



BDC's Annual Public Meeting
December 16, 2021

Remarks by Mike Pedersen, Chairperson of the Board, BDC,
and Stefano Lucarelli, CFO, BDC

CHECK AGAINST DELIVERY

Mike Pedersen – Chairperson of the Board, BDC

Hello and welcome to BDC's 2021 Annual Public Meeting. Thank you so much for joining us.

I'm Mike Pedersen, Chair of BDC's Board of Directors. I'm happy to be here today with Chief Financial Officer Stefano Lucarelli to review what was truly one of the most extraordinary year in BDC's 77-year history and also to present the Bank's financial results for the fiscal year ending March 31, 2021.

As many of you may know, BDC is Canada's only bank devoted exclusively to entrepreneurs — here to help small and medium-sized business owners in all industries get the support, resources and advice they need to succeed.

That support takes three distinct forms:

- Financing, in the form of term loans.
- Capital investment, which includes specialized capital such as venture capital as well as growth and business transition capital and growth equity.
- And third – advisory services to entrepreneurs — an offering that makes BDC unique on the market.

All three were in high demand in 2020–2021.

The COVID-19 pandemic hit small and medium-sized businesses hard, all across the country. Its effects will continue to be felt for some time.

As Canada's development bank and the bank for entrepreneurs, BDC plays an important role in being there for business owners when times are tough. BDC's ability to fulfill this mandate was tested as never before during the last fiscal year.

I am pleased to report that BDC responded quickly and effectively.

The bank was a key player in the Government of Canada's all-hands-on-deck effort, to the pandemic and participated in the whole-of-government response by delivering several new programs.

One of these programs was the Business Credit Availability Program – or BCAP which included the **co-lending program**, with up to 12.5 million dollars for operational cash flow requirements as well as the **mid-market financing program**, under which junior loans ranging between 12.5 and 60 million dollars were made available for medium-sized businesses especially affected by the pandemic.

Both programs are co-financed by BDC and they are available to businesses through their primary financial institution until the end of December 2021.

The **Highly Affected Sectors Credit Availability Program** gave the hardest-hit businesses in all sectors more access to credit through their primary lenders, with 100 percent of the value of term loans guaranteed by BDC.

This program was also extended until the end of the year.

BDC's Bridge Financing Program helped fill the gap for venture capital-backed firms during the pandemic year. This program – made available through BDC's investment arm – BDC Capital – made available 300 million dollars for high-potential technology companies.

Stefano will speak a little more about specific results so far related to each of these programs in his remarks.

My colleagues on the Board of Directors and I were focused throughout the year on making sure that BDC's efforts to support Canadian entrepreneurs were effective and targeted.

We held a record number of meetings — 82 — to maintain that oversight and track progress. I thank every member of the Board for their hard work and dedication.

Our oversight included ensuring prudent management of the Bank's capital, as BDC took on more risk during the pandemic.

While responding effectively to the pandemic was of the highest importance in fiscal 2021, the board also had to ensure BDC kept its focus on other priorities.

- This included advancing BDC’s digital transformation initiatives, which proved essential last year as entrepreneurs needed easier ways to do business with us. Going forward, digital transformation will further ensure the bank is equipped to protect client data and defend against cyberattacks.
- We also paid close attention to BDC’s activities related to diversity and inclusion, both internally and among BDC’s clients — including new programs for Indigenous and Black entrepreneurs, like the Indigenous Growth Fund and the Black Innovation Fund.
- We continued to oversee the strategic cohesion of BDC’s management and disclosures of climate change-related opportunities and risks: understanding, managing and disclosing climate-related risks in the bank’s portfolio.
- BDC has also committed to become **carbon neutral in its operations by 2025** and it will apply the principles of the Task Force on Climate-related Disclosure to support businesses faced with tackling climate challenges.

Finally, as the mandate of BDC's outgoing President and CEO Michael Denham came to an end this year, the CEO succession was a very big focus for the Board during last fiscal.

Before turning the presentation over to Stefano, I would like to acknowledge Michael's contribution.

Under his leadership, BDC experienced exceptional growth. In the past six years, the bank has doubled the number of entrepreneurs it serves and the size of its portfolio. BDC is today a stronger, more visible development bank, championing diversity, inclusion and innovation in the entrepreneurial ecosystem, a bank turned confidently towards the future and ready to accompany Canada's entrepreneurs through the recovery. Thank you, Michael.

On August 10, we welcomed Isabelle Hudon as BDC's new President and CEO.

Three months into the job already, Isabelle has had a great start and we are confident that she will help BDC continue to grow

I would like to close by congratulating and thanking BDC's management team and all employees for their phenomenal work over the past year. Without each and every one of you, BDC could not have done the work it did supporting Canadian businesses.

I have been consistently in awe of the resilience, agility and tenacity that this country's entrepreneurs responded with to the pandemic challenge — and I'm proud BDC was able to help a significant number of them succeed.

And now, I'd like to hand things over to Stefano Lucarelli, BDC's CFO, to talk more about the year that was and what's ahead.

Stefano Lucarelli – Chief Financial Officer, BDC

Thank you, Mike.

It was indeed a year full of challenges for Canadians and Canadian businesses. Many companies' cash flows dropped, supply chains struggled, and safety measures kept many businesses from opening their doors.

As lockdowns were forcing businesses to close or reduce their operations, we faced an **unprecedented surge in demand** for BDC's loans during the initial stages of the pandemic.

In March 2020, we received **more loan requests through our online platform in less than three weeks than we typically do in a full year.**

We streamlined our processes to make sure money flowed quickly and efficiently. Our people stepped up, doing whatever they could to help Canadian entrepreneurs make it through.

Thanks to upgrades in our digital lending capabilities, reallocation of resources and the hard work of our employees, between April 1, 2020 and March 31, 2021, we authorized more than 9 billion dollars in financing. We also reached a record number of 72,000 clients. The bank's

total portfolio now stands at 41.2 billion dollars in capital committed to small and medium-sized businesses.

BDC earned a consolidated net income of \$1.6 billion, which will be reinvested in providing additional financing and other programs to support entrepreneurs through the recovery. As a result of this strong financial performance, BDC paid a **\$735 million dividend to the Government of Canada, its sole shareholder.**

The positive result came from the appreciation of our venture capital portfolio, which was buoyed by record tech-sector growth throughout the year. And we were able to reverse credit-loss provisions as Canadian companies themselves proved their resilience and minimized their losses.

As Mike said, a big part of our COVID-19 response involved supporting the Government of Canada's overall efforts — often in collaboration with public- and private-sector partners.

For example, under the Business Credit Availability Program, BDC provided close to one billion dollars to 800 Canadian businesses.

For the Highly Affected Sectors Credit Availability Program, we partnered again with more than 50 private-sector institutions. Until the end of March, which were the very early days of the program, close to \$300

million had been authorized to companies in hard-hit sectors. The demand continued to grow during the past few months.

And under BDC Capital Bridge Financing, up until the end of March, we had invested \$180 million dollars through 100 deals to support some of Canada's most promising and fastest-growing tech companies.

Our Advisory Services were also in high demand. Through our Access Program, we provided free consultations to entrepreneurs on how to weather the pandemic — supporting more than 1,000 clients.

Alongside BCAP and HASCAP – delivered in partnership with other financial institutions, we also authorized 2.6 billion dollars in direct BDC financing to help some 17,000 business owners ensure the continuity of their operations throughout the pandemic.

And even with all that COVID-19 demanded, we kept our focus on continuing our other work underway and laying the foundation for the future.

As Canada's bank for entrepreneurs, we're committed to contribute to a more inclusive and greener economy.

Part of that commitment is helping reduce the historical challenges and inequities facing women, Indigenous Peoples, Black entrepreneurs, and entrepreneurs from visible minority and LGBTQ2+ communities. It's

been hard for entrepreneurs in these segments to access capital at the best of times, and it was even harder during the pandemic.

During last fiscal, we met our three-year goal of providing 1.4 billion dollars in loans to majority women-owned businesses — ahead of schedule — and committed to a new target of supporting 19,000 women business owners as clients by 2024.

We worked with the National Aboriginal Capital Corporations Association to become a lead investor in the Indigenous Growth Fund, which will make available 150 million dollars through Aboriginal Finance Institutions. Together, these institutions have reach all across the country, including into remote and urban Indigenous communities.

We invested in a 10 million-dollar Black Innovation Fund for early stage tech companies founded by Black business owners and expanded our collaboration with Futurpreneur to support young Black entrepreneurs with up to 60,000 dollars in start-up financing.

We also continued our work internally to promote equity and diversity and make BDC an amazing place to work. Those efforts earned BDC recognition once again as a top 100 Employer and Best Diversity Employer.

And thinking “beyond” — about what we want the world to look like as we emerge from the pandemic — we furthered our support of the global

transition to a green economy. We've invested more than 500 million dollars in clean technology companies since 2018. Our Cleantech practice is one of the biggest and most active in Canada. And, as Mike mentioned, we have committed to becoming carbon neutral in our operations by 2025.

Innovation is alive and well in Canada. A dynamic tech sector led to a record year of financing and growth even through the pandemic.

Our investment arm, BDC Capital, continued last year to support and help develop competitive innovation-focused companies across a wide range of sectors. We currently have 800 companies in our direct investment portfolio and have indirect investments in 100 venture capital funds.

Last fiscal, we created an IP development financing envelope with 180 million dollars for companies with strong IP. I'm proud to say this is the first of its kind in Canada.

We also launched a Deep Tech Venture Fund of 200 million dollars for start-ups working on cutting-edge technologies like quantum tech, artificial intelligence, advanced materials and cybersecurity.

And our Growth Equity Partners Fund II continued to invest 250 million dollars in minority equity positions to help mid-sized entrepreneurs grow without losing control of their businesses.

The pandemic drove home the urgency of making it as easy as possible for entrepreneurs to do business with us. That's why we will continue to **invest in our digital transformation** with the goal of providing the best possible client experience for entrepreneurs.

- We now offer a lending experience that allows entrepreneurs to apply **24/7** to our products and services from anywhere in Canada.
- That included launching our first **client-facing app, BDC Mobile**, which lets entrepreneurs access advice and resources from their mobile devices.
- We also continued to work on automating processes with AI and data analytics to anticipate what entrepreneurs will need in the future.

That's a lot of projects, a lot of goals, a lot of aspirations and investments. None of them is possible without a dedicated team — especially not in a year like 2020–2021, when demand was unprecedented and all 2,500 of our employees across the country were working from home.

That's the story of our year in brief.

I would like to thank all BDC employees, my colleagues in the leadership team and the Board for tireless effort in rising to the challenge of COVID-19.

Most of all, I applaud the hundred of thousands of Canadian entrepreneurs across the country who kept their businesses and our economy going so that all of Canada can come out of this time of crisis better and stronger than before.

Thank you all. This concludes today's meeting. If you have any questions, please send them to info@bdc.ca. It would be our pleasure to answer them.

Have a great day.