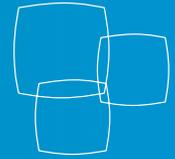




Biannual Survey of Suppliers of Business Financing Data Analysis, Second Half 2012



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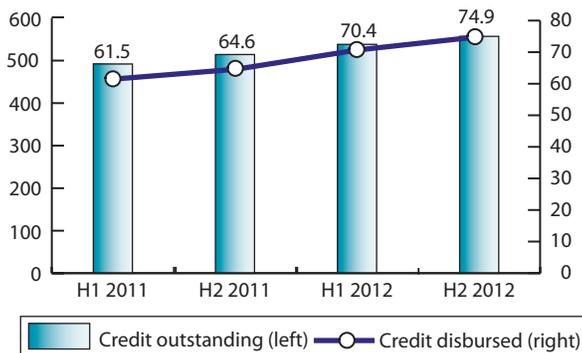
May 2013

This document presents data on business lending activities gathered from the Biannual Survey of Suppliers of Business Financing.

Overall Conditions

Survey results highlight a continued increase in business lending activity in the second half of 2012. In total, lenders disbursed approximately \$75 billion in new loans¹ to Canadian businesses between July and December (H2 2012), compared with approximately \$70 billion in new loans disbursed between January and June (H1 2012) (Figure 1). In total, 2012 lending activity increased by 15.1 percent compared to 2011 levels. These results are consistent with an overall loosening in business lending conditions as reported in the Bank of Canada's *Senior Loan Officer Survey*.²

Figure 1: Value of credit outstanding (\$ billions) and disbursed (\$ billions)



Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2012.

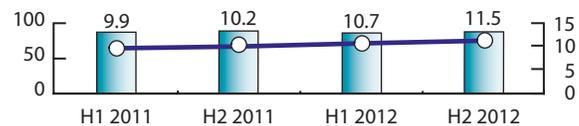
Business Size Conditions

Based on survey findings, lending activity for businesses of all sizes increased in the second half of 2012. The increase was significant among large businesses (those with loan authorization levels above \$5 million) to which lenders disbursed approximately \$49 billion in new loans. This represented a 6.5-percent increase in disbursals compared with the first half of 2012. Similarly, lending activity increased

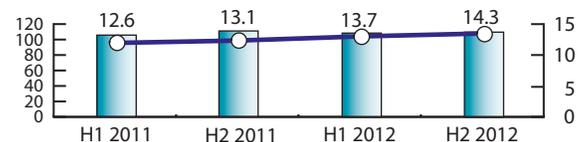
for small businesses (those with loan authorization levels below \$1 million) and medium-sized businesses (those with loan authorization levels of between \$1 million and less than \$5 million), with loan disbursals rising by about 7.5 percent and 4.4 percent respectively (Figure 2). Year-over-year, lending activity increased by 10 percent, 9 percent, and 18 percent for small, medium-sized and large businesses respectively.

Figure 2: Value of credit outstanding (\$ billions) and disbursed (\$ billions) by size of business

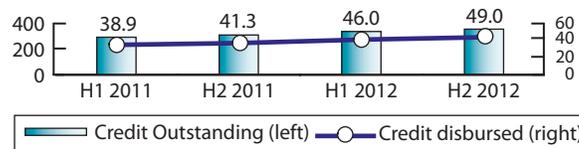
Small businesses



Medium-sized businesses



Large businesses



Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2012.

Lending Activity

Foreign banks continued to lend aggressively in the second half of 2012, increasing loan disbursals to businesses by 20.5 percent. This followed a 25.6-percent increase in disbursals in the first half of 2012. Credit unions and Caisses

¹ New loans include term loans and mortgages that generally have a fixed repayment schedule of greater than one year.

² The *Senior Loan Officer Survey* collects information, on a quarterly basis, on the perspectives of lenders on price and non-price terms of business lending.

populaires continued to increase loans as well, with disbursements rising 10.3 percent in the second half of 2012 compared with the first half of 2012. Loan disbursements by domestic banks, which make up 42.2 percent of the new loans market, also continued to grow steadily increasing disbursements by 3.4 percent in the second half of 2012 compared with the first half of 2012. Year-over-year, loans from domestic banks, other banks (including foreign), credit unions and Caisses populaires have increased by 10 percent, 27 percent, and 19 percent respectively.

Table 1: Value of credit disbursed (\$ millions) by supplier type

Supplier type	2011		2012	
	H1	H2	H1	H2
Domestic banks	26,726	29,994	30,563	31,609
Other banks	15,609	13,191	16,567	19,962
Credit unions, Caisses populaires	6,744	7,419	8,029	8,856
Finance companies	6,876	8,081	9,370	9,242
Insurance companies and portfolio managers	5,578	5,964	5,850	5,193
All suppliers	61,533	64,648	70,379	74,862

Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2012.

Industry Conditions

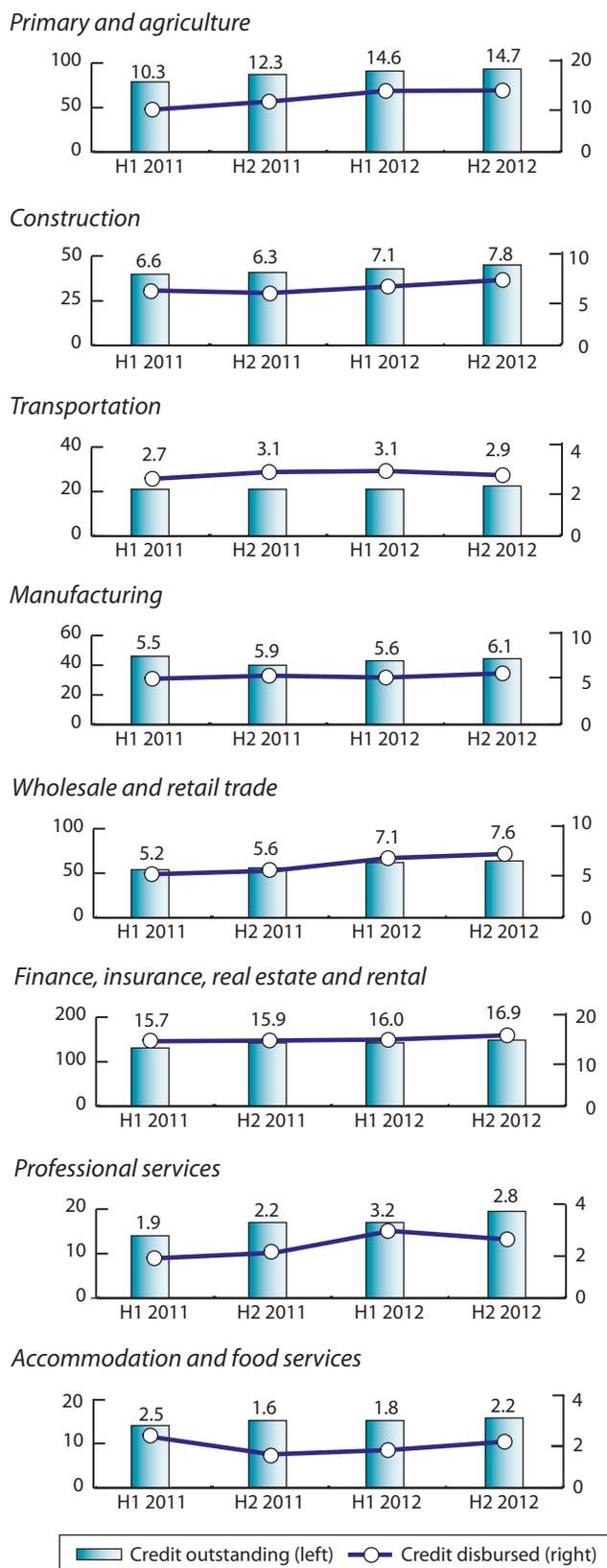
Survey findings point to an increase in lending activity across most sectors in the second half of 2012. Sectors experiencing the strongest increases were the accommodation and food services sector and the construction sector, which saw increases in loan disbursements of 22.2 percent and 9.9 percent respectively (Figure 3). Firms in the manufacturing sector also experienced a strong increase in lending activity, with loan disbursements rising by 8.9 percent. Conversely, a decline in lending activity was observed in the professional services sector. Specifically, new loans disbursed to professional service businesses fell by 8.8 percent from \$3.2 billion in the first half of 2012 to \$2.8 billion in the second half of 2012. However, on a year-over-year basis, lending activity was up across all sectors.

About the Survey

The *Biannual Survey of Suppliers of Business Financing* is the result of a commitment by the Government of Canada to improve the availability of information about financing of businesses in Canada. Data are collected from 120 major suppliers of financing, including domestic banks and credit unions and Caisses populaires, representing over 90 percent of all lending to businesses in Canada.

This report was prepared by Daniel Seens, CFA, an economist in the Small Business Branch. Questions can be directed to him at daniel.seens@ic.gc.ca.

Figure 3: Value of credit outstanding (\$ billions) and disbursed (\$ billions) by industry



Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2012.

Note: Numbers do not add up due to exclusion of the "other industries" category.