

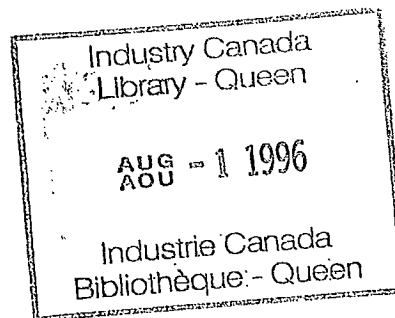
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# *Small Business Loans Act*

**Annual Report on Operations  
for the 12-month period ended March 31, 1995**

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# *Small Business Loans Act*

**Annual Report on Operations  
for the 12-month period ended March 31, 1995**

Minister of Industry



Ministre de l'Industrie

Ottawa, Canada K1A 0H5

The Honourable L'honorable  
John Manley P.C., M.P. c.p., député

His Excellency the Right Honourable Roméo Leblanc, P.C., C.C., C.M.M., C.D.  
Governor General and Commander-in-Chief of Canada  
Government House  
1 Sussex Drive  
Ottawa, Ontario  
K1A 0A1

Your Excellency:

In accordance with section 11 of the *Small Business Loans Act*, the undersigned has the honour to put before Your Excellency a report on the administration of the Act for the twelve-month period ended March 31, 1995.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Manley".

Canada

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\*Lenders that have made significant use of the program during the year under review are individually identified within the indicated tables.

## Foreword

The government is determined to create and maintain an environment in which small business can flourish. The *Small Business Loans Act* (SBLA) is fundamental to this strategy to support small businesses in their role as engines of economic growth and job creation. Under the SBLA, a qualifying business enterprise may obtain a Business Improvement Loan (BIL) from an authorized financial institution such as a chartered bank, Alberta Treasury Branch, credit union, *caisse populaire*, trust, loan or insurance corporation, provided the business' estimated gross revenue does not exceed \$5 million in the year the BIL is approved by the lender.

This Annual Report for the fiscal year 1994-95 is the second since major program revisions were implemented on April 1, 1993. It reflects a dramatic increase in the use of the program, by financial institutions and entrepreneurs alike, to an unprecedented level of about \$4.4 billion for the year ended March 31, 1995, compared to approximately \$2.5 billion during 1993-94 and an average of \$0.5 billion annually over the past 30 years.

This report highlights the importance of BILs to the creation of new jobs and businesses — in 1994-95 it helped entrepreneurs create over 24,000 new businesses and more than 162,000 new jobs.

Reflecting a wide-spread trend of business investment in machinery and equipment, nearly three quarters of all BILs were used to help small and medium-sized firms finance the purchase, installation, renovation, improvement and modernization of equipment, unchanged from the prior fiscal year. The size of the average BIL has grown by over 9.2 per cent above the average for the previous fiscal year — from \$58,792 to \$64,211.

As a result of changes introduced effective April 1, 1993, a reengineering team was established to review the business processes in order to achieve large productivity gains that would offset anticipated increases in work loads. This has required a subsequent reorganization of the business functions, strengthening of relationships and communications with participating lenders and incorporation of technology as a tool to achieving these goals. Since March 31, 1995, reporting requirements by lenders have been strengthened, enhancing the capabilities for detailed microeconomic analysis of the program and benchmarking of lender, loan and program performance consistent with recommendations forwarded by the Standing Committee on Industry of the House of Commons. Implementation of the reengineering recommendations will continue into the 1995-96 and 1996-97 fiscal years.

Clearly, this program plays a key role in helping small businesses find the financing they need. However, the dramatic increase in the use of the program has significantly increased the potential costs of the program. Nevertheless, all BILs made after March 31, 1995 are anticipated to generate sufficient revenues through the new fee structure to offset anticipated program costs.

## Introduction

The objective of the SBLA, which has been in force since January 1961, is to encourage lenders in the private sector to increase the availability of loans for the purpose of the establishment, expansion, modernization and improvement of small business enterprises. A firm is eligible for consideration for a BIL if it estimates that its gross revenues will not exceed \$5 million in the year the BIL is approved by the lender. Up to \$250,000 can be borrowed in respect of equipment, land and premises. The maximum term for these BILs may not exceed ten years. Farming businesses, which are eligible for loans under a separate program sponsored by Agriculture Canada, are not eligible for BILs; charitable and religious organizations are also not eligible.

Under the SBLA, the Minister was liable to pay, during the period covered by this report, 90 per cent of the amount of any loss sustained by a lender as a result of a BIL made subsequent to March 31, 1993. Such payments were made only if the lender had minimized the loss through the sale of the defaulting business's assets and other legislated requirements were met.<sup>1</sup>

However, in order to make this program fully cost-recoverable, a number of significant changes were made to the *Small Business Loans Act* and its 1993 Regulations:

- a lender will have to pay to the government an annual fee of 1.25% on the yearly average of the end-of-month loan balances in respect of each loan made after March 31, 1995; the 1993 Regulations also now stipulate that, to offset a lender's cost in respect of the newly introduced administration fee, a lender may do so only by an increase in the interest rate of loans made after March 31, 1995 to a maximum not exceeding prime plus 3% from prime plus 1.75% per annum;
- a reduction in the loss sharing ratio from 90% government to 85% government for BILs made after December 31, 1995; and
- a reduction in the level of financing from 100% to 90% of eligible cost.

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<sup>1</sup> The principal legislated requirements relate to:

- eligibility of the borrower as a defined business enterprise;
- eligible purpose for which a BIL may be made;
- maximum amount of the BIL which may be outstanding to an individual borrower at any one time;
- maximum repayment term; and
- maximum rate of interest which may be charged to a borrower and the minimum security to be taken.

## Approved Lenders

Approved lenders include (a) all chartered banks and Alberta Treasury Branches and (b) cooperative credit societies (inclusive of their respective credit unions and *caisses populaires*), trust, loan and insurance corporations with membership in the Canadian Payments Association. Other organizations, such as members of the Canadian Financing and Leasing Association, that make loans, may, upon application, be designated as approved lenders.

During the past fiscal year, approximately 1,500 lending institutions operating from more than 13,000 branches/offices across Canada participated in making BILs to small businesses under the SBLA.

## Types of Loans (or Loan Purposes)

During the period covered by this report, BILs could be granted by an approved lender to finance up to 100% of the borrower's eligible costs in respect of the following:

- **Land Loans** made for the purchase of land, including any building or structure on the land, necessary for the operation of a business enterprise;
- **Premises Loans** made for the renovation, improvement, modernization, construction and/or purchase of premises necessary for the operation of a business enterprise;
- **Equipment Loans** made for the purchase, installation, renovation, improvement and/or modernization of equipment necessary for the operation of a business enterprise;
- **Fee Loans** made for the purpose of financing the 2% loan registration fee.

Loans to finance inventory, working capital, franchise fees or share purchases are not eligible. A BIL can be used to refinance commitments or expenditures which are otherwise eligible and have been incurred within 180 days prior to the date of the lender's BIL approval.

## **Operating Results**

The loans made during 1994-95 brought the total lending under the SBLA over the 34-year history of the program to over \$15.9 billion.

In the fiscal year ended March 31, 1995, (see Table 1)

- close to 68,000 BILs totalling almost \$4.4 billion were made;
- the average size of a BIL exceeded \$64,000 compared with nearly \$59,000 during the previous 12-month period;

BILs outstanding on lenders' books as at March 31, 1995, (see Table 3):

- totalled nearly \$6.0 billion; and
- the Crown's contingent liability<sup>2</sup> in relation to this total was about \$1.124 billion. Notwithstanding that \$6.0 billion in BILs were outstanding as at March 31, 1995 and the Crown's net contingent liability thereon was calculated not to exceed \$1.124 billion, actual claim payments by the Crown to the respective lenders are estimated not to exceed \$429 million during the next ten years.

Of the \$4.4 billion in BILs loaned during the period under review,

- \$3.253 billion, or 74.6 per cent, was used to finance the purchase, installation, renovation, improvement and/or modernization of **equipment**;
- \$916 million, or 21.0 per cent, was used to finance the renovation, improvement, modernization, construction and/or purchase of **premises**;
- \$157 million, or 3.6 per cent, was used to finance the purchase of **land** and \$35 million, or 0.8 per cent, was used to finance **2% loan registration fees**.

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<sup>2</sup> The Crown's contingent liability is the maximum exposure should all BILs that were outstanding on lenders' books as at March 31, 1995 result in total losses, causing all lenders to receive the full indemnification they are entitled to respecting their outstanding BIL portfolio.



## **The Crown's Contingent Liability to Approved Lenders**

As soon as a BIL made by an approved lender is registered with the government, the latter is contingently liable to the lender for the reimbursement of losses the lender may sustain in an amount not exceeding the hereafter stated formula per legislated lending period.

- \* 90 per cent of the first \$125,000 in BILs registered;
- \* 50 per cent of the second \$125,000 in BILs registered; and
- \* 10 per cent of all subsequent BILs registered.

Thus, the government will continue to pay to a lender its legislated share of BIL losses for as long as sufficient funds are available in the lender's loss reimbursement account.

The government's contingent liability per approved lender per lending period is reduced by the repayment of BILs by borrowers and the reimbursement of BIL losses by the government. No contingent liability remains under the SBLA with respect to BILs made prior to July 1, 1977, as none of those BILs remain outstanding.

Since July 1, 1977, overall BIL reductions have comprised:

- \* \$8 996 414 123 in borrowers' repayments; and
- \* \$ 448 931 101 in government reimbursements of BIL losses - representing 4.8% in terms of an actual claims paid rate.

Together, these payments have reduced the amount of BILs outstanding on the books of all participating lenders as at March 31, 1995, to \$5 956 138 919 (for reference see Table 3).

As at that same date, the government's net contingent liability in respect of the \$5 956 138 919 in outstanding BILs had been reduced to a maximum not to exceed \$1 124 096 152<sup>3</sup>.

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<sup>3</sup> The Crown's statutory net contingent liability in respect of \$5.956 billion in BILs outstanding as at March 31, 1995, has been calculated at \$1.124 billion. Notwithstanding that \$5.956 billion in BILs were outstanding as at March 31, 1995 and the Crown's net contingent liability thereon was calculated not to exceed \$1.124 billion, actual claim payments by the Crown to the respective lenders are estimated not to exceed \$429 million during the next ten years.

\$15 401 484 143	BILs registered between July 1, 1977, and March 31, 1995 (see Table 3)
( \$8 996 414 123)	Borrowers' repayments
( <u>448 931 101</u> ) <sup>4</sup>	Crown's loss reimbursements (4.8% of overall BIL reductions)
( <u>9 445 345 224</u> )	Overall BIL reductions
\$ 5 956 138 919	BILs outstanding on lenders' books as at March 31, 1995 (see Table 3)

Taken together, the relatively low loss rate (4.8%) for this type of program and the extensive use of the program (currently over \$4.4 billion per annum), demonstrate the effectiveness of this program in increasing small business access to term debt financing for business improvements, particularly in difficult economic times.

<sup>4</sup> Included in the \$448 931 101 in loss reimbursements paid by the Crown, which represent subrogated debts, are \$322 159 192 which, in accordance with standard procedures, were written off as follows:

- \$170 453 036, between July 1, 1980 and March 31, 1991;
- \$29 580 716 in 1991/92,
- \$41 573 074 in 1992/93,
- \$48 595 263 in 1993/94; and
- \$31 957 103 in 1994/95.

## Age of Small Business Enterprise Borrowers

From November 1987, a lender was required to report the age of a business enterprise in respect of which a BIL had been made under the SBLA. Business start-ups and young businesses are the recipients of the majority of BILs made under the SBLA.

Fiscal Year	Age of Business Enterprise				Sub-Total	Older Than Three years	Totals
	Start-ups	1st year	2nd Year	3rd Year			
1988/89	6 987 39.3%	1 227 6.9%	1 424 8.0%	1 107 6.2%	10 745 60.5%	7 013 39.5%	17 758 100.0%
1989/90	5 293 38.3%	940 6.8%	1 064 7.7%	921 6.7%	8 218 59.5%	5 585 40.5%	13 803 100.0%
1990/91	4 254 40.0%	700 6.6%	710 6.7%	644 6.1%	6 308 59.4%	4 316 40.6%	10 624 100.0%
1991/92	3 921 37.4%	658 6.3%	682 6.5%	660 6.3%	5 921 56.5%	4 567 43.5%	10 488 100.0%
1992/93	4 806 36.7%	828 6.3%	809 6.2%	836 6.4%	7 279 55.6%	5 813 44.4%	13 092 100.0%
1993/94	14 072 32.6%	3 120 7.2%	2 891 6.7%	2 663 6.2%	22 746 52.6%	20 468 47.4%	43 214 100.0%
1994/95	24 441 36.0%	5 541 8.2%	4 491 6.6%	3 610 5.3%	38 083 56.1%	29 838 43.9%	67 921 100.0%

## Employment by Small Business Enterprise Borrowers

Employment by small business borrowers is also being reported by lenders in respect of BILs made under the SBLA since November 1987. The following employment data are reported by the lenders based on information supplied by the borrowers:

Fiscal Year	No. of Borrowers	Total Employment by Borrowers	Average Employment per Borrower	Additional Employment	
				Total	Per Borrower
1988/89	17 758	83 678	4.7	37 290	2.1
1989/90	13 803	63 125	4.6	36 963	2.7
1990/91	10 624	50 433	4.7	25 549	2.4
1991/92	10 488	47 910	4.6	25 250	2.4
1992/93	13 092	58 064	4.4	23 928	1.8
1993/94	43 092	248 563	5.8	90 060	2.1
1994/95	67 921	376 935	5.5	162 120	2.4

## **Background**

This Annual Report on the operations of the *SBLA* is being presented by the Minister of Industry. The following background information outlines the distribution of responsibilities that was in force during the period covered by this report.

1. As at June 5, 1987, the Minister responsible for the Atlantic Canada Opportunities Agency Act became the designated Minister for purposes of the *SBLA* in relation to small business enterprises located in the provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.<sup>5</sup>
2. As at August 4, 1987, the Minister of Western Economic Diversification became the designated Minister for purposes of the *SBLA* in relation to small business enterprises located in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia.<sup>6</sup>
3. As at June 13, 1991, the Minister responsible for the Federal Office of Regional Development - Quebec became the designated Minister for purposes of the *SBLA* in relation to small business enterprises located in the province of Quebec.
4. The Minister of Industry continues to be the designated Minister for purposes of the *SBLA* in relation to small enterprises located in the province of Ontario as well as in the Northwest Territories and the Yukon Territory. He also continues to be the Minister responsible for all other purposes respecting the *SBLA*.<sup>7</sup>

## **Subsequent Events**

On January 25, 1996, the Minister of Industry was appointed the Minister responsible for the Atlantic Canada Opportunities Agency, the Minister responsible for the Federal Office of Regional Development - Quebec and the Minister of Western Economic Diversification.

The lending ceiling of the current lending period number 12, that had reached its originally legislated lending ceiling of \$4 billion by the beginning of September of 1994, was subsequently increased via the Supplementary Estimates process to \$12 billion.

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<sup>5</sup> In this report the combined area is designated as "Atlantic Canada".

<sup>6</sup> The combined area of those four provinces is referred to in this report as "Western Canada."

<sup>7</sup> The combined area of Ontario and the two territories is referred to in this report as "Ontario and Territories".

Any questions respecting the Annual Report or other aspects of this program should be addressed to:

*Director  
Small Business Loans Administration  
Industry Canada  
235 Queen Street  
Ottawa, Ontario  
K1A 0H5*

Table 1

## Summary of Operations - Total Program

Period	Business Improvement Loans (BILs) Made		Average Size of BIL \$	Claims Paid	
	Number	Amount \$		Number	Amount \$
<b>12 months ended Dec. 31</b>					
1961-1969	20 865	195 424 436	9 366	142	873 289
1970-1974	12 461	133 897 447	10 745	122	697 286
1975	4 835	82 003 157	16 960	35	237 093
1976	5 106	91 893 663	17 997	42	231 896
1977	5 001	99 636 016	19 923	72	632 794
1978	7 321	176 760 504	24 144	122	1 380 584
1979	10 821	268 770 603	24 838	152	1 788 619
1980	16 829	421 402 955	25 040	242	3 825 688
1981	17 544	522 475 588	29 781	390	6 761 102
1982	17 378	450 863 534	25 945	561	11 705 508
1983	26 484	712 845 493	26 916	998	22 283 733
<b>3 months ended March 31</b>					
1984	7 601	211 368 934	27 808	368	10 724 817
<b>12 months ended March 31</b>					
1985	34 743	1 005 937 892	28 954	1 533	29 079 005
1986	23 587	737 228 550	31 256	1 884	44 429 322
1987	21 143	709 286 075	33 547	1 524	37 066 765
1988	18 665	683 819 836	36 636	1 457	35 052 253
1989	17 758	682 667 264	38 443	1 436	32 345 578
1990	13 802	539 050 494	39 056	1 224	32 951 533
1991	10 626	413 258 424	38 891	1 556	33 286 976
1992	10 557	397 274 533	37 631	1 927	45 924 377
1993	13 155	502 254 001	38 180	1 826	45 181 595
1994	43 346	2 548 409 839	58 792	1 376	32 479 122
1995	67 921	4 361 298 130	64 211	1 015	23 962 663
<b>Total</b>	<b>427 549</b>	<b>15 947 827 368</b>	<b>37 301</b>	<b>20 004</b>	<b>452 901 598</b>

- Note: 1) Subsequent to the December 31, 1983 calendar year, the reporting period was changed to coincide with the federal government's fiscal year-end of March 31.
- 2) Statistics shown above under "BILs Made" and "Average Size of BIL" for the year ended March 31, 1994, and prior periods may differ from those presented in previous Annual Reports because of late registration of BILs and sundry adjustments.

Table 2

## Record of Claim Payments, Recoveries and Receipt of Fees

Period	Claims Paid				Recoveries of prior years' claims \$	Sub-total claims paid less all recoveries \$	Receipt of fee income\$	Total of claims less recoveries, less fees \$
	Number	Gross \$	Recoveries \$	Sub-total Net * \$				
<b>12 months ended Dec. 31</b>								
1961-1969	142	873 289	-	873 289	(2 386)	870 903	-	870 903
1970-1974	122	697 286	-	697 286	(56 640)	640 646	-	640 646
1975-1979	423	4 270 986	-	4 270 986	(94 132)	4 176 854	-	4 176 854
1980	242	3 825 688	-	3 825 688	(62 036)	3 763 652	-	3 763 652
1981	390	6 761 102	-	6 761 102	(88 662)	6 672 440	-	6 672 440
1982	561	11 705 508	-	11 705 508	(63 385)	11 642 123	-	11 642 123
1983	998	22 283 733	-	22 283 733	(178 500)	22 105 233	-	22 105 233
<b>3 months ended March 31</b>								
1984	368	10 724 817	-	10 724 817	(44 625)	10 680 192	-	10 680 192
<b>12 months ended March 31</b>								
1985	1 533	29 079 005	-	29 079 005	(670 000)	28 409 005	-	28 409 005
1986	1 884	44 450 775	(21 453)	44 429 322	(592 178)	43 837 144	(7 101 331)	36 735 813
1987	1 524	37 331 898	(265 133)	37 066 765	(507 944)	36 558 821	(7 172 167)	29 386 654
1988	1 457	35 379 304	(327 051)	35 052 253	(1 102 547)	33 949 706	(6 639 065)	27 310 641
1989	1 436	32 675 582	(330 004)	32 345 578	(1 004 661)	31 340 917	(6 887 911)	24 453 006
1990	1 224	33 562 975	(611 442)	32 951 533	(1 364 747)	31 586 786	(5 545 077)	26 041 709
1991	1 556	33 653 689	(366 713)	33 286 976	(1 729 656)	31 557 320	(4 179 079)	27 378 241
1992	1 927	46 424 478	(500 101)	45 924 377	(1 655 259)	44 269 118	(3 931 474)	40 337 644
1993	1 826	45 938 930	(757 335)	45 181 595	(1 733 998)	43 447 597	(4 755 772)	38 691 825
1994	1 376	32 916 740	(437 618)	32 479 122	(1 943 207)	30 535 915	(47 080 551)	(16 544 636)
1995	1 015	24 092 391	(129 728)	23 962 663	(1 498 581)	22 464 082	(78 307 287)	(55 843 205)
<b>Total</b>	<b>20 004</b>	<b>456 648 176</b>	<b>(3 746 578)</b>	<b>452 901 598</b>	<b>(14 393 144)</b>	<b>438 508 454</b>	<b>(171 599 714)</b>	<b>266 908 740</b>

\* Corresponds to table 1

This table provides SBLA's historical cash flows but does not reflect future claims for loss in respect of outstanding business improvement loans.

The relatively large receipt of the fee income during fiscals 1993-94 and 1994-95 is the result of a significant increase in BIL lending during these two years concurrent with a doubling in the one-time up front loan registration fees from 1% to 2%. A considerable increase in claims for loss that must likely be paid by the government to lenders, particularly during the 3rd, 4th and 5th years following fiscals 1993-4 and 1994-95, is anticipated and will not be fully offset by revenues.

Table 3

## BILs Advanced, Claims Paid, Repayments Made and Principal Balance of BILs Outstanding

Lending Periods	Loans made \$	Gross Claims Paid \$	Borrower's Repayments Made \$	Total Principal Reductions Made \$	* Balance of Loans Outstanding as at March 31, 1995 \$
<b>Period 1:</b> Jan. 19/61 - Dec. 31/63	74 549 220	(722 023)	(73 827 197)	(74 549 220)	-
<b>Period 2:</b> Jan. 1/64 - Dec. 31/66	72 662 656	(471 468)	(72 191 188)	(72 662 656)	-
<b>Period 3:</b> Jan. 1/67 - Dec. 31/69	48 212 560	(285 712)	(47 926 848)	(48 212 560)	-
<b>Period 4:</b> Jan. 1/70 - June 30/71	23 140 841	(352 401)	(22 788 440)	(23 140 841)	-
<b>Period 5:</b> July 1/71 - June 30/74	86 281 765	(830 647)	(85 451 118)	(86 281 765)	-
<b>Period 6:</b> July 1/74 - June 30/77	241 496 183	(5 054 826)	(236 441 357)	(241 496 183)	-
<b>Sub-total **</b> Jan. 19/61 - June 30/77	546 343 225	(7 717 076)	(538 626 149)	(546 343 225)	-
<b>Period 7:</b> July 1/77 - June 30/80	672 534 774	(40 806 866)	(631 444 041)	(672 250 907)	283 867
<b>Period 8:</b> July 1/80 - Mar. 31/83	1 354 152 068	(100 315 108)	(1,250 585 654)	(1,350 900 762)	3 251 306
<b>Period 9:</b> Apr. 1/83 - Mar. 31/85	1 799 607 317	(73 044 212)	(1,720 257 067)	(1 793 301 279)	6 306 039
<b>Period 10:</b> Apr. 1/85 - Mar. 31/90	3 352 052 222	(175 031 971)	(3 070 988 094)	(3 246 020 064)	106 032 158
<b>Period 11:</b> Apr. 1/90 - Mar. 31/93	1 312 938 271	(53 525 944)	(884 429 674)	(937 955 618)	374 982 653
<b>Period 12:</b> Apr. 1/93 - Mar. 31/98	6 910 199 490	(6 207 000)	(1 438 709 594)	(1 444 916 594)	5 465 282 896
<b>Sub-total **</b> July 1/77 - Mar. 31/95	15 401 484 143	(448 931 101)	(8 996 414 123)	(9 445 345 224)	5 956 138 919
<b>Total **</b>	15 947 827 368	(456 648 176)	(9 535 040 273)	(9 991 688 449)	5 956 138 919

\* As reported by lenders at time of printing.

\*\* The Sub-totals and Total amounts may be slightly off as a result of rounding.



Table 4

Summary of BIL Lending Classified by Type of Lender and by Province  
April 1, 1994 - March 31, 1995

Lender	Chartered Banks under the <i>Bank Act</i>		Credit unions, caisses populaires and cooperative credit societies		Trust, Loan and Insurance Corporations		Alberta Treasury Branches		Total Lending	
Province	Number	Amount \$	Number	Amount \$	Number	Amount \$	Number	Amount \$	Number	Amount \$
B.C.	5 735	378 632 849	172	8 758 722	238	23 936 571	0	0	6 145	411 328 142
Alberta	5 604	323 166 813	186	12 509 386	264	23 815 403	931	71 147 907	6 985	430 639 509
Sask.	2 303	119 828 459	826	40 373 896	40	2 667 538	0	0	3 169	162 869 893
Manitoba	1 646	95 398 125	237	14 902 217	54	4 348 436	0	0	1 937	114 648 778
Western Canada	15 288	917 026 246	1 421	76 544 221	596	54 767 948	931	71 147 907	18 236	1 119 486 322
Ontario	20 328	1 371 659 040	255	17 296 573	600	56 709 902	0	0	21 183	1 445 665 515
N.W.T.	121	9 470 502	0	0	3	490 550	0	0	124	9 961 052
Yukon	97	6 515 992	0	0	0	0	0	0	97	6 515 992
Ontario & Territories	20 546	1 387 645 534	255	17 296 573	603	57 200 452	0	0	21 404	1 462 142 559
Quebec	13 037	910 312 309	8 746	480 301 173	335	31 552 429	0	0	22 118	1 422 165 913
N.B.	1 109	58 530 051	0	0	12	1 241 000	0	0	1 121	59 771 051
N.S.	463	20 230 127	14	980 053	4	288 393	0	0	481	21 498 574
P.E.I.	2 223	122 614 157	44	2 220 957	37	4 315 170	0	0	2 304	129 150 283
Nfld.	2 192	141 215 470	16	1 057 171	49	4 810 789	0	0	2 257	147 083 430
Atlantic Canada	5 987	342 589 805	74	4 258 181	102	10 655 352	0	0	6 163	357 503 338
Total	54 858	3 557 573 894	10 496	578 400 150	1 636	154 176 181	931	71 147 907	67 921	4 361 298 132

TABLE 4a

BIL Lending by Chartered Banks by Province  
April 1, 1994 - March 31, 1995

Lender Province	Chartered Banks that Individually Made \$4,000,000 or More in BILs									
	The Bank of Nova Scotia		The Royal Bank of Canada		Bank of Montreal		The Toronto-Dominion Bank		Canadian Imperial Bank of Commerce	
	Number	Amount \$	Number	Amount \$	Number	Amount \$	Number	Amount \$	Number	Amount \$
B.C.	1 331	85 419 917	846	64 135 477	1 630	101 090 228	1 080	62 463 338	510	38 006 017
Alberta	1 542	74 731 661	720	49 618 416	913	51 380 776	739	39 029 727	1 406	76 429 328
Saskatchewan	625	32 767 711	634	33 133 875	434	22 269 578	193	9 257 487	389	19 448 219
Manitoba	433	24 037 602	403	24 597 792	194	10 829 093	312	18 607 703	296	16 547 225
Western Canada	3 931	216 956 890	2 603	171 485 559	3 171	185 569 676	2 324	129 358 255	2 601	150 430 790
Ontario	4 390	267 713 173	3 647	246 971 014	3 712	238 568 114	4 934	346 330 555	3 076	220 979 094
N.W.T.	22	1 728 721	18	1 020 456	37	3 444 669	29	1 732 072	14	1 294 584
Yukon	16	1 135 432	13	597 775	37	2 503 371	10	606 480	21	1 672 935
Ontario & Territories	4 428	270 577 326	3 678	248 589 245	3 786	244 516 153	4 973	348 669 107	3 111	223 946 613
Quebec	772	45 925 067	2 268	144 236 967	2 203	133 957 960	845	63 957 962	992	73 362 502
New Brunswick	646	28 047 423	126	8 330 108	215	12 958 775	60	2 921 309	57	5 729 723
Nova Scotia	186	7 879 227	57	2 630 576	56	2 033 328	43	2 016 280	94	4 357 526
P.E.I.	1 045	49 499 826	519	31 578 599	265	14 365 417	201	10 248 370	148	11 827 816
Newfoundland	934	52 039 967	318	21 723 989	265	14 792 456	216	13 724 351	114	8 016 495
Atlantic Canada	2 811	137 466 443	1 020	64 263 272	801	44 149 975	520	28 910 310	413	29 931 560
TOTAL	11 942	670 925 726	9 569	628 575 044	9 961	608 193 764	8 662	570 895 633	7 117	477 671 465

TABLE 4a (continued)

BIL Lending by Chartered Banks by Province  
April 1, 1994 - March 31, 1995

Lender Province	Chartered Banks that Individually Made \$4,000,000 or More in BILs								BILs Made by All Other Chartered Banks		Total BIL Lending by All Chartered Banks	
	The National Bank of Canada		Hongkong Bank of Canada		Laurentian Bank		Canadian Western Bank		Number	Amount \$	Number	Amount \$
	Number	Amount \$	Number	Amount \$	Number	Amount \$	Number	Amount \$				
B.C.	3	603 440	314	24 224 583	0	0	19	2 449 849	2	240 000	5 735	378 632 849
Alberta	3	283 455	263	28 674 144	0	0	18	3 019 305	0	0	5 604	323 166 813
Saskatchewan	1	250 000	25	2 535 779	0	0	2	165 810	0	0	2 303	119 828 459
Manitoba	4	564 737	4	213 973	0	0	0	0	0	0	1 646	95 398 125
Western Canada	11	1 701 632	606	55 648 480	0	0	39	5 634 964	2	240 000	15 288	917 026 246
Ontario	206	18 926 330	308	26 315 824	23	2 225 335	0	0	32	3 629 601	20 328	1 371 659 040
N.W.T.	0	0	1	250 000	0	0	0	0	0	0	121	9 470 502
Yukon	0	0	0	0	0	0	0	0	0	0	97	6 515 992
Ontario & Territories	206	18 926 330	309	26 565 824	23	2 225 335	0	0	32	3 629 601	20 546	1 387 645 534
Quebec	5 571	408 811 810	80	7 446 896	271	28 573 866	0	0	35	4 639 278	13 037	910 312 309
New Brunswick	3	487 112	2	55 600	0	0	0	0	0	0	1 109	58 530 051
Nova Scotia	27	1 313 192	0	0	0	0	0	0	0	0	463	20 230 127
P.E.I.	24	3 249 308	21	1 844 820	0	0	0	0	0	0	2 223	122 614 157
Newfoundland	320	29 456 722	25	1 461 491	0	0	0	0	0	0	2 192	141 215 470
Atlantic Canada	374	34 506 334	48	3 361 911	0	0	0	0	0	0	5 987	342 589 805
TOTAL	6 162	463 946 106	1 043	93 023 110	294	30 799 201	39	5 634 964	69	7 908 879	54 858	3 557 573 893

TABLE 4b

BIL Lending by Credit Unions, Caisses Populaires and Other Cooperative Credit Societies by Province  
April 1, 1994 - March 31, 1995

Lender  Province	Credit Unions, Caisses Populaires and Other Cooperative Credit Societies that Individually Made \$4,000,000 or More in BILs									
	Caisse Populaire St-Frederic de Drummondville		Caisse Populaire de Granby		Caisse Populaire Desjardins de Joliette		Caisse Populaire Laurier		Caisse Populaire La Tuque	
	Number	Amount \$	Number	Amount \$	Number	Amount \$	Number	Amount \$	Number	Amount \$
B.C.	0	0	0	0	0	0	0	0	0	0
Alberta	0	0	0	0	0	0	0	0	0	0
Saskatchewan	0	0	0	0	0	0	0	0	0	0
Manitoba	0	0	0	0	0	0	0	0	0	0
Western Canada	0	0	0	0	0	0	0	0	0	0
Ontario	0	0	0	0	0	0	0	0	0	0
N.W.T.	0	0	0	0	0	0	0	0	0	0
Yukon	0	0	0	0	0	0	0	0	0	0
Ontario & Territories	0	0	0	0	0	0	0	0	0	0
Quebec	129	6 031 260	85	5 986 483	98	5 610 070	59	4 955 137	68	4 512 326
New Brunswick	0	0	0	0	0	0	0	0	0	0
Nova Scotia	0	0	0	0	0	0	0	0	0	0
P.E.I.	0	0	0	0	0	0	0	0	0	0
Newfoundland	0	0	0	0	0	0	0	0	0	0
Atlantic Canada	0	0	0	0	0	0	0	0	0	0
TOTAL	129	6 031 260	85	5 986 483	98	5 610 070	59	4 955 137	68	4 512 326

TABLE 4b  
(Continued)

BIL Lending by Credit Unions, Caisses Populaires and Other Cooperative Credit Societies by Province  
April 1, 1994 - March 31, 1995

Province	Credit Unions, Caisses Populaires and Other Cooperative Credit Societies that Individually Made \$4,000,000 or More in BILs						BILs Made by All Other Credit Unions, Caisses Populaires and Other Cooperative Credit Societies		Total BIL Lending by All Credit Unions, Caisses Populaires and Other Cooperative Credit Societies	
	Lloyminster Credit Union Ltd.		Prince Albert Credit Union Limited		Caisse Populaire de Victoriaville					
	Number	Amount \$	Number	Amount \$	Number	Amount \$	Number	Amount \$	Number	Amount \$
B.C.	0	0	0	0	0	0	172	8 758 722	172	8 758 722
Alberta	17	765 004	0	0	0	0	169	11 744 383	186	12 509 386
Saskatchewan	62	3 380 125	72	4 112 747	0	0	692	32 881 024	826	40 373 896
Manitoba	0	0	0	0	0	0	237	14 902 217	237	14 902 217
Western Canada	79	4 145 129	72	4 112 747	0	0	1 270	68 286 345	1 421	76 544 221
Ontario	0	0	0	0	0	0	255	17 296 573	255	17 296 573
N.W.T.	0	0	0	0	0	0	0	0	0	0
Yukon	0	0	0	0	0	0	0	0	0	0
Ontario & Territories	0	0	0	0	0	0	255	17 296 573	255	17 296 573
Quebec	0	0	0	0	96	4 024 212	8 211	449 181 687	8 746	480 301 175
New Brunswick	0	0	0	0	0	0	0	0	0	0
Nova Scotia	0	0	0	0	0	0	14	980 053	14	980 053
P.E.I.	0	0	0	0	0	0	44	2 220 957	44	2 220 957
Newfoundland	0	0	0	0	0	0	16	1 057 171	16	1 057 171
Atlantic Canada	0	0	0	0	0	0	74	4 258 181	74	4 258 181
TOTAL	79	4 145 129	72	4 112 747	96	4 024 212	9 810	539 022 786	10 496	578 400 150

TABLE 4c

BIL Lending by Trust, Loan and Insurance Corporations by Province  
April 1, 1994 - March 31, 1995

Lender  Province	Trust, Loan and Insurance Corporations that Individually Made \$4,000,000 or More in BILS						BILs Made by All Other Trust, Loan and Insurance Corporations		Total BIL Lending by All Trust, Loan and Insurance Corporations	
	Newcourt Credit Group Incorporated		GE Capital Canada Equipment Financing Inc.		GE Capital Quebec Equipment Financing Inc.		Number	Amount \$	Number	Amount \$
	Number	Amount \$	Number	Amount \$	Number	Amount \$				
B.C.	196	18 066 032	39	5 749 550	0	0	3	120 989	238	23 936 571
Alberta	261	23 634 309	1	85 000	0	0	2	96 094	264	23 815 403
Saskatchewan	39	2 576 638	1	90 900	0	0	0	0	40	2 667 538
Manitoba	46	3 684 678	8	663 758	0	0	0	0	54	4 348 436
Western Canada	542	47 961 657	49	6 589 208	0	0	5	217 083	596	54 767 948
Ontario	511	47 337 866	54	6 122 619	0	0	35	3 249 416	600	56 709 902
N.W.T.	3	490 550	0	0	0	0	0	0	3	490 550
Yukon	0	0	0	0	0	0	0	0	0	0
Ontario & Territories	514	47 828 416	54	6 122 619	0	0	35	3 249 416	603	57 200 451
Quebec	253	21 625 071	0	0	59	9 216 898	23	710 460	335	31 552 429
New Brunswick	12	1 241 000	0	0	0	0	0	0	12	1 241 000
Nova Scotia	4	288 393	0	0	0	0	0	0	4	288 393
P.E.I.	30	3 438 244	7	876 926	0	0	0	0	37	4 315 170
Newfoundland	30	2 895 464	19	1 915 325	0	0	0	0	49	4 810 789
Atlantic Canada	76	7 863 101	26	2 792 251	0	0	0	0	102	10 655 352
TOTAL	1 385	125 278 245	129	15 504 078	59	9 216 898	63	4 176 959	1 636	154 176 180

TABLE 5

## SMALL BUSINESS LOANS ACT - PROGRAM FACT SHEET

Item	Prior to April 1, 1993	On April 1, 1993	On April 1, 1995
Maximum Eligible Business Size	\$2 million in estimated gross annual revenue	\$5 million in estimated gross annual revenue	\$5 million in estimated gross annual revenue
Maximum Loan Size	\$100,000 outstanding in aggregate.	\$250,000 outstanding in aggregate.	\$250,000 outstanding in aggregate.
Interest Rate - Floating - Fixed	Prime + 1% Not Permitted	On floating rate loans, prime + 1 3/4% and on fixed rate loans 1 3/4% over the residual mortgage rate for the applicable term.	For floating rate loans, prime + 3% and for fixed rate loans, 3% over the residential mortgage rate for the applicable term.
Up-Front Government Fee	1% one-time up front registration fee	2% one-time up front registration fee which may be added to amount of the loan.	2% one-time up front registration fee which may be added to amount of the loan provided the aggregate principal amount of the loan does not exceed \$250,000 and 1.25% annual administration fee will be charged. The 1.25% is to be paid by lender but can be passed on to borrower only through the interest rate.
Refinancing	Not permitted	Up to 180 days prior to loan approval date	Up to 180 days prior to loan approval date.
Percentage of Financing Permitted	80% of Equipment 90% of Land and Buildings	100% of all eligible assets.	100% of eligible assets, reducing to 90% for loans made after December 31, 1995.
Amount of Government Guarantee	85% of any loss	90% of any loss sustained	90% of loss sustained, reducing to 85% for loans made after December 31, 1995.
Substitution and Release of Security	Lender may <u>release any security</u> acquired <u>but shall through remaining terms maintain adequate security</u> pursuant to normal lending practice for loan repayment	Substitution excluding unsecured personal guarantees.	As at January 31, 1995, substitution and release of security assets under specified conditions excluding unsecured personal guarantees. Secured equipment may be released under prescribed conditions (no default, after 2 years o/s balance reduced appropriately). Release land and premises if expropriated.
Maximum Loan Term	10 years	10 years	10 years
Businesses Excluded from the Program	Finance, insurance, real estate, professions, mining of metals, minerals, non-metallic materials, production of petroleum, natural gas, farming, charitable and religious organizations	The business of farming as well as charitable and religious organizations.	The business of farming as well as charitable and religious organizations.
Classes of Loans	Land Premises Movable Equipment Fixed Equipment	Land Premises Equipment Fee	Land Premises Equipment Fee

Tableau 5 LOI SUR LES PRETS AUX PETITES ENTREPRISES - FICHE D'INFORMATION			
Item	Avant le 1 <sup>er</sup> avril 1993	À compter du 1 <sup>er</sup> avril 1993	À compter du 1 <sup>er</sup> avril 1995
Taille maximum de l'entreprise	Revenu annuel de 2 000 000 \$	Revenu annuel de 5 000 000 \$	Revenu annuel de 5 000 000 \$
Montant maximum d'un PAE	100 000 \$ au total	250 000 \$ au total	250 000 \$ au total
Taux d'intérêt - variable - fixe	Taux préférentiel + 1 % interdit	Pour les prêts à taux variable, taux préférentiel + 1 3/4 %. Pour les prêts à taux fixe, taux préférentiel 1 3/4 % de plus que le taux hypothécaire résidentiel pour le terme applicable.	Pour les prêts à taux variable, taux préférentiel + 3 %. Pour les prêts à taux fixe, taux préférentiel + 3 % de plus que le taux hypothécaire résidentiel pour le terme applicable.
Droits gouvernementaux initiaux	1 %	2 %, montant pouvant être ajouté au PAE.	2 % montant pouvant être ajouté au PAE sans excéder le solde maximum de 250 000 \$. Frais d'administration de 1,25 % payable par le prêteur et "passé" à l'emprunteur via le taux d'intérêt.
Refinancement	Interdit	Jusqu'à 180 jours avant l'octroi du PAE.	Jusqu'à 180 jours avant l'octroi du PAE.
Pourcentage de financement permis	80 % pour le matériel 90 % pour terrains et bâtiments	100 % du coût de la totalité des éléments d'actif admissibles.	100 % du coût des actifs admissibles; 90 % après le 31 décembre 1995.
Montant de la garantie de l'État	85 % de toute perte	90 % de toute perte subie.	90 % de toute perte subie; 85 % pour les prêts accordés après le 31 décembre 1995.
Substitution et mainlevée des sûretés	Le prêteur peut donner une mainlevée sur les sûretés détenues mais devra maintenir, au cours du prêt, une sûreté adéquate pour le remboursement du prêt tout en étant conforme aux pratiques bancaires.	La substitution est permise à l'exclusion des sûretés personnelles non garanties.	A compter du 31 janvier 1995, substitution et mainlevée des actifs grevés sous des conditions spécifiques. Les sûretés personnelles non garanties sont exclues. Sous des conditions prescrites, le matériel grevé peut faire l'objet d'une mainlevée (pas de défaillance). Après 2 ans, solde en capital réduit conséquemment.
Durée maximum du prêt	10 ans	10 ans	10 ans
Entreprises exclues du programme	Finances, assurance, immobilier, professions, extraction de métaux et minéraux, matériaux non métalliques, production de pétrole et gaz naturel, entreprises agricoles et organismes à but non lucratif ou religieux	Entreprises agricoles et organismes à but non lucratif ou religieux.	Entreprises agricoles et organismes à but non lucratif ou religieux
Catégories de PAE	Terrains, locaux, matériel mobile, matériel fixe	Terrains, locaux, matériel, droits	Terrains, locaux, matériel, droits

Remarque: Pour les prêts octroyés après le 31 mars 1995, sera demandé un droit d'administration annuel de 1,25 %.