have regard to in performing their duty to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders. Where this statement draws upon information contained in other sections of the Strategic report, this is signposted accordingly.

Our Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for establishing, monitoring and upholding the culture, values, standards, ethics, and reputation of the Company to ensure that our obligations to our stakeholders are met. The Board monitors adherence to our policies and compliance with local corporate governance requirements and is committed to acting if our businesses fall short of the standards we expect.

The company is a wholly owned subsidiary of Aviva plc. The Aviva Group Annual Report and Accounts 2025 includes the activities of the company and provides the information required by the Non-financial and Sustainability Information Statement for the Group as a whole. Further information on the Group's climate-related financial disclosures can be found on the Sustainability section of the Group's website.

Our culture

Our culture is shaped, in conjunction with the wider Aviva Group, by our clearly defined purpose – with you today, for a better tomorrow. As the provider of financial services to millions of customers, Aviva seeks to earn their trust by acting with integrity and a sense of responsibility at all times. We look to build relationships with all our stakeholders based on openness and transparency and we value diversity and inclusivity in our workforce and beyond.

Key strategic decisions in 2025

For each matter that comes before the Board, the Board considers the likely consequences of any decision on the long term, identifies stakeholders who may be affected, and carefully considers their interests and any potential impact as part of the decision-making process.

Our Stakeholders

This section provides insight into how the Board engages with our stakeholders. The Board recognises that stakeholders have diverse interests that need to be heard. Engaging with our stakeholders is essential to understand what matters most to them and the likely impact of any key decisions.

The Board has established its awareness of the likely consequences of its long term decisions as part of its consideration of Aviva's Group strategy, and the strategy of Aviva's Insurance, Wealth & Retirement (IWR) business within which the Company operates. As part of these strategic discussions, the Board considered the industry and market and the potential impact to stakeholders.

Our Section 172(1) Statement sets out our approach on how our directors have performed their statutory duty. Our Board's activities section provides further information on key decisions taken in 2025, including how stakeholder views and inputs have been factored into the Board's decision making.

Details of how we engaged with our different groups of stakeholders during 2025 can be found on the following pages.

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Strategic report (continued)

Our people

Our people's wellbeing and commitment to serving our customers are the foundations for our performance.

How we have engaged

- The Company has no employees. The majority of staff engaged in the activities of the Company are employed by fellow subsidiary undertakings of Aviva plc. As part of the Aviva Group, these staff enjoy the benefit of the Aviva Group policies and benefits made available to them.
- The Board always aims to provide an inclusive working environment where talent is developed, performance is rewarded, support is provided and our differences are valued.
- Our people have the opportunity to share in the Group's success as shareholders through membership of our global share plans. All Employees are eligible for our global share plans.

Focus during the year

- The Group focused on culture, conduct, and capability themes identified through Group workforce reporting, including insight from colleague surveys, regulatory feedback and risk updates.

Outcomes and actions during the year

- The Aviva plc Board updated the Diversity, Equity and Inclusion Statement to reflect its commitment to diversity and inclusion initiatives.
- The Voice of Aviva 2025 survey engagement was the highest it has ever been at 92%.
- Our employee-shareholders were given the opportunity to meet the Aviva plc Board and submit questions at the Annual General Meeting (AGM) in Bristol.

Customers

Understanding what's important to our customers is key to our long-term success.

How we have engaged

- The Company's parent entity is UKLAP. On behalf of the Company, the UKLAP Board and its Conduct Committee received regular reporting on customer outcomes and strategic customer initiatives, including reporting on customer journeys, service performance and customer insights.
- The Company does not liaise with external customers: they are the focus of a fellow UKLAP subsidiary.

Outcomes and actions during the year

- The UKLAP Board monitored and responded to the impact that inflationary pressures exerted on Aviva's customers.
- The UKLAP Board focused on our digital customer journeys, making it easier and more convenient for customers to interact with Aviva.

Shareholders

Our retail and institutional shareholders are the ultimate owners of the Company.

How we have engaged

- The Company's ultimate shareholder is Aviva plc and there is ongoing communication and engagement with the Aviva plc Board. Any matters requiring escalation are escalated by the Board through the Chair to its parent. Additionally, members of the Aviva plc Board can attend the Company's Board meeting by invitation.
- The 2025 Aviva plc AGM took place in Bristol which gave the Group Board an opportunity to meet local retail shareholders.
- At Aviva Group level, a shareholder newsletter was published on aviva.com every quarter and provided shareholders with publicly available information including recent Board changes financial or strategic updates, and information about our Aviva Foundation projects.

Outcomes and actions during the year

- As a result of positive feedback received from shareholders regarding hosting the Aviva plc AGM outside of London, the Group Board decided to hold the 2026 AGM in York providing another opportunity to meet local retail shareholders.

Communities

We recognise the importance of contributing to our communities through volunteering, community investment, and long term partnerships.

How we have engaged

- The Company supports Aviva Group's community and sustainability initiatives, including the Aviva Community Fund and volunteering programme, which enables colleagues across the Group to participate in socially valuable projects.
- The Aviva plc Board received updates on the Aviva Foundation and Aviva partnerships with third sector organisations including Citizens Advice, and our community programmes, including Aviva Community Fund, where Aviva support community investment projects aligned to our values.
- The Customer and Sustainability Committee for the Aviva Group, of which the Company is a subsidiary, received regular updates on the progress of Aviva's Sustainability Ambition throughout 2025 with the Committee Chair providing an update on matters discussed at each Aviva plc Board meeting.

Outcomes and actions during the year

- Employees across the Aviva Group were offered the opportunity to volunteer their time to support charities and organisations.
- Aviva has simplified its charitable activity by bringing together the Aviva Community Fund and it's previous grant-making programme, Foundation, into a single integrated offering.
- Aviva has committed over £11m to Citizen's Advice since 2022, including £4m pledged in 2025 to meet unprecedented demand. The Group has also committed over £4.5m to the Money Advice Trust since 2022, including a new pledge of £2.5m during the year.

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Strategic report (continued)

Suppliers

We operate in conjunction with a wide range of suppliers to deliver services to our customers. It is vital that we build strong working relationships with our intermediaries.

How we have engaged

- The Company relies on Group-wide procurement and supplier management processes, which include due diligence, performance monitoring, and oversight of key third-party providers.
- The Company's parent, the UKLAP Board, receives updates, where relevant, on material supplier matters, enabling the directors to consider supplier impacts when making decisions.
- The UKLAP Board delegates day-to-day engagement with suppliers to senior management. All supplier-related activity is conducted in line with the Aviva Group Procurement & Outsourcing Business Standard, ensuring supplier risk is managed appropriately in relation to customer outcomes, data security, corporate responsibility, and financial operational, and contractual matters.

Focus during the year

- Continued focus on supplier risk management, ensuring that oversight arrangement reflect alignment with the Group Procurement & Outsourcing Business Standard.

Outcome and actions during the year

- The UKLAP Board received assurance during the year that key third-party providers continued to deliver services effectively, with no material disruptions that affected the Company's operations.
- Aviva continued to hold its Net Zero supplier summit.
- Aviva remains a signatory to the Prompt Payment Code.

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Group 2025 Annual Report and Accounts. The Company will work with the Group to support the implementation of these strategies.

The strategic direction of the Company is set by the directors of the Company, in conjunction with UKLAP and in line with the Aviva plc strategy. The directors consider that the Company's principal activities will continue unchanged for the foreseeable future.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 17 to the financial statements.

Risk factors beyond the Company's control that could cause actual results to differ materially from those estimated include, but are not limited to:

- Market risk is the risk of loss or adverse change in the financial situation (including the value of assets, liabilities and income) resulting, directly or indirectly, from fluctuations in the level or the volatility of market variables, such as interest rates and property prices;
- Credit risk is the risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements;
- Liquidity risk is the risk that liabilities cannot be met in a timely and cost-effective manner as they fall due; and
- Operational risk is the risk of loss arising from inadequate or failed internal processes, people or systems, or from external events.

The company uses a number of metrics to identify, measure, manage, monitor and report risks and a fuller explanation of these risks other than operational risk may be found in note 17 to the financial statements. Also refer to Accounting Policy (B) - Critical accounting policies and use of estimates.

Key performance indicators

The directors consider that the Company's key performance indicators (KPIs) that communicate the financial performance are as follows:

Measure	**2025**	2024
	£'000	£'000
Profit after tax for year	**31**	34
Shareholders' equity	**308**	277

By order of the Board on 15 July 2026

Signed by:
Claire Phillips
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C Phillips
For and on behalf of Aviva Company Secretarial Services Limited
Company Secretary

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Directors' report

In accordance with Section 415 of the Companies Act 2006 (the Act), the directors submit their annual report and the audited financial statements for the Company for the year ended 31 December 2025.

Directors

The names of the current directors of the Company are shown on page 3.

Company Secretary

Aviva Company Secretarial Services Limited is appointed as the Company Secretary.

Dividends

The directors do not recommend the payment of a dividend for the year *(2024: £nil).*

Going concern

The Company and its ultimate holding company, Aviva plc, have considerable financial resources together with a diversified business model, with a spread of businesses and geographical reach. The directors believe that the Company is well placed to manage its business risks successfully.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report, which includes a section describing the principal risks and uncertainties. In addition, the financial statements include notes on: the Company's borrowings (note 13); its capital structure (note 16); management of its risks including market, credit and liquidity risk (note 17).

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt, and to consider appropriate, the going concern basis in preparing the financial statements.

Future outlook

Likely future developments in the business of the Company are discussed in the strategic report on page 5.

Stakeholder Engagement

Our statements summarising our employee engagement, and our engagement with suppliers, customers and our other stakeholders are included in our Strategic Report.

Financial instruments

The Company uses a financial instrument to manage liquidity risk. Details of the objectives and management of this instrument are contained in note 17 on risk management. The Company does not hold any financial instruments to manage risks relating to credit, cash flow, interest rates and property prices however this position is monitored under a risk management framework details of which are contained in note 17 on risk management.

Employees

The Company has no employees. The majority of employees engaged in the activities of the Company are employed by subsidiary undertakings of Aviva plc, Aviva Employment Services Limited. Disclosures relating to employees may be found in the annual report and financial statements of this company. The Company is recharged with the costs of the staff provided by these companies.

Qualifying indemnity provisions

In 2004, Aviva plc, the Company's ultimate parent, granted an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985, which continue to apply in relation to any provision made before 1 October 2007. This indemnity is a "qualifying third party indemnity" for the purposes of section 309A to section 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the directors' report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

The directors also have the benefit of the indemnity provision contained in the Company's articles of association, subject to the conditions set out in the Companies Act 2006. This is a "qualifying third party indemnity" provision as defined by section 234 of the Companies Act 2006.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the strategic report, directors' report and the financial statements 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 financial statements in accordance with the UK-adopted international accounting standards.

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;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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Directors' report (continued)

The directors are 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 and enable them to ensure that the financial statements comply with the Companies Act 2006.

The financial statements on pages 12 to 28 were approved by order of the Board on 15 July 2026

Signed by:
Claire Phillips
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C Phillips
For and on behalf of Aviva Company Secretarial Services Limited
Company Secretary

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Accounting policies

The Company, a limited company incorporated and domiciled in the United Kingdom (UK), invests in lifetime mortgage loans.

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

(A) Basis of preparation

The financial statements of the Company have been prepared and approved by the directors in accordance with UK-adopted international accounting standards and the legal requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, except for mortgage loans and those financial instruments and financial liabilities (including derivative instruments) at fair value through profit and loss.

The financial statements have been prepared on the going concern basis as explained in the Directors' report on page 7.

The financial statements are stated in pounds sterling, which is the Company's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£'000).

New standards, interpretations and amendments to published standards that have been issued and endorsed by the UK and adopted by the Company

The Company has adopted Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability which became effective for the annual reporting period beginning on 1 January 2025. The amendments do not have a significant impact on the Company's financial statements.

Standards, interpretations and amendments to published standards that are not yet effective and have not been adopted by the Company

The following standards and amendments to existing standards have been issued, are not yet effective for the Company, and have not been adopted early by the Company.

(i) IFRS 18: Presentation and Disclosure in Financial Statements
In April 2024, the IASB published IFRS 18, which aims to improve how companies communicate in their financial statements by:

- Requiring additional defined subtotals in the statement of profit or loss;
- Requiring disclosures about management-defined performance measures; and
- Adding new principles for grouping of information.

IFRS 18 is effective for annual reporting beginning on or after 1 January 2027 and has been endorsed by the UK. The standard is expected to result in presentational changes to the Company's income statement, and new disclosures of management-defined performance measures will be required in the notes to the financial statements. The Company is in the process of implementation, and no financial impacts are expected as a result of adoption.

(ii) IFRS 19: Subsidiaries without Public Accountability: Disclosures and Amendments to IFRS 19: Subsidiaries without Public Accountability: Disclosures
Published by the IASB in May 2024 and August 2025. IFRS 19 and the amendments to IFRS 19 are effective for annual reporting beginning on or after 1 January 2027 and have been endorsed by the UK.

The following new standards and amendments to existing standards have been issued, are not yet effective and have not been adopted early for the Company and are not expected to have a significant impact on the Company's financial statements:

(i) Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Amendments to the Classification and Measurement of Financial Instruments
Published by the IASB in May 2024. The amendments are effective for annual reporting beginning on or after 1 January 2026 and have been endorsed by the UK.

(ii) Annual improvements to IFRS Accounting Standards – Volume 11: Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7
Published by the IASB in July 2024. The amendments are effective for annual reporting beginning on or after 1 January 2026 and have been endorsed by the UK.

(iii) Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity
Published by the IASB in December 2024. The amendments are effective for annual reporting beginning on or after 1 January 2026 and have been endorsed by the UK.

(iv) Amendments to IAS 21: Translation to a Hyperinflationary Presentation Currency
Published by the IASB in November 2025. The amendments are effective for annual reporting beginning on or after 1 January 2027 and have yet to be endorsed by the UK.

(v) IFRS 20: Regulatory Assets and Regulatory Liabilities
Published by the IASB in May 2026. The standard is effective for annual reporting beginning on or after 1 January 2029 and has yet to be endorsed by the UK.

(vi) Amendments to IAS 28: Amendments to the Fair Value Option for Investments in Associates and Joint Ventures
Published by the IASB in June 2026. The amendments are effective for annual reporting beginning on or after 1 January 2027 and have yet to be endorsed by the UK.

(B) Critical accounting policies and use of estimates

The preparation of the Company's financial statements in accordance with IFRS, requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. The only area of key judgement is recognition of the deemed loans (see policy note G and note 6). These major areas of estimation on policy application are summarised below:

(i) Fair value of deemed loans (set out in policy G and note 6)
(ii) Fair value of borrowings (set out in policy M and note 13)

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Accounting policies (continued)

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. Actual results may differ from those estimates, possibly significantly.

The list below sets out those items we consider particularly susceptible to changes in estimates and assumptions, and the relevant accounting policy:

(i) *Deemed loans (set out in policy G and note 6)*

(ii) *Deferred income reserve (set out in policy K)*

(iii) *Borrowings (set out in policy M and note 13)*

The sensitivity of fair value of these items most significant unobservable inputs is disclosed in note 6 to the financial statements.

(C) Fair value measurement

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, regardless of whether that price is directly observable or estimated using another valuation technique. This presumes that the transaction takes place in the principal (or most advantageous) market under current market conditions. Fair value is a market-based measure and in the absence of observable market prices in an active market, it is measured using the assumptions that market participants would use when pricing the asset or liability.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. In certain circumstances, the fair value at initial recognition may differ from the transaction price. If the fair value is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging), or is based on a valuation technique whose variables include only data from observable markets, then the difference between the fair value at initial recognition and the transaction price is not recognised immediately in the income statement but deferred and recognised in the income statement on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out or otherwise matured.

(D) Interest and similar income

Interest and similar income consists of interest receivable for the year. Interest income is recognised as it accrues, taking into account the effective yield on the investment.

(E) Other operating income

Other operating income consists of realised gains arising from each securitisation offset by the cost of establishing an equivalent deferred income reserve liability.

(F) Financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are: deemed loans, receivables, cash and cash equivalents, borrowings and payables and other financial liabilities.

The Company classifies the deemed loans and the associated liabilities at fair value through profit or loss (FVTPL), since they are managed as a portfolio on a fair value basis. Presentation at fair value provides more relevant information and ensures that any accounting mismatch is minimised.

Changes in the fair value of financial instruments are included in the income statement in the period in which they arise.

(G) Loans

Under IFRS 9, where a transferor retains substantially all the risks and rewards associates with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that legally it is a sale transaction and that the Company has acquired legal and beneficial title to the mortgages.

The directors of the Company have concluded under IFRS 9 that the Seller (UKLAP) retained substantially all the exposure to risks and rewards of the pool of equity release mortgage loans at the point of sale through its retention of 100% of loan notes issued by the Company. As a consequence of the accounting treatment, the Company cannot recognise the mortgage loans on its balance sheet, but rather it recognises a deemed loan due from UKLAP.

The initial amount of the deemed loans correspond with the cash consideration paid by the Company to the Seller to obtain the lifetime mortgages. The deemed loans are designated at fair value through profit or loss, since they are managed as a portfolio on a fair value basis, and presentation at fair value provides more relevant information and ensures that any accounting mismatch with the associated liabilities is minimised. The fair values are estimated using discounted cash flow forecasts of the underlying lifetime mortgages. These include a risk adjusted discount rate to reflect the risks associated with these products. They are revalued at each period end, with movements in their fair values being taken to the income statement.

(H) Collateral

The Company receives collateral in the form of non-cash assets in respect of loans, in order to reduce the credit risk of these transactions. Non-cash collateral received is not recognised in the statement of financial position unless the transfer of the collateral meets the derecognition criteria from the perspective of the transferor.

(I) Receivables and payables

Receivables and payables are initially recognised at cost, being fair value. Subsequent to initial measurement they are held at amortised cost, which given the short term nature of the items is considered a reasonable approximation to fair value.

(J) Statement of cash flows

Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and in hand, deposits held on call with banks, treasury bills and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are those with less than three months' maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values.

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Accounting policies (continued)

(K) Deferred income reserve

At the outset of each securitisation, the difference between the value of mortgages transferred (represented by the intercompany loan with parent undertaking) and the corresponding value of loan notes issued has been recognised in a Deferred Income Reserve (DIR). The difference relates to an allowance for future expenses included in the value of the loan notes. DIR is amortised in line with the expected run off of expenses included in the initial valuation of the loan notes.

(L) Income taxes

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity, as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The rates enacted or substantively enacted at the statement of financial position date are used to value the deferred tax assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where there is a history of tax losses, deferred tax assets are only recognised in excess of deferred tax liabilities if there is convincing evidence that future profits will be available.

Deferred tax is provided on any temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred taxes are not provided in respect of any temporary differences arising from the initial recognition of goodwill, or from the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit or loss at the time of the transaction.

Current and deferred tax relating to items recognised in other comprehensive income and directly in equity are similarly recognised in other comprehensive income and directly in equity respectively, except for the tax consequences of distributions from certain equity instruments, to be recognised in the income statement.

Deferred tax related to any fair value re-measurement of investments, held at fair value through other comprehensive income, owner-occupied properties, pensions and other post-retirement obligations and other amounts charged or credited directly to other comprehensive income is recognised in the statement of financial position as a deferred tax asset or liability.

(M) Borrowings

Loan notes backed by mortgages are designated at fair value through profit or loss as presentation at fair value provides more relevant information and ensures that any accounting mismatch is minimised.

The fair values are estimated using discounted cash flow models, as described in note 6.

All borrowing costs are expensed as they are incurred.

(N) Share capital

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument will not be settled by delivery of a variable number of shares or is a derivative that can be settled other than for a fixed amount of cash, shares or other financial assets.

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Income statement

For the year ended 31 December 2025

	Notes	2025 £'000	2024 £'000
Income			
Interest and similar income	D & 1	**23,994**	25,435
Unrealised losses on financial instruments - net	F & 1	**(26,013)**	(24,284)
Amortisation of deferred income reserve	K & 1	**6,090**	5,427
		4,071	6,578
Expenses			
Other operating expenses	2	**(4,029)**	(6,533)
		(4,029)	(6,533)
Profit before tax		**42**	45
Tax charge	L & 5	**(11)**	(11)
Profit for the year		**31**	34

The Company has no other comprehensive income (*2024: £nil*).

The accounting policies (identified alphabetically) on pages 9 to 11 and notes (identified numerically) on pages 16 to 28 are an integral part of the financial statements.

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Statement of financial position

As at 31 December 2025

	Notes	2025 £'000	2024 £'000
Assets			
Loans	G & 7	**6,999,811**	6,852,420
Deferred tax assets	L & 11	**38,095**	29,504
Current tax assets	L & 11	**—**	2,250
Receivables	I & 8	**9,514**	10,282
Cash and cash equivalents	J & 15	**459,008**	532,736
Total assets		**7,506,428**	7,427,192
Equity			
Ordinary share capital	N & 9	**—**	—
Retained earnings	10	**308**	277
Total equity		**308**	277
Liabilities			
Tax liabilities	L & 11	**7,299**	—
Deferred income reserve	K & 12	**152,380**	118,018
Borrowings	M & 13	**7,328,734**	7,295,996
Payables and other financial liabilities	I & 14	**17,707**	12,901
Total liabilities		**7,506,120**	7,426,915
Total equity and liabilities		**7,506,428**	7,427,192

Audit exemption statement

For the year ended 31 December 2025, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The accounting policies (identified alphabetically) on pages 9 to 11 and notes (identified numerically) on pages 16 to 28 are an integral part of the financial statements.

The financial statements on pages 12 to 28 were approved by the Board of Directors on 15 July 2026 and signed on its behalf by:

DocuSigned by:

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B K Fletcher

Director

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Statement of changes in equity

For the year ended 31 December 2025

	Note	Ordinary share capital	Retained earnings	2025 Total equity
		£'000	£'000	£'000
Balance at 1 January		**—**	**277**	**277**
Profit for the year and total comprehensive income	10	**—**	**31**	**31**
Balance at 31 December		**—**	**308**	**308**

	Note	Ordinary share capital	Retained earnings	2024 Total equity
		£'000	£'000	£'000
Balance at 1 January		—	243	243
Profit for the year and total comprehensive income	10	—	34	34
Balance at 31 December		—	277	277

The accounting policies (identified alphabetically) on pages 9 to 11 and notes (identified numerically) on pages 16 to 28 are an integral part of the financial statements.

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Statement of cash flows

For the year ended 31 December 2025

	Note	2025	2024
		£'000	£'000
Cash flows from operating activities			
Cash generated from operating activities	15	**591,706**	553,431
Tax Rebate / (paid)		**947**	646
Net cash generated from operating activities		**592,653**	554,077
Cash flows from financing activities			
Repayment of borrowings	13	**(666,382)**	(507,744)
Net cash used in financing activities		**(666,382)**	(507,744)
Net (decrease) / increase in cash and cash equivalents		**(73,729)**	46,333
Cash and cash equivalents at 1 January		**532,737**	486,404
Cash and cash equivalents at 31 December	15	**459,008**	532,737

The accounting policies (identified alphabetically) on pages 9 to 11 and notes (identified numerically) on pages 16 to 28 are an integral part of the financial statements.

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Notes to the financial statements

1. Income

	2025 £'000	2024 £'000
Interest and similar income		
Bank deposits	**23,994**	25,435
Financial instruments		
Unrealised gains deemed loans	**340,556**	215,103
Unrealised losses borrowings	**(366,569)**	(239,387)
	(26,013)	(24,284)
Other operating income / (expense)		
Gains on securitisation of mortgages	**40,452**	173
Cost of establishing deferred income reserve	**(40,452)**	(173)
	—	—
Amortisation of deferred income reserve	**6,090**	5,427
Total income	**4,071**	6,578

Included within other operating income are initial gains arising on each securitisation transaction. Within the value of the loan notes is an allowance for future expenses which reduces their value compared to the corresponding lifetime mortgages (represented by the intercompany loan), creating a profit at the point of each new securitisation. Offsetting this profit is the establishment of a deferred income reserve liability, which is amortised in line with the expected run-off of expenses included in the initial valuation of the loan notes.

2. Other operating expenses

	2025 £'000	2024 £'000
Intercompany expenses	**(4,029)**	(6,533)
	(4,029)	(6,533)

3. Employee information

The Company has no employees *(2024: nil)*. All employees are employed by a fellow subsidiary undertaking of Aviva plc, Aviva Employment Services Limited. Disclosures relating to employee remuneration and the average number of persons employed are made in the financial statements of Aviva Employment Services Limited. The Company is recharged with the costs of the staff provided by Aviva Employment Services Limited.

4. Directors' remuneration

All directors were remunerated by Aviva Employment Services Limited, a fellow subsidiary of the ultimate parent company, Aviva plc. The emoluments are recharged, as part of a head office management charge under management service agreements, to all operation divisions of the Aviva Group. No direct recharge has been made to the Company in respect of these emoluments as these directors were not primarily remunerated for their services to the Company. Accordingly, no emoluments are disclosed in respect of these directors.

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Notes to the financial statements (continued)

5. Tax

(a) Tax charged to the income statement

(i) The total tax charge/(credit) comprises:

	2025 £'000	2024 £'000
Current tax		
For this year	**8,601**	(1,303)
Total current tax	**8,601**	(1,303)
Deferred tax		
Origination and reversal of temporary differences	**(8,591)**	1,314
Total deferred tax	**(8,591)**	1,314
Total tax charged to the income statement	**11**	11

(ii) Deferred tax charged to the income statement represents movements on the following items:

	2025 £'000	2024 £'000
Provisions and other temporary differences	**(8,591)**	1,314
Total deferred tax (credited) / charged to income statement	**(8,591)**	1,314

(b) Tax reconciliation

The tax on the Company's profit before tax is the same as *(2024: is the same as)* the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	2025 £'000	2024 £'000
Profit before tax	**42**	45
Tax calculated at standard UK corporation tax rate of 25% (2024: 25%)	**11**	11
Total tax charged to the income statement	**11**	11

The Company (as part of the Aviva Group) is subject to the reform of the international tax system proposed by The Organisation for Economic Co-operation and Development (OECD) which introduces a global minimum effective rate of corporation tax of 15% and took effect in 2024. No current tax charge is included in respect of these provisions.

In accordance with the amendments to IAS 12, endorsed in the UK on 19 July 2023, the Company has applied the exemption and not provided for deferred tax in respect of the global minimum tax reforms.

6. Fair value methodology

(a) Basis for determining fair value hierarchy of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the 'fair value hierarchy' described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Quoted market prices in active markets - ("Level 1")

Inputs to Level 1 fair values are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Modelled with significant observable market inputs - ("Level 2")

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

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly;

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Notes to the financial statements (continued)

- Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads);
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market-corroborated inputs).

Modelled with significant unobservable market inputs - ("Level 3")

Inputs to Level 3 fair values are unobservable inputs for the asset or liability. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset or liability. Examples are lifetime mortgage loans and the associated borrowings backing these loans.

Changes to valuation techniques:

There were no changes in the valuation techniques during the year.

Comparison of the carrying amount and fair values of financial instruments:

Fair value of the following assets and liabilities approximate to their carrying amounts:

- Receivables
- Cash and cash equivalents
- Payables and other financial liabilities

(b) Fair value hierarchy analysis

An analysis of financial assets and liabilities according to fair value hierarchy is given below:

	2025		2024	
	Level 3	**Total fair value**	Level 3	Total fair value
	£'000	**£'000**	£'000	£'000
Financial assets				
Loans	**6,999,811**	**6,999,811**	6,852,420	6,852,420
Financial liabilities				
Borrowings	**(7,328,734)**	**(7,328,734)**	(7,295,996)	(7,295,996)
Total	**(328,923)**	**(328,923)**	(443,576)	(443,576)

(c) Transfers between levels of the fair value hierarchy

There were no transfers during 2025 *(2024: £nil)*. For financial instruments that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting year.

(d) Further information on Level 3 financial instruments

(i) The table below shows movements in the Level 3 financial assets and liabilities measured at fair value.

	2025		2024	
	Loans	**Borrowings**	Loans	Borrowings
	£'000	**£'000**	£'000	£'000
Balance at 1 January	**6,852,420**	**(7,295,996)**	7,522,746	(7,924,990)
Additions	**372,409**	**(332,551)**	268,268	(268,096)
Cash (receipts) / repayments	**(565,574)**	**666,382**	(524,964)	507,744
Gains / (losses) recognised in the year	**340,556**	**(366,569)**	215,103	(239,387)
Sale of Mortgages	**—**	**—**	(628,733)	
Repayment of Borrowings	**—**	**—**		628,733
Balance at 31 December	**6,999,811**	**(7,328,734)**	6,852,420	(7,295,996)

The net result recognised in the income statement during the year for Level 3 assets and liabilities was a loss of £26,013 thousand *(2024: loss of £24,284 thousand).*

(ii) The principal assets and liabilities classified as Level 3, and the valuation techniques applied to them, are:

- Deemed loans linked to Lifetime mortgages loans amounting to £7,000 million *(2024: £6,852 million)* valued using a discounted cash flow model. Cash flows are adjusted for credit risk and discounted using a yield curve and assumptions for the liquidity premium. The model derives a best estimate view on property growth and explicitly calculates the additional return that would be demanded by investors due to uncertainties in the

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Notes to the financial statements (continued)

asset cash flows. The assets and liabilities have been classified as Level 3 as assumptions used to derive the property growth rates, mortality and morbidity assumptions, cost of capital, liquidity premium and credit risk are not deemed to be market observable. The primary inputs to the model are:

- A liquidity premium added to the risk-free discount rate to reflect the illiquidity of the equity release mortgage portfolio. The liquidity premium is 195bps *(2024: 185bps)*. The liquidity premium is the excess margin over risk-free rates after allowing for the no negative equity guarantee, the cost of capital and future loan administration expenses that is obtainable in the market on new equity release mortgages.
- The base property growth rate assumption is RPI + 0.75% *(2024: RPI + 0.75%)* which includes a deduction for the potential impact of climate risks on future house prices. This equates to a long-term average growth rate of 3.8% pa at 31 December 2025 (*2024: 3.7% pa*) over a twenty year projection. In addition, as the mortgages have a no negative equity guarantee ('NNEG') such that the cost of any potential shortfall between the value of the loan and the realised value of the property, at the end of the term, is recognised by a deduction to the value of the loan, the model also makes allowances for a cost of capital charge to reflect the variability in future cash flows and a dilapidation charge to reflect potential index under performance of properties backing equity release mortgages when compared to the wider property market. After inclusion of these allowances, the net long-term growth rate equates to 1.4% pa *(2024: 1.5% pa)*.

- Securitised mortgage loan notes amounting to £7,329 million *(2024: £7,296 million)*, valued using an 'equation of value' approach in which the total value of loan notes has been set equal to the total value of the non-restructured mortgage assets less frictional costs of restructuring plus any additional assets held in the Company.

(iii) The table below shows the sensitivity of the fair value of Level 3 investments at 31 December to changes in unobservable inputs to a reasonable alternative:

	2025		**Change in fair value**	
	Fair value £m	**Most significant unobservable inputs**	**Positive impact £m**	**Negative impact £m**
Deemed loans	**7,000**	Liquidity premium - 50bps	**302**	**(282)**
		House price valuation - 10%	**98**	**(129)**
		Base property growth rate - 50bps p.a.	**73**	**(79)**
Securitised mortgage loan notes	**(7,329)**	Liquidity premium - 50bps	**256**	**(273)**

	2024		Change in fair value	
	Fair value £m	Most significant unobservable inputs	Positive impact £m	Negative impact £m
Deemed loans	6,852	Liquidity premium - 50bps	300	(280)
		House price valuation - 10%	99	(129)
		Base property growth rate - 50bps p.a.	74	(80)
Securitised mortgage loan notes	(7,296)	Liquidity premium - 50bps	243	(261)

An increase in the liquidity premium used in the discounted cash flow model for lifetime mortgage loans will decrease the fair value of the assets. Fair value movements in assets and liabilities arising from a change in liquidity premium will largely offset.

Changes in unobservable inputs to reasonable alternatives for other assumptions (e.g. mortality and morbidity) will produce smaller changes in fair value which will also largely offset.

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Notes to the financial statements (continued)

7. Loans

(a) Carrying amounts

The carrying amounts of loans at 31 December were as follows:

	2025	2024
	£'000	£'000
Mandatorily held at FVTPL:		
Deemed loans - parent undertaking	**6,999,811**	6,852,420

Lifetime mortgages are transferred to the Company in exchange for a loan note issued by the Company.

Details of these transactions are as follows:

Date of transfer	Value of lifetime mortgages transferred	Lifetime mortgages transferred from
1 January 2016	£4,179 million	Aviva Annuity UK Limited (UKA)
1 October 2016	£435 million	UKA
30 September 2017	£738 million	UKLAP
30 September 2018	£749 million	UKLAP
30 September 2019	£835 million	UKLAP
30 September 2020	£659 million	UKLAP
30 November 2021	£590 million	UKLAP
1 April 2022	£323 million	UKLAP
1 July 2022	£406 million	UKLAP
1 April 2023	£328 million	UKLAP
1 July 2023	£245 million	UKLAP
1 April 2024	£268 million	UKLAP
1 January 2025	£222 million	UKLAP
1 October 2025	£150 million	UKLAP

As UKLAP retains substantially all the exposure to risk and rewards of the pool of equity release mortgage loans at the point of sale, under IFRS 9 and IAS 39, it could not derecognise the mortgages from its Statement of Financial Position. Accordingly, the fair value of the equity release mortgages in the financial statements of the Company are represented by deemed loans due from the parent undertaking. The movement in the deemed loans balance will move in line with fair value of the underlying mortgages. Following a Part VII transfer, all loan notes and deemed loans are held by UKLAP.

Of the above total, £6,503 million *(2024: £6,350 million)* is expected to be recovered more than one year after the statement of financial position date. This is because the loan is linked to lifetime mortgages, which by their nature do not have any contractual maturity and significant levels of early redemption are not anticipated.

There was no change *(2024: £nil)* in fair value of underlying mortgage loans during the year attributable to a change in credit risk. The cumulative change attributable to changes in credit risk to 31 December 2025 was £nil *(2024: £nil).* The amount has been determined as the amount that is not attributable to changes in market conditions that give rise to market risk. Further details of the fair value methodology are given in note 6.

(b) Collateral

The Company holds collateral in respect of all loans, in order to reduce the risk of non-recovery. This collateral generally takes the form of liens or charges over properties. As security for the lifetime mortgage and any other money owing from the customer, the property is charged to the Company by way of a legal mortgage with full title guarantee.

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Notes to the financial statements (continued)

8. Receivables

	2025	2024
	£'000	£'000
Held at amortised cost:		
Amounts due from fellow group undertaking	**—**	1,653
Amounts due from immediate parent undertaking	**7,802**	6,401
Other receivables	**1,712**	2,228
Total as at 31 December	**9,514**	10,282
Expected to be recovered in less than one year	**9,514**	10,282
Expected to be recovered in more than one year	**—**	—
	9,514	10,282

Amounts due from immediate parent undertaking include redemption receipts paid into UKLAP which are to be transferred to the Company.

9. Ordinary share capital

Details of the Company's ordinary share capital at 31 December are as follows:

	2025	2024
	£	£
Allotted, called up and fully paid		
1 (2024: 1) ordinary shares of £1 each	**1**	1

10. Retained earnings

	2025	2024
	£'000	£'000
Balance at 1 January	**277**	243
Profit for the year	**31**	34
Balance at 31 December	**308**	277

11. Tax assets and liabilities

(a) Current tax

Current tax liabilities payable and assets recoverable in more than one year are £nil and £nil (2024: £nil and £1,303 thousand) respectively..

(b) Deferred tax

(i) The balance at 31 December comprises:

	2025	2024
	£'000	£'000
Provisions and other temporary differences	**38,095**	29,504
Net deferred tax assets	**38,095**	29,504

Provisions and other temporary differences arise in respect of the differences in accounting and tax valuations of the deferred income reserve.

(ii) The movement in the net deferred tax assets was as follows:

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Notes to the financial statements (continued)

	2025 £'000	2024 £'000
Net deferred tax assets 1 January	**29,504**	30,818
Amounts credited/(charged) to income statement	**8,591**	(1,314)
Net deferred tax assets 31 December	**38,095**	29,504

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

12. Deferred income reserve

	2025 £'000	2024 £'000
Balance at 1 January	**118,018**	123,272
Increase in reserve	**40,452**	173
Amortisation	**(6,090)**	(5,427)
Balance at 31 December	**152,380**	118,018
Expected to be released in less than one year	**7,127**	6,092
Expected to be released in more than one year	**145,253**	111,926
	152,380	118,018

13. Borrowings

(a) Carrying amount

	2025 £'000	2024 £'000
Designated at FVTPL		
Securitised mortgage loan notes		
Fixed rate loan notes	**7,045,331**	6,842,009
Variable rate loan notes	**283,403**	453,987
	7,328,734	7,295,996
Expected to be settled in less than one year	**512,944**	527,017
Expected to be settled in more than one year	**6,815,790**	6,768,979
	7,328,734	7,295,996

The carrying amounts of the above borrowings are stated at fair value. The loan notes are secured on mortgage loans by first charges over residential properties in the UK.

There was no change *(2024: £nil)* in fair value of loan notes during the year attributable to a change in credit risk. The cumulative change attributable to changes in credit risk to 31 December 2025 was £nil *(2024: £nil).* The amount has been determined as the amount that is not attributable to changes in market conditions that give rise to market risk. The above liabilities stated at fair value have been calculated in a consistent manner with the assets stated at fair value. Further details of the fair value methodology are included in note 6.

The contractual undiscounted cash flows in relation to the maturity of the fixed loan notes is shown in note 17. The variable loan notes mature on June 2069 but the amount is not guaranteed.

(b) Loan notes - description and features

On 1 January 2016, the Company issued £4,101 million of mortgage backed fixed rate loan notes and £53 million of variable rate loan notes to UKA. On 1 October 2016, a second tranche of £430 million of mortgage backed fixed rate loan notes and £3 million of variable rate loan notes were issued to UKA. On 30 September 2017, a third tranche of £728 million of mortgage backed fixed rate loan notes and £6 million of variable rate loan notes were issued to UKLAP. On 30 September 2018, a fourth tranche of £741 million of mortgage backed fixed rate loan notes and £6 million of variable rate loan notes were issued to UKLAP.

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Notes to the financial statements (continued)

On 30 September 2019, a fifth tranche of £828 million of mortgage backed fixed rate loan notes and £4 million of variable rate loan notes were issued to UKLAP. All loan notes were issued as part of securitisation arrangements involving the purchase of lifetime mortgages from the immediate parent undertaking. The fixed rate loan notes were issued at a discount to the eventual redemption proceeds, with a fixed return built into the redemption proceeds.

On 23rd December 2019, the Company restructured its fixed rate loan notes and variable rate loan notes (tranches 1 to 4). UKLAP paid £1,064 million to the Company, increasing the notional value of the variable rate loan notes. The notional value of variable rate loan notes for tranche 1 increased by £921 million, tranche 2 increased by £11 million, tranche 3 increased by £74 million and tranche 4 increased by £58 million. This was immediately repaid back to UKLAP together with an additional payment of £811 million from cash holdings already accumulated within the securitisation tranches to compensate for the cancellation of fixed rate loan note coupons, with no net impact on the income statement.

On 30 September 2020, a sixth tranche of £654 million of mortgage backed fixed rate loan notes and £3 million of variable rate loan notes were issued to UKLAP.

On 30 November 2021, a further restructure of the Company's fixed rate loan notes and variable loan notes took place. The existing six tranches of notes were settled for a total value of £8,443 million. On the same date the Company issued 10 new mortgage backed fixed rate loan notes and £73 million of variable loan notes to UKLAP. The fixed rate notes were issued with values of £1,127 million, £1,044 million, £998 million, £957 million, £918 million, £884 million, £822 million, £788 million, £750 million, £586 million respectively. The fixed rate loan notes are backed by the mortgages backing the previous six tranches of loan notes along with new lifetime mortgages written by UKLAP between September 2020 and July 2021. As part of the restructure the company made a payment of £1,254 million to UKLAP from cash holdings already accumulated within the securitisation tranches.

On 1 April 2022 and 1 July 2022, following two further securitisations of equity release mortgages, the Company increased the principal amount outstanding of its mortgage backed fixed rate loan notes by £325 million and £410 million, respectively, and reduced the variable rate loan notes by £4 million.

On 1 April 2023 and 1 July 2023, for two securitisations of equity release mortgages the Company increased the principal amount outstanding of its mortgage backed fixed rate loan notes by £332 million and £236 million, respectively, and reduced the variable rate loan notes by £4 million and £1 million, respectively.

On 1 April 2024, following a securitisation of equity release mortgages, the Company increased the principal amount outstanding of its mortgage backed fixed rate loan notes by £268 million and the variable rate loan notes by £0.2 million.

On 16 December 2024, the Company undertook a transaction to sell the beneficial interest in a £629 million portfolio of mortgages that were held by the Company to UKLAP at market value. The outcome of this transaction is that ERFA15 has a smaller portfolio of mortgages, reduced borrowings and a related reduced coupon schedule.

On 1 January 2025, following a further securitisation of equity release mortgages, the Company increased the principal amount outstanding of its mortgage backed fixed rate loan notes by £223 million and the variable rate loan notes decreased by £0.8 million.

On 1 October 2025, a restructure of the Company's fixed rate loan notes and variable loan notes took place. The existing twelve tranches of fixed rate notes were settled for a total value of £6,690 million. On the same date the Company issued 20 new mortgage backed fixed rate loan notes and £50 million of variable loan notes to UKLAP. The fixed rate notes were issued with values of £723 million, £788 million, £844 million, £874 million, £835 million, £898 million, £923 million, £825 million, £777 million, £745 million, £775 million, £652 million, £570 million, £570 million, £465 million, £406 million, £363 million, £347 million, £324 million, £321 million respectively. The fixed rate loan notes are backed by the mortgages backing the previous twelve tranches of loan notes along with new lifetime mortgages written by UKLAP between January 2025 and June 2025. As part of the restructure the company made a payment of £250 million to UKLAP from cash holdings already accumulated within the securitisation tranches.

All loan notes are issued to UKLAP.

Following the restructure, the fixed rate loan notes will be redeemed in pre-defined amounts on an annual basis according to a redemption schedule, commencing on 30 June 2026 and ending on the final maturity date in 2069. The payments on the variable rate loan note are determined by reference to the distribution accounts of the relevant tranche. The prioritisation of payments is ranked by reference to a payment waterfall, with any payments due on the variable rate loan note ranking after the fixed rate loan notes. The variable rate loan notes will be redeemed after the fixed rate loan notes have been fully redeemed in 2069.

All loan notes issued by the company are unrated.

14. Payables and other financial liabilities

	2025	2024
	£'000	£'000
Held at amortised cost:		
Amounts due to group undertakings	**17,707**	12,176
Other financial liabilities	**—**	725
Total as at 31 December	**17,707**	12,901
Expected to be settled within one year	**17,707**	12,901
Expected to be settled in more than one year	**—**	—
	17,707	12,901

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Notes to the financial statements (continued)

15. Statement of cash flows disclosures

(a) The reconciliation of profit before tax to the net cash inflow from operating activities is:

	2025 £'000	2024 £'000
Profit before tax	**42**	45
Adjustments for:		
Amortisation of deferred income	**(6,090)**	(5,427)
Fair value (gains) / losses on:		
Mortgages	**(340,556)**	(215,103)
Loan notes	**366,569**	239,387
Changes in working capital:		
Decrease / (increase) in receivables	**768**	(401)
Increase in payable and other financial liabilities	**4,805**	9,965
Proceeds from redemption of mortgages	**566,168**	524,964
Total cash generated from operating activities	**591,706**	553,430

(b) Cash and cash equivalents in the statement of cash flows at 31 December comprise:

	2025 £'000	2024 £'000
Cash at bank	**8**	36
Cash investment fund	**459,000**	532,700
Cash at bank and in hand	**459,008**	532,736

16. Capital structure

The Company maintains an efficient capital structure from equity shareholders' funds, consistent with the Company's overall risk profile and market requirements of the business. This note describes the way the Company manages capital and shows how this is structured.

(a) General

IFRS underpins the Company's capital structure and accordingly the capital structure is analysed on this basis.

(b) Capital Management

In managing its capital, the Company seeks to:

(i) match the profile of its assets and liabilities, taking account of the risks inherent in the business;

(ii) maintain financial strength to support new business growth and satisfy the requirements of its policyholders and regulator;

(iii) retain financial flexibility by maintaining strong liquidity; and

(iv) allocate capital efficiently to support growth and repatriate excess capital where appropriate.

(c) Different measures of capital

The Company measures its capital on an IFRS basis to comply with the regulatory regime within which the Company operates and those which the directors consider appropriate for the management of the business.

In managing its capital, the Company seeks to retain financial stability by maintaining a strong balance sheet position and sufficient liquidity to meet its obligations. The Company is not subject to any externally imposed capital requirements.

The Company manages shareholders' equity of £308 thousand *(2024: £277 thousand)* as capital.

Further details on risk and capital management are given in note 17.

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17. Risk management

(a) Risk management framework

The Company operates a risk management framework (RMF) that forms an integral part of the management and Board processes and decision-making framework, aligned to the Group's risk management framework. The key elements of the risk management framework comprise risk appetite; risk governance, including risk policies and business standards, risk oversight committees and roles and responsibilities; and the processes the Company uses to identify, measure, manage, monitor and report ("IMMMR") risks.

The RMF has been adopted by the boards of the legal entities within the business collectively referred to as "Insurance, Wealth & Retirement (IWR)" (including this Company).

For the purposes of risk identification and measurement, and aligned to the Company's risk policies, risks are usually grouped by risk type: credit, market, liquidity, life insurance (including long-term health), and operational risk. Risks falling within these types may affect a number of metrics including those relating to statement of financial position strength, liquidity and profit.

To promote a consistent and rigorous approach to risk management across the business, the Company has a set of risk policies and business standards which set out the risk strategy, appetite, framework and minimum requirements for the Company's operations.

A regular top-down key risk identification and assessment process is carried out by the risk function at an overall UK IWR level. This includes the consideration of emerging risks and is supported by deeper thematic reviews. UK IWR also operates a risk and control self-assessment process. The risk assessment processes are used to generate risk reports which are shared with the relevant risk committees.

Roles and responsibilities for risk management in the Company are based around the 'three lines of defence model' where ownership for risk is taken at all levels. Line management in the business is accountable for risk management, including the implementation of the risk management framework and embedding of the risk culture. The risk function is accountable for quantitative and qualitative oversight and challenge of the IMMMR processes and for developing the risk management framework. Internal Audit provides an independent assessment of the risk management framework and internal control processes.

(b) Market risk

Market risk is the risk of loss or adverse change in the financial situation (including the value of assets, liabilities and income) resulting, directly or indirectly, from fluctuations in the level or the volatility of market variables, such as interest rates or property prices.

For each of the major components of market risk, described in more detail below, the Company has put in place additional policies and procedures to set out how each risk should be managed and monitored, and the approach to setting an appropriate risk appetite. The business monitors adherence to this market risk policy and regularly reviews how these risks are being managed.

Profit for the Company for the year is calculated as 0.01% of interest accruing on the mortgages. The profit or loss for the year is also influenced by the accounting policy on the deferred income reserve (DIR), which is to account for this at amortised cost. This can give rise to profits and losses caused by timing differences between the value of the DIR on an amortised cost basis and the discounted value of future expenses included in the valuation of the loan notes. The impact of this and other changes in economic factors and assumption on the company are ultimately reflected in a change in the value of the variable loan notes issued by the Company.

Consequently, the Company has not provided any detailed sensitivity analysis as required by IFRS 7 and the impact of the risks referred to below is restricted to the statement of financial position of the Company. Exposure to these risks is borne by the note holders and other creditors of the company.

(i) Property price risk

Property price risk arises from sustained underperformance in house price inflation, with the resultant increase in the likelihood that the mortgage debt will exceed the proceeds of the property sale at the date of redemption. The level of house price inflation is monitored and the impact of exposure to adverse movements is regularly reviewed. To mitigate this risk the loan to value ratios on origination are at low levels and the performance of the mortgage portfolio is monitored through dilapidation reviews.

The Loan to Value (LTV) percentage of the mortgage asset interest bearing balances as at 31 December are as follows:

2025 - LTV						
<70%	**70-80%**	**80-90%**	**90-95%**	**95-100%**	**>100%**	**Total**
£'m	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
6,951.1	27.1	13.2	4.4	1.9	2.1	**6,999.8**

2024 - LTV						
<70%	70-80%	80-90%	90-95%	95-100%	>100%	Total
£'m	£'m	£'m	£'m	£'m	£'m	£'m
6,822.2	19.6	7.6	1.2	0.9	0.9	6,852.4

(ii) Interest rate risk

Interest rate risk arises primarily from fluctuations in the value of lifetime mortgage assets. Interest rate risk is controlled through the close matching of the duration and value of mortgages and mortgage funding in order to hedge against unfavourable or unmatched market movements in interest rates inherent in the underlying mortgages. The impact of exposure to sustained adverse interest rates is regularly monitored.

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(iii) Prepayment risk

Prepayment risk is the risk that the Equity Release mortgages will be repaid in a materially different profile to the expected profile at securitisation. This could lead to changes in the expected repayment rate of loan note interest and principal. This risk is mitigated by repayment charges applied to early redemptions.

(c) Credit risk

Credit risk is the risk of adverse financial impact resulting from fluctuations in credit quality of third parties, including default, rating transition and credit spread movements. The Company's management of credit risk under the oversight of UK IWR Asset Liability Committee (ALCO) and the Investment & Credit Committee, includes the articulation of risk appetite, exposure limit frameworks and investment and lending criteria within credit risk policies and management agreements. The credit ratings of financial institutions to which the Company is exposed are monitored and if these fall below a certain threshold collateralisation or other risk mitigation techniques are implemented.

The carrying amount of assets included in the statement of financial position represents the maximum credit exposure of the Company at the statement of financial position date.

There are no financial assets which are either past due or impaired.

Concentrations of credit risk

Individual loans represent little credit risk as the debt is ultimately repayable from the proceeds of the sale of the property on death of the mortgagee or on their transfer to long-term care.

The impact of collateral held on the net credit exposure is shown below.

			2025
	Carry value in the statement of financial position	**Collateral held**	**Net credit exposure**
	£'000	**£'000**	**£'000**
Loans	6,999,811	6,999,557	254

			2024
	Carry value in the statement of financial position	Collateral held	Net credit exposure
	£'000	£'000	£'000
Loans	6,852,420	6,852,323	97

To the extent that the property value exceeds the value of the loan balance, the table above shows only an amount equal to the latter, representing the value receivable by the Company on redemption of the loans.

As at the reporting date, there are no material expected credit losses recognised in relation to loans due from subsidiaries held at amortised cost.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments, if the cash flows from the mortgages differ from those expected. Such differences would arise from mortality, morbidity and voluntary prepayment risks.

The risk is mitigated by monitoring and modelling redemptions from a large diversified portfolio of individual equity release mortgage loans and the loan note profile ensures sufficient cash flows to meet liabilities. Ultimately, as all the risks and rewards are transferred via the deemed loans, UKLAP bears the impact of the risk.

The Company had an undrawn liquidity facility of £450 million (*2024: £1,206 million*), which has been sized to cover potential shortfalls between mortgage cash flows and fixed rate loan coupon payments.

The contractual undiscounted cash flows in relation to liabilities have the following maturities:

				2025
	Within 1 year	1-5 years	Over 5 years	No contractual maturity
	£'000	**£'000**	**£'000**	**£'000**
Liabilities				
Borrowings - fixed notes	**512,944**	**2,208,696**	**10,302,673**	**—**
Deferred income reserve	**6,804**	**28,845**	**116,408**	**—**
Payables and other financial liabilities	**17,706**	**—**	**—**	**—**

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				2024
	Within 1 year	1-5 years	Over 5 years	No contractual maturity
	£'000	£'000	£'000	£'000
Liabilities				
Borrowings - fixed notes	527,017	2,006,461	11,840,586	—
Deferred income reserve	6,092	26,628	85,298	—
Payables and other financial liabilities	12,901	—	—	—

The borrowings and DIR payment profit mirrors the repayment of the equity release mortgages and based on current modelling assumptions.

(e) Operational risk

Increasing geo-political tensions have heightened the risk of cyber security attacks on the Aviva Group or its suppliers, with the potential to cause business service interruption and/or data or intellectual property theft. In response, the Aviva Group continues to actively monitor the threat environment and enhance its IT infrastructure and Cyber controls to identify, detect and prevent attacks. Aviva's Cyber defences are regularly tested using our own 'ethical hacking' team and the Aviva Group has engaged with suppliers to put in place all reasonable measures so that services to Aviva and its customers are protected.

18. Related party transactions

The members of the Board of Directors are listed on page 3 of these financial statements.

All the loan notes issued by the Company are solely held by the immediate parent undertaking. Interest settled during the year in respect of these loan notes amounted to £nil *(2024: nil).*

The deemed loans held with the immediate parent undertaking are held in lieu of lifetime mortgages which cannot be derecognised from the immediate parent undertaking as a result of IFRS 9 , as detailed in note 7.

(a) Expenses payable to related parties

	2025	2024
	Expenses incurred in year	Expenses incurred in year
	£'000	£'000
Cash handling and portfolio administration fee	**(4,029)**	(6,533)

(b) Payable at year end

	2025	2024
	£'000	£'000
Parent undertaking	**7,328,734**	7,295,996
Other related parties	**17,707**	12,176
	7,346,441	7,308,172

(c) Receivable at year end

	2025	2024
	£'000	£'000
Parent undertaking	**7,007,613**	6,858,821
Other related parties	**—**	1,653
	7,007,613	6,860,474

(d) Key management compensation

No charge is disclosed by the Company for key management personnel as they are key management of a number of fellow subsidiary undertakings and it is not possible to make an accurate apportionment of their compensation in respect or each of the individual subsidiary undertakings.

Details of directors' emoluments are given in note 4.

(e) Parent entity

The immediate parent undertaking is Aviva Life & Pensions UK Limited, registered in England.

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(f) Ultimate controlling entity

The ultimate controlling entity, and parent of the largest and smallest groups which consolidate the results of the Company, is Aviva plc. Its Group Financial Statements are available on application to the Group Company Secretary, Aviva plc, 80 Fenchurch Street, London, EC3M 4AE and on the Aviva plc website at www.aviva.com.