

FOR IMMEDIATE RELEASE:

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BEDC ESTABLISHES PRODUCTS TO SUPPORT AND STIMULATE LOCAL BUSINESS IN BERMUDA IN THE WAKE OF THE EFFECTS OF COVID – 19 ON THE LOCAL ECONOMY

Hamilton, Bermuda 20 March 2020 – BEDC with the support of its Board of Directors have reallocated funds from its budget and modified its existing products and services for the next 9 months, to be able to provide local business owners with support during these uncertain times in the wake of the Covid-19/Corona Virus. Funds will be allocated to provide support to general business owners, existing clients who have BEDC products, and new entrepreneurs seeking financial support. The funds will be allocated in accordance with the following:

General BEDC Support

1. BEDC will reallocate \$350,000.00 from its existing operations/programmes to its capital budget to increase its capitalisation to \$2 million. This will allow:
 - a. an increase to \$1 million (50% of capitalisation) in direct lending (tied to point 7 below) – based on current loans in repayment mode, BEDC will have over ½ million in funds to assist with direct lending
 - b. an increase to \$12 million (6 times capitalisation) for issuing loan guarantees for bank financing (tied to point 10 below)
2. BEDC will reallocate \$100K from its existing budget to provide access to businesses to external expertise support in accounting, legal, and marketing services (supplementing BEDC's support and expertise) to assist in right-sizing business once Covid-19 passes.
3. BEDC will facilitate the creation of an ideas pool where businesses can write in with recommendations and suggestions of how public authorities and departments can assist.
4. BEDC will amend its payment terms to pay all its vendors on a weekly basis to ensure they are not waiting for payments to facilitate better cash flow.
5. BEDC will act as an intermediary connecting consumers/buyers with sellers as businesses will have underused inventory.
6. BEDC will facilitate businesses in forming partnerships, merging, sharing overhead, etc. with other businesses to reduce operating costs, both during and once Covid-19 passes.

Existing and New Financial Applications/Clients of BEDC

7. BEDC will increase its microloan offering from \$20,000.00 (twenty-thousand dollars) up to a maximum of \$30,000.00 (thirty-thousand dollars) per business with no security required
 - a. new microloan clients will receive a decrease in interest rates by 1.5% to 3% and 3.5% for EEZ and non-EEZ Businesses, respectfully.
 - b. microloans can be used for both capital and working capital purposes.
8. All new and existing microloan clients have the option to structure/restructure their loans for 3 to 6 months interest-only repayment periods based on need then followed by principal and interest (P&I) payments.
9. Existing microloan clients have the option to extend their loan repayment terms from currently 9 to 24 months to now up to 42 months if needed which will reduce their monthly payment amounts once in the P&I phase of their loans.
10. BEDC will now guarantee up to 75% (increased from 65%) of a bank loan up to a maximum of \$300K (15% of increased new capitalisation of \$2M)
11. BEDC's Guarantee will now be applied, for the first time, against lending from other entities – this can be such as individuals, private entities, credit union, or companies, as long as KYC/AML requirements are met.
12. With immediate effect, all application fees will be reduced by 50% for all products (the only exception would be for vending licenses due to the need for legislative amendments).
13. With immediate effect, BEDC will reduce its loan guarantee fees by reduced by 50%
14. BEDC will absorb the cost for credit checks thereby eliminating this fee to the client.
15. Entrepreneurs that operate seasonal businesses will have the option to have recurring interest-only periods for the life of their microloans (e.g. tourism - based businesses)
16. All new approved microloans will have the option to delay the first repayment date by 2 months – to be on the last business day of the month 2 months after the month in which the drawdown occurs – this applies to the interest-only option also.
17. BEDC will now increase the maximum credit line it will guarantee for its Letter of Credit product for retailers from \$10K to \$12.5K. BEDC will also be working with the Customs Department on other amendments with the programme to assist retailers.

Entrepreneurship Education for Business Owners and Entrepreneurs

18. BEDC's Quarterly seminars once reinstated will be offered free of charge to all business owners and entrepreneurs who register.
19. Registration fees for all BEDC's multi-week courses will be reduced by 50%.

In addition to the aforementioned provisions, BEDC will be working with the Ministry of Finance and various other Government Departments to determine what other reliefs can be provided to support business owners through this time.

Erica Smith, BEDC Executive Director stated, "Thanks to the support of BEDC's Chair and Board of Directors, we feel the amendments that we have put forth are in the best interest of the business community in Bermuda. We can see the impact this pandemic is having on local entrepreneurs in the community and it is our duty to use what we can to support those that need it the most at this time." She continued, "We are all being impacted by the effects that the Covid-19 virus is having on the community, but we know if we are to return to any sense of normalcy in the future we must support the backbone of our local economy, our local businesses."

"We anticipate that we will get an influx of calls based on feedback we have received to date and we are making arrangements to do what is needed internally to be able to facilitate an influx of requests."

Interested business owners should contact the BEDC directly by calling 292-5570 or by email at info@bedc.bm. We also invite business owners to take our Bermuda SME Covid-19 Business Survey to provide BEDC with feedback and insight into the needs and challenges of their business at this time. The survey can be accessed by following this link - <https://www.surveymonkey.com/r/N8G99D2>. Additional information can also be found at www.bedc.bm.

Please note that all BEDC staff, although working at home, are contactable through email, telephone, or web conferencing. All BEDC operations are functional with regards to receiving and processing applications and providing business advice.

About BEDC

Bermuda Economic Development Corporation (BEDC) is Bermuda's premier source of free confidential business advice for entrepreneurs. Its mission is to inspire, inform, support and grow new and existing Bermuda businesses through education, guidance, data provision, advocacy, networking and financing. BEDC has assisted thousands of entrepreneurs start and expand small and medium-sized businesses. BEDC provides free technical business advice and information, and loan guarantees assistance and manages the Economic Empowerment Zones, Vending Licenses, the Enterprise Bermuda Incubator, and the Economic & Cooperative Development Initiatives.

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*Knowledgeable
Progressive
Supportive
Professional
Innovative*

*Growing
Bermuda one
Business at
a time*