



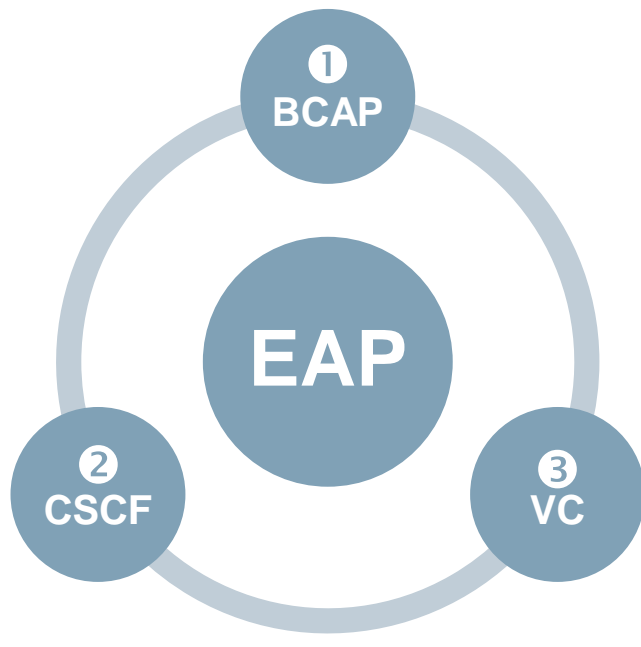
BDC AND THE ECONOMIC ACTION PLAN

May 2012



BDC helped Canadian businesses weather the financial crisis

ECONOMIC ACTION PLAN (EAP) AND BDC

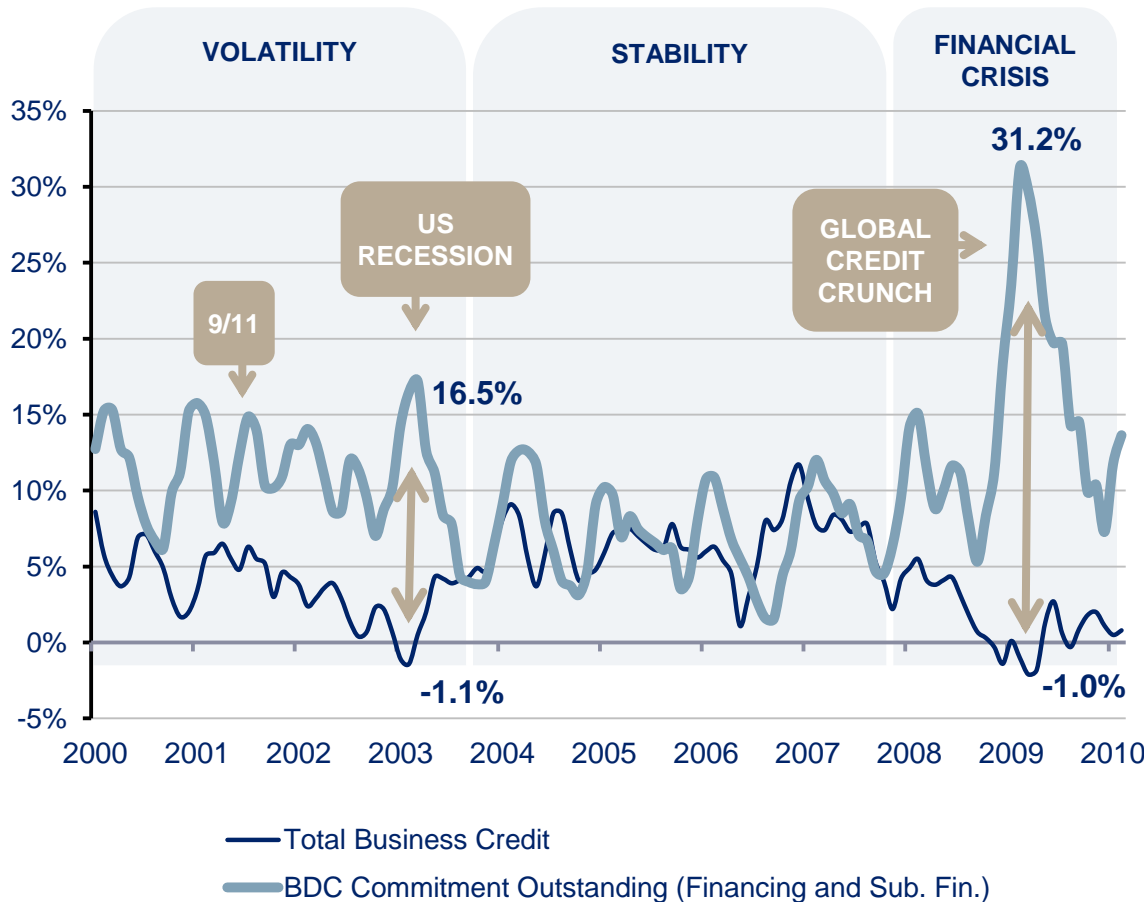


- 1** *Business Credit Availability Program (BCAP)* – BDC worked with Export Development Canada (EDC) and private-sector financial institutions to provide financing.
- 2** *Canadian Secured Credit Facility (CSCF)* – By buying asset-backed securities (ABS), BDC helped businesses and consumers access financing to purchase new vehicles and equipment.
- 3** *Venture Capital* – Injections of capital allowed BDC to take an active role in VC to help bring long-term sustainability to the market.

1 BCAP – Complementarity in action

BDC's historical counter-cyclical role

BDC vs. Total Business Credit (3-month % change, annualized)



BDC authorizations February 2009 to October 2011

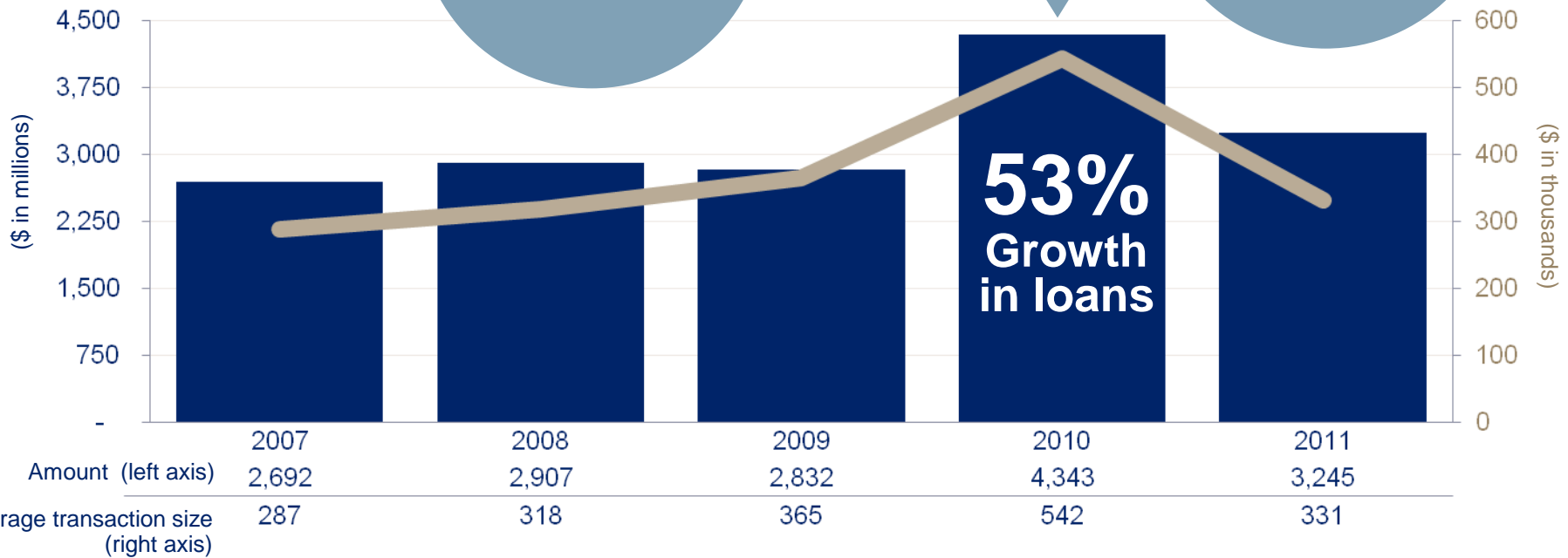


BDC fulfilled its mandate to play a complementary role in the marketplace.

1 BCAP – Ensuring access to credit

Includes **\$770M** refinancing loans, nearly 4x historical dollar volume

BDC has wound down its BCAP activities, and lending is returning to pre-recession levels.



1 BCAP – Filling market needs

BDC provided a variety of solutions that helped about 14,000 clients during the financial crisis.

\$179M

Working Capital Support (WCS)

9,600

Workout and Postponements

3,300

BCAP authorizations from syndication or referrals

3,700

BDC Economic Recovery Loans

\$45M

Operating Line of Credit Guarantee (OLCG)

Sectors that benefited most from BDC's BCAP activities:

- > Manufacturing
- > Wholesale and retail
- > Tourism
- > Commercial properties
- > Natural resources

2 CSCF – Stabilizing the market

BDC designed and managed the CSCF, purchasing almost \$3.7 billion in ABS through five AAA transactions (including with GMAC Canada and Nissan Canada)

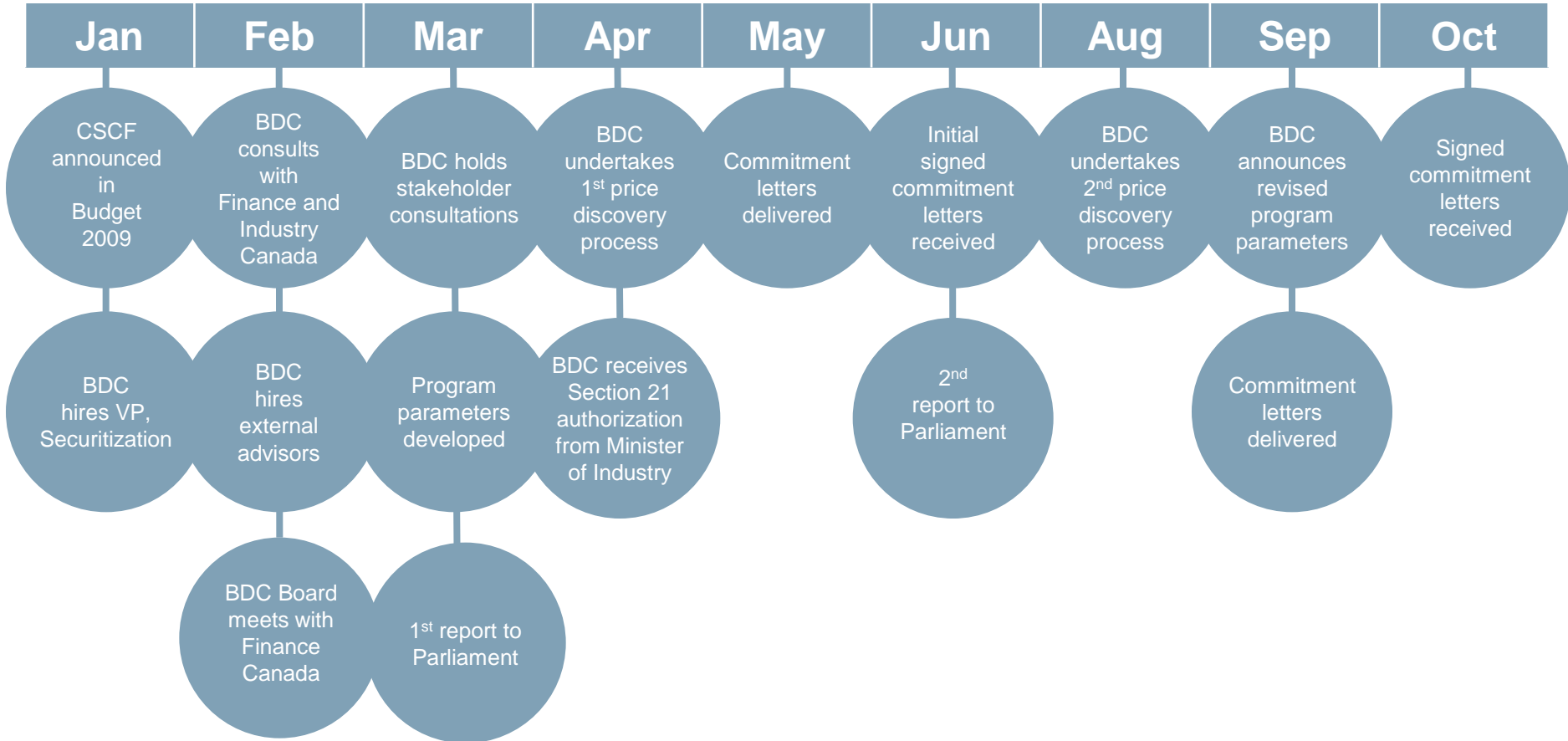
\$3.7B
ABS

“The creation of the CSCF has helped to stimulate investor interest in the Canadian automotive ABS market and has contributed to Ford Credit’s successful execution of recent retail and lease transactions.”

– Ford Credit,
July 2009

2 CSCF – BDC moves quickly

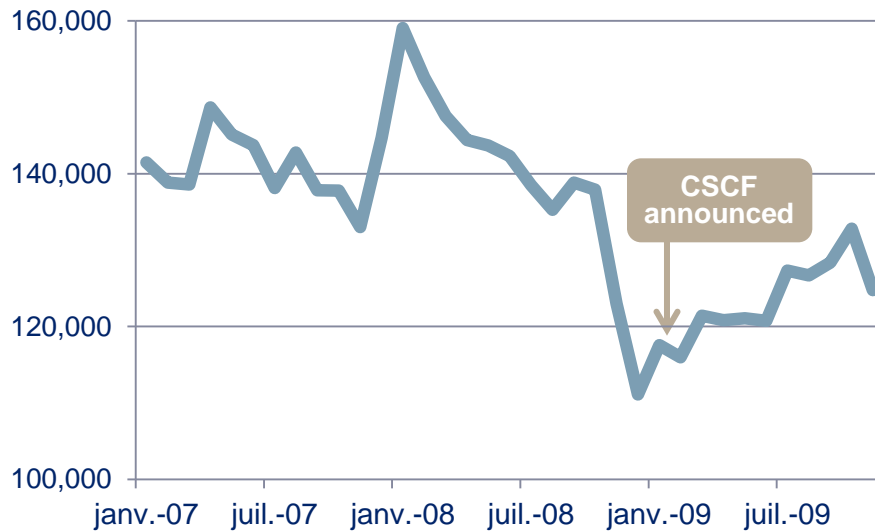
2009



2 CSCF: Sustaining confidence

New motor vehicle sales

Seasonally adjusted – November 2009

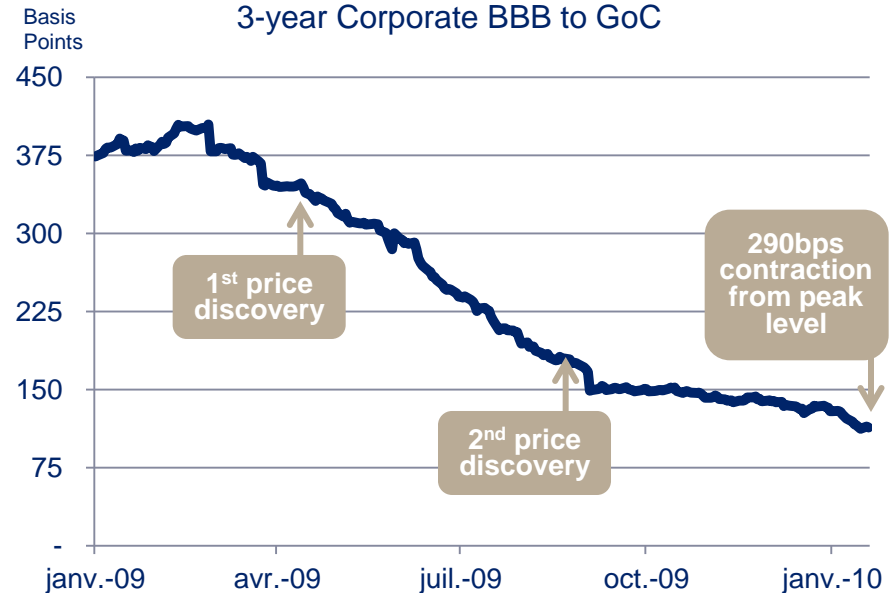


Source: Statistics Canada

> Sales of new motor vehicles started to trend upwards after CSCF was announced

Canadian spread contraction

3-year Corporate BBB to GoC



Source: Bloomberg and Bank of Canada

> Corporate market spreads tightened, providing companies with more financing options

2 CSCF: Public policy success

“In the case of both TALF and CSCF, the initial volume expectations for the programs far exceeded their actual activity levels [...] These low utilization levels are not indicators of a lack of success from a public policy standpoint.”

– C.D. Howe Institute
November 2010

**The CSCF ended on
March 31, 2010.**

**BDC has returned unused
capital under CSCF to the
Government.**

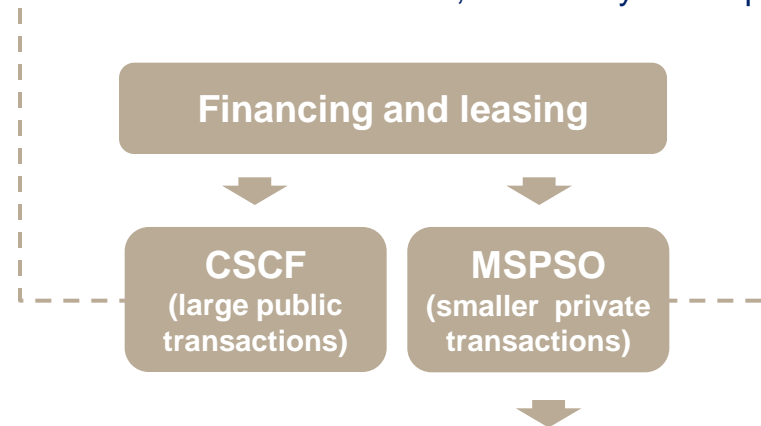
2 MSPSO – Meeting evolving needs

\$440M

**MSPSO
financing as of
March 2012**

CSCF was designed for larger transactions.

BDC identified a need for smaller players in the market. The Vehicle and Equipment Financing Program (VEFP) helps these businesses improve productivity by investing in vehicles, machinery and equipment.



BDC works with the private sector to offer the Multi-Seller Platform for Small Originators (MSPSO).

2 Private-sector support

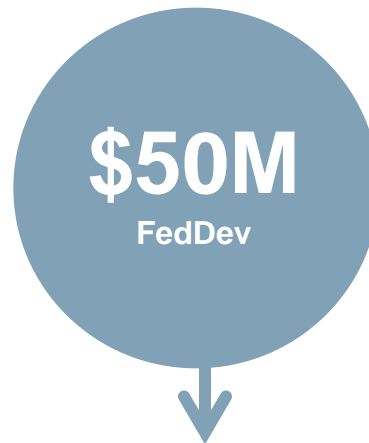
“In the face of global economic uncertainty, it is the unpredictability of supply of funding that is a crucial industry issue and the VEFP is critical to offsetting this risk. In that context, the VEFP should remain an important policy tool for the foreseeable future, in assuring credit stability and reliability to finance the acquisition of equipment, machinery and vehicles by business and consumer customers.”

– Canadian Finance and Leasing Association, letter to the Minister of Finance, October 2011

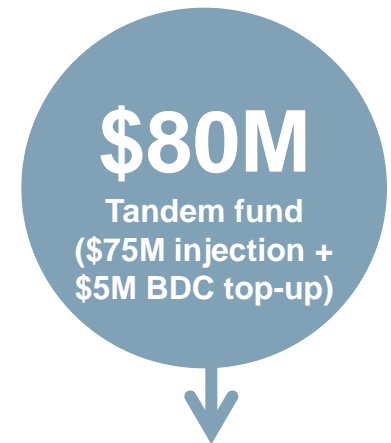
3 Venture Capital: Rapid deployment of \$375M capital injection



\$210M
authorized
(84%)



\$69M
authorized,
direct and indirect
(138%)

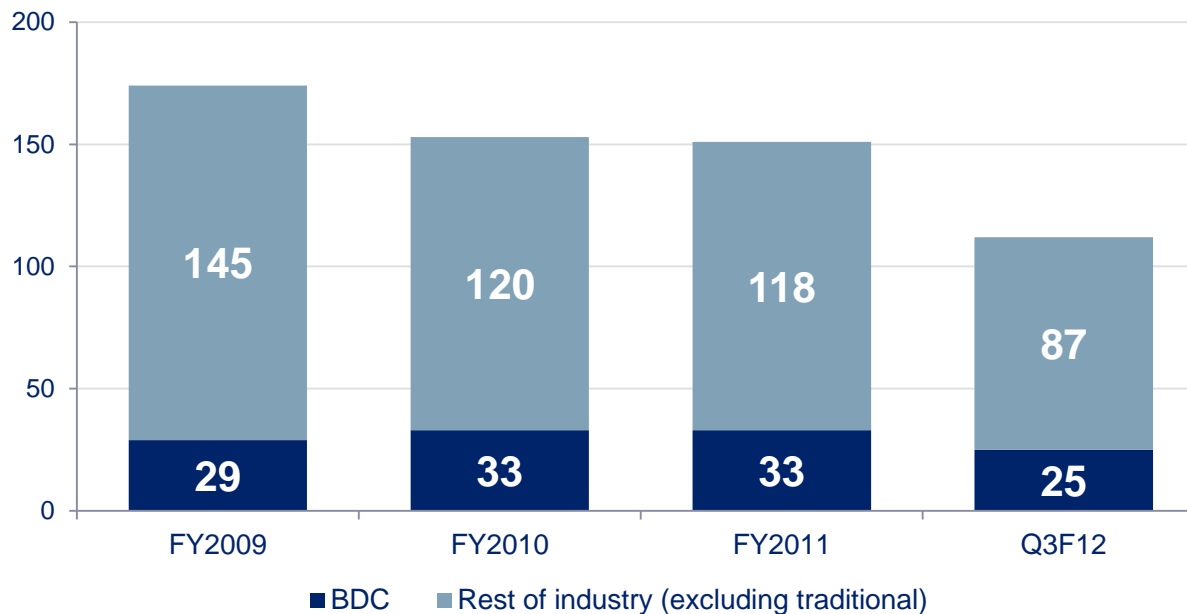


Fully authorized.
The fund closed a
\$300M capital raise
(leverage of 4x on
injected dollars)

3 BDC VC: Active in direct investing

Following the 1st tranche of the injection in F10, BDC was an active investor in the market, even as other market actors withdrew.

Early stage (# of investments)



3 BDC VC: Active in indirect investing

From F09 to March 31, 2012, BDC VC has authorized \$230M to new private-sector funds with the injected money, leveraging \$1.5B.

	Fund	Year	BDC (\$M)	Fund Size (\$M)	Leverage
REGULAR	Tandem	F09	80.0	300.0	3.75
	Chrysalix	F10	5.3	122.9	23.0
	VanEdge	F10	15.0	136.5	9.1
	Yaletown	F10	10.0	120.0	12.0
	RHO	F11	20.0	100.0	5.0
	Real Ventures	F11	5.0	50.0	10.0
	TVM	F12	20.0	140.0	7.0
	iNovia III	F12	20.0	105.0	5.3
	GrowLab	F12	0.5	2.1	4.2
	FEDDEV	XPV	F10	10.3	150.0
Extreme		F12	0.5	2.5	5.0
Celtic House IV		F12	23.0	140.0	6.1
Lumira II		F12	20.8	100.0	4.8
TOTAL			230.4	1,469.0	6.4

BDC acted quickly to support the federal Digital Economy Strategy

- > October 2010 – BDC surveyed its clients to understand their priorities and challenges related to the adoption of information and communication technologies (ICTs). BDC then developed a strategy based on three stages:



- > May 2011 - BDC launched Smart Tech on BDC.ca to raise awareness
- > October 2011 - During Small Business Week, BDC launched the following ICT services:
 - Website assessment
 - ICT assessment
 - On-line sale
 - Website diagnostic
 - ICT diagnostic
 - ICT essentials
 - Internet strategy
 - System selection
 - ICT financing

Conference Board of Canada

“In Canada, the federal government’s financial institutions – specifically the Business Development Bank of Canada (BDC) and Export Development Canada (EDC) – provided exceptional credit support in a time of crisis.”

January, 2010