



August 10, 2020

Mr. Yves Giroux
Parliamentary Budget Officer
99 Bank Street, Suite 900
Ottawa, Ontario
K1A 0A9

Dear Mr. Giroux,

Subject: Information Request: IR0511

Thank you for your letter of July 27, 2020 requesting information relating to BDC's stress-testing. Specifically, you requested: "All results, scenarios, analysis and related methodology of stress tests conducted over the past two years as part of annual/quarterly reporting, corporate plans, legislative reviews or for any other purpose."

I understand that your office subsequently clarified that you are looking for data similar to the data CMHC provides in its Annual Report (e.g., p. 41 in the [2019 annual report](#)). It was also indicated that the context for your request was your [analysis](#) of the July Fiscal Snapshot. Notably, in Section 3 on five Enterprise Crowns, you comment that:

"Parliamentarians should have access to up-to-date projections of program size and estimates of expected gains or losses by enterprise Crown corporations."

As you know based on earlier correspondence (IR0457), BDC responded to market developments by introducing COVID-19 response measures to help bridge companies to more certain times. Consistent with our commercial mandate, the underlying principle for these new offerings is that eligible companies must have been financially stable and viable prior to the current economic turmoil. Since then, consistent with my commitment in this earlier correspondence, we have provided you with:

- On a confidential basis, weekly reports on our COVID response activity (\$ and volume)
- Also on a confidential basis, in mid-June when we finalized it, related provisioning information.

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I had also commented on **upcoming disclosures**. Since then, recent **performance of our portfolio** was made public through the tabling of our Annual Report on July 22. The current expected timelines for the remaining disclosures are:

- Our **Q1** results will be published by August 30th.
- Our **Corporate Plan Summary** (including a COVID-related amendment) will contain, as it typically does, an estimate of the gains and losses arising from our activities. We are hopeful that the final steps of the government's approval process will allow for the tabling of the CP Summary (including Amendment) on either August 22nd or September 16th.

In light of this context, I am **pleased to share with you the requested information**. Pls find enclosed:

- In Annex A, a summary of **stress-testing results** consistent with the CMHC presentation.
- In Annex B, an advance copy of our **CP Summary** (including Amendment).
- in Annex C, the **reply form** attesting to the completeness of the response.

In **summary**, the information provided shows that:

- From a **fiscal** perspective, over the 2020-2025 period, the total net income is expected to be positive under a base case scenario that factors in the current COVID context and, under a deep and extended recession, would be negative.
- From a **capital** perspective, BDC's Total Capital Ratio remains above the OSFI Minimum Regulatory Capital Requirement of 10.5% at all times.

Consistent with your correspondence to me and s.79.5 of the *Parliament of Canada Act*, I am asking that the **all the information provided in annex be kept confidential** and not disclosed in either whole or in part. As mentioned above, it is expected that the CP Summary (including Amendment) will be tabled shortly and pertinent information therein can then be referenced.

I trust that the information provided is consistent with your request and in the spirit of your comment in your analysis of the Fiscal Snapshot. Should your office have any questions regarding this response, please do not hesitate to contact either Shannon Glenn, Assistant Vice-President, Government Relations, by email at Shannon.GLENN@bdc.ca or by phone: (613) 216-3120 or Alec Boudreau, Senior Advisor, Government Relations : Alec.BOUDREAU@bdc.ca or by phone at (613) 216-0110.

Yours sincerely,

A blue ink signature of Michael Denham, consisting of stylized, overlapping loops.

Michael Denham
President and CEO

Cc: Shannon Glenn, BDC
Alec Boudreau, BDC

Enclosure

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