British Business Bank

Annual Report and Accounts 2025

Driving UK growth

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What we do

The British Business Bank is the UK Government's economic development bank. Our mission is to drive sustainable economic growth by ensuring the UK's most promising businesses can access the capital they need to start-up and grow in the UK, creating jobs and prosperity for people across the country.

The Bank has a commercial mindset that delivers value for taxpayers, with an expectation to generate higher returns than the government's cost of borrowing over time. It does this while unlocking private capital, addressing gaps in the smaller business finance market.

Driving economic growth

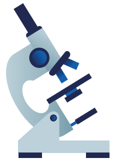
We design, deliver, and manage a range of products through over 200 delivery partners, helping to increase both the supply and diversity of finance available to smaller businesses.

We also work to raise awareness of these options, helping entrepreneurs across the UK become more informed and able to access the right finance to realise their ambitions.

Through our Investment business, we crowd in private capital into venture and growth markets that fuel innovative companies' growth. Through our Banking business, we encourage lending to businesses through start up loans for new entrepreneurs and by using funding and guarantees to support a range of finance providers.

Today, the British Business Bank is

The UK's largest domestic investor in UK venture and venture growth capital funds*



The most active late-stage investor in UK deep tech and life sciences

A backer of one in four UK university spinouts

Continuing to support small businesses

£39bn

of growth capital and lending to reach smaller UK businesses

Since the Bank's inception it has helped more than £39bn of growth capital and lending to reach smaller UK businesses. Those supported by the Bank in its first 10 years are expected to create **250,000 additional jobs** and generate **£43bn in Gross Value Added (GVA).**

Representing an estimated **£1bn+ in additional GVA** in every Nation and region of the UK.

Following the Spending Review, the Bank has secured significant new capital and the flexibility to respond more dynamically to market opportunities, including providing the financial firepower to underpin the Government's Industrial Strategy.

A new Five-Year Strategic Plan will shortly be published, setting out how this capital will be deployed to further scale our impact.

* Source: Largest LP investor in UK venture capital via *Small Business Equity Tracker 2024*, from BBB analysis of Pitchbook data for UK VC funds between 2017 and 2023, based on the amount of capital committed and the number of commitments made to funds.

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"The Bank's proven track record in driving economic growth, innovation and jobs over its existence led the Government to commit to a significant expansion of our resources and capabilities."

Chair's statement

Supporting growth across the UK

Having celebrated our 10-year anniversary in the last year, the British Business Bank has now been given both the capital and an expanded mandate to deliver a step change in funding the growth and success of smaller UK businesses over the next decade. This is a challenge we relish and are excited about.

The Bank's proven track record in driving economic growth, innovation and jobs over its existence led the Government, in June 2025, to commit to a significant expansion of our resources and capabilities. Our total financial capacity will rise to £25.6bn, enabling us to increase annual investments by two-thirds to around £2.5bn a year. This will underpin some of the changes we want to help drive, including of course being a genuine catalyst to crowding in third party capital.

Stephen Welton
Chair, British Business Bank

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Our 10-year Impact

In its first 10 years, the British Business Bank deployed £6.3bn of public funding, alongside £10bn of lending guarantees. By crowding in an additional £16.1bn of private sector capital, we enabled over £32bn of capital to smaller businesses across the UK – this capital is 'additional', meaning it wouldn't have happened without our intervention.

We expect the recently announced step-change increase in our annual commitments to £2.5bn a year over the next 4 financial years will produce a similar uplift in economic value, with a total estimated £50bn of additional Gross Value Added (GVA) being generated over the life of the finance from backing growing companies.

£97bn

Businesses backed by the Bank have generated some £97bn in additional turnover

209,000

smaller businesses have been supported (approximately one in every 25)

250,000

Almost three million existing jobs have been protected, and some 250,000 additional jobs will have been created, through the Bank's finance programmes

84%

of those businesses are located outside London

Altogether, since its inception the Bank has proven itself to be a vital driver of growth and employment in the UK

£1.3bn

of funded commitments during the past year

With these increased resources, we are working on implementing an ambitious programme of activities in support of the Government's overarching growth mission, including supporting the priority sectors of the new Industrial Strategy which will see the Bank adding far more sectoral focus than historically.

Over the past year we have laid essential foundations to underpin this next phase. We have streamlined our market offer, reformed our governance and refreshed our senior team – which our CEO, Louis Taylor describes in more detail in his report that follows – meaning that we now have in place the capabilities needed to deliver this expanded level of investment activity to best effect.

Our vision as a national economic development bank

Over the next ten years we expect the British Business Bank to become a far more visible and recognisable institution, firmly embedded in the national narrative of smaller business growth and success. This is part of driving greater awareness and understanding of what access to finance means, in both a tangible and practical way. We will also increase our engagement internationally, learning from best practise while showcasing what we are doing well in the UK. Too often we are too quiet about what we are good at.

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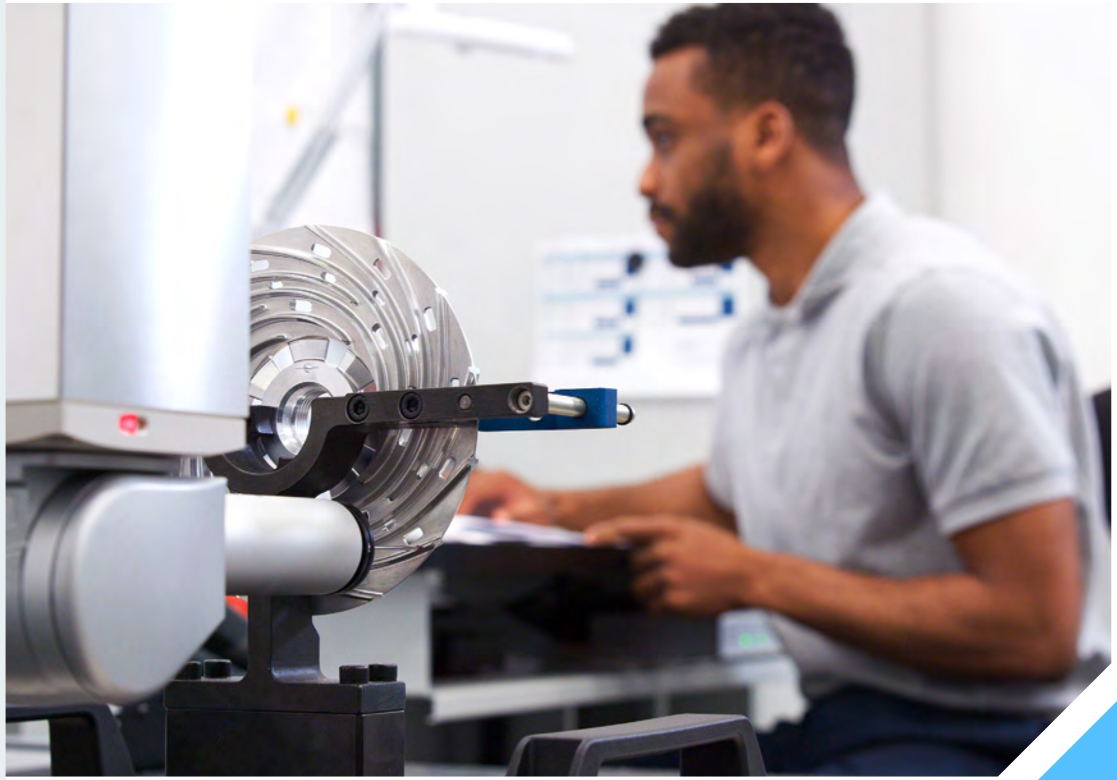
Through our Banking business, we anticipate playing an even more pivotal role in improving access to credit for smaller businesses across the UK and, through our Investment business, being a major catalyst for powering equity investment at all stages, from seed to venture to growth.

We are improving our data to demonstrate these impacts and show clearly how we deliver economic benefits in the real economy.

And as a champion for the UK's smaller businesses, we will aim to become ever closer to our end user customers, seeking to be more responsive, better understood, and more influential in meeting their needs. In doing so, we will continue to align our work with the goals of Government policy, helping to shape and support the wider business ecosystem.



A dynamic organisation

Innovation and bold thinking, underpinned by deep market insight are what drives successful entrepreneurs. As a public financial institution we aspire to match that ambition and capability with the skills of our people. This is central to who we are.

Three recent examples demonstrate these qualities well. Firstly, our move into raising institutional investment for the first time as part of scaling up equity investment in the UK with the creation of a regulated investment arm. Secondly, as part of increasing the mix of finance available to the smallest companies, our creation of a new programme to support the not-for-profit alternative lenders that finance underrepresented groups. Finally, our work to stimulate the market to invest more in women-led businesses which is an enormous opportunity.

Our people, who work for the Bank in Sheffield, London and in the field across the UK, remain key to our success. I continue to be impressed with the energy and engagement I see across the Bank and by the various teams commitment and expertise, combined with their strong drive to deliver successfully for smaller businesses across the UK's Nations and regions. There is no doubt – we really can make a positive difference.

The Bank is being asked to step up again, and in doing so meet the challenge ahead from a position of confidence, capability and capacity. Our achievements so far have given us a strong foundation from which to build, and with the Government's strong backing, we will go further and faster in supporting the needs of UK smaller businesses over the next ten years. We look ahead with optimism, confident in the progress made this year, while remaining mindful of the significant delivery demands ahead and the need to ensure continued robust governance.

> "Innovation and bold thinking, underpinned by deep market insight are what drives successful entrepreneurs."

"Having an economic development bank with permanent capital and a consistent risk appetite, underpinning the UK venture and growth market through its cycles, is a powerful and very positive development."

Chief Executive's statement

Delivering for smaller UK businesses

In 2024/25, the British Business Bank supported smaller businesses with £1.2bn of public funding and guaranteed a further £2.6bn in lending. Together with private sector investment, this is expected to boost UK economic output by £8bn. The Bank's investments delivered a positive overall performance, with fair value movements and a realised gain of £84m, contributing to a statutory profit before tax of £144m. Across both its commercial and development activity, the Bank's five-year adjusted rate of return stands at 4.2%. Further details are available in the Chief Financial Officer's report on p11.

Louis Taylor
Chief Executive Officer

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Reshaping our organisation

Over 2024/25 we have amplified our role, delivering greater impact in driving economic growth, fostering innovation and playing our part in the economic transformation of the UK's Nations and regions.

To prepare for our expanded mandate and long-term ambitions, we have also undertaken a significant reshaping of our organisation. As the Chair has noted, we spent a significant part of the last year implementing and embedding changes to our operating model designed to future proof the Bank and prepare for an increase in our mandate. This model is built to encourage greater simplicity, scalability and flexibility across teams, creating the internal conditions needed to maximise our long-term impact.

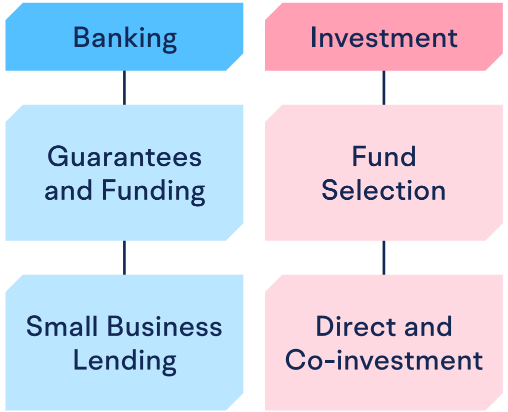
We have moved away from a programmatic structure and visible subsidiaries, and all our activities are now organised into two core businesses – Banking and Investment – under a single, coherent British Business Bank brand and vision.

The Banking business focuses on credit through two core skillsets – structuring guarantee and funding solutions and small business lending.

The Investment business focuses on equity and takes a similar approach, focusing on funds selection and direct and co-investment.

By combining resources relating to these two divisions we are enhancing collaboration, sharing knowledge, and ultimately providing more value to customers.

As a result of this simplification, customers will have a clearer, streamlined path to find what they need. It will also strengthen our market-shaping investment activities, enhance our impact and provide clearer insight into our role and interventions.



Changes to our Executive Committee

To support our new operating model, we have made changes to our Executive Committee. A key step has been the recruitment of the Bank's first Chief Investment Officer, as well as the appointment of a Chief Banking Officer and a Chief Development Officer. These new roles bring additional capacity, clarity and capability to deliver on our expanded programme of work.

We have also welcomed a Chief Strategy Officer and a new Chief Operating Officer, completing a strong new executive team, which is cohesive, aligned with the Bank's vision and committed to driving the changes necessary to maximise our delivery.

£6.3bn

Over the last decade we have been trusted to deploy £6.3bn of public funding into smaller businesses

“Customers will have a clearer, streamlined path to find what they need.”

Reforms to the way we operate

In November 2024 the Government announced a series of reforms to our financial framework which will enable us to increase our scale and impact over time.

These include amendments to the Bank's governance, giving us more freedom and flexibility to deliver against a long-term mandate set by the Government, and putting our capital base on a permanent footing. They will also enable us to respond with more agility to market demands as and when the need arises.

Having an economic development bank with permanent capital and a consistent risk appetite, underpinning the UK venture and growth market through its cycles, is a powerful and very positive development. The establishment of a £16.0bn permanent capital base, under our overall increased financial capacity of £25.6bn, considerably strengthens our ability to support businesses and crowd-in private investment more effectively.

By moving away from a programmatic, ringfenced set of budgets, the Bank is now significantly more empowered to respond flexibly to market needs, and to allocate capital strategically to meet its objectives over the longer term.

We also welcome the rationale behind the Government's plans to control new large-scale financial transactions through a small number of publicly-owned expert financial institutions, including the British Business Bank. Drawing on each organisation's professional oversight, this will help reduce duplication and improve the overall effectiveness of government investment, and we look forward to seeing the impact of this initiative over the coming year.

Evolving to match economic and policy priorities

The Bank is operating in a rapidly evolving economic landscape. While ongoing geopolitical and economic uncertainty presents challenges, our mission remains unchanged: to support sustainable business growth and innovation across the UK.

We are, however, evolving to align more closely with the Government's growth objectives and economic priorities, dovetailing with the work of other public financial institutions, including the National Wealth Fund and Innovate UK, and supporting the UK's modern Industrial Strategy.

Our role in supporting regional economic equality remains central, ensuring that capital provision is inclusive, impactful and available to businesses regardless of where they are in the country. Our six current Nations and Regions Investment Funds have a total of £1.6bn to deploy and are hitting their investment targets. Building on this, at Spending Review the Government announced a further £350m of funding to set up similar funds in the East and South East of England which we welcome.

And we continue to build up new and existing external relationships, including with our counterparts internationally, the pension fund industry, City institutions and the smaller business community.

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Attracting institutional investment

The British Business Bank is ready to play an even bigger role in helping to shape the long-term future of the UK economy. Our new British Growth Partnership will build on the success of our historic investment funds, as well as the scale, networks and track record that the Bank has developed over the last decade.

During 2024/25, we undertook extensive preparatory work towards gaining regulatory approval for BBB Investment Services Limited, the British Business Bank's third-party arm, to provide investment services to clients. The Financial Conduct Authority granted approval in May 2025 – an important first regulatory step in the preparation for launch of the British Growth Partnership.*

We expect the British Growth Partnership to have a transformative effect. We will, for the first time, be managing capital on behalf of pension funds together with other institutional investors so that we can help realise the full commercial potential of the UK's world-class breakthrough technology companies, while providing opportunities for future generations of pensioners.

The initial fund will seek to raise hundreds of millions of pounds, including a commitment from the Bank, to invest in some of the highest-potential opportunities in our venture capital pipeline. This will leverage the skills, capabilities and track record of the Bank for the benefit of third part investors for the first time.

> "We expect the British Growth Partnership to have a transformative effect. The initial fund will seek to raise hundreds of millions of pounds to invest in some of the highest-potential opportunities in our venture capital pipeline."

* BBB Investment Services Limited, the British Business Bank's third-party arm, will provide investment services to clients. The Bank will establish the British Growth Partnership, encouraging more UK pension fund and other institutional investment into the UK's fastest growing, most innovative companies. The initial fund will include a commitment from the British Business Bank.

Looking ahead to 2025/26

Over the coming year, the Government will set out a strategic mandate for the British Business Bank and agree the Bank's five-year Strategic Plan. This will set out how the Bank will deploy the significant increase in allocation announced at the Spending Review to support the new Industrial Strategy, back innovation and unlock potential for entrepreneurs across the UK.

As we move forward, our success will continue to depend on the expertise and commitment of our people. They make the Bank what it is – a resilient, dynamic and flexible organisation that delivers consistently for businesses and the UK economy – and I thank them for their hard work in getting us to where we are, as well as looking forward to all we can accomplish together in future.

Our impact in 2024/25

Further details of our impact in 2024/25 can be found in our Impact Report.

£6.8bn

In 2024/25, the Bank helped around £6.8bn of finance to reach smaller businesses in the UK

£3.8bn

We deployed **£1.2bn** of public funding into smaller businesses, alongside **£2.6bn** of lending guaranteed

£3.0bn

Boosted with an additional £3.0bn of private sector capital

28,000

UK companies received finance

£8bn

expected increase of UK economic output, equivalent to an extra £18bn of business turnover

267,000

existing jobs supported

38,000

additional jobs created

84%

of businesses supported were outside London

39%

of our Start Up Loans went to female founders

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Chief Financial Officer's report

Our financial performance

"The Bank's statutory result for the year is a profit before tax of £144m (2024: loss of £131m)"

This report summarises and highlights the British Business Bank's financial performance for the year ended 31 March 2025* – a busy and successful year for the Bank, including a positive financial performance.

The Bank has returned a statutory profit before tax of £144m (2023/24: loss of £131m) as a result of an overall positive fair valuation movement in our investments. This is pleasing to see following two years of unrealised statutory losses due to the partial unwind of significant accelerated valuation gains experienced during the Covid-19 period.

Overall fair value movements (including expected credit losses) for the portfolio were positive at £62m (2023/24: fair value reduction of £157m) with £70m of the positive valuation movements relating to our Enterprise Capital Funds (ECF) development equity investments.

* This report should be read alongside both the 'Our performance against 2024/25 KPI targets' and '2024/25 Financial performance and calculation of adjusted return' sections of this Annual Report, and the consolidated financial statements. Details of the financial performance of investment assets and liabilities not held on the Bank's Consolidated Statement of Financial Position can be found in these sections.

The change in the valuation of ECF investments is largely due to a reduction in discount rates applied to the portfolio, as part of an annual review, driven by market data. This change has no impact on the underlying performance of ECF investments. Further details regarding the accounting for ECFs can be found in the Notes to the Financial Statements on p169.

In addition to the Bank's financial result our activities are expected to create £8.0bn (2023/24: £6.1bn) of additional economic activity (referred to as GVA) over the life of the finance deployed.

The Bank's result is a blend of the performance of its commercial and development activities. At 31 March 2025, the commercial investments net assets value (NAV) was £3,317m and the development investments £804m.

All activities undertaken on behalf of the Department for Business and Trade (e.g. our guarantee schemes) are not included here. Full details of performance by programme are in the Financial performance and adjusted return section of the Strategic report on p69.

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Our year

Growth of investment portfolio

As the largest investor in UK venture and venture growth capital funds, the Bank committed further investment capital of £1,291m during the year, resulting in total outstanding commitments of £3,635m at March 2025. Following a record number of commitments made by the Bank during 2023/24, the Bank deployed £612m of net capital during the year, including the first into our Nations and Regions Investment Funds and LIFTS programme, resulting in annual investment portfolio growth of 19% to £4,681m.

£144m

The Bank's statutory result for the year is a profit before tax of £144m (2023/24: loss of £131m)

Equity weighted portfolio is largely within the investment period

Aligned with our investment strategy, our investment portfolio continues to be weighted towards equity investments (69%). Given the long-term investment horizon associated with venture, a large proportion (57%) of the portfolio is still within its investment period.

In-year fair value movements are largely unrealised

The in-year results included within the Consolidated Statement of Comprehensive Net Income reflect the current maturity of the investment portfolio coupled with the partial unwind of ECF negative valuation movements leading to positive fair value increases of £62m. 22% of the Bank's investment portfolio are non-sterling denominated and subject to in-year volatility. Included within the fair value movement in the year is an unrealised loss on foreign exchange of £21m (2023/24: loss of £19m).

Underlying investment exits deliver positive returns

Exits from the Bank's underlying equity investment portfolio during the year have taken our lifetime Multiple on Invested Capital (MOIC) to 2.3x.

Efficient use of taxpayers' resources

The Bank's underlying operating costs as a proportion of Assets Under Management (AUM) reduced year on year to 1.22% at March 2025 as the Bank continues to benefit from scale and refine the operating model to make further efficient use of its resources. This has been achieved whilst setting up the provision of services to external third party investors and preparing for FCA authorisation.

2.3x

lifetime Multiple on Invested Capital

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2024/25 highlights

In-year funded commitments

£1.3bn ↓45%

2024/25 £1.3bn
2023/24 £2.3bn

Realised gains in year

£83.6m ↑193%

2024/25 £83.6m
2023/24 £28.5m

Investments

£4.7bn ↑19%

2024/25 £4.7bn
2023/24 £3.9bn

Capital invested in the year

£1.3bn ↑43%

2024/25 £1.3bn
2023/24 £0.9bn

Costs/AUM

1.22%

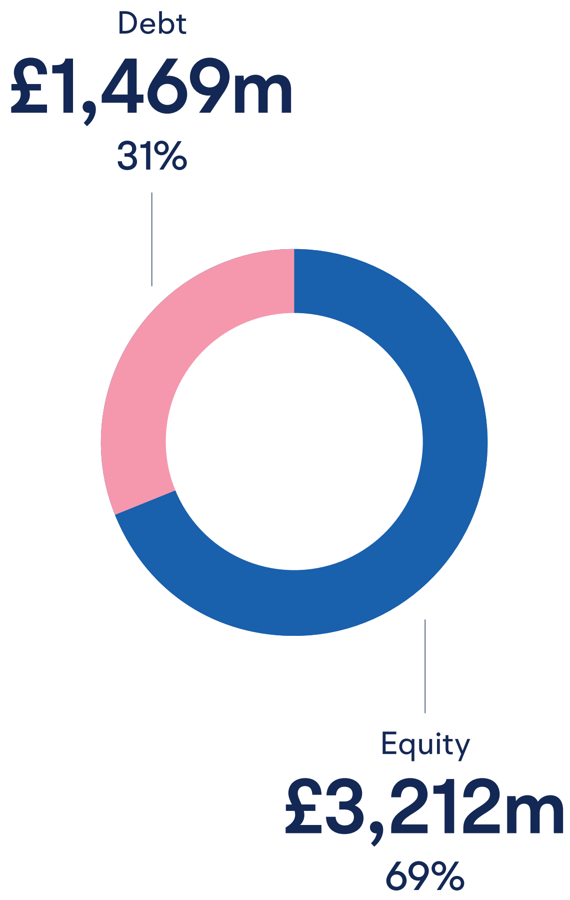
2024/25 1.26%
2023/24 1.22%

GVA

£8.0bn ↑31%

2024/25 £8.0bn
2023/24 £6.1bn

Investment portfolio (£m)*



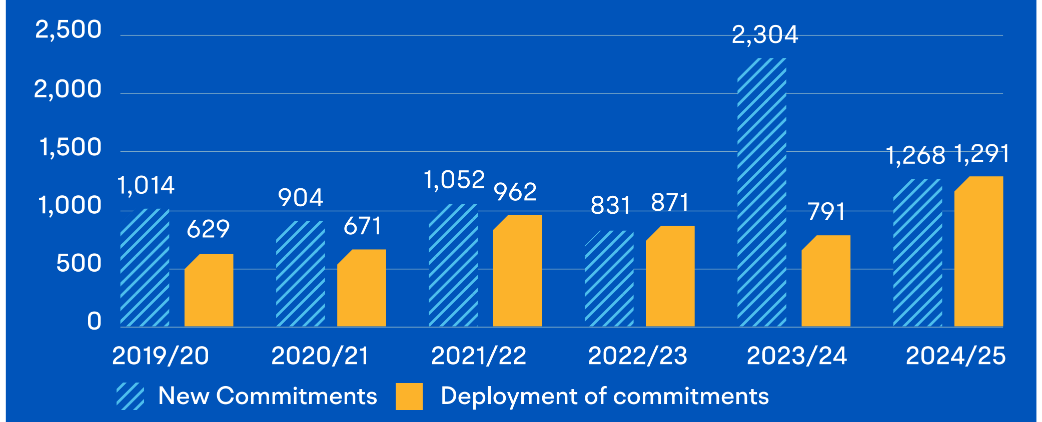
* On Balance Sheet Investment portfolio.

Investment portfolio

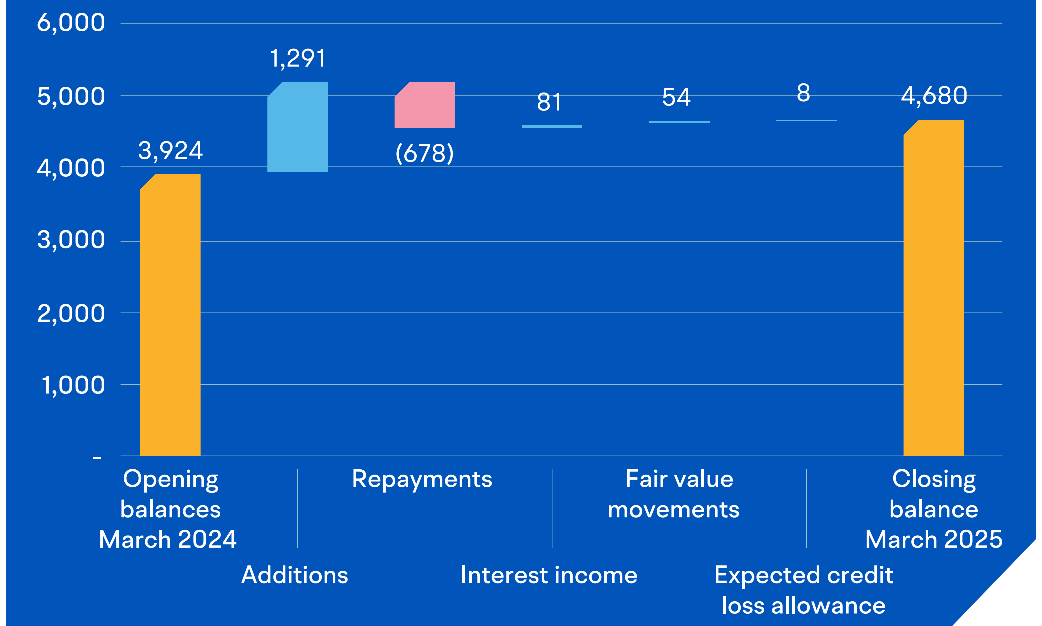
The Bank's investment portfolio mix between debt and equity is largely unchanged year on year, reflecting the investment strategy and capital drawdowns following commitments.

Following the Bank's record commitments made during 2023/24, £1,291m (2023/24: £901m) has been invested during the year into a mixture of new (£411m) and existing (£879m) investments. £213m of these investments are into the Bank's Nations and Regions Investment Funds which were launched during the prior year.

New commitments and deployment (£m)



Movement in investments held at amortised cost and fair value (£m)



As a through-the-cycle investor, the Bank expects to deliver an appropriate return, realised over a multi-year investment period, that is subject to in-year fluctuations. This year, net fair value increases (including expected credit losses) were £62m (2023/24: fair value reductions of £157m).

Repayments received from investments during the year totalled £678m (2023/24: £534m). Seventy-nine per cent of repayments were generated from the debt portfolio due to its significantly shorter investment period coupled with an equity investment portfolio that is still largely in the investment stage.

Once commitments to third-party fund managers are made, it takes time for these to be drawn and ultimately deployed for the purpose of supporting smaller businesses. The time taken to deploy varies depending on the debt or equity nature of the underlying investment as well as external factors such as the macroeconomic environment.

During the year, the Bank deployed £1,291m (2023/24: £901m) from a combination of commitments made in previous years as well as new commitments in the year. At 31 March 2025, the Bank had total undrawn commitments of £3,635m (2023/24: £3,602m).

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Equity

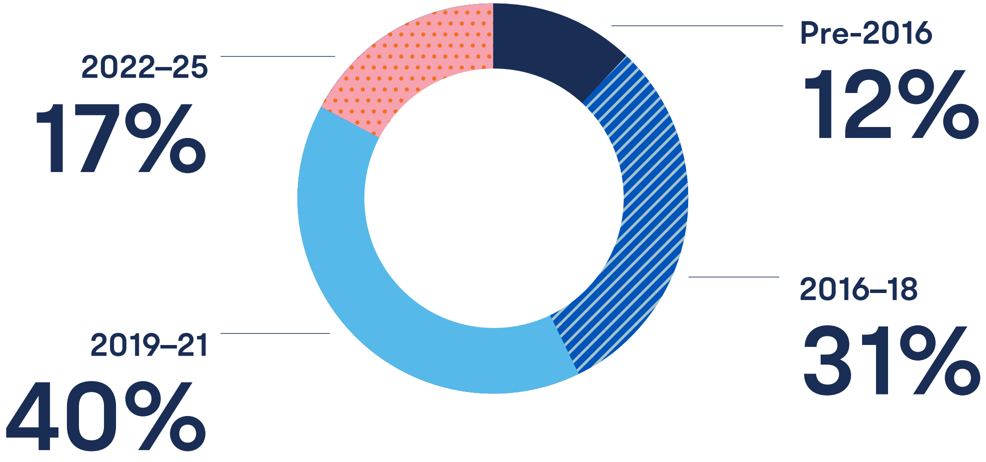
The equity portfolio is made up of a combination of early to later stage fund and direct investments across a broad range of sectors and geographic locations as part of the Bank's mission to drive sustainable growth and prosperity across the UK.

In line with its maturity, 57% of the equity portfolio is still within the investment period having been committed since 2019 and we do not expect to receive significant realised returns at this stage. The vintage of our equity portfolio is shown below.

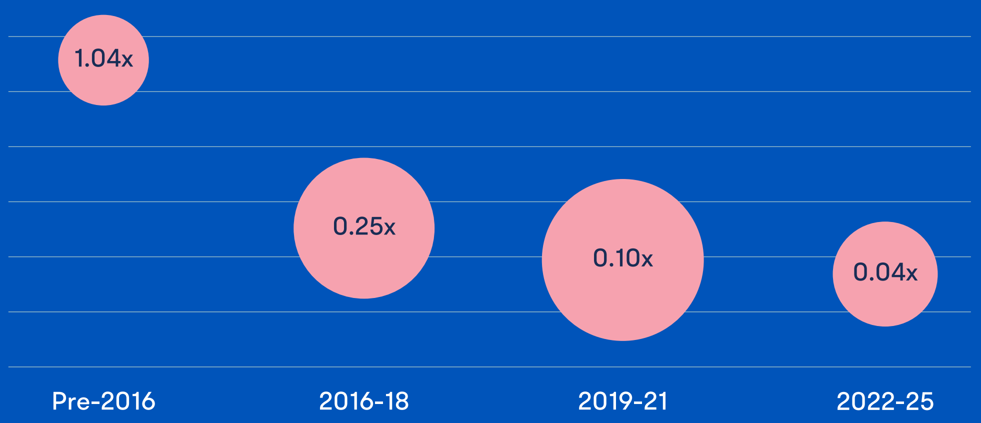
In line with its age profile, the equity portfolio continues to deliver mainly unrealised returns driven by in-year changes in valuations, which have no cash impact. During the year there were 236 full exits from underlying companies generating a realised gain of £84m taking the Bank's lifetime MOIC to 2.3x.

We made further investments of £759m during the year resulting in a 28% growth in our overall equity investments. In line with modest valuation increases and the maturity of our underlying investments, our equity portfolio TVPI (Total Value to Paid-In Capital) at 31 March 2025 of 1.3x is as expected.

Equity vintage



DPI (Distribution to Paid-In Capital) of investments by vintage



Bubble size reflects net assets value at 31 March 2025

TVPI (Total Value to Paid-In Capital) of investments by vintage

Bubble size reflects net assets value at 31 March 2025

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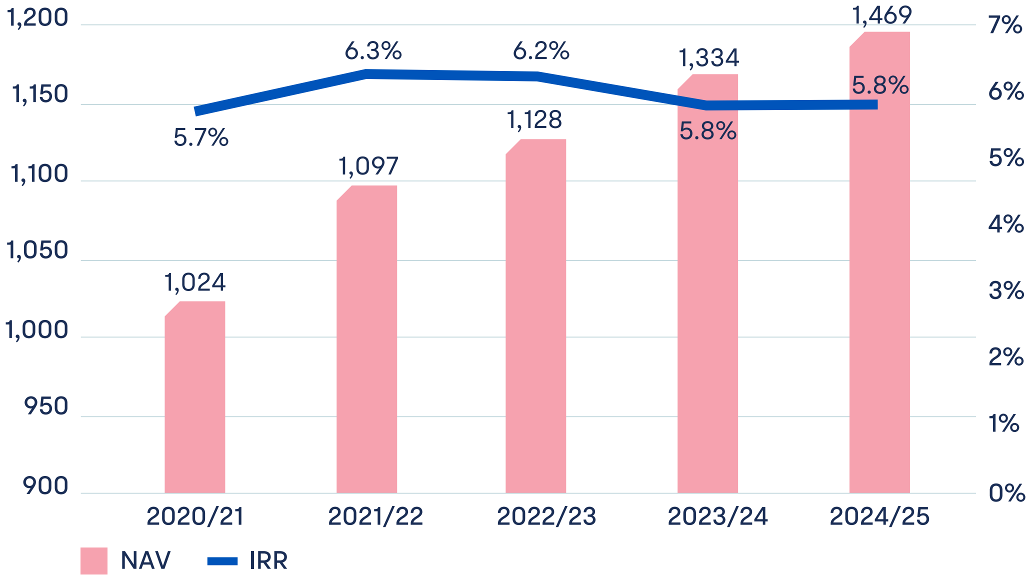
Lifetime return of 2.3x on equity portfolio: broken down by returns multiple

Returns multiple	% of invested capital
3x+	23%
2x-3x	8%
1x-2x	20%
<1x	30%
0x	19%

Debt investments: NAV (£m) and IRR (%)



Debt

Debt investments are delivered both through funds and lenders and directly to entrepreneurs by Start Up Loans. The Bank has seen an increase in interest income received during the year as 32% of the underlying portfolio are on variable rates and are directly impacted by the Bank of England base rate.

Despite a 0.75% reduction in the Bank of England base rate during the year, the additional deployment of £531m into the portfolio has led to an increase in interest income. The portfolio continues to see modest fair value movements with in-year fair value increases (including expected credit losses) of £23m (2023/24: fair value reductions of £35m).

As seen below, the Bank has continued its trend of making stable positive returns above the Bank's cost of capital on its debt investments (excluding Start Up Loans) for each of the last five years.

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Statutory result for the year

The statutory result for the year is a profit before tax of £144m (2023/24: loss of £131m). The change in financial performance is primarily due to the change in valuation of our investments, as set out in the sections above, which has led to net operating income of £226m (2024: £19m).

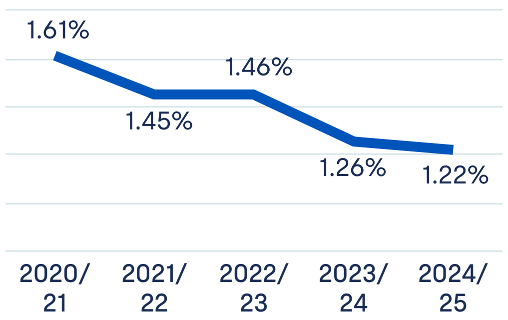
Management fee income

Included in the net operating income is management fee income of £45m (2023/24: £51m) of which £37m (2023/24: £45m) was received from our Shareholder, the Department for Business and Trade (DBT) for providing services related to investment assets and liabilities held on DBT's balance sheet.

Staff costs

Staff costs have increased 11% year-on-year. 4% of this increase was to support the setting up of BBB Investment Services Limited ahead of the launch of British Growth Partnership. The average salary increase during the year was 5%, and the remaining 2% was primarily due to an increase in secondees and agency staff.

Costs*/AUM



* Costs excludes £7m of costs related to setting up the British Growth Partnership

Other operating expenditure

Other operating expenditure has reduced from £65m in the year ended 31 March 2024 to £61m in the year ended 31 March 2025. There has been a managed reduction in relation to the administration of the Covid-19 loan schemes. These costs are fully covered by the management fee income from DBT. The reduction in other operating expenditure has occurred despite the Bank setting up the provision of third party services to external investors and preparing for FCA authorisation.

Forward outlook

Since our year end, macroeconomic uncertainty continues and market volatility has increased, in part driven by the US administration's announcements on significant tariff increases on imported goods. However, the Bank's investment portfolio is not highly concentrated in those sectors most exposed to tariffs and given our UK focus, we do not expect any direct impact on valuations.

The Bank is well placed as a through the cycle investor to see further realised returns materialise, subject to market conditions, as the equity portfolio matures through the investment period. As the UK's economic development bank, we remain focused on delivering our long-term investment objectives.

Following the positive outcomes for the Bank from the Government's Spending Review announced by the Chancellor of the Exchequer in June 2025, the Bank's total financial capacity (including guarantees which sit on DBT's balance sheet) is being increased by £6.6bn to £25.6bn. This announcement reflects a strong endorsement of the Bank's decade-long track record, extensive market access, and proven capabilities.

The Bank is expected to play a key role in delivering the government's Industrial Strategy, with additional capital of £4.0bn to be committed over the Spending Review period. In addition to securing additional capital from our shareholder, we will shortly conclude work on refining our operating model to ensure that the Bank is a scalable, flexible and efficient organisation.

Looking forward, we are optimistic about delivering a major step change in financing to support smaller businesses to start and scale in the UK. Delivering the government's growth mission depends on ensuring that high-potential entrepreneurs, regardless of their background or location across the Nations and regions, have access to the finance required to scale their businesses.

Using our market expertise and reach, we have a critical role to play in supporting smaller businesses to grow and stay in the UK, and are are well-positioned and capable of successfully delivering an ambitious and exciting strategic plan.

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Key Performance Indicators

The Bank's four strategic objectives remain unchanged from the prior year as we continue to focus on long-term impacts.

The Bank has achieved all of its KPIs and underlying organisational enablers for 2024/25, alongside other key achievements as set out in the following pages. From 2025/26 there will be a streamlined performance framework to be set out over the coming year.

Strategic objectives

Driving sustainable growth: ensuring smaller businesses can access the right type of finance they need to start, survive and grow

KPI		
KPI: In-year debt commitments	Target	£382.5m
	Actual	£385.8m
KPI: In-year guarantee commitments	Target	£1,825.7m
	Actual	£2,015.5m

Unlocking potential: unlocking growth by ensuring entrepreneurs can access the finance they need regardless of where and who they are

KPI		
KPI: In-year gross deployment outside of London	Target	£649.8m
	Actual	£707.1m
KPI: Start Up Loans issued	Target	9,900
	Actual	10,577

Backing innovation: ensuring innovative businesses can access the right capital to start and scale

KPI		
KPI: In-year equity commitments*	Target	£895.7m
	Actual	£881.8m

* The Board scored this KPI as "on target" due to the actual performance vs target in the context of an uncertain external backdrop.

Building the modern, green economy: financing ground-breaking solutions to climate change and helping smaller businesses transition to net zero so they thrive in a green future

KPI: Green Growth Guarantee Scheme pilot launched

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Organisational enablers

Customer centricity: meeting the needs of different customers and placing customer satisfaction at the heart of what we do

KPI: Delivery partners' net promoter score (source: Delivery Partner Survey)

Commentary: The annual Delivery Partner Survey reported a Net Promoter Score (NPS) of 54, exceeding the target.

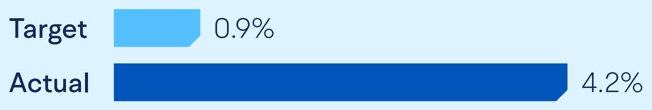
People and culture: empowering and supporting diverse talent as we deliver the challenging, impactful work of the Bank

KPI: Staff engagement score compared to financial services and public sector norms

Commentary: Our people and culture are central to the Bank's success – without an engaged team, we cannot deliver on our objectives. The most recent engagement survey reported a score of 79%, exceeding the target by 3 percentage points.

Financial performance: managing public money properly and delivering value for money

KPI: 5-year average adjusted return on capital employed



Risk management: understanding, managing and mitigating our risk in line with risk appetite

KPI: Board Risk Committee assessment based on a report provided by the Chief Risk Officer

Commentary: The Board Risk Committee reviewed the effectiveness of the Bank's Risk Management Framework in supporting delivery within our risk appetite and towards our objectives, and concluded that it remains on target.

Stakeholder relationships: to be the centre of expertise on smaller business finance in the UK, providing advice and support to the Government

KPI: Key stakeholders rating the Bank's engagement at least 'very good' (source: YouGov survey)

Commentary: The Bank is effectively deploying its expertise to the Government and other key stakeholders, as reflected in positive engagement ratings from a broad range of stakeholders.

Operational capability: for the Bank's operating model to be efficient, adaptable, and deliver cost-effective value

KPI: Balanced scorecard of operational metrics

Commentary: All teams across the Bank contribute to its day-to-day operational effectiveness, ensuring it remains efficient, resilient, and delivers value for money. The Bank is currently assessed to be on target.

How does the British Business Bank work?

The British Business Bank is the UK Government's national economic development bank.

The Bank's mission is to drive sustainable growth in the UK by helping smaller businesses access the finance they need to start, scale and stay in the UK. We do this by working with and through the finance market, including banks, leasing companies, venture capital funds and marketplace lenders, to help businesses get access to the right debt and equity products they need to get their businesses off the ground and grow in the UK.

The availability of capital to smaller businesses is crucial for economic growth because it enables business creation, innovation and expansion, leading to increased productivity, more jobs and overall economic development.

The Bank operates on a commercial basis, using the Government's money to attract more private capital into UK businesses in a way which is additional to the role the markets are already playing. We focus on addressing market gaps, tackling market failures and supporting the development of healthy finance ecosystems, including during tougher economic times.

The Bank seeks to invest public funds responsibly and is a signatory of the UN Principles for Responsible Investment, with our Responsible Investment Policy setting out how we apply the principles across our investment and banking businesses. We integrate environmental, social and governance considerations into our due diligence in order to pursue stronger risk-adjusted financial returns over the long term. We take an active approach to stewardship, working with our investee companies, delivery partners and industry partners to promote responsible investment principles and practices.

£39bn

Overall, the Bank's activities have delivered an additional £39bn of investment directly into British companies

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As referenced on p2, over the first 10 years of operation, the Bank delivered an additional £32bn of investment into UK businesses, which will provide gross value add of £43bn.*

We have delivered this real-world impact by developing a diverse range of products which have provided businesses with increased access to finance.

Over the course of the year, we have been looking at how the Bank can best support the Government's economic growth mission, through the Spending Review, where we are seeking to increase our impact further.

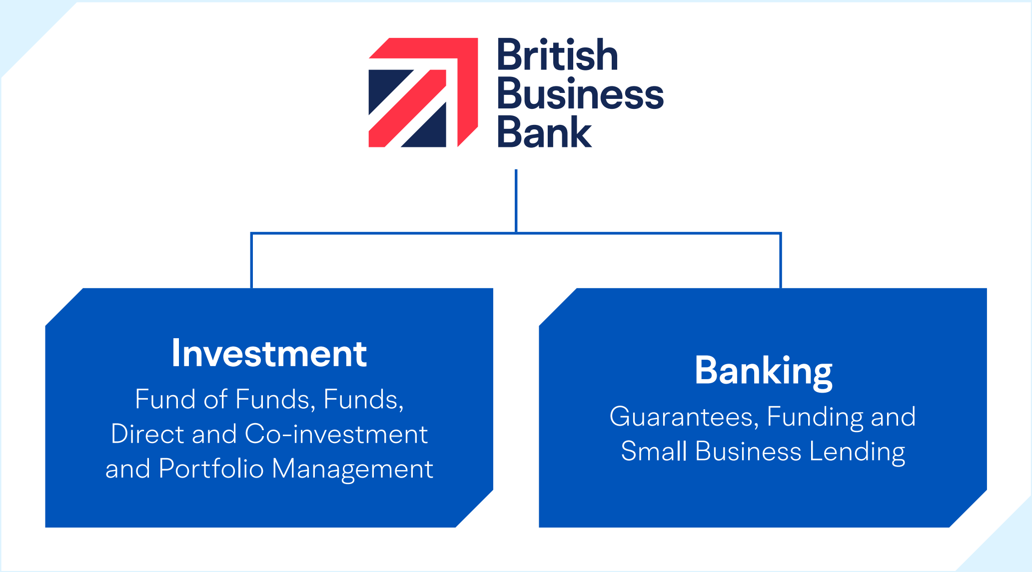
> "The Bank's mission is to drive sustainable growth in the UK by helping smaller businesses access the finance they need to start, scale and stay in the UK."

The Bank's proposals aim to fill gaps in the availability of capital, no matter who is seeking support, to:

1. **Boost the pipeline of start-ups and growing companies:** this ensures that the Bank can continue to tackle the well-known debt, equity and demand-side market failures.
2. **Deliver the UK's modern Industrial Strategy by investing on a commercial basis in the growth-driving sectors:** the Bank's new tools align investment into the modern Industrial Strategy and increase scale of support for innovative businesses and funds in the growth-driving sectors.
3. **Get growth capital at scale to the fastest growing companies:** this will be delivered through our British Growth Partnership, leveraging our unique position as the largest investor in UK venture and venture growth capital.
4. **Ensure the best companies can get funding no matter who or where they are:** this is designed to address well-known market failures in smaller business finance markets that limit economic growth, which are exacerbated by the local economic environment and personal characteristics of entrepreneurs.

Alongside our bids, to further maximise the impact of the Bank's resources over the multi-year Spending Review, the Bank is working with the Government to agree reforms that will allow us to reinvest profits over time, boosting our ability to increase growth without needing additional capital from the Government in the future.

From 2025/26, these interventions will be structured into two distinct areas of activity – **Banking** and **Investment.** This change will simplify the Bank's structure, break down our previous programme silos and allow the Bank to respond more flexibly to new market challenges and opportunities.



* Additional means the increase would not have happened in the absence of our intervention.

Gross value added is the economic output minus the economic costs of inputs used.

Banking

The Banking business focuses on two primary skillsets: Structured Guarantees and Funding, and Small Business Lending.

This part of the business tackles widely acknowledged and persistent debt market failures and/or barriers.

The Banking business includes Start Up Loans to help would-be entrepreneurs to turn their business ideas into reality, direct guarantees to tackle long-standing market gaps that impact smaller business lending, and wholesale guarantee and funding solutions to enable a diverse range of market participants to scale their lending to smaller businesses.

These interventions step in where the private sector is leaving gaps in provision.

Both our Banking business and our Investment business build on the extensive relationships that we have developed over the last decade with our delivery partners. It is a core feature of the Bank that we work with and through others, to expand access to finance for smaller businesses.

As we continue embedding these changes, our focus will be on further optimising our operating model to support future growth, drive innovation and ensure the long-term resilience of our activities.

Investment

The unified Investment business focuses on two primary skillsets: Fund Selection, and Direct and Co-Investment.

The Investment business involves acting as a fund investor, a direct equity investor and making investments on behalf of third parties. Hence, the Investment business of the Bank will have balance sheet business that it manages, and also third-party business that it manages through its subsidiary BBB Investment Services. The intention is for the first fund of that third-party to begin to be active in the market later in 2025.

The Investment business will also play a key role in channelling equity into priority sector businesses – particularly the eight growth driving sectors identified by the Government's modern Industrial Strategy. This will be through increased support for emerging fund managers, direct investment, strategic large investments and fund investments into private debt and equity.

By combining resources around these areas, we can enhance collaboration, share knowledge and ultimately provide more value to customers. This approach also allows our teams to work more flexibly and develop their skills across different products.

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Financing businesses

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Banking

The Banking business includes wholesale programmes to help finance providers increase their ability to support smaller businesses, guarantees to help firms access the finance that they need and Start Up Loans to help would-be entrepreneurs turn their business ideas into reality.

All of the Bank's activities have commercial considerations built into them, and they can all demonstrate additionality in the long term. Many of the Banking business's programmes also set out to remedy market failures and/or barriers, and step in where the private sector is leaving gaps in provision.

- ENABLE Funding
- Structured Capital Solutions
- Structured Guarantees
- Community ENABLE Funding
- Growth Guarantees Scheme
- Start Up Loans

Increasing commerciality

A programme such as Start Up Loans, which is less focused on commercial returns, still has economy-wide benefits, including significant gross value added (GVA). The most recent evaluation of the Start Up Loans scheme, carried out in 2024/25, found that it was delivering over £5.50 in GVA for every pound of economic cost.

Across the Banking business (and indeed the Bank as a whole) the same pattern can be seen – the overall impact of the schemes is greater than their immediate, direct return to the Exchequer.

The total future tax income that the Exchequer will receive from a successful business, including corporation tax, income tax and VAT, all needs to be taken into account. Additionally, there are significant policy benefits that come from encouraging a more entrepreneurial society.

With a strong track record of delivery over the last 10 years, a core focus of the newly constituted Banking business is to manage our suite of programmes in a more joined-up and holistic way to support both lenders and borrowers as they grow.

Banking: guarantees

We launched the **Growth Guarantee Scheme** in 2024/25 (on behalf of the Department for Business and Trade) as a direct successor to the final iteration of the Recovery Loan Scheme (RLS). Between them, theses programmes have directly supported nearly 15,000 facilities totalling £2.35bn up to 31 March 2025.

The scheme is designed to support access to finance for UK smaller businesses as they look to invest and grow, with facilities available of up to £2m. It offers a guarantee on 70% of each facility for delivery partners, supporting lending that either would not occur without a guarantee or would not occur on the same terms.

The Growth Guarantee Scheme and the Recovery Loan Scheme committed £1.3bn in total support during the year. A pilot 'green' variant of the Growth Guarantee Scheme commenced in March 2025.

Business stories
Reel Film

Programme: Growth Guarantee Scheme

Funding type: Debt

Delivery partner: The FSE Group

Location: Wetherby

Region: Yorkshire and The Humber

Reel Film is a video production and animation company based in Wetherby. Adam Chandler, founder of the business, leveraged his background in the film industry and experience with the BBC to establish a successful business, delivering impactful visual content across various sectors, including marketing communications.

Reel Film accessed a £70,000 loan through the Growth Guarantee Scheme (GGS), with funding provided by Finance Yorkshire, via the FSE Group, to expand the business. The funding allowed the business to launch a new content creation service, which transformed their ability to meet client demands quickly and efficiently. In addition, it allowed Reel Film to hire a dedicated business development team.

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The Bank continues to act as administrator for the **Covid-19 loan guarantee schemes** – the Bounce Back Loan Scheme, the Coronavirus Business Interruption Loan Scheme and the Coronavirus Large Business Interruption Loan Scheme – on behalf of the Government. Without these schemes, many thousands of smaller businesses in the UK would have faced closure during the Covid-19 pandemic.

Our **ENABLE structured guarantee programmes – ENABLE Guarantees and ENABLE Build** (which we administer on behalf of the Department for Business and Trade) – help us to support a range of lenders so that smaller businesses are not solely dependent on the major high street banks for financing. These lenders are particularly valuable as they often have a different risk appetite from high street banks, allowing them to provide funding to smaller businesses that may otherwise struggle to secure it.

Many of these lenders also have specialist regional or sectoral expertise, so they understand better the unique needs of specific groups of smaller businesses. Supporting the growth of these lenders and promoting diversity in the smaller business lending market is a central part of the Bank's remit.

During 2024/25, the Bank secured six ENABLE Guarantees and ENABLE Build transactions totalling £825m:

- Shawbrook Bank – £150m (ENABLE Build)
- Cynergy Bank – £100m (revolving credit facilities)
- Oxbury Bank – £100m increase (agriculture finance)
- DF Capital – £100m increase (dealer floorplan)
- LE Capital – £75m (dealer floorplan including hybrid/electrical vehicle incentives)
- A further £300m has been transacted but not yet announced.

ENABLE Guarantees and ENABLE Build help banks and non-banks to increase the capital or funding efficiency of their smaller business lending – allowing them to lend more to smaller businesses, expand into new markets, launch new products and/or reduce the cost of borrowing for their customers. ENABLE Build is focused on encouraging additional lending to smaller and medium-sized housebuilders in the UK.

Business stories

MacKenzie & Son

Programme: ENABLE Funding

Funding type: Debt

Delivery partner: Simply Asset Finance

Location: Lanark

Region: Scotland

MacKenzie & Son are a family-run business based in Forth in Scotland. Over the years, they have built their business from the ground up, providing transport solutions across the UK and Ireland.

They currently operate more than 20 vehicles including Low Loaders, HIABS, Flat Beds, Curtain Siders and more, offering a diverse range of services for a broad spectrum of sectors.

The company first accessed finance supported by ENABLE Funding via Simply Asset Finance in 2022, which was used to purchase various specialist assets to fuel business growth and meet increasing contract demand.

Where there has been an opportunity to do so, the Bank has introduced sustainability-linked pricing into its ENABLE transactions, working with our delivery partners to increase the flow of finance to help smaller businesses become more sustainable.

Banking: funding

ENABLE Funding improves the provision of asset and lease finance to smaller UK businesses. By warehousing newly originated finance receivables from different originators and then refinancing a portion of the structure, the programme helps small finance providers to tap institutional investors' funds.

This year, the team completed a partial refinancing of Simply Asset Finance's **ENABLE Funding** transaction, returning Government funds to be recycled within the programme as part of a wider transaction which will provide c. £700m of funding to businesses across the UK.

This is the third capital markets refinancing under the **ENABLE Funding** programme and shows the continued success of the product in supporting smaller non-bank financial institutions until they can access the capital markets.

During 2024/25, we also launched **Community ENABLE Funding** (CEF), focusing particularly on meeting the needs of community development finance institutions (CDFIs), which exist to serve groups that may be underserved or ignored by traditional lenders. The new programme will help individual CDFIs to scale up by enabling them to obtain efficient wholesale funding, aiding the growth of the sector as a whole.

Starting with an initial phase and supporting up to £150m of lending in the next two years, the Bank will use this Government-backed money to crowd in additional funding from private sector investors, significantly boosting the CDFIs' ability to serve deserving but underserved smaller businesses.

Our **Structured Capital Solutions** made four commitments totalling £70m throughout the year.

Through our continued engagement with the market, we have developed a strong understanding of the dynamics impacting challenger banks, asset finance providers, invoice finance providers and alternative lenders. This enables us to structure and deliver capital solutions directly to qualified market participants to help address the capital and/or funding constraints they face, enabling them to on-lend in greater volume to a large number of smaller businesses across the UK.

Business stories
Robin Valley

Programme: Start Up Loans

Funding type: Debt

Location: Manchester

Region: North West

Robin Valley was established believing everyone should be able to find their 'special little thing' on their website. Since it was established in April 2022, it has been constantly creating new designs for its customers. From pets to wild animals, everyday tools to things that only exist in fantasy, it has created over 1,000 designs so far.

Robin Valley is now supplying to over 60 prominent organisations, including WWF-UK, English Heritage, National Trust Scotland, London Zoo, National Museum of Scotland, National Museums of Liverpool, Sealife Centres and more.

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Our transactions this year under our Structured Capital Solutions included:

– Catfoss Finance (£15m)

– Performance Finance Limited (£15m)

– Liberty Leasing (£15m)

– Shire Leasing (£25m).

The **Start Up Loans** programme continues to address a significant market failure in early-stage funding of new businesses. As well as providing loans, it offers free post-loan business support, mentoring and guidance.

Through this activity the Bank engages directly with many smaller businesses. The total number of loans provided is now over 123,000, with a total value of more than £1.2bn. Start Up Loans continues to address imbalances in access to finance, with 70% of loans provided outside of London and the Southeast, 39% of loans to female entrepreneurs, and 21% to entrepreneurs from ethnic minorities.

Our customer satisfaction survey shows that 82% of our customers are happy with the support services that they receive from Start Up Loans, and the programme was rated as the number one low-rate loan by Forbes magazine in 2024.

Finally, over the last year, the programme appointed 14 new **Start Up Loans Ambassadors.** Our ambassadors are chosen from each of the UK's regions and Devolved Nations to represent the Start Up Loans programme in their area. Additionally, this year saw, for the first time, specialist ambassadors appointed representing young people and ex-forces personnel.

Hearing their stories helps to encourage potential future applicants for Start Up Loans by showcasing some of the diverse entrepreneurs across the country who have successfully started their own businesses with our help.

Business Development

The Bank has established a new **Business Development** function, led by **Chief Development Officer,** to strengthen and expand our strategic engagement with Delivery Partners and Fund Managers. This new function integrates and builds on our existing **Relationship Management** capability, acting as a central hub for business development and customer relationship management in support of our **Investment** and **Banking** businesses.

At the heart of this expanded function is a systematic and coordinated approach to maintaining and deepening relationships with our partners, clients, customers, and other key stakeholders. Over the past year, we have brought together a number of externally facing teams into a more integrated structure, including **relationship and account management, customer services,** and our field-based **UK Network.** This unified approach ensures a consistent, responsive, and insight-driven engagement model across the Bank.

The Business Development team plays a critical role in driving strategic value through six core functions:

– **Advocacy** – Acting as the voice of our partners and stakeholders within the Bank, ensuring their perspectives inform our strategy and delivery.

– **Representation** – Championing the Bank's offer and priorities externally, including a strong physical presence across the business communities we serve.

– **Origination** – Supporting the generation of new opportunities and relationships, working closely with colleagues in Banking and Investment to identify and develop new product transactions.

– **Challenge** – Constructively holding Delivery Partners to account, using data and insight to ensure strong performance and adherence to expectations and contractual obligations.

– **Innovation** – Collaborating with product teams and other Bank colleagues to translate partner feedback and market insight into better ways of working and improved products, services, and customer journeys.

– **Connect and convene** – Connect national investors and lenders with high potential companies in the regions. Create and convene cluster ecosystems. Collaborate with key partners to support pipeline development.

This new Business Development function lays the foundation for more effective partner engagement and continued growth across our portfolio, while enhancing the Bank's ability to respond to evolving market needs.

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Business stories

Neighbourhood Café

Programme: Investment Fund for Northern Ireland (IFNI)

Funding type: Debt

Delivery partner: Whiterock Capital Partners

Location: Belfast

Region: Northern Ireland

Founded in Belfast's Cathedral Quarter in 2021 by Ryan Crown and Oisin McEvoy, Neighbourhood is a brunch café which offers the 'best of Irish coffee and local ingredients'.

The owners of the café, which employs more than 20 staff, decided to move from its previous home at 33 Donegal Street after experiencing daily queues for brunch.

The move to Sessia House at 61–67 Donegal Street means Neighbourhood can accommodate 75 people, compared with 40 previously.

An investment of more than £400,000 has been made in the new premises of the business, which has been supported by funding from Whiterock which manages the debt fund for the Investment Fund for Northern Ireland (IFNI).

> "The move to new premises means Neighbourhood Cafe can accommodate 75 people, compared with 40 previously."

Investment

The Bank's Investment business makes investments into high growth potential businesses through funds and directly as shareholders.

The UK provides fertile ground for innovation to thrive, with strong research and development coming out of its universities, cutting-edge industries and a thriving start-up culture.

A lack of access to patient capital, however, continues to hold back some businesses from scaling up and fulfilling their potential here in the UK, with the risk that they instead commercialise overseas, closer to sources of later-stage capital.

Through our Investment business, we want to increase the level of funding to those companies so we are more likely to retain them in the UK, meaning we see the economic benefits of their growth and success.

The British Business Bank is the largest investor in UK venture and venture growth capital funds. Since we began investing in 2013, we have helped grow and shape the UK venture capital market, developed specialist expertise in breakthrough technologies, built long-term relationships with best-in-class fund managers and amassed unmatched data and knowledge.

By leveraging the Bank's scale, networks and track record to catalyse external capital – including pension fund investment – we are looking to unlock billions of pounds of domestic investment. In doing so, we can capture the full commercial potential of the UK's world-class companies.

We invest through funds – both equity and debt – and make direct equity investments into smaller businesses at various stages of their development.

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Business stories

Blume Equity

Programme: Patient Capital Funds

Funding type: Equity

Location: London

Region: London

Blume Equity is a climate-tech, growth-stage venture investor. It invests thematically with an impact lens in disruptive European scale-ups, partnering with businesses that are helping to solve the climate emergency.

Founded by Clare Murray, Michelle Capiod and Eleanor Blagbrough, Blume has offices in London and Amsterdam and is 100% female owned and led.

The Bank's Patient Capital Funds programme has made a €25m commitment to Blume Equity's Fund I.

Our current and future investments fall into three separate categories. These are:

– Investments that sit on the British Business Bank's own **balance sheet**

– Investments on behalf of **third parties,** through **a newly formed business, BBB Investment Services Limited**

– Investments we **service on behalf of others,** such as those of the Department for Business and Trade and the National Security Strategic Investment Fund.

Balance sheet

Our own balance sheet investments, made through equity, debt and hybrid programmes, are either purely **commercial** (investing on commercial terms) or **development** (to correct a specific market weakness).

Commercial equity

Our commercial equity investments help cultivate a pipeline of scale-up, high-growth, innovative businesses operating in key sectors, including those in the eight growth-driving sectors identified in the modern Industrial Strategy – advanced manufacturing, clean energy industries, creative industries, defence, digital and technologies, financial services, life sciences, and professional and business services.

Alongside, we want to demonstrate that commercially attractive returns can be achieved by investing with a patient capital approach, with the aim of encouraging other UK-based institutional investors to do the same.

During FY 2024/25, our commercial equity programmes made a total of 35 commitments with a value of £686m.

10%

Historically, in the US around 70% of the capital for venture capital funds has come from pension funds. In the UK the figure has been around 10%

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Cambridge GaN Devices

Programme: Patient Capital Funds/ Future Fund: Breakthrough

Funding type: Equity

Delivery partner: Cambridge Innovation Capital/IQ Capital

Location: Cambridge

Region: East of England

Cambridge GaN Devices (CGD) is a fabless semiconductor company designing, developing and commercialising energy-efficient Gallium Nitride (GaN) based power devices making sustainable electronics possible.

In February 2025, the Bank announced a £5m investment into CGD as part of a $32m Series C funding round, having indirectly invested in previous rounds through two different funds.

The investment was led by a strategic investor, with participation from Parkwalk, BGF, Cambridge Innovation Capital (CIC), Foresight Group, and IQ Capital.

The investment was made through the £425m Future Fund: Breakthrough programme.

Commercial equity: Funds – venture and venture growth

Our **Funds** investments make up the majority of our equity investments, and focus on the **venture and growth stages** of the smaller business lifecycle.

They primarily support later-stage and venture growth funds that have a significant presence in the UK, providing the expertise to guide their portfolio companies as they scale, while also selectively investing in early-stage funds.

Many of our relationships with fund managers have been built up over the entirety of the Bank's existence, with both sides contributing to the growth of the patient capital investment chain.

£2.1bn
Assets under management

£245m
New commitments made in 2024/25

10
New commitments made in 2024/25

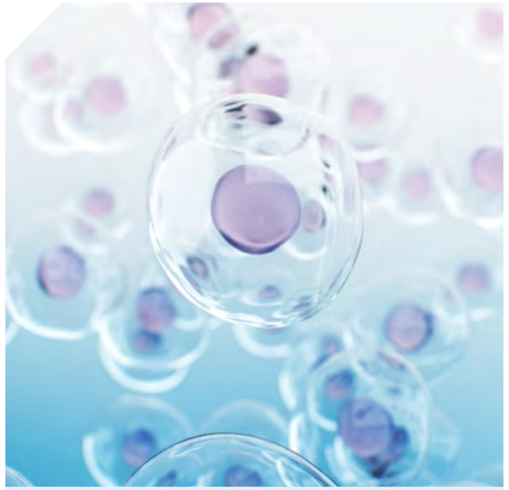
1,561
Number of underlying businesses in portfolio

£2.2bn
Commitments since inception

97
Commitments since inception

1.24x
Total value to paid in capital (TVPI)

0.18x
Distributed to paid in (DPI) capital



Our Funds – venture and venture growth – include the **Life Sciences Investment Programme (LSIP),** a £200m funds designed to bridge the gap in vital long-term equity finance for growth that is faced by high-potential, innovative UK life sciences companies.

By making significant commitments to later-stage venture growth funds specialising in the UK life sciences sector – a key area of economic activity and excellence for the UK – the programme helps to increase the availability of funding for these businesses as they scale.

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Business stories
Perspectum

Programme:
Future Fund: Breakthrough

Funding type: Equity

Location: Oxford

Region: South East

Perspectum is an innovative Oxford-based precision health technology company delivering advanced data-driven medical imaging solutions to pharma and healthcare providers.

Perspectum was founded to develop better, safer and more effective ways to inform early detection and accurate diagnosis through the development of innovative, software-enabled MRI-based solutions to assess metabolic syndrome, ranging from diabetes, cardiovascular disease, pancreatitis, and beyond.

Established in 2012, in partnership with the University of Oxford, Perspectum continues to pioneer breakthrough solutions in the field of digital medical technology and diagnostics.

The Bank's Future Fund: Breakthrough programme invested £8.7m into Perspectum as part of its £31m Series C funding round.

Commercial equity: Direct and co-investments

As well as investing through Funds, the Bank has, increasingly, been making **direct and co-investments** into growth companies, alongside any fund manager that meets our sponsor investor criteria.

Our investments can help companies expand and develop further, increasing their chances of achieving their full potential while raising the likelihood and level of positive returns for the British Business Bank and the UK taxpayer.

£274m
Assets under management

£75m
New commitments made in 2024/25

12
New commitments made in 2024/25

31
Number of underlying businesses in portfolio

£274m
Commitments since inception

48
Commitments since inception

1.05x
Total value to paid in capital (TVPI)

0.01x
Distributed to paid in (DPI) capital

Future Fund: Breakthrough is a direct investment programme designed to support R&D-intensive, technology-driven UK companies. It co-invests in their later funding rounds, alongside established venture capital investors, directly supporting high-growth, innovative firms by co-investing in their later funding rounds alongside private investors.

Through Future Fund: Breakthrough, the Bank has become the UK's most active late-stage investor in fast-growing life sciences and deeptech companies valued at £30m and above.

These companies have the potential to develop breakthrough technologies that will be vital to the country's long-term prosperity. Making such direct investments allows the Bank to have greater involvement in a company's growth, whether through Board participation, ESG engagement or increased public visibility.

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Commercial debt

Our commercial debt investments support our partners in offering a wide range of debt solutions, helping diversify choice of both product and provider for smaller UK businesses. Our partners can be either established alternative finance providers or new market entrants, falling into two categories: small cap private debt funds and FinTech alternative lending providers.

Small cap private debt funds, which account for the biggest proportion of our commercial debt activity, provide a range of debt instruments, including venture debt, to smaller, generally higher growth companies. As well as providing an attractive option for businesses that do not want to dilute their ownership, this kind of venture funding can often provide a bespoke arrangement tailored to an individual company's needs.

For many years we have supported providers of FinTech solutions, innovative lenders that increase the diversity of financing options for smaller businesses, including supply chain finance, peer-to-peer and other alternatives. FinTech platforms continue to play a crucial role in supporting smaller businesses while making funding accessible in all parts of the UK.

£2.3bn
Assets under management

£4.5m
Commitments since inception

£426m
New commitments made in 2024/25

132
Commitments since inception

15
New commitments made in 2024/25

1.15x
Total value to paid in capital (TVPI)

43,103
Number of underlying businesses in portfolio

0.68x
Distributed to paid in (DPI) capital

£1.6bn
2024/25 was the first full year of operation for a new generation of Nations and Regions Investment Funds, backed by £1.6bn in Government funding

Business stories
Beckley Psytech

Programme:
Commercial Debt – FinTech

Funding type: Debt

Delivery partner: SPRK Capital

Location: Oxford

Region: South East

Beckley Psytech is a private, independent company combining cutting-edge science with deep drug development expertise to accelerate the research and clinical development of novel and effective treatments for people in need.

Within its pipeline, it focuses on the potential of next-generation, psychedelic-based compounds that can deliver rapid, robust and lasting treatment effects in order to improve the lives of those living with mental health disorders.

Beckley Psytech received R&D tax credit funding through SPRK Capital.

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Business stories

ElevenLabs

Programme: Enterprise Capital Funds

Funding type: Equity

Delivery partner: Concept Ventures

Location: London

Region: London

ElevenLabs is an AI audio research and deployment company on a mission to make content universally accessible.

Their research team has advanced its generative audio platform to support over 70 languages, enabling multi-speaker dialogue.

Since launching its platform in January 2023, users have created 1,000 years of audio content, using tools like Speech Synthesis and Conversational AI.

Concept Ventures was the first institutional investor in ElevenLabs via its Enterprise Capital Funds-backed pre-seed fund, launched in 2022 with a £30m cornerstone commitment from the Bank's Enterprise Capital Funds programme.

Development equity investments

The Bank actively supports innovation in financial markets, with the **Enterprise Capital Funds** programme playing a key role in fostering new and emerging fund managers.

The programme supports fund managers investing in one of the more challenging areas of the venture market, with equity funding for individual businesses of up to £5m. Enterprise Capital Funds are particularly effective in situations where raising private capital is more difficult, and invest in funds that might not otherwise exist without their backing.

The programme targets two main areas – funds investing in under-represented sectors of the market and early-stage fund managers, often providing the initial support needed to attract further investment.

It was announced at Spending Review 2025 that the programme has been allocated an additional £400m via a new Investor Pathway Capital programme. This will support diverse and emerging fund managers across the breadth of the economy and make it easier for new entrants, particularly those from under-represented groups, to break into the venture capital space.

£1bn
Assets under management

£1.5bn
Commitments since inception

£156m
New commitments made in 2024/25

50
Commitments since inception

4
New commitments made in 2024/25

1.67x
Total value to paid in capital (TVPI)

1,093
Number of underlying businesses in portfolio

0.61x
Distributed to paid in (DPI) capital

> "Enterprise Capital Funds are particularly effective in situations where raising private capital is more difficult, and invest in funds that might not otherwise exist without their backing."

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Business stories

Pulpt

Programme: South West Investment Fund

Funding type: Debt

Delivery Partner:
Frontier Development Capital

Location: Somerton

Region: South West

Somerton-based Pulpt prides itself on using only freshly pressed apples from across Somerset and Devon, to produce a range of eye-catching cider brands that are aimed at appealing to Gen-Z customers nationwide. The business has earned listings with supermarket chains, including Ocado and Tesco.

The business secured a £35,000 loan from the South West Investment Fund, which enabled co-founders Jim Wakefield and Al Collar to invest in new equipment, including two large stainless-steel tanks, increasing capacity and efficiency.

Business stories

Fitness Worx

Programme: Midlands Engine Investment Fund II (MEIF II)

Funding type: Debt

Delivery partner:
Frontier Development Capital

Location: Kenilworth

Region: West Midlands

Fitness Worx was founded in 2014 when personal trainer Jack Gibson opened his first gym in Kenilworth. The company has since added sites in Warwick, Southam, Leamington Spa, Bristol, Coventry and Stratford-upon-Avon and now employs a total of 32 staff across the different locations.

Fitness Worx prides itself on being 'community led' and organises regular events, festivals and competitions to engage members and help them get to know each other. The gyms use cutting-edge equipment and offer a wide range of small group classes, along with one-to-one coaches and personal transformation programmes.

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Our place-focused investment programmes

The British Business Bank operates across the whole of the UK and is helping to ensure the benefits of growth are shared across its Nations and regions.

At the end of 2024/25, 84% of the funding the Bank supported was to businesses outside of London.

To help achieve this goal, the Bank supports both debt and equity finance through dedicated Nations and Regions Investment Funds, and early-stage equity through its Regional Angels Programme.

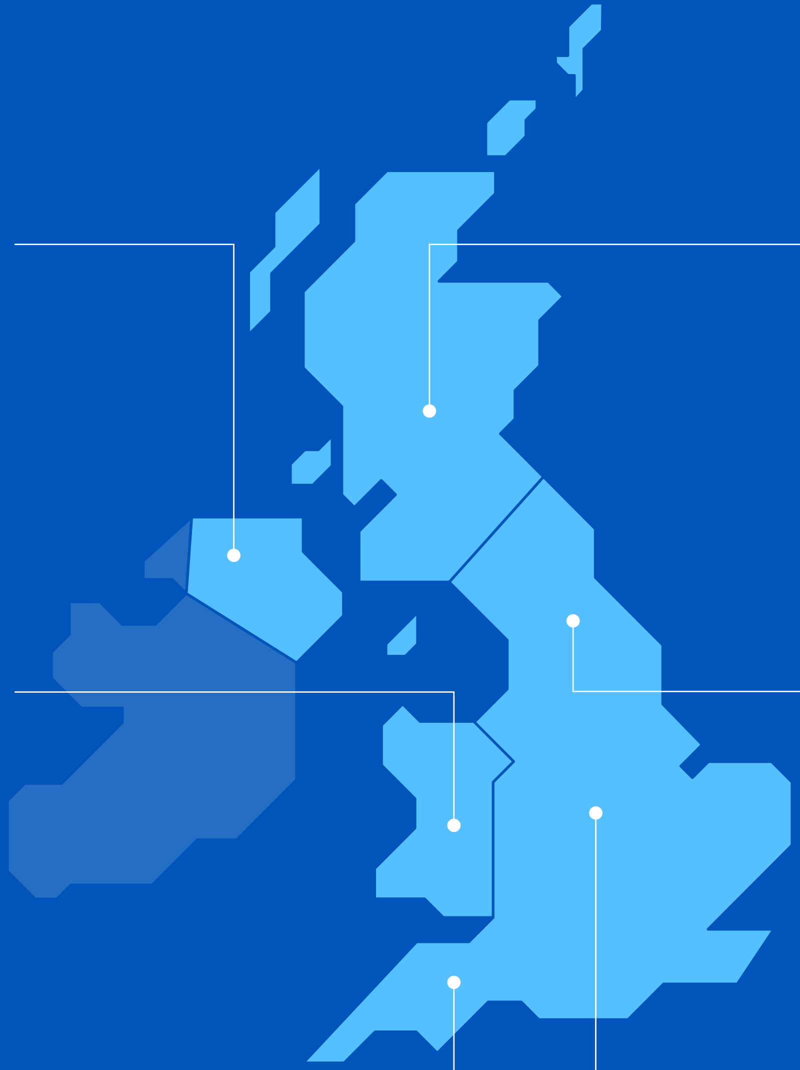
The **Nations and Regions Investment Funds** provide both equity and debt finance to smaller businesses in their geographical areas, addressing long-standing imbalances in provision and increasing the supply and diversity of early-stage finance. Six dedicated funds operate in Northern Ireland, Scotland and Wales as well as the Midlands, North and South West of England.

Investment Fund for Northern Ireland

Fund supporting
£30.1m
of finance through
35 investments*

Investment Fund for Scotland

Fund supporting
£44.4m
of finance through
50 investments*



Investment Fund for Wales

Fund supporting
£16.7m
of finance through
64 investments*

Northern Powerhouse Investment Fund II

Fund supporting
£117.1m
of finance through
217 investments*

South West Investment Fund

Fund supporting
£60.1m
of finance through
150 investments*

Midlands Engine Investment Fund II

Fund supporting
£43.2m
of finance through
125 investments*

Two new funds announced as part of the UK's modern Industrial Strategy for the **East of England** and **South East**

*As at 31 March 2025

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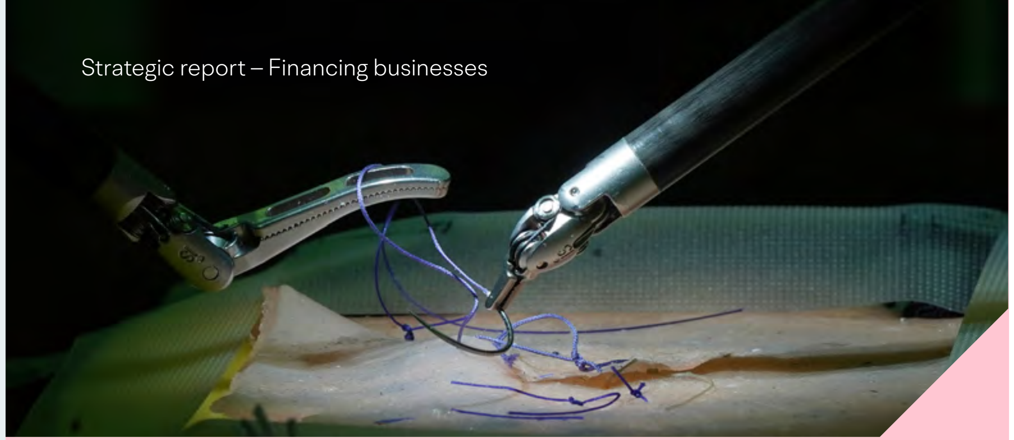

Business stories

Nami Surgical

Programme: Investment Fund for Scotland

Funding type: Equity

Delivery partner: Maven Capital Partners

Location: Glasgow

Region: Scotland

Nami Surgical is a spin-out company from the Centre for Medical and Industrial Ultrasonics (C-MIU) at the University of Glasgow.

The company is aiming to transform the robotic-assisted surgery market with a breakthrough ultrasonic platform.

Robotic Assisted Surgery (RAS) offers the surgeon improved precision and dexterity which leads to less patient trauma and post-operative pain, reduced recovery times and shorter hospital stays.

The business secured £3.2m of investment and grant funding. The St Andrews-based impact investment firm Eos Advisory (Eos) led the £2.5m seed round alongside the Investment Fund for Scotland (which is managed by UK private equity firm Maven Capital Partners and delivered by British Business Bank), Scottish Enterprise, and SIS Ventures.

At the end of FY 2024/25, the Nations and Regions Investment Funds were collectively supporting £311.6m of finance to 641 businesses.

The UK's modern Industrial Strategy announced that the British Business Bank would be given a total of £350m to set up two new Nations and Regions Investment Funds in the East and South East of England. These will address persistent gaps in deprived coastal and peripheral areas, helping high-growth businesses in underserved parts of these regions to scale up.

The **Regional Angels Programme** helps reduce regional imbalances by investing alongside angel partners or making direct investments into high performing companies with strong disruption potential, supporting Series A rounds and beyond.

2024/25 was a record year for the programme, completing 11 transactions totalling £66m:

- Three direct investments at Series A stage – Space Forge, Lunio and Portal Biotech
- Its first solo GP – female-led Araya Ventures
- AI-focused Twin Path Ventures
- Extensions of its commitments to five syndicates – Haatch, SFC Capital, Par Equity (x2) and DSW Ventures
- Creation of a new platform to enable co-investment alongside small syndicates.

The programme also aims to raise the profile and professionalism of angel investment activity and to attract further third-party capital alongside business angels while generating a market rate of return.

Spending Review 2025 announced that the programme would be allocated an additional £340m over the next three years.

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Investing on behalf of third parties

In May 2025, the Financial Conduct Authority granted regulatory approval to **BBB Investment Services Limited,** the British Business Bank's third-party arm, to provide investment services to clients.

The granting of regulatory approval to the business is an important step in the raising of funds for the **British Growth Partnership.**

The purpose of the British Growth Partnership is to catalyse institutional capital, including pension fund investment, into the UK's high-growth, innovative companies by leveraging the Bank's scale, networks and track record. Supported by a cornerstone investment by the Bank, the British Growth Partnership will make investments on a long-term basis.

This seeks to address a key structural difference between the UK and other leading economies – notably the US, in which, historically, around 70% of capital for venture capital funds has come from pension funds, compared to around 10% in the UK.

The initial fund will seek to raise hundreds of millions of pounds to invest in some of the highest potential opportunities in the Bank's venture capital pipeline.

Increasing pension fund capital allocations into innovative, high growth firms has the capacity to boost economic growth.

In November 2024, it was announced that Aegon UK and NatWest Cushon have agreed to work with the new British Growth Partnership with a view to making investments in the initial fund. In May 2025, it was announced that London CIV is the first Local Government Pension Scheme (LGPS) pool to announce its intention to work with the British Business Bank on the launch of the British Growth Partnership.

Servicing investments on behalf of others

In addition to the above, we continue to offer portfolio management services for investments that are not part of our balance sheet. These include the National Security Strategic Investment Fund, the first iterations of the Nations and Regions Investment Funds, the Future Fund, the Angel CoFund and other legacy funds and programmes.

Supporting markets

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Outreach

The UK Network continues to play an important role in gathering intelligence regarding the challenges affecting smaller businesses across the UK, and disseminating information to smaller businesses through the over 4,500 intermediary organisations with which it engages.

61%

of businesses said that the Bank encourages smaller businesses to find the finance that they need

As well as working through intermediaries, in the last year the Bank engaged directly with over 3,500 businesses so they could become better informed about their finance options.

Regular **surveys** of smaller businesses throughout the year have shown that the Bank is increasing consistently in its reputational scores. For example, at 31 March 2025 our Net Promoter Score was positive across our three key customer cohorts – delivery partners, intermediaries and smaller businesses. This is a good measure of our reputation, gauging the likelihood that our customers would recommend the Bank as an organisation. Similarly, four out of ten of the smaller businesses that were surveyed were familiar with the Bank and with our work. Given the indirect nature of the Bank's relationship with smaller businesses – largely through delivery partners – this can be seen as a reasonable proportion of the business population showing recognition, but we are still keen to increase this metric further.

As at April 2025, 61% of businesses said that the Bank encourages smaller businesses to find the finance that they need and 55% of smaller businesses agreed that 'the Bank supports the needs of businesses within my region'. 62% of SME intermediaries surveyed agreed that 'the Bank helps to improve SME's businesses'.

Our online **Finance Hub** provides impartial information to help smaller businesses understand their finance options, signposting to sources of finance and other helpful guidance on a wide range of business-related topics.

For the third year running the Bank led a national **Business Finance Week** campaign, which continues to provide a combination of online and in-person events on finance-related themes. This year's Business Finance Week had over 2,000 attendees, with partners including the British Library, Companies House, Federation of Small Businesses, Innovate UK, UK Export Finance, Umi, Allica Bank, Santander, Responsible Finance, TechUK and a host of local partners.

For the second year we worked with four emerging angel syndicates around the country, to help develop the **angel ecosystem** in areas, and among groups of people, that have tended to be under-represented in terms of angel investors. The areas targeted were Northern Ireland, Wales, Scotland, the North and the Midlands. So far, 185 angels have been onboarded (176 are female). Of those, 146 are new to investing, and 29 deals were completed in the year with a total investment value of £18.4m, of which over £1.2m was invested by syndicates. Through the UK Business Angels Association, the Bank has worked with eight existing angel groups to increase the number of new investors from under-represented backgrounds.

It was announced as part of the Spending Review that we would expand diverse angel networks through new **Angel Syndicate Support and Embracing Diversity programmes.** These will deliver operational support to angel syndicates focused on bringing in more underrepresented angel investors to back early-stage companies, while helping to ensure that founders from all backgrounds have access to the capital they need to grow.

We are also creating a more inclusive investment ecosystem with a new **Investor Pathway Capital programme.** This initiative will support diverse and emerging fund managers across the economy and make it easier for new entrants, particularly those from underrepresented groups, to break into the venture capital space.

Finally, stakeholder events were held to mark the **Bank's ten-year anniversary,** in London and in each of the Devolved Nations.

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Research and evaluations

An important part of the British Business Bank's role is to understand the changing nature of UK smaller business finance markets, business needs and market gaps, as well as the effectiveness of our own activities. We use the insights provided to help inform the development of the Bank's products and broader public policy.

We publish four main research reports each year, providing a cycle of insights and data that are invaluable to both the Bank and the wider market:

Our **Small Business Finance Markets Report,** published in Q1, provides a comprehensive and independent assessment of the funding landscape for smaller UK businesses

Our **Small Business Equity Tracker,** published in Q2, examines recent trends in equity investment in UK smaller businesses

Our **UK Venture Capital Financial Returns** report provides a complete assessment of the performance of UK VC Funds

Our **Nations and Regions Tracker,** published in Q3, presents an analysis that highlights geographic patterns observed in UK smaller business finance

As well as these regular reports, we periodically publish other, more bespoke, research that focuses on a specific issue or regionality. In 2024/25, we analysed sub-sets of data from the UK-wide Small Business Finance Markets report to produce dedicated reports for each of Northern Ireland, Scotland and Wales.

In addition to research into finance markets, we carry out regular evaluations of our own programmes to assess their impact, processes and effectiveness. This is important in ensuring that our programmes continue to address market weaknesses effectively or, in the case of programmes that are now closed, that lessons learned are carried forward to inform future interventions.

Assessing the impact of the Bank and its programmes in this way also informs our business planning and the setting of our Key Performance Indicators, and enables us to target our interventions where they will be most effective and impactful.

Our evaluations published in 2024/25 were:

- A **Regional Angels Programme Early Assessment,** which set out the conditions under which the programme was set up, evidence of what has worked well and emerging outcomes and early impacts
- Our **2024 Impact Report,** which reported on the impact of the British Business Bank's activity on smaller businesses across the UK's Nations and regions last year
- An **Evaluation of Start Up Loans,** which assessed the programme's economic impact and value for money
- The **Power of 10: 10 Year Impact Report,** which set out how the British Business Bank supported more than 200,000 businesses to prosper and grow over the last decade, boosting economic output by around £43bn over the lifetime of their finance.

Operations and controls

As the Bank continues to simplify its ways of working to become more scalable and flexible, we have continued to develop our corporate service functions to support changing organisational objectives.

In particular, the creation of the new Banking and Investment businesses in the frontline teams will require the continued evolution of the corporate service functions. This approach will also enable us to be more agile in reaction to changing Bank initiatives.

We have made significant progress in the risk and controls environment over the last 12 months. This includes completion of a programme of work to revise the Bank's key processes, design the framework for controls and then undertake testing activities against the key material risks to help inform any improvement activities. We have also developed a new information governance framework setting out clearly defined roles and responsibilities in relation to our information and data governance, giving very clear lines of accountability and responsibility.

> "This approach will also enable us to be more agile in reaction to changing Bank initiatives."

The Bank has continued to deliver a set of strategic change initiatives to improve colleague and customer experience. In terms of our systems, we have transitioned to a new investment management system as well as introducing a new HR platform which will provide improved support to the Bank's people-related processes, creating a central hub for these activities and simplifying the experience for colleagues. We have also begun running pilots on the use of AI in the Bank's processes, for example in automating the collection of data relating to our programmes, significantly reducing the need for manual intervention.

This year we have been assessing, on an ongoing basis, the skills and proficiency needed to help deliver the Bank's future objectives. We have also made progress in building out internal capability to remove the reliance on external support and future-proof our ability to deliver.

Last but not least, we are developing our net zero action plan for the Bank's own operations, including the environmental impact of our procurement, offices, travelling, commuting and homeworking. Further information on the Bank's greenhouse gas emissions is set out in the Climate-related Financial Disclosures section on p58.

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Supporting colleagues

Our people are at the heart of the Bank's success. Over the past year, we have remained focused on supporting our colleagues and maintaining a positive, inclusive and high-performing workplace culture.

To guide our approach over the next three years, we have developed a comprehensive People Strategy. This sets out how we will organise, develop and equip our workforce to deliver on key priorities – including the UK's modern Industrial Strategy, the establishment of the British Growth Partnership, and broader changes across the Bank's operations.

The Strategy also lays the foundations for greater transparency and agility in how we design and evolve our organisation. It enables us to attract, retain, develop and promote high-performing individuals, while building a workforce that is responsive to change and aligned with our long-term goals.

During the year, our employee retention remained strong, with voluntary turnover at approximately 10% – below external benchmarks. Employee engagement also continued to improve, rising from 73% in 2022 to 79% in our 2024 colleague survey.

We also introduced a new Career Framework in response to feedback from our people, who asked for greater clarity around development pathways and growth opportunities. The new framework provides a clear structure to help colleagues understand how they can develop their skills, grow their careers, and take ownership of their professional journey at the Bank.

Fostering a diverse and inclusive culture

At the British Business Bank, we are committed to building a diverse, equitable and inclusive culture that reflects the society we serve and supports the achievement of our strategic objectives. We recognise that diverse perspectives and experiences are essential to unlocking the full potential of our organisation and delivering long-term value.

In 2023, the Bank published its first Ethnicity Pay Gap (EPG) report, reflecting our commitment to transparency and accountability in how we measure and address diversity-related challenges.

As part of our commitment to developing diverse leadership and cultivating a robust pipeline of diverse future talent, this year we engaged with the Empowering People of Colour (EPOC) network – a peer-to-peer organisation committed to transforming the boards of UK institutions by connecting high-potential leaders of colour with non-executive opportunities.

We welcomed an EPOC Board Fellow onto our Board, bringing valuable external insights and diverse perspectives. In return, we conducted an internal selection process to nominate one of our colleagues to participate in EPOC's Board Fellowship Programme, and are providing Board and Non-executive Director training to all applicants.

In 2024, we reported an increase in both our Gender Pay Gap (GPG) and Ethnicity Pay Gap (EPG) figures (GPG: +1.6% median, +3% mean; EPG: +2.9% median, +0.9% mean). While these movements are disappointing, we acknowledge that the gaps are primarily driven by structural imbalances – specifically, the under-representation of women and ethnic minority colleagues in senior roles.

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We recognise that addressing these disparities is a long-term challenge shared across the financial services sector. The Bank remains focused on attracting, developing and retaining diverse talent at all levels of the organisation. As part of our People Strategy, we have put in place a range of targeted actions to help close our pay gaps and build a more inclusive workforce.

These include:

- improved workforce planning to support balanced progression pathways
- enhancements to inclusive recruitment practices, including mixed interview panels
- the introduction of early career talent programmes to broaden access
- targeted development for high-potential colleagues from under-represented backgrounds.

We are also investing in tools to improve oversight and accountability. In 2024, we introduced a new applicant tracking system, providing enhanced visibility into the diversity of our recruitment pipeline and enabling data-driven decision-making to improve inclusivity.

Externally, the Bank plays a leading role in supporting gender equality in the wider business and investment landscape. We are a key participant in the industry-led Invest in Women Taskforce, which aims to deploy £250m in capital through female investors to support female-led businesses across the UK. The Bank has committed £50m to this initiative.

We are also a proud signatory of HM Treasury's Women in Finance Charter, which seeks to improve the representation of women in senior roles within financial services.

As of 31 July 2024, women represented 50% of our Executive Committee (including attendees), meeting our target of 50% by October 2025, within a 10% tolerance. Since 2023, female representation in senior roles at the Bank has increased by four percentage points.

Looking ahead, the Bank will refresh its Women in Finance Charter targets in line with HM Treasury guidance, and we intend to take an ambitious and evidence-based approach in setting our future goals.

Business stories
Frontier Space

Programme:
Commercial Debt – FinTech

Funding type: Equity

Location: Bedford

Region: East of England

Frontier Space Technologies was founded by four Cranfield University graduates in 2021, who were tired of seeing innovative, breakthrough technology stuck in an R&D loop. Since then, the team has grown and have made it their mission to make the space environment more accessible, and to utilise it to improve the lives of people on Earth.

The business secured a £75,000 loan facility from SPRK Capital to improve cashflow while delivering on a high-profile Innovate UK project.

The funding, backed by the British Business Bank, allowed the business to maintain momentum on its ground-breaking autonomous laboratory platform, culminating in the successful launch of its SpaceLab Mark 1 demonstrator aboard SpaceX's Bandwagon-3 mission.

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Business stories
Naturaw Pet Food

Programme: Northern Powerhouse Investment Fund II (NPIF II)

Funding type: Debt

Delivery partner:
NPIF II – Mercia Debt Finance

Location: Wetherby

Region: Yorkshire and The Humber

Naturaw Pet Food is a family-run company based in Wetherby in North Yorkshire which provides high-welfare meat from British farms in plastic-free packaging.

The company supplies more than 15,000 customers consisting largely of pet owners, but also includes independent pet shops and grooming parlours.

In Autumn 2021 it invested heavily in a brand-new production line – enabling it to significantly upgrade its packaging to stay ahead of the competition and better fulfil the increasing demand for quality raw dog food across the UK.

The business has also grown exponentially since launch, now supplying over 150 independent raw feeding stockists and 7,500 customers across the UK, from the Scottish Highlands down to the Channel Islands.

Building an inclusive workplace

The British Business Bank remains committed to embedding diversity, equity and inclusion across all aspects of our work. Since 2023, we have increased female representation in senior roles by four percentage points.

Our employee-led network, Stronger Together, has played a vital role in raising awareness and celebrating inclusion across the organisation. Topics explored over the past year included allyship, neurodiversity and mental health, with the network supporting key awareness events such as National Inclusion Week, Race Equality Week, and International Women's Day.

We also launched a new mentoring programme in 2024, matching 70 mentors and mentees to support professional development and knowledge sharing. The programme received strong engagement and aligns with our commitment to supporting growth at all levels.

To strengthen inclusion for neurodivergent colleagues, we introduced optional neurodiversity training tailored for line managers. Almost 100 managers participated, gaining greater awareness of neurodiversity and how to create more inclusive and supportive team environments.

In collaboration with The Women's Association, we proudly sponsored five young women from under-represented backgrounds to participate in the Executive Challenge. This initiative provides mentoring and work experience with senior leaders, helping to inspire the next generation and broaden access to careers in financial services.

Supporting colleague wellbeing

Colleague wellbeing remains a strategic priority, with mental health a particular area of focus. We recognise that supporting wellbeing leads to improved engagement, productivity and retention.

In 2024, we expanded our Mental Health First Aider Network, increasing access to trained colleagues who can offer early support, guidance, and referrals to appropriate resources. The expanded network ensures more colleagues have access to the support they need when they need it.

We also introduced a programme of wellbeing webinars, addressing key topics such as resilience, change management and work/life balance. These sessions aim to equip colleagues with practical tools and insights to help manage their mental and emotional health.

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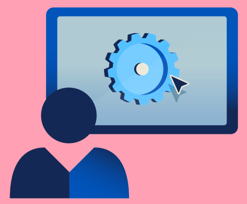
Amplifying the colleague voice

The Bank's Colleague Forum continues to serve as an effective channel for colleague representation and dialogue with senior leadership. Comprised of elected representatives from across the organisation, the Forum regularly engages with both the Board and Executive Committee, fostering a culture of open communication and constructive feedback.

In 2024/25, the Forum led a series of colleague retention focus groups, exploring the factors that influence long-term commitment to the Bank. These insights were later validated through the all-colleague engagement survey and have informed several HR and leadership initiatives.

The Forum also played an active role in the development of key internal policies – including those related to career progression and IT – and has strengthened its stakeholder engagement through regular leadership meetings. Its remit has expanded to include the organisation of surveys and focus groups, particularly around feedback on the implementation of the Target Operating Model.

Externally, the Forum's work has been recognised by the Involvement and Participation Association, which cited it as an example of best practice in colleague representation and collaboration with leadership.



100

line managers participated in neurodiversity training, which recognised the importance of building an inclusive workplace

> "We recognise that supporting wellbeing leads to improved engagement, productivity and retention."

Used under licence with the Development Bank of Wales

Business stories
Blossom Beauty Clinic

Programme:
Investment Fund for Wales

Funding type: Debt

Delivery partner: FW Capital

Location: Neath

Region: Wales

Blossom Beauty Clinic is a luxury hair and beauty salon. The business is led by experienced beauticians Jenny Dobson, a qualified make-up artist, and part-time nurse Fiona Spinks, both of whom run a successful hair, beauty and cosmetic business in the town centre of Neath in Wales.

Jenny decided to launch the business after seeing high levels of demand at Cherry Blossom, which she set up in 2020.

Increased customer numbers and the small size of the existing premises at Cherry Blossom led Jenny to consider setting up another salon in Neath.

The business secured a £150,000 debt finance loan from the Investment Fund for Wales, which was delivered via delivery partners FW Capital. The loan allowed Blossom's owners to buy new equipment and cover other set-up costs.

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Our key stakeholders

Our key stakeholders, and our priorities for engagement

Our Board carefully considers the diverse needs and priorities of stakeholders in its decision-making, while ensuring the Bank's long-term success and reputation are promoted and preserved. This responsibility is set out in Section 172(1) (a) to (f) of the Companies Act 2006 ('s.172'). You can find more information on the principal decisions taken by the Board during the year and how they had regard to relevant s.172 matters at p96 of the Governance Report and throughout the Strategic report.

Smaller businesses

By supporting smaller businesses in gaining access to finance and information about finance options, we help drive innovation, sustainable growth and prosperity across the UK.

Priorities

- Help smaller businesses to access the right opportunities to succeed and support them.
- Advise on the best finance options at a regional level.
- Gather information on current priorities for smaller businesses within the economy and publish regular topical reports.
- Help to enable the transition to a net zero economy by supporting access to finance for smaller businesses including working towards net zero targets.

Delivery partners

Our delivery partners (DPs) operate in the space between us and the smaller businesses that are our customers. We rely on the performance of the DPs to helps us in driving sustainable growth, backing innovation and unlocking potential for smaller businesses across the UK.

Priorities

- Help DPs to understand how our products can best help them to serve our smaller business customers.
- Ensure we have the right balance and mix of DPs operating at a local level.
- Ensure that DPs are fit for purpose, with the right mix of capabilities and capacities to be a trusted partner.

Pension funds and other institutional investors

There are untapped opportunities for institutional investors to invest in UK unlisted high-potential companies. We engage closely with pension funds and other institutions, as well as their advisors, trustees, and other representatives.

Priorities

- Catalyse external institutional capital, including pension fund investment, into UK high-potential companies, by leveraging the Bank's scale, networks, and track record as the largest investor in UK venture and venture growth capital.
- Unlock millions of pounds of domestic investment for the UK's high growth businesses, helping the UK to capture the full commercial potential of its world-class breakthrough technology companies.

Government and Parliament

We are the UK's economic development bank, operating independently, but wholly owned by the Government and accountable to Parliament through our sponsor Department. We work to ensure that the Bank is involved in key policy discussions, in line with our strategic objectives. This includes working closely with other Public Finance Institutions (PuFIns) to advance shared priorities, recognising that collaboration can amplify collective impact. While the Bank's focus is on finance for smaller businesses, other PuFIns play complementary roles across the wider finance landscape. The newly established Strategic Public Investment Forum – a CEO-level forum bringing together PuFIns and government departments – will support greater alignment and help tackle common challenges across the public finance system.

Priorities

- Maintain the highest standards of probity in administering public funds.
- Contribute to national economic development.
- Ensure that our objectives, services and products are consistent with Government policy and strategy.
- Ensure that the role of the Bank and its programmes are understood by our stakeholders in Government and Parliament, in order to gain feedback and support for our role as a centre of expertise.

Bank colleagues

Our colleagues are essential to delivering our vision, mission and strategy. Without their knowledge and expertise we would not be effective in what we do.

Priorities

- Foster an inclusive culture in which all colleagues know that they are valued and helped to succeed.
- Support their work/life balance, well-being and individual needs.
- Retain and develop the skills and expertise we need to deliver our business activities.

Suppliers

Suppliers help us to deliver our services on time and to good quality. This helps to provide value for money, and can bring innovative solutions that create additional value.

Priorities

- Develop relationships with suppliers that enable us to support new programmes effectively, and deliver services at greater volumes.
- Ensure that our suppliers are aligned to our policies, including on modern slavery and ESG priorities.

Business intermediaries

Business intermediaries and business support partners, such as accountants, lawyers, trade bodies and business/finance representative organisations, provide opportunities for valuable information exchange, supporting the Bank's role as a centre of excellence.

Priorities

- Ensure that the role and value of the Bank, in supporting smaller businesses, are understood and welcomed by business/finance representative organisations, in order to gain useful insights and feedback.
- Ensure that there is a regular cascade of relevant information about Bank programmes and publications to business/finance representative organisations, to foster close collaboration and support the Bank's role in contributing to national economic development.
- Ensure that there is engagement with a wide spread of business/finance representative organisations, covering the full breadth of sectors and policy spheres in which the Bank operates.
- Build longer-term relationships with national and regional intermediaries to enable us to reach more smaller businesses to help inform, support and guide them on their access to finance journey.

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Risk management framework and developments

We understand, manage and mitigate the risks that we face, and horizon scan for risks that we may face in the future.

The Bank operates an enterprise-wide Risk Management Framework which describes how we identify and manage the risks we encounter in the delivery of our mission and objectives. It sets out the overall governance, structure, approach to risk management and the Bank's principal risks. The Framework is underpinned by policies, tools and processes that provide a consistent approach to risk management which is aligned to the Bank's strategic objectives and provides a robust control environment in which to operate.

The Framework is designed to foster a risk aware culture in which the business understands its role in managing risk in line with risk appetite, considers risks in decision-making and escalates risk and issues early.

The Bank's risk appetite is approved by our Board and differs from other finance providers as it recognises the Bank's role to step in to help provide access to finance where other lenders do not. Despite the continuing economic uncertainty and potential for volatility, the Bank's financial risk appetite has remained relatively stable, recognising that we invest through-the-cycle.

The Bank continues to evolve its approach to risk management, adapting to the expanding remit of the organisation, increases in the product offering, as well as to changes in the external environment.

The Bank has continued to assess the appropriateness of the tools in place to manage risk, and has taken a number of steps to improve these with a material upgrade of our risk management system and developments on the automation of financial risk analysis and reporting.

We have been embedding the reporting of our principal risk categories through the Executive Risk Committee, increasing the awareness and focus on those risks most material to the business or where there are actions required to improve our risk profile.

Enhancements to our Risk and Control Self-Assessment (RCSA) processes have improved our risk identification and laid the foundations for better aggregation and insights on our risk and control profile.

We have made progress on upgrading how we document and assess our key processes, improving the understanding of the interlinkages with our control environment and resilience. Our new risk management system will support these insights.

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British Business Bank Risk Management Framework

Supports the achievement of the Bank's overall mission and strategy

Risk strategy
Supports the business in meeting its objectives in a risk-based manner, ensuring it understands and manages both current and emerging risks.

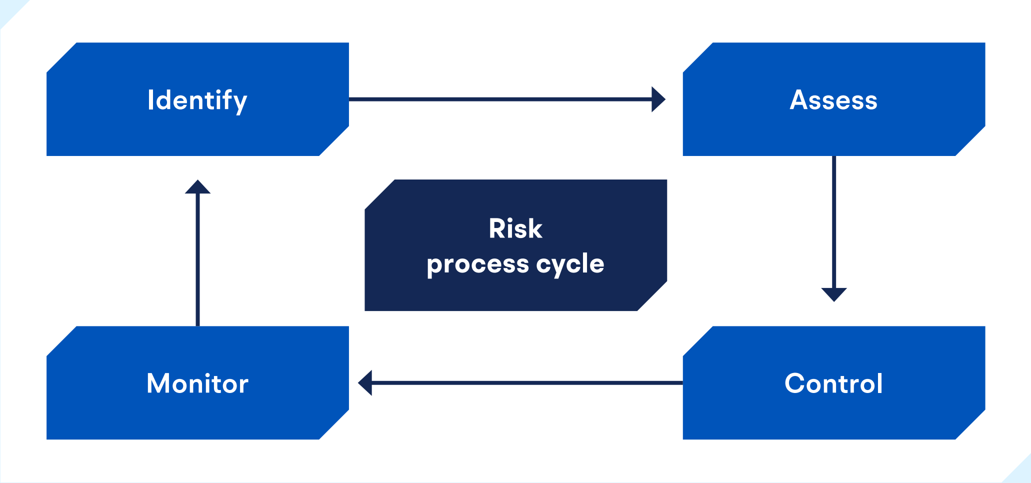
Risk tools and processes
Support the identification, assessment, control and monitoring of risks.

Risk governance
Facilitates sound risk management decision-making and is based on the industry standard three lines of defence model.

Risk appetite
Assessed at least annually, outlines how much risk we are prepared to accept to deliver our strategic objectives.
The appetite is set against each of our principal risks and underpinning risk types.

Risk culture
Influences our attitudes and behaviours to risk. Championed by a strong tone from the top, supported by clear roles and responsibilities and formalised through colleagues' performance objectives.

Risk data & insights
Support our monitoring activities, how we inform the Board and the Executive of potential risks to achieving our objectives and the development of mitigating actions.



Risk Tools to support the risk cycle include:

- Policies and standards in place for our principal risks
- A centralised risk management system
- Common terminology through our risk and control library
- Risk and Control Self-Assessments
- Horizon scanning to identify and manage emerging risks
- Forecasting and stress testing
- Escalation routes to support decision making

Risk assurance

Ensures that our Risk Management Framework remains appropriate for the Bank and its growth plans and is being suitably implemented.

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During the year the Bank revised its front office operating model. This is expected to continue to improve our operational risk profile with consistency of processes and controls, leveraging our resources as we scale up and support a reduction in key person risk. We are also embarking on a similar review of our corporate services, which will include a focus on enhancing our data environment.

Within the Risk and Compliance team we have bolstered the compliance function in order to provide assurance that the Bank is operating in line with regulatory requirements. This has included an uplift of our policy suite.

We continue to identify financial risk trends, including through thematic portfolio reviews, and respond with management actions to monitor and manage these.

Stress testing also plays an important role in how we manage our portfolios, and provides transparency to our shareholder on potential future losses and understanding of how economic cycles will have an impact on our risk exposures. Through our business planning process, the Board reviewed the quantification of the monetary value of potential downside risks of downturn scenarios against our base-case business plan. The Business Plan also identifies key risks that threaten the Bank meeting its objectives, along with key mitigations or actions to manage those risks.

Finally, our horizon scanning process identifies emerging risks and opportunities that may, over the longer term, impact on the Bank. This can include changes in legislation or regulation and opportunities and challenges through innovation. Senior management assists in identifying these emerging risks which are then reviewed by the Executive Risk Committee on a regular basis. The Board Risk Committee receives a summary of this landscape and has had updates on how we are managing emerging risks such as sustainability and the motor finance broker commission review.

The Framework is operationalised through a three lines of defence model that sets out the roles and responsibilities for managing risk and embeds effective risk throughout the Bank:

– the first line of defence has direct accountability for the identification, escalation, assessment and management of risks and is empowered to operate within the risk appetite set by the Board. Function heads are responsible for the provision and maintenance of an effective control environment and compliance with risk-related policies and appetite limits

– the Risk and Compliance team, as the second line of defence, provides the risk frameworks and policies in which the business operates to meet its objectives. The team delivers objective independent oversight, monitoring and appropriate challenge of the operation of the Framework

– the third line of defence consists of the Bank's Internal Audit function, which is independent of both the business areas and the Risk and Compliance team. The Internal Audit function provides independent assurance through a programme of risk-based audits covering all aspects of both first and second lines of defence risk management and control activities.

The Framework is subject to annual review to assess its effectiveness within the Bank, validating the principal risks and incorporating changes arising from developments to the Bank's business model such as the establishment of a new FCA-regulated investment advisor.

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Risk governance

The Bank is committed to ensuring high standards of corporate governance and is supported in this by the Board of Directors and Board Committees.

We also have a hierarchy of committees and forums that review and challenge a range of management information, reporting and subject matter expert opinions, and provide a clear route for escalation of risk-related matters.

The key principles of this model are:

- the Board has overall accountability and responsibility for the management of risk within the Bank. It sets the principles and standards for the management of risk through review and approval of our Risk Management Framework and Risk Appetite Statements
- the Board delegates specific risk management roles and responsibilities to the CEO and requires the Board Risk Committee and the Board Audit Committee to oversee the management of these risks
- the CEO (as the designated Accounting Officer) is also accountable to Parliament for specific matters in relation to the Bank which include, amongst others, the ability to demonstrate that an effective assurance framework is in place
- the CEO is supported in delivery of their responsibilities through direct reports from the Executive Committee and the Executive Risk Committee
- the Chief Risk Officer (CRO) partners with the CEO and Executive Team in creating a culture and environment of strong and appropriate risk management and control. The CRO is a member of the Executive Committee and Executive Risk Committee and is supported by the Risk and Compliance function in the delivery of their responsibilities
- the Risk and Compliance function works collaboratively with the product teams and other central control functions to oversee that risks are being managed in line with risk appetite
- the Internal Audit function operates independently of both the business and the Risk and Compliance function, reporting directly to the Board Audit Committee, highlighting key areas of weakness relating to governance, risk management or internal control.

The Bank operates a performance management process that seeks to measure both individual and collective performance and discourage incentive mechanisms which could lead to undue risk-taking. We have in place communications, training and performance management, and reward structures which support effective risk management.

Policies form an integral part of managing risk within the Bank. They generally apply Group-wide and define the Bank's minimum controls necessary for it to operate within the Board's agreed risk appetite.

This includes outlining the key controls necessary for the Bank to operate in compliance with applicable UK laws and regulations, and Government Functional Standards. Policies are approved by the appropriate committees and communicated to staff.

The Bank's Code of Conduct sets out the standards of conduct which apply to all colleagues and support the Bank's values. The Code reflects the Bank's strong ethical standards and facilitates sound decision making and good outcomes for our colleagues and business partners.

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Principal risks

Strategic and business risk

Definition

The risk of failing to meet our core mission as an economic development bank. We fail to identify market gaps, fail to take account of sustainability-related risks and opportunities, do not provide suitable products for smaller businesses and/or fund appropriate areas in the market. Consequently, failing to meet our strategy, as proposed in the Business Plan.

Level 2 risks

- Strategic
- Sustainability
- Strategic change management
- Reputational

Managing our risks

Our strategy is developed and approved through the annual Business Plan which aligns with our overarching purpose and ensures sufficient operational capability is in place to deliver the plan.

A sub-committee of the Executive Committee meets regularly to oversee the management of sustainability/climate change issues.

Our Portfolio Management Office assesses and triages all new demand across the Bank, providing both roadmap and capacity planning across our change portfolio.

Our stakeholder engagement plan is reviewed and approved annually and updated as needed. This outlines our engagement strategy with key stakeholders.

Financial risk

Definition

The risk of financial losses or returns arising from credit, investment and/or market risk, exacerbated by sustainability risks or potential concentrations by delivery partner, company, sector, geography, vintage or investment strategy/stage.

Level 2 risks

- Credit
- Investment
- Market
- Capital
- Liquidity

Managing our risks

Our Investment Committee process assesses whether a transaction is in line with risk appetite and programme parameters. Investments are then actively monitored through their life, with increased delivery partner management as required.

We have an established quarterly portfolio review process to consider portfolio data, events, returns, performance and risk metrics.

We invest across a mix of fixed and floating rate assets and prefer GBP as a base currency. We also conduct scenario testing of exposures, including market risk.

We maintain prudent capital and liquidity levels well above the regulatory minimum.

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Principal risks

Operational risk and resilience

Definition

The risk of direct or indirect losses, or lack of business resilience, resulting from inadequate or failed internal processes, technology infrastructure, supplier management, sustainability related risks or from other external events.

Level 2 risks

- **Key process**
- **Technology**
- **Health, safety & security**
- **Model**
- **Third party**
- **Information management**
- **Information security (including cyber)**

Managing our risks

Our Strategic Recovery & Incident Management Plan is updated annually and approved by the Business Resilience Steering Group. It is tested annually via a Strategic Incident Response Exercise.

Our System Delivery Lifecycle details the process that we follow to implement technology changes, taking a business opportunity or problem from the requirements stage through to implementation.

Our Health and Safety policy is reviewed and approved annually to ensure it remains relevant, fit for purpose and complies with all relevant laws and regulations.

Our model policy ensures model approval and validation approaches are fit for purpose and we undertake regular reviews of our model inventory to ensure that it is up to date and that model reviews take place in line with criticality requirements.

Oversight and governance of applicable sourcing arrangements are performed by the Commercial Review Committee.

Issue management processes are in place between data owners within the business and our Data Management Office to ensure remediation of detected data quality issues.

Our IT team and third-party suppliers implement and maintain the Bank's firewalls, cyber security, anti-virus defences, and email and web filtering to identify and eliminate malicious attacks.

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Principal risks

People risk

Definition

The risk that the Bank does not attract, develop and retain the right mix of talent, skills and capabilities to meet its objectives and/or does not create a working environment and culture to motivate and engage an effective workforce.

Level 2 risks

- Resource management
- Conduct and culture

Managing our risks

We identify areas where additional resource is required to meet the Bank's strategic objectives through our annual Business Plan process.

We undertake an annual colleague engagement survey to measure employee engagement and satisfaction across the Bank and develop action plans where necessary to improve the working environment.

We have a mandatory e-learning progamme for all colleagues, which includes modules on whistleblowing, and anti-harassment and bullying.

Fraud and financial crime risk

Definition

The risk that the Bank does not have effective systems and internal controls to meet its obligations to prevent, detect and deter internal or external fraud and/or financial crime.

Level 2 risks

- Fraud
- Financial crime

Managing our risks

We have processes in place to collect and review all relevant fraud threat intelligence received by the Bank.

The Customer Due Diligence process is designed to ensure the appropriate level of checks is performed to entities at onboarding and on an ongoing basis, including sanctions screening, adverse media, Politically Exposed Person status etc.

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Principal risks

Legal and external obligations risk

Definition

The risk of breaching applicable UK law (or other relevant law), regulation, external standards, guidelines, or legal obligations, which exposes the Bank to fines, penalties or claims as well as other associated financial losses and non-financial consequences.

Level 2 risks

- **Legal**
- **Regulatory**
- **Statutory reporting and tax**
- **Governance**

Managing our risks

Governance, roles and responsibilities, and processes are in place to identify, assess and track emerging risks related to changes in the external environment.

The Bank's Compliance team and the advice and monitoring which it delivers provide oversight and assurance regarding our compliance with internal policies and external legal and regulatory obligations.

Valuation and provision models are subject to review to validate their integrity and ensure that the outputs are compliant with current accounting standards. This forms an Accounting Judgement and is approved annually by the CFO.

We undertake an annual review of our governance arrangements, with recommendations considered and approved by the Board to ensure that our governance model is robust and fit for purpose.

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Climate-related financial disclosures

The Chancellor of the Exchequer reinstated sustainable finance as one of the Government's priorities and reiterated that "climate change is the greatest long-term challenge that we face".

Regulators are focusing on institutions' ability to manage their risks and potential risks to financial stability from concentrations in certain segments or sectors.

A key pillar of managing climate-related, and wider sustainability-related risks and opportunities is effective disclosures. In making our disclosures, consistent with the Companies Regulations 2022, we recognise that the Government has identified clean energy as one of 8 growth-driving sectors in the UK's modern Industrial Strategy and is consulting on the UK Sustainability Reporting Standards.

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Governance

Board oversight of climate-related risks and opportunities

During 2024/25, we reviewed good practice for Directors in fulfilling their fiduciary duties on taking account of climate and other sustainability factors that are potentially appropriate for the Bank.

As a result, governance for sustainability-related topics is integrated into relevant Board sub-committees, notably the Risk Committee and Audit Committee as set out on p104–107.

Management's climate roles and responsibilities

During the year, the Executive Sustainability Committee (ESC) replaced the ESG Executive Board. The ESC met bi-monthly with the full Executive Committee as members. The Terms of Reference include:

- the development and delivery of the Bank's sustainability activities
- overseeing the effectiveness and risk profile of sustainability activities across the Bank
- horizon-scanning for climate change and other sustainability factors, evaluating the implications for the Bank and its customers, and referring to the Executive Risk Committee when appropriate
- identifying potential climate-related opportunities for smaller businesses.

The British Business Bank governance structure on p89 illustrates how the ESC integrates into the Bank's wider governance.

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Strategy

The Bank can support the transition to net zero through three key areas of activity:

- steps the Bank can take to decarbonise its own operations
- responding to climate-related risks and opportunities
- contributing to an economy-wide transition.

Taking each area in turn, significant activities in 2024/25 are set out below.

Our own operations

The Bank's 2024/25 greenhouse gas emissions are set out from p67.

Our most significant area of operational emissions is our purchased goods and services. In our supply chain, we work with around 200 active suppliers, of which more than half are themselves smaller businesses.

In 2024/25, we have sourced ESG data from a third party to monitor our suppliers. The next step will be to establish a more detailed roadmap for our own emissions.

Responding to the Bank's climate-related risks and opportunities

The Bank's Responsible Investment Policy enhances and formalises the Bank's ESG integration and investment stewardship practices across all active Investment and Banking products.

Taking a principles-based approach, the Policy sets out how the Bank seeks to effectively manage ESG-related factors and articulate how it fulfils its broader stewardship responsibilities.

Any restriction on legacy fossil fuel businesses is based on a judgement of transition climate risk and has regard to public law.

As our model is primarily financing provided through intermediary financial institutions, a focus of our considerations is, therefore, the processes, capacity and governance mechanisms that our delivery partners have in place.

Given the variety and number of our delivery partners, we aim to take a proportionate approach that considers delivery partner capacity, the level of our commitment and the risks specific to their business model and asset class.

To support the implementation of our Responsible Investment Policy, we have reviewed the ESG and climate risk knowledge and confidence of our colleagues. We are introducing a mandatory responsible investment training module for all colleagues.

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Contributing to an economy-wide transition

Building the green economy will require entire industries to transform and new technologies to be developed, scaled and diffused. We identified the role of smaller businesses as innovators, enablers and adopters of new technologies and processes that improve efficiency, reduce dependency on fossil fuels and support sustainable growth. To embrace and make the most of these opportunities, smaller businesses will require access to finance and new forms of finance.

The Bank has some flexibility to support such finance within the parameters of existing products.

Notably, we have launched a pilot for a green variant of our Growth Guarantee Scheme with Novuna, an existing delivery partner. Providing lenders with a credit guarantee for the financing of green assets should enable them to offer more affordable terms to businesses, and support businesses acquiring green assets that are integral to their transition to net zero.

Collaboration and engagement

As a UK economic development bank and as the largest UK limited partner into UK venture capital, our role and responsibilities go much further than our own portfolio. So we work with industry associations and groups to support and spread good practice.

One example of this is as co-chair of Project Perseus, working with a broad coalition of banks, software companies and energy companies to develop seamless and quick ways for smaller businesses to report their carbon emissions. This is a good example of the Bank acting with others to bring practical solutions to the whole smaller business market. We are also working with Bankers for Net Zero to encourage finance providers to support efforts to harmonise common ESG reporting for smaller businesses to use in sustainability reporting, with the very smallest businesses being asked to report only a relatively small amount of information.

Smaller businesses are currently required to report ESG in a multitude of different ways to banks and corporate customers. Converging on common reporting standards will reduce the burden on smaller businesses while empowering them to seize more opportunities in the high-growth net zero economy.

Likewise, in the venture space, we work closely with the British Private Equity & Venture Capital Association (BVCA) and Venture ESG to help venture capital firms (including some of our delivery partners) to support the companies that they fund to improve their ESG performance. This includes co-sponsoring the ESG_VC toolkit, which provides free ESG resources for company founders and managers and their venture investors. The Government has reconvened the Net Zero Council, with the Bank represented on its SME Working Group and UK Business Climate Hub.

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Risk management

The processes we use to identify, assess and manage climate-related risks

As we are an economic development bank largely operating through a wide range of intermediaries and overwhelmingly investing and lending in smaller, private businesses, our portfolio and business model has some distinct characteristics compared to other financial institutions.

Integrating climate-related risks into our Risk Management Framework

Climate risk is incorporated in the Bank's risk taxonomy through the Risk Management Framework (RMF) as a subset of sustainability risk and through integration within other risk types as set out in the Risk management section p50–57. We review annually how best to integrate climate and sustainability risk within our risk library. Alongside reviewing our Sustainability Risk statement, we have also embedded relevant content across risk categories including Reputational and Financial Risk.

Sustainability-related risks and opportunities are challenging to identify, assess and monitor given their volatility, uncertainty, complexity and ambiguity. The Bank's capabilities are maturing, and we recognise that in supporting a transition to net zero the Bank may draw some reputational risks by supporting emissions-intensive smaller businesses and hard-to-abate sectors over the short to medium term.

Our metrics continue to evolve in light of the Responsible Investment Policy and other external factors. Key updates reflect actions taken and controls introduced during our second annual Principles for Responsible Investment report cycle.

Following a baseline ESG survey of our delivery partners, we are introducing a Delivery Partner Sustainability Rating as a complement to existing financial risk ratings and to support due diligence and stewardship. We are exploring improved data points for physical risk (principally flooding) and our own operations.

Processes for identifying and assessing climate-related risks

Climate change is a systemic risk that will likely impact multiple economic sectors, geographical areas and financial and real assets simultaneously or within a short time horizon. As an economic development bank, we are concerned with interdependent systemic risks that may impact long-term stability and value creation, with potential concentrations of risk in sectors or regions, as well as the impact on our own portfolio.

Specific areas of focus are our exposure to carbon-intensive sectors and climate solutions, including developing our understanding of climate adaptation. These sectoral exposures will support our stewardship with delivery partners and wider engagement activities.

We continue to monitor evolving guidance to identify transmission channels of physical and transition risk from smaller businesses, the ultimate recipients of finance, through our intermediaries to our own balance sheet.

The relevant time horizons for climate-related risks and opportunities are reviewed periodically in line with the life of assets in our portfolio and related emissions profiles and guidance from relevant supervisory and industry bodies.

Our horizon scanning process is set out on p52.

Managing climate risk

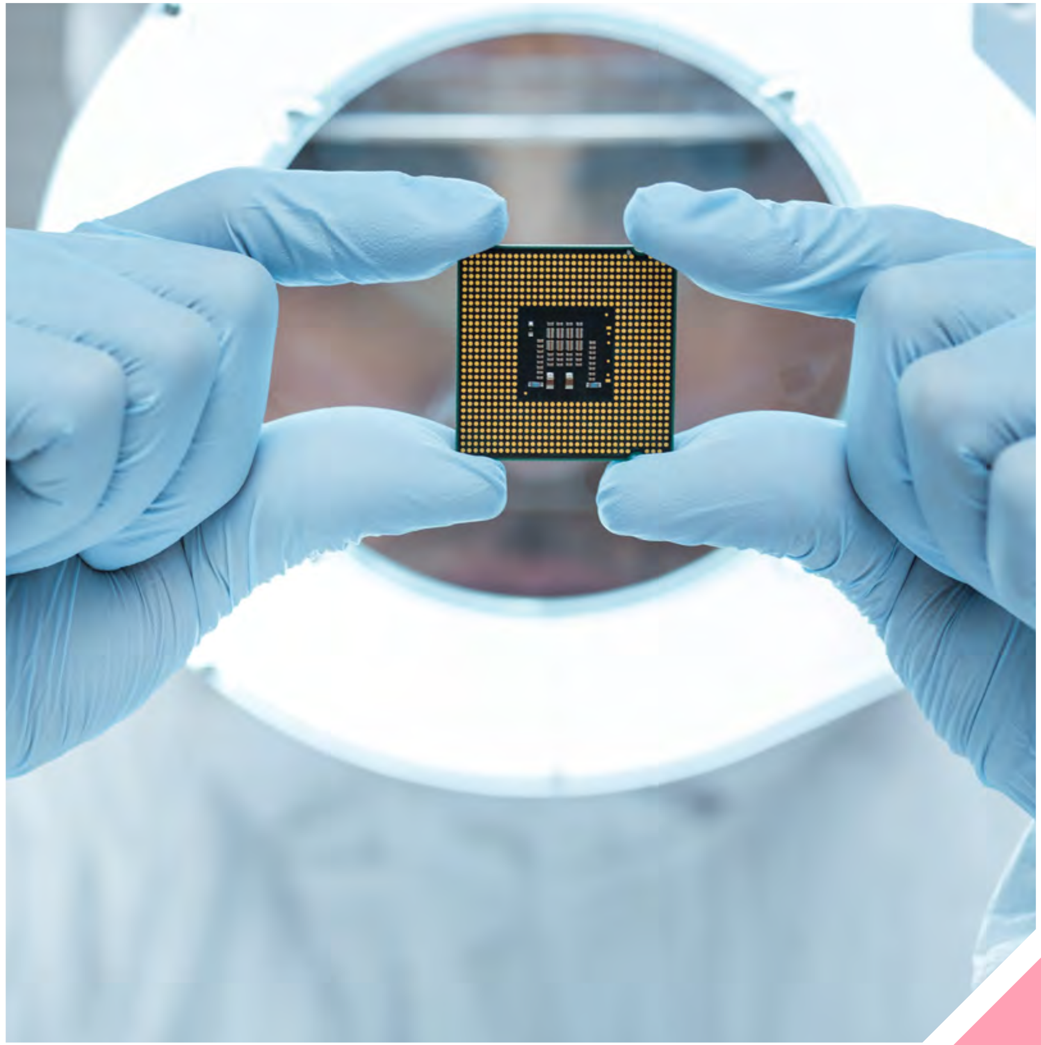
We have a range of Board and Executive Risk metrics that are regularly updated and presented to the Board Risk Committee (BRC) and Executive Risk Committee (ERC), respectively.

In 2024/25, we established baseline climate risk metrics of portfolio sectoral exposure, maturity of delivery partner reporting and related underlying commitments. These are regularly reported to the ERC and BRC.

These metrics and supporting thresholds have been reviewed for 2025/26, reflecting progress in our data collection, responsible investment processes and stewardship practices.

Our Risk and Compliance team has carried out stress tests, basing the approach on the Bank of England's Climate Biennial Exploratory Scenario Climate stress testing.

How and when climate-related risks will crystallise is highly uncertain, but they could have a significant impact on the value of our assets.



Climate-related metrics and targets

The Board deferred part of its 2023/24 modern green economy KPI to set a science-based target while the Science Based Target initiative (SBTi) consulted on its new guidelines. Under these new guidelines, public financial institutions are out of scope, however, and consequently the Bank will not set SBTi-validated targets.

However, metrics and targets remain a key pillar of the Bank's mandatory climate-related financial disclosures and development of our transition plan. Our approach is set out below.

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Greenhouse gas emissions

Scope of disclosures and methodology

The Bank has followed the Streamlined Energy and Carbon Reporting (SECR) regulations since 2015/16.

The Bank has a recalculation policy as required under the Greenhouse Gas Protocol.

Own operations

As set out in previous Annual Report and Accounts, we do not categorise any emissions within Scope 1.

Our approach to Scope 2 and 3 emissions related to gas, water and waste from the Bank's offices is based on our share of the building's total usage based on our floor area, while electricity data is metered. We have written to our landlord and building manager to notify them of our approach. The only estimated data was for waste from our Sheffield office.

We disclose business travel under Scope 3, using activity-based data where available.

This year, emissions related to home-working and employee commuting are based on the results of an employee survey and the DESNZ emission factors for homeworking. We have restated estimated homeworking for 2023/24 with these emission factors.

In previous years, the Bank used spend-based estimates for emissions from purchased goods and services. In 2024/25, we estimated emissions using supplier-specific emission factors based on publicly available disclosures. We have restated estimated emissions for 2023/24 by scaling down the spend-based estimates in 2023/24 by the 2024/25 ratio of spend-based estimates to those using supplier-specific data, giving an estimate of 2,881 tCO_2e for 2023/24.

We have included two corrections: one relating to business travel in cars, which meant Business travel in 2023/24 was 213 tCO_2e instead of 181 tCO_2e. The second, which the external consultants found in their original calculations, results in estimated employee commuting emissions of 557 tCO_2e for 2023/24, rather than the 164 tCO_2e reported in the 2024 Annual Report and Accounts.

Accordingly, we have restated our estimates of our own emissions for 2023/24 set out in the tables at the end of this section.

We are reporting market-based Scope 2 emissions alongside location-based emissions for the first time in 2024/25.

Year-on-year comparison

Other than for employee commuting, homeworking and purchased goods and services, for which the calculation methodology has changed, the 2024/25 footprint related to our own operations is directly comparable to the 2023/24 footprint.

The greatest percentage increase in own operations emissions is a result of more colleagues spending more time in the offices. Colleagues are often on detached duty which accounts for the variation between logged office attendance and the assumption based on policy.

Due to the availability of more granular data, we been able to exclude some expenses accounted for elsewhere, or that do not reflect purchased goods and services, such as travel expenses, utilities, taxes and rent. This update largely drives the 10% reduction between 2023/24 and 2024/25 estimates.

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As purchased goods and services make up more than 60% of the Bank's total own operations, emissions (which excludes portfolio emissions) fell by 6% in 2024/25 relative to 2023/24.

An employee-based intensity ratio is an appropriate reference point for emissions related to our own operations. This allows us to monitor and manage emissions while allowing for an increase in economic activity.

Our investment portfolio – approach/methodology

As is the case for financial institutions in general, our 'financed emissions' are significantly greater than other scopes and categories.

Carbon accounting is less mature than more traditional financial metrics. As a signatory of the Partnership for Carbon Accounting Financials (PCAF), we follow its approach to estimate the GHG emissions attributable to the finance we provide.

Given our wholesale business model, it is difficult for us to collect GHG emissions data on the smaller businesses we ultimately finance due to the size and nature of our on-balance sheet portfolio. We are dependent on our delivery partners' collection of emissions data from their customers and investees.

Currently, around a third of our on-balance sheet delivery partners, representing almost half of our net adjusted assets, are undertaking some external reporting of their carbon footprint. Given these constraints, the bulk of our financed emissions are based on the sector-based approach – PCAF data quality 5.

Our financed emissions estimates are provided for our on-balance sheet programmes as an indication of the financial impact of climate-related risk on our organisation.

PCAF provides accounting standards for financed emissions by 'asset class' and as the Bank's portfolio consists largely of private equity and business loans to smaller businesses, the main methodology used was the Business Loans and Unlisted Equity methodology. A small proportion of financed emissions was calculated using the Listed Equity and Corporate Bonds methodology.

Our Start Up Loans programme is excluded as it is considered to be 'consumer finance' asset class under PCAF, for which there is not yet a methodology to calculate financed emissions.

We have made some methodological changes.

1. During the year, PCAF updated their guidance noting that while granular sub-sector level emission factors may be useful for internal analysis, they recommend reporting against higher-level sector average emission factors, as some of the sub-sector level data can be anomalous.

   We updated our dashboard accordingly, which substantially reduced the estimated emissions. The two sub-sectors which contain the majority of the Bank's portfolio (software development and life sciences) roll up into a sector which has a much lower emissions profile (business services). This may counterbalance the bias in the underlying data from emissions factors derived from activities of multinational corporations, which tend to overestimate SME emissions when using sub-sector level emission factors.

2. For our Direct equity portfolio, which accounts for around 10% of our on-balance sheet portfolio, we have improved data collection, and so our PCAF data quality score improved to a weighted average of 2.7, compared to 5 last year.
3. From those companies which reported data, we were able to generate portfolio-specific factors. These emission factors were then used to estimate emissions for the remaining Direct portfolio companies, that did not report their emissions and for the 3 listed equity holdings that are in same sectors.
4. We adopted a new approach for our Tier 2 capital loans, considering challenger banks as borrowers and using their published disclosures and capital structures to create an attribution factor. The attribution factor is then multiplied by the reported emissions to get data quality score 1 or 2 (depending on whether the individual submission has been independently verified).

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Greenhouse gas emission assessment parameters

Baseline year for total operational GHG emissions	2024/25
Consolidation approach	Operational control
Boundary summary	All facilities under operational control
Emission factor data source	DESNZ Conversion Factors 2024
Assessment methodology	Greenhouse Gas Protocol revised edition (2004)
Intensity ratio for own operations emissions	Emissions per full-time employee

Interpreting financed emissions estimates

We have disclosed on p68 an analysis of our attributable share of smaller businesses, GHG emissions for our on-balance sheet finance broken down by industrial sector, and Scope 2 and 3 emissions.

As we set out extensively in last year's disclosures, these estimates should be seen as an illustrative map of how carbon emissions and intensity might vary across our portfolio but should not be seen as an accurate representation of the Bank's financed emissions either in total or in how they are composed.

Care should be taken to distinguish between changes over time that are driven by improved data and accuracy of calculations, and changes that are driven by actual emissions reductions by the companies being financed. We anticipate that the estimate of financed emissions will change materially over time, and will need to be updated in line with advances in improved climate-related data, modelling and methodologies.

Key commentary on disclosures

For on-balance sheet programmes at Group level, for the 88% of net adjusted assets for which we have sectoral information:

1. The portfolio is concentrated in information and communications (46% of net adjusted assets), which is mostly associated with Software-As-A-Service (SaaS) companies and represents only 10% of the Bank's Scope 1 and 2 financed emissions, and 6% of the Bank's Scope 3 financed emissions.
2. Professional, scientific, and technological services is the second most represented sector in the Bank's portfolio. This sector mostly includes companies focusing on life sciences and represents 15% of net adjusted assets. The sector only represents 2% of the Bank's Scope 1 and 2 financed emissions, and 2% of the Bank's Scope 3 financed emissions.
3. The finance and insurance sector is the third most represented in the Bank's portfolio, with 12% of net adjusted assets. This sector represents a large share of the Bank's financed emission, with 47% of the Bank's Scope 3 emissions.
4. The Bank has very limited exposure to the most emission-intensive sectors, such as mining and quarrying; electricity, gas, steam and air-conditioning; and agriculture, forestry, and fishing.
5. Overall, the Bank's financed emissions are mostly associated with manufacturing, retail and wholesale, and administrative and support service activities at the Scope 1 and 2 emission level. For Scope 3 financed emissions, the most prominent sectors are manufacturing; retail and wholesale; financial and insurance activities.

In addition to financed emissions, as part of the Bank's risk metric to understand the on-balance sheet exposure to emissions-intensive sectors, we defined a sectoral mapping to carbon-intensive sectors.

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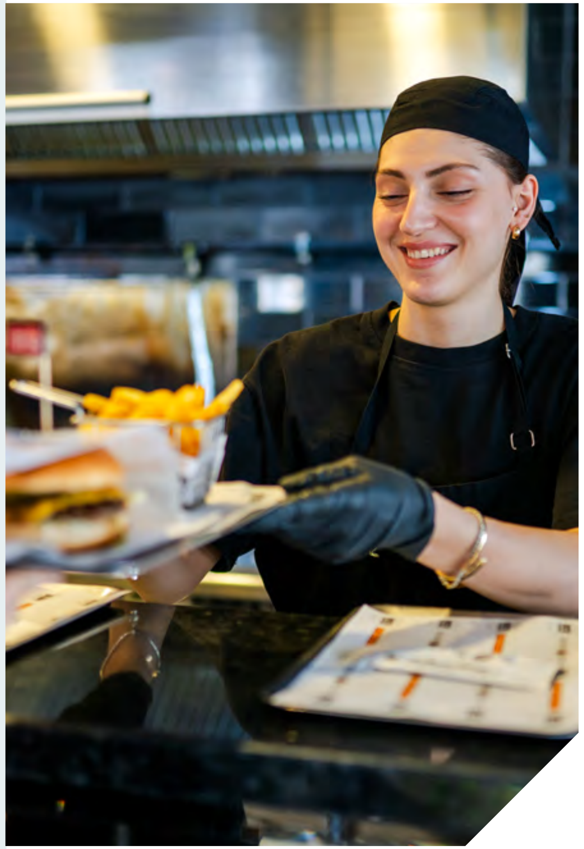
In summary, 3% of the on-balance sheet portfolio, with known sector, at Group level is currently within high-emitting sectors. The low proportion of the portfolio in sectors categorised as high-emitting does not necessarily indicate that emission reductions overall will be easier, because lower-emitting sectors may still be hard to abate, particularly for smaller businesses.



Next steps in 2025/26

During 2025/26, the strategic developments set out on p17 will have a bearing on what targets are appropriate and material to the Bank's business. Within that context, we will work to develop targets appropriate to the Bank's business model, mission and strategic objectives and with tailored approaches relevant to investment, direct and indirect, and banking.

We continue to improve our own processes for requesting, processing, analysing and reporting higher quality GHG emissions estimates from our delivery partners and smaller businesses that we finance.

Estimated Scope 1, 2 and 3 greenhouse gas emissions

Emissions source	**Initial 2023/24 estimate tCO_2e**	**Restated 2023/24 estimate tCO_2e**	**2024/25 estimate tCO_2e**	**Restated 2023/24 to 2024/25 increase %**
Electricity (S2+S3)	101.8	101.8	108.6	7%
Natural gas (S3)	31.9	31.9	41.9	31%
Water (S3)	0.4	0.4	0.5	7%
Waste (S3)	0.3	0.3	0.1	-44%*
Business travel (S3)	181.0	212.9	235.5	11%
Employee commute (S3)	164.2	557.4	555.5	0%
Homeworking (S3)	145.4	354.5	353.3	0%
Sub-total 'own ops'	625.0	1,259.2	1,295.4	3%
Purchased goods & services (S3) (market-based)	7,824.2	2,881.5**	2,595.3	-10%**
Total (S1-S3)	**8,449.2**	**4,140.7**	**3,890.8**	**-6%**
Intensity (tCO_2e per FTE)	14.5	7.1	6.7	-6%
Location-based (S2)	No prior year figures	No prior year figures	70.3	No prior year figures

* This decrease is down to a reduction in the emission factor for "Waste disposal Refuse Commercial and industrial waste Combustion kg CO_2e" in the DESNZ dataset from 21.3kg per tonne in 2023 to 6.4kg per tonne in the 2024 dataset.

** This estimate was calculated by scaling down the 2023/24 spend-based goods and services emissions estimate by the ratio of the 2024/25 spend-based estimates to those generated using supplier-specific emission factors (1/2.72).

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Estimated financed emissions by sector for on-balance sheet portfolio – Indirect

Sector	Net adjusted assets at FYE excluding unknown £m	Share of net adjusted assets at FYE excluding unknown %	Financed emissions – Scope 1 + 2 (tCO_2e) 000s	Share of financed emissions Scope 1 and 2 %	Financed emissions – Scope 3 (tCO_2e) 000s	Share of financed emissions Scope 3 %	Financed emissions – Total Scope 1–3 (tCO_2e) 000s	Financed emissions – Total Scope 1–3 (tCO_2e) %
Information and communication	1,578	48%	5.1	10%	14.3	10%	19.4	10%
Professional, scientific and technical activities	428	13%	0.9	2%	2.8	2%	3.7	2%
Financial and insurance activities	279	9%	0.4	1%	1.4	1%	1.8	1%
Manufacturing	261	8%	14.8	28%	64.8	46%	79.6	41%
Administrative and support service activities	248	8%	6.1	12%	8.6	6%	14.7	8%
Wholesale and retail trade; repair of motor vehicles and motorcycles	164	5%	7.3	14%	22.5	16%	29.8	15%
Human health and social work activities	64	2%	2.2	4%	4.0	3%	6.2	3%
Construction	38	1%	1.1	2%	7.7	5%	8.8	5%
Other service activities	36	1%	1.2	2%	1.9	1%	3.2	2%
Real estate activities	36	1%	0.0	0%	0.2	0%	0.2	0%
Arts, entertainment and recreation	34	1%	1.1	2%	1.8	1%	2.9	2%
Transportation and storage	30	1%	1.8	3%	2.7	2%	4.4	2%
Accommodation and food service activities	28	1%	1.2	2%	3.8	3%	5.1	3%
Education	28	1%	1.0	2%	1.5	1%	2.4	1%
All other sectors*	14	0%	8.3	16%	3.0	2%	11.2	6%
Total excluding unknown sector	**3,267**	**100.0%**	**52.6**	**100%**	**141.0**	**100%**	**193.7**	**100%**
Missing sector information	514							
Total – Indirect Investment	**3,780**							

Estimated financed emissions by sector for on-balance sheet portfolio – Direct

Financial and insurance activities	154	36%	0.0	18%	122.6	98%	122.6	98%
Information and communication	127	30%	0.0	19%	0.5	0%	0.5	0%
Professional, scientific and technical activities	124	29%	0.1	55%	1.2	1%	1.3	1%
Manufacturing	23	5%	0.0	8%	0.2	0%	0.2	0%
Total – Direct Investment	**428**	**100%**	**0.1**	**100%**	**124.5**	**100%**	**124.6**	**100%**

* Sectors include: Water supply, sewerage, waste management and remediation activities; electricity, gas, steam and air conditioning supply; agriculture, forestry and fishing; public administration and defence; mining and quarrying; activities of households as employers; undifferentiated goods and services.

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2024/25 Financial performance and calculation of adjusted return

The principle of the adjusted return is to provide a measure of financial performance that includes the programmes on both British Business Bank's balance sheet and those that the Bank administers on behalf of the Department for Business and Trade (DBT).

We show the comparison of the in-year adjusted return compared to the audited balance sheet, and a five-year rolling average adjusted return figure which demonstrates long-term performance.

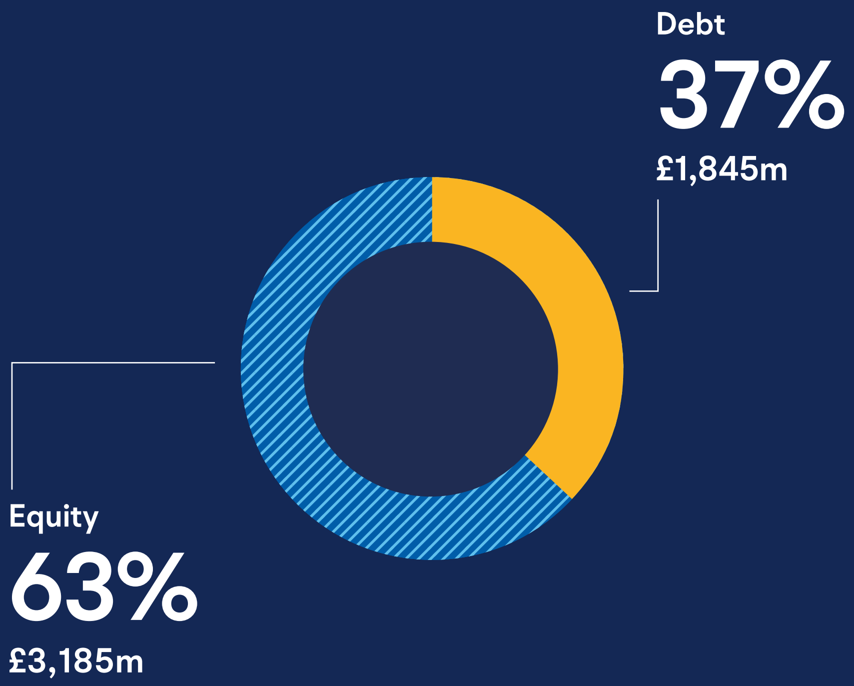
The net investment assets that the Bank is responsible for have continued to grow following the record commitments made during 2023/24 to £5,030m at 31 March 2025 compared to £4,354m at 31 March 2024 (i.e. including net assets managed on behalf of DBT). As at 31 March 2025, 63% of net investment assets are considered Equity with 37% considered Debt, with there being a further weighting to Equity investments during the year.

The Bank as a through-the-cycle investor, expects to deliver a multi-year return that can be subject to in-year fluctuations. The charts on the page opposite detail the movement in net assets for both Debt and Equity investments over the last five years as well as the year-on-year contribution to the overall adjusted return.

4.2%

5-year adjusted return on capital

Split of net investments by debt and equity (£m)*



* Net investments, including those managed on behalf of DBT.

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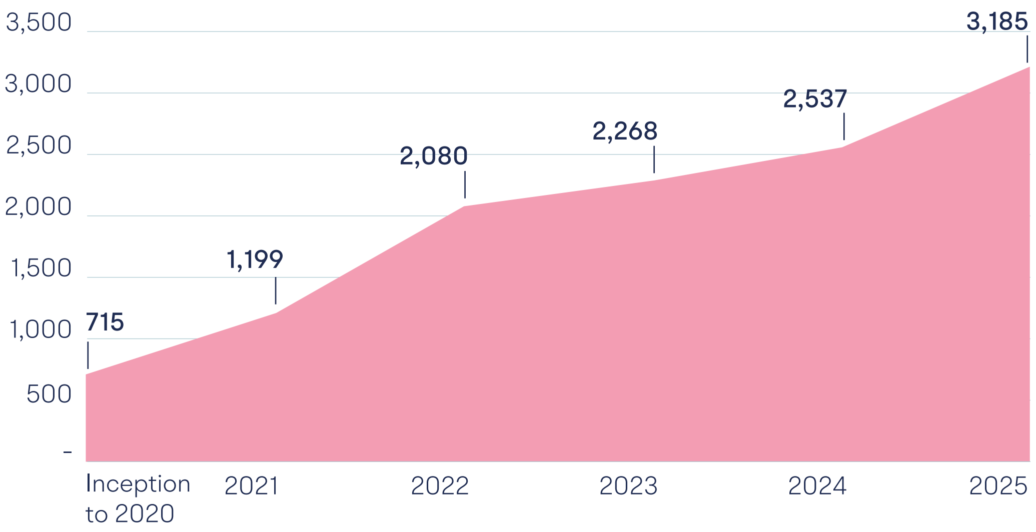
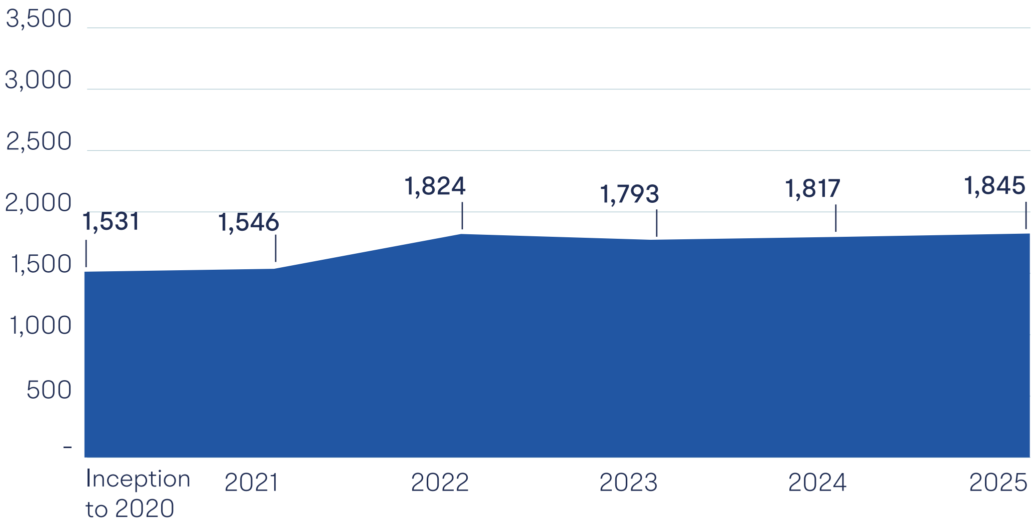
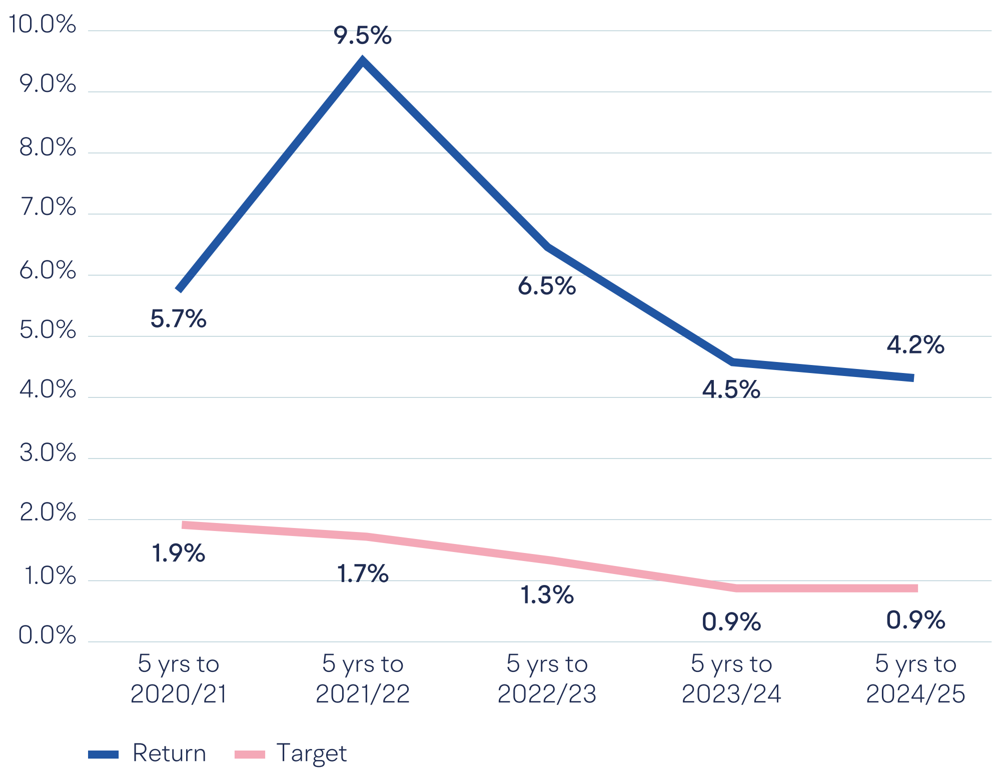
Annual growth of equity investments (£m)



Annual growth of debt investments (£m)

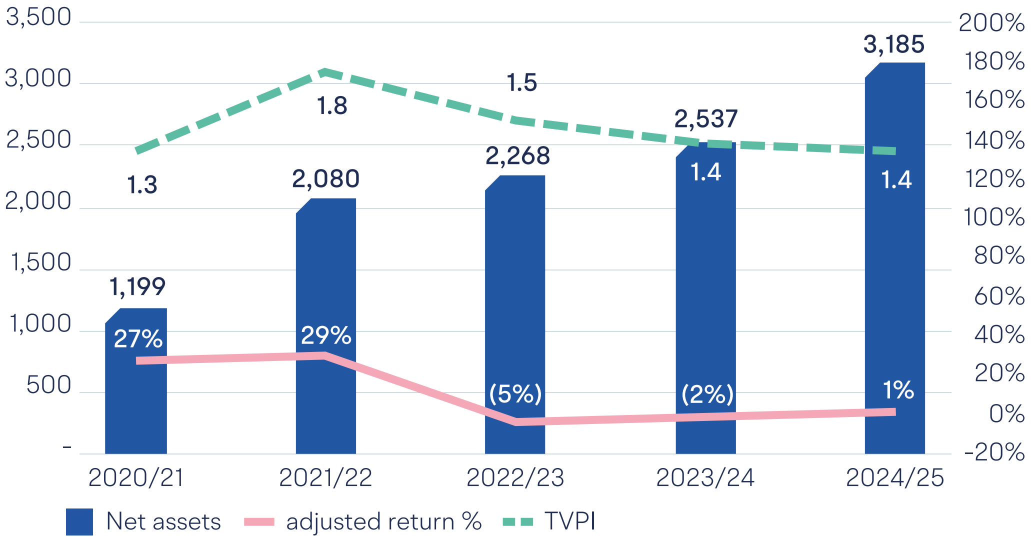


Five-year adjusted return on average capital employed

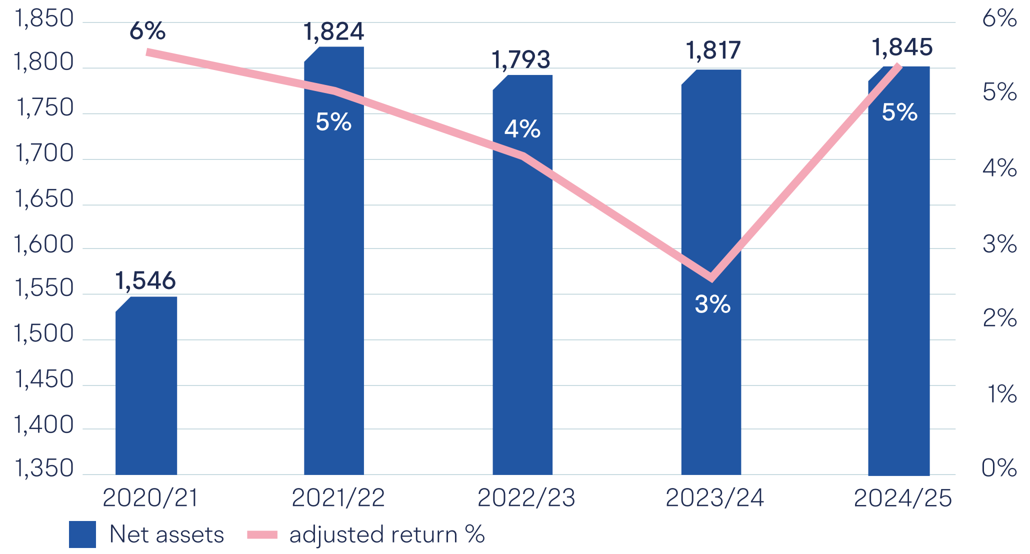


Both Debt and Equity net investment assets have grown in the five years to 31 March 2025 with positive return on the Debt investments each year. Following the in-year fair value reductions seen during the past two years on the Equity investments, largely off the back of the significant increases seen during 2020–2022, it has been pleasing to see in-year fair value increases in the year to 31 March 2025. Overall the last five years the Bank has made overall positive returns on both Debt and Equity investments assets.

Equity investments (£m)



Debt investments (£m)



The adjusted return calculation takes the Bank's audited profit before tax, finance costs and the movements on the Enterprise Capital Funds loan commitment provision and includes the net profit from the programmes that are managed by the Bank on behalf of DBT, with the exception of the three Coronavirus emergency response loan guarantee schemes, Recovery Loan Scheme, Growth Guarantee Scheme and Future Fund. The return is then adjusted to eliminate the volatility of Enterprise Capital Funds valuation movements, which can significantly distort the performance from year-to-year, and to exclude the performance of the Start Up Loans programme.

As set out in the Chief Financial Officer's report on p11–17 the Bank's statutory profit after tax for the year ended 31 March 2025 of £109m is impacted by positive valuation movements to the ECF investments, which in part is due to an unwind of previous unrealised negative valuation movements. As noted above these movements are excluded from the adjusted return calculation.

Programmes we administer on behalf of DBT

In agreement with our Shareholder, the performance of the three Coronavirus emergency response loan guarantee schemes, Recovery Loan Scheme, Growth Guarantee Scheme, Future Fund and ENABLE Build (on behalf of MHCLG), that are administered by the Bank has not been included in the 2024/25 adjusted return calculation.

We have and will continue to work with our Shareholder to determine what measures of performance for these programmes should or should not be incorporated into the adjusted return calculation for future reporting periods.

The Bank has a number of objectives set out on p18, some of which are related to areas other than purely delivering a financial return.

The Bank is required to balance meeting its objectives with providing value for money and delivering additionality.

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The table lays out active programmes in 2024/25. It shows whether they are held on the Bank's balance sheet and if they contribute to the Bank's financial performance measurement.

British Business Bank's active finance programmes in 2024/25[1]

	Commercial activity: programmes required to make a commercial rate of return on capital employed	**Development activity:** programmes funded by HM Government on a subsidised basis	**Service activity:** programmes conducted on behalf of HM Government which remain on the balance sheet of HM Government
Contributes to our financial performance measurement	– Investment Programme – Managed Funds – Regional Angels Programme – British Patient Capital[3] – Future Fund: Breakthrough – Life Sciences Investment Programme – Long-term Investment For Technology and Science (LIFTS) – Nations and Regions[4]	– Enterprise Capital Funds[2]	– Angel Co-fund – Regional funds: Midlands Engine, Northern Powerhouse, Cornwall & Isles of Scilly Investment Funds[4] – ENABLE Guarantee – ENABLE Funding
Does not contribute to our financial performance		– Start Up Loans	– Recovery Loan Scheme – Growth Guarantee Scheme – ENABLE Build

Notes

Programmes within the blue square are on balance sheet.

Items in navy are debt items.

Items in blue are equity items.

1 Active finance programmes are those where the Bank has committed or supported finance in 2024/25, and/or (as at end March 2025) have the potential to undertake further activity in the future. This table does not include the Bank's legacy programmes or the Coronavirus emergency response loan guarantee schemes or Future Fund, which were closed to new activity prior to the outset of the 2024/25 financial year. Where they are on the Bank's balance sheet, details of these legacy programmes can be found in the financial statements, beginning on p140.

2 In calculating the financial performance measurement, appropriate adjustments are made to Enterprise Capital Funds' financial performance figures (see p169 for further information).

3 In the financial statements in this Annual Report, British Patient Capital is referred to via its constituent parts, called 'Venture', 'Venture Growth' and 'Co-Investment'.

4 Nations and Regions and Regional Investment Funds include debt investments and equity investments.

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Key drivers of financial performance

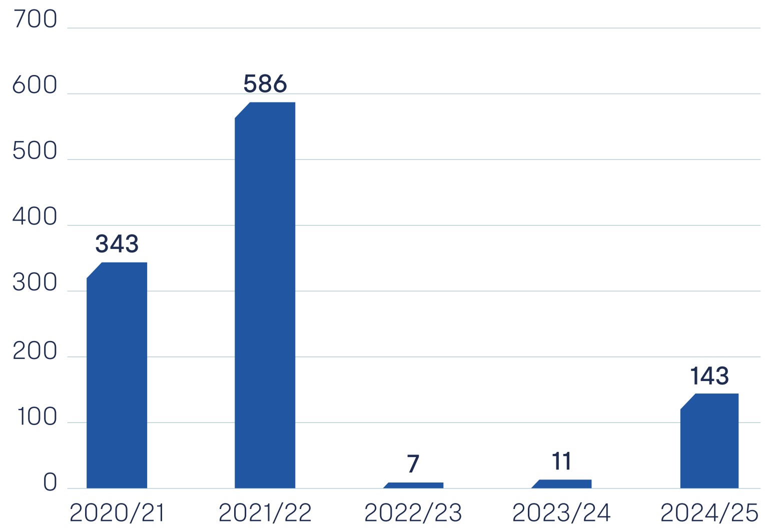
Overview

As an investment business focusing on generating appropriate risk-adjusted returns on our capital investment, our financial performance is dependent on a number of significant items, including:

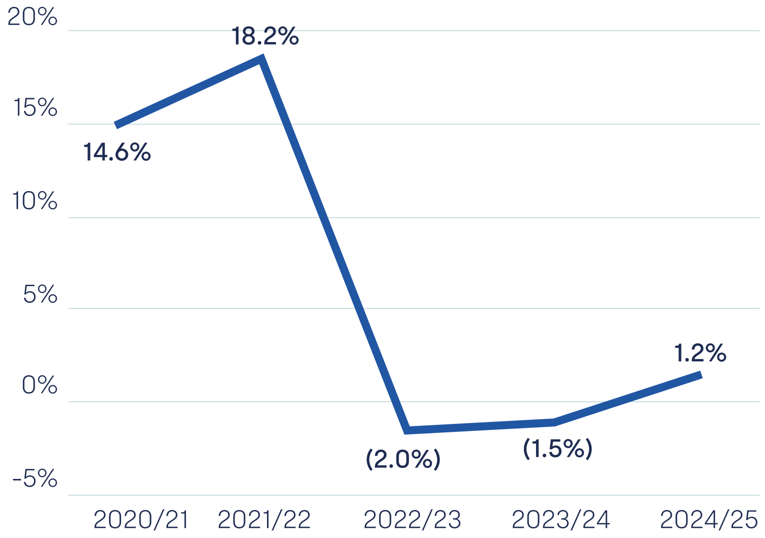
- the amount of capital we have committed and the time period over which funding is deployed
- the underlying performance of our investments and their ability to make interest and debt repayments over time, and the ability to exit investments successfully and make a capital profit
- events impacting on the macroeconomy which can lead to in-year valuation fluctuations
- accounting driven variations in value due to requirements under accounting standards relating to valuation assumptions.

The investment portfolio comprises a mix of investments which contribute towards meeting the Bank's overall strategic objectives. Some investments earn a commercial return whilst others generate a return which is below market rate.

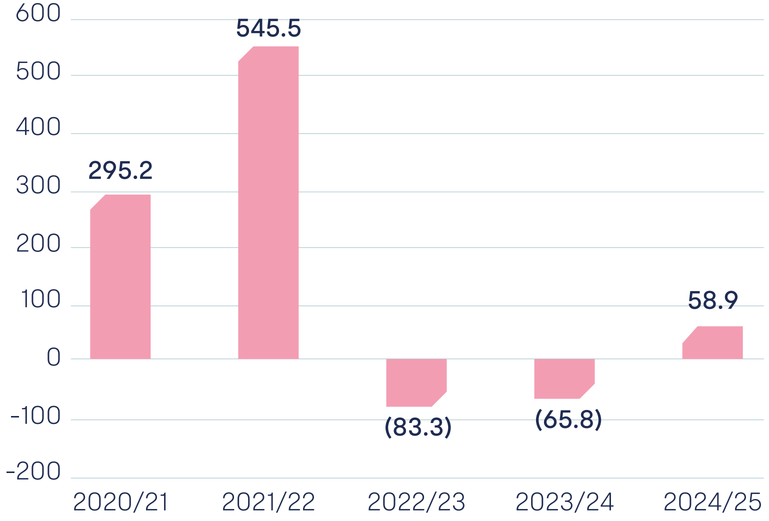
Adjusted net operating income (£m)



Adjusted return on average capital employed



Adjusted return (£m)



2024/25 Markets, portfolio composition and valuation impacts

As highlighted in our previous year's Annual Report and Accounts the Bank's investment portfolios remain exposed to macroeconomic conditions that can result in short-term fluctuations of value. Public markets have continued to be volatile during the year. Despite this and following two years of net valuation reductions the Bank has reported net valuation increases for the year ended 31 March 2025.

The Bank's investment portfolios are diverse in their size, sector and exposure to risk. The total net fair value increases in the year were £177m compared to the prior year when net fair value decreases were £49m. The Bank's unrealised gains on investments in the year to 31 March 2025 are £93m.

As at the date of this Annual Report and Accounts the macroeconomic environment remains uncertain with a number of factors both locally and internationally which may impact on valuations in the short-term. The Bank is ultimately focused on delivering realised returns at the end of multi-year investment cycles, therefore, year-on-year fluctuations are to be expected. Our overall portfolio TVPI multiple continues to be positive in line with our expectations of achieving long-term returns.

Performance of operating segments

BBI

BBI invests in a combination of debt (BFP Mid Cap and Investment Programme) and equity (UKIIF, Managed Funds, Regional Angels Programme and LIFTS) investments. BFP Mid Cap and the Investment Programme, totalling £1,177m, are weighted more towards traditional sectors of the economy, leading to net fair value increases (including interest income and expected credit loss) of £27m.

UKIIF, Managed Funds, Regional Angels Programme and LIFTS investments totalling £689m, support investments in innovative high-growth companies. Driven by a small number of underlying positions these investments have made net fair value increases of £53m during the year.

There has been an increase in the undrawn commitments of £181m, given an undrawn commitment of £1,552m at 31 March 2025.

BPC

BPC through its Venture, Venture Growth and Life Sciences Investment Programme has significant investments in early-stage start-ups and technology-led businesses. The total of these portfolios has continued to increase during the year to £1,539m at 31 March 2025, with a small fair value decrease recognised in the year of £3m.

Direct investments made through Future Fund: Breakthrough and the Co-Investment programmes have seen additional amounts of £83m invested. There have been limited fair value movements during the year with many of these investments being held at last round prices. Where there has been limited fundraising activity in the year, we have ensured these valuations are in line with applicable valuation guidance and will continue to review in future years to ensure they remain compliant with accounting standards.

There has been an increase in the undrawn commitments of £78m, giving an undrawn commitment of £737m at 31 March 2025.

NRIL

Following the launch of the Nations and Regions Investment Fund during the prior year, NRIL is responsible for investing in Smaller Loans, Debt and Equity finance funds through six Fund of Funds.

During the year additional amounts of £213m were invested taking the total portfolio to £215m at 31 March 2025. As the portfolio is still within its investment period a small fair value reduction of £16m was experienced during the year.

No further commitments have been made during the year with there being £884m of undrawn commitments at 31 March 2025.

BBFL

BBFL has continued to make investments through its flagship Enterprise Capital Funds programme during the year with additional investment of £115m being made into funds which total £615m at 31 March 2025. In line with accounting standards these investments are considered to be below par even though the Bank expects to make a positive return on its investments over the life of each fund. Net fair value increases in the year were £125m largely driven by a change to the discount rates used that saw a reversal of previous unrealised fair value reductions.

BBFL holds two listed investment assets within the ECF programme which have seen fair increases in the year of £2m.

There has been an increase in the undrawn commitments of £27m giving an undrawn commitment of £460m at 31 March 2025.

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SUL

During the year, Start Up Loans made 10,577 new loans totalling £134m, with the portfolio totalling £172m at 31 March 2025. The nature of the lending undertaken by Start Up Loans (lending to start-ups without collateral) leads to investments being more vulnerable to any macroeconomic changes. Owing to Start Up Loans being at a fixed interest rate of 6%, losses on these loans are expected to be between 30% and 40% of the total loans advanced. There has been no significant movement in the fair value of Expected Credit Loss provision on Start Up Loans during the year.

BBFSL

Activity undertaken during the year by the Group's service arm sits on HM Government's balance sheet. The Angel Co-Fund, ENABLE Funding, ENABLE Guarantee and Enterprise Finance Guarantee (EFG) programmes impact the Bank's adjusted return for the year. The ENABLE programmes are structured so as to be low risk while delivering their objectives, and were again profitable in the year.

Investments made by the Angel Co-Fund and ENABLE Funding programmes are included in the investment assets and liabilities table, as are Expected Credit Losses under EFG.

British Business Bank's adjusted return statement of financial position

Year ended 31 March 2025 (£m)	Audited Accounts	Adjustments for SUL*	Adjusted British Business Bank plc*	Programmes managed on behalf of DBT*	Adjusted Net Assets
Investment assets					
BBI – Investment Programme	946.4	-	946.4	-	946.4
BBI – Other programmes	919.7	-	919.7	-	919.7
BPC – Venture/Growth/Co-Investment/ FF:B/LSIP	1,794.8	-	1,794.8	-	1,794.8
NRIL	215.2	-	215.2	-	215.2
ECF	615.4	-	615.4	-	615.4
Other Venture Capital	16.8	-	16.8	140.2	157.1
Guarantee and Wholesale	-	-	-	451.7	451.7
Start Up Loans	172.1	(57.6)	114.5	-	114.5
	4,680.5	**(57.6)**	**4,622.8**	**592.0**	**5,214.8**
Investment liabilities					
Guarantee and Wholesale	-	-	-	(6.1)	(6.1)
ECF	(178.5)	-	(178.9)	-	(178.9)
	(178.5)	**-**	**(178.9)**	**(6.1)**	**(185.0)**
Net investment assets	**4,501.6**	**(57.6)**	**4,443.9**	**585.9**	**5,029.8**
Other assets liabilities					
Cash	154.7	(11.5)	143.2	-	143.2
Tangible and intangible assets	4.1	-	4.1	-	4.1
Loans and borrowings	(204.1)	57.6	(146.5)	-	(146.5)
Net other payables	(169.5)	11.5	(158.1)	-	(158.1)
	(214.9)	**57.6**	**(157.3)**	**-**	**(157.3)**
Total net assets	**4,286.7**	**-**	**4,286.7**	**585.9**	**4,872.6**

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As noted above other activity undertaken that sits on HM Government's balance sheet is not included in the Bank's adjusted return, however, the Growth Guarantee Scheme was launched in July 2024, replacing its predecessor, the Recovery Loan Scheme 3. Under both schemes £1,191m was offered during the year ending 31 March 2025 which was a significant increase from the prior year.

Funding

We require funding to make investments and run our operations. Depending on our requirements, these can be met from our investment earnings or our Shareholder.

To fund our capital investments, we generally issue shares to our Shareholder and utilise available cash from our operations, including investment repayments. At 31 March 2025, the UK Government held shares totalling £3,697m in British Business Bank plc, comprising the entire share capital of the Company. During the year, British Business Bank plc issued £631m of additional share capital to the Company's sole Shareholder.

British Business Bank's adjusted return statement of comprehensive net income

Year ended 31 March 2025 (£m) Investment income	Audited Accounts	Adjustments for SUL and ECFs*	Adjusted British Business Bank plc*	Programmes managed on behalf of DBT*	Adjusted Return*
BBI – Investment Programme	22.5	-	22.5	-	22.5
BBI – Other programmes	12.8	-	12.8	-	12.8
ECF	-	17.9	17.9	-	17.9
Other Venture Capital	1.3	-	1.3	-	1.3
Guarantee and Wholesale	-	-	-	26.3	26.3
Start Up Loans	44.7	(44.7)	-	-	-
Investment income	**81.4**	**(26.8)**	**54.6**	**26.3**	**80.9**
Management fee & other income	46.3	-	46.3	(37.3)	8.9
Grant income	3.8	(3.8)	-	-	-
SUL inter-co interest	-	1.3	1.3	-	1.3
Total operating income	**131.5**	**(29.4)**	**102.1**	**(11.1)**	**91.1**
Net investment costs					
BBI – Investment Programme	22.4	-	22.4	-	22.4
BBI – Other programmes	57.6	-	57.6	-	57.6
BPC – Venture/Venture Growth/ Co-Investment/FF:B/LSIP	(12.7)	-	(12.7)	-	(12.7)
NRIL	(16.1)	-	(16.1)	-	(16.1)
ECF	70.1	(70.1)	-	-	-
Other Venture Capital	1.0	-	1.0	-	1.0
Guarantee and Wholesale	0.0	-	-	-	-
Start Up Loans	(60.0)	60.0	-	-	-
Net investment costs	**62.3**	**(10.1)**	**52.3**	**0.0**	**52.3**
Net gain on write down of repayable capital grant	**32.2**	**(32.2)**	**-**	**-**	**-**
Net operating income	**226.1**	**(71.7)**	**154.4**	**(11.1)**	**143.3**

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British Business Bank's adjusted return statement of comprehensive net income (continued)

Other operating costs	Audited Accounts	Adjustments for SUL and ECFs*	Adjusted British Business Bank plc*	Programmes managed on behalf of DBT*	Adjusted Return*
Staff costs	(71.6)	4.1	(67.5)	11.0	(56.5)
Other costs	(60.7)	15.5	(45.3)	19.1	(26.2)
Total operating expenditure	**(132.3)**	**19.6**	**(112.8)**	**30.1**	**(82.7)**
Net operating profit before ECF provisions & interest	**93.8**	**(52.2)**	**41.6**	**19.0**	**60.7**
ECF derivative gain (cash)	-	6.8	6.8	-	6.8
ECF permanent diminution in value	-	(8.5)	(8.5)	-	(8.5)
Adjusted return	**93.8**	**(53.9)**	**39.9**	**19.0**	**58.9**
Average capital employed					**4,868.1**
Adjusted return on average capital employed					**1.2%**

Our operating costs are funded through investment income, further funding from our Shareholder plus a management fee charged to DBT for managing assets on its behalf. Income received from this charging mechanism was £37m in 2024/25.

At 31 March 2025, British Business Bank plc held £155m of cash balances. The Bank maintains sufficient cash balances to fund short-term investments and operational expenditure requirements. Most of these funds, £129m, are held within the Government Banking Service to ensure that there is minimal cost to the Exchequer.

Adjusted return

As part of measuring the Bank's performance, the Shareholder uses the adjusted return for the five years ending 31 March 2025 which was 4.2%. This is significantly above the threshold return of 0.9%. Our adjusted net operating income for the year was £143m, which after total expenditure of £83m led to a net operating profit of £61m, and a 1.2% profit on average capital employed.

Owing to the weakening of sterling against the US dollar and the euro, included within net investment costs is a £21m foreign exchange loss in relation to our non-sterling investment assets.

The profit after tax shown in the Consolidated Statement of Comprehensive Net Income is £109m compared to a loss after tax of £122m in the previous year.

The Strategic Report has been approved by the Board of Directors and signed on its behalf by:

Louis Taylor
Chief Executive Officer
17 July 2025

"The Board plays a central role in setting the Group's strategy, business model and culture, and having appropriate oversight of executive management."

Introduction by the Chair

Governance report

Stephen Welton
Chair, British Business Bank

On behalf of the Board, I am pleased to present our Governance report for the year ended 31 March 2025, which sets out how the Board and its Committees operated effective decision-making and corporate governance during 2024/25.

The Board has a key role in ensuring the purpose and vision of the Company is clear, supported by the right strategy, with the right resources and overseen with the appropriate governance framework.

Over the past year we have seen a number of changes at Board level. I would like to thank our outgoing Non-executive Directors James Connelly and Barbara Anderson, and Shareholder Representative Directors Jamie Carter and Robert Razzell, for their valuable contributions to the Bank. We also welcomed Suveer Kothari as a Board Fellow under the Empowering People of Colour initiative.

Evolving governance framework

This year as part of our drive to simplify the way that the Bank is both governed and run, we conducted a wholesale review of the Bank's subsidiary Board governance arrangements. This was carried out to ensure strong foundations are in place to support our plans to scale our impact and reach, including to implement the Bank's first regulated investment vehicle and to embed the financial reforms announced at the International Investment Summit in October 2024.

The result was a new framework to oversee and combine the missions of our Investment business subsidiaries – British Business Investments Limited, British Patient Capital Limited, Nations and Regions Investments Limited, and BBB Investment Services Limited – under BBB Investment Holdings Limited (renamed from BBB Patient Capital Holdings Limited), and which will report to the British Business Bank plc Board on key strategic and operational matters. As part of these changes, we welcomed three new independent Non-executive Directors to the Board of BBB Investment Services Limited and three new independent Non-executive Directors to the Board of BBB Investment Holdings Limited.

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The British Business Bank Group is now well placed to support the delivery of the Bank's Investment and Banking Strategy along with its new regulated activity. Our focus in 2025/26 will be to embed these new arrangements and ensure our subsidiary board structures provide optimised oversight and support for the Bank as a whole to deliver its mission, give greater clarity to the external market and further leverage the Bank's core skills and capabilities in a more seamless way.

Owing to the nature of our public ownership, we have a close relationship with the UK Government, overseen by UK Government Investments Limited (UKGI), and an associated governance framework substantively defined by our Shareholder Relationship Framework (SRF).

More information on our governance framework can be found on p88–91.

Stakeholder engagement

One of the significant developments over the past year, of course, was a change of government. I have engaged with our Shareholder, the Secretary of State for Business and Trade (SoS), and their department on a number of occasions to discuss the Department for Business and Trade's (DBT) economic priorities in light of these changes.

The Permanent Secretary DBT also attended our October 2024 Group Board Strategy Day where he set out the Government's fundamental objective to grow the economy, plans for the UK's modern Industrial Strategy to support this, and how the Bank could contribute to that central component of the Government's plans.

We have also had extensive interactions with other Government departments, including the Treasury, as part of the ongoing strategic development of the Bank in line with Government objectives helping to deliver the growth agenda. This has included detailed work to help unlock institutional capital, notably from pension funds, to increase productive long-term investment.

We look forward to continuing the strong relationships we have with Government stakeholders as we align everything we do against the core pillars of the UK's modern Industrial Strategy to ensure we remain relevant and focused, delivering financial impact in line with Government policy, and work to implement the groundbreaking Bank-wide reforms to our governance, financial and operating frameworks.

This year, I have particularly enjoyed participating in the various events to mark the Bank's 10-year anniversary with some of our key stakeholders, which highlighted the Bank's impact on the economy over the past 10 years. At these events, I have had the opportunity to meet a number of figures from the Bank's early years as well as many smaller businesses that have been directly supported by the Bank, our delivery partners, and Bank colleagues.

These occasions have helped reinforce our position in the market, provide greater understanding of underlying financial needs to drive growth for entrepreneurs and small businesses and increase our determination to amplify our role and ensure we have a robust governance framework in place to support our future impact.

You can find our formal statement on Stakeholder engagement (Section 172) on p48–49 and how, as a Board, we have regard for the interests of our stakeholders in our decision-making on p96–97.

Board performance review and composition

In accordance with the UK Corporate Governance Code, an internal Board performance review took place in 2024/25 along with a refresh of the Board Skills Matrix. I also carried out my annual review of Non-executive Director performance with individual Board members and the Senior Independent Director conducted an annual review of my performance as Chair. I welcome these Board performance reviews as an opportunity to drive sustained improvements to our governance and decision-making and continue to evolve our impact.

Further details can be found in the Board Performance Review section on p98–99.

The Board has discussed the results of the Board skills survey to ensure we have the most suitable and broad-based skills for the future, recognising the growth of the Bank's activities as well as the different banking and investment products we provide and the catalytic effect they generate. We will continue to work through the Governance and Nomination Committee (GNC) and Board to ensure that future recruitment continues to reflect the experience and expertise we need to deliver our mission.

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I also discuss opportunities for ongoing learning with Non-executive Directors as part of our regular performance management sessions, to keep our overall skills up to date. There is further information in the GNC report on p101–103.

Board strategy

The Board plays a central role in setting the Group's strategy, business model and culture, and having appropriate oversight of executive management.

Our strategy is to drive sustainable growth and prosperity across the UK, crowding in private investment and increasing the scale and impact of the Bank.

Our four strategic objectives were established in 2023/24. Information about our performance against these is set out in 'Key Performance Indicators on p18.

The Board came together with the members of the Executive Committee in October 2024 for a dedicated Group Board Strategy Day to consider the key strategic questions facing the Company in the context of preparing for a potential multi-year Spending Review, the UK's modern Industrial Strategy, the National Wealth Fund, and development of the British Growth Partnership.

The outcome of the strategy discussions was agreement on the Bank's key Spending Review bids centred on four main themes – Boosting the pipeline of start-ups and growing companies; Delivering the UK's modern Industrial Strategy by investing on a commercial basis in priority sectors; Making sure the best companies can get funding no matter who or where they are; and Getting growth capital at scale to the fastest-growing UK companies.

2025/26 will be a transitional year for the Bank as further reforms to our governance, financial and operating frameworks are introduced and embedded to help us continue to scale and deliver the required impact the Government expects of a key public financial institution like the Bank.

With new senior executives in post, there is an opportunity to reflect on the best way the Board can support them in their role of successfully managing the risks involved in supporting new and growing companies. In particular, we want to help to build on the changes made to date to continue the move away from a programmatic structure towards one that is based on our key capabilities and delivered seamlessly across the Bank.

Diversity, inclusion and culture

In terms of Board composition and diversity, although the Company has rightly set the bar on a meritocratic basis and we have strong representation, we could do better and want to lead by clear example. I will continue to work with our Shareholder and the GNC to ensure that diversity, equity and inclusion are always considered when recruiting future roles for the Board and senior management level roles. This year that has included working with the Empowering People of Colour (EPOC) network to welcome Suveer Kothari as a Board Fellow. We also ensured that the recruitment for our new Remuneration Committee Chair and subsidiary board Non-executive Directors was designed to attract a diverse field of candidates.

Our diversity goals extend beyond gender and ethnicity. We are committed to creating a Board that reflects the breadth of experience, perspectives and voices needed to support the communities, sectors and regions we work with and serve.

An overview of Board composition is given in the 'Board at a glance' section, our GNC report on p101–103 and in the 'Supporting colleagues' section on p44–47.

I regularly meet colleagues at the Company to ensure the Board is visible, learn what staff think about the organisation and understand how we might best remove any barriers to success. Individual Board members have also participated in several internal and external engagement events throughout the year. These opportunities have allowed the Non-executive Directors to find out more about our customers and gain a sense of the organisational culture at specific points and over time.

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Culture was the theme of our November Board meeting which included the results of our employee engagement survey, and an update from the Colleague Forum. I have continued to encourage ongoing direct Board member engagement with Bank colleagues where possible, for the Board to be more visible around the organisation and for the Company to use the extensive skillset of the Non-executive Director membership.

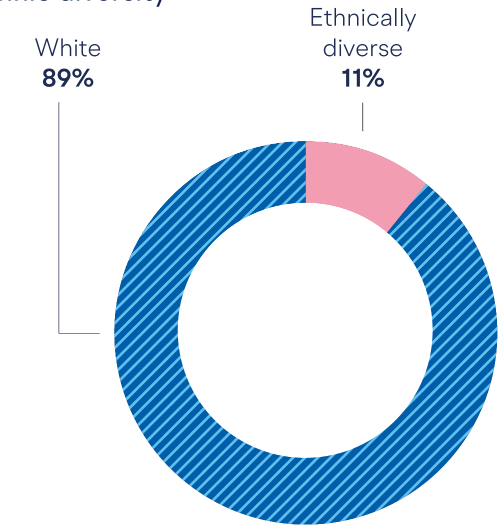
Sustainability

We are in a relatively early phase of our journey towards becoming net zero by 2050 and developing the Company's objective to help 'build the modern, green economy'. This is an area that the Board has continued to focus on. The Board regularly receives updates on sustainability and the integration of environmental, social and governance (ESG) across the Company. We are a committed participant in supporting smaller businesses to make the change and working with them on exploring what this can entail.

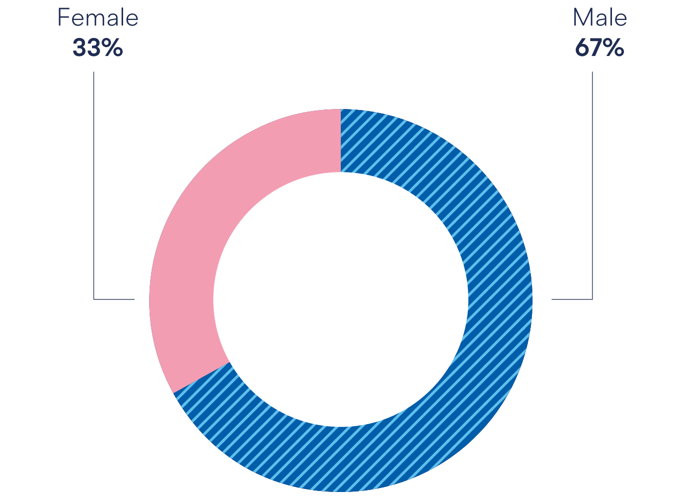
Our third annual Climate-related disclosures report can be found on p58.

Board at a glance (as at 31 March 2025)

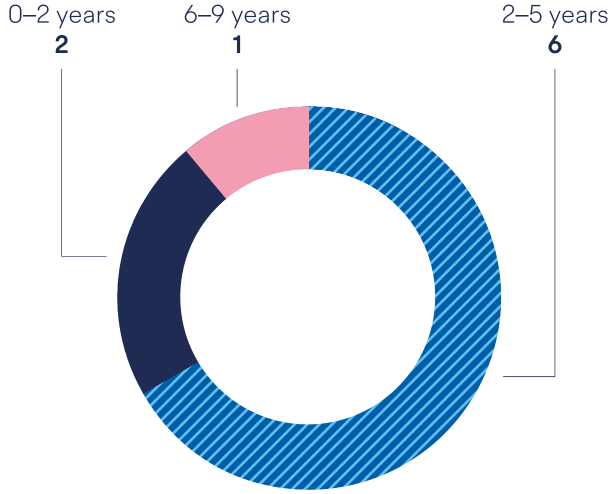
Ethnic diversity



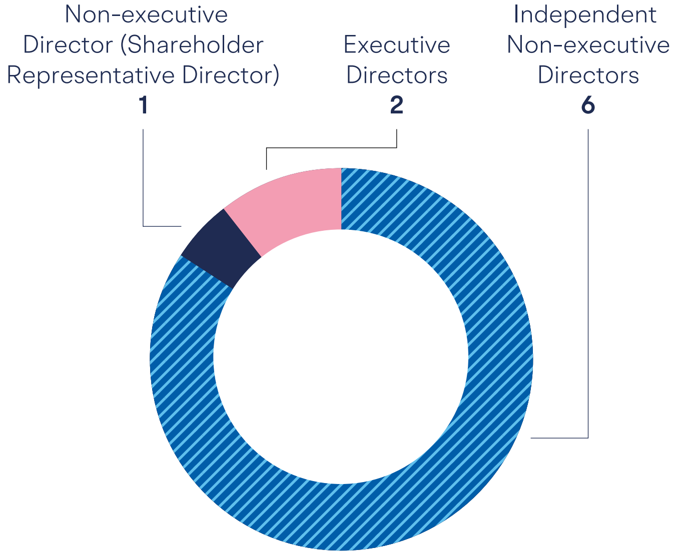
Gender diversity



Board tenure



Board composition



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2024/25 Board highlights

- The Board has provided oversight of discussions and engagement on the important role the Bank can play in unlocking potential for entrepreneurs and small businesses across the UK. This includes aligning with the government's modern Industrial Strategy and overseeing reforms to the Bank's governance and financial arrangements to help support this ambition. This culminated in announcements in June 2025 including a substantial increase in the Bank's total financial capacity to crowd in tens of billions of pounds of private capital, new capital of £6.6bn including a new initiative, British Business Bank Industrial Strategy Growth and additional commitments for regional investments and creating a more inclusive investor ecosystem. The outcomes of the work which happened throughout much of 2024/25 demonstrate a strong endorsement of the Bank's 10-year track record, market access and capabilities, including our position as the largest investor in UK venture and venture growth capital funds and the most active late-stage investor in UK life sciences and deeptech and reflect the role the Bank will play in powering UK ambition and growth in the future.
- Approved the roll-out of our new operating model for our Front Office and Corporate Services teams, simplifying governance including in respect of our subsidiary board arrangements and approving our future brand architecture strategy. As a result of this simplification of the way that the Bank operates, customers will have a clearer, streamlined path to find what they need and the new internal structure encourages more teamwork, knowledge sharing and flexibility internally, while positioning us to maximise our long-term impact.
- Oversaw the establishment of the Bank's first regulated entity, BBB Investment Services (BBB-IS), to help unlock more long term institutional investment through the delivery of the British Growth Partnership (BGP). This was a significant step on our journey to launch the BGP with Financial Conduct Authority regulatory approval subsequently being obtained for BBB-IS in May 2025.
- Set the strategic direction for the Bank's participation in module 9 of the independent Covid-19 public inquiry set up to examine the UK's response to and impact of the Covid-19 pandemic, and learn lessons for the future.
- Approved a new 3-year People Strategy to meet the current and future needs of the organisation. This sets out how we will organise, develop, and equip our workforce to deliver on key priorities – including the UK's modern Industrial Strategy, the British Growth Partnership fund, and broader changes across the Bank's operations.

Board members' skills/experience

Strategy development and oversight	9 out of 9
Corporate governance	9 out of 9
Strategic and business risk	9 out of 9
Financial and people risk	9 out of 9
Climate risk	7 out of 9
Green finance (net zero)	6 out of 9
Anti-fraud controls	8 out of 9
Culture and leadership	9 out of 9
Technology	6 out of 9
Stakeholder engagement and management	9 out of 9

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Board of Directors

As of 31 March 2025

The Board is composed of the Chair, one Shareholder Representative Director, two Executive Directors and five Independent Non-executive Directors.

The General Counsel and Company Secretary also attends all meetings and supports the Board.

Stephen Welton CBE

Chair

Appointed: 5 October 2023

Board attendance: 10 of 10

Committee membership

GNC Chair
BGP Chair

Stephen has extensive experience as an investor in private capital markets around the world. He was the founder CEO of the Business Growth Fund plc (BGF) from 2011 to 2020, then Executive Chair between 2020 and 2022, and later Non-executive Chair until July 2023.

In 2013, Stephen was appointed as an advisor to the UK Government regarding the establishment of the British Business Bank and, in 2017, served as a member of the Industry Panel advising HM Treasury on the Patient Capital Review. He was also a member of the Prime Minister's 2021 Business Council and a member of the Innovate Council from 2018–2021.

Prior to BGF, he was one of the founding partners of global private equity firm CCMP Capital (formerly JP Morgan Partners) and before that, managing director of Barclays Private Equity and Henderson Ventures, which he also co-founded.

Stephen was awarded a CBE in June 2023 for Services to Small Businesses and Entrepreneurship.

External appointments

- Non-executive Director of FTSE 100 alternative asset manager Intermediate Capital Group plc
- Non-executive Chair of Trustees for the Towner Museum and Gallery, one of the UK's leading contemporary arts institutions
- Non-executive Director of Emirates Growth Fund, delivery growth capital to SME's across the UAE
- Advisor to Singer Capital Markets, BGIS Global Integrated Solutions Limited, the Investment Delivery Forum of the ABI, and various start-ups

Key

AC Audit Committee
RC Risk Committee
RemCo Remuneration Committee
GNC Governance and Nomination Committee
BGP British Growth Partnership Committee

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Neeta Atkar MBE

Senior Independent Director

Appointed: 1 July 2016

Board attendance: 10 of 10

Committee membership

AC, RC (Chair), GNC, RemCo (Interim Chair)

Neeta has over 35 years' experience in financial services, having held a series of positions at both banks and insurance companies in the private and public sectors, working across all aspects of risk.

Neeta started her career at the Bank of England, undertaking a variety of roles both in the Bank's own banking department and in its supervisory function. She moved to the FSA on its creation, leaving in 2000 to move into consulting where she worked with a range of financial service clients on risk and regulatory matters. Thereafter, she has held senior positions at both banks and insurance companies, in a range of roles covering operational, credit and regulatory risks.

External appointments

- Non-executive Director and Chair of the Risk Committee of Nomura Europe Holdings plc
- Non-executive Director and Chair of the Risk & Audit Committee and Chair of the Remuneration Committee, Nomura Financial Products Europe
- Non-executive Director of Nomura International plc and Nomura Bank International
- Non-executive Director and Chair of the Risk Committee of Quilter plc and relevant subsidiaries
- Justice of the Peace for over 25 years

Robert Razzell

Shareholder Representative Director

Appointed: 27 July 2024

Board attendance: 7 of 7

Committee membership

RC, GNC, RemCo, BGP

Robert Razzell joined UK Government Investments (UKGI) as Chief Financial Officer in September 2016. Between 2018 and 2024 he served on the board of the Government Property Agency.

Prior to joining UKGI, Robert was head of finance at the London Legacy Development Corporation, the body responsible for the Olympic Park and its legacy, having previously been head of finance at the Olympic Delivery Authority, the entity responsible for delivery of the venues and infrastructure for the London 2012 Olympics.

Robert's career has encompassed roles in the public and the private sector. He qualified as an accountant at PwC.

External appointments

- Non-executive Director at Local Partnerships LLP

Key

AC	Audit Committee
RC	Risk Committee
RemCo	Remuneration Committee
GNC	Governance and Nomination Committee
BGP	British Growth Partnership Committee

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Matthew Elderfield

Non-executive Director

Appointed: 22 November 2022

Board attendance: 10 of 10

Committee membership

RC

Matthew has worked as a senior banker and financial regulator in the UK, EU and Bermuda.

Matthew was a member of the Management Board of Nordea, most recently serving as Chief Risk Officer. Previously, he was at Lloyds Banking Group in the role of Group Director, Conduct, Compliance and Operational Risk.

Matthew was previously Deputy Governor and Member of the Commission (Board) of the Central Bank of Ireland. While undertaking these roles, he served as Deputy Chairman of the European Banking Authority (EBA).

External appointments

- Chairman of Fnality UK
- Member of Rabobank Supervisory Board and Chair of the Risk Committee

Eilish Jamieson

Non-executive Director

Appointed: 21 November 2022

Board attendance: 9 of 10

Committee membership

AC RemCo BGP

Eilish is an experienced Finance Professional and former Audit Executive who combines over 25 years' working as an external and internal auditor, advisor and board member to a wide range of organisations across banking, financial services, public and private sectors.

She has held Non-executive Director roles at the Financial Reporting Council, Sport England, and within the charitable sector. She is the founder of a Board and Leadership Development practice specialising in purpose-led, social impact, and diverse businesses.

Eilish is a qualified chartered accountant and member of the Institute of Chartered Accountants in England and Wales (ICAEW).

External appointments

- Founder and Director, Helia Partners
- Senior Advisor, Goldcrest Partners Ltd
- Advisor and consultant to various boards and executive teams including Simply Business, Liberty Specialty Markets, Independent Audit and ICAEW

Key

AC Audit Committee
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GNC Governance and Nomination Committee
BGP British Growth Partnership Committee

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Jenny Knott

Non-executive Director

Appointed: 14 December 2020

Board attendance: 9 of 10

Committee membership

AC RC

Chair

Jenny has extensive Board experience having served on the Boards of global investment banks, corporates and charitable organisations for over 25 years.

As an investment banker, Jenny has served as CEO, CFO and COO for UK and global investment banks. Jenny is a co-founder of FinTech Strategic Advisors, assisting clients with their FinTech investment and adoption strategies and supporting start-ups to achieve scale and commercial success.

External appointments

- Non-executive Director and Chair of the Risk and Capital Committee for Simply Health
- Non-executive Director and Chair of the Remuneration Committee of Gresham Technologies plc
- Trustee of DAVSS (a domestic violence support charity)
- Co-founder of BoardGame, FinTech Advisory and Annabel's Luxury English Gifts
- Advisor to the boards of various start-ups and scale-ups including Camco, Cadro and Equiida

Nathaniel (Nat) Sloane CBE

Non-executive Director and Workforce Engagement Director

Appointed: 1 March 2020

Board attendance: 7 of 10

Committee membership

RemCo

Nat worked in the private sector as an entrepreneur, consultant and venture capitalist. He remains an active investor in alternative assets.

Since 2002, Nat has been active in the social impact market. He co-founded Impetus Trust, the first UK venture philanthropy trust fund. He is a founding trustee of the Education Endowment Foundation.

He was the founding Chair of Social and Sustainable Capital, one of the largest social impact investing funds in the UK. Nat chaired the National Lottery Community Fund in England.

External appointments

- Non-executive Director at Purposeful Ventures

Key

AC	Audit Committee
RC	Risk Committee
RemCo	Remuneration Committee
GNC	Governance and Nomination Committee
BGP	British Growth Partnership Committee

Louis Taylor CBE

Chief Executive Officer, Executive Director and Accounting Officer

Appointed: 1 October 2022

Board attendance: 10 of 10

Louis Taylor is CEO of the British Business Bank. Louis has a breadth of experience working within public and private sectors in the UK and abroad.

He has held a range of senior roles in business and finance, including as Chief Executive of UK Export Finance (UKEF), and a private sector career in Standard Chartered Bank, JP Morgan and several industrial companies. In January 2025 he was awarded a CBE for services to business and trade.

External appointments

– Trustee and Chair of the Audit Committee of the charity Sightsavers (which prevents sight loss and avoidable blindness, fights disease and promotes equal opportunity for the disabled)

– Member of the ICAEW Corporate Finance Faculty Board

David Hourican

Chief Financial Officer and Executive Director

Appointed: 5 December 2022

Board attendance: 10 of 10

David is an experienced finance leader, having started his career as a Chartered Accountant with PriceWaterhouseCoopers (PwC). After spending his early career in business development for Home Retail Group plc, he moved into banking, holding senior leadership roles with Royal Bank of Scotland Group plc in Ireland and Singapore.

Before joining the Company, David was Chief Operating Officer of the Warburton Group, a private investment group based in Australia.

External appointments

– None

Esi Eshun OBE

General Counsel and Company Secretary

Appointed: 20 November 2023

Board attendance: 9 of 10

Esi joined the Company in November 2023 as General Counsel and Company Secretary and had been the Director of Legal and Compliance at UK Export Finance (UKEF), the UK's export credit agency. Also a member of UKEF's Executive Committee, Esi held multiple senior roles including that of Interim Director of Business, with oversight of the department's front office underwriting, origination, marketing and communications, and specialised in international project finance transactions.

External appointments

– None

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Corporate Governance Statement

In fulfilling our important role as the UK's economic development bank, the British Business Bank is committed to appropriately high standards of governance, clear accountabilities, efficient decision-making and sound financial management.

This section sets out our corporate governance framework, containing the above standards which are compliant with the regularity, propriety, feasibility and value for money principles described in 'Managing Public Money'.

This framework facilitates corporate good practice as well as ensuring we meet our Public Body responsibilities and accountabilities to Parliament and the Department for Business and Trade Permanent Secretary as Principal Accounting Officer.

Louis Taylor
Chief Executive Officer
and Accounting Officer

Legal ownership and structure

British Business Bank plc was established by the UK Government with the overarching objective of changing the structure of the business finance markets for UK smaller businesses, so these markets work more effectively and dynamically.

British Business Bank plc is the holding company of the Group.

The Secretary of State for Business and Trade (SoS) is the Company's sole shareholder. Some of the Company's programmes have an element of state subsidy. The Subsidy Control Act 2022 came into force on 4 January 2023 and the Company has transitioned to the new regime.

The Company's key performance indicators relate to a wider set of assets and liabilities than those on the Company's balance sheet, as it also has responsibility for managing assets on the Department for Business and Trade's (DBT) balance sheet.

Governance framework

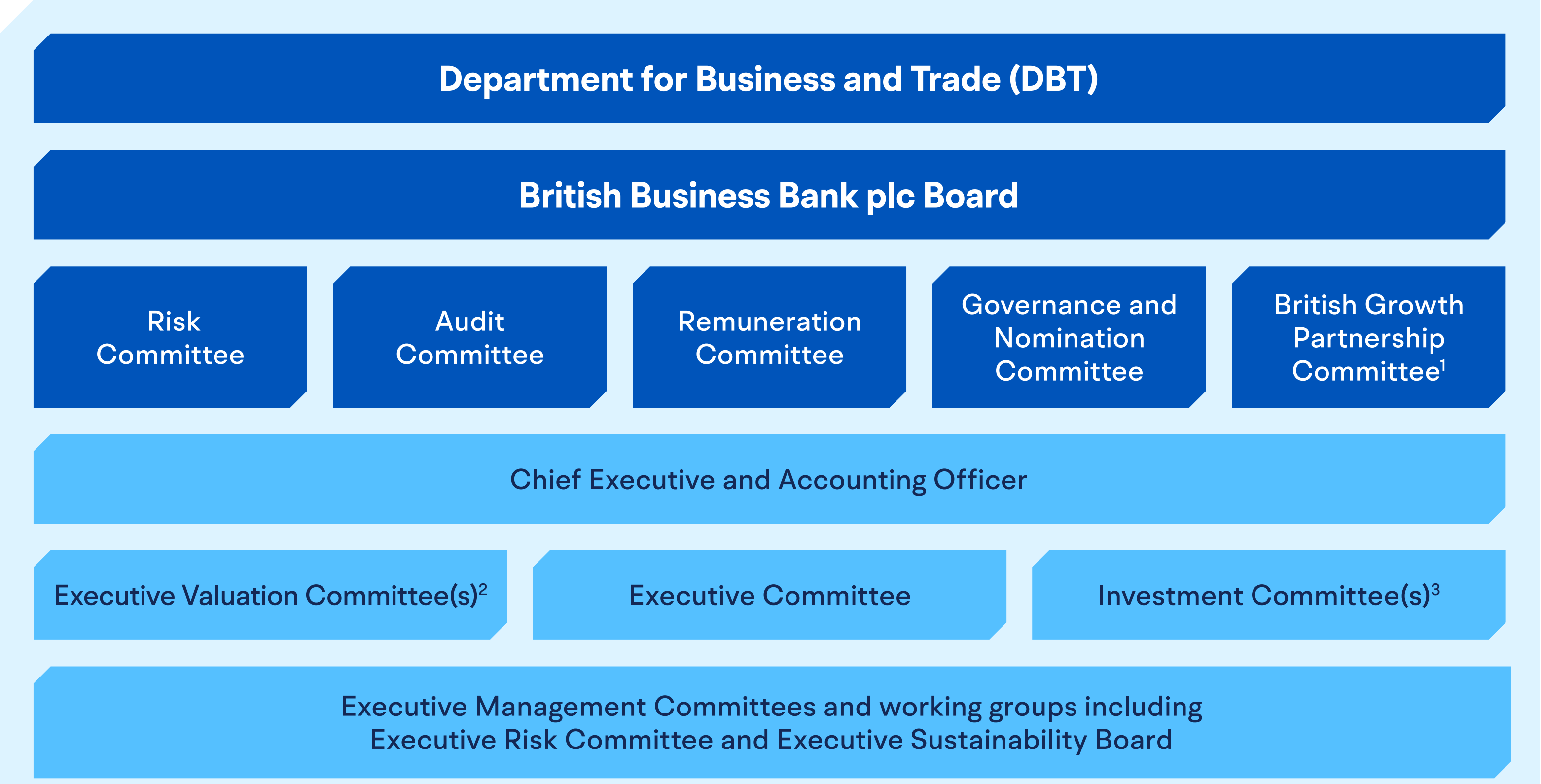
The British Business Bank plc and its subsidiaries (the 'Company' or 'Group') have a good practice corporate governance framework appropriate for the organisation.

The Company operates on a 'comply or explain' basis with the UK Corporate Governance Code, published by the Financial Reporting Council (FRC), and other provisions connected to its relationship with the Shareholder which are covered by the Shareholder Relationship Framework (SRF). Notably, this includes the Corporate Governance in Central Government Departments: Code of Good Practice, as far as appropriate, given that the Company is not a Government department. We also adhere to aspects of the Government Functional Standards.

The SRF sets out the Company's Strategic Objectives, Operating Principles and Financial Targets and Principles. The SRF was refreshed following engagement with DBT and approved at the end of 2022 by the Board (and the then Secretary of State for Business, Energy and Industrial Strategy). The Company's Strategic Objectives are reviewed on an annual basis and are reported in 'Key Performance Indicators' section of the Strategic report on p18. The Company has also agreed a Financial Framework with HM Treasury that outlines how we can allocate our resources in aggregate over the medium term and how programmes aim to make a return across the Group in line with the Government's medium-term cost of capital. As an organisation funded by taxpayers' money, the Company complies, as far as is practicable and relevant, with the principles set out in 'Managing Public Money'.

The Company's relationship with the Shareholder is managed through UK Government Investments Ltd (UKGI) with a Shareholder Representative Director from UKGI sitting on the Board; however, the Company is operationally independent in its delivery against the strategic objectives and has an independent Board. As a public limited company, the British Business Bank plc and its subsidiaries operate in accordance with the requirements of the Companies Act 2006.

Governance structure



Notes

1. BGP Committee was established as a temporary Committee in March 2024 to oversee and advise on the establishment and delivery of the BGP and the Bank's first regulated entity.
2. Executive Valuation Committee: Future Fund, DBT and Group Investments.
3. Investment Committees: BBI, BPC, BPC Direct, NRIL, BBFL and BBFSL.

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The British Business Bank plc is led by its Board of Directors who are collectively responsible for the long-term sustainable success of the Company and its subsidiaries, delivery of sustainable value to its Shareholder and contributing to the development of the UK economy.

The Board is responsible for setting the overall strategy through the regular consideration and annual approval of the Business Plan, ensuring that the necessary resources are in place to meet its obligations.

The Board also oversees and challenges performance and provides leadership within a framework of effective controls that enables risk to be assessed and managed.

The Board has operational independence to identify, design and deliver specific interventions to fulfil the Group's Business Plan and to achieve its purpose and strategic objectives. The Non-executive Directors have the character of independence, specified by the Code, and represent the majority of the Company's Board. The 'Company Independence Principles' and exceptions are outlined in the SRF.

The Board has established four Board Committees to ensure robust and effective decision-making within the Group structure, including from strategic oversight to financial reporting and risk management to major projects and senior appointments and remuneration. In 2024/25, the Board also established a temporary Committee – the British Growth Partnership (BGP) Committee – to oversee and advise on the establishment and delivery of the BGP and the Bank's first regulated entity. In addition to Board meetings, the Group Board met twice in 2024/25 with Non-executive Directors from two of the Bank's subsidiary boards (British Business Investments Ltd and British Patient Capital Ltd) to discuss strategy, the direction of the Group and its key commitments.

The Board Schedule of Matters Reserved sets out the key areas for Board decisions, was last approved in November 2024 and can be found on our website.

All Directors have access to the advice and services of the Company Secretariat to support them in their duties on the Board and any Committee of which they are a member.

Chair

The Chair is responsible for leading the Board and its discussions and for encouraging open debate and challenge. The Chair receives an annual letter from DBT setting out the priorities for the Group for the year ahead.

The Chair is responsible for ensuring that policies and actions support the SoS's wider strategic policies and that the Company's affairs are conducted with probity.

Senior Independent Director

The Senior Independent Director's responsibilities are to: work closely with the Chair; act as an intermediary for other Directors and the Shareholder, as and when necessary; and meet with other Non-executive Directors to review the Chair's performance each year.

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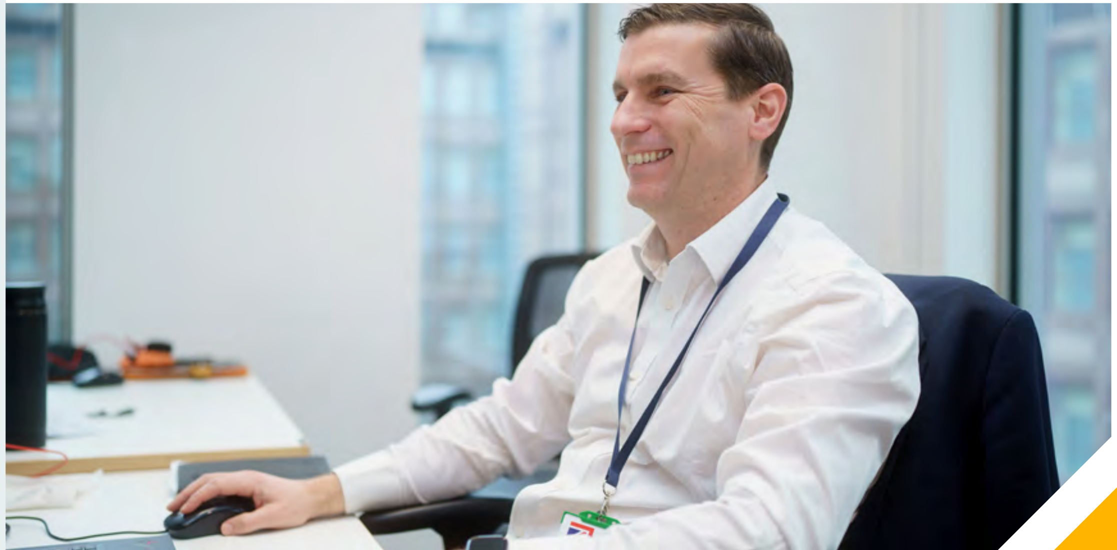
CEO and Accounting Officer

The CEO is an Executive Director of the Board, chairs the Executive Committee (Exco) and has fiduciary responsibilities for the day-to-day operational management of the Company, implementation of the Group's agreed strategy in accordance with the Business Plan and policies and the Group's performance. The CEO is accountable to the Board.

The CEO as Accounting Officer has delegated financial authority from the Principal Accounting Officer (PAO) of DBT to ensure that the Accounting Officer responsibilities are fulfilled, and is accountable to Parliament for specific matters in relation to the Company including the use of public money and the stewardship of the Company's assets.



Appointment of Directors

The SoS for Business and Trade appoints the Board Chair in accordance with the requirements of the Cabinet Office Governance Code on Public Appointments. This appointment is regulated by the Commissioner for Public Appointments.

The Shareholder Representative Director is appointed by the SoS for Business and Trade.

All other Non-executive Directors are appointed by the Board in accordance with the principles of the Cabinet Office Governance Code on Public Appointments, and the SRF and subject to the prior written approval of the SoS. On the recommendation of the GNC, the Board appoints the Senior Independent Director from one of the Non-executive Directors in consultation with the SoS.

Statement of compliance

This statement, together with the Directors' Report on p125–127, explains how the Company has applied the principles and provisions of the FRC's 2024 UK Corporate Governance Code (the 'Code', and available at www.frc.org.uk). As an arm's-length body (ALB), the Bank also follows the Corporate Governance in Central Government Departments: Code of Good Practice (2017) and Government Functional Standards.

The Company has complied in 2024/25 with the applicable sections of the Code. Owing to some specific requirements outlined in our Shareholder Relationship Framework (SRF) and being an ALB with a sole Shareholder, the Company is unable to adhere to certain aspects, specifically:

UK Corporate Governance Code

- **Provision 10 – related to independence of our Non-executive Directors.**

  As the representative of the Shareholder, Robert Razzell is not considered independent and the Chair, due to being selected by our Shareholder, is deemed independent on appointment. The appointments of both roles by the Shareholder are defined by the Company's SRF. The rest of the Board of Directors are deemed to be independent. The oversight of the Board's independence and composition is undertaken by the GNC on p101.

- **Provision 18 – related to the annual re-election of Directors set out in papers to support the specific reasons for their re-election.**

  An Annual General Meeting is currently held in July with our Shareholder to reappoint all standing Directors on the Company's Board. The Chair regularly engages with Directors on the Board as part of our performance management approach. He also reports directly to the Shareholder on the contribution of each Director and therefore no supporting documentation is provided to accompany the re-election resolutions.

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- **Provisions 25 and 26 – as related to the approach to the appointment and reappointment of the external Auditor.**

  The Company is required by our SRF to invite the National Audit Office to accept appointment as our external auditor. Further details on how we ensure their continued independence can be found in the Audit Committee Report on p104.

The table to the left shows where additional information can be found on how the Company applied the principles of the Code.

Corporate Governance in Central Government Departments: Code of Good Practice

The Company is an ALB with a constitutional operational independence undertaking. Therefore, the principles related to Government policy are not applicable to the Company. The Company is compliant with all other areas.

Government Functional Standards

The relevant mandatory elements of the Government Functional Standards have been incorporated in a manner that is proportionate to the size and complexity of the organisation and are embedded into the Company's suite of policies and standards which themselves are subject to compliance monitoring by the Company's second line of defence Risk and Compliance Team.

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2024/25 Board activity and Board Performance Review

2024/25 Board activity

Culture and values

As a Government-owned organisation, we have both commercial and social responsibilities. The Bank's values underpin our culture, and guide us in how we behave, as well as informing our decisions and our approach.

The Board regularly receives updates and participates in Company events to better understand the culture of the Company and colleagues' priorities.

In 2024/25, these have included:

- regular reports and feedback at Board meetings from the executive management team, in particular the CEO and Chief People Officer, and an annual update from the Bank's Colleague Forum
- attendance at the Company-wide 'One Team' event in Birmingham which included informal networking sessions
- feedback and discussion on the internal engagement survey reports on the Speak-Up policy, compliance and internal control framework, via the Audit and Risk Committees
- regular discussion on culture and emphasis on setting the tone from the top at Board meetings, supported by our Chief People Officer.

Through its regular engagement with colleagues, the Board is satisfied that the Company culture is aligned with the Company's purpose, values and strategy.

Colleague engagement

The Board takes seriously its responsibility to actively engage with colleagues in the Bank. The Board has appointed a Non-executive Workforce Engagement Director (Nat Sloane) who regularly engages with the Company's Colleague Forum, often attending its monthly meeting, and provides updates to the Board on the work of the Forum and the hot topics colleagues have raised.

In 2024/25, Board members have been kept updated, invited to attend the monthly meetings, and have participated in a number of colleague engagement events:

- regular updates from the Non-executive Workforce Engagement Director
- 'Come and Meet the Board' lunches, and 'Breakfast with the Chair' events at both the Sheffield and London offices. Board members also attended lunch with colleagues including with the Workforce Engagement Director
- selected Board members participated in a number of 'Ask me anything' sessions at Town Halls throughout the year to present strategic updates and answer questions in a Q&A session
- selected focus sessions with groups, departments or entities, for example the Company's Colleague Forum.

These activities have kept staff informed on the Company's strategy but also, importantly, allow Board members to hear viewpoints, questions and opinions directly from colleagues.

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External stakeholder engagement and the Board

The Board recognises its responsibility to have regard for the interests of key stakeholders when making long-term decisions that are material to the financial, business and operational success of the Group. For details on the groups that comprise 'Our key stakeholders' (s.172 Statement), see p48 and the table on p96 on how the Board makes decisions for the benefit of members and stakeholders.

The Board appreciates that different stakeholders have different values and priorities and takes this into consideration when making decisions. Examples of Non-executive Director stakeholder engagement are shown in the table opposite.

Board principal decisions

At the start of the new financial year, the Board approves on a rolling basis our five-year Business Plan. The document outlines the Company's operational plan for the delivery of Government-allocated resources and how the Company will meet objectives agreed by our Shareholder.

See the table on the following page for the principal decisions made by the Board in 2024/25.

Our policies and quality of data

On an annual basis, the Board approves the Policy Governance Framework (PGF) which provides the structure and governance arrangements for the Company's policies and standards. The Board approves key policy documents including the Speak-Up policy, Conflicts of Interest, Modern Slavery Statement, Standards of Conduct and Health and Safety.

Speak-Up policy

The Company is committed to maintaining a culture of openness and transparency with the highest standards of honesty and accountability. Speaking up is essential for us to maintain our reputation and success. Also known as whistleblowing, our Speak-Up policy seeks to ensure that all colleagues feel empowered to raise concerns about improper or unethical practices in the workplace, at the earliest opportunity and in confidence. There has been one disclosure under the policy which has been subject to investigation and disclosure to the Audit Committee in 2024/25.

Month	Engagement activity
April 2024	The Chair of the Board attended an SME business finance roundtable and networking lunch in Cornwall and separately the launch of the Cornwall Angel network. This engagement was to help build relationships and awareness of the Bank in the local area and an opportunity to hear from local businesses and the council on a range of issues including how well the the initiatives currently underway on finance and business support reach and support businesses across the county in their startup and scale-up plans and what more we could do to increase the awareness of finance options within small businesses in the area and more broadly.
September 2024	The Chair of the Board hosted two roundtable events with business and finance groups and House of Lords Peers to enhance awareness of the Company's programmes and impact, as well as fostering discussions on pertinent issues related to SME finance.
January 2025	The Chair and other Board members attended the London Stock Exchange to celebrate the Bank's 10th anniversary with some of the Bank's key stakeholders. After the market open ceremony, we hosted a wider group of guests to our Power of 10: 10th Anniversary conference to raise awareness of the Bank's impact over the previous decade and discuss the future of the Bank over the next ten years.
March 2025	NED Jenny Knott delivered the keynote speech at the Pioneer Group Investment Showcase – the audience consisted of businesses pitching, investors, and the wider life sciences community. Businesses attending learnt more about the Bank's existing programmes as well as the Bank's strategy and vision for investment in the life sciences sector.

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2024/25 Board key activities and decisions

Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar

April 2024
- Approval of 2024/25 Business Plan

May 2024
- Board Performance Review Report
- Sustainability update
- Corporate Simplification

July 2024
- Corporate Performance approval
- Annual Report and Accounts approval
- Code of Conduct policy approval
- Board Committee terms of reference (Audit & Risk) approval
- Covid Inquiry core participant application approval
- People Strategy discussion
- Approval of Modern Slavery Statement

August 2024 (ad hoc)
- Regulatory application approval for submission to the FCA for BBB Investment Services Limited

September 2024 (Group Board)
- Operating Model
- British Growth Partnership update
- Board Performance Review Action plan
- Approval of conflicts of interest policy
- Annual General Meeting

October 2024
- Group Board Strategy Day

November 2024 (Group Board)
- British Growth Partnership update
- People and Culture including engagement survey results 2024 and People Strategy discussion
- Colleague Forum presentation to Board
- Board Committee terms of reference (RemCo & GNC) approval
- Board succession
- Policy Governance Framework approval
- Brand architecture approval

January 2025
- Reforms discussion
- Operating Model
- Board appointments
- Remuneration Strategy

March 2025
- People Strategy approval
- Risk Appetite and Risk Management Framework
- Share capitalisation
- Tax strategy approval
- Responsible Investment Policy approval
- Articles of Association and Subsidiary Board memberships

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Principal decisions	Key stakeholders and relevant s.172 considerations	More information
Operating Model	Following a project during 2023/24 to create a more accessible Company for our customers and be more efficient in our operations, the Board approved the roll-out of a new operating model designed to drive improvements in our interactions with all our stakeholders **– smaller businesses, delivery partners and business intermediaries,** as well as internally with the **Company's colleagues** – through identifying core fungible skills, enhancing collaboration and streamlining processes. A key workstream reviewed our current governance and corporate structure and the Board agreed a number of changes including to appoint new Non-executive Directors to the BBB Investment Holdings and BBB Investment Services Boards, and amend the articles of association for a number of the Bank's subsidiary companies (with DBT approval) to reflect the revised remits.	The Board received updates throughout the year on the various workstreams that comprise the project to ensure oversight and timely delivery.
BBB Investment Services Limited	The British Growth Partnership (BGP) was developed through **Government** engagement and will enable us to manage capital on behalf of pension funds and other institutional investors. This required the Bank to establish a regulated entity which is operationally independent. Extensive engagement has taken place with **Government, pension funds and potential investors.**	The Board approved the setting up of a new entity – BBB Investment Services Limited – to support delivery of the British Growth Partnership. BGP's purpose is to encourage more UK pension fund investment into the UK's fastest-growing, most innovative companies. BBB Investment Services Limited is operated under governance arrangements that protect its independence where required. More details can be found on our website: https://www.british-business-bank.co.uk/finance-providers-equity-finance/british-growth-partnership

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Principal decisions	Key stakeholders and relevant s.172 considerations	More information
Spending Review	Following the announcement of the Government's one-year and potential multi-year spending reviews, the Board set out to challenge its ambition for the Bank and its mission. This included defining what the Bank should seek to deliver over the next spending review period. These discussions took place with all key stakeholders in mind and there was extensive engagement with **Government** before submissions were finalised.	The Board discussed the spending review at the September Board meeting, October Board Strategy Day, and January Board ahead of submission to HM Treasury.
The Board took a number of key decisions in relation to the executive management team membership, Board and subsidiary board memberships. **This included being kept updated on the recruitment process and appointment of a Chief Strategy Officer, Chief Investment Officer, and Managing Partner, British Growth Partnership and recruitment for new Board and subsidiary Board members.**	These decisions about senior-level management and leadership impacted all our stakeholders including our relationships with the **Government, colleagues, delivery partners, pension funds** and other **institutional investors,** and the **smaller businesses** we support across the country.	The executive management and board recruitment processes were assisted and supported by executive search consultants Odgers Berndtson (CSO), and Russell Reynolds (CIO, RemCo Chair). The subsidiary board recruitment processes were supported by Private Equity Recruitment and Nurole. All recruitment was also supported by selected members of the Board.

Modern Slavery Statement

We are committed to the abolition of modern slavery and human trafficking. In accordance with section 54 (1) of the Modern Slavery Act 2015, the Board reviews and approves our Modern Slavery Statement on an annual basis.

The statement, published on our website, outlines steps taken to combat the risk of modern slavery in our organisation and supply chain, including procurement measures considered appropriate to the level of risk.

All Company staff are required to complete modern slavery training on an annual basis.

Conflicts of interest

Each Director has a duty under the Companies Act 2006 and the Company's Articles of Association 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. On appointment and on an ongoing basis, Directors must disclose all material and relevant personal or outside interests including any actual, potential or perceived conflict of interest to the Risk and Compliance team.

The Company will review and, where required, will appropriately manage conflicts of interest. At the start of each Board, Board Committee and Executive management meeting, Directors and attendees are reminded of their obligations and asked to declare any changes to their conflict of interest since the last meeting.

Should a conflict be advised, Directors or colleagues are required to recuse themselves from consideration of the relevant matter. The external appointments for the members of British Business Bank plc Board are published as part of their biographies on p83–87 and on their website biographies.

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Quality of data used by the Board

The quality of our data is critical to our day-to-day operations and to our stakeholders that use the information. Our Data Management strategy has refined a scalable data management framework which enables us to manage data lineage through the Company via core systems and delivers valuable business oversight through a centralised Data Management Office.

Every Board meeting receives a Management Information (MI) report presented by the CFO to provide oversight on progress against the annual Business Plan. The MI pack is drawn from several sources including Business Intelligence. It tracks performance of KPIs and key business drivers, and includes product analysis. The Chair and the CEO provide oversight of all reports presented to the Board to ensure that they are of sufficient quality and clarity. In addition, the Chairs of Board Committees meet regularly with Senior Executives to discuss the information and data being presented or published.

Board Performance Review

Good governance practice considers there should be an annual evaluation of Board performance and recommends an independent evaluation of Board performance every three years.

The Board undertook an external Board Evaluation Review (BER) in 2022/23 carried out by Clare Chalmers Limited, who also reviewed the results of our 2023/24 internal BER and undertook a synthesis of the two which resulted in an agreed action plan. The areas of focus are shown in the diagram on the right.

In March 2025, we conducted an internal evaluation of the Board's performance under the same themes used in the 2022/23 and 2023/24 BERs. This approach was taken to easily track year-on-year progress on addressing the previous recommendations.
The evaluation took the form of a questionnaire sent to all Board members and regular attendees. The internal evaluation process concluded that the Board and Committees were operating effectively but identified some recommendations to ensure continuous improvement. The results were presented to the Board in May 2025.

Progress against the 2023/24 external Board effectiveness action plan

The majority of the actions have been delivered and the Board agreed on an implementation action plan to address the outstanding recommendations as outlined in the table on p99.

Board Evaluation focus

- Board and committee papers
- Board composition and culture
- Board oversight
- The Board committees
- Board efficiency
- Stakeholders

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Theme	Feedback from the 2023/24 BER	Actions taken in 2024/25
Board succession planning, training and inductions	Governance & Nomination Committee should keep succession planning under review, perhaps twice per year (including the longer-term view).	Non-executive Directors' terms and composition now reviewed at each GNC meeting to consider both more immediate and longer-term needs.
People and executive succession	Recommendation that all people matters should be a matter for the Board. Executive succession to be discussed by the Board and the Board to take responsibility for overseeing plans for Senior Management inclusive of the Company Secretary and other material roles.	People and Remuneration Committee changed to Remuneration Committee and all people-related items moved to the Board agenda. The Governance and Nomination Committee discussed senior management succession in November 2024 including the executive and senior leadership teams. This is now an annual item on the Committee's agenda planner.
Stakeholders	There should be a two-way flow between the Colleague Forum and the Board – the Board should hear from both the Designated NED and from members of the Forum, who should attend the Board at least annually for a discussion with the Board.	The Board agreed a revised role for the Workforce Engagement Director to ensure it continued to have a good line of sight and communication on key workforce issues. The Colleague Forum now attend the Board annually and all Board members are invited to attend Colleague Forum meetings and lunches with the Workforce Engagement Director.
Learning & development	Consider: online training, training delivered by Management and components delivered by external experts as well as access to bespoke training for individuals.	A Learning and Development Framework was approved by the Board, setting out mandatory topics to be delivered in 2024/25.

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Board Committees

The Board is supported by the activities of its Board Committees which ensure specific matters receive the appropriate level of attention and consideration for effective decision-making. The Board has approved terms of reference for each committee that detail their relevant roles and responsibilities.

Governance and Nomination Committee	Audit Committee	Risk Committee	Remuneration Committee	British Growth Partnership Committee
Chair: Stephen Welton	Chair: Jenny Knott	Chair: Neeta Atkar	Interim Chair: Neeta Atkar (from October 2024)	Chair: Stephen Welton
Reviews the structure, size and composition, including skills, of the Board. It also has oversight of Board and senior management succession planning, and appointments and Group governance matters.	Provides oversight of the financial reporting process including investment valuations. It also oversees the effectiveness of the internal and external audit functions.	Provides oversight of the effectiveness of risk management arrangements (risk: appetite; strategy; management; exposure; and framework) and of the internal control framework.	Determines remuneration policy and packages for Executive Directors and senior managers, and having regard to pay across the Group.	A temporary committee of the Board to help support the implementation of the British Growth Partnership and the Bank's first regulated entity.

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Governance and Nomination Committee

The Governance and Nomination Committee (GNC) Terms of Reference are published on our website.

Other regular attendees by invitation:

- Chief Executive Officer
- General Counsel and Company Secretary
- Chief People Officer.

Interaction with other Committees – the GNC interacts with the Remuneration Committee on senior appointments to the Company, ensuring governance and remuneration matters align.

> "Governance highlights included supporting the simplification of the overall structure of the Group."

Membership and attendance

Member	Committee membership since	Attendance 2024/25
Stephen Welton	October 2023	7 of 7
Neeta Atkar	June 2019	7 of 7
Jamie Carter*	April 2021	2 of 2
Robert Razzell*	July 2024	5 of 5

* Jamie Carter stepped down from the Board on 26 July 2024 and Robert Razzell was appointed from 27 July 2024.

Focus in 2024/25

The year saw the Committee continue to embed its remit, particularly in relation to succession planning for the Board and Executive Team. The Committee oversaw the induction programmes for the new Shareholder Representative Director and Board Fellow, and the successful recruitment and appointment of a number of senior executive and managing directors including the Chief Strategy Officer and Chief Investment Officer. In addition, governance highlights included supporting the simplification of the overall structure of the Group, and review of the annual Board Performance Review and skills survey results.

Focus for 2025/26

As well as implementing the actions from the 2025 internal Board Performance Review, the Committee looks to continue its focus on improving awareness of diversity, equity and inclusion, in addition to tailoring senior management and Board succession planning to meet the changing needs of the Company. We will also be focused on ensuring the new arrangements for the Group's subsidiaries are successfully embedded.

Time commitments

Non-executive Directors' letters of appointment indicate the expected time commitment for the proper performance of their duties as Directors of the Company. This is reconsidered annually by the Chair during each NED's performance review and taken into account when recruiting new NEDs. All Directors make themselves available as required, to meet the needs of the business and to attend other stakeholder engagement events.

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Non-executive Director and Chair succession

The Committee is responsible for Board succession planning across the Group and monitors changes that will occur in the future as Directors reach the end of their terms. With the Chair of the Risk Committee and interim Chair of the Remuneration Committee stepping down in June 2025, the Committee recommended that Matthew Elderfield (NED) be appointed as Chair of the Risk Committee from 1 April 2025 to enable a smooth transition while the previous Chair was still on the Board; the recruitment panel for the new Remuneration Committee Chair included members of the Committee including myself as Chair of the Committee and Bank.

The results of the 2025 Skills Matrix are being used to inform future Board recruitment and appointments.

Director induction

On appointment, all Board members and senior executives undergo a tailored induction programme and have sessions arranged to orientate them to the organisation. The programme includes meetings with peers on the Board and members of the executive management team across the company. An extensive library of background and reference materials is also shared via our Board Portal.

Training and professional development

The results of the 2024/25 refreshed Skills Matrix were reported to the Committee and the Board and will be used to inform the Board learning and development plan for 2025/26. Examples of training carried out in 2024/25 can be found in the table on p103. All Non-executive Directors are able to complete online company-prepared training modules and can request to attend additional external training events via the Company Secretariat.

> "The Committee is responsible for Board succession planning across the Group and monitors changes that will occur in the future."

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Date	Board training	Training type
September 2024	Fraud & Financial Crime, Anti-bribery & Corruption, and Conflicts of Interest	Facilitated by subject matter experts from our Fraud and Financial Crime Team.
December 2024	Data, Information Governance & Information Security	Facilitated by subject matter experts from our Data, Information Governance & Information Security Team.
February 2025	Sustainability	Facilitated by subject matter experts from our Sustainability Team.
March 2025	Artificial Intelligence (AI)	Facilitated by CEO of Entrepreneur First and the Prime Minister's advisor on AI.

The Chair holds annual performance reviews with each Non-executive Director to discuss their performance throughout the year, as well as individual development plans for the year ahead. During the year, all Non-executive Directors have been invited to observe other governance forums at Board sub-committee and subsidiary board level to familiarise themselves with the wider governance forums. Our approach ensures that Non-executive Directors undertake continuous learning about our organisation and are kept up to date on relevant legal, regulatory and financial developments or changes.

Diversity, equity and inclusion (DEI)

The Committee and the Board are committed to promoting DEI across the Company, and recognise that diversity of skills, experience and knowledge contributes towards an effective Board. Our DEI policy applies to both our workforce and our Board, as we want to make sure that the Board is representative of all sections of society.

The Committee's duties include regularly reviewing the structure, size and composition of the Board and evaluating its balance of skills, knowledge, experience and diversity. This includes identifying any gaps arising in year, as well as individual development plans for the year ahead.

The Company supports the FTSE Women Leaders Review (previously the Hampton-Alexander Review) guidance in relation to gender diversity and the Parker Review in relation to ethnic diversity. At financial year-end, the Company's Board was at 33% female representation. The Board has a female Senior Independent Director and a Board Fellow both from an ethnic minority background. The Board will look for opportunities to meet the 40% female representation target by the end of 2025 as part of its ongoing review of Board composition.

Further details of our DEI policy on diversity and inclusion and the gender balance of our senior management and their direct reports can be found under 'Supporting colleagues' on p44–47.

Signed for and on behalf of the Governance and Nomination Committee

Stephen Welton
Chair of the Governance and Nomination Committee

Audit Committee

The Audit Committee's Terms of Reference are published on our website.

All Committee members are independent Non-executive Directors and have significant, recent and relevant financial experience. Refer to p83–87 for their biographies which include their qualification and experience in finance, risk, governance and the financial services sector.

The Committee meets privately with both Internal and External Audit representatives at the end of every meeting.

Other regular attendees by invitation:

- Chair of the Board
- Chief Executive Officer
- Chief Financial Officer
- Managing Director of Internal Audit
- Chief Risk Officer
- Managing Director, Core Finance
- Shareholder Representative observer
- Engagement Director, National Audit Office (NAO).

Interaction with other Committees – the Audit Committee works with the Risk Committee, through an overlap in membership. The Audit Committee Chair is a member of the Risk Committee to ensure that matters of relevance to both committees related to the internal control and Risk Management Framework are cohesive and comprehensive.

Membership and attendance

Member	Committee membership since	Attendance 2024/25
Jenny Knott (Chair)	December 2020	7 of 7
Neeta Atkar	July 2016	7 of 7
Eilish Jamieson	November 2022	7 of 7

Focus in 2024/25

The Audit Committee continued to perform its oversight and advisory duties including for the Internal Audit External Quality Assessment, the delivery of improvement actions arising from the internal programme of Quality Assessment, and the implementation of the new global standards and code of practice from the Chartered Institute of Internal Auditors. The Committee also oversaw all valuations across the British Business Bank plc Group and elements administered by the Bank on behalf of the Department for Business and Trade. Additionally, the Audit Committee conducted a deep-dive session on British Patient Capital Limited's objectives, programmes and performance.

Focus for 2025/26

The focus will remain on the accuracy of valuations, particularly for direct equity valuations given the portfolio's continued expansion and updates to the Covid-19 Loan Guarantee Schemes Valuation Modelling. Additionally, the Audit Committee will oversee preparations for the adoption of ISSB S1 and S2 standards and the implementation of the Internal Audit strategy to ensure the structure, capabilities, processes and tools effectively meet the Bank's needs.

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Monitoring the integrity of financial statements

The Audit Committee has oversight of the preparation of the Company's Annual Report and Accounts and reviews papers from management in support of the going concern and longer-term viability of the Group. This includes oversight of the preparation and approval of financial valuation of the British Business Bank plc Group investment portfolio. The Committee is responsible for and approves on an annual basis the critical accounting judgements, which relate to fair value, and estimates, which are detailed in the notes of the Financial Statements section on p151.

On an annual basis, the Audit Committee discusses the Company's management response to the NAO Management letter on the Group's Financial Statements Audit to be satisfied that the appropriate approach has been taken to address the points raised by the NAO.

Additionally, the Audit Committee has oversight of the audited subsidiary and Regional Funds Annual Report and Accounts.

Internal financial controls, internal control and risk management systems

The Audit Committee works with the Risk Committee to be satisfied that the Group's internal financial control framework is effective and consistent with the Group's risk appetite.

For more details refer to the 'Risk Management' section on p50 and the Risk Committee report on p106.

Internal audit

The Audit Committee oversees the effectiveness of the Company's Internal Audit function. To ensure the function's independence, the Managing Director of Internal Audit reports to both the Chief Executive Officer and the Chair of the Audit Committee. The Managing Director attends all Audit Committee meetings and presents a regular report on findings related to governance, risk management, control weaknesses and management actions.

The Managing Direct of Internal Audit Year End Opinion for 2024/25 reported a 'Moderate' assurance rating for the overall appropriateness and effectiveness of the Company's governance, risk management and internal controls.

The External Quality Assessment (EQA) completed during the year found that the Bank's Internal Audit function was independent, objective, and able to render impartial and unbiased judgements based on the work it performs. The EQA considered the following key areas: Independence & Objectivity, Resources & Competence, Risk-Based Planning & Execution, Stakeholder Engagement, Reporting & Impact and Quality & Continuous Improvement. Based on this assessment, the Board is satisfied that Internal Audit continues to operate effectively and provides appropriate assurance.

External audit

The Audit Committee has oversight of the External Auditors, and the Chair can engage with the NAO Engagement Director outside of formal meetings to discuss any concerns. The Company's Shareholder Relationship Framework requires the Company to engage the external audit services of the National Audit Office (NAO). Therefore, sections of provision 25 and 26 of the Code related to tendering of the external audit service do not apply.

However, the Audit Committee provides time on every meeting agenda to allow for the NAO representative to share any concerns and progress on the annual audit of the financial statements. The NAO does not provide any other services to the Company. These arrangements ensure oversight and independence of NAO's service.

The Audit Committee in September 2024 was satisfied with the performance of the NAO to recommend to the Board its continued appointment as external auditor at the Annual General Meeting.

Signed for and on behalf of the Audit Committee

Jenny Knott
Chair of the Audit Committee

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Risk Committee

The Risk Committee's Terms of Reference are published on our website.

Other regular attendees by invitation:

- Chair of the Board
- Chief Executive Officer
- Chief Financial Officer
- Chief Risk Officer
- General Counsel and Company Secretary
- Managing Director, Risk and Compliance
- Managing Director, Internal Audit
- Engagement Director, National Audit Office.

Interaction with other Committees

- The Risk Committee works in conjunction with the Audit Committee and the Remuneration Committee to ensure matters of mutual interest are considered in a cohesive and comprehensive manner.

Membership and attendance

Member	Committee membership since	Attendance 2024/25
Neeta Atkar (Chair)	July 2016	5 of 5
Jenny Knott	December 2020	5 of 5
Jamie Carter*	April 2021	2 of 2
Matthew Elderfield	November 2022	5 of 5
Robert Razzell*	July 2024	3 of 3

* The Shareholder Representative Director Jamie Carter stepped down from the Board on 26 July 2024 and Robert Razzell was appointed from 27 July 2024.

Focus in 2024/25

The Committee benefited from the ongoing development of the Risk & Compliance function, evolving the Bank's approach to the management and measurement of risk, reflecting the Bank's Operating Model changes and supporting strategic delivery of the Bank's mandate. Improvements included an upgraded operational risk management reporting system, a refreshed risk and control library and enhanced key performance and risk metrics.

Given ongoing challenges posed by the macroeconomic and geopolitical environment, the Committee oversaw updates to the Bank's scenario modelling and enhanced reporting of credit and investment portfolio risk, reflecting potential downside risks and additional stress testing on the Bank's Profit & Loss and Expected Credit Loss models.

The Committee continued its oversight of the Bank's assurance programme of the Covid-19 loan schemes, ensuring delivery partners administer the schemes effectively and in line with their contractual obligations.

The Committee considered the Bank's proposed response to HMT's proposals for a Financial Transaction Control Framework which seeks to reform the fiscal framework for managing the Government's financial investments.

The Bank has engaged extensively with key stakeholders to understand the potential implications for the Bank's risk measurement approach and to help evolve the Framework to support HMT's objectives.

Given our ongoing customer focus, the Committee received an annual assurance update of the work undertaken by our Customer Relations Team.

In addition, the Committee considered a range of thematic risk deep-dive reports relating to portfolios such as Challenger Banks, SME Debt Fund investment, and Asset Finance set against the backdrop of ongoing economic challenges and how the Company could respond to ensure continued support for smaller businesses.

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Focus for 2025/26

Ahead of my stepping down in June 2025 from the Board and as Chair of the Risk Committee after nine years, the Committee welcomed Matthew Elderfield as the new Chair from 1 April 2025.

The Committee expects to focus on:

- overseeing the delivery of the Bank's reforms package in order to ensure optimised delivery within approved risk appetites
- preparing to deliver any commitments allocated to the Bank as part of the Government's multi-year spending review
- delivering the risk measurement and modelling requirements of the Financial Transaction Control Framework
- embedding the Operating Model, roll-out of BGP and establishment of BBB Investment Services as a regulated subsidiary and any associated risk impacts, ensuring appropriate controls and oversight
- continuing to embed the recent enhancements to financial and non-financial risk management, taking account of the changes to the Bank's activities and wider developments in geopolitical risk.

Risk management and internal control systems

The Risk Committee recommends to the Board on an annual basis the appropriateness of the Risk Management Framework. This year, changes were recommended to the risk taxonomy and risk assessment matrices. The Risk Committee receives assurance that the Company's risk management and internal control systems are operating effectively across the Company.

During the year, the Company also enhanced its key internal controls by developing a Controls Assessment Framework, providing greater consistency in control effectiveness testing and improving prioritisation of actions to enhance the residual risk profile. For more details on how the Company considers emerging and principal risks, please refer to the Risk management framework and developments section on p50.

Signed for and on behalf of the Risk Committee

Neeta Atkar MBE
Chair of the Risk Committee

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Remuneration Committee

The Remuneration Committee (RemCo) Terms of Reference are published on our website.

Other regular attendees by invitation:

- Chair of the Board
- Chief Executive Officer
- Chief Financial Officer
- Chief People Officer
- Reward Director
- Independent Remuneration Consultant (as required).

Interaction with other Committees

- The Committee works with the Governance and Nomination Committee and the Board Risk Committee to ensure matters of mutual interest are considered in a cohesive and comprehensive manner. It also worked with the BGP Committee this year to develop an appropriate remuneration framework for employees working on the British Growth Partnership.

Focus in 2024/25

Building on the recommendations in the recent Board Performance Reviews, the Committee re-focused its activities on remuneration matters only, reserving to the Board wider people strategy matters.

Following a procurement exercise, the Committee appointed new external remuneration consultants – Deloitte LLP. There is no other connection Deloitte has with the Company or individual directors.

The Committee reviewed the existing good and bad leaver terms and some initial proposals to ensure the Bank's provisions are market aligned. The Committee anticipates this work to be taken forward with the input of Deloitte and concluded in 2025/26.

The Committee monitored the utilisation and forecasted pipeline for the use of any senior pay threshold exemption slots, including the expected impacts and requirements of the British Growth Partnership, to ensure the Bank remained within its allocated number.

Membership and attendance

Member	Committee membership since	Attendance 2024/25
Neeta Atkar (Interim Chair)	October 2024	7 of 7
Robert Razzell*	July 2024	7 of 7
Eilish Jamieson	June 2024	8 of 8
Nat Sloane	March 2020	9 of 10
Barbara Anderson* (Chair until October 2024)	December 2021	3 of 3
Jamie Carter*	April 2021	3 of 3

* Barbara Anderson stood down from the Board on 13 October 2024. Jamie Carter stood down on 26 July 2024 and Robert Razzell was appointed from 27 July 2024.

The Committee oversaw the development of a new remuneration framework for employees working on the British Growth Partnership, in line with the parameters agreed with the Government.

Focus for 2025/26

Ahead of my stepping down in June 2025 from the Board after nine years and as interim Chair of the Remuneration Committee, a new NED, Julia Bond, was appointed to take on the role of Chair of the Remuneration Committee from 1 July 2025.

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Following Board approval of a three-year People Strategy for the Bank, the Committee will be focused on ensuring the elements relating to remuneration are appropriately embedded across the organisation and continuing to ensure the Bank has the appropriate remuneration policies and procedures in place to attract and retain talent and deliver the Bank's objectives. Going forward, the Committee is planning to review the remuneration framework to ensure that it remains fit for purpose given the evolution of the Bank's role and objectives over the last ten years.

For more information on the Company's approach to remuneration for the Group's employees and Directors for 2024/25, please refer to the Directors' Remuneration Report on p110–118 and Annual report on remuneration on p119–124.

Signed for and on behalf of the Remuneration Committee

Neeta Atkar MBE
Chair of the Remuneration Committee

British Growth Partnership Committee

This is a temporary committee established to oversee and advise on the establishment and delivery of the BGP and the Bank's first regulated entity to help crowd in greater long-term institutional investment to support growth across the economy.

Other regular attendees by invitation:

- Chief Executive Officer
- Chief Financial Officer
- Hazel Moore (NED – British Patient Capital Limited)
- Managing Partner, British Growth Partnership
- Chief Investment Officer
- Managing Director, British Growth Partnership
- Managing Director, Legal
- Ernst & Young delivery partners.

Focus in 2024/25

- Approved the proposed vehicle structure and Investment and Allocation Strategy.
- Recommended the Regulatory Business Plan application for approval to the Board ahead of submission to the Financial Conduct Authority.
- Considered the Fund Concept document to be used in engagement with potential investors.
- Considered the required governance structures including recommendation to the Board for the creation of a new entity BBB Investment Services Limited.

Membership and attendance

Member	Attendance 2024/25
Stephen Welton (Chair)	14 of 14
Robert Razzell*	8 of 8
Jamie Carter*	5 of 6
Eilish Jamieson	14 of 14

* Jamie Carter stepped down from the Board on 26 July 2024 and Robert Razzell was appointed from 27 July 2024.

Focus for 2025/26

- As a temporary committee we anticipate this forum will be wound up during the year and key decisions considered by the newly formed governance in place including the Board and other relevant governance forums.

Signed for and on behalf of the British Growth Partnership Committee

Stephen Welton
Chair of the British Growth Partnership Committee

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Directors' remuneration report

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the British Business Bank for the year ended 31 March 2025.

This report outlines the approach taken by the Remuneration Committee to ensure that the Bank's remuneration framework remains aligned with our strategic objectives, regulatory requirements, and the expectations of our stakeholders.

The Bank operates in a competitive market for talent, and our remuneration approach is designed to attract, retain and motivate employees to deliver our mission. The Remuneration Committee's oversight ensures that the Bank offers competitive and balanced reward packages.

At the same time, we recognise the responsibility that comes with being a publicly owned institution, and we remain committed to ensuring that remuneration is fair, proportionate, and aligned with the long-term success of the organisation, particularly at the Executive level. The Remuneration Committee considers this reward in its broadest sense in the context of our Employee Value Proposition (EVP).

Following a review of market benchmarking, The Committee approved a two-year approach to use existing budget to recalibrate salaries for those front line roles which were behind market lower quartile whilst ensuring the Bank remained within the senior pay control framework.

As part of the Committee's commitment to independent impartial advice the Committee appointed and onboarded new external remuneration consultants, Deloitte.

The Committee approved a review of the Bank's Long Term Incentive Scheme led by its external adviser Deloitte. Ahead of the review being complete, the Committee agreed the current LTIP should be put into abeyance and approved an alternative interim arrangement for 2024/25.

The Bank continues to establish a new investment vehicle (British Growth Partnership) expanding its commercial capability, and unlocking pension capital for UK investment. As part of that process, a new Remuneration Framework for employees working on the British Growth Partnership was developed within the parameters agreed by Government.

Key considerations and decisions taken by the Committee this year

Base pay

The Committee approved across the Board salary increases for all eligible colleagues in 2024/25 of at least 2.8% in line with the Bank's budget. The year 2024/25 was the final year of the Bank's current three-year Spending Review.

For reference, our median CEO pay ratio for 2024/25 is 6:1, very much at the lower end of the range of ratios reported by other organisations.

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Long-Term Incentive Plan

In accordance with the rules of the Long-Term Incentive Plan (LTIP), awards were assessed for the corporate performance element of the scheme over the three-year cycle ending 31 March 2025. Based on the performance of the Bank against its key performance indicators (KPIs) and considering the broader context, the Committee concluded an award of 81% of the maximum was appropriate. Further details of awards for the Senior Executives are set out later in this report.

"We will continue to monitor external market trends, regulatory developments and workforce expectations."

Other key decisions made by the Committee and recommended to the Board during the year were:

- pay-out level determined for the Bank's Performance Bonus Plan (year ended 31 March 2025)
- awards under the personal element of the Bank's Long-Term Incentive Plan (LTIP) agreed for members of the Bank's Executive Committee (year ended 31 March 2025).

In summary, our key challenge is still to attract and retain talented and experienced individuals who might choose to work elsewhere. Looking ahead to 2025/26, we will continue to monitor external market trends, regulatory developments and workforce expectations to ensure our remuneration approach continues to be fit for purpose given the Bank's evolving mandate.

Neeta Atkar MBE
Interim Chair of the Remuneration Committee

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Overview

The Remuneration Report is divided into two parts:

1. Policy on Executive Directors' and senior management's remuneration.
2. Annual report on remuneration outlining how the policy has been applied including details of remuneration for the senior team.

Those sections of the report that have been audited by the National Audit Office have been identified as such.

> "The Committee members bring with them a range of expertise from diverse backgrounds."

The role of the Remuneration Committee

A key role of the Remuneration Committee is to provide robust, independent governance for executive remuneration, to ensure that reward for the Bank's Executive Team:

- supports the Bank's long-term business strategy and values
- enables the Bank to recruit, motivate and retain talented individuals with appropriate skills and experience
- links executive reward to the Bank's performance against its long-term Business Plan.

Membership of the Remuneration Committee

Barbara Anderson	Chair until October 2024
Neeta Atkar	Chair since October 2024
Jamie Carter (Shareholder Representative)	Member until July 2024
Robert Razzell (Shareholder Representative)	Member since July 2024
Nathaniel Sloane	Member since March 2020
Eilish Jamieson	Member since June 2024

The Committee members bring with them a range of expertise from diverse backgrounds, designed both to support the Bank in its governance framework and to facilitate the relationship with the Shareholder. Informal discussion between Committee members and the Executive has also added value to the Bank's remuneration policy and practice. Only members of the Committee and the Chair of the Board have the right to attend Committee meetings.

The Chief Executive, the Chief Financial Officer, the Chief People Officer and the Senior Director, Reward & HR Operations were invited to join meetings, but not where their own remuneration is the subject of discussion. Independent remuneration consultants were also invited to attend meetings as required.

A member of the Company Secretary Team acts as Secretary to the Committee.

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Table 1: Remuneration policy 2025/26

The table below sets out the Bank's remuneration policy for 2025/26:

Element	Operation, opportunity, and performance framework
Base salary	
Objective To provide a competitive level of pay sufficient to attract and retain talent, and reflecting the skills and experience required for the role	The Bank's objective is to provide a competitive level of pay sufficient to attract and retain talent, and reflecting the skills and experience required for a role. Base pay is a fixed component of total remuneration. Base salaries are reviewed annually considering the nature of the role and responsibilities. Roles are benchmarked against relevant comparator organisations in the public and private sectors. The Remuneration Committee also considers the external environment and views of the Shareholder. Our base pay levels represent a sufficiently high proportion of total remuneration to ensure the operation of our variable remuneration incentives is fully flexible and allow for the possibility of awarding no variable remuneration. Any Executive Director salary increases in percentage terms will normally be in line with increases awarded to other colleagues but may be higher in certain circumstances, such as where: – there has been an increase in the scope or responsibility of an Executive Director's role – a salary or overall reward is out of line with market positioning given the size and scale of the Bank – a role is pivotal for delivery of the objectives of the Bank – retention of an individual is determined to be key, e.g. for reasons of business continuity or corporate knowledge.

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Table 1: Remuneration policy 2025/26 (continued)

Element	Operation, opportunity, and performance framework
Variable remuneration	
Objective To reward colleagues for their personal performance against objectives and our values, as well as their shared accountability for the Bank's sustained performance against its strategic goals	The Bank's variable remuneration includes bonuses, long-term incentive plans (LTIPs), and other performance-based awards. Our variable incentive schemes are designed to align with the Bank's risk appetite, long-term strategy, and regulatory requirements. When determining the appropriate ratio of fixed to variable pay, the Bank considers: – Market Benchmarks – analysis of industry standards and competitor remuneration to maintain competitiveness – Risk Management – potential impact of financial stability, ensuring that remuneration does not encourage excessive risk taking – Regulatory Compliance – adherence to FCA regulations and applicable legal frameworks – Investor Expectations – balancing fair reward with investor interests and long-term sustainability – Financial Health – ensuring the ratio aligns with the overall Bank's capital and liquidity profile. Deferral, malus and clawback provisions apply to ensure accountability and prudent risk management. The circumstances in which malus and clawback provisions can be used are individual misconduct, material misstatement of financial results, and significant downturn in company financial performance. Malus periods typically extend from 'grant' to the date of vesting or payment, and the recovery provisions apply for seven years from the start of the performance period. Non-executive Directors do not participate in any of the Bank's variable incentive schemes. Please refer to appendices on p114 for details of the Bank's variable incentive plans.

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Table 1: Remuneration policy 2025/26 (continued)

Element	Operation, opportunity, and performance framework
Pension and other benefits	
Objective To provide a range of flexible and market competitive benefits that are valued and support colleague wellbeing. To encourage planning for retirement and long-term savings	The Bank's objective is to provide a range of flexible and market competitive benefits that are valued and support colleague wellbeing. The benefits package is reviewed periodically and may contain elements such as a defined contribution pension scheme, health and wellbeing support, life assurance and income protection insurance, employee assistance programmes and a range of flexible benefits.
Loss of office payments	
Objective To provide fair but not excessive contract features	The Bank does not offer any terms other than, where applicable, statutory redundancy for loss of office within service contracts. Executive Directors and the senior team are on six months' notice either side. Provision may be made for payment in lieu of notice, where this is deemed to be in the interest of the business. Any situation will be considered by the Remuneration Committee on its merits. Should an individual be considered a 'good leaver' under the LTIP rules, an appropriate portion of their LTIPs may, at the discretion of the Remuneration Committee, be retained. All termination payments are subject to Cabinet Office Guidance.
New Executive Director remuneration	
Objective To attract and retain high-calibre senior leaders	Remuneration for any new appointments is determined in accordance with this policy. The same approach is taken with respect to internal and external appointments. The Bank does not offer any sign-on payments.
Colleague recognition	
Objective To celebrate and reinforce actions and behaviours aligned to the Bank's values	To celebrate and reinforce actions and behaviours aligned to the Bank's values, it operates an online recognition platform that facilitates recognition between colleagues for actions and behaviours that typify the Bank's values: Collaborative, Committed and Creative. A nominal financial recognition can be awarded in exceptional cases, delivered in the form of e-vouchers. All nominations are subject to line manager approval.

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Remuneration policy 2025/26 – appendix

British Business Bank Short-Term Incentive Plan

The purpose of the British Business Bank Short-Term Incentive Plan (BBB STIP) is to reward colleagues for their personal performance against objectives and our values, and to enable all colleagues to share in the Bank's success.

All permanent colleagues who are not members of the ExCo LTIP participate in the British Business Bank Performance Bonus Plan. The plan provides an opportunity for eligible colleagues to be rewarded for their personal contribution during the bonus year, as well as to participate in the Bank's corporate success over the same period.

Bonus payments are made up of a Personal and a Corporate element, and are calculated as follows:

- the Personal element reflects personal contribution during the year and is determined by the performance rating agreed as part of the year-end performance review
- the Corporate element is based on an assessment by the Board of the Bank's achievement against its strategic objectives during the bonus year. This element represents a recognition of the commitment and effort that colleagues collectively have put into delivering the Bank's objectives
- individual award levels are calculated by reference to salary and vary according to seniority. Colleagues must have worked for at least three months of the bonus year.

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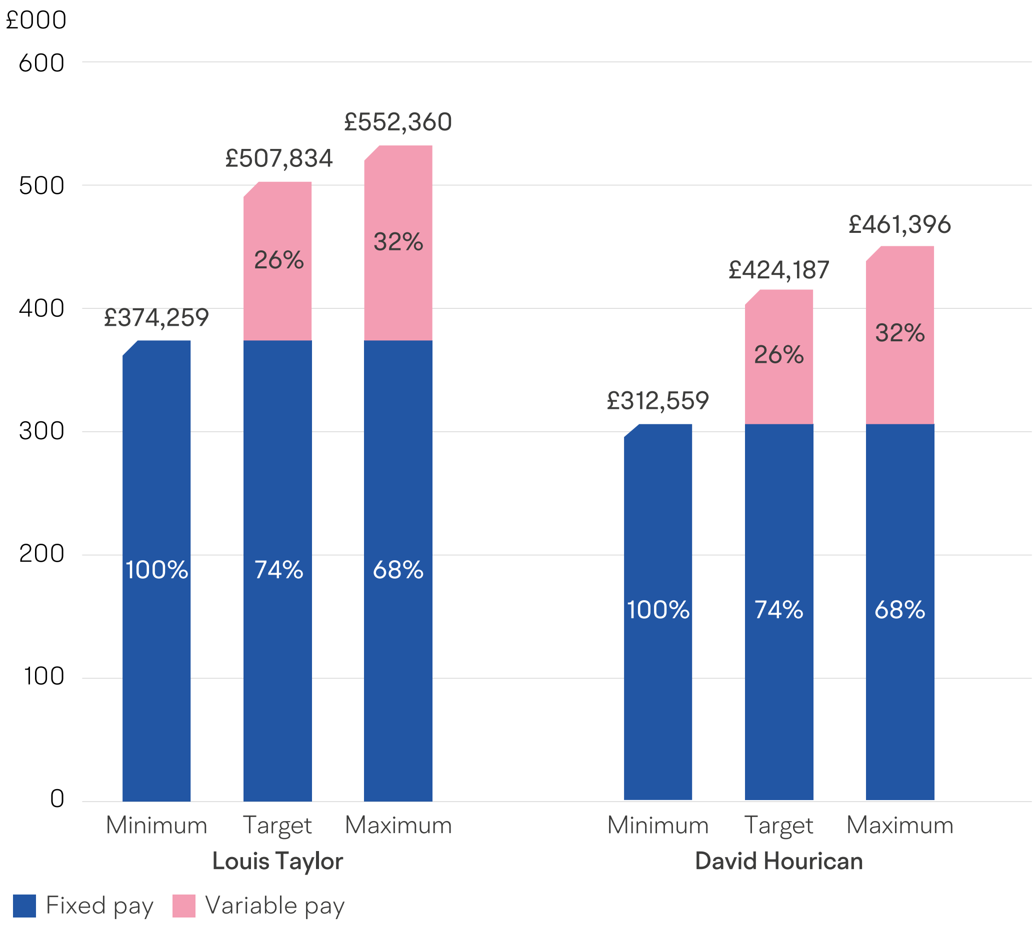
Table 2: Scenarios chart: Ranges for Executive Director remuneration

The following chart shows how Executive Directors' remuneration could vary according to performance and assumes that the Directors are employed by the Bank for a whole financial year. The variable pay element is measured over a three-year period and is paid out after the end of the third year, subject to continued employment or 'good leaver' status.

Notes

1. Minimum = Fixed pay only.
2. Target = Fixed pay plus 75% vesting of the LTIP.
3. Maximum = Fixed pay plus 100% vesting of the LTIP.
4. Fixed pay = Salary and cost of any taxable benefits and employer pension.



External appointments

Executive Directors may be invited to become Non-executive Directors in other companies. These appointments can enhance their knowledge and experience to the benefit of the Bank. It is the Bank's policy that Board approval is required before any external appointment may be accepted by an Executive Director and they are not permitted to be paid twice for the same time. During the year, Louis Taylor served on the Board of Trustees at Sightsavers International and was a member of its Audit Committee. Louis was not remunerated for the activity.

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Non-executive Directors

The Chair and the Non-executive Directors do not have service agreements with the Bank. Non-executive Directors are appointed under letters of appointment which provide for an initial term of service of three years. The appointment of a Non-executive Director can be terminated by either party, giving written notice. Any increases in fees are subject to Shareholder approval. There is no provision for compensation for loss of office.

The current dates of appointment for the Non-executive Directors are shown in the Corporate Governance Statement.

The terms and conditions of appointment of the Non-executive Directors are available for inspection at the Bank's registered office.

The fee levels paid to the Non-executive Directors reflect the time commitment and responsibilities and are approved by the Shareholder.

The Board reviews the amount of each component of the fees on a periodic basis to assess whether they remain competitive and appropriate considering changes in the roles, responsibilities or time commitment of the Non-executive Directors. In accordance with common practice, Non-executive Directors are reimbursed expenses incurred in performing their role.

Table 3 sets out the key elements of the Bank's remuneration policy for the Chair and other Non-executive Directors.

Table 3: Remuneration policy for Non-executive Directors

Element	Operation, opportunity, and performance framework
Basic fee – Chair	
Remuneration is in the form of an annual cash fee, in line with practice in the UK	The Chair's fee will be reviewed from time to time by the Remuneration Committee
Basic fee – Non-executive Directors	
Remuneration is in the form of an annual cash fee, in line with practice in the UK	Non-executive Director remuneration is kept under review by the Chair and Executive Directors. Any recommendations are subject to Board and Shareholder approval, and Non-executive Directors not voting on their own remuneration. Additional fees are paid to the Senior Independent Director and Chairs of the Audit, Risk, and Remuneration Committees, in recognition of the additional time spent on their committee activities. This is in line with UK practice generally.

Further approval

The approval of, or material variation to, the remuneration, the terms and conditions on which such remuneration is to be paid, or the terms of employment or engagement of any Director of the Bank or any Non-executive Director of any other of the British Business Bank Group entities requires the prior written consent of the Secretary of State for the Department for Business and Trade.

Consideration of employment conditions elsewhere in the Bank

The Remuneration Committee has responsibility for the remuneration policy for all employees of the Bank. As a general rule, employment conditions for Directors are no more favourable than for other employees, although where appropriate to the scope and nature of their responsibilities, or to prevailing practice in the external market, elements of the reward package or other employment terms may be different: for example, the LTIP structure in place for Directors and other members of the Executive Committee, or the longer notice periods for Directors. With the exception of pension arrangements, the Bank does not formally consult with its employees on remuneration or employment conditions.

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Annual report on remuneration

This part of the report sets out how the Bank's remuneration policy has been implemented during 2024/25 and has been prepared in accordance with Part 3 of Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Amendment Regulations 2013.

Single total figure of remuneration

Details of the total remuneration paid to Executive Directors for each of the years 2023/24 and 2024/25 are shown in separate tables in the following section.

Table 4: Executive Director remuneration (audited)

	Year ended 31 March 2025					
	Salary £000	Taxable Benefits £000	Pension Payments (including cash supplements) £000	Total Fixed Pay £000	Long-Term Incentive Plan £000	Total £000
Louis Taylor	356.2	0.2	17.8	374.2	86.6	460.8
David Hourican	297.7	0.0	14.9	312.6	60.5	373.1
Patrick Magee	0.0	0.0	0.0	0.0	13.6	13.6
Phil Piers	0.0	0.0	0.0	0.0	53.1	53.1
Catherine Lewis La Torre	0.0	0.0	0.0	0.0	36.1	36.1
Total	**653.9**	**0.2**	**32.7**	**686.8**	**249.9**	**936.7**

Notes

1. For the year ended 31 March 2025, the salary, pension & taxable benefits values, as shown in the table, show pay received for the period for which they were an Executive Director at the Bank. As it was not practical to apportion LTIP payments in the same way, the figures in the table reflect the total amounts that vested in the year.
2. Patrick Magee left the Bank on 30 June 2022. Phil Piers left the Bank on 23 December 2022. Catherine Lewis La Torre left the Bank on 31 December 2023.
3. Executive Directors are not eligible for annual incentive payments.
4. Executive Directors receive death-in-service and illness income protection benefits which are non-taxable.
5. A health cash plan benefit is included under taxable benefits for the relevant portion of the year.

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Total pension entitlements

The pension payments shown in Table 4 are the total employer contributions made on behalf of each Director during the year.

All Directors are eligible for the Bank's defined contribution pension plan. The maximum employer contribution is set individually for each Director and is no higher than the maximum employer contribution available to employees below Board level.

On leaving the Bank's service for any reason, Directors are eligible to retain their accrued benefits within the scheme on the same basis as all other employees.

Performance assessment for LTIP Cycle 9

LTIP Cycle 9 vested on 31 March 2025, covering the three-year period from 1 April 2022 to 31 March 2025. Awards under the scheme were based on both Corporate and Personal performance. In relation to the Corporate performance award under the scheme, the following summarises the Bank's outcomes against KPIs for each of the last three years:

Performance year 2022/23

Of the four 2022/23 quantitative KPIs, the Bank exceeded target on three and met target on one. These KPI calculations have been independently validated by Internal Audit. Note that for 2022/23 the Awareness and Behaviour quantitative KPI was paused to reflect the decision to reprioritise spend elsewhere and scale back demand activity.

The Bank provided relevant reports to inform the assessment of performance on its six qualitative KPIs in 2022/23. No opinion was provided to the Board in relation to this assessment.

The Corporate performance pay-out agreed by the Board for the Performance Bonus Plan for 2022/23 was 80%.

Performance year 2023/24

The Bank achieved or exceeded target against all four of its strategic objectives' KPIs in 2023/24.

Through the six organisational enablers, the Bank has demonstrated it has the capabilities to deliver on its mission and the strategic objectives.

The Corporate performance pay-out agreed by the Board for the Performance Bonus Plan for 2023/24 was 82.5%.

> "All ten of the Bank's KPIs were either met or exceeded their respective targets."

Performance year 2024/25

In line with 2023/24, the Bank assessed against a framework of ten KPIs; four strategic objectives and six organisational enablers.

For 2024/25, all ten of the Bank's KPIs were either met or exceeded their respective targets, demonstrating that the Bank has the capabilities to deliver on its mission and the strategic objectives.

The Corporate performance pay-out agreed by the Board for the Performance Bonus Plan for 2024/25 was 85%.

Considering performance against KPIs over the 3-year period (2022/23, 2023/24 and 2024/25), the Bank's Board determined that a Corporate performance pay-out of 81% of the maximum award is appropriate.

The table overleaf provides a breakdown of the LTIP payments included in the single total figure of remuneration for the year ended 31 March 2025.

Table 5: LTIP Cycle 9 awards made to Executive Directors

	Potential Award £000	Performance Award	Actual Award £000
Louis Taylor			
Personal Performance	41.3	75.0%	30.9
Corporate Performance	68.8	81.0%	55.7
Total Award	**110.1**		**86.6**
David Hourican			
Personal Performance	22.5	80.0%	18.0
Corporate Performance	52.5	81.0%	42.5
Total Award	**75.0**		**60.5**
Patrick Magee			
Personal Performance	13.4	75.0%	10.0
Corporate Performance	4.5	81.0%	3.6
Total Award	**17.9**		**13.6**
Phil Piers			
Personal Performance	52.0	75.0%	39.0
Corporate Performance	17.3	81.0%	14.1
Total Award	**69.3**		**53.1**
Catherine Lewis La Torre			
Personal Performance	0.0	0.0%	0.0
Corporate Performance	44.5	81.0%	36.1
Total Award	**44.5**		**36.1**

Notes

1. The Personal and Corporate awards in the table relate to LTIP Cycle 9.
2. The Personal awards relate to 2022/23 performance.
3. The Corporate awards relate to the three-year period ending 31 March 2025.
4. Patrick Magee, Phil Piers and Catherine Lewis La Torre remain eligible for payments under LTIP Cycle 9 despite no longer working for the Bank.

Non-executive Directors' remuneration

Non-executive Directors receive remuneration in the form of a fee. Details for each of the years 2023/24 and 2024/25 are shown in Table 6.

The base fee for Non-executive Directors is £26,375 and the base fee for the Senior Independent Director is £42,220.

Individuals receive an allowance of £5,270 for chairing a committee. There are no additional fees payable for individual committee membership.

However, Non-executive Directors are reimbursed expenses incurred in performing their role, and where applicable these amounts are included as fees in the table below.

Table 6: Non-executive Director remuneration (audited)

	Total Fees 2024/25 £000	Total Fees 2023/24 £000
Stephen Welton (Chair of Board)	120.0	58.8
Neeta Atkar	49.9	45.9
Barbara Anderson[1]	16.9	30.6
Jamie Carter[2]	NIL	NIL
Matthew Elderfield	26.4	25.5
Eilish Jamieson	26.4	25.5
Jenny Knott	31.6	30.6
Robert Razzell[3]	NIL	NIL
Nathaniel Sloane	26.4	25.5

Notes

1. Barbara Anderson left on 13 October 2024.
2. Jamie Carter left on 26 July 2024.
3. Robert Razzell was appointed on 27 July 2024.

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Scheme interests awarded during the financial year

Executive Directors and other senior colleagues are invited to participate in the Bank's Long-Term Incentive Plan. There is no annual bonus plan for this group. The table opposite shows interests awarded to Executive Directors during 2024/25. Awards are worth up to a maximum of 50% of salary. Any pay-outs are in the form of cash and are subject to performance and other conditions.

The Personal element of the award was assessed over the 2024/25 performance year, with payment deferred for 24 months. The Corporate element will be assessed over the three-year period ending 31 March 2027. For Executive Directors, the Personal and Corporate elements of this award will both normally be paid in August 2027, subject to vesting conditions being satisfied.

Table 7: LTIP Cycle 11 awards to Executive Directors

	Year ended 31 March 2025						
	Type of interest	Total face value of award (% of salary)	Total face value of Personal award £000	Total face value of Corporate award £000	Total face value of award £000	Percentage of Corporate award for reaching threshold targets	End of Corporate performance period
Louis Taylor	Cash LTIP	50%	89.1	89.1	178.2	50%	31 March 2027
David Hourican	Cash LTIP	50%	74.4	74.4	148.8	50%	31 March 2027

Group targets for LTIP Cycle 11 (1 April 2024 – 31 March 2027)

To ensure that targets for the Group element of LTIP Cycle 11 remain relevant and challenging throughout the three-year Business Plan cycle, the Board's agreed Stretch targets for each of the Bank's KPIs from the 2024/25 Business Plan form the basis of the targets set for the first year of the three-year Corporate performance period for this LTIP cycle. Targets for the second and third years of this LTIP cycle will be set at the beginning of each of these years. The Business Plan targets for 2024/25 can be found on p118–119 of the Annual Report and Accounts.

Malus and Clawbacks

The Bank has not implemented its Malus and Clawback provisions in the current year.

Payments to past Directors

Payments were made to Phil Piers, Patrick Magee and Catherine Lewis La Torre in the current year.

Percentage changes in CEO/colleague pay

Louis Taylor received a salary increase of 5.0% in 2024/25 in line with the average salary increase applied to eligible colleagues under the annual salary review process.

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Table 8: Pay ratio of the CEO's total remuneration compared to other colleagues

Year	Method	Lower quartile pay ratio	Median pay ratio	Upper quartile pay ratio
2025	Option A	8:1	6:1	4:1
2024	Option A	7:1	5:1	4:1
2023	Option A	7:1	5:1	3:1
2022	Option A	9:1	6:1	4:1
2021	Option A	12:1	8:1	5:1
2020	Option A	10:1	6:1	4:1

The table and accompanying notes set out, for the year ended 31 March 2025, the ratio between the CEO's total single figure of remuneration and total remuneration for all colleagues at the lower quartile, median and upper quartile.

Option A has been used to calculate the lower quartile, median and upper quartile total remuneration for all colleagues, excluding the CEO. The elements of remuneration used for this calculation were as follows:

- Full-time-equivalent (FTE) salary as at 1 January 2025
- Total bonus awarded or total LTIP awards payable in respect of the year ended 31 March 2025
- Total employer pension contribution (calculated as the % in payment as at 1 January 2025 and applied to FTE salary)
- CEO total remuneration has been calculated by reference to the combined single total figure of remuneration for the year ended 31 March 2025
- The median pay ratio of 6:1 is low compared to other organisations, consistent with the Bank's obligation to deliver value-for-money as a public sector body.

Table 9: Relative importance of spend on pay

Year	Total revenue £000	Total remuneration £000	%
2024/25	226,127	71,591	32%
2023/24	18,626	64,565	347%
2022/23	-1,614	59,945	0%
2021/22	786,562	49,924	6%
2020/21	413,514	36,931	9%

No dividends have been paid by the Bank, so we have set out above the percentage of total net operating income represented by total remuneration compared to previous years, to illustrate the relative importance of spend on pay.

Turnover represents net operating income which is largely driven by fair value movements on investments in the year. The year 2022/23 was negative, reflecting the reversal of previous unrealised gains, hence a figure of nil is used in the table above.

Implementation of the remuneration policy for 2024/25

For 2024/25, the Bank processed salary increases for all eligible colleagues in line with the salary budget outlined in the Bank's Business Plan.

The Bank's performance-related bonus and LTIP arrangements accrued in respect of the year 2024/25 have been paid as normal.

External advisors

The Remuneration Committee uses advisors for the provision of remuneration advice. During the year, Deloitte provided advice to the Committee on executive remuneration matters for a fee of £25,000, and Aon McLagan, Willis Towers Watson and MM&K provided benchmarking data for fees of £46,180, £25,555 and £2,500, respectively. None of these advisors has any connection with the Bank.

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Directors' report

The Directors present their report for the audited financial statements of British Business Bank plc and its subsidiaries (the 'Company' or 'Group') for the year ended 31 March 2025.

The following additional information including the Governance report, required by regulation and in accordance with the Companies Act 2006, is incorporated by reference into this report:

- our Governance report including our Corporate Governance Statement and further information on our Board can be found on p78–109, and is incorporated by reference and should be read as part of this report
- a description of the principal activities of the Group during the course of the period, an indication of likely future developments in the business and the key operational and financial risks the Company is exposed to are all included in the Strategic Report on p18–77
- details on sustainability and the Company's approach to ESG and greenhouse gas emission reporting is included in the Climate-related Financial Disclosures section on p58–68
- information on our gender pay gap, and our actions on colleague engagement can be found in the 'Supporting colleagues' section on p44–47. We have also included Board engagement with the Company's colleagues under 2024/25 Board activity on p93
- information about the use of financial instruments by the Company and its subsidiaries is given in note 23 on p177–192, how the Company manages its risks in relation to financial instruments is explained in note 23 on p177–192 and details of significant post-balance sheet events are contained in note 25 to the financial statements on p193
- the review of Executive Director performance is contained in the 'Annual report on remuneration' on p119–124.

Directors

Details of the Board of Directors in post as of 31 March 2025 have been provided in the Governance report on p83–87 and include details of other significant directorships.

Details of Directors' remuneration can be found in the Directors' remuneration report on p110–118.

Appointment and retirement of Directors

Almost all Directors are appointed for fixed terms, which may be renewed, with the exception of the Shareholder Representative Director who is an appointee of the Secretary of State for Business and Trade.

Each Director will offer themselves for election or re-election at the Company's AGM. The process for the appointment and replacement of Directors is determined by our Shareholder Relationship Framework and Articles of Association. See the Governance report for more details on p78–109.

Barbara Anderson stepped down as NED and Chair of the Remuneration Committee following the conclusion of her term on 13 October 2024. Shareholder Representative Director Jamie Carter stepped down from the Board on 26 July 2024 and was replaced by Robert Razzell who stepped down from the board on 4th July 2025.

Articles of Association

The Company's Articles of Association may be amended by a special resolution at a General Meeting of the Shareholder.

Department for Business and Trade

The Company is an arm's length body of the Department for Business and Trade (DBT).

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Dividends

No dividends have been paid or proposed for the year ended 31 March 2025.

Directors' indemnities

The Company has granted indemnities to certain of its Directors in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors to the extent permitted by law and the Company's Articles of Association.

The Company provides Directors' and Officers' liability insurance. There are no pension scheme indemnity provisions to be disclosed.

Donations

Political donations are not permitted and no political donations or any political expenditure was incurred in 2024/25.

Charity donations by the Company are not permitted; however, colleagues are able to make personal donations.

Going concern

The Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the course of the next 12 months from the date of signing the Annual Report and Accounts.

The Chief Executive Officer and Accounting Officer has received a letter of support from DBT, our Shareholder, stating that DBT will provide sufficient funding to enable the Group to continue to operate. This includes the provision of comfort by our CEO to subsidiaries in the Group. Thus, the Directors continue to adopt the going concern basis in preparing the financial statements, and the Company has adequate resources to continue in business for the foreseeable future. Further details can be found in the significant accounting policies notes in the financial statements.

Viability statement

The Directors have assessed the viability of British Business Bank plc and its subsidiaries, in accordance with the Financial Reporting Council (FRC) UK Corporate Governance Code (available at www.frc.org.uk), and have selected a period of four years for the assessment, up to the year ending 31 March 2029. This is the period over which the Board considers that it can form a reasonable view of key drivers of the Company's performance and is in line with the financial forecast in the 2024/25 Business Plan. In making this assessment, the Directors have considered a wide range of information including:

- the Board's risk appetite and assessment of the risks which could impact the performance of the Group and how these are managed. Details can be found in the 'Risk management framework and developments' section on p50
- the Group's current financial position and prospects. For more details, please refer to the '2024/25 Financial performance and calculation of adjusted return' section on p69–77
- the Group's business model and strategy. More details can be found in the Strategic report on p18–77.

The Company's continuation as an entity is ultimately at the discretion of its sole Shareholder, DBT. The Board has considered that the Group has and will continue to have Shareholder support and that its funding arrangements will remain in place. The Directors have based their assessment of viability on the Company's 2024/25 Business Plan which is updated and approved annually by the Board and the Shareholder.

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

Allotment of shares

The Company issued 630,600,000 shares during the year to 31 March 2025, bringing the total up to 3,696,811,268. Details of the Company's share capital can be found in note 20.2 in the financial statements.

Research and development

The Company's ability to bring innovation and successful products to the market is key to successfully fulfilling our mission. Through active engagement with stakeholders and supported by our market research we can both develop new products and continue to innovate our existing products. The Bank's Product Development Committee leads the product development process, making recommendations to the Board for the introduction of new programmes and material variations to existing programmes.

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The Company seeks to be a centre of excellence and thought leader in the venture capital and smaller business sectors. We regularly publish economic research and in-depth assessments, such as our annual *Small Business Finance Markets Report*.

Further information on how the Company uses research to achieve our objectives can be found in the 'Research and evaluations' section on p42.

Engagement with suppliers, customers and others

The Company takes into consideration the views of suppliers, customers and other stakeholders. Details of Board engagement with our customers and our key stakeholders can be found in the Strategic Report on p48 and the effect on the principal decisions taken by the Company in the Governance report on p96.

Disability employment policies

The Company works closely with disabled colleagues to ensure barriers that may prevent them from performing their roles are reduced or removed. We discuss with individuals how we can best support them, and we engage with both our Occupational Health provider and Access to Work where appropriate. We encourage people to own their adjustment plans, keep them as a live document and discuss them regularly with their line manager and other colleagues, as they prefer. Managers receive training on disability, and we provide regular webinars, blogs and inclusive sessions for all colleagues on a variety of disability-related matters.

As a Level 1 (Committed): Disability Confident Employer, we ensure we have an inclusive and accessible recruitment process, supporting employees with disabilities and making any adjustments that they need to help them with the recruitment process and to do their jobs. We aim to create a safe environment in which employees and job applicants feel confident to disclose their condition with the knowledge that they will be fully supported.

As part of our onboarding process we explain the role of Stronger Together, our inclusion employee resource group which focuses on all aspects of the Disability Equality Index (DEI), and we encourage participation and the sharing of experiences.

2025 Annual General Meeting (AGM)

The 2025 AGM was held in July 2025, with the notice of the meeting and related papers being sent to the Shareholder in advance.

Auditor

The External Auditor of the Company is the National Audit Office (NAO). The NAO has confirmed that it is willing to continue in office, and on the recommendation of the Audit Committee a resolution for the appointment of the NAO as auditor of the Company was proposed to our Shareholder, DBT, at the 2025 AGM and accepted. Additional information can be found in the Governance report under the Audit Committee Report on p104.

Directors' disclosure to auditors

Each of the persons who are a Director at the date of approval of this Annual Report and Accounts confirms that:

– so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware

– the Director has taken all the steps that they ought to have taken as a Director in order to make themself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information.

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

Approved by the Board of Directors

Louis Taylor

Louis Taylor
Chief Executive Officer and Accounting Officer

17 July 2025

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Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

In accordance with company law, the Directors have elected to prepare both the Group financial statements and the Company financial statements under International Financial Reporting Standards (IFRS).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period.

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

- properly select and apply accounting policies
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's and the Group's financial position and financial performance
- make an assessment of the Company's and the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the Shareholder to assess the Company's and the Group's position, performance, business model and strategy.

By order of the Board

Louis Taylor
Chief Executive Officer and Accounting Officer

David Hourican
Chief Financial Officer

17 July 2025

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Independent auditor's report

to the members of British Business Bank plc

Opinion on financial statements

I have audited the financial statements of British Business Bank plc for the year ended 31 March 2025 which comprise the BBB Group's.

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

The financial reporting framework that has been applied in the preparation of the group's financial statements is applicable law and the 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.

In my opinion the financial statements:

- give a true and fair view of the state of the British Business Bank plc group's affairs as at 31 March 2025 and of the profit for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

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

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Conclusions relating to going concern

In auditing the financial statements, I have concluded that the British Business Bank plc group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

- considering the British Business Bank plc group's Business Plan for 2025/26 relevant to its operating expenditure;
- reviewing letters of comfort issued by the Department for Business and Trade to the British Business Bank plc group in support of the group's activities and the provision of funding; and
- considering if any other events or conditions have occurred which may cast doubt on the British Business Bank plc group's ability to continue as a going concern. There were none in the period.

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

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

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

Overview of my audit approach

Key audit matters

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

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

This is not a complete list of all risks identified though the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around management override of controls (other than to the extent where this was part of my work on the fair value measurement of financial assets as set out below) where my work has not identified any matters to report. I have also not included information relating to the work I have performed around financial commitments or financial instrument disclosures, which I identified as areas of significant risk of material misstatement but which I have not assessed to be key audit matters.

The key audit matters were discussed with the Audit Committee; their report on matters that they considered to be significant to the financial statements is set out on page 104.

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

- Taking into account the results of testing I have performed in previous years and the stability of the valuation approach and models, I no longer consider there to be a significant risk of material misstatement arising from the measurement of expected credit losses.

Key audit matter: Fair value measurement of financial instruments

Description of risk

The most significant balance in the financial statements of the British Business Bank plc group is investments. The majority of these investments are held and measured at fair values which are subjective and based on methods which rely on a range of unobservable inputs and are held in the following components: British Business Finance Limited (BBF), British Business Investments Limited (BBI), British Patient Capital Limited (BPC), and Nations and Regions Investments Limited (NRIL). The assumptions and judgements applied by management are disclosed in Note 3 Critical accounting judgements and key sources of estimation uncertainty to the financial statements (under the headings Judgements and Estimates).

Investments held at fair value had a total estimated fair value of £4.1bn at 31 March 2025 (£3.4bn at 31 March 2024) comprising:

– Investments in funds with a total estimated fair value of £3,865m; and

– Directly held equity investments with a total estimated fair value of £256m.

During the year the group: invested £893m in funds; received £367m back from the funds; recognised realised gains of £84m; and recognised estimated unrealised fair value gains of £186m. During the same period, the group invested £83m in direct investments, and recognised estimated unrealised fair value losses of £9.4m.

There continues to be a high level of estimation uncertainty inherent in the fair value measurement of the the group's investments due to ongoing economic uncertainty.

At the date of my report, there are funds for which no audited financial statements are available. This increases the risk for the fair value measurement of these funds as, for some funds, this means that the most recent audited accounts available to support the valuation have a reporting date much earlier than British Business Bank plc group's own reporting date.

Investments in Enterprise Capital Funds (ECFs), held in BBF, are measured at fair value. The investments are provided on non-commercial terms because BBFL accept a lower return than investors would typically seek. This gives rise to below market rate loan commitments, which are recognised as liabilities and measured at fair value. The terms of the investments are such that the fair valuation of both investments and liabilities are derived using complex models with subjective, non-observable inputs where a reasonable variation has a material impact on the valuation derived.

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Key audit matter: Fair value measurement of financial instruments (continued)

How the scope of my audit responded to the risk

In auditing the fair value measurement of financial assets, I have performed the following procedures:

- I have assessed the design and implementation of the controls applied by the British Business Bank plc group over the valuation processes for financial assets. This included attendance at key internal meetings where I observed management's review and challenge of valuations provided by fund managers. Where valuations are produced through models, I have tested the design and implementation of controls over the fair value models used.
- Where management relies on valuations provided by fund managers to estimate the value of its investments, I have assessed the reasonableness of the governance arrangements in place and the process undertaken by management to review and challenge the valuations prior to their inclusion in the accounts. I have performed detailed procedures to enable me to gain assurance from the work of the fund managers. This has included comparison of the most recent audited accounts of the fund against the fund manager valuation report for the same period and consideration of additional evidence where the accounting period of the fund and the British Business Bank plc group are not coterminous. I considered the overall competence, capability and objectivity of the fund managers, as well as the scope of their work and its relevance to the accounts and my opinion.
- For ECFs, where management uses a model to estimate the value of drawn and undrawn commitments, I considered the selection and application of methods applied, the design of the valuation models, the validity of the data inputs to those models, and the appropriateness of the key assumptions on which the estimates were based. I have reviewed the changes made by management to the risk-adjusted discount rates applied within the model and I am content that the changes relate solely to the availability of new data and the methodology for deriving the discount rate assumption remains unchanged. I also challenged management on how it has addressed estimation uncertainty.
- In respect of the unlisted equity investments held directly by BPC, I have reviewed the British Business Bank plc group's valuation methodology to ensure that it continues to align with International Private Equity and Venture Capital Valuation (IPEV) guidelines. I completed a detailed risk assessment of BPC's equity investments and, on a sample basis, reviewed publicly available information about the performance the companies BPC has invested in. I compared this to the information used in valuing the investments to consider whether the best available information had been used in forming the fair value. I also engaged an auditor's expert to review a further sample of BPC's equity investments and to assess the valuation approach adopted by BPC against the requirements of IFRS13 and the latest IPEV guidelines. The following work has been completed, and I have set out my conclusions in the key observations section below:
  - For those investments where the last funding round is used as a proxy for fair value, we have reviewed the reasonableness of this in the context of the investee company's qualitative and quantitative information. We considered whether alternative valuation methods were more appropriate depending on review of company performance, using historical and forecasted management information, external information and general market movements.

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Key audit matter: Fair value measurement of financial instruments (continued)

How the scope of my audit responded to the risk (continued)

- For those investments valued using a revenue-multiple approach, I considered the reasonableness of the revenue multiples applied by management and the forecast revenues they were applied to. This included: assessing the reasonableness of management's selection of comparable companies; evaluating whether management had accurately determined the revenue multiple of comparable companies identified; and assessing the rationale for any discounts or premiums applied. I also evaluated the range of plausible valuations and verified revenue multiples to independent sources.
- For those investments valued using scenario-based approach, we considered the reasonableness of the assumptions applied by management. This included the reasonableness of the discount factor applied to calculate the present value of the exit values, evaluating whether management have reasonably determined the exit value for each scenario and assessing the rationale for the likelihood probabilities for each scenario. We have also evaluated the range of plausible valuations based on alternative market data and research.
- I have assessed the accuracy and completeness of the review for potential impairments that management have performed in relation to their investments. This includes a review of management's assessment of economic uncertainty at and around 31 March 2025, as a result of the current uncertain geopolitical and economic outlook, including market volatility.

I have, also, undertaken a review of a sample of investments and considered whether management's judgements on appropriate accounting treatments are consistent with the relevant accounting standards and the underlying substance and form of legal agreements.

Key observations

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

I obtained sufficient assurance over this risk through my substantive testing. I do not identify significant misstatement in the fair value measurement of financial instruments as a result of the work I have performed.

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Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the British Business Bank plc group's financial statements as a whole as follows:

	Group
Materiality	£38,500,000
Basis for determining materiality	1% of net investment assets of £3.85bn (2023/24: £35.5m, 1% of net investment assets of £3.55bn)
Rationale for the benchmark applied	The British Business Bank plc group develops and manages finance programmes that are intended to enhance the working of financial markets and improve access to finance for smaller businesses. These programmes involve the making of debt and equity investments, (through partner organisations and directly). I therefore chose net investment assets as the benchmark for determining materiality because I consider it to be the principal consideration for users in assessing the financial performance of the British Business Bank plc group. I determined that this was more appropriate than using revenue or net profit as a benchmark as these are not the main factors that would influence the decisions of users of the financial statements.

Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2024/25 audit (2023/24: 75%).

In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

Other Materiality Considerations

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

Error Reporting Threshold

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

Total unadjusted audit differences reported to the Audit Committee have increased net assets by £643k.

Audit scope

In the current year, my audit approach has been updated to reflect the new requirements of ISA (UK) 600 (Revised). As a result, I have followed a risk-based approach when developing my audit approach to obtain sufficient appropriate audit evidence on which to base my audit opinion. I performed my risk assessment procedures, with input from our component audit teams, to identify and assess the risk of material misstatement of the group financial statement and to identify significant accounts and disclosures.

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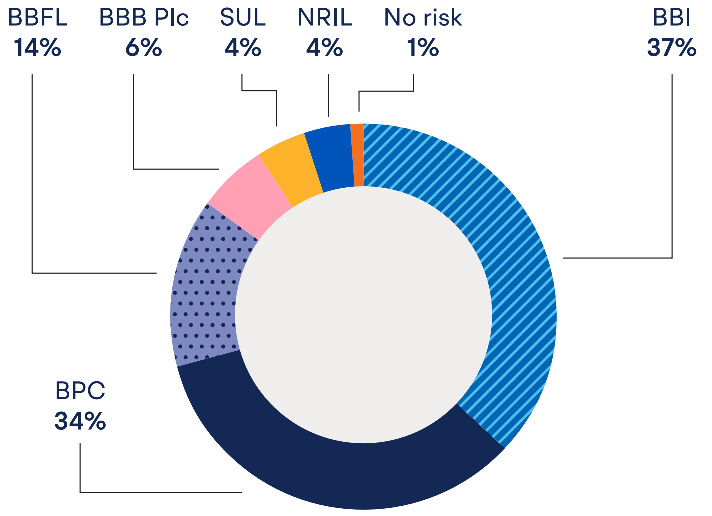
When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatements in the group financial statements, I considered my understanding of the group, components and its business environment, as well as the potential impact on the current uncertain geopolitical and economic outlook, the applicable financial framework, the group's system of internal controls at an entity and group wide level and the results of any relevant internal audits.

I identified the following as individually relevant components to the BBB group due to a significant risk or an area of higher assessed risk of material misstatement of the group financial statements being associated with the components: British Business Bank plc, British Business Investments Limited (BBI), British Patient Capital Limited (BPC), British Business Finance Limited (BBFL), The Start-Up Loans Company (SUL) (a subsidiary of British Business Finance Limited), British Business Financial Services Ltd and Nations and Regions Investments Limited (NRIL). Our work focused on the risks identified in relation to the fair value measurement of financial instruments, financial commitments disclosures, financial instrument disclosures and management override of controls. This work was performed to a component audit materiality, which are lower than the group audit materiality. British Business Investments Limited and British Patient Capital Limited require statutory audits and the work in this respect is carried out separately, although I am also the component auditor for these audits. For the other identified components, the work on these is performed by the group audit engagement team. In all cases, the group engagement team worked closely with the component auditors to ensure that the nature and extent of the work performed on the component audits was sufficient to support my opinion on the group financial statements as a whole.

This work, together with additional procedures performed on balances arising as a result of the British Business Bank plc group's consolidation process, gave me the evidence I needed for my opinion on the British Business Bank plc group financial statements as a whole. The individually relevant components of the British Business Bank plc group, identified above, account for over 99% of the group's assets. Together with the procedures performed at group level, this gave me the evidence I needed for my opinion on the British Business Bank plc group financial statements as a whole.

Gross assets of individual components of the BBB Group (as at 31 March 2025)



Other Information

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

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

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

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

I have nothing to report in this regard.

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Opinion on other matters prescribed by the Companies Act 2006

In my opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements; and
- the information about internal control and risk management systems in relation to financial reporting processes, and about share capital structures, in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the British Business Bank plc group's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

I have reported separately on pages 194–197 on the Parent Company Financial Statements of British Business Bank plc for the year ended 31 March 2025 and on the information in the Directors' Remuneration Report that is described as having been audited.

Matters on which I report by exception

In the light of the knowledge and understanding of the British Business Bank plc group and its environment obtained in the course of the audit, I have not identified material misstatements:

- in the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA rules.

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

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

Corporate governance statement

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

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

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 126;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 126;
- Directors' statement on fair, balanced and understandable set out on page 128;

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- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 50–57;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 50–57; and
- The section describing the work of the audit committee set out on pages 104–105.

Responsibilities of the Directors for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within British Business Bank plc from whom the auditor determines it necessary to obtain audit evidence;
- preparing group financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Directors' Remuneration Report, in accordance with the Companies Act 2006; and
- assessing the British Business Bank plc group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or the group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the British Business Bank plc group's accounting policies;
- inquired of management, British Business Bank plc group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the British Business Bank plc group's policies and procedures on:

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  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the British Business Bank plc group's controls relating to the British Business Bank plc group's compliance with the Companies Act 2006.
- inquired of management, the British Business Bank plc group's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team including relevant component audit teams regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I obtained an understanding of the British Business Bank plc group's framework of authority and other legal and regulatory frameworks in which the British Business Bank plc group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the British Business Bank plc group. The key laws and regulations I considered in this context included Companies Act 2006, employment law and tax Legislation.

I considered the significant estimates made by management in the production of the financial statements, in particular the measurement of expected credit losses and fair value measurement of financial instruments.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and relevant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

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

Susan Clark
Senior Statutory Auditor
17 July 2025

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

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

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Consolidated financial statements

Consolidated statement of comprehensive net income

For the year ended 31 March 2025

Income	Note	2025 £000	2024 £000
Interest income	4.1	81,377	67,382
Grant income	4.2	3,874	4,306
Management fee income	4.3	44,668	51,161
Other income		1,617	2,515
Gross operating income		**131,536**	**125,364**
Expected credit loss on AC† assets	12.1	8,330	4,622
Net gain/(loss) on investment assets			
– Fair value adjustment on initial recognition of AC assets	12.1	(56,819)	(49,101)
– Derecognition of AC assets	12.1	(11,024)	(25,431)
– Fair value adjustment on initial recognition of assets held at FVTPL*	12.2	(54,698)	(38,462)
– Realised fair value gains on assets held at FVTPL	12.2	83,560	28,541
– Unrealised fair value gains/(losses) on assets held at FVTPL	12.2	92,997	(77,308)
Net gain on write down of repayable capital grant	5	32,245	50,401
Net operating income		**226,127**	**18,626**

Expenditure	Note	2025 £000	2024 £000
Staff costs	6.1	(71,591)	(64,565)
Other operating expenditure	6.2	(60,750)	(65,438)
Operating expenditure		**(132,341)**	**(130,003)**
Net operating profit/(loss) before ECF commitment liability and finance costs		**93,786**	**(111,377)**
ECF commitment liability movement	15	50,260	(19,631)
Finance costs	7	(166)	(198)
Profit/(loss) before tax		**143,880**	**(131,206)**
Tax	8.1	(34,450)	9,698
Profit/(loss) for the year after tax		**109,430**	**(121,508)**
Other comprehensive income		**-**	**-**
Total comprehensive income/(loss) for the year		**109,430**	**(121,508)**

All operations are continuing.

The notes on p144-197 form an integral part of the financial statements.

The results by operating segment are shown in note 9 to the financial statements.

* Fair value through profit or loss. † Amortised Cost.

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Consolidated financial statements

Consolidated statement of financial position

As at 31 March 2025

Assets	Note	2025 £000	2024 £000
Cash and cash equivalents	10	154,678	157,618
Trade and other receivables	11	12,680	23,294
Amortised cost investments	12.1	559,141	530,461
Investments held at FVTPL*	12.2	4,121,316	3,393,479
Right-of-use assets	13	4,079	5,493
Corporation tax receivable		30,782	15,325
Total assets		**4,882,676**	**4,125,670**
Liabilities			
Trade and other payables	14	55,169	55,318
ECF commitment liability	15	178,867	229,127
Loans and other borrowings	16	204,127	155,973
Lease liabilities	17	5,419	7,228
Deferred tax liability	8.2	152,411	131,371
Total liabilities		**595,993**	**579,017**
Net assets		**4,286,683**	**3,546,653**
Equity			
Issued share capital	20.2	3,696,811	3,066,211
Retained earnings		589,872	480,442
Total equity		**4,286,683**	**3,546,653**

* Fair value through profit or loss.

The financial statements of the Group (parent company number 08616013) were approved by the Board of Directors on 17 July 2025 and authorised for issue on the date of the independent auditor's report. They were signed on its behalf by:

Louis Taylor

Louis Taylor
Chief Executive Officer

The notes on p144-197 form an integral part of the financial statements.

The Consolidated Statement of Financial Position does not distinguish between current and non-current balances, as these classifications are detailed in the accompanying notes.

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Consolidated financial statements

Consolidated statement of changes in equity

As at 31 March 2025

Assets	Note	Issued capital £000	Retained earnings £000	Total £000
Balance as at 1 April 2023		**2,580,311**	**601,950**	**3,182,261**
Net loss after tax		-	(121,508)	(121,508)
Total comprehensive income		**-**	**(121,508)**	**(121,508)**
Issue of ordinary shares	20.2	485,900	-	485,900
Balance at 31 March 2024		**3,066,211**	**480,442**	**3,546,653**
Balance as at 1 April 2024		**3,066,211**	**480,442**	**3,546,653**
Net profit after tax		-	109,430	109,430
Total comprehensive income		**-**	**109,430**	**109,430**
Issue of ordinary shares	20.2	630,600	-	630,600
Balance at 31 March 2025		**3,696,811**	**589,872**	**4,286,683**

Consolidated financial statements

Consolidated cash flow statement

As at 31 March 2025

	Note	2025 £000	2024 £000
Profit/(loss) before tax		**143,880**	**(131,206)**
Cashflows from operating activities			
Adjustments for non-cash items:			
Net gain on write down of repayable capital grant	5	(32,245)	(50,401)
Depreciation and amortisation	6.2	1,414	1,674
Interest receivable		(80)	-
ECF commitment liability	15	(50,260)	19,631
Changes in operating assets and liabilities:			
Net cash decrease in AC† investments	12.1	(6,816)	(29,896)
Adjustment for non-cash (gains)/losses on AC investments	12.1	(21,864)	2,527
Net cash decrease in investments held at FVTPL*	12.2	(605,978)	(312,712)
Adjustment for non-cash (gains)/losses on investments held at FVTPL	12.2	(121,859)	63,229
Decrease/(increase) in trade and other receivables	11	10,614	(9,924)
(Decrease)/increase in trade and other payables	14	(149)	24,536
Payment of Corporation tax		(28,868)	(33,500)
Payment of interest receivable		80	-
Net cash used in operating activities		**(712,131)**	**(456,042)**

Cashflows from financing activities	Note	2025 £000	2024 £000
Capital grants received	16	37,000	36,000
Payments of lease liabilities	17	(1,965)	(1,965)
Finance costs on lease liabilities	17	156	198
Net increase in Shareholder funding	16	674,000	462,500
Net cash from financing activities		**709,191**	**496,733**
Net increase in cash and cash equivalents		**(2,940)**	**40,691**
Cash and cash equivalents at beginning of the year		157,618	116,927
Cash and cash equivalents at end of the year		**154,678**	**157,618**

* Fair value through profit or loss. † Amortised Cost.

Interest received was £98.5m (2024: £91.6m).

The notes on p144-197 form an integral part of the financial statements.

Notes to the consolidated financial statements

As at 31 March 2025

1. General information

The British Business Bank plc (the 'Company' or 'Group') is incorporated in the United Kingdom under the Companies Act. The address of the registered office is Steel City House, West Street, Sheffield, S1 2GQ. The nature of the British Business Bank Group's operations and its principal activities are set out in the Strategic Report on p18-77.

2. Significant accounting policies

Basis of preparation

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards and International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities that are measured at amortised cost and financial instruments that are measured at fair value or revalued amounts at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These financial statements are presented in pounds sterling because that is the currency of the primary economic zone in which the Group operates.

On 7 February 2023, the then Prime Minister announced a major machinery of Government change which redistributed the activities of several existing Government departments and created three new departments including the Department for Business and Trade. The British Business Bank was designated to the Department for Business and Trade with accounting officer responsibilities formally transferred from 1 April 2023.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March 2025.

Control is achieved when the Company:

- has the power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Determining whether a Company has control of an entity is generally straightforward based on ownership of the majority of the voting capital. However, in certain instances, this determination will involve judgement, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over relevant activities. This judgement may involve assessing the purpose and design of the entity.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Specifically, the results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Net Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cashflows relating to transactions between the members of the Group are eliminated on consolidation.

Profit or loss and each component of other comprehensive income are attributed in full to the owners of the Company in the absence of non-controlling interests. Total comprehensive income of the subsidiaries is also attributed in full to the owners of the Company in the absence of non-controlling interests.

Going concern

Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Company and the Group have undertaken an assessment up to the year ending 31 March 2029. The basis of this assessment takes into account the outcome of the one-year Spending Review for the period between 1 April 2025 to 31 March 2026 as announced in October 2024 and the three-year Spending Review as announced on 11 June 2025 for the period between 1 April 2026 and 31 March 2029. Post the Spending Review period the Company and Group have used similar assumptions in their assessment for the period between 1 April 2029 and 31 March 2030. The Group has also received a letter of support from the Secretary of State for DBT stating it will provide sufficient funding to enable the Group to meet its liabilities as and when they fall due for a period of not less than 12 months from the date of approval of these financial statements. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Adoption of new and revised standards

There were no new or amended standards applied for the first time and therefore no restatements were required with respect to new and revised accounting standards.

At the date of authorisation of these financial statements, the Directors expect that the adoption of Standards and Interpretations in issue but not yet effective (IFRS 18 Presentation and Disclosure in Financial Statements) will have a material impact on the presentation of the financial statements of the Group in future years. The Group is also carrying out an impact assessment with regard to the issuance of IFRS S1 and IFRS S2 Sustainability Standards. The Group does not expect the new IFRS 19 (announced 9 May 2024) will be applicable to the Group or its subsidiaries, as they have public accountability.

Income recognition – Management fee income and Other income

Under IFRS 15 'Revenue from contracts with customers', income is recognised when a recipient obtains control of goods or service and thus has the ability to direct the use and obtain benefits from the goods or service. Management fee income and Other income are recognised when a recipient obtains control of the service.

The Group provides services to DBT and other entities (as detailed in note 4.3). These services include managing the initial issuance and ongoing administration of assets held by those entities, along with performing certain central administrative functions where those entities do not have their own capabilities. The amount of income is typically based on the costs incurred by the Group in performing those services whether externally incurred or an allocation of internal costs; as such, these can be dependent on length of time or linked to specific activities.

The income related to these services is recognised when a recipient obtains control of the service and thus has the ability to direct the use and obtain benefits from the service. Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, Value Added Tax (VAT) and other sales-related taxes.

Interest income

Interest income and expense on all amortised cost financial instruments is recognised on an effective interest rate (EIR) basis.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts future contractual cash payments or receipts over the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of the financial liability. The calculation does not consider expected credit losses and includes transaction costs, and premiums or discounts that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cashflows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the Consolidated Statement of Comprehensive Net Income.

Grant income

Grant income is recognised under IAS 20 and relates to a Resource Grant and represents funding from the Company's Shareholder to cover the operating costs of The Start Up Loans Company (SUL).

Any grant income in excess of operating cost is treated as deferred resource grant income and has been included in Trade and other payables as a liability in the Consolidated Statement of Financial Position.

Tax

The tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Net Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Consolidated Statement of Financial Position date.

Deferred tax is the expected tax to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits in future years will be available against which deductible temporary differences can be utilised.

Current and deferred tax are recognised in the Consolidated Statement of Comprehensive Net Income.

Financial assets and liabilities

Recognition

Financial assets and financial liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments are accounted for as follows:

- for financial instruments not measured at fair value through profit or loss (FVTPL), e.g. amortised cost, fair value through other comprehensive income (FVOCI), such transaction costs are reflected in the fair value of the financial asset or liability at initial recognition
- for financial instruments measured at FVTPL, transaction costs are recognised immediately in the Consolidated Statement of Comprehensive Net Income.

Derecognition of financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the asset expire
- the Group transfers the asset and substantially all the risks and rewards of ownership, or
- the Group transfers the asset but retains some significant risks or rewards, and control of the asset has been transferred, such that the transferee has the practical ability to sell the asset to an unrelated third party.

Derecognition also includes write-offs, which occur when there is no reasonable expectation of recovering the contractual cash flows, in accordance with the Group's credit risk policies. Such assets are removed from the Consolidated Statement of Financial Position even if legal enforcement efforts continue.

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For financial assets derecognised in their entirety during the year, the Group has no continuing involvement. Once derecognised, the Group does not retain any contractual rights or obligations related to the transferred assets, nor any exposure to their future performance.

Regular way purchases and sales

Regular way purchases and sales of financial assets are recognised and derecognised on the settlement date, which is the date on which the financial asset is actually delivered, and payment is made. This policy reflects the point at which the Group becomes party to the contractual provisions of the financial instrument and is exposed to changes in its fair value.

Classification of financial instruments

Financial assets are classified under IFRS 9 as amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) depending on the Group's business model and the contractual cashflow characteristics of the instruments. The Group does not currently hold any financial assets classified as FVOCI.

The Group has undertaken an assessment of the business model in respect of each group of its financial assets and has determined that in all cases the business model is one of 'Hold to Collect' as none of its business models has an objective of sale.

The Group's financial assets comprise debt and equity instruments. Debt instruments are classified both at initial recognition and subsequently, as amortised cost instruments, where the contractual cashflows represent solely payments of principal and interest (SPPI). If the cashflows do not represent SPPI, the instrument is measured at FVTPL.

All of the Group's equity instruments are measured at FVTPL both on initial recognition and subsequently.

Individual investment programmes are detailed further in note 12.

Fair value at initial recognition – SUL

Loans originated through the Group's Start Up Loans (SUL) programme have been classified as amortised cost financial instruments. The Group charges a single rate of interest (6%) to SUL customers that is independent of the credit quality of the customer. This interest rate is not sufficient to compensate for the expected losses for the SUL scheme which are forecast to be between 30% and 40%, reflecting the non-commercial nature of the scheme. Therefore, the transaction value of a Start Up Loan will not equal its fair value.

The future expected cashflows are risk adjusted and discounted using an appropriate discount rate, which has been calculated by taking the mid-point of CCC rates UK corporate bonds, in order to calculate the fair value.

In accordance with IFRS 9, the fair value adjustment at initial recognition, which is the difference between the transaction value of the loans and their fair value, would usually be deferred and either amortised or recognised when a gain or loss was crystallised.

However, the Directors have determined that it is appropriate in this circumstance to apply a true and fair override, and consequently, any fair value adjustment arising on the SUL loan book will be recognised immediately through the Consolidated Statement of Comprehensive Net Income because this reflects the commercial position more appropriately.

Impairment of financial assets

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

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' if their credit risk has increased significantly since initial recognition, at which point it is considered appropriate to recognise lifetime ECL. The Group assesses assets to be in 'stage 2' using a combination of non-statistical, qualitative information, such as changes to the borrower's intrinsic credit worthiness, as well as quantitative, statistical information. It applies a presumption that when accounts are more than 30 days past due, there has been a significant increase in credit risk and such assets are assessed as being in 'stage 2'.

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For portfolios where there is no recent borrower specific credit information, the proportion of the performing book deemed to have suffered from a significant increase in credit risk is 10% based on industry analysis.

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. Accounts which are more than 90 days past due on contractual payments are considered to be in default and credit impaired. The 90-day threshold is aligned with widely accepted market practice and provides a consistent and practical proxy for identifying credit impairment across the Group's portfolio. Once an account is recognised as being in 'stage 3', interest income is recognised by applying the effective interest rate to the amortised cost carrying amount.

Financial assets are written off, from an accounting perspective, when there is no realistic prospect of receiving further returns.

ECLs are calculated using three main components, probability of default (PD), loss given default (LGD) and exposure at default (EAD). The LGD represents losses expected on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default. Discounting of the expected cashflows is performed using the EIR.

The calculation of probability of default (PD)

The PD of each underlying loan or credit facility provided by the Group is a key assumption for the IFRS 9 ECL calculation and this is reliant on rating assessments undertaken by external and internal PD models. Where account level ratings are not available, the average PD derived from the same cohort of lending is applied.

The calculation of loss given default (LGD)

LGD assesses the loss potential in case of a default and is reliant on the collateral residual value acting as security reported against each loan or the reported seniority ranking of the Group's facility compared to other investors. LGD is estimated using internal models which consider observed loss data or using external benchmarks where appropriate.

The calculation of exposure at default (EAD)

Exposure at default (EAD) is estimated for each month for the contractual lifetime of each financial instrument. This is either the contractual maturity profile of the investment or an internal estimate of the exposure value based on expected repayment profiles based on historical information. A credit conversion factor is applied to undrawn irrevocable commitments based on external benchmarks or internally observed data for similar portfolios or types of assets.

Write-offs and recoveries

Changes in the carrying amount of assets arising as a result of impairment are recognised in the Consolidated Statement of Comprehensive Net Income.

Loans remain on the Consolidated Statement of Financial Position, net of associated provisions, until they are deemed to have no reasonable expectation of recovery. Loans are generally fully written off where the offering of any forbearance measures has proved unsuccessful in the borrower being able to meet the revised repayment schedule, there is a continued pattern of non-payment and it is assessed that there is no realistic prospect of any further recovery.

Loans are partially written off from an accounting perspective where the borrower is unable to repay the loan in full and the loan has been subject to forbearance such that the original amounts due are no longer expected to be fully recovered. Any loss incurred by the Group on extinguishing the debt is written off against the provision for loan impairment. Any subsequent recoveries of amounts previously written off are recognised through the Consolidated Statement of Comprehensive Net Income.

Investments in Associates

IAS 28 Investments in Associates applies to all investments in which the Group has significant influence but not control. A holding of 20% or more of the voting power of an investment would normally indicate significant influence and require these investments to be accounted for as associates using the equity method of accounting.

Management regularly reviews a range of factors to determine whether significant influence over an investee exists. Where the Group has the ability to significantly influence investee Board decisions through presence of Group employees at the investee Board this is considered significant influence.

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 measured at FVTPL.

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. The Group 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.

For Investments in Associates where the Group has taken advantage of the venture capital organisations scope exemption these investments are classified and measured as investments held at FVTPL in the Consolidated Statement of Financial Position.

The taking of the scope exemption in IAS 28 Associates is considered a change of accounting policy. In line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, Management have assessed the impact of this accounting policy change and do not believe the change results in a material impact on the prior period and therefore no restatement is required.

Where the Group holds greater than 20% of the ordinary share capital of an entity but there is no significant influence, these entities are not accounted for as associates. Instead, these entities are classified and accounted for as a financial asset in accordance with IFRS 9 Financial Instruments. These investments are held at FVTPL and initially recorded at cost and subsequently re-valued based on fund net asset values (NAVs). Details of the Group's significant holdings are shown in note 21, none of which the Group has significant influence over as they are not involved in management decisions and do not have seats on the Board.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and other financial institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Trade and other receivables

Trade and other receivables are measured at amortised cost.

Financial liabilities

In both the current and prior period, financial liabilities which includes trade and other payables, and other obligations are classified at initial recognition and subsequently measured at amortised cost, except for:

– financial liabilities at fair value through profit or loss: this classification is applied to derivatives and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated as FVTPL are presented in the Consolidated Statement of Comprehensive Net Income.

Loan commitments at below market rate

The Group accepts a lower than market rate of return from Enterprise Capital Funds (ECF) investments in order to encourage private sector investors to invest alongside. Although the Group expects to make a positive return from these investments, this return is less than that required by the private sector. The Group has loan commitments for each of these investments and at initial recognition elected to irrevocably designate the liability related to these loan commitments as measured at FVTPL.

This group of financial assets and financial liabilities is managed, and its performance is evaluated on a fair value basis in accordance with a documented investment strategy, and information about these assets and liabilities is provided internally on that basis to the Group's key management personnel.

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When a commitment is drawn, the loan commitment is derecognised and a corresponding fair value adjustment is recognised in net losses on investments in the Consolidated Statement of Comprehensive Net Income. This adjustment reflects the difference between the fair value of the resulting investment and the amount drawn.

Loans and other borrowings

The Group has a loan facility from the Secretary of State for DBT which is classified and measured as amortised cost financial liabilities.

In addition, it has received a capital grant in respect of the SUL scheme. The agreement does not have a maturity date and carries an interest rate of zero. The capital grant is repayable on demand, in whole or in part, if at the absolute discretion of DBT certain conditions arise that affect the scheme adversely.

The Group classifies and initially measures the capital grant as an amortised cost financial liability. Subsequently, the Group measures the liability as amortised cost but adjusts the carrying value by any amounts it believes will not be recoverable from the loans made to entrepreneurs under the scheme. Further details relating to the capital grant are shown in note 5.

Contingent liabilities

A contingent liability is a possible obligation depending on whether some uncertain future event occurs, or a present obligation but payment is not probable, or the amount cannot be measured reliably.

The Group has no contingent liabilities.

Foreign exchange

The Group applies IAS 21 The Effects of Changes in Foreign Exchange Rates and transactions that are denominated in a foreign currency are translated into sterling at the rate of exchange ruling on the date of each transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are re-translated at the rates of exchange ruling at that date. Translation differences are recognised in the Consolidated Statement of Comprehensive Net Income.

Leases

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Group would have to borrow at over a similar term and with a similar security the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. A corresponding right-of-use asset is also recognised.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involved the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset, or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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3. Critical accounting judgements and key sources of estimation uncertainty

In preparing the Consolidated Financial Statements, the Directors are required to make judgements and estimates. Judgements involve an interpretation of requirements to decide how to allocate, value or recognise an item. Estimates arise from using assumptions which result in a range of possible outcomes. The most important judgements and estimates used in preparing these Financial Statements are described below.

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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements

Debt and equity fund net asset values used in the assessment of FVTPL investment valuations

The future returns from FVTPL fund investments are inherently uncertain and will depend on a range of factors including the manager's success in originating lending and investment opportunities, costs and fees, how the manager exercises discretion in trading off equity against debt components in loan structures, credit and warrant/equity performance, and prevailing market conditions.

The values of the Group's investments in FVTPL debt and equity funds are based on the fund net asset values (NAVs). In general, the fund's investments in underlying portfolio companies do not have observable market inputs which can be used for the purposes of measuring fair value and are therefore valued using Level 3 inputs as defined by IFRS 13. The managers of the funds apply valuation methodologies in compliance with IFRS or other recognised accounting standards such as UKGAAP. Most of the Group's investment funds apply IFRS valuation methodologies or apply the International Private Equity and Venture Capital (IPEV) Valuation Guidelines.

The Group is provided with NAVs on a quarterly basis from the managers of the funds. These NAVs are reviewed with particular scrutiny given to the valuation methodologies adopted by the fund managers, ensuring that they are appropriate and consistent with IFRS, IPEV or other relevant valuation guidelines, as well as taking into account known items in respect of the underlying portfolio companies. Furthermore, all funds with the exception of Regional Angels are audited on an annual basis by independent auditors, with the Group being provided with copies of these audited accounts.

The Group's investments in Co-Investment, Future Fund: Breakthrough, and Enterprise Capital Funds – Direct Investments are not considered fund investments and therefore not based on fund NAVs. Further details of the valuation of these investments are shown in notes 12 and 23.2.

The ongoing economic uncertainty has given rise to significant additional uncertainty as to investment valuations. The impact on investments will vary depending on individual business models and the success of any mitigating market interventions. Valuation methodologies include market multiples, industry benchmarks and discounted cashflows, all of which are inherently more uncertain as marketplaces change and so forecasts and historical reference points become less reliable.

Estimates

a. Inputs to the Enterprise Capital Funds valuation models

The Group has modelled the estimated future cashflows generated from its Enterprise Capital Funds (ECF) in order to derive the fair value of its investments, and financial liabilities relating to its loan commitments. The models use inputs, some of which rely on estimates and assumptions made by management that risk causing a material adjustment to the carrying amounts of the assets and liabilities.

Within the ECF investment calculation the Group uses multiple inputs and assumptions to determine the four components (Accrued Return, Loan, Option and Additional Upside) that comprise the fair value. The profile of expected cashflows generated by the ECFs is derived from the current NAV of the individual funds. The key assumptions which involve a significant degree of management estimate are:

- the risk-adjusted discount rate used in the valuation of expected future cashflows
- the volatility percentage, which is a benchmark for the volatility of the market price of comparable investments over time.

Risk adjusted discount rate and market return rate

The ECF discount rates used in the model are as follows:

- ECFs classified as low risk: 10% (2024: 11%)
- ECFs classified as medium risk: 11% (2024: 13.5%)
- ECFs classified as high risk: 12% (2024: 17.5%)

The discount rates are reviewed annually and have been updated in the current year to reflect future economic forecasts. The change in discount rates resulted in an increase in profit of £96.4m. Further details of the impact can be found in notes 12 and 15.

The weighted average discount rates applied to the investments and commitments as at year-end were 10.8% and 11.7%, respectively.

As an indication of sensitivity on the drawn investments, if all the funds had a 3% increase in discount rate applied this would decrease the fair value of the investments by £41.3m. Alternatively, if all the funds had a 3% decrease in discount rate applied this would increase the fair value of the portfolio by £49.2m.

As an indication of sensitivity on the commitments, if all the funds had a 3% increase in discount rate applied this would increase the loan commitment provision by £39.5m. Alternatively, if all the funds had a 3% decrease in discount rate applied this would decrease the loan commitment provision by £47.1m.

As a further indication of sensitivity on the drawn investments and commitments, if all the funds were treated as high risk with a 12% discount rate applied this would decrease the fair value of the investments by £15.5m.

Alternatively, if all the funds were treated as low risk with a 10% discount rate applied this would increase the fair value of the portfolio by £14.5m.

If all the funds were treated as high risk with a 12% discount rate applied this would increase the loan commitment provision by £3.9m.

Alternatively, if all the funds were treated as low risk with a 10% discount rate applied this would decrease the loan commitment provision by £26.1m.

Volatility percentage

The volatility assumptions are based on equity indices that are considered most closely aligned to the ECF portfolio companies and consider the sector-specific focus and maturity of each fund. The volatility assumptions used in the model vary from 11.7% to 82.2%.

A 10% relative decrease in the volatility percentage used across the ECF portfolio would lead to a £11.6m decrease in the fair value of the investments. Likewise, a 10% relative increase in the volatility percentage used across the ECF portfolio would increase the value of the investments by £11.5m.

b. The assessment of fair value at initial recognition for SUL

There is uncertainty in both the expected cashflows and the discount rate used to calculate the fair value at initial recognition for SUL.

The EIR is subsequently used in the calculation of interest income recognised in the Consolidated Statement of Comprehensive Net Income as the fair value adjustment amortises.

The cashflows comprise four main components: principal, interest, expected loss on principal and expected loss on interest. For each individual account and for each period, the expected loss on principal and the expected loss on interest are assessed by taking the outstanding contractual amounts and adjusting for the marginal probability of default and loss given default.

EIR is calculated using the risk-adjusted cashflows discounted using a derived market rate which references to the five-year median yield for CCC rated UK corporate bonds applicable at the year of origination.

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The fair value of SUL is sensitive to changes in the discount rate and to changes in expected cashflows arising from the actual and future expected performance of the loans. A 3% increase in the discount rate as a result of movements in the mid-point of CCC rates UK corporate bonds would lead to an approximate £1.4m decrease in the fair value recognised at inception for the loans newly originated during the year.

c. The assessment of ECL impairment allowances against amortised cost financial assets

The calculation of impairment provisions is inherently uncertain and requires the Group to make a number of assumptions and estimates.

The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Where there has been a significant relative increase in the probability of default (PD) compared to initial recognition, based on the customer's credit quality, the account is assessed as being in 'stage 2'.

Where current PD is measurable, a significant relative increase in the PD is judged to have occurred where there has been an increase in PD from origination to the reporting date equivalent to a 3-notch downgrade on a granular external credit rating scale. In addition, assets with a PD equivalent to external credit rating grade A (Standard & Poor's/Fitch) or A2 (Moody's) are considered to be low risk and are always classed as 'stage 1' under the IFRS 9 low credit risk exemption.

For assets which are not re-rated and where ongoing behavioural modelling is not available, a fixed percentage of the performing portfolio is assumed to be in 'stage 2' based on historical grade transitions where available.

Where historical grade transitions are not available the percentage is defined in line with European Banking Authority (EBA) guidance. In the ECL calculations, a scalar based on the observed performance of each respective cohort is applied to the fixed percentage.

The ongoing economic uncertainty has raised further matters for consideration in assessing the Group's amortised cost financial assets.

Economic scenarios and associated probability weightings

IFRS 9 requires the calculation of ECLs to account for multiple forward-looking macroeconomic scenarios that are plausible. The ECL model adopted by the Group uses a range of forward-looking projections of UK liquidation rates generated by a macroeconomic regression model based on third-party base case forecasts of Consumer Price Index Inflation growth rates, interest rates, and unemployment rates, under two better and three worse scenarios. The selection of variables was reviewed in 2024/25 to ensure their continued suitability as independent variables within the regression model.

To account for the volatile nature of the UK economic environment, the Group has continued to engage with our third-party forecaster throughout the year to provide independent economic forecasts for use within the IFRS 9 ECL models. They provide six economic scenarios of varying severity as input to the macroeconomic regression model, and the weightings associated with each are reviewed, challenged and adjusted on a quarterly basis. As at 31 March 2025, adjustments to the scenario weightings have been applied to increase the probability of a downside scenario compared to the upside scenarios.

d. The assessment of fair value of direct investments

The Group invests in late-stage scale-up companies and growth-stage R&D intensive technology companies through unlisted securities. The fair value of these investments is assessed on a quarterly basis using valuation methodologies selected and applied in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

The price of a recent investment typically represents fair value as of the signing date of the transaction. At subsequent reporting dates, the price from the last financing round may be an appropriate starting point for estimating fair value. This is especially the case for investments that have less measurable performance indicators and more limited binary outcomes: success or failure. Consideration is given to the progression of key valuation drivers for each investee (e.g. revenue, rate of cash depletion, comparable companies, product roadmap, and other milestones) compared with expectations at the last round to determine if the value of the investment has increased, decreased or stayed the same.

The Group applies a price-revenue multiples approach where appropriate for companies with a meaningful level of sustainable revenue, and which requires management to make assumptions over the timing and nature of future revenues when calculating fair value. When using multiples, we consider public traded multiples as at the reporting date in similar lines of business and with similar growth potential.

When the equity values of our portfolio companies are assessed via the price-revenue multiples approach, the relevant capital waterfalls are applied to the equity values to determine the fair value of the specific class of shares held under the current value methodology.

For earlier stage companies that have yet to achieve a meaningful level of sustainable revenue, the Group typically applies a combination of milestone and scenario analysis. Where the Group can make sufficiently reliable estimates of outcomes and probabilities, a probability-weighted scenario approach is applied to re-measure the fair value based on the cashflows in each scenario outcome discounted back to the reporting date using an appropriate discount rate. For underperforming investments where the Group is unable to apply quantitative analysis with sufficient reliability, the fair value of the investment may be estimated based on a percentage provision to the last round price.

e. Inputs to the Direct Investment valuation models

£40.7m of the Direct Investment portfolio value is derived from model-based approaches, scenario models and revenue multiples. These models use multiple inputs, some of which rely on estimates and assumptions made by management that risk causing a significant adjustment to the carrying amounts of the assets.

Scenario-based models

£22.9m of the Direct Investment portfolio as at year-end was valued using scenario-based models. The key inputs and judgements in these models are the probabilities and exit values assigned to each of the scenarios, along with the discount rate applied to determine the present value of the cashflows to be received in each scenario. The most significant estimate is considered to be the choice of discount rate which impacts each scenario in the model. A single discount rate has been applied to all direct investments using scenario-based models as at year-end, but we continue to review the rate and assess if more industry or investment specific discount rates can be reliably determined and would give rise to a better estimate of fair value.

The discount rate applied is intended to represent the return that investors expect to receive from investments in VC stage companies and is derived using historical industry return data adjusted to ensure it represents a target level of return.

As an indication of sensitivity, if all the scenario-based models had a 2% increase in discount rate applied this would decrease the fair value of the investments by £1.2m. Alternatively, if a 2% decrease in discount rate was applied this would increase the fair value of the portfolio by £1.3m.

Revenue multiples

£17.8m of the Direct Investment portfolio as at year-end was valued using approaches based on revenue multiples. The key inputs and judgements in these models are the revenue figures and comparable company multiples.

As an indication of sensitivity, if all the revenue multiple models had a 10% revenue multiple increase, this would increase the fair value of the investments by £1.4m. Alternatively, a 10% revenue multiple decrease would decrease the fair value of the investments by £1.4m.

4. Income

4.1 Interest income

	Note	2025 £000	2024 £000
Accrued interest from amortised cost investments	12.1	52,095	45,419
Amortisation of fair value adjustment on initial recognition	12.1	29,282	21,963
Total interest income		**81,377**	**67,382**

The amortisation of the fair value adjustment on initial recognition represents the difference between the contractual interest rate and the effective interest rate applicable for the financial asset.

4.2 Grant income

	2025 £000	2024 £000
Grant received from Shareholder	3,874	4,306
Total grant income	**3,874**	**4,306**

Grant income relates to the resource grant received from DBT under the terms of the 'Grant Offer Letter' between DBT and SUL. The grant income funds some operating expenses of SUL and any amount in excess is recorded as deferred scheme income in the Consolidated Statement of Financial Position.

4.3 Management fee income

	2025 £000	2024 £000
Management fee income earned from:		
Department for Business and Trade	37,347	44,893
Northern Powerhouse Investments Limited	3,308	3,500
Midlands Engine Investments Limited	988	63
Cornwall and Isles of Scilly Investments Limited	115	117
East Midlands Early Growth Fund Limited	-	53
Other	2,910	2,535
Total management fee income	**44,668**	**51,161**

Management fee income from the Regional Funds as detailed in the above table is, in some instances, capped to the available Resource Grant of the chargeable company.

5. Net gain on write down of repayable capital grant

	2025 £000	2024 £000
Net gain on write down of repayable capital grant	**32,245**	**50,401**

The Group receives a capital grant from DBT under the terms of the 'Grant Offer Letter' between DBT and SUL for the purpose of extending loans to entrepreneurs at below market rate (see note 16). On expiry of the grant period (31 March 2027), SUL will repay to DBT the amount of cash held in its bank accounts representing capital and interest repayments from entrepreneurs. The repayable capital grant will be reduced by any unrecovered amounts from the beneficiaries of the loans. The gain on write-down of repayable capital grant represents the reduction in the capital grant liability for the write-offs and impairment losses incurred on the loans to entrepreneurs in the period as well as the reduction/increase in the capital grant liability for the fair value adjustment on initial recognition and the subsequent amortisation of this adjustment.

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6. Operating expenditure

6.1 Staff numbers and staff costs

The average monthly number of employees including Directors was:

	2025	2024
On payroll	583	588
Secondees and agency staff	81	27
Non-executive Directors	7	9
Total staff numbers	**671**	**624**

Aggregate remuneration comprised:

	2025 £000	2024 £000
Wages and salaries:		
On payroll including Executive Directors	40,791	38,450
Secondees and agency staff	9,047	5,816
Non-executive Directors' fees	468	555
Short- and long-term incentive plans and bonus scheme	9,524	8,725
Social security costs	5,816	5,467
Pension costs	5,945	5,552
Total staff costs	**71,591**	**64,565**

The details of the highest paid Director are included in the Directors' remuneration report on p110-124.

6.2 Other operating expenditure

	2025 £000	2024 £000
Professional fees:		
Investment scheme design and transactions	10,207	6,666
Operational fees	16,250	18,495
Accommodation and office services	1,986	1,814
Information technology	6,313	6,900
Marketing	5,042	4,108
SUL delivery partner fees	8,294	8,002
Auditor's remuneration	781	628
Staff-related costs, including training and travel	3,026	3,206
Other purchase of goods and services	7,437	13,947
Depreciation and amortisation	1,414	1,672
Total other operating expenditure	**60,750**	**65,438**

Auditor's remuneration is stated net of VAT and represents the total fee payable by the Group for all statutory audit services. A fee of £355,000 plus VAT was charged for the audit of the Group's Annual Report and Accounts.

7. Finance costs

	2025 £000	2024 £000
Finance costs on lease liability	156	198
Interest payable	10	-
Total finance costs	**166**	**198**

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8. Tax

8.1 Tax on profit on continuing activities

Current tax	2025 £000	2024 £000
Current year	15,451	2,038
Adjustment in respect of prior years	(2,041)	6,904
Total current tax	**13,410**	**8,942**

Deferred tax		
Current year	21,614	(27,171)
Adjustment in respect of prior years	(574)	8,531
Total deferred tax	**21,040**	**(18,640)**
Total tax recognised through comprehensive income	**34,450**	**(9,698)**

Factors affecting the tax expense for the period

The tax expense for the period is different from the standard rate of corporation tax in the UK as explained in the table overleaf. The corporation tax rate used is based on the enacted corporation tax rate for the year commencing 1 April 2024.

Deferred tax primarily relates to the Group's investments. It is calculated at 25% (2024: 25%) of the estimated unrealised gains within the funds. This is a temporary timing difference, and the tax will become payable once the gains are realised in the underlying funds, for example through investment exits.

The Group's investments mainly comprise interests in Limited Partnerships, with some investments being in Limited Companies. Temporary accounting movements in relation to these investments are either added back or deducted from the taxable profit or loss. The Group is subject to tax on estimated realised gains or losses arising in the individual Limited Partnerships.

The deferred tax adjustment in respect of prior years relates to the utilisation of brought forward losses.

The tables below reconcile the tax charge for the year:

	2025 £000	2024 £000
Profit/(Loss) before tax	**143,880**	**(131,206)**
Tax on profit/(loss) at standard UK tax rate 25% (2024: 25%)	35,970	(32,802)
Effects of:		
Timing differences relating to:		
Tax effects of fair value movements	511	8,241
Adjustments in respect of prior periods	(2,556)	15,436
Losses (brought forward)	–	(573)
Non deductible expenditure	525	–
Total tax expense/(income)	**34,450**	**(9,698)**

	Unrealised gains/(losses)		Deferred tax	
	2025 £000	2024 £000	2025 £000	2024 £000
Unrealised losses	(36,036)	(24,324)	(9,009)	(6,081)
Other timing differences*	(573,608)	549,808	(143,402)	137,452
Other timing differences subject to deferred tax	**609,644**	**525,484**	**152,411**	**131,371**

* Other timing differences arise principally in relation to fair value adjustments to the carrying value of investments recorded in the Consolidated Statement of Comprehensive Net Income for which chargeable gains/allowable losses will arise on a subsequent disposal of the underlying investments.

8. Tax (continued)

8.2 Deferred tax liability

	2025 £000	2024 £000
Deferred tax liability at 1 April	131,371	150,012
Movement in the year	21,614	(27,173)
Adjustment in respect of prior periods	(574)	8,532
Deferred tax liability at 31 March	**152,411**	**131,371**

9. Operating segments

The Group's performance and results are managed internally as follows:

- British Business Bank entities: these are split into British Business Finance Limited (BBFL), British Patient Capital Limited (BPC), British Business Investments Ltd (BBI), The Start Up Loans Company (SUL), Nations and Regions Investment Ltd (NRIL), BBB Investment Services Limited (BBIS) and the overall Group results
- programmes administered on behalf of DBT: In addition to its own operations, the British Business Bank, through its subsidiary British Business Financial Services Ltd (BBFSL), administers assets on behalf of DBT. These assets do not form part of the British Business Bank plc Group financial statements but are reported to management. The financial performance and position of these programmes is included within the Strategic Report. These figures are not part of the audited financial statements
- business units: The Group's business units span the different subsidiaries to pool expertise.

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9. Operating segments (continued)

Consolidated statement of comprehensive net income for the year ending 31 March 2025

Income	BBFL £000	BBI £000	BPC £000	NRIL £000	SUL £000	BBIS £000	Company plc, Holdings and BBFSL £000	Intra-group eliminations £000	Total Group £000
Investment Programmes	-	35,285	-		-	-	-	-	35,285
Venture Solutions	2,616	-	-		-	-	-	(1,270)	1,346
Start Up Loans	-	-	-		44,746	-	-	-	44,746
Management fee and other income	812	712	1,555	-	-	-	101,305	(58,099)	46,285
Grant income	-	-	-		3,874	-	-	-	3,874
	3,428	**35,997**	**1,555**	**-**	**48,620**	**-**	**101,305**	**(59,369)**	**131,536**
Net gains on investment assets									
Investment Programmes	-	80,064	-		-	-	-	-	80,064
Venture Solutions	71,068	-	(12,737)	(16,067)	-	-	-	-	42,264
Start Up Loans	-	-	-		(59,982)	-	-	-	(59,982)
Investments in subsidiaries	-	-	-	-	-	-	(49,135)	49,135	-
	71,068	**80,064**	**(12,737)**	**(16,067)**	**(59,982)**	**-**	**(49,135)**	**49,135**	**62,346**
Net gain on write down of repayable capital grant	**-**	**-**	**-**		**32,245**	**-**	**-**	**-**	**32,245**
Operational expenditure									
Staff costs	(2,089)	(2,588)	(4,616)	(1,283)	(4,100)	(169)	(56,746)	-	(71,591)
Professional services	(186)	(3,157)	(643)	(16)	(253)	(17)	(22,184)	-	(26,456)
General operations	(14,599)	(9,749)	(22,520)	(8,009)	(15,229)	(67)	(22,220)	58,099	(34,294)
	(16,874)	**(15,494)**	**(27,779)**	**(9,308)**	**(19,582)**	**(253)**	**(101,150)**	**58,099**	**(132,341)**
Net operating profit/(loss) before ECF commitment liability and finance costs	**57,622**	**100,567**	**(38,961)**	**(25,375)**	**1,301**	**(253)**	**(48,980)**	**47,865**	**93,786**
ECF commitment liability	50,260	-	-		-	-	-	-	50,260
Finance costs	-	-	(10)		(1,270)	-	(156)	1,270	(166)
Profit/(loss) before tax	**107,882**	**100,567**	**(38,971)**	**(25,375)**	**31**	**(253)**	**(49,136)**	**49,135**	**143,880**

All transactions between Group companies take place on an arm's length basis. There are no differences between the entities' reportable profit or loss and the results in the note above.

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9. Operating segments (continued)

Consolidated statement of comprehensive net income for the year ending 31 March 2024

Income	BBFL £000	BBI £000	BPC £000	NRIL £000	SUL £000	Company plc, Holdings and BBFSL £000 Restated	Intra-group eliminations £000 Restated	Total Group £000
Investment Programmes	-	28,130	-	-	-	-	-	28,130
Venture Solutions	4,546	-	-	-	-	-	(1,274)	3,272
Start Up Loans	-	-	-	-	35,980	-	-	35,980
Management fee and other income	1,368	1,147	1,498	-	-	102,734	(53,071)	53,676
Grant income	-	-	-	-	4,306	-	-	4,306
	5,914	**29,277**	**1,498**	**-**	**40,286**	**102,734**	**(54,345)**	**125,364**
Net losses on investment assets								
Investment Programmes	-	(10,473)	-	-	-	-	-	(10,473)
Venture Solutions	(12,227)	-	(59,879)	(4,328)	-	-	-	(76,434)
Start Up Loans	-	-	-	-	(70,232)	-	-	(70,232)
Investments in subsidiaries	-	-	-	-	-	(54,312)	54,312	-
	(12,227)	**(10,473)**	**(59,879)**	**(4,328)**	**(70,232)**	**(54,312)**	**54,312**	**(157,139)**
Net gain on write down of repayable capital grant	**-**	**-**	**-**	**-**	**50,401**	**-**	**-**	**50,401**
Operational expenditure								
Staff costs	(2,015)	(2,453)	(4,144)	(1,280)	(3,895)	(50,778)	-	(64,565)
Professional services	(148)	(2,490)	(1,316)	(749)	(460)	(14,940)	-	(20,103)
General operations	(20,591)	(12,212)	(13,224)	(735)	(14,826)	(36,818)	53,071	(45,335)
	(22,754)	**(17,155)**	**(18,684)**	**(2,764)**	**(19,181)**	**(102,536)**	**53,071**	**(130,003)**
Net operating (loss)/profit before ECF commitment liability and finance costs	**(29,067)**	**1,649**	**(77,065)**	**(7,092)**	**1,274**	**198**	**(1,274)**	**(111,377)**
ECF commitment liability	(19,631)	-	-	-	-	-	-	(19,631)
Finance costs	-	-	-	-	(1,274)	(198)	1,274	(198)
(Loss)/profit before tax	**(48,698)**	**1,649**	**(77,065)**	**(7,092)**	**-**	**(54,312)**	**54,312**	**(131,206)**

All transactions between Group companies take place on an arm's length basis. There are no differences between the entities' reportable profit or loss and the results in the note above.

The Group has made a presentational restatement within the operating segments table above to include a row for "Investments in subsidiaries" within the Net losses on investment assets section. The impairment that was not originally reflected consolidates out on a consolidated SOCNI level.

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9. Operating segments (continued)

Consolidated statement of financial position as at 31 March 2025

Investment assets	BBFL £000	BBI £000	BPC £000	NRIL £000	SUL £000	BBIS £000	Company plc and BBFSL £000	Total Group £000
Amortised cost								
BFP Mid Cap	–	106,451	–	–	–	–	–	106,451
Investment Programme	–	267,718	–	–	–	–	–	267,718
Loan to Midlands Engine Investments	12,869	–	–	–	–	–	–	12,869
Start Up Loans	–	–	–	–	172,103	–	–	172,103
Assets held at FVTPL								
BFP Mid Cap	–	124,160	–	–	–	–	–	124,160
Investment Programme	–	678,685	–	–	–	–	–	678,685
Enterprise Capital Funds	596,807	–	–	–	–	–	–	596,807
Enterprise Capital Funds – Direct Investments	18,626	–	–	–	–	–	–	18,626
Venture/Venture Growth	–	–	1,518,692	–	–	–	–	1,518,692
Co-Investment	–	–	101,964	–	–	–	–	101,964
UKIIF	–	169,991	–	–	–	–	–	169,991
Managed Funds	–	325,912	–	–	–	–	–	325,912
Future Fund: Breakthrough	–	–	153,537	–	–	–	–	153,537
Life Sciences Investment Programme	–	–	20,638	–	–	–	–	20,638
Nations and Regions Investment Funds	–	–	–	215,152	–	–	–	215,152
LIFTS	–	25,222	–	–	–	–	–	25,222
Regional Angels Programme	–	167,963	–	–	–	–	–	167,963
Other Venture Capital Investments	3,967	–	–	–	–	–	–	3,967
Total investment assets	**632,269**	**1,866,102**	**1,794,831**	**215,152**	**172,103**	**–**	**–**	**4,680,457**
ECF commitments liability	(178,867)	–	–	–	–		–	(178,867)
Net investment assets	**453,402**	**1,866,102**	**1,794,831**	**215,152**	**172,103**	**–**	**–**	**4,501,590**

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9. Operating segments (continued)

Consolidated statement of financial position as at 31 March 2025 (continued)

Other assets/(liabilities)	BBFL £000	BBI £000	BPC £000	NRIL £000	SUL £000	BBIS £000	Company plc and BBFSL £000	Total Group £000
Other assets	11,924	57,825	7,895	14,574	11,630	3,000	119,261	226,109
Loans and other borrowings	-	-	-	-	(124,127)	-	(80,000)	(204,127)
Amounts owed from Group undertakings	43,311	(52,851)	(87,408)	(38,105)	(58,203)	12,797	180,459	-
Other liabilities	(17,430)	(83,413)	(109,985)	(485)	(1,239)	(50)	(24,287)	(236,889)
Total net assets	**491,207**	**1,787,663**	**1,605,333**	**191,136**	**164**	**15,747**	**195,433**	**4,286,683**

At 31 March 2025 the Company held investments in subsidiaries of £3,492.5m which are eliminated in full on consolidation.

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9. Operating segments (continued)

Consolidated statement of financial position as at 31 March 2024

Investment assets	BBFL £000	BBI £000	BPC £000	NRIL £000	SUL £000	Company plc and BBFSL £000	Total Group £000
Amortised cost							
BFP Mid Cap	-	122,491	-	-	-	-	122,491
Investment Programme	-	210,963	-	-	-	-	210,963
Loan to Midlands Engine Investments	15,271	-	-	-	-	-	15,271
Start Up Loans	-	-	-	-	168,963	-	168,963
Loan to Northern Powerhouse Investments	12,773	-	-	-	-	-	12,773
Assets held at FVTPL							
BFP Mid Cap	-	175,745	-	-	-	-	175,745
Investment Programme	-	615,720	-	-	-	-	615,720
Enterprise Capital Funds	461,840	-	-	-	-	-	461,840
Enterprise Capital Funds – Direct Investments	16,689	-	-	-	-	-	16,689
Venture/Venture Growth	-	-	1,370,211	-	-	-	1,370,211
Co-Investment	-	-	77,095	-	-	-	77,095
UKIIF	-	127,570	-	-	-	-	127,570
Managed Funds	-	251,871	-	-	-	-	251,871
Future Fund: Breakthrough	-	-	107,952	-	-	-	107,952
Life Sciences Investment Programme	-	-	14,409	-	-	-	14,409
Nations and Regions Investment Funds	-	-	-	24,487	-	-	24,487
Regional Angels Programme	-	141,644	-	-	-	-	141,644
Other Venture Capital Investments	8,246	-	-	-	-	-	8,246
Total investment assets	**514,819**	**1,646,004**	**1,569,667**	**24,487**	**168,963**	**-**	**3,923,940**
ECF commitments liability	(229,127)	-	-	-	-	-	(229,127)
Net investment assets	**285,692**	**1,646,004**	**1,569,667**	**24,487**	**168,963**	**-**	**3,694,813**

9. Operating segments (continued)

Consolidated statement of financial position as at 31 March 2024 (continued)

Other assets/(liabilities)	BBFL £000	BBI £000	BPC £000	NRIL £000	SUL £000	Company plc and BBFSL £000	Total Group £000
Other assets	14,452	47,218	13,076	9,324	9,308	110,196	203,574
Loans and other borrowings	-	-	-	-	(119,373)	(36,600)	(155,973)
Amounts owed from Group undertakings	57,219	(18,962)	(39,134)	(39,571)	(56,903)	97,351	-
Other liabilities	(4,633)	(59,951)	(105,468)	(642)	(1,831)	(23,236)	(195,761)
Total net assets	**352,730**	**1,614,309**	**1,438,141**	**(6,402)**	**164**	**147,711**	**3,546,653**

At 31 March 2024 the Company held investments in subsidiaries of £2,976.3m which are eliminated in full on consolidation.

10. Cash and cash equivalents

	2025 £000	2024 £000
Government Banking Service	145,149	135,457
Commercial banks	9,529	22,161
Total cash and cash equivalents	**154,678**	**157,618**

As the majority of cash is held in the Government Banking Service there is minimal cost to the Exchequer.

11. Trade and other receivables

	2025 £000	2024 £000
Amounts receivable within one year		
Trade receivables	1,697	1,799
Accrued income	8,213	8,436
Prepayments and other receivables	2,770	13,059
Total trade and other receivables	**12,680**	**23,294**

The Directors consider that the carrying amount of trade receivables approximates to their fair value as they are short-term in nature.

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12. Investments

12.1 Amortised cost investments

As at 31 March 2025	Opening balance £000	Additions £000	Fair value adjustment on initial recognition £000	Repayments £000	Accrued Interest £000	Amortisation of fair value adjustment on initial recognition £000	Derecognition[1] £000	Expected credit loss allowance £000	Closing balance £000
BFP Mid Cap	122,491	14,848	-	(44,077)	12,789	-	-	400	106,451
Investment Programme	210,963	165,557	-	(131,310)	22,496	-	-	12	267,718
Start Up Loans	168,963	134,109	(56,819)	(115,731)	15,464	29,282	(11,024)	7,859	172,103
Loan to Northern Powerhouse Investments	12,773	-	-	(12,949)	153	-	-	23	-
Loan to Midlands Engine Investments	15,271	-	-	(3,631)	1,193	-	-	36	12,869
Total	**530,461**	**314,514**	**(56,819)**	**(307,698)**	**52,095**	**29,282**	**(11,024)**	**8,330**	**559,141**

As at 31 March 2024	Opening balance £000	Additions £000	Fair value adjustment on initial recognition £000	Repayments £000	Accrued Interest £000	Amortisation of fair value adjustment on initial recognition £000	Derecognition[1] £000	Expected credit loss allowance £000	Closing balance £000
BFP Mid Cap	125,209	4,288	-	(19,277)	11,950	-	-	321	122,491
Investment Programme	155,347	170,975	-	(131,525)	16,180	-	(7,335)	7,321	210,963
Start Up Loans	181,910	125,270	(49,101)	(103,964)	14,016	21,963	(18,096)	(3,035)	168,963
Loan to Northern Powerhouse Investments	25,653	-	-	(14,978)	2,074	-	-	24	12,773
Loan to Midlands Engine Investments	14,973	-	-	(892)	1,199	-	-	(9)	15,271
Total	**503,092**	**300,533**	**(49,101)**	**(270,636)**	**45,419**	**21,963**	**(25,431)**	**4,622**	**530,461**

The amortisation of the fair value adjustment on initial recognition represents the difference between the contractual interest rate and the effective interest rate applicable for the financial asset.

1 Derecognition relates to closures and write-offs.

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12. Investments (continued)

12.2 Investments held at fair value through profit or loss

As at 31 March 2025	Opening balance £000	Additions £000	Fair value adjustment on initial recognition £000	Repayments £000	Fair value movements £000	Closing balance £000
BFP Mid Cap	175,745	-	-	(55,367)	3,782	124,160
Investment Programme	615,720	216,865	-	(176,304)	22,404	678,685
UKIIF	127,570	-	-	(9,293)	51,714	169,991
Managed Funds	251,871	65,958	-	(2,025)	10,108	325,912
Regional Angels Programme	141,644	37,106	-	(2,210)	(8,577)	167,963
LIFTS	-	25,000	-	-	222	25,222
Venture/Venture Growth	1,370,211	212,880	-	(48,282)	(16,117)	1,518,692
Co-Investment	77,095	26,290	-	(3,000)	1,579	101,964
Future Fund: Breakthrough	107,952	56,528	-	-	(10,943)	153,537
Life Sciences Investment Programme	14,409	8,326	-	(14,841)	12,744	20,638
Nations and Regions Investment Funds	24,487	212,811	-	(6,079)	(16,067)	215,152
Enterprise Capital Funds	461,840	114,578	(54,698)	(47,739)	122,826	596,807
Enterprise Capital Funds – Direct Investments	16,689	-	-	-	1,937	18,626
Legacy Venture Capital Investments	8,246	-	-	(5,224)	945	3,967
Total	**3,393,479**	**976,342**	**(54,698)**	**(370,364)**	**176,557**	**4,121,316**

The Group holds Board representation on 9 investee companies and is therefore considered to have significant influence but in line with the Group's accounting policies classifies and measures these investments as FVTPL. As at 31 March 2025 the fair value of these investments is £77.8m.

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12. Investments (continued)

12.2 Investments held at fair value through profit or loss (continued)

As at 31 March 2024	Opening balance £000	Additions £000	Fair value adjustment on initial recognition £000	Repayments £000	Fair value movements £000	Closing balance £000
BFP Mid Cap	224,273	-	-	(56,188)	7,660	175,745
Investment Programme	623,253	123,567	-	(109,660)	(21,440)	615,720
UKIIF	132,946	1,026	-	(12,873)	6,471	127,570
Managed Funds	207,350	58,670	-	(2,637)	(11,512)	251,871
Regional Angels Programme	101,896	32,425	-	(720)	8,043	141,644
Venture/Venture Growth	1,230,107	229,071	-	(40,535)	(48,432)	1,370,211
Co-Investment	62,991	17,740	-	-	(3,636)	77,095
Future Fund: Breakthrough	90,851	23,048	-	-	(5,947)	107,952
Life Sciences Investment Programme	11,314	7,737	-	(2,778)	(1,864)	14,409
Nations and Regions Investment Funds	-	28,858	-	(43)	(4,328)	24,487
Enterprise Capital Funds	439,573	74,871	(38,462)	(34,891)	20,749	461,840
Enterprise Capital Funds – Direct Investments	13,058	-	-	-	3,631	16,689
Legacy Venture Capital Investments	6,384	3,211	-	(3,187)	1,838	8,246
Total	**3,143,996**	**600,224**	**(38,462)**	**(263,512)**	**(48,767)**	**3,393,479**

Repayments are received when an investment has exited or partially exited an underlying investment and the Group receives its share of the proceeds due to the contractual obligations of the fund.

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12. Investments (continued)

Business Finance Partnership (BFP Mid Cap)

British Business Investments Limited (BBI) manages the Business Finance Partnership programme.

The Business Finance Partnership (BFP) invested in funds which lend to medium-sized businesses with turnover of up to £500m. Under IFRS 9 the BFP portfolio was classified as FVTPL except for one fund that is classified as amortised cost. M&G manages a portfolio of loans which pass the SPPI test.

Investment Programme

BBI manages the Investment Programme. It makes commercial investments that stimulate at least the same amount of private sector investment, encouraging new providers into the market and the growth of smaller lenders. BBI's investments in Limited Partnerships through the Investment Programme are classified as FVTPL.

This programme has participated in peer-to-peer lending, invoice discount finance, asset finance and other credit facilities. This lending is classified as amortised cost under IFRS 9.

Through the Investment Programme, BBI is a participant in Tier 2 fixed rate reset callable subordinated loan notes by Secure Trust Bank II with a fixed coupon of 13% p.a., Oxbury Bank with a fixed coupon of 11.5% p.a., Allica Bank Limited with a fixed coupon of 11% p.a., Cambridge & Counties Bank with a fixed coupon of 11.5% p.a., Cynergy Bank with a fixed coupon of 12% p.a., and DF Capital Bank with a fixed coupon of 12.7% p.a. These investments are classified as amortised cost under IFRS 9.

UK Innovation Investment Fund (UKIIF)

The UK Innovation Investment Fund (UKIIF) is funded by BBI and supports the creation of viable investment funds targeting UK high-growth technology-based businesses. It has invested through two underlying funds of funds, the UK Future Technology Fund, which has now ceased making new investments, and the Hermes Environmental Impact Fund. These investments are accounted for and measured at FVTPL under IFRS 9.

Managed Funds

The BBI Managed Funds programme's mandate is to channel institutional capital to innovative, high-growth companies so they might meet their full growth potential. Through this programme, the Group expects to become a significant, cornerstone investor in funds of funds with a patient capital mandate. The £500m allocation which has been made to the programme represents a significant commitment in the years ahead. These investments are classified as FVTPL under IFRS 9.

Regional Angels Programme

The Regional Angels Programme, managed by BBI, is designed to address regional imbalances in the availability of angel finance, and to increase the amount of capital available to smaller businesses with high-growth potential through angel networks, particularly in areas where this type of finance is less readily available. These investments are accounted for and measured at FVTPL under IFRS 9.

Long-term Investment for Technology and Science (LIFTS)

The LIFTS programme, managed by BBI, is designed to unlock UK institutional investment and catalyse pension investment into UK science and technology. In doing so, the programme will stimulate the VC ecosystem by investing in UK innovation alongside UK pension savers. The investment is accounted for and measured at FVTPL under IFRS 9.

Venture/Venture Growth

Through the Venture/Venture Growth programme, BPC invests in commercially viable venture and venture growth capital funds, including evergreen structures, to support UK companies with high-growth potential to access the long-term financing they need to scale up. These investments are accounted for and measured at FVTPL under IFRS 9.

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12. Investments (continued)

Co-Investment

BPC will also invest in co-investment opportunities arising through its portfolio.

Through Co-Investment, BPC invests in late-stage UK scale-up companies. Currently, it co-invests alongside BPC fund General Partners into their existing portfolio companies. This allows BPC to increase its exposure to the best portfolio companies in its best funds. These investments are accounted for and measured at FVTPL under IFRS 9.

Future Fund: Breakthrough

Through the Future Fund: Breakthrough programme, BPC directly invests alongside private sector investors in growth-stage R&D intensive UK companies operating in breakthrough technology sectors. These investments are accounted for and measured at FVTPL under IFRS 9.

Life Sciences Investment Programme (LSIP)

Through the LSIP programme, BPC invests in commercially viable later-stage life sciences venture growth funds, to support UK life sciences companies with high growth potential to access the long-term finance they need to scale up. These investments are accounted for and measured at FVTPL under IFRS 9.

Enterprise Capital Funds

British Business Finance Limited (BBFL) invests in Enterprise Capital Funds (ECFs). ECFs are commercially-focused funds that bring together private and public money to make equity investments in high-growth businesses.

BBFL invests into funds on terms that improve the outcome for private sector investors when those funds are successful. It does this by taking an agreed prioritised return of 3%–4.5%. In return, BBFL is entitled to less of any upside gain in excess of the agreed return.

BBFL intentionally makes a trade-off between the prioritised return and potential upside gains. Overall, the terms mean that BBFL expects the ECFs to provide a positive return to the Government, but this return will be lower than that typically sought by a private sector investor. This is in line with the Group's strategic objectives. These investments are classified as FVTPL under IFRS 9.

Accounting standards require that financial assets are recognised at fair value, which is the amount that a private sector investor would pay for the investments.

This means that for every ECF investment, a fair value adjustment on initial recognition is recorded to reflect the fact that it will not provide the level of return sought by a private sector investor, even if it is providing a positive return. ECF investments are measured at fair value on an ongoing basis.

BBFL signs ECF agreements committing to the prioritised return and reduced upside gain in advance of drawdowns. At the point that BBFL enters into a new commitment to provide a loan at below market rate, it recognises a provision which it accounts for as an FVTPL financial liability. The provision is released when a commitment is drawn to recognise a reduction in the liability.

The provision is measured as the NPV of the commitment using a combination of the expected market return, minus prioritised return and the weighted average life of the portfolio. See note 15 for further commitment details.

As referenced in note 3, the discount rates that are a key input to the ECF valuation model were updated to reflect future economic forecasts. The impact of the rates changes on the investment value was an increase of £36.7m.

Enterprise Capital Funds – Direct Investments

Previously, one of the ECF investments was disposed for listed shares as part of the fund being listed. The two investments held are still considered to form part of the ECF programme but are distinctly different in their accounting treatment. These investments are Level 1 investments and measured at FVTPL under IFRS 9 based on the listed share price.

Legacy Venture Capital Investments

BBFL also has three other smaller schemes: Help to Grow funds, Aspire and Direct Investments. These investments are accounted for and measured at FVTPL under IFRS 9.

Nations and Regions Investment Funds

Through the Nations and Regions Investment Funds (NRIF), Nations and Regions Investment Limited (NRIL) invests in early-stage, commercially viable smaller businesses through equity and debt funds deployed across nations and regions of the UK.

The funds have been developed to increase the supply and diversity of early-stage finance for UK smaller businesses, providing funds to firms that might otherwise not receive investment and helping unlock potential and break down barriers in access to finance. These investments are accounted for and measured at FVTPL under IFRS 9.

Start Up Loans (SUL)

SUL lends to entrepreneurs via a number of delivery partners at an interest rate of 6%. Losses on these loans are expected to be between 30% and 40% of the total loans advanced, reflecting the non-commercial nature of the scheme. This lending is classified as amortised cost under IFRS 9.

Accounting standards require that these loans are measured at fair value on initial recognition and subsequently measured at amortised cost. The fair value adjustment on initial recognition represents the difference between the face value of loans written and the present value of future expected cashflows discounted using an appropriate discount rate.

Accrued interest income and amortisation of the fair value adjustment on initial recognition are calculated for each individual loan. For presentation purposes these are disclosed separately as the accrued interest income is the contractual interest that will be collected whilst the fair value adjustment on initial recognition is recognised immediately in net losses in investments in the Consolidated Statement of Comprehensive Net Income.

Withdrawal from programmes*

As reported in the prior years, in this, and future Annual Reports, to maintain transparency on this topic, we commit to reporting on any material changes to the summary statements previously reported (such as withdrawal completing, or conversely, if programmes are refinanced). There is nothing of this nature to report in the year ending 31 March 2025.

* In this Withdrawal from programmes section, assets under management are defined as the combined total of the fair value of funded commitments.

13. Right-of-use assets

Cost or valuation	Right-of-use Property £000
At 1 April 2024	13,695
At 31 March 2025	13,695
Accumulated depreciation and impairment	
At 1 April 2024	(8,202)
Charge for the year	(1,414)
At 31 March 2025	(9,616)
Carrying amount	
At 31 March 2025	4,079
At 31 March 2024	5,493

Right-of-use Property is the value of the leased property recognised upon implementation of IFRS 16. The corresponding lease liability is disclosed in note 17.

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14. Trade and other payables

Amounts falling due within one year	2025 £000	2024 £000
Trade payables	3,664	2,031
VAT and social security	1,537	1,928
Accrued expenditure	24,281	23,419
Other payables	11,936	12,514
Deferred resource grant income	251	426
	41,669	**40,318**
Amount falling due after one year		
Other payables	13,500	15,000
	13,500	**15,000**
Total trade and other payables	**55,169**	**55,318**

The Directors consider that the carrying amount of trade payables approximates to their fair value.

15. ECF commitment liability

	2025 £000	2024 £000
Balance at 1 April	229,127	209,496
Provided in year	66,915	58,187
Released in year	(117,175)	(38,556)
Balance at 31 March	**178,867**	**229,127**
Of which:		
Current	41,691	60,810
Non-current	137,176	168,317
	178,867	**229,127**

Non-current amounts relate to undrawn loan commitments where, based on historical and forecast information, it is not anticipated the commitments will be utilised within the next 12 months. Given the uncertain nature of timings of the drawdowns from ECFs, the Directors believe this is the best estimate at the Consolidated Statement of Financial Position date.

As permitted under IFRS 9, an election has been made to measure the financial liability arising from the undrawn loan commitments at FVTPL.

The difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation is £288.5m.

As referenced in note 3, the discount rates that are a key input to the ECF loan commitment financial liability model were updated to reflect future economic forecasts. The impact of the rates changes on the liability was a decrease in liability of £59.7m.

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16. Loans and other borrowings

Repayable within one year	2025 £000	2024 £000
Unsecured loans provided by DBT	80,000	36,600
Repayable capital grants	124,127	119,373
Total loans and other borrowings	**204,127**	**155,973**

The capital grants have been classified as a current liability as they are repayable on demand, in whole or in part, under certain conditions.

During the year the Group received capital grants of £37.0m (2024: £36.0m) and wrote down the value of capital grants by £32.2m (2024: £50.4m).

The Group has received further loans advances of £674m from DBT, of which £630.6m has been settled by share issue. The balance of £80.0m (2024: £36.6m) is repayable on demand and carries a zero-interest rate.

17. Lease liabilities

Maturity analysis – contractual undiscounted cashflow	2025 £000	2024 £000
Less than one year	1,965	1,965
One to five years	3,652	5,617
Total undiscounted lease liabilities at 31 March	**5,617**	**7,582**
Lease liabilities included in the Consolidated Statement of Financial Position at 31 March	**5,419**	**7,228**
Current	1,853	1,809
Non-current	3,566	5,419

During the year the Group made lease payments of £2.0m (2024: £2.0m) and recognised interest of £0.2m (2024: £0.2m) on the lease liability.

18. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Short-term borrowings £000	Lease liabilities £000	Total £000
Balance at 1 April 2024	155,973	7,228	163,201
Cashflows:			
Repayments	-	(1,965)	(1,965)
Proceeds	710,999	-	710,999
Non-cash:			
Shares issued	(630,600)	-	(630,600)
Interest	-	156	156
Write off	(32,245)	-	(32,245)
Balance at 31 March 2025	**204,127**	**5,419**	**209,546**

	Short-term borrowings £000	Lease liabilities £000	Total £000
Balance at 1 April 2023	193,774	8,994	202,768
Cashflows:			
Repayments	-	(1,965)	(1,965)
Proceeds	498,500	-	498,500
Non-cash:			
Shares issued	(485,900)	-	(485,900)
Interest	-	199	199
Write off	(50,401)	-	(50,401)
Balance at 31 March 2024	**155,973**	**7,228**	**163,201**

19. Contingent liabilities and indemnities

The Bank has no contingent liabilities or indemnities.

20. Capital and other commitments

20.1 Capital commitments

The British Business Bank Group plc had the following undrawn commitments at the balance sheet date in relation to its existing investment portfolio:

	2025 £000	2024 £000
BFP Mid Cap	99,104	115,951
Investment Programme	867,973	827,894
Regional Angels Programme	109,756	94,876
Managed Funds	233,487	331,384
LIFTS	225,000	-
Venture Growth	324,970	304,981
Venture	279,034	302,621
Co-investment	2,277	-
Life Sciences Investment Programme	113,870	37,443
Future Fund: Breakthrough	16,977	14,339
Enterprise Capital Funds	460,338	433,705
NRIF	884,244	1,097,142
Northern Powerhouse Investments Ltd	-	24,300
Midlands Engine Investments Ltd	17,500	17,500
Total	**3,634,530**	**3,602,136**

20.2 Share capital

	2025	2024
Authorised, issued and fully paid ordinary shares of £1 each:	3,696,811,387	3,066,211,387

	£000	£000
Brought forward	3,066,211	2,580,311
Shares issued	630,600	485,900
Carried forward	**3,696,811**	**3,066,211**

The Company has one class of ordinary shares which carry no right to fixed income. During the year the Company issued 630,600,000 ordinary £1 shares at par value (2024: 485,900,000).

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21. Subsidiaries and other significant undertakings

The Group consists of a parent company, British Business Bank plc, incorporated in the UK, and a number of subsidiaries held directly by the British Business Bank plc, which operate and are incorporated in the UK.

The subsidiary undertakings of the parent company are shown below. The capital of each entity depends on its nature and consists of ordinary shares. All the subsidiary undertakings have the same registered address being, Steel City House, West Street, Sheffield S1 2GQ.

Subsidiary	Country of Incorporation	Nature of Business	Shares held by the Group
British Business Investments Limited*	England	Makes commercial investments into providers of finance to smaller businesses plus venture capital fund investments	100%
BBB Investment Holdings Limited*	England	Holding company	100%
British Patient Capital Limited*	England	Makes commercial investments into venture and venture growth capital	100%
British Business Finance Limited	England	Manages and invests into schemes on behalf of the Group	100%
British Business Financial Services Limited	England	Administers investment schemes on behalf of the Department for Business and Trade	100%
British Business Aspire Holdco Limited*	England	Provides equity investments to female-led smaller businesses	100%
The Start Up Loans Company*	England	Provides loans to entrepreneurs	100%
Nations and Regions Investment Limited*	England	Makes commercial investments into new and growing businesses across the UK	100%
BBB Investment Services Limited*	England	An FCA regulated entity which provides investment advisory services and supports the activities of the British Growth Partnership	100%
BBB Mandates Limited*	England	Holding company	100%
BGP General Partner I LLP*	Scotland	General Partner for the British Growth Partnership Fund I (LLP interest held, rather than shares)	100%

* Indicates investments are not directly held in these companies.

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21. Subsidiaries and other significant undertakings (continued)

The Start Up Loans Company is a company limited by guarantee of which British Business Finance Limited is the sole member.

On 19 April 2024, the Group incorporated a new entity, Patient Capital Advisory Services, and then on 30 April 2025 changed its name to BBB Investment Services Limited.

On 28 February 2025, the Group incorporated a new entity, BBB Mandates Limited.

On 18 March 2025, the Group incorporated a new entity, BGP General Partners I LLP. As a Limited Liability Partnership (LLP), the entity does not issue shares. However, the Group holds 100% ownership of the entity through BBB Mandates, which is the sole partner.

On 30 April 2025, the Group changed BBB Patient Capital Holdings Limited's legal name to BBB Investment Holdings Limited.

Details of the subsidiaries' results either individually or as part of a consolidated group, including their net assets as at the balance sheet date and their profit or loss for the year ended 31 March 2025, are provided in the segmental reporting note 9. All Group subsidiaries have co-terminus year-ends.

As required by the Companies Act 2006, the British Business Bank plc:

- guarantees all outstanding liabilities to which the subsidiary companies are subject at the end of the financial year to which the guarantee relates, and until they are satisfied in full
- asserts that the guarantee is enforceable against the British Business Bank plc by any person to whom the subsidiary companies are liable in respect of those liabilities.

The Group has taken advantage of the exemption available under section 479A Subsidiary companies: conditions for exemption from audit of the Companies Act 2006 which exempts qualifying companies from the audit of their individual accounts for a financial year. The exemption is in respect of the following subsidiaries:

Subsidiary name	Registered No.
British Business Finance Limited	09091928
British Business Financial Services Limited	09174621
British Business Aspire Holdco Limited	09263859
The Start Up Loans Company	08117656

The British Business Bank Group plc also has the following significant holdings in undertakings other than subsidiaries, where the ownership percentage or partnership interest exceeds 20%. The Group does not exert significant influence over these undertakings. These are held at fair value through the profit or loss in the Consolidated Statement of Financial Position.

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21. Subsidiaries and other significant undertakings (continued)

Significant undertakings	Country of Incorporation	Nature of Holding	Shares held by the Group
BMS Finance S.A.R.L. Registered address: 55 Avenue Pasteur, L-2311, Luxembourg	Luxembourg	Not classified	49.8%
Industrial Lending 1 (Boost Fund) Registered address: 6 Rue Adolphe, L-1116, Luxembourg	Luxembourg	Class A shares	47.1%
Pricoa Sterling Corporate Bond Fund Registered address: 70 Sir John Rogerson's Quay, Dublin, Ireland	Ireland	Not classified	84.1%
Crown Growth Europe Expansion S.C.S. Registered address: 8 Rue Lou Hemmer, L-1748 Senningerberg, Luxembourg	Luxembourg	Class A and Class O-P shares	33.5%
Muzinich UK Private Debt Fund Registered address: 49 Avenue J.F.K, L-1855, Luxembourg	Luxembourg	Not classified	20.7%

22. Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Group. Such interests include debt and equity investments and investment management agreements.

Depending on the Group's power over the activities of the entity and its exposure to, and ability to influence, its own returns, it may consolidate the entity. In other cases, it may sponsor or have exposure to such an entity but not consolidate it. As at 31 March 2025 and 31 March 2024 the Group does not consolidate any interests in structured entities as the Group is not considered to have control or significant influence over these entities due to the way these entities are structured.

The Group has £3,823m (2024: £3,169m) of interests in limited partnerships considered to be structured entities that are held as fair value through profit and loss and we consider this value also to be the maximum exposure to loss. These limited partnerships are managed by delivery partners on behalf of the Group and the Group does not exercise control.

The Group also co-invests with a number of limited partnerships. The Group does not exercise control over these investments and in the main does not exercise its right to hold a Board seat. Where a Board seat is held, it is for the purpose of observer rights and the Group does not exercise control.

23. Financial instruments

23.1 Categories of financial instruments

The following table analyses the Group's financial assets and liabilities in accordance with the categories of financial instruments in IFRS 9. Trade and other receivables excludes prepayments of £2.0m (2024: £2.3m), as these are not classified as financial assets, therefore the value in the table will differ from that in the Consolidated Statement of Financial Position. Similarly, Trade and other payables will also differ as it excludes VAT and social security of £1.5m (2024: £1.9m).

At 31 March 2025 Assets	Note	Assets held at FVTPL £000	Assets held at amortised cost £000	Liabilities held at amortised cost £000	Liabilities held at FVTPL £000	Total £000
Amortised cost investment assets	12.1	-	559,141	-	-	559,141
Investment assets held at FVTPL	12.2	4,121,316	-	-	-	4,121,316
Trade and other receivables	11	-	10,660	-	-	10,660
Cash and cash equivalents	10	-	154,678	-	-	154,678
Total assets		**4,121,316**	**724,479**	**-**	**-**	**4,845,795**
Liabilities						
Trade and other payables	14	-	-	(53,632)	-	(53,632)
Loans and other borrowings	16	-	-	(124,127)	(80,000)	(204,127)
ECF loan commitments	15	-	-	-	(178,867)	(178,867)
Lease liabilities	17	-	-	(5,419)	-	(5,419)
Total liabilities		**-**	**-**	**(183,178)**	**(258,867)**	**(442,045)**
Net assets		**4,121,316**	**724,479**	**(183,178)**	**(258,867)**	**4,403,750**

23. Financial instruments (continued)

23.1 Categories of financial instruments (continued)

At 31 March 2024 Assets	Note	Assets held at FVTPL £000	Assets held at amortised cost £000	Liabilities held at amortised cost £000	Liabilities held at FVTPL £000	Total £000
Amortised cost investment assets	12.1	-	530,461	-	-	530,461
Investment assets held at FVTPL	12.2	3,393,479	-	-	-	3,393,479
Trade and other receivables	11	-	20,986	-	-	20,986
Cash and cash equivalents	10	-	157,618	-	-	157,618
Total assets		**3,393,479**	**709,065**	**-**	**-**	**4,102,544**
Liabilities						
Trade and other payables	14	-	-	(53,390)	-	(53,390)
Loans and other borrowings	16	-	-	(119,373)	(36,600)	(155,973)
ECF loan commitments	15	-	-	-	(229,127)	(229,127)
Lease liabilities	17	-	-	(7,228)	-	(7,228)
Total liabilities		**-**	**-**	**(179,991)**	**(265,727)**	**(445,718)**
Net assets		**3,393,479**	**709,065**	**(179,991)**	**(265,727)**	**3,656,826**

23.2 Fair value measurements

The note set out below provides information about how the Group determines the fair values of various financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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23. Financial instruments (continued)

23.2 Fair value measurements (continued)

Immediately following the completion of a financing round, the fair value is typically considered to be observable and classified as a Level 2 investment using the round price. After 3 months, the round price is generally considered to be an unobservable input and the investment would then be classified under Level 3.

The following table presents the Group's financial assets and liabilities that are measured at fair value by balance sheet classification.

31 March 2025 Financial assets	Note	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
FVTPL mandatory					
BFP Mid Cap	12.2	-	-	124,160	124,160
Investment Programme	12.2	-	-	678,685	678,685
UKIIF	12.2	-	-	169,991	169,991
Managed Funds	12.2	-	-	325,912	325,912
Regional Angels Programme	12.2	-	-	167,963	167,963
LIFTS	12.2	-	-	25,222	25,222
Venture/Venture Growth	12.2	24,204	-	1,494,488	1,518,692
Co-Investment	12.2	-	50,475	51,489	101,964
Future Fund: Breakthrough	12.2	-	12,330	141,207	153,537
Life Sciences Investment Programme	12.2	-	-	20,638	20,638
Nations and Regions Investment Funds	12.2	-	-	215,152	215,152
Enterprise Capital Funds	12.2	-	-	596,807	596,807
Enterprise Capital Funds – Direct Investments	12.2	18,626	-	-	18,626
Legacy Venture Capital Investments	12.2	383	-	3,584	3,967
Total financial assets at FVTPL mandatory		**43,213**	**62,805**	**4,015,298**	**4,121,316**
Total financial assets measured at fair value		**43,213**	**62,805**	**4,015,298**	**4,121,316**
Financial liabilities					
FVTPL designated					
ECF commitment liability	15	-	-	(178,867)	(178,867)
Total liabilities at FVTPL designated		**-**	**-**	**(178,867)**	**(178,867)**
Total financial liabilities measured at fair value		**-**	**-**	**(178,867)**	**(178,867)**

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23. Financial instruments (continued)

23.2 Fair value measurements (continued)

31 March 2024 Financial assets	Note	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
FVTPL mandatory					
BFP Mid Cap	12.2	-	-	175,745	175,745
Investment Programme	12.2	-	-	615,720	615,720
UKIIF	12.2	-	-	127,570	127,570
Managed Funds	12.2	-	-	251,871	251,871
Regional Angels Programme	12.2	-	-	141,644	141,644
Venture/Venture Growth	12.2	22,282	-	1,347,929	1,370,211
Co-Investment	12.2	-	14,070	63,025	77,095
Future Fund: Breakthrough	12.2	-	10,606	97,346	107,952
Life Sciences Investment Programme	12.2	-	-	14,409	14,409
Nations and Regions Investment Funds	12.2	-	-	24,487	24,487
Enterprise Capital Funds	12.2	-	-	461,840	461,840
Enterprise Capital Funds – Direct Investments	12.2	16,689	-	-	16,689
Legacy Venture Capital Investments	12.2	500	-	7,746	8,246
Total financial assets at FVTPL mandatory		**39,471**	**24,676**	**3,329,332**	**3,393,479**
Total financial assets measured at fair value		**39,471**	**24,676**	**3,329,332**	**3,393,479**

Financial liabilities					
FVTPL designated					
ECF commitment liability	15	-	-	(229,127)	(229,127)
Total liabilities at FVTPL designated		**-**	**-**	**(229,127)**	**(229,127)**
Total financial liabilities measured at fair value		**-**	**-**	**(229,127)**	**(229,127)**

Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

Transfers from Level 2 to Level 3:

Three investments within Future Fund: Breakthrough and four investments in Co-Investment were transferred during the year due to the last round prices exceeding three months.

Transfers from Level 3 to Level 2:

Two investments within Co-Investment and Future Fund: Breakthrough were transferred during the year from Level 3 to Level 2. These investments' fair value was updated based on the last round price which occurred three months or less before 31 March 2025.

Transfers between Level 1 and Level 2:

There were no transfers between Levels 1 and 2 for recurring fair value measurements during the year.

Additions to Level 2:

In the year, there was one new investment within Future Fund: Breakthrough that has been classed as a Level 2 investment. This investment was made within three months of the reporting date.

The valuation techniques used to value financial assets and liabilities are detailed on the following page.

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23. Financial instruments (continued)

23.2 Fair value measurements (continued)

	Level 3 investments in funds and unlisted private equities £000
As at 1 April 2024	**3,329,332**
Additions	966,069
Fair value adjustment on initial recognition	(54,698)
Repayments	(370,171)
Fair value movements	172,815
Transfers from Level 3 to Level 2	(52,725)
Transfers to Level 3 from Level 2	24,676
As at 31 March 2025	**4,015,298**

	Level 3 investments in funds and unlisted private equities £000
As at 1 April 2023	**3,102,828**
Additions	585,009
Fair value adjustment on initial recognition	(38,462)
Repayments	(263,512)
Fair value movements	(58,770)
Transfers from Level 3 to Level 2	(9,461)
Transfers to Level 3 from Level 2	11,700
As at 31 March 2024	**3,329,332**

The Group's investment portfolio consists of assets carried at amortised cost and fair value.

The Group's financial assets are in the main classified as Level 3 assets, with the exception of six Level 1 FVTPL investments and three Level 2 FVTPL investments.

During the year ending 31 March 2025 the fair value of investment assets held at fair value through profit or loss increased by £176.6m (2024: decreased by £48.8m) taken to the Consolidated Statement of Comprehensive Net Income. In addition, there was a fair value decrease of £54.7m (2024: £38.5m) as a result of fair value on initial recognition taken to the Consolidated Statement of Comprehensive Net Income.

Fair value adjustments on initial recognition of amortised cost investments of £56.8m (2024: £49.1m) were taken to the Consolidated Statement of Comprehensive Net Income.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Investments held at fair value through profit or loss (FVTPL)

For all FVTPL assets, except for the Enterprise Capital Funds, Co-Investment, Future Fund: Breakthrough and Regional Angels Programme, the investment valuation, a net asset valuation (NAV) which is determined on a fair value basis, is determined by investment managers on a regular basis (monthly or quarterly).

The Directors review the investment valuation reports periodically and are satisfied that they provide an appropriate measure of fair value at the reporting date.

The Executive Valuation Committee also reviews and approves all investment valuations at a programme level.

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23. Financial instruments (continued)

23.2 Fair value measurements (continued)

Enterprise Capital Funds

Although accounted for as a single instrument, for valuation purposes, the Enterprise Capital Funds investments are split into a debt and a derivative element. The primary valuation methodology used for the debt element of investments is the discounted cashflow method. Fair value is estimated by deriving the present value of the investment using reasonable assumptions of expected future cashflows and the estimated repayment value and date, discounted at the appropriate risk-adjusted discount rate.

The discount rate is estimated with reference to the market risk-free rate and a risk-adjusted premium.

Each investment has an annually reviewed model, which for each valuation assessment is updated for actual asset performance and key assumption and input changes.

Future Fund: Breakthrough and Co-Investment

The fair value of these investments is determined using techniques consistent with the IPEV guidelines. Measuring fair value of financial instruments that are not traded in active markets requires judgement, as there will often be a range of techniques or prices that could be applied (including comparable revenue multiples, scenario analysis, discount cashflows and milestone analysis). The appropriate valuation technique is selected based on the individual nature, facts and circumstances of the investment and the expected view of market participants. The valuation techniques are calibrated using transaction prices.

Regional Angels Programme

The fair value of these investments is based on valuations provided by the delivery partners using valuation methods aligned to IPEV guidelines. Measuring fair value of financial instruments that are not traded in active markets requires judgement, as there will often be a range of techniques or prices that could be applied. The majority of the underlying valuations are based at cost or last financing round price where there are no significant changes in the prospects for the investment due to either company specific factors or the wider market outlook.

Enterprise Capital Funds also contain an equity derivative. The derivatives are valued using the Black-Scholes model. The key inputs used in the derivative valuation are:

Input	Assumptions in determining the input
Net amount drawn and fund valuation as at 31 March 2025	Net amounts drawn are cashflows from the business. Fund valuations are reported by fund managers.
Time to fund exit – ranging from 0–10 years	Assessed separately for each fund based on remaining investment period and estimated timescale for fund exits.
Volatility – ranging from 11.7% to 82.2%	The FTSE AIM All Shares sector indices have been used as a source for calculating volatility. The volatility applied to each fund varies according to the sector focus of the fund and its expected maturity.
Prioritised return – ranging from 3.0% to 4.5%	Set to equal the contractual return which funds must pay before any upside on the option is realised.
Risk-free rate	Derived from UK Government bonds.

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23. Financial instruments (continued)

23.2 Fair value measurements (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis.

Set out below is a comparison by class of carrying amounts and fair values of the Group's financial assets and financial liabilities measured at amortised cost.

Financial assets at amortised cost	Carrying Value 2025 £000	Fair Value 2025 £000	Carrying Value 2024 £000	Fair Value 2024 £000
BFP Mid Cap	106,451	106,451	122,491	122,491
Investment Programme	267,718	267,718	210,963	210,963
Start Up Loans	172,103	180,266	168,963	185,772
Midlands Engine Investments	12,869	12,869	15,271	15,308
Northern Powerhouse Investments	-	-	12,773	12,796
	559,141	**567,304**	**530,461**	**547,330**

Financial liabilities at amortised cost				
Unsecured loans	80,000	80,000	36,600	36,600
Capital grants	124,127	124,127	119,373	119,373
	204,127	**204,127**	**155,973**	**155,973**

Start Up Loans

For the estimation of fair value at the reporting date, the Group has utilised the amortised fair value minus ECLs on non-performing loans. Performing loans are deemed to be adequately provided through the amortised fair value when assessing their fair value.

The future expected cashflows derived from the model are discounted using an appropriate discount rate which has been calculated by taking the mid-point of CCC rated UK corporate bonds. This information has been sourced from Moody's market analysis. SUL are classed as Level 3 assets based on the valuation techniques used to determine the fair value at the reporting date. The fair value of SUL is sensitive to changes in the discount rate and to changes in expected cashflows arising from the actual and future expected performance of the loans. A 3% increase in the discount rate as a result of movements in the mid-point of CCC rates UK corporate bonds would have led to an approximate £1.4m decrease in the fair value recognised at inception for the loans newly originated during the year.

Midlands Engine Investments and Northern Powerhouse Investments

Loans at amortised cost provided to Midlands Engine Investments and Northern Powerhouse Investments are fixed rate investments classed as Level 3 assets in the fair value hierarchy. The Directors have assessed that the changes in interest rates and in credit spreads and the associated impact on the fair value of these assets since they were originated are not material to the Group's results. The table above shows the Directors' estimates of the fair value of these assets at 31 March 2025 and 31 March 2024.

BFP Mid Cap and Investment Programme

Loans at amortised cost provided through the BFP Mid Cap and the Investment Programme comprise both fixed rate and floating rate investments with an average duration of not more than five years. The Directors have assessed that the changes in interest rates and in credit spreads and the associated impact on the fair value of these assets since they were originated are not material to the Group's results. The previous table shows the Directors' estimates of the fair value of these assets at 31 March 2025 and 31 March 2024. BFP Mid Cap and the Investment Programme amortised cost assets are classed as Level 3 assets in the fair value hierarchy.

23. Financial instruments (continued)

23.2 Fair value measurements (continued)

Unsecured loans and capital grants

The carrying value and fair value of unsecured loans reflect the amount at which the Group expects to settle its liabilities with DBT and the Nuclear Liabilities Fund, respectively. The carrying value and fair value of the DBT capital grant are equivalent because the grant has no maturity and is repayable on demand, in whole or in part, under certain conditions.

Liabilities held at FVTPL

The ECF loan commitments are part of a group of financial assets and financial liabilities that are managed, and their performance evaluated on a fair value basis, and information about the group is provided internally on that basis to the entity's key management personnel. As permitted under IFRS 9, an election has been made to measure the financial liability arising from the loan commitments at FVTPL. The fair value of each commitment is calculated by discounting future cashflows using a discount rate which is adjusted to take account of the credit risk.

23.3 Financial risk management

The Group has exposure to a number of financial risks through the conduct of its operations. Details of the Group's risk management structure are provided in the Risk management framework and developments section of the Strategic report. This note presents information about the nature and extent of risks arising from the financial instruments. There have been no changes to the principal types of risks faced by the Group.

The Group has exposure to the following risks from its use of financial instruments:

– Credit risk

– Market risk

– Liquidity risk.

Credit risk

Credit risk is the risk of loss to the Group from the failure of delivery partners or underlying borrowers to meet their transactional facility repayment obligations according to our expectations. This includes concentration risk which may arise from a lack of portfolio diversification, in either a sector, geographic area or type of security, notwithstanding a desire to address market failures.

Assessment of credit risk is carried out as part of the investment approval process and is revisited on an ongoing basis as part of the Group's portfolio management process. With respect to SUL, all loans to entrepreneurs are on an unsecured basis and the credit risk is the risk that an entrepreneur will default on their contractual obligations to make repayments, resulting in financial loss to the Group.

To manage this, the Chief Risk Officer approves all material changes to the lending policy for SUL. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently, loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. During the year, Key Risk Indicators (KRIs) have been expanded further to provide greater visibility of fraud and delivery partner risk. These form part of a wider suite of KRIs which are reviewed and discussed on a monthly basis with SUL Management.

As part of the annual Business Planning process, the Group undertakes stress testing on its portfolio. This was completed by analysing which UK macroeconomic variables would have an impact on the Bank's credit risk exposures. Ahead of the financial year-end 2024/25, the Group undertook a macroeconomic downside stress test which assessed the unlikely but plausible losses on our portfolio over a five-year time horizon. The revised stress tests utilised the March 2025 macroeconomic downside scenarios from our third-party forecaster which are updated on a quarterly basis to take into account the most recent economic outlook in 2025. Under the macroeconomic downside scenario, it was assessed that the Group could incur additional cumulative 5-year gross credit and valuation losses of £1,442m (20% of the Bank's adjusted average capital deployed) on the Group's programmes excluding Covid-19 schemes. The macroeconomic downside scenario considers an increase in defaults and a fall in equity valuation occurring within the next five years and reflects the risk appetite undertaken by the Group operating in underserved finance markets. The Bank also assesses unlikely but plausible losses assuming a severe 1-in-20-year downside (i.e. the worst year in the past 20 years). All stress test losses are considered by the Board and communicated to our stakeholders.

23. Financial instruments (continued)

23.3 Financial risk management (continued)

The Group has undertaken sensitivity analysis on the key inputs to ECL impairment provision models. Owing to the previously benign economic environment and the ongoing economic uncertainty, this analysis has concentrated on the downside impact on ECL provision levels on the Group's balance sheet assets:

– the potential impact of ascribing 100% probability to the worst-case economic scenario could increase provisions by £1.0m

– the potential impact of a deteriorated PD input with a sensitivity of a 1-notch downgrade on a granular PD rating scale, equating to 1.5x multiple on all the performing loan PD inputs, could increase provisions by £6.7m

– the potential impact of inaccurately modelled LGD input for the ECL calculations with a sensitivity of a 1-notch downgrade on a granular LGD rating scale, equating to a range of LGD input increases from 5% to 40% depending on the portfolio, could increase provisions by £2.6m.

Maximum credit risk exposure	Maximum Exposure to loss 2025 £000	Collateral 2025 £000	Net Exposure 2025 £000	Maximum Exposure to loss 2024 £000	Collateral 2024 £000	Net Exposure 2024 £000
Cash and cash equivalents	154,678	-	154,678	157,618	-	157,618
Trade and other receivables	10,660	-	10,660	23,294	-	23,294
Amortised cost investments	594,423	(138,038)	456,385	574,073	(110,360)	463,713
Investments held at FVTPL	4,121,316	-	4,121,316	3,393,479	-	3,393,479
Total	**4,881,077**	**(138,038)**	**4,743,039**	**4,148,464**	**(110,360)**	**4,038,104**

The Group through its applicable delivery partners has the ability to call on collateral in the event of a default of the counterparty by way of calling on the asset for which the finance has been provided. The collateral disclosed in the table above relates in full to loans provided in relation to asset-backed finance.

The nature of the collateral held is mostly made up of plant, machinery, vehicles and soft assets.

The maximum exposure to loss is the gross carrying value of the financial assets in the Consolidated Statement of Financial Position.

The carrying value of the investments in each class of financial asset is detailed in section 23.3 of this note and in note 12.

Credit risk rating and loss allowance

The Group has the following assets subject to expected credit loss impairments:

– Trade and other receivables

– Assets held at amortised cost

– Cash and cash equivalents.

Trade and other receivables

Impairment on trade and other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. An expected credit loss has not been recognised in the accounts as it would be immaterial.

Assets held at amortised cost

The Group's investments are assessed by the Group's Executive Committee. The Group produces credit risk ratings for its investments based upon the estimated PD and LGD of that investment.

The table above presents an analysis of credit quality of assets held at amortised cost.

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23. Financial instruments (continued)

23.3 Financial risk management (continued)

As at 31 March 2025	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Low	–	–	–	–
Medium	382,918	–	–	382,918
High	168,128	24,917	–	193,045
Defaulted financial assets	–	–	18,460	18,460
Total gross carrying amounts	551,046	24,917	18,460	594,423
Loss allowance	(13,862)	(5,671)	(15,749)	(35,282)
Carrying amount	**537,184**	**19,246**	**2,711**	**559,141**

As at 31 March 2024	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Low	–	–	–	–
Medium	354,616	–	–	354,616
High	168,918	28,482	–	197,400
Defaulted financial assets	–	–	22,057	22,057
Total gross carrying amounts	523,534	28,482	22,057	574,073
Loss allowance	(16,624)	(6,264)	(20,724)	(43,612)
Carrying amount	**506,910**	**22,218**	**1,333**	**530,461**

23. Financial instruments (continued)

23.3 Financial risk management (continued)

	Not credit-impaired				Credit impaired			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Gross carrying amount £000	Allowance for ECL £000	Gross carrying amount £000	Allowance for ECL £000	Gross carrying amount £000	Allowance for ECL £000	Gross carrying amount £000	Allowance for ECL £000
As at 1 April 2024	**523,534**	**(16,624)**	**28,482**	**(6,264)**	**22,057**	**(20,724)**	**574,073**	**(43,612)**
Transfer to 12-month ECL	1,996	(692)	(1,767)	512	(229)	180	-	-
Transfer to lifetime ECL	(3,631)	2,863	4,296	(3,365)	(665)	502	-	-
Transfer to credit-impaired financial asset	(4,333)	844	(1,879)	485	6,212	(1,329)	-	-
New financial assets originated or purchased	314,514	(10,788)	-	-	-	-	314,514	(10,788)
Fair value adjustment on initial recognition (new lending)	(56,819)	-	-	-	-	-	(56,819)	-
Financial assets that have been derecognised[1] during the period (including write-off)	(250,566)	274	(7,167)	186	(8,894)	1,324	(266,627)	1,784
Changes to risk parameters	-	10,261	-	2,775	-	4,298	-	17,334
Amortisation	26,351	-	2,952	-	(21)	-	29,282	-
As at 31 March 2025	**551,046**	**(13,862)**	**24,917**	**(5,671)**	**18,460**	**(15,749)**	**594,423**	**(35,282)**
Carrying amount as at 31 March 2025		**537,184**		**19,246**		**2,711**		**559,141**

1 Derecognition relates to net repayments (repayments minus accrued interest), closures and write-offs.

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23. Financial instruments (continued)

23.3 Financial risk management (continued)

	Not credit-impaired				Credit impaired			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Gross carrying amount £000	Allowance for ECL £000	Gross carrying amount £000	Allowance for ECL £000	Gross carrying amount £000	Allowance for ECL £000	Gross carrying amount £000	Allowance for ECL £000
As at 1 April 2023	**488,776**	**(14,445)**	**38,081**	**(13,791)**	**24,469**	**(19,998)**	**551,326**	**(48,234)**
Transfer to 12-month ECL	847	(554)	143	110	(990)	444	-	-
Transfer to lifetime ECL	(12,825)	3,051	13,059	(3,141)	(234)	90	-	-
Transfer to credit-impaired financial asset	(8,468)	1,613	(2,724)	1,555	11,192	(3,168)	-	-
New financial assets originated or purchased	300,533	(13,140)	-	-	-	-	300,533	(13,140)
Fair value adjustment on initial recognition (new lending)	(49,101)	-	-	-	-	-	(49,101)	-
Financial assets that have been derecognised[1] during the period (including write-off)	(215,764)	412	(22,159)	411	(12,725)	2,903	(250,648)	3,726
Changes to risk parameters	-	6,439	-	8,592	-	(995)	-	14,036
Amortisation	19,536	-	2,082	-	345	-	21,963	-
As at 31 March 2024	**523,534**	**(16,624)**	**28,482**	**(6,264)**	**22,057**	**(20,724)**	**574,073**	**(43,612)**
Carrying amount as at 31 March 2024		**506,910**		**22,218**		**1,333**		**530,461**

1 Derecognition relates to net repayments (repayments minus accrued interest), closures and write-offs.

23. Financial instruments (continued)

23.3 Financial risk management (continued)

Cash and cash equivalents

The Group held cash and cash equivalents of £154.7m as at 31 March 2025 (2024: £157.6m). The cash and cash equivalents are held with banks and financial institutions which are rated AA- to AA+ based on S&P ratings.

The Group considers that cash and cash equivalents have a low credit risk based on the external credit ratings of the holding parties. As such, an expected credit loss has not been disclosed due to it being an insignificant amount.

Equity price risk

Equity price risk arises from the uncertainty about the future prices of financial instruments held in accordance with the Group's investment objectives. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements. As stated in note 3, valuation of unquoted equity investments at fair value through profit or loss is a critical accounting estimate and actuals may differ from estimates.

The Group is exposed to equity price risk in respect of equity rights and investments held by the Group and classified on the balance sheet as financial assets at FVTPL.

These equity rights are held mostly in unquoted high-growth technology companies and are valued by the managers of the fund who apply valuation methodologies in compliance with IFRS or other recognised accounting standards such as UKGAAP. Most of the Group's investment funds apply IFRS valuation methodologies or apply the IPEV Guidelines. These valuations are subject to market movements.

The Group seeks to manage this risk by routinely monitoring the reported performance of these investments, employing stringent investment appraisal processes on a quarterly basis.

The impact of price equity risk is shown within the table below as the increase and reduction in post-tax profit and equity at the reporting date.

	BPC[1]		BBI[2]		BBFL[3]		NRIL[4]		Total	
	+31% £000	-32% £000	+7% £000	-7% £000	+25% £000	-26% £000	+19% £000	-19% £000	£000	£000
2025	556,398	(574,346)	104,435	(104,435)	154,850	(161,044)	40,879	(40,879)	856,562	(880,704)
2024	455,203	(455,203)	91,879	(91,879)	121,694	(126,561)	4,653	(4,653)	673,429	(678,296)

1 BPC has considered the historical time series of the Preqin Venture Index movements and observed that the +31%/-32% (2024: +/-29%) sensitivities are within the 5th percentiles and 95th percentiles of all movements since 2001. Therefore, BPC considers the range to be within the bounds of reasonable changes in BPC valuations.

2 BBI has considered the historical time series of the FTSE Small Cap Index movements and observed that the +/-7% (2024: +/-7%) sensitivities are within the 5th percentiles and 95th percentiles of all movements since 1993. Therefore, BBI considers this range to be within the bounds of reasonable changes in BBI valuations.

3 BBFL has considered the historical time series of the movements in the ECF programme portfolio valuations and observed that the +25%/-26% (2024: +25%/-26%) sensitivities are within the 5th percentiles and 95th percentiles of all movements since 2006. Therefore, BBFL considers the range to be within the bounds of reasonable changes in BBFL valuations.

4 NRIL has considered the historical time series of the FTSE Small Cap Index and Preqin Venture Index movements and observed that the +/-19% (2024: +/-19%) sensitivities are within the 5th and 95th percentiles of all movements since 1993/2001. Therefore, NRIL considers this range to be within the bounds of reasonable changes in NRIL valuations.

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23. Financial instruments (continued)

23.3 Financial risk management (continued)

Market risk

Market risk is the risk of direct or indirect losses that arise from fluctuations in the values of, or income from, assets or in movements in interest or exchange rates or credit spreads.

Interest rate risk

The Group's investments include a combination of fixed and variable rate loans. Interest rate risk is monitored to ensure that the sensitivity of the Group's returns to market interest rate movements is understood and managed within our risk appetite. The Group does not use derivatives to hedge interest rate risk.

SONIA sensitivity of the Group's investments is estimated as follows:

– the impact of a 0.25 percentage point decrease in the interest rate applicable to investments would have resulted in a decrease in post-tax profit of approximately £3.7m.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate investments across its debt funds and amortised cost assets. At 31 March 2025, approximately 63% of the Group's interest-bearing investments had a fixed rate of interest and 37% had a variable rate of interest. There have been no changes to how the Group manages or measures interest rate risk in the financial year to March 2025.

Currency risk

The Group does not have significant exposure to currency risk as the Group primarily invests in its functional currency, pounds sterling. There are some investments in funds which have an international investment mandate and are denominated in euros or US dollars. A condition of investment in these funds is that they invest into the UK at a fund level a larger amount than our financial investment.

Approximately 21.6% of the Group's portfolio is in non-pounds sterling denominated investments in the BBI and BPC portfolios. The currency impact included in the overall FVTPL investments fair value movement for the year ended 31 March 2025 was £20.6m. There is no policy to hedge this currency risk; however, there is natural vintage diversification as the fund investments are made over different years. The sensitivity of currency risk losses from the Group's non-sterling investments is estimated with a scenario assuming GBP-EUR and GBP-USD exchange rate prices moved at the 75th percentile of its historical one-year volatility distribution. The impact of this would be a reduction in post-tax profit and equity of approximately £54m at the reporting date.

Liquidity risk

Liquidity risk is the risk that an entity does not have sufficient financial resources in the short term to meet its obligations as they fall due, or its strategy is constrained by inadequate or inappropriate funding sources.

The Group manages its liquidity risk management as part of its cash and operational risk management processes and ensures that sufficient funds in liquid form are maintained at all times to meet liabilities as they fall due.

In relation to the capital grants provided to the Group, they may become repayable on demand, in whole or in part, if at the absolute discretion of DBT, certain conditions arise that affect the Start Up Loans Company adversely. The Group is dependent on continuing support from DBT that the grants will not be recalled for a period of at least 12 months from the date of approval of these financial statements.

Other than the capital grants and term facilities, liquidity risk is not deemed significant to the Group as it is 100% Government funded, with all programmes pre-approved and committed to, and it does not have a leveraged balance sheet.

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23. Financial instruments (continued)

23.3 Financial risk management (continued)

Liquidity risk analysis

The tables opposite show cashflows payable up to a period of 10 years on an undiscounted basis. This data is based on contractual undiscounted cash flows of the Group's financial liabilities at the reporting date. The data reflects the Group's gross obligations and does not incorporate expected cash inflows from financial assets. Amounts are allocated to time bands based on the earliest date on which the Group could be required to settle the liabilities. Where relevant, assumptions have been made based on historical patterns and management expectations.

These differ from the Consolidated Statement of Financial Position values due to the effects of discounting on certain Consolidated Statement of Financial Position items, the inclusion of contractual lending commitments and non-cash items being excluded.

As at 31 March 2025 Financial liabilities	Within 1 year £000	2–5 years £000	5yrs+ £000	Total £000
Loans and other borrowings	80,000	124,127	-	204,127
Lease liabilities	1,965	3,652	-	5,617
Other liabilities	27,918	13,500	-	41,418
Total financial liabilities	**109,883**	**141,279**	**-**	**251,162**

Off balance sheet	Within 1 year £000	2–5 years £000	5yrs+ £000	Undrawn £000	Total £000
Contractual lending commitments	807,297	1,700,274	119,055	547,566	3,174,192
ECF loan commitments	93,681	170,818	24,445	171,394	460,338
Total off balance sheet	**900,978**	**1,871,092**	**143,500**	**718,960**	**3,634,530**

In relation to our contractual lending commitments, it is not anticipated that these will be drawn in full. The above table reflects the anticipated drawdown based on cashflow forecast and also reflects the element of the total commitment that is expected to expire without being drawn 'Undrawn'.

As at 31 March 2024 Financial liabilities	Within 1 year £000	2–5 years £000	5yrs+ £000	Total £000
Loans and other borrowings	36,600	119,373	-	155,973
Lease liabilities	1,965	5,617	-	7,582
Other liabilities	39,892	15,000	-	54,892
Total financial liabilities	**78,457**	**139,990**	**-**	**218,447**

Off balance sheet	Within 1 year £000	2–5 years £000	5yrs+ £000	Undrawn £000	Total £000
Contractual lending commitments	798,614	1,592,041	136,222	641,554	3,168,431
ECF loan commitments	115,235	236,697	11,946	69,827	433,705
Total off balance sheet	**913,849**	**1,828,738**	**148,168**	**711,381**	**3,602,136**

23. Financial instruments (continued)

23.3 Financial risk management (continued)

Capital

The British Business Bank plc's share capital comprises 3,696,811,387 of issued and fully paid ordinary shares of £1. The Bank is not subject to external regulatory capital requirements under the Basel III regulatory capital framework and therefore does not manage its capital according to the Pillar 1 and Pillar 2 requirements set out in that framework. Where appropriate, the Bank uses internal models for measuring economic capital in the assessment of new investment transactions.

The Bank's Adjusted Return on Capital Employed is governed by DBT and defined in a Shareholder Framework Document. The Adjusted Return on Capital Employed is a Key Performance Indicator that is set for the Bank by its Shareholder as part of the annual planning cycle and a 1.2% profit was recorded for the financial year ending 31 March 2025. The Bank's adjusted return for the five years ending 31 March 2025 was 4.2% which is significantly above the threshold return of 0.9%.

The Bank monitors its performance against this indicator as part of its monthly performance management and for the financial year ending 31 March 2025 performance was ahead of target throughout. This was largely driven by strong valuation gains during the financial years 2020/21 and 2021/22, with the current and prior year showing a partial unwind of these valuation gains as detailed in note 12. Further details on the Adjusted Return on Capital Employed are disclosed in the 2024/25 Financial performance and calculation of adjusted return section.

24. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below.

Key Management Personnel

Key Management Personnel refers to the Executive Committee of the Group, BBI, BPC and Non-executive Directors.

Compensation	2025 £000	2024 £000
Salaries and other short-term benefits	1,011	1,330
Long-term benefits	250	259
Post-employment benefits	33	71
	1,294	**1,660**

Aggregated contributions in respect of Key Management Personnel to defined contribution pension schemes for the year ending 31 March 2025 were £32,694 (2024: £70,971). There are no further related party transactions to disclose in regards to Executive and Non-executive Directors.

Trading transactions

The Department for Business and Trade (DBT) is the principal shareholder and parent of the British Business Bank plc. British Business Bank plc provides services to DBT in relation to some financial assets held by DBT. In return, British Business Bank plc recognises management fee income in relation to the services provided. In addition, DBT provided temporary staff to the Group for which there are recharges. All entities under the DBT Group are considered to be related parties.

Northern Powerhouse Investments Limited (NPIL), Midlands Engine Investments Limited (MEIL) and Cornwall and Isles of Scilly Investments Limited (CIOSIL) are related parties because they have the same ultimate shareholder as British Business Bank plc.

The Group has provided services in the year to these companies and recognises management fee income in relation to the services provided.

During the year, Group companies entered into the following transactions with related parties:

Income	2025 £000	2024 £000
Management fee		
DBT	37,347	44,893
NPIL	3,308	3,500
MEIL	988	63
CIOSIL	115	117
East Midlands Early Growth Fund Limited	-	53
Grant income – DBT	3,874	4,306
Write down of repayable grant received – DBT	32,245	50,401
	77,877	**103,333**
Capital transactions – Loan from DBT		
Loan balance brought forward	36,600	60,000
Loans received from DBT	674,000	462,500
Shares issued to DBT	(630,600)	(485,900)
	80,000	**36,600**
Capital transactions – SUL Grant from DBT		
Grant balance brought forward	119,373	133,774
Grants received from DBT	37,000	36,000
Write down of grant	(32,246)	(50,401)
	124,127	**119,373**
Total amounts owed to DBT	**204,127**	**155,973**

Amounts outstanding at year-end

As at 31 March 2025, the Group was owed £3.7m from DBT relating to the management fee (2024: £5.3m).

As at 31 March 2025, the Group was owed £3.3m from NPIL (2024: £3.5m), £0.9 from MEIL (2024: £nil), and £0.1m from CIOSIL (2024: £0.1m) relating to the management fee.

The Group owed £132.7m (2024: £119.4m) in capital grants to DBT and owed £80.0m (2024: £36.6m) in unsecured loans to DBT.

As at 31 March 2025, the Group has made loan commitments to NPIL of nil (2024: £50m) and MEIL of £32.5m (2024: £32.5m).

During the year ending 31 March 2025, NPIL repaid an amount of £12.3m (2024: £13.4m) of its loan commitment and MEIL repaid £2.1m (2024: £nil) of its loan commitment.

25. Events after the reporting date

On 2 April 2025, the US Government announced a series of tariffs affecting UK exports to the United States. These tariffs, set at 10%, impact various sectors. Although they are not directly affecting the Group, the tariffs are likely to cause a reduction in valuations in 2025/26.

On 11 June 2025, the Chancellor of the Exchequer delivered the first multi-year Spending Review since 2021. The Spending Review covers resource budgets through 2028/29 and capital spending through 2029/30. The government is transforming the resources and capabilities of the Bank, marking a major step change in financing companies to start and scale in the UK and supporting the Industrial Strategy. The Bank's total financial capacity will be increased to £25.6 billion, supporting a two-thirds increase in support for UK innovative businesses compared to 2025/26 and crowding in tens of billions of pounds more in private capital. Management are working through the impacts of this.

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Independent auditor's report

to the members of British Business Bank plc

Opinion on financial statements

I have audited the financial statements of British Business Bank plc for the year ended 31 March 2025.

The financial statements comprise British Business Bank plc's:

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

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the British Business Bank plc's affairs as at 31 March 2025 and its loss for the year then ended; and
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that British Business Bank plc's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on British Business Bank plc'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.

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

Other information

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

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

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

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

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of British Business Bank plc and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of the directors for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within British Business Bank plc from whom the auditor determines it necessary to obtain audit evidence.
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;

- preparing the Annual Report, which includes the Directors' Remuneration Report, in accordance with the Companies Act 2006; and
- assessing British Business Bank plc's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of British Business Bank plc's accounting policies.
- inquired of management, the head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the British Business Bank plc's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including British Business Bank plc's controls relating to compliance with the Companies Act 2006;
- inquired of management, British Business Bank plc's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

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I obtained an understanding of British Business Bank plc's framework of authority and other legal and regulatory frameworks in which British Business Bank plc operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of British Business Bank plc. The key laws and regulations I considered in this context included Companies Act 2006, employment law and tax Legislation.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Other auditor's responsibilities

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

Susan Clark
Senior Statutory Auditor
17 July 2025

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

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

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Company financial statements

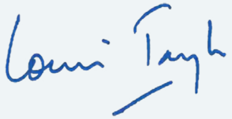
Company statement of financial position

As at 31 March 2025

Assets	Note	2025 £000	2024 £000
Cash and cash equivalents		51,727	61,848
Trade and other receivables	2	266,900	93,572
Investments	3	3,492,456	2,976,273
Right-of-use assets		4,079	5,493
Corporation tax receivable		58,612	38,982
Deferred tax		119	133
Total assets		**3,873,893**	**3,176,301**
Liabilities			
Trade and other payables	4	84,381	34,098
Lease liabilities		5,419	7,228
Loans and other borrowings	5	80,000	36,600
Provisions		300	300
Total liabilities		**170,100**	**78,226**
Net assets		**3,703,793**	**3,098,075**
Equity			
Issued share capital		3,696,811	3,066,211
Retained earnings		6,982	31,864
Total equity		**3,703,793**	**3,098,075**

The Company has taken advantage of section 408 of the Companies Act 2006 and consequently the Statement of Comprehensive Income (including the profit and loss account) of the parent company is not presented as part of these financial statements. The loss of the parent company for the financial period amounted to £24.9m (2024: £54.3m).

The financial statements of the Company were approved by the Board of Directors on 17 July 2025 and authorised for issue on the date of the independent auditor's report. They were signed on its behalf by:



Louis Taylor
Chief Executive Officer

The notes on p201-203 form an integral part of the financial statements.
Company number 08616013

Company statement of changes in equity

As at 31 March 2025

	Issued capital £000	Retained earnings £000	Total £000
Balance as at 1 April 2023	**2,580,311**	**86,175**	**2,666,486**
Net income after tax	-	(54,311)	(54,311)
Total comprehensive income	-	(54,311)	(54,311)
Issue of ordinary shares	485,900	-	485,900
Balance at 31 March 2024	**3,066,211**	**31,864**	**3,098,075**
Balance as at 1 April 2024	**3,066,211**	**31,864**	**3,098,075**
Net income after tax	-	(24,882)	(24,882)
Total comprehensive income	-	(24,882)	(24,882)
Issue of ordinary shares	630,600	-	630,600
Balance at 31 March 2025	**3,696,811**	**6,982**	**3,703,793**

Company cash flow statement

As at 31 March 2025

	Note	2025 £000	2024 £000
Loss before tax		**(24,518)**	**(54,311)**
Cashflows from operating activities			
Adjustments for:			
Depreciation, bad debt and impairments		1,414	1,672
Interest receivable		(90)	-
(Increase)/decrease in trade and other receivables	2	(173,328)	11,219
Increase/(decrease) in trade and other payables	4	50,283	(2,273)
Impairment of investments in subsidiary undertakings	3	24,518	54,311
Corporation tax paid		(19,980)	(24,500)
Interest received		90	-
Net cash used in operating activities		**(141,611)**	**(13,882)**
Cashflows from financing activities			
Payments of lease liabilities		(1,965)	(1,965)
Finance costs on lease liabilities		156	199
Net increase in Shareholder funding	5	674,000	462,500
Net cash from financing activities		**672,191**	**460,734**

Cashflows from investing activities	Note	2025 £000	2024 £000
Purchase of investments in subsidiary undertakings	3	(540,701)	(440,900)
Net cash from investing activities		**(540,701)**	**(440,900)**
Net increase in cash and cash equivalents		**(10,121)**	**5,952**
Cash and cash equivalents at beginning of year		**61,848**	**55,896**
Cash and cash equivalents at end of year		**51,727**	**61,848**

The notes on p201-203 form an integral part of the financial statements.

In the prior year, the Impairment of investments in subsidiary undertakings was classified under Cashflows from investing activities. However, as this is a non-cash item, it is now reported under Cashflows from operating activities.

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Notes to the Company financial statements

As at 31 March 2025

1. Significant accounting policies

Basis of accounting

The Company financial statements have been prepared in accordance with UK-adopted international accounting standards as applied in conformity with section 408 of the Companies Act 2006. The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

The Company's financial accounting policies are consistent with those described in the consolidated accounts of the British Business Bank plc. Disclosures in relation to share capital have not been repeated here as there are no differences to those provided in the consolidated accounts (note 20).

Investments in subsidiary undertakings are measured at cost less impairment in accordance with IAS 27.

These financial statements have been prepared on the going concern basis as described in the consolidated financial statements of the British Business Bank plc, and under the historical cost convention. The financial statements are presented in pounds sterling, which is the Company's functional currency.

2. Trade and other receivables

Amounts receivable within one year	2025 £000	2024 £000
Trade receivables	29	29
Prepayments	1,294	1,414
Amounts due from Group companies	265,556	92,118
Other receivables	21	11
Total trade and other receivables	**266,900**	**93,572**

3. Investments

The Company acts as a holding company for the Group and has the following principal subsidiary undertakings which affected the Group's results or net assets:

Subsidiary	Nature of Business
BBB Investment Holdings Limited	Holding company.
British Business Finance Limited (BBFL)	Manages investment schemes on behalf of the Group. The Start Up Loans Company (SUL) which provides loans to entrepreneurs is a subsidiary of BBFL.
British Business Financial Services Limited (BBFSL)	Manages investment schemes on behalf of the Department for Business and Trade.

All subsidiary undertakings are wholly-owned and incorporated in the UK, all shareholdings are in the name of British Business Bank plc.

See note 21 of the consolidated financial statements for details of all subsidiary holdings of the Company.

3. Investments (continued)

At 31 March 2025 Investment in	Holdings £000	BBFL £000	Total £000
Opening balance	2,623,539	352,734	2,976,273
Investment in year	492,701	48,000	540,701
Impairment in year	(24,518)	-	(24,518)
Closing balance	**3,091,722**	**400,734**	**3,492,456**

At 31 March 2024 Investment in	Holdings £000	BBFL £000	Total £000
Opening balance	2,256,639	333,045	2,589,684
Investment in year	366,900	74,000	440,900
Impairment in year	-	(54,311)	(54,311)
Closing balance	**2,623,539**	**352,734**	**2,976,273**

The Company received no dividends in the year (2024: £nil).

4. Trade and other payables

Amounts falling due within one year	2025 £000	2024 £000
Trade payables	1,158	608
VAT and social security	1,405	1,855
Accrued expenditure	13,959	11,543
Amounts due to Group companies	64,991	16,973
Other payables	2,868	3,119
Total trade and other payables	**84,381**	**34,098**

The Directors consider that the carrying amount of trade payables approximates to their fair value.

5. Loans and other borrowings

	2025 £000	2024 £000
Unsecured loans	80,000	36,600
Total loans and other borrowings	**80,000**	**36,600**

The Company has received further loan advances of £674.0m from DBT, of which £630.6m has been settled by share issue. The balance of £80.0m (2024: £36.6m) is repayable on demand and carries a zero-interest rate.

6. Related party transactions

During the year under review, British Business Bank plc was 100% owned by the UK Government, with the shareholder being the Secretary of State for the Department for Business and Trade (DBT). The Company has elected to take the exemption under IAS 24 regarding disclosure of transactions with related parties because the UK Government has control over both the Company and other related entities.

Compensation paid to key management personnel is disclosed in the Directors' Remuneration Report.

The Company trades with Government bodies on an arm's length basis on commercial terms in line with contractual agreements. The main Government bodies transacted with are DBT and the Company's principal subsidiary undertakings: BBB Investment Holdings Limited, British Business Finance Limited (BBFL) and British Business Financial Services Limited (BBFSL).

The Group's trading and other capital transactions with DBT were all effected through the Company and are disclosed in note 24 of the consolidated financial statements. The Company made charges to its principal subsidiary undertakings in respect of services provided on their behalf amounting to £51.0m (2024: £53.0m).

7. Controlling party

In the opinion of the Directors, the Company's ultimate controlling party is the Secretary of State for the Department for Business and Trade. The consolidated financial statements of the Department for Business and Trade are available from the Government departments' website at GOV.UK. Copies of the Group financial statements of the British Business Bank plc are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Design: red-stone.com

Photography (excluding front cover, case studies and pages 4, 5, 8, 9, 12, 16, 22, 23, 24, 25, 30, 32, 39, 40, 43, 49, 50, 52, 53, 58, 59, 61, 62, 63, 67, 123 and 124): Oliver Goodrich. Power of 10 event on pages 28 and 80. British Business Bank staff on pages 7, 44, 60, 88, 90, 91, 93, 99, 100, 102, 107, 111, 116 and 129: Christopher Andreou

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All figures source British Business Bank 31 March 2025 unless otherwise stated.

British Business Bank plc, registered in England and Wales, registration number 08616013, registered office Steel City House, West Street, Sheffield, S1 2GQ, is a development bank wholly owned by HM Government. It and its subsidiaries are not banking institutions and do not operate as such. With the exception of BBB Investment Services Limited they are not authorised or regulated by the Prudential Regulation Authority or the Financial Conduct Authority. BBB Investment Services Limited is authorised and regulated by the Financial Conduct Authority. A complete legal structure chart for the Group can be found at www.british-business-bank.co.uk.

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