The
Scottish
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Bank

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Neil Bibby MSP
Convener, Public Audit Committee
The Scottish Parliament
Edinburgh
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25 August 2026

Dear Convener,

Yesterday the Scottish National Investment Bank has published its Annual Report & Accounts covering the period 1 April 2025 to 31 March 2026.

The Bank values its engagement with the Economy, Energy and Tourism Committee, and I wanted to share directly with you the key messages and strategic priorities set out in this year's report.

There is much to be encouraged by in our performance. During the year, the Bank committed a record **£374 million of investment capital**, bringing our total investment since launch to **£1.2 billion across 53 businesses and projects**. These investments have helped attract a further **£1.9 billion of private sector investment**, supported around **3,300 jobs**, and positively impacted more than **325,000 people** across Scotland.

The report also reflects the scale and ambition of the Bank's mission. We continue to build a diverse portfolio across sectors that are critical to Scotland's future economy, while developing a strong pipeline of opportunities and progressing plans to attract third-party capital and launch the Scottish University Fund.

Alongside these achievements, this year's accounts will report a significant loss. We wanted to provide some context in advance, as we recognise the headline figure may prompt questions.

We are recording a loss of £138 million, driven by realised losses of £65 million relating to the failure of three early investments made by the Bank, and unrealised losses of £85 million due to revaluations of long-term assets, which include anticipated losses relating to the failure of two further portfolio companies whose administration processes hadn't completed by 31 March.

These outcomes are disappointing for everyone involved, including the businesses, their employees, co-investors and communities. However, they must be considered within the wider market context. Over recent years, businesses operating in innovation-led and net zero sectors have faced some of the most challenging trading and fundraising conditions seen in more than a decade. Across the venture capital and growth investment market, organisations have experienced valuation corrections, delayed exits, constrained fundraising and increased business failures. Similar patterns have been experienced by our development finance peers in the UK and beyond.

Importantly, our analysis shows that the majority of the losses reported relate to investments made during the Bank's early start-up phase. A time when the challenges mentioned were at their most acute.

We have learned from these losses. Over the last three years we have enhanced investment governance, strengthened due diligence, increased scrutiny of business fundamentals and cash runway, and established new portfolio oversight arrangements designed to support performance and maximise value creation.

We remain confident in the long-term strength of the portfolio and in the Bank's ability to deliver both financial returns and economic impact over time. Many of our portfolio companies continue to perform strongly, and we are optimistic about future value realisation opportunities.

The Bank's Annual Report and Accounts can be accessed in full here: Bank publishes annual report and accounts 2026 | Scottish National Investment Bank

I appreciate that you and your Committee colleagues may have questions around the context of the Bank's losses. I am happy to arrange a meeting to discuss this further if it would be useful.

Kind regards,

David Ritchie
Chief Executive Officer
Scottish National Investment Bank