2025 Annual Report

BDC is a commercial and financially sustainable Crown corporation. BDC helps Canadian entrepreneurs build strong and resilient businesses. In doing so, it contributes to a more prosperous, competitive and inclusive Canada.

Our purpose

Empower a nation of dreamers and doers to build a better tomorrow for all.

Our mission

Support Canadian entrepreneurs by providing financing, capital and advisory services, with a focus on small and medium-sized businesses.

BDC by the numbers

107,345 Entrepreneurs served this year

47% Client growth over 5 years (+34,524 entrepreneurs)

Up to 2X Our clients' revenue grows at up to twice the rate of the Canadian average

93%
Client satisfaction rate

3,049
Entrepreneurs served through our tailored advisory services

853
Canadian companies currently supported by venture capital or private equity investments from BDC

"We needed a game plan to accelerate our growth but keep our equity in the business. Thanks to BDC's invaluable expertise, we are now right on target to reach our ambitious revenue objectives."

– Lyno T. Côté, CEO
Spordle, SaaS Industry, Boisbriand, Quebec

Spordle aids over 5,000 North American sports organizations with tailored tech solutions.

United for entrepreneurs

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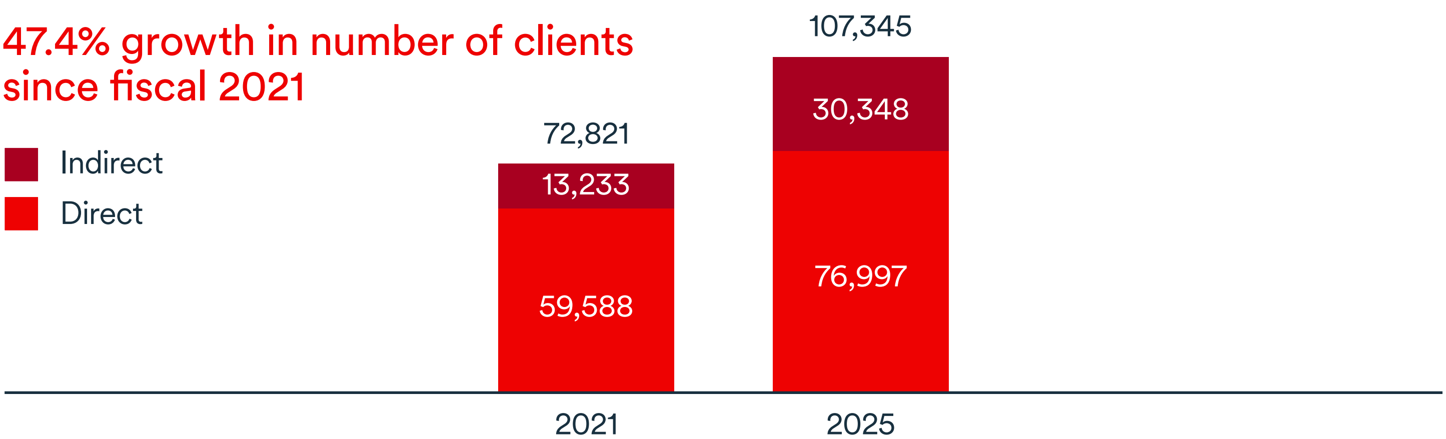
Unleashing Canada's untapped economic potential

Entrepreneurs are the dreamers and doers that build businesses, communities and economies. We believe helping more of them grow might be the very best answer to Canada's economic challenges.

47.4% growth in number of clients since fiscal 2021



1.4M
People employed by our clients

$572B
BDC clients' annual revenue

$10.5B
New financing in fiscal 2025

$1B
New investments in fiscal 2025

"BDC doesn't just finance assets. They truly understand the market and believe in the businesses they finance."

– Vicky Beaudoin
Vice-President and General Manager, Rhesus
Victoriaville, Quebec

Rhesus offers support and services that help businesses develop and maintain a stable, secure and functional IT infrastructure. BDC granted Rhesus a business purchase loan to enable it to purchase a competitor. The result? 40% increase in sales, the opening of new markets, organic growth of 15%, and talent acquisition.

Message from the Chairperson of the Board of Directors

This past year BDC celebrated 80 years of support for Canada's entrepreneurs. The dream that is BDC started in late 1944 with 26 people in one office. At that time, the Bank's representatives travelled in a trailer to meet clients. The goal then was to help a nation and its soldiers returning from war repurpose capital and become entrepreneurs, playing a role in helping the country heal and the economy grow.

> "As Canada's only development bank, doing more for SMEs is part of our DNA. Our client composition reflects our unique role in the banking ecosystem – we take on more risk by supporting a greater share of the smallest businesses and those that don't fit the standard mould."

Today we face new challenges, but there is rhyme in that history. With small and medium-sized enterprises (SMEs) experiencing unprecedented risks amid trade and tariff uncertainty, the BDC team remains steadfast in its dedication to entrepreneurs and the Canadian economy. We've never been more committed to supporting the founding of new businesses and catalyzing growth.

As Canada's only development bank, doing more for SMEs is part of our DNA. Our client composition reflects our unique role in the banking ecosystem – we take on more risk by supporting a greater share of the smallest businesses and those that don't fit the standard mould. Over the past 15 years, we increased the number of small loans from 5,970 in fiscal 2010 to 18,333 in fiscal 2025.

There is still more work to do to ensure no entrepreneur is left behind. We have made the strategic choice to lean into our development role and take on a greater number of smaller businesses. Accordingly, our loan portfolio has evolved, with younger businesses and higher risk loans taking up a larger share of our overall business.

This evolution affects the fine balance that BDC strives to maintain – our ambitious goal to do more for entrepreneurs weighed against our commitment to remain financially self-sustainable. It's a different portfolio today than even five years ago, and we need be mindful to properly calibrate our performance objectives against historical results.

In fiscal year 2025, the Board focused on providing guidance in support of the Bank's aim to stay attuned to the needs of entrepreneurs, in particular BDC's client satisfaction rating, and the leadership team's efforts to optimize resource allocation and increase productivity. Later in the fiscal year, the Board was active in supporting BDC's swift rollout of support for entrepreneurs affected by tariff turmoil.

It was also a busy year for the Board of Directors membership. We integrated three new directors: Melanie Nadeau and Michael Ladha, both members of the Human Resources and Investment committees; and Lena Bullock, member of the Audit and Conduct Review and Board Risk committees. We continue to be a Board with a wide spectrum of competencies and perspectives, and gender parity.

There is no question we are living in consequential times. BDC will be there with the resources and guidance SMEs need to thrive. The Board remains engaged and passionate about this mission. We are confident BDC's strategy is the right one and that management possesses the values, including courage, to adapt priorities and respond to the evolving needs and challenges of SMEs.

Today, tomorrow and for the next 80 years.

Brian O'Neil
Chairperson of the Board

Message from the President and CEO

Success in small business requires ambition and tenacity, especially as difficult times arrived at the end of fiscal 2025. As SMEs rise to this challenge, we have seen a shift in the defining factor of success, from ambition to courage – those who dare to lean into growth strategies. It's resilience in action.

But they can't, and shouldn't, have to do it alone. As Canada's development bank, we are dedicated to entrepreneurs. Their success is at the core of BDC's mission to create economic benefits for Canada. That starts with having greater reach and relevance with Canada's SMEs. This past year, BDC's 2,900 team members helped 107,345 entrepreneurs across the country through a wide range of advice, financing, and capital. This unique mix of support means our clients get the right financing, with the right strategy for *their business*. And it works – our clients' revenue grows up to twice as fast as other businesses.

> "All together, our financing and investments in fiscal 2025 will add an estimated $25 billion to Canada's GDP over the next five years."

Over the past five years, we have increased our client base by over 47%, and our loan book has expanded accordingly. This is tremendous growth, but we know there are 100,000 fewer Canadian entrepreneurs than 20 years ago. At the same time, 350,000 entrepreneurs can't get the financial help they need to start or grow their business. This year, we took concrete steps to help reverse the trendline of fewer Canadians starting and growing businesses.

We injected nearly $1 billion into our Growth Venture Fund and Growth Equity Partners program. This new capital is already helping Canada's next generation of global champions access the funding they need, mitigating the chilling effect of the current investment ecosystem.

We also launched our new Community Banking team to reach more entrepreneurs where they are. By partnering with up to 80 local organizations, we aim to simplify financing for SMEs with unconventional models, outside metropolitan areas, with little credit history, and younger entrepreneurs. Our goal is to finance up to 100,000 additional SMEs over the next decade.

To help our clients become more productive, we launched our Data to AI solution to introduce benefits from artificial intelligence (AI) into the small business sphere. And we also walked the talk on productivity. We have adopted a generative AI tool integrated into our work tools. Since the large-scale deployment in the company, 23,332 working hours have been assisted with the tool over a period of 15 weeks, allowing users to save time to reallocate to higher value-added tasks.

We also created two new $100-million platforms to support Indigenous and Black-led businesses, formed the Black Entrepreneurs Fund team, and conducted a broad consultation to frame the envelope dedicated to Indigenous entrepreneurs. Our teams deployed nearly $900 million in environmental loans and investments to help SMEs retrofit their workshops, reduce their waste and incorporate greater energy options.

Financially, we faced the intersection of two forces: the strategic decision to significantly increase our risk profile in recent years to enhance our reach and impact among Canada's SMEs, and the arrival of unprecedented economic and geopolitical headwinds later in the year. Given the higher risk makeup of our portfolio, we feel the effects of these headwinds sooner than private sector loan books. As a result, our provisioning rate has matched the unprecedented nature of the global economic shakeup. Despite these factors, our net income remains strong.

In March 2025, we swiftly responded to U.S. tariff uncertainty by launching initiatives offering financing, advisory support, and loan deferrals to affected SMEs.

Since 1944, we've faced many crises, standing shoulder to shoulder with entrepreneurs. We overcame those, and we'll overcome this too.

It's time to be bold. Let's step in, stand out, and no holding back.

Isabelle Hudon
President and CEO

Fuelling Canadian prosperity

BDC's mission is to make a significant positive impact on the Canadian economy. From our 109 business centres, we are dedicated to strengthening and expanding small and medium-sized enterprises (SMEs), boosting local employment and GDP, and driving our nation's prosperity.

$25B Amount we will contribute to Canada's GDP over the next 5 years from our fiscal year 2025 activities

BDC's fiscal 2025 investments to boost GDP and employment across Canada

BDC's financing and investments in fiscal 2025 will significantly impact provincial economies.

	Cumulative 5-year (2024-2028) GDP contribution of business investments financed by BDC in F25 ($ in millions)[1]	Jobs supported in 2028 by business investments financed by BDC in F25	Distribution of the contribution to GDP and distribution of business investments supported by BDC in F25	
			Share of investments supported	Share of contribution to GDP
British Columbia and North[2]	3,893	5,864	16%	16%
Alberta	2,994	4,843	11%	12%
Saskatchewan	616	997	2%	2%
Manitoba	792	1,282	3%	3%
Ontario	7,877	11,682	29%	32%
Quebec	7,514	11,671	36%	30%
New Brunswick	340	1,072	1%	1%
Nova Scotia	497	1,567	1%	2%
Prince Edward Island	39	124	0.1%	0.2%
Newfoundland and Labrador	432	1,361	1%	2%
Total	**24,996**	**40,462**		

1 BDC internal data

2 Northern regions were grouped with British Columbia due to limited data and modelling constraints.

No entrepreneur left behind

BDC's own research shows that some 350,000 SMEs in Canada are not getting the financing and advice they need to maximize their growth. That untapped economic potential is being left on the table, and BDC wants to help change it from promise to results.

Market penetration rate

Reaching entrepreneurs in every corner of the country matters. We boosted our support to a greater share of entrepreneurs outside of metropolitan areas across nearly all provinces compared to last year.

	Total		Outside metro areas			
	F2025	% over F24	F2025	% over F24	Clients	Business centres
Northwest Territories & Nunavut	7.41%	(0.80%)	7.41%	(0.80%)	88	1
Yukon	9.81%	16.65%	9.81%	16.65%	136	1
British Columbia	7.08%	16.83%	5.60%	12.00%	11,525	17
Alberta	6.85%	11.38%	4.52%	11.88%	9,068	12
Saskatchewan	5.47%	5.80%	3.36%	7.01%	1,697	2
Manitoba	6.51%	24.47%	5.91%	26.28%	2,066	4
Ontario	6.27%	11.37%	4.70%	8.80%	24,815	32
Quebec	10.28%	5.87%	8.46%	4.83%	22,803	29
New Brunswick	6.59%	(1.49%)	5.93%	(0.84%)	1,261	5
Nova Scotia	6.46%	(0.62%)	5.20%	(0.57%)	1,522	2
Prince Edward Island	3.39%	7.28%	2.37%	0.42%	168	1
Newfoundland and Labrador	12.81%	(3.25%)	13.48%	(3.44%)	1,415	3
Canada	**7.38%**	**7.27%**	**5.93%**	**4.77%**	**76,997**	**109**

"I worked with BDC twice. First, on my business plan for our launch in Cochrane, Alberta. Then, BDC provided a loan for our expansion to Okotoks. This support allowed us to launch fully furnished and staffed, showcasing the complete solution. We were successful from the start!"

– Mark Easton,
President and Owner, The Corner Coworking
Cochrane and Okotoks, Alberta

The Corner Coworking offers shared office and warehouse spaces on a membership or on-demand basis. They have three buildings in Cochrane and one in Okotoks.

Because Canada needs all entrepreneurs on the ice

BDC Capital exists to help turn great ideas into great companies – and great companies into engines of jobs, growth and wealth creation.

$2.5B
Total BDC direct equity investment portfolio

$2.4B
Total equity investment portfolio made through partner funds

$582.2M
Total equity investments authorized in fiscal 2025

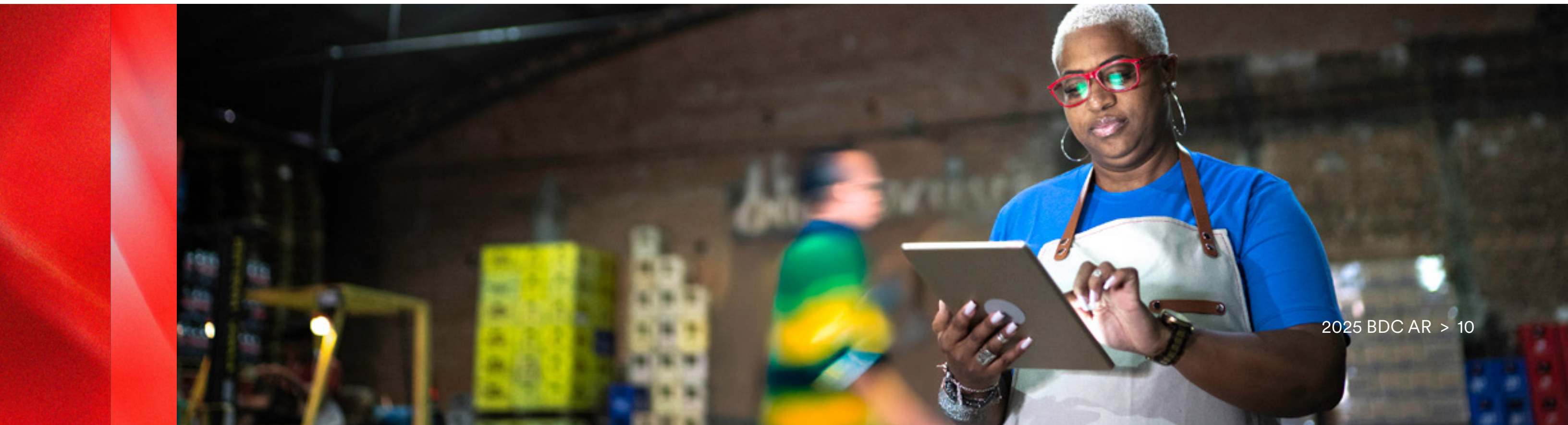
1,356
Total portfolio companies

123
New equity transactions in fiscal 2025

In November, we launched our Community Banking team to reach more entrepreneurs and strengthen Canada's economic performance. We are doing so by supporting four key groups: entrepreneurs with unconventional business models, outside metropolitan areas, with little credit history, or from younger age groups.

+100,000 new entrepreneurs
Target for the number of entrepreneurs accessing new financing in the next 10 years, to grow the number of active SMEs by 10% and help Canada recover from the decline in new entrepreneurs over the last 20 years.

80
Target for the number of local organizations we aim to work with to make it happen.

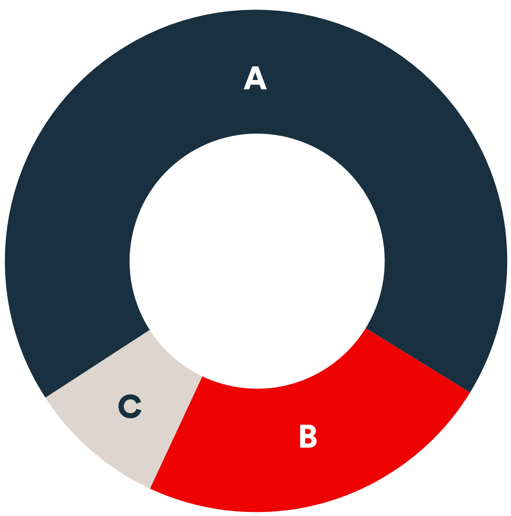


Redefining bankable

Consistent with our mandate, we intentionally take on greater risk to fill an important gap – serving borrowers who don't always fit the standard business mould and struggle to get the financing they need. This includes businesses with less than 20 employees and those that have been in business for less than five years. To help close this gap, we made a strategic decision to expand our lending in the small-loan segment—defined as loan commitments of up to $2 million.

Clients with a BDC loan by size

(loan commitments as at March 31, 2025)



Small SMEs
(less than $2M in annual sales)

A 51,027 clients (68% of total clients)
- $211,108 average loan commitment
- 23.2% of total loan commitments (in dollars)

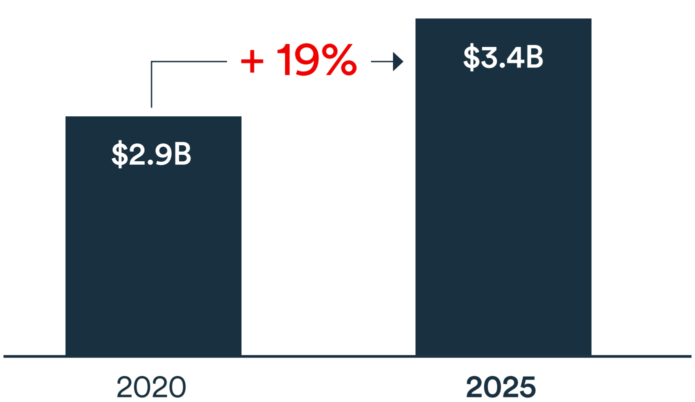
Medium SMEs
($2M – $10M in annual sales)

B 17,383 clients (23.2% of total clients)
- $759,802 average loan commitment
- 28.4% of total loan commitments (in dollars)

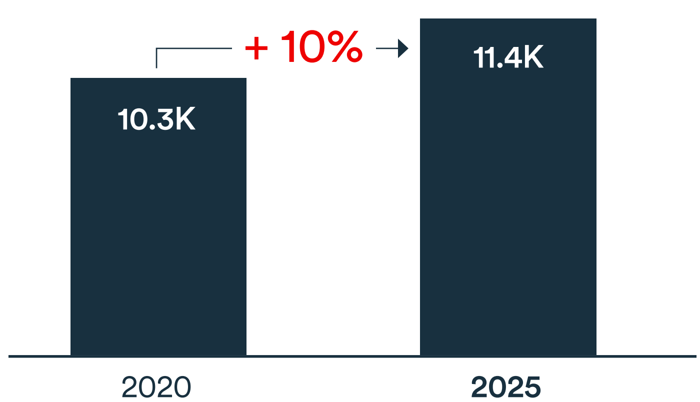
Large SMEs
($10M+ in annual sales)

C 6,635 clients (8.8% of total clients)
- $3,378,021 average loan commitment
- 48.4% of total loan commitments (in dollars)

How we have shifted our financing portfolio to take on more risk



$ value of transactions authorized to businesses with less than an equivalent grade rating of BB+



# of transactions authorized to businesses with less than an equivalent grade rating of BB+

A high-value, financially autonomous Crown corporation

BDC is dedicated to delivering value to its clients, shareholder, and Canadian taxpayers. We ensure that our operational expenses are paid from the revenue we generate.

37.2%

Efficiency ratio
(vs. 35.5% in fiscal 2024)

For every dollar of revenue we generated, we spent $0.37 on administrative costs.

$50M

Dividend declared in fiscal 2025

BDC provides 100% of its dividends to its shareholder, the Government of Canada.

$2.2B

Net Revenue
(vs. $2.2B in fiscal 2024)

$799.4M

Provision for expected credit losses (vs. $741.3M in fiscal 2024)

$492.2M

Core net income
(vs. $415.3M in fiscal 2024)

107,345

Clients served

$1.4B

Dividends paid from fiscal 2021-2025

A word on provisioning

We ensure that the allowance for expected credit losses appropriately considers portfolio risk levels and macroeconomic conditions, in accordance with IFRS 9. This ensures that our growing portfolio, aimed at supporting entrepreneurs, is adequately provisioned to absorb expected credit losses. Our approach underscores our commitment to ensuring sound risk management, in line with industry practices.

A word on client growth

The number of entrepreneurs we serve reached a record high of 107,345 in fiscal 2025. This increase was, in part, the result of our countercyclical role: we stepped in to deliver relief at a time when entrepreneurs needed it most, during the pandemic and its aftermath. Many of these clients are completing their loan journey with BDC and have started exiting our portfolio. As the uncertainty around tariffs continues, we remain committed to being there for entrepreneurs both through their growth journeys and in difficult times.

Doing business the right way

Our sustainability strategy is focused on 4 key pillars that guide our actions, based on our corporate objectives:

Corporate objectives			
Growth and competitiveness	**Reach and relevance**	**Big challenges of our time**	**Employee and client experience**
Sustainability strategy			
Help entrepreneurs across Canada create strong, resilient businesses	Ensure no entrepreneur is left behind	Help entrepreneurs build a clean, low-carbon economy	Engage stakeholders because we are stronger together

- We reduce barriers and expand business opportunities for entrepreneurs with unconventional business models, those outside metropolitan areas, with little credit history, from younger age groups, or those that don't fit the mould of standard business models.
- We are the trusted source for sustainability-related financial products, services and resources for SMEs.
- We excel at helping SMEs make their businesses more sustainable.
- We empower our employees to be our greatest ambassadors and to support BDC's sustainability pillars.
- We walk the talk, leading by example in our workplace and in our operations.

"BDC's support empowered us to design and launch the world's first fully biodegradable and refillable tea collection in a premium, retail-first format. That innovation helped scale our footprint from fewer than 10 stockists to over 800 retailers across Canada and the US."

– Sheena Brady,
Founder of Tease

Tease is a B Corp-certified company which creates and sells natural teas and botanical-based products.

Positioning Canada to take advantage of tomorrow's economy

BDC is committed to empowering Canadian entrepreneurs at every stage of their sustainability journey. We recognize their enormous economic potential and aim to ensure Canada is at the forefront. This is why we are one of the country's most active cleantech investors.

$1.6B
Funds committed to cleantech companies since 2018

$8.15
BDC's lever effect: dollars attracted to cleantech investments for every dollar BDC invests[1]

$90.9M
Loans to help SMEs retrofit buildings, or purchase or build green-certified buildings

71,167
Number of visits to our Climate Action Centre, an online hub of resources for entrepreneurs, in fiscal 2025

"There are absolutely projects we win because of our sustainability approach."

– Jen Hancock,
VP of Collaborative Construction, Chandos Construction

Chandos Construction, a B Corp certified builder, is rapidly growing by prioritizing social and environmental values. Committed to net zero emissions by 2040, focusing on waste diversion, electrification of equipment and electric equipment and embedding carbon emission criteria into buying decisions.

[1] BDC internal data

Leading by example in our operations and value chain

We believe in walking the talk. Businesses thrive with a diversity of voices and perspectives. As a longstanding supporter of the B Corp community, we are proud to have been B Corp certified since 2013. Our dedication to sustainability has led to significant achievements.

1 in 4
B Corps in Canada are BDC clients

47%
Reduction in emissions from our operations in fiscal 2025 compared to 2021

12
of our business centres are LEED®-certified projects

Top Diversity Employer
Recognized as a top Diversity Employer for 15 years

Top 100 Employers
Honoured as one of Canada's Top 100 Employers for 18 years

Land acknowledgement

We acknowledge that our head office in Montreal, traditionally known as Tiohtiá:ke, is situated on the traditional and unceded territory of the Kanien'kehá:ka Nation, also known as the Mohawk people, a place which has long served as a site for meeting and exchange among various nations.

Management’s discussion and analysis

Forward-looking and cautionary statements

This report includes forward-looking statements regarding BDC’s financial position, results, operations, commitments, sustainability goals, and risk management. These statements include but are not limited to objectives, strategies, expectations, estimates, and targets, and are inherently uncertain due to numerous factors, assumptions and risks. Moreover, many of the assumptions, estimates, standards, methodologies, metrics, measurements, results and commitments described in this report continue to evolve and are based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees. As a result, actual outcomes may differ significantly from projections, expectations, estimations, and forecasts. Data, metrics, standards and methodologies may not align with those used by other organizations or by BDC in the future. Also, revisions to sustainability data, goals and methodologies may affect year-over-year comparability. The report reflects BDC’s current sustainability strategies, policies, and goals as of its publication date and may change without notice. BDC is not obligated to update the information contained herein.

1. Economic environment

The global economy proved resilient over the past year, as real GDP growth surprised on the upside across several major economies. Canada grew at 1.5% while the United States advanced 2.8%.

Canada's economy shifted back-and-forth over the course of the year. High interest rates were still slowing down the economy in the first half of calendar year 2024[1], tempering consumer demand and business investment.

The Bank of Canada's monetary policy proved effective in controlling inflation. The average inflation rate for 2024 was 2.4%, an important decrease from the 3.9% average rate in 2023. This decline was primarily due to slower price growth for goods, as service inflation remained more persistent.

With overall price growth largely in check, the Bank of Canada lowered its key rate for the first time in early June. The Bank continued to ease credit conditions throughout the rest of the fiscal year. Canada's interest rate was brought down from its latest high of 5.0% to 2.75% (a drop of 225 basis points between June 2024 and March of 2025).

In the second half of 2024, the economy showed signs of improvement. As persistent rate cuts worked their way through the economy, consumer demand returned. Economic activity was bolstered by strong consumer spending in the fall of 2024. Household spending rose 5.6% on an annualized rate, and residential investment grew nearly 17% during the same period.

In a sign of a more balanced economy, the pressure on the labour market eased as well. Population growth remained positive at 1.8% ahead of changes to immigration targets, adding potential workers to the Canadian labour force. The 2024 calendar year ended with 413,000 (+2.0%) more people working in December compared with 12 months earlier. Job vacancies trended lower, but the unemployment rate increased to 6.7% at year end.

While credit conditions began to ease, they remained restrictive, and uncertainty continued to weigh heavily on the business environment. Faced with weak demand, many businesses remained reluctant to invest or request financing beyond covering operating expenses. As consumer demand picked up and interest rates continued to decline, business investment rebounded in the fourth quarter of 2024. However, it still contracted by 1.5% for the year overall.

Lending[2] to the corporate sector—including term loans, lines of credit, asset-based lending, and revolving credit—rose sharply starting in March 2024. However, this momentum was reversed by November, amid renewed uncertainty. Overall, corporate sector lending surged by 45% between fiscal years 2024 and 2025. Yet, the extent to which SMEs benefitted from this rebound remains unclear, as highlighted by a 2024 OECD report noting that the share of new business loans in Canada going to SMEs has dropped by half since 2011.[3]

Moving into 2025, uncertainty began to take a more tangible toll on the Canadian economy as tariffs threats took centre stage, curbing investment and hiring intentions. According to a January 2025 BDC survey, only 45% of SMEs planned to invest in the coming year, a 9-point drop from October, and the sharpest quarterly decline recorded by this survey. Credit access also tightened, particularly for small businesses in tariff-exposed sectors. According to a BDC survey, 72% of SMEs that sought financing—from any type of lender—were approved in April 2025, marking a decline of 8 percentage points compared to January 2025, and a 7-point decline compared to April 2024. Job creation also started to flatten in the first quarter of 2025.

Looking ahead, the Canadian economy faces significant challenges in 2025, driven by both domestic and global factors. Economic uncertainty has reached unprecedented levels, eroding consumer and business confidence. Despite lower interest rates, the economy has entered a wait-and-see mode. Economic growth will likely remain below potential for a third consecutive year in 2025, with our forecast pointing to a modest 0.8% expansion.

[1] For reasons of economic consistency with external organizations, the data presented in the "Economic environment" section refer to the calendar year, unless otherwise indicated, while the rest of the annual report is expressed in terms of the fiscal year.

[2] Corporate sector lending refers to new fund advances each month and includes various types of financing, including term loans, lines of credit, asset-based lending, and revolving credit facilities.

[3] Organisation for Economic Co-operation and Development (OECD), *Financing SMEs and Entrepreneurs 2024: An OECD Scoreboard*, 2024.

2. Expected results and performance indicators

BDC's performance measures support its goal of helping Canadian entrepreneurs in their efforts to build strong, growing businesses. They are aligned with shareholder priorities and our strategic objectives, and are further strengthened by our sustainability ambitions to foster a prosperous, inclusive, and low-carbon Canada. For more details on our sustainability performance, please consult page **134****.**

Table 1 – Short term (1 year)

Strategic objective	Sustainability ambition	Performance indicator	Target fiscal 2025	Result fiscal 2025	Percentage achieved	Comment
Increase the reach and relevance of our support to entrepreneurs	Leave no one behind	Direct clients (#)[1, 2]	73,400	76,997	105%	Delivering on our strategic objective to increase our reach and relevance, we continued implementing numerous initiatives to help us engage with entrepreneurs through the channels that best align with their needs and preferences, including through our online platform and our physical presence across the country. These initiatives enabled the Bank to exceed its target.
		Clients served through partnerships (#)	37,650	30,348	81%	BDC's ongoing efforts to foster partnerships are central to creating a significantly greater impact for Canadian entrepreneurs. For fiscal 2025, we had set ambitious targets for ourselves. However, recent and persisting challenges in the long-haul transportation industry and a slower economy negatively impacted wholesale financing. Additionally, the transition from signing an agreement to fully operationalizing each loan guarantee pilot, as part of the Community Banking initiative, took longer than expected, resulting in lower volume. These factors collectively impacted the overall result, which came in below the target.
Spur the growth of SMEs and the competitiveness of Canada's economy	Help build strong and resilient businesses	Advisory Services mandates (#)	2,380	1,846	78%	An integral part of our development role is our ability to deliver expert advice to entrepreneurs in a timely manner, especially in an uncertain environment, while complementing consulting services already available in the market. The Canada Digital Adoption Program had ambitious targets that influenced our advisory services goals, but the program ended earlier than anticipated. Our results are lower than expected as a result, but consistent with normal operations.
Empower SMEs to respond to the big challenges of our time	Help build a clean, low-carbon economy	Environment-related support ($ in millions)	390	878	225%	BDC is committed to helping SMEs transition to a clean, low-carbon economy. We surpassed our target thanks to $90.9 million allocated through our Certified Green Building Loan, $143 million from sustainability-related investments through BDC Capital and $644 million in loans used by clients to fund their green companies or projects[3]. Improved tracking processes also contributed to our success.
Deliver a world-class client and employee experience	Help build strong and resilient businesses	Very satisfied clients (%)[4]	65	64	98%	Delivering an excellent client experience is at the heart of BDC's values. Over the past year, we have continued to implement initiatives to address key client feedback and improve overall satisfaction. Additionally, BDC has swiftly responded to new challenges faced by entrepreneurs by introducing solutions designed to support them amidst strong headwinds and economic uncertainty. These combined efforts demonstrate our ongoing commitment to helping entrepreneurs and have resulted in a 2-point increase in the percentage of very satisfied clients over last year, nearly reaching our ambitious target.

Unless otherwise noted, all data are sourced from BDC's portfolio. All number of clients' data are net of clients who exited the portfolio during the period. Data on women, Black and Indigenous entrepreneurs is based on self-declaration and, as such, is an underestimation of the number of these entrepreneurs in our portfolio.

[1] Clients in more than one unit are only counted once.

[2] The definition of an Advisory Service's client has evolved from those who signed a new contract in the fiscal year net of cancellations, to those with a contract in delivery in the last 12 months net of cancellations.

[3] BDC has developed its own Green Taxonomy (guidelines) to identify which client business models, projects and activities are considered "green" or environment-related.

[4] "Very satisfied" clients gave a score of 9 or 10 out of 10 for their overall satisfaction with BDC services. Source: BDC Client Voice Survey (excludes Venture Capital).

Table 2 – Medium term (3 years)

Strategic objective	Sustainability ambition	Performance indicator	Target (T) ending in fiscal	Result fiscal 2025	Comment
Increase the reach and relevance of our support to entrepreneurs	Leave no one behind	Women entrepreneurs supported directly (#)[1]	T2027 22,720	21,586	For more than a decade, we have made it a priority to advance women entrepreneurship. With the initiatives we have put in place, our fiscal 2025 result puts us on track to reach our next ambitious objective to serve nearly 23,000 women entrepreneurs by the end of fiscal 2027.
		Indigenous entrepreneurs supported directly (#)[1]	T2027 1,690	1,541	BDC continued supporting a growing number of Indigenous entrepreneurs. Notably, we have increased our in-person market presence by deploying Indigenous senior advisors in all regions. Our fiscal 2025 result has set us on a promising path toward achieving our goal of supporting nearly 1,690 Indigenous entrepreneurs by the end of fiscal 2027.
Spur the growth of SMEs and the competitiveness of Canada's economy	Help build strong and resilient businesses	Sales growth for BDC clients compared to Canadian businesses (percentage points difference)[2]	T2027 Maintain a minimum spread of 11.4	8.3	BDC is committed to measuring the impact it has on the businesses it serves. Due to the economic slowdown, the result was below the annual target. Although the average fell short of our target, our clients still outperformed other Canadian businesses by a significant margin (8.3 percentage points difference).
Empower SMEs to respond to the big challenges of our time	Help build a clean, low carbon economy	BDC's operational greenhouse gas emissions (tonnes)	T2026 3,603	3,164	To do our part to help build a clean, low-carbon economy, we remain focused on reducing our emissions to achieve operational net zero by fiscal 2029. By taking steps to reduce emissions associated with our facilities and business travel, we are on track to reach our interim target of a 40% reduction in emissions by the end of fiscal 2026, compared to our base year of fiscal 2020.
Deliver a world-class client and employee experience	Engage employees and partners because we are stronger together	BDC workforce compared to labour market availability (LMA) in the finance sector, in each of the designated groups (%)[3]	T2025 (BDC meets LMA) Women 46.5	48.8	BDC is dedicated to fostering a barrier-free environment where diversity, equity, inclusion, and accessibility thrive. We engage with employees to gather feedback, offer learning opportunities to cultivate an inclusive mindset, and implement targeted talent programs for equity-deserving groups. When comparing BDC's workforce to the LMA in the finance sector, we exceed targets for women and visible minorities. Through our Indigenous Talent Strategy, we have built trustful relationships with community partners, suppliers, and external talent. For employees with disabilities, we focus on creating an inclusive workplace to help them thrive and develop. By prioritizing these initiatives, we aim to enhance employee experiences and contribute to community well-being.
			Indigenous persons 1.8	1.3	
			Visible minorities 25.1	32.4	
			Persons with disabilities 8.2	7.4	

Unless otherwise noted, all data are sourced from BDC's portfolio. All number of clients' data are net of clients who exited the portfolio during the period. Data on women, Black and Indigenous entrepreneurs is based on self-declaration and, as such, is an underestimation of the number of these entrepreneurs in our portfolio.

[1] Excludes Advisory Services only clients.

[2] Includes Financing and Growth and Transition clients.

[3] Labour market availability represents the share of designated group members in the Canadian finance sector labour market.

Table 3 – Long term (5 years)

Strategic objective	Sustainability ambition	Performance indicator	Target (T) ending in fiscal	**Result fiscal 2025**	Comment
Spur the growth of SMEs and the competitiveness of Canada's economy	Help build strong and resilient businesses	% of clients who reported a positive impact on their business following the services they received from BDC[1]	T2027 Maintain a minimum of 89	92	BDC is committed to empowering Canadian entrepreneurs by acting as a reliable partner and by delivering high-quality, impactful solutions. The strong and consistent results of this indicator over the past few years highlights BDC's significant impact on Canadian SMEs.

Unless otherwise noted, all data are sourced from BDC's portfolio. All number of clients' data are net of clients who exited the portfolio during the period. Data on women, Black and Indigenous entrepreneurs is based on self-declaration and, as such, is an underestimation of the number of these entrepreneurs in our portfolio.

[1] Includes clients who answered "Somewhat positive" or "Very positive" in terms of the impact BDC had on their business either directly or indirectly.
Source: BDC Client Voice Survey (excluding Venture Capital).

3. Analysis of financial results

Lines of business and activities

The Business Development Bank of Canada (BDC) is the bank for Canadian entrepreneurs. Our purpose is to empower a nation of dreamers and doers to build a better tomorrow for all. We help create and develop strong Canadian businesses through financing, capital and advisory services, with a focus on small and medium-sized businesses.

BDC reports on six business lines: Financing, Advisory Services, Growth & Transition Capital (GTC), Venture Capital (VC), Capital Incentive Programs (CIP) and the Credit Availability Program (CAP).

Core results are driven by the activities of the Financing, Advisory Services, GTC and VC business lines.

CIP results stem from programs aimed at strengthening Canada's VC ecosystem that are managed by BDC on behalf of the Government of Canada. Previously, CIP had been included in Core results. Beginning in fiscal 2025, CIP is isolated from Core to better align with BDC's capital management framework.

CAP results stem from all of BDC's initiatives delivered in collaboration with the Government of Canada aimed at boosting capital for targeted SME needs, such as COVID-19 relief measures, the Canada Digital Adoption Program (CDAP), and tariff relief programs.

CORE

Financing
BDC Financing helps improve the competitiveness of SMEs at each stage of their business journey by providing term lending and collaborating with other financial institutions to increase credit availability in the market through syndicated loans and indirect financing.

Advisory services
BDC Advisory Services provides entrepreneurs with high-value advisory services in the form of a variety of solutions for small, medium and larger companies, as well as free online educational content and a program targeting high-growth firms.

Growth and Transition Capital (GTC)
GTC provides cash flow, mezzanine and quasi-equity financing to support the growth, transition and acquisition projects of SMEs with strong business models and management teams but limited tangible assets as collateral.

Venture Capital (VC)
Venture Capital helps Canadian innovators launch and grow high-potential businesses and commericialize their innovations through growth equity, intellectual property financing and venture capital activites. It invests directly and indirectly in companies across multiple sectors and business life cycle stages.

CIP

Capital Incentive Programs (CIP)
CIP includes the Venture Capital Action Plan (VCAP), which supports promising Canadian start-ups, the Venture Capital Catalyst Initiative (VCCI) which increases the availability of late-stage VC and support underserved groups, the Cleantech Practice, and the Indigenous Growth Fund (IGF). These programs are managed by BDC on behalf of the Government of Canada.

CAP

Credit Availability Program (CAP)
CAP brings together initiatives designed to increase capital availability for specific SME needs, such as COVID-19 related support, digital adoption projects, and tariff relief programs.

Table 1 – Activity level summary
($ in millions unless otherwise noted)

	2021	2022	2023	2024	**2025**
Financing loan acceptances	5,181.6	9,415.7	10,252.7	10,455.8	**9,991.0**
Growth	(30.0%)	81.7%	8.9%	2.0%	**(4.4%)**
Advisory Services net contracts signed	17.8	29.9	41.5	51.8	**31.4**
Growth	(42.2%)	68.4%	38.9%	24.8%	**(39.4%)**
Growth & Transition Capital acceptances	124.4	503.3	468.0	461.5	**452.8**
Growth	(71.2%)	304.7%	(7.0%)	(1.4%)	**(1.9%)**
Venture Capital authorizations	362.3	495.9	526.6	403.6	**533.8**
Growth	33.3%	34.9%	6.2%	(23.4%)	**32.3%**
Capital Incentive Programs authorizations	231.8	138.6	373.4	106.8	**52.8**
Growth	56.9%	(40.2%)	169.4%	(71.4%)	**(50.6%)**
Credit Availability Program acceptances/authorizations	3,721.3	370.9	76.1	310.2	**465.2**
Credit Availability Program and Financing loan guarantees issuances	286.7	3,224.8	228.8	0.7	**53.6**
Total loans acceptances	8,703.2	9,786.8	10,326.8	10,768.4	**10,454.7**
Growth	17.5%	12.5%	5.5%	4.3%	**(2.9%)**
Total investments acceptances/authorizations	924.8	1,141.2	1,373.5	969.3	**1,040.8**
Growth	6.5%	23.4%	20.4%	(29.4%)	**7.4%**

BDC's activity levels for fiscal 2025 reflect the reality that businesses are operating under adverse conditions marked by slow economic growth, declining business creation, rising costs and uncertainty in the context of looming US tariffs. Overall, in fiscal 2025, BDC's clients accepted $10.5 billion in loans compared to $10.8 billion in fiscal 2024. BDC's acceptances and authorizations of investments totalled $1.0 billion in fiscal 2025 ($458.7 million in debt investments, $382.9 million in direct equity investments and $199.3 million in indirect equity investments in funds). BDC's acceptances and authorizations of investments for fiscal 2024 totalled $969.3 million ($458.4 million in debt investments, $264.7 million in direct equity investments and $246.2 million in indirect equity investments in funds.)

Financing

In fiscal 2025, the key economic challenges of the past two years subsided, inflation has returned within the Bank of Canada's target range, and the central bank's key interest rate decreased by 2.25%. At the same time, however, there was a significant rise in economic uncertainty, resulting mainly from potential disruptions in the political environment and the risk of tariffs impacting trade and business operations. Consequently, many entrepreneurs remained reluctant to request financing. In addition, the easing of lending conditions by other financial institutions increased overall competition in the loan market. Given these factors, demand for BDC Financing's offerings decreased from $10.5 billion in loans in fiscal 2024 to $10.0 billion in fiscal 2025.

During fiscal 2025, BDC launched Community Banking, an initiative focused on providing equal chances for underserved entrepreneurs to gain access to financial solutions and support. BDC's Community Banking initiative will help community organizations grow their lending and advisory capabilities. By helping the helpers of small businesses, Community Banking is working to create a stronger support system for Canada's entrepreneurs in every part of the country.

BDC's Accelerator Loan Guarantee (ALG), which is part of Community Banking, is a tailored program piloted to address the needs of underserved groups. We offer it through our partners to help more entrepreneurs access financing and extend our reach to meaningfully impact entrepreneurs from underserved communities. By leveraging our partners' network of clients, we promote equity and inclusive growth. During fiscal 2025, this program issued $53.6 million in loan guarantees, a significant increase from the $0.7 million issued in fiscal 2024.

Alongside BDC's Community Banking initiative, the Inclusive Entrepreneurship team is working to ensure entrepreneurs have access to financing, connections and know-how to grow their businesses successfully. A pan-Canadian network of BDC employee champions and ambassadors supports and promotes our inclusive entrepreneurship initiatives at a regional level. During fiscal 2025, Financing clients accepted $46.7 million in loans through the Inclusive Entrepreneurship initiative.

Advisory Services

During fiscal 2025, Advisory Services continued to innovate and evolve while focusing on helping Canadian businesses grow and become more productive in a changing environment. However, the number of mandates sold decreased from 3,068 as of March 31, 2024, to 1,846 as of March 31, 2025. This variance was mainly driven by the end of the Canada Digital Adoption Program (CDAP) in February 2024, with only 82 CDAP mandates sold during fiscal 2025 compared to 2,062 during fiscal 2024.

Growth and Transition Capital (GTC)

Despite a challenging economic context characterized by reduced valuations, a slowdown in M&A transactions, and a contraction in parts of the tech sector, GTC had a record year in number of deals, increasing from 156 in fiscal 2024 to 173 in fiscal 2025. As entrepreneurs became more cautious about pursuing growth and transition-oriented projects, GTC's acceptance volumes saw a decrease from $461.5 million in fiscal 2024 to $452.8 million in fiscal 2025.

Venture Capital (VC)

As one of the most active venture capital investors in Canada, BDC has been a key participant in the industry's remarkable growth in recent years, all the while remaining complementary to the private sector. Venture Capital invests both directly in companies and indirectly through external private sector funds.

BDC has been managing several direct internal investment funds to foster and finance innovation in many sectors including, but not limited to, information technology; health tech; industrial, clean and energy technology; deep tech and growth venture. BDC is also a leader in reinforcing the early-stage innovation ecosystem and filling the gap in seed funding with strategic investments in other ecosystem-building activities.

The goal of BDC's indirect investing strategy is to help create a thriving ecosystem of high-performing fund managers, while generating positive results. To achieve this mandate, BDC supports a mix of emerging and established managers, and focuses on helping top-performing funds evolve into globally competitive mature funds over time.

In fiscal 2025, VC authorized investments totalling $533.8 million (including $354.4 million in direct equity investments, $175.1 million in indirect equity investments in funds, and $4.3 million in debt investments) compared to $403.6 million last year (including $234.6 million in direct equity investments and $171.9 million in indirect equity investments in funds offset by a cancellation of $2.9 million in debt investments). The increase in authorizations in fiscal 2025 compared to fiscal 2024 was mainly driven by higher direct equity investments in our Growth Venture and Thrive funds.

One of the main vehicles to do more and better for women entrepreneurs is our $500 million Thrive Platform. Launched in fiscal 2023, this innovative investment platform builds on the success of BDC's Women in Technology Venture Fund, with the dual mandate of supporting women-led tech businesses and helping create a vibrant ecosystem for women tech entrepreneurs. The Thrive platform comprises three distinct components: a $300 million direct investment fund, a $100 million Lab, and a $100 million indirect investment envelope. For the fiscal year ended March 31, 2025, a total of $92.9 million has been authorized, comprising $66.0 million in direct investments, $24.2 million in indirect investments and $2.7 million allocated to the Lab. As at March 31, 2024, a total of $44.3 million has been authorized, comprising $11.8 million in direct investments, $30.1 million in indirect investments, and $2.4 million allocated to the Lab.

VC also plays a leading role in supporting Canada's transition to a low carbon economy by investing in world-class Canadian cleantech champions. In fiscal 2023, BDC launched the $400 million Climate Tech Fund which it supplemented with an additional $100 million in fiscal 2024, for a total of $500 million. The fund invests in high-impact Canadian companies to accelerate the development and deployment of homegrown low-carbon technologies for domestic and international markets. For the year ended March 31, 2025, authorizations in the Climate Tech Fund reached $41.1 million in addition to the $39.3 million authorized in fiscal 2024.

During fiscal 2025, BDC announced that it will commit an additional $500 million to its Growth Venture Fund (GVF) and $450 million to its Growth Equity Partners (GEP) program. This new capital will help Canada's next generation of global champions access the capital they need. BDC's Growth Venture Fund (GVF) targets late-stage, innovation-based businesses that are at an inflection point and show strong potential for meaningful scale and authorized $92.6 million during fiscal 2025, as compared to $30.7 million during fiscal 2024. BDC's Growth Equity Partners' (GEP) investment platform allows it to be the sole investor, lead investor, or co-investor in an equity transaction for growth capital or an ownership transition. During fiscal 2025, $50.0 million was authorized through the GEP investment platform.

VC indirectly supports more than 622 Canadian companies through investments in 149 external funds operating in technology sectors such as information, life sciences and climate tech. We invest in a network of fund managers that generate a steady stream of high-quality investments to grow Canadian tech champions.

Capital Incentive Programs (CIP)

BDC continued to play a pivotal role in managing CIP for the Government of Canada, which includes $390 million for VCAP, $372 million for VCCI 2017, $450 million for VCCI 2021, $600 million for the Cleantech Practice, and $100 million for IGF. VCAP and VCCI 2017 are now fully committed.

VCCI 2021, a government-sponsored initiative whereby capital is made available to provide late-stage venture capital to support funds of funds, life sciences funds and inclusive growth funds, recorded authorizations of $24.2 million for the year ended March 31, 2025, in addition to the $74.3 million authorized in fiscal 2024, bringing the total committed since the renewal of VCCI to $448.5 million.

In fiscal 2025, Cleantech Practice authorized $28.6 million in investments compared to $32.5 million as at March 31, 2024, bringing the total amount that Cleantech Practice has invested to $591.1 million. The $500 million Climate Tech Fund envelope in VC and the $600 million envelope in CIP's Cleantech Practice brings BDC's committed investments in the innovative cleantech/climate tech sector to $1.1 billion.

BDC initiated IGF in fiscal 2021 in partnership with the National Aboriginal Capital Corporations Associations (NACCA). With a capital injection of $50 million from the Government of Canada, BDC will invest $100 million in IGF, which will then lend to Indigenous Financial Institutions, to enable them to offer loans to new and expanding Indigenous businesses. Of the $100 million committed to IGF, $57.7 million was disbursed as at March 31, 2025.

Credit Availability Program (CAP)

The Credit Availability Program consists of initiatives aimed at increasing capital for SME needs, such as COVID-19 relief, digital adoption and since the end of fiscal 2025, tariff relief programs.

CDAP acceptances amounted to $463.1 million in fiscal 2025, compared to $312.7 million in fiscal 2024. Since February 19, 2024, the program is no longer accepting new applications, but it is still processing existing applications during fiscal 2025. The Highly Affected Sectors Credit Availability Program (HASCAP), which is one of the COVID-19 relief initiatives, has guarantee acceptances of $3.7 billion since the inception of the program. The actual exposure under the HASCAP guarantees totalled $2.1 billion as at March 31, 2025 ($2.7 billion as at March 31, 2024).

During the month of March 2025, the Government of Canada requested BDC's help in extending up to $500 million in working capital loans to clients impacted by the new US tariffs, as well as offering consulting mandates to affected businesses. In response, we have launched new products, including the Pivot to Grow loan and prequalified postponements to eligible clients, and extended the Advisory Services Trade Resilience program.

The carrying amount of CAP's loan and investment portfolio stood at $1.2 billion as at March 31, 2025, compared to $1.5 billion as at March 31, 2024. The portfolio is decreasing as CAP's COVID-19 relief measures ended in fiscal 2022. As such, to reduce the excess capital in CAP related to COVID-19 initiatives, the Minister of Finance repurchased 15.0 million of its common shares for a total value of $1.5 billion during fiscal 2025.

Financial performance and key measures

Overall, BDC's financial performance and capital level remained strong for fiscal 2025, and BDC is well positioned to enhance its support to entrepreneurs and drive future growth in the Canadian economy.

Table 2 – Financial performance and key measures
For the years ended March 31 ($ in millions unless otherwise noted)

	2021	2022	2023	2024	**2025**
Net interest income	1,519.4	1,588.5	1,928.7	2,015.2	**2,057.8**
Net realized gains (losses) on investments	167.1	576.0	16.7	87.3	**(41.0)**
Revenue from Advisory Services	20.9	28.9	38.2	50.1	**37.6**
Fee and other income	67.4	107.8	100.3	88.6	**103.0**
Net revenue	1,774.8	2,301.2	2,083.9	2,241.2	**2,157.4**
Provision for expected credit losses	(507.3)	84.7	(343.9)	(741.3)	**(799.4)**
Net change in unrealized appreciation (depreciation) of investments	1,136.0	915.7	(830.3)	(317.3)	**(67.4)**
Net foreign exchange gains (losses)	(80.7)	(12.6)	163.5	0.6	**97.2**
Net gains (losses) on other financial instruments	1.0	0.6	(4.5)	(98.0)	**(140.0)**
Income (loss) before operating and administrative expenses	2,323.8	3,289.6	1,068.7	1,085.2	**1,247.8**
Operating and administrative expenses	674.0	774.9	766.2	798.3	**845.5**
Net income (loss)	1,649.8	2,514.7	302.5	286.9	**402.3**
Core net income (loss)	1,710.9	2,263.5	227.1	415.3	**492.2**
CIP net income (loss)	254.4	303.8	17.9	(3.8)	**70.4**
CAP net income (loss)	(315.5)	(52.6)	57.5	(124.6)	**(160.3)**
Loan portfolio growth					
Number of loans	88,921	92,885	96,368	105,656	**114,746**
Outstanding loans at gross carrying amount	32,431.2	34,394.8	36,976.7	40,162.9	**42,405.9**
Outstanding portfolio growth (%)	13.9%	6.1%	7.5%	8.6%	**5.6%**
Allowance for expected credit losses	(1,525.7)	(1,111.2)	(1,044.0)	(1,271.9)	**(1,633.6)**
Investment portfolio growth					
Investments at cost	3,283.4	3,771.7	4,328.6	4,634.1	**5,174.4**
Portfolio growth (%)	14.2%	14.9%	14.8%	7.1%	**11.7%**
Investments at fair value	4,431.5	5,862.6	5,742.5	5,737.9	**6,306.3**
Profitability					
Financing net interest income margin (%)	4.6%	4.4%	4.3%	4.2%	**4.2%**
Efficiency					
Efficiency ratio (%)	38.3%	39.9%	34.5%	35.5%	**37.2%**
Capital management					
Internal capital ratio (CORE)	118.7%	119.3%	118.6%	116.1%	**110.5%**
Debt-to-equity ratio	1.0	1.2	1.9	2.0	**2.4**
Paid-in-capital	11,539.7	11,974.7	7,317.7	7,667.7	**6,267.7**
Shareholder return					
Adjusted return on common equity	22.9%	23.6%	2.9%	4.0%	**4.7%**
Adjusted return on common equity – 10 year moving average	11.2%	12.2%	11.2%	10.6%	**10.0%**
Dividends paid based on the prior fiscal year performance	–	735.0	–	337.0	**337.0**

Consolidated net income

For fiscal 2025, BDC generated consolidated net income of $402.3 million. The increase of $115.4 million compared to net income of $286.9 million reported in fiscal 2024 was largely due to a lower net change in unrealized depreciation of investments and higher net foreign exchange gains, offset by lower net realized gains on investments, higher provisions for expected credit losses and higher operating and administrative expenses. Net income attributable to BDC's shareholder amounted to $404.0 million, while a net loss of $1.7 million was attributable to non-controlling interests related to Growth & Transition Capital and Venture Capital operations.

Consolidated comprehensive income

BDC reported consolidated comprehensive income of $536.7 million for fiscal 2025, compared to consolidated comprehensive income of $371.7 million last year. Fiscal 2025 consolidated comprehensive income comprised $402.3 million in consolidated net income and $134.4 million in other comprehensive income. The other comprehensive income for the year was mostly due to the remeasurement gain on the net defined benefit asset or liability of $101.1 million, compared to a gain of $69.5 million in fiscal 2024. The fiscal 2025 gain on the net defined benefit asset or liability resulted from higher returns on assets offset by lower discount rates used to value the net defined benefit liability. For further details, refer to Note 14—*Net Defined Benefit Asset or Liability* in the Consolidated Financial Statements.

Table 3 – Consolidated comprehensive income
For the years ended March 31 ($ in millions)

	2021	2022	2023	2024	**2025**
Net income (loss)	1,649.8	2,514.7	302.5	286.9	**402.3**
Other comprehensive income (loss)					
Items that may be reclassified subsequently to net income					
Net change in unrealized gains (losses) on fair value through other comprehensive income assets	6.1	(28.8)	(12.2)	15.3	**33.3**
Net change in unrealized gains (losses) on cash flow hedges	(1.3)	(0.7)	(1.5)	–	**–**
Total items that may be reclassified subsequently to net income	4.8	(29.5)	(13.7)	15.3	**33.3**
Items that will not be reclassified to net income					
Remeasurements of net defined benefit asset or liability	(43.0)	289.5	24.6	69.5	**101.1**
Other comprehensive income (loss)	(38.2)	260.0	10.9	84.8	**134.4**
Total comprehensive income (loss)	1,611.6	2,774.7	313.4	371.7	**536.7**
Total comprehensive income (loss) attributable to:					
BDC's shareholder	1,609.4	2,700.0	391.6	374.7	**538.4**
Non-controlling interests	2.2	74.7	(78.2)	(3.0)	**(1.7)**
Total comprehensive income (loss)	1,611.6	2,774.7	313.4	371.7	**536.7**

Financial performance by segment

Table 4 – Financial performance by segment[1]
For the years ended March 31 ($ in millions)

	Financing		Advisory Services		Growth & Transition Capital		Venture Capital		Core		Capital Incentive Programs		Credit Availability Program		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Interest income	2,999.2	2,882.0	–	–	144.9	139.1	1.5	2.5	3,145.6	3,023.6	1.6	5.1	108.1	139.8	3,255.3	3,168.5
Interest expense	1,252.7	1,270.9	–	–	33.6	32.9	0.5	0.4	1,286.8	1,304.2	(35.2)	(38.6)	(54.1)	(112.3)	1,197.5	1,153.3
Net interest income	1,746.5	1,611.1	–	–	111.3	106.2	1.0	2.1	1,858.8	1,719.4	36.8	43.7	162.2	252.1	2,057.8	2,015.2
Net realized gains (losses) on investments	(2.8)	(1.0)	–	–	(7.0)	(0.1)	(12.9)	41.4	(22.7)	40.3	(4.5)	41.6	(13.8)	5.4	(41.0)	87.3
Revenue from Advisory Services	–	–	37.6	50.1	–	–	–	–	37.6	50.1	–	–	–	–	37.6	50.1
Fee and other income	33.4	28.8	–	–	20.6	15.5	19.0	7.9	73.0	52.2	1.1	0.4	29.0	36.0	103.0	88.6
Net revenue	1,777.1	1,638.9	37.6	50.1	124.9	121.6	7.1	51.4	1,946.7	1,862.0	33.4	85.7	177.4	293.5	2,157.4	2,241.2
Provision for expected credit losses	(624.3)	(448.4)	–	–	–	–	–	–	(624.3)	(448.4)	–	–	(175.1)	(292.9)	(799.4)	(741.3)
Net change in unrealized appreciation (depreciation) of investments	7.8	(1.6)	–	–	(15.0)	(7.9)	(98.5)	(220.1)	(105.7)	(229.6)	40.1	(82.1)	(1.7)	(5.6)	(67.4)	(317.3)
Net foreign exchange gains (losses)	3.0	1.7	–	–	(6.8)	(7.8)	93.2	3.5	89.4	(2.6)	3.6	0.2	4.1	3.0	97.2	0.6
Net gains (losses) on other financial instruments	0.1	0.1	–	–	–	–	–	–	0.1	0.1	–	–	(140.1)	(98.1)	(140.0)	(98.0)
Income (loss) before operating and administrative expenses	1,163.7	1,190.7	37.6	50.1	103.1	105.9	1.8	(165.2)	1,306.2	1,181.5	77.1	3.8	(135.4)	(100.1)	1,247.8	1,085.2
Operating and administrative expenses	627.4	587.7	83.3	88.2	43.6	43.5	59.7	46.8	814.0	766.2	6.7	7.6	24.9	24.5	845.5	798.3
Net income (loss)	536.3	603.0	(45.7)	(38.1)	59.5	62.4	(57.9)	(212.0)	492.2	415.3	70.4	(3.8)	(160.3)	(124.6)	402.3	286.9

[1] Some numbers may not match exactly with numbers in the Consolidated Financial statements due to rounding.

Table 5 – Operating and administrative expenses
For the years ended March 31 ($ in millions unless otherwise noted)

	2021	2022	2023	2024	**2025**
Salaries and benefits					
Salaries and other benefits	389.9	467.5	442.5	483.5	**523.5**
Defined benefit plan expense	64.6	77.3	56.5	48.3	**50.8**
Total salaries and benefits	454.5	544.8	499.0	531.8	**574.3**
Premises and equipment	43.2	42.2	43.6	45.8	**46.3**
Other expenses					
Professional and outsourcing fees	96.8	91.3	114.9	109.4	**102.3**
Computers and software, including amortization and depreciation	51.5	53.3	59.4	62.7	**75.4**
Communications, advertising, and promotion	19.6	20.8	30.6	26.8	**27.4**
Other	8.5	22.5	18.7	21.8	**19.8**
Total Other expenses	176.4	187.9	223.6	220.7	**224.9**
Total operating and administrative expenses	674.1	774.9	766.2	798.3	**845.5**
Efficiency ratio	38.3%	39.9%	34.5%	35.5%	**37.2%**

Operating and administrative expenses

Operating and administrative expenses were $845.5 million in fiscal 2025, $47.2 million higher than the $798.3 million recorded last year. The increase is mainly due to higher salaries and benefits due to a higher average number of employees.

The efficiency ratio is a measure of the efficiency with which BDC incurs expenses to generate revenue from its operations. It is calculated as operating and administrative expenses as a percentage of net revenue. It excludes CIP, CDAP, pension expenses, Venture Capital net revenue, and Venture Capital Bridge Financing Program net revenue. A lower ratio indicates improved efficiency. Over the years, BDC has made a concerted effort to achieve efficiencies while fulfilling its role as a development bank and implementing government priorities by carefully managing operating expenses, and by identifying and gaining efficiencies.

BDC's efficiency ratio increased to 37.2% in 2025 from 35.5% in 2024. The increase is primarily explained by a higher increase in operating expenses as compared to the increase in net revenue, which was negatively impacted by the decrease of CAP's declining portfolio leading to lower net interest income.

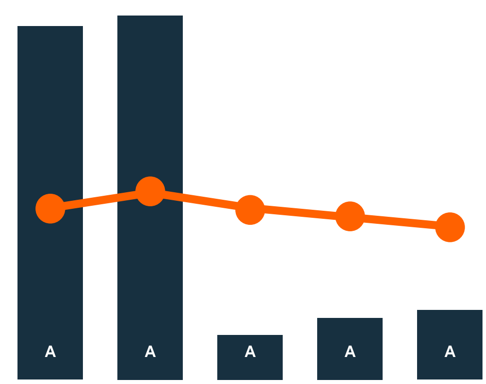
Capital management and adjusted return on common equity

With BDC's profitability surpassing the required capital to support portfolio growth, capital generated from our core activities above the internal target range was $311.5 million, resulting in an internal capital ratio of 110.5%. On the date of approval of the fiscal 2025 Consolidated Financial Statements, a $50.0 million dividend was declared based on fiscal 2025 performance.

Capital above the internal target rate amounted to $1.1 billion for CAP.

BDC's adjusted return on common equity (ROE) was 4.7% in fiscal 2025, lower than the 10-year moving average of 10.0%, but higher than the 4.0% reported in fiscal 2024.

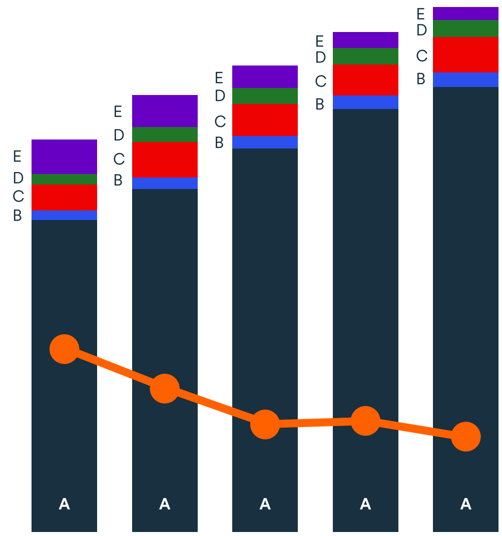
Graph 1 – Adjusted return on common equity (ROE)
As at March 31



	2021	2022	2023	2024	**2025**
A Adjusted ROE[1]	22.9%	23.6%	2.9%	4.0%	**4.7%**
Adjusted ROE 10-year moving average	11.2%	12.2%	11.2%	10.6%	**10.0%**

[1] Adjusted ROE is calculated based on equity attributable to BDC's shareholder (see the glossary on page 161 for a detailed definition).

Graph 2 – Consolidated portfolio by segment (at carrying value)
As at March 31 ($ in millions unless otherwise noted)



	2021	2022	2023	2024	**2025**
A Financing	28,627.5	31,499.2	35,207.5	38,822.0	**40,851.3**
B Growth & Transition Capital	913.9	1,075.8	1,171.0	1,265.8	**1,362.3**
C Venture Capital	2,368.1	3,226.6	2,901.1	2,865.1	**3,221.4**
D Capital Incentive Programs	963.2	1,382.5	1,514.6	1,487.7	**1,628.0**
E Credit Availability Program	3,197.6	2,950.6	2,057.1	1,478.0	**1,218.1**
Total portfolio at carrying value	36,070.3	40,134.7	42,851.3	45,918.6	**48,281.1**
Portfolio growth %	16.3%	11.3%	6.8%	7.2%	**5.1%**
Loan guarantees exposure	294.6	3,455.7	3,319.9	2,681.0	**2,097.2**

Financing

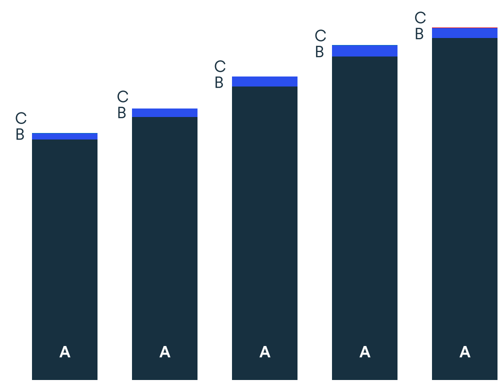
$10.0B in acceptances in F25

$40.9B Net Portfolio growth of 5.2% since F24

Financing portfolio

Financing's portfolio is composed of loans, asset-backed securities (ABS) and debt investments, totalling $40.9 billion, net of the allowance for expected credit losses of $1.5 billion.

Graph 3 – Financing portfolio (at carrying value)
As at March 31 ($ in millions)



	2021	2022	2023	2024	**2025**
A Loans[1]	27,876.9	30,499.3	34,020.4	37,522.5	**39,639.9**
B Asset-backed securities	733.0	988.0	1,176.0	1,289.5	**1,202.6**
C Debt investments	17.3	11.4	11.0	10.0	**8.8**
Total Financing portfolio	28,627.2	31,498.7	35,207.4	38,822.0	**40,851.3**

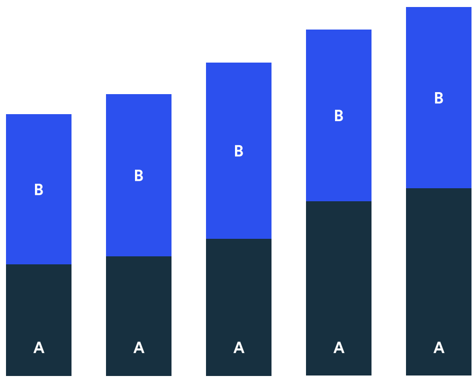
[1] Net of allowance for expected credit losses of $1.5 billion in fiscal 2025.

Financing's loan portfolio, before allowance for expected credit losses, increased by 6.5% from $38.7 billion a year ago to $41.2 billion as at March 31, 2025, compared to 10.6% as at March 31, 2024. The growth of the loan portfolio is lower in fiscal 2025, reflecting the continued impact of a more difficult economic situation resulting in a lower SME demand for credit.

As at March 31, 2025, 49.2% of the loan portfolio was composed of floating-rate loans, slightly below the fiscal 2024 level of 49.7%, as client preference continued to lean more toward fixed-rate loans due to the inversion of the Canadian yield curve.

Graph 4 – Financing loan portfolio

As at March 31 ($ in millions)



	2021	2022	2023	2024	**2025**
A Fixed-rate loan portfolio	12,438.0	13,321.0	15,311.4	19,458.6	**20,924.8**
B Floating-rate loan portfolio	16,754.6	18,131.3	19,644.4	19,245.0	**20,259.2**
Total loan portfolio	29,192.6	31,452.3	34,955.8	38,703.6	**41,184.0**

The closing gross loan portfolio comprised $39.6 billion in performing loans and $1.6 billion in impaired loans.

Financing results

Financing recorded net income of $536.3 million for the year, compared to net income of $603.0 million in fiscal 2024. The unfavourable variance with last year was mainly driven by a provision for expected credit losses of $624.3 million recorded this fiscal year, compared to a provision for expected credit losses of $448.4 million recorded last fiscal.

Table 6 – Financing results

For the years ended March 31 ($ in millions)

	2025	2024
Net interest income	**1,746.5**	1,611.1
Fee and other income	**33.4**	28.8
Provision for expected credit losses	**(624.3)**	(448.4)
Net change in unrealized appreciation (depreciation) of investments	**7.8**	(1.6)
Net realized gains (losses) on investments	**(2.8)**	(1.0)
Net gains (losses) on other financial instruments	**0.1**	0.1
Net foreign exchange gains (losses)	**3.0**	1.7
Income before operating and administrative expenses	**1,163.7**	1,190.7
Operating and administrative expenses	**627.4**	587.7
Net income from Financing	**536.3**	603.0

Table 7 – Financing results

For the years ended March 31 (as % of average portfolio)

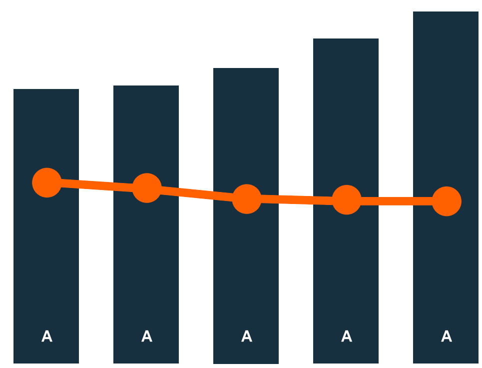
	2025	2024
Net interest income	**4.2%**	4.2%
Fee and other income	**0.1%**	0.1%
Provision for expected credit losses	**(1.5%)**	(1.2%)
Income before operating and administrative expenses	**2.8%**	3.1%
Operating and administrative expenses	**1.5%**	1.5%
Net income from Financing	**1.3%**	1.6%

Net interest income

Net interest income reflects interest income less interest expense on borrowings and lease liabilities. Net interest income reached $1,746.5 million in fiscal 2025, compared to $1,611.1 million in fiscal 2024. The increase of $135.4 million was primarily the result of growth in the portfolio. The net interest income margin, which is the ratio of net interest income to the average loan portfolio, remained at 4.21% in fiscal 2025, unchanged from the margin achieved in fiscal 2024.

Graph 5 – Financing net interest income

For the years ended March 31 ($ in millions, unless otherwise noted)



	2021	2022	2023	2024	**2025**
A Net interest income	1,360.1	1,378.9	1,466.4	1,611.1	**1,746.5**
As a % of average Financing portfolio	4.56%	4.44%	4.26%	4.21%	**4.21%**

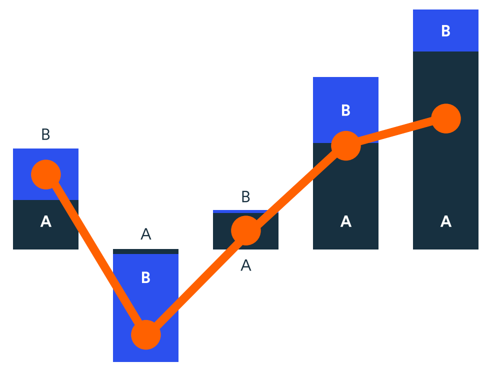
Provision for expected credit losses

The provision for expected credit losses (ECL) is the amount charged to income to maintain the total allowance at a level considered adequate to absorb the credit losses expected in the portfolio at the statement of financial position date. The ECL model calculates a probability-weighted estimate that incorporates forward-looking information representing three macroeconomic scenarios.

In fiscal 2025, Financing recorded a provision for expected credit losses of $624.3 million, compared to a provision for expected credit losses of $448.4 million last fiscal, representing an unfavourable variance of $175.9 million. Fiscal 2025's provision for expected credit losses on performing loans reflects the potential impact of U.S. tariffs on trade flows, business costs, inflation and overall economic growth, resulting in higher unemployment rates and moderate GDP growth. While our baseline scenario incorporates the effects of tariffs, leading to a decline in macroeconomic forecasts, the uncertainties regarding the duration, scope, and severity of US tariff policies, along with Canadian retaliatory measures, pose downside risks.

Graph 6 – Provision for expected credit losses on loans

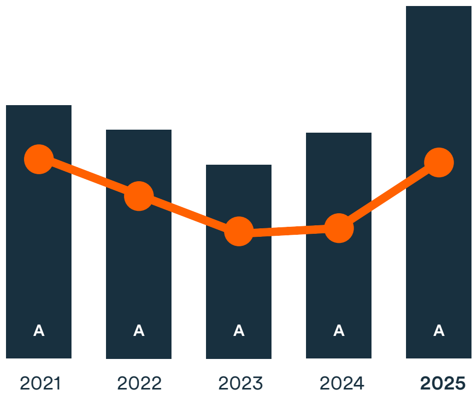
For the years ended March 31 ($ in millions, unless otherwise noted)



	2021	2022	2023	2024	**2025**
A Impaired	128.2	12.5	94.2	276.2	**514.4**
B Performing	133.8	(280.2)	(8.3)	172.2	**109.9**
Provision for expected credit losses on loans	262.0	(267.7)	85.9	448.4	**624.3**
As a % of average loan portfolio	0.9%	(0.9%)	0.2%	1.2%	**1.5%**

The provision for expected credit losses on impaired loans was $514.4 million compared to $276.2 million in fiscal 2024, driven by higher downgrades from performing to impaired status in specific credit segments and sectors which are experiencing headwinds. The provision for expected credit losses on impaired loans is also influenced by the type and amount of collateral securing these loans.

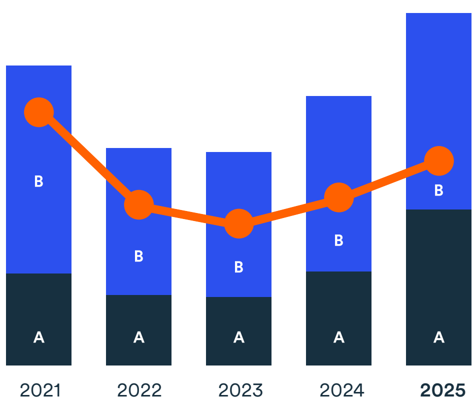
Graph 7 – Impaired portfolio
As at March 31 ($ in millions unless otherwise noted)



	2021	2022	2023	2024	2025
A Impaired portfolio	1,130.6	1,021.5	864.9	1,006.4	**1,573.2**
Impaired portfolio as a % of total loan portfolio	3.9%	3.2%	2.5%	2.6%	**3.8%**

BDC closely manages the $1.6 billion in impaired loans, which represented 3.8% of the total portfolio on March 31, 2025, up from the 2.6% on March 31, 2024.

Graph 8 – Allowance for expected credit losses
As at March 31 ($ in millions unless otherwise noted)



	2021	2022	2023	2024	2025
A Impaired	403.3	308.7	300.6	411.4	**684.2**
B Performing	912.3	644.3	634.8	769.7	**859.8**
Total allowance	1,315.6	953.0	935.4	1,181.1	**1,544.0**
Total allowance as a % of loan portfolio	4.5%	3.0%	2.7%	3.1%	**3.7%**

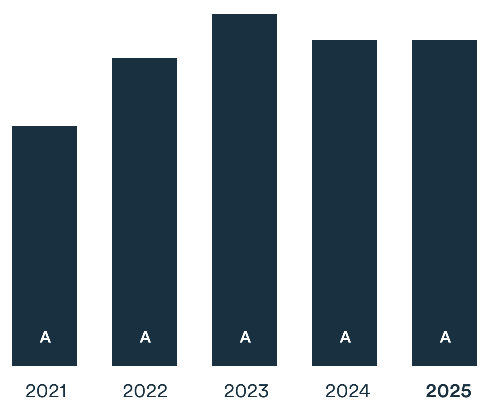
When financial conditions deteriorate, more loans go into default. We then classify them as impaired and record an amount equal to the net exposure in the allowance for expected credit losses on impaired loans. The percentage of these downgrades increased to 3.2% of the opening performing portfolio in fiscal 2025, compared to 2.4% for fiscal 2024, meanwhile, the provision for expected credit losses on impaired loans increased to 1.24% of the average portfolio compared to 0.72% for fiscal 2024.

The total allowance for expected credit losses increased to $1,544.0 million on March 31, 2025, compared to $1,181.1 million in fiscal 2024. The total allowance represented 3.7% of the total loans outstanding. This was higher than the 3.1% recorded last year as a result of a $90.1 million increase in the allowance on the performing portfolio and a $272.8 million increase in the allowance on the credit impaired portfolio.

Operating and administrative expenses

Operating and administrative expenses were $627.4 million in fiscal 2025, higher than the $587.7 million recorded last year. The increase is mainly due to higher salaries and benefits resulting from additional resources needed to support the growth of our portfolio as well as increased technology expenses to drive our innovation and digital transformation projects. Although operating expenses were higher than last year, as a percentage of the average portfolio, operating and administrative expenses remained stable at 1.5%.

Graph 9 – Financing efficiency ratio[1]
For the years ended March 31



	2021	2022	2023	2024	2025
A Financing efficiency ratio	24.8%	31.8%	36.3%	33.6%	**33.0%**

[1] A lower ratio indicates improved efficiency.
For the definition of efficiency ratio, refer to the Glossary on page 161.

The Financing efficiency ratio, which is calculated as operating and administrative expenses as a percentage of net revenue, decreased to 33.0% in fiscal 2025.

Advisory Services

1,846 ➔ mandates in F25

$31.4M ➔ in net contracts signed vs. $51.8M in F24

Advisory Services delivered 1,846 advisory mandates during fiscal 2025, generating impact and supporting both smaller and larger Canadian SMEs. This represents a decrease of 39.8% compared to 3,068 mandates delivered in fiscal 2024, mainly driven by a decrease in CDAP mandates recorded, following the closing of the application period for this program in February 2024.

Advisory Services recorded a net loss of $45.7 million in fiscal 2025, compared to a net loss of $38.1 million in fiscal 2024. Advisory Services' revenues of $37.6 million in fiscal 2025 were lower than the $50.1 million recorded last year, due to a decreased demand for CDAP mandates. Operating and administrative expenses of $63.2 million were $1.7 million higher compared to those recorded in fiscal 2024 primarily due to higher salaries and benefits, as well as higher cost allocations from other divisions.

Table 8 – Advisory Services
For the years ended March 31 ($ in millions)

	2025	2024
Revenue	**37.6**	50.1
Delivery expenses[1]	**20.1**	26.7
Gross operating margin	**17.5**	23.4
Operating and administrative expenses	**63.2**	61.5
Net loss from Advisory Services	**(45.7)**	(38.1)

[1] Delivery expenses are included in operating and administrative expenses in the Consolidated Statement of Income and in Table 4 of the Analysis of Financial Results.

Growth & Transition Capital

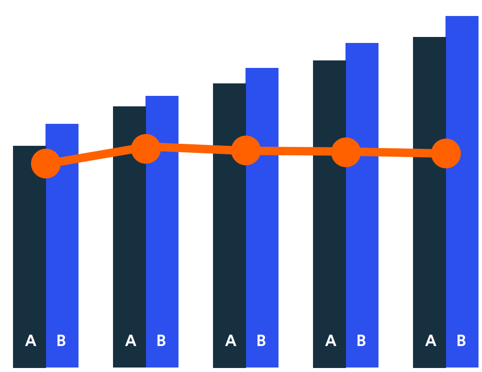
$453M ➔ in acceptances in F25

$1.4B ➔ Debt investments at cost 8.3% growth since F24

Growth & Transition Capital investment portfolio

GTC's investments portfolio at cost increased by 8.3% to $1,448.3 million in fiscal 2025. The fair value as a percentage of cost decreased slightly from 94.7% to 94.1%.

Graph 10 – Growth & Transition Capital portfolio —total investment
As at March 31 ($ in millions unless otherwise noted)



	2021	2022	2023	2024	**2025**
A Fair value	913.9	1,075.8	1,171.0	1,265.8	**1,362.3**
B Cost	1,003.5	1,118.5	1,234.0	1,336.8	**1,448.3**
Fair value as % of cost	91.1%	96.2%	94.9%	94.7%	**94.1%**

Growth & Transition Capital results

Growth & Transition Capital recorded net income of $59.5 million for the year, compared to net income of $62.4 million in fiscal 2024. The unfavourable variance from last year was mainly driven by higher net fair value depreciation on investments.

Table 9 – Growth & Transition Capital results

For the years ended March 31 ($ in millions)

	2025	2024
Net revenue on investments	**124.9**	121.6
Net change in unrealized appreciation (depreciation) of investments	**(15.0)**	(7.9)
Net foreign exchange gains (losses)	**(6.8)**	(7.8)
Income before operating and administrative expenses	**103.1**	105.9
Operating and administrative expenses	**43.6**	43.5
Net income from Growth & Transition Capital	**59.5**	62.4
Net income (loss) attributable to:		
BDC's shareholder	**59.5**	62.5
Non-controlling interests	**0.0**	(0.1)
Net income from Growth & Transition Capital	**59.5**	62.4

Table 10 – Growth & Transition Capital results

For the years ended March 31 (as % of average portfolio)

	2025	2024
Net revenue on investments	**9.0%**	9.7%
Net change in unrealized appreciation (depreciation) of investments	**(1.1%)**	(0.6%)
Net foreign exchange gains (losses)	**(0.5%)**	(0.6%)
Income before operating and administrative expenses	**7.4%**	8.4%
Operating and administrative expenses	**3.1%**	3.4%
Net income from Growth & Transition Capital	**4.3%**	5.0%
Net income (loss) attributable to:		
BDC's shareholder	**4.3%**	5.0%
Non-controlling interests	**0.0%**	(0.0%)
Net income from Growth & Transition Capital	**4.3%**	5.0%

Net change in unrealized appreciation (depreciation) of investments

In fiscal 2025, Growth & Transition Capital recorded a net change in unrealized depreciation of investments of $15.0 million, compared to a net change in unrealized depreciation of investments of $7.9 million last year. As shown in the table below, the higher net change in unrealized depreciation of investments for this fiscal year was mainly due to an increase in net fair value depreciation on investments.

Table 11 – Net change in unrealized appreciation (depreciation) of investments

For the years ended March 31 ($ in millions)

	2025	2024
Net fair value appreciation (depreciation)	**(34.6)**	(19.9)
Reversal of net fair value depreciation (appreciation) due to realized income and write-offs	**19.6**	12.0
Net change in unrealized appreciation (depreciation) of investments	**(15.0)**	(7.9)

Venture Capital

Authorizations in F25 :

$354M Direct equity investments

$175M Indirect equity investments

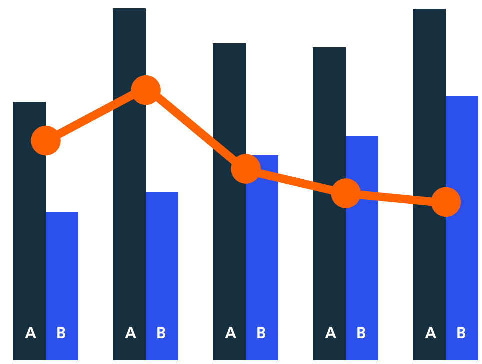
$2.0B Direct equity investments

$1.2B Indirect equity investments

132.9% Fair value over cost

Canada's venture capital market in fiscal 2025 showed resilience with a slight increase in VC investment activity amid modest economic growth. However, trade uncertainties in the last quarter led to significant challenges and volatility in global markets, undermining investor confidence. Canadian merger and acquisition exit activity remained weak, except for a few major deals, and the continued IPO drought, reduced exit opportunities. Our portfolio ended with fluctuating fair values, resulting in a net decrease.

Graph 11 – Venture Capital portfolio—total investmentst
As at March 31 ($ in millions unless otherwise noted)



	2021	2022	2023	2024	**2025**
A Fair value	2,368.1	3,226.6	2,901.1	2,865.1	**3,221.4**
B Portfolio (cost)	1,358.9	1,541.3	1,876.6	2,056.5	**2,423.6**
Fair value as % of cost	174.3%	209.3%	154.6%	139.3%	**132.9%**

Venture Capital portfolio

VC's investment portfolio is composed of $38.9 million in debt investments, $1,960.8 million in direct equity investments and $1,221.7 million in indirect equity investments in funds.

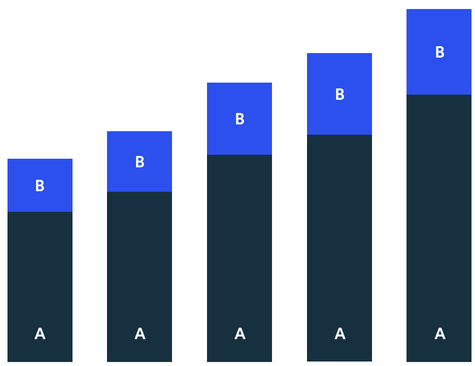
The fair value of the portfolio increased from $2,865.1 million in fiscal 2024 to $3,221.4 million this year. The fair value of the total portfolio as a percentage of cost was 132.9% as at March 31, 2025, down from 139.3% last year, driven by higher investment activity, especially in direct investments in Growth Venture, Thrive and Growth Equity portfolios. This was offset by a decrease in fair value in the direct equity portfolio.

Table 12 – Venture Capital portfolio (at fair value)
As at March 31 ($ in millions)

	2021	2022	2023	2024	**2025**
Debt investments	2.0	13.6	35.6	28.9	**38.9**
Direct equity investments	1,460.2	2,026.9	1,705.8	1,720.9	**1,960.8**
Indirect equity investments in Funds	905.9	1,186.1	1,159.7	1,115.3	**1,221.7**
Total Venture Capital portfolio (at fair value)	2,368.1	3,226.6	2,901.1	2,865.1	**3,221.4**

The total Venture Capital commitment to investees, which represents the portfolio outstanding at cost plus undisbursed commitments, amounted to $3,198.6 million as at March 31, 2025. This represents $49.5 million committed to debt investments, $1,677.0 million to direct equity investments and $1,472.1 million to indirect equity investments in funds, for an increase of 14.3% compared to last year.

Graph 12 – Total commitment to Venture Capital investees
As at March 31 ($ in millions)



	2021	2022	2023	2024	**2025**
A Portfolio (cost)	1,358.9	1,541.3	1,876.6	2,056.5	**2,423.6**
B Undisbursed commitment	479.1	546.8	655.6	742.6	**775.0**
Total commitment to Venture Capital investees	1,838.0	2,088.1	2,532.2	2,799.1	**3,198.6**

Venture Capital results

Venture Capital recorded a net loss of $57.9 million, compared to net loss of $212.0 million last year. The favourable variance from last year was mainly driven by lower net change in unrealized depreciation of investments and higher net foreign exchange gains. VC's results are affected by high volatility in the fair value of its investments, due to the riskier nature of venture capital.

Table 13 – Venture Capital results
For the years ended March 31 ($ in millions)

	2025	2024
Net revenue (loss) on investments	**7.1**	51.4
Net change in unrealized appreciation (depreciation) of investments	**(98.5)**	(220.1)
Net foreign exchange gains (losses)	**93.2**	3.5
Income (loss) before operating and administrative expenses	**1.8**	(165.2)
Operating and administrative expenses	**59.7**	46.8
Net loss from Venture Capital	**(57.9)**	(212.0)
Net loss attributable to:		
BDC's shareholder	**(56.2)**	(209.1)
Non-controlling interests	**(1.7)**	(2.9)
Net loss from Venture Capital	**(57.9)**	(212.0)

Net revenue on investments

The net revenue on investments, which comprised a net realized gain on investments, write-offs, and other income, was $7.1 million, compared to $51.4 million recorded in fiscal 2024. The decrease of $44.3 million in net revenue was mainly due to lower net realized gains from sales of investments. Proceeds received from divestiture of investments amounted to $183.0 million in fiscal 2025, compared to $204.4 million in fiscal 2024.

Net change in unrealized appreciation (depreciation) of investments

VC recorded a net change in unrealized depreciation of investments of $98.5 million, compared to a net change in unrealized depreciation of investments of $220.1 million last year. The decrease in net change in unrealized depreciation of investments is mainly due to lower net fair value depreciation on investments.

Table 14 – Net change in unrealized appreciation (depreciation) of investments
For the years ended March 31 ($ in millions)

	2025	2024
Net fair value appreciation (depreciation)	**(116.5)**	(205.2)
Reversal of net fair value depreciation (appreciation) dueto realized income and write-offs	**18.0**	(14.9)
Net change in unrealized appreciation (depreciation) of investments	**(98.5)**	(220.1)

A net fair value appreciation on investments of $2.6 million was recorded for debt investments, a net fair value depreciation of $156.2 million for direct equity investments, and a net fair value appreciation of $37.1 million for indirect equity investments in funds in fiscal 2025 for a total net fair value depreciation of $116.5 million. The favourable variance compared to last year is explained by higher net fair value in fund investments.

Net foreign exchange gains

Net foreign exchange gains of $93.2 million on investments were due to foreign exchange fluctuations in the U.S. dollar denominated investments. BDC uses foreign exchange contracts to hedge U.S. dollar proceeds, following the occurrence of a liquidity event under which a venture capital investment is monetized as cash.

Capital Incentive Programs

Authorizations in F25 :

$28.6M → Cleantech Practice

$24.2M → VCCI 2021

$417.7M → Direct equity investments

$1.2B → Indirect equity investments

137.3% → Fair value over cost

VCAP and VCCI

BDC plays a leadership role in strengthening the Canadian venture capital ecosystem. Recognizing the importance of venture capital to Canada's economic prosperity, the government asked BDC to manage VCAP and VCCI to help increase available capital for promising innovative Canadian start-ups, and to create a vibrant and sustainable venture capital ecosystem in Canada led by the private sector.

BDC's role was to provide advice and analysis to support the government's design of VCAP and VCCI, negotiate and make investments, administer the flow of capital, and monitor the initiative for the government.

Through VCAP, the government committed $340.0 million to four private sector funds of funds, and $50.0 million to four high-performing VC funds. This capital was used to leverage over $904.0 million in private sector capital and $112.5 million from provincial governments, bringing the total venture capital raised under VCAP to $1.4 billion.

Through VCCI 2017, the government committed $372.0 million to four private sector funds of funds, five alternative model VC funds and three cleantech funds. This capital was used to leverage over $1.4 billion from all other capital sources including private sector investors, provincial governments and crown corporations, bringing the total venture capital raised under VCCI to $1.9 billion.

VCCI 2017 was renewed to deploy $450 million under the Venture Capital Catalyst Initiative (VCCI 2021), to support private funds of funds, funds focused on investments in life science technologies and entrepreneurs from underrepresented groups.

Cleantech Practice

Recognizing the importance of giving high-potential innovative cleantech firms access to financing, the federal government requested BDC to further support the growth and expansion of future Canadian global cleantech champions. The 2017 budget allocated $600 million in new capital to BDC for debt and equity transactions that exceed BDC's normal risk appetite. BDC's Cleantech Practice aims to build globally competitive Canadian cleantech firms and a long-term commercially sustainable cleantech industry that will, over time, be able to attract the necessary private sector capital investments to grow.

Indigenous Growth Fund

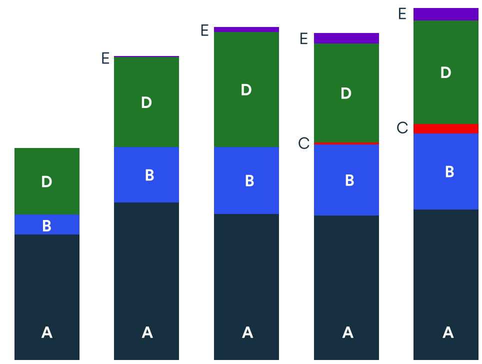
BDC initiated the Indigenous Growth Fund in fiscal 2021. With a capital injection of $50 million from the government, BDC will provide $100 million to Aboriginal Financial Institutions to offer loans to new and expanding Indigenous businesses.

Capital Incentive Programs portfolio

As at March 31, 2025, CIP's total portfolio stood at $1,627.9 million ($688.3 million from VCAP, $362.6 million from VCCI 2017, $48.1 million from VCCI 2021, $469.8 million from Cleantech Practice, and $59.1 million from IGF), compared to $1,487.7 million last year ($657.3 million from VCAP, $321.4 million from VCCI 2017, $10.3 million from VCCI 2021, $450.2 million from Cleantech Practice, and $48.5 million from IGF).

Graph 13 – CIP portfolio by fund

As at March 31 ($ in millions)



	2021	2022	2023	2024	**2025**
A VCAP	570.8	715.9	663.7	657.3	**688.3**
B VCCI 2017	89.5	251.3	304.7	321.4	**362.6**
C VCCI 2021	0.0	0.0	0.0	10.3	**48.1**
D Cleantech	302.9	410.3	523.6	450.2	**469.8**
E IGF	0.0	5.0	22.6	48.5	**59.1**
Total	963.2	1,382.5	1,514.6	1,487.7	**1,627.9**

Capital Incentive Programs results

CIP recorded a net income of $70.4 million in fiscal 2025, compared to a net loss of $3.8 million in fiscal 2024. The increase in net income was mainly due to lower net change in unrealized depreciation of investments offset by lower net revenue on investments.

Table 15 – Capital Incentive Programs results

For the years ended March 31 ($ in millions)

	2025	2024
Net revenue on investments	**33.4**	85.7
Net change in unrealized appreciation (depreciation) of investments	**40.1**	(82.1)
Net foreign exchange gains (losses)	**3.6**	0.2
Income before operating and administrative expenses	**77.1**	3.8
Operating and administrative expenses	**6.7**	7.6
Net income (loss) from Capital Incentive Programs	**70.4**	(3.8)

Net revenue on investments

Net revenue on investments, comprising net interest income, net realized gains on investments, as well as fee and other income, reached $33.4 million, $52.3 million lower than in fiscal 2024, mostly due to lower net realized gains on investments.

Net change in unrealized appreciation (depreciation) of investments

CIP recorded a net change in unrealized appreciation of investments of $40.1 million, compared to a net change in unrealized depreciation of investments of $82.1 million last year. The positive variance is mainly due to lower net fair value depreciation on investments.

Table 16 – Net change in unrealized appreciation (depreciation)
For the years ended March 31 ($ in millions)

	2025	2024
Net fair value appreciation (depreciation)	**35.5**	(63.5)
Reversal of net fair value depreciation (appreciation) due to realized income and write-offs	**4.6**	(18.6)
Net change in unrealized appreciation (depreciation) of investments	**40.1**	(82.1)

Credit Availability Program

$463.1M CDAP acceptances in F25

Over 45 Participating financial institutions in HASCAP guarantee program

$2.1B Loan guarantees

All our COVID-19 measures are grouped under the Credit Availability Program segment. Through our relief measures, we extended our reach to tens of thousands of entrepreneurs who had not previously been clients and increased our support for existing clients. These actions were taken in concert with the federal government and the private sector to help entrepreneurs through the crisis. These measures ended in fiscal 2022.

CAP also includes CDAP, a program by the Government of Canada to help SMEs adopt digital technologies and stay competitive by providing access to funding and expertise. The program is divided into two streams, each applicable to different sized SMEs. BDC's role is to provide advisory services and zero-interest loans to businesses that are eligible for the *Boost your Business Technology stream*. On February 19, 2024, the government announced that the CDAP program was no longer accepting new applications.

During the month of March 2025, the Government of Canada requested BDC's help in extending up to $500 million in working capital loans to clients impacted by the new US tariffs, as well as offering consulting mandates to affected businesses. These new initiatives are also included in the CAP segment.

Credit Availability Program portfolio

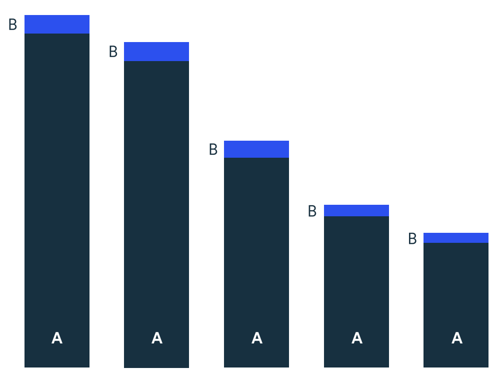
As at March 31, 2025, CAP's loan portfolio, net of allowance for expected credit losses, stood at $1,132.3 million, and CAP's investment portfolio stood at $85.8 million ($3.5 million in debt investments and $82.3 million in direct equity investments).

The gross loan portfolio comprised $1,168.2 million in performing loans and $53.7 million in impaired loans. As at March 31, 2025, 48.3% of the loan portfolio was composed of floating-rate loans.

HASCAP guarantee acceptances amounted to $3.7 billion since the inception of the program, which is now closed for new authorizations. The actual exposure under the HASCAP guarantee program totalled $2.1 billion as at March 31, 2025, compared to $2.7 billion for the same period last year.

Graph 14 – Credit Availability Program portfolio

As at March 31 ($ in millions)

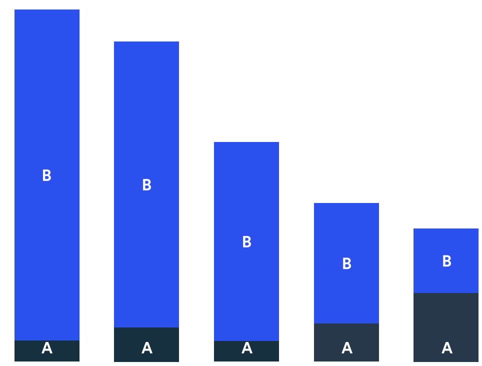


	2021	2022	2023	2024	**2025**
A Loan portfolio[1]	3,028.6	2,784.3	1,912.3	1,368.6	**1,132.3**
B Investment portfolio	169.0	166.3	144.8	109.4	**85.8**
Total CAP portfolio	3,197.6	2,950.6	2,057.1	1,478.0	**1,218.1**
Loan guarantees exposure	286.6	3,452.0	3,318.6	2,679.2	**2,050.2**

[1] Net of allowance of $89.6 million

Graph 15 – Credit Availability Program loan portfolio

As at March 31 ($ in millions)



	2021	2022	2023	2024	**2025**
A Fixed-rate loan portfolio	191.7	313.5	187.6	348.2	**631.3**
B Floating-rate loan portfolio	3,046.9	2,629.0	1,833.3	1,111.2	**590.6**
Total loan portfolio	3,238.6	2,942.5	2,020.9	1,459.4	**1,221.9**

Credit Availability Program results

CAP recorded a net loss of $160.3 million for fiscal 2025, higher than the net loss of $124.6 million recorded in fiscal 2024, mainly driven by lower net interest income, mainly due to a decrease in CAP's loan portfolio. The unfavourable variance was also attributable to higher net losses on other financial instruments, generated by fair value losses on initial recognition of CDAP loans, which are provided at 0% interest. Operating and administrative expenses stood at $24.9 million, which is slightly higher than the $24.5 million recorded in fiscal 2024.

Table 17 – Credit Availability Program results

For the years ended March 31 ($ in millions)

	2025	2024
Net interest income	**162.2**	252.1
Fee and other income	**29.0**	36.0
Provision for expected credit losses	**(175.1)**	(292.9)
Net realized gains (losses) on investments	**(13.8)**	5.4
Net change in unrealized appreciation (depreciation) of investments	**(1.7)**	(5.6)
Net gains (losses) on other financial instruments	**(140.1)**	(98.1)
Net foreign exchange gains (losses)	**4.1**	3.0
Income (loss) before operating and administrative expenses	**(135.4)**	(100.1)
Operating and administrative expenses	**24.9**	24.5
Net income (loss) from Credit Availability Program	**(160.3)**	(124.6)

Table 18 – Credit Availability Program results

For the years ended March 31 (as % of average portfolio)

	2025	2024
Net interest income	**12.0%**	14.8%
Fee and other income	**2.1%**	2.1%
Provision for expected credit losses	**(13.0%)**	(17.2%)
Net realized gains (losses) on investments	**(1.0%)**	0.3%
Net change in unrealized appreciation (depreciation) of investments	**(0.1%)**	(0.3%)
Net gains (losses) on other financial instruments	**(10.4%)**	(5.8%)
Net foreign exchange gains (losses)	**0.3%**	0.2%
Income (loss) before operating and administrative expenses	**(10.0%)**	(5.9%)
Operating and administrative expenses	**1.8%**	1.4%
Net income (loss) from Credit Availability Program	**(11.9%)**	(7.3%)

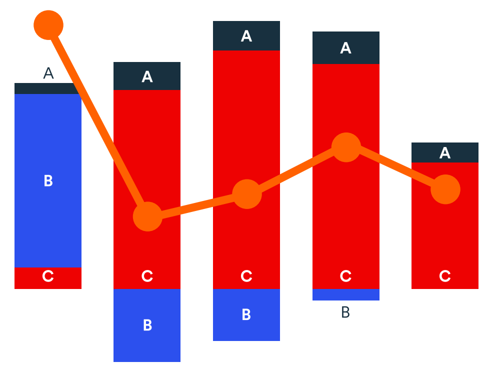
Provision for expected credit losses

In fiscal 2025, CAP recorded a provision for expected credit losses of $175.1 million, compared to a provision of $292.9 million recorded in fiscal 2024. The lower provision for expected credit losses compared to last year is mainly driven by a decrease in the provision for expected credit losses on the HASCAP guarantee portfolio, due to declining portfolio exposure.

Impaired loans of the CAP segment amounted to $53.7 million, representing 4.4% of the total loans outstanding.

Graph 16 – Provision for expected credit losses on loans

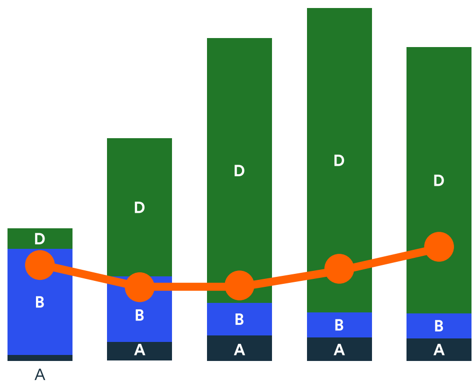
For the years ended March 31 ($ in millions unless otherwise noted)



	2021	2022	2023	2024	**2025**
A Impaired	12.6	33.5	35.8	38.3	**23.7**
B Performing	207.1	(88.2)	(62.9)	(14.4)	**0.6**
C Commitments and guarantees	25.5	237.7	285.1	269.0	**150.8**
Total provision for expected credit losses	245.2	183.1	258.0	292.9	**175.1**
As a % of average loan portfolio and loan guarantees	10.6%	3.6%	4.4%	6.2%	**4.7%**

The total allowance for expected credit losses on loans was $89.6 million, representing 7.3% of the average loan portfolio. The expected credit losses on loan commitments and guarantees reached $495.4 million, which is mainly attributable to HASCAP.

Graph 17 – Allowance for expected credit losses
As at March 31 ($ in millions unless otherwise noted)



	2021	2022	2023	2024	**2025**
A Impaired	10.9	34.7	47.5	44.1	**42.2**
B Performing	199.2	123.5	61.1	46.7	**47.4**
Total allowance	210.1	158.2	108.6	90.8	**89.6**
Total allowance as a % of loan portfolio	6.5%	5.4%	5.4%	6.2%	**7.3%**
D ECL on commitments and loan guarantees	38.6	260.0	497.4	571.7	**495.4**

Financial condition

Total assets amounted to $50.5 billion, an increase of $3.1 billion from a year ago, primarily due to a $1.9 billion increase in the net loans portfolio, and a $0.6 billion increase in the investments portfolio at fair value.

At $40.8 billion (gross portfolio of $42.4 billion, net of a $1.6 billion allowance for expected credit losses), the loan portfolio represented BDC's largest asset. The gross loan portfolio has grown by 5.6% since March 31, 2024, reflecting an increase in the level of activity in Financing. BDC remained committed to actively supporting SMEs' needs and helping them improve competitiveness, while continuing to identify and address market gaps in financing across Canada.

BDC's investment portfolios, which include debt investments, direct equity investments and indirect equity investments in funds, stood at $6.3 billion, an increase from the $5.7 billion recorded as at March 31, 2024. The debt investments portfolio amounted to $1.4 billion as at March 31, 2025 compared to $1.3 billion as at March 31, 2024. Direct equity investments increased from $2.2 billion last year to $2.5 billion as at March 31, 2025. Indirect equity investments in funds amounted to $2.4 billion as at March 31, 2025, up from $2.2 billion as at March 31, 2024.

As at March 31, 2025, BDC recorded a net defined benefit asset of $417.0 million related to the registered pension plan, and a net defined benefit liability of $236.5 million for the other plans, resulting in a total net defined benefit asset of $180.5 million. This represents a positive variance of $73.9 million compared to the total net defined benefit asset as at March 31, 2024, primarily due to higher returns on assets, offset by lower discount rates used to value the net defined benefit liability. For further information, refer to Note 14—*Net Defined Benefit Asset or Liability* in the Consolidated Financial Statements.

Table 19 – Financial Condition
For the years ended March 31 ($ in millions)

	2021	2022	2023	2024	**2025**
Cash	800.5	906.4	878.9	919.3	**1,547.8**
Asset-backed securities	733.3	988.5	1,176.1	1,289.5	**1,202.6**
Loans, gross carrying amount	32,431.2	34,394.8	36,976.7	40,162.9	**42,405.9**
Allowance for expected credit losses	(1,525.7)	(1,111.2)	(1,044.0)	(1,271.9)	**(1,633.6)**
Investments	4,431.5	5,862.6	5,742.5	5,737.9	**6,306.3**
Net defined benefit asset	4.8	233.7	260.5	338.3	**417.0**
Other	272.5	292.2	294.2	267.0	**258.0**
Total assets	37,148.1	41,567.0	44,284.9	47,443.0	**50,504.0**
Borrowings	18,372.6	20,092.9	26,924.9	29,610.8	**33,935.7**
Net defined benefit liability	278.0	233.1	224.3	231.6	**236.5**
Expected credit losses on loan commitements and guarantees	106.6	315.8	554.3	637.9	**564.7**
Other	373.6	436.7	436.5	433.1	**437.8**
Total liabilities	19,130.8	21,078.5	28,140.0	30,913.4	**35,174.7**
Total equity	18,017.3	20,488.5	16,144.9	16,529.6	**15,329.3**

Table 20 – Cash
For the years ended March 31 ($ in millions)

	2021	2022	2023	2024	**2025**
Cash used by operating activities	(3,102.9)	(1,057.1)	(1,404.2)	(2,229.3)	**(1,463.6)**
Cash used by investing activities	(219.7)	(240.9)	(745.4)	(352.8)	**(475.3)**
Cash provided by financing activities	2,301.7	1,403.9	2,122.1	2,622.5	**2,567.4**
Change in cash	(1,020.9)	105.9	(27.5)	40.4	**628.5**

BDC holds cash in accordance with its treasury risk policy. The Bank's liquidities, which ensure funds are available to meet BDC's cash outflows, totaled $1.5 billion as at March 31, 2025, compared to $919.3 million as at March 31, 2024. The increase is primarily explained by the need to manage a high level of uncertainty and ability to deliver on our mandate.

As at March 31, 2025, BDC funded its portfolios and liquidities with borrowings of $33.9 billion and total equity of $15.3 billion. Borrowings comprised $21.2 billion in short-term notes and $12.7 billion in long-term notes.

For the year ended March 31, 2025, net cash flows used by operating activities amounted to $1,463.6 million, mainly to support the growth of the loans portfolio. Net cash flows used by investing activities amounted to $475.3 million, reflecting net disbursements for investments. Financing activities provided $2,567.4 million in net cash flows, primarily driven by a net change in short-terms notes of $3,448.5 million, and the net issuance of long-term notes of $871.0 million. These inflows were partially offset by the repurchase of common shares of $1,500.0 million and the payment of dividends of $337.0 million.

Capital management

Statutory limitations

The *BDC Act* specifies that the aggregate of borrowings and contingent liabilities in the form of guarantees provided by BDC may not exceed 12 times its equity. This ratio excludes accumulated other comprehensive income. BDC's debt-to-equity ratio as at March 31, 2025, was 2.4:1, and 2.0:1 as at March 31, 2024.

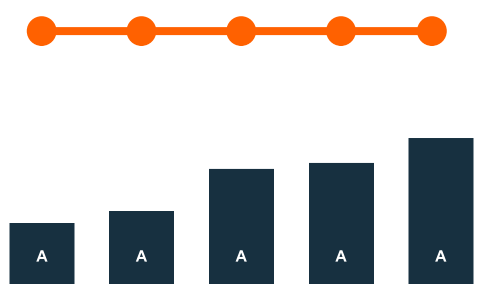
In addition, the amount of paid-in capital, the contributed surplus and any proceeds that have been prescribed as equity (such as hybrid capital instruments) must not at any time exceed $20.0 billion per the *Business Development Bank of Canada Act, 1995* amended in October 2020. As at March 31, 2025, these amounts totalled $6.3 billion, compared to $7.7 billion as at March 31, 2024.

In fiscal 2025, the Minister of Finance repurchased 15.0 million of its common shares for a total value of $1.5 billion to reduce the excess capital in the Credit Availability Program (CAP) related to COVID-19 initiatives.

In fiscal 2025, BDC also issued 1,000,000 common shares for cash proceeds of $100.0 million, which represents a capital injection in support of the Venture Capital Catalyst Initiative 2021.

On June 12, 2024, BDC's Board of Directors authorized the payment of $337.0 million in dividends.

Graph 18 – Debt-to-equity ratio
As at March 31



	2021	2022	2023	2024	**2025**
A Actual	1.0	1.2	1.9	2.0	**2.4**
Statutory limit	12.0	12.0	12.0	12.0	**12.0**

Capital adequacy

BDC's capital management framework ensures effective capital management in alignment with regulatory guidelines (Office of the Superintendent of Financial Institutions (OSFI/Basel) and with other Canadian financial institutions. BDC strives to continuously evolve its capital adequacy techniques and measures to better reflect the Bank's inherent risks while integrating industry best practices.

BDC's capital management framework is based on its Internal Capital Adequacy Assessment Process (ICAAP), which is aligned with OSFI's guidelines and the Capital and Dividend Policy Framework for Financial Crown Corporations.

The key principles behind BDC's capital management framework are as follows:

- BDC has adequate capital to protect itself against risks that could adversely impact its ability to deliver on its mandate and minimize the risk of recapitalization through a complete economic cycle.
- Capital generated above BDC's target capital is available to be returned to the shareholder in the form of dividends, at the discretion of BDC's Board of Directors.

The concept that capital has a cost is also embedded in the framework and related policies. It is ensured through strategic and efficient capital allocation to business segments, pricing models based on return on risk adjusted capital (RORAC) and assessment of financial performance against expected historical ranges and limits, as set out in BDC's risk appetite statement.

BDC's internal capital requirements are determined in the application of OSFI's Capital Adequacy Requirements for calculation of Pillar 1 and Pillar 2 capital requirements. Capital adequacy measures are used as an estimate of the required capital to absorb the maximum potential losses inherent in our activities. To assess its capital adequacy, BDC monitors its capital status regularly by comparing its available capital to its required capital. A key measure for assessing capital status adequacy is BDC's internal capital ratio.

To manage the capital for CAP, BDC has established an internal structure where CAP and its related capital are maintained independently from BDC's core portfolio. This is because CAP programs operate under a different risk appetite level than the core portfolio. BDC's core capital management framework excludes CIP and CAP because these programs are managed by BDC under a specific capital allocation from the shareholder.

Available capital
Available capital is composed of equity attributable to BDC's shareholder (share capital, contributed surplus and retained earnings) and adjustments aligned with industry best practices and the capital management framework. Calculations are made as prescribed in OSFI's Capital Adequacy Requirements.

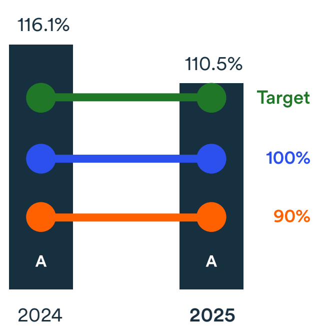
Required capital
BDC employs rigorous models to assess demand for capital arising from credit and investment, operational, business and market risk (interest rate risk as well as market risk related to the pension plan). Economic capital is a measure of risk used to determine the amount of capital required to ensure a financial institution's solvency given its risk profile. Economic capital is the methodology used to determine BDC's Pillar 2.

Economic capital models are developed based on advanced quantification methods, and internal risk-based assumptions and take into account risk diversification benefits and both disbursed and undisbursed commitments. A key principle underlying the economic capital models is the establishment of a solvency level that is set at a credit rating of AA. Economic capital models are validated by a third party as per the model validation policy.

Management operating range
BDC's target capital level also includes an operating range to mitigate the impact of unplanned capital volatility. It accounts for differences between planned and actual levels of activities, as well as other Corporate Plan assumptions that are difficult to predict and allows for capital to be managed near a target level by mitigating unplanned required capital.

Internal capital ratio (applicable to BDC's core portfolio)
BDC's key measure for determining and assessing the adequacy of its capital status is its internal capital ratio, which is expressed as the level of available capital over the economic capital required. The internal capital ratio is used to set BDC's target capital level as well as measure its capital adequacy risk appetite measures. Based on BDC's risk appetite statement, the capital management framework embeds the monitoring of the internal capital ratio through a complete economic cycle, against a minimum limit (90%) and a tolerance threshold in normal economic conditions (100%). BDC's target capital is revised annually based on BDC's Corporate Plan forecasts for internal capital requirements and the management operating range, as well as any capital required by a potential stress testing capital shortfall, identified as part of the enterprise-wide stress testing program.

Graph 19 – Internal capital ratio (BDC's core portfolio)
As at March 31



A	Actual
●	Target capital
●	Tolerance threshold (normal economic conditions)
●	Limit (stressed period)

BDC's internal capital ratio, as at March 31, 2025, was 110.5%, above our internal target, but below the ratio of 116.1% as at March 31, 2024. The decrease in the internal capital ratio was mainly driven by the $337.0 million dividends paid in the first quarter of fiscal 2025 and an increase in required capital for loans in Financing and VC investments. This was partially offset by an increase in capital generated from Financing, mainly driven by net interest income.

Dividends
BDC's dividend policy is aligned with the dividend methodology included in the new Capital and Dividend Policy Framework for Financial Crown Corporations. Capital generated above the internal target rate, which is the difference between available capital and the combination of capital demand and management operating range, is available for additional operational needs and/or dividend payments, subject to the discretion of the Board of Directors. The calculation excludes CIP and CAP.

Graph 20 – Dividends
For the years ended March 31 ($ in millions)

	2021	2022	2023	2024	**2025**	2026
A Common dividends paid[1]	0.0	735.0	0.0	337.0	**337.0**	50.0

[1] Following the Board of Directors' approval of the Annual Report, dividends are declared and paid in the first quarter of the following fiscal year, based on the previous fiscal year's financial performance.

As of March 31, 2025, BDC held $311.5 million in capital ($792.0 million as of March 31, 2024) above the internal target rate. On the date of approval of the fiscal 2025 Consolidated Financial Statements, a dividend in the amount of $50.0 million was declared based on fiscal 2025 performance. A dividend of 337.0 million was paid in fiscal 2025 based on fiscal 2024 performance.

Table 21 – Capital adequacy (BDC core portfolio)
($ in million)

	March 31, 2025	March 31, 2024
Equity attributable to BDC's shareholder	**15,327**	16,526
Intangible assets, net of accumulated amortization	**(49)**	(52)
Net defined benefit asset	**(417)**	(338)
Adjustments for allowance for expected credit losses	**533**	503
Portion of equity attributable to CIP	**(2,506)**	(2,382)
Portion of equity attributable to CAP	**(1,695)**	(3,356)
Adjustments to available capital	**(4,134)**	(5,625)
Total available capital (a)	**11,193**	10,901
Required capital (b)	**10,128**	9,389
Capital status (a-b)	**1,065**	1,512
Management operating range (c)	**754**	720
Capital above the internal target rate (a-b-c)	**311**	792
Internal capital ratio	**110.5%**	116.1%

Credit Availability Program portfolio

The credit availability program brings together initiatives meant to increase capital availability for specific SME needs, such as COVID-related needs for which the shareholder provided a total capital injection of $8.4 billion, ($944.0 million in fiscal 2020 and $7.5 billion in fiscal 2021). During fiscal 2023, the shareholder provided a $343.0 million capital injection for the digital adoption requirements through the Canada Digital Adoption Program.

To reduce the excess capital in CAP related to COVID-19 initiatives, BDC repurchased 50.0 million of its common shares for a cash payment of $5.0 billion in fiscal 2023, and a second repurchase of 15.0 million of its common shares for a cash payment of $1.5 billion in fiscal 2025. This brings the total net capital injection earmarked for CAP initiatives to $2.2 billion.

Capital above the internal target rate for CAP reached $1.1 billion in fiscal 2025, compared to $2.6 billion in fiscal 2024.

Table 22 – Capital adequacy (BDC CAP portfolio)
($ in million)

	March 31, 2025	March 31, 2024
Equity attributable to BDC's shareholder	**1,695**	3,356
Adjustments for allowance for expected credit losses	**39**	50
Total available capital (a)	**1,734**	3,406
Required capital (b)	**594**	741
Capital status (a-b)	**1,140**	2,665
Management operating range (c)	**62**	78
Capital above the internal target rate (a-b-c)	**1,078**	2,587

Note: The number of entrepreneurs we serve reached a record high of 107,345 in fiscal 2025. This increase was, in part, the result of our countercyclical role: we stepped in to deliver relief at a time when entrepreneurs needed it most, during the pandemic and its aftermath. Many of these clients are completing their loan journey with BDC and have started exiting our portfolio. As the uncertainty around tariffs continues, we remain committed to being there for entrepreneurs both through their growth journeys and in difficult times.

Corporate Plan discussion

Financial performance and key measures

At the end of fiscal 2025, the adjusted return on equity of 4.7% was lower than the 5.9% target, mainly due to a higher level of provisions for expected credit losses in Financing. The ratio is projected to increase in fiscal 2026, yet remain below historical averages due to elevated provisions for expected credit losses in Financing, albeit lower than those anticipated for fiscal 2025. Furthermore, Venture Capital performance is anticipated to improve from fiscal 2025 onwards. However, it is expected to remain below historical averages due to prevailing economic challenges. The reduced returns in fiscal 2026 should result in a slight decline in the adjusted return on equity, based on the 10-year moving average.

BDC's fiscal 2025 efficiency ratio turned up better than target at 37.2%, largely due to the fact that expenses in salaries and benefits, as well as in professional and outsourcing fees, were lower than projected. This underscored our commitment to productivity gains and a steadfast focus on being efficient in all aspects of our operations. We expect the fiscal 2026 efficiency ratio to experience a slight deterioration, primarily because the COVID-19 response initiatives within the Credit Availability Program are yielding lower net revenue as the portfolio is being repaid.

In fiscal 2025, BDC's internal capital ratio ended above plan at 110.5%, due to lower capital consumption than anticipated in Financing and Venture Capital. BDC is expected to reach an internal capital ratio of 109% in fiscal 2026, as capital demands are expected to outpace the generated available capital. This is driven by the $50.0 million dividend payment in fiscal 2026 and increased capital needs in Financing and Venture Capital.

Table 23 – Key financial indicators
As at March 31

	Plan 2026	**Actual 2025**	Plan 2025
Adjusted return on equity (annual)	7.2%	**4.7%**	5.9%
Adjusted return on equity (10-year moving average)	9.7%	**10.0%**	10.1%
BDC efficiency ratio	38.9%	**37.2%**	39.8%
Internal capital ratio (CORE)	109.0%	**110.5%**	109.0%

Consolidated net income

Net income for fiscal 2025 was $92 million below plan, mainly due to $205 million higher than expected credit loss provisions in Financing. This was partially offset by operating and administrative expenses being $55 million lower than plan, combined with a net loss in Venture Capital of $92 million lower than plan, mainly due to unrealized net foreign exchange gains.

Fiscal 2026 consolidated net income is forecasted to increase to $659 million, driven by diminishing provisions for expected credit losses combined with higher revenues in Financing and Growth & Transition Capital. BDC also anticipates that the fair value of venture capital investments will increase. Operating and administrative expenses are expected to increase by 7% in fiscal 2026, to support portfolio growth and to ensure that BDC can adequately support entrepreneurs amid economic uncertainty. Additionally, BDC plans to deliver on initiatives included in the Federal Budget and the Government's Fall Economic Statement.

Table 24 – Consolidated statement of income

As at March 31 ($ in millions)

	Plan 2026	**Actual 2025**	Plan 2025
Net interest income	2,087	**2,058**	2,057
Net realized gains (losses) on investments	(33)	**(41)**	(57)
Revenue from Advisory Services	33	**37**	44
Fee and other income	84	**103**	92
Net revenue	2,171	**2,157**	2,136
Provision for expected credit losses	(638)	**(799)**	(594)
Net change in unrealized appreciation (depreciation) of investments	91	**(67)**	(49)
Net foreign exchange gains (losses)	–	**97**	–
Net gains (losses) on other financial instruments	(61)	**(140)**	(98)
Income before operating and administrative expenses	1,563	**1,248**	1,395
Operating and administrative expenses	904	**846**	901
Consolidated net income	659	**402**	494

Financial performance by segment

Financing

The net income from Financing in fiscal 2025 was $536 million, which was $233 million below plan of $769 million. This variance was mainly driven by a provision for expected credit losses, which was $276 million higher than planned, partially offset by lower operating and administrative expenses.

Looking ahead to fiscal 2026, Financing's net income is expected to increase by $249 million, compared to fiscal 2025. This increase is primarily attributed to two key factors: a net revenue increase of $98 million from portfolio growth, and a $211 million reduction in the provision for expected credit losses. These favourable variances are expected to be somewhat offset by a $50 million increase in operating and administrative expenses in fiscal 2026. This increase will allow BDC to support more entrepreneurs across Canada while enhancing efficiency through technological and digital investments.

Finally, Financing is expected to increase its loan guarantees exposure in fiscal 2026 through the Community Banking initiative. This initiative will focus on entrepreneurs with unconventional business models, with little credit history, outside metropolitan areas, or from younger age groups.

Table 25 – Financing results

As at March 31 ($ in millions)

	Plan 2026	**Actual 2025**	Plan 2025
Net interest income	1,835	**1,747**	1,746
Fee and other income	40	**33**	36
Net realized gains (losses) on investments	–	**(3)**	–
Net revenue	1,875	**1,777**	1,782
Provision for expected credit losses	(413)	**(624)**	(348)
Net change in unrealized appreciation (depreciation) of investments	–	**7**	–
Net foreign exchange gains (losses)	–	**3**	–
Net gains (losses) on other financial instruments	–	**0**	–
Income before operating and administrative expenses	1,462	**1,163**	1,434
Operating and administrative expenses	677	**627**	665
Net income from Financing	785	**536**	769
Portfolio	44,680	**40,851**	43,317
Loan guarantees exposure	279	**47**	386

Growth & Transition Capital

Fiscal 2025 results aligned with the plan, with lower realized losses in net revenue counterbalancing a higher net change in unrealized depreciation of investments. The economic landscape remained challenging, marked by a significant decrease in the volume of mergers and acquisitions (M&A) and a reduction in transactions within the tech sector. Leading into fiscal 2026, GTC is expecting to observe a slight improvement in market dynamics. For example, lower interest rates and higher valuations should lead to a rise in M&A activity and greater deal size, ultimately resulting in larger transactions. As a result, net income is expected to increase by $20 million from fiscal 2025 and close at $80 million, mainly due to higher net realized gains. Operating and administrative expenses are expected to be consistent with last year's target as a result of ongoing efforts to improve efficiency.

Table 26 – Growth & Transition Capital results

As at March 31 ($ in millions)

	Plan 2026	**Actual 2025**	Plan 2025
Net revenue (loss) on investments	134	**125**	111
Net change in unrealized appreciation (depreciation) of investments	(7)	**(15)**	(6)
Net foreign exchange gains (losses)	–	**(7)**	–
Income before operating and administrative expenses	127	**103**	105
Operating and administrative expenses	47	**43**	47
Net income from Growth & Transition Capital	80	**60**	58
Portfolio at fair value	1,385	**1,362**	1,283

Venture Capital

Venture Capital's fiscal 2025 net income surpassed the target by $92 million. This was driven by $22 million higher-than-expected investment revenue, $12 million lower operating and administrative expenses, and $93 million in unrealized net foreign exchange gains. This was partially offset by unrealized net fair value depreciation of investments, which exceeded the target by $35 million due to ongoing market uncertainties.

Fiscal 2026 is expected to bring a slight improvement in venture capital market dynamics, leading to a net fair value appreciation of $61 million, and a net revenue of $7 million on investments. As Venture Capital continues to grow to support the Canadian innovation ecosystem, and prepares to launch several new initiatives, we expect operating and administrative expenses to increase by $8 million over fiscal 2025 actuals.

Table 27 – Venture Capital results

As at March 31 ($ in millions)

	Plan 2026	**Actual 2025**	Plan 2025
Net revenue (loss) on investments	7	**7**	(15)
Net change in unrealized appreciation (depreciation) of investments	61	**(98)**	(63)
Net foreign exchange gains (losses)	–	**93**	–
Income before operating and administrative expenses	68	**2**	(78)
Operating and administrative expenses	68	**60**	72
Net income (loss) from Venture Capital	–	**(58)**	(150)
Portfolio at fair value	3,534	**3,221**	3,072

Advisory Services

In fiscal 2025, Advisory Services ended the year with revenue below target due to the early termination of the Canadian Digital Adoption Program (CDAP). Revenue was $37 million, which was below the expected $44 million, resulting in a higher net loss of $46 million versus $43 million.

Fiscal 2026 is projected to see a higher net loss due to lower revenue driven by the end of CDAP, which will subsequently lead to a decrease in mandate volume.

Table 28 – Advisory Services results

As at March 31 ($ in millions)

	Plan 2026	**Actual 2025**	Plan 2025
Revenue from activities	33	**37**	44
Delivery expenses	18	**20**	24
Gross operating margin	15	**17**	20
Operating and administrative expenses	61	**63**	63
Net income (loss) from Advisory Services	(47)	**(46)**	(43)

Capital Incentive Programs

Capital Incentive Programs' net income in fiscal 2025 exceeded the target by $30 million, mainly due to unrealized net fair value appreciation of investments $26 million above target and operating and administrative expenses being $1 million lower than planned. The program remained efficient while addressing market gaps in low-carbon technologies, supporting funds of funds, underserved groups like women and diverse entrepreneurs, and emerging regions.

In fiscal 2026, larger realized losses on investments are anticipated due to challenging conditions in the cleantech sector. Conversely, improvements in venture capital market dynamics outside the cleantech sector, along with a more mature portfolio, are expected to result in net fair value appreciation on investments of $37 million. Starting in fiscal 2026, operating and administrative expenses are expected to increase to $9 million as BDC initiates two new Venture Capital Catalyst Initiatives:

— a $200 million program announced in the 2024 Federal Budget to increase access to venture capital for equity-deserving entrepreneurs, and to invest in rural and underserved communities; and

— a $1 billion envelope from the 2024 Fall Economic Statement to leverage more private venture capital with more enticing terms for pension funds and other institutional investors.

Table 29 – Capital Incentive Programs results
As at March 31 ($ in millions)

	Plan 2026	**Actual 2025**	Plan 2025
Net revenue on investments	(4)	**33**	34
Net change in unrealized appreciation (depreciation) of investments	37	**40**	14
Net foreign exchange gains (losses)	–	**4**	–
Income before operating and administrative expenses	33	**77**	48
Operating and administrative expenses	9	**7**	8
Net income (loss) from Capital Incentive Programs	24	**70**	40
Portfolio at fair value	1,727	**1,628**	1,563

Credit Availability Program

Fiscal 2025 saw a net loss of $160 million, $20 million below target, driven primarily by an $99 million favourable variance in the provision for expected credit losses on the impaired portfolio. This was due to lower claims on loan guarantees than anticipated in the Highly Affected Sectors Credit Availability Program (HASCAP). This was partly offset by $42 million larger fair value losses on initial recognition of CDAP loans, as demand for CDAP loans was higher than planned with over 8,000 loans accepted in fiscal 2025. These losses are recognized at disbursement as CDAP's loans carry interest at below-market rates. Fair value losses on initial recognition will be offset over time as interest income is recognized until loan repayment.

Fiscal 2026 is expected to see a net loss of $183 million, $23 million higher compared to fiscal 2025, driven primarily by lower net revenue as COVID relief initiatives' portfolios wind down and elevated provisions for expected credit losses, given the risk profile of this portfolio. Fair value losses on initial recognition of CDAP loans are expected to decrease to $61 million, as new acceptances decrease, and existing loans are repaid. Starting in fiscal 2026, BDC will deploy $500 million over 48 months through the new Lead with Innovation and Technology (LIFT) program announced in the 2024 Fall Economic Statement (FES). Fiscal 2026 operating and administrative expenses include costs to develop this program.

Table 30 – Credit Availability Program results
As at March 31 ($ in millions)

	Plan 2026	**Actual 2025**	Plan 2025
Net interest income	117	**162**	160
Fee and other income	19	**29**	27
Net realized gains (losses) on investments	(10)	**(14)**	(7)
Net revenue	126	**177**	180
Provision for expected credit losses	(225)	**(175)**	(246)
Net change in unrealized appreciation (depreciation) of investments	–	**(1)**	6
Net foreign exchange gains (losses)	–	**4**	–
Net gains (losses) on other financial instruments	(61)	**(140)**	(98)
Income before operating and administrative expenses	(160)	**(135)**	(158)
Operating and administrative expenses	23	**25**	22
Net income (loss) from Credit Availability Programs	(183)	**(160)**	(180)
Portfolio at amortized cost and fair value	908	**1,218**	1,099
Loan guarantees exposure	1,222	**2,050**	1,797

Financial condition

Fiscal 2025 ended with assets $277 million higher than target, mainly due to a greater cash balance and greater net defined benefit asset than expected. Higher investments, driven mainly by unrealized net foreign exchange gains, further supported higher assets. This was partially offset by a lower portfolio in Financing resulting from lower acceptances given the economic context. A projected $300 million share repurchase in the Credit Availability Program was postponed to fiscal 2026 from the first quarter of fiscal 2025. This led to lower borrowing needs and higher equity than planned. A lower portfolio in Financing than expected also contributed to lower borrowings.

In fiscal 2026, assets are expected to increase to $52 billion due to portfolio growth as BDC continue to deploy capital to support Canadian entrepreneurs. The share repurchase in the Credit Availability Program, expected in fiscal 2026, along with portfolio growth, will likely increase borrowing needs.

Table 31 – Financial position
As at March 31 ($ in millions)

	Plan 2026	**Actual 2025**	Plan 2025
Cash	935	**1,548**	901
Asset-backed securities	1,255	**1,203**	1,443
Loans, gross carrying amount	44,267	**42,406**	42,888
Allowance for expected credit losses	(1,590)	**(1,634)**	(1,436)
Investments	6,712	**6,306**	6,003
Net defined benefit asset	347	**417**	177
Other	243	**258**	251
Total assets	52,169	**50,504**	50,227
Borrowings	35,478	**33,936**	34,278
Net defined benefit liability	242	**236**	242
Expected credit losses on loan commitments and guarantees	423	**565**	544
Other	450	**438**	462
Total liabilities	36,593	**35,175**	35,526
Total equity	15,576	**15,329**	14,701
Total liabilities and equity	52,169	**50,504**	50,227

Capital adequacy

At the end of fiscal 2025, BDC held $311 million in capital. This was $159 million above target primarily due to reduced required capital in Financing. In fiscal year 2026, BDC projects that its capital above the internal target rate will decrease to $188 million due to increased required capital from portfolio growth.

Table 32 – Capital adequacy (BDC core portfolio)
As at March 31 ($ in millions)

	Plan 2026	**Actual 2025**	Plan 2025
Equity attributable to BDC's shareholder	15,623	**15,327**	14,699
Adjustments to available capital	(3,461)	**(4,134)**	(3,366)
Total available capital	12,162	**11,193**	11,333
Financing	6,458	**5,875**	6,228
Growth & Transition Capital	365	**348**	345
Venture Capital	4,309	**3,905**	3,812
Required capital	11,132	**10,128**	10,385
Capital status	1,030	**1,065**	948
Management operating range	842	**754**	796
Capital above the internal target rate	188	**311**	152
Internal capital ratio	109.0%	**110.5%**	109.0%

Capital above the internal target rate for CAP reached $1.1 billion at the end of fiscal 2025. This was $367 million higher than target, due mostly to the delay of the projected $300 million share repurchase. In fiscal 2026, capital above the internal target rate is expected to decrease to $518 million due to a projected $586 million share repurchase as the Covid relief programs portfolios wind down. This will be partially offset by a $75 million share injection for the new LIFT program.

Table 33 – Capital adequacy (BDC CAP portfolio)
As at March 31 ($ in millions)

	Plan 2026	**Actual 2025**	Plan 2025
Equity attributable to BDC's shareholder	921	**1,695**	1,273
Adjustments to available capital	26	**39**	37
Total available capital	947	**1,734**	1,310
Required capital	389	**594**	543
Capital status	558	**1,140**	767
Management operating range	40	**62**	56
Capital above the internal target rate	518	**1,078**	711

4. Risk management

BDC's mandate is to support the establishment and development of businesses in Canada, with a focus on small and medium-sized enterprises.

Consistent with our mandate to support SMEs, BDC generally assumes more risk than a typical financial institution. BDC's non-investment-grade exposure is significantly higher than that of the six largest Canadian chartered banks. However, BDC's strong risk management practices and culture enable it to take the risks necessary to fulfill its mandate.

BDC's risk management framework (RMF) outlines the methodology used to manage the risks inherent in BDC's activities while ensuring the outcomes of these risk-taking activities are aligned with BDC's strategy, risk appetite and mandate. It also reinforces a risk management culture across the organization that ensures a high level of risk awareness and makes risk management an integral part of strategic and operational decision-making and day-to-day activities.

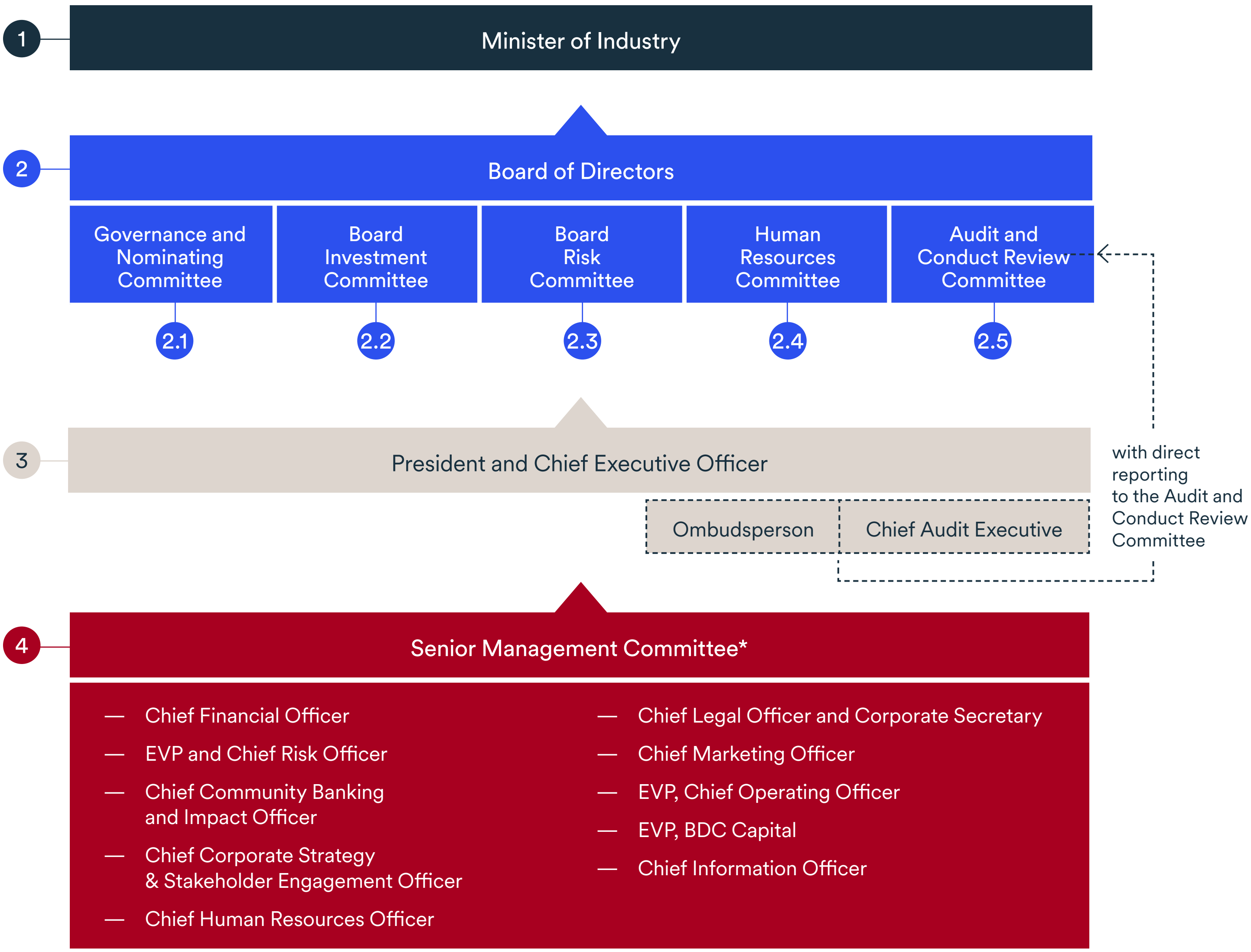
BDC's risk management principles

Key risk management principles that support the organization in our risk governance activities are the following:

- **Risk governance**: Risk management involves identifying, assessing, managing, monitoring, and reporting on risks that may impede BDC and its clients from achieving their objectives and for managing risks within approved limits.
- **Risk accountability**: Risk management is everyone's responsibility, from members of the Board of Directors to employees carrying out oversight, lines of business and corporate functions.
- **Transparency**: Employees should be comfortable talking openly and honestly about risk, using a common risk vocabulary that promotes shared understanding.
- **Strategic balance**: BDC manages risk by balancing it with our strategic objectives, our mandate to support Canadian entrepreneurs and our ability to reinvest capital and/or declare a dividend to the shareholder at the discretion of the Board of Directors.
- **Risk integration**: BDC integrates risk management into key business processes and activities, including strategic, operational, business and budget planning, as well as lending, investing and advisory services.
- **Risk challenge**: BDC fosters an open and transparent culture that promotes and encourages risk challenge. The timely escalation of risk issues is fundamental to establishing effective risk.
- **Oversight functions, executive-level reporting, and accountability to an independent Board of Directors and the shareholders:** These ensure continuous and objective assessment of risk.
- **Resiliency**: BDC is operationally prepared for potential incidents and for financial sustainability through economic cycles.

The successful application of these risk management principles in day-to-day activities is essential to enhancing employees' awareness and understanding of their responsibilities within BDC's risk culture.

Risk governance framework



* BDC's governance framework also includes several internal committees to guide corporate decision-making in areas such as disclosure, risk management, venture capital management and pension management.

The Board of Directors

BDC's Board of Directors benefits from regional, sectoral, professional and lived-experience diversity that generates greater insight and better oversight. This diversity is integral to the Board and its committees in their oversight of risk governance and risk management.

In addition to approving the risk appetite framework, the Board also approves risk policies and strategies; ensures BDC's risk management is effective; reviews capital adequacy and stress-testing analyses; sets clear levels of delegation of authority for transactions; and ensures an appropriate link between risk and reward.

All committees consider risk in their deliberations and have specific responsibilities for managing risk. For full details on the Board and its committees, please see the Corporate Governance section, starting on page 147.

BDC management: Risk committees and functions

BDC has implemented a management governance framework to foster a collaborative risk management culture that ensures effective coordination among business units and corporate functions. Each committee helps BDC meet its strategic objectives while ensuring that operations are managed effectively.

The following committees and functions are key elements of this management governance framework and help ensure effective risk management throughout the Bank.

The Senior Management Committee ensures that sound risk management strategies and practices are established and respected and that an integrated, aligned vision of BDC's significant risks is in place, including plans to mitigate and assume risks when appropriate, in an effective and coordinated manner. Through the Disclosure Committee, it also oversees BDC's disclosure obligations and practices.

The Chief Risk Officer is accountable for the executive leadership and direction of BDC's risk operations, processes and systems. The Chief Risk Officer chairs the Risk Management Committee and is a member of the Senior Management Committee. The Chief Risk Officer has unfettered access to the Board Risk Committee and has the responsibility and authority to identify and address risk issues, as required.

The Risk Management Committee includes senior leaders from various business units and corporate functions. It focuses on risk oversight. As such, the committee ensures that BDC has an adequate and effective risk management framework to identify and evaluate trends and critical issues; evaluate or quantify their likely impact; and ensure BDC is mitigating them within its risk appetite.

More specifically, the committee reviews the quality and changes in risk profile of the loan and securitization portfolios, and in venture capital and subordinate financing investments. It also reviews financial performance, capital adequacy and BDC's risk appetite statement.

The committee reports to the Senior Management Committee and the Board on significant risks and related remediation activity.

The Operational Risk and Compliance Committee provides oversight, direction and guidance on operational and compliance risk governance, and risk and control issues arising from the planning and execution of BDC's strategies. It is a sub-committee of the Risk Management Committee.

The Valuation Committees oversee the assessment and determination of the fair value of investment portfolios. The committees include senior leaders and an external chartered business valuator.

The Asset and Liability Committee includes the Chief Financial Officer and senior leaders from various business units and corporate functions. It focuses on treasury activities and treasury risk oversight. It also oversees the management of BDC's interest rate risk, currency risk, liquidity risk and counterparty credit risk of short-term liquidity investments and derivatives.

BDC's risk management structure comprises the following key functions:

- credit and investment risk management
- enterprise risk management and compliance, which includes operational risk
- integrated risk management, which includes portfolio risk management

Risk management responsibilities include the following tasks:

- ensure that BDC applies appropriate risk management principles, policies and corporate directives to manage significant and emerging risks, within its risk appetite
- develop tools to measure, monitor and report on risks
- provide timely and complete reports on risks to the Bank's risk management committees

BDC's information security and information technology (IT) teams manage and monitor infrastructure, governance, processes and activities to protect BDC's electronic information assets and supporting infrastructure against unauthorized access, use, disclosure, modification, damage or loss, while ensuring compliance with regulatory and enterprise requirements.

The internal audit department promotes sound risk management practices and protects the organization by providing reasonable assurance that the internal controls put in place by management and the Board of Directors are both adequate and effective.

Top risks

The identification of top and/or emerging risks is an integral part of BDC's corporate planning and ongoing monitoring of activities. We identify significant risks that may have an impact on the Bank's capacity to achieve its objectives. Management and the Board of Directors review and assess risks, which are monitored and remediated as part of BDC's day-to-day risk management activities.

Strategic risk
The risk associated with sub-optimal or ineffective strategy, ineffective deployment of the chosen strategy, inaccurate knowledge of the market or a lack of responsiveness to changes in the external environment impacting BDC's ability to achieve its mandate.

Risk from changes in the business, economic and market environment
The risk associated with volatility in the economic and market environment, which may be caused by inflation, supply chain disruptions, capital market fluctuations, and changes in the real estate market, energy prices, interest rates and other factors. Volatility in the economic and market environment may impact loans, investments and transactions. Furthermore, the imposition of tariffs by the United States and retaliatory measures by its trading partners and potential changes in economic policies pose a risk to the Canadian economy and businesses. The extent of this risk is uncertain and depends on the scope and duration of these tariffs.

Cybersecurity risk
The risk associated with the intentional or unintentional exploitation of vulnerabilities or weaknesses in IT controls. This risk is heightened by an ever-evolving threat landscape and the need for constantly updated security controls.

Portfolio volatility risk
The risk that market volatility will lead to higher loan defaults, pricing that is not aligned with client risk profiles, declining fair value of venture capital investments or a higher number of clients who are facing financial difficulty.

Climate risk
The risk associated with climate change (physical and transition risk) and its impact on BDC and its clients. This includes severe weather events, changing economic systems, and evolving government and societal responses that may result in a broad range of risks, including strategic, reputational, operational, structural and credit-related risks.

Reputational risk
The risk that stakeholder and client perceptions regarding BDC's mandate, practices, actions or inactions may damage its reputation and impact its ability to fulfill its mandate and conduct its business.

Technology operations failure
The risk associated with the interruption, insufficiency or instability of technology operations.

Third-party failure
The risk of failure or security breaches associated with the sourcing, procurement and performance of third-party suppliers or their supply chain that may result in critical service disruptions, regulatory action, financial loss, litigation or reputational damage for BDC.

Privacy and data risk
The risk associated with deficiencies in data privacy and confidentiality, information governance, and lifecycle management.

Human capital risk
The risk that labour and skill shortages will arise from competition for key resources, thereby increasing operational demands for specialized skills and knowledge in a highly demanding workplace environment with large, varied and concurrent changes underway.

Change management
The risk that the volume and velocity of change resulting from large, concurrent strategic initiatives and internal priorities will impact BDC's ability to implement initiatives effectively, increase reliance on limited specialized resources, or disrupt BDC's capacity to deliver on its mandate and achieve its strategic objectives.

Business continuity
The risk associated with process or system disruption, and in the disruption of people's lives, due to events over which BDC has limited control, such as natural catastrophes or other crises.

Financial crimes and misconduct
The risk associated with criminal acts or other misconduct leading to financial or property loss.

Risk appetite framework and risk appetite statement

The risk appetite framework (RAF) defines BDC's approach to establishing and governing its risk appetite. The RAF is integrated into BDC's strategy development and implementation process. It includes core risk principles which dictate that BDC will only take risks that:

— it understands, can manage, and that fit with its strategic objectives

— fulfill its mandate to support Canadian entrepreneurship

— are not expected to negatively impact its brand, reputation or shareholder's reputation

The risk appetite statement is based on qualitative and quantitative measures that articulate, and allow for reporting on, the vision of the Board of Directors and senior management for managing the risks BDC is willing to accept in executing its mandate.

Enterprise-wide risk management process

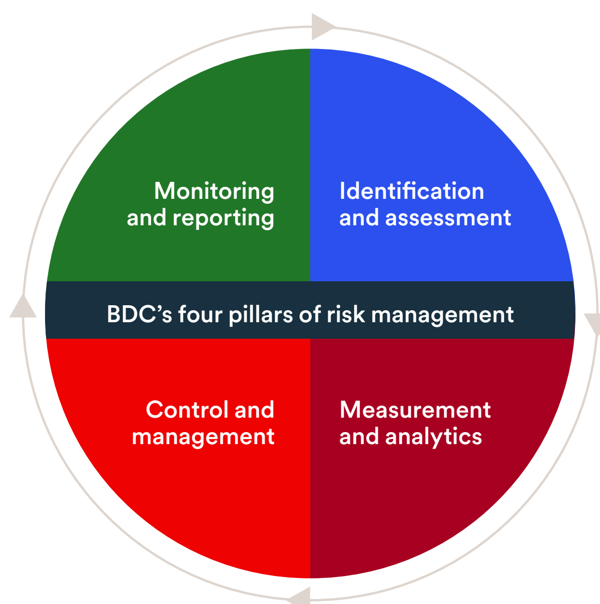
The risk management framework (RMF) provides a consistent and structured approach to managing the risks inherent in BDC's activities while ensuring that the outcomes of such risk- taking activities are aligned with BDC's strategy, risk appetite and mandate. The RMF outlines the methodology used by BDC to manage risk and reinforces a risk culture throughout the organization.

BDC's Enterprise Risk Management Policy codifies the integrated, enterprise-wide process we use to identify, assess, manage, monitor and report risks. The policy is designed to ensure that BDC considers risk in all business activities and makes risk management an integral part of day-to-day decision-making and the annual corporate planning process. The policy defines the roles and responsibilities of the Board of Directors and its committees, business management, functional units, and employees in implementing the policy. The Board of Directors reviews and approves the policy at least once every two years.

The foundation of an effective RMF is the use of common language and a consistent approach to identifying, assessing/measuring, managing, monitoring and reporting risks. BDC defines risk as the potential for loss or an undesirable outcome that adversely affects the achievement of the Bank's mandate and strategic objectives. BDC has established a risk inventory that defines the following risk categories:

— strategic
— credit and investment
— market
— liquidity
— operational
— technology
— environmental and social
— regulatory and legal compliance
— reputational

BDC's approach to managing risk is based on four pillars of risk management.



Risk identification and assessment
Risk identification and assessment programs and processes ensure that BDC continuously identifies, understands and assesses existing and emerging risks that evolve as a result of changes in both the internal and external environments. Top risks, as well as those that are emerging, are presented to the organization's risk management committees for assessment and discussion. Risks related to significant projects, new products or services, and policy changes are also assessed and discussed.

Risk measurement and analytics
Risks throughout the organization are quantitatively and/or qualitatively assessed with up-to-date tools or models, taking into consideration best practices in the financial services industry. These assessments ensure that BDC's policies, corporate directives, standards and tolerance limits are upheld. Board members and senior managers use this information to understand BDC's risk profile and portfolio performance.

Risk monitoring and reporting
The continuous monitoring of the potential impact of existing and emerging risks occurs in the normal course of management activities. Business lines, corporate functions, and risk management and oversight functions have established responsibilities associated with the day-to-day monitoring of their respective activities. Integrated risk management (IRM) reports provide a full quantitative and qualitative assessment of performance against the Bank's risk appetite.

The evolution of the Bank's risk profile is reported through in-depth portfolio monitoring and analysis. IRM reports are communicated to senior management and the Board.

Risk control and management
Business lines are responsible for ensuring that their business rules include effective and appropriate controls and that employees comply with procedures. BDC uses the following elements to mitigate risks:

— appropriate and clear roles, responsibilities, processes, policies, directives and procedures

— corporate risk management functions and committees that provide oversight and monitoring

— risk mitigation activities, such as insurance risk management, business continuity planning, IT recovery planning, and anti-fraud and anti-money laundering programs

— quality reviews and audits to ensure that BDC is using appropriate risk management practices

— enterprise-wide stress tests on significant risks and portfolios to determine the appropriate level of capital necessary to withstand a sustained economic downturn and continue to fulfill BDC's mandate

Major risk categories

Strategic risk
This is the risk that impedes the fulfillment of our mandate and thus puts at risk our sustainability and/or existence due to ineffective strategies, ineffective strategy execution, inaccurate knowledge of the market or lack of responsiveness to changes in the external environment.

Managing strategic risk
The Senior Management Committee, which includes the CEO and leaders from the business and corporate functions, establishes BDC's strategic direction, sets corporate objectives, defines success measures, and monitors operations and performance.

BDC employs a rigorous process to annually update its corporate strategy. The strategy is then approved by senior management, the Board and its sole shareholder, the Government of Canada. Regular strategic reviews and risk management programs ensure alignment with the Bank's risk appetite.

BDC ensures that it operates with an appropriate level of capital in accordance with the nature and level of risk taken. The internal capital adequacy assessment process evaluates capital adequacy on both a regulatory and an economic capital basis and is used to establish capital thresholds in line with the risk appetite statement. BDC allocates capital among business units based on needs and assessed risks in order to support new and existing corporate activities.

BDC also conducts stress tests on its capital levels to assess the impact of different adverse scenarios to ensure it has sufficient capital to withstand unfavourable economic conditions. BDC's stress-testing framework seeks to ensure that it is adequately capitalized, given the risks taken in line with BDC's risk appetite.

Please refer to Note 16—*Capital management* to the Consolidated Financial Statements for additional information on BDC's capital management and adequacy.

Financial risks
BDC has identified three major categories of financial risk: credit risk, market risk and liquidity risk. Note 17—*Risk management* to the Consolidated Financial Statements details BDC's financial risk management policies and measurements.

Credit and investment risk
The risk of financial loss that arises from the possibility of default by a Client, an issuer of security, or a counterparty with whom BDC conducts business, together with the amount of loss that would occur in the event of default or failure to meet initial performance expectations.

Managing credit and investment risk

All credit and investment decisions must comply with established policies, directives, guidelines, business rules and risk assessment tools used to help make these decisions. Managing credit risk is the responsibility of several levels of employees—from those who deal directly with clients to authorizing officers. Specific authorities are delegated to positions commensurate with their function and the level of credit knowledge and judgment that employees holding that position are required to possess.

Our adjudication process includes assigning a borrower rating that reflects our estimate of the probability of default (PD) over the life of a loan. PD estimates are determined using internal risk classifications and scoring systems that take into consideration quantitative and qualitative criteria. These criteria include an assessment of the borrower's financial strength, management quality, financial flexibility and competitive strength. A score from a quantitative model can be modified in some cases based on expert judgment, as prescribed by our credit policies. Our internal risk classifications are also used for portfolio risk management, risk limit setting, product pricing and the determination of economic capital.

The table below matches our internal ratings to ratings used by external ratings agencies.

While BDC follows leading risk management practices, we generally assume more risk than a typical financial institution, due to our mandate and corresponding risk appetite. As a result, a large portion of BDC's portfolio is non-investment grade. Please refer to Note 10—*Loans* to the Consolidated Financial Statements for further information on outstanding loans by grade equivalent.

The most common method used to mitigate credit risk at the transaction level is to obtain high-quality collateral from borrowers. While collateral cannot replace a rigorous assessment of a borrower's ability to meet his or her obligations to us, it is an important complement. Collateral is not required in all cases; it depends on the type of loan granted. Please refer to Note 10—*Loans* to the Consolidated Financial Statements for further information about principal collateral pledged as security and our level of security coverage.

In addition to managing credit risk based on individual transactions, BDC manages it on a portfolio level. Through monitoring, analysis and risk reports, portfolio risk management ensures that the overall risk in the portfolio is well diversified and consistent with fulfilling our mandate while achieving our financial objectives, in line with our risk appetite.

BDC loans portfolio credit risk exposure (excluding CAP)

BDC rating	Grade	Credit rating equivalent	March 31, 2025
0.5 to 1.0	Investment grade	A+ to BBB-	12.5%
1.5 to 2.0		BB+	29.1%
2.5 to 4.0	Non-investment grade[1]	BB to BB-	41.9%
4.5 to 5.0		B+ to B-	9.8%
5.5	Watchlist	CCC+ to CC	2.8%
6	Default		3.9%
			100%

[1] Businesses with less than an equivalent grade rating of BB+, which designates a higher degree of risk than standard commercial-grade lending. These businesses typically have less capacity to manage their financial commitments.

Market risk
This is the risk of financial loss that may arise from developments in the marketplace or from our inability to forecast weak economic conditions quickly enough to mitigate losses in our portfolio.

It represents the market value fluctuations of BDC's assets and liabilities arising from volatility in interest rates, equity markets and foreign currency levels. For BDC, market risk also arises from volatile and unpredictable market events affecting the value of investments in Venture Capital and Capital Incentive Programs.

Market non-trading risk is the risk of loss in financial instruments, financial position or net income, or the risk in non-trading activities, such as asset liability management or hedging, due to market factors, including fluctuations in interest rates, foreign exchange rates, or the price of equities or commodities.

Managing market risk
BDC applies a sound asset and liability management framework in our funding strategy and uses derivatives to manage and mitigate exposure to fluctuations in equity markets, foreign currencies and interest rates.

Liquidity risk
This is the risk of being unable to obtain or convert BDC's assets into cash for the purpose of servicing and refinancing debt for the timely disbursement of committed loans and/or for the payment of operating expenses and dividends.

Managing liquidity risk
To avoid any business disruptions, BDC ensures that the minimum required level of cash is invested in highly liquid, high-quality accounts.

Operational risk
Operational risk is the risk of loss from inadequate or failed internal processes, people and systems, or from events beyond BDC's control, such as extreme weather events and natural disasters. It is pervasive in all business activities, including our practices for managing other risks, such as strategic, credit, market and liquidity, technology, regulatory and compliance, and environmental and social risk.

Managing operational risk
Operational risk is inherent in all our activities and operations at BDC. As such, BDC strives to identify, analyze, manage, monitor and report these risks in line with our enterprise risk management framework and relevant directives. These policies and directives govern the way we manage our people, processes and internal/external environment.

BDC has implemented the following mitigation practices for managing key operational risks.

- **Business continuity management and incident management**. BDC has tools and processes to manage adverse incidents and minimize interruptions to business operations, as set out in our business continuity plans.
- **Insurance**. BDC mitigates its financial losses by purchasing insurance against unfavourable insurable events.
- **Human resources management**. BDC's long-term success depends largely on our capacity to attract, retain and develop skilled employees and to create a healthy, professional and collaborative environment that encourages them to contribute fully to BDC's mission of helping Canadian entrepreneurs succeed. We achieve this through:
  - BDC's Code of Ethics
  - human capital strategies and plans, including effective hiring practices, organizational design and compensation
  - training and other professional development programs to foster engagement and prepare employees to achieve their full potentiall
  - diversity, equity and inclusion practices
- **Third-party risk management processes**. BDC follows sound principles and practices in the procurement and contracting of goods and services and the management of third parties. BDC has a risk-based, enterprise-wide third party risk management program to mitigate third-party risks. These include an effective governance framework, disciplined risk based due diligence process, oversight on our relationships with third parties, and reporting.
- **Project management**. The BDC Prioritization Committee (BPC) and Enterprise Project Management Office (EPMO) provide project management leadership, expertise and experience to the organization. The BPC is a senior-level committee responsible for the approval and prioritization of initiatives at BDC. The EPMO also provides executive management with an overall strategic view of the BDC Digital Portfolio for prioritization and effective decision-making. This ensures projects are aligned with corporate objectives and the organizational capacity to deliver them.
- **Fraud and misconduct management**. BDC has a fraud and misconduct identification, investigation, and management program to prevent and detect illicit activity.
- **Model risk management**. BDC manages and mitigates model risk by identifying, reviewing, validating, and approving new and existing models.

Technology risk

Technology risks are omnipresent in the daily operations of BDC. The potential severity of technology failures and cybersecurity threats continues to increase as our reliance on technology, systems and data grows, and as we become increasingly interconnected with third parties.

Organizations, including financial institutions, are exposed to a large and growing array of internal and external threats. Hybrid work environments and remote work heighten our exposure to technology risk.

BDC has embarked on a significant transformation of our digital operations, including an enhancement of our IT infrastructure and data management systems. Digital transformations necessarily introduce new technology risks. The continuous identification and mitigation of these risks is a high priority for management.

Therefore, the need to identify, analyze, manage, monitor and report technology risks is included in policies and directives. These policies and directives govern the way BDC manages systems and infrastructure, cybersecurity, assets, information security and data integrity.

Managing technology risk

BDC strives to ensure the protection of our systems and of our client and corporate data. We continuously invest in our technology infrastructure to safeguard our systems and data while advancing our business goals. Risk mitigation efforts include 24/7 detection and response capabilities, in partnership with leading security firms; the ongoing rollout of tools to monitor and prevent data loss; system and network controls; and ongoing independent testing of infrastructure, systems and applications. We also take a holistic approach to managing human risks, combining employee training, awareness campaigns, simulated phishing tests, and follow-up actions in case of test failures or non-compliance with our policies. This integrated strategy reinforces a strong security culture across the organization.

In addition, we have established a training program to improve incident responses by our IT cybersecurity/operations specialists. We manage technology incidents and work to minimize interruptions to business operations through our IT disaster recovery plan and IT incident management processes.

Legal and regulatory risk

This is the risk associated with a failure to meet BDC's obligations as required by the laws, rules, regulations and prescribed practices in the jurisdictions in which we operate.

Managing legal and regulatory risk

Compliance and Legal Affairs oversee compliance with legal and regulatory requirements through the regulatory compliance management framework. In addition, Legal Affairs is responsible for managing litigation involving BDC.

Reputational risk

This is the risk that stakeholder and client perceptions regarding BDC's mandate, practices, actions or inaction will damage our reputation and affect our ability to fulfill our mandate and conduct our business.

Managing reputational risk

BDC's risk management framework is the cornerstone of managing reputational risk. Reputational risk management is embedded in all elements of our business activities.

BDC has monitoring tools and processes in place to track topics of interest in social and traditional media.

BDC considers reputational risk when assessing potential loans or investments. We screen potential clients and complete due diligence on potential transactions.

Environmental and social risk

This is the risk that environmental or social issues associated with BDC, or with a client, supplier, transaction, product or activity, may give rise to financial risk, including credit, operational, reputational or legal risks.

Environmental risks can arise from various activities and events that may negatively impact the quality of air, land, water and habitat, and biodiversity.

Climate change risks are a type of environmental risk and could be in the form of physical or transition risks.

For BDC, social risk has both direct and indirect dimensions. Direct risks would stem from failing to effectively fulfill our mandate of supporting entrepreneurs. Indirect risks would stem from financing clients, engaging third parties, or collaborating with partners whose behaviours contravene accepted norms of responsible corporate behaviour, such as discriminating against individuals or groups.

Managing environmental and social risk (including climate risk)

BDC incorporates the consideration of environmental issues associated with its loan applicants and investments, as appropriate. Using a risk-based approach, BDC obtains environmental site assessments on financed properties.

See the Sustainability section of the Annual report (page 134) for more information on how we manage climate risk.

Social risk management is embedded in the day-to-day activities of the Bank and the products and services we provide to entrepreneurs and to ensure that BDC does business with clients who respect internationally accepted human rights standards. In addition, the Employee Code of Ethics provides ethical guidance at all levels of the organization.

5. Accounting and control matters

Material accounting policies

BDC's material accounting policies are described in Note 3—*Material accounting policies* to the Consolidated Financial Statements. Certain of these policies, as well as estimates and assumptions made in applying such policies, are considered critical, as they require significant judgments by management. BDC has established control procedures, including formal representations and certification by senior officers, to ensure that accounting policies, estimates and assumptions are reviewed and applied consistently from period to period.

Judgments, estimates and assumptions

BDC's significant accounting judgments, estimates and assumptions are described in Note 6—*Significant accounting judgments, estimates and assumptions* to the Consolidated Financial Statements. Critical accounting estimates that have the most significant effect on the amounts recognized in the Consolidated Financial Statements include those related to the allowance for expected credit losses, fair value of financial instruments, consolidation and net defined benefit asset or liability.

Controls and procedures

Management is responsible for establishing and maintaining adequate internal control over financial reporting as well as appropriate disclosure controls and procedures.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). However, because of its inherent limitations, internal control over financial reporting can only provide reasonable assurance and may not prevent or detect misstatements.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis so that BDC can make appropriate decisions about public disclosure.

BDC has a certification regime to evaluate the design and effectiveness of our internal control over financial reporting and our disclosure controls and procedures. The evaluation of the design and effectiveness of internal control over financial reporting was performed using the *Internal control—Integrated Framework 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

BDC has reached the following conclusion regarding the design and effectiveness of internal control over financial reporting:

As of March 31, 2025, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management evaluated the design and effectiveness of internal control over financial reporting. Based on the results of the evaluation, they concluded that internal control over financial reporting is adequately designed and operates effectively to provide reasonable assurance about the reliability of financial reporting and of financial statements prepared in accordance with IFRS accounting standards.

BDC has reached the following conclusion regarding the design and effectiveness of disclosure controls and procedures:

As of March 31, 2025, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management evaluated the design and effectiveness of disclosure controls and procedures. Based on the results of the evaluation, they concluded that disclosure controls and procedures are adequately designed and operate effectively to provide reasonable assurance that material information disclosed is recorded, processed, summarized and presented within the requested timeframe, and that it is communicated to management on a timely basis for decision-making purposes.

Consolidated Financial Statements

Management's Responsibility for Financial Information

The Consolidated Financial Statements of the Business Development Bank of Canada (BDC) were prepared and presented by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The information contained therein normally includes amounts requiring estimations that have been made based upon informed judgment as to the expected results of current transactions and events. The financial information presented elsewhere in this Annual Report is consistent with the Consolidated Financial Statements.

In discharging its responsibility for the integrity, fairness and quality of the Consolidated Financial Statements and for the accounting systems from which they are derived, management maintains a system of internal control designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. BDC has implemented a certification regime to evaluate design and effectiveness of internal controls related to: (i) Disclosure Controls and Procedures (DC&P) and (ii) the Internal Control over Financial Reporting (ICFR), using: the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Control Objectives for Information and related Technologies (COBIT) for General Information Technology Controls (GITC). Refer to the Management's Discussion and Analysis section of the Annual Report for additional information (page 60).

The Internal Audit function periodically conducts independent and unbiased assurance and advisory reviews of BDC's Governance, Risk and Control processes and operational activities. In addition, the Chief Audit Executive, and the External Auditors have full and free access to the Audit and Conduct Review Committee of the Board of Directors, which is responsible for overseeing and reviewing management's internal control and reporting responsibilities. The Board of Directors, through the Audit and Conduct Review Committee, which is entirely composed of independent directors, is responsible for reviewing and approving the audited annual Consolidated Financial Statements.

BDC's independent auditors, KPMG LLP, Chartered Professional Accountants, and the Auditor General of Canada have audited BDC's Consolidated Financial Statements and their report indicates the scope of their audit and their opinion on the Consolidated Financial Statements.

Isabelle Hudon
President and Chief Executive Officer
Montreal, Canada
June 11, 2025

Christian Settano, CPA
Chief Financial Officer

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

KPMG

Independent Auditors' Report

To the Minister of Industry

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of the Business Development Bank of Canada and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion
In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Business Development Bank of Canada and its wholly-owned subsidiary coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the Business *Development Bank of Canada Act*, the charter and by-laws of the Business Development Bank of Canada and its wholly-owned subsidiary, and the directives issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of the Business Development Bank of Canada and its wholly-owned subsidiary that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities
Management is responsible for the Business Development Bank of Canada and its wholly-owned subsidiary's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Business Development Bank of Canada and its wholly-owned subsidiary to comply with the specified authorities.

Auditors' Responsibilities for the Audit of Compliance with Specified Authorities
Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

Sophie Bernard, CPA auditor
Principal for the Auditor General of Canada
Montréal, Canada
June 11, 2025

KPMG LLP*

*CPA auditor, public accountancy permit No. A120220

Consolidated Statement of Financial Position

(in thousands of Canadian dollars)

	Note	March 31, 2025	March 31, 2024
Assets			
Cash	–	**1,547,771**	919,278
Derivative assets	8	**454**	317
Asset-backed securities	9	**1,202,586**	1,289,527
Loans			
Loans, gross carrying amount	10	**42,405,851**	40,162,892
Less: allowance for expected credit losses	10	**(1,633,600)**	(1,271,850)
Loans, net of allowance for expected credit losses	–	**40,772,251**	38,891,042
Investments	11	**6,306,293**	5,737,949
Property and equipment	–	**55,341**	58,360
Intangible assets	–	**49,321**	52,275
Right-of-use assets	–	**77,520**	80,357
Net defined benefit asset	14	**417,040**	338,256
Other assets	–	**75,436**	75,579
Total assets	–	**50,504,013**	47,442,940
Liabilities and equity			
Liabilities			
Accounts payable, accrued and other liabilities	12	**341,211**	336,738
Derivative liabilities	8	**3,853**	144
Borrowings			
Short-term notes	13	**21,254,049**	17,833,660
Long-term notes	13	**12,681,699**	11,777,172
Total borrowings	–	**33,935,748**	29,610,832
Lease liabilities			
Short-term lease liabilities	–	**13,681**	13,872
Long-term lease liabilities	–	**79,011**	82,314
Total lease liabilities	–	**92,692**	96,186
Net defined benefit liability	14	**236,498**	231,608
Expected credit losses on loan commitments and guarantees	10, 20	**564,721**	637,857
Total liabilities	–	**35,174,723**	30,913,365
Equity			
Share capital	15	**6,239,900**	7,639,900
Contributed surplus	–	**27,778**	27,778
Retained earnings	–	**9,041,178**	8,873,078
Accumulated other comprehensive income (loss)	–	**18,977**	(14,301)
Equity attributable to BDC's shareholder	–	**15,327,833**	16,526,455
Non-controlling interests	–	**1,457**	3,120
Total equity	–	**15,329,290**	16,529,575
Total liabilities and equity	–	**50,504,013**	47,442,940

Guarantees and contingent liabilities (Note 20)

Commitments (Notes 10, 11, 19 and 20)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Suzanne Trottier
Director
Chairperson, Audit and Conduct Review Committee

Isabelle Hudon
Director
President and Chief Executive Officer

Consolidated Statement of Income

For the year ended March 31 (in thousands of Canadian dollars)

	2025	2024
Interest income	**3,255,334**	3,168,491
Interest expense	**1,197,496**	1,153,248
Net interest income	**2,057,838**	2,015,243
Net realized gains (losses) on investments	**(40,975)**	87,293
Revenue from Advisory Services	**37,550**	50,096
Fee and other income	**102,996**	88,457
Net revenue	**2,157,409**	2,241,089
Provision for expected credit losses	**(799,417)**	(741,304)
Net change in unrealized appreciation (depreciation) of investments	**(67,390)**	(317,283)
Net foreign exchange gains (losses)	**97,240**	605
Net gains (losses) on other financial instruments	**(140,007)**	(97,963)
Income before operating and administrative expenses	**1,247,835**	1,085,144
Salaries and benefits	**574,284**	531,827
Premises and equipment	**46,361**	45,814
Other expenses	**224,915**	220,627
Operating and administrative expenses	**845,560**	798,268
Net income	**402,275**	286,876
Net income (loss) attributable to:		
BDC's shareholder	**403,951**	289,874
Non-controlling interests	**(1,676)**	(2,998)
Net income	**402,275**	286,876

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 18 provides additional information on the Consolidated Statement of Income, including interest income on financial assets measured at amortized cost and at fair value through other comprehensive income calculated using the effective interest rate method.

Note 19 provides segmented information.

Consolidated Statement of Comprehensive Income

For the year ended March 31 (in thousands of Canadian dollars)

	Note	2025	2024
Net income	–	**402,275**	286,876
Other comprehensive income			
Items that may be reclassified subsequently to net income			
Net change in unrealized gains (losses) on fair value through other comprehensive income assets	–	**33,278**	15,289
Total items that may be reclassified subsequently to net income	–	**33,278**	15,289
Items that will not be reclassified to net income			
Remeasurements of net defined benefit asset or liability	14	**101,149**	69,517
Other comprehensive income	–	**134,427**	84,806
Total comprehensive income	–	**536,702**	371,682
Total comprehensive income (loss) attributable to:			
BDC's shareholder	–	**538,378**	374,680
Non-controlling interests	–	**(1,676)**	(2,998)
Total comprehensive income	–	**536,702**	371,682

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended March 31 (in thousands of Canadian dollars)

	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)—FVOCI assets[1]	Equity attributable to BDC's shareholder	Non-controlling interests	Total equity
Balance as at March 31, 2024	–	**7,639,900**	**27,778**	**8,873,078**	**(14,301)**	**16,526,455**	**3,120**	**16,529,575**
Total comprehensive income (loss)								
Net income (loss)	–	–	–	403,951	–	403,951	(1,676)	402,275
Other comprehensive income								
Net change in unrealized gains (losses) on fair value through other comprehensive income assets	–	–	–	–	33,278	33,278	–	33,278
Remeasurements of net defined benefit asset or liability	14	–	–	101,149	–	101,149	–	101,149
Other comprehensive income	–	–	–	101,149	33,278	134,427	–	134,427
Total comprehensive income (loss)	–	–	–	505,100	33,278	538,378	(1,676)	536,702
Dividends on common shares	15	–	–	(337,000)	–	(337,000)	–	(337,000)
Capital injections from non-controlling interests	–	–	–	–	–	–	13	13
Issuance of common shares	15	100,000	–	–	–	100,000	–	100,000
Repurchase of common shares	15	(1,500,000)	–	–	–	(1,500,000)	–	(1,500,000)
Transactions with owner, recorded directly in equity	–	(1,400,000)	–	(337,000)	–	(1,737,000)	13	(1,736,987)
Balance as at March 31, 2025	–	**6,239,900**	**27,778**	**9,041,178**	**18,977**	**15,327,833**	**1,457**	**15,329,290**

[1] Fair value through other comprehensive income assets

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity (continued)

For the year ended March 31 (in thousands of Canadian dollars)

	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)—FVOCI assets[1]	Equity attributable to BDC's shareholder	Non-controlling interests	Total equity
Balance as at March 31, 2023	–	7,289,900	27,778	8,850,687	(29,590)	16,138,775	6,126	16,144,901
Total comprehensive income (loss)								
Net income (loss)	–	–	–	289,874	–	289,874	(2,998)	286,876
Other comprehensive income								
Net change in unrealized gains (losses) on fair value through other comprehensive income assets	–	–	–	–	15,289	15,289	–	15,289
Remeasurements of net defined benefit asset or liability	14	–	–	69,517	–	69,517	–	69,517
Other comprehensive income	–	–	–	69,517	15,289	84,806	–	84,806
Total comprehensive income (loss)	–	–	–	359,391	15,289	374,680	(2,998)	371,682
Dividends on common shares	15	–	–	(337,000)	–	(337,000)	–	(337,000)
Distributions to non-controlling interests	–	–	–	–	–	–	(8)	(8)
Issuance of common shares	15	350,000	–	–	–	350,000	–	350,000
Transactions with owner, recorded directly in equity	–	350,000	–	(337,000)	–	13,000	(8)	12,992
Balance as at March 31, 2024	–	7,639,900	27,778	8,873,078	(14,301)	16,526,455	3,120	16,529,575

[1] Fair value through other comprehensive income assets

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended March 31 (in thousands of Canadian dollars)

	Note	**2025**	2024
Operating activities			
Net income	–	**402,275**	286,876
Adjustments to determine net cash flows			
Interest income	–	**(3,255,334)**	(3,168,491)
Interest expense	–	**1,195,361**	1,151,392
Interest expense on lease liabilities	–	**2,135**	1,856
Net realized losses (gains) on investments	–	**40,975**	(87,293)
Provision for expected credit losses	–	**799,417**	741,304
Net change in unrealized depreciation (appreciation) of investments	–	**67,390**	317,283
Net unrealized foreign exchange losses (gains)	–	**(152,943)**	11,230
Defined benefits funding below (in excess of) amounts expensed	14	**27,255**	(978)
Depreciation of property and equipment, and amortization of intangible assets	–	**24,414**	19,958
Depreciation of right-of-use assets	–	**12,278**	13,124
Loss (gain) on derecognition of property and equipment and intangible assets	–	**(13)**	3,261
Other	–	**(12,562)**	(38,594)
Interest expense paid	–	**(1,180,814)**	(1,091,676)
Interest income received	–	**3,241,622**	3,065,735
Claims paid on loan guarantees	–	**(228,454)**	(156,456)
Changes in operating assets and liabilities			
Net change in loans	–	**(2,452,487)**	(3,270,803)
Net change in accounts payable, accrued and other liabilities	–	**5,756**	(21,550)
Net change in other assets	–	**143**	(5,526)
Net cash flows provided (used) by operating activities	–	**(1,463,586)**	(2,229,348)
Investing activities			
Disbursements for asset-backed securities	–	**(531,615)**	(692,248)
Repayments and proceeds on sale of asset-backed securities	–	**634,123**	561,157
Disbursement for investments	–	**(1,107,378)**	(862,113)
Repayments of investments	–	**360,323**	433,611
Proceeds on sale of investments	–	**187,611**	226,907
Acquisition of property and equipment	–	**(8,306)**	(8,121)
Acquisition of intangible assets	–	**(10,122)**	(11,946)
Net cash flows provided (used) by investing activities	–	**(475,364)**	(352,753)
Financing activities			
Net change in short-term notes	13	**3,448,500**	(1,944,000)
Issue of long-term notes	13	**3,628,000**	6,435,000
Repayment of long-term notes	13	**(2,757,000)**	(1,865,000)
Distributions to non-controlling interests	–	**–**	(8)
Capital injections from non-controlling interests	–	**13**	–
Issuance of common shares	15	**100,000**	350,000
Repurchase of common shares	15	**(1,500,000)**	–
Dividends paid on common shares	15	**(337,000)**	(337,000)
Payment of lease liabilities	–	**(15,070)**	(16,532)
Net cash flows provided (used) by financing activities	–	**2,567,443**	2,622,460
Net increase (decrease) in cash	–	**628,493**	40,359
Cash at beginning of year	–	**919,278**	878,919
Cash at end of year	–	**1,547,771**	919,278

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025 (in thousands of Canadian dollars)

1.

Act of incorporation, objectives and operations of the Corporation

The Business Development Bank of Canada is a Crown corporation that was established by an Act of Parliament on December 20, 1974, as the Federal Business Development Bank and continued under its current name by an Act of Parliament that was enacted on July 13, 1995. The Business Development Bank of Canada is incorporated in Canada and wholly owned by the Government of Canada. The Corporation's head office is located at 5 Place Ville Marie, Suite 100, Montreal, Quebec, Canada.

The objectives of the Business Development Bank of Canada and its subsidiaries (together, BDC) are to promote and assist in the establishment and development of business enterprises in Canada, with a focus on small and medium-sized enterprises, by providing a range of complementary lending, investment and advisory services. BDC offers Canadian companies services tailored to meet their current needs while earning an appropriate return on equity, which is used to further BDC's activities.

BDC does not receive appropriations from the Government of Canada. To finance its objectives, BDC borrows funds from His Majesty the King in Right of Canada acting through the Minister of Finance. Prior to April 21, 2008, BDC issued debt instruments, which were secured by the Government of Canada. The *Business Development Bank of Canada Act* (BDC Act) also allows the use of hybrid capital instruments to provide the capital required for its operations. His Majesty the King in Right of Canada would not be liable for payment of amounts owing under such capital instruments, none of which were outstanding as at March 31, 2025, and March 31, 2024.

BDC is for all purposes an agent of His Majesty the King in Right of Canada. BDC is also named in Part I of Schedule III to the *Financial Administration Act* (FAA) and is accountable for its affairs to Parliament through the Minister of Industry.

Pursuant to section 89 of the FAA, BDC, together with a number of other Crown corporations, has to comply with a directive issued in 2008 to ensure that Crown corporations give due consideration to the personal integrity of those they lend to or provide benefits to, in accordance with the government's policy to improve the accountability and integrity of federal institutions. In fiscal 2009, BDC completed the implementation of this directive and confirms that it has been met since then.

Pursuant to section 89 of the FAA, BDC received a directive in December 2014 from the Governor General in Council (P.C. 2014-1378) requesting that BDC review its current pension plan and ensure that it remains affordable, financially sustainable and consistent with the terms of the Public Service Pension Plan. These changes were intended to ensure that pension plans of Crown corporations provide a 50:50 current service cost-sharing ratio between employee and employer for pension contributions by December 31, 2017, as well as to raise the normal age of retirement to 65 years for employees hired on or after January 1, 2015. Consequently, to comply with the directive, BDC implemented modifications to its existing defined benefit pension plan effective January 1, 2015. Eligible employees hired before January 1, 2015, had a choice of three options: two options included some features of the old plan design and a third option offered a completely new benefit structure. Employees hired after December 31, 2014, are automatically enrolled in the third option. In addition, BDC gradually increased the employee's contribution level, allowing it to achieve a 50:50 current service cost sharing by December 31, 2017 and approved a funding policy with mechanisms to ensure BDC's cash contributions, for current service cost only, would not exceed members' required contributions, on a cumulative basis while complying with regulations. BDC completed the implementation of both elements of its strategy by December 31, 2017. Effective in July 2024, BDC ceased contributions on its registered pension plan due to a mandatory contribution holiday, in compliance with tax rules and pension regulations. This consequently impacted the 50:50 current service cost sharing ratio. Employees continued to contribute to the registered pension plan, ensuring that BDC's cash contributions did not exceed members' contributions on a cumulative basis, as intended by the directive.

1. Act of incorporation, objectives and operations of the Corporation (continued)

Pursuant to section 89 of the FAA, BDC received a directive in July 2015 from the Governor General in Council (P.C. 2015-1109) requiring that BDC align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations. Consequently, BDC implemented modifications to its Business Expenses Policy and Corporate Directive and confirms that it complies with this directive since then. The Business Expenses Policy can be found on BDC's website.

2. Basis of preparation

Statement of compliance

BDC has prepared its Consolidated Financial Statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). These Consolidated Financial Statements were approved for issue by the Board of Directors on June 11, 2025.

Basis of presentation and measurement

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- financial assets and financial liabilities measured at fair value through profit or loss (FVTPL), financial assets measured at fair value through other comprehensive income (FVOCI), and derivative financial instruments measured at fair value; and
- the net defined benefit asset or liability in respect of post-employment benefits has been recognized as the present value of the defined benefit obligation less the fair value of plan assets.

These Consolidated Financial Statements are presented in Canadian dollars, which is BDC's functional currency as well as the functional currency of its subsidiaries. Unless otherwise specified, the figures presented in the Consolidated Financial Statements are stated in thousands of Canadian dollars.

Basis of consolidation

BDC conducts business through a variety of entities, including a wholly owned subsidiary, and two investment funds that are considered to be subsidiaries for financial reporting purposes.

The Consolidated Financial Statements of BDC comprise the financial statements of the parent entity and the consolidated financial statements of the subsidiaries referred to below as at March 31, 2025, and March 31, 2024. The financial statements of the subsidiaries are prepared using uniform accounting policies and valuation methods for similar transactions.

Subsidiaries

For financial reporting purposes, subsidiaries are defined as entities controlled by another entity. BDC controls an entity when it has power over the investee; it is exposed to, or has rights to, variable returns from its involvement with the entity; and it has the ability to affect those returns through its power over the entity. Control is presumed when BDC directly or indirectly holds the majority of the voting rights. The existence and effect of potential voting rights are considered when assessing whether BDC controls another entity.

2. Basis of preparation (continued)

Subsidiaries (continued)

In instances where BDC does not hold a majority of the voting rights, further analysis is performed to determine whether or not BDC has control of the entity. BDC is deemed to have control when, according to the terms of the shareholder's and/or limited partnership agreements, it makes most of the decisions affecting relevant activities.

Subsidiaries are fully consolidated from the date that control begins until the date that control ceases. No subsidiary has been acquired or disposed of during the reporting periods. Intercompany transactions and balances are eliminated upon consolidation.

The following operating entities have been consolidated in BDC's Consolidated Financial Statements:

Entity	Principal activity	Country of incorporation and residence	Proportion of ownership and voting power held	Basis of control
BDC Capital Inc.	Holding company structure for investment activities	Canada	100%	Voting power
AlterInvest II Fund L.P.	Direct equity investments	Canada	50%	Voting power and contractual agreements
Go Capital L.P.	Direct equity investments	Canada	20%	Contractual agreements

AlterInvest II Fund L.P.

BDC owns 50% of AlterInvest II Fund L.P. and acts as the general partner for this entity, thus having the ability to direct all relevant activities and power to affect the variable returns to which BDC is exposed.

Go Capital L.P.

Although BDC owns less than half of Go Capital L.P. and holds less than half of the voting power, management has determined, based on the terms of the agreement under which Go Capital L.P. was established, that BDC controls this entity. As the general partner, BDC has the current ability to direct the relevant activities of Go Capital L.P. and has the power to affect the variable returns, to which BDC is exposed.

Go Capital L.P.'s year-end date is December 31, as agreed upon by the partners at the time this entity was established. Consequently, additional financial information regarding this entity is prepared for the interim period for the purposes of consolidation.

Non-controlling interests

Interests in the equity of subsidiaries not attributable to the parent entity are reported in consolidated equity as non-controlling interests. Net income (loss) and each component of other comprehensive income (loss) are attributed to BDC's shareholder and to non-controlling interests in accordance with their respective shareholdings, even if this results in the non-controlling interests having a deficit balance.

Associates

Associates are those entities in which BDC has significant influence, but not control, over the financial and operating policies. Debt investments and equity investments in associates that are held as part of BDC's investment portfolio by BDC Capital Inc. are carried in the Consolidated Statement of Financial Position at fair value. This treatment is permitted by International Accounting Standard (IAS) 28, *Investments in Associates*, under which an entity that is a venture capital organization or other similar entity that holds investments in an associate may elect to measure these investments at fair value through profit or loss in accordance with IFRS 9, *Financial Instruments*.

3.
Material accounting policies

The material accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied by all entities consolidated by BDC and to all periods presented in these Consolidated Financial Statements.

Financial instruments

Recognition, derecognition and measurement of financial instruments

Financial assets and financial liabilities are recognized when BDC becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when the related contractual obligation is extinguished, discharged or cancelled, or when it expires.

Financial instruments are recognized and derecognized using settlement date accounting.

On initial recognition, financial instruments are measured at fair value. Fair value on initial recognition includes transaction costs directly attributable to the acquisition or issue of financial instruments, except for financial instruments carried at fair value through profit or loss, for which transaction costs are recognized in net income in the period when they are incurred.

Classification of financial instruments

Financial assets
On initial recognition, a financial asset is classified as subsequently measured at:

— amortized cost;

— FVTPL; or

— FVOCI.

Business model assessment
The classification depends on BDC's business model for managing these financial assets and the contractual terms of the financial asset's cash flows. The business model objectives are broken down into three categories:

— Financial assets held solely to collect contractual cash flows;

— Financial assets held to both collect contractual cash flows and sell the assets; and

— Financial assets that are managed on a fair value basis.

BDC makes an assessment of the objective of a business model under which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

— the investment strategy for holding or selling the assets in the portfolio and the risks that affect the performance of the business model;

— the reports provided to BDC's management and key indicators used to assess the performance of the portfolio;

— the portfolio managers' compensation (i.e., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

— the frequency, volume and timing of sales in prior periods, the reasons for such sales and the expectations about future sales activity.

3. Material accounting policies (continued)

Financial instruments (continued)

Classification of financial instruments (continued)

Financial assets (continued)

Business model assessment (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

— the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

A financial asset that is a debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

— the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets are classified as measured at FVTPL.

On initial recognition, BDC may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost or at FVOCI, to be measured as at FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis. As at March 31, 2024 and 2025, BDC has not designated any financial asset to be measured at FVTPL on initial recognition.

Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, BDC considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, BDC considers characteristics such as:

— contingent events that change the amount and timing of cash flows;

— leveraged features;

— prepayment and extension terms;

— terms that limit BDC's claim to cash flows from specified assets; and

— features that modify consideration of the time value of money.

Financial liabilities

BDC classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL or is required to measure liabilities at FVTPL. BDC designates a financial liability as measured at FVTPL on initial recognition when it eliminates an accounting mismatch that would otherwise arise from measuring assets or liabilities on a different basis or when the liability contains an embedded derivative that is separable and significantly modifies the cash flows that would otherwise be required under the contract.

A description of the basis for each designation is set out in the Major types of financial instruments section of this note.

3. Material accounting policies (continued)

Financial instruments (continued)

Subsequent measurement of financial instruments

Financial instruments are measured in subsequent periods either at fair value or at amortized cost depending on the financial instrument classification.

Financial instruments classified at amortized cost

Subsequent to initial recognition, financial assets and liabilities classified in this category are measured at amortized cost using the effective interest rate method, net of an allowance for expected credit losses in the case of financial assets. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to its carrying amount. When calculating the effective interest rate, BDC estimates future cash flows, considering all contractual terms of the financial instrument.

Financial instruments classified at fair value through profit or loss

Subsequent to initial recognition, financial instruments classified as fair value through profit or loss are measured at fair value with the variation of unrealized gains or losses being recognized in the Consolidated Statement of Income as:

- net change in unrealized appreciation or depreciation of investments, or net foreign exchange gains or losses, when related to asset-backed securities, debt, and equity investments; or
- net gains or losses on other financial instruments when related to derivatives.

Gains and losses upon the sale, disposal or write-off of these financial instruments are included directly in the Consolidated Statement of Income and are reported as:

- net realized gains or losses on investments when related to asset-backed securities, debt and equity investments; or
- net gains or losses on other financial instruments when related to derivatives.

Financial instruments classified at fair value through other comprehensive income

Subsequent to initial recognition, financial instruments measured as at FVOCI are measured at fair value, with unrealized gains and losses recorded in Other Comprehensive Income (Loss) (OCI) until the asset is derecognized, with the exception that the IFRS 9 impairment model applies to these instruments, and the provision for expected credit losses is recorded in the Consolidated Statement of Income.

Impairment

An allowance for expected credit losses (ECL) is calculated for the following financial instruments that are not measured at FVTPL:

- Cash;
- Loans;
- Investment-grade asset-backed securities;
- Accounts receivable from advisory clients;
- Loans and asset-backed securities commitments; and
- Loan guarantees.

The allowance for ECL is maintained at a level considered adequate to absorb the credit losses expected in the portfolio at the financial reporting date based on reasonable and supportable information about past events, current conditions and forecasts of future economic events, which are established at the individual level.

3. Material accounting policies (continued)

Financial instruments (continued)

Subsequent measurement of financial instruments (continued)

Impairment (continued)

As required by IFRS 9, the allowance for expected credit losses is measured using a three-stage impairment model:

i. Stage 1—12-month ECL: The loss allowance is measured at an amount equal to 12-month expected credit losses if there is no significant increase in credit-risk since initial recognition;

ii. Stage 2—Lifetime ECL: The loss allowance is measured at an amount equal to the lifetime expected credit losses if there is a significant increase in credit risk since initial recognition and the loan is not considered credit-impaired;

iii. Stage 3—Lifetime ECL: The loss allowance is measured as the difference between the carrying amount and present value of its estimated future cash flow if the loan is considered credit-impaired.

The ECL model calculates a probability-weighted estimate that incorporates forward-looking information representing three macroeconomic scenarios. The assessment of significant increase in credit risk is based on changes in the forward-looking lifetime probability of default since initial recognition. For certain instruments with low credit risk at the reporting date, the credit risk has not increased significantly relative to initial recognition. Credit risk is low if the financial asset has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The allowance for ECL is calculated on the disbursed and undisbursed amounts of authorized loans, loan guarantees, and investment-grade asset-backed securities. The allowance on disbursed amounts is recorded against the assets whereas the allowance on the undisbursed amounts and on guarantees is recorded in the liabilities in the Consolidated Statement of Financial Position.

Definition of default

Per BDC's credit risk management policy, a financial asset is considered impaired and is moved to Stage 3 when it is in default of payments for three consecutive months and collection efforts are not reasonably expected to result in repayment, or when adverse events have occurred that are judged to be severe and likely unresolvable, which indicate that BDC can no longer expect to collect the expected future cash flows in full.

Write-off policy

Financial assets are written off, either partially or in full, once BDC has exhausted all possible avenues of recovery from the borrower and guarantors and no value can be expected from the realization of security.

Major types of financial instruments

Loans

Loans are classified and measured at amortized cost using the effective interest rate method, less allowance for expected credit losses. Loans presented on the Consolidated Statement of Financial Position include accrued interest receivable.

Allowance for expected credit losses

BDC establishes the allowances for expected credit losses on an individual asset basis for loans, loan commitments and loan guarantees using the three-stage IFRS 9 impairment model and recognizes ECLs in the provision for expected credit losses in the Consolidated Statement of Income. The allowance for expected credit losses related to loans is presented in the allowance for expected credit losses against Loans in the Consolidated Statement of Financial Position. The allowance for expected credit losses related to loan commitments and guarantees is included in the liabilities under "Expected credit losses on loan commitments and guarantees".

Allowance on performing loans

Under the IFRS 9 ECL methodology, an allowance is recorded for expected credit losses on loans, loan commitments and loan guarantees regardless of whether there has been an actual impairment. We recognize a loss allowance at an amount equal to 12-month expected credit losses for loans in Stage 1 if the credit risk at the reporting date has not increased significantly since initial recognition. We record expected credit losses over the remaining life of performing loans in Stage 2 when they have experienced a significant increase in credit risk.

3. Material accounting policies (continued)

Financial instruments (continued)

Major types of financial instrument (continued)

Loans (continued)

Allowance on impaired loans

Under BDC's definition of default, loans are considered to be in default and classified in Stage 3 when they meet one or both of the following criteria which represent objective evidence of impairment:

— there has been a deterioration in credit quality to the extent that BDC considers that the obligor is unlikely to pay its credit obligations to BDC in full; or

— the obligor is past due more than 90 days on any credit obligation to BDC and collection efforts are not reasonably expected to result in repayment.

When a loan is considered impaired, ECLs are measured as the difference between the carrying amount of the loan and the present value of its estimated future cash flows discounted using (i) the effective interest rate of the loan for fixed-rate loans or (ii) the rate at time of impairment for floating-rate loans.

The carrying amounts of impaired loans are first reduced through the use of the ECL allowance account, and then written off when all collection efforts have been exhausted and no further prospect of recovery is likely. The amounts of the initial impairment losses, as well as any subsequent increases or reversals of these impairment losses, are recognized in the provision for expected credit losses in the Consolidated Statement of Income.

Changes in the allowance for expected credit losses on loans, loan commitments and loan guarantees as a result of originations, repayments and maturities, changes in risk parameters, remeasurements and modifications are recorded in the provision for expected credit losses in our Consolidated Statement of Income.

Refer to Note 6—*Significant accounting judgments, estimates and assumptions* for more information regarding the criteria used to determine the amount of the allowance.

Asset-backed securities

The asset-backed securities (ABS) portfolio consists of investment-grade senior and subordinated notes issued by way of private placement.

Investment-grade senior notes are classified as fair value through other comprehensive income, and subordinated notes are classified as fair value through profit or loss on the basis that they are reported to and evaluated by senior management on a fair value basis. ABS presented in the Consolidated Statement of Financial Position include accrued interest receivable.

The fair value of each ABS is calculated using forecasted cash flows and an estimated discount rate that is derived from the yield on Government of Canada bonds for a similar term length and an ABS spread for comparable transactions. The result is adjusted to reflect the risk of the underlying assets and deal structure.

As required by IFRS 9, expected credit losses are calculated on the disbursed and undisbursed portfolio of investment grade senior notes since they are classified at FVOCI. No impairment is calculated on the subordinated notes since they are classified at FVTPL.

ABS credit risk is monitored quarterly using internal credit risk rating methodology. As at March 31, 2025, and March 31, 2024, all of the investment-grade senior notes are considered low credit risk, and therefore the low credit risk simplification is used and the impairment is calculated based on 12-month expected credit losses.

Refer to Note 6—*Significant accounting judgments, estimates and assumptions* for more information regarding the criteria used to determine whether an impairment has occurred.

3. Material accounting policies (continued)

Financial instruments (continued)

Major types of financial instruments (continued)

Investments

Upon initial recognition, debt and equity investments are classified as at fair value through profit or loss on the basis that they are part of a portfolio that is reported to and evaluated by senior management on a fair value basis, in accordance with a documented investment and risk management strategy. Undisbursed amounts of debt investments are designated as measured at FVTPL to avoid an accounting mismatch between the undisbursed and outstanding investments measured at FVTPL.

BDC's valuation process for fair value measurement of debt and equity investments was derived from the International Private Equity and Venture Capital Valuation Guidelines. Based on the type of investments being valued, BDC uses (i) market-based methodologies, such as the quoted share price or the price of recent similar investments; (ii) discounted earnings or cash flow approaches; or (iii) liquidation or asset-based methods. These fair values are updated at least twice a year by BDC's investment managers, reviewed by internal valuators and a valuation committee, which includes an external member who is a chartered business valuator. Indirect equity investments include fund transactions and the fair value of these investments is determined using the asset-based method. BDC uses the most recent net assets provided by the administrator or by the general partner, unless there is an indication that fair value differs from the net asset value provided. The net assets are adjusted for all events between the reporting date of the fund and BDC's reporting date, typically a period of one quarter. Events include but are not limited to disbursements, distributions, foreign exchange, change in publicly quoted investments and material events impacting underlying portfolio companies.

Derivatives

Derivative financial instruments are financial contracts that derive their value from underlying changes in interest rates, foreign exchange rates, stock market indices or other financial instrument measures. BDC acquires derivative financial instruments to manage exposures to interest, currency and other market risks. BDC does not hold derivatives for speculative or trading purposes. Derivatives are classified at fair value through profit or loss.

All BDC derivatives are over-the-counter and are mainly composed of swaps and foreign exchange forwards. The fair value of swaps is determined using pricing models that take into account current market and contractual prices of the underlying instrument, as well as time value, the yield curve, or volatility factors underlying the position and embedded options. The fair value of foreign exchange forwards is calculated by discounting the notional amount using the yield curves of the respective currencies. Inputs to both these calculations are market-observable data sourced from leading inter-dealer brokers, together with industry-standard valuation models for estimating fair value.

Borrowings

Short and long-term notes are measured at amortized cost.

Interest accrued on borrowings is included in the carrying amount of both short- and long-term notes.

Financial guarantees

BDC issues "letters of credit, loan guarantees and portfolio guarantees" (guarantees) to support businesses. They represent BDC's obligation to make payments to third parties if clients are unable to meet their contractual commitments. All guarantees are issued to unrelated parties on arm's-length terms. Those guarantees are initially recognized at fair value at the date the contract is issued. As no initial fee at inception is received, the fair value is considered nil. In addition, no receivable for future expected fees is recognized on initial recognition.

Subsequently, the guarantees are measured at the amount of the allowance for expected credit losses based on the three-stage IFRS 9 impairment model and recognized in the Consolidated Statement of Financial Position.

The fee income is calculated as a percentage of the outstanding principal amounts and is recognized in fee and other income in the Consolidated Statement of Income as it becomes payable.

Subsequent recognition of a claim payable will only occur when it becomes more likely than not that a client will not meet its contractual commitments resulting in a call on guarantee. When a claim is recorded, the expected credit loss related to the guarantee is reversed and the actual claim amount is recorded in provision for expected credit losses in the Consolidated Statement of Income.

3. Material accounting policies (continued)

Interest income and interest expense on financial instruments, and fee income

Interest income and expense for interest-bearing financial instruments are recognized in interest income and interest expense in the Consolidated Statement of Income using the effective interest rate method, with the exception of debt investments classified as FVTPL, for which interest income is recognized using the contractual rate of the instrument. Interest on impaired loans continues to be recognized based on the reduced carrying amount using the interest rate used to discount the future cash flows for the purposes of measuring the impairment loss.

For loans provided at no interest rate, the fair value is estimated on initial recognition as the present value of all future cash receipts discounted using the prevailing market rates for similar transactions with a similar credit rating. At initial recognition, the difference between the fair value and the transaction amount disbursed is recognized as a net loss on other financial instruments in the Consolidated Statement of Income. Interest income is subsequently measured using the effective interest rate method and recognized in interest income in the Consolidated Statement of Income.

Debt investments also bear non-interest returns, such as royalties and interest bonuses, which are recognized in fee and other income in the Consolidated Statement of Income when it is probable that they will be received, and the amounts can be reliably measured.

Fees that are integral to originating or renegotiating a loan are deferred and recognized as interest income over the expected term of the loan using the effective interest rate method. All other fees are recognized in net income as the related services are performed.

Net defined benefit asset or liability

BDC maintains a registered defined benefit pension plan, supplemental defined benefit pension plans and other post-employment defined benefits (which include health, dental, critical illness and life insurance coverage) for eligible employees.

The net defined benefit asset or liability is the present value of the defined benefit obligation less the fair value of plan assets.

BDC's defined benefit obligation in respect of retirement benefit plans is calculated separately for each plan by estimating the amount of future benefits employees have earned in return for their services in the current and prior periods.

The defined benefit obligation is calculated for each plan using the projected unit credit method. In determining the present value of its defined benefit obligation, and the related current service cost and past service cost, BDC attributes the benefit to periods of service under the plan's benefit formula. The present value of the defined benefit obligation is calculated by discounting the estimated future cash outflows using interest rates that have terms to maturity approximating the terms of the obligation. These interest rates are derived from yields on high-quality corporate bonds which, because of the limited number of these bonds at longer maturities, are extrapolated for longer terms based on high-quality provincial bond yields to which a spread is added to reflect the additional credit risk of high-quality corporate bonds.

BDC determines the net interest expense or income on the net defined benefit asset or liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual reporting period to both the defined benefit obligation and the plan assets. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognized immediately in profit or loss when the plan amendment or curtailment occurs.

Remeasurements, which include actuarial gains and losses and the return on plan assets excluding net interest on the net defined benefit liability (asset), are recognized immediately in OCI. Remeasurements recognized in OCI are reflected immediately in retained earnings and are not reclassified to net income. Current service costs, past service costs, gain or loss on curtailment, and net interest on the net defined benefit asset or liability are recognized in net income.

3. Material accounting policies (continued)

Equity attributable to BDC's shareholder

Share capital represents the par value of common shares issued and in circulation. Contributed surplus represents the value of assets transferred to BDC by the shareholder without issuance of shares.

Unrealized gains and losses on financial instruments classified as FVOCI assets are included in accumulated other comprehensive income (AOCI) until such time as the financial instruments are derecognized or impaired, at which time these gains or losses are reclassified to net income.

Retained earnings include all current and prior periods' net income and remeasurements of net defined benefit asset or liability, net of dividends paid.

Translation of foreign currencies

Assets and liabilities denominated in foreign currencies, all of which are monetary, are translated into Canadian dollars at exchange rates prevailing at the reporting date. Revenues and expenses denominated in foreign currencies are translated into Canadian dollars using the exchange rate at either the daily or monthly average exchange rates in effect during the year.

Unrealized and realized foreign exchange gains or losses on foreign exchange forwards, debt investments, loans, asset-backed securities as well as unrealized foreign exchange gains or losses on equity investments are included in the Consolidated Statement of Income and reported as net foreign exchange gains or losses, whereas realized and unrealized gains or losses on debts and swaps are reported as net gains or losses on other financial instruments. Realized foreign exchange gains or losses on equity investments are reported under net realized gains (losses) on investments in the Consolidated Statement of Income.

4.
Change in accounting policies

BDC actively monitors developments and changes in accounting standards published by the International Accounting Standards Board (IASB). BDC is currently assessing the impact of adopting the following standards as detailed below:

IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*

On May 30, 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments which amends IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*. These amendments:

— introduce an accounting policy choice to derecognize financial liabilities settled through an electronic payment system before the settlement date upon meeting certain conditions;

— clarify the assessment of contractual cash flow characteristics of financial assets based on contingent events, such as interest rates linked to environmental, social and governance-linked targets;

— introduce new disclosure requirements for financial instruments with contractual terms that can change cash flows due to events not directly related to changes in basic lending risks, such as certain loans subject to environmental, social and governance-linked targets; and

— change some of the disclosure requirements for equity instruments designated at fair value through other comprehensive income.

These amendments are effective for annual periods beginning on or after January 1, 2026. We are currently assessing the impact of adopting these amendments on our Consolidated Financial Statements.

4. Change in accounting policies (continued)

IFRS 18, *Presentation and Disclosure in Financial Statements*

On April 9, 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which sets out requirements for the presentation and disclosure of information in the financial statements. IFRS 18 will replace IAS 1, *Presentation of Financial Statements*, and accompanies limited amendments to other standards which will be effective upon the adoption of the new standard. The standard:

- introduces new defined totals and subtotals to be presented in the Consolidated Statements of Income, as well as aggregating and disaggregating principles to categorize financial information; and
- requires disclosure of certain management-defined performance measures in the notes to the financial statements.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027. We are currently assessing the impact of adopting IFRS 18 on our Consolidated Financial Statements.

Certain other developments and changes have been issued by the IASB and are not expected to have a material impact on BDC's Consolidated Financial Statements.

5.
Interbank Offered Rates (IBOR) Reform

As part of the IASB's interest rate benchmark reform, the publication of all remaining Canadian Dollar Offered Rate (CDOR) settings ceased on June 28, 2024. BDC has successfully transitioned all contracts referencing CDOR to alternative rates (ARRs), and thus, BDC no longer has any exposure to CDOR settings as at March 31, 2025 ($253,254 as at March 31, 2024).

6.
Significant accounting judgments, estimates and assumptions

The preparation of the Consolidated Financial Statements in accordance with IFRS accounting standards requires management to make judgments and use estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Significant changes in the underlying assumptions could result in significant changes to these estimates. Consequently, management reviews these assumptions regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

The Canadian economy is facing significant challenges, leading to a less optimistic outlook. The most pressing concern arises from tariffs levied by the U.S. government on imports, coupled with retaliatory measures from trading partners. The uncertainties surrounding the duration, scope, and intensity of these tariffs introduces considerable risk. There is uncertainty on the evolution of US trade policies with its trading partners and the potential impacts on the global economy. This uncertainty could lead to disruptions in trade flows, labour market, increased costs for businesses and consumers, and a dampening effect on economic growth. This situation will impact the volatility of the expected credit losses. See Note 10—*Loans* for more information on the assumptions regarding the forward-looking information included in the assessment of allowance for expected credit losses.

Information about the significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the Consolidated Financial Statements are summarized in this note.

Allowance for expected credit losses

The allowance for expected credit losses under IFRS 9 represents management's estimate of the losses expected in the loan portfolio, loan commitments and loan guarantees, at the reporting date, which is established at the individual asset level, incorporates forward-looking information and is based on a probability-weighted outcome of multiple economic scenarios.

BDC reviews its loans, loan commitments and loan guarantees individually to estimate the provision for expected credit losses. The process requires BDC to make assumptions and judgments by carrying out certain activities, including assessing the impaired status and risk of a loan, loan commitments and loan guarantees, and estimating future cash flows and collateral values.

Impaired loans, loan commitments and loan guarantees, are considered in Stage 3. All other loans, loan commitments and loan guarantees are either considered in Stage 1 or in Stage 2 if a significant increase in credit risk has occurred. If the increase in credit risk is no longer considered significant, loans, loan commitments and loan guarantees will be moved back to Stage 1, and if the loans, loan commitments and loan guarantees are no longer considered impaired they will be transferred back to Stage 1 or 2. At each reporting date, BDC considers the following criteria to assess whether a significant increase in credit risk has taken place since the initial recognition:

— a significant increase in the expected lifetime probability of default since origination;

— loans, loan commitments and loan guarantees that are on the watchlist; and

— loans that are 30 days past due.

6. Significant accounting judgments, estimates and assumptions (continued)

Allowance for expected credit losses (continued)

Expert credit judgment may also be applied, as required, to account for loans that have experienced a significant increase in credit risk. The ECL is calculated for each exposure, taking into account the financial instrument's forward-looking probability of default, loss given default and exposure at default. IFRS 9 requires current and expected economic conditions for multiple scenarios to be taken into account in determining whether there has been a significant increase in credit risk and in calculating the amount of expected losses. BDC considers three forward-looking scenarios that are probability weighted. The "base case" represents the most likely scenario under current and forward-looking economic conditions, whereas the "upside" and "downside" differ relative to the base case based on plausible economic conditions. Management judgment is required in the application of forward-looking information.

Changes in these assumptions, or the use of other reasonable judgments, can materially affect the allowance level. Refer to Note 10—*Loans*, for more information on the allowance for expected credit losses.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the Consolidated Statement of Financial Position cannot be derived from active markets (i.e., from quoted market prices or dealer price quotations), it is determined using valuation techniques, including discounted cash flow models. The price of a recent investment is considered to calibrate inputs to the valuation models and is established from completed financing rounds prior to or at the reporting date. When there has been a recent significant investment in the investee(s), the price of that investment is considered as the fair value.

The inputs to these models, such as interest rate yield curves, equity prices and currency prices and yields, volatility of underlying assumptions, and correlations between inputs, are taken from observable markets, where possible. Where this is not feasible, a degree of judgment is required in establishing fair values.

These judgments include considerations of inputs such as the discount rate, the expected rate of return by level of risk and the weighted forecast of cash flows. Changes to these inputs could affect the reported fair value of financial instruments. Refer to Note 3—Material accounting policies for more information about the valuation techniques used for each type of financial instrument and to Note 7—Classification and fair value of financial instruments for additional information on fair value hierarchy levels.

BDC's valuation process took into account the effects of the macroeconomic and the geopolitical environment, interest rates, workforce, supply chain, liquidity level and the ability to secure financing. The process includes management adjustments based on factors such as the competitive landscape, quality, and financial ability of the stakeholders to support the business, specific business fundamentals and the rank of financial instruments.

Net defined benefit asset or liability

The cost of defined benefit pension plans and other post-employment benefits, and the present value of the related obligations, are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates used to measure the obligations, expected future salary increases, expected retirement age, expected mortality rates, expected health care cost trends, expected inflation and expected future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Actual results will differ from results that are estimated based on assumptions.

Refer to Note 14—*Net defined benefit asset or liability* for additional information about the key assumptions.

Consolidation

A key judgment that has been used in the preparation of the Consolidated Financial Statements is that BDC has the power to control certain investment funds (refer to Note 2—*Basis of preparation*, for additional information). BDC has assessed that it has the current ability to direct the funds' activities that most significantly affect their returns, and that BDC is exposed to these returns. Consequently, these funds have been fully consolidated rather than accounted for using the equity accounting approach.

(in thousands of Canadian dollars)

7.
Classification and fair value of financial instruments

Classification of financial instruments

The following tables summarize the classification of BDC's financial instruments as at March 31, 2025, and March 31, 2024:

		Measured at fair value			March 31, 2025
	Note	FVTPL	FVOCI	Measured at amortized cost	Total
Financial assets					
Cash		–	–	1,547,771	1,547,771
Derivative assets	8	454	–	–	454
Asset-backed securities	9	17,037	1,185,549	–	1,202,586
Loans, net of allowance for expected credit losses	10	–	–	40,772,251	40,772,251
Investments	11	6,306,293	–	–	6,306,293
Other assets[1]		–	–	20,192	20,192
Total financial assets		6,323,784	1,185,549	42,340,214	49,849,547
Financial liabilities					
Accounts payable, accrued and other liabilities[1]	12	–	–	330,913	330,913
Derivative liabilities	8	3,853	–	–	3,853
Short-term notes	13	–	–	21,254,049	21,254,049
Long-term notes	13	–	–	12,681,699	12,681,699
Expected credit losses on loan commitments and guarantees	10, 20	–	–	564,721	564,721
Total financial liabilities		3,853	–	34,831,382	34,835,235

[1] Certain items within the other assets and other liabilities categories in the Consolidated Statement of Financial Position are not considered to be financial instruments.

(in thousands of Canadian dollars)

7. Classification and fair value of financial instruments (continued)

Classification of financial instruments (continued)

March 31, 2024

	Note	Measured at fair value FVTPL	Measured at fair value FVOCI	Measured at amortized cost	Total
Financial assets					
Cash		–	–	919,278	919,278
Derivative assets	8	317	–	–	317
Asset-backed securities	9	17,082	1,272,445	–	1,289,527
Loans, net of allowance for expected credit losses	10	–	–	38,891,042	38,891,042
Investments	11	5,737,949	–	–	5,737,949
Other assets[1]		–	–	26,945	26,945
Total financial assets		5,755,348	1,272,445	39,837,265	46,865,058
Financial liabilities					
Accounts payable, accrued and other liabilities[1]	12	–	–	325,222	325,222
Derivative liabilities	8	144	–	–	144
Short-term notes	13	–	–	17,833,660	17,833,660
Long-term notes	13	–	–	11,777,172	11,777,172
Expected credit losses on loan commitments and guarantees	10, 20	–	–	637,857	637,857
Total financial liabilities		144	–	30,573,911	30,574,055

[1] Certain items within the other assets and other liabilities categories on the Consolidated Statement of Financial Position are not considered to be financial instruments.

Financial instruments carried at amortized cost

The following table provides a comparison of the carrying and fair values of BDC's financial instruments that are not carried at fair value in the Consolidated Financial Statements and for which the carrying values are not reasonable approximations of their fair value:

	March 31, 2025 Fair value hierarchy level	**March 31, 2025** Fair value	**March 31, 2025** Carrying value	March 31, 2024 Fair value hierarchy level	March 31, 2024 Fair value	March 31, 2024 Carrying value
Financial assets measured at amortized cost						
Loans	**2**	**40,740,848**	**40,772,251**	2	38,285,131	38,891,042
Financial liabilities measured at amortized cost						
Long-term notes	**2**	**12,864,225**	**12,681,699**	2	11,597,120	11,777,172

7. Classification and fair value of financial instruments (continued)

Financial instruments carried at amortized cost (continued)

Loans measured at amortized cost

The net carrying value of performing floating-rate loans is a reasonable approximation of their fair value because the net carrying value reflects changes in interest rates since the loan was originated. For performing fixed-rate loans, fair value is determined using a discounted cash flow calculation that uses market interest rates prevailing at the end of the period charged for similar new loans with corresponding remaining terms.

For impaired loans, the fair value is equal to the net carrying value determined in accordance with the valuation methods described in Note 3—*Material accounting policies*, under the heading *Major types of financial instruments – Loans*.

Short-term notes measured at amortized cost

The fair value of short-term notes classified at amortized cost is determined using a quoted market price. The carrying value of short-term notes is a reasonable approximation of their fair value because of their short term to maturity. This is the reason why the short-term notes are not disclosed in the table above.

Long-term notes measured at amortized cost

The fair value of long-term notes classified at amortized cost is determined using a discount cash flow calculation that uses market interest rates based on the remaining time to maturity.

Financial instruments measured at fair value

The assumptions and methods used to estimate the fair value of those financial assets and liabilities that are measured at fair value are disclosed in Note 3—*Material accounting policies*.

All financial instruments measured at fair value must be categorized into one of three hierarchy levels for disclosure purposes. Each level is based on the observability of the inputs used to measure the fair value of assets and liabilities, and is defined below:

- Level 1—fair values based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;
- Level 2—fair values based on inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3—fair values based on valuation techniques with one or more significant unobservable market inputs.

There have been no transfers between Level 1 and Level 2 or between Level 2 and Level 3 in the reporting periods. BDC's policy is to recognize transfers between Level 1 and Level 3 when private investments become publicly traded or public investments become private investments during the reporting periods. There were transfers between Level 1 and Level 3 during fiscal 2025 and fiscal 2024.

(in thousands of Canadian dollars)

7. Classification and fair value of financial instruments (continued)

Financial instruments measured at fair value (continued)

The following tables show financial instruments carried at fair value categorized by hierarchy levels:

				March 31, 2025
	Fair value measurements using			Total
	Level 1	Level 2	Level 3	fair value
Assets				
Derivative assets	**–**	**454**	**–**	**454**
Asset-backed securities	**–**	**1,202,586**	**–**	**1,202,586**
Investments	**43,632**	**–**	**6,262,661**	**6,306,293**
Total assets	**43,632**	**1,203,040**	**6,262,661**	**7,509,333**
Liabilities				
Derivative liabilities	**–**	**3,853**	**–**	**3,853**
Total liabilities	**–**	**3,853**	**–**	**3,853**

				March 31, 2024
	Fair value measurements using			Total
	Level 1	Level 2	Level 3	fair value
Assets				
Derivative assets	–	317	–	317
Asset-backed securities	–	1,289,527	–	1,289,527
Investments	85,349	–	5,652,600	5,737,949
Total assets	85,349	1,289,844	5,652,600	7,027,793
Liabilities				
Derivative liabilities	–	144	–	144
Total liabilities	–	144	–	144

(in thousands of Canadian dollars)

7. Classification and fair value of financial instruments (continued)

Financial instruments measured at fair value (continued)

The following tables detail the changes in fair value measurement for financial instruments included in Level 3 of the fair value hierarchy. The procedures and valuation techniques used to determine the fair values of debt and equity investments included in Level 3 are described in Note 3—*Material accounting policies*. These valuation techniques draw upon diverse unobservable inputs, none of which, with the exception of the risk-free interest rate, is individually significant enough to have a material impact on BDC's net income if it varied within reasonably plausible ranges. For debt investments, the impact of a 1% variation in the risk-free rate would result in a gain or loss of $18.3 million in the current period and an equivalent change in retained earnings ($16.0 million in 2024):

	March 31, 2025
	Total
Fair value as at April 1, 2024	**5,652,600**
Net realized gains (losses) on investments	**(42,313)**
Net change in unrealized appreciation (depreciation) of investments	**(64,857)**
Net unrealized foreign exchange gains (losses) on investments	**91,579**
Disbursements for investments	**1,107,385**
Repayments of investments and other	**(480,559)**
Transfers from Level 3 to Level 1	**(1,174)**
Fair value as at March 31, 2025	**6,262,661**

	March 31, 2024
	Total
Fair value as at April 1, 2023	5,637,352
Net realized gains (losses) on investments	69,897
Net change in unrealized appreciation (depreciation) of investments	(288,979)
Net unrealized foreign exchange gains (losses) on investments	4,209
Disbursements for investments	863,952
Repayments of investments and other	(622,215)
Transfers from Level 3 to Level 1	(11,616)
Fair value as at March 31, 2024	5,652,600

The following table shows total gains or losses for financial instruments included in Level 3 that are attributable to assets held at the end of the reporting periods:

	2025	2024
Net realized gains (losses) on investments	**16,544**	64,493
Net change in unrealized appreciation (depreciation) of investments	**(91,007)**	(268,477)
Net unrealized foreign exchange gains (losses) on investments	**104,471**	4,213
Total gains related to Level 3 assets still held at the end of the reporting period	**30,008**	(199,771)

8.
Derivative financial instruments

In compliance with BDC's Treasury Risk Policy, BDC uses swaps and forwards to mitigate its foreign exchange and interest rate risk. BDC's policy is not to use derivative financial instruments for speculative purposes. BDC did not enter into any transactions that would require netting during the year.

Swaps

Swaps are contractual obligations to exchange a series of cash flows on a specific notional amount for a predetermined period. The various swap agreements that BDC may enter into are as follows:

- interest rate swaps, which involve the exchange of fixed- and floating-rate interest payments; and
- cross-currency interest rate swaps, which involve the exchange of both interest and notional amounts in two different currencies.

BDC may enter into interest rate and cross currency interest rate swaps to hedge the financial impact of future interest rate and currency fluctuations in relation to changes in the loan portfolio mix.

The main risk associated with these instruments is related to movements in interest rates and foreign currencies.

Forwards

Forwards are contractual agreements to either buy or sell currencies or financial instruments at specified prices and dates in the future. They are customized contracts transacted in the over-the-counter market.

BDC economically hedges its foreign currency denominated loans and debt investments with foreign exchange forward contracts. Equity investments denominated in foreign currencies are economically hedged following the occurrence of a liquidity event. These instruments are classified as fair value through profit and loss.

The main risks associated with these instruments arise from the possible inability of over-the-counter counterparties to meet the terms of the contracts, and from movements in interest rates and foreign exchange rates.

(in thousands of Canadian dollars)

8. Derivative financial instruments (continued)

The following tables provide the fair value of BDC's derivatives portfolio as represented by gross assets and gross liabilities values. Refer to Note 17—*Risk management*, for additional information on master netting agreements and collateral associated with derivatives:

			March 31, 2025
	Gross assets	Gross liabilities	Net amount
Foreign exchange forward contracts	**454**	**3,853**	**(3,399)**
Total derivative financial instruments	**454**	**3,853**	**(3,399)**

			March 31, 2024
	Gross assets	Gross liabilities	Net amount
Foreign exchange forward contracts	317	144	173
Total derivative financial instruments	317	144	173

The following table summarizes the notional amount, by term to maturity, of derivative instruments. Notional amounts, which are provided solely for comparative purposes, are not recorded as assets or liabilities on the Consolidated Statement of Financial Position, as they represent the face amount of the contract to which a rate or a price is applied to determine the amount of cash flows to be exchanged:

	Term to maturity	**March 31, 2025**	March 31, 2024
	Within 1 year	Notional amount	Notional amount
Foreign exchange forward contracts	**1,003,583**	**1,003,583**	1,340,800
Total derivative financial instruments	**1,003,583**	**1,003,583**	1,340,800

All amounts in foreign currencies are converted into the Canadian dollar equivalent using the rate of exchange of the derivative contracts.

(in thousands of Canadian dollars)

9. Asset-backed securities

The following table summarizes ABS by classification of financial instruments. As at March 31, 2025, ABS in the amount of $48,094 had maturities of less than five years ($63,540 as at March 31, 2024) and ABS in the amount of $1,154,492 had maturities over five years ($1,225,987 as at March 31, 2024). The ABS may be redeemed by the issuing trust at par depending on the terms of the securitization deal if the balance of the underlying assets or, in some cases, the balance of the notes, amortizes below 10% of the original balance at issuance:

	March 31, 2025	March 31, 2024
Fair value through other comprehensive income		
Principal amount	**1,212,445**	1,314,892
Cumulative fair value appreciation (depreciation)	**(26,896)**	(42,447)
Carrying value	**1,185,549**	1,272,445
Yield	**4.40%**	4.27%
Fair value through profit or loss		
Principal amount	**21,987**	22,440
Cumulative fair value appreciation (depreciation)	**(4,950)**	(5,358)
Carrying value	**17,037**	17,082
Yield	**8.88%**	8.85%
Asset-backed securities	**1,202,586**	1,289,527

An allowance for expected credit losses of $17.7 million, resulting from a significant increase in credit risk, was recorded on a portion of the ABS portfolio classified at fair value through other comprehensive income for the year ended March 31, 2025 ($28.1 million for the year ended March 31, 2024). The allowance for expected credit losses was recognized in the Consolidated Statement of Income in the provision for expected credit losses with the corresponding loss recorded in net change in unrealized gains (losses) on FVOCI assets in the Consolidated Statement of Comprehensive Income. Refer to Note 17—Risk management, for additional information on credit risk associated with the ABS portfolio.

(in thousands of Canadian dollars)

10. Loans

The following tables summarize loans outstanding by contractual maturity date:

	Within 1 year	1 to 5 years	Over 5 years	Total gross carrying amount	Allowance for expected credit losses	Total net carrying amount
						2025
Performing	**439,756**	**5,064,267**	**35,274,915**	**40,778,938**	**(907,196)**	**39,871,742**
Impaired	**73,307**	**246,809**	**1,306,797**	**1,626,913**	**(726,404)**	**900,509**
Loans as at March 31, 2025	**513,063**	**5,311,076**	**36,581,712**	**42,405,851**	**(1,633,600)**	**40,772,251**

	Within 1 year	1 to 5 years	Over 5 years	Total gross carrying amount	Allowance for expected credit losses	Total net carrying amount
						2024
Performing	350,444	5,515,051	33,236,815	39,102,310	(816,312)	38,285,998
Impaired	40,801	208,911	810,870	1,060,582	(455,538)	605,044
Loans as at March 31, 2024	391,245	5,723,962	34,047,685	40,162,892	(1,271,850)	38,891,042

Allowance for expected credit losses

The following tables show a reconciliation from the opening to the closing balance of the expected credit loss allowance:

	Allowance for expected credit losses			**March 31, 2025**
	Stage 1	Stage 2	Stage 3	Total
Balance as at April 1, 2024	**405,580**	**410,732**	**455,538**	**1,271,850**
Provision for expected credit losses				
Transfer to Stage 1[1]	**163,511**	**(159,893)**	**(3,618)**	**–**
Transfer to Stage 2[1]	**(181,216)**	**219,883**	**(38,667)**	**–**
Transfer to Stage 3[1]	**(4,261)**	**(99,708)**	**103,969**	**–**
Net remeasurement of allowance for expected credit losses[2]	**(194,570)**	**181,787**	**489,117**	**476,334**
Financial assets that have been fully repaid	**(39,818)**	**(48,231)**	**(35,240)**	**(123,289)**
New financial assets originated	**238,523**	**18,165**	**–**	**256,688**
Write-offs	**–**	**–**	**(286,482)**	**(286,482)**
Recoveries	**–**	**–**	**40,470**	**40,470**
Foreign exchange and other movements	**290**	**(3,578)**	**1,317**	**(1,971)**
Balance as at March 31, 2025	**388,039**	**519,157**	**726,404**	**1,633,600**

[1] Provides the cumulative movement from the previous month's allowance for expected credit losses due to changes in stages prior to remeasurements.

[2] Includes the net remeasurement of the allowance following a transfer between stages, changes in gross carrying amounts, changes in credit risk of existing loans and changes in model inputs and assumptions, including forward-looking macroeconomic variables.

(in thousands of Canadian dollars)

10. Loans (continued)

Allowance for expected credit losses (continued)

	March 31, 2024			
	Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total
Balance as at April 1, 2023	302,061	393,811	348,167	1,044,039
Provision for expected credit losses				
Transfer to Stage 1[1]	181,086	(175,725)	(5,361)	–
Transfer to Stage 2[1]	(132,770)	169,321	(36,551)	–
Transfer to Stage 3[1]	(3,096)	(69,742)	72,838	–
Net remeasurement of allowance for expected credit losses[2]	(138,738)	123,906	304,989	290,157
Financial assets that have been fully repaid	(35,240)	(49,663)	(44,722)	(129,625)
New financial assets originated	232,161	18,920	–	251,081
Write-offs	–	–	(215,299)	(215,299)
Recoveries	–	–	30,656	30,656
Foreign exchange and other movements	116	(96)	821	841
Balance as at March 31, 2024	405,580	410,732	455,538	1,271,850

1 Provides the cumulative movement from the previous month's allowance for expected credit losses due to changes in stages prior to remeasurements.

2 Includes the net remeasurement of the allowance following a transfer between stages, changes in gross carrying amounts, changes in credit risk of existing loans and changes in model inputs and assumptions, including forward-looking macroeconomic variables.

Key input and assumptions

The measurement of allowance for expected credit losses is the result of a complex calculation using a number of assumptions and inputs. The key drivers that contribute to changes in expected credit losses include:

— Changes in the forward-looking macroeconomic conditions of multiple scenarios and their respective weightings;

— Changes in the credit risk of loans as reflected by changes in the internal risk ratings;

— Change in volume of new loans and portfolio growth; and

— Loan exposure migration between the stages because of changes in the above inputs and assumptions.

(in thousands of Canadian dollars)

10. Loans (continued)

Forward-looking information

Forward-looking information is included in both the assessment of allowance for expected credit losses and whether a financial instrument has experienced a significant increase in credit risk. The probability of default (PD), the loss given default (LGD) and the exposure at default (EAD) inputs used to estimate the expected credit loss allowance on the performing portfolio reflect the scenario-weighted forward-looking assumptions. Forward-looking macroeconomic variables are forecasted for the base case, upside case and downside case scenarios. For each of the three macroeconomic scenarios, the expected credit loss estimate includes a projection of relevant macroeconomic variables over the upcoming two years. Key variables include, but are not limited to, GDP growth, unemployment rates, WTI oil price, Consumer Price Index, and interest rates. Forecasts include both national and provincial macroeconomic variables.

Given the prevailing uncertainties in global trade policy, our base case scenario is grounded in several key assumptions. This baseline view, as of March 31, 2025, considers the trade challenges Canada will face. The forecast includes U.S. tariffs on Canadian goods and Canadian retaliatory tariffs on U.S. goods which are assumed to be in place for a limited duration. It also considers a steady Bank of Canada's policy rate for the latter half of 2025, counter tariffs from other countries, and Canada's fiscal response. The base case scenario highlights the potential impact of the tariffs on trade flows, business costs, inflation and overall economic growth, resulting in a moderate GPD growth of 0.9% in 2025, down from 1.5% in 2024.

Upside and downside scenarios have been developed to account for potential macroeconomic fluctuations impacting GDP growth. In the downside scenario, GDP is projected to contract in 2025 and 2026 due to the effects of recent financial crises, resulting in a prolonged recession driven by decreased business investment and consumer spending.

Conversely, the upside scenario offers a more favourable economic outlook, with increased business investment in 2025, though still below potential growth, and a return to above-potential economic activity in 2026.

The models were calibrated based on historical performance and relied on macroeconomic forecasts combined with experts' judgments in determining the plausible weights for the scenarios considered to reflect the forward-looking information.

The tables presented below feature essential macroeconomic indicators employed in determining our estimated credit loss allowances. These projections encompass the base case, as well as upside and downside scenarios, outlining insights into the next 12 months and the subsequent forecast period, which aligns with BDC's medium-term outlook.

March 31, 2025

	Baseline scenario		Upside scenario		Downside scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Real GDP Canada (%)	**0.9**	**1.9**	**1.4**	**1.9**	**(4.2)**	**(0.2)**
Unemployment rate (%)	**6.7**	**6.1**	**6.2**	**5.6**	**10.6**	**11.6**
WTI oil price (US$ per barrel)	**68**	**71**	**68**	**71**	**39**	**27**

March 31, 2024

	Baseline scenario		Upside scenario		Downside scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Real GDP Canada (%)	0.8	2.3	1.0	2.3	(4.5)	0.4
Unemployment rate (%)	6.0	5.8	6.0	5.8	10.1	11.3
WTI oil price (US$ per barrel)	78	77	78	77	44	29

(in thousands of Canadian dollars)

10. Loans (continued)

Sensitivity of expected credit losses

The following tables show the impact on the allowance for expected credit losses that would result under the assumption that all performing loans were in either Stage 1 or Stage 2:

		March 31, 2025
	Allowance for expected credit losses on performing loans[1]	Impact of staging
As reported	**971,662**	**–**
Simulation		
Performing loans as if they were all in Stage 1	**765,218**	**(206,444)**
Performing loans as if they were all in Stage 2	**1,330,182**	**358,520**

[1] Includes loans and loan commitments.

		March 31, 2024
	Allowance for expected credit losses on performing loans[1]	Impact of staging
As reported	882,597	–
Simulation		
Performing loans as if they were all in Stage 1	733,571	(149,026)
Performing loans as if they were all in Stage 2	1,225,047	342,450

[1] Includes loans and loan commitments.

Credit risk

The principal items of collateral pledged as security in the event of loan defaults, along with other credit enhancements for loans, include: (i) various types of security on assets; (ii) personal and corporate guarantees; (iii) letters of credit; (iv) assignments of life insurance; (v) assignments or hypothecs of third-party loans; and (vi) assignments of leases.

As at March 31, 2025, $55.6 million ($21.9 million as at March 31, 2024) of impaired loans, net of allowance for expected credit losses, was secured by assets that BDC had the power to sell in order to satisfy borrower commitments. BDC's policy is to have these assets sold when other avenues of resolution have been exhausted.

(in thousands of Canadian dollars)

10. Loans (continued)

Credit risk (continued)

The following table summarizes performing and non-performing loans outstanding by client credit risk exposure based on BDC classification:

						March 31, 2025
BDC rating	Grade equivalent	Stage 1	Stage 2	Stage 3	Total	%
0.5-1.0	Investment grade	**5,187,255**	**163,460**	**–**	**5,350,715**	**13%**
1.5-5.0	Non-investment grade	**25,840,926**	**8,401,748**	**–**	**34,242,674**	**81%**
5.5	Watchlist	**–**	**1,185,549**	**–**	**1,185,549**	**3%**
6.0 and up	Credit-impaired	**–**	**–**	**1,626,913**	**1,626,913**	**3%**
Loans gross carrying amount		**31,028,181**	**9,750,757**	**1,626,913**	**42,405,851**	**100%**
Allowance for expected credit losses		**(388,039)**	**(519,157)**	**(726,404)**	**(1,633,600)**	
Net carrying amount		**30,640,142**	**9,231,600**	**900,509**	**40,772,251**	

						March 31, 2024
BDC rating	Grade equivalent	Stage 1	Stage 2	Stage 3	Total	%
0.5-1.0	Investment grade	5,156,116	45,768	–	5,201,884	13%
1.5-5.0	Non-investment grade	25,557,050	7,275,771	–	32,832,821	81%
5.5	Watchlist	–	1,067,605	–	1,067,605	3%
6.0 and up	Credit-impaired	–	–	1,060,582	1,060,582	3%
Loans gross carrying amount		30,713,166	8,389,144	1,060,582	40,162,892	100%
Allowance for expected credit losses		(405,580)	(410,732)	(455,538)	(1,271,850)	
Net carrying amount		30,307,586	7,978,412	605,044	38,891,042	

The following tables summarize loans outstanding, classified by secured risk exposure coverage:

Secured risk exposure	Performing loans outstanding	Impaired loans outstanding	Total	**March 31, 2025**
Secured financing[1]	**29,819,210**	**1,086,509**	**30,905,719**	**73%**
Partially secured financing[2]	**4,427,840**	**207,986**	**4,635,826**	**11%**
Leverage financing[3]	**6,531,888**	**332,418**	**6,864,306**	**16%**
Loans outstanding	**40,778,938**	**1,626,913**	**42,405,851**	**100%**

[1] % of security shortfall at authorization is less than 30%.

[2] % of security shortfall at authorization is between 31% and 60%.

[3] % of security shortfall at authorization is over 60%.

Secured risk exposure	Performing loans outstanding	Impaired loans outstanding	Total	March 31, 2024
Secured financing[1]	28,156,598	680,595	28,837,193	71%
Partially secured financing[2]	4,534,049	130,976	4,665,025	12%
Leverage financing[3]	6,411,663	249,011	6,660,674	17%
Loans outstanding	39,102,310	1,060,582	40,162,892	100%

[1] % of security shortfall at authorization is less than 30%.

[2] % of security shortfall at authorization is between 31% and 60%.

[3] % of security shortfall at authorization is over 60%.

(in thousands of Canadian dollars)

10. Loans (continued)

Credit risk (continued)

BDC considers a loan past due when a client has not made a payment by the contractual due date. The following table shows the gross carrying value of loans that are past due but not classified as impaired because they are either less than three months past due or collection efforts are reasonably expected to result in repayment. These loans are included in Stage 2.

Loans past due but not impaired	Within 1 month	1 to 3 months	Over 3 months	Total
As at March 31, 2025	**218,858**	**56,465**	**2,760**	**278,083**
As at March 31, 2024	229,993	72,035	13,420	315,448

Concentrations of the total loans outstanding and undisbursed amounts of authorized loans, by province and territory and by industry sector, are set out in the tables below. The largest concentration in one individual or closely related group of clients was less than 1% as at March 31, 2025, and March 31, 2024.

Undisbursed amounts of authorized loans stood at $4,157,102 as at March 31, 2025 ($1,188,121 at fixed rates; $2,963,131 at floating rates; $5,850 at zero interest rate) ($4,399,869 as at March 31, 2024; $1,719,844 at fixed rates; $2,673,525 at floating rates; $6,500 at zero interest rate). The weighted-average effective interest rate on interest-bearing loan commitments was 6.3% (7.78% as at March 31, 2024).

		March 31, 2025		March 31,2024
Geographic distribution	Outstanding	Commitments	Outstanding	Commitments
Newfoundland and Labrador	**766,785**	**56,435**	767,641	43,511
Prince Edward Island	**75,021**	**3,140**	78,507	1,786
Nova Scotia	**771,378**	**57,827**	761,702	41,954
New Brunswick	**557,583**	**72,894**	535,519	91,019
Quebec	**13,766,233**	**1,481,673**	13,018,040	1,398,451
Ontario	**11,570,304**	**995,837**	11,096,225	1,128,123
Manitoba	**1,165,354**	**94,802**	1,073,479	91,974
Saskatchewan	**1,086,457**	**66,400**	1,074,714	63,774
Alberta	**5,720,037**	**801,672**	5,431,721	796,677
British Columbia	**6,721,409**	**511,619**	6,137,216	735,489
Yukon	**116,428**	**11,235**	107,305	4,676
Northwest Territories and Nunavut	**88,862**	**3,568**	80,823	2,435
Total loans outstanding	**42,405,851**	**4,157,102**	40,162,892	4,399,869

(in thousands of Canadian dollars)

10. Loans (continued)

Credit risk (continued)

	March 31, 2025		March 31,2024	
Industry sector	Outstanding	Commitments	Outstanding	Commitments
Wholesale and retail trade	**8,841,017**	**720,497**	8,346,092	868,616
Manufacturing	**8,550,289**	**1,052,862**	8,402,140	1,131,408
Service industries	**6,757,912**	**472,854**	6,247,200	551,155
Commercial properties	**4,374,271**	**275,433**	3,882,292	207,352
Construction	**4,169,422**	**369,495**	3,907,244	350,356
Tourism	**3,871,740**	**303,350**	3,676,376	309,806
Transportation and storage	**2,935,030**	**272,278**	2,766,857	312,562
Resources	**1,561,973**	**510,093**	1,549,146	491,796
Other	**1,344,197**	**180,240**	1,385,545	176,818
Total loans outstanding	**42,405,851**	**4,157,102**	40,162,892	4,399,869

The following tables summarize loan commitments outstanding by client credit risk exposure based on BDC classification:

						March 31, 2025
BDC rating	Grade equivalent	Stage 1	Stage 2	Stage 3	Total	%
0.5-1.0	Investment grade	**707,345**	**20,666**	**–**	**728,011**	**18%**
1.5-5.0	Non-investment grade	**2,964,547**	**419,154**	**–**	**3,383,701**	**81%**
5.5	Watchlist	**–**	**45,390**	**–**	**45,390**	**1%**
Total loan commitment outstanding		**3,671,892**	**485,210**	**–**	**4,157,102**	**100%**
Allowance for expected credit losses		**(48,056)**	**(16,410)**	**–**	**(64,466)**	
Carrying value		**3,623,836**	**468,800**	**–**	**4,092,636**	

						March 31, 2024
BDC rating	Grade equivalent	Stage 1	Stage 2	Stage 3	Total	%
0.5-1.0	Investment grade	583,939	–	–	583,939	13%
1.5-5.0	Non-investment grade	3,493,336	258,991	–	3,752,327	85%
5.5	Watchlist	–	63,603	–	63,603	2%
Total loan commitment outstanding		4,077,275	322,594	–	4,399,869	100%
Allowance for expected credit losses		(55,504)	(10,781)	–	(66,285)	
Carrying value		4,021,771	311,813	–	4,333,584	

(in thousands of Canadian dollars)

10. Loans (continued)

Credit risk (continued)

The following tables show a reconciliation from the opening to the closing balance of the allowance for expected credit losses on commitments, which is included in expected credit losses on loan commitments and guarantees in the Consolidated Statement of Financial Position:

				March 31, 2025
Allowance for expected credit losses on commitments	Stage 1	Stage 2	Stage 3	Total
Balance as at April 1, 2024	**55,504**	**10,781**	**–**	**66,285**
Provision for expected credit losses				
Transfer to Stage 1[1]	**2,707**	**(2,707)**	**–**	**–**
Transfer to Stage 2[1]	**(11,788)**	**11,788**	**–**	**–**
Net remeasurement of the allowance for expected credit losses[2]	**2,536**	**15,374**	**–**	**17,910**
Net increase (decrease) in commitments	**(660)**	**(18,032)**	**–**	**(18,692)**
Foreign exchange and other movements	**(243)**	**(794)**	**–**	**(1,037)**
Balance as at March 31, 2025	**48,056**	**16,410**	**–**	**64,466**

[1] Provides the cumulative movement from the previous month's allowance for expected credit losses due to changes in stages prior to remeasurements.

[2] Includes the net remeasurement of the allowance following a transfer between stages, changes in commitment amounts, changes in credit risk and changes in model inputs and assumptions, including forward-looking macroeconomic variables.

				March 31, 2024
Allowance for expected credit losses on commitments	Stage 1	Stage 2	Stage 3	Total
Balance as at April 1, 2023	47,172	9,928	–	57,100
Provision for expected credit losses				
Transfer to Stage 1[1]	4,917	(4,917)	–	–
Transfer to Stage 2[1]	(9,300)	9,300	–	–
Net remeasurement of the allowance for expected credit losses[2]	7,824	13,067	–	20,891
Net increase (decrease) in commitments	5,182	(16,603)	–	(11,421)
Foreign exchange and other movements	(291)	6	–	(285)
Balance as at March 31, 2024	55,504	10,781	–	66,285

[1] Provides the cumulative movement from the previous month's allowance for expected credit losses due to changes in stages prior to remeasurements.

[2] Includes the net remeasurement of the allowance following a transfer between stages, changes in commitment amounts, changes in credit risk and changes in model inputs and assumptions, including forward-looking macroeconomic variables.

(in thousands of Canadian dollars)

11. Investments

BDC maintains a medium- to high-risk portfolio of debt investments and a high-risk portfolio of direct and indirect equity investments. All investments, which are held for a longer term, are non-current assets.

The following table provides a summary of the investments portfolio, and undisbursed amounts of authorized investments, by type of investment:

		March 31, 2025			March 31, 2024	
Investment type	Fair value	Cost	Commitments	Fair value	Cost	Commitments
Debt	**1,413,542**	**1,504,391**	**195,437**	1,309,099	1,401,247	170,594
Equity	**2,460,847**	**2,100,757**	**61,971**	2,228,638	1,822,650	106,573
Direct investments	**3,874,389**	**3,605,148**	**257,408**	3,537,737	3,223,897	277,167
Indirect equity investments in funds[1]	**2,431,904**	**1,569,259**	**1,218,499**	2,200,212	1,410,230	1,211,789
Investments	**6,306,293**	**5,174,407**	**1,475,907**	5,737,949	4,634,127	1,488,956

[1] As at March 31, 2025, BDC had invested in 149 funds through its VC segment and 43 funds through its CIP segment (135 and 39 funds, respectively, as at March 31, 2024).

The following table summarizes outstanding debt investments by their contractual maturity date:

	Within 1 year	1 to 5 years	Over 5 years	Total cost	Total fair value
As at March 31, 2025	**134,112**	**1,091,904**	**278,375**	**1,504,391**	**1,413,542**
As at March 31, 2024	120,148	987,492	293,607	1,401,247	1,309,099

Debt investments have subordinate status in relationship to the other debt issued by a company.

(in thousands of Canadian dollars)

11. Investments (continued)

The following tables summarize debt investments outstanding and commitments, classified by geographic distribution and by industry sector. Debt investment commitments include $81,551 at fixed rates and $113,886 at floating rates ($103,310 and $67,284 respectively, as at March 31, 2024) and their weighted-average effective interest rate was 9.3% (10.1% on debt commitments as at March 31, 2024), excluding non-interest return:

			March 31, 2025			March 31, 2024
Geographic distribution	Fair value	Cost	Commitments	Fair value	Cost	Commitments
Newfoundland and Labrador	**20,335**	**21,236**	**2,000**	12,665	13,524	16,500
Prince Edward Island	**2,551**	**2,482**	**–**	–	–	4,050
Nova Scotia	**21,695**	**24,774**	**2,043**	19,539	21,225	1,700
New Brunswick	**13,505**	**14,454**	**2,550**	14,387	17,470	–
Quebec	**481,098**	**502,335**	**87,412**	446,506	455,129	42,950
Ontario	**581,953**	**613,250**	**64,630**	522,034	568,870	67,355
Manitoba	**34,996**	**34,599**	**1,800**	27,895	28,676	5,065
Saskatchewan	**30,697**	**33,341**	**1,000**	37,856	38,324	–
Alberta	**103,854**	**128,107**	**18,040**	92,824	115,653	9,649
British Columbia	**121,007**	**128,104**	**15,962**	133,272	140,155	23,325
Yukon	**1,851**	**1,709**	**–**	2,121	2,221	–
Debt investments	**1,413,542**	**1,504,391**	**195,437**	1,309,099	1,401,247	170,594

			March 31, 2025			March 31, 2024
Industry sector	Fair value	Cost	Commitments	Fair value	Cost	Commitments
Service industries	**462,329**	**479,196**	**87,955**	437,365	450,607	68,053
Manufacturing	**326,100**	**345,790**	**40,141**	303,662	323,648	37,488
Wholesale and retail trade	**239,305**	**260,899**	**13,541**	245,657	258,940	17,715
Information industries	**185,788**	**196,434**	**27,940**	137,604	151,018	29,118
Construction	**115,775**	**118,492**	**10,710**	99,291	101,405	10,000
Resources	**30,059**	**50,248**	**4,000**	36,608	58,366	1,155
Transportation and storage	**20,040**	**19,758**	**7,550**	14,228	19,433	–
Educational services	**15,175**	**14,672**	**–**	16,603	16,918	565
Tourism	**14,976**	**14,933**	**1,800**	18,081	20,912	2,000
Other	**3,995**	**3,969**	**1,800**	–	–	4,500
Debt investments	**1,413,542**	**1,504,391**	**195,437**	1,309,099	1,401,247	170,594

The largest concentration of debt investments in one individual or closely related group of clients as at March 31, 2025, was 1.8% of total debt investments at cost (2.1% as at March 31, 2024). The debt investments portfolio is composed primarily of debentures.

(in thousands of Canadian dollars)

11. Investments (continued)

The concentrations by industry sector for direct equity investments are listed below. For direct equity investments, the largest single investment represented 2.1% of the total direct equity investments at cost (2.3% as at March 31, 2024).

		March 31, 2025			March 31, 2024	
Industry sector	Fair value	Cost	Commitments	Fair value	Cost	Commitments
Information technology	**782,657**	**710,754**	**22,224**	721,823	638,604	14,306
Manufacturing	**411,089**	**251,189**	**8,200**	352,763	197,128	15,738
Service industries	**370,494**	**291,273**	**5,000**	362,035	246,195	10,158
Communications	**242,677**	**155,896**	**882**	227,472	142,642	1,002
Resources	**139,399**	**160,281**	**1,676**	133,133	136,963	4,287
Electronics	**110,766**	**110,002**	**3,358**	87,950	104,547	100
Industrial	**88,464**	**118,005**	**3,443**	103,461	104,769	834
Wholesale and retail trade	**71,107**	**60,692**	**–**	54,645	47,398	12,900
Medical and health	**68,888**	**74,849**	**250**	54,191	60,505	3,579
Transportation and storage	**62,718**	**31,283**	**–**	46,010	33,585	30,521
Energy	**25,245**	**31,754**	**481**	20,555	27,516	496
Construction	**23,019**	**23,019**	**–**	–	–	6,771
Biotechnology and pharmacology	**21,318**	**33,156**	**4,230**	28,571	37,283	4,230
Educational services	**7,726**	**2,400**	**661**	8,340	6,249	751
Other	**35,280**	**46,204**	**11,566**	27,689	39,266	900
Direct equity investments	**2,460,847**	**2,100,757**	**61,971**	2,228,638	1,822,650	106,573

(in thousands of Canadian dollars)

11. Investments (continued)

Fair value sensitivity of key unobservable inputs

The following tables show the significant valuation techniques used to determine the fair value of financial instruments included in Level 3 (refer to Note 7–*Classification and fair value of financial instruments* for additional information on hierarchy levels), and the sensitivity analysis of these unobservable inputs on their fair value:

March 31, 2025

Investments	Fair value	Significant valuation techniques	Sensitivity of unobservable inputs	Fair value sensitivity of unobservable inputs
Total fair value—debt investments	**1,412,592**	Discounted Cash Flows (DCF)[2]	Discount rate: Increase 1% Decrease 1%	(29,395) 30,673
Total fair value—direct equity investments	**2,418,165**	Discounted Cash Flows (DCF)[2]	Discount rate: Increase 5% Decrease 5%	(2,933) 1,320
		Market Multiples	Comparability Discount +-5%[3]	(30,186) 30,186
		Transaction Prices	N/A	N/A
		Net Asset Value (NAV) or Liquidation Value	N/A	N/A
Total fair value—indirect equity investments in funds	**2,431,904**	Net Asset Value (NAV)[1]	N/A	N/A
Total fair value—Level 3	**6,262,661**			

March 31, 2024

Investments	Fair value	Significant valuation techniques	Sensitivity of unobservable inputs	Fair value sensitivity of unobservable inputs
Total fair value—debt investments	1,307,496	Discounted Cash Flows (DCF)[2]	Discount rate: Increase 1% Decrease 1%	(25,345) 26,397
Total fair value—direct equity investments	2,144,892	Discounted Cash Flows (DCF)[2]	Discount rate: Increase 5% Decrease 5%	(9,194) 5,604
		Market Multiples	Comparability Discount +-5%[3]	(28,957) 28,957
		Transaction Prices	N/A	N/A
		Net Asset Value (NAV) or Liquidation Value	N/A	N/A
Total fair value—indirect equity investments in funds	2,200,212	Net Asset Value (NAV)[1]	N/A	N/A
Total fair value—Level 3	5,652,600			

1 Fair value is determined by third parties, venture capital investment funds' general partners (GPs).

2 An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.

3 Range of unobservable inputs are not applicable to this valuation methodology.

(in thousands of Canadian dollars)

12.
Accounts payable, accrued, and other liabilities

	March 31, 2025	March 31, 2024
Financial instruments measured at amortized cost		
Current		
Salaries and benefits payable	**100,224**	94,803
Accounts payable	**10,207**	9,461
Deposits from clients	**65,542**	58,638
Guarantee claims payable	**56,981**	58,265
Other	**17,985**	14,246
Total current	**250,939**	235,413
Non-current		
Long-term accrued liabilities	**78,257**	88,149
Other	**1,717**	1,660
Total non-current	**79,974**	89,809
Deferred income[1]	**10,298**	11,516
Accounts payable, accrued and other liabilities	**341,211**	336,738

[1] Deferred income is classified as current liability.

(in thousands of Canadian dollars)

13.
Borrowings

The table below presents the outstanding short-term notes:

			March 31, 2025		March 31, 2024	
Maturity date	Effective rate	Currency	Principal amount	Carrying value	Principal amount	Carrying value
Short-term notes/ financial liabilities measured at amortized cost						
2025	4.638% -5.163%	CAD	–	–	17,792,500	17,833,660
2026	2.607%-4.785%	CAD	**21,241,000**	**21,254,049**	–	–
Total short-term notes	–	–	**–**	**21,254,049**	–	17,833,660

The table below presents the outstanding long-term notes by maturity:

				March 31, 2025		March 31, 2024	
Maturity date	2025 Effective rate[1]	2024 Effective rate[1]	Currency	Principal amount	Carrying value	Principal amount	Carrying value
Long-term notes/financial liabilities measured at amortized cost							
2025	–	0.43% - 5.02%	CAD	**–**	**–**	2,307,000	2,316,932
2026	0.44% - 4.89%	0.44% - 4.89%	CAD	**2,553,000**	**2,576,628**	2,257,000	2,271,334
2027	0.49% - 4.71%	0.49% - 4.71%	CAD	**3,449,000**	**3,482,985**	2,415,000	2,434,903
2028	0.51% - 4.49%	0.51% - 4.49%	CAD	**3,463,000**	**3,490,929**	1,692,000	1,703,907
2029	1.20% - 4.40%	1.20% - 4.40%	CAD	**2,181,000**	**2,200,984**	1,949,000	1,964,875
2030	0.55% - 3.89%	0.55% - 3.89%	CAD	**265,000**	**267,128**	415,000	417,213
2031	1.42% - 4.06%	1.42% - 4.06%	CAD	**169,000**	**169,864**	159,000	159,753
2032	1.69% - 4.03%	1.69% - 4.03%	CAD	**240,000**	**241,061**	240,000	241,067
2033	2.68% - 3.31%	2.68% - 3.31%	CAD	**120,000**	**120,871**	120,000	120,873
2034	3.31% - 3.77%	3.31% - 3.77%	CAD	**55,000**	**55,570**	55,000	55,573
2035	3.31% - 3.31%	3.31% - 3.31%	CAD	**30,000**	**30,245**	30,000	30,247
2036	3.31% - 3.31%	3.31% - 3.31%	CAD	**30,000**	**30,248**	30,000	30,250
2037	3.31% - 3.31%	3.31% - 3.31%	CAD	**15,000**	**15,186**	30,000	30,245
Total long-term notes					**12,681,699**		11,777,172

[1] The effective rates on long-term notes refer to yield to maturity for fixed-rate issues and yield to reset for floating-rate issues.

(in thousands of Canadian dollars)

13. Borrowings (continued)

As at March 31, 2025 and March 31, 2024, all long-term notes are interest-bearing. The following tables show the cash flows and non-cash changes for borrowings:

		Cash flows		Non-cash changes			
	March 31, 2024	Issuances	Repayments	Fair value changes	Accrued interests	Changes in foreign exchange rate	**March 31, 2025**
Measured at amortized cost							
Short-term notes	**17,833,660**	**28,006,500**	**(24,558,000)**	**–**	**(28,111)**	**–**	**21,254,049**
Long-term notes	**11,777,172**	**3,628,000**	**(2,757,000)**	**–**	**33,527**	**–**	**12,681,699**
Total borrowings	**29,610,832**	**31,634,500**	**(27,315,000)**	**–**	**5,416**	**–**	**33,935,748**

		Cash flows		Non-cash changes			
	March 31, 2023	Issuances	Repayments	Fair value changes	Accrued interests	Changes in foreign exchange rate	March 31, 2024
Measured at amortized cost							
Short-term notes	19,767,097	28,579,500	(30,523,500)	–	10,563	–	17,833,660
Long-term notes	7,157,814	6,435,000	(1,865,000)	–	49,358	–	11,777,172
Total borrowings	26,924,911	35,014,500	(32,388,500)	–	59,921	–	29,610,832

14.
Net defined benefit asset or liability

BDC offers defined benefit plans that provide pension and other post-employment benefits to eligible employees. The defined benefit pension plans provide benefits based on years of service and average earnings at retirement, fully or partially indexed to the Consumer Price Index, depending on the option chosen by eligible employees hired before January 1, 2015, and partially indexed to the Consumer Price Index for employees hired after December 31, 2014. Other post-employment benefit plans include health, dental, critical illness and life insurance coverage, as well as a retirement allowance program for a closed group of employees who meet certain conditions.

These defined benefit plans expose BDC to actuarial risks, such as longevity risk, interest rate risk, inflation risk and market (investment) risk. The interest rate risk arises because, each year, the present value of the defined benefit obligation is calculated using a discount rate determined by reference to current market yields of high-quality corporate and provincial bonds, which may vary in the future. A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. The investment risk arises because the actual return on the plan assets may not be sufficient to fulfill future obligations. The longevity risk arises because the present value of the obligation is calculated using projected cash flows based on a life expectancy table reflecting current expectations, which may change over time, and the inflation risk arises because the actual inflation rate in a given year may be different than the rate used for estimation purposes. For each of these risks, an unfavourable variance in any given year will result in an increase in the present value of the obligation and, ultimately, in higher costs. Actuaries and management consider the risk of unfavourable variances arising when reviewing the inputs for the annual actuarial valuation report.

BDC is the legal administrator of these plans and has implemented a governance structure, as follows:

— The Management Pension Funds Investment Committee (MPFIC) of BDC is established to act in an advisory capacity to the Human Resources Committee of the Board (HR Committee) on the Funds' investment strategies and to manage the funds according to the statements of investment policies. The MPFIC reports to the HR Committee and is chaired by the Treasurer.

— The HR Committee is responsible for design, funding, administration, communications and compliance related to the plans, as well as for overseeing all activities related to the investments of the funds of the Pension Plan for Employees of the Business Development Bank of Canada (registered pension plan) and BDC's supplemental pension plans (jointly referred to as the fund). The HR Committee reports directly to the Board, comprises Board members and is supported by BDC's MPFIC.

— The Board is responsible for overall monitoring of the plans and the fund, and for approving recommendations from the HR Committee.

The registered pension plan is governed according to applicable federal legislation, such as the *Pension Benefits Standards Act* and the *Income Tax Act*. The plan is under the jurisdiction of the Office of the Superintendent of Financial Institutions. Participants contribute a fixed percentage of their earnings to the plan, while BDC contributes the amount needed to maintain adequate funding, as dictated by the prevailing regulations. BDC may be required to take measures to offset any funding and solvency deficit by increasing its contributions. In addition, BDC pays the entire cost of the supplemental pension plans. The HR Committee is responsible for the investment and funding policies related to the registered and supplemental pension plans.

The registered pension plan is either partly or wholly funded in accordance with actuarially determined amounts required to satisfy employee benefit entitlements. Benefits accruing to members of the registered pension plan are also funded by contributions by plan participants. BDC projects no contribution to be paid for fiscal 2026 for the registered pension plan due to a mandatory holiday in accordance with the tax rules and pension regulations. The supplemental pension plans are partly funded by BDC and BDC's best estimate of contributions for fiscal 2026 is $9.1 million. The other benefit plans are wholly unfunded. Estimated BDC-paid benefits for other post-employment benefit plans (including the retirement allowance plan) for fiscal 2026 amount to $7.6 million.

(in thousands of Canadian dollars)

14. Net defined benefit asset or liability (continued)

BDC funds its registered pension plan in accordance with applicable federal legislation, tax rules and actuarial standards of practice in Canada to ensure proper funding of employee benefit. As of December 31, 2024, the funded status of the registered pension plan was a going-concern ratio of 149.3% (with a surplus in excess of $747.1 million) and a wind-up/solvency ratio of 120.4%. Mandatory employer current service contribution holiday occurs whenever the going-concern ratio is above 125% and the wind-up/solvency ratio is above 105%. Consequently, BDC has now reached both thresholds providing for a mandatory employer contribution holiday, in accordance with tax rules and pension regulations. Effective in July 2024 with the deposit of its actuarial valuation report for funding purposes as at December 31, 2023, BDC ceased contributing to the pension fund, as prescribed by the applicable federal legislation.

The following tables provide aggregate, information concerning the defined benefit plans:

	Registered pension plan		Supplemental pension plans		Other plans		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Fair value of net plan assets at beginning of year	**2,061,923**	1,838,404	**110,488**	96,596	**–**	–	**2,172,411**	1,935,000
Interest income	**99,203**	92,804	**5,553**	5,075	**–**	–	**104,756**	97,879
Employer contributions	**5,406**	33,236	**10,363**	9,584	**–**	–	**15,769**	42,820
Participant contributions	**25,925**	26,436	**–**	–	**–**	–	**25,925**	26,436
Benefit payments from plan	**(62,648)**	(59,671)	**(7,477)**	(6,561)	**–**	–	**(70,125)**	(66,232)
Administrative expenses paid from plan assets	**(1,677)**	(1,408)	**(44)**	(40)		–	**(1,721)**	(1,448)
Remeasurements								
Return on plan assets (excluding interest income)	**127,016**	132,122	**2,497**	5,834	**–**	–	**129,513**	137,956
Fair value of net plan assets at end of year	**2,255,148**	2,061,923	**121,380**	110,488	**–**	–	**2,376,528**	2,172,411
Defined benefit obligation at beginning of year	**1,723,667**	1,577,938	**175,646**	157,858	**166,450**	163,051	**2,065,763**	1,898,847
Current service cost	**47,668**	43,052	**3,936**	3,481	**3,952**	4,156	**55,556**	50,689
Interest expense	**82,079**	78,179	**8,337**	7,807	**7,897**	8,065	**98,313**	94,051
Benefit payments from plan	**(62,648)**	(59,671)	**(7,477)**	(6,561)	**–**	–	**(70,125)**	(66,232)
Benefit payments from employer		–		–	**(7,810)**	(6,467)	**(7,810)**	(6,467)
Participant contributions	**25,925**	26,436	**–**	–	**–**	–	**25,925**	26,436
Remeasurements								
Effect of changes in demographic assumptions	**–**	–	**–**	–	**3,586**	(5,051)	**3,586**	(5,051)
Effect of changes in financial assumptions	**19,802**	63,025	**1,334**	8,051	**2,042**	4,968	**23,178**	76,044
Effect of experience adjustments	**1,615**	(5,292)	**(659)**	5,010	**644**	(2,272)	**1,600**	(2,554)
Defined benefit obligation at end of year	**1,838,108**	1,723,667	**181,117**	175,646	**176,761**	166,450	**2,195,986**	2,065,763
Total net defined benefit asset	**417,040**	338,256	**–**	–	**–**	–	**417,040**	338,256
Total net defined benefit liability	**–**	–	**59,737**	65,158	**176,761**	166,450	**236,498**	231,608

(in thousands of Canadian dollars)

14. Net defined benefit asset or liability (continued)

	Registered pension plan		Supplemental pension plans		Other plans		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Expense recognized in net income								
Current service cost	**47,668**	43,052	**3,936**	3,481	**3,952**	4,156	**55,556**	50,689
Interest expense on defined benefit obligation	**82,079**	78,179	**8,337**	7,807	**7,897**	8,065	**98,313**	94,051
Interest income on plan assets	**(99,203)**	(92,804)	**(5,553)**	(5,075)	**–**	–	**(104,756)**	(97,879)
Administrative expenses	**1,677**	1,408	**44**	40	**–**	–	**1,721**	1,448
Expense recognized in net income	**32,221**	29,835	**6,764**	6,253	**11,849**	12,221	**50,834**	48,309
Remeasurements recognized in OCI								
Effect of changes in demographic assumptions	**–**	–	**–**	–	**(3,586)**	5,051	**(3,586)**	5,051
Effect of changes in financial assumptions	**(19,802)**	(63,025)	**(1,334)**	(8,051)	**(2,042)**	(4,968)	**(23,178)**	(76,044)
Effect of experience adjustments	**(1,615)**	5,292	**659**	(5,010)	**(644)**	2,272	**(1,600)**	2,554
Return on plan assets (excluding interest income)	**127,016**	132,122	**2,497**	5,834	**–**	–	**129,513**	137,956
Remeasurement gain (loss) recognized in OCI	**105,599**	74,389	**1,822**	(7,227)	**(6,272)**	2,355	**101,149**	69,517

Net plan assets for BDC's registered and supplemental pension plans can be broken down into the following major categories of investments:

	March 31, 2025			March 31, 2024		
Investment type	Quoted on active market	Unquoted	Total	Quoted on active market	Unquoted	Total
Investments						
Cash and cash equivalents	**39,690**	**–**	**39,690**	16,983	–	16,983
Securities purchased under reverse repurchase agreements	**–**	**566,200**	**566,200**	–	441,207	441,207
Bonds						
Government of Canada	**–**	**430,883**	**430,883**	–	400,938	400,938
Canadian provinces	**–**	**753,815**	**753,815**	–	648,970	648,970
Canadian corporate	**–**	**576,418**	**576,418**	–	562,692	562,692
Equity investments						
Canadian equity	**–**	**119,095**	**119,095**	–	102,855	102,855
Global equity	**–**	**981,194**	**981,194**	–	895,618	895,618
Private market	**–**	**330,416**	**330,416**	–	311,205	311,205
Other	**–**	**55,701**	**55,701**	–	53,170	53,170
Investment-related liabilities						
Securities sold under repurchase agreements	**–**	**1,020,922**	**1,020,922**	–	833,734	833,734
Securities sold short	**–**	**455,962**	**455,962**	–	427,493	427,493
Fair value of net plan assets	**39,690**	**2,336,838**	**2,376,528**	16,983	2,155,428	2,172,411

(in thousands of Canadian dollars)

14. Net defined benefit asset or liability (continued)

The investment objective for the plan assets of the registered pension plan is to outperform, in the long term, the pension obligation growth rate to compensate for the risk taken. The HR Committee annually reviews the investment policy, which stipulates a diversification strategy, an acceptable level of investment risk and a commensurate rate of return. The plan assets must be invested in a portfolio of diversified securities, according to the investment policy. These investments must be well diversified by industrial sector, based on the industry classification of specific identified indices.

According to the policy, the portfolio can be divided into three large categories of investments: fixed-income assets, equity investments and private market investments. The target for fixed-income assets is set at 40.0% (40.0% in 2024) of the fair market value of the portfolio. The target for investments in equity should represent approximately 45.0% (45.0% in 2024) of the fair market value of the portfolio: 40.0% in global equity (40.0% in 2024) and 5.0% in Canadian equity (5.0% in 2024). The target for private market investments should represent approximately 15.0% (15.0% in 2024) of the fair market value of the portfolio. The positioning of the asset mix is reviewed monthly to assess the need for rebalancing.

The Pension Fund uses a Liability Driven Investing (“LDI”) bond portfolio with both a bond overlay and an inflation overlay. As part of the inflation overlay, repurchase agreements are contracted to fund the purchase of federal real return bonds and reverse repurchase agreements are contracted to obtain the federal nominal bonds to deliver when selling them short. Such repurchase and reverse repurchase positions are rolled over on an annual basis to maintain a synthetic long federal real return bond and short federal nominal bond position that delivers the inflation performance. In addition, the Pension Fund uses a bond overlay with the LDI bond portfolio to achieve a target interest rate hedge ratio. The bond overlay uses repurchase agreements to fund the purchase of additional exposure to the LDI bond portfolio. The repurchase agreements are rolled over periodically (up to 1 year) to maintain the targeted interest rate hedge.

The significant actuarial assumptions adopted in measuring BDC’s defined benefit obligation at year-end are as follows:

	Registered pension plan		Supplemental pension plans		Other plans	
	2025	2024	**2025**	2024	**2025**	2024
Discount rate	**4.80%**	4.85%	**4.80%**	4.85%	**4.80%**	4.85%
Inflation rate	**2.00%**	2.00%	**2.00%**	2.00%	**2.00%**	2.00%
Rate of salary increase	**3.20%**	3.20%	**3.20%**	3.20%	**3.20%**	3.20%
Rate of pension increase	**2.00%**	2.00%	**2.00%**	2.00%	**N/A**	N/A

The rates of inflation, salary increase, and pension increase in the above table represent management’s long-term view. In fiscal 2024, only the salary increase assumption was adjusted to reflect Management’s view on wages. The resulting short-term assumption in 2024 was 3.95 % in the first two years and 3.70 % in the following three years. In fiscal 2025, the resulting short-term assumption is 3.70 % in the first five years and 3.20% per year thereafter.

The following mortality table was used to determine the present value of the benefit obligation:

— The 2014 Public Sector Mortality Table with mortality improvement Scale CPM-B, from the Canadian Pensioners’ Mortality (CPM) study published by the Canadian Institute of Actuaries in February 2014, was used for 2025 and 2024.

(in thousands of Canadian dollars)

14. Net defined benefit asset or liability (continued)

As at March 31, 2025, the weighted-average duration of the defined benefit obligation was 15.6 years (2024: 15.5 years). For measurement purposes, health care cost trends were assumed to be as follows:

Medical (drugs)
— 5.25% in 2025, decreasing by 0.083% each year to 4.0% in 2040
(5.33% in 2024, decreasing by 0.083% each year to 4.0% in 2040)

Other medical costs
— 3.9% per year
(3.9% per year in fiscal 2024)

Dental costs
— 4.0% per year
(4.0% per year in fiscal 2024)

Weighted-average health care trend (Benefit obligation)
— 4.79% in 2025, decreasing by 0.055% each year to 3.97% in 2040
(4.85% in 2024, decreasing by 0.055% each year to 3.97% in 2040)

Sensitivity of assumptions

The present value of the defined benefit obligation is calculated, in the following sensitivity analyses, with the same method (the projected unit credit method) as the net defined benefit asset or liability recognized in the Consolidated Statement of Financial Position. The sensitivity analyses are based on a change in one assumption while all other assumptions are held constant. This analysis may not be representative of the actual change in the defined benefit obligation, as it is unlikely that a change in an assumption would occur in isolation; some of the assumptions may be correlated.

		March 31, 2025			March 31, 2024		
Increase (decrease) of the present value of the defined benefit obligation		Registered pension plan	Supplemental pension plans	Other plans	Registered pension plan	Supplemental pension plans	Other plans
Discount rate							
Impact of:	1% increase	**(253,352)**	**(21,794)**	**(23,570)**	(236,447)	(21,399)	(22,139)
	1% decrease	**300,643**	**27,422**	**29,874**	308,887	26,993	28,057
Rate of salary increase							
Impact of:	1% increase	**39,546**	**12,120**	**153**	36,621	13,851	199
	1% decrease	**(39,325)**	**(7,175)**	**(146)**	(36,722)	(8,397)	(190)
Rate of price inflation							
Impact of:	1% increase	**289,334**	**19,572**	**237**	273,848	19,885	270
	1% decrease	**(330,610)**	**(15,256)**	**(213)**	(216,394)	(15,755)	(245)
Rate of pension increase							
Impact of:	1% increase	**235,576**	**23,879**	**–**	222,311	23,074	–
	1% decrease	**(189,556)**	**(18,899)**	**–**	(178,953)	(18,382)	–
Health care cost trend							
Impact of:	1% increase	**–**	**–**	**24,337**	–	–	22,602
	1% decrease	**–**	**–**	**(19,624)**	–	–	(18,222)
Post–retirement mortality							
Impact of:	1 year older	**(42,095)**	**(4,960)**	**(5,157)**	(38,894)	(4,697)	(4,676)
	1 year younger	**41,591**	**4,898**	**5,235**	38,444	4,631	4,745

(in thousands of Canadian dollars)

15.
Share capital

An unlimited number of common shares, having a par value of $100 each, is authorized. As at March 31, 2025, there were 62,399,000 common shares outstanding (76,399,000 as at March 31, 2024).

As per BDC's Capital Management and Dividend Policy, on the date of approval of the fiscal 2025 Consolidated Financial Statements, a $50.0 million dividend was declared, representing $0.8 per share, based on fiscal 2025 performance and a dividend of $337.0 million, representing $4.41 per share, was paid in fiscal 2025 based on fiscal 2024 performance.

In fiscal 2025, BDC issued 1.0 million common shares for cash proceeds of $100.0 million, which represents a capital injection in support of the VCCI 2021 initiative (3.5 million common shares were issued in fiscal 2024 for cash proceeds of $350.0 million in support of the VCCI 2017 initiative).

In fiscal 2025, the Minister of Finance repurchased 15.0 million of its common shares for a total value of $1.5 billion to reduce the excess capital in the Credit Availability Program (CAP) related to COVID-19 initiatives (no shares were repurchased during fiscal 2024).

Reconciliation of the number of common shares issued and outstanding

	2025	2024
As at beginning of the year	**76,399,000**	72,899,000
Shares issued	**1,000,000**	3,500,000
Shares repurchased	**(15,000,000)**	–
As at end of the year	**62,399,000**	76,399,000

16. Capital management

Statutory limitations

As per the *BDC Act*, the debt-to-equity ratio of BDC may not exceed 12:1. This ratio is defined as the total of borrowings recognized in the Consolidated Statement of Financial Position, combined with contingent liabilities that exist in the form of financial guarantees issued by BDC, over the equity attributable to BDC's shareholder, excluding accumulated other comprehensive income (loss). BDC's ratio as at March 31, 2025 was 2.4:1 (2.0:1 as at March 31, 2024).

In addition, the amount of paid-in-capital, together with any contributed surplus and any proceeds that have been prescribed as equity (such as hybrid capital instruments), must not at any time exceed $20.0 billion per the *Business Development Bank of Canada Act*, 1995 amended in March 2020. As at March 31, 2025, these amounts totalled $6.3 billion ($7.7 billion as at March 31, 2024).

During the fiscal years ending March 31, 2025 and March 31, 2024, BDC met both of these statutory limitations.

Capital adequacy

BDC's Capital Management Framework is outlined in its Capital Management and Dividend Policy and is aligned with:

- BDC's strategy, the Risk Appetite Statement and the Enterprise Risk Management Policy;
- The Department of Finance's Capital and Dividend Policy Framework for Financial Crown Corporations.

Although BDC is not regulated by the Office of the Superintendent of Financial Institutions (OSFI), its Capital Management Framework is continuously refined to better align with OSFI's guidelines and relevant industry practices, while accounting for factors unique to BDC's mandate as a financial Crown corporation.

The key principles behind BDC's Capital Management Framework are that:

- BDC has adequate capital to protect itself against risks that could adversely impact its ability to deliver on its mandate and minimize the risk of recapitalization through a complete economic cycle; and
- Capital in excess of BDC's target capital is available to be returned to the shareholder in the form of dividends, at the discretion of BDC's Board of Directors.

BDC monitors its capital status on an ongoing basis by comparing its available capital to its required capital.

Available capital based on BDC's internal capital adequacy assessment process (ICAAP) is composed of equity attributable to BDC's shareholder and adjustments aligned with industry practices.

BDC's ICAAP excludes Capital Incentive Programs (CIP) and the Credit Availability Program (CAP), as these government programs are managed by BDC under a specific capital allocation from the shareholder.

(in thousands of Canadian dollars)

16. Capital management (continued)

Capital adequacy (continued)

The following table shows BDC's available capital reconciliation:

	March 31, 2025	March 31, 2024
Equity attributable to BDC's shareholder	**15,327,833**	16,526,455
Adjustments to available capital		
Intangible assets, net of accumulated amortization	**(49,321)**	(52,275)
Net defined benefit asset	**(417,040)**	(338,256)
Adjustments for allowance for expected credit losses	**533,586**	502,674
Portion of equity attributable to CIP	**(2,506,387)**	(2,382,457)
Portion of equity attributable to CAP	**(1,695,347)**	(3,355,533)
Available capital	**11,193,324**	10,900,608

BDC's required capital represents the capital needed to support BDC's risk profile and includes the following element:

— Economic Capital, which quantifies the capital required to cover credit, investment, operational, business and market risks.

BDC's target capital level also factors in a management operating range to mitigate the impact of unplanned capital volatility. It accounts for differences between planned and actual activity levels, as well as volatility in assumptions that are difficult to predict. The management operating range allows any excess capital over target capital to be paid as dividends to the shareholder in the following fiscal year, subject to the discretion of the Board of Directors. Refer to Note 15—*Share capital* for information on dividends paid.

BDC's key measure for determining and assessing capital adequacy is its internal capital ratio, which is expressed as the level of available capital over the economic capital required. As set out in BDC's Capital Management and Dividend Policy, different management zones have been established to closely monitor the internal capital ratio through a complete business cycle, which include a risk limit, a tolerance threshold and a targeted level. BDC's target capital is revised annually based on its Corporate Plan forecasts for internal capital requirements and the management operating range, as well as any capital required by a potential stress testing capital shortfall, identified as part of the enterprise-wide stress testing program.

On the date of approval of the fiscal 2025 Consolidated Financial Statements, a dividend of $50.0 million was declared based on fiscal 2025 performance.

17.
Risk management

Governance

Risk is an inherent feature of the financial sector. BDC has strong risk management practices that emphasize risk identification, risk management, transparency and accountability.

Nature and extent of risks arising from financial instruments

BDC is exposed to the following financial risks: credit risk, market risk and liquidity risk. This note provides the definitions of these risks and describes BDC's risk management policies and risk measurements.

Credit risk

Credit risk is the risk that a financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to BDC. For the purposes of credit risk management activities, BDC distinguishes between credit risk arising from asset-backed securities issuers, borrowers and investees, and counterparties to Treasury activities.

Asset-backed securities issuers

The ABS portfolio consists of investment-grade senior and subordinated notes issued by way of private placement. ABS are fully backed by security consisting of portfolios of loans and leases on vehicles and equipment, as well as dealer floor plan loans, for which there is no significant concentration risk.

In order to mitigate the credit risk on the underlying asset portfolio, generally, there are structural or credit protections. Also, the notional value of the subordinated notes does not exceed 10% of the senior notes. In addition, securities purchased must be of a certain grade. At time of purchase, senior notes must be, at a minimum, an implied investment grade. The implied rating is calculated by BDC using the same scale as rating agencies. The rating is derived by evaluating the transaction structure and the credit enhancement supporting the securities.

Subsequently, BDC receives portfolio reports that describe the performance of the securities, along with the cash flows associated with the collateral, in order to evaluate the securities. In addition, BDC uses an internal risk rating system to monitor credit risk.

As at March 31, 2025, a portion of the notes experienced a significant increase in credit risk for which a provision for expected credit losses of $17.7 million was recorded ($28.1 million as at March 31, 2024). The maximum exposure to credit risk of ABS is limited to the carrying value of the securities. Refer to Note 9—*Asset-backed securities*, for additional information on this portfolio.

BDC is also exposed to credit risk on its ABS commitments. Maximum exposure to credit risk is limited to the committed amount. Refer to Note 19—*Segmented information* for additional information.

17. Risk management (continued)

Nature and extent of risks arising from financial instruments (continued)

Credit risk (continued)

Borrowers and investees

BDC uses a number of policies, directives and procedures to manage credit exposures from loans and investments, which include:

- the use of an internal credit risk rating classification;
- credit policies, guidelines and directives, communicated to officers whose activities and responsibilities include credit granting and risk assessment, which ensure early recognition of problem accounts and immediate implementation of steps to protect BDC's assets;
- independent reviews by Internal Audit of credit valuation, risk classification and credit management procedures, which include reporting the results to senior management, the President and Chief Executive Officer, and the Audit and Conduct Review Committee;
- approval of larger transactions by the Board Risk Committee and the Board Investment Committee, based on recommendations made by Management;
- monitoring of portfolio concentrations to protect BDC from being overly concentrated in any one province or industry sector;
- monitoring to ensure that exposure to a single borrower or associated borrowers, unless approved by the Board of Directors, does not represent more than 10% of the shareholder's equity;
- an annual review process to ensure appropriate classification of individual credit facilities;
- the conduct of semi-annual valuations of investments; and
- a watchlist report recording accounts with evidence of weaknesses, as well as an impaired loan report covering loans that show impairment.

The maximum exposure to credit risk from borrowers and investees is limited to the carrying amount of the loans and debt investments. Refer to Note 10—*Loans* and Note 11—*Investments* for additional information on loans and investment portfolios.

BDC is also exposed to credit risk on its loan commitments and financial guarantees, which include loan guarantees. Maximum exposure to credit risk is limited to the committed amount or, in the case of financial guarantees, to the maximum amount payable under the guarantees. Refer to Note 19—*Segmented information* and Note 20—*Guarantees, contingent liabilities and lease commitments* for additional information.

Counterparties to Treasury activities

Credit risk inherent to Treasury activities is the risk that BDC faces through the non-performance of a counterparty and a possible default event. For the purpose of BDC's Treasury activities, a distinction is made between credit risk arising from investments held in the liquidity portfolio (issuer risk) and credit risk arising from the use of derivative products (counterparty risk).

The notional amounts of derivative financial instruments held by BDC are not indicative of the credit risk exposure associated with the contracts. The risk of loss is related to the possibility that a counterparty to a transaction will not perform as agreed. In the event of default by a counterparty, the risk to BDC in these transactions would be limited to the prevailing market values of transactions that are in an unrealized gain position and are uncollateralized.

BDC limits its exposure to credit risk by dealing only with financial institutions that have credit ratings in accordance with the Treasury Risk Policy. As at March 31, 2025, and March 31, 2024, BDC had no significant concentrations in any individual financial institution.

(in thousands of Canadian dollars)

17. Risk management (continued)

Nature and extent of risks arising from financial instruments (continued)

Credit risk (continued)

Counterparties to Treasury activities (continued)

BDC continually monitors its position and the credit ratings of its counterparties and seeks to limit its credit exposure with respect to foreign exchange contracts in a favourable position by entering into master netting agreements with counterparties.

Counterparty credit risk exposure	Counterparty ratings
	A- to A+
Gross positive replacement cost	**454**
Impact of master netting agreements	**(3,853)**
Replacement cost (after master netting agreements)—March 31, 2025	**(3,399)**
Replacement cost (after master netting agreements)—March 31, 2024	173

Lastly, to manage the credit risk arising from an issuer of cash, the Treasury Risk Management Unit ensures the liquidity portfolio is composed of entities that have a minimum credit rating of A.

The following table sets out information about the credit quality of cash:

Counterparty rating	**March 31, 2025**	March 31, 2024
Rated AA- to AA+	**201,292**	278,931
Rated A- to A+	**1,346,479**	640,347
Cash	**1,547,771**	919,278

Market risk

Market risk is the risk of incurring losses as a result of changes in market factors, such as interest rates, foreign exchange rates, the prices of equities or commodities, or other relevant market factors. Market risk for BDC also arises from volatile unpredictable market events affecting the value of equity investments.

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. For BDC, the risk and potential variability in earnings arise primarily when cash flows associated with interest-sensitive assets and liabilities have different repricing dates. A positive interest rate gap exists when interest-sensitive assets exceed interest-sensitive liabilities for a specific maturity or repricing period. A positive gap will result in an increase in net interest income when market interest rates rise, since assets reprice earlier than liabilities. The opposite impact will occur when market interest rates fall. As set out in the Treasury Risk Policy, BDC manages market risk by matching the terms of assets and liabilities.

To manage the interest rate gap on its interest-sensitive assets and interest-sensitive liabilities, BDC establishes policy guidelines for interest rate gap positions, regularly monitors its situation and decides future strategies in light of changing market conditions. The objective is to manage the interest rate risk using sound and prudent guidelines. Interest rate risk policies included in the Treasury Risk Policy are approved and reviewed at least annually by the Board of Directors.

(in thousands of Canadian dollars)

17. Risk management (continued)

Nature and extent of risks arising from financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

Exposure to interest rate risk is controlled by managing the size of the static gap positions between interest-sensitive assets and interest-sensitive liabilities. Gap analysis is supplemented by scenario analysis of the asset liability portfolio structure and by a duration analysis. The interest rate gap is measured daily.

Exposure to interest rate risk is also monitored using a net interest income sensitivity stress test. A parallel and sustainable 200-basis-point shock on the Canadian yield curve is simulated and the impact on net interest income has to be less than 10%. The following table discloses the 12-month net interest income sensitivity stress test:

	March 31, 2025		March 31, 2024	
	200 basis points in interest rate		200 basis points in interest rate	
	Increase	Decrease	Increase	Decrease
Net interest income sensitivity	**23,899**	**(23,899)**	29,581	(29,581)
Net interest income sensitivity (%)	**1.36**	**(1.36)**	1.81	(1.81)

The following table summarizes BDC's interest rate sensitivity position based on the difference between the carrying value of assets and the carrying value of liabilities and equity, grouped by the earlier of contractual repricing or maturity date. This gap analysis is a static measurement of interest rate-sensitive gaps at a specific time. These gaps can change significantly over a short period of time:

	Immediately rate-sensitive	Within 3 months[1]	4 to 12 months	1 to 5 years	Over 5 years	Non-rate-sensitive[2]	Allowance and fair value	Total
Assets								
Cash	**1,547,771**	**–**	**–**	**–**	**–**	**–**	**–**	**1,547,771**
Derivative assets	**–**	**–**	**–**	**–**	**–**	**454**	**–**	**454**
Asset-backed securities	**–**	**–**	**–**	**59,651**	**1,174,781**	**–**	**(31,846)**	**1,202,586**
Loans	**18,477,989**	**2,454,282**	**3,242,711**	**13,940,412**	**2,663,545**	**1,626,912**	**(1,633,600)**	**40,772,251**
Investments	**733,241**	**4,055**	**76,547**	**479,757**	**38,737**	**3,842,070**	**1,131,886**	**6,306,293**
Other	**–**	**–**	**–**	**–**	**–**	**674,658**	**–**	**674,658**
Total assets	**20,759,001**	**2,458,337**	**3,319,258**	**14,479,820**	**3,877,063**	**6,144,094**	**(533,560)**	**50,504,013**
Liabilities and equity								
Other	**–**	**–**	**–**	**–**	**–**	**1,235,122**	**–**	**1,235,122**
Derivative liabilities	**–**	**–**	**–**	**–**	**–**	**3,853**	**–**	**3,853**
Short-term notes	**–**	**21,254,049**	**–**	**–**	**–**	**–**	**–**	**21,254,049**
Long-term notes	**–**	**616,671**	**1,959,957**	**9,442,026**	**663,045**	**–**	**–**	**12,681,699**
Total equity	**–**	**–**	**–**	**–**	**–**	**15,329,290**	**–**	**15,329,290**
Total liabilities and equity	**–**	**21,870,720**	**1,959,957**	**9,442,026**	**663,045**	**16,568,265**	**–**	**50,504,013**
Total gap position—March 31, 2025	**20,759,001**	**(19,412,383)**	**1,359,301**	**5,037,794**	**3,214,018**	**(10,424,171)**	**(533,560)**	**–**
Total gap position—March 31, 2024	19,858,877	(16,098,494)	1,136,804	4,667,045	3,605,504	(12,953,903)	(215,833)	–

1 This grouping includes asset-backed securities, short-term notes and long-term notes for which interest rates reset monthly. The short-term notes and long-term notes are used to fund floating-rate assets, the majority of which are categorized as immediately rate sensitive.

2 Assets, liabilities and equities that are non-rate sensitive have no specific maturity.

(in thousands of Canadian dollars)

17. Risk management (continued)

Nature and extent of risks arising from financial instruments (continued)

Market risk (continued)

Foreign exchange risk
Foreign exchange risk arises when there is a difference between assets and liabilities held in foreign currencies. Foreign exchange risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. BDC's policy and practice is to economically hedge debt investments and loans in foreign currencies so that the residual exposure to foreign exchange risk is not significant. Equity investments are hedged following the occurrence of a liquidity event. Refer to Note 8—*Derivative financial instruments*, for more information.

Venture capital market risk
Unpredictable financial markets, as well as the presence and appetite of buyers, dictate the timing of venture capital divestitures. This timing, in turn, affects the value of BDC equity investments.

The following table represents a sensitivity analysis that aims to assess the potential impact of general market repricing on fair value of equity investments:

				March 31, 2025
		Fair value movements under sensitivity shocks		
	Fair value	-10%	-25%	-50%
Growth & Transition Capital	**8**	**(1)**	**(2)**	**(4)**
Venture Capital	**3,182,464**	**(318,246)**	**(795,616)**	**(1,591,232)**
Capital Incentive Programs	**1,627,997**	**(162,800)**	**(406,999)**	**(813,999)**
Credit Availability Program	**82,282**	**(8,228)**	**(20,571)**	**(41,141)**
March 31, 2025	**4,892,751**	**(489,275)**	**(1,223,188)**	**(2,446,376)**

				March 31, 2024
		Fair value movements under sensitivity shocks		
	Fair value	-10%	-25%	-50%
Growth & Transition Capital	47	(5)	(12)	(24)
Venture Capital	2,836,226	(283,623)	(709,057)	(1,418,113)
Capital Incentive Programs	1,487,701	(148,770)	(371,925)	(743,851)
Credit Availability Program	104,876	(10,488)	(26,219)	(52,438)
March 31, 2024	4,428,850	(442,886)	(1,107,213)	(2,214,426)

As BDC's equity investments are fully capitalized, any movement in equity prices has a null effect on the capital status as both available and required capital move simultaneously by the same level. Nonetheless, movements in equity prices will impact net income as well as proceeds from divesture of investments. To manage this risk, BDC uses a rigorous selection process of investments and works closely with its investee companies.

Management reviews all transactions. Larger investment transactions that exceed delegations residing with management are recommended by management to the Board Investment Committee which, in turn, may recommend them to the Board, as required.

(in thousands of Canadian dollars)

17. Risk management (continued)

Nature and extent of risks arising from financial instruments (continued)

Liquidity risk

Liquidity risk is the risk resulting from the difficulty in converting BDC's assets into cash for the purpose of servicing and refinancing its debt, for the timely disbursement of its committed loans and investments and for payment of its operating expenses and dividends.

The following tables detail contractual maturities of financial liabilities and commitments and guarantees, and are based on notional amounts, which may differ from carrying values:

	Within 1 year	1 to 5 years	Over 5 years	No fixed maturity	Total
Accounts payable and accrued liabilities	**250,939**	**79,974**	–	–	**330,913**
Short-term notes[1]	**21,500,501**	–	–	–	**21,500,501**
Long-term notes[1]	**2,920,625**	**9,933,257**	**702,175**	–	**13,556,057**
Lease liabilities	**14,772**	**53,705**	**32,905**	–	**101,382**
Total financial liabilities	**24,686,837**	**10,066,936**	**735,080**	–	**35,488,853**
Commitments					
Asset-backed securities[2]	**691,377**	–	–	–	**691,377**
Loans	**4,157,102**	–	–	–	**4,157,102**
Investments[3]	**195,437**	–	–	**1,280,470**	**1,475,907**
Total commitments	**5,043,916**	–	–	**1,280,470**	**6,324,386**
Loan guarantees	**122,611**	**81,343**	**1,893,210**	–	**2,097,164**
Total as at March 31, 2025	**29,853,364**	**10,148,279**	**2,628,290**	**1,280,470**	**43,910,403**

1 Short-term and long-term notes reflect the future payments that will be paid as per the contractual note agreements.

2 Commitments are disclosed at the earliest possible liquidity event.

3 Commitments are mainly related to participation in funds in which BDC is legally committed to invest. Timing of investments will vary, depending on funds' investment requirements, and should occur over the next several years.

	Within 1 year	1 to 5 years	Over 5 years	No fixed maturity	Total
Accounts payable and accrued liabilities	235,413	89,809	–	–	325,222
Short-term notes[1]	18,117,788	–	–	–	18,117,788
Long-term notes[1]	2,661,161	9,088,938	1,148,817	–	12,898,916
Lease liabilities[4]	14,840	51,938	37,687	–	104,465
Total financial liabilities	21,029,202	9,230,685	1,186,504	–	31,446,391
Commitments					
Asset-backed securities[2]	724,776	–	–	–	724,776
Loans	4,399,869	–	–	–	4,399,869
Investments[3]	170,594	–	–	1,318,362	1,488,956
Total commitments	5,295,239	–	–	1,318,362	6,613,601
Loan guarantees	117,483	110,296	2,452,877	–	2,680,656
Total as at March 31, 2024	26,441,924	9,340,981	3,639,381	1,318,362	40,740,648

1 Short-term and long-term notes reflect the future payments that will be paid as per the contractual note agreements.

2 Commitments are disclosed at the earliest possible liquidity event.

3 Commitments are mainly related to participation in funds in which BDC is legally committed to invest. Timing of investments will vary, depending on funds' investment requirements, and should occur over the next several years.

4 In fiscal 2025, modification was made to add the undiscounted contractual cash flow for lease liabilities, which was previously presented in the lease liabilities note to the Consolidated financial statements.

17. Risk management (continued)

Nature and extent of risks arising from financial instruments (continued)

Liquidity risk (continued)

A lack of marketability could make it expensive or even impossible to liquidate the securities held by BDC, which could also compromise the short-term continuity of normal business. To avoid any liquidity-related disruptions, BDC ensures that cash is invested in highly liquid and high-quality securities that can be sold to a wide range of counterparties without incurring a substantial loss.

BDC's liquidity risk management objective is to mitigate this risk by:

— providing for a minimum level of short-term assets over short-term liabilities to cover commitment, market, systemic and operational risks;

— minimizing the unproductive cash balance in the cash account; and

— achieving a return on liquid assets in excess of cost while protecting BDC's capital.

The Treasury Risk Policy establishes risk tolerance parameters, provides delegation of authority to BDC's Treasury Department to transact in approved products and provides limits related to specific measures. The policy governs management, measurement, monitoring and reporting requirements related to liquidity. Paragraph 18(3) of the *BDC Act* defines the instruments in which BDC may invest its liquidity.

BDC's liquidity management practices and processes reinforce its risk mitigation strategies by assigning prudent liquidity levels, concentration requirements and maturity profile requirements, as outlined below:

— The minimum liquidity level covers at least the net cash outflows scheduled for the next five working days. As at March 31, 2025, the maximum liquidity level was not to exceed 30 days of net cash outflows (15 days as at March 31, 2024).

— The maturity profile requires 75% of the total liquidity to be invested in securities maturing within 100 days.

— The concentration profile requires that no more than 50% of the portfolio be invested in securities issued or guaranteed by Canadian provinces.

The following tables show the results of BDC's liquidity risk management:

Liquidity level (in millions of Canadian dollars)	Minimum	Actual	Maximum
As at March 31, 2025	**87**	**1,504**	**2,526**
As at March 31, 2024	–	846	872

Maturity and concentration limits	Limits	**March 31, 2025**	March 31, 2024
Cash and cash equivalents maturing within 100 days	Min 75%	**100%**	100%
Cash and cash equivalents in Canadian provinces	Max 50%	**0%**	0%

As at March 31, 2025 and March 31, 2024, there are no restrictions on cash.

The Treasury Risk Management Unit identifies, measures and monitors these liquidity limits daily. It reports any deviations from these liquidity limits to the Board of Directors. The Treasury Risk Management Unit determines whether the limits remain valid or whether changes to assumptions and limits are required in light of internal or external developments. This process ensures that close links are maintained between liquidity, market and credit risks.

(in thousands of Canadian dollars)

18.
Additional information on the Consolidated Statement of Income

Additional information on financial instruments

				2025
	FVTPL and designated at FVTPL	FVOCI	Amortized cost	Total
Interest income[1]	**153,527**	**56,224**	**3,045,583**	**3,255,334**
Interest expense	**–**	**–**	**1,197,496**	**1,197,496**
Fee and other income	**46,935**	**–**	**56,061**	**102,996**

[1] Interest income includes $86,544 for impaired loans in fiscal 2025.

				2024
	FVTPL and designated at FVTPL	FVOCI	Amortized cost	Total
Interest income[1]	152,013	49,029	2,967,449	3,168,491
Interest expense	(9,122)	–	1,162,370	1,153,248
Fee and other income	30,603	3	57,851	88,457

[1] Interest income includes $87,087 for impaired loans in fiscal 2024.

				2025
	FVTPL	FVOCI	Amortized cost	Total
Net realized gains (losses) on investments	**(40,975)**	**–**	**–**	**(40,975)**
Net change in unrealized appreciation (depreciation) of investments	**(67,390)**	**–**	**–**	**(67,390)**
Net realized foreign exchange gains (losses) on assets	**2,144**	**55**	**15,530**	**17,729**
Net unrealized foreign exchange gains (losses) on assets	**98,135**	**358**	**58,022**	**156,515**
Net realized foreign exchange gains (losses) on foreign exchange forward contracts	**(73,432)**	**–**	**–**	**(73,432)**
Net unrealized foreign exchange gains (losses) on foreign exchange forward contracts	**(3,572)**	**–**	**–**	**(3,572)**
Net foreign exchange gains (losses)	**23,275**	**413**	**73,552**	**97,240**
Net realized gains (losses) on other financial instruments	**125**	**–**	**(140,132)**	**(140,007)**
Total gains (losses)	**(84,965)**	**413**	**(66,580)**	**(151,132)**

(in thousands of Canadian dollars)

18. Additional information on the Consolidated Statement of Income (continued)

Additional information on financial instruments (continued)

				2024
	FVTPL	FVOCI	Amortized cost	Total
Net realized gains (losses) on investments	87,293	–	–	87,293
Net change in unrealized appreciation (depreciation) of investments	(317,283)	–	–	(317,283)
Net realized foreign exchange gains (losses) on assets	3,035	52	8,084	11,171
Net unrealized foreign exchange gains (losses) on assets	(5,781)	59	5,855	133
Net realized foreign exchange gains (losses) on foreign exchange forward contracts	664	–	–	664
Net unrealized foreign exchange gains (losses) on foreign exchange forward contracts	(11,363)	–	–	(11,363)
Net foreign exchange gains (losses)	(13,445)	111	13,939	605
Net realized gains (losses) on other financial instruments	81	–	(98,044)	(97,963)
Total gains (losses)	(243,354)	111	(84,105)	(327,348)

Other additional information

	2025	2024
Salaries and benefits		
Salaries and other benefits	**523,450**	483,518
Defined benefit plan expense (Note 14)	**50,834**	48,309
Total salaries and benefits	**574,284**	531,827
Other expenses		
Professional and outsourcing fees	**102,311**	109,418
Computers and software, including amortization and depreciation	**75,425**	62,733
Communications, advertising and promotion	**27,358**	26,802
Other	**19,821**	21,674
Total other expenses	**224,915**	220,627

19. Segmented information

BDC reports on six business lines: Financing, Advisory Services, Growth & Transition Capital (GTC), Venture Capital (VC), Capital Incentive Programs (CIP) and the Credit Availability Program (CAP). Each business line offers different products and services and is managed separately based on BDC's management and internal reporting structure.

The operating segments are reported in a manner consistent with BDC's presentation and disclosure of information, which is regularly reviewed by the senior management team and the Board of Directors to assess performance.

The following summary describes the operations in each of BDC's reportable segments:

— **Financing**: provides secured, partially secured and unsecured loans with a focus on small and medium-sized enterprises across Canada. It also purchases investments in asset-backed securities through the Funding Platform for Independent Lenders (F-PIL). These securities are backed by vehicle and equipment loans and leases, as well as dealer floor plan loans. The Accelerator Loan Guarantee Program, which aims to provide additional liquidity through partner organizations via loan guarantees, is also included in this segment.

— **Advisory Services**: provides advisory services, supports high-impact firms, and provides group programs and other services related to business activities such as free online and educational content.

— **Growth & Transition Capital (GTC)**: includes debt investments by way of flexible subordinated debt, with or without convertible features, and quasi-equity financing, which offer flexible repayment terms with limited collateral, to support the growth and transition projects of SMEs.

— **Venture Capital (VC)**: includes investments in Venture Capital (VC), Growth Equity (GE), Intellectual Property (IP), and the Climate Tech Fund II. Venture capital segment provides equity and debt investments to cover every stage of a technology-based company's development cycle, from seed funding to expansion. Equity investments in VC are focused on fast-growing companies having promising positions in their respective marketplaces and strong growth potential. BDC also makes indirect equity investments via venture capital investment funds. GE represents equity investments aimed at supporting the growth of high-potential companies across Canada with a focus on mid-size businesses. The IP Fund provides debt investments targeted to companies that are rich in intellectual property. The Climate Tech Fund II consists of equity investments in Canadian cleantech companies, aimed at contributing to Canada's transition to a sustainable, low-carbon economy.

— **Capital Incentive Programs (CIP)**: includes direct and indirect equity investments in Venture Capital Action Plan (VCAP), Venture Capital Catalyst Initiative (VCCI), Cleantech Practice and the Indigenous Growth Fund (IGF). VCAP is a federal government initiative to increase private sector venture capital financing for high-potential, innovative Canadian businesses. VCAP invests primarily in early-stage and mid-stage venture capital funds, and directly in companies across Canada. It supports the creation of large private sector-led funds of funds and also assists existing high-performing funds in partnership with institutional investors, corporate strategic investors and interested provinces. VCCI is also a government-sponsored initiative whereby capital is made available through BDC over three years to provide late-stage venture capital to support the growth of innovative start-ups. Through an envelope entrusted by the federal government, the Cleantech Practice provides equity investments to promising clean technology firms to help build globally competitive and commercially sustainable Canadian cleantech firms. IGF is an investment fund that will provide access to capital to Indigenous entrepreneurs across all industries via business loans from a network of Aboriginal Financial Institutions throughout the country.

19. Segmented information (continued)

— **Credit Availability Program (CAP)**: includes initiatives put in place at the request of our sole shareholder, the Government of Canada, to increase capital availability for specific SME needs, such as COVID-19 related support, digital adoption projects, and tariff relief programs. During the COVID-19 crisis, BDC launched a series of measures to help Canadian businesses survive the challenges brought on by this pandemic. These measures are combined under this segment to distinguish COVID-19 related measures from our core activities. They include the Business Credit Availability Program, delivered in collaboration with private sector lenders, and the Highly Affected Sectors Credit Availability Program (HASCAP) under which, financial institutions provide loans 100% guaranteed by BDC as well as measures delivered directly by BDC. As small businesses adapted to the lasting impacts of the COVID-19 pandemic, our shareholder launched the Canada Digital Adoption Program (CDAP), to help small and medium-sized enterprises adopt digital technologies and stay competitive by providing access to expertise and funding with interest free loans from BDC. CAP's COVID-19 relief measures ended in fiscal 2022, and the CDAP program no longer accepted applications as of the end of fiscal 2024. At the end of fiscal 2025, the Government of Canada requested BDC's help in extending up to $500 million in working capital loans to clients impacted by the new US tariffs, as well as offering consulting mandates to affected businesses. These new initiatives are included in the CAP segment.

The assumptions and methodologies used in BDC's reporting framework are periodically reviewed by management to ensure they remain valid. The main allocation methods used by BDC are described below.

Interest expense is allocated to each operating segment based on its business portfolio and the capital attributed to the segment. Interest expense includes an intersegment interest charged to Financing from CIP and CAP, which have a corresponding intersegment interest credit, and which reflects the interest expense (credit) on CIP and CAP's cash balances transferred to Financing for treasury management purposes. The attribution of capital to BDC's business segments is maintained in accordance with BDC's ICAAP and is consistently aligned to the economic risks of each specific business segment. Refer to Note 16—*Capital management*, for more information.

Operating and administrative expenses include costs that were incurred directly by the business segments. Indirect costs incurred at the enterprise level are attributed to each segment using management's internal reporting framework. All transactions between business segments are recognized on an arm's-length basis.

Loan and investment portfolios, which are all held in Canada, are managed separately based on BDC's business segments. None of the other assets or liabilities are managed by segment.

(in thousands of Canadian dollars)

19. Segmented information (continued)

The following tables provide financial information regarding the results of each reportable segment:

							March 31, 2025
	Total	Financing	Advisory Services	Growth & Transition Capital	Venture Capital	Capital Incentive Programs	Credit Availability Program
Interest income	3,255,334	2,999,213	–	144,853	1,559	1,657	108,052
Interest expense	1,197,496	1,252,689	–	33,593	534	(35,186)	(54,134)
Net interest income	2,057,838	1,746,524	–	111,260	1,025	36,843	162,186
Net realized gains (losses) on investments	(40,975)	(2,809)	–	(6,963)	(12,855)	(4,525)	(13,823)
Revenue from Advisory Services	37,550	–	37,550	–	–	–	–
Fee and other income	102,996	33,406	–	20,582	18,980	1,058	28,970
Net revenue	2,157,409	1,777,121	37,550	124,879	7,150	33,376	177,333
Provision for expected credit losses	(799,417)	(624,346)	–	–	–	–	(175,071)
Net change in unrealized appreciation (depreciation) of investments	(67,390)	7,778	–	(14,966)	(98,573)	40,055	(1,684)
Net foreign exchange gains (losses)	97,240	3,067	–	(6,818)	93,234	3,662	4,095
Net gains (losses) on other financial instruments	(140,007)	125	–	–	–	–	(140,132)
Income (loss) before operating and administrative expenses	1,247,835	1,163,745	37,550	103,095	1,811	77,093	(135,459)
Salaries and benefits	574,284	416,562	52,549	36,621	45,982	5,184	17,386
Premises and equipment	46,361	36,348	3,175	1,845	3,275	484	1,234
Other expenses	224,915	174,449	27,566	5,121	10,460	1,072	6,247
Operating and administrative expenses	845,560	627,359	83,290	43,587	59,717	6,740	24,867
Net income (loss)	402,275	536,386	(45,740)	59,508	(57,906)	70,353	(160,326)
Net income (loss) attributable to:							
BDC's shareholder	403,951	536,386	(45,740)	59,529	(56,251)	70,353	(160,326)
Non-controlling interests	(1,676)	–	–	(21)	(1,655)	–	–
Net income (loss)	402,275	536,386	(45,740)	59,508	(57,906)	70,353	(160,326)
Business segment portfolio as at March 31, 2025							
Asset-backed securities	1,202,586	1,202,586	–	–	–	–	–
Loans, gross carrying amount	42,405,851	41,183,972	–	–	–	–	1,221,879
Less: allowance for expected credit losses	(1,633,600)	(1,544,027)	–	–	–	–	(89,573)
Loans, net of allowance for expected credit losses	40,772,251	39,639,945	–	–	–	–	1,132,306
Debt investments	1,413,542	8,833	–	1,362,301	38,909	–	3,499
Direct equity investments	2,460,847	–	–	8	1,960,813	417,744	82,282
Indirect equity investments in funds	2,431,904	–	–	–	1,221,651	1,210,253	–
Investments	6,306,293	8,833	–	1,362,309	3,221,373	1,627,997	85,781
Total portfolio	48,281,130	40,851,364	–	1,362,309	3,221,373	1,627,997	1,218,087
Business segment commitments and guarantees as at March 31, 2025							
Asset-backed securities	691,377	691,377	–	–	–	–	–
Loans	4,157,102	4,149,529	–	–	–	–	7,573
Debt investments	195,437	–	–	188,104	7,333	–	–
Direct equity investments	61,971	–	–	–	56,513	5,170	288
Indirect equity investments in funds	1,218,499	–	–	–	711,131	507,368	–
Commitments	6,324,386	4,840,906	–	188,104	774,977	512,538	7,861
Guarantees	2,097,164	46,954	–	–	–	–	2,050,210
Total commitments and guarantees	8,421,550	4,887,860	–	188,104	774,977	512,538	2,058,071

(in thousands of Canadian dollars)

19. Segmented information (continued)

							March 31, 2024
	Total	Financing	Advisory Services	Growth & Transition Capital	Venture Capital	Capital Incentive Programs	Credit Availability Program
Interest income	3,168,491	2,882,055	–	139,106	2,500	5,053	139,777
Interest expense	1,153,248	1,270,919	–	32,857	378	(38,628)	(112,278)
Net interest income	2,015,243	1,611,136	–	106,249	2,122	43,681	252,055
Net realized gains (losses) on investments	87,293	(953)	–	(51)	41,407	41,625	5,265
Revenue from Advisory Services	50,096	–	50,096	–	–	–	–
Fee and other income	88,457	28,711	–	15,466	7,901	429	35,950
Net revenue	2,241,089	1,638,894	50,096	121,664	51,430	85,735	293,270
Provision for expected credit losses	(741,304)	(448,406)	–	–	–	–	(292,898)
Net change in unrealized appreciation (depreciation) of investments	(317,283)	(1,576)	–	(7,940)	(220,116)	(82,052)	(5,599)
Net foreign exchange gains (losses)	605	1,716	–	(7,833)	3,549	130	3,043
Net gains (losses) on other financial instruments	(97,963)	81	–	–	–	–	(98,044)
Income (loss) before operating and administrative expenses	1,085,144	1,190,709	50,096	105,891	(165,137)	3,813	(100,228)
Salaries and benefits	531,827	393,739	49,252	35,981	31,792	4,489	16,574
Premises and equipment	45,814	35,493	3,327	1,932	3,121	638	1,303
Other expenses	220,627	158,498	35,607	5,591	11,901	2,494	6,536
Operating and administrative expenses	798,268	587,730	88,186	43,504	46,814	7,621	24,413
Net income (loss)	286,876	602,979	(38,090)	62,387	(211,951)	(3,808)	(124,641)
Net income (loss) attributable to:							
BDC's shareholder	289,874	602,979	(38,090)	62,439	(209,005)	(3,808)	(124,641)
Non-controlling interests	(2,998)	–	–	(52)	(2,946)	–	–
Net income (loss)	286,876	602,979	(38,090)	62,387	(211,951)	(3,808)	(124,641)
Business segment portfolio as at March 31, 2024							
Asset-backed securities	1,289,527	1,289,527	–	–	–	–	–
Loans, gross carrying amount	40,162,892	38,703,540	–	–	–	–	1,459,352
Less: allowance for expected credit losses	(1,271,850)	(1,181,079)	–	–	–	–	(90,771)
Loans, net of allowance for expected credit losses[1]	38,891,042	37,522,461	–	–	–	–	1,368,581
Debt investments	1,309,099	9,993	–	1,265,752	28,851	–	4,503
Direct equity investments	2,228,638	–	–	47	1,720,913	402,802	104,876
Indirect equity investments in funds	2,200,212	–	–	–	1,115,313	1,084,899	–
Investments	5,737,949	9,993	–	1,265,799	2,865,077	1,487,701	109,379
Total portfolio	45,918,518	38,821,981	–	1,265,799	2,865,077	1,487,701	1,477,960
Business segment commitments and guarantees as at March 31, 2024							
Asset-backed securities	724,776	724,776	–	–	–	–	–
Loans	4,399,869	4,388,369	–	–	–	–	11,500
Debt investments	170,594	490	–	159,449	10,655	–	–
Direct equity investments	106,573	–	–	–	89,633	16,640	300
Indirect equity investments in funds	1,211,789	–	–	–	642,320	569,469	–
Commitments	6,613,601	5,113,635	–	159,449	742,608	586,109	11,800
Guarantees	2,680,656	1,475	–	–	–	–	2,679,181
Total commitments and guarantees	9,294,257	5,115,110	–	159,449	742,608	586,109	2,690,981

[1] In fiscal 2025, a modification was made to the presentation of the loans portfolio, which was broken down between the gross carrying amount less the allowance for expected credit losses. This modification was made to align with the presentation used in the Consolidated Statement of Financial Position.

(in thousands of Canadian dollars)

20.

Guarantees, contingent liabilities and lease commitments

Financial guarantees

Guarantees

BDC issues “letters of credit, loan guarantees and portfolio guarantees” (guarantees) to support businesses. Those guarantees represent BDC’s obligation to make payments to third parties if clients are unable to meet their contractual commitments. Collateral requirements for guarantees are consistent with BDC’s collateral requirements for loans. The maximum contractual obligation and actual exposure under the guarantees, which is primarily from the HASCAP program, amounted to $2,097.2 million as at March 31, 2025 ($2,680.7 million as at March 31, 2024) and the existing terms expire within 68 months (within 80 months as at March 31, 2024).

As at March 31, 2025, an amount of 57.0 million of claims payable under these guarantees was recognized in BDC’s Consolidated Statement of Financial Position ($58.3 million of claims payable as at March 31, 2024).

Concentrations of the total loan guarantees by province and territory and by industry sector are set out in the tables below:

	March 31, 2025	March 31, 2024
Geographic distribution	Loan guarantees	Loan guarantees
Newfoundland and Labrador	**13,060**	15,184
Prince Edward Island	**6,622**	7,709
Nova Scotia	**17,514**	23,456
New Brunswick	**11,790**	15,306
Quebec	**240,412**	308,697
Ontario	**1,221,783**	1,553,103
Manitoba	**36,722**	45,291
Saskatchewan	**20,585**	28,650
Alberta	**355,815**	467,568
British Columbia	**172,224**	215,079
Yukon	**582**	598
Northwest Territories and Nunavut	**55**	15
Total loan guarantees	**2,097,164**	2,680,656

(in thousands of Canadian dollars)

20. Guarantees, contingent liabilities and lease commitments (continued)

Financial guarantees (continued)

Industry sector	March 31, 2025 Loan guarantees	March 31, 2024 Loan guarantees
Tourism	**792,151**	1,026,834
Service industries	**462,253**	587,058
Wholesale and retail trade	**237,723**	298,918
Construction	**157,771**	206,882
Manufacturing	**128,973**	164,822
Transportation and storage	**96,327**	121,804
Resources	**41,891**	55,878
Commercial properties	**7,350**	9,444
Other	**172,725**	209,016
Total loan guarantees	**2,097,164**	2,680,656

The following table shows a reconciliation from the opening to the closing balance of the allowance for expected credit losses on loan guarantees, which is included in Expected credit losses on loan commitments and guarantees on the Consolidated Statement of Financial Position:

				March 31, 2025
Allowance for expected credit losses on loan guarantees	Stage 1	Stage 2	Stage 3	Total
Balance as at April 1, 2024	**35,877**	**251,154**	**284,541**	**571,572**
Provision for expected credit losses				
Transfer to Stage 1[1]	**83,508**	**(79,129)**	**(4,379)**	**–**
Transfer to Stage 2[1]	**(37,345)**	**58,285**	**(20,940)**	**–**
Transfer to Stage 3[1]	**(248)**	**(111,406)**	**111,654**	**–**
Net remeasurement of the allowance for expected credit losses[2]	**(61,487)**	**128,452**	**(98,313)**	**(31,348)**
Net increase (decrease) in loan guarantees	**(1,451)**	**(29,061)**	**(9,457)**	**(39,969)**
Balance as at March 31, 2025	**18,854**	**218,295**	**263,106**	**500,255**

				March 31, 2024
Allowance for expected credit losses on loan guarantees	Stage 1	Stage 2	Stage 3	Total
Balance as at April 1, 2023	46,030	248,601	202,614	497,245
Provision for expected credit losses				
Transfer to Stage 1[1]	104,309	(102,476)	(1,833)	–
Transfer to Stage 2[1]	(42,889)	61,687	(18,798)	–
Transfer to Stage 3[1]	(328)	(134,879)	135,207	–
Net remeasurement of the allowance for expected credit losses[2]	(67,294)	204,007	(8,998)	127,715
Net increase (decrease) in loan guarantees	(3,951)	(25,786)	(23,651)	(53,388)
Balance as at March 31, 2024	35,877	251,154	284,541	571,572

1 Provides the cumulative movement from the previous month allowance for expected credit losses on loan guarantees due to changes in stages prior to remeasurements.

2 Includes the net remeasurement of the allowance following a transfer between stages, changes in guarantee amounts, changes in credit risk and changes in model inputs and assumptions, including forward-looking macroeconomic variables

(in thousands of Canadian dollars)

20. Guarantees, contingent liabilities and lease commitments (continued)

Credit risk

The following table summarizes loan guarantees outstanding by client risk exposure based on BDC classification:

						March 31, 2025
BDC rating	Grade equivalent	Stage 1	Stage 2	Stage 3	Total	%
0.5-1.0	Investment grade	**217,921**	**11,830**	**–**	**229,751**	**11%**
1.5-5.0	Non-investment grade	**350,077**	**1,083,894**	**–**	**1,433,971**	**68%**
5.5	Watchlist	**–**	**167,376**	**–**	**167,376**	**8%**
6.0 and up	Credit-impaired	**–**	**–**	**266,066**	**266,066**	**13%**
Net carrying amount		**567,998**	**1,263,100**	**266,066**	**2,097,164**	**100%**

						March 31, 2024
BDC rating	Grade equivalent	Stage 1	Stage 2	Stage 3	Total	%
0.5-1.0	Investment grade	349,345	4,219	–	353,564	13%
1.5-5.0	Non-investment grade	739,657	1,034,558	–	1,774,215	66%
5.5	Watchlist	–	261,076	–	261,076	10%
6.0 and up	Credit-impaired	–	–	291,801	291,801	11%
Net carrying amount		1,089,002	1,299,853	291,801	2,680,656	100%

Indemnification agreements

In the ordinary course of business, BDC enters into many contracts that contain indemnification provisions, such as purchase contracts, employment contracts, service agreements and leasing arrangements. In such contracts, BDC may indemnify counterparties to the contracts for certain aspects of BDC's past conduct if other parties fail to perform, or if certain events occur, such as changes in laws and regulations (including tax legislation), changes in the financial condition of third parties, infringements and breaches of representations and warranties, undisclosed liabilities, and loss caused by the actions of third parties, or as a result of litigation claims by third parties.

These indemnification obligations vary based upon each contract. In many cases, there are no predetermined amounts or limits included in these contracts, and the occurrence of contingent events that triggers payment under them is difficult to predict. The nature of these indemnification contracts is such that BDC cannot reasonably estimate the maximum potential future amount that may be payable to counterparties. Historically, BDC has not made any significant payments under these indemnities and there were no significant provisions for indemnities as at March 31, 2025, and March 31, 2024.

Contingent liabilities

Various legal proceedings arising from the normal course of business are pending against BDC. Management believes that should BDC be found liable pursuant to one or more of these proceedings, the aggregate liability resulting from such proceedings would not be material.

(in thousands of Canadian dollars)

20. Guarantees, contingent liabilities and lease commitments (continued)

Lease Commitments

BDC's future minimum non-fixed lease payments and cost for services related to the rental of premises are as follows:

	March 31, 2025	March 31, 2024
Within 1 year	**17,177**	16,944
1 to 5 years	**66,966**	62,940
After 5 years	**49,100**	56,261
Total	**133,243**	136,145

Leases not yet commenced to which BDC is committed amounted to $1,203.6 as at March 31, 2025 (nil as at March 31, 2024).

21. Related party transactions

BDC is a Crown corporation that is wholly owned by the Government of Canada and is accountable for its affairs through the Minister of Industry. BDC is also related to all Government of Canada created departments, agencies and Crown corporations. BDC enters into transactions with these entities in the normal course of business, under terms and conditions similar to those that apply to unrelated parties.

The defined benefit plans referred to in Note 14—*Net defined benefit asset or liability*, are also related parties. BDC's transactions with these funds include contributions paid to the plans, which are disclosed in Note 14—*Net defined benefit asset or liability*. BDC has no other transactions or balances related to these defined benefit plans.

Borrowings from the Minister of Finance

During the reporting periods, BDC has borrowed funds from His Majesty the King in Right of Canada acting through the Minister of Finance. This borrowing is in accordance with the FAA and the *BDC Act* and is compliant with (i) BDC's borrowing plan, which is approved by the Minister of Finance, and (ii) the Crown Borrowing Program Framework.

The following table shows the transactions and outstanding balances related to the borrowings from the Minister of Finance. Refer to Note 13—*Borrowings*, for additional information on short-term and long-term notes:

	Short-term notes		Long-term notes		Total	
	2025	2024	**2025**	2024	**2025**	2024
Balance at beginning of year	**17,833,660**	19,767,097	**11,777,172**	7,157,814	**29,610,832**	26,924,911
Net change in short-term notes	**3,448,500**	(1,944,000)	**–**	–	**3,448,500**	(1,944,000)
Net changes in accrued interest	**(28,111)**	10,563	**33,527**	49,358	**5,416**	59,921
Issuance of long-term notes	**–**	–	**3,628,000**	6,435,000	**3,628,000**	6,435,000
Repayment of long-term notes	**–**	–	**(2,757,000)**	(1,865,000)	**(2,757,000)**	(1,865,000)
Balance at end of year	**21,254,049**	17,833,660	**12,681,699**	11,777,172	**33,935,748**	29,610,832

During the year, BDC recorded $1,195.4 million in interest expense related to these borrowings ($1,151.4 million in fiscal 2024). In addition, $475.0 million in borrowings with the Minister of Finance were repurchased in fiscal 2025. These transactions resulted in gains of $0.1 million for fiscal 2025 ($725.0 million in borrowings were repurchased in fiscal 2024 and resulted in gains of $0.1 million).

(in thousands of Canadian dollars)

21. Related party transactions (continued)

Key management personnel

Key management personnel are defined as those officers having authority and responsibility for planning, directing and controlling the activities of BDC, including members of the Board of Directors. The following table shows the compensation expense of key management personnel:

	2025	2024
Salaries, termination benefits and other short-term employee benefits	**8,365**	6,960
Post-employment benefits	**1,168**	1,174
Other long-term benefits	**1,534**	1,660
Total	**11,067**	9,794

The following loans or investments were approved, in accordance with the BDC Act, by BDC's Board of Directors or one of its standing committees given that:

i) A member of the Board of Directors, a BDC Officer or an interested person according to the *BDC Act*, owns an interest in or is a director of officer of the applicant; or

ii) The applicant is an interested person according to the *BDC Act*.

Said Board member or BDC officer disclosed the above-mentioned interest to BDC, was not present when the loan or investment was discussed, and, if applicable, did not vote on the resolution to approve the related transaction.

	March 31, 2025
Name of client	Amount of the loan or investment
Futurpreneur Canada	**80,000**
Cymax Group Technologies Inc.	**24,900**
Total	**104,900**

Subsidiaries and associates

The relationships between BDC and its subsidiaries meet the definition of related party relationships. All transactions between BDC and its subsidiaries have been eliminated on consolidation, and as such, are not disclosed as related party transactions.

In the normal course of business, BDC provides equity-type financing and investments to associates. These transactions meet the definition of related party transactions and are made on terms equivalent to those that prevail in arm's-length transactions. Refer to Note 2—*Basis of preparation*, for more information on associates.

Sustainability

Our approach to sustainability

Our sustainability framework is closely integrated with our strategic objectives, clearly defining our sustainability ambitions and priorities across our value chain. By integrating environmental and social issues into our business strategy, we are tackling today's economic challenges, staying relevant to our clients and supporting a more resilient and prosperous Canada.

Our sustainability priorities are informed by a materiality assessment completed in 2022, which included consultations with BDC employees, business owners, and a sample of the Canadian population. We ensure the continued relevance of our priorities through ongoing research conducted by our Economic Research team, and collaboration with stakeholders, including feedback from the latest Legislative Review of BDC. Furthermore, we actively engage with peers and stakeholders within the financial industry, both domestically and internationally, to better understand and address common challenges.

Sustainability governance & management

BDC's Board of Directors has oversight of BDC's sustainability strategy, with responsibilities related to climate change, DEI and ESG disclosure assigned to different committees of the Board.

Board and committees	Responsibilities
Board Governance and Nominating Committee	Oversees sustainability strategy, as well as reporting and disclosure. Reviews developments and emerging issues in corporate sustainability, including climate change.
Board Risk Committee	Assists the board in overseeing the risk management framework. Ensures that all reasonable measures are taken to ensure that major risks – including climate change and social-related risks – are identified, and controls and processes are in place to manage them.
Board Investment Committee	Reviews strategic initiatives aimed at improving the VC ecosystem, including sustainability initiatives.
Human Resources Committee	Ensures that BDC's organizational culture is aligned with its strategy, including aspects relating to diversity, equity, inclusion and accessibility as well as employee health, safety and well-being.

BDC's Senior Management Committee (SMC) receives regular updates on the implementation of our sustainability strategy and initiatives and provides guidance on major sustainability initiatives. Reporting to the Corporate Strategy and Stakeholder Engagement Officer, the Senior Vice President and Head of Sustainability, Diversity & Social Impact leads the team responsible for developing and managing BDC's enterprise-wide sustainability strategy and initiatives. BDC's Sustainability, Diversity and Social Impact team is also responsible for leading our Indigenous Reconciliation Action Plan (RAP) and sustainability-related reporting and disclosures.

BDC's senior leaders are accountable for key sustainability topics. The Chief Community Banking and Impact Officer oversees inclusive entrepreneurship and community banking initiatives. The Chief Human Resource Officer provides leadership and direction for the employee experience, including diversity, equity, inclusion, and accessibility. The Executive Vice-President, BDC Capital, manages the strategy and operations of BDC Capital, including impact investment.

Numerous internal governance committees are in place to help inform and align their members and to discuss and advise senior management on sustainability-related issues. These include the Diversity, Equity and Inclusion and Leadership Council, the Employee Experience committee, the Leaders Council and the Health and Safety Policy committee. Additionally, several cross-functional working groups collaborate to further advance our sustainability strategy, including a cross-functional Sustainability Community of Practice, the Climate Risk Working Group, and the Reconciliation Action Plan Leaders Group.

Since fiscal 2024, BDC requires all new employees to complete online training on its sustainability strategy. In 2025, the Bank also integrated sustainability priorities into the Employee Welcome Conference.

Reporting on our progress

The scope of sustainability-related information found in BDC's Annual Report has been informed by the standards established by the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), and the Canadian Sustainability Disclosure Standards (CSDS). We will continue to review our sustainability-related disclosures as we advance our approach to sustainability and as related reporting frameworks evolve.

For the first time, we have combined sustainability-related disclosure with traditional financial disclosures in our 2025 Annual Report. The following section provides detailed information regarding BDC's management of climate change, Diversity, Equity & Inclusion and Indigenous reconciliation. For details on the location in the 2025 Annual Report of sustainability-related information, please see the index on page 158.

Our approach to environment and climate action

BDC has an important role to play in helping Canada meet its environmental sustainability objectives and this is why we incorporate environmental considerations into our business.

We play a key role in bringing new technologies to market and, since launching our Cleantech Practice in fiscal 2018, BDC has become one of Canada's most active cleantech investors. We support clients' environmental and climate objectives through our financing and advisory services. Additionally, we offer a growing collection of free tools and advice to help Canadian SMEs manage environmental risks and opportunities. Finally, we do our best to lead by example, by reducing the environmental impacts of our business operations and equipping our workforce with environmental training and information tailored to different roles and responsibilities.

Environmental priorities	Actions	2025 Achievements
Invest in environmental leaders of tomorrow	Invest in clean technology firms and firms developing technologies that mitigate GHG emissions.	– Sustainability Venture Fund authorized $14.0 million. – Climate Tech Fund authorized $41.1 million. – Cleantech Practice authorized $28.6 million. – More information on our sustainability-related funds here.
Help SMEs transition to a clean, low-carbon circular economy	Develop and deploy finance products and advisory services to support environmental and climate action by SMEs.	– Embedded sustainability principles into four key areas of our Advisory Services. – $90.9 million total acceptances through two Green Building Loan pilots, which combined favourable loan terms with free consulting for entrepreneurs retrofitting their buildings or getting a recognized green building certification. – $878 million total acceptances in environment-related support, aligned with our Green Taxonomy[1].
Enable transformative actions	Equip Canadian businesses with practical and affordable resources and tools to help them take environmental action.	– More than 71,000 visits to our Climate Action Centre in fiscal 2025. – Launched a free online tool to help SMEs estimate cost savings of building retrofits. – Launched a free online tool to help manufacturers evaluate their environmental maturity. – Launched free *Sustainability Fundamentals in Your Business e-learning*.
Reduce BDC's operational GHG emissions to net-zero by fiscal 2029	Reduce emissions related to business travel and leased facilities.	– Achieved Leadership in Energy and Environmental Design (LEED®)[2] Gold certification for our Vancouver office, BDC's 12th LEED® certification. – Reduced operational GHG emissions by 47% compared to fiscal 2020 base year. – Introduced a shadow carbon price on GHG emissions from business travel to encourage low-carbon travel behaviours.

1 Internal guidelines to identify which client business models, projects and activities are considered "green" or environment-related. Includes environment-related loans, BDC Capital authorizations / acceptances and Advisory services for environment-related mandate.

2 The U.S. Green Building Council's LEED® green building program is the world's most widely used and was created as a leadership standard defining best practices for healthy, high-performing green buildings.

Climate risk management

BDC is directly exposed to climate risks through our own business operations, and indirectly through our suppliers' and clients' activities. Climate change has been identified as a risk to the bank and is included in our risk taxonomy as a subset of environmental and social risks. Going forward, we will continue to evaluate how to better integrate climate risk considerations into our risk appetite framework and process. See page 51 for more information on BDC's enterprise risk management framework and governance.

BDC annually evaluates portfolio exposure to commercial sectors that may be sensitive to climate-related physical and transition risk. Physical risks arise from the potential impacts of more frequent and severe acute weather events, such as wildfires and floods, and those related to chronic changes, such as rising sea levels and higher-than-average temperatures. Transition risks arise from the potential impacts of the transition to a low-carbon economy, influenced by changes in technology, market shifts, public policy or regulations aimed at reducing emissions.

To ensure we maintain sufficient capitalization against unforeseen events due to climate change, we incorporate specific climate scenarios into our stress testing programs and analyses.

	Principal risks	Potential impacts	Mitigation actions
Physical risk	**Operational risk**	Impact of physical effects of climate change, including extreme weather events, on BDC's operations.	We maintain a business continuity program to facilitate the recovery of critical activities in the event of disruptions, and an insurance program to mitigate financial losses.
	Credit risk	Risk of financial losses as physical effects of climate change may have a negative impact on our clients financial position and hence ability to repay debt. Physical effects of climate change may also impact the value of the underlying security held on loans.	We conduct stress testing to evaluate the impact on BDC's financial position from severe but plausible scenarios arising from physical risks. Additionally, we are advancing methodologies to identify and assess physical risks across our portfolio. We maintain diversified portfolios, improving resilience to geographic effects, while vigilantly monitoring portfolio exposures.
	Market risk	Physical effects of climate change may cause fluctuations in the market value of investments.	
Transition risk	**Credit risk**	Climate change transition-related risks include the risk of unanticipated changes to operational costs (e.g., energy), or consumer preferences that may impact clients' financial position, and hence the ability to repay debt.	We are advancing methodologies to identify and assess climate change transition risks across our portfolio. We maintain diversified portfolios, improving resilience to geographic or sectoral impacts of climate-related transition risks, while vigilantly monitoring portfolio exposures.
	Market risk	Transition-related impacts associated with climate change may cause fluctuations in the value of investments.	
	Reputational risk	Risk of negative perception related to climate strategy and climate-related products and services.	We maintain regular engagement and communication with stakeholders regarding climate issues; continue investing in cleantech; and continue supporting clients' climate action through products, services and resources.
	Strategic risk	The risk of failing to meet evolving client expectations regarding sustainable products and services.	We continue to seize climate-related opportunities identified in our climate action strategy and to develop our scenario analysis and stress testing capabilities to help us identify and understand the impacts of climate change.
	Legal & regulatory risk	Potential for regulatory non-compliance with the complex and rapidly changing regulatory landscape around climate change.	Our Government Relations, Sustainability, and Risk Management teams monitor changes to climate-related regulations, and we update our Environmental Risk Directive accordingly.

Climate-related metrics and targets

BDC has established metrics to track progress against our targets for reducing greenhouse gas (GHG) emissions from our operations. As the availability and quality of data improves, we will periodically revise our disclosures in this regard.

We are committed to achieving net zero GHG emissions from our operations by fiscal 2029. This includes emissions related to the leased office space we occupy, as well as business travel. To advance this ambition, we have set an interim goal to reduce our GHG emissions by 40% compared to our 2020 base year, and to source 100% of our electricity from renewable, non-emitting sources by the end of fiscal 2026. Where renewable, non-emitting electricity is not available, we will purchase Renewable Energy Certificates (RECs) to offset emissions associated with our electricity consumption.

BDC's operational GHG emissions over time

For the years ended March 31

Description	Units	Base Year	2023	2024	**2025**
GHG Emissions – Scope 1	tCO_2e	598	617	378	**388**
GHG Emissions – Scope 2[1]	tCO_2e	1,780	1,398	998	**774**
GHG Emissions – Scope 3 (business travel only)	tCO_2e	3,630	1,724	2,314	**2,002**
Total operational GHG emissions	tCO_2e	6,008	3,739	3,690	**3,164**
GHG reduction in operational emissions from F20 base year	%	NA	(38%)	(39%)	**(47%)**

[1] Scope 2 emissions calculated using the location-based method.

Financed emissions

Financed emissions are the GHG emissions attributed to financial institutions based on their lending or investment activities. As of March 31, 2025, the financed emissions associated to our clients' operational emissions (Scope 1 and Scope 2) amounted to 7.04 million tonnes of carbon dioxide equivalent (tCO_2e), compared to 6.56 in fiscal 2024[1].

In fiscal 2024, BDC began to quantify the GHG emissions associated with our lending and investment activities in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard[2]. In fiscal 2025, we refined our methodology to improve the quality of the data and align with best practices, as detailed on page 157.

Financed emissions for the years ended March 31[3, 4, 5, 6, 7]

Description	Units	2025	2024[1]
Business loans and unlisted equity			
Net exposure	$ billions	**45.23**	42.96
Net exposure covered	%	**93%**	93%
Scope 1 and 2 – Financed emissions	$MtCO_2e$	**6.92**	6.45
Emission intensity (per dollar financed)	tCO_2e/M$	**162**	186
PCAF data quality score	n/a	**4.78**	4.76
Commercial real estate (CRE)			
Net exposure	$ billions	**3.58**	3.17
Net exposure covered	%	**74%**	70%
Scope 1 and 2 – Financed emissions	$MtCO_2e$	**0.12**	0.11
Emission intensity (per dollar financed)	tCO_2e/M$	**47**	51
PCAF data quality score	n/a	**5**	5
Overall net exposure	$ billions	**48.81**	46.13
Total Scope 1 and 2 – Financed emissions	$MtCO_2e$	**7.04**	6.56
Total emissions per dollar financed	tCO_2e/M$	**157**	156

1 Recalculated Financed Emissions for fiscal 2024 due to methodology and data improvements.

2 Open-source methodologies that enable financial institutions to measure the GHG emissions associated with their loans and investments.

3 The net exposure is based on gross carrying amount for loans and cost for asset-backed securities, debt investments, direct equity and indirect equity investments. Emissions related to indirect equity investments and asset-backed securities are not currently calculated, although their exposure is considered in the portfolio net coverage. The pension fund is excluded from both the calculation and portfolio coverage.

4 Exposure values used in financed emissions calculations are based on BDC's internal definitions for tracking purposes and may differ slightly from financial accounting exposure values.

5 Data quality scores adhere to PCAF guidance, where a score 1 represents the highest level of quality and a score 5 represents the lowest.

6 CRE asset class encompasses loans used for the purchase and refinance of commercial real estate, defined as property that is used for commercial purposes, such as retail, hotels, office space, or large multifamily rentals.

7 The net exposure covered represents the portion of our portfolio included in the calculation of financed emissions. Some parts of the portfolio are excluded due to insufficient data, methodological constraints, or the defined scope of reporting.

Financed emissions by sector (excluding CRE) for the years ended March 31[1, 2, 3]

Description	Units	2025	2024[4]
Manufacturing			
Net exposure covered	$ billions	**9.37**	9.20
Scope 1 and 2 – Financed emissions	$MtCO_2e$	**1.45**	1.37
Emission intensity (per dollar financed)	tCO_2e/M$	**154**	149
Wholesale and retail trade			
Net exposure covered	$ billions	**9.26**	8.71
Scope 1 and 2 – Financed emissions	$MtCO_2e$	**0.93**	0.92
Emission intensity (per dollar financed)	tCO_2e/M$	**101**	106
Service industries			
Net exposure covered	$ billions	**8.79**	8.20
Scope 1 and 2 – Financed emissions	$MtCO_2e$	**1.42**	1.15
Emission intensity (per dollar financed)	tCO_2e/M$	**162**	141
Construction			
Net exposure covered	$ billions	**4.32**	3.98
Scope 1 and 2 – Financed emissions	$MtCO_2e$	**0.21**	0.17
Emission intensity (per dollar financed)	tCO_2e/M$	**49**	43
Tourism			
Net exposure covered	$ billions	**3.88**	3.64
Scope 1 and 2 – Financed emissions	$MtCO_2e$	**0.13**	0.11
Emission intensity (per dollar financed)	tCO_2e/M$	**33**	31
Transportation and storage			
Net exposure covered	$ billions	**2.86**	2.67
Scope 1 and 2 – Financed emissions	$MtCO_2e$	**1.08**	1.09
Emission intensity (per dollar financed)	tCO_2e/M$	**379**	407
Resources			
Net exposure covered	$ billions	**1.77**	1.73
Scope 1 and 2 – Financed emissions	$MtCO_2e$	**1.37**	1.49
Emission intensity (per dollar financed)	tCO_2e/M$	**775**	861
Others			
Net exposure covered	$ billions	**1.81**	1.62
Scope 1 and 2 – Financed emissions	$MtCO_2e$	**0.32**	0.14
Emission intensity (per dollar financed)	tCO_2e/M$	**178**	85

[1] The net exposure is based on gross carrying amount for loans and cost for asset-backed securities, debt investments, direct equity and indirect equity investments. Emissions related to indirect equity investments and asset-backed securities are not currently calculated, although their exposure is considered in the portfolio net coverage. The pension fund is excluded from both the calculation and portfolio coverage.

[2] Exposure values used in financed emissions calculations are based on BDC's internal definitions for tracking purposes and may differ slightly from financial accounting exposure values.

[3] The net exposure covered represents the portion of our portfolio included in the calculation of financed emissions. Some parts of the portfolio are excluded due to insufficient data, methodological constraints, or the defined scope of reporting.

[4] Recalculated Financed Emissions for fiscal 2024 due to methodology and data improvements.

Carbon-related assets

Carbon-related assets are financial assets exposed to GHG emissions-intensive sectors. At the end of fiscal 2025, lending to carbon-related assets represented 45% of our total outstanding credit exposure.

BDC's credit exposure to carbon-related assets[1]

For the years ended March 31 ($ in millions)

Sector	**2025** Outstanding ($ millions)	**2025** Loans outstanding (% of loan portfolio)	2024 Outstanding ($ millions)	2024 Loans outstanding (% of loan portfolio)
Energy	**1,299**	**3.1**	1,250	3.1
Transportation	**2,746**	**6.5**	2,576	6.5
Agriculture, food & forest products	**2,237**	**5.3**	2,264	5.7
Materials	**5,754**	**13.7**	5,603	14.1
Buildings	**6,817**	**16.2**	6,232	15.6

[1] Exposure values used in credit exposure to carbon-related assets calculations are based on BDC's internal definitions for tracking purposes and may differ slightly from financial accounting exposure values.

Climate sensitivity of portfolio

To gauge the exposure of our loan portfolio to acute physical risk, we assessed the concentration of our portfolio in regions prone to high flood and wildfire hazards. In addition, we assessed our portfolio's sensitivity to transition risk by considering the credit risk characteristics of the portion of our portfolio exposed to carbon-related assets. Less than 18% of the total portfolio is highly sensitive to transition risk, while less than 5% is highly sensitive to physical risk. The methodology is described in more details on page 156.

Sensitivity of BDC's loan portfolio to climate risk

As at March 31, 2025

Sector	Transition risks	Physical risks	% loans outstanding
Commercial properties	(+) More sensitive	(-) Less	10%
Construction	Moderate	(-) Less	10%
Manufacturing	Moderate	(-) Less	20%
Resources	Moderate	(+) More sensitive	4%
Service industries	(-) Less	(-) Less	16%
Tourism	(-) Less	Moderate	9%
Transportation & storage	(+) More sensitive	(-) Less	7%
Wholesale & retail trade	(-) Less	(-) Less	21%
Other	(-) Less	(-) Less	3%

(+) More sensitive

Physical risk: High concentration of real estate collateral in areas with high flood and wildfire hazard rates.
Transition Risk: Sectors with significant exposure to climate transition risk.

Moderate

Physical risk: Moderate concentration of real estate collateral in areas with medium flood and wildfire hazard rates.
Transition Risk: Sectors with moderate exposure to climate transition risk.

Moderate

Physical risk: Low concentration of real estate collateral in areas with low flood and wildfire hazard rates.
Transition Risk: Sectors with minimal exposure to climate transition risk.

Our approach to Diversity, Equity and Inclusion (DEI)

Creating a more inclusive economy involves valuing all our stakeholders, including the people in our organization, the entrepreneurs we serve, our partners, suppliers, shareholder, and Canadian society at large.

Our DEI Leadership Council, led by our President and CEO, focuses on advancing our DEI strategies and goals. This effort is supported by our Corporate DEI framework, adopted in fiscal 2025, which anchors all our DEI initiatives to shared goals. The framework aims to empower traditionally underserved Canadian entrepreneurs through targeted actions and measurable goals. Additionally, it emphasizes creating an exceptional work environment for all employees. Our corporate scorecard incorporates client and workforce diversity goals and metrics to monitor progress and ensure strategic alignment.

Creating an inclusive economy for all entrepreneurs

We want every entrepreneur to achieve their dreams and help their communities thrive.

Priorities	2025 Achievements
Making it easier for all entrepreneurs to get funding	– Launched $50 million Inclusive Entrepreneurship Loan, which combines financing, education, and networking. More details here. – Created two new $100 million investment platforms to support Indigenous and Black-led businesses.
Building a community lending network across Canada	– Launched Community Banking initiative to partner with community-based lending organizations to provide financing and advice for entrepreneurs who need more support. More details here.
Helping non-lending community partners to grow	– Worked with regional and national organizations that help entrepreneurs, so that these organizations can amplify and grow their impact.
Boosting our sales team's ability to support underserved entrepreneurs	– Created a dedicated Indigenous Entrepreneurship team. – Established 60 Champions across Canada to deliver targeted support to underserved entrepreneurs. – Launched the Virtual Banking Centre- Inclusive Entrepreneurship team, dedicated to Indigenous and Black Entrepreneurs.
Promoting diversity among our suppliers	– Continued efforts to source products and services from diverse suppliers, with 8.1% spend allocated to these suppliers.[1]

[1] Procurement spend includes most operational expenses with the exception of leases, salaries, employee benefits, payments to governments, sponsorships, partnerships, donations and other similar expenses.

Client diversity

For the years ended March 31

Description	Units	2021	2022	2023	2024	**2025**
Indigenous-owned businesses	Number of clients	881	982	1,069	1,301	**1,541**
Women-owned businesses	Number of clients	15,117	16,441	17,505	19,418	**21,586**
Women In Technology Venture Fund (WIT)- $200 million commitment	Cumulative authorizations in millions	90.4	125.7	141.7	158.1	**164.8**
Thrive Platform for Women- $500 million commitment	Cumulative authorizations in millions	NA	NA	31.8	76.2	**169.2**

Fostering diversity within the workplace

Research shows that a diverse workforce enhances problem-solving, decision-making and innovation. BDC's commitment to diversity contributes to its success and has earned it consistent recognition as one of Canada's Best Diversity Employers. To uphold these values, BDC follows equitable hiring and promotion processes to mitigate bias, provides training to all employees to cultivate an inclusive mindset, and deploys targeted talent programs to support underrepresented groups.

Workforce representation[1,2]

For the years ended March 31

Description	Group	2023	2024	2025
Women	All employees	49.4%	49.1%	**48.8%**
	People leaders	43.9%	44.0%	**45.5%**
	Senior management	38.8%	41.4%	**39.6%**
Visible minorities – all	All employees	29.3%	30.3%	**32.4%**
	People leaders	16.1%	19.3%	**22.0%**
	Senior management	15.3%	18.2%	**21.8%**
Indigenous	All employees	1.1%	1.1%	**1.3%**
	People leaders	0.8%	0.3%	**0.3%**
	Senior management	1.0%	1.0%	**1.0%**
Persons with disabilities	All employees	3.8%	7.8%	**7.4%**
	People leaders	4.4%	7.9%	**8.7%**
	Senior management	8.2%	10.1%	**8.9%**
Visible minorities – Black	All employees	4.1%	4.9%	**4.9%**
	People leaders	2.0%	3.8%	**3.2%**
	Senior management	1.0%	2.0%	**4.0%**
LGBTQ2 +	All employees	2.3%	3.1%	**3.3%**
	People leaders	4.2%	3.8%	**4.5%**
	Senior management	2.0%	3.0%	**3.0%**

1 Data is based on responses from BDC's voluntary self-identification survey. We disclose representation of black employees as part of our commitment to the BlackNorth Initiative.

2 Senior management refers to vice president level and up.

Building a culture of belonging in the workplace

BDC is committed to creating a workplace where employees feel they can show up as their authentic selves and experience a sense of belonging. This is achieved by driving greater leadership and learning in the workplace, engaging employees through 5 Employee Resource Groups, and ensuring equitable pay and benefits. BDC strives to ensure the inclusion of all people with disabilities by removing barriers and fostering an accessible and welcoming environment, in compliance with the *Canadian Accessibility Act*. Learn more about our accessibility plan here.

Promoting positive social change in the community

We actively seek out opportunities to support positive social change for and with Canadian SMEs, whether they are BDC clients or not. In that regard, we have a wide range of free services and resources for entrepreneurs that address social challenges and demonstrate best practices. For a full list of resources, please see our online Entrepreneurs' Toolkit here.

BDC prioritizes and supports entrepreneurs' mental health with research, education and access to free virtual therapy through its partnership with GreenShield Health. In the last fiscal year, 489 clients benefitted from up to three hours of free virtual therapy. In fiscal 2025, we extended this offering to clients of two of our lending partners – Futurpreneur and EVOL. Visit our Entrepreneur's well-being section for more information.

Our approach to Indigenous reconciliation

BDC provides financing and advice specifically designed to meet the unique needs of Indigenous business owners. This includes the Indigenous Entrepreneur Loan, which offers financing of up to $350,000 to eligible clients. We also invest in the Indigenous economy through partnerships with organizations such as Raven Indigenous Capital Partners and the National Aboriginal Capital Corporations Association (NACCA).

We believe that all Canadians should have access to foundational knowledge on the relationship between Canada, Indigenous Peoples, and the Truth and Reconciliation Commission of Canada (TRC). That is why BDC offers the *4 Seasons of Reconciliation* online course free of charge on BDC.ca, in partnership with the First Nations University of Canada and Reconciliation Canada. More details about our partners, products, services and resources dedicated to Indigenous entrepreneurs can be found here.

Recognizing that reconciliation is a journey requiring time and Indigenous leadership, BDC has taken steps to ensure its approach is guided by Indigenous worldviews and experiences. In fiscal 2025, BDC embarked on a journey to develop an Indigenous Reconciliation Action Plan (RAP), by establishing a Reconciliation Working Group, a Reconciliation Executive Leadership Group, and an Indigenous Talent Strategy. Additionally, BDC committed to the Partnership Accreditation in Indigenous Relations (PAIR) certification program from the Canadian Council for Indigenous Business (CCIB). This certification provides an externally verified framework to guide BDC's RAP actions, marking a significant phase in our reconciliation journey.

Our approach to stakeholder and employee engagement

Many of our economic, social, and environmental goals would be beyond our reach if we did not work in collaboration with partners, clients, suppliers, and employees.

Partners

We have established strong business relationships and referral networks with Canada's financial institutions, along with a national network of partners dedicated to supporting entrepreneurs with financing, advice, expertise, and knowledge. In fiscal 2025, 30,348 of our clients were served through these partnerships. Discover a list of our partners here.

BDC has been B Corp certified since 2013, and in collaboration with B Corp North America, BDC provided B Corp information sessions to 408 SMEs in fiscal 2025. Recognizing the importance of sharing knowledge, BDC is also a founding member of The Montreal Group and a member of the OECD Platform on Financing SMEs for Sustainability.

Employees

BDC is committed to offering a world-class employee experience and to investing in our employees' success, recognizing them as our most valuable asset. We foster a learning culture by providing personalized opportunities for team members to upskill, reskill, and advance their careers. Our mentoring and coaching programs, including the Ambition Challenge for women leaders, support this initiative. BDC also offers access to LinkedIn Learning. Thanks to our commitment to our employees, we have been recognized as one of Canada's Top 100 Employers for 18 years. For more information, visit BDC Careers.

Workforce composition and retention

For the years ended March 31

Description	Units	2021	2022	2023	2024	**2025**
Full-time employees	Number	2,451	2,586	2,845	2,872	**2,944**
Voluntary turnover	Percentage	3.8	7.4	5.5	4.1	**5.0**
Involuntary turnover	Percentage	3.3	1.8	1.9	1.8	**3.5**

Suppliers

BDC is committed to responsible procurement, as illustrated by the principles outlined in its Procurement Policy. Updated in fiscal 2025, the Policy integrates environmental, social and economic considerations into the procurement process. Where permitted, BDC wishes to prioritize the procurement of its goods and services from Canadian suppliers, in order to contribute to Canada's prosperity and socio-economic development. BDC also aims to increase opportunities for companies led by underrepresented entrepreneurs. See our Supplier page for more information.

Corporate Governance

At BDC, we have established a robust and effective corporate governance structure to maintain the confidence and trust of our most important stakeholders: entrepreneurs, employees, the public and our shareholder.

We achieve high standards of governance through a clear understanding of our mandate, well-defined roles, strong leadership and alignment of our corporate governance framework from Board to operational levels.

BDC's corporate governance framework

Federal statutes and Treasury Board guidelines
The *Business Development Bank of Canada Act* sets out BDC's purpose, powers and mandate. The *Financial Administration Act* sets out the control regime for Crown corporations, including strategic planning and financial accountability. BDC's by-laws prescribe the rules that govern the functioning of BDC.

We look to the Treasury Board of Canada Secretariat for guidance on public sector governance practices. BDC meets all the governance standards recommended by the Treasury Board. We also regularly benchmark ourselves against corporate governance and risk management best practices in the financial services sector and update our corporate governance framework as appropriate.

Board governance
Our Board of Directors sets BDC's strategic direction and holds senior management accountable for achieving BDC's statutory mandate while respecting its complementary role. Our Board's charter, the charters of individual Board committees, and the Board of Directors Code of Ethics and Conduct define the Board's corporate governance framework, oversight responsibilities, stewardship role and decision-making authority.

The Board is composed of twelve dedicated directors, including the President and Chief Executive Officer of BDC. Their expertise, integrity and commitment to ethical business conduct allow them to transform principles into action and build trust among our stakeholders. Together, our directors have the required mix of skills and experience needed to guide management in delivering on BDC's mandate. They bring a diverse range of perspectives that helps us support our clients' goals and aspirations. Their biographies can be consulted on BDC's website. The Board recognizes the importance of diversity and its benefits to the success of BDC. Of the 11[1] directors (not including the President and CEO of BDC), 54,5% identify as women, 9,1% as Indigenous, 27,3% as part of a visible minority and 9,1% as Black.

Upon appointment, a detailed orientation program is provided to new Board members, including orientation sessions with each member of the Senior Management Team to learn about BDC.

The Board committees do in-depth work in their areas of responsibility and provide regular reports to the Board on the activities and performance of BDC. Each committee has the authority to engage external advisors or consultants as required, and to approve their contracts and fees.

Except for the President and CEO, all directors are independent, and committees are composed entirely of independent directors. The segregated roles and responsibilities of both the Chairperson of the Board and the President and CEO reflect best practices.

The Board and its committees regularly undergo assessments of their effectiveness, including third-party assessments; directors perform peer-to-peer evaluations and management assesses the Board.

There is extensive communication and collaboration between Board members and senior management in an environment of respect.

At each Board and committee meeting, time is reserved for members of the Board to meet in camera, with the President and CEO, without management and separately without the President and CEO. In-camera sessions with the heads of the oversight functions and with external auditors are regularly held.

Compliance
Under the leadership of the Vice President and Lead, Enterprise Risk Management and Compliance, the Compliance Assurance and Monitoring team is accountable for the execution of internal reviews to test compliance with regulatory requirements. In addition, the Information Risk, Governance, and Compliance team ensures compliance with privacy requirements while defining the measures for identifying, managing, and protecting personal and confidential information.

Risk management
BDC's core challenge is to carry out its role as a development bank that supports entrepreneurs while prudently managing risk and remaining financially sustainable. The Board works closely with management to instill and monitor an appropriate risk culture. BDC continues to refine its risk management framework under the leadership of the Executive Vice President and Chief Risk Officer, who is responsible for the effectiveness of risk management and risk oversight functions.

[1] Directors in office as of March 31, 2025. Data captured on April 16, 2025.

Transparency and conduct review
BDC's directors, executives and employees are committed to the highest standards of business ethics and corporate governance.

The Audit and Conduct Review Committee focuses on the overall effectiveness of BDC's standards of integrity and reviews reports on BDC's conduct risk, while the Board provides oversight of the conduct review to ensure BDC employees embody its integrity, values and culture. Our operations and activities are characterized by an open and ethical culture.

The Board of Directors Code of Ethics and Conduct, and the Employee Code of Ethics are regularly updated to ensure they provide ethical guidance at all levels of the organization. Directors, employees, and consultants annually declare that they have read, understood, and complied with our codes of ethics and conduct. The codes are reinforced by governance documents on personal trading, disclosure of wrongdoing, anti-fraud and anti-money laundering practices, knowing your client, anti-terrorism financing and respecting sanctions. In addition, BDC has an Ombudsperson and a thorough complaint-handling process.

Robust processes are in place to manage conflicts of interest. As part of its oversight of the Board's ethical conduct, the Governance and Nominating Committee is responsible of ensuring that procedures are in place to identify and manage directors' and officers' conflicts of interest and to ensure compliance with the Board of Directors Code of Ethics and Conduct.

An annual disclosure process is in place for directors and officers to declare any outside activities and private interests they may have. In addition to their annual questionnaire, directors have an ongoing obligation to report to the Corporate Secretary in writing any new activity or interest and any situation where their interests may conflict with those of BDC. Risks of conflicts of interest are monitored to ensure that directors and officers are recused from any meeting where they are deemed in a situation of real, potential or apparent conflict of interest and their access to the documentation and information related thereto is restricted.

Furthermore, if a BDC director or officer has declared an interest in a company applying for a loan or investment, the transaction must be approved by the Board or one of its committees (as per the Delegation of Authority and the BDC Act). Such transactions are disclosed in BDC's Annual Report, in compliance with the *BDC Act*.

Government oversight
Each year, Parliament receives an update on BDC's five-year Corporate Plan to ensure its alignment with shareholder priorities. When said plan is approved by the Board, it is submitted to the Minister of Industry, which recommends its approval by the Treasury Board. When approved by the Treasury Board, a summary of the Corporate Plan is then tabled in Parliament. Parliament also receives BDC's Annual Report. It contains our Consolidated Financial Statements, which have been audited by both the Auditor General of Canada and an external audit firm.

At 10-year intervals, the Minister of Industry reviews the provisions and operation of the *BDC Act*, in consultation with the Minister of Finance, to ensure BDC's mandate remains pertinent. The final report of the most recent Legislative Review was published in November 2023 and confirmed that BDC's activities and strategic objectives are in line with its mission.

Highlights of the year

The Board's activities in Fiscal 2025 reflect its dedication to strong governance, strategic oversight, and unwavering support for Canadian entrepreneurs in a complex economic landscape. Through its diligent efforts, the Board has ensured that BDC remains a vital force in fostering the growth and competitiveness of small and medium-sized businesses ("SMEs") across Canada.

During the year, a total of 64 meetings of the Board and its committees were held. Most of them took place virtually, with the remainder in person.

Corporate governance
Notable highlights include the renewal of Mr. Bill Currie's mandate for a four-year term, effective from January 8, 2025, and the appointment of an Acting Chairperson of the Board and of the Governance and Nominating Committee in the event the Chairperson of the Board is absent, unable to act or the office of the Chairperson is vacant, for a period not exceeding 180 days unless approved by the Governor in Council in compliance with the *Business Development Bank Act*.

In keeping with the Board's proactive approach to governance and its commitment to remain in line with best practices, the Board has taken various actions to further enhance its governance framework. Notably, a comprehensive review of the Board's skills matrix was undertaken and resulted in the approval of a new skills matrix, the process for managing conflicts of interest was reviewed and clarified, reinforcing the Board's commitment to maintaining integrity and transparency in governance. Furthermore, the charters of various committees were reviewed with a view to clarifying processes related to the appointment, removal, succession, contingency planning, performance assessment, and compensation approval for key executive roles. The Board also undertook a comprehensive review of policies and directives relating to its conduct and activities, including reimbursement of directors' expenses, referrals and training and continuing education.

Oversight of Strategic Initiatives and Programs
In line with its responsibility to ensure that BDC delivers on its mandate and achieves the impact intended with respect to its strategy and the Shareholder's priorities, the Board played a pivotal role in supporting management in launching and executing strategic initiatives to help Canadian entrepreneurs navigate the economic challenges and grow their businesses. It has notably provided guidance and insights to accompany BDC in evolving its venture capital investment strategy to redefine its role and build a comprehensive investment strategy to address Budget 2024 expectations regarding BDC's support for emerging and innovative enterprises. The Board has also worked closely with Management to implement changes to the Capital and Dividend Policy Framework for Financial Crown Corporations announced in Budget 2024 and design a transition plan to reduce BDC's solvency rating from AA to A.

The Board also oversaw the execution of the Renewed Venture Capital Catalyst Initiative (VCCI), managed by BDC on behalf of the Government of Canada.

Supporting Canadian SMEs impacted by US tariffs was also top of mind. The Board worked closely with Management on the development and launch of a tariff relief program, leveraging the full force of BDC's financing and advisory services to support viable companies materially impacted by the US Tariffs.

Executive appointments and compensation
The Board oversaw the appointment and integration of certain key positions crucial in maintaining the operational integrity and strategic direction of BDC, including the Chief Legal Officer and Corporate Secretary, Executive Vice President of BDC Capital and the Interim Chief Audit Executive.

The Board also oversaw the review of BDC Capital's and BDC's Senior Leaders Long Term Incentive Plans to ensure continued alignment with BDC's ambitions and maintain rigorous risk management.

Oversight of cybersecurity and cyber risk
Effective oversight of cybersecurity and cyber risk management is crucial for mitigating potential threats and vulnerabilities, thereby safeguarding organizational assets, protecting BDC's clients, and ensuring operational continuity. The Board of Directors plays a proactive role in overseeing cybersecurity and technological risk management. The responsibility for overseeing cybersecurity and the adequacy of BDC's information technology, including data governance and artificial intelligence, is delegated to the Audit and Conduct Review Committee. In addition, the Board Risk Committee is tasked with overseeing risk management, including technological risk. In Fiscal 2025, BDC's Board of Directors and its committees dedicated time to regularly review BDC's technology strategy, investments, and operations. Notably, the Board Risk Committee received quarterly updates on Integrated Risk Management, including a Technology Risk Overview, and conducted a thorough review of BDC's Information Technology risk management strategy. All Directors took part in a cybersecurity tabletop exercise.

Director education
The Board also engaged in various training sessions to enhance the expertise of the directors, including workshops on venture capital, ransomware simulation, regular updates on the current economic situation, and a workshop on the future with artificial intelligence. Additionally, quarterly presentations on recent developments in governance and a panel on community banking development were held.

1. Board of Directors and committees

(March 31, 2025)

Board of Directors

Chairperson: Brian O'Neil

Number of meetings: 12

For a comprehensive view of our Board of Directors' activities and responsibilities, as well as details on each of the committees' duties, please visit BDC's website.

Audit and Conduct Review Committee

Chairperson: Suzanne Trottier

Number of meetings: 7

Members: Lena Bullock, Tania M. Clarke, Vivek Jain, Marie-Soleil Lacoursière[1]

The Audit and Conduct Review Committee assists the Board in overseeing and assessing the accuracy and integrity of BDC's financial statements, internal controls, accounting standards, and legal and regulatory compliance and management information systems. It also oversees the independence of external auditors, the Chief Audit Executive, the Chief Financial Officer, the Chief Compliance Officer, the Chief Anti-Money Laundering Officer and the Ombudsperson. The committee has primary responsibility for the oversight of standards of business conduct and ethics.

Board Risk Committee

Chairperson: Bill Currie

Number of meetings: 16

Members: Lena Bullock, Tania M. Clarke, Stéphane Therrien, Suzanne Trottier

The Board Risk Committee assists the Board in overseeing the risk management framework and monitoring BDC's risk profile, its performance against the framework, major risk exposures and important strategic initiatives. It also adjudicates transactions above the management's delegation of authority.

Governance and Nominating Committee

Chairperson: Brian O'Neil

Number of meetings: 4

Members: Bill Currie, Tracey Scarlett, Stéphane Therrien, Suzanne Trottier

The Governance and Nominating Committee assists with governance of the Board and its committees, and oversight of the corporate governance framework and sustainable development strategy.

Human Resources Committee

Chairperson: Tracey Scarlett

Number of meetings: 7

Members: Bill Currie, Michael Ladha, Melanie Nadeau, Stéphane Therrien

The Human Resources Committee helps the Board oversee the management of human capital to ensure that BDC attracts and retains the talent needed to deliver on its mandate and business objectives. The committee is responsible for the oversight of diversity, equity, inclusion and accessibility with respect to employees. The committee also oversees the design and performance of the pension plans, as well as the funds established and maintained for those plans.

Board Investment Committee

Chairperson: Stéphane Therrien

Number of meetings: 18

Members: Vivek Jain, Marie-Soleil Lacoursière, Michael Ladha, Melanie Nadeau, Tracey Scarlett[2]

The Board Investment Committee assists the Board in overseeing all investment activities at BDC, as well as the activities of BDC Capital. It also adjudicates transactions above the management's delegation of authority.

[1] Marie-Soleil Lacoursière ceased to be a member of the Audit and Conduct Review Committee on April 11, 2025 and was appointed on that date on the Human Resources Committee.

[2] Tracey Scarlett ceased to be a member of the Board Investment Committee on April 11, 2025 and was appointed on that date on the Audit and Conduct Review Committee.

Fiscal 2025 Board of Directors and committee meetings attendance

	Board of Directors			Audit and Conduct Review Committee			Board Investment Committee			Board Risk Committee			Governance and Nominating Committee			Human Resources Committee			Committee meetings		
Director	Attendance	Total	%	Attendance	Total	%	Attendance	Total	%	Attendance	Total	%	Attendance	Total	%	Attendance	Total	%	Attendance	Total	%
Brian O'Neil[1]	10	11	91										4	4	100	3	3	100	7	7	100
Lena Bullock[2]	12	12	100	7	7	100				11	11	100							18	18	100
Tania M. Clarke	12	12	100	7	7	100				16	16	100							23	23	100
Bill Currie[3]	11	12	92							14	16	88	4	4	100	7	7	100	25	27	93
Isabelle Hudon[4]	12	12	100																N/A	N/A	N/A
Vivek Jain[5]	11	12	92	7	7	100	16	17	94										23	24	96
Marie-Soleil Lacoursière	12	12	100	7	7	100	17	18	94										24	25	96
Michael Ladha[6]	11	12	92				13	14	94							7	7	100	20	21	95
Konata Lake[7]	8	8	100	4	4	100										2	2	100	6	6	100
Melanie Nadeau[8]	10	12	83				17	18	94							3	4	75	20	22	91
Tracey Scarlett[9]	12	12	100				15	15	100	5	5	100	4	4	100	7	7	100	31	31	100
Stéphane Therrien[10]	12	12	100				18	18	100	16	16	100	4	4	100	3	3	100	41	41	100
Suzanne Trottier[11]	12	12	100	7	7	100				13	15	87	3	4	75				23	26	88

1 Mr. Brian O'Neil is the Chairperson of the Board of Directors and the Governance and Nominating Committee. Mr. O'Neil ceased being a member of the Human Resources Committee effective June 12, 2024. Although Mr. O'Neil is not a member of any other committees, he attended an extensive number of committee meetings in his capacity as Chairperson of the Board of Directors. Mr. O'Neil took a leave of absence from February 27 to March 9, 2025. Due to a potential conflict of interest, Mr. O'Neil recused himself from one Board of Directors' Meeting and such meeting has been excluded from the statistics above.

2 Ms. Lena Bullock was appointed as a member of the Board Risk Committee effective June 12, 2024.

3 Mr. Bill Currie is the Chairperson of the Board Risk Committee.

4 Ms. Isabelle Hudon is BDC's President and Chief Executive Officer. As President and CEO, Ms. Hudon is not a member of any committee, however she attends an extensive number of committee meetings.

5 Mr. Vivek Jain recused himself from one Board Investment Committee Meeting due to a potential conflict of interest and such meeting has been excluded from the statistics above.

6 Mr. Michael Ladha was appointed as a member of the Board Investment Committee effective June 12, 2024.

7 Mr. Konata Lake was appointed as a member of the Audit and Conduct Review Committee and the Human Resources Committee effective June 12, 2024. Due to a potential conflict of interest, Mr. Lake recused himself from one Board of Directors Meeting and such meeting has been excluded from the statistics above. Mr. Lake resigned from the Board of Directors effective January 10, 2025.

8 Ms. Melanie Nadeau was appointed as a member of the Human Resources Committee effective June 12, 2024.

9 Ms. Tracey Scarlett is the Chairperson of the Human Resources Committee. Ms. Scarlett ceased to be a member of the Board Risk Committee effective June 12, 2024. Due to potential conflicts of interest, Ms. Scarlett recused herself from three Board Investment Committee Meetings and such meetings have been excluded from the statistics above.

10 Mr. Stéphane Therrien is the Chairperson of the Board Investment Committee. Mr. Therrien ceased to be a member of the Human Resources Committee effective June 12, 2024.

11 Ms. Suzanne Trottier is the Chairperson of the Audit and Conduct Review Committee. Ms. Trottier was the Acting Chairperson of the Board effective February 27 to March 9, 2025. Due to a potential conflict of interest, Ms. Trottier recused herself from one Board Risk Committee Meeting and such meeting has been excluded from the statistics above.

2. Members of the Board of Directors

(March 31, 2025)

Brian O'Neil
Chairperson of the Board
BDC
Toronto, Ontario

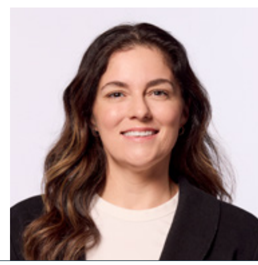
Isabelle Hudon
President and CEO
BDC
Montreal, Quebec

Lena Bullock
Chief Financial Officer
Frind Properties Ltd.
Burnaby, British Columbia

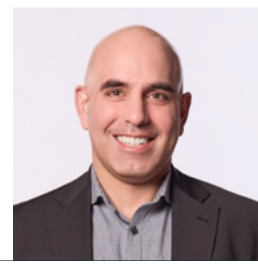
Tania M. Clarke
Corporate Director
Montreal, Quebec

Bill Currie
Corporate Director
Toronto, Ontario

Vivek Jain
Entrepreneur
Regina, Saskatchewan



Marie-Soleil Lacoursière
Corporate Director
Yellowknife, Northwest Territories



Michael Ladha
Vice President, Chief Legal Officer and Corporate Secretary
Newfoundland and Labrador Hydro
St. John's, Newfoundland and Labrador

Melanie Nadeau
Chief Executive Officer
COVE
Dartmouth, Nova Scotia

Tracey Scarlett
Corporate Director
Edmonton, Alberta

Stéphane Therrien
Corporate Director
Montreal, Quebec

Suzanne Trottier
President, First Nations Bank of Canada Trust (FNB Trust)
Vancouver, British Columbia

To see BDC's directors' biographies, please go to www.bdc.ca.

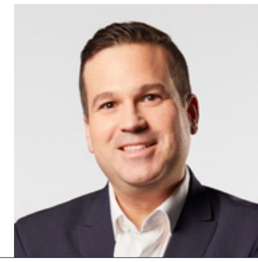
3. Senior Management Committee

(March 31, 2025)

Isabelle Hudon
President and CEO

Miguel Barrieras
Chief Community Banking and Impact Officer

Geneviève Bouthillier
Executive Vice President BDC Capital

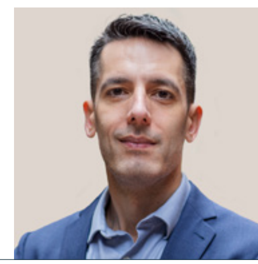


Jean-Sébastien Charest
Chief Information Officer

Véronique Dorval
Executive Vice President and Chief Operating Officer

Diane Lafontaine
Chief Corporate Strategy and Stakeholder Engagement Officer

Marie-Chantal Lamothe
Chief Human Resources Officer



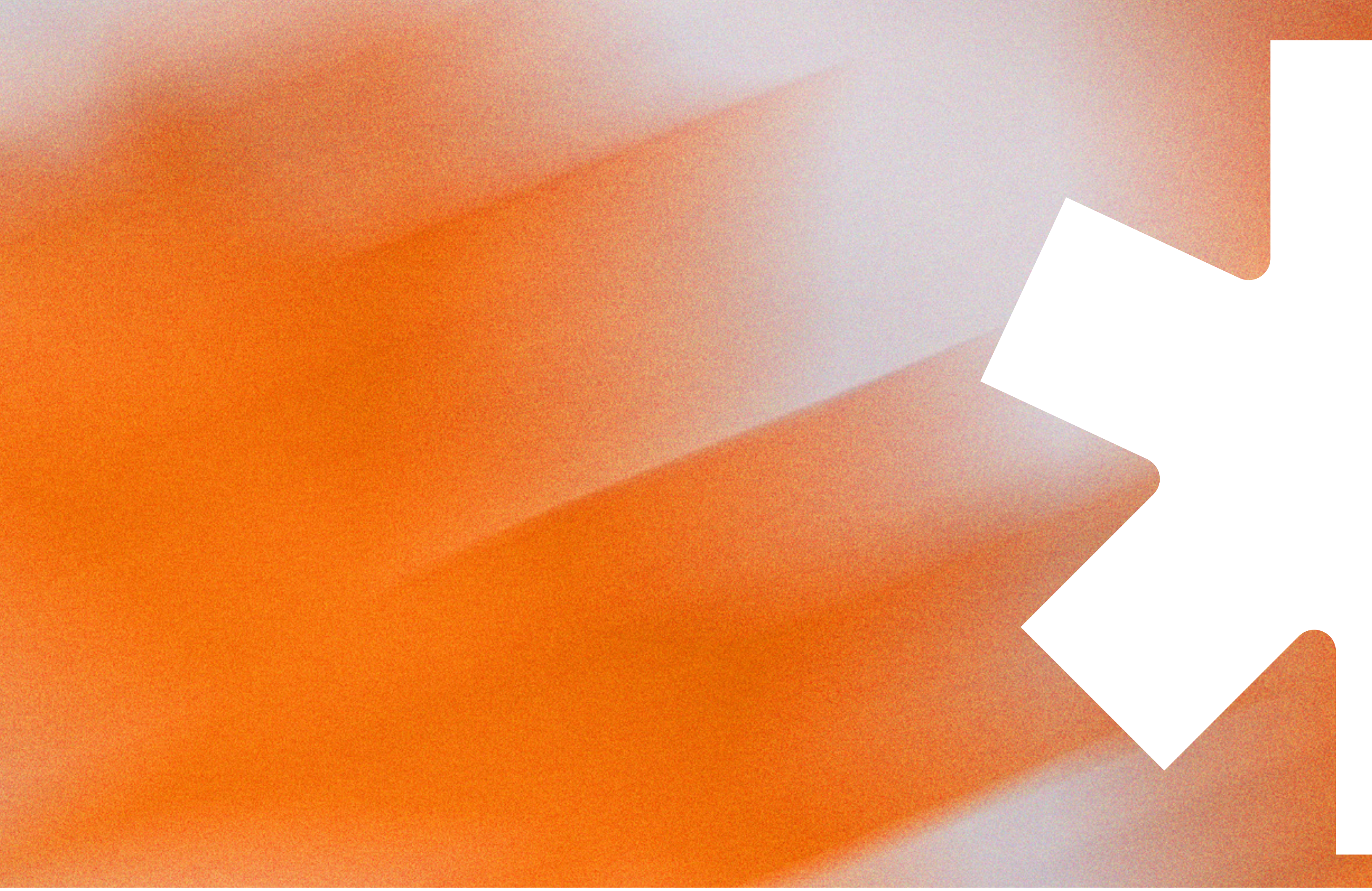
Maxime Laverdière
Chief Legal Officer and Corporate Secretary

Annie Marsolais
Chief Marketing Officer

Christopher Rankin
Executive Vice President and Chief Risk Officer

Christian Settano
Chief Financial Officer

To see BDC's senior management team members' biographies, please go to www.bdc.ca.



Additional information

Climate-related data

Operational GHG emissions

BDC's GHG inventory covers Scope 1, 2, and business travel-related Scope 3 emissions, adhering to the GHG Protocol. Emission factors are derived from publicly available sources, such as the National Inventory Review and Natural Resources Canada.

Our Scope 1 and 2 emissions are primarily associated with the operation of BDC's leased facilities. Our Scope 1 emissions originate from natural gas consumption for heating, while Scope 2 emissions are from electricity consumption or steam heat. When energy consumption data for facilities is unavailable, proxies are used to estimate consumption based on prior year's data or square footage and energy type. Changes in occupation of leased facilities do not trigger a recalculation of the base year.

Scope 3 emissions are limited to business travel by our employees via air, road and rail. Air travel emissions are calculated using the distance in kilometres between departure and arrival airports. Road travel emissions are determined based on total mileage, vehicle type, and corresponding emission factors (kg CO_2e/km). BDC previously measured additional scope 3 categories, including some purchased goods and services, employee commuting, work-from-home emissions, and shipping and distribution. These categories have been excluded from our ongoing emissions inventory due to materiality, the cost and effort required to collect data, or limited ability to influence emission reductions.

BDC pursues emission reductions measures across its value chain, regardless of whether they are quantified on an annual basis. While we quantify financed emissions, we do not include them in our operational emission inventory. See page 157 for methodology used to calculate financed emissions.

Carbon-related assets

Carbon-related assets refer to assets within sectors identified as most vulnerable to climate risks according to the Task Force on Climate-related Financial Disclosures Implementation Guidelines. Our calculation of carbon-related assets is based on our outstanding credit exposure, including core financing and credit availability programs.

Sensitivity to climate risk

We evaluated the sensitivity of BDC's portfolio to physical climate risks by examining the concentration of real estate collateral in areas with high flood and wildfire hazard rates. We calculated hazard probabilities and rated properties accordingly. We then aggregated total commitments by industry sector and credit rating to identify the sensitivity to flood and wildfire hazards.

We evaluated the sensitivity of BDC's portfolio to transition climate risks using a methodology informed by the Climate Risk Sensitivity Assessment approaches referenced in the guidebook for National Development Banks on Climate Risk. This tool categorizes the sensitivity to climate transition risk of sectors in a portfolio as low, medium, or high based on relevance and proportionality. Relevance considers the nature of economic sector activities and portfolio credit quality of that sector, while proportionality assesses the scale of active credit within each sector.

Financed emissions

Financed emissions refer to GHG emissions that are associated with loans and investments financial institutions make or facilitate. We use the PCAF Global GHG Standard for measuring and disclosing financed emissions, which aligns with the GHG Protocol.

BDC's PCAF financed emissions calculations rely on estimates of emissions associated with our clients' activities. This is because most of SMEs do not measure nor report their GHG emissions. For business loans and unlisted equity, we utilize the CIRAIG Open IO-Canada database, which provides emissions averages by sector and Canadian provinces. Additionally, we incorporate Statistics Canada data for asset turnover ratios by sector. For commercial real estate, we apply PCAF emissions factors for Scope 1 and 2, categorized by building type and Canadian provincial emission factors.

In fiscal 2025, we refined our financed emissions calculation methodology and data, leading to a recalculation of our fiscal 2024 disclosure. Several changes were made regarding business loans and unlisted equity, including the following:

- Incorporating an asset turnover ratio in the calculation of financed emissions associated with loans and equity, for a PCAF data quality score of 5.[1]
- Adjusting the net exposure for debt investments and direct equity from the gross carrying amount to the cost basis.
- Enhancing our emissions calculations for loans and equity by utilizing a new, province-specific emission factor database for Canada, which includes more detailed sectoral data.

Business loans and unlisted equity
Our approach to calculating financed emissions for loans and equity involves multiplying the borrower's emissions by an attribution factor. This factor represents the portion of the borrower's emissions that are financed through BDC loans or investments and is the ratio between the outstanding amount of the loan or investment and the economic value of the organization we finance. To calculate the company value, we use total debt and equity based on year-end reported financials. Where this information is unavailable, we use total balance sheet value (total assets) as a proxy for company value. We estimate portfolio company emissions using economic activity-based emissions by sector, in line with PCAF's methodology. To enhance data quality, we focus, when possible, on accessing financial data for the organizations we finance. We use the following approach for Scope 1 and 2 emissions:

- For companies with known revenue, we use the sector-specific emission factor per dollar. This method has a data quality score of 4.
- Otherwise, we use the sector-specific emission factor per dollar multiplied by the sector's asset turnover ratio. This method, which does not require an attribution factor, has a data quality score of 5.

Commercial real estate (CRE)
According to the PCAF Global GHG Standard, CRE asset class encompasses on-balance sheet loans used for the purchase and refinance of commercial real estate, defined as property that is used for commercial purposes, such as retail, hotels, office space, or large multifamily rentals. The overall approach to calculating CRE financed emissions involves multiplying the attribution factor by the emissions associated with the building energy consumption. This attribution factor is the ratio between the outstanding amount of the loan and the property value at origination. We estimate the building energy consumption based on the property type and the region where the building is located. This approach equates to a data quality score of 5.

[1] Data quality scores adhere to PCAF guidance, where a Score 1 represents the highest level of quality and a Score 5 represents the lowest.

Sustainability-related disclosure index

Where to find sustainability-related information within our 2025 Annual Report:

Five-year operational and financial summary

Operational Statistics for the years ended March 31 (in thousands of Canadian dollars)	2021	2022	2023	2024	**2025**
Loans					
Commited to clients[1]					
Amount	35,496,220	38,093,474	41,114,824	44,562,761	**46,562,953**
Number of clients	59,291	62,234	64,484	69,496	**75,554**
Acceptances					
Amount	8,703,157	9,786,838	10,326,810	10,768,415	**10,454,749**
Number	24,755	17,648	19,634	27,616	**29,144**
Loan guarantees					
Commited to clients					
Amount	294,644	3,455,730	3,319,944	2,680,656	**2,097,164**
Number of clients	1,195	15,779	16,538	14,584	**13,231**
Acceptances					
Amount	286,661	3,224,761	228,835	705	**53,599**
Number	1,195	15,172	1,151	13	**591**
Asset-backed securities					
Amount committed to clients[1]	1,345,784	1,445,827	1,961,758	2,062,108	**1,925,809**
Amount authorized (cancelled) and renewed	335,000	100,000	515,000	100,000	**–**
Debt investments					
Commited to clients[1]					
Amount	1,115,593	1,323,470	1,476,593	1,571,841	**1,699,828**
Number of clients	625	639	643	644	**619**
Acceptances/Authorizations					
Amount	155,787	530,396	498,808	458,403	**458,694**
Number	107	173	169	160	**182**
Direct equity investments					
Commited to clients[1]					
Amount	1,344,734	1,592,243	1,826,660	1,929,223	**2,162,728**
Number of clients	328	328	331	329	**337**
Acceptances/Authorizations					
Amount	510,160	435,279	338,562	264,667	**382,906**
Number	205	93	86	78	**96**
Indirect equity investments in funds					
Commited to clients[1]					
Amount	1,861,300	1,920,992	2,441,868	2,622,019	**2,787,758**
Number of clients	125	138	155	176	**194**
Authorizations					
Amount	258,825	175,492	536,126	246,208	**199,304**
Number	21	15	16	25	**20**
Total committed to clients	41,458,275	47,831,736	52,141,647	55,428,608	**57,236,240**

[1] Amount committed to clients represents portfolio outstanding and amount undisbursed, at cost.

Financial Information (in thousands of Canadian dollars)	2021	2022	2023	2024	**2025**
Net Income (loss) and comprehensive income (loss)— by business segment[1] for the years ended March 31					
Financing	733,103	1,162,169	852,054	602,979	**536,386**
Advisory Services	(39,424)	(38,956)	(37,028)	(38,090)	**(45,740)**
Growth & Transition Capital	114,833	152,253	49,911	62,387	**59,508**
Venture Capital	902,467	988,042	(637,895)	(211,951)	**(57,906)**
Core net income	1,710,979	2,263,508	227,042	415,325	**492,248**
Capital Incentive Programs	254,383	303,819	17,985	(3,808)	**70,353**
Credit Availability Program	(315,499)	(52,565)	57,515	(124,641)	**(160,326)**
Net income	1,649,863	2,514,762	302,542	286,876	**402,275**
Net income (loss) attributable to:					
BDC's shareholder	1,647,648	2,440,048	380,732	289,874	**403,951**
Non-controlling interests	2,215	74,714	(78,190)	(2,998)	**(1,676)**
Net income	1,649,863	2,514,762	302,542	286,876	**402,275**
Other comprehensive income (loss)[2]	(38,213)	260,040	10,860	84,806	**134,427**
Total comprehensive income	1,611,650	2,774,802	313,402	371,682	**536,702**
Total comprehensive income (loss) attributable to:					
BDC's shareholder	1,609,435	2,700,088	391,592	374,680	**538,378**
Non-controlling interests	2,215	74,714	(78,190)	(2,998)	**(1,676)**
Total comprehensive income	1,611,650	2,774,802	313,402	371,682	**536,702**
Financial position information as at March 31					
Asset-backed securities	733,322	988,466	1,176,100	1,289,527	**1,202,586**
Loans, net of allowance for expected credit losses	30,905,481	33,283,517	35,932,703	38,891,042	**40,772,251**
Investments	4,431,534	5,862,554	5,742,512	5,737,949	**6,306,293**
Total assets	37,148,117	41,566,996	44,284,922	47,442,940	**50,504,013**
Total liabilities	19,130,760	21,078,523	28,140,021	30,913,365	**35,174,723**
Total equity attributable to:					
BDC's shareholder	18,004,095	20,404,183	16,138,775	16,526,455	**15,327,833**
Non-controlling interests	13,262	84,290	6,126	3,120	**1,457**
Total equity	18,017,357	20,488,473	16,144,901	16,529,575	**15,329,290**

[1] For detailed information on fiscal 2025 and fiscal 2024 segmented information, please also refer to Note 19—*Segmented information* to the Consolidated Financial Statements.

[2] For detailed information on fiscal 2025 and fiscal 2024 Other comprehensive income, please refer to Consolidated Statement of Comprehensive Income (page 67).

Glossary

Acceptance—The point at which the client has agreed to the authorized financing terms and conditions that BDC has offered them. Client acceptance follows BDC authorization. (Information on acceptances disclosed in this report is net of cancellations or reductions after client acceptance.)

Adjusted return on common equity (ROE)—Net income (loss) expressed as a percentage of average common equity. It excludes other comprehensive income or loss, accumulated other comprehensive income or loss, remeasurement of net defined benefit asset or liability, and non-controlling interest. It also excludes Capital Incentive Programs (CIP) and the Credit Availability Program (CAP).

Allowance for expected credit losses—Represents management's estimate of expected credit losses as at the Statement of Financial Position date. Allowance for expected credit losses can be related to the impaired or performing loans portfolio, loan commitments and guarantees. The expected credit losses on outstanding loans are recorded in the Statement of Financial Position as a deduction from loans and the expected credit losses on loan commitments and guarantees are included as liabilities under *Expected credit losses on loan commitments and guarantees*.

Allowance on impaired portfolio—Established by management to measure the expected credit losses on the credit-impaired loan portfolio.

Allowance on performing portfolio—Established by management to measure the expected credit losses on the performing loan portfolio.

Asset-backed securities—Securities created through the securitization of a pool of assets. For example, BDC's securitization contains Canadian AAA-rated term securities backed by loans and leases on vehicles and equipment, as well as dealer floor plan loans.

Authorization—The point at which BDC has completed its due diligence and approved the financing request or venture capital investment. Authorization precedes acceptance. (Information on authorizations disclosed in this report is net of cancellations or reductions after BDC authorization.)

Base year—A historical year against which a company's emissions are tracked over time, sometimes referred to as the baseline.

CO_2 equivalent (CO_2e)—The universal unit of measurement to indicate the global warming potential (GWP) of each GHG, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate the impact of releasing (or avoiding the release of) different greenhouse gases on a common basis.

Debt investments—Patient capital in the form of debt with flexible lending terms, with or without convertible features and quasi-equity financing.

Debt-to-equity ratio—A measure to ensure BDC operates within its statutory limitations on debts, calculated as the aggregate of borrowings and contingent liabilities over the equity attributable to BDC's shareholder, which excludes accumulated other comprehensive income or loss. The statutory limit of BDC's debt-to-equity ratio is 12:1.

Derivative financial instruments—Contracts whose value is "derived" from movements in interest or foreign exchange rates, or equity or commodity prices. Use of derivatives allows for the transfer, modification or reduction of current or expected risks from changes in rates and prices.

Direct equity investments—Investments BDC makes directly in investee companies.

Efficiency ratio—A measure of the efficiency with which BDC incurs expenses to generate revenue from its operations. It is calculated as operating and administrative expenses as a percentage of net revenue. It excludes CIP, pension expenses, Venture Capital net revenue, Venture Capital Bridge Financing Program net revenue as well as CDAP. A lower ratio indicates improved efficiency.

Emission factor—A factor that converts activity data into GHG emissions data (e.g., kgCO_2e emitted per litre of fuel consumed, kgCO_2e emitted per kilometre travelled, etc.).

Fair value—The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value represents management's best estimate of the net worth of an investment at the Statement of Financial Position date and may not reflect the ultimate realizable value upon disposal of the investment.

Financing net interest income margin—A measure used to evaluate Financing's profitability, calculated as the percentage of net interest income over the average loan portfolio.

GHG Protocol—A comprehensive global standardized framework to measure and manage GHG emissions from private and public sector operations, value chains, and mitigation actions.

Hedging—A risk management technique used to insulate financial results from market, interest rate or foreign currency exchange risk (exposure) arising from normal banking operations.

Impaired loans—Loans are deemed impaired when the interest or principal of the loan is in arrears for three consecutive months or more or if there is reason to believe that a portion of the principal or interest cannot be collected.

Indirect equity investments in funds—Equity investments made indirectly through external funds.

Interest rate swaps—Agreements to exchange streams of interest payments—typically, one at a floating rate and the other at a fixed rate—over a specified period, based on notional principal amounts.

Internal capital ratio—Key measure for determining and assessing capital adequacy, expressed as the level of Available Capital in relation to its Required Capital.

Master netting agreement—A standard bilateral contract that enables trading counterparties to agree to net collateral requirements and, in a close-out situation, settlement amounts related to underlying master trading contracts for sales and purchases of financial instruments. The master netting agreement offsets positive balances of one transaction with negative balances of another.

Net change in unrealized appreciation or depreciation of investments—Amount included in income resulting from movements in the fair value of investments for the period.

Net interest income—The difference between interest revenues generated by interest-bearing portfolios, as well as cash equivalents and securities, and the cost of borrowings to fund these assets.

Net realized gains or losses on investments—Gains realized, net of realized capital losses, upon sale or write-off of investments, excluding the net change in unrealized appreciation or depreciation of venture capital and subordinate financing investments.

Net realized gains or losses on other financial instruments—Amounts that are related to structured notes and their associated derivatives. Realized gains or losses occur when financial instruments are repurchased prior to maturity at a price higher or lower than the original purchase price.

Net unrealized gains or losses on other financial instruments—Amounts that are related to structured notes and their associated derivatives. These represent the amounts included in income resulting from movements in the fair value of financial instruments for the period.

Net zero—A state in which anthropogenic emissions of GHG gases to the atmosphere are balanced by anthropogenic removals over a specified period.

Non-controlling interest—The equity in a subsidiary not attributable, directly or indirectly, to BDC.

Paid-in-capital—A measure to ensure BDC operates within its statutory capital limitations, calculated as being the amount of share capital together with any contributed surplus and any proceeds that have been prescribed as equity. The amount of paid-in-capital must not at any time exceed $20.0 billion.

Performing loans—Loans for which there is reasonable assurance that BDC can collect the principal and interest on time.

Provision for expected credit losses—A charge to income that represents an amount that management deems adequate to fully provide for impairment in the loan portfolios, given the composition of the loan portfolios, the probability of default on the loans, the economic environment and the allowance for expected credit losses already established.

Revenue from Advisory Services—Fees charged to clients for management services (diagnostic, proposal and implementation) provided by BDC delivery employees (usually "Business Advisors") and external consultants who are part of BDC's national network.

Scope 1 emissions—Direct emissions that occur from sources owned or controlled by the reporting company (i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.).

Scope 2 emissions—Emissions from the generation of purchased or acquired electricity, steam, heating, or cooling purchased for the company's own consumption.

Scope 3 emissions—All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Start-up—A business that is being established for the first time. Also included in this category are existing enterprises that have not yet registered 12 consecutive months of sales.

Underserved entrepreneurs—Businesses that historically may face more challenges in obtaining financing to support their needs, including underserved groups (women, Indigenous, visible minorities, LGBTQ2+, newcomers (5 years or less) and persons with a disability).

Ce document est aussi disponible en français sur bdc.ca.

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PCAF Partnership for Carbon Accounting Financials

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

2025 CANADA'S BEST DIVERSITY EMPLOYERS

25TH ANNIVERSARY EDITION: 2000–2025 Canada's Top 100 Employers 2025

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