

Russell George AM  
Chair Economy, Infrastructure and Skills Committee

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4<sup>th</sup> November 2020

Dear Russell,

### **COVID-19 – Development Bank of Wales’s response**

I am writing, in advance of the annual scrutiny of our accounts, with an update on how the Development Bank has been working with the Welsh Government, customers and the wider business community in response to the pandemic. In ordinary times, our focus would be on delivery against objectives and targets in the previous period, however, in view of the extraordinary circumstances, I felt it might be useful to provide further detail on this work.

### **Repayment holidays**

The Development Bank launched capital repayment holidays for customers on the 16<sup>th</sup> of March as a rapid response to the crisis, one week prior to the UK lockdown. 653 businesses took up the offer. By September, the majority of customers had returned to regular repayments with fewer than 100 still requiring a change to their repayment terms.

However, we continue to be ready to assist any of our customers during the current trading restrictions and through the winter.

#### **Development Bank of Wales Plc**

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## **Coronavirus Wales Business Loan Scheme**

The First Minister announced the £100m Coronavirus Wales Business Loan Scheme (CWBSL) on the 31<sup>st</sup> of March. The fund was paused a week later on the 7<sup>th</sup> of April, after more than 1,500 applications were received in a little over a week.

We approved the first loans within 3 days of the fund launch with the first payments reaching applicants 2 days later. By the end of July, 1,331 businesses had accessed over £92m of loans. The average loan size was £68,913 and the tables in Appendix 1 detail the geographical distribution.

## **Operations**

The Development Bank began reducing personnel in our offices from mid-February and moved to close the offices and to be exclusively home working ahead of the national lockdown in mid-March. We also moved colleagues from across the entire business into virtual processing pods to handle the heightened demand for our support.

## **Current position**

The impact of CWBSL on annual investment levels can be seen in Appendix 2 and it is worth noting that the fund has almost doubled the size of our customer base in a short space of time. The UK Government's Covid Business Interruption and Bounce Back Loans scheme have also had a positive impact. SME lending outside CWBSL has been dominated by larger deals, and in the smaller deal space, start-ups have increased as a proportion of lending below £50,000, at 50% this year compared to 20% in the previous period. Investment from our property funds is also seeing very strong demand and there are signs that commercial lenders are retreating from this space. One important update to our lending terms has allowed us to increase our maximum loan term to 15 years, strengthening our ability to support businesses with patient capital. We are also investing further in support for existing customers with a series of online events focused on how they can build better businesses through investing in innovation, people and processes

We continue to work closely with the Welsh Government on the response to the pandemic and in support of the SME community. We look forward to meeting with you when we will be pleased to answer any further questions,

Yours sincerely



**Giles Thorley**  
**Chief Executive**

**Appendix 1 – CWBLS distribution by geography**

	<b>No. of companies</b>	<b>Value (£)</b>
<b>Mid &amp; West Wales</b>	<b>399</b>	<b>27,248,900</b>
Carmarthenshire	101	7,008,650
Ceredigion	32	2,018,000
Neath Port Talbot	40	3,204,500
Pembrokeshire	80	5,466,000
Powys	53	3,184,200
Swansea	93	6,367,550
<b>North Wales</b>	<b>334</b>	<b>21,219,300</b>
Conwy	104	5,798,500
Denbighshire	47	3,062,500
Flintshire	46	3,865,500
Gwynedd	56	3,452,000
Isle of Anglesey	40	2,441,300
Wrexham	41	2,599,500
<b>South Wales</b>	<b>598</b>	<b>43,539,214</b>
Blaenau Gwent	11	969,000
Bridgend	51	4,655,750
Caerphilly	63	4,087,500
Cardiff	202	14,590,665
Merthyr Tydfil	19	1,223,750
Monmouthshire	41	2,496,500
Newport	49	3,757,000
Rhondda Cynon Taff	66	6,028,000
The Vale of Glamorgan	65	3,506,949
Torfaen	31	2,224,100
<b>Grand Total</b>	<b>1331</b>	<b>92,007,414</b>

**Appendix 2 – Cumulative investment, Apr – Sep 2020 compared with 2019/2020**

