

**2025 Annual Report from the Board of
Liverpool Victoria Financial Services Limited
to With-Profits Policyholders in its main fund**

You're about to read a summary of how we made decisions affecting our with-profits policyholders in 2025.

We've gone into a lot of detail here to provide you with reassurance that we're managing your money as we should. We've done our best to keep it easy to read, but you can always get in touch if you have questions. You can find out how by clicking on 'contact us' at [LV.com/wp-info](https://www.lv.com/wp-info).

1. Summary

This report examines the management of the with-profits business within the main fund of Liverpool Victoria Financial Services Limited ('LVFS Fund', the 'Fund') during 2025. It covers the governance arrangements, how we have made decisions (we call this exercising discretion), and how any competing interests between different classes of policyholders were addressed.

We describe the way in which we manage the with-profits business in the LVFS Fund in a formal document known as the 'Principles and Practices of Financial Management' (or 'PPFM'). Each year we review our compliance with the PPFM. We also provide a summary of the results of the review for 2025 in this report.

This report does not apply to with-profits policies in the RNPFN Fund or the Teachers Assurance Fund (both ring-fenced funds within LVFS). These have their own Principles and Practices of Financial Management documents and separate reports.

The Board of Directors ('the Board') of Liverpool Victoria Financial Services Limited¹ ('LVFS') confirms that, in its opinion, its exercise of discretion and its management of the potentially competing or conflicting rights, interests or expectations of policyholders in the LVFS Fund were in accordance with its PPFM during 2025, thereby treating with-profits policyholders fairly. The Board can also confirm that, in its opinion, LVFS complied with the obligations set out in the PPFM during 2025.

The reasons for these opinions are outlined in this report. **The With-Profits Committee agrees with the opinions of the Board.**

2. Governance Arrangements

The Board is ultimately responsible for the operation of the LVFS Fund and for the management of with-profits business within it. The With-Profits Committee is a sub-committee of the Board, set up to provide independent advice relating to the exercise of discretion relating to matters affecting the with-profits business within the LVFS Fund. It also monitors compliance with the PPFM. At the end of 2025, it

¹ Prior to its conversion to a mutual company limited by guarantee on 2 January 2020, the company was known as Liverpool Victoria Friendly Society Limited.

comprised a Chair who is independent of LVFS, two non-Executive Directors, and one independent member.

LVFS also has a With-Profits Actuary, approved by the Prudential Regulation Authority, who provides advice to the Board, the With-Profits Committee, and management on the exercise of discretion relating to matters affecting the with-profits business within the LVFS Fund. The current With-Profits Actuary is Catherine Gavin and her report is annexed to this report. Catherine Gavin replaced Trevor Fannin who was With-Profits Actuary up to 5 February 2025.

3. Overview of the LVFS Fund

Before we cover each area where we exercised discretion in 2025 in section 4, we thought it may be useful to give you an overview of the LVFS Fund and how we set payouts for the with-profits policies within it.

You can find the PPFM for the LVFS Fund at [LV.com/ppfm](https://www.lv.com/ppfm). It's a technical document but if you would like a customer friendly overview, 'Your guide to how we manage our with-profits business' can be found at [LV.com/wp-info](https://www.lv.com/wp-info). There are different versions of this guide depending on the product you have.

And if you'd like more information about where we invest your funds, you can find details at [LV.com/asset-allocation](https://www.lv.com/asset-allocation).

3.1 Here's a reminder of what's included in the LVFS Fund

We've been looking after our customers' money since 1843.

All our own with-profits business² is held within the LVFS Fund. We combine your money with other investors' money and manage it on your behalf. With-profits policies invest in different asset pools within LVFS with different asset mixes according to their policy type.

As well as the other types of policy in the LVFS Fund, there is the 'inherited estate' (the assets that are in excess of the LVFS Fund's liabilities).

LVFS is a mutual company limited by guarantee which means we have no shareholders and are owned by our members, such as yourself.

First and foremost, we want to give you a fair return on your, allowing for any guaranteed benefits. We have different groups of with-profits policyholders invested in the LVFS Fund – with different policies started at different times, and with different terms. We always try to treat policyholders fairly when there are any conflicting interests between them – there's more about this in section 5 below.

² With-profits policies sold by RNPFN and Teachers Assurance are held within separate ring-fenced funds within LVFS.

3.2 Regular bonuses may be added

We aim to add a regular bonus to your policy, where applicable, each year to increase the guaranteed benefits.

3.3 Final (or similar) bonuses may be added or market value reductions may be made to ensure you get a fair return for the main policy benefits

We want to make sure that you receive a fair return on your policy. If the regular bonuses we've added during the period you've had your policy are less than a fair return, we'll also add a final bonus when it ends, or a top-up bonus to increase your regular income on With Profits Pension Annuity policies. Where guarantees do not apply, for unitised with-profits policies a 'market value reduction' can be made to your payout to provide a fair return and to ensure the remaining policyholders will also get a fair return.

If you end your policy early, this is called 'cashing-in' or 'surrendering' your policy. You may also transfer your pension early. We'll work out how much to pay you, being fair to both you and the policyholders staying in the LVFS Fund.

For most policies we use 'asset shares' to make sure you receive a fair payout, for example when setting final bonuses or market value reductions, or when your policy ends early. The 'asset share' is the underlying value of a policy. It is calculated as the accumulation (at the investment return earned on the relevant asset pool) of the premiums paid, less charges taken in respect of expenses, and less, where relevant, tax, the cost of any additional benefits provided, any charges for the cost of guarantees or the use of capital, regular annuity payments and allowing for any partial payouts. For certain products and benefits we may also use smoothing to help protect with-profits policyholders from sudden changes in the value of the investments, as detailed in section 3.5.

The asset share used includes any previous declarations of mutual bonus and (where eligible) any exit bonus at the rate prevailing at the time of claim.

For Pension Income Plus Annuity policies 'Declared Investment Returns' are used to ensure a fair payout. For lump sum benefits for conventional with-profits pension policies we use the asset share directly in determining fair payouts (with death benefits paid in accordance with the policy conditions).

For second generation unitised with-profits policies (All-In-1 Investment Bond, Guaranteed Capital Bond, Flexible Guarantee Bond, Flexi Guarantee Plan, Flexible Guarantee Funds policies) by design we don't use final bonuses and market value reductions but use the asset share subject to smoothing (where applicable) directly for payouts.

For third generation unitised with-profits policies (Smoothed Managed Funds policies) by design we also don't use final bonuses and market value reductions as the benefits payable to policyholders are determined by the number and value of units allocated to the policy under the policy conditions. The units include previous declarations of mutual bonus.

For with-profits fixed term annuity policies the main benefits payable to the policyholder are detailed under the contract. The only element of discretion in the ongoing management of this type of policy is the declaration of mutual bonus.

3.4 We group similar policies together to set final bonus rates for some policies

For some types of conventional policies, rather than work out the value of each individual policy we generally use representative policies, or combine policies together, to decide the level of final bonuses to pay.

3.5 We use a process called smoothing for some products to help protect with-profits policyholders

Smoothing helps protect policyholders from sudden changes in the value of the investments in the relevant asset pool. Because we normally smooth payouts, it's possible that when your policy ends or you cash it in, the amount paid out is higher or lower than the asset share.

We use different methods to smooth payouts depending on the product which are set out in the PPFM. Other than where the smoothing methodology is specified in the policy conditions (i.e. other than second and third generation unitised with-profits policies), smoothing is not intended, over the long term, to be a material source of profit or loss. Some policies have contractual rules for when smoothing is removed. Where this is not the case, we reserve the right to remove, suspend or reduce smoothing in exceptional circumstances.

3.6 We may also pay mutual bonus and exit bonus

Since it was set up, our mutual bonus scheme has rewarded members with eligible policies for their support of the development and growth of our business. All with-profits policies in the LVFS Fund are eligible to receive mutual bonus. There's more about this in section 4.6.

In addition, we decided to use some of the proceeds from the sale of our general insurance business to pay certain policies an exit bonus on claim though this is not guaranteed. All with-profits policies in the LVFS Fund are eligible for this except Flexible Guarantee Bonds, Flexi Guarantee Plans, Flexible Guarantee Funds, Smoothed Managed Funds policies and with-profits fixed term annuity policies. These products contributed less (or due to when they started, didn't contribute) to supporting the growth of our general insurance business. There's more about this in section 4.7, including about the conversion of exit bonus to one-off bonus on 1 April 2026.

4. How we used discretion to manage the LVFS fund in 2025

The areas where we exercised our discretion in relation to the with-profits business in the LVFS Fund during 2025 are covered in detail below, together with how our decisions comply with the PPFM of the Fund. We've also included information on other areas of interest, namely rectification of errors and PPFM changes.

4.1 The claim amounts we paid were fair

For those groups of policies and claim types where asset shares (as defined in section 3.3) are used as a guide to set payouts, where it is relevant* we aim to make payouts that are within the following ranges, known as “target ranges”:

- 85% to 115% of asset share for conventional with-profits policies
- 80% and 120% of asset share for accumulating and first generation unitised with-profits policies.

For those groups of policies and claim types where target ranges are used, 99.7% of maturity claims and 99.9% of surrender claim payouts during the year were within the target ranges, with 99.5% of death claims during the year also being within the target ranges. In performing these assessments, we take into account how we group conventional policies (where grouping is used) in determining payouts and we have used the asset share methodologies in place at the time of payment.

Financial Conduct Authority regulation states that we may make payouts outside the target range if we have a good reason to believe 90% of payouts fall within the target range. LVFS is comfortable that it is reasonable for those payouts which were above or below target range to be so.

Where they apply, the target ranges of the asset share used for LVFS with-profits policies are appropriate, taking into account the investment strategy of the asset pools and the way payouts are set (including the frequency of review of payouts and the smoothing approach).

We changed how we set payouts for all conventional with-profits endowment policies on 1 March 2025. We consider that fair payouts were made on these policies both before (including where this used methods other than asset shares to set payouts) and after the change.

*Though asset share is used to assess payout values, a target range is not relevant for the following:

- With Profits Pension Annuity, Pension Income Plus Annuity policies and vested conventional with-profits pension policies (as these policies do not have a single payout that can be reasonably compared to asset share³); and
- partial withdrawals for unitised policies (as they reduce asset shares with the target range applying only on the final claim).

Some conventional with-profits life and pension policies contractually became non-profit or were treated as non-profit (or received no further regular bonuses) by LVFS from the time premiums ceased being paid. From 2001 LVFS exercised its discretion when the Board decided to recommence adding bonuses to all these policies, and this continued in 2025.

For second generation unitised with-profits policies (listed in section 3.3), policy conditions require asset shares which are subject to smoothing (where

³ In addition, for these vested conventional with-profits pension policies no asset share is currently calculated except at vesting given the strength of the guarantees.

applicable) to be used to directly determine the benefits payable (except in defined situations) hence asset shares are not considered to be used as a guide to determining the benefits payable. Hence no target range is required to be set.

For third generation unitised with-profits policies (listed in section 3.3), the benefits payable to policyholders are determined by the number and value of units allocated to the policy under the policy conditions and so we do not use asset shares as a guide to determining the benefits payable. Hence no target range is required to be set.

Amounts paid on all policy types are subject to a minimum payout of any guaranteed policy benefits or discretionary underpin that apply on exit. Some policies have death benefits that are not set by reference to asset share but are considered fair.

4.2 Our regular bonus rates were reviewed during the year

Regular bonus rates were reviewed during the year in accordance with the PPFM. The rates declared on 1 March 2025⁴ were at the same level as the previous year (This section excludes Flexible Whole Life policies which are covered in section 4.3.) Interim regular bonus rates for conventional policies were maintained at the same level as the regular bonus rates declared on 1 March 2025. Discretion was exercised in deciding the rates.

By design, regular bonus rates are not applied to Pension Income Plus Annuity, All-In-1 Investment Bond, Guaranteed Capital Bond, Flexible Guarantee Bond, Flexi Guarantee Plan, Flexible Guarantee Funds, Smoothed Managed Funds policies and with-profits fixed term annuity policies.

4.3 We added final (or similar) bonuses to most claim payments, with no market value reductions

A final bonus declaration for Industrial Branch conventional with-profits whole of life policies was made with effect from 1 March, 1 June, 1 September and 1 December 2025 which changed claim payments from those dates.

A top-up bonus declaration for With Profits Pension Annuity policies was made with effect from 1 February 2025, which changed payouts from the policy anniversary in the 12 months from that date. A final bonus declaration for conventional with-profits pension policies was made with effect from 1 March 2025, with the rates remaining unchanged (at zero).

Quarterly declarations were made in respect of the Declared Investment Return for Pension Income Plus Annuity policies, taking effect from 1 February, 1 May, 1 August and 1 November 2025 which changed payouts from the policy anniversary in the 3 months from those dates.

For Flexible Whole Life policies, where the regular bonus rate is set with the aim of paying out asset share subject to smoothing (unlike other policies which receive regular bonus), the monthly rate was maintained at 0.10% on 1 March 2025.

⁴ Except for With Profits Pension Annuity policies, where the declaration date was 1 February 2025.

Final bonus rates are calculated on a mechanistic individual policy basis for all conventional with-profits Ordinary Branch whole of life policies and all conventional with-profits endowment policies.

Final bonus rates and any market value reductions (where allowed under policy conditions) are also calculated on a mechanistic individual policy basis for Appropriate Personal Pension policies and first generation unitised with-profits policies. No market value reductions were applied during 2025.

These declarations and calculations were in accordance with the PPFM.

Discretion was exercised with regards to the method used to set payouts, frequency of review, smoothing, the level of charges allocated to asset shares, the investment return used to accumulate asset shares in the final month(s) up to the point of claim, tax (where applicable), mortality, and the choice of grouping of policies (including sample policies) to calculate the aggregate asset shares (where relevant) used to determine final bonus or top-up bonus rates. It was also exercised in the level of mutual bonus and exit bonus (where eligible) added in payouts (see sections 4.6 and 4.7)

4.4 Our surrender payouts for conventional with-profits policies were fair

Discretion is exercised in the methods and assumptions used to calculate surrender and cash/transfer values for conventional with-profits policies.

For conventional endowment policies, the method used until 28 February 2025 applied the same rate of final bonus to the recalculated guaranteed benefits as would apply to a maturity or death claim for the same policy type and duration in force, which is considered to provide a fair payout. From 1 March 2025, the surrender value is set at a level designed to pay asset share subject to smoothing.

For all conventional whole-of-life policies, the surrender value is set at a level designed to pay asset share subject to smoothing, with the death benefit being higher.

For conventional with-profits pension policies, the basis used for cash or transfer values ensures at least individual asset share is paid (subject to smoothing).

These methods were all used in 2025 in accordance with the PPFM.

4.5 We continued smoothing payouts to give policyholders a fair outcome

LVFS uses various methods of smoothing investment returns depending on the type of policy as detailed in the PPFM, some of which are set in policy conditions. LVFS operated in accordance with these methods during 2025.

A change to the smoothing approach for conventional with-profits endowment policies was made on 1 March 2025 to move it to smoothing investment returns by averaging over the previous two years.

A change to smoothing conventional with-profits pension policies was made on 1 April 2025 for payouts from 14 April 2025 to move it to smoothing investment returns by averaging over the previous two years.

The approaches used during 2025 (including before and after the changes made) give an appropriate level of smoothing to those with-profits policyholders leaving the LVFS Fund, to protect them from temporary fluctuations in investment markets, given the mix of the relevant asset pool.

LVFS reserves the right to remove, suspend or reduce smoothing on all with-profits policies in the LVFS Fund (except where the removal is contractual) in exceptional circumstances. This right was not exercised in 2025. Where the removal of smoothing is contractual, this was not triggered in 2025.

4.6 We also reviewed and continued to add mutual bonus to all eligible policies

A mutual bonus was declared for the calendar year 2024 at the rates shown in the table below, in accordance with the PPFM. This was included in claims paid from 1 March 2025 for most policies⁵.

| Policy group | Mutual bonus rate |
|---|--------------------------|
| Group 1: Flexible Guarantee Bonds Series 3 / Flexible Guarantee Funds Series 2 and Smoothed Managed Funds policies in force at least 12 months as at 31 March 2025 | 0.15% |
| Group 2: Flexible Guarantee Bonds Series 1 and 2 / Flexi Guarantee Plan / Flexible Guarantee Funds Series 1 | 0.45% |
| Group 3: Conventional with-profits policies and with-profits annuities Accumulating and unitised with-profits policies except Flexible Guarantee Bond, Flexi Guarantee Plan, Flexible Guarantee Funds and Smoothed Managed Funds policies | 0.90% |

During 2025 the Board exercised their discretion and approved the launch of with-profits fixed term annuities. These policies are eligible for Group 1 mutual bonus if they have been in force at least 12 months. No such policies were eligible for the calendar year 2024 mutual bonus.

4.7 We continued to add exit bonus to eligible policies during 2025

As noted in section 3.6, in 2020 we decided to use some of the proceeds from the sale of our general insurance business to pay an exit bonus on claim, normally through an increased final (or similar) bonus. All with-profits policies in the LVFS Fund are eligible for this except Flexible Guarantee Bonds, Flexi Guarantee Plans, Flexible Guarantee Funds, Smoothed Managed Funds policies and with-profits

⁵ The exceptions are 1 April 2025 for All-In-1 Investment Bond, Guaranteed Capital Bond, Flexible Guarantee Bond, Flexi Guarantee Plan, Flexible Guarantee Funds and Smoothed Managed Funds policies, on the policy anniversary on or after 1 February 2025 for With Profits Pension Annuity policies and on the policy anniversary on or after 1 May 2025 for Pension Income Plus Annuity policies.

fixed term annuities. The rate of exit bonus is reviewed by the Board at least annually. The rate approved by the Board in accordance with the PPFM applying in 2025 was 4.60%.

The Board decided to convert the exit bonus to one-off bonus on 1 April 2026. The rate of one-off bonus rate approved by the Board is the same as the last exit bonus rate (4.6%) less a small allowance for the costs of making the change (giving a one-off bonus rate of 4.597%). This has been allocated to all eligible policies which were previously eligible for exit bonus.

4.8 We monitored and reviewed the investment strategy during 2025

In accordance with the PPFM, the investment strategy was monitored and reviewed during 2025 to ensure that it remained appropriate. Over 2025 the investment strategy of the asset pools was reviewed twice. Minor changes were approved in the second review. The current target mix of assets for each asset pool is shown at [LV.com/asset-allocation](https://www.lv.com/asset-allocation).

BlackRock is responsible for the day-to day management of the majority of assets in the LVFS Fund, operating within our agreed guidelines. This was also the case for 2025.

Discretion was exercised with respect to the types of investment held and the proportions invested in different types of assets. Different investment strategies were maintained to manage guaranteed liabilities, non-profit liabilities in LVFS and its inherited estate.

During 2025, discretion was also exercised with respect to the use of various techniques to help reduce investment related risk including to protect the inherited estate of the LVFS Fund from undue volatility. While these practices do not affect current customer payouts, profits and losses resulting from them are credited to or are borne by the Fund's inherited estate.

4.9 Charges and expenses taken were in accordance with the PPFM

LVFS exercised discretion in the method used to apportion the maintenance expenses of LVFS to the LVFS Fund in 2025. For some policy types, we applied these expenses, together with investment management fees (inclusive of Value Added Tax where appropriate), as charges to asset shares. For other policy types, the charges applied to asset shares were in line with the charges set out in policy conditions or similar documents. Tax relief on expenses was applied, as appropriate.

Mortality, morbidity, and guarantee charges were applied for certain types of policies. For second and third generation unitised policies we can review charges for new term-based guarantees purchased by existing policyholders.

LVFS uses an internal fair value framework to help assess fairness of charges for expenses applied to policies in the LVFS Fund. Where the level of a charge is not guaranteed, it may be varied by LVFS, subject to the requirement to treat our policyholders fairly.

Any difference between the charges applied to asset shares and the actual expenses charged to the LVFS Fund is borne by its inherited estate. Costs of strategic projects (e.g. due to changes in legislation or regulation) are not applied to asset shares but are charged to the Fund's inherited estate.

The expenses charged to the Fund and the charges applied to asset shares were in accordance with the PPFM during 2025.

4.10 How the LVFS Fund is exposed to business risk

The LVFS Fund is exposed to business risks in the normal course of events.

Writing new business is a key business risk. New business will only be accepted into the LVFS Fund if, in the opinion of the Board, the terms on which the business is effected are likely to have no adverse effect on the interests of the existing with-profits policyholders in LVFS nor threaten the ability of LVFS to meet its commitments to its members.

The other key business risks of the LVFS Fund arise from variations in the following:

- factors such as policy longevity, annuity take-up rates, and the proportion of policies in-force that are not expected to claim, and expenses;
- higher contributions associated with the staff defined benefit pension scheme;
- exceptional or unexpected expenses;
- compensation to policyholders and associated costs, resulting from any mis-selling and maladministration;
- costs relating to guarantees, options and smoothing;
- the value of the investments of the inherited estate of the LVFS Fund; and
- the risk that the RNPFN Fund and the Teachers Assurance Fund cannot meet their liabilities.

The profits or losses from all business risks within the LVFS Fund are credited to, or borne by, its inherited estate and therefore may influence the amount payable to with-profits policyholders, if the Board determines to allocate such profits or losses to their policies.

The RNPFN Supervisory Board (who look after the interests of policies in the RNPFN Fund) agreed to remove the capital support facility which the LVFS Fund provided to the RNPFN Fund. This facility previously required the LVFS Fund to advance a contingent loan (subject to a maximum amount) to reduce any deficit within the RNPFN Fund compared to its regulatory capital requirements.

Discretion was exercised in determining the amount of business risk taken by LVFS during 2025 through writing new with-profits and non-profit business, and through its subsidiary companies.

4.11 Rectification of errors

Where payouts are made incorrectly, they are rectified in accordance with LVFS's Risk Management framework. Where such issues are outstanding at the end of a calendar year and are not due to be rectified within a reasonable period, they are considered to lead to non-compliance with the PPFM for that year. The rectification of the long-standing issue which was causing payments on certain with-profits annuity policies to be incorrect (which was previously considered to lead to non-compliance with the PPFM) was finalised in 2025 with the incorrect payments being rectified. As such, at the end of 2025 there were no issues which were deemed to lead to non-compliance with the PPFM.

4.12 A summary of changes to the PPFM is on our website

The current version of the PPFM and a full list of changes are on our website at [LV.com/ppfm](https://www.lv.com/ppfm). A number of changes to the PPFM were made during 2025. The more material changes were to reflect:

- the launch of the with-profits fixed term annuity product;
- the change in the method from 1 November 2025 used to calculate lump sum benefits for all conventional with-profits pension policies (except Personal Pension policies taken out after 1 January 1995) if policyholders retire later than a specified date;
- the inclusion of detail on the methods (including amendments to them) used to recalculate guaranteed annuity benefits if the retirement date is changed or if premiums cease early for all conventional with-profits pension policies;
- the revised payout methodology and smoothing approach for conventional with-profits endowment policies;
- the revised smoothing approach for conventional with-profits pension policies;
- the change to the target range for conventional with-profits policies;
- the removal of the RNPFN Fund's capital support facility from 1 November 2025;
- the removal of a restriction on how derivatives are used for efficient portfolio management purposes; and
- that, in determining the mix of assets for an asset pool, account is now taken of our approach to responsible investment.

5. When competing or conflicting rights, interests or expectations of policyholders occur

The LVFS Fund is run as a mutual which therefore avoids having any competing or conflicting interests with shareholders.

Potential conflicts can occur between the LVFS Fund and either or both of the RNPFN Fund and the Teachers Assurance Fund (for example, regarding the allocation of expenses). Where such conflicts occur, the With-Profits Committee and With-Profits Actuary provide advice to the Board to ensure that with-profits policyholders in all Funds are fairly treated. If a material potential conflict were to arise, consideration would be given to the need for independent external advice.

Potentially competing or conflicting rights, interests, or expectations of with-profits policyholders may come about, for example, between:

- different types of policy;
- policies with varying benefits and policy conditions;
- policies of different sizes;
- policies with different entry dates or different durations in force;
- different types of claim on a policy (for example, on maturity, death or surrender);
- policies in different mutual bonus groups; and/or
- policies eligible or ineligible for exit bonus.

To ensure that LVFS Fund with-profits policyholders are treated fairly in balancing their respective interests, throughout 2025 LVFS exercised discretion between these groups of policyholders through:

- the method used to set payouts (including final bonus rates), including (where applicable) grouping policies when allocating investment returns, tax and charges to asset shares;
- the choice as to how policy benefits are smoothed (where not contractual);
- how expenses are apportioned;
- maintaining different series of regular bonus and groups of mutual bonus rates for different policy types;
- the choice of LVFS with-profits policies that are eligible for exit bonus; and
- the management of LVFS's capital resources.

6. Conclusion

The Board can confirm that, in its opinion, the exercise of discretion (as detailed in section 4), and its management of the potentially competing or conflicting rights, interests, or expectations of policyholders in the LVFS Fund (as detailed in section 5) were in accordance with its PPFM during 2025, thereby treating with-profits policyholders fairly.

The Board can also confirm that, in its opinion, LVFS complied with the obligations set out in the PPFM of the LVFS Fund during 2025. The reasons for this conclusion are detailed in section 4.

The With-Profits Committee and the With-Profits Actuary agree with these opinions.

The Board of Directors
Liverpool Victoria Financial Services Limited
 29 May 2026

Annex

Report from the With-Profits Actuary to the With-Profits Policyholders in the main fund of Liverpool Victoria Financial Services Limited ('LVFS Fund')

It is my responsibility as With-Profits Actuary ('WPA') of Liverpool Victoria Financial Services Limited ('LVFS') to advise the Board of Directors on the management of its with-profits business, and to report annually to with-profits policyholders on the exercise of discretion in relation to that business.

This report covers the period from 1 January 2025 to 31 December 2025 inclusive. I was formally engaged by LVFS as WPA on 6 February 2025 following confirmation by the Prudential Regulation Authority and the Financial Conduct Authority. My predecessor Trevor Fannin was involved in consideration of the matters referred to in the attached report up to 5 February 2025.

In my opinion the discretion exercised by the LVFS Board of Directors in relation to the LVFS Fund in 2025 may be regarded as having taken the interests of with-profits policyholders into account in a reasonable and proportionate manner. It was also consistent with disclosures to customers and with the Principles and Practices of Financial Management of the LVFS Fund.

In reaching this opinion I have relied on reports and information provided to me by the company and my predecessor, and I have taken into account the relevant rules and guidance issued by the Prudential Regulation Authority and the Financial Conduct Authority and applicable standards and guidance issued by the Financial Reporting Council⁶.

Catherine Gavin
With-Profits Actuary for LVFS
29 May 2026

⁶ TAS 100 and TAS 200

If you'd like us to send you this document or any future correspondence in another format, such as Braille or large print, please just let us know.

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