



INDIAN BUSINESS CORPORATION

2015 REPORT ON SOCIAL AND ECONOMIC OUTCOMES

LOCAL KNOWLEDGE DEFINES SUCCESS



**ROB
ROLLINGSON**
(General Manager)

“ I am so pleased to present our 2015 Report on Social and Economic Outcomes. Most Canadians go to the bank every day to get a loan to start a business or buy a home. First Nations people often do not enjoy the same “banking benefits”. Without access to capital, it’s difficult to improve your standard of living. Since 1987, IBC has been providing loans to First Nations people and businesses. We know that when a First Nations entrepreneur gets financing to start or grow a business, good things happen, like increased income. We know that income is the number one determinant of health for individuals and their families. Increased income leads to better education, housing and nutrition for families and communities.

IBC is a successful First Nations lender yet we do not have enough capital to meet the demand from viable entrepreneurs. If you are reading this report with interest we’d love to speak to you about how you can get involved, whether you are an entrepreneur or an investor.

I recently met with a client who told me, “Because I was able to get a loan from IBC and start a small business, I’m healthier, my kids are happier and our family is doing really well.” I could hear the pride and sense of accomplishment he had in his voice. At IBC, we see and hear these stories every week. We hope this report serves as a call to action to help grow social finance in support of First Nations.”

A handwritten signature in black ink that reads "Rob E. Rollingson".



**JACK
ROYAL**
(Chairman)

“ I’m really proud to serve as chairman of Indian Business Corporation. I have seen within my own community at Siksika how IBC supports our entrepreneurs in achieving financial success.

The IBC board is looking forward to helping the next generation of entrepreneurs from our communities to achieve success and help drive their communities forward to greater prosperity and health.”

A handwritten signature in black ink that reads "Jack Royal".

FIRST NATIONS SOCIAL IMPACT INVESTMENT

Solving First Nations challenges

is significantly about bringing people into the economy. For Indian Business Corporation this means using community knowledge to gauge risk and assess opportunity.

We know that good things happen when entrepreneurs get financing to start or grow a business. Income is the number one determinant of health for individuals and their families. Income leads to better education, housing and nutrition for families and communities.

“

I do see a lot of people that have gone through IBC to start their own business ventures...our unemployment rate on our reserve is so high, I think a lot more people are looking more to run their own business.” – IBC client

Developmental lending is a sound investment that delivers financial and social returns. IBC has the track record that proves that developmental lending works in Alberta First Nations communities.

For more than 25 years, we have invested in First Nations businesses, helping First Nations people achieve success and independence. Our strength stems from a deep local knowledge and our ability to assess risk, to support and track success.

GREAT WEALTH AND PERSISTENT POVERTY

First Nations people live with the great wealth of Canada's natural resources yet they experience persistent poverty. Hundreds of resource projects underway or planned in Canada over the next ten years represent \$650 billion of expected wealth. Most of this development is on or near Aboriginal land.

And while economic development is the way out of poverty, there are too few successful Indian businesses. Too many solid First Nations entrepreneurs have no access to capital to start or expand their business.

- › First Nations entrepreneurs have a strong desire to participate in the economy but have few options for financing.
- › Governments want more efficiency in how they serve FN communities.
- › Resource companies' social license to operate is increasingly dependent on the health of local businesses and entrepreneurs.
- › Investors are increasingly interested in making a social impact but opportunities with true social outcomes are few and far between.
- › Aboriginal finance institutes have valuable experience and expertise but lack investment capital to take their expertise to scale.

SOCIAL IMPACT TAKES TIME AND EXPERIENCE

Since 1987, we have turned our modest \$13M in loan capital eight times, providing more than 2500 loans to FN entrepreneurs who would otherwise not get financing at a bank. Our knowledge of the communities we serve allows us to provide a deeper, more detailed assessment of opportunity and risk.

Our experience is broad – from oilfield service companies, construction companies and agricultural operations to gas bars, rodeo scoreboards and fashion design. IBC has experience supporting youth entrepreneurship. Twenty percent of our clients are women who have grabbed onto their own leadership potential by starting a business.

Indian Business Corporation is First Nations owned and serves Western Canada. We provide real solutions for long-term and sustainable economic development.

We've always measured our financial performance and have led Canada's Aboriginal finance marketplace with impressive results.

In 2012, we began to measure the social impact of our lending business. This report highlights some of the game-changing impacts experienced by our customers and establishes IBC's social value proposition.



FINANCING REMARKABLE ACHIEVEMENT

“The conversation with banks typically went like this,” recalls Beth Day Chief of the Blood Tribe southwest of Lethbridge, Alberta. ‘Okay, you’re from a reserve and your equipment is on the reserve, so we can’t use it as collateral, and the door was shut in our faces.’”

For Beth and her husband Tracy Day Chief, the IBC offered the only financing option for equipment purchases or upgrades needed in their construction business. In 2008, when the Day Chiefs wanted to expand Chief Construction Company significantly, they again turned to the IBC to add four pieces of heavy equipment.

That same year, the couple launched the Buffalo Rock Mining Company, which harvests and sells ammonite, a biogenic gemstone used in jewelry.

Today the Day Chiefs own three companies. The most recent addition is Chief Oilfield Services. In total, they have borrowed and repaid over \$1 million from IBC. Collectively, their companies employ between five and 25 people, depending on the season and the general state of the economy.

The Day Chiefs have served as role models in their community and for their four children. Their three eldest work in the family businesses but also have choices to make: continue to work for their parents or pursue their own interests. In the case of their 23-year-old daughter, the alternative is nursing. In the case of their sons, it’s becoming an emergency medical technician or a heavy-duty mechanic.

The IBC, Beth says, has been instrumental to her family’s success.



GEARED FOR SUCCESS

CUSTOMER SERVICE

IBC's lending team meets each client at their home or business at least twice a year. Clients who participated in our recent survey reported that IBC is meeting or exceeding their needs, with 86% of those surveyed rating IBC's customer service as excellent or very good. A total of 97% reported that personal attention and level of contact were valuable parts of IBC's service to their clients.

“I'm not afraid to pick up the phone. IBC is there to answer questions, and they answer or refer to another expert.”

IMPROVED CREDIT RATING

51% of IBC's current clients have had at least one previous loan, showing that they are successfully paying off their loans and coming back for additional financing. Once established, IBC clients have more financing options.

“Without IBC opening the door I don't know where I would be. It helped me grow as a person. I've been able to employ others. I'm a very respected entrepreneur, leader and role model.”

REPEAT CUSTOMERS

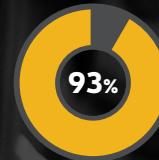
“IBC is more understanding and more personal.”

“It's easier to deal with IBC and they know First Nations ways.”

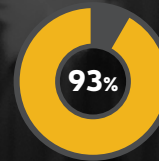
“IBC is more accessible than the bank.”

“The banks would only lend us a little so we moved to IBC.”

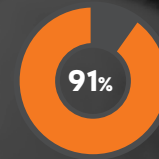
“Everyone refused me. I went to a number of banks and they all just said no — straight up no. I was frustrated... It was a really long struggle and there was no hope in the banks like CIBC, TD, Royal Bank, all these banks I approached. That's how [IBC] came into it. I was the happiest person when I walked out and [they] said yes.”
— IBC client



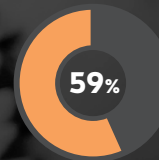
of clients surveyed would use IBC's services again in the future



would recommend IBC to a friend or family member



have already recommended IBC to a friend or family member



report they were referred to IBC by a friend or family member

EMPLOYMENT IMPROVES EVERYTHING

Since 2008, IBC has granted more than \$35M in loans, creating over 350 jobs and maintaining nearly 150 existing jobs, providing stability to individuals and the community.

Average household income:

BEFORE IBC LOAN

 \$59,000

AFTER IBC LOAN

 \$118,000

"I now have access to money so I can make more money."

"I don't have to worry about money. I started a good business – it's a going concern."

IBC promotes the growth of Aboriginal businesses:

"We now have money to operate our business. When jobs come up we are now in a position to take them."

"My credit has gotten better and I have a growing business."

"IBC gave me an opportunity to follow my dreams of farming."

"IBC has changed my life. I'm my own boss. A big thank-you."

According to our clients, without IBC:

"I would be stuck."

"I'd be sitting on the sidelines."

"I might be walking the street."

"I would have to rely on the Nation to take care of me."

The number of Alberta First Nations households with self-reported incomes over \$50,000 was 27.5% in 2012. Our survey results show 85% of IBC clients have household incomes over \$50,000.

NON-IBC CLIENT

27.5%

IBC CLIENT

85%

“*I see our community supporting small business within [it], because we help electricians and plumbers and contractors, small-time contractors.... When I need an electrician, I hire an electrician from the reserve. When I need a plumber, I hire the plumber from the reserve.... We always try to encourage everybody.*” – IBC client

FINANCING SOCIAL OUTCOMES

IBC clients report changes in individual, family and community well-being, including improved **physical** and **mental health**, **life satisfaction** and community **resilience**.

58% of clients surveyed reported that IBC has **made a difference in their community**.

"The community sees success and realizes it can be done."

"I see people who own their own business."

"Lots of people have cattle now."

83% of IBC clients reported excellent or **very good mental health**. This is significantly higher than the 2012 finding that 62.5% of Alberta First Nations adults were generally happy and free of worry. More importantly, 39% of clients reported that their **mental health has improved** since becoming an IBC client.

"The change is for the better. When you are an entrepreneur you really have to be on top! Before IBC I was quite depressed."

"More direction, no worries, less stress."

58% of respondents reported an **improvement in their level of life satisfaction** since becoming an IBC client.

"I know in the long range my children will reap the rewards of my hard work."

"Before I had nothing to do because I was on welfare. Now I have lots to do."

"Allowed me to plan better, give me steady income and spend more time with my children."

"My life satisfaction has improved 100%."

74% of survey respondents reported **positive impacts on their family**.

"As I talk to my children they are opening their minds to more opportunities, making them aware of future potential."

"Been able to provide a better life for them."

"In the long range my children and grandchildren will benefit."

"My children understand the value of work."

"My nephew is going to school – hopes he can be part of my company in the future."

A FIRST NATIONS INVESTMENT OPPORTUNITY ROOTED IN LOCAL KNOWLEDGE

IBC provides a reliable financial return that allows us to offer our clients and their communities significant social impact.

IBC takes the risk out of social impact investing for manageable and predictable outcomes. Our success is based on our reputation, experience and local knowledge.

We build from the assets (natural resources, human capital and traditions) present in the local community.

Investing in IBC is investing in sustainability. First Nations people are keepers of the land. We are in community and natural resource development for the long haul.

WHAT WE ARE ASKING

ENTREPRENEURS

You can get financing to start or grow your business.

- › Bring your vision forward.
- › Influence your family and your community.

GOVERNMENTS

Get behind something that already works.

- › Aim government programs to help us engage private capital.
- › Support best practices in developmental lending.

CORPORATIONS

Challenge your CSR thinking.

- › Make an investment in IBC.
- › Help increase local content in your supply chain.

INSTITUTIONAL AND RETAIL INVESTORS

Investing in IBC produces both social and economic returns.

- › Take IBC to market.
- › Help us secure the capital we need to meet a growing demand.

ABORIGINAL FINANCE INSTITUTES

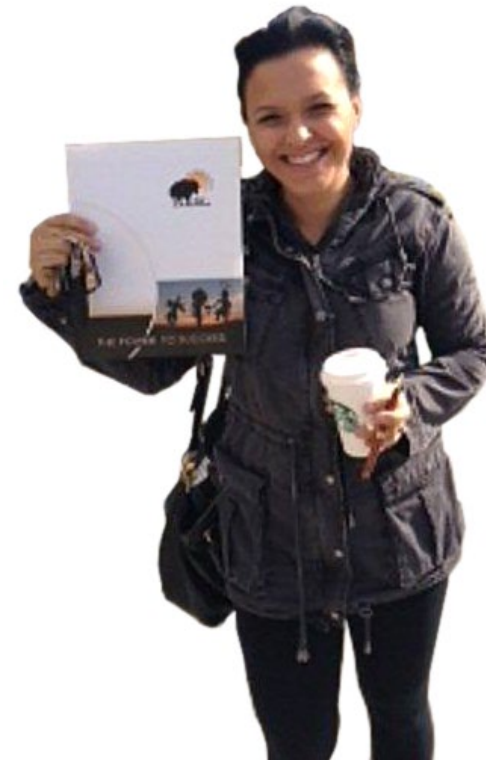
We have the experience and the local knowledge to drive Aboriginal social finance forward.

- › Share your best practices in developmental lending.
- › Help grow social finance in support of First Nations.

ACADEMIC RESEARCH PARTNERS

IBC's private sector partners want to support both business and community priorities.

- › Form a research partnership with IBC.
- › Together we can understand the social and economic impact of developmental lending.



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