

Understanding the Canadian Lending Landscape



Different types of lenders view opportunities through different lenses.

Understanding their perspectives helps position clients effectively and target the right capital providers.



Loan Size & Security Determines Available Options

Under \$5M

With Limited Hard (PP&E, AR, Inventory) Security

Only bank or bank like institutions are active at this size, making it critical that small businesses understand bank mandates and structure their capital request accordingly.

\$5-10M

With Limited Hard (PP&E, AR, Inventory) Security

Only a half dozen alternative lenders operate in this range, providing some additional options beyond major banks but they are highly selective given the lack of competition in this range.

Over \$10M

Regardless of Available Security

Over 300 alternative lenders become available in addition to all the bank and bank like groups, dramatically expanding options and enabling competitive processes.

Why Loan Size Matters

Alternative lenders have raised committed capital they need to generate returns on, so they prefer larger deals. In addition, smaller loan amounts are typically higher risk as minor impacts can eliminate cash flow and the ability to service debt.

Traditional lenders use historical financials and stable track records to underwrite these situations. As opportunities become more forward-looking, requiring forecasted financials and strategic narratives, the complexity increases. This is where Diamond Willow's expertise in creating defensible financial models matched to compelling strategic narratives becomes critical.



Private credit is a tool, not a destination. It provides the higher risk tolerance and runway businesses need to execute their strategies, prove creditworthiness, and return to conventional banks at optimal costs of capital.

Canada's Lending Ecosystem

	Schedule I Banks	Government & Credit Unions	Alternative Credit
			
	Prime + 1-2%	Prime + 2-3%	10-14%
Requirements	Up to two years of bankable financial performance including cash flow, meeting covenants, and the ability to service the debt	More flexibility than major banks but similar credit criteria	Quality businesses with temporary EBITDA pressure, clear recovery paths
Best For	Stable businesses with proven track records	Regional relationships, slightly more tolerant of complexity	Bridge financing during turnarounds, scaling, and complex acquisitions
Timeline	Not available for turnarounds or complex acquisitions until performance stabilizes	Limited appetite for near-term challenges	6-12 weeks to close, designed as a bridge to eventual bank refinancing

How Diamond Willow Fits In

Our deep relationships and excellent reputation across the entire lending community mean our loan packages receive priority attention. Lenders trust our diligence and risk alignment, knowing that deals are structured to meet their specific mandates. This creates competitive tension that optimizes terms and accelerates execution.

The Strategic Path

For businesses in transition, properly preparing to approach capital providers with structures that meet their objectives provides you the best outcome for your business. When alternative capital is required, the cost of borrowing can be reduced by up to 100 basis points with improved financial performance and proper risk mitigation.



Need help navigating the Canadian lending landscape?
Connect with us for a free consultation.

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