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Aviva Life & Pensions UK Limited

Registered in England and Wales No. 03253947

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Annual Report and Financial Statements 2025

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Directors and officer

Directors

D A Brown (Executive Director)
J E M Curtis (Independent Non-Executive Director)
A Dinwiddie (Executive Director)
M Harris (Senior Independent Non-Executive Director)
J McConville (Non-Executive Director, Chair)
M A Murphy (Independent Non-Executive Director)
A R Parkes (Non-Executive Director)

Officer – Company Secretary

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

Independent Auditors

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Registered office

Aviva
Wellington Row
York
YO90 1WR

Company number

Registered in England and Wales no. 03253947

Other information

Aviva Life & Pensions UK Limited ("the Company") is a member of the Association of British Insurers and covered by the Financial Ombudsman Service and is authorised and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA").

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 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 (registered number is 03253947). The principal activity of the Company is life and pension insurance business. The Company has both Non-profit and With-profits funds and offers a market leading range of propositions to individual and corporate customers covering their insurance, wealth and retirement needs. The directors consider that this will continue unchanged into the foreseeable future. During 2025, the Company continued to reinsure a significant proportion of its Non-profit business outwards to a fellow subsidiary of the Group, Aviva International Insurance Limited.

Significant Events

The Company's financial results are affected by a number of external factors, including demographic trends, general economic and market conditions, government policy and legislation and exchange rate fluctuations. In addition, our 2025 financial performance includes the impact of corporate actions taken aimed at achieving our stated strategy. The impact of these events on IFRS performance and Solvency II may differ due to their different measurement and recognition criteria.

The following significant events impacted our business during the year:

- On 21 February 2025, the Company approved the (i) renewal of the UKLAP Shareholder Fund ("SHF") loan facility to Aviva Protection UK Limited for a further year, or until the effective date of the Part VII transfer if sooner (which took place on 31 December 2025), at a reduced amount of £135m; (ii) renewal of the UKLAP SHF loan facility to Aviva Pension Trustees UK Limited at an increased amount of £35m
- On the 17 March 2025 the Company subscribed for and was allotted 10,000,000 ordinary shares of £1 each in the share capital of Aviva Pension Trustees UK Limited, fully paid at par for a consideration of £10m.
- On 12 May 2025 a cash dividend of £610m was paid from the Company to its parent entity, Aviva Life Holdings UK Limited.
- On 7 October 2025 a cash dividend of £300m was paid from the Company to its parent entity, Aviva Life Holdings UK Limited.
- On 31st December 2025, a transfer of the Aviva Protection UK Limited (APUK) business into the Company was effected, under a Part VII Transfer of the Financial Services and Markets Act 2000 (scheme transfer). This consolidates all of the Group's UK life insurance business into one legal entity which delivers both capital and efficiency benefits.

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 in 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.

Section 172(1) Statement

We report here on how our directors have performed their duties under Section 172(1) ("s.172")) of the Companies Act 2006.

S.172 sets out a series of matters to which the directors must have regard to when performing their duty to promote the success of the Company for the benefit of its shareholders, including having regard to other stakeholders.

Our Board considers it crucial that the Company maintains a reputation for high standards of business conduct. As a holding company of the IWR group of entities, within the overall Aviva Group structure, the Aviva Life Holdings UK Limited (UKLH) Board is responsible for the operation of the of the company and its subsidiaries. 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 where our businesses fall short of the standards we expect.

The Board is also focussed on the wider social context within which our businesses operate, including those issues related to climate change which are of fundamental importance to the planet's well-being.

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Strategic report

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 Stakeholders

This section provides insight into how the Board engages with our stakeholders. The board recognises that stakeholders have diverse interests and that these interests 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 receives updates from the Executive Directors which details any substantial engagement with its stakeholders. There are also regular agenda items to ensure that the Board receives relevant updates on all of our key stakeholders, such as reports from our people function, customer service and our business functions.

The Board carefully considered the likely consequences of its long-term decisions as part of its consideration of Aviva's strategy. The Board held a two-day dedicated strategy session in June 2025 to consider the long-term strategic decision of the business. As part of these strategic discussions, the Board considered the industry and market and the potential impact to stakeholders.

The Company Board is autonomous and legally accountable for the business of the Company but it recognises that the Company is part of the Aviva Group. As such, it regularly engages with Group to ensure good governance and adherence to various Group standards, policies and best practice as set by Aviva plc, some of which are described in the tables below. Aviva plc sets the overall strategic direction of the Group, of which the Company's business is a substantial contributor. 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. The Board regularly reviews its engagement mechanisms with stakeholders to ensure they remain effective.

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.
- Colleague engagement is supported through Group-wide engagement mechanisms, and the Board is kept informed of workforce-related matters through reporting and governance processes. The Board uses these insights to assess whether workforce-related matters have implications for the Company's governance, strategy or risk profile.
- 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 business's success as shareholders through membership of the Aviva Group global share plans. All Group employees are eligible for our global share plans.
- The Board, together with the Audit Committee, reviewed reports on the Speak Up service.
- The Board focused on culture, conduct and capability themes identified through reporting, including insights from colleague surveys, regulatory feedback and risk updates. These inputs enabled the Board to consider whether people related factors could impact the delivery of the Company's objectives.

Outcomes and actions during the year

- No material people-related issues were identified during the year, and engagement indicators remained consistent with expectations.
- The 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.

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Strategic report

Customers

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

How we have engaged

- The Board, and the Conduct Committee, received regular reporting on customer outcomes and strategic customer initiatives, including reporting on customer journeys, service performance and customer insights.
- The Board and its committees engage closely with management to monitor customer metrics, assess customer feedback, review complaint themes, and ensure that customer interests are appropriately represented in decision-making.

- The Board, and the Conduct Committee, has focused on the implementation and ongoing compliance with the FCA's Consumer Duty, ensuring customer needs, fair value and good outcomes remain central to governance and product oversight.
- The Board focussed on our digital customer journeys, making it easier and more convenient for customers to interact with us.

Outcomes and actions during the year

- Insights from regular updates informed the Board's oversight of product governance, conduct risk and operational performance during the year.

Shareholders

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

How we have engaged

- The Board maintains regular engagement with the Company's immediate parent, Aviva Life Holdings UK Limited, and ultimate shareholder, Aviva plc, through established governance and escalation channels. Members of the Aviva plc Board may also attend the Company's Board or Committee meetings, supporting strategic alignment and transparent dialogue.
- At Aviva Group level, a shareholder newsletter was published on aviva.com each quarter and provided shareholders with information including on matters such as governance, strategy and performance.
- The 2025 Aviva plc AGM took place in Bristol which gave the Aviva plc Board an opportunity to meet local and retail shareholders.

Outcomes and actions during the year

- The Board monitored relevant regulatory and market developments during the year and considered their implications for the shareholder, ensuring that decision-making remained aligned with expectations.
- The Board focused on safeguarding and enhancing shareholder value through strong financial stewardship, prudent capital management, and ongoing regulatory compliance, ensuring alignment with Group-wide Governance frameworks.
- The Board monitored macroeconomics and regulatory developments and responded where appropriate to protect shareholder interests.
- As a result of positive feedback received from shareholders regarding hosting the Aviva plc AGM outside of London, the Aviva plc Board decided to hold the 2026 AGM in York, providing another opportunity to meet local and retail shareholders.

Regulators

As an insurance company, we are subject to financial services regulation and approvals in all the markets we operate in.

How we have engaged

- The Company maintains a constructive and open relationship with its regulators through regular engagement involving Board members, senior management, and relevant risk, audit or compliance functions.
- Regulatory updates received by the Board included developments relating to Consumer Duty, prudential requirements, product governance and relevant thematic reviews.

Outcomes and actions during the year

- Continued focus on implementation and oversight of Consumer Duty, including embedding fair value assessments, product governance expectations and customer outcome monitoring.
- The Board received regular updates on regulatory developments, including Consumer Duty, product governance, regulatory feedback and areas requiring further assurance or oversight. The updates enabled the Board to consider regulatory expectations as part of its oversight of risk, strategy and governance.

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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 enable colleagues across the Group to participate in socially valuable projects

- The Board considered Group policies and initiatives relating to sustainability, responsible business and community engagement, ensuring continued alignment with Aviva's expectations in these areas when making decisions.

Outcomes and actions during the year

- Employees across the Group are 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, the 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.

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 Board receives updates, where relevant, on material supplier matters through reporting, enabling the directors to consider supplier impacts when making decisions.
- The Board delegates day-to-day engagement with suppliers and oversight of supplier relationships to senior management, supported by established governance frameworks. 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.

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

Outcomes and actions during the year

- The Board received assurance during the year that key third-party providers continued to deliver services effectively, with no material disruptions identified that affected the Company's operations.
- The Board reviewed the Company's connection to the wider supply chain through its annual approval of the Aviva Group Modern Slavery Act Statement.
- Aviva continued to hold its Net Zero Supplier summit.
- Aviva remains a signatory to the Prompt Payment Code.

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Strategic report

Financial position and performance

The financial position of the Company at 31 December 2025 is shown in the Statement of financial position on page 40, with the trading results shown in the Income statement on page 38 and the Statement of cash flows on page 41.

The Company's net assets have decreased by £804 million (2024: decreased by £807 million), which is driven by a profit after tax of £110 million, dividends paid of £910 million, and a loss of £4 million arising from the scheme transfer of APUK. This includes the impact of a prior-year restatement arising from a change in accounting policy.

The Company paid dividends totalling £910 million to its parent company during the year (2024: £945 million).

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

The Company is well positioned to compete in its key markets by leveraging the power of Aviva's breadth of offering within the UK to deliver compelling propositions to meet our customer needs, alongside driving digitisation through customer services, propositions and ensuring we are easy for customers to do business with, however they choose.

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 39 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: 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, foreign exchange rates, equity, property and commodity prices;
- Credit risk: the risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements;
- Life insurance risk: including mortality risk, morbidity risk, longevity risk, persistency risk, expense risk and policyholder behaviour risk around take-up of insurance guarantees and options.

Changes to the risk profile in the reporting period

The Company's continued exposure to external risks such as cyber attacks remained high in 2025. Given the current geopolitical environment, the Company's exposure to such external factors is expected to remain high in the short to medium term, however a robust control framework remains in place.

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
Capital Metrics (unaudited)		
Regulatory Capital Surplus Ratio[1]	169%	164%
Regulatory Capital Surplus (£m)[1]	3,757	3,546
Financial Performance Metrics		
Operating Capital Generation (£m)[2]	924	677
Insurance Service Result (£m)[3]	**868**	745
Net written premiums, including deposits for non-participating investment contracts (£m)[4]	**17,747**	18,560
IFRS profit/(loss) for the year after tax (£m)[5]	**110**	(315)
Decrease IFRS shareholders equity (£m)[6]	**(804)**	(807)
Non-Financial Metrics		
Transactional net promoter score[7]	53.8%	47.5%

[1] The regulatory capital surplus and the regulatory capital surplus ratio are prepared in accordance with the Solvency II financial reporting framework, which is the applicable financial reporting framework for the Company's capital management regime and therefore the Company actively monitors performance against these regulatory measures. The Regulatory Capital Surplus is the value of the Solvency II

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operating eligible Own Funds to meet the Company's Solvency Capital Requirement ("SCR") in excess of the SCR. The Regulatory Capital Surplus Ratio is the ratio of the eligible Own Funds to meet the SCR over the SCR.

The increase in Surplus in the year is driven by operating capital generation being higher than payment of dividends and other non-operating and tax movements, and includes the impact of a prior-year restatement arising from a change in accounting policy.

[2] Operating Capital Generation ("OCG") is an alternative performance measure (APM). It is the Solvency II surplus movement in the period due to operating items. The calculation of OCG is consistent with previous years. For the Company, OCG comprises of the impact of new business, earnings from existing business and other OCG; other OCG includes the impact of capital actions and non-economic assumption changes. OCG excludes economic variances and economic assumption changes.

OCG increased by £247m year-on-year, driven mainly by a £445m rise in management actions and non-economic items partly offset by £121m higher adverse variances and £86m higher new business strain.

[3] The 2025 insurance service result is primarily driven by a £602 million release through the Contractual Service Margin and Risk Adjustment.

[4] Net written premiums, including deposits for non-participating investment contracts is an APM. It comprises the total value of premiums, net of reinsurance, for all insurance and investment business. The decrease from the prior year is primarily due to an increase in gross premiums received on unit linked business, more than offset by a decrease in premiums received for bulk purchase annuities.

[5] The profit after tax for the year was £110 million (2024: £315 million loss), with the improvement primarily reflecting the impact of favourable economic factors during 2025.

[6] The decrease in shareholder equity over 2025 is driven by payment of £910 million of dividends and a loss of £4 million on the Scheme Transfer of APUK, partially offset by the £105 million profit in the year.

[7] The Company's principal non-financial KPI is the 'transactional net promoter score'. This measures the likelihood of a customer recommending Aviva following a transaction or interaction, on a scale of 1 to 10. Respondents are categorised as promoters (9-10), passives (7-8), or detractors (0-6). The NPS is then calculated by subtracting the percentage of detractors from promoters.

By order of the Board on 25 March 2026

Signed by:
Claire Phillips
34CA5D07D4514F9...

Claire 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 present their report for the year ended 31 December 2025.

Directors

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

Details of Board appointments and resignations during the year and since the year end are shown below:

Appointments

None

Resignations

M J Kellard on 01 August 2025

Company Secretary

The name of the Company Secretary is shown on page 3.

Dividends

Interim and final ordinary dividends totalling £910 million on the Company's ordinary shares were declared and settled during 2025 (2024: £945 million), all of which was settled in cash. The directors do not recommend a final dividend on the Company's ordinary shares for the year ended 31 December 2025 (2024: £nil).

Going concern

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; its contingent liabilities and other risk factors (note 35); its commitments (note 36); its capital structure (note 37); management of its risks including market, credit and liquidity risk (note 39); and derivative financial instruments and hedging (note 40).

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.

Management have performed an assessment of Company's current and forecast solvency and liquidity positions over a three-year period as it aligns to the Company's 2026-2028 business plan and to the period for which the Company establishes its internal and external targets. Stress and scenario testing (including reverse stress testing) is used to test the resilience of business plans and to inform decision-making. These tests are driven by the Company's risk profile using a range of severities as part of the Group solvency and liquidity management processes.

Based on the assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in existence for a period of twelve months from the date of approval of the financial statements to 25 March 2027. 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 within the Strategic report starting on page 4.

Stakeholder engagement

Our statements summarising our employee engagement, and our engagement with suppliers, customers and our other stakeholders are included in our Strategic report starting on page 4.

Statement of corporate governance arrangements

For the year ended 31 December 2025, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (the "Principles"). We set out below how the Principles have been applied during 2025.

Principle 1 - Purpose and leadership

The Company is part of the Aviva Group. Aviva's purpose is to be 'with you today, for a better tomorrow' to protect the things that matter most to the Group's customers. To live up to that purpose, the Group has a vision to be 'the leading UK provider and go-to customer brand

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Directors' report

for all insurance, wealth and retirement solutions, with strong businesses in Ireland and Canada' and has a clear strategy and plan to achieve this vision:

- **Customer:** Growing our customer base, serving more needs and transforming experience
- **Growth:** Accelerating growth in capital-light Insurance and Wealth - disciplined in Retirement
- **Efficiency:** Driving operating leverage with technology and artificial intelligence at the core
- **Sustainability:** Committed to climate and social action, and being a sustainable business

The delivery of our strategy and plan is guided by our values:

- **Care:** We care deeply about the positive difference we can make in our customers' lives
- **Commitment:** We understand the impact we have on the world and take the responsibility that comes with it seriously
- **Community:** We recognise the strength that comes from working as one team, built on trust and respect
- **Confidence:** We believe the best is yet to come for our customers, our people, and society

The Board has made a number of strategic decisions through the year which are aligned to its purpose.

The Board monitors the culture of the Company and raises any concerns during meetings and the Board is able to express its views on the culture of the organisation through the Board Effectiveness Reviews. Culture information has been added to the Board's annual planner to ensure the Board has the opportunity to review culture metrics and that employees have the right values, attitudes and behaviours and are focussed on doing the right thing for the customer. The Company complies with the Senior Managers' Certification Regime which further strengthens the drive for individual accountability. Employee engagement is sought through the Voice of Aviva employee surveys, the output of which is reviewed by the Board and an action plan put in place to address areas identified by employees which may require further focus.

The Board is responsible for promoting the long-term success of the Company for the benefit of its members as a whole, taking into account other stakeholders as defined by Section 172 of the Companies Act 2006 and the Articles of Association and including but not limited to; setting the Company's strategic aims, monitoring performance of the Company and management against those aims, setting the Company's risk appetite and monitoring the operation of prudent and effective controls and monitoring compliance with corporate governance principles.

Principle 2 - Board Composition

The Company's Board has a separate Non-Executive Chair and Chief Executive to ensure that the balance of responsibilities, accountabilities and decision making across the Company is effectively maintained. The directors have equal voting rights when making decisions, except the Chair, who has a casting vote. All Directors have access to the advice and services of the Company Secretary.

The Board is comprised of both Non-Executive Directors, the majority of whom are independent Non-Executive Directors, and Executive Directors. The Board also has a Senior Independent Non-Executive Director. The Board is responsible for organising and directing the affairs of the Company in a manner that is most likely to promote the success of the Company for its shareholders as a whole and in a way that is consistent with its Articles of Association, applicable regulatory requirements and current corporate governance practice.

The Board has a skills matrix in place to ensure the composition of the Board contains the appropriate combination of skills, backgrounds, experience and knowledge to understand and guide the business. The skills matrix is a key tool in any Board recruitment process to ensure the most suitable candidates are put forward for appointment to fill any gaps identified and to maintain a focus on succession planning to ensure the Board composition remains appropriate.

The Board undertook a formal effectiveness review of its performance during the year, the results of which were discussed by the Board at its meeting on 21 February 2025. The Board evaluation tracker was subsequently refreshed to include new actions arising from the 2025 evaluation process and will be updated on an ongoing basis throughout the year and shared regularly with the Board. The next independent assessment will take place in 2026. The 2025 Board Effectiveness Review assessed that overall the Company was operating effectively, with a number of areas prioritised for focus during the coming year.

Principle 3 - Director Responsibilities

The Company operates in accordance with the Aviva Governance Framework, as approved by Aviva plc. The Aviva Governance Framework articulates the interrelation between our purpose, culture, values, our reporting and escalation structures and their alignment with legal and regulatory duties and our risk management framework. The core elements of the Framework are the legal and regulatory flow of accountability and decision-making and the Company's frameworks, policies and standards and the checks and balances through the operation of the Company's 2nd and 3rd lines of defence which ensure effective Board oversight.

Within the Aviva Group, accountability is formally delegated by the Board of the Company to the CEO and by the CEO to their direct reports. The CEO delegations are referenced in the Company's Matters Reserved For the Board. Accountability rests with these individuals and the Board. These accountabilities are aligned with the Senior Managers Certification Regime responsibilities. These roles and responsibilities

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Directors' report

are clearly documented in the Management Responsibility Maps which form part of our Governance Framework and which are submitted to the Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA") on a quarterly basis. The Company must also adhere to the Subsidiary Governance Principles which are a set of internal governance principles.

The Board of the Company's parent, Aviva Life Holdings UK Limited, has established an Audit Committee, a Risk Committee, a Conduct Committee and an Investment Committee with authority to act on behalf of the Company. In addition, the Board is advised by an Independent With-profits Committee and an Independent Governance Committee. The Terms of Reference for these committees are aligned to those of Aviva plc, where applicable, and are approved annually by the Board.

The Audit Committee is responsible for reviewing the effectiveness of the Company's systems and controls for financial reporting and receives regular updates on the work of the internal audit function and from external auditors. The Board also receives reports from the CFO at each board meeting.

The Risk Committee is responsible for oversight of risk, reviewing the Company's risk appetite and risk profile, reviewing the effectiveness of the Company's risk management framework, reviewing the methodology used in determining the Company's capital requirements, stress testing, ensuring due diligence appraisals are carried out on strategic or significant transactions, and monitoring the Company's regulatory activities, as appropriate.

The Conduct Committee is responsible for assisting the Board in its oversight of conduct issues. This includes oversight of the Company's conduct framework including product design, live selling practices, claims practices, and conduct oversight of third parties. The Committee's responsibilities include reviewing the Company's conduct and financial crime risk profile, and overseeing the brand and reputation of the Company, ensuring that reputational risk is consistent with the risk tolerance approved by the Board and the creation of long-term shareholder value.

The Investment Committee is responsible for assessing and approving investment strategy and policy consistent with the risk appetite approved by the Board. The Committee's responsibilities include overseeing the relationship between the Company and its investment managers and custodians, monitoring investment performance and the Company's investment management functions.

Principle 4 - Opportunity and Risk

The role of the Board is to promote the long-term sustainable success of the company, identifying opportunities to create and preserve value for its shareholder within a framework of prudent and effective controls, which enable risks to be assessed and managed.

The Company operates a risk management framework 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 risks, including the use of risk models and stress and scenario testing.

The Company's position against its risk appetites and tolerances is monitored and reported to the Board on a regular basis. Long-term sustainability depends upon the protection of franchise value and good customer relationships. As such, the Company has a risk preference that it will not accept risks that materially impair the reputation of the Company and requires that customers are always treated with integrity.

Principle 5 - Remuneration

Under the Aviva Group Reward Governance Framework, the Company's remuneration policy operates in accordance with the Remuneration Policy as approved by the Aviva plc Remuneration Committee, which applies to all employees in entities within the Group. The Remuneration Policy is aligned with the UK Corporate Governance Code requirements relating to remuneration. Independent Non-Executive director fees are also set by Aviva plc and reviewed annually. Details of Directors Remuneration is included on page 47.

The Aviva Group reports on the pay ratio of the Group CEO to UK employees, and details of this can be found in the Directors' Remuneration Report in the Aviva plc Annual report and accounts which is available at www.aviva.com/investors/reports/. Aviva plc also reports on our gender pay gap, and on the steps we are taking in relation to this which can be found at https://www.aviva.com/about-us/diversity-equity-and-inclusion/uk-pay-gap-report/

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Directors' report

The Board held a private session on 27 November 2025 to discuss 2025 performance and conduct of key individuals of the Company's management and provided input into their full year 2025 remuneration reviews.

As employees of Aviva, staff are able to enjoy the comprehensive flexible benefit offering including the Aviva staff pension scheme and Aviva's broader wellbeing offering which aims to promote health and wellbeing among Aviva colleagues.

Principle 6 - Stakeholders

Details about Stakeholders can be found in the Section 172 Statement in the Strategic Report.

Political Donations

The Company did not make any political donations during the year (2024: £nil).

Financial instruments

The Company uses financial instruments to manage certain types of risks, including those relating to credit, foreign currency exchange, cash flow, liquidity, interest rates, inflation, and equity and property prices. Details of the objectives and management of these instruments are contained in note 39 on risk management.

Employees

The Company has no employees (2024: nil). The majority of employees engaged in the activities of the Company are employed by a subsidiary undertaking of Aviva plc, Aviva Employment Services Limited ("AESL"). Disclosures relating to employees may be found in the Annual report and financial statements of AESL. The Company is recharged with the costs of the staff provided by this company.

Disclosure of information to the auditors

In accordance with section 418 of the Companies Act 2006, the directors in office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Independent Auditors, Ernst & Young, is unaware of and each director has taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that Ernst & Young is aware of that information.

Independent Auditors

It is the intention of the directors to reappoint the auditors, Ernst & Young LLP, under the deemed appointment rules of section 487 of the Companies Act 2006.

Qualifying indemnity provisions

Aviva plc, the Company's ultimate parent, granted in 2004 an indemnity to the directors other than J McConville 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 s309A to s309C 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. Aviva plc has also granted a qualifying third-party indemnity provision for the benefit of J McConville covering liabilities that may attach to him in his capacity as director of the Company. This was in force during the financial year and remains in force.

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 s234 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

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Directors' report

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 UK-adopted international accounting standards ("IFRS").

Under company law, 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 reasonable and prudent judgements and accounting estimates;
- state whether applicable UK-adopted international accounting standards have been followed, 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.

By order of the Board on 25 March 2026

Signed by:
Claire Phillips
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Claire Phillips

For and on behalf of Aviva Company Secretarial Services Limited

Company Secretary

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Independent auditor's report to the members of Aviva Life & Pensions UK Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Aviva Life & Pensions UK Limited for the year ended 31 December 2025 which comprise the income statement, statement of changes in equity, statement of financial position, statement of cash flows and the related notes 1 to 45 (except for note 37 c(ii) which is unaudited), including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards

.In our opinion, the financial statements:

- give a true and fair view 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 UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, 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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of management's going concern assessment process;
- Evaluating management's going concern assessment which included an assessment of the company's long-term business and strategic plans, consideration of principal and emerging risks (including commitments and contingent liabilities) capital adequacy and liquidity positions covering the period to 25 March 2027;
- Assessing management's consideration of how solvency and liquidity have been managed in response to the current economic environment and evaluating the current and forecast liquidity and solvency position of the company based on the company's 2026-2028 business plan, and their associated stress and scenario testing (including reverse stress testing);
- Challenging the key assumptions, and plausibility of management actions used in management's downside scenarios to mitigate the impact of the key risks by considering the success of previous similar management actions and the robustness of the plans in the context of our understanding of the company;
- Performing enquiries of management and those charged with governance to identify risks or events that may impact the company's ability to continue as a going concern. We also confirmed that management's assessment was approved by the Board and reviewed minutes of meetings of the Board and its key committees; and
- Review of going concern disclosures included in the financial statements for conformity with accounting standards.

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 to 25 March 2027, being twelve months from the date 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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Independent auditor's report to the members of Aviva Life & Pensions UK Limited

Overview of our audit approach

Key audit matters	• Valuation of insurance contract and participating investment contract liabilities with a focus on certain key assumptions • Valuation of certain hard-to-value assets held by the non-profit/shareholder funds • Valuation and subsequent release of Contractual Service Margin ('CSM')
Materiality	• Overall materiality of £130m which represents 1.75% of closing adjusted shareholders' equity (equity attributable to shareholders of the company plus contractual service margin (net of tax))

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determines our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed.

We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditor, to identify and assess risks of material misstatement in the financial statements and identified significant accounts and disclosures. When identifying the audit work that needed to be performed by the component to respond to the identified risks of material misstatement in the financial statements, we considered our understanding of the company and its business environment, the applicable financial framework, the system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We identified one component 'Group Assets' as individually relevant due to the presence of a significant risk of material misstatement and due to materiality of the component.

We identified the significant accounts where audit work needed to be performed at the component by applying professional judgement, the reasons for identifying the component as an individually relevant component and the size of the component's account balance relative to the company's significant financial statement account balance. The Group Assets component's scope relates to work on assets held by the company and managed by Aviva Investors and included the valuation of certain hard-to-value assets as reported in the key audit matters section below.

In addition, the company uses Aviva Group's centralised information technology function and audit work in this area has been performed by a centralised shared service EY team under the direction of the audit team.

Involvement with the component and centralised shared service teams

The audit team maintained oversight of the component and centralised shared service team through regular planned meetings that had been designed to ensure the Senior Statutory Auditor was satisfied that sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the company financial statements as a whole. These meetings involved discussing the audit approach, audit findings and any issues arising with the component team.

The audit team interacted regularly with the component and centralised shared service team where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process.

Climate change

Stakeholders are increasingly interested in how climate change will impact Aviva Life & Pensions UK Limited. The company has determined that the most significant future impacts from climate change on its operations will be from fair value measurement of assets and life insurance risks. These are explained in Note 20 and 39 to the audited financial statements.

In planning and performing our audit we assessed the potential impacts of climate change on the company's business and any consequential material impact on its financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, the effects of material climate risks disclosed and whether these have been appropriately reflected in asset values and in the timing and nature of insurance contract liabilities recognised. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

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Independent auditor's report to the members of Aviva Life & Pensions UK Limited

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent auditor's report to the members of Aviva Life & Pensions UK Limited

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of insurance contract and participating investment contract liabilities (£108bn, 2024: £104bn) *Refer to Accounting policy (M) 'Insurance and participating investment contract liabilities and Note 28 Insurance and reinsurance contracts* A key focus of our audit relates to management's selection of certain key assumptions to determine the insurance contract and participating investment contract liabilities given the scope that exists for the exercise of judgement and therefore potential manipulation. The assumptions that we have determined to have the most significant impact are: • Longevity assumptions used to value the best estimate liabilities for annuity business; • Persistency assumptions for valuing best estimate liabilities considering increased bond withdrawals and changes in retirement profiles; • Expenses, reflecting the expected future expenses that will be required to maintain the in-force policies at the balance sheet date; and • Discount rate used, including an allowance for illiquidity (in particular, top-down discount rates applied to annuity liabilities).	To obtain sufficient audit evidence to conclude on the appropriateness of actuarial assumptions, using EY actuaries as part of our audit team, we performed the following procedures; • obtained an understanding and tested the design and implementation of key controls over management's process for setting and updating key actuarial assumptions; • challenged and assessed whether the methodology and assumptions applied are appropriate by comparing it to our knowledge of the company, industry standards, regulatory and financial reporting requirements; • Tested management's data inputs into a sample of experience analyses for accuracy and that management's proposed assumption changes are consistent with experience; • Assessed the appropriateness of management's judgements used to derive the key assumptions (longevity, persistency, expenses and discount rate) for the most significant lines of business, including challenging judgmental overlays applied or planned future management actions; • Challenged and assessed management's decisions on the inclusion or exclusion of data from the period impacted by COVID-19 when setting the longevity assumptions; • Evaluated the results of management's analysis to assess whether these justify the adopted assumptions, using the results from the industry standard Continuous Mortality Investigation ('CMI') on longevity trends, and benchmark against the other industry participants; • Assessed the expense assumptions adopted by management by challenging the expense projections including inflation assumptions, the impact of the increase in volumes of new insurance business written, the inclusion of benefits arising from planned future management actions and the basis of allocation between maintenance and acquisition and attributable and non-attributable; • Checked that the approved assumptions were used in the year end valuation models; • Assessed the methodology used in determining the discount rate applied (including an allowance for illiquidity) and • Where expert judgement is applied, we benchmarked management's approach against those of other comparable industry participants.	We determined that the actuarial assumptions, used by management, are reasonable based on the analysis of experience to date, industry practice and the financial reporting framework.

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Independent auditor's report to the members of Aviva Life & Pensions UK Limited

Valuation of certain hard-to-value assets (£24.1bn, 2024: £22.9bn) *Refer to sections; (F) Fair value measurement, and (AC) Loans within the Accounting policies; and Note 20 and 21 of the Financial Statements* The company holds a number of complex and illiquid level 3 financial investments that are hard-to-value, and as such are subject to judgment. We considered the risk to be highest within those level 3 assets held by the non-profit/shareholder funds with subjective or uncertain inputs specifically the following loans: • Private Finance Initiative ('PFI') commercial mortgages • Mortgage loans (commercial mortgages and equity release mortgages ('ERM')) • Infrastructure and other loans	To conclude over the valuation of loans (excluding ERM) we: • Obtained an understanding and tested the design and implementation of key controls over management's valuation process; • Tested the accuracy of mortgage data used in the valuation model by agreeing a sample of new loans to supporting evidence and validating a sample of movements on static data over the period; • Engaged EY valuation specialists to calculate a reasonable valuation range for the loans, on a sample or portfolio basis; and • Utilised EY independent valuation models, inputs and assumptions to determine the asset values, with a particular emphasis on the key assumptions outlined below o Discounted cashflows model ('DCF') - credit risk adjusted spread; and o Portfolio credit risk model ('PCRM') – exposure and loss given default ('LGD'), probability of default ('PD') and illiquidity premium. To conclude over the valuation of equity release mortgages we: • Obtained an understanding and tested the design and implementation of key controls over management's valuation process for setting and updating significant assumptions; • Tested the accuracy of mortgage data utilised within management's valuation model by agreeing a sample of loans to the administrative system as well as other supporting evidence; • Assessed the appropriateness of management's judgements used to derive the key assumptions, including (a) property assumptions utilised in the valuation of the no negative equity guarantee (NNEG), including long term property growth, index underperformance, property values, property market volatility, (b) loan repayment assumptions, based on projected mortality, long term care (LTC), and (c) the determination of the discount rate applied; • Performed benchmarking of key demographic economic assumptions against peers to confirm the relative strength of management's assumptions versus other industry participants, and assessed reasonableness of management utilised property prices against external market data; • Corroborated the results of management's experience analysis, specifically on mortality and index underperformance, to agree whether these justified the adopted assumptions; • Engaged EY valuation specialists to test the integrity and appropriateness of the valuation model, by comparing the output of EY's independent model to management's valuation for equity release mortgage loans; and • Assessed the reasonableness of current property prices used in management's model for a sample of properties, by benchmarking to external market data.	Based on our procedures performed on the PFI commercial mortgages, mortgage loans, and infrastructure and other loans, we are satisfied that the valuation of these hard-to-value assets is reasonable.

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Independent auditor's report to the members of Aviva Life & Pensions UK Limited

Valuation and subsequent release of Contractual Service Margin ('CSM') (£9.2bn, 2024: £8.7bn) *Refer to section (H) Insurance service result and section (M) Insurance and participating investment contract liabilities in the Accounting policies; Note 3 Insurance revenue and Note 28 Insurance and reinsurance contracts of the Financial Statements* The contractual service margin ('CSM') represents the unearned profits within the in-force book that will be recognised as revenue in future periods. As the CSM release drives the recognition of revenue and is subject to judgement, it is inherently susceptible to management bias or manipulation. Therefore, we consider that it presents a higher risk of material misstatement and a fraud risk. Specifically, we have identified a fraud risk on the incorrect valuation of the CSM, and corresponding CSM release, as a result of inappropriate management judgement related to: (a) new business CSM (b) the determination and projection of the coverage units used within the amortisation of the CSM, (c) the determination of onerous contracts and (d) and the underlying assumptions applied in the calculation of the CSM.	To obtain sufficient audit evidence to conclude on the valuation of the CSM, we engaged our actuaries as part of our audit team and performed the following procedures: • Obtained an understanding and tested the design and implementation of key controls over management's process for: o The determination of coverage units; o The change management and governance process over the CSM calculation model; and o Management review controls over CSM movements during the period, including release of CSM; • Tested the accuracy of the CSM calculation, and release of CSM, through reperformance of the calculation for a sample of Insurance contract groups using EY's independent model; • Compared the impact of assumption changes in the CSM movement to related changes in the best estimate of liabilities ('BEL') calculation, including considering whether they relate to past or future service; • Tested the appropriateness of the inputs utilised in management's CSM model, including the actual and expected cashflows, coverage units, the interest accretion for contracts measured using GMM, and the entity's share of the fair value of the underlying items for contracts measured using VFA; • Tested for a sample of contracts issued during the year, the calculation of the initial CSM including, where relevant, the identification of onerous contracts; • Tested the annual profitability assessments to validate that items tagged as profitable which subsequently moved to onerous is appropriate as at valuation date, and vice versa; and • Assessed the elements of the movement in the CSM including adjustments for assumption changes, fair value of underlying, risk mitigation, premium variance and amortisation profiles.	Based on our procedures performed we are satisfied that the valuation and release of CSM has been recognised in-line with the requirements of IFRS 17.

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Independent auditor's report to the members of Aviva Life & Pensions UK Limited

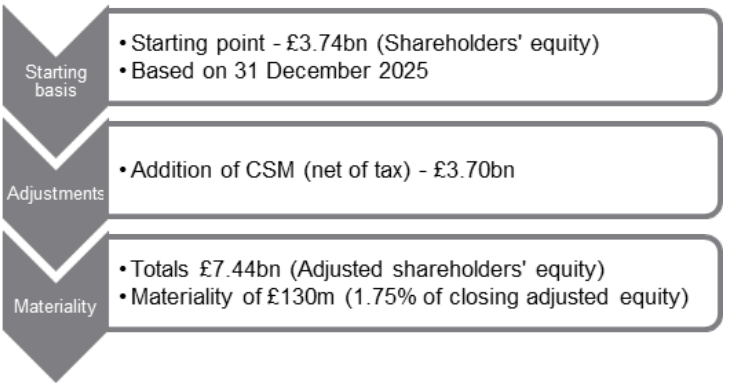
Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £130 million (2024: £115m), which is 1.75% (2024: 1.5%) of closing adjusted shareholders' equity. IFRS adjusted shareholders' equity represents the equity attributable to shareholders of Aviva Life & Pensions UK Limited plus the CSM, net of the associated tax. This measure represents the current equity attributable to shareholders and an estimate of locked-in future net profits to be generated from current in-force business which will ultimately increase the total shareholders' equity available for distribution as dividends. Since this metric provides an expectation of the future total equity of the company, we consider it to be an appropriate benchmark to determine materiality.



During the course of our audit, we reassessed initial materiality and updated our materiality from £125m which was based on the opening adjusted shareholders' equity to £130m, reflecting the closing adjusted shareholders' equity.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2024: 50%) of our planning materiality, namely £97.5m (2024: £57.5m). We have increased the percentage of performance materiality because the outcome of the first year audit and our experience indicates there is a lower risk of material misstatement both corrected and uncorrected.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them and have reported to the directors all uncorrected audit differences in excess of £6.5m (2024: £5.7m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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 this 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

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misstatement in the financial statements themselves or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on pages 13 and 14, 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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are relevant laws and regulations related to elements of company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the Prudential Regulation Authority ('PRA') and, Financial Conduct Authority ('FCA') and relevant Tax authorities.
- We understood how the company is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the company, PRA and FCA ; reviewed minutes of the Board and its key Committees; and gained an understanding of the company's governance.

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- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the company, or that otherwise seek to prevent, deter or detect fraud. We also assessed the risks of fraud in our key audit matters. Our procedures over our key audit matters and other significant accounting estimates included challenging management on the assumptions and judgements made in determining these estimates.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance, internal audit and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the company's methods of enforcing and monitoring compliance with such policies, and inspecting significant correspondence with the PRA, FCA and relevant Tax authorities.
- To address the pervasive risk as it relates to management override, we also performed procedures including identifying journal entries based on risk criteria and comparing the identified entries to supporting documentation and assessing significant accounting estimates for bias.
- The Company operates in the insurance industry which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the audit engagement team and the component team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

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

Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the company on 28 June 2024 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods.

  The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2024 and 2025.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

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.

DocuSigned by:
Ernst & Young LLP
761F4B486BF8436...

Neeta Ramudaram (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

25 March 2026

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Accounting policies

The Company, a private limited company incorporated and domiciled in the United Kingdom ("UK"), transacts life assurance and long term savings business. 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, as modified by:

- The revaluation of land and buildings, investment properties, certain subsidiaries, associates and joint ventures, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- Insurance and reinsurance contracts at fulfilment cash flows plus the Contractual Service Margin;

The financial statements have been prepared on a going concern basis as explained in the Directors' report on page 10.

The Company is exempt from preparing group financial statements by virtue of section 400 of the Companies Act 2006, as it is a subsidiary of a UK parent and is included in the consolidated financial statements for the Group, i.e. the ultimate parent company, the Group, and its subsidiaries, joint ventures and associates, at the same date. These financial statements therefore present information about the Company as an individual entity.

The Company's 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 millions of pounds sterling ("£m").

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 early 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.

The following new standards and amendments to existing standards have been issued, are not yet effective and have not been adopted early by 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) 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 cannot be applied by the Company because they are only applicable to subsidiaries that have no public accountability. The standard and the amendments are effective for annual reporting beginning on or after 1 January 2027 and have yet to be endorsed by the UK.

(v) 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.

(B) Critical accounting policies and the use of estimates

The preparation of financial statements requires the Company to select accounting policies and make estimates and assumptions that affect items reported in the Income statement, Statement of financial position, other primary statements and Notes to the financial statements.

The accounting policies in the table below are those that have the most material impact on the amounts recognised in the financial

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Accounting policies

statements, with those judgements involving estimation summarised thereafter.

Critical accounting judgement
Classification of insurance and investment contracts (accounting policy – G) Assessment of the significance of insurance risk transferred to the Company and discretionary participation features in determining whether a contract should be accounted for as an insurance or investment contract. Insurance contracts are defined as those containing significant insurance risk. Contracts that transfer financial risks, but not significant insurance risk are classified as investment contracts. Judgement is required to assess whether insurance risk is significant at inception of the contract. Some insurance and investment contracts contain a discretionary participation feature which is a supplement to guaranteed benefits. Judgement is required to determine whether discretionary additional benefits are likely to be a significant portion of the total contractual payments.
Level of aggregation and measurement model for insurance, participating investment and reinsurance contracts (accounting policies - M) For measurement purposes, insurance contracts are aggregated into groups based on an assessment of risks and dividing each portfolio into annual cohorts by year of issue. Judgement is required in assessing if the contracts have similar risks that are managed together. Each annual cohort is further subdivided into three groups, and judgement is applied to determine the profitability of contracts at initial recognition. Judgement is then applied to determine if the group of contracts is eligible for the variable fee approach (VFA) to measurement.
Goodwill (accounting policy P) The Company recognises goodwill in the statement of financial position arising from business transfers of recently acquired business from other Group companies (accounting policy AL). Recognition of this goodwill aligns the carrying value of assets and liabilities recognised by the Company as a result of these business transfers with the carrying values recognised in the Aviva plc consolidated financial statements. Following initial recognition of the goodwill judgement is required when allocating the goodwill to a cash generating unit and determining the recoverable amount of the cash generating unit for impairment testing purposes.

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 table sets out those estimates considered particularly susceptible to changes in estimates and assumptions, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the relevant accounting policy and note disclosures.

Material accounting estimates	Accounting policy	Note
Measurement of insurance, participating investment and reinsurance contracts – accounting policy – M) The principal subjective or complex assumptions used in the calculation of life insurance and participating investment contract fulfilment cash flows include non-financial assumptions (in particular, annuitant and assurance mortality and future expenses) and the allowance for liquidity in discount rates (in particular, top-down discount rates applied to annuity liabilities). The assumptions used for reinsurance contracts follow those used for insurance contracts (net of an allowance for the risk of reinsurers' non-performance). The immediate impact of changes in these assumptions on the carrying amounts of insurance, participating investment and reinsurance contracts is reduced when there is a corresponding adjustment to the CSM, i.e. for all changes in non-financial assumptions (calculated at locked-in discount rates for GMM contracts) and for financial changes to VFA contracts, unless contracts are onerous.	M	28(a) 28(e) 39(e)
Fair value of financial instruments (excluding loans) and investment property (accounting policies – F, R, W, AA) Where quoted market prices are not available, valuation techniques are used to value financial instruments and investment property. These include broker quotes and models using both observable and unobservable market inputs. The valuation techniques involve judgement with regard to the valuation models used and the inputs to these models can lead to a range of plausible valuations for financial investments.	F, R, W, AA	20
Loans (accounting policies – AC) The fair values of mortgage loans are estimated using discounted cash flow forecasts which reflect the risks associated with these products. The risk adjusted cash flows are discounted using a yield curve plus an allowance for illiquidity.	AC	20, 21
Deferred tax assets (accounting policies – AH) The deferred tax asset relates to UK tax losses which carry forward indefinitely and the reduction in net assets on the adoption of IFRS 17 including CSM recognition. This element of the deferred tax asset will reverse as the CSM unwinds and profits are recognised in the future. The losses are recognised based on probable future taxable investment income and gains and taxable profits within 5 years. Assumed investment returns are consistent with actuarial assumptions used in reserving and alternative assumptions modelled by the Company also show full recovery of the deferred tax asset over this period.	AH	30(b)

The Company has considered the impact of climate risk on the carrying value of assets and liabilities and considers that there is no significant risk of a material adjustment within the next financial year resulting from climate risk. The impact of climate risk on the valuation of financial instruments and investment property is described in note 20.

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(C) Subsidiaries

Subsidiaries are those entities (including special purpose entities) over which the Company has control. The Company controls an investee if, and only if, the Company has all of the following:

- power over the investee,
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

The Company considers all relevant facts and circumstances in assessing whether it has power over an investee including the purpose and design of an investee, relevant activities, substantive and protective rights, and voting rights and potential voting rights. The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in subsidiaries which are held to back policyholder liabilities and are managed on a fair value basis are measured at fair value through profit or loss ("FVTPL"), estimated using applicable valuation models underpinned by the quoted market valuations of comparable listed entities.

Other investments in subsidiaries are recognised at cost less impairment. Investments are reviewed annually to test whether any indicators of impairment exist. Where there is objective evidence of such an asset being impaired, the investment is impaired to its recoverable value and any unrealised loss is recorded in the income statement.

(D) Associates and joint ventures

Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control. Generally, it is presumed that the Company has significant influence if it has between 20% and 50% of voting rights.

Joint ventures are arrangements whereby the Company and other parties have joint control of the arrangement and rights to the net assets. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. In a number of these, the Company's share of the underlying assets and liabilities may be greater or less than 50% but the terms of the relevant agreements make it clear that control is not exercised. Such jointly controlled entities are referred to as joint ventures in these financial statements.

Investments in associates and joint ventures which are held to back policyholder liabilities and are managed on a fair value basis are measured at FVTPL, estimated using applicable valuation models underpinned by the quoted market valuations of comparable listed entities.

Other investments in associates and joint ventures are recognised at cost less impairment. Investments are reviewed annually to test whether any indicators of impairment exist. Where there is objective evidence that such an asset is impaired, the investment is impaired to its recoverable value and any unrealised loss is recorded in the Income statement.

Property management undertakings

The Company has invested in a number of property limited partnerships ("PLPs"), either directly or via property unit trusts ("PUTs"), through a mix of capital and loans. The PLPs are managed by general partners ("GPs") in which the Company holds equity stakes and which themselves hold nominal stakes in the PLPs. The PUTs are managed by a fellow group subsidiary. Accounting for the PUTs and PLPs as subsidiaries, associates, joint ventures or other financial investments depends on the shareholdings in the GPs and the terms of each partnership agreement.

Where the Company exerts control over a PLP it has been treated as a subsidiary. Where the partnership is managed by a contractual agreement such that no party exerts control, notwithstanding that the Company's partnership share in the PLP (including its indirect stake via the relevant PUT and GP) may be greater than 50%, such PUTs and PLPs have been classified as joint ventures. Where the Company has significant influence over a partnership, but not control, the investment is classified as an associate. Where the Company holds non-controlling stakes in PLPs, with no disproportionate influence, the relevant investments are carried at fair value through profit or loss within financial investments.

(E) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Income statement.

Translation differences on monetary financial assets measured at FVTPL are included in foreign exchange gains and losses in the Income statement. Translation differences on non-monetary items, such as equities which are designated as FVTPL, are reported as part of the fair value gain or loss. Translation differences on assets held at amortised cost are included in foreign exchange gains and losses in the Income statement.

(F) 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. Fair value may include assumptions about climate risks.

The fair value of a non-financial asset is determined based on its highest and best use from a market participant's perspective. When using this approach, the Company takes into account the asset's use that is physically possible, legally permissible and financially feasible.

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 recognised as a gain or loss in the Income statement. When unobservable market data has a significant impact on the valuation of financial instruments, 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

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when the valuation is supported wholly by observable market data or the transaction is closed out or otherwise matured.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances is used to measure fair value.

(G) Product classification

Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause an insurer to make significant additional payments (determined on a present value basis) in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire. Contracts can be reclassified as insurance contracts after inception if insurance risk becomes significant. Contracts that transfer financial risks, but not significant insurance risk are classified as investment contracts.

Some insurance and investment contracts contain a discretionary participation feature, which is a contractual right to receive additional benefits as a supplement to guaranteed benefits (i) that are likely to be a significant portion of the total contractual payments; (ii) whose amount or timing is at the discretion of the issuer; and (iii) that are based on the performance of a specified pool of assets, company, or other entity that issues the contracts. Investment contracts with discretionary participation features, referred to as participating investment contracts, are accounted for under IFRS 17 as set out in policy (M). This includes hybrid participating investment contracts, which are a combination of unit-linked and With-profits investments for which the discretionary participation feature is a significant portion of the combined contract. Investment contracts without discretionary participation features, referred to as non-participating investment contracts, and the related reinsurance assets are accounted for as financial instruments under IFRS 9.

The classification of the Company's main contracts is summarised below:

Type of contract	Classification
Annuities which transfer significant insurance risk	Insurance contract
Annuities which do not transfer significant insurance risk	Non-participating investment contract
Unit-linked with significant insurance risk or with a significant discretionary participation feature	Insurance contract/ Participating investment contract
Unit-linked without significant insurance risk and without significant discretionary participation features	Non-participating investment contract
Protection	Insurance contract
With-profits	Insurance contract / Participating investment contract

(H) Insurance service result

The insurance service result represents the Company's profits recognised on insurance contracts, participating investment contracts and reinsurance contracts (measured in accordance with policy M) in the period, excluding the impact of the time value of money and financial risks related to such contracts. The insurance service result contains three components:

i. Insurance revenue

For insurance contracts and participating investment contracts applying General Measurement Model (GMM) and Variable Fee Approach (VFA), insurance revenue is comprised of:

- The amortisation of contractual service margin (CSM);
- The release of the risk adjustment included within the liability for remaining coverage;
- Claims and expenses expected to be incurred in the period, as released from the liability for remaining coverage and adjusted for the allocation of loss components;
- Other, including revenue recognised for policyholder tax and other incurred expenses that have been charged to policyholder funds; and
- The recovery of insurance acquisition cash flows, which offsets the amortisation included in insurance service expenses.

ii. Insurance service expenses

For insurance contracts and participating investment contracts, insurance service expenses are comprised of:

- Actual claims (excluding investment components) and non-acquisition fulfilment expenses incurred, adjusted for the allocation of loss components;
- The recognition and reversal of losses on onerous contracts;
- Other non-financial assumption changes which do not adjust the CSM;
- Any impairment of acquisition cash flows, net of reversals; and
- The amortisation of insurance acquisition cash flows.

The recovery of insurance acquisition cash flows is included in insurance revenue, as described above, and an equal and opposite amount for the amortisation of insurance acquisition cash flows is included in insurance service expenses.

iii. Net income and expenses from reinsurance contracts

Net income (expenses) from reinsurance contracts held represents the insurance service result for groups of reinsurance contracts held and is comprised of:

- The allocation of reinsurance premiums paid, which is calculated using the same principles as used to calculate revenue on insurance contracts;
- Amounts recoverable from reinsurers, which is calculated using the same principles as used to calculate insurance service expenses on insurance contracts;
- The recognition of, and subsequent movements in, reinsurance loss recovery components; and
- The effect of changes in the risk of reinsurers' non-performance.

(I) Insurance finance result

Insurance finance income/expenses are calculated on insurance contracts, participating investment contracts and reinsurance contracts, comprising:

- Changes in the fair value of underlying items;
- The accretion of interest on the CSM;
- The unwind of discounting on fulfilment cash flows; and
- The impact of financial assumption changes upon fulfilment cash flows.

The latter two components apply to contracts measured under the GMM, in addition to VFA contracts where the risk mitigation option is applied.

Where changes in expected future cash flows and risk adjustment on GMM contracts arise from non-financial assumption changes

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and experience variances, the difference between measuring the change in fulfilment cash flows using current financial assumptions and the impact which adjusts the CSM using locked in financial assumptions is recognised in the income statement in net finance expenses.

The accounting policies used to calculate amounts within the insurance finance result are discussed in greater detail in policy M.

(J) Other investment contract fee revenue

Non-participating investment contract policyholders are charged fees for policy administration, investment management, surrenders or other contract services. The fees may be for fixed amounts or vary with the amounts being managed, and will generally be charged as an adjustment to the policyholder's balance. Fees related to investment management services are recognised as revenue over time, as performance obligations are satisfied. In most cases this revenue is recognised in the same period in which the fees are charged to the policyholder. Fees that are related to services to be provided in future periods are deferred and recognised when the performance obligation is fulfilled. Variable consideration, such as performance fees and commission subject to clawback arrangements, is not recognised as revenue until it is reasonably certain that no significant reversal of amounts recognised would occur.

Initiation and other "front-end" fees (fees that are assessed against the policyholder balance as consideration for origination of the contract) are charged on some non-participating investment contracts. The front-end fees that relate to the provision of investment management services are deferred and recognised as the services are provided. Origination fees are recognised immediately where the sale of fund interests represent a separate performance obligation.

(K) Other fee and commission income

All other fee and commission income are recognised over time as the services are provided and performance obligations satisfied.

(L) Investment return

Investment return consists of dividends, interest and rents for the year, realised gains and losses, and unrealised gains and losses on fair value through profit or loss investments (as defined in accounting policy W). Dividends on equity securities are recorded as investment income on the ex-dividend date. Dividends from investments in subsidiaries are recorded as investment income on the date the dividends are declared. Interest income is recognised as it accrues, taking into account the effective yield on the investment. It includes the interest rate differential on forward foreign exchange contracts. Rental income is recognised on an accruals basis using a straight line basis unless there is compelling evidence that benefits do not accrue evenly over the period of the lease.

A gain or loss on a financial investment is only realised on disposal or transfer, and is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost, as appropriate.

Unrealised gains and losses, arising on investments which have not been derecognised as a result of disposal or transfer, represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals made during the year. Realised gains or losses on investment property represent the difference between the net disposal proceeds and the carrying amount of the property.

(M) Insurance and participating investment contract liabilities

Insurance contracts, participating investment contracts and reinsurance contracts are accounted for in accordance with IFRS 17. The key measurement principles are outlined below.

(a) IFRS 17 measurement models

The Company applies two measurement models to insurance contracts, participating investment contracts and reinsurance contracts as follows:

Model	Applicable business
GMM	• Bulk purchase annuities • Individual immediate and deferred annuities • Individual and group protection • With-profits contracts with guaranteed annuity terms • Reinsurance contracts held
VFA	• Participating investment contracts • Unit linked or With-profits contracts with significant insurance risk

The Company applies judgement when determining eligibility criteria for the VFA measurement models (see Accounting policy M section (b)).

Under each measurement model insurance contract liabilities are measured as the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC represents the obligation under the insurance contract for insured events that have not yet occurred i.e., the obligation that relates to the unexpired portion of the coverage period, including the contractual service margin (CSM). The LIC reflects the obligation to investigate and pay valid claims for insured events that have already occurred, including events that have already occurred but for which claims have not been reported.

The key features of each measurement model are set out below.

i. General measurement model (GMM)

The GMM is the default IFRS 17 measurement model. The fulfilment cash flows comprise the present value of future cash flows within the boundary of the contract, discounted at current rates, and an explicit risk adjustment for non-financial risk.

At inception, a CSM liability is recognised for each new group of contracts which represents the unearned profit to be recognised over the coverage period of the contract. Initial measurement is based on the cash flows within the boundary of the contract discounted at the rate when the contract is written. Except for reinsurance contracts held, losses on groups of contracts that are onerous at inception are recognised immediately.

For subsequent measurement, fulfilment cash flows are discounted at current rates at each balance sheet date, while the CSM is remeasured applying the discount rate when the contract is written (the locked-in rate). Other financial assumptions including inflation and foreign exchange rates are also locked in at inception for the purposes of remeasuring the CSM. The CSM is remeasured for changes in the fulfilment cash flows relating to non-financial risk only, applying these locked in financial assumptions. Interest is accreted on the CSM using the locked-in discount rate and the CSM is amortised over the coverage period of the contract.

The coverage period is determined based on the service provided to customers including both insurance and investment services.

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Losses on groups of contracts that are profitable at inception but subsequently become onerous are recognised immediately.

In contrast to insurance contracts, the CSM for groups of reinsurance contracts held can be an asset or liability. If reinsurance is in place when underlying groups of insurance contracts become onerous, the reinsurance CSM recognised is adjusted to offset the gross losses arising. Where the net cost of purchasing reinsurance contracts held relates to events that occurred prior to purchase no CSM is recognised, and the net cost is recognised immediately in the income statement.

ii. Variable fee approach (VFA)

The VFA is a modified approach to the GMM that is applied to groups of insurance and investment contracts with direct participating features which meet eligibility requirements that demonstrate they provide substantial investment related services to policyholders.

Fulfilment cash flows for VFA contracts comprise the obligation to pay policyholders an amount equal to the fair value of underlying items, less the variable fee for future service.

Changes in the obligation to pay policyholders the fair value of underlying items are recognised within net finance expenses from insurance contracts in the income statement.

The variable fee includes the present value of the Company's share of the fair value of underlying items, adjusted for cash flows that do not vary with those underlying items. The risk adjustment reflects the compensation for non-financial risk in relation to the variable fee only.

The CSM is subsequently remeasured for changes in the variable fee due to both financial and non-financial risks using current market discount rates. Consistent with the GMM, the CSM is recognised in profit or loss over the coverage period in line with the insurance and investment services provided to customers.

(b) VFA eligibility

Life business is considered to have direct participating features, hence is required to be measured under the VFA model, where:

- Contractual terms evidence that policyholders participate in a pool of clearly identified underlying items, for example unit-linked or With-profits funds;
- The policyholders expect to receive a substantial share of the returns on underlying items (defined by the Company as greater than 50%); and
- A substantial proportion of changes in amounts payable to policyholders varies with returns on the underlying items (defined by the Company as a correlation coefficient of greater than 50%).

Reinsurance contracts held are not eligible to apply the VFA.

(c) Level of aggregation

The unit of account is a group of contracts, so individual insurance contracts are aggregated into groups for measurement purposes. Discrete CSMs are determined for each group of insurance contracts applying GMM or VFA. Groups of insurance contracts have been determined by identifying portfolios of insurance contracts, comprising contracts subject to similar risks that are managed together, and dividing each portfolio into annual cohorts by year of issue. Each annual cohort is then further subdivided into three groups based on the profitability of contracts determined at initial recognition and comprising:

- contracts that are onerous;
- contracts that have no significant possibility of becoming onerous; (based on the probability that changes in assumptions would result in contracts becoming onerous); and
- all remaining contracts.

Reinsurance contracts held are also subdivided into three profitability groups, determined by reference to net gains/losses on initial recognition, and comprising:

- contracts that have a net gain at initial recognition;
- contracts that have no significant possibility of a net gain arising subsequently; and
- all remaining contracts.

The approach to profitability grouping makes use of sets. Where it can be demonstrated that all contracts within a set are sufficiently homogeneous, they are allocated to the same profitability group without performing an individual contract assessment. Sets of contracts usually correspond to policyholder pricing groups. The likelihood of changes in insurance, financial and other exposures resulting in contracts becoming onerous is monitored at the level of these pricing groups.

(d) Recognition and derecognition

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides insurance contract services in respect of any premiums within the boundary of the contract);
- the date the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- the date when facts and circumstances indicate that the contract is onerous.

Reinsurance contracts are recognised on the following dates:

- For reinsurance contracts that provide proportionate coverage, the later of the date on which any underlying insurance contract is initially recognised and the date the reinsurance is entered into. This applies to the Company's quota share reinsurance contracts.
- For other reinsurance contracts, the beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

An insurance or reinsurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Insurance contracts are derecognised when the contract is extinguished, i.e. when the specified obligations expire, are discharged, or are cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised.

(e) Estimate of future cash flows

The estimate of future cash flows is assessed at the level of groups of contracts and represents the best estimate of the Company's cost to fulfil a contract incorporating current estimates of non-financial assumptions. The estimate allows for all the cash inflows

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and outflows expected to occur within the contract boundary. Cash flows are modelled separately for gross and reinsurance contracts.

i. Contract boundaries

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services. A substantive obligation to provide services ends when the Company has the practical ability to reassess the risks (insurance and financial risks transferred from the policyholder, so excluding lapse and expense risks) and set a price or level of benefits that fully reflects those reassessed risks for either the particular policyholder or the portfolio that contains the contract.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.

Some insurance contracts issued by the Company provide policyholders with the option to buy additional insurance coverage. The Company assesses the practical ability to reprice such insurance contracts in their entirety to determine if the option cash flows are within or outside the insurance contract boundary. As a result of this assessment, options for which pricing is not guaranteed are not measured by the Company until they are exercised.

Cash flows are within the boundaries of participating investment contracts if they result from a substantive obligation of the Company to deliver cash at a present or future date.

Cash flows are within the contract boundary of a reinsurance contract held if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time. Cash flows outside the contract boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

ii. Principal non-financial assumptions

Principal non-financial assumptions used in the calculation of life insurance and participating investment contract fulfilment cash flows include those in respect of annuitant and assurance mortality and future expenses. Expenses must be directly attributable to fulfilling insurance contracts, including an allocation of overheads to the extent that they can be allocated to groups of contracts in a systematic and rational way.

iii. Financial assumptions

Discount rates

Discounting is applied to the estimate of future cash flows. The Company uses a bottom-up discount rate for all life insurance contracts except for annuities. A top-down discount rate is applied to annuities to reflect more appropriately the characteristics of the annuity liabilities. For other contracts where liabilities are subject to lapse risk or where cash flows depend on underlying asset performance (such as unit-linked and With-profits), the characteristics of the liability can be reflected using the bottom-up method which requires the application of less judgement.

Top-down discount rates

The discount rate is determined from the yield implicit in the fair value of an appropriate reference portfolio of assets that reflects the characteristics of the liability. Adjustments are made for differences between the reference portfolio and liability cash flows, including an allowance for defaults which reflects the compensation a market participant would require for credit risk.

The CSM for annuity contracts is measured using a locked-in discount rate based on assets expected to be originated for new business at initial recognition of the contracts. On subsequent measurement of the fulfilment cash flows the reference portfolio is based on the assets held to match the portfolio of liabilities. For recently written contracts, an adjustment is made to liabilities where appropriate assets are yet to be sourced.

Bottom-up discount rates

The discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium').

The illiquidity premium is determined as a percentage of the current spread over the risk-free yield on an index of covered bonds. The percentage applied reflects the liquidity characteristics of the liabilities including the propensity and ability of policyholders to lapse or surrender their contracts; for example, 75% for with-profit contracts where the value of guarantees on death and maturity means policyholders are less likely to surrender their contracts, and 0% for unit-linked contracts where policyholders can normally immediately surrender their contract for the unit value. An intermediate percentage is applied for other types of business.

Inflation assumptions

Future inflation assumptions are treated as a financial assumption when applied to policyholder benefits or outsourced maintenance expenses that are contractually linked to an inflation index.

Presentation of financial assumption changes

The Company recognises the impact of financial assumption changes in the income statement, except for those that relate to changes in the variable fee for VFA contracts which adjust the CSM.

iv. Funds withheld for internal reinsurance ceded

The internal reinsurance ceded quota share arrangement is administered on a funds withheld basis. The funds withheld balance is adjusted annually to reflect relevant cashflows (e.g. premiums, claims and expenses) and to allow for the reinsurer's share of fair value remeasurements of the Company's assets, including relevant financial instruments. The fair value measurement of the financial instruments underlying the reinsurance arrangement follows Accounting Policy F.

This reinsurance treaty operates as a single contract covering both the reinsured liabilities and a share of the Company's assets (the funds withheld). The funds withheld are an investment component as there is no insurance risk associated with them (only financial risk) but they are highly interrelated to the reinsured liabilities and so do not meet the IFRS 17 criteria for unbundling and presentation under IFRS 9. As a result, cash flows for funds withheld components are included in the cash flows of the reinsurance contract. Consequently, the measurement value of the reinsurance contract is presented with the funds withheld included within the reinsurance contract asset/liability.

(f) Risk Adjustment

The risk adjustment reflects the compensation required by the Company to accept the uncertainty about the amount and timing of future cash flows that arises from non-financial risk. The calculation of the risk adjustment is calibrated to the Company's pricing and capital allocation framework, leveraging the Solvency II view of non-

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financial risk, considering a lifetime view, and including diversification between risks.

The risk adjustment calibration is set at least annually, based on the Company's current view of risk. The risk adjustment calculation is reassessed at each reporting date.

The change in risk adjustment relating to current or past service is recognised within insurance revenue in the income statement. The impact of discounting the risk adjustment for GMM contracts is disaggregated and recognised within net finance expenses from insurance contracts.

(g) CSM

The CSM represents a liability for unearned profit measured at inception and recognised in the income statement over the life of the contract as insurance and investment related services are provided to the customer.

For profitable groups of insurance contracts, the CSM is established to ensure no profit is recognised at inception, hence it is equal and opposite to the net present value of the expected cash flows (including initial premiums and insurance acquisition cash flows) and the risk adjustment. For groups of gross insurance contracts issued that are onerous at initial recognition, the CSM is set to nil and losses are recognised in the income statement. For reinsurance contracts the CSM is initially recognised at a value that ensures no gain or loss is recognised but may be adjusted for loss offsetting as set out in (h).

Subsequently, the CSM is adjusted for:

- Accretion of interest at locked-in discount rates (groups of GMM contracts only), which is charged to net finance expenses in the income statement;
- New contracts added to the same group;
- Changes in fulfilment cash flows (including risk adjustment) that relate to future service;
- For reinsurance contracts held, income recognised in profit or loss on initial recognition of onerous underlying contracts and adjustments to the loss recovery component set out in (h); and
- Currency exchange differences.

Changes in fulfilment cash flows that relate to future service include:

- Experience variances in premiums received during the period that relate to services provided from the start of the current period;
- Changes in expected future cash flows and risk adjustment on GMM contracts arising from non-financial assumption changes and experience variances, measured using locked in financial assumptions;
- Changes in the variable fee and risk adjustment on VFA contracts arising from financial and non-financial assumption changes and experience variances, except where the risk mitigation option is applied; and
- Experience variances in non-distinct investment components, premium refunds and rights to withdraw payable in the period.

Changes in fulfilment cash flows that relate to past or current service do not adjust the CSM and are recognised immediately in the income statement, including the following:

- Experience variances in claims and expenses incurred, which are recognised as the difference between insurance revenue (expected claims and expenses incurred) and insurance service expenses (actual claims and expenses incurred); and
- Changes in expected future cash flows and risk adjustment on GMM contracts arising from financial assumption changes and experience variances, including changes in cash flows that are contractually linked to an inflation index, which are recognised in net finance expenses from insurance contracts.

The balance on the CSM at the end of the period is available for release to profit or loss. The amount of CSM recognised in insurance revenue each period (the CSM amortisation) is determined by considering, for each group of contracts, coverage units that reflect the quantity of the benefits provided in each period and the expected coverage period.Benefits provided include those arising from both insurance and investment services. Investment services are only included if the Company is managing underlying items (typically With-profits and unit-linked contracts) or where contracts have an investment component or policyholder's right to withdraw that is expected to include an investment return that is generated by investment activity performed by the Company. This includes contracts where the value of the investment return that the policyholder benefits from is not directly related to the value of the underlying investments.Coverage units are discounted and are updated at each reporting date to reflect the current best estimate of service expected to be provided in future periods.

Coverage units for reinsurance contracts held are typically consistent with the underlying gross contracts, adjusted for differences in the services provided.

(h) Loss components and loss offsetting

Losses on onerous contracts are recognised immediately within insurance service expenses in the income statement, and a loss component is established. Subsequent losses, and reversals of losses, arising from changes in fulfilment cash flows that relate to future service adjust the loss component and are recognised immediately in insurance service expenses to the extent that a balance remains on the loss component, after which a CSM will be established. A variable proportion approach is used to systematically allocate changes in fulfilment cash flows that relate to past or current service to the loss component, resulting in a deduction from the amount of these changes that is recognised within insurance revenue in the income statement with an offsetting adjustment to insurance service expenses. The variable proportion is determined each reporting date as the proportion of the balance on the loss component relative to the fulfilment cash flows for that group of contracts.

A reinsurance loss recovery component is established for a group of reinsurance contracts that covers a group of onerous underlying contracts. At initial recognition this is the amount that the reinsurance CSM has been adjusted as a result of recognising income to offset losses recognised at inception on underlying insurance contracts, based on the percentage of the claims that are recoverable through the reinsurance. Subsequently the loss recovery component is adjusted for changes in the reinsurance fulfilment cash flows that correspond to change in fulfilment cash flows that relate to future service for the underlying onerous contracts. The balance on the loss recovery component is systematically allocated to the income statement using a similar approach to loss components.

(i) Investment components and rights to withdraw

Investment components are amounts that are payable to the policyholder in all circumstances, regardless of whether an insured event occurs. This typically includes the account balance on unit-linked and with-profit contracts, surrender and maturity values on protection contracts and guaranteed payments on immediate annuities. Rights to withdraw, which may include items that are investment components, are amounts payable to policyholders that do not represent an additional benefit payable when an insured event occurs. This includes, but is not restricted to, maturity values that are not determined by the occurrence of an insured

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event, a policyholder's rights to receive a surrender value or refund of premiums on cancellation of a policy, rights to transfer an amount to another insurance provider and guaranteed annuity payments on a deferred annuity in excess of the death benefit payable prior to retirement. Investment components and rights to withdraw are excluded from insurance revenue and insurance service expenses in the income statement.

(j) Insurance acquisition cash flows

Insurance acquisition cash flows are initially deferred on the balance sheet as an insurance acquisition cash flow asset and then allocated against groups of insurance contracts to which they are directly attributable.

Where insurance acquisition cash flows are allocated to contract groups applying GMM or VFA, they are included within the measurement of the CSM and recognised in the income statement over the period which services are provided to the customer.

Insurance acquisition cash flow assets are assessed for impairment where facts and circumstances indicate that they may be impaired. The Company uses data on customer retention rates and the profitability of products to identify such facts and circumstances.

(N) Non-participating investment contract liabilities

(a) Claims

For non-participating investment contracts with an account balance, claims reflect the excess of amounts paid over the account balance released.

(b) Non - participating investment contract liabilities

Non-participating investment contract liabilities are designated at FVTPL. Under IFRS 9, the Company elects to recognise the movement in own credit risk through the income statement in order to eliminate an accounting mismatch. Deposits collected under non-participating investment contracts are not accounted for through the income statement, except for the investment return attributable to those contracts, but are accounted for directly through the statement of financial position as an adjustment to the investment contract liability.

The majority of the Company's contracts classified as non-participating investment contracts are unit-linked contracts and are measured at fair value.

The liability's fair value is determined using a valuation technique to provide a reliable estimate of the amount for which the liability could be transferred in an orderly transaction between market participants at the measurement date, subject to a minimum equal to the surrender value. For unit-linked contracts, the fair value liability is equal to the current unit fund value, including any unfunded units. In addition, if required, non-unit reserves are held based on a discounted cash flow analysis. For non-linked contracts, the fair value liability is based on a discounted cash flow analysis, with allowance for risk calibrated to match the market price for risk.

(O) Reinsurance for non-participating investment contracts

Reinsurance assets for non-participating investment contracts includes balances in respect of investment contracts that are legally reinsurance contracts but do not meet the definition of a reinsurance contract under IFRS 17 as they principally transfer financial risk. Premiums payable on these reinsurance contracts are accounted for directly through the statement of financial position.

A deposit asset is initially recognised, based on the consideration paid less any explicitly identified premiums or fees to be retained by the reinsured. The assets are subsequently measured at FVTPL.

(P) Goodwill

Goodwill is recognised within the Company in a common control business combination when business recently acquired by the Aviva Group is transferred into the Company typically via a transfer effected under a Part VII Transfer of the Financial Services and Markets Act 2000. The goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition.

For impairment testing the goodwill has been allocated to cash generating units. The carrying amount of the goodwill is reviewed at least annually and when circumstances or events indicate there may be uncertainty over this value. Goodwill is written down for impairment where the recoverable amount is insufficient to support its carrying value. Further details on impairment testing are given in note 13.

This accounting policy has been changed for FY25 and retrospectively applied. The details of the change and the impact on comparatives can be found in note 1.

(Q) Acquired value of in-force business and intangible assets

(a) Acquired value of in-force business (AVIF)

AVIF represents the present value of future profits on a portfolio of long-term non-participating investment contracts, acquired either directly or through the purchase of the business by the Aviva Group followed by a subsequent transfer of the acquired business into the Company effected under a Part VII Transfer of the Financial Services and Markets Act 2000, is recognised as an asset.

The AVIF is amortised over the useful lifetime of the related contracts in the portfolio on a systematic basis. The rate of amortisation is chosen by considering the profile of the additional value of in-force business acquired and the expected depletion in its value.

AVIF is reviewed for evidence of impairment indicators and impairment tested at product portfolio level by reference to a projection of future profits arising from the portfolio and any reductions are charged as expenses in the Income statement.

(b) Intangible assets

Intangible assets consist primarily of internally developed systems. The economic lives of these are determined by considering relevant factors such as usage of the asset, typical product life cycles, potential obsolescence, maintenance costs, the stability of the industry, competitive position and the period of control over the assets. These intangibles are amortised over their useful lives using the straight-line method. The amortisation charge for the period is included in the Income statement under other expenses.

For intangibles with finite lives, impairment charges will be recognised in the Income statement where evidence of such impairment is observed. Intangibles with indefinite lives are subject to regular impairment testing.

(R) Property and equipment

Owner-occupied properties are carried at their revalued amounts and movements are recognised in other comprehensive income and taken to a separate reserve within equity. When such properties are sold, the accumulated revaluation surpluses are transferred from this reserve to retained earnings. These properties are depreciated down to their estimated residual values over their useful lives. This excludes owner-occupied properties held under

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lease arrangements, which are measured at amortised cost. Refer to accounting policy (AF) Leases for further information. All other items classed as property and equipment within the Statement of financial position are carried at historical cost less accumulated depreciation.

Investment properties under construction are included within property and equipment until completion, and are stated at cost less provision for any impairment in their values until construction is completed or fair value becomes reliably measurable.

Depreciation is calculated on a straight-line basis to write down the cost of other assets to their residual values over their estimated useful lives as follows:

- Properties under construction — No depreciation
- Computer equipment — Three to five years
- Other assets — Three to five years
- Land — No depreciation

The assets' residual values, useful lives and method of depreciation are reviewed regularly and at least at each financial year end, and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount.

Borrowing costs directly attributable to the acquisition and construction of property and equipment are capitalised. All repairs and maintenance costs are charged to the Income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing asset will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated over the remaining useful life of the related asset.

(S) Investment property

Investment property, including both freehold and leasehold properties, is held for long-term rental yields and is not occupied by the Company. Completed investment property is stated at its fair value, as assessed by qualified external valuers or by local qualified staff of the Company. Changes in fair values are recorded in the Income statement within investment return.

As described in accounting policy R above, investment properties under construction are included within property and equipment, and are stated at cost less any impairment in their values until construction is completed or fair value becomes reliably measurable.

(T) Impairment of non-financial assets

Property and equipment and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(U) Recognition and classification of financial assets

Financial assets are measured initially at fair value plus eligible transaction costs for financial assets held at amortised cost. Financial assets are subsequently measured at amortised cost or FVTPL based on a business model assessment and the extent to which the contractual cash flows associated with the financial assets are solely payments of principal and interest (SPPI). The Company measures financial assets at FVTPL if they do not meet the SPPI criteria or if they are held within a business model where they are managed and evaluated on a fair value basis resulting from the Company's management of capital on a regulatory basis. A financial asset is classified at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows that are SPPI on the principal amount outstanding.

On initial recognition, the Company may irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Company has designated certain cash balances at FVTPL to reduce an accounting mismatch when these balances form part of the risk mitigation for insurance contracts measured under the VFA and to which the risk mitigation option is applied under IFRS 17. These cash balances would otherwise be measured at amortised cost.

The Company measures equity instruments at FVTPL, with subsequent changes in fair value recognised in the income statement, as it did not make an irrevocable election on initial recognition to measure equity instruments at fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its objectives for managing those financial assets, in which case all affected financial assets are reclassified on the first day of the next reporting period.

(V) Impairment of financial assets

Financial assets held at amortised cost and lease receivables are in the scope of expected credit loss requirements under IFRS 9. This includes financial assets held at amortised cost such as loans to banks, other loans, and receivables.

Expected credit loss is an unbiased, probability-weighted estimate of credit losses. It considers all reasonable and supportable information, including forward looking economic assumptions and a range of possible outcomes.

Expected credit losses are calculated on either a 12-month or lifetime basis depending on the extent to which credit risk has increased significantly since initial recognition, except where the Company uses the simplified approach to apply lifetime expected credit losses to trade receivables that do not contain a significant financing component.

The gross carrying amount of a financial asset is written off to the extent that there is no reasonable expectation of recovery. Subsequent recoveries in excess of the financial asset's written-down carrying value are credited to the income statement.

(W) Derecognition and offset of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without

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material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its rights to receive cash flows from the asset and either transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is extinguished (that is when the obligation is discharged, or cancelled or expires). The difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

If the terms of a financial asset or financial liability measured at amortised cost are substantially modified, then the contractual rights to cash flows from the original financial asset or financial liability are deemed to have expired or extinguished. The original financial asset or financial liability is derecognised, and a new financial asset or financial liability is recognised at fair value.

A financial asset measured at amortised cost is not derecognised if the contractual terms are not substantially modified and a modification gain or loss is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a currently enforceable legal right to set off the recognised amounts and there is the ability and intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(X) Financial investments

The Company classifies financial investments at FVTPL using the business model assessment as described in accounting policy T. The FVTPL category has two subcategories – those that meet the definition as being held for trading and those that are held at FVTPL based on the business model assessment. Debt securities and equity securities, which the Company acquires with the intention to resell in the short term and derivatives are classified as trading. All other investments are classified as other than trading.

The fair value of investments is based on the quoted price within the bid-ask spread that is most representative of fair value or based on the cash flow models using market observable inputs or unobservable inputs. Changes in the fair value of investments are included in the income statement in the period in which they arise.

Purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the assets, at their fair values.

(Y) Receivables

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

(Z) Payables and other financial liabilities

Payables and other financial liabilities, excluding derivatives, are initially recognised at fair value. Subsequent to initial measurement they are measured at amortised cost which, given the short term nature of these items, is considered a reasonable approximation of fair value.

(AA) Financial guarantees

Financial guarantees are recognised initially at their fair value and are subsequently amortised over the duration of the contract. A liability is recognised for amounts payable under the guarantee if it is more likely than not that the guarantee will be called upon.

(AB) Derivative financial instruments

Derivative financial instruments include foreign exchange contracts, interest rate futures, equity futures and options, currency and interest rate swaps, swaptions, inflation linked swaps, credit default swaps and other financial instruments that derive their value mainly from underlying interest rates, foreign exchange rates, inflation rates, credit or equity indices.

All derivatives are initially recognised in the Statement of financial position at their fair value, which usually represents their cost. They are subsequently remeasured at their fair value, with the method of recognising movements in this value depending on whether they are designated as hedging instruments and, if so, the nature of the item being hedged. The Company has not designated any derivatives as hedging instruments and they are therefore treated as derivatives held for trading. Their fair value gains and losses are recognised immediately in net investment income. Fair values are obtained from quoted market prices or, if these are not available, by using valuation techniques such as discounted cash flow models or option pricing models. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. Premiums paid for derivatives are recorded as an asset in the Statement of financial position at the date of purchase, representing their fair value at that date.

Derivative contracts may be traded on an exchange or over-the-counter ("OTC"). Exchange-traded derivatives are standardised and include certain futures and option contracts. OTC derivative contracts are individually negotiated between contracting parties and include forwards, and swaps. Derivatives are subject to various risks including market, liquidity and credit risk, similar to those related to the underlying financial instruments. Many OTC transactions are contracted and documented under International Swaps and Derivatives Association master agreements or their equivalent, which are designed to provide legally enforceable set off in the event of default, reducing the Company's exposure to credit risk.

The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the Statement of financial position as they do not represent the fair value of these transactions. These amounts are disclosed in note **40**.

The Company has collateral agreements in place with relevant counterparties. Accounting policy AA below covers collateral, both received and pledged, in respect of these derivatives.

(a) Interest rate, inflation rate and currency swaps

Interest rate and inflation rate swaps are contractual agreements between two parties to exchange fixed rate and floating rate interest by means of periodic payments, calculated on a specified notional amount and defined interest or inflation rates. Most interest and inflation rate swap payments are netted against each other, with the difference between the fixed and floating rate interest payments paid by one party. Currency swaps, in their simplest form, are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. Both types of swap contracts may include the net exchange of principal. Exposure to gains or losses on these contracts will increase or decrease over their respective lives as a function of maturity dates, interest and foreign exchange rates, and the timing of payments.

(b) Interest rate futures, forwards and options contracts

Interest rate futures are exchange-traded instruments and represent commitments to purchase or sell a designated security or money market instrument at a specified future date and price. Interest rate forward agreements are OTC contracts in which two

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parties agree on an interest rate and other terms that will become a reference point in determining, in concert with an agreed notional principal amount, a net payment to be made by one party to the other, depending upon what rate in fact prevails at a future point in time. Interest rate options, which consist primarily of caps and floors, are interest rate protection instruments that involve the potential obligation of the seller to pay the buyer an interest rate differential in exchange for a premium paid by the buyer. This differential represents the difference between current rate and an agreed rate applied to a notional amount. Exposure to gains or losses on all interest rate contracts will increase or decrease over their respective lives as interest rates fluctuate. Certain contracts, known as swaptions, contain features which can act as swaps or options. These contracts are categorised according to the type of contract they most closely resemble in practice.

(c) Foreign exchange contracts

Foreign exchange contracts, which include spot and forward and futures contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed price and settlement date. Foreign exchange option contracts are similar to interest rate option contracts, except that they are based on currencies, rather than interest rates. Exposure to gains or losses on these contracts will increase or decrease over their respective lives as currency exchange and interest rates fluctuate.

(AC) Loans

Loans with fixed maturities, mortgage loans on investment property, securitised mortgages and collateral loans, are recognised when cash is advanced to borrowers. Certain loans are carried at their unpaid principal balances and adjusted for amortisation of premium or discount, non-refundable loan fees and related direct costs. These amounts are deferred and amortised over the life of the loan as an adjustment to loan yield using the effective interest rate method.

As described in accounting policy T, loans are classified and measured at either amortised cost or FVTPL based on the outcome of an assessment of the business model for managing financial assets and the extent to which the financial assets' contractual cash flows are solely payment of principal and interest.

The majority of mortgage loans, including commercial property, healthcare, Private Finance Initiative ("PFI") and Equity release mortgage loans, are measured at fair value since they're managed and evaluated on a fair value basis. Certain loans and advances to banks and infrastructure loans are also valued at fair value. The fair values of these are estimated using discounted cash flow models, based on a risk-adjusted discount rate which reflects 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.

The impairment policy is described in accounting policy U for loans measured at amortised cost.

(AD) Collateral

The Company receives and pledges collateral in the form of cash or non-cash assets in respect of stock lending transactions, certain derivative contracts and loans, in order to reduce the credit risk of these transactions. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.

Collateral received in the form of cash, which is not legally segregated from the Company, is recognised as an asset in the Statement of financial position with a corresponding liability for the repayment in financial liabilities. However, where the Company has a currently enforceable legal right of set-off and the ability and intent to net settle, the collateral liability and associated derivative balances are shown net. 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. Such collateral is typically recognised when the Company either (a) sells or re-pledges these assets in the absence of a default, at which point the obligation to return this collateral is recognised as a liability; or (b) the counterparty to the arrangement defaults, at which point the collateral is seized and recognised as an asset.

Collateral pledged in the form of cash which is legally segregated from the Company is derecognised from the Statement of financial position with a corresponding receivable recognised for its return. Non-cash collateral pledged is not derecognised from the Statement of financial position unless the Company defaults on its obligations under the relevant agreement, and therefore continues to be recognised in the Statement of financial position within the financial investments.

(AE) Deferred acquisition costs for non-participating investment contracts and other assets

For non-participating investment contracts, incremental acquisition costs and sales enhancements that are directly attributable to securing an investment management service are deferred.

These deferred acquisition costs are amortised over the period in which the service is provided.

Deferred acquisition costs are reviewed by category of business at the end of each reporting period and are written-off where they are no longer considered to be recoverable. If there is a further deficit relative to recoverable value after the deferred acquisition costs asset has been fully impaired an additional provision is recognised.

(AF) Statement of cash flows

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, deposits held at 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.

For the purposes of the Statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in payables and other financial liabilities on the Statement of financial position.

(b) Operating cash flows

Purchases and sales of investment property, loans and financial investments are included within operating cash flows as the purchases are funded from cash flows associated with the origination of insurance and investment contracts, net of payments of related benefits and claims.

(AG) Leases

Where the Company is the lessee, a lease liability equal to the present value of outstanding lease payments and a corresponding right-of-use asset equal to cost are initially recognised. The right-of-use asset is subsequently measured at amortised cost and depreciated on a straight-line basis over the length of the lease term. Depreciation on lease assets and interest on lease liabilities is recognised in the Income statement.

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The Company has made use of the election available under IFRS 16 to not recognise any amounts on the balance sheet associated with leases that are either deemed to be short-term, or where the underlying asset is of low value. A short-term lease in this context is defined as any arrangement which has a lease term of 12 months or less. Lease payments associated with such arrangements are recognised in the Income statement as an expense on a straight-line basis.

Where the Company is the lessor, leases are classified as finance leases if the risks and rewards of ownership are substantially transferred to the lessee and operating leases if they are not substantially transferred. Lease income from operating leases is recognised in the Income statement on a straight-line basis over the lease term. When assets are subject to finance leases, the present value of the lease payments, together with any unguaranteed residual value, is recognised as a receivable.

(AH) Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The Company recognises provisions under a variety of circumstances including for product governance rectification, which may include customer redress, and for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

The amount recorded as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Discounting is applied to the provision where the effect of the time value of money is material. Provisions are not recognised for future operating losses.

Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

(AI) 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.

In addition to paying tax on shareholders' profits, the Company pays tax on policyholders' investment returns ('policyholder tax') on certain products at policyholder tax rates. Policyholder tax is accounted for as an income tax and is included in the total tax expense.

(AJ) Share capital and treasury shares

(a) 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 from the perspective of the issuer; and

(ii) the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

(b) Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on these shares are recognised when they have been approved by shareholders.

(AK) Pensions

The Company has no employees, however, it is one of a number of companies in the Group being charged for staff participating in pension schemes in the UK and Ireland, and its contributions are affected by the financial position of these schemes. In the absence of any contractual arrangements to allocate the net defined benefit cost for these schemes, measured in accordance with IAS 19, to individual businesses, it is the Group policy to allocate this cost fully to AESL (the statutory employer) and recharge a share of the costs to each of the main trading companies. Full disclosure of the Group's pension schemes is given in the Annual report and accounts of the Group.

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Accounting policies

(AL) Business transfers

Where scheme transfers during the year are considered to meet the definition of a business under common control they are scoped out of the requirements of IFRS 3 Business Combinations. Where such transfers involve a business acquired by the Group in a recent business combination the approach is to recognise the value of the assets and liabilities received (including goodwill and intangibles) at the carrying values recognised in the Aviva plc consolidated financial statements. Where such transfers involve business organically developed by the Group or business acquired in a non-recent business combination the approach is to recognise the value of assets and liabilities received at the carrying values recognised in the transferor's accounts. Gains or losses arising from the transfer of assets and liabilities are recognised as a change in equity.

This accounting policy has been changed for FY25 and retrospectively applied. The details of the change and the impact on comparatives can be found in note 1.

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Income statement

For the year ended 31 December 2025

	Note	2025 £m	Restated[1] 2024 £m
Insurance revenue	3	**8,271**	7,465
Insurance service expense	6	**(7,141)**	(6,472)
Net expense from reinsurance contracts	6	**(262)**	(248)
Insurance service result		**868**	745
Investment return	4	**29,366**	16,261
Net finance expense from insurance contracts and participating investment contracts	4	**(6,743)**	(589)
Net finance expense from reinsurance contracts	4	**(81)**	(170)
Movement in non-participating investment contract liabilities	4	**(22,616)**	(15,960)
Net financial result	4	**(74)**	(458)
Fee and commission income	5	**720**	774
Profit/(loss) on the disposal of subsidiaries, joint ventures and associates		**—**	(61)
Other operating expenses	6	**(872)**	(918)
Other finance costs	7	**(71)**	(85)
Profit/(loss) before tax		**571**	(3)
Tax expense	11	**(461)**	(312)
Profit/(loss) for the year		**110**	**(315)**

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

The Company has nil (2024: nil) other comprehensive income.

The above income statement should be read in conjunction with the accounting policies and accompanying notes to the financial statements.

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Statement of changes in equity

For the year ended 31 December 2025

	Ordinary share capital Note 26 £m	Capital contribution reserve Note 27 £m	Retained earnings Note 27 £m	Total equity £m
Balance at 1 January 2025	456	1,200	2,889	4,545
Profit for the year	—	—	110	110
Dividends paid	—	—	(910)	(910)
Loss arising from scheme transfer (see note 43)	—	—	(4)	(4)
Balance at 31 December	456	1,200	2,085	3,741

For the year ended 31 December 2024 restated[1]

	Ordinary share capital Note 26 £m	Capital contribution reserve Note 27 £m	Retained earnings Note 27 £m	Total equity £m
Balance at 1 January 2024 as previously reported	3	1,200	3,052	4,255
Total change relating to change in accounting policy	—	—	1,097	1,097
Balance at 1 January 2024 restated[1]	3	1,200	4,149	5,352
Loss for the year	—	—	(315)	(315)
Dividends paid	—	—	(945)	(945)
Issue of share capital	453	—	—	453
Balance at 31 December 2024 restated[1]	456	1,200	2,889	4,545

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

The above statement of changes in equity should be read in conjunction with the accounting policies and accompanying notes to the financial statements.

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Statement of financial position

As at 31 December 2025

	Note	2025 £m	Restated[1] 2024 £m	Restated[1] 1 January 2024 £m
Assets				
Goodwill	P,13	**1,113**	783	783
Acquired value of in-force business and intangible assets	Q,14	**449**	476	553
Investments in subsidiaries	C,15	**1,720**	2,355	1,740
Investments in joint ventures & associates	D,16	**604**	605	749
Property and equipment	R,17	**15**	23	29
Investment property	S,18	**4,009**	3,900	3,903
Loans	AC,21	**25,068**	24,261	25,264
Financial investments	X,23	**249,776**	222,521	206,130
Reinsurance contract assets	M,28	**7,382**	5,907	4,950
Reinsurance assets for non-participating investment contracts	O,29	**5,798**	5,308	4,740
Deferred tax assets	AI,30	**154**	220	449
Current tax assets	AI,30	**73**	101	79
Receivables	Y,24	**2,174**	1,583	1,756
Deferred acquisition costs	AE,25	**435**	477	519
Prepayments and accrued income	25(a)	**1,585**	2,013	2,012
Cash and cash equivalents	AF,38(b)	**18,990**	18,737	17,273
Total assets		**319,345**	289,270	270,929
Equity				
Ordinary share capital	AK,26	**456**	456	3
Capital contribution reserve	27	**1,200**	1,200	1,200
Retained earnings	27	**2,085**	2,889	4,149
Total equity		**3,741**	4,545	5,352
Liabilities				
Insurance contract and participating investment contract liabilities	M,28	**108,077**	104,235	103,927
Reinsurance contract liabilities	M,28	**192**	136	570
Non-participating investment contract liabilities	N,29	**196,294**	169,060	149,800
Provisions	AH,31	**323**	206	152
Deferred tax liabilities	AI,30	**379**	102	60
Current tax liabilities	AI,30	**6**	15	2
Payables and other financial liabilities	Z,33	**9,854**	10,201	10,241
Other liabilities	Q,34	**479**	770	825
Total liabilities		**315,604**	284,725	265,577
Total equity and liabilities		**319,345**	289,270	270,929

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

The financial statements were approved by the Board of directors on March 25, 2026 and signed on its behalf by Andrew Dinwiddie :

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Andrew Dinwiddie
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The above statement of financial position should be read in conjunction with the accounting policies and accompanying notes to the financial statements.

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Statement of cash flows

For the year ended 31 December 2025

The cash flows presented in this statement cover all the Company's activities and include flows from both policyholder and shareholder activities. All cash and cash equivalents are available for use by the Company.

	Note	2025 £m	2024 £m
Cash flows from operating activities			
Cash generated from operating activities	38(a)	**861**	2,546
Tax paid		**(21)**	(49)
Total net cash from operating activities		**840**	2,497
Cash flows from investing activities			
Acquisitions of, and additions to, subsidiaries, joint ventures and associates	15,16	**(64)**	(757)
Disposals of subsidiaries, joint ventures and associates, net of cash transferred	15,16	**31**	227
Cash transferred from subsidiary	43	**13**	—
Purchases of intangible assets	14	**(12)**	(17)
Total net cash used in investing activities		**(32)**	(547)
Cash flows from financing activities			
Proceeds from issue of ordinary shares and capital contributions	26	**—**	453
Repayment of leases		**(19)**	(20)
Ordinary dividends paid	12	**(910)**	(945)
Total net cash used in financing activities		**(929)**	(512)
Total net (decrease)/increase in cash and cash equivalents		**(121)**	1,438
Cash and cash equivalents at 1 January		**18,501**	17,104
Effect of exchange rate changes on cash and cash equivalents		**34**	(41)
Cash and cash equivalents at 31 December	38(b)	**18,414**	18,501

The above statement of cash flows should be read in conjunction with the accounting policies and accompanying notes to the financial statements.

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Notes to the financial statements

1 – Changes to comparative amounts

The Company has changed its accounting policy in relation to business combinations under common control that are scoped out of the requirements of IFRS 3 Business Combinations, which is typically applied to intra-group Part VII transfers of insurance business. Previously, the Company recognised the assets received and liabilities assumed as a result of a Part VII transfer from a subsidiary or fellow subsidiary within the Aviva Group at the carrying value in the transferor's financial statements at the point of transfer.

The change in accounting policy relates specifically to Part VII transfers of insurance business recently acquired by the Group, where the Company will now recognise the assets received and liabilities assumed at the carrying values included in the Aviva plc consolidated financial statements. This includes the goodwill, acquired value of in-force business and intangible assets and negative adjustments to deferred acquisition costs and deferred income reserves together with associated deferred tax adjustments recognised as a result of applying IFRS 3 Business Combinations to the acquisition in the consolidated accounts. The change results in more relevant information, with the assets and liabilities recognised reflecting the recent fair values established in the business combination accounting for the Aviva plc consolidated financial statements and therefore being consistent with the consideration paid by the Group to acquire those assets and liabilities. The change provides reliable information as it aligns the carrying value of assets and liabilities recognised with the carrying values in the Aviva plc consolidated financial statements.

This change in accounting policy has been retrospectively applied to Part VII transfers into the Company in prior periods where the transferred business had been recently acquired by the Group with a restatement recognised in respect of the Part VII transfer of Friends Life business into the Company in 2017 following acquisition of this business by the Group in 2015 . The changes to comparative amounts as a result of this retrospective application impact the 1 January 2024 opening statement of financial position, the income statement for the year ended 31 December 2024 and the statement of financial position at 31 December 2024.

(a) Changes to the Company's statement of financial position for the year ended

(i) 1 January 2024

	1 January 2024 as previously reported	Change in accounting policy	1 January 2024 as restated
	£m	£m	£m
Assets			
Goodwill	—	783	783
Acquired value of in-force business and intangible assets	72	481	553
Deferred tax assets	537	(88)	449
Deferred acquisition costs	628	(109)	519
Total other assets	268,625	—	268,625
Total assets	269,862	1,067	270,929
Equity			
Ordinary share capital and capital contribution reserve	1,203	—	1,203
Retained earnings	3,052	1,097	4,149
Total equity	4,255	1,097	5,352
Liabilities			
Deferred tax liabilities	49	11	60
Total other liabilities	265,558	(41)	265,517
Total liabilities	265,607	(30)	265,577
Total equity and liabilities	269,862	1,067	270,929

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Notes to the financial statements (continued)

(ii) 31 December 2024

	31 December 2024 as previously reported £m	Change in accounting policy £m	31 December 2024 as restated £m
Assets			
Goodwill	—	783	783
Acquired value of in-force business and intangible assets	77	399	476
Deferred tax assets	299	(79)	220
Deferred acquisition costs	555	(78)	477
Total other assets	287,314	—	287,314
Total assets	288,245	1,025	289,270
Equity			
Ordinary share capital and capital contribution reserve	1,656	—	1,656
Retained earnings	1,830	1,059	2,889
Total equity	3,486	1,059	4,545
Liabilities			
Deferred tax liabilities	96	6	102
Total other liabilities	284,663	(40)	284,623
Total liabilities	284,759	(34)	284,725
Total equity and liabilities	288,245	1,025	289,270

(iii) 31 December 2025

The impact on the statement of financial position at 31 December 2025 from the change in accounting policy has been an increase of goodwill of £1,113m (including £330m from the APUK Part VII transfer on 31 December 2025) , an increase of acquired value of in-force business and intangible assets of £368m (including £28m from the APUK Part VII transfer on 31 December 2025), a reduction in deferred acquisition costs of £73m, a reduction in other liabilities of £38m, and a reduction in deferred tax assets of £78m.

(b) Changes to the income statement

Changes to the income statement arise from the statement of financial position restatements set out above and reflect (a) increases in the amortisation of acquired value of in-force business and intangible assets and (b) reductions in the amortisation of deferred acquisition costs assets and deferred income reserve liabilities.

Year ended 31 December 2024

The change in accounting policy increases other operating expenses by £51m, reduces fee and commission income by £1m and reduces income tax expenses by £14m with a total increase in the loss after tax of £38m.

Year ended 31 December 2025

The change in accounting policy increases other operating expenses by £54m, reduces fee and commission income by £2m and reduces income tax expenses by £13m with a total increase in the loss after tax of £43m.

2 – Exchange rates

Assets and liabilities have been translated at the following year end rates:

	2025	2024
Euro	1.1469	1.2064
US Dollar	1.3492	1.2566

3 – Insurance revenue

	Life Risk £m	Participating £m	2025 Total £m	Life Risk £m	Participating £m	2024 Total £m
Amounts relating to changes in liabilities for remaining coverage						
CSM recognised for services provided	**796**	**115**	**911**	746	123	869
Change in risk adjustment for non-financial risk for risk expired	**98**	**3**	**101**	100	3	103
Expected incurred claims and other insurance service expenses	**6,486**	**246**	**6,732**	5,913	224	6,137
Other[1]	**—**	**229**	**229**	—	81	81
Recovery of insurance acquisition cashflows	**297**	**1**	**298**	274	1	275
Total insurance revenue	**7,677**	**594**	**8,271**	7,033	432	7,465

1. Both 2025 and 2024 include revenue recognised for incurred policyholder tax expenses on participating business.Other in 2024 includes a gain of £68 million relating to a revision to the 2024 restatement in respect of accounting processes for With-profit funds.

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Notes to the financial statements (continued)

4 - Net financial results

The following table analyses the Company's net financial results in profit or loss. This analysis is provided by reportable product groups, which are explained in note 28(a).

	2025				
	Insurance and participating investment contracts			Non-participating investment contracts	Total
	Life Risk £m	Participating £m	Internal reinsurance ceded £m	£m	Total £m
Investment return					
Interest and similar income from financial instruments at amortised cost	5	—	—	—	5
Interest and similar income from financial instruments at FVTPL	2,364	262	—	407	3,033
Dividend income	26	333	—	3,010	3,369
Net gains /(losses)	722	3,042	—	19,005	22,769
Net income from investment properties	—	31	—	267	298
Other	(125)	(110)	—	127	(108)
Total investment return	2,992	3,558	—	22,816	29,366
Net finance (expense)/income from insurance contracts and participating investment contracts					
Changes in fair value of underlying items	34	(3,767)	—	—	(3,733)
Effects of risk mitigation option	—	6	—	—	6
Interest accreted on contractual service margin	(321)	(3)	—	—	(324)
Effect of, and changes in, interest rates and other financial assumptions	(2,616)	7	—	—	(2,609)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(79)	(4)	—	—	(83)
Total net finance income/(expense) from insurance contracts and participating investment contracts	(2,982)	(3,761)	—	—	(6,743)
Net finance income/(expense) from reinsurance contracts					
Interest accreted	56	—	67	—	123
Other [1]	113	—	(317)	—	(204)
Net finance income/(expense) from reinsurance contracts	169	—	(250)	—	(81)
Movement in non-participating investment contract liabilities					
Investment income allocated to non-participating investment contracts	—	—	—	(22,616)	(22,616)
Movement in non-participating investment contract liabilities	—	—	—	(22,616)	(22,616)
Net financial result	179	(203)	(250)	200	(74)

1. Other net finance income/(expense) from reinsurance contracts includes the effect of, and changes in, interest rates and other financial assumptions (including changes in the fair value of funds withheld) and the effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition, in relation to reinsurance contracts held.

Underlying items comprise financial instruments and other assets and liabilities held within unit-linked and With-profits funds whose value determines some of the amounts payable to policyholders. For policyholders invested in With-profits funds with a policyholder estate the underlying items may include non-profit insurance contracts written within the funds.

Other than exchange differences on financial instruments measured at FVTPL, in 2025 the Company recognised a net exchange gain of £34 million(2024: £41 million loss) in profit or loss. Exchange differences on insurance and reinsurance contracts are included in insurance finance income and expenses above. Exchange differences on financial liabilities are included in other finance costs (see note 7).

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Notes to the financial statements (continued)

	Insurance and participating investment contracts			Non-participating investment contracts	Total
	Life Risk	Participating	Internal reinsurance ceded		Total
	£m	£m	£m	£m	£m
Investment return					
Interest and similar income from financial instruments at FVTPL	2,275	492	—	440	3,207
Dividend income	33	508	—	2,528	3,069
Net gains /(losses)	(3,205)	731	—	12,489	10,015
Net income from investment properties	1	(14)	—	156	143
Other	(4)	(39)	—	(130)	(173)
Total investment return	(900)	1,678	—	15,483	16,261
Net finance (expense)/income from insurance contracts and participating investment contracts				—	
Changes in fair value of underlying items	15	(1,846)	—	—	(1,831)
Effects of risk mitigation option	—	37	—	—	37
Interest accreted on contractual service margin	(285)	(3)	—	—	(288)
Effect of, and changes in, interest rates and other financial assumptions	1,557	—	—	—	1,557
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(27)	(37)	—	—	(64)
Total net finance income/(expense) from insurance contracts and participating investment contracts	1,260	(1,849)	—	—	(589)
Net finance income/(expense) from reinsurance contracts					
Interest accreted	43	—	62	—	105
Other[1]	(203)	—	(72)	—	(275)
Net finance income/(expense) from reinsurance contracts	(160)	—	(10)	—	(170)
Movement in non-participating investment contract liabilities					
Investment income allocated to non-participating investment contracts	—	—	—	(15,960)	(15,960)
Movement in non-participating investment contract liabilities	—	—	—	(15,960)	(15,960)
Investment (expense)/income attributable to unitholders	—	—	—	—	—
Net financial result	200	(171)	(10)	(477)	(458)

1. Other net finance income/(expense) from reinsurance contracts includes the effect of, and changes in, interest rates and other financial assumptions (including changes in the fair value of funds withheld) and the effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition, in relation to reinsurance contracts held.

(a) Other investment income

	2025 £m	2024 £m
Dividend income	**3,369**	3,069
Net gains/losses	**22,769**	10,015
From financial assets mandatorily held at FVTPL	**24,076**	8,748
From financial assets held at amortised cost	**10**	(41)
From financial liabilities mandatorily held at FVTPL	**(1,317)**	1,308
Net income from investment properties	**298**	143
Rent	**227**	209
Expenses relating to these properties	**(29)**	(31)
Realised gains/(losses) on disposal	**26**	4
Fair value gains/(losses) on investment properties	**74**	(39)
Other	**(108)**	(173)
Total other investment income	**26,328**	13,054

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Notes to the financial statements (continued)

5 – Fee and commission income

	2025 £m	Restated[1] 2024 £m
Fee income from non-participating investment contract business	**654**	672
Other fee income	**64**	99
Net change in deferred revenue	**2**	3
Total fee and commission income	**720**	774

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

6 – Expenses

	2025 £m	Restated[1] 2024 £m
Claims and benefits incurred		
Claims and benefits on long term business		
Insurance contracts and participating investment contracts	**6,188**	5,799
Claim recoveries from reinsurers		
Insurance contracts and participating investment contracts	**(4,378)**	(4,015)
Claims and benefits incurred, net of recoveries from reinsurers	**1,810**	1,784
Losses and reversal of losses on onerous insurance and participating investment contracts	**66**	87
Fee and commission expense		
Acquisition costs		
Commission expenses	**339**	329
Other acquisition costs	**219**	198
Amount attributed to insurance acquisition cash flows incurred during the year	**(475)**	(456)
Acquisition costs for non-participating investment contacts	**83**	71
Amortisation of insurance acquisition cash flows	**298**	275
Change in deferred acquisition costs for non-participating investment contracts	**42**	73
Reinsurance commissions and other fee and commission expense	**(5)**	(12)
Fee and commission expense	**418**	407
Other expenses		
Central costs	**12**	11
Depreciation	**8**	6
Impairment of investment in subsidiaries	**—**	3
Amortisation of acquired value of in-force business on non-participating investment contracts	**52**	49
Amortisation of intangible assets	**15**	45
Other expenses	**1,213**	1,050
Other expenses	**1,300**	1,164
Total expenses	**3,594**	3,442
Represented by expenses included within the income statement:		
Insurance service expense	**7,141**	6,472
Expense recovery from reinsurance contracts[2]	**(4,419)**	(3,949)
Other operating expenses	**872**	919
Total expenses	**3,594**	3,442

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.
2. £(262)million Net Expense from reinsurance contracts is presented in the income statement. This comprises an allocation of premiums paid to reinsurers of £(4,681) million (2024: £(4,197) million) and amount recovered from reinsurers of £(4,419) million (2024: £3,949 million) as shown in the above table.

Other expenses were £1,300 million (2024: £1,164 million) which mainly included costs relating to staff, property and IT partly offset by recoveries from professional indemnity insurers.

7 – Other finance costs

This note analyses the interest costs and similar charges. Other finance costs comprise:

	2025 £m	2024 £m
Interest on collateral received	**18**	32
Interest on lease liabilities	**1**	1
Other similar charges	**52**	52
Total finance costs	**71**	85

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Notes to the financial statements (continued)

8 – Employee information

The Company has no employees (2024: nil). All the Group employees are employed by AESL. Disclosures relating to employee remuneration and the average number of persons employed are made in the financial statements of AESL. The Company is recharged with the costs of the staff provided by AESL, however, the associated costs and average number of persons employed can not be accurately disclosed.

9 – Directors' remuneration

Mr Brown, Mr Parkes, and Mr Dinwiddie were remunerated by AESL, a fellow subsidiary of the Group.

All the directors' remuneration is also disclosed within the aggregate of key management compensation in note 42.

The fees for Mr McConville, Ms Curtis, Mr Harris, Mr Kellard and Mr Murphy were paid for and borne by the Company, with the exception of additional fees paid by the ultimate parent Company, Aviva plc, to Mr Kellard (before he resigned) where they represented the Company on certain group matters. In addition, Mr Murphy, Mr Harris and Ms Curtis received fees in respect of services as Non-Executive Directors of Aviva Equity Release UK Limited, Succession Group Limited and Aviva Protection UK Limited respectively, which are also subsidiaries of the Group, and these are disclosed in the financial statements of those companies.

As a result of process refinement, the amounts presented for 2025 exclude directors where their time spent on duties of the Company is incidental to their broader role across the Group.

The emoluments of the directors are shown in the table below:

		Restated[1]
	2025	2024
	£'000	£'000
Aggregate remuneration	**4,859**	4,731
Total directors' remuneration	**4,859**	4,731

1. The 2024 comparatives have been restated to align with the 2025 presentation to include only the main components of pay per amended guidance. Excluded benefits/taxable expenses include private medical and health insurance, company car and fuel benefit, personal use of chauffeur, relocation costs, travel, accommodation and subsistence costs, and other taxable expenses.

During the year, nil directors (2024: nil) accrued retirement benefits under the Aviva Staff Pension Scheme ("ASPS") and nil directors (2024: nil) accrued retirement benefits under defined benefit schemes.

During the year, nil directors (2024: one) exercised share options during the year, and three directors (2024: five) were granted share options under long term incentive schemes in relation to shares of the Company's ultimate parent company, Aviva plc.

The details of the highest paid director are as follows:

		Restated[1]
	2025	2024
	£'000	£'000
Aggregate remuneration	**1,967**	1,883
Total directors' remuneration	**1,967**	1,883

1. The 2024 comparatives have been restated to align with the 2025 presentation to include only the main components of pay per amended guidance. Excluded benefits/taxable expenses include private medical and health insurance, company car and fuel benefit, personal use of chauffeur, relocation costs, travel, accommodation and subsistence costs, and other taxable expenses.

During the year, the highest paid director was granted share options under long-term incentive schemes in relation to shares of the Company's ultimate parent company, Aviva plc

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Notes to the financial statements (continued)

10 – Auditor's remuneration

The total remuneration payable by the Company, excluding VAT, to its auditors, Ernst & Young LLP, is as follows:

	2025	2024
	£'000	£'000
Fees payable to the auditor for the statutory audit of the Company's financial statements	**7,027**	5,273
Audit related assurance services	**1,029**	1,797
Total auditor's remuneration	**8,056**	7,070

Fees payable for audit related assurance include fees in relation to the audit of the Solvency II regulatory returns for 2025 and the stakeholder pension scheme engagement for 2025-2026.

The Company is exempt under SI 2008/489 from the obligation to disclose fees in respect of 'Other services' as the Company is a subsidiary of the Group, which prepares consolidated financial statements. Fees paid to the Company's auditors, Ernst & Young LLP and its associates for services other than the statutory audit and audit related assurance services of the Company and other Group undertakings are disclosed in the consolidated accounts of the Group.

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Notes to the financial statements (continued)

11 – Tax

(a) Tax charged to the income statement

(i) The total tax charge comprises:

	2025 £m	Restated[1] 2024 £m
Current tax		
For the period	**118**	52
Adjustments in respect of prior years	**(2)**	(11)
Total current tax	**116**	41
Deferred tax		
Origination and reversal of temporary differences	**345**	271
Total deferred tax	**345**	271
Total tax charged/(credited) to the Income statement	**461**	312

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

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

	2025 £m	Restated[1] 2024 £m
Deferred acquisition costs	**(11)**	(4)
Unrealised gains on investments	**137**	75
Unused losses and tax credits	**49**	(38)
Intangibles and additional value of in-force long term business	**(15)**	(21)
Life insurance policyholder fund expenses	**151**	103
Insurance and investment contract liabilities	**34**	151
Provisions and other temporary differences	**5**	5
Accelerated capital allowances	**(5)**	—
Total deferred tax charged to the Income statement	**345**	271

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

(b) Tax reconciliation

The tax on the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	2025 £m	Restated[1] 2024 £m
Profit/(loss) before tax	**571**	(3)
Tax calculated at standard UK corporation tax rate of 25% (2024: 25%)	**143**	(1)
Different basis of tax - policyholders	**292**	198
Adjustment to tax charge in respect of prior years	**30**	118
Non-assessable income and items not taxed at full statutory rate	**(11)**	(7)
Movement in valuation of deferred tax	**7**	4
Total tax charge to the Income statement	**461**	312

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

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 the Budget of 26 November 2025, the UK Government announced that the basic rate of tax on savings income will increase to 22% from 6 April 2027. Subsequently they announced a corresponding change to align the policyholder tax rate from 1 April 2027. These measures were substantively enacted by the UK Government on 11 March 2026. As at 31 December 2025 these measures had not been substantively enacted and therefore no impact is reflected in the calculation of the Company's deferred tax assets and liabilities as at 31 December 2025. This measure is expected to increase the Company's deferred tax liabilities by £56 million.

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Notes to the financial statements (continued)

12 – Dividends

	2025 £m	2024 £m
Ordinary dividends declared and charged to equity in the year:		
Interim 2025 - 65.80 pence per share, paid on 7 October 2025	**300**	—
Final 2024 - 133.80 pence per share, paid on 12 May 2025	**610**	—
Interim 2024 - 69.09 pence per share, paid on 9 October 2024	—	315
Final 2023 - 138.19 pence per share, paid on 15 May 2024	—	630
Total dividends	**910**	945

13 – Goodwill

This note analyses the changes to the carrying amount of goodwill during the year and details the results of our impairment testing of goodwill.

(a) Carrying amount

	2025			Restated[1] 2024		
	Gross amount £m	Accumulated impairment £m	Carrying amount £m	Gross amount £m	Accumulated impairment £m	Carrying amount £m
At 1 January	**783**	—	**783**	**783**	—	**783**
Scheme transfer from subsidiary	**330**	—	**330**	—	—	—
At 31 December	**1,113**	—	**1,113**	**783**	—	**783**

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

The £330m from the Part VII scheme transfer in 2025 arose from the transfer of the assets and liabilities of Aviva Protection UK Limited into the Company on 31 December 2025 as set out in note 43.

Impairment tests on goodwill were conducted as described in section (b).

(b) Goodwill allocation and impairment testing

Goodwill is tested for impairment by comparing the carrying value of the cash generating unit to which the goodwill relates, to the value in use recoverable value of that cash generating unit. The goodwill is allocated to a cash generating unit comprising the long-term life insurance business of the Company. The value in use of the cash generating unit to which the goodwill relates exceeded the value in use recoverable value of the cash generating unit at 31 December 2025 (2024: exceeded) and no impairment has been recognised (2024: no impairment).

(i) Value in use

Value in use has been calculated based on a shareholder value of the business calculated in accordance with Solvency II principles, adjusted where Solvency II does not represent a best estimate of shareholders' interests. The principal adjustments relate to the exclusion of the benefit of transitional measures on technical provisions and the volatility adjustment under Solvency II, and removal of restrictions on contract boundaries or business scope.

The present value of expected profits arising from future new business is included within the shareholder value and is calculated on an adjusted Solvency II basis, using profit projections based on the most recent three-year business plans approved by management. These plans reflect management's best estimate of future profits based on both historical experience and expected growth rates for the relevant cash generating unit. The underlying assumptions of these projections include market share, customer numbers, mortality, morbidity and persistency.

Future new business profits beyond the initial three years are extrapolated using a simplified growth rate of 0% (2024: 0%). Expected future profits are set with regards to management estimates, past experience and relevant available market statistics.

Expected profits from future new business are discounted using a pre-tax risk adjusted discount rate of 10.9% (2024: 10.9%). The discount rate is a combination of a risk-free rate and a risk margin to make prudent allowance for the risk that experience in future years for new business may differ from that assumed.

(ii) Value in use key assumptions

The Solvency II non-economic assumptions in relation to mortality, morbidity, persistency and expenses and other items, are based on management's best estimate assumptions. Economic assumptions are based on market data as at the end of each reporting period. The basic risk-free rate curves used to value the technical provisions reflect the curves, credit risk adjustment and fundamental spread for the matching adjustment published by the Bank of England and the European Insurance and Occupational Pensions Authority (EIOPA) on their websites. For the purposes of calculating value in use, the UK Solvency II risk margin is used as it is considered to apply an economic view.

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Notes to the financial statements (continued)

14 – Acquired value of in-force business (AVIF) and intangible assets

This note shows the movements in cost, amortisation and impairment of the AVIF business and intangible assets during the year.

	2025				Restated[1] 2024			
	AVIF on investment contracts £m	Internally generated intangibles assets £m	Other intangible assets with finite useful lives £m	Total £m	AVIF on investment contracts £m	Internally generated intangibles assets £m	Other intangible assets with finite useful lives £m	Total £m
Gross amount								
At 1 January	**1,385**	**97**	**460**	**1,942**	1,385	80	460	1,925
Acquisitions and additions	**—**	**12**	**—**	**12**	—	17	—	17
Scheme transfer from subsidiary	**—**	**—**	**35**	**35**	—	—		—
At 31 December	**1,385**	**109**	**495**	**1,989**	1,385	97	460	1,942
Accumulated amortisation								
At 1 January	**(961)**	**(28)**	**(452)**	**(1,441)**	(912)	(17)	(418)	(1,347)
Amortisation for the year	**(52)**	**(8)**	**(7)**	**(67)**	(49)	(11)	(34)	(94)
Scheme transfer from subsidiary	**—**	**—**	**(7)**	**(7)**	—	—		—
At 31 December	**(1,013)**	**(36)**	**(466)**	**(1,515)**	(961)	(28)	(452)	(1,441)
Accumulated Impairment								
At 1 January	**(25)**	**—**	**—**	**(25)**	(25)	—	—	(25)
At 31 December	**(25)**	**—**	**—**	**(25)**	(25)	—	—	(25)
Carrying amount at 1 January	**399**	**69**	**8**	**476**	448	63	42	553
Carrying amount at 31 December	**347**	**73**	**29**	**449**	399	69	8	476

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

Internally generated intangibles assets consist primarily of costs relating to capitalised software which are being amortised over three to ten years.

AVIF on non-participating investment contracts is generally recoverable in more than one year. Of the total carrying value of AVIF of £347 million (2024 restated: £399 million), £295 million (2024 restated: £350 million) is expected to be recovered more than one year after the statement of financial position date.

15 – Investments in subsidiaries

(a) Movements in the Company's investments in its subsidiaries

	2025 £m	2024 £m
At 1 January	2,355	1,740
Additions	63	753
Disposals	(15)	(60)
Fair value losses	(11)	(78)
Return of capital from scheme transfer (see note 43)	(672)	—
At 31 December	1,720	2,355

Distributions received from subsidiaries during the year amounted to £92 million (2024: £62 million).

(b) Material movements

Additions

During the year the Company made investments of £31 million (2024: £74 million) in Property Limited Partnerships (PLPs), £22 million in ALPI DAC (2024: £nil) and £10 million in PTL (2024: £nil). In 2024 the Company acquired 100% of the shares of AIG Life Limited (now named Aviva Protection UK Limited) for £453 million and made additional capital injections post-acquisition of £224 million.

Disposals

During the year the Company made disposals of PLPs totalling £5 million (2024: £59 million) and PFI funds of £10 million (2024: £2 million). In 2024 the Company made disposals of property limited partnerships including the £58 million sale of ownership in Lekker Bolt Unit Trust.

Return of capital from scheme transfer

The return of capital from the scheme transfer has reduced the value of the investment in Aviva Protection UK Ltd from £677 million to £5 million.

(c) Related undertakings

Refer to note 44 for details of all related undertakings.

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Notes to the financial statements (continued)

16 – Investments in joint ventures & associates

Movements in the Company's investments in joint ventures and associates are as follows:

	2025 £m	2024 £m
At 1 January	**605**	749
Additions	**1**	4
Disposals	**(16)**	(167)
Fair value gains	**14**	19
At 31 December	**604**	605

A full list of joint ventures and associates is included within the list of significant holdings in undertakings other than subsidiary undertakings in note 44. Distributions received from joint ventures and associates during the year amounted to £29 million (2024: £28 million).

The Company made disposals totalling £16 million (2024: £167 million) including the £14 million partial disposal in AI UK COM Real Estate Partnerships.

The joint ventures have no significant contingent liabilities to which the Company is exposed, nor has the Company any significant contingent liabilities in relation to its interest in the joint ventures.

Most of the PLPs have raised external debt, secured on their respective property portfolios. The lenders are only entitled to obtain payment, of both interest and principal, to the extent that there are sufficient resources in the respective PLPs. The lenders have no recourse whatsoever to the Company.

17 – Property and equipment

	Owner occupied properties
	Leasehold £m
Cost or valuation	
At 1 January 2024	221
At 31 December 2025	**221**
Depreciation and impairment	
At 1 January 2024	(192)
Depreciation charge for the year	(6)
At 31 December 2024	(198)
Depreciation charge for the year	**(8)**
At 31 December 2025	**(206)**
Carrying amount	
At 31 December 2024	23
At 31 December 2025	**15**

Owner-occupied properties held under lease arrangements are stated at amortised cost and are amortised on a straight-line basis over the lease term. For further information on the Company's lease arrangements see note 19.

18 – Investment property

This note gives details of the properties we hold for long-term rental yields or capital appreciation.

	2025			2024		
	Freehold £m	Leasehold £m	Total £m	Freehold £m	Leasehold £m	Total £m
Carrying value						
At 1 January	**2,855**	**1,045**	**3,900**	3,008	895	3,903
Additions	**109**	**—**	**109**	37	135	172
Capitalised expenditure on existing properties	**122**	**55**	**177**	100	44	144
Fair value gains/losses	**81**	**(8)**	**73**	30	(69)	(39)
Disposals	**(231)**	**(19)**	**(250)**	(230)	(50)	(280)
Transfers from freehold to leasehold	**(22)**	**22**	**—**	(90)	90	—
At 31 December	**2,914**	**1,095**	**4,009**	2,855	1,045	3,900

Transfers from freehold to leasehold follow a full review which identified that the tenure of three properties had been classified incorrectly.

19 – Lease assets and liabilities

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Notes to the financial statements (continued)

The Company's leased assets primarily consist of properties occupied by Group companies carried at amortised cost (see note 17) and leasehold investment properties carried at fair value (see note 18) which are sublet to third parties and real estate long income finance leases (see note 19(v)).

Although the Company is exposed to changes in the residual value at the end of the current leases, the Company typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

(i) The following amounts in respect of leased assets have been recognised in the Company's Income statement.

	2025 £m	2024 £m
Interest expense on lease liabilities	**1**	1
Total lease expenses recognised in the income statement	**1**	1

Total cash outflows recognised in the period in relation to leases were £19 million (2024: £20 million).

(ii) The following table analyses the right-of-use assets relating to leased properties occupied by the company.

	2025 £m	2024 £m
Balance at 1 January	**23**	29
Impairment of right of use assets	**(1)**	(1)
Depreciation	**(6)**	(5)
Balance at 31 December	**16**	23

There were no gains (2024: £nil) arising from sale and leaseback transactions during the year. Included within the Income statement is £1 million (2024: £1 million) of income in respect of sublets of right of use assets.

(iii) Future contractual aggregate minimum lease payments are as follows:

	2025 £m	2024 £m
Within 1 year	**20**	21
Later than 1 year and not later than 5 years	**34**	50
Later than 5 years	**9**	9
Total undiscounted lease liabilities	**63**	80

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

(iv) Future contractual aggregate minimum lease rentals receivable under non-cancellable operating leases are as follows:

	2025 £m	2024 £m
Within 1 year	**173**	173
Between 1 and 2 years	**165**	161
Between 2 and 3 years	**152**	148
Between 3 and 4 years	**130**	137
Between 4 and 5 years	**114**	114
Later than 5 years	**1,144**	1,020
Total undiscounted lease payments receivable	**1,878**	1,753

(v) Future contractual aggregate minimum lease rentals receivable under non-cancellable finance leases are as follows:

	2025 £m	2024 £m
Within 1 year	**12**	5
Between 1 and 2 years	**13**	9
Between 2 and 3 years	**16**	9
Between 3 and 4 years	**24**	9
Between 4 and 5 years	**24**	9
Later than 5 years	**1,063**	397
Total undiscounted lease payments receivable	**1,152**	438

Finance income on the net investment in finance leases during the period was £12 million (2024: £4 million).

Unearned finance income in respect of finance leases at 31 December 2025, representing the difference between the gross and net investments in the lease, was £836 million (2024: £239 million). Unguaranteed residual value in respect of finance leases was £nil (2024: £nil).

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Notes to the financial statements (continued)

20 – Fair value methodology

This note explains the methodology for valuing our assets and liabilities measured at fair value and for fair value disclosures. It also provides an analysis of these amounts according to a fair value hierarchy, determined by the market observability of valuation inputs.

(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.

Level 1

Inputs to Level 1 fair values are quoted prices (unadjusted) in active markets for identical assets and liabilities that the Company can access at the measurement date. Level 1 inputs already reflect market participant views of climate change impacts and no further adjustments are made to these values.

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 an active market;
- 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;
- 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); and
- market-corroborated inputs.

Where broker quotes are used and no information as to the observability of inputs is provided by the broker, the investments are classified as follows:

- where the broker price is validated by using internal models with market observable inputs and the values are similar, the investment is classified as Level 2; and
- in circumstances where internal models are not used to validate broker prices, or the observability of inputs used by brokers is unavailable, the investment is classified as Level 3.

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 equity release and commercial mortgages, as well as private equity investments and private placements. Climate risks are factored into the inputs to Level 3 fair values as described in note 20(g).

The majority of the Company's assets and liabilities measured at fair value are based on quoted market information or observable market data. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. Third-party valuations using significant unobservable inputs validated against Level 2 internally modelled valuations are classified as Level 3, where there is a significant difference between the third-party price and the internally modelled value. Where the difference is insignificant, the instrument would be classified as Level 2.

Investments in subsidiaries and associates recorded at fair value are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third party evidence and internally developed models, calibrated to market observable data where possible.

(b) Changes to valuation techniques

There were no changes in the valuation techniques during the year compared to those described in the 2024 Annual Report and Financial Statements.

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Notes to the financial statements (continued)

(c) Carrying amount and fair values of financial instruments

The carrying amounts of financial assets and financial liabilities are set out in the following table:

	31 December 2025				31 December 2024			
	Mandatorily held at FVTPL	Designated at FVTPL	Amortised cost	Total carrying amount	Mandatorily held at FVTPL	Designated at FVTPL	Amortised cost	Total carrying amount
	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets								
Loans (note 21)	**24,604**	**—**	**464**	**25,068**	23,538	—	723	24,261
Cash and cash equivalents	**—**	**1,161**	**17,829**	**18,990**	—	1,096	17,641	18,737
Financial investments (note 23)	**249,051**	**—**	**725**	**249,776**	222,521	—	—	222,521
Fixed maturity securities[1]	**44,937**	**—**	**725**	**45,662**	**44,044**	**—**	**—**	**44,044**
Equity securities	**58,917**	**—**	**—**	**58,917**	**46,148**	**—**	**—**	**46,148**
Other investments (including derivatives)	**145,197**	**—**	**—**	**145,197**	**132,329**	**—**	**—**	**132,329**
Reinsurance assets for non-participating investment contracts (note 29)	**5,798**	**—**	**—**	**5,798**	**—**	**—**	**—**	**—**
Financial liabilities								
Non-participating investment contracts	**—**	**196,294**	**—**	**196,294**	—	169,060	—	169,060
Derivative liabilities (note 40)[2]	**5,966**	**—**	**—**	**5,966**	7,200	—	—	7,200

1. Fixed maturity securities of £725 million have been classified at amortised cost on initial recognition, in line with accounting policy (U)
2. Derivative financial liabilities meet the definition of held for trading

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

- Receivables
- Prepayments and accrued income
- Cash and cash equivalents
- Payables and other financial liabilities

(d) Fair value hierarchy

An analysis of assets and liabilities measured at fair value categorised by fair value hierarchy is given below:

	Fair value hierarchy					
31 December 2025	Level 1 £m	Level 2 £m	Level 3 £m	Sub-total Fair value £m	Amortised cost £m	Total carrying value £m
Recurring fair value measurements						
Investment property (note 18)	—	—	4,009	4,009	—	4,009
Loans (note 21)	—	—	24,604	24,604	464	25,068
Cash and cash equivalents	1,161	—	—	1,161	17,829	18,990
Financial investments measured at fair value and amortised cost						
Debt securities	14,403	22,191	8,343	44,937	725	45,662
Equity securities	58,883	—	34	58,917	—	58,917
Other investments (including derivatives)	142,176	2,371	650	145,197	—	145,197
Reinsurance assets for non-participating investment contracts (note 29)	5,798	—	—	5,798	—	5,798
Investments in subsidiaries (note 15)	—	—	822	822	898	1,720
Investments in joint ventures & associates (note 16)	—	—	604	604	—	604
Total	222,421	24,562	39,066	286,049	19,916	305,965
Financial liabilities measured at fair value						
Non-participating investment contracts (note 29)	196,294	—	—	196,294	—	196,294
Derivative liabilities (note 41)	15	5,873	78	5,966	—	5,966
Total	196,309	5,873	78	202,260	—	202,260

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Notes to the financial statements (continued)

	Fair value hierarchy					
	Level 1	Level 2	Level 3	Sub-total fair value	Amortised cost	Total carrying value
31 December 2024	£m	£m	£m	£m	£m	£m
Recurring fair value measurements						
Investment property (note 18)	—	—	3,900	3,900	—	3,900
Loans (note 21)	—	—	23,538	23,538	723	24,261
Cash and cash equivalents	1,096	—	—	1,096	17,641	18,737
Financial investments measured at fair value (note 23(b))						
Debt securities	13,707	22,890	7,447	44,044	—	44,044
Equity securities	46,124	—	24	46,148	—	46,148
Other investments (including derivatives)	129,418	2,272	639	132,329	—	132,329
Reinsurance assets for non-participating investment contracts (note 29)	5,308	—	—	5,308	—	5,308
Investments in subsidiaries	—	—	817	817	1,538	2,355
Investments in joint ventures & associates	—	—	605	605	—	605
Total	195,653	25,162	36,970	257,785	19,902	277,687
Financial liabilities measured at fair value						
Non-participating investment contracts (note 29)	169,060	—	—	169,060	—	169,060
Derivative liabilities (note 41)	197	6,962	41	7,200	—	7,200
Total	169,257	6,962	41	176,260	—	176,260

(e) Transfers between levels of the fair value hierarchy

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.

Transfers to/from level 3

Transfers to fair value hierarchy Level 3 from Level 2 in respect of debt securities amounted to £119 million (2024: £75 million).

Transfers to fair value hierarchy Level 3 from Level 2 in respect of other investments amounted to £27 million (2024: £nil).

Transfers from fair value hierarchy Level 3 to Level 2 in respect of debt securities amounted to £15 million (2024: £13 million).

Net transfers from fair value hierarchy Level 3 to Level 2 in respect of derivative liabilities amounted to £2 million (2024: £nil).

These reclassifications arose as the result of changes in observable market conditions. Assets are moved to Level 3 if the Refinitiv pricing score is less than 6/10 which indicates a lower quantity and quality of market inputs used in calculating the price.

(f) Valuation approach for fair value assets and liabilities classified as Level 2

Please see note 20(a) for a description of typical Level 2 inputs.

Debt securities, in line with market practice, are generally valued using an independent pricing service. These valuations are determined using independent external quotations from multiple sources and are subject to a number of monitoring controls, such as monthly price variances and stale price reviews. Pricing services, where available, are used to obtain the third-party broker quotes. Where pricing services providers are used, a single valuation is obtained and applied. When prices are not available from pricing services, quotes are sourced from brokers. Over-the-counter derivatives are valued using broker quotes or models such as option pricing models, simulation models or a combination of models. The inputs for these models include a range of factors which are deemed to be observable, including current market and contractual prices for underlying instruments, period to maturity, correlations, yield curves and volatility of the underlying instruments.

Unit trusts and other investment funds included under the other investments category are valued using net asset values which are not subject to a significant adjustment for restrictions on redemption or for limited trading activity.

(g) Further information on Level 3 financial instruments

The table below shows movement in the Level 3 assets and liabilities measured at fair value.

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Notes to the financial statements (continued)

							Assets	Liabilities
2025	Investment Property £m	Loans £m	Debt securities £m	Equity securities £m	Other investments (including derivatives) £m	Investments in subsidiaries £m	Investments in joint ventures & associates £m	Derivative liabilities £m
Opening balance at 1 January	**3,900**	**23,538**	**7,447**	**24**	**639**	**817**	**605**	**(41)**
Total net (losses)/gains recognised in the income statement	**100**	**429**	**275**	**—**	**(1)**	**(11)**	**14**	**(14)**
Purchases	**286**	**1,964**	**1,018**	**19**	**43**	**31**	**1**	**—**
Disposals	**(277)**	**(1,327)**	**(501)**	**(9)**	**(58)**	**(15)**	**(16)**	**(25)**
Transfers into Level 3	**—**	**—**	**119**	**—**	**27**	**—**	**—**	**—**
Transfers out of Level 3	**—**	**—**	**(15)**	**—**	**—**	**—**	**—**	**2**
Balance at 31 December	**4,009**	**24,604**	**8,343**	**34**	**650**	**822**	**604**	**(78)**

							Assets	Liabilities
2024	Investment Property £m	Loans £m	Debt securities £m	Equity securities £m	Other investments (including derivatives) £m	Investments in subsidiaries £m	Investments in joint ventures & associates £m	Derivative liabilities £m
Opening balance at 1 January	3,903	24,705	6,347	24	787	882	749	(43)
Total net gains/(losses) recognised in the income statement	(39)	(789)	(332)	5	(22)	(78)	19	(36)
Purchases	316	2,817	1,710	—	—	73	4	38
Disposals	(280)	(3,195)	(340)	(5)	(125)	(60)	(167)	—
Transfers into Level 3	—	—	75	—	—	—	—	—
Transfers out of Level 3	—	—	(13)	—	(1)	—	—	—
Balance at 31 December	3,900	23,538	7,447	24	639	817	605	(41)

The principal assets classified as Level 3, and the valuation techniques applied to them, are described below.

(i) Investment in subsidiaries, JVs and associates

Investments in subsidiaries (note 15), joint ventures and associates (note 16) are valued at cost, with the exception of those backing policyholder liabilities which are stated at their fair values. To value private equity investment funds the Company relies on quarterly investment valuation reports received from the fund manager as well as fully audited accounts received on an annual basis. Adjustments to fair values are made to reflect draw downs and distributions made between the date of the most recent valuation report received from the fund manager and the reporting date. In accordance with Solvency II requirements, the Company also undertakes an annual assessment to estimate the extent of uncertainty inherent in the valuation of private equity funds. For valuation of property partnerships refer to note (ii) below.

(ii) Investment in property

Investment property is valued in the UK at least annually by external chartered surveyors in accordance with guidance issued by The Royal Institution of Chartered Surveyors and using estimates during the intervening period.

Outside the UK, valuations are produced by external qualified professional appraisers in the countries concerned. The Group's methodology requires external valuers in the UK to apply the 'Sustainability and ESG in commercial property valuation and strategic advice' guidance note issued by The Royal Institution of Chartered Surveyors in May 2023. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management and fiscal considerations.

Investment properties are valued on an income approach that is based on current rental income plus anticipated uplifts at the next rent review, lease expiry, or break option taking into consideration lease incentives and assuming no further growth in the estimated rental value of the property. The uplift and discount rates are derived from rates implied by recent market transactions on similar properties. These inputs are deemed unobservable. The yield used to value investment property can vary significantly depending on a number of factors including location, type of property and sector. The yield used to value the portfolio ranges from 51bps to 5021bps (2024: 375bps to 3407bps) with higher yields predominately relating to properties in the retail and leisure sectors. Over 95% of the portfolio is valued using spreads within the range from 51bps to 802bps (2024: 375bps to 781bps).

(iii) Loans

Commercial mortgage loans and Primary Healthcare loans are valued using a Portfolio Credit Risk Model. This model calculates a Credit Risk Adjusted Value for each loan. The risk adjusted cash flows are discounted using a yield curve plus an allowance for illiquidity. Loans valued using the Portfolio Credit Risk Model have been classified as Level 3 as the liquidity premium is deemed to be non-market observable. At 31 December 2025 the liquidity premium used in the discount rate was 160bps (2024: 185bps). The growth rates assumed for properties against which the loans are secured include deductions for the potential impact of climate risks on future commercial property values and deductions for capital expenditure.

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Equity release mortgage loans are valued using an internal model, with fair value initially being equal to the transaction price. The value of these loans is dependent on the expected term of the mortgage and the forecast property value at the end of the term, and is calculated by adjusting future cash flows for credit risk and discounting using a yield curve plus an allowance for illiquidity. At 31 December 2025 the illiquidity premium used in the discount rate was 195bps (2024: 185bps).

The equity release mortgages include 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. Property valuations at the reporting date are obtained by taking the most recent valuation for the property and indexing using an internal house price index based on published Land Registry data. NNEG is calculated using base property growth rates reduced for the cost of potential dilapidations, using a stochastic model. In addition, a cost of capital charge is applied to reflect the variability in these cash flows. The base property growth rate assumption is RPI +0.75% (2024: RPI +0.75%).

The base property growth rate equates to a long-term average growth rate of 3.8% per annum at 31 December 2025 (2024: 3.7%) over a twenty five year projection. After applying the cost of capital charge, dilapidations and the stochastic distribution, the effective net long-term growth rate equates to 1.2% per annum (2024: 1.2%).

Infrastructure and Private Finance Initiative (PFI) loans are valued using a discounted cash flow model. This adds spreads for credit and illiquidity to a risk-free discount rate. Credit spreads used in the discount rate are calculated using an internally developed methodology which depends on the credit rating of each loan, credit spreads on publicly traded bonds and an estimated recovery rate in event of default and are deemed to be unobservable. At 31 December 2025, the illiquidity premium used in the discount rate was 150bps (2024: 150bps) for the PFI loans and ranged from 25bps to 680bps (2024: 25bps to 594bps) for the infrastructure loans.

(iv) Debt and equity securities

Private, fixed maturity securities held by the Company amounted to £7,860 million (2024: £6,430 million). Comprising a range of different structures and exposures, these assets are all illiquid and are valued using mark to model approaches, which typically discount future cash flows at risk free, plus spreads reflecting credit and illiquidity risk.

The unobservable credit and illiquidity spreads used in the discount rate range from 20bps to 722bps (2024: 34bps to 567bps) with 95% of the modelled assets valued using spreads within the range from 70bps to 322bps (2024: 38bps to 566bps).

Marked to market debt is valued using consensus prices or evaluated prices sourced from Refinitiv. Assets are moved to Level 3 if the Refinitiv pricing score is less than 6/10 which indicates a lower quantity and quality of market inputs used in calculating the price.

Sensitivities

The valuation of Level 3 assets involves a high degree of judgement and estimation uncertainty due to the reliance of valuation models on unobservable inputs. Where possible, the Company tests the sensitivity of the fair values of Level 3 assets to changes in unobservable inputs to reasonable alternatives. Sensitivities are determined by flexing inputs of internal models to a reasonable alternative, including the yield, NAV multiple or other suitable valuation multiples of the financial instrument implied by the third-party valuation. On the basis of the methodology outlined in the table below, the Company is able to perform sensitivity analysis for £39,066 million (2024: £36,970 million) of the Company's Level 3 assets.

The tables below show the sensitivity of the fair value of Level 3 assets and liabilities to changes in unobservable inputs to a reasonable alternative:

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2025	Fair value £m	Most significant unobservable input	Reasonable alternative	Sensitivities: Positive impact £m	Sensitivities: Negative impact £m
Investments in subsidiaries (note 15)					
PLPs and other subsidiaries	**822**	Multiple of IFRS net asset value	±5% of NAV	**41**	**(41)**
Investments in joint ventures and associates (note 16)	**604**	Multiple of IFRS net asset value	±5% of NAV	**30**	**(30)**
Investment property	**4,009**	Expected rental yields	±5%	**200**	**(200)**
Loans					
Commercial mortgages	**5,615**	Illiquidity premium	±20bps	**70**	**(68)**
PFI commercial mortgages	**1,898**	Illiquidity premium	±20bps	**21**	**(19)**
Equity release mortgages	**7,167**	Current property market values	±10%	**130**	**(168)**
		Base property growth rate	+/- 40 bps p.a.	**80**	**(86)**
Loans and advances to banks	**299**	Discounts spreads and collateral values	±25bps	**6**	**(6)**
Loans to subsidiaries	**188**	Illiquidity premium	±50bps	**—**	**—**
Infrastructure loans	**9,437**	Illiquidity premium	±25bps	**208**	**(208)**
Debt securities	**8,343**	Credit and liquidity spreads	±25bps on discount spread	**279**	**(279)**
Equity securities					
Unlisted/private equities directly held	**34**	Multiple of IFRS net asset value	+30%/-20%	**10**	**(7)**
Other investments (including derivatives)	**650**	Multiple of IFRS net asset value	+30%/-20%	**195**	**(130)**
Total Level 3 investments	**39,066**			**1,270**	**(1,242)**

2024	Fair value £m	Most significant unobservable input	Reasonable alternative	Sensitivities: Positive impact £m	Sensitivities: Negative impact £m
Investments in subsidiaries (note 13)					
PLPs and other subsidiaries	817	Multiple of IFRS net asset value	±5% of NAV	41	(41)
Investments in joint ventures and associates (note 14)	605	Multiple of IFRS net asset value	±5% of NAV	30	(30)
Investment property	3,900	Expected rental yields	±5%	195	(195)
Loans					
Commercial mortgages	6,041	Illiquidity premium	±20bps	75	(74)
PFI commercial mortgages	1,028	Illiquidity premium	±20bps	21	(21)
Equity release mortgages	7,074	Current property market values	±10%	142	(185)
		Base property growth rate	+/- 50 bps p.a.	95	(102)
Loans and advances to banks	463	Discounts spreads and collateral values	±25bps	6	(6)
Loans to subsidiaries	196	Illiquidity premium	±50bps	—	—
Infrastructure loans	8,736	Illiquidity premium	±25bps	192	(192)
Debt securities	7,447	Credit and liquidity spreads	±25bps on discount spread	327	(327)
Equity securities					
Unlisted/private equities directly held	24	Multiple of IFRS net asset value	+30%/-20%	7	(5)
Other investments (including derivatives)	639	Multiple of IFRS net asset value	+30%/-20%	192	(128)
Total Level 3 investments	36,970			1,323	(1,306)

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The above tables demonstrate the effect of a change in one unobservable input while other assumptions remain unchanged. In reality, there may be a correlation between the unobservable inputs and other factors. It should also be noted that some of these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

(h) Financial assets and Financial liabilities not carried at fair value for which fair value is disclosed

The table below shows the fair value and fair value hierarchy for financial assets and financial liabilities not carried at fair value.

	Fair value hierarchy			
2025	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets not carried at fair value				
Loans	—	—	**464**	**464**
Fixed maturity securities	**759**	—	—	**759**

	Fair value hierarchy			
2024	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets not carried at fair value				
Loans	—	—	723	723

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21 – Loans

Carrying amounts

The carrying amounts of loans at 31 December 2025 and 31 December 2024 were as follows:

	2025			2024		
	Mandatorily held at FVTPL £m	At amortised cost £m	Total £m	Mandatorily held at FVTPL £m	At amortised cost £m	Total £m
Loans to banks	**299**	**—**	**299**	463	—	463
PFI commercial mortgages	**1,898**	**—**	**1,898**	1,028	—	1,028
Mortgage loans	**12,782**	**—**	**12,782**	13,115	—	13,115
Loans to parent	**—**	**337**	**337**	—	487	487
Loans to subsidiaries	**188**	**127**	**315**	196	236	432
Infrastructure and other loans	**9,437**	**—**	**9,437**	8,736	—	8,736
Total	**24,604**	**464**	**25,068**	23,538	723	24,261

Of the above total loans, £23,149 million (2024: £23,139 million) are due to be recovered in more than one year after the statement of financial position date.

Loans at fair value

£7,513 million (2024: £7,069 million) of the above mortgage loans and PFI commercial mortgages are Commercial Mortgages. Further details of the fair value methodology are given in note 20.

Further information regarding collateral received on the loans can be found in note 41.

Loans at amortised cost

The carrying amount of these loans at both 31 December 2025 and 31 December 2024 was a reasonable approximation for their fair value.

No impairment provisions were held in respect of these loans (2024: £nil).

22 – Interests in structured entities

A structured entity is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

The Company holds redeemable shares or units in investment vehicles, which consist of:

							2025
	Interest in Subsidiaries £m	Interest in joint ventures £m	Interest in associates £m	Financial investments £m	Loans £m	Real Estate Long Income £m	Total assets £m
Structured debt securities	**—**	**—**	**—**	**3,911**	**—**	**—**	**3,911**
Other investments and equity securities analysed as:							
Unit trust and other investment vehicles	**—**	**—**	**—**	**142,337**	**—**	**—**	**142,337**
Liquidity funds	**—**	**—**	**—**	**15,657**	**—**	**—**	**15,657**
Property Limited Partnerships ("PLPs") and property funds	**622**	**586**	**18**	**98**	**127**	**—**	**1,451**
Other (including other funds and equity securities)	**177**	**—**	**—**	**249**	**—**	**—**	**426**
Finance Lease	**—**	**—**	**—**	**—**	**—**	**317**	**317**
Loans	**—**	**—**	**—**	**—**	**10,931**	**—**	**10,931**
Total	**799**	**586**	**18**	**162,252**	**11,058**	**317**	**175,030**

							2024
	Interest in Subsidiaries £m	Interest in joint ventures £m	Interest in associates £m	Financial investments £m	Loans £m	Interest in associates £m	Total assets £m
Structured debt securities	—	—	—	3,883	—	—	3,883
Other investments and equity securities analysed as:							
Unit trust and other investment vehicles	—	—	—	129,689	—	—	129,689
Liquidity funds	—	—	—	14,933	—	—	14,933
Property Limited Partnerships ("PLPs") and property funds	604	573	32	105	166	—	1,480
Other (including other funds and equity securities)	190	—	—	289	—	—	479
Finance Lease	—	—	—	—	—	197	197
Loans	—	—	—	—	10,226	—	10,226
Total	794	573	32	148,899	10,392	197	160,887

Structured debt securities comprise securitisation vehicles that the Company does not originate and those issued by a wholly owned subsidiary Aviva ERFA 15 UK Limited. These securities include debt issued via an SPV, Residential Mortgage-Backed Securities, Commercial

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Mortgage-Backed Securities, Asset Backed Securities, Asset Backed Commercial Papers, Wrapped Credits Securities and Collateralised Loan Obligation securities.

Unit trust and other investment vehicles include: private equity funds, unit trusts, Open Ended Investment Companies, Sociétés d'Investissement à Capital Variables, and Tax Transparent Funds.

Other (including other funds and equity securities) include: a limited liability partnership and derivative assets/liabilities.

The Company's holdings in investment vehicles are subject to the terms and conditions of the respective investment vehicle's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investment vehicles. The investment manager makes investment decisions after extensive due diligence of the underlying investment vehicle including consideration of its strategy and the overall quality of the underlying investment vehicle's manager. All of the investment vehicles in the investment portfolio are managed by portfolio managers who are compensated by the respective investment vehicles for their services. Such compensation generally consists of an asset-based fee and a performance- based incentive fee, and is reflected in the valuation of the investment vehicles.

As at 31 December , a summary of the Company's interest in unconsolidated structured entities is as follows:

- The maximum exposure to loss of the interests presented above is the carrying amount of the investments and the majority of debt securities above are investment grade securities. Based on the different structures of the securities, in some cases the Company may be required to absorb losses from an unconsolidated structured entity before other parties. Those cases occur when and if the Company's interest is more subordinated with respect to other owners of the same security;
- The Company has granted loans to PLPs classified as subsidiaries, joint ventures and associates for a total of £127 million (2024: £166 million). This amount has been provided for the purpose of short term liquidity funding for commitments to property management joint ventures. In relation to risk management, disclosures on debt securities and investment vehicles are given in note 39;
- The Company has provided letters of support in respect of a number of its investments in PLPs amounting to £1 million (2024: £1 million). The Company has not provided any other financial or other support in addition to that described above as at the reporting date, and there are no intentions to provide support in relation to other unconsolidated structured entities in the foreseeable future; and
- In November 2021 the Company entered into an agreement to provide a liquidity facility to Aviva ERFA 15 UK Limited. Further information on this facility can be found in note 44.

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23 – Financial investments

(a) Carrying amount

Financial investments comprise:

	2025 £m	2024 £m
Fixed maturity securities		
Debt securities		
UK government	**16,067**	14,937
UK local authorities	**132**	117
Non-UK government (note 23(e))	**5,796**	6,003
Corporate bonds		
Public utilities	**2,949**	3,089
Other corporate	**16,621**	16,757
Other	**3,180**	2,370
	44,745	43,273
Certificates of deposit	**917**	771
	45,662	44,044
Equity securities		
Ordinary shares		
Public utilities	**1,789**	1,426
Banks, trusts and insurance companies	**12,700**	9,963
Industrial miscellaneous and all other	**44,421**	34,759
	58,910	46,148
Non-redeemable preference shares	**7**	—
	58,917	46,148
Other investments		
Unit trusts and other investment vehicles	**142,336**	129,689
Derivative financial instruments (note 40)	**2,760**	2,535
Minority holdings in property management undertakings	**101**	105
	145,197	132,329
Total financial investments	**249,776**	222,521

The majority of financial investments are held mandatorily at fair value through profit or loss (FVTPL) as these investments are managed and their performance evaluated on a fair value basis to support the Company in managing its capital on a regulatory basis (Solvency II). Fixed maturity securities of £725 million (2024: £nil) are held at amortised cost, as the objective is to hold them to maturity to collect the contractual cash flows, and the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Of the above financial investments £402 million (2024:£420 million), £95 million (2024:£116 million), £247 million (2024:£232 million) and £318 million (2024: £339 million) are held in Trust on behalf of the Trustees of Friends Provident, West Ferry Printers, John Laing and Pearson Bulk Annuity Schemes respectively. Amounts become payable to the Trustees in the event that the Company is in breach of its payments obligations in respect of policyholder benefits.

Of the above total, £45,754 million (2024: £44,523 million) is due to be recovered in more than one year after the statement of financial position date.

Financial investments include £3,658 million (2024: £4,323 million) in respect of non-cash collateral pledged to third parties where the economic rights are retained by the Company.

(b) Cost, unrealised gains/losses and fair value

The following is a summary of the cost, gross unrealised gains and losses and fair value of financial investments measured at FVTPL:

	2025				2024			
	Cost £m	Unrealised gains £m	Unrealised losses and impairments £m	Fair value £m	Cost £m	Unrealised gains £m	Unrealised losses and impairments £m	Fair value £m
Debt securities	**52,252**	**302**	**(6,892)**	**45,662**	51,779	159	(7,894)	44,044
Equity securities	**44,787**	**15,796**	**(1,666)**	**58,917**	37,312	10,536	(1,700)	46,148
Other investments								
Unit trusts and other investment vehicles	**115,448**	**28,141**	**(1,253)**	**142,336**	113,156	18,432	(1,899)	129,689
Derivative financial instruments	**(410)**	**4,018**	**(848)**	**2,760**	(434)	3,859	(890)	2,535
Minority interests	**105**	**5**	**(9)**	**101**	137	8	(40)	105
	212,182	**48,262**	**(10,668)**	**249,776**	201,950	32,994	(12,423)	222,521

All unrealised gains and losses and impairments on financial investments classified as fair value through profit or loss have been recognised in the income statement.

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Unrealised gains and losses on financial investments classified as fair value through profit or loss, recognised in the income statement in the year, were a net gain of £18,644 million (2024: £4,953 million net gain). Of this net gain, £17,124 million net gain (2024: £6,277 million net gain) related to investments designated as other than trading and £1,520 million net gain (2024: £(1,324) million net loss) related to financial investments designated as trading. The net gain is primarily driven by a significant increase in equity securities and Collectives.

(c) Financial investment arrangements

Debt Securities issued by a wholly owned subsidiary Aviva ERFA 15 UK Limited ("ERFA 15") amounting to £330 million (2024: £444 million) have been included in the total value of debt securities. These loan notes were issued by ERFA 15 to the Company as a result of the securitisation of certain equity release mortgages ("ERM"). As the Company was the ultimate beneficial owner of the ERM both before and after the securitisation, the requirements of IFRS 9 do not permit the Company to derecognise the ERM assets which continue to be recognised as loans (see note 21) As a result of non derecognition of the ERM, the Company recognised an inter company liability to ERFA 15, which has been offset against the value of the loan notes, with the net balance being included in the value of debt securities as follows:

	Debt securities	Inter company loan	Net debt security
	£m	£m	£m
At 1 January 2025	**7,296**	**(6,852)**	**444**
Additions	**82**	**(372)**	**(290)**
Repayments	**(666)**	**576**	**(90)**
Fair value gains / (losses)	**617**	**(351)**	**266**
Disposals	**—**	**—**	**—**
At 31 December 2025	**7,329**	**(6,999)**	**330**

	Debt securities	Inter company loan	Net debt security
	£m	£m	£m
At 1 January 2024	7,925	(7,523)	402
Additions	268	(268)	—
Repayments	(508)	534	26
Fair value (losses) / gains	240	(224)	16
Disposals	(629)	629	—
At 31 December 2024	7,296	(6,852)	444

(d) Stock lending arrangements

The Company has entered into stock lending arrangements during the year in accordance with established market conventions. The majority of the Company's stock lending transactions occur in the UK, where investments are lent to European Economic Area ("EEA")regulated, locally domiciled counterparties and governed by agreements written under English law.

The Company receives collateral in order to reduce the credit risk of these arrangements, either in the form of securities or cash. See note 41 for further discussion regarding collateral positions held by the Company.

(e) Non-UK government Debt Securities

The following is a summary of non-UK government debt by issuer as at 31 December 2025 and 31 December 2024, analysed by policyholder, participating and shareholder funds.

	Policyholder		Participating		Shareholder		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Belgium	**1**	1	**—**	—	**768**	725	**769**	726
France	**5**	5	**—**	—	**100**	52	**105**	57
Italy	**4**	4	**—**	—	**152**	75	**156**	79
Latvia	**—**	—	**—**	—	**126**	125	**126**	125
Lithuania	**—**	—	**—**	—	**143**	130	**143**	130
Luxembourg	**—**	—	**33**	52	**173**	168	**206**	220
Poland	**—**	—	**8**	15	**354**	316	**362**	331
European supranational debt	**—**	—	**6**	7	**743**	733	**749**	740
Other European countries	**9**	8	**2**	166	**335**	424	**346**	598
Europe	**19**	18	**49**	240	**2,894**	2,748	**2,962**	3,006
Canada	**1**	1	**—**	—	**157**	150	**158**	151
United States	**28**	29	**1**	1	**447**	502	**476**	532
North America	**29**	30	**1**	1	**604**	652	**634**	683
Asia Pacific and other	**12**	10	**33**	83	**2,154**	2,221	**2,199**	2,314
Total	**60**	58	**83**	324	**5,652**	5,621	**5,795**	6,003

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Notes to the financial statements (continued)

24 – Receivables

	2025 £m	2024 £m
Amounts due from parent company	**1**	5
Amounts due from subsidiaries	**1**	2
Amounts due from fellow subsidiaries	**70**	46
Amounts due from brokers for investment sales	**126**	103
Amounts receivable for collateral pledged	**2**	118
Amounts due from government, social security and taxes	**933**	789
Finance lease receivables	**317**	197
Other receivables	**724**	323
Total	**2,174**	1,583
Expected to be recovered in less than one year	**1,857**	1,386
Expected to be recovered in more than one year	**317**	197
	2,174	1,583

25 – Deferred acquisition costs on non-participating investment contracts, other assets, prepayments and accrued income

(a) Carrying amount

The carrying amount comprises :

	2025 £m	Restated[1] 2024 £m
Deferred acquisition costs on non-participating investment contracts	**435**	477
Prepayments and accrued income	**1,585**	2,013
Total	**2,020**	2,490

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

(b) Deferred acquisition costs – movements in the year

The movements in deferred acquisition costs during the year were:

	2025 Total £m	Restated[1] 2024 Total £m
Carrying amount at 1 January	**477**	520
Acquisition costs deferred during the year	**23**	21
Amortisation	**(64)**	(54)
Impact of assumption changes	**(1)**	(10)
Carrying amount at 31 December	**435**	477

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

Deferred acquisition costs (DAC) on non-participating investment contracts are generally recoverable in more than one year. Of the above total, £367 million (2024 restated: £406 million) is expected to be recovered in more than one year after the statement of financial position date. Where amortisation of the DAC balance depends on projected profits, the amount expected to be recovered is estimated and actual experience will differ.

(c) Other assets, prepayments and accrued income

Of the total other assets, prepayments and accrued income of £1,585 million (2024: £2,013 million) is expected to be recovered in less than one year after the statement of financial position date.

26 – Ordinary share capital

	2025 £m	2024 £m
Allotted, called up and fully paid		
Ordinary shares of £1 each	**456**	456

Ordinary shares in issue in the Company rank pari passu with any new ordinary shares issued in the Company. All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company.

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Notes to the financial statements (continued)

27 – Retained earnings and capital contribution reserve

	2025			Restated[1] 2024		
	Capital contribution reserve	**Retained earnings**	**Total**	Capital contribution reserve	Retained earnings	Total
	£m	**£m**	**£m**	£m	£m	£m
Balance at 1 January	**1,200**	**2,889**	**4,089**	1,200	4,149	5,349
Profit/(loss) for the year	**—**	**110**	**110**	—	(315)	(315)
Dividends paid (note 12)	**—**	**(910)**	**(910)**	—	(945)	(945)
Loss arising from scheme transfer (see note 43)	**—**	**(4)**	**(4)**	—	—	—
Balance at 31 December	**1,200**	**2,085**	**3,285**	1,200	2,889	4,089

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

The Company is required to hold sufficient capital to meet acceptable solvency levels based on rules applicable to insurance companies under the requirements of Solvency II. Its ability to transfer retained earnings to its parent company is therefore restricted to the extent these earnings form part of regulatory capital requirements. See note 37.

28 – Insurance and reinsurance contracts

For the purpose of this note, all references to insurance contracts include participating investment contracts.

The Company has presented the information about insurance and reinsurance contracts using the following product groups.

Reportable product group	Products and services	Measurement model
Life risk	• Annuities (bulk purchase and individual), term assurance, income protection and critical illness • Includes participating pension saving contracts with guaranteed annuity terms as these contracts are expected to convert to annuity contracts and the predominant characteristics are life risk • Life risk reinsurance excluding reinsurance ceded to other Group companies	GMM
Participating	• With profits savings contracts, unit linked insurance and unit linked participating contracts	Predominantly measured using the VFA. There is some participating business which is measured using the GMM.
Internal reinsurance ceded	• Quota share reinsurance of insurance, participating investment and non-participating investment contracts in the non-profit fund to Aviva International Insurance Limited (AIIL).	GMM

This note analyses the following in respect of these insurance and reinsurance contracts:

(a) Carrying amount

(b) Movements in the year

(c) Effect of contracts initially recognised in the year

(d) Contractual service margin emergence

(e) Significant judgements, estimates and assumptions

(f) Financial Guarantees and options

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Notes to the financial statements (continued)

(a) Carrying amount

Insurance and reinsurance contracts at 31 December comprised:

	Note	2025 Life risk £m	2025 Participating £m	2025 Internal reinsurance ceded £m	2025 Total £m	2024 Life risk £m	2024 Participating £m	2024 Internal reinsurance ceded £m	2024 Total £m
Insurance contracts									
Insurance contract liabilities	28(b)	**72,455**	**35,622**	**—**	**108,077**	68,386	35,849	—	104,235
Reinsurance contracts									
Reinsurance contract assets	28(b)	**(7,382)**	**—**	**—**	**(7,382)**	(5,907)	—	—	(5,907)
Reinsurance contract liabilities	28(b)	**—**	**—**	**192**	**192**	—	—	136	136

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered)/settled more than 12 months after the reporting date:

	2025 £m	2024 £m
Insurance contract and participating investment contract liabilities	**100,717**	97,329
Reinsurance contract assets	**(6,769)**	(5,683)
Reinsurance contract liabilities	**179**	227

At 31 December 2025, the maximum exposure to credit risk from insurance contracts is £437 million (2024: £338 million), which primarily relates to premiums receivable for services that the Company has already provided, and the maximum exposure to credit risk from reinsurance contracts is £5,366 million (2024: £4,346 million).

(b) Movements in insurance and reinsurance contract balances

The following movements have occurred in gross insurance contract balances during the year:

	2025 £m	2024 £m
Carrying amount at 1 January	**104,235**	103,927
Insurance revenue	**(8,271)**	(7,465)
Insurance service expenses	**7,141**	6,472
Insurance finance expense/(income)	**6,743**	589
Premiums received	**8,624**	12,383
Claims and expenses paid, including investment component	**(10,956)**	(11,216)
Acquisition cash flows	**(473)**	(456)
Scheme transfer from subsidiary	**1,034**	—
Carrying amount at 31 December	**108,077**	104,235

Included within the carrying amounts are: the present value of expected future cashflows, representing a best estimate view; risk adjustment for non-financial risk; and CSM representing the unearned profit for future service.

The carrying amount for reinsurance contracts are recognised separately from insurance contract balances. Detailed movements on both are included in sections 28(b)(i) to 28(b)(iii).

The following summarises movements in CSM that have occurred during the year:

	2025 Life risk £m	2025 Participating £m	2025 Internal reinsurance ceded £m	2025 Total £m	2024 Life risk £m	2024 Participating £m	2024 Internal reinsurance ceded £m	2024 Total £m
CSM in respect of insurance contracts								
At 1 January	**7,876**	**880**	**—**	**8,756**	7,056	735	—	7,791
CSM recognised for services provided	**(796)**	**(115)**	**—**	**(911)**	(746)	(123)	—	(869)
Other movements in CSM	**846**	**111**	**—**	**957**	1,566	268	—	1,834
Scheme transfer from subsidiary	**458**	**—**	**—**	**458**	—	—	—	—
At 31 December	**8,384**	**876**	**—**	**9,260**	7,876	880	—	8,756
CSM in respect of reinsurance contracts								
At 1 January	**(1,561)**	**—**	**(2,346)**	**(3,907)**	(1,131)	—	(2,229)	(3,360)
CSM recognised for services received	**113**	**—**	**221**	**334**	97	—	199	296
Other movements in CSM	**(226)**	**—**	**(185)**	**(411)**	(527)	—	(317)	(844)
Scheme transfer from subsidiary	**(343)**	**—**	**—**	**(343)**	—	—	—	—
At 31 December	**(2,017)**	**—**	**(2,310)**	**(4,327)**	(1,561)	—	(2,346)	(3,907)
Net CSM at 1 January	**6,315**	**880**	**(2,346)**	**4,849**	5,925	735	(2,229)	4,431
Net CSM at 31 December	**6,367**	**876**	**(2,310)**	**4,933**	6,315	880	(2,346)	4,849

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Notes to the financial statements (continued)

Other movements in CSM include:

- Recognition of additional CSM in respect of new insurance and reinsurance contracts recognised in the year;
- Remeasurement of existing contracts (covering non-financial assumption changes and experience variances for all contracts, plus financial assumption changes and experience variances for contracts in scope of the VFA); and
- For contracts in scope of the GMM, interest accretion on the CSM balance which is recognised within net finance expense/income from insurance contracts.

Each of these items can be seen in more detail in the respective tables in section 28(b)(i) for life risk, 28(b)(ii) for participating and 28(b)(iii) for internal reinsurance ceded.

For insurance contracts the largest drivers of movement in the CSM for 2025 were other movements in CSM, of which the majority relates to new business, more than offsetting the CSM recognised for services provided.

The CSM recognised for services provided on insurance contracts in the year of £911 million (2024: £869 million) is a key component of insurance revenue.

The CSM asset in respect of reinsurance contracts has also increased, driven by new business.

The following summarises movements in the risk adjustment that have occurred during the year:

	2025				2024			
	Life risk	Participating	Internal reinsurance ceded	Total	Life risk	Participating	Internal reinsurance ceded	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Risk adjustment in respect of insurance contracts								
At 1 January	**1,205**	**47**	**—**	**1,252**	1,250	59	—	1,309
Change in risk adjustment for risk expired	**(98)**	**(3)**	**—**	**(101)**	(100)	(3)	—	(103)
Other movements in risk adjustment	**16**	**15**	**—**	**31**	55	(10)	—	45
Scheme transfer from subsidiary	**25**	**—**	**—**	**25**	—	—	—	—
At 31 December	**1,148**	**58**	**—**	**1,206**	1,205	46	—	1,251
Risk adjustment in respect of reinsurance contracts								
At 1 January	**(620)**	**—**	**(399)**	**(1,019)**	(588)	—	(427)	(1,015)
Change in risk adjustment for risk expired	**43**	**—**	**33**	**76**	40	—	36	76
Other movements in risk adjustment	**29**	**—**	**(132)**	**(103)**	(73)	—	(7)	(80)
Scheme transfer from subsidiary	**(20)**	**—**	**—**	**(20)**	—	—	—	—
At 31 December	**(568)**	**—**	**(498)**	**(1,066)**	(621)	—	(399)	(1,020)
Net risk adjustment at 1 January	**585**	**47**	**(399)**	**233**	662	59	(427)	294
Net risk adjustment at 31 December	**580**	**58**	**(498)**	**140**	584	46	(399)	231

The change in risk adjustment for risk expired in respect of insurance contracts is recognised in insurance revenue.

The net risk adjustment has decreased in the year. Other movements in risk adjustment include the risk adjustment established on new business (details of which can be seen in note 28(c)) and the impact of movements in discount rates.

Movements in carrying amounts of insurance and reinsurance contracts

The following reconciliations present the movements in the carrying amounts of insurance and reinsurance contracts in each product group.

For life risk and participating contracts each table presents a different analysis of the movements in both insurance and reinsurance balances. The first disclosure, split by remaining coverage and incurred claims, presents the income statement items that constitute insurance revenue, insurance service expenses and net expenses from reinsurance contracts. The sum of these items represents the contribution to insurance service result. Movements in the balances relating to finance expenses and cash flows are shown below the insurance service result.

In the second disclosure, split by measurement component (present value of expected future cash flows, risk adjustment and CSM), the movements are presented by driver of change. The insurance service result and subsequent movements have consistent totals across the two disclosure tables.

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Notes to the financial statements (continued)

(i) Life risk

Insurance contracts

The following table shows life risk insurance contracts analysed by remaining coverage and incurred claims:

	Note	2025				2024			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component			Excluding loss component	Loss component		
		£m	£m	£m	£m	£m	£m	£m	£m
Opening liabilities		**66,969**	**373**	**1,044**	**68,386**	64,383	395	1,018	65,796
Changes in comprehensive income									
Insurance revenue	3	**(7,676)**	**—**	**—**	**(7,676)**	(7,034)	—	—	(7,034)
Contracts under the fair value transition approach		**(4,067)**	**—**	**—**	**(4,067)**	(4,219)	—	—	(4,219)
Other contracts		**(3,609)**	**—**	**—**	**(3,609)**	(2,814)	—	—	(2,814)
Insurance service expenses		**297**	**43**	**6,511**	**6,851**	271	(42)	5,959	6,188
Incurred claims and other insurance service expenses		**—**	**(70)**	**6,511**	**6,441**	—	(56)	5,959	5,903
Amortisation of insurance acquisition cash flows		**297**	**—**	**—**	**297**	271	—	—	271
Losses and reversals of losses on onerous contracts		**—**	**113**	**—**	**113**	—	14	—	14
Investment components and premium refunds		**(1,036)**	**—**	**1,036**	**—**	(956)	—	956	—
Insurance service result		**(8,415)**	**43**	**7,547**	**(825)**	(7,719)	(42)	6,915	(846)
Net finance expenses/(income) from insurance contracts	4	**2,942**	**40**	**—**	**2,982**	(1,280)	20	—	(1,260)
Total changes in the income statement		**(5,473)**	**83**	**7,547**	**2,157**	(8,999)	(22)	6,915	(2,106)
Cash flows									
Premiums received		**8,375**	**—**	**—**	**8,375**	12,017	—	—	12,017
Claims and other insurance service expenses paid, including investment component		**—**	**—**	**(7,035)**	**(7,035)**	—	—	(6,889)	(6,889)
Insurance acquisition cash flows		**(462)**	**—**	**—**	**(462)**	(432)	—	—	(432)
Total cash flows		**7,913**	**—**	**(7,035)**	**878**	11,585	—	(6,889)	4,696
Scheme transfer from subsidiary		**844**	**10**	**180**	**1,034**	—	—	—	—
Closing liabilities		**70,253**	**466**	**1,736**	**72,455**	66,969	373	1,044	68,386

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Notes to the financial statements (continued)

The following table shows life risk insurance contracts analysed by measurement component:

				Contractual service margin (CSM)			
2025	Note	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contracts under fair value transition approach £m	Other contracts £m	CSM Total £m	Total £m
Opening liabilities		**59,306**	**1,205**	**3,647**	**4,229**	**7,876**	**68,387**
Changes in comprehensive income							
Changes that relate to current services							
CSM recognised for services provided	3	**—**	**—**	**(364)**	**(432)**	**(796)**	**(796)**
Change in risk adjustment for risk expired		**—**	**(98)**	**—**	**—**	**—**	**(98)**
Experience adjustments		**(45)**	**—**	**—**	**—**	**—**	**(45)**
Changes that relate to future services							
Contracts initially recognised in the period		**(560)**	**114**	**—**	**449**	**449**	**3**
Changes in estimates that adjust the CSM		**59**	**(128)**	**(63)**	**132**	**69**	**—**
Changes in estimates that result in losses and reversal of losses on onerous contracts		**110**	**—**	**—**	**—**	**—**	**110**
Insurance service result		**(436)**	**(112)**	**(427)**	**149**	**(278)**	**(826)**
Net finance expenses/(income) from insurance contracts	4	**2,624**	**30**	**182**	**146**	**328**	**2,982**
Total changes in comprehensive income		**2,188**	**(82)**	**(245)**	**295**	**50**	**2,156**
Premiums received		**8,376**	**—**	**—**	**—**	**—**	**8,376**
Claims and other insurance service expense paid, including investment components		**(7,035)**	**—**	**—**	**—**	**—**	**(7,035)**
Insurance acquisition cashflows		**(462)**	**—**	**—**	**—**	**—**	**(462)**
Total cash flows		**879**	**—**	**—**	**—**	**—**	**879**
Scheme transfer from subsidiary		**550**	**25**	**—**	**458**	**458**	**1,033**
Closing liabilities		**62,923**	**1,148**	**3,402**	**4,982**	**8,384**	**72,455**

				Contractual service margin (CSM)			
2024	Note	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contracts under fair value transition approach £m	Other contracts £m	CSM Total £m	Total £m
Opening liabilities		57,490	1,250	3,599	3,457	7,056	65,796
Changes in comprehensive income							
Changes that relate to current services							
CSM recognised for services provided	3	—	—	(378)	(368)	(746)	(746)
Change in risk adjustment for risk expired		—	(100)	—	—	—	(100)
Experience adjustments		(13)	—	—	—	—	(13)
Changes that relate to future services							
Contracts initially recognised in the year		(950)	205	—	745	745	—
Changes in estimates that adjust the CSM		(523)	(13)	255	281	536	—
Changes in estimates that result in losses and reversal of losses on onerous contracts		14	—	—	—	—	14
Insurance service result		(1,472)	92	(123)	658	535	(845)
Net finance (income) / expense from insurance contracts	4	(1,408)	(137)	171	114	285	(1,260)
Total changes in comprehensive income		(2,880)	(45)	48	772	820	(2,105)
Premiums received		12,017	—	—	—	—	12,017
Claims and other insurance service expense paid, including investment components		(6,889)	—	—	—	—	(6,889)
Insurance acquisition cashflows		(432)	—	—	—	—	(432)
Total cash flows		4,696	—	—	—	—	4,696
Closing liabilities		59,306	1,205	3,647	4,229	7,876	68,387

Key changes that impact the income statement include the release of CSM for services provided and the release of risk adjustment for expired risks.

Changes that relate to future service include:

• New contracts initially recognised in the year which give rise to a CSM liability representing unearned future profit on service yet to be provided;

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Notes to the financial statements (continued)

• Experience variances and assumption changes on profitable contracts that impact the expected fulfilment cash flows and adjust the CSM liability; and

• Recognition of new onerous contracts and experience variances or assumption changes on onerous contracts impacting the income statement immediately.

The changes in estimates that reduced the CSM include the effect of both experience variances and assumption changes on expected future cash flows. The assumption changes within the £69 million(2024: £536 million) changes that increases the CSM at 31 December 2025 are relatively small compared to prior years.

The net finance expense from insurance contracts of £2,982 million (2024: £(1,260) million net finance income) recognised in the income statement includes the impact of the change in financial assumptions, the unwind of discounting on the fulfilment cash flows and interest accretion on the CSM. Over 2025, discount rates increased at terms over 10 years whilst decreasing at terms below 10 years; this is relative to 2024 which saw an increase of c. 80bps at most terms, leading to a larger increase in the value of liabilities.

Reinsurance contracts

The following table shows life risk reinsurance contracts, excluding internal reinsurance ceded to AIIL that is shown in section (iii), analysed by remaining coverage and incurred claims:

		2025				2024			
		Assets for remaining coverage				Assets for remaining coverage			
		Excluding loss recovery component	Loss recovery component	Assets for incurred claims	Total	Excluding loss recovery component	Loss recovery component	Assets for incurred claims	Total
	Note	£m	£m	£m	£m	£m	£m	£m	£m
Opening assets		**5,596**	**(120)**	**431**	**5,907**	4,752	(193)	391	4,950
Changes in comprehensive income									
Allocation of reinsurance premiums paid		**(3,352)**	**—**	**—**	**(3,352)**	(2,938)	—	—	(2,938)
Amounts recoverable from reinsurers									
Recoveries of incurred claims and other insurance service expenses		**—**	**—**	**3,127**	**3,127**	—	5	2,816	2,821
Recoveries and reversals of recoveries of losses on onerous underlying contracts		**—**	**41**	**—**	**41**	—	**(66)**	—	**(66)**
Net expenses from reinsurance contracts		**(3,352)**	**41**	**3,127**	**(184)**	(2,938)	(61)	2,816	(183)
Net finance income/(expense) from reinsurance contracts	4	**167**	**3**	**—**	**170**	(294)	135	—	(159)
Total changes in comprehensive income		**(3,185)**	**44**	**3,127**	**(14)**	(3,232)	74	2,816	(342)
Cash flows									
Premiums paid		**3,515**	**—**	**—**	**3,515**	4,076	—	—	4,076
Amounts received		**—**	**—**	**(3,039)**	**(3,039)**	—	—	(2,777)	(2,777)
Total cash flows		**3,515**	**—**	**(3,039)**	**476**	4,076	—	(2,777)	1,299
Scheme transfer from subsidiary		**791**	**6**	**215**	**1,012**	—	—	—	—
Closing assets		**6,718**	**(70)**	**734**	**7,382**	5,596	(120)	431	5,907

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The following table shows life risk reinsurance contracts, excluding internal reinsurance ceded, analysed by measurement component:

				Contractual Service Margin (CSM)			
2025	Note	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contracts under fair value transition approach £m	Other contracts £m	CSM Total £m	Total £m
Opening assets		**3,725**	**620**	**401**	**1,160**	**1,561**	**5,906**
Changes in comprehensive income							
Changes that relate to current services							
CSM recognised for services received	3	**—**	**—**	**(45)**	**(68)**	**(113)**	**(113)**
Change in risk adjustment for risk expired		**—**	**(43)**	**—**	**—**	**—**	**(43)**
Experience adjustments		**(68)**	**—**	**—**	**—**	**—**	**(68)**
Changes that relate to future services							
Contracts initially recognised in the period		**(131)**	**73**	**—**	**61**	**61**	**3**
Changes in estimates that adjust the CSM		**23**	**(131)**	**(12)**	**121**	**109**	**1**
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts		**38**	**—**	**—**	**—**	**—**	**38**
Net (expenses) / income from reinsurance contracts		**(138)**	**(101)**	**(57)**	**114**	**57**	**(182)**
Net finance income from reinsurance contracts	4	**85**	**29**	**18**	**38**	**56**	**170**
Total changes in comprehensive income		**(53)**	**(72)**	**(39)**	**152**	**113**	**(12)**
Total cash flows		**477**	**—**	**—**	**—**	**—**	**477**
Scheme transfer from subsidiary		**649**	**20**	**—**	**343**	**343**	**1,012**
Closing assets		**4,798**	**567**	**362**	**1,655**	**2,017**	**7,382**

				Contractual service margin (CSM)			
2024	Note	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contracts under fair value transition approach £m	Other contracts £m	CSM Total £m	Total £m
Opening assets		3,232	588	365	766	1,131	4,951
Changes in comprehensive income							
Changes that relate to current services							
CSM recognised for services received	3	—	—	(47)	(50)	(97)	(97)
Change in risk adjustment for risk expired		—	(40)	—	—	—	(40)
Experience adjustments		19	—	—	1	1	20
Changes that relate to future services							
Contracts initially recognised in the year		(364)	173	—	191	191	—
Changes in estimates that adjust the CSM		(260)	(34)	65	227	292	(2)
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts		(66)	—	—	—	—	(66)
Net (expenses) / income from reinsurance contracts		(671)	99	18	369	387	(185)
Net finance (expenses) / income from reinsurance contracts	4	(137)	(66)	17	26	43	(160)
Total changes in comprehensive income		(808)	33	35	395	430	(345)
Total cash flows		1,300	—	—	—	—	1,300
Closing assets		3,725	620	401	1,160	1,561	5,906

Some gross onerous contracts do not have reinsurance in place so movements in the gross loss component occur without a corresponding movement being seen in the reinsurance loss recovery component.

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Notes to the financial statements (continued)

(ii) Participating

The following table shows participating insurance contracts analysed by remaining coverage and incurred claims:

	Note	2025				2024			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component			Excluding loss component	Loss component		
		£m	£m	£m	£m	£m	£m	£m	£m
Opening liabilities		**35,141**	**41**	**668**	**35,850**	37,250	42	839	38,131
Changes in comprehensive income									
Insurance revenue		**(594)**	**—**	**—**	**(594)**	(431)	—	—	(431)
Contracts under the fair value transition approach		**(590)**	**—**	**—**	**(590)**	(430)	—	—	(430)
Contracts under the modified retrospective transition approach		**(2)**	**—**	**—**	**(2)**	—	—	—	—
Other contracts		**(2)**	**—**	**—**	**(2)**	(1)	—	—	(1)
Insurance service expenses		**1**	**(7)**	**297**	**291**	1	1	283	285
Incurred claims and other insurance service expenses		**—**	**(2)**	**297**	**295**	—	(6)	283	277
Amortisation of insurance acquisition cash flows		**1**	**—**	**—**	**1**	1	—	—	1
Losses and reversals of losses on onerous contracts		**—**	**(5)**	**—**	**(5)**	—	7	—	7
Investment components and premium refunds		**(3,522)**	**—**	**3,522**	**—**	(3,872)	—	3,873	1
Insurance service result		**(4,115)**	**(7)**	**3,819**	**(303)**	(4,302)	1	4,156	(145)
Net finance expenses / (income) from insurance contracts		**3,770**	**(9)**	**—**	**3,761**	1,851	(1)	—	1,850
Total changes in comprehensive income		**(345)**	**(16)**	**3,819**	**3,458**	(2,451)	—	4,156	1,705
Cash flows									
Premiums received		**249**	**—**	**—**	**249**	366	—	—	366
Claims and other insurance service expenses paid, including investment component		**—**	**—**	**(3,920)**	**(3,920)**	—	—	(4,327)	(4,327)
Insurance acquisition cash flows		**(14)**	**—**	**—**	**(14)**	(24)	—	—	(24)
Total cash flows		**235**	**—**	**(3,920)**	**(3,685)**	342	—	(4,327)	(3,985)
Closing liabilities		**35,031**	**24**	**567**	**35,622**	35,141	41	668	35,850

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Notes to the financial statements (continued)

The following table shows participating insurance contracts analysed by measurement component (contracts measured under the VFA):

2025	Note	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contractual service margin (CSM): Contracts under modified retrospective transition approach £m	Contractual service margin (CSM): Contracts under fair value transition approach £m	Contractual service margin (CSM): Other contracts £m	Contractual service margin (CSM): CSM Total £m	Total £m
Opening liabilities		**34,921**	**46**	**—**	**879**	**1**	**880**	**35,847**
Changes in comprehensive income								
Changes that relate to current services								
CSM recognised for services provided		**—**	**—**	**(2)**	**(113)**	**—**	**(115)**	**(115)**
Change in risk adjustment for risk expired		**—**	**(3)**	**—**	**—**	**—**	**—**	**(3)**
Experience adjustments		**49**	**—**	**—**	**—**	**—**	**—**	**49**
Revenue recognised for incurred policyholder tax expenses		**(229)**	**—**	**—**	**—**	**—**	**—**	**(229)**
Changes that relate to future services								
Contracts initially recognised in the period		**—**	**—**	**—**	**—**	**—**	**—**	**—**
Changes in estimates that adjust the CSM		**(122)**	**8**	**2**	**112**	**—**	**114**	**—**
Changes in estimates that relate to losses and reversal of losses on onerous contracts		**(5)**	**—**	**—**	**—**	**—**	**—**	**(5)**
Insurance service result		**(307)**	**5**	**—**	**(1)**	**—**	**(1)**	**(303)**
Net finance expenses from insurance contracts		**3,758**	**7**	**—**	**(3)**	**—**	**(3)**	**3,762**
Total changes in comprehensive income		**3,451**	**12**	**—**	**(4)**	**—**	**(4)**	**3,459**
Premiums received		**250**	**—**	**—**	**—**	**—**	**—**	**250**
Claims and other insurance service expense paid, including investment components		**(3,920)**	**—**	**—**	**—**	**—**	**—**	**(3,920)**
Insurance acquisition cash flows		**(14)**	**—**	**—**	**—**	**—**	**—**	**(14)**
Total cash flows		**(3,684)**	**—**	**—**	**—**	**—**	**—**	**(3,684)**
Closing liabilities		**34,688**	**58**	**—**	**875**	**1**	**876**	**35,622**

2024	Note	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contractual service margin (CSM): Contracts under fair value transition approach £m	Contractual service margin (CSM): Other contracts £m	Contractual service margin (CSM): CSM Total £m	Total £m
Opening liabilities		37,337	59	734	1	735	38,131
Changes in comprehensive income							
Changes that relate to current services							
CSM recognised for services provided		—	—	(123)	—	(123)	(123)
Change in risk adjustment for risk expired		—	(3)	—	—	—	(3)
Experience adjustments		(16)	—	—	—	—	(16)
Revenue recognised for incurred policyholder tax expenses		(13)	—	—	—	—	(13)
Changes that relate to future services							
Contracts initially recognised in the year		—	—	—	—	—	—
Changes in estimates that adjust the CSM		(263)	(2)	265	—	265	—
Changes in estimates that result to losses and reversal of losses on onerous contracts		7	—	—	—	—	7
Insurance service result		(285)	(5)	142	—	142	(148)
Net finance (income) / expense from insurance contracts		1,854	(8)	3	—	3	1,849
Total changes in comprehensive income		1,569	(13)	145	—	145	1,701
Premiums received		366	—	—	—	—	366
Claims and other insurance service expense paid, including investment components		(4,327)	—	—	—	—	(4,327)
Insurance acquisition cashflows		(24)	—	—	—	—	(24)
Total cash flows		(3,985)	—	—	—	—	(3,985)
Closing liabilities		34,921	46	879	1	880	35,847

Key changes that impact the income statement include the release of CSM for services provided and experience variances for the period. Other changes that relate to current services include revenue recognised for policyholder tax expenses, representing income tax on policyholders' investment return, charged to the policyholder funds.

Net finance income / expenses mainly represents investment returns on the net assets held in policyholder funds.

There are no Participating Reinsurance contracts.

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Notes to the financial statements (continued)

(iii) Internal reinsurance ceded

See further detail in Related Party Transactions note 42. The internal reinsurance ceded is a liability due to offsetting Funds Withheld to the reinsurer against the other expected future cashflows. These liabilities are shown as negative and assets are shown as positive, consistent with presentation of other reinsurance ceded. The following table shows internal reinsurance ceded contracts analysed by remaining coverage and incurred claims:

		2025				2024			
		Liabilities for remaining coverage				Liabilities for remaining coverage			
	Note	Excluding loss recovery component £m	Loss recovery component £m	Assets for incurred claims £m	Total £m	Excluding loss recovery component £m	Loss recovery component £m	Assets for incurred claims £m	Total £m
Opening liabilities		**(137)**	**—**	**—**	**(137)**	(570)	—	—	(570)
Changes in comprehensive income									
Allocation of reinsurance premiums paid		**(1,329)**	**—**	**—**	**(1,329)**	(1,292)	—	—	(1,292)
Amounts recoverable from reinsurers									
Recoveries of incurred claims and other insurance service expenses		**—**	**—**	**1,251**	**1,251**	—	—	1,228	1,228
Investment components and premium refunds		**(5,127)**	**—**	**5,127**	**—**	(4,510)	—	4,510	—
Net expenses from reinsurance contracts		**(6,456)**	**—**	**6,378**	**(78)**	(5,802)	—	5,738	(64)
Net finance (expense) / income from reinsurance contracts	5	**(250)**	**—**	**—**	**(250)**	(10)	—	—	(10)
Total changes in comprehensive income		**(6,706)**	**—**	**6,378**	**(328)**	(5,812)	—	5,738	(74)
Cash flows									
Premiums paid / (received)		**(10)**	**—**	**—**	**(10)**	—	—	—	—
Amounts paid / (received)		**6,378**	**—**	**(6,378)**	**—**	5,737	—	(5,737)	—
Settlement of funds withheld balances		**283**	**—**	**—**	**283**	508	—	—	508
Total cash flows		**6,651**	**—**	**(6,378)**	**273**	6,245	—	(5,737)	508
Closing liabilities		**(192)**	**—**	**—**	**(192)**	(137)	—	1	(136)

The following table shows internal reinsurance ceded contracts analysed by measurement component;

		2025				2024			
	Note	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	CSM Other contracts £m	Total £m	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	CSM Other contracts £m	Total £m
Opening liabilities at 1 January		**(2,879)**	**399**	**2,346**	**(134)**	(3,227)	427	2,229	(571)
Changes in comprehensive income									
Changes that relate to current services									
CSM recognised for services received		**—**	**—**	**(221)**	**(221)**	—	—	(199)	(199)
Change in risk adjustment for non-financial risk for risk expired		**—**	**(33)**	**—**	**(33)**	—	(36)	—	(36)
Experience adjustments		**176**	**—**	**—**	**176**	171	—	—	171
Changes that relate to future services									
Contracts initially recognised in the year		**(181)**	**28**	**153**	**—**	(217)	26	191	—
Changes in estimates that adjust the CSM		**(29)**	**65**	**(35)**	**1**	(52)	(10)	64	2
Net (expense) / income from reinsurance contracts		**(34)**	**60**	**(103)**	**(77)**	(98)	(20)	56	(62)
Net finance (expense) / income from reinsurance contracts		**(356)**	**39**	**67**	**(250)**	(63)	(9)	62	(10)
Total changes in comprehensive income		**(390)**	**99**	**(36)**	**(327)**	(161)	(29)	118	(72)
Premiums paid		**(14)**	**—**	**—**	**(14)**	—	—	—	—
Settlement of funds withheld balances		**283**	**—**	**—**	**283**	508	—	—	508
Total cash flows		**269**	**—**	**—**	**269**	508	—	—	508
Closing liabilities at 31 December		**(3,000)**	**498**	**2,310**	**(191)**	(2,879)	399	2,346	(134)

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Notes to the financial statements (continued)

(c) Effect of contracts initially recognised in the year

	2025			2024		
	Life risk £m	**Participating £m**	**Total £m**	Life risk £m	Participating £m	Total £m
Expected premiums from new insurance contracts	**8,201**	**—**	**8,201**	10,961	—	10,961

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts in the year.

(i) Life risk

Insurance contracts

	2025			2024		
	Profitable contracts issued £m	**Onerous contracts issued £m**	**Total £m**	Profitable contracts issued £m	Onerous contracts issued £m	Total £m
Claims and other insurance service expenses payable	**6,728**	**260**	**6,988**	9,521	—	9,521
Insurance acquisition cash flows	**614**	**8**	**622**	490	—	490
Estimates of present value of cash outflows	**7,342**	**268**	**7,610**	10,011	—	10,011
Estimates of present value of cash inflows	**(7,933)**	**(268)**	**(8,201)**	(10,961)	—	(10,961)
Risk adjustment	**114**	**5**	**119**	205	—	205
CSM	**478**	**—**	**478**	745	—	745
Losses recognised on initial recognition	**—**	**5**	**6**	—	—	—

Reinsurance contracts

	2025			2024		
	Contracts initiated without loss recovery component £m	**Contracts initiated with loss recovery component £m**	**Total £m**	Contracts initiated without loss recovery component £m	Contracts initiated with loss recovery component £m	Total £m
Estimates of present value of cash inflows	**4,090**	**323**	**4,413**	8,300	—	8,300
Estimates of present value of cash outflows	**(4,208)**	**(335)**	**(4,543)**	(8,664)	—	(8,664)
Risk adjustment	**71**	**5**	**76**	173	—	173
CSM	**47**	**11**	**58**	191	—	191
Income recognised on initial recognition	**—**	**5**	**5**	—	—	—

(ii) Internal reinsurance ceded

	2025			2024		
	Contracts initiated without loss recovery component £m	**Contracts initiated with loss recovery component £m**	Total £m	Contracts initiated without loss recovery component £m	Contracts initiated with loss recovery component £m	Total £m
Estimates of present value of cash inflows	**(1,347)**	**—**	**(1,347)**	2,334	—	2,334
Estimates of present value of cash outflows	**1,166**	**—**	**1,166**	(2,117)	—	(2,117)
Risk adjustment	**28**	**—**	**28**	(26)	—	(26)
CSM	**153**	**—**	**153**	(191)	—	(191)
Income recognised on initial recognition	**—**	**—**	**—**	—	—	—

(iii) Participating

There were no Participating business contracts initially recognised in either the current or prior year.

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(d) Contractual service margin emergence

The following table sets out when the Company expects to recognise the remaining CSM in profit or loss after the reporting date for contracts measured under the GMM and VFA, after allowing for future accretion of interest on the CSM for GMM contracts. The amounts presented represent the net impact in each period of expected release of the CSM recognised in revenue less the accretion of interest on the CSM recognised in insurance finance expenses.:

	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	10-15 years	15-20 years	Greater than 20 years	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
31 December 2025										
Insurance contracts										
Life risk	**521**	**480**	**435**	**407**	**388**	**1,685**	**1,345**	**1,050**	**2,072**	**8,383**
Participating	**116**	**102**	**90**	**80**	**70**	**237**	**110**	**45**	**25**	**875**
	637	**582**	**525**	**487**	**458**	**1,922**	**1,455**	**1,095**	**2,097**	**9,258**
Reinsurance contracts										
Life risk	**75**	**73**	**70**	**70**	**69**	**338**	**328**	**303**	**691**	**2,017**
Internal reinsurance ceded	**211**	**189**	**169**	**152**	**142**	**583**	**390**	**234**	**240**	**2,310**
	286	**262**	**239**	**222**	**211**	**921**	**718**	**537**	**931**	**4,327**
31 December 2024										
Insurance contracts										
Life risk	433	403	375	358	346	1,539	1,251	988	2,184	7,877
Participating	95	88	80	72	65	236	125	61	58	880
	528	491	455	430	411	1,775	1,376	1,049	2,242	8,757
Reinsurance contracts										
Life risk	37	39	39	41	43	231	244	237	648	1,559
Internal reinsurance ceded	200	188	164	148	140	581	403	251	271	2,346
	237	227	203	189	183	812	647	488	919	3,905

(e) Significant judgements and estimates

This note gives details of the significant judgements made in applying IFRS 17, explaining the inputs, assumptions, methods and estimation techniques used to measure insurance, participating investment and reinsurance contracts. Accounting policy B sets out the critical accounting judgements and the material accounting estimates that are considered particularly susceptible to changes in estimates and assumptions. This note provides further detail of how these are applied in the context of IFRS 17.

(i) Business description

The Company underwrites life business in the UK. This is mainly written in the 'Non-Profit' funds and in a number of 'With-Profits' sub-funds. In the 'Non-Profit' funds shareholders are entitled to 100% of the distributed profits. In the 'With-Profits' sub-funds the With-profits policyholders are entitled to between 40% and 100% of distributed profits, depending on the fund rules. There is also the Reattributed Inherited Estate External Support Account (RIEESA), which does not itself underwrite any business, but provides capital support to one of the 'With-Profits' sub-funds and receives any surplus or deficit emerging from it. In the RIEESA, shareholders are entitled to 100% of the distributed profits, but these can only be distributed in line with the criteria set by the Reattribution Scheme.

Significant judgments, estimates and assumptions associated with measuring insurance products and associated reinsurance are outlined below.

(ii) Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment (discount rate) to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. A deterministic approach, producing point estimates based on best estimate assumptions, is used for valuing most of the Company's business. The exception is for contracts with embedded options and guarantees, in particular With-profits participation business, where a stochastic approach based on the average of a number of scenarios is used. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, using market variables consistent with observable market prices, where applicable.

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When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. For cashflows which are contractually linked to an index of prices or wages, the Company derives an assumption for future RPI from RPI swap curves, and adjusts this to derive future inflation assumptions for other price and wage indices.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. This includes initial and recurring commissions payable on instalment premiums receivable within the contract boundary. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- costs that the Company will incur in providing investment services;
- costs that the Company will incur in performing investment activities to the extent that the Company performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics.

Contract boundaries
The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Company's substantive rights and obligations under the contract.

Insurance contracts
Group protection policies issued by the Company have terms that are guaranteed for two or three years. The Company determines that the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts are outside the contract boundary. This is because the premium charged for the period reflects the Company's expectation of its exposure to risk for that period and, on renewal, the Company can reprice the premium to reflect the reassessed risks for the next period based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.

Pension savings contracts with guaranteed annuity terms allow the policyholder to convert, on maturity of the stated term, the maturity benefit into an immediately starting life-contingent annuity at a predetermined rate. The Company has assessed the contract boundary for the entire contract, including the option, and concluded that the cash flows related to the fulfilment of the annuity option fall within the boundary of the contract. This is because the Company does not have the practical ability to reprice the contract on maturity of the stated term.

Reinsurance contracts
External quota share - The Company manages risks arising from Life insurance contracts through external quota share reinsurance contracts. These reinsurance contracts cover underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Company and the reinsurer to terminate the cession of new business subject to giving notice to the other party. Notice can usually be given at any time, with termination to new business effective three months from notice being given, albeit a limited number of the Company's quota share reinsurance contract currently stipulate a different notice period. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Company expects to issue and cede under the reinsurance contract within the next three months. Subsequently risks expected to attach beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.

Internal quota share - The Company reinsures 30% of liabilities (net of external reinsurance) arising on insurance, participating investment and non-participating investment contracts in the non-profit fund, to Aviva International Insurance (AIIL) on a quota share basis. The notice period is a year, and notice can be given at any time. The treaty commenced on 1st January 2020, and all future cashflows arising on underlying contracts issued up until the financial reporting date are determined to be within the contract boundary. The internal quota share arrangement is administered on a funds withheld basis.

Life risk and participating contracts
Death and other claim benefits
Death and other claim benefits are projected using decrements appropriate to each class of business, including persistency, mortality and morbidity.

Mortality assumptions are set with regard to recent Company experience and general industry trends. Local, generally accepted, published standard mortality tables are used for different categories of business as appropriate. The mortality tables used in the valuation for the most material lines of business are summarised below:

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Notes to the financial statements (continued)

Mortality tables used	31 December 2025	31 December 2024
UK business		
Life protection	**AM00/AF00 or TM16/TF16 adjusted for smoker status and age/sex specific factors with allowance for future mortality improvements**	AM00/AF00 or TM16/TF16 adjusted for smoker status and age/sex specific factors with allowance for future mortality improvements
Pure endowments and deferred annuities before vesting	**AM00/AF00 adjusted with allowance for improvements**	AM00/AF00 adjusted with allowance for improvements
Ireland business (reinsurance accepted)		
Life protection	**TMS08/TMN08/TFS08/TFN08 adjusted plus allowance for future mortality improvement**	TMS08/TMN08/TFS08/TFN08 adjusted plus allowance for future mortality improvement

Annuity payments

The conventional immediate and deferred annuity business is valued by discounting future benefit payments with an allowance for mortality, including future improvements in mortality. Mortality assumptions are set with regard to Company experience and general industry trends. The mortality tables used in the valuation for the most material lines of business are summarised below:

Mortality tables used	31 December 2025	31 December 2024
UK business		
Pensions business and general annuity business	**PMA16_IND/PFA16_IND or PMA16_IND_INT/PFA16_IND_INT plus allowance for future mortality improvement**	PMA16_IND/PFA16_IND or PMA16_IND_INT/PFA16_IND_INT plus allowance for future mortality improvement
Bulk purchase annuities	**CV6 plus allowance for future mortality improvement**	CV6 plus allowance for future mortality improvement

For the largest portfolio of pensions annuity business, the underlying mortality assumptions for males, before risk adjustment are 102.8% of PMA16_IND with base year 2016 (2024: 104.1% of PMA16_IND with base year 2016). For females the underlying mortality assumptions, before risk adjustment, are 100.9% of PFA16_IND with base year 2016 (2024: 100.0% of PFA16_IND with base year 2016). The base rates on some contracts are adjusted for lifestyle, medical, and other factors.

Improvements before risk adjustment are based on 'CMI_2024 (S=7.25) Advanced with adjustments' (2024: 'CMI_2023 (S=7.25) Advanced with adjustments') with zero weight on 2020-2024 data within the model (2024: zero weight on 2020-2023). Instead of placing weight on post-pandemic data within the CMI improvements model, a separate adjustment is made to reflect the impact that the drivers of excess mortality post-pandemic are expected to have in future years (for 2024 the same approach was taken with respect to CMI_2023). We use a long-term improvement rate of 1.5% for both males and females (31 December 2024: 1.5% for both males and females) . An allowance has been made to adjust for greater mortality improvements in the annuitant population relative to the general population on which CMI_2024 is based, using a parameter of 0.15% for males and 0.20% for females (for 2024 the same approach was taken with respect to CMI_2023).

Expenses

Maintenance expense assumptions for life business are generally expressed as a per policy charge set with regards to an allocation of current year expense levels by category of business and using the policy counts for in-force business. Expenses are generally charged to With-profits funds using a fixed per policy charge in line with a memorandum of understanding between the With-profits funds and the non-profit fund within the company. Any difference between that and the total charge for each policy accrues to the non-profit fund and is also included in the fulfilment cash flows. The assumptions also include an allowance for future expense inflation over the lifetime of each contract, which is assumed to be in line with RPI. An additional liability is held if projected policy expenses in future years are expected to exceed current assumptions. A further allowance is made for non-discretionary project costs that typically relate to mandatory requirements. Investment expense assumptions are generally expressed as a proportion of the assets backing the liabilities.

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. For the risk-free yield curves, the Company generally uses the risk-free interest rate curves published by the PRA and EIOPA for regulatory reporting, which are based on swap rates and in the UK based on SONIA (Sterling Over Night Index Average). Where necessary, yield curves are interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations.

The Company uses a bottom-up discount rate for all life insurance contracts except for annuities. A top-down discount rate is applied to annuities to reflect more appropriately the characteristics of the annuity liabilities. For other contracts where liabilities are subject to lapse risk or where cashflows depend on underlying asset performance (such as unit-linked and With-profits), the characteristics of the liability can be reflected using the bottom-up method which requires the application of less judgement.

Under the top-down approach, the discount rate is determined from the yield implicit in the fair value of an appropriate reference portfolio of assets that reflects the characteristics of the liabilities. Adjustments are made for differences between the reference portfolio and liability cash flows, including an allowance for defaults which reflects the compensation a market participant would require for credit risk.

For the measurement of new annuity business at inception only, the discount rates are based on assets expected to be originated for new business at initial recognition of the contracts. On subsequent measurement of the fulfilment cash flows the reference portfolio is based on

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the assets held to match the portfolio of liabilities. For recently written contracts, an adjustment is made to liabilities where appropriate assets are yet to be sourced.

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium').

The illiquidity premium is determined as a percentage of the current spread over the risk-free yield on an index of covered bonds.The percentage applied reflects the liquidity characteristics of the liabilities including the propensity and ability of policyholders to lapse or surrender their contracts; for example, 75% for with profits contracts where the value of guarantees on death and maturity means policyholders are less likely to surrender their contracts and 0% for unit-linked contracts where policyholders can normally immediately surrender their contract for the unit value. An intermediate percentage is applied for other types of business.

The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies:

	31 December 2025						31 December 2024					
	1 year	5 years	10 years	15 years	20 years	40 years	1 year	5 years	10 years	15 years	20 years	40 years
Life contracts												
Immediate and deferred annuities												
GBP	5.2 %	5.4 %	5.7 %	6.0 %	6.2 %	6.1 %	6.2 %	5.8 %	5.8 %	6.0 %	6.0 %	5.8 %
EUR	3.3 %	3.7 %	4.1 %	4.4 %	4.5 %	4.6 %	3.4 %	3.3 %	3.4 %	3.4 %	3.4 %	3.7 %
Life protection contracts												
GBP	3.7 %	3.8 %	4.2 %	4.5 %	4.7 %	4.6 %	4.7 %	4.3 %	4.3 %	4.4 %	4.5 %	4.2 %
EUR	2.2 %	2.6 %	3.0 %	3.2 %	3.3 %	3.4 %	2.5 %	2.4 %	2.5 %	2.6 %	2.5 %	2.7 %
With-profits contracts												
GBP	3.8 %	3.9 %	4.3 %	4.6 %	4.8 %	4.7 %	4.8 %	4.4 %	4.4 %	4.5 %	4.6 %	4.3 %
EUR	2.2 %	2.6 %	3.0 %	3.2 %	3.3 %	3.4 %	2.5 %	2.4 %	2.5 %	2.6 %	2.5 %	2.7 %
Unit-linked contracts												
GBP	3.5 %	3.7 %	4.0 %	4.4 %	4.5 %	4.4 %	4.5 %	4.0 %	4.1 %	4.2 %	4.3 %	4.0 %
EUR	2.2 %	2.6 %	3.0 %	3.2 %	3.3 %	3.4 %	2.5 %	2.4 %	2.5 %	2.6 %	2.5 %	2.7 %

The yields used are after a reduction for risk, but before allowance for investment expenses (which are included in the expected future cash flows).

For annuity business, the allowance for risk comprises long-term assumptions for defaults or, in the case of equity release assets, expected losses arising from the No-Negative-Equity Guarantee. These allowances vary by asset category and for some asset classes by rating.

The risk allowances made for corporate bonds (including overseas government bonds and structured finance assets), mortgages (including healthcare mortgages, commercial mortgages and infrastructure assets), and equity release equated to 24bps , 29bps , and 49bps respectively at 31 December 2025 (31 December 2024: 34bps, 23bps, and 52bps respectively).

For With-Profits business, the liabilities associated with guarantees and options are measured using a market-consistent stochastic model. The cash flows are discounted at scenario-specific rates calibrated, on average, to be the bottom-up discount rates. Volatility assumptions are set with reference to implied volatility data on traded market instruments, where available, or on a best estimate basis where not.

Volatility	31 December 2025	31 December 2024
Equity returns	**15.2 %**	15.3 %
Property returns	**14.5 %**	14.5 %

The equity volatility used depends on term, moneyness and region. The figure shown is for a sample UK equity, at the money, with a ten-year term.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk reflect the compensation required by the Company to accept the uncertainty about the amount and timing of future cash flows that arises from non-financial risk. The calculation of the risk adjustment is calibrated with reference to the Company's pricing and capital allocation framework. The calibration leverages the Solvency II view of non-financial risk, considering a lifetime view, and includes diversification between portfolios using correlation matrix techniques.

The risk adjustment for the Company is allocated to the individual contract level, including reinsurance contracts, using provisions for adverse deviation (PADs) applied to the best estimate non-financial assumptions.

For With-profits contracts the risk adjustment reflects the shareholder's interest in the With-profits fund. However, for non-profit contracts in the with-profit funds, the fund is treated as the entity and the risk adjustment reflects a 100% share of the risk, as for other non-profit business.

The Company estimates the Risk Adjustment's corresponding confidence level by comparing the combined value of best estimate cash flows and Risk Adjustment with a distribution of possible outcomes on an ultimate horizon. For life and participating contracts the confidence interval, net of reinsurance corresponds to the 72nd percentile (2024: 68th percentile). This is the confidence level that the liabilities recognised and associated reinsurance balances, excluding CSM, are sufficient to cover the ultimate cost of in-force insurance liabilities applying period end assumptions.

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Factors which could cause them to change include variations in the Company's risk profile or quantification thereof, for example as might arise from economic factors such as changes in risk-free discount rates or changes in the composition of insurance liabilities. The movements in the value of the net risk adjustment required to move the confidence level by 2.5 percentage points can be seen in the table below. The figures assume that there are no changes in estimate of future cashflows when in reality a lot of factors which influence the risk adjustment calibration will also impact the estimate of future cashflows.

	2025	2024
Movement in net risk adjustment required for 2.5pp confidence level increase	58	50
Movement in net risk adjustment required for 2.5pp confidence level reduction	(58)	(50)

(iii) Contractual service margin

Determination of coverage units

The amount of CSM recognised in profit or loss to reflect services provided in each year is determined by considering, for each group of contracts, coverage units that reflect the quantity of the benefits provided in each period and the expected coverage period. The coverage units are reviewed and updated at each reporting date.

The coverage units used by major product lines are:

Product line	Coverage units
Immediate annuity	Annuity outgo
Deferred annuity	Annuity outgo for insurance service post retirement and weighted expected investment return for the investment return service provided prior to retirement
Individual and Group Protection	Sum assured
Individual and Group Income Protection	Benefit amount payable
Unit linked insurance	Sum assured including unit value
With-profits	Cost of guarantees plus asset share

For deferred annuities, judgement has been applied in determining the appropriate method for measuring coverage units and the weighting of those coverage units across the investment return service provided prior to retirement and the insurance service provided post-retirement. That judgement was supported by evidence of market pricing of these services, resulting in an approach that targets equivalence at retirement with the CSM for immediate annuities (when pricing in an active market) that provide an insurance service equivalent to that provided by the deferred annuities post-retirement.

The coverage units for the investment return service combine the expected investment return with the weighting that produces the target CSM after allowing for expected retirement date, transfers and commutations. There is limited estimation uncertainty arising when applying this approach, not least because the weighting of services does not directly impact on the measurement of the CSM, instead it impacts on the pattern of CSM release over the long life of these contracts. Expected investment return is calculated using the locked in discount rate throughout the life of the contract, to represent the investment return that policyholders benefit from through the pricing of their contract. Expected rates of transfers taken by retirement date and take up rates for tax free cash (the main commutations taken at retirement in the UK) are not typically subject to significant fluctuations.

Coverage units for reinsurance contracts held are typically consistent with the underlying gross contracts, adjusted for differences in the services provided.

Risk mitigation option

The Company uses derivatives and financial investments to mitigate the financial risk arising from equity and interest rate exposures in UK with-profit funds, in accordance with its documented risk management objective and strategy for mitigating financial risk. An economic offset exists between the insurance contracts and the risk-mitigating items (derivatives and financial investments held at FVTPL), and credit risk does not dominate the economic offset.

For the with-profit sub-fund supported by the RIEESA, the Company has chosen to recognise changes in fulfilment cash flows due to changes in the effect of financial risk not arising from underlying items that are mitigated by the use of derivatives and financial investments held at FVTPL in profit or loss and not to adjust the CSM.

(iv) Investment components

The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components and rights to withdraw are both excluded from insurance revenue and insurance service expenses, and variances between actual and expected cash flows adjust the CSM.

Participating and some non-participating whole-life contracts have explicit surrender values. The non-distinct investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms.

Immediate annuities with a guarantee period contain a non-distinct investment component equal to the value of those guaranteed payments.

Deferred annuities include a non-distinct investment component if all of the following features are present:

- transfer value in the deferral period;
- death benefit in the deferral period; and

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- guarantee period once the annuity is in payment.

The investment component excluded from insurance revenue and insurance service expenses is determined as the lower of the present value of each of those possible payments. Any amounts in excess of the investment component, or any payments made under those features that do not qualify as an investment component, are treated as rights to withdraw. In either case, transfer values paid during the deferral period are presented as premium refunds.

(v) Fair value of insurance contracts and measurement of contracts on transition to IFRS 17
The Company applied the fair value approach on transition to IFRS 17 to all business written prior to 2016.

In this context, fair value was derived in accordance with IFRS 13 Fair Value Measurement (except, where relevant, a demand deposit floor is not applied) and represents the price a market participant would require to assume the insurance contract liabilities in an orderly transaction. As quoted market prices were not available for groups of insurance contracts, valuation models were used to calculate the fair value of each group at the transition date. The choice of model and inputs to the model involves judgement and this gave rise to a range of plausible fair values.

Whilst the fair value at transition impacted the size of the CSM that will subsequently be recognised in profit over the remaining life of the contracts, applying the accounting policy set out in policy M, the fair value model and inputs to that model will not be applied to, or result in adjustment to, any subsequent measurement of the CSM.

The valuation models applied at transition determined the fair value using a cost of capital approach. Expected cash flows and the required capital to run the business were projected forward, applying an appropriate weighted average cost of capital (WACC). Inputs were calibrated to those the Company would expect market participants to have used had they priced the insurance contracts for transfer to them at the transition date.

(f) Financial Guarantees and options

As a normal part of operating activities, the Company has given guarantees and options, including investment return guarantees, in respect of certain long-term insurance products.

For insurance and participating investment contracts, the Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. For contracts with embedded options and guarantees, in particular With-profits business, a stochastic approach based on the average of a number of scenarios is typically used. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

(i) With-profits business
The material guarantees and options relating to with profits business are:

(i) Maturity value guarantees ("MVG") – Substantially all of the conventional With-profits business and a significant proportion of unitised With-profits business have minimum maturity values reflecting the sums assured plus declared annual bonus. For some unitised With-profits life contracts the amount paid after the fifth anniversary is guaranteed to be at least as high as the premium paid increased in line with the rise in RPI or CPI.

(ii) No MVR guarantees – For unitised business, there are a number of circumstances where a 'no MVR' guarantee is applied, for example on certain policy anniversaries, guaranteeing that no market value reduction will be applied to reflect the difference between the accumulated value of units and the market value of the underlying assets.

(iii) Guaranteed annuity options ("GAO") – The Company's With-profits funds have written individual and group pension contracts which contain GAO where the policyholder has the option to take the benefits from a policy in the form of an annuity based on guaranteed conversion rates.

(iv) Guaranteed minimum pension ("GMP") – The Company's With-profits funds also have certain policies which contain a guaranteed minimum level of pension as part of the condition of the original transfer from state benefits to the policy.

(v) In addition, the Company has made promises to certain policyholders in relation to their With-profits mortgage endowments. Top up payments will be made on these policies at maturity to meet the mortgage value up to a maximum of the 31 December 1999 illustrated shortfall.

(ii) Non-profit business in the With-profits funds
The material guarantees and options relating to non profit business in the With profits funds are:

(i) Guaranteed unit price on certain products – Certain unit-linked pension products linked to long-term life insurance funds provide policyholders with guaranteed benefits at retirement or death. No provision is required for other guarantees because the investment management strategy for these funds is designed to ensure that the guarantee can be met from the fund, mitigating the impact of large falls in investment values and interest rates.

(iii) Non-profit business
The material guarantees and options relating to non profit business are:

(i) GAO – Similar options to those written in the With-profits funds have been written in relation to Non-profit products. Provision for these guarantees does not materially differ from a provision based on a market-consistent stochastic model, and amounts to £25 million at 31 December 2025 (2024: £29 million).

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(ii) Guaranteed unit price on certain products – Certain unit-linked pension products linked to long-term life insurance funds provide policyholders with guaranteed benefits at retirement or death. Provision is made for guarantees, except where the investment management strategy for these funds is designed to ensure that the guarantee can be met from the fund, mitigating the impact of large falls in investment values and interest rates. An additional provision is made for guarantees in the unit-linked Guarantee Fund.

(iii) Mortgage Protection Guarantee - Some mortgage protection policies include a guarantee that the policy will make up any shortfall between the sum assured on the policy schedule and the amount owed to the mortgage provider in the event of a claim, if certain eligibility conditions are met. Provisions are held to meet the potential shortfall.

(iv) Maturity Value Guarantees - One of the linked funds has offered maturity value guarantees on certain unit-linked products.

(v) Return of Premium guarantees - German Pension products sold in Friends Life between 2006 and 2014 are subject to a Return of Premium guarantee whereby the product guarantees to return the maximum of the unit fund value or total premiums paid (before deductions). Provisions for this guarantee are calculated using a market-consistent stochastic model and amount to £56 million at 31 December 2025 (2024: £77 million).

29 – Non-participating investment contracts

This note analyses the non-participating investment contract liabilities and reinsurance assets for non-participating investment contracts recognised in the statement of financial position and describes their measurement.

(a) Carrying amount

Non-participating investment contracts at 31 December 2025 and at 31 December 2024 comprised:

	2025 £m	2024 £m
Liabilities for non-participating investment contracts	**196,294**	169,060
Reinsurance assets for non-participating investment contracts	**(5,798)**	(5,308)
Net	**190,496**	163,752

(b) Company practice

Investment contracts are those that do not transfer significant insurance risk from the contract holder to the issuer and if they do not contain a significant discretionary participation feature they are recognised as financial instruments in scope of IFRS 9.

Many investment contracts contain a discretionary participation feature in which the contract holder has a contractual right to receive additional benefits as a supplement to guaranteed benefits. These are referred to as participating contracts and are measured according to the methodology prescribed by IFRS 17 insurance contracts.

Investment contracts that do not contain a discretionary participation feature are referred to as non-participating investment contracts and the liability is measured at fair value. For non-participating investment contracts designated at FVTPL, the Company elects to present the change in fair value attributable to a change in the credit risk of the contracts in the income statement.

Of the non-participating investment contracts measured at fair value, £196,030 million at 31 December 2025 (2024: £169,023 million) are unit-linked in structure and the fair value liability is equal to the current unit fund value, including any unfunded units, plus if required, additional non-unit reserves based on a discounted cash flow analysis.

These contracts are generally classified as Level 1 in the fair value hierarchy, as the unit reserve is calculated as the publicly quoted unit price multiplied by the number of units in issue, and any non-unit reserve is insignificant.

For unit-linked business, a deferred acquisition cost asset and deferred income reserve liability are recognised in respect of transaction costs and front-end fees respectively, that relate to the provision of investment management services, and which are amortised on a systematic basis over the contract term. The amount of the related deferred acquisition cost asset is shown in note 25 and the deferred income liability is shown in note 34.

For non-participating investment contracts acquired in a business combination, an acquired value of in-force business asset is recognised in respect of the fair value of the investment management services component of the contracts, which is amortised on a systematic basis over the useful lifetime of the related contracts. The amount of the acquired value of in-force business asset is shown in note 14.

(c) Movements in the year

The following movements have occurred in the gross provisions for non-participating investment contracts in the year:

	2025 £m	2024 £m
Carrying amount at 1 January	**169,060**	149,800
Liabilities in respect of new business	**8,096**	3,749
Expected change in existing business	**(4,007)**	(3,805)
Variance between actual and expected experience	**23,145**	19,316
Change in liability	**27,234**	19,260
Carrying amount at 31 December	**196,294**	169,060

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For unit-linked investment contracts, movements in asset values are offset by corresponding changes in liabilities, limiting the net impact on profit. The variance between actual and expected experience in 2025 of £23.1 billion is largely due to increases in global equity markets.

The following movements have occurred in the reinsurance asset for non-participating investment contracts in the year:

	2025 £m	2024 £m
Carrying amount at 1 January	**5,308**	4,740
Assets in respect of new business	**82**	84
Expected change in existing business assets	**(126)**	(120)
Variance between actual and expected experience	**534**	604
Change in asset	**490**	568
Carrying amount at 31 December	**5,798**	5,308

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30 – Tax assets and liabilities

(a) Current tax

Current tax assets recoverable and liabilities payable in more than one year are £0 million and £6 million *(2024: £93 million and £15 million)* respectively.

Current tax assets recoverable include an amount relating to the claims under the CFC & Dividend Group Litigation Order, to which the Company is a party. This challenged the tax treatment of dividends received from non-UK entities before 2009. The Company is attempting to recover claims from HMRC covered by this judgement. A recoverable balance of £53 million *(2024:* £79 million) is included within current tax assets. In addition, the Company estimates potential interest recoverable of £23 million, which has not previously been recognised in investment return in the income statement and is not currently reflected in the statement of financial position.

(b) Deferred tax

(i) The balances at 31 December comprise:

	2025 £m	Restated[1] 2024 £m
Deferred tax assets	**154**	220
Deferred tax liabilities	**(379)**	(102)
Net deferred tax (liability)/asset	**(225)**	118

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

(ii) The net deferred tax asset/(liability) arises on the following items:

	2025 £m	Restated[1] 2024 £m
Insurance and investment contract liabilities	**241**	276
Deferred acquisition costs	**(15)**	(27)
Unrealised gains on investments	**(444)**	(307)
Unused losses and tax credits	**8**	50
Intangibles and additional value of in-force long term business	**(90)**	(99)
Accelerated capital allowances	**5**	—
Life insurance policyholder fund expenses	**67**	217
Provisions and other temporary differences	**3**	8
Net deferred tax (liability)/asset	**(225)**	118

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

(iii) The movement in the net deferred tax asset/(liability) was as follows:

	2025 £m	Restated[1] 2024 £m
Net deferred tax asset/(liability) at 1 January	**118**	389
Amounts charged to the Income statement (note 11(a))	**(345)**	(271)
Relating to scheme transfer from subsidiary	**2**	—
Net deferred tax (liability)/asset at 31 December	**(225)**	118

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

The company has unrecognised temporary differences of £431 million (2024: £276 million) to carry forward against future taxable income. This comprises £102 million of non-trade losses (2024: £102 million) and £329 million of life business trade losses (2024: £174 million).

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31 – Provisions

(a) Carrying amounts

	2025 £m	2024 £m
Other provisions	**323**	206
Total provisions	**323**	206

Other provisions are measured based upon our expectation of the value and timing of future economic outflows. Other provisions are measured based upon our expectation of the value and timing of future economic outflows. Other provisions include a number of product governance provisions totalling £302 million (2024: £180 million), which are measured based upon the amounts we expect to pay to policyholders or into ring-fenced With-profits funds, and other costs arising directly from remediation. The final costs are subject to changes in settlement amounts as estimates are refined.

(b) Movements on other provisions

	2025 Total £m	2024 Total £m
At 1 January	**206**	152
Additional provisions	**276**	147
Provisions released during the year	**(36)**	(56)
Charge to income statement	**240**	91
Utilised during the year	**(123)**	(37)
At 31 December	**323**	206

Of the total other provisions, £58 million (2024: £37 million) is expected to be settled more than one year after the statement of financial position date.

32 – Pension obligations

(a) Introduction

The Group operates a number of defined benefit and defined contribution pension schemes. Staff whose costs are recharged to the Company are either members of the ASPS or the Friends Provident Pension Scheme ("FPPS") in the UK. They receive benefits on either a defined benefit or defined contribution basis. New entrants join the defined contribution section of the scheme, as the defined benefit scheme is now closed.

Full details of the ASPS are given in note 44 of the Aviva Group Annual Report and Accounts 2025.

Following the Scheme transfer of the business of FLL and FLP on 1 October 2017 the Company has been charged management fees by AMSL in relation to monthly deficit recovery contributions made into the Friends Provident Pension Scheme ('FPPS'), a defined benefit pension scheme.

The FPPS has been closed to new members since 1 July 2007 and was closed to active membership on 31 December 2012. The assets of FPPS are held in separate trustee-administered funds to meet long-term pension liabilities to past and present employees. The appointment of trustees is determined by trust documentation. Trustees are required to act in the best interests of the scheme's beneficiaries. The long-term investment objectives of the trustees and the employer are to limit the risk of the assets failing to meet the liabilities of the scheme over the long term, and to maximise returns consistent with an acceptable level of risk so as to control the long-term costs of the scheme. The scheme operates within the UK pensions' regulatory framework.

As the employing company for most of the Aviva UK Life staff in the UK, the pension costs are initially borne by AESL, an Aviva employment services company, and are then recharged to the operating divisions of the Group as part of an overall charge for payroll-related items. The level of recharges for pension and other costs to each business is reviewed annually.

In the absence of any contractual arrangements or stated policy to allocate the net defined benefit cost for the FPPS, measured in accordance with IAS 19 Employee Benefits, to individual businesses it is the Group's policy to allocate this cost fully to AESL (the statutory employer of the FPPS). For both FPPS and ASPS the pension surplus/deficit, calculated in accordance with IAS 19, is reflected within the balance sheet of AESL. The cost recognised by the Company is equal to its contribution payable for the period.

The disclosures required by IAS 19 in respect of group pension plans where there is no contractual arrangement or stated policy to allocate the net defined benefit cost are set out in this note.

(b) IAS 19 disclosures

Full details of the ASPS are given in note 44 of the Group Annual Report and Accounts 2025.

The details for the FPPS are given below.

(i) Movements in the scheme's surplus

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Movements in the pension scheme's surplus comprise:

	Scheme assets £m	Scheme liabilities £m	2025 Pension scheme surplus £m
Net surplus in the Scheme at 1 January	**1,140**	**(1,039)**	**101**
Past service costs – amendments			**—**
Administrative expenses	**(5)**		**(5)**
Net interest on the pension scheme	**62**	**(57)**	**5**
Total recognised income	**57**	**(57)**	**—**
Remeasurements			
Return on scheme assets excluding interest income	**(16)**		**(16)**
Gains from change in financial assumptions		**22**	**22**
Gains from change in demographic assumption		**11**	**11**
Experience losses		**(5)**	**(5)**
Total remeasurements recognised in other comprehensive income	**(16)**	**28**	**12**
Employer contributions	**10**		**10**
Benefits paid	**(52)**	**52**	**—**
Net surplus in the Scheme at 31 December	**1,139**	**(1,016)**	**123**

	Scheme assets £m	Scheme liabilities £m	2024 Pension scheme surplus £m
Net surplus in the Scheme at 1 January	1,303	(1,180)	123
Past service costs – amendments	—	—	—
Administrative expenses	(4)	—	(4)
Net interest on the pension scheme	58	(52)	6
Total recognised income	54	(52)	2
Remeasurements			
Return on scheme assets excluding interest income	(178)	—	(178)
Gains from change in financial assumptions	—	158	158
Gains from change in demographic assumption	—	14	14
Experience losses	—	(28)	(28)
Total remeasurements recognised in other comprehensive income	(178)	144	(34)
Employer contributions	10	—	10
Benefits paid	(49)	49	—
Net surplus in the Scheme at 31 December	1,140	(1,039)	101

(ii) Scheme assets

Total scheme assets are analysed by those that have a quoted market price in an active market and other, as follows:

	Total quoted £m	Total other £m	2025 Total £m
Bonds			
Fixed interest	**180**		**180**
Index linked	**563**		**563**
Pooled investment vehicles		**306**	**306**
Insurance policies		**372**	**372**
Repurchase agreements		**(333)**	**(333)**
Cash and other[1]	**51**		**51**
Total fair value of assets at 31 December	**794**	**345**	**1,139**

	Total quoted £m	Total other £m	2024 Total £m
Bonds			
Fixed interest	250	—	250
Index linked	520	—	520
Pooled investment vehicles	—	314	314
Insurance policies	—	384	384
Repurchase agreements	—	(390)	(390)
Cash and other[1]	61	1	62
Total fair value of assets at 31 December	831	309	1,140

1. Cash and other assets comprise cash at bank, receivables and payables.

There are no significant judgements involved in the valuation of the scheme assets.

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Notes to the financial statements (continued)

(iii) Assumptions on scheme liabilities

The valuations used for accounting under IAS 19 have been based on the most recent full actuarial valuations, updated to take account of the standard's requirements in order to assess the liabilities of the material schemes at 31 December 2025.

The projected unit credit method
The inherent uncertainties affecting the measurement of scheme liabilities require these to be measured on an actuarial basis. This involves discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit credit method. This is an accrued benefits valuation method which calculates the past service liability to members and makes allowance for their projected future earnings. It is based on a number of actuarial assumptions, which vary according to the economic conditions. Changes in these assumptions can materially affect the measurement of the pension obligations.

Financial assumptions
The main financial assumptions used to calculate scheme liabilities under IAS 19 are:

	2025	2024
Inflation rate*	**2.85%**	**3.14%**
Pension increases	**Relevant inflation assumption with Black-Scholes Model & caps and floors**	**Relevant inflation assumption with Black-Scholes Model & caps and floors**
Deferred pension increases	**from year to year) over the period before 2030; less 20bps from 2030**	**RPI assumption less 1.0% over the period before 2030; less 0.0% from 2030**
Discount rate for non-insured members	**5.7 %**	**5.7 %**
Discount rate for insured members	**5.3 %**	**5.4 %**
Basis of discount rate	**AA-rated Corporate Bonds**	**AA-rated Corporate Bonds**

*Assumptions shown are RPI / CPI single rates. For the FPPS, RPI / CPI swap curves are used, which are broadly equivalent to the single rates disclosed.

The discount rate and pension increase rate are the two assumptions that have the largest impact on the value of the liabilities, with the difference between them being known as the net discount rate. The discount rate is based on current average yields of high quality debt instruments, taking account of the maturity of the defined benefit obligation.

Mortality assumptions
Mortality assumptions are significant in measuring the sponsoring employer's obligations under its defined benefit scheme. The assumptions used are summarised in the table below and have been selected to reflect the characteristics and experience of the membership of the scheme.

The mortality table, average life expectancy and pension duration used at 31 December 2025 for scheme members are as follows:

Mortality table 2025		Life expectancy / (pension duration) at NRA of a male		Life expectancy / (pension duration) at NRA of a female	
	Normal retirement age ("NRA")	Currently aged NRA	20 years younger than NRA	Currently aged NRA	20 years younger than NRA
Self-Administered Pension Scheme, including allowance for future improvement	60	87.8 (27.8)	89.7 (29.7)	90.2 (30.2)	91.9 (31.9)

Mortality table 2024		Life expectancy / (pension duration) at NRA of a male		Life expectancy / (pension duration) at NRA of a female	
	Normal retirement age ("NRA")	Currently aged NRA	20 years younger than NRA	Currently aged NRA	20 years younger than NRA
Self-Administered Pension Scheme, including allowance for future improvement	60	87.8 (27.8)	89.7 (29.7)	90.1 (30.1)	91.8 (31.8)

The table makes allowance for observed variations in such factors as age, gender, pension amount, salary and postcode-based lifestyle group, and has been adjusted to reflect recent research into mortality experience. However, the extent of future improvements in longevity is subject to considerable uncertainty and judgement is required in setting this assumption.

Maturity profile of the defined benefit obligation
The FPPS discounted scheme liabilities have an average duration of 12 years.

(iv) Risk management and asset allocation strategy

As noted above, the long-term investment objectives of the trustee and the employer are to limit the risk of the assets failing to meet the liabilities of the scheme over the long term, and to maximise returns consistent with an acceptable level of risk so as to control the long-

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Notes to the financial statements (continued)

term cost of the scheme. The investment strategy will continue to evolve over time and is expected to match to the liability profile increasingly closely.

The Group works closely with the trustee, who is required to consult with the Group on the investment strategy. Interest rate and inflation risks are managed using a combination of liability-matching assets and derivatives. The other principal risk is longevity risk which is reduced by the insurance contract the FPPS has entered into.

(v) Funding

Formal actuarial valuations normally take place every three years and where there is a deficit, the employer and the trustee would agree a deficit recovery plan. The assumptions adopted for triennial actuarial valuations are determined by the trustee and agreed with the Group and are normally more prudent than the assumptions adopted for IAS19 purposes, which are best estimate.

On 20 December 2024 the FPPS trustees and the employer signed a new deficit recovery plan and supporting schedule of contributions which requires monthly contributions of £6 million per annum increasing each year in line with RPI price inflation payable into the scheme from October 2024 to September 2027 or until the scheme is fully funded on the agreed basis. During 2025 deficit contributions of £6m (2024: £2m) and a contribution of £5m (2024: £5m) to administrative costs were paid to the scheme.

Charges to the Income statement

The total management charge borne by the Company in relation to the ASPS is disclosed below.

	2025 £m	2024 £m
Defined contribution scheme	**38**	31
Total ASPS pension costs	**38**	31

The total management charge borne by the Company in relation to the FPPS is disclosed below.

	2025 £m	2024 £m
Defined benefit scheme	**11**	7
Total FPPS pension costs	**11**	7

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Notes to the financial statements (continued)

33 – Payables and other financial liabilities

This note analyses our payables and other financial liabilities at the end of the year.

	2025 £m	2024 £m
Payables arising out of non-participating investment contracts	**454**	388
Bank overdrafts	**577**	236
Derivative financial instruments (note 40)	**5,966**	7,200
Amounts due to brokers for investment purchases	**329**	166
Obligations for repayment of cash collateral received	**374**	633
Lease liabilities	**56**	71
Amounts due to other group companies	**125**	108
Other financial liabilities	**1,973**	1,399
Total	**9,854**	10,201
Expected to be settled within one year	**4,012**	3,267
Expected to be settled more than in one year	**5,842**	6,934
	9,854	10,201

All payables and other financial liabilities are carried at cost, which approximates to fair value, except for derivative liabilities, which are carried at their fair values and lease liabilities which are carried at the present value of the outstanding lease payments.

34 – Other liabilities

This note analyses our other liabilities at the end of the year.

	2025 £m	Restated[1] 2024 £m
Deferred income	**5**	15
Accruals	**474**	755
Total	**479**	770
Expected to be settled within one year	**479**	770
Total	**479**	770

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

35 – Contingent liabilities and other risk factors

This note sets out the main areas of uncertainty over the calculation of our liabilities.

(a) Regulatory compliance

The FCA and the PRA regulate and authorise the Company's UK business and in addition monitor the financial resources and organisation of the Company as a whole. Between them, the PRA and FCA have broad powers including the authority to grant, vary the terms of, or cancel a regulated firm's authorisation; to investigate marketing and sales practices; and to require the maintenance of adequate financial resources.

The directors believe that the Company dedicates appropriate resources to its compliance programme, endeavours to respond to regulatory enquiries in a constructive way, and takes corrective action when warranted. However, all regulated financial services companies face the risk that the regulator could find that they have failed to comply with applicable regulations or have not undertaken corrective action as required.

The impact of any such finding could have a negative impact on the Company's reported results or on its relations with current or potential customers. Regulatory action against the Company could result in adverse publicity for, or negative perceptions regarding, the Company, or could have a material adverse effect on the business of the Company, its results of operations and/or financial condition and divert management's attention from the day-to-day management of the business.

(b) Other

In the course of conducting insurance and investment business, the Company receives liability claims, and becomes involved in actual or threatened related litigation. In the opinion of the directors, adequate provisions have been established for such claims and no material loss will arise in this respect.

The Company has indemnified the overdrafts of certain other Group companies. In the opinion of the directors, no material loss will arise in respect of these indemnities.

The Company has granted a floating charge to a fellow Group Company, AIIL, in respect of the exposure to the funds withheld by the Company under the terms of a 30% (2024: 30%) quota share reinsurance agreement. The charge, subordinate to policyholders, is issued over the Non-profit fund assets of the Company, excluding the financial investments of the BPA schemes disclosed in note 23 and those providing cover for derivative transactions as required by regulatory reporting regulations.

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Notes to the financial statements (continued)

36 – Commitments

Capital commitments

Contractual commitments for acquisitions or capital expenditures of infrastructure loans, equity funds, investment property and property and equipment, which have not been recognised in the financial statements, are as follows:

	2025 £m	2024 £m
Investment property	**464**	203
Infrastructure loan advances	**347**	215
Other investment vehicles	**285**	452
Property partnerships		
Joint ventures	**124**	—
Subsidiaries	**—**	30
Total capital commitments	**1,220**	900

37 – Capital Structure

The Company maintains an efficient capital structure from equity shareholders' funds, consistent with the Company's overall risk profile and the regulatory 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. The Company measures its capital requirements under the Solvency II regime.

(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 regulators;

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

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

The Company considers not only traditional sources of capital funding but alternative sources of capital including reinsurance, as appropriate, when assessing its deployment and usage of capital.

(c) Different measures of capital

The Company measures its capital on a number of different bases. These include measures which comply with the regulatory regime within which the Company operates and those which the directors consider appropriate for the management of the business. The measures which the Company uses are:

(i) Accounting basis

The Company is required to report its results on an IFRS basis.

(ii) Regulatory basis

Relevant capital and solvency regulations are used to measure and report the Company's financial strength. These measures are based on Solvency II requirements established by the PRA. The regulatory capital tests verify that the Company retains an excess of solvency capital above the required minimum level calculated using a risk-based capital model. The risk management note (note 39) gives further details.

Solvency II "own funds" represents the amount of regulatory capital resources that are available to meet regulatory capital requirements under the Solvency II regime, and is a closely monitored metric. At 31 December 2025 the Company's own funds under Solvency II were £9,168 million (2024: £9,086 million). The Company's own funds are sufficient to meet its capital requirements under Solvency II. The Company fully complied with the relevant regulatory requirements during the year.

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Notes to the financial statements (continued)

The reconciliation below is between total IFRS funds and total own funds under Solvency II.

(unaudited)	2025 £m	Restated[1] 2024 £m
Total IFRS shareholders' funds	**3,741**	4,545
Adjustments onto a regulatory basis:		
Intangible assets	**(449)**	(476)
Regulatory valuation differences	**7,425**	6,747
Solvency II net assets	**10,717**	10,816
Ring fenced funds restriction	**(1,549)**	(1,730)
Estimated Solvency II shareholder own funds at 31 December	**9,168**	9,086

1. The 2024 comparative results have been restated from those previously published following the change in accounting policy detailed in note 1.

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Notes to the financial statements (continued)

38 – Statement of cash flows

This note gives further detail behind the figures in the statement of cash flows.

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

	2025 £m	Restated[1] 2024 £m
Profit/(loss) before tax	**571**	(3)
Adjustments for:		
(Profit)/loss on sale of:		
Investment property	**(26)**	(4)
Subsidiaries, joint ventures and associates	**—**	61
Investments	**(4,123)**	(4,998)
	(4,149)	(4,941)
Fair value (gains)/losses on:		
Investment property	**(73)**	39
Investments	**(18,644)**	(5,016)
Subsidiaries and joint ventures	**(3)**	(2)
	(18,720)	(4,979)
Depreciation of property and equipment	**8**	6
Premium/discount on debt securities	**86**	205
Acquired value of in-force business and intangibles	**67**	94
	153	299
Changes in working capital		
Increase in reinsurance assets	**(953)**	(1,525)
Increase in deferred acquisition costs and prepayments	**470**	42
Increase in insurance liabilities and investment contracts	**30,042**	19,568
Increase in reinsurance liabilities	**56**	(434)
Increase in other assets and liabilities	**(210)**	(841)
	29,405	16,810
Net purchases of operating assets:		
Net purchases of investment property	**(286)**	(316)
Net proceeds on sale of investment property	**277**	284
Net purchases of financial investments	**(6,398)**	(4,614)
	(6,407)	(4,646)
Total cash generated from operating activities	**861**	2,546

The cash flows presented in this statement cover all the Company's activities and include flows from both policyholder and shareholder activities. Operating cash flows reflect the movement in both policyholder and shareholder controlled cash and cash equivalent balances.

Purchases and sales of investment property / loans and financial investments are included in operating cash flows as the purchases are funded from cash flows associated with the origination of insurance and investment contracts, net of payments of related benefits and claims.

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

	2025 £m	2024 £m
Cash at bank and in hand	**1,266**	1,155
Cash equivalents	**17,724**	17,582
Cash and cash equivalents per the statement of financial position	**18,990**	18,737
Bank overdrafts	**(577)**	(236)
	18,413	18,501

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Notes to the financial statements (continued)

39 – Risk management

(a) Risk management framework

The Company operates a risk management framework 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, including the use of risk models and stress and scenario testing.

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. They may also affect the performance of the products the Company delivers to its customers and the service to its customers and distributors, which can be categorised as risks to brand and reputation or as conduct risk.

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. The Chief Executive Officer makes an annual declaration that the system of governance and internal controls was effective and fit for purpose for their business throughout the year; this declaration is supported by an opinion from the Chief Risk Officer.

The Risk Appetite Framework was refreshed during the year, with revised risk appetites considered and approved by the Board; and risk preferences and tolerances considered and approved by the Risk Committee. Since 2021, Climate Risk has been integrated and defined within the overall risk appetite framework as part of the use in risk-based decision-making.

A regular top-down key risk identification and assessment process is carried out by the risk function. This includes the consideration of emerging risks and is supported by deeper thematic reviews. The Company 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.

Risk models are an important tool in the measurement of risks and are used to support the monitoring and reporting of the risk profile and in the consideration of the risk management actions available. The Company carries out a range of stress tests (where one risk factor, such as equity returns, is assumed to vary) and scenario tests (where combinations of risk factors are assumed to vary) to evaluate their impact on the business and the management actions available to respond to the conditions envisaged. For those risk types managed through the holding of capital, being the Company's principal risk types except for liquidity risk, the Company measures and monitors its risk profile on the basis of the Solvency II Solvency Capital Requirement ("SCR").

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.

Board oversight of risk and risk management across the Company is maintained on a regular basis through its Risk Committee and Conduct Committee. Three management level committees (Executive Risk Committee, Executive Customer Committee and Asset Liability Committee) exist to assist executives in the discharge of their delegated authorities in relation to their regulatory responsibilities.

Further information on the types and management of specific risk types is given in sections (b) to (g) below.

(b) Credit risk

Credit risk is the risk of financial loss as a result of the default or failure of third parties to meet their payment obligations to the Company, or variations in market values as a result of changes in expectations related to these risks. Credit risk is taken so that the Company can provide the returns required to satisfy policyholder liabilities and to generate returns to the Company's shareholders.

The Company's approach to managing credit risk recognises that there is a 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 credit risks arise principally through exposures to debt securities, structured asset investments, bank deposits, derivative counterparties, mortgage lending and reinsurance counterparties.

The Company's management of credit risk includes implementation of credit risk management processes (including limits frameworks), the operation of specific risk management committees, and detailed reporting and monitoring of exposures against pre-established risk criteria.

The Company did not experience a material increase in credit defaults in 2025 (2024: no material increase in credit defaults), with pro-active management of the credit portfolio in a challenging macroeconomic environment. The Company continues to monitor closely any deterioration in the credit markets. The capital position includes an allowance for the expected potential impacts from downgrades and defaults.

The Company continues to monitor credit quality within its commercial mortgage and equity release mortgage portfolios, specific de-risking actions include phased sales and credit hedging.

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(i) Financial exposures by credit ratings

Financial assets are graded according to current external credit ratings issued. AAA is the highest possible rating. Investment grade financial assets are classified within the range of AAA to BBB ratings. Financial assets which fall outside this range are classified as sub-investment grade. The following table provides information regarding the aggregated credit risk exposure of the Company for financial assets with external credit ratings.

Whilst not externally rated, the risk characteristics of commercial mortgages are assessed before acquisition and are monitored thereafter.

"Not rated" assets capture assets not rated by external ratings agencies. The majority of non-rated debt securities are allocated an internal rating using a methodology consistent with that adopted by an external rating agency and are considered to be of investment grade credit quality.

The credit quality of receivables and other financial assets is monitored by the Company, and provisions for impairment are made for irrecoverable amounts. In assessing whether assets are impaired, due consideration is given to the factors outlined in accounting policies M, V and X.

As at 31 December 2025	AAA £m	AA £m	A £m	BBB £m	Below BBB £m	Not rated £m	Maximum exposure £m
Debt securities	**2,841**	**21,382**	**8,899**	**4,845**	**99**	**7,596**	**45,662**
Reinsurance contract assets	**—**	**4,059**	**1,270**	**—**	**—**	**36**	**5,365**
Reinsurance assets for non-participating investment contracts	**—**	**2,812**	**2,986**	**—**	**—**	**—**	**5,798**
Other investments	**—**	**—**	**112**	**8**	**7**	**145,070**	**145,197**
Loans	**—**	**—**	**52**	**129**	**—**	**24,887**	**25,068**
Total	**2,841**	**28,253**	**13,319**	**4,982**	**106**	**177,589**	**227,090**

31 December 2024	AAA £m	AA £m	A £m	BBB £m	Below BBB £m	Not rated £m	Maximum exposure £m
Debt securities	3,112	19,705	9,589	4,718	104	6,816	44,044
Reinsurance contract assets	—	3,111	1,275	(80)	—	41	4,347
Reinsurance assets for non-participating investment contracts	—	2,589	2,683	36	—	—	5,308
Other investments	—	—	107	17	7	132,198	132,329
Loans	—	—	56	133	—	24,072	24,261
Total	3,112	25,405	13,710	4,824	111	163,127	210,289

At 31 December 2025, a significant portion of assets remain investment grade in line with 2024. The Company has remained focused on high quality assets.

The Company's maximum exposure to credit risk of financial assets, without taking collateral into account, is represented by the carrying value of the financial instruments in the Statement of financial position plus guarantees that are set out in note 29, and the undrawn portion of an inter company loan commitment of £85 million (2024: £135 million). These comprise debt securities, reinsurance assets, derivative assets, loans and receivables. For reinsurance contract assets the maximum exposure reflects the carrying value less the value of CSM. The carrying values of these assets are disclosed in the relevant notes: financial investments (note 23), insurance and reinsurance contracts (note 28), loans (note 21), and receivables (note 24). The collateral in place for these credit exposures is disclosed in note 41; Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

To the extent that collateral held is greater than the amount receivable that it is securing, the table above shows only an amount equal to the latter. In the event of default, any over-collateralised security would be returned to the relevant counterparty.

(ii) Other investments

Other investments include: unit trusts and other investment vehicles, derivative financial instruments, representing positions to mitigate the impact of adverse market movements; and other assets includes deposits with credit institutions and minority holdings in property management undertakings.

The credit quality of the underlying debt securities within investment vehicles is managed by the safeguards built into the investment mandates for these funds which determine the funds' risk profiles. The asset quality of unit trusts and other investment vehicles is monitored against set limits.

A proportion of the assets underlying these investments are represented by equities and so credit ratings are not generally applicable. Equity exposures are managed against agreed benchmarks that are set with reference to overall appetite for market risk.

(iii) Loans

The Company's loan portfolio principally comprises:

- Loans and advances to banks which primarily relate to loans of cash collateral received in stock lending transactions. These loans are fully collateralised by other securities;

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- Healthcare, infrastructure and PFI loans secured against healthcare, education, social housing and emergency services related premises; and
- Mortgage loans collateralised by property assets.

The Company uses loan-to-value; interest and debt service cover; and diversity and quality of the tenant base metrics to internally monitor its exposures to mortgage loans. The Company uses credit quality, based on dynamic market measures, and collateralisation rules to manage our stock lending activities. Policy loans are loans and advances made to policyholders, and are collateralised by the underlying policies.

(iv) Credit concentration risk
The Company is generally not exposed to significant concentrations of credit risk due to compliance with applicable regulations and the Group credit policy and limits framework, which limit investments in individual assets and asset classes.

(v) Reinsurance credit exposures
The Company is exposed to concentrations of risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Company operates a policy to manage its reinsurance counterparty exposures, by limiting the reinsurers that may be used and applying strict limits to each reinsurer. Reinsurance exposures are aggregated with other exposures to ensure that the overall risk is within tolerance. Exposures are actively monitored with escalation to the Chief Financial Officer, Chief Risk Officer, Asset and Liabilities Committee ("ALCO") and the Risk Committee as appropriate.

The Company's largest intra-group reinsurance counterparty is in respect of the quota share reinsurance ceded to AIIL. At 31 December 2025 the estimate of the present value of future cash flows, £78,275m, including the balance in respect of funds withheld, £69,468m, is a £3,000 million liability (2024: £2,881 million liability). The credit exposure under the reinsurance is mitigated by agreeing to withhold a significant portion of the balance due to AIIL (see note 42).

(vi) Securities Finance
The Company has significant securities financing operations. The risks within this activity are mitigated by collateralisation and minimum counterparty credit quality requirements.

(vii) Derivative credit exposures
The Company is exposed to counterparty credit risk through derivative trades. This risk is generally mitigated through holding collateral for most trades. Residual exposures are captured within the Company's credit management framework.

(viii) Unit-linked business
In unit-linked business the policyholder bears the direct market risk and credit risk on investment assets in the unit-funds and the shareholders' exposure to credit risk is limited to the extent of the income arising from asset management charges based on the value of assets in the fund.

(ix) Impairment of financial assets
Impairment is calculated using an expected credit loss model for financial assets measured at amortised cost and lease receivables with reference to historical experience of losses adjusted for forward-looking information as discussed in accounting policy V.

(c) Market risk

Market risk is the risk of adverse financial impact resulting directly or indirectly from fluctuations in interest rates, foreign currency exchange rates, equity and property prices. Market risk arises due to fluctuations in both the value of liabilities and the value of investments held. The Company seeks some market risks as part of its investment strategy.

The Company manages market risk using its market risk framework and within regulatory constraints, including established criteria for matching assets and liabilities to limit the impact of mismatches due to market movements.

The management of market risk is undertaken at business unit and at the Group level. The Group Capital team is responsible for monitoring and managing market risk at the overall Group level.

In addition, where the Company's long-term savings business has written insurance and investment products where the majority of investment risks are borne by its policyholders, these risks are managed in line with local regulations and marketing literature, in order to satisfy the policyholders' risk and reward objectives. Company shareholders' exposure to market risk on unit-linked business is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

The most material types of market risk that the Company is exposed to are described below.

(i) Equity price risk
The Company is subject to direct equity price risk arising from changes in the market values of its equity securities portfolio. The Company's most material indirect equity price risk exposures are to policyholder unit-linked funds, which are exposed to a fall in the value of the fund thereby reducing the fees the Company earns on those funds, and participating contracts, which are exposed to a fall in the value of the funds thereby increasing the Company's costs for policyholder guarantees. The full list of material guarantees and options is set out in note 28. The Company also has some equity exposure in shareholder funds through equities held to match inflation-linked liabilities.

The Company continues to limit its direct equity exposure in line with its risk preferences. This includes investments in subsidiaries and shareholdings in strategic business partners, with regular management information presented to the Board Investment Committee. The Company's investment limits and investment regulations require that it holds diversified portfolios of assets thereby reducing exposure to individual equities. The Company does not have material holdings of unquoted equity securities.

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Equity risk is also managed using a variety of derivative instruments, including futures and options. The Company actively models the performance of equities through the use of risk models, in particular to understand the impact of equity performance on guarantees, options and bonus rates.

Sensitivity of profit and shareholders' equity to changes in equity prices is given in section (g) 'risk and capital management' below.

(ii) Property price risk

The Company is subject to property price risk directly due to holdings of investment properties in a variety of locations and indirectly through investments in property investment vehicles, mortgages, and mortgage backed securities. Investment in property managed by the Company is subject to regulations on investments, liquidity requirements and the expectations of policyholders.

As at 31 December 2025, no material derivative contracts had been entered into to mitigate the effects of changes in property prices. Exposure to property risk on equity release mortgages from sustained underperformance in UK house price inflation is managed by setting suitably low loan to value levels at origination and monitoring levels of business written against agreed credit limits.

Sensitivity of profit and shareholders' equity to changes in property prices is given in section (g) 'risk and capital management' below.

(iii) Interest rate risk

Interest rate risk arises primarily from the Company's investments in long-term debt and fixed income securities and their movement relative to the value placed on the insurance liabilities. A number of policyholder product features have an influence on the Company's interest rate risk. The major features include guaranteed surrender values, GAO, and minimum surrender and maturity values. Details of material guarantees and options are given in note 28.

The Company has limited appetite for interest rate risk as it does not believe interest rate risk will be adequately rewarded. Exposure to interest rate risk is monitored through several measures that include duration, capital modelling, sensitivity testing and stress and scenario testing. The impact of exposure to both low and elevated interest rate environment is considered within our scenario testing.

Increasing interest rates as a result of the monetary policy response to inflationary pressures will positively impact the Company's regulatory capital cover ratio. This could be offset by the negative impact of credit downgrades, counterparty defaults, claims and maintenance expenses and lapse rates if high inflation persists and the economy stagnates or falls. Conversely, rising credit spreads will adversely impact IFRS shareholders' equity, see section (g)(i) Sensitivity test analysis.

The Company typically manages interest rate risk by investing in fixed interest securities which closely match the interest rate sensitivity of the liabilities where such investments are available. In particular, a key objective is to at least match the duration of the Company's annuity liabilities with assets of the same duration, and in some cases where appropriate cash flow matching has been used. These assets include corporate bonds, residential mortgages and commercial mortgages. Should they default before maturity, it is assumed that the Company can reinvest in assets of a similar risk and return profile, which is subject to market conditions. Interest rate risk is also managed using a variety of derivative instruments, primarily interest rate swaps.

Some of the Company's products, principally participating contracts, expose it to the risk that changes in interest rates will impact on profits through a change in the interest spread (the difference between the amounts that the Company is required to pay under the contracts and the investment income the Company is able to earn on the investments supporting the Company's obligations under those contracts).

Other product lines of the Company, such as protection, are less sensitive to interest rate or market movements. For unit-linked business, the shareholder margins emerging are typically a mixture of annual management fees and risk/expense charges. Risk and expense margins will be largely unaffected by interest rates. Annual management fees will vary depending on the value of the underlying unit funds and their growth rate which can be sensitive to interest rates. For the Company's annuities business interest rate exposure is mitigated by closely matching the duration of liabilities with assets of the same duration.

The Company's participating business includes contracts with features such as guaranteed surrender values, GAO, and minimum surrender and maturity values. These liabilities are managed through duration matching of assets and liabilities and the use of derivatives, primarily interest rate swaps.

Sensitivity to changes in interest rates is given in section (g) 'risk and capital management' below.

(iv) Inflation risk

Inflation risk arises primarily from the Company's exposure to inflation linked benefits within the annuity portfolio and expense inflation. Increases in long-term inflation expectations are closely linked to long-term interest rates and so are frequently considered with interest rate risk. Exposure to inflation risk is monitored through capital modelling, sensitivity testing and stress and scenario testing. The Company typically manages inflation risk through its investment strategy and, in particular, by investing in inflation linked securities and through a variety of derivative instruments, including inflation linked swaps.

(v) Currency risk

The Company has minimal exposure to currency risk from financial instruments held in currencies other than sterling, as nearly all such holdings are backing either unit-linked or With-profits contract liabilities or mitigated by hedging. As a result the foreign exchange and losses on investments (see note 4) are largely offset by changes in unit-linked and With-profits liabilities and fair value changes in derivatives attributable to changes in foreign exchange rates recognised in the Income statement.

(vi) Derivatives risk

Derivatives are used for efficient investment management, risk hedging purposes, or to structure specific retail savings products. Derivatives are used within policy guidelines agreed by the Board of directors and activity is overseen by the Group Capital and the Group Risk teams, which monitor exposure levels and approve large or complex transactions.

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The Company applies strict requirements to the administration and valuation processes it uses, and has a control framework that is consistent with market and industry practice for the activity that is undertaken.

(vii) Correlation risk
The Company recognises that lapse behaviour and potential increases in consumer expectations are sensitive to and interdependent with market movements and interest rates. These interdependencies are taken into consideration in the internal capital model and in scenario analysis.

(d) Liquidity risk

Liquidity risk is the risk that financial obligations to policyholders and other relevant external and internal parties cannot be met in a timely and cost-effective manner as they fall due. Liquidity issues may arise from uncertainty in the value and timing of liabilities as well as uncertainty in the ability to realise assets as cash to meet obligations.

The relatively illiquid nature of insurance liabilities is a potential source of additional investment return by allowing investment in higher yielding, but less liquid assets such as commercial mortgages. The Company seeks to ensure that it maintains sufficient financial resources to meet its obligations as they fall due through the application of a liquidity risk policy and business standard. The Company has a liquidity risk appetite which requires that sufficient liquid resources be maintained to cover net outflows in a stress scenario. The Company monitors its position relative to its agreed liquidity risk appetite.

The Company has access to two external undrawn committed borrowing facilities totalling £325m which were entered into in 2024 and expire in 2029.

In extreme circumstances the Company would approach the Group for additional short-term borrowing whilst the Company liquidated other assets.

Maturity analysis
The following tables show the maturities of the Company's insurance and investment contract liabilities and of the financial assets held to meet them. A maturity analysis of the contractual amounts payable for payables, other financial liabilities and derivatives is given in notes 33, 34 and 40, respectively. Contractual obligations under operating capital commitments are given in note 36.

(i) Analysis of maturity of insurance and investment contract liabilities
For insurance and participating investment contract liabilities, including reinsurance contract liabilities, the following table shows the estimates of the present value of future cash flows at 31 December 2025 and 2024 analysed by estimated timing.

For non-participating investment contracts, almost all may be surrendered or transferred on demand. The earliest contractual maturity date is therefore 2025 statement of financial position date, for a surrender amount approximately equal to the current statement of financial position liability.

However, we expect surrenders, transfers and maturities to occur over many years, and therefore the table below reflects the expected cash flows for these contracts, rather than their contractual maturity date.

As at 31 December 2025	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	5-15 years £m	Over 15 years £m	Total £m
Long-term business								
Insurance contract liabilities – Life risk	3,759	2,796	2,770	2,775	2,783	25,123	22,916	62,922
Insurance contract liabilities – Participating	2,905	2,446	2,336	2,167	2,001	13,333	9,498	34,686
Reinsurance contract liabilities	143	148	144	142	140	1,160	1,123	3,000
Non - participating investment contract liabilities	(996)	551	1,913	2,958	3,737	48,577	139,554	196,294
Total contract liabilities	5,811	5,941	7,163	8,042	8,661	88,193	173,091	296,902

As at 31 December 2024	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	5-15 years £m	Over 15 years £m	Total £m
Long-term business								
Insurance contract liabilities – Life risk	2,333	2,155	1,974	2,030	2,131	20,680	28,002	59,305
Insurance contract liabilities – Participating	2,802	1,923	1,839	1,771	1,856	14,478	10,252	34,921
Reinsurance contract liabilities	127	150	149	146	143	1,126	1,040	2,881
Non - participating investment contract liabilities	(556)	765	2,098	3,205	4,070	51,253	108,225	169,060
Total contract liabilities	4,706	4,993	6,060	7,152	8,200	87,537	147,519	266,167

The amounts from insurance and investment contract liabilities that are payable on demand are set out below.

	2025		2024	
	Amount payable on demand £m	Carrying value £m	Amount payable on demand £m	Carrying value £m
Insurance contract liabilities – Life risk	**12,954**	**13,045**	11,591	11,705
Insurance contract liabilities – Participating	**34,795**	**34,373**	34,735	34,640
Non - participating investment contract liabilities	**196,031**	**196,098**	168,960	169,060
Total	**243,780**	**243,516**	215,286	215,405

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Notes to the financial statements (continued)

(ii) Analysis of maturity of financial assets

The following table provides an analysis, by maturity date of the principal, of the carrying value of financial assets which are available to fund the repayment of liabilities as they crystallise. The Company also has non-financial assets, such as investment property of £4,009 million (*2024: £3,900 million)*, for which a maturity analysis has not been provided.

As at 31 December 2025	On demand or within 1 year £m	1-5 years £m	Over 5 years £m	No fixed term £m	Total £m
Debt securities	**2,471**	**7,940**	**35,251**	**—**	**45,662**
Equity securities	**—**	**—**	**—**	**58,917**	**58,917**
Other investments (including derivatives)	**142,634**	**137**	**2,426**	**—**	**145,197**
Loans	**1,919**	**4,739**	**18,410**	**—**	**25,068**
Cash and cash equivalents	**18,990**	**—**	**—**	**—**	**18,990**
Total	**166,014**	**12,816**	**56,087**	**58,917**	**293,834**

As at 31 December 2024	On demand or within 1 year £m	1-5 years £m	Over 5 years £m	No fixed term £m	Total £m
Debt securities	1,954	8,123	33,967	—	44,044
Equity securities	—	—	—	46,148	46,148
Other investments (including derivatives)	129,896	194	2,239	—	132,329
Loans	1,626	5,038	17,464	133	24,261
Cash and cash equivalents	18,737	—	—	—	18,737
Total	152,213	13,355	53,670	46,281	265,519

The assets above are analysed in accordance with the earliest possible redemption date of the instrument at the initiation of the Company. Where an instrument is transferable back to the issuer on demand, such as a unit trust or similar type of investment vehicle, it is included in the 'On demand or within 1 year' column. Debt securities with no fixed contractual maturity date are generally callable at the option of the issuer at the date the coupon rate is reset under the contractual terms of the instrument. The terms for resetting the coupon are such that the Company expects the securities to be redeemed at this date, as it would be uneconomic for the issuer not to do so, and for liquidity management purposes the Company manages these securities on this basis. The first repricing and call date is normally ten years or more after the date of issuance.

Most of the Company's investments in equity securities and debt securities are market traded and therefore, if required, can be liquidated for cash at short notice in unstressed circumstances.

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(e) Life insurance risk

(i) Types of risk

Life insurance risk in the Company arises through its exposure to longevity risk, mortality risk and morbidity risk, and exposure to worse-than-anticipated operating experience on factors such as persistency levels, exercising of policyholder options and management and administration expenses.

Longevity risk remains a significant life insurance risk due to the Company's annuity portfolio. The Company has purchased reinsurance for some of the longevity risk relating to the annuity business.

Reinsurance is in place across the product lines to reduce our net exposure to potential losses. The Company has extensive quota share reinsurance in place on Individual Life Protection business and for Group Life Protection the Company uses surplus reinsurance for very large individual claims, as well as excess-of-loss reinsurance for large concentrations of risk in single geographical locations.

More generally, life insurance risks are believed to provide a significant diversification against other risks in the portfolio. Life insurance risks are modelled within the internal capital model and are subject to sensitivity and stress and scenario testing. COVID-19 is now expected to present limited future impact to the business, and this is allowed for in assumptions for pricing and reporting. However, there remains the potential for other future pandemics. The potential impacts of climate change also present uncertainty regarding future insurance risk experience, and these are considered when setting assumptions for future experience.

Recent persistency experience has been generally resilient to cost-of-living pressures and has not shown significant deterioration in the short term. External factors that may impact future persistency experience include prolonged high inflation and interest rates, increased stock-market volatility and changes in legislation.

(ii) Risk management

The Company has a policy for the management of life insurance risk and guidelines for the practical application of key areas of life insurance practice. The impact of life insurance risk is monitored by the Company as part of the control cycle of business management. Exposure is monitored through the assessment of liabilities, the asset liability management framework, the operation of the Deal Governance Framework that includes economic capital assessment of insurance risk-related deals, profit reporting under IFRS, Stress & Scenario analysis, and the Internal Model process. The individual life insurance risks are managed as follows:

- Mortality and morbidity risks are managed through comprehensive medical underwriting, input and advice from medical experts, as well as frequent monitoring and analysis of the Company's experience. Reinsurance treaties are in place to provide further mitigation.
- Longevity risk is managed through monitoring and analysis of the Company's experience as well as considering the latest external industry data and emerging trends. Reinsurance treaties are in place to provide further mitigation.
- Persistency risk is managed through frequent monitoring of the Company's experience, and benchmarking against local market information and expectations. Generally, persistency risk arises from customers lapsing their policies earlier than has been assumed. Lapses and their associated financial impact are reduced through appropriate design of products to meet current and, where possible, future customer needs. The Company also implements specific initiatives to improve the retention of policies that may otherwise lapse.
- Expense risk is primarily managed through robust cost controls and efficiency targets, together with frequent monitoring of expense levels.

In addition to economic capital modelling and Stress & Scenario analysis, Solvency II reporting uses sensitivity testing to measure the impact on the Solvency II closing balance sheet due to exposure to life insurance risks. This enables the Company to determine whether action is required to reduce risk, or whether that risk is within the overall risk appetite.

(iii) Risk concentrations

The Company policy on life insurance risks is to avoid significant concentrations of risk exposure. Life insurance concentration risk is a reflection of too little diversification within or across life insurance risk types. The Company mitigates the concentration of life insurance risks through its scale, geographic spread and diversity of product lines. Risk transfer solutions, primarily through reinsurance, are employed to transfer risks that the Company does not wish to retain, due to the presence of single large exposures, accumulations, or limited internal expertise to the external market.

Controls are in place to ensure accumulations of risk can be evaluated properly. Internal Model analysis also helps identify both concentrations of risk types and the benefits of diversification of risk.

(iv) Embedded derivatives

The Company is exposed to the risk of changes in policyholder behaviour due to the exercise of options, guarantees and other product features embedded in its long-term savings products. These product features offer policyholders varying degrees of guaranteed benefits at maturity or on early surrender, along with options to convert their benefits into different products on pre-agreed terms.

Examples of each type of embedded derivative affecting the Company are:

- Options: call, put, surrender and maturity options, GAO, options to cease premium payment, options for withdrawals free of market value adjustment, annuity options, and guaranteed insurability options.
- Guarantees: embedded floor (guaranteed return), maturity guarantee, guaranteed death benefit, and guaranteed minimum rate of annuity payment.

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- Other: indexed interest or principal payments, maturity value, loyalty bonus.

The impact of these is reflected in the capital model and managed as part of the asset liability framework. Further disclosure on financial guarantees and options embedded in contracts and their inclusion in insurance and investment contract liabilities is provided in note 28

(f) Operational risk

Operational risk is the risk of direct or indirect loss, arising from inadequate or failed internal processes, people and systems, or external events including changes in the regulatory environment.

The Company has limited appetite for operational risk and aims to reduce these risks as far as is commercially sensible.

The Company's Operational Risk and Control Management Framework, integrates the results of the risk identification and assurance activities carried out across the Company's three lines of defence. Operational risks are initially identified and assessed against implemented controls. Residual risk, outside tolerance, is given prioritised management action to reduce it within tolerance.

Operational risk is quantitatively assessed on the basis of financial loss and misstatement. Potential reputational and conduct impacts are qualitatively assessed. Management use key indicator data to help monitor the status of the risk and control environment. They also identify and capture loss events, taking appropriate action to address actual control breakdowns and promote internal learning.

The Company relies on several outsourcing providers for critical business processes, customer servicing, investment operations and IT support. To manage the risk of failure of a critical outsourcing provider, businesses are required to identify business critical outsourced functions (internal and external) and for each to have exit and termination plans, and business continuity and disaster recovery plans in place in the event of supplier failure, which are reviewed annually. The Company also carries out supplier financial stability reviews at least annually.

Increasing geo-political tensions have heightened the risk of cyber security attacks on the Company or its suppliers, with the potential to cause business service interruption and/or data or intellectual property theft. In response the Company 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 Company has engaged with suppliers to put in place all reasonable measures so that services to Aviva and its customers are protected.

Action is in hand to strengthen the control framework for the current risks Generative Artificial Intelligence presents as well as exploit the opportunities for process efficiency, better pricing and underwriting, product personalisation and improved customer service.

The Company actively monitors social and other media in order to manage misinformation about the business, products, colleagues and customers should the Company be targeted by a hostile actor in the context of the situation in Ukraine or elsewhere, taking corrective media action if necessary.

The Company is exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory investigations, media speculation and negative publicity, disclosure of confidential client information, inadequate services, whether or not founded, as well as wider geo-political and economic external events or trends, could impact the Company's brands or reputation. Any of the Company's brands or reputation could also be affected if products or services recommended by the Company (or any of our intermediaries) do not perform as expected (whether or not the expectations are founded) or customers' expectations of the product change.

Products and business processes are designed so that the Company treats customers fairly and make use of various metrics to assess its performance, including customer advocacy, retention and complaints. Failure to treat customers fairly is counter to the Company's purpose, values and culture and could result in regulatory action and penalties, as well as impact the Company's brands and/or reputation.

The FCA Consumer Duty ("the Duty") requires firms to 'act to deliver good customer outcomes' by managing the risks posed to those good outcomes; these are our customer conduct risks.

(g) Risk and capital management

(i) Sensitivity test analysis

The Company uses a number of sensitivity test-based risk management tools to understand the volatility of earnings, the volatility of capital requirements and to manage its capital more efficiently. Risk based capital models are used to support the quantification of risk under the Solvency II framework. Management undertakes a quarterly review of risk, the output from which is a key input into the risk-based capital assessments. Primarily, a risk-based capital model and scenario tests are used. Sensitivities to economic and operating experience are regularly produced on financial performance measurements to inform the Company's decision making and planning processes, and as part of the framework for identifying and quantifying the risks to which the Company is exposed.

(ii) Life insurance and investment contracts

The nature of long-term business is such that a number of assumptions have been made in compiling these financial statements. Assumptions are made about investment returns, expenses, mortality and morbidity rates, and persistency in connection with the in-force policies. Assumptions are best estimates based on historical and expected experience of the business. A number of the key assumptions are disclosed elsewhere in these statements.

(iii) Sensitivity test results

Illustrative results of sensitivity testing for long-term business are set out below. For each sensitivity test the impact of a change in a single factor is shown, with other assumptions left unchanged.

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Sensitivity factor	Description of sensitivity factor applied
Market risk variables	
Interest rate and investment return	The impact of a change in market interest rates by a 1% increase or decrease. The test allows consistently for similar changes to investment returns and movements in the market value of backing fixed interest securities.
Credit spreads	The impact of a 0.5% increase or decrease in credit spreads over risk-free interest rates on corporate bonds and other non-UK sovereign and other credit assets, also allowing for the consequential impact on liability valuations.
Equity market values	The impact of a 10% increase or decrease in equity market values.
Property market values	The impact of a 10% increase or decrease in commercial and residential properly values. The indirect impact of property values on the value of commercial mortgage loans and equity release mortgage loans are included in this sensitivity.
Underwriting risk variables	
Expenses	The impact of an increase in maintenance expenses by 10%
Lapses/surrenders	The impact of an increase in lapse or surrender rates by 10%
Assurance mortality/morbidity	The impact of an increase in mortality/morbidity rates for assurance contracts by 2%.
Annuitant mortality	The impact of a reduction in mortality rates for annuity contracts by 2%

Market risk variables

For business where the change in market risk variables could impact on profit, the following table presents how a possible shift in those variables might impact insurance and investment contract balances, the corresponding investment assets, profit before tax and shareholders' equity after tax, all net of reinsurance.

In general, a beneficial impact under the sensitivity (i.e. reduction in liability/increase in assets) should be displayed as a positive as this denotes an increase in immediate profit or to shareholder equity. For CSM impact an increase in CSM under the sensitivity should be displayed as a negative as this locks away more profit for future release thereby offsetting some of the immediate profit.

The net of reinsurance liability impact, investment asset impact and impact on shareholder equity are shown as positives where profit/ shareholder equity increase and a negative where they decrease.

For business (including With-profits funds and unit-linked contracts) where changes in the market risk variables result in movements that offset to nil, having no overall impact on profit or shareholders' equity, the offsetting movements in the insurance and investment contract balances and investment assets are now included in this sensitivity analysis. The 2024 comparatives have been updated to include these offsetting movements.

	Net insurance/investment contracts balances				
31 December 2025 impact £m	CSM	Profit or loss	Investment assets Profit or loss	Total profit before tax	Shareholder's equity after tax
100 bps increase in interest rate	1	5,962	(6,497)	(535)	(402)
100 bps decrease in interest rate	1	(6,782)	7,431	649	487
50 bps increase in credit spread	14	1,325	(1,775)	(450)	(338)
50 bps decrease in credit spread	(17)	(1,864)	2,239	375	281
10% increase in market value of equity	(109)	(11,705)	11,332	(373)	(280)
10% decrease in market value of equity	109	11,690	(11,321)	369	277
10% increase in value of property	(18)	(504)	576	72	55
10% decrease in value of property	19	503	(613)	(110)	(82)

	Net insurance/investment contracts balances				
31 December 2024 impact £m	CSM	Profit or loss	Investment assets Profit or loss	Total profit before tax	Shareholder's equity after tax
100 bps increase in interest rate	3	6,013	(6,536)	(523)	(392)
100 bps decrease in interest rate	(1)	(6,934)	7,532	598	449
50 bps increase in corporate bond spread	12	1,255	(1,518)	(263)	(197)
50 bps decrease in corporate bond spread	(14)	(1,567)	1,854	287	215
10% increase in market value of equity	(52)	(10,158)	9,842	(316)	(237)
10% decrease in market value of equity	51	10,149	(9,833)	316	237
10% increase in value of property	(17)	(476)	551	75	57
10% decrease in value of property	16	477	(588)	(111)	(83)

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Underwriting risk variables

The following table presents information on how reasonably possible changes in assumptions made by the Group with regard to underwriting risk variables impact insurance and reinsurance contract balances, profit before tax and shareholders' equity after tax. The affected underlying insurance contracts and related reinsurance contracts are measured under IFRS 17 and the impacts on fulfilment cash flows (FCF) and on the CSM are shown separately as these components are not fully symmetrically impacted by possible changes in assumptions. The ultimate profit or loss arising will depend on the level of offset seen between CSM and FCF movements in the sensitivity, which in turn is impacted by whether locked-in rates within the CSM are higher or lower than the current market rates which drive the FCF movements.

	Insurance contracts balances			Reinsurance contracts balances				
31 December 2025 impact £m	FCF	CSM	Profit or loss	FCF	CSM	Profit or loss	Total profit before tax	Shareholder's equity after tax
Life insurance business								
10% increase in expenses	(240)	236	(3)	127	(159)	(33)	(36)	(27)
10% increase in lapse rates	(39)	41	1	64	(70)	(5)	(4)	(3)
2% increase in assurance mortality	(192)	105	(86)	146	(70)	77	(9)	(7)
2% decrease in annuitant mortality	(355)	512	157	244	(381)	(137)	21	16

	Insurance contracts balances			Reinsurance contracts balances				
31 December 2024 impact £m	FCF	CSM	Profit or loss	FCF	CSM	Profit or loss	Total profit before tax	Shareholder's equity after tax
Life insurance business								
10% increase in expenses	(253)	206	(47)	137	(166)	(30)	(77)	(58)
10% increase in lapse rates	(29)	32	4	65	(74)	(10)	(6)	(4)
2% increase in assurance mortality	(203)	87	(116)	155	(60)	95	(22)	(16)
2% decrease in annuitant mortality	(372)	448	76	229	(323)	(94)	(18)	(13)

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality there may be a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into account that the assets and liabilities are actively managed and may vary at the time that any actual market movement occurs.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risks that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty, and the assumption that all interest rates move in an identical fashion.

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40 – Derivative financial instruments

This note gives details of the various financial instruments the Company uses to mitigate risk.

The Company uses a variety of derivative financial instruments, including both exchange traded and over-the-counter instruments, in line with our overall risk management strategy. The objectives include managing exposure to market, foreign currency and/or interest rate risk on existing assets or liabilities, as well as planned or anticipated investment purchases.

In the narrative and tables below, figures are given for both the notional amounts and fair values of these instruments. The notional amounts reflect the aggregate of individual derivative positions on a gross basis and so give an indication of the overall scale of the derivative transaction. They do not reflect current market values of the open positions. The fair values represent the gross carrying values at the year end for each class of derivative contract held (or issued) by the Company.

The fair values do not provide an indication of credit risk, as many over-the-counter transactions are contracted and documented under International Swaps and Derivatives Association ("ISDA") master agreements or their equivalent. Such agreements are designed to provide a legally enforceable set-off in the event of default, which reduces credit exposure. In addition, the Company has collateral agreements in place with the relevant counterparties. Refer to note 41 for further information on collateral and net credit risk of derivative instruments.

(a) Derivatives

The Company did not apply hedge accounting to derivatives at 31 December 2025 and 31 December 2024:

(i) The Company's derivatives at 31 December were as follows:

	2025			2024		
	Contract/ notional amount £m	**Fair value asset £m**	**Fair value liability £m**	Contract/ notional amount £m	Fair value asset £m	Fair value liability £m
Foreign exchange contracts						
OTC						
Forwards	**14,410**	**88**	**(96)**	3,076	29	(46)
Interest rate and currency swaps	**14,143**	**362**	**(558)**	12,834	125	(951)
Total	**28,553**	**450**	**(654)**	15,910	154	(997)
Interest rate contracts						
OTC						
Swaps	**33,952**	**1,714**	**(4,113)**	32,932	1,828	(4,881)
Exchange traded						
Futures	**6,210**	**18**	**(1)**	4,827	9	(71)
Total	**40,162**	**1,732**	**(4,114)**	37,759	1,837	(4,952)
Equity/Index contracts						
OTC						
Options	**91**	**4**	**—**	103	6	(1)
Exchange traded						
Futures	**7,684**	**77**	**(13)**	6,312	37	(125)
Options	**860**	**108**	**—**	856	95	—
Total	**8,635**	**189**	**(13)**	7,271	138	(126)
Credit contracts	**228**	**—**	**(4)**	242	—	(4)
Inflation linked swaps	**16,024**	**389**	**(1,181)**	12,710	406	(1,121)
Total at 31 December	**93,602**	**2,760**	**(5,966)**	73,892	2,535	(7,200)

Fair value assets of £2,760 million (2024 :£2,535 million) are recognised as 'Derivative financial instruments' in note 23(a), while fair value liabilities of £5,966 million (2024 : £7,200 million) are recognised as 'Derivative financial instruments' in note 33.

The Company's derivative risk management policies are outlined in note 39.

(ii) The contractual undiscounted cash flows in relation to derivative liabilities have the following maturities:

	2025 £m	2024 £m
Within 1 year	**701**	943
Between 1 and 2 years	**518**	654
Between 2 and 3 years	**413**	636
Between 3 and 4 years	**384**	539
Between 4 and 5 years	**364**	482
After 5 years	**5,320**	6,957
Total	**7,700**	10,211

(b) Collateral

Certain derivative contracts, primarily interest rate and currency swaps, involve the receipt or pledging of cash and non-cash collateral. The amounts of cash collateral receivable or repayable are included in notes 24 and 33 respectively. Collateral received and pledged by the Company is detailed in note 41.

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Notes to the financial statements (continued)

41 – Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

(a) Offsetting arrangements

Financial assets and liabilities are offset in the Statement of financial position when the Company has a currently enforceable legal right to offset and has the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

The Company mitigates credit risk in derivative contracts by entering into collateral agreements, where practical, and in ISDA master netting agreements to facilitate the Company's right to offset credit risk exposure. The credit support agreement will normally dictate the threshold over which collateral needs to be pledged by the Company or its counterparty.

Derivative transactions requiring the Company or its counterparty to post collateral are typically the result of over-the-counter derivative trades, comprised mostly of interest rate swaps, currency swaps and credit swaps. These transactions are conducted under terms that are usual and customary to standard long-term borrowing, derivative, securities lending and securities borrowing activities.

The Company participates in a number of stock lending and repurchase arrangements. In some of these arrangements cash is exchanged by the Company for securities and a related receivable is recognised within 'Loans to banks' (note 21). These arrangements are reflected in the table below. In instances where the collateral is recognised on the Statement of financial position, the obligation for its return is included within 'payables and other financial liabilities'.

In other arrangements, securities are exchanged for other securities. The collateral received must be in a readily realisable form such as listed securities and is held in segregated accounts. Transfer of title always occurs for the collateral received. In many instances, however, no market risk or economic benefit is exchanged and these transactions are not recognised on the Statement of financial position in accordance with our accounting policies, and accordingly not included in the tables below. If risks and benefits are exchanged then the transactions are recognised on the Statement of financial position and reflected in the tables below.

				Amounts subject to enforceable netting arrangements			
		Offset under IAS 32		Amounts under a master netting agreement but not offset under IAS 32			
2025	Gross amounts £m	Amounts offset £m	Net amounts reported in the statement of financial position £m	Financial instruments £m	Cash collateral £m	Securities collateral received/ pledged £m	Net amount £m
Financial assets							
Derivative financial assets	**1,873**	**—**	**1,873**	**(1,728)**	**(73)**	**(53)**	**19**
Loans to banks and repurchase arrangements	**299**	**—**	**299**	**—**	**(299)**	**—**	**—**
Total financial assets	**2,172**	**—**	**2,172**	**(1,728)**	**(372)**	**(53)**	**19**
Financial liabilities							
Derivative financial liabilities	**4,661**	**—**	**4,661**	**(2,131)**	**(2)**	**(2,528)**	**—**
Total financial liabilities	**4,661**	**—**	**4,661**	**(2,131)**	**(2)**	**(2,528)**	**—**

				Amounts subject to enforceable netting arrangements			
		Offset under IAS 32		Amounts under a master netting agreement but not offset under IAS 32			
2024	Gross amounts £m	Amounts offset £m	Net amounts reported in the statement of financial position £m	Financial instruments £m	Cash collateral £m	Securities collateral received/ pledged £m	Net amount £m
Financial assets							
Derivative financial assets	1,661	—	1,661	(1,592)	(50)	(5)	14
Loans to banks and repurchase arrangements	463	—	463	—	(300)	(159)	4
Total financial assets	2,124	—	2,124	(1,592)	(350)	(164)	18
Financial liabilities							
Derivative financial liabilities	5,145	—	5,145	(2,091)	(2)	(3,036)	16
Total financial liabilities	5,145	—	5,145	(2,091)	(2)	(3,036)	16

Derivative assets are recognised as 'Derivative financial instruments' in note 23, while fair value liabilities are recognised as 'Derivative financial instruments' in note 33. £887 million (2024 :£874 million) of derivative assets and £1,305 million (2024 :£2,055 million) of derivative liabilities are not subject to master netting agreements and are therefore excluded from the table above.

Amounts receivable related to securities lending and reverse-repurchase arrangements totalling £299 million (2024 :£463 million) are recognised within 'Loans to banks' in note 21.

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Notes to the financial statements (continued)

(b) Collateral

In the tables above, the amounts of assets or liabilities presented in the Statement of financial position are offset first by financial instruments that have the right of offset under master netting or similar arrangements with any remaining amount reduced by the amount of cash and securities collateral. The actual amount of collateral may be greater than amounts presented in the tables above in the case of over collateralisation. The tables above exclude amounts receivable related to securities lending arrangements, except for reverse-repurchase agreements.

The total amount of collateral received which the Company is permitted to sell or repledge in the absence of default, excluding collateral related to balances recognised within 'Loans to banks' disclosed in note 21, was £5,991 million (2024 :£5,980 million), all of which other than £251 million (2024 :£599 million) is related to securities lending arrangements. Collateral of £299 million (2024 :£459 million) has been received related to balances recognised within 'Loans to banks' in note 21.

The level of collateral held is monitored regularly, with further collateral obtained where this is considered necessary to manage the Company's risk exposure. The fair values of collateral received approximate to their carrying amounts.

42 – Related party transactions

The Company has the following transactions with related parties which include parent companies, subsidiaries, joint ventures, associates and fellow subsidiaries in the normal course of business.

The Company had the following related party transactions

(i) Quota share arrangements

Aviva International Insurance Limited ("AIIL")

The Company reinsures 30% of liabilities (net of external reinsurance) arising on insurance, participating investment and non-participating investment contracts in the non-profit fund, to AIIL on a quota share basis. Effective from 31 December 2025 this includes the Aviva Protection UK Limited (APUK) business following its Part VII Transfer (of the Financial Services and Markets Act 2000) into the company. The reinsurance arrangement with AIIL is priced on an economic basis which makes allowance for items not included within the IFRS valuation. The net impact of the reinsurance in the Income statement and the Statement of financial position may be summarised as follows:

	2025 £m	2024 £m
Allocation of reinsurance premiums paid	**1,329**	1,292
Reinsurance service expense	**(1,251)**	(1,228)
Net finance income from reinsurance contracts	**250**	10
Net result ceded	**328**	74

As at 31 December 2025 and at 31 December 2024, the balances in the Statement of financial position relating to this arrangement are:

	2025 £m	2024 £m
Reinsurance contract liability	**192**	136

Total Funds Withheld at the end of the year under reinsurance arrangements with AIIL of £78,275 million (2024: £69,468 million) are included within the net reinsurance contract liability.

Aviva Life & Pensions Ireland DAC ("ALPI")

Following the Part VII transfer of Overseas Life and Pensions Business ("OLAB") from the Company to ALPI in 2019, the Company entered into a quota share reinsurance agreement with ALPI. Under the terms of this agreement, the Company reinsures and indemnifies ALPI for policies in respect of the OLAB.

The rate of reinsurance is one hundred percent (100%). The premiums, claims and expenses which have been reinsured into the Company under the arrangement are:

	2025 £m	2024 £m
Insurance revenue	**14**	(1)
Insurance service expenses	**(38)**	(19)
Insurance finance income	**(36)**	6
Net result accepted	**(60)**	(14)

As at 31 December 2025 and at 31 December 2024, the balances in the Statement of financial position relating to this arrangement are:

	2025 £m	2024 £m
Insurance contract liabilities	**917**	872

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Notes to the financial statements (continued)

The Company has reinsurance arrangements with ALPI in respect of Euro denominated annuity business.

The net impact of the reinsurance in the Income statement and the Statement of financial position may be summarised as follows:

	2025 £m	2024 £m
Insurance revenue	86	32
Insurance service expenses	**(85)**	(29)
Insurance finance (expenses) / income	**(47)**	15
Net result accepted	**(46)**	18

As at 31 December 2025 and at 31 December 2024, the balances in the Statement of financial position relating to this arrangement are:

	2025 £m	2024 £m
Insurance contract liabilities	**670**	436

The Company has a reinsurance arrangement with Aviva Insurance Limited, another group company, to reinsure obligations in respect of structured settlements arising from motor bodily injury claims. The financial impacts of the reinsurance are:

	2025 £m	2024 £m
Insurance revenue	**19**	18
Insurance service expenses	**(11)**	(11)
Insurance finance (expenses) / income	**(10)**	8
Net result accepted	**(2)**	15

As at 31 December 2025 and at 31 December 2024, the balances in the Statement of financial position relating to this arrangement are:

	2025 £m	2024 £m
Insurance contract liabilities	**359**	368

(ii) Other transactions

Services provided to, and by related parties

	2025				2024			
	Income earned in the year £m	Expenses incurred in the year £m	Payable at year end £m	Receivable at year end £m	Income earned in the year £m	Expenses incurred in the year £m	Payable at year end £m	Receivable at year end £m
Parent	**14**			**1**	13	—	—	5
Subsidiaries	**11**	**7**	**30**	**1**	14	12	17	2
Fellow subsidiaries	**2**	**1,410**	**95**	**70**	—	1,318	91	46
	27	**1,417**	**125**	**72**	27	1,330	108	53

Under a management agreement, Aviva Life Services UK Limited ("UKLS") supplies and makes charges for the provision of operational assets and staff to the Company. The agreement specifies the amount payable to UKLS in respect of acquisition costs and administrative expenses. The amount of this charge is £1,410 million (2024: £1,319 million).

The Company paid a premium of £29 million (2024: £34 million) to its subsidiary Aviva Equity Release UK Limited ("UKER") for the origination of equity release mortgage loans during the year.

During the year, the Company paid dividends of £910 million (2024: £945 million) to its parent.

Also included within distributions received from subsidiaries (note 15) are dividends from UKER of £30 million (2024: £20 million) and ALPI of £nil million (2024: £1 million) and distributions from FPPE Fund plc £12 million (2024: £9 million) and PLPs of £50 million (2024: £32 million). Included within distributions received from joint ventures and associates (note16) are distributions from PLPs of £29 million (2024: £28 million). With regard to PLPs classified as subsidiaries, joint ventures and associates, the Company granted loans for a total of £127 million (2024: £166 million) for short-term liquidity funding.

Included within debt securities in note 23 are £330 million (2024:£444 million) of loan notes issued by a wholly owned subsidiary Aviva ERFA 15 UK Limited and £160 million (2024: £172 million) of loan notes issued by the five special purpose securitisation companies: Equity Release Funding (No.1) plc, Equity Release Funding (No.2) plc, Equity Release Funding (No.3) plc, Equity Release Funding (No.4) plc and Equity Release Funding (No.5) plc, which directly, or in trust, hold the beneficial interest in five portfolios of mortgages transferred by UKER.

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Notes to the financial statements (continued)

Interest receivable during the year in respect of these loan notes amounted to £7 million (2024: £10 million) in respect of the five special purpose securitisation vehicles. The Company also received interest from cash and cash equivalent balances held in Aviva ERFA15 UK Limited amounting to £24 million (2024: £25 million) In addition, the Company provides a credit facility agreement to Equity Release Funding (No.4) plc of which £93 million (2024: £120 million) has been drawn and remains outstanding at 31 December 2025.

On 30 November 2021, the Company entered into an agreement to provide a liquidity facility to its subsidiary Aviva ERFA 15 UK Limited. At 31 December 2025 the total amount available to draw under the facility was £445 million (2024: £456 million), of which £nil million (2024: £nil million) had been drawn by ERFA 15.

During the year the Company issued a Tier 3 debt facility to its subsidiary Aviva Life & Pensions Ireland DAC, at 31 December 2025 the total amount available to draw under the facility was £33 million, of which £33 million had been drawn by Aviva Life & Pensions Ireland DAC.

The £50m loan facility provided to the Company's parent, Aviva Life Holdings UK Limited, expired during the year. No amounts were drawn under the facility prior to its expiry (2024: £nil million drawn at 31 December 2024).

The Company has also provided a loan facility to its subsidiary Aviva Pension Trustees UK Ltd, the total amount available to draw under the facility was £35 million (2024: £25 million), of which £nil million (2024: £nil million) had been drawn by Aviva Pension Trustees UK Ltd.

During the year the Company renewed its participation in the intra-group Contingent Funding Plan loan agreement which provides borrowing facilities to a number of Group Companies. Under this agreement the Company is a lending counterparty. As at 31 December 2025 the maximum amount available under the agreement from the Company was £50m (2024: £50 million), of which £nil million had been drawn (2024: £nil million).

The related parties' receivables and payables are not secured, and no guarantees were received in respect thereof. The receivables and payables will be settled in accordance with normal contract terms.

The Company has provided a loan facility to its subsidiary Aviva Protection UK Limited. Of the £70m which had been drawn by Aviva Protection UK Limited at the start of the year, £35m was repaid during the year and the remaining balance of £35m was transferred as part of the scheme transfer therefore resulting in the collapse of the loan.

During the year, an Aviva Group defined benefit staff pension scheme completed no (2024: two) bulk annuity buy-in transactions with the Company. Total premiums of £nil million (2024: £1,323 million) were paid by the scheme to the Company. After allowing for initial expenses, risk adjustment and CSM, no profit or loss (2024: £nil) was recognised by the Company on initial recognition.

As at 31 December 2025, the Company recognised cumulative best estimate liabilities of £4,003 million (2024: £4,154 million) in relation to buy-in transactions with Aviva Group defined benefit staff pension schemes which have been included within the Company's insurance contract liabilities.

(iii) Key management compensation

The total compensation to those employees classified as key management, being those having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors, is as follows:

	2025 £'000	Restated[1] 2024 £'000
Salary and other short-term benefits	**13,752**	13,197
Other long-term benefits	**714**	722
Post-employment benefits	**33**	19
Total	**14,499**	13,938

1. The 2024 comparatives have been restated to align with the 2025 presentation to include only the main components of pay per amended guidance. Excluded benefits/taxable expenses include private medical and health insurance, company car and fuel benefit, personal use of chauffeur, relocation costs, travel, accommodation and subsistence costs, and other taxable expenses.

As a result of a process refinement, the amounts presented for 2025 exclude short-term employee benefits for directors where their time spent on duties of the Company is incidental to their broader role across the Group. Details of directors' remuneration are given in note 9.

(iv) Parent entity

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

(v) 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. The Group 2025 Annual report and accounts are available on application to the Group Company Secretary, Aviva plc, 80 Fenchurch Street, London, EC3M 4AE, and on the Group website at www.aviva.com.

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Notes to the financial statements (continued)

43 – Business transfers

Following the Final Hearings in the High Court, the Royal Court of Jersey and the Royal Court of Guernsey, which took place respectively on the 26th November 2025, the 2nd December 2025 and the 5th December 2025, the Part VII transfer of Aviva Protection UK Limited (formerly known as AIG Life Limited) to the Company was completed on 31st December 2025. Immediately following the Part VII transfer on 31st December 2025 the Aviva Protection UK Limited ("APUK") business came into scope of the internal reinsurance ceded to AIIL.

The effect of these transfers on the Company's Statement of Financial Position at the 31 December 2025 transfer date is shown below:

	£m
Assets	
Goodwill	330
Intangibles	28
Financial investments	288
Reinsurance contract assets	1,012
Deferred tax assets	2
Current tax assets	76
Prepayments and accrued income	1
Cash and cash equivalents	13
Total assets	**1,750**
Liabilities	
Insurance contract liabilities	1,034
Payables and other financial liabilities	13
Intercompany loan liability with the Company	35
Total Liabilities	**1,082**
Net assets transferred	**668**
Return of capital credited against cost of investment in APUK	(672)
Loss arising from scheme transfer recognised as a change in equity	**(4)**

Assets / liabilities including (re) insurance contracts assets / liabilities measured under IFRS 17 were transferred and recognised at their carrying value in the Aviva plc consolidated financial statements. Goodwill and customer intangible assets previously recognised in the Aviva plc consolidated financial statements as a result of the application of IFRS 3 Business Combinations have been recognised by the Company.

The transfer was for £nil consideration in accordance with the Scheme of transfer.

44 – Related undertakings

The Company's Act 2006 requires disclosure of certain information about the Company's related undertakings which is set out in this note. Related undertakings comprise subsidiaries, joint ventures, associates and other significant holdings. Significant holdings are where the Company either has a shareholding greater than or equal to 20% of the nominal value of any share class, or a book value greater than 20% of the Company's assets.

The Company's related undertakings along with the country of incorporation, the registered address, the class of shares held and the effective percentage of equity owned at 31 December 2025 are listed below. The list also includes holdings in open-ended investment companies ("OEICs"), societes d'investissement a capital variable ("SICAVs"), investment companies with variable capital ("ICVCs") and liquidity funds where the Company has a significant holding in the underlying assets of the fund, where information is available.

The direct related undertakings of the Company as at 31 December 2025 are listed below:

Name of undertaking	Registered Address	Country	Share class	% owned by Aviva Life & Pensions UK
10-11 GNS Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Atlas Park Management Company Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited by Guarantee	100%
Aviva Equity Release UK Limited	Aviva, Wellington Row, York, YO90 1WR, United Kingdom	United Kingdom	£1.00 Ordinary shares	100%
Aviva ERFA 15 UK Limited	Aviva, Wellington Row, York, YO90 1WR, United Kingdom	United Kingdom	£1.00 Ordinary shares	100%
Aviva Investors Property Fund Management Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%

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Notes to the financial statements (continued)

Aviva Life & Pensions Ireland Designated Activity Company	Building 12, Cherrywood Business Park, Loughlinstown, Co Dublin, D18 W2P5, Ireland.	Ireland	€1.27 Ordinary-A shares €1.27 Ordinary-B shares	100%
Aviva Master Trust Trustees UK Limited	Aviva, Wellington Row, York, YO90 1WR. United Kingdom	United Kingdom	£1.00 Ordinary shares	100%
Aviva Pension Trustees UK Limited	Aviva, Wellington Row, York, YO90 1WR, United Kingdom	United Kingdom	£1.00 Ordinary shares	100%
Aviva Protection UK Limited	Aviva, Wellington Row, York, YO90 1WR	United Kingdom	£1.00 Ordinary shares	100%
Aviva Savings Limited	Aviva, Wellington Row, York, YO90 1WR, United Kingdom	United Kingdom	£1.00 Ordinary shares	100%
Aviva UKLAP De-risking Limited	Aviva, Wellington Row, York, YO90 1WR. United Kingdom	United Kingdom	£1.00 Ordinary shares	100%
Barwell Business Park Nominee Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Cannock Consortium LLP	Nations House, 3rd Floor , 103 Wigmore Street, London, W2U 1WH, United Kingdom	United Kingdom	Limited Liability Partnership	43%
Criterion Tec Holdings Ltd	14 Albany Street, Edinburgh, Scotland, EH1 3QB	United Kingdom	£0.01 Ordinary shares	24%
Elms Road Wokingham Ltd	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Eólica Almatret S.L.	1D, 13 Edificio América Av. de Bruselas, 28108, Alcobendas (Madrid), Spain	Spain	€1.00 Ordinary shares	100%
FPB Holdings GmbH	c/o WSWP Weinert GmbH, Theatinerstr. 31, 80333, Munich, Germany	Germany	€1.00 Series A shares €1.00 Series B shares	100%
FPPE Fund Public Limited Company	Georges Court, 54-62 Townsend Street, Dublin 2, Ireland	Ireland	£1.00 Shares of No Par Value €1.00 Subscriber Euro €1 shares	100%
Friends AEL Trustees Limited	Aviva, Wellington Row, York, YO90 1WR, United Kingdom	United Kingdom	£1.00 ORDINARY shares	100%
Friends' Provident Life Office	Aviva, Wellington Row, York, United Kingdom, YO90 1WR	United Kingdom	Limited by Guarantee	100%
Houghton Regis Management Company Limited	Level 16 5 Aldermanbury Square, London, United Kingdom, EC2V 7HR	United Kingdom	£1.00 Ordinary B shares	33%
Lancashire and Yorkshire Reversionary Interest Company Limited / The	Aviva, Wellington Row, York, YO90 1WR, United Kingdom	United Kingdom	£9.25 Ordinary shares	100%
Norwich Union (Shareholder GP) Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Opus Park Management Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited by Guarantee	100%
Quarryvale One Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Stonebridge Cross Management Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited by Guarantee	100%
Suntrust Limited	Aviva, Wellington Row, York, YO90 1WR, United Kingdom	United Kingdom	£1.00 ORDINARY shares	100%
Tenet Group Limited	c/o Interpath Advisory, 10 Fleet lace, London, EC4M 7RB	United Kingdom	£0.0001 B Ordinary shares	24%
UKP Holdings Inc.	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States	United States	US$1.00 Common Stock shares US$100.00 Non Cumulative Preferred Stock shares	100%

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Victor Hugo 1 S.à r.l.	16 Avenue de la Gare, Luxembourg, 1610, Luxembourg	Luxembourg	€25.00 Ordinary Each Eur 25 shares	100%
Winslade Investments Inc.	Cogency Global Inc., 850 New Burton Road, Suite 201, Dover Delaware Kent County 19904, United States	United States	US$ Common Stock WPV shares US$ Series A Pref WPV shares	100%

The indirect related undertakings of the Company as at 31 December 2025 are listed below:

1 Liverpool Street GP Limited	Forum 4 Solent Business Park Parkway, Whiteley, Fareham, PO15 7AD, United Kingdom	United Kingdom	£1.00 Ordinary shares	50%
1 Liverpool Street Limited Partnership	Forum 4 Solent Business Park Parkway, Whiteley, Fareham, PO15 7AD, United Kingdom	United Kingdom	Limited Partner	50%
1 Liverpool Street Nominee 1 Limited	Forum 4 Solent Business Park Parkway, Whiteley, Fareham, PO15 7AD, United Kingdom	United Kingdom	£1.00 Ordinary shares	50%
1 Liverpool Street Nominee 2 Limited	Forum 4 Solent Business Park Parkway, Whiteley, Fareham, PO15 7AD, United Kingdom	United Kingdom	£1.00 Ordinary shares	50%
1 Liverpool Street Unit Trust	11–15 Seaton Place, St Helier JE4 0QH	Jersey	Unit Trust	100%
10 Station Road LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	50%
10 Station Road Nominee 1 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
10 Station Road Nominee 2 limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
10 Station Road Unit Trust	Gaspé House, 66-72 Esplanade, E1 3PB	Jersey	Unit Trust	50%
101 Moorgate GP Limited	Forum 4 Solent Business Park Parkway, Whiteley, Fareham, PO15 7AD, United Kingdom	United Kingdom	£1.00 Ordinary shares	50%
101 Moorgate Limited Partnership	Forum 4 Solent Business Park Parkway, Whiteley, Fareham, PO15 7AD, United Kingdom	United Kingdom	Limited Partner	30%
101 Moorgate Nominee 1 Limited	Forum 4 Solent Business Park Parkway, Whiteley, Fareham, PO15 7AD, United Kingdom	United Kingdom	£1.00 Ordinary shares	50%
101 Moorgate Nominee 2 Limited	Forum 4 Solent Business Park Parkway, Whiteley, Fareham, PO15 7AD, United Kingdom	United Kingdom	£1.00 Ordinary shares	50%
101 Moorgate Unit Trust	11–15 Seaton Place, St Helier JE4 0QH	Jersey	Unit Trust	100%
130 Fenchurch Street General Partner Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
130 Fenchurch Street LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	100%
130 Fenchurch Street Nominee 1 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%

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130 Fenchurch Street Nominee 2 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
130 Fenchurch Street Unit Trust	Gaspé House, 66-72 Esplanade, E1 3PB	Jersey	Unit Trust	100%
20 Gracechurch (General Partner) Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 'A' Ordinary shares	50%
20 Gracechurch Limited Partnership	80 Fenchurch Street, London, United Kingdom,	United Kingdom	Limited Partner	25%
20 Gracechurch Unit Trust	Gaspé House, 66-72 Esplanade, E1 3PB	Jersey	Unit Trust	25%
20 Station Road LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	50%
20 Station Road Nominee 1 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
20 Station Road Nominee 2 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
20 Station Road Unit Trust	Gaspé House, 66-72 Esplanade, E1 3PB	Jersey	Unit Trust	50%
2-10 Mortimer Street (GP No 1) Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
2-10 Mortimer Street GP Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 'B' Ordinary shares	50%
2-10 Mortimer Street Limited Partnership	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	50%
30 Station Road LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	50%
30 Station Road Nominee 1 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
30 Station Road Nominee 2 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
30 Station Road Unit Trust	Gaspé House, 66-72 Esplanade, E1 3PB, Jersey	Jersey	Unit Trust	50%
40 Spring Gardens Unit Trust	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Unit Trust	100%
50-60 Station Road LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	50%
50-60 Station Road Nominee 1 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
50-60 Station Road Nominee 2 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
50-60 Station Road Unit Trust Npv	Gaspé House, 66-72 Esplanade, E1 3PB	Jersey	Unit Trust	50%
ACS Asia Pacific ex Japan ESG Insights Equity Fund	12 Throgmorton Avenue, London EC2N 2DL	United Kingdom	ACS	55%
ACS Europe ex UK ESG Insights Equity Fund	12 Throgmorton Avenue, London EC2N 2DL	United Kingdom	ACS	28%
ACS Japan ESG Insights Equity Fund	12 Throgmorton Avenue, London EC2N 2DL	United Kingdom	ACS	24%

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Notes to the financial statements (continued)

ACS North America ESG Insights Equity Fund	12 Throgmorton Avenue, London EC2N 2DL	United Kingdom	ACS	34%
ACS UK ESG Insights Equity Fund	12 Throgmorton Avenue, London EC2N 2DL	United Kingdom	ACS	57%
ACS World ESG Insights Equity Fund	12 Throgmorton Avenue, London EC2N 2DL	United Kingdom	ACS	71%
Allspring (Lux) Worldwide Fund	80, route d'Esch, L-1470	Luxembourg	SICAV	49%
ALPF Single Family Homes LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	100%
Artemis UK Special Situations Fund	57-59 St James's Street, London, SW1A 1LD	United Kingdom	Unit Trust	28%
ASL Caravel LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, United Kingdom	United Kingdom	Partnership	100%
ASL Clipper LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, United Kingdom	United Kingdom	Partnership	100%
ASL Mainsail LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, United Kingdom	United Kingdom	Partnership	100%
ASL Schooner LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, United Kingdom	United Kingdom	Partnership	100%
ASL Topsail LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, United Kingdom	United Kingdom	Partnership	100%
ASL/SLAS Xebec LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, United Kingdom	United Kingdom	Partnership	100%
Atrium Nominees Limited	13-18 City Quay, Dublin 2, Ireland	Ireland	€1.27 Ordinary shares	100%
Aviva Investors (FP) Limited	Aviva, Pitheavlis, PERTH, Perthshire, PH2 0NH, United Kingdom	United Kingdom	£1.00 Ordinary shares	100%
Aviva Investors (FP) Limited Partnership	Aviva, Pitheavlis, PERTH, Perthshire, PH2 0NH, United Kingdom	United Kingdom	Limited Partner	100%
Aviva Investors (GP) Scotland Limited	Aviva, Pitheavlis, PERTH, Perthshire, PH2 0NH, United Kingdom	United Kingdom	£1.00 Ordinary shares	100%
Aviva Investors 30:70 Global Equity (Currency Hedged) Index (Custom Screened) Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors 40:60 Global Equity Index Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors 50:50 Global Equity Index (Custom Screened) Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors 60:40 Global Equity Index (Custom Screened) Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Alternative Income Solutions Investments S.A.	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	50%
Aviva Investors Asia Pacific Ex Japan Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	60%
Aviva Investors Balanced Pension Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Carbon Removal Fund	2 Rue du Fort Bourbon, L1249, Luxembourg	Luxembourg	SICAV	30%

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Notes to the financial statements (continued)

Aviva Investors Cautious Pension Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Climate Transition EUR Infrastructure Fund	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	100%
Aviva Investors Climate Transition Real Assets	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	89%
Aviva Investors Continental European Equity Index	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Developed Asia Pacific ex Japan	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	75%
Aviva Investors Developed European ex UK Equity	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	53%
Aviva Investors Developed Overseas Government	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	95%
Aviva Investors Developed World ex UK Equity Index	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	92%
Aviva Investors EBC GP Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Aviva Investors EBC Limited Partnership	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	100%
Aviva Investors Emerging Market Equity Core Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	32%
Aviva Investors Emerging Markets Bond Fund	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	72%
Aviva Investors Emerging Markets Corporate Bond	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	63%
Aviva Investors Emerging Markets Local Currency	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	95%
Aviva Investors Europe Equity Ex UK Core Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	41%
Aviva Investors Europe Equity Ex UK Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Global Climate Aware Equity Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	100%
Aviva Investors Global Climate Credit Fund	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	30%
Aviva Investors Global Climate Equity Fund	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	81%
Aviva Investors Global Emerging Markets Core	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	100%
Aviva Investors Global Emerging Markets Index	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	92%
Aviva Investors Global Equity Endurance Fund	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	74%
Aviva Investors Global Equity Endurance Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	99%
Aviva Investors Global Equity Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	68%
Aviva Investors Global Equity Growth Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Global Equity Income Fund	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	78%
Aviva Investors Global Gbp Return Plus Fund	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	56%
Aviva Investors Global High Yield Bond Fund	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	73%
Aviva Investors Global Investment Grade	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	84%

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Notes to the financial statements (continued)

Aviva Investors Global Sovereign Bond Fund	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	81%
Aviva Investors Index Linked Gilt Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Index-Linked Gilts Over 5 Years Index	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	89%
Aviva Investors International Index Tracking Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	82%
Aviva Investors Japan Equity Core Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	36%
Aviva Investors Japan Equity Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	82%
Aviva Investors Japan Equity Growth Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	100%
Aviva Investors Japanese Equity Index (Custom	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	85%
Aviva Investors Managed High Income Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	73%
Aviva Investors Money Market Vnav Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Multi-Asset Plus II Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	24%
Aviva Investors Multi-Asset Plus III Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	41%
Aviva Investors Multi-Asset Plus IV Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	28%
Aviva Investors Multi-Asset Plus V Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	28%
Aviva Investors Multi-Manager 20-60% Shares Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	81%
Aviva Investors Multi-Manager 40-85% Shares Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	78%
Aviva Investors Multi-Manager Flexible Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	89%
Aviva Investors Multi Strategy Target Return Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	75%
Aviva Investors Multi Strategy Target Return Fund	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	28%
Aviva Investors Multi-Asset (40-85% Shares) Index	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Multi-Asset Core Fund I	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	24%
Aviva Investors Multi-Asset Core Fund II	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	29%
Aviva Investors Multi-Asset Core Fund III	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	28%
Aviva Investors Multi-Asset Income Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	100%
Aviva Investors Multi-asset Sustainable Stewardship	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	100%
Aviva Investors Multi-asset Sustainable Stewardship	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	95%
Aviva Investors Multi-asset Sustainable Stewardship	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	98%
Aviva Investors Multi-asset Sustainable Stewardship	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	95%
Aviva Investors Multi-Sector Private Debt LTAF	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%

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Notes to the financial statements (continued)

Aviva Investors Non-Gilt Bond All Stocks Index	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	95%
Aviva Investors Non-Gilt Bond Over 15 Years Index	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Non-Gilt Bond Up To 5 Years Index	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	97%
Aviva Investors North American Equity Core	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	27%
Aviva Investors North American Equity Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors North American Equity Index	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Pacific Equity Ex Japan Core Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	61%
Aviva Investors Pacific ex Japan Equity Index Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Polish Retail GP Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Aviva Investors Polish Retail Limited Partnership	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	100%
Aviva Investors Polish Retail S.à r.l.	46a Avenue John F Kennedy, L-1855, Luxembourg, Grand Duchy of Luxembourg	Luxembourg	€100.00 Ordinary shares	100%
Aviva Investors Pre-Annuity Fixed Interest Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Private Equity Programme 2008 Partnership	Aviva, Pitheavlis, Perth, Perthshire, PH2 0NH, United Kingdom	United Kingdom	Limited Partner	40%
Aviva Investors Real Estate Active LTAF	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors REaLM Social Housing Unit Trust	IFC5, St Helier, JF1 1ST	Jersey	Unit Trust	100%
Aviva Investors ReturnPlus Fund	2 Rue du Fort Bourbon, L1249	Luxembourg	SICAV	89%
Aviva Investors Sterling Corporate Bond Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Sterling Gilt Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Sterling Government Liquidity Fund	25 North Wall Quay, Dublin 1, D01 H104	Ireland	Liquidity Fund	42%
Aviva Investors Sterling Liquidity Fund	25 North Wall Quay, Dublin 1, D01 H104	Ireland	Liquidity Fund	50%
Aviva Investors Sterling Liquidity Plus Fund	25 North Wall Quay, Dublin 1, D01 H104	Ireland	Liquidity Fund	79%
Aviva Investors Strategic Bond Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	87%
Aviva Investors Strategic Global Equity Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Sustainable Stewardship Fixed Interest Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	86%
Aviva Investors Sustainable Stewardship International Equity Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors Sustainable Stewardship UK Equity Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%

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Notes to the financial statements (continued)

Aviva Investors Sustainable Stewardship UK Equity Income Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors UK Commercial Real Estate Senior Debt LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	21%
Aviva Investors UK Equity (ex Aviva, Investment Trusts) Index (Custom Screened) Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors UK Equity Alpha Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	93%
Aviva Investors UK Equity Core Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	85%
Aviva Investors UK Equity Dividend Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	99%
Aviva Investors UK Equity Index (Custom Screened) Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	69%
Aviva Investors UK Gilts All Stocks Index Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	94%
Aviva Investors UK Gilts Over 15 Years Index Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors UK Gilts Up To 5 Years Index Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors UK Index Tracking Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	80%
Aviva Investors UK Listed Equity ex Tobacco Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors UK Listed Equity Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	38%
Aviva Investors UK Listed Equity Income Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Open Ended Investment Company	49%
Aviva Investors UK Listed Equity Income Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	100%
Aviva Investors US Dollar Liquidity Fund	25 North Wall Quay, Dublin 1, D01 H104	Ireland	Liquidity Fund	25%
Aviva Investors US Equity Index (Custom Screened) Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	74%
Aviva Life Investments International L.P.	Aviva, Wellington Row, York, YO90 1WR, United Kingdom	United Kingdom	Limited Partner	100%
Aviva Investors UK Equity Alpha Fund	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Tax Transparent Fund	93%
Aviva RELI 1 GP Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Aviva RELI 1 Nominee Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Aviva RELI 1 Unit Trust	80 Fenchurch Street, London, EC3M 4AE	United Kingdom	Unit Trust	100%
Aviva RELI 2 GP Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary	100%
Aviva RELI 3 GP Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary	100%
Aviva RELI 3 LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	100%

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Notes to the financial statements (continued)

Aviva RELI 3 Nominee A Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Aviva RELI 3 Nominee B Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Aviva RELI 4 GP Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary	100%
Aviva RELI 4 LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	100%
Aviva RELI 4 Nominee A Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary	100%
Aviva RELI 4 Nominee B Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary	100%
Aviva Special PFI GP Limited	80 Fenchurch Street, London, United Kingdom,	United Kingdom	£1.00 Ordinary shares	100%
Aviva Special PFI Limited Partnership	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	50%
AXA Ethical Distribution Fund	22 Bishopsgate, London EC2N 4BQ	United Kingdom	Open Ended Investment Company	46%
AXA Framlington American Growth Fund	22 Bishopsgate, London EC2N 4BQ	United Kingdom	Unit Trust	21%
AXA Sun Life Private Equity (No1) LP	22 Grenvill Street, St. Helier, JE4 8PX	Jersey	Partnership	100%
Baillie Gifford International Fund	Calton Square, 1 Greenside Row, Edinburgh EH1 3AN	United Kingdom	Open Ended Investment Company	31%
Baillie Gifford UK Equity Core Fund	Calton Square, 1 Greenside Row, Edinburgh EH1 3AN	United Kingdom	Open Ended Investment Company	25%
Bermondsey Yards General Partner Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Bermondsey Yards Nominee 1 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Bermondsey Yards Nominee 2 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Bermondsey Yards Unit Trust	Gaspé House, 66-72 Esplanade, E1 3PB	Jersey	Unit Trust	100%
BlackRock Global Corporate ESG Insights Bond Fund	12 Throgmorton Avenue, London EC2N 2DL	United Kingdom	Unit Trust	39%
BlackRock Growth Allocation Fund	12 Throgmorton Avenue, London EC2N 2DL	United Kingdom	ACS	100%
BlackRock Market Advantage Fund	12 Throgmorton Avenue, London EC2N 2DL	United Kingdom	Unit Trust	47%
BlackRock Retirement Allocation Fund	12 Throgmorton Avenue, London EC2N 2DL	United Kingdom	ACS	100%
Cannock Consortium Holdings Limited	Nations House, 103 Wigmore Street, London, England, W1U 1QS, United Kingdom	United Kingdom	£0.01 Ordinary shares	43%
Cannock Designer Outlet (GP Holdings) Limited	Nations House 3rd Floor, 103 Wigmore Street, London, W1U 1WH, United Kingdom	United Kingdom	£0.01 A Ordinary shares	43%
Cannock Designer Outlet (GP) Limited	Nations House 3rd Floor , 103 Wigmore Street, London, W1U 1WH, United Kingdom	United Kingdom	£0.01 Ordinary shares	43%

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Notes to the financial statements (continued)

Cannock Designer Outlet (Nominee 1) Limited	Nations House , 3rd Floor , 103 Wigmore Street, London, W1U 1WH, United Kingdom	United Kingdom	£0.01 Ordinary shares	43%
Cannock Designer Outlet (Nominee 2) Limited	Nations House, 3rd Floor , 103 Wigmore Street, London, W2U 1WH, United Kingdom	United Kingdom	£0.01 Ordinary shares	43%
Capital Group European Core Equity Fund	Paddington Square, London, W2 1GL	United Kingdom	SICAV	22%
CGU Equilibre	47 rue du Faubourg Saint-Honoré, 75008	France	FCP	99%
Criterion Tec Ltd	14 Albany Street, Edinburgh, Scotland, EH1 3QB	United Kingdom	£1.00 Ordinary shares	24%
CT (Lux) Diversified Growth Fund	Exchange House, Primrose Street, London, EC2A 2HS	United Kingdom	SICAV	98%
CT (Lux) European Growth & Income Fund	Exchange House, Primrose Street, London, EC2A 2HS	United Kingdom	SICAV	68%
CT Global Total Return Bond Fund	Exchange House, Primrose Street, London, EC2A 2HS	United Kingdom	Open Ended Investment Company	26%
Exeter Properties Inc.	Cogency Global Inc., 850 New Burton Road, Suite 201, Dover Delaware Kent County 19904	United States	US$ COMMON STOCK WPV shares US$ SERIES A PREF WPV shares	95%
Fitzroy Place GP 2 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
Fitzroy Place Management Co Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
Fitzroy Place Residential Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
Focus Mall Zielona Gora	Al. Jana Pawła II 25, 00-854 , Warszawa, Poland	Poland	PLN50.00 Ordinary shares	100%
Focus Park Piotrków Trybunalski sp.z o.o.	A1., Jana Pawla II 25, Warsaw, Poland	Poland	PLZ500.00 Ordinary shares	100%
Gobafoss General Partner Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Group Risk Services Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	100%
Haspa TrendKonzept	Lyoner Strasse 13, 60528 Frankfurt am Main	Germany	SICAV	100%
Heritage FL Single Family Homes LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	100%
Houlton Commercial Management Company 2 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited by Guarantee	50%
Houlton Commercial Management Company Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited by Guarantee	50%
Igloo Regeneration (General Partner) Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 A Ordinary shares	50%
Igloo Regeneration (Nominee) Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
Igloo Regeneration Developments (General Partner) Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%

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Igloo Regeneration Partnership	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	100%
Invesco Global Direct Property Fund	37A Avenue JF Kennedy, L-1855	Luxembourg	RAIF	34%
Invesco Summit Responsible 2 Fund (UK)	Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH.	United Kingdom	Open Ended Investment Company	38%
Invesco Summit Responsible 5 Fund (UK)	Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH.	United Kingdom	Open Ended Investment Company	30%
Invesco Sustainable Global Structured Equity Fund	37A Avenue JF Kennedy, L-1855	Luxembourg	Unit Trust	59%
Lazard Multicap UK Income Fund	50 Stratton Street, London W1J	United Kingdom	Open Ended Investment Company	53%
L&G Diversified Fund	One Coleman Street, London, EC2R 5AA	United Kingdom	Unit Trust	86%
Liontrust Sustainable Future Corporate Bond Fund	Liontrust Fund Partners LLP, 2 Savoy Court, London, WC2R 0EZ	United Kingdom	Open Ended Investment Company	31%
Liontrust Sustainable Future European Growth Fund	Liontrust Fund Partners LLP, 2 Savoy Court, London, WC2R 0EZ	United Kingdom	Open Ended Investment Company	55%
Liontrust Sustainable Future Global Growth Fund	Liontrust Fund Partners LLP, 2 Savoy Court, London, WC2R 0EZ	United Kingdom	Open Ended Investment Company	23%
Liontrust Sustainable Future Managed Fund	Liontrust Fund Partners LLP, 2 Savoy Court, London, WC2R 0EZ	United Kingdom	Open Ended Investment Company	50%
Liontrust Sustainable Future Managed Growth Fund	Liontrust Fund Partners LLP, 2 Savoy Court, London, WC2R 0EZ	United Kingdom	Open Ended Investment Company	26%
Liontrust UK Ethical Fund	Liontrust Fund Partners LLP, 2 Savoy Court, London, WC2R 0EZ	United Kingdom	Open Ended Investment Company	68%
Liontrust Sustainable Future UK Growth Fund	Liontrust Fund Partners LLP, 2 Savoy Court, London, WC2R 0EZ	United Kingdom	Open Ended Investment Company	31%
Longcross Jersey Unit Trust	Gaspé House, 66-72 Esplanade, E1 3PB	Jersey	Unit Trust	50%
Man Balanced Managed Fund	Riverbank House 2 Swan Lane, London, EC4R 3AD	United Kingdom	Open Ended Investment Company	22%
Mercer Diversified Retirement Fund	70 Sir John Rogerson's Quay, Dublin 2, D02 R296	Ireland	Open Ended Investment Company	29%
Mercer Long Term Growth Fund	70 Sir John Rogerson's Quay, Dublin 2, D02 R296	Ireland	Open Ended Investment Company	46%
Mercer Multi Asset Growth Fund	70 Sir John Rogerson's Quay, Dublin 2, DO2 R296	Ireland	Open Ended Investment Company	25%
MGI UK Equity	70 Sir John Rogerson's Quay, Dublin 2, D02 R296	Ireland	Open Ended Investment Company	54%
Mortimer Street Associated Co 1 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
Mortimer Street Associated Co 2 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
Mortimer Street Nominee 1 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%

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Notes to the financial statements (continued)

Mortimer Street Nominee 2 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
Mortimer Street Nominee 3 Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
Paragon Insurance Company Guernsey Limited	PO Box 155 Mill Court, La Charroterie, St Peter Port, GY1 4ET, Guernsey	Guernsey	£1.00 Ordinary shares	49%
Porth Teigr Management Company Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 B Ordinary shares	50%
Project Farm 1 GP Ltd	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1 Ordinary shares	100%
Project farm 1 LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1 Ordinary shares	100%
Project Farm 1 Nominee A Ltd	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1 Ordinary shares	100%
Project Farm Nominee B Ltd	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1 Ordinary shares	100%
Quantum Property Partnership (General Partner) Limited	180 Great Portland Street , London, England, W1W 5QZ, United Kingdom	United Kingdom	£1.00 Ordinary shares	50%
Quantum Property Partnership (Nominee) Limited	180 Great Portland Street, London, England, W1W 5QZ, United Kingdom	United Kingdom	£1.00 Ordinary shares	50%
Reschop Carré Hattingen GmbH	c/o TMF Deutschland AG, Wiesenhüttenstrasse 11, 60329, Frankfurt am Main, Germany	Germany	€0.00 Ordinary shares	100%
Rugby Radio Station (General Partner) Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 'B' Ordinary shares	50%
Rugby Radio Station (Nominee) Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
Rugby Radio Station Limited Partnership	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Partnership	100%
Station Road General Partner LLP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Liability Partnership	50%
Station Road Cambridge LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	50%
SUE Developments LP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Partner	50%
SUE GP LLP	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	Limited Liability Partnership	50%
SUE GP Nominee Limited	80 Fenchurch Street, London, United Kingdom, EC3M 4AE	United Kingdom	£1.00 Ordinary shares	50%
SVS AllianceBerstein Low Volatility Global Equity Fund	4th Floor Pountney Hill House, 6 Laurence Pountney Hill, London EC4R 0BL	United Kingdom	Open Ended Investment Company	34%
Tenet Financial Services Limited	c/o Interpath Ltd 4th Floor, Tailors Corner, Thirsk Row, Leeds, LS1 4DP	United Kingdom	£1.00 A Ordinary shares	24%

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Notes to the financial statements (continued)

Tenet Limited	c/o Interpath Advisory, 10 Fleet lace, London, EC4M 7RB	United Kingdom	£1.00 Ordinary shares	24%
Tenet Mortgage Solutions Limited	c/o Interpath Ltd 4th Floor, Tailors Corner, Thirsk Row, Leeds, LS1 4DP	United Kingdom	£1.00 Ordinary shares	24%
TenetConnect Limited	c/o Interpath Advisory, 10 Fleet lace, London, EC4M 7RB	United Kingdom	£1.00 Ordinary shares	24%
TenetConnect Services Limited	c/o Interpath Advisory, 10 Fleet lace, London, EC4M 7RB	United Kingdom	£1.00 Ordinary shares	24%
The Designer Retail Outlet Centres Unit Trust	Gaspé House, 66-72 Esplanade, E1 3PB	Jersey	Unit Trust	21%
Warburg - Multi-Asset - Select - Fonds	Ferdinandstrasse 75, Hamburg, 20095	Germany	Open Ended Investment Company	37%

The indirect related undertakings of the Company (managed, not owned) as at 31 December 2025 are listed below:

Company name	Address	Incorporated in
Equity Release Funding (No.1) plc	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF	United Kingdom
Equity Release Funding (No.2) plc	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF	United Kingdom
Equity Release Funding (No.3) plc	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF	United Kingdom
Equity Release Funding (No.4) plc	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF	United Kingdom
Equity Release Funding (No.5) plc	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF	United Kingdom
ERF Trustee (No. 4) Limited	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF	United Kingdom
ERF Trustee (No. 5) Limited	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF	United Kingdom

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Notes to the financial statements (continued)

45 – Subsequent events

The Company performed a review of events subsequent to the balance sheet date through to 25th March 2026 and determined that there were no events requiring recognition or disclosure in the financial statements.