



BDC's Annual Public Meeting  
November 18, 2022

Remarks by Mike Pedersen, Chairperson of the Board, BDC,  
and Isabelle Hudon, President and CEO, BDC

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## Mike Pedersen – Chairperson of the Board, BDC

### [SLIDE 1]

Hello and welcome to BDC's 2022 Annual Public Meeting. Thank you so much for joining us.

### [SLIDE 2]

I am Mike Pedersen, Chairperson of BDC's Board of Directors. I am joining you from Toronto, the traditional territory of the Haudenosaunee, and most recently, the territory of the Mississaugas of the New Credit First Nation.

**BDC President and Chief Executive Officer Isabelle Hudon** will soon join us virtually from Montreal to review the Bank's achievements and financial results for the year ended March 31, 2022.

### [SLIDE 3]

BDC is **the only bank in Canada devoted exclusively to entrepreneurs**. Its role is to help small and medium-sized businesses in all industries get the support, resources, and advice they need to succeed.

We do this by offering:

- **Financing**, in the form of term loans;

- **Capital investments**, which include specialized capital, such as venture capital and growth equity; and
- **An advisory service**, which sets BDC apart in the market.

[SLIDE 4]

Last year was marked by two key priorities:

1. First, BDC's continued work to **help entrepreneurs get through the pandemic, help them rebuild and renew with growth.**
2. And second – **increasing BDC's impact in helping Canada's entrepreneurs and economy prosper.**

[SLIDE 5]

The **economic recovery was strong last year, but uneven**, with some sectors benefitting from increased demand, while others continued to struggle with periodic shutdowns as a result of successive waves of COVID-19.

At the same time, entrepreneurs faced a series of other challenges, including **rising inflation and interest rates, labour shortages and supply chain difficulties.**

BDC was there to support them to overcome these and other barriers through the year.

The Bank's rapid and comprehensive response was the latest example of **the shock absorber role it plays for entrepreneurs and the economy.**

[SLIDE 6]

Working with partners and its shareholder, the Government of Canada, BDC provided a **crucial bridge from crisis to recovery for tens of thousands of business owners**, while continuing to play an important complementary role to Canada's financial institutions.

In addition to helping existing clients, **BDC reached more entrepreneurs**, helping them ensure the continuity of their operations and pursue growth opportunities.

With business owners from diverse and **underserved communities** disproportionately impacted by the pandemic, we were pleased to see BDC's important progress during the year in reaching more Black, Indigenous and women entrepreneurs.

[SLIDE 7]

The board has closely followed **BDC's ongoing digital transformation**. The goals of this initiative include making BDC's products and services more accessible to SMEs, improving clients' experience, and making BDC more efficient and secure overall.

BDC also made significant headway this year in showing leadership on **climate change**. The team continued to grow its financing of cleantech and sustainable businesses.

BDC endorsed the principles and guidelines of the Task Force on Climate-related Financial Disclosure and also joined the Partnership for Carbon Accounting Financials, a global network of financial institutions looking to define greenhouse gas emission-reporting metrics. **BDC also quantified the carbon footprint of its business operations and committed to reducing it to net zero by 2025.**

Another important component of the Board's oversight role was to ensure that the Bank continues to have the appropriate risk management framework, especially in the volatile economic context of the past year.

I would like to **thank all board members** for their stewardship and hard work.

I would especially like to recognize departing board member **Mary Alice Vuicic** for her eight years of dedicated service. As Chair of BDC's Human Resources Committee, she stayed on the board well beyond the conclusion of her second term to support the CEO transition. During the year, we welcomed **Tania Clarke** and **Vivek Jain** to the board. Their diverse expertise and backgrounds are great additions to the team.

[SLIDE 8]

I am pleased to report that BDC achieved all this while delivering an **excellent financial performance that will allow it to reinvest to support even more entrepreneurs, better.**

On behalf of the Board, **I would like to thank Michael Denham**, whose mandate as CEO came to an end in the summer of 2021, three months into fiscal 2022. Michael showed unwavering leadership and understanding of entrepreneurs' challenges over his six-year term, capped off by the Bank's response to the pandemic in collaboration with private sector institutions and the Government of Canada.

BDC **welcomed its new President and CEO, Isabelle Hudon**, in August 2021. We are pleased to see she is off to a great start. With Isabelle's arrival, BDC embarked on an ambitious process of renewal and transformation that will shape the Bank in the years ahead.

Under Isabelle's leadership and the board's oversight, BDC conducted a **strategic 360-degree review of its activities**. This review produced a vision for the next five-to-10 years that will see BDC have an even **greater impact on Canada**, serving dramatically **more entrepreneurs and contributing to creating a more competitive, inclusive and sustainable economy**. Isabelle will speak more about BDC's ambitious new chapter in a minute.

[SLIDE 9]

Canadian entrepreneurs have come through two and a half years of pandemic and economic uncertainty. BDC was there for them in their time of greatest need and is now determined to be there for them to face the challenges and opportunities ahead.

On behalf of my colleagues, I would like to **thank BDC's management team and the 2,600 employees for their outstanding work** during the past year.

The results achieved in often trying conditions are a testament to their professionalism, hard work and dedication to the success of entrepreneurs.

BDC is uniquely positioned to continue to make a **real difference** for Canada's business owners and the economy.

And now, I'd like to hand things over to Isabelle Hudon, BDC's President and CEO, to talk more about the year that was and what's ahead.

## Isabelle Hudon – President and CEO, BDC

[SLIDE 10]

Thank you, Mike. Hello everyone,

I'd like to begin by acknowledging that we are on First Nation, Inuit, and Métis land. We honour Indigenous peoples across Canada, and their ancestors, for their invaluable contributions to our country.

Today I'm joining you from Montreal, **the traditional homeland of the Kahnawake First Nation.**

Thinking back to my first days at BDC in August 2021, I recall being excited to join an organization with such an outstanding reputation and record of achievement.

[SLIDE 11]

One year later, I say without hesitation: it is an honour and a great privilege for me to work with a team dedicated to a shared mission—the success of Canadian SMEs.

BDC stood with Canadian entrepreneurs once again this past fiscal year.

As the economic recovery intensified, SMEs invested in new growth projects and in projects that had been postponed, creating unprecedented demand for BDC's products and services.

[SLIDE 12]

We are now serving a total of **95,000 clients** directly and indirectly, including 16,500 via relief programs delivered in partnership with the private sector.

[SLIDE 13]

BDC authorized \$14.4 billion during the last fiscal year in financing and investments, including \$3.4 billion in indirect lending with Canada's private financial institutions.

[SLIDE 14]

At a time when entrepreneurs needed guidance the most, we also continued to provide essential, expert advice.

Through our Advisory Services practice, we provided advice to entrepreneurs through **1,400 advisory mandates**, helping them make their businesses more innovative, more productive, more profitable and more competitive.

Our advice makes a real difference: clients who benefit from both BDC financing and Advisory Services see superior growth and profitability.

[SLIDE 15]

Our investment arm puts smart money at work to support the Canadian innovation ecosystem through BDC Capital's investment activities, spanning Venture Capital, Capital Incentive Programs and the Bridge Financing Program.

With **\$5.7-billion in assets under management and \$636 million authorized in fiscal 2022 — direct and indirect investments** — BDC Capital supported over 700 Canadian tech innovators.

[SLIDE 16]

Of special note last year was our success in extending our reach and deepening our impact through indirect lending to help entrepreneurs weather the pandemic's effects.

For example, **under the Business Credit Availability Program, a total of \$1.1 billion was lent in partnership with the federal government and private sector financial institutions to nearly 800 companies**, from the launch of the program in 2020 until December 31, 2021, when it ended.

In the **Highly Affected Sectors Credit Availability Program**, BDC joined forces with over 50 financial institutions to support businesses in sectors hardest hit by the pandemic. The Bank provided a 100% guarantee to financial institutions to extend **loans of up to \$1 million** to eligible businesses in tourism, accommodation, food service, arts and culture, and the airline industry.

A total of **\$3.6 billion was deployed to close to 16,000 companies** under HASCAP, from its launch in February 2021 until March 31, 2022, when the program ended.

As conditions improved in fiscal 2022, many of our relief programs came to an end.

For fiscal 2022, BDC earned a **consolidated net income of \$2.5 billion**, which will allow us to enhance our support for entrepreneurs.

BDC's overall profitability was fuelled by a record net revenue on investments and unrealized fair value appreciations in BDC Capital's portfolio, reflecting remarkable growth in the tech ecosystem.

The higher net income was also due to reversals of provisions for expected credit losses in a recovering economy and as entrepreneurs showed incredible resilience.

[SLIDE 17]

Fiscal 2022 marked a turning point for BDC.

We launched a major strategic review of our activities, to put more emphasis on our role as a development bank.

**Why a new strategic direction for BDC and why now?**

Because we believe that Canada has a unique opportunity to rebuild more responsibly in the post-pandemic era by addressing the key challenges facing entrepreneurs, which include:

- Continue to grow while limiting their environmental footprint
- Making prosperity more inclusive
- Fostering stronger productivity and competitiveness

**BDC can and must play a leading role in all of this and help create a more productive, greener, and more inclusive economy.**

The strategic review was an inclusive and collective effort, drawing on the viewpoints of entrepreneurs, employees and ecosystem players from across the country.

We are now working on detailed program roadmaps and building capabilities to deliver on the big ambitions we have set for ourselves.

[SLIDE 18]

This strategic exercise led us to the conviction that BDC can and must do much more, especially when it comes to addressing inclusive prosperity and climate change.

Over the past year, we have made strong progress on our Black entrepreneurs' strategy with the launch of such initiatives as the **Black Entrepreneurship Loan Fund** and the **Black Innovation Fund**.

We were also pleased to see the first loan authorized under the \$150-million **Indigenous Growth Fund**.

BDC Capital showed exceptional leadership by launching **the first standardized diversity, equity and inclusion reporting template** for Canadian fund managers and their portfolios.

[SLIDE 19]

On the climate change front, we have over **\$1.2 billion committed to sustainability-linked projects** and we are working on a number of fronts to increase our contribution to achieving Canada's ambitious 2030 and 2050 climate goals.

Another example of our commitment is the appointment of a **new Chief Strategy and Impact Officer and a new Senior Vice President and Head, Sustainability and Diversity**.

[SLIDE 20]

During the year, we also continued our multi-faceted support for high-growth, innovative businesses.

When these companies grow into **global champions**, they make an exceptional contribution to Canada's prosperity.

Among the year's highlights, I'd like to mention the renewal of **the federal government's Venture Capital Catalyst Initiative**, managed by BDC, which has \$450 million to invest in funds of funds, life sciences, and inclusive growth.

[SLIDE 21]

The pandemic accelerated the need for Canadian organizations of all sorts to improve their digital capabilities.

For us, at BDC, digital adoption is a double opportunity. First, we support the digital transformation efforts of SMEs to fuel their recovery. The latest example is our participation in the **Canada Digital Adoption Program** announced by the federal government.

[SLIDE 22]

Second, digital technologies can be a powerful ally in helping us achieve **our goal of making it easier for entrepreneurs to do business with us** by providing an increasingly frictionless, personalized client experience.

This is why we continued to make progress on our digital transformation, notably by making our online lending faster and easier to use by automating and digitizing processes.

[SLIDE 23]

My first year at the Bank demonstrated what I had already believed about this organization — **BDC truly is a great place to work**. Once again, this was confirmed by our recognition as one of Canada's Top 100 Employers (15th year), Top Montreal Employers (16th year) and Top Diversity Employers (12th year).

I want to extend my sincere thanks to all BDC employees. Our exceptional results in fiscal 2022 show that you are making a difference

for entrepreneurs and also that this is the right time to be even more ambitious.

[SLIDE 24]

I'm excited **about this new chapter in BDC's history that we're embarking on together.**

BDC is uniquely positioned to help entrepreneurs turn their dreams into reality.

[SLIDE 25]

I am confident that we will achieve our purpose, which is to **empower a nation of dreamers and doers to build a better tomorrow for all.**

[SLIDE 26]

Thank you all. This concludes today's meeting. If you have any questions, please send them to [info@bdc.ca](mailto:info@bdc.ca). It would be our pleasure to answer them. Have a great day.