

Dame Meg Hillier
Public Accounts Committee
House of Commons
London
SW1A 0AA

16 December 2022

Dear Chair,

Thank you for inviting Paragon to give oral evidence to the Public Accounts Committee's recent inquiry into Bounce Back Loans.

I enjoyed the session and I hope Paragon's experience of and reflections on the BBL scheme is of use to the Committee's work. We were happy to support this inquiry and look forward to seeing the final report.

During the session, I committed to following up two questions with more detail in writing. I have included these below as well as the questions outlined by the Committee's staff for reference.

- **Q 45 (businesses dissolved) In response to a question from Peter Grant, you said you would write with details on the rates of companies dissolving with BBLs compared to your main lending portfolio**

We reported to the committee that 6 out of the 139 BBL facilities advanced had become insolvent. This represents 4.32% of BBL lending. Across Paragon's wider SME lending, which is primarily asset backed, for the same time period, the insolvency rate was 1.62%.

Given that the purpose of the BBL scheme was to provide cash-flow to those SMEs that required further support, it was to be expected that the insolvency rate would be higher on BBL borrowers. It is pleasing to see that 95% of those SME customers who took out a BBL facility with Paragon continue to trade – evidence that the scheme delivered on its core objective of providing assistance to enable businesses to survive.

- **Qs 70-74 (applications turned down) The Chair asked the whole panel for statistics on the numbers of applications turned down, including in terms of value and of proportion of the overall book. She asked that the witnesses write back to us for clarity on those numbers.**

We reported to the committee that c. 6% of all applications were declined. We can confirm that the actual decline rate was 6.7% (c. £500k).

We hope the additional data I have provided in this letter is satisfactory. Please let us know if you require more information which we would be more than happy to provide.

Your sincerely,

A handwritten signature in dark ink, appearing to read "Dave Newcombe".

Dave Newcombe

(Managing Director – Commercial Lending)