

Economic Intelligence Wales

Quarterly report

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Executive Summary

This QR coincides with **the continued global economic crisis caused by the Covid-19 pandemic and the subsequent mitigation measures**. Most developed countries have recorded economic contractions at unprecedented levels. **The IMF forecast is for a 3% annual contraction of global GDP in 2020, deeper than in the 2008/09 financial crisis. The Organisation for Economic Cooperation and Development (OECD) predicts an increase in unemployment in the 37 OECD countries from 5.3% in 2019 to 9.4% in 2020.**

The pandemic affected a UK economy that was already slowing down, and with production and investment facing significant challenges and uncertainty stemming from the future trade relationship with the European Union. The latest quarterly GDP estimates for Wales also indicate a weakened economy in the pre-pandemic months. GDP in Wales is estimated to have declined by 1% in the final quarter of 2019, offsetting the increase of 0.7% in 2019Q3. This decline was driven by services and manufacturing.

Following a decline in UK GDP in the period 2019Q4-2020Q1 (2%), the UK economy contracted by 20.4% in the quarter to the 2020Q2, the deepest economic downturn among the G7 countries. The monthly UK GDP data has showed some partial rebound in May, June and July as lockdown restrictions have eased, although with GDP still well below pre-pandemic levels. The Bank of England 'improved' its forecast for the UK economy's annual contraction in 2020 from 14% (May forecast) to a contraction of 9.5% (August forecast). The Bank of England also predicts an increase of unemployment from 4% in 2019 to 7.5% in 2020.

The main factors linked to the UK economic contraction included a decline in UK business investment, with a 33% quarterly fall in 2020Q2, and the decline in private consumption, which fell by 23.1% in the quarter to 2020Q2.

Wales output indices decline in 2020Q1

The index of production output experienced the largest decline, falling from 104.3 in 2019Q4 to 90.7 in 2020Q1. The market services index declined from 106.9 in 2019Q4 to 103.5 in 2020Q1. After two consecutive quarters of positive growth, the construction index declined slightly from 125 in 2019Q4 to 124.5 in 2020Q1.

According to the ONS Business Impact of COVID-19 Survey, from mid-May to the end of July while **the rate of companies still trading in Wales was high, the more significant problem was the impact on turnover, although there are important signs of improvement in both fields. Around 80% of Welsh companies continued to trade in the period between 18 and 31 of May. The rate of Welsh firms surveyed that continued to trade gradually rose to 94% in the survey period 13 – 26 July, a rate close to the UK average. From mid-May to mid-June, over 60% of firms surveyed in Wales reported a decrease in turnover, with one in four SMEs reporting a greater than 50% contraction. Nevertheless, the picture in Wales gradually improved. The percentage of companies surveyed in Wales reporting a fall in turnover declined to 55% on average from mid-June to end of July, with 15% of SMEs reporting a more than 50% contraction.**

The economic downturn caused by the pandemic follows a year when many Welsh SMEs had reported growth. According to the BVA BDRC SME Finance Monitor 2019, the proportion of SMEs surveyed in Wales that recorded growth increased from 35% in 2018 to 41% in 2019, higher than in London (35%) and Scotland (39%).

Executive Summary

Demand for credit has continued to rise. More than one in four firms (26.8%) surveyed in the ONS Business Impact of COVID-19 Survey in Wales had either no cash reserves or had cash flow remaining for 3 months of business activity. The BVA BDRC SME Finance Monitor 2020Q2 reported that 31% of the Welsh SMEs surveyed perceived cash flow and issues with late payment as a major obstacle to business growth. According to the same report, the proportion of Wales' SMEs interviewed that did not use finance but planned to apply increased from 1% in 2019Q3-Q4 and 5% in 2020Q1, to 7% in 2020Q2. The BVA BDRC SME Finance Monitor 2020Q2 shows that the proportion of Welsh SMEs using finance who were concerned about their ability to repay increased from 18% in 2020Q1 to 30% in 2020Q2.

While business conditions are poor, credit is more easily available and cheaper than in the 2008/09 economic crisis due to the significant fall in Bank of England interest rates and the policy interventions to combat Covid-19 effects. The average interest rates on UK SME loans declined from 3.36% in February to 2.82% at end June 2020. **The decline in interest rates and the introduction of UK government support schemes are linked to a sharp increase in the UK annual growth rate of loans to SMEs from 1.1% in April to 11.9% in May and 17.4% in June 2020. The significant rise of borrowing is reflected in the findings of the BVA BDRC SME Finance Monitor 2020Q2 showing that percentages of permanent non-borrowers in Wales declined from 56% in 2020Q1 to 31% in 2020Q2.**

The UK and Welsh government schemes, established in spring 2020, have facilitated a supply of credit. In the period to 7 August, SMEs located in Wales received loans with value of £303m from the Coronavirus Business Interruption Loan Scheme, and £1.11bn from the Bounce Back Loan Scheme (10th highest across the UK).

The Welsh Government's Economic Resilience Fund (Phase 1) approved 6,946 grants to SMEs, with a value of £124.4m.

Despite the poor business conditions, credit risk ratings have improved for Welsh SMEs in July. **The proportion of Welsh SMEs falling into the High risk group fell from 6.5% in June to 3.1% in July 2020.** There was an increase in the proportion of Welsh SMEs in the Normal, Stable and Secure risk groupings in the first half of 2020. This improvement was reflected in all economic sectors, with construction, hotels and restaurants, as well as transportation and telecommunications recording the greatest increases in the Secure category. Whilst this is positive news for Welsh SMEs, care should be taken in interpreting monthly data with some volatility in the data from month to month evident.

In the first quarter of 2020/21, the Development Bank of Wales made 1,434 investments. The sharp rise in the number of investments is due to the impact of the *COVID-19 Wales Business Loan Scheme*, launched on 30 March 2020 to support businesses experiencing cash flow difficulties. The Fund allocated almost £86 million to more than 1,300 businesses from April to June 2020, closing at £92 million invested in July. **The value of new investments made by the Development Bank of Wales during the first quarter of the financial year 2020/21 summed to nearly £109m**, up from £33.6m in 2019/20Q4, £26.9m in 2019/20Q3 and £21.9m in 2019/20Q2. **The 1,434 investments in 2020/21Q1 created 139 and safeguarded 15,354 jobs**, up from 1,103 jobs created or safeguarded in 2019/20Q4, 658 in 2019/20Q3 and 445 in 2019/20Q2.

This is the first *EIW Quarterly Report (QR)* for the 2020/21 financial year, and it marks the start of the third year of Economic Intelligence Wales analytical activity. Examining SMEs and their access to finance is increasingly important amid the Covid-19 pandemic, the subsequent mitigation policies, and the major global economic turbulence that has resulted. In 2020Q2, the UK and global economy went into recession, with increases in unemployment, and many workers supported by the UK government furlough scheme.

The *EIW Annual Report for 2019/20* was published in June 2020¹ and provided commentary on the emerging economic impacts of the pandemic. This QR builds on that analysis to incorporate additional data, including that related to the early post-lockdown period. Sections 2-4 of this report provide the UK and Welsh macroeconomic context within which Welsh SMEs operate, together with analysis of the effects of government support to firms and factors relating to the demand for, and supply and cost of, SME finance. These sections have the objectives of understanding:

- Macro-economic factors shaping the demand for SME finance in Wales.
- Trends in SME growth, start-ups, and business survival prospects in Wales.
- The supply of finance to SMEs in Wales.
- The amounts and types of lending/ investment into SMEs in Wales, particularly in the context of Covid-19.

Section 5 summarises the activities of the Development Bank of Wales in the context of factors affecting the demand for, and supply of, finance to SMEs in Wales. In summary, the QR identifies:

- The use of Development Bank funds in financing Welsh SMEs, and what types of enterprises and industries are being supported.
- The geographical distribution of SME investment around Wales.

This report is largely based on publicly available data (generally reported in calendar years) together with a special analysis of data provided by the Development Bank of Wales (mostly reported in financial years). Due to differences in reporting periods there will be some slight temporal mismatch of data within this report. Economic data relating to Covid-19 effects and interventions can change quickly. Hence establishing a timely economic picture of impacts across the Welsh SME landscape is particularly challenging.

¹ See https://developmentbank.wales/sites/default/files/2020-06/EIW%20Annual%20Report%20ENG_FINAL.pdf

The Covid-19 crisis has led to unprecedented mitigation policies and lockdown measures, with significant disruptive effects on economic activity, coupled with sharp falls in household and business consumption.

The IMF forecast is for a 3% contraction of global GDP in 2020, deeper than that which occurred in the 2008/09 financial crisis. The US economy recorded a quarterly 8.4% contraction

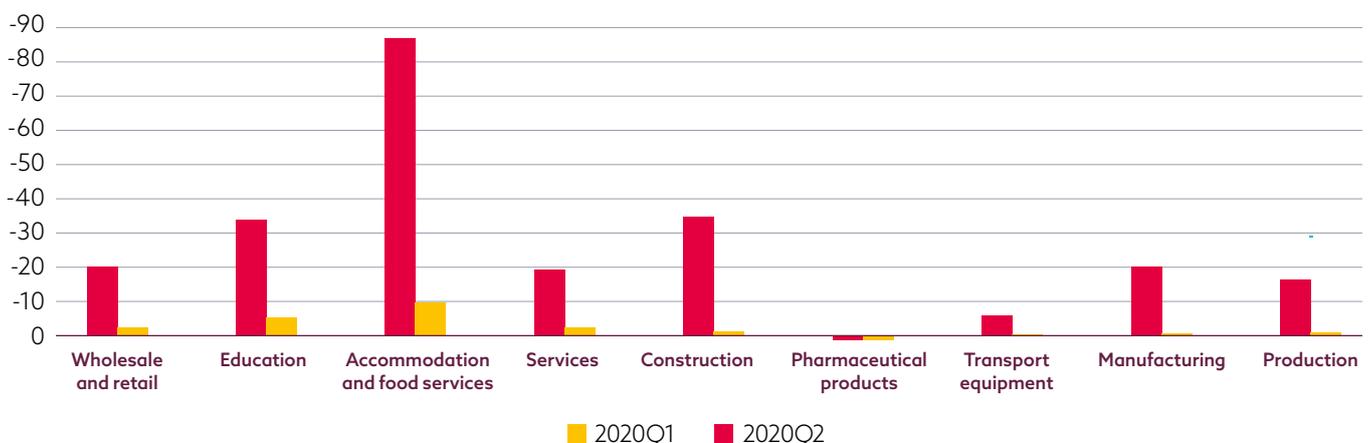
in 2020Q2 and an annual contraction of 33% when comparing 2020Q2 with 2019Q2, this being the deepest decline since records began in 1947. Japanese GDP fell by 7.8% in the quarter to 2020Q2, and by 27.8% between 2019Q2 and 2020Q2. **The Organisation for Economic Cooperation and Development (OECD) predicts an increase of unemployment in the 37 OECD countries from 5.3% in 2019 to 9.4% in 2020.**²

In 2020Q2 the UK economy recorded the largest quarterly contraction since comparable records began.

The decline in 2020Q2 UK GDP follows a substantial contraction in 2020Q1. On an annual basis, UK GDP contracted by 21.7% in the year to 2020Q2, with an estimated 20.4% decline between 2020Q1-2020Q2, constituting the largest quarterly contraction since Office for National Statistics (ONS) quarterly records began.³ In April alone UK GDP is estimated to have recorded a monthly decline of 20%, a record fall since 1997 when comparable monthly records began.

Despite household expenditure contracting by 23.1% in the quarter to 2020Q2, there has been some partial rebound of UK GDP as lockdown restrictions have eased. UK monthly GDP increased in May, June and July 2020, however 'the UK economy still has to make up nearly half of the GDP lost since the start of the pandemic'⁴. Assuming that no further lockdown restrictions are imposed, the Bank of England forecasted a 4.5% quarterly increase of UK GDP for 2020Q3.⁵

Figure 1.
% quarterly changes in output in selected sectors of the UK economy



Source: ONS Quarterly GDP Bulletins

² OECD (2020) OECD Employment Outlook 2020: Worker Security and the COVID-19 Crisis. Paris: OECD

³ <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/latest>

⁴ See <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/july2020> Section 1

⁵ <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/august/monetary-policy-report-august-2020.pdf>

Each main sector of the UK economy contracted in the quarter to 2020Q2 (Figure 1). Industries that have been most exposed to the restrictions imposed due to Covid-19 have experienced the sharpest falls in output. For instance, output in UK accommodation and food services declined by 86.7% in the quarter to 2020Q2. Output in the quarter to 2020Q2 increased in pharmaceutical products (by 0.7%), which is closely related to the pandemic and public health led demands. Following the economic contraction, house prices in the UK fell (by 0.1%) in the year to June 2020, the first annual fall since 2012.⁶ House prices declined by 1.4% in the month to June 2020, while rebounding in July 2020 with a 1.7% increase.⁷ According to the Halifax index, house prices recorded a 5.2% increase in August 2020 compared to August 2019.⁸

UK labour markets have experienced significant impacts as lower demand for products and services have made firms reduce working hours and lay off or furlough workers. Unemployment in the UK increased from 3.8% in 2019Q4 to 3.9% in 2020Q1 and remained at the same level in 2020Q2. In Wales, there was a 0.3% quarterly increase in the unemployment rate, reaching 3.2% in 2020Q1, but then the unemployment rate declined to 2.7% in 2020Q2. These figures will be influenced by the furlough scheme that has protected some workers from unemployment, at least until the end of the scheme which is currently set for October.⁹

Self-employment saw a record quarterly decrease in the second quarter, falling from 4.998 million in 2020Q1 to 4.670 million in 2020Q2.¹⁰

Indicators of the health of the UK labour market are also found in numbers on unemployment related benefits claimants and the number of redundancies. By the beginning of September 2020, more than 194,000 redundancies had been announced in the UK¹¹ and around 2.7m people claimed unemployment related benefits, and with more than 9.6m jobs having been furloughed.¹² In July 2020, the number of people in Wales claiming unemployment related benefits reached 120,900 or 8%¹³ of the workforce, an increase of around 1,800 people compared to May 2020.¹⁴ Caution is needed in any interpretations here, as the 'true' underlying trend cannot yet be established with the furlough scheme still in operation.

The total value of furlough claims in the UK was £35.4bn up to the middle of August 2020. More than 1.16m employers applied for the scheme, of which 99.2% were SMEs.¹⁵ Across the UK, firms that made the most applications for furlough were in sectors such as wholesale and retail (178,000 businesses), construction (174,000 businesses) and professional, scientific and technical activities (150,000 businesses). From 30 March to 31 July 2020, around 400,000 jobs have been furloughed in Wales, equal to 30.6% of total employment, with this percentage close to figures for other UK regions.

⁶ www.nationwide.co.uk/-/media/MainSite/documents/about/house-price-index/2020/Jun_Q2_2020.pdf

⁷ www.nationwide.co.uk/-/media/MainSite/documents/about/house-price-index/2020/Jul_2020.pdf

⁸ www.halifax.co.uk/media-centre/house-price-index.html

⁹ Due to the furlough scheme, the figures on unemployment are volatile and should be treated with caution.

¹⁰ www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/august2020

¹¹ www.theguardian.com/world/2020/jul/31/uk-coronavirus-job-losses-the-latest-data-on-redundancies-and-furloughs

¹² www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics

¹³ Experimental statistics. Data for July 2020 is provisional.

¹⁴ <https://stats.wales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Unemployment/Claimant-Count/seasonallyadjustedclaimantcount-by-ukcountry-englishregion-variable-month>

¹⁵ www.gov.uk/government/publications/coronavirus-job-retention-scheme-statistics-august-2020/coronavirus-job-retention-scheme-statistics-august-2020

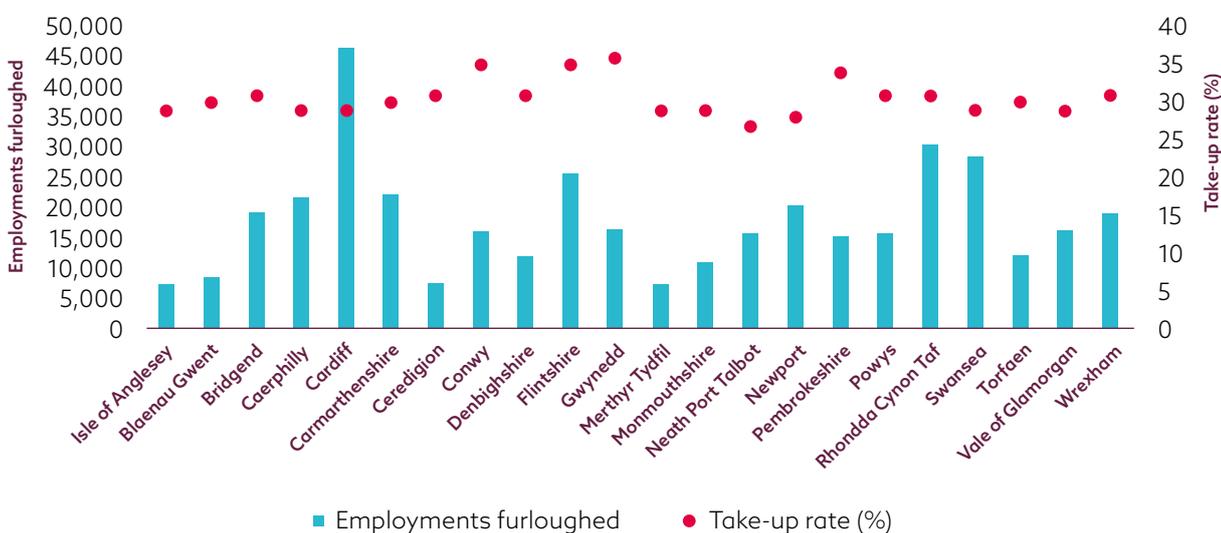
Gwynedd records the highest take-up rate of furlough in Wales.

In Wales, Gwynedd has had the highest employment furloughed take-up rate at 36% of employment (followed closely by Flintshire (35%) and Pembrokeshire (34%)), while Cardiff has had the highest number of jobs furloughed with 46,800 employments furloughed. Small differences in the rate are difficult to explain but might partly reflect the greater shares of industries in local authority areas known to have benefitted most from furlough support (see below). The local authority variations in the rate are not that large.

The wholesale and retail sector had the most jobs under furlough in Wales between 30 March and 31 July 2020 (76,900 jobs, 42% of total employment in the sector), followed by accommodation and food (74,500 jobs, 78% of total employment in the sector) and manufacturing (55,200 jobs, 42% of total employment in the sector). The accommodation and food sector in Wales had the highest rate of employment under furlough (78%), above arts, entertainment, recreation and other services (77%) and construction (62%).

Figure 2.

Employment furloughed and take-up rate among the Welsh local authorities - 31 July 2020



Source: UK Government Covid Job Retention Scheme Statistics

Despite the economic downturn in the first half of 2020, the Bank of England improved its forecast for the UK economy in 2020 from a contraction of 14% (May forecast) to a decline of 9.5% (August forecast), and then a rebound in 2021 of 9%.¹⁶ The Bank of England predicts an increase of unemployment from 4% in 2019 to 7.5% in 2020 (compared to the 8% prediction for 2020 made in May). There is considerable uncertainty around forecasts made during such major changes in economic activity, and in considering whether a potential second wave is factored in or not. Some permanent 'scarring' of long-term economic prospects is likely as a result of the pandemic and the considerable public expenditures that have already been committed and that will be required in the future.

The impacts of the pandemic are yet to be captured by the quarterly (experimental) GDP estimates for Wales. The latest available figures, for 2019Q4, show a quarterly decline of 1%, following an increase of 0.7% in the quarter to 2019Q3, and a decline of 0.1% in the quarter to 2019Q2.¹⁷ GDP in Wales declined by 0.5% in the period 2018Q4-2019Q4. The fall in Welsh GDP was driven mainly by quarterly declines of GDP in information, education, manufacturing as well as wholesale and retail sectors in 2019Q4. By contrast, accommodation and food activities, financial and insurance services, as well as transport and storage recorded positive growth in the quarter to 2019Q4. Whilst there was economic growth in some sectors, these figures for the final quarter of 2019 show a Welsh economy that was already in decline, and less able to withstand the events of 2020.

UK business investment plunged in 2020Q2.

Following a 0.5% quarterly decline in 2019Q4 and a zero change in the quarter to 2020Q1, UK business investment plunged by 31.4% in the quarter to 2020Q2, which is the deepest fall on record. For a comparison, the respective fall in business investment was 8.1% in the

quarter to 2009Q1, amid the 2008/09 global financial crisis. The Bank of England forecasts that, under its 'illustrative scenario', the UK will see business investment declining by 26% in 2020 compared to 2019, but then rising by 19% in 2021 and 12% in 2022.¹⁸

¹⁶ www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/august/monetary-policy-report-august-2020.pdf

¹⁷ www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpukregionsandcountries/octobertodecember2019

¹⁸ www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/may/monetary-policy-report-may-2020

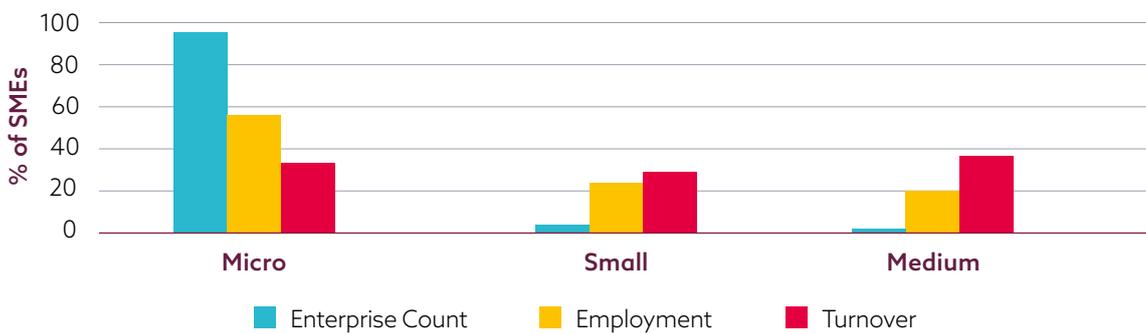
The SME picture in Wales:

the effects of Covid-19 and the changing conditions shaping demand for finance

In similarity to the UK economy, micro firms are the largest SME group in Wales. An estimated 95.6% of Welsh SMEs were micro companies in 2019, 3.6% were small, and 0.8% were medium-sized¹⁹ (Figure 3). The contribution of micro firms to SME employment

in Wales was 56% in 2019, with small firms accounting for 24% and medium-sized for 20% of employment. These are provisional figures and will be subject to possible revisions which will be included in QR2 2020/21.

Figure 3.
SMEs in Wales by Size Band (% , 2019)



Source: Stats Wales, Business structure in Wales by size-band and measure (provisional data)

South East Wales had the highest concentration of SMEs in all size-bands in 2019.

The firms in each size-band and sector are not evenly distributed across Wales, with this possibly implying that the effects of Covid-19 and the subsequent mitigation policies

are likely to be sectorally uneven. Figure 4 shows that, in 2019, over 40% of Wales' firms in each size-band (micro, small, and medium) were located in South East Wales.

Figure 4.
SME count in Wales, % by region and size band (2019)



Source: Stats Wales, Enterprises by size-band, area and year (provisional data)

¹⁹ Welsh Government data is published via the StatsWales platform. The Source document here is gov.wales/sites/default/files/statistics-and-research/2019-12/size-analysis-active-businesses-2019-503.pdf

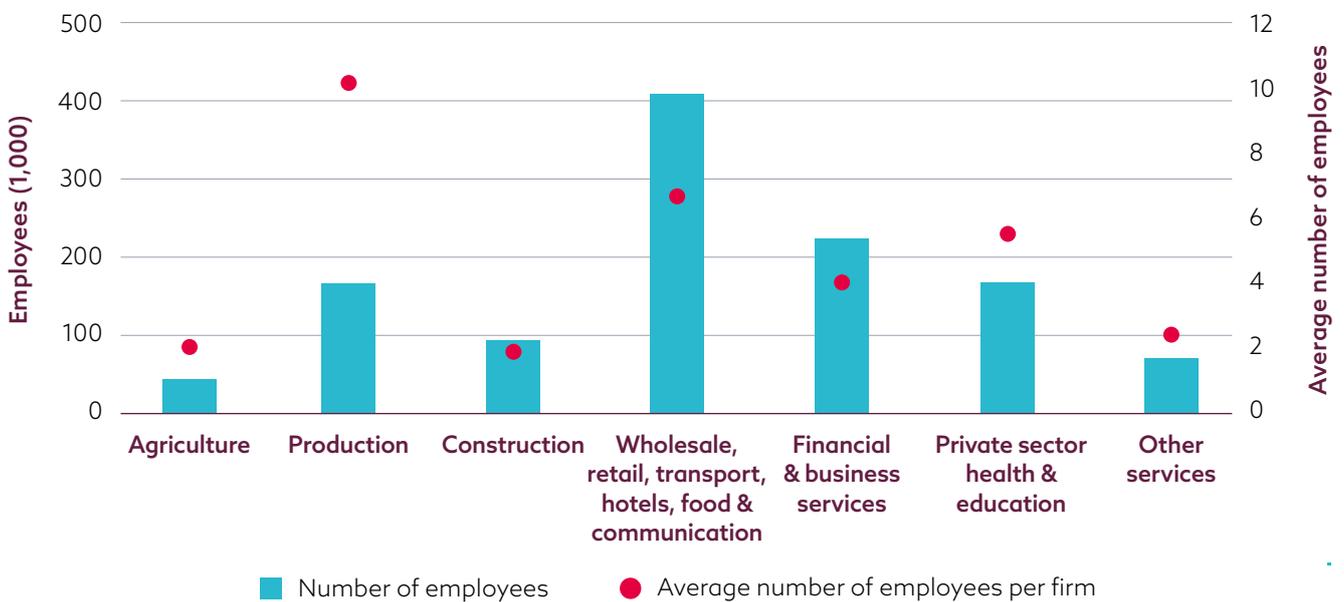
Production sector SMEs had the largest average size in 2019.

SMEs in the production sector had the largest average size in Wales in 2019, with an average 10 employees per firm. Production sector SMEs are followed by the wholesale sector (6.5 employees) and private sector health and education services (5.5 employees).

Industry activity shares among the SME base in Wales are important since the effects of the pandemic will vary across the different sectors of economic activity, according to

the degree of exposure of each sector to the lockdown policies. For instance, across the UK, companies in accommodation and food, as well as wholesale and retail are expected to be the worst affected by the lockdown process. In Wales, the wholesale, retail, accommodation and food sector had the highest SME employment in 2019 (Figure 5), with over 400,000 employees, followed by financial and business services (227,000).

Figure 5.
Number of Employees by Sector (2019)



Source: Stats Wales, Enterprises by industry (SIC2007), size-band and area (provisional data)

Declines in output growth across production, construction and market services sectors in 2020Q1.

Figure 6 shows the quarterly movement in the Welsh indices of output in production, construction and market services from 2013Q1 to 2020Q1. Capturing the initial impact of the pandemic, and confirming the predictions made in the *Economic Intelligence Wales 2019/20 Annual Report*, output in all these sectors has stalled. The index of production output shows the steepest decline, falling from 104.3 in 2019Q4 to 90.7 in 2020Q1, being almost 10% below its 2016 base year index value. Within the production sector, industries particularly impacted included transport equipment (the

index falling from 105.4 in 2019Q4 to 87.7 in 2020Q1), basic metals and metal products (from 86.8 in 2019Q4 to 70.7 in 2020Q1) and engineering and allied industries (from 109.3 in 2019Q4 to 93.9 in 2020Q1). The market services index in Wales declined for a third consecutive quarter following five consecutive quarters of positive growth, falling from 106.9 in 2019Q4 to 103.5 in 2020Q1. The construction output index declined only slightly after two consecutive quarters of positive growth, falling from 125 in 2019Q4 to 124.5 in 2020Q1.

Figure 6.
Welsh output indices: trends 2013Q1 – 2020Q1 (2016 =100)



Source: [Stats Wales, Welsh Indices of Production and Construction \(2016=100\) by section and year and Index of Market Services \(2016=100\) by year and area](#)

The initial effects of the Covid-19 pandemic and subsequent mitigation policies.

After presenting the five first waves of the fortnightly ONS Business Impact of COVID-19 Survey in the *Economic Intelligence Wales 2019/20 Annual Report*, this 2020/21 QR1 presents the next five waves of the Survey, in order to identify the ongoing business effects of the pandemic. According to the *ONS Business Impact of COVID-19 Survey*²⁰ most of Wales' firms were trading during the easing of the lockdown measures. An estimated 78% of companies surveyed in Wales had continued to trade until the middle of May, and 80% of companies continued to trade in the period between 18 and 31 of May. The rate of Welsh firms surveyed that continued to trade rose to 94.1% in the survey for the period from 13 – 26 July (UK average, 93.7%). Research has revealed that entrepreneurs from a Black, Asian, or Minority Ethnic (BAME) group have been significantly affected by the health and economic crisis, as well as the subsequent mitigation policies, with most important issues related to their business cash flow and liquidity.²¹

Around 5% of companies surveyed in Wales from 13 – 26 July were found to have temporarily closed or temporarily paused trading (UK average, 5.7%). Most of the firms still temporarily closed in Wales in the latest survey (13 – 26 July) have been in accommodation, leisure and education.

The impact of the Government schemes has been crucial to allow companies to survive. Indeed, according to data from business database FAME,²² the number of dissolutions and liquidations of SMEs in Wales in the period between January and August 2020 was much

lower than in the period between January and August 2019 (547 compared to 889).

While the vast majority of firms have continued to trade, the ONS Business Impact of COVID-19 Survey suggests that the turnover of companies has been badly affected (Figure 7). From the middle of May to mid-June, more than 60% of firms surveyed in Wales reported a decrease in turnover, with one in four companies reporting a more than 50% contraction. These findings (and others in this report derived from the same source) should be treated with caution since there are problems in comparing this data across time because the samples in each wave of the *ONS Business Impact of COVID-19 Survey* are not the same. The most affected industries between 18 May and 26 July were accommodation and food services (an average 82% of surveyed businesses in the UK reported a fall in turnover), leisure (79%) and education (69%). According to data from ONS, the gross operating surplus of the UK companies declined from £2.5bn in 2019Q4 to £1.8bn in 2020Q1, while the net rate of return fell from 9.5% in 2019Q4 to 8.9% in 2020Q1.²³

Declines in company turnover in 2020 follow a year of increased business growth for many SMEs in Wales

According to the *BVA BDRC SME Finance Monitor 2019*, the proportion of SMEs surveyed in Wales that recorded growth increased from 35% in 2018 to 41% in 2019, higher than in London (35%) and Scotland (39%), but lower than in Northern Ireland (48%).

²⁰ www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessimpactofcovid19surveybicsresults

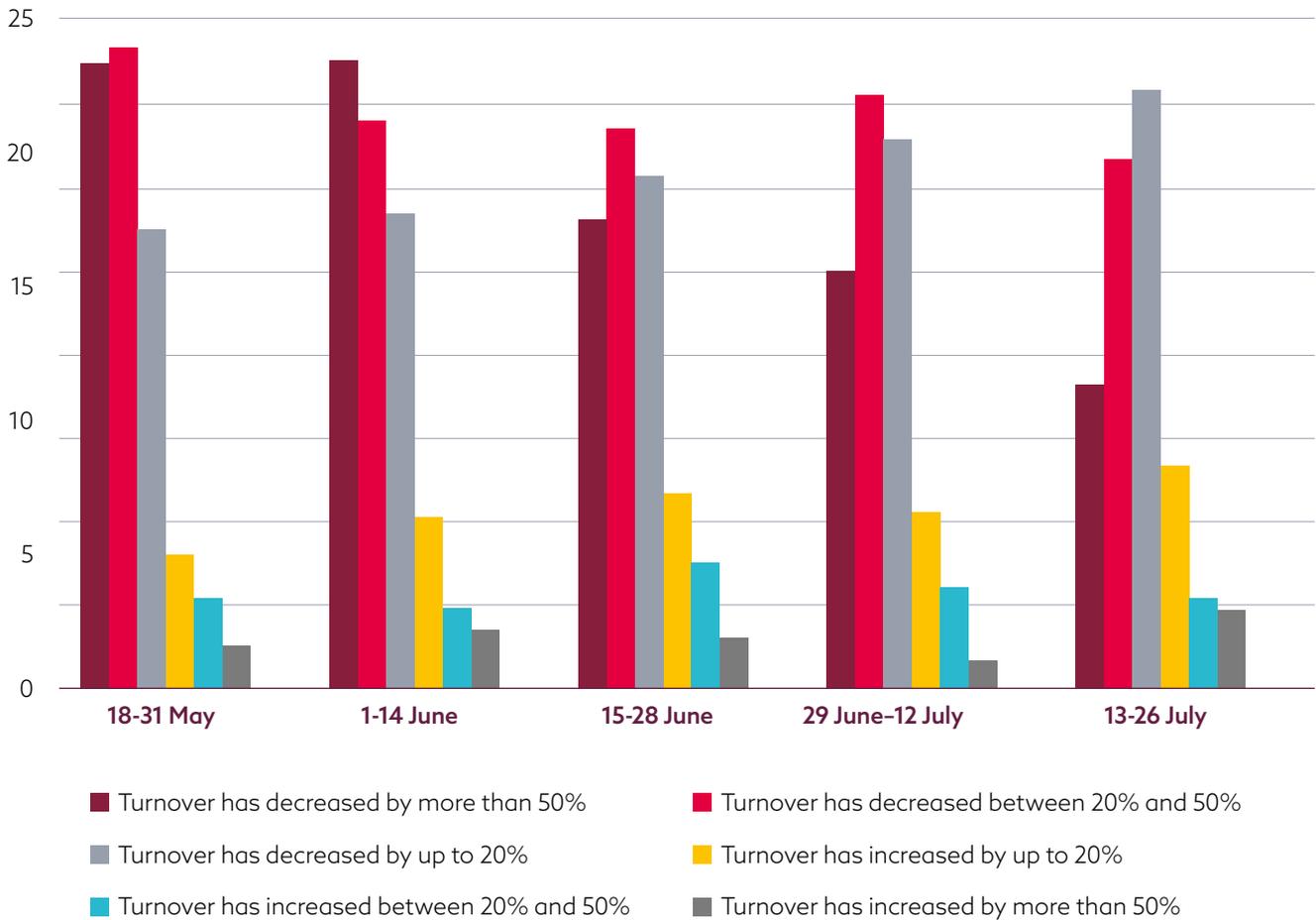
²¹ static1.squarespace.com/static/594948a7414fb5804d2b4395/t/5ec3ee32a5b5c27385219625/1589898876817/Covid19_Report_v2_compressed.pdf

²² www.bvdinfo.com/en-gb/our-products/data/national/fame?gclid=CjwKAjw19z6BRAYEiwAmo64LYRBg1gDNQYKMizK80lbP17gVZYUgVdUsU9lga0CpdprZZAhAxOTpxoCsXsQAvD_BwE

²³ www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/datasets/profitabilityofukcompanies

Figure 7.

Change in Welsh enterprise's turnover during the previous two weeks, % of surveyed firms



Source: ONS Business Impact of COVID-19 Survey

There are some signs of improvement. The percentage of firms surveyed in Wales reporting a fall in turnover declined to 55% on average from mid-June to the end of July, with 15% of companies reporting a more than 50% contraction. On average, 59.2% of the companies surveyed in Wales reported a

decline in turnover during the five latest waves of the survey. This is the second lowest rate among the UK regions, following Northern Ireland (55.7%), and marks an improved picture for Welsh firms compared to the five first waves of the survey, as reported in the *Economic Intelligence Wales 2019/20 Annual Report*.

Against this few business owners decided to boost digital trade and online sales (4% of UK companies surveyed on average in the five latest waves) to cope with the economic contraction, with most of them resorting to government support and cost cutting. Indicatively, 31% of Welsh SMEs surveyed in the *BVA BDRC SME Finance Monitor 2020Q2*²⁴ have taken fresh advice on business management in 2020Q2. According to the same report, the rate of SMEs surveyed that intend to hire more staff in the next year declined from 19% in 2019Q3 to 14% in 2019Q4 and further to 12% in 2020Q1.

According to the *BVA BDRC SME Finance Monitor 2020Q2*, the proportion of SMEs surveyed in Wales that have already been negatively affected by the pandemic and mitigation policies was 91% (87% for micro firms, but 93% for small companies), higher than the UK average (87%). The proportion of SMEs surveyed in Wales thinking that 'the worst is yet to come about the coronavirus pandemic in the UK in relation to their business operations' was 54% (57% for micro firms), higher than the UK average (51%). Almost three out of four SMEs in Wales (74%) reported that sales declined by more than 50%, which is slightly higher than the UK average (67%).

SME concerns about the economic climate increase.

Results from the *BVA BDRC SME Finance Monitor 2020Q2*, show that the proportion of UK SMEs surveyed that were concerned about the current economic climate increased from 21% in 2020Q1 to 47% in 2020Q2, an all-time high. The respective rate in Wales rose from 17% in 2020Q1 to 45% in 2020Q2. Political uncertainty and cash flow/late payment concerns also

increased among the UK SMEs surveyed (from 20% in 2020Q1 to 24% in 2020Q2 and from 11% to 19% respectively). In Wales, cash flow/late payment concerns increased from 9% in 2020Q1 to 11% in 2020Q2, while concerns about political uncertainty declined slightly from 24% in 2020Q1 to 23% in 2020Q2.

²⁴ www.bva-bdrc.com/wp-content/uploads/2020/08/SME-charts-Q2-2020.pdf

Loan and finance conditions for Welsh SMEs have been quickly evolving as a result of the Covid-19 government response.

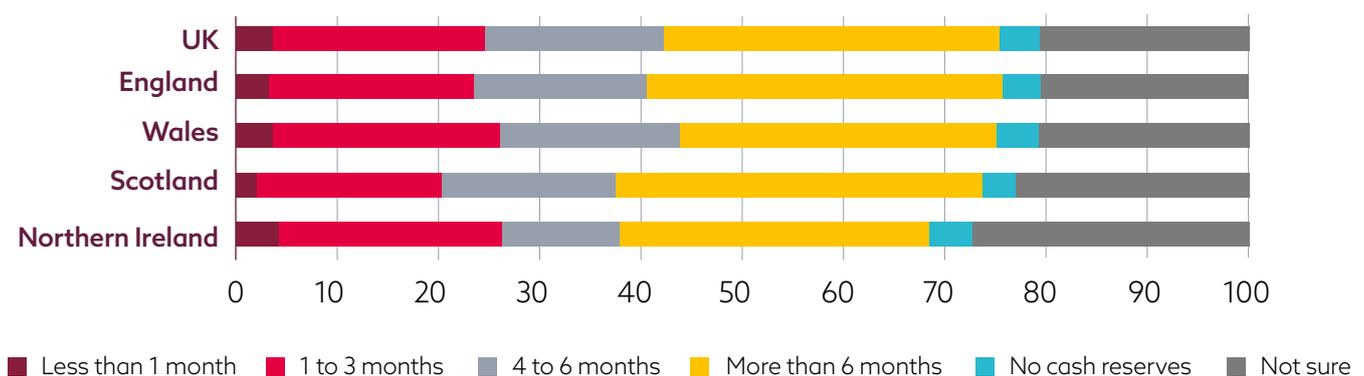
Increase in demand for cash flow and credit.

According to the Bank of England *Agents' summary of business conditions*²⁵, the demand for cash flow and credit facilities has increased sharply and is expected to further rise since business activity started to reopen. Demand for credit is driven by business needs to cope with issues of cash flow. However, concerns about firms' future abilities to repay debts increased. The *BVA BDRC SME Finance Monitor 2020Q2*, suggests that the proportion of SMEs using finance who were concerned about their ability to repay doubled between 2020Q1 and 2020Q2 (from 14% to 29% of UK SMEs surveyed and from 18% to 30% of Welsh SMEs surveyed).

Figure 8 shows that one out of four UK firms (24.8%) surveyed in the five latest waves of the *ONS Business Impact of COVID-19 Survey* had either no cash reserves or cash flow remaining for up to 3 months of operations. Wales had the second highest rate (26.3%), following Northern Ireland (26.4%), while Scotland recorded the lowest rate with 20.5%. *BVA BDRC SME Finance Monitor 2020Q2* reported that 31% of the Welsh SMEs surveyed perceived cash flow and issues with late payment as a major obstacle for business growth.

Figure 8.

How long do you think your enterprise's cash reserves will last? Average of response of firms surveyed between 18 May and 26 July, % of surveyed firms



Source: ONS Business Impact of COVID-19 Survey

²⁵ www.bankofengland.co.uk/agents-summary/2020/2020-q2

Amid the tightening business conditions, the proportion of SMEs surveyed in Wales for the *BVA BDRC SME Finance Monitor 2020Q2* that had injected personal funds (internal finance) increased from 22% in 2019Q4 to 25% in 2020Q1 and 32% in 2020Q2. The UK average increased from 24% to 29% between 2020Q1 and 2020Q2. Data from UK Finance²⁶ suggest that injections of personal funds have been facilitated by the rise of SME deposits from £195bn in February to £200bn in March 2020 which have resulted from the halt of SME investment in the wider context of uncertainty related to Brexit.

The *BVA BDRC SME Finance Monitor 2020Q2* reported that the appetite for future finance has increased across all SME size bands. The proportion of UK SMEs interviewed that had stated plans to apply for external finance increased from 9% in 2019Q4 to 11% 2020Q1 and 16% in 2020Q2. The respective rate for Wales' SMEs surveyed was similar in 2020Q2 (16%). The UK 'happy non-seekers of finance' were 60% in 2020Q2, a record low since 2013, while in Wales they were 73% of SMEs surveyed. The proportion of Wales' SMEs surveyed that are happy to borrow to grow was 45% in 2020Q2, similar to England, lower than in Northern Ireland (60%) and higher than in Scotland (37%).

Around 22% of SMEs surveyed in Wales stated that they are willing to borrow to get their business through the pandemic according to the *BVA BDRC SME Finance Monitor 2020Q2*. The rate of SMEs surveyed in Wales that agree with the statement 'As a business we are happy to use external finance to help the business grow and develop' rose from 26% in 2020Q1 to 34% in 2020Q2. The increase of finance needs is revealed by the fact that the SMEs surveyed in Wales that needed funding between £5,000 and £100,000 increased from 11% in 2019Q4 to 52% in 2020Q1 and 76% in 2020Q2.

Credit is cheaper and more easily available than in the aftermath of the 2008/09 financial crisis. This is mainly due to the current strength of the banking system and the government's policy interventions. However, the *BVA BDRC SME Finance Monitor 2020Q2* reported that the UK SMEs surveyed revealed that access to external finance as a major barrier increased from 7% in 2020Q1 to 9% in 2020Q2, with the SMEs surveyed in Wales reporting a rate of 8% (for 2020Q2).

Interest rates on UK SME loans fell to their lowest since January 2016, and the annual growth rate of loans records a sharp increase.

The average interest rates on UK SME loans declined from 3.36% in February to 2.81% in September 2020, the lowest level since January 2016, and then slightly rose to 2.82% at the end of June 2020 (Figure 9).

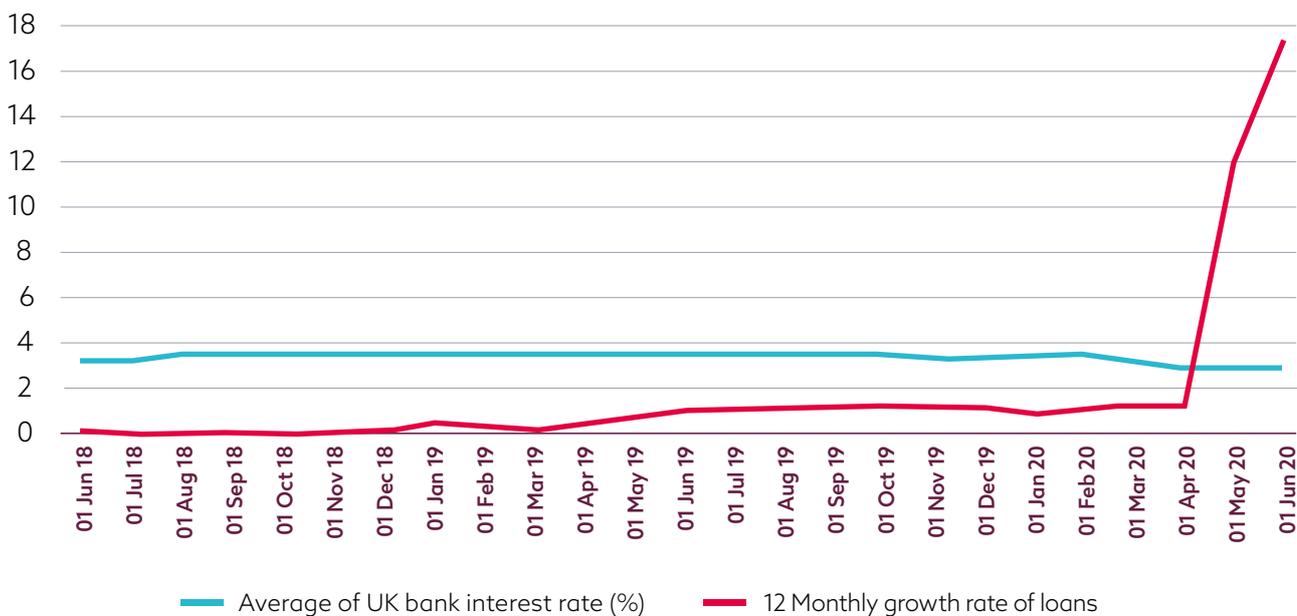
The reduction in the period to April was caused by the Bank of England's interest rate cut to 0.1% in March 2020. This aimed to lower the cost of business borrowing that had risen due to the increased risk of defaults.

²⁶ [www.ukfinance.org.uk/sites/default/files/uploads/Data%20\(XLS%20and%20PDF\)/Business-Finance-Review-2020-Q1-Final.pdf](http://www.ukfinance.org.uk/sites/default/files/uploads/Data%20(XLS%20and%20PDF)/Business-Finance-Review-2020-Q1-Final.pdf)

The availability of UK government schemes to support businesses during the Covid-19 crisis together with the decline in interest rates is linked to the sharp annual growth rate of loans to SMEs from 1.1% in April to 11.9% in May and 17.4% in June 2020. This is the largest increase in the annual growth rate of loans to SMEs since August 2012. The significant rise of borrowing is verified by the findings from the *BVA BDRC*

SME Finance Monitor 2020Q2 showing that the percentage of permanent non-borrowers in Wales among firms surveyed declined from 56% in 2020Q1 to 31% in 2020Q2. Most permanent non-borrowers are sole traders (43% of sole traders surveyed) and micro firms (31%), while this rate declines for small (26%) and medium-sized companies (28%).

Figure 9.
Interest rate on UK SME loans, and growth rates of loans



Source: Bank of England

UK Finance figures for 2020Q1 show that gross lending to UK SMEs declined for a second consecutive quarter, with the total value falling from £6.3bn in 2019Q3 to £5.8bn in 2019Q4 and further to £5.6bn in 2020Q1, although the number of loans and overdrafts approved in 2020Q1 increased.

In Wales, the number of loans and overdrafts approved increased from 3,899 in December 2019 to 5,753 in March 2020, marking a 48% increase, higher than in England (39%) and Scotland (44%), but lower than in Northern Ireland (80%).

Policy interventions by the UK and Welsh governments to support businesses continue.

The UK and Welsh government schemes established in spring 2020 have facilitated the supply of credit. The Coronavirus Business Interruption Loan Scheme (CBILS), is available to SMEs for loans of up to £5m and is administered by the British Business Bank. Up to 16 August, 60,409 loans were approved with a total value of £13.68bn.²⁷ Up until 7 August, SMEs located in Wales received loans of £303m, linked to 1,391 approved applications, equal to 3% of total UK offered facilities.²⁸ The industries in the UK that received funds from CBILS were primarily in wholesale and retail, construction, and manufacturing.

The demand for the Bounce Back Loan Scheme (BBLs) across the UK has been even stronger. BBLs²⁹ was launched amid concerns that CBILS could not be reached by the vast majority of SMEs due to the low level of guarantee provided by the state and the need for firms to provide forecasts.³⁰ Up until 16 August, 1.17m loans for the BBLs (twenty times the number related to CBILS) were approved with a total value of £35.5bn. In the period to 7 August, Wales' SMEs received BBLs loans of £1.11bn, connected with 40,195 approved applications (representing 4% of total UK offered facilities of BBLs). Most firms in the UK receiving funding from BBLs were in construction, wholesale and retail, as well as professional, scientific and technical activities.

The UK Government has also launched the Self-Employment Income Support Scheme to support sole traders. The Scheme (first tranche) opened on the 13 of May and closed on the 13 of July, with 2.7m claims with a total value of £7.8bn.³¹ In Wales, 102,000 out of the 140,000 self-employed people had applied until the end of May 2020, with a take up rate of 73%, the highest across the UK regions, alongside Northern Ireland. The total value of claims in Wales until the end of May 2020 was £273m.

Finally, the *Future Fund*, delivered by the British Business Bank, provides convertible government loans ranging from £125,000 to £5m to innovative firms that are being impacted by Covid-19. In the period to 16 August 2020, 590 convertible loans were approved in the UK, with a total value of £588m, only 3% of which went to Scotland, Wales, and Northern Ireland combined.

These interventions have significantly affected UK public finances. Borrowing in July 2020 was £26.7bn, the fourth highest borrowing in any month since records began.³² Public debt increased by £117bn (6.2%) from £1,887bn in September 2020 to £2,004bn in July 2020. Public debt was equal to 100.5% of GDP exceeding the 100% of GDP for the first time since 1961.

²⁷ www.gov.uk/government/collections/hm-treasury-coronavirus-covid-19-business-loan-scheme-statistics

²⁸ www.british-business-bank.co.uk/coronavirus-loan-schemes-benefiting-businesses-in-all-corners-of-uk-reveals-new-analysis-from-british-business-bank

²⁹ Under the BBLs, SMEs can borrow from £2,000 up to 25% of their turnover, with the maximum loan available at £50,000. The UK government provides lenders with a 100% guarantee and covers the first 12 months of interest payments. Thereupon, the interest rate is set at 2.5% per annum.

³⁰ www.fsb.org.uk/resources-page/government-urged-to-up-80-guarantee-on-smallest-emergency-business-loans-as-average-value-tops-170-000.html

³¹ www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics#self-employment-income-support-scheme

³² www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/july2020

The Welsh Government has also intervened to help businesses. The *Welsh Government's Economic Resilience Fund (ERF)* opened for applications on 17 April, seeking to provide financial support during the Covid-19 pandemic and help organisations to manage cash flow pressures. In the first phase of the ERF, 6,946 grants were approved to SMEs, with a total value of £124.4m.³³ SMEs located in South East Wales received grants with total value of £58m (47% of the grants approved in Wales).³⁴ The Welsh construction sector had the highest number of grants approved (almost 2,100, equal to 30% of all grants), with a total value of £31m, followed by accommodation and food services, as well as retail.³⁵

In the second phase, 4,607 grants were approved, with a total value of £53.5m.

On 30 March, the Development Bank of Wales launched the *COVID-19 Wales Business Loan Scheme* to support businesses experiencing cash flow difficulties. The Fund has allocated almost £92 million to more than 1,335 businesses from April to July 2020, safeguarding 15,200 jobs, with the average loan size standing at £69,000. The availability of *COVID-19 Wales Business Loan Scheme* is likely to be linked to the findings of the *BVA BDRC SME Finance Monitor 2020Q2* which reported that SMEs surveyed in Wales being aware of the Development Bank of Wales increased from 20% in 2020Q1 to 39% in 2020Q2.

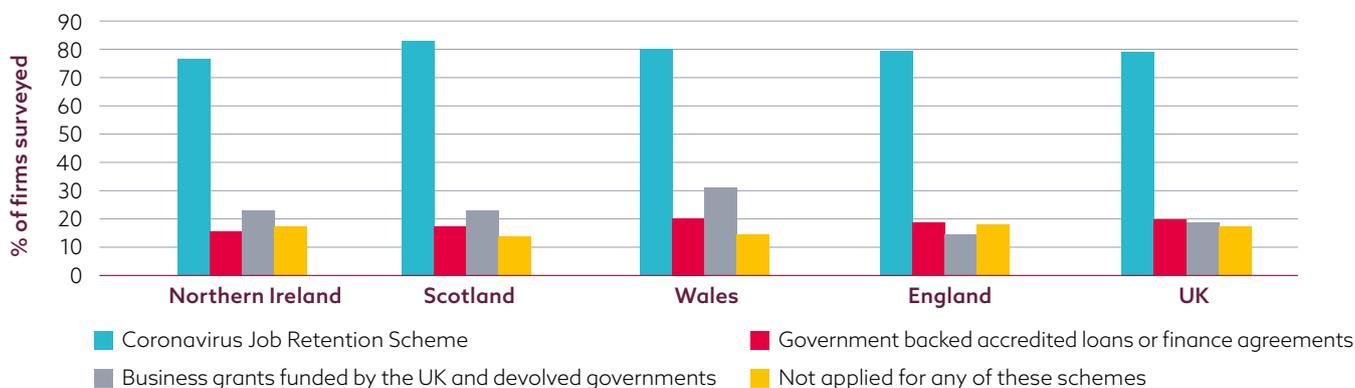
Wales records a high rate of applicants to some of the UK Government Schemes.

The *ONS Business Impact of COVID-19 Survey* indicated that the majority of respondents (80%) had applied for the *Coronavirus Job Retention Scheme* between 18 May and 26 July. Wales also saw 20.5% of firms surveyed that had applied for government-backed accredited loans or finance agreements (UK average

20.1%) and for business grants funded by the UK and devolved governments (Wales 31.5% versus UK average 19%). Some 14.9% of Welsh businesses surveyed did not apply for any of the government initiatives (UK average 17.8%).

Figure 10.

Applications by firms surveyed to government support packages to cope with COVID-19, firms surveyed 18 May to 26 July, average % rate of surveyed firms



Source: ONS Business Impact of COVID-19 Survey

³³ gov.wales/sites/default/files/statistics-and-research/2020-08/summary-data-about-coronavirus-covid-19-and-the-response-to-it-10-august-2020-283.pdf

³⁴ businesswales.gov.wales/sites/business-wales/files/ERF%20Phase%201%20-%20Regional%20breakdown%20-%20Awarded%20Organisations.pdf

³⁵ businesswales.gov.wales/sites/business-wales/files/ERF%20Phase%201%20-%20Sector%20breakdown%20-%20Awarded%20Organisations.pdf

UK equity markets decline after a year of significant growth of small business equity finance markets.

Following significant changes in credit markets and the government support packages, investment capital has also been affected by Covid-19 and subsequent economic turbulence. According to Beauhurst,³⁶ the value of equity raised in the first half of 2020 was £4.77bn, 7% down on the second half of 2019 and 30% down on the first half of 2019. The number of equity deals totalled 911 in the first half of 2020, a decline of 3% compared to the second half of 2019.

The BVA BDRC SME Finance Monitor 2020Q2 reported that around 3% of SMEs surveyed in Wales currently used equity from directors or friends and family in 2020Q2, up from 1% in 2019Q4 and 2020Q1, although 66% of SMEs were not aware of equity finance opportunities in 2020Q1, up from 57% in 2019Q4.

The turbulence in investment capital markets comes after significant growth of small business equity markets in 2019. According to *British Business Bank Equity Tracker 2020*,³⁷ the number of SME equity deals increased by 4.2% from 1,758 in 2018 to 1,832 in 2019. The value of SME equity investment recorded a greater increase (23%), rising from £6.9bn in 2018 to £8.5bn in 2019. Around 75 equity deals related to SMEs in Wales, this being around 4% of total UK equity deals. Their total value was £85m, around 1% of the value of total UK equity investments, indicating the lower average value of deals in Wales. Wales recorded the third highest number of deals per 10,000 SMEs among UK regions (3.3), following Scotland (6.3) and London (8.0). The role of Development Bank of Wales is important in the Welsh equity landscape, with 60% of equity deals in the region involving a Government Fund.

Some improvement in SME credit risk ratings in July 2020.

The effects of the pandemic have been reflected in SME credit risk ratings. Figure 11 reveals an increase of firms in the High risk group between March and June 2020, but then a significant decline in July. Although care is needed in interpreting monthly movements in the credit risk ratings, government policies protecting firms and jobs could be important for the reduction in credit risk, and reductions

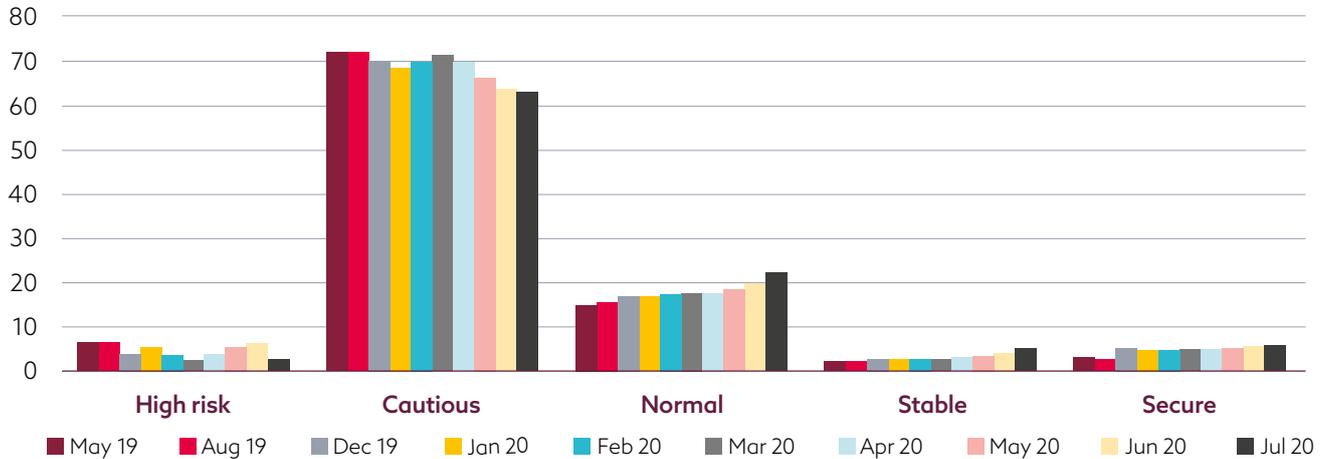
in this category were also recorded in the other UK devolved administrations. The proportion of SMEs in the Caution category also declined, with the share of SMEs in this group falling from 71.4% in March to 63.3% in July 2020. An increase in the proportion of SMEs in the Normal, Stable and Secure SMEs categories was recorded in first half of 2020.

³⁶ www.beauhurst.com/wp-content/uploads/2020/07/UK-Equity-Investment-Market-Update-H1-2020.pdf?utm_campaign=Bulletin&utm_medium=email&_hsmi=91904957&_hsenc=p2ANqtz-ZwacWjW85l1mg9XK60tqJl_ocqeg5WsusrBFdqA1PiHrEHdFswYxg9xw-GgHzWlzs95grwOWP6kSwnC8Go8nRkvKX3g&utm_content=91904955

³⁷ www.british-business-bank.co.uk/wp-content/uploads/2020/06/British-Business-Bank-Small-Business-Equity-Tracker-2020-Report.pdf

Figure 11.

Proportion of SMEs by Credit Risk in Wales (%), May 2019 - July 2020



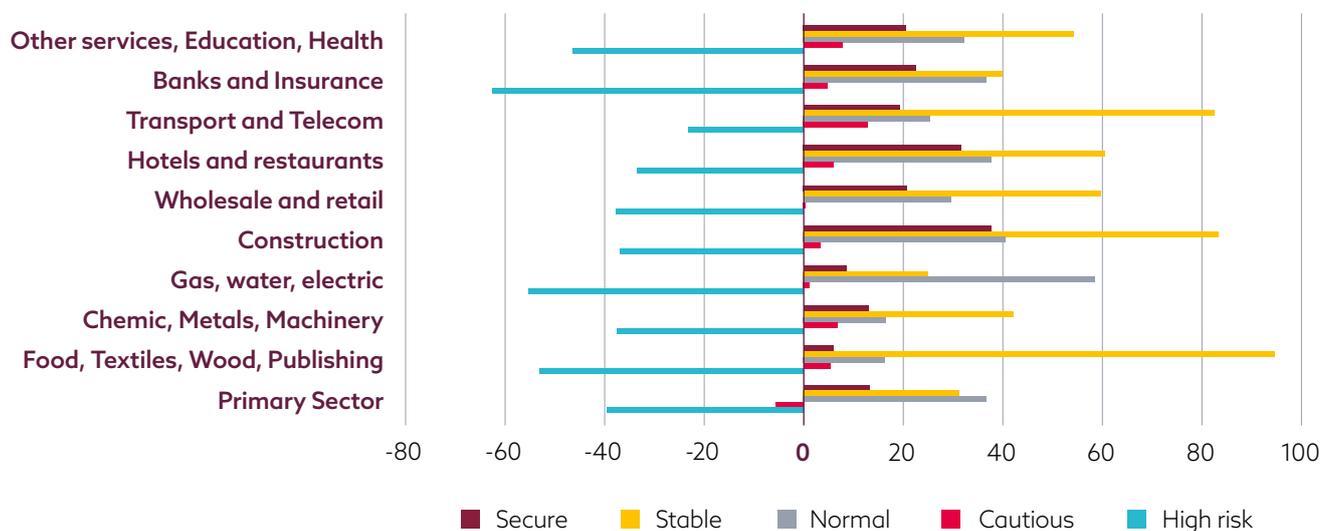
Source: FAME, Bureau van Dijk

Figure 12 reflects the general improvement in credit risk ratings, showing how the proportions of SMEs in the different risk categories and sectors changed from May to July 2020. All the sectors experienced a fall in the share of SMEs in the High risk category, with the greatest reduction recorded in banking & insurance, gas, water & electricity, as well as food, textiles, wood and publishing.

Only the primary sector recorded a decline in the Caution category, with construction, hotels and restaurants, as well as transportation and telecommunications recording the greatest increases in the Secure category. All the sectors saw a rise in the Normal, Stable and Secure categories, with the Stable category recording the greatest increases.

Figure 12.

% Change in proportion of SMEs by Credit Risk and Sector in Wales between May and July 2020



Source: FAME, Bureau van Dijk

This section summarises Development Bank of Wales' investments in 2020/21Q1.

All the data in this section has been derived from the Development Bank of Wales' database.

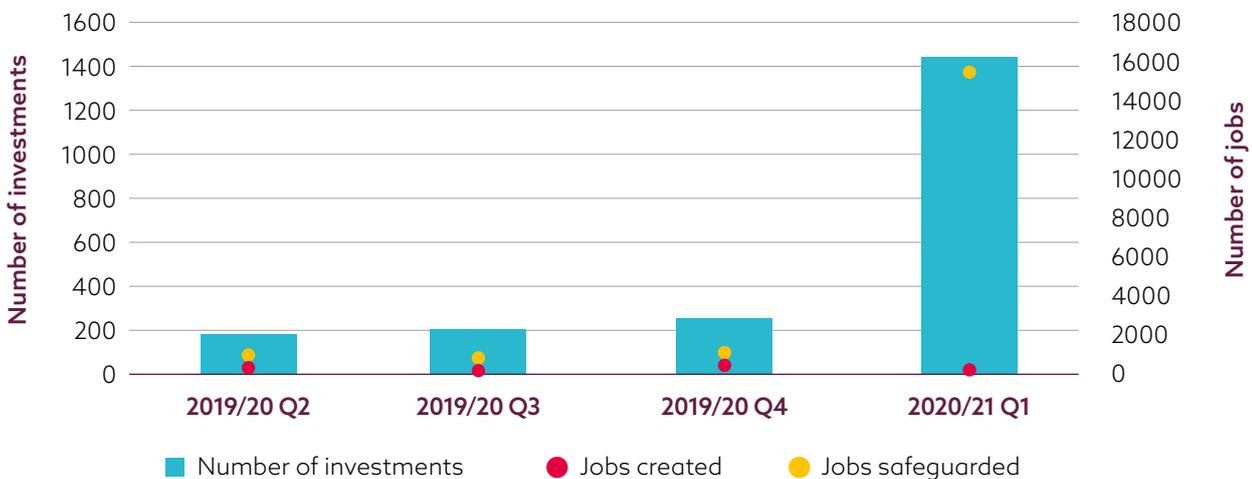
An all-time record of 1,434 investment transactions in 2020/21Q1.

The Development Bank made 1,434 investment transactions in 2020/21Q1, up from 256 in 2019/20Q4, 203 in 2019/20Q3 and 178 in 2019/20Q2 (Figure 13). This reflects the significant uptake of Development Bank finance by Welsh SMEs to cope with the pandemic. The *COVID-19 Wales Business Loan Scheme* allocated almost £86 million to more than 1,300 businesses from April to June 2020, with the Fund closing at £92 million invested.

The Development Bank invested a total of £108.5m in 2020/21Q1 (an all-time record in a quarter), up from £33.6m in 2019/20Q4, £26.9m in 2019/20Q3 and £21.9m in 2019/20Q2. The average investment amount was much lower than the previous quarters (£75,000 compared to £130,000). The 1,434 investments in 2020/21Q1 created 139 jobs and safeguarded a further 15,354 jobs, up from 1,103 jobs created or safeguarded in 2019/20Q4, 658 in 2019/20Q3 and 445 in 2019/20Q2.

Figure 13.

Investment transactions and Jobs created and safeguarded, 2019/20Q2 - 2020/21Q1



Significant growth in loan investment.

New loan investment amounted to £101.5m, up from £29.7m in 2019/20Q4, £23.3m in 2019/20Q3 and £20m in 2019/20Q2 increasing for a fourth consecutive quarter (Figure 14).

Equity investment also increased for a fourth consecutive quarter, rising from £3.8m in 2019/20Q4 to £7m in 2020/21Q1.

Figure 14.

New Investment by Investment Type (£m), 2019/20Q2 - 2020/21Q1



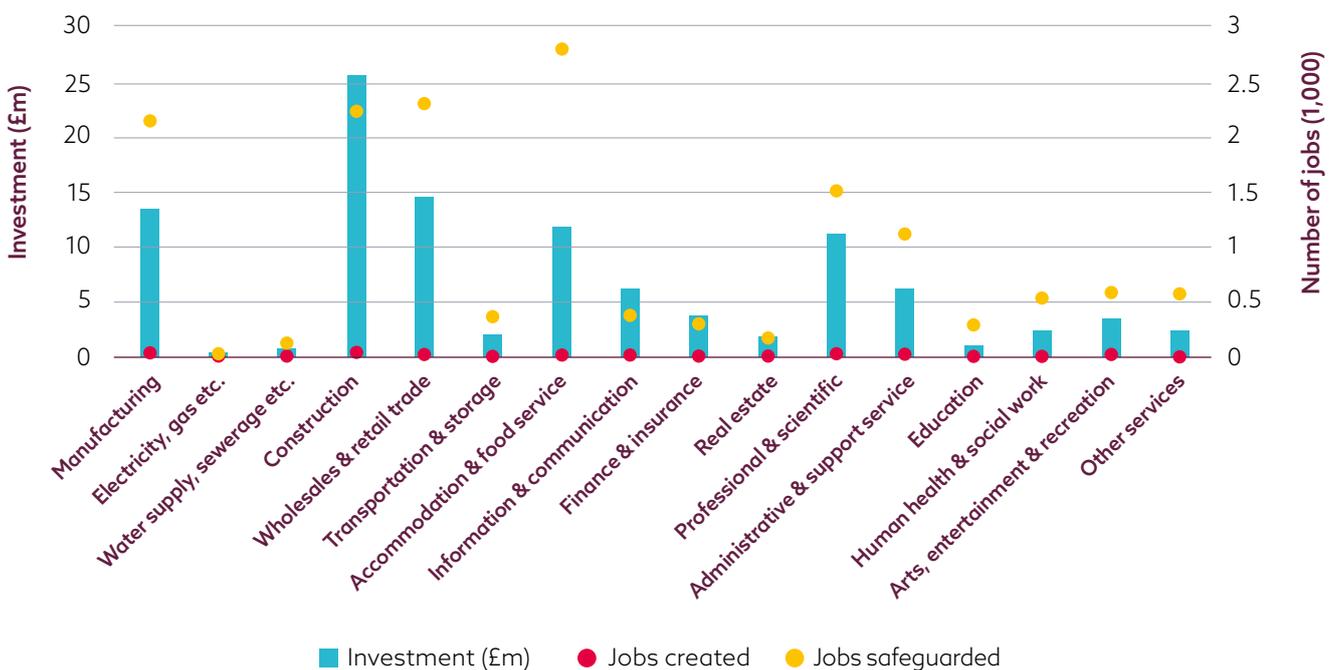
The construction sector had the largest share of new investment.

In 2020/21Q1, the construction sector received the largest share of new investment (£25.7m), safeguarding 2,200 jobs. Investments in accommodation and food services (£11.8m) safeguarded around 2,800 jobs, the highest

number of jobs across the sectors. Other sectors that recorded high levels of investment included manufacturing (£13.7m) and professional and scientific activities (£11.1m), safeguarding 2,105 and 1,485 jobs, respectively.

Figure 15.

New investment and jobs created and safeguarded by sector (£ million), 2020/21Q1



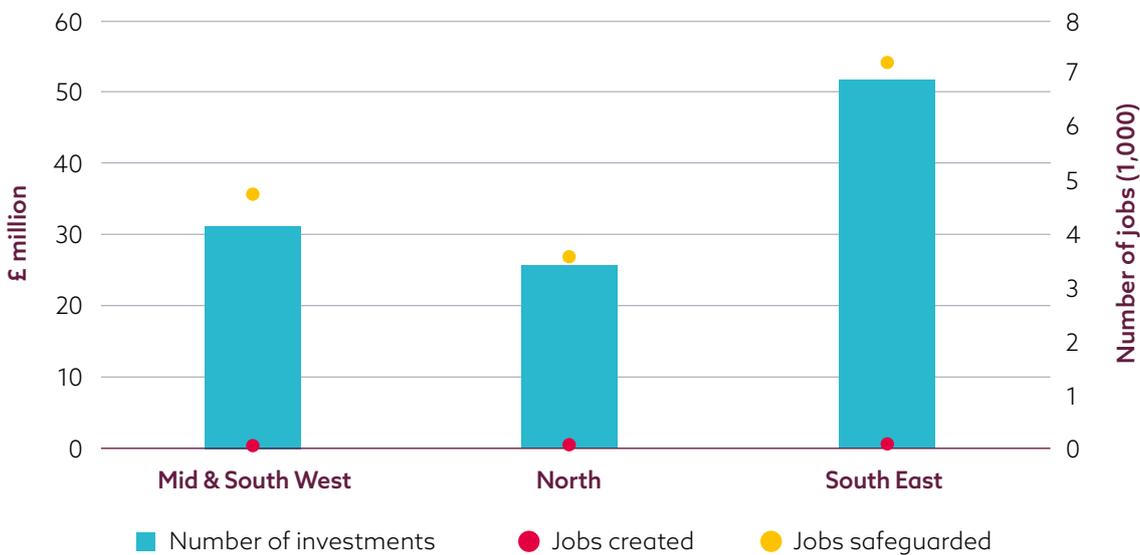
South East Wales attracted the majority of new investment in 2020/21Q1.

In 2020/21Q1, the majority of Development Bank investments were made to firms located in South East Wales. The new investment in South East Wales amounted to £51.6m in 2020/21Q1, creating 71 and safeguarding 7,080 jobs.

New investment in Mid and South West Wales was £30.9m in 2020/21Q1, with North Wales' investment totalling £25.8m, safeguarding 4,708 and 3,565 jobs, respectively.

Figure 16.

Investment and jobs created and safeguarded by location (£m), 2020/21Q1



COVID-19 Wales Business Loan Scheme makes the majority of investment in 2020/21Q1.

In terms of amounts invested in 2020/21Q1 there was a strong performance from the newly launched *COVID-19 Wales Business Loan Scheme*. This scheme invested more than £86m in the first quarter of the 2020/21 financial year.

Other funds with significant activity include the Property Fund 2 (£7m new investment) and Wales Business Fund (£5.7m of new investment).

The UK and world economies are experiencing a period of deep recession, with the contraction of production, investment and consumption during the first half of 2020, caused by the Covid-19 pandemic and subsequent lockdown policies to protect public health. In the second quarter of 2020, the UK economy recorded the deepest economic recession among the G7 countries and the largest quarterly contraction since records began in 1955.

Evidence presented in this QR shows that while firms in Wales were strongly affected by the pandemic and mitigation policies in the first five months of 2020 in terms of turnover decline, there are some signs of improvement in July 2020 following easing of lockdown measures. However, it is still early days and with real concerns on what will happen with labour market indicators as the furlough scheme tapers off in the Autumn period, and with uncertainty as to the level of a second wave of Covid-19 infections.

The demand for credit facilities has increased sharply. This is expected to further rise as business activity starts to reopen, with cash flow issues increasing in importance for SME operations, amid increasing rates of personal funds injection and rising concerns about future ability to repay SME debts. Government support packages and the better health of the banking system have offset something of the poor business conditions.

Welsh companies have made strong use of UK Government schemes. In the aftermath of the interest rates' decline Welsh SME appetite for external finance has increased.

Equity investments have declined in the first half of 2020, after a year of significant growth of small business equity finance markets. Some growth of investment capital markets for Welsh SMEs in the short-term could be restored by the improved picture of Welsh SME credit risk ratings.

The role of the Development Bank of Wales is important for Welsh SMEs during this economic crisis. The Development Bank has already supported SME activity in Wales through the range of funds provided, and additionally through the newly launched *COVID-19 Wales Business Loan Scheme*. In 2020/21Q1, the Development Bank of Wales achieved an all-time record number and value of investments in a quarter. A particularly important feature of the investments during 2020/21Q1 has been the high numbers of jobs safeguarded, revealing the advantages for a region of having a dedicated development bank during economic shocks.

Appendix:

Selected frequently updated resources

Some figures reported in QR1 change quite rapidly. For the reader this appendix provides web links to the statistics that are frequently updated such that updates can be gained prior to the next Quarterly Report.

UK GDP updates:

www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/latest

UK labour market analysis:

www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/august2020

UK regional labour market data:

www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/nationallabourmarketsummarybyregions01

stats.wales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work

UK coronavirus schemes updates:

www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics

ONS Business Impact of COVID-19 Survey:

www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessimpactofcovid19surveybicsresults

Welsh Government Business Support data:

gov.wales/coronavirus-covid-19-related-statistics-and-research#Business,economyandinnovation

Dirnad Economi Cymru
Economic Intelligence Wales



bancdatblygu.cymru
developmentbank.wales

Development Bank of Wales Plc (Banc Datblygu Cymru ccc) is the holding company of a Group that trades as Development Bank of Wales. The Group is made up of a number of subsidiaries which are registered with names including the initials DBW. Development Bank of Wales Plc is a development finance company wholly owned by the Welsh Ministers and it is neither authorised nor regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). The Development Bank of Wales (Banc Datblygu Cymru ccc) has three subsidiaries which are authorised and regulated by the FCA. Please note that neither the Development Bank of Wales Plc (Banc Datblygu Cymru ccc) nor any of its subsidiaries are banking institutions or operate as such. This means that none of the group entities are able to accept deposits from the public. A complete legal structure chart for Development Bank of Wales Plc can be found at [developmentbank.wales](https://www.developmentbank.wales).