



INDIAN BUSINESS CORPORATION
SOCIAL AND ECONOMIC OUTCOMES



Front Cover: Lou Ann Solway, Cattle Rancher, Siksika Nation
Photo: Trevor Solway

If you are an Aboriginal person in Canada, you typically face increased barriers to prosperity.

IBC's job is to break down those barriers.

With our clients we grow businesses, create jobs, increase household income, build equity and improve the wellness and well being of individuals, families and communities.

IBC VISION

IBC is a leader in sustainable First Nation business development.

IBC MISSION

To ensure every viable First Nation business has access to capital to improve their social and economic outcomes.

VALUES

Integrity
Collaboration
Trust
Innovation

LOCAL KNOWLEDGE DEFINES SUCCESS



**ROB
ROLLINGSON**
(General Manager)

“

It is a pleasure to present Indian Business Corporation's (IBC) 2018 Report on Social and Economic Outcomes. We've prepared this report with two goals in mind: we want to share the achievements of our small business loan customers—both their business successes and their ability to manage debt. We also want to attract attention from “social-first” impact investors who share our goal of supporting First Nations community economic development in Western Canada.

We believe developmental lending is Canada's best way to effect social impact. At IBC, our core business is lending money; in doing so, we give people opportunities to change their lives for the better. If you are an Aboriginal person in Canada, you typically face increased barriers to prosperity. IBC's job is to break down those barriers.

This is our second report on the economic and social outcomes resulting from our lending activities and we are thrilled to outline the sustained and expanding social impact of our work in the following pages.

Our team is focused on helping IBC customers succeed, not only by paying off business loans and surviving the startup phase, but increasingly as going concerns with their own employees, expanding their own social and economic impact.”



**JACK
ROYAL**
(Chairman)

“

Indigenous entrepreneurship is a key driver of economic prosperity for First Nations communities across Canada. Recent data from the Canadian Council for Aboriginal Business suggests Indigenous entrepreneurship has grown at a rate of five to nine times the pace of the general population in Canada. The demand for IBC's services is a clear reflection of this trend.

More than three-quarters of our clients live on reserve. We are specialists at meeting our customers “where they are today” and providing the assistance they need to succeed in business...one customer at a time. Over time we can see a clear ripple effect from the financing and other supports we provide. On behalf of IBC's Board of Directors and Trustees, representing First Nation Treaties 6, 7 & 8, I am pleased to share this report, which illustrates the social and economic impact experienced by individuals, families and communities where we work.”

FIRST NATION ENTREPRENEURS BUILD STRONGER, MORE RESILIENT COMMUNITIES

THINGS ARE IMPROVING

After 30 years of making loans to First Nation entrepreneurs, we've come to recognize a clear connection between helping individuals achieve a sustainable income and other important factors of personal and community well-being such as social connectedness, physical and mental health, gender equality and life satisfaction.

We know that the first step to addressing poverty in First Nations is to bring people into the economy and provide them with the necessary supports to succeed.

The following report was informed by the 2018 IBC customer survey and client interviews focusing on economic and social changes resulting from developmental lending. It highlights the collective voice of our First Nations clients and shares the positive outcomes that result when people are brought more significantly into the economy.

WE CAN DO MORE

There is a growing demand for loans from a talented population of Aboriginal entrepreneurs. On any given day, our loan pool of ~\$18 M is fully deployed and we have to turn down individuals to whom we would otherwise make loans. That's why we're also focused on attracting investors and forming strong partnerships with governments – to raise more loan capital and amplify IBC's proven social and economic impact.

SOCIAL AND FINANCIAL CAPITAL – BOTH MATTER!

IBC contributes to community economic development by helping individuals, families and communities seize opportunities, gain independence and achieve greater prosperity. The growing demand for loans from viable small business owners underscores the fact that **Aboriginal entrepreneurship is growing at five to nine times the pace of Canada's general population** (*Canadian Council for Aboriginal Business 2011*).

Even with a high rate of entrepreneurship, **it takes more than financing for a small business to succeed**. Recent research shows that social capital provides advantages over and above financing and education (Cote, R., 2013). IBC strives to develop relationships with and amongst its customers enabling businesses to function more effectively. We meet our clients in person, on their ground, at least two times a year. We help them raise owner's equity, develop business plans, file income tax, interpret financial and legal documents – we do whatever it takes. We offer a set of integrated services that are highly customized...all in aid of successful debt retirement.



\$100,000,000

IN LOANS APPROVED AND ADVANCED



*When there's a loan in play, people have their head in the game
...and that's a good thing."*

– IBC Loans Manager

IBC – A DIFFERENT KIND OF LENDER

IBC is an Aboriginal Finance Institution (AFI) based in Calgary, Alberta that serves the First Nations of Treaties 6, 7, & 8 – a large territory covering Alberta and parts of British Columbia, Saskatchewan and Northwest Territories.



PERSONAL SERVICE

IBC's lending team is committed to meeting with each client in person at least two times a year. This personalized approach is an important differentiator in the eyes of IBC clients.

98% reported that personal attention and regular contact with their loan manager were a valuable part of IBC's service.



"The door is always open for me. The loan manager comes to my house. She knows my family."



COMMUNITY KNOWLEDGE

IBC has an in-depth understanding of the unique challenges faced by First Nation entrepreneurs and the local context in which they are running their businesses.

100% of clients surveyed would recommend IBC to a friend or family member.



"In the Indigenous world, IBC has played a huge role in peoples lives - they are changing the narrative around the way aboriginals are viewed."



WRAPAROUND SUPPORT

IBC provides more than just loans. IBC also supports clients with a range of needs to ensure business success – business planning, grant applications, complying with government regulations and financial reporting.

53% of survey respondents report increased financial literacy since working with IBC, resulting in better business practices and greater financial stability.



"I now keep track of my income and expenses – something that I never had to do before."

SOCIAL FINANCE & SOCIAL OUTCOMES

Developmental lending directly addresses the social and economic conditions in which our clients are born, grow, live, work and age. Compared to all other factors that may influence individual, family and community health, these social determinants have the greatest impact on inequality, leading to a stronger, healthier, more prosperous Canada as a whole.

	EMPLOYMENT AND WORKING CONDITIONS	UNEMPLOYMENT AND JOB SECURITY	INCOME AND INCOME DISTRIBUTION
WHY THIS MATTERS Proven links to health outcomes and social impact*	High strain/low income work imbalance leads to physical and mental health afflictions High stress jobs are linked to high blood pressure, cardiovascular disease, depression and anxiety	Unemployment and job insecurity lead to social deprivation, psychological stress, poverty and decreased parenting effectiveness Unemployment is also linked to increased tobacco use, problem drinking, sleep deprivation, high blood pressure and heart disease	Low income and wealth inequality contribute to poverty, social deprivation, lower life expectancy, higher death rates, higher suicide rates and decreased health Household income influences other social determinants such as food insecurity, early childhood development, education and housing
WHAT WE MEASURE Social determinants of health	Financed 47 new businesses** Supported 109 existing businesses**	Created 56 new jobs** Maintained or supported 120 jobs**	70.6% of survey respondents reported an increase in household income Average household income before IBC loan, \$43,000; and after, \$102,000
WHAT WE HEARD Impacts on individuals, families and communities	<i>"Now I can be an example to my children and grandchildren. Work is the key."</i>	<i>"We have employed numerous band members and given them a wage to put food on their table."</i>	<i>"All people know how hard I work and they see me. I have more income to support my family."</i>

* From Mikkonen, J. and Raphael, D. (2010) Social Determinants of Health: The Canadian Facts. Toronto, ON: York University School of Health Policy and Management.
** Numbers of jobs and businesses created and supported since 2016.

Acting on social determinants of health is proven to influence population health over the long term.
IBC has framed this report to demonstrate the links between economic and public health.

GENDER	INDIGENOUS STATUS	SOCIAL EXCLUSION	SOCIAL SAFETY NET
Compared to men, women have higher rates of long-term disability and chronic disease Men who experience severe social isolation have higher rates of homelessness, substance abuse, suicide, criminal activity and incarceration	Indigenous Canadians experience shorter life expectancy, higher rates of infectious and chronic diseases and higher suicide rates	Social exclusion creates a sense of powerlessness, hopelessness, depression Marginalization and exclusion lead to adult-onset diabetes, respiratory and cardiovascular disease, educational underachievement and crime	People experience better physical and mental health when they have a secure base for living a productive life Inadequate levels of social welfare support are linked to psychological stress, poverty and decreased social cohesion
33.4% of IBC clients identify as women and one survey respondent identified as two-spirited In 2017, IBC launched a \$5-million fund designed to meet the unique challenges faced by Aboriginal women starting and growing small businesses	75% of IBC First Nation clients live on reserve; 25% live off reserve 30.5% of IBC clients surveyed attended a residential school	50% of IBC clients surveyed who applied for credit at mainstream lending institutions were denied a loan. Others didn't bother to apply for a standard bank loan as they knew they would be rejected due to poor credit history or lack of collateral	8.6% of those surveyed relied on social assistance for all or part of their income before becoming an IBC customer
<i>"IBC gave me credit for a lifetime of experience – raising five children and managing a budget for the last 30 years. It's not easy raising a large family!"</i>	<i>"I feel like IBC values my opinion. Other banks don't really care what my opinion is. IBC understands First Nation culture and are respectful of us."</i>	<i>"We have more options than just our land with IBC. Other financial places won't give us money 'cause we don't own the land."</i>	<i>"I had assistance from the Nation on and off but since I have my own business now, I don't need to go there anymore. I hated having to ask for assistance!"</i>

RIPPLE EFFECTS

IBC provides business loans and wraparound supports to individuals and couples. We work hard together with our clients to get loans paid back so we can lend the money again, grow more businesses and make a big impact.

IMPROVED PHYSICAL HEALTH

19.9% of respondents reported an improvement in their physical health since becoming an IBC client.

"I've lost weight since I'm active and can work."

"I quit smoking."

"Now I'm getting back to the gym. I need to be healthy to run my business."

IMPROVED MENTAL HEALTH

51.7% of respondents reported an improvement in their mental health since becoming an IBC client. Reasons for this included feeling more at ease, having a more positive outlook, a greater sense of hope and more confidence.

"Knowing that I can rely on the help of IBC is a big load off my mind."

"I work hard and I enjoy it. It would be really sad if no one had worked with me to give me the opportunity to reach for my dreams."

"I have a reason to get up now! Take care of my responsibilities."

LEVEL OF LIFE SATISFACTION

72.9% of respondents reported an improvement in their level of life satisfaction since becoming an IBC client. Commonly mentioned positive changes centred around improvements in family relationships, greater peace of mind and job satisfaction.

"It has given me a chance to make something out of my life that would not be available to me if IBC had not been there."

"I was able to finish my house."

"I have a lot more confidence now that I own my own business."

FAMILY BENEFITS

90% of respondents believe that being an IBC client has had a positive impact on their families and their children as well.

"I can live my dream. I can now work in my community, so I can be at home at night with my family."

"Because of IBC's support, my daughter participates in sports and sees me work hard."

"Gives them hope for the future."

COMMUNITY IMPACTS

66% of respondents feel that IBC has had a positive impact on the broader community.

"In the indigenous world, IBC has played a huge role in people's lives. They are changing the narrative around the way Aboriginal people are viewed."

"[To] see individuals moving towards their goals gives others the incentive to participate in the economy."

FIRST NATION WOMEN

First Nation women face extra barriers to success in business. In 2017, we established a loan fund aimed exclusively at financing and supporting female entrepreneurs. Currently, one-third of our clients identify as female. Our goal is to raise additional capital to help level the playing field and increase financing and services available to female-led First Nation businesses.

LOU ANN SOLWAY

Lou Ann Solway is a third-generation rancher from Siksika Nation. She also runs the most significant female-led ranching operation on her nation. She keeps 150 head in a cow/calf operation and raises fifty heifers for sale every fall. "Ranching is a tough business no matter who you are. For women, it's often double duty because you need to know how to maintain a home inside while looking after cattle and horses outside. "My granddad made it fun and interesting and I grew up always knowing I'd end up ranching. He and my dad instilled a basic rule in me: "Never wait for people. If something needs to be done...you get up and do it!"

IBC is a good partner for businesses like mine. We both take responsibility for the success of the operation. When I only had 25 head, the business wasn't sustainable and it looked like I'd have to sell my cows to pay off my loan. IBC surprised me with more financing to establish a bigger, more sustainable herd. Years later, we have the satisfaction of being successful together.

People are seeking positive role models, and in my case, they want to know how I accomplished all that I've accomplished. I'm helping my sisters and my good friend explore their own entrepreneurial opportunities. I tell them, if you can't do this business, there are other businesses you can do. As women, we are not made to only do certain things. In three to five years I expect to have 200 head fully paid for, a finished barn, a reliable hay operation, a good watering system, metal structures...in other words, a sustainable operation. Then I can give more attention to helping more women get into ranching and other businesses.



Lou Ann Solway (left) and partner Almena Doore

"I was Aboriginal. I was a woman. I remember one banker saying, "only men do this," although not in so many words."

– Lou Ann Solway

FROM START-UP TO GOING CONCERN

Our team is focused on helping IBC customers succeed, not only paying off their business loans and surviving their startup phase, but increasingly as going concerns with their own employees, expanding their own social and economic impact.

LUXX

LUXX READY TO WEAR

Derek Jagodzinski is a style visionary based in Edmonton who's gained international attention projecting Indigenous culture through the lens of high fashion. "IBC was there at the start of LUXX with an initial loan for sewing machines and fabric. Now we're about to launch a new venture — Modern Indigenous Design. We've all lost so much to colonization; Indigenous knowledge has been so undervalued. Modern Indigenous aims to strengthen Aboriginal knowledge and identity through design and *I know IBC will be there with support if we need it.*"

BUFFALO ROCK MINING COMPANY

Buffalo Rock Mining represents a ten-year relationship that began when IBC financed the trucking and heavy equipment business that eventually led to the start up of Buffalo Rock Mining, a world leader in the recovery of super rare, highly valuable ammonite fossils. "A conventional bank would never have enough local knowledge to approve the kinds of loans IBC makes regularly," says Tracy Day Chief who founded the company with partner Beth Day Chief. *"They see opportunity where others see only risk. The difference to our community is significant."* With the success of their business, Buffalo Rock had capital to build a new production centre that will train and employ up to 45 individuals in Ammonite processing and jewelry design. In total, the whole enterprise will employ more than 60 individuals with skilled jobs on the Blood Reserve.



BANNOCK TEA & GRILL

"I want to go 'all in' and take Bannock as far as I can take it," says Bannock Tea and Grill owner Alrey Brass. "We're lucky to have IBC as a business partner. With their financing we were able to establish a permanent location at the M&R Gas Bar on Siksika Nation. This gave us a stable base of operation to serve customers in our restaurant and for catering food preparation. IBC recognized the opportunity to bring a food truck into our business mix, allowing us to deliver the Bannock Tea & Grill menu to downtown Calgary and to summer events throughout Alberta. "We feel good about creating a healthy and positive Indigenous food culture here and in the city."



LEDUC MARTIAL ARTS ACADEMY

"We started our gym with a goal to help empower individuals, friends and families with the tools to increase confidence, discipline and personal fitness," says Natasha Wright, who founded Leduc Martial Arts Academy with partner Dan Claypole. "Like any small business, we put everything we had on the line to pursue our dream. Our own savings weren't enough and the big banks were unwilling to help us so we searched Google for financing for Indigenous women entrepreneurs and discovered IBC. Their financing and business experience helped us cover the cost of insurance, mats, pads, gear, boxing gloves...even our website and sign. *It's shocking to us that other banks don't operate this way.*"



BYERS INDUSTRIAL CONTRACTING

"Our company delivers millwright, HD mechanics, welding, pipe-fitting and electrical services to mining, oil and gas and forestry sector clients where health and safety certifications are table stakes," says Ryan Byers who co-founded Byers Industrial Contracting with partner Laura Byers. "IBC came along with financing and business knowledge that made certification possible. This may not seem remarkable for mainstream businesses. *For us it feels pretty amazing — like anything is now possible.* The jobs we're creating are helping individuals achieve their potential while having a positive influence on families and across communities."

“SOCIAL FIRST” IMPACT INVESTORS

In 2014, **AltaGas** set the standard for “social first” impact investing by providing IBC with a \$500,000 interest-free loan. Their expectation for a return on investment is based purely on the social impact IBC generates by financing and supporting Aboriginal entrepreneurs. AltaGas is one of Canada’s major midstream oil and gas companies and a diversified operator and developer of gas and power infrastructure. “AltaGas is always seeking new opportunities to create sustainable social value,” says David Cornhill, Chairman of the Board. “I know first-hand how important it was to have financial support when we started AltaGas twenty-four years ago and we want to be able to do the same, specifically for First Nations entrepreneurs.” AltaGas’ investment in IBC is considered rare among AFIs in Canada.

In 2018, **Repsol Oil & Gas Canada Inc.** became a philanthropic investor in IBC’s developmental lending activities. “Repsol is committed to establishing strong, long-lasting relationships with First Nations communities. Technological innovation is the basis of all our projects, and we believe that innovation brings together talent to build a better, more sustainable energy future. Repsol is proud to partner with the Indian Business Corporation to bring talent together in support of social innovation and community well-being, one entrepreneur at a time,” says Repsol’s Manager of External Relations, Jennifer Findlay.

In 2015 **Siksika Nation** took the bold step of investing \$2 million dollars of community trust money to establish the the Siksika Nation Developmental Loan Fund at IBC. This initiative attracted an additional \$700,000 from the Government of Alberta. This first-of-its-kind loan fund allows IBC to deliver targeted financing and support to entrepreneurs from Siksika. The fund is innovative on two levels: it puts community trust money to work on behalf of the whole community without risking capital and it creates a targeted loan fund that operates independently, without bias or political influence. The social impact of the fund is reported bi-annually.

National Aboriginal Capital Corporations Association (NACCA) – IBC is a proud member of NACCA, the national trade association that advocates for AFIs and helps to maintain our collaboration with the Government of Canada.

Without the **Government of Canada**, the AFI business model would be difficult to sustain. Our partnership provides support to cover extraordinary business costs associated with helping our customer base.

The **Government of Alberta** provides periodic investment into our loan pool as well as helping cover additional business costs such as program evaluation and outcomes reporting.

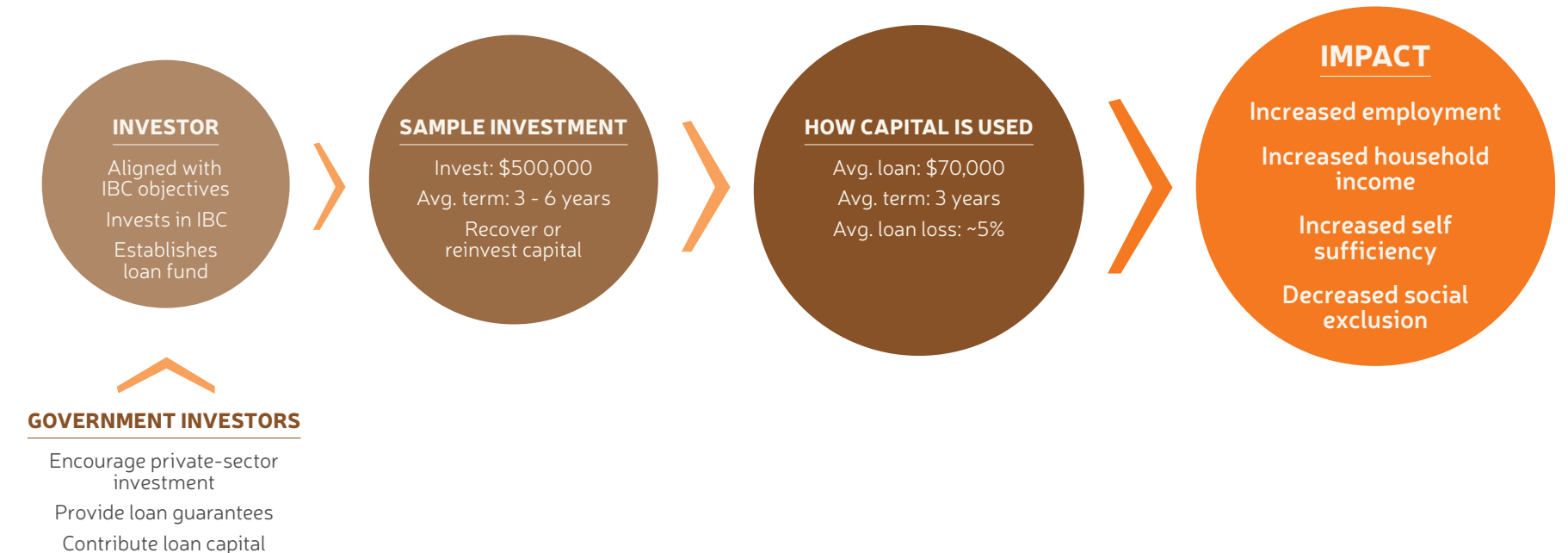


A \$50 MILLION IMPACT INVESTMENT OPPORTUNITY

IBC’s pool of loan capital is approaching \$20 million. It’s not enough. Growing demand from First Nation entrepreneurs in IBC’s territory requires a loan fund of \$50 million.

An investment in IBC preserves capital and delivers social and economic impact.

HERE’S HOW AN IMPACT INVESTMENT CAN WORK:



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WE WILL SUCCEED

Special thanks to Derek Jagodzinski from LUXX Ready to Wear for allowing IBC to use the stylized Cree syllabic statement "We will succeed" as a critical design element in this publication.

We draw inspiration from our clients.



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