

Lex Autolease Limited
Annual Report and Accounts
2025
Registered number: 01090741

Member of Lloyds Banking Group

Strategic report

For the year ended 31 December 2025

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

Principal activities

The principal activities of the Company are vehicle contract hire and the provision of motor vehicles under credit sale, contract purchase and finance lease agreements to corporate, commercial and personal customers.

The Directors of Lloyds Banking Group plc manage the operations of Lloyds Banking Group (the "Group") on a divisional basis. The Company is included within the Transport business, which sits within the Consumer Lending business unit, within the Retail Division of the Group. The Retail Division is a portfolio of businesses and operates in a number of specialist markets providing consumer lending and contract hire to personal and corporate customers.

The Company forms part of Lloyds Banking Group ("the Group").

Business overview

The Company's result for the year shows a profit before tax of £14,390,000 (2024: Loss before tax of £10,635,000) and a gross profit of £377,613,000 (2024: £321,288,000). The improvement in the Company's reported result was principally driven by higher income from vehicles leased to customers, reflecting stronger rental income and other income during the year. This was partly offset by higher direct costs, including increased depreciation on the funded fleet, a loss on disposal of motor vehicles reflecting conditions in the second hand vehicle market, and increased interest expense on the Company's borrowings due to a larger fleet.

The Company holds net assets of £192,752,000 (2024: £182,135,000). Property, plant and equipment forms the majority of the asset balance. The Company has property, plant and equipment of £5,952,249,000 (2024: £5,729,677,000) as at 31 December 2025. The overall increase in property, plant and equipment reflects the fleet composition from operating lease agreements with an increase in average cost of vehicles. The Company funds the fleet through Group entities, this is reflected in borrowed funds of £6,224,388,000 as at 31 December 2025 (2024: £5,835,102,000) and is the main liability balance.

The Directors consider the level of new business written in the year to be satisfactory and in line with expectations. New business volumes increased by 3% (2024: 6% decrease) with weaker performance in the first half of the year followed by recovery in the second half, partly due to pricing and market conditions. The value of the total funded vehicles book grew by 5% (2024: 6%) in the year, reflecting higher new vehicle costs and a continued shift in customer demand towards higher value electric and hybrid vehicles.

During 2025, Lloyds Bank Asset Finance Limited became the parent of the Company as part of the Transport structure reorganisation (transfer from ACL Autolease Holdings).

Future outlook

The Company has observed an increase in new car registrations in 2025. It is expected that growth will continue into 2026 as new entrants come into the market, in particular to supplying Battery Electric Vehicles ("BEV"), and manufacturers continue to work towards the requirements of the Zero Emission Vehicle ("ZEV") mandate. Light Commercial Vehicles ("LCV") registrations showed a 10% decline vs 2024, as the sector continues to experience lower demand.

Downward pressure on Battery Electric Vehicle ("BEV") used car prices has been seen in 2025. An increase in supply, especially from new entrants to the market has maintained strong competition with manufacturers offering discounts for new vehicles which impacts the second hand vehicle market. There has been more stability in non-BEV, with a fall towards the end of the year which is aligned to seasonal expectations. This was supported by reduced supply of used cars returning to the market, reflecting fewer registrations during the COVID-19 period. Used LCV prices have remained strong, with limited supply contributing to modest price increases throughout the year. Some volatility is expected to endure as the industry transitions to electric vehicles, and management will continue to monitor this closely.

Any adverse changes affecting the UK economy may impact market, credit and operational exposures. Any deterioration in global macroeconomic conditions, including geopolitical events, global health issues, or acts of war or terrorism, or significant cyber attacks could also have an adverse effect on the Company's results.

The Company has observed that previously seen supply challenges have stabilised and does not anticipate an industry wide supply issue. There remains uncertainty on the UK economy following financial challenges caused by the impacts of inflation pressures and rising energy costs. This could adversely affect the performance of the Company, as small and medium sized business profits are impacted.

Stable new deliveries illustrate an easing of the supply issues seen historically. Alongside this, the volume of operating lease vehicles in informal extension have continued to normalise. However, we anticipate a continued heightened propensity for customers to enter into informal extension or request formal extensions to their current leases due to the increased cost of leasing a new vehicle compared to their current monthly rental payments. This situation will continue to be closely monitored in 2026.

Vehicle returns stabilised in 2025 with a normalisation of the order bank which represents the commitments of the company to acquire motor vehicles to satisfy customer orders. Details of the capital commitments of the Company are contained in note 22 to the financial statements.

Strategic report (continued)

For the year ended 31 December 2025

Future outlook (continued)

The Company has continued to lease second hand vehicles as part of its vehicle remarketing strategy, giving customer access to lower rentals for contract hire and supporting end of life disposal performance.

The Company is also focused on achieving its objectives around the climate change agenda and is working with its customers to develop products and propositions to facilitate the switch to electric vehicles. In 2025 electric vehicle sales accounted for 43% (2024: 45%) of the new orders placed. The Company expects growth in electric vehicles as corporate customers take action to meet net zero emissions targets.

Economic environment

In 2025, the UK economy experienced modest growth and persistent inflation, as high costs and global uncertainty continued to limit investment. Advances in technology and artificial intelligence brought modest improvements in productivity and confidence, however obstacles such as new US tariffs, geopolitical tensions, and supply chain issues remained.

Ongoing conflict in Eastern Europe and the Middle East has continued to present risks to global supply chains, affecting the availability, timing and cost of new vehicles and parts. Whilst inflationary pressures have moderated, elevated interest rates continue to impact funding costs and customer affordability. The Company monitors these external risks closely and retains operational flexibility to respond to changes in market conditions and customer needs.

Worldwide uneven recovery and inflation created unpredictable demand, prompting UK businesses to approach investment and expansion with caution.

In-line with the Group's purpose of Helping Britain Prosper and its clear customer focus, the Group continues to provide support to those most affected by changes to the economic environment.

Principal risks and uncertainties

The most important risks faced by the Company and the Group are detailed below. External risks may impact the success of delivering against the Group's long-term strategic objectives. They include, but are not limited to, macroeconomic and geopolitical uncertainties and inflation trends which could contribute to the cost of living and associated implications for consumers and businesses.

Risk management is essential to our business model and strategy, helping us to embrace opportunities responsibly and drive sustainable growth for the Group. Our strong risk management culture, underpinned by our enhanced risk management framework ("RMF"), is vital in safeguarding the Group, colleagues and customers against both existing and emerging risks.

Operational resilience remains crucial, enabling the Group to prevent, withstand and respond to cybersecurity threats and IT outages, using intelligence and learnings from recent global events.

The Group continues to modernise its technology and strengthen capabilities and ensure the safe, responsible use of models and tools such as artificial intelligence.

The Directors consider that one of the key drivers of performance for the Company are the fluctuations in the residual values of fleet vehicles. Residual values are impacted by the UK economy along with vehicle supply factors in the used car market, which influence the performance on disposal of ex-fleet vehicles in the second-hand car market. Additional volatility exists with battery electric vehicles ("BEV") which have historically been priced at a premium to internal combustion engine vehicles, however, significant price reductions have been seen over the last few years as significant volumes of BEVs have come into the used car market for the first time.

During 2025, the Group has continued to make progress in its risk transformation journey, allowing us to further evolve our risk management approach to deliver good outcomes for our customers. This has included the consistent implementation of the RMF requirements for all of the Group's legal entities, business units and functions.

The RMF ensures processes and controls are in place to facilitate robust risk management and effective decision making.

The Group's risk policies are supported by risk toolkits, which set out clear guidance and minimum standards for proactive identification and effective risk management, fostering a strong risk management culture across the Group.

The Group has 10 principal risks, these consist of capital risk, climate risk, compliance risk, conduct risk, credit risk, economic crime risk, liquidity risk, market risk, model risk and operational risk. These risks are reviewed and reported on regularly to the Board in alignment with the enhanced RMF. Further details of these risks and the risk management policy are contained in note 20 of the financial statements.

Principal risks and uncertainties (continued)

Capital risk

Capital risk is defined as the risk that an insufficient quantity or quality of capital is held to meet regulatory requirements or to support business strategy, an inefficient level of capital is held or that capital is inefficiently deployed across the Group.

Climate risk

The Group defines climate risk as the risk from the impacts of climate change and the transition to net zero ('inbound risk'), or a result of the Group's response to tackling climate change and supporting the transition to net zero ('outbound risk').

Compliance risk

The risk of financial penalties, regulatory censure, criminal or civil enforcement action or customer detriment as a result of failure to identify, assess, correctly interpret, comply with, or manage regulatory and/or legal requirements.

Conduct risk

The risk of the Group's activities, behaviours, strategy or business planning, having an adverse impact on outcomes for customers, undermining the integrity of the market or distort competition, which could lead to regulatory censure, reputational damage or financial loss.

Credit risk

Credit risk is defined as the risk that parties with whom the Group has contracted fail to meet their financial obligations (on and off-balance sheet). Further information can be found in note 20.1.

Economic crime risk

Economic crime risk is defined as the risk that the Group implements ineffective policies, systems, processes and controls to prevent, detect and respond to the risk of fraud and/or financial crime resulting in increased losses, regulatory censure, fines and/or adverse publicity in the UK or other jurisdictions in which the Group operates.

Liquidity risk

Liquidity Risk is the risk that the Group has insufficient financial resources to meet its commitments when they fall due or can only secure them at excessive cost. Further information can be found in note 20.2.

Market risk

Market risk is defined as the risk that the Group's capital or earnings profile are adversely affected by changes in market rates or prices, including, but not limited to, interest rates and credit spreads. Market risk exists in the Company through residual value volatility within operating lease agreements. Further details on residual value market risk are set out in note 20.3.

Model risk

Model risk is the potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions. Adverse consequences could lead to a deterioration in the prudential position, non-compliance with applicable laws and/or regulations, or damage to the Group's reputation. Model risk can also lead to financial loss, as well as qualitative limitations such as the imposition of restrictions on business activities.

Operational risk

Operational risk is defined as the risk of actual or potential impact to the Group (financial and/or non-financial) resulting from inadequate or failed internal processes, people, and systems or from external events.

Strategic report (continued)
For the year ended 31 December 2025

Key performance indicators ("KPIs")

The key performance indicators considered for the Company are listed below:

KPI	2025	2024	Analysis
Profit / (Loss) before tax (£'000)	14,390	(10,635)	Profit before tax improved by £25m year on year, moving from a £10.6m loss to a £14.4m profit. Revenue increased by £142m driven by higher rentals and stronger other income. Direct costs rose by £85.5m mainly due to higher standard depreciation and increased disposal related costs. Interest expense increased by £31.6m reflecting higher funding levels. Operating expenses decreased by £8m with lower staff costs partly offset by increased other operating costs.
(Loss) / Gain on disposal (£'000)	(24,005)	28,853	The movement in (Loss)/Gain on disposal reflects a £52.9m reduction year on year, shifting from a £28.9m profit in 2024 to a £24m loss in 2025. Proceeds increased slightly by £6.1m as disposal receipts rose, however this was outweighed by a £59m increase in cost of sales driven by higher disposal-related costs as a result of selling more vehicles.
Net income (£'000) (Gross profit less net interest expenses)	126,231	101,491	Net income increased by £24.7m year on year, mainly driven by £142m of higher revenue with strong growth in rentals, higher interest receivable and increased other income including improved disposal proceeds, a lower mileage provision and the sale of the Cheadle office. This was partly offset by £85.5m of higher direct costs, reflecting increased standard depreciation and higher disposal related costs, together with a £31.6m increase in interest expense due to higher funding levels.
Total fleet size (number of vehicles)	277,555	278,580	The main component of the Company's vehicle assets relates to operating leases, accounting for 92% of the total funded fleet (2024: 92%). The remaining 8% of the fleet is made up of vehicles assets under finance leases, contract purchase agreements and employee car ownership schemes (2024: 8%). Fleet size has decreased following a reduction in deliveries and informal extensions.
Contract hire fleet size	254,314	256,195	The total contract hire fleet size has remained stable decreasing by 1%.
Informal extensions	24,722	29,519	Informal extensions decreased due to eased supply constraints enabling an increase in deliveries, with quicker fulfilment reducing the need for informal extensions while waiting for delivery.
Deliveries	75,991	74,050	Deliveries have increased by 1,941 vehicles in the year as the Company continues to manage residual value risk relating to vehicle price movements, alongside economic pressures and uncertainty around consumer preferences. For 2025, total deliveries were 75,991 of which 42% relates to BEVs (2024: 44%) and 58% relates to non-BEVs (2024: 55%).

Section 172(1) statement

This section (pages 3 to 4) is the Company's Section 172(1) statement for the purposes of the Companies Act 2006 ("the Act"), describing how the Directors have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company under section 172.

As a wholly owned subsidiary of the Group, the Company operates within the wider Group governance framework and follows many of the related processes and practices concerning stakeholder engagement, responsible business activities and long-term decision-making.

The Directors remain mindful in all their deliberations of the long-term consequences of their decisions, as well as the importance of the Company maintaining a reputation for high standards of business conduct and the Board engaging with, and taking account of the interests of, stakeholders.

Stakeholder Engagement

The Board recognises the fundamental importance of engaging with its stakeholders, gaining a deeper understanding of their views, and the importance of this understanding in informing their discussions and decision-making. During the year, key stakeholders included customers & clients, shareholders, communities & environment, regulators and suppliers.

Our Stakeholders

Customers and clients

The Directors ensure the Company works toward achieving fair customer outcomes by focusing on customer value and by treating customers fairly. The Directors, informed by customer engagement activity across the Company, have worked to agree customer plans, regularly reviewing customer behaviour, customer pricing and payment of customer leases, to understand areas where improvements can be made.

Customer engagement activity has also informed how the Company supports customers in longer-term financial difficulty, with a range of debt management options including repayment plans. The Company continues to participate in transport-related business initiatives. In response to customer feedback, this includes continued investment in enhancing the customer journey and proposition for our strategic partners and dealer-introduced customers, and a longer-term project to move onto a new lending platform.

Section 172(1) statement (continued)

Shareholders

The Company is a wholly owned subsidiary of Lloyds Banking Group plc. The Directors ensure that the strategy, priorities, processes and practices of the Company are fully aligned where required to those of the Group, ensuring that the interests of the Group as the Company's ultimate parent company are duly acknowledged. Further information in respect of the relationship of Lloyds Banking Group plc with its shareholders is included within the Lloyds Banking Group plc Annual Report and Accounts for 2025, available on the Lloyds Banking Group website.

Communities and environment

The Company continues to support the Group's community and environment related initiatives, including Helping Britain Prosper, by considering and responding to the Group's related stakeholder engagement, and actively managing its current book of hire purchase products and other loans in a manner which responds to relevant feedback. The Company is an active participant in broader transport-related business initiatives, including supporting the transition to electric vehicles through developing and growing relationships with key strategic Electric Vehicle Original Equipment Manufacturers.

Regulators

The Company provides quarterly updates to relevant regulators including disclosures on its capital position. Regulatory relationships continue to be important, and are managed to ensure proactive engagement across key regulatory changes and areas of focus. As noted in the Strategic report and note 2 the Board has continued to engage with Financial Ombudsman Service (FOS) and the FCA during 2025.

Suppliers

The Directors ensure the Company, as part of the Group, follows the Group's supplier oversight model. This model assesses supplier activity against a set of risks that this activity poses. The Company as part of the Group's Transport business works with the Group's Consumer Lending Chief Operating Office to understand and agree a supplier risk oversight routine; one which regularly reviews and shares supplier performance and considers risks and mitigations across resiliency of service provision, supplier conduct in delivering customer treatment, alongside data handling and cyber risk oversight. This oversight extends to ensuring the Company pays its suppliers in a timely manner, to help our supplier base prosper. This framework is currently focussed on those suppliers considered to present the highest risk, and the work to understand and mitigate the risk profile of the current supplier base is continual.

Key Decisions

Considering stakeholder interests are key to decision-making by the Board. To better understand their interests, the Board receives feedback from stakeholders through engagement both inside and outside of the Board room. Senior management supports Board decision-making by addressing stakeholder implications in proposals submitted to the Board for consideration and providing the Board with details of stakeholder interactions.

Examples of Board decisions are outlined below which illustrates this in practice.

- Continued shift towards used vehicle hire reflecting evolving customer demand
- Extending vehicle disposal routes beyond using the British Car Auction
- Empowering customers through technology and innovation
- Customers & Clients, Communities & Environment, Shareholders and Suppliers

Board considerations

In 2025, the Board considered initiatives aimed at accelerating and broadening the Company's digital transformation and deepening customer relationships as well as simplifying customer interactions. The Board received regular updates on progress with these initiatives, across a number of aspects of the Company's operations, providing input and guidance in their implementation, in particular drawing out the considerations and benefits for the Company's various stakeholders.

Emerging risks

Geopolitical uncertainty, including ongoing conflict in both Eastern Europe and the Middle East, has continued to present risks to global supply chains, affecting the availability, timing and cost of new vehicles and parts, thus creating broader economic uncertainty which affects customer sentiment. While inflationary pressures have moderated, elevated interest rates continue to impact funding costs, residual values and customer affordability. The Company monitors these external risks closely and retains operational flexibility to respond to changes in market conditions and customer needs.

The ongoing transition of the automotive market towards electric vehicles also presents uncertainty as customer behaviour evolves and regulatory requirements, including the ZEV mandate, continue to develop and management will continue to monitor this closely.

Strategic report (continued)
For the year ended 31 December 2025

Section 172(1) statement (continued)

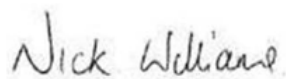
Future focus

The Board is committed to supporting developments that deliver market-leading digital experiences and deliver improved customer experiences.

General

The Directors do not consider there to be any further material issues which need to be included in the Strategic report.

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



N Williams

Director

3 July 2026

Directors' report

For the year ended 31 December 2025

The Directors present their Annual Report and Accounts for the year ended 31 December 2025.

General information

The Company is a private company limited by shares, incorporated, registered and domiciled in England and Wales, United Kingdom (registered number: 01090741).

Registered office

The Company's registered office is 25 Gresham Street, London, EC2V 7HN.

Employees

The Company has no direct employees (2024: nil). All staff are employed by other companies within the Group and the relevant staff costs are recharged to the Company. Full details of policies relating to disabled persons, together with details of actions taken regarding the provision of information to employees, their consultation and involvement, are shown in the Lloyds Banking Group plc 2025 Annual Report and Accounts, which does not form part of this report, and is available on the Lloyds Banking Group plc website: <https://www.lloydsbankinggroup.com/investors/financial-downloads.html>.

Dividends

No dividends were paid or proposed during the year ended 31 December 2025 (2024 £nil).

Events after the reporting date

There are no material post balance sheet events requiring disclosure in these financial statements.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the accounts. Thus they continue to adopt the going concern basis of accounting in preparing the Annual Report and Accounts. Further details regarding the adoption of the going concern basis can be found in note 1.1 to the financial statements.

Streamlined Energy and Carbon Reporting

The Company has taken an exemption from Streamlined Energy and Carbon Reporting ("SECR"), in its own Directors' report as it is included within the Group SECR report given in the Lloyds Banking Group plc 2025 Annual Report and Accounts, available on the Lloyds Banking Group plc website.

Directors

The current Board of Directors of the Company are shown below.

A B Ambani
G D Gould
J McCaffrey
P L Hyne
N A Williams

Company Secretary

The Company Secretary is D D Hennessey.

The following changes have taken place between the beginning of the reporting period and the approval of the Annual Report and Accounts:

R Beattie	(resigned 9 March 2026)
D D Hennessey	(appointed 9 March 2026)

Information included in the Strategic report

The disclosures for future outlook, principal risks and uncertainties, and key performance indicators that would otherwise be required to be disclosed in the Directors' report can be found in the Strategic report on pages 1 to 6.

Statement of engagement with our stakeholders

A statement of engagement with our stakeholders is included in the Strategic report on pages 4 and 5.

Corporate Governance Statement

In accordance with the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018) (the "Regulations"), for the year ended 31 December 2025, the Company has in its corporate governance arrangements applied the Wates Corporate Governance Principles for Large Private Companies (the "Principles"), which are available at frc.org.uk. The following section explains the Company's approach to corporate governance, and its application of the Principles.

Principle One – Purpose and Leadership

The Board is collectively responsible for the long term success of the Company. It achieves this by agreeing the Company's strategy, within the wider strategy of Lloyds Banking Group plc, and overseeing delivery against it. The Company's strategy is discussed further in the Strategic Report on pages 2 to 4 of these financial statements. The Board also assumes responsibilities for the management of the culture, values and wider standards of the Company, within the equivalent standards set by the Group. The Board's understanding of stakeholders' interests is central to these responsibilities and informs key aspects of Board decision making, as discussed within the statement on pages 4 to 6.

Acknowledging the needs of all stakeholders is fundamental to the way the Company operates, as is maintaining the highest standards of business conduct, which is a vital part of the corporate culture. The Company's approach is further influenced by our ambition to provide not only outstanding service to our customers, but also responding to the UK's social and economic issues. To this end, the Board plays a lead role in establishing, promoting, and monitoring the Company's corporate culture and values. The Company's corporate culture and values align to those of Lloyds Banking Group, which are discussed in more detail within the Strategic and Directors' Reports of the Lloyds Banking Group plc Annual Report and Accounts for 2025.

Principle Two – Board composition

The Company is led by a Board comprising a Chairman, Non-Executive Directors and Executive Directors, further details of the Directors can be found on page 8 and 9. The Board reviews its size and composition regularly and is committed to ensuring it has the right balance of skills and experience. The Board considers its current size and composition is appropriate to the Company's circumstances. New appointments are made on merit, taking account of the specific skills and experience, independence and knowledge needed to ensure a rounded Board and the diversity benefits each candidate can bring overall.

The Board undertakes an annual review of its effectiveness, which provides an opportunity to consider ways of identifying greater efficiencies, ways to maximise strengths and highlights areas of further development.

Principle Three – Director Responsibilities

The Directors assume ultimate responsibility for all matters, and along with senior management are committed to maintaining a robust control framework as the foundation for the delivery of good governance, including the effective management of delegation through the Group Corporate Governance Framework. Policies are also in place in relation to potential conflicts of interest which may arise.

The Chair of the Board assumes responsibility with support from the Company Secretary for the provision to each meeting of accurate and timely information.

Principle Four – Opportunity and Risk

The Board oversees the development and implementation of the Company's strategy, within the context of the Group. The Board is also responsible for the long term sustainable success of the Company, generating value for its shareholder and ensuring a positive contribution to society. The Board agrees the Company's culture, purpose, values and strategy, within that of the Group, and agrees the related standards of the Company, again within the relevant standards of the Group.

Strong risk management is central to the strategy of the Company, which along with a robust risk control framework acts as the foundation for the delivery of effective management of risk. The Board ensures the Company manages risk effectively. Board level engagement coupled with the direct involvement of senior management in risk issues ensures that escalated issues are promptly addressed, and remediation plans are initiated where required. The Company's risk appetite, principles, policies, procedures, controls and reporting are managed in conjunction with those of the Group, and as such are regularly reviewed to ensure they remain fully in line with regulations, law, corporate governance and industry best practice. The Company's principal risks are discussed further on pages 2 to 3.

Principle Five – Remuneration

The Remuneration Committee of the Group Board, assumes responsibility for the Company's approach to remuneration. This includes reviewing and making recommendations on remuneration policy as relevant to the Company. The activities of the Remuneration Committees extend to matters of remuneration relevant to subsidiaries of the Company, where such subsidiary does not have its own remuneration committee.

Corporate Governance Statement (continued)

Principle Six – Stakeholders

The Company as part of the Group operates under the Group's wider approach to responsible business, which acknowledges that the Company has a responsibility to help address the economic, social and environmental challenges which the UK faces, and as part of this understand the needs of the Company's external stakeholders, including in the development and implementation of strategy. During the year the Directors took decisions with the Company's purpose and specific stakeholder interest in mind, which is discussed further on pages 5 to 7. In 2025 the Group board's Responsible Business Committee provided further oversight and support of the Group's and the Company's plans for embedding responsible business in the Company's core purpose. The approach of the Board in respect of its key stakeholders is described further in a separate statement made in compliance with the Regulations on pages 4 to 6.

Directors' indemnities

Lloyds Banking Group plc has granted to the Directors of the Company a deed of indemnity which constitutes 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of the Directors who joined the board of the Company during the financial year. Directors no longer in office but who served on the board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service.

The deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate directors and officers liability insurance cover which was in place throughout the financial year.

Statement of Directors' responsibilities

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

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

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

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

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

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

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

- the Company financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report and the Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risk and uncertainties that it faces.

Directors' report (continued)
For the year ended 31 December 2025

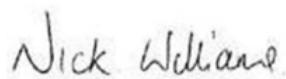
Auditor and disclosure of information to auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

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



N Williams

Director

3 July 2026

Statement of comprehensive income
For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Revenue	3	2,554,610	2,412,751
Direct costs	3	(2,176,997)	(2,091,463)
Gross profit	3	377,613	321,288
Interest expense	4	(251,382)	(219,797)
Other operating expenses	3	(111,841)	(112,126)
Profit/(loss) before tax		14,390	(10,635)
Taxation	8	(3,773)	2,726
Profit/(loss) for the year, being total comprehensive income		10,617	(7,909)

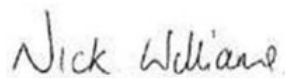
The accompanying notes are an integral part of these financial statements.

Balance sheet
As at 31 December 2025

	Note	2025 £'000	2024 £'000
ASSETS			
Cash and cash equivalents		68,224	55,974
Trade and other receivables	9	432,378	312,522
Loans and advances to customers	10	371,389	312,298
Property, plant and equipment	11	5,952,249	5,729,677
Intangible assets	12	12,920	4,673
Deferred tax asset	16	58,714	62,396
Total assets		6,895,874	6,477,540
LIABILITIES			
Borrowed funds	13	6,224,388	5,835,102
Trade and other payables	14	408,745	384,291
Provision for liabilities and charges	15	35,176	39,848
Current tax liability		34,813	36,164
Total liabilities		6,703,122	6,295,405
EQUITY			
Share capital	18	5,963	5,963
Retained earnings		186,789	176,172
Total equity		192,752	182,135
Total equity and liabilities		6,895,874	6,477,540

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

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



N Williams
Director
3 July 2026

Statement of changes in equity
For the year ended 31 December 2025

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 January 2024	5,963	184,081	190,044
Loss for the year being total comprehensive expense	—	(7,909)	(7,909)
At 31 December 2024	5,963	176,172	182,135
Profit for the year being total comprehensive income	—	10,617	10,617
At 31 December 2025	5,963	186,789	192,752

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

Cash flow statement
For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Net cash used in operating activities			
Profit/(Loss) before tax		14,390	(10,635)
Adjustments for:			
- Interest expense	4	251,382	219,797
- Depreciation and impairment on property, plant and equipment and land and buildings	3	1,127,645	1,120,380
- Amortisation of intangible assets	3	1,220	1,282
- Purchase of property, plant and equipment	11	(2,277,441)	(2,234,172)
- Loss on disposal of Freehold land & buildings	3	569	—
- Net book value of disposal of Property Plant and equipment	11	918,154	827,404
Changes in operating assets and liabilities			
- Net increase in Loans and advances to customers	10	(59,091)	(69,115)
- Net increase in Trade and other receivables	9	(119,855)	(4,142)
- Net increase/(decrease) in Trade and other payables	14	24,454	(47,854)
- Net decrease in Provision for liabilities and charges	15	(4,671)	(104)
Cash used in operations		(123,244)	(197,159)
Tax (paid)/received		(1,443)	10,557
Net cash used in operating activities		(124,687)	(186,602)
Cash flows used in investing activities			
Acquisition of intangible assets	12	(9,468)	(4,526)
Proceeds from disposal of freehold property	3	8,500	—
Net cash used in investing activities		(968)	(4,526)
Cash flows generated from financing activities			
Increase in net borrowings with Group undertakings	13	389,286	420,722
Interest paid	4	(251,382)	(219,797)
Net cash generated from financing activities		137,904	200,925
Change in Cash and cash equivalents		12,250	9,797
Cash and cash equivalents at beginning of year	19	55,974	46,177
Cash and cash equivalents at end of year		68,224	55,974

Cash and cash equivalents comprise only cash at bank. The Company holds no other short-term liquid investments.

The Company does not hold any cash or cash equivalent balances that are restricted or not available for use by the wider Group.

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

Note 1. Material accounting policies

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

Note 1.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with United Kingdom adopted international accounting standards and in conformity with the requirements of the Companies Act 2006.

In the preparation of these financial statements the Balance sheet has been arranged in order of liquidity.

No new IFRS pronouncements which have been adopted resulted in a material impact within these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2025 and which have not been applied in preparing these financial statements are given in note 24.

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

The financial information has been prepared under the historical cost convention.

The Directors are satisfied that the financial statements have been prepared on a going concern basis taking into account the following:

- There is a net asset position of £192,752,000 (2024: £182,135,000);
- The Company does not have external debt and is funded by other companies within the Group;
- The Company will continue to be able to repay its liabilities as they fall due through its liquid assets and/or its ability to drawdown on further funding as required from its intermediate parent, Lloyds Bank plc; and
- That it is the intention of Lloyds Bank plc, to continue to provide adequate access to liquidity for the foreseeable future.

Note 1.2. Income recognition

Revenue

Revenue substantially comprises rental income earned from operating lease services rendered to customers, which is credited to the Statement of comprehensive income on a straight line basis, and due to the Company routinely disposing of its assets, the sales proceeds received on disposal of ex-leased vehicles. Vehicle sales are recognised in the period in which the sale occurs, with the book value of the vehicle being charged to direct costs.

Included within Revenue is income in respect of vehicle maintenance agreements. Customers can purchase service packages for their leased vehicles, paid for through a fixed amount each month over the duration of the contract. The Company's performance obligation to the customer is to provide maintenance services on an ongoing basis in line with manufacturer set service intervals or repairs as and when the need arises. This obligation is deemed to be satisfied on the completion of the MOT, mileage interval service, or repair which can be at any point during the contract term. Due to usage, ageing and wear and tear, the majority of costs are typically incurred in the later stages of the contract term. The Company recognises a small percentage of the revenue on a monthly basis in the Statement of comprehensive income to cover the other support and technical overheads, with the remainder of the revenue being deferred to the Balance sheet. When the maintenance expenditure is incurred, the cost and associated deferred revenue are recognised in the Statement of comprehensive income.

The Company recognises all remaining deferred income or excess maintenance spend at the point of vehicle de-hire on an individual basis and these amounts are taken to the Statement of comprehensive income through Direct costs in the period the contract terminates.

These services are provided on a principal basis as the Company has primary responsibility for the provision of the service, controls what maintenance services are provided to the customer and takes the risk of over and under spend including inflationary impacts and the customers have no ongoing relationship with the garages performing the service. The Company does not refund maintenance rentals paid if the customer terminates the contract early.

Other income includes amounts arising at the end of vehicle contracts, which are recognised in the period during which the contract terminates.

Note 1. Material accounting policies (continued)

Note 1.2. Income recognition (continued)

Revenue (continued)

Interest receivable on credit sale agreements, finance lease agreements and contract purchase agreements is credited to the Statement of comprehensive income over the contractual life of each contract using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the contractual life of the financial instrument.

For loan products, the effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the contractual life of a financial instrument to the net carrying amount of the financial asset or liability. The effective interest rate for leasing products is similar except that future cash payments or receipts are assessed over the contractual life of the agreement.

Lease Classification

Assets leased to customers under finance lease and hire purchase agreements which transfer substantially all the risks and rewards associated with ownership, other than legal title, are classified as finance leases.

Lease agreements, which do not represent finance leases, are classified as operating leases. Assets leased to customers under such agreements are included in Property, plant and equipment and are depreciated over their lease term down to their anticipated realisable value on a straight line basis. Anticipated realisable values are regularly reassessed and the impact upon the depreciation charge is adjusted prospectively.

Note 1.3. Financial assets and liabilities

Financial assets comprise Trade and other receivables, Cash and cash equivalents and Loans and advances to customers. Financial liabilities comprise Borrowed funds and Trade and other payables.

On initial recognition, all financial assets are classified and measured at amortised cost. All financial liabilities are measured at amortised cost. The Company initially recognises financial assets and liabilities when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Company has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Company has neither retained nor transferred substantially all of the risks and rewards, but has transferred control. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Financial instruments measured at amortised cost

Financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A basic lending arrangement results in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost are Loans and advances to customers, Amounts due from Group undertakings and Trade and other receivables. Loans and advances are initially recognised when cash is advanced to the borrower at fair value inclusive of transaction costs. Interest income is accounted for using the effective interest method.

Expected credit losses are deducted from loans and advances and finance lease receivables. Provisions made during the year, less amounts released and recoveries of amounts written off in previous years are charged to the Statement of comprehensive income.

Note 1. Material accounting policies (continued)

Note 1.4. Impairment

The impairment charge in the Statement of comprehensive income includes the change in expected credit losses ("ECL") over the year including those arising from fraud. ECL are recognised for Loans and advances to customers and other financial assets held at amortised cost, together with any loan commitments. ECL are calculated as an unbiased and probability-weighted estimate using an appropriate probability of default ("PD"), adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure of the Company at the point of default after taking into account the value of any repayments and including the impact of discounting using the effective interest rate.

A loan or advance is normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic prospect of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of credit impairment losses recorded in the Statement of comprehensive income. The write-off takes place only once an extensive set of collections processes have been completed, or the status of the account reaches a point where policy dictates that continuing concessions are no longer appropriate.

Trade receivables

Trade receivables represent amounts outstanding from operating lease customers in relation to rentals due. Provisions held against these trade receivables make up the majority of the impairment on financial assets. A simplified model for impairment is applied to provide for lifetime expected credit losses when a customer has defaulted or the debt is overdue by 4 months or more.

Loans and advances to customers

At initial recognition, allowance (or provision in the case of some loan commitments) is made for ECL resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk ("SICR"), allowance (or provision) is made for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). Financial assets where 12-month ECL are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

Unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since initial recognition, the asset is transferred back to Stage 1. Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. Default is considered to have occurred when there is evidence that the customer is experiencing financial difficulty which is likely to affect significantly the ability to repay the amount due. Unless identified at an earlier stage, default is deemed to have occurred when a payment is 90 days past due. A Stage 3 asset that is no longer credit-impaired is transferred back to Stage 2 as no general probation period is applied to assets in Stage 3.

Note 1.5. Cash and cash equivalents

For the purposes of the Balance sheet and Cash Flow Statement, Cash and cash equivalents comprise balances with less than three months' original maturity.

Note 1.6. Taxation, including deferred income taxes

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

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the Balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by His Majesty's Revenue and Customs ("HMRC") or other relevant tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each Balance sheet date, and the provisions are re-measured as required to reflect current information.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the Balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Note 1. Material accounting policies (continued)

Note 1.6. Taxation, including deferred income taxes (continued)

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each Balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. In certain cases where forecast profits are not expected to be sufficient to support the recognition of a deferred tax asset on a standalone entity basis, further consideration has been given to the availability of UK group relief with connected companies to support the recognition.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes.

Note 1.7. Dividends paid

Dividends on ordinary shares are recognised through equity in the period in which they are paid.

Note 1.8. Property, plant and equipment

Property, plant and equipment includes Freehold land and buildings, Owned vehicles not leased to customers and Owned vehicles leased to customers.

Owned vehicles are stated at cost and are depreciated to expected residual values on a straight line basis over its expected economic life, typically between 1 and 7 years.

The residual values of Property, plant and equipment are regularly reviewed, any changes in forecast residual values are accounted for in forward looking depreciation over the life of the asset.

Impairment of Property, plant and equipment

Impairment of owned vehicles leased to customers under operating leases is assessed by comparing the carrying amount with the recoverable amount. Any impairment identified in this way is charged immediately to the Statement of comprehensive income.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If there is objective evidence that an impairment loss has been incurred, a provision is established which is calculated as the difference between the Balance sheet carrying value of the asset and the present value of estimated future cash flows, including future rentals receivable and a current assessment of residual values, discounted at the Company's weighted average cost of capital. Such provisions may be released if the recoverable amount returns to, or exceeds the carrying amount. This assessment is performed on an asset by asset basis. The method and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between the loss estimates and actual loss experience.

Note 1.9. Intangible assets

Expenses incurred for software product development are expensed as incurred unless the technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. Such expenses and advances paid for software development which is not yet ready for the intended use as at the Balance sheet date are recognised as Intangible assets. Once they are completed for the intended use, the intangible assets are carried at historical costs less accumulated amortisation, and are amortised over a period of 7 years using the straight line method. The amortisation charge for the year is recognised through the Statement of comprehensive income, within Other operating expenses.

Intangible fixed assets are subject to impairment review, any resulting impairment charge is taken to the Statement of comprehensive income when identified.

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 1.10. Provision for liabilities, charges and contingent liabilities

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote

Note 2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although those estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

(i) Key sources of estimation uncertainty & critical accounting judgements

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

The following are critical accounting estimates that the Directors have made in the process of applying the Company's accounting policies which have the most significant effect on the amounts recognised in the financial statements:

Owned vehicles leased to customers

The Company views the residual value of its operating leases as a key source of estimation uncertainty which also relies on a critical accounting judgement, and as a result regularly reviews and estimates the residual value of its operating lease assets net of selling costs at the end of contract by reference to independent market value data and the prevailing economic conditions. The adjustment arising from the reviews are dealt with as set out in note 1.8.

Impairment of Property, plant and equipment for changes in residual value

The used car market in the UK is mature with prices dependent upon a broad range of economic and vehicle specific factors. These factors are taken into consideration by means of the data provided by market specialists, overlaid with adjustments to reflect Company specific knowledge and experience. The expected market price determined in this manner is the most significant assumption impacting the expected residual value of vehicles net of selling costs, realised at the point of sale at the end of the lease contract. Whilst the likely future used vehicle prices are determined based on management's best estimate, it is possible that the actual outcome will be different, therefore this is considered to be a key source of estimation uncertainty.

The relationship between used vehicle prices and the level of impairment required is non-linear. On a fleet basis, vehicles will become impaired at different levels of used vehicle price reduction and vehicles already impaired will see the impact of incremental reductions to used vehicle prices reduced by the discount rate applied. When the lease contract is impaired there is an immediate impact on profit and loss.

The Company has looked at mitigating activities to reduce exposure to movements in Residual Value. These actions include arrangements with manufacturers where we spread risk or price movements between parties involved, as well as taking out residual value (RV) insurance (although low materiality will look to grow in the future).

Set out below is an indication of the sensitivity of the impact to adjustments to the impairment at the Balance sheet date based on potential changes in the average future price of used cars.

Management identify different market factors that impact the future values of internal combustion engines compared with battery electric vehicles and make specific considerations when determining the level of impairment. The table below shows the combined sensitivity across the whole fleet including both internal combustion engines and battery electric vehicles.

	1pp		2pp		5pp	
	Increase £'000	Decrease £'000	Increase £'000	Decrease £'000	Increase £'000	Decrease £'000
2025	(9,102)	9,745	(17,653)	20,193	(40,352)	56,019
2024	(15,493)	16,198	(30,280)	33,155	(71,023)	88,806

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 3. Profit/(Loss) before tax

	2025 £'000	2024 £'000
Revenue		
Aggregate rentals receivable from operating lease contracts	1,640,308	1,524,020
Interest receivable on finance lease agreements	25,621	21,103
Interest receivable on contract purchase agreements	2,649	2,764
Interest receivable on credit sale agreements	37	90
Fleet management fees	8,349	7,966
Proceeds from disposal of property, plant and equipment	837,045	830,942
Other revenue	40,601	25,866
	2,554,610	2,412,751
Direct costs		
Depreciation and impairment on owned vehicles leased to customer (see note 11)	1,127,645	1,120,068
Cost of sale on disposal of Property, plant and equipment (see note 11)	861,050	802,089
Impairment of Loans and advances to customers (see note 5)	123	67
Impairment of Trade receivables (see note 5)	4,793	4,299
Other costs	183,387	164,940
	2,176,998	2,091,463
Other operating expenses		
Staff costs (see note 6)	43,671	41,912
Depreciation on freehold land and buildings (see note 11)	—	312
Amortisation of Intangible assets (see note 12)	1,220	1,282
Auditors remuneration – Audit of Company financial statements	120	117
Other costs	66,830	68,503
	111,841	112,126

Included within Aggregate rentals receivable from operating lease contracts is revenue recognised that was included in the vehicle maintenance agreements contract liability balance at the beginning of the period of £26,675,000 (2024: £25,312,000).

Note 4. Net interest expense

	2025 £'000	2024 £'000
Interest expense on intercompany borrowings	(251,382)	(219,797)

Note 5. Credit impairment losses

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
31 December 2025				
Trade receivables	—	—	4,793	4,793
Loans and advances to customers	120	3	—	123
	120	3	4,793	4,916
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
31 December 2024				
Trade receivables	—	—	4,299	4,299
Loans and advances to customers	67	—	—	67
	67	—	4,299	4,366

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 6. Staff costs

	2025	2024
	£'000	£'000
Wages and salaries	34,850	33,206
Social security costs	4,002	3,479
Share based payments	495	500
Pension costs	4,324	4,727
	43,671	41,912

The Company has no direct employees. The staff costs disclosed above were paid in respect of employees directly allocated to the Company from other group companies. The average monthly number of allocated employees during the year was 675 (2024: 699). Whilst all staff contracts of service are with other Group entities, these employees are involved directly in the day to day operations of the Company and therefore 100% of associated costs are allocated. All staff are located in the United Kingdom and provide management, administration and sales support.

The above staff costs do not include any employees who are considered part of Group central functions including finance, tax, human resources and legal, whose costs are recharged on a proportional basis, as per the cost allocation model, and whose costs are therefore included as part of operating expenses shown in note 3.

The Company participates in various defined benefit and defined contribution pension schemes operated by companies within the Group. The Company's ultimate parent company operates a number of group wide, equity settled, share based compensation plans and share based payment schemes. Further details in respect of the schemes can be found in the 2025 financial statements of the Company's ultimate parent undertaking, copies of which may be obtained from the Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN. The Lloyds Banking Group plc financial statements may be downloaded via <https://www.lloydsbankinggroup.com/investors/financial-downloads.html>.

Note 7. Directors' emoluments

The Directors' emoluments payable for services provided to the Company are set out below:

	2025	2024
	£'000	£'000
Aggregate emoluments	530	500
Aggregate post-employment benefits	27	24
	557	524

Highest paid director:

Aggregate emoluments	300	347
----------------------	-----	-----

The amounts reported above are an allocation of a proportion of the Directors' total remuneration insofar as it relates to qualifying services for their role as a director of the Company.

During the year, retirement benefits were accruing to three Directors (2024: four Directors) in respect of defined contribution schemes. one Directors accrued benefits under a defined benefit scheme (2024: two Directors). four Directors received shares in Lloyds Banking Group plc under long term incentive plans during the year (2024: four Directors). no Directors exercised share options in the ultimate parent company during the year (2024: none).

During the year two Directors leased or purchased a vehicle from the Company (2024: two Directors). The number and total amount of the outstanding loans to Directors, officers and connected persons as at 31 December 2025 was £nil (2024: £nil).

none Directors (2024: none) consider that their services to the Company are incidental to their responsibilities within the Group. £nil compensation was received by the Directors for loss of office (2024: nil).

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 8. Taxation

a) Analysis of charge/ (credit) for the year

	2025 £'000	2024 £'000
UK corporation tax:		
- Current tax on taxable profit for the year	1,682	1,610
- Adjustments in respect of prior years	(1,591)	(325)
Current tax charge	91	1,285
UK deferred tax:		
- Origination and reversal of timing differences	2,079	(4,158)
- Adjustments in respect of prior years	1,603	147
Deferred tax charge / (credit) (see note 16)	3,682	(4,011)
Tax charge/(credit)	3,773	(2,726)

Corporation tax is calculated at a rate of 25.00% (2024: 25.00%) of the taxable profit for the year.

b) Factors affecting the tax charge/(credit) for the year

A reconciliation of the charge/(credit) that would result from applying the standard UK corporation tax rate to the Profit/(Loss) before tax to the actual tax charge/(credit) for the year is given below:

	2025 £'000	2024 £'000
Profit/(Loss) before tax	14,390	(10,635)
Tax charge/(credit) thereon at UK corporation tax rate of 25.00% (2024: 25.00%)	3,598	(2,659)
Factors affecting charge/ (credit):		
- Disallowed and non-taxable items	164	110
- Adjustments in respect of prior years	12	(177)
Tax charge/(credit) on profit on ordinary activities	3,774	(2,726)
Effective rate	26.23%	25.63%

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes. No provision for Pillar 2 current tax is required in respect of this period.

Note 9. Trade and other receivables

	2025 £'000	2024 £'000
Trade receivables	289,421	232,098
Other debtors	107,661	54,178
Prepayments and accrued income	35,296	26,246
	432,378	312,522

Trade receivables of £7,067,000 (2024: £6,958,000) were considered to be impaired and have been provided for, reflecting the lifetime expected credit losses.

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 10. Loans and advances to customers

Note 10.1. Loans and advances to customers – maturity

	2025 £'000	2024 £'000
Advances under finance lease and hire purchase contracts	347,267	285,563
Amounts receivable on credit sales agreements	212	435
Other loans and advances to customers	24,557	26,824
Gross loans and advances to customers	372,036	312,822
Less: allowances for losses on loans and advances	(647)	(524)
Net loans and advances to customers	371,389	312,298
of which:		
Due within one year	244,547	212,637
Due after one year	126,842	99,661
	371,389	312,298

Loans and advances to customers include finance lease and hire purchase receivables:

	2025 £'000	2024 £'000
Gross investment in finance lease and hire purchase contracts receivable:		
- no later than one year	248,040	211,268
- later than one year and no later than two years	68,877	58,582
- later than two years and no later than three years	42,685	30,375
- later than three years and no later than four years	24,639	17,002
- later than four years and no later than five years	10,319	5,524
- later than five years	1,651	244
	396,211	322,995
Unearned future finance income on finance lease and hire purchase contracts	(48,944)	(37,432)
Net investment in finance lease and hire purchase contracts	347,267	285,563

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 10. Loans and advances to customers (continued)

Note 10.1. Loans and advances to customers – maturity (continued)

The net investment in finance lease and hire purchase contracts may be analysed as follows:

	2025 £'000	2024 £'000
- no later than one year	227,684	193,937
- later than one year and no later than two years	56,895	49,311
- later than two years and no later than three years	33,971	24,506
- later than three years and no later than four years	19,314	13,322
- later than four years and no later than five years	8,068	4,292
- later than five years	1,335	195
	347,267	285,563

The Company provides a range of finance lease products in connection with the financing of motor vehicles and equipment. The leases typically run for periods of between 1 and 5 years.

Further analysis of Loans and advances to customers is provided in note 20.

During the year, no contingent rentals in respect of finance leases were recognised in the Statement of comprehensive income (2024: £nil) and there is no allowance for uncollectable minimum lease payments receivable (2024: £nil).

Note 10.2. Loans and advances to customers – movement over time

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Balance at 1 January 2025	312,575	158	89	312,822
Transfers to Stage 2	(36)	36	—	—
Net increase in loans and advances to customers	59,031	16	167	59,214
Gross loans and advances to customers at 31 December 2025	371,570	210	256	372,036
Less: allowances for losses on loans and advances	(644)	(3)	—	(647)
Net loans and advances to customers at 31 December 2025	370,926	207	256	371,389

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Balance at 1 January 2024	243,498	57	85	243,640
Transfers to Stage 2	(237)	237	—	—
Net increase/(decrease) in loans and advances to customers	69,314	(136)	4	69,182
Gross loans and advances to customers at 31 December 2024	312,575	158	89	312,822
Less: allowances for losses on loans and advances	(524)	—	—	(524)
Net loans and advances to customers at 31 December 2024	312,051	158	89	312,298

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 11. Property, plant and equipment

	Freehold land and buildings £'000	Owned vehicles £'000	Total £'000
Cost			
At 1 January 2024	10,917	7,535,081	7,545,998
Additions	—	2,234,172	2,234,172
Disposals	—	(1,666,151)	(1,666,151)
At 31 December 2024	10,917	8,103,102	8,114,019
Additions	—	2,277,441	2,277,441
Disposals	(10,917)	(1,880,512)	(1,891,429)
At 31 December 2025	—	8,500,031	8,500,031
Accumulated depreciation and impairment			
At 1 January 2024	1,536	2,101,173	2,102,709
Depreciation charge for the year	312	1,167,116	1,167,428
Disposals	—	(838,747)	(838,747)
Impairment charge	—	(47,048)	(47,048)
At 31 December 2024	1,848	2,382,494	2,384,342
Depreciation charge for the year	—	1,249,872	1,249,872
Disposals	(1,848)	(962,358)	(964,206)
Impairment charge	—	(122,227)	(122,227)
At 31 December 2025	—	2,547,781	2,547,781
Balance sheet amount at 31 December 2025	—	5,952,250	5,952,250
Balance sheet amount at 31 December 2024	9,069	5,720,608	5,729,677

Included within Owned vehicles is £53,303,000 relating to vehicles held at net book value that are not currently leased to customers at the balance sheet date. These primarily comprise used vehicles held between lease contracts and awaiting allocation to a new customer, (2024 £nil).

Impairment charges are calculated in accordance with the accounting policy described in note 1.8.

At 31 December 2025 the future minimum rentals receivable under non-cancellable operating leases were as follows:

	2025 £'000	2024 £'000
Receivable within one year	1,292,809	1,201,326
Receivable between two to five years	1,581,386	1,525,379
Receivable later than five years	3,552	6,096
	2,877,747	2,732,801

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 12. Intangible assets

	Capitalised software
	£'000
Cost	
At As at 1 January 2024	8,248
Additions	4,526
Disposals and write offs	(3,019)
As at 31 December 2024	9,755
Additions	9,468
Disposals and write offs	(5,229)
At 31 December 2025	13,994
Amortisation	
At 1 January 2024	6,820
Charge for the year (see note 3)	1,282
Disposals and write offs	(3,019)
At 31 December 2024	5,083
Charge for the year (see note 3)	1,220
Disposals and write offs	(5,229)
At 31 December 2025	1,074
Balance sheet amount at 31 December 2025	12,920
Balance sheet amount at 31 December 2024	4,672

The Company's Intangible assets relate to software enhancement costs. The movement is related to the capitalisation of capex software (Technology Modernisation).

Note 13. Borrowed funds

	2025	2024
	£'000	£'000
Amounts due to Group undertakings (see note 19)	6,224,388	5,835,102

Borrowed funds includes interest-bearing and non-interest bearing amounts with other entities in the Group. Further information on the Amounts due to Group undertakings can be found in note 19.

Amounts due to Lloyds Bank plc of £911,767,000 (2024: £609,082,000) are interest-bearing at variable rates. These balances are unsecured and repayable on demand, although there is no expectation that such a demand would be made.

Amounts due to Lloyds Bank plc of £5,302,107,000 (2024: £5,214,965,000) are unsecured and interest bearing at fixed rates of which £2,343,631,000 (2024: £1,865,358,000) is repayable within one year and £2,958,476,000 (2024: £3,349,607,000) is repayable in more than one year.

The remaining balances due to Other Group undertakings are unsecured, repayable on demand and non-interest bearing.

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 14. Trade and other payables

	2025 £'000	2024 £'000
Trade payables	29,933	21,854
Other tax and social security payable	3,952	22,178
Accruals and deferred income	374,859	340,258
	408,744	384,291

Accruals and deferred income include £142,510,000 which is due after more than one year (2024: £132,750,000). Accruals and deferred income includes deferred income amounts held in respect of future maintenance obligations of £61,467,000 (2024: £55,573,000). The Company expects to recognise £35,356,000 of this deferred income as revenue within one year (2024: £30,782,000).

Note 15. Provision for liabilities and charges

	Under-mileage provision £'000
As at 1 January 2024	39,952
Charge for the year	19,621
Utilised during the year	(19,725)
As at 31 December 2024	39,848
Charge for the year	9,874
Utilised during the year	(14,546)
As at 31 December 2025	35,177

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated.

The Company has recognised certain provisions in respect of amounts contractually payable to customers for under-mileage, in respect of its lease agreements. The provision is continually assessed using the most readily available mileage information for live lease agreements and is an estimate of the likely future outflows. The provision is utilised when rebates are made to customers in line with their lease agreements.

Estimates of the timing of the outflows are based on contract term. The average term of contracts added in 2025 was 4.4 years (2024: 4.5 years) with a range of terms from 21 months to 11.1 years (2024: 9 months to 10.3 years).

Note 16. Deferred tax asset

The movement in the deferred tax asset is as follows:

	2025 £'000	2024 £'000
Brought forward	62,396	58,385
(Charge)/Credit for the year (see note 8)	(3,682)	4,011
	58,714	62,396

The deferred tax (charge)/credit in the Statement of comprehensive income comprises the following temporary differences:

	2025 £'000	2024 £'000
Accelerated capital allowances	(3,682)	4,011

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 16. Deferred tax asset (continued)

Deferred tax asset comprises:

	2025 £'000	2024 £'000
Accelerated capital allowances	58,714	62,396

At the Balance sheet date, a deferred tax asset of £58,714,000 has been recognised (2024: £62,396,000) based on the expectation that the Company will be able to benefit from group relief with connected companies.

Note 17. Dividends

No dividends were paid or proposed during the year (2024: £nil).

Note 18. Share capital

	2025 £'000	2024 £'000
Allotted, issued and fully paid		
5,963,379 ordinary shares of £1 each	5,963	5,963

On 26 September 2025 all ordinary shares were transferred from ACL Autolease Holdings Limited to Lloyds Bank Asset Finance Limited. The Company's authorised number of shares is 5,963,379 (2024: 5,963,379).

The Company's parent manages the Company's capital structure and makes adjustments as a result of changes in economic conditions and the risk characteristics of the underlying assets.

Note 19. Related party transactions

A number of transactions are entered into with related parties in the normal course of business including Lloyds Bank plc, a controlling entity and other fellow group subsidiaries. These include loan, fee and lease transactions. A summary of the outstanding balances at the year end and the related income and expense for the year is set out below.

	2025 £'000	2024 £'000
Cash and cash equivalents held with Group undertakings		
Lloyds Bank plc	68,223	55,974
Amounts due to Group undertakings		
Lloyds Bank plc	6,222,028	5,833,935
Other Group Undertakings	2,361	1,167
Total Amounts due to Group undertakings (see note 13)	6,224,389	5,835,102
Revenue		
Lloyds Bank plc	31,918	26,568
Bank of Scotland plc	—	76
Total revenue with related parties	31,918	26,644
Other operating expenses		
Lloyds Bank plc	37,943	53,521
Bank of Scotland plc	15,184	—
Black Horse Limited	3,220	—
Other Group Subsidiaries	110	—
Total other operating expenses (direct costs)	56,457	53,521
Interest expense		
Lloyds Bank plc (see note 4)	251,382	219,797

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 19. Related party transactions(continued)

The above balances are unsecured in nature and are expected to be settled in cash or by cash equivalents. Transactions in the year are those reflected through the Statement of comprehensive income.

Note that Lloyds Bank plc is the parent undertaking of the smallest such group of undertakings for which group financial statements are drawn up and of which the Company is a member. All other entities referred to in these financial statements are fellow group subsidiaries.

The amounts reported in Revenue reflect the rentals paid to the Company in respect of leases taken out by Group companies for use in their operational activities. The amounts reported in Other operating expenses relate to central costs recharged by the Group to the Company in respect of Group central functions, capital expenditure and ancillary costs.

Vehicles Purchased from Related Parties

The Company purchased vehicles from fellow group subsidiary, Tuskerdirect Limited, during 2025.

	2025	2024
	£'000	£'000
Vehicles purchased from Tuskerdirect Limited	361	3,169

All vehicles were purchased based on a Clean Car Auction Price ("CAP"), a widely used industry benchmark trade price guide for used vehicle in very good condition and ready for retail with minimal preparation. All vehicles were purchased on an arm's length basis.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is determined to be the Company's Directors and members of the Lloyds Banking Group plc Board. Members of the Lloyds Banking Group plc Board are employed by other companies within the Lloyds Banking Group and consider that their services to the Company are incidental to their other responsibilities within the Group.

Other than as set out below, there were no transactions between the Company and key management personnel during the current or preceding year.

Key management personnel emoluments

	2025	2024
	£'000	£'000
Salaries and short term employee benefits	851	817
Post employment benefits	27	24
	878	841

Note 20. Financial risk management

The Company's operations expose it to credit risk, liquidity risk, market risk, interest rate risk and business risk; it is not exposed to any significant foreign exchange risk. Responsibility for the control of overall risk lies with the Board of Directors, operating within a management framework established by the Retail Division, and the ultimate parent, Lloyds Banking Group plc. The interest rate and liquidity risk faced by the Company is in substance managed and borne by other group undertakings which fund the Company and credit risk is carefully monitored by the Retail Division's credit committee and credit functions. Market risk is managed by the Company through the terms negotiated in commercial agreements and management regularly reviewing its portfolio of leases for impairment. Business risk is managed through regular reporting and oversight.

A description of the Company's financial assets/liabilities and associated accounting is provided in note 1.

Note 20.1. Credit risk

Credit risk management

Credit risk is the risk that parties with whom the Company has contracted fail to meet their financial obligations (both on and off Balance sheet). Credit risk appetite is set at Board level and is described and reported through a suite of metrics devised from a combination of accounting and credit portfolio performance measures, which include the use of various credit risk rating systems as inputs and assess credit risk at a counterparty level.

Amounts due from other group undertakings are held with other companies within the Group. The credit risk associated with these financial assets is not considered to be significant, as these balances are supported by the Group Letter of support.

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 20. Financial risk management (continued)

Note 20.1. Credit risk (continued)

Credit risk mitigation

Prudent credit principles, risk policies and appetite statements: The independent Risk division sets out the credit principles, credit risk policies and credit risk appetite statements. Credit principles, risk policies and appetite statements are subject to regular review and governance, with any changes subject to an approval process.

Lending criteria: The Company uses a variety of lending criteria when assessing applications for unsecured lending. The general approval process uses credit acceptance scorecards and involves a review of an applicant's previous credit history using internal data and information held by Credit Reference Agencies. The Company also assesses the affordability and sustainability of lending for each borrower. Affordability assessments for all lending are compliant with relevant regulatory and conduct guidelines. The Company takes reasonable steps to validate information used in the assessment of a customer's income and expenditure.

Stress testing: The Company's credit portfolios are subject to regular stress testing.

Limitations on concentration risk: there are portfolio controls on certain industries, sectors and products to reflect risk appetite as well as individual, customer and bank limit risk tolerances. Credit policies, appetite statements and mandates are aligned to the Group's risk appetite and restrict exposure to higher risk countries and potentially vulnerable sectors and asset classes. Exposures are monitored to prevent both an excessive concentration of risk and single name concentrations. These concentration risk controls are not necessarily in the form of a maximum limit on exposure, but may instead require new business in concentrated sectors to fulfil additional minimum policy and/or guideline requirements.

Credit concentration

The Company lends to customers geographically located in the United Kingdom.

Gross financial assets subject to credit risk

The maximum credit risk exposure of the Company in the event of other parties failing to perform their obligations are detailed below.

	2025 £'000	2024 £'000
Trade receivables	295,310	232,406
Loans and advances to customers	372,036	312,822
	667,346	545,228

Loans and advances to customers – gross carrying amount

The analysis of lending has been prepared by applying the Group's rating scales to the Company's impairment model. The internal credit rating systems are set out below. The Group's PD's, that have been applied, include forward-looking information and are based on 12 month values, with the exception of credit impaired.

At 31 December 2025		Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
	PD Range				
CMS 1-10	0.00-0.50%	27,205	—	—	27,205
CMS 11-14	0.51-3.00%	120,115	24	—	120,139
CMS 15-18	3.01-20.00%	224,097	24	—	224,121
CMS 19	20.01-99.99%	153	162	—	315
CMS 20-23	100%	—	—	256	256
Total		371,570	210	256	372,036

Notes to the financial statements (continued)
For the year ended 31 December 2025

Note 20. Financial risk management (continued)

Note 20.1. Credit risk (continued)

At 31 December 2024		Stage 1	Stage 2	Stage 3	Total
	PD Range	£'000	£'000	£'000	£'000
CMS 1-10	0.00-0.50%	27,299	—	—	27,299
CMS 11-14	0.51-3.00%	101,009	52	—	101,061
CMS 15-18	3.01-20.00%	184,009	—	—	184,009
CMS 19	20.01-99.99%	258	106	—	364
CMS 20-23	100%	—	—	89	89
Total		312,575	158	89	312,822

Analysis of movement in the allowance for impairment losses by stage

	Stage 1	Stage 2	Stage 3	Total
In respect of drawn balances	£'000	£'000	£'000	£'000
At 1 January 2025	524	—	5,798	6,322
Charge for the year (including recoveries)	120	3	4,793	4,916
Advances written off	—	—	(4,702)	(4,702)
At 31 December 2025	644	3	5,889	6,536

	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000
Trade receivables	—	—	5,889	5,889
Loans and advances to customers	644	3	—	647
At 31 December 2025	644	3	5,889	6,536

	Stage 1	Stage 2	Stage 3	Total
In respect of drawn balances	£'000	£'000	£'000	£'000
At 1 January 2024	457	—	4,433	4,890
Charge for the year (including recoveries)	67	—	4,299	4,366
Advances written off	—	—	(2,934)	(2,934)
At 31 December 2024	524	—	5,798	6,322

	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000
Trade receivables	—	—	5,798	5,798
Loans and advances to customers	524	—	—	524
At 31 December 2024	524	—	5,798	6,322

Note 20.2. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. To manage this risk extensive borrowing facilities are available from within the Group.

Liquidity risks are managed as part of the Group by an intermediate parent company, Lloyds Bank plc, in consultation with the Board of Directors. Monthly reviews of funding positions are undertaken to anticipate any shortfalls.

The liquidity table below is a contractual maturity analysis for amounts due to group undertakings, based on the earliest date the entity could be expected to repay the amounts owed.

Note 20. Financial risk management (continued)

Note 20.2. Liquidity risk (continued)

Amounts contractually repayable within one year largely reflect intra-group funding repayable on demand, which is managed centrally and not expected to be called.

At 31 December 2025	Carrying Value £'000	Amounts £'000	Less than one £'000	Between one £'000	Over five years £'000
Borrowed funds	6,213,874	911,767	2,343,631	2,958,476	—
Contractual interest payments	314,134	—	176,214	137,920	—
	6,528,008	911,767	2,519,845	3,096,396	—

At 31 December 2024	Carrying Value £'000	Amounts £'000	Less than one £'000	Between one £'000	Over five years £'000
Borrowed funds	5,824,047	609,082	1,865,358	3,349,607	—
Contractual interest payments	357,453	—	184,851	172,602	—
	6,181,500	609,082	2,050,209	3,522,209	—

Note 20.3. Market risk

Market risk is the risk surrounding the market factors that management has applied in estimating the anticipated residual values of Property, plant and equipment and residual values of finance lease agreements (where the Company retains title of the asset), differ from actual trends. The Company is exposed to fluctuations in the value of second hand motor vehicles.

The Company's activities expose it to movement in the used values of motor vehicles as the sale proceeds arising from the disposal of returned vehicles are important to the profitability of the Company. Residual values, which are set at lease inception, are determined by reference to the latest available industry data and are subject to regular review by the Company's Pricing Committee, which comprises members of the management team with significant industry experience. Thereafter, residual values are subject to regular review by reference to independent market value data and the prevailing economic conditions (see note 1.4 and note 2).

Note 20.4. Interest rate risk

Interest rate risk is the risk of financial loss as a result of adverse movements in interest rates, and arises largely because of timing differences between the repricing of financial assets and liabilities. Interest rate risk is managed at a divisional level, however the Company is exposed to interest rate fluctuations on its borrowings due to factors outside the Company, and as a result a sensitivity analysis has been prepared to illustrate the impact of a change in the rates.

Interest income on the Company's Loans and advances to customers is fixed, therefore a movement in interest rates will not immediately effect the return on the portfolio.

Amounts due to Group undertakings include amounts that are interest bearing at fixed rates for funding of long term loans and advances and long term operating lease agreements, and variable rates for other borrowings.

Interest rate risk - sensitivity analysis

The sensitivity analysis is based on the Company's Amounts due to Group undertakings and takes account of movement in the SONIA rate which is the basis for the interest rate on these balances. A 0.97% (2024: 0.49%) increase or decrease is used to assess the possible change in interest expense. This rate is appropriate as this is the actual movement in the SONIA rate across the year.

If SONIA increased by 0.97% (2024: 0.49%) and all other variables remain constant this would increase Interest expense by £8,515,000 (2024: £3,914,000). If SONIA decreased by 0.97% and all other variables remain constant this would decrease Interest expense by £8,515,000 (2024: £3,914,000).

Note 20. Financial risk management (continued)

Note 20.5. Business risk

Business risk is the risk that the Company's earnings are adversely impacted by a suboptimal business strategy or the suboptimal implementation of the strategy. In assessing business risk consideration is given to internal and external factors such as products, funding, resource capability and economic, political and regulatory factors.

Through regular reports and oversight business risk is managed by corrective actions to plans and reductions in exposures where necessary.

Note 20.6. Financial strategy

The Company does not trade in financial instruments, nor does it use derivatives.

Note 20.7. Fair values of financial assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair values of Loans and advances to customers are considered to be level 3 in the valuation hierarchy due to significant unobservable inputs used in the valuation models.

The aggregated fair value of Loans and advances to customers is approximately £380,022,000 (2024: £307,878,000).

The carrying value of all other financial assets and liabilities is considered an approximation of fair value.

Note 21. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern whilst not holding an excessive level of capital relative to the level of risk.

The Board of Directors manages the Company's capital in line with policy set by the Company's ultimate parent. The policy guides the Board of Directors to consider changes in economic conditions and the risk characteristics of the Company's Balance Sheet when determining the amount of capital the Company should have. In order to adjust the Company's capital the Board of Directors may adjust the amount of dividends to be paid to shareholders or issue new shares. It can also take actions to adjust the risk characteristics of the Company's Balance Sheet, for example by selling assets.

The Company's capital includes all components of its equity, movements in which appear in the Statement of changes in equity. The Company does not raise capital from sources external to the Group.

Note 22. Contingent liabilities and capital commitments

The Company has commitments to acquire motor vehicles with a cost of £592,472,000 to satisfy customer orders at 31 December 2025 (2024: £574,995,000).

As detailed in the Directors' report it is the intention of Lloyds Bank plc to continue to provide support to the Company if required.

The Group has an open matter in relation to a claim for group relief of losses incurred in its former Irish banking subsidiary, which ceased trading on 31 December 2010. In 2020, HMRC concluded its enquiry into the matter and issued a closure notice denying the group relief claim. The Group appealed to the First Tier Tax Tribunal. The hearing took place in May 2023. In January 2025, the First Tier Tribunal concluded in favour of HMRC. The Group believes it has applied the rules correctly and that the claim for group relief is correct. Having reviewed the Tribunal's conclusions and having taken appropriate advice the Group has appealed to the Upper Tier Tax Tribunal, and does not consider this to be a case where an additional tax liability will ultimately fall due. If the final determination of the matter by the judicial process is that HMRC's position is correct, management believes that this would result in an increase in the Company's current tax liabilities of approximately £143,081,000 (including interest). The appeal has been listed for hearing in March 2027, however final conclusion of the judicial process may not be for several years.

Note 23. Events after the reporting date

There were no material post Balance sheet events.

Note 24. Future developments

There are a number of new accounting pronouncements issued by the IASB with an effective date of 1 January 2027, including IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements. While many of the existing requirements of IAS 1 Presentation of Financial Statements are retained, IFRS 18 Presentation and Disclosure in Financial Statements introduces additional disclosure obligations in relation to the structure of the income statement, management-defined performance measures, and the aggregation and disaggregation of financial information. IFRS 18 will have no impact on the Company's net profit as it impacts neither recognition nor measurement. The new standard will impact the presentation of the Company's results as it requires that operating, investing and financing activities are presented separately. There will also be a change in the Group's cash flow statement as IFRS 18 requires that the first line of the cash flow statement is operating profit rather than profit before tax.

IFRS 19 Subsidiaries without Public Accountability: Disclosures is being assessed and is not expected to have a significant impact on the Company.

The IASB has issued its annual improvements and a number of minor amendments to IFRS Accounting Standards effective date on or after 1 January 2026, including Amendments to IFRS 9 Financial Instruments and Amendments to IFRS 7 Financial Instruments Disclosure. These improvements and amendments are not expected to have a significant impact on the Company.

Note 25. Ultimate parent undertaking and controlling party

The immediate parent company is Lloyds Bank Asset Finance Limited (incorporated in England and Wales).

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

Independent auditor's report to the members of Lex Autolease Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lex Autolease Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Comparing the maturity profile of cash inflows from operating leases to cash outflows for funding liabilities.
- Evaluating the risk related to loss on disposal of operating lease assets and volatility of market prices for used cars; and
- Consideration of the availability of funding and financial support from within the Lloyds Banking Group plc group to fund the existing assets and new business.

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

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

Other information

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

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

We have nothing to report in this regard.

Independent auditor's report to the members of Lex Autolease Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements, for example, the Companies Act 2006; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included Financial Conduct Authority (FCA) regulation.

We discussed among the audit engagement team including relevant internal specialists such as tax, IT and credit specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house 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, reviewing internal audit reports, and correspondence with the FCA.

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 in-house 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, reviewing internal audit reports, and correspondence with the FCA.

Independent auditor's report to the members of Lex Autolease Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Taylor, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Bristol, United Kingdom

03 July 2026