NATIONAL WEALTH FUND

Annual Report and Accounts
Year to the 31 March 2026

Unlocking the UK's future

Contents

Forewords

Chair's statement

The past year has been about putting in place the components to take the National Wealth Fund through the next phase of its life.

Chris Grigg
Chair

We recruited a new Chief Executive, set out our strategy for the next five years and continued to build out the organisation to execute on our mission. With all that in place we are moving forward as a more mature organisation with a bigger, broader portfolio and a growing track record of impact. This report outlines our activities and achievements over the past year.

Over the course of the year, we nearly doubled our commitments compared with the previous year, continuing our upwards trajectory by committing more than £4 billion of capital.

We also utilised our entire suite of products – debt, guarantees and equity – and for each of these, we undertook our biggest transactions to date.

In December we provided an £800 million financial guarantee on a £1 billion debt facility with participation from eight banks to support SSEN's delivery of major grid upgrades in the North of Scotland, helping to ensure the clean energy produced in Scotland can be connected efficiently to consumers, improving the UK's energy security and reducing grid constraints across the country.

We provided two £600 million loans to Iberdrola subsidiary Scottish Power – one to upgrade the British power grid, thereby helping to facilitate more renewable energy onto the system, and the other to finance a subsea power link which will transport domestically produced energy from where it is generated in Scotland to areas of demand in England.

Last year, we also made our largest equity investments in two UK battery energy storage assets. Each investment of up to £200 million will help to improve grid stability and further enhance the UK's energy independence. One is in Fidra Energy to support the construction of the UK's largest battery storage project at its Thorpe Marsh site in Doncaster, and the other alongside Equitix and Aware Super to invest in a new UK battery storage platform, Eelpower Energy.

I highlight these deals because they illustrate the Fund's capability to act at scale to underpin the UK's growth and clean energy missions.

Our largest commitment of the year by far was our term loan of up to £36.6 billion to finance the construction of Sizewell C nuclear power station in Suffolk, announced in July 2025.

This will strengthen the UK's energy security by providing reliable, low carbon energy to more than six million households a year. It was a milestone for the Fund to be a key player in a project of such enormous national significance.

On the local authority side of our activity, we reimagined our offer through the launch of the Regional Project Accelerator and continued to see good momentum through our lending. This new approach focuses our resources more intensively on places and projects that will unlock growth.

We continued to deploy our lending product in service of ambitious projects, from a community wind farm in the Orkney Islands, to a heat network in Hull, to port infrastructure in Great Yarmouth; as well as getting our four Strategic Partnerships up and running with combined authorities in Greater Manchester, West Midlands and West Yorkshire, and Glasgow City Region. Without this approach we could not have set an ambition to deploy £500 million into Greater Manchester over the next five years, and I am optimistic about seeing this model replicated in other locations in the coming years.

Image credit: SSEN Transmission.

Looking more broadly at the Fund's progress in the last 12 months, we published our inaugural annual Impact Report in October, which set out a compelling case for the positive effect our investments and activity are having on economic growth and the fortunes of communities and economies across the length and breadth of the UK. Across the year, the statistics tell a strong impact story – £4.9 billion of private finance mobilised, over 26,500 jobs created and supported and 50 million tonnes of carbon dioxide emissions abated; all as a result of our financing.

We also continued to build the Fund's resources and expertise to enable us to deliver on our expanded mandate, and the organisation is nearly at full strength.

Turning to financial performance, the Fund is committed to working towards profitability during the next five years. We continue to build our book and balance sheet in the right direction, and our expanding portfolio of loan investments and guarantees has significantly contributed to income growth. However, as with any relatively new financial institution, profitability takes time and we continued to book a loss during 2025–26 – albeit significantly less than the preceding year.

We expected to incur some losses on individual investments, recognising that if we failed to do so, it would imply we aren't taking enough risk. This was a view echoed in a Treasury Committee inquiry into the Fund, which underlined the need for the National Wealth Fund to take informed risks that the private sector otherwise won't.

Some of these have now materialised in the digital sector, which we expect to go through continued evolution, change and consolidation, and we look to manage our exposure, while helping to deliver policy objectives and seeking to maximise value for money.

Regardless of the challenges faced by the sector, we have had a significant impact through supporting the Government's Project Gigabit programme, helping to ensure rural and hard to reach areas have gigabit capable broadband. This includes mobilising £8.7 billion of private investment and helping our clients deliver fast reliable broadband connectivity that will pass 20 million homes and businesses across the four nations of the UK, creating and sustaining around 18,400 jobs in the process.

Our financial performance also reflects fluctuations in our equity investment valuations which remain unrealised. Overall, the Board remains confident that the organisation is well positioned on the path to profitability, and we continue to execute our strategy with confidence, supported by strong governance and a disciplined approach to risk.

Finally, I want to thank John Flint, the Fund's first Chief Executive for his tireless work in establishing the organisation, and our Chief Investment Officer, Ian Brown, for steering the ship as interim CEO over summer 2025 before the arrival of Oliver Holbourn in November, with whom I look forward to enjoying a productive relationship.

As we close out another year, the Board and I have every confidence that we have the right leadership in place to steer the Fund through the next chapter of its life – one that will be characterised by greater impact, reach and ambition.

Chris Grigg,
Chair, National Wealth Fund Limited

Chief Executive Officer's statement

Oliver Holbourn
Chief Executive Officer

As the second Chief Executive of the National Wealth Fund, I am very fortunate to lead an organisation with an important role unlocking the UK's future.

I am excited about combining the best of the private and public sector to drive growth while supporting the transition to clean energy, accelerating place-based investment and enhancing the UK's sovereign and strategic capabilities.

The Fund has a clear mandate from the Chancellor linked to the Government's industrial strategy and we published our first strategic plan in January to help give clients and stakeholders clarity about how and where we can help solve problems.

By fully deploying our capital over the next five years, we will drive over £100 billion of finance into the UK economy, while creating and supporting over two hundred thousand jobs and abating more than half a billion tonnes of carbon dioxide. Our plan is rooted in three ambitions.

First, unlocking growth opportunities on the pathway to clean energy – realising the potential of the energy transition to create jobs and unlock opportunity, including in some of our former industrial heartlands. Our strategy prioritises a set of technologies such as batteries, nuclear and carbon capture usage and storage to deliver good jobs and energy security. I anticipate our clean energy investments will continue to make up a large share of our portfolio.

Second, accelerating place-based investment across the four nations of the UK. We see 'place' as being equally important as 'sector' in driving investment decisions and will continue working closely with the leadership of Mayoral Strategic Authorities and City Regions to help finance their growth ambitions, as well as investing in the enabling infrastructure that underpins regional growth. I look forward to launching more Strategic Partnerships to help leaders make meaningful progress on their priority projects.

Third, strengthening the UK's sovereign and strategic capabilities. We recognise the growth opportunities that are inherent in creating a more resilient and secure economy, and we're playing our part - whether through investing in a domestic supply of critical minerals or advancing future technologies like autonomous vehicles. We look forward to progressing our role aided by the Defence Investment Plan and the Defence Finance and Investment Strategy.

Reflecting the industrial strategy, sitting behind these ambitions are 25 sectors where our capital can deliver the greatest impact and we can play the most meaningful role. Over time, we will review these sectors to ensure we continue to back the UK's most innovative sectors, projects and companies.

We will only achieve our goals with great collaboration. We've placed this at the heart of our plan, working with the private sector, central government, fellow public financial institutions, and our devolved, regional, and local government partners to drive economic activity.

A key priority this year has been working closely with our fellow public finance institutions and partners within the wider public investment landscape to define how we can collectively support the best economic growth opportunities. We will collectively implement a 'no wrong door' policy so we are more responsive to our clients, support wherever we can, or come back with a quick 'no' where we are not able to.

I want to thank my predecessor, John Flint, for handing over the National Wealth Fund in good health, our shareholder HM Treasury and our Board for their support and constructive challenge, and all our clients, partners and broader stakeholders. Most of all, I want to thank my colleagues across the organisation for their efforts this year. The National Wealth Fund is an asset for our four nations, and the next phase is about delivering our plan to unlock the future of the UK.

We have a wonderful opportunity ahead of us and one we will deliver with pace and a spirit of collaboration.

Oliver Holbourn,
Chief Executive Officer, National Wealth Fund Limited

"The National Wealth Fund is an asset for our four nations, and the next phase is about delivering our plan to unlock the future of the UK."

Strategic Report

What we do

Our mission

The National Wealth Fund's mission is to invest in capital-intensive infrastructure, supply chains and businesses across the UK, driving more than £100 billion of finance to unlock long-term economic growth and accelerate the transition to clean energy.

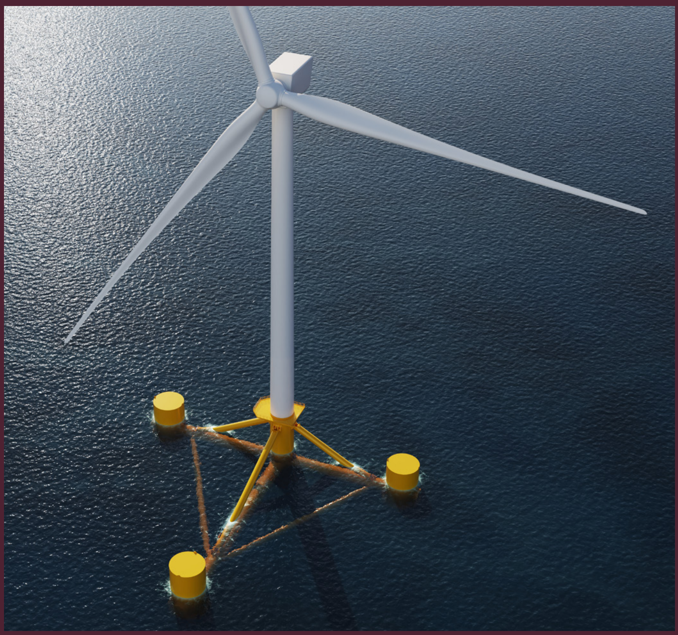
Image credit: Pentland Floating Offshore Wind.

Based in Leeds, we are a policy bank, bringing together the strengths of both the private and public sectors to unlock the UK's future.

We have **£27.8 billion of core capitalisation** to deploy in pursuit of our triple bottom line:

- **Supporting the Government's growth and clean energy missions** – acting in partnership with the private sector and with national, devolved and local governments.
- **Crowding in significant private capital over time** – supporting sectors to develop, targeting market weaknesses to catalyse private investment and unlocking investment that otherwise would not have gone ahead.
- **Generating a return for the taxpayer** – utilising an increased appetite for risk to achieve our mission, while ensuring our investments generate a portfolio-level return.

HM Treasury has also provided the National Wealth Fund with up to **£36.6 billion additional financial capacity** to finance the construction of the Sizewell C nuclear power station.



Our strategy

We have three strategic ambitions:

Unlocking growth opportunities on the pathway to clean energy: Accelerating investment into the foundations of the UK's clean energy system, building UK presence in emerging clean energy industries and enabling decarbonisation which has the potential to lower bills for households and businesses.

Accelerating place-based investment across all four nations of the UK: Providing bespoke project development and investment support to local government on regionally significant projects, investing in enabling infrastructure to support regional growth and improving dissemination of commercial and financing expertise across local government.

Strengthening sovereign and strategic capabilities: Investing in growth opportunities underpinning national security, supporting UK leadership in industries of the future and backing domestic supply chains for growth and resilience.

Our portfolio will:

Drive more than

£100bn

of finance over the next five years

Create or support more than

200,000

jobs by 2050

Save

500m

tonnes of carbon dioxide emissions by 2050

In alignment with the Government's Industrial Strategy and Infrastructure Strategy, we prioritise investment in **clean energy, advanced manufacturing, digital and technologies and transport.**

Within these areas, we actively pursue opportunities for investments and to support regionally significant projects in **25 sectors and their value chains** which are important to the UK's long-term economic growth and the clean energy transition. These sectors range from innovative technologies to strategic infrastructure. Through our investment and activity in these sectors, we will achieve our three strategic ambitions. More information about our sectors is set out on page 28.

We offer a range of financing tools across the capital structure, including loans, guarantees and equity investments. Our core financial capacity of £27.8 billion comprises:

- £17.8 billion in debt and equity capital, including £4 billion allocated to local authority lending; and
- £10 billion in guarantees.

We expect most of our capital will be invested through debt and guarantees. We target equity investments to have a catalytic impact and underpin key government growth priorities.

For further details on our Five-Year Strategic Plan to 2030–31 (https://www.nationalwealthfund.org.uk/media/ca1pvtjp/national-wealth-fund-five-year-strategic-plan.pdf)

Our role and approach

We address market weaknesses and crowd in private finance, supporting key sectors to develop, and accelerating projects which align with local, devolved and national government priorities.

Our offer is additional to the market, delivering financial and non-financial value that would not otherwise be achieved:

- **Private investments:** We make investments with the potential to unlock significant private finance over time, co-investing with the private sector to crowd in finance throughout the lifecycle of individual investments and through our impact on the sector as a whole. We also consider the value we can have by improving project outcomes, market signalling and supporting wider government objectives.
- **Supporting local government to develop and accelerate regionally significant projects:** We deploy our capital alongside commercial and financial expertise to provide project development and investment support to local government, getting projects financed and off the ground.

We are wholly owned and backed by HM Treasury. We are operationally independent in our investment decision-making and management, assessing projects on their individual merits.

We invest in capital-intensive projects, businesses and assets. Our investments must meet our three investment principles:*

1. Support the Government's growth and clean energy missions

2. Be intended to deliver a positive financial return for the Exchequer

3. Be expected to crowd in significant private capital over time

> "We engage openly and proactively with stakeholders across the private and public sectors to inform where and how our capital and expertise can have the greatest impact and to identify and deliver impactful transactions."

* Only the first two investment principles apply to our local authority lending.

Our partners

Our strategy depends on acting alongside government, the financial market and other public financial institutions, particularly where investment is enabled by policy frameworks, funding programmes or regulatory decisions. We engage openly and proactively with stakeholders across the private and public sectors to inform where and how our capital and expertise can have the greatest impact and to identify and deliver impactful transactions.

- **Clients:** We are continually building relationships and improving how we work together to unlock opportunities. We work with project sponsors, developers, investors, financial institutions, Mayoral Strategic Authorities (MSAs) and City Regions, to accelerate projects.
- **Policymakers:** We act at the intersection of policy and investment — working directly with policymakers. We are only as effective as the strength of these partnerships, including with government departments, devolved governments and mayoral authorities.
- **UK public financial institutions:** We operate on a 'no wrong door' basis, ensuring clients get help from the right institution and understand where that is not possible. We collaborate closely with the British Business Bank, Great British Energy, the Crown Estate and UK Export Finance, the Scottish National Investment Bank and the Development Bank of Wales, as well as other public bodies supporting investment across every region and nation of the UK.

More information about our engagement with partners and stakeholders is set out on pages 40–46.

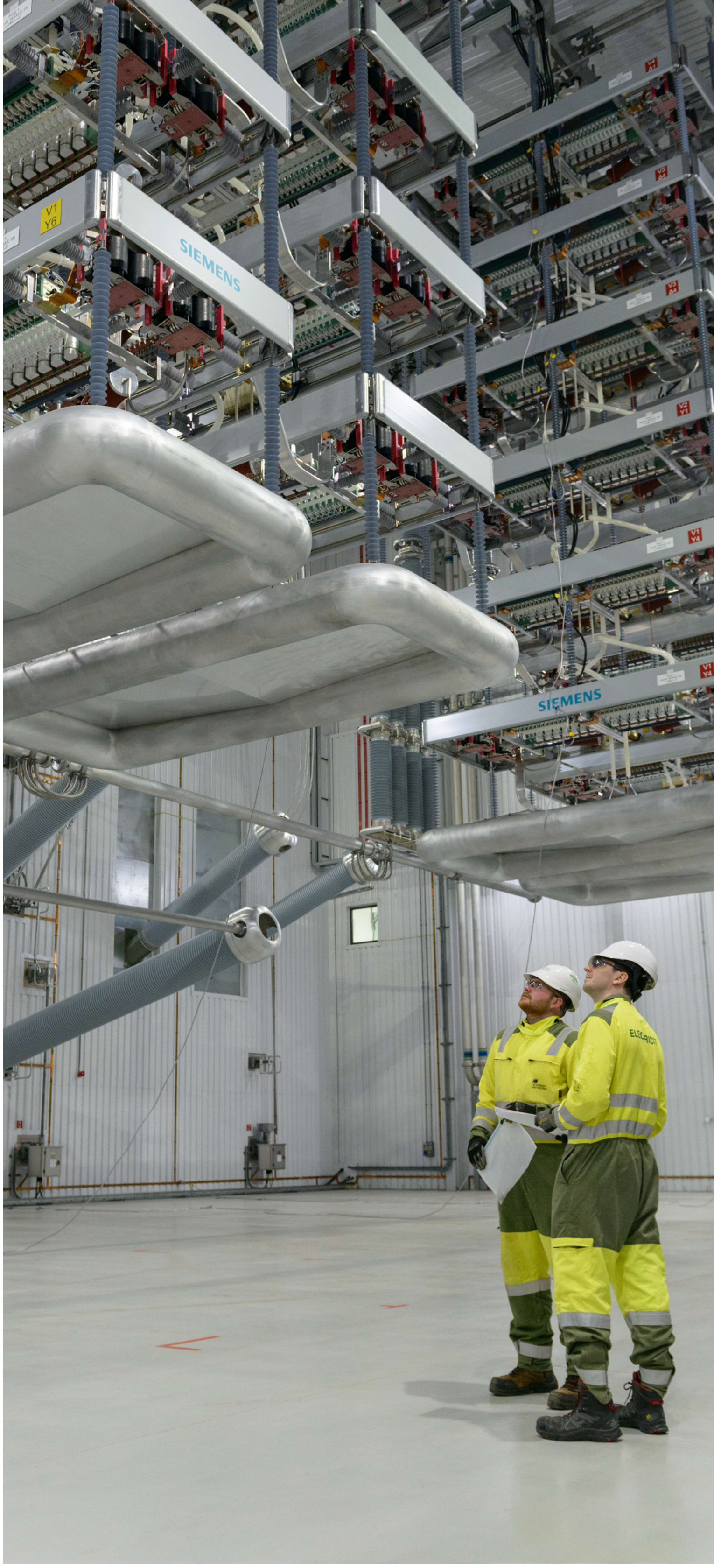


Image: SP Energy Networks Western Link valve halls.
Image credit: Scottish Power.

Performance overview

The 2025–26 financial year marked a period of substantial growth for the National Wealth Fund, with landmark and accelerated investment activity, a growing track record of impact across every region and nation of the UK, and the transformation of our local authority offer through the launch of the Regional Project Accelerator.

What we have achieved this financial year sets the foundations for us to deliver our Five-Year Strategic Plan to 2030–31, to unlock long-term economic growth and accelerate the transition to clean energy.

Background to our metrics

We assess the additionality and expected impact of our investments through the following metrics:

- the amount of **private investment expected to be mobilised**, as a result of the National Wealth Fund entering into transactions;
- the **number of jobs supported or created** from those projects; and
- **relative greenhouse gas emissions**, measured in tonnes per CO_2 equivalent (tCO_2e), that are expected to be created or saved.

Our impact

Impact is at the core of what we do. We continuously measure and monitor the positive impact our investments are having in the UK.

Up to 31 March 2026 delivered

£65bn[1]

of our target to drive more than £100bn in finance by 2031

[1] Comprising the £9.5 billion of capital deployed to date, our £36.6 billion term loan to finance the construction of Sizewell C nuclear power station and £19.1 billion of private sector finance mobilised.

2025–26 Highlights

Since our inception in 2021:	In the year:
77 transactions	**27** transactions
£9.5bn deployed of our £27.8bn core capitalisation	**£4.1bn** deployed of our £27.8bn core capitalisation
£19.1bn of private finance mobilised	**£4.9bn** of private finance mobilised
Over **76,000** total jobs created or supported	Over **26,500** total jobs created or supported
121m tonnes of CO_2 emissions avoided	**50m** tonnes of CO_2 emissions avoided

Up to **£36.6bn** committed to finance the construction of Sizewell C nuclear power station

Our Impact Framework sets out our approach to assessment, including the principles and pathways to achieving impact.

We make judgements based on a long-term, balanced view using the best available evidence and expectations.

Progress against our strategic ambitions

We are making progress against our strategic ambitions – building on the work we have delivered since our transition to the National Wealth Fund in October 2024.

We have seen a significant acceleration of our investment activity. The rate at which we are investing our £27.8 billion core capitalisation has nearly doubled compared to last financial year and we are financing the construction of the Sizewell C nuclear power station. We have completed landmark transactions across the UK, demonstrating the National Wealth Fund's capability to act at scale and its ability to deliver its strategic ambitions over time.

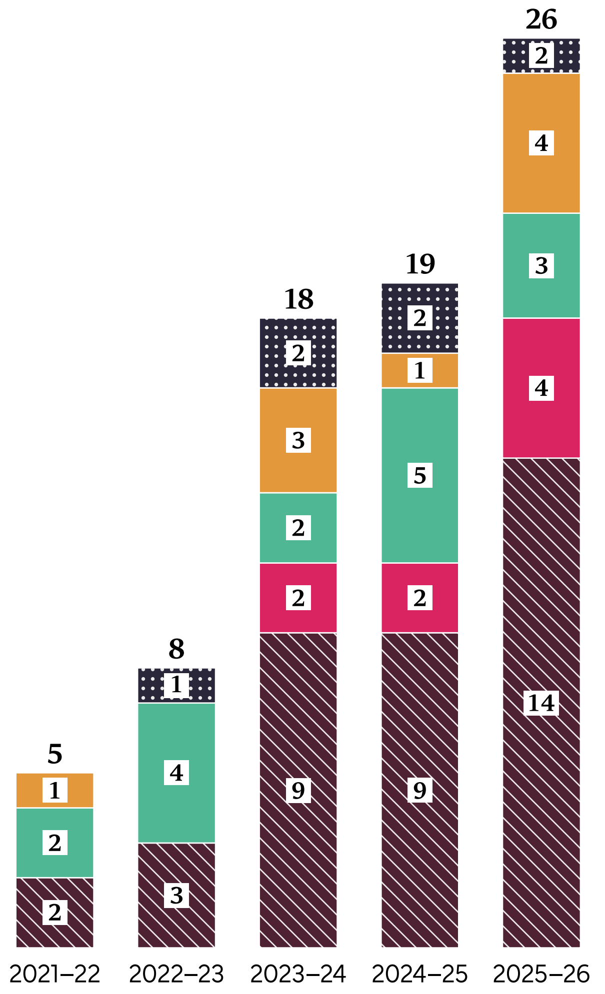
The progress this financial year against our strategic ambitions is explained in more detail in the following sections.

> "Over the course of the year, we nearly doubled our commitments compared with the previous year, continuing our upwards trajectory by committing more than £4 billion of capital."

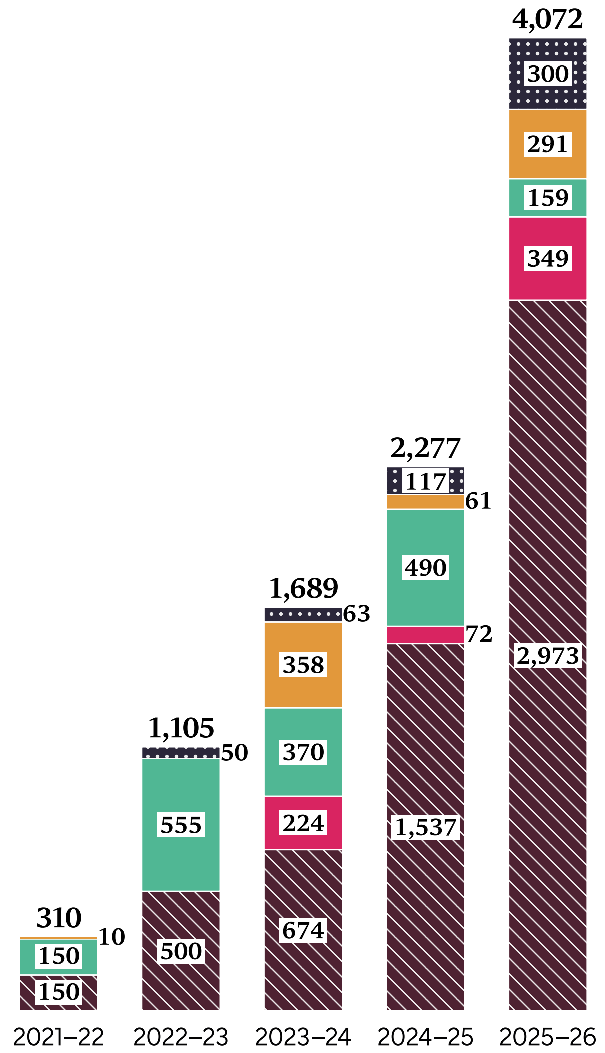
Image: Transmission overhead lines, SSEN Transmission.
Image credit: SSEN Transmission.

Number and value of National Wealth Fund investments over the last five years

Number of National Wealth Fund investments by financial year



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



Clean Energy Advanced Manufacturing Digital & Technologies Transport Other

Notes to the above:

1. The investment analysis above excludes the Sizewell C transaction.
2. The Company was seeded with two funds, the Digital Infrastructure Investment Fund and the Charging Infrastructure Investment Fund, 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 investments for reporting purposes.

Unlocking growth opportunities on the pathway to clean energy

Tackling climate change and building a clean energy system are at the heart of a growing economy and capturing the economic opportunities of a global energy transition. The following investments highlight examples of what we have delivered this financial year supporting this ambition.

Investment highlights from 2025–26

£36.6bn

committed to help finance the construction of Sizewell C nuclear power station in the East of England, strengthening the UK's energy security through the provision of reliable, low carbon energy to six million households across the country.

More than **£2bn**

committed to support crucial upgrade projects across Scotland, helping to ensuring a resilient, future-ready power grid.

Invested for the first time alongside both Great British Energy and the Scottish National Investment Bank to support the Pentland Floating Offshore Wind Farm in Scotland, boosting the UK's clean energy ambitions and energy security.

Accelerating place-based investment across all four nations of the UK

Economic growth will come from increasing the productivity of places across every region and nation of the UK. While many of our investments are national in nature and will benefit large parts of the country, we have also been building our approach to supporting specific places across the UK through our investments and expert advice.

Retrofitted social housing financed

Finance for up to

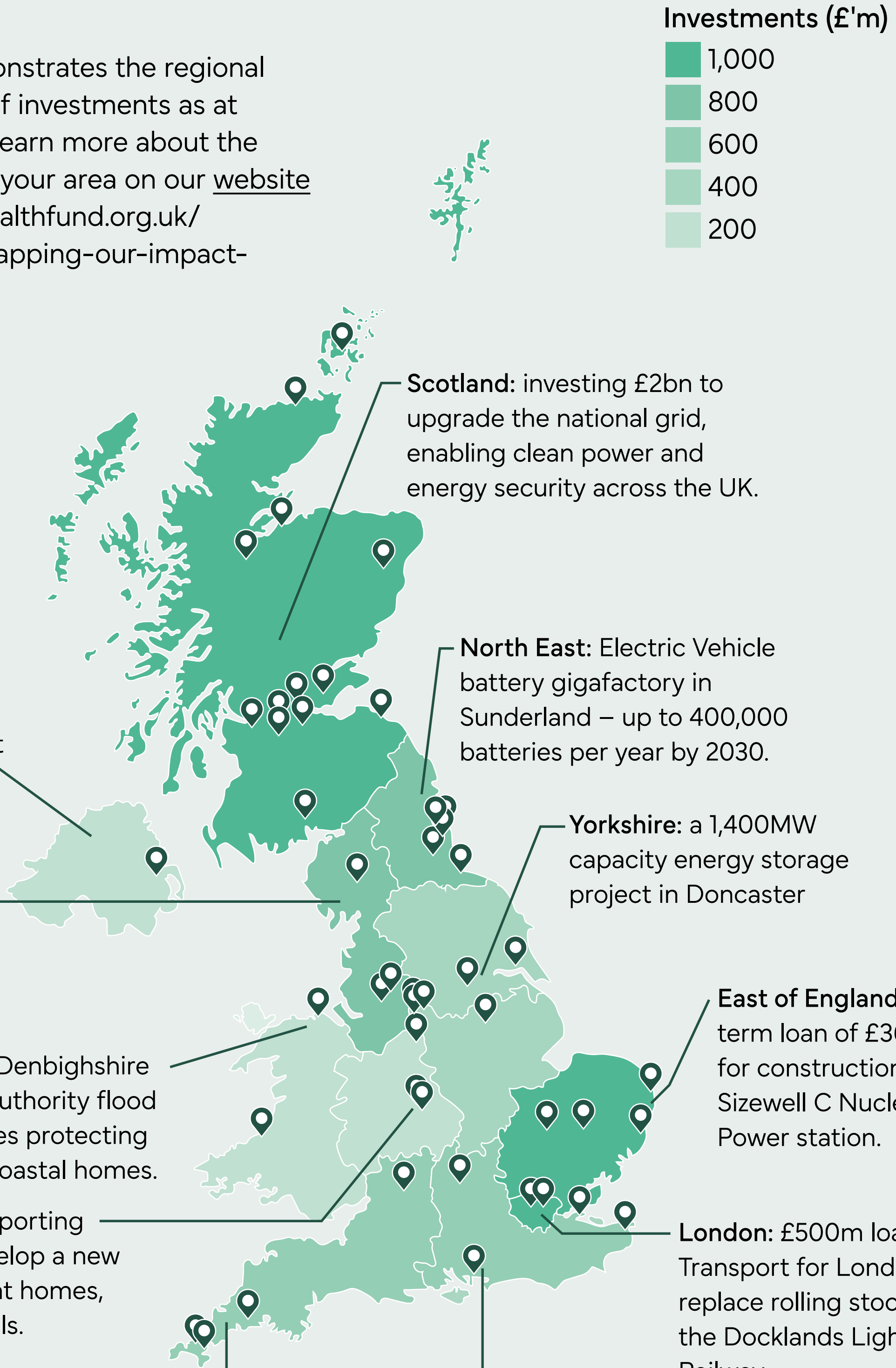
280,000

homes

Improving warmth, helping to lower bills for households

Geographical spread of our investments

The following map demonstrates the regional spread of our portfolio of investments as at 31 March 2026. You can learn more about the impact we are having in your area on our website (https://www.nationalwealthfund.org.uk/strategy-and-impact/mapping-our-impact-across-the-uk/)



Scotland: investing £2bn to upgrade the national grid, enabling clean power and energy security across the UK.

North East: Electric Vehicle battery gigafactory in Sunderland – up to 400,000 batteries per year by 2030.

Northern Ireland: 315,000 homes connected to fast fibre broadband.

North West: renewal of Haweswater Aqueduct supplying water from Cumbria to 2.5 million customers across the North West.

Yorkshire: a 1,400MW capacity energy storage project in Doncaster

East of England: term loan of £36.6bn for construction of Sizewell C Nuclear Power station.

Wales: Denbighshire Local Authority flood defences protecting 4,500 coastal homes.

West Midlands: supporting Solihull MBC to develop a new heat network to heat homes, schools and hospitals.

London: £500m loan to Transport for London to replace rolling stock on the Docklands Light Railway.

South West: re-opening South Crofty tin mine near Redruth, and creating a domestic supply of lithium.

South East: the first new UK reservoir since 1991, serving 160,000 customers with 21 million litres of water per day.

*Pins represent the geographical spread of National Wealth Fund investments.

Regional Project Accelerator

We have delivered more than 70 local advisory engagements and lent more than £1 billion to local government-led projects across the UK, from heat networks in the West Midlands to a Community Wind Farm in the Orkney Islands.

This financial year we launched our Regional Project Accelerator offer to local authorities – our approach to supporting local and regional government. This approach tackles complex and regionally significant projects across the UK, prioritising longer-term partnerships and deeper support for high-growth Mayoral Strategic Authorities (MSAs) and City Regions. This new focus has enabled us to enhance our impact across the local authority landscape in the UK.

We have established four strategic partnerships with the West Midlands Combined Authority, West Yorkshire Combined Authority, Greater Manchester Combined Authority and Glasgow City Region, through which we embed our teams of experts, to help unlock and accelerate investment – this approach has led to us backing Greater Manchester Combined Authority's Good Growth Fund with an ambition to invest up to £500 million across the region over the next five years.

We are supporting a focused number of regionally significant projects across the UK with advisory support and by offering low-cost, flexible lending. These are projects that will have a high impact within regions, with the support to improve readiness, address barriers to investment and crowd in private finance. Some of these are in our Strategic Partnerships, and others are priority projects identified by our Shareholder, HM Treasury.

Further details on our Regional Project Accelerator offer can be found on pages 33–39.

Strengthening sovereign and strategic capabilities

The UK is increasingly responding to global competition, geopolitical shifts and technological advancements in a changing world. We see opportunities to strengthen the UK's sovereign and strategic capabilities, which could be critical to national, economic and energy security. This includes supporting the technologies, infrastructure and supply chains that the UK relies on for long-term growth, helping to reduce vulnerabilities, strengthen resilience and ensure access to critical capabilities and inputs. The Government's approach to strengthening sovereign and strategic capacities is evolving. Our 2025–26 investments demonstrate we are well placed to support the UK Government's priorities, recognising this emerging area.

Image: Haweswater Reservoir, part of the Haweswater Aqueduct Resilience Programme (HARP).
Image credit: United Utilities.

Investment highlights from 2025–26

A further **£31m** committed in Cornish Lithium, bringing the National Wealth Fund's total investment to £84 million in supporting domestic support of lithium and tin in Cornwall since 2023 (£55 million in Cornish Lithium and £29 million in Cornish Metals). These investments in the South West of England support supply chain resilience for critical minerals in the UK, while crowding in private investment to boost growth.

Our first credit enhancement guarantee* deployed to support the Haweswater Aqueduct Resilience Programme. With our expanding range of financial products, we are supporting critical improvements to water infrastructure, helping to protect the supply of water for millions of people in the North West of England.

Case studies

Further deep dives into our investments during the financial year are provided in our case studies on pages 20–21, 26, 30, 32, 39, 44–45 and 54.

*Throughout the Strategic Report, references to guarantee commitments incorporates both financial guarantees and credit enhancement facilities.

Risk

There is always risk and uncertainty associated with investing in projects, places and businesses, whether that's delivery uncertainty, construction risk, technology risk, policy risk, tenor and duration risk or just the risk that market conditions change. Our work in delivering our strategy is also against the backdrop of significant emerging risks, including uncertainty and volatility in the economic environment and a rapidly evolving technology environment.

Ultimately, the Fund is set up to address market weaknesses and catalyse investment, meaning we are willing to take meaningfully more risk than the market for transactions that will help us to meet our objectives.

By taking such risks, the Fund is unlocking long-term benefits for people, businesses and communities across the UK. That means building resilient infrastructure, shaping and scaling markets, generating sustainable, skilled jobs and boosting local economies

The need to review, adopt and respond to these risks is built into the Risk Management Framework processes and governance reporting to ensure timely visibility and consideration of the response to these risks.

The Risk Committee, Audit and Risk Committee and Board maintain active oversight of these and other emerging risks with frequent updates from management.

Further information on our risk management and internal controls is included on pages 71–82.

Spotlight on people and places

Cornish Lithium

Commitment: £55m (£31m in 2025–26)

Location: Cornwall

Jobs: 180

Private finance mobilised: £33.6m

Our role and impact

Our total £55 million investment in Cornish Lithium is helping develop a secure supply of lithium for the UK economy, bringing high-quality, year-round jobs to Cornwall. It is estimated that Cornish Lithium could generate £3.8 billion of economic activity for the local economy over the planned 20-year mine life. More widely, the project could potentially support manufacturing of between 160,000 and 300,000 EV batteries once operational.

Our September 2025 investment in Cornish Lithium, alongside a further £4 million from TechMet, supported the South-West firm in progressing its Trelavour Lithium Project towards a construction decision and its Cross Lanes Geothermal Lithium Project towards commercial drilling. This followed our initial £24 million equity investment in August 2023, demonstrating our commitment to supporting UK supply chain resilience for critical minerals while crowding in private investment to boost growth.

Why this matters

Lithium is a key component for batteries used in electric vehicles and so has a crucial role to play in the decarbonisation of the UK transport system. UK demand is forecast to rise to 80,000 tonnes in 2030. Securing a domestic supply will reduce reliance on imports and improve energy and economic security. Local extraction, processing and recycling can have a significant impact on place-based regeneration, supporting high value jobs and industrial growth in the UK.

> **The National Wealth Fund's 2023 investment in Cornish Lithium was its first equity investment, and its 2025 commitment marks its first follow-on investment. Together, they represent a strong vote of confidence in our vision to establish a secure, sustainable domestic source of lithium for the UK. We are immensely grateful for the National Wealth Fund's continued backing, which will help accelerate the development of both our hard rock and geothermal lithium projects, support the UK battery supply chain, create skilled jobs and deliver long-term economic benefits for Cornwall and the wider UK.**

Jamie Airnes, CEO Cornish Lithium

Image: Cornish Lithium Demonstration Plant.
Credit: Cornish Lithium.

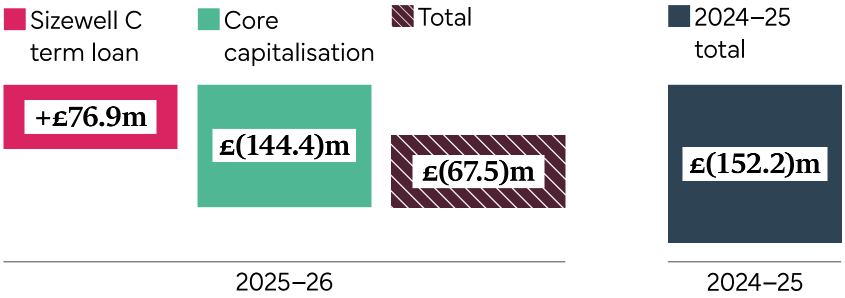
Financial review

2025–26 Highlights

Loss before tax

£(67.5)m

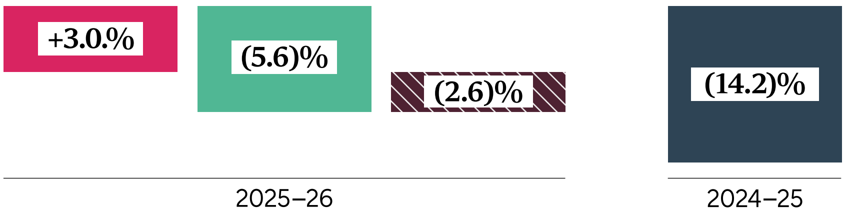
↓ 56% reduced loss



Return on equity

(2.6)%

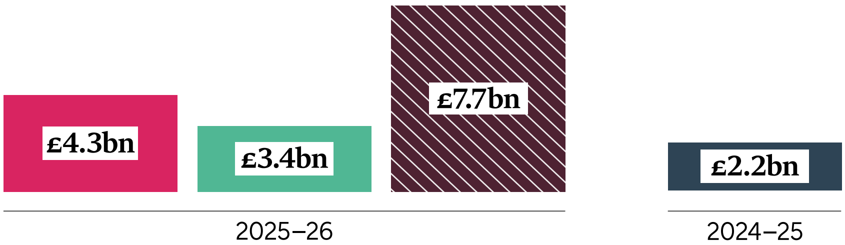
↑ 1,160bps



Financial assets

£7.7bn

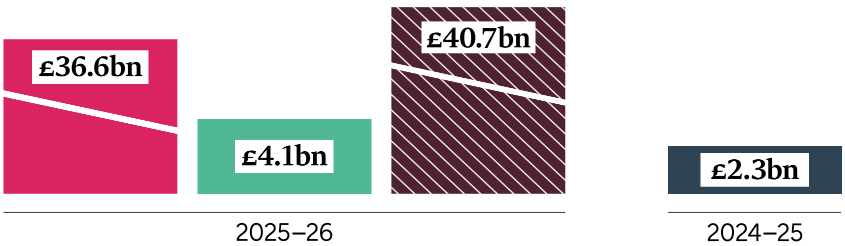
↑ +252%



In year commitments

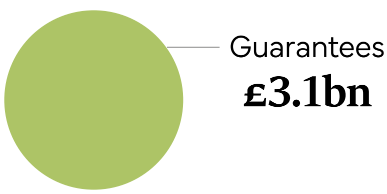
£40.7bn

↑ +£38.4bn



Financial Assets Breakdown

Guarantee commitments



Core capitalisation refers to the investments and the related financial performance under the National Wealth Fund's £27.8 billion financial capacity. The return on equity presented for both the Core capitalisation and the Sizewell C term loan is their individual contribution to the Company's total return on equity.

Financial summary – Overview

1 Laying our foundations	**Early stages** We have built an organisation with deep expertise and skills, implementing robust systems and processes.
2 Building our portfolio	**Growth** This gave us the foundation to make investments, build our portfolio and grow our balance sheet.
3 Increasing our portfolio	**Where we are now** As our portfolio grows, so does our interest income and other income from our investments. We are in this growth phase, expanding the portfolio.
4 Generating a financial return	**The future** In future years, our income will grow, giving us the capacity to absorb losses, enabling us to generate a portfolio-level financial return over time.

The Company is in its fifth year of trading and in its second year operating as the National Wealth Fund. Having built the organisation over the last five years, we have now deployed a third of our £27.8 billion core capitalisation and provided financing for the construction of Sizewell C nuclear power station. We will continue to grow our portfolio over the coming years.

For the year ended 31 March 2026, the National Wealth Fund made a loss before tax of £67.5 million (2024–25: £152.2 million). The significantly reduced loss year-on-year reflects the continued growth of the balance sheet and associated increased income, particularly driven by the Sizewell C transaction. This transaction contributed £76.9 million (2024–2025: Nil) of net operating income in the year to 31 March 2026.

Excluding this income, the Fund's loss before tax is £144.4 million before any allocation of operating costs for managing this transaction.

It is typical for early-stage private financial institutions to make a loss as they invest in establishing operations and building-out their portfolios. We are the same, while we are on course for profitability, we expected to make a loss in our earlier years due to upfront set-up costs and the lack of maturity of our portfolio. By design, we invest to make an impact with a significantly higher risk appetite than a commercial bank. This continues to drive short-term volatility, with our balance sheet not yet at a size to fully absorb losses. Our objective remains to generate a positive financial return for the taxpayer.

Financial summary – Our year

Growth of our investment portfolio and increasing income

We have continued to accelerate our investment activity, with £9.5 billion committed of our £27.8 billion core capitalisation across debt, equity and guarantees. We have also committed up to £36.6 billion to finance the construction of Sizewell C nuclear power station.

As our clients draw down on the debt and equity commitments we have made, the financial assets on our balance sheet grow.

At 31 March 2026, financial assets were £7.7 billion, growing over 3.5x this financial year. £4.3 billion (2024–25: Nil) of these assets relate to the Sizewell C loan, reflecting the cash Sizewell C Limited has drawn during the financial year.

Our guarantee commitments now total £3.1 billion (2024–25: £1.6 billion), growing by £1.5 billion during the financial year.

Our expanding portfolio of loan investments and guarantees has driven significant growth in our income and fees. Net interest income has grown by over £100 million year on year to £144.6 million (2024–25: £43.6 million), with the Sizewell C loan contributing £79.9 million of this growth. Guarantee and other fees have more than doubled to £14.3 million (2024–25: £7.1 million).

Digital portfolio

The Government's target is for next-generation, gigabit broadband to be available to 99% of UK premises by 2032. Since our inception, the National Wealth Fund's digital sector investments have accelerated this infrastructure rollout, supporting full-fibre capability to up to 20 million premises and creating over 18,400 jobs. These investments have also mobilised significant private capital – with every pound invested by us generating more than five times that amount in private investments.

This has led to significant progress, with industry estimates expecting next-generation, gigabit broadband coverage to reach 90% this year, increasing to 97% of UK premises by 2028. By complementing Building Digital UK (BDUK), our investments have directly contributed to this.

The digital companies in which we invest incur high upfront costs to construct digital infrastructure, often in rural and hard-to-reach locations, with income dependent on long-term customer take-up of services. Increases in interest rates over recent years have led to materially increasing debt servicing and construction costs for operators, with slower customer take-up. Consequently, the digital infrastructure sector has continued to face fundraising challenges. This has led to a slowing down in construction and, in some cases, companies needing to restructure owing to financial distress.

The challenges and restructuring associated with these sector-specific headwinds have impacted our financial performance during the year, with some assets reducing in value. While our digital portfolio has contributed £71.5 million in interest income and fees during the financial year, we have incurred £34.9 million of fair value losses and a net £62.8 million of expected credit losses (ECLs), impairments and remeasurement of financial guarantee liabilities across our digital portfolio this financial year.

Our proactive approach in addressing the challenges faced by supporting the impacted companies and strengthening their financial position, as well as supporting the digital sector more widely, underpins the value of our role in achieving this important government target. See pages 44-45 for further details on the roll-out of gigabit-capable broadband.

Equity portfolio

Equity investments are particularly important in some of the new and developing sectors in which we operate. Capital is needed to scale up projects and businesses with proven technologies, helping to unlock further investment.

We have had significant growth in our equity portfolio over the past three years. Our equity assets and other assets held at fair value have increased from £309 million invested only in equity funds as at 31 March 2023 to now being over £1 billion at 31 March 2026, with investments spread across funds and direct equity or equity-type instruments.

While equity investments are higher risk than debt and guarantees, we also expect a higher return over time from equity. Given the nature of our portfolio, some investments will experience unrealised losses, while others may deliver significant valuation gains. Outcomes will vary across individual investments depending on their specific risk profile, maturity and performance.

As a substantial portion of our equity portfolio is relatively new, c. 70% has been invested since 2023, we would not expect substantial realised returns at this stage, and our impact-driven, higher-risk appetite will lead to some losses on individual investments.

This financial year, we have seen some changes in the valuations of individual equity investments, with both unrealised gains and losses. Our equity portfolio has had net fair value losses of £74.2 million (2024–25: £52.5 million), of which £34.9 million was across our digital assets and the balance across the rest of our portfolio. Overall, these fair value losses represent 7% of our assets held at fair value (2024–25: 7%).

Our focus remains on generating positive returns for the taxpayer and delivering long-term value.

Operating efficiently as we scale

We have built an organisation to deploy our capital and manage those investments to deliver our mission. While we continue to grow, we have generated efficiencies in our operations and have been disciplined in managing our resources. Our operating costs as a proportion of Assets Under Management[2] (AUM), excluding the Sizewell C transaction, reduced year on year to 2.7% for the year ended 31 March 2026 (2024–25: 5.2%).

Operating costs as a proportion of AUM measures our running costs relative to the size of the assets we manage. We have excluded the Sizewell C asset from this measure to give a clearer view of our efficiency. We expect operating costs as a proportion of AUM to continue to decrease in future years as we continue to scale.

Total operating costs were £74.2 million for the year ended 31 March 2026 (2024–25: £61.0 million). The increase in costs was expected, with additional resources and investment required to deliver on our expanded mandate on our transition to the National Wealth Fund. Costs have been tightly controlled during the financial year and for 2025–26 costs were below those agreed with HM Treasury as part of the wider government spending plans.

“We have continued to accelerate our investment activity, with £9.5 billion committed of our £27.8 billion core capitalisation across debt, equity and guarantees.”

[2] Assets under management are defined as the average financial assets held at FVTPL and held at amortised cost during the financial year excluding the Sizewell C transaction.

Spotlight on product

Haweswater Aqueduct Resilience Programme (HARP)

Commitment: £300m

Location: Cumbria

Jobs: 945

Private finance mobilised: £566m

Our role and impact

We issued our first Credit Enhancement Guarantee for the renewal of the Haweswater Aqueduct, helping to reduce repayment risk for other investors, while crowding in further private capital to the £4 billion water infrastructure project. This is one of the largest water infrastructure projects ever undertaken in the North West

The project is expected to create and support approximately 945 jobs in the local area at the peak of the construction period.

Why this matters

The renewal is acknowledged to be critical to protecting the supply of water for millions of people across Cumbria, Lancashire and Greater Manchester. More broadly, significantly investment is needed to renew and improve the UK's water supply infrastructure as the population and economy grow, and also to enhance the UK's resilience to a changing climate. Often, the innovative structure, size of transaction, construction length, and risk profile may make access to finance in the sector challenging. Alongside our investment in Cumbria, we are also financing the construction by Portsmouth Water of the first new UK reservoir since 1991, to provide 21 million litres of water per day to 160,000 Southern Water customers.

"Reliable water infrastructure helps underpin growth and opportunity, as well as being essential to health and wellbeing. That is why we supported Cascade Infrastructure with a credit enhancement guarantee for the HARP project which will safeguard a resilient supply of water for residents across the Northwest, as well as creating jobs in the local area. This is another example of the significant role the National Wealth Fund can play in de-risking transactions, to enable the private sector to deploy the capital required to progress with critical infrastructure projects."

Ian Brown, Chief Investment Officer, National Wealth Fund

Performance analysis

Our investment approach

We are at the intersection of policy and investment – working directly with policy-makers, as well as investors, local government and businesses driving economic activity across every region and nation of the UK.

We create a bridge between the private and public sectors, acting as a trusted partner and enabling government ambition to go further, faster, while crowding in private capital. Through our expertise and flexible capitalisation, we introduce new ways of delivering policy to accelerate growth, build investment partnerships with the private and public sectors, and negotiate a fair balance of risk and reward. This creates or supports jobs and contributes to developing or accelerating sectors and markets across every region and nation of the UK.

> "Our dedicated teams have the deep commercial expertise to identify and pursue opportunities for addressing market weaknesses, such as financing gaps, investment barriers and underdeveloped markets, and delivering impactful transactions."

Our investment approach has two parts:

1. **Policy-led:** Through our strategy we have selected 25 sectors and their value chains which are central to the UK's long-term growth and clean energy ambitions, and where we will actively invest and support regionally significant projects. We work directly with government departments to align our investments with their policy direction, including the UK's Industrial Strategy and sector-specific plans.
2. **Proactively engaging:** Our dedicated teams have the deep commercial expertise to identify and pursue opportunities for addressing market weaknesses, such as financing gaps, investment barriers and underdeveloped markets, and delivering impactful transactions. We collaborate with project sponsors and co-investors to shape transactions, and crowd in private finance directly when transactions close or over time.

Our Five-Year Strategic Plan (https://www.nationalwealthfund.org.uk/media/ca1pvtjp/national-wealth-fund-five-year-strategic-plan.pdf), outlines our priorities and expected activity across the 25 sectors, including more detail on our activity in each sector and their expected contribution to our strategic ambitions.

Backing AESC's Sunderland gigafactory

Capacity to produce up to

400,000

lithium batteries annually

Building UK battery manufacturing capacity to support electric vehicles, jobs and supply chain resilience, as well as building economic security of the UK's electric vehicle industry

Our activity across our 25 sectors

We expect to have the deepest role, and to see the most substantive and catalytic opportunities to support sectors to develop at pace and scale

Exploring opportunities for our equity investments, alongside debt and guarantee financing, to maximise market impact

- Ports
- Carbon capture, utilisation and storage (CCUS)
- Hydrogen
- Battery manufacturing and electric vehicle supply chain
- Green steel
- Power grid
- Energy storage
- Nuclear
- Transport infrastructure
- Place-based regeneration

We will target the highest growth, innovative projects and businesses

Deploying debt, guarantee and, as capacity allows, equity

- Critical minerals
- Advanced materials
- Life sciences
- Aerospace supply chain
- Defence
- Quantum technologies
- Semiconductors
- Artificial Intelligence
- Sustainable aviation fuels

We will help accelerate the delivery of core infrastructure

Deploying debt, guarantees and providing support through our Regional Project Accelerator

- Water
- Solar
- Offshore wind
- Heat networks
- Retrofit
- Electric vehicle charging

Sectors and markets are dynamic and will evolve substantially. Over time, we will adapt our focus to ensure we continue to back the most innovative sectors, projects and companies.

Our impact and additionality

Our approach to impact and additionality

Impact and additionality are central to our strategic objectives and triple bottom line. Through our investments – and partnering with the private sector and local government – we plan to:

Drive more than

£100bn

by 2031

Create or support more than

200,000

jobs by 2050

Save

500m

tonnes of carbon dioxide emissions by 2050

Additionality: In simple terms, additionality is the extent to which, what happens because of our support, would not have happened otherwise. Being additional is about the value we bring and is how we will maximise our achievement against our strategic objectives, for example through crowding in investment, offering flexible financial products and accelerating project delivery. For each investment, we test and assess the extent to which impact would not have materialised without us, so we are confident we are delivering financial and non-financial value that would not otherwise be achieved.

Our private finance mobilisation: For all our investments we quantify the private finance mobilised from the point we invest through to exit. As a result, we expect the amount of private finance we mobilise relative to the capital we commit to increase as our portfolio matures, reflecting that additional finance is often raised during the period of our investment and then at exit. Mobilisation is typically higher in mature sectors. In nascent sectors, where technologies are less proven and financial markets underdeveloped, crowding in occurs over a longer timeline which will extend into the 2030s or beyond.

Our Impact and Environmental, Social, Resilience and Governance (ESRG) Frameworks set out how we assess and report on our impacts and can be found on our website[3]. 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. Our Impact Framework was revised in January 2026 to fully reflect our strategic priorities and approach to assessing additionality and private finance mobilised.

Throughout the financial year to 31 March 2026, we continued to evaluate each transaction for impact and additionality on a case by case basis, sharing these assessments through factsheets on our website.

In October 2025, we published our first annual Impact report, Financing Growth, Powering Change (https://www.nationalwealthfund.org.uk/media/fwidx4xc/national-wealth-fund-impact-report-2025.pdf), telling the story of our overall expected impact. The report provides more detailed narrative on our impact, including headline outcomes, case studies, and our approach to additionality. Our second Impact report will be published in the autumn of 2026.

[3] See our ESRG Framework (https://www.nationalwealthfund.org.uk/strategy-and-impact/impact-additionality-and-esrg/)

Spotlight on nationally significant projects

Grid infrastructure

Commitment: £2bn

Location: Scotland

Jobs: 4,000

Private finance mobilised: £1.75bn

Our role and impact

In 2025–26, we committed £2 billion in debt and guarantees to support major energy grid upgrades. This included £1.2 billion in debt finance to Scottish Power to support a range of projects, including the Eastern Green Link 4, a subsea energy link between Scotland and England, that can transmit enough electricity to power the equivalent of 1.5 million UK homes. We also backed SSEN Transmission with a £800 million guarantee for a £1 billion bank facility to support its delivery of four key grid infrastructure projects set to create or support around 3,400 jobs.

Collectively, these upgrades will help to bring more renewables onto the system, provide more reliable electricity to millions of homes and businesses across the UK and reduce the cost of managing grid constraints.

Our involvement has helped to widen the pool of capital available for grid infrastructure projects. By providing financing at the scale and tenor needed, we have helped address constraints in the financial markets, crowding in crucial private capital and accelerating the pace of delivery for these nationally significant projects.

Why this matters

Investment in the UK's power grid has failed to keep pace with the deployment of renewables and is widely recognised as a key blocker to decarbonising the UK economy. Constraints in the grid have led to high levels of energy wastage and large costs of managing grid constraints for the UK. The National Energy System Operator estimates up to £58 billion is required between now and 2035 to meet clean energy ambitions. The sheer scale of investment needed means there is no single source of capital capable of solving the problem.

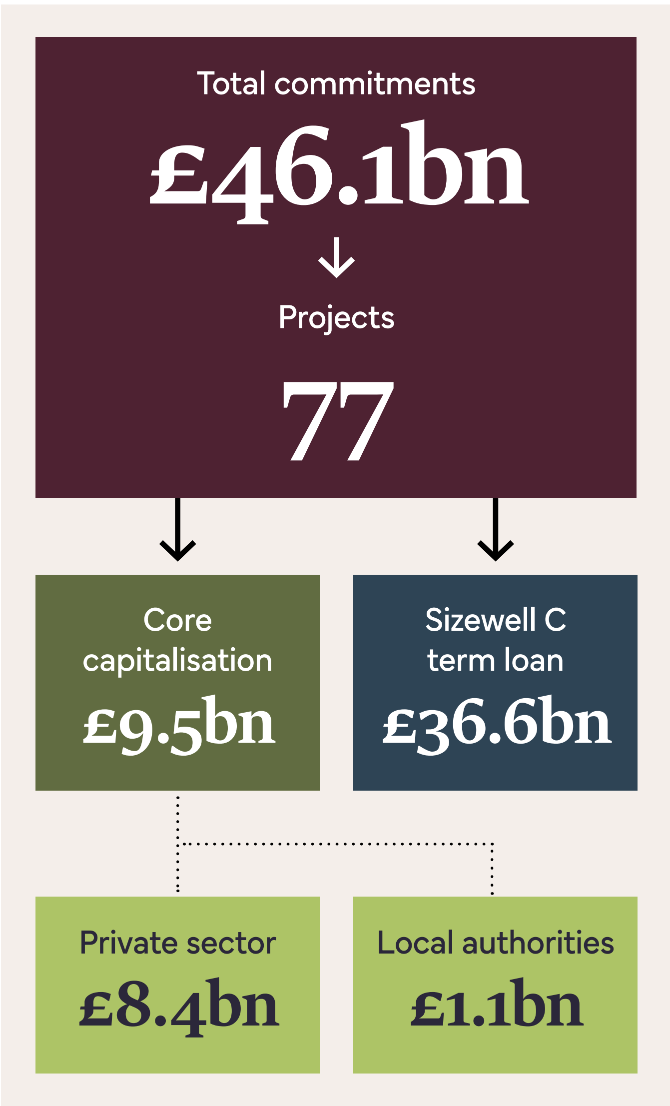
> “The Bank Facility supported by the National Wealth Fund's financial guarantee demonstrates the importance of grid upgrades in supporting greater electrification, more stable energy bills and economic growth throughout the nations and regions of Britain.”

Barry O'Regan, SSE's Finance Director

The impact of our investments

During the financial year, we completed 27 transactions, committing a further £4.1 billion to projects across the country and agreeing a £36.6 billion term loan to support the construction of Sizewell C nuclear power station.

Since our inception in 2021 to 31 March 2026, commitments total £46.1 billion across 77 projects. £9.5 billion relates to our core capitalisation of £27.8 billion (i.e. excluding the Sizewell C term loan), with £8.4 billion committed to the private sector and £1.1 billion to local authorities.



Across our transactions, we are getting a clearer picture of the positive impacts these investments are expected to deliver for the UK including:

- **Generating 121 million tonnes of carbon savings** equivalent to the annual emissions of two million households.[4] Of which more than 29 million tonnes can be attributed to our financing.
- **Directly creating or supporting more than 76,000 jobs**, equivalent to the population of Harrogate. Of these 28,100 can be attributed to our financing.

All of our investments are additional to the market, tackling structural weaknesses and delivering financial and non-financial value that would not otherwise have been achieved.

At the 31 March 2026, we have:

- mobilised £17.8 billion at transaction close and a further £1.2 billion during or after the holding period – an overall ratio of 1 to 2.3; and
- delivered £65 billion[5] of our target to drive more than £100 billion in finance by 2031.

Spotlights and case studies

Our impact is felt on the ground – in the investments we make. Our spotlights and case studies demonstrate how we are delivering against our strategic ambitions. We have expanded our range of transactions, mobilised private investment into nascent sectors and helped to address market weaknesses – for example through widening the pool of available capital, providing critical funding to close financing gaps and removing investment barriers so projects can access finance.

[4] https://www.lifetimesavings.co.uk/average-co2-emissions-per-household/

[5] Comprising the £9.5 billion of capital deployed to date, our £36.6 billion term loan to finance the construction of Sizewell C nuclear power station and £19.1 billion of private sector finance mobilised.

Spotlight on product

Fidra Energy

Commitment: £200m equity

Location: South Yorkshire

Jobs: 100

Private finance mobilised: £214m

Our role and impact

We committed up to £200 million of equity into Fidra Energy, to finance the construction of Thorpe Marsh and West Burton C battery and energy storage facilities. This is the largest battery energy storage system (BESS) asset in the UK, with seven times the capacity of the current largest installation. This helped to address a critical equity gap in the BESS market, where many developers lack the capital to reach Final Investment Decision.

Our battery energy storage investments are crowding in private capital and accelerating delivery of key grid-scale storage facilities that may otherwise be delayed. Thorpe Marsh and West Burton C have a combined capacity of 1.9GW, and once operational they will provide up to 11% of the additional storage capacity the UK requires by 2030. The sites are strategically located in an area where there are significant grid constraints and aim to manage grid limitations during periods of high wind generation in Scotland or increased demand in southern England, supporting network stabilisation.

Why this matters

Battery storage helps provide a secure supply of renewable energy and ultimately reduces the cost of managing the electricity system. The UK has around 5.6GW of short duration energy storage capacity. The Government's Clean Power 2030 Action Plan highlights the need for a further 20GW of new BESS to be delivered in the next five years. Meeting these ambitious targets will require an estimated £10 billion of investment. Some commercial investors have held back due to their risk appetite. For those investors that are not deterred, a market capacity issue remains due to the sheer size of investment required in a short space of time.

> **“The National Wealth Fund's investment in Fidra Energy alongside EIG has helped unlock a new generation of grid-scale battery storage in the UK. Thorpe Marsh and West Burton C will provide the flexibility needed to integrate more renewable power, improve the resilience of the electricity system and reduce the cost of balancing the grid, helping to deliver a cleaner, more secure and more affordable energy system. This partnership demonstrates how public and private capital can work together to accelerate the delivery of nationally significant infrastructure.”**

Chris Elder, CEO Fidra Energy

Our Regional Project Accelerator – supporting local and regional government

Local leaders are best placed to make decisions for local people and businesses.

The authorities they lead have set ambitious targets to deliver infrastructure in support of the clean energy transition and regional and local economic growth. They act as project sponsors, work to crowd-in private investment and invest where there is limited market provision.

During the financial year, we transformed the way we work with local government to deliver on their objectives through our new Regional Project Accelerator. Launched in October 2025, it brings together our sectoral, financing and local government expertise to accelerate place-based investment to drive greatest impact. It combines our private and public sector expertise to improve the quality, increase the volume and accelerate the pace of the pipeline of projects being delivered.

Our new approach builds on our experience of working with local partners on advisory and lending projects across the UK. It focuses on longer-term and deeper relationships through Strategic Partnerships with high-growth Mayoral Strategic Authorities (MSAs) and City Regions, as well as support for more complex and regionally and nationally significant projects across the four nations of the UK.

During 2025–26 we have we have deepened relationships with MSAs and supported high-impact projects. These are explained in more detail in the following sections.

Image: Glasgow city centre.
Image credit: Glasgow City Council.

Strategic Partnerships

Our Strategic Partnerships are a longer-term commitment to deepen existing relationships with political leaders and senior officers to unlock the investment needed to achieve their local growth and clean energy goals. The approach recognises the importance of their local insight and relationships, and the power of embedding our experts within their teams. In 2025–26, we launched four Strategic Partnerships with West Midlands Combined Authority, West Yorkshire Combined Authority, Greater Manchester Combined Authority and Glasgow City Region.

> **“This partnership allows us to bring our huge ambition, our projects together with the National Wealth Fund’s experience and expertise, and access to finance and turning these ideas into investable propositions to give us a project pipeline for years to come.”**
>
> Kevin Rush, Director of Regional Economic Growth, Glasgow City Region

Embedding National Wealth Fund colleagues within the MSA and City Region teams has strengthened our relationships with each Strategic Partner, enabling us to offer timely support and advice where our experience and expertise can add value. During the year, we have helped our Strategic Partners to develop a pipeline of projects and supported them in bringing projects to, or close to, an investable stage. Examples of our work include:

- providing strategic and financial advice on projects such as the Birmingham Sports Quarter, which will deliver a 62,000-seat stadium, a sports campus, a new academy and community pitches, including support to the West Midlands Combined Authority in its engagement with the private sector promoter;
- bringing our expertise to the governance of the Clyde Metro project, a major transport scheme to deliver a fully integrated mass transit system for Glasgow City Region, connecting with existing rail, bus and subway services, with senior oversight for the project’s development provided by a member of our team; and
- supporting the identification and structuring of financing solutions through our senior strategic banking advisers, acting as a trusted convener of local and national stakeholders to unlock opportunities and crowd-in investment, as well as serving as a ‘critical friend’ to our Strategic Partners.

We have continued to expand this model to other MSAs and City Regions in 2026–27.

Case study: Greater Manchester's Good Growth Fund

We are backing Greater Manchester Combined Authority's (GMCA) Good Growth Fund (GGF) with an ambition to invest up to £500 million across the region over the next five years. Our future investments will help enable delivery of key clean energy and growth projects by working in collaboration with GMCA to identify and invest in projects with high potential to attract private capital.

This investment has developed through close collaboration under our Strategic Partnership. We carried out a rigorous commercial evaluation of GMCA's pipeline of projects, identifying a significant number of investable opportunities in transport, place-based regeneration, and clean energy sectors. Our embedded Strategic Partnership team is now working closely with the authority and project sponsors to structure and deliver on these investments at pace.

To ensure we are using our financing as effectively as possible, individual projects must align with our mandate, meet our investment principles and undergo due diligence and governance processes.

> “The strategic partnership with the National Wealth Fund is already making a big difference here in Greater Manchester – the statement of intent for half a billion pounds worth of investment has given a real confidence for other investors to come alongside us here to fund our integrated pipeline and the expertise that the Fund is bringing is bringing real added value – they are a really strong part of the Greater Manchester team now, delivering that overall pipeline.”

Caroline Simpson, Former Group Chief Executive, Greater Manchester

Image: Greater Manchester.
Image credit: Bardhok Ndoji.

Project advisory support

Our project advisory support has evolved to support a focused number of regionally significant projects across the UK, as this is how we believe we can deliver the most value. We support projects that can unlock scale, crowd in private investment and make a measurable contribution to regional economic growth and decarbonisation.

Before the introduction of Regional Project Accelerator approach in October 2025, we committed to providing targeted support to a range of local authorities through 18 advisory engagements, all of which were completed during the financial year. In total, more than 70 local authority advisory engagements have been delivered.

Looking forward, our project advisory support will be focused on projects that demonstrate deliverability, innovation, impact, and replicability. Our support may be provided over an extended period at multiple stages of development, depending on specific project needs. This includes supporting earlier stage activities such as project feasibility, options appraisal and structuring, through to advising on the commercial and financial aspects of a project and the business cases.

> **“The National Wealth Fund is bringing real expertise that we don’t have to help us understand our most complex projects. They meet our partners and our stakeholders and work with us really intensively, helping us to develop and build our pipeline.”**
>
> Jeff Wright, West Midlands Combined Authority Lead for Policy and Devolution

Image: Birmingham, West Midlands.

Case study:
Supporting regionally significant transport infrastructure

In 2025–26, we provided advisory support to City of Edinburgh Council on the proposed extension of the Edinburgh Tram network. We supported the Council to assess and prioritise potential funding and financing options, drawing on experience from comparable UK light rail projects. The engagement helped to strengthen the Council's understanding of delivery and funding challenges and informed the next stage of business case development ahead of potential future investment.

Case study:
Advisory support to the West Yorkshire Combined Authority (WYCA)

Through our Strategic Partnership, we helped the WYCA explore whether and how a regional climate fund could support delivery of its clean energy ambitions. Our work focused on clarifying objectives and success criteria, testing alternative delivery and governance models, assessing risks, and considering pipeline readiness and funding options. It helped the WYCA to better understand the feasibility, trade-offs and market considerations associated with different approaches, building on wider advisory support linked to the WYCA's Local Area Energy Planning activity.

Image: Leeds city centre.

"The strategic partnership in West Yorkshire is really fundamental to support our ambitions over the longer term to make sure we can grow the region much more quickly and also build capability and capacity. That partnership with the National Wealth Fund will really set us up to make sure we can deliver into the future."

Liz Hunter, Interim Executive Director for Transport, West Yorkshire Combined Authority

Local Authority Lending

During 2025–26, we accelerated our lending activity. We financed six transactions (2024–25: four transactions) totalling £356 million (2024–25: £144 million), supporting place-based investments and unlocking clean energy growth opportunities. As at March 2026, we have now committed over £1 billion to 14 local authority-led projects.

We support regionally significant projects across the UK by offering low-cost, flexible lending directly to local government. The projects are typically complex, innovative and higher risk where the National Wealth Fund's financial structuring, due diligence and review can accelerate and provide extra assurance for project deliverability.

Lending highlights for the financial year include:

Translating advisory support into delivery:

In October 2025, the National Wealth Fund committed a £27 million loan to support Hull City Council's city centre district heat network, marking a significant milestone in advisory support leading to lending and project delivery. Our advisory work supported the development of the project, including its commercial and financing approach, while strengthening capability within the Council for future projects. The project will deliver low carbon heat to private and public buildings and is repaid through network operations, alongside grant funding from national government programmes.

Investment in place-based regeneration:

Over the financial year, the National Wealth Fund financed projects supporting place-based regeneration, focusing on locally led schemes that unlock long-term economic growth, improve connectivity and enable sustainable local services. This included an £8.8 million loan to West Suffolk Council to support development of an Advanced Manufacturing and Engineering Centre for growing SMEs, and a £40.6 million loan to East Riding of Yorkshire Council to finance highway infrastructure supporting housing delivery, improved connectivity and the expansion of local businesses.

Place-based investment to enable offshore wind infrastructure:

The National Wealth Fund provided a £15 million loan to Norfolk County Council to support delivery of the Great Yarmouth offshore wind operations and maintenance campus, a strategically important piece of port infrastructure for the UK's offshore wind sector. The project will regenerate industrial land at Great Yarmouth, improve quayside and marine infrastructure, and support long-term employment and supply-chain activity linked to offshore wind development in the East of England.

Spotlight on people and places

Orkney

Commitment: £62m

Location: Orkney

Jobs: 170

Our role and impact

We provided a £62 million loan to Orkney Islands Council for a 28.8 MW community-owned six-turbine wind farm at Quanterness. This major project will export clean energy from the Orkney Islands on to the national grid, supplying green energy to homes and businesses in support of Scotland and the broader UK's clean energy ambitions.

Fully council-owned, the project will create around 170 direct and indirect jobs and is forecast to generate average annual surpluses of more than £3 million (in today's money) for the Council, providing a long-term revenue stream to protect and develop public services. It could offer a replicable model for other councils across the UK. The wind farm will also support the delivery of the SSEN interconnector cable, which will be used to transport the electricity to the Scottish mainland.

Why this matters

Onshore wind offers lower costs and quicker development than offshore, while supporting energy security and clean energy objectives. Around 30% of UK electricity is generated by wind, with 10% from onshore sources. Expanding onshore wind requires major investment in grid infrastructure, supply chains, and project development.

Local authorities and regional partnerships are crucial for planning and community engagement, and councils, as large landowners, are well placed to become developers and asset owners with the right support.

> "The National Wealth Fund's support has been instrumental in enabling Orkney Islands Council to progress our landmark Community Wind Farm Project at Quanterness. Their provision of long-term, flexible financing has given the Council the confidence and certainty required to deliver a project that will provide lasting benefits for our community while contributing to Scotland's and the UK's clean energy ambitions. Throughout our engagement with the National Wealth Fund, we have found them to be a forward-thinking and collaborative partner. Their understanding of local authority ambitions, coupled with their commitment to supporting projects that deliver economic, social and environmental value, has been invaluable. We would encourage other organisations and public bodies with ambitious infrastructure and energy projects to explore how the National Wealth Fund can help turn vision into reality."

Sweyn Johnston, Head of Enterprise & Economic Growth at Orkney Islands Council

Our partners and stakeholders

We work in partnership with clients, policy-makers and UK public financial institutions to achieve our mission. We complement the financial market, working alongside sponsors, investors, regulators and advisers. We work directly with policy-makers, while remaining operationally independent in our investment decision making.

We do not develop or bring projects to the financial market ourselves. We partner with ambitious co-investors, project sponsors and management teams of innovative companies looking to raise capital. We conduct extensive due diligence to ensure we are deploying public funds to best effect.

We engage to inform sector approaches, transaction structures and sequencing, and to support effective delivery of government priorities. This engagement is through bilateral meetings, publications, consultations and external events, with a focus on transparency, openness and honest dialogue.

Our partners and stakeholders continue to grow, and we aim to build relationships based on mutual trust and responsiveness.

Clients

We work with project sponsors, developers, advisers, investors, financial institutions, local authorities, Mayoral Strategic Authorities (MSAs) and City Regions. We have continued to build on our existing relationships and forge new relationships to unlock opportunities together and accelerate projects.

Our expertise in the sectors in which we operate is valued. Our track record and proactive positioning mean 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 2026 are provided across the Strategic Report. Further details on our work with local authorities, MSAs and City Regions are also included within the Strategic Report.

HM Treasury

HM Treasury is our sole Shareholder. We are wholly owned and backed by HM Treasury but are operationally independent.

Our strategic direction is set by HM Treasury through the Chancellor's Statement of Strategic Priorities and other formal guidance, which provide our mandate, policy focus and risk appetite. Our relationship is governed by our Articles of Association and 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 spending teams to ensure alignment with government priorities, particularly the growth and clean energy missions.

UK Government

Given the breadth of our mandate, effective delivery of our strategy requires close collaboration with a range of government departments beyond just our Shareholder, HM Treasury. These include 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 align with, and support, departmental priorities and upcoming milestones, so that our investments help to deliver government policy. We help to identify how financial transactions can be used to deliver government policy objectives, leveraging our market expertise and insights to design and implement innovative financial solutions.

We ensure our finance amplifies government policy effectively by:

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

The outcomes of this approach and how our finance has amplified government policy are provided in the case studies.

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

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

Devolved governments

In line with our strategic ambition to accelerate place-based investment across all four nations of the UK, we recognise that policy and market context varies across England, Scotland, Wales and Northern Ireland. Through our partnerships with the devolved governments, we identify opportunities to invest in support of, or alongside, policy, remain connected to evolving strategic priorities and ensure our capital can be deployed across the UK. To achieve this, we work closely with the devolved governments and their respective public finance institutions – including through our dedicated Investment and Advisory expertise based in each nation. These partnerships enable us to tailor investment activity, support place-based origination, and ensure that investment and project advisory support delivers benefits for people, places and businesses across all four nations of the UK.

“Our strategic direction is set by HM Treasury through the Chancellor’s Statement of Strategic Priorities and other formal guidance, which provide our mandate, policy focus and risk appetite.”

UK Parliament

As an institution that is owned by the Government, it is crucial that we are accountable to Parliament. We have maintained an active programme of parliamentary engagement to raise and maintain awareness of our activities, seeing a significant rise in interest from parliamentarians across Westminster.

In June 2025, our former Chief Executive Officer, John Flint, gave evidence to a number of select committees including the inquiry launched by the Treasury Committee entitled ‘Can the National Wealth Fund move the dial on growth?’ and the Business and Trade Committee’s inquiry into scale-up capital, which examined the Industrial Strategy and the role of financial institutions in supporting the scale-up of businesses.

In January 2026, we held a Parliamentary reception to launch our new strategic plan, attended by approximately 200 stakeholders, including the Chancellor of the Exchequer and the Financial Secretary to the Treasury.

Supporting the roll-out of public electric vehicle charging

Over

40,000

Electric Vehicle chargers financed

Financing over 15% of the additional charging points needed to meet government estimates for required public charging

Public financial institutions

We work closely with other public financial institutions and our collective aim is to operate on a 'no wrong door' basis, ensuring clients can access the right expertise across the ecosystem easily and efficiently.

We have also played a leading role in strategic coordination across this landscape, including through the Government's Public Investment Roundtable, which brings together the leaders of the UK public finance institutions.

> Our collective aim is to operate on a 'no wrong door' basis, ensuring clients can access the right expertise across the ecosystem easily and efficiently.

We continue to work closely with:

British Business Bank, which focuses on helping smaller businesses access the finance they need to start, scale and stay in the UK

Great British Energy, which primarily acts as a developer of clean energy projects, but will also be a strategic investor

Great British Energy – Nuclear, a key enabler of the nuclear programme with a focus on delivering the first wave of small modular reactors

Homes England, including the National Housing Bank, the Government's housing and regeneration agency for England

Innovate UK (part of UK Research and Innovation), the UK's innovation agency providing support to businesses seeking to develop and commercialise new products

The Crown Estate, which manages a portfolio of land, property, and seabed assets across England, Wales and Northern Ireland

UK Export Finance, the UK's export credit agency

Spotlight on digital

Roll-out of gigabit-capable broadband

Commitment: £1.7bn

Location: Nationwide

Jobs: 18,400

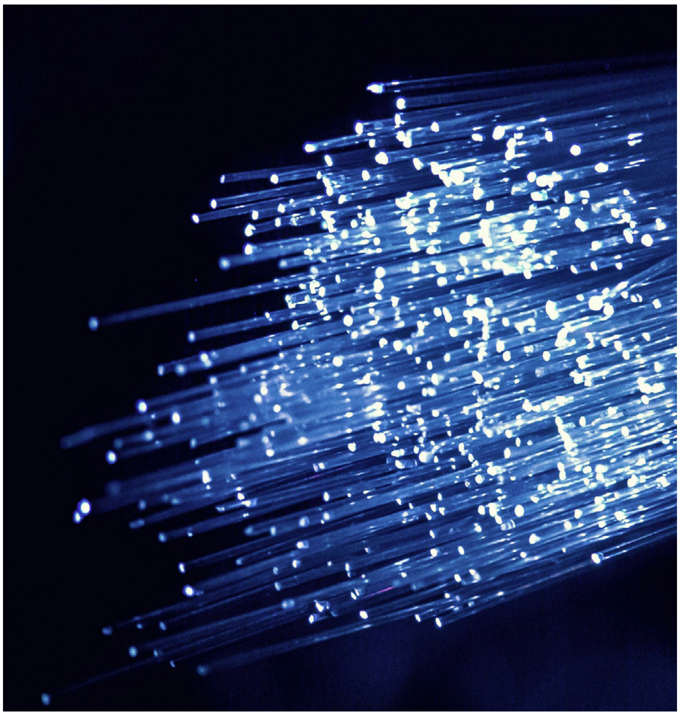
Private finance mobilised: £8.7bn

Our role and impact

We have played a pivotal role in the roll-out of fibre-optic broadband across the UK, particularly in rural and hard-to-reach areas, supporting the Government's mission to close the digital divide and bring fast, reliable connectivity to underserved communities, particularly in rural areas thereby unlocking growth and opportunity.

Since 2021, we have invested nearly £1.7 billion in 10 of the largest alternative providers of gigabit-capable fibre-optic broadband, representing a significant share of the sector. This has been fundamental in unlocking wider investment.

For every £1 we have invested, we have helped to mobilise more than £5 of private capital into the sector. These investments have accelerated broadband roll-out, particularly in hard-to-reach areas, supporting full-fibre capability to up to 20 million homes and businesses across the UK. Alongside the wider economic and social benefits of better connectivity, our funding has created or sustained more than 18,400 jobs during the roll-out period.



Why this matters

Access to fast and reliable digital connectivity transforms people's lives, enhances productivity, drives economic growth and provides a positive return to the taxpayer.

The Government's Building Digital UK programme aims to make next-generation, gigabit broadband available to 99% of UK premises by 2032. Significant progress has been made, supported by Building Digital UK, and industry estimates expect coverage to reach 90% this year. Ofcom estimates that 97% of UK premises could have gigabit-capable broadband by 2028. The alternative network providers have almost doubled their footprint in the last two years (from 8.6 million served to 16 million at the end of 2025) and delivered significant coverage in rural areas, bringing greater choice, competition and lower bills for households and businesses.

“

What we're doing at Fibrus is bringing fibre broadband to rural communities across Northern Ireland and Cumbria that would otherwise be left behind and that's exactly the kind of levelling-up outcome the National Wealth Fund was set up to support. We have now connected over 450,000 homes and businesses, with over 150,000 customers now enjoying fast, reliable broadband, which has had a real positive impact on their lives and businesses.

Having the National Wealth Fund as one of our main lenders gave real comfort and credibility to the rest of the consortium. It's an endorsement not just of the project, but of the difference it makes to areas that commercial lenders wouldn't necessarily prioritise.

Upon completion of Project Stratum alone, independent economic research by Grant Thornton indicated that the project could generate more than £400 million in economic benefit, including around £50 million annually for the Northern Irish economy. It's encouraging to see a bank willing to take a broader view of what rural communities need, and to back projects for their lasting benefits of growing the economy and building a more sustainable future.

”

Colin Hutchinson, Managing Director and Chief Financial Officer, Fibrus

Image credit: Fibrus.

Public financial institutions (continued)

This landscape is also supported by public bodies such as the **National Infrastructure and Service Transformation Authority** which helps to plan, fund and deliver major infrastructure projects and improve public services across the country; **UK Government Investments** which provides expertise in corporate finance and corporate governance to government departments; and the **Office for Investment** which sources and secures investment into the UK.

We also work closely with public financial institutions in the devolved nations, such as the **Scottish National Investment Bank** and the **Development Bank of Wales.** For example, during the financial year we made an investment alongside **Great British Energy** and the Scottish National Investment Bank to support the Pentland Floating Offshore Wind Farm in Scotland.

We ensure that, where investment proposals are not within our mandate, they are referred to other public financial institutions or public bodies, where relevant and appropriate.

Supporting grid-scale energy storage

Up to

7.3GW

of storage capacity financed

Securing supply of electricity and wider grid stabilisation

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 our role is understood and to better assess where we can best support our sectors. We engaged these groups throughout the year during the development of our strategy. We are now developing this approach to deliver our own programme of thought leadership, including in partnership with other organisations, such as Clean Technology Partnerships Initiative.

Colleagues

Our colleagues are central to delivering our mission and to the quality of the stakeholder relationships we build. Details on how we support and engage colleagues can be found in the ‘Business operations’ section on pages 55–58.

Financial review

	2025–26	2024–25
Financial outcomes		
Loss before tax (£m)	(67.5)	(152.2)
Return on equity (ROE) (%)	(2.6)%	(14.2)%
Summary income statement		
Net interest income, fees and other income (£m)	163.7	51.9
Changes in fair value of assets held at FVTPL[1] (£m)	(74.2)	(52.5)
Charges arising from the restructure of debt exposures, expected credit losses and guarantee liabilities (£m)[2]	(82.8)	(90.5)
Net operating income (£m)	6.7	(91.1)
Operating expenses (£m)	(74.2)	(61.0)
Loss before tax (£m)	(67.5)	(152.2)
Balance sheet and capital metrics		
Financial assets held at FVTPL[1] (£m)	1,008.0	748.6
Financial assets held at amortised cost (£m)	6,738.7	1,453.4
Total financial assets (£m)	7,746.7	2,202.0
Provision for credit risks (£m)	73.1	117.1
% of gross exposures	*0.17%*	*4.3%*
Equity (£m)	4,645.8	1,213.2

Notes to the above table:

1. 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.
2. Charges arising from the restructure of debt exposures, expected credit losses and guarantee liabilities includes any gain/(loss) on derecognition/modification, impairments, changes in expected credit losses and remeasurement of financial guarantee liabilities.

The National Wealth Fund reported a loss before tax of £67.5 million for the year ended 31 March 2026 (2024–25: £152.2 million loss). The reduction in loss before tax year on year reflects the growing balance sheet and the income this generates, particularly driven by the Sizewell C transaction. This transaction contributed £76.9 million (2024–2025: Nil) of net operating income in the year to 31 March 2026. Excluding this income, the Fund's loss before tax is £144.4 million before any allocation of operating costs for managing this transaction.

In year financial performance was impacted by both fair value movements on equity investments, particularly in the digital sector and those in very early stage and nascent sectors, the migration of certain assets to higher credit risk stages, and the restructuring of debt exposures on certain investments in the digital sector.

The reported loss reflects the National Wealth Fund's current phase of development and the meaningful risk we have taken in our capital deployment. We invest to make an impact, taking risks the market is unable to take, or at a concentration the market would not. We take significantly more risk than a commercial bank and, excluding our Sizewell C financing, the majority of the assets in our portfolio are sub-investment grade. We go further than the market through not only financial risk, but also revenue risk, delivery risk, policy risk, tenor and exit risk.

Having a high-risk appetite does not mean we take any risk. Every deal is different and reviewed on its own merits. Each of our investments is intended to make a positive financial return, with pricing reflecting the risks we are taking. Our due diligence is aligned with a commercial investor's assessment standards, processes and quantification methodologies, and is undertaken for every investment proposal.

Our higher risk appetite will inevitably lead to some losses or impairments on individual investments over time and volatility in individual financial years.

Looking forward, we plan to deliver a positive return for the taxpayer, with profitability expected as our balance sheet is more substantially deployed and within the period of our Five-Year Strategic Plan.

Growth of our investment portfolio and increased income

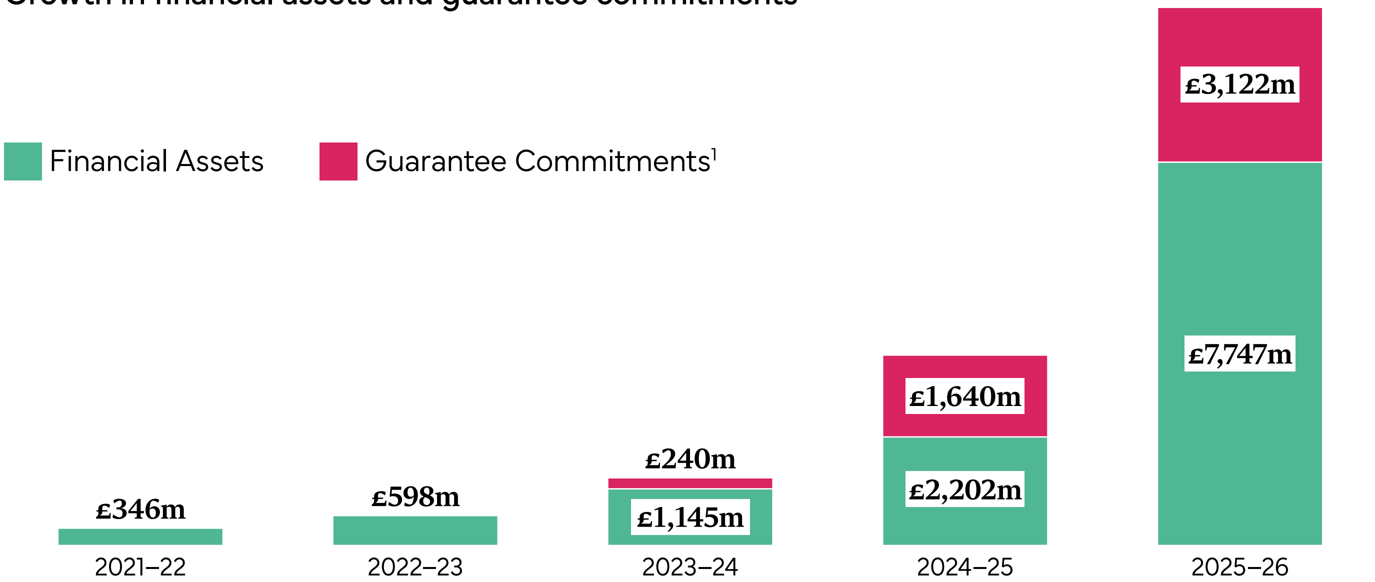
Cumulative commitments significantly increased over the year from £5.4 billion at 31 March 2025 to £9.5 billion at 31 March 2026 from our core capitalisation and up to a further £36.6 billion committed to finance the construction of Sizewell C nuclear power station.

These growing commitments in debt and equity are reflected in the assets we see on our balance sheet. As our clients draw down on the commitments we have made, our financial assets on our balance sheet grow. Financial assets on the balance sheet have increased from £2.2 billion to £7.7 billion during the financial year. The Sizewell C transaction contributed £4.3 billion to this growth.

We have also nearly doubled our guarantee commitments, with £3.1 billion committed (2024–25: £1.6 billion).

The chart below shows our growth in financial assets and guarantee commitments over the last five financial years:

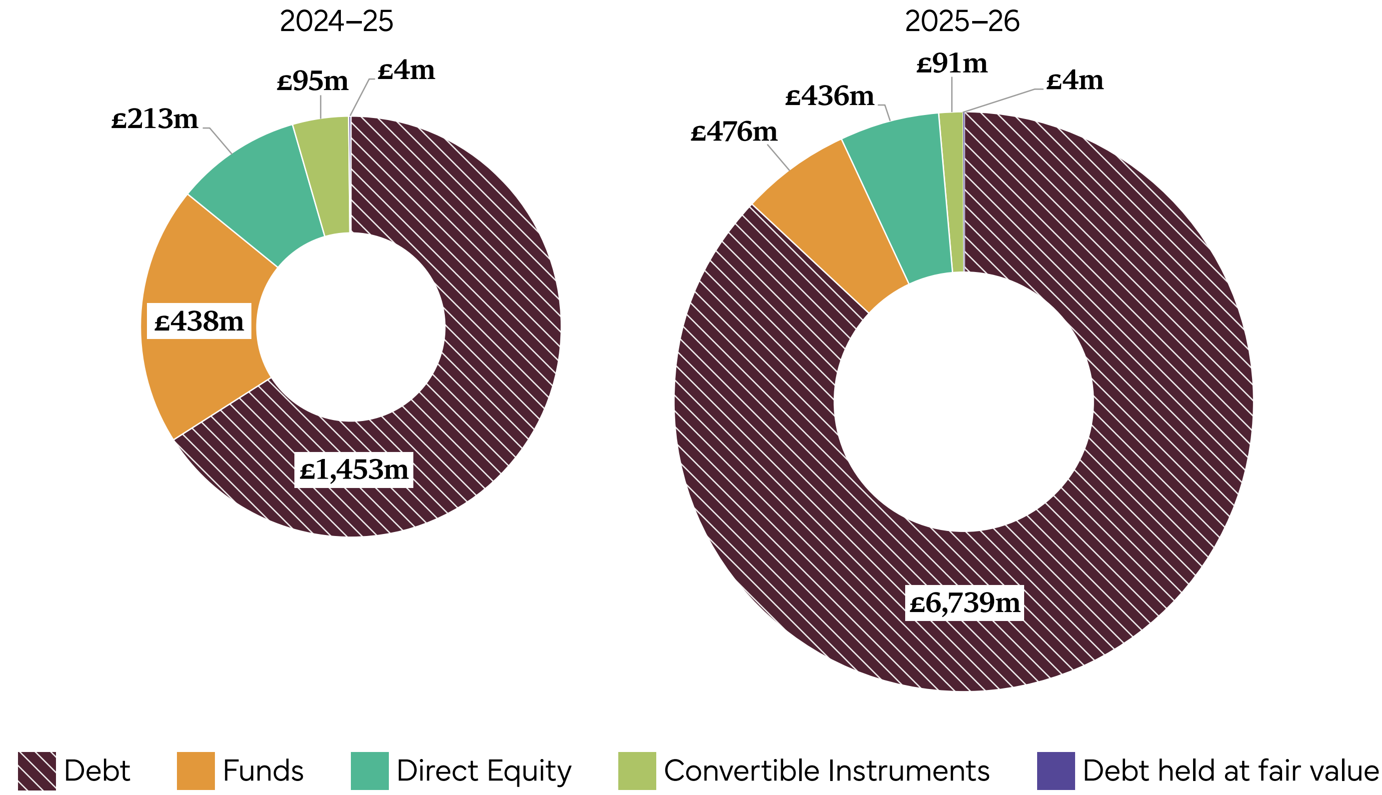
Growth in financial assets and guarantee commitments



1. Guarantee commitments include credit enhancement guarantees.

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

Financial assets by investment type

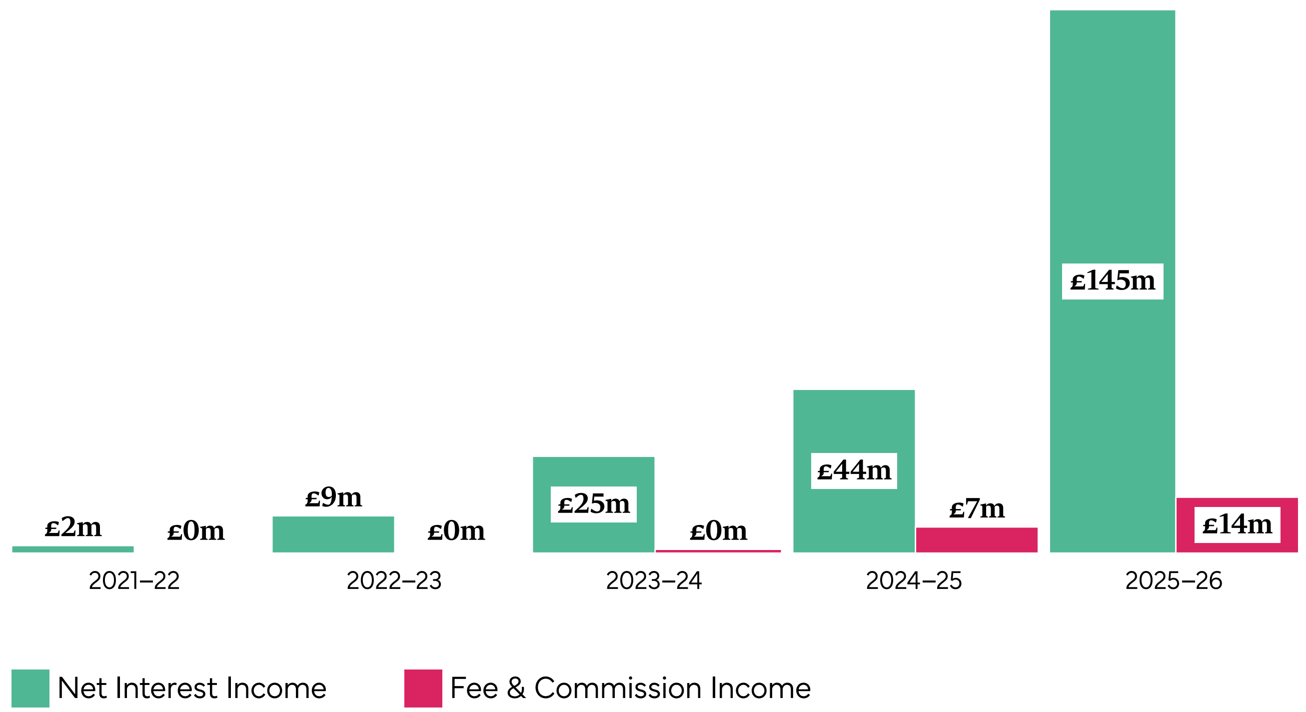


The growth in our portfolio has resulted in net income and fees totalling £163.7 million (2024–25: £51.9 million). We generate interest income from debt investments held at amortised cost; fee and commission income principally from guarantees; and investment income from distributions received from equity fund investments. We also earn agency fees for administering HM Treasury's UK Guarantee Scheme.

Net interest income generated from our debt investments increased to £144.6 million (2024–25: £43.6 million), with the Sizewell C transaction contributing £79.9 million (2024–25: Nil) and remaining investments contributing £64.7 million (2024–25: £43.6 million). Guarantee and other fees increased to £14.3 million (2024–25: £7.1 million).

The growth in the Company's net interest income and fees is shown in the chart below.

Growth in net interest income and fees



> We invest to make an impact, taking risks the market is unable to take, or at a concentration the market would not.

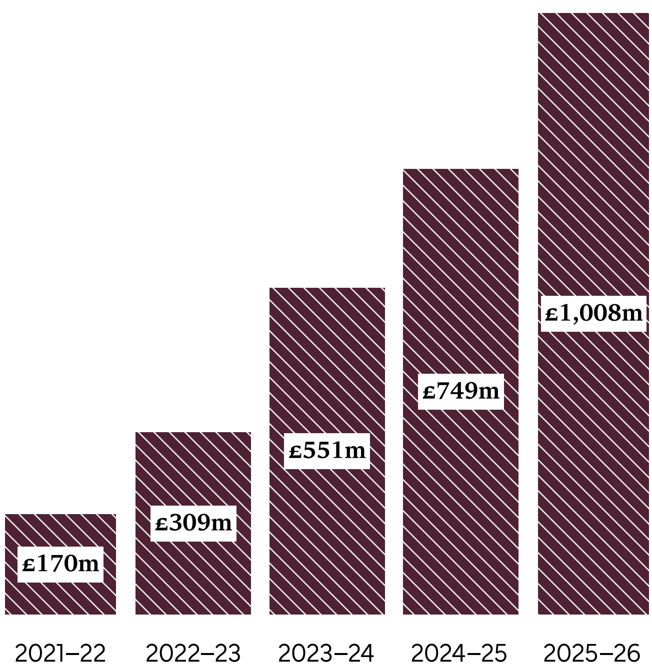
Equity valuations

We have recognised net reductions in the fair value of equity or equity-like investments, totalling £74.2 million (2024–25: £52.5 million). These types of investment, 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.

We expect to deliver a return on our equity portfolio, realised over a multi-year investment period, with exit strategies monitored to optimise returns. As a significant portion of our equity portfolio is relatively new, 70% committed since 2023, we do not expect substantial realised returns at this stage and, given the nature of our investment portfolio, it would be anticipated that we may have unrealised losses prior to recognising any substantial valuation gains.

The growth of the National Wealth Fund's assets that are held at fair value is shown in the chart below.

Growth of assets held at fair value



The fair value losses recognised within the financial year represent current estimates of assets valuations, not actual cash losses, which would occur only if assets were sold below their original cost.

As certain direct equity investments are classified as associates, the National Wealth Fund has applied the scope exemption available under IAS 28, which is specifically designed for venture capital organisations and similar entities. Further details can be found on pages 184 and 189.

Debt and guarantee portfolio and associated credit risk

Charges arising from the restructure of debt exposures, expected credit losses (ECLs) and guarantee liabilities totalled £82.8 million in the financial year (2024–25: £90.5 million).

We recognise provisions for ECLs at the point of financial commitment for each new debt and guarantee investment. Provisioning for potential future losses is prudent, and consistent with accounting standards.

The level of ECLs we recognise reflects the risk profile of our portfolio. As our commitments of £9.5 billion (i.e. excluding the Sizewell C transaction) carry greater risk than those typically financed by commercial banks, our ECLs as a percentage of gross exposures on these commitments are expected to be higher than those of other private financial institutions.

Our ECL provisions change over time as the credit risk of our loans and guarantees change. As would always be expected, within the financial year we have experienced changes in credit risk across the portfolio, with some assets deteriorating in credit risk and others improving. This led to changes to ECL provisions as assets changed credit rating and, in some cases, transferred between stages.

During the financial year, we also materially restructured exposures in the digital infrastructure sector. In one restructuring, we released an existing financial guarantee supporting a loan facility, acquiring the underlying debt exposure from the covered lenders. Due to the nature of the debt acquired, a loss was recognised on initial recognition, with a further loss arising from the subsequent restructuring and contractual reduction of the debt. In total, impairment and restructuring losses of £126.8 million were recognised during the year. These were partially offset by the release of previously recognised ECLs.

Supporting this restructuring reflects our commitment to strengthening the stability of higher-risk counterparties when aligned with our mandate, while aiming for optimal financial results for the National Wealth Fund. Further details on the restructuring of assets during the year can be found in note 13.1 on page 193.

Overall total provisions held on the balance sheet are £73.1 million (31 March 2025: £117.1 million), representing 0.17% of the gross exposures (31 March 2025: 4.3%). The level of ECL provision as a percentage of gross exposure reflects the underlying risk profile of the balance sheet, with £4.3 billion of our assets this financial year relating to our investment grade debt with Sizewell C. Provisions have also decreased owing to the restructuring of exposures in the year (discussed above). Our overall ECL provisions reflect our estimates of future forecast losses inherent in our portfolio as at 31 March 2026.

Operating expenditure

Total operating costs were £74.2 million for the year to 31 March 2026 (2024–25: £61.0 million). Excluding net interest income from the Sizewell C transaction, we generated £83.8 million of net interest income, fees and other income during the financial year (2024–25: £51.9 million), more than covering our operating costs.

The increase in costs year on year was in line with expectations. It reflects the full-year impact of recruitment last financial year and the additional resources and investment required to deliver on our mandate that was expanded from October 2025.

Average number of full-time equivalent staff (FTE) increased to 335 (2024–25: 290), of which 94% were permanent employees (2024–25: 88%).

Staff costs totalled £52.4 million (2024–25: £44.5 million) and continue to make up the majority of our spend. This reflects the nature of a financial institution operating in a competitive market and the specialist expertise required to deploy £27.8 billion of public money effectively, as well as manage the £36.6 billion Sizewell C transaction.

Other operating costs totalled £21.8 million (2024–25: £16.5 million), reflecting the growth of the organisation. Specifically, due diligence and legal costs associated with transactions accounted for £2.0 million of the increase year on year, reflecting the significant increase in our activity.

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 its 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. We actively manage the capital structure and adjust 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 2026, the Company's capital was £4.7 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 Keep Well Agreement with HM Treasury it will receive support to satisfy its financial obligations. The Company is therefore exposed to minimal liquidity risk.

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. These guarantees are not recognised in the Company's balance sheet.

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Our higher risk appetite will inevitably lead to some losses or impairments on individual investments over time and volatility in individual financial years.

Looking forward, we plan to deliver a positive return for the taxpayer, with profitability expected as our balance sheet is more substantially deployed and within the period of our Five-Year Strategic Plan.

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Spotlight on nationally significant projects

Sizewell C

Commitment: £36.6bn debt

Location: Suffolk

Jobs: 10,000

Our role and impact

We provided a loan facility of up to £36.6 billion to finance the construction of Sizewell C nuclear power station.

NWF investment is needed to support the project through the construction phase, reducing financing costs and keep energy costs down. The project is is expected to support an estimated 10,000 jobs and thousands more across the national supply chain. Once operational, Sizewell C will provide the equivalent of 7% of the UK's current electricity needs, powering up to 6 million homes for 60 years. Our loan, alongside £5 billion of lending from Bpifrance Assurance Export, will form the majority of Sizewell C's debt funding through to the point of operation in the 2030s.

Why this matters

Nuclear power provides large quantities of reliable, low-carbon power, alongside intermittent renewable generation. Financing large-scale nuclear projects has historically presented unique challenges owing to high upfront capital requirements, extended construction timelines and complex risk profiles.

"Sizewell C is the first nuclear power project to be financed using the UK's Regulated Asset Base (RAB) model. It's a landmark moment for our industry – and the National Wealth Fund's loan was a key part of making this a reality. Our financial model sets a template for how the UK can fund energy infrastructure in the future, delivering energy security and value for money for the UK.

The project is already making significant progress on the Suffolk coast, with over 2,000 people on site. We've invested just under £5bn with more than 1,000 UK suppliers and we've so far delivered on our pledge to ensure 70% of our construction value goes to UK suppliers, spreading economic benefits right across the UK."

Nigel Cann, CEO of Sizewell C

Image: Visualisation of the proposed Sizewell C nuclear power station.
Image credit: Sizewell C Ltd.

Business operations

Our people

During the financial year, we continued to prioritise having the right people with the right skills to deliver our mission. We remain focused on building a culture of high performance to attract, retain and develop the most talented people.

Expanding our workforce

This was another year of sustained recruitment, bringing in highly skilled and experienced people from leading private and public organisations. As a specialist financial institution, we need such expertise to originate, structure and manage complex investments in support of our strategic objectives. We have continued to strengthen our Investment and Advisory capability with targeted hiring and upskilling in the sectors in which we operate. This recruitment was complemented by the appointment of senior Strategic Advisers to support local authority engagement.

In February 2026, we created a single Investment and Advisory function, under the leadership of a Chief Investment Officer (CIO), simplifying how clients access the National Wealth Fund and positioning the organisation to drive growth more effectively.

We remain proudly Leeds-based with 96% of our people contracted to Leeds, 3% to London and 1% to the other nations (Edinburgh, Cardiff and Belfast), supporting regional growth.

As planned, the number of permanent employees continued to increase during the year from 268 in March 2025 to 336 in March 2026 (excluding Non-Executive Directors); this represented 90% of the overall workforce (31 March 2025: 87%). The chart below sets out how the workforce has changed over time in line with our organisational design plans.

At 31 March 2026, the National Wealth Fund's staff stood at 365 full-time equivalents (FTE), a headcount of 372 (31 March 2025: 302 FTE / 310 headcount). Analysis of our FTE at 31 March 2026 for the current and prior year, by category, is provided in the 'Workforce' section of our Staff report on page 135.

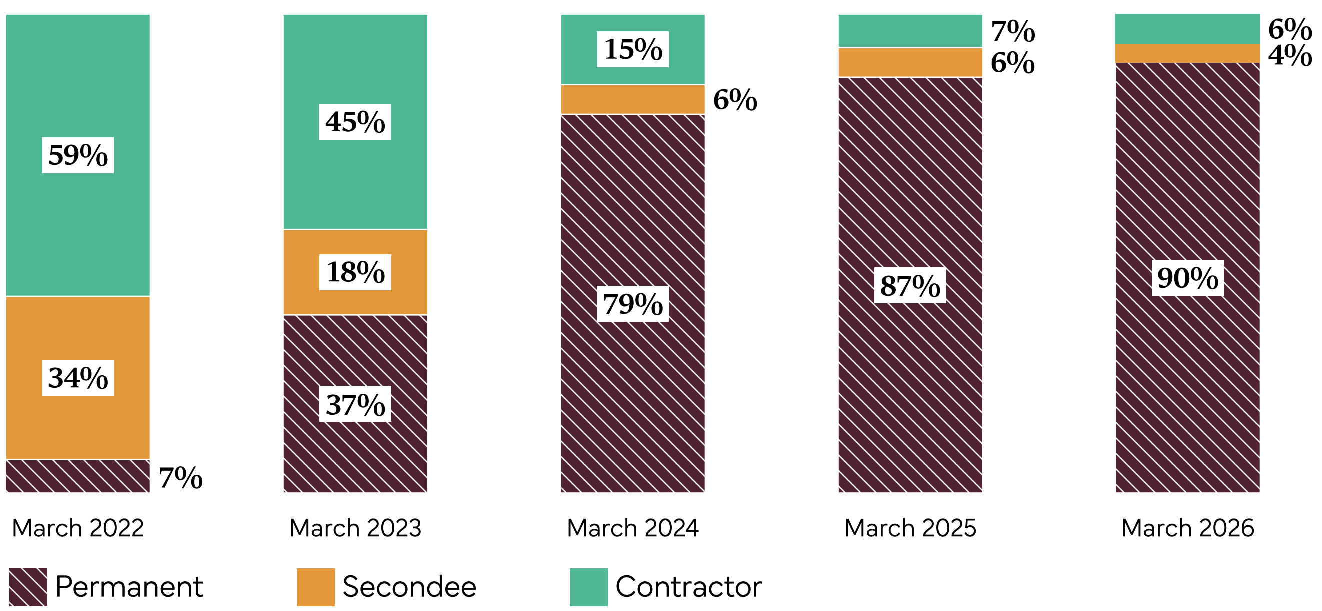
Culture and learning

We have five core behaviours that support us as a high performing organisation by setting clear expectations for how we work with colleagues, clients and partners. They help ensure we consistently deliver quality outcomes and foster a culture that supports collaboration, learning and excellence.

We have continued to embed these behaviours into our daily work, using goal-setting and recognition to create a clear link between individual contribution and organisational outcomes. In addition, all colleague goals are aligned to the National Wealth Fund key performance indicators, reinforcing a strong 'golden thread' between our mission, strategy and day-to-day work.

Our Goals Framework achieved high completion rates across all three stages, goal-setting, mid-year reviews and year-end assessments, reflecting a culture of performance and continuous improvement.

Workforce over time



We are committed to being a learning organisation. All colleagues have individual development plans, supported by a blend of on-the-job training, peer knowledge sharing and formal learning. Programmes delivered include leadership development for people managers, presentation skills for client-facing colleagues, and specialist capability in areas such as ESG, credit risk and project finance.

Insights sessions deepened colleagues' understanding of cognitive diversity and decision-making styles, helping to strengthen team effectiveness and collaboration as our organisation grows.

Diversity, equality, inclusion and wellbeing

At the National Wealth Fund we value diversity in all its forms and are committed to building a workforce that reflects the society we serve. We continue to focus on broadening our talent pipeline and creating an environment where different perspectives are welcomed and valued.

As at 31 March 2025 we employed more than 250 people, bringing us within the scope of gender pay gap reporting requirements for the first time. From day one, the National Wealth Fund was built to be diverse by design, and that commitment is visible at every level; our Board is gender balanced, as is our Executive Committee, and 41.7% of our permanent workforce are women, above the average for the financial services sector.

The gender pay gap sets out the difference in average hourly pay between men and women. We have and will continue to publish our Gender Pay Gap Report annually (https://www.nationalwealthfund.org.uk/media/555itjuk/gender-pay-gap-report.pdf). In our last published report, our mean gender pay gap was 13.1% and our median gender pay gap was 18.5%. Our mean and median bonus gaps were 21.5% and 30.9% respectively. Our results place us between the results for the private and public benchmarks, reflecting how we were set up and the sectors we recruit from.

The most effective way to reduce the gap over time is to increase the number of women in senior roles. Our initiatives are designed with that goal in mind, from building a strong pipeline enabling us to target gender-balanced longlists, to supporting and developing our internal female talent.

In the last financial year we joined the Women in Banking & Finance initiative to help enhance our profile with female talent; we have plans to deepen this engagement throughout the coming financial year, and to support network building and mentoring opportunities. We hosted the inaugural Leeds Women in Banking & Finance event in our office in July 2025.

We have also strengthened our approach to ethnicity data and outreach, working with academic and community partnerships to broaden access to opportunities. We are focused on early careers development, launching programmes for both graduates and internships. Inclusion initiatives included employees and their families taking part in Leeds Pride.

Through our Thrive@Work programme we have delivered a broad range of initiatives spanning mental, financial, intergenerational and social wellbeing. We continue to hear from colleagues through regular engagement surveys. While engagement remains strong, we observed some expected shifts during a period of organisational transition. Our leadership teams responded through targeted action plans, reflecting our commitment to actively listen and act on what colleagues tell us.

Disability and support

We have established the National Wealth Fund as a Disability Confident employer, supporting colleagues with disabilities by:

- adapting our workplace practices to meet the needs of employees 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 our commitment to enable all colleagues to progress their careers and reach their full potential.

Health and safety

We take our health and safety responsibilities seriously 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.

Employment policies and procedures

We regularly reviewed and updated a suite of employment policies to support our colleagues in the workplace. These policies are easily accessible to all employees on our intranet and reflect current employment legislation. Our employment policies will continue to be reviewed and updated in line with any changes as and when they come into force.

> “At the National Wealth Fund we value diversity in all its forms and are committed to building a workforce that reflects the society we serve.”

Environmental, Social, Resilience and Governance (ESRG)

We are committed to adopting sustainable and responsible practices throughout our investments and operations as a core part of delivering our mandate. Our investment strategy is centred on delivering meaningful impacts. Through the implementation of our ESRG framework, we manage risks to our investment outcomes by strengthening practices, fostering positive culture and behaviours, while also supporting opportunities that strengthen the resilience and long-term value across our investments.

During 2025–26, we strengthened our internal capabilities across the investment lifecycle by investing in employee training, improving our due diligence processes, and upgrading the systems that support ESRG and climate-related assessments. These initiatives reflect our ongoing commitment to continuous improvement as our investment portfolio grows and diversifies.

ESRG in our investments

Our ESRG approach is founded on the ESRG Framework, which defines how we integrate ESRG factors and sets out the core principles governing their application across our investment activities. These guiding principles are essential to supporting the UK's clean energy transition and promoting sustainable economic growth. We consistently implement the ESRG Framework throughout every phase of each transaction, from origination to exit. Our due diligence process is structured to identify significant risks and opportunities that may impact the financial, economic, environmental, and social outcomes of the investments we facilitate.

> “We are committed to reducing our environmental footprint, fostering the well-being of our people, and maintaining ethical business standards.”

Image: Osprey Charging Network rapid charging hub. **Image credit:** Osprey Charging Network.

Throughout 2025–26, we implemented targeted improvements to build internal capability and promote consistency and rigour in the assessment of ESRG:

- Our ESRG risk assessment and due diligence procedures have been enhanced for greater consistency and reliability through revisions to our risk assessment tool and processes. The updated approach now incorporates a risk rating model and emphasises materiality. Additionally, we created customised ESRG sector guidance papers for each of our sub-sectors, giving our teams the effective resources to conduct thorough assessments and deliver outcomes that support decision-making.
- Over the course of the financial year, we integrated material ESRG and climate-related risks and opportunities into the Credit Scorecard to enhance the comprehensiveness of our financial risk profile assessment for each transaction.
- We are enhancing how we gather and review ESRG-related data from counterparties to improve both our reporting process and post-investment monitoring. This will allow us to track risks and opportunities more consistently throughout the life of a transaction.
- Comprehensive ESRG risk management training was provided, thereby strengthening our teams' technical proficiency.

These enhancements support more effective management of non-traditional risks, enable the identification of opportunities that foster resilience and long-term value creation, and ensure alignment with our objectives and the expectations of our Shareholder.

ESRG in our operations

We implement ESRG principles in every aspect of our business, including within our operations. We are committed to reducing our environmental footprint, fostering the well-being of our people, and maintaining ethical business standards. We are consistently working to improve the quality of data that informs our decisions and helps to track progress.

Over the year, we worked with our headquarters' landlord to enhance the building's energy efficiency, such as the installation of a heat-recovery Air Handling Unit and implementation of associated upgrades. These improvements will reduce operational emissions while also boosting thermal efficiency and ventilation. The impact of this effort will be reflected in the next Energy Performance Certificate assessment, once sufficient operating data has been gathered. We will continue engaging with the landlord to explore additional improvements.

Outlined in this section are our environmental footprint and climate resilience considerations. Social matters are discussed in Our People section on page 55, and governance matters are presented under Corporate Governance within the Directors' Report on page 98.

Supporting domestic clean energy generation

Up to

6.5GW

of generation capacity financed

Growing domestic clean energy supply to strengthen energy security and power homes and businesses

Resource use and environmental footprint

Our environmental management approach focuses on minimising the impact of our operations while supporting long-term sustainability. Given we have continued to grow, direct year-on-year comparisons offer only limited insights into underlying performance improvements. However, we continue to invest in improvements to our premises, data quality, and day-to-day practices to reduce resource consumption and strengthen our understanding of our environmental footprint, so we can take action, where possible.

Data on our energy consumption, waste, and water and paper usage is provided in the following tables, with emissions data reported in the Task Force on Climate-related Financial Disclosures section starting on page 64. As 96% of staff are in Leeds and 3% in London, the report covers only these two sites, excluding our satellite offices in Belfast, Cardiff and Edinburgh.

Image: National Wealth Fund Headquarters in central Leeds.

Category	Summary	Units[1]	2025–26	2024–25	2023–24
Electricity consumption	Overall electricity consumption has decreased compared with the previous year, due to a more efficient use of electricity across the site. Energy-saving measures implemented include the installation of a new Air Handling Unit.	kWh	263,000	270,000	316,000
		kWh/FTE	790	894	1,170
		Gross expenditure (£)	72,700	66,100	66,100
Gas consumption	Our gas consumption has decreased this year, primarily because of changes in our building operations and heating requirements. Better balanced air-conditioning and heating adjustments have led to a more efficient use of gas.	kWh	302,100	302,200[2]	13,000
		kWh/FTE	907	1,000	48
		Gross expenditure (£)	17,900	19,200	1,300
Water usage[3]	Our overall water usage has increased compared with the previous year. We remain committed to using water efficiently by promptly addressing maintenance issues and implementing ongoing improvements to reduce unnecessary water use.	Cubic metres	830	470	970
		Cubic metres/ FTE	2.5	1.6	3.6
		Gross expenditure (£)	4,100	2,990	4,450
Paper usage	The decrease in our paper purchases reflects that we have been using up stock built over the last years with few new purchases in this financial year.	No. of A4 reams equivalent	49	285	236
		A4 reams/FTE	0.1	0.9	0.9
Waste	Our waste volume has remained stable compared to last year. As the quality of waste data improves, we are considering how to better react and influence waste arisings. Further details are in the Waste section.	Tonnes	5	5	7
		Tonnes/FTE	0.02	0.02	0.03

Notes to the above table:

1. All figures are rounded.
2. Prior year gas consumption has been restated to reflect correct unit measurement (kWh rather than cubic metres), following clarification of meter readings. This restatement has resulted in a corresponding adjustment to reported emissions.
3. Leeds usage is based on meter readings for the building. As reliable data for the London office is not available, water use per capita from the Leeds office was used to estimate water usage due to the same nature of work at both premises.

Waste

We aim to cut waste and increase recycling or landfill diversion. Waste data from our Leeds and London offices is collected via building managers and adjusted for the floor area occupied by the National Wealth Fund. As data quality improves, we are working to strengthen how we monitor waste streams and identify opportunities to reduce our environmental footprint.

During 2025–26, we continued efforts to minimise unnecessary waste, encourage correct segregation at source, and work with our landlords to improve reporting accuracy. We are also reviewing opportunities to reduce waste associated with day-to-day operations, including catering, consumables and office fit-out materials. The estimated cost of waste disposal was £760 (2024–25: £1,310).

We recycle or refurbish IT equipment wherever possible. When items cannot be reused due to data-security requirements, we work with accredited third-party providers to ensure compliant Waste Electrical and Electronic Equipment (WEEE) disposal. This includes secure data destruction followed by material recovery or responsible end-of-life treatment. We continue to explore ways to extend equipment lifespans through repair and repurposing to reduce e-waste volumes over time.

Waste arisings	2025–26		2024–25		Year-on-year volume change
	Volume (tonnes)	Cost (£)	Volume (tonnes)	Cost (£)	
Total waste arisings	5.4	760	4.8	1,310	+12%
Total waste recycled	1.5	120	1.5	450	-0%
Total ICT waste recycled, reused and recovered (externally)	–	–	–	–	–
Total waste composted/ food waste	0.2	20	0.6	140	-66%
Total waste incinerated with energy recovery	3.7	620	2.7	720	+37%
Total waste incinerated without energy recovery/ waste to landfill	–	–	–	–	–

Climate resilience of our premises and operations

The resilience of our premises and operations is essential to maintaining business continuity and ensuring a safe, effective working environment. As climate-related risks such as flooding, heat stress and extreme weather become more prominent considerations for organisations across the UK, we continue to work closely with our landlords to ensure our buildings remain resilient, efficient and fit for purpose.

Our offices are actively managed through planned and preventative maintenance and regular asset condition assessments. This helps mitigate disruption and ensures our assets continue to operate safely and effectively under changing conditions.

We also maintain business continuity and emergency response arrangements designed to minimise operational disruption and support timely recovery in the event of incidents. These arrangements are reviewed periodically to ensure they remain appropriate as risks, operating environments and regulatory expectations evolve.

"During 2025–26, we continued efforts to minimise unnecessary waste, encourage correct segregation at source, and work with our landlords to improve reporting accuracy."

Task Force on Climate-related Financial Disclosures

We were established to support the Government's growth and clean energy missions; we recognise that climate change presents material risks to both the delivery of those objectives and to the wider financial system. As a long-term investor in capital-intensive projects, businesses and assets, we acknowledge that proactively managing climate-related risks and opportunities is critical in safeguarding value and supporting the resilience of our portfolio. As a strategic ambition, we are committed to unlocking the UK's clean energy transition by 2050 by accelerating investment into the foundations of the UK's clean energy system.

We remain committed to reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are actively working to strengthen our processes and enhance the quality of our disclosures year on year. Over the past financial year, we have continued to integrate climate risk considerations into our decision-making processes, including ongoing work to refresh our climate risk scenario framework and undertaking portfolio-level testing, ensuring alignment with the strategy and risk management pillars of the TCFD recommendations. This report reinforces our commitment to transparency of how we manage climate-related risks and opportunities, aligned with the 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. Our statement of compliance with TCFD-aligned disclosure requirements can be found on page 102.

Governance

The Board holds ultimate decision-making responsibility for climate-related matters within the Company. Together with the Executive Committee, it oversees progress against our climate objectives including support for the UK Government's clean energy transition and efforts to strengthen the UK's resilience to climate change.

Climate-related oversight is shared between the Board and multiple committees within our governance structure, as summarised in the table below.

Governance levels	TCFD-related responsibility and update
Board	The Board actively oversees climate-related risks and opportunities, periodically including the subject as an agenda item in its meetings. The designate Non-Executive Director 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. In 2025–26, the Board was engaged in, and approved, the implementation of the Credit Scorecard, with explicit consideration of climate risks and other impact on pricing and other credit models.
Executive Committee	The Executive Committee plays a central role in delivering our climate objectives, ensuring that investment decisions prioritise contributions to clean energy transition and reinforce the resilience of our portfolio. The Executive Committee received updates on significant climate-related concerns at both the transaction and portfolio levels. The Committee provided oversight of the integration of climate and ESRG factors into the Credit Scorecard and approved full implementation in 2026–27. Additionally, the Committee will remain actively engaged in the refresh of our climate-scenario portfolio analysis work.
Investment Committee	The Investment Committee evaluates climate-related risks and opportunities for individual investments and the portfolio when identified as a significant risk concern.
Risk Committee	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.

Strategy

We have three strategic ambitions: unlocking growth opportunities on the pathway to clean energy; accelerating place-based investment across all four nations of the UK; and strengthening sovereign and strategic capabilities.

Through our investments, we aim to save 500 million tonnes of carbon dioxide emissions by 2050, directly contributing to the UK's clean energy transition.

We recognise that climate risks, among other drivers, have the potential to impact the achievement of our strategic objectives and have therefore embedded climate risk considerations into the Company's overall strategic and risk management approaches.

Climate-related risks and opportunities

During the financial year, we considered climate-related risks with the potential to influence portfolio resilience, financial performance, and progress against our investment objectives. This included transition risks – such as policy tightening, technological shifts, and changing market preferences – and physical risks, including flooding, extreme heat, and sea-level rise.

In parallel, we identified climate-related opportunities in areas such as resource efficiency, renewable energy, sustainable technologies and products, and resilient infrastructure. These risks are considered across short-, medium- and long-term horizons to support a forward-looking understanding of potential impacts.

Climate scenario analysis

In 2024–25 financial year, we undertook our first climate scenario analysis, aligned to our ESRG Framework and recommendations of the TCFD. This analysis considered how different plausible pathways may affect the resilience of our portfolio over the short, medium and long term.

The scenario analysis considered three pathways, including a Paris Aligned scenario of 1.5°C orderly transition, a bespoke "technology driven, policy sluggish" scenario reflecting the National Wealth Fund's focus on enabling sectors and technologies, and a higher warming scenario given potential global failure to meet targets and carbon budgets. Key variables included carbon pricing trajectories, physical hazard frequency, renewable deployment assumptions, and macroeconomic conditions. We assessed the impact of these scenarios on our portfolio and discussed the result with the Executive Committee and Board. The scenarios are monitored and their impact is considered in the context of the organisation's strategy, performance, and risk management.

We have committed to a two-year cycle for refreshing our climate scenario analysis. The latest refresh is in progress, with the results expected to be reflected in the 2026-27 TCFD report. The climate scenarios analyses disclosed in last year's Annual Report and Accounts remain the reference point for this year's disclosure.

Risk management

Climate-related risks are treated as an integral component of the Company's overall Risk Management Framework. We manage this risk through the Company's risk appetite framework and ensure active monitoring through our Corporate Risk Register.

Over the past year, we have continued to strengthen our overall ESRG risk identification, assessment and management processes. We conduct qualitative assessments of climate-related risks and opportunities for all transactions prior to investment. As part of our due diligence, we examine the material climate-related exposures affecting our clients and their supply chains, considering implications at both the project level and across our investment portfolio. We also evaluate how clients manage transition and physical risks, including their decarbonisation goals, transition pathways, and adaptation initiatives. We further advanced our approach by integrating climate risk, alongside other ESRG risks, into our S&P Credit Scorecard to understand financial implications and support pricing decisions.

At the portfolio level, we have developed climate scenarios based on plausible future conditions and conducted stress tests to evaluate potential impact across sectors and our eligible investment portfolio. We review our position biennially to ensure continued alignment with our risk appetite.

Investing in critical supply chains

Supporting the potential to produce up to

4,000

tin per annum

Strengthening domestic supply of essential inputs for manufacturing and technology

Metrics and targets

We continue to enhance the quality, coverage and consistency of the climate-related metrics we report, particularly as our investment portfolio expands and matures. Our focus remains on improving the robustness of our carbon accounting methodologies and refining the data we collect from counterparties, ensuring it aligns with recognised market standards such as the GHG Protocol and Partnership for Carbon Accounting Financials (PCAF).

In line with our strategic mandate, we are supporting the UK's clean energy transition through our investments in our strategic sectors. In January 2026, we published our Strategic Plan, setting out goals to drive more than £100 billion in financing by 2031, including into the clean energy sectors, and save 500 million tonnes of carbon emissions by 2050. We recognise the importance of clear, decision-useful metrics and are building the internal capability needed to support further target-setting in a proportionate and credible way.

Operational emissions

We have continued our efforts to align our carbon accounting processes with widely accepted market standards. We have utilised the 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 emissions 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 Company's total emissions for the reporting period increased year-on-year, driven primarily by financed emissions resulting from the expansion of the investment portfolio. Despite this rise, emissions intensity improved significantly, falling to 27.3tCO_2e per £million invested from 83tCO_2e in the previous year.

The successor to the 2021–25 Greening Government Commitments had not been published during preparation of the 2025–26 Annual Reports and Accounts. The Company has adopted an approach within its own published Annual Report and Accounts to satisfy the relevant aspects of Sustainability Reporting Guidance during this transitional period.

GHG emissions (in tCO_2e)	2025–26	2024–25	2023–24
Scope 1	55.3	139.5	281.4
Scope 2	46.5	55.9	66.6
Scope 3 – business travel, waste	57.3	56.0	47.7
Scope 3 – financed emissions	204,500	124,500	42,200
Total emissions	204,700	124,800	42,600
Emissions intensity (tCO_2e /£m)	**27.3**	**83.2**	**90.6**

Notes to the above table:

1. Scope 1 emissions are classified as those from gas for heating water and those originating from the VRF system. Direct emissions from refrigerants are calculated based on the quantity of refrigerant added during servicing and maintenance activities, in line with the Greenhouse Gas Protocol. For the reporting year, all sites confirmed that no refrigerant top-ups were undertaken. As a result, refrigerant-related Scope 1 emissions are reported as zero for the period. Nevertheless, we aim to improve data quality for refrigerant emissions by increasing engagements with landlords.
2. Scope 1 data for 2024–25 has been restated to reflect corrected gas consumption figures, following clarification of meter readings.
3. The reduction in Scope 2 emissions is caused by reduced energy use due to energy efficiency measures taken this financial year.
4. Our Scope 3 emissions include business travel and waste. 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.
5. For Scope 3, the distances of flights in 2025–26 are: domestic 22,700km (5tCO_2e); international (short haul) 6,000km (0.5tCO_2e). Emissions data has to be obtained from National Wealth Fund's corporate travel company. In 2024–25 the flight distances were: domestic 28,800km; international 5,500km; 2023–24: domestic 5,300km; international 11,800km.
6. Emissions factors applied are as per GOV.UK 'Greenhouse gas reporting: conversion factors 2025' (https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025).

Emissions intensity ratio

In accordance with statutory requirements, the Company's greenhouse gas emissions intensity for 2025–26 was 615 tCO_2e per FTE (465 tCO_2e in 2024–25)[6]. 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 2026 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 owing to their minimal contribution to overall emissions. Scope 1 emissions for the year reflect gas usage, as no refrigerant top-ups were reported at our 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 National Wealth Fund. Indirect emissions from our value chain Scope 3 emissions include business travel, emissions associated with waste generation, and financed emissions.

Financed emissions are the GHG emissions linked to the investment and lending activities of financial institutions, rather than our operational emissions. Our financed emissions represent the most significant component of our emissions disclosure, reflecting the emissions associated with the companies and projects we invest in. We continue to apply the PCAF methodology in the estimation of these emissions.

In the year 2025–26, we can attribute to the Company a total of 204,500 tonnes of financed emissions across our investments' Scope 1, 2 and 3 carbon emissions. Our financed emissions intensity improved markedly, declining to 27.2tCO_2e per £million invested from 83tCO_2e in the previous year.

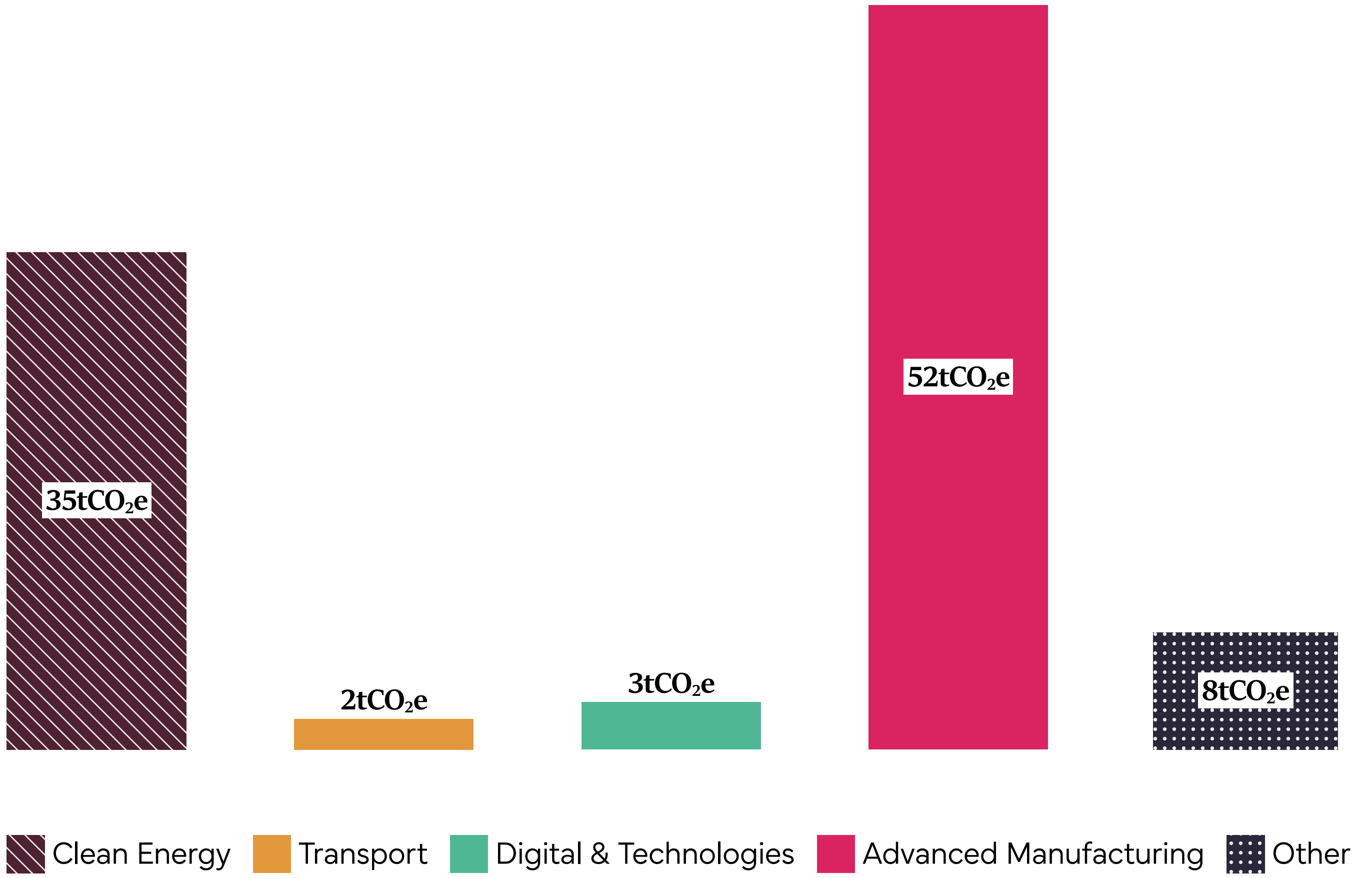
Financed emissions	2025–26	2024–25	2023–24
Total financed by the company (tCO_2e)	204,500	124,500	42,200
Emissions intensity (tCO_2e /£m)	27.2	83.0	89.8

The following chart highlights the intensity of our financed emissions by sector. The advanced manufacturing sector has the highest emissions and intensity factor of our portfolio, and clean energy, the second highest. The advanced manufacturing sector has the highest emissions intensity because it covers a range of sectors, including critical minerals transactions, which has a high intensity of emissions per £million invested compared to other sectors.

6. Emission intensity for 2025–26 and previous years is based on the total emissions across all three scopes. This is an update from previous reports, where financed emissions data was not included in the emission intensity reported.

Financed emissions intensity (tCO_2e/£m)

Distributed by the Company's priority sectors



Calculations of financed emissions:

1. Selected sectors: We have reported the financed emissions for our priority sectors. The change in the sectors presented reflects alignment with the National Wealth Fund's updated strategic sector framework.
2. Data quality: Our financed emissions are calculated by taking a snapshot of our portfolio at 31 March 2026. 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.
3. 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.
4. The Company's score is 3: 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 investments are less than 12 months old.
5. Scope of PCAF: The PCAF approach only covers the debt and equity products that the Company offers. Other financial products, such as bridging loans that have been repaid by the reporting date and guarantees that have not been called, are not included in the financed emissions methodology. Therefore, of our transactions, 58 out of 84 are eligible for our financed emissions calculation, which results in a total value of £7,574 million for the 58 eligible transactions.

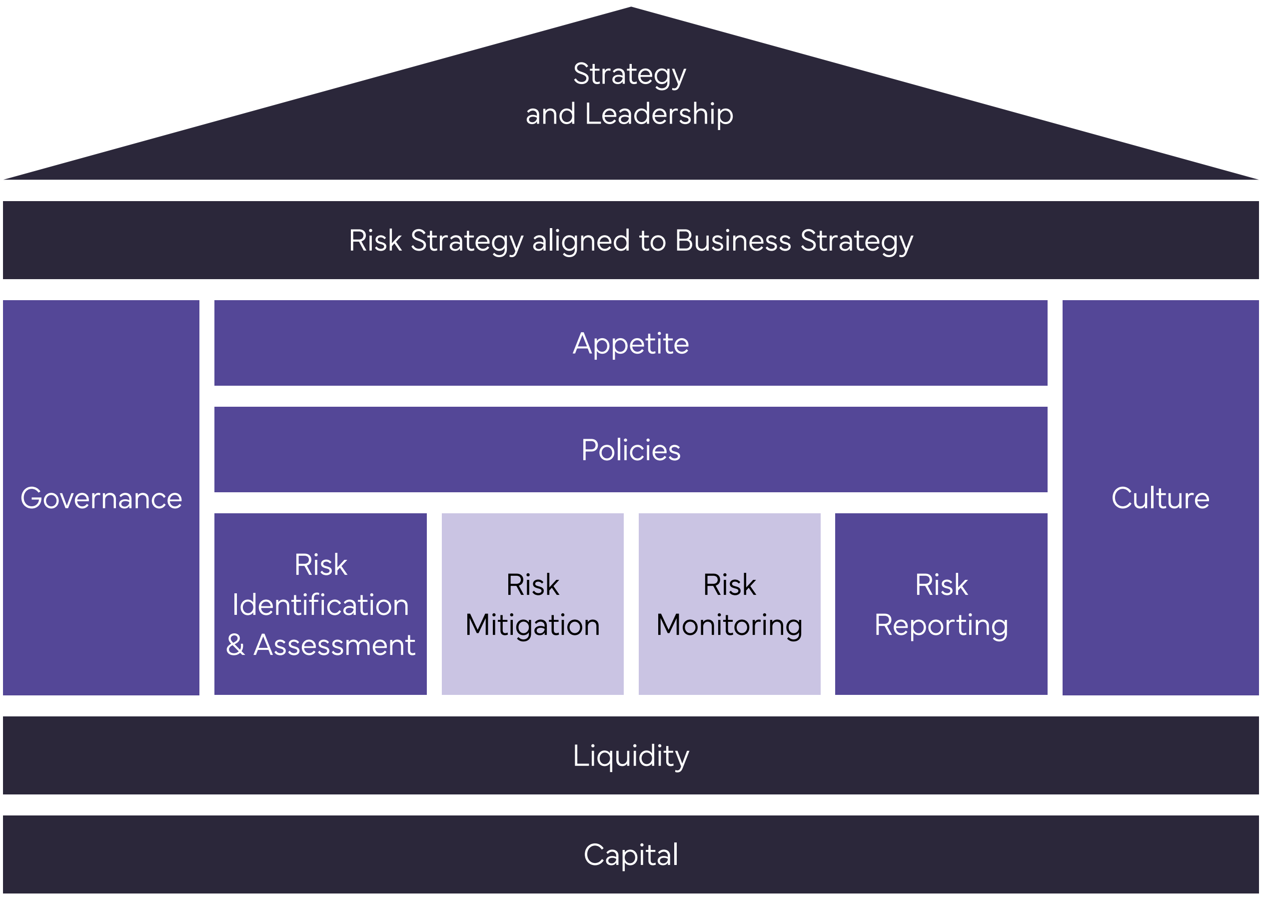
Risk management and internal controls

The National Wealth Fund 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 and the new mandate requirements. The risk management strategy is to embed an effective risk management framework which enables the risks to the National Wealth Fund's objectives to be managed in as simple and effective a way as possible. It fosters a risk-aware culture and provides the necessary assurance that key risks are managed within the appetite set by the Board.



The governance arrangements and policies 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, equity risk, interest rate risk and capital, and liquidity adequacy.

The Compliance Framework is designed in accordance with good practice governance and conduct and is aligned with the National Wealth Fund's requirements, including the principles of the Financial Conduct Authority's (FCA) Senior Managers and Certification Regime, insofar as is appropriate and proportionate to our business, and 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 regulations.

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 for early awareness and, if appropriate, management action.

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

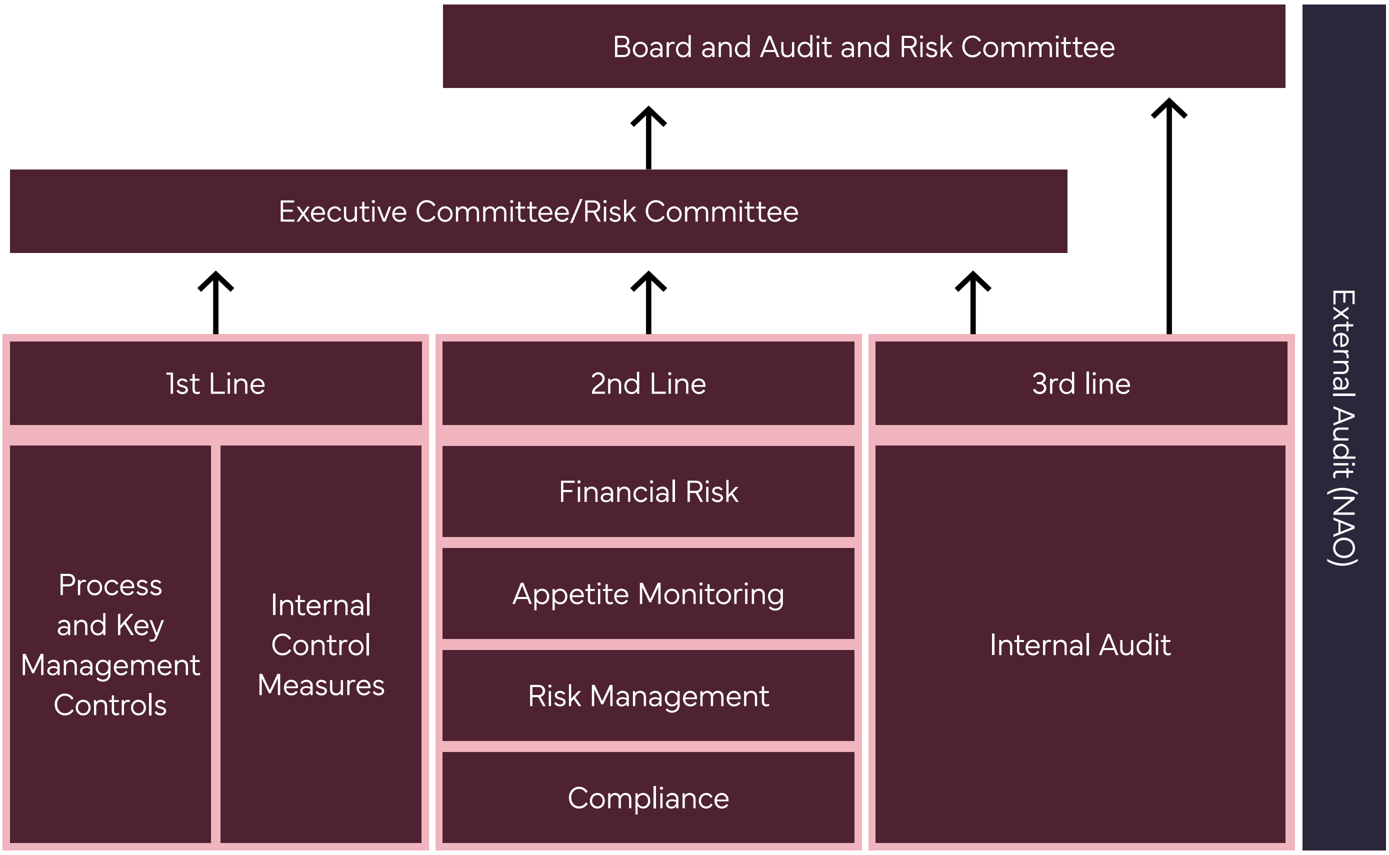
Structures and responsibilities

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

The first line 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 is responsible for facilitating the risk management process and providing oversight and challenge to the effectiveness of risk decisions taken by the first line. The second line is also responsible for the provision and maintenance of risk policies, frameworks and training.

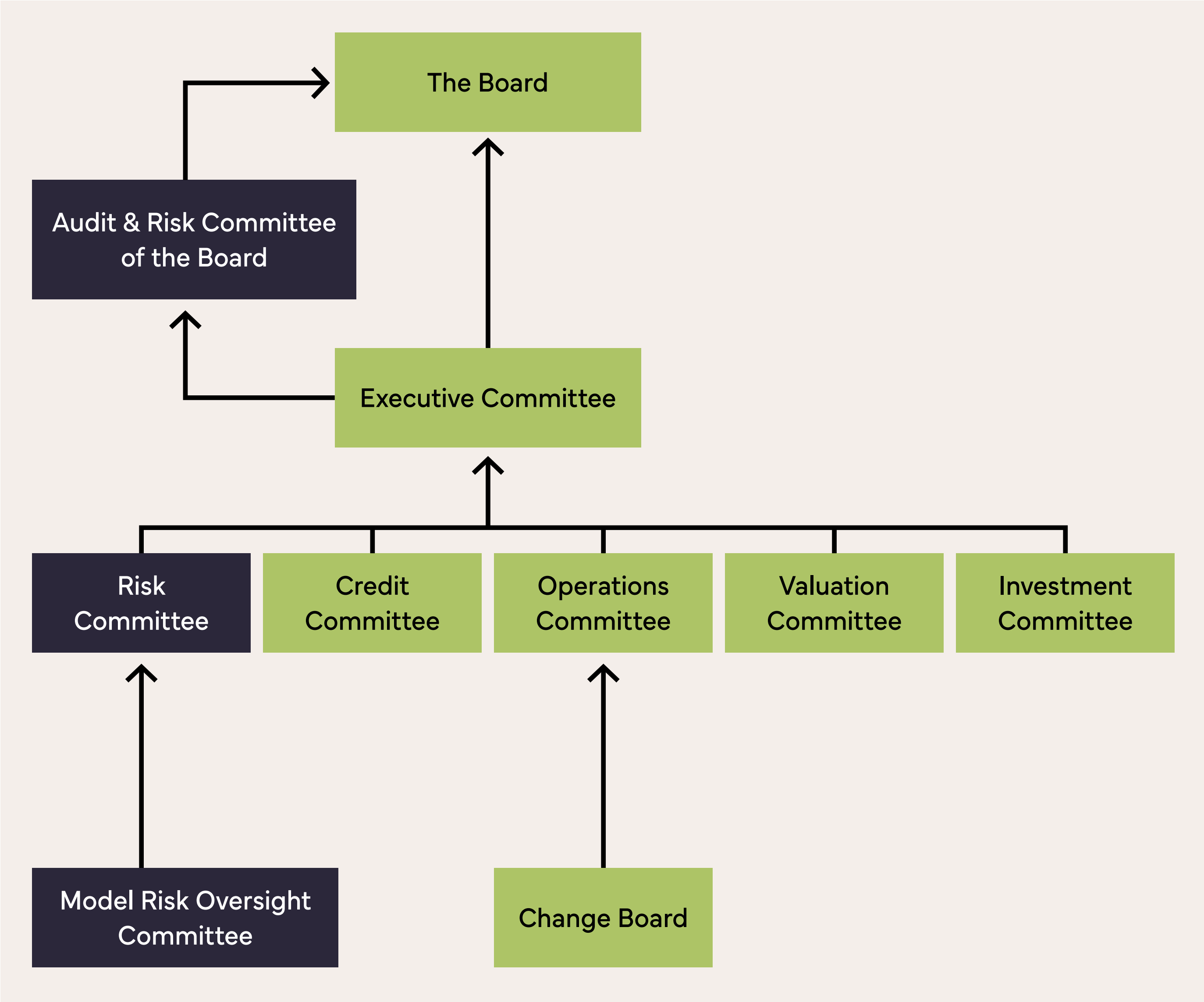
The third line consists of independent assurance provided to the Audit and Risk Committee and the Board by Internal Audit, including its assessment of the effectiveness of risk management across the first and second lines.



Committee structure for risk management

The Committee structure relevant to risk governance and oversight is outlined in the diagram on page 75.

- The Board is responsible for the effective management of risk, approving the risk strategy and 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 that merit special attention and agrees action points to address issues as appropriate. It reports to the Executive Committee.
- The Valuation Committee is a Sub-Committee of the Executive Committee, and is responsible for developing, implementing and overseeing the valuation methodology, annual valuations and practices with regard to the equity and debt investments of the Company.
- The Operations Committee is responsible for the operational matters including 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 running of the Company. The Change Board will make recommendations and escalate exceptions, and significant (high and very high) programme risks to the Operations Committee and Risk Committee as appropriate.


The Board
Audit & Risk Committee of the Board
Executive Committee
Risk Committee
Credit Committee
Operations Committee
Valuation Committee
Investment Committee
Model Risk Oversight Committee
Change Board

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."

This statement is further clarified by risk appetite statements for each principal risk and subcategory of risk that the Company faces. These are shown in the following table.

Risk category and definition	Sub-categories	Appetite statements
Strategic and business 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.	Reputation and stakeholder engagement	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 transactions we do. We will avoid taking risks that might lead to medium or long-term damage to the reputation of the National Wealth Fund.
	Policy	We have no appetite for transactions that do not have a positive impact on at least one of our policy objectives.
	Partnerships	We will seek opportunities to deliver effectively with local government partners wherever we see an alignment with our objectives while balancing against the strategic value, impact and long-term benefits expected from the partnership.

<table>
<tr><th>Risk category and definition</th><th>Sub-categories</th><th>Appetite statements</th></tr>
<tr><td rowspan="4">Investment
Investment risk is the risk that an investment does not perform as expected, resulting in financial loss, lower-than-anticipated returns, or other adverse outcomes for the National Wealth Fund, arising from factors such as market conditions, creditworthiness of counterparties, project performance, concentration of exposures, or structural features of the transaction. Investments risk comprises credit, equity investment, counterparty, concentration and impact risks.</td><td>Credit/counterparty</td><td>The Company is set up to address market weaknesses and to accelerate new markets in infrastructure finance. We are willing to take more risk than the market for transactions that will help us to meet our objectives.</td></tr>
<tr><td>Equity investments</td><td>Given our mandate, our appetite for risk arising from our investments is high. However, we will assess and actively manage each exposure, ensuring that we stay within our economic capital constraints, and do not place the Company at risk of breaching classification rules.</td></tr>
<tr><td>Concentration</td><td>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.</td></tr>
<tr><td>Climate, Sustainability and Impact</td><td>We seek to ensure that our financing will shape and scale markets and generate sustainable, skilled jobs nationwide.</td></tr>
<tr><td rowspan="4">Financial
Financial risk comprises market (including interest), model, liquidity and risks to the National Wealth Fund's financial performance. These component risks may result in a failure to manage assets or liabilities or to obtain value for money from the resources deployed, thus constraining the National Wealth Fund's balance sheet. Failure to manage financial risks within approved appetite could trigger breach of other key risks including Strategic and business and Reputational.</td><td>Market and interest rate</td><td>The Company accepts that while seeking to match the interest rate risk profile of its assets with the liabilities available to it from HM Treasury, there will be an intrinsic interest rate risk which we will measure and report.</td></tr>
<tr><td>Liquidity and payments</td><td>We will ensure that the funding requirements for assets, calls on guarantees and other obligations are accommodated at all times.</td></tr>
<tr><td>Financial performance</td><td>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.</td></tr>
<tr><td>Model</td><td>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.</td></tr>
</table>

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 Company.
	Cyber and security	We do not tolerate weaknesses in core cyber controls that could materially impact our reputation, disrupt operations or compromise our data.
	Projects/ programmes	Our portfolio of change is aligned with our strategic priorities, and we strive to deliver the benefits and efficiencies swiftly and effectively. As well as being committed to achieving our objectives, the approach to every change we deliver is proportionate and balanced.
	Procurement and third party	We will seek to comply with the Public Contracts Regulation 2015 and/or Procurement Act 2023 where relevant. We will ensure that sound procurement and commercial management arrangements are in place, that fair and objective procurement of goods and services occurs, and that we thereby optimise value for money and minimise risk.
	Business resilience	The National Wealth Fund operational activity possesses characteristics of low volume, high value, high quality and long timelines. Short periods of disruption can be recovered from without impact to operational activities.
	Data & information security	Data & information management and security is critical to operational efficiency, sound investment decision-making, regulatory compliance, and the protection of our reputation. We will seek to mitigate these risks where possible while ensuring the National Wealth Fund can meet its strategic objectives.

Risk category and definition	Sub-categories	Appetite statements
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	We will prioritise the attraction, retention and development of a highly skilled workforce capable of delivering our strategic objectives while complying with all relevant regulations.
	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	The National Wealth Fund will seek to actively avoid breaches of the law, acknowledging that they will arise to a limited degree in normal business practice. We will ensure we have 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 support the Government's growth and clean energy missions. Delivery on these objectives may fall short of expectation if strategic and business risks are not managed appropriately.	Clearly defined objectives monitored on an ongoing basis. Established risk management processes and governance around strategic and business risks. Regular review of risks by the 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. Proactive monitoring and management of potential reputational risks by the Communications Team.
Investment risk	Lower-than-anticipated returns, or other adverse outcomes arising from factors such as market conditions, creditworthiness of counterparties, project performance, concentration of exposures, or structural features of the transaction. Investment risk comprises credit, equity investment, counterparty, concentration and impact risks.	Due diligence processes and credit risk assessments are in place for all loans, investments and guarantees with ongoing monitoring. Impact analysis is in place for all investments including ESRG assessments. Proactive portfolio management and ongoing credit risk assessments.

Risk category	Challenges these risks pose	The Company's mitigations
Financial risk	The Company is exposed to market (including interest), model and liquidity risks, and risks to the National Wealth Fund's financial performance. 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 National Wealth Fund's balance sheet.	Interest rate risk assessed and subject to monitoring against risk appetite measures. Robust finance governance framework and external audit approach. 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.	Managed recruitment process and Reward Framework. Our Behaviour Framework. Succession planning to cover key person dependencies.
Operational risk	Information may be compromised or not subject to sufficiently effective governance and quality controls to support reliable decision-making and reporting. Change projects may not be successfully delivered. Business processes may be ineffective or inefficient. Significant disruption might be caused by external events.	Enhancement of data management controls, including clearer data ownership, improved data quality oversight, and strengthened governance of critical data. Risk identification and assessment of mitigating factors covering sub-categories of operational risk performed by functional areas across the Company. 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.

Risk category	Challenges these risks pose	The Company's mitigations
Legal and regulatory risk	Laws, regulations or the Company's foundation documents may not be complied with. The Company may be subject to disputes over its role or the use of subsidy. Insufficient oversight of processes, actions and decisions may lead to heightened exposure to risk and failure to detect issues with operational and financial performance. Financial crime may be conducted using the Company as a conduit.	Tracking and monitoring new laws and regulations; reviewing contracts and managing disputes; in-house legal expertise. Robust governance and financial crime frameworks. 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 National Wealth Fund operates from its permanent head office in Leeds which 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 office space continues to support our growth and evolving role as the National Wealth Fund. During the financial year we also provided accommodation for UK Export Finance, the Low Carbon Contracts Company, and the National Infrastructure and Service Transformation Authority.

In addition to the Leeds head office, we operate offices in Edinburgh, Cardiff, Belfast and London. Place-based investment depends on sustained relationships and local presence. Our UK-wide footprint supports our partnerships with devolved governments and mayoral authorities, and our place-based investment across all four nations of the UK.

We also now have dedicated resource embedded within the four Mayoral Strategic Authorities' and City Regions' Strategic Partnership teams to provide project development and commercial and financial advisory expertise.

Further information on staff locations is provided in the Staff report (page 135).

Digital, data and technology

We have continued to strengthen our digital foundations while adapting to evolving strategic priorities. Investment in our Customer Relationship Management (CRM) platform has expanded its capability to better support portfolio and investment management and to align with changes in organisational strategy. We have also embedded automated testing across our core digital platforms, improving efficiency, reducing risk, and increasing confidence when changes are deployed.

As our portfolio continues to grow, we plan to replace our current financial operations and risk management tool with a long-term platform. We expect to commence this implementation in 2026–27 to deliver best practice, efficiency, and improved controls for financial operations and risk management.

We have enhanced the digital employee experience by modernising our service desk, introducing a new self-service portal that improves automation, expands knowledge base capability and reduces request handling times. This has delivered a more responsive and efficient support experience across the Company.

Our security posture has been significantly strengthened. We improved the structure and security of our enterprise content management system and intranet by migrating to a hub-and-spoke model, enhancing data protection and governance. Platform resilience has been increased through improved backup capabilities, stronger data loss prevention controls, and enhanced Identity and Access Management governance. We achieved Cyber Essentials Plus certification, introduced improved visibility and accountability for security vulnerabilities across the organisation, and implemented additional threat-intelligence capabilities, including dark-web monitoring.

We have enabled enterprise-wide insight by establishing a connected data fabric. This has improved data accessibility, and integration across systems supporting a more consistent foundation for operational delivery. As part of ongoing control assessments, we identified opportunities to strengthen data management controls, particularly related to data ownership clarity, data quality oversight, and consistency of governance of critical data.

Alongside this, we have established clear Artificial Intelligence (AI) governance to ensure responsible and transparent AI adoption. We enabled use of AI across the organisation and introduced an early-adopters programme for use of AI Agents, delivering early productivity gains and accelerating confident, responsible use of AI across the organisation.

Operational resilience

We recognise the importance of operational resilience in ensuring the continuity of our critical services and the effective delivery of our mission. During the year, we continued to strengthen our resilience arrangements, focusing on preparedness for disruption, effective response and recovery, and learning from incidents. As part of our commitment to testing our resilience and continuity planning, we operate an annual Major Incident Group scenario test.

The Board provides oversight of operational resilience through the Risk Management Framework, with particular attention to technology, data, cyber security and reliance on third-party service providers.

While the National Wealth Fund is not directly subject to financial services' operational resilience regulation, its approach is informed by recognised good practice across the financial sector.

Financing the first new UK reservoir since 1991

21m

litres per day, serving

160,000

customers

Strengthening water supply infrastructure and securing supply for households and communities

Sustainable procurement

Our procurement approach focuses on achieving value for money over the full lifecycle of contracts, while supporting efficient delivery and maintaining strong commercial and regulatory assurance. Procurement activity is conducted in compliance with the Procurement Act 2023, the Public Contracts Regulations 2015 (where applicable), and wider Cabinet Office spend and assurance controls.

To promote consistency, pace and value, we operate a Framework First approach wherever appropriate, maximising the use of established public sector commercial agreements. Where new or specialist solutions are required, early market engagement is undertaken to shape requirements, improve market readiness and support competitive outcomes, while embedding proportionate social value considerations.

Procurement processes are increasingly supported by technology, enabling streamlined approvals, improved transparency, and stronger contract management. We also maintain a clear focus on responsible procurement practices, including compliance with our Modern Slavery Statement and associated policies, supporting ethical supply chains and appropriate due diligence.

> “The National Wealth Fund operates from its permanent head office in Leeds which 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.”

This Strategic Report was approved by the Annual Report & Accounts Sub Committee on 7 September 2026, acting under delegated authority from the Board of Directors, and was signed on the Board’s behalf by:

Oliver Holbourn
Chief Executive Officer and Accounting Officer

8 September 2026

Accountability Report

Image: Pragmatic Park, Durham. **Image credit:** Pragmatic Semiconductor.

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 2026.

> "The Board maintains high standards of governance to effectively deliver the Company's strategy. The operation of the Board is supported by the collective experience and diversity of our Directors."

The Corporate governance statement is set out on pages 98–119 and forms part of this Directors' report.

The following information, referenced below, is required by the Companies Act 2006 and/or the Government Financial Reporting Manual (FReM). It 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 2026 is set out in 'What we do' on pages 7–11;
- the Company's risk management disclosures are set out in the Strategic Report on pages 71–82;
- the Company's greenhouse gas emissions and statutory intensity ratio are disclosed in the Strategic Report on page 69;
- information on our employment disability policies, gender pay gap and our actions on colleague engagement is in the 'Our people' section on pages 55–58; and
- significant post-balance-sheet events are detailed in Note 27: Events after the reporting period, on page 220.

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

Directors' indemnities

During the financial year to 31 March 2026, 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.

Image: Thorpe Marsh site.
Image credit: Fidra Energy.

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 pages 80–82, 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. The Company is funded by HM Treasury under a Keep Well Agreement in place between the Company and the Commissioners of HM Treasury. The Keep Well Agreement states it will provide sufficient funding to enable the Company to meet its liabilities as and when they fall due, to an aggregated funding cap limit of i) the agreed financial capacity of the National Wealth Fund which is £27.8 billion as at the date of signing of this Annual Report and Accounts; and ii) the amounts up to the level of the Company's commitments under the Sizewell C transaction.

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 of the Directors' assessment are included in Note 1.2.10: Funding from the Shareholder, on page 178 and Note 22.5: Capital management, on page 216.

Statement of viability

The Company's continuation as an entity is ultimately at the discretion of its sole Shareholder, HM Treasury. 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 Directors have also noted the arrangements in place with HM Treasury across the Company's Framework Document, Financial Framework and Keep Well Agreement.

The Directors have determined that a three-year period for the assessment, up to the year ending 31 March 2029, 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, the Company's operating costs and the risks the Company faces that could impact performance.

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

Directors

The following individuals served as Board Directors during the financial year to 31 March 2026. The process for appointment and removal of Directors is set out in the Corporate governance statement and can be found on page 119.

Board member	Position
Christopher Grigg, CBE[1]	Chair
Elena Ciallie	Non-Executive Director
Ian Brown (appointed 15 August 2025, resigned 1 November 2025)	Interim Chief Executive Officer
Catherine Cripps[1] (appointed 1 October 2025)	Non-Executive Director
Muriel Dube[1]	Non-Executive Director
John Flint, CBE (resigned 15 August 2025)	Chief Executive Officer
Oliver Holbourn (appointed 1 November 2025)	Chief Executive Officer
Marianne Økland[1]	Non-Executive Director
Tom Riordan[1] (appointed 1 October 2025)	Non-Executive Director
Bridget Rosewell, CBE[1] (until 9 June 2026)	Senior Independent Director
Annie Ropar	Chief Financial Officer
Tania Songini[1]	Non-Executive Director
Joseph Schull[1] (appointed 1 October 2025)	Non-Executive Director
Nigel Topping, CMG[1]	Non-Executive Director

Notes to the above table:

1. Catherine Cripps, Muriel Dube, Christopher Grigg, Marianne Økland, Tom Riordan, Bridget Rosewell, Joseph Schull, Tania Songini and Nigel Topping are considered by the Board to be independent.

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 and served until 1 November 2025 when Oliver Holbourn's appointment took effect. Formal handover arrangements from John Flint to Ian Brown, and from Ian Brown to Oliver Holbourn were provided to support continuity of governance and assurance.

Bridget Rosewell's term of office concluded on 9 June 2026.

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, Shareholder Representative Director

Elena is a Director of UK Government Investments (UKGI), the Government's centre of expertise for corporate governance and corporate finance, having joined the organisation in October 2020. She was appointed by HM Treasury as Shareholder Representative Director to the Board of the Company on 1 August 2024.

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

Catherine Cripps, Non-Executive Director (appointed 1 October 2025)

Catherine is a seasoned investment management professional, having held senior leadership roles at major institutions and smaller, entrepreneurial businesses. She has built a diverse board portfolio, serving on listed company boards, private equity-backed businesses, government agencies and major international subsidiaries. Catherine holds an MA in Physics from the University of Oxford and is a Chartered Accountant (ACA).

Current external appointments:

- Non-Executive Director, Goldman Sachs International
- Non-Executive Director, Goldman Sachs International Bank
- Non-Executive Director, Pool Reinsurance Company Limited
- Chair, Polar Capital Technology Trust plc
- Independent member, Investment Committee for Marie Curie charity

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. and as interim Chair of the Professional Welsh Rugby Board, responsible for the Welsh national teams and professional regional teams. Until May 2026, she was a Non-Executive Director of Norse Atlantic Airways.

Previously, she held various board positions, including chairing a number of board committees at IDFC Limited (Infrastructure Development Finance Company), IDFC Alternatives (India), Íslandsbanki (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 and Chair, Professional Welsh Rugby Board

Tom Riordan, Non-Executive Director (appointed 1 October 2025)

Tom brings extensive experience across central and local government. He began his career in government, subsequently serving as Chief Executive of a regional development agency. He later became Chief Executive of Leeds City Council, overseeing significant regeneration and public service transformation.

Tom currently serves as Northern Growth Envoy at HM Treasury and undertakes the Non-Executive Director role alongside this position.

Current external appointments:

- Northern Growth Envoy, HM Treasury
- Director and Trustee, Middlesbrough Football Club Foundation

Bridget Rosewell, CBE, Senior Independent Director (until 9 June 2026)

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 the 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, Northumbrian Water Limited
- Non-Executive Director, AWE plc
- Director, Starling Investments Limited UK Branch
- Senior Adviser, Volterra Partners LLP
- Senior Adviser, Prysm Global

Joseph Schull, Non-Executive Director (appointed 1 October 2025)

Joseph is Co-Founder and Managing Partner of private equity firm Corten Capital. Previously, Joseph was Head of Europe at Warburg Pincus and a member of the firm's Executive Management Group, responsible for overseeing investments in multiple sectors, with a focus on technology.

Joseph is an experienced board member, having served as both an investment director and a non-executive director. He brings over 25 years of investing and business building expertise as well as strategic insight to National Wealth Fund's Board.

Current external appointments:

- Corten Capital, Co-Founder and Managing Partner
- Placeholder Films Ltd, Founder and Director

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 its 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, Alquarism 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
- Co-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 Action Champions

Oliver Holbourn, Chief Executive Officer (appointed from 1 November 2025)

Prior to joining the National Wealth Fund, Oliver was CEO of RBS International Holdings, a subsidiary of the NatWest Group, where he was on the Group Executive Committee for over four years. With over 25 years of experience across investment banking, government investments and strategic leadership, Oliver has deep expertise in managing capital to deliver public value.

Previously he served as CEO of UK Financial Investments (UKFI), where he was responsible for managing the Government's shareholdings in RBS, Lloyds and UK Asset Resolution, overseeing complex, high-value shareholdings on behalf of the UK taxpayer.

Earlier in his career, Oliver spent over a decade at Bank of America, latterly as Managing Director of Equity Capital Markets for the UK, Ireland and South Africa. His career has been defined by a strong track record in financial leadership, capital markets, and public sector engagement.

Ian Brown, Interim Chief Executive Officer (15 August 2025 – 1 November 2025)

Ian is an experienced banker and investor. Before joining the National Wealth Fund, he was Head of Private Markets at asset manager LGPS Central, establishing its infrastructure, private credit, private equity and real estate direct and fund-of-funds platform for its eight UK pension schemes.

Previously, he spent 14 years at Lloyds Banking Group, where latterly he was Head of Industrials & Infrastructure and Head of Large Corporates, Europe. He had joined Lloyds to lead leveraged finance in Europe, becoming Global Head of Leveraged Finance and then Global Head of Loan Financing before moving to head coverage. His career prior to Lloyds was at UBS where he was a Managing Director in the leveraged finance and advisory business.

Ian is Chief Investment Officer, overseeing the origination and execution of our lending, investing and advisory activities.

Current external appointment:

- Non-Executive Director and member of the Investment Committee of GCP Infrastructure Investments Limited, a FTSE 250 listed investment trust.

John Flint, CBE, Chief Executive Officer (to 15 August 2025)

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 it 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

* External appointments shown are those held at the date of resignation (15 August 2025).

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 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). This section of our report details information on the Board and its activities and our corporate governance framework.

Governance framework

The National Wealth Fund has a good practice governance framework appropriate for the organisation. The Company operates on a 'comply or explain' basis with the principles and provisions of the UK Corporate Governance Code 2024[7] (the Code) as well as other provisions connected to its relationship with its Shareholder and covered by its Framework Document. Notably, this includes the relevant aspects of Corporate Governance in Central Government Departments: Code of Good Practice and the Government Functional Standards as appropriate and proportionate (given that the Company is not a government department).

The Company maintains operational independence from its Shareholder, as outlined in its Framework Document, which was updated in May 2026. UK Government Investments (UKGI) acts as the Shareholder Representative on behalf of HM Treasury. UKGI works with HM Treasury and the Company to promote effective corporate governance; to monitor and challenge business planning and performance; to promote strong corporate capability and effective leadership; and to support effective relationships between the Company and its Shareholder. UKGI provides advice to HM Treasury on these matters and provides a Shareholder Non-Executive Director to the Board as the Shareholder Representative Director. The Company is operationally independent in the delivery of its strategic objectives.

During the reporting period, the Accounting Officer role transitioned from John Flint to Ian Brown, who was appointed as Interim Chief Executive Officer (CEO) and an Executive Director on an interim basis from 15 August 2025 to 1 November 2025. A further transition occurred on the appointment of Oliver Holbourn as CEO from 1 November 2025. A formal handover 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.

Accelerated broadband role out, particularly in hard to reach areas.

Supporting full fibre capacity to up to

20m

premises

Connecting more homes and businesses to fast, reliable broadband

[7] The UK Corporate Governance Code 2024 is available on the Financial Reporting Council website: https://www.frc.org.uk.

An effective Board

The Board maintains high standards of governance to effectively deliver the Company's strategy. The operation of the Board is supported by the collective experience and diversity of our Directors. This enables the Board to reach decisions in a focused, balanced and transparent way, guided by independent thought and constructive debate between members. The Board supports open and honest conversations which, in turn, ensures decisions are made for the long-term benefit of the company in full consideration of the impact on all stakeholders.

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 is responsible for ensuring that effective risk management and internal control systems (described more fully on pages 71–82) 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 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 all five of the principles. These are:

A. **Governance and Leadership**

B. **Integration**

C. **Collaboration and Best Information**

D. **Risk Management Processes**

E. **Continual Improvement**

Compliance with the UK Corporate Governance Code 2024

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 2024 (the Code), so far as is practicable and to the extent appropriate to the Company.

The Code, published in January 2024, applies to financial years beginning on or after 1 January 2025, with the exception of Provision 29, which will not apply until financial years beginning on or after 1 January 2026.

The Board has reviewed the governance arrangements in place during the financial year to 31 March 2026 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 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 Company's Articles of Association and on page 119 of this report, and they represent a departure from Provision 18 of the Code.
- **Code Provision 24:** The Audit and Risk Committee comprised of five independent members as well as the Shareholder Representative Director who is 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 Remuneration Committee comprised six members as well as Shareholder Representative Director who is 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 and Executive Directors do not receive any form of company equity or cash payments based on equity values as part of their remuneration.

Committee membership numbers given above are reflective of the position as at 31 March 2026.

Governance – Statement of Internal Control and Risk Management 2025–26

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. As a result, the controls 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 the material controls to manage them. This process reinforces our commitment to a Risk Management Framework programme of continuous improvement and embedding across all areas. A review of the effectiveness of material controls through the Risk Control Self-Assessment process was completed for 2025–26. 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, 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, together with the Audit and Risk Committee, remains confident in the ongoing effectiveness of the internal control system, considering the ongoing improvement actions. They are not aware of any significant risk events or internal control failures during 2025–26 that are not already being managed in alignment with the Risk Management Framework.

During the financial year 2025–26, the Company identified weaknesses in data management, arising from control design and implementation gaps. In addition, although significant improvements were made over the accounts production in the reporting period, further improvement opportunities exist given the increasing complexity of the portfolio. No material impact occurred during the period, and management has agreed targeted actions in progress to strengthen the controls.

“The Directors and management are committed to maintaining a robust control framework as the foundation for the delivery of effective risk management.”

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

Within this 2025–26 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 guidance for 2025–26 on:

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

The Company aims to improve the comprehensiveness and depth of its disclosures in relation to the impact of climate-related risks on its operations and strategy. This objective includes revising its climate scenarios and further developing its climate-related metrics and disclosures.

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 Modern Slavery Act Transparency Statement, which outlines the steps taken, during the financial year ended 31 March 2026, to identify, mitigate and prevent modern slavery risks. The statement was approved by the Board on 12 May 2026 and is available on the Company's website.

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 2026.

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; clients – including project sponsors, developers, advisers, investors, financial institutions, local authorities, Mayoral Strategic Authorities (MSAs) and City Regions; the UK Government, devolved governments; Parliament; public financial institutions and public bodies; and colleagues.

The following table outlines how the Directors have considered the Section 172(1) factors, with references to relevant sections of the Annual Report and Accounts, with specific information on partners and stakeholders provided in the strategic report on pages 40–46.

"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."

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	▶ What we do (pages 7–11); ▶ Environmental, Social, Resilience and Governance (ESRG) Framework (pages 59–70); ▶ Risk management and internal controls (pages 71–82)
Interests of employees	Recruitment, retention, engagement and culture-building initiatives	▶ Business operations (pages 55–58)
Relationships with suppliers, customers and others	Engagement and collaboration across our stakeholders	▶ What we do (pages 7–11); ▶ How we approach investments (pages 27–29); Our approach to impact and additionality (pages 29–31); ▶ Regional Project Accelerator (pages 33–39); ▶ Stakeholder engagement overview (pages 40–45)
Impact on community and environment	Alignment with government climate goals, ESRG integration and regional investment	▶ ESRG Framework (pages 59–70); ▶ What we do (pages 7–11); ▶ How we approach investments (pages 27–29); Our approach to impact and additionality (pages 29–31); ▶ Regional Project Accelerator (pages 33–39)
Reputation for high standards of conduct	Governance structures, compliance with codes and standards, and transparent reporting	▶ Corporate governance statement (pages 98–119)
Fairness between members	Engagement with HM Treasury as sole Shareholder, maintaining operational independence	▶ Framework Document (page 98) ▶ Stakeholder engagement overview (pages 40–46)

Governance structure

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

Board
Chair:
Chris Grigg

Audit and Risk Committee
Chair:
Bridget Rosewell
(until 9 June 2026)
Catherine Cripps
(from 10 June 2026)

Remuneration Committee
Chair:
Tania Songini

Nomination Committee
Chair:
Chris Grigg

Equity Issuance Sub-Committee
Chair:
Chief Executive Officer

Executive Committee
Chair:
Chief Executive Officer

Risk Committee
Chair:
Chief Risk Officer

Operations Committee
Chair:
Chief Operating Officer

Investment Committee
Chair:
Chief Executive Officer

Valuation Committee
Chair:
Chief Financial Officer

Credit Committee
Chair:
Chief Risk Officer

Model Risk Oversight Committee
Chair:
Head of Financial Risk

Change Board
Head of Project Management Office

Early Engagement Committee
Chair:
Chief Investment Officer

The Valuation Committee has been delegated authority to govern valuation methodologies and independent oversight of valuation results for the Company's equity and debt investment assets.

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

The Credit Committee reports 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 2026 and the attendance of the Directors at the meetings they were eligible to attend as members.

In addition to the scheduled Board meetings, ten extraordinary Board meetings were convened to consider a range of matters, including investments in projects as well as the National Wealth Fund's Regional Project Accelerator offer and the Five-Year Strategic Plan.

	Board	Audit and Risk Committee[5]	Remuneration Committee[5]
	Chair: Chris Grigg	Chair:[7] Bridget Rosewell	Chair: Tania Songini
Total number of meetings:	**6**	**6**	**5**
Name			
Chris Grigg, CBE	6/6	N/A[1]	5/5
Marianne Økland	6/6	6/6	3/3
Bridget Rosewell, CBE	6/6	6/6	5/5
Tania Songini	6/6	4/4	5/5
Nigel Topping, CMG	6/6	4/4	1/5
Muriel Dube	5/6	5/6	2/3
John Flint[2,3,6]	2/2	N/A	N/A
Elena Ciallie	6/6	6/6	5/5
Annie Ropar[2,6]	6/6	N/A	N/A
Ian Brown[2,3,6]	1/1	N/A	N/A
Catherine Cripps[4]	4/4	2/2	2/2
Tom Riordan[4]	4/4	N/A	2/2
Joseph Schull[4]	2/4	2/2	N/A
Oliver Holbourn[2,3,6]	3/3	N/A	N/A

	Nomination Committee[5]	Equity Issuance Sub-Committee[6]
	Chair: Chris Grigg	Chair: Oliver Holbourn
Total number of meetings:	**4**	**4**
Name		
Chris Grigg, CBE	4/4	N/A
Marianne Økland	3/3	N/A
Bridget Rosewell, CBE	4/4	N/A
Tania Songini	4/4	N/A
Nigel Topping, CMG	2/3	N/A
Muriel Dube	2/3	N/A
John Flint[2,3,6]	N/A	0/0
Elena Ciallie	4/4	N/A
Annie Ropar[2,6]	N/A	3/4
Ian Brown[2,3,6]	N/A	3/3
Catherine Cripps[4]	N/A	N/A
Tom Riordan[4]	N/A	N/A
Joseph Schull[4]	N/A	N/A
Oliver Holbourn[2,3,6]	N/A	1/1

Notes to the above table:

1. The Board Chair attends, but is not a member of, the Audit and Risk Committee.
2. Executive Directors may attend, but are not members of, Board Committees.
3. John Flint resigned as CEO and an Executive Director on 15 August 2025 and Ian Brown was appointed Interim CEO and an Executive Director until Oliver Holbourn was appointed on 1 November 2025. The number of meetings attended has been adjusted to reflect the number of meetings they were eligible to attend.
4. Catherine Cripps, Tom Riordan and Joseph Schull were appointed Non-Executive Directors on 1 October 2025. The number of meetings attended has been adjusted to reflect the number of meetings they were eligible to attend.
5. The Board diversified Committee membership in November 2025, with effect from the following Board meeting. All Non-Executive Directors were assigned to at least one committee, and could attend other Board Committee meetings as observers. Attendance figures show the number of meetings they were eligible to attend as members excluding any additional meetings attended as observers.
6. The Equity Issuance Sub-Committee was established by the Board to approve and authorise future share issues as and when required by the Company. John Flint was its initial Chair and was succeeded by Ian Brown and Oliver Holbourn when they were appointed Interim CEO and CEO respectively. The number of meetings attended has been adjusted to reflect the number of meetings they were eligible to attend.
7. Bridget Rosewell, CBE, was chair of the Audit and Risk Committee until she stepped down on 9 June 2026 at the end of her term. She is succeeded as chair by Catherine Cripps.

Board and Committees

The Board

The full Board met six times during the financial year to 31 March 2026. The Board was chaired by Chris Grigg. The dates of Directors' appointments are set out on page 133 and attendance at Board meetings is set out on page 106. 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.

Image: Leeds railway station.
Image credit: West Yorkshire Combined Authority.

Report on the period

During the financial year to 31 March 2026, key strategic matters considered by the Board included:

- approving the Annual Report and Accounts for the period to 31 March 2025 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;
- receiving regular updates and steering the development of the Company's Strategic Plan;
- receiving narrative and quantitative information on current and future pipeline projects within the Company's portfolio;
- receiving updates on the reshaping of the Company's Local Authority offer, including the Regional Project Accelerator, following the publication of the Statement of Strategic Priorities in March 2025;
- receiving updates on the Company's portfolio of investments, including in the Digital sector where the Company has significant exposure;
- approving the Modern Slavery Act Statement in relation to the financial year ended 31 March 2025;
- approving the Company's first Impact Report;
- receiving updates on the Investment Management System;
- considering an analysis on the local authority and private sector declined transactions;
- receiving regular updates from the CEO covering such areas as transactions considered at the Investment Committee and summaries of Quarterly Shareholder Meetings;
- receiving updates on the appointment of an Interim Chief Executive Officer and subsequent Chief Executive Officer;

- reviewing and making investment decisions on transactions 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 investments for the Investment Committee;
- reviewing and approving the delegated authority limits for Performance Bonds, a type of transaction considered by the Company for the first time in 2025–26;
- making policy decisions on investment sectors relevant to the Company's transaction activities, considering the Statement of Strategic Priorities;
- receiving and approving the Company's business plan for the financial year 2026–27;
- receiving an annual update from Marianne Økland, the Workforce Engagement Non-Executive Director;
- receiving an annual update on climate issues from Nigel Topping;
- receiving an annual update from Chris Grigg, the National Authorities Non-Executive Director;
- creating an Equity Issuance Sub-Committee to approve and authorise share issues as needed;
- annually reviewing and approving the Board's and Board Committees' Terms of Reference including for the recently established Equity Issuance Sub-Committee;
- reviewing and approving the role descriptions for the Senior Independent Director, Workforce Engagement Non-Executive Director, Non-Executive Director for the National Authorities and Regional Authorities, Climate Representative Non-Executive Director, Whistleblowing Non-Executive Director, and Counter Fraud Director;
- reviewing and approving a revised Framework Document and Financial Framework;
- considering and approving the Company's compliance with the UK Corporate Governance Code, noting that the UK Corporate Governance Code 2024 applies to financial years beginning on or after 1 January 2025. This is the first reporting period for which the Company is reporting compliance with the UK Corporate Governance Code 2024;
- reviewing monthly management accounts and papers from February 2026 onwards;
- receiving regular updates on litigation;
- receiving an annual report on health and safety;
- considering the externally-facilitated Board Effectiveness Review conducted in 2025 and progress against actions arising from it; and
- receiving regular updates from the Audit and Risk Committee, Nomination Committee and Remuneration Committee and ad-hoc updates as needed from the Equity Issuance Sub-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 2026. The Committee was chaired by Bridget Rosewell, CBE, throughout the period until 9 June 2026 (on completion of her term in office).

In November 2025, all Board Committee memberships were revised with effect from 1 January 2026. Until this point, the Committee's membership was Elena Ciallie, Tania Songini, Nigel Topping, Marianne Økland and Muriel Dube. From 1 January 2026, the Committee's membership was Elena Ciallie, Marianne Økland, Muriel Dube, Catherine Cripps and Joseph Schull. Attendance at Audit and Risk Committee meetings is set out on page 106.

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 which 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.

Financing the development of one of the UK's largest green hydrogen production facilities

Creating up to

15MW

of capacity

Supporting the development of low-carbon hydrogen – creating jobs directly and across the supply chain

Report on the period

The Audit and Risk Committee oversaw and ratified significant areas of governance during the period to 31 March 2026, with a focus on the development and embedding of key risk and internal control policies and frameworks, together with robust financial and operational reporting. With effect from January 2026 and following recommendations of the Board's Performance Review, some items that were regularly provided to the Audit and Risk Committee for review passed to the Board, namely, monthly management accounts and papers, including items on credit risk management, modelling assurance and valuations. In addition, 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.

In anticipation of the changes to Provision 29 of the UK Corporate Governance Code 2024, effective from the financial year beginning on 1 January 2026, the Committee has spent time during the year evaluating management proposals for validating the material controls. This included consideration of the results of a management 'dry run' to understand how the internal assessment process for these controls would operate once effective next financial year. After careful consideration, the Committee is comfortable with the proposal and the steps that management plans to implement during 2026–27. These actions are designed to ensure the Company is well positioned ahead of reporting on the strengthened Provision 29 requirements in the next year's Annual Report and Accounts.

Key items considered by the Committee included the following:

- Internal Audit Services plan;
- Internal Audit Services performance report;
- regular updates from Internal Audit Services;
- 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;
- management's response to themes arising from Internal Audit Services' reports;
- methodology and pilot of the Company's approach to assurance mapping;
- Risk Management Framework, including changes related to the Chief Operating Officer business area;
- risk appetite;
- Corporate Risk Register;
- emerging risks;
- overview of legal risks;
- Risk Maturity Model;
- annual Risk and Control Self-Assessment (RCSA) 2025 results;
- assessment of the quality of risk management and evolution of risk approach to account for new mandate and Economic Capital limit
- direct equity valuation results;
- The Orange Book 'Comply or Explain' approach, financial year 2025–26;
- statement of internal control and risk management financial year 2025–26;
- financial crime risk assessment and strategy;
- annual review of the Company's application of the Senior Managers and Certification Regime (SMCR);
- ESRG Corporate Risk and ESG integration into financial risk scorecards;
- risks associated with the Sizewell C transaction;
- Year end Significant Increase in Credit Risk (SICR) review;
- review of compliance with Provision 29 of the UK Corporate Governance Code;
- compliance policies;
- compliance Charter and Compliance Plan 2026–27;
- Anti-money laundering report;
- Fraud Risk Assessment and approach to fraud prevention;
- Public Sector Fraud Authority counter-fraud target setting;
- financial risk policies;
- economic capital;
- cyber risk management;
- updates on the Investment Management system, until this responsibility was transferred to the Board upon diversification of Committee membership;
- National Audit Office (NAO) reports, including the Audit Planning and Audit Completion Report; and
- Annual Report and Accounts for the period to 31 March 2025, 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, covering regulatory compliance, financial crime and data protection matters, including the results of compliance monitoring.

Internal Audit Services

The Company's Internal Audit Services function has delivered a programme of audit work, previously approved by the Audit and Risk Committee, during the financial year to 31 March 2026. 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 action.

The Head of Internal Audit Services' annual opinion for the financial year to 31 March 2026 was reported as Moderate. This represents an improvement from the financial year 2024–25, when the rating given was Limited. However, there are exceptions to the overall rating of Moderate in one area in particular, namely arrangements relating to the management of information and data which experienced challenges in the period.

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 2026, 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 measurement of expected credit losses, accounting for financial guarantees, accounting for loans held at amortised cost, accounting and valuation of equity instruments and convertible loan notes, financial instruments disclosures, measurement of investments in funds and management override of controls.

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 Audit and Risk Committee was the named senior independent contact for whistleblowing throughout the financial year.

Bridget Rosewell, Chair, Audit and Risk Committee (until 9 June 2026)

Remuneration Committee

The Remuneration Committee held five meetings during the period to 31 March 2026. The Committee is chaired by Tania Songini. In November 2025, all Board Committee memberships were revised with effect from 1 January 2026. Until this point, the Committee's membership was Chris Grigg, Elena Ciallie, Bridget Rosewell, Nigel Topping, Marianne Økland and Muriel Dube. From 1 January 2026, the Committee's membership was Chris Grigg, Elena Ciallie, Tom Riordan, Nigel Topping, Catherine Cripps and Bridget Rosewell (until her term of office concluded on 9 June 2026). Attendance at Remuneration Committee meetings is set out on page 106.

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.

Image: Social housing.

Report on the period

The period to 31 March 2026 saw a 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 2025–26;
- approach to annual pay review, annual bonus and Long Term Incentive Plan (LTIP) schemes;
- Company's first Gender Pay Gap report;
- performance assessment of and payout level for the annual bonus and LTIP schemes for the financial year 2024–25;
- reward benchmarking utilising independent external market data for the Company;
- continued direct oversight of remuneration of Executive Committee roles, including for new appointments, the implications of leavers, and the consideration of any need to implement malus and/or clawback;
- annual review of the Remuneration Policy; and
- Remuneration Committee Terms of Reference.

The Remuneration report and Staff report (see pages 120–138) cover:

- the Company's Remuneration Policy for all employees and Non-Executive Directors;
- details of the assessed performance outcome for the financial year 2025–26;
- remuneration for the Executive and Non-Executive Directors; and
- the Staff report.

The Remuneration Committee will continue to focus on ensuring that the Company's remuneration structure enables it to attract and retain the level of talent required for the Company to deliver on its important mandate.

The Company's ability to meet its stretching strategic ambitions is underpinned by its people. Building and maintaining a team with the credibility, sectoral expertise and ability to deliver complex, policy-aligned investments continues to be a central component to the success of the National Wealth Fund. The Remuneration Committee will continue to adopt a data-driven approach in managing people and remuneration risk, in support of the Company's ambitions.

Tania Songini, Chair, Remuneration Committee

Nomination Committee

The Nomination Committee held four meetings during the financial year to 31 March 2026. The Committee was chaired by Chris Grigg. In November 2025, all Board Committee memberships were revised with effect from 1 January 2026. Until this point, the Committee's membership was Elena Ciallie, Tania Songini, Bridget Rosewell, Nigel Topping, Marianne Økland and Muriel Dube. From 1 January 2026, the Committee's membership was amended to include Committee Chairs, the Senior Independent Director and the Senior Representative Director, who included Tania Songini, Elena Ciallie and Bridget Rosewell (until her term of office concluded on 9 June 2026). Attendance at Nomination Committee meetings is set out on page 107.

Responsibilities

The primary responsibilities of the Nomination Committee are to determine the Company's approach to Executive Director appointments and succession planning; to consider composition of the Board's Committees; lead the evaluation of the Board's performance and composition, including through oversight of the Board's Skills Matrix and supervision of the outcomes and actions arising from internally and externally conducted Board evaluations; assess the ongoing independence and effectiveness of individual directors; 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 ended 31 March 2026, the Nomination Committee's activities included:

- considering succession planning arrangements for Executive Committee roles;
- reviewing the results of the 2025 Board skills matrix to consider and inform future Board recruitment and appointments;
- receiving updates on the recruitment of three new Non-Executive Directors;
- receiving updates during the recruitment period for the Company's new Chief Executive Officer and monitored preparations for transitional arrangements;
- completing the annual review of the Diversity, Equity and Inclusion Policy;
- reviewing the outputs of the annual Board effectiveness review;
- considering committee memberships;
- 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

Equity Issuance Sub-Committee

The Equity Issuance Sub-Committee was established by the Board to approve and authorise future share issues as and when required by the Company. The Sub-Committee's initial membership consisted of Chief Executive Officer John Flint as Chair of the Sub-Committee, and included Chief Financial Officer Annie Ropar and Company Secretary Davinder Mann. John Flint was succeeded as Sub-Committee Chair by Ian Brown and Oliver Holbourn when they were appointed Interim CEO and CEO respectively. Membership was expanded in February 2026 to include the Chief Investment Officer and Chief Risk Officer.

During the financial year ended 31 March 2026, the Sub-Committee met four times. Three allotments of shares were issued during the year, totalling £3.452 billion.

Oliver Holbourn, Chair, Equity Issuance Sub-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 and debt 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.

Investing in critical supply chains

Supporting the potential to produce up to

8,000

tonnes of lithium

Strengthening domestic supply of essential inputs for manufacturing and technology

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 (UKGI) as Shareholder Representative.

During the reporting period, the Senior Independent Director carried out a review of the Chair's performance, and the Chair led appraisals of each of the Directors individually. In addition, the Nomination Committee leads the Board Effectiveness Review (BER) process on behalf of the Board, for the Board to evaluate its collective performance, by setting the parameters of each review and maintaining oversight of any actions agreed by the Board in response to each review. An external BER was carried out by Socia during April–May 2025 and reported in July 2025.

Overall, the review concluded that the National Wealth Fund Board had built a comprehensive and professional Board and committee system of governance. It added that the Chair had been able to attract an experienced group of Non-Executive Directors actively committed to the aims of this business, took their responsibilities seriously and operated effectively. It also noted that the Company was undergoing a period of significant change, and made a number of recommendations designed to navigate this transition period, build the Board's profile and maximise its contribution, to ensure that the governance arrangements could respond to Board and business growth. These were accepted by the Board, and a follow-up action plan was monitored by the Nomination Committee.

Value for money review

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, with all recommendations now implemented. The benchmarking of our support function costs was completed during the 2025–26 financial year as planned.

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

Treasury Committee Inquiry into the National Wealth Fund

During the financial year, 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. The Committee published its findings in October 2025 and concluded that the National Wealth Fund has the potential to support UK economic growth by crowding in private investment, particularly in clean energy and innovative sectors, but highlighted that delivering this impact will depend on the National Wealth Fund continuing to scale its activities and operate effectively within its financing model. The Committee emphasised that the National Wealth Fund's success will depend on its willingness to take calculated risks, create new markets, and deliver positive long term returns, while remaining operationally independent and clearly differentiated from other government-backed investment vehicles to avoid duplication. The Company has considered the Committee's findings as part of its strategic priorities published in January 2026, including how it will measure and monitor success over time. The Company is committed to transparency, value for money, and effective delivery of its objectives.

Image credit:
Scottish Power.

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 2026, 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 2026 (2024–25: Nil).

Oliver Holbourn
Chief Executive Officer and Accounting Officer
8 September 2026

Remuneration report and Staff report

Remuneration report

The Remuneration report is prepared in accordance with the Government Financial Reporting Manual (FReM) 2025–26, the Company's Remuneration Policy and the Remuneration Committee's assessment of performance for the financial year are set out below.

"The Company's Reward Framework is designed to attract and retain employees with the skills and experience required, while also exercising the restraint expected of a public sector body in its use of public funds."

Remuneration Policy

The Company's Reward Framework is designed to attract and retain employees with the skills and experience required, 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 compensation adviser to help determine a suitable remuneration policy for all employees, including base salary, annual bonus, Long Term Incentive Plan (LTIP) and pension when it was first established. The Company's Remuneration Policy, summarised in the following table, was approved by the Remuneration Committee in February 2023. The remuneration policy is subject to annual review every May and was ratified in May 2025 for the 2025–26 financial year. The Remuneration Committee considers that the Remuneration Policy operated as intended during the period in terms of the Company's performance and quantum.

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

Reward Framework	
Base salary	▶ 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	▶ 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: ▶ 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. ▶ 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
	  ▶ 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 the performance adjustment and 50% on or after the third anniversary of the date of the performance adjustment.
	▶ The LTIP is applied pro rata for employees who join during the financial year.
	▶ Standard good leaver terms apply, including death, ill-health, injury or disability or any other reason determined by the Remuneration Committee.

Reward Framework	

Malus and clawback	▶ Malus is the reduction or cancellation of awards which have not yet vested. Clawback is recovery of awards paid.
	▶ Executive Committee members may be subject to malus and clawback in respect of their incentive plan participation.
	▶ Incentive payments may be recovered within six years of the date of grant, subject to Remuneration Committee review. Provided an investigation of the events giving rise to potential malus/clawback is commenced within six years of grant, a further three years may be applied to the malus/clawback period to allow for the investigation to be completed. Vesting of any awards may be delayed accordingly.
	▶ The event triggers for malus and clawback are where the Executive Committee member:
	  ▶ Participated in or was directly responsible for conduct, e.g., acting outside Company's risk appetite statement, that resulted in a significant loss to the Company; or
	  ▶ Is no longer considered fit and proper.
	▶ The event triggers for malus are where:
	  ▶ There is reasonable evidence of employee misbehaviour or material error; or
	  ▶ The Company or relevant business unit suffers a material downturn in its financial performance; or
	  ▶ The Company or relevant business unit suffers a significant failure of risk management.
	▶ The malus and clawback provisions have not been used during the reporting period.

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.

Assessment of performance: outcome for the year to 31 March 2026

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

These balanced principles are reflected in our overall approach towards reward, and we have continued to take a similarly balanced approach when assessing the Company's performance for the financial year to 31 March 2026.

For the 2025–26 financial year the Remuneration Committee set and agreed full-year key performance indicators (KPIs), which were signed off by HM Treasury. Following the mid-year review in October and subsequent engagement with HM Treasury, an updated set of priorities were agreed with HM Treasury in respect of the National Wealth Fund's regional development role. These updated priorities replaced the original regional role KPIs that were in place for the first half of the 2025–26 financial year.

The following table sets out a summary of the National Wealth Fund's performance against its financial year 2025–26 KPIs. The performance measures included a mix of qualitative and quantitative metrics, with the Remuneration Committee exercising overall judgement.

Image: Offshore wind hub, Great Yarmouth.
Image credit: Ian Dybal.

Performance outcome

KPI	Description	Weighting
Commitments	Combined private sector & local authority lending commitment volumes.	40%
Delivering Against the Triple Bottom Line	Measuring delivery across the National Wealth Fund's triple bottom line: helping deliver the growth and clean energy missions, progressing towards generating a return for the taxpayer and crowding-in private capital.	15%
Delivering financial transactions with departments	Building capability, knowledge and expertise to deliver on new sectors and expanded mandate, including achieving effective outcomes from joint projects to develop financial transactions with departments.	10%
Enhancing the National Wealth Fund's regional role	Scaling and deepening the National Wealth Fund's role, building strong relationships with stakeholders and bringing the National Wealth Fund's public and private sector expertise together to support mayors and local leaders across the UK.	25%
Enabling strategic delivery	Ensuring that the National Wealth Fund's corporate activity enables people and the organisation to deliver strategic objectives and Business Plan priorities. Focus: People and culture, risk management, reputation, and operational capability.	10%
Total		100%

Performance assessment **75.4% on target**

Performance levels:

- Threshold: 50%
- On target: 75%
- Maximum: 100%

The Remuneration Committee's evaluation of performance against the financial year 2025–26 KPIs has resulted in an overall assessment of 75.4%, which provides an "On-Target" outcome.

In reaching this outcome, the Remuneration Committee noted a number of key achievements during the financial year 2025–26 included:

- delivering over £4 billion in commitments, representing an increase of almost 80% compared to the financial year 2024–25;
- excellent progress in supporting the Government's growth and clean energy missions, including support to earlier-stage technologies and use of innovative financing solutions, with projects in sectors such as Nuclear, Carbon Capture Utilisation and Storage (CCUS) and Hydrogen, Gigafactories and Charging Infrastructure, Ports, Energy storage, Critical minerals;
- progress in mobilising private capital;
- the National Wealth Fund's role in regional development, an area of significant change and focus in the financial year 2025–26, with the strengthened team entering the financial year 2026–27 well-placed for success; and
- successfully developing and launching the new Five-Year Strategic Plan, providing a compelling vision for the National Wealth Fund's future.

As we would expect at this point in the National Wealth Fund's journey, there are areas in which the Remuneration Committee will be looking for further improvement in future years. These include further progress on its pathway to long-term financial sustainability, further maturing the approach to pipeline development and delivering sustained productivity and operating efficiency improvements.

The Remuneration Committee also noted the important contributions that the National Wealth Fund's strategic enabling functions made in the financial year 2025–26, including further strong performances in terms of People and Culture, Risk and Portfolio Management and Communications. These lay important foundations for the National Wealth Fund to achieve success in the financial year 2026–27 and beyond.

Based on this assessment:

- The value of participants' LTIP awards in respect of the financial year 2025–26 has been performance adjusted to 75.4% (On Target). This means that LTIP participants will receive 22.6% for the 30% LTIP scheme and 37.7% for the 50% LTIP scheme. Any payouts due under the financial year 2025-26 LTIP award will be payable in two equal tranches, in May 2028 and May 2029. Ahead of any pay-out, the Remuneration Committee will consider whether there is any cause for clawback and malus to apply.
- For individuals not participating in the LTIP, a performance-based bonus has been awarded for the financial year 2025-26. Following the assessment with an "On Target" outcome at 75.4%, 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 2025–26 £000	Total fees 2024–25 £000
Christopher Grigg (Chair)	115–120	115–120
Elena Ciallie[1]	–	–
Marianne Økland	25–30	25–30
Bridget Rosewell	25–30	25–30
Tania Songini	25–30	25–30
Nigel Topping	25–30	25–30
Catherine Cripps	10-15 (25-30) FYE[2]	–
Tom Riordan[3]	0-5 (25-30) FYE[2]	–
Joseph Schull	10-15 (25-30) FYE[2]	–
Muriel Dube	25–30	25–30

Notes to the above table:

1. Elena Ciallie is the shareholder representative director from UK Government Investments (UKGI) and is not remunerated by the Company.
2. Bracketed figures show values for a full year equivalent (FYE).
3. Tom Riordan was not remunerated by the Company between 1 October 2025 and 31 January 2026 given his full-time employment within the Civil Service.

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 2025 to 31 March 2026 – ranges of £5,000 (Audited)

Name	Salary £000	Flexible benefits[4] £000	Pension payments (incl. cash supplements)[6] £000	Long Term Incentive Plan[5] £000	Total £000
Oliver Holbourn	155–160 (370–375) FYE	5–10 (10–15) FYE	15–20 (35–40) FYE	55–60 (140–145) FYE	**235–240** **(565–570) FYE**
Annie Ropar	305–310	10-15	30–35	115–120	**465–470**
Ian Brown[3]	75–80 (370–375) FYE	0–5 (10-15) FYE	5–10 (35–40) FYE	25–30 (140–145) FYE	**120–125** **(565–570) FYE**
John Flint[2]	150-155 (370–375) FYE	5–10 (10–15) FYE	10–15 (35–40) FYE	50–55 (140–145) FYE	**220–225** **(565–570) FYE**

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

Name	Salary £000	Flexible benefits £000	Pension payments (incl. cash supplements) £000	Long Term Incentive Plan £000	Total £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**

The aggregate emoluments including employer pension contributions of the Executive Directors for the year were £1,048k (2024–2025: £1,027k).

Notes to the above and opposite 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. Bracketed figures show values for a full year equivalent (FYE) which support accurate comparisons between current and preceding periods.
2. John Flint left the Company on 15 August 2025, with Ian Brown serving as interim CEO until Oliver Holbourn joined on 1 November 2025.
3. Ian Brown's remuneration relates only to the period during which he served as Interim Chief Executive Officer.
4. Flexible benefits are available for purchasing additional benefits and are capped at £15,000 per annum. Any unused benefit is paid in cash.
5. For the year to 31 March 2026, the Executive Directors were eligible to participate in the LTIP award. The policy allows 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 75.4% of this. Further detail on the LTIP award calculations can be found on pages 122–126.
6. John Flint, Oliver Holbourn and Ian Brown did not participate in the pension scheme but alternatively received 10% of their pay as a cash option subject to Tax and NI, in accordance with their employment agreements.
7. The total remuneration attributable to Annie Ropar, as highest paid director, was £469,357.

Directors – pension benefits (Audited)

As noted in the tables above, John Flint, Oliver Holbourn and Ian Brown opted out of the Company's pension scheme and received payments in lieu. The Company made employer contributions to a defined contribution pension scheme for the Chief Financial Officer.

Payments to past Directors (Audited)

No payments were made to former Directors during or since the end of the financial period (2024–25: £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 (2024–25: £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 annualised remuneration of the highest paid Director in the organisation (in this case the Chief Executive Officer) and the median remuneration of the organisation's workforce. The full-year equivalent banded remuneration of the highest paid Director during the financial year to 31 March 2026 was £525k–£530k excluding pension cash paid in lieu (2024–25: £515k–£520k). This was 5.1 times the median remuneration of the workforce (which included permanent employees, secondees and contractors), which stood at £104k (2024–25: £101k).

Annualised remuneration (i.e. total remuneration payable over a 12-month period) of the Company's employees ranged from £26k to £530k (2024–25: £25k - £515k); no employees received pay more than the highest paid 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 2025 and 2026.

The total pay and benefits ratios remained broadly stable compared to the prior year with median and upper quartiles ratios unchanged and a slight reduction in the lower quartile reflecting changes in employee remuneration and composition. The Company considers the median pay ratio to be consistent with its pay, reward and progression policies, as remuneration is determined through the approved Remuneration Policy and annual pay review process, which apply across the workforce as a whole.

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

Financial year ended 31 March	Total pay and benefits	Lower quartile (25%)	Median (50%)	Upper quartile (75%)
2026	Remuneration	£65,892	£104,039	£163,479
	Ratio	8.0	5.1	3.2
2025	Remuneration	£63,294	£101,935	£159,600
	Ratio	8.2	5.1	3.2
Financial year ended 31 March	**Salary only**	**Lower quartile (25%)**	**Median (50%)**	**Upper quartile (75%)**
2026	Remuneration	£57,365	£90,637	£141,969
	Ratio	9.2	5.8	3.7
2025	Remuneration	£55,000	£88,935	£138,802
	Ratio	9.4	5.8	3.7

Notes to the above table:

1. The 2024–25 comparative figures have been restated to exclude Non-Executive Directors in line with the 2025–26 FreM requirements, to improve comparability.

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	2.7% increase[1,2]	Salary	1.5% Increase,[3]
LTIP/bonus	No Change	LTIP/bonus	0.7% Increase

Notes to the above table:

1. Salary changes are calculated using annualised salaries and allowances divided by the year-end FTE.
2. FreM guidance requires pay increase disclosures to be calculated using the midpoint of the salary range. The actual salary increase was 3.25%. The actual LTIP increase was 0.5%.
3. Permanent employees received a pay increase of 4.3% or 3.25% in the year depending on grade, 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	6	60%	4	40%
Executive	6	55%	5	45%
Other bands	134	41%	191	59%
Total	146	42%	200	58%

Notes to the above table:

1. The data above is based on Permanent and Board employees as at 31 March 2026.
2. Board gender numbers exclude Executive members (Oliver Holbourn, Annie Ropar) as they are included in the Executive category.
3. 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.

The Company maintains a balanced gender representation across its workforce and continued initiatives to promote and embed gender diversity.

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 121–123.

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

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

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

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
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	08/06/2028	1 month
Nigel Topping	06/12/2022	08/06/2030	1 month
Marianne Økland	09/06/2022	08/06/2027	1 month
Annie Ropar	19/09/2022	N/A	6 months
Oliver Holbourn	01/11/2025	N/A	6 months
Joseph Schull	01/10/2025	30/09/2029	1 month
Tom Riordan	01/10/2025	30/09/2029	1 month
Catherine Cripps	01/10/2025	30/09/2029	1 month
Muriel Dube	14/12/2023	13/12/2027	1 month

Notes to the above table:

1. Oliver Holbourn and Annie Ropar are the only Directors who served during the financial year to 31 March 2026 whose contract contains 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.

This Remuneration Report was approved on 7 September 2026 by the Annual Report & Accounts Sub Committee, acting under delegated authority from the Board of Directors, and was signed on the Board's behalf by:

Tania Songini
Chair, Remuneration Committee
8 September 2026

Staff report

Workforce (audited)

As at 31 March 2026, the Company had a workforce of 365 FTE (31 March 2025: 302 FTE). This was comprised of permanent employees, secondees, 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 186.

The average number of staff by headcount in the period was 342. A breakdown of the Company's FTE workforce at 31 March 2026 is provided in the following table:

Workforce category	31 March 2026	31 March 2025
Permanent employees	330	262
Fixed-term contracts	20	13
Secondees	14	18
Contractors	1	9
Total	**365**	**302**

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 2026, was as follows:

	Contracted office location	Leeds		London		Other roles		Remote	
	Total FTE	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Permanent	330	313	95%	10	3%	7	2%	0	0%
Interim	20	17	85%	3	15%	0	0%	0	0%
Secondees	14	9	64%	0	0%	0	0%	5	36%
Contractors	1	1	100%	0	0%	0	0%	0	0%
Total	**365**	**340**	**93%**	**13**	**4%**	**7**	**2%**	**5**	**1%**

Notes to the above table:

1. Secondees listed as remote reflect terms on their original departments' contracts. No National Wealth Fund employees have remote contracts.
2. Other roles include employees working within our Strategic Partnerships (two in the Manchester region and one in the Leeds region), as well as those based in our devolved nations offices (two in Edinburgh, Scotland, and one each in Belfast, Northern Ireland and Cardiff, Wales).

The split of FTE by location at 31 March 2025, was as follows:

	Contracted office location	Leeds		London		Other roles		Remote	
	Total FTE	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Permanent	262	250	95%	8	3%	4	2%	0	0%
Interim	13	13	100%	0	0%	0	0%	0	0%
Secondees	18	9	50%	1	6%	0	0%	8	44%
Contractors	9	7	78%	1	11%	0	0%	1	11%
Total	**302**	**279**	**92%**	**10**	**3%**	**4**	**2%**	**9**	**3%**

Trade Union facilities time

No employees were union officials during the period (2024–25: Nil).

Sickness absence

During the period the reported sickness absence rate was 1.3%. Sickness absence is reported to line managers, entered into the HR system and escalated where appropriate. The Company continues to drive the adoption of the HR system to ensure consistency and completeness of data captured.

Staff turnover

The Company's focus in 2025–26 was on continuing to expand the permanent employee base following the transition from UK Infrastructure Bank to the National Wealth Fund in October 2024. Permanent employee turnover has continued to be low (1.1%)[8]. During the year, the level of contractor resource reduced in line with expectations.

Staff policies

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.

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 a year of transition, the Company completed a Pulse survey, and an annual people survey, to track and understand employee engagement. Whilst engagement levels continue to be strong, it has decreased on the previous year due to a period of change. The Company reviews the results and puts actions in place to address feedback received.

Exit packages (Audited)

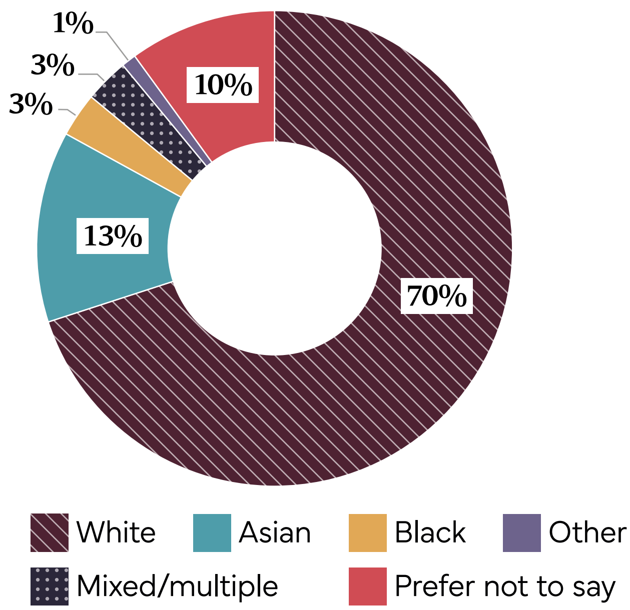
The total cost of exit packages paid by the Company during 2025-26 was £0.1 million (2024-25: £Nil).

Staff diversity and inclusion

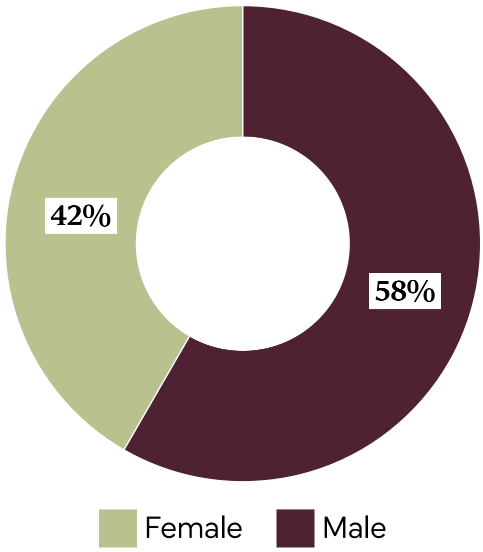
The Company is committed to ensuring that the workforce is as diverse and inclusive as possible, giving equal opportunity to all, regardless of their background, race, religion or sexuality. The following charts demonstrate the gender and ethnic diversity in the Company's permanent employees.

[8] Average quarterly turnover calculated in line with the Government Financial Reporting Manual (FReM) and Cabinet Office guidelines.

Ethnicity



Gender



Staff costs and numbers (Audited)

Total costs of £52.4 million (2024–25: £44.5 million) comprised £39.5 million related to permanent employees, £1.9 million related to secondees from other public and private sector institutions and £0.7 million related to contract staff. The average monthly number of FTE employees, including Directors, during the financial year to 31 March 2026 was 335 (2024–25: 290). See Note 6: Staff numbers and staff costs on page 186 for more detail.

Consultancy spend and contractor costs

Consultancy costs of £5.8 million (2024–25: £1.9 million) are recorded in Note 7: Other operating expenditure (see page 186). This includes £3.7 million in deal-related consultancy and £1.4 million on software implementation and maintenance. Contractor costs are set out in Note 6: Staff numbers and staff costs, with costs of £0.7 million in the financial year (2024–25: £3.2 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 £4.4 million (2024–25: £3.5 million) are employers' pension contributions. The Company contributes 10% of annual basic salary to the pension scheme and matches employee contributions up to a further 5% of annual basic salary.

Off-payroll engagements

Off-payroll engagements are arrangements where staff, either self-employed or acting through an intermediary company, are paid by invoice rather than via payroll. The relevant disclosures for off-payroll engagements relevant to the financial years to 31 March 2025 and 31 March 2026 are shown in the tables below. Two engagements have been reassessed for compliance or assurance purposes during the period and none changed status.

Number of engagements for more than £245 per day as of 31 March 2026

	2025–26	2024–25
Total number of engagements	1	10
Of which: <1 year at reporting date	0	7
Of which: between 1 and 2 years at reporting date	0	1
Of which: between 2 and 3 years at reporting date	1	2

Number of engagements for more than £245 per day at any point during the year ended 31 March 2026

	2025–26	2024–25
Total number of engagements	12	42
Of which: number assessed as within the scope of IR35	12	42

Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2025 and 31 March 2026

	2025–26	2024–25
Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility during the financial year	2[1,2]	2
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	23	20

Note to the above table:

1. Elena Ciallie is the shareholder representative Director from UKGI and is not remunerated by the Company.
2. Tom Riordan was not remunerated by the Company between 1 October 2025 and 31 January 2026 given his full-time employment within the Civil Service.

Parliamentary accountability

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

The Parliamentary Accountability Report sets out those disclosures required by Parliament and HM Treasury that are not presented elsewhere in the Annual Report and Accounts. It provides transparency over the Company's use of public funds, parliamentary accountability obligations and other statutory reporting requirements, supporting effective scrutiny and accountability to Parliament and taxpayers.

The Company has no contingent liabilities reported under International Accounting Standard (IAS) 37 ((31 March 2025: £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.

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.

Director indemnities

Employees of the Company may be appointed as directors of companies in which the Company holds equity investments. The Company has issued indemnities to those directors against certain personal liabilities and expenses arising out of, or in connection with, their roles as directors of the investee companies. It is not practicable to quantify the potential financial effect of these director indemnities, as there is currently no evidence on which to base a meaningful estimate.

Apart from this, the Company had no further remote contingent liabilities as at 31 March 2026 (31 March 2025: £Nil).

Information on loan and capital commitments can be found in Note 19 Undrawn loan and capital commitments on page 197.

Regularity (Audited)

Throughout the financial year 2025–26, 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 2025–26, the Company had no reportable losses and special payments (2024–25: £Nil).

Functional standards

The Company's corporate functions are aligned to, and operate in accordance with, the relevant Government Functional Standards. These standards provide a consistent framework for the management and delivery of government activities across functions.

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 186.

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 Chief Executive Officer of the Company as the Accounting Officer for the Company. The responsibilities of an Accounting Officer – including responsibility for the propriety and regularity of the public finances for which the 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 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, Ian Brown, 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 on 7 September 2026 by the Annual Report & Accounts Sub Committee, acting under delegated authority from the Board of Directors, and was signed on the Board's behalf by:

Oliver Holbourn
Chief Executive Officer and Accounting Officer
8 September 2026

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 2026 which comprise the National Wealth Fund's:

- Statement of Financial Position as at 31 March 2026;
- 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 2026 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 it will provide sufficient funding to enable the entity to meet liabilities as and when they fall due; and
- an assessment of the value of assets recognised in the Statement of Financial Position compared to liabilities.

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 entities 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 through 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; and
- the significant risk that investments in funds are not measured in accordance with the financial reporting framework.

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 109–113.

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 the measurement of investments in funds to be a key audit matter;
- I consider the significant risk over the accounting for loans held at amortised cost to be a key audit matter, following the National Wealth Fund's highly material loan to Sizewell C;
- I consider the significant risk over the disclosure and completeness of financial instruments to be a key audit matter as the risk is pervasive across all other key audit matters and required a substantial allocation of resources during my audit. This also covers consideration of the method, data, and assumptions used in the National Wealth Fund's private sector and local authority loans, and of the model used to calculate fair value of its private sector loans;
- I have narrowed the significant risk (and this key audit matter) over the National Wealth Fund's accounting for loans held at amortised cost as wider significant risks relating to this balance are covered by the key audit matter over the disclosure and completeness of financial instruments; and
- I have combined key audit matters over (i) the valuation of direct equity investments and convertible loan notes, and over (ii) the accounting for these balances into a single key audit matter.

Measurement of expected credit losses

Description of risk

This key audit matter covers expected credit losses (ECLs) on the National Wealth Fund's private sector loans and guarantees. As at 31 March 2026, the National Wealth Fund held loans at amortised cost on its balance sheet at £6,739m (Note 13, 2024–25: £1,453m), with a further £33,755m loan commitment (Note 19, 2024–25: £785m), and financial guarantees with a total exposure of £1,533m (Note 22.3, 2024–25: £340m). This includes a loan of £4,320m and further commitments of £32,280m in respect of Sizewell C (2024–25: £0m). Total ECLs on private sector loans, loan commitments and guarantees were £73m at 31 March 2026 (31 March 2025: £117m).

I have identified the measurement of expected credit losses (ECL) to be one of the most significant assessed risks of material misstatement, and as such to be a key audit matter and significant risk due to:

- the inherent complexity and significant judgment involved in the ECL process, including the development of forward-looking estimates, macro-economic scenario selection, assessment of significant increases in credit risk, and use of modelling techniques. These estimates are sensitive to changes in assumptions, input data, and scenario weightings;
- the inherent complexity and judgement involved in appropriately reflecting a range of possible outcomes, past events, current conditions and forecasts of future economic conditions as required within the ECL process; and
- the challenges in measuring ECL for the National Wealth Fund's guarantee contracts, where no up-front fees are recognised and valuation is driven entirely by ECLs. The retrofit financial guarantees are particularly challenging to value as management relies on credit assessments reported by the participating banks at initial recognition and subsequent measurement, requiring management to ensure that the credit ratings are consistent with the National Wealth Fund's methodology and with each other.

This key audit matter is raised in relation to the method, data, assumptions and model used to produce the National Wealth Fund's estimate of ECLs, as well as with regard to the sufficiency and accuracy of estimation uncertainty disclosures.

How the scope of my audit responded to the risk	My response to addressing the risk of material misstatement in this area included: ▶ review of 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; ▶ evaluation of the methods and techniques used to estimate ECLs to confirm that they are appropriate and reasonable in the context of the applicable financial reporting framework; ▶ assessing the relevance and reliability of data used in ECL estimates; ▶ testing the reasonableness of assumptions used to make estimates of ECLs relating to debt instruments; ▶ evaluation of the application of management's model for estimates of ECLs; and ▶ testing the completeness, reasonableness and accuracy of accounting estimate disclosures relating to estimation uncertainty arising from ECL modelling. I engaged an external auditor's expert with relevant specialist skills to support my review of the models and estimates used to calculate ECLs. Under my direction and supervision, my experts reviewed the methodology, assumptions and data used by the National Wealth Fund and calculated our own expectation for ECLs. I reviewed their work, findings and conclusions and assessed their appropriateness to inform my audit conclusions. **Key observations** The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Accounting for loans held at amortised cost

Description of risk

At 31 March 2026, the National Wealth Fund held private sector loans at amortised cost on its balance sheet at £5,977m (2024–25: £813m see Note 13).

I have identified the accounting for loans held at amortised cost to be one of the most significant assessed risks of material misstatement, and as such to be a key audit matter and significant risk due to:

- the level of judgement required – at initial recognition, management must assess each loan against IAS 32 Financial Instruments: Presentation and IFRS 9 Financial Instruments to determine the appropriate classification and measurement to be applied. IFRS 9 requires a financial asset to be measured initially at its fair value, which must be the value of an orderly transaction between market participants at the measurement date. This consideration is especially important for new loans where there are no other lenders alongside the National Wealth Fund or where other lenders are public sector institutions. The National Wealth Fund needs to determine whether any of these loans have been issued at a below-market rate. If any have been issued at a below-market rate, the National Wealth Fund needs to assess the liability for the loan commitment that should be recognised on the statement of financial position;
- the nature of the National Wealth Fund's business and the presence of potentially complex terms within agreements – management must also ensure that assets are only recognised relating to genuine contracts and that assets are correctly presented and classified within the financial statements. In particular, the terms of each new loan must be assessed against the requirements of IFRS 9 for classification at amortised cost or fair value; and
- the expected restructuring of material investments (one of which occurred during the year and the other ultimately occurred after year-end) and the associated judgements required to ensure that the accounting treatment of these events complies with the reporting framework.

This key audit matter is raised in relation to the presentation, classification and recognition of loans held at amortised cost and related balances, and to additions made to the balance in 2025–26.

How the scope of my audit responded to the risk	My response to addressing the risk of material misstatement in this area included: ▶ review of the design and implementation of controls over the significant risks relating to measurement of loans at amortised cost; ▶ testing of new loan contracts to confirm whether they have been presented, classified and recognised appropriately; ▶ performing a sample test of loan additions to confirm whether they have been correctly classified, appropriately valued on initial recognition, and have been recognised in the correct period; and ▶ review of management's assessment as to whether new loans have been entered into at fair value. I engaged an external auditor's expert with relevant specialist skills to support my challenge and review of whether management's assessment as to whether new loans had been entered into at fair value was appropriate. **Key observations** I identified a material statement of financial position item requiring reclassification relating to the Sizewell C loan; this has since been adjusted. The outcomes of the procedures I performed in response to this risk on management's adjusted disclosures were satisfactory.

Accounting and valuation of equity investments and convertible loan notes

Description of risk

As at 31 March 2026, the National Wealth Fund held total investments of £527.2m in direct equity investments and convertible loan notes (Note 11 – Financial Assets Measured at FVTPL) a significant increase compared to the £307.4m held at year 31 March 2025.

I have identified accounting and valuation of equity investments and convertible loan notes as a key audit matter and significant risk due to:

- the complex contractual terms within the National Wealth Fund's investment arrangements, which create complexity in determining appropriate accounting (classification and measurement) under IAS 28 Investments in Associates and Joint Ventures, IFRS 11 Joint Arrangements, IFRS 9 Financial Instruments, IFRS 13 Fair Value Measurement and IAS 32 Financial Instruments: Presentation, particularly for hybrid instruments where significant management judgement is required; and
- the significant judgment, use of models and assumptions, and high degree of estimation uncertainty involved in the valuation process, increasing susceptibility to management bias.

This key audit matter is raised in relation to the presentation, classification and recognition of the balance, the method, data, assumptions and model used to produce management's estimate, additions made to the balance in 2025–26, and the sufficiency and accuracy of disclosures, including estimation uncertainty disclosures.

How the scope of my audit responded to the risk	My response to addressing the risk of material misstatement in this area included: ▶ review of the design and implementation of controls over the significant risks relating to accounting and valuation of equity investments and convertible loan notes; ▶ testing to assess whether additions have been appropriately recognised, that they occurred and were recorded in the correct period, and that they were valued appropriately; ▶ assessment as to whether each investment has been correctly classified; ▶ consideration of the valuation of the equity and convertible instruments with respect to the methodology adopted; ▶ review of the presentation, classification and recognition of equity investments and convertible instruments, and of associated balances; and ▶ assessment of whether disclosures relating to equity investments and convertible instruments were compliant with IFRS, including consideration of events after the reporting date and the sufficiency of disclosures relating to estimation uncertainty. I engaged an external auditor's expert with relevant specialist skills to support my challenge and review of the valuation of a sample of estimates where a complex valuation method (discounted cashflows or probability-weighted expected return method) was used. **Key observations** The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

All financial instruments – disclosure and completeness

Description of risk

I have recognised a significant risk over the accuracy and appropriateness of disclosure and the completeness of all financial instruments due to:

- the complexity of financial instrument contracts entered into;
- changes to the National Wealth Fund's portfolio of investments; and
- findings from my 2024–25 audit relating to controls in place at the National Wealth Fund around the disclosure of key financial instruments balances.

I have also identified a specific risk in relation to the fair value measurements disclosed as at the reporting date for both private sector and local authority loans. IFRS 7 Financial Instruments: Disclosures requires this disclosure for loans held at amortised cost. Management has classified these loans at level 3 in the fair value hierarchy, and the valuation disclosed is based on an assessment of current market interest rates. I have recognised a significant risk over disclosure of the fair value of loans held at amortised cost due to:

- the assumptions used in the calculation being difficult to understand and requiring specialist expertise to interpret;
- Level of management judgement in selection of sources of data when setting appropriate assumptions for fair valuation;
- the financial reporting framework permitting a choice in the approach for fair value measurement; and potential for management bias to impact judgements and decisions made in making the estimate.
- the valuation being highly material to the National Wealth Fund, increasing the risk of material misstatement in disclosures.

This key audit matter is raised in relation to potential non-recognition of financial instruments requiring disclosure, disclosures being inaccurately prepared or not made in accordance with the financial reporting framework. It also covers the method, data, or assumptions used in calculating the fair value of the National Wealth Fund's private sector and local authority loans, and the risk of error in the model used to fair value of private sector loans.

How the scope of my audit responded to the risk	My response to addressing the risk of material misstatement in this area included: ▶ review of the design and implementation of controls over the significant risks relating to the disclosure and completeness of all financial instruments; ▶ testing financial instruments disclosures for accuracy and to assess whether they have been made in accordance with the financial reporting framework; ▶ assessing the completeness of financial instruments recognised; ▶ considering the appropriateness of the methods, assumptions and data used by the National Wealth Fund to produce its fair value disclosures of private sector and local authority loans; and ▶ testing the application of management's models used to calculate the fair value of private sector loans. I engaged an external auditor's expert with relevant specialist skills to support my review of the fair value estimates disclosed. Under my direction and supervision, my experts reviewed the methodology, assumptions and data used by the National Wealth Fund and calculated our own expectation of fair value. I reviewed their work, findings and conclusions and assessed their appropriateness to inform my audit conclusions. **Key observations** Whilst the National Wealth Fund's financial instrument disclosures improved compared to the first draft accounts received in 2024–25, the audit identified some disclosure enhancements required in management's initial 2025–26 draft accounts. These were subsequently addressed by management. As noted on page 101, the matters identified highlighted opportunities to strengthen the accounts production process and related controls.

Accounting for financial guarantees

Description of risk

The National Wealth Fund's maximum possible exposure under guarantees has grown from £340m as at March 2025 to £1,533m (Note 22.3) as at March 2026 following the issue of new financial guarantees. Additionally, the first commitments have been drawn out under the retrofit portfolio guarantees. Another significant event during 2025–26 is the derecognition of a material guarantee and purchase of the covered debt.

I have recognised this as a key audit matter and significant risk due to:

- the level of contracts with complex terms, and the associated judgement required to account for these appropriately;
- the renegotiation and subsequent modification of financial instrument contracts that took place in 2025–26; and
- the occurrence of complex restructure transactions, requiring significant judgement around how these should be accounted for.

This key audit matter is raised in relation to risks of additions not being recognised appropriately or having not occurred in 2025–26, and around derecognitions or transfers not being recognised appropriately or completely. As the National Wealth Fund measures its guarantees on the basis of ECLs, risks relating to the valuation of these are covered by my Key Audit Matter on Expected Credit Losses set out above.

How the scope of my audit responded to the risk

My response to addressing the risk of material misstatement in this area included:

- review of the design and implementation of controls over the significant risks relating to the disclosure and completeness of all financial instruments;
- review of legal documentation to confirm whether guarantee additions have occurred, have been recognised appropriately against relevant financial reporting standards, and that the National Wealth Fund holds the rights and obligations to these; and
- review of legal documentation and accounting papers to assess whether any proposed derecognitions have been recorded appropriately.

Key observations

The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

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:

	Audited Entity
Materiality	£60m (2024–25: £22m)
Basis for determining materiality	Our materiality was determined based on 0.8% of the forecast gross assets adjusted for investment liabilities of £7.6bn. The final outturn of £7.8bn was not substantially different from the anticipated period end financial results that were used initially to determine materiality, and therefore this was not subsequently updated (2024–25: 1% of net assets adjusted for loans from HM Treasury £2.2bn).
Rationale for the benchmark applied	I consider adjusted gross 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. For the 2025–26 audit, I have amended the benchmark of adjusted net assets used in the prior year to adjusted gross assets. The gross asset figure is reduced for any investment-related liabilities such as Financial Guarantee Liabilities and Loan Commitment Liabilities. This results in a materiality base which is sensitive to both the asset and liability impacts of the National Wealth Fund's investment activity, and aligned with the interests of users of the accounts.

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 2025–26 audit (2024–25: 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 £1m, 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

Total unadjusted audit differences reported to the Audit and Risk Committee would have increased net operating profit by £1.1m.

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 the part of the Remuneration Report to be audited has been properly prepared in accordance with 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.

Opinion on other matters

In my opinion:

- the parts of the 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; or
- the Corporate Governance Statement does not reflect compliance with HM Treasury's guidance.

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 89;
- 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 89;
- Directors' statement on fair, balanced and understandable set out on pages 141–142;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 76–82;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 101; and
- The section describing the work of the audit committee set out on pages 109–113.

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, the UK Infrastructure Bank Act 2023, Managing Public Money, and tax legislation;
- 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 internal and 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, UK Infrastructure Bank Act 2023, Managing Public Money, employment law and tax legislation.

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; and
- 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 including internal specialists 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.

Shah Rukh Memon (Senior Statutory Auditor)

9 September 2026

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 2026

Statement of Comprehensive Income

for the year ended 31 March 2026

Income	Note	2025–26 £000	2024–25 £000
Interest income	2	238,151	73,071
Interest expense	3	(93,514)	(29,480)
Net interest income		**144,637**	**43,591**
Net fees and commission income	4	14,294	7,094
Investment income	5	4,785	1,206
Changes in fair value of assets held at fair value through profit and loss (FVTPL)	11	(74,161)	(52,488)
Net operating profit/(loss) before change in expected credit losses and other credit impairment charges		**89,555**	**(597)**
Change in expected credit losses	13, 16, 22	(13,981)	(31,708)
Remeasurement of financial guarantee liabilities	13, 17, 22	57,957	(58,800)
Net gains/(losses) arising from the derecognition/ impairment of financial assets held at amortised cost	13	(126,801)	–
Net operating profit/(loss)		**6,730**	**(91,105)**
Expenditure			
Staff costs	6	(52,355)	(44,513)
Other operating expenditure	7	(19,549)	(14,341)
Depreciation and amortisation		(1,898)	(1,903)
Finance costs		(380)	(288)
Total operating expenses		**(74,182)**	**(61,045)**
Profit /(loss) before taxation		**(67,452)**	**(152,150)**
Taxation	8	2,730	23,844
Profit/(loss) after taxation		**(64,722)**	**(128,306)**
Net comprehensive profit/(loss) for the year		**(64,722)**	**(128,306)**

The Notes on pages 168–220 form part of these financial statements.

Statement of Financial Position

as at 31 March 2026

Assets	Note	2025–26 £000	2024–25 £000
Cash and cash equivalents	9	43,412	42,879
Trade and other receivables	10	1,105	1,118
Financial assets held at FVTPL	11, 20	1,007,972	748,580
Financial assets held at amortised Cost	13	6,738,723	1,453,425
Intangible assets		–	200
Property, plant and equipment		680	791
Right-of-use assets	14	8,594	9,664
Deferred tax assets	8	45,645	42,914
Total assets		**7,846,131**	**2,299,571**
Liabilities			
Trade and other payables	15	(86,309)	(20,806)
Lease liabilities	14	(8,079)	(8,929)
Loan commitment financial liabilities	16	(12,481)	(7,731)
Financial guarantee liability	17	(2,629)	(60,586)
Loan amounts owed to shareholder	18	(3,090,523)	(988,098)
Provisions		(282)	(271)
Total liabilities		**(3,200,303)**	**(1,086,421)**
Net assets		**4,645,828**	**1,213,150**
Equity			
Issued capital	23	(4,436,200)	(984,200)
Capital contribution reserve	SoCE[1]	(156,075)	(156,075)
Other reserve	SoCE[1]	(198,158)	(152,758)
Retained earnings	SoCE[1]	144,605	79,883
Total equity		**(4,645,828)**	**(1,213,150)**

The Notes on pages 168–220 form part of these financial statements.

Notes to the above table:

1. SoCE = Statement of Changes in Equity.

The financial statements of National Wealth Fund Limited (06816271) were approved and authorised for issue on 7 September 2026 by the Annual Report & Accounts Sub Committee, acting under delegated authority from the Board of Directors. They were signed on the Board's behalf by:

Oliver Holbourn
Accounting Officer
8 September 2026

Statement of Changes in Equity

for the year ended 31 March 2026

	Share capital £000	Capital contribution reserve £000	Other reserves £000	Retained earnings £000	Total £000
Balance at 31 March 2024	**764,200**	**156,075**	**94,138**	**48,423**	**1,062,836**
Net profit/(loss) after tax	–	–	–	(128,306)	(128,306)
Issue of new ordinary shares	220,000	–	–	–	220,000
Funding from HM Treasury	–	–	58,620	–	58,620
Balance at 31 March 2025	**984,200**	**156,075**	**152,758**	**(79,883)**	**1,213,150**
Net profit/(loss) after tax	–	–	–	(64,722)	(64,722)
Issue of new ordinary shares	3,452,000	–	–	–	3,452,000
Funding from HM Treasury	–	–	45,400	–	45,400
Balance at 31 March 2026	**4,436,200**	**156,075**	**198,158**	**(144,605)**	**4,645,828**

The Notes on pages 168–220 form part of these financial statements.

Statement of Cash Flows

for the year ended 31 March 2026

	Note	2025–26 £000	2024–25 £000
Profit/(loss) before taxation	**SoCI[1]**	**(67,452)**	**(152,150)**
Adjustments for:			
Depreciation and amortisation		1,898	1,903
Change in trade and other receivables	10	13	(228)
Change in trade and other payables	15	65,503	3,921
Non-cash capitalisation of deal fees		(1,343)	–
Interest Expense	3	93,514	29,480
Changes in fair value of assets held at FVTPL	11	74,161	52,488
Change in expected credit losses and other credit impairment charges	SoCI	13,981	31,708
Net gains/(losses) arising from the derecognition/ impairment of financial assets measured at amortised cost	SoCI	126,801	–
Remeasurement of financial guarantee liabilities	SoCI	(57,957)	58,800
Finance costs	SoCI	380	288
Interest income on financial assets at amortised cost	2	(238,151)	(71,599)
Right of Use Assets	14	(7)	–
Cash used in operations		**11,341**	**(45,389)**
Purchase of assets held at FVTPL	11	(334,320)	(251,811)
Repayment of assets held at FVTPL	11	1,788	1,921
Net cash outflow in assets held at FVTPL		**(332,532)**	**(249,890)**
Origination of assets held at amortised cost	13	(5,626,318)	(906,606)
Repayments of interest on assets held at amortised cost	13	215,207	56,206
Repayments of assets held at amortised cost	13	214,505	8,660
Deal fees on assets at amortised cost	13	13,747	21,918
Net cash outflow in assets held at amortised cost		**(5,182,859)**	**(819,822)**
Net cash used in operating activities		**(5,504,050)**	**(1,115,101)**

Cash flows from investing activities	Note	2025–26 £000	2024–25 £000
Purchase of property and equipment		(352)	(703)
Net cash used in investing activities		**(352)**	**(703)**
Cash flows from financing activities			
Issuance of shares	SoCE[3]	3,452,000	220,000
Payment of lease liabilities	14	(1,376)	(981)
Loan from HM Treasury	18	3,185,000	1,071,500
Repayment of amount owed to HM Treasury	18	(1,100,257)	(230,000)
Repayment of interest to HM Treasury	18	(75,832)	(24,142)
Grant in Aid from HM Treasury	SoCE	45,400	58,700
Net cash from financing activities		**5,504,935**	**1,095,077**
Net increase/(decrease) in cash and cash equivalents		533	(20,727)
Cash and cash equivalents at beginning of year		42,879	63,606
Cash and cash equivalents at end of year		**43,412**	**42,879**

The Notes on pages 168–220 form part of these financial statements.

Notes to the above table:

1. SoCI = Statement of Comprehensive Income.
2. SoFP = Statement of Financial Position.
3. SoCE = Statement of Changes in Equity.

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.

1.1.1 Basis of preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards and the requirements of the Companies Act 2006, and, for the financial statements and selected disclosures within the Annual Report only, the Government Financial Reporting Manual and other HM Treasury guidance where these impose additional disclosure requirements. The financial statements are presented in Pounds Sterling, rounded to the nearest thousand pounds (£000). The Statement of Financial Position is presented in order of decreasing liquidity.

1.1.2 Accounting convention

The financial statements have been prepared on the historical cost basis. Certain financial assets and liabilities are measured at amortised cost, and other financial instruments measured at fair value or revalued amounts at the end of each reporting period.

1.1.3 Going concern

The Directors consider that the Company has adequate resources to continue as a going concern. Under a Keep Well Agreement with the Commissioners of HM Treasury, HM Treasury has committed to provide sufficient funding to enable the Company to meet its liabilities as they fall due, subject to a funding cap of £27.8 billion. Accordingly, the financial statements have been prepared on a going concern basis.

1.1.4 International Financial Reporting Standards (IFRS) in issue but not yet effective

No new or amended accounting standards were applied for the first time in the current reporting period. There have been no restatements arising from the adoption of new or revised accounting standards.

The Company has early adopted the International Accounting Standards Board (IASB) amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures relating to the classification and measurement of financial instruments, which are effective for annual reporting periods beginning on or after 1 January 2026. The Company has applied all amendments introduced.

These amendments clarify, inter alia, the treatment of financial instruments with contingent features, including those linked to environmental, social and governance (ESG) metrics. The adoption of these amendments has not had an impact on the financial statements, as they are consistent with the judgements previously applied by the Company in respect of ESG-linked loan pricing.

At the date of authorisation of these financial statements, the following standards and amendments were in issue but not yet effective and have not been applied by the Company:

- IFRS 18 Presentation and Disclosure in Financial Statements (effective for periods beginning on or after 1 January 2027) will replace IAS 1 and introduce revised presentation and disclosure requirements. The Company does not intend to early adopt this standard.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures permits eligible subsidiaries to apply reduced disclosure requirements. The standard does not apply, as the Company has public accountability.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency (effective for reporting periods beginning on or after 1 January 2027). The Company does not expect these amendments to have a material impact on its financial statements, as it does not operate in hyperinflationary environments.

The Company continues to assess the potential impact of new standards and amendments on its financial reporting.

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 (EIR) basis. The EIR 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 EIR for financial instruments other than purchased or originated credit-impaired (POCI) assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses (ECLs). For POCI financial assets, a credit-adjusted EIR is calculated using estimated future cash flows including ECLs.

The calculation of the EIR includes all transaction fees, and premiums or discounts that are integral to the EIR.

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 amortised using the effective interest method. When the Company revises 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 are recognised as part of the overall fair value changes in the SoCI, except for 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

Facility fees received as part of its lending activities which are integral to the financial instrument are treated as income and included in the EIR.

Guarantee fees are recognised according to the nature of the fee, either in line with IFRS 15, or on an accrual 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. The Company assesses the benefits that the customer obtains from the guarantee on its capital requirements in making this assessment, 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 as the services are provided.

1.2.3 Gain/(loss) on derecognition or modification

Gains or losses on derecognition or modification of financial assets are recognised in the SoCI at the point the asset is derecognised or modified.

Derecognition occurs when the contractual rights to the cash flows from the financial asset expire, or when the financial asset is transferred and substantially all of the risks and rewards of ownership are transferred. The gain or loss on derecognition is measured as the difference between the carrying amount of the asset and the consideration received.

Where the terms of a financial asset are modified, the Company assesses whether the modification results in derecognition. Where the modification is not substantial, the gross carrying amount of the asset is recalculated as the present value of the modified contractual cash flows, discounted at the original EIR. Any resulting adjustment is recognised immediately in the SoCI as a modification gain or loss.

Gains and losses arising on derecognition or modification are presented within net gains/(losses) on financial instruments, **or** as a separate line item on the face of the **SoCI** where material.

1.2.4 Changes in value of assets held at fair value through profit or loss

Net gains/(losses) on financial assets at fair value through profit or loss comprise all changes to the fair value of financial assets designated or classified at FVTPL. This includes both realised and unrealised gains and losses arising from movements in fair value arising from contractual cash flows measured on a fair value basis.

1.2.5 Staff costs

Secondee and contractor costs are recognised within staff costs as incurred, including the standard rate of Value Added Tax (VAT).

1.2.6 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 to the extent that employees are permitted to carry forward leave into the following period.

Pension costs

The Company operates a defined contribution pension scheme for its permanent employees. The pension expense recognised in the reporting period represents the contributions payable by the Company to the scheme

Secondee pension arrangements are made through their home departments. No pension costs are incurred for contractors.

1.2.7 Taxation

Taxation comprises current and deferred tax and is recognised in the SoCI, except where it relates to items recognised directly in equity, in other comprehensive income, or in a business combination.

Current tax

Current tax represents the expected tax payable or receivable on taxable profits or losses for the year, including adjustments for prior periods. It is measured using tax rates enacted or substantively enacted at the reporting date.

Investments held through tax-transparent limited partnerships are included on a look-through basis, such that current tax reflects the Company's share of allocated profits or losses.

Current tax assets and liabilities are offset only where the relevant 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 their tax bases. Deferred tax assets are recognised for unused tax losses, 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. In assessing recoverability, the Company considers the timing of the reversal of existing temporary differences, forecast future taxable profits and other relevant evidence available at the reporting date.

The assessment of future taxable profits is based on forecasts that are consistent with those used elsewhere in the preparation of the financial statements, including budgeting, impairment and going concern assessments, whilst reflecting the requirements of tax legislation applicable to the utilisation of losses.

Deferred tax assets are reviewed at each reporting date and reduced where recovery is no longer probable, with reversals recognised when recoverability improves.

Deferred tax is measured using tax rates enacted or substantively enacted at the reporting date and expected to apply when the temporary differences reverse. Deferred tax assets and liabilities are offset where a legally enforceable right exists, and the balances relate to the same taxation authority.

Value Added Tax (VAT)

VAT is recognised on a net basis. Input VAT relating to exempt supplies is not recoverable and is expensed in the SoCI. Input VAT relating to taxable supplies is recognised as a receivable within trade and other receivables.

1.2.8 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.

Financial instruments transactions are accounted for at the settlement date, which is when the Company becomes party to the contractual provisions of the instrument.

a) Classification of financial assets

Financial assets are classified at initial recognition based on the Company's business model for managing those assets together with their contractual cash flow characteristics.

The business model reflects how financial assets are managed to generate cash flows. Financial assets may be managed to collect contractual cash flows, to hold assets both to collect contractual cash flows and to sell, or to hold assets for other purposes.

On initial recognition, financial instruments are measured at fair value. For financial assets and financial liabilities not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the instrument are included in the initial carrying amount.

Financial instruments are subsequently measured at either amortised cost or fair value, depending on the Company's business model for managing the assets and the contractual cash flow characteristics of the instrument.

The Company manages its financial assets within a hold to collect business model, in which assets are held to realise contractual cash flows and are not managed with a view to sale. Financial risks, including market, liquidity and credit risk, are managed on a long term basis, consistent with this objective, rather than on a trading basis.

Consistent with this business model, the Company assesses the contractual terms of financial assets to determine whether they give rise, on specified dates, to cash flows that meet the Solely Payments of Principal and Interest (SPPI) criteria. This assessment is performed at initial recognition on an instrument by instrument basis.

Cash flows are considered to be SPPI where they are consistent with a basic lending arrangement, with interest representing consideration for the time value of money, credit risk and other basic lending risks, together with a profit margin. Where contractual terms introduce exposure to risks or volatility that is inconsistent with a basic lending arrangement, such as exposure to equity prices or third party credit risk, the cash flows do not meet the SPPI criteria.

Certain lending arrangements entered into by the Company may include contractual features that adjust the timing or amount of cash flows based on the borrower meeting specified environmental, social and governance (ESG) performance criteria.

In assessing whether such instruments meet SPPI criteria, the Company considers the effect of these contingent features on the contractual cash flows. This includes evaluating whether the variability arising from ESG-linked adjustments is consistent with a basic lending arrangement.

Contractual cash flows are considered to meet the SPPI criteria where, in all contractually possible scenarios, any changes in cash flows arising from ESG-linked features would not result in cash flows that are significantly different from those of an instrument with otherwise identical terms but without such contingent features.

Debt instruments (e.g. loans) that are held within a business model to collect contractual cash flows and meet the SPPI criteria are measured at amortised cost.

All other debt instruments and equity investments are measured at fair value through profit or loss (FVTPL).

The Company currently recognises financial assets at both amortised cost and FVTPL, with FVTPL including debt instruments whose cash flows do not meet the SPPI test.

In addition to loan assets, the Company holds investments in private fund limited partnerships, which are recognised and measured at fair value through profit or loss (FVTPL). The Company also holds direct equity investments, which are measured at FVTPL. Further details on the accounting treatment of equity investments are set out in Note 1.3.5 (Investments in associates and joint ventures).

b) Measurement of financial assets

i) Financial instruments held at FVTPL

Financial assets measured at fair value through profit or loss (FVTPL) are initially recognised at fair value and subsequently remeasured to fair value at each reporting date, with all changes in fair value recognised in the SoCI.

ii) Debt instruments held at amortised cost

Financial assets and liabilities measured at amortised cost are initially recognised at fair value, including transaction costs which are directly attributable to their acquisition or issuance.

Where the transaction price differs from the fair value of a financial instrument at initial recognition and fair value is not evidenced by a quoted price in an active market for an identical instrument or based on a valuation technique that uses only observable market data, the resulting day-one gain or loss is deferred on initial recognition. The deferred amount is subsequently recognised in profit or loss when the inputs supporting the valuation become observable, when the instrument is derecognised, or in a manner that reflects changes in factors that market participants would consider in pricing the instrument.

Subsequently, they are measured at amortised cost using the EIR method. Amortised cost represents the initial carrying amount, adjusted for principal repayments and the cumulative amortisation of any difference between the initial amount and the maturity amount. For financial assets, this amount is further adjusted for any loss allowance.

Fees received on loan products which have yet to draw down are deferred on the Statement of Financial Position. Once a drawdown takes place, the deferred fees are then discounted as part of the future cash flows.

c) Impairment of financial assets and loan commitments

i) Provisioning

IFRS 9 applies a forward-looking expected credit loss ("ECL") model to financial assets measured at amortised cost and loan commitments. ECL is determined using probability weighted estimates of future credit losses based on a range of forward-looking economic scenarios.

At initial recognition, a loss allowance is recognised for expected credit losses arising from default events within the next 12 months. If there is a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to lifetime expected credit losses.

Financial assets are allocated to the following stages:

- **Stage 1:** Assets that have not experienced a significant increase in credit risk since initial recognition. A 12 month ECL allowance is recognised, and interest income is calculated on the gross carrying amount.
- **Stage 2:** Assets that have experienced a significant increase in credit risk. A lifetime ECL allowance is recognised, and interest income continues to be calculated on the gross carrying amount.

- **Stage 3:** Credit impaired assets. A lifetime ECL allowance is recognised, and interest income is calculated on the amortised cost (i.e. net of the loss allowance).

Purchased or originated credit-impaired (POCI) financial assets are initially recognised at fair value using a credit-adjusted EIR that incorporates expected credit losses. For these assets, only cumulative changes in lifetime ECL since initial recognition are recognised as a loss allowance.

ii) Significant Increase in Credit Risk (SICR)

The Company monitors financial assets, loan commitments and financial guarantee contracts subject to impairment to assess whether there has been a significant increase in credit risk ("SICR") since initial recognition. This assessment compares the risk of default at the reporting date, based on the remaining life of the instrument, with the risk at initial recognition.

The SICR assessment incorporates both quantitative and qualitative factors, consistent with IFRS 9 requirements to use forward-looking information and judgement.

- **Quantitative indicators:** A change in the internal credit rating. A backstop indicator of SICR is where contractual payments are more than 30 days past due.
- **Qualitative indicators:** These include credit rating downgrades, forbearance or restructuring, adverse changes in the borrower's operating performance or liquidity, deterioration in business or economic conditions, delays to information provision, management changes and transfer to a watchlist.

These indicators are considered collectively when determining whether a SICR has occurred. If a SICR has occurred the asset is considered to be Stage 2 and a lifetime ECL is calculated using a lifetime probability of default (PD). If assets are defaulted exposures, namely 90 days past due or official default, the lifetime ECL is also calculated and there is no requirement to calculate PD since this is equal to 100%.

A financial asset is presumed not to have experienced a SICR where it is assessed as having low credit risk at the reporting date; in such cases, a 12 month ECL is recognised.

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 SICR 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 SICR subject to management defined minimum cure periods.

The Company regularly reviews the effectiveness of its SICR criteria and updates them as necessary to ensure timely identification of increased credit risk.

iii) Definition of default

The Company applies a definition of default that is consistent with its internal credit risk management practices and considers qualitative indicators where appropriate. A default is considered to occur when a debtor is unlikely to meet its contractual repayment obligations in full.

A default event is deemed to have occurred when one or more of the following conditions are met:

- the borrower is assessed as unlikely to repay its debt obligations (principal, interest or fees) in full.
- a credit loss event has occurred, such as a charge-off, specific provision, or distressed restructuring involving the forgiveness or deferral of payments.
- the borrower is more than 90 days past due on any credit obligation: or
- the borrower has entered bankruptcy or equivalent creditor protection proceedings.

iv) Credit-impaired financial assets

Stage 3 comprises credit impaired financial assets. A financial asset is considered credit impaired when one or more events have occurred that adversely affect the estimated future cash flows of the asset.

Evidence of credit impairment includes observable data such as:

- significant financial difficulty of the borrower.
- a breach of contract, including default or past due status.
- the Company granting concessions to the borrower for economic or contractual reasons relating to financial difficulty that it would not otherwise consider.
- it becoming probable that the borrower will enter bankruptcy or another financial reorganisation.
- the disappearance of an active market for the asset due to financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

Financial assets are designated as 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 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 staging, except if specific events (merger, evidenced equity injection, refinancing) resolve the credit concern and the Credit Committee has reviewed and recommended the staging change.

v) Methodology for measuring expected credit losses (ECLs)

ECLs represent a probability weighted estimate of the present value of credit losses, being the difference between contractual cash flows due and those expected to be received, discounted using the EIR.

ECL is calculated using three key components: probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). For accounting purposes, 12 month PD reflects the probability of default occurring within the next 12 months, while lifetime PD reflects the probability of default over the remaining life of the instrument, based on current conditions and forward looking economic expectations.

PD is derived using probability weighted forward looking macroeconomic scenarios, comprising baseline, upside, downside and a less probable severe downside scenario.

LGD represents the expected loss on default, considering any collateral, its anticipated realisable value, the timing of recoveries and the time value of money, discounted using the EIR.

EAD represents the expected exposure at the point of default, incorporating anticipated repayments of principal and interest, together with any expected utilisation of committed facilities based on management's expectations where no contractual drawdown profile exists.

The ECL is determined by applying the relevant PD (12 month or lifetime, depending on the staging of the loan) to LGD and EAD, and reflects all reasonable and supportable forward looking information. through probability weighted economic scenarios. Where contractual cash flows 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 SICR of the financial instrument.

For loan commitments with multi-year drawdown periods, the Company recognises the ECL on the EAD. EAD reflects expected contractual cash flows over the next 12 months for Stage 1 assets and over the remaining lifetime for Stage 2 and Stage 3 assets. The resulting loss allowance is recognised as a separate financial liability in the SoFP.

For financial guarantees, ECL is calculated on the underlying guaranteed obligation. As payments are only required in the event of a default, the loss allowance represents the expected payments to reimburse the holder for credit losses incurred, less any amounts expected to be recovered from the holder, the debtor or other parties. Further detail is provided in Note 1.2.8.

Additional disclosures on ECL are set out in Note 22.3 Credit risk.

vi) Write-offs

Loans are written off, in whole or in part, against the related loss allowance when there is no reasonable expectation of recovering the contractual cash flows and all practical recovery efforts have been completed or are no longer considered cost-effective. Indicators that there is no reasonable expectation of recovery include the borrower's insolvency or liquidation, the absence of sufficient cash flows or assets to repay the obligation, the exhaustion of available recovery and enforcement actions, or where recoveries from the realisation of any available security have been received and the remaining exposure is considered irrecoverable.

Financial assets written off may continue to be subject to recovery actions in accordance with the Company's recovery procedures. Any subsequent recoveries are recognised in the SoCI.

d) Financial liabilities and equity instruments

The Company's funding is provided solely by HM Treasury through debt and equity instruments.

Debt instruments, including term loans and revolving credit facilities, represent contractual obligations to deliver cash and are therefore classified as financial liabilities. These are initially recognised at fair value and subsequently measured at amortised cost using the EIR method. No fees or transaction costs are incurred on issuance.

Equity instruments do not give rise to a contractual obligation to deliver cash, as they are non redeemable and have no fixed dividend terms. Accordingly, they are classified as equity. Shares may be issued as fully paid, partly paid or unpaid; where shares are partly paid or unpaid, the outstanding amount is recognised as an intercompany receivable and is callable on demand.

Equity instruments are recognised when proceeds are received. The Company does not incur any material fees or transaction costs on their issuance.

e) Issued financial guarantees

Issued financial guarantees are initially recognised at fair value, representing premiums received.

Subsequently, the liability is measured at the higher of the initial fair value (less cumulative amortisation in accordance with IFRS 15) and the expected credit loss ("ECL") of the underlying guaranteed instrument.

ECL is calculated using the same methodology as for loans and loan commitments. Where the guaranteed obligation is undrawn, ECL is based on the expected profile of future cash flows.

Financial guarantee liabilities are recognised as a 'financial guarantee liability' within the statement of financial position.

f) Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows expire or when substantially all the risks and rewards of ownership have been transferred. A write off is also treated as a derecognition event.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

g) 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 as level 1, 2 or 3. This is based upon the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety.

- Level 1 – measurements derived from quoted prices in active markets.
- Level 2 – derived from inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (e.g. as prices) or indirectly (e.g. derived from prices).
- Level 3 – derived from valuation techniques that include inputs for the asset or liability that are not based upon observable market data.

The Company's financial assets include investments in private fund limited partnerships as well as interests in listed and unlisted companies.

Detail of fair value disclosures, including fair value hierarchy can be found in Note 20 Fair value measurements.

1.2.9 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and other financial institutions that are readily convertible to known amounts of cash, subject to insignificant risk of changes in value, and have an original maturity of three months or less. The carrying value of these assets approximates their fair value.

1.2.10 Funding from the Shareholder

Loans from HM Treasury, the Company's sole shareholder, are classified as financial liabilities at amortised cost.

In addition to equity funding from share issuances (Note 1.2.8d), the Company receives Grant in Aid from HM Treasury to fund operating costs.

This is recognised in equity within other reserves in the period received. The funding does not meet the definition of a grant under IAS 20, as it carries no substantive conditions. Instead, it represents financing from the controlling shareholder, reflecting the removal of an intercompany obligation that a third party would not provide.

Direct cash injections received from HM Treasury are recognised within the capital contribution reserve.

1.2.11 Contingent liabilities and assets

Contingent liabilities and assets are not recognised 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, confirmed only by the occurrence or non-occurrence of uncertain future events, or a present obligation that is not recognised because an outflow of economic benefits is not probable or cannot be reliably measured.

A contingent asset is a possible asset arising from past events, confirmed only by uncertain future events not wholly within the Company's control. Contingent assets are not recognised until the realisation of income is virtually certain.

Where material, contingent liabilities and assets are measured on a discounted basis.

1.2.12 Leases

At inception, the Company assesses whether a contract is, or contains, a lease. A contract is considered a lease if it conveys the right to control the use of an identified asset for a period in exchange for consideration.

Control exists where the Company has the right to obtain substantially all of the economic benefits from, and direct the use of, the identified asset throughout the lease term.

For lease arrangements where the Company is a lessee, a right of use asset and a corresponding lease liability are recognised.

The lease liability is initially measured at the present value of lease payments not paid at the commencement date, discounted using the rate implicit in the lease or, where this cannot be readily determined, the Company's incremental borrowing rate. It is subsequently measured by unwinding interest, reducing for lease payments, and remeasuring for any reassessment of lease terms or payments.

The right-of-use asset is initially measured at cost, comprising the initial lease liability, any lease payments made at or before commencement, less incentives received and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and impairment and adjusted for any remeasurement of the lease liability

Leases where the Company is a lessor are classified as either finance or operating leases. A lease is classified as a finance lease where it transfers substantially all risks and rewards of ownership to the lessee; otherwise, it is classified as an operating lease.

Where the Company acts as an intermediate lessor, the head lease and sub lease are accounted for separately, and the sub lease is classified by reference to the right of use asset arising from the head lease.

Rental income from operating leases is recognised on a straight line basis over the lease term. Initial direct costs are added to the carrying amount of the leased asset and recognised over the lease term on the same basis.

1.2.13 Capitalisation of property, plant and equipment

Property, plant and equipment are initially recognised at cost. Subsequent expenditure is capitalised only where it is probable that future economic benefits will flow to the Company and the cost can be measured reliably.

After initial recognition, assets are measured at cost less accumulated depreciation and impairment losses. Depreciation is charged on a straight-line basis over the assets' estimated useful life, after deducting residual values as set out in the table below.

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

On asset disposal, any gain or loss is recognised in the SoCI and is measured as the difference between the disposal proceeds and the carrying amount of the asset.

1.2.14 Equity and reserves

Total equity comprises share capital, capital contribution reserve, other reserves and retained earnings.

Share capital reflects the nominal value of issued shares.

The capital contribution reserve represents funding provided by the Company's sole Shareholder, HM Treasury, on inception.

Other reserves comprise Grant in Aid funding received from HM Treasury.

Retained earnings represent cumulative movements recognised in the SoCI.

1.2.15 Events after the reporting period

Events occurring after the reporting date are treated as adjusting events where they provide evidence of conditions that existed at the reporting date.

Events that are indicative of conditions arising after the reporting date are treated as non-adjusting events. Where an event after the reporting date is determined to be adjusting, the amounts recognised in the financial statements are amended to reflect that event.

1.3 Critical accounting judgements and key sources of estimation uncertainty

1.3.1 The assessment of ECL impairment allowance estimation uncertainty

The measurement of the ECL impairment allowance involves significant judgement, estimates and assumptions and is subject to inherent uncertainty. These estimates may change materially in future periods because of changes in macroeconomic conditions or model assumptions. Significant increases in credit risk are assessed using a combination of quantitative and qualitative criteria, as set out in Note 1.2.8c(ii).

ECL is calculated using forward looking macroeconomic scenarios derived from third party forecasts for Consumer Price Index (CPI), Gross Domestic Product (GDP) and interest rates. Four internally developed, probability weighted scenarios are used—baseline, upside, downside and severe downside. Judgement is applied in estimating the impact of macroeconomic variables on probability of default.

For financial guarantee liabilities, where measurement is based on the ECL of the underlying guaranteed debt, the same estimation uncertainty applies.

Sensitivity analysis in respect of ECL measurement is provided in Note 22.3 (Credit risk).

1.3.2 Local authority lending – accounting judgement

Loans to local authorities are provided at Gilts plus 40 basis points, as agreed with HM Treasury. The Company considers this rate to represent fair value at initial recognition.

The classification of these loans is determined based on whether the contractual terms meet the solely payments of principal and interest ("SPPI") criterion. Judgement is applied in assessing the prepayment clause, which is considered to provide reasonable compensation; accordingly, the SPPI test is met.

These loans are initially recognised at fair value and subsequently measured at amortised cost.

Under the Company's internal risk rating framework, UK sovereign exposures are assigned a 0% loss given default ("LGD"). As local authority lending ultimately reflects UK Government counterparty risk, no LGD is applied and, consequently, no ECL is recognised on these exposures.

1.3.3 Fair value of assets held at FVTPL – estimation uncertainty

The Company's financial assets measured at fair value through profit or loss (FVTPL) comprise investments in private fund limited partnerships, listed and unlisted direct equity investments, convertible instruments and debt instruments. Except for listed equities, these investments are not quoted in active markets and therefore require valuation techniques.

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.

Investments in private fund limited partnerships are valued by fund managers in accordance with the International Private Equity and Venture Capital (IPEV) Valuation Guidelines, which provide recognised methodologies for valuing unquoted investments.

The primary valuation techniques applied are:

- Earnings multiples: Enterprise value is determined by applying appropriate multiples, typically to EBITDA (adjusted for non recurring items), based on comparable listed companies, recent transactions and expected exit values, with adjustments for company specific factors. This approach is generally used for profitable investments with sufficient comparable data.
- Discounted cash flow (DCF): Future cash flows are discounted using rates based on market benchmarks or adjusted for changes in risk. This method is typically applied to assets with stable, long term cash flows, including infrastructure investments, or where it is more appropriate than earnings multiples.
- Cost: Where there is significant uncertainty over future cash flows and limited market data, investments may be held at cost, adjusted for subsequent financing rounds. This is commonly applied to early stage or venture investments.

Given the nature of the underlying portfolio, DCF is the predominant valuation methodology. Valuations are cross checked against observable market data, including earnings multiples and recent transactions, and adjusted for liquidity, credit and market risks where appropriate. Key inputs include projected EBITDA at exit, discount rates and valuation multiples. In certain cases, cost may represent the most appropriate estimate of fair value where reliable inputs are limited, or valuation ranges are wide.

The Company's fund investments are classified as equity instruments in accordance with the scope exception under IAS 32 (paragraphs 16C–16D). Specifically, they include a contractual obligation to deliver a pro-rata share of the 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.

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. Nor 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 5.7.7 is not available and the Company's fund investments are held at fair value through profit or loss.

ii) Direct equity investments

The fair value of direct equity instruments, whether listed or unlisted, is determined using valuation techniques appropriate to the relevant market and industry. These methodologies apply to both investments in associates measured at FVTPL and other direct equity investments.

iii) Listed Investments

Where a direct equity investment is quoted in an active market, fair value is determined using the quoted market price at the valuation date. In accordance with IPEV and IFRS guidance, an active market is one in which transactions occur with sufficient frequency and volume to provide ongoing pricing information.

Where the market is not considered active and the quoted price is not representative of fair value, the Company may instead use a volume weighted average price (VWAP) over an appropriate period. This approach is consistent with IPEV guidance, which permits valuation techniques using observable inputs in inactive markets.

All listed equities were valued using the VWAP in the reporting period.

iv) Unlisted investments and convertible instruments

The Company's valuation approach for direct equity and convertible instruments is consistent with IPEV guidance. Formal valuations are performed at 31 March each year, with interim reviews undertaken in response to material events.

Given the early stage nature of many of these investments, which often lack extensive financial history or market comparables, the Company applies a range of valuation techniques designed to reflect investment progress, reduce valuation uncertainty and align with investor expectations.

Valuation methods used are as follows:

Price of recent investment (PORI): Uses the most recent investment price as a starting point, adjusted for changes in business performance or market conditions since the investment date up to the reporting date.

Milestone analysis: Valuation is linked to demonstrable progress against defined, investment specific business milestones (that were expected when the investment was initially made), reflecting developments in both the business and the market since the initial investment. Due to the unique nature of our investments the business objectives will vary by investment.

Scenario analysis: Applies probability weighted future exit scenarios allocating the present value of probability weighted future equity values to each share under every scenario, discounting them at a risk-adjusted rate.

Income approach: Values investments by discounting expected future cash flows to their present value.

Further details on estimation uncertainty in respect of unlisted equity and fund investments, alongside sensitivity analysis of key valuation inputs can be found in Note 20 Fair value measurements.

1.3.4 Deferred tax – estimation uncertainty

The Company recognises deferred tax on temporary differences arising from unrealised fair value gains and losses on its investments in equity funds and directly held equity investments.

There is estimation uncertainty in determining the appropriate deferred tax position in respect of these investments. This arises primarily due to the complexity of the applicable tax treatment, including the availability of tax reliefs and the manner in which realised gains and losses are expected to be allocated and distributed, particularly for investments held through tax-transparent limited partnerships.

The ultimate tax outcome depends on the nature and timing of future disposals of the underlying investments, or the liquidation of the limited partnerships, which cannot be determined with certainty at the reporting date.

In measuring the deferred tax balance, management applies judgement in assessing the most likely tax treatment of future realisations, including assumptions regarding the availability of reliefs and the allocation of taxable profits or losses.

Changes in these assumptions could result in a material adjustment to the carrying value of the deferred tax asset or liability in future periods.

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 the Company having either significant influence or joint control over an investee. Significant influence exists where the Company has the power to participate in, but not control, the financial and operating policy decisions of the investee, while joint control exists where control of an arrangement is contractually shared, and decisions relating to the relevant activities require the unanimous consent of the parties sharing control.

Each investment is assessed individually to determine whether the Company has significant influence or joint control over the investee. In making this assessment, the Company considers the substance of its rights and interests in the investee as a whole, including voting rights, contractual arrangements and governance rights.

The existence of board representation, specific consent or veto rights over relevant activities, together with the Company's role as a cornerstone or lead investor, may indicate significant influence even where the Company holds less than 20% of the investee's voting rights.

Accounting for Investments in associates and joint ventures.

The Company has elected to apply the IAS 28 scope exemption available to venture capital organisations and similar entities, under which investments in associates and joint ventures are measured at fair value through profit or loss in accordance with IFRS 9, rather than using the equity method.

The Company's activities in relation to its direct equity and fund investments are consistent with the characteristics of a venture capital organisation, including:

- the provision of equity finance to unquoted companies and returns mainly through medium term capital gain.
- dedicated team of professionals actively helping to build and develop investee companies.
- investments are held for 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.
- investments are typically unrelated to the Company's own operations.
- the investments are managed on a fair value basis.

The risks associated with investments in associates are similar to those arising from other equity investments. The investments are held as part of a portfolio which is assessed based on 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 management strategy. See Note 12 Investments in associates.

1.3.6 Judgement in accounting for debt restructurings

The Company may, from time to time, participate in restructuring transactions relating to its debt investments. Significant judgement is required in determining the appropriate accounting treatment for such transactions, including whether changes to the contractual terms of a financial asset result in the derecognition of an existing financial asset and recognition of a new financial asset, or are accounted for as a modification of the existing financial asset.

In making this assessment, management considers the substance of the revised contractual arrangements, including changes to contractual cash flows, recovery expectations, security arrangements, credit risk and other relevant commercial terms.

Significant judgement may also be required in determining whether newly recognised financial assets arising from a restructuring are credit-impaired on initial recognition.

The outcome of these assessments can affect the timing and measurement of gains and losses recognised in profit or loss, together with the classification, measurement and impairment of the resulting financial assets.

Further information on restructuring transactions occurring during the year is provided in Note 13.1.

2. Interest income

	2025–26 £000	2024–25 £000
Interest income on loans at amortised cost	238,151	71,599
Other interest received	–	1,472
Total interest income	**238,151**	**73,071**

During 2025-26, the Company recognised interest income of £209.9 million (2024-25: £55.1 million) in respect of private sector lending and £28.3 million (2024-25: £16.5 million) in relation to local authority lending. Other interest received comprises equalisation interest received in relation to the investments in funds (2025-26: nil, 2024-25: £1.5 million).

3. Interest expense

	2025–26 £000	2024–25 £000
Interest expense on amounts owed to shareholder	93,514	29,480
Total interest expense	**93,514**	**29,480**

During 2025-26, the Company recognised interest expense of £42.7 million (2024-25: £18.2 million) in respect of the floating rate loan from HM Treasury and £50.8 million (2024-25: £11.3 million) in relation to the fixed rate loans from HM Treasury.

4. Net fees and commission income

	2025–26 £000	2024–25 £000
Guarantee premium income	5,646	4,947
Deal-related fees	8,043	1,556
Management fees	440	411
Other operating income	175	180
Total fees & commission income	**14,304**	**7,094**
Transaction costs on investments	(10)	–
Total fees & commission expense	**(10)**	**–**
Net fees & commission income	**14,294**	**7,094**

5. Investment income

	2025–26 £000	2024–25 £000
Dividend income	4,785	1,206
Total investment income	**4,785**	**1,206**

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:

Staff numbers	2025–26	2024–25
Employees	315	254
Secondees	16	19
Contractors	4	17
Total staff numbers	**335**	**290**

Staff costs comprised:

Employees:	2025–26 £000	2024–25 £000
Salaries and wages	39,471	31,399
Staff pension costs	4,409	3,480
Social Security costs	5,849	4,215
Others:		
Secondees costs	1,926	2,176
Contractor costs	700	3,243
Total costs	**52,355**	**44,513**

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 120–138.

7. Other operating expenditure

	2025–26 £000	2024–25 £000
Information technology	4,116	2,842
Legal fees		
Deal related	1,938	2,795
Other legal fees	1,061	1,093
Consultancy		
Deal related	3,668	800
Other consultancy	2,133	1,148
Staff related expenses	1,547	1,293
Auditor's remuneration	1,320	900
Estate related costs	1,177	1,050
Corporate subscriptions	1,072	649
Recruitment	904	618
Professional services	468	802
Other expenditure	145	351
Total other operating expenditure	**19,549**	**14,341**

The accounts of the Company are audited by the National Audit Office under the Companies Act 2006. The cost of audit work performed is £1.1 million excluding VAT (2024–25: £0.8 million excluding VAT). There were no payments to the National Audit Office for non-audit work during 2025–26 and 2024–25.

8. Taxation

Current tax	2025–26 £000	2024–25 £000
Current tax	–	–
Current year	–	–
Changes in estimates related to prior years	–	–
Total current tax	**–**	**–**

Deferred tax	2025–26 £000	2024–25 £000
Origination and reversal of temporary differences	(2,730)	(23,844)
Total deferred tax	**(2,730)**	**(23,844)**
Total tax recognised	**(2,730)**	**(23,844)**

Reconciliation of the tax charge in the period	2025–26 £000	2024–25 £000
Profit /(loss) before tax	(67,452)	(152,150)
Tax on profit at standard rate 25% (2024–25: 25%)	(16,863)	(38,038)
Effects of:		
Movements in realised/unrealised gains	14,166	9,134
Expenses not deductible	1,111	2,703
Income not taxable	(1,196)	(301)
Impact of changes in tax rates	–	–
Movement in unrecognised deferred tax	–	–
Prior period adjustments	52	2,658
Amounts not recognised	0	-
Profit allocated from Limited Partnerships in respect of investment relationships	–	–
Total tax charge	**(2,730)**	**(23,844)**

8. Taxation (continued)

Reconciliation of the deferred tax in the period	2025–26 £000	2024–25 £000
Balance at 31 March	(42,914)	(19,070)
Recognised in profit and loss	(2,730)	(23,844)
Deferred tax asset	**(45,645)**	**(42,914)**

Breakdown of the deferred tax	2025–26 £000	2024–25 £000
Deferred tax asset relating to tax adjusted losses carried forward	44,997	42,672
Deferred tax liability arising on temporary trading differences	777	469
Deferred tax arising from accelerated capital allowances	(129)	(227)
Deferred tax	**45,645**	**42,914**

The tax rate used is 25%, which was effective from 1 April 2023. The Company has chosen to offset the deferred tax asset of £45.0 million in relation to the tax-adjusted losses, and the deferred tax liability of £(0.1) million arising from capital allowances, to give a net deferred tax asset on the Statement of Financial Position. Recognition of the deferred tax asset requires management to assess the probability that sufficient future taxable profits will be available to utilise the Company's carried-forward tax losses. This assessment is based on forecast taxable profits derived from the Company's approved business plans and expected growth in its income-generating investment portfolio. Management reviews these forecasts at each reporting date and believes it is probable that the deferred tax asset will be recovered.

9. Cash and cash equivalents

	2025–26 £000	2024–25 £000
Cash at bank	**43,412**	**42,879**

All cash is held in accordance with requirements of the Government Banking Service and managed by the Company.

10. Trade and other receivables

	2025–26 £000	2024–25 £000
Prepayments	908	1,053
Accrued income	145	–
Other receivables	52	65
Total trade and other receivables	**1,105**	**1,118**

11. Financial assets held at FVTPL

	Funds £000	Direct equity £000	Convertible instruments £000	Debt at fair value £000	Total £000
Balance at 1 April 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**
Additions	56,760	264,162	13,661	758	335,341
Repayments	(1,788)	–	–	–	(1,788)
Fair value movements	(16,167)	(40,497)	(17,497)	–	(74,161)
Balance at 31 March 2026	**476,373**	**436,497**	**90,733**	**4,369**	**1,007,972**

During the reporting period, the Company recognised unrealised fair value losses of £16.2 million (2024–25: £28.9 million) on fund investments, £40.5 million on direct equity investments (2024–25: £18 million), and £17.5 million on convertible instruments (2024–25: £5.6 million).

12. Investments in associates and joint ventures

The Company's equity and equity-like investments may give rise to significant influence or joint control over investees. Significant influence exists where the Company has the power to participate in, but not control, the financial and operating policy decisions of an investee.

In assessing whether significant influence exists, the Company considers all relevant facts and circumstances, including the proportion of voting rights held, representation on the board of directors, participation in policy-making processes, material transactions between the Company and the investee, interchange of management personnel and other contractual or governance rights. Significant influence may exist where the Company holds less than 20% of the voting rights, where other rights provide the ability to participate in relevant decision-making. Conversely, ownership of more than 20% does not automatically result in significant influence where those rights do not exist or are not substantive.

Joint control exists where control is contractually shared, and decisions regarding the relevant activities of the arrangement require the unanimous consent of the parties sharing control. In assessing whether joint control exists, the Company considers the rights attached to each investment in aggregate, including shareholder agreements, governance arrangements, board representation and consent rights over key operating and financing decisions.

The Company has elected to apply the exemption available to venture capital organisations under IAS 28 Investments in Associates and Joint Ventures. Accordingly, investments in associates and joint ventures are measured at fair value through profit or loss in accordance with IFRS 9 Financial Instruments rather than being accounted for using the equity method.

Individually material joint venture

The Company holds a 45% interest in Fidra Energy Investments, which has been assessed as the only individually material joint venture as at 31 March 2026. Joint control arises through contractual arrangements requiring unanimous consent over decisions relating to the relevant activities of the entity.

The fair value of the Company's interest in Fidra Energy Investments was £107.4 million at 31 March 2026. No dividends were received from Fidra Energy Investments during the year.

Material joint venture

Company	Fidra Energy Investments Limited
Relationship	Joint venture
Ownership Interest	45%
Share class	Ordinary B Shares
Basis of joint control	Contractual arrangements requiring unanimous consent over decisions relating to relevant activities
Measurement basis	Fair value through profit or loss under IFRS 9, applying the IAS 28 venture capital organisation exemption
Fair value of interest at 31 March 2026	£107.4m
Dividends received in the year	nil

The following summarised financial information represents 100% the financial position and performance of Fidra Energy Investments and has been derived from the financial information of the joint venture rather than the Company's share of those amounts.

Fidra Energy Investments – information as at 31 December 2025

Summarised Financial Information	£000
Current assets	40,884
Cash	26,093
Non-current assets	216,136
Current liabilities	(16,445)
Non-current liabilities	(11,187)
Non-current financial liabilities	(8,724)
Current financial liabilities	(8,972)
Revenue	-
Depreciation and amortisation	9
Interest income	387
Interest expense	-
Tax	172
Profit/(loss) for the period	(9,345)

Individually immaterial associates and joint ventures

The Company holds interests in a number of other associates and joint ventures arising from investments where the Company has significant influence or joint control. Significant influence and joint control may arise through a combination of ownership interests, board representation, consent rights, governance arrangements, and participation in strategic decision-making processes.

None of these investments are considered individually material to the financial statements, and they are therefore disclosed in aggregate. The aggregate fair value of individually immaterial associates and joint ventures is set out to the right.

Aggregate fair value of associates and joint ventures

	2025–26 £000	2024–25 £000
Fidra Energy Investments Ltd	107,430	–
Other joint ventures	9,054	–
Other associates	404,579	276,417
Total associates and joint ventures	**521,063**	**276,417**

13. Financial assets held at amortised cost

	Private sector loans £000	Local authority loans £000	Total £000
Balance at 1 April 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 EIR 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**
Additions	5,643,032	126,589	5,769,621
Repayments of capital	(207,993)	(6,512)	(214,505)
Repayments of interest	(188,768)	(26,439)	(215,207)
Interest income using the EIR method	209,934	28,217	238,151
Derecognition	(174,301)	–	(174,301)
Impairment	(35,731)	–	(35,731)
Deal related fees	(73,499)	–	(73,499)
(Expected credit losses)/reversals	(9,231)	–	(9,231)
Balance at 31 March 2026	**5,976,751**	**761,972**	**6,738,723**

No ECL provision is recognised on local authority loans, as they are assessed as having a 0% loss given default. Further details are in Note 1.3.2 Local authority lending.

At the year-end, private sector loans have an average expected tenor of 11 years, while local authority loans have an average expected tenor of 26 years.

13.1 Restructuring of a digital sector debt exposure

During the year, the Company participated in the restructuring of a digital infrastructure debt exposure.

The restructuring resulted in the existing debt exposure of £142.8 million being elevated to super senior ranking and repriced. The Company also committed to provide a separate new-money facility.

Management concluded that the restructuring resulted in derecognition of the original debt exposure and recognition of new financial assets, as the revised arrangements gave rise to substantially different contractual rights and cash flow characteristics. In reaching this conclusion, management considered the revised ranking of the debt, changes to recovery expectations and security arrangements, together with the repricing of the facilities.

Separate financial assets were recognised in respect of the elevated debt and the new-money facility, with any resulting derecognition gain or loss recognised in surplus or deficit. The associated loss allowance recognised against the original exposure was removed on derecognition.

Management also assessed whether the newly recognised financial assets were credit-impaired at initial recognition. Based on the terms of the facilities, the revised creditor position and expected recoverability, the Company concluded that the assets were not credit-impaired on initial recognition. Consequently, both facilities were initially measured with a 12-month expected credit loss allowance.

This restructuring required significant judgement in relation to derecognition and the assessment of credit impairment at initial recognition. Further information on these judgements is provided in Note 1.3.6.

13.2 Initial recognition of restructured debt exposure

During the year, the Company assumed the debt of covered lenders for which it initially provided a financial guarantee. The consideration paid, comprising the outstanding principal and accrued interest due to the covered lenders, was concluded not to represent fair value at initial recognition.

As the Company became a lender at a time when the borrower was experiencing financial difficulty, deteriorating credit conditions and recoverability prospects indicated that the debt would be expected to trade at a significant discount in an orderly transaction between market participants. The debt acquired had a contractual amount outstanding of £240.0 million, representing the contractual rights assumed by the Company when it became lender. However, based on prevailing credit conditions and expected recoverability, the Company did not expect to recover the full contractual amount. The undiscounted expected credit losses at initial recognition were £65.1 million. Accordingly, the difference between the transaction price and fair value was deferred on initial recognition in accordance with the Company's accounting policy. When the terms of the subsequent debt restructuring became known and provided observable evidence regarding recoverability, the deferred difference was recognised in surplus or deficit. No deferred day-one gain or loss remained outstanding at 31 March 2026.

14. Right-of-use assets and lease liabilities

Right-of-use assets	£000
Balance at 31 March 2024	**400**
Additions	10,400
Remeasurement	3
Depreciation	(1,139)
Balance at 31 March 2025	**9,664**
Additions	165
Depreciation	(1,235)
Remeasurement	–
Balance at 31 March 2026	**8,594**

The Company leases office space under non-cancellable lease agreements which have varying terms. In the year to 31 March 2026 the Company commenced new leases for properties in Belfast, Cardiff and Edinburgh. A part of the head office is sub-let, resulting in income recognised in the SoCI.

For further information see Note 1.2.12 Leases.

Maturity analysis – contractual undiscounted cash flows	2025–26 £000	2024–25 £000
Less than one year	1,339	1,289
One to five years	4,806	4,895
More than five years	3,361	4,482
Total undiscounted lease liabilities at 31 March	**9,506**	**10,666**
Lease liabilities included in the statement of financial position at 31 March	**(8,079)**	**(8,929)**
of which current	(1,025)	(991)
of which non-current	(7,054)	(7,938)

Amounts recognised in SoCI	2025–26 £000	2024–25 £000
Interest expense (included in finance cost)	380	288
Income from sub-leasing right-of-use assets	(110)	(114)

Amounts recognised in the Statement of Cash Flows	2025–26 £000	2024–25 £000
The total cash outflow for leases in the year	(1,376)	(981)

14.1 Extension and termination options

Extension and termination options are included in several 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 2026, 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

	2025–26 £000	2024–25 £000
Deferred undrawn commitment fees	71,165	9,218
Accrued expenditure	12,822	9,972
Other tax and social security	1,718	1,174
Pension contributions	535	388
VAT payable	69	54
Total trade and other payables	**86,309**	**20,806**

16. Loan commitment financial liabilities

	2025–26 £000	2024–25 £000
Balance at 1 April	7,731	8,103
Provided in period	8,806	2,883
Released in period	(4,056)	(3,255)
Balance at 31 March	**12,481**	**7,731**
Of which:		
Current	8,833	7,731
Non-current	3,648	–

Loan commitment financial liabilities comprise the ECLs on undrawn loan commitments. Information on total undrawn commitments is set out in Note 19 Undrawn loan and capital commitments on page 197, with movements in gross exposure and ECL detailed in Note 22 Financial risk review on page 203.

17. Financial guarantee liabilities

	2025–26 £000	2024–25 £000
Balance at 1 April	60,586	1,786
Remeasurement of new liabilities	1,133	1,434
Remeasurement of existing liabilities	479	57,366
Releases	(59,569)	–
Balance at 31 March	**2,629**	**60,586**
Of which:		
Current	2,629	60,586
Non-current	–	–

At the reporting date, the Company had eight financial guarantees in issue, all issued at arm's length.

Four guarantees are associated with underlying committed or drawn lending facilities, and one financial guarantee was released in the period.

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.

The financial risks and management policies associated with financial guarantees are detailed in Note 22 Financial risk review on page 203, 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

	2025–26 £000	2024–25 £000
Balance at 1 April	988,098	141,260
Additions	3,185,000	1,071,500
Repayments of capital	(1,100,257)	(230,000)
Repayments of interest	(75,832)	(24,142)
Interest recognised in the SoCI	93,514	29,480
Balance at 31 March	**3,090,523**	**988,098**

The closing balance for loan amounts owed to Shareholder represents a floating interest loan with an outstanding principal of £1,037.7 million at the year-end (2024–25: £593.0 million), and fixed rate loans with total outstanding principal of £2,052.8 million at the year-end (2024–25: £389.5 million). The amounts entered during the year were executed under the terms of the overarching funding agreement with HM Treasury. Interest on the floating rate loan is linked to market reference rates, while fixed rate loans are issued at agreed fixed rates at inception, consistent with the terms of the funding agreement with HM Treasury.

19. Undrawn loan and capital commitments

The Company had the following undrawn commitments at the balance sheet date.

	2025–26 £000	2024–25 £000
Funds	330,546	384,036
Direct equity	73,740	46,838
Total undrawn capital commitments	**404,286**	**430,874**
Private sector lending	33,754,789	784,526
Local authority lending	343,595	120,689
Total undrawn loan commitments	**34,098,384**	**905,215**
Total undrawn commitments	**34,502,670**	**1,336,089**

Certain lending arrangements included within undrawn loan commitments contain contractual provisions under which commitments may increase in future periods, subject to specified conditions and future funding requirements.

20. Fair value measurements

Fair value is defined as 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 the price is directly observable or estimated using an alternative valuation technique. The Company's financial assets measured at fair value through profit or loss (FVTPL) comprise investments in private fund limited partnerships, as well as interests in both unlisted and listed companies.

The following table analyses the Company's financial assets and liabilities in accordance with the categories of financial instruments set out in IFRS 9. It brings together information on:

- classes of financial instruments based on their nature and characteristics.
- the carrying amounts of financial instruments.
- the fair values of financial instruments (except where carrying amounts approximate fair value); and
- the fair value hierarchy levels for financial assets and financial liabilities where fair values are disclosed.

20. Fair value measurements (continued)

Financial assets: held at FVTPL	Fair value hierarchy level	2025–26 £000 Carrying Value £000	2025–26 £000 Fair value £000	2024–25 £000 Carrying Value £000	2024–25 £000 Fair value £000
Fund investments	Level 3	476,373	476,373	437,568	437,568
Listed equity investments	Level 2	55,919	55,919	36,259	36,259
Unlisted equity investments	Level 2	187,850	187,850	54,168	54,168
Unlisted equity investments	Level 3	192,728	192,728	122,405	122,405
Convertible debt instruments	Level 2	-	-	20,033	20,033
Convertible debt instruments	Level 3	90,733	90,733	74,536	74,536
Debt at FVTPL	Level 3	4,369	4,369	3,611	3,611
Financial assets: held at amortised cost					
Cash and cash equivalents	Level 1	43,412	43,412	42,879	42,879
Loans at amortised cost	Level 3	6,738,723	6,489,406	1,453,425	1,434,972
Total		**7,790,107**	**7,540,790**	**2,244,884**	**2,226,431**
Financial liabilities: held at amortised cost					
Lease liabilities	Level 2	8,079	8,079	8,929	8,929
Loan finance	Level 2	3,090,523	3,337,612	988,098	936,928
Guarantee financial liabilities	Level 3	2,629	2,629	60,586	60,586
Financial liabilities: loan commitment ECL					
Loan commitment ECL	Level 3	12,481	12,481	7,731	7,731
Total		**3,113,712**	**3,360,801**	**1,065,344**	**1,014,174**

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).
- Level 3: Inputs that are unobservable

20.1 Transfers between Levels

The Company assesses whether transfers between fair value hierarchy levels have occurred at each reporting date. Transfers between levels are deemed to have occurred at the end of the reporting period in which the event or change in valuation inputs giving rise to the transfer occurred.

During the year, two quoted assets were transferred from Level 1 to Level 2. In the prior year these assets were valued using a quoted price as at the reporting date, which did not involve unobservable inputs. In the current year, valuations for these assets are based on a VWAP, reflecting the position of the market in which the assets are traded.

During the year, a number of assets were transferred from Level 2 to Level 3. In prior years these assets were valued using the price of recent investment (PORI), which did not involve unobservable inputs. In the current year, valuations are based on a milestone analysis, supported by secondary valuation techniques and incorporating unobservable inputs such as discount rates and expected 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 2024	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**
Acquisition	56,760	86,513	13,660	758	157,691
Disposals	(1,788)	–	–	–	(1,788)
Total gains and losses	(16,167)	(48,836)	(17,496)	–	(82,499)
Transfer from Level 2	–	54,168	20,033	–	74,201
Transfer to Level 2	–	(21,522)	–	–	(21,522)
Balance at 31 March 2026	**476,373**	**192,728**	**90,733**	**4,369**	**764,203**

20.2 Unlisted equity instruments

The valuation of unlisted equity and convertible instruments is based on the price of recent investment (PORI), benchmarked against values implied by selected early stage valuation techniques, in line with the IPEV Guidelines. Changes in the business and market between the investment date and the valuation date are assessed through milestone analysis to ensure an appropriate valuation, which is supplemented by secondary valuation techniques. The principal Level 3 inputs applied by the Company are as follows:

- EBITDA / Revenue: Derived from detailed forecast models incorporating management expectations, historical performance and market analysis. These models are regularly updated to reflect the latest available information and outlook for the investee. Where appropriate, management applies judgemental overlays to reflect factors not captured within the base model.
- Revenue multiple: Selected with reference to market benchmarks and portfolio activity and adjusted for forward looking factors including growth trajectory, profitability and relative market position. Selection is supported by benchmarking to comparable companies and recent transaction data.
- Planned exit dates: Determined based on investment timelines, prevailing market conditions and discussions with investee management.
- Other key judgements: Including viability of underlying technologies, commodity price assumptions and regulatory approvals, assessed through independent due diligence, market analysis and ongoing portfolio oversight. In the current year, additional consideration has been given to prevailing macroeconomic conditions, including inflationary pressures, supply chain disruption and broader market volatility, which may impact project delivery timelines, cost assumptions and the commercial outlook of investments.

As at the reporting date, investments were valued using a range of valuation approaches, including the milestone approach, the Price of Recent Investment (PORI) and the Probability Weighted Expected Return Method (PWERM). For each investment, a primary valuation methodology was selected as the basis for determining the fair value recognised in the financial statements, with the resulting valuation corroborated by an appropriate secondary valuation methodology. References to primary and secondary methodologies relate to the hierarchy of valuation approaches applied in the valuation process and do not indicate multiple values being recognised in the financial statements.

The majority of direct equity investments were valued using either a Price of Recent Investment (PORI) or milestone analysis as the primary valuation methodology. These approaches are primarily driven by recent observable transactions and assessments of progress against key value-driving milestones. These methodologies involve significant judgement but do not generally rely on model-based unobservable inputs such as discount rates or earnings multiples.. For a subset of investments, discounted cash flow (DCF) models were used as a secondary valuation method. As at the reporting date, the investments for which a DCF methodology was applied as a secondary valuation approach had a fair value of £230.9 million. Sensitivity analysis indicates that a 1% increase in the discount rate would result in an £17.7 million decrease in fair value, while a 1% decrease in the discount rate would result in an £18.8 million increase in fair value. Additionally, where cash flows are inflation-linked, a 1% increase in CPI assumptions would increase fair value by £16.5 million, while a 1% decrease would reduce fair value by £14.7 million.

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 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 2026, a 5% change in the fair value of the unlisted equity portfolio would result in upwards or downwards movements in the carrying value by £23.6 million (2024–25: £8.6 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

Investments in listed equity securities typically comprise instruments that trade infrequently or in markets with limited liquidity. In these circumstances, fair value is determined using a 30 day volume weighted average price (VWAP), calculated over the full calendar month to the reporting date, consistent with IPEV guidance on incorporating observable inputs in inactive markets.

Where quoted prices are used, these are categorised within Level 1 or Level 2 of the fair value hierarchy, depending on the level of market activity and observability.

As at 31 March 2026, a 5% change in the share price due to movements in the relevant exchanges would lead to an upward or downward movement in the carrying value of listed equities of £2.8 million (2024–25 £1.8 million). The same movement would increase or decrease profit and equity.

20.4 Investments in funds

For investments in private fund limited partnerships, market quotes are not available, so fair value is therefore determined based on the net assets of the limited partnerships.

The fair value of underlying investments not traded in an active market is determined using appropriate valuation techniques in accordance with IFRS and the IPEV Guidelines, including the discounted cash flow method, EBITDA multiples, comparisons to similar instruments for which market-observable prices exist, and other relevant valuation models. These techniques incorporate investment specific credit, liquidity, operational and capital risk factors, and require fund managers to apply assumptions involving unobservable inputs.

The most significant input used in the valuation methodology across all funds is the discount rate determined by the respective fund managers, as changes in this assumption could materially impact the reported fair value of investments.

As at 31 March 2026, 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 £23.9 million (2024–25: £21.9 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 Financial assets at amortised cost

The fair value of financial assets at amortised cost has been derived using the income approach. This involves discounting the expected future cash flows, including the undrawn element 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 2026, 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's interests in unconsolidated structured entities comprise debt investments in project finance entities and equity investments in funds established for specific investment objectives. These entities are financed through a combination of investor capital, third-party debt and returns generated from their underlying investments and activities. The Company does not control these entities but is exposed to variable returns through its debt and equity interests.

The Company has £250.7 million of interests in the form of debt investments in structured entities as at 31 March 2026 (2024–25: £187.5 million). For equity investments through limited partnerships considered to be structured entities, the Company has £476.4 million (2024–25: £437.6 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 did not provide financial or other support to any unconsolidated structured entity during the year without having a contractual obligation to do so.

The Company's interests in, and the maximum exposure to, unconsolidated structured entities are set out below.

Nature of interest	2025-26 Debt £000	2025-26 Equity £000	2024-25 Debt £000	2024-25 Equity £000
Private Fund Partnerships	–	476,373	–	437,568
Assets held at amortised cost	250,755	–	187,544	–
Total on-balance sheet exposures	250,755	476,373	187,544	437,568
Total off-balance sheet exposures	300,000	330,546	63,126	384,036
Maximum exposure to loss	**550,755**	**806,919**	**250,670**	**821,604**
Total assets of the structured entity	**2,141,089**	**1,383,943**	**1,779,512**	**1,172,669**

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 Strategic Report (see pages 71–82).

This Note presents information about the nature and extent of risks arising from 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 2025–26, and the Company uses asset and liability matching and not derivatives to hedge interest rate risk. The impact of a 150bps increase/(decrease) in EIR applicable to loan investments would be an approximate increase/(decrease) in interest income for the period of ±£24.6 million (2024-25: ±£12.3 million).

The above impact has been calculated by applying a 150bps 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 197–202.

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 investments denominated in US Dollars. The currency impact included in the total FVTPL investments fair value movement for the year ended 31 March 2026 was a loss of £0.6 million (2024–25: £0.7 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 15% movement in GBP–USD exchange rate. This would result in a gain/loss of ±£0.5 million (2024-25: ±£4.5 million).

Market Index Risk

One loan has a margin determined by a market index. Consequently, the Company's future profit and loss is influenced by fluctuations in this index. The sensitivity is estimated by 10bps movement in the index margin. This would result in a gain/loss of ±£11.7 million (2024-25: £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 Company 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 pages 180–182 for more details around the accounting policy as applied to these investments. A 10% movement in the fair value of the equity instruments would lead to a £100.9 million (2024–25: £65.0 million) change in the carrying amount in the balance sheet. See page 200 for Note 20.2 Unlisted equity instruments for sensitivities in relation to unlisted equity instruments, Note 20.3 on page 201 Listed equity instruments for the sensitivities in relation to the listed equity investments, and note 20.4 on page 201 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 2025–26 £000	Maximum exposure to loss 2024–25 £000
Cash and cash equivalents	43,412	42,879
Funds	476,373	437,568
Direct equity	436,496	212,832
Convertible instruments	90,733	94,569
Debt at fair value	4,369	3,611
Loans held at amortised cost	6,674,286	1,502,207
Loans held at amortised cost (POCI)	122,450	–
Balance at 31 March	**7,848,119**	**2,293,666**

Off balance sheet	Maximum exposure to loss 2025–26 £000	Maximum exposure to loss 2024–25 £000
Contractual lending commitments	34,098,384	905,215
Capital commitments	404,286	430,874
Guarantee commitments	1,532,500	340,000
Balance at 31 March	**36,035,170**	**1,676,089**

The table to the right shows the total expected credit loss provision and charges in the period for financial instruments.

Expected credit loss provision on amortised cost instruments, loan commitments and financial guarantees

	2025–26 £000	2024–25 £000
Impairment of loans	58,013	48,782
Impairment of loan commitments	12,481	7,731
Financial guarantee liabilities	2,629	60,586
Balance at 31 March	**73,123**	**117,099**

Expected credit loss charge on amortised cost instruments, loan commitments and financial guarantees

	2025–26 £000	2024–25 £000
Impairment of loans	9,231	32,080
Impairment of loan commitments	4,750	(372)
Remeasurement of financial guarantee liabilities	(57,957)	58,800
Total for period to 31 March	**(43,976)**	**90,508**

The Company held cash and cash equivalents of £43.4 million as at 31 March 2026 (2024–25: £42.9 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. Consequently, an ECL has not been recognised in the accounts.

The Company does not hold any financial instruments within trade and other receivables at year-end. Therefore no ECL has 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 £61.4 million and financial guarantee liabilities by £2.5 million. The potential impact of a one-notch downgrade on the LGD rating scale could increase ECL provisions by £33.7 million and increase financial guarantee liabilities by £1.4 million.

Additionally, a macroeconomic downside stress test using the downside scenario could increase ECL provisions by £13.4 million and increase guarantee liabilities by £0.4 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 six loans in watchlist with four in stage 2. If the remaining moved to stage 2, it would increase ECL provisions by £24.3 million. One guarantee was on the watchlist and if it moved to stage 2 it would increase financial guarantee liabilities by £2.3 million.

Restructured digital sector exposures

During the year, the Company restructured a debt exposure in the digital infrastructure sector. The restructuring involved changes to the Company's existing exposure and the origination of a separate new-money facility.

Management concluded that the existing exposure should be derecognised and new financial assets recognised as part of the restructuring. The newly recognised assets were assessed as not credit-impaired on initial recognition and were therefore recognised with 12-month expected credit losses.

The derecognition of the original exposure resulted in the removal of the associated loss allowance. Expected credit loss allowances recognised on the new facilities are included within the reconciliation of impairment allowances on loan assets and undrawn commitments within this note.

The tables on pages 207–208 show a reconciliation from the opening to the closing balance of the loss allowance.

The basis for determining transfers within stages due to changes in credit risk is set out in Note 1.2.8 Financial instruments on pages 172–177.

Allowance for expected credit losses on loans

	Not credit impaired				Credit impaired		POCI			
	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	Gross exposure £000	ECL £000
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)**
Transfers from Stage 1 to Stage 2	(61,363)	1,688	144,695	(19,178)	–	–	–	–	83,332	(17,490)
Changes to model assumptions		(7,238)		(4,098)	–	–	–	–	–	(11,336)
Additions to existing loans	323,963	265	–	–	–	–	–	–	323,963	265
New loans originated or purchased	5,089,726	(13,749)	–	–	–	–	180,431	–	5,270,157	(13,749)
Repayments in the year	–	–	(187,139)	306	–	–	–	–	(187,139)	306
Extinguished (Derecognised)	–	–	(137,804)	32,773	–	–	(57,980)	–	(195,785)	32,773
Balance at 31 March 2026	**6,529,590**	**(36,532)**	**144,695**	**(21,481)**	**–**	**–**	**122,451**	**–**	**6,796,736**	**(58,013)**
Carrying amounts at 31 March 2026		**6,493,058**		**123,214**		**–**		**122,451**		**6,738,723**

Allowance for expected credit losses on unfunded loan commitments

	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 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 parameters	–	759	–	–	–	–	–	759
Additions to existing loan commitments	(680,306)	2,352	–	–	–	–	(680,306)	2,352
New loans originated or purchased	464,824	(5,994)	–	–	–	–	464,824	(5,994)
Released loan commitments	–	–	–	–	–	–	–	–
Balance at 31 March 2025	**904,457**	**(7,731)**	**–**	**–**	**–**	**–**	**904,457**	**(7,731)**
Transfers from Stage 1 to Stage 2	(124,900)	1,443	31,679	(3115)			(93,221)	(1,672)
Changes to model assumptions	–	(2,204)	–	(533)	–	–	–	(2,737)
Existing loan commitments	(396,139)	4,056	–	–	–	–	(396,139)	4,056
New loan commitments	33,683,287	(4,397)	–	–	–	–	33,683,287	(4,397)
Released loan commitments	–	–	–	–	–	–	–	–
Balance at 31 March 2026	**34,066,705**	**(8,833)**	**31,679**	**(3,648)**	**–**	**–**	**34,098,384**	**(12,481)**
Carrying amounts at 31 March 2026		**34,057,872**		**28,031**		**–**		**34,085,903**

Remeasurement of financial guarantee liabilities

	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 2024	**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	–	–	–	–	–	–	–	–
Balance at 31 March 2025	**100,000**	**(1,434)**	**240,000**	**(59,152)**	**–**	**–**	**340,000**	**(60,586)**
Transfers from Stage 1 to Stage 2	–	–	–	–	–	–	–	–
Changes to model parameters	–	–	–	–	–	–	–	–
Additions to existing guarantee contracts	632,500	232	–	(418)	–	–	632,500	(186)
New loans guarantee liabilities	800,000	(1,427)	–	–	–	–	800,000	(1,427)
Released guarantee liabilities	–	–	(240,000)	59,570	–	–	(240,000)	59,570
Balance at 31 March 2026	**1,532,500**	**(2,629)**	**–**	**–**	**–**	**–**	**1,532,500**	**(2,629)**
Carrying amounts at 31 March 2026		**(2,629)**		**–**		**–**		**(2,629)**

Concentration risk

Concentration risk is a likely consequence of the Company's mandate which therefore means the Company accepts the need for a high-risk tolerance. The Company 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 48–54.

Credit risk by internal risk rating

An analysis of the Company's credit risk exposure on financial assets at amortised cost per internal rating is provided below.

	Not credit impaired				Credit impaired		POCI			
	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	Gross exposure £000	ECL £000
AAA to AA–	1,099,568	–	–	–	–	–	–	–	1,099,568	–
A+ to A–	–	–	–	–	–	–	–	–	–	–
BBB+ to BBB–	37,845,421	(3,521)	–	–	–	–	–	–	37,845,421	(3,521)
BB+	–	–	–	–	–	–	–	–	–	–
BB	–	–	–	–	–	–	–	–	–	–
BB–	446,612	(306)	–	–	–	–	–	–	446,612	(306)
B+	194,523	(2,492)	–	–	–	–	–	–	194,523	(2,492)
B	358,569	(5,793)	–	–	–	–	–	–	358,569	(5,793)
B–	390,315	(14,365)	142,163	(19,430)	–	–	–	–	532,478	(33,795)
CCC+ or worse	261,288	(18,888)	34,211	(5,699)	–	–	122,450	–	417,949	(24,587)
Balance at 31 March 2026	**40,596,296**	**(45,365)**	**176,374**	**(25,129)**	**–**	**–**	**122,450**	**–**	**40,895,120**	**(70,494)**
Carrying amounts at 31 March 2026		**40,550,931**		**151,245**		**–**		**122,450**		**40,824,626**

	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
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			
	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
AAA to AA–	–	–	–	–	–	–	–	–
A+ to A-	304,000	(50)	–	–	–	–	304,000	(50)
BBB+ to BBB–	856,500	(289)	–	–	–	–	856,500	(289)
BB+	–	–	–	–	–	–	–	–
BB	–	–	–	–	–	–	–	–
BB–	272,000	(968)	–	–	–	–	272,000	(968)
B+	–	–	–	–	–	–	–	–
B	100,000	(1,322)	–	–	–	–	100,000	(1,322)
B–	–	–	–	–	–	–	–	–
CCC+ or worse	–	–	–	–	–	–	–	–
Balance at 31 March 2026	**1,532,500**	**(2,629)**	–	–	–	–	**1,532,500**	**(2,629)**
Carrying amounts at 31 March 2026	–	**(2,629)**	–	–	–	–	–	**(2,629)**

Credit risk by internal risk rating (continued)

	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
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. The figures in the below table are prepared on the basis of the maximum committed investment.

	Assets at amortised cost		Fund Investments at FVTPL		Other investments at FVTPL		Guarantees		Total	
Priority sector	£000	%	£000	%	£000	%	£000	%	£000	%
Clean energy	1,993,725	4	391,429	1	468,313	2	2,450,000	5	5,303,467	12
Digital	1,311,393	3	269,295	1	–	0	100,000	0	1,680,688	4
Water	467,008	1	–	0	–	0	–	0	467,008	1
Natural capital	–	0	50,000	0	–	0	–	0	50,000	0
Transport	724,253	2	207,162	0	130,455	0	–	0	1,061,870	2
Advanced Manufacturing	8,795	0	–	0	112,552	0	272,000	1	393,347	1
Waste	–	0	–	0	43,534	0	–	0	43,534	0
Nuclear	36,600,000	80	–	0	–	0	–	0	36,600,000	80
Balance at 31 March 2026	**41,105,174**	**90**	**917,886**	**2**	**754,854**	**2**	**2,822,000**	**6**	**45,599,914**	**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	–	0	340,000	6	1,517,095	28
Water	167,008	3	–	0	–	0	–	0	167,008	3
Natural capital	12,000	0	50,000	1	–	0	–	0	62,000	1
Transport	468,653	9	207,162	4	114,879	2	–	0	790,694	15
Waste	–	0	–	0	43,528	1	–	0	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**

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 is funded through a combination of equity and debt provided by 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 Keep Well Agreement with HM Treasury, the Company has access to financial support of up to £27.8 billion to enable it to meet 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, expected investment drawdowns, forecast cash receipts and contractual repayment obligations including HM Treasury funding.

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 2025 Financial assets	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
Assets held at FVTPL	–	3,632	–	450,717	294,231	748,580
Cash and cash equivalents	42,879	–	–	–	–	42,879
Assets 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**

22.4 Liquidity risk (continued)

31 March 2026 Financial assets	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
Assets held at FVTPL	–	–	48,701	468,011	491,260	1,007,972
Cash and cash equivalents	43,412	–	–	–	–	43,412
Loans held at amortised cost	–	4,623	6,181	1,149,303	5,578,616	6,738,723
Total financial assets	**43,412**	**4,623**	**54,882**	**1,617,314**	**6,069,876**	**7,790,107**

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 2025 Financial liabilities	On demand (restated) £000	Not more than 3 months £000	3 months to 1 year £000	1 to 5 years £000	Over 5 years £000	Total (restated) £000
Loan finance	–	–	–	593,000	395,098	988,098
Leases	–	331	958	4,895	4,482	10,666
Guarantee financial liabilities	340,000	–	–	–	–	340,000
Total financial liabilities	**340,000**	**331**	**958**	**597,895**	**399,580**	**1,338,764**

31 March 2026 Financial liabilities	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
Loan finance		1,040,018	2,380	63,972	1,984,153	3,090,523
Leases	–	334	1,005	4,806	3,361	9,506
Guarantee financial liabilities	1,213,270	319,230	–	–	–	1,532,500
Total financial liabilities	**1,213,270**	**1,359,582**	**3,385**	**68,778**	**1,987,514**	**4,632,529**

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.

31 March 2025 Off-balance sheet	On demand (restated) £000	Not more than 3 months £000	3 months to 1 year £000	1 to 5 years £000	Over 5 years £000	Total (restated) £000
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
Total off-balance sheet	**–**	**353,835**	**493,642**	**401,706**	**86,906**	**1,336,089**

31 March 2026 Off-balance sheet	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
Contractual lending commitments	–	460,107	2,228,252	6,019,405	25,390,620	34,098,384
Capital commitments	–	40,537	117,439	237,438	8,872	404,286
Total off-balance sheet	**–**	**500,644**	**2,345,691**	**6,256,843**	**25,399,492**	**34,502,670**

Comparative disclosures for guarantee financial liabilities have been updated to align with the requirements of IFRS 7. The comparative figure for guarantee financial liabilities has been restated from £60.6 million to £340.0 million, reflecting the maximum contractual exposure. The comparative off-balance sheet guarantee figure of £340.0 million has also been removed, as these guarantees are included within guarantee financial liabilities. These changes affect disclosure only and have no impact on the primary financial statements.

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 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 comprises of issued share capital, reserves and retained earnings. When assessed at the year-end, it was deemed sufficient under the Standardised Approach.

The Company assesses capital requirements to maintain an efficient overall financing structure. The Company manages the capital structure and adjusts in the light of changes in its portfolio, 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 164 and further detailed in the Statement of Changes in Equity on page 165.

23. Share capital

	Number of shares	Total £000
Authorised equity: Allotted, called up and fully paid		
Balance at 31 March 2024	764,200,001[1]	764,200
Issued Ordinary Shares at £1 each	220,000,000	220,000
Balance at 31 March 2025	984,200,001	984,200
Issued Ordinary Shares at £1 each	3,452,000,000	3,452,000
Balance at 31 March 2026	**4,436,200,001**	**4,436,200**

Notes to the above table:

1. Comparative share numbers have been amended to correct a prior year disclosure error. The adjustment relates solely to the number of shares reported and has no impact on the financial statements..

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, 3,452,000,000 Ordinary shares were issued at £1 each. No dividends were declared or paid in 2025–26 (2024–25: £nil) on the Company's Ordinary shares.

24. Parent company

As at 31 March 2026, 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 Keep Well 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 120–138.

There were no further transactions between the Company and key members of management.

During the year the Company received shareholder loan funding of £3,185.0 million from HM Treasury and repaid £1,100.3 million of principal. The outstanding balance at 31 March 2026 was £3,090.5 million (2024-25: £988.1 million). Further details of the terms and conditions of these funding arrangements are set out in Note 18 Loan amounts owed to shareholder.

In addition, the Company received £45.4 million of Grant-in-Aid funding from HM Treasury during the year (2024-25: £58.6 million) and £3,452.0 million of share capital funding (2024-25: £220.0 million). Further details of the terms and conditions of these funding arrangements are set out in Note 23 Share capital.

Except for the transactions disclosed above, the Company had no other significant transactions with members of the HM Treasury group during the year.

During the year, the Company entered into financing arrangements with Sizewell C Limited, a government-related entity in which the UK Government holds a substantial equity interest. As at 31 March 2026, the Company's exposure comprised £32.3 billion of loan commitments and £4.3 billion drawn. The Company considers these transactions to have been undertaken on normal commercial terms. Interest income recognised in the year was £111.5 million.

All investments in associates and joint ventures set out in note 26 Subsidiaries and other significant undertakings are recognised as related parties.

During the year, the Company advanced a loan to CryoBattery One Limited, a subsidiary of its associate, Highview Enterprises Limited. As at the year-end, the outstanding drawn amounts with CryoBattery One Limited totalled £71.2 million (2024-25: £16.1 million). In the year shareholder loans were originated with Duna JVCo and Highland Wind Limited, the drawn amounts at the year-end were £3.4 million and £3.0 million respectively.

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	24.10%
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, East Wing Trafalgar Court, Les Banques, St Peters Port, 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	49.70%
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, Festival Square, Edinburgh, EH3 9WJ	UK	Equity fund investment	22.00%
Infracapital (Gigaclear) LP Registered address: 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	UK	Equity fund investment	33.50%
Gaia Sciences Innovation L.P. Registered address: Floor 2 Trafalgar Court, Les Banques, St Peters Port, Guernsey, GY1 4LY	UK	Equity fund investment	50.00%

The Company has investments in which it exercises significant influence. See Note 12 Investment in associates for further information on the circumstances that give rise to significant influence over each investee company. All investments in associates are recognised as related parties.

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: 24 Chiswell Street Office 3.03, 3rd Floor, 24 Chiswell Street, London, England, EC1Y 4TY	UK	Investment in associate
Aquora Ltd (Formerly XLCC). Registered address: 30 Crown Place, London, England, EC2A 4ES	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: Third Floor, Cargo Works, 1-2 Hatfields, London, England, SE1 9PG	UK	Investment in associate
Cornish Metals Plc. Registered address: Osprey House, Malpas Road, Truro, TR1 1UT	UK	Investment in associate
AMP Topco Ltd. Registered Address: 3rd Floor, 20 Red Lion Street, London, United Kingdom, WC1R 4PS	UK	Investment in associate
Duna JVCo Limited. Registered Address: 44 Esplanade St. Helier Jersey JE4 9WG	Jersey	Investment in Joint Venture
Fidra Energy Investments Ltd. Registered Address: 20 St.Jame's St, 7th Floor, London, England, SW1A 1ES	UK	Investment in Joint Venture
Peak Cluster Ltd. Registered Address: 38f Swan House, Bonds Mill, Bristol Road, Stonehouse, Gloucestershire, United Kingdom, GL10 3RF	UK	Investment in Joint Venture
Oxa Autonomy Ltd. Registered Address: Oxbotica Uhq 8050 Alec Issigonis Way Oxford Business Park North, Oxford, Oxfordshire, England, OX4 2HW	UK	Investment in associate

27. Events after the reporting period

Investment movements since 31 March 2026

Following the reporting date, the Company executed documentation in relation to the restructuring of a debt investment.

The restructuring resulted in changes to the contractual terms of the investment, including a reduction in contractual principal, revised coupon arrangements and the introduction of exit fee provisions.

At 31 March 2026, management's assessment of expected credit losses and the carrying value of the investment reflected the expected economic outcome of the restructuring based on information available at the reporting date. Accordingly, completion of the restructuring after the reporting date did not result in a further adjustment to the amounts recognised in the financial statements.

In addition, since the reporting date, the Company has committed a further £1,395 million across 13 investments through debt, equity and guarantee transactions in its priority sectors.

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.

Corporate information

Date of incorporation: 11 February 2009
Registered number: 06816271

Directors

Ian Brown
(appointed 15 August 2025,
served until 1 November 2025)

Elena Ciallie

Catherine Cripps
(appointed 1 October 2025)

Muriel Dube

John Flint, CBE
(served until 15 August 2025)

Chris Grigg, CBE

Oliver Holbourn
(appointed 1 November 2025)

Marianne Økland

Tom Riordan
(appointed 1 October 2025)

Annie Ropar

Bridget Rosewell, CBE
(served until 9 June 2026)

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 – 1 November 2025)

Oliver Holbourn
(from 1 November 2025)

Registered office

2 Whitehall Quay
Leeds LS1 4HR
United Kingdom

External auditor

Comptroller and Auditor General
National Audit Office
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Bank

Government Banking Service

Design: red-stone.com

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