BANK OF SCOTLAND Foundation

Annual Report and Financial Statements
for the year ended 31 December 2025

A Company Limited by Guarantee Registered in Scotland Number SC229825
Scottish Charity Number SC032942

Contents

Review of 2025 by the Chair	Page 3
Reference and Administrative Information	Page 5
Trustees' Report (incorporating the Directors' Report)	Page 6
Statement of Trustees' Responsibilities	Page 13
Independent Auditor's Report	Page 14
Statement of Financial Activities (Incorporating Income and Expenditure Report)	Page 18
Balance Sheet	Page 19
Statement of Cash Flows	Page 20
Reconciliation of net cash flow to movements in net funds	Page 20
Notes to the Financial Statements	Page 21

Review of 2025 by the Chair

2025 was a landmark year for Bank of Scotland Foundation; not only was it our most successful year of funding to date, but one that clearly demonstrated the power of long-term, flexible investment and the importance of leadership rooted in trust.

Across Scotland, small grassroots charities continued to serve their communities amid rising demand, increasing complexity of need and sustained financial pressures. Their resilience, compassion and innovation are humbling and it is our privilege to support them as they help people and communities living in vulnerable circumstances.

In 2025, the partnership between Bank of Scotland Foundation and Lloyds Banking Group continued to strengthen, bringing together financial commitment, infrastructure and Lloyds Banking Group employee involvement to support Scotland's communities at a time of sustained challenge for the voluntary sector.

Thanks to the generous support of Lloyds Banking Group, the Foundation awarded over £6.8million - the highest annual investment in our history. This funding enabled 126 charities across Scotland to deliver essential services to people facing financial hardship, mental health challenges, family breakdown, disability, isolation and crisis. These charities are the backbone of their communities, responding each day with care, commitment and courage.

Our five-year strategy, Building a Brighter Future for Scotland, is built on a simple belief: when charities have stability, they can create lasting change. Our continued commitment to multi-year, unrestricted funding reflects a deliberate choice to place trust, dignity and sustainability at the heart of our approach.

Through our largest grants programme, Empower, we funded 17 charities with £2.55 million, each receiving £150,000 over three years in unrestricted funding. This long-term support gives charities the confidence to plan, innovate, invest in staff and deliver life-changing services without restrictive conditions.

Our Energise programme provided vital multi-year stability to small charities rooted in local communities. Across two rounds of funding in 2025, we awarded £2.84 million to 90 charities, £0.76 million to 25 charities in April and £2.08 million to 65 charities in September, enabling them to cover essential costs, strengthen operations and respond quickly to emerging needs. The September round was the largest Energise tranche since launching our new strategy.

In December 2025, we awarded £1.44 million to 19 charities through our Thrive grants programme delivered in collaboration with our sister Foundations across the UK. In an unstable economic climate marked by rising costs and increasing demand for support, this programme strengthened financial resilience for people and families across Scotland through debt advice, budgeting support, financial education and practical interventions that help restore stability and dignity.

The Foundation's impact extends beyond grant-making alone. Through our Matched Giving Programme, employees across Lloyds Banking Group in Scotland made more than 1,240 individual claims in 2025, enabling an extraordinary £466,067 to be provided to charities in recognition of their fundraising and volunteering efforts. Alongside this, employees shared skills and experience through the Enhance mentoring programme strengthening leadership and resilience within charities that might otherwise never access such support. By the end of the year, 31 charities were being mentored by employees from Lloyds Banking Group.

During 2025, the Foundation also strengthened its engagement with peer funders and sector bodies, recognising the importance of shared learning and robust evidence in shaping more sustainable funding practice. Growing recognition of our multi-year, unrestricted funding approach has reinforced the Board's confidence that trust-based philanthropy is not only right for our charity partners, but increasingly influential across the wider sector.

I was delighted to welcome three new Trustees, George Booth, Veronica Lennon and Jim McCaffrey, to the Board during the first half of the year. Alongside our existing Trustees, the Board remains deeply committed to shaping the Foundation's future impact and ensuring our work continues to respond thoughtfully and effectively to the needs of Scotland.

A highlight of the year was our Annual Reception, held in June at The Mound in Edinburgh, the historic home of the Bank of Scotland. The evening was a powerful reminder of the courage, creativity and humanity at the heart of Scotland's Third Sector as we heard directly from people with lived experience whose lives and communities have been transformed through the work of our funded charities.

As an independent charity funded solely by Lloyds Banking Group, the Foundation remains committed to standing alongside Scotland's voluntary sector. The achievements of 2025 demonstrate what is possible when trust, flexibility and long-term investment come together, and when funders are prepared not only to support delivery, but to contribute to shared learning and better practice.

My sincere thanks go to my fellow Trustees and to Jillian and her team for delivering such a successful year. Together with Lloyds Banking Group and the charities we support, we enter 2026 with optimism, determination and a renewed sense of purpose, committed to building a brighter, more resilient future for people and communities across Scotland.

Donald MacKechnie
Chair
29 May 2026

Reference and administrative details

Registered Company No:	SC229825 (Company limited by guarantee)
Scottish Charity No:	SC032942
Registered Office:	The Mound Edinburgh, EH1 1YZ
Directors and Trustees	The directors of the Bank of Scotland Foundation are its Trustees for the purpose of charity law. The Trustees and officers serving during the year and up to the date of signing the financial statements were: Donald MacKechnie (Chair) Jon Alexander Laura Armstrong George Booth (appointed 9 April 2025) Sabah Holmes (appointed 29 January 2026) Jackie Leiper (resigned 31 December 2025) Veronica Lennon (appointed 9 April 2025) Alison Macdonald (resigned 31 January 2025) Kenneth Macintosh Jim McCaffrey (appointed 9 April 2025) Julianne Reddin Graeme Thompson Karen Watt (resigned 1 October 2025)
Company Secretary:	Lindsays LLP 100 Queen Street Glasgow G1 3DN
Legal Advisors:	Lindsays LLP 100 Queen Street Glasgow G1 3DN
Bankers:	Bank of Scotland plc The Mound Edinburgh, EH1 1YZ
Independent Auditor:	Deloitte LLP Abbots House Abbey Street Reading RG1 3BD

Annual Report of the Trustees

Objectives and Activities

Bank of Scotland Foundation ("the Foundation") is established for charitable purposes and works with charitable organisations across Scotland, to improve the lives of people and strengthen local communities.

The Foundation is an independent registered charity and is funded solely by Lloyds Banking Group plc (the "Group").

Foundation activities are centred on three key areas:

- Grant programmes: providing flexible funding to charities across Scotland, with a focus on small and local charities supporting people in vulnerable circumstances.
- Matched Giving programme: providing Matched Giving for charities supported by Group employees in Scotland.
- Mentoring programme: connecting Foundation-funded charities with skilled Lloyds Banking Group employee mentors to provide practical support, advice, and motivation.

Achievements and Performance

Designed to fund, support and champion small and local charities, the launch of the Foundation's five-year strategy, *Building a Brighter Future for Scotland* in 2024 marked a significant shift in our approach to grant-making. Central to the strategy was a move towards multi-year, largely unrestricted funding, enabling charities to plan ahead, respond to emerging need and build financial resilience.

Building on this successful launch, 2025 marked a milestone year for the Foundation with the highest level of funding awarded in our history. Through our Energise, Empower and Thrive grant programmes, we invested over £6.80m in 126 grassroots charities across Scotland. These charities are often the first – and sometimes the only – source of support for people facing acute challenges including **food insecurity, mental ill-health, family breakdown and addiction**. Their work delivers stability, dignity and hope, while strengthening the social infrastructure of communities across the country.

Empower Grants – provides three-year unrestricted grants of £150,000 (£50,000 per annum) to charities with an annual income between £150,000 and £500,000. Through collaboration with Lloyds Banking Group, the Foundation also aims to identify opportunities to add strategic value for funded charities and help them grow stronger and thrive beyond the lifetime of their grant.

In 2025, we distributed £2.55 million **to 17 charities** through this programme, supporting organisations working with people experiencing complex and interrelated challenges including household poverty, alcohol misuse, family instability and poor mental health.

Energise Grants – this programme supports smaller charities with an annual income of £150,000 or less, offering two-year unrestricted funding. Grants of £40,000 (£20,000 per year) are available to charities with an income between £50,000 and £150,000, while charities with an income below £50,000 can apply for £20,000 (£10,000 per year). The funding provides flexibility to meet essential costs and respond swiftly to emerging challenges.

In 2025, we distributed £2.84 million to 90 charities across two funding rounds. The flexibility of this funding enabled organisations to meet core costs, respond quickly to rising demand and continue providing essential services in their communities.

Thrive Grants – through our Thrive programme, we focused on charities working directly with people facing financial vulnerability. This programme partners with Lloyds Banking Group and our sister foundations: Halifax Foundation for Northern Ireland, Lloyds Bank Foundation for England and Wales, and Lloyds Bank Foundation for the Channel Islands. The collaboration represents a significant step in aligning funding approaches and strengthening collective impact across the UK.

Charities could apply for grants ranging from £30,000 to £90,000 over three years (£10,000 to £30,000 per annum) towards costs incurred in providing financial resilience support.

In 2025, we distributed £1.44 million through this programme to 19 charities across Scotland.

Invest Grants Cost of Living uplift Funding – in 2025, in recognition of the cost-of-living pressures faced by many charities, the Trustees agreed that eligible Invest grant holders be offered an annual uplift on their grant to the end of the grant period. This offer was accepted by all eligible charities and as a result nearly £0.3m additional funding will be paid out between 2025 and 2028.

In 2025, we distributed £0.1 million to the 34 charities enabling them to sustain services at a time of increasing demand and rising costs.

Enable 2024 Grants - this is an innovative joint grants programme delivered in partnership with Lloyds Banking Group to strengthen community volunteering. The programme provides funding for projects that rely on volunteers, with Lloyds Banking Group employees across Scotland volunteering their time and expertise to help deliver projects and offer support. Charities can apply for grants ranging from £30,000 to £90,000 over three years (£10,000 to £30,000 per annum) to support volunteering activity, projects delivery and associated costs. In December 2025, participating charities received their second-year grant payment, with a focus on building the base of volunteering opportunities for Lloyds Banking group employees to participate in throughout 2026 and beyond.

Enhance Mentoring Programme – through this programme, charities in receipt of a Foundation grant can be matched with an employee mentor from Lloyds Banking Group. Mentors provide tailored business and organisational support to help strengthen charities enabling them to become more sustainable and meet their longer term aims. Mentors also develop new skills and experience themselves throughout the mentoring journey.

As at 31 December 2025, 31 charities are matched to a Lloyds Banking Group employee.

Matched Giving – charities supported by the fundraising and volunteering efforts of the Group's employees in Scotland shared over £0.46 million in 2025 generated from 1,244 claims. Our programme encourages Group employees to become involved in their community by providing Matched Giving of up to £1,000 per employee per year. In 2025, the Group's Charity of the Year, Crisis received £87,601 from the Foundation arising from 312 applications, with Group employees undertaking a variety of fundraising activities throughout the year including bake sales, sporting events and city walks.

Overall, 1,244 applications were received for Matched Giving in 2025 and the top 10 charities awarded funding were:

	2025
	£
Crisis UK	87,601
MacMillan Cancer Support	20,617
Children's Hospices Across Scotland	15,126
Cancer Research	13,770
Beatson Cancer Care	8,685
Musselburgh Windsor Community Football Club	8,500
Glasgow Children's Hospital Charity	8,191
Alzheimer Scotland	7,833
Guide Dogs Scotland	6,003
Maggie Keswick Jencks Cancer Caring Centres Trust	5,234

Financial Review

In 2025, the Foundation received a donation of £6.57 million (2024: £6.86 million) from the Group under the terms of the funding covenant with the Group, summarised under Funding and Investment below. The Foundation received a further £0.4 million (2024: £0) under the terms of the 2025 letter of funding to focus on charities working directly with people facing financial vulnerability. In addition, Foundation staff costs and audit fees of £0.50 million (2024: £0.40 million) were borne by the Group.

During the year £7.58 million (2024: £6.78 million) was awarded to charities working in Scotland via our Grants Programmes, Charity Donations and Matched Giving Programme.

At the end of the year the Foundation held cash amounting to £8.38 million and had outstanding commitments in respect of approved grants of £5.96 million. The net funds of the Foundation were £2.42 million, all of which were unrestricted.

Building a Brighter Future for Scotland

The Foundation launched its five- year strategy "Building a Brighter Future for Scotland" in January 2024. The strategy is grounded in the lived experiences of people facing vulnerability, and in the insight and expertise of the charities that support them.

Four strategic aims guide our work:

- **Flexibility and trust**, achieved through increased multi-year and unrestricted funding.
- **Added value**, through collaboration with Lloyds Banking Group to support charities beyond grant funding.
- **Influence and advocacy**, working with charities and peers to champion the sector and amplify the voices of those facing disadvantage.
- **Listening and learning**, embedding monitoring, evaluation and continuous improvement across our work.

Plans for Future Years

As the Foundation continues to deliver its strategy, the coming years will focus on deepening and extending our impact across Scotland. Through our Grant Programmes and Matched Giving, we will continue to support charities addressing the most pressing challenges facing people and communities. This ambition is underpinned by the continued support of Lloyds Banking Group. The donation of £6,472,796 in February 2026 reflects the Group's ongoing commitment to Helping Scotland Prosper and enables the Foundation to plan confidently, respond to emerging needs and invest where funding can make the greatest difference.

Encouraged by the progress achieved in 2025, the Trustees look forward to building on this momentum - strengthening charities, championing their work and striving to create lasting, positive change towards a brighter future for Scotland.

Structure, Governance and Management

Bank of Scotland Foundation was incorporated in Scotland on 2 April 2002 as a company limited by guarantee and is registered as a charity. The Foundation is the focal point of charitable donations within Scotland of Lloyds Banking Group plc. The registration details of the Foundation have been included within Reference and administrative details.

A Board of Trustees governs the Foundation, with Donald MacKechnie as Chair. All Directors are Trustees of the Foundation. The day-to-day operations of the Foundation are delegated to Jillian Baillie, Chief Executive of the Foundation, and her team. The Chief Executive of the Foundation engages with Karen Tighe, Head of Community Engagement, Lloyds Banking Group who reports into Chris Turner, Director of Reputation and Community Engagement, Lloyds Banking Group.

The Trustees meet quarterly, chaired by Donald MacKechnie and all meetings and decisions are formally minuted. At each Foundation meeting, the Trustees determine overall policy, review all donations made since the previous meeting, note financial reports, review and approve the budget position, and decide upon all grants awards which are recommended for approval.

There is no maximum number of Trustees, but the minimum is three.

Trustees may be paid expenses but may not be remunerated. No travel and subsistence expenses or other benefits were paid to any Trustee during the year.

Trustee indemnity insurance was in place for the benefit of the Trustees in the year. For those Trustees who are employees of Lloyds Banking Group plc the indemnity is in the form of a Lloyds Banking Group plc Directors and Officers Insurance Policy which was in force throughout the last financial year and is currently in force. For the remaining Trustees, indemnity is in the form of a separate policy taken out by the Foundation and which is currently in force.

All Trustees, except for Sabah Holmes, Ken Macintosh, Julianne Reddin and Graeme Thompson, are employees of the Group.

The Board has adopted a Trustee Recruitment Policy, and all Trustees are recruited and appointed in line with this policy. The Board may appoint additional Trustees provided that each such person has first been recommended for appointment in accordance with the Trustee Appointment Policy, which is implemented by the Nominations Committee for all Trustee recruitment and subsequent appointments. Recruitment of a new Trustee is undertaken once a skills audit of the Board has been undertaken to identify any gaps, and with regard to the expertise relevant to the work of the Foundation.

Trustees are appointed for an initial term of three years and may hold office for a maximum period of six years, though in exceptional circumstances they may be re-appointed for a third and final term of three years. Trustees appointed to the Foundation are admitted as Members of the company, and as such undertake to pay £1 to the Foundation's assets in the event of the Foundation being wound up.

Upon appointment, Trustees are given induction training and regular updates and ongoing training are provided to all Trustees on matters relating to their role as Trustees.

The Board has adopted an Investment Policy and Reserves Policy.

Funding and Investment

The Foundation is an independent registered charity and is funded solely by Lloyds Banking Group plc.

The Foundation's funds are directed towards charitable donations with all its staff and office costs borne by the Group in 2025.

The Foundation has a funding covenant with the Group, whereupon each year, the Foundation receives 0.1946% of Lloyds Banking Group's adjusted pre-tax profits averaged over the previous three Accounting Reference periods subject to a minimum amount of £3.89m, and a maximum amount of £9.73m. This funding covenant has been in place since February 2019.

In 2025, through an additional letter of funding, the Foundation received £0.41 million from the Group to focus on charities working directly with people facing financial vulnerability.

Risk Policy

The Trustees have examined the major strategic, business, financial and operational risks which the charity faces, and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

The key financial risk is that the Foundation may not receive the annual donation from the Group. This is mitigated by the terms of the funding covenant which require that the Group provide a three-year notice period before all covenanted donations cease and the inclusion of a floor and ceiling in the covenant for the minimum and maximum amounts that can be donated to the Foundation.

The Trustees review the governance and activities of the Foundation each quarter through the detailed review of a risk matrix and risk register to ensure any risks are identified and that actions can be implemented to mitigate the risks in early course. The risks outlined in the register are reviewed and updated annually by the Trustees.

Investment Policy

The Trustees adopt an investment policy that is prudent and practical. In general, Trustees are under a duty to obtain the best investment performance without undue risk to the investment funds. For the Foundation as it is funded by an annual donation from the Group, the key requirements are:

- Liquidity - there is a need to have funds available to distribute to the charitable projects agreed by the Trustees in accordance with project timetables.
- Convenient and Efficient Services - prompt and accurate advice and information about the financial statements and their management is required.
- Risk Aversion - the purpose of the Foundation is to contribute to charitable projects that meet the necessary funding criteria. The Foundation should prudently manage its funds and it would therefore be inappropriate to seek to invest money for capital growth or to adopt any strategy that would attract risk or impact adversely on the ability of the Trustees to achieve its objectives.

Reserves Policy

It is the policy of the Foundation to maximise charitable giving whilst maintaining unrestricted funds at such a level to allow the charity to fulfil its existing obligations. This policy is reviewed at least annually as part of the approval of the budget for the following year.

As at 31 December 2025 the Foundation held £2.42 million (2024: £2.73 million) in unrestricted funds reserves (equal to total free reserves). The Foundation holds free reserves to cover 12 months' operating costs at any one time and, as the Foundation's staff costs are met by Lloyds Banking Group, the Trustees consider this level of reserves to be appropriate. The current reserves will be used to fund future grants in line with the Foundation's Grants programmes as outlined in the Foundation's Strategy "Building a Brighter Future for Scotland."

Going Concern

The Trustees have considered the budget plans and financial outlook of Bank of Scotland Foundation for at least twelve months from the date of approval of these financial statements.

Based on the funding covenant in place with the Group and discussions with the Group, who also provide staff services, the Trustees have a reasonable expectation that the charity has adequate reserves to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. Accordingly, the Trustees continue to adopt the going concern basis in preparing the financial statements.

Independent auditor

Deloitte LLP have expressed their willingness to continue in office as auditor. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte will therefore continue in office.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

The Trustees' Report was approved by the Board of Trustees and authorised for issue on 29 May 2026.

Signed on its behalf by

Donald MacKechnie – Chair
Bank of Scotland Foundation
29 May 2026

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the Bank of Scotland Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. The Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, (United Kingdom Generally Accepted Accounting Practice) comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Account and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state that applicable UK 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 charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Corporate and financial information included in the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditors

As far as the Trustees are aware at the time of approving our Trustees' report:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Independent auditors' report to the members and trustees of Bank of Scotland Foundation

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Bank of Scotland Foundation (the 'charitable company'):
- give a true and fair view of the state of the charitable company's affairs as at 31 December 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

We have audited the financial statements, which comprise:
- the statement of financial activities (Incorporating an Income & Expenditure account);
- the balance sheet;
- the statement of cash flows; and
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the Directors of the charitable company for the purpose of company law) 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 Trustees 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 Trustees are responsible for assessing the charitable 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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and report in accordance with those Acts and relevant regulations made or having effect thereunder.

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act and UK Companies Act; and
- did not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Scottish Charity Regulator (OCSR) Regulations.

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

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:

- we identified a fraud risk related to the application of grant expenditure in line with charitable objectives, and the correct recognition of liabilities in respect of grant expenditure. We have addressed this risk by selecting a sample of grants recognised in the year and reviewing the grant agreements, Board minutes, cash payments and related information in order to understand the purpose of the grant, any conditions present and ascertain the correct level of expenditure and related liability to recognise.

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

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

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

Independent auditors' report to the members and trustees of Bank of Scotland Foundation (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report, which includes the Directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report included within the Trustees' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Perkins

Helen Perkins CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

29 May 2026

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)

For the year ended 31 December 2025

	Note	Unrestricted Funds 2025	Restricted Funds 2025	Total Funds 2025	Total Funds 2024
		£	£	£	£
Income from:					
Donations	4	7,065,021	410,056	7,475,077	7,265,634
Investments		488,774	-	488,774	190,090
Total income		7,553,795	410,056	7,963,851	7,455,724
Expenditure on:					
Charitable Activities	3	(7,860,552)	(410,056)	(8,270,608)	(7,292,924)
Total expenditure		(7,860,552)	(410,056)	(8,270,608)	(7,292,924)
Net movement in funds / net (expenditure)/income for the year		(306,757)	-	(306,757)	162,800
Reconciliation of funds:					
Total funds brought forward		2,725,207	-	2,725,207	2,562,407
Total funds carried forward		2,418,450	-	2,418,450	2,725,207

All activities are derived from continuing operations.

The fund balances brought forward and carried forward are unrestricted funds and are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

The notes on pages 21 to 29 form part of these financial statements.

BALANCE SHEET
As at 31 December 2025

	Note	2025 £	2024 £
CURRENT ASSETS			
Investments	5	-	4,500,000
Cash at Bank and in hand		8,378,288	2,233,397
TOTAL CURRENT ASSETS		8,378,288	6,733,397
Creditors: amounts falling due within one year	6	(4,379,043)	(2,372,690)
NET CURRENT ASSETS		3,999,245	4,360,707
Total assets less current liabilities		3,999,245	4,360,707
Creditors: amounts falling due after one year	7	(1,580,795)	(1,635,500)
TOTAL NET ASSETS		2,418,450	2,725,207
The funds of the charity:			
Unrestricted Funds		2,418,450	2,725,207
Total Charity Funds		2,418,450	2,725,207

The financial statements were approved by the Board of Trustees on 29 May 2026 and signed on its behalf by:

Donald MacKechnie, Chair of Bank of Scotland Foundation

Jon Alexander

Jon Alexander, Trustee of Bank of Scotland Foundation

The notes on pages 21 to 29 form part of these financial statements.

A Company Limited by Guarantee Registered in Scotland Number SC229825

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 £	2024 £
Reconciliation of net income to cash generated by operations		
Net (expenditure)/income for the year	(306,757)	162,800
Interest from investments	(488,774)	(190,090)
Increase in creditors	1,951,648	1,111,050
Net cash flows generated by operating activities	1,156,117	1,083,760
Cash flows from investing activities:		
Interest from investments	488,774	190,090
Sale/(Purchase) of current asset investments	4,500,000	(4,500,000)
Net increase/(decrease) in cash	6,144,891	(3,226,150)

Reconciliation of net cash flow to movement in net funds
For the year ended 31 December 2025

	2025 £	2024 £
Net Cash inflow/(outflow) during the year	6,144,891	(3,226,150)
Net funds at 1 January	2,233,397	5 ,459,547
Net funds at 31 December	8,378,288	2 ,233,397

The notes on pages 21 to 29 form part of these financial statements

Notes to the financial statements for the year ended 31 December 2025

1. Company Information
Bank of Scotland Foundation ("the Foundation") is a company limited by guarantee and incorporated in Scotland with company registration number SC229825. It is also a registered charity with the Office of the Scottish Charity Regulator, with registration number SC032942. There is no share capital and the liability of the members is limited by the Articles of Association to £1 each. The registered office and principal place of business is The Mound, Edinburgh, EH1 1YZ.

2. Accounting Policies
The financial statements of the Foundation have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Charities Statement of Recommended Practice (SORP second edition – October 2019), and the Companies Act 2006. The functional currency is in pounds sterling. The new Charities SORP (SORP 2026) was published on 31 October 2025 and comes into effect for financial periods on or after 1 January 2026. The key changes are amendments to lease accounting, revenue recognition and social investments. None of these changes are expected to have a material impact on the Foundation's financial statements.

Bank of Scotland Foundation meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

2.1.1 Basis of preparation
The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006. Accordingly, the arrangements and headings have been adapted as provided for in the Companies Act 2006.

2.1.2 Going concern
The financial statements have been prepared on a going concern basis. The Trustees have considered the budget plans and financial outlook of Bank of Scotland Foundation for at least twelve months from the date of signing these financial statements. Based on the funding covenant in place with the Group and discussions with the Group, who also provide staff services, the Trustees have a reasonable expectation that the charity has adequate reserves to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. Accordingly, the Trustees continue to adopt the going concern basis in preparing the financial statements.

2.1.3 Fund accounting
The Foundation's funds received under the funding covenant with the Group are unrestricted and are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

The Foundation's funds received under the 2025 deed of funding are restricted funds. Restricted funds are the funds that can only be used in accordance with specific restrictions imposed by the doner, Lloyds Banking Group, namely that grants awarded under this funding focused on charities working directly with people facing financial vulnerability.

2.1.4 Cash and Cash equivalents
Cash and cash equivalents include cash and short-term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Accounting policies (continued)

2.1.5 Donated Services
Staff costs and the statutory audit fee incurred in relation to the Foundation are paid by Lloyds Banking Group plc and treated as donated services within these financial statements. Donated services are valued and included as income and expenditure at the price the Foundation would pay in the open market for an equivalent service or facility. Other operating costs, including legal, marketing and design costs, are paid directly by the Foundation.

The auditors are appointed for the 2025 financial statements, and audit fee is paid for by the Group. The value of the 2025 audit of £20,058 (2024: £10,058) has been included in the 2025 financial statements as a donated service.

2.1.6 Expenditure
Charitable activities include grants payable which are charged in the year when the offer is conveyed and a valid expectation created with the recipient that the grant will be paid. There are no multi-year grants which have performance-related conditions, and the only conditions are outside the Foundation's control. All multi-year grants are recognised in full as a liability in year of award if the payment of the grant is probable.

Grants and Matched Giving awards returned or cancelled are credited to expenditure in the year the monies are returned, or obligation terminated (if not yet paid).

2.1.7 Allocation of support costs
Charitable activities include the direct costs of the grant awards and the indirect support costs of delivering the grant programmes. Support costs are allocated between charitable activities and governance based on estimated time spent by staff.

2.1.8 Taxation
The Foundation is a registered charity and as such, the charity is exempt from taxation on income and gains on any trading activities carried out in furtherance of its charitable activities.

The Foundation is not registered for VAT.

2.1.9 Financial instruments
The Foundation has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including cash and bank balances, are recognised at transaction price, and subsequently carried at amortised cost.

(ii) Financial liabilities
Basic financial liabilities, including other creditors, are initially recognised at transaction price, and subsequently carried at amortised cost.

2.1.10 Critical accounting estimates and areas of judgement
The Trustees do not consider there are any sources of estimation or critical judgement uncertainty requiring disclosure beyond the accounting policies listed above.

3. Charitable Expenditure

All expenditure incurred by the Foundation is considered a charitable activity. Charitable activities are those resources applied in the delivery of services to the meet the Foundation's charitable objectives and include grants approved, matched giving and management and support costs.

	Grants payable (3a) £	Matched giving (3b) £	Support costs £	Total 2025 £
People in Vulnerable Circumstances	7,110,099	464,640	695,869	8,270,608
Total Charitable Activities	7,110,099	464,640	695,869	8,270,608

	Grants payable (3a) £	Matched giving (3b) £	Support costs £	Total 2024 £
People in Vulnerable Circumstances	6,245,148	468,988	578,788	7,292,924
Total Charitable Activities	6,245,148	468,988	578,788	7,292,924

Grants awarded during the year totalled £6.83 million; the recipients are shown in Note 10.

During 2025 the Foundation awarded 107 grants totalling £5,390,000 to charities through our grant programmes (Empower and Energise) supporting people in vulnerable circumstances. Grants awarded ranged from £20,000 to £150,000.

A further 19 grants totalling £1,440,000 were made in respect of Thrive 2025, a programme for charities supporting people in vulnerable circumstances with financial resilience, delivered as a joint initiative in partnership with Lloyds Banking Group and our sister Foundations across the UK: Lloyds Bank Foundation for England & Wales, Lloyds Bank Foundation for the Channel Islands, and Halifax Foundation for Northern Ireland.

In addition to the grants noted above, the Foundation, in recognition of the cost-of-living pressures faced by charities, awarded uplifts to eligible charities within the Invest programme totalling £280,099.

Overall, 126 grants were awarded in 2025, which, when combined with the Invest uplifts, had a total value of £7,110,099.

3a. Reconciliation of Grants Payable

	2025	2024
	£	£
Grants awarded in the year	7,110,099	6,304,847
Grants returned/written off	-	(59,699)
	7,110,099	6,245,148

3b. Reconciliation of Matched Giving Payable

	2025	2024
	£	£
Matched Giving awarded in the year	466,067	469,623
Matched Giving cancelled	(1,427)	(635)
	464,640	468,988

3c. Analysis of support costs

Support costs primarily include staff costs paid for by Lloyds Banking Group plc, and operating costs paid for by the Foundation. Staff costs relate to employees of Lloyds Banking Group plc who carried out certain administrative duties of the Foundation during the year. The Foundation does not have any employees.

Governance costs comprise all costs involving the public accountability of the Foundation and its compliance with regulation and good practice. These costs include costs related to the statutory audit and legal fees as association with the general running of the charity.

	Unrestricted Costs 2025 £	Restricted Costs 2025 £	Total Costs 2025 £	Total Costs 2024 £
People in Vulnerable Circumstances	533,644	43,449	577,093	471,263
Corporate Governance	111,360	7,416	118,777	107,525
	645,004	20,865	695,869	578,788

Staff Costs included within support costs are split as follows:

	2025	2024
	£	£
Salaries	343,356	273,914
Social security costs	45,452	34,170
Pensions	63,901	67,655
Other staff costs	24,889	20,645
	477,598	396,384

4. Donations

All income is recognised in the Statement of Financial Activities when the Foundation is entitled to the income, the flow of economic benefit to the Foundation is probable and the amount can be measured reliably.

Donations received from Lloyds Banking Group are as follows:

	Unrestricted Funds 2025	Restricted Funds 2025	Total 2025	2024
	£	£	£	£
Received under the terms of the funding covenant	6,567,365	-	6,567,365	6,859,192
Received under the terms of the 2025 deed of funding	-	410,056	410,056	-
Staff costs (Note 3c above)	477,598	-	477,598	396,384
Audit fee	20,058	-	20,058	10,058
	7,065,021	410,056	7,475,077	7,265,634

In addition to the above, the costs of office space and utilities incurred by the Foundation are paid for by Lloyds Banking Group plc.

5. Current Asset Investments

The cash placed in a term deposit account with a maturity date of June 2025 was not reinvested upon maturity into a similar account but was placed in an instant access savings account.

6. Creditors: amounts falling due within one year

	2025	2024
	£	£
Grants payable	4,379,043	2,372,690

7. Creditors: amounts falling due after one year

	2025	2024
	£	£
Grants payable	1,580,795	1,635,500

8. Related party transactions

The Foundation is connected to, and derives its revenue solely from, Lloyds Banking Group plc. ("the Group")

The following transactions took place with the Group during the year, and with which there were the following balances at the year-end:

The Foundation received £6,567,365 (2024: £6,859,192) under the terms of the funding covenant in the year. The Foundation also received £410,056 under the terms of the letter of funding for the Thrive grant programme. Furthermore, the Group paid costs of £497,656 (2024: £406,442) on behalf of the Foundation. These costs have been paid in accordance with the terms of the funding covenant.

At 31 December 2025 a balance of £8,378,288 (2024: £6,733,397) was held in bank accounts with Bank of Scotland plc. The Foundation also received interest of £488,773 (2024: £190,090) in the year.

Each Trustee, except Sabah Homes, Kenneth Macintosh, Julianne Reddin and Graeme Thompson, is an employee of the Group and receives remuneration as a result of this employment.

9. Controlling party

Although the Foundation is funded solely by Lloyds Banking Group, the Trustees operate independently and retain full discretion over the use of funds in furtherance of the Foundation's charitable objects. Accordingly, the Trustees consider that there is no controlling party.

10. Analysis of charitable expenditure

During 2025, 126 charities were awarded £6.83 million of multi-year, unrestricted funding through our Empower, Energise and Thrive grants programmes enabling them to support thousands of people in vulnerable circumstances such as those who are experiencing household poverty, poor mental health, or housing and employment difficulties. The full list is below:

Grants Awarded	£
African Relief Support	20,000
Aruka	20,000
Autism Football Association	20,000
Avalon Autism Parental Support and Respite Services	20,000
Bairnecessities Baby Bank	20,000
Baraka Community and Family Centre	20,000
Best Way Community Development	20,000
Children's Clothing Bank Dunfermline	20,000
Dress for Success Scotland Limited	20,000
East Lothian Young Carers Limited	20,000
Friends of Orchard Brae	20,000
Friends of Tremanna and Brae	20,000
Glasgow Access Panel	20,000
Highland Disability Sport	20,000
House of Hope (Scotland)	20,000
Inclusive Surfing Scotland	20,000
Kirkintilloch Men`s Shed	20,000
Let The People Sing	20,000
Licketyspit Ltd	20,000
Love Inverness	20,000
Minds of Recovery	20,000
Moray Fresh Start SCIO	20,000
Moray Supports Migrants and Refugees	20,000
Musically Active Dudes (MUSAC)	20,000
Neuro Hebrides	20,000
Pathway Church	20,000
Pillar of Hope	20,000
Samaritans of Falkirk and Central Scotland SCIO	20,000
Scottish PFA	20,000
StreetCare Volunteers	20,000
The Bridge	20,000
The Cheyne Gang	20,000
The Stephen Lyon Organisation	20,000
Tourettes Scotland	20,000
Trauma Informed Parenting	20,000
Viewcare Project	20,000
What? Why? Children in Hospital	20,000
Women's Integration Network	20,000
Caithness Citizens Advice Bureau	30,000
Addictions Counselling Inverness	40,000

10. Analysis of charitable expenditure (continued)

Grants awarded (continued)	£
Advocacy Orkney	40,000
All Together Edinburgh	40,000
Answer Project Limited	40,000
Ayrshire Samaritans	40,000
BeFriends Limited	40,000
Berwickshire Swap	40,000
Boleskine Community Care	40,000
Carefree Kids East Lothian	40,000
Chattersense SCIO	40,000
Connect2	40,000
Cutting Edge Theatre	40,000
Drylaw Telford Community Association	40,000
Dundee Starter Packs SCIO	40,000
Edinburgh North East Foodbank	40,000
Edinburgh School Uniform Bank	40,000
Equal Voice	40,000
Esolperth	40,000
Forth Valley Welcome	40,000
GCRA Ltd	40,000
Generation Arts	40,000
Giving Back	40,000
Grey Matters Active Ageing	40,000
Headway Ayrshire	40,000
Headway Glasgow	40,000
Home-Start Kincardine	40,000
Home-Start North East Aberdeenshire	40,000
Kincardine & Deeside Befriending	40,000
Link Befriending Project East Fife	40,000
Link Christian Fellowship	40,000
MENSELF +	40,000
Mum and Me	40,000
Nemo Arts	40,000
Orkney Foodbank	40,000
Perth Minorities Association	40,000
Pillar Kincardine	40,000
Ponies Help Children	40,000
Potters Garden	40,000
Rainbow Friendship Centre	40,000
Re-Act, Refugee Action Scotland	40,000
Samaritans of Glasgow SCIO	40,000
Seal Dunfermline	40,000
Smalls for All	40,000
Soundplay Projects SCIO	40,000
Street fit Scotland	40,000
The Reanella Trust	40,000

10. Analysis of charitable expenditure (continued)

Grants awarded (continued)	**£**
The Scottish Centre for Personal Safety	40,000
The Silver Circle SCIO	40,000
The Sporting Aces	40,000
Time and Space	40,000
Trauma Healing Together	40,000
Western Isles Association for Mental Health	40,000
East Kilbride Citizens Advice Bureau	60,000
Edinburgh City Youth Cafe	60,000
FAIR Ltd.	60,000
Glasgow Afghan United	60,000
Jubilee House	60,000
North Ayrshire Forum on Disability	60,000
North West Women's Centre	60,000
Action Against Stalking	90,000
Argyll & Bute Citizens Advice Bureau	90,000
Bellshill & District Citizens Advice Bureau	90,000
Castlemilk Law and Money Advice Centre	90,000
Falkirk Citizens Advice Bureau	90,000
Glasgow the Caring City	90,000
North West Aberdeenshire Citizens Advice Bureau	90,000
Peebles and District Citizens Advice Bureau	90,000
South West Aberdeenshire Citizens Advice Bureau	90,000
The Croft Visitor Support and Advice Centre	90,000
Touch of Love Outreach SCIO	90,000
Annan & District Day Centre	150,000
Bridgend Farmhouse	150,000
Can Do	150,000
Clackmannanshire Women's Aid	150,000
Dalkeith And District Citizens Advice Bureau	150,000
Dumfries and Galloway Befriending Project	150,000
Dundee International Women's Centre	150,000
FENIKS: Counselling, Personal Development and Support Services Ltd	150,000
Good Morning Project Limited	150,000
Health All Round	150,000
Home Start Caithness	150,000
Moray Food Plus	150,000
Nairn Citizens Advice Bureau	150,000
Peeblesshire Foodbank	150,000
Play Therapy Base	150,000
The Speech Language Communication Company	150,000
West Lothian Women's Aid	150,000
Total grants awarded in 2025	6,830,000