

**Annual report &
financial statements
2024–25**

**24
25**

Officers and professional advisers

Directors

Honorary Group Captain Sally Bridgeland FIA Chair
Giles Thorley Chief Executive
Roger Jeynes Non-Executive Director
Iraj Amiri Non-Executive Director (resigned 31 August 2025)
Rhys Jones Non-Executive Director
Kate Methuen-Ley Non-Executive Director
Robert Lamb Non-Executive Director
Iestyn Evans Non-Executive Director
Dianne Walker Non-Executive Director
David Staziker Chief Financial Officer
Elizabeth Hitchings Company Secretary
Annie Ropar Non-Executive Director (appointed 1 July 2025)
Paul Oldham Non-Executive Director (appointed 17 July 2025)

Registered office

Unit J,
Yale Business Village,
Ellice Way,
Wrexham
LL13 7YL

Registered number

4055414

Bankers

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6th Floor,
5 Callaghan Square,
Cardiff
CF10 5BT

Auditors

Forvis Mazars LLP,
Statutory Auditor,
30 Old Bailey,
London
EC4M 7AU

Purpose, mission and values

Purpose

**Bringing ambitions to life
and fuelling possibilities for people,
businesses and communities in Wales.**

Mission

**Unlocking potential in the
Welsh economy by increasing
the supply and accessibility of
sustainable, effective finance.**

Values

- Smart collaboration
- Entrepreneurial energy
- Objective empathy
- Conscious responsibility.

A leading workplace



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Strategic report



Performance highlights

2024/25 saw our team help 502 businesses to create and safeguard 6,185 jobs across Wales, with debt and equity funding totalling £152 million. This brings our total investment in SME businesses and property developers, since 2017, the year in which the Development Bank of Wales launched, to £959 million.

Our highlights for this year include:

£152 million

Total investment

502

Businesses supported

6,185

Jobs created or safeguarded



390

Housing units built



288

Number of colleagues



90

Customer NPS®



60

Employee NPS®



£88m

For 414 micro businesses



£47.6m

Property development finance



£7.4m

Total value of five exits

Our key performance indicators during the current corporate plan for 2022/27 show:

	2022/23	2023/24	2024/25	5-year target	Pro-rata*
Direct investment	£124m	£125m	£152m	Over £650m	103%
Jobs created or safeguarded	4,669	4,406	6,185	Over 20,000	127%
Co-investment	£103m	£38m	£50m	Ratio of 1:1	1:0.53
Businesses supported	435	430	502	2,200	104%
Customer NPS	88	91	90	60	150%
Employee NPS	-	60	60	60	100%
New homes built	191	227	390	1,900	71%

* Reflects performance adjusted on a pro-rata basis, in line with time elapsed during the period of the corporate plan 2022/27.



Crown at PantyGelli

Region: Monmouthshire

Funding: £90,000

Business need:
Growing a business



Three high-specification luxury lodges are now available to book at The Crown at Pantygelli following a £90,000 growth capital loan.

Chair's statement

As the newly appointed Chair of the Development Bank of Wales, I am honoured to lead an institution with such a clear purpose. With 25 years of professional experience at the forefront of the UK investment market, I am deeply committed to ensuring that long-term capital continues to generate lasting value for Wales. This is a pivotal moment for Wales, and for the Development Bank of Wales as we look to shape a brighter future for the generations that will follow.

Here at the Development Bank of Wales, the team has been dedicated to delivering debt and equity finance to Welsh businesses since 2017. Our remit is diverse, our impact is significant, and it is felt in communities throughout Wales. Our direct investment of £152 million in 2024/25 brings the total investment by the Development Bank of Wales to £959 million since the year of its launch in 2017. These are substantial numbers, but what is more important to me is the success stories behind them because they evidence how we're bringing ambitions to life, and fuelling possibilities for people, businesses and communities in Wales.

Doing the right thing

What sets the Development Bank of Wales apart is our impact-driven and commercial approach, which remains at the heart of our mission. It was this commitment to doing the right thing, along with the Development Bank of Wales' excellent reputation, that first drew me to this role. While it's still early days, I'm encouraged by the conversations that I've had with our team, our customers, stakeholders, and the Welsh Government as our shareholder, all of whom share a collective vision for driving sustainable, long-term economic growth with clear social value.

Wales is a diverse market, from small family-owned businesses and rural SMEs to industrial clusters in the South East and North East. To unlock the full economic potential of our nation, it is critical that we support businesses across all sectors, ensuring that we address the unique needs of different regions and industries with equity and debt funding that drives growth, creates jobs and helps to improve productivity. As a local impact investor, we provide accessible funding that prioritises long-term sustainability, and our approach is designed to be flexible, responsive, and adaptable.

Our Group structure also includes FW Capital as our FCA-regulated fund management business. FW Capital specialises in SME finance and provides flexible finance to dynamic businesses not only in Wales but also in the North and South West of England. Crowding in finance from external investors such as Local Government Pension Schemes (LGPS), we have funded 186 loans totalling £44.4 million, safeguarding or creating 1,056 jobs in these areas during 2024/25. These figures include the Investment Fund for Wales.

A shared commitment

At the heart of our entire organisation is our team. We are incredibly proud to have been recognised with the Great Places to Work Award and named among the top 30 best places to work in the UK.

The strength, expertise, and passion of our people are what make us unique. Our work is no ordinary job - much like my own voluntary role in the Royal Air Force, our team's commitment is driven by a strong sense of purpose. This is not just about numbers; it's about the impact we have on lives and communities.

We understand the importance of being a permanent and reliable fixture in regional communities, especially as other lenders retreat. As the banking and investment market evolves, we stay committed to providing essential funding and creating a lasting impact, particularly in the areas of green energy, housing, and infrastructure. Wales is particularly well-positioned to capitalise on emerging opportunities, with its abundant natural resources and industrial expertise. Our team has the necessary knowledge and experience to deploy the capital that new industries require to start-up, scale-up and prosper.

Inspiring investment in regional economies

I believe that collaboration is the key to success. Throughout my career in pension fund investment, I have seen an appetite to make an impact in the UK but an absence of truly local expertise in sourcing investments which make a real difference. I believe that the Development Bank can be a vital link in that chain, bringing external finance to the region and fostering greater partnerships with the public and private sectors. We have already proven our ability to bridge the gap between institutional investors and local businesses, and this is something we intend to continue and build upon as a key part of our efforts to increase the flow of funding into Wales.

Our customer and product portfolios are constantly evolving. From providing loans to start-up micro businesses to supporting homeowners, we are proud to be part of the solution in communities throughout the country. As high street banks shift priorities, our role becomes more important than ever, especially given the wider research shows a picture of fewer deals and less investment across the UK.

Looking ahead, we must make it easier and faster for entrepreneurs to get the support they need to grow and scale their businesses. To do this, we must continue to learn from one another, collaborate, and remain focused on what is right for businesses and the economy at large.

Exciting times ahead

I must express my gratitude to the committed and enthusiastic board that surrounds me. Their expertise and unwavering passion for what we do is deeply appreciated. I look forward to working with them all to strengthen our mission and our impact, while I thank Iraj Amiri, whose tenure ended on 31 August 2025, for his time as a Non-Executive Director and Chair of the Audit and Risk Committee. I also welcome Annie Ropar and Paul Oldham who joined our Board in July 2025.

Finally, I am confident that the Development Bank of Wales Group will continue to be a vital part of Government's vision for the future. With the right people on the ground, we are here to support and deliver the necessary change. I believe that our resilience and adaptability ensure that we can meet the challenges ahead and continue to be a trusted partner for businesses, investors, and communities across Wales.



**Honorary Group Captain Sally Bridgeland FIA
Chair**

05 September 2025





ONJA

Region: Cardiff

Funding: £25,000

Business need:
Starting a business



Justina John used a micro loan from the Development Bank of Wales to fund the fit-out of her new African restaurant and takeaway that offers a taste of Tanzania in Cardiff.

Chief Executive's report

The past year has been one of momentum and growth, with the Development Bank of Wales delivering strong results and making a meaningful difference across the Welsh economy. We are positive about the future and moving in the right direction.

As a provider of flexible financial support to a fast-evolving market, our role is more critical than ever. Demand for our services continues to grow, and we're responding with a balanced approach to risk and a clear commercial focus.

Our mission remains unchanged: to address gaps in the funding market, support business growth, create value, and generate positive economic outcomes for Wales. We are proud to be regarded as a trusted and unique source of business finance, working across every region and sector of the Welsh economy.

Seeking opportunities

With the exception of emergency support during the Covid-19 pandemic, 2024/25 has been our most active year to date. We supported 502 businesses, helping to create and safeguard 6,185 jobs. Total funding provided reached £152 million, bringing our cumulative investment since our launch in 2017 to £959 million. With over £2 billion in funds under management and more than 3,600 businesses in our portfolio, we are scaling our impact and deepening our reach.

Despite the current economic uncertainties and ongoing geopolitical challenges, we remain focused on seizing the opportunities that lie ahead. Wales is uniquely placed to benefit from shifts in investment priorities and new market dynamics - especially in housing, green energy, and advanced manufacturing.

Our FCA-regulated arm, FW Capital, continues to manage funds on behalf of third parties in both England and Wales. As we expand our footprint, our goal is to attract greater levels of institutional

investment. There is a major opportunity to harness private capital, complementing finite public funding and amplifying our impact.

Our aim is to raise additional capital through professional fund management, while also working with institutions to identify and deliver investment opportunities that create value throughout Wales and England. This strategy is particularly important as venture funding remains highly concentrated in the South-East of England. The market is dominated by tech investments clustered in the 'Golden Triangle' of London, Oxford, and Cambridge. Wales, by contrast, often remains under the radar for institutional investors. Our response has been proactive: growing our angel investor network, nurturing co-investment, building credibility through performance, and positioning Wales as an investable region with genuine potential.

Unlocking capital

One of our key priorities is to unlock more investment at a local level, especially from institutional sources such as pension funds. The UK Government's decision to require a higher proportion of pension fund assets to be invested domestically represents a real opportunity. 'Last mile investing' - channelling capital back into the regions from which these funds originate - is an approach we are championing.

As our newly appointed Chair, Sally has an influential role in the UK institutional investment community, and she has been instrumental in opening doors and building trust in our model.

Our impact continues to be broad-based. In the property sector, funding increased by 26% to £47.6 million in 2024/25, supporting the delivery of 390 new homes - 125 of which were affordable - and 2,626 sq. ft of new commercial space. This includes our largest ever investment: £17.5 million for Tirion Homes at Parc Eirin, complemented by a further £7 million in grants from the Welsh Government's Innovative Housing Programme. It is a compelling example of public-private partnership delivering high-quality, low-carbon housing.

In total, £86.1 million was deployed as debt funding, and £18.7 million in equity. We achieved five successful exits generating £7.4 million in proceeds. A highlight was the acquisition of Aparito, a med-tech firm based in Wrexham, by Eli Lilly and Company, which returned 2.9x our original £1.2 million investment, brought this global brand to Wales and secured jobs for the local community.

Crucially, we remain committed to ensuring our support reaches every part of Wales. Over 20% of our 2024/25 funding went to businesses in North Wales, and we backed a record 101 young entrepreneurs aged 19 to 30 throughout Wales. Our changes to micro loans - including fee reductions and streamlined processes - have made funding more accessible for those needing loans of up to £100,000.

What's more, innovative approaches like Perseus - where we are the lead institution in a UK wide scheme - is advancing the integration of carbon footprint data into investment decisions. This will help in setting benchmarks for sustainable finance moving forward.

Our strength lies in our people. Being named one of the UK's top 30 places to work and the UK's best workplace for development is a testament to the culture we've built. It reflects the values we hold dear and the high standards we set for ourselves as an organisation.

Looking ahead

Our direction for the coming year is clear. We must continue to evolve, remain commercially sharp, and stay closely aligned with the ambitions of the Welsh Government and UK-wide economic policy. Above all, we must continue to back businesses with purpose - those that aspire to become productivity champions, creating jobs, innovating, and driving inclusive growth.

Together, we are building a better Wales - one investment at a time.



Giles Thorley
Chief Executive

05 September 2025





Sole Mate

Region: Merthyr Tydfil

Funding: £75,000

Business need:

Growing a business



This independent running store received an initial loan to fund the fit-out of its premises. A second investment helped expand the floor space with a wider range of stock.

Chief Financial Officer’s report

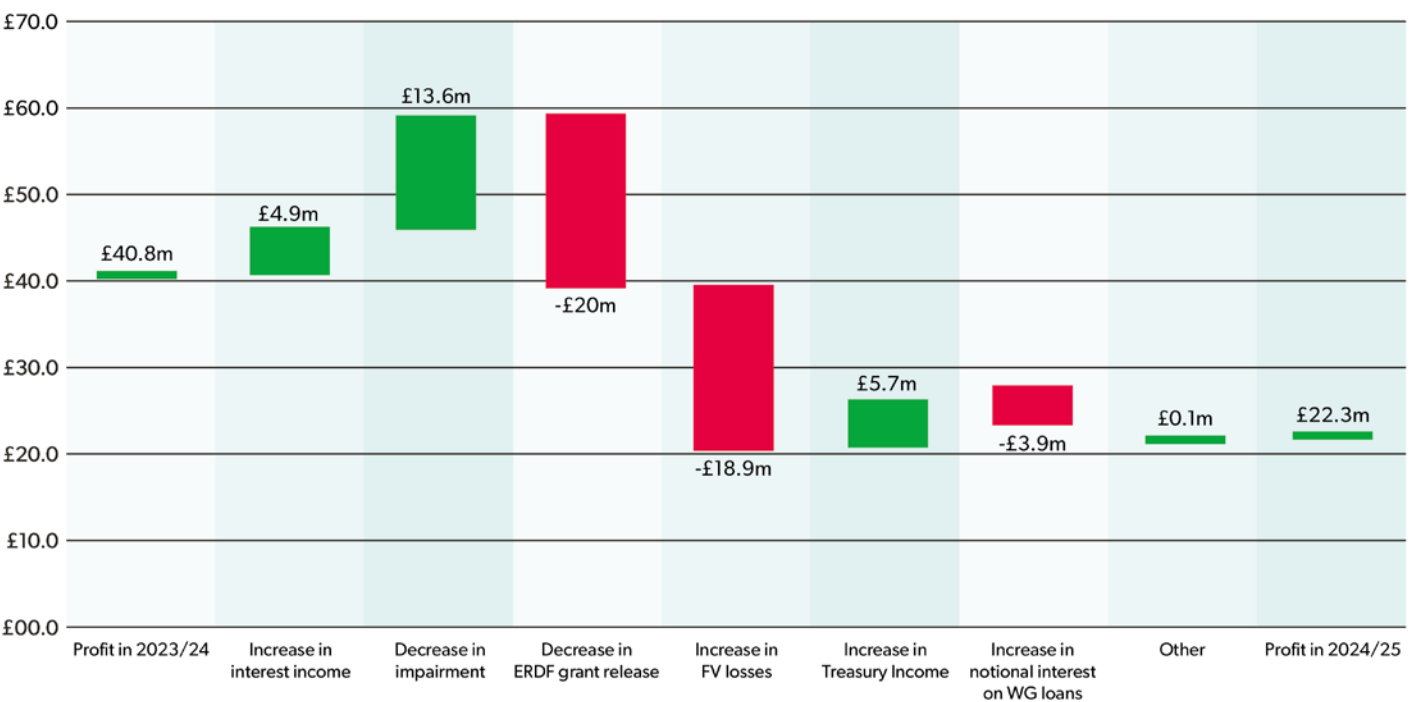
The purpose of this report is to provide a clear picture of the Group’s financial performance for the year ended 31 March 2025.

Our financial year

As set out earlier in the report, it’s been a busy year for the Group with the value of in-year investments made exceeding any prior year, with exception of 2020/21 where the Group deployed the Welsh Government’s £92 million Covid-19 Wales Business Loan Scheme (CWBLS). This operational performance has been replicated in the year’s positive financial results. The Group recorded a £22.3 million profit before tax, compared with a £40.8 million profit before tax for the previous year. The reduction in profit before tax is primarily driven by a £20 million reduction in European Regional Development Fund (‘ERDF’) grant release and an £18.9 million

increase in equity book fair value losses. As referenced in our annual report for 2023/24, the reduction in ERDF income is due to the ERDF backed Wales Business Fund ceasing investments at the end of December 2023. Further detail on the movement in fair value losses is provided below. The negative impact on profit of these two items has been offset by £4.9 million of increased interest income from SME and shared equity investing activities, £5.7 million of increased treasury income and a £13.6 million reduction in loan impairments. The graph below charts the impact of these movements on the results for 2024/25:

Profit Bridge 2023/24 and 2024/25



To assist with understanding the performance of the Group, we have historically analysed our income statement into two distinct segments, these being Operations and Funds for Investment. This analysis continues to be relevant for this financial year.

The results of the Operations side of our business reflect stable performance consistent with a services business. In contrast, the results of our Funds for Investment activity relate to the annual valuation of financial assets required by the accounting policies for these types of assets. These valuations are far less predictable, can be fairly volatile and have a more material effect on the overall Group results. Many of the factors that feed into the implementation of these accounting policies, such as macroeconomic and general trading conditions, are outside of our control. The true performance of a fund can only be fully assessed when a fund closes. An annual assessment of the financial performance of our Funds for Investment

activity is not a particularly representative way of assessing the performance due to the volatility that the accounting policies can create.

The four principal accounting areas of volatility impacting the Funds for Investment annual reported activity (all non-cash) are impairments of the debt book, equity book fair values, notional interest on Welsh Government loans and Help to Buy - Wales fair value (although this nets down to nil in the Income Statement - see table C below for details).

The underlying Operations business is not impacted by the volatility caused by these non-cash accounting policy movements. We remain able to invest over future years at levels agreed with Welsh Government and other funders.

Analysis of the Group's activities

As outlined above, the two core areas of our Group activities are Operations and Funds for Investment. The difference between these two areas is explained below:

Operations	Funds for Investment
Purpose	
Provide operational services to both our own and third-party funds. Services provided cover the life-cycle of our products including facilitating investment, ongoing monitoring, collection of repayments and eventual exit. This part of the business also includes the ongoing operational activities required to support our fund management services such as facilities, IT, finance, communications and HR. All service activity associated with Angels Invest Wales and Economic Intelligence Wales is also included.	Hold cash for investments - all transactions directly associated with our financial products go through the funds side of the business. The Group provides loans or purchases shares in businesses in Wales or provides shared equity to new home buyers in Wales. Decisions about these transactions are in the main made by the Operations side of the Group.
How does each area generate revenue?	
Revenues include fees received for fund management and fund holding services. Such fees are paid for by the funds.	Revenues include arrangement and monitoring fees charged to customers, interest received on loans, receipts when shares are sold or shared equity loans redeemed, and gains or losses on investment which are revalued at the year end to their current (fair) value.
What cost does each area incur?	
Costs include employees, facilities and bought in services (such as IT).	Costs include fees paid for fund management services, provisions for losses on investments, and fund operating costs like legal fees or audit fees.
Performance assessment	
An annual review will show whether this part of the group is covering its operational costs.	The duration of each of our funds is diverse and can range from five to twenty years. The profitability and performance of a fund varies from year to year and is dependent on its maturity phase, as well as the macro-economic environment. Fund results include volatility caused by year-on-year movements in assets held at fair value which are estimates and unrealised. An annual review of the aggregated position of all our funds is not an effective way of assessing an individual fund's performance.

Consolidated Group performance

The analysis in Table A below shows the results of the Operations and Funds for Investment areas and the overall consolidated Group performance. The £19 million Group profit after taxation (2023/24 £38 million) includes the £1.6 million profit (2023/24 £4.9 million) from Operations and the £17.3 million profit (2023/24 £33.1 million) from Funds for Investment. The profits for the two areas of the business are explained in more detail in Tables B and C respectively.

In the consolidated income statement, the Group's profit after tax is analysed between a £20.4 million profit (2023/24 £32.6 million) attributable to Welsh Ministers as our equity shareholders, and a £1.4 million loss (2023/24 £5.4 million profit) attributable to a noncontrolling interest.

It's worth noting that the current year loss is due to the year-on-year movement in equity fair value of one investment within the Management Succession Fund and that, despite this reduction, the value of this investment continues to substantially exceed its cost, as does the fair value of the portfolio as a whole. This non-controlling interest is the share of profit or loss from the Funds for Investment area of the business that is due to Clwyd Pension Fund as a result of its equity investment in the Wales Management Succession Fund. See Table C and associated notes for details.

Table A: High-level analysis of 2024/25 and 2023/24 consolidated income statement

	2024/2025			2023/2024		
	Operations £m	Funds £m	Group* £m	Operations £m	Funds £m	Group* £m
Income	48.7	80.8	88.0	49	88.4	94.5
Provisions made	0	(4.6)	(4.6)	0	(18.2)	(18.2)
Changes in equity book value	0	(19.0)	(19.0)	0	(0.1)	(0.1)
Other expenses	(45.7)	(31.1)	(35.2)	(42.8)	(32.6)	(32.5)
Profit before the Welsh Government notional interest	3.0	26.1	29.2	6.2	37.5	43.7
Notional interest on Welsh Government loans	0	(6.9)	(6.9)	0	(2.9)	(2.9)
Profit after the Welsh Government notional interest	3.0	14.2	22.3	6.2	34.6	40.8
Taxation	(1.4)	(1.9)	(3.3)	(1.3)	(1.5)	(2.8)
Profit post tax	1.6	17.3	19.0	4.9	33.1	38

*These Group figures are less than the total of the Operations and Funds for Investment areas of the business figures due to the elimination of intergroup transactions between the two.

The material impacts on the profit for the year are a mixture of non-cash items comprising impairment, equity fair value, release of ERDF grant income and notional interest on Welsh Government loans and cash items comprising treasury interest and fund interest income.

Decrease in provisions made

Under IFRS9, loan loss provisions are based on expectations of future losses, not only on the losses incurred during the year. Provisions made have decreased from £18.2 million in 2023/24 to £4.6 million in 2024/25, a reduction of £13.6 million. The movement is driven by lower expected loss rates used in the 2024/25 provision calculation following reductions in expected default levels in comparison to the prior year. Whilst the gross loan book has increased 16%, from £331 million to £383 million, the total loss allowance has only increased by 7%. Percentage coverage of the loan book has declined from 18.9% to 17.1%.

Reduction in the fair value of the equity book

The movement in fair value of the equity book is a combination of realised and unrealised gains and losses on equity investments that the Group holds. *Realised* gains or losses occur when shares in an entity are sold or no longer hold value as the company has been liquidated. *Unrealised* gains or losses represent an estimate of the valuation of equity investments that the Group still holds as at the balance sheet date, valued in accordance with applicable accounting policies and bases.

Movements in the fair value of an equity portfolio are normal and to be expected. The value of equity investments can rise or fall each year due to factors such as individual company performance, broader economic conditions, market sentiment, industry developments, or global events.

The movement in the fair value of the realised and unrealised equity book as at the year-end is a loss of £19 million in comparison to a loss of £0.1 million in 2023/24. In last year's report, we referenced an improving macro-economic environment which had a positive impact on year-end valuations. Whilst the macro-economic environment often plays a factor in equity valuations, the current year reduction predominantly reflects several individual company performances. As noted above, movements in the fair value of equity investments are normal and to be expected and can fluctuate up and down over the life of the investment.

Net realised losses of £1.8 million (2023/24 profits of £1.6 million) were incurred on disposal of several equity investments, and unrealised

losses of £17.2 million (2023/24 losses of £1.7 million) on revaluation were recognised.

A formal process of equity valuation is followed biannually which is overseen by our Valuations Committee. The methods used to arrive at the fair value of equity are set out in Note 19 of the financial statements.

It's worth noting that the Group never seeks to hold a controlling interest in any of our equity investments and will always seek to participate as a minority shareholder, investing alongside other experienced investors where possible or drawing those investors in. As at the balance sheet date, the Development Bank of Wales held no controlling interest in any of its equity investments. An annual review of equity investments is undertaken each year to identify potential associates (entities over which the Group is able to exercise significant influence but not control or jointly control). As at the year-end date 1 investee entity was identified as an associate (2023/24: 1 entity). Further information can be found in Note 28.

Increase in notional interest on the Welsh Government loans

The increase in notional interest on the Welsh Government loans is £4 million being the difference between the £6.9 million notional interest charge in 2024/25 and the £2.9 million charge in 2023/24.

Loans from the Welsh Government are issued to the Group at a 0% interest rate. However, applicable accounting policies dictate that regardless of this 0% interest rate, we should still recognise an interest charge in the Group's accounts. This is what we describe as 'notional interest'. For clarity, this doesn't represent interest payable by the Group to the Welsh Government, it is an accounting adjustment rather than a cash movement.

Whilst the 2024/25 charge is higher than the previous year, it's worth noting that the prior year charge of £2.9 million had been significantly impacted by a net reduction in expected repayments and was £6.4 million lower than the 2022/23 charge of £9.3 million. The net impact of expected repayments was higher this year, primarily due to the performance of the CWBLS fund. This, alongside other smaller changes in quantum and timing of expected repayments has resulted in the higher charge.

Performance of Operations

This area of the business provides fund management services to both our own and third-party funds. During the year we employed an average of 283 employees, compared to 281 in 2023/24, to invest and monitor the funds that we manage and provide support services for the fund investment activities.

The Operations area of the business is where the operating costs of the Group are incurred. Its

performance is more stable and predictable than the Funds for Investment business. Fundraising activities also form part of the support activity. To ensure ongoing fund availability, the Operations area of the Group continues to look for new opportunities to support the Welsh Government's policies through new fund creation and seeks funding from other third-party sources.

Overall Operations profit before tax has decreased year on year by £3.2 million.

Table B: Services 2024/25 and 2023/24 income statement analysis

	2024/25	2023/24	Commentary
	£m	£m	
Fund management income	48.7	49.0	Prior year results included a one-off 'catch-up' which resulted in additional fees of £4.6 million being recognised in 2023/24. This movement has been partially offset by the full year impact of fees associated with funds launched in 2023/24, new funds won in 2024/25 and the expansion of existing funds during the current financial year. Average Group funds under management in FY25 and FY24 including FW Capital, were £2.5 billion and £2.4 billion respectively, an increase of 4.2%. Average fee income compared to average funds under management decreased marginally to 1.9% (2023/24 2.0%)
Total revenue	48.7	49.0	
Staff costs	(21.5)	(20.6)	Headcount growth has slowed this year, with the average number of employees increasing marginally from 281 in FY24 to 283 in FY25. Average cost per employee has increased in line with the UK's FY25 CPI of 3.4% from £73,700 to £76,200 (3.4%).
Other costs	(24.2)	(22.2)	The £2 million increase in costs primarily relates to a net increase in Fund Management fees payable following the launch of new funds in 2024/25, the full year impact of fund management fees in relation to funds launched in 2023/24 as well as a reduction in fees associated with funds in their realisation period.
Total costs	(45.7)	(42.8)	
Profit before tax	3.0	6.2	

Operations profit and sustainability

It should be noted that the profit noted above is not available for distribution. It is already earmarked as part of the Group's build-up of operating cash reserves and £103 million contribution requirement between 2026 and 2030 into the Wales Flexible Investment Fund. This profit will be used alongside the legacy returns from the Wales Business Fund and other funds in realisation mode, such as the Wales JEREMIE fund and the Wales SME Fund.

These legacy fund returns and the cumulative profit available from the services business amount to c. £141 million as at 31 March 2025 (£106 million as at 31 March 2024).

******It should be noted that £5 million of fund legacy was transferred earlier than planned into the Wales Flexible Investment Fund in 2020/21 to bridge a shortfall in the fund whilst Welsh Government funds were diverted to the CWBLS Fund, reducing the requirement above from £103 million to £98 million.

Performance of Operations against annual operational plan

As shown in Table B, the profit before tax generated by the service businesses decreased by £3.2 million (52%) from 2023/24, driven by the revenue and cost changes noted above. A small loss of £0.8 million was forecast in the 2024/25 annual operational plan. The improved performance was principally caused by project spend either no longer being required or being postponed to 2025/26 as well as the addition of unbudgeted fee income from new fund mandates won in the year.

We seek to charge fund management fees in line with market rates to generate sufficient income to cover our costs. We leave any difference between actual fees charged and market rate fees in each fund to maximise the amount each fund can invest into businesses. These reserves allow the Group to achieve our key objective of remaining self-funded, as illustrated by our ability to operate without Grant in Aid from the Welsh Government. We can forecast the income and expenditure for the Operations area of the business with reasonable certainty for the next three years which shows this part of the business remains in a cumulative self-funded profit position. This means that we are able to make our long-term viability statement over the next three years in the Directors' Report, irrespective of whether the Funds part of our business is in profit or loss.

Performance of our Funds for Investment business

The Group receives funds from investors including the Welsh Ministers, the British Business Bank and the Clwyd Pension Fund. We invest these funds in line with guidelines set, collect repayments, and we then either repay the investor or reinvest the repayments into new or existing funds. The breadth of the funds we offer is outlined on page 30 of the strategic report. During the year new funding of £47.5 million was received from the Welsh Government to support their priorities compared to £30.4 million in 2023/24. The performance in Table C (over page) reflects the combined results of 17 funds that are in their investment period as well as six funds in their realisation period (2023/24 16 and 7 respectively) that the Operations area manages. The Funds for Investment area is reporting a profit before tax of £14.2 million this year as compared to a profit before tax of £34.6 million in the prior year. As noted in the high-level summary, the main drivers for this movement are the £20 million reduction in ERDF grant release income and an £18.9 million increase in fair value losses. These have partially been offset by increased interest income from SME and shared equity investing activities, increased treasury income and a reduction in loan impairments.



Table C: Funds for Investment 2024/25 and 2023/24 income statement analysis

	2024/25	2023/24	Commentary
	£m	£m	
Fees received	4.4	3.8	Fees received include arrangement fees charged on loans as well as legal and due diligence fees recovered. The value of fees charged depends on the size and complexity of the deal. The increase in fees is in line with the increase in investments year on year.
Dividends and interest income	25.1	19.2	Interest income has increased by £5.9 million in comparison to prior year. This is primarily due to the increase in the value of the underlying SME loan book which has increased from £331 million to £383 million. The value of the interest bearing HTB-W book has also increased from £123 million to £146 million, resulting in an increase in interest income on the HTB-W book of £0.7 million.
Notional interest on CWBLS loans	2.1	3.1	This balance represents the additional notional interest that would have been charged if the CWBLS loans had been issued at market rates. See additional commentary below.
Total fees, dividends and interest income	31.6	26.1	
ERDF Grant release	0.0	20.0	As noted in the prior year accounts, the 2024/25 balance has been reduced to zero as the Wales Business Fund was fully invested at the end of December 2023. £186 million of ERDF funding was received over the lifetime of the fund. The grant was released as revenue to the income statement in line with investments made.
Release of other grant income	1.4	0.5	This reflects the release of grant income received from Welsh Government in relation to the scheme running costs for the Leaseholder Support Scheme, Help to Stay Wales and the recently launched Green Homes Scheme.
Bank interest received	47.8	41.8	Whilst the Bank of England base rate fell during the financial year, the average Bank of England rate has remained consistent with the same period last year. Average balance held on deposit was £47 million higher than last year, which has contributed to the additional interest income in 2024/25.
HTB-W Fair value changes:			
Realised gain on disposal	9.2	7.9	The increase in realised gains is primarily driven by a rise in the number of redemptions, from 784 in 2023/24 to 900 in 2025/26, a 17% increase. There was a slight increase in the average redemption value from £10,128 in 2023/24 to £10,199 in the current year.
Unrealised fair value gain in year	13.1	34.8	Please see commentary below. Note that this is a non-cash movement to reflect the fair value of the equity book as at the year end. See Note 3 for detail of accounting judgements applied in the calculation.
Increase in amount owed to principal shareholders	(22.3)	(42.7)	This is the sum of the above realised and unrealised gains which is subtracted from the amount owed to the Group's principal shareholder.
Net HTB-W fair value change recorded in income statement	0	0	
Total net income	80.8	88.4	
Fund management fees paid	(27.1)	(30.8)	As noted in the Operations section above, a one-off exercise to 'catch-up' on fund management fees was undertaken in 2023/24 resulting in additional fees of £4.6 million being charged in 2023/24. The remaining movement is due to the net impact of funds entering their realisation period, new funds being launched and the full year impact of funds launched in 2023/24.
Other costs	(4.0)	(1.8)	Other costs have increased by £2.2 million, primarily due to £1.1 million in implementation costs for the new loan administration system managing the HTB-W shared equity book, and £0.8 million due to higher grant expenses related to two of our Property Services funds.
Subtotal costs	(31.1)	(32.6)	

Table C: Funds 2024/25 and 2023/24 income statement analysis is continued over the page

Table C: Funds 2024/25 and 2023/24 income statement analysis - continued

	2024/25	2023/24	Commentary
	£m	£m	
Provisions made	(4.6)	(18.2)	The decrease of £13.6 million in provisions made is driven by a reduction in loss rates used in this year's calculation, mainly as a result of a decrease in forecast default levels. The effective provision percentage for our loan book has decreased from 18.9% in 2023/24 to 17.1% in 2024/25. Further detail can be found in Note 4 - Credit Risk.
Other fair value loss	(19.0)	(0.1)	See commentary in the 'Changes in fair value of the equity book' section above for further detail.
Notional interest on Welsh Government loans	(6.9)	(2.9)	This represents the year-on-year movement in notional interest charged on Welsh Government loans. Refer to 'Increase in notional interest on the Welsh Government loans' section above for further detail.
Total Cost	(61.6)	(53.8)	-
Profit before tax	(19.2)	34.6	-

Further commentary:

Help to Buy - Wales shared equity loan fund for new house buyers

House prices can fluctuate which is why you will see in Table C that there is a significant movement in the unrealised fair value of the shared equity assets in our Help to Buy - Wales book.

The model used to arrive at the unrealised fair value of this book is highly sensitive to changes in the House Price Index ('HPI') and the discount rate used in the calculation. The unrealised gain on the book has declined from £34.8 million in 2023/24 to £13.1 million in 2024/25. Although HPI performance in 2024/25 and forecasted HPI from 2025/26 onwards remain positive, they have not driven as strong an uplift in fair value as seen in the previous financial year. Additionally, the rise in the discount rate from 5.4% to 5.8% has also contributed to tempering the increase in fair value. HPI is the most material input to the fair value calculation and as a result, whilst the discount rate used has increased this year, the HPI is still driving a fair value gain. The critical accounting judgements applied in arriving at the unrealised fair value gain/(loss) are set out in Note 3, additional analysis is set out in Note 19.

Non-controlling interest

The £10 million investment into the Wales Management Succession Fund by Clwyd Pension Fund is the first external equity investment made into one of the Group's Funds. £9.7 million has been drawn down and invested and £4.9 million repaid by the fund as at 31 March 2025 (2023/24 £7.9 million invested with £3.5 million repaid).

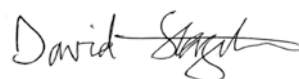
The investment by Clwyd Pension Fund matches £10 million of funding from Welsh Ministers and £5 million of funding from the Group itself. Under accounting rules, this fund is deemed to be controlled by the Group and so must be included in the Group financial statements. Since the fund is not fully funded by the Group, accounting rules require us to disclose the portion of the fund attributable to the external investor in the consolidated balance sheet under the heading 'non-controlling interest' within the equity section. Similarly, we also disclose the profit attributable to the external investor separately in the consolidated income statement and the consolidated statement of comprehensive income.

Treatment for Covid-19 Wales Business Loan Scheme ("CWBLs") Loans

During 2020/21, the Development Bank of Wales invested £92 million of CWBLs loans to over 1,300 businesses in Wales. These loans were issued at a below market interest rate of 2% per annum where this interest rate subsidy represents state aid conferred on behalf of Welsh Government. CWBLs loan assets were initially recognised at fair value derived by discounting the contractual cashflows using an appropriate market rate of interest. This resulted in initial loan assets of £72 million and a consolidated income statement charge of £20 million for the grant which has been effectively given out to businesses.

This position is mirrored in the accounting treatment for the corresponding Welsh Government loan i.e. the £92 million is split into a grant of £20 million which is credited to the consolidated income statement in line with the timing of investment and £72 million which is accounted for in line with Welsh Government loans. The recognition of grant expense and grant income occur at the same time, and are disclosed net in the Group consolidated income statement.

In line with IFRS 9, interest income is recognised using the effective interest rate which is equal to the market rate of interest on the CWBLs book. This interest is credited to the consolidated income statement (included in dividends and interest income) and debited to the debtor which will restore the debtor balance back to £92 million by the end of the fund in 2026/27. The difference between the estimated market rate and the contractual interest rate of 2% results in additional notional income of £2 million (2023/24 £3.1 million).



David Staziker
Chief Financial Officer

05 September 2025



Mr Holt

Region: Anglesey

Funding: £150,000

Business need:
Growing a business



Mr Holt expanded production with the opening of a new chocolate factory following a £150,000 loan from the Development Bank of Wales and £114,000 from co-investors Bathgate Business Finance.



Working with the Welsh Government



Rebecca Evans, Cabinet Secretary for Economy, Energy and Planning, said:

"The Development Bank of Wales is a unique resource for Wales - promoting innovation, increasing prosperity, and supporting the transition to a sustainable economy."

"These impressive results show that the Development Bank of Wales is delivering for the economy of Wales by making it easier for businesses to get the finance needed to start up, strengthen and grow."

Jayne Bryant, Cabinet Secretary for Housing and Local Government, said:

"These exceptional results demonstrate how our work with the Development Bank of Wales is creating lasting value for Welsh communities, ensuring excellent value for public investment and building stronger, more prosperous communities."

"Over the last year we've continued to work closely on the extension of Help to Buy - Wales and the merger of two funds into the larger Wales Residential Property Fund. I'm so proud that we are providing more accessible finance for SME developers as well as continuing to support even more people to buy their own homes."

"Our investment in the property sector is crucial to directly support our housing and regeneration priorities, helping to build the homes and commercial spaces we need."



Aberystwyth Cliff Railway

Region: Aberystwyth

Funding: £150,000

Business need:

Growing a business



A £150,000 investment has funded essential repairs to the Victorian train carriages at Aberystwyth Cliff Railway. The iconic Welsh tourist attraction will welcome 75,000 visitors this year.



Who we are and what we do

The Development Bank of Wales deploys financial support to stimulate economic growth, innovation, and entrepreneurship, usually operating in the market gap where viable business activities are not supported by the private sector. We help ambitious and promising businesses, projects and communities in Wales to access sustainable finance to achieve their potential.

Our role as a development bank is to counteract the cyclical nature of the mainstream capital markets to develop those that are emerging or underserved. Our approach as a lender or investor is supportive while still being commercial.

We use both General and Financial Transaction Capital (FTC) on behalf of the Welsh Government. The restrictions that accompany FTC mean that the Development Bank of Wales is one of a limited number of public bodies that can make use of this finance. By operating commercially, pricing in line with the wider market, we can structure the funds within repayable models to satisfy the conditions set by His Majesty's Treasury with the ability to fund our operations and recycle or repay capital over the longer term.

Through our regulated subsidiary, FW Capital, we are also able to raise funds from the private sector and bid competitively for fund management contracts, complementing existing sources of capital while building resilience for the future.

Importantly, we maintain a strong presence in all regions allowing customers and stakeholders to benefit from local relationships with people embedded within communities across the whole of Wales. This local presence is an important factor in developing strong stakeholder relationships while maintaining our understanding of regional economic dynamics which is as important as the funding we offer.

Funding for micro to medium businesses

Our core products and services offer continuity of access to finance for micro to medium businesses including smaller property developers. When other sources in the market are retrenching, we take on a counter-cyclical role. Our financial scale, skills, and fund structures are critical in doing this, enabling us to be agile and flexible in the way we respond to the market.

The market gap in any given year is shaped by three factors. The prevailing economic conditions and therefore demand. Inflation which influences metrics such as job creation or property construction and finally the credit risk appetite of other lenders and investors which determines the private sector capital available and impacts co-investment.

We offer a broad range of funding options, from smaller-scale micro lending through to project finance for property development and larger-scale equity for growth. This range ensures we can play an essential role in meeting the continuing needs of businesses including access to patient capital. The quantum and flexibility in our core funding offer, particularly through the Wales Flexible Investment Fund, enables us to create tailored finance packages to suit customers' individual needs, aiding them to start-up and scale-up.

Funding for homeowners

Alongside our core debt and equity products for business, we also support the Welsh Government to manage a number of specialist investment services including over £700 million through the Help to Buy - Wales scheme and two homeowner support schemes, the Leaseholder Support Scheme and Help to Stay, for customers in difficulty as a result of fire safety issues or cost of living impacts respectively.

We also launched Green Homes Wales in October 2024. This is an innovative scheme that helps homeowners in Wales to make energy efficiency improvements to their homes with interest-free loans.



Fund administration services

The Development Bank of Wales is also able to leverage the breadth of skills and experience available within the team to provide portfolio management services for certain of the Welsh Government's strategic investments as well as acting as the public sector equity shareholder in the Welsh Government's infrastructure schemes through the Mutual Investment Model.

Other services

Other services provided by the Development Bank of Wales include Economic Intelligence Wales, our research partnership, Angels Invest Wales our business angel network and the Recovery Support Group, which offers access to expertise for business in difficulty that may include funding support if appropriate.

Investment principles

Our investment principles underpin how we work to support economic development in Wales. They are designed to meet our shareholder's ambitions, taking account the capacity of our operations and market regulation.

- We operate where there is **market failure**, supporting economic opportunity by making finance available to viable businesses and responding to evolving market and customer needs.
- We invest on **commercial terms**, pricing the investment fairly to reflect the risk. This ensures we are not displacing the private sector. It also means we generate returns that can be recycled into new customers, creating a long-term, value for money asset for Wales.
- An exception to this principle can be found in **emergent sectors** such as **green finance** where we have identified a need to incentivise change.
- We are a **patient investor**, providing accessible funding to support the long-term sustainability of the businesses we fund.

- We work in close collaboration with the private and public sector and **crowd-in private sector co-investment** wherever possible to increase the flow of funds in Wales.
- We invest for positive financial and non-financial impact in the regional communities we serve. **Environmental, social and governance** are considerations proportionately embedded in our investment decision-making.
- We are a responsible investor, delivering **expert, independent investment management services**. Our experienced team adds value to the businesses we work with, for the life of the relationship.

Objectives and targets 2022/27

Baseline delivery targets 2022/27

2,200

Support over 2,200 businesses

20,000

Support over 20,000 jobs

£650m

Directly invest over £650 million into Welsh companies

1,900

Fund 1,900 new house builds

**We will deliver on our pledge to the
Welsh Government All Wales Plan
Working Together to Reach Net Zero**



1:1

Target co-investment
on business funds of 1:1



60

Maintain a Customer
NPS® of 60



60

Maintain an Employee
NPS® of 60

NPS® - Net Promoter Score

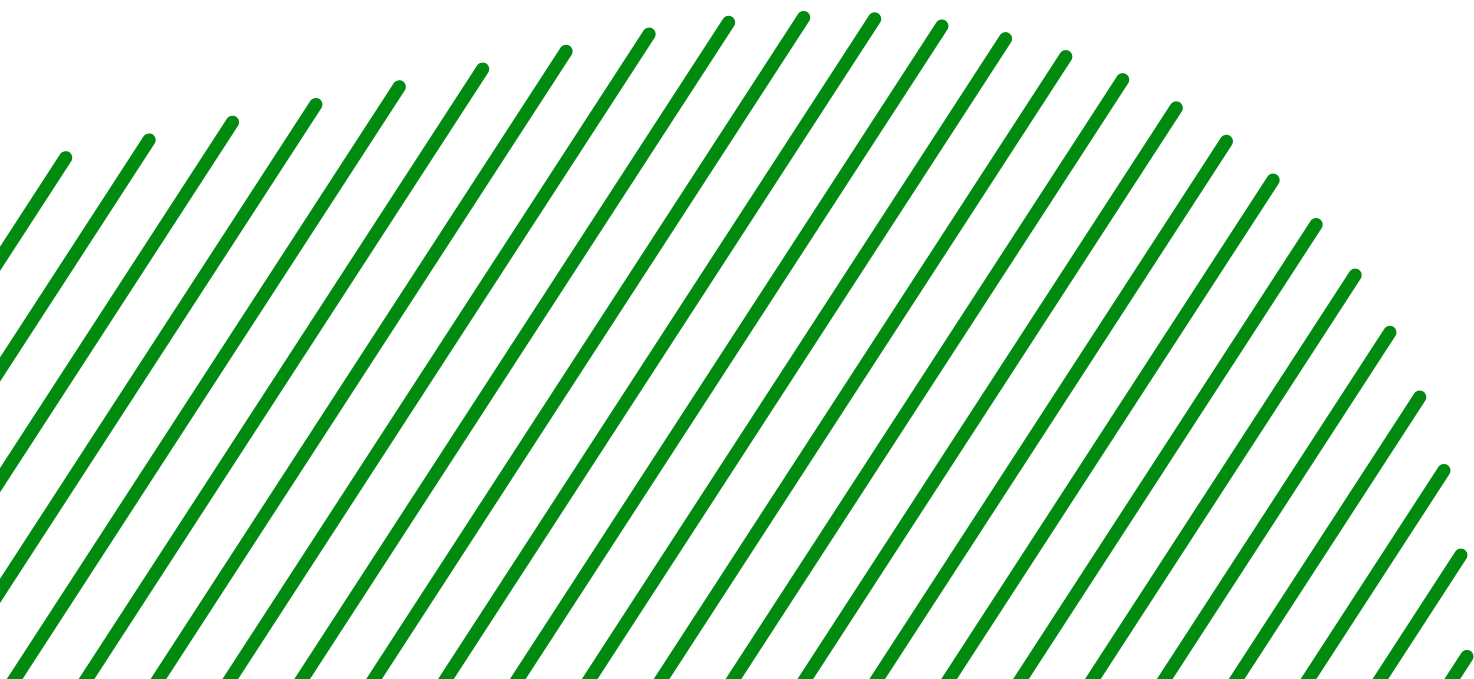


Five-year phase strategic objectives

Core: Deliver debt and equity funding with a social impact	Emergent: Promote and advance a green future in Wales	Operational: Delivery excellence, customer- first, financial sustainability
1. Facilitate an entrepreneurial culture in Wales, from foundational through to high-growth businesses	1. Use our position and influence to promote a robust, proportionate transition to a green future across the business ecosystem in Wales	1. Ensure collaborative and responsive delivery that meets customers’ evolving needs
2. Support financial inclusion for underrepresented groups and create positive impact in the Welsh economy	2. Develop innovative financial instruments to advance the ambitions for a green future in Wales	2. Embed financial sustainability into the long-term through innovative use of capital for ongoing market needs
3. Work with our new and existing customers to encourage them to identify and prioritise social impact opportunities as part of their business planning	3. Continually improve our knowledge, skills and understanding of climate change impacts and the role of finance in delivering solutions	3. Make optimal use of our ability to support the delivery of government policy through our structure and expertise

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Debt and equity	66	66	74	76	79	361
Property	51	59	61	61	58	290
TOTAL	117	125	135	137	138	651

* Numbers have been rounded.



Our funds and services

● Equity and Debt ● Debt ● Equity

Fund	Seed	Early stage tech	Start-up business	Growth	Succession	Property	Fund admin services	Turnaround	One-off energy projects
Business Funds									
Wales Angel Co Investment Fund	£25k - £250k								
Wales Flexible Investment Fund*			£25k - £10m						
Wales Management Succession Fund					£500k - £3m				
Wales Micro Loan Fund			£1k - £100k						
Wales Rescue and Restructure Fund								£50k - £2m	
Wales Technology Seed Fund II	£50k - £350k								
Wales Tourism Investment Fund			£100k - £5m						
Local Energy Fund									£50k - £2m
Property Development Funds									
Wales Commercial Property Fund						£250k - £5m			
Wales Residential Property Fund**						£150k - £10m			
Funding for homeowners									
Help to Buy - Wales							£1k - £50k		
Self Build Wales							% of build cost		
Leaseholder Support Scheme							as required		
Help to Stay							£10k - £150k		
Green Homes Wales							£1k - £25k		
Infrastructure									
Mutual Investment Model							as required		
FW Capital									
North East Property Fund						£250k - £2m			
North East Commercial Property Investment Fund						£1m - £7m			
Northern Powerhouse Investment Fund II			£100k - £2m						
South West Investment Fund			£100k - £2m						
Teesside Flexible Fund				£100k - £3m					
Investment Fund for Wales			£100k - £2m						

*Includes Green Business Loan Scheme.

**Includes Green Development Incentive.



Tirion Homes

Region: Tonyrefail

Funding: £17.5 million

Business need:
Developing property



Tirion Homes is developing 114 new homes in Tonyrefail following our largest ever investment of £17.5 million. The new home developer also benefitted from grants totalling £7 million from Welsh Government.

Investment Director's report

This year's results speak for themselves. Strong numbers in 2024/25 reflect rising demand for funding this year - and the tangible impact that our investment teams are having across Wales, and the North, and South West of England.

Despite fragile business confidence and challenging trading conditions, appetite for investment remains strong. The resilience and ambition of the entrepreneurs and SMEs that we support continues to drive regional economic progress.

Regional reach and impact

We saw a more balanced geographical distribution of funding across North, Mid and West, and South East Wales. Notably, Flintshire and Torfaen recorded sharp increases in deal activity. In Carmarthenshire alone, our team completed 48 deals, including a seven-figure loan to Mentrus Developments for Maes y Teirw - a 21-home eco-friendly development on a former cattle breeding site near Carmarthen.

Debt that drives change

Access to finance remains a key challenge for small businesses. Many are cautious about external debt, especially in uncertain times. That's why our approach to providing funds focuses on simplicity, speed, and flexibility.

We delivered £86.1 million in total debt investment (excluding property), including 308 micro loans averaging £27,700 each. From 2025/26, we'll offer loans up to £100,000 with no arrangement fees to help more businesses scale.

The Green Business Loan Scheme funded 14 businesses with £3.7 million in patient capital for energy efficiency and decarbonisation projects.

The care sector was a standout. We supported 14 providers, helping maintain continuity of care and jobs across Wales. A notable deal saw Basanta Nepal and Bishwa Tara Ghimire secure funding to acquire Cherry Tree Care Home in Caldicot - building on their earlier acquisition of Danygraig Nursing Home in Newport that we also part-funded.

Equity investment: strong despite market headwinds

In a challenging year for the UK equity market, we delivered £18.7 million in equity investment across 36 Welsh businesses. Regional shifts and sector trends - especially in cleantech - are reshaping the landscape.

To give fast-growth businesses more flexibility, we have introduced mezzanine funding as a hybrid option. We completed four deals totalling £4.3 million, including £1.2 million in equity and debt for Stable, a Cardiff-based technology company, to fuel growth and innovation.



Property: building for demand

Residential demand is high, but the commercial property market remains subdued.

However, we delivered £48 million in property development funding - up 26% from last year - supporting 24 developments, 390 new homes, and 2,626 sq. ft of commercial space. Of the residential homes delivered, 125 were affordable homes.

Our new Wales Residential Property Fund now offers loans between £150,000 and £10 million, with up to 100% of build costs and terms of up to four years. The £117 million fund is fully recyclable and expected to unlock £770 million in total investment by 2039, supporting 4,450 new homes. The Green Development Incentive is entering its second phase, offering £60 million in low-cost loans for energy-efficient homes.

As our remit continues to evolve, we're also now supporting more homeowners. The Green Homes Wales pilot, launched in October 2024, is already making an impact with over 394 applicants seeking funding from us to improve the energy efficiency of their homes.

FW Capital: expanding access, driving growth

FW Capital continues to grow its presence across the North and South West of England as well as all of Wales. In 2024/25, we delivered 186 loans worth £44.4 million, safeguarding or creating 1,056 jobs.

We had the official launch of the Teeside Flexible Investment Fund in April 2024, and in Wales, more than £8 million has now been deployed via the Investment Fund for Wales, since the time of its launch by the British Business Bank in November 2023.

Other key highlights:

- NPIF II – FW Capital Debt Finance reached £19 million, with strong demand in the Liverpool City Region.
- The South Yorkshire Debt Fund, backed by the South Yorkshire Pensions Fund, is now supporting SMEs in Barnsley, Sheffield, Doncaster, and Rotherham with loans of up to £2 million.

Our North East property fund fell short of expected investment levels but remains

ahead of the cumulative investment target. This is the result of a combination of higher levels of investment in prior years utilising available capital, and market volatility leading to some schemes requiring longer repayment terms and changes in commercial terms. Demand remains high and capital availability gives confidence that investment will return to expected levels in 2025/26.

Looking ahead

In 2025/26, we're focused on improving productivity and efficiency across the business. The launch of our new customer portal will give our customers faster, effective access to the funding that they need to start, grow, and succeed.

We have an exceptional team united by a shared purpose - to make a difference. I'm proud of what we've achieved, and even more excited for what is ahead of us.

Together, we're building a stronger, greener, and more resilient future for Wales and beyond.



Mike Owen
Group Investment Director

05 September 2025





Stable

Region: Cardiff

Funding: £1.2 million

Business need:

Growing a business



Cardiff-based technology consultancy
Stable is accelerating its growth and innovation strategy with an equity and debt investment from the Development Bank.

Progress against our strategic objectives 2022/2027

Core: Deliver debt and equity funding with social impact

Our core objective is to facilitate an entrepreneurial culture, support financial inclusion and prioritise social impact.

Rising costs and ongoing geopolitical challenges are directly affecting most businesses in Wales. Our ability to adapt the mix and composition of our funding is therefore more important than ever as we respond to changing market conditions.

	Number of investments in 2024/25	Value of investments in 2024/25
Starting a business	102	£2.6 million
Growing a business	338	£59.7 million
Tech venture	34	£8.2 million
Succession	62	£34.2 million
Property	24	£47.6 million
Total	560	£152.4 million

Regional splits

North Wales	
SME population (%)	24.4%
Number of investments (%) 2024/25	20%
Number of investments (%) 2023/24	20%
Value of investment (%) 2024/25	21%
Value of investment (%) 2023/24	23%
Mid and West Wales	
SME population (%)	33.3%
Number of investments (%) 2024/25	30%
Number of investments (%) 2023/24	31%
Value of investment (%) 2024/25	32%
Value of investment (%) 2023/24	44%
South East Wales	
SME population (%)	42.3%
Number of investments (%) 2024/25	50%
Number of investments (%) 2023/24	48%
Value of investment (%) 2024/25	46%
Value of investment (%) 2023/24	34%



This is data from the last FY and data for the period of the corporate plan 2022/27.

* Source: <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Businesses/Business-Structure/Headline-Data/enterprises-by-sizeband-area-year>



Mentrus Developments

Region: Carmarthen

Funding: Seven-figure loan

Business need:
Developing property



Work started on phase two of 'Maes y Teirw,' a residential development of 21 eco-friendly homes near Carmarthen, following a seven-figure loan from the Development Bank of Wales.

Debt

Our headline investment figure of £152.4 million included loans totalling £86.1 million for 484 different businesses.

Flexible loans of up to £10 million are available to support the full business lifecycle from start-ups and growth, through to succession transactions including employee buy-outs. Green Business Loans are also an important part of our offering with discounted interest rates available for businesses to undertake decarbonisation projects as part of our commitment to promoting a green economy in Wales.

With an average deal size of £27,700, we delivered 308 micro loans totalling £8.5 million. 62 of these loans were processed via our fast-track system, allowing small businesses and sole traders who have been trading for more than two years to receive a decision on funding within 48 hours.

Moving forward, customers will be able to access fast-track micro loans up to £100,000 with enhanced terms that now include no arrangement fees. We have also strengthened the team with the appointment of three new Investment Executives to ensure that we have sufficient resource to meet customer demand in every corner of Wales.

Equity

Equity funding is a powerful tool for fuelling business growth and increasing productivity but investor caution and tighter capital, along with less appetite for risk, means that the UK-wide downturn in the equity market has continued into 2025. In fact, according to Beauhurst, Q1 2025 saw a 6% decline in the volume of equity deals compared to Q4 2024.

Wales bucked this trend with an increase in equity funding from £12.2 million in 2023/24 to £18.7 million in 2024/25. £8.2 million of this funding went to 34 early-stage tech ventures, attracting co-investment of £8.6 million.

This is encouraging as equity funding helps to drive entrepreneurship, create employment opportunities and propel economic growth. It also provides an important resilience to the Welsh economy and acts as a facilitator for attracting more institutional investment in Wales.

Amped PCR, based in Powys, is a good example of a start-up backed by the Development Bank of Wales that has also attracted funding from specialist tech investors based outside of Wales. A £350,000 equity investment by us in 2024 for the tech company to advance its innovative DNA testing system attracted a further £185,000 from London-based SFC Capital. It's deals like this that help to get Wales on the radar of venture capitalists and private equity funds.

We continue to champion local investment as a catalyst for regional prosperity. As set out in the UK Government's Pension Investment Review, unlocking pension funds for local use can generate long-term value and boost growth.

Be it creating jobs, improving productivity or raising living standards, local investment changes lives. This is demonstrated by the £25 million Wales Management Succession Fund. Financed by Welsh Government and the Clwyd Pension Fund with a £10 million equity investment, the fund invested £4.2 million in 2024/25 with four Welsh businesses using the equity and debt funding to enable management teams to buy-out owners moving on to new challenges or retirement.

This included Swansea-based Afon Engineering. Run by the same family for the last 40 years, a new management team has taken on the company in an equity funded management buy-in that completed in November 2024. A £2.5 million mixed equity and debt investment, via the Wales Management Succession Fund and the Wales Flexible Investment Fund helped make this happen. It's a win-win that results in real value for business owners and the economy at large.

Property

With rising house prices in Wales and a clear directive from Welsh Government to support the delivery of more sustainable housing across Wales, the residential market indicators are broadly positive. Greater stability in mortgage markets is also helping to improve buyer confidence and increase sales demand.

We recorded a 26% increase in funding for property development projects in the last financial year ending 31 March 2025 with £48 million compared to £38 million in 2023/24.

The specialist property team provided funding to 23 property businesses working on 24 new developments with 390 new homes delivered, 125 of which were affordable. Private sector co-investment totalled £14 million.

The commercial property market continues to be challenging with limited demand for office space. However, our funding did support 2,626 sq. ft of commercial space during the year.

Our property team was named 'Funder of the Year' at the Insider Wales Property Awards in June 2024 before they went on to complete the largest ever investment made by the Development Bank of Wales - £17.5 million for Tirion Homes to deliver Parc Eirin. This major low carbon mixed-tenure residential scheme near Tonyrefail will offer 114 homes with an EPC A-rating. The development will be split for sale and rental across the open market and social rentals.

Moving forward, developers of residential and mixed-use property developments in Wales can now access up to £10 million in finance for both speculative and non-speculative developments.

Funded by the Welsh Government, the Wales Residential Property Fund now offers SME developers clear and easy access to flexible loans ranging from £150,000 to £10 million with repayment terms of up to four years and up to 100% of build costs. The £117 million fund is fully recyclable so is expected to have a total investment impact of £770 million by 2039, providing certainty of funding to the market, and will support the construction of 4,450 new homes. It merges the funds previously available under the Wales Property Development Fund and Wales Stalled Sites Fund.

A second phase of the Green Development Incentive is also being made available, offering discounted rates for housing projects that deliver more thermally efficient and lower carbon homes in Wales. The incentive will provide £60 million of lower cost loans over the next two years.

These changes will make accessing essential funding even easier for developers and help increase the supply of affordable, good quality housing.

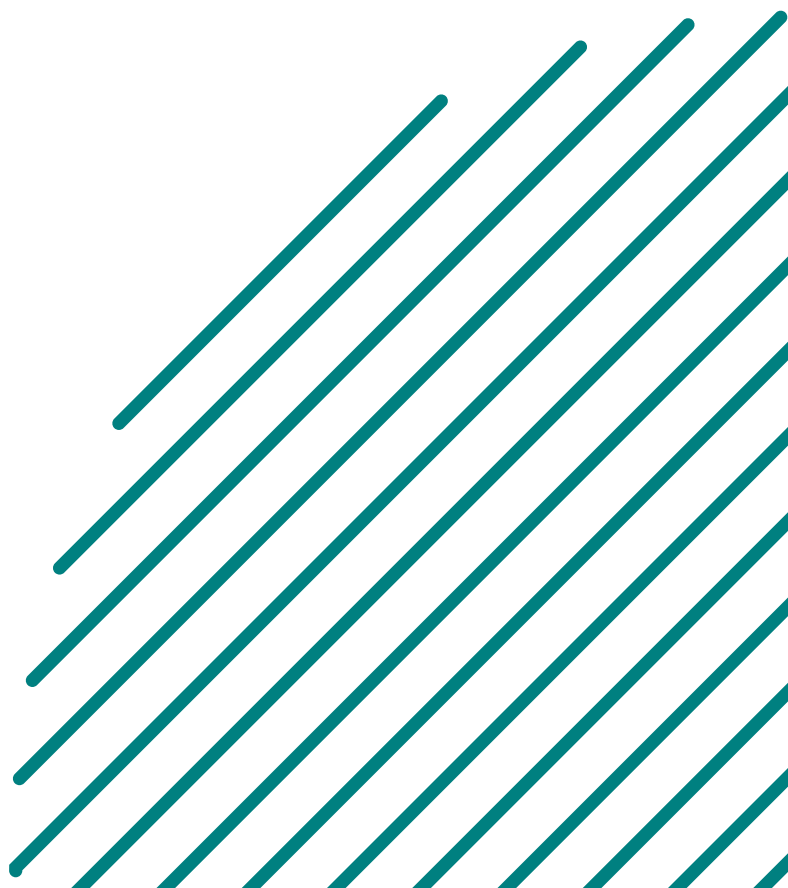
Support for homeowners

Launched in October 2024, Green Homes Wales is a Welsh Government initiative, managed by the Development Bank of Wales, designed to support eligible homeowners in making energy efficient improvements to their homes. The Scheme offers both interest free financing and fully funded expert support, helping homeowners to save money on energy bills and reduce carbon emissions.

Having received 3,600 expressions of interest and 394 applications for funding, we are able to offer expert guidance from a retrofit coordinator, flexible financing with interest free loans of up to £25,000 and access to grant funding for specific energy efficiency measures.

Meanwhile, the smooth integration of our new loan administration system for Help to Buy - Wales, means that we can now support over 14,000 accounts with full regulatory compliance as we continue to help first-time buyers and existing homeowners to buy a brand-new home in Wales.

Our Help to Buy - Wales team has now processed 16,555 applications, 14,792 completions and 7,220 redemptions, giving a total investment of £595 million. 84% are first time buyers while Help to Stay Wales is helping those facing financial hardship with additional funding of £2 million secured to March 2026.



Angels Invest Wales

As the biggest angel network in Wales, Angels Invest Wales has been working to diversify the sources of deal flow opportunities and engage a wider investor base.

Despite a backdrop of limited liquidity and confidence on the part of investors, the team did facilitate angel investment of £3.1 million in 2024/25 and deployed £2 million from the Wales Angel Co-investment Fund to match funding from 140 individual syndicate investors into 15 different businesses.

The Women Angels of Wales (WAW) syndicate now has more than 50 female angel investors, and the group completed two deals during 2024/25. This included 15 of the investors joining a £2.85 million raise, alongside co-investors Collateral Good and Knop Ventures, to help fund the growth of Flintshire-based Polytag. Lead investor Rachel Ashley led the WAW syndicate with a combined investment of £100,000 that was match-funded with £100,000 from the Wales Angel Co-investment Fund. The investment went on to win 'Small Business Deal of the Year' category at the 2024 Business Insider Dealmakers Awards and was named as the best 'Woman-Led Investment in Innovation' by the UK Business Angels Association in July 2025.

FW Capital

As the FCA authorised fund management arm of the Development Bank of Wales Group, FW Capital is continuing to strengthen its presence across the North and South West of England as well as all of Wales. In 2024/25, we provided 186 loans totalling £44.4 million, supporting the creation or safeguarding of 1,056 jobs.

FW Capital now has funds of £440 million under management. Working closely with Local Authorities, business support agencies, intermediaries and other funders, the team has established a strong business network across the UK.

Flexible loans are helping businesses to grow as FW Capital grows in both England and Wales. Key highlights of 2024/25 include:

- NPIF II - FW Capital Debt Finance has now reached £19 million, with particularly strong demand in the Liverpool City Region.
- The official launch of the Teesside Flexible Investment Fund in April 2024. Designed by FW Capital with investment from the Teesside Pension Fund, the £20 million fund is tackling identified funding gaps in the region.
- In Wales, over £8.7 million has already been invested through the Investment Fund for Wales since its launch by the British Business Bank in November 2023.
- The South Yorkshire Debt Fund, supported by the South Yorkshire Pensions Fund, is providing loans of up to £2 million to SMEs across Barnsley, Sheffield, Doncaster, and Rotherham.

While commercial market sentiment remains cautious, our pipeline is robust, and our property funds in the North East continue to deliver strong performance.





ThinkEDI

Region: Caerphilly

Funding: Undisclosed

Business need:
Growing a business



A micro loan has allowed ThinkED to create an app which collates, measures and tracks diversity and inclusion data for employers.

Emergent: Promote and advance a green future in Wales

SME businesses account for around half (50%) of UK business-driven emissions, with significant opportunities to improve their productivity through energy switching and efficiency measures.

2024/25 saw us making good progress in line with our objectives to promote a robust and proportionate transition, develop innovative financial instruments and ensure continual learning of climate change impacts.

Responsible investment

We are committed to strengthening our role in financing the transition to a more resilient and inclusive economy.

In the past year, we have undertaken a comprehensive update of our Responsible Investment Policy, reinforcing our commitment to aligning capital allocation with long-term sustainable economic growth. To support this, we have developed our internal functions across governance, strategy, management, and measurement.

These enhancements are designed to embed sustainability considerations more deeply into decision-making processes, ensuring a robust framework for assessing environmental, social, and governance (ESG) risks and opportunities.

Climate finance collaboration

As part of our ongoing commitment to support the UK's net-zero transition, we have collaborated with Project Perseus and the Bankers for Net Zero (B4NZ) initiative to advance climate finance solutions tailored for SMEs.

These partnerships have focused on enabling better emissions data collection and more effective deployment of green financing tools. The work is aligned with the Willow Review on the financial benefits of sustainability for SMEs and has informed our approach to addressing barriers SMEs face in accessing climate-related funding.

The findings underscore the importance of policy coherence, data transparency, and scalable support models in fostering SME climate resilience across the UK economy.

Green Business Loans

The Green Business Loan Fund can be used to help finance energy efficiency measures that reduce emissions and cut energy costs. By way of example, Bwydydd Oren Foods is a fruit and veg wholesaler based in Gwynedd that has installed solar panels. They were funded by a loan of £60,000.

14 Green Business Loans were made in 2024/25 totalling £3.7 million. Offering discounted interest rates on loans up to £1.5 million, this fund is helping businesses to undertake decarbonisation projects as part of our commitment to promoting a green economy in Wales.





Black & Beech

Region: Cardiff

Funding: £60,000

Business need:
Growing a business



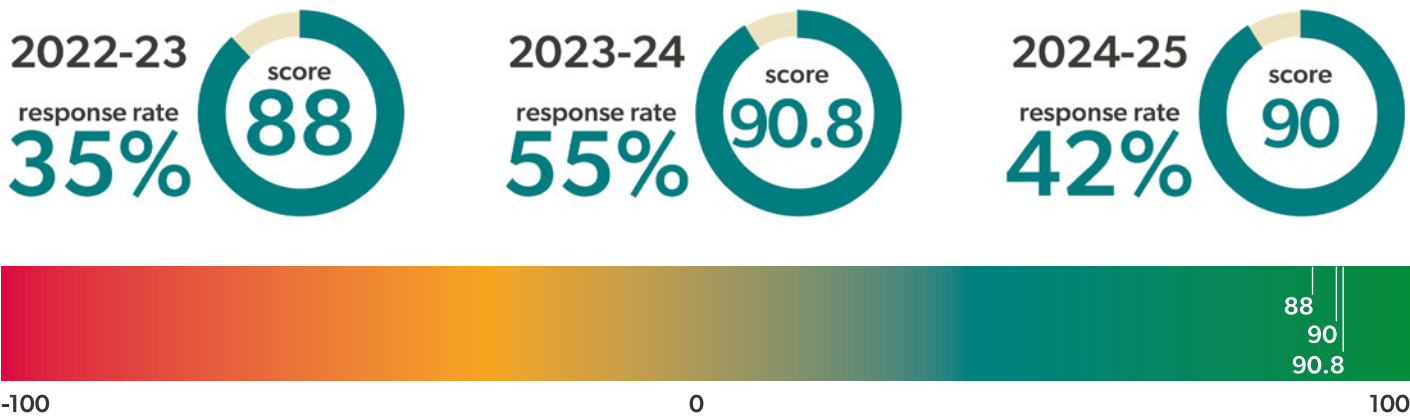
Black & Beech, a Cardiff-based online sustainable fashion retailer, is expanding with a range of ethically-sourced clothing and eco-friendly accessories thanks to a loan of £60,000.

Operational: Delivery excellence, customer first, financial stability

Collaborative and responsive delivery, innovative use of capital and support for government policy all underpin our commitment to delivery excellence.

We continue to work closely with the Welsh Government to directly support the development and delivery of their economic ambitions and policies.

Our customer Net Promoter Scores



Economic Intelligence Wales

Economic Intelligence Wales collates and analyses data on the Welsh finance market, enriching understanding of the Welsh economy.

Bringing together economic statistics and SME research, the service is a unique research collaboration between the Development Bank of Wales, Cardiff Business School, Bangor Business School, the Enterprise Research

Centre, and the Office for National Statistics. Its research provides insight into the supply of, and demand for, finance in the market within the broader Welsh economic context.

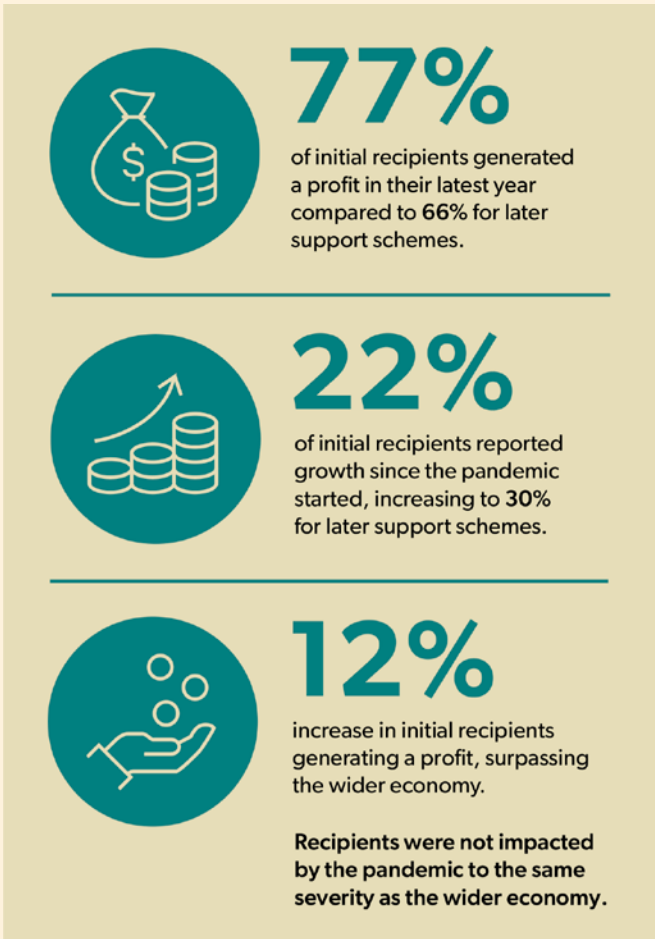
Representatives from the five organisations as well as from the Welsh Government form the Economic Intelligence Wales steering group which guides the research agenda, sets scopes for projects, and reviews and approves research outputs for publication.



Two quarterly reports and an annual report were published during 2024/25 along with:

Covid-19 Welsh Government
Financial Interventions

The final report on Covid-19 Welsh Government financial interventions was published in May 2024 and identified the following key benefits of the funding:



Wales SME Access to Finance

The first joint report between Economic Intelligence Wales and the British Business Bank in May 2024 included the following high-level results on Wales SME Access to Finance:



Events

Economic Intelligence Wales held a series of events in 2024/25 to share the outputs of its research. These included regular briefing events in partnership with the Federation of Small Businesses (FSB) Wales for Senedd Members and external stakeholders, and a joint event with the British Business Bank to disseminate the results from our first joint research project.

Digital transformation

We hope that the development of our new customer portal will deliver a ‘best in class’ digital experience for customers of the Development Bank of Wales. Due to be introduced in the early part of 2025/26, our user-friendly online portal will reduce the turnaround times for applications and drawdowns, improve efficiency by automating repetitive tasks and provide better data for decision-making and compliance.



Country House Childcare

Region: Flintshire

Funding: Undisclosed

Business need:
Growing a business

We provided Caroline Aindow with a six-figure loan to transform her home into a new nursery for 60 children that is surrounded by nature.

Impact investment report

Measuring success

We ask our customers to share information that can help us understand our socio-economic impact in Wales. Each year, we take a sample of this information to measure and evaluate this impact via established metrics. Metrics used are aligned with the UN Sustainable Development Goals, the Well-being of Future Generations (Wales) Act 2015, and the Welsh Government’s policy priorities.

It is important to note that these metrics are not key performance indicators for our activity, and the reporting in any given year is heavily shaped by the market, the individual fund investment profiles and how long a reporting business has been a customer. We do, however, use the data to inform investment policy and action plans; promoting best practice and adding value wherever possible.

Data in the report comes from a mix of customers across a range of sizes, sectors and regions, including those reporting for the first-time and businesses which have been in our portfolio for a number of years.

Our methodology and definitions for impact metrics are disclosed on our website: <https://developmentbank.wales/about-us/performance-and-impact>

A prosperous future

By providing funding to underserved markets, we’re helping businesses create employment opportunities, enabling people to access employment opportunities and wealth generated by businesses in the communities in which they are based. In 2024/25:



£405m

We contributed £405 million net jobs-based GVA to the Welsh economy in 2024/25

High level metric	Data highlight	Regional summary	
56% Of jobs created as reported by our customers were in median to high pay roles	88% Of jobs created by our equity customers were in median to high pay roles	North Wales Mid & West Wales South Wales	67% 58% 47%
7% Productivity increase achieved by our customers over the year	21% Productivity increase achieved by our smallest customers	South Wales North Wales Mid & West Wales	14% 9% -1%
8% Of our customers were exporting during the year	24% Of our manufacturing customers export	South Wales North Wales Mid & West Wales	8% 7% 6%

Innovation and technology

Investing in businesses that innovate creates highly skilled employment opportunities at the cutting edge of technology. Supporting more traditional businesses to adopt new technologies makes them more competitive and productive because they are using resources more efficiently and proportionately.

In 2024/25:

High level metric	Data highlight	Regional summary	
36% Of our customers were undertaking innovation or digitalisation activity	84% Of our Equity customers were undertaking innovation or digitalisation activity	North Wales	41%
		Mid & West Wales	36%
		South Wales	31%

Community and place

Investing in businesses that reflect the diversity of the communities we serve, helps make our society more equal, inclusive and cohesive. Investing in improvements to where people work and live promotes health and well-being.

In 2024/25:

High level metric	Data highlight	Regional summary	
52% Businesses we supported in the year had women owners/directors/shareholders	30% Owners/directors/shareholders we supported in 2024/25 were women	% of businesses with women owners/directors/shareholders:	
		North Wales	60%
		Mid & West Wales	55%
		South Wales	47%
10% Businesses we supported in the year had ethnic minority owners/directors/shareholders	8% Owners/directors/shareholders we supported in 2024/25 were ethnic minorities	% of businesses with ethnic minority owners/directors/shareholders:	
		South Wales	13%
		North Wales	10%
		Mid & West Wales	6%
5% Businesses we supported in the year had owners/directors/shareholders under 25	5% Owners/directors/shareholders we supported in 2024/25 were under 25	% of businesses with owners/directors/shareholders under 24:	
		South Wales	6%
		North Wales	5%
		Mid & West Wales	3%
10% Productivity increase by businesses located in the top decile of the Wales Index for Multiple Deprivation			



Tuffking

Region: Swindon

Funding: Six-figure loan

Business need:
Growing a business



Safety footwear manufacturer Tuffking used funding from the South West Investment Fund to create nine jobs, expand its client base and invest in their new UK manufacturing facilities.

Section 172 (1)

S172 (1) of the Companies Act 2006 requires a director of the company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its stakeholders.

In doing so, S172 (1) requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term
- interests of the company's employees
- need to foster the company's business relationships with suppliers, customers, and others
- impact of the company's operations on the community and environment
- desirability of the company maintaining a reputation for high standards of business conduct and
- need to act fairly between members of the company

In discharging its S172 (1) duties, the Board has regard to the factors set out above. The Board also has regard to other factors which it considers relevant to the decisions it makes. The Board acknowledges that not every decision it makes will necessarily result in a positive outcome for all the Group's stakeholders. By considering the Group's purpose, mission and values together with its strategic priorities and having a process in place for decision-making, the Board does, however, aim to make sure that its decisions are consistent.

The Board delegates authority for the day-to-day running of the business to the Chief Executive Officer and to senior management to set, approve and oversee execution of the Group's strategy and related policies. The Board, acting on its own account and through its committees, reviews matters relating to financial and operational performance; business strategy; principal risks; stakeholder-related matters; compliance; and legal and regulatory matters, over the course

of the financial year. This is supported through the consideration of reports and presentations provided at Board meetings and regularly reviewing aspects of the Group's strategy.

Engaging with the Group's stakeholders is vital to the way the Group runs its business and is an important consideration for the Directors when making relevant decisions.

Corporate plan 2022 - 2027

Our corporate plan for the five-year period from 1 April 2022 to 31 March 2027 sets out how we will fulfil our mission of unlocking potential in the Welsh economy by increasing the supply and accessibility of sustainable, effective finance. It outlines our five-year strategic objectives as delivering debt and equity funding with a social impact; promoting and advancing a green future in Wales; and delivery excellence, customer first, financial sustainability.

As an impact investor with ESG at the foundation of our delivery, the Development Bank of Wales' role is to translate Welsh Government policy into practical funding solutions. We are confident we will continue to successfully deliver against our corporate plan targets as we remain firmly focused on collaborative, long term and expert delivery to fuel ambitions across Wales.



Engaging with stakeholders

The Group has a number of stakeholder groups with whom it actively engages. Listening to, understanding and engaging with these stakeholder groups is an important role for the Board in setting strategy and decision-making. The Group recognises its obligations and requirements to be a well-controlled financial services business, compliant with regulation and delivering good customer outcomes.

Working in partnership with stakeholders has been a core value that remains at the heart of our refreshed brand and corporate plan for 2022/27. Our values emphasise how we work with others and have been reflected in our competency framework:

- Smart collaboration
- Entrepreneurial energy
- Objective empathy
- Conscious responsibility

Events and sponsorship

We have continued to invest in our outreach programme, engaging with a broad range of stakeholder events and sponsoring initiatives that align with our strategic priorities.

Our ongoing support for the Entrepreneurial Women Advisory Panel has included implementing key actions from the Good Practice Guide, helping to drive progress in gender equality and inclusive entrepreneurship.

As one of the main sponsors of FinTech Wales' Show Her the Money event, we reinforced our commitment to supporting women in finance. We also proudly supported PRIDE Cymru - Wales's largest celebration of equality and diversity - as part of our ongoing efforts to enhance our support for the LGBTQ+ community.

Additional stakeholder engagement included participation in events hosted by the Institute of Directors, Federation of Small Businesses, ScaleUp Institute, CBI Wales, North Wales Tourism Awards, 4theRegion, Young Enterprise, Cardiff Capital Region, and MediWales.

Our Board members regularly attend key strategic events to maintain strong, direct engagement with stakeholders.

Our customers

As a responsible investor, we measure our impact with mechanisms that are aligned with the UN Sustainable Development Goals, the Well-being of Future Generations (Wales) Act 2015 and the Welsh Government's Calls to Action.

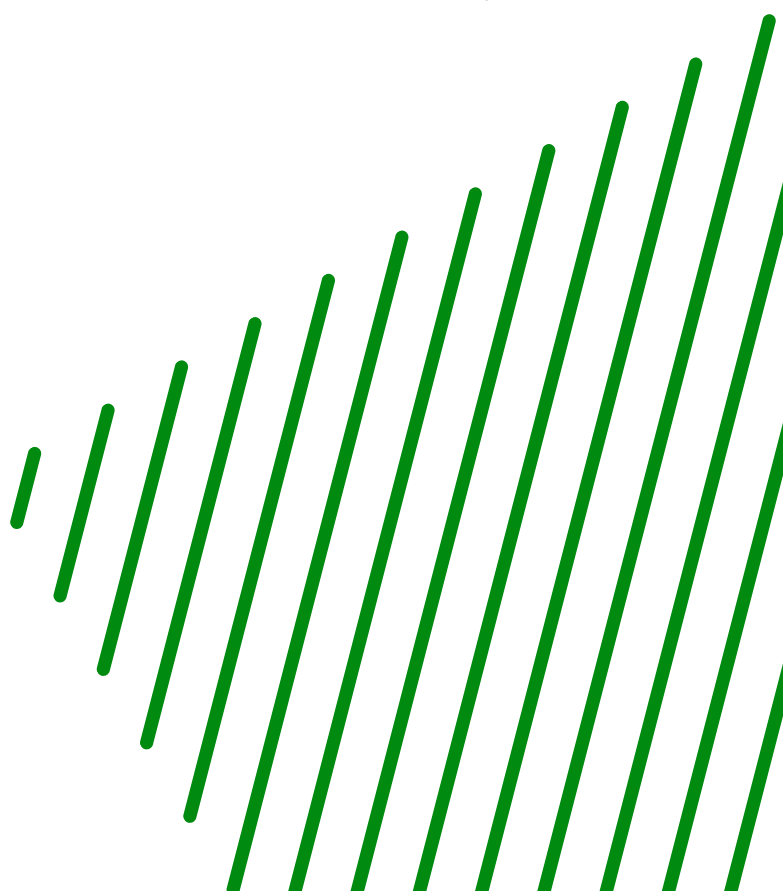
Balancing financial returns with social impact, we have developed four impact themes which the Board approved:

- A prosperous future
- Community and place
- A sustainable future
- Innovation and technology

We continue to invest in our programme of digital transformation with the aim of enhancing value and making sure that we continue to meet our customers' evolving needs.

Net Promoter Score is now our standard measure of customer satisfaction. The results of the 2024/25 surveys for both our Wales investments and FW Capital track customer feedback on all micro loans, larger debt, equity, technology ventures and property deals in Wales together with all transactions completed by FW Capital.

This combined score of 90 places our service levels in the top quartile. The feedback is now being used to further enhance customer experience and provide a benchmark for the new financial year.



Our environment

In 2024/25 we have made significant progress in delivering our corporate sustainability strategy, supporting standards and innovation in sustainable finance that enable our customers to drive value creation through transitioning to sustainable practices. Highlights include:

- Updating our Responsible Investment Policy, providing a framework for our approach to portfolio governance, strategy, management and impact measurement to drive sustainable economic development.
- Delivering innovation projects in SME climate finance and trialling UK standards for transition planning and automated energy reporting systems. This will enable SMEs to identify where climate action can support value creation, while driving down business burden.
- Reviewing our approach to responsible investment assessments, providing training for staff and delivering cost efficiencies.

Our communities

Our purpose is to bring ambitions to life and fuel possibilities for people, businesses and communities. Our charity and volunteering work is an important part of this.

In 2024/25, we raised an impressive £57,870 for our charity of the year, the British Heart Foundation.

Our fundraising initiatives saw colleagues take part in the 96-mile West Highland Way Walk, Great North Run, Berlin Marathon, Cardiff Half Marathon and the Liverpool Santa Dash along with Endure24 and the Run/Walk/Cycle for Hearts challenge. We also held charity balls in Cardiff and Newcastle, a golf day, a quiz, and coffee mornings along with a 50/50 employee lottery every month.

For the eleventh year running, colleagues donated Christmas presents to 120 children and young people through the charities NSPCC and Barnardo's, and we supported Pregnancy in Mind with hamper items.

Our teams also carried out volunteering for third sector organisations in our local communities. This included Llamau, NSPCC, Bute Park (Cardiff), Bryngarw Country Park (Bridgend), and Moss Valley Park (Wrexham).

Our suppliers

We are proud of the strong and beneficial relationships that we have with our suppliers.

We adhere to the Prompt Payment Code, and in Wales we have successfully used the Welsh Government procurement portal Sell2Wales throughout the year to source suppliers. We have also accessed government framework contracts to support our own growth and our ongoing digital transformation programme.

The Board received regular updates on the Group's principal procurement activities through the monthly executive management report and policy updates from the Audit and Risk Committee.

Our shareholder

Our sole shareholder is the Welsh Government. We work closely with elected representatives and senior officials to deliver policy priorities and aspirations as set out in our Term of Government remit letter. The Welsh Government attends the Development Bank of Wales Board meetings in an observer capacity.

As the 'entrusted' entity through which the Welsh Government places funds for investment and return, we comply with the standards, guidelines, and governance principles applicable to public service organisations that are funded by the Welsh Government.

Our Chair and Chief Executive Officer meet periodically with the Cabinet Secretary for Economy, Energy and Planning and her officials, and the relationship is managed by the Welsh Government Partnership Team.



Annual scrutiny sessions are held through invitation from the Senedd's Economy Trade and Rural Affairs Committee. In 2023/24 the committee held an inquiry into the Development Bank Of Wales in place of annual scrutiny under the following terms of reference.

- The overall performance of the Development Bank of Wales since it was established in 2017, including areas of success as well as any areas of under-performance.
- The extent to which the Development Bank of Wales has met the specific objectives as set out in The Development Bank of Wales - a strategic asset for a more prosperous Wales, published in July 2017 and in the 'Term of Government remit letter' for the Development Bank of Wales published in November 2021.
- Exploring examples of global best practice and to understand how the Development Bank of Wales compares with other similar sized development banks - in terms of scale of funds, types of support provided and impact etc.

The committee published its report¹ in July 2024 and put forward a series of recommendations to which the Minister and his officials responded². Many of the recommended actions are underway and the committee has been kept informed of progress.

Our colleagues

To achieve our ambitions and deliver on our purpose, we have worked to maintain a culture and environment in which our colleagues can thrive and learn.

We encourage and support colleagues to develop their career with 49% of our recruitment drives being filled by internal candidates during 2024/25. A structured career development path for colleagues has been implemented, resulting in 11 promotions during the year. This is a key driver in attracting and retaining the right people to deliver the future growth of the organisation.

Our training is delivered online and face-to-face in line with our hybrid working policy. We delivered 1,699 days of training during 2024/25. This equates to an average of six days training per colleague.

We were proud to have been named in the top 30 of the UK's Best Workplaces™ list and UK's Best workplaces for Development™ as published by Great Places to Work. This analysed our feedback from a survey that looked at colleagues' experiences, company values, and leadership effectiveness across departments and seniority levels.

Equality, Diversity and Inclusion

Our policies are designed to provide equality of opportunity for all colleagues, regardless of age; disability; gender; gender reassignment; marital and civil partnership status; pregnancy and maternity; race; religion or belief, or absence of religion or belief; sexual orientation or trade union affiliation.

We demonstrate our commitment to equality, diversity and inclusion in our recruitment strategies. As a result, 20.8% of our new starters during the year came from ethnic minority groups which is significantly above the national average of 6%.

At the end of this financial year, 8.3% of our colleagues were from Black, Asian, and Minority Ethnic backgrounds compared to 7.5% in 2023/24. We work with all colleagues, including those with disabilities (3.8%) and adapt work practices where necessary to support productivity and engagement.



Giles Thorley
Chief Executive

05 September 2025

1. [Development Bank of Wales](#)

2. [Eich cyf](#)



Origin Control Solutions

Region: Preston

Funding: Six-figure loan

Business need:

Growing a business

Specialising in smart buildings and remote monitoring solutions, Origin Control Solutions used funding from the Northern Powerhouse Investment Fund II to accelerate growth through further research and development.

Risk management



Risk management

We recognise that effective management of key risks is essential to meeting our business objectives and to achieving sustainable growth. These key risks need to be identified, understood, and appropriately addressed, to safeguard our customers, stakeholders, and the environment.

Role of the Board, and Audit and Risk Committee (ARC)

The Board has overall accountability and responsibility for the management of risk within the Group and supports the implementation of a framework of effective controls which enables risk to be assessed and managed. ARC supports the Board as the “tone from the top” is key to the Board’s role in promoting a positive risk culture. The Board also approves the Group’s risk tolerances to define acceptable levels of risks in pursuing our strategic objectives and ensure a sound decision making framework.

Role of management and colleagues

The Senior Management Team (SMT) implements the Development Bank of Wales’ Risk Management and Assurance Policy and informs the Board of emerging or changing principal risks. SMT ensures effective risk practices across the Group. All colleagues also share responsibility for identifying, managing, and mitigating risks in their areas.

Risk management framework and the “three lines of defence” model

Our risk management framework has been designed to align to the size, scale and complexity of the Group. The Risk Management and Assurance Policy sets out our approach to governance, risk management and assurance activity using the “three lines of defence” model, recognised as an industry standard for sound risk management practice. The risk management framework, including

the Group’s principal risks, is reviewed, and approved by the Board annually, and if required, more frequently to ensure evolving risks are captured effectively and efficiently.

The first line of defence comprises operational teams, procedures and controls. The second line comprises the compliance team and the Group subsidiary boards who provide assurance through oversight of operational team activities. The third line of defence comprises the independent assurance and audits completed by Internal and External audit.

Risk culture

A positive risk culture supports the Group in achieving its stated purpose and objectives at acceptable risk, reflected in how the Board and colleagues approach risk awareness, risk taking and risk management. Personal accountability is key. Colleagues are expected to manage risks within their respective business areas, supported by a suite of policies, procedures and guidance. An example of this is the reporting of incidents and “near misses”. The first and second lines of defence collaborate to manage the Development Bank of Wales’ risk profile, with the second line maintaining operational independence by providing risk management guidance, overseeing control responsibilities and constructively challenging the first line approach to risk management.





Principal risks

The principal risks to the achievement of the Development Bank of Wales' strategic objectives are defined by the Board and are set out below.

There are four risk ratings:

- Negligible
- Low
- Moderate
- High



Paralloy

Region: Teesside

Funding: Seven-figure loan

Business need:
Growing a business

Teesside stainless steel alloy specialist and manufacturer Paralloy Group used a seven-figure loan from the Teesside Flexible Investment Fund to help scale-up to meet the growing demand from industrial markets.

Failure to deliver the Development Bank of Wales corporate plan and commitments to our stakeholder		
Principal risk category	Strategic	
Rationale	Pre-control rating	
The Bank continues to grow against a backdrop of changing market expectations, and the broader macroeconomic and political climate, presenting challenges to the ongoing delivery of stretching targets.	High	
Mitigations	Post-control rating	
The delivery of the Group’s business case relies on a robust governance model with clearly defined objectives, supported by a comprehensive suite of management information. Board members and our shareholder receive regular performance updates in respect of both core business and project work. We work closely with the Welsh Government Partnership Team, other Welsh Government departments and other stakeholders on delivery of the current plan and new fund initiatives	Low	
Change in Risk		
Unchanged		
Our robust governance model and board oversight on the delivery of the Group’s corporate plan continues. Progress towards the achievement of clearly defined objectives is closely monitored, and principal risks are kept under regular review.		

Failure to ensure the continued availability of funding or budget cover in terms of type or sufficiency		
Principal risk category		Funding
Rationale		Pre-control rating
The long-term continuity of the Development Bank of Wales is dependent on the performance of existing funds under management, the willingness of Welsh Government to provide further funds to invest and the continued success of FW Capital in raising funds or winning new fund management contracts. The budgetary implications of the change to Development Bank of Wales’ ONS classification mean that budget cover is just as important as availability of funds to enable Development Bank of Wales to continue to support businesses seeking funding.		High
Mitigations		Post-control rating
We draw on our own experience and that of our customers to identify gaps in private sector funding provision and work closely with colleagues in the Welsh Government to develop innovative fund proposals to address market failure, such as with the recently launched Green Homes Wales Scheme. Evidencing continued successful delivery of fund outputs is key to our credibility, both as a successful delivery channel for Welsh Government business support initiatives and a professional fund management business. Accordingly, we track closely fund performance and delivery of the key performance indicators associated with them.		Moderate
Change in Risk		
Unchanged		
We continue to work closely with the Welsh Government to ensure fund plans address market needs, and FW Capital continue to develop and bid for fund management opportunities, leveraging its strong understanding of investor expectations. The Group’s performance to agreed budgets continues to be managed in line with expectations shared with the Welsh Government.		

Failure to comply with legal and regulatory requirements		
Principal risk category	Funding	
Rationale	Pre-control rating	
The Development Bank of Wales continues to operate in a complex and evolving legal and regulatory environment, which straddles both the public and private sectors. This resultant regulatory landscape exposes the Development Bank of Wales to increased risk of non-compliance.	High	
Mitigations	Post-control rating	
We have a comprehensive suite of policies and procedures to direct governance, supported by a diverse range of mandatory training for colleagues. Our robust customer onboarding due diligence of new customers is maintained throughout the duration of the customer relationship, and we have clear procedures through which suspicious activity is reported. The Compliance Team undertakes independent assessment of adherence to policies and procedures, the results of which are reported to senior management. Our independent internal auditors (RSM) provide assurance on the design and operating effectiveness of internal controls across the Group, reporting to ARC. RSM have delivered the internal audit plan and concluded that the Group has an adequate and effective framework for risk management, governance and internal control whilst identifying enhancements to ensure that the framework remains adequate and effective.	Low	
Change in Risk		
Unchanged		
The Group continues to operate within a complex and evolving regulatory environment. Our customer-centric approach is consistent with the Consumer Duty and the need to ensure good customer outcomes. The Group’s Compliance Monitoring Plan facilitates reasonable and proportionate changes to compliance activity in response to changing legal or regulatory requirements or guidelines.		

Failure to understand or adapt to the needs of our customers, or to maintain effective customer engagement results in poor customer outcomes, detriment or reputational damage.		
Principal risk category	Conduct	
Rationale	Pre-control rating	
Our mission is to unlock potential in the economy of Wales by increasing the provision of sustainable, effective finance in the market. To achieve this, it is vital that our engagement and communications with current and potential future customers is effective. Customer engagement failings (or the perception thereof) results in a negative view of the Development Bank of Wales and its subsidiaries. Failure to understand and adapt to customer needs (particularly in the regulated areas of activity) could cause poor outcomes or detriment for customers.	High	
Mitigations	Post-control rating	
The Development Bank of Wales acts clearly and effectively to maintain the exacting standards of professional conduct and behaviour it expects of its colleagues. This is enabled through: – Proactive engagement with our target markets and stakeholders through a variety of channels. – Customer satisfaction monitoring through surveys and feedback. – Complaints monitoring, including root cause analysis and recurring themes. – A comprehensive suite of staff training resources, including in the identification of vulnerable customers and responding to their needs appropriately.	Moderate	
Change in Risk		
Unchanged		
The Group delivers an increasingly diverse range of products of varying degrees of complexity. All colleagues have a part to play in managing Conduct Risk and our commitment to open engagement and clear communication with our customers is supported through the review of customer feedback and complaints data to inform training needs and procedural improvements.		

Failure to meet fund performance objectives		
Principal risk category	Investment Mandate	
Rationale		Pre-control rating
Macroeconomic policy and geo-political uncertainty may adversely impact the ability of some customers to service debt and suppress investment returns, resulting in adverse impact on fund performance. These external influences may also impact the demand for, and quality of applications received for funding (both positively and negatively).		High
Mitigations		Post-control rating
We continue to assess the impact of the socio-political and economic environment on our loan and equity portfolios, and review developments on a case-by-case basis as part of our portfolio monitoring activity. This will inform overall performance against fund targets, which are kept under review and re-modelled as appropriate. We understand that in these challenging times the availability of funding from the Development Bank of Wales is more important than ever. Accordingly, we continue to raise awareness of the availability of funding to Welsh businesses. Our specialist Portfolio Risk Team works closely with businesses to provide tailored support packages, such as forbearance, wherever possible.		Low
Change in Risk		
Unchanged Despite the downward trajectory of UK interest rates, and inflation, global trade policy and the uncertainty of the geopolitical landscape continue to keep this risk high.		

Failure to optimise operational resilience, data governance and effectiveness in managing change		
Principal risk category	Operational	
Rationale		Pre-control rating
Operational resilience remains a key risk to firms across the financial services industry. It continues to be at the centre of the Financial Conduct Authority's focus, too. As Development Bank of Wales continues to grow and change, with new processes, people and technology (including the widespread adoption of AI) the importance of strong governance increases.		High
Mitigations		Post-control rating
Security and resilience are embedded through our "Cloud first" approach. Business continuity plans are in place, and we run incident scenario exercises. Our Project Management Office (PMO) provides oversight and governance to strategic change. The Change Management Office (CMO) provides oversight and challenge of the change agenda. Comprehensive policies and procedures are available to all colleagues on our intranet. Our compliance team undertakes regular file reviews to ensure a consistent approach. Results are shared with senior management and staff have quality targets embedded in their annual performance objectives.		Moderate
Change in Risk		
Unchanged Cyber-related threats such as ransomware and cyber-enabled fraud continue to present challenges to organisations in the financial sector. We continue to develop our operational resilience maturity and improve data governance controls to enable us to withstand and/or recover from disruption, for example through the achievement of IASME Level 2.		

Managing cultural change and failure to recruit and retain appropriately skilled and experienced colleagues		
Principal risk category	Operational	
Rationale	Pre-control rating	
Our people are key to our success. We must remain agile to changing employment practices if we are to attract, recruit, develop and retain staff with the right skills, experience and values to deliver our objectives. This underscores why it is integral for the Development Bank of Wales to offer an attractive proposition to our colleagues.	High	
Mitigations	Post-control rating	
The Group operates a performance appraisal process to ensure that strong performance is recognised and that colleagues are motivated and competent in their roles. Salaries are benchmarked against market norms and staff turnover levels are monitored by senior management and reported to Board twice a year. The Group encourages staff development, and a range of training options are available. Work is varied, challenging and rewarding. A succession plan is in place for senior posts.	Low	
Change in Risk		
Unchanged		
We continue to support a hybrid working environment with a key focus on colleague wellbeing and complementing benefits to ensure highly skilled colleagues are recruited and retained.		

Vulnerability to cybercrime, data security breaches and the risk of poor IT resilience		
Principal risk category	Operational	
Rationale	Pre-control rating	
The cyber threat landscape continues to evolve due to advances in AI, geopolitical tensions, and increased reliance on digital systems ¹ . Threat factors are now more capable and better resourced, leading to a surge in high-profile cyber incidents such as ransomware attacks, data breaches, and supply chain compromises ² . This risk extends further than just the prevention of a cyber-attack, to the resiliency of IT systems more generally.	High	
Mitigations	Post-control rating	
Our IT estate is protected by a range of measures including an industry leading managed cyber security platform that provides automated vulnerability management, cloud and local firewalls, data encryption, multiple layers of anti-virus protection, internet content filtering and backups. IT support is outsourced to a range of specialist third party suppliers, all of whom are subject to contractually enforceable Service Level Agreements. Penetration tests are carried out annually or at any point of significant change. Specialist third party advice is sought where appropriate. IT procedures are detailed in our Information Security Policy. Online security and cyber awareness training is delivered on a continuing basis and is mandatory across the Group. We also hold the Cyber Essentials Plus governance accreditation and IASME Level 2 certification.	Moderate	
Change in Risk		
Unchanged		
The risks presented by the evolving nature of cyber threats is exacerbated by a series of compounding factors; the rise of Generative AI, a shortage of critical cyber talent, supply chain interdependencies and geopolitical tensions ³ . The Group considers this to be a significant challenge and continues to improve its IT capabilities accordingly.		

1. [Global Cybersecurity Outlook 2025 | World Economic Forum](#)

2. [Cybersecurity in the UK - House of Commons Library](#)

3. [Global Cybersecurity Outlook 2025 | World Economic Forum](#)

Failure to manage the contribution of and the risk associated with third-party providers to the successful delivery of the Development Bank of Wales strategic plan		
Principal risk category	Interface	
Rationale	Pre-control rating	
This remains a risk due to the reliance on managed service providers, and third-party suppliers, and particularly due to the presence of multiple “High” risk outsourced suppliers in the IT space.	High	
Mitigations	Post-control rating	
The Group has in-house specialist procurement and IT Services staff, with access to external legal advice and consultancy as required. Internal policies and procedures are regularly reviewed and updated to ensure that regulatory requirements are satisfied. We undertake due diligence on new and existing external third parties, and their performance against contractual requirements and Service Level Agreements. Project teams are created when undertaking large procurements, ensuring that the input of all relevant colleagues is obtained.	Low	
Change in Risk		
Unchanged		
We remain committed to ensuring robust initial and ongoing due diligence is undertaken on third parties, and effective contract management is in place, especially for our high-risk suppliers where there is increased potential to disrupt business operations.		

Failure to proactively manage and embed ESG risks and impacts arising from the Group’s business activities and relationships		
Principal risk category	Reputational	
Rationale	Pre-control rating	
To remain relevant as a delivery mechanism for Welsh Government, attract additional funds and talented employees, we must continue to improve both how we capture and report our ESG impact. ESG is at the heart of everything that we do, and this commitment can be clearly evidenced within our strategic objectives. The Board sets annual objectives aligned with the corporate plan commitments, receives regular performance updates at Board meetings as well as other periodic updates on progress towards our ESG goals.	High	
Mitigations	Post-control rating	
We are committed to managing our business activities and operations in a sustainable manner. The Group is both a responsible business and an impact investor and has been the catalyst for the creation or safeguarding of thousands of jobs. We recognise that ESG considerations go beyond our established impact measures and ESG considerations are built into policies, procedures, and key risk indicators. Bidders’ environmental, social and governance arrangements and performance aspects are considered when procuring goods and services and when appraising new funding opportunities.	Low	
Change in Risk		
Unchanged		
The financial services sector is navigating a rapidly evolving ESG regulatory landscape, marked by an increased focus on greenwashing, sustainability disclosures and reporting, and governance practices ⁴ . The group continues to embed ESG risks and considerations into its sustainability strategy and framework, and overall risk management framework.		

4. [Staying ahead with ESG 2025: Key regulatory updates and strategic actions](#) | EY Luxembourg

Emerging risks

Alongside our principal risks, we take into account key areas of emerging and evolving risks which have the potential to affect our ability to deliver against our priorities and objectives.

Emerging risk	Related Principal Risks	Rationale and mitigations
Macro-economic environment	– Failure to deliver the Group's Corporate Plan and commitments to our stakeholders. – Failure to ensure the continued availability of funding or budget cover in terms of type or sufficiency. – Failure to meet fund performance objectives.	The Bank of England's Monetary Policy Committee (MPC) have stated that reduced inflationary pressure has enabled interest rates to reduce.⁵ However, the easing financial conditions in the UK may be offset by global trade tensions, high policy uncertainty⁶, and ongoing conflict in the Middle East. The continuing macroeconomic uncertainty has a knock-on effect on the Development Bank of Wales' loan and investment portfolio. Key economic and financial risks are monitored closely. This risk is mitigated by our proactive approach to portfolio management and our willingness to adopt a pragmatic and patient stance with our customers, for example through forbearance in respect of loan repayments where appropriate.
Impact of climate change	– Failure to understand or adapt to the needs of our customers, or to maintain effective customer engagement results in poor customer outcomes, detriment or reputational damage. – Failure to proactively manage and embed ESG risks and impacts arising from the Group's business activities and relationships.	The physical risks associated with climate change in the form, for example, of weather-related events continue to pose a threat to businesses, as do the development of disruptive technology as the UK transitions to a low carbon economy. Climate risk considerations are embedded across all relevant principal risks. Our ESG assessments are utilised as part of the decision-making process for new fund requests and portfolio management activity. Products to address the challenges of climate change, such as the Green Business Loan Scheme, have been well received by our customers. In collaboration with our stakeholders, we continue to develop products to support the transition to a low carbon economy.
Growing use of artificial intelligence (AI)	– Failure to optimise operational resilience, data governance and effectiveness in managing change. – Vulnerability to cybercrime, data security breaches and the risk of poor IT resilience.	The growth of generative AI, large language models and blockchain present both business opportunities and potential risks to the Group. Technology is transforming fraud and money-laundering detection, but cyber fraud, cyber-attacks and identity fraud are increasing in scale, sophistication and impact as AI becomes more widespread⁷. Criminals are using technology including AI to target consumers and firms, circumventing controls by using sophisticated social engineering techniques to trick victims, making detection much more challenging. Our goal is to fully leverage the potential of AI while maintaining a strong control environment. We are cautiously adopting AI technology to enhance efficiency across the organisation. We are keeping abreast of developments and peer use cases whilst enhancing our policy and AI governance framework to manage the risk. We have a continued focus on data governance and logical security underpin our IT control environment.
Change execution and delivery	– Failure to understand or adapt to the needs of our customers, or to maintain effective customer engagement results in poor customer outcomes, detriment or reputational damage. – Failure to optimise operational resilience, data governance and effectiveness in managing change.	As part of our ongoing digital transformation project, we are increasingly leveraging third-party suppliers for support with project delivery. This introduces new areas of risk, particularly around supplier performance and timely execution of key project milestones. To manage these risks effectively, the CMO plays a central role in overseeing the prioritisation, strategic alignment and the management of delivery risk across this project and other key strategic initiatives.

5. [Bank Rate reduced to 4.25% - May 2025 | Bank of England](#)

6. [The Global Economy Enters a New Era](#)

7. [Reducing and preventing financial crime | FCA](#)

Emerging risk table - continued

Emerging risk	Related Principal Risks	Rationale and mitigations
Political Change	– Failure to deliver the Development Bank of Wales corporate plan and commitments to our stakeholders.	Implementation of the Senedd Cymru (Members and Elections) Act will result in a number of changes with the potential to impact the Development Bank of Wales including: – An increase in the number of elected representatives – A change to the electoral system – An increase in the upper limit on the number of Welsh Ministers – A move to hold elections every 4 years Government issues a remit letter to the Development Bank of Wales aligning activity to the programme for government which has the potential to reshape our offer to the market and our strategic priorities. Stability and continuity of funding is important to our customers, co-investors and for our stakeholder relationships as is our ability to deliver efficiently. The Development Bank of Wales is apolitical and will always work positively and constructively with government. We will maintain close working relationships with the newly elected government and supporting officials.


Neil Maguinness
Chief Risk Officer
05 September 2025



Sparkles Bar

Region: Merthyr Tydfil

Funding: £35,000

Business need:
Starting a business



Freya Curtis opened the first LGBTQ+ themed bar in Merthyr Tydfil with the help of a micro loan that was used to part-fund start-up costs.

Governance



Governance

We are committed to strong corporate governance, which promotes the interests of our stakeholders, strengthens accountability, and facilitates organisational performance.

In this section of the annual report, we explain how the governance and risk management framework supports the achievement of the Group’s objectives.

We disclose how the Development Bank of Wales is managed in the interests of our shareholder and other stakeholders, the role and constitution of the Board and its various Committees and the risks the Group is exposed to and how they are managed.

These governance processes also ensure that the annual report and financial statements of the Development Bank of Wales, when taken as a whole, are fair, balanced, understandable, and provide the information necessary to stakeholders to assess the Group’s business model, strategy, and performance.

This section includes or refers to the following reports and statements:

Report/Statement	Purpose
Director’s report	Profiles Board members and their experience and includes various statutory performance disclosures required by S477 Companies Act 2006. It also lists the responsibilities of the Directors in the preparation of the annual report and financial statements.
Corporate governance statement	Discloses the Group’s governance framework, the role and responsibility of the Board of Directors and includes annual reports of the Board’s three Committees: Nominations, Audit and Risk and Remuneration, it also records Board/Committee attendance and other operational information.
Risk management and internal control	This section details the risks the Development Bank of Wales is exposed to and how they are mitigated. It describes the roles of the Board, management and staff, the risk management framework, risk culture and tolerance, principal risks, and the risk assurance framework.

(This statement is included within the strategic report)



Directors' report

The Directors present their annual report together with the audited financial statements and independent Auditor's report for the Development Bank of Wales plc for the year ended 31 March 2025.

The following information required by the Companies Act 2006 can be found in the following sections of the annual report;

- Details of the Group's objectives and future developments can be found on pages 28 and 29 of the strategic report respectively.
- The Group's risk management disclosures are set out in the strategic report on pages 54 to 63.
- Information about the use of financial instruments by the Group is given in Note 19 to the financial statements.
- The Group's capital structure is discussed in Note 20 to the financial statements. The principal activity of the Group is carried out in Wales and the North East, North West and South West of England.

Important post-balance sheet events

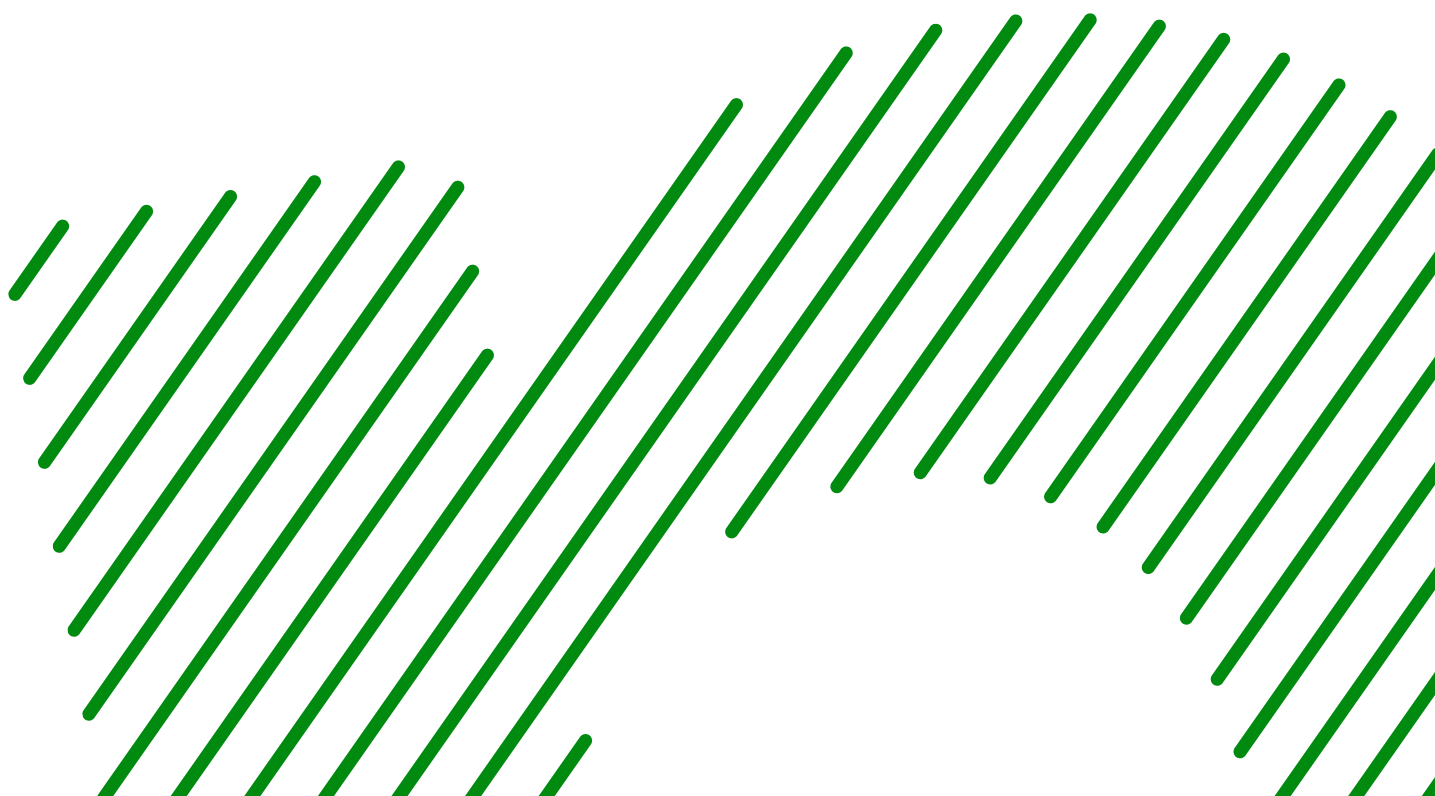
There were no important events affecting the Group which have occurred since the end of the financial year.

Dividends

The Directors do not recommend payment of a dividend (2024: £nil).

Our board

Our board has a crucial role to play in ensuring that we achieve our strategy and the strategic objectives set out in the Welsh Government's remit letter.



The following individuals serve as Directors:

- On 25 September 2024, Gareth Bullock resigned as Chair of the Board and Sally Bridgeland was appointed as his replacement on the same date. A further two Directors were appointed from July 2025 and Iraj Amiri resigned as a Director on 31 August 2025. The rules for the appointment and removal of Directors are set out in the corporate governance statement found on pages 79 to 81.

Name	Position	Initial appointment date	Initial appointment expiry	Reappointment effective date	Reappointment expiry
Gareth Bullock*	Chair	Sept 2015	Sept 2018	Sept 2021	Sept 2024
Sally Bridgeland	Chair	Sept 2024	Sept 2027	n/a	n/a
Giles Thorley	Chief Executive	Apr 2016	n/a	n/a	n/a
Iraj Amiri**	Non-Executive Director	Sept 2016	Aug 2019	Sept 2022	Aug 2025
Rhys Jones	Non-Executive Director	Mar 2020	Feb 2023	Mar 2023	Feb 2026
Roger Jeynes	Non-Executive Director	Oct 2016	Oct 2019	Nov 2022	Oct 2025
David Staziker	Chief Financial Officer	Apr 2018	n/a	n/a	n/a
Robert Lamb	Non-Executive Director	Apr 2021	Apr 2024	Apr 2024	Apr 2027
Kate Methuen-Ley	Non-Executive Director	Apr 2021	Apr 2024	Apr 2024	Apr 2027
Dianne Walker	Non-Executive Director	Mar 2022	Mar 2025	Mar 2025	Mar 2028
Iestyn Evans	Non-Executive Director	Mar 2022	Mar 2025	Mar 2025	Mar 2028
Annie Ropar***	Non-Executive Director	July 2025	July 2028	n/a	n/a
Paul Oldham***	Non-Executive Director	July 2025	July 2028	n/a	n/a

* Gareth Bullock resigned as Chair of the Board on 25 September 2024 after serving his nine-year term.

** Iraj Amiri resigned as a director on 31 August 2025 after serving his nine-year term.

*** Annie Ropar and Paul Oldham were appointed as Non-Executive Directors in July 2025.

Our Directors

Full biographies of our Directors are available on our website.



Hon. Group Captain Sally Bridgeland FIA Chair

Sally was Chief Executive of the BP pension scheme, Non-Executive Director at Royal London, Chair at Impax Asset Management Group plc and trustee and investment committee chair at the Nuclear Liabilities Fund, National Employment Savings Trust (NEST) and the Lloyds Bank pension schemes. She was also Chair of the first local government pensions pool. Sally is a qualified actuary and now chairs BelleVie Care Ltd and was the Chair of Brunel Pension Partnership until 31 July 2025. She is a Non-Executive Director at insurers Pension Insurance Corporation and Royal & Sun Alliance.

Giles Thorley Chief Executive

As a qualified barrister, Giles was previously a Partner at private equity firm TDR Capital LLP. He also spent nine years with Punch Taverns plc - the first year as Executive Chair, and then as Chief Executive following the IPO of the business.

Giles has held Non-Executive Director roles with Esporta, Ducati SpA, Tragus Holdings, TUI Travel plc, Incorpro Ltd, D&D London and Matthew Clark Wholesale Ltd. He was Chair of ZipWorld plc for five years and now also acts as consultant/angel investor on a number of business start-ups; and is a long-serving trustee with the Rona Sailing Project.



Roger Jeynes Non-Executive Director and Chair of the Investment Committee

Roger is the Senior Independent Director for the Development Bank of Wales, co-Chairs its Investment Committee and serves on the Audit and Risk, Remuneration and Nomination Committees. In compliance with the Combined Code, he is retiring after nine years' service on 31 October 2025.

Roger was previously Chief Operating Officer of Interregnum plc, a technology merchant bank. He now serves on the boards of Downing Three VCT plc and Charborough Capital Limited and is a trustee of the Lloyd Reason Foundation charity.





Iraj Amiri

Non-Executive Director and Chair of the Audit and Risk Committee

With over 20 years of experience in audit and assurance, Iraj heads up our Audit and Risk Committee, which he has handed over to Iestyn Evans in June 2025 as part of his succession process.

As a recognised global expert and authority on internal audit and assurance, Iraj is the former head of Wellcome Trust's internal audit team, senior partner with Deloitte, ex-trustee of the National Employment Savings Trust (NEST), and a Non-Executive Director of Aon UK Limited and Coventry Building Society. He is also a Non-Executive Director at Eurocell plc.

Rhys Jones

Non-Executive Director

Rhys is Chair of the Remuneration Committee and is the Group Commercial Director of Sportscape Group (Parent of SportPursuit and PrivateSportShop), a member only, sports focused online retailer with 30 million members across UK and Europe.

Prior to starting SportPursuit in 2011, Rhys worked at OC&C Strategy Consultants and the US growth equity investor, Summit Partners. A native Welsh speaker, Rhys has a 1st class Engineering Masters degree from Oxford University.



Kate Methuen-Ley

Non-Executive Director

Kate is an experienced entrepreneur, adviser, and business management consultant. She was the co-founder of the joint venture partnership for Danish high street retailer Flying Tiger Copenhagen - introducing the popular brand to the UK with shops in Wales and Bristol. After five years, launching eight different branches and with +£5 million turnover, and over 120 team members - she and her business partner successfully exited the company in 2018.

Kate is now Chair of Orchard Media and Events Group and is a coach on the Business Wales Accelerated Growth Programme. She is our Non-Executive Director with responsibility for ESG.



Rob Lamb

Non-Executive Director

Rob is a digital entrepreneur and experienced senior leader in the global investment industry. He is a co-founder of Hedgehog, a technology platform that makes it easy for individuals to invest in real-world assets, such as commercial real estate and renewable energy.

Rob previously spent 10 years at Partners Group, one of the world's largest asset managers focused on investments in private markets. He was also a non-executive director of the social impact investment consultancy Expectation State and the commercial arm of Wales's gender equality charity Chwarae Teg.

Iestyn Evans

Non-Executive Director

Iestyn began his career with Deloitte in the late 1990s. He has held senior roles, including Chief Finance Officer, Chief Operating Officer and executive director positions, with employers including Lloyds Banking Group (LBG), Virgin Money, Omni Partners, Amicus PLC and Monument. Iestyn is currently the Chief Finance Officer at Monmouthshire Building Society.



Dianne Walker FCA

Non-Executive Director

An award winning Non-Executive Director, born and raised in North Wales, and formerly a member of the senior management team at PWC, Dianne has had a long career as a trusted adviser to a wide variety of businesses and ownership structures.

Dianne is Senior Independent Director and Chair of the Audit and Risk Committee at Inspired plc. She is also Chair of the Remuneration Committee of Victorian Plumbing PLC. Additionally, Dianne is Non-Executive Chair of J&L Elevator Components Ltd, an employee-owned ('EOT') business based in St Asaph, North Wales.





Annie Ropar

Non-Executive Director

Annie was appointed as an independent Non-Executive Director of the Development Bank of Wales in July 2025.

She is Executive Director and Chief Financial Officer of the National Wealth Fund and was previously one of the first employees of the Canada Infrastructure Bank (CIB), joining as its inaugural Chief Financial Officer and Chief Administrative Officer. Annie also spent five years with Aequis NEO Exchange Inc. (now CBOE Canada), and nine years with Royal Bank of Canada's Capital Markets arm, where her career spanned finance, private equity and the institutional equity trading business.

Paul Oldham

Non-Executive Director

Paul was appointed as an independent Non-Executive Director of the Development Bank of Wales in July 2025. He qualified as a Chartered Accountant with KPMG.

As a Portfolio Director and Investment Committee member of BGF, Paul joined the equity investment company in May 2011. He previously worked as a private equity investor for 16 years with 3i and LDC. Paul's career has also included a period of six years as a Partner with Grant Thornton during which time he led the firm's South West and South Wales corporate finance advisory team.



David Staziker

Chief Financial Officer

David leads our internal finance team, sits on our Investment Committee and is a Non-Executive Director of the Pobl Linc Group and Chair of their Investment Committee.

He joined Finance Wales in 2002 and held a number of management roles before being appointed Chief Financial Officer in 2018. He previously worked at PricewaterhouseCoopers and Gambit Corporate Finance.

David has a degree and PhD in applied mathematics, is a fellow of the Institute of Chartered Accountants in England and Wales and also holds their corporate finance qualification.

Responsibilities of the Directors

The following should be read in conjunction with the responsibilities of the auditor set out in their report on pages 93 - 100. The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards (UK-adopted IAS) in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

The Directors have also chosen to prepare the Parent Company financial statement in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that year.

In preparing the Parent Company and Group's financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business for the next 12 months.

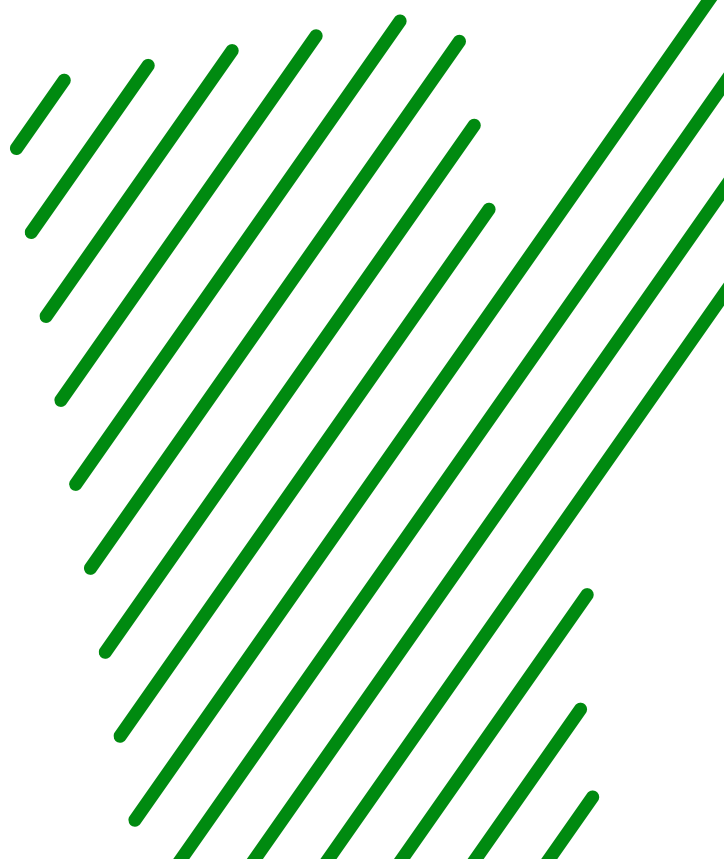
Directors' responsibilities in respect of accounting records and internal controls

The Directors are responsible for ensuring that the Company and its subsidiaries:

- Keeps adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.
- Has an adequate and effective framework for risk management, governance and internal control.

They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's websites. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Each of the Directors, whose names are listed on page 2 of the annual report and financial statements, confirms that to the best of their knowledge:

- The financial statements, which have been prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company;
- The strategic report contained in the annual report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties it faces; and
- The annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for the Company's shareholders to assess the Group and Company's position, performance, business model and strategy.

Going concern

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Directors have made an assessment of going concern, taking into account both current performance and the Group's outlook. This considered a downside scenario impacting income and costs arising from ongoing macroeconomic uncertainties, and in particular the impact of the cost-of-living crisis, potential trade restrictions and tariff increases and strained economic relations between the US, China, Europe, the UK and other countries and the conflicts in Ukraine and Gaza on reducing (but still high) global inflation, energy prices and interest rates using the information available up to the date of issue of these financial statements.

As part of this assessment the Board considered:

- The liquidity of the various funds the Group manages to support existing and new customers through a period of prolonged stress;
- Other funding being made available to businesses in Wales, the North East, the North West, and South West of England through the public and private sectors;
- Ongoing funding discussions with the Welsh Government for future funds;
- Forecast financial models for the various funds the Group manages and the repayment requirements of the Group's funders;
- The forecast surplus/deficit and accumulated reserves for its Operations business;
- The operational resilience of the Group's critical functions including its IT systems and the ability for the business to operate as usual on a hybrid working basis;
- An assessment of the Group's supplier base, considering any single points of failure and focusing on suppliers experiencing financial stress. This included consideration of contingency plans should suppliers be deemed at risk;
- The regulatory and legal environment and any potential conduct risks which could arise.

As a result of this assessment, the Directors consider that it is appropriate to adopt the going concern basis of accounting for the period of at least 12 months from the date of approval of the financial statements and have that there are no material uncertainties relating to going concern.



Long-term viability statement

The Development Bank of Wales plc is owned by Welsh Ministers and its continuation as an entity is ultimately at the discretion of the Welsh Government that is in power. The Board assumes that the Group has and will continue to have Welsh Government support and that its funding arrangements, which represents 100% of the Group's repayable funding, will remain in place.

The Directors have based their assessment of viability on the Group's long-term corporate plan, which is updated and approved annually by the Board. To be a viable business, there should be a high level of confidence that both solvency and liquidity risks can be managed effectively, meaning that the Group must successfully fund its balance sheet and hold adequate capital and liquidity over the entire period covered by its viability statement.

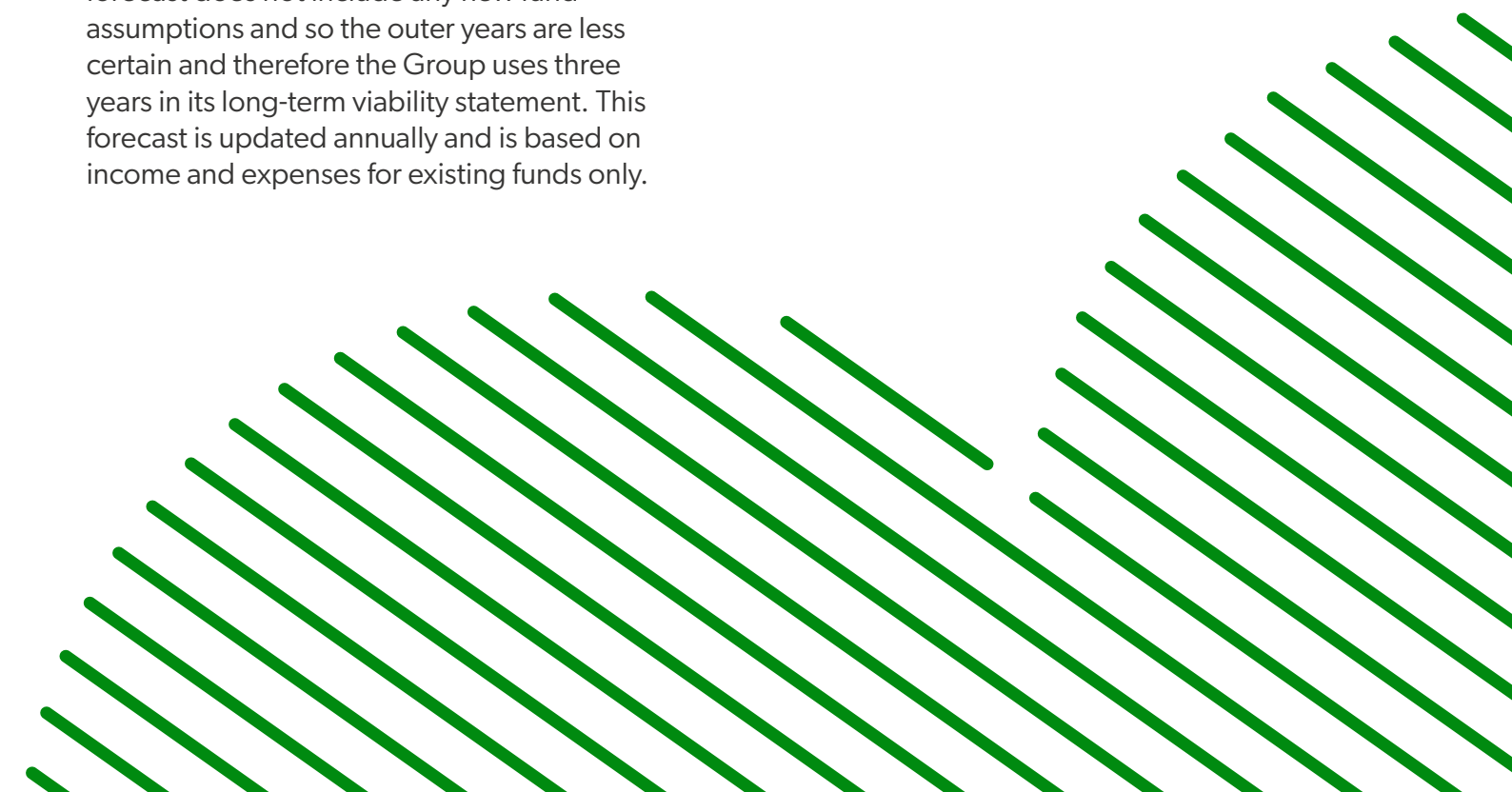
A three-year period is considered to be the most appropriate viability period as it is the longest period over which the Board considers that it can form a reasonable view of the likely political and macroeconomic environment and associated key drivers of business performance and is in line with market practice.

The Group's liquidity and capital positions are described in Notes 19 and 20 respectively. The Group produces a five-year corporate plan which incorporates a five-year financial forecast for the Operations business. This forecast does not include any new fund assumptions and so the outer years are less certain and therefore the Group uses three years in its long-term viability statement. This forecast is updated annually and is based on income and expenses for existing funds only.

The same assessment process as noted above for going concern, but for the longer three-year long-term viability period, was carried out. This considered a downside scenario impacting income and costs arising from ongoing macroeconomic uncertainties, and in particular the impact of the cost-of-living crisis, potential trade restrictions and tariff increases and strained economic relations between the US, China, Europe, the UK and other countries and the conflicts in Ukraine and Gaza on reducing (but still high) global inflation, energy prices and interest rates.

The key considerations made for the long-term viability of the Group related to the likelihood of continued provision of investment funds from the Welsh Government, the ongoing macroeconomic uncertainties outlined above and the operational challenges of flexible working. As a result of this assessment, the Directors are satisfied that the Group has sufficient liquidity to continue to make investments for a minimum of three years and that its Operations business remains in cumulative surplus throughout this period.

Based on these scenarios, the Directors have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the three-year period considered.



Climate related disclosures

Since 2022/23, we have followed the Streamlined Energy and Carbon Reporting (SECR) regulations in disclosing our operational emissions.

For this report we have prepared our first financed emissions statement, these being scope three, category 15 emissions under the Greenhouse Gas Protocol. This statement has been prepared using the Partnership for Carbon Accounting Financials (PCAF) framework and covers the whole of the Development Bank of Wales and FW Capital financed emissions, with some exclusions (see below).

This delineation in our climate reporting ensures transparency, given that our financed emissions are significantly greater than our operational emissions and subject to different management approaches.

Our operational emissions are reported to the Welsh Government Energy Service and managed in line with the Welsh Government’s public sector Net Zero ambition of 2030. As a Public Finance Institute and strategic partner for Welsh Government economic strategy, we are developing our portfolio approach to deliver the national commitment of Net Zero by 2050.

Streamlined Energy and Carbon Reporting

As a growing business, this is the third year that we have compiled a Streamlined Energy and Carbon Report (SECR) for the greenhouse gas emissions of our business operations. The following outlines an assessment of our energy and transport emissions highlighting a decrease of 5% on our total reported emissions for electricity and transport from the previous year 2023/24, attributable to year-on-year variation in our office utilisation and business travel by car.

Baseline year	2022/23
Boundary summary	All facilities under operational control in the UK
Emission factor data source	Welsh Government Energy Service (2025) ¹
Assessment methodology	Greenhouse Gas Protocol ²
Intensity ratio	Emissions per full-time employee (FTE)

1. <https://www.gov.wales/energy-service-public-sector-and-community-groups>
2. <https://ghgprotocol.org/>

Methodology

In line with the SECR duties, this report outlines our total annual emissions for electricity and transport following the Green House Gas Protocol methodology and applying UK Government emissions factors.

Our transport emissions relate to the consumption of fuel for business travel by car and not business travel on separate couriers or commuting. We do not consume any gas directly, as the

boilers for the buildings in which we have offices are owned and managed by landlords. We therefore do not include gas in our energy emissions and only report electricity emissions.



Metric	2022/23 (Baseline)	FY 2023/24	FY 2024/25	Trend comparison 2023/24 to 2024/25
Transport KW/h	195,504	222,973	202,689	-9%
Electricity KW/h	340,982	335,445	337,339	0.6%
Total Energy Consumption KW/h Transport & Electricity	536,485	558,418	540,028	-3.3%
Transport CO ₂ e (tonnes)	61.02	70.67	63.3	-10.4%
Electricity CO ₂ e (tonnes)	89.18	92.2	91.5	-0.7%
Total CO ₂ e (tonnes) Transport & Electricity	150.2	162.87	154.8	-4.9%
Intensity Ratio: tCO ₂ e per full-time employee	0.55	0.61	0.55	-10%

Energy efficiency actions

In line with our commitments as a responsible investor and our support of the transition to a Net Zero economy, we continue to implement energy efficiency measures across our operations as well as our waste and water use.

During 2024/25 we have implemented the new business waste collection across our offices in Wales, in line with Welsh Government legislation. We continue to engage with our landlords across the estate on efficiency measures and encourage low carbon transport, including our cycle to work and electric vehicle schemes.

Financed emissions

We are a signatory of the PCAF framework, a global standard for the calculation of financed emissions. This is based on the principle that financed emissions are a function of the supported entity's emissions and an attribution factor based on the relationship between the outstanding amount financed and the entity's total value. The framework includes accounting standards for measuring emissions based on 'asset classes'. For our first statement, we have provided financed emissions estimates for business loans; and commercial property asset classes, constituting 94% of active debt investment under management. This excludes active equity investments, property services and project infrastructure finance.

This disclosure incorporates both active funds in the Development Bank of Wales Group and FW Capital. This reflects the DBW plc impact and approach to responsible investment management.

PCAF ranks data quality from scores 1 to 5, where score 1 is the highest quality based on an investee reporting audited data and score 5 is calculated using sectoral emissions averages. Scores 2 to 4, combine different sources of company specific and or sectoral data, with associated quality, as outlined in the PCAF standard³. Based on data availability, in this assessment 38% of portfolio emissions have been calculated based on score 4 and 62% based on score 5 methodologies, where additional data was not available.

We acknowledge the challenges inherent in obtaining high-quality greenhouse gas (GHG) emissions data, particularly when financing smaller businesses that may have limited capacity. As a result, our current financed emissions should be interpreted with caution. These estimates are expected to evolve over time as improved data and methodologies become available.

Results

For 2024/25 the total estimated financed emissions for business loans and commercial property are 127k tCO₂e. Of the reported financed emissions, 58% are concentrated in construction (35%), sale, maintenance & repair of vehicles; fuel; trade; hotels and restaurants (15%), metal and metal products (8%).

We have limited exposure to the most carbon intensive sectors, these being electricity, gas and water (1%), mining and quarrying (1%); agriculture, hunting forestry and fishing (4%).

3. [The Global GHG Accounting and Reporting Standard for the Financial Industry](#)

Next steps in 2025/26

In the coming year we will be building on our existing work to improve access and quality of emissions data, continuing to engage with innovation programmes including the B4NZ on the development and testing of a UK SME transition plan standard and Project Perseus, a consortium developing an open banking system for energy use data in the UK.

Alongside improving our access to quality emissions data, we will work to include additional asset classes in our financed emissions statement including listed and private equity. Similarly, we will seek to incorporate the abatement impact of our climate related funds, including the Local Energy Fund, Green Business Loan Scheme, Green Homes Incentive and Green Homes Wales.

Estimated financed emissions by sector for the portfolio of active funds under management for private debt and commercial property

Sector	Active Funds Under Management at FYE with exclusions	Share of Active Funds Under Management at FYE with exclusions	Financed emissions – Total Scope 1-3	Share of financed emissions – Total Scope 1-3
	£ (2024-25)	% (2024-25)	(tCO ₂ e) (2024-25)	(tCO ₂ e) - % (2024-25)
Construction	116,894,956	25.9%	43,856	34.5%
Sale, Maintenance and Repair Of Vehicles; Fuel; Trade; Hotels and Restaurants	90,676,676	20.1%	19,494	15.4%
Metal and Metal Products	15,445,398	3.4%	10,276	8.1%
Food Production, Beverages and Tobacco	12,147,819	2.7%	9,438	7.4%
Petroleum, Chemicals and Non-Metallic Mineral Products	6,233,657	1.4%	8,794	6.9%
Financial Intermediation and Business Activity	102,774,560	22.8%	6,434	5.1%
Manufacturing and Recycling	17,799,746	3.9%	5,974	4.7%
Agriculture, Hunting, Forestry and Fishing	2,597,797	0.6%	4,875	3.8%
Public Administration; Education; Health; Recreation; Other Services	56,538,338	12.5%	3,891	3.1%
Transport	7,704,052	1.7%	3,560	2.8%
Transport Equipment	3,351,133	0.7%	3,337	2.6%
Electricity, Gas and Water	2,887,483	0.6%	1,745	1.4%
Textiles, Leather and Wearing Apparel	2,184,711	0.5%	1,553	1.2%
Wood, Paper and Publishing	3,712,821	0.8%	1,400	1.1%
Mining and Quarrying	1,398,435	0.3%	1,296	1.0%
Electrical and Machinery	5,494,012	1.2%	960	0.8%
Post and Telecommunications	2,788,038	0.6%	101	0.1%

*All figures for active funds under management include DBW group and FW Capital holding

Corporate and social responsibility

Details of the Group's policies, activities and aims in this area can be found in our S172 (1) statement on pages 49 to 52.

Political donations

The Group made no political donations during 2025 (2024: £nil).

Gifts and hospitality

No gifts were made by the Group. The cumulative value of gifts and hospitality received by staff was less than £20,000 during 2025 (2024: less than £20,000).

Severance payments

The cumulative severance payments made in the year by the Group were £Nil (2024: £Nil).

Loan losses/losses disposal of equity disclosure

Loan write-offs of £4,826,322 were made by the Group during the year (2024: £5,246,463).

Directors' remuneration

Details of the Directors' remuneration are disclosed in Note 7 of the financial statements.

Directors' indemnities

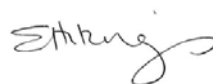
The Company has made qualifying third-party indemnity provisions for the benefit of all directors of the Company and its subsidiaries. These were in force during the financial year and remained in force at the date of approval of the financial statements.

Statement of disclosure of information to the auditor

So far as each Director is aware at the date of approving this report, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. All the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

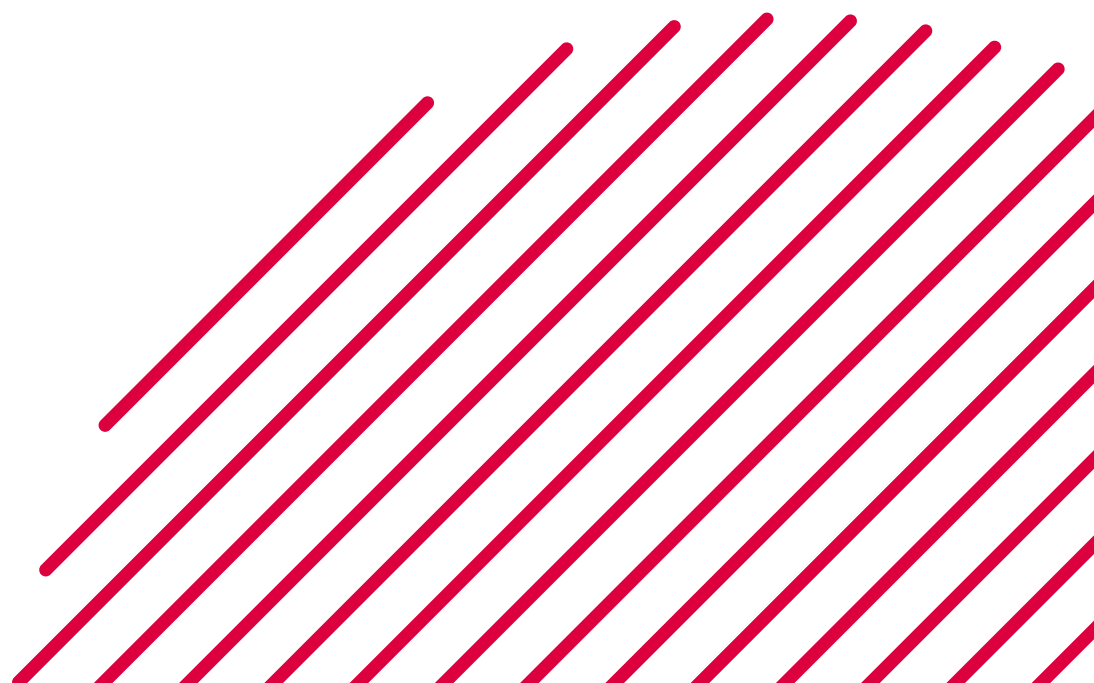
At the Annual General Meeting on 25th September 2024 a resolution was passed that Forvis Mazars be appointed as auditor for the ensuing year. During the year, the Group undertook a procurement exercise to appoint new external auditors for the five years beginning 31 March 2026. Forvis Mazars was the successful tenderer. At the Annual General Meeting on 1st October 2025 a resolution will be proposed that Forvis Mazars be reappointed as auditor.



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

Elizabeth Hitchings
Company Secretary

05 September 2025



Corporate governance statement

The constitution of the Development Bank of Wales plc consists of its Articles of Association and the Framework Document between the Development Bank of Wales plc and the Welsh Ministers.

Whilst we have not formally adopted the requirements of the UK Corporate Governance Code 2018 ('the Code'), the Directors recognise the importance of sound corporate governance. Each financial year, the Board is presented with a detailed report from the Chief Risk Officer relating to the extent of the Development Bank of Wales plc's compliance with the Code.

The current year review noted that the Group continues to comply with most requirements of the Code applicable to large and/or listed entities, with the exception of:

- The annual report of the Nominations Committee does not provide the level of detail prescribed by Provision 23 of the Code, for example with regards to gender balance of the Senior Management Team (SMT) and their direct reports.
- The annual report of the Remuneration Committee does not provide the level of detail prescribed by Provision 41 of the Code, for example regarding transparency around remuneration policy and pay gaps.

During the financial year, the Group has made progress towards increased compliance in the following areas:

- Provision 2i – assess and monitor culture
 - Introduction of biannual SMT new starter calls to introduce new colleagues to the SMT members and their areas of responsibility;
 - Commissioning of a 'Great Places to Work' survey to collate colleagues' opinions on workplace culture resulting in us being named 27th best (large)* workplace in UK;
 - Commissioning of an independent culture audit with outstanding results.

- Provision 5i – understanding the views of key stakeholders
 - There has been wider stakeholder engagement following the Senedd inquiry into the Development Bank of Wales. Most of the recommendations from the inquiry have now been implemented.
- Provision 5iii – board engagement with the workforce
 - The new chair appointed in September 2024 has already made progress in this area.
- Provision 21 – board evaluation
 - A new board evaluation process was introduced in early 2025, the results of which have helped inform a new board recruitment criteria, action plan, development plan and succession plan.
- Provision 35 – naming of consultants
 - The annual report now names consultants appointed to conduct board recruitment and benchmarking exercises.

The Group expects to make further progress against these requirements during 2025/26.

For the Development Bank of Wales, good corporate governance is about ensuring that the Group is aligned with its shareholder's objectives. The execution of the strategy adopted will ensure the Group is sustainable and is able to reinvest the returns from its funds which, alongside other new funds and investors, will enable the Group to continue investing in the long-term.

*large = 201-1,000 employees

The Chair is responsible for leading the Board and its discussions and for encouraging open debate and challenge. The Chief Executive leads the Senior Management Team in the day to day running of the business and the implementation of strategy.

As an organisation funded by public finances the Bank is required to comply with the principles set out in [Managing Welsh Public Money](#).

The Chief Executive is the Accounting Officer. The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances.

The Senior Independent Director ('SID') is Roger Jeynes, who was appointed into the SID role from 18 November 2022. The SID's responsibilities are to work closely with the Chair, act as an intermediary for other Directors, as and when necessary, meet with other non-executive directors to review the Chair's performance.

Appointment and removal of Directors of the Company

The Framework Document provides that the appointment of the Chair and Chief Executive and other Board members must be notified to the Director General of the Group's sponsor department, currently Economy, Energy and Planning.

All appointments to the Board, the Board Committees and the Executive Committees are based on the diversity of contribution, experience and required skills, irrespective of gender, race or any other criteria.

Director re-election

The Nominations Committee approved the re-appointment of Dianne Walker and Iestyn Evans for a second three-year term with effect from 28 February 2025 in accordance with the requirements of the Articles of Association.

Board information

All Directors are provided with updates on corporate governance developments, legislative and regulatory changes, and relevant industry and technical information. The Board is supplied in a timely manner with the appropriate information to enable it to discharge its duties and any further information is readily available to all Directors. The Board receives board papers and information electronically to increase efficiency, confidentiality and sustainability.

Board Committees

The Board has established three Board Committees to ensure robust and effective decision making within the Group structure, notably Audit and Risk, Remuneration and Nomination Committees. The Board has approved terms of reference for each Committee.

Other committees

The Bank has a number of Executive Committees including an Investment Committee, a Risk Committee and a Valuation Committee.

The Board, the Board Committees, and the Executive Committees have been structured to provide robust governance.

The Board Committees and Executive Committees have Terms of Reference which set out respective duties and responsibilities.

Board and Committee attendance

The table below sets out the attendance of Directors since 1 April 2024 to 31 March 2025 who attended each Board and Committee.



Board and Committee attendance

The table below sets out the attendance of Directors since 1 April 2024 to 31 March 2025 who attended each Board and Committee.

Name	Board meetings	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Sally Bridgeland	2/2	n/a	n/a	1/1
Gareth Bullock*	3/3	n/a	n/a	0/0*
Iraj Amiri	5/5	4/4	n/a	3/3
Iestyn Evans	4/5	4/4	n/a	2/3
Roger Jeynes	5/5	4/4	3/3	3/3
Rhys Jones	5/5	n/a	3/3	3/3
Robert Lamb	5/5	n/a	n/a	3/3
Kate Methuen-Ley	5/5	n/a	3/3	3/3
David Staziker	5/5	n/a	n/a	n/a
Giles Thorley	5/5	n/a	n/a	n/a
Dianne Walker	5/5	4/4	n/a	3/3

* Gareth Bullock was not required to attend the two Nomination Committees held whilst he was Chair as these concerned the appointment of his successor.

Conflicts of interest

Each Director has a duty under the Companies Act 2006 to avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The Board believes that outside interests can be beneficial for the Executive and has authorised the outside interests of the Chief Executive and the Chief Financial Officer as listed in their biographies in the Directors' report.

Board evaluation

In accordance with the requirements of the UK Corporate Governance code, the Board carries out a review of the effectiveness of its performance and that of its Committees and Directors every year and the evaluation is facilitated externally every third year, which was last performed by PwC in 2022.

On her appointment as Chair in September 2024, Sally Bridgeland built on the evaluation led by Senior Independent Director Roger Jeynes in the previous year, discussing the priority areas identified with the Board to create an action plan. This review led to changes in the board meeting agendas to facilitate strategic discussions and

challenge. The Chair also conducted a skills audit and carried out individual evaluation conversations with non-executive directors. This process identified development needs and the skills and experience requirements for the recruitment of two new non-executive directors to create robust succession plans for the Board. Given the change in Chair, Board membership and meeting agendas in the year, the Board agreed that an internal review should again be carried out in the autumn of 2025, with an external facilitator to be involved in 2026 to explore whether the changes had had the desired impact on Board effectiveness.



Approved by

**Honorary Group Captain Sally Bridgeland FIA
Chair**

05 September 2025

Audit and Risk Committee report

The Audit and Risk Committee has primary responsibility for ensuring the integrity of the Group's financial statements and the effectiveness of its risk management framework and internal controls.

Committee purpose and responsibilities

The Committee also has responsibility for the management of the internal and external audit processes and the Group's probity and whistle-blowing policies. The Chair of the Committee acts as the contact point if the whistle-blowing concern relates to the Senior Management Team.

The Committee provides an annual report to the Welsh Government Corporate Governance Committee on its work and confirms the adequacy of the audit arrangements and assurance given by the CEO in respect of governance, risk management and controls.

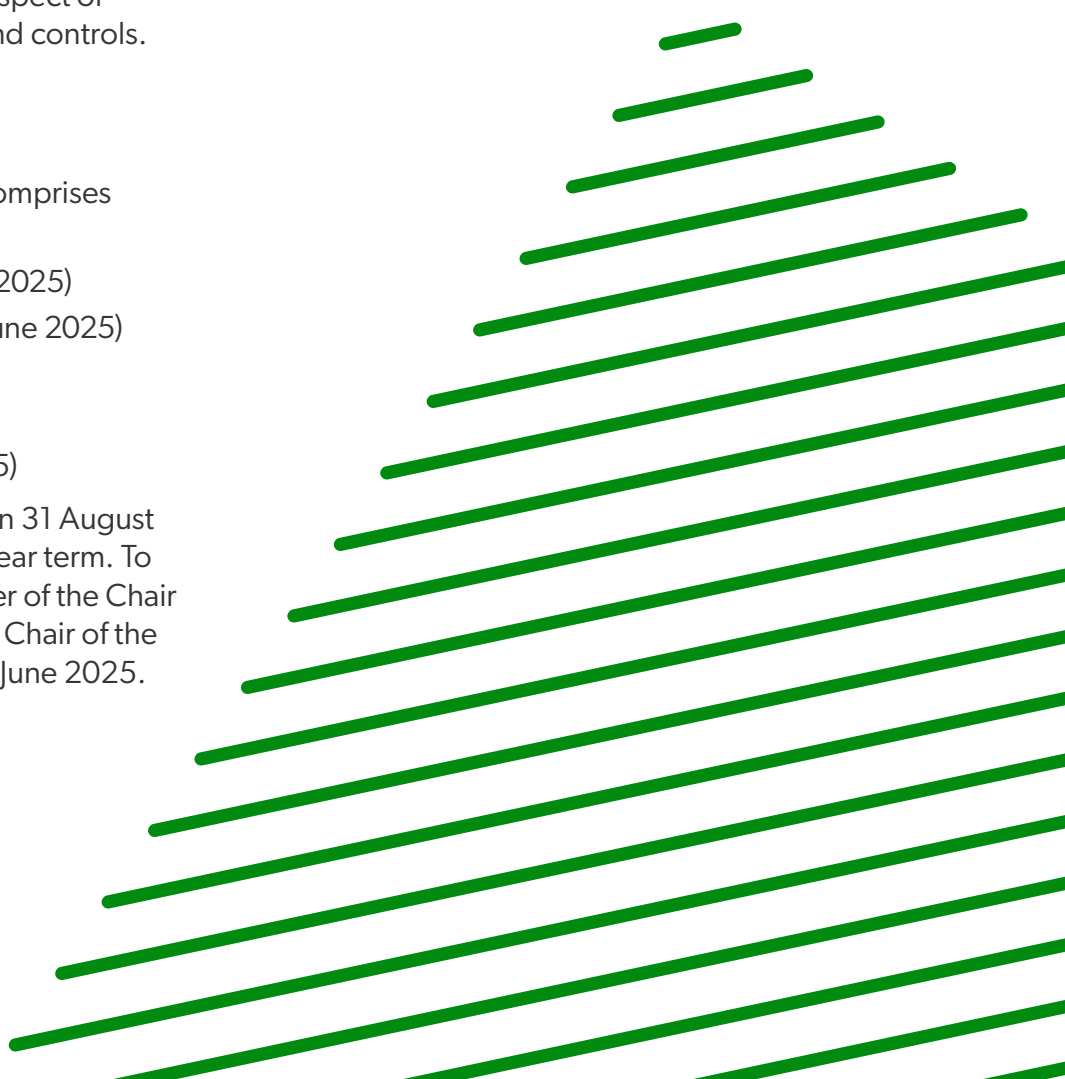
Membership composition, skills and meetings

Our Audit and Risk Committee comprises four non-executive directors:

- Iraj Amiri (Chair until 25 June 2025)
- Iestyn Evans (Chair from 25 June 2025)
- Dianne Walker
- Roger Jeynes
- Annie Ropar (from 1 July 2025)

Iraj Amiri resigned as a director on 31 August 2025 after completing his nine-year term. To facilitate succession and handover of the Chair role, Iestyn Evans was appointed Chair of the Audit and Risk Committee on 25 June 2025.

The Audit and Risk Committee met four times during 2024/25. It is attended by Development Bank of Wales plc's Chief Executive, Chief Financial Officer and Chief Risk Officer, together with the internal and external auditors, and an observer from the Welsh Government. The internal and external auditors have direct access to the Chair of the Audit and Risk Committee and meet the Committee without management present at least once a year.



The key duties and responsibilities of the Audit and Risk Committee are set out below:

Report/Statement	Purpose
Financial reporting	Monitor integrity of the financial statements and review critical accounting policies. Approve proposed materiality. Assess and challenge where necessary the accounting estimates and judgements by management in preparing the financial statements. Consider and challenge the going concern and long-term viability assessment prepared by management. Review and monitor any significant adjustments arising from the external audit. Review the annual report and financial statements and other financial reporting. Advise the Board on whether, taken as a whole, the annual report and financial statements are fair, balanced, and understandable.
External audit	Oversee the relationship with the external auditor, including remuneration, terms of engagement and consider their effectiveness, external quality assessment reviews, independence, and objectivity. Agree the policy for the provision of non-audit services. Challenge and agree to the external audit plan. Make recommendations to the Board concerning the reappointment and removal of the external auditor. Review audit findings and consider management's responses to any findings or recommendations.
Internal controls and risk	Oversee management's arrangements for ensuring the adequacy and effectiveness of internal controls, financial management reporting and risk management and management's approach to addressing control weaknesses. Review and approve the internal control, risk management and other assurance statements in the annual report.
Probity including whistle-blowing	Review the whistle-blowing arrangements and receive reports on instances of whistle-blowing. Review the gifts and hospitality register and arrangements. Review the procedures for detecting and preventing fraud including the Fraud Response Plan. Monitor the processes for compliance with laws, regulations and ethical codes of practice.
Internal audit	Approve the selection and appointment of internal auditors. Approve the annual work plan and receive reports on individual areas of work. Monitor management's responses to findings and recommendations. Monitor the effectiveness of the internal audit function. Monitor fund performance against fund risk appetite from time to time, including credit risk appetite.
Welsh Government	An observer from the Welsh Government attends all meetings and is kept fully informed on all aspects of the Committee's work. An annual report is submitted to the Welsh Government Corporate Governance Committee setting out details of the Committee's work and providing assurance as to the adequacy of the audit arrangements and also on the assurances provided by CEO and the senior management team in respect of governance and control arrangements.

Significant financial statement reporting issues

A key responsibility of the Committee is to ensure that the Group's financial statements and the content of the annual report are fair, balanced and understandable. The Committee challenges the assumptions and estimates made by management in preparing the financial statements.

Set out below is a summary of the significant issues that the Committee considered for this financial year.

The majority of these issues are recurring and are therefore considered by the Audit and Risk Committee on an on-going basis, with the potential impact of major economic and political developments being another factor to consider for each issue on the reported results.

Valuation of Help to Buy - Wales shared equity loan portfolio

The Committee considered and challenged the key assumptions applied by management in calculating the fair value of the Help to Buy – Wales loan portfolio. This included the assumptions of future house price index ('HPI') trends, the holding period and the discount factor used following the impact of reducing (but still high) global inflation, energy prices and interest rates arising from the conflicts in Ukraine and Gaza, potential trade restrictions and tariff increases and strained economic relations between the US, China, Europe, the UK and other countries and Cost of Living Crisis on these assumptions.

The sensitivity of the valuation calculation to key assumptions was considered, including the impact of alternative forward-looking economic scenarios. The Committee is satisfied that the fair value is appropriate. The disclosures relating to the Help to Buy - Wales valuation are set out in Notes 3, 13 and 19 of the financial statements.

Provisions for impairment of the loan book (Expected credit loss provision) under IFRS 9

The Committee considered and challenged the provisioning methodology applied by management including the results of statistical loan losses to support the impairment provision and was satisfied that the estimation methods were appropriate.

The Committee considered and challenged the impairment provision which has been recognised in the financial statements and the basis for calculating expected credit losses under IFRS 9. This included the staging assumptions, the method for determining a significant increase in credit risk and the application of management judgement relating to specific provisions.

The Committee also reviewed the appropriateness of forward-looking market data used to calculate the probability of default as well as historic trends used to calculate the exposure at default and loss given default. The sensitivity of the provision calculation to various assumptions was considered, including the impact of alternative forward-looking economic scenarios.

The Committee was satisfied with the adequacy of the provisions recorded within the financial statements and that the assumptions and judgements applied by Management were appropriate. The disclosures relating to the impairment provision are set out in Notes 2, 4 and 14 of the financial statements.

Valuation of equity investments

IFRS 9 requires all equity investments to be held at fair value in accordance with IFRS 13. The Committee considered and challenged how management had applied the latest (December 2022) International Private Equity and Venture Capital (IPEV) Guidelines and was satisfied that they had been applied appropriately.

The disclosures relating to the fair value adjustment are set out in Notes 13 and 19 to the financial statements. The Committee received the appropriate assurances from the Valuation Committee and the Chair of the Investment Committee that the classification and valuation of investments is appropriate.

The Committee is satisfied that the recognition of revenues in relation to equity realisations is appropriate and is supported by necessary documentation.

Going concern

The Audit and Risk Committee considered Management's approach to, and the conclusions of, the assessment of the Group's ability to continue as a going concern.

The going concern assessment period covers the period to 30 September 2026, 12 months subsequent to signing the annual report and financial statements for the year ended 31 March 2025.

The assessment considered the current capital position of the Group and liquidity requirements covering the going concern assessment period, including consideration of the impact of ongoing macroeconomic uncertainties, and in particular the impact of the cost of living crisis, potential trade restrictions and tariff increases and strained economic relations between the US, China, Europe, the UK and other countries and the conflicts in Ukraine and Gaza on reducing (but still high) global inflation, energy prices and interest rates.

The detailed considerations taken by the Board in arriving at its going concern assessment are set out on page 73 in the Directors' report. The Committee was satisfied that sufficient investment funds were available to meet investment demand forecast to 30 September 2026, that there are no performance issues with any of the Group's fund management contracts and that the Group remains on track to repay its Welsh Government loans on schedule.

The Committee was also satisfied that there would be sufficient cumulative surplus generated by the Operations business and associated working capital to cover all operating expenses to 30 September 2026.

The Committee therefore recommended that the Board supported its conclusion that it is appropriate to adopt the going concern basis of accounting for the period of at least 12 months from the date of approval of the financial statements.

Regularity

The Committee is satisfied that there are appropriate controls in place to ensure that the Group's expenditure complies with the requirements of the Framework Agreement as set out by Welsh Ministers.

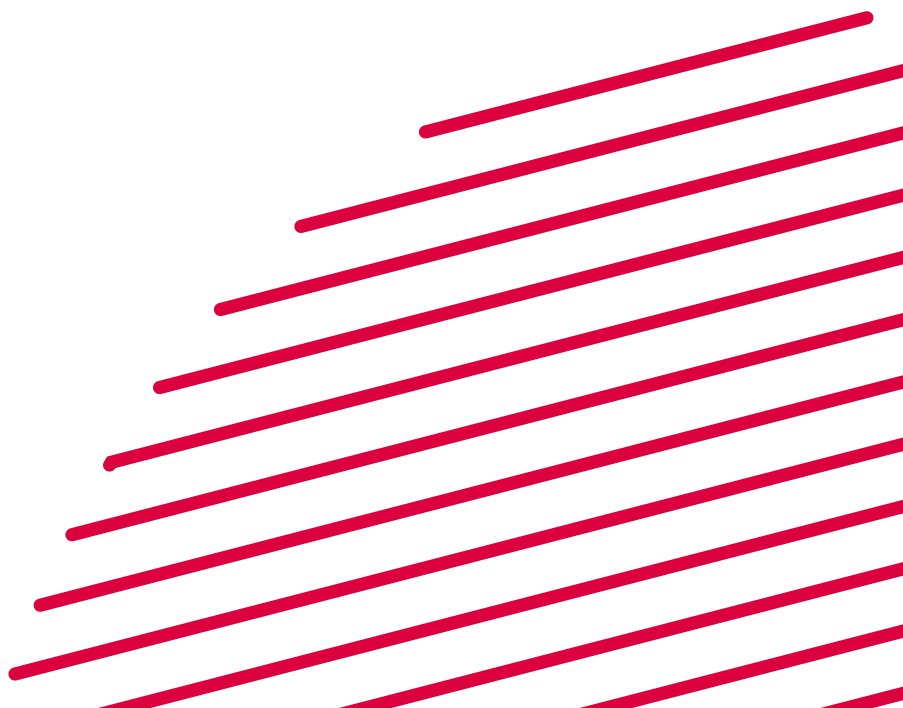
Audit and Risk Committee's performance

The performance of the Audit and Risk Committee is assessed annually by means of a questionnaire sent to all Directors and senior management. The results are reviewed and where necessary an action plan is agreed to address any matters raised. The assessment concluded that the Committee had been effective during the year.

Review of the annual report and financial statements

The Audit and Risk Committee met on 22 July 2025 to carry out a detailed review of a draft of the annual report and financial statements, prior to the final draft being presented to the Board on 23 July 2025.

Following these discussions, the Committee advised the Board that the annual report and financial statements, taken as a whole are fair, balanced and understandable with only minor typographic changes outstanding. The Board duly approved the annual report and financial statements at the 23 July 2025 Board meeting.



External Audit

The external auditor and the Group both have safeguards to ensure the independence and objectivity of the external audit. The Group has a policy to ensure that the non-audit services provided by the external auditors are appropriate. The policy sets out the nature of work the external auditor may undertake with any assignments with fees above a defined limit requiring prior approval from the Audit and Risk Committee.

The total amount paid to the external auditor in 2025 is set in Note 6 to the financial statements.

The members of the Audit and Risk Committee meet at least once a year without management being present, with the external auditor. The Committee also carries out a formal assessment of the external auditors' performance each year. In 2025 no significant issues were raised, and their performance was considered to be satisfactory.

A resolution will be proposed to appoint Forvis Mazars as the Group's external auditor for 2025/26 at the Annual General Meeting in October 2025, following their successful external audit tender bid for the 5 years starting 1 April 2025.

Internal audit

RSM is the Group's internal auditor. The Audit and Risk Committee reviews the Internal audit plan and ensures that the auditors have appropriate access to information to enable them to perform their audit activities effectively, and in accordance with the relevant professional standards. All findings are reviewed promptly and management's response to the findings and recommendations are regularly monitored.

The Audit and Risk Committee meet privately at least once a year with the internal auditors without management being present to discuss their remit and any issues arising from the internal audit reviews carried out.

In their annual report to the Audit and Risk Committee dated 26 June 2025 our Internal Auditor's opinion as to our governance, risk management and control arrangements stated:

"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."

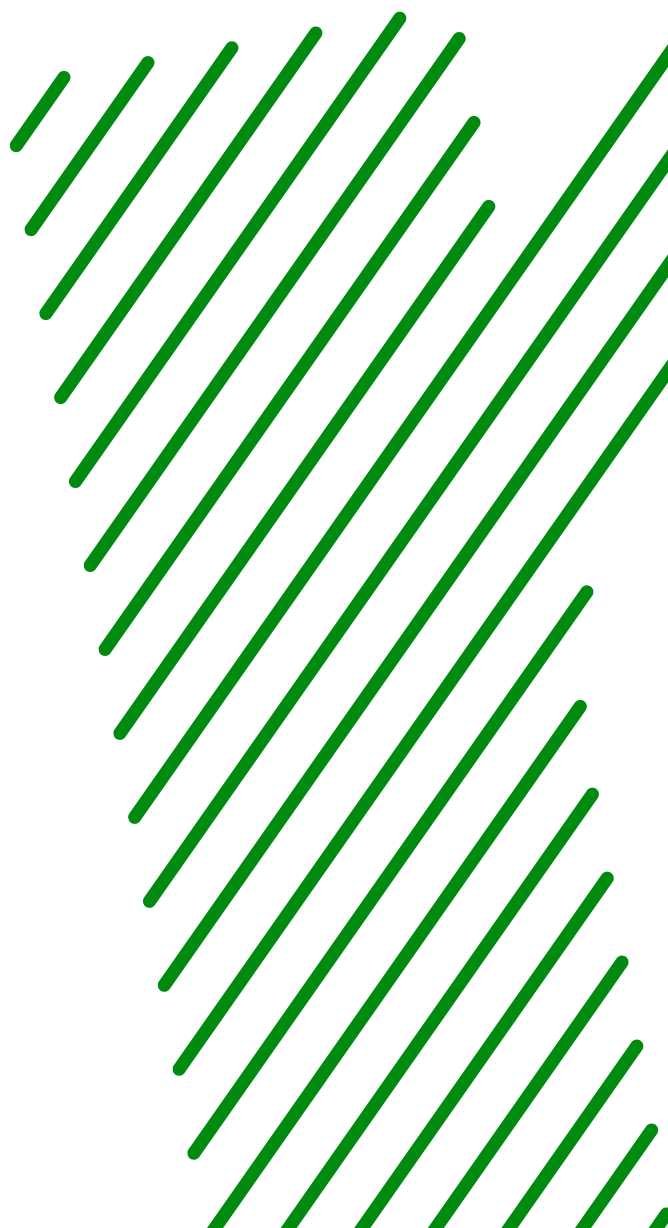
Iestyn Evans

Approved by the Chair of the
Audit and Risk Committee

Iestyn Evans

Chair of the Audit and Risk Committee

05 September 2025



Remuneration Committee report

Our Remuneration Committee adopts a fair and responsible approach to rewarding our colleagues, ensuring that the link between pay and performance encourages the right behaviours, whilst enabling us to attract and retain the right people.

We strive to be open, inclusive and embrace diversity, creating a culture where colleagues feel respected and safe. Our ambition is to have a workforce which is truly representative of the people in our regions. We support the Welsh Government's Anti-racist Wales action plan (ArWAP).

We recognise that there is much more to work than just the salary, which is why we offer a workplace environment, and a comprehensive range of benefits aimed at delivering a rewarding and enjoyable place to work, develop and grow.

Committee membership and attendance

The Group Remuneration Committee comprises of three non-executive directors:

Committee Chair: Rhys Jones

Membership: Kate Methuen-Ley, Roger Jeynes and Rhys Jones

The Committee is appointed by the Chair of the Board and must consist of at least two non-executive directors. Our Chair, Chief Executive, Director of Strategy, People and Development are normally in attendance except when their own remuneration is being discussed.

Feedback is provided to the Board following each Remuneration Committee meeting.

The Development Bank of Wales Group is owned by Welsh Ministers as a wholly owned subsidiary. Operating in the financial services sector, we recognise our colleagues are essential to our operations and without their knowledge and expertise we could not successfully achieve our objectives.

Committee purpose and key responsibilities include:

- Formulation and approval of the strategy and policy for the remuneration of the Group's Directors, Executive Management team and staff in accordance with the Framework Document.
- Ensuring the members of the Executive Management team are provided with appropriate incentives to encourage enhanced performance and rewarding them for individual contributions to the success of the organisation.
- Approval of the structure of the annual and longer-term incentive schemes, as well as any payments due under these schemes.
- Oversight of the pension schemes offered by the organisation.
- Overseeing major changes in employee benefit structures.
- The Committee is also responsible for the oversight and monitoring of the organisational culture.



Recruitment

We aim to be an employer of choice and are committed to developing our colleagues and embedding inclusion in the workplace, ensuring an equal workforce, fostering a culture which promotes respect, diversity, and performance.

We have recruited 24 new starters and undertaken 21 internal moves and promotions. The average time for a successful recruitment drive to get a new starter onboarded being 2.2 months.

Pay and benefits

We operate in line with our five-year pay protocol which was signed off by Welsh Government. This is in place from April 2022 until March 2027.

Our most important asset is our colleagues, and our organisational performance is measured by the quality of performance of our colleagues. Building a high-performance culture through performance management is therefore a key part of our People & Development strategy and fundamental to the effectiveness of the Group.

It is important for us to undertake a detailed analysis of our Gender Pay Gap, to strategically review what we do to help close it, showing our commitment to achieving gender equality and supporting our values. The current version of the report is published on our website. In addition to this, we have also reviewed our ethnicity pay gap and use similar principles to work towards reducing the gap.

Our pay and benefits are continuously benchmarked with private sector peers. This review is conducted by Mercer and ensures pay and benefits across the Group are transparent and fair and reflect the industry in which we operate.

As part of our commitment to fair pay, we review our lowest paid band on an annual basis. The current minimum FTE salary is £24,550 and it will be reviewed each July as part of our pay review process. Our lowest paid band will normally move in line with our cost-of-living increase, providing it remains comparable to the National Living Wage and Welsh Government minimum pay, whichever is the higher. The salary of our Chief Executive was 4.83 times the median remuneration of the workforce and is monitored on an annual basis.

Training

We want our colleagues to achieve their true potential, and a major part of our offering is a commitment to developing the skills and careers of everyone who works with us.

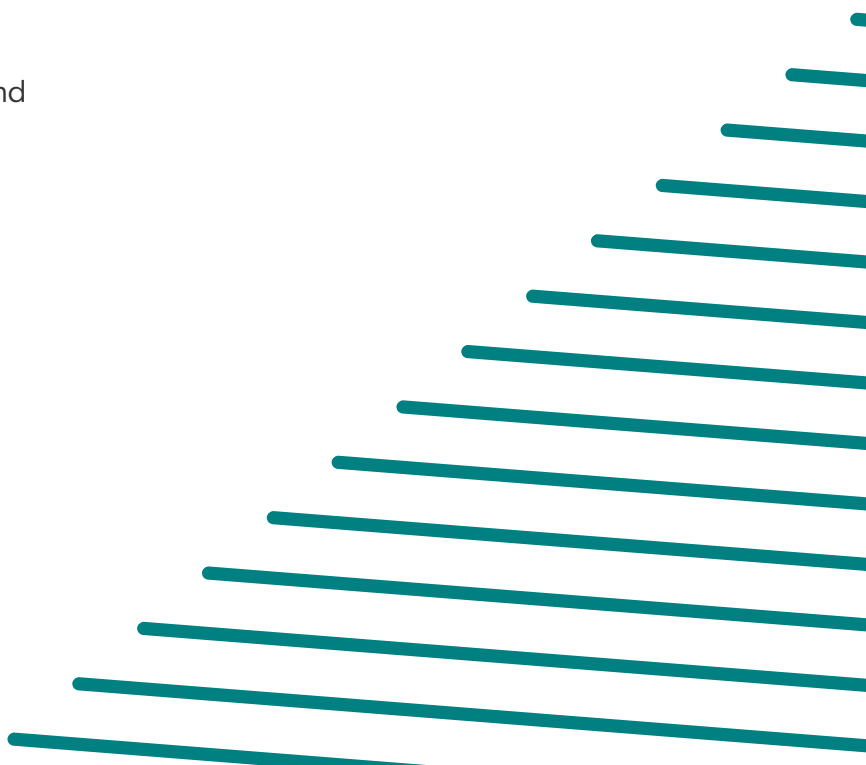
We have a continuous learning environment. We deliver training in a number of ways including on the job training, face-to-face, online, coaching and mentoring, further and higher education courses and through daily updates. On average our colleagues received six days training per year. The total cost of training for the year was £349,922 (external training only was £71,063).

Our career pathway has continued to support progression of our colleagues with 11 colleagues promoted during the year.

Wellbeing

Supporting our colleagues' physical and mental wellbeing is central to them feeling engaged and reaching their full potential. As an employer, we create and promote a workplace environment that supports and promotes positive physical, mental and social health, wellbeing behaviours and activities for all colleagues with an enhanced wellbeing programme. We also have dedicated mental health first aiders within the Group who organise events throughout the year.

During this year, the average sickness absence per colleague was 4.4 days. We will continue to closely monitor sickness absence to ensure we are supporting our colleagues in all aspects of their wellbeing.



Developing the business

The people strategy is being reviewed to align to our values enabling us to help with recruitment and retention of talent and set out our values and offering to our colleagues.

2024/25 continues the theme of digitalisation, helping to improve the colleague experience and reduce the administrative burden.

The committee is responsible for the culture of the organisation, something which we believe is integral to the success of the Development Bank of Wales. During the year, we partnered with Great Places to Work® and were proud to achieve outstanding results and certification by Great Place to Work® in our first year, including the 2025 UK Best Workplace™ and the UK's Best workplaces for Development™. The prestigious award is based entirely on what current colleagues say about their experience working here and the development support that is offered.

In addition to the annual survey, we commissioned a culture audit by RSM UK Risk Assurance Services LLP. We received excellent results and were asked to attend a peer forum event for their capital markets networking group in London as a panellist due to the positive culture that we have.

Approved by:



Rhys Jones

Chair of the Remuneration Committee

05 September 2025

Camtronics

Region: South Wales

Funding: £450,000

Business need:
Undisclosed



Six years after an initial equity investment of £450,000 helped to part-fund a management buy-out of Camtronics, we have successfully exited the Tredegar-based contract electronics business.



Nomination Committee report

The purpose of the Nomination Committee is to consider succession planning, review the leadership needs of the organisation and identify and nominate Board members.

The Nomination Committee is chaired by Sally Bridgeland. Attendance can be found on page 81.

During the financial year 2024/25, the Committee discussed and considered succession planning for the board of directors.

As part of this:

- The Board performance review plan was discussed and agreed in December 2024
- A skills audit was undertaken to ensure the Board had the necessary skills and diversity of experience
- Individual non-executive director appraisals were undertaken, and the results were presented to Board (Spring 2025)
- Two non-executive directors were re-appointed after completing their first three-year tenure
- Odgers Berndston were appointed for the recruitment of two additional non-executive directors
- An interview subcommittee was appointed, its terms of reference and the selection process were agreed.

The Committee also reviewed and approved the Group Board of Directors succession plan. Membership of the Board's Committees and the Committee's Terms of Reference were also reviewed during the year to ensure appropriate skills and representation.

Before any appointment is made by the Board, the Nomination Committee evaluates the balance of skills, knowledge, experience and diversity on the Board.

The Board is committed to represent the diversity of the communities in which we work. The Nomination Committee's duties include regularly reviewing the structure, size and composition (including diversity) of the Board and making recommendations to the Board with regard to any changes.

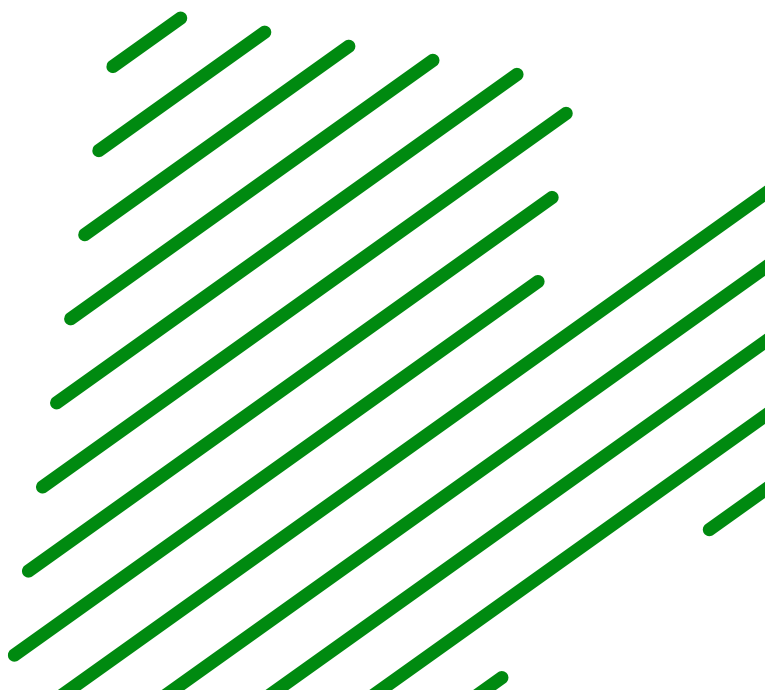


Approved by the Chair of the
Nomination Committee

Sally Bridgeland

Chair of the Nomination Committee

05 September 2025



Aparito

Region: Wrexham

Exit: 2.9x

Business need:
Undisclosed



We exited Wrexham-based med-tech business Aparito with an initial return of 2.9x on our £1.2 million equity investment following its acquisition by global pharmaceutical company Eli Lilly.



Independent auditor's report



Independent auditor's report to the members of Development Bank of Wales Public Limited Company

Opinion

We have audited the financial statements of Development Bank of Wales Public Limited Company (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2025 which comprise of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Parent Company's Balance Sheet, the Parent Company's Statement of Changes in Equity, and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and as regard to the Group financial statements, UK-adopted international accounting standards, and as regard to the Parent Company financial statements, United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice) as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2025 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('FRC') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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



Our audit procedures to evaluate the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Group's and the Parent Company's future financial performance;
- Evaluating the directors' going concern assessment of the Group and the Parent Company and challenging the appropriateness of the key assumptions used by the directors in their cash flow forecasts, by reviewing supporting and contradictory evidence in relation to these key assumptions and the mitigating actions put in place in response to the current economic situation, including but not limited to, the inflation levels and interest rates;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Assessing the historical accuracy of forecasts prepared by the directors;
- Reading regulatory correspondence, reviewing minutes of meetings of the Audit and Risk Committee and the Board of Directors, making inquiries of management and considering post balance sheet events to identify events of conditions that may impact the Group's and the Parent Company's ability to continue as a going concern;
- Considering the consistency of the cashflow forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the disclosures in the financial statements on going concern.

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

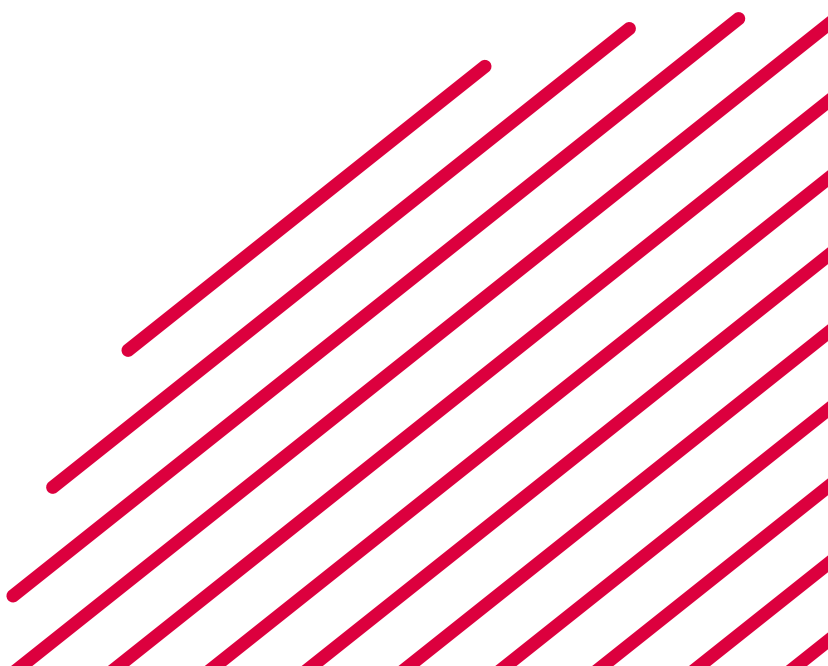
Our responsibilities and the responsibilities of the directors, with respect to going concern, are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) we identified, 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 our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.



Key audit matters	How our scope addressed these matters
Identification and completeness of Stage 3 loans and advances to customers and valuation of the associated impairment Group: Allowance for impairment (Stage 3 loans): £52.8m (2024: £45.6m) Loans and advances to customers at amortised cost (Stage 3): £76.6m (2024: £70.7m) Refer to Note 2: Accounting Policies, Note 4: Credit Risk and Note 14: Other Financial Assets in the financial statements. Credit risk is an inherently judgmental area due to the use of subjective assumptions and a high degree of estimation. The impairment provision relating to the Group's loan portfolio requires the directors to make judgements over the ability of the Group's customers to make future loan repayments. The completeness of stage 3 loans and the provision assessment of such exposures have been identified as a Key Audit Matter. Management identifies stage 3 loans through criteria relating to days past due and being unlikely to pay. Judgement is applied in the assessment of unlikely to pay criteria. Individual impairment assessments are made for loans classified as Stage 3. Judgement is applied to assess the value and timing of recoverable cash flows. Management applies either a 100% or 50% provision on each stage 3 loan following this assessment. The level of risk has remained consistent with prior year.	Identification and completeness of stage 3 loans Our audit procedures included, but were not limited to the following: – Obtained an understanding and performed a review of the end-to-end key business process around the allowance for impairment; – Evaluated the design and implementation of key controls over the staging criteria, internal ratings allocations, annual reviews, and days past due monitoring; – Assessed management's ability to identify impairment triggers on a timely basis and to determine whether the exposure will be repaid as originally intended; – Critically assessed the methodology for determining the default criteria in accordance with IFRS 9 requirements; and – Reviewed a sample of stage 1 and 2 exposures against SICR and default criteria to determine appropriate staging and assessed the appropriateness of returns to non-default status by reviewing stage 3 loans which showed improvement in credit risk. Key assumptions used to determine the stage 3 impairment provision Our audit procedures included, but were not limited to the following: – Engaged our credit modelling specialists (Quants) to evaluate the methodology of the macroeconomic PDs for conceptual soundness. We also engaged our Economist experts to perform a review of the macroeconomic variables and scenarios for reasonableness; – Challenged the reasonableness of the assumptions used by management in supporting the use of either 50% or 100% provision on stage 3 exposures. This also included independently assessing the recovery outcomes of the associated loans; – Assessed the valuation and existence of the collateral on a sample of exposures; – Performed stand-back procedures on the impairment provision and relevant benchmarking of the key inputs used in the impairment model to assess the appropriateness of the allowance for impairment on stage 3 loans; and – Verified the completeness and accuracy of the associated disclosures in the financial statements. Our observations We concluded that the identification of stage 3 loans and the ECL assessment of stage 3 exposures are consistent with IFRS 9 requirements, and we determined that the allowance for impairment on stage 3 loans at 31 March 2025 is reasonable.

Key audit matters	How our scope addressed these matters
Valuation of the Help To Buy - Wales Portfolio Group: £362.9m (2024: £355.5m) Refer to Note 2: Accounting Policies, Note 3: Critical Accounting Judgements and Key Sources of Estimation Uncertainty and Note 13: Financial Assets at Fair Value in the financial statements. Help to Buy Wales Portfolio ('HTB-W') shared equity loans are held at fair value under the classification and measurement provisions of IFRS 13 and IFRS 9. The directors apply significant judgement in determining the fair value of the portfolio, building a model to incorporate the underlying variable inputs present in the valuations, which are subject to significant estimation uncertainty. We recognise that the valuation of the HTB-W portfolio is sensitive to changes in forecast House Price Index ('HPI') growth, discount rate applied and the forecast repayment profile of the loans, noting some of these are not market observable. Other key inputs also include forced sale discount and retail price index. These inputs are subject to significant estimation uncertainty and require judgments to be made by directors. The level of risk has remained consistent with prior year.	Our audit procedures included, but were not limited to the following: – Obtained an understanding and performed a review of the end-to-end key business processes around the HTBW portfolio and assessed the design and implementation of the controls identified in the process, including performing walkthroughs; – Reviewed and evaluated the HTBW valuation methodology to assess compliance with IFRS 13 and IFRS 9 requirements; – Engaged our valuation experts to review and challenge the key assumptions and inputs to the model. These includes discount rate, forced sale discount, and HPI; – Challenged management on the appropriateness of the assumptions used within the model and agreed to independent third-party sources where available; – Performed an independent benchmarking of the forecast HPI and discount rate assumptions used against relevant comparable assumptions used within the industry and other available third-party sources; – Performed independent substantive procedures on the valuation of investments on a sample basis and agreeing to relevant supporting data where possible; – Performed a review of the logic and arithmetic accuracy of the HTBW valuation model by reperforming the calculation of the model, and agreeing the inputs to relevant supporting documentation where appropriate; – Assessed managements repayment profile forecast to identify the possibility of a change in forecast repayments giving rise to a material misstatement in later periods; and – Assessed the completeness and accuracy of the associated disclosures in line with IFRS 13. Our observations We concluded that management’s methodology and the key assumptions used in determining the fair value of the HTB-W Portfolio were reasonable and in line with IFRS 13 and IFRS 9 requirements. The values determined at 31 March 2025 are considered appropriate.



Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our

audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	
Overall materiality	£19.1m (2024: £18.4m)
How we determined it	1% of total assets (2024: 1% of total assets)
Rationale for benchmark applied	The core operations of the Group are to invest in various Small to Medium Enterprises and personal loans across Wales via Special Purpose Vehicles. The Group is an entrusted entity through which the Welsh Government places funds for investment and return in line with Government policy objectives which makes total assets a focus area for key users of the financial statements which are the Welsh Government and the investee businesses.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £13.3m (2024: £12.9m) which represents 70% (2024: 70%) of overall materiality. In determining the performance materiality, we considered a number of factors, including the effectiveness of internal controls and the history of misstatements, and concluded that an amount towards the upper end of our normal range was appropriate.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £0.6m (2024: £0.6m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent Company materiality	
Overall materiality	£4.2m (2024: £4.3m)
How we determined it	2% of net assets (2024: 2% of net assets)
Rationale for benchmark applied	The main purpose of the Parent Company is to encourage economic development through lending and investment which is driven by its financial asset balances. Net assets are the main focus of the key users of the financial statements which are mainly the Welsh Government.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £3.0m (2024: £3.0m), which represents 70% (2024: 70%) of overall materiality. In determining the performance materiality, we considered a number of factors, including the effectiveness of internal controls and the history of misstatements, and concluded that an amount towards the upper end of our normal range was appropriate.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £0.13m (2024: £0.13m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Group and the Parent Company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included the audit of the Group's and the Parent Company's financial statements. Based on our risk assessment, all consolidated components of the Group, including the Parent Company, were subject to full scope audit performed by the group audit team.

At the Parent Company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 72, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the Parent Company and their industry, we considered that non-compliance with the following laws and regulations might have

a material effect on the financial statements: anti-money laundering regulations, Financial Conduct Authority ('FCA') supervisory and regulatory requirements, Consumer Credit Act and Welsh Government regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the Parent Company, the industry in which they operate, and the structure of the Group, and considering the risk of acts by the Group and the Parent Company which were contrary to the applicable laws and regulations, including fraud;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the Group and the Parent Company is in compliance with laws and regulations and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities;
- Reviewing minutes of meetings of the Board of Directors and the Audit and Risk Committee held in the year, and subsequent to the balance sheet; and
- Discussing amongst the engagement team the laws and regulations listed above and remaining alert to any indications of non-compliance.



We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to management override of controls.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing and
- Being skeptical to the potential of management bias through judgements and assumptions in significant accounting estimates.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

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

Use of the audit report

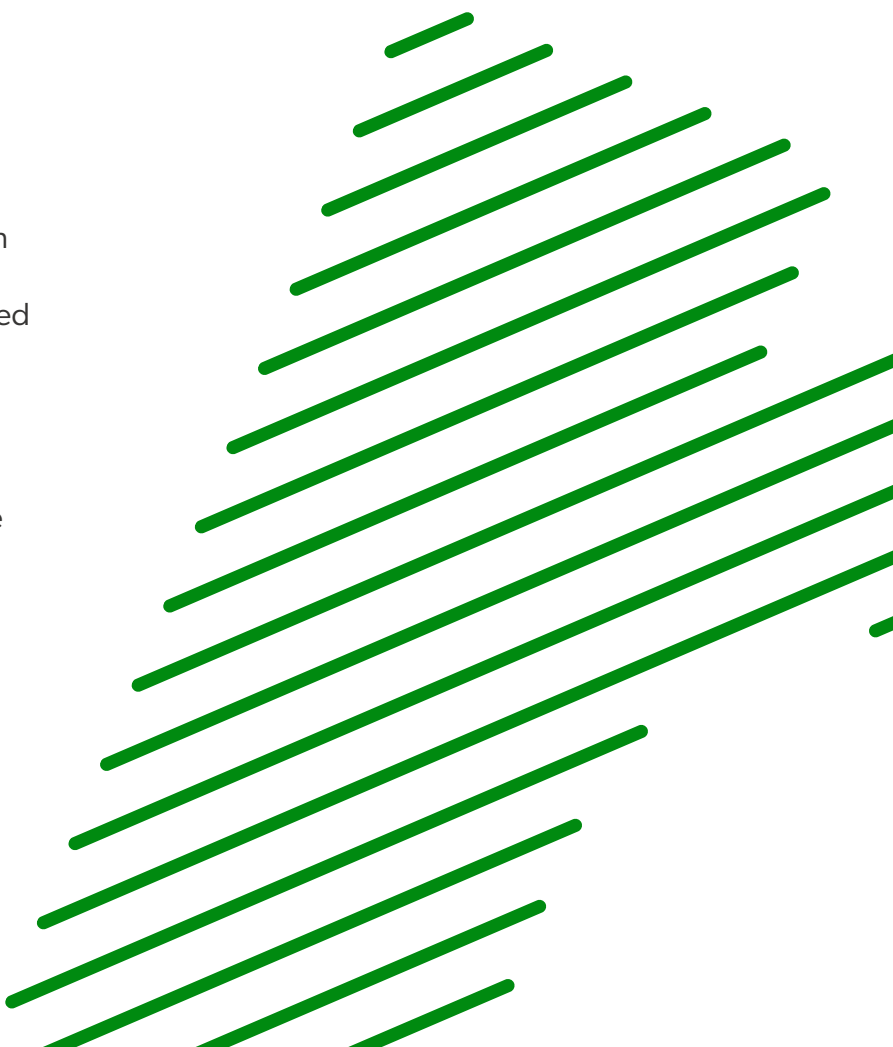
This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose.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



Pauline Pélissier (Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey, London

05 September 2025



Financial statements



Consolidated income statement

For the year ended 31 March 2025

	Note	2025	2024
		£000s	£000s
Interest revenue calculated using the effective interest method	5	23,196	18,337
Other interest revenue	5	3,515	3,811
Other revenue	5	12,039	10,005
Revenue	5	38,750	32,153
Operating expenses:			
Impairment of loans	6	(4,592)	(18,186)
Other administrative expenses	6	(35,177)	(32,504)
Total operating expenses		(39,769)	(50,690)
Other operating income:			
Release of ERDF grant income	5	-	20,015
Release of other grant income	5	1,389	526
Fair value gain on shared equity assets	5	13,099	34,756
Fair value loss on other financial assets	5	(19,001)	(80)
Realised gain from the disposal of shared equity assets	5	9,179	7,939
Total other operating income		4,666	63,156
OPERATING PROFIT	6	3,647	44,619
Other interest income	8	47,863	41,824
Finance costs	9	(6,922)	(2,972)
Loss on amounts owed to principal shareholder held at fair value	16	(22,278)	(42,695)
PROFIT BEFORE TAXATION		22,310	40,776
Taxation	10	(3,318)	(2,812)
PROFIT FOR THE FINANCIAL YEAR		18,992	37,964
Profit attributable to equity shareholders		20,371	32,555
(Loss)/Profit attributable to non-controlling interest	20	(1,379)	5,409
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		18,992	37,964

Consolidated statement of comprehensive income

For the year ended 31 March 2025

	Note	2025	2024
		£000s	£000s
Profit for the financial year		18,992	37,964
Items that will not subsequently be reclassified to profit or loss:			
Actuarial gain on defined benefit pension schemes	17	3,370	6,170
Other comprehensive income for the year net of tax		3,370	6,170
Total comprehensive income for the year		22,362	44,134
Total comprehensive income attributable to equity shareholder		23,741	38,725
Total comprehensive (loss)/income attributable to non-controlling interest	20	(1,379)	5,409
Total comprehensive income for the year		22,362	44,134

All of the other comprehensive income for the current and prior year is attributable to the owners of the parent.

Consolidated statement of changes in equity

For the year ended 31 March 2025

	Note	Public equity	Share capital	Retained profit	Non-controlling interest	Total
		£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2023		319,455	13	(11,979)	5,058	312,547
Profit for the financial year		-	-	32,555	5,409	37,964
Actuarial gain on defined benefit pension schemes	17	-	-	6,170	-	6,170
Non-controlling interest capital contribution	20	-	-	-	400	400
Non-controlling interest distribution	20	-	-	-	(720)	(720)
Sub total		-	-	38,725	5,089	43,814
Balance at 31 March 2024		319,455	13	26,746	10,147	356,361
Profit for the financial year		-	-	20,371	(1,379)	18,992
Actuarial gain on defined benefit pension schemes	17	-	-	3,370	-	3,370
Non-controlling interest capital contribution	20	-	-	-	1,860	1,860
Non-controlling interest distribution	20	-	-	-	(1,380)	(1,380)
Increase in public equity		363	-	-	-	363
Sub total		363	-	23,741	(899)	23,205
Balance at 31 March 2025		319,818	13	50,487	9,248	379,566

Consolidated balance sheet

As at 31 March 2025

	Note	2025	2024
		£000s	£000s
Non-current assets			
Intangibles	11	1,404	1,265
Property, plant and equipment	12	1,831	2,604
Financial assets at fair value	13	414,240	424,205
Trade and other receivables	14	211,779	183,284
Retirement benefit	17	14,970	10,640
		644,224	621,998
Current assets			
Trade and other receivables	14	121,612	92,033
Cash and cash equivalents	15	1,140,648	1,127,495
		1,262,260	1,219,528
Total assets		1,906,484	1,841,526
Current liabilities			
Trade and other payables	16	(63,410)	(80,794)
Deferred income	18	(761)	(986)
Lease liabilities	21	(348)	(344)
		(64,519)	(82,124)
Net current assets		1,197,741	1,137,404
Non-current liabilities			
Trade and other payables	16	(1,461,224)	(1,401,523)
Lease liabilities	21	(1,175)	(1,518)
		(1,462,399)	(1,403,041)
Total liabilities		(1,526,918)	(1,485,165)
Net assets		379,566	356,361
Equity			
Public equity		319,818	319,455
Share capital	20	13	13
Retained profit		50,487	26,746
Non-controlling interest	20	9,248	10,147
Total equity		379,566	356,361

The financial statements of Development Bank of Wales plc, registered number 04055414, were approved by the Board of Directors on 05 September 2025.

Signed on its behalf by



G Thorley
Director

Consolidated cash flow statement

For the year ended 31 March 2025

	Note	2025	2024
		£000s	£000s
Net cash outflow from operating activities	22	(45,588)	(38,606)
Investing activities			
Other interest received	8	47,863	41,824
Purchase of fixed assets	11, 12	(475)	(680)
Net cash received from investing activities		47,388	41,144
Financing activities			
Finance costs	9	(41)	(38)
Principal elements of lease payments	21	(339)	(283)
Non-controlling interest capital contribution		1,860	400
Non-controlling interest distribution		(1,380)	(720)
Public Equity Issued		363	-
Grant income received	18	1,164	591
WG Funding repaid	16	(35,805)	(2,740)
WG Funding received	16	45,531	29,510
Net cash received from financing activities		11,353	26,720
Net increase in cash and cash equivalents		13,153	29,258
Cash and cash equivalents at beginning of year		1,127,495	1,098,237
Cash and cash equivalents at end of year		1,140,648	1,127,495

For further details on cash and cash equivalents see Note 15.

Notes to the consolidated financial statements

For the year ended 31 March 2025

1. General information

Development Bank of Wales plc is a company incorporated in the United Kingdom under the Companies Act 2006. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

Basis of preparation

The financial statements for the year ended 31 March 2025 have been prepared and approved by the Directors in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments at fair value. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The material accounting policies adopted have been applied consistently to all of the years presented, unless otherwise stated.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, which reflects a period of at least 12 months from the date of approval of the financial statements and have concluded that there are no material uncertainties relating to going concern.

The Directors have made an assessment of going concern, taking into account both current performance and the Group's outlook. This considered a downside scenario impacting income and costs arising from ongoing macroeconomic uncertainties, and in particular the impact of the cost of living crisis, potential trade restrictions and tariff increases and strained economic relations between the US, China, Europe and

other countries and the conflicts in Ukraine and Gaza on reducing (but still high) global inflation, energy prices and interest rates using the information available up to the date of issue of these financial statements.

As part of this assessment the Board considered:

- The liquidity of the various funds the Group manages to support existing and new customers through a period of prolonged stress;
- Other funding being made available to businesses through the public and private sectors;
- Ongoing funding discussions with the Welsh Government for future funds;
- Forecast financial models for the various funds the Group manages and the repayment requirements of the Group's funders;
- The forecast results and accumulated reserves for its Operations business;
- The operational resilience of the Group's critical functions including its IT systems and the ability for the business to operate as usual on a hybrid working basis;
- An assessment of the Group's supplier base, considering any single points of failure and focusing on suppliers experiencing financial stress. This included consideration of contingency plans should suppliers be deemed at risk;
- The regulatory and legal environment and any potential conduct risks which could arise.

As a result of this assessment, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the consolidated financial statements

For the year ended 31 March 2025

1. General information (continued)

New and revised IFRS standards adopted by the Group

There have been no new or amended standards adopted by the Group during the year. Adoption of amendments to existing standards and annual improvements applicable in the year did not have any impact on the group's accounting policies and did not require retrospective adjustments.

The Group has considered all new and revised IFRS standards that have been issued but are not yet effective at the date of authorisation of these financial statements. Standards, amendments and interpretations issued and effective on or after 1 January 2025 that are expected to have an impact on the Group are as follows:

Minor amendments to accounting standards

The IASB has issued a number of minor amendments to IFRSs (including IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosure). These amendments are not expected to have a significant impact on the Group.

IFRS 18 Presentation and Disclosure in Financial Statements

The IASB has issued a new IFRS Accounting Standard to replace IAS 1 Presentation of Financial Statements. The new standard creates detailed requirements for the classification and aggregation of income and expenses in the income statement, and disclosure requirements for management-defined performance measures. The new standard is effective from 1 January 2027 but has not yet been endorsed for use in the UK. The Group is currently assessing the impact of these amendments.

2. Accounting policies

Basis of consolidation

The consolidated financial statements comprise Development Bank of Wales plc (the Company) and its subsidiary undertakings, as listed in Note 28 of the company financial statements.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the consideration plus costs directly attributable to the acquisition. The excess of the cost of the acquisition over the Group's share of the fair value of the net identifiable assets of the subsidiary acquired is recorded as goodwill. Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Intangibles

Intangible assets are shown in the balance sheet at their historical cost less amortisation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition and installation of computer software. The asset is determined to have a finite useful life and will be amortised on a straight-line basis over its estimated useful life of up to 7 years. Amortisation commences when the software is fully implemented.

Property, plant and equipment

Property, plant and equipment are shown in the balance sheet at their historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items. Subsequent costs are included in the assets' carrying amounts or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with them will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement as incurred.

Notes to the consolidated financial statements

For the year ended 31 March 2025

2. Accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is provided so as to write off the initial cost of each asset to its residual value on a straight-line basis over its estimated useful life as follows:

Fixtures, fittings and equipment - 3 to 5 years

Property relates to right of use assets and is discussed in more detail in the leasing accounting policy note on page 114.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the consolidated income statement.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or jointly control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Management regularly reviews a range of factors to determine whether significant influence over an investee exists. Amongst others, key factors include reliance on funding from the Group by the investee; exchange of key management personnel or provision of technical expertise; and the ability to significantly influence investee Board decisions through presence of executive or non-executive Group management at the investee Board.

The Group has taken a scope exemption available in IAS 28 Associates for accounting for associates held by venture capital organisations, mutual funds, unit trusts and similar entities for the associate to be measured at fair value through profit and

loss (FVTPL). The Group's risks arising from investments in associates are similar to investments in other equity investments that have not been classified as associates where significant deterioration in the value of the investment could reduce Group net assets. No financial guarantees are given or borrowing restrictions established with investee companies.

The Group looks for capital growth rather than income return from its investments. The 'venture capital' investments are held as part of an investment portfolio where their value is through their marketable value rather than as a medium through which Development Bank of Wales carries out its business. Development Bank of Wales aims to generate a growth in the value of its investments in the medium term and usually identifies an exit strategy or strategies when the investment is made. The investments are in businesses unrelated to Development Bank of Wales' business. The investments are managed on a fair value basis.

Investments in associates are designated as at FVTPL. Measurement of associates at FVTPL is consistent with the Group's documented risk management and investment strategy.

Revenue recognition

Revenue represents interest receivable on loans, and fund management fees which are each recognised in the period in which they arise.

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income and loan arrangement fees are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Fund management fees are recognised over the lifetime of the fund in the period in which they arise.

Notes to the consolidated financial statements

For the year ended 31 March 2025

2. Accounting policies (continued)

Dividends

Dividend income is recognised when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

Other Interest Income

Interest income, excluding interest receivable on loans, is recognised in the period to which it relates using the effective interest rate method.

European Regional Development Fund (ERDF) grant income

Grant income receivable in support of revenue expenditure is recognised in the consolidated income statement as utilised in accordance with the conditions applicable in the offer documentation.

Grants for the partial funding of investments which are received in advance of defrayal are treated as deferred income. Such deferred income is amortised to the consolidated income statement when investments are made, and the conditions set out in the offer documentation have been met. Income taken is equal to the level of grant utilised supporting investments.

Other grant income

Notional grant income is recorded in relation to schemes financed by the Welsh Government where state aid is conferred to customers via loans issued at below market rates. As the Group is committed to issue loans at below market rates, grant income is recognised in line with the grant expense incurred as described below. Grant income is capped at the difference between the transaction value of funding received and the initial fair value of the liability recorded. Where this amount is lower than the total grant expense for a scheme, grant income is recorded proportionally to the principal of loans as they are issued.

Grant expense

Where loans are issued at below market rates the loan asset is initially recognised at fair value calculated using an appropriate market rate, the difference between the transaction value of the loans and their fair value are recognised immediately through the consolidated income statement as a grant expense.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately through the consolidated income statement.

Financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- all equity investments are subsequently measured at FVTPL.

Notes to the consolidated financial statements

For the year ended 31 March 2025

2. Accounting policies (continued)

Financial instruments (continued)

Loans and advances to customers

For the purpose of the SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

A basic lending arrangement results in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Where the contractual cash flows introduce exposure to risks or volatility unrelated to a basic lending arrangement such as changes in equity prices or commodity prices, the payments do not comprise solely principal and interest.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group assesses its business models at a portfolio level based on its objectives for the relevant portfolio and how the performance of the portfolio is managed and reported.

Loan commitments

The Group has no loan commitments as at the balance sheet date. Initial loans and follow-on loans are granted based on conditions at the point of drawdown. The Group will always reserve the right not to invest if agreed conditions are not met.

Effective interest method

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash

receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

For purchased or originated credit impaired assets (POCI), the EIR reflects the ECLs in determining future cash flows expected to be received from the financial asset.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not solely payments of principal and interest;
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated as FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in the consolidated income statement. Fair value is determined in the manner described in Note 19.

Shared equity loans

The contractual cash flows of shared equity loans are linked to the value of the underlying property and are therefore not solely payments of principal and interest on the principal amount outstanding.

Shared equity loans are held at FVTPL and measured at fair value as at the balance sheet date. More detail on the measurement of shared equity loans can be found in Note 3.

Notes to the consolidated financial statements

For the year ended 31 March 2025

2. Accounting policies (continued)

Financial instruments (continued)

Impairment

The Group assesses on a forward-looking basis, the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost.

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. At initial recognition, financial assets are categorised as 'stage 1' and an impairment provision is made for ECLs resulting from default events projected within the next 12 months (12-month ECL). Subsequently, financial assets are considered to be in 'stage 2' when their credit risk has increased significantly since initial recognition, at which point it is considered appropriate to recognise lifetime ECL.

Financial assets are included in 'stage 3' when there is objective evidence that the asset is credit-impaired, with expected credit losses still calculated on a lifetime basis.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive, arising from discounting the cash flows at the asset's EIR.

More information is provided in Note 4, including details on how instruments are grouped to assess the correct inputs for the ECL calculation.

Significant increase in credit risk (SICR)

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been SICR since initial recognition. If there has been SICR the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on

a financial instrument has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information, and regional or sectoral information. See Note 4 for more details about forward-looking information.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the performance of the borrower. The Group uses its portfolio risk grading system (grades A to E) to identify credit-impaired financial assets. Indicators of credit-impairment used by the Group are presented in the portfolio grade descriptors on page 122. Assets classified within grade D and E are considered to be credit-impaired.

It may not be possible to identify a single discrete event – instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Notes to the consolidated financial statements

For the year ended 31 March 2025

2. Accounting policies (continued)

Financial instruments (continued)

Definition of default (continued)

Default is considered to have occurred when there is evidence that a customer is in significant financial difficulty and that the customer meets certain quantitative and qualitative criteria regarding their ability to make contractual payments when due. This includes instances where:

- the customer has incurred significant unauthorised arrears as a result of overdue contractual repayments (see Note 4 for further information on arrears);
- the customer makes a declaration of significant financial difficulty;
- it appears probable that the customer will enter administration, bankruptcy, or another form of financial restructure;
- the customer is unlikely to pay its credit obligations to the Group in full for any other reason.

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the consolidated income statement. A favourable change for such assets creates an impairment gain.

Modification and de-recognition of a financial asset

Modification of a financial asset is considered to have occurred under IFRS 9 if the contractual cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of a financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The change to the original contractual terms must be legally binding and enforceable by law.

The Group renegotiates and reschedules loans to customers for a number of reasons. The most common reason is to assist customers in financial difficulty in order to maximise our collections and minimise the risk of default. The revised terms in most cases include an extension of the maturity of the loan or changes to the timing of the cash flows of the loan (principal and interest repayment). On modification the gross carrying amount of the loan is recalculated as the present value of the renegotiated or modified contractual cash flows, which are discounted at the original effective interest rate.

An assessment needs to be made at the time of modification as to whether the modification warrants the financial asset being de-recognised and a new financial asset originated. A change is deemed to be substantial if the movement in net present value (NPV) due to modification is >10%. In these cases, the original financial asset will be de-recognised and, where appropriate, a new financial asset originated at the date of modification. Where a loan is de-recognised and a new loan originated, a gain or loss being the difference between the fair value of the new loan recognised and the carrying amount of the original loan de-recognised (including the cumulative loss allowance) will be recognised in the consolidated income statement. The assessment of the credit risk of the new financial asset will start again and the ECL will initially be calculated on a 12-month basis.

The Group would also de-recognise a financial asset where the modification of that financial asset would lead to any of the following scenarios:

- the extinguishing of the contractual rights to the cash flows from the assets, or
- the transfer of the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Notes to the consolidated financial statements

For the year ended 31 March 2025

2. Accounting policies (continued)

Financial instruments (continued)

Write-off

Financial assets are written off when the Group has no reasonable expectations of recovering the asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of payment that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains being recognised in the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term bank deposits; and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity instruments according to the substance of the contractual arrangements.

Financial liabilities

Financial liabilities are recognised as either financial liabilities at FVTPL or other financial liabilities. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Public equity

The Welsh Ministers, acting through the Welsh Government, have from time to time provided funds for investment purposes. Some of this Welsh Government funding was originally made as public dividend capital (PDC) whilst the remainder is classified as grant in aid or core funding for investment purposes.

This non-repayable funding is to invest in the long-term sustainability of Development Bank of Wales and within the Welsh Minister's own accounting arrangements the funds are regarded as being an investment. Additional public equity arises where the Group receives loans from the Welsh Government at below market rates as described below.

Amounts owed to principal shareholder held at amortised cost:

Welsh Government loans (WG loans)

The Welsh Government has provided financial transaction reserve (FTR) and core capital funding to the Group via interest free loans, these loans are specific to each fund created with repayment levels linked to the performance of the fund.

Initial recognition

On initial recognition the financial liability is recognised at fair value, calculated in accordance with IFRS 13. Where the Group is obligated to issue below market rate loans and grant income is to be recorded (as noted above) this balance is included within deferred income. The difference between the sum of the fair value of the liability plus the deferred income recorded and the transaction value (funds received) is treated as a capital contribution. In line with previous capital contributions, we will include this in public equity within equity on the consolidated balance sheet.

Notes to the consolidated financial statements

For the year ended 31 March 2025

2. Accounting policies (continued)

Financial instruments (continued)

Initial recognition (continued)

As it is not possible to identify market transactions involving similar financial instruments and apply a market approach, the Group uses the income approach and a present value technique which uses the future cash flows associated with the loan discounted to give the present value of these cash flows and the fair value of the liability. The key inputs to this technique are the expected cash flows associated with the loan and the discount rate applied to those cash flows. See Note 3 for further information.

Subsequent treatment

Loans are held at amortised cost with a notional interest charge being recorded in each period to reflect the unwinding of the initial discount using the EIR of each loan.

In the event of a revision to expected repayments, the Group shall adjust the amortised cost of a financial liability to reflect the revised estimated contractual cash flows. The amortised cost of the financial liability will be recalculated as the present value of these cash flows using the original EIR of the loan, any adjustment will be recognised in the consolidated income statement as income or expense.

Embedded derivatives

Embedded derivatives that are not closely related will be separated from host contracts in accordance with IFRS 9, where a separate derivative is recorded it will be held at FVTPL.

Amounts owed to principal shareholder held at fair value

The Welsh Government has also provided FTR funding to the Group to provide Help to Buy - Wales and Help to Stay – Wales shared equity loans, with gains and losses on the portfolio transferred back to Welsh Government.

Initial recognition

On initial recognition the financial liability is recognised at fair value, calculated in accordance with IFRS 13. Where the Group is obligated to issue below market rate loans and grant income is to be recorded (as noted above) this balance is included within deferred income. Any difference between the sum of the fair value of the liability plus the deferred income recorded and the transaction value (funds received) is deferred.

Subsequent treatment

As the shared equity loan portfolio is held at FVTPL, the Group has designated these liabilities as measured at FVTPL to eliminate the inconsistency that would otherwise arise from recognising the gains and losses on different bases. Gains or losses deferred on initial recognition are released as the loan portfolio is realised.

Leasing

The Group assesses whether a contract is or contains a lease at inception of the contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. All leases relate to property.

The Group recognises a right of use (ROU) asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For those leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Notes to the consolidated financial statements

For the year ended 31 March 2025

2. Accounting policies (continued)

Leasing (continued)

The lease liability is initially measured at the present value of the lease payments discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the HM Treasury discount rate at the inception of the lease. The lease liability is presented as a separate line in the consolidated balance sheet.

The ROU asset is measured at the same value as the lease liability at the date of initial application adjusted for any prepayments and are depreciated over the period of the lease term.

Related party transactions

The Group has taken advantage of the exemption conferred by paragraph 25 of IAS 24 Related Party Disclosures and has not disclosed transactions with its wholly-owned subsidiaries.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided in full on temporary differences between the carrying amount of assets and liabilities in the financial statements, and the tax base. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are not discounted.

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and is expected to apply when the deferred tax liability is settled, or the deferred tax asset is realised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary

difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax is recognised in the consolidated income statement, except where it relates to items recognised through the consolidated statement of comprehensive income (SOI), in which case it is recognised through SOI.

Retirement benefits

The Group operates a defined benefit pension scheme, now closed to new members, which is administered by Rhondda Cynon Taf County Borough Council. The Group accounts for its share of the surplus or deficit and the cost of accruing benefits of this scheme.

The level of contributions made to the scheme and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries.

The scheme assets are an estimate of the Group's notional share of the total fund assets measured at market value at each balance sheet date and liabilities are measured using the projected unit method, discounted using a corporate bond rate. The Group's notional share of assets is assumed to be invested in the same proportion as the fund as a whole in the different asset classes.

The resulting pension scheme surplus or deficit is recognised immediately in the consolidated balance sheet, net of deferred tax where applicable, and any resulting actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

The Group offers a defined contribution scheme administered by Legal and General which is open to those staff who are not members of the Rhondda Cynon Taf County Borough Council administered scheme. Employer contributions in relation to this scheme are accounted for within other administrative expenses in the period in which they are due.

Notes to the consolidated financial statements

For the year ended 31 March 2025

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Basis of consolidation

The Directors use their judgement to make an assessment of whether the Group controls an enterprise by considering the Group's power to govern the financial and operating policies of an enterprise taking into account any potential voting rights. They also consider the Group's ability to use its power to direct the relevant activities of an enterprise and the Group's exposure to the variability of returns. The judgement has a significant impact on the Group's consolidated balance sheet, income statement and cash flow: any enterprise that is controlled requires the financial statements of the enterprise to be included in the Group consolidated financial statements and, where an entity is not controlled, consolidation is not required.

In preparing these financial statements, the Directors have considered the relationship the Group has with the eleven funds managed by FW Capital Limited and specifically as to whether the Group controls those funds.

With regard to ten of the FW Capital Limited managed funds, the Directors note that while FW Capital in its role as fund manager and TVUPB Limited, TVC Loans NPIF GP Limited, North West Loans NPIF GP Limited, North East Property GP Limited, NE Commercial Property (GP) Limited, FWC SWIF Debt GP Limited, FWC IFW Debt GP Limited, FWC NPIFII Debt GP Limited, FWC TFIF GP Limited and FWC SYPA Debt GP Limited in their roles as general partner to their respective funds all exercise power over the activities of the respective funds they do not have sufficient exposure to the variability of returns from the funds to meet the definition of control and therefore act as agents rather than principals of the funds. Accordingly, the funds have not been consolidated into these financial statements.

The Wales Management Succession Fund Limited Partnership (WMSF LP) is also managed by FW Capital Limited. Following a detailed review of the relationship the Directors decided that the control tests under IFRS 10 were met and therefore the results for the WMSF LP have been consolidated into the Group financial statements.

Deferred tax

The Group has tax losses of £88.2m (2024: £109.8m) available for offset against future taxable profits. A deferred tax asset has not been recognised on the basis that there is insufficient certainty over the evidence of the recovery of these tax losses in future.

If deferred tax assets were recognised in full this would amount to an asset of £22.1m at 25% of the gross loss (2024: £27.4m at 25% of the gross loss) being recognised before any potential liabilities are taken into account.

Notes to the consolidated financial statements

For the year ended 31 March 2025

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

Welsh Government loans

Under IFRS 9, financial instruments should initially be recorded at fair value with adjustments for transaction costs in certain circumstances. As described in Note 2, the Group has received interest free loans from the Welsh Government where in some instances full repayment of the loan principal is not expected, as such the initial fair value of the liability recognised is not equal to the transaction value i.e. the loan principal.

IFRS 9 states that ordinarily the difference between the transaction value and the fair value should be recognised as an expense or reduction of income unless it qualifies for recognition as another type of asset however, treatment of the below-market rate element of an intercompany loan is not directly addressed by IFRS 9. IAS 20 deals with government loans at a below-market rate of interest with the difference treated as a government grant however it does not address the situation where the government entity is a related party.

Whilst the loans provided by the Welsh Government are intended to support their policy objectives, Management's view with reference to the IASB's Conceptual Framework for Financial Reporting is that the substance of these transactions is that a subsidy has been given by a parent company to its subsidiary. This interest subsidy should be recognised as a component of equity in the subsidiary i.e. a capital contribution in the financial statements of the Group. If the interest subsidy had instead been treated as a grant, this would have been recognised in the consolidated income statement on a basis that reflected the substance of that grant.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Help to Buy - Wales shared equity loans

The fair value of the shared equity loan book has been calculated by setting out anticipated future cash flows and discounting these at an appropriate rate. A number of observable inputs have been used in the calculation which results in a £13.1m gain (2024: £34.8m) on the fair value of the shared equity loan book with a year-end valuation of £362.9m (2024: £355.5m). This calculation uses a number of judgemental assumptions, notably a forecast for future house price movement and a discount rate based on a risk free rate and risk premium.

House price forecasts

The model uses observable transaction data to estimate movements in house prices between the origination of a loan and the measurement date. To forecast future house price movements over the maximum 25 year duration of the loan term, the model uses independent house price index (HPI) forecast data for Wales. This data has been adjusted for expected divergences between the forecast and the expected movement of the shared equity loan book due to the particular characteristics of the HTBW portfolio.

Notes to the consolidated financial statements

For the year ended 31 March 2025

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

House price forecasts (continued)

The central scenario for future HPI growth is used in the fair value calculation for the 2025 financial statements. The forecast assumes GDP will grow by 1% in 2025 and 1.5% in 2026. Growth will remain below trend, held back by tighter fiscal policy, the lagged effects of past interest rate hikes, and heightened global trade policy uncertainty. Mortgage rates have fallen back from their peak and strong nominal

pay growth has reduced the scale of the housing affordability problem. However, affordability remains relatively stretched by historic standards on all metrics. So, growth in activity and prices will be relatively soft this year. But in the longer term, house prices and activity expected to continue to recover as the valuation gap gradually recedes.

Sensitivity analysis on this input indicates a range of alternative scenarios for house price movements. The sensitivity of the modelled fair value to changes in HPI, with all other assumptions held constant, is illustrated below.

HPI Sensitivity Scenarios

Scenarios	Annual HPI growth forecast (5 years)					Fair value movement £m	Variance to Central scenario £m	5 year average (i)
	FY26	FY27	FY28	FY29	FY30			
Upside	5.2%	5.2%	6.2%	4.8%	3.5%	40.2	27.1	5.0%
Central	2.4%	2.1%	2.2%	2.7%	3.1%	13.1	-	2.5%
Downside	(2.3%)	(3.4%)	(1.8%)	1.6%	3.8%	(22.1)	(35.2)	(0.5%)
Severe downside	(4.7%)	(6.0%)	(4.5%)	0.6%	3.9%	(39.6)	(52.7)	(2.2%)

i. The average rate for HPI is based on the cumulative annual growth rate over the forecast period

Notes to the consolidated financial statements

For the year ended 31 March 2025

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

Key sources of estimation uncertainty (continued)

Help to Buy - Wales Shared equity loans (continued)

Discount Rate

The discount rate of 5.80% (2024: 5.41%), is based on a risk-free rate, which is calculated using the UK gilts yield curve, and a risk premium which is selected based on an analysis of the spreads on a range of bonds with similar risk profiles to our portfolio. Alongside HPI it is a significant input to the valuation model. A key driver in deriving the appropriate discount rate is the forecast cash flows, principally from repayment of shared equity loans. This determines the weighted average life of the portfolio, which is used to identify the correct point on the yield curve spread for the risk-free rate and the risk premium. The primary reason for the increase in the discount rate from the prior year is a higher risk-free rate, which is 0.67 percentage points higher than the prior year. This is driven by a general increase in UK gilt yields and the use of longer dated gilts with higher yields, due to an increase in the weighted average life of the shared equity loan book. There has been a slight decrease in the risk premium used in the valuation compared to the prior year.

Management considers a reasonable range for considering the sensitivity of this input to be 50 basis points above or below the FY25 rate. Sensitivity analysis on this input suggests that changes to the discount rate are not material to the fair value when viewed in isolation. However, due to the interrelationship of this input with assumptions for house price forecasts, as outlined below, an explanation of how the discount rate is derived has been disclosed.

Interrelationship between unobservable inputs

Due to the interaction between different economic variables within the fair value model, the impacts of single variable sensitivities may not be representative of realistic alternative scenarios. Movements in either HPI or discount rate are unlikely to occur in isolation. Were the HPI scenario to become more pessimistic, for example, reflecting the downside or severe downside scenarios identified above, then there is a realistic expectation that this would also see a rise in the discount rate as we would expect both the risk-free rate and risk premium to increase. We have illustrated this by combining our downside scenario with a 50 basis points increase in the discount rate. The combined effect is a -£30m loss on fair value, a reduction of £43.1m on the gain reported in our central scenario. Were the HPI outlook to improve then we would expect both the risk-free rate and risk premium to fall. We have illustrated this using our upside scenario in combination with a 50 basis points decrease in the discount rate. The combined effect is a fair value gain of £50.8m, an increase in the reported gain of £37.7m.

All other inputs have been tested for sensitivity and do not have a material impact on the valuation of the shared equity book. Actual gains and losses on the portfolio are transferred back to Welsh Government so the overall impact to the Group is limited.

Fair value measurement of unlisted equity investments

The fair value of unlisted equity investments has been estimated using a range of techniques giving a year-end valuation of £43.6m (2024: £53.8m).

Notes to the consolidated financial statements

For the year ended 31 March 2025

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

Key sources of estimation uncertainty (continued)

Fair value measurement of unlisted equity investments (continued)

In estimating the fair value of a financial asset, the Group uses market-observable data to the extent that it is available. Where such level 1 inputs are not available the Group uses valuation models including discounted cash flow analysis and valuation models to determine the fair value of its financial instruments. The valuation techniques for level 3 financial instruments involve management assessment and estimates the extent of which depends on the complexity of the instrument.

Where relevant, multiple valuation approaches may be used in arriving at an estimate of fair value for an individual asset. Such inputs are typically portfolio-company specific and therefore cannot be aggregated for the purposes of portfolio-level sensitivity analysis. Further details of the Group's level 3 financial instruments and the valuation techniques used are set out in Note 19.

4. Credit risk

Credit risk is the risk that a customer will default on their contractual obligations resulting in financial loss to the Group. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk arises from loans and advances to customers.

Credit risk management

The Group's Risk and Compliance team is responsible for managing the Group's credit risk by:

- Ensuring the Group has appropriate credit risk practices, including an effective system of control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, and IFRS.

- Identifying, assessing and measuring credit risk across the Group, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Group against identified risks including the requirements to obtain security from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Group's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method to measure ECL.
- Ensure that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

As part of the three-year internal audit work plan, audits are performed to ensure that the established controls and procedures are adequately designed and implemented.

Significant increase in credit risk (SICR)

As explained in Note 2, the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Notes to the consolidated financial statements

For the year ended 31 March 2025

4. Credit risk (continued)

Internal credit risk ratings

In order to minimise credit risk, the Group operates a portfolio grading system that categorises asset exposure according to the degree of risk of default. The Group's grading framework comprises 5 categories and allocates an appropriate grade to each asset which realistically reflects the change in credit risk over the life of the investment.

This approach was implemented as part of the portfolio controls in order to ensure appropriate strategies are deployed on assets given their particular circumstances, and in order to ensure those assets requiring a specific provision are identified. The portfolio grading approach is well embedded in the various portfolio teams, with several controls in place to ensure grading is appropriate.

Assets are classified as grade A to E, with grades A to C representing 'healthy' assets (albeit with grade C showing signs of underperformance and a significant increase in credit risk). Grade D being 'sick' with objective evidence of impairment, and grade E carrying a specific provision.

Assets in the Micro loan team are not allocated a specific portfolio grade as the Group does not obtain sufficient regular information to accurately grade these investments. These cases are therefore graded 'MICRO'. These loans are however monitored through payment history and Equifax alerts and are graded D or E if risk factors are identified. Similarly, assets in the Covid-19 Wales Business Loan Scheme fund are initially graded 'CWBLS' until sufficient information has been obtained to accurately grade these investments.

We would normally expect mainstream investments to start life as a grade B and typically those investments which are exceeding expectations at the point of drawdown would be graded A. We consider that grade A, B, MICRO and CWBLS assets are low risk and healthy and remain with the portfolio team. Together, they are regarded as Stage 1.

Grade C assets, whilst still considered healthy, do show a significant increase in credit risk and are normally managed with input from the risk team. They are regarded as Stage 2 assets.

Assets in grades D and E show a further increase in credit risk with objective evidence of impairment and are, therefore, regarded as Stage 3 assets.

The table below shows a summary of the descriptors for each portfolio grade. The list is not exhaustive, but indicative of the characteristics that "typical" assets in a particular grade might be expected to display.

Notes to the consolidated financial statements

For the year ended 31 March 2025

4. Credit risk (continued)

Internal credit risk ratings (continued)

Asset Class	Typical Descriptors		
	Calculation of ECL	12-month	Lifetime
A – Healthy	- Good quality financial information submitted on time. - Performance exceeding or more or less in line with business plan. - Risk position not increased since investment made. - Payments made in timely manner. - No negative credit alerts.	Arrears <30 days: Stage 1	Arrears >30 days: Stage 2
B – Healthy	- Irregular financial information. - Performance is broadly in line with business plan. - Performance is within covenants. - Payments made in a timely manner. - No negative credit alerts.	Arrears <30 days: Stage 1	Arrears >30 days: Stage 2
Micro	Assets in the Micro loan team are not allocated a specific portfolio grade as we do not obtain sufficient regular information to accurately grade these investments. These cases are therefore graded 'MICRO'. These loans are however monitored through payment history and Equifax alerts and are graded D or E if risk factors are identified.	Arrears <30 days: Stage 1	Arrears >30 days: Stage 2
CWBS	Assets in the CWBS classification are not initially allocated a specific portfolio grade as we did not have sufficient regular information to accurately grade these investments. These cases are therefore graded 'CWBS'. These loans are graded A-E once sufficient information has been obtained through management information and payment history.	Arrears <30 days: Stage 1	Arrears >30 days: Stage 2
C – Early Warning	- Financial information difficult to obtain or not available. - Business still appears to be viable but difficult to assess the risk. - Unauthorised arrears capitalised. - Request for authorised repayment holiday. - Satisfactory explanation to negative credit alert. - Evidence of creditor payments being stretched. - Breach of covenant for two consecutive months.	Stage 1 *	Stage 2
D – Sick	- Material underperformance. - Business changed direction or strategy. - Unauthorised arrears. - Breach of covenant for more than two consecutive months. - No formal Time to Pay agreement in place with HMRC. - Payment plans with creditors breached.		Stage 3
E – Terminal	- No recovery from D. - Objective evidence of risk of loss identified warranting a specific provision.		Stage 3

*Some Covid-19 business loans classified as Grade C do not show indicators of SICR and remain in Stage 1.

Notes to the consolidated financial statements

For the year ended 31 March 2025

4. Credit risk (continued)

Measurement of expected credit loss (ECL)

The portfolio of loans and advances to customers held at amortised cost has been disaggregated into categories of loans with shared credit risks. Six categories of loan with different risk profiles have been identified: mainstream loans, micro loans, property loans, rescue and restructure loans, mutual investment model loans, and Covid-19 Wales business loans.

The disaggregation is reconsidered from time to time and amended to fit the risk profiles apparent at that time.

Expected loss rates are calculated for each loan in the Group's portfolio with the following main inputs:

- Probability of default (PD) - data is obtained from an external credit specialist which analyses expected default frequencies based on the characteristics of each portfolio company. Where data is not available for an individual customer the average PD based on the loan category and internal risk grading is used.
- Exposure at default - exposure at the point of default is estimated using historic data from the Group's portfolio and movements in capital balances across each default horizon considered.
- Loss given default - expected losses on Grade E assets are used to estimate the loss given default for similar assets held at higher grades.

At the point of ECL measurement, loans are summarised by portfolio grade and the loss rates for each portfolio grade (either 12-month or lifetime, as appropriate) within each of the six categories is applied and the ECL calculated. The calculation is on a discounted cash flow basis where the cash flows are discounted by the original EIR of the loan.

The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the consolidated income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Incorporation of forward-looking information

Probability of default data is obtained for four UK macroeconomic scenarios (severe downside, downside, base and upside), relative weightings of the forward-looking economic scenarios are then used to generate the weighted output for use in the ECL model. Changes in the macroeconomic inputs does not have a material impact on the ECL provision.

There are additional factors which can influence the credit risk of the Group's investment portfolio, for example, the failure of a major employer could have a significant impact on business in the local area and beyond. Such events are considered as part of the Risk Committee's assessment of forward-looking information.

Notes to the consolidated financial statements

For the year ended 31 March 2025

4. Credit risk (continued)

Overdue accounts

The Group measures investments in arrears in two ways:

- Net arrears - amounts which are past due and unauthorised.
- Gross arrears - amounts which are past due compared to the original loan schedule whether authorised or not.

For the purposes of the IFRS 9 approach the gross arrears calculation will be used to identify those assets which are 30 days past due. Assets in Stage 1 which are over 30 days past due are flagged as having a significant increase in credit risk and moved to Stage 2. A probationary period is applied whereby assets are not subsequently moved back to stage 1 until they have been less than 30 days past due for a period of 6 months.

Within IFRS 9 there is a rebuttable trigger for assets which are over 90 days past due to be moved to Stage 3. Assets in Stages 1 and 2 which are over 90 days past due will already have been reviewed and assessed within our grading procedures. The asset may have been modified and rescheduled and payments may now be in line with the revised schedule, but the grading will also have been reviewed and if it is appropriate and there is objective evidence of impairment will have been moved to either a grade D or E and therefore be in Stage 3.

Where the review process indicates there is no objective evidence of impairment, despite the gross arrears in excess of 90 days, assets will remain in Stage 2 and the 90-day trigger is considered to have been rebutted.

Capital repayment holidays, initially lasting 3 months, were offered across the portfolio in response to the impact of the Covid-19 pandemic. Whilst these holidays are considered alongside other key observable data in grading assets and the SICR assessment, the granting of a Covid-19 repayment holiday is not taken as a sole indicator of SICR. Eligibility criteria was broad, and borrowers may have requested a repayment holiday in order to manage liquidity due to short-term cash flow disruption. Further holidays after the initial 3-month period were given in line with our existing policies and are taken as a SICR trigger.

Increase in probability of default

A significant increase in absolute probability of default since origination is considered as a SICR trigger.

Groupings based on shared characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, specifically:

- Portfolio grade; and
- Investment type.

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

Notes to the consolidated financial statements

For the year ended 31 March 2025

4. Credit risk (continued)

Credit quality

Class of financial instrument

The Group monitors credit risk per class of financial instrument. An analysis of the Group’s credit risk concentrations per class of financial asset is provided in the following tables:

Loans and advances to customers at amortised cost	2025	2024
	£000s	£000s
Concentration by category:		
Rescue and restructure loans	3,499	2,586
Property development loans	64,961	55,126
Micro loans	12,107	14,922
Covid-19 Wales business loans	18,652	30,331
Mutual investment model loans	23,505	18,908
Mainstream loans	194,304	146,403
	317,028	268,276
By Maturity:		
Loans to customers receivable in < 1 year	105,249	84,992
Loans to customers receivable in > 1 year	211,779	183,284
	317,028	268,276

Notes to the consolidated financial statements

For the year ended 31 March 2025

4. Credit risk (continued)

Exposure by class, internal rating and stage

An analysis of the Group's credit risk exposure per class of financial asset, internal rating and 'stage' is provided below:

Loans and advances to customers at amortised cost				2025
				£000s
	Stage 1	Stage 2	Stage 3	Total
Grade A-B: Low to fair risk	199,306	-	-	199,306
Grade Micro: Low to fair risk	22,567	-	-	22,567
Grade CWBLS: Low to fair risk	4,723	-	-	4,723
Grade C: Early warning*	356	35,048	-	35,404
Grade A-B: Low to fair risk - in arrears	-	29,621	-	29,621
Grade Micro: Low to fair risk - in arrears	-	4,938	-	4,938
Grade CWBLS: Low to fair risk - in arrears	-	1,322	-	1,322
Grade C: Early warning - in arrears	-	8,108	-	8,108
Grade D: Significant increase in credit risk and objective evidence of impairment	-	-	15,410	15,410
Grade D: Significant increase in credit risk, objective evidence of impairment and in arrears	-	-	13,584	13,584
Grade E: Objective evidence of impairment	-	-	47,566	47,566
Total gross carrying amount	226,952	79,037	76,560	382,549
Loss allowance	(4,201)	(8,498)	(52,822)	(65,521)
Net carrying amount	222,751	70,539	23,738	317,028
Provision coverage ratio	1.9%	10.8%	69.0%	17.1%

Loans and advances to customers at amortised cost (prior year comparative)				2024
				£000s
	Stage 1	Stage 2	Stage 3	Total
Grade A-B: Low to fair risk	169,046	-	-	169,046
Grade Micro: Low to fair risk	22,304	-	-	22,304
Grade CWBLS: Low to fair risk	9,068	-	-	9,068
Grade C: Early warning*	1,080	32,319	-	33,399
Grade A-B: Low to fair risk - in arrears	-	12,667	-	12,667
Grade Micro: Low to fair risk - in arrears	-	5,155	-	5,155
Grade CWBLS: Low to fair risk - in arrears	-	1,747	-	1,747
Grade C: Early warning - in arrears	-	6,589	-	6,589
Grade D: Significant increase in credit risk and objective evidence of impairment	-	-	12,451	12,451
Grade D: Significant increase in credit risk, objective evidence of impairment and in arrears	-	-	15,834	15,834
Grade E: Objective evidence of impairment	-	-	42,461	42,461
Total gross carrying amount	201,498	58,477	70,746	330,721
Loss allowance	(6,162)	(10,731)	(45,552)	(62,445)
Net carrying amount	195,336	47,746	25,194	268,276
Provision coverage ratio	3.1%	18.4%	64.4%	18.9%

*Some Covid-19 business loans classified as Grade C do not show indicators of SICR and remain in Stage 1.

Notes to the consolidated financial statements

For the year ended 31 March 2025

4. Credit risk (continued)

Movement of loss allowance during year

The table below analyses the movement of the loss allowance during the year per class of asset:

Loans and advances to customers at amortised cost				
	£000s			
	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 April 2024	6,162	10,731	45,552	62,445
Changes in the loss allowance:				
New financial assets originated	3,372	-	-	3,372
Transfers to Stage 1	1,181	(857)	(324)	-
Transfers to Stage 2	(1,140)	2,046	(906)	-
Transfers to Stage 3	(421)	(2,666)	3,087	-
(Decrease)/increase due to other changes in credit risk	(4,953)	(756)	9,000	3,291
Write offs	-	-	(3,587)	(3,587)
Loss allowance as at 31 March 2025	4,201	8,498	52,822	65,521

Movement of the gross carrying amount during year

More information about the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in the loss allowance is provided in the table below:

Loans and advances to customers at amortised cost				
	£000s			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 April 2024	201,498	58,477	70,746	330,721
Changes in the gross carrying amount:				
New financial assets originated	137,402	-	-	137,402
Transfers to Stage 1	5,557	(4,102)	(1,455)	-
Transfers to Stage 2	(44,504)	45,497	(993)	-
Transfers to Stage 3	(10,314)	(10,080)	20,394	-
Write offs	-	-	(3,587)	(3,587)
Other changes	(62,687)	(10,755)	(8,545)	(81,987)
Gross carrying amount as at 31 March 2025	226,952	79,037	76,560	382,549

Other changes in the table above predominantly relates to repayments received during the year that have reduced outstanding balances on assets that remain held at the year end.

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity is £nil (2024: £nil).

Modified financial assets

As a result of the Group's forbearance activities financial assets might be modified. There are no net modification gains or losses from financial assets where modification does not result in derecognition.

Notes to the consolidated financial statements

For the year ended 31 March 2025

5. Revenue and other operating income

An analysis of the Group's revenue, all of which arises in the UK, is as follows:

	2025	2024
	£000s	£000s
Revenue		
Interest revenue calculated using the effective interest method	23,196	18,337
Other interest revenue	3,515	3,811
Fees	11,568	9,884
Dividends	471	121
	38,750	32,153
Other operating income		
European Regional Development Fund (ERDF) grant income	-	20,015
Other grant income	1,389	526
Fair value gain on shared equity assets	13,099	34,756
Fair value loss on other financial assets	(19,001)	(80)
Realised gain from the disposal of shared equity assets	9,179	7,939
Total revenue and other operating income	43,416	95,309

6. Operating profit

	2025	2024
	£000s	£000s
Operating profit has been arrived at after charging:		
Amortisation of intangibles	307	282
Depreciation of fixtures and fittings	450	446
Depreciation of right of use assets	352	306
Directors' emoluments and staff costs (see Note 7)	21,535	20,674
Provision for deferred incentive scheme	611	537
Grant expense in respect of below market rate loans	945	265
Impairment of loans	4,592	18,186
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's financial statements	109	199
Fees payable to the Company's auditor for other services to the Group: Audit of the Company's subsidiaries	410	369
Total audit fees	519	568
Fees payable for the provision of assurance services:		
Audit of client assets (CASS)	23	23
Group reporting	15	20
Total non-audit fees	38	43

Included in the audit fees of the Company's financial statements for 2024 is cost overruns of £80k associated with the 2023 year end audit.

Notes to the consolidated financial statements

For the year ended 31 March 2025

7. Information regarding directors and employees

	2025	2024
	£000s	£000s
Directors' emoluments		
Wages and salaries	695	668
Pension costs	80	76
	775	744

Remuneration of highest paid director	279	260
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One director (2024: one) of the Company and three directors (2024: three) of subsidiary companies were members of the defined benefit pension scheme.

	2025	2024
	£000s	£000s
Aggregate payroll costs		
Wages and salaries	17,495	16,860
Social security costs	1,973	1,818
Pension costs	2,067	1,996
	21,535	20,674

	2025	2024
	No.	No.
The monthly average number of persons employed (excluding directors and agency temps):		
Administration	66	64
Funds Management	217	217
	283	281

8. Other interest income

	2025	2024
	£000s	£000s
Bank interest	47,333	41,624
Net return on pension scheme assets	530	200
	47,863	41,824

9. Finance costs

	2025	2024
	£000s	£000s
Notional interest on WG loans	6,881	2,934
Interest on lease liabilities	40	38
Other interest	1	-
	6,922	2,972

Notes to the consolidated financial statements

For the year ended 31 March 2025

10. Taxation

	2025	2024
	£000s	£000s
Current tax		
UK corporation tax charge for the year	3,318	2,812

The difference between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows:

	2025	2024
	£000s	£000s
Profit on ordinary activities before tax	22,310	40,776
Tax at 25% (2024: 25%) thereon	5,577	10,194
Factors affecting charge for the year		
Adjustments in respect of prior years	(1,838)	-
Expenses not deductible	7,460	4,567
Deferred tax not recognised	(4,461)	(1,801)
Partnership share	1,520	1,016
Non-taxable income	(4,940)	(11,164)
Total tax charge	3,318	2,812

A net deferred tax asset has not been recognised in respect of timing differences relating to non-trade financial losses, excess management expenses, accrued pension costs and fair value gains in respect of investments in associates and capital losses. The asset would be recovered if there were sufficient suitable future profits to absorb all such assets. At 25% of gross tax assets the unrecognised deferred tax in this respect is £18,128k (2024: deferred tax assets not recognised at 25% is £22,112k).

The main rate of corporation tax is 25% and this rate has been used to calculate deferred tax in these financial statements (2024: 25% used to calculate deferred tax).

Notes to the consolidated financial statements

For the year ended 31 March 2025

11. Intangibles

	2025	2024
	£000s	£000s
Group Software Cost		
At 1 April	1,673	1,143
Additions	446	530
At 31 March	2,119	1,673
Accumulated amortisation		
At 1 April	408	126
Charge for the year	307	282
At 31 March	715	408
Net book value		
At the end of the financial year	1,404	1,265
At the beginning of the financial year	1,265	1,017

	2025	2024
	£000s	£000s
Company Software Cost		
At 1 April	1,673	1,143
Additions	-	530
At 31 March	1,673	1,673
Accumulated amortisation		
At 1 April	408	126
Charge for the year	296	282
At 31 March	704	408
Net book value		
At the end of the financial year	969	1,265
At the beginning of the financial year	1,265	1,017

Notes to the consolidated financial statements

For the year ended 31 March 2025

12. Property, plant and equipment

	Land & buildings		Fixtures, fittings & equipment		Total	
Group and Company	2025	2024	2025	2024	2025	2024
	£000s	£000s	£000s	£000s	£000s	£000s
Cost						
At 1 April	3,521	3,268	2,127	2,281	5,648	5,549
Additions	-	253	29	135	29	388
Disposals	-	-	(4)	(289)	(4)	(289)
At 31 March	3,521	3,521	2,152	2,127	5,673	5,648
Accumulated depreciation						
At 1 April	1,659	1,353	1,385	1,228	3,044	2,581
Charge for the year	352	306	450	446	802	752
Disposals	-	-	(4)	(289)	(4)	(289)
At 31 March	2,011	1,659	1,831	1,385	3,842	3,044
Net book value						
At the end of the financial year	1,510	1,862	321	742	1,831	2,604
At the beginning of the financial year	1,862	1,915	742	1,053	2,604	2,968

All of the land and buildings are classified as right of use assets with a corresponding lease liability and are depreciated over the life of the lease. Disposals represent a lease surrendered during the year.

Notes to the consolidated financial statements

For the year ended 31 March 2025

13. Financial assets at fair value

	2025	2024
	£000s	£000s
Shared equity assets	363,082	355,528
Equity investments	45,278	60,586
Investments in non-consolidated funds	400	400
Convertible loan notes	5,480	7,691
	414,240	424,205

All financial assets at fair value are mandatorily measured at fair value through profit or loss in accordance with IFRS 9.

Shared equity loans relate to those agreements entered into under the Help to Buy - Wales and Help to Stay - Wales schemes and further information in respect of the carrying value can be found in Notes 3 and 19. The maximum exposure to credit risk of shared equity loans for the current and prior period is the carrying amount. Actual gains and losses on the portfolio are transferred back to Welsh Government so the overall impact to the Group is limited.

14. Other financial assets

Trade and other receivables	2025	2024
	£000s	£000s
Current assets		
Trade debtors	310	212
	310	212
Loans receivable carried at amortised cost	129,651	108,887
Impairment	(24,402)	(23,895)
	105,249	84,992
Other debtors	14,883	5,753
Amounts due from principal shareholder	500	-
Prepayments	670	1,076
	121,612	92,033
Non-current assets		
Loans receivable carried at amortised cost	252,898	221,834
Impairment	(41,119)	(38,550)
	211,779	183,284

The Group enters into agreements to advance loans to businesses in Wales. The loans advanced are a mixture of unsecured and secured loans. Security is over counterparty assets. The maximum exposure to credit risk of loans receivable for the current and prior period is the carrying amount. The carrying amount of these assets is approximately equal to their fair value.

Before accepting any new customer, the Group follows its investment operating guidelines to assess the potential customer's credit quality and define customer acceptance. Recoverability of loans advanced is reviewed monthly.

Loans receivable disclosed above include amounts which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts (which include interest accrued after the receivable is overdue) continue to be considered recoverable.

Notes to the consolidated financial statements

For the year ended 31 March 2025

15. Cash and cash equivalents

Cash and cash equivalents comprise cash, short-term bank deposits with a notice period of 3 months or less and fixed-term deposits redeemable within the next 3 months.

The carrying amount of these assets is approximately equal to their fair value.

	2025	2024
	£000s	£000s
Cash at Bank	146,675	122,139
Short-Term Deposits	693,973	855,356
Fixed-Term Deposits	300,000	150,000
Cash and cash equivalents	1,140,648	1,127,495

The credit risk on liquid funds is limited because, not only are the majority of liquid funds held with the Group's principal bankers - Barclays Bank plc, Lloyds Bank plc, NatWest plc, Handelsbanken, HSBC plc, Santander UK plc and Nationwide Building Society (all banks with high credit ratings assigned by international credit rating agencies) - care is taken to ensure that there is no significant concentration of credit risk with one particular entity.

16. Other financial liabilities

Trade and other payables	2025	2024
	£000s	£000s
Current liabilities		
Trade payables and accruals	8,603	6,026
Taxation and social security	5,903	5,414
Other creditors	2,425	2,602
Amounts owed to principal shareholder held at amortised cost	43,219	63,922
Amounts owed to principal shareholder held at fair value	3,260	2,830
	63,410	80,794
Non-current liabilities		
Amounts owed to principal shareholder held at amortised cost	678,423	678,875
Amounts owed to principal shareholder held at fair value	782,057	722,039
Other creditors	744	609
	1,461,224	1,401,523

There are no trade payables past due and the trade payables and other creditors will be settled within the credit period offered by the counterparty.

Within the current amounts owed to principal shareholder held at amortised cost, £30,022k (2024: £29,614k) are repayable on demand. This balance is excluded from the reconciliation of changes in amounts owed to principal shareholder and the maturity analysis below which relate to financing liabilities.

All other amounts owed to the principal shareholder relate to FTR and core capital funding and are repayable by 31 March 2055. These borrowings are non-secured and are non-interest bearing.

The fair value of financing liabilities is included in the table below. The Directors consider that the carrying amount of all other financial liabilities approximates their fair value.

Notes to the consolidated financial statements

For the year ended 31 March 2025

16. Other financial liabilities (continued)

Reconciliation of changes in amounts owed to principal shareholder which are financing liabilities:

	Amounts held at amortised cost	Amounts held at fair value	2025	Amounts held at amortised cost	Amounts held at fair value	2024
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at April 1	713,183	724,869	1,438,052	703,447	662,206	1,365,653
WG funding repaid	(32,975)	(2,830)	(35,805)	(300)	(2,440)	(2,740)
WG funding received	4,894	41,000	45,894	7,102	22,408	29,510
Interest charged	6,881	-	6,881	2,934	-	2,934
FV changes	-	22,278	22,278	-	42,695	42,695
Public equity	(363)	-	(363)	-	-	-
Subtotal	(21,563)	60,448	38,885	9,736	62,663	72,399
Balance at March 31	691,620	785,317	1,476,937	713,183	724,869	1,438,052
Fair Value at March 31	498,938	785,317	1,284,255	555,180	724,869	1,280,049

MATURITY ANALYSIS:

	Amounts held at amortised cost	Amounts held at fair value	2025	Amounts held at amortised cost	Amounts held at fair value	2024
	£000s	£000s	£000s	£000s	£000s	£000s
Due less than 1 year	13,197	3,260	16,457	34,307	2,830	37,137
Due between 1 and 5 years	210,586	30,058	240,644	190,714	22,260	212,974
Due after 5 years	467,837	751,999	1,219,836	488,162	699,779	1,187,941
	691,620	785,317	1,476,937	713,183	724,869	1,438,052

Notes to the consolidated financial statements

For the year ended 31 March 2025

17. Retirement benefit schemes

Group and Company

Development Bank of Wales Group operates both a defined contribution and a defined benefit pension plan.

Defined contribution plan

A defined contribution plan is a pension arrangement under which the benefits are linked to the contributions made and the performance of each individual's chosen investments.

Contributions are paid into an independently administered fund. We employ the services of an independent third party to report to us on an annual basis as to the performance of the fund and also as to whether the default investment fund continues to be fit for purpose.

The total cost charged to income of £1,161k (2024: £1,087k) represents contributions payable to this scheme by the Group at rates specified in the rules of the schemes. As at 31 March 2025, nil contributions (2024: £nil) were due in respect of the current reporting period that had not been paid over to the schemes.

Defined benefit plan

A defined benefit plan is a pension arrangement under which participating members receive a pension benefit at retirement determined by the plan rules dependent on factors such as age, length of service and pensionable pay. It is not just dependent upon actual contributions made by the Group or members.

The Group's defined benefit plan is part of the Local Government Pension Scheme, which is a multi-employer funded scheme providing pensions and related benefits on a career average basis. This plan was closed to new entrants on 28 February 2010. The assets of the scheme are held separately from the assets of the Group and are administered by Rhondda Cynon Taf County Borough Council.

Additional retirement benefits are granted in accordance with the Local Government (Compensation for Premature Retirement) Regulations 1982 and these benefits are provided on a pay-as-you-go basis.

The Group is not aware of any specific risks to which the scheme is exposed, details of asset allocation are set out below. In the event of the withdrawal of the Group from the scheme the resulting surplus or deficit would be allocated to the Group.

The Company and subsidiary undertaking DBW FM Limited both participate in the Local Government Pension Scheme and disclosures regarding the Company's and DBW FM Limited's defined benefit pension schemes are required under the provisions of IAS 19 Retirement Benefits, and these are set out below.

The Group is aware of the UK High Court's June 2023 ruling in the case between Virgin Media Limited and NTL Pension Trustees II Limited, which determined that certain past amendments to defined benefit scheme rules were invalid if not supported by appropriate actuarial certification. This decision was appealed, and in July 2024, the Court of Appeal upheld the original ruling. The Group is currently working with the Trustee to evaluate the implications of this decision, and this review remains ongoing. The recent Government announcement regarding forthcoming legislation to allow affected pension schemes to obtain retrospective actuarial confirmation of past changes is a positive development. As the outcome of the assessment is still uncertain, no adjustments have been made to the Group's financial statements as at 31 March 2025.

Notes to the consolidated financial statements

For the year ended 31 March 2025

17. Retirement benefit schemes (continued)

Development Bank of Wales Group consolidated pension scheme surplus net of deferred tax:

	2025	2024
	£000s	£000s
Development Bank of Wales plc	5,170	3,940
DBW FM Limited	9,800	6,700
Net surplus	14,970	10,640

The last full triennial actuarial valuation was carried out at 31 March 2022 by a qualified actuary using revised assumptions that are consistent with the requirements of IAS

19. The major assumptions used for the updated actuarial valuation of both the Development Bank of Wales plc and DBW FM Limited pension schemes were:

Key assumptions	2025		2024	
	Development Bank of Wales plc	DBW FM Ltd	Development Bank of Wales plc	DBW FM Ltd
Rate of increases in salaries	3.75%	3.75%	3.85%	3.85%
Rate of increases in pensions in payment	2.5%	2.5%	2.6%	2.6%
Rate of increase to deferred pensions	2.5%	2.5%	2.6%	2.7%
Discount rate	5.8%	5.8%	4.8%	4.7%
Inflation assumption CPI	2.5%	2.5%	2.6%	2.6%

The mortality assumptions are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements. Sample life expectancies at 65 resulting from these mortality assumptions are shown below:

Mortality assumptions	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	Males		Females	
Member aged 65 at accounting date	20.9	21.0	23.7	23.8
Member aged 45 at accounting date	21.8	22.3	24.8	25.2

The allocation of the assets in the schemes at the balance sheet date for the whole of the Rhondda Cynon Taf County Borough Council Pension Fund were as follows:

Asset allocation	Asset split	Asset split
	2025	2024
	%	%
Quoted Equities	65.1	64.0
Property	6.1	6.5
Government bonds	10.9	12.2
Corporate bonds	14.7	15.6
Cash	0.5	0.4
Other	2.7	1.3
Total market value	100.0	100.0

Notes to the consolidated financial statements

For the year ended 31 March 2025

17. Retirement benefit schemes (continued)

Reconciliation of funded status to balance sheet	Development Bank of Wales plc		DBW FM Ltd	
	2025	2024	2025	2024
	£000s	£000s	£000s	£000s
Fair value of assets	12,960	13,010	25,380	24,390
Present value of funded defined benefit obligation	(6,420)	(7,720)	(12,740)	(15,380)
Unrecognised asset	(1,370)	(1,350)	(2,840)	(2,310)
Net surplus	5,170	3,940	9,800	6,700

Amounts recognised in income statement	Development Bank of Wales plc		DBW FM Ltd	
	2025	2024	2025	2024
	£000s	£000s	£000s	£000s
Operating costs				
Current service cost	100	100	360	380
Past service cost	-	-	-	-
Total operating charge	100	100	360	380
Financing cost				
Interest on net defined benefit (asset)	(200)	(90)	(330)	(110)
Pension (credit)/expense recognised in income statement	(100)	10	30	270

Amounts recognised in other comprehensive income	Development Bank of Wales plc		DBW FM Ltd	
	2025	2024	2025	2024
	£000s	£000s	£000s	£000s
Asset (loss)/gain arising during the period	(500)	760	(920)	1,430
Liability gain arising during the period	1,440	310	3,730	310
Adjustment in respect of unrecognised asset	40	910	(420)	2,450
Total actuarial gain	980	1,980	2,390	4,190

Notes to the consolidated financial statements

For the year ended 31 March 2025

17. Retirement benefit schemes (continued)

Changes to the present value of the defined benefit obligation	Development Bank of Wales plc		DBW FM Ltd	
	2025	2024	2025	2024
	£000s	£000s	£000s	£000s
Opening defined benefit obligation	7,720	7,740	15,380	14,760
Current service cost	100	100	360	380
Interest expense on defined benefit obligation	360	360	720	680
Contribution by participants	40	40	230	230
Actuarial (gain) on liabilities	(1,440)	(310)	(3,730)	(310)
Net benefits paid out	(360)	(210)	(220)	(360)
Closing defined benefit obligation	6,420	7,720	12,740	15,380

Changes to the fair value of assets	Development Bank of Wales plc		DBW FM Ltd	
	2025	2024	2025	2024
	£000s	£000s	£000s	£000s
Opening fair value of assets	13,010	11,700	24,390	21,360
Interest income on assets	620	550	1,160	1,000
Re-measurement (loss)/gain on assets	(500)	760	(920)	1,430
Contributions by employers	150	170	740	730
Contributions by participants	40	40	230	230
Net benefits paid out	(360)	(210)	(220)	(360)
Closing fair value of assets	12,960	13,010	25,380	24,390

Notes to the consolidated financial statements

For the year ended 31 March 2025

18. Deferred income

Group	2025	2024
	£000s	£000s
Balance at 1 April	986	20,936
Grant received in the year	1,164	591
Grant released to income statement in the year	(1,389)	(20,541)
Balance at 31 March	761	986

Company	2025	2024
	£000s	£000s
Balance at 1 April	638	20,653
Grant received in the year	145	-
Grant released to income statement in the year	(484)	(20,015)
Balance at 31 March	299	638

19. Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Categories of financial instruments

The Group's financial instruments comprise investments in businesses in the form of either loans or equity, derivative financial instruments, trade receivables and payables arising from its operations. The purpose of the instruments is to raise finance for the Group, and to invest in businesses in Wales.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The accounting policy note describes how the classes of financial instrument are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the balance sheet by class of financial instrument to which they are assigned and by the measurement basis.

Notes to the consolidated financial statements

For the year ended 31 March 2025

19. Financial instruments (continued)

Carrying value as at 31 March 2025	Note	Financial assets and liabilities at amortised cost	Financial assets and liabilities designated at FVTPL	Total
		£000s	£000s	£000s
Assets				
Cash and cash equivalents		1,140,648	-	1,140,648
Financial assets:				
Measured at market price	i	-	1,709	1,709
Measured at fair value using other methods	ii	-	49,449	49,449
Loans to customers	iii	317,028	-	317,028
Shared-equity loans	v	-	363,082	363,082
Amounts due from principal shareholder at amortised cost		500	-	500
Other receivables	iii	15,863	-	15,863
Total financial assets		1,474,039	414,240	1,888,279
Non-financial assets				18,205
Total assets				1,906,484
		£000s	£000s	£000s
Liabilities				
Amounts due to principal shareholder at amortised cost	iv	721,642	-	721,642
Amounts owed to principal shareholder at fair value	v	-	785,317	785,317
Trade and other payables	iv	19,198	-	19,198
Total financial liabilities		740,840	785,317	1,526,157
Non-financial liabilities				761
Reserves				379,566
Total reserves and liabilities				1,906,484

During the current year, no assets were within Level 2 of the fair value hierarchy (2024 - £nil) and there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

Notes to the consolidated financial statements

For the year ended 31 March 2025

19. Financial instruments (continued)

Carrying value as at 31 March 2024	Note	Financial assets and liabilities at amortised cost	Financial assets and liabilities designated at FVTPL	Total
		£000s	£000s	£000s
Assets				
Cash and cash equivalents		1,127,495	-	1,127,495
Financial assets:				
Measured at market price	i	-	6,804	6,804
Measured at fair value using other methods	ii	-	61,873	61,873
Loans to customers	iii	268,276	-	268,276
Shared-equity loans	v	-	355,528	355,528
Other receivables	iii	7,041	-	7,041
Total financial assets		1,402,812	424,205	1,827,017
Non-financial assets				14,509
Total assets				1,841,526
		£000s	£000s	£000s
Liabilities				
Amounts due to principal shareholder at amortised cost	iv	742,797	-	742,797
Amounts owed to principal shareholder at fair value	v	-	724,869	724,869
Trade and other payables	iv	16,513	-	16,513
Total financial liabilities		759,310	724,869	1,484,179
Non-financial liabilities				986
Reserves				356,361
Total reserves and liabilities				1,841,526

Notes to the consolidated financial statements

For the year ended 31 March 2025

19. Financial instruments (continued)

The following methods and assumptions have been applied in determining fair values.

Note:

i) The fair value of investments in quoted securities in an active market is the market price on the balance sheet date (level 1 hierarchy as defined below).

ii) *Non-consolidated funds* -
£400k (2024: £400k)

Investments in non-consolidated funds are investments in Limited Partnerships setup to hold various investment funds. This fair value is derived from the amounts the Group expects to receive at the point each fund terminates in line with respective Limited Partnership agreements (level 3 hierarchy as defined below).

Convertible Loan notes -
£5,480k (2024: £7,691k)

Convertible loan notes are categorised as hybrid instruments as the equity conversion feature represents an embedded derivative. Hybrid instruments including derivative elements require complex pricing models to determine the value of the instrument.

The fair value at inception is generally determined to be equal to the transaction price, subsequent valuation models consider the outstanding debt, the conversion option (which has yet to be exercised) and the potential future equity value (level 3 hierarchy as defined below).

Unlisted equity investments -
£43,569k (2024: £53,782k)

Unlisted equity investments are valued using different techniques in accordance with the Group's valuation policy and International Private Equity and Venture Capital Guidelines. Depending on the circumstances of the investment, unlisted equity valuations are based on multiples, discounted cash flows, net asset values or price of recent event, which can be

either the price of recent funding round, an offer to purchase the investment or cost in the case of a new direct investment.

– A number of multiples are used in valuing the portfolio including revenue, earnings before interest and tax and earnings before interest, tax, depreciation and amortisation. The particular multiple selected being appropriate for the type of business being valued and is derived by reference to current market-based multiple (level 3 hierarchy as defined below).

Significant unobservable inputs:

Earnings multiple, revenue multiple, adjustments made to multiples for factors such as the size of the company and the quality of its earnings, and adjustments made to financial inputs e.g. maintainable earnings. Valuations are sensitive to each of these inputs, for example a reduction/increase in the earnings multiple used would result in a significant decrease/increase in the items fair value.

– Discounted cash flow valuations use estimated future cash flows, usually based on management forecasts, discounted using rates appropriate to the specific investment (level 3 hierarchy as defined below).

Significant unobservable inputs:

Risk-adjusted discount rate, cash flow forecasts. Valuations are sensitive to each of these inputs.

– The price of recent event such a funding round, an offer or the cost of investment provide observable inputs into the valuation of an individual investment. However, Directors are required to assess whether the event provides a reliable indicator of fair value, subsequently the Directors must reassess if this remains the case at each year end, both of which result in unobservable inputs into the valuation methodology (level 3 hierarchy as defined below).

Notes to the consolidated financial statements
For the year ended 31 March 2025

19. Financial instruments (continued)

Significant unobservable inputs:
Investment specific information including the implied valuation and capital structure of the transaction. Valuations are sensitive to the assessment of whether an event is deemed to be a reliable indicator of fair value.

- Net asset values are adjusted to take into account differences in the fair value of underlying net assets to their carrying values (level 3 hierarchy as defined below).
Significant unobservable inputs:
Underlying net asset values and adjustments applied to carrying values. Valuations are sensitive to the carrying value adjustments applied.

The table below summarises the fair value measurements of unlisted equity investments:

	2025	2024
	£000s	£000s
Multiples	17,697	24,739
Price of recent event	21,686	24,647
Net asset value	4,186	4,396
Balance at 31 March	43,569	53,782

- iii) Loans to customers and other receivables are measured using an amortised cost basis and calculated using the effective interest rate method.
- iv) The fair value of amounts owed to our principal shareholder, other third parties, share capital and public equity are assumed to approximate to their carrying amount at the balance sheet date.
- v) The fair value of the shared equity loan books has been calculated by setting out anticipated future cash flows and discounting these at an appropriate funding rate (level 3 hierarchy as defined below). See Note 3 for further information.

The Group hierarchy for measuring at fair value disclosures is as follows:

- | | |
|-------|--|
| Level | Hierarchy for fair value disclosures |
| 1. | Quoted prices (unadjusted) in active markets for identical assets or liabilities. |
| 2. | Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly. |
| 3. | Inputs for the asset or liability that are not based on observable market data. Investments in non-quoted securities are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions, including earnings multiples and estimated future cash flows, using a recent valuation of the business for a funding round, or using a recent offer from a prospective purchaser. |

Notes to the consolidated financial statements

For the year ended 31 March 2025

19. Financial instruments (continued)

Reconciliation of level 3 measurements of financial assets	FVTPL		FVTPL	
	Shared-equity loan book		Other financial assets	
	2025	2024	2025	2024
	£000s	£000s	£000s	£000s
Balance 1 April	355,528	325,111	61,873	57,020
Additions	30,542	25,875	12,665	9,117
Disposals	(36,087)	(30,214)	(8,782)	(5,406)
Revaluations	13,099	34,756	(16,307)	1,142
Balance 31 March	363,082	355,528	49,449	61,873

Market risk

The Group's activities expose it primarily to the financial risks of changes in credit risks. See Note 4 for further information.

Interest Rate Risk

The Group's loan portfolio consists of fixed rate loans financed primarily via equity and interest free loans from the principal shareholder, there is no significant exposure to interest rate risk on these loans.

Changes in interest rates would impact the valuation of the shared equity loan book however there is a compensating impact on the value of amounts owed to principal shareholder at fair value and there is no net risk to the Group. Changes in the valuation of other financial assets held at fair value would not vary materially due to changes in interest rates.

Other price risks

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities.

Listed investments included above represent investments in quoted equity securities. Price risk in relation to these assets is not currently significant to the Group's overall results and financial position.

Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in quoted companies,

though the risk can be mitigated to a certain extent by diversifying the portfolio. A 25% overall decrease in the valuation of the unquoted investments at 31 March 2025 would reduce the value of the equity portfolio by £10,892k (2024: £13,446k) and an equivalent change in the opposite direction would increase the value of the equity portfolio by the same amount.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The majority of financial liabilities are amounts owed to the principal shareholder and relate to FTR and core capital funding. The current balances in respect of FTR and core capital funding are repayable by 31 March 2055. These borrowings are non-secured and non-interest bearing. See Note 16 for further information.

Notes to the consolidated financial statements

For the year ended 31 March 2025

19. Financial instruments (continued)

Foreign exchange risk

The Group is not exposed to foreign exchange risk as the Group primarily invests in its functional currency, pounds sterling.

Capital risk management

The Group'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 they fall due. The capital structure of the Group consists of debt, cash and cash equivalents and equity directly attributable to equity holders of the parent, comprising issued capital, public equity, reserves, non-controlling interest and retained earnings as disclosed in the statement of changes in equity.

20. Capital and reserves

Group and Company		
Called up share capital	2025	2024
	£000s	£000s
Authorised and allotted		
50,000 ordinary shares of £1 each	50	50
Called up, allotted and part paid		
50,000 ordinary shares, 25p part paid	13	13

The Company has one class of £1 ordinary shares which carry no right to fixed income. All shares have equal rights in terms of voting and dividends.

Non-controlling interest		
Movements during the year were:	2025	2024
	£000s	£000s
Balance at the beginning of the year	10,147	5,058
Non-controlling interest capital contribution	1,860	400
Distribution	(1,380)	(720)
Share of (loss)/profit for the year	(1,379)	5,409
Balance at the end of the year	9,248	10,147

The non-controlling interest represents the investment made by Clwyd Pension Fund in the Management Succession (Wales) Limited Partnership and the profit attributable to them on that investment.

Notes to the consolidated financial statements

For the year ended 31 March 2025

21. Leases

Group and Company

Right of use assets	2025	2024
	£000s	£000s
Net carrying amount	1,510	1,862
Depreciation expense of the year	352	306

Amounts recognised in the income statement	2025	2024
	£000s	£000s
Expenses relating to low value leases	105	104
Depreciation expense on ROU assets	352	306
Interest expense on lease liabilities	40	38
Expense relating to short term leases	92	85

Lease liabilities	2025	2024
	£000s	£000s
Amounts due for settlement within 12 months (current liabilities)	348	344
Amounts due for settlement after 12 months	1,175	1,518
	1,523	1,862

Lease liabilities reconciliation	2025	2024
	£000s	£000s
At 1 April	1,862	1,905
Additions	-	238
Interest	40	38
Payments	(379)	(319)
Disposals	-	-
At 31 March	1,523	1,862

Maturity analysis	2025	2024
	£000s	£000s
Not later than 1 year	348	344
Later than 1 year and not later than 5 years	1,054	1,401
Later than 5 years	121	117
	1,523	1,862

The average lease term is 4.3 years (2024: 5.3 years).

The total cash flow in respect of lease payments during the current year was £576k (2024: £508k).

Notes to the consolidated financial statements

For the year ended 31 March 2025

22. Notes to the consolidated cash flow statement

	2025	2024
	£000s	£000s
Profit before tax for the year	22,310	40,776
Adjustments for:		
Defined benefit pension costs	(960)	(620)
Other Interest Income	(47,863)	(41,824)
Finance costs	6,922	2,972
Depreciation of property, plant and equipment	802	752
Amortisation of intangible assets	307	282
Deferred incentive scheme provision	611	537
Impairment	4,592	18,186
Fair value loss/(gain) on assets	5,902	(34,676)
Fair value loss on liabilities	22,278	42,695
Corporation tax	(2,842)	-
Reversal of deferred income revenue	(1,389)	(20,541)
Operating cash flows before changes in net operating assets	10,670	8,539
(Increase) in receivables	(62,666)	(43,237)
Increase/(Decrease) in payables	2,345	(4,138)
Decrease in financial assets at fair value	4,063	230
Cash generated during operations	(45,588)	(38,606)

Notes to the consolidated financial statements

For the year ended 31 March 2025

23. Related party transactions

Group and Company

Transactions between the Company and its Directors (including Non-Executive Directors), who are the key management personnel of the Group, are disclosed in Note 7.

The Group and Company have taken advantage of the exemption conferred by paragraph 25 of IAS 24 Related Party Disclosures and have not disclosed all transactions with its principal shareholder, the Welsh Government. Significant transactions are disclosed in Note 16.

Transactions with subsidiaries

In accordance with the exemption conferred by paragraph 8 (j) of FRS 101 Reduced Disclosure Framework the Company has not disclosed transactions with other Group companies, where 100% of the voting rights are controlled by the Group. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

Transactions between the Group and its subsidiaries, which are not 100% owned, during the year are as follows:

Fund management fees have been charged totalling £375k (2024: £375k), these fees are charged at the Group’s usual prices.

Transactions with associates

Management have identified 1 associate as at 31 March 2025 (2024: 1), the transactions between the Group and its associate during this year and the prior year are as follows:

Sale of services		Interest charged		Loans to related parties		Loss provision on outstanding balances	
2025	2024	2025	2024	2025	2024	2025	2024
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
-	15	17	8	176	159	1	4

The credit recognised during the period in respect of the provision for amounts due from related parties was £3k (2024: expense of £4k).

Sales of services and interest charged on loans to related parties were made at the Group’s usual prices. The amounts outstanding were unsecured and to be settled in cash. No guarantees had been given or received.

24. Ultimate controlling party

The ultimate parent and controlling party and the smallest and largest group in which the results of Development Bank of Wales plc are included is Welsh Ministers. The consolidated financial statements of Welsh Ministers may be obtained from its registered address, Cathays Park, Cardiff, CF10 3NQ. The consolidated

financial statements of Development Bank of Wales plc may be obtained from its registered address, Unit J, Yale Business Village, Ellice Way, Wrexham, LL13 7YL. Development Bank of Wales plc regards the Welsh Ministers, acting through the Welsh Government, as the ultimate parent company and ultimate controlling party.

Company balance sheet

As at 31 March 2025

	Note	2025	2024
		£000s	£000s
Non-current assets			
Intangibles	11	969	1,265
Property, plant and equipment	12	1,831	2,604
Investments	28	900,933	927,433
		903,733	931,302
Current assets			
Debtors: due within one year	29	2,268	2,478
Cash at Bank		1,007	1,077
		3,275	3,555
Total assets		907,008	934,857
Current liabilities			
Trade and other payables	30	(17,273)	(37,693)
Deferred income	18	(299)	(638)
Lease liabilities	21	(348)	(344)
		(17,920)	(38,675)
Net current liabilities		(14,645)	(35,120)
Non-current liabilities			
Trade and other payables	31	(681,812)	(681,765)
Lease liabilities	21	(1,175)	(1,518)
		(682,987)	(683,283)
Total liabilities		(700,907)	(721,958)
Net assets excluding pension obligations		206,101	212,899
Pension surplus	17	5,170	3,940
Net assets		211,271	216,839
Capital and reserves			
Public equity		319,818	319,455
Called up share capital	20	13	13
Profit and loss account		(108,560)	(102,629)
Shareholders' funds		211,271	216,839

The Company reported a loss for the financial year ended 31 March 2025 of £6,911k (2024: loss of £4,390k).

The financial statements of Development Bank of Wales plc, registered number 04055414, were approved by the Board of Directors on 05 September 2025.

Signed on its behalf by



G Thorley, Director

Company statement of changes in equity

For the year ended 31 March 2025

	Note	Public equity	Share capital	Retained profit	Total
		£000s	£000s	£000s	£000s
Balance at 1 April 2023		319,455	13	(100,219)	219,249
Loss for the financial year		-	-	(4,390)	(4,390)
Actuarial gain on defined benefit pension schemes	17	-	-	1,980	1,980
Sub Total		-	-	(2,410)	(2,410)
Balance at 31 March 2024		319,455	13	(102,629)	216,839
Loss for the financial year		-	-	(6,911)	(6,911)
Actuarial gain on defined benefit pension schemes	17	-	-	980	980
Increase in public equity		363	-	-	363
Sub Total		363	-	(5,931)	(5,568)
Balance at 31 March 2025		319,818	13	(108,560)	211,271

Notes to the Company financial statements

For the year ended 31 March 2025

25. Accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006 and have been prepared in accordance with applicable United Kingdom Accounting Standards and law. They have been prepared under the historical cost convention, except for the revaluation of certain financial instruments at fair value.

Development Bank of Wales plc is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and registered in England and Wales. The address of the registered office is given on page 2.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council and prepares its financial statements in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and certain related party transactions.

The principal accounting policies are summarised below. These have been applied consistently throughout the year and the preceding year.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, which reflects a period of at least 12 months from the date of approval of the financial statements and have concluded

that there are no material uncertainties relating to going concern. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further details of the Directors' considerations in relation to going concern are included in Note 1.

Intangibles

Intangible assets are shown in the balance sheet at their historical cost less amortisation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition and installation of computer software. The asset is determined to have a finite useful life and will be amortised on a straight-line basis over its estimated useful life of up to 7 years. Amortisation commences when the software is fully implemented.

Property, plant and equipment

Property, plant and equipment are shown in the balance sheet at their historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items. Subsequent costs are included in the assets' carrying amounts or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement as incurred.

Depreciation is provided so as to write off the initial cost of each asset to its residual value on a straight-line basis over its estimated useful life as follows:

Fixtures, fittings and equipment -
3 to 5 years

Property relates to right of use assets (ROU) and is discussed in more detail in the leasing accounting policy note on page 114.

Notes to the Company financial statements

For the year ended 31 March 2025

25. Accounting policies (continued)

Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Revenue recognition

Turnover represents holding fund fees receivable from group companies. Such fees are recognised in the period in which they arise.

European Regional Development Fund (ERDF) grant income

Grant income receivable in support of revenue expenditure is recognised in the income statement as utilised in accordance with the conditions applicable in the offer documentation.

Grants for the partial funding of investments which are received in advance of defrayal are treated as deferred income. Such deferred income is amortised to the income statement when investments are made, and the conditions set out in the offer documentation have been met. Income taken is equal to the level of grant utilised supporting investments.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Public equity

The Welsh Ministers, acting through the Welsh Government, have from time to time provided funds for investment purposes. Some of this Welsh Government funding was originally made as public dividend capital (PDC) whilst the remainder is classified as grant in aid or core funding for investment purposes.

This non-repayable funding is to invest in the long-term sustainability of Development Bank of Wales and within the Welsh Minister's own accounting arrangements the funds are regarded as being an investment. Additional public equity arises where the Company receives loans from the Welsh Government at below market rates as described below.

Notes to the Company financial statements

For the year ended 31 March 2025

25. Accounting policies (continued)

Amounts owed to principal shareholder held at amortised cost :

Welsh Government loans (WG Loans)

The Welsh Government has also provided financial transaction reserve (FTR) and core capital funding to the Company via interest free loans, these loans are specific to each fund created with repayment levels linked to the performance of the fund.

Initial recognition

On initial recognition the financial liability is recognised at fair value, calculated in accordance with IFRS 13. Where the Company is obligated to issue below market rate loans and grant income is to be recorded this balance is included within deferred income. The difference between the sum of the fair value of the liability plus the deferred income recorded and the transaction value (funds received) is treated as a capital contribution. In line with previous capital contributions, we will include this in public equity within equity on the consolidated balance sheet.

As it is not possible to identify market transactions involving similar financial instruments and apply a market approach, the Company uses the income approach and a present value technique which uses the future cash flows associated with the loan discounted to give the present value of these cash flows and the fair value of the liability. The key inputs to this technique are the expected cash flows associated with the loan and the discount rate applied to those cash flows. See Note 3 for further information.

Subsequent treatment

Loans are held at amortised cost with a notional interest charge being recorded in each period to reflect the unwinding of the

initial discount using the EIR of each loan.

In the event of a revision to expected repayments, the Company shall adjust the amortised cost of a financial liability to reflect the revised estimated contractual cash flows. The amortised cost of the financial liability will be recalculated as the present value of these cash flows using the original EIR of the loan, any adjustment will be recognised as income or expense.

Investments in subsidiaries

Equity investments in subsidiaries are treated as fixed assets and stated in the balance sheet at cost less any provision for impairment. Capital contributions to subsidiaries in relation to below market rate loans are reflected in the cost of the investment of the related subsidiary.

Loans to subsidiaries

Loans received from WG, as described above, are subsequently passed on to subsidiary companies for investment by the relevant funds.

Initial recognition

On initial recognition the financial asset is recognised at fair value, calculated in accordance with IFRS 13, with the difference between fair value and the transaction value (funds received) being treated as an investment in subsidiary.

Subsequent treatment

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset. For an asset to be classified and measured at amortised cost its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

Notes to the Company financial statements

For the year ended 31 March 2025

25. Accounting policies (continued)

Subsequent treatment (continued)

Given that the repayment on the loans is linked to the performance of the underlying funds they fail the SPPI test and as such are held at FVTPL. At each year-end, the expected cash flows associated with the loan and the discount rate applied to those cash flows, are re-assessed with any changes in fair value being taken to the income statement.

Retirement benefits

The Company operates a defined benefit pension scheme, now closed to new members, which is administered by Rhondda Cynon Taf County Borough Council. The Company accounts for its share of the surplus or deficit and the cost of accruing benefits of this scheme.

The level of contributions made to the scheme and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries.

The scheme assets are an estimate of the Company's notional share of the total fund assets measured at market value at each balance sheet date and liabilities are measured using the projected unit method, discounted using a corporate bond rate. The Company's notional share of assets is assumed to be invested in the same proportion as the fund as a whole in the different asset classes. The resulting pension scheme surplus or deficit is recognised immediately on the balance sheet, net of deferred tax where applicable, and any resulting actuarial gains and losses are recognised immediately in the statement of comprehensive income.

The Company offers a defined contribution scheme administered by Legal and General which is open to those staff who are not members of the Rhondda Cynon Taf County Borough Council administered scheme. Employer contributions in relation to this scheme are accounted for within other administrative expenses in the period in which they are due.

Related party transactions

The Company has taken advantage of the exemption conferred by paragraph 25 of IAS 24 Related Party Disclosures and has not disclosed transactions with its wholly-owned subsidiaries.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Company financial statements

For the year ended 31 March 2025

25. Accounting policies (continued)

Critical judgements in applying the Company’s accounting policies

Welsh Government loans

Under IFRS 9, financial instruments should initially be recorded at fair value with adjustments for transaction costs in certain circumstances. As described above, the Company has received interest free loans from the Welsh Government where in some instances full repayment of the loan principal is not expected, as such the initial fair value of the liability recognised is not equal to the transaction value i.e. the loan principal.

IFRS 9 states that ordinarily the difference between the transaction value and the fair value should be recognised as an expense or reduction of income unless it qualifies for recognition as another type of asset however treatment of the below-market rate element of an intercompany loan is not directly addressed by IFRS 9. IAS 20 deals government loans at a below-market rates of interest with the difference is treated as a government grant however

it does not address the situation where the government entity is a related party. Whilst the loans provided by the Welsh Government are intended to support their policy objectives, Management’s view with reference to the IASB’s Conceptual Framework for Financial Reporting is that the substance of these transactions is that a subsidy has been given by a parent company to its subsidiary. This interest subsidy should be recognised as component of equity in the subsidiary i.e. a capital contribution in the financial statements of the Company. If the interest subsidy had instead been treated as a grant, this would have been recognised in the income statement on a basis that reflected the substance of that grant.

Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

26. Information regarding directors and employees

	2025	2024
	£000s	£000s
Aggregate payroll costs		
Wages and salaries	3,954	3,726
Social security costs	421	382
Pension costs	452	455
	4,827	4,563
	2025	2024
	No.	No.
The monthly average number of persons employed (excluding directors) - administration	66	64

27. Result for the year

As permitted by section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company’s loss for the financial year

amounted to £6,911k (2024: 4,390k). Auditor’s remuneration for audit services for the Company was £109k (2024: £199k including cost overruns of £80k associated with the 2023 year end audit).

Notes to the Company financial statements

For the year ended 31 March 2025

28. Investments

	Shares in subsidiary undertaking	Other investments in subsidiaries	Loans to subsidiary undertakings (Amortised cost)	Loans to subsidiary undertakings (Fair value)	Total
	£000s	£000s	£000s	£000s	£000s
Cost/Fair value					
At 1 April	155	305,123	303,247	318,908	927,433
Additions	-	363	456	4,220	5,039
Interest Income	-	-	8,839	-	8,839
Fair value losses	-	-	-	(6,919)	(6,919)
Disposals/repayment	-	-	(484)	(32,975)	(33,459)
At 31 March	155	305,486	312,058	283,234	900,933
Impairment					
At 1 April	-	-	-	-	-
At 31 March	-	-	-	-	-
Net book value					
At the end of the financial year	155	305,486	312,058	283,234	900,933
At the beginning of the financial year	155	305,123	303,247	318,908	927,433

Under the terms of loans to subsidiaries held at amortised cost, contractual repayments are linked to the performance of underlying fund investments. As such

the contractual cash flows of the loans are equal to estimated receipts and no credit losses are forecast on these loans.

Notes to the Company financial statements

For the year ended 31 March 2025

28. Investments (continued)

The Company's investments in group companies, all of which have the United Kingdom as their principal place of business, relate to:

Direct Subsidiaries	Holding
DBW Holdings Limited	£1 ordinary shares
DBW Services Limited	£1 ordinary shares
DBW Managers Limited	£1 ordinary shares
Indirect Subsidiaries	
DBW FM Limited	£1 ordinary shares
DBW Investments (2) Limited	£1 ordinary shares
DBW Investments (3) Limited	£1 ordinary shares
DBW Investments (4) Limited	£1 ordinary shares
DBW Investments (5) Limited	£1 ordinary shares
DBW Investments (6) Limited	£1 ordinary shares
DBW Investments (8) Limited	£1 ordinary shares
DBW Investments (9) Limited	£1 ordinary shares
DBW Investments (10) Limited	£1 ordinary shares
DBW Investments (11) Limited	£1 ordinary shares
DBW Investments (12) Limited	£1 ordinary shares
DBW Investments (14) Limited	£1 ordinary shares
Management Succession Fund (GP) Limited	£1 ordinary shares
Help To Buy (Wales) Limited	£1 ordinary shares
Angels Invest Wales Limited	£1 ordinary shares
Economic Intelligence Wales Limited	£1 ordinary shares
FW Capital Limited	£1 ordinary shares
TVUPB Limited	£1 ordinary shares
FW Development Capital (North West) GP Limited	£1 ordinary shares
FWC CIP Limited	£1 ordinary shares
TVC Loans NPIF GP Limited	£1 ordinary shares
North West Loans NPIF GP Limited	£1 ordinary shares
FWC Loans (North West) Limited	£1 ordinary shares
FWC Loans (TVC) Limited	£1 ordinary shares
North East Property GP Limited	£2 ordinary shares
DBW Investments (MIMS) Limited	£1 ordinary shares
Management Succession (Wales) Limited Partnership	See below
NE Commercial Property GP Limited	£1 ordinary shares
FWC SWIF DEBT GP Limited	£1 ordinary shares
FWC IFW DEBT GP Limited	£1 ordinary shares
FWC TFIF GP Limited	£1 ordinary shares
FWC NPIFII DEBT GP Limited	£1 ordinary shares
FWC SYPA Debt GP Ltd	£1 ordinary shares

The registered office of the subsidiaries noted above is Unit J, Yale Business Village, Ellice Way, Wrexham, LL13 7YL.

The activities of the subsidiaries consist of the provision of financial services to businesses, fund management activities and provision of shared equity loans to individuals.

All of the investments in subsidiary companies are 100% owned in the current

and prior year with the exception of the holding in the Management Succession (Wales) Limited Partnership ("WMSF LP"). The non-controlling interest in WMSF LP contributed 40% of the capital invested in the fund with their effective interest being based on the performance of the fund and will vary between 32% and 40% with reference to the net assets of the fund.

Notes to the Company financial statements

For the year ended 31 March 2025

28. Investments (continued)

Summarised financial information in relation to WMSF LP:

	2025	2024
	£000s	£000s
Turnover	1,367	965
Operating (loss)/profit	(4,055)	12,869
(Loss)/profit attributable to non-controlling interest	(1,379)	5,409
Fixed assets	14,006	17,052
Current assets	3,300	3,302
Creditors: amounts falling due within one year	(72)	(35)
Net assets	23,123	25,370
Accumulated non-controlling interest	9,248	10,147

Significant holdings in undertakings other than subsidiaries

At 31 March 2025 the Group held shares amounting to 20% or more of the relevant class of share capital for the following undertakings, all of which are incorporated in the United Kingdom.

These figures represent the Group's % Holding of the relevant share class and not the overall shareholding in the company. The Group does not control any of these undertakings and thus they are not subsidiaries.

Company name	Class of share	% holding
1st Choice Auto Body Group UK Ltd	Preferred Ordinary	100
Afferent Medical Solutions Ltd	Preferred Ordinary	100
Agam International Ltd	Preferred Ordinary	100
Agxio Ltd	A Ordinary	100
Alesi Surgical Ltd	Preferred A	58
Amped PCR Ltd	A1 Ordinary	100
Antiverse Ltd	A Ordinary	51
Argonaute RNA Ltd	Preferred Ordinary	55
Avantis Marine Ltd	A Ordinary	100
Bikmo Ltd	Preferred Ordinary	50
Board Secure Ltd	Preferred Ordinary	100
Bond Digital Health Ltd	Preferred	100
Bytemine Technologies Ltd	Preferred Ordinary	100
Calon Cardio-Technology Ltd	B Preferred Ordinary	33
Cansense Group Ltd	A Ordinary	33
CAVC Campus Holding Ltd	B Ordinary	100
Ceryx Medical Ltd	A Ordinary	26
CloudIQ Ltd	Series A Preferred Series A2 Preferred Series A3 Preferred	36 41 27
Conversant Technologies Limited	A Ordinary	70
Corryn Biotechnologies Ltd	Preference Shares	100
Cotton Mouton Diagnostics Ltd	Preferred Ordinary	22
Cottrell Group Ltd	Preferred Ordinary	100
Credit Canary Limited	A Ordinary	24
Cufflink.IO Ltd	Preferred Ordinary	100

Notes to the Company financial statements

For the year ended 31 March 2024

28. Investments (continued)

Significant holdings in undertakings other than subsidiaries (continued)

Company name	Class of share	% holding
Curapel (Scotland) Ltd	Preferred Ordinary	100
D N Interiors Ltd	Preferred Ordinary	100
D2 Propco (Holdings) Ltd	Preferred Ordinary Redeemable Preference	100 100
Deer Technology Ltd	A Ordinary	100
Delio Ltd	C Ordinary	100
Deploy Tech Ltd	Preferred Ordinary	87
Diamond Cat Ltd	Preferred Ordinary	100
Digital Asset Services Ltd	Seed Preferred	55
Driverly Company	Preferred Ordinary	67
Drone Evolution Ltd	B Ordinary	23
Electra Nest Ltd	Preferred Ordinary	100
Excelerate Technology Ltd	Ordinary B	100
Finalrentals Ltd	A Ordinary	24
Finboot Ltd	Preferred Ordinary	77
Flintshire Schools Holdings Ltd	B Ordinary	100
FLS Holdco Ltd	Preference	100
Fovo Technology Ltd	Preferred Ordinary	50
Glucose Republic Ltd	Preferred Ordinary	100
Halo Therapeutics Ltd	Preferred A Ordinary	76
Hatch Homes Accelerator Ltd	Preferred Ordinary	100
Hexigone Inhibitors Ltd	Ordinary	20
Humankind Ventures Ltd	Preferred Ordinary	63
I.Q.Endoscopes Ltd	A Preferred A1 Preferred	50 29
Infinite Renewables Wales Ltd	Preferred Ordinary	100
Jellagen Pty Ltd	Preferred Ordinary	100
JIVA.AI Ltd	Preference	42
Jottnar Ltd	C Ordinary	100
Journolink Ltd	C Ordinary	88
Just Love Food Company Holdings Ltd	Preferred A Ordinary	100
Kaydiar Ltd	Preferred Ordinary	100
Kubos Semiconductors Ltd	Preferred Ordinary	66
KW Group (2022) Ltd	Preferred Ordinary	100
Laser Wire Solutions Ltd	Preferred Ordinary	75
Learnium Ltd	Preferred Ordinary	50
Llusern Scientific Ltd	A1	100
Loyalty Logistix Holdings Ltd	Preferred Ordinary	100
Lumin Solutions Ltd	A1 Ordinary	77
Meliora Enterprises Ltd	Preferred Ordinary	100
Near Me Now Ltd	Ordinary	20
Nisien.ai Ltd	Preferred Ordinary	50
Nolan UPVC (Holdings) Ltd	Ordinary	25

Notes to the Company financial statements

For the year ended 31 March 2025

28. Investments (continued)

Significant holdings in undertakings other than subsidiaries (continued)

Company name	Class of share	% holding
Nutrivend Ltd	A Preferred Ordinary	100
Opengeniuss Ltd	A Preferred Ordinary	100
Operati Ltd	A Ordinary	35
OptimiseAI Ltd	Preferred Ordinary	67
Ortharize Ltd	Preference	100
Outlook Hold Ltd	C Ordinary	100
Pathfinder Systems Ltd	A Ordinary	25
Perpetual V2G Systems Ltd	Ordinary A Ordinary	26 51
PlantSea Ltd	Preferred Ordinary	100
RCT 1 Holdings Ltd	B Ordinary	100
Reacta Biotech Ltd	Ordinary	32
Reel Label Solutions (Holdings) Ltd	Preferred Ordinary	100
Riva Industries Ltd	Ordinary	33
Route Konnect Ltd	Preferred Ordinary	50
Salus Healthcare Group Limited	A Ordinary	100
Signum-Health Ltd	Preferred Ordinary	100
Smart Storm Ltd	Preferred Ordinary	58
Snowdrop Independent Living Ltd	B Ordinary	100
Space Forge Ltd	Preferred Ordinary	100
Spacebands Ltd	Preference	64
Sporttape Ltd	B Ordinary	100
Spotnails (Holdings) Ltd	Preferred Ordinary	100
Stockomendation Ltd	Preferred Ordinary	100
Stone Bear Capital Ltd	Preferred Ordinary	100
Talent Intuition Ltd	Preferred Ordinary	100
Talkative Ltd	Preferred Ordinary	45
Tazio Online Media Ltd	B Ordinary	28
Thalia Design Automation Ltd	A Ordinary C Ordinary	67 68
Tourhub Ltd	A Ordinary	54
Trameto Ltd	Preferred Ordinary	50
Trecento Diagnostics Ltd	Preferred Ordinary	100
Universal Synergistic Holdings Ltd	Preferred Ordinary	100
UPVC (Electrical and Plumbing) Ltd	Preferred Ordinary	100
Wagonex Ltd	Preferred Ordinary	32
WEPCO Ltd	A Ordinary	100
WP Realisations 2022 Ltd	Preferred Ordinary	45
X4 Software Ltd	A Ordinary	100
Zeal Innovation Ltd	Preferred Ordinary	100

Notes to the Company financial statements

For the year ended 31 March 2025

28. Investments (continued)

Structured entities

Structured entities include entities that are designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when the relevant activities are directed by means of a contractual relationship. As the Group directs the investing activities of the non-consolidated funds managed by FW Capital Limited, through its investment management and other agreements with them, it considers them to be structured entities.

These funds, setup as Limited Partnerships, provide investment support to Small and Medium Enterprises ("SMEs") in certain areas of England and Wales. The Group receives fund management fee income in relation to the services provided to the funds. The Group does not sponsor these entities and has no contractual obligation or intention to reimburse any expenses of the funds in the future. The Group has contributed a nominal amount of capital into the funds, via FW Capital Limited, with the majority of capital invested in the funds being received from external investors.

The Group's interests in these funds at 31 March, are as follows:

	2025	2024
	£000s	£000s
Investments in non-consolidated funds	400	400
Other debtors	484	237
	884	637

The Group's maximum exposure to losses related to the funds is represented by the total of its investment in fund units and amounts due from funds, as shown above.

29. Other financial assets

	2025	2024
	£000s	£000s
Trade debtors	19	18
Amount owed by group undertakings	971	1,685
Amount owed by principal shareholder	500	-
Other debtors	127	79
Prepayments and accrued income	651	696
	2,268	2,478

Notes to the Company financial statements

For the year ended 31 March 2025

30. Other current financial liabilities

Trade and other payables	2025	2024
	£000s	£000s
Trade creditors	496	599
Taxation and social security	1,061	1,670
Other creditors	85	87
Accruals	974	1,030
Amount owed to group undertakings	500	-
Amount owed to principal shareholder	14,157	34,307
	17,273	37,693

31. Other non-current financial liabilities

	2025	2024
	£000s	£000s
Amounts owed to group undertakings	3,389	2,889
Amount owed to principal shareholder	678,423	678,876
	681,812	681,765

Amounts owed to the principal shareholder relate to FTR and core capital funding and is repayable by 31 March 2055. These borrowings are non-secured and are non-interest bearing.

There are no trade payables past due and the trade payables and other creditors will be settled within the credit period offered by the counterparty.



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Development Bank of Wales Plc (Banc Datblygu Cymru ccc) is the holding company of a Group that trades as Development Bank of Wales. The Group is made up of a number of subsidiaries which are registered with names including the initials DBW. Development Bank of Wales Plc is a development finance company wholly owned by the Welsh Ministers and it is neither authorised nor regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). The Development Bank of Wales has three subsidiaries which are authorised and regulated by the FCA. Please note that neither the Development Bank of Wales Plc nor any of its subsidiaries are banking institutions or operate as such. This means that none of the group entities are able to accept deposits from the public. A complete legal structure chart for Development Bank of Wales Plc can be found at developmentbank.wales.

