



Y2K ANNUAL REPORT

2000



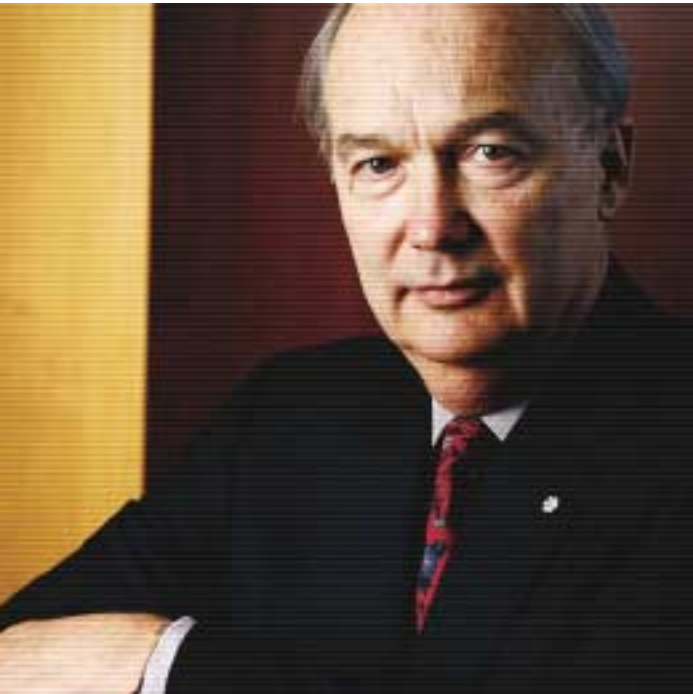
BDC FINANCING AT THE SPEED OF INNOVATION. EMPOWERING LOCAL SOLUTIONS FOR GLOBAL COMPETITION.

Business Development Bank of Canada  
Banque de développement du Canada

Canada



## CHAIRMAN'S MESSAGE



Y2K

*"Much of BDC's success is due to the remarkable performance of the Bank's venture capital investments, which we have carefully nurtured with customers over the years. I believe we can leverage the \$101.1 million profit for even greater support of Canadian small businesses."*

In fiscal 2000, BDC's consolidated net income reached a record \$101.1 million, significantly exceeding forecast. Our total financing commitments have increased by 11 percent while our customer base has grown by a healthy 5 percent. For the fourth consecutive year, BDC declared a dividend to its shareholder,

the Government of Canada. The amount declared this year is \$8.9 million.

BDC's success in fiscal 2000 involved more than financial performance. We also measure performance by how effectively we help our customers succeed, and I believe we are doing that skillfully and responsibly.

Our raison d'être is to serve the country's small businesses at every stage of their business cycle and across the spectrum of economic opportunity. In the three areas identified as critical to the health of small businesses and, through them, of the Canadian economy, BDC is already taking a leadership role.

First, we are actively helping small businesses increase their productivity and become more globally competitive, through the creation of a new family of financial products like our Productivity Plus Loans and Innovation Financing.

Second, we are aggressively encouraging our customers to explore the full potential of e-commerce, and to become viable participants in the new economy.

And third, we are setting an example for the financial community by responding to Canadian entrepreneurs' growing needs for more venture capital. BDC's strategy in recent years has been to focus up to 96 percent of our venture capital commitment on knowledge-based industries, and we have been rewarded by a remarkable performance. Most of the venture capital operating profits of \$80.0 million for fiscal 2000 will be re-invested to further accelerate our venture capital activities. At the same time, we are leveraging our investments by encouraging other funding sources to co-venture with us.

These objectives respond directly to our 1995 mandate. In fact, the recent MacKay Report commended BDC for filling a number of gaps, financial and otherwise that small businesses regularly face.

This approach applies not only to technology firms and exporters in the new economy, but equally to more traditional enterprises, as well as to the business needs of women, Aboriginal and young entrepreneurs all across Canada.

We also continue to work with higher levels of client risk than other financial institutions. While risk is inherent in the small business sector, BDC is well structured to deal with it. As an example, the one-stop services offered by BDC Consulting Group help small businesses improve their management skills and permit us to better manage our loan exposures.

In closing, let me thank our Board of Directors and its committees for their conscientious work, and acting president and CEO Bernie Schroder for his support. Our thanks also go to outgoing members Kevin Lynch and Shirley Serafini, of Industry Canada for their remarkable contribution. I want to personally salute the work of BDC personnel during fiscal 2000. I look forward to working with you and our customers in an exciting future.

> Michel Vennat  
Chairman of the Board



>> FINANCING AT THE SPEED OF INNOVATION ... //

## PRESIDENT'S MESSAGE



Fiscal 2000 was truly an outstanding year at the Business Development Bank of Canada (BDC). We provided more loans to more clients and more venture capital to Canadian small businesses than at any time in our 55-year history. Our consulting services enjoyed more repeat business than ever before. At BDC, we are proud of the part we have played in helping Canada and its vital small business community reach even higher levels of success.

Having joined the Bank just over a year ago, I feel privileged to have had the opportunity to share in its success. Our strong customer-orientation, combined with the expertise and professionalism of our people, is reflected in record results. The strategies we developed during the year will allow our staff and our customers to embrace the new e-economy, and move aggressively into the 21st century. BDC is a dynamic institution, well-positioned to fulfil its important complementary role in meeting the financing, investing and consulting needs of Canadian small businesses.

### > A RECORD FINANCIAL PERFORMANCE

For fiscal 2000, the Bank's Corporate Plan called for sustained growth in BDC's portfolio, a further increase in the proportion of financing to knowledge-based industries (KBIs) and exporters, as well as continued introduction of innovative services for Canadian entrepreneurs – all to be achieved in a commercially responsible manner. The results speak for themselves: the Bank met or exceeded most of its objectives during fiscal 2000, experiencing the most successful year ever in its history.

Financing committed to Canada's small businesses reached a record high of \$5.6 billion, an 11-percent increase from fiscal 1999. Of this amount, \$1.4 billion in new financing was authorized during fiscal 2000. At the same time, BDC recorded a net income of \$101.1 million for the year, and again declared a dividend to the Government of Canada, which amounted to \$8.9 million in fiscal 2000.



*"Relying on customer-focused employees, we can extend our reach across the country through diverse channels to provide financing and management solutions that help small businesses succeed in the new economy. By truly being an employer of choice, we enable our people to find innovative ways of supporting our customers' needs."*





## PRESIDENT'S MESSAGE

As knowledge-based businesses and exporters continued to play their key roles in moving Canada's economy forward, BDC intensified its focus on their support. Venture capital commitment at year-end reached \$195 million, 24-percent higher from a year ago, reflecting the continued growth in demand for equity financing from KBIs and exporters. Throughout fiscal 2000, the Bank also refocused its subordinate financing operations to better meet the needs of customers. The Bank's commitment to its lending customers reached \$5.4 billion, up 10 percent from the previous year.

BDC Consulting Group – whose goal is to deliver relevant, affordable management solutions for small business clients – continued to improve its financial performance, with a cost recovery rate of 82% for the fiscal year.

The Bank's net income during the fiscal year was due, in large part, to the timely divestiture of certain mature investments from our Venture Capital portfolio. By design, however, BDC takes greater risk than most lenders – a consideration which led us to increase the Bank's provision for credit losses by \$33 million over fiscal 1999. This decision brings us closer to our long-term average loss experience, and is reflected in fiscal 2000 financial results.

### > CUSTOMER SERVICE FOCUS

Customer service remains a priority at BDC. We devoted considerable time and efforts to simplify our products and procedures to enhance our customer-driven philosophy. We also designed innovative new products during the year, to stay ahead of our customers' shifting needs. For example, the Bank introduced the Productivity Plus Loan to help entrepreneurs enhance their business' productivity, as well as specialized financing to assist small businesses in adapting to e-commerce.

The Bank also extended its reach by supporting its network of Entrepreneurship Centers, which focus on the unique needs of Canadians who are looking to start or expand their small business.

The upshot is that our customers agree that we're heading in the right direction. The overall satisfaction level of BDC clients reached a record high during the fiscal year, growing two full percentage points to 88 percent.

### > BDC // AN EMPLOYER OF CHOICE

At the heart of BDC's strength lies the creativity and experience of its people. More than 1,000 highly motivated and professional individuals work at BDC, bound by a collective desire to help small businesses succeed. Increasing competition for skilled employees has accelerated the Bank's commitment to finding innovative ways to invest in its people, and to respond to their needs for personal growth, training and development.

During the fiscal year, the Bank introduced a number of proactive recognition, retention and compensation strategies that were aligned with the Bank's corporate goals and our desire to be an "employer of choice".

### > ENHANCING RELEVANCY AND REACH

Throughout fiscal 2000, we have been developing strategies and action plans to strengthen BDC's presence across Canada and within special sectors. We have paid particular attention to regional needs, and have dedicated Bank resources to further support Aboriginal entrepreneurs, as well as women and young entrepreneurs, through a variety of innovative services.

BDC Connex<sup>®</sup>, the Bank's virtual branch, continued to demonstrate its importance as a delivery channel for all of BDC's products for customers who prefer to communicate via fax, phone or the Internet.

**> E-COMMERCE AND TECHNOLOGICAL LEADERSHIP**

The spectrum of technologies maintained its rapid evolution during the fiscal year but, more than any other phenomenon, e-commerce has continued to redefine the ways that business is conducted. BDC believes that e-commerce, in all its aspects, is of great significance for the Canadian small business sector. In fact, this is why it represents one of the Bank's strategic priorities. BDC is heavily committed to helping small businesses understand and adapt to this major change. To this end, we have developed Innovation Financing to help small businesses take advantage of Internet technology, while BDC Consulting Group offers solutions for integrating e-commerce into small business operations.

BDC's goal is to become a true "click and brick" institution, with the ability to serve clients in whatever manner they desire. We have mandated our newly created e-commerce team to further develop an integrated e-commerce strategy for the Bank itself, and to identify new e-commerce solutions for our clients.

**> OUTLOOK**

The environment in which most Canadian small businesses evolve is characterized by increasingly complex and competitive global markets, rising consumer expectations and the need to incorporate new ways of meeting those challenges.

Just as our customers must adapt to this environment, so must BDC. The changes that we implemented since the renewal of our mandate in 1995 have enabled the Bank to serve the needs of more Canadian small businesses than ever before, as our commitment grew from \$3.3 billion to \$5.6 billion, and our customer base from over 14,000 to nearly 19,000.

The impressive results of recent years and the Bank's outstanding performance in fiscal 2000 would not have been possible without the contribution of many people – from our community partners to our Board of Directors, and to each and every BDC employee.

BDC is a remarkable institution with a unique mandate: to be in business for small business. With technology and innovation on our side, we have the ability to do even more for Canadian entrepreneurs and become an even more customer-focused institution, accessible to Canadians anywhere and anytime.



> Acting President and Chief Executive Officer  
Bernie Schroder



ING AT THE SPEED OF INNOVATION ... //

## REVIEW OF ACTIVITIES

### > BDC // AN IMPORTANT COMPLEMENTARY COMMERCIAL ROLE

As a Crown financial institution, BDC has a mandate to offer Canadian small businesses accessible, flexible and innovative financing and consulting services. In carrying out its mission, BDC also works to fill a void in the financial marketplace relating to insufficient support for riskier loans, smaller loans, loans to knowledge-based industries (KBIs), and lack of flexibility in loan terms and conditions. Accordingly, the Bank's financial activities are designed to complement the services available through commercial financial institutions.

In accordance with its mandate, the profits generated by the Bank will increase BDC's equity, enabling further portfolio growth and making it possible to support small business needs. In fiscal 2000, the Bank provided financing solutions and consulting services to more than 6,000 Canadian small businesses. With the global emergence of a knowledge-based economy, BDC continued to focus particularly on companies whose main assets were intangible.

The Bank's results in this emerging sector show that it is acting locally to help Canada's small businesses compete globally, particularly in terms of electronic commerce, where BDC will continue to lead by helping small businesses rapidly integrate into the new economy.

Fiscal 2000 was, overall, an excellent year for the Bank. Among other things, significant venture capital results accounted for BDC's strong performance. As a complementary lender, the Bank continued to offer timely products and services addressing the needs of smaller businesses.

In fiscal 2000, the Bank also offered professional consulting services. BDC Consulting Group thus continued to provide affordable, customized and effective management solutions for small businesses.

Acknowledging that quality people offer quality service, the Bank acted to strengthen its commitment to being an "employer of choice." Moreover, relying on its customer-oriented professionals, it actively supported high-growth small businesses. In fiscal 2000, BDC renewed its commitment to improving accessibility to its products and services for small businesses through various delivery channels. The Bank's clients thus have access to BDC's more than 80 branches across the country, as well as to BDC Connex<sup>®</sup>, the Bank's virtual branch created in 1998, which offers all of its products on-line. Small businesses can also access the Bank's products through other means, whether it is by phone or by fax.

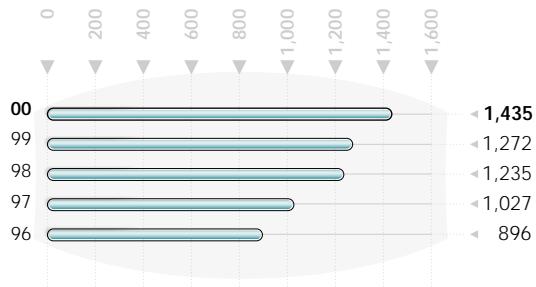
The Bank's willingness to offer a comprehensive multichannel network clearly demonstrates that BDC satisfies the dual aspect of its mandate: acting as a responsible commercial institution and as a public institution fostering easy access for all Canadians.

As a complementary lender, the Bank puts great emphasis on forging strategic alliances to better serve the small business community. In fiscal 2000, through special initiatives designed to help Aboriginal, women and young entrepreneurs, BDC continued to support specific target markets. The Bank also reiterated its strong commitment to quality customer service.

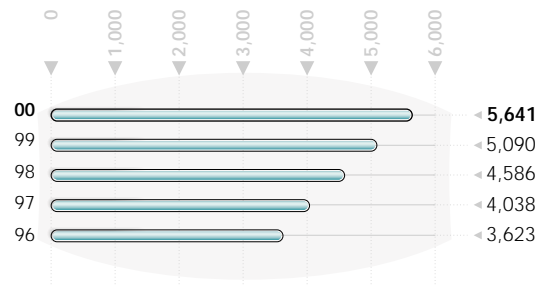
> **AN EXCELLENT YEAR FOR THE BANK**

In fiscal 2000, BDC provided small businesses with more than \$1.4 billion in financing, an increase of 13 percent from the previous year. Moreover, total financing committed reached \$5.6 billion, an 11-percent rise from fiscal 1999. The number of financing customers at year-end totalled 18,807 – the Bank’s highest total ever and an increase of 5 percent from the previous year. In fiscal 2000, excluding Student Business Loans and the Global Line of Credit®, repeat business accounted for 41 percent of BDC lending, whereas in 1999 it stood at 40 percent.

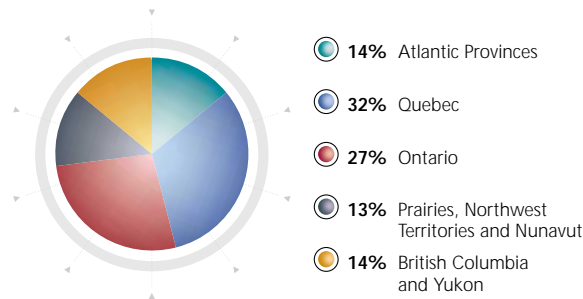
/// TOTAL FINANCING AUTHORIZED FOR THE YEAR ENDED MARCH 31 < \$ IN MILLIONS >



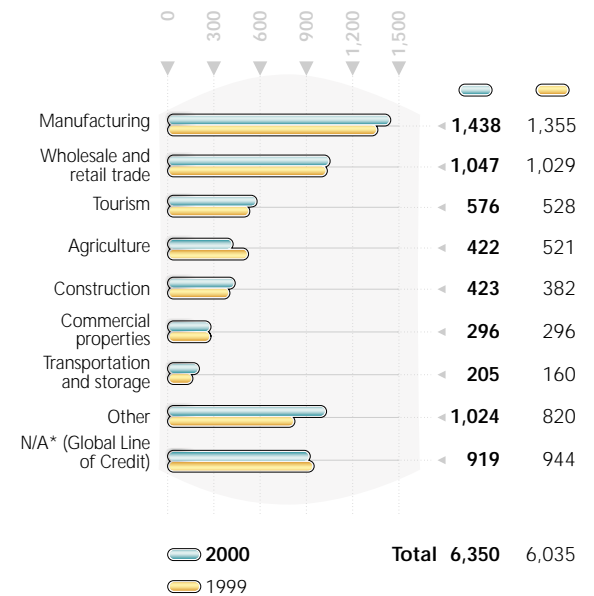
/// TOTAL FINANCING COMMITTED AS AT MARCH 31 < \$ IN MILLIONS >



/// DISTRIBUTION OF LENDING CUSTOMERS BY GEOGRAPHIC AREA AS AT MARCH 31, 2000



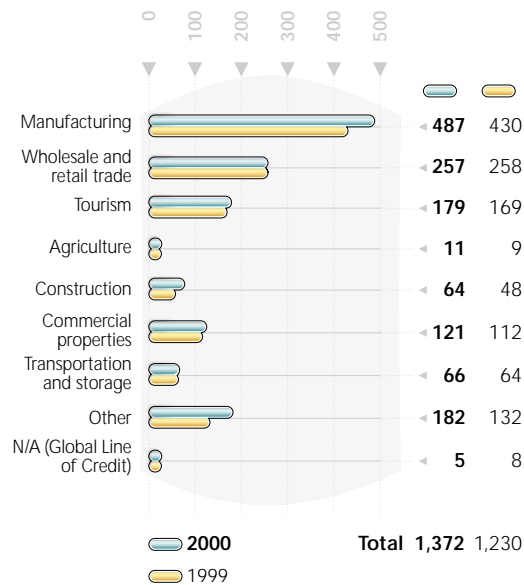
/// LENDING AUTHORIZED CLASSIFICATION BY INDUSTRY FOR THE YEAR ENDED MARCH 31 < NUMBER >



\* Not available by industry

# REVIEW OF ACTIVITIES

// LENDING AUTHORIZED CLASSIFICATION BY INDUSTRY FOR THE YEAR ENDED MARCH 31  
< \$ IN MILLIONS >



> COMMITMENT TO LENDING CUSTOMERS // CLASSIFICATION BY PROVINCE OR TERRITORIES

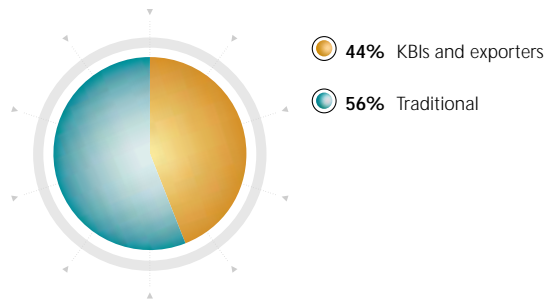
as at March 31

	2000		1999	
	Number of Customers	Amount (\$ in millions)	Number of Customers	Amount (\$ in millions)
Newfoundland	906	181	844	159
Prince Edward Island	160	47	157	45
Nova Scotia	587	116	571	111
New Brunswick	886	209	853	181
Quebec	5,991	2,222	5,404	1,938
Ontario	5,122	1,484	4,868	1,314
Manitoba	508	109	497	107
Saskatchewan	575	114	548	107
Alberta	1,202	304	1,204	290
Northwest Territories and Nunavut	87	29	100	32
British Columbia	2,555	600	2,635	614
Yukon	129	31	152	35
<b>Total</b>	<b>18,708</b>	<b>5,446</b>	<b>17,833</b>	<b>4,933</b>

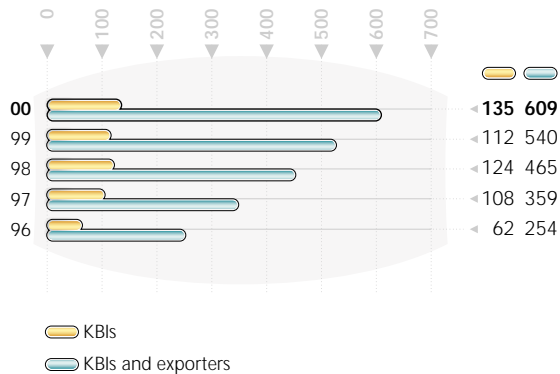


Lending authorized to KBIs and exporters reached \$609 million in fiscal 2000, up 13 percent from the previous year, while their share of total lending remained at 44 percent.

// LENDING AUTHORIZED - CLASSIFICATION BY SECTOR FOR THE YEAR ENDED MARCH 31, 2000

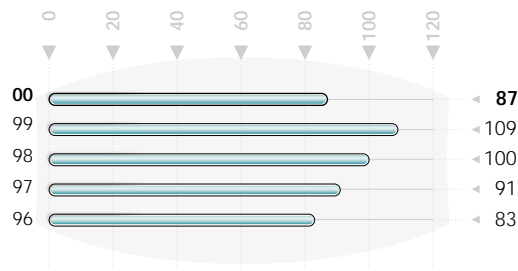


// LENDING AUTHORIZED TO KBIs AND EXPORTERS FOR THE YEAR ENDED MARCH 31 < \$ IN MILLIONS >



To better serve the needs of high-growth small businesses, BDC put together a specialized and dedicated workforce that will focus on subordinate financing above \$250,000. Such loans are expected to represent the major portion of quasi-equity financing in fiscal 2001, allowing the Bank to further increase its financing impact in this sector in Canada.

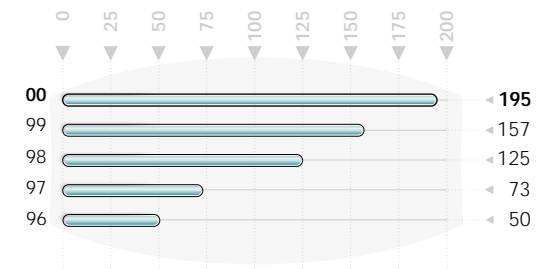
// QUASI-EQUITY LOANS AUTHORIZED FOR THE YEAR ENDED MARCH 31 < \$ IN MILLIONS >



> VENTURE CAPITAL // AN IMPORTANT INVESTMENT LEVERAGE

The Bank's venture capital activities in fiscal 2000 were significant. BDC's venture capital commitment at year-end reached \$195 million, compared to \$157 million a year ago – a 24-percent increase. To enhance clients' access to venture capital and to provide additional management expertise, BDC also partners with co-investors. In fiscal 2000, investee companies received an estimated additional \$301 million from other investors, for a total of \$364 million. The leverage of BDC investments in fiscal 2000 stands at 4.8, compared to 3.8 in 1999. This means that for each dollar of BDC investment, nearly five additional dollars of equity were injected into the company from other sources.

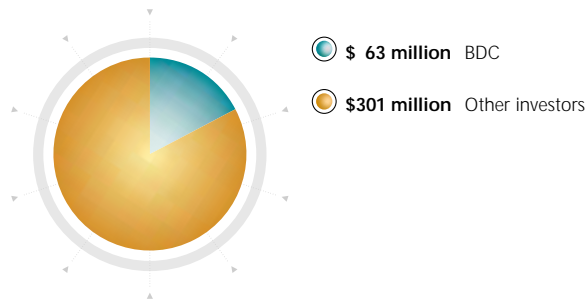
// VENTURE CAPITAL COMMITMENT AS AT MARCH 31 < \$ IN MILLIONS >



>> FINANCING AT THE SPEED OF INNOVATION ... //

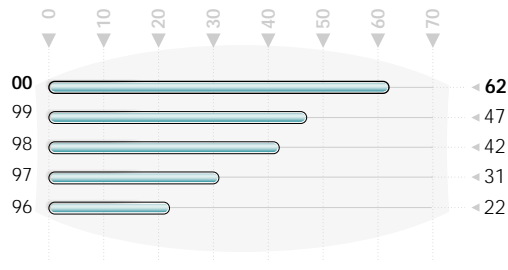
# REVIEW OF ACTIVITIES

// VENTURE CAPITAL LEVERAGE FOR THE YEAR ENDED MARCH 31, 2000



BDC actively invests in KIBs from seed through expansion. During fiscal 2000, the Bank authorized 62 venture capital investments for a total of \$63 million, compared to 47 investments for \$42 million in 1999. In addition, as at March 31, 2000, 96 percent of the venture capital commitment was for KIBs, mostly in the biotechnology/medical/health, electronics, communications and computer-related industries.

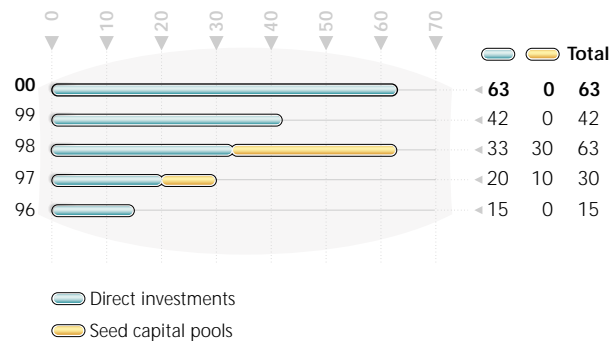
// NUMBER OF VENTURE CAPITAL INVESTMENTS AUTHORIZED FOR THE YEAR ENDED MARCH 31



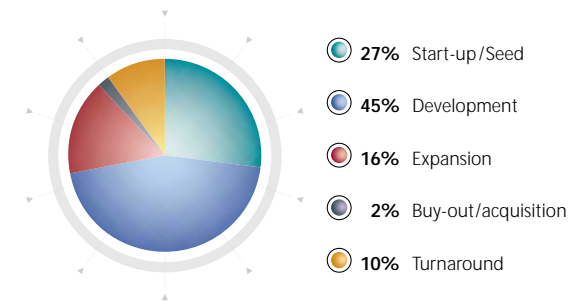
As shown in the 1999 annual survey commissioned by BDC, *Economic Impact of Venture Capital*, venture-backed companies are generally high-growth businesses that perform much better than the economy as a whole. From 1994 to 1998, venture-backed businesses showed a significant average annual growth rate in terms of employment (48 percent), sales (46 percent), exports (72 percent) and R&D (57 percent).

In fiscal 2000, 72 percent of BDC's venture capital investments authorized went to companies in either the start-up or the developmental stage. The Bank has thus chosen the promising path of financing early-stage or exponential-growth companies. In fact, its venture capital portfolio comprises twice as many young accounts as the entire Canadian venture capital industry's portfolio, on average.

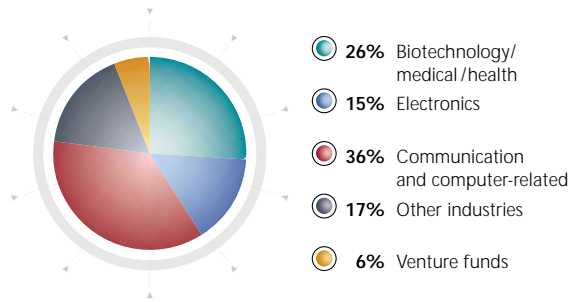
// VENTURE CAPITAL INVESTMENTS AUTHORIZED FOR THE YEAR ENDED MARCH 31 < \$ IN MILLIONS >



// NUMBER OF VENTURE CAPITAL INVESTMENTS AUTHORIZED - CLASSIFICATION BY STAGE OF DEVELOPMENT FOR THE YEAR ENDED MARCH 31, 2000



// VENTURE CAPITAL CUSTOMERS  
- CLASSIFICATION BY INDUSTRY AS AT MARCH 31, 2000



> ADDRESSING THE NEEDS OF SMALLER BUSINESSES

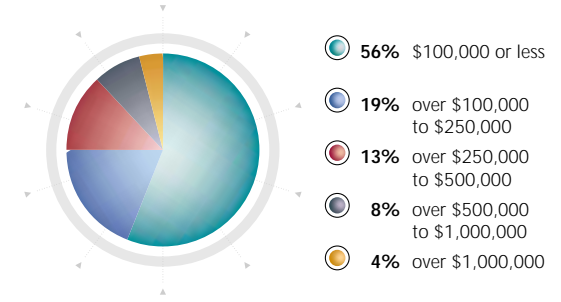
BDC is truly in business for small business, and this is reflected in the results of fiscal 2000. The volume of lending increased to over \$1.3 billion this past year, and 56 percent of the transactions were for amounts of \$100,000 or less.

Within the overall lending picture, BDC offers micro businesses financial support through such products as the Micro Business Program and the Young Entrepreneur Financing Program. In addition, Student Business Loans and the Global Line of Credit<sup>®</sup> are both offered on-line by BDC Connex<sup>®</sup>, the Bank's virtual branch.

BDC has also set up a network of 13 Entrepreneurship Centers to better serve smaller businesses. This past year has seen growth in the activities of the centers, which focus on start-up and growing companies in the knowledge-based sector.

By adopting a resolutely customer-oriented focus in the design of its financial products and services, the Bank has chosen a path that is already yielding concrete and promising results for microbusiness clients.

// LENDING AUTHORIZED BY SIZE FOR THE YEAR ENDED MARCH 31, 2000





## REVIEW OF ACTIVITIES

### > INNOVATIVE PRODUCTS THAT MEET EVOLVING CUSTOMER NEEDS

In fiscal 2000, BDC launched new products that generated interest among existing and potential clients. The Bank regularly adapts its products and management solutions to ensure they reflect the changing requirements of small businesses. Moreover, BDC closely monitors the evolution of new industries to make sure it can meet their latest needs with customized and efficient financial solutions.

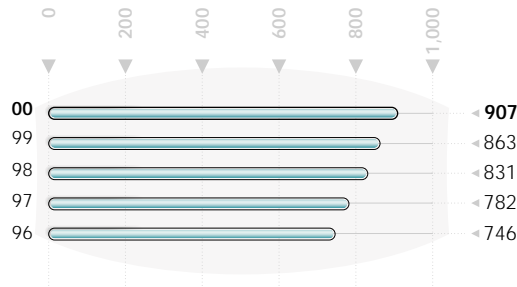
Introduced during Small Business Week® in late October, the Productivity Plus Loan is designed to help well-established and export-oriented manufacturing companies obtain technology-enhanced equipment to boost their productivity. In addition to obtaining 100% financing to purchase equipment and tooling, a small business could receive a further 25% for costs related to installing and assembling the equipment and training the employees who will use it. Loans typically exceed \$100,000 and can range as high as \$5 million. Between November 1999 and March 31, 2000, BDC granted 63 such loans with a total value of \$36 million. In March alone, the total loan amount reached \$14 million.

Recognizing the importance and extent of e-commerce, which experts estimate will become a US\$3-trillion industry by 2003, BDC has chosen to make this sector one of its strategic priorities. The Bank has adapted to this major economic and technological change by designing products that respond to

the specific e-commerce needs of small businesses. For instance, entrepreneurs can use Innovation Financing, introduced in fiscal 2000, to finance any project related to developing an Internet, intranet or extranet site, as well as to finance R&D costs, expand into new export markets or adopt quality management solutions. This specific product provides financing up to \$250,000 for working capital purposes.

Tourism is the third largest sector in BDC financing activity. In fiscal 2000, the Bank authorized loans totalling \$179 million to tourism businesses. As at March 31, 2000, total commitment to this industry reached \$907 million, a \$44-million increase from a year ago. Tourism is one of the fastest growing industries in Canada and around the world. As this industry has become more sophisticated and innovative, BDC has adapted its Tourism Investment Fund to respond to these changes.

// TOTAL LENDING COMMITTED TO TOURISM INDUSTRY AS AT MARCH 31 < \$ IN MILLIONS >



### > BDC CONSULTING GROUP // PROVIDING AFFORDABLE, CUSTOMIZED AND EFFECTIVE MANAGEMENT SOLUTIONS

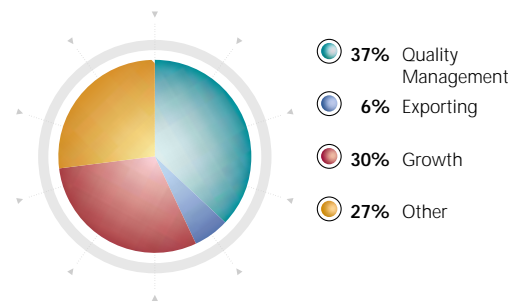
In this increasingly competitive environment, small businesses need the support and advice of qualified professionals more than ever. Through its national network of private sector consultants, BDC Consulting Group helps entrepreneurs assess, plan and implement winning and innovative solutions, especially in the areas of growth, quality, export and e-commerce. Furthermore, BDC Consulting Group is a unifying organization in the Canadian management landscape, since it works with consultants throughout the country.

In fiscal 2000, BDC Consulting Group continued to diversify its activities and to provide customized management solutions to meet entrepreneurs' various needs. Growth Potential Assessment has become a valuable management tool for objectively measuring the strengths and weaknesses of companies wishing to improve their growth potential. In fiscal 2000, BDC Consulting Group revenues reached \$19.4 million, a 9-percent increase from fiscal 1999. Quality management revenues accounted for 37 percent of these revenues while growth and export revenues respectively reached 30 percent and 6 percent. In the upcoming year, BDC Consulting Group intends to renew its products, especially in the exporting sector, to better reflect client needs and the global environment.

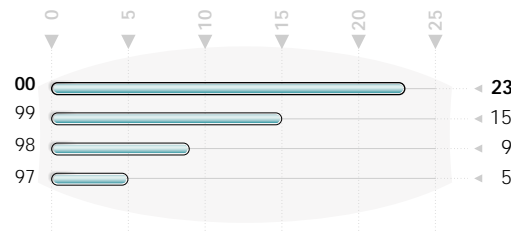
Establishing fruitful and long-term professional relationships with its clients has always been one of BDC Consulting Group's paramount goals. This customer-oriented approach yielded positive results in the past year. Figures for fiscal 2000 show that BDC Consulting Group's repeat business reached 23 percent, compared to 15 percent in fiscal 1999.

In view of the increasing importance of electronic commerce to small businesses, BDC Consulting Group is acting swiftly to integrate this vital activity into its growth solutions and to provide comprehensive services to clients wishing to do business on the Web. For example, the Tech-Strategy Program, which includes an e-commerce component, is designed to enhance the technological strategy, planning, management and performance of small businesses. BDC Consulting Group will also implement relevant and timely management solutions in the area of succession planning, and will build on its existing synergy with BDC's Financial Services to provide a complete solution package to better serve its small business clients.

CONSULTING GROUP  
REVENUE BY ACTIVITY FOR THE YEAR ENDED MARCH 31, 2000



CONSULTING GROUP  
REPEAT BUSINESS FOR THE YEAR ENDED MARCH 31  
< PERCENTAGE >

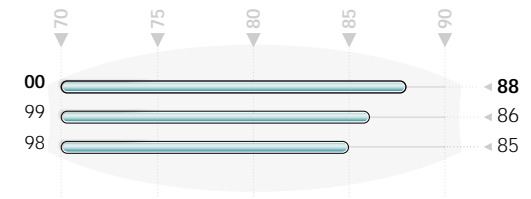


### > QUALITY PEOPLE OFFER QUALITY SERVICE

The principal asset of any organization is the quality of its people. And BDC succeeds because of its committed employees. The Bank's policy is to hire individuals dedicated to small business who, apart from being highly qualified, can deliver first-class customer service. Through diverse internal programs that recognize employees' contributions to the Bank's overall results, BDC has vowed to reinforce its commitment to being an "employer of choice."

The Bank is fully aware that only properly trained and strongly motivated employees can provide quality customer service to both BDC clients and staff. In fiscal 2000, BDC's customer satisfaction level rose to 88 percent, compared to 86 percent in the previous year. The figure for fiscal 2000 was also 2 percent higher than the Bank's forecast. Furthermore, the overall internal satisfaction rate reached an average of 83 percent in fiscal 2000, up 1 percent from fiscal 1999.

CONSULTING GROUP  
CUSTOMER SATISFACTION LEVEL FOR THE YEAR ENDED MARCH 31  
< PERCENTAGE >





## REVIEW OF ACTIVITIES

BDC has achieved high customer satisfaction levels through a series of initiatives. These include internal plans that involve employees in Bank operations and acknowledge their individual contributions, as well as professional development programs that ensure employees have a broad understanding of the challenges facing small businesses, which helps them better analyze and meet entrepreneurs' needs.

In fiscal 2000, to improve internal efficiency and ensure better quality customer service, BDC created 17 Business Development Centers across Canada. BDC clients greeted this new structure warmly; the centers have achieved excellent customer satisfaction levels and generated strong business volumes. The fact that all of the administrative work is now done by the area branch gives branch officers more time to seek new business and be with their customers.

### > STRATEGIC ALLIANCES

In today's world, companies need to move beyond the traditional concepts of competition by forging mutually beneficial strategic alliances. This is the path that BDC, as an important complementary lender in the Canadian financial environment, has followed for many years. Such agreements help the Bank to better serve small businesses and complement what is offered by other financial institutions in Canada.

The Bank has already concluded strategic alliances with all of Canada's major chartered banks, as well as with credit unions and other organizations. In the past year, BDC and the National Bank of Canada signed a strategic alliance whose main objective is again to give small businesses across Canada increased access to capital and consulting services. This important alliance will help small businesses stimulate their growth, successfully compete in international markets and boost their productivity.

BDC Consulting Group has always focused on strengthening its partnerships with the private sector in order to provide specialized, quality consulting services to small businesses across Canada. In the spirit of this commitment, BDC Consulting Group became a member of the Canadian Association of Management Consultants and the Ordre des administrateurs agréés du Québec. BDC Consulting Group will encourage all of its employees to obtain the professional designations offered by these organizations. This will help BDC Consulting Group members to consolidate their presence in the Canadian consulting industry.

In a knowledge-based society characterized by such factors as new information technologies, e-commerce and globalization, cultural industries represent a growing, albeit high-risk, sector. Through the Cultural Industries Development Fund (CIDF), BDC actively supports the publishing, film and multimedia industries, the latter being one of the flagships of the new economy. In fiscal 2000, through an agreement with BDC, the Department of Canadian Heritage transferred the CIDF loans portfolio to the Bank. Since the transfer, 42 CIDF loans were authorized for a total of \$7 million.

For many years, the partnership agreement between BDC and Human Resources Development Canada (HRDC) has helped students create and run a summer business through the Student Business Loans Program. Financed by HRDC and administered by BDC through its virtual branch, BDC Connex<sup>®</sup>, the program is designed for full-time students who are at least 15 years of age and offers them interest-free loans. In fiscal 2000, 744 such loans were authorized. This program represents a golden opportunity for young people to get acquainted with the fundamentals of running a business, and serves as a training ground for future Canadian entrepreneurs.



### > SPECIAL INITIATIVES

In fiscal 2000, the Bank continued to support Aboriginal, women and young entrepreneurs. BDC also organized and sponsored a large number of small business events to help growing sectors of the Canadian economy.

Through its Aboriginal Banking Unit, BDC contributes to Aboriginal economic development. Total lending committed to support Aboriginal businesses at year-end reached \$37 million. The Bank will continue to increase its support of this growing sector of the Canadian economy. In fiscal 2000, BDC adopted a revised strategy on Aboriginal businesses that addressed the major principles laid out in the recommendations of the Royal Commission on Aboriginal Peoples. BDC's strategy, which the Bank will implement in fiscal 2001, focuses on several areas, such as human resources; access to business and support services; the creation of an Aboriginal business development tool; and access to business education for young Aboriginal people. This strategy is designed to continue to increase the Bank's profile and level of activity in the growing Aboriginal market.

Women entrepreneurs are another of BDC's target markets. The Bank recognizes that women-owned firms constitute a fast growing and important segment of the small business market. In fiscal 2000, BDC made over 1,200 lending transactions to women-owned businesses for a total amount of \$234 million, a \$37-million increase from the previous year. The Bank will continue to work with women entrepreneurs, who are a driving force in the Canadian economy both as business owners and as employers.

Each year since 1979, BDC has presented Small Business Week<sup>®</sup>, an event that recognizes the accomplishments of Canadian entrepreneurs across the country. In 1999, "Boosting Productivity" was Small Business Week's main theme, and the event brought together 35,000 people who participated in 350 different activities held across Canada. This celebration of Canadian entrepreneurship helps small businesses devise innovative growth, export and e-commerce strategies that enable them to prosper in both Canadian and global markets.

BDC's Young Entrepreneur Awards are always a highlight of the week. The awards mark the accomplishments of young entrepreneurs aged 30 or under from every province and territory. They give the national business community a chance to applaud the innovation and hard work of a new entrepreneurial generation and to identify the future leaders of the Canadian business community.

The Bank matches the winners with a renowned business leader in their province or territory, who becomes their mentor for one year. Mentors act as coaches, helping young entrepreneurs broaden their business skills, enlarge their network of contacts and tackle new challenges. One of the 13 winning businesses also receives the Export Achievement Award, which Export Development Corporation presents to the small business that has best opened up new international markets.

In addition to Small Business Week, BDC sponsors Info-Fairs throughout Canada. These events, organized by Industry Canada, give entrepreneurs the opportunity to discuss important issues, such as e-commerce and start-up strategies. Info-Fairs also inform entrepreneurs about existing government products, programs and services.

Through its Web site ([www.bdc.ca](http://www.bdc.ca)) and publications, such as *Profit\$* magazine and *BDC News On-Line*, the Bank offers small businesses timely and relevant information on important issues. BDC's Web site truly represents a virtual library for new, growing and exporting businesses. Entrepreneurs can access useful information on BDC products, services and publications, as well as hundreds of hyperlinks to other sites of interest. Small business owners can also find tools, such as the Entrepreneur Self-Assessment Guide and the Business Plan, which are designed to help them evaluate their entrepreneurial skills and the viability of their business ideas.

**BDC: IN BUSINESS FOR SMALL BUSINESS**

**Business Development Bank of Canada**

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