

## **NON-MORTGAGE LOANS ASSETS CLASSIFIED BY INSTITUTIONAL SECTOR**

### **PURPOSE**

This return provides a detailed breakdown of the non-mortgage loans of deposit-taking institutions.

### **STATUTORY**

Sections 628 and 600 of the Bank Act and Section 495 of the Trust and Loan Companies Act.

### **APPLICATION**

This return applies to all institutions.

### **PUBLICATION**

Information from this return is published in the Bank of Canada Banking and Financial Statistics on a total-for-all-institutions basis.

### **FREQUENCY**

Quarterly - calendar.

### **CONTACT PERSON**

Provide name and phone number of person to contact regarding any questions about this return.

### **REPORTING DATES**

The return is to be completed within 45 days of calendar quarter-end.

### **CONTACT AGENCY**

OSFI.



## GENERAL INSTRUCTIONS

This return expands on the information reported in Asset 3 of the balance sheet. The return requires loans to be classified by institutional sector. Loans are to be reported gross of allowance for **expected credit losses**. Also reported in the return are allowance for **expected credit losses** and **credit** impaired loans both for broad categories of loans. All loans are to be reported wherever booked. Gross loan information is to be reported separately for residents and non-residents.

The concept of institutional sectors used in this return conforms with the definitions of financial flow sector accounts detailed in the attached Definition of Financial Flow Sectors. This concept is also used in the Securities Report and the Return of Deposit Liabilities Classified by Institutional Sector.

The return also makes use of the 1980 Statistics Canada Standard Industrial Classification (SIC) to identify borrowers.

**Note that both the Definitions of Financial Flow Sectors and the Statistics Canada Standard Industrial Classification speak only to the Canadian situation. These must be adapted by institutions, as necessary for borrowers outside of Canada.**

### Non-residents

Non-residents are individuals, corporations or other organizations (including international and other extra-territorial agencies) not ordinarily resident in Canada. Residential status is to be determined by reference to the recorded address of the individual, corporation or other organization, unless the institution knows that the residential status is different from the recorded address.

### 1. Financial institutions

- (a) Call and other short loans to investment dealers and brokers, secured

See SIC, Division K, Group 741.

The amount reported under Item 1(a) must relate to Item 3(a)(i) on the balance sheet, gross of any allowance for **expected credit losses**.

- (b) Deposit-taking institutions

Include:

- all chartered banks in Canada, (see SIC, Division K, Class 7021) banks elsewhere and credit unions, caisse populaires, trust companies and mortgage loan companies (see SIC, Division K, Classes 7031, 7041, 7042, 7051, 7052 and 7099);

Exclude:

- public deposit-taking institutions such as ATB Financial (see SIC, Division K, Class 7029) that are reported under 1(g);

- (c) Consumer and business finance companies

See SIC, Division K, Major Group 71.

(d) Investment Companies

Include:

- see SIC, Division K, Major Group 72.

Exclude:

- trustee pension funds (class 7291) and other pension funds (class 7299) which are reported under 1(f).

(i) Of which are REITs

Include:

- Real Estate Investment Trusts (REITs).

Exclude:

- firms classified as “Mortgage-REITs” or “Agency-Mortgage-REITs” under the American terminology.

(ii) Of which are MICs

Include:

- Mortgage Investment Corporations (MICs), other Mortgage Investment Entities (MIEs), and firms classified as “Mortgage-REITs” or “Agency-Mortgage-REITs” under the American terminology.

(e) Insurance Companies

Include:

- life insurance companies, fraternal benefit societies and property and casualty insurance companies (see SIC, Division K, Major Group 73 - non-government).

Exclude:

- Canada Deposit Insurance Corporation (class 7321 - government) which is to be reported under 1(g).

(f) Pension Funds

Include:

- see SIC, Division K, Class 7291 and other pension funds (Class 7299).

(g) Other

Include:

- mortgage brokers, security and commodity exchanges and other financial institutions (SIC, Division K, Group 742, 743 and 749);
- public financial institutions, such as: Canada Deposit Insurance Corporation, Canada Mortgage and Housing Corporation, Export Development Canada, Farm Credit Canada, Business Development Bank of Canada and ATB Financial (see SIC, Division K, Class 7029 and see conceptual overview in the Definition of Financial Flow Sectors);
- foreign public financial institutions that are similar to those operating in Canada;
- loans to foreign central banks or foreign official monetary institutions.

## 2. Canadian Governments

Include:

- loans to all emanations of government that do not carry on a business or that do not have their own borrowing authority.

(a) Federal

Include:

- all loans to the Government of Canada.

(b) Provinces

Include:

- all loans to provincial governments;

(c) Municipalities and school corporations

Include:

- all loans to municipal governments, school boards, commissions and districts;

The amounts reported under Items 2(a), (b), and (c) must relate to Item 3(a)(iii) on the balance sheet.

## 3. Foreign governments

Include:

- loans to all emanations of foreign governments that do not carry on a business or that do not have their own borrowing authority.

The amounts reported must relate to Item 3(a)(iv) on the balance sheet, gross of any allowance for **expected credit losses**.

## 4. Lease receivables

The amount reported must relate to Item 3(a)(v) on the balance sheet, gross of any allowance for **expected credit losses**.

**5. To individuals for non-business purposes**

Note: Exclude loans made by Canadian securities subsidiaries that were established business concerns acquired by a bank subsequent to changes in the Bank Act in 1987. Those loans are to be reported on line 9, loans by securities subsidiary.

(a) Loans to purchase or carry

(i) Tax-sheltered plans under the Canadian Income Tax Act

Include:

- RRSPs and RIFs.

(ii) Securities

Include:

- loans to purchase Canada Savings Bonds and loans which, when made, were fully secured by marketable stocks and bonds. The foregoing assumes that the loans could not be allocated under 5(b).

(b) Loans to purchase consumer goods and other personal services

(i) Private passenger vehicles

Include:

- loans for all private passenger vehicles whether or not such loans were secured by such vehicles.

(ii) Mobile Homes

Include:

- loans that are not mortgages for mobile homes as defined in the regulations to the National Housing Act.

(iii) Renovation of residential property

Residential property is real estate comprising buildings of which at least 50 per cent of the floor space is used or will be used for permanent private accommodation.

(iv) Other

Include:

- all loans to individuals for non-business purposes that are not classified in any of the categories above.

(c) Credit cards

Include:

- all outstanding balances under a credit card plan (unsecured credit cards only).

The sum of the amounts reported under Items 5(a), (b) and (c) must relate to Item 3(a)(vi) on the balance sheet, gross of any allowance for **expected credit losses**.

**6. To individuals and others for business purposes**

Exclude loans to financial institutions (1), Canadian governments (2), foreign governments (3) and lease receivables (4).

Note: Exclude loans made by Canadian securities subsidiaries that were established business concerns acquired by a bank subsequent to changes in the Bank Act in 1987. Those loans are to be reported on line 9, loans by securities subsidiary.

(a) Public sector

Include:

- loans to all emanations of governments that carry on a business or that have their own borrowing authority (see conceptual overview in the Definition of Financial Flow Sectors). A list of Canadian Federal and Provincial enterprises and their subsidiaries compiled by Statistics Canada is included in the Appendix "Definitions of Financial Flow Sectors".
- all Canadian and foreign public corporations in which Canadian or foreign governments hold at least 50 per cent of the voting stock and any subsidiaries of those companies.

Exclude:

- Canada Deposit Insurance Corporation, Canada Mortgage and Housing Corporation, Export Development Canada, Farm Credit Canada, Business Development Bank of Canada and ATB Financial, which are to be reported under Item 1(g).

(b) Private sector

Include:

- all resident and non-resident corporations and unincorporated businesses except financial institutions and government enterprises reported elsewhere in this report.

(i) Agriculture

See SIC, Division A, Major Groups 01 and 02.

(ii) Fishing and Trapping

See SIC, Division B, Major Group 03.

(iii) Logging and Forestry

See SIC, Division C, Major Groups 04 and 05.

(iv) Mining, Quarrying and Oil Wells

(A) Mining

See SIC, Division D, Major Group 06.

(B) Energy - Oil and gas

See SIC, Division D, Major Group 07.

- (C) Other  
See SIC, Division D, Major Groups 08 and 09.
- (v) Manufacturing
  - (A) Food, beverage and tobacco products  
See SIC, Division E, Major Groups 10, 11 and 12.
  - (B) Leather, textile and apparel products  
See SIC, Division E, Major Groups 17, 18, 19 and 24.
  - (C) Metal products  
See SIC, Division E, Major Groups 29 and 30.
  - (D) Transport equipment products  
See SIC, Division E, Major Group 32.
  - (E) Petroleum products  
See SIC, Division E, Major Group 36.
  - (F) Rubber, plastic and chemical products  
See SIC, Division E, Major Groups 15, 16 and 37.
  - (G) Other  
See SIC, Division E, Major Groups 25, 26, 27, 28, 31, 33, 35 and 39.
- (vi) Construction/Real Estate
  - (A) Builders and developers - residential  
See SIC, Division F, Group 401.
  - (B) Builders and developers - commercial  
See SIC, Division F, Group 402.
  - (C) Land developers  
See SIC, Division F, Class 4491.
  - (D) Real Estate Operators  
See SIC, Division L, Major Group 75

- (E) Other  
See SIC, Division F, Major Groups 41 and 42, Group 441 and Class 4499.
- (vii) Transportation, communications and other utilities
  - (A) Transportation  
See SIC, Division G, Major Group 45.
  - (B) Pipeline transport  
See SIC, Division G, Major Group 46.
  - (C) Storage and warehousing  
See SIC, Division G, Major Group 47.
  - (D) Communications  
See SIC, Division H, Major Group 48.
  - (E) Other utilities  
See SIC, Division H, Major Group 49.
- (viii) Wholesale trade
  - (A) Apparel  
See SIC, Division I, Major Group 53.
  - (B) Other  
See SIC, Division I, Major Groups 50, 51, 52, 54, 55, 56, 57 and 59.
- (ix) Retail trade
  - (A) Food stores, food beverages and drug stores  
See SIC, Division J, Major Group 60.
  - (B) Clothing  
See SIC, Division J, Major Group 61.
  - (C) Furniture  
See SIC, Division J, Major Group 62.

- (D) Automotive  
See SIC, Division J, Major Group 63.
- (E) Department stores  
See SIC, Division J, Major Group 64.
- (F) Other  
See SIC, Division J, Major Groups 65 and 69.
- (x) Service
- (A) Hotels  
See SIC, Division Q, Major Group 91.
- (B) Restaurants and bars  
See SIC, Division Q, Major Group 92.
- (C) Leasing companies  
See SIC, Division R, Group 992.
- (D) Other  
See SIC, Division L, Major Group 76; Division M, Major Group 77; Division R, Major Group 96 and 97 and Groups 991, 993, 994, 995, 996 and 999.
- (xi) Multiproduct conglomerates
- Include:
- those non-financial private corporations in which no one business, as cited in (i) to (x) above, constitutes more than 50 per cent of the corporation's total activity.
- (xii) Other
- Include:
- charitable organizations, universities, clubs, religious organizations, etc.
  - all health organizations not included in loans to governments (section 2). See SIC, Division N, Major Group 84; Division O, Groups 852, 853, 854, 855 and 859; Division P, Major Group 86; Division R, Major Group 98.

**7. Own Acceptances Purchased**

The amount reported should be for acceptances the reporting institution issued and subsequently purchased. Acceptances of the Institution purchased by a securities subsidiary of the institution are to be reported under item (9) below.

**8. Reverse Repurchase Agreements**

- (a) Financial Institutions
- (b) Other
- (c) Unallocated

The amounts reported here are for reverse repurchase agreements of the reporting institution. If possible, classify reverse repurchase agreements between financial and other counterparties. If institutions are unable to classify reverse repurchase agreements in this fashion, report all such agreements in 8(c).

Reverse repurchase agreements by the securities subsidiary of the institution are to be reported under item (9) below.

**9. Loans by Securities Subsidiary**

- (a) To individuals for non-business purposes
- (b) To individuals and others for business purposes
- (c) Reverse Repurchase Agreements

The amounts reported here are for loans made by Canadian securities subsidiaries that were established business concerns acquired by banks subsequent to changes in the Bank Act in 1987.

**10. Allowance for Expected Credit Losses Related to Collective Allowances**

The sum of this line plus the sum of the allowance for expected credit losses related to individual allowances as reported in the column must agree with the total allowance for expected credit losses for loans for the reporting period.

**Total**

The sum of the totals reported in the first four columns less the total of the Allowance for Expected Credit Losses in the fifth column must agree with Asset 3 on the Balance Sheet.

The accounting adjustment for balance sheet purposes reports the amount which balances the total non-mortgage loans amount to the M4 balance sheet. These adjustments are intended to facilitate reporting by allowing small capitalized loan expenses such as legal fees and origination costs to be reported separately.

The value reported in the M4 should correspond to the amount of total non-mortgage loans reported in the A2 minus any adjustment for balance sheet purposes.

**Memo Items:**

**1. Loans made under Government of Canada Guaranteed Loan Schemes (included in figures above):**

- (1) Home improvement loans
- (2) Small business loans
- (3) Farm improvement loans
- (4) Canada student loans
- (5) Other (Please specify type of loan).

**2. Interim Construction Lending included in 6.(b)(vi).**

Interim Construction lending includes:

- (1) Construction loans with or without firm permanent mortgage take out commitments.
- (2) Land servicing and development loans.
- (3) Bridge loans for the period between the time construction has been completed and full rental achievement has taken place.
- (4) Bridge loans for projects involving the conversion of rental apartments to condominiums when a permanent mortgage must be removed to accommodate the sale to ultimate purchasers.
- (5) Loans for the redevelopment of existing property prior to arranging new permanent long term financing.
- (6) Land holding loans while plans and development permits are being obtained.

**3. Loans to Unincorporated Businesses (residents only) included in 6.(b)(i) to 6.(b)(xi).**

#### **4. Top 5 Non-Governmental Counterparty Exposures**

The largest exposures should be reported at the consolidated group/holding company level of the borrower (with a broad coverage of subsidiaries). Consolidate exposures to conglomerates which own both financial and non-financial subsidiaries within the “Financial Corporates” section. Please see OSFI’s B2 guideline for the definition “common risk” for more information.

Note to the Canadian big six banks: Note that this is very similar to the “Interbank and Major Exposures” return, with the main difference being A2 focuses on non-mortgage loans, where mortgage loans are included in the “interbank and Major Exposures” return.

##### **(a) Non Financial Corporates**

Include:

- The single five largest non-financial corporate non-mortgage funded loan exposures in Canadian dollars.
  - (i) Largest single name exposure
  - (ii) Second largest single name exposure
  - (iii) Third largest single name exposure
  - (iv) Fourth largest single name exposure
  - (v) Fifth largest single name exposure

Exclude:

- Where the common risk exposure lies with a government or government business enterprise
- Government-owned, government-backed or government-guaranteed companies

##### **(b) Financial Corporates**

Include:

- The single five largest financial non-mortgage funded loan corporate exposures in Canadian dollars.
  - (i) Largest single name exposure
  - (ii) Second largest single name exposure
  - (iii) Third largest single name exposure
  - (iv) Fourth largest single name exposure
  - (v) Fifth largest single name exposure

Exclude:

- Where the common risk exposure lies with a government or government business enterprise
- Government-owned, government-backed or government-guaranteed companies

**Auto Loan and Credit Card Origination Summary (Canada) by Credit Bureau Score**

A deposit-taking institution is exempt from filing the data if the parent is a deposit-taking institution as well and files on a consolidated basis.

**5. Private passenger vehicles outstandings**

a) Credit Score Distribution - Entire Portfolio

Include:

- Loans for all private passenger vehicles whether or not such loans were secured by such vehicles. Report the total dollar amount under the relevant Credit Bureau score bands for the entire loan portfolio during the reporting period using the most recent credit bureau score on file. When there is more than one Borrower, use the average of the Borrower's Credit Bureau Scores.
- In the case of multiple borrowers: If one of the borrowers is a no hit or thin file, please use the score of the primary borrower. In the case of the primary borrower not having a credit score, use the credit score(s) of the co-borrower(s).

Exclude:

- Vehicle Leases

b) Credit Score Distribution - New Vintage

Include:

- Loans for all private passenger vehicles whether or not such loans were secured by such vehicles originated (funded, purchased, etc.) during the current calendar year (i.e. current calendar year cohort). Report the total dollar amount under the relevant Credit Bureau score bands using the Credit Bureau score at the time of origination. When there is more than one Borrower, use the average of the Borrower's Credit Bureau Scores.

Exclude:

- Vehicle Leases

c) Term of Loan

Include:

- Loans for all private passenger vehicles whether or not such loans were secured by such vehicles originated (funded, purchased, etc.) during the current calendar year (i.e. current calendar year cohort). Report the total dollar amount under the relevant amortization term bands. Please use the term remaining, not the original term at the time of booking.

Exclude:

- Vehicle Leases

**6. Credit Card balances (unsecured credit cards only)**

a) Credit Score Distribution - Entire Portfolio

Include:

- All outstanding balances (“Gross Amount”) and authorized credit limits (“Authorized”) under a credit card plan. Report the total dollar amount under the relevant Credit Bureau score bands for the entire portfolio during the reporting period using the most recent credit bureau score on file. When there is more than one Borrower, use the average of the Borrower’s Credit Bureau Scores.
- In the case of multiple borrowers: If one of the borrowers is a no hit or thin file, please use the score of the primary borrower. In the case of the primary borrower not having a credit score, use the credit score(s) of the co-borrower(s).

b) Credit Score Distribution - New Vintage

Include:

- All outstanding balances and authorized credit limits under a credit card plan originated (funded, purchased, etc.) during the current calendar year (i.e. current calendar year cohort). Report the total dollar amount under the relevant Credit Bureau score bands using the Credit Bureau score at the time of origination. When there is more than one Borrower, use the average of the Borrower’s Credit Bureau Scores.
- In the case of multiple borrowers: If one of the borrowers is a no hit or thin file, please use the score of the primary borrower. In the case of the primary borrower not having a credit score, use the credit score(s) of the co-borrower(s).

c) Authorized Credit Limit

Include:

- All outstanding balances and authorized credit limits under a credit card plan. Report the total dollar amount under the relevant authorization limit bands for the entire credit card loan portfolio during the reporting period.

Amounts reported under Items 5 and 6 should relate to Item 3(a)(vi) on the balance sheet (M4), gross of any allowance for **expected credit losses**.

**7. Credit Card Rollover Rate (Avg Loans Accruing Int / Avg Total Loans in Quarter)**

Include:

- The credit card receivables roll over rate refers to the average outstanding unsecured credit card loans accruing interest in the quarter divided by the average total loans in the quarter. The output will be a number between zero and one.
- This calculation is dollar weighted. Note that we are not using month end numbers, but rather cycle end numbers. To calculate this metric for one month:
- [Sum all of the “balances subject to finance charge” at each cycle end within the month for all active accounts] / [sum of the “average daily balances” at cycle end for all active accounts in the month]
- NB: Active is defined as an account that had debit activity (purchase, charging of interest/fees, payment, etc.).
- To compute this metric on a quarterly basis, compute the average of the three numerator data points, and divide them by the average of the three denominator data points.
- The purpose and intention of this metric is to obtain the percentage of loans accruing interest and rolling over from cycle to cycle (i.e. 85% of loans are rolling over from cycle to cycle).

## **DEFINITIONS**

### **Entire Portfolio**

Refers to the total outstanding receivables.

### **New Vintage**

Refers to the total loans booked within the current calendar year.

### **Authorized Credit Limit**

Refers to the sum of the credit lines assigned to customers. This would include both the outstanding receivable, and the remaining “open to buy” on the credit card account.

### **Rollover Rate**

The credit card receivables roll over rate refers to the average outstanding credit card loans accruing interest in the quarter divided by the average total loans in the quarter. The output will be a number between zero and one.

**Financial Corporates (AKA Financial Institution)**

NB: This is the same definition used in the Bank of Canada's Major Exposures return.

This return makes use of the 1980 Statistics Canada Standard Industrial Classification (SIC) to identify financial institutions as counterparties of the reporting banks. The same definition of financial institutions shall apply also to non-resident financial institutions.

- Deposit-taking institutions:
  - Chartered banks that are in Schedule I or II of the Bank Act (see SIC, Division K, Class 7021), and foreign bank branches
  - Credit unions and caisses populaires, trust companies and mortgage loan companies (see SIC, Division K, Classes 7029, 7031, 7041, 7042, 7051, 7052 and 7099).
- Life insurance companies, fraternal benefit societies, property and casualty insurance companies and trustee and other pension plans (see SIC, Division K, Class 7291, 7299 and Groups 731, 732 (non-government) and 733).
- Investment dealers (see SIC, Division K, Group 741) and mutual funds, hedge funds, closed-end funds, mortgage investment companies, real estate investment trusts, sales finance and consumer loan companies and other private financial institutions (such as financial leasing and venture capital companies, see SIC, Division K, Groups 71, 72, (except class 7291 and 7299 included above) and Groups 742, 743 and 749).

For banks that use the NAICS classification, financial institutions are those falling into any of the following industry groups:

- Group 522: Credit intermediation and related activities
- Group 523: Securities, commodity contracts, and other financial investment and related activities.
- Group 524: Insurance carriers and related activities.
- Group 526: Funds and other financial vehicles

**Exposure Name**

This is the name of the counterparty.

## **DEFINITIONS OF FINANCIAL FLOW SECTORS**

Note that the conceptual framework of Financial Flow Sectors set out below speaks only to the Canadian situation.

For three returns (*Non-Mortgage Loans Assets Classified by Institutional Sector*; *Securities Report*; and *Deposit Liabilities Classified by Institutional Sector*), the concept of institutional sectors is used. These sectors and a brief explanation of them are:

### **I. Provincial and/or Municipal Government**

Include transactions with social insurance programs operated by governments (e.g., Workmen's Compensation Board), non-trusteed public service pension plans operated outside the governmental budgetary framework (e.g., Public Service Superannuation Fund (Ontario)) and public hospitals.

### **II. Public Financial and Non-Financial Institutions**

These are defined as enterprises which are of a commercial nature and charge a price for their goods and services related to their costs of production. Typically, these institutions are engaged in manufacturing, lending, insurance, transportation, communication, the provision of electric power, and the distribution of liquor through provincial liquor boards.

Institutions included in this category typically are characterized by the following:

- (a) the institution must have a statutory basis which directs it to produce a good or a service for sale on the market at a price related cost,
- (b) the institution maintains financial accounts separate from those of the government which established it and charges costs of production against revenue,
- (c) management of the institution is relatively autonomous.

Not included are organizations which:

- (a) are wholly or primarily engaged in the business of effective intergovernmental flows of funds (e.g., Alberta Capital Finance Authority), or
- (b) wholly or primarily engaged in the business of selling their output to the government which established them. Such organizations are included in their respective government sectors.

#### **A. Public Financial Institutions**

Include the Canada Deposit Insurance Corporation, Canada Mortgage and Housing Corporation, Export Development Canada, Farm Credit Canada, Business Development Bank of Canada and ATB Financial.

**B. Public Non-Financial Enterprises**

A list of organizations at the federal and provincial levels is provided in the manual. There is no corresponding list at the municipal level.

The determination for using the municipal category is left at the discretion of the institution.

**III. Non-Financial Private Corporations**

Includes all corporations and unincorporated branches of foreign corporations operating in Canada, except financial institutions and government enterprises.

**IV. Private Financial Institutions**

- (a) deposit-taking institutions - self-explanatory;
- (b) other deposit-taking institutions - includes credit unions and caisses populaires, trust companies and mortgage loan companies;
- (c) other private financial institutions - includes life insurance companies, fraternal benefit societies, fire and casualty insurance companies, trustee pension plans, investment dealers, mutual funds, closed-ends funds, mortgage investment trusts, sales finance and consumer loan companies, and other private financial institutions (such as holding companies, financial leasing companies, venture capital companies and other business finance companies).

**V. Unincorporated Business**

Includes all businesses which are not incorporated under the law of Canada or a province and which are not unincorporated branches of foreign corporations (see III above).

**GOVERNMENT BUSINESS ENTERPRISES**

The complete list of Federal and Provincial Government Enterprises can now be found under a new section entitled Government Business Enterprises (GBE).