



**NATIONAL
WEALTH
FUND**

National Wealth Fund Limited

Annual Report and Accounts 2024–2025

For the period 1 April 2024 to 31 March 2025

National Wealth Fund Limited

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For the period 1 April 2024 to 31 March 2025

Presented to Parliament pursuant to Section 6(2) of the UK Infrastructure Bank Act 2023

Ordered by the House of Commons to be printed on 30 October 2025



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Corporate information

Date of incorporation

11 February 2009

Date of name change to National Wealth Fund Limited

14 October 2024 (previously UK Infrastructure Bank Limited)

Registered number

06816271

Directors

Ian Brown (appointed 15 August 2025)

Elena Ciallie (appointed 1 August 2024)

Catherine Cripps (appointed 1 October 2025)

Charles Donald (served until 1 August 2024)

Muriel Dube

John Flint, CBE (served until 15 August 2025)

Chris Grigg, CBE

Marianne Økland

Tom Riordan (appointed 1 October 2025)

Annie Ropar

Bridget Rosewell, CBE

Joseph Schull (appointed 1 October 2025)

Tania Songini

Nigel Topping, CMG

Company Secretary

Davinder Mann

Accounting Officer

John Flint (to 15 August 2025)

Ian Brown (from 15 August 2025)

Registered office from June 2024

2 Whitehall Quay

Leeds

LS1 4HR

United Kingdom

Previous office until June 2024

One Embankment

Neville Street

Leeds

LS1 4DW

United Kingdom

External auditor

Comptroller and Auditor General

National Audit Office

157–197 Buckingham Palace Road

London

SW1W 9SP

Bank

Government Banking Service

About this Annual Report and Accounts

On 14 October 2024 the UK Infrastructure Bank Limited (UKIB) was renamed as the National Wealth Fund Limited (NWF) and will be referred to throughout this document as the 'Company'. This document provides the reader with performance and financial data, together with explanation and analysis, to enable the reader to gain a better understanding of the work of the Company, its investments and its impact. It covers the activities of the Company from 1 April 2024 to 31 March 2025, together with comparatives from the prior financial period, and includes forward-looking information on the Company's continued development. The report is split into three sections:

- The **Strategic Report** contains an overview of the Company's business, strategic objectives and future outlook, the context in which it operates and its structure (**Our business**) together with a summary of key milestones achieved, our investments and their impact, and financial performance during the financial year 2024–25 (the **Performance overview**). Following this is a more detailed analysis of our private sector and local authority investment activity (**Performance analysis**). The final sections give an overview of how the Company developed its operations during and since the reporting period, including how the Company is addressing environmental, social, resilience and governance factors, our disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the Company's approach to risk management (**Business operations** and **Continued development**).
- The **Accountability Report** is split into five subsections. Our **Directors' report** sets out the Company's governance arrangements, along with a statement on compliance with applicable requirements. The **Remuneration report and Staff report** provides a summary of the pay and benefits received by the Executive and Non-Executive Directors of the Company's Board; they also include disclosures on the Company's pay and pensions policies together with required disclosures on staff numbers and staff costs. The Accountability Report includes a commentary on **Parliamentary accountability, the Statement of Directors' and Accounting Officer's responsibilities**, and the **independent auditor's report**, provided by the National Audit Office following conclusion of their external audit.
- The **Financial statements** show the Company's income and expenditure for the financial year, the financial position of the Company at 31 March 2025, and additional information designed to enable readers to understand these results (**Notes to the financial statements**).

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Forewords



Chair's statement

This has been a momentous year for the organisation. We have transformed into the National Wealth Fund, with a broader mandate, increased capitalisation and an enhanced role, as the Government's principal investor, in shaping the future fortunes of the nation.

Growth is the Government's top priority, and we have a fundamental role to play to deliver investments that support this mission, by creating jobs and boosting prosperity for communities across the UK.

We have been stepping up the scale and ambition of our activity to ensure we meet this challenge. There is much of which we can be proud over the past year, and we are now at the stage in our maturity where we can start to evidence the impact we are having at a thematic level.

For example, in January, we invested £28.6 million of equity into Cornish Metals Inc., building on our investment into nearby Cornish Lithium in 2023, to help breathe new life into industry and improve the resilience of UK supply chains, while stimulating job creation.

Across the year, we committed £1.3 billion of guarantees against £1.65 billion of loans to support the retrofit of the social housing sector. This showcases how we can develop or improve a market and address a widespread need at scale and pace.

During 2024–25 we also laid much of the groundwork for our £36.6 billion term loan to finance the construction of the Sizewell C nuclear power station, helping to strengthen the UK's energy security through the provision of reliable, low-carbon energy to households across the country.



Looking ahead, as well as stepping up the pace and ambition of our private sector activity, in line with the Government regional strategy, we are transforming our local authority offer and wider investment expertise to the areas with the greatest potential to deliver growth. This will include developing long-term and deeper strategic partnerships with high growth Mayoral Strategic Authorities and City Regions, as well as support for more complex and significant flagship projects across the country, while harnessing digital technologies and, over time, AI, to facilitate peer to peer learning across the local authority landscape.

Our wider mandate requires new and broadened expertise, and during the year we began the process of further building out the Fund to ensure we have the expertise to execute it. That work continues to be a priority in the current year.

Finally, as this will be the last annual report covering a full year under his leadership, I want to put on record my thanks to our Chief Executive, John Flint, for his exemplary work building an organisation with the skills, structures and drive to deliver so much, of such importance, in such a relatively short space of time. I am also grateful to Ian Brown, who has been serving as Interim Chief Executive in the period immediately following John's departure. They leave their successor a great legacy on which to build. I look forward to working with the incoming Chief Executive, Oliver Holbourn, who will lead the NWF through the next chapter of its life.

Chris Grigg

Chair, National Wealth Fund Limited

Chief Executive Officer's statement

Over the last year we have transitioned into the National Wealth Fund, and this has brought with it new responsibilities, greater opportunity and the potential to have a bigger impact through investing to mobilise private capital into growth and clean energy.

We recognise it is a great privilege to have been entrusted with a further £5.8 billion of public money – taking our capitalisation to £27.8 billion – particularly at a time when the public finances are constrained.

This is a responsibility we treat with the utmost seriousness and respect and, to this end, we have continued to build our expertise, resources and operations to deliver on the broader mandate we have been given and to ensure we are well placed to deploy our capital effectively on behalf of taxpayers.

We have continued to build our capabilities further while simultaneously increasing the pace, ambition and complexity of our deals. This is not an easy task, and I am proud of the way in which the organisation has embraced this challenge.

During 2024–25 we significantly increased the amount of capital we committed, compared with the year before. On the private sector side of the business, we undertook 15 deals, including transactions across all five of our original priority sectors – clean energy, transport, digital, water and waste. In the process, we mobilised £2.5 billion of private finance and created or supported more than 18,500 jobs.

Underpinning these statistics, what has really impressed me is the continued ability of my NWF colleagues to draw on their creativity, agility and expertise to fix financing problems, which has then enabled private capital to flow where it otherwise would not have done.

The number and range of deals does not easily lend itself to pulling out individual examples, but it has been particularly rewarding to see the breadth of sectors where we have been able to make a contribution, from financing first-of-a-kind technologies that will be critical on the path to net

zero (such as long-duration storage) through intervening in specific sectors that have a pressing need for finance, such as green transport (EV charging and low-emission buses) and digital, to boosting our energy security and resilience by financing supply chain manufacturing capability (for example HVDC cable and financing critical minerals that will play a role in supply chains).

We also stepped up deployment of our guarantee product and have now added performance bonds to our toolkit, which will create more opportunities for us to fix financing problems.

Looking beyond 2024–25, we are already making good progress this financial year, with considerable capital already committed and a healthy pipeline of potential deals. We are working hard to understand where we can play a meaningful role in the new sectors the Chancellor has defined for us, including dual-use technologies with an application in defence, life sciences and the creative industries, while focusing on our newly defined priority areas of clean energy, digital and technologies, advanced manufacturing, and transport. We have also been given the ability to take even greater levels of financial risk with an increased economic capital risk limit. The organisation intends to use this risk capacity wisely in support of the Government's policy agenda.

Over the course of 2024–25, the Local Authority function financed four significant transactions, with a combined value of £144 million, while undertaking 36 advisory engagements – an 80% increase on the previous year. In total, 32 different local authorities benefitted from our commercial and financial advice, helping to enhance project outcomes and value for money.

Our Shareholder, HM Treasury, has asked us to play an enhanced role in supporting the delivery of growth plans in our towns and cities, working with Mayoral Strategic Authorities and



city regions to accelerate the pace and scale of investment across the UK. To this end, we are trialling four strategic partnerships through which we will provide enhanced, hands-on support, with tailored commercial and financial advice to help regions develop and secure long-term investment opportunities and private and public finance. Initially focusing on West Midlands Combined Authority, West Yorkshire Combined Authority, Greater Manchester Combined Authority, and Glasgow City Region, we have ambitions to expand this to other areas around the UK, recognising the benefits of replicability.

It was also pleasing to see the geographical spread of our investments across the year and the potential impact they will have, for example, in creating good jobs in areas that may have a high concentration of lower-paid seasonal work. We now have dedicated banking expertise in Scotland, Wales and Northern Ireland, which is helping to drive the pipeline in each of those nations. It was notable that, for the first time in a single financial year, the Local Authority function undertook advisory engagements in all the constituent nations of the UK, reflecting our efforts to build our market presence across Scotland, Wales and Northern Ireland.

Following our transition to the NWF, we continued to develop the front office, hiring across our Banking and Investments, Portfolio Management and Local Authority Advisory and Lending teams, as well as the enabling functions across the middle and back office. In all our recruitment, we continue to hold fast to our principles of never compromising on quality and of seeking to build an organisation that is diverse

by design. While we have further to go on this latter point, the make-up of our two most senior boards in particular – detailed elsewhere in this report – shows us taking a lead in a sector that has a lot further to travel in relation to diversity.

This is my final annual report as Chief Executive. In my first annual report statement in 2021, I cited that our organisation has an urgent mission to tackle two pressing intergenerational challenges: the transition to net zero and supporting local growth across the UK.

By their nature, these are massively complex, multifaceted issues, of which financing is only one part, albeit a critical one. That said, I am satisfied that we have made good progress on both of these challenges and that I hand over an organisation in a strong position and in good shape to our current Head of Banking, Ian Brown, for an interim period, and then to my permanent successor, Oliver Holbourn.

In saying this, I do not seek to take the credit. That very much goes to my colleagues at the NWF, who have unfailingly displayed ingenuity, professionalism and dedication in executing our mandate. For this, I am hugely grateful. I also want to put on record my thanks to the Board for their wise counsel and support, to our Shareholder, HM Treasury, and to all the stakeholders with whom we have partnered over the past four years, including those in our home city of Leeds.

I look forward to seeing how this organisation grows to fulfil its very considerable promise in the coming years.

John Flint

Chief Executive Officer, National Wealth Fund Limited

Strategic Report



Our business

Based in Leeds, the Company has £27.8 billion to deploy across the capital structure, including loans, equity investments and guarantees. The Company also provides commercial and financial advisory services and market-leading lending to local authorities and city regions across the UK. The Company is wholly owned and backed by HM Treasury, but is operationally independent in its day-to-day activities.

Our mission, investment principles and priority sectors are set out in the following sections, with further details included in our statement of intent

Financing the Future, published in June 2025. We are developing a long-term strategic plan in response to the Chancellor's Statement of Strategic Priorities, published in March 2025.

We have presented on page 15 the key changes in our business, resulting from the Company's transition to the NWF and the Chancellor's updated strategic priorities. In the 'Continued development' section on page 60, we have summarised the Company's role in financing the construction of the Sizewell C nuclear power station, announced in July 2025.

Our mission

Increase investment across the UK to accelerate delivery of the Government's growth and clean energy missions, while balancing risk and return for the taxpayer.

We are the UK Government's principal investor and policy bank charged with deploying capital at scale in the projects and companies that support two strategic objectives:

- **regional and local economic growth; and**
- **tackling climate change.**

We achieve our mission against a triple bottom line:

Deliver the growth and clean energy missions:

Acting in partnership with the private sector and with national, devolved and local governments, we invest in capital-intensive projects and companies to accelerate the industrial strategy, the infrastructure strategy and the *Clean Power 2030 Action Plan*.

Crowd in significant private capital over time:

We support sectors to develop, targeting market weaknesses to catalyse private investment and unlocking investments that otherwise would not have gone ahead.

Generate a return for the taxpayer: We utilise an increased appetite for risk to achieve our mission, while ensuring our investments generate a portfolio-level financial return.

Priority sectors

Across 2024–25, we focused our investments in five priority sectors: clean energy, transport, digital, water and waste. Our scope also includes nature-based solutions and critical supply chains. The reporting throughout this Annual Report and Accounts is based on these priority sectors.

Following the Statement of Strategic Priorities in March 2025, our priority sectors are now: clean energy, digital and technologies, advanced manufacturing and transport.

Within our new priority sectors, we intend to commit at least £5.8 billion in clean energy and advanced manufacturing sub-sectors over this Parliament: carbon capture, utilisation and storage; gigafactories and electric vehicle supply chains; hydrogen; green steel; and ports and supply chains.

We also retain the flexibility to invest in wider sectors highlighted in the Industrial Strategy and Infrastructure Strategy. We are considering the role we can play in life sciences and creative industries,

and we remain open to opportunities in water, waste and natural capital, where these align with our priority sectors.

Our activity in sectors such as advanced manufacturing, and digital and technologies can also include dual-use technologies that support the UK's defence and security.

Our financial framework

During the financial year 2024–25, the financial framework under which we operated set out a total financial capacity of £22 billion, comprising:

- £12 billion in debt and equity capital, including £4 billion allocated to local authority lending; and
- £10 billion in guarantees to help unlock private investment.

We have capacity to deploy up to £5.5 billion annually. Of this, £3 billion is split evenly between borrowing from, and the issuance of equity to, the Company's Shareholder, with a further £2.5 billion available to be issued through guarantees.

Our financial framework is being updated to reflect our revised financial capacity of £27.8 billion and the broader scope of the Company's activities.

Our activities

Our investment principles

Private sector investments must meet all four of our investment principles, and local authority lending must meet the first three:

- **Investment principle 1:** Supports the Government's growth and clean energy missions.
- **Investment principle 2:** Is in capital-intensive projects, businesses or assets.
- **Investment principle 3:** Is intended to deliver a positive financial return for the Exchequer.
- **Investment principle 4:** Is expected to crowd in significant private capital over time.

During the financial year 2024–25, we updated investment principle 2 to reflect our broader mandate. This now includes capital-intensive projects, businesses and assets beyond traditional infrastructure. The Government will introduce legislation to broaden our legislative mandate beyond infrastructure as soon as practicable.

Private sector financing

We offer corporate and project finance, and look for market weaknesses we can address to catalyse private finance, crowding in private capital at the sector level over time. We work with project

sponsors and co-investors to help shape transactions and to crowd in private finance most effectively. Increasingly, we will explore taking the role of lead investor where the market is undeveloped and where we can help catalyse investment. Many of our transactions are necessarily bespoke, and our investment approach is designed to be flexible to identify the most effective financing structure.

We prioritise transactions where there is an undersupply of private sector financing, take on risks the market is unable to take, or at a concentration the market would not. Under our new strategic priorities, across our portfolio we aim to mobilise £3 of private finance for every £1 we invest. We will do this over time, and the ratio each year will fluctuate depending on the mix of transactions we close.

We intend to make a positive financial return on each transaction. We price to reflect the risks we are taking, often investing on terms in line with other investors. This ensures a fair balance of risk and reward with the private sector and builds confidence in the deal to crowd in other co-investors. We are able to offer concessional terms – for example, on price and tenor – in line with the UK's subsidy control rules. These rules prohibit us from providing concessional finance to projects that can fulfil their

financing needs through commercial lending and investment.

Our local authority offer

We offer advisory services and market-leading lending to local authorities and city regions across all four UK nations.

We bring our public and private sector expertise together to help authorities:

- navigate commercial and financial complexity;
- increase the volume and ambition of infrastructure projects;
- address resourcing constraints; and
- learn lessons from our experience working on innovative schemes.

Advisory services: Impartial advice supporting local authorities to undertake ambitious infrastructure projects with confidence.

Lending: £4 billion of finance available on market-leading terms to local authorities delivering capital projects that align with our mandate.

We have a strong focus on clean energy generation, buildings decarbonisation, transport, and place-based investment.

Strategic partnerships: We have established four strategic partnerships with West Midlands Combined Authority, West Yorkshire Combined Authority, Greater Manchester Combined Authority, and Glasgow City Region to provide enhanced, hands-on support, including with early stage project development. Our commercial and financial advice will help our partners and their regions develop and secure long-term investment opportunities and private and public finance.

The 'Continued Development' section on page 60 summarises our new and enhanced regional offer for local authorities announced in October 2025.

Management of the UK Guarantees Scheme

On behalf of HM Treasury, we manage guarantees issued under the UK Guarantees Scheme. These guarantees were previously the responsibility of the Infrastructure and Projects Authority. We earn a management fee for the oversight and administration of these guarantees, and they are not recognised in the Company's financial statements.

Our engagement

Partnership is central to how we operate. Our mission requires us to complement the market. As such, we seek to engage openly and test approaches with our stakeholders, valuing their insight on how we should invest and where we can best support our sectors.

We engage with our stakeholders across the private sector, and the national, devolved and local governments to understand where our capital and expertise can have the greatest impact. We proactively engage the market and build relationships to identify and deliver impactful transactions.

We work with the Scottish Government, the Welsh Government and the Northern Ireland Executive to increase investment in all nations of the UK.

We leverage our market expertise and insights to work closely with government policymakers, identifying and developing solutions to unlock

finance barriers. This includes designing and delivering innovative financial transactions integrated with wider government support – blended finance solutions – unlocking private capital to accelerate projects more effectively and delivering better value for money for the Exchequer.

Our role complements that of other UK Government and devolved administration, public financial institutions and public entities.

More information about our engagement with stakeholders is set out on pages 74 to 77.

Our organisational structure

Our Board members bring a variety of different experience and expertise from a range of relevant industries.

The following chart sets out the Non-Executive and Executive Directors who served during the financial year to 31 March 2025.

Non-Executive Directors						
Board Chair and Nominations Committee Chair	Board Member and Shareholder Representative Director ¹	Board Member, Senior Independent Director and Audit and Risk Committee Chair	Board Member	Board Member	Board Member	Board Member and Remuneration Committee Chair ²
Chris Grigg	Charles Donald/ Elena Ciallie	Bridget Rosewell	Marianne Økland	Nigel Topping	Muriel Dube	Tania Songini

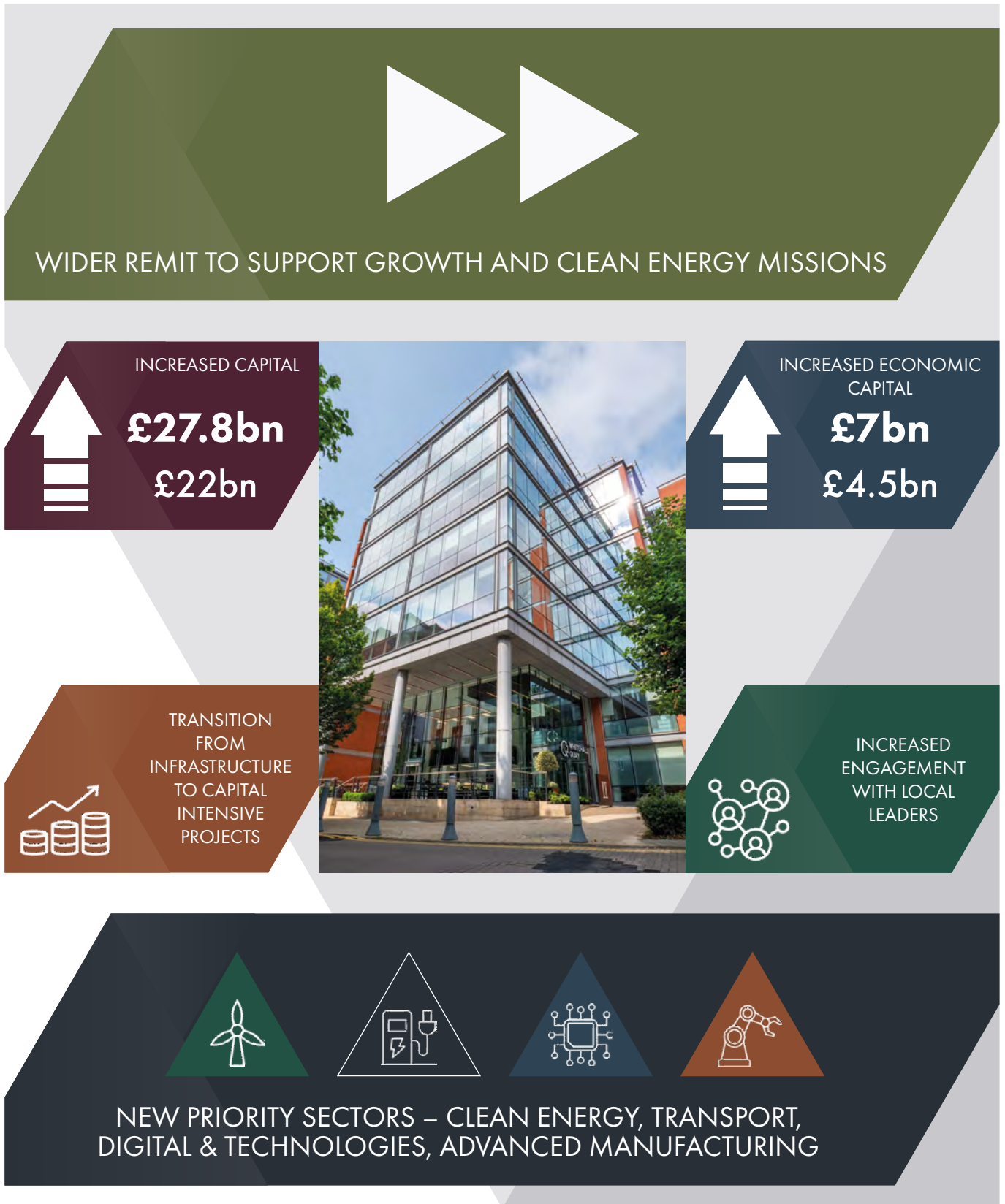
Executive Team									
Chief Executive Officer ^{3,4}									
John Flint									
Chief Financial Officer ³	Chief Operating Officer ⁵	General Counsel	Chief Strategy and Policy Officer	Head of Banking and Investments	Chief People Officer	Chief Risk Officer	Head of Portfolio Management	Chief Impact Officer and Chief Economist	Local Authority Function
Annie Ropar	James Emmett	Davinder Mann	Helen Williams/ Kate McGavin	Ian Brown	Patricia Galloway	Peter Knott	Stuart Nivison	Sheer Khan	Lorna Pimlott

Notes to the above:

- Charles Donald was the appointed Shareholder Representative Director during the financial year and resigned on 1 August 2024. Elena Ciallie was appointed as the Shareholder Representative Director with effect from 1 August 2024.
- In June 2024, it was agreed that Tania Songini would assume the role of permanent Chair of the Remuneration Committee. Tania initially took on this role in an interim capacity.
- Executive Director members of the Board.
- John Flint served as Chief Executive Officer (CEO) during the reporting period. He resigned from the role with effect from 15 August 2025. His permanent successor, Oliver Holbourn, was announced on 15 July 2025 and will take up the role on 1 November 2025. Ian Brown is serving as Interim CEO and an Executive Director from the date of John's departure until Oliver's arrival.
- James Emmett resigned with effective from December 2024. Interim arrangements are in place. James' permanent successor, Susan Urkevich, has been appointed and will take up the role in November 2025.

Summary of key changes on transition to the National Wealth Fund

The diagram below summarises the key changes to the Company’s business and strategic objectives during the 2024–25 financial year.






Note to the above:

1. Formal governance arrangements and legislation continue to be updated across 2025–26 to reflect these changes.

Performance overview



Key events for the 2024–25 financial year

 <h3>Milestones</h3>	 <h3>Investment highlights</h3>	 <h3>In numbers</h3>
<p>Launch of the National Wealth Fund: we took on a broader remit and greater financial capacity to support the Government’s growth and clean energy missions.</p>	<p>First retrofit deals: financial guarantees of up to £1.3 billion to support social housing providers to retrofit homes.</p>	<p>£2.3 billion committed across 19 investments, creating or supporting more than 18,500 jobs.</p>
<p>Re-affirmed long-term commitment to Leeds: we signed a 15-year lease for our new headquarters.</p>	<p>First-of-a-kind technology supported: £165 million investment in Highview Power’s liquid air energy storage plant in Manchester.¹</p>	<p>50 deals announced in total by March 2025, unlocking £13 billion in private finance.</p>
<p>Strategic partnerships announced with Greater Manchester, West Yorkshire, West Midlands Combined Authorities and Glasgow City Region.</p>	<p>First deals in flood defence: more than £100 million deployed to support coastal projects in Denbighshire and Ceredigion in Wales.</p>	<p>36 advisory engagements with local and combined authorities, supporting 32 local authorities across the UK.</p> <p>Scaled up to employ more than 300 staff in total, enabling functions to support delivery in new sectors and meet the demands of our expanded role.</p>

Note to the above:

1. The £165 million investment comprises both direct investment in Highview Power and a loan to its project subsidiary, CryoBattery One Limited.

Investments and advisory activity

During the financial year to 31 March 2025, the NWF signed **19 new deals**, spanning the waste, clean energy, digital, transport and water sectors (FY 2023–24: 18 deals), increasing our total investments to **£2.3 billion** (FY 2023–24: £1.7 billion).

Cumulatively, since inception, we have invested a total of **£5.4 billion**. Of this, £4.6 billion has been allocated to private sector projects, while £0.8 billion has been invested in local authority projects.

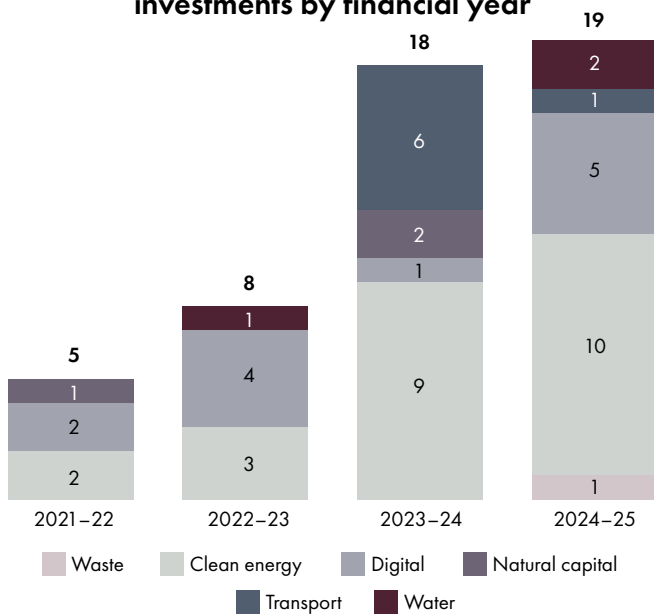
Further details on our investments in 2024–25, including additional narrative, case studies and analysis, are provided on page 29.

For a full breakdown of individual deals completed during the year, please visit our [website](#).

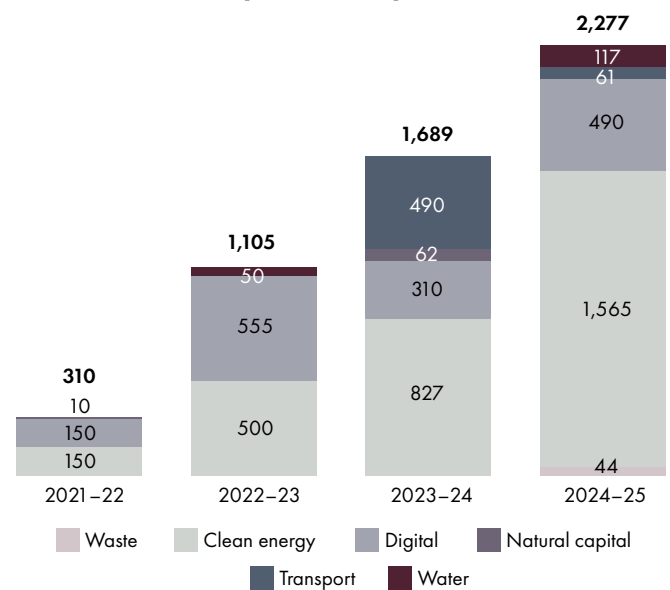
Our Local Authority function continued to grow over the 2024–25 financial year. This expansion has enabled us to enhance our impact across the local authority landscape in the UK. As at 31 March 2025, we have undertaken **62** advisory engagements with local and combined authorities, including **36** undertaken during the 2024–25 financial year. Further details can be found on pages 35-37.

The graphic below provides a high-level view of our investment footprint by sector over the past four years.

Number of National Wealth Fund investments by financial year



Value of National Wealth Fund investments (£m) by financial year



Note to the above:

- The Company was seeded with two funds, the Digital Infrastructure Investment Fund (DIIF) and the Charging Infrastructure Investment Fund (CIIF), which were set up by HM Treasury in 2017 and 2018, respectively. While the National Wealth Fund continues to manage these funds, these investments are not considered new deals for the purposes of reporting the number of deals and value into which the Company has entered since its inception.

The impact of our deals

During the financial year to 31 March 2025, we have calculated additionality and the expected impact of our deals in terms of the following metrics:

- the amount of private investment mobilised, or the amount expected to be mobilised, as a result of the NWF entering into the deal;
- the number of jobs supported or created from those projects, and the number that are attributable to the Company’s financing; and
- relative greenhouse gas emissions, measured in tonnes per CO₂ equivalent (tCO₂e), that are expected to be created or saved, both in total, and as a result of the NWF’s share of the projects financed.

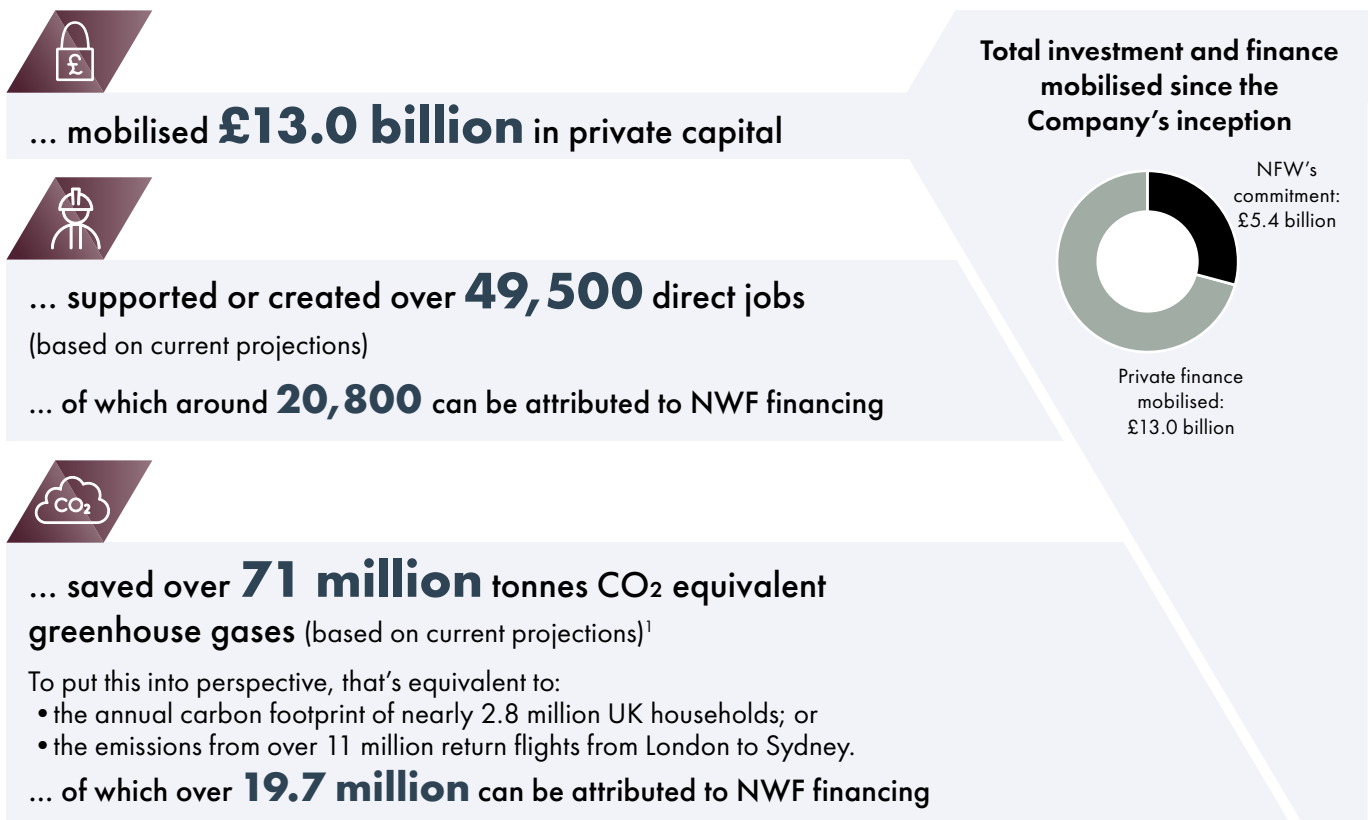
The private finance mobilised captures the co-investment at deal closure, but many investments are expected to attract more private capital over time.

The private finance mobilised varies on a project-by-project basis. In nascent sectors with less-proven technologies and underdeveloped financial markets, the associated risks are typically higher. This often requires the Company to play a significant role in the fundraising process, assuming risks that the private sector is unwilling or not yet ready to bear independently.

Projects that attract a higher level of private finance typically entail the Company scaling mature technologies and filling finance gaps but not necessarily aiming to create or transform markets. For this reason, the Company will always focus on the overall impact of a project.

More detail on how we have developed our approach to impact and additionality is provided in the ‘Performance analysis’ section on pages 27-29.

As of March 2025, the investments we have made have ...



Note to the above:

1. This report uses a revised methodology for assessing avoided emissions, which captures not only direct project-level savings but also indirect emissions reductions across the value chain. All figures have been retrospectively updated to reflect this approach.

How our investments will help¹

Examples include:



Clean energy

- Installing **3.8GW** of storage capacity and an additional **3.1GW** of other clean energy capacity.
- Building the world's largest cable factory in Scotland, capable of producing 1,300km HVDC cable annually, exceeding the entire HVDC capacity of Europe today.
- Supporting **15.8GWh** of battery production capacity for EVs, equivalent to **400,000** EV batteries per year.
- Supporting up to 280,000 homes in social housing to be retrofitted.
- Building a heat network for Solihull that will supply **8GWh** of lower-carbon heat each year.
- Developing one of the UK's largest green hydrogen production facilities, with 14MW of hydrogen production capacity.



Transport

- Delivering **33,000** public EV charge points.
- Supporting the deployment of up to 250 new ZEBs, including a local-authority-led ZEB service.
- Funding research and development in hydrogen-powered aviation.
- Upgrading **54** trains, increasing transport network capacity.



Digital

- Reaching up to **19.9** million homes with fibre broadband infrastructure.²



Water

- Building the first reservoir since the 1990s capable of supplying **21 million** litres of water per day, serving up to **160,000** customers.
- Protecting around **4,600 homes** from coastal flood risk.



Waste

- Building an innovative new recycled paper bottle plant, replacing non-biodegradable packaging with a more sustainable alternative for consumers, expected to produce **50 million bottles** per year.



Critical supply chains

- Generating **8,000 tonnes** of lithium per annum, enough for between **190,000** and **300,000** EV batteries.

¹ Abbreviations used in this section include EV (electric vehicle), GW (gigawatts), GWh (gigawatt-hours), HVDC (high voltage direct current), MW (megawatts) and ZEB (zero-emission bus).

Financial outcomes

Financial summary

	2024–25	2023–24 ¹
Financial outcomes		
Loss before tax (£m)	(152.2)	(85.6)
Adjusted return on equity (ROE)² (%)	(14.2)%	(10.7)%
Summary income statement		
Net interest income, fees and other income (£m)	51.9	31.9
Changes in fair value of assets held at FVTPL ³ (£m)	(52.5)	(45.8)
Charges for expected credit losses/guarantee liabilities (£m)	(90.5)	(15.2)
Net operating income (£m)	(91.1)	(29.1)
Operating expenses (£m)	(61.0)	(56.5)
Loss before tax (£m)	(152.2)	(85.6)
Balance sheet and capital metrics		
Financial assets held at FVTPL ³ (£m)	748.6	551.2
Financial assets held at amortised cost (£m)	1,453.4	594.1
Total financial assets (£m)	2,202.0	1,145.3
Provision for credit risks (£m)	117.1	26.6
	<i>% of gross exposures</i>	<i>1.3%</i>
Equity (£m)	1,213.2	1,062.8

Notes to the above table:

- The 2023–24 comparative figures have been restated due to a change in accounting policy for financial guarantee contracts. See Note 1.4 on page 135 *Changes to accounting policies* for further detail.
- The adjusted ROE calculation comprises the profit/(loss) before tax, plus any exceptional items as may be agreed with our Shareholder, HM Treasury, divided by our weighted average shareholder equity in the period, plus the average of any cumulative exceptional items. For 2024–25 and 2023–24, there were no exceptional items.
- Financial instruments measured at fair value through profit or loss (FVTPL) are valued at their current market value, with any gains or losses shown in the income statement.

Overview of our financial results

The Company reported a loss of £152.2 million before tax for the financial year (FY 2023–24: £85.6 million loss). During the financial year, we have seen a significant increase in the credit risk of some investments, leading to higher provisions for potential credit losses. Additionally we have seen changes in the valuations of some of our equity investments.

A loss was expected at this stage of growth in our portfolio, but it was higher than budgeted due to specific challenges affecting certain assets and market conditions in the digital infrastructure sector.

This is a sector in which we have a high concentration of investments and which has faced sector-wide fundraising challenges.

We invest to make an impact, taking on risks the market is unable to take, or at a concentration the market would not. Each of our investments is intended to make a positive financial return, but our higher risk appetite will inevitably lead to some losses or impairments on individual investments over time and to potential volatility in individual financial years. Looking forward, our current projections are that profitability should be achieved within this Parliament.

Understanding our financial performance



The Company is in its fourth year of trading and in its first year operating as the NWF. Our objective remains to generate a portfolio-level financial return.

In the early stages, we built the Company, providing the foundation to deliver our mission and establishing our cost base. We remain focused on cost discipline. Our operating costs were below budget for the financial year.

This strong foundation is the Company’s platform from which it can grow its balance sheet. Our financial assets have nearly doubled this financial year, and we continue to accelerate our investment activity.

Our expanding portfolio of loan investments has significantly contributed to income growth, with net interest income and fees increasing by more than 89% during this financial year. Additionally, the growth in our direct equity investment portfolio

presents an opportunity for medium-term capital gains, with exit strategies monitored to optimise returns. As certain direct equity investments are classified as associates, the NWF has applied the scope exemption available under IAS 28, which is specifically designed for venture capital organisations and similar entities. Further detail can be found on pages 134 and 142.

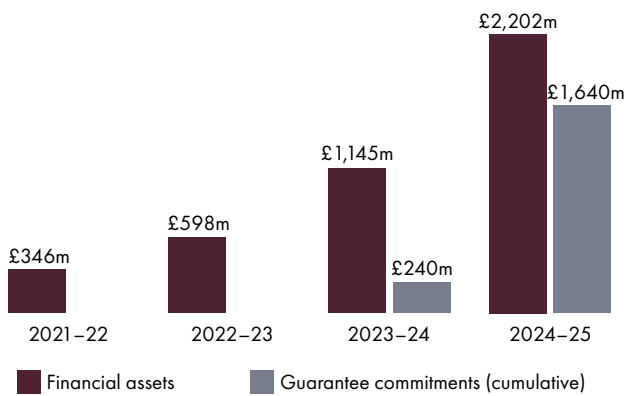
We are not yet at a size where the portfolio generates sufficient income to absorb provisions for future credit losses (particularly when we have significant changes in credit risk) or changes in equity valuations.

Achieving a positive financial return will take time, as the portfolio continues to grow and mature. The majority of assets in our portfolio are sub-investment grade, unlike a commercial bank. Our pricing reflects the risks we are taking with such investments, including to account for the volatility likely to occur in our portfolio.

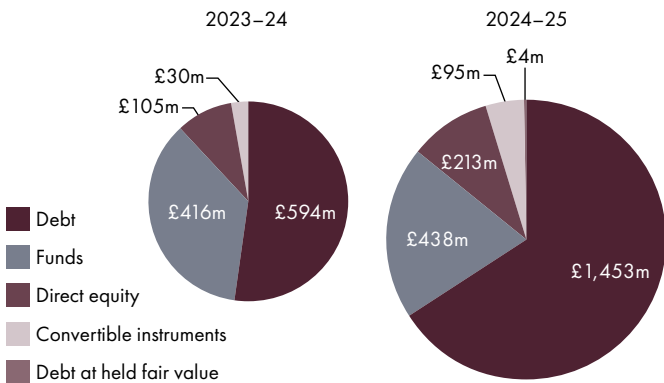
Our expanding portfolio

Cumulative commitments increased over the year from £3.1 billion at 31 March 2024 to £5.4 billion at 31 March 2025. We have significantly increased our deployment of guarantees, with £1.4 billion committed this financial year (FY 2023–24: £0.2 billion).

Our balance sheet has continued to grow, reflecting the increase in our debt and equity commitments and our clients drawing down on the commitments we have made. Financial assets on the balance sheet have increased from £1.1 billion to £2.2 billion.

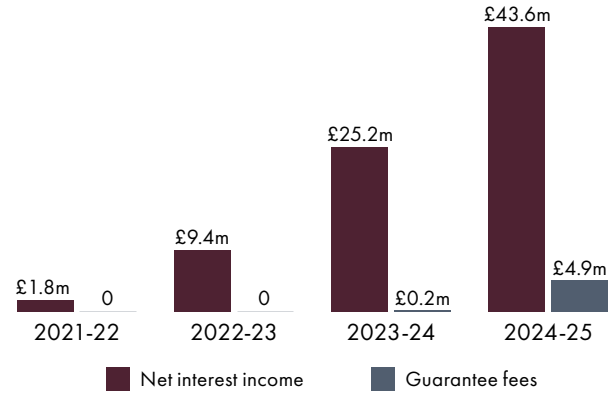


The split of the Company’s financial assets by investment type is shown below.



The growth in our portfolio has resulted in income totalling £51.9 million (FY 2023–24: £31.9 million). The Company generates interest income from debt investments held at amortised cost; fee and commission income principally from guarantees; and investment income from distributions received from equity investments. It also earns agency fees for administering HM Treasury’s UK Guarantee Scheme.

Net interest income generated from our debt investments increased to £43.6 million (FY 2023–24: £25.2 million) and guarantee fees increased to £4.9 million (FY 2023–24: £0.2 million). The growth in the Company’s net interest income and guarantee fees is shown below.



Credit risk and valuations

We recognise provisions for expected credit losses (ECLs) and guarantee liabilities at the point of financial commitment for each new debt and guarantee investment, respectively. The more risk we take, the higher the ECLs or guarantee liabilities required. These provisions also change over time as the credit risk of our loans and guarantees change.

This year, we have seen these provisions increase to reflect not only the growth in our portfolio, but also significant increases in credit risks on some assets. We have seen this particularly in investments in the digital infrastructure sector, caused by adverse market conditions and challenges in accessing new funding. These increases in credit risk of certain assets have led to additional ECL provisions, with assets transferring from Stage 1 to Stage 2 classification. The charge for ECLs and guarantee liabilities totalled £90.5 million (2023–24: £15.2 million), of which £78.5 million is attributed to assets classified as Stage 2 during the financial year. Total ECL provisions held on the balance sheet have increased accordingly to £117.1 million (31 March 2024: £26.6 million), representing 4.3% of the gross exposures (31 March 2024: 1.3%).

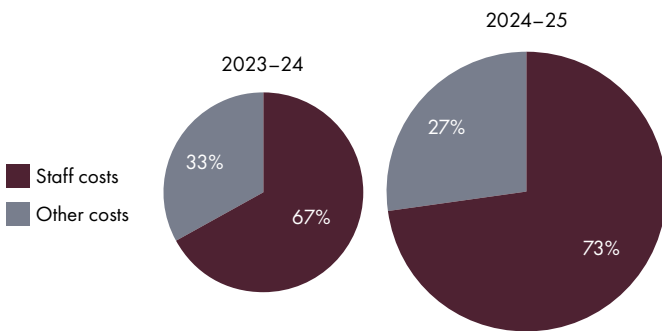
Provisioning for potential future losses is prudent, and consistent with accounting standards. As the portfolio grows, and with the level of risk we are taking, we expect ECLs and guarantee liabilities to continue to increase, with changes in credit risk occurring over time within the portfolio.

The Company has recognised reductions in the fair value of its equity or equity-like investments, totalling £52.5 million (FY 2023–24: £45.8 million). These types of investments, in the sectors and projects we support, inherently carry more risk, and we

expect volatility in valuations over time based on macroeconomic issues or investment-specific challenges.

These provisions and fair value movements are not actual loan write-offs, guarantee calls or realised losses. They are accounting estimates and would only translate into cash losses were an investment to default or be sold for lower than we paid, or a guarantee be called. The significant increase in credit risk on certain assets serves as an early indication that these events may be more likely in future.

Operating expenditure



Total operating costs were £61.0 million for the year to 31 March 2025 (FY 2023–24: £56.5 million). The increase in costs was expected and reflects the full-year impact of recruitment last financial year, with an average number of full-time equivalent staff (FTE) of 290 (FY 2023–24: 232) and 93% of FTE being permanent employees or secondees (FY 2023–24: 85%) at 31 March 2025.

Staff costs totalled £44.5 million (FY 2023–24: £37.8 million) and continue to make up most of the Company’s spend.

Other operating costs totalled £16.5 million (FY 2023–24: £18.7 million), decreasing year on year both in value and as a proportion of overall costs. Costs associated with deals have increased and will continue to do so in the future, as we accelerate our investment activity. However, one-off project implementation costs and recruitment costs are lower than last financial year, due to core operations being established and continued efficient use of the Company’s resources.

Looking forward, while we will leverage our established operations and workforce, we expect some increase in costs from additional investment and resources required to deliver on our expanded mandate and strategic priorities.

Factors influencing our financial outcomes	
Capital commitment and credit risk	The amount of capital we have committed, the associated credit risk, and the period of time over which funding is deployed
Pricing of capital commitments	The margin and fees on our investments, influenced by the level of credit risk we are taking on – we price to reflect risk, often investing on terms aligned with other investors
Economic capital	Our capacity to take risk. For every investment, we must set aside a certain amount of economic capital to reflect the credit risk. The riskier the investment, the more capital we must hold
Investment performance	The underlying performance of our investments
External economic factors	Including base interest rates, inflation, economic growth and market conditions
Costs to operate	The day-to-day costs of the Company to run its operations

Capital, liquidity and funding

The Company is not regulated by the Prudential Regulation Authority or the Financial Conduct Authority but operates within an economic capital framework as agreed with our Shareholder, HM Treasury.

We continue to refine our economic capital framework as our portfolio grows and diversifies, with the overarching objective of safeguarding the Company's ability to continue as a going concern.

The Company actively manages the capital structure and adjusts it as required in response to changes in economic conditions, future expected cash outflows, and the risk characteristics of the underlying portfolio of investments. To maintain or adjust the capital structure, the Company may request additional funding from its Shareholder. HM Treasury will provide equity over time within the bounds of the Company's economic capital limit.

At 31 March 2025, the Company's capital was £1.2 billion, comprising its issued share capital, reserves and retained earnings. This is considered sufficient as at the balance sheet date, under the Company's economic capital framework.

From a liquidity perspective, the Company receives equity and debt funding from HM Treasury to finance its operations and investment activities. The Company closely monitors its liquidity position through cash flow forecasting and reporting, taking into consideration all financial and operational commitments. If the Company finds itself unable to meet its payment obligations, under the terms of its Keepwell agreement with HM Treasury it will receive support to satisfy its financial obligations. The Company is therefore exposed to minimal liquidity risk.

Further detail is provided in *Note 22.5 Capital management* to the financial statements on page 163.

Change in accounting policy

During the year, the Company changed its accounting policy in relation to the recognition of financial guarantee contracts. This change provides more relevant information to users of the financial statements as it better reflects the economic substance

of the Company's financial guarantee arrangements. The change has been applied retrospectively, resulting in only a financial guarantee liability being recognised in the Statement of Financial Position and a £3.4 million decrease in opening retained earnings. See *Note 1.4 Changes to accounting policies* on page 135 for further details.

Performance analysis



Outline

Within this section, we set out our approach to investing and the impact and additionality of our investment activities.

We also discuss the continued growth of our Local Authority function and the milestones achieved.

Our investments during the financial year ended 31 March 2025 reflect the strategy, investment principles, objectives and priority sectors under which the Company was operating at that time.

How we approach investments

Our financing expertise enables us to bridge between the public and private sector, acting as a trusted partner and allowing government ambition to go further, faster. Our expertise and flexible capitalisation can introduce new ways of delivering policy to accelerate growth, of building investment partnerships with the private and public sectors, and of negotiating a fair balance of risk and reward. This will shape new markets and underpin momentum in more established ones, supporting job creation across the UK, and the Government's growth and clean energy missions.

In practice, our approach has two parts:

1. **We are policy-led:** We work directly with departments to align our investment approach with policy pathways, including the UK's Industrial Strategy and sector-specific plans.
2. **We proactively engage the market:** We build relationships to identify and deliver impactful transactions in our sectors. We take on risks that the market is unable to take, address market weaknesses, and crowd in private finance directly at close, or over time.

We organise our investment activity around sub-sector specialisms – where we have dedicated teams with deep commercial expertise, responsible for proactively engaging the market and building relationships to identify and deliver impactful transactions.

We look for market weaknesses we can address to catalyse private finance. Our track record and proactive market positioning means we work with project sponsors and co-investors to help shape transactions and crowd in private finance most

effectively. Increasingly, we will explore taking the role of lead investor where the market is undeveloped and we can help catalyse investment.

Experience tells us that our role in investments cannot always be fully defined at the outset. We retain the flexibility to respond to evolving market needs and government priorities.

We scale our investments to crowd in private capital, including by reducing our commitment in cases where private sector appetite increases, or stepping away entirely where projects can be financed by the private market and we are not adding any value.

We work in partnership with the market and with local and central UK Government to successfully deliver our mission. We want to work with ambitious co-investors, project sponsors and management teams of innovative companies looking to raise capital. We do not develop or bring projects to market ourselves. We do extensive due diligence to ensure that we are deploying taxpayer funds to best effect.

We ensure that our finance effectively amplifies government policy by:

- **engaging with strategic leaders to align with policy pathways** – meeting permanent secretaries and senior teams to understand departments' central priorities, informing our areas of activity;
- **integrating the NWF's role into sector policy design** – finding opportunities to more effectively integrate NWF activity with wider policy, ensuring it is informed by an understanding of our role and communicated to the market in a cohesive way;

- **leading on commercial negotiation with the private sector** – negotiating key strategic transactions on behalf of the Government, where public support is best delivered through structured financial instruments, such as loans, equity investments or guarantees, rather than direct grants; and
 - **supporting delivery of major capital-intensive strategic projects** – playing a key role in the structuring and financing of strategic projects which are government priorities.
- Examples of how our finance has amplified government policy in practice are provided in the case studies on pages 30 to 39.*

Our impact and additionality

Our approach to impact and additionality

Impact and additionality are central to the NWF's strategic objectives and its triple bottom line.

Our Impact Framework, Environmental, Social, Resilience and Governance (ESRG) Framework, and the approach to additionality were published in May 2023. Further details can be found on our [website](#).

Throughout the financial year to 31 March 2025, we have continued to apply our existing frameworks and guidance to inform our assessment of the impact and ESRG of the deals we have invested in.

Our frameworks and guidance support a consistent approach to the impact and additionality we seek for each investment we make. We assess every deal to identify whether it credibly demonstrates impact and additionality. To do that, we ask questions tailored to the specific characteristics of the project and the context at the time. We are transparent about the expected impact and additionality of deals, sharing summary assessments via published deal factsheets on our website.

These frameworks also enable us to evaluate our long-term contribution. By systematically reviewing outcomes, we capture lessons learned from each investment, which inform and strengthen our future decision-making.

During 2024–25, we continued to evolve and enhance our analytical framework to ensure that investment decision-making is supported by a robust and consistent evidence base. This includes:

- a new method for assessing avoided emissions that captures not only directly saved emissions for each project (as with the previous methodology),

but also accounts for emission savings further up or downstream of the NWF investment;

- a significant expansion of our Impact Framework to include specific evidence pathways for each of our sectors;
- a new monitoring and evaluation framework to ensure consistency across all our deals in how we measure outcomes; and
- internal mechanisms to assess the likely impact of potential new deals at an early stage of development.

We have also applied this enhanced approach to calculating avoided emissions, incorporating external technical input and actual performance data for battery storage. The updated model better reflects the Government's *Green Book* by recognising that the 'counterfactual' – the scenario of what would have happened without our investment – changes over time. For example, as the UK electricity grid decarbonises, the emissions avoided by our investments will change, because they are displacing cleaner electricity.

We are updating our analytical framework in the 2025–26 financial year to reflect the updated approach to additionality and other changes set out in the Chancellor's Statement of Strategic Priorities.

Delivering investments that are impactful and add value

With 50 projects in our portfolio at 31 March 2025, we are getting a clearer picture of the positive impacts these investments are expected to deliver for the UK. These include:

- generating over 71 million tonnes of carbon savings, of which more than 19.7 million tonnes can be attributed to our financing; and
- creating or supporting over 49,500 direct jobs, of which 20,800 can be attributed to our financing.

We have invested in projects where we can provide finance that is additional to the level the private market could achieve without us. Some projects faced liquidity constraints due to market conditions or were challenged by the scale of the financing required within the given timescales.

Other investments have helped to drive forward nascent markets and scale new technologies or support new business models in sectors that are not yet deployed at commercial scale.

To date, most of our investments have accelerated progress towards government targets and ambitions

across the clean energy and digital sectors. In other sectors, our involvement was key to accelerating projects or financing timelines, or both.

In 2024–25, we closed 19 transactions, completing deals across all five of our priority sectors: clean energy, transport, digital, water, and waste. This includes significant investment in the roll-out of fibre broadband and £1.3 billion in guarantees to support the retrofitting of social housing across the UK. Other projects include pushing forward the adoption of battery storage solutions and accelerating the transition to electric vehicles and zero-emission buses.

A full list of investments including project descriptions, investment values and key impact metrics, as well as a comparison of emission savings under both methodologies for all closed deals to date, is available on our [website](#).

For a more detailed narrative on our impact, including headline outcomes, case studies, and our approach to additionality, please see our [Impact Report](#), published in October 2025 ahead of this Annual Report and Accounts.

Case studies

The case studies on the following pages highlight some of the investments made during the financial year to 31 March 2025. They demonstrate how the NWF has supported more complex transactions, mobilised private investment into nascent sectors and helped to solve financing problems early. They also provide examples of how we assess and apply our frameworks and guidance on impact, additionality and ESG to inform investment decisions and support delivery of our mission.



Case study: Social housing retrofit – helping social housing providers fund greener homes through new financial tools that unlock large-scale retrofit

Background

The National Housing Federation estimates that retrofitting the UK’s social housing stock will cost around £36 billion. However, the scale of investment is not the only challenge, given that pre-existing financial products are generally unsuited to the retrofit market.

Our role

NWF commitment: up to £1.3 billion

Total commitment: £1.65 billion

Date: October 2024 to March 2025

Location: nationwide

In 2024–25, the NWF launched a number of guarantees against loans to enable social housing companies to carry out energy efficiency improvements at very competitive interest rates. In total, the NWF will support the deployment of £1.65 billion for loans in the sector through the £1.3 billion of guarantees. The NWF successfully closed Lloyds and Barclays transactions in October 2024, and similar transactions with The Housing Finance Corporation and NatWest in March 2025.

Our impact

The NWF’s intervention has enabled banks to tailor their loans for retrofit projects, helping to strengthen the market and encouraging similar providers to offer similar products. The NWF estimates that up to 13,000 jobs could be created and supported, and 14mtCO₂e saved through the retrofitting of an estimated 280,000 homes.

A word on the deal

“Providing the guarantee, the NWF really helped us crowd in longer-term capital. It means we can extend loans for a longer period of time than we would have done otherwise, allowing housing associations to take the time to see the benefits of the financing in reducing emissions and the related environmental impact in their housing stock.”

Daniel Hannah, Group Head of Sustainable and Transition Finance, Barclays





Case study: Highview – backing early-stage energy storage to support net zero and showing new technologies can work at scale

Background

Energy storage is crucial to the net zero transition, providing greater flexibility and adaptability for the grid to help make the most of intermittent renewable energy sources.

Nascent storage technologies have a key role to play but require significant investment to be developed at sufficient pace and scale.

Our role

NWF commitment: £165 million

Total commitment: £325 million

Date: June 2024

Location: Greater Manchester

In June 2024, the NWF – operating as the UK Infrastructure Bank at the time of the investment – supported the construction of the world’s first commercial-scale liquid air energy storage plant with a £165 million commitment to Highview Power. The investment comprised a mix of direct equity, a convertible loan note and senior debt, demonstrating the bespoke financing structure required for this first-

of-a-kind project. The NWF’s investment anchored a £325 million investment round alongside Centrica, Rio Tinto, Goldman Sachs, Kirkbi and Mosaic Capital.

Our impact

The successful raising of funds has enabled construction work to begin on Highview’s 300MWh cutting-edge facility, located in Carrington, Greater Manchester, which is expected to be operational in 2026. The project will support more than 380 jobs across construction and operations.

A word on the deal

“We needed the support of an organisation like the National Wealth Fund to understand the macro mission for the energy transition and to understand our technology. Ultimately, their capital support was crucial in anchoring the financing for this major project in Manchester, which will be the world’s largest energy storage plant of its kind.”

Richard Butland, CEO, Highview Power





Case study: Quickline – improving digital infrastructure in hard-to-reach areas of the UK

Background

The Government's objective is to ensure every UK home and business can access fast and reliable broadband to help drive forward the UK's net zero and growth ambitions. This increase in demand for improved connectivity requires significant investment to help transform the digital infrastructure on which the telecoms sector is built.

Our role

NWF commitment: £225 million

Total commitment: £250 million

Date: August 2024

Location: Yorkshire and Lincolnshire

In August 2024, the National Wealth Fund (which was the UK Infrastructure Bank at the time of the investment) provided a £125 million loan and a £100 million debt guarantee to support Quickline Communication's expansion across Yorkshire and Lincolnshire. The financing was provided alongside a £25 million loan from NatWest.

Our impact

This transaction directly supports Quickline in delivering four contracts under the UK Government's Project Gigabit programme, which, on completion, will connect almost 170,000 homes and businesses to full-fibre broadband in hard-to-reach rural areas across Yorkshire and Lincolnshire. By accelerating the roll-out of full-fibre broadband, the NWF's investment will help improve connectivity in hard-to-reach areas in those counties and help to grow economies that would otherwise miss out.

A word on the deal

"The NWF team were extremely helpful throughout the process. They worked with us in a very collaborative way ... I believe it was the NWF's commitment and support and faith in Quickline that allowed us to secure NatWest in that process."

Craig Fairey, CFO, Quickline Communications





Case study: Cornish Metals – supporting UK tin production to boost clean energy supply chains and create local jobs

Background

Tin is classed as a critical mineral and is a key component in solar panels, batteries and various electronic components essential to renewable energy. However, there is limited access to early-stage finance for critical mineral projects, which can slow progress in developing crucial supply chains for net zero.

Our role

NWF commitment: £28.6 million

Total commitment: £57 million

Date: January 2025

Location: Cornwall

In January 2025, the NWF provided a £28.6 million cornerstone investment as part of a £57 million public equity raise for Cornish Metals.

Our impact

This significant investment will enable Cornish Metals to advance the South Crofty tin mine project ahead of project finance. Once operational, the mine is expected to create more than 250 skilled jobs in

a region identified as a priority for investment and economic regeneration.

Our role is to help with tackling key financing barriers, accelerate delivery and, in collaboration with Cornish Metals, create a positive impact for the sector. The NWF is expected to add substantial value throughout the asset’s lifecycle, providing reassurance to project finance lenders during the early stages and facilitating coordination between government policy and the project.

A word on the deal

“Having an investor like the NWF really helped crowd other people in and bring in that other support. If they know the Government support this project, we can get other investors to come on board.”

Don Turvey, CEO and Director, Cornish Metals Inc.





Case study: Pulpex – helping a new green technology scale up to cut plastic waste and grow UK manufacturing

Background

Every day in the UK, over 38.5 million plastic bottles are used, with approximately 16 million ending up in landfills, being incinerated or polluting the environment and waterways. Transitioning from plastic and glass to paper packaging is therefore crucial to the Government’s recycling and waste targets, and achieving this change will require significant investment.

Our role

NWF commitment: £43.5 million

Total commitment: £62 million

Date: January 2025

Location: Glasgow

Pulpex has developed a sustainable alternative to non-biodegradable packaging: a fibre-based bottle, free from hidden plastic and designed to be recycled in the same way as paper or card in normal household recycling streams.

The NWF was a cornerstone investor in a £62 million Series D investment round, committing £43.5 million in direct equity, with a £10 million co-investment from the Scottish National Investment Bank, and the balance from existing investors.

Our impact

The fundraise will finance the construction of Pulpex’s first commercial-scale manufacturing facility near Glasgow, helping the industrialisation of this first-of-a-kind technology that will support the transition to a sustainable packaging industry.

The new plant is expected to produce 50 million bottles per year and will support the UK’s first fibre-based bottle supply chain, creating over 35 new jobs in Scotland, near Glasgow, and over 50 temporary and maintenance jobs.



Working with local authorities

In the financial year to 31 March 2025, the Local Authority function continued to build its reputation as a trusted partner providing tailored financial and commercial advice to local authorities developing and delivering ambitious projects.

Thanks to our lending transactions and advisory engagements, complemented by targeted stakeholder engagement, local authorities are increasingly aware of the services we provide. Our expanded mandate under the NWF has also created new opportunities to further support local authorities with their growth and clean energy objectives, in particular assisting Mayoral Strategic Authorities (MSAs) to deliver the investment pipelines that underpin their Local Growth Plans. These advances have driven significant pipeline growth in 2024–25, which we expect to continue in 2025–26.

Highlights from the year

Landmark lending transactions

Over the course of 2024–25, the Local Authority function financed four significant transactions, with a combined value of £144 million. These deals represented important milestones for the NWF and its clients. Highlights included the following:

- **The NWF's first heat network transaction:** In February 2025, we committed £9.6 million to support the development of Solihull Metropolitan Borough Council's innovative heat network. This is the NWF's first heat network transaction (private or local authority) and paves the way for further heat network deals that are critical for decarbonising the UK's heat supply.
- **The Local Authority function's first transactions in Wales:** The NWF issued loans that will leverage long-term grant support from the Welsh Government to enable delivery of capital-intensive flood defences. This illustrates our growing presence in the devolved nations and our capacity to execute successful financing structures alongside government grants.
- **The NWF's first net zero fund transaction with a district council:** In August 2024 we committed £17 million to support West Suffolk Council's net

zero programme over the next three years. This is the NWF's first deal with a district council and demonstrates that we can work with authorities of all sizes. It also serves as a case study for how, with the right approach, authorities can deliver a portfolio of net zero projects profitably. There is growing interest in and demand for these types of aggregation models from the local authorities we work with. Further information can be found on the case study provided on page 38.

Delivering commercial and financial advice

In the financial year 2024–25, we grew the number of advisory engagements undertaken to 36, an 80% increase on the previous financial year. 32 different local authorities benefitted from our commercial and financial advice, helping to enhance project outcomes and value for money.

Notable engagements included the following:

- **Supporting fleet decarbonisation in Greater Manchester:** The NWF worked with Transport for Greater Manchester to develop options for financial and commercial models capable of delivering the Mayor's ambition for a fully zero-emission bus fleet by 2030. This follows the reintroduction of bus franchising in Greater Manchester in 2023. Other Combined Authorities across the UK are exploring similar models, so we are well positioned to replicate this work as and when required.
- **Establishing the Green Growth West Impact Fund:** The NWF advised the West of England Combined Authority on its £100 million Green Growth West Impact Fund, which was successfully launched in September 2024 and aims to attract £90 million of private capital to support regional growth, while tackling climate change.
- **Building our presence in the devolved nations:** For the first time in a single financial year, the Local Authority function undertook advisory engagements in Scotland, Wales and Northern Ireland, reflecting our efforts to build our market presence in all the constituent nations of the UK.

Highlights from our advisory and lending in 2024–25 are shown on the map on page 37.

Deeper regional working

Since our transition to the NWF we have strengthened our regional relationships by working more closely with the UK's city regions. We are working with their senior officers, leaders and Mayors to address barriers to investment through our provision of advisory services and finance. Progress to date includes:

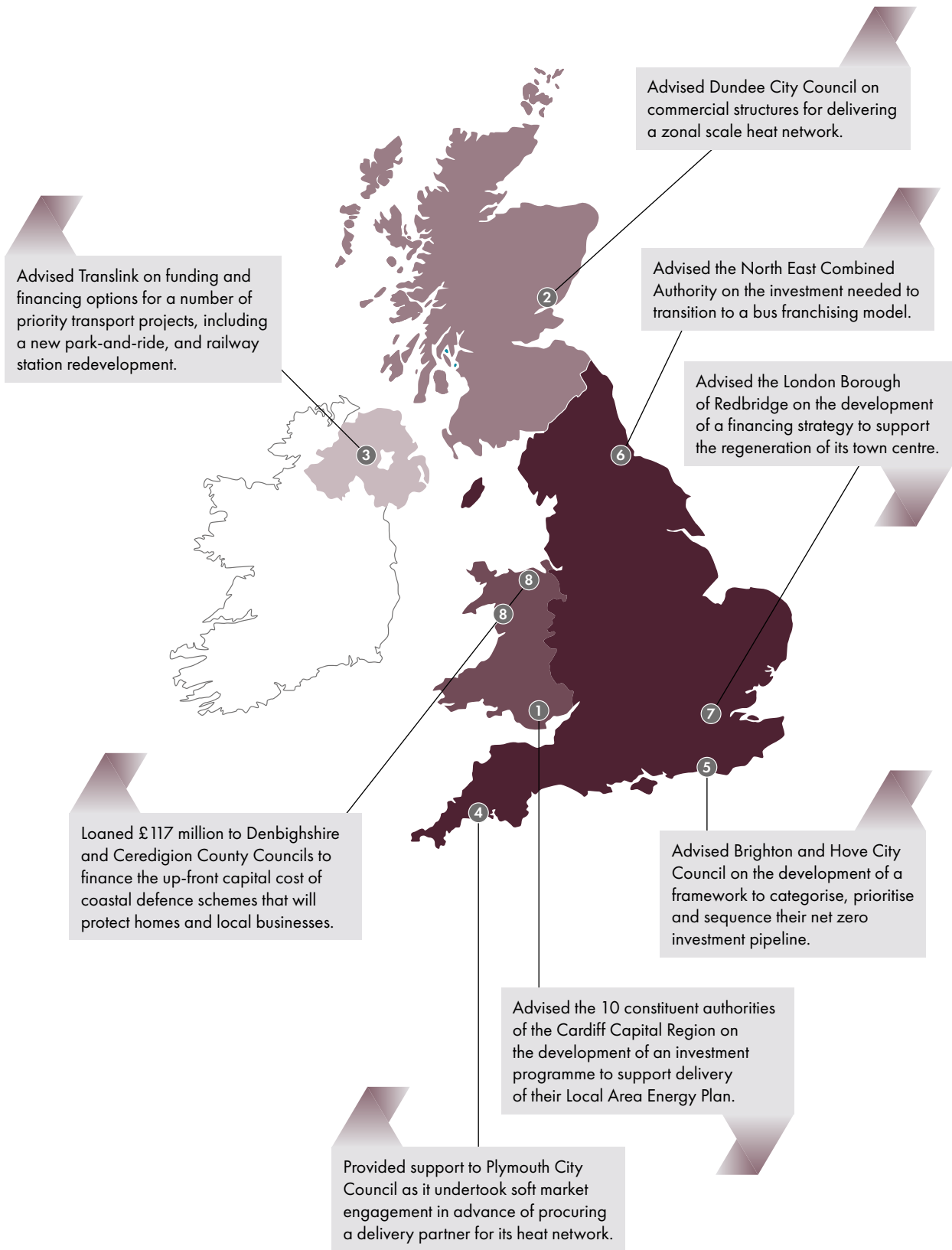
- **Strategic partnerships (SPs):** In January 2025 HM Treasury announced that the NWF would pilot four SPs, with Glasgow City Region and with the MSAs in Greater Manchester, West Yorkshire and West Midlands. Through these relationships, the NWF will provide enhanced support to deliver long-term investment opportunities. The SPs are in the process of being fully operationalised and have already led to a number of opportunities for the NWF to support.

- **Mayoral Combined Authority (MCA) workshop:** In March 2025 the NWF hosted senior representatives from 13 MCAs and from Glasgow City Region to discuss their growth plans and the challenges they face in delivering their investment pipelines. In response, the NWF has committed to: i) identifying priority areas for us to support in 2025–26; ii) evolving NWF finance to support MCA needs; iii) exploring how we can proactively share best practice; and iv) working closely with government departments to collectively address the challenges faced by MCAs.

We continue to engage with all MSAs in England as well as city regions across the UK.

Local Authority Advisory and Lending 2024–25 highlights

The NWF’s Local Authority function undertook 36 advisory engagements and four lending transactions in 2024–25. The following map highlights the locations of some of our work:





Case study: West Suffolk Council's Net Zero Fund – using flexible finance to deliver a portfolio of net zero projects profitably

Background

West Suffolk Council has made reducing the environmental impact of its buildings, fleet and operations one of its four strategic priorities and has developed an ambitious net zero fund to help finance a range of activity including improving energy efficiency, expanding the roll-out of solar panels for local businesses and transitioning its car and van fleet to electric vehicles.

Our role

The NWF supported delivery of West Suffolk's net zero programme with a £17 million facility available to the Council over a three-year period. The Council's net zero fund aggregates a number of projects that individually fall below the NWF's minimum £5 million ticket size for local authorities, allowing us to support smaller projects that would otherwise not benefit from our finance.

Our impact

The loan provides funding certainty for the Council at highly competitive interest rates, which will help reduce the overall cost of financing for the net zero programme. This directly supports the Council's aims to reduce emissions from its operations by more than 30% over the next three years, and is expected to save around 8,500 tonnes per CO₂ equivalent over a 20-year period.

Furthermore, the NWF believes that West Suffolk Council's model is highly replicable. We are working with the Council to share the programme's critical success factors with the sector and have already presented jointly at industry events and through media outlets.





Case study: Local Authority Advisory – West of England Combined Authority

Background

The West of England Mayoral Combined Authority (MCA) is co-developing a £100 million regional impact fund, known as the Green Growth West Fund (GGWF), to supply homes with renewable energy and help reduce energy bills. The MCA intends to cornerstone the fund with a £10 million investment and is seeking to attract a further £90 million from private investors.

Our role

Through a series of in-person workshops, the advisory team explored key commercial and delivery risks and identified the governance mechanisms to manage and mitigate these. We drew on the NWF's direct experience as an investor and our exposure to similar funds to provide high-quality advice. This helped to build confidence in the proposal and secure senior stakeholder support.

Our impact

The NWF advisory service was key in the West of England MCA's decision to formally approve the

business case to establish the GGWF. The GGWF has since appointed a fund manager and commissioned an independent, regional investment readiness support partner, who is identifying and working with high-quality net zero projects and businesses, including those expected to enter the pipeline for the new fund.

A word on the deal

Justin Olosunde, Senior Funding & Investment Manager at the West of England MCA, commented:

"The advisory service provided by the NWF was a core pillar in enabling us to present the fund for committee approval. Without NWF advisory services we would not have been able to proceed with the fund."

Since undertaking this piece of work, the NWF has engaged with several other authorities who are looking to establish similar funds to support growth and decarbonisation in their regions.

Business operations



Outline

This section outlines how our people, governance, and operational capabilities continue to evolve, supporting the NWF to deliver its mission.

Our people

During the financial year, the NWF continued to prioritise attracting and retaining the talent required to enable the responsible and effective deployment of £27.8 billion of capital.

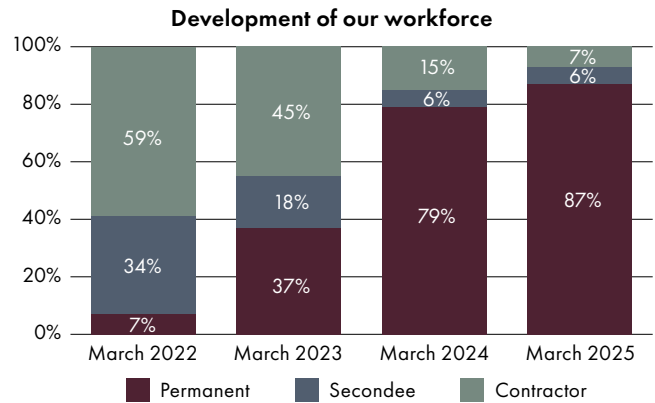
The NWF is a high-performing, inclusive organisation which attracts, retains and develops top talent and keeps teams engaged.

The Company has continued to attract highly skilled and talented employees with a wide range of skills and expertise from complementary backgrounds, and to focus on building a high-performing organisation where people thrive at work.

We have embedded five core behaviours in day-to-day activities and are driving a culture of continuous learning through, for example, opportunities to apply expertise to first-of-a-kind deals across a variety of sectors.

The first goal-setting and feedback process was implemented during the 2024–25 financial year. Our structured approach ensures that every individual goal is aligned with team and Company-wide key performance indicators, and each goal is linked to a behaviour. This approach drives engagement and accountability across the organisation, with employees clearly seeing how their day-to-day activities contribute to the Company’s mission.

As planned, the number of permanent employees in role has increased during the year from 218 in March 2024 to 268 in March 2025 (excluding Non-Executive Directors); this represented 87% of the overall workforce (31 March 2024: 79%). The number of contractors, based on headcount, has reduced, falling below 7% for the first time (31 March 2024: 15%). The following chart sets out how we changed the balance of our workforce in line with our organisational design plans.



To support our broader mandate and enhanced role, the Company continued to develop the front office, hiring across Banking and Investments, Portfolio Management, and Local Authority Advisory and Lending, as well as the enabling functions across the middle and back office, to ensure appropriate levels for delivering policy-aligned deals.

Our target organisation design has been updated to reflect this activity. Recruitment started during the final quarter of the financial year to 31 March 2025 and will continue in 2025–26, overseen by the Executive Committee.

The Company’s staff stood at 302 full-time equivalents (FTE), a headcount of 310, at 31 March 2025 (2024: 270 FTE, a headcount of 276). Analysis of our FTE at 31 March 2025 for the current and prior year, by category, is provided in the ‘Workforce’ section of our Staff report on page 97.

Our headcount, split by front, middle and back office, at 31 March 2025 (with comparatives at 31 March 2024 and 31 March 2023), is detailed in the following table. This highlights the breadth of skills we have built across our workforce and shows where we have focused our resourcing efforts during the financial year.

Department	2025	2024	2023
Front office total	105	90	51
Middle office total	94	75	52
Back office total	111	111	95
Total headcount	310	276	198
Total FTE	302	270	194

Notes to the table above:

1. Front office = Banking and Investments; Portfolio Management; Local Authority Advisory and Lending.
2. Middle office = Risk and Compliance; General Counsel's Office; Strategy, Policy and Communications; Impact; and Internal Audit Services.
3. Back office = Finance; Human Resources; Operations (IT, Procurement, Operational Excellence and Data, Programme Office, Facilities); and Interns.

Employment policies and procedures

We have continued to embed a suite of employment policies to support our colleagues in the workplace. These are easily accessible to all employees on our intranet and reflect current employment legislation.

Health, safety and wellbeing

We understand the importance of health and safety in the workplace and ensure compliance with health and safety legislation and regulations through:

- health and safety systems and processes;
- mandatory health and safety training for all colleagues;
- specialist health and safety advice obtained where necessary;
- regular and appropriate risk assessments and physical inspections; and
- engaging colleagues in decisions that impact their health and safety.

We have established various measures to promote health and wellbeing in the workplace. In addition to remote working arrangements, which align with our ambition for the Company to be a hybrid organisation, and the development of our Employee Assistance Programme, we have continued to conduct employee engagement surveys to help us better identify, understand and address any wellbeing issues experienced by our colleagues.

Disability and support

The Company has had the opportunity to be diverse by design and establish itself as a Disability Confident employer. To achieve this ambition, the Company is committed to supporting employees with disabilities by:

- adapting our workplace practices to meet the needs of colleagues with disabilities and, where appropriate, seeking professional medical advice on reasonable adjustments through our occupational health provider;
- ensuring our offices comply with disability standards and applicable legislation to create a positive working environment for all; and
- continuing the Company's commitment to enable all colleagues to progress their careers and reach their full potential.

Gender pay gap

The Company is committed to paying men and women equally for doing equivalent jobs throughout the organisation. The Company's permanent employee headcount reached the threshold for gender pay gap reporting during the financial year to 31 March 2025. This will be disclosed in accordance with relevant guidelines and included in the 2025–26 Annual Report and Accounts.

Diversity and inclusion

The Company values all aspects of diversity. We aspire to reflect the society we serve, and we want the best people to work for us; we actively encourage diverse ideas, open debate and perspectives that challenge prevailing wisdom and engender innovative behaviour.

Further information on diversity in the Company's permanent employees is shown in our Staff report on page 98.

Pay and reward

Details of the Company's Reward Framework are set out in the Remuneration report on pages 88 and 89.

Environmental, Social, Resilience and Governance (ESRG)

ESRG Framework

The Company is committed to fostering sustainable and responsible practices throughout our investments and operations, as a core part of delivering our mandate. Our focus is on creating impact through our investments, as described in the 'Performance analysis' section. ESRG helps the Company to manage risks to our sustainability and social impact through our practices, culture and behaviour.

You can find a summary of our ESRG Framework on our website: [ESRG Framework 2023](#), including the five principles for ESRG that guide the Company's investments and operations.

ESRG in our investments

The Company actively seeks impact through our investments, influencing markets to improve how sectors create growth and decarbonise, set out in [the Impact report](#). ESRG supports that approach to investing by considering the risks and opportunities to protect and enhance the long-term value of investments. We evaluate ESRG within our investments, from project origination to investment exit. ESRG reporting is expected for our investments, and over the past financial year, we have engaged investment counterparties to commit to better ESRG standards. As outlined in our ESRG principles, we expect the companies we work with to manage their strategies, governance, risks and disclosures to recognise ESRG and climate risks.

ESRG in our activities

Our ESRG principles apply to the Company's operations as well as to the projects that we finance (see also our section on 'Task Force on Climate-related Financial Disclosures (TCFD)' on page 45).

Integrating ESRG factors throughout our business and fostering a culture that considers these factors is crucial.

We continue to establish baselines for emissions, waste, and paper and water usage based on our expected 'steady state'. As we have grown our workforce, we expected our emissions, waste, paper and water usage levels to naturally rise but have taken action to minimise this where possible.

During the financial year ended 31 March 2025, the Company completed its relocation to new headquarters in Leeds and occupied premises in Belfast, Cardiff, Edinburgh and London throughout the year. Our relocation to new premises in Leeds resulted in a significant increase (148%) in floor-space, from 1,073 to 2,669 square metres and also allowed us to implement energy-saving measures.

Given the Company's continued growth, direct year-on-year comparisons offer limited insight into performance improvements. Additionally, the recent office relocation has introduced variations in data availability and in the methodologies used by building managers to capture environmental data. Where such differences exist, we have included explanatory notes alongside the reported figures in the following tables to ensure transparency and context.

Data on our energy consumption, waste, and water and paper usage is provided in the following tables, with emissions data reported as part of the wider TCFD on pages 48-50. With the majority of staff based in Leeds (95%) and London (4%), we focus our report on the Leeds and London premises, excluding our satellite offices in Belfast, Cardiff and Edinburgh.

Category	Summary	Units ¹	2024–25	2023–24	2022–23
Electricity consumption	Despite our expansion, our overall electricity consumption has decreased compared with the previous year, due to a more efficient use of electricity across the site and a partial shift to gas heating as a result of our move to new premises in Leeds.	kWh	270,000	316,000	172,000
	Energy-saving measures implemented include proper balancing and optimisation of air conditioning units and installation of sensors switching off lighting overnight.	Gross expenditure (£)	66,100	66,100	31,600
Gas consumption	Our gas consumption has increased this year, primarily because we are occupying a larger office space in Leeds and of changes in our building operations and heating requirements. We continue to monitor and manage our energy use closely to ensure efficiency and sustainability.	kWh	29,000	13,000	6,000
		Gross expenditure (£)	1,800	1,300	1,100
Water usage ²	Our overall water usage has decreased compared with the previous year, primarily due to improved reporting accuracy (see Note 2 below). We remain committed to using water efficiently by promptly addressing maintenance issues and implementing ongoing improvements to reduce unnecessary water use, for example, by installing low-flow mixer taps with aerators and mains-powered toilet flush sensors.	Cubic metres	470	970	500
		Gross expenditure (£)	2,990	4,450	2,010
Paper usage	Our total paper usage increase reflects the continued growth of our workforce. As we are expanding, we have decided against a reduction target and are focusing on exploring resource efficiency.	No. of A4 reams equivalent	285	236	80
Waste ³	As the volume and quality of waste data improves, we are considering how to better react and influence waste arisings.				
	As part of the Leeds relocation, we retained all the premises' existing heating systems and carpeting rather than replacing for new fittings and reused all NWF-owned furniture.	Tonnes	5	7	8

Notes to the table above:

- All figures are rounded.
- Leeds usage based on meter readings, attributed to the NWF based on floor space occupied. As reliable data from the London office is unavailable, we have estimated the water usage for London based on the per head Leeds usage due to the same nature of work. For previous years we reported water usage assuming a standard 50 litres per day per employee in the office, which resulted in overestimates.
- Further detail is provided in the 'Waste' section.

Waste

Waste data is sourced from disposal companies contracted by the landlord at each respective site. This data is reported at the building level only, so waste tonnages have been proportionally adjusted based on the floor space occupied by the Company within each building. The following tables present waste arisings for both the current and previous financial years.

For the Leeds office, waste figures are based on direct reporting for the entire building and then scaled to reflect the NWF's share of occupied floor space.

This method likely leads to an overestimate. In contrast, data for the London office is only available at the building level and, due to the NWF employing just eight permanent staff there as at 31 March 2025, it is not feasible to allocate a realistic share based on space. Instead, waste arisings for London have been estimated using a per-head figure derived from Leeds, given the similarity in work activities. In prior years, London's waste was apportioned based on floor space, which contributed to overestimated figures and explains the observed reduction in reported waste.

2024–25	Tonnes	Percentage	Gross expenditure (£)
Total waste arisings	4.8	100%	1,310
Total waste recycled	1.5	32%	450
Total ICT waste recycled, reused and recovered (externally)	–	–	–
Total waste composted/food waste	0.6	13%	140
Total waste incinerated with energy recovery	2.7	55%	720
Total waste incinerated without energy recovery/waste to landfill	–	–	–

2023–24	Tonnes	Percentage	Gross expenditure (£)
Total waste arisings	8.3	100%	2,263
Total waste recycled	2.6	32%	779
Total ICT waste recycled, reused and recovered (externally)	–	–	–
Total waste composted/food waste	1.1	13%	237
Total waste incinerated with energy recovery	4.6	55%	1,247
Total waste incinerated without energy recovery/waste to landfill	–	–	–

In 2024–25, the Company's total expenditure on finite resource consumption was £72,200, comprising £66,100 on electricity, £1,800 on gas, £2,990 on water, and £1,310 on waste disposal.

Minimising e-waste and single use plastic waste

We recycle IT items whenever possible. When items cannot be reused due to data security regulations, we collaborate with third-party IT providers to ensure secure recycling or disposal of damaged or end-of-life IT equipment that is compliant with the Waste Electrical And Electronic Equipment Regulations 2013. Components are separated into waste streams such as plastic, copper or other metals, and hard drives are shredded to prevent landfill.

Additionally, we have made improvements at our Leeds premises. Previously, the toilets were battery-operated, leading to a significant number of batteries being replaced throughout the year. We have now connected the toilets flush sensors to the mains electricity, which has contributed to the reduction in electronic waste.

The Company only provides reusable cutlery and crockery in all office kitchens. We work with catering suppliers to reduce single-use plastics for meeting and event catering. We have also worked with

stationery suppliers to reduce packaging, and the number of orders placed. We always consider the lifecycle of furniture and fittings purchased.

Task Force on Climate-related Financial Disclosures (TCFD)

As the Company was established to enable the Government's objectives on climate change, we recognise the risks climate change has for both these objectives and the financial system. As such, we acknowledge the significance for us of managing climate change risks and opportunities, as a long-term investor in capital-intensive projects, businesses or assets. As well as taking an active role in investing to enable net zero, the Company is also embedding climate risk considerations into its investment risk management processes.

We are committed to making disclosures, in line with the recommendations of the TCFD, and are working across the Company to build on the quality of these each year. Over the past financial year, we have enhanced our TCFD pillars on strategy and risk management by developing our climate risk scenario framework and testing this on our investment portfolio for the first time. Through this reporting, we uphold our commitment to transparency in outlining our approach to managing climate-related risks and

opportunities, addressing the key TCFD pillars of governance, strategy, risk management, and metrics and targets.

The TCFD disclosures presented in this Annual Report and Accounts are not audited. While these disclosures are important for transparency and accountability, current guidance for public sector annual reports does not require them to be audited. As a public financial institution, we aim to align with best practice in a way that is proportionate to our role and responsibilities.

The Company’s statement of compliance with TCFD-aligned disclosures requirements can be found on page 73.

Governance

The Board is the highest decision-making body on climate-related matters at the Company. Together with the Executive Committee, it oversees achievement of our climate objectives covering both support for the UK Government’s net zero target and the UK’s resilience to climate change. Climate-related responsibilities are distributed between the Board and multiple executive-level committees, as outlined in the table below.

Governance level	TCFD-related responsibility
Board	<p>The Board actively oversees climate-related risks and opportunities, periodically including the subject as an agenda item in its meetings. The designated Board member for climate risks and opportunities ensures the Board is regularly informed and engaged on relevant concerns and their impact on the Company. A number of Board members have expertise on climate risks and their management.</p> <p>In 2024–25, the Board participated in workshops that provided insights into the development of climate risk scenarios and examined their implications for the Company’s investment strategy and portfolio management. As part of these workshops, Board members received training on the development of climate risk scenarios and how they apply to the NWF, to strengthen their oversight capabilities.</p>
Executive Committee	<p>The Executive Committee receives updates on significant climate-related concerns at both the deal and portfolio levels.</p> <p>In this financial year, the Committee actively participated in discussions supporting the development of the Company’s climate risk scenario framework. The Committee assessed and approved three climate scenarios and reviewed their portfolio impact, consenting to the adoption of a qualitative extreme physical risk (‘climate tipping point’) scenario in future iterations of the process.</p>
Investment Committee	<p>The Investment Committee evaluates climate-related risks and opportunities for individual investments and the portfolio when identified as significant risk concerns.</p>
Risk Committee	<p>The Risk Committee, in its periodic review and update of the corporate risk register, evaluates climate risks alongside other key risks to ensure they are appropriately identified, assessed and mitigated. Additionally, the Company integrates climate risks within its risk appetite framework (see ‘Risk management and internal controls’ on pages 51-54).</p>

Strategy

Our strategic objectives are aligned with the transition towards a low-carbon economy. We firmly uphold our investment principles and aim to crowd in finance to critical transition-enabling sectors, thereby supporting the Government’s clean energy mission, including to achieving net zero by 2050.

We recognise that climate-related risks, along with other factors, could hinder the attainment of our strategic objectives, and have therefore incorporated

climate risk considerations into the Company’s strategic approach.

During 2024–25, we assessed the nature of our investment portfolio, recognising that climate-related issues unfold over varying time horizons. As a result, for the first time, we carefully evaluated and established our position on what we considered relevant in the short, medium and long term. Our established time horizons are short-term (2030), medium-term (2035) and long-term (2050). We

identified transition risk drivers – such as policy changes and delayed technology adoption – along with physical risks – including chronic risks like sea level rise and acute risks like flooding – as potential concerns over the short, medium and long term for our portfolio.

In developing our climate scenarios, we adopted a core scenario (table below) aligned with the Paris

Agreement, reflecting international commitments to limit global temperature rise to within 1.5°C of pre-industrial levels. We assumed that the UK successfully meets its interim carbon target while the world achieves net zero by 2050 in an orderly manner, resulting in a scenario of a global temperature increase of 1.5°C.

Scenario	Policy change	Economic/ social change	Technology change	Macroeconomic impact	Physical risk
Core (Paris Agreement aligned)	Immediate and smooth	Smooth	Fast	Low to moderate	Mitigated

In the alternative scenario (table below), we adopted the ‘technology driven, policy sluggish’ framework, where transition policies prove less effective in reducing the carbon emissions. Despite technological advancements being globally significant, they are concentrated in specific regions, such as the UK, United States and China. However, limited international cooperation and rising protectionism

prevent the global transition from fully benefitting from the technological developments. This is a bespoke scenario reflecting the NWF’s focus on enabling sectors and technologies. This scenario differentiates between technology uptake and the speed of adoption and will provide more strategic insights than other potential scenarios.

Scenario	Policy change	Economic/ social change	Technology change	Macroeconomic impact	Physical risk
Alternative scenario (technology driven, policy sluggish)	Fragmented	Delayed	High but fragmented	Moderate	Moderate

In the most severe scenario, ‘physical risk scenario – falling short’ (table below), neither the UK nor the rest of the world successfully implemented their net zero policies by 2050, failing to meet interim targets and carbon budgets. The weak transitions and ineffective policy changes lead to short-term economic benefits

for certain regions while exacerbating long-term environmental risks and challenges. The absence of global decarbonisation efforts accelerates climate change, resulting in long-term and potentially irreversible harm to the planet.

Scenario	Policy change	Economic/ social change	Technology change	Macroeconomic impact	Physical risk
Alternative scenario (falling short)	Limited	Limited	Medium to high	Moderate	Severe

We assessed the resilience of the total eligible investment portfolio across the three scenarios over the short, medium and long term and discussed the results with the Company’s Executive and Board. These scenarios will continue to be monitored, and their impact considered in the context of the

organisation’s strategy, performance and risk management. We will continue to assess the climate impact of our portfolio as it will continue to grow and evolve with time.

Risk management

The Company assesses all relevant climate-related risks, which include transition risks and physical risk:

- **Transition risks:** These are risks related to the rate, speed and span of technological changes globally and in the UK. They also include risks related to policy changes and their timing, and risks related to the macroeconomic environment and market conditions for deploying low-carbon technology.
- **Physical risks:** These refer to risks related to extreme weather events in the UK – for example, flash floods, strong winds, prolonged droughts and increased temperatures – and to continuous change in the physical environment of the UK – for example, sea level rise, increased rainfall and unpredictability of weather patterns.

We have identified climate-related risks as a key consideration in our risk appetite framework and actively monitor them within our corporate risk register.

Climate-related risks and opportunities are qualitatively assessed in our individual deals prior to investment. During the due diligence process, we seek to identify what material climate-related risks our clients and their supply chain may be exposed to, evaluating the impact both at the project level and across our investments. We aim to understand our clients' approach to managing transition risks and physical risks, including their decarbonisation targets, transition plans and adaptation programmes.

At a portfolio level, we have developed climate scenarios based on plausible future conditions and conducted stress tests to evaluate the level of impact on different sectors and on the eligible investment portfolio. We review our position bi-annually to ensure it aligns with our risk appetite.

We are continuously enhancing our processes for identifying, assessing and managing climate-related risks across both individual investments and the overall portfolio.

Metrics and targets

The Company is committed to reporting transparently on its climate-related risks and opportunities and continuously refining its approach to metrics and targets.

As an impact-focused investor, we assess how our investments contribute to the Government's clean energy mission, including to achieving net zero by 2050. For further detail on our impact pathways and how we assess this impact, see [our Impact Framework](#). As part of this, we assess the expected avoided emissions associated with our investments and, for 2024–25, we have assessed this across the value chain. For more on this change and our performance to date see pages 28-29. We also monitor financed emissions annually. Given our role in enabling the transition across the UK's economy and our growing portfolio, we do not target short-term emissions reductions themselves but a longer-term transition towards net zero.

Throughout the financial year to 31 March 2025, we have continued our effort to align our carbon accounting processes with widely accepted market standards. We have utilised the Greenhouse Gas (GHG) Protocol framework to establish the boundaries of our emissions throughout our operations and value chain. Our reporting is divided into three scopes, enabling us to gain insight into both direct emissions and the indirect emission across our value chain. These are defined as:

- **Scope 1:** Direct emissions from our own or controlled sources;
- **Scope 2:** Indirect emissions from the generation of energy we purchase; and
- **Scope 3:** Indirect emissions (excluding Scope 2) from our value chain, including upstream and downstream.

The following table provides a detailed breakdown of our internal energy use and GHG emissions for the fiscal years 2022–23, 2023–24, and 2024–25, highlighting the different scopes of emissions.

GHG emissions (in tCO ₂ e)	2024–25	2023–24	2022–23
Scope 1	89.6	281.4	216.0
Scope 2	55.9	66.6	33.2
Scope 3 – business travel, waste	56.0	47.7	37.0
Scope 3 – financed emissions	124,500	42,212	N/A

Notes to the above table:

- Scope 1 emissions are split between those from gas for heating water and those from the variable refrigerant flow system. The decrease in Scope 1 emissions is due to no refrigerant top-ups in our Leeds office.
- We have expanded our Scope 3 emissions reporting from last year, now including business travel and waste, whereas previously only business travel was included. Business travel is defined as travel undertaken by employees for business purposes, including rail and air travel and hotel accommodation; it does not include emissions from commuting.
- For Scope 3, the distances of flights 2024–25 are: domestic 28,800km (8tCO₂e); international 5,500km (1tCO₂e); FY 2023–24: domestic 5,300km; international 11,800km. FY 2022–23: domestic 4,800km; international 14,900km.
- N/A indicates that the information is either not available or not applicable.
- Emissions factors applied are as per GOV.UK [Greenhouse gas reporting: conversion factors 2024](#).

Emissions intensity ratio

In accordance with statutory requirements, the Company's greenhouse gas emissions intensity for 2024–25 was 0.69tCO₂e per FTE (2023–24: 1.71tCO₂e per FTE). This ratio expresses total annual emissions in relation to the average number of full-time equivalent employees, providing a measure of emissions efficiency relative to business activity.

Direct and indirect emissions from our activities

The Company's direct (Scope 1) and indirect (Scope 2) emissions for the financial year ended 31 March 2025 are primarily associated with our Leeds headquarters and London office, which, together, account for the vast majority of our workforce and operational footprint. Emissions from our smaller satellite offices in Cardiff, Belfast and Edinburgh are excluded due to data availability and their minimal contribution to overall emissions.

Scope 1 emissions this year reflect mostly gas usage, as little refrigerant top-ups were required at our Leeds premises. Scope 2 emissions, derived from electricity consumption, were calculated using landlord-provided data and relevant emission factors, and apportioned based on floor space occupied by the NWF.

Indirect emissions from our value chain

Scope 3 emissions include business travel, emissions associated with waste generation and financed

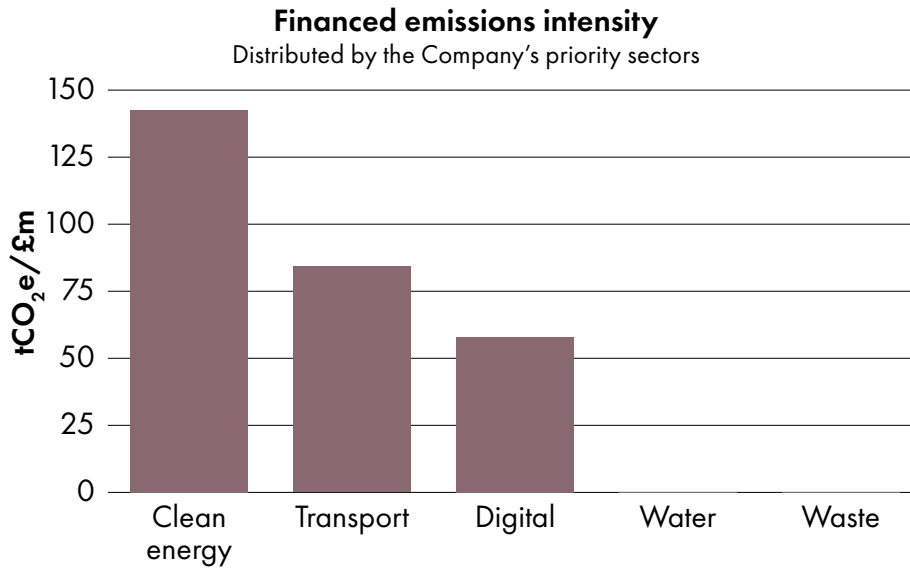
emissions. We will gradually look to expand the categories considered under our footprint calculations in Scope 3 emissions.

Financed emissions are the GHG emissions linked to the investment and lending activities of financial institutions, rather than our operational emissions. For most financial institutions, these are the largest element of their emissions disclosure. We have maintained our use of the Partnership for Carbon Accounting Financials (PCAF) methodology in the estimation of our financed emissions. In the year 2024–25, we can attribute to the Company a total of 124,500 tonnes across our investments' Scope 1, 2 and 3 carbon emissions.

Total financed by the Company (tCO₂e)

124,500

The following chart highlights the intensity of our financed emissions by sector. The clean energy sector has the highest emissions and intensity factor of our portfolio, and the transport sector, the second highest. The energy sector has the highest emissions intensity because it covers a range of transactions, including non-renewable deals, with many in the construction phase. We have low factors in the water, natural capital and waste sectors, due to the small number of deals that qualify for financed emissions in these sectors.



Calculations of financed emissions:

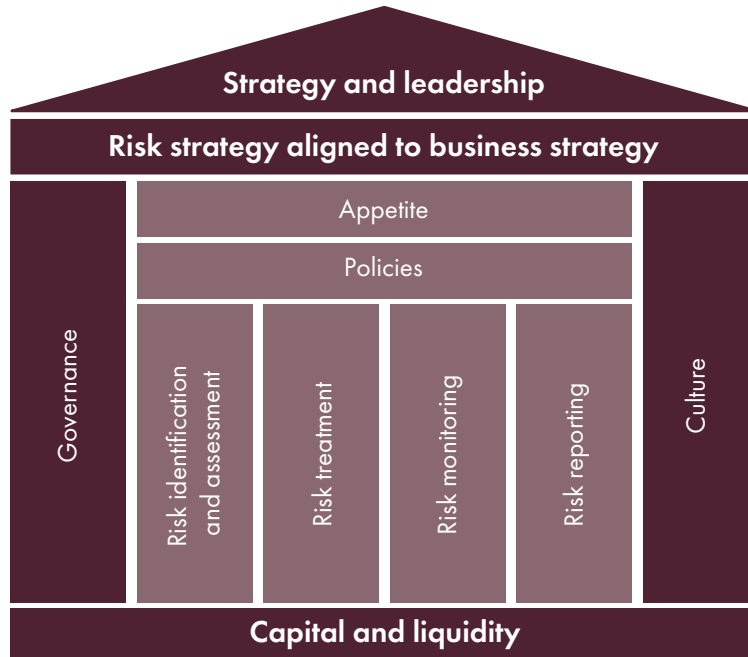
- Data quality:** Our financed emissions are calculated by taking a snapshot of our portfolio in March 2025. We estimate our financed emissions on a financial year basis, but the underlying data can reflect a range of financial years in the underlying companies.
- PCAF score:** PCAF scores the quality of data to allow reporting when high-quality data is not available. We aim to use data reported directly by portfolio companies as a primary option but use a set of proxies if the best data is not available. PCAF then scores the quality of data based on a 1–5 rating. A high-quality data point would be given a mark of 1, while a low-quality proxy of the Company's financed emissions would be given the lowest quality mark of 5. These are then split over Scopes 1, 2 and 3, which may vary in data quality.
- The Company's score is 3.5:** This is the result of our portfolio companies starting to access our finance but not yet reaching the scale for expected emissions reporting. This means we have used more proxies under the PCAF methodology than we would envisage in future. We expect this to change positively as more of the portfolio enters regular reporting cycles and fewer deals are less than 12 months old.
- Scope of PCAF:** The PCAF approach only covers the debt and equity products that the Company offers. Other financial products, such as bridging loans and guarantees, are not included in the financed emissions methodology. Therefore, of our transactions, 32 out of 51 are eligible for our financed emissions calculation, which results in a total value of £1,474 million for the 32 eligible deals.
- Priority sectors:** The figures are presented based on the Company's five priority sectors as they were before the Chancellor's Statement of Strategic Priorities in March 2025.

Risk management and internal controls

The Company is a policy bank; it shares some of the same risks as a commercial bank, but it is also exposed to risks related to the complexity of its strategic objectives. The Risk Management Framework supports the consistent and robust identification and management of opportunities and risks across the Company.

Risk Management Framework (RMF)

Sound risk management is important for achieving the Company’s specific strategic objectives in a manner that ensures the long-term safety and soundness of the Company. This comes together through the RMF, as represented by the following diagram.



The RMF is drafted in accordance with the UK Government’s *Management of Risk – Principles and Concepts* (known as ‘The Orange Book’) and continues to evolve in line with the growing organisation, in line with the new mandate requirements. The purpose of the risk management strategy is to embed an effective risk management framework which enables the risks to the NWF’s objectives to be managed in as simple and effective a way as possible. It will foster a risk-aware culture and provide the necessary reporting to provide assurance that key risks are managed within the appetite set by the Board.

The governance arrangements and policies continue to be refined to provide guiding principles, standards and clear ownership to support the risk management activities of identification and assessment, treatment, monitoring and reporting.

Within the overarching RMF, additional frameworks operate to ensure that financial risk, compliance and financial crime risk are appropriately managed.

The financial risk framework is designed to assess, measure and manage credit default risk, interest rate risk, capital, and liquidity adequacy.

The Compliance Framework is designed in accordance with good practice governance and conduct and is aligned with the NWF’s requirements, including the principles of the Financial Conduct Authority’s (FCA’s) Senior Managers and Certification Regime, insofar as is appropriate and proportionate to our business, the relevant elements of the FCA Principles for Businesses, and the General Data Protection Regulation.

The Financial Crime Framework reflects good practice policies and processes to safeguard against fraud, theft, corruption, bribery, market abuse and money laundering. This framework has been developed in line with guidance issued by the Counter Fraud function, in compliance with HM Treasury’s *Managing Public Money* guidance, applicable laws, rules and regulation.

Risk management process

The risk management process operates both from a top-down perspective, looking at the most significant risks to the Company as a whole, and from a bottom-up perspective.



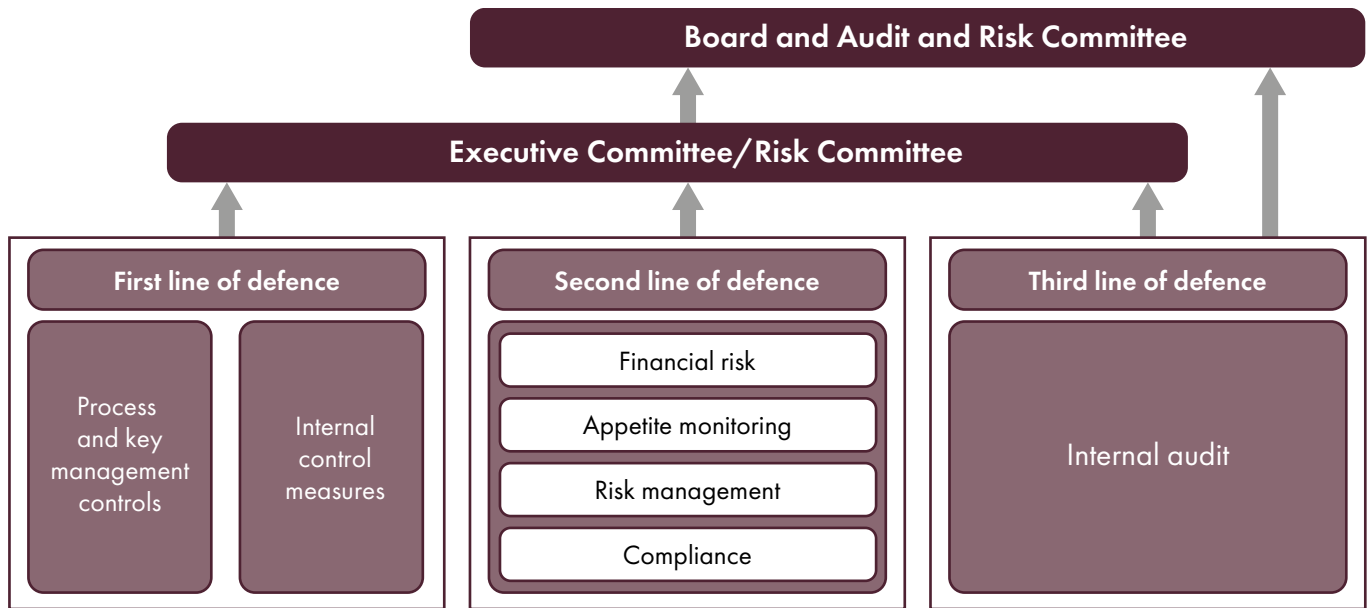
The RMF involves the identification of risks and assessment for impact and likelihood with and without controls in place. Where a risk is outside the Board’s risk appetite, this is escalated for further consideration, and potential additional mitigation or treatments are put in place.

Risks are monitored regularly for any changes in assessment arising from changes to the control environment, and for any new or emerging risks that might need to be added to a risk register.

The final part of the process is to regularly report the corporate risk profile through the relevant governance committees for review and approval.

Structures and responsibilities

The Company operates a 'Three Lines of Defence' approach to risk management, as outlined in the following diagram.



The first line of defence has direct accountability for the identification, assessment and management of risks. It is also responsible for the provision and maintenance of an effective control environment and compliance with risk-related policies and appetite limits.

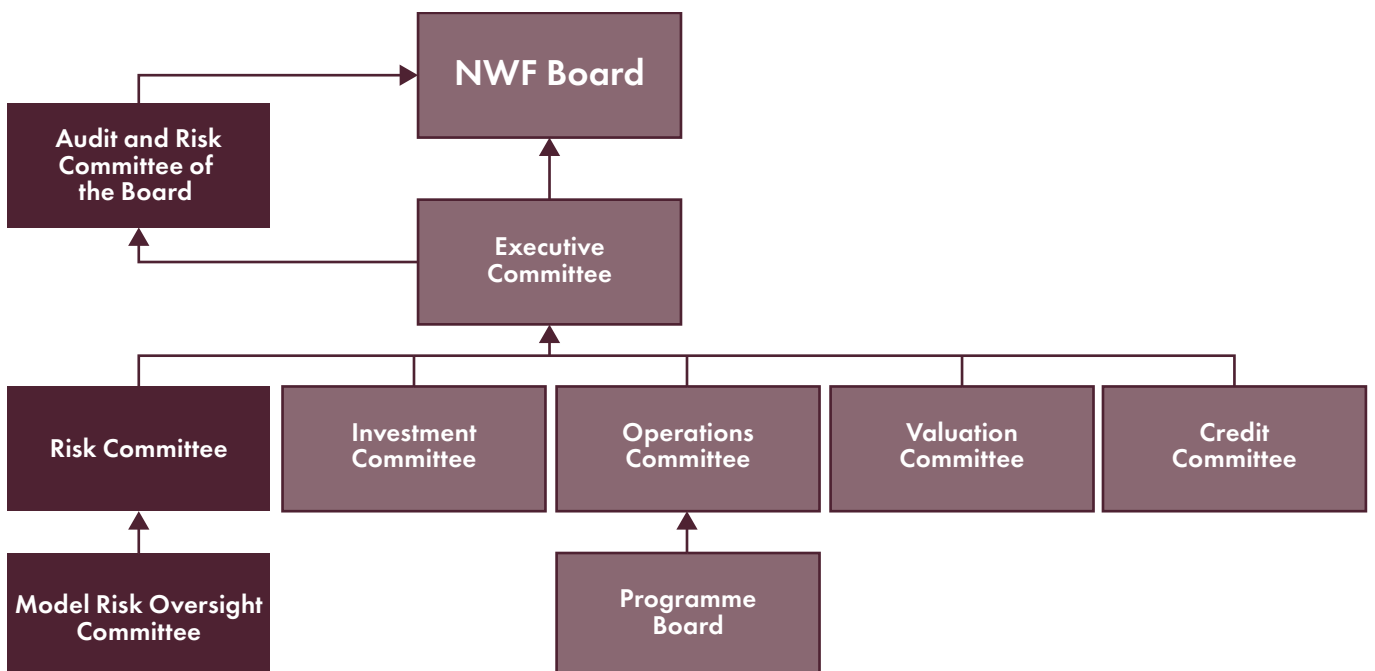
The second line of defence is responsible for facilitating the risk management process and providing oversight and challenge to the effectiveness

of risk decisions taken by the first line of defence. The second line of defence is also responsible for the provision and maintenance of risk policies, frameworks and training.

The third line of defence consists of independent assurance provided to the Audit and Risk Committee and the Board by Internal Audit, including their view of the effectiveness of risk management across the first and second lines of defence.

Committee structure for risk management

The Committee structure relevant to risk governance and oversight is outlined in the diagram below.



- The Board is responsible for the effective management of risk, approving the risk strategy and the setting of risk appetite.
- The Audit and Risk Committee is principally responsible for making recommendations to the Board on risk appetite and risk strategy, reviewing performance against risk appetite, and reviewing all risk exposures. It also approves key risk management policies, considers the level of risk the Company is taking to achieve its objectives, and evaluates the Company's governance, risk and control frameworks.
- In relation to risk management, the Executive Committee delegates authority to the Risk Committee. The Executive Committee will review any escalated items and will endorse submissions to the Audit and Risk Committee as appropriate.
- The Risk Committee is responsible for reviewing the risk management strategy and frameworks, risk profile and risk appetite on behalf of the Executive Committee and escalating issues to that body where necessary.
- The Model Risk Oversight Committee oversees the quality assurance of the integrity and effectiveness of critical models and reports to the Risk Committee.
- The Credit Committee provides oversight and monitoring of investments through annual and ad hoc reviews performed by the Portfolio Management function. It maintains a watchlist of investments which merit special attention and agrees action points to address issues as appropriate. It reports to the Executive Committee.
- In addition to the committee structure above, a Valuation Committee was established in June 2024. It is a sub-committee of the Executive Committee, and is responsible for developing, implementing and overseeing the valuation methodology and practices with regard to the equity investments of the Company.
- The Operations Committee is responsible for the operational matters, including first line of defence operational risks, pertaining to the running of the Company. The Operations Committee will escalate significant operational risks to the Risk Committee as appropriate. The Operations Committee has delegated to the Change Board the responsibility for the management and oversight of programme- and project-related risk and delivery activity pertaining to the building and running of the Company. The Programme Board will make recommendations and escalate exceptions, and significant (high and very high) programme risks to the Operations Committee and Risk Committee as appropriate.

Risk appetite

The Board has set the risk appetite for the Company, articulating the level of residual risk that the Company is willing to take or tolerate in achieving its strategic objectives.

The overarching risk appetite is stated as follows: *"We will take the risks necessary to achieve our policy ambitions, the required financial return and impact outcomes as defined by the Shareholder. We will do this within the constraints of being a publicly owned Arm's Length Body."*

The above statement is further clarified by risk appetite statements for each principal risk and sub-category of risk that the Company faces. These are shown in the following table.

Risk category and definition	Sub-categories	Appetite statements
<p>Strategic and business risk</p> <p>Strategic and business risk relates to threats that may inhibit the delivery of the Company's business strategy. Strategic and business risk can also arise from setting an inappropriate strategy, unclear plans, priorities or accountabilities.</p>	<p>Policy and innovation</p>	<p>In order to fulfil the potential and promise of the mandate we have been given – including as a cornerstone investor in cutting-edge technology – we have to take risks. We must therefore be supportive of this attitude, acknowledging the need to learn, adapt and innovate as we grow, while recognising our responsibilities as guardians of public money. However, we have no appetite for deals that do not have a positive impact on at least one of our policy objectives.</p>
	<p>Financial performance</p>	<p>While our appetite for individual transactions is high, and could therefore give rise to losses, at a portfolio level we have no appetite for exceeding our economic capital capacity.</p>
	<p>Concentration</p>	<p>The Company is exposed to multiple layers of concentration risk by virtue of its mandate. We aim to invest across our target sectors, recognising that these sectors will evolve at different rates.</p>
	<p>Transition</p>	<p>The Company, as it transitions to its extended mandate and grows the business as the NWF, will be exposed to increased risks, including but not limited to, strategic execution, financial, reputational and operational. This is recognised by management, who is actively managing these risks to ensure appropriate mitigations are in place.</p>
<p>Reputational</p> <p>Reputational risk is the risk of damage to the Company's reputation from adverse events, poor execution or repeated failures. This includes stakeholder engagement risk.</p>	<p>Stakeholder engagement</p>	<p>We will be open in our discussions and tailor our engagement with stakeholders and partners to suit each market, so as to build a reputation for excellence through the deals we do.</p>
<p>Financial</p> <p>Financial risk comprises credit risk, equity investment risk, market risk (including interest rate risk), liquidity, counterparty and climate-related financial risks. These component risks may result in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, thus constraining the Company's balance sheet. Failure to manage financial risks within approved appetite could trigger breaches of other key risks, including strategic and business risk, and reputational risk.</p>	<p>Credit/counterparty</p>	<p>The Company is set up to address market failure and to accelerate new markets in infrastructure finance. We are willing to take more risk than the market for deals that will help us to meet our objectives.</p>
	<p>Investments</p>	<p>Given our mandate, our appetite for risk arising from our investments is high. However, we will assess and actively manage each exposure.</p>
	<p>Market and interest rate</p>	<p>We will seek to match the interest rate risk profile of the Company's assets with the liabilities available to it from HM Treasury.</p>
	<p>Liquidity</p>	<p>We will ensure that the funding requirements for assets, calls on guarantees and other obligations are accommodated at all times.</p>
	<p>Climate, sustainability and impact</p>	<p>We will assess and monitor the impact of climate on the sustainability and financial position of our investments.</p>
<p>Model</p>	<p>The Company relies on a range of models to make key decisions. These models must be effectively managed to ensure that decision-making is well informed.</p>	

Risk category and definition	Sub-categories	Appetite statements
Operational Operational risk is the risk of loss (or gain) resulting from inadequate or failed internal processes, people and systems, or from external events that have an impact on the operations of the Company.	Technology	We ensure that availability and capacity failures are addressed in a timely fashion, minimising disruption to the business.
	Cyber and security	We maintain appropriate protections, controls and colleague awareness to minimise cyber risk.
	Projects/ programmes	Our projects and programmes are aligned with our strategic priorities, and we always seek to successfully deliver the benefits within set deadlines.
	Procurement and third party	We have no appetite to operate outside the Public Contracts Regulations 2015/Procurement Act 2023. We will ensure that sound procurement and commercial management arrangements are in place.
	Business process/ outsourcing	We will seek to ensure that our processes maximise efficiency and are documented and managed in that way. We will seek to ensure that our business processes and those of our outsource partners are effective.
	Business resilience	We will act to ensure that we can recover from adverse external events without significant disruption to our operations while accepting that instances of downtime will occur. We will seek to ensure we maintain functional and compliant workspaces for our colleagues.
Operational – people This is the risk of failure to attract and retain suitable and sufficient resource to achieve the Company's objectives and to build a positive culture.	People management	<p>We will seek the core talent we require in specialist and non-specialist areas. We will ensure that diversity and inclusion are designed into the build of the Company.</p> <p>We will seek to attract and maintain a high-calibre workforce capable of adapting to the changing environment which the NWF operates.</p>
	Culture	We will seek to promote a culture that enables proportionate risk-taking aligned with our policy objectives and ensures transparency, with a clear, consistent, ethical tone at the top, which filters through to all colleagues.
	Conduct	We have no appetite for deliberate or known breaches of applicable laws, regulations, codes of conduct or government guidelines.
Operational – legal and regulatory	Regulatory and compliance	We comply with all relevant regulation and anticipate future change.
	Governance	We will comply with standards of good governance in accordance with our foundation documents.
	Legal	We have no appetite for breaking the law; however, we accept that limited breaches may arise in the normal course of business, and we will retain sufficient, capable resource to manage these effectively.
	Financial crime	We are committed to minimising, detecting and preventing attempts to use our services for money laundering, terrorist financing, bribery and corruption or fraud.

Risks, challenges and mitigation

The principal risk categories are listed in the following table, together with an overview of the challenges the risks pose to our activities and how we mitigate them.

Risk category	Challenges these risks pose	The Company's mitigations
Strategic and business risk	The Company has objectives in the form of financing and promoting projects to help achieve clean energy targets by 2030 and to support regional and local economic growth. Delivery on these objectives may fall short of expectation if strategic and business risks are not managed appropriately.	<ul style="list-style-type: none"> Clearly defined objectives monitored on an ongoing basis. Established risk management processes and governance around strategic and business risks. Regular review of risks by Executive Committee and Audit and Risk Committee. Monitoring of adherence to risk appetite. Robust governance structures and processes to ensure rigorous oversight of the management of risk and of operational and financial performance.
Reputational risk	The actions or behaviour of the Company or its colleagues might lead to an adverse impact on the standing of the Company with the public, the market or with its Shareholder.	<ul style="list-style-type: none"> Process and decision-making controls in place and regularly reviewed. Reputational risk appetite adherence monitored. Guidance and awareness for all colleagues. including signing up to our Code of Conduct. Potential issues proactively addressed and challenges effectively managed by our Communications team to safeguard and enhance our reputation among stakeholders.
Financial risk	<p>A borrower may default on a loan, an investment may deliver lower-than-expected returns, or a guarantee may be called.</p> <p>Movements in interest rates may adversely affect our profitability.</p> <p>Climate-related financial risks may not be identified or may be underestimated.</p>	<ul style="list-style-type: none"> Due diligence processes and credit risk assessments in place for all loans, investments and guarantees, with ongoing monitoring. Interest rate risk assessed and subject to monitoring against risk appetite measures. Scenario and stress-testing performed to better understand vulnerabilities in the business model, including an assessment of the Company's capital and liquidity adequacy and measurement of economic capital usage. Climate risk assessment built into investment analysis and external experts consulted on climate-related financial risks. Model risk governance.
People risk	The Company might have an insufficient number of staff or lack the requisite skill sets to operate effectively, or its culture might not sufficiently support the Company's mission.	<ul style="list-style-type: none"> Managed recruitment process and Reward Framework. Established Our Behaviour Framework. Succession planning to cover key person dependencies.
Operational risk	<p>Information may be compromised or not optimised. Change projects may not be successfully delivered. Business processes may be ineffective or inefficient. Significant disruption might be caused by external events.</p>	<ul style="list-style-type: none"> Risk identification and assessment of mitigating factors covering sub-categories of operational risk performed by functional areas across the business. Monitoring of adherence to risk appetite thresholds. Ongoing implementation of appropriate systems to support business requirements and limited reliance on manual processes, including exploring options for a long-term investment management platform. Continued enhancement of our loan management system to support current transactions and the growing portfolio.
Legal and regulatory risk	<p>Laws, regulations or the Company's foundation documents may not be complied with.</p> <p>The Company may be subject to disputes over its role or the use of subsidy.</p> <p>Insufficient oversight of processes, actions and decisions may lead to heightened exposure to risk and failure to detect issues with operational and financial performance.</p> <p>Financial crime may be conducted using the Company as a conduit.</p>	<ul style="list-style-type: none"> Tracking and monitoring new laws and regulations; reviewing contracts and managing disputes; in-house legal expertise. Robust governance framework. Compliance training and education covering all areas of compliance, including financial crime. Oversight and assurance activities including the compliance monitoring plan.

Offices and systems

Offices

The Company completed its move to a permanent head office in Leeds in Summer 2024. This reflects our long-term commitment to Yorkshire and our continued contribution to the economic and professional vibrancy of one of the UK's largest centres for finance and professional services outside London. The new space supports the Company's growth and evolving role as the National Wealth Fund, while also providing office space for the National Infrastructure and Service Transformation Authority, the Low Carbon Contracts Company, and UK Export Finance.

In addition to our Leeds head office, we operate offices in Edinburgh, Cardiff, Belfast and London, supporting regional recruitment and ensuring a UK-wide presence. Further information on staff locations is provided in the Staff report (page 97).

Information technology

We have continued to strengthen our digital infrastructure. We expanded our Software as a Service (SaaS) platform for human capital and finance management, adding new capabilities for learning and employee engagement. This cloud-based solution supports scalability, security and value for money.

We have advanced the development of a digital customer relationship management (CRM) system to streamline deal origination across our banking and advisory services. The system automates manual processes, enhances efficiency and centralises client data. This enables real-time analytics to support informed decision-making, regulatory compliance and scalable growth. We have also established a centralised data platform to improve access, governance and insight across the organisation, which is integrated with the CRM system.

As part of our work to develop a long-term investment platform, we reviewed our investment management system and proactively decided not to move forward with the previously selected solution. We have continued to enhance our loan management system to support current transactions and are exploring options for a future investment management solution.

Artificial intelligence (AI)

As part of the Company's AI strategy, Microsoft Copilot 365 was deployed to support personal productivity and operational efficiency. This was implemented with appropriate controls to ensure security, risk management and value for money. The Company will continue to explore opportunities to expand its use of AI to improve process efficiency in 2025–26.

Sustainable procurement

The Company's procurement approach focuses on achieving value for money over the full lifecycle of contracts, while delivering positive outcomes for the economy, environment and society.

The Company complies with the Procurement Act 2023, the Public Contracts Regulations 2015, and all other relevant legislation. It also meets wider government policy requirements, including the Government Buying Standards, Greening Government Commitments, Commercial Functional Standards and Procurement Policy Notes, such as the Social Value Model and Tackling Modern Slavery.

Continued development



Investments

Since the end of the 2024–25 financial year, the Company has continued to deploy capital in line with its mandate and in support of the Government’s growth and clean energy missions. Between 1 April 2025 and the date of publication of this Annual Report and Accounts, the Company has closed a further 16 new investments, committing £2.2 billion of capital.

These investments span all four new priority sectors – clean energy, digital and technologies, advanced manufacturing, and transport. The Company has also commenced deployment of capital against the Government’s manifesto sub-sectors, including carbon capture, hydrogen, gigafactories and electric vehicle supply chains, and ports and their supply chains.

During this period, the Company expanded its product offering, deploying its first Credit Enhancement Guarantee to support a major water infrastructure project.

Financing Sizewell C

In July 2025, the UK Government announced that the NWF will provide a term loan of up to £36.6 billion to finance the construction of the Sizewell C nuclear power station. It is expected that the loan will reach financial close after the publication of this report.

The loan provided by the NWF to Sizewell C will sit alongside £5 billion of proposed lending guaranteed by the French export credit agency, Bpifrance Assurance Export. Taken together, this will form the majority of Sizewell C’s debt funding requirement during the construction phase, up to the point when operations commence.

To facilitate this loan, HM Treasury has increased the NWF’s financial capacity, ensuring continued investment across its broader mandate. The Company has received written confirmation of its financial capacity increase, and this will be reflected in future updates to the financial framework.

Sizewell C is a major contributor to the UK’s clean energy ambitions, expected to deliver 3.2GW of low-carbon electricity – enough to power six million homes. The project will also generate significant regional economic benefits, supporting 10,000 jobs during peak construction and thousands more across the UK supply chain.

Regional Project Accelerator for local government

Since the start of the 2025-26 financial year, we have announced a transformation of the way we work with local government. Our Regional Project Accelerator – supported by increased capacity and expertise – will unlock ambitious projects with growth potential, taking them from feasibility to finance, through:

Strategic Partnerships – with four pilots launched, our teams will collaborate with MSAs and City Regions for the longer term. We will help to develop projects and portfolios to ensure they are investment ready and support Local Growth Plans.

Flagship project advisory support – focused longer-term support, drawing on our financial and commercial expertise, for flagship projects prioritising Mayoral Strategic Authorities (MSAs), Core Cities, City Regions and devolved nations.

Local Authority Knowledge Service – A new digitally-enabled offering to build a community of local authorities and help bring forward projects which could prove viable and financeable.

Low-cost lending to local authorities – focusing our £4bn lending capacity on supporting complex, transformational and higher-risk projects that align with Government priorities and regional and local ambitions.

New appointments

In October 2025 three new Non-Executive Directors were appointed. These appointments ensure the Board continues to have the right blend of skills and experience to support the Company’s strategic ambitions. Further details will be provided in the 2025–26 Annual Report.

In November 2025, Susan Urkevich will join the NWF as Chief Operating Officer.

This Strategic Report was approved by the Board of Directors on 23 October 2025 and was signed on its behalf by:

Ian Brown

Interim Chief Executive Officer and Accounting Officer

Accountability Report



Directors' report

The Directors present their annual report on the affairs of the Company, together with the financial statements and independent auditor's report for the year ended 31 March 2025.

On 14 October 2024 the Company changed its name from UK Infrastructure Bank Limited to National Wealth Fund Limited (NWF).

The Corporate governance statement is set out on pages 71 to 86 and forms part of this Directors' report.

The following information required by the Companies Act 2006, and referenced below, can be found in the following sections of the Annual Report:

- a description of the principal activities of the Company during the financial year to 31 March 2025 is set out in 'Our business' on pages 11 to 15;

- the Company's risk management disclosures are set out in the Strategic Report on pages 51 to 57;
- the Company's greenhouse gas emissions and statutory intensity ratio are disclosed in the Strategic Report on page 49;
- information on our employment disability policies, gender pay gap and our actions on colleague engagement is in the 'Our people' section on pages 41 and 42; and
- significant post-balance-sheet events are referred to in our Strategic Report on page 60 and detailed in *Note 27 Events after the reporting period* on page 166.

The Directors have elected to include information on the future activities of the Company within the Strategic Report on page 60.

Directors' indemnities

During the financial year to 31 March 2025, HM Treasury, as the sole Shareholder of the Company (the Shareholder), had in place for its Directors an indemnity against any losses or liabilities incurred in the course of the performance of their Directors' duties (other than those arising out of fraudulent behaviour) to the extent permitted by law and the Company's Articles of Association.

The crystallisation of any liability is dependent on the actions of the Directors. The Company has not

disclosed the financial effect of Director indemnities because it is not practicable to do so, as there is no evidence to evaluate.

Employees of the Company can be called upon to act as a director of companies in which the Company has equity investments. The Company has issued indemnities to those Directors against certain personal liabilities and expenses arising out of or in connection with their position as a director of the investee.

Auditors and Directors' disclosure to auditors

Each Director at the date of approval of this Annual Report confirms that:

- 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.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Going concern and Statement of viability

Going concern

The Directors have assessed the Company's ability to continue as a going concern, taking into consideration its financial position, the principal risks set out on page 57, potential future strategic options and the current and anticipated economic conditions.

The validity of the going concern basis of accounting is dependent upon the funding position of the Company. As at 31 March 2025, the Company was funded by HM Treasury under a Keepwell Agreement with a funding cap of £22 billion. HM Treasury has confirmed an uplift in the Company's available financial capacity to £27.8 billion. In July 2025, it was announced that additional financial capacity of up to £36.6 billion would be provided to support lending to Sizewell C.

HM Treasury has confirmed in writing that the Keepwell Agreement funding cap will be increased as required to cover all NWF commitments for Sizewell C. The Company continues to operate under the financial framework and Keepwell Agreement, as supplemented by HM Treasury's written consent and guidance.

Reassurance is provided by HM Treasury that its support to the Company remains in place. In addition, the Keepwell Agreement between the Company and the Commissioners of HM Treasury remains effective, ensuring sufficient funding to enable the Company to meet its payments and other liabilities as they fall due.

Accordingly, the Directors of the Company confirm that they are satisfied, at the time of approval of this Annual Report and Accounts, that the Company has adequate resources to continue in business for the foreseeable future. For these reasons, the Company continues to adopt the going concern basis in preparing the financial statements. Further details can be found in *Note 1.2.9 Funding from the Shareholder* on page 129 and *Note 22.5 Capital management* on page 163.

Statement of viability

The Company's continuation as an entity is ultimately at the discretion of its Shareholder. The Board considers that the Company has, and will continue to have, Shareholder support and that its funding arrangements will remain in place. The Directors have based their assessment of viability on the Company's business plan, which is updated and approved annually by the Board.

The Board notes that, following confirmation from HM Treasury, the Company's available financial capacity has increased to £27.8 billion, including an additional £5.8 billion to support the expanded mandate. The Board is also aware of the additional financial capacity confirmed by HM Treasury to support lending to Sizewell C. HM Treasury has confirmed in writing that the Keepwell Agreement funding cap will be increased as required to cover all commitments for Sizewell C. The Company continues to operate under the financial framework and Keepwell Agreement, as supplemented by HM Treasury's written consent and guidance.

The Board is confident that funding from HM Treasury will continue and, as at the date of approval of this Annual Report and Accounts, has no reason to believe otherwise.

The Directors have determined that a three-year period from the year end of assessment is an appropriate period over which to provide this viability statement. This is the period over which the Board considers that it can form a reasonable view of the key drivers of the Company's performance, including the investment profile and operating costs.

Directors

The following individuals served as Board Directors during the financial year to 31 March 2025. The process for appointment and removal of Directors is set out in the Corporate governance statement and can be found on page 85.

Board member	Position
Christopher Grigg, CBE ¹	Chair
Charles Donald ² (resigned 1 August 2024)	Non-Executive Director
Elena Ciallie ³ (appointed 1 August 2024)	Non-Executive Director
Muriel Dube ¹	Non-Executive Director
John Flint, CBE (resigned 15 August 2025)	Chief Executive Officer
Marianne Økland ¹	Non-Executive Director
Bridget Rosewell, CBE ¹	Senior Independent Director
Annie Ropar	Chief Financial Officer
Tania Songini ^{1,4}	Non-Executive Director
Nigel Topping ¹	Non-Executive Director

John Flint concluded his tenure as Chief Executive Officer (CEO) and Accounting Officer on 15 August 2025. Ian Brown was appointed on 15 August 2025 as Interim CEO, Interim Accounting Officer and Executive Director. A formal handover letter from John Flint was provided to support continuity of governance and assurance.

Notes to the above table:

1. Muriel Dube, Christopher Grigg, Marianne Økland, Bridget Rosewell, Tania Songini and Nigel Topping are considered by the Board to be independent.
2. Charles Donald was the appointed Shareholder Representative Director during the financial year and resigned on 1 August 2024.
3. Elena Ciallie was appointed as the Shareholder Representative Director with effect from 1 August 2024.
4. In June 2024, it was agreed that Tania Songini would assume the role of permanent Chair of the Remuneration Committee. Tania initially took on this role in an interim capacity.

Directors' biographies

Chris Grigg, CBE, Chair

Chris joined the Board of the Company as Chair in 2021. He brings extensive business and finance leadership to the Company. He served as the CEO of British Land for 11 years until November 2020, where, among other things, he oversaw large-scale property development projects.

Chris's previous experience includes roles as Chief Executive of Barclays Commercial Bank, Partner at Goldman Sachs and Senior Independent Director on the Board of BAE Systems plc, and being a member of the corporate Board of Cancer Research UK.



Current external appointments:

- Chair, Evelyn Partners
- Non-Executive Director and Chair, Melrose industries plc
- Tilney Discretionary Portfolio Management Limited
- HW Financial Services

Elena Ciallie, Non-Executive Director

Elena is a Director of UKGI, the Government's centre of expertise for corporate governance and corporate finance, having joined the organisation in October 2020.

Prior to that, she had a 25-year career in investment banking at Citibank, Goldman Sachs and Ondra Partners, advising companies across Europe on financial strategy, capital raising and capital allocation. By providing advice to senior management and boards she developed corporate governance expertise and became a Non-Executive Director on public company boards. She holds a degree in business administration from Bocconi University, Milan.



Current external appointments:

- Director, UKGI
- Shareholder Non-Executive Director, Eutelsat Communications SA
- Trustee, Willow Foundation

Muriel Dube, Non-Executive Director

Muriel has significant experience across corporate finance, the resources and energy sectors, and sustainability. She is Chair of Sasol Limited and previously served as Chief Executive of Nozala Investments. Her earlier roles include senior positions at the Bidvest Group, BHP Billiton and Investec PLC, with a focus on combining commercial and ESG considerations to support sustainable business growth.

Earlier in her career, Muriel served as a Director in the South African Department of Environmental Affairs and Tourism and was South Africa's Chief Negotiator in international climate negotiations. She also represented Africa on the United Nations Expert Group on Technology Transfer. Muriel has served on several corporate boards, including as Non-Executive Director and Audit Committee Chair at Control Risks (UK), and as a director of Bidvest, EnviroServ and Bravo Brands. She holds an MSc in Environmental Change and Management from the University of Oxford.



Current external appointments:

- Independent Non-Executive Director and Chair, Sasol Limited
- Director, ALMAZ Limited

Marianne Økland, Non-Executive Director

Marianne currently serves as Lead Director on the Board of Scorpio Tankers Inc, as a Non-Executive Director of Norse Atlantic Airways, and as an Independent Director on the Professional Welsh Rugby Board, responsible for the Welsh national teams and professional regional teams.

Previously, she held various board positions, including chairing a number of board committees at IDFC Limited (Infrastructure Development Finance Company), IDFC Alternatives (India), Islandsbanki (Iceland), the National Bank of Greece, NLB (Slovenia), as well as Norse Atlantic Airways and Hermitage Offshore. Her executive career was spent at JP Morgan and UBS, structuring and raising debt capital for some of the most significant mergers and acquisitions in the Nordic area. She also headed the European operations of Marsoft, advising banks and large shipping, oil and raw material companies on shipping strategies and investments.

Marianne is a Norwegian national holding an MSc degree in Finance and Economics from the Norwegian School of Economics and Business Administration, where she also worked as a researcher and taught mathematics and statistics.



Current external appointments:

- Non-Executive Director, Norse Atlantic ASA
- Lead Director, Scorpio Tankers Inc.
- Executive Committee, Penguin International Rugby Football Club
- Independent Director, Professional Welsh Rugby Board

Bridget Rosewell, CBE, Senior Independent Director

Bridget is an experienced director, policy-maker and economist, with a track record in advising public and private sector clients on key strategic issues.

Bridget chairs the M6 Toll Company and Flood Re Limited. She is a Non-Executive Director for Northumbrian Water Limited and AWE plc. Among other roles, she has chaired Atom Bank and DVSA (Driver and Vehicle Standards Agency) and been Senior Independent Director for Network Rail and Chief Economic Adviser to the Greater London Authority. In December 2018, Bridget was appointed CBE. She is also a Fellow of the Institution of Civil Engineers, the Academy of Social Science, and the Society of Professional Economists. She writes on finance, risk and uncertainty as well as infrastructure and modelling validation.

Bridget has worked extensively on cities, infrastructure and finance, advising on projects in road and rail and on major property developments and regeneration. She has advised on changes to planning regulation and Transport for London's finances and has appeared at planning inquiries.

**Current external appointments:**

- Chair, M6 Toll Company
- Chair, Flood Re Limited
- Non-Executive Director, Northumbria Water Limited
- Non-Executive Director, AWE plc
- Director, Starling Investments Limited UK Branch
- Senior Adviser, Volterra Partners LLP
- Senior Adviser, Prysm Global

Tania Songini, Non-Executive Director

Since 2015, Tania Songini has built a portfolio of non-executive director roles with companies focused on investment in and development of renewable energy, clean tech and sustainable infrastructure such as Thrive Renewables, Guernsey Electricity and the Energy Systems Catapult.

Prior to 2015, Tania worked for the leading global engineering and technology services company Siemens for 18 years in their logistics, healthcare and energy businesses, where she held a number of finance and commercial director roles, including more recently Siemens' energy business in the UK and northwest Europe.

Her energy experience is predominantly around renewable power generation and distributed, flexible energy systems. Tania is the Chair of ViaNiños UK, a charity supporting street children in Ecuador.

**Current external appointments:**

- Non-Executive Director, Thrive Renewables plc
- Non-Executive Director, Guernsey Electricity
- Non-Executive Director, Energy Systems Catapult Limited
- Director, Alqarism Limited
- Non-Executive Director, OCU Group
- Adviser, GIRA Strategic Finance
- Chair, ViaNiños UK
- Director, Crisis Action Limited

Nigel Topping, CMG, Non-Executive Director

Nigel brings a unique mix of experience in running manufacturing businesses in UK regions and working on the industrial transformation to the zero-carbon economy.

He spent the first half of his career in automotive component manufacturing, including running businesses in Manchester and Hartlepool, and then as part of the management buyout team that took TMD Friction private and turned it into the biggest manufacturer of brake pads in the world.

Since 2006, Nigel has been working on how to use the power of business to accelerate the zero-carbon transition, working at the Carbon Disclosure Project, leading the We Mean Business coalition to coordinate business inputs into the positive outcome of the Paris Agreement and as United Nations High Level Climate Action Champion for COP26. In 2025 Nigel co-founded Ambition Loop with Gonzalo Muñoz and others, creating a global non-governmental organisation working to drive real economy action in support of multilateral environmental agreements.



Current external appointments:

- Chair, UK Climate Change Committee
- Founder, Ambition Loop
- Director, Sastrugi Limited
- Director, Ice Benchmark Administration Limited
- Trustee, Dartmoor Futures
- Senior Fellow, Mission Possible Partnership
- Advisory Board member, Grantham Research Institute on Climate Change and the Environment
- Honorary Professor in Economics, University of Exeter Business School
- Global Ambassador for the UN High Level Climate Champions

Charles Donald, Non-Executive Director

Charles is a public servant with broad experience across investment banking and the public sector. Charles has been the Chief Executive of UK Government Investments Limited (UKGI) since March 2020, having joined UKGI in May 2018 as Head of the Financial Institutions Group. Prior to that, he spent his career in investment banking, working across a number of business areas within corporate advisory and equity research.

Charles also heads the Government Corporate Finance Profession and, from 2021 to 2024, chaired the Organisation for Economic Co-operation and Development's Working Party on State Ownership and Privatisation Practices, the policy forum to promote improved corporate governance of state-owned enterprises. Charles stepped down from his role as Non-Executive Director of the National Wealth Fund in August 2024.



Current external appointment:

- Chief Executive Officer, UKGI

John Flint, CBE, Chief Executive Officer

John is a banker with a wealth of experience in the industry. He is the former Group Chief Executive of HSBC, a company with which he spent 30 years, having first joined them in 1989 as a graduate trainee.

In that time, he worked across the business, serving in various senior leadership positions as Chief Executive Officer of Retail Banking & Wealth Management, Chief of Staff to the Group Chief Executive of HSBC, Chief Executive of Global Asset Management, Group Treasurer, and Deputy Head of Global Markets.



Current external appointments:

- Director, Skandinaviska Enskilda Banken AB
- Member of the Global Advisory Board of MUFG
- Trustee, MindForward Alliance
- Trustee, The Maggie Keswick Jencks Cancer Caring Centres Trust

Annie Ropar, Chief Financial Officer

Annie joined the Company as Chief Financial Officer in September 2022, moving to Leeds from Toronto, Canada. From 2018 to 2021, Annie was one of the first employees of the Canada Infrastructure Bank (CIB), joining as its inaugural Chief Financial Officer and Chief Administrative Officer. During her time at CIB, Annie was responsible for building the finance, risk management, legal and operations functions to enable the organisation's investment mandate.

Prior to CIB, Annie spent five years with Aequitas NEO Exchange Inc. (now CBOE Canada), a start-up stock exchange launched in 2015 to compete with the effective monopoly held by the incumbent market player. She also spent nine years with Royal Bank of Canada's Capital Markets arm, where her career spanned finance, private equity and the institutional equity trading business. She started her post-qualification career at Newcourt Credit Group Inc. (now CIT Group Inc.).

Annie is a Canadian Chartered Professional Accountant and has served on a number of private and public company, as well as non-profit, boards.



Current external appointment:

- Non-Executive Director, Development Bank of Wales

Corporate governance statement

Overview

The Company is committed to upholding high standards of governance in conducting its business. It aims to comply with the provisions of the UK Corporate Governance Code 2018 (the Code) to the extent that it is reasonably practicable. Departures from the Code are explained in this report. For the financial year ended 31 March 2025, the Company is reporting against the Code, which remained applicable throughout the period.

The UK Corporate Governance Code 2024, published in January 2024, applies to financial years beginning on or after 1 January 2025. The Company will report against the UK Corporate Governance Code 2024 in its Annual Report and Accounts for the financial year ended 31 March 2026, with the exception of Provision 29, which will not apply until financial years beginning on or after 1 January 2026.

The Company is a private company limited by shares, and the sole Shareholder is the Solicitor for the Affairs of His Majesty's Treasury, in their capacity as nominee for HM Treasury (the Shareholder).

The Company maintains operational independence from its Shareholder, as outlined in its Framework Agreement. The relationship between the Company and its Shareholder is managed through UK Government Investments (UKGI). A Shareholder Representative Director from UKGI is appointed to the Company's Board of Directors, ensuring that the Shareholder's interests are integrated into the Company's governance framework, contributing to strategic oversight, compliance and strategic decision-making. The Company is operationally independent in the delivery of its strategic objectives.

In addition to the Code, the Company has regard to the relevant aspects of *Corporate Governance in Central Government Departments: Code of Good Practice* and the *Government Functional Standards* as appropriate and proportionate. As an arm's-length body with operational independence, the Company is not subject to all aspects of central government policy; however, it complies with the relevant principles of these frameworks in a proportionate

manner where applicable. Following the end of the reporting period, the Accounting Officer role transitioned from John Flint to Ian Brown, who was appointed as Interim CEO and an Executive Director on an interim basis. A formal handover letter from John Flint confirmed the availability of relevant audit information and assurance over governance and controls for the reporting period, supporting continuity ahead of Annual Report and Accounts sign-off.

Corporate governance 2024–25

The Board provides strategic direction to the Company and is responsible for ensuring that effective risk management and internal control systems (described more fully on pages 51 to 54) are in place to enable the Company to meet its objectives. The Board has continued to monitor the Company's systems (and any developments to them) during the financial year, and it considers them to be operational and effective at the date of approving this Annual Report and Accounts.

The Directors are responsible for overseeing the Company's alignment with the requirements of the Framework Document between the Company and HM Treasury, which includes requirements in relation to good governance.

The Company has policies and procedures in place that are designed to help ensure ongoing compliance with applicable laws and regulations, including (but not limited to) anti-bribery and -corruption, anti-money laundering, data protection, and freedom of information. We also have in place guidance and processes to ensure colleagues can safely raise concerns (whistleblowing). Colleagues are required to undertake mandatory training on an annual basis to ensure a continued company-wide understanding of key compliance obligations and the standards of behaviour required by the Company. In addition to any legal and regulatory obligations, the Company further seeks to apply good practice in its activities where this is considered both appropriate and applicable.

The Board has continued to keep under review the Company's risk management practices and its compliance with the five principles of the UK Government's *Management of Risk – Principles and Concepts* ('The Orange Book').

The conclusion is that the risk management practices fully comply with the requirements of the Orange Book in relation to **four of the principles**. These are:

A. Governance and Leadership

B. Integration

C. Collaboration and Best Information

D. Risk Management Processes

Principle E, Continual Improvement, is not yet fully complied with. This assessment reflects the maturity of processes and controls that can be reasonably expected of the NWF at this stage of its development, that is, we have not had the opportunity to fully embed continual improvement measures in relation to risk management practices that have been introduced only over the last two years. We have continued to refine a detailed action plan with action owners to address this. The NWF aims to progress these actions by the end of the financial year 2025–26.

Compliance with the UK Corporate Governance Code 2018

The Company's Framework Document requires it to have governance arrangements in place that comply with applicable regulatory requirements and accord with good corporate governance practice, including with the UK Corporate Governance Code 2018 (the Code), so far as is practicable and to the extent appropriate to the Company.

The Board has reviewed the governance arrangements the Company has had in place during the financial year to 31 March 2025 and considers that the Company has complied with relevant aspects of the Code throughout this period.

There are specific provisions of the Code where the Company's constitutional documents necessitate a departure from the Code, which are set out and explained in the following section. These departures arise because, as a statutory public body, the Company's constitutional documents and Framework

Document take precedence over certain provisions of the Code:

- **Code Provision 18:** This provision requires that all Directors should be subject to annual re-election. The arrangements for the appointment and removal of Directors are set out in the UK Infrastructure Bank Act 2023, the Company's Articles of Association and on page 85 of this report, and they represent a departure from Provision 18 of the Code.
- **Code Provision 24:** The Shareholder Representative Director is a member of the of the Audit and Risk Committee; they are not independent. This is a departure from Provision 24, which states that the Board should establish an Audit Committee made up of independent Non-Executive Directors.
- **Code Provision 25:** The Framework Document requires the Company to engage the external audit services of the National Audit Office, yet the appointment and removal of the Company's external auditor is a matter reserved for the Shareholder. Therefore, the Company does not fully comply with the part of Provision 25, which states that the Audit Committee should make recommendations to the Board on the appointment, reappointment and removal of the external auditor.
- **Code Provision 32:** The Shareholder Representative Director is a member of the Nomination Committee and the Remuneration Committee; they are not independent. This is a departure from Provision 32, which states that the Board should establish a Remuneration Committee made up of independent Non-Executive Directors.
- **Code Provision 33:** The Remuneration Committee does not set the remuneration of the Company's Board of Directors, which is a matter reserved for the Shareholder under the Company's Articles of Association and is therefore a partial departure from this provision of the Code.
- **Code Provision 36:** Provision 36 states that remuneration schemes should promote long-term shareholdings by Executive Directors to support alignment with long-term shareholder interests. This provision is not applicable to the Company

as it has a sole Shareholder, HM Treasury. The Company's Remuneration Policy aims to incentivise senior executives via a Long Term Incentive Plan to support alignment to long-term shareholder interests.

Governance – Statement of Internal Control and Risk Management 2024–25

The Board has overall responsibility for the system of internal control and for assessing its effectiveness. The Audit and Risk Committee plays a critical role in helping it to fulfil this responsibility.

The Directors and management are committed to maintaining a robust control framework as the foundation for the delivery of effective risk management. Owing to the limitations inherent in any internal control framework, the controls have been designed to manage and mitigate, rather than eliminate, the risk of failure to achieve the business objectives, and they can provide only reasonable, not absolute, assurance against material misstatement or loss.

In monitoring the effectiveness of this system, the Audit and Risk Committee reviews the corporate and emerging risks and how these are managed, noting we are committed to a Risk Management Framework programme of continuous improvement and embedding across all areas. A review of the effectiveness of key controls through the Risk Control Self-Assessment process was completed for the second time in 2024. The control environment is subject to continuous development and improvement as we transition to the broader demands of a wider mandate and specific actions are underway across the business areas. The Audit and Risk Committee also considers reports from Compliance and Internal Audit Services and from management on the systems of internal controls and control weaknesses where these exist, together with actions taken to address them.

In preparing this statement, the Audit and Risk Committee has performed its annual assessment of the effectiveness of risk management and internal control systems.

The Board of Directors, in conjunction with the Audit and Risk Committee, remains satisfied that the system of internal control continued to be effective, taking

into account the ongoing improvement actions, and is not aware of any material risk events or internal control failures that arose during 2024–25 that are not being addressed in accordance with the Risk Management Framework.

Task Force on Climate-related Financial Disclosures (TCFD) compliance statement

Within this 2024–25 Annual Report and Accounts, the Company has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. The Company has complied with the TCFD recommendations and recommended disclosures on:

- governance (all recommended disclosures);
- risk management (all recommended disclosures); and
- metrics and targets (disclosures (a) and (b)).

We have also made progress in our Strategy disclosures, including the development of climate risk scenarios and assessment of their impact on our investment portfolio. We plan to further enhance disclosures on the impact of climate-related risks on our business model and strategy, in line with the phased implementation of TCFD-aligned reporting.

Modern slavery statement

The Company is committed to preventing modern slavery and human trafficking in all aspects of its operations and supply chains. In accordance with the Modern Slavery Act 2015, the Company published its first Modern Slavery Act Transparency Statement, which outlines the steps taken, during the financial year ended 31 March 2024, to identify, mitigate and prevent modern slavery risks. The statement was approved by the Board on 8 October 2024 and is available on the Company's website: [modern-slavery-statement](#).

The Company continues to strengthen its approach to modern slavery risk management, including through supplier due diligence, procurement training and the development of a dedicated modern slavery policy.

Section 172(1) statement – our key stakeholders

Under Section 172 of the Companies Act 2006, the Directors have a duty to promote the success of the Company for the benefit of its sole Shareholder, while having regard to a range of factors. This includes the long-term consequences of decisions, the interests of employees, relationships with stakeholders, the impact of operations on the community and environment, the Company's reputation, and fairness between members.

This statement outlines how the Directors have had regard to these matters during the financial year

ended 31 March 2025. Given the breadth of our remit, our need to deliver in partnership, and our commitment to being a learning organisation, we have a broad and diverse range of stakeholders with whom we regularly engage. This engagement is embedded in both our day-to-day activities and longer-term strategic planning. The key stakeholders for the purposes of Section 172 have remained: HM Treasury; the market, projects and advisors; local authorities, Mayoral Combined Authorities and Mayoral Strategic Authorities; the UK Government, devolved administrations and Parliament; public financial institutions and public bodies; and colleagues.

How the Directors Have Considered Section 172(1) Factors

Factor	Considerations	Where to read more
Long-term consequences of decisions	Strategic planning, investment frameworks, long-term partnerships and risk management and internal controls	Our business (pages 11-15); Environmental, Social, Resilience and Governance (ESRG) Framework (pages 43-50); Risk management and internal controls (pages 51-58)
Interests of employees	Recruitment, retention, engagement and culture-building initiatives	Business operations (pages 41-42);
Relationships with suppliers, customers and others	Engagement with the market, local authorities, public financial institutions and with the Government and Parliament	Our business (pages 11-15); How we approach investments (pages 27-28); Our approach to impact and additionality (pages 28-34); Working with local authorities (pages 35-39)
Impact on community and environment	Alignment with government climate goals, ESG integration and regional investment	ESRG Framework (pages 43-50); Our business (pages 11-15); How we approach investments (pages 27-28); Our approach to impact and additionality (pages 28-34); Working with local authorities (pages 35-39)
Reputation for high standards of conduct	Governance structures, compliance with codes and standards, and transparent reporting	Corporate governance statement (pages 71-86)
Fairness between members	Engagement with HM Treasury as sole Shareholder, maintaining operational independence	Framework Agreement (page 71); Stakeholder engagement overview (pages 74-75)

The table above outlines how the Directors have considered the Section 172(1) factors, with references to relevant sections of the Annual Report. Further detail is provided in the stakeholder engagement overview below.

Stakeholder engagement overview

Partnership is central to how we operate. Our mission requires us to complement the market. As such, we seek to engage openly and test approaches with our stakeholders, valuing their insight on how we should invest and where we can best support our sectors.

We engage with stakeholders through bilateral meetings, publications, consultations and external events, with a focus on transparency, openness and honest dialogue. Our stakeholder base continues to grow and we aim to build relationships based on mutual trust and responsiveness.

HM Treasury

HM Treasury is the Company's sole Shareholder. The Company is wholly owned and backed by HM Treasury but is operationally independent.

The Company's strategic direction is set by HM Treasury through the Chancellor's Statement of Strategic Priorities and other formal guidance, which provide the strategic steer for our mandate, sector focus and risk appetite.

Our relationship is governed by a Framework Document, which is reviewed and updated periodically to ensure it continues to reflect evolving governance and policy requirements.

A Shareholder Representative Director from UK Government Investments (UKGI) sits on our Board. We also engage with HM Treasury through Quarterly Shareholder Meetings and other scheduled or ad hoc interactions, and we work closely with HM Treasury policy teams to ensure alignment with government priorities, particularly the growth and clean energy missions.

The market, projects and advisers

We have continued to build on our relationships with project sponsors, developers, advisers, borrowers, lenders and investors from across the market. The market values our expertise in sectors in which we are currently active. Our track record and proactive market positioning means sponsors invite us early to help shape complex transactions. This provides us with an opportunity to develop structures, consider the most suitable products, and increase opportunities for additionality and crowding in private capital. Our operational independence from the Government gives co-investors and counterparties confidence that we assess projects on their own merits. We systematically gather feedback, to ensure we learn lessons and continuously improve. Case studies of how we have worked with the markets during the financial year to 31 March 2025 are provided in the 'Performance analysis' section on pages 30 to 34.

Local authorities, Mayoral Combined Authorities and Mayoral Strategic Authorities

The Local Authority function continued to build its reputation as an expert financial and commercial partner for local authorities, delivering ambitious projects. We want to help places thrive, directly supporting local and regional leaders across the UK to achieve their Local Growth Plans.

Supporting areas across the UK to realise their growth ambitions is a key government priority in the Industrial Strategy, and the broadening of our mandate enables us to do this. We will utilise the expertise of our Banking and Investments, and Local Authority teams to increase the volume, quality and ambition of projects and to help ensure that local leaders can access the right advisory support and lending products to deliver solutions. We engage both directly and through partners and networks to raise awareness of our advisory services and lending offer. We are assisting Mayoral Combined Authorities to deliver the investment pipelines that underpin their Local Growth Plans and have formed four strategic partnerships during the financial year. Our engagement is described more fully in the sections on 'Working with local authorities' on pages 35 to 39.

UK Government

Given the breadth of our mandate, we engage with a range of government departments beyond HM Treasury, including the Department for Energy Security and Net Zero, the Department for Science, Innovation and Technology, the Department for Business and Trade, the Department for Transport, the Ministry of Housing, Communities and Local Government, and the Department for Environment, Food and Rural Affairs. It is essential that we closely align with, and support, departmental priorities and upcoming milestones, so that our investments help to deliver government policy.

We frequently provide our expertise to help government departments, including:

- setting a clear and prominent role for the Company in government strategies;
- supporting government policy by providing strategic advice and insights based on the NWF's presence in key sectors;
- helping to design funding programmes where the Company's offer can align with government priorities and play a role; and
- contributing to cross-government and industry engagement.

We are working closely with government departments to explore how financial transactions

can be used to deliver government policy objectives, leveraging our unique market expertise and insights to design and implement innovative financial solutions. In the future, this will include interventions where departmental funding and the Company's capital work together to deliver financial transactions that represent better value for money than grant only alternatives.

Devolved administrations

We are deeply committed to investing across the UK. We work closely with administrations in Northern Ireland, Scotland and Wales and their respective public finance institutions – including through our dedicated Directors based in these regions – to ensure we identify investment opportunities supporting devolved priorities.

The continued building of these relationships has led to the Company and the Scottish National Investment Bank (SNIB) signing a memorandum of understanding in May 2024, cementing our close working relationship and shared ambition to attract additional private investment into Scotland. A number of projects are now jointly financed with SNIB.

UK Parliament

As an institution that is owned by the Government, it is crucial that we are accountable to Parliament.

In March 2025, the Treasury Committee launched an inquiry titled 'Can the National Wealth Fund move the dial on growth?' to examine the Company's strategic direction, sectoral focus, and ability to mobilise private investment. Our former CEO, John Flint, gave testimony alongside other senior figures from the financial sector at the Business and Trade Committee's inquiry into scale-up capital, which has been examining the Industrial Strategy and the role of financial institutions in supporting the scale-up of businesses.

We have maintained an active programme of parliamentary engagement to raise and maintain awareness of the Company's activities.

Public financial institutions

We work closely with other UK Government and devolved administration public financial institutions and public entities, ensuring that our role

complements theirs. This includes continuing to work closely with:

- the British Business Bank, the Government's economic development bank responsible for supporting companies to access finance that they need to start and scale in the UK;
- UK Export Finance, as the UK's export credit agency ensuring no viable UK export fails for lack of finance or insurance; and
- Great British Energy, in its role as a publicly owned clean energy developer.

This, in addition to our work with SNIB and the Development Bank of Wales, ensures we continue to develop and articulate a coordinated offer to our stakeholders.

We also ensure that, where investment proposals are not within the Company's mandate, they are referred to other public financial institutions, where relevant and appropriate.

Thought leaders on specific industries and sectors

While our role is to help deliver relevant government policy rather than formulate it, we regularly engage with coordinating organisations, academics, think tanks and trade bodies, who provide thought leadership on relevant sectors and issues. Sourcing their expertise helps inform our investment policies and decisions, and such bodies can be an important source of information on market and technological developments. We also engage with these groups to ensure the role of the NWF is understood and to better understand where we can best support our sectors.

Colleagues

Our colleagues are instrumental in delivering the stakeholder relationship outlined above, and central to delivering our mission. The NWF is a high-performing, inclusive organisation which attracts, retains and develops top talent. Our behaviours shape a culture in which our colleagues contribute ideas, challenge assumptions and shape our work. Our employee survey provides valuable insights into how colleagues experience life at the NWF, and we are building a workplace where people can thrive.

Further details on how we support and engage colleagues can be found in the 'Business operations' section on pages 41 to 42.



Case study: Innovation Zero

The Innovation Zero World conference is the UK's largest net zero congress. The event brings together more than 10,000 senior delegates from various sectors, including policy-makers, funders, business leaders and innovators, to discuss and shape the future of net zero.

The NWF had a significant and impactful presence at the conference, contributing to various discussions and panels, showcasing our commitment to net zero initiatives. Our former CEO John Flint delivered the inaugural keynote, highlighting the need to make the energy transition as easy as possible for consumers and reassessing approaches to risk in financing net zero. His speech set the tone for the conference,

emphasising the importance of collaboration and innovative financial models to achieve net zero goals.

Other members of the NWF joined high-profile panels discussing mobilising private capital, reinforcing investor confidence in natural capital markets, and building an attractive infrastructure market. In addition, we hosted an extremely popular exhibition stand over the two days, where over 150 investment leads were captured. Our participation in the conference not only highlighted our commitment to net zero initiatives, but also positioned us as a key player in the global effort to achieve a sustainable future.



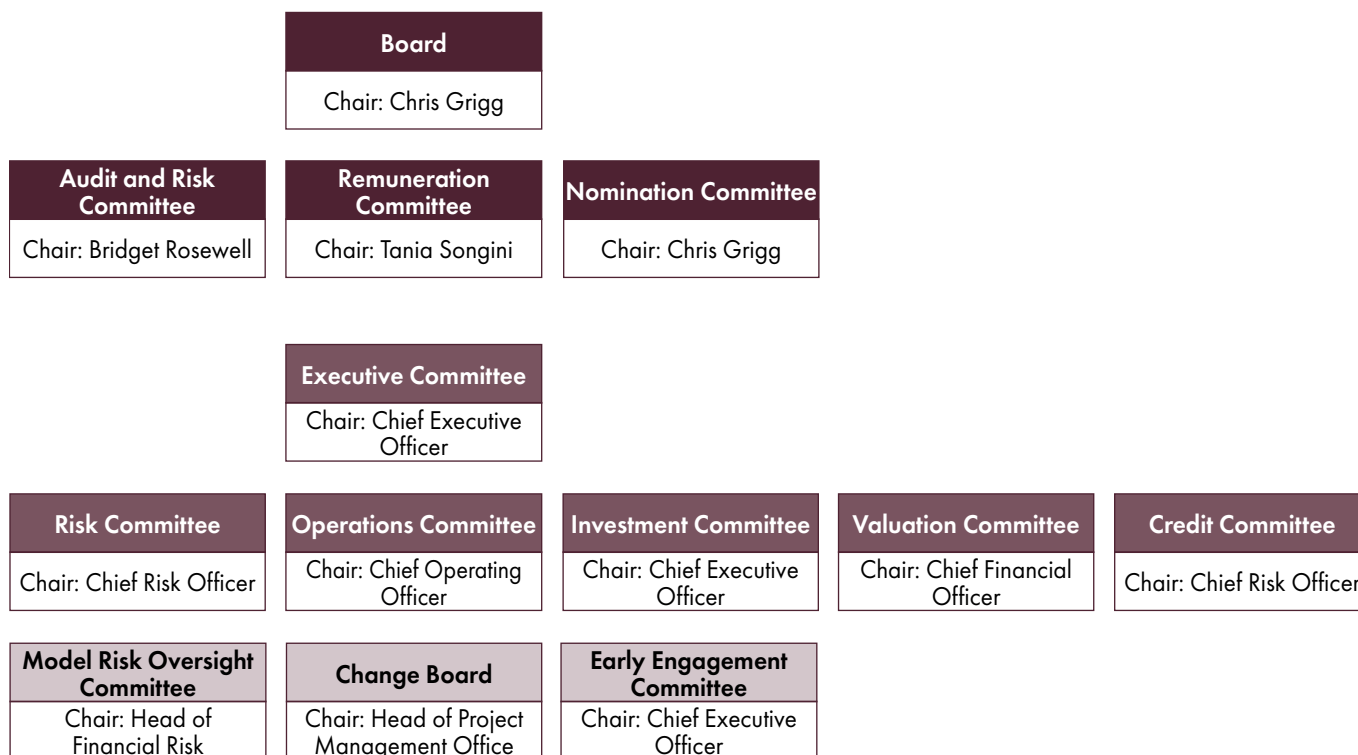
Case study: Parliamentary engagement

The NWF employs various strategies to maintain communication with political stakeholders, keeping them informed of our investments to deliver the Government's net zero and growth objectives. Regular bilateral meetings and mailouts are supplemented by parliamentary receptions. In December 2024, the Financial Secretary to the Treasury, Lord Livermore, sponsored our reception at the House of Commons. During this event, seven clients,

from the private sector and local authorities, showcased projects that we had invested in, ranging from ports and semi-conductors to supporting local authority net zero initiatives. The reception attracted more than 120 stakeholders, including Members of Parliament, Lords, and local government representatives, and has led to ongoing engagement and relationship-building activities.

Governance structure

Our current governance structure is set out in the following diagram.



The Valuation Committee was established in June 2024 as a sub-committee of the Executive Committee. It has been delegated authority to govern valuation methodologies and independent oversight of valuation results for the Company's equity investment assets.

Following the departure of the Chief Operating Officer in December 2024, the Chief Financial Officer has chaired the Operations Committee on an interim basis, pending the appointment of a new Chief Operating Officer.

Prior to December 2024, the Credit Committee reported into the Investment Committee. From December 2024 onwards, it began reporting into the Executive Committee to elevate oversight of credit-related matters given the higher risk profile of our investments.

Board meeting analysis

The table below sets out the number of Board and Committee meetings that took place during the year to 31 March 2025 and the attendance of the Directors at each (where applicable).

	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
	Chair: Chris Grigg	Chair: Bridget Rosewell	Chair: Tania Songini	Chair: Chris Grigg
Total number of meetings:	6	6	5	2
Name				
Chris Grigg, CBE	6/6	N/A ¹	5/5	2/2
Charles Donald ²	2/2	2/2	1/1	1/1
Marianne Økland	6/6	6/6	5/5	2/2
Bridget Rosewell, CBE	6/6	6/6	4/5	2/2
Tania Songini ³	6/6	6/6	5/5	2/2
Nigel Topping	5/6	4/6	3/5	1/2
Muriel Dube	5/6	5/6	4/5	1/2
John Flint ⁴	6/6	N/A	N/A	N/A
Elena Ciallie ²	4/4	4/4	3/3	1/1
Annie Ropar ⁴	6/6	N/A	N/A	N/A

Notes to the above table:

1. The Board Chair attends, but is not a member of, the Audit and Risk Committee.
2. Charles Donald resigned as Shareholder Representative Director on 1 August 2024 and Elena Ciallie was appointed to the position of Shareholder Representative Director on 1 August 2024. The number of meetings attended have been adjusted to reflect the number of meetings they were eligible to attend.
3. In June 2024, it was agreed that Tania Songini would assume the role of permanent Chair of the Remuneration Committee. Tania initially took on this role in an interim capacity.
4. Executive Directors may attend, but are not members of, Board Committees.

In addition to the scheduled Board meetings, six extraordinary Board meetings were convened to consider a range of matters, including investments in projects as well as the Business Plan and Chancellor's Statement of Strategic Priorities.

Board and Committees

The Board

The full Board met six times during the financial year to 31 March 2025. The Board was chaired by Chris Grigg.

The dates of Directors' appointments are set out on page 96 and attendance at Board meetings is set out on page 79. The Chair meets with Non-Executive Directors, without Executive Directors present, as necessary.

Responsibilities

The Board is responsible for providing leadership and overseeing the long-term success of the Company so that it achieves an appropriate financial return for the Shareholder over time, and for providing the strategic guidance to ensure the Company aligns its activities and values to the achievement of its strategic objectives.

Report on the period

During the financial year to 31 March 2025, key strategic matters considered by the Board included:

- approving the Annual Report and Accounts for the period to 31 March 2024 for signing;
- considering the reporting on the Company's financial position, including spend to date and forecasts against budget and headcount;
- reviewing risk reporting to ensure the Company's risk profile is consistently controlled and within the risk appetite limits;
- approving the Company's change of name from UK Infrastructure Bank Limited to National Wealth Fund Limited;
- receiving regular updates on the organisational transition to the National Wealth Fund;
- receiving narrative and quantitative information on current and future pipeline projects within the Company's portfolio;
- approving the Modern Slavery Act Statement in relation to the financial year ended 31 March 2024;
- considering an analysis on the local authority and private sector declined deals;

- receiving regular updates from the CEO covering such areas as deals considered at the Investment Committee and summaries of Quarterly Shareholder Meetings;
- reviewing and making investment decisions on deals where the values were in excess of the delegated authorities of the Investment Committee;
- reviewing and approving the CEO delegation limits for the Company's deals for the Investment Committee;
- reviewing the Statement of Strategic Priorities;
- making policy decisions on investment sectors relevant to the Company's deal activities, also considering the Statement of Strategic Priorities;
- receiving and approving the Company's business plan for the financial year 2025–26;
- receiving an annual update from Marianne Økland, the Workforce Engagement Representative;
- receiving an annual update on climate issues from Nigel Topping;
- annually reviewing and approving the Board's and Board Committees' Terms of Reference;
- considering and approving the Company's compliance with the UK Corporate Governance Code, noting that the UK Corporate Governance Code 2024 will apply to financial years beginning on or after 1 January 2025 – for this reporting period, the Company has complied with the UK Corporate Governance Code 2018;
- considering the internal Board performance review conducted in 2024 and progress against any actions arising from the 2023 performance review; and
- receiving regular updates from the Audit and Risk Committee, Nomination Committee and Remuneration Committee (see further information on the pages that follow).

Chris Grigg

Chair of the Board

Audit and Risk Committee

The Audit and Risk Committee held six meetings in the financial year to 31 March 2025. The Committee was chaired by Bridget Rosewell throughout the period, and all other Non-Executive Directors, apart from the Board Chair, were members of the Committee. Attendance at Audit and Risk Committee meetings is set out on page 79.

Responsibilities

The primary responsibilities of the Audit and Risk Committee are to ensure the integrity of the Company's financial statements and any formal announcements of financial performance, such as may be made from time to time, and to make recommendations to the Board in respect of these. The Committee is also responsible for monitoring the effectiveness of the Company's Risk Management Framework and control environment, ensuring the Company's internal audit resource is deployed in the most effective manner, and overseeing the Company's relationship with the external auditor.

As such, the Committee regularly invites representation from the Head of Internal Audit Services, the Chief Financial Officer, the Chief Risk Officer and the Chief Executive Officer, as well as from the Company's external auditor, to its meetings.

Report on the period

The Audit and Risk Committee oversaw and ratified significant areas of governance during the period to 31 March 2025, with a focus on the development and embedding of key risk and internal control policies and frameworks, together with robust financial and operational reporting. The Committee reviewed monthly management accounts and papers, including items on credit risk management, modelling assurance and valuations.

In addition, on behalf of the Board, the Audit and Risk Committee received and considered regular reports from the Company's Internal Audit Services function, the Money Laundering Reporting Officer and the Chief Risk Officer. These reports enable the Committee to conclude that all material financial, operational and compliance controls continue to be effective and adequate.

Key items considered by the Committee included the following:

- Internal Audit Services' strategy and plan;
- Internal Audit Standards;
- annual opinion of Internal Audit Services on the adequacy and effectiveness of the Company's governance, risk management and internal controls, as well as regular audit reports on different areas of the Company from Internal Audit Services;
- Risk Management Framework;
- risk appetite;
- corporate risk register;
- emerging risks;
- Orange Book 'Comply or Explain' approach, financial year 2024-25;
- Statement of internal control and risk management financial year 2024-25;
- financial crime risk assessment;
- compliance policies;
- Anti-money laundering report;
- portfolio stress testing;
- financial risk policies;
- economic capital;
- cyber risk management;
- National Audit Office (NAO) reports, including the Audit Planning and Audit Completion Report; and
- Annual Report and Accounts for the period to 31 March 2024, recommended to the Board for signing.

Risk and compliance reporting

The Chief Risk Officer provides a report at each Committee meeting which covers any changes to the corporate risk register, risk appetite, internal controls, and resourcing, and any updates to the Risk Management Framework.

The Committee receives updates on the Company's position in respect of new commitments, drawdowns,

capital adequacy and insight from the Credit Committee activities.

In addition, the Committee also receives a compliance report at each meeting, which provides an update on regulatory compliance, compliance training, conflicts of interest, financial crime, data protection, horizon scanning and the outputs of the compliance monitoring reviews and clearance of any remedial actions.

Internal Audit Services

The Company's Internal Audit Services function has delivered a programme of audit work approved by the Audit and Risk Committee during the financial year to 31 March 2025. This was delivered in accordance with relevant auditing practice, such as that from the Chartered Institute of Internal Auditors. A gap analysis has been undertaken in respect of the institute's updated standards and is being acted upon.

The Head of Internal Audit Services has a functional reporting line directly to the Chair of the Audit and Risk Committee, to safeguard the independence of the Internal Audit Services function, with an administrative reporting line to the Chief Executive Officer. Annually there is an opportunity for all members to discuss matters with the Head of Internal Audit Services without management being present. In addition, regular one-to-one meetings take place between the Head of Internal Audit Services and the Chair of the Audit and Risk Committee.

The Head of Internal Audit Services also reports to the Committee regarding the completeness of agreed audit actions. The Head of Internal Audit Services' annual opinion for the financial year to 31 March 2025 was reported as 'limited'. The overall findings from audit and assurance work undertaken in 2024–25 demonstrated that, while improvements to the adequacy and effectiveness of governance, risk management and internal controls have taken place in the period, weaknesses existed, in particular reflecting the delay in moving to a longer-term investment management system and to the increased demands of a growing organisation and transition to the National Wealth Fund.

Interaction with external auditor and management

The Framework Document specifies that the NAO will perform the external audit. The NAO did not provide any non-audit services to the Company during the year.

The Audit and Risk Committee considered the following areas in relation to the financial year to 31 March 2025, with representation from both management and the NAO:

- key financial reporting judgements within the financial statements, including the basis for determining asset valuations and expected credit loss provisions;
- the effectiveness of the NAO's audit process relating to the quality of the audit, handling of key judgements and responses to questions from the Committee;
- significant accounting policies and their application to financial statements, including the change in accounting policy for guarantees and the application of the venture capital exemption, which were significant matters and judgements this year; and
- the Annual Report and Accounts and key areas of audit risk, including loans, expected credit losses, the valuation of funds and equity instruments, deferred tax liabilities and deferred tax assets.

Whistleblowing

The Audit and Risk Committee is responsible for overseeing the Company's arrangements for employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee is satisfied that the Company has in place a clearly signposted framework and process for raising and investigating such concerns.

The Chair of the Committee is named as the senior independent contact for whistleblowing.

Bridget Rosewell

Chair, Audit and Risk Committee

Remuneration Committee

The Remuneration Committee held six meetings during the period to 31 March 2025. The Committee is chaired by Tania Songini, and the Non-Executive Directors were members of the Committee.

Attendance at Remuneration Committee meetings is set out on page 79.

Responsibilities

The primary responsibilities of the Remuneration Committee are to set the Company's Remuneration Policy, determine remuneration packages for Executive Committee members and oversee the management of the pay and reward practices across the Company.

Members of the Executive team and the Company's Human Resources function are invited to attend and support Remuneration Committee meetings but are not present when their own remuneration is discussed.

Report on the period

The period to 31 March 2025 saw focus on ensuring that the Company's remuneration structures enabled it to attract and retain the level of talent required for it to deliver its objectives.

During the financial year, the Remuneration Committee reviewed and agreed the:

- objectives, key performance indicators, and related measurements and targets for the Company for the financial year 2024–25;
- updates to the objectives, key performance indicators, and related measurements and targets for the Company to reflect its transition to the National Wealth Fund;
- approach to annual pay review, annual bonus and Long Term Incentive Plan (LTIP) schemes;
- performance assessment of and payout level for the annual bonus and LTIP schemes for the financial year 2024-25;
- External independent reward benchmarking for the Company;
- continued direct oversight of remuneration of Executive Committee roles;
- review of the NWF's diversity baseline and progress over time, including a number of

protected characteristics and industry reference points; and

- the Remuneration Committee Terms of Reference.

The Remuneration report and Staff report (see pages 87 to 99) covers:

- the Company's Remuneration Policy for all employees and Non-Executive Directors;
- details of the assessed performance outcome for the financial year 2024-25;
- remuneration for the Executive and Non-Executive Directors; and
- the Staff report.

Looking forward, the Remuneration Committee will be focused on ensuring that the Company's remuneration structure enables it to continue to attract and retain the level of talent required for the Company to deliver on its expanded mandate.

The Company's success to date, and its ability to mobilise private capital to accelerate the UK's growth and clean energy ambitions, which is underpinned by its people: their credibility, sectoral expertise and ability to deliver complex, policy-aligned investments have established the NWF as a trusted, and agile, public investor.

The Remuneration Committee will continue to adopt a data-driven approach in managing people and remuneration risk.

Tania Songini

Chair, Remuneration Committee

Nomination Committee

The Nomination Committee held two meetings during the financial year to 31 March 2025. The Committee was chaired by Chris Grigg, and the Non-Executive Directors were members of the Committee.

Attendance at Nomination Committee meetings is set out on page 79.

During the financial year ended 31 March 2025, the Committee:

- considered succession planning for Executive Committee roles;

- approved the Diversity, Equity and Inclusion Policy;
- considered the updated UK Corporate Governance Code (2024) in the context of updates relevant to nomination committees;
- considered committee memberships; and
- received an update on the board performance review.

Responsibilities

The primary responsibilities of the Nomination Committee are to determine the Company's approach to Executive Director appointments and succession planning, to supervise the outcomes and actions arising from internally and externally conducted Board evaluations, and to approve and oversee the implementation of the Company's policies and approaches to diversity and inclusion.

Report on the period

During the financial year, the Nomination Committee's activities included:

- considering succession planning arrangements;
- reviewing the outputs of the annual Board effectiveness review;
- considering the appropriateness of the current membership of the Board Committees; and
- considering the time commitment required of its Non-Executive Directors and the number and scale of other external appointments held by its Non-Executive Directors.

Chris Grigg

Chair, Nomination Committee

Other committees

The Executive Committee is responsible for the day-to-day running of the Company. The Executive Committee supports the Chief Executive Officer in delivering the Company's strategy, directing the day-to-day business of the Company and championing the values of the Company.

Decisions of the Executive Committee are supported by inputs from a number of other key committees;

these allow for focused discussion and consideration of detailed information before recommendations are escalated. The main areas covered by these further forums are investments, operations and risk:

- The Investment Committee is responsible for vetting and making recommendations to the Chair of the Investment Committee (the Chief Executive Officer and Accounting Officer) for financing activities that meet the investment criteria of the Company. The Early Engagement Committee supports the Investment Committee by reviewing proposed transactions and any material due diligence costs and risks.
- The Credit Committee and Valuation Committee play integral roles in supporting the Company's investment management and valuation processes. The Credit Committee conducts annual and ad hoc reviews of the Company's investments, monitoring ongoing progress, ensuring compliance with agreed arrangements and approving delegated transactions. The Valuation Committee is responsible for governance of valuation methodologies and independent oversight of valuation results for the Company's equity investment assets.
- The Operations Committee provides review, guidance and oversight for the overall operations of the Company and implementation of its corporate strategy. The Change Board supports the Operations Committee by overseeing the portfolio of activity across the Company and reporting against delivery.
- The Risk Committee is responsible for the oversight of the risk management policies and practices of the Company's operations. The Model Risk Oversight Committee reports into the Risk Committee; it oversees the overall quality assurance approach and undertakes high-level assurance exercises, such as testing the assumptions, outputs and risks associated with business-critical models.

Board performance

The Company's Shareholder, HM Treasury, maintains ongoing oversight of the Company's activities and the performance of the Board through regular

stakeholder engagement and with UK Government Investments as Shareholder Representative.

The Board is responsible for overseeing both internally and externally conducted Board Performance Reviews, as well as the outcomes and actions arising from any such reviews. The Nomination Committee reviews elements of the reviews that relate to the composition of the Board. An internal Board effectiveness review was carried out during the summer of 2024.

Overall, the review concluded that the Board and its sub-committees operated effectively, with a good and varied balance of experience across sectors, which provides constructive challenge to the Company. It was suggested that there were opportunities to leverage the Non-Executive Directors' skills and expertise to support building the profile of the Company and introduce Non-Executive-Director-only sessions led by the Senior Independent Director. A report detailing findings and suggested improvements was accepted by the Board.

An external Board effectiveness review was completed in July 2025, and the Board is now considering the findings and developing an action plan to implement key recommendations.

In addition to the Board effectiveness review, the Senior Independent Director carried out a review of the Chair's performance.

Value for money

The NAO undertook a value for money (VfM) review, *The Creation of the UK Infrastructure Bank*, in the first half of the 2022 calendar year and published its report at the start of July 2022. The report can be found at: www.nao.org.uk/reports/the-creation-of-the-uk-infrastructure-bank.

The Company accepted the recommendations outlined in the report, and colleagues have worked closely with our Shareholder and the NAO's VfM team to implement these recommendations.

Benchmarking of our support function costs has been delayed from being completed in early 2025 due to the transition to the National Wealth Fund and is expected to be completed in the 2025–26 financial year.

The NAO periodically publishes progress against the recommendations of their VfM reports at: www.nao.org.uk/recommendations-tracker/.

Treasury Committee Inquiry into the National Wealth Fund

In March 2025, the Treasury Committee launched an inquiry titled 'Can the National Wealth Fund move the dial on growth?' to examine the Company's strategic direction, sectoral focus, and ability to mobilise private investment. An oral evidence session was held in May 2025 with industry stakeholders. The Committee is expected to publish its findings later in 2025. While no immediate action is required, the Company is monitoring the inquiry closely and remains committed to transparency, value for money, and effective delivery of the Company's objectives. In July 2025, the CEO of the NWF at the time gave evidence to the Committee.

Appointment and removal of Directors

Full details of the arrangements in place for the appointment and removal of the Company's Directors can be found in the Company's Articles of Association.

The Shareholder Representative appoints a Shareholder Representative Director to sit as a Non-Executive Director on the Company's Board.

The Shareholder appoints the Chair and other Non-Executive Directors, and the Chief Executive Officer, who is a permanent employee of the Company (including any interim arrangements).

The Company is responsible for appointing all other Executive Directors and other staff, with the Nomination Committee determining and agreeing with the Board the process for the appointment of Executive Directors in particular. Any proposed appointments of Executive Directors to the Company's Board are subject to the approval of the Shareholder.

Business appointment rules

Under the business appointment rules, secondees from government departments who are working within the Company are expected to approach their

home departments' Human Resources functions before undertaking any commitments to taking up new roles outside the Civil Service.

During the financial year to 31 March 2025, the Company followed the business appointment rules insofar as they were applicable to its permanent employees, who are all employed as public servants, although no specific individual advice was either sought from or given by the Company in relation to the rules.

Conflicts of interest

The Directors have a duty under the Companies Act 2006 to avoid situations where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests.

The Company's Conflicts of Interest Policy sets out a formal process for the identification, assessment, management and recording of conflicts of interest, including written disclosure of all actual or potential conflicts of interest for all Directors and staff. Directors and the Executive team are reminded of the need to declare conflicts of interest at regular intervals throughout the year, and a register of Directors' interests is maintained.

We adhere to Section 4.1.3 of the Civil Service Management Code, ensuring all employees declare any potential conflicts of interest.

We disclose details of company directorships and other significant interests held by members of the Board which may conflict with their management responsibilities via our website at: www.nationalwealthfund.org.uk.

It is also possible to access information about directorships that members of the Board hold on other UK companies at Companies House (www.gov.uk/government/organisations/companies-house).

Political donations

The Company did not make any political donations or incur any political expenditure during the financial year to 31 March 2025 (FY 2023–24: £Nil).

Ian Brown

Interim Chief Executive Officer and
Accounting Officer

23 October 2025

Remuneration report and Staff report



Remuneration report

The Remuneration report is prepared in accordance with the Government Financial Reporting Manual (FRM) 2024–25, the Company’s Remuneration Policy and the Remuneration Committee’s assessment of performance for the financial year are set out in the following section.

Remuneration Policy

The Company’s Reward Framework is designed to attract and retain employees with the skills and experience required for the Company, while also exercising the restraint expected of a public sector body in its use of public funds. These balanced principles are reflected in our overall approach towards reward. The Company engaged with an external adviser to help determine a suitable remuneration policy for all employees, including base salary, annual bonus, Long Term Incentive Plan (LTIP)

and pension. The Company’s Remuneration Policy, summarised in the following table, was approved by the Remuneration Committee in February 2023. The Committee reviewed the Remuneration Policy in May 2025, approving some minor updates. The Remuneration Committee considers that the Remuneration Policy operated as intended during the period in terms of company performance and quantum.

Reward Framework

- | | |
|--------------------|---|
| Base salary | <ul style="list-style-type: none"> • The base salary is the basic pay, which is set in line with the Company’s agreed pay ranges. These ranges have been determined in the context of appropriate comparators and approved by HM Treasury. • The base salary is reviewed annually, with any changes effective from 1 April each year. |
|--------------------|---|

- | | |
|---------------------|---|
| Annual bonus | <ul style="list-style-type: none"> • The Company offers a discretionary annual bonus plan for all eligible permanent employees who are not in the LTIP. • The bonus is determined based on the level of performance achieved against agreed key performance indicators: <ul style="list-style-type: none"> • Below threshold: zero • Threshold performance: one month’s salary • On target performance: two months’ salary • Exceptional performance: three months’ salary |
|---------------------|---|

Where individual conduct falls below expectations, an individual’s bonus may be reduced, including to zero.

- The bonus is applied pro rata for employees who join during the financial year.
- Clawback may be applied to the annual bonus of any Executive Committee members eligible for the plan, allowing the bonus payments to be recovered within six years of the date of award, subject to review by the Remuneration Committee.
- Individuals cannot participate in both the annual bonus and the LTIP.

Reward Framework

Long Term Incentive Plan (LTIP)

- Depending on the role undertaken, the Company offers Executive Committee members, who are not in the annual bonus plan, the opportunity to participate in the LTIP.
- The LTIP is based on the Company's overall performance, taking account of a mix of financial and non-financial measures.
- The maximum grant is either 30% or 50% of salary (depending on the role). The actual grant level in respect of any performance period is reflective of the level of performance achieved against agreed key performance indicators:
 - below threshold: zero;
 - threshold: 50% of award;
 - on target: 75% of award; or
 - maximum: 100% of award.
- Where performance exceeds threshold, straight-line scaling operates up to a maximum award of 100%.
- LTIP awards are granted on an annual basis in respect of the upcoming financial year. Performance during the year is then assessed once the financial accounts are closed ('performance adjustment') by the Remuneration Committee.
- LTIP award values are then adjusted in line with the performance adjustment to reflect the level of performance achieved.
- 50% of the grant will vest and be paid on or after the second anniversary of the date of performance adjustment, and 50% on or after the third anniversary of the date of performance adjustment.

Long Term Incentive Plan (continued)

- The LTIP is applied pro rata for employees who join during the financial year.
- Malus and clawback may be applied to the LTIP scheme, allowing the incentive payments to be recovered within six years of the date of grant, subject to review by the Remuneration Committee.
- Standard good leaver terms apply, including retirement, death, ill health, injury or disability or any other reason determined by the Remuneration Committee.

Pension

- The Company provides a contributory pension scheme up to retirement age upon commencing employment.
- The Company's employer contribution rate is 10% of annual basic salary, and the Company matches employee contributions up to a further 5%.
- Bonus and other benefits are not pensionable.
- Employees can choose to opt out of the pension scheme and receive cash in lieu of employer's pension payments (subject to tax and National Insurance contributions at the prevailing rates) for specific reasons, such as having reached their lifetime allowance or in cases of hardship or financial difficulty.

Benefits

- Life assurance.
- Income protection cover.
- Flexible benefits – a flexible benefits fund allows employees to select from a range of benefits up to a value of 10% of basic salary (subject to a monetary cap). Any unused amount is delivered via payroll, subject to tax and National Insurance.

The remuneration of the Chair and Non-Executive Directors is determined by HM Treasury. Non-Executive Directors are not employees; they are therefore not eligible to receive employer pension contributions/ payments or participate in the flexible benefits programme, and they do not have access to the Company's LTIP or annual bonus scheme.

Assessment of performance: outcome for the year to 31 March 2025

The Company remains committed to offering pay and incentives that attract and retain a quality workforce, while also showing the level of restraint appropriate to a public sector body.

These balanced principles are reflected in our overall approach towards reward, and we have taken a similarly balanced approach when assessing the Company's performance for the financial year to 31 March 2025.

For financial year 2024-25 the Remuneration Committee set and agreed full-year key performance indicators (KPIs), which were signed off by HM Treasury. Following the October 2024 announcement of our transition into the NWF, colleagues across the organisation worked to deliver the change programme required to implement the new mandate.

The Remuneration Committee defined an additional set of KPIs for the Executive to focus on for Q4 of 2024–25. These KPIs sought to prioritise transformation to the NWF.

This additional set of KPIs is aligned to the key messages from the Chancellor in the announcement at the International Investor Summit and was agreed with Ministers in January 2025.

This period of significant change for the NWF means that our performance assessment of financial year 2024-25 takes into account both the original set of KPIs developed and approved prior to the announcement of the NWF transition, and the updated focus post-October 2024 (in particular the period January to March 2025) which required the Executive to accelerate the transformation into the NWF.

The following table sets out a summary of the NWF's performance against its financial year 2024-25 KPIs, taking account of both the original full-year KPIs and the Q4 NWF change programme as follows:

- The original KPIs have been assessed on a full year basis, taking account of the additional Q4 KPIs where they were linked to the Q4 change programme.
- The Q4 change programme KPIs have been assessed on the basis of the single quarter in which they applied.

The performance measures included a mix of qualitative and quantitative metrics, with the Remuneration Committee exercising overall judgement.

Performance outcome

KPI category	Original performance measure	Q4 additional KPI objective	Weighting
NWF Implementation	–	Activities ensuring the necessary institutional, administrative and operational arrangements are in place to transform UKIB into the NWF	10% (Q4 only)
Financials	Private commitment volumes	–	14%
	Alignment with financial forecast	–	3%
	Develop guarantee product offer	More catalytic: maximise mobilisation of private investment with new financial instruments	5%
	Local authority advisory engagements	More regional: develop a greater regional focus, with increased the NWF’s visibility, engagement and partnerships with Mayors/local leaders	8%
	Local authority lending deals	–	
People and Culture	Culture and engagement	Expanding the team to deliver the NWF	15%
	Diversity and attrition	–	5%
Risk, Systems and Operations	Deliver the strategic banking solution	Investment management system development	10%
	Embed and maintain frameworks for managing operational and financial risks	More impact: develop an understanding of desire to increase risk appetite; implications of increased financial risk; contributions towards Financial Transactions Control Framework	5%
	Build and embed capability to manage equity investments	–	
	Eligible internal audit findings to have remediation plans put in place and addressed	–	5%
Impact	Develop and agree prioritisation framework for origination and assessment of deals based on impact and other metrics	–	10%
	Implement interim evaluation recommendations on improving processes/structures for monitoring and evaluation of impact	–	
	Impact of deals	More impact: evidence of how the NWF’s investment decisions factor in the Government’s policy priorities within its clean energy and growth missions	
Strategic Positioning	Solve clean energy, growth and infrastructure finance problems	More capital/more proactive: early proactive efforts to lay foundation for increasing lending volumes in 2025–26	10%
	Engage with the Government to build the pipeline in support of government policy	More catalytic: trial innovative finance solutions, including first pathfinder projects	
	Enhance/protect the NWF’s profile reputation with public private sectors	More proactive: outreach expand project pipeline to support the Government’s ambitions	
Sizewell C	Set up arrangements required for the NWF to deliver Sizewell C	–	10% (Q1 to Q3 only)
Total			100%

Performance assessment	77.5%
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The Remuneration Committee evaluation of performance against the financial year 2024-25 KPIs has resulted in an overall assessment of 77.5%, slightly above the 75% target.

The Remuneration Committee noted the many strong achievements the NWF made during financial year 2024-25, including the following:

- The NWF delivered over £2 billion in private commitments and developed and deployed additional financial instruments to further broaden its product offering.
- The NWF has also continued the development of its Local Authority Lending & Advisory capabilities, delivering 36 advisory engagements and a number of lending deals to a range of local authorities.
- Substantial progress has also been made in the NWF's approach to impact, particularly in the development and roll-out of its Impact Prioritisation Tool, which has supported the NWF's achievement in delivering deals with very good additionality ratings and sector diversification.

There are areas of the NWF's financial year 2024-25 performance in which the Remuneration Committee will look for further improvements in the future. These include further progress on financial performance to establish its profitability and return on equity,

furthering the NWF's efforts in engaging with the Government to strengthen the pipeline of work in support of the Government's policy and objectives, and identifying suitable technological solutions for future growth.

The Remuneration Committee also noted the important further development in financial year 2024-25 of the NWF's People and Culture, and Risk, Systems and Operations functional areas. These areas continued to act as solid foundations for the NWF's strong firm-wide levels of achievement in delivering against both its original full year KPIs, as well as the additional Q4 KPIs designed to support the transition to the NWF.

Based on this assessment, the value of participants' LTIP awards in respect of FY 2024-25 has been performance adjusted to 77.5%. This means that LTIP participants will receive 23.5% for the 30% LTIP scheme and 38.5% for the 50% LTIP scheme. Any payouts due under the financial year 2024-25 LTIP award will be payable in two equal tranches, in May 2027 and May 2028. Ahead of any pay-out, the Remuneration Committee will consider whether there is any cause for clawback and malus to apply. Separately, a performance-based bonus has been awarded for financial year 2024-25. Following the assessment, bonuses have been awarded at two months' salary for eligible employees.

Non-Executive Director remuneration

The following table sets out the remuneration received by Non-Executive Directors in each of the current and prior financial years.

Non-Executive Director fees payable in the period to 31 March – in ranges of £5,000 (Audited)

Name	Total fees 2024–25	Total fees 2023–24
	£000	£000
Christopher Grigg (Chair)	115–120	115–120
Elena Ciallie ¹	–	–
Charles Donald	–	–
Marianne Økland	25–30	25–30
Bridget Rosewell	25–30	25–30
Tania Songini	25–30	25–30
Nigel Topping	25–30	25–30
Muriel Dube	25–30	5–10 (25–30) FYE ²

Notes to the above table:

1. Elena Ciallie replaced Charles Donald effective 1 August 2024. Elena is the Shareholder Representative Director from UK Government Investments and is not remunerated by the Company.
2. Bracketed figures show values for a full year equivalent (FYE).

Executive Directors' remuneration

Executive Directors' remuneration includes gross salary, pension and LTIP, where applicable. The remuneration is subject to the deduction of appropriate taxes via the PAYE system. The table below reports the remuneration of each Director in accordance with their service contracts:

Remuneration for the period 1 April 2024 to 31 March 2025 – ranges of £5,000 (Audited)

Name	Salary	Flexible benefits ¹	Pension payments (incl. cash supplements) ²	Long Term Incentive Plan ³	TOTAL
	£000	£000	£000	£000	£000
John Flint	360–365	10–15	35–40	140–145	550–555
Annie Ropar	295–300	10–15	45–50	115–120	470–475

Remuneration for the period 1 April 2023 to 31 March 2024 – ranges of £5,000 (Audited)

Name	Salary	Flexible benefits	Pension payments (incl. cash supplements)	Long Term Incentive Plan	TOTAL
	£000	£000	£000	£000	£000
John Flint	340–345	10–15	30–35	125–130	520–525
Annie Ropar	285–290	10–15	40–45	105–110	450–455
David Lunn	60–65 (125–130) FYE	0.0	15–20 (35–40) FYE	0.0	80–85 (160–165)^a FYE

The aggregate emoluments including employer pension contributions of the Directors for the year were £1,027k (FY 2023–24: £1,060k).

Notes to the above tables:

The Company operates a salary sacrifice scheme which allows the purchase of additional annual leave. The salaries are net of any salary sacrifice adjustments.

1. Flexible benefits are available to purchase additional benefits and are capped at £15k per annum. Any unused benefit is paid in cash.
2. John Flint did not participate in the pension scheme but alternatively received £36,209 (FY 2023–24: £34,485) due to a cash option, in accordance with his employment agreement. The total remuneration attributable to John Flint, as highest paid Director, was £553,613 (FY 2023–24: £523,654).
3. For the year to 31 March 2025, John Flint and Annie Ropar were eligible to participate in the LTIP award. The policy allows for them to be awarded up to 50% of annual salary as a performance LTIP. The Remuneration Committee assessed the LTIP award, based on outcomes against the Company's KPIs, as being 77.5% of this. Further detail on the LTIP award calculations can be found on pages 89 and 91.
4. Bracketed figures show values for a full year equivalent (FYE), which supports accurate comparisons between current and preceding periods.

Directors – pension benefits (Audited)

As noted in the tables above, the Chief Executive Officer has opted out of the Company's pension scheme and has received payments in lieu of this. The Chief Financial Officer contributed to a defined contribution pension scheme, and the employer contributions are in the table above.

Payments to past Directors (Audited)

No payments were made to former Directors during or since the end of the financial period (FY 2023–24: £Nil).

Compensation for loss of office (Audited)

No payments were made in relation to loss of office during or since the end of the financial period (FY 2023–24: £Nil).

Fair pay (Audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in the organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The pay multiple is the relationship between the remuneration of the highest-paid Director/employee in the organisation (in this case the Chief Executive Officer) and the median remuneration of the organisation's workforce. The banded pay (FYE) of the highest-paid Director in the Company in the financial year to 31 March 2025 was £515k–£520k excluding pension cash paid in lieu (FY 2023–24: £485k–£490k). This was 5.1 times the median remuneration of the workforce (which included permanent employees, secondees and contractors), which stood at £101k (FY 2023–24: £105k).

Annualised remuneration (i.e. total remuneration payable over a 12-month period) of the Company's employees ranged from £25k to £515k (FY 2023–24: £24k–£490k); no employees received pay more than the highest-paid senior manager or Director.

The following table sets out the remuneration for the lower, median and upper quartile and their respective relationships with the remuneration of the highest-paid Director in the Company for the years ending 31 March 2024 and 31 March 2025.

Financial year ended 31 March	Total pay and benefits	Lower quartile (25%)	Median (50%)	Upper quartile (75%)
2025	Remuneration	£62,510	£101,333	£159,600
	Ratio	8.3	5.1	3.2
2024	Remuneration	£63,000	£104,580	£157,500
	Ratio	7.8	4.7	3.1
Financial year ended 31 March	Salary only	Lower quartile (25%)	Median (50%)	Upper quartile (75%)
2025	Remuneration	£54,863	£88,055	£138,600
	Ratio	9.4	5.9	3.7
2024	Remuneration	£57,200	£93,500	£137,940
	Ratio	8.6	5.2	3.5

Changes to the above pay ratios between the prior and current financial year are predominantly caused by changes to the mix of staff resource (move from interim to more permanent resource base) and associated relative pay of employees.

Comparison of salary between current and prior year

Percentage change from previous financial year in respect of highest-paid Director (FYE)		Percentage change from previous financial year in respect of employee average	
Salary	5.8% increase ^{1,2}	Salary	2.5% decrease ^{1,3}
LTIP/bonus	11.8% increase	LTIP/bonus	2.4.% increase

Notes to the above table:

- Salary changes are calculated using annualised salaries and allowances divided by the year-end FTE.
- Financial Reporting Manual guidance requires pay increase disclosures to be calculated using the midpoint of the salary range. The actual salary increase was 5%, or 4.8% when including flexible benefits and allowances. The actual LTIP increase was 8.5%.
- Permanent employees received a pay increase of 5% in the year; the above reflects the change in composition of the workforce.

Gender split at the Company

Band	Female		Male	
	Number	% of band	Number	% of band
Board	5	71%	2	29%
Executive	6	55%	5	45%
Other bands	107	42%	150	58%
Total	118	43%	157	57%

Notes to the above table:

- The data above is based on permanent and Board employees at 31 March 2025.
- Board gender numbers exclude Executive members (John Flint, Annie Ropar) as they are included in the Executive category.
- Headcount is based on number of people and not FTE. Within the Executive team, two females complete a job share, which would result in a 50% female and 50% male split based on FTE.
- James Emmett, the Chief Operating Officer, left the Company during the year and is not included in the table above.

The team is gender-balanced and the Company continued to embed gender diversity throughout the year.

Pension arrangements for permanent employees

The Company provides a contributory pension scheme for permanent employees, the details of which are set out in the Reward Framework table on pages 88 and 89.

Secondees remain on their individual home department's Terms and Conditions while working at the Company. As a result, secondees' bonuses are determined annually by the individual's home department's rating of performance through their respective year-end appraisal process.

Secondees' pension arrangements are made through the pension providers of their home departments.

There were no employees contributing to a Civil Service Pension in the year.

External advisers

The Company used advisers to help benchmark all permanent roles against appropriate market comparators. During the financial year 2024–25, an amount of £73,990 (FY 2023–24: £56,820) was incurred in relation to this work.

Service contracts

The following table sets out relevant aspects of the service contracts of the Company's Directors.

Name	Contract start date	Contract end date	Notice period
Christopher Grigg (Chair)	03/05/2021	02/05/2027	3 months
John Flint ^{1,2}	27/09/2021	N/A	6 months
Charles Donald	18/05/2021	31/07/2024	1 month
Elena Ciallie	01/08/2024	31/07/2028	1 month
Bridget Rosewell	09/06/2022	09/06/2026	1 month
Tania Songini	09/06/2022	09/06/2026	1 month
Nigel Topping	06/12/2022	08/06/2026	1 month
Marianne Økland	09/06/2022	08/06/2026	1 month
Annie Ropar ¹	19/09/2022	N/A	6 months
Muriel Dube	14/12/2023	13/12/2027	1 month

Notes to the above table:

1. John Flint and Annie Ropar are the only Directors who served during the financial year to 31 March 2025 whose contracts contain provisions for further payment in the case of early termination of contract. Such provisions state that a payment would be made in lieu of notice for salary (less applicable income tax and National Insurance) but would not include any bonus, holiday entitlement or other benefits that would otherwise have been accrued during the notice period.
2. John Flint resigned during the 2024–25 financial year and left the Company on 14 August 2025.

This Remuneration report was approved by the Board of Directors on 23 October 2025 and was signed on its behalf by:

Tania Songini

Chair, Remuneration Committee

23 October 2025

Staff report

Workforce

As at 31 March 2025, the Company had a workforce of 302 full-time equivalent (FTE) (31 March 2024: 270 FTE). This comprised permanent employees, secondees, and fixed-term and interim contractors. Secondees to the organisation are from Civil Service departments and professional services firms.

The average monthly number of FTE employees in the period is set out in *Note 6 Staff numbers and staff costs* on page 138. The average number of staff by head count in the period was 296. A breakdown of

the Company's FTE workforce at 31 March 2025 is provided in the following table:

Workforce category	31 March 2025	31 March 2024
Permanent employees	262	214
Fixed-term contracts	13	8
Secondees	18	15
Contractors	9	33
Total	302	270

Workforce location

The Company's target is to have at least 90% of colleagues working outside London. The split of FTE by location at 31 March 2025, was as follows:

	Contracted office location		Leeds		London		Edinburgh		Belfast		Cardiff		Remote ¹	
	Total FTE	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total	
Permanent	262	250	95%	8	3%	1	0%	2	1%	1	0%	0	0%	
Interim	13	13	100%	0	0%	0	0%	0	0%	0	0%	0	0%	
Secondees	18	9	50%	1	6%	0	0%	0	0%	0	0%	8	44%	
Contractors	9	7	78%	1	11%	0	0%	0	0%	0	0%	1	11%	
Total	302	279	92%	10	3%	1	0%	2	1%	1	0%	9	3%	

Note to the above table:

1. Secondees listed as remote reflect terms on their original departments' contracts. No NWF employees have remote contracts.

Trade Union facilities time

No employees were union officials during the period (FY 2023–24: Nil).

Sickness absence

During the reporting period the sickness absence rate was 1.2%. Sickness absence is reported to line managers and escalated where appropriate.

Staff turnover

The Company's focus in 2024–25 was on embedding the permanent employee base. Permanent employee turnover has continued to be

low (1.5%).² During the year, the level of contractor resource reduced in line with expectations.

Staff policies

As outlined on page 42, we have continued to embed a suite of policies to support our colleagues in the workplace. The Company is committed to ensuring equality of opportunity for all disabled staff. Applicants for positions at the Company are invited to notify the organisation if special arrangements are required to enable them to participate in the recruitment process.

² Average quarterly turnover calculated in line with the Financial Reporting Manual and Cabinet Office guidelines.

The Company provides occupational health services to all employees to accurately identify and prescribe appropriate reasonable adjustments to support them in the workplace in accordance with the Company’s duty under the Equality Act 2010. The Company has an Employee Assistance Programme in place and has made this available to all permanent, seconded and contractor colleagues.

Staff survey

During the year, the Company has completed two people surveys using a new platform, the results

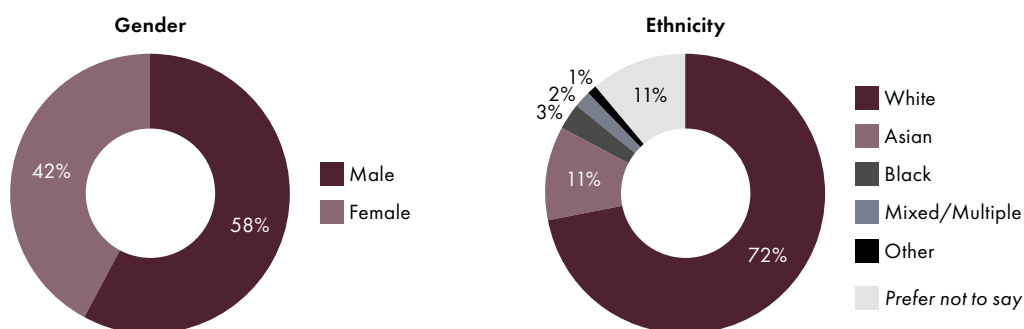
of which it has used as an indicator of employee engagement. Employee engagement continues to be strong and has increased on the previous year. The Company reviews the results and agrees any actions accordingly.

Exit packages (Audited)

During the reporting period, the Company did not incur any costs in relation to exit packages (FY 2024–25: £Nil).

Staff diversity and inclusion

The Company is committed to ensuring that the workforce is as diverse and inclusive as possible, giving equal opportunity to all, regardless of their background, race, religion or sexuality. The following charts demonstrate the gender and ethnic diversity in the Company’s permanent employees.



Staff costs and numbers (Audited)

Total costs of £44.5 million (FY 2023–24: £37.8 million) comprised £39.1 million related to permanent employees, £2.2 million related to secondees from other public and private sector institutions, and £3.2 million related to contract staff. The average monthly number of FTE employees, including Directors, during the financial year to 31 March 2025 was 290 (FY 2023–24: 232). See Note 6 Staff numbers and staff costs on page 138 for more detail.

Consultancy spend and contractor costs

Consultancy costs of £2.0 million (FY 2023–24: £2.8 million) are recorded in Note 7 Other operating expenditure (see page 139). This includes £0.8 million in deal-related consultancy, representing a £0.4 million increase from the prior year. However, this increase has been offset by lower consultancy spend overall following the completion of various IT system implementations. Contractor costs are set

out in Note 6 Staff numbers and staff costs (see page 138), with costs of £3.2 million in the financial year (FY 2023–24: £10.4 million). The reduction in contractor costs is consistent with the move to a permanent workforce.

Staff pension costs

For the reporting period, staff pension costs of £3.5 million (FY 2023–24: £2.1 million) are employers’ pension contributions, The Company’s employer contribution rate is 10% of annual basic salary, with a further 5% maximum matching contribution.

Off-payroll engagements

Off-payroll engagements are arrangements where staff are not paid via the Company’s payroll. The relevant disclosures for off-payroll engagements relevant to the financial years to 31 March 2024 and 31 March 2025 are shown in the following tables.

Number of engagements for more than £245 per day as of 31 March 2025

	2024-25	2023-24
Total number of engagements	10	36
Of which: <1 year at reporting date	7	12
Of which: between 1 and 2 years at reporting date	1	16
Of which: between 2 and 3 years at reporting date	2	8

Number of engagements for more than £245 per day at any point during the year ended 31 March 2025

	2024-25	2023-24
Total number of engagements	42	116
Of which: number assessed as within the scope of IR35	42	116

No engagements have been reassessed for compliance or assurance purposes during the period.

Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025

	2024-25	2023-24
Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, during the financial year	2 ¹	1
Total number of individuals on payroll and off-payroll that have been deemed Board members, and/or senior officials with significant financial responsibility, during the period	20	18

Note to the above table:

1. Elena Ciallie replaced Charles Donald effective 1 August 2024. Elena is the Shareholder Representative Director from UK Government Investments and is not remunerated by the Company.

Parliamentary accountability

Remote contingent liabilities not required to be disclosed under IAS 37 (Audited)

The Company has no contingent liabilities reported under International Accounting Standard (IAS) 37 (FY 2024–25: £Nil); however, the Company is required to disclose liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability or a contingent liability otherwise outside the scope of IAS 37.

These disclosures are required by HM Treasury's *Managing Public Money* guidance and are related to parliamentary accountability. All contingent liabilities must be reported to Parliament by a departmental minute so that Parliament has the opportunity to debate the merits of the item and to bind the Government to honour the obligation. To meet the relevant disclosure requirements, the Company is required to provide a brief description of the nature of each contingent liability and, where practical, an estimate of its financial effect.

A remote contingent liability represents the maximum potential exposure assuming trigger events occur, and the maximum exposure crystallises. If any of the contingent liabilities detailed below were to crystallise and the Company was required to settle an obligation, this would be achieved through the normal Supply Estimates process.

The Company had no such remote contingent liabilities as at 31 March 2025 (31 March 2024: £Nil) and this continues to be the case at the date of signing the Annual Report and Accounts.

Information on loan and capital commitments can be found in *Note 19 Undrawn loan and capital commitments* on page 148.

Regularity (Audited)

Throughout the financial year 2024–25, and in the period since, the Company has complied with the relevant guidelines on ensuring the propriety and regularity of its finances.

Losses and special payments (Audited)

During the financial year 2024–25, the Company had no reportable losses and special payments (FY 2023–24: £Nil).

Functional standards

Our corporate functions are aligned with agreed cross-functional standards, as appropriate and applicable, and drive a culture of compliance with legal requirements and the general good practice expected of an arm's-length body of a government department.

Auditor

The Annual Report and Accounts of the Company are audited by the Comptroller and Auditor General. Information on the audit fees can be found in *Note 7 Other operating expenditure* on page 139.

Statement of Directors' and Accounting Officer's responsibilities

Under the Companies Act 2006, the Directors are responsible for preparing the Annual Report and the financial statements for each financial year. The Directors have prepared the financial statements in accordance with UK adopted International Accounting Standards (IAS).

The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Company. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the associated Notes to the financial statements, for the financial year.

In preparing the accounts, the Directors have:

- observed the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, insofar as these do not conflict with the Companies Act 2006 and the requirements of IAS;
- applied suitable accounting policies on a consistent basis;
- made judgements and estimates on a reasonable basis;
- stated whether the applicable International Financial Reporting Standards (IFRS) have been followed, and disclosed and explained any material departures in the financial statements; and
- prepared the financial statements on a going concern basis.

HM Treasury has appointed the Interim Chief Executive Officer of the Company as the Interim Accounting Officer for the Company. The

responsibilities of an Interim Accounting Officer – including responsibility for the propriety and regularity of the public finances for which the Interim Accounting Officer is answerable, for keeping proper records and for safeguarding the Company's assets – are set out in *Managing Public Money* guidance published by HM Treasury.

In preparing the financial statements, as the interim Accounting Officer and on behalf of the Board, I have taken all steps that I should have taken to make myself aware of any relevant audit information and have ensured that the Company's auditors are aware of such relevant audit information that would have a material impact on the financial statements. I am not aware of any material information that the auditors are unaware of.

This statement reflects assurance provided by my predecessor, John Flint, including a formal handover confirming effective governance and controls during his tenure.

I also confirm, on behalf of the Board, that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the Shareholder to assess the Company's performance, business model and strategy.

This statement was approved by the Board of Directors on 23 October 2025 and was signed on its behalf by:

Ian Brown

Interim Chief Executive Officer and Accounting Officer

23 October 2025

**Independent auditor's report to the members
of National Wealth Fund Limited**



Independent Auditor's Report to the Members of National Wealth Fund Limited and the Houses of Parliament

Opinion on financial statements

I have audited the financial statements of the National Wealth Fund Limited (the National Wealth Fund) for the year ended 31 March 2025 which comprise the National Wealth Fund's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of the National Wealth Fund's affairs as at 31 March 2025 and of the profit / (loss) after taxation for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 '*Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*'. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the National Wealth Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of Authorities

Authorising legislation	Companies Act 2006
Parliamentary authorities	UK Infrastructure Bank Act 2023
HM Treasury and related authorities	Managing Public Money Framework Agreement between National Wealth Fund and HM Treasury

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Wealth Fund's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- reviewing the keep well agreement with the Commissioners of HM Treasury which states that it will provide sufficient funding to enable the entity to meet its liabilities as and when they fall due, up to the current funding cap limit of £22 billion; and
- an assessment of the value of assets recognised in the Statement of Financial Position compared to liabilities.

I have no observations arising with respect to that assessment.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Wealth Fund'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.

In relation to the entity's reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

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

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified though the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the following significant risks which I do not consider to be key audit matters, and on which my work has not identified any matters to report:

- The presumed significant risk of material misstatement due to fraud through management override of control;
- The significant risk that additions to loans held at amortised cost are not recognised appropriately, or that the assessment of fair value

- at initial recognition for local authority loans is inappropriate;
- The significant risk that fair values of loans held at amortised cost are inappropriately disclosed; and
 - The significant risk around disclosures and completeness of financial instruments not relating to the following financial instrument areas (which are key audit matters): measurement of expected credit losses, investments in funds, direct equity investments and convertible loan note instruments, and financial guarantees.

The key audit matters were discussed with the Audit and Risk Committee; their report on matters that they considered to be significant to the financial statements is set out on pages 81-82.

In this year's report the following changes to the risks identified have been made compared to my prior year report:

- I no longer consider deferred tax to be a Key Audit Matter or a significant risk.
- The Key Audit Matter I reported in the prior year in relation to investments in loans has been narrowed to focus on measurement of expected credit losses, also covering the elements of risk relating to financial guarantees which is driven by measurement of expected credit losses. I still consider accounting for new loans and measuring their fair value for disclosure to be significant risks, but I no longer consider these to be Key Audit Matters.
- The Key Audit Matter I reported in the prior year in relation to direct equity investments and convertible loan notes has been split into separate Key Audit Matters for accounting and valuation of these investments. Both of these remain areas of significant risk.
- I am reporting on a new Key Audit Matter in 2024-25; accounting for financial guarantees.

Measurement of expected credit losses

Description of risk

The National Wealth Fund holds £1,453 million private sector loans and local authority loans (2023-24: £594 million) at amortised cost on its Statement of Financial Position. The total value of the National Wealth Fund's loan assets has increased from the prior year as the National Wealth Fund has entered into new loan agreements during the year and there have been further draw-downs on existing loan agreements.

For financial assets held at amortised cost and undrawn loan commitments, IFRS 9 requires measuring impairments based on Expected Credit Losses (ECLs).

The National Wealth Fund had issued six financial guarantees by 31 March 2025, of which five contracts were signed during financial year 2024-25 and two had guaranteed borrowing or commitments issued by year-end. Financial guarantees are required, under IFRS 9, to be measured at the higher of the fair value on initial recognition (less any cumulative income recognised) or the amount of the loss allowance (expected credit losses). The value of financial guarantee liabilities in National Wealth Fund's Statement of Financial Position has increased significantly during 2024-25 to £60.6 million (2023-24 (restated): £1.8 million).

ECLs are made using assumptions which involve significant judgement by management and must reflect forward-looking information. ECLs are calculated using a range of forward-looking economic scenarios, weighted by the estimated probability of each scenario. Further detail regarding critical accounting judgements and key sources of estimation uncertainty with respect of ECLs can be found in Note 1.3.1 of the financial statements.

In relation to the ECLs recognised on private sector loans, and to the ECLs relating to financial guarantees, I identified significant risks of material misstatement around the method and model used to calculate the ECL, the data and assumptions used by management in the calculation of the ECLs; and the sufficiency and accuracy of disclosures around estimation uncertainty. ECLs relating to local authority loans are £nil (2023-24: £nil) as set out in Note 1.3.2 of the financial statements.

Measurement of expected credit losses

How the scope of my audit responded to the risk

I reviewed the design and implementation of controls over the significant risks relating to measurement of expected credit losses of loans held at amortised cost and financial guarantees. I tested the operating effectiveness of the key controls relating to the National Wealth Fund's credit risk assessment process.

I engaged an external auditor's expert with relevant specialist skills to support my review of the models and estimates used to calculate ECLs. My experts reviewed the methodology applied by the National Wealth Fund and tested the model by recalculating the ECLs to within a reasonable range. I reviewed the credit risk assessment process and assessed the credit ratings assigned to new loans entered in 2024-25. I reviewed the relevance and reliability of input data and key assumptions including the probability of default and loss given default assigned to each of the loans and the assessment of whether there had been a significant increase in credit risk. I confirmed that the National Wealth Fund had appropriately calculated the exposure at default applied in the ECL calculation.

I reviewed the completeness, reasonableness and accuracy of disclosures relating to estimation uncertainty in note 22 to confirm that they have been disclosed in line with the applicable financial reporting framework.

Key observations

I have obtained sufficient assurance over this key audit matter through my substantive and controls testing. I did not identify significant misstatements in respect of the transactions, balances and disclosures associated within the loan and guarantee balances in the financial statements.

Investments in funds

Description of risk

The National Wealth Fund holds equity investments in Private Limited Partnerships, totalling £437.6 million (2023-24: £415.9 million), held in the Statement of Financial Position at fair value through profit and loss. The National Wealth Fund manages these investments through fund managers. The fair value is determined as its share of the net assets of the limited partnership (which are themselves measured at fair value). These are disclosed in note 11 to the financial statements.

There is increased risk of material misstatement due to the underlying assets being hard to value (level 3 in the fair value hierarchy), and the audited accounts of the funds being non-coterminous to the National Wealth Fund's year-end. Furthermore, the value of the investments (note 11) is highly material to the National Wealth Fund.

I have identified a significant risk of material misstatement in relation to the National Wealth Fund's appropriate measurement of investments in accordance with the applicable financial reporting framework.

Investments in funds

How the scope of my audit responded to the risk

I have assessed the design and implementation of controls around the valuation of the investments in funds held by the National Wealth Fund, including attending the valuation committee as an observer at which the fund valuations were challenged, and reviewing management's own analysis and challenge of these indirect equity investments.

I also performed the following procedures to address the significant risks of material misstatement:

I reviewed evidence provided by the fund managers to support the valuation of the investments, including assessing movements in reported fair values from December 2024 to March 2025 and beyond to June 2025.

I performed a detailed review of individually material investments within the funds, considering whether valuations and movements in them were consistent with other external sources of evidence, including our knowledge of the relevant industry sectors and the financial position of the investee companies.

I reviewed the disclosures made in the financial statements about the methods used to value the National Wealth Fund's investments in funds and the related uncertainties and considered their consistency against information obtained through our other audit procedures.

Key observations

I have obtained sufficient assurance over this key audit matter through my substantive testing. I did not identify significant misstatements in respect of the transactions, balances and disclosures associated within the investments in funds within the financial statements.

Accounting for direct equity investments and convertible loan note instruments

Description of risk

The National Wealth Fund has recognised direct equity investments valued at £212.8 million at 31 March 2025 (2023-24: £105.3 million) and convertible loan note instruments valued at £94.6 million at 31 March 2025 (2023-24: £30 million). These are classified in the Statement of Financial Position as fair value through profit and loss and are disclosed in note 11 to the financial statements.

On initial recognition, management is required to assess each investment to determine the appropriate classification, initial measurement, and subsequent measurement. There is increased risk as the contractual terms may be complex, particularly in relation to hybrid contracts with characteristics of debt and equity, where management must exercise judgement in determining the correct classification and measurement approach.

In addition, management elected to apply the venture capital exemption in IAS 28 to new investments in associates entered during 2024-25 and changed its accounting policy to apply this exemption retrospectively to investments in associates entered during 2023-24. Details of management's rationale for this decision are set out in note 1.3.5 to the financial statements.

I have therefore identified significant risks of material misstatement in relation to the appropriateness of the presentation within the financial statements, including the Venture Capital election, the classification and recognition of new investments and the appropriate recognition of the National Wealth Fund's contractual rights and obligations at the reporting date.

Accounting for direct equity investments and convertible loan note instruments

How the scope of my audit responded to the risk

I assessed the design and implementation of controls around the recognition and classification of the equity investments and the convertible loan note instruments held by the National Wealth Fund. I also performed the following procedures to address the significant risks of material misstatement:

I reviewed the presentation and classification of the equity investments and convertible loan notes in the financial statements and evaluated evidence to confirm the National Wealth Fund's rights and obligations in respect of them, including seeking external confirmation of the National Wealth Fund's shareholdings at the reporting date.

I considered the appropriateness of the classification of the equity investments and convertible loan notes. I performed substantive testing of additions to confirm that they had occurred, been initially recognised at the correct value, classified correctly and in the right period. I reviewed management's rationale for applying the venture capital exemption.

Key observations

I have obtained sufficient assurance over this key audit matter through my substantive testing. I did not identify significant misstatements in respect of the transactions, balances and disclosures associated within the investments in funds within the financial statements.

Valuation of direct equity investments and convertible loan note instruments

Description of risk

The National Wealth Fund has recognised direct equity investments valued at £212.8 million at 31 March 2025 (2023-24: £105.3 million) and convertible loan note instruments valued at £94.6 million at 31 March 2025 (2023-24: £30 million). These are classified in the Statement of Financial Position as fair value through profit and loss and are disclosed in note 11 to the financial statements.

Management is required to estimate the fair value of each investment at the reporting date. There is greater inherent risk as the investee companies are mostly unlisted and in the early stages of development. Consequently, management must exercise significant judgment in estimating fair value at 31 March 2025. Further detail on the judgements related to the valuation of the investments can be found in note 1.3.3 and note 20.2.

I have therefore identified a significant risk of material misstatement around the method, model, data, and assumptions used by management in the calculation of the fair value of these investments, and over the sufficiency and accuracy of management's disclosures, particularly in relation to the estimation uncertainty inherent in these valuations.

Valuation of direct equity investments and convertible loan note instruments

How the scope of my audit responded to the risk

I assessed the design and implementation of controls around the valuation of the equity investments and the convertible loan note instruments held by the National Wealth Fund, including attending as an observer the valuation committee at which these valuations were discussed. I also performed the following procedures to address the significant risks of material misstatement:

I reviewed the appropriateness of the valuation methods, data and assumptions used by management to determine the fair value of the investments at the reporting date. This involved performing procedures over each investment, including reviewing the National Wealth Fund's investment committee documentation, assessing the investee companies' performance and forecasts, and reviewing external sources of information for relevant events or conditions which may have been inappropriately excluded from the valuation.

I engaged an external auditor's expert with relevant specialist skills to support my review of the secondary valuation models used by management to support the National Wealth Fund's fair value estimates. My experts reviewed the methodologies applied by the National Wealth Fund and independently developed reasonable valuation ranges against which I could assess management's valuations.

I reviewed the disclosures made by management in relation to the methods, significant unobservable inputs and the impact of estimation uncertainty and reperformed the accompanying sensitivity analysis.

Key observations

I have obtained sufficient assurance over this key audit matter through my substantive testing. I did not identify significant misstatements in respect of the transactions, balances and disclosures associated within the investments in funds within the financial statements.

Accounting for financial guarantees

Description of risk

The National Wealth Fund had entered into six financial guarantees by 31 March 2025, of which five contracts were signed during financial year 2024-25 and two had guaranteed borrowing or commitments issued by year-end.

In 2024-25, the National Wealth Fund changed its accounting policy in relation to the recognition and measurement of financial guarantees; the details of this change are set out in note 1.4 of the financial statements. The value of financial guarantee liabilities in the National Wealth Fund's Statement of Financial Position has increased significantly during 2024-25 to £60.6 million (2023-24(restated): £1.8 million).

Financial guarantees are inherently complex and are required, under IFRS 9, to be measured at the higher of the fair value (less any cumulative income recognised) or the amount of the loss allowance (expected credit losses).

I identified a significant risk of material misstatement that the presentation, classification and recognition of balances relating to financial guarantees is inappropriate.

Accounting for financial guarantees

How the scope of my audit responded to the risk

I have assessed the design and implementation of controls around the presentation, classification and recognition of financial guarantees entered by the National Wealth Fund.

I substantively tested a sample of additions to confirm that newly issued guarantees have been appropriately recognised and measured. I reviewed legal documentation to confirm that the guarantee additions have occurred and assessed management’s recognition of these against the relevant accounting standards.

In respect of management’s change in accounting policy, I assessed whether the change is in line with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and reviewed the completeness, reasonableness and accuracy of the disclosures relating to the prior period restatement. I reviewed the presentation and classification of balances and related income, expenses or gains and losses.

Key observations

I have obtained sufficient assurance over this key audit matter through my substantive testing. I did not identify significant misstatements in respect of the transactions, balances and disclosures associated within the financial guarantees in the financial statements.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather

than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the National Wealth Fund’s financial statements as a whole as follows:

	National Wealth Fund
Materiality	£22,000,000
Basis for determining materiality	1% of the National Wealth Fund’s net assets adjusted for loans from HM Treasury of £2,201 million (2023-24: 1% of forecast net assets of £974 million)
Rationale for the benchmark applied	<p>I consider net assets to be the area of principal interest for users as this is the key driver of the National Wealth Fund’s financial statements. This is because its primary purpose is to increase infrastructure investment across the United Kingdom.</p> <p>For the 2024-25 audit I have amended the benchmark to adjust for the National Wealth Fund’s loans from HM Treasury. This is because the National Wealth Fund’s total assets have increased significantly in 2024-25 due to increased investment activity. These investments have been funded mostly by loans from HMT. This has kept the net asset position fairly consistent year-on-year and, using unadjusted net assets as the materiality benchmark would not capture the operational growth of the National Wealth Fund. I have judged that the revised benchmark is more appropriate to meet the expectations of users of the financial statements.</p>

Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality for the 2024-25 audit (2023-24: 75%). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error Reporting Threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £300,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements

There are no unadjusted audit differences that have been reported to the Audit and Risk Committee.

Audit scope

The scope of my audit was determined by obtaining an understanding of the National Wealth Fund and its environment, including the entity wide controls, and assessing the risks of material misstatement.

Other Information

The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my 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.

Opinions on other matters

In my opinion:

- the parts of the Directors' Remuneration Report to be audited has been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual; and
- the parts of the Annual Report subject to audit have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Wealth Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Remuneration Report and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made.

Corporate governance statement

The Listing Rules require me to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the National Wealth Fund's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 63;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 63;
- Directors' statement on fair, balanced and understandable set out on page 101;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 81;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 73; and
- The section describing the work of the audit committee set out on pages 81-82.

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the National Wealth Fund from whom the auditor determines it necessary to obtain audit evidence.

- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report in accordance with the Companies Act 2006;
- preparing the Remuneration and Staff Report, which is included in the Annual Report, in accordance with the HM Treasury's Government Financial Reporting Manual; and
- assessing the National Wealth Fund'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 intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

My 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 a report that includes my 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Wealth Fund's accounting policies, key performance indicators and performance incentives.
- inquired of management, the National Wealth Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Wealth Fund's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Wealth Fund's controls relating to the National Wealth Fund's compliance with the Companies Act 2006, Tax Legislation, and Managing Public Money;
- inquired of management, the National Wealth Fund's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and

- they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant external specialists, including credit risk and equity valuation experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Wealth Fund for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the National Wealth Fund's framework of authority and other legal and regulatory frameworks in which the National Wealth Fund operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Wealth Fund. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, the Financial Services and Markets Act 2000 (Exemption) (Amendment) Orders 2021 and 2025, employment law, tax legislation, and the UK Infrastructure Bank Act 2023.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;

- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Stephen Young (Senior Statutory Auditor)

24 October 2025

For and on behalf of the
Comptroller and Auditor General
(Statutory Auditor)

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

**Financial statements
for the year ended
31 March 2025**



Statement of Comprehensive Income

for the year ended 31 March 2025

			2024–25	2023–24
	Income	Note	£000	(restated)¹
			£000	£000
Interest income		2	73,071	30,876
Interest expense		3	(29,480)	(5,662)
Net interest income			43,591	25,214
Fees and commission income		4	7,094	1,643
Investment income		5	1,206	5,038
Changes in fair value of assets held at fair value through profit and loss (FVTPL)		11,20	(52,488)	(45,782)
Net operating profit/(loss) before change in expected credit losses and other credit impairment charges			(597)	(13,887)
Change in expected credit losses		13,16,22	(31,708)	(13,414)
Remeasurement of financial guarantee liabilities		17,22	(58,800)	(1,786)
Net operating profit/(loss)			(91,105)	(29,087)
Expenditure				
Staff costs		6	(44,513)	(37,816)
Other operating expenditure		7	(14,341)	(17,164)
Depreciation and amortisation			(1,903)	(1,538)
Finance costs			(288)	(28)
Total operating expenses			(61,045)	(56,546)
Profit/(loss) before taxation			(152,150)	(85,633)
Taxation		8	23,844	16,517
Profit/(loss) after taxation			(128,306)	(69,116)
Net comprehensive profit/(loss) for the year			(128,306)	(69,116)

The Notes on pages 121 to 167 form part of these financial statements.

Note to the above table:

1. See Note 1.4 *Changes to accounting policies* on page 135 for details regarding the restatement as a result of a change in an accounting policy.

Statement of Financial Position

as at 31 March 2025

		2024–25	2023–24
	Note	£000	(restated)¹
			£000
Assets			
Cash and cash equivalents	9	42,879	63,606
Trade and other receivables	10	1,118	977
Financial assets held at FVTPL	11	748,580	551,178
Financial assets held at amortised cost	13	1,453,425	594,084
Intangible assets		200	545
Property, plant and equipment		791	487
Right-of-use assets	14	9,664	400
Deferred tax assets	8	42,914	19,070
Total assets		2,299,571	1,230,347
Liabilities			
Trade and other payables	15	(20,806)	(16,039)
Lease liabilities	14	(8,929)	(242)
Loan commitment financial liabilities	16	(7,731)	(8,103)
Financial guarantee liability	17	(60,586)	(1,786)
Loan amounts owed to Shareholder	18	(988,098)	(141,260)
Provisions		(271)	(81)
Total liabilities		(1,086,421)	(167,511)
Net assets		1,213,150	1,062,836
Equity			
Issued capital	23	(984,200)	(764,200)
Capital contribution reserve	SoCE ²	(156,075)	(156,075)
Other reserve	SoCE	(152,758)	(94,138)
Retained earnings	SoCE	79,883	(48,423)
Total equity		(1,213,150)	(1,062,836)

The Notes on pages 121 to 167 form part of these financial statements.

Notes to the above table:

1. See Note 1.4 Changes to accounting policies on page 135 for details regarding the restatement as a result of a change in an accounting policy.
2. SoCE = Statement of Changes in Equity.

The financial statements of National Wealth Fund Limited (06816271) were authorised for issue on 23 October 2025. They were approved by the Board on 23 October 2025 and signed on its behalf by:

Ian Brown

Interim Accounting Officer

23 October 2025

Statement of Changes in Equity

for the year ended 31 March 2025

	Share capital £000	Capital contribution reserve £000	Other reserves £000	Retained earnings £000	Total £000
Balance at 31 March 2023	274,200	156,075	–	162,996	593,271
Net loss after tax (restated) ¹	–	–	–	(69,116)	(69,116)
Issue of new ordinary shares	490,000	–	–	–	490,000
Capital contribution	–	–	–	–	–
Funding from HM Treasury	–	–	48,681	–	48,681
Transfer between reserve accounts	–	–	45,457	(45,457)	–
Balance at 31 March 2024 (restated)¹	764,200	156,075	94,138	48,423	1,062,836
Balance at 31 March 2024 (as originally presented)	764,200	156,075	94,138	51,822	1,066,235
Change in accounting policy (net of tax)	–	–	–	(3,399)	(3,399)
Balance at 31 March 2024 (restated)¹	764,200	156,075	94,138	48,423	1,062,836
Net loss after tax	–	–	–	(128,306)	(128,306)
Issue of new ordinary shares	220,000	–	–	–	220,000
Capital contribution	–	–	–	–	–
Funding from HM Treasury	–	–	58,620	–	58,620
Transfer between reserve accounts	–	–	–	–	–
Balance at 31 March 2025	984,200	156,075	152,758	(79,883)	1,213,150

The Notes on pages 121 to 167 form part of these financial statements.

Note to the above table:

1. See Note 1.4 Changes to accounting policies on page 135 for details regarding the restatement as a result of a change in an accounting policy.

Statement of Cash Flows

for the year ended 31 March 2025

		2024–25	2023–24
	Note	£000	(restated) ¹
			£000
Profit before taxation	SoCI ²	(152,150)	(85,633)
Adjustments for:			
Depreciation and amortisation		1,903	1,538
Change in trade and other receivables	10	(228)	1,967
Change in accruals, provisions and deferred income	15	3,921	3,479
Interest payable on financing arrangements	18	29,480	5,662
Changes in fair value of assets held at FVTPL	11	52,488	45,782
Change in expected credit losses and other credit impairment charges	22	31,708	13,414
Remeasurement of financial guarantee liabilities	22	58,800	1,786
Finance costs		288	36
Interest income calculated using the effective interest method ⁵	2	(71,599)	(30,876)
Interest payable on corporation tax		–	19
Notional element of Grant in Aid from HM Treasury	SoCE ³	–	9,691
Right-of-use assets	14	–	963
Cash used in operations		(45,389)	(32,172)
Net cash outflow for assets held at FVTPL	11	(249,890)	(288,232)
Net cash outflow for assets held at amortised cost	13	(819,822)	(284,728)
Corporation tax	8	–	1,834
Net cash used in operating activities		(1,115,101)	(603,298)
Cash flows from investing activities			
Purchase of property and equipment		(703)	(188)
Net cash used in investing activities		(703)	(188)
Cash flows from financing activities			
Issuance of shares	SoCE	220,000	490,000
Payment of lease liabilities	14	(981)	(2,095)
Loan from HM Treasury	18	1,071,500	478,000
Repayment of principal owed to HMT	18	(230,000)	(387,000)
Repayment of interest to HMT	18	(24,142)	(5,573)
Grant in Aid from HM Treasury	SoCE	58,700	38,990
Net cash from financing activities		1,095,077	612,322
Net (decrease)/increase in cash and cash equivalents		(20,727)	8,836

	Note	2024–25 £000	2023–24 (restated)¹ £000
Cash and cash equivalents at beginning of year	SoFP ⁴	63,606	54,770
Cash and cash equivalents at end of year	SoFP	42,879	63,606

The Notes on pages 121 to 167 form part of these financial statements.

Notes to the above table:

1. See *Note 1.4 Changes to accounting policies* on page 135 for details regarding the restatement as a result of change in an accounting policy.
2. SoCI = Statement of Comprehensive Income.
3. SoCE = Statement of Changes in Equity.
4. SoFP = Statement of Financial Position.
5. Cash interest received was £56.2 million (2023-24: £26.3 million)

Notes to the financial statements



Notes to the financial statements

1. Accounting policies

1.1 General information

The National Wealth Fund Limited is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 2 Whitehall Quay, Whitehall Road, Leeds, United Kingdom, LS1 4HR. Prior to 1 July 2024, the address of the registered office was One Embankment, Neville Street, Leeds, LS1 4DW.

1.1.1 Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and, as appropriate, in relation to the financial statements and selected disclosures within the Annual Report only, the Government Financial Reporting Manual and other guidance issued by HM Treasury where the disclosure requirements of these go beyond the Companies Act 2006. The Company's financial statements are presented in Pounds Sterling, and all values are rounded to the nearest thousand pounds (£000). The Statement of Financial Position of the Company has been presented in order of increasing liquidity.

1.1.2 Accounting convention

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

1.1.3 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company entered into a Keepwell Agreement with the Commissioners of HM Treasury, stating that HM Treasury will provide sufficient funding to enable the Company to meet its liabilities as and when they fall due up to a current funding cap limit of £22 billion. Thus, the Directors continue to adopt the

going concern basis of accounting in preparing the financial statements.

1.1.4 International Financial Reporting Standards (IFRS) in issue but not yet effective

The Company has early-adopted the International Accounting Standards Board (IASB) amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments as effective for reporting periods beginning on or after 1 January 2026. The Company applies all the amendments introduced. This adoption has no impact upon financial statements as they relate to the judgements already made in previous years regarding environmental, social and governance (ESG) margins for loan pricing.

IFRS 18 Presentation and Disclosure of Financial Statements was issued in April 2024 and applies to annual reporting periods beginning on or after 1 January 2027 (subject to UK and Financial Reporting Advisory Board (FRAB) endorsement). IFRS 18 sets out general and specific requirements for the presentation and disclosure of information in general purpose financial statements.

The objective of IFRS 18 is to improve comparability of financial performance between organisations applying IFRS. Once effective, it will replace IAS 1 Presentation of Financial Statements. The Company does not intend to early-adopt IFRS 18 Presentation and Disclosure of Financial Statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures is a voluntary standard which applies to annual reporting periods beginning on or after 1 January 2027. It allows eligible subsidiaries to reduce the disclosure requirements of other IFRS standards. A subsidiary is eligible if it does not have public accountability and when it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The impact of the new accounting standards upon the Company's reporting continues to be assessed.

1.2 Significant accounting policies

1.2.1 Interest income and interest expense

Interest income and expense on all amortised cost financial instruments are recognised on an effective interest rate basis. The effective interest rate method is a method of calculating the amortised cost of a debt instrument and allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts future contractual cash payments or receipts over the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses (ECLs). For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECLs.

The calculation of the effective interest rate includes transaction fees, and premiums or discounts that are integral to the effective interest rate, such as origination fees.

Where transaction fees are received in advance of a loan being drawn down, the fees are deferred until a drawdown occurs. Such fees are held on the Statement of Financial Position as 'Trade and other payables'. Once a drawdown occurs, the fees are subsequently amortised using the effective interest method. When the Company revises the estimates of future cash flows, the carrying amount of the respective financial instrument is adjusted to reflect the new estimate. Any changes are recognised in the Statement of Comprehensive Income (SoCI).

Interest and dividend income on financial instruments held at fair value through the profit and loss is recognised as part of the overall fair value changes in the SoCI, with the exception of dividend income on quoted equity instruments, and distributions from equity funds which would be recognised as separate items in the SoCI.

1.2.2 Fee and commission income

The Company may receive facility fees as part of its financing activities; where facility fees are integral to the financial instrument they are treated as income and included in the effective interest rate.

Guarantee fees are recognised according to the nature of the fee, either in line with IFRS 15, or on an accruals basis. Significant judgement is required to assess whether the benefit of the guarantee cover transfers to the customer over time or at a point in time in accordance with IFRS 15. In making this assessment, the Company considers the benefits that the customer obtains from the guarantee on its capital requirements, rather than solely the cash flows that occur when the guarantee is called.

When receiving guarantee premiums, the Company considers whether the cashflows are reliably known. If they are, the guarantee fee premium is recognised evenly over the period the guarantee is provided.

The Company administers HM Treasury's UK Guarantees Scheme and receives an agency fee for this work. This fee is accrued and recognised within 'Fees and commission income', in the SoCI.

1.2.3 Staff costs

The Company recognises secondee costs and contractor costs within staff costs as they are incurred. Secondee costs include the standard rate of Value Added Tax (VAT). Contractor costs are recognised at their invoice cost, including VAT.

1.2.4 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments (such as National Insurance) are recognised in the period in which the service is received from employees. The cost of annual leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Pension costs

Secondees' pension arrangements are made through the pension providers of their home departments.

The Company provides permanent employees with a pension from the Company's defined contributions

scheme. The cost to the Company is taken as equal to the contributions payable to the scheme for the accounting period.

There are no pension costs incurred for contractors.

1.2.5 Other operating expenditure

Expenditure on other operating costs is recognised on an accrual's basis. Examples of such costs are professional fees and utilities.

1.2.6 Taxation

Taxation comprises current and deferred tax. It is recognised in the SoCI except to the extent that it relates to a business combination, or items recognised directly in equity or in 'Other comprehensive income' (OCI).

Current tax

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

The Company's current tax is calculated using tax rates that are enacted or substantively enacted at the reporting date. The limited partnerships in which the Company invests are transparent for tax purposes, and so current tax includes the tax calculated on the Company's share of profit/losses allocated from these limited partnerships. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities, and where the deferred tax balances relate to the same taxation authority.

Value Added Tax (VAT)

Input VAT that relates to exempt supplies on purchases is not recoverable and is therefore charged to the SoCI, included under the heading relevant to the type of expenditure. Input VAT that relates to taxable supplies is shown within 'Trade and other receivables'.

1.2.7 Financial instruments

Classification and measurement of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instrument transactions are accounted for at settlement date, which is when the Company becomes party to the contractual provisions of the instrument.

a) Classification of financial assets

Classification of financial assets is determined by the objectives of the business model under which the assets are managed, and the contractual cash flow characteristics of those assets.

The business model may be considered to be one of the following: holding the asset to collect the cash flows arising; holding the asset to collect the cash flows arising or to sell it; or holding the asset to sell it. The contractual cash flow characteristics of an asset may be considered to be 'solely payments of principal and interest' (SPPI) on the principal amount outstanding, or not.

Cash flows are considered to represent SPPI where they are consistent with a basic lending arrangement. Where the contractual cash flows introduce

exposures to risk or volatility unrelated to a basic lending arrangement, such as from changes in equity prices or linked to another party's credit risk, the cash flows are not considered to be SPPI.

The Company holds its financial assets in a hold-to-collect business model as there is no intention to sell or transfer any of the assets. Furthermore, the Company assesses and manages its financial risks (i.e. market, liquidity and credit risks) on a long-term basis, and not as a trading portfolio.

Financial assets may be measured at amortised cost, fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI). The measurement classifications of financial assets are shown in the following table.

	SPPI	Not SPPI
Hold to collect	Amortised cost	FVTPL
Hold to collect and sell	FVOCI	FVTPL
Hold to sell	FVTPL	FVTPL

The Company assesses the terms of each loan asset on an individual basis in relation to whether each meets the SPPI test, classifying them as such according to the above. Currently, the Company has loan assets measured at amortised cost, and at FVTPL. Loans measured at FVTPL are those where the SPPI test fails.

Financial assets at FVTPL include investments where the presence of an embedded derivative, or other features that could change the cash flows so that they no longer represent SPPI, requires that instrument to be classified at FVTPL.

The Company holds investments in private fund limited partnerships (the Funds) which are recognised and measured at FVTPL. The Company also has direct equity investments, which are recognised and measured at FVTPL. Please see *Note 1.3.5 Investments in associates and joint ventures – existence of significant influence or joint control and accounting* on page 134 for further information on how equity investments are accounted for.

Instruments which meet the definition of equity per IAS 32 would be included under this category – for example, certain types of preference shares.

The Company holds cash and cash equivalents at amortised cost.

b) Measurement of financial assets

i) Financial instruments held at FVTPL

Financial instruments held at FVTPL are recognised initially at fair value, which is the transaction price (i.e. cost). FVTPL assets are subsequently carried at fair value. Movements in fair value are reported in the SoCI. The fair value movement is the difference between the prior and current period valuation. No separate impairment assessment is required.

ii) Debt instruments held at amortised cost

Financial assets and liabilities measured at amortised cost are initially recognised at fair value, plus or minus transaction costs directly attributable to the origination or issue of the financial instrument.

Subsequent measurement is at amortised cost, using the effective interest rate method. Amortised cost is the amount at which a financial instrument is initially recognised, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method. The carrying amount of these assets is adjusted by an ECL allowance.

The effective interest rate exactly discounts estimated future cash payments or receipts, including fees that are an integral part of the overall return, over the expected life of the financial instrument to the gross carrying amount of the financial asset (before adjusting for ECLs) or to the amortised cost of the financial liability.

Where we have received fees on loan products which have yet to draw down, we recognise these amounts as deferred fees on the Statement of Financial Position, in line with IFRS 9. Once a drawdown takes place, the deferred fees are then discounted as part of the future cash flows.

Some of the Company's lending may, from time to time, include features that amend cash flows if environmental, social and governance (ESG) criteria are met by the borrower. Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7) issued in May 2024 and early adopted by the Company has been referred to in formulating the policy.

The Company assesses the change in cash flows that may arise from ESG criteria being met, to determine whether the amended cash flows still constitute SPPI. Contractual cash flows are SPPI if, in all contractually possible scenarios, the cash flows would not be significantly different from those on a financial instrument with identical contractual terms, but without the contingent feature linked to ESG considerations.

c) Trade and other receivables

Trade and other receivables held by the Company do not have a significant financing component and are initially measured at their transaction price. They are subsequently measured at amortised cost.

d) Impairment of financial assets and loan commitments

i) Provisioning

IFRS 9 uses a forward-looking ECL model for impairment provisioning. The ECL model applies to debt instruments accounted for at amortised cost and loan commitments. IFRS 9 requires that expected losses are calculated using a range of forward-looking economic scenarios, weighted by the estimated probability of each scenario.

At initial recognition, an impairment allowance must be recorded for ECL arising from default events expected within the next 12 months (12-month ECL). If there is a significant increase in credit risk after initial recognition, the allowance must reflect anticipated default events over the entire life of the financial instrument (lifetime ECL).

IFRS 9 requires the financial asset to be allocated to one of the following three 'stages':

- **Stage 1:** Financial assets which have not experienced a significant increase in credit risk since they were originated. Recognition of a 12-month ECL is required. Interest income is calculated on the gross carrying amount of the financial asset.
- **Stage 2:** Financial assets which have experienced a significant increase in credit risk since initial recognition. For financial assets in Stage 2, recognition of a lifetime ECL impairment allowance is required. Interest income is calculated on the gross carrying amount of the financial asset.

- **Stage 3:** Financial assets which have experienced one or more events that have had a detrimental impact on the estimated future cash flows and are considered to be credit impaired. A lifetime ECL impairment allowance is required. Interest income on Stage 3 financial assets is calculated on the financial asset balance net of the impairment allowance.

For trade receivables that are considered short-term and do not contain a significant financing component, the Company's policy is to apply the simplified approach permitted by IFRS 9, which is a provision matrix based on number of days past due.

ii) Significant increase in credit risk

Under IFRS 9, a possible indicator of an increase in credit risk is an increase (or worsening) of the risk-rating (i.e. increase in probability of default) since initial recognition. Both quantitative and qualitative criteria are considered to determine a significant increase in credit risk, and whether an asset should move from Stage 1 to Stage 2.

Quantitative criteria are triggered where contractual payments are more than 30 days past due.

Qualitative criteria include events such as:

- internal and external rating downgrades;
- actual or expected forbearance or restructuring;
- actual or expected significant adverse change in operating results of the borrower;
- early signs of cash flow/ liquidity problems;
- significant adverse changes in business;
- financial and/or economic conditions in which the borrower operates; and
- asset being transferred onto the watchlist.

Quantitative and qualitative criteria taken collectively, may constitute a stage transfer trigger. IFRS 9 allows consideration that a financial instrument is not necessarily subject to a significant increase in credit risk if it has been categorised as having a 'low credit risk' at the reporting date (i.e. an 'investment grade' rating might be an indicator of a low credit risk).

If an asset is categorised as low credit risk, on origination, Stage 1 is applied using the 12-month ECL. If there is a significant increase in credit risk,

the asset is considered to be Stage 2 and a lifetime ECL is calculated using lifetime probability of default (PD) estimation.

If assets are defaulted exposures, namely 90 days past due or official default, the lifetime ECL is also calculated and there is no need to estimate PD, since this is equal to 100%.

If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, an assessment will be carried out to determine whether there has been a significant increase in the credit risk of the financial instrument.

Modifications made to the terms of a financial asset will typically be assessed as a non-substantial modification that does not result in derecognition of the original loan.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at a minimum, all payments must be up to date, the credit risk deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments. If an asset was to return to Stage 1, management would consider minimum cure period requirements.

iii) Definition of default

As required under IFRS 9, the Company applies a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and also considers qualitative indicators (e.g. financial covenants) when appropriate. Conceptually, a default occurs when a debtor is unable to meet the legal obligation of debt repayment.

A default is considered to have occurred with regards to a particular borrower when one or more of the following events have taken place: (a) it is determined that the borrower is unlikely to pay its debt obligations (principal, interest or fees) in full; (b) a credit loss event associated with any obligation of the borrower, such as charge-off, specific provision or distressed restructuring involving the forgiveness or postponement of principal, interest or fees; (c) the borrower is past due more than 90 days

on any credit obligation; or (d) the borrower has filed for bankruptcy or similar protection from creditors.

The PD for each loan or credit facility is one of the key assumptions used in the calculation of the ECL under IFRS 9. The estimation of PDs is based on the internally developed credit risk rating methodology.

Where one of the events above takes place, management exercises overall judgement on the course of action to be taken.

iv) Credit-impaired financial assets

The Stage 3 category contains credit-impaired financial assets. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, which would indicate the asset meets the definition of default.

Evidence that a financial asset is credit-impaired includes observable data about the following types of events:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past due event;
- the Company, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that it would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the cessation of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Financial assets are categorised in Stage 3 when certain default events have occurred and that evidence can be observed and, therefore, they are already considered to be credit-impaired.

All Stage 2 or Stage 3 assets, for which the relevant credit criteria have been successfully resolved, need to undergo a six-month cure period before being considered by the Credit Committee for an improvement in stage rating.

v) *Methodology for measuring expected credit losses (ECLs)*

The allowance for ECLs is calculated using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). For accounting purposes, the 12-month PDs represent the probability of a default occurring over the next 12 months or less, while the lifetime PDs represent the probability of a default occurring over the lifetime of the financial instruments, based on conditions existing at the balance sheet date and expected future economic conditions that affect credit risk.

The Company has determined its PDs using forward-looking economic scenarios and associated probability weightings. The model has been developed to have four macroeconomic scenarios covering baseline, downside and upside, and a less probable severe downside scenario.

The LGD represents losses expected on default, taking into account the mitigating effect of collateral (where present), its expected value when realised, and the time value of money, and is discounted using the effective interest rate.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event, together with any expected drawdown of a committed facility. The expected drawdown of the committed facility is based on management's expectation when there is no contractual drawdown profile.

The ECL is calculated by multiplying the PD (12-month or lifetime, depending on the staging of the loan), LGD and EAD. The measurement of ECLs also considers all reasonable and supportable information, including forward-looking economic scenarios to calculate a probability-weighted forward-looking estimate. If the contractual cash flows on a financial asset have been negotiated or modified and the financial asset was not derecognised, an assessment will be carried out to determine whether there has been a significant increase in the credit risk of the financial instrument.

The Company may also provide loan facilities with a drawdown period over several years giving rise to an

unrecognised loan commitment. An ECL is recognised against the expected EAD, which is calculated as the contractual cash flows expected in the next 12 months for Stage 1 assets, and contractual lifetime cash flows for Stage 2 and Stage 3 assets (refer to *Note 1.2.7d Impairment of financial assets and loan commitments* on page 126 for further details on the staging of assets). This ECL is recognised as a separate financial liability in the Statement of Financial Position.

Where the Company issues financial guarantees, an ECL is calculated on the underlying covered debt. This is used for the purpose of determining the value of the guarantee liability. Further detail can be found in *Note 1.2.7f*.

Details of ECL disclosures can be found in *Note 22.3 Credit risk* on pages 154 to 163.

vi) *Write-offs*

A loan 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 (as a result of the customer becoming insolvent or ceasing to trade or for other reasons) and the amount of the loss has been determined. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in comprehensive income.

e) *Financial liabilities and equity instruments*

The Company currently draws debt or equity only from its sole Shareholder, HM Treasury.

The debt instruments can be a term loan or a revolving credit facility and, as the instruments represent a contractual arrangement to deliver cash to HM Treasury, they are classified as financial liabilities.

These financial liabilities are initially recognised at fair value and held at amortised cost with interest expense recognised under the effective interest rate method. There are no fees or other transaction costs incurred when issuing debt instruments.

The equity instruments issued do not contain a contractual obligation to deliver cash to HM Treasury, as there is no specified dividend payment schedule

and the shares are non-redeemable. The shares issued may be paid in full, partly paid or unpaid. For shares that are unpaid or partly paid, the amount due is recognised as an intercompany receivable by the Company that is callable on demand.

The equity instruments are initially recognised as the proceeds are received. The Company does not incur any material fees or other transaction costs when issuing shares.

f) Issued financial guarantees

Issued financial guarantees are initially recognised at their fair value, representing the value of the guarantee premiums received up front.

The guarantee liability is subsequently measured at the higher of the initial fair value less cumulative amortisation in line with IFRS 15, or the ECL on the underlying covered instrument.

The ECL on a financial guarantee is calculated using the same methodology used for loans and loan commitment exposures. Where the guaranteed debt is undrawn, the ECL is calculated based on the expected profile of future cash flows.

The financial guarantee liabilities are recognised as a 'financial guarantee liability' on the balance sheet.

Further information is available in *Note 1.4 Changes to Accounting Policies* on page 135.

g) Derecognition of financial instruments

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. A write-off also constitutes a derecognition event.

Financial liabilities are derecognised if the Company's obligations specified in the contract expire, are discharged or cancelled.

h) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2

or 3 based on the degree to which the inputs to the fair value measurements are observable and on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets held at FVTPL include investments in private fund limited partnerships as well as interests in unlisted and listed companies.

Further details of the valuation methods used can be found in *Note 1.3.3 Fair value of assets held at FVTPL - estimation uncertainty* on pages 132 to 134.

Detail of fair value disclosures, including fair value hierarchy can be found in *Note 20 Fair value measurements* on pages 149 to 152.

1.2.8 Cash and cash equivalents

Cash and cash equivalents are initially recognised at fair value and subsequently held at amortised cost and comprise cash in hand and current balances with banks and other financial institutions, which are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value and have an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

1.2.9 Funding from the Shareholder

The loans with HM Treasury, the Company's Shareholder, are classified as financial liabilities at amortised cost and measured in accordance with the policy in *Note 1.2.7e Financial liabilities and equity instruments*. See also *Note 18 Loan amounts owed to Shareholder* on page 148 for specific details.

In addition to the equity funding via share issuance mentioned in *Note 1.2.7e Financial liabilities and*

equity instruments, the Company also receives funding from HM Treasury for operating costs, which is credited to other reserves in the year in which it is received. This funding is recognised as Grant in Aid in the Equity section of the Statement of Financial Position.

The funding does not meet the definition of a grant in IAS 20, as there are no substantive conditions attached to the funding. Rather, HM Treasury has relieved the Company from the intercompany obligation. As a third party would not relieve such an obligation, the transaction represents HM Treasury acting in its capacity as the controlling Shareholder, and the funding is treated as financing from a controlling party.

Where the entity receives direct cash injections from its sole Shareholder, these are recognised as within the capital contribution reserve in shareholder's equity.

1.2.10 Contingent liabilities and assets

Contingent liabilities and contingent assets are not recognised as liabilities or assets in the Statement of Financial Position but are disclosed in the Notes to the financial statements.

A contingent liability is either a possible obligation arising from past events, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events, or a present obligation arising from past events but not recognised because either an outflow of economic benefits is not likely to settle the obligation, or the amount of the obligation cannot be reliably estimated.

A contingent asset is an asset whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until the realisation of income is virtually certain. Where the time value of money is material, the contingent liabilities and assets are stated at discounted amounts.

1.2.11 Leases

Under IFRS 16, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate

cannot be readily determined, the Company uses its incremental borrowing rate. A corresponding right-of-use asset is recognised as the initial measurement of the lease liability.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment of lease payments.

The right-of-use asset is subsequently measured by applying the cost model, which requires measurement at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurements of lease liability.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involved the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period during which the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either: (i) the Company has the right to operate the asset; or (ii) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

1.2.12 Capitalisation of property, plant and equipment

Property, plant and equipment assets are initially recognised at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When an asset is disposed of, any gain or loss on disposal is calculated as the difference between the disposal proceeds and the carrying value of the asset and is recognised in the Statement of Comprehensive Income (SoCI).

The charge for depreciation or amortisation is calculated to write down the cost of property, plant and equipment to their estimated residual values by equal instalments over their estimated useful lives, as set out in the following table.

Fixed asset category	Years
Right-of-use property assets	Life of lease
Plant and machinery	3 to 10
Furniture, fixtures and fittings	5 to 10
IT and other non-IT equipment	3 to 10
Software	3 to 10

1.2.13 Equity and reserves

The total equity balance comprises share capital, capital contribution reserve, other reserves and retained earnings, as described below:

- Share capital represents the nominal (par) value of shares that have been issued.
- Capital contribution reserve represents the capital injected into the Company from the sole Shareholder, HM Treasury, on inception.
- Other reserves represent amounts funded irrevocably by the Company's sole Shareholder, HM Treasury, in the form of Grant in Aid.
- Retained earnings represents cumulative movements in the SoCI.

1.3 Critical accounting judgements and key sources of estimation uncertainty

1.3.1 The assessment of ECL impairment allowance estimation uncertainty

The calculation of ECL impairment allowance is inherently uncertain and requires the Company to make a number of assumptions and estimates. These estimates may be subject to material change within the next financial year due to changes in macroeconomic conditions or model assumptions.

The significant increase in credit risk is assessed using the combination of quantitative and qualitative criteria as described in *Note 1.2.7d(ii) Significant increase in credit risk* on pages 125 and 127.

The ECL is calculated taking into account forward-looking macroeconomic scenarios based on the third-party base case forecast of Consumer Price Index growth, gross domestic product (GDP) and interest rates. Four scenarios – baseline, downside, severe downside and upside – are weighted and developed internally on the basis of the externally provided data. At present, the ECL model uses a judgement-based approach to estimate the impact of the macroeconomic parameters on the PD values.

For the purposes of the Company's financial guarantee liabilities; where the ECL on the underlying covered debt is used for the purpose of measurement of the guarantee liability, the above estimation uncertainty of the ECL model applies.

The sensitivity analysis for ECL measurement can be found in *Note 22.3 Credit risk* on pages 154 to 163.

1.3.2 Local authority lending – accounting judgement

The Company lends to local authorities at Gilts plus 40 basis points, as agreed with HM Treasury. The Company deems the fair value of the loans offered at this rate to be the transaction price for local authority lending.

The Company determined the classification of the debt asset by assessing whether the terms of the instrument met the solely payments of principal and interest (SPPI) test. The key area of judgement is the prepayment clause. The prepayment rate is considered to be reasonable compensation. As such, the SPPI test is met; the lending to local authorities

is initially recognised at fair value with subsequent measurement at amortised cost.

As per the Company's internal risk rating policy, UK sovereign risk is classified as 0% risk category for the purposes of loss given default (LGD). This category is applicable to local authorities and, therefore, no loss is anticipated.

As a result, there is no LGD applicable to local authorities, as the definitive counterparty risk and ultimate recourse for all local authorities is the UK Government. Given this, the Company recognises a nil ECL against local authority lending.

1.3.3 Fair value of assets held at FVTPL – estimation uncertainty

The Company's financial assets held at FVTPL include investments in private fund limited partnerships, listed and unlisted direct equity investments, convertible instruments and debt at FVTPL. With the exception of listed equity investments, market quotes are not available for all of these assets.

i) Private fund limited partnerships

For the investments in private fund limited partnerships, fair value is the net assets of the limited partnerships less the fees owed to the General Partner. Share of net assets less the General Partner's fees is a reasonable proxy for fair value as the underlying assets of each limited partnership are held at fair value. See *Note 20 Fair value measurements* on pages 149 to 152 for sensitivity analysis of investment valuation assumptions.

All fund managers value the underlying assets in accordance with the International Private Equity and Venture Capital Valuation (IPEV) guidelines. These guidelines provide conceptual methodologies to utilise when valuing unlisted investments. Broadly, the fair value methodologies applied to the Company's investments can be summarised as follows:

- **Earnings multiples:** Earnings multiples are applied to the earnings of the underlying company to determine the enterprise value. Multiples are selected by considering comparable listed companies' current performance, relevant market transaction data and exit expectations. Multiples may be discounted to factor in differences in characteristics to ensure they remain

as relevant as possible to the specific company. Earnings before interest, tax, depreciation, and amortisation (EBITDA) is typically used for earnings, and this may be adjusted for non-recurring items. This methodology is typically used for investments which are profitable, and which have a sufficient pool of comparable companies or market transactions for which multiples can be obtained.

- **Discounted cash flow (DCF):** The valuation is derived by discounting long-term cash flows at a rate which is benchmarked against market data or adjusted from the rate at the initial investment based on changes in the risk profile of the investment. This methodology is typically used for investments which have long-term stable cash flows, commonly observed in infrastructure investments, or where DCF is more appropriate than earnings multiples in the short term.
- **Cost:** When there is high uncertainty over future cash flows, coupled with a lack of relevant market transactions, assets may continue to be held at cost and adjusted for future corporate financing rounds. This is often the approach taken for early investment in start-up businesses particularly in the venture capital market.

Given the stage of the underlying investments, fund managers largely apply the DCF methodology to value the underlying investments. Valuation outcomes from this methodology are compared with relevant market data, earnings multiple valuations and recent investment transaction data to ensure that there is consistency in the outcome. Fund managers consider liquidity, credit and market risk factors and adjust the valuation model as deemed appropriate. Key estimates and assumptions used in the valuations are projected EBITDA at exit date, discount rates, and earnings multiples. In limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient information is available to assess fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

The Company's fund investments are held as equity instruments by exception as they meet all the features and conditions in 16C and 16D of IAS 32.

Specifically, they include the contractual obligation to deliver a pro-rata share of funds' assets only on liquidation. The obligation arises because the liquidation is certain and outside of the control of the funds, given these are limited life entities. These investments further meet the criteria of the standard as they are a class of instruments subordinate to all other classes of instruments with identical contractual obligations as the other instruments within this class for the funds to deliver a pro-rata share of its net assets on liquidation. Additionally, the funds have no other financial instruments or contracts for which total cash flows are based substantially on the profit or loss, the change in the recognised net assets, or the change in the fair value of the recognised and unrecognised net assets of the entity. Neither do they have any instruments which have the effect of substantially restricting or fixing the residual returns to the instrument holders.

As these fund investments are classified as equity by exception, the election to present changes in the fair value of equity instruments in 'Other comprehensive income' in accordance with IFRS 9 5.7.5 is not available. Therefore, the Company's fund investments are held at fair value through profit or loss.

ii) Direct equity investments

The basis of the fair value of direct equity instruments held by the Company, which are either unlisted or listed in an active market, is determined using valuation techniques appropriate to the market and industry of each investment. The below methodology applies to both investments in associates measured at FVTPL and direct equity investments.

Listed investments

Where a direct equity investment is quoted on an active market, the quoted market price on the valuation date will be used to determine fair value. In line with IPEV and IFRS guidance, the Company determines that an active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Where a market on which instruments are traded is not considered active, the Company may determine that quoted market price on the valuation date alone may not be sufficiently representative of fair value;

in such instances, it may instead use the volume-weighted average price (VWAP) over a reasonable period to better reflect fair value. This approach is consistent with IPEV guidance, which allows for the use of valuation techniques incorporating observable inputs when markets are inactive.

Unlisted investments and convertible instruments

The Company's approach to valuing direct equity and convertible instruments are consistent with the International Private Equity and Venture Capital (IPEV) guidance. Formal valuations are conducted at the financial year-end (31 March), with interim reviews triggered by material events.

Given the nature of early-stage businesses, which often lack extensive financial histories or readily available market comparables, NWF applies a blend of valuation techniques tailored to capture the unique characteristics and growth potential of these investments. These methods are designed to reflect progress, reduce uncertainty, and align with investor expectations.

The valuation methods used are as follows:

- Price of recent investment (PORI): Starting point for a view of value and calibrated to reflect changes in the business or market conditions.
- Milestone analysis: The primary methodology employed is a milestone-based valuation, which links valuation to tangible progress against defined business objectives – due to the unique nature of our investments the business objectives will vary by investment. This milestone assessment considers any recent changes in the business and the market between the original investment date and the valuation date.
- Scenario analysis: The probability-weighted expected returns method assumes various types of future exit outcomes (e.g. initial public offering (IPO), merger and acquisition (M&A)), allocates the present values of the probability-weighted future equity values to each share class under every scenario, and discounts them at a risk-adjusted rate.
- Income approach: This approach involves deriving the value of an investment by calculating the present value of expected future cash flows.

IPEV guidance states that, where an arm's-length transaction takes place between a willing buyer and willing seller, it is representative of fair value at the date of the transaction. For direct equity investments, where the Company invested alongside third-party investors in a transaction completed on a commercial basis, this is representative of fair value.

Further details on estimation uncertainty in respect to unlisted equity and fund investments, alongside sensitivity analysis of key valuation inputs can be found in Note 20 Fair value measurements on pages 149 to 152.

1.3.4 Deferred tax – estimation uncertainty

The Company recognises deferred tax in relation to unrealised fair value gains and losses on its investments in equity funds and direct held equity investments.

This is a critical judgement for management as it relies on assumptions on the availability of tax reliefs at the point of disposal, and the method of distribution of realised gains to the Company, which cannot be confirmed until the point of disposal of individual investments or liquidation of the limited partnership, and subsequent distribution of any gains up to the Company. Deferred tax assets are recognised to the extent that it is probable that taxable profits in future years will be available against which deductible temporary differences can be utilised.

Management has made assumptions about the most likely tax implications of any such distributions in arriving at the estimate for deferred tax.

1.3.5 Investments in associates and joint ventures – existence of significant influence or joint control and accounting

The Company's equity and equity-like investments may result in gaining significant influence or joint control over the investee. Significant influence relates to the Company's ability to participate in the financial and operating policy decisions of the investee's business. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In assessing whether significant influence or joint control exists, the Company considers the combined rights attached to the investment. Where rights are protective in nature, these do not meet the criteria for joint control over an investment. Board representation, specific consent or veto rights over relevant activities of the investee, combined with the Company's status as a cornerstone or a lead investor, are often indicative of significant influence even when the Company does not hold a minimum 20% of the voting interest in the investee.

Each investment is considered individually to determine whether the Company is deemed to have significant influence over the investee.

Accounting for Investments in associates and joint ventures

The Company has elected to take the permitted scope exemption under IAS 28 available for venture capital organisations and similar entities, which allows for investments in associates and joint ventures to be measured at fair value through profit or loss in accordance with IFRS 9, instead of using the equity method of accounting.

The principal activities of the Company in relation to its direct equities and fund investments, are aligned with the below characteristics (of a venture capital organisation and similar entity):

- The Company provides equity finance to unquoted companies and makes its returns mainly through medium term capital gain.
- The Company has a dedicated team of professionals and takes an active role in helping to build and develop the companies in which it invests.
- The investments are held for short to medium term rather than for the long term.
- The most appropriate point for exit is considered at inception and monitored on an on-going basis.
- The investments are typically in businesses unrelated to the entity's business.
- The investments are managed on a fair value basis.

The Company's risk arising from investments in associates are similar to those which arise from all equity investments. The investments in associates

are held as part of an investment portfolio which is assessed on the basis of its marketable value, rather than as a medium through which the Company carries out its business.

The measurement of associates at FVTPL is consistent with the Company's documented equity investment strategy.

The taking of the scope exemption in IAS 28 is considered a change of accounting policy. In line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, management have assessed the impact of this accounting policy change and does not believe the change results in a material impact on the prior period and therefore no restatement is required.

Please see *Note 12 Investments in associates* on page 142 to 144 for further information.

1.4 Changes to accounting policies

During the year ended 31 March 2025, the Company voluntarily changed its accounting policy for the recognition of financial guarantee contracts under IFRS 9. The interpretation of IFRS 9 is an accounting policy choice. The revised policy results in financial statements that provide more reliable and relevant information about the Company's financial position and performance, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Company first entered into financial guarantee contracts in 2023–24, and as a result there is no impact from the change on earlier periods.

Old interpretation of standard

Upon initial recognition, the Company recorded a fee asset and a financial guarantee liability of equal value calculated as the present value of expected lifetime premiums discounted at the risk-free rate. The fee asset was deemed to be a financial instrument measured at fair value through profit and loss, in line with IFRS 9. The guarantee liability was subsequently measured at the higher of fair value initially recognised less amortisation, or ECL on the underlying covered debt.

Current interpretation and application of standard

Upon initial recognition, a guarantee liability is recognised which is equal to the amount of premiums received on origination. The guarantee liability is

subsequently measured at the higher of fair value initially recognised (which may be nil if no fees are received up front or where no service has been provided – for example if the coverage period hasn't started or no loans have been issued under the guarantee) less any cumulative amortisation, or ECL on the underlying covered debt. No fee receivable asset is recognised on inception of the guarantee under the revised policy, as future income is contingent on uncertain events and therefore not reliably measurable.

The revised policy better reflects the economic substance of the Company's financial guarantee arrangements. It eliminates volatility associated with the valuation of fee receivable assets, which were previously derived from uncertain underlying exposures. It also ensures we recognise fee receivable assets consistently and, given that we do not recognise an asset for event dependent revenue in other areas of our business, ensures that the information is more useful to the user.

The following financial statements and Notes have been restated to retrospectively reflect the accounting policy change:

- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- *Note 4 Fee and commission income*;
- *Note 17 Financial Guarantee liabilities*;
- *Note 20 Fair value measurements*;
- *Note 22. Financial risk review*; and
- *Financial guarantee fee receivables (Note 14 In FY 2023–24)*.

The impact for the previous year (31 March 2024) on each individual financial statement line items is presented in the following sections:

Statement of Comprehensive Income line item

	As originally stated £000	Restatement impact £000	As restated £000
Fees and commission income	3,667	(2,024)	1,643
Finance income	159	(159)	–
Changes in fair value of assets held at FVTPL	(45,879)	97	(45,782)
Net operating income before change in expected credit losses	(11,801)	(2,086)	(13,887)
Remeasurement of financial guarantee liabilities	–	(1,786)	(1,786)
Net operating income	(25,215)	(3,872)	(29,087)
Finance costs	(501)	473	(28)
Total operating expenses	(57,019)	473	(56,546)
Profit before taxation	(82,234)	(3,399)	(85,633)
Profit after taxation	(65,717)	(3,399)	(69,116)
Net comprehensive income for the year	(65,717)	(3,399)	(69,116)

Statement of Financial Position line item

	As originally stated £000	Restatement impact £000	As restated £000
Financial guarantee asset	46,662	(46,662)	–
Total assets	1,277,009	(46,662)	1,230,347
Financial guarantee liability	(45,049)	43,263	(1,786)
Total liabilities	(210,774)	43,263	(167,511)
Net assets	1,066,235	(3,399)	1,062,836
Retained earnings	(51,822)	3,399	(48,423)
Total equity	(1,066,235)	3,399	(1,062,836)

Statement of Cash Flows line item

	As originally stated £000	Restatement impact £000	As restated £000
Profit before taxation	(82,234)	(3,399)	(85,633)
Adjustments for:			
Changes in fair value of assets held at FVTPL	45,879	(97)	45,782
Remeasurement of financial guarantee liabilities	–	1,786	1,786
Finance costs	350	(314)	36
Amortisation of guarantee liability	(2,248)	2,248	–
Cash used in operations	(32,396)	224	(32,172)
Repayment of assets held at FVTPL	13,224	(224)	13,000
Net cash used in operating activities	(603,298)	–	(603,298)

Statement of Changes in Equity line item

	As originally stated		Restatement impact		As restated	
	Retained earnings £000	Total £000	Retained earnings £000	Total £000	Retained earnings £000	Total £000
Net loss after tax	(65,717)	(65,717)	(3,399)	(3,399)	(69,116)	(69,116)
Balance at 31 March 2024	51,822	1,066,235	(3,399)	(3,399)	48,423	1,062,836

2. Interest income

	2024–25 £000	2023–24 £000
Interest income on loans at amortised cost	71,599	30,876
Other interest received	1,472	–
Total interest income	73,071	30,876

During 2024–25, the Company recognised interest income of £55.1 million (2023–24: £28.5 million) in respect of private sector lending and £16.5 million (2023–24: £2.4 million) in relation to local authority lending.

Other interest received in 2024–25 comprises equalisation interest received in relation to the investments in funds (2023–24: £Nil).

3. Interest expense

	2024–25 £000	2023–24 £000
Interest expense on amounts owed to Shareholder	29,480	5,662
Total interest expense	29,480	5,662

During 2024–25, the Company recognised interest expense of £18.2 million (2023–24: £5.5 million) in respect of the floating rate loan from HM Treasury and £11.3 million (2023–24: £0.2 million) in relation to the fixed rate loans from HM Treasury.

4. Fee and commission income

	2024–25 £000	2023–24 £000 (restated) ¹
Guarantee income	4,947	224
Deal-related fees	1,556	570
Management fees	411	690
Other operating income	180	159
Total fee & commission income	7,094	1,643

Note to the table above:

1. See Note 1.4 Changes to accounting policies on page 135 for details on the restatement as a result of a change in accounting policy.

5. Investment income

	2024–25 £000	2023–24 £000
Dividend income	1,206	5,038
Total investment income	1,206	5,038

Dividend income received relates to income from fund investments.

6. Staff numbers and staff costs

The average monthly number of full-time equivalent employees including Directors was:

	2024–25	2023–24
Staff numbers		
Employees	254	152
Secondees	19	21
Contractors	17	59
Total staff numbers	290	232

Staff costs comprised:

	2024–25	2023–24
	£000	£000
Employees:		
Salaries and wages	31,399	19,834
Staff pension costs	3,480	2,114
Social Security costs	4,215	2,599
Others:		
Secondees costs	2,176	2,837
Contractor costs	3,243	10,432
Total costs	44,513	37,816

Staff costs relate to permanent and fixed-term staff, secondees from other organisations, and contractors. Additional details of staff costs, Directors' emoluments and full-time equivalent employees are available in the Remuneration and Staff Report on pages 87 to 99.

7. Other operating expenditure

	2024–25	2023–24
	£000	£000
Information technology	2,842	5,484
Legal fees		
Deal related	2,795	2,657
Other legal fees	1,093	770
Consultancy		
Other consultancy	1,148	2,422
Deal related	800	404
Staff related expenses	1,293	490
Estate related costs	1,050	1,167
Auditor's remuneration	900	456
Professional services	802	901
Corporate subscriptions	649	392
Recruitment	618	1,594
Other expenditure	351	427
Total other operating expenditure	14,341	17,164

The accounts of the Company are audited by the National Audit Office under the Companies Act 2006. The cost of audit work performed is £0.8 million excluding VAT (2023–24: £0.5 million excluding VAT). There were no payments to the National Audit Office for non-audit work during 2024–25 and 2023–24.

8. Taxation

Current tax

	2024–25 £000	2023–24 £000
Current tax	–	–
Current year	–	–
Changes in estimates related to prior years	–	–
Total current tax	–	–

Deferred tax

	2024–25 £000	2023–24 £000
Deferred tax		
Origination and reversal of temporary differences	(23,844)	(16,517)
Total deferred tax	(23,844)	(16,517)
Total tax recognised	(23,844)	(16,517)

Reconciliation of the tax charge in the period

	2024–25 £000	2023–24 £000
Profit /(loss) before tax	(152,150)	(82,234)
Tax on profit at standard rate 25% (2023–24: 25%)	(38,038)	(20,558)
Effects of:		
Movements in realised/unrealised gains	9,134	6,296
Expenses not deductible	2,703	164
Income not taxable	(301)	(1,260)
Impact of changes in tax rates	–	–
Movement in unrecognised deferred tax	–	–
Prior period adjustments	2,658	(1,159)
Profit allocated from Limited Partnerships in respect of investments relationships	–	–
Total tax charge	(23,844)	(16,517)

Reconciliation of the deferred tax in the period

	2024–25 £000	2023–24 £000
Balance at 31 March	(19,070)	(2,553)
Recognised in profit and loss	(23,844)	(16,517)
Deferred tax asset	(42,914)	(19,070)

Breakdown of the deferred tax

	2024–25	2023–24
	£000	£000
Deferred tax asset relating to tax adjusted losses carried forward	42,672	19,268
Deferred tax liability arising on equity funds	469	–
Deferred tax arising from accelerated capital allowances	(227)	(198)
Deferred tax	42,914	19,070

The tax rate used is the rate of 25%, which was effective from 1 April 2023. The Company has chosen to offset the deferred tax asset of £43.1 million in relation to the tax-adjusted losses, and the deferred tax liability of £(0.2) million arising from capital allowances, to give a net deferred tax asset on the Statement of Financial Position. This is based on the Company forecasting taxable profits in future years to utilise the losses against, as it continues to build its income-generating asset portfolio.

9. Cash and cash equivalents

	2024–25	2023–24
	£000	£000
Cash at bank	42,879	63,606

All cash is held in the Government Banking Service and managed by the Company.

10. Trade and other receivables

	2024–25	2023–24
	£000	£000
Prepayments	1,053	496
Other receivables	65	267
Accrued income	–	207
Corporation Tax	–	7
Total trade and other receivables	1,118	977

11. Assets held at FVTPL

	Funds	Direct	Convertible	Debt at fair	Total
	£000	equity	instruments	value	£000
		£000	£000	£000	£000
Balance at 31 March 2023	308,728	–	–	–	308,728
Additions	166,061	105,171	30,000	–	301,232
Repayments	(13,000)	–	–	–	(13,000)
Fair value movements	(45,938)	156	–	–	(45,782)
Balance at 31 March 2024	415,851	105,327	30,000	–	551,178
Additions	52,586	125,480	70,134	3,611	251,811
Repayments	(1,921)	–	–	–	(1,921)
Fair value movements	(28,948)	(17,975)	(5,565)	–	(52,488)
Balance at 31 March 2025	437,568	212,832	94,569	3,611	748,580

The Company recognised unrealised fair value losses of £28.9 million (FY 2023–24: losses of £45.9 million) from fund investments. Losses of £18.0 million (FY 2023–24: gains of £0.2 million) on direct equities, and losses of £5.6 million (FY 2023–24: £Nil) on convertible instruments all unrealised.

12. Investments in associates

The Company has investments in associates, for which the carrying values are presented in the Statement of Financial Position under 'Assets held at fair value through profit and loss (FVTPL)'. Investments in associates are accounted for in line with the exemption available under IAS 28 for venture capital organisations and similar entities (allowing for an election to measure such investments at FVTPL in line with IFRS 9 rather than at equity method).

As at 31 March 2025, the Company had the following investments in associates:

GeoPura Limited

GeoPura Limited is a UK-based company which provides hydrogen-fuelled clean energy to enable its customers to decarbonise their consumption of temporary, backup and off-grid energy. GeoPura operates as Energy-as-a-Service (EaaS) business model by renting proprietary Hydrogen Power Units, supported by external and in-house hydrogen production and distribution. GeoPura is a market leader in the sector.

The NWF obtained significant influence over GeoPura via a combination of rights to Board representation, participation in decisions relating to dividend policy, and other rights, resulting in it being treated as a Series A investor. Its stake in the investee upon exercise of the potential voting rights (conversion) will not exceed 20%.

The carrying value of the investment as at 31 March 2025 was £24.4 million (2023-24: £30 million).

Pragmatic Semiconductor Limited

Pragmatic Limited is a UK-based semiconductor manufacturer that has developed a flexible integrated circuit using plastic as a substrate that can be used in a variety of applications such as radio frequency identification and near-field communication. It provides a platform for semiconductor design and

manufacturing at its foundry in Durham, coupled with its research and development facility in Cambridge.

The NWF obtained significant influence over Pragmatic via a combination of rights to Board representation, participation in decisions relating to dividend policy, and consent rights over important matters of operational and financial policy. Its preference shares voting interest does not exceed 20%.

The carrying value of the investment as at 31 March 2025 was £60 million (2023-24: £60 million).

Cornish Lithium Plc

Cornish Lithium Plc is a British mineral exploration and development company, focused on the environmentally responsible extraction of lithium from hard rock and geothermal waters in Cornwall, which expects to commence first lithium production in 2026.

The NWF obtained significant influence over Cornish Lithium via a combination of rights to Board representation, participation in decisions relating to dividend policy, and consent/veto rights over important matters of operational and financial policy. Its voting interest upon conversion of preference shares will not exceed 20%.

The carrying value of the investment as at 31 March 2025 was £21.5 million (2023-24: £13.7 million).

XLCC Limited

XLCC Limited is a UK-based company, focusing on critical infrastructure for the global energy transition. It plans to build the world's largest high-voltage direct-current cable factory in Hunterston, Scotland.

The NWF obtained significant influence over XLCC via a combination of rights to Board representation, participation in decisions relating to dividend policy, and consent rights over important matters of operational and financial policy. Its voting interest in the investee upon conversion of loan notes will not exceed 20%.

The carrying value of the investment as at 31 March 2025 was £20 million (2023-24: £0 million).

Highview Enterprises Limited

Highview Enterprises Limited is a UK-based company that has spent the last decade developing a

proprietary liquid air energy storage technology with a mixture of grant funding from the UK government and equity capital from a number of family offices and institutional investors.

The NWF obtained significant influence over Highview via a combination of rights to Board representation, participation in decisions relating to dividend policy, and consent rights over important matters of operational and financial policy, as well as provision of a loan facility to Highview's subsidiary CryoBattery One Limited. The NWF's voting interest in Highview via combination of loan notes and ordinary shares exceeds 20%.

The carrying value of the investment as at 31 March 2025 was £60 million (2023-24: £0 million).

Pulpex Limited

Pulpex Limited is a UK-based developer and manufacturer of sustainable bottling packaging made from wood pulp.

The NWF obtained significant influence over Pulpex via a combination of rights to Board representation, participation in decisions relating to dividend policy, and consent rights over important matters of operational and financial policy. Its preference shares voting interest in the investee exceeds 20%.

The carrying value of the investment as at 31 March 2025 was £34.2 million (2023-24: £0 million).

Connected Kerb Limited

Connected Kerb Limited is the UK's largest on-street residential charge point operator and one of the fastest growing of the major on-street and destination networks in the UK.

The NWF obtained significant influence over Connected Kerb via a combination of rights to Board representation, participation in decisions relating to dividend policy, and consent rights over important matters of operational and financial policy. Its ordinary shares voting interest in the investee exceeds 20%.

The carrying value of the investment as at 31 March 2025 was £20 million (2023-24: £0 million).

Invinity Energy Systems Plc

Invinity Energy Systems Plc is a UK-based manufacturer of vanadium flow batteries, a stationary energy storage technology used for grid balancing. The company launched its next-generation vanadium flow battery technology under the name ENDURIUM in 2024.

Invinity is listed at AIM market, and the NWF holds over 20% of voting stock. The quoted price at the reporting date was 8.1 pence per share.

The carrying value of the investment as at 31 March 2025 was £8.8 million (2023-24: £0 million).

Cornish Metals Inc.

Cornish Metals Inc. is a dual listed (AIM and Toronto Venture Exchange) mineral exploration and development company, focused on mining projects in the UK and incorporated in Canada.

The NWF holds over 20% of voting stock in the company. The quoted price at the reporting date was 7.9 pence per share.

The carrying value of the investment as at 31 March 2025 was £27.5 million (2023-24: £0 million).

The summarised financial information of the associates is:

	GeoPura [*]	Pragmatic ^{**}	Cornish Lithium ^{**}	XLCC ^{***}	Highview ^{**}	Pulpex [^]	Connected Kerb ^{^^}	Cornish Metals ^{**}	Invinity ^{**}
	£000	£000	£000	£000	£000	£000	£000	CAD\$000	£000
Current assets	15,935	123,542	16,580	4,574	115,176	37,390	24,691	16,304	47,729
Non-current assets	79,175	83,546	49,061	499	56,901	19,974	9,245	107,158	27,831
Current liabilities	19,312	11,559	7,554	5,098	12,696	4,109	6,100	17,652	7,119
Non-current liabilities	16,967	19,198	49,496	–	124,513	–	–	9,869	2,772
Revenues for the financial year	6,381	1,693	–	n/a ^{****}	8,071	123	2,818	–	5,015
Profit/(loss) for the financial year	(20,104)	(43,227)	(16,240)	n/a ^{****}	(17,462)	(15,553)	(4,189)	(1,066)	(22,797)
Carrying value as at 31 March 2025	24,435	60,000	21,522	20,033	60,000	34,168	20,000	27,482	8,777

* Management accounts (unaudited) to February 2025

** Financial accounts (audited) to December 2024

*** Financial accounts (audited) to September 2024

**** Revenue and profit/(loss) for XLCC is not included in the Financial Statements on Companies House

^ Management accounts (unaudited) to July 2025

^^ Management accounts (unaudited) for the quarter to March 2025

FY2023-24:

£'000	GeoPura [*]	Pragmatic ^{**}	Cornish Lithium ^{**}
Current assets	66,563	159,900	10,456
Non-current assets	24,018	63,332	29,837
Current liabilities	11,570	16,007	4,451
Non-current liabilities	53,148	3,896	13,554
Revenues for the financial year	n/a ^{***}	1,705	–
Profit/(loss) for the financial year	(9,925)	(34,283)	(8,593)
Carrying value as at 31 March 2024	30,000	60,000	13,661

* Financial accounts (audited) to March 2024

** Financial accounts (audited) to December 2023

*** Revenue for GeoPura is not included in the Financial Statements on Companies House

13. Loans at amortised cost

	Private sector loans £000	Local authority loans £000	Total £000
Balance at 31 March 2023	170,275	119,333	289,608
Additions	431,418	–	431,418
Repayments of capital	(106,420)	(435)	(106,855)
Repayments of interest	(26,104)	(194)	(26,298)
Interest income using the effective interest rate method	28,512	2,364	30,876
Deal related fees	(13,537)	–	(13,537)
(Expected credit losses)/reversals	(11,128)	–	(11,128)
Balance at 31 March 2024	473,016	121,068	594,084
Additions	393,698	512,908	906,606
Repayments of capital	(6,206)	(2,454)	(8,660)
Repayments of interest	(48,300)	(7,906)	(56,206)
Interest income using the effective interest rate method	55,098	16,501	71,599
Deal related fees	(21,918)	–	(21,918)
(Expected credit losses)/reversals	(32,080)	–	(32,080)
Balance at 31 March 2025	813,308	640,117	1,453,425

There is no expected credit loss recognised against local authority loans, given they are assessed to be 0% for loss given default purposes. Please refer to *Note 1.3.2 Local authority lending* on pages 131 and 132 for further information.

On average, private sector loans are expected to run for eight years and local authority loans are expected to run for 31 years, as at the year-end.

14. Right-of-use assets and lease liabilities

	£000
Balance at 31 March 2023	2,332
Additions	132
Remeasurement	(1,095)
Depreciation	(969)
Balance at 31 March 2024	400
Additions	10,400
Depreciation	(1,139)
Remeasurement	3
Balance at 31 March 2025	9,664

The Company leases office space under non-cancellable lease agreements which have varying terms. In the year to 31 March 2025 the Company commenced a new lease for the principal head office in Leeds. A part of this head office is sub-let to other government departments, resulting in income recognised in the SoCI.

For further information see *Note 1.2.11 Leases* on page 130.

	2024–25 £000	2023–24 £000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	1,289	211
One to five years	4,895	35
More than five years	4,482	–
Total undiscounted lease liabilities at 31 March	10,666	246
Lease liabilities included in the statement of financial position at 31 March	(8,929)	(242)
of which current	(991)	(207)
of which non-current	(7,938)	(35)
	2024–25 £000	2023–24 £000
Amounts recognised in SoCI		
Interest expense (included in finance cost)	288	27
Income from sub-leasing right-of-use assets	(114)	(87)
	2024–25 £000	2023–24 £000
Amounts recognised in the Statement of Cash Flows		
The total cash outflow for leases in the year	(981)	(2,095)

14.1 Extension and termination options

Extension and termination options are included in a number of leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option.

As at 31 March 2025, potential future cash outflows of £5.6 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

15. Trade and other payables

	2024–25 £000	2023–24 £000
Accrued expenditure	9,972	9,051
Deferred undrawn commitment fees	9,218	5,644
Other tax and social security	1,174	987
Pension contributions	388	296
VAT payable	54	61
Total trade and other payables	20,806	16,039

16. Loan commitment financial liabilities

	2024–25 £000	2023–24 £000
Balance at 1 April	8,103	5,817
Provided in period	2,883	3,060
Released in period	(3,255)	(774)
Balance at 31 March	7,731	8,103
Of which:		
Current	7,731	8,103
Non-current	–	–

Loan commitment financial liabilities are the allowance of ECLs for undrawn loan commitments. See *Note 19 Undrawn loan and capital commitments* on page 148 for information on the total and *Note 22 Financial risk review* on pages 153 to 164 for the further breakdown of the movements of the loan commitment gross exposure and ECL.

17. Financial guarantee liabilities

	2024–25 £000	2023–24 (restated) ¹ £000
Balance at 1 April	1,786	–
Remeasurement of new liabilities	1,434	1,786
Remeasurement of existing liabilities	57,366	–
Balance at 31 March	60,586	1,786
Of which:		
Current	60,586	1,786
Non-current	–	–

Note to above table:

1. See *Note 1.4 Changes to accounting policies* on page 135 for details regarding the restatement as a result of change in an accounting policy.

At the reporting date, the Company had six financial guarantees in issue, with two associated with underlying committed or drawn lending facilities. No guarantee liability is recognised on the Statement of Financial Position for those guarantees where there is no underlying lending that is either committed or drawn.

All guarantees have been issued at arm's length, and no guarantees were called or released in the period.

The financial risks and management policies associated with financial guarantees are detailed in *Note 22 Financial risk review* on page 154, which sets out the maximum exposure to the Company as a result of issuing these guarantees and the changes in credit risk arising from them.

18. Loan amounts owed to Shareholder

	2024–25 £000	2023–24 £000
Balance at 1 April	141,260	50,171
Additions	1,071,500	478,000
Repayments of capital	(230,000)	(387,000)
Repayments of interest	(24,142)	(5,573)
Interest recognised in the P&L	29,480	5,662
Balance at 31 March	988,098	141,260

The closing balance for loan amounts owed to Shareholder represents a floating interest loan with an outstanding principal of £593.0 million at the year-end (FY 2023–24: £131.0 million), and five fixed rate loans with total outstanding principal of £389.5 million at the year-end (FY 2023–24: £10 million). The amounts entered into during the year were executed under the terms of the overarching funding agreement with HM Treasury.

19. Undrawn loan and capital commitments

The Company had the following undrawn commitments at the balance sheet date.

	2024–25 £000	2023–24 £000
Undrawn capital commitments		
Funds	384,036	587,187
Direct equity	46,838	10,339
Total undrawn capital commitments	430,874	597,526
Undrawn loan commitments		
Private sector lending	784,526	752,030
Local authority lending	120,689	490,000
Total undrawn loan commitments	905,215	1,242,030
Total undrawn commitments	1,336,089	1,839,556

20. Fair value measurements

The following table analyses the Company's financial assets and liabilities in accordance with the categories of financial instruments in IFRS 9.

		2024–25 £000	2024–25 £000	2023–24 £000	2023–24 £000
	Fair value hierarchy level	Carrying value	Fair value	Carrying value (restated) ¹	Fair value (restated) ¹
Financial assets: held at FVTPL					
Fund investments	Level 3	437,568	437,568	415,851	415,851
Listed equity investments	Level 1	36,259	36,259	–	–
Unlisted equity investments	Level 2	54,168	54,168	105,327	105,327
Unlisted equity investments	Level 3	122,405	122,405	–	–
Convertible instruments	Level 2	20,033	20,033	30,000	30,000
Convertible instruments	Level 3	74,536	74,536	–	–
Debt at FVTPL	Level 3	3,611	3,611	–	–
Financial assets: held at amortised cost					
Cash and cash equivalents	Level 1	42,879	42,879	63,606	63,606
Loans at amortised cost	Level 3	1,453,425	1,434,972	594,084	609,267
Total		2,244,884	2,226,431	1,208,868	1,224,051
Financial liabilities: held at amortised cost					
Lease liabilities	Level 2	8,929	8,929	242	242
Loan finance	Level 2	988,098	936,928	141,260	137,277
Guarantee financial liabilities	Level 3	60,586	60,586	1,786	1,786
Financial liabilities: loan commitment ECL					
Loan commitment ECL	Level 3	7,731	7,731	8,103	8,103
Total		1,065,344	1,014,174	151,391	147,408

Note to the above table:

1. See Note 1.4 Changes to accounting policies on page 135 for details regarding the restatement as a result of change in an accounting policy.

Assets and liabilities carried at fair value, or for which fair values are disclosed, are classified into three levels according to the quality and reliability of information used to determine those fair values:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of Level 2 financial assets is estimated using discounted cash flow techniques, applying the same rate that would be offered for a loan of similar maturity and terms at the reporting date.
- Level 3: Inputs that are unobservable.

Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

There were no transfers between Level 1 and Level 2 for recurring fair value measurements during the year. For transfers into and out of Level 3 measurements, see (iii) below.

20.1 Transfers between Level 2 and Level 3

The Company further assesses the need for transfers between levels in the hierarchy, considering whether unobservable inputs are significant to the valuation.

In the year, the Company transferred a number of assets from Level 2 into Level 3. The valuation technique for these assets in previous years,

price of recent investment (PORI), did not include unobservable inputs. The current year valuation is based on a milestone analysis approach, supported by appropriate secondary valuations. These valuation methodologies use unobservable inputs, such as discount rates and planned exit dates.

No assets were transferred out of level 3 into level 2 in the year.

The following table is an analysis of movements in the Company's Level 3 financial assets and liabilities in the year.

	Fund investments £000	Unlisted equity investments £000	Convertible loan notes £000	Debt at fair value £000	Total £000
Balance at 1 April 2025	415,851	–	–	–	415,851
Acquisition	52,586	9,899	50,101	3,611	116,197
Disposals	(1,921)	–	–	–	(1,921)
Total gains and losses	(28,948)	–	–	–	(28,948)
Transfer from Level 2	–	112,506	24,435	–	136,941
Transfer to Level 2	–	–	–	–	–
Balance at 31 March 2025	437,568	122,405	74,536	3,611	638,120

20.2 Unlisted equity instruments

The valuation approach for the unlisted equity instruments and convertible instruments takes the PORI and compares this with the value implied by selected early-stage valuation methods in accordance with the International Private Equity and Venture Capital Valuation (IPEV) guidelines. Any recent changes in the business and the market between the original investment date (investment date) and the valuation date (milestone analysis) have been considered to give an appropriate valuation, alongside a secondary valuation to support. The main Level 3 inputs used by the Company are derived and evaluated as follows:

- EBITDA/Revenue: Derived from detailed forecast models, incorporating management's expectations, historical performance, and market analysis. These models are regularly updated to reflect the latest available information and outlook for the investee business.

- Revenue Multiple: Selected based on market benchmarks and ongoing portfolio management activity, and adjusted for forward-looking information such as growth trajectory, profitability, and market position relative to the investment. The selection process involves benchmarking against comparable companies or competitors and considers recent transaction data.
- Planned Exit Dates: Determined by reference to investment timelines, prevailing market conditions, and discussions with investee management.
- Other judgements include viability of Underlying Technologies, variance in commodity price forecasts and regulatory approval dependencies: Assessed through independent due diligence, market analysis, and ongoing portfolio management and oversight.

As at the reporting date, five investments were valued according to the milestones approach, supported by appropriate secondary valuation methods.

Sensitivities applied to the secondary method of valuations are as follows.

£172.5 million of the direct equity investments as at the reporting date were valued using a DCF model as their secondary valuation method, with discount rates used in the respective models ranging between 15% and 35%. As an indication of sensitivity, an increase of 1% to the discount rate could lead to a £13.8 million decrease in the fair value of unlisted direct equities. Similarly, a 1% decrease could lead to a £14.9 million increase in the fair value of the unlisted direct equities.

For the £151.0 million of the direct equity investments where a revenue multiple approach has been used, the key inputs and judgements in these models are the revenue figures and comparable company multiples which range between 5 and 10. As an indication of sensitivity, the fair value of the portfolio could increase/decrease by £20.9 million from a 10% increase/decrease in the multiple used.

Additionally, an increase/decrease of 10% to the total EBITDA/revenue to the exit dates of the respective investments could result in a £20.9 million increase/decrease in the fair value of the portfolio.

The valuation of unlisted equity investments involves significant judgement and estimation, particularly in respect of Level 3 fair value measurements. The key assumptions and unobservable inputs used in these valuations (such as projected EBITDA/revenue, discount rates, and earnings or revenue multiples) are inherently uncertain and are based on management's estimates at the reporting date, informed by historical performance, market analysis, and forward-looking information.

These estimates are sensitive to changes in both internal and external factors, including market conditions, investee performance, changes to regulation, and macroeconomic variables such as inflation and interest rates. As a result, there is a significant risk that the carrying values of these investments may require material adjustment within the next financial year. Management reviews the appropriateness of key assumptions and inputs at each reporting date, and valuations are subject to formal governance processes. As at 31 March 2025, a 5% change in the fair value of the unlisted equity

portfolio would result in upwards or downwards movements in the carrying value by £8.6 million (FY 2023–24: £5.3 million).

The sensitivities above summarise the impact of reasonably possible changes in key unobservable inputs on the fair value of unlisted equity investments as at the reporting date however, actual movements observed could be greater in practice.

20.3 Listed equity instruments

The fair value of investments in quoted securities in an active market is the mid-point between the market bid and ask price on the balance sheet date. As at 31 March 2025, a 5% change in the share price due to movements in the relevant exchanges would lead to upwards or downwards movements in the carrying value of listed equities of £1.8 million (FY 2023–24: £Nil). This is calculated by applying a 5% sensitivity to the closing share price.

20.4 Investments in funds

For investments in private fund limited partnerships, market quotes are not available for these assets, so fair value is determined based on the net assets of the limited partnerships. The fair value of the underlying assets which are not traded in an active market is determined by using appropriate valuation techniques in accordance with IFRS and the IPEV guidelines, including the discounted cash flow method, EBITDA multiples, comparison with similar instruments for which market-observable prices exist, and other relevant valuation models. These models incorporate investment-specific credit, liquidity, operational and capital risk factors, and require the fund managers to make assumptions in relation to unobservable inputs. As set out in *Note 1.3.3 Fair value of assets held at FVTPL – estimation uncertainty* on pages 132 to 134, these figures have been taken as a fair interpretation of the situation as at 31 March 2025.

The most significant input used in the valuation methodology across all funds is the investments' discount rate, as determined by the respective fund managers, as changes in discount rate could materially impact the reported fair value of investments.

As at 31 March 2025, 5% over- or undervaluation of the Company's portfolio of fund assets could lead to a movement upwards or downwards in the carrying value of interests in funds of £21.9 million (FY 2023–24: £20.8 million). This is calculated by applying a 5% sensitivity to the NAV.

The valuation of the Company's investments in private fund limited partnerships involves significant judgement and estimation, as these investments are not traded in active markets, and therefore, observable market prices are not available.

These estimates utilise unobservable inputs, and are sensitive to changes in both internal and external factors, including market conditions, investee performance, and macroeconomic variables such as inflation and interest rates. As a result, there is a significant risk that the carrying values of these investments may require material adjustment within the next financial year. Management reviews the appropriateness of key assumptions and inputs at each reporting date, and valuations are subject to formal governance processes.

The sensitivities above summarise the impact of reasonable possible changes in key unobservable inputs on the fair value of investments in funds as at the reporting date.

20.5 Loans at amortised cost

The fair value of loans at amortised cost has been derived using the income approach. This involves discounting the expected future cash flows of each loan using a market-based discount rate consistent

with the terms of the loan and prevailing market conditions.

21. Structured entities

21.1 Consolidated structured entities

As at 31 March 2025, the Company does not consolidate any interests in structured entities, as the Company is not considered to have control rights over these entities.

21.2 Unconsolidated structured entities

The Company has £187.5 million of interests in the form of debt investments in structured entities as at 31 March 2025 (FY 2023–24: £57.9 million). For equity investments through limited partnerships considered to be structured entities, the Company has £437.6 million (FY 2023–24: £415.9 million) of interests that were measured at fair value through profit and loss.

Maximum exposure to loss from its interests in unconsolidated structured entities represents the maximum loss the Company could incur as a result of its involvement with these entities, regardless of the probability of the loss being incurred. For both debt and equity investments in unconsolidated structured entities, the maximum exposure to loss is the total carrying value of on-balance sheet positions and off-balance sheet arrangements, being loan and capital commitments, at the reporting date.

The Company's interests in, and the maximum exposure to, unconsolidated structured entities are set out below.

Nature of interest	2024–25		2023–24	
	Debt £000	Equity £000	Debt £000	Equity £000
Private Fund Partnerships	–	437,568	–	415,851
Assets held at amortised cost	187,544	–	57,794	–
Total on-balance sheet exposures	187,544	437,568	57,794	415,851
Total off-balance sheet exposures	63,126	384,036	183,000	587,187
Maximum exposure to loss	250,670	821,604	240,794	1,003,038
Total assets of the structured entity	1,779,512	1,172,669	906,700	1,030,479

22. Financial risk review

22.1 Risk management

The objective of the Company's financial risk management is to manage and control the risk exposures of its investments. Details of the Company's risk management structure are provided in the 'Risk management and internal controls' section within the Accountability Report (see pages 51 to 57). This Note presents information about the nature and extent of risks arising from the financial instruments.

22.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, other price risk, and foreign exchange risk.

Interest rate risk

The Company's investments comprise fixed and variable interest rate loans. The Company's exposure to net interest rate risk was not significant for the financial period 2024–25, and the Company does not use derivatives to hedge interest rate risk. The impact of a 50bps increase/(decrease) in effective interest rate applicable to loan investments would be an approximate increase/(decrease) in interest income for the period of ±£4.1 million.

The above impact has been calculated by applying a 50bps sensitivity to the interest rate applicable to each interest income-deriving investment. Investments based on a floating rate of interest only have been factored into the sensitivity calculation; the relationship between the basis points and interest income is linear. We assume that a fixed rate investment would not be impacted by a change in interest rate from a net interest income perspective.

Other price risk

The Company is subject to certain risk associated with the ownership of infrastructure and infrastructure-related assets; for example: local, national and economic conditions; the supply and demand for services from and access to infrastructure; or the availability of funds, which may render the purchase, sale or refinancing of infrastructure assets difficult or impracticable. These risks could cause fluctuations in the valuation of the investments and negatively affect the returns.

The impact of such fluctuations is reflected in *Note 20 Fair value measurements* on pages 149 to 152.

Foreign exchange risk

The Company has minimal exposure to foreign exchange risk and re-values any financial assets and liabilities at the reporting date in line with IAS 21.

The Company primarily invests in its functional currency, pounds sterling, but does hold an investment denominated in US Dollars. The currency impact included in the total FVTPL investments fair value movement for the year ended 31 March 2025 was a loss of £0.7 million (2023–24: £0.2 million). There is no policy to hedge this currency risk.

The sensitivity of currency risk losses from the Company's non-sterling investments is estimated by assuming a 5% movement in GBP–USD exchange rate. This would result in a gain/loss of ±£1.5 million (2023: £Nil).

Equity price risk

Equity price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that might arise through holding market positions in the face of market movements.

The NWF is exposed to equity price risk through holding investments in equity funds, and both listed and unlisted equity investments classified on the balance sheet as financial assets at FVTPL. The valuation of unquoted equity investments at fair value through profit or loss is a critical accounting estimate and actuals may differ from estimates. See *Note 1.3.3 Fair value of assets held at FVTPL* on page 132 for more details around the accounting policy as applied to these investments. A 5% movement in the fair value of the equity instruments would lead to a £32.5 million (FY2023 -24: £26.1 million) change in the carrying amount in the balance sheet. See pages 150 - 152 for *Note 20.2 Unlisted equity instruments* for sensitivities in relation to unlisted equity instruments, *note 20.3 Listed equity instruments* for the sensitivities in relation to the listed equity investments, and *note 20.4 Investment in funds* for the sensitivities in relation to the fund investments.

22.3 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss to the Company by failing to discharge an obligation.

Assessment of credit risk is carried out as part of the investment approval process and is revisited on an ongoing basis as part of the Company's portfolio management process. The portfolio management process includes annual reviews of each investment, a watchlist process, and regular Credit Committee meetings.

Maximum credit risk exposure

On balance sheet

	Maximum exposure to loss 2024–25 £000	Maximum exposure to loss 2023–24 (restated)¹ £000
Cash and cash equivalents	42,879	63,606
Funds	437,568	415,851
Direct equity	212,832	105,327
Convertible instruments	94,569	30,000
Debt at fair value	3,611	–
Loans held at amortised cost	1,502,207	610,786
Balance at 31 March	2,293,666	1,225,570

Note to above table:

See Note 1.4 *Changes to accounting policies* on page 135 for details regarding the restatement as a result of change in an accounting policy.

Off balance sheet

	Maximum exposure to loss 2024–25 £000	Maximum exposure to loss 2023–24 £000
Contractual lending commitments	905,215	1,242,030
Capital commitments	430,874	597,526
Guarantee commitments	340,000	240,000
Balance at 31 March	1,676,089	2,079,556

The table below shows the total expected credit loss provision and charges in the period for financial instruments.

Expected credit loss provision on amortised cost instruments and financial guarantees

	2024–25	2023–24
	£000	(restated)¹
		£000
Impairment of loan	48,782	16,702
Impairment of loan commitment	7,731	8,103
Financial guarantee liabilities	60,586	1,786
Balance at 31 March	117,099	26,591

Note to the above table:

1. See Note 1.4 *Changes to accounting policies* on page 135 for details regarding the restatement as a result of change in an accounting policy.

Expected credit loss charge on amortised cost instruments and financial guarantees

	2024–25	2023–24
	£000	(restated)¹
		£000
Impairment of loan	32,080	11,128
Impairment of loan commitment	(372)	2,286
Remeasurement of financial guarantee liabilities	58,800	1,786
Total for period to 31 March	90,508	15,200

Note to the above table:

1. See Note 1.4 *Changes to accounting policies* on page 135 for details regarding the restatement as a result of change in an accounting policy.

The Company held cash and cash equivalents of £42.9 million as at 31 March 2025 (FY 2023–24: £63.6 million). The cash and cash equivalents are held with a bank which is rated A long-term and A-1 short-term based on S&P ratings. The Company considers that cash and cash equivalents have a low credit risk based on the external ratings of the holding parties. As such, an ECL has not been recognised in the accounts.

The Company does not hold any short-term financial instruments within trade and other receivables at year-end. As such, an ECL has not been recognised in the accounts.

The Company has carried out sensitivity analysis on the key inputs to the ECL model. The potential impact of a one-notch deterioration in credit risk ratings across the portfolio could increase ECL provisions by £36.9 million and financial guarantee liabilities by £23.4 million. The potential impact of a one-notch downgrade on the LGD rating scale could increase ECL provisions by £27.5 million and increase financial guarantee liabilities by £30.3 million.

Additionally, a macroeconomic downside stress test using the downside scenario could increase ECL provisions by £7.3 million and increase guarantee liabilities by £8.4 million. The macroeconomic downside scenario considers an increase in defaults and a fall in equity valuation occurring as a shock in the short term, which reflects the risk of operating in large infrastructure projects that require large quantities of materials and energy through an oil price shock. The Company also assesses unlikely but plausible losses assuming a severe downside, which aligns with the Bank of England's stress tests for commercial banks.

The company has also assessed the impact on the total ECL provision if all watchlist assets were moved to Stage 2. As at the reporting date, the Company had 4 loans in watchlist. If these moved to stage 2, it would increase ECL provisions by £1.8m. There were no other assets in watchlist.

The tables below show a reconciliation from the opening to the closing balance of the loss allowance. The basis for determining transfers due to changes in credit risk is set out in *Note 1.2.7 Financial instruments* on pages 124 to 129.

Allowance for expected credit losses on loans

	Not credit impaired				Credit impaired			
	Stage 1 Subject to 12 months ECL		Stage 2 Subject to lifetime ECL		Stage 3 Subject to lifetime ECL		Total	
	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000
Balance at 31 March 2023	295,182	(5,574)	–	–	–	–	295,182	(5,574)
Changes to model assumptions	–	(1,483)	–	–	–	–	–	(1,483)
Additions to existing loans	191,950	(11,977)	–	–	–	–	191,950	(11,977)
New loans originated or purchased	178,243	(709)	–	–	–	–	178,243	(709)
Repayments in the year	(54,589)	3,041	–	–	–	–	(54,589)	3,041
Balance at 31 March 2024	610,786	(16,702)	–	–	–	–	610,786	(16,702)
Transfers from Stage 1 to Stage 2	(324,943)	10,173	324,943	(10,173)	–	–	–	–
Changes to model assumptions	–	1,678	–	1,795	–	–	–	3,473
Additions to existing loans	721,937	(9,667)	–	(22,906)	–	–	721,937	(32,573)
New loans originated or purchased	169,484	(2,980)	–	–	–	–	169,484	(2,980)
Repayments in the year	–	–	–	–	–	–	–	–
Balance at 31 March 2025	1,177,264	(17,498)	324,943	(31,284)	–	–	1,502,207	(48,782)
Carrying amounts at 31 March 2025		1,159,766		293,659		–		1,453,425

Allowance for expected credit losses on unfunded loan commitments

	Not credit impaired				Credit impaired			
	Stage 1		Stage 2		Stage 3		Total	
	Subject to 12 months ECL		Subject to lifetime ECL		Subject to lifetime ECL			
	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000
Balance at 31 March 2023	691,023	(5,817)	–	–	–	–	691,023	(5,817)
Changes to model parameters	–	(528)	–	–	–	–	–	(528)
Additions to existing loan commitments	(199,506)	(1,202)	–	–	–	–	(199,506)	(1,202)
New loans originated or purchased	729,306	(1,329)	–	–	–	–	729,306	(1,329)
Released loan commitments	(43,684)	773	–	–	–	–	(43,684)	773
Balance at 31 March 2024	1,177,139	(8,103)	–	–	–	–	1,177,139	(8,103)
Transfers from Stage 1 to Stage 2	(57,200)	3,255	–	–	–	–	(57,200)	3,255
Changes to model assumptions	–	759	–	–	–	–	–	759
Existing loan commitments	(680,306)	2,352	–	–	–	–	(680,306)	2,352
New loan commitments	464,824	(5,994)	–	–	–	–	464,824	(5,994)
Released loan commitments	–	–	–	–	–	–	–	–
Balance at 31 March 2025	904,457	(7,731)	–	–	–	–	904,457	(7,731)
Carrying amounts at 31 March 2025		896,726		–		–		896,726

Remeasurement of financial guarantee liabilities

	Not credit impaired				Credit impaired			
	Stage 1		Stage 2		Stage 3		Total	
	Subject to 12 months ECL		Subject to lifetime ECL		Subject to lifetime ECL			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023	-	-	-	-	-	-	-	-
New guarantee liabilities	240,000	(1,786)	-	-	-	-	240,000	(1,786)
Released guarantee liabilities	-	-	-	-	-	-	-	-
Called guarantee liabilities	-	-	-	-	-	-	-	-
Balance at 31 March 2024 (restated)¹	240,000	(1,786)	-	-	-	-	240,000	(1,786)
Transfers from Stage 1 to Stage 2	(240,000)	1,786	240,000	(1,786)	-	-	-	-
Changes to model parameters	-	153	-	3,150	-	-	-	3,303
Additions to existing guarantee contracts	-	-	-	(60,516)	-	-	-	(60,516)
New loans guarantee liabilities	100,000	(1,587)	-	-	-	-	100,000	(1,587)
Released guarantee liabilities	-	-	-	-	-	-	-	-
Called guarantee liabilities	-	-	-	-	-	-	-	-
Balance at 31 March 2025	100,000	(1,434)	240,000	(59,152)	-	-	340,000	(60,586)
Carrying amounts at 31 March 2025		(1,434)		(59,152)		-		(60,586)

Note to the above table:

1. See Note 1.4 Changes to accounting policies on page 135 for details regarding the restatement as a result of change in an accounting policy.

Concentration risk

Concentration risk is a likely consequence of the NWF's mandate which therefore means the Company accepts the need for a high-risk tolerance. The NWF is exposed to multiple layers of concentration risk, with the focus driven by government policy and where investments are needed. Concentration risk is defined as exposure by risk rating, sector, single obligor, and geographical location. Further commentary on concentrations of risk and their impact on the Company's reported loss for the year is provided in the overview of our financial results on pages 22-25.

Credit risk by internal risk rating

An analysis of the Company's credit risk exposure on loans at amortised cost per internal rating is provided below.

	Not credit impaired				Credit impaired			
	Stage 1		Stage 2		Stage 3		Total	
	Subject to 12 months ECL		Subject to lifetime ECL					
	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000
AAA to AA-	311,069	-	-	-	-	-	311,069	-
A+ to A-	-	-	-	-	-	-	-	-
BBB+ to BBB-	400,000	(27)	-	-	-	-	400,000	(27)
BB+	61,261	(69)	-	-	-	-	61,261	(69)
BB	137,534	(216)	-	-	-	-	137,534	(216)
BB-	147,760	(242)	-	-	-	-	147,760	(242)
B+	162,698	(1,885)	-	-	-	-	162,698	(1,885)
B	5,536	(34)	-	-	-	-	5,536	(34)
B-	562,067	(22,332)	-	-	-	-	562,067	(22,332)
CCC+ or worse	-	-	-	-	-	-	-	-
Balance at 31 March 2024	1,787,925	(24,805)	-	-	-	-	1,787,925	(24,805)
Carrying amounts at 31 March 2024		1,763,120		-		-		1,763,120

	Not credit impaired				Credit impaired			
	Stage 1		Stage 2		Stage 3		Total	
	Subject to 12 months ECL		Subject to lifetime ECL					
	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000
AAA to AA-	760,807	-	-	-	-	-	760,807	-
A+ to A-	-	-	-	-	-	-	-	-
BBB+ to BBB-	98,203	(71)	-	-	-	-	98,203	(71)
BB+	61,371	(50)	-	-	-	-	61,371	(50)
BB	-	-	186,948	(274)	-	-	186,948	(274)
BB-	147,023	(309)	-	-	-	-	147,023	(309)
B+	322,986	(3,403)	-	-	-	-	322,986	(3,403)
B	302,385	(6,554)	-	-	-	-	302,385	(6,554)
B-	388,946	(14,842)	191	(3)	-	-	389,137	(14,845)
CCC+ or worse	-	-	137,804	(31,007)	-	-	137,804	(31,007)
Balance at 31 March 2025	2,081,721	(25,229)	324,943	(31,284)	-	-	2,406,664	(56,513)
Carrying amounts at 31 March 2025		2,056,492		293,659		-		2,350,151

An analysis of the Company's credit risk exposure on guarantee liabilities per internal rating is provided below.

	Not credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Subject to 12 months ECL		Subject to lifetime ECL		Subject to lifetime ECL			
	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000
AAA to AA-	-	-	-	-	-	-	-	-
A+ to A-	-	-	-	-	-	-	-	-
BBB+ to BBB-	-	-	-	-	-	-	-	-
BB+	-	-	-	-	-	-	-	-
BB	-	-	-	-	-	-	-	-
BB-	240,000	(1,786)	-	-	-	-	240,000	(1,786)
B+	-	-	-	-	-	-	-	-
B	-	-	-	-	-	-	-	-
B-	-	-	-	-	-	-	-	-
CCC+ or worse	-	-	-	-	-	-	-	-
Balance at 31 March 2024	240,000	(1,786)	-	-	-	-	240,000	(1,786)
Carrying amounts at 31 March 2024		(1,786)		-		-		(1,786)

	Not credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Subject to 12 months ECL		Subject to lifetime ECL		Subject to lifetime ECL			
	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000	Gross exposure £000	ECL £000
AAA to AA-	-	-	-	-	-	-	-	-
A+ to A-	-	-	-	-	-	-	-	-
BBB+ to BBB-	-	-	-	-	-	-	-	-
BB+	-	-	-	-	-	-	-	-
BB	-	-	-	-	-	-	-	-
BB-	-	-	-	-	-	-	-	-
B+	-	-	-	-	-	-	-	-
B	100,000	(1,434)	-	-	-	-	100,000	(1,434)
B-	-	-	-	-	-	-	-	-
CCC+ or worse	-	-	240,000	(59,152)	-	-	240,000	(59,152)
Balance at 31 March 2025	100,000	(1,434)	240,000	(59,152)	-	-	340,000	(60,586)
Carrying amounts at 31 March 2025		(1,434)		(59,152)		-		(60,586)

An analysis of the Company's maximum commitment by product and sector is provided below.

Priority sector	Assets at amortised cost		Fund Investments at FVTPL		Other investments at FVTPL		Guarantees		Total	
	£000	%	£000	%	£000	%	£000	%	£000	%
Clean energy	769,237	23	550,000	16	90,000	3	–	–	1,409,237	42
Digital	575,000	17	250,000	8	–	–	240,000	7	1,065,000	32
Water	50,000	2	–	–	–	–	–	–	50,000	2
Natural capital	12,000	–	50,000	2	–	–	–	–	62,000	2
Transport	464,034	14	200,000	6	58,401	2	–	–	722,435	22
Waste	–	–	–	–	–	–	–	–	–	–
Balance at 31 March 2024	1,870,271	56	1,050,000	32	148,401	5	240,000	7	3,308,672	100

	Assets at amortised cost		Fund Investments at FVTPL		Other investments at FVTPL		Guarantees		Total	
	£000	%	£000	%	£000	%	£000	%	£000	%
Clean energy	871,586	16	384,950	7	223,586	4	1,300,000	25	2,780,122	52
Digital	907,800	17	269,295	5	–	–	340,000	6	1,517,095	28
Water	167,008	3	–	–	–	–	–	–	167,008	3
Natural capital	12,000	–	50,000	1	–	–	–	–	62,000	1
Transport	468,653	9	207,162	4	114,879	2	–	–	790,694	15
Waste	–	–	–	–	43,528	1	–	–	43,528	1
Balance at 31 March 2025	2,427,047	45	911,407	17	381,993	7	1,640,000	31	5,360,447	100

Modification of financial assets

Financial assets of £187.2 million (FY 2023–24: £Nil), with lifetime ECL provisions recognised, were subject to non-substantial modifications during the year. These non-substantial modifications were term extensions allowing counterparties a longer term to repay obligations in full than originally contracted. The total ECL provision against these loans is £0.3 million (FY 2023–24: £Nil). There were no financial assets in stage 1, or financial assets held at FVTPL which underwent any modifications to the terms.

22.4 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due. The Company currently receives equity and debt funding from HM Treasury to finance its operations and investment activities. If the Company finds itself unable to meet its payment obligations, under the terms of its Keepwell Agreement with HM Treasury, it will receive support from HM Treasury up to a cap of £22 billion to enable it to satisfy its financial obligations; therefore, the Company is exposed to minimal liquidity risk.

The Company closely monitors its liquidity position through cash flow forecasting and reporting, taking into consideration all financial commitments. The tables below provide detail on the contractual maturity of all financial instruments and other assets and liabilities. The amounts for financial assets at amortised cost are discounted and shown net of ECLs.

31 March 2024 (restated)¹	On demand £000	Not more than 3 months £000	3 months to 1 year £000	1 to 5 years £000	Over 5 years £000	Total £000
Financial assets						
Assets held at FVTPL	–	–	–	160,067	391,111	551,178
Cash and cash equivalents	63,606	–	–	–	–	63,606
Assets held at amortised cost	–	144,316	1,106	84,266	364,396	594,084
Total financial assets	63,606	144,316	1,106	244,333	755,507	1,208,868

Note to the above table:

1. See Note 1.4 Changes to accounting policies on page 135 for details regarding the restatement as a result of change in an accounting policy.

31 March 2025	On demand £000	Not more than 3 months £000	3 months to 1 year £000	1 to 5 years £000	Over 5 years £000	Total £000
Financial assets						0
Assets held at FVTPL	–	3,632	–	450,717	294,231	748,580
Cash and cash equivalents	42,879	–	–	–	–	42,879
Loans held at amortised cost	–	191,536	3,213	622,063	636,613	1,453,425
Total financial assets	42,879	195,168	3,213	1,072,780	930,844	2,244,884

The following tables show the contractual maturity of the financial liabilities as at the end of the financial year. There is no material difference between discounted and undiscounted values.

31 March 2024 (restated)¹	On demand £000	Not more than 3 months £000	3 months to 1 year £000	1 to 5 years £000	Over 5 years £000	Total £000
Financial liabilities						
Loan finance	–	–	–	131,227	10,033	141,260
Loan commitment	–	–	8,103	–	–	8,103
Guarantee financial liabilities	–	–	1,786	–	–	1,786
Total financial liabilities	–	–	9,889	131,227	10,033	151,149

Note to the above table:

1. See Note 1.4 Changes to accounting policies on page 135 for details regarding the restatement as a result of change in an accounting policy.

	On demand £000	Not more than 3 months £000	3 months to 1 year £000	1 to 5 years £000	Over 5 years £000	Total £000
31 March 2025						
Financial liabilities						
Loan finance	–	–	–	593,000	395,098	988,098
Loan commitment	–	–	7,731	–	–	7,731
Guarantee financial liabilities	60,586	–	–	–	–	60,586
Total financial liabilities	60,586	–	7,731	593,000	395,098	1,056,415

The tables below reflect the anticipated drawdowns for lending and capital commitments following the end of the financial year based on a cashflow forecast and the elements of total commitments expected to expire without being drawn. Note that these amounts are, however, contractually available on demand to investees. For guarantees, this shows the contractual commitment that can be called (and subsequently paid) at the earliest possible date.

	On demand £000	Not more than 3 months £000	3 months to 1 year £000	1 to 5 years £000	Over 5 years £000	Total £000
31 March 2024						
Off-balance sheet						
Contractual lending commitments	–	694,232	263,001	234,797	50,000	1,242,030
Capital commitments	–	44,811	110,589	261,300	180,826	597,526
Guarantee commitments	240,000	–	–	–	–	240,000
Total off-balance sheet	240,000	739,043	373,590	496,097	230,826	2,079,556

	On demand £000	Not more than 3 months £000	3 months to 1 year £000	1 to 5 years £000	Over 5 years £000	Total £000
31 March 2025						
Off-balance sheet						
Contractual lending commitments	–	303,517	393,324	158,374	50,000	905,215
Capital commitments	–	50,318	100,318	243,332	36,906	430,874
Guarantee commitments	340,000	–	–	–	–	340,000
Total off-balance sheet	340,000	353,835	493,642	401,706	86,906	1,676,089

22.5 Capital management

The Company is not regulated by the Prudential Regulation Authority or the Financial Conduct Authority. The Company's objective when managing economic capital is to safeguard its ability to continue as a going concern so that it can continue to meet its financial obligations as and when they fall due. The Company's economic capital comprised issued share capital, reserves and retained earnings, and, when assessed at the year-end, it was deemed sufficient under the standardised approach. The Company assesses capital requirements in order to maintain an efficient overall financing structure.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions, future expected cash outflows, and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may request additional capital from its Shareholder, HM Treasury.

The amounts managed as capital for the reporting periods under review are therefore as described within 'Equity' in the Statement of Financial Position on page 117 and further detailed in the Statement of Changes in Equity on page 118.

23. Share capital

	Number of shares	Total £000
Authorised equity: allotted, called up and fully paid		
Balance at 31 March 2023	274,200,100	274,200
Issued Ordinary shares of £1 each	490,000,000	490,000
Balance at 31 March 2024	764,200,100	764,200
Issued Ordinary shares of £1 each	220,000,000	220,000
Balance at 31 March 2025	984,200,100	984,200

In accordance with the Companies Act 2006, the Company does not have authorised capital other than its issued capital. The Ordinary shares rank equally in respect of rights attached to voting, dividends and in the event of a winding up. The shares carry no right to fixed income. During the year, 220,000,000 Ordinary shares were issued at £1 each. No dividends were declared or paid in 2024–25 (FY 2023–24: £Nil) on the Company's Ordinary shares.

24. Parent company

As at 31 March 2025, the Company was a wholly owned subsidiary of HM Treasury, owned by the Treasury Solicitor as nominee Shareholder. In the opinion of the Directors, the Company's ultimate parent company and ultimate controlling party is HM Treasury. It is registered in England and Wales and operates in the United Kingdom. HM Treasury's principal place of business is 1 Horse Guards Road, London, SW1A 2HQ. Consolidated accounts of the HM Treasury Group can be obtained from the above address or at: <https://www.gov.uk/government/collections/hmt-annual-report>.

25. Related party transactions

HM Treasury is the ultimate controlling party of the Company. While the Company is expected to be self-sufficient, as part of the Keepwell Agreement between the Company and HM Treasury, the

Company's operating costs and financial obligations will be met by HM Treasury if required.

Key management personnel refers to the Executive and Non-Executive Directors of the Board. Further details of compensation for key management personnel can be found in the Remuneration report and Staff report on pages 87 to 99.

There were no further transactions between the Company and key members of management.

With the exception of the lending facilities with HM Treasury, there were no other transactions between the Company and any other members of the HM Treasury group, or any other government bodies in the year. All investments in associates are recognised as related parties. In the financial year 2024–25, there were no other transactions with associated companies.

The Company has investments in which it exercises significant influence. See *Note 12 Investment in associates* on pages 142 to 144 for further information on the circumstances that give rise to significant influence over each investee company.

During the year, a loan was originated with a subsidiary of an associate, Highview Enterprises Limited. As of the year-end, the outstanding drawn amounts with CryoBattery One Limited totalled £16.1 million (FY 2023–24: £Nil). Total interest outstanding on this loan at the year-end is £0.5 million.

26. Subsidiaries and other significant undertakings

The Company has the following significant holdings in undertakings other than subsidiaries, where the ownership percentage or partnership interest exceeds 20%. The Company does not exert significant influence over these undertakings. These are held at fair value through the profit or loss in the Statement of Financial Position.

Significant undertakings	Country of incorporation	Nature of holding	NWF share of fund commitment
Zouk Charging Infrastructure Investment LLP Fund Registered address: 26 Ives Street, London, SW3 2ND	UK	Equity fund investment	47.58%
Digital Infrastructure Investment Partners LP Fund Registered address: Floor 1, 85 Great Portland Street, London, W1W 7LT	UK	Equity fund investment	100.00%
National Digital Infrastructure Fund I PF LP Registered address: 3 More London Riverside, London, SE1 2AQ	UK	Equity fund investment	50.00%
NextEnergy UK LP Registered address: C/O Aztec Financial Services (Guernsey) Ltd, Guernsey, GY1 3PP	UK	Equity fund investment	34.13%
Octopus Sustainable Infrastructure Fund L.P. Registered address: Floor 6, 33 Holborn, London, EC1N 2HT	UK	Equity fund investment	49.75%
Equitix UK Electricity Storage EPS LP Registered address: 65 Haymarket Terrace, Edinburgh, EH12 5HD	UK	Equity fund investment	49.75%
Dragon SLP LP Registered address: 50 Lothian Road, Edinburgh, EH3 9WJ	UK	Equity fund investment	21.80%
Infracapital (Gigaclear) LP Registered address: 50 Lothian Road, Edinburgh, EH3 9WJ	UK	Equity fund investment	33.45%
Gaia Sciences Innovation L.P. Registered address: Floor 2 Trafalgar Court, Guernsey, GY1 4LY	UK	Equity fund investment	49.75%

The Company has investments in which it exercises significant influence. See *Note 12 Investment in associates* on pages 142 to 144 for further information on the circumstances that give rise to significant influence over each investee company.

Significant undertakings	Country of incorporation	Nature of holding
GeoPura Limited Registered address: C/O Hobsons, Alexandra Street, Nottingham, NG5 1AY	UK	Investment in associate
Cornish Lithium Plc Registered address: Tremough Innovation Centre, Penryn, Cornwall, TR10 9TA	UK	Investment in associate
Pragmatic Semiconductor Limited Registered address: 400 Cambridge Science Park, Milton Road, Cambridge, CB4 0WH	UK	Investment in associate
Invinity Energy Systems Plc Registered address: 35 New Broad Street, London, EC2M 1NH	UK	Investment in associate
XLCC Limited Registered address: Kingfisher House, Radford Way, Billericay, Essex, CM12 0EQ	UK	Investment in associate
Highview Enterprises Limited Registered address: First Floor, Hobhouse Court, Suffolk Street, London, SW1Y 4HH	UK	Investment in associate
Pulpex Limited Registered address: Unit 1, Accelerator Park, West Way, Sawston, Cambridgeshire, CB22 3FG	UK	Investment in associate
Connected Kerb Limited Registered address: 2 Communications Road, Greenham Business Park, Newbury, Berkshire, RG19 6AB	UK	Investment in associate
Cornish Metals Plc Registered address: Osprey House, Malpas Road, Truro, TR1 1UT	UK	Investment in associate

27. Events after the reporting period

In October 2025, the Company appointed new Non-Executive Directors to the Board.

Investment movements since 31 March 2025

In July 2025, the UK Government announced that the NWF will provide a term loan of up to £36.6 billion to finance the construction of Sizewell C nuclear power station. It is expected that the loan will reach financial close after the publication of this report.

To facilitate this loan, HM Treasury has increased the NWF's financial capacity, ensuring continued investment across its broader mandate. The Company has received written confirmation of its financial capacity increase, and this will be reflected in future updates to the financial framework.

Sizewell C is a major contributor to the UK's clean energy ambitions, expected to deliver 3.2GW of low-carbon electricity – enough to power six million homes. The project will also generate significant regional economic benefits, supporting 10,000 jobs during peak construction and thousands more across the UK supply chain.

In addition to this, the Company has closed 16 new investments, committing £2.2 billion across its priority sectors since the reporting date.

In August 2025, the Company exercised its right under one of its guarantee agreements to step in and purchase the covered debt, resulting in the extinguishment of a guarantee liability and an addition of a material loan on the balance sheet.

Capital

In September 2025, the Company entered into a new umbrella funding agreement with its parent, HM Treasury. The agreement provides flexibility to draw both fixed and floating rate funding, with capacity aligned to NWF's financial framework.

In October 2025, the Company issued 250 million Ordinary shares to its shareholder, HM Treasury.

28. Date of authorisation for issue of the financial statements

These financial statements were authorised for issue by a Director of the Company on the date of the audit report.



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