AVCO FINANCIAL SERVICES CANADA LIMITED
1983 ANNUAL REPORT

CONSOLIDATED HIGHLIGHTS

Thousands of dollars, November 30,	**1983**	1982	1981	1980	1979
NET EARNINGS					
Earnings from operations, after taxes	**$ 9,530**	$ 9,468	$ 7,499	$ 8,085	$ 9,634
Gain (loss) on foreign exchange, after taxes	**(1,431)**	(2,183)	(455)	631	(2,114)
Net earnings	**$ 8,099**	$ 7,285	$ 7,044	$ 8,716	$ 7,520
RECEIVABLES OUTSTANDING					
Consumer loans	**$545,707**	$539,876	$532,548	$515,693	$518,286
Sales finance	**30,850**	15,699	46,873	61,816	62,194
Commercial and wholesale	**44,595**	37,962	21,413	9,363	
Total	**$621,152**	$593,537	$600,834	$586,872	$580,480
VOLUME OF BUSINESS					
Consumer loans	**$259,519**	$212,273	$236,967	$214,521	$246,261
Sales finance	**42,355**	10,481	73,928	110,092	114,751
Commercial and wholesale	**31,338**	25,982	20,562	11,138	
Total	**$333,212**	$248,736	$331,457	$335,751	$361,012
NUMBER OF BRANCH OFFICES	**237**	241	267	323	374
OTHER SIGNIFICANT DATA					
Shareholders' equity	**$161,889**	$154,971	$148,943	$143,162	$135,736
Total lines of credit	**$115,000**	$140,000	$168,535	$134,031	$129,512
Commercial paper coverage	**222%**	227%	108%	105%	123%
Average cost of borrowed funds	**10.54%**	11.93%	12.33%	10.71%	10.16%
Allowance for losses as a percentage of net receivables outstanding	**4.16%**	4.84%	4.96%	4.78%	4.50%
Net credit losses as a percentage of average net receivables outstanding	**3.24%**	2.44%	2.71%	2.83%	2.43%
Other operating expenses as a percentage of revenues	**34.30%**	32.98%	35.03%	36.45%	37.46%

AUDITORS' REPORT

The Shareholders,
Avco Financial Services Canada Limited

We have examined the consolidated statement of financial position of Avco Financial Services Canada Limited as at November 30, 1983 and the consolidated statement of earnings, shareholders' equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at November 30, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Young, Clarkson, Gordon & Co.
Chartered Accountants

London, Canada
January 16, 1984

CONSOLIDATED FINANCIAL POSITION

Thousands of dollars, November 30,	**1983**	1982
ASSETS		
Cash	**$ 4,487**	$ 5,522
Receivables (less unearned charges: $5,526 in 1983 and $6,373 in 1982) (note 2)	**621,152**	593,537
Allowance for losses	**(25,842)**	(28,735)
	595,310	564,802
Investments (note 5)	**27,796**	23,050
Prepaid expenses and other receivables (note 7)	**26,469**	16,235
Deferred income taxes	**7,507**	8,335
Property and equipment, at cost (less accumulated depreciation and amortization: $13,203 in 1983 and $12,410 in 1982)	**3,408**	3,485
Unrealized loss on foreign exchange (less accumulated amortization: $8,767 in 1983 and $12,083 in 1982)	**7,407**	10,375
Other assets, net of amortization	**4,147**	3,364
TOTAL ASSETS	**$676,531**	$635,168
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trust deposits	**$ 49,399**	$ 6,787
Short-term note debt — unsecured		
Commercial paper	**51,782**	58,927
Bank		6,300
Total short-term note debt	**51,782**	65,227
Accounts payable and accrued liabilities	**23,642**	22,484
Income taxes payable	**2,691**	2,868
Deferred insurance commissions	**1,826**	1,411
Insurance provisions and claims		
Unearned premiums	**5,261**	4,396
Provision for outstanding claims	**3,483**	3,219
Long-term note debt — unsecured (note 3)	**376,558**	373,805
Total liabilities	**514,642**	480,197
SHAREHOLDERS' EQUITY		
Share capital (note 6)		
Preference	**629**	840
Common	**16,788**	16,788
Additional paid-in capital	**6,208**	6,197
Retained earnings (note 8)	**138,264**	131,146
Total shareholders' equity	**161,889**	154,971
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$676,531**	$635,168

See accompanying notes.

On behalf of the Board

G. B. Carmichael
Director

L. R. Guest
Director

CONSOLIDATED EARNINGS

Thousands of dollars, year ended November 30,	**1983**	1982
REVENUES		
Interest, finance and service charges	**$122,704**	$128,631
Insurance premiums	**7,061**	6,445
Investment income	**2,070**	2,027
Other revenues	**1,055**	633
Total revenues	**132,890**	137,736
EXPENSES		
Interest and debt expense		
Interest on long-term note debt	**38,379**	35,775
Amortization of long-term note debt financing costs	**716**	604
Interest on short-term note debt	**8,726**	19,487
Total interest and debt expense	**47,821**	55,866
Provision for losses on collection of receivables, less recoveries	**16,450**	13,808
Insurance losses and adjustment expenses	**3,824**	2,951
Other operating expenses	**45,578**	45,418
Loss on foreign exchange	**2,940**	4,518
Total expenses	**116,613**	122,561
Earnings before income taxes	**16,277**	15,175
Income taxes	**8,178**	7,890
NET EARNINGS	**$ 8,099**	$ 7,285

See accompanying notes.

CONSOLIDATED SHAREHOLDERS' EQUITY

Thousands of dollars, year ended November 30,	**1983**					1982
	Preference shares	Common shares	Additional paid-in capital	Retained earnings	**Total**	Total
Balance at beginning of year	$ 840	$ 16,788	$ 6,197	$131,146	**$154,971**	$148,943
Net earnings				8,099	**8,099**	7,285
Preference share purchases and redemptions	(211)		11		**(200)**	(200)
Cash dividends paid on common shares				(935)	**(935)**	(1,002)
Cash dividends paid on preference shares				(46)	**(46)**	(55)
Balance at end of year	$ 629	$ 16,788	$ 6,208	$138,264	**$161,889**	$154,971

See accompanying notes.

CHANGES IN CONSOLIDATED FINANCIAL POSITION

Thousands of dollars, year ended November 30,	**1983**	1982
SOURCES OF FUNDS		
From operations		
Net earnings	**$ 8,099**	$ 7,285
Provision for losses on receivables	**20,560**	18,047
Amortization of unrealized loss on foreign exchange	**2,956**	4,133
Depreciation and amortization of property and equipment and other assets	**1,677**	2,888
Increase in accounts payable and accrued liabilities	**1,158**	6,803
Increase (decrease) in unearned insurance premiums	**865**	(1,801)
Decrease (increase) in deferred income taxes	**828**	(818)
Increase (decrease) in deferred insurance commissions	**415**	(177)
Increase (decrease) in provision for outstanding claims	**264**	(60)
Loss on disposal of property and equipment	**27**	66
Decrease in income taxes payable	**(177)**	(404)
Total from operations	**36,672**	35,962
Collections on receivables (excluding finance charges included in net earnings)	**285,816**	238,739
Proceeds from issuance of long-term note debt	**63,577**	116,745
Increase in trust deposits	**42,612**	6,787
Decrease (increase) in cash	**1,035**	(4,526)
Decrease (increase) in unrealized loss on foreign exchange	**12**	(7,474)
Total	**$429,724**	$386,233
USES OF FUNDS		
New funds advanced on receivables	**$333,212**	$248,736
Repayment of long-term note debt	**60,824**	38,375
Other	**13,846**	10,221
Decrease in short-term note debt	**13,445**	86,688
Increase (decrease) in investments	**4,746**	(490)
Bulk purchases of receivables	**1,605**	736
Cash dividends on common shares	**935**	1,002
Increase in property and equipment (net)	**865**	710
Preference share purchases and redemptions	**200**	200
Cash dividends on preference shares	**46**	55
Total	**$429,724**	$386,233

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

The following represent the significant accounting policies not disclosed elsewhere in the consolidated financial statements.

(a) Basis of presentation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Certain amounts for 1982 have been restated to conform with the presentation adopted for 1983.

(b) Receivables

Interest and discount charges are recognized in revenues on the effective yield method. When charges are not included in the original face amount of the loan, the charges are recognized in revenues as collected. Unearned charges represent the portion of the finance charge or discount included in the original face amount of the related receivables which is determined to be unearned on the balance sheet date. The unearned charges are transferred to revenues on the accrual basis beginning in the month following acquisition.

It is generally the Company's policy to write off accounts monthly when they are deemed uncollectible, but in any event, except for real estate secured loans, all accounts for which no payment has been received for eight consecutive months are written off. The Company charges against current earnings as a provision for losses on receivables such amounts as management believes to be adequate.

(c) Deferred insurance commissions

The entire amount of insurance commissions received from carriers is deferred and credited to earnings over the life of the related insurance contracts on a basis consistent with the premium recognition methods used by the insurance carriers.

(d) Deferred income taxes

Income taxes are provided on the basis of accounting income which differs from taxable income on which income taxes are currently payable as a result of timing differences principally relating to interest income on interest bearing loans due but not yet collected and unrealized foreign exchange gains or losses. The resulting deferred tax debit is shown separately as an asset in the accompanying statement of consolidated financial position.

(e) Foreign exchange

Assets and liabilities denominated in foreign currency have been translated at the closing rates in effect at each year end. Income and expense accounts have been translated at the average rates prevailing during the respective years. The resulting gain or loss from translation has been reflected in earnings except for the amounts relating to long-term note debt in which case it is the Company's practice to defer the translation gain or loss and to provide for the amortization of such deferred amount annually on a straight-line basis over the remaining term of each instalment payment of related long-term note debt outstanding. The resulting unamortized translation loss relating to long-term note debt which has been deferred as a result of this practice is shown as an "unrealized loss on foreign exchange" in the accompanying statement of consolidated financial position.

At November 30, 1983 and 1982 assets of $379,000 and $565,000 respectively, and liabilities of $130,000,000 and $169,222,000 respectively, were represented by amounts to be settled in U.S. funds. The rates used at November 30, 1983 and 1982 were Can. $1 = U.S. $0.8074 and Can. $1 = U.S. $0.8083, respectively. For the years ended November 30, 1983 and 1982, U.S. dollar income and expense accounts have been translated at the average rate of Can. $1 = U.S. $0.8120 and Can. $1 = U.S. $0.8139, respectively.

At November 30, 1983 the Company had forward exchange contracts to purchase a total of U.S. $52,652,000 for Can. $65,000,000. These contracts mature at various dates to February 15, 1984. These forward exchange contracts are regarded as commitments and are not recorded in the accounts of the Company. Gains or losses arising on such contracts from changes in the foreign exchange rate are included in earnings for the year in which the foreign exchange rate changes.

(f) Other assets

Other assets consist of (1) intangibles recognized in the acquisition of subsidiaries (all prior to 1974) which is not being amortized and (2) debt financing costs and premiums on the bulk purchases of receivables, which are amortized on a straight-line basis over the terms of the respective debt issues and receivables maturities to which they relate.

(g) Insurance subsidiary

The accounts of the Company's insurance subsidiary for the year ended November 30, have been prepared for purposes of consolidation with those of the Company in accordance with generally accepted accounting principles but differ in some respects from those reported at its year end (December 31) with respect to reserves required by the Department of Insurance of Canada.

The following are the significant accounting policies followed by the Company's insurance subsidiary for purposes of these consolidated financial statements:

(i) *Unearned premiums*

Unearned premiums represent the portion of premiums written which is determined to be unearned at year-end. These unearned premiums are taken into earnings over the life of the policies in the following manner: (1) for accident and sickness insurance in relationship to anticipated claims and (2) for property and casualty insurance on a straight-line basis.

(ii) *Provisions for outstanding claims*

Provisions are made for losses and adjustment expenses, as claims are reported, based on estimates of the probable ultimate liability, and are adjusted for subsequent developments. Provisions are also made for estimated losses incurred but not reported. The provisions are net of estimated reinsurance recoverable.

NOTE 2: RECEIVABLES

Thousands of dollars, November 30,	1983	1982
Consumer loans	$545,707	$539,876
Sales finance	30,850	15,699
Commercial and wholesale	44,595	37,962
	$621,152	$593,537

The terms of the Company's receivables generally require repayment in equal monthly instalments. The maximum term over which consumer loans (excluding loans secured by real estate) and sales finance accounts are written is 60 months. However, approximately 96 percent of the dollar amount of consumer loans (excluding loans secured by real estate) and sales finance accounts are written with terms of 48 months or less.

Consumer loans secured by real estate are written for amortization periods of up to 25 years, however, substantially all of these loans are callable by the Company after not more than five years. Commercial loans are generally secured by real estate and are written with terms not exceeding three years. Wholesale loans are written for a term not exceeding one year.

NOTE 3: LONG-TERM NOTE DEBT

Thousands of dollars, November 30,	1983	1982
Guaranteed notes payable		
Due in Canadian funds		
9½-10% Notes payable		$ 25,000
9½% Notes payable maturing March 1993(a)(b)	$ 20,321	21,842
9¾% Notes payable maturing April 1984(b)	28,935	31,670
10⅛% Notes payable $3,000 annually from May 1984, maturing May 1993	30,000	30,000
10¼% Notes payable maturing April 1984	8,000	8,000
10¼% Note payable maturing May 1986	25,000	25,000
10½% Note payable maturing April 1984	10,000	10,000
10½% Notes payable maturing February 1985	12,000	12,000
10⁷⁄₁₀% Note payable maturing January 1985	3,000	3,000
11¾% Note payable maturing November 1988	500	
12⅛% Notes payable maturing July 1987	3,000	
13% Notes payable maturing February 1988	50,000	50,000
13% Notes payable maturing February 1989	8,000	
13% Note payable maturing September 1988	2,090	
13% Notes payable maturing November 1989	50,000	
Total due in Canadian funds	250,846	216,512
Due in U.S. funds (See note 1(e))		
7⅜-9¼% Notes payable U.S.		24,916
8⅜% Notes payable U.S. $3,000 annually, maturing June 1992 (U.S. $29,000)	35,918	39,590
9¾% Notes payable U.S. $2,500 annually maturing June 1992 (U.S. $22,500)	27,867	30,929
Floating Rate Notes maturing December 1986 (U.S. $50,000)(c)	61,927	61,858
Total due in U.S. funds (U.S. $101,500 and U.S. $127,140, respectively)	125,712	157,293
Total long-term note debt	$376,558	$373,805

(a) Subject to prepayment at the option of each holder on March 1, 1985.

(b) Subject to purchase fund agreements.

(c) Held by a subsidiary of Avco Financial Services, Inc. and bearing interest at 2% above the latter Company's cost of commercial paper borrowings in the United States. Interest of $1,455,000 has been accrued and is outstanding.

The maturities, sinking fund and maximum purchase fund payments on long-term note debt for the five years subsequent to November 30, 1983 and thereafter are as follows: 1984 — $56,747,000; 1985 — $24,812,000; 1986 — $35,828,000; 1987 — $75,755,000; 1988 — $63,418,000; 1989 and thereafter — $119,998,000.

NOTE 4: SUPPLEMENTAL INFORMATION

Amounts paid for administrative services (to the parent company) deducted in arriving at net earnings for the years ended November 30, 1983 and 1982 amounted to $1,304,000 and $1,244,000, respectively. Amounts received for administrative services (from certain affiliates) included in arriving at net earnings for the years ended November 30, 1983 and 1982 amounted to $571,000 and $410,000, respectively.

NOTE 5: INVESTMENTS AT COST

Thousands of dollars, November 30,	1983	1982
Short-term notes	$12,843	$ 9,650
Bonds (market value: $6,838 in 1983 and $6,418 in 1982)	7,269	7,055
Stocks (market value: $7,723 in 1983 and $4,720 in 1982)	6,912	5,410
Mortgages	772	935
	$27,796	$23,050

It is management's opinion that the decline in the market value of investments below their cost is not of a permanent nature.

NOTE 6: SHARE CAPITAL

Share capital consists of: (1) 5½% cumulative voting Class A preference shares without par value each redeemable at $100; authorized and issued 6,293 shares (8,398 in 1982) for $629,000 ($840,000 in 1982) and (2) common shares without par value in 1983 and 1982; authorized 2,000,000 shares; issued 1,670,382¾ shares for $16,788,000.

During the year the Company purchased for cancellation 2,105 Class A preference shares for $200,000 cash. The difference between the stated value of the preference shares purchased of $211,000 and the cash paid in respect thereof has been credited to additional paid-in capital.

Avco Financial Services, Inc., a United States company, owns 68.0% of the Class A preference shares and in excess of 99.9% of the issued common shares. The ultimate parent company is Avco Corporation, a United States company.

NOTE 7: LITIGATION

Included in prepaid expenses and other receivables is $8,552,000 due from other insurance companies at November 30, 1983 representing funds advanced by the Company's insurance subsidiary, London and Midland General Insurance Company, to Park Lane Group Limited and to insureds to cover payment of claims under policies written in the name of London and Midland by Park Lane Group Limited for which reinsurers have refused to make payment under reinsurance agreements. It is estimated that London and Midland could be required to make further payments of up to $882,000 on such claims. In 1982 London and Midland commenced an action in Ontario against its reinsurers and a U.K. intermediary to recover amounts so advanced, plus interest and damages. Pleadings have been completed and examinations for discovery are scheduled for early 1984. One of the defendants, having 10% of the reinsurance, has counterclaimed for general damages of $5,000,000 and punitive damages of $5,000,000.

Also in 1982, a U.S. company, to whom one of the reinsurers had retroceded a portion representing 50% of the total reinsurance referred to above, commenced an action in California against London and Midland, the intermediary and certain other parties for rescission of this retrocession agreement, restitution of net claims paid by it totalling $222,000 plus interest, and punitive damages of $2,000,000. This action is still at a preliminary stage of discovery with further depositions scheduled for early 1984.

The Company has not recorded in its accounts any interest on the above-noted advances. Such interest will be recorded as a prior period adjustment when received.

The Company's management is of the opinion, after consultation with its counsel, that London and Midland's action for the recovery of the amount of $8,552,000 included in prepaid expenses and other receivables, plus interest, will be successful.

If London and Midland's actions were to be unsuccessful, it would be entitled to a recovery of approximately $2,000,000 for premiums paid to the reinsurers. Any remaining loss would be treated as a prior period adjustment.

NOTE 8: OPERATIONS BY INDUSTRY SEGMENT

The following is a summary of revenues, operating profit and identifiable assets by industry segment.

Thousands of dollars, November 30,	1983	1982
Revenues		
Financial Services	$124,761	$130,106
Insurance	8,342	7,740
Intercompany elimination	(213)	(110)
Total	$132,890	$137,736
Operating profit		
Financial Services	$ 17,561	$ 16,720
Insurance	1,656	2,973
Total	$ 19,217	$ 19,693
Identifiable assets		
Financial Services	$650,637	$610,660
Insurance	27,196	27,444
Intercompany elimination	(1,302)	(2,936)
Total	$676,531	$635,168

Operating profit by industry segment represents total revenues less operating expenses before gains and losses on foreign exchange in the financial services section ($2,940,000 in 1983 and $4,518,000 in 1982) and income taxes. Capital expenditures and depreciation expenses were not material to the operation of the industry segments.

The insurance subsidiary's assets include investments of $15,904,000 and $18,600,000 at November 30, 1983 and 1982, respectively. These investments are subject to government regulation which controls the type of investments permitted, and are not interchangeable with other assets of the Company.

Rules prescribed by the Department of Insurance with respect to capital requirements for the Company's insurance subsidiary and certain provisions of the Canadian and British Insurance Companies Act (Canada) have the effect of restricting the amount of dividends which the subsidiary is permitted to pay in any year. Retained earnings at November 30, 1983 and 1982 includes the unremitted accumulated net earnings of the insurance subsidiary of $8,449,000 and $8,766,000, respectively.

NOTE 9: LEASE COMMITMENTS

The Company's executive office is occupied under a long-term lease expiring in 1989 at an annual rental of approximately $400,000. The branch office locations are occupied under leases having terms generally not in excess of five years at annual rentals of approximately $2,659,000. Vehicles are leased over terms not in excess of three years at annual rentals of approximately $898,000.

The total net rental obligations at November 30, 1983 under all leases are as follows: 1984 — $3,747,000; 1985 — $2,980,000; 1986 — $2,199,000; 1987 — $1,251,000; 1988 — $824,000; 1989 and thereafter $156,000. Rent expense charged to earnings for the years ended November 30, 1983 and 1982 amounted to $3,795,000 and $3,895,000, respectively.

SUPPLEMENTAL STATISTICAL DATA

Thousands of dollars, year ended November 30,*

	Consumer Loans		Sales Finance		Commercial and Wholesale		Total	
	1983	1982	1983	1982	1983	1982	1983	1982
VOLUME OF BUSINESS	$259,519	$212,273	$ 42,355	$ 10,481	$ 31,338	$ 25,982	$333,212	$248,736
AVERAGE ACCOUNT SIZE (VOLUME)	$ 3,067	$ 3,908	$ 496	$ 339	$263,345	$259,820	$ 1,958	$ 2,914
RECEIVABLES								
Precompute	$ 2,349	$ 4,751	$ 21,697	$ 2,139	$ 8,269	$ 8,252	$ 32,315	$ 15,142
Interest Bearing	546,131	540,955	11,605	13,727	36,627	30,086	594,363	584,768
	548,480	545,706	33,302	15,866	44,896	38,338	626,678	599,910
Unearned Charges	(2,773)	(5,830)	(2,452)	(167)	(301)	(376)	(5,526)	(6,373)
Net Receivables	$545,707	$539,876	$ 30,850	$ 15,699	$ 44,595	$ 37,962	621,152	593,537
Allowance for losses							(25,842)	(28,735)
							$595,310	$564,802
Allowance for losses as a percentage of receivables							4.16%	4.84%
NUMBER OF ACCOUNTS OUTSTANDING	113,791	129,736	51,342	35,385	172	246	165,305	165,367
AVERAGE BALANCE PER ACCOUNT	$ 4,796	$ 4,161	$ 601	$ 444	$259,273	$154,317	$ 3,758	$ 3,589
RATIOS								
Average Net Receivables	$534,736	$547,941	$ 16,837	$ 29,916	$ 44,570	$ 28,344	$596,143	$606,201
Charge-offs	$ 17,186	$ 17,057	$ 943	$ 1,903	$ 5,324	$ 161	$ 23,453	$ 19,121
Recoveries	(3,763)	(3,870)	(363)	(468)	(22)	—	(4,148)	(4,338)
Net Losses	$ 13,423	$ 13,187	$ 580	$ 1,435	$ 5,302	$ 161	$ 19,305	$ 14,783
Net Credit Losses to Average Net Receivables	2.51%	2.41%	3.44%	4.80%	11.90%	0.57%	3.24%	2.44%
Recoveries to Charge-offs	21.90%	22.69%	38.49%	24.59%	.41%	— %	17.69%	22.69%

* Except for average account size, number of accounts outstanding and average balance per account.

DELINQUENCY ANALYSIS

The following analysis represents (1) loans on which no payments of either principal or interest had been received within 60 days prior to November 30, 1983 and November 30, 1982 respectively (2) loans on which only interest, deferment, extension and/or default charges were received in the last 60 days of each year (3) loans on which the total amount received in the last 60 days of each year was less than 50 percent of the original contractual monthly payment and (4) sales finance accounts on which one or more instalments were more than 60 days past due and (5) commercial and wholesale accounts on which one or more instalments were more than 60 days past due at those dates.

	Amount		Ratio of Gross Receivables Outstanding	
Thousands of dollars, November 30,	1983	1982	1983	1982
Consumer Loans				
Past due				
60-89 days	$ 4,230	$ 5,179	.77%	.95%
90-179 days	5,660	7,141	1.03	1.31
180-269* days	2,874	5,983	.52	1.09
Total	12,764	18,303	2.32	3.35
Interest only	3,553	4,417	.65	.81
Partial payment	1,353	1,528	.25	.28
Total	$ 17,670	$ 24,248	3.22%	4.44%
Sales Finance				
60 day accounts*	$ 598	$ 1,370	1.80%	8.63%
Commercial and Wholesale				
60 day accounts*	$ 604	$ 2,383	1.65%	6.22%

* All accounts 270 days or more delinquent have been charged off.

BANKS EXTENDING LINES OF CREDIT

Bank of Montreal — London, Ontario
The Bank of Nova Scotia — London, Ontario
Canadian Imperial Bank of Commerce — London, Ontario
The Mercantile Bank of Canada — London, Ontario
National Bank of Canada — London, Ontario
The Royal Bank of Canada — London, Ontario
Toronto Dominion Bank — London, Ontario

Banque Nationale de Paris (Canada) — Toronto, Ontario
The Chase Manhattan Bank of Canada — Toronto, Ontario
Citibank Canada — Toronto, Ontario
Continental Illinois Bank (Canada) — Toronto, Ontario

SENIOR OFFICERS AND DIRECTORS

AVCO FINANCIAL SERVICES CANADA LIMITED

H. W. Merryman: Chairman of the Board of Directors (Chairman of the Board of Avco Financial Services, Inc.)

*† W. A. Barrett: President and Director

R. D. Brazeau: Director (Senior Vice President of Avco Financial Services Inc.)

† G. B. Carmichael: Director (Partner, Ivey & Dowler, Barristers and Solicitors)

* L. R. Guest: Vice President, Secretary and Director

R. J. O'Brien: Assistant Secretary and Director (Senior Vice President of London and Midland General Insurance Company)

C. R. Rinehart: Director (President of Avco Financial Services, Inc.)

† L. F. Stevens: Director (Chairman of Dale-Ross Holdings Ltd.)

* D. J. Sadler: Assistant Vice President and Director

* A. L. Servant: Vice President and Director

* W. W. Weis: Vice President and Director

J. G. Comrie: Vice President and Treasurer

D. A. Morrison: Vice President

W. B. O'Dell: Vice President

A. J. Smith-Windsor: Vice President

H. A. Vanden Heuvel: Vice President and Controller

* Member of the Executive Committee
† Member of the Audit Committee

COMMERCIAL PAPER

Avco Financial Services Canada Limited is a direct issuer of commercial paper. Short-term notes may be purchased on any business day and are available to investors on either a discount or interest bearing basis in minimum denominations of $100,000 for terms of 1 to 365 days. All commercial paper is senior debt of the Company and is unconditionally guaranteed by Avco Financial Services, Inc.

Same day delivery can be made to investors through an issuing agent bank in Montreal, New York, Toronto, London, Winnipeg, Calgary, Edmonton and Vancouver. For rates and information please contact the Company's Treasury Department office at our expense (toll free). Toronto area 1-800-265-7953, direct line Toronto 964-2245 or (collect), London (519) 672-4220.

Credit Agency Ratings:	Commercial Paper	Long Term Debt
Dominion Bond Rating Service	R-1	A
Canada Bond Rating Service	A-1	A