

Lloyds Bank Asset Finance Limited

Annual report and financial statements

2025

Registered number

00615235

Member of Lloyds Banking Group

Strategic report

For the year ended 31 December 2025

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

Principal activities

The Company acted as a holding company for its subsidiaries during the year ended 31 December 2025. It did not act in any other capacity.

Business overview

During the year, the Company's result for the year shows a Profit before tax of £48,816,000 (2024: £9,403,000). As at 31 December 2025 the Company had Net assets of £2,212,116,000 (2024: £1,440,911,000).

The Company increased its Share capital by £360,000,000 and £363,000,000 on 3 February 2025 and 12 October 2025 respectively. The equity was issued to support increasing the investment in indirect subsidiaries in response to the motor commission matter discussed below. In total, the Company allotted 3,615,000,000 new ordinary shares (2024: 4) of £0.20 each to its immediate parent company Lloyds Bank plc in exchange for £723,000,000.

The Company made share capital injections of £398,000,000 into Black Horse Group Limited and £185,842,000 into Hamsard 3352 Limited in May 2025, and a share capital injection of £363,000,000 into Black Horse Group Limited in October 2025.

In October 2025, Tuskerdirect Limited was transferred to the Company from Hamsard 3352 Limited for £92,995,000 with the Company's investment in Hamsard 3352 Limited recognised at £403,557,000. In November 2025, Hamsard 3352 Limited made a return of investment of £95,158,000 to the Company in preparation for Hamsard 3352 Limited to enter liquidation during 2026.

During the year, six subsidiaries were transferred to the Company from ACL Autolease Holdings Limited for £50,180,000 and the Company received dividends of £50,180,000 (2024: £nil) from ACL Autolease Holdings Limited (see note 4), with settlement made via intercompany.

In preparation for liquidation, Black Horse Finance Holdings Limited has terminated its funding arrangements. Lloyds Bank plc previously funded Black Horse Finance Holdings Limited via the Company so this has decreased the Company's amounts due from Black Horse Finance Holdings Limited by £710,403,000 and decreased its amounts due to Lloyds Bank plc by £463,634,000 (see notes 9 and 11).

The Company is funded entirely by other companies within Lloyds Banking Group ("the Group").

Future outlook

The Directors consider that the Company's principal activities will continue to be unchanged in the foreseeable future.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Consumer Lending Business Unit within the Group. While these risks are not managed separately for the Company, the Company is a holding company of a number of the Transport entities in the Group's Consumer Lending Business Unit, see Investment in subsidiary undertakings note 10. The Consumer Lending Business Unit is a portfolio of businesses and operates in a number of specialist markets providing both consumer lending and contract hire to personal and corporate customers. Further details of the Company's and Group's risk management policy are contained in note 15 to the financial statements.

Motor commission review

An indirect subsidiary of the Company, Black Horse Limited, recognised an additional £500,000,000 provision in 2025, bringing the total provision for the potential impact of the Financial Conduct Authority ("FCA") review into historical motor finance commission arrangements and sales announced in January 2024 to £1,440,000,000 (2024: £940,000,000). Since the reporting date the FCA published the rules of the redress scheme in March 2026. On 2 July 2026 the FCA stated that the schemes have been partially suspended by the Upper Tribunal pending the outcome of challenges from a number of parties. As a result firms are not required to calculate or pay compensation or issue compensation related communications under the original timeline for the schemes, although they must continue preparatory activities and comply with the aspects of the schemes which have not been suspended. The FCA further stated that if the schemes, or parts thereof, were quashed, the FCA would need to carefully consider all options including a "no scheme" scenario. The FCA announced that firms should plan for this scenario in the event of successful challenge.

Strategic report (continued)

For the year ended 31 December 2025

Motor commission review (continued)

The FCA announced on 2 July that payments to customers will begin in 2027 if the schemes are upheld, based on Upper Tribunal hearing dates in mid December 2026 or late February 2027.

The Company will continue to consider carefully implications of the challenges to the schemes (whether in full or part) and any impact on the existing provision arising from any challenges (whether in full or in part) and the regulatory response to the challenge outcome (including a possible "no scheme" scenario).

There is therefore, a significant level of uncertainty as to the ultimate financial impact of motor finance commission redress on the Company, and the ultimate financial impact on the Company could materially differ from the amount provided., However the Directors believe that the current provision represents the current best estimate of the potential impact.

The increased provision reflects the increased likelihood of a higher number of scheme cases (i.e. discretionary commission arrangements, commercial tie or high commission arrangements) being eligible for redress, including those dating back to 2007 and the likelihood of a higher level of redress than anticipated in the previous scenario-based provision; the FCA's redress scheme redress approach is less closely linked to customer loss than previously anticipated.

The Directors have considered the potential impact on the Company of the FCA's redress scheme, as well as a number of possible modifications to the scheme which might arise as a result of the challenges, which may include the need to provide capital injections from the Company to its subsidiaries, funded by current capital resources of the Company or a capital injection into the Company, to ensure the Company has sufficient liquidity.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Section 172(1) Statement

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018) (the "Regulations"), the following statement also provides details of how Directors have engaged with and had regard to the interests of key stakeholders. The Company is a subsidiary of Lloyds Banking Group plc and as such follows many of the processes and practices of the Group, which are further referred to in this statement where relevant.

Statement of Engagement with Employees and Other Stakeholders

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the following statement also provides details on how the Directors have engaged with, and had regard to, the interest of key stakeholders.

The Company holds the contracts of service for a significant number of employees within the Consumer Lending Business Unit of the Group. However, all staff costs are recharged to operating subsidiaries. A significant element of these staff costs are recharged to Black Horse Limited, which is one of the main trading entities within the Consumer Lending Business Unit. The approach to employee matters and employee engagement is aligned to that of the Group, where colleagues take pride in working for an inclusive and diverse organisation which continues to work towards building a culture in which everyone feels included, empowered and inspired to do the right thing for customers. In 2019, the Lloyds Banking Group plc Board agreed how the Group, including the Company, would engage the workforce and this has not changed during 2025. The definition of 'workforce', as agreed by the Lloyds Banking Group plc Board is permanent employees, contingent workers and third-party suppliers that work on Lloyds Banking Group plc premises delivering services to customers and supporting key business operations.

As a subsidiary of Lloyds Banking Group plc, the Company follows many of the processes and practices of Lloyds Banking Group plc which are further referred to in this statement, where relevant.

Customers and clients

The Directors ensure the Company, as part of Lloyds Banking Group plc, works toward achieving Lloyds Banking Group plc's customer ambitions by focussing on customer fair value and by treating customers fairly through the activity of its subsidiary companies. The Directors of indirect subsidiary Black Horse Limited have worked to agree customer plans, regularly reviewing customer behaviour, customer pricing and repayment of customer loans, to understand areas where improvements can be made. Customer engagement activity undertaken by the Directors of Black Horse Limited has also informed how the Company supports customers in longer term financial difficulty, with a range of debt management options including repayment plans.

Shareholders

The Company is a wholly owned subsidiary of Lloyds Banking Group plc, forming part of Lloyds Banking Group plc's Consumer Lending Business Unit. As a wholly owned subsidiary, the Directors ensure that the strategy, priorities, processes and practices of the Company are fully aligned where required to those of Lloyds Banking Group plc, ensuring that the interests of Lloyds Banking Group plc as the Company's sole shareholder are duly acknowledged. Further information in respect of the relationship of Lloyds Banking Group plc with its shareholders is included within the Strategic Report within the Lloyds Banking Group plc's Annual Report and Accounts for 2025, which does not form part of this report, available on the Lloyds Banking Group plc's website.

Strategic report (continued)

For the year ended 31 December 2025

Section 172(1) Statement (continued)

How stakeholder interest has influenced decision making

The Directors acknowledge that one of the primary responsibilities of the board is to ensure the strategy of the Company, as aligned to that of Lloyds Banking Group plc, is to effectively manage the subsidiary companies to enable them to generate sustainable returns, central to which is ensuring engagement with stakeholders, and considering in all instances the long-term implications of decisions made, acting at all times to maintain the highest possible standards of conduct to maintain Company reputation.

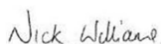
The Company's subsidiaries form part of the Consumer Lending Business Unit and are engaged in Transport activities. The Transport entities within the Consumer Lending Business Unit are managed on a collective basis. Further, at least one of the Company's Directors sits on the board of each of the subsidiary undertakings to ensure that those companies are acting in the Company's interests and the interests of the Group.

During the year, the Company invested £761,000,000 in its subsidiaries to ensure the subsidiaries have sufficient capital to cover the potential costs of historic motor finance commission arrangement claims.

Communities and the environment

The Company is the indirect parent of Transport finance company, Black Horse Limited, and the parent of Transport companies Lex Autolease Limited and Tuskerdirect Limited, which continue to support Lloyds Banking Group plc's related initiatives, including Helping Britain Prosper by actively managing their current books of hire purchase products and other loans. In addition, these entities are an integral part of supporting the Group's desire to transition to electric vehicles, forming part of a number of commitments it has made to support the green agenda, for example developing and growing relationships with key strategic Electric Vehicle Original Equipment Manufacturers. Further information in respect of Lloyds Banking Group plc's overall approach to engaging with and contributing to the communities in which it operates is included within the Strategic Report within the Lloyds Banking Group plc's Annual Report and Accounts for 2025, which does not form part of this report. Additional information on Lloyds Banking Group plc's Helping Britain Recover Plan is available on the Lloyds Banking Group plc website: <https://www.lloydsbankinggroup.com/investors/financial-downloads.html>.

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



N A Williams

Director

25 September 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 limited company incorporated and domiciled in England and Wales (registered number: 00615235). The Directors in office are listed further in this report and the Company Secretary is D D Hennessey.

Employees

The Company aims to appoint the best person available into any role and to attract talented people from diverse backgrounds. Applications from people with a disability are encouraged and given full and fair consideration. The Company is unbiased in the way it approaches assessment, appointment, training and promotion. A wide range of programmes are available to support colleagues who become disabled or develop a long-term health condition during employment.

Dividends

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

Post balance sheet events

On 27 January 2026, the £10,000,000 deferred contingent consideration relating to the purchase of Tusker was settled.

Going concern

The Company has net assets of £2,212,116,000 (2024: £1,440,911,000) as at 31 December 2025.

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. As set out in the Strategic report, the Company has uncertainty in relation to the outcomes of the challenge to the FCA's motor redress scheme and the subsequent upper tribunal outcome and possible appeals and the impact this may have on its subsidiaries. In order to satisfy themselves that the Company has adequate resources to continue to operate for the foreseeable future, the Directors have considered a number of key dependencies which are set out in the risk management note (note 15) as well as the courses of action available to the Company in the event of adverse outcomes from the challenges and subsequent upper tribunal outcome, which may include capital injections from its parent and additional capital injections to the subsidiary. Having consulted on these, the Directors conclude that it is appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

Directors

The current Directors of the Company are as follows:

P M P Rogers
T R Smith
N A Williams

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

B D Bos (resigned 2 October 2025)
P M P Rogers (appointed 2 October 2025)

Company Secretary

The current Company Secretary is shown below:

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)

Registered office

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

Information included in the Strategic report

The disclosures for 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 page 1.

Directors' report (continued)

For the year ended 31 December 2025

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.

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 United Kingdom adopted 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 judgement 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.

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.

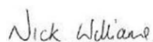
Auditor and disclosure of information to auditor

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 auditors are 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 A Williams

Director

25 September 2026

Statement of comprehensive income

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Interest income		20,137	30,866
Interest expense		(18,623)	(19,512)
Net interest income	3	1,514	11,354
Income from investments	4	50,180	-
Impairment on investments in subsidiary undertakings	10	(1,692)	-
Other operating expenses	5	(1,186)	(1,951)
Profit before tax		48,816	9,403
Taxation	8	(611)	(2,673)
Profit for the year		48,205	6,730

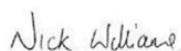
The accompanying notes to the financial statements are an integral part of these financial statements.

Balance sheet

As at 31 December 2025

	Note	2025 £'000	2024 £'000
ASSETS			
Cash and cash equivalents		21,028	19,329
Trade and other receivables	9	19,557	684,559
Investment in subsidiary undertakings	10	2,210,918	1,217,751
Total assets		2,251,503	1,921,639
LIABILITIES			
Borrowed funds	11	29,008	469,241
Provision for liabilities and charges	12	10,000	8,814
Current tax liability		379	2,673
Total liabilities		39,387	480,728
EQUITY			
Share capital	13	1,209,100	486,100
Retained earnings		1,003,016	954,811
Total equity		2,212,116	1,440,911
Total equity and liabilities		2,251,503	1,921,639

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



N A Williams

Director

25 September 2026

Statement of changes in equity

For the year ended 31 December 2025

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2024	486,100	948,081	1,434,181
Profit for the year being total comprehensive income	-	6,730	6,730
At 31 December 2024	486,100	954,811	1,440,911
Profit for the year being total comprehensive income	-	48,205	48,205
Shares issued	723,000	-	723,000
At 31 December 2025	1,209,100	1,003,016	2,212,116

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

Cash flow statement

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Cash flows (used in)/generated from operating activities			
Profit before tax		48,816	9,403
Adjustments for:			
- Income from investments	4	(50,180)	-
- Interest income	3	(20,137)	(30,866)
- Interest expense	3	18,623	19,512
- Unwinding discount on contingent consideration	12	1,186	1,187
- Impairment charge on investment in subsidiary undertakings		1,692	-
Cash used in operations		-	(764)
Tax (paid)/received		(2,904)	950
Acquisition of subsidiary undertakings	10	(92,996)	-
Return of investment from subsidiary undertaking	10	95,158	-
Net cash (used in)/generated from operating activities		(742)	186
Cash flows used in investing activities			
Interest received	3	20,137	30,866
Decrease/(increase) in lending to group undertakings		665,002	(145,166)
Capital contributions to subsidiaries		(946,842)	-
Net cash used in investing activities		(261,703)	(114,300)
Cash flows generated from/(used in) financing activities			
Proceeds from issue of shares		723,000	-
Interest paid	3	(18,623)	(19,512)
(Decrease)/increase in borrowings from group undertakings		(440,233)	141,844
Net cash generated from financing activities		264,144	122,332
Change in cash and cash equivalents		1,699	8,218
Cash and cash equivalents at beginning of year		19,329	11,111
Cash and cash equivalents at end of year		21,028	19,329

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 to the financial statements are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2025

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.

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

No new IFRS Accounting Standards 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 20.

These separate financial statements contain information about the Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemptions under IFRS 10 Consolidated Financial Statements and Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The Company and its subsidiaries are included in the consolidated financial statements of the Company's ultimate parent company.

The Directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

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 statements have been prepared on a going concern basis as detailed in the Directors' report and under the historical cost convention.

1.2 Income recognition

Dividend income

Dividend income is recognised in the period in which it is declared. Where the subsidiary company does not have a bank account, a related party receivable is recognised in the company and a related party payable is recognised in the subsidiary company in lieu of cash settlement.

Income and expense from financial instruments

Interest income and expense are recognised in the Statement of comprehensive income for all interest bearing financial instruments, including loans and advances, using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense to a period of account. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument to the gross carrying amount of the financial asset (before accounting for expected credit losses) or the amortised cost of the financial liability.

Once a financial asset or a group of similar financial assets has become credit impaired, interest income is recognised on the net lending balance (after deducting the allowance for expected credit losses) using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

1.3 Financial assets and liabilities

Financial assets comprise Amounts due from group undertakings and Cash and cash equivalents. Financial liabilities comprise Amounts due to group undertakings.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when the rights to receive cash flows, or obligations to pay cash flows, have expired.

Interest bearing financial assets and financial liabilities are recognised and measured at amortised cost inclusive of transaction costs, using the effective interest rate method.

Amounts due from group undertakings are assessed at the reporting date for impairment on a forward looking basis and, where appropriate, an expected credit loss ("ECL") is recognised based on reasonable and supportable information.

Notes to the financial statements (continued)

For the year ended 31 December 2025

1. Material accounting policies (continued)

1.4 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' maturity.

1.5 Taxation

Tax expense comprises current tax. Current tax is 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.

1.6 Investment in subsidiary undertakings

Investment in subsidiary undertakings is stated in the Balance sheet at cost less any provision for impairment.

Investment in subsidiary undertakings is reviewed for impairment losses at the end of each period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of comprehensive income for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net realisable value and value in use. For the purposes of assessing impairment, investments are grouped at the lowest level at which cash flows are separately monitored by management.

In the event that the assessment for impairment has indicated that the recoverable amount is higher than the carrying value at the date of the assessment, then amounts in respect of previous impairment losses are reversed to bring the carrying amount to the lower of its recoverable amount or original cost of investment.

The Company recognises the fair value of a contingent consideration (measured based on circumstances at the date of the acquisition not identified within 12 months of the date of the acquisition) as part of the cost of investment in subsidiary. Subsequently, the acquiring legal entity measures the contingent consideration at fair value with changes recognised in profit or loss.

1.7 Provision for liabilities and charges

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

Deferred and contingent consideration liabilities are measured at fair value. Where settlement is expected to occur more than one year after the reporting date and the effect is material, the liability is discounted to present value. The unwinding of the discount is recognised as a finance cost in the profit and loss account. The liability is reassessed at each reporting date and adjusted for changes in estimates of future payments.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgement, 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.

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

Notes to the financial statements (continued)

For the year ended 31 December 2025

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

The following is a key source of estimation uncertainty that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of Investment in subsidiary undertakings

The Company regularly reviews its investment in subsidiary undertakings (see note 10) for indicators of impairment. In determining whether impairment has occurred the Company uses a value in use model.

Value in use for the investment in Black Horse Group Limited and Tuskerdirect Limited, is calculated by considering the anticipated future cash flows generated by its subsidiaries and outflows related to the settlement of motor commission and funding liabilities. Cash flows include income based on the maturity profile of the existing loan books and projected income from new business.

The key sources of estimation uncertainty in the value in use calculation include:

- forecast cashflows for years 2026-2029, which reflect the combination of lending through existing relationships and new business with manufacturers where relationships are at an advanced stage and management is confident about future growth;
- the margin on the lending portfolio, assumed to be in line with the Operating Plan for the Company;
- the long-term growth of 3.5% after 2029;
- cash flows discounted to their present value at a rate of 10.5% to reflect the time value of money. This rate represents the Directors' assessment of the Company's cost of equity.

In assessing the sensitivity of the value in use calculation, forecast cash inflows for 2026-2029 inclusive have been based on a reduced level based on recent historical growth experience, but including relationships with new OEMs that are at an advanced stage and for which management is confident about future growth. The long term growth rate has been reduced to 2.5% in this scenario.

The impact of individually decreasing the growth rate or increasing the discount rate for the value in use calculations of indirect subsidiary Black Horse Limited and direct subsidiary Tuskerdirect Limited (see note 10 for company structure) would impact the Company's Investment in subsidiary undertakings as shown in the following table;

	Long-term growth rate	Discount rate
	Decrease by 1%	Increase by 1%
Black Horse Limited	Impairment of £140m	Impairment of £156m
Tuskerdirect Limited	No impairment	No impairment

Where the table above indicates impairment, this would trigger an impairment review and the Company would consider whether to inject additional capital into its indirect subsidiaries or recognise an impairment in Investment in subsidiary undertakings.

Irrespective of movements in growth or discount rates, if Black Horse Limited incurs additional motor finance commission costs that reduce the value in use of the subsidiary below the current carrying value this would represent a trigger event, and the Company would consider whether to inject additional capital into its subsidiary and potentially also impair its Investment in subsidiary undertakings.

Motor commission review provision

Black Horse Limited has recognised a further £500,000,000 (2024: £616,000,000) provision for redress following the publication by the FCA of Consultation Paper CP25/27 in October 2025. Since the reporting date the final rules of a redress scheme were published in March 2026, to which there have been a number of legal challenges.

In establishing the provision estimate, the Company has considered the potential impact of the FCA's redress scheme, as well as a number of possible modifications to the scheme which might arise as a result of the challenges. There is further uncertainty now, however the Directors believe given the known information and the various scenarios that could happen the provision is still adequate at this time.

The Company will continue to assess developments and potential impacts following the outcome of those challenges. There is therefore a degree of uncertainty as to the ultimate financial impact of motor finance commission redress on the Company, which could materially differ from the amount provided. However, the Directors believe that the provision is still adequate at this time.

3. Net interest income

	2025 £'000	2024 £'000
Interest income		
Group interest income (see note 14)	20,137	30,866
Interest expense		
Group interest expense (see note 14)	(18,623)	(19,512)
Net interest income	1,514	11,354

Notes to the financial statements (continued)

For the year ended 31 December 2025

4. Income from investments

	2025 £'000	2024 £'000
Dividend income		
ACL Autolease Holdings Limited (see note 14)	50,180	-

A dividend of £50,180,000 was received on 15 October 2025. This dividend represents the full repatriation of retained earnings of ACL Autolease Holdings Limited, which ceased operating as a holding company following the transfer of subsidiaries to the Company in October

5. Other operating expenses

Other operating expenses includes £1,186,000 (2024: £1,951,000) of costs which were incurred in the year in respect of the purchase of Tusker.

Fees payable to the Company's auditors for the audit of the financial statements of £12,000 (2024: £12,000) have been borne by a fellow group company and are not recharged to the Company. Accounting and administration services are provided by a fellow group undertaking and are not recharged to the Company.

6. Staff costs

The Company holds the contracts of service for a significant number of employees within the Consumer Lending Business Unit. The average monthly number of employees during the year was 749 (2024: 833). All employees are located in the United Kingdom. The Company has no direct employees. All staff costs are recharged to operating subsidiaries with a significant element of staff costs recharged to the subsidiary undertaking, Black Horse Limited, which is one of the main trading entities within the Consumer Lending Business Unit. Staff costs are recharged with no mark up included.

7. Directors' emoluments

No Director received any fees or emoluments from the Company during the year (2024: £nil). Whilst the Company holds the contracts of service for one of the Directors (2024: one), the cost is recharged to other subsidiary undertakings. The Directors consider that their services to the Company are incidental to their other responsibilities within the Group (see also note 14).

8. Taxation

	2025 £'000	2024 £'000
a) Analysis of expense for the year		
UK corporation tax:		
- Current tax on taxable profit for the year	379	2,673
- Adjustments in respect of prior years	232	-

Current tax expense	611	2,673
---------------------	-----	-------

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 expense for the year

A reconciliation of the expense that would result from applying the standard UK corporation tax rate to the profit before tax to the actual tax expense for the year is given below:

	2025 £'000	2024 £'000
Profit before tax	48,816	9,403
Tax expense thereon at UK corporation tax rate of 25.00% (2024: 25.00%)	12,204	2,351
Factors affecting expense:		
- Disallowed items	720	322
- Non taxable items	(12,545)	-
- Adjustments in respect of prior years	232	-

Tax expense on profit on ordinary activities	611	2,673
--	-----	-------

Effective rate	1.25%	28.43%
----------------	-------	--------

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.

Notes to the financial statements (continued)

For the year ended 31 December 2025

9. Trade and other receivables

	2025 £'000	2024 £'000
Amounts due from group undertakings (see note 14)	19,557	684,559

Amounts due from group undertakings is unsecured and repayable on demand. Amounts due from Black Horse Finance Holdings Limited £nil (2024: £684,559,000) are interest bearing based on Sterling Overnight Interbank Average ("SONIA") rate. The remaining amounts due from Black Horse Group Limited of £19,548,000 (2024: £nil) and amounts due from Lloyds Bank plc of £9,000 (2024: £nil) are unsecured, repayable on demand and non-interest bearing.

All Amounts due from group undertakings are included within stage 1 for IFRS 9 purposes. The ECL is negligible in both years.

10. Investment in subsidiary undertakings

	2025 £'000	2024 £'000
Cost		
Cost at 1 January	1,217,751	1,217,751
Additions	1,090,017	-
Return of investment	(95,158)	-
Cost at 31 December	2,212,610	1,217,751
Provision for impairment		
Impairment charge for the year	1,692	-
Provision at 31 December	1,692	-
Carrying value of investments at 31 December	2,210,918	1,217,751

In May 2025, the Company made share capital injections of £398,000,000 into Black Horse Group Limited and £185,842,000 into Hamsard 3352 Limited. In September 2025, six subsidiaries were transferred to the Company from ACL Autolease Holdings Limited for £50,180,000, with the consideration settled via intercompany.

In October 2025, the Company made a share capital injection of £363,000,000 into Black Horse Group Limited, and Tuskerdirect Limited was transferred to the Company from Hamsard 3352 Limited for £92,995,000 via intercompany with the Company's investment in Tuskerdirect Limited recognised at £403,557,000.

In November 2025, Hamsard 3352 Limited made a return of investment of £95,158,000 to the Company in preparation for Hamsard 3352 Limited to be liquidated in 2026. This was recognised as a return of investment rather than a dividend as it represented a partial return of the share capital injection from the Company made in May 2025.

Provision charges of £1,692,000 comprise impairment recognised in the Company's investment in ACL Autolease Holdings Limited.

Investment in subsidiary undertakings is stated at cost less impairment. As permitted by section 611 of the Companies Act 2006, where the relief afforded under section 612 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiaries.

Subsidiary undertakings	Company interest	Principal activities	Registered Address
ACL Limited ¹	100.00%	Dormant	25 Gresham Street, London, EC2V 7HN
ACL Autolease Holdings Limited	100.00%	Holding Company	25 Gresham Street, London, EC2V 7HN
Black Horse Finance Holdings Limited	100.00%	Holding Company	25 Gresham Street, London, EC2V 7HN
Black Horse Group Limited	100.00%	Holding Company	25 Gresham Street, London, EC2V 7HN
Hamsard 3352 Limited	100.00%	Holding Company	Building 4 Hatters Lane, Croxley Green Business Park, Watford, Hertfordshire, WD18 8YF
HVF Limited	100.00%	Dormant	25 Gresham Street, London, EC2V 7HN
Lex Autolease Carselect Limited ¹	100.00%	Non-trading	25 Gresham Street, London, EC2V 7HN
Lex Autolease Limited	100.00%	Vehicle contract hire	25 Gresham Street, London, EC2V 7HN
Lex Autolease (CH) Limited ¹	100.00%	Dormant	25 Gresham Street, London, EC2V 7HN
Lex Autolease (VC) Limited ¹	100.00%	Dormant	25 Gresham Street, London, EC2V 7HN
Tuskerdirect Limited	100.00%	Vehicle contract hire	Building 4 Hatters Lane, Croxley Green Business Park, Watford, Hertfordshire, WD18 8YF

Notes to the financial statements (continued)

For the year ended 31 December 2025

10. Investment in subsidiary undertakings (continued)

Subsidiary undertakings	Company interest	Principal activities	Registered Address
<u>Indirect subsidiaries</u>			
AG Finance Limited ¹	100.00%	Non-trading	33 Old Broad Street, London, EC2N 1HZ
Black Horse Limited	100.00%	Financial services	25 Gresham Street, London, EC2V 7HN
Black Horse (TRF) Limited ¹	100.00%	Non-trading	25 Gresham Street, London, EC2V 7HN
Heidi Finance Holdings (UK) Limited	100.00%	Dormant	25 Gresham Street, London, EC2V 7HN
Hyundai Car Finance Limited ¹	100.00%	Non-trading	33 Old Broad Street, London, EC2N 1HZ
International Motors Finance Limited	51.00%	Instalment credit	33 Old Broad Street, London, EC2N 1HZ
Lloyds UDT Leasing Limited ¹	100.00%	Instalment credit	25 Gresham Street, London, EC2V 7HN
London Taxi Finance Limited ¹	100.00%	Non-trading	25 Gresham Street, London, EC2V 7HN
Lotus Finance Limited ¹	100.00%	Non-trading	33 Old Broad Street, London, EC2N 1HZ
Proton Finance Limited ¹	99.995%	Non-trading	33 Old Broad Street, London, EC2N 1HZ
Shogun Finance Limited	100.00%	Instalment credit	33 Old Broad Street, London, EC2N 1HZ
Suzuki Financial Services Limited	51.00%	Instalment credit	33 Old Broad Street, London, EC2N 1HZ
United Dominions Leasing Limited	100.00%	Instalment credit	25 Gresham Street, London, EC2V 7HN
United Dominions Trust Limited	100.00%	Instalment credit	25 Gresham Street, London, EC2V 7HN
Hamsard 3353 Limited	100.00%	Holding Company	Building 4, Hatters Lane, Croxley Green Business Park, Watford, Hertfordshire, WD18 8YF
Landau Finance Limited	100.00%	Dormant	Building 4, Hatters Lane, Croxley Green Business Park, Watford, Hertfordshire, WD18 8YF
<u>Indirect subsidiaries in liquidation</u>			
Lloyds UDT Asset Rentals Limited ²	100.00%	Liquidation	1 More London Place, London, SE1 2AF
Lloyds UDT Limited ²	100.00%	Liquidation	1 More London Place, London, SE1 2AF
UDT Budget Leasing Limited ²	100.00%	Liquidation	1 More London Place, London, SE1 2AF
<u>Direct subsidiary dissolved</u>			
Black Horse Finance Management Limited ³	100.00%	Dissolved	1 More London Place, London, SE1 2AF

⁽¹⁾ All active subsidiaries listed have the same accounting reference date as the Company with the exception of ACL Limited (31 March), AG Finance Limited (30 June), Black Horse (TRF) Limited (30 June), Hyundai Car Finance Limited (30 June), Lex Autolease Carselect Limited (30 June), Lex Autolease (CH) Limited (30 June), Lex Autolease (VC) Limited (30 September), Lloyds UDT Leasing Limited (30 September), London Taxi Finance Limited (30 June), Lotus Finance Limited (30 June) and Proton Finance Limited (30 June).

⁽²⁾ These entities were placed into liquidation during 2019.

⁽³⁾ This entity was dissolved on 4 September 2025.

All subsidiaries listed are incorporated in the United Kingdom.

The Company's interest in each of these entities is in the form of ordinary share capital.

11. Borrowed funds

	2025 £'000	2024 £'000
Amounts due to group undertakings (see note 14)	29,008	469,241

Amounts due to group undertakings is unsecured and repayable on demand, although there is no expectation that such a demand would be made. The amount due to Lloyds Bank plc of £nil (2024: £464,741,000) is interest bearing at variable rates based on SONIA. The remaining amounts due to Black Horse Group Limited of £nil (2024: £2,452,000), amounts due to Black Horse Limited of £2,048,000 (2024: £2,048,000), amounts due to Black Horse Finance Holdings Limited of £25,844,000 (2024: £nil) and amounts due to Lloyds Bank plc of £1,116,000 (2024: £nil) are unsecured, repayable on demand and non-interest bearing.

Notes to the financial statements (continued)

For the year ended 31 December 2025

12. Provision for liabilities and charges

		Deferred contingent consideration £'000
At 1 January 2024	-	7,627
Unwind of fair value adjustment through Statement of comprehensive income	-	1,187
At 31 December 2024	-	8,814
Unwind of fair value adjustment through Statement of comprehensive income		1,186
At 31 December 2025	-	10,000

On 21 February 2023 the Company acquired 100 per cent of the ordinary share capital of Hamsard 3352 Limited for a consideration of £223,000,000 of which £10,000,000 is deferred until 31 December 2025. The deferred consideration is payable if the benefit in kind tax rate on battery electric vehicles remains below 10% for the tax year ending 5 April 2028, which is currently expected. The deferred contingent consideration of £10,000,000 (2024: £8,814,000) at 31 December 2025 represents the fair value of the deferred amount.

On 27 January 2026, the £10,000,000 deferred contingent consideration was settled (see note 18).

13. Share capital

	2025 £'000	2024 £'000
Allotted, issued and fully paid		
6,045,500,000 (2024: 2,430,500,000) ordinary shares of £0.20 each	1,209,100	486,100

All ordinary shares are owned by Lloyds Bank plc. The Company's authorised number of shares is 6,045,500,000 (2024: 2,430,500,000).

On 3 February 2025, the Company issued 1,800,000,000 ordinary shares of £0.20 each, bringing the total number of shares in issue to 4,230,500,000. On 12 October 2025, the Company issued 1,815,000,000 ordinary shares of £0.20 each, bring the total number of shares in issue to 6,045,500,000; as at this date the total Share capital was £1,209,100,000.

All ordinary shares rank par passé in all respects including the right to receive all dividends and other distributions declared, made or paid on the ordinary share capital of the Company.

14. Related party transactions

A number of transactions are entered into with related parties in the normal course of business. 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
Amounts due from group undertakings		
Black Horse Finance Holdings Limited	-	684,559
Black Horse Group Limited	19,548	-
Lloyds Bank plc	9	-
Total Amounts due from group undertakings (see note 9)	19,557	684,559
Amounts due to group undertakings		
Lloyds Bank plc	1,116	464,741
Black Horse Group Limited	-	2,452
Black Horse Limited	2,048	2,048
Black Horse Finance Holdings Limited	25,844	-
Total Amounts due to group undertakings (see note 11)	29,008	469,241
Cash and cash equivalents held with group undertakings		
Lloyds Bank plc	21,028	19,329

Notes to the financial statements (continued)

For the year ended 31 December 2025

14. Related party transactions (continued)

	2025 £'000	2024 £'000
Dividend income		
ACL Autolease Holdings Limited (see note 4)	50,180	-
Interest income		
Black Horse Finance Holdings Limited	19,967	30,866
Lloyds Bank plc	170	-
Total Interest income (see note 3)	20,137	30,866
Interest expense		
Lloyds Bank plc (see note 3)	18,622	19,512
Capital injections from parent undertaking		
Lloyds Bank plc	723,000	-
Capital injections to subsidiary undertakings		
Black Horse Group Limited	761,000	-
Hamsard 3352 Limited	185,842	-
Total Capital injections to subsidiary undertakings	946,842	-
Acquisition of subsidiary undertakings		
Subsidiaries from ACL Autolease Holdings Limited *	50,180	-
Tuskerdirect Limited from Hamsard 3353 Limited	92,995	-
Total Acquisition of subsidiary undertakings	143,175	-
Return of investment		
Hamsard 3352 Limited (see note 10)	95,158	-

* Acquisition of subsidiaries from ACL Autolease Holdings Limited is broken down as: £50,000,001 in respect of Lex Autolease Limited, £100,000 ACL Limited, £68,710 HVF Limited, £10,000 Lex Autolease (VC) Limited, £1,000 Lex Autolease (CH) Limited, £100 Lex Autolease Carselect Limited.

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.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management comprises the Directors of the Company and the Consumer Lending Business Unit. There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are employed by other companies within the Group and consider that their services to the Company are incidental to their other activities within the Group.

Notes to the financial statements (continued)

For the year ended 31 December 2025

15. Financial risk management

The Company's operations expose it to business risk and liquidity risk. It is not exposed to any significant interest rate risk, credit risk, market risk or foreign exchange risk. Responsibility for the control of overall risk lies with the board of Directors, operating within a management framework established by the Consumer Lending Business Unit of the Group, and the ultimate parent, Lloyds Banking Group plc.

15.1 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.

15.2 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.

The Company's deferred contingent consideration is considered to be at level 3 in the valuation hierarchy. The fair value of the liability is determined using a probability-weighted discounted cash flow model. Significant unobservable inputs include management's assessment of the likelihood of the contingent conditions being satisfied, the expected amount payable and the discount rate applied. As these inputs are not based on observable market data, the liability is classified within level 3 of the fair value hierarchy. There were no transfers into or out of level 3 during the year.

The Directors consider that there are no material differences between the carrying amounts shown in the Balance sheet and the fair value.

15.3 Financial strategy

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

15.4 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. The Company is funded entirely by companies within the Group. Such funding is repayable on demand, although there is no expectation that such a demand would be made. All other financial liabilities are repayable on demand.

16. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern whilst providing an adequate return to its shareholders, commensurate with the level of risk.

The board of Directors manages the Company's capital in line with policy set by the Company's ultimate parent, which also advises the board of Directors to consider making adjustments to it in the light of changes in economic conditions and the risk characteristics of the Company's Balance sheet. In order to adjust the Company's capital the board of Directors may adjust the amount of dividends to be paid to shareholders, return capital 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 is funded by its fellow Group undertakings and does not raise funding from sources external to the Group.

17. Contingent liabilities and capital commitments

There were no contingent liabilities or contracted capital commitments at the Balance sheet date (2024: £nil).

18. Post balance sheet events

On 27 January 2026, the £10,000,000 deferred contingent consideration relating to the purchase of Tusker was settled.

Notes to the financial statements (continued)

For the year ended 31 December 2025

19. 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.

20. Ultimate parent undertaking and controlling party

The immediate parent company is Lloyds Bank plc (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 plc, 33 Old Broad Street, London, EC2N 1HZ. The Lloyds Banking Group plc financial statements may be downloaded via <https://www.lloydsbankinggroup.com/investors/financial-downloads.html>.

Independent auditor's report to the members of Lloyds Bank Asset Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lloyds Bank Asset Finance 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 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

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.

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.

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.

Independent auditor's report to the members of Lloyds Bank Asset Finance Limited (continued)

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. This included the UK 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 risk, the significant risks of material misstatement, including the impairment risk, and the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements. The impairment risk was assessed as a significant risk of material misstatement due to error, rather than a fraud risk.

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 / external 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.

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 directors' report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report and strategic 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 directors' report and strategic report.

Independent auditor's report to the members of Lloyds Bank Asset Finance Limited (continued)

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

25 September 2026