

ECONOMIC DEVELOPMENT & NATION BUILDING ASSETS

MAKING MODERN TREATIES WORK
FEBRUARY 12, 2020



FIRST NATIONS BANK
OF CANADA

NATION BUILDING

- Modern Treaties have provided many Nations with the fiscal capacity, jurisdictional certainty and the capital to re-build their Nations
- Building viable and sustainable economies that support the self-sufficiency of their citizens has also become a focus of many successful Nations
- Economic developments that focus on the needs of our Nations and that prevent the economic leakage from our communities are key to the successful building of Nations
- First Nations Bank of Canada is an example of a “Nation Building” asset that is critical to building an economy



FNBC HISTORY AND BACKGROUND

- Established in 1996 by First Nations in Saskatchewan
- Providing financial services to Indigenous and non-Indigenous customers with approximately 14,000 customer accounts (as at December 31, 2019)
- Focus on commercial customers, including Indigenous businesses, Indigenous governments and organizations and Non-Indigenous businesses serving Indigenous markets
- Has grown to a branch network of 9 full service branches and 9 community banking centres
- 79 Indigenous shareholders hold, in aggregate, over 83% ownership, which is unique in Canada



STUDIES/REPORTS/RESEARCH RECOMMENDING OUR BANK

- First Nations Bank was established in 1996 by First Nations in Saskatchewan to address Recommendation 2.5.33 of the Report of the Royal Commission on Aboriginal Peoples (“RCAP”)
- Consistent with Truth and Reconciliation Commission of Canada (“TRC”) Recommendation 92, our Bank is an enabling organization and a commercial investment for Indigenous People to get equitable access to jobs, training and educational opportunities in the corporate sector and gain long-term sustainable benefits from economic development projects, while prospering from the ownership of a financial institution at the centre of that development



WHY A BANK?

- Financial services and banking are key strategic institutions of any “Nation”
- The more unique the “Nation” the greater the need for financial services tailored to their needs
- Credit policy geared specifically toward the needs and characteristics of Indigenous governments, individuals and businesses is key to successful economic development
- A long term commitment to the Indigenous economy is critical



OUR BUSINESS CASE FOR A FOCUS ON INDIGENOUS BUSINESS?

- Unique market, with a unique history and some unique legal and structural circumstances
- Growing influence and often a majority of the population in significant regions of untapped resources
- **DEMOGRAPHICS!!** A growing population creates opportunity for GDP expansion and personal wealth creation



TRUTH

- Canada's oldest chartered bank was founded on June 23, 1817, when eight merchants from Montreal signed articles of Incorporation
- The 8 “Canadian” business people were either immigrants to the country or 1st generation Canadians who prospered directly from or because of the fur trade in Canada. The fur trade economy was driven by indigenous harvesters, transporters and traders and was the economic backbone of Canada as we know it today and a source of generations of wealth creation
- Indigenous People, for the most part, did not get the opportunity to share in this economic and social prosperity
- Canada's 1st Indigenous chartered bank would take another 179 years to be incorporated



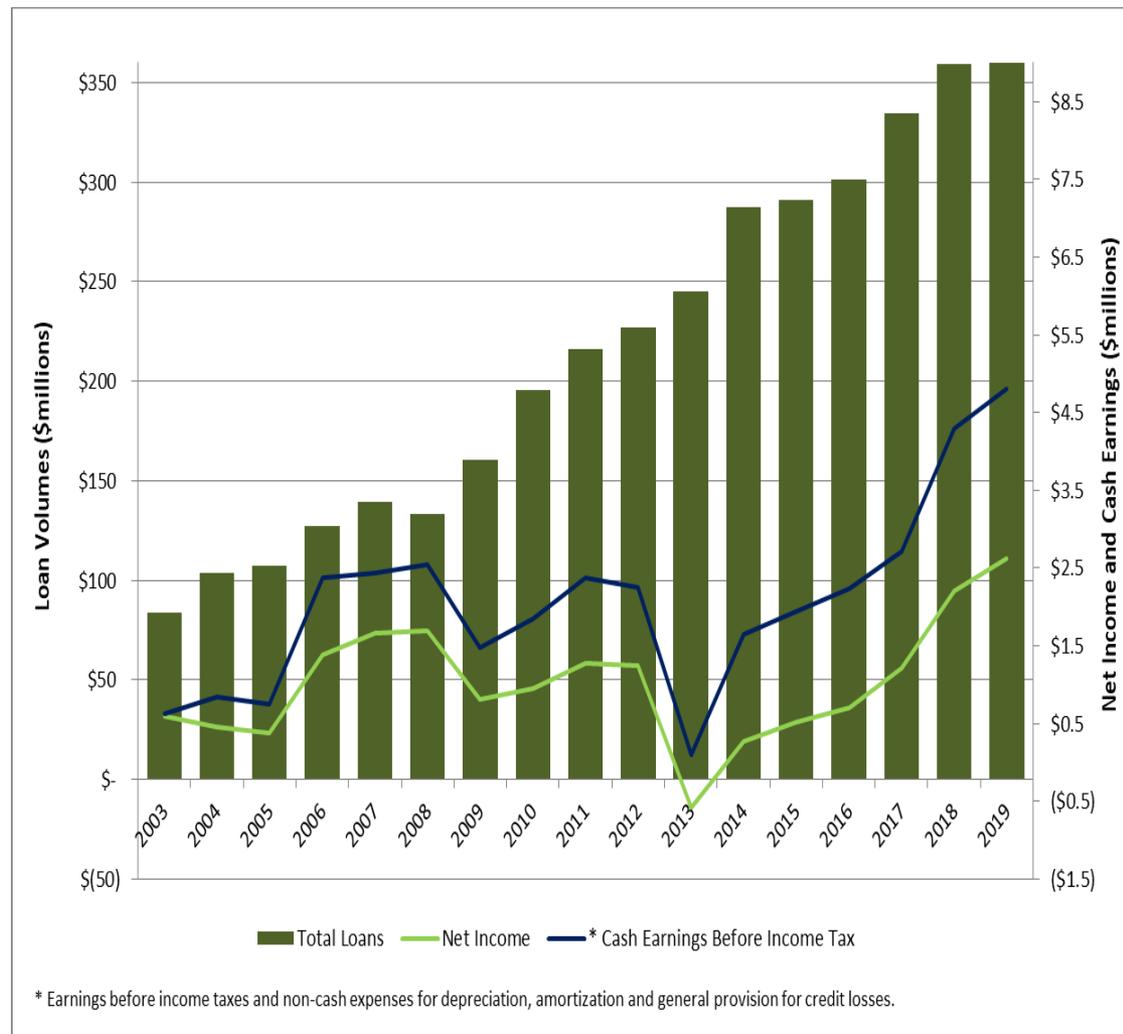
RECONCILIATION

- We want the same things those 8 Montreal merchants wanted when they created Canada's 1st chartered bank
- Reconciliation is not simply saying you're sorry, but doing something to right history
- RCAP and TRC recommendations were all about leveling the playing field
- Indigenous inclusion in the Economy is about participation at all levels of Canada, through sustained efforts in education, training, capital investment **and** business development



FINANCIAL GROWTH

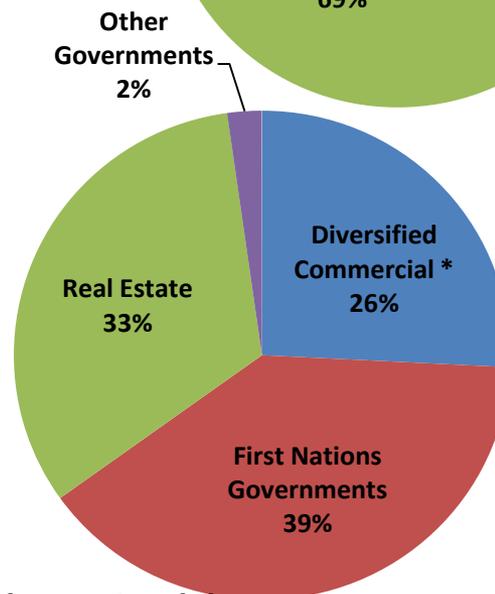
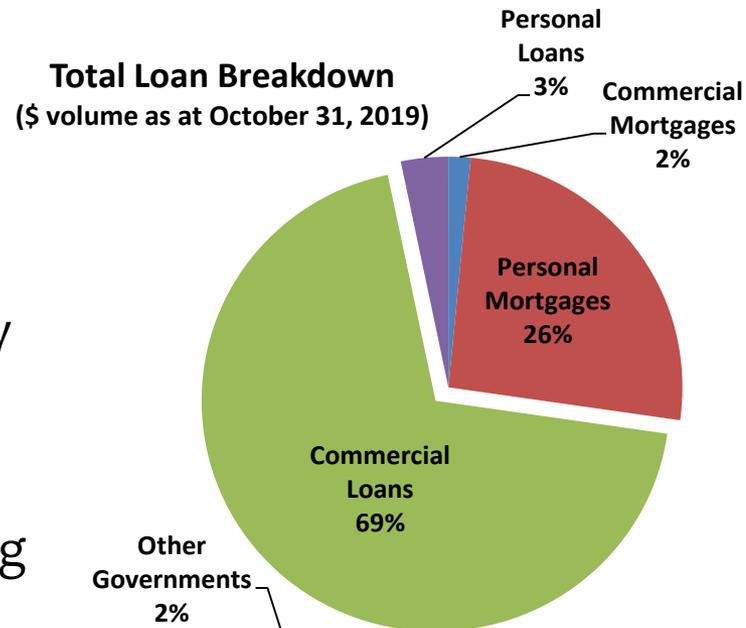
- Historical growth from effective business development, expansion into new markets and the overall growth of the Indigenous market
- 10% compounded annual loan growth since 2003
- Operations have grown from 4 to 18 branches and community banking centres since 2003
- The total assets of the Bank more than doubled since 2012



LOAN PORTFOLIO

- Bank's primary focus is on commercial loans to Indigenous governments and enterprises representing approximately 90% of the current commercial loan volume
- Personal mortgages and loans, including support for First Nations privately owned homes, is a growing focus
- No unrecovered commercial loan losses is good for our customers and our shareholders

*Includes: Industrial, construction, health & social, transportation, retail, oil & gas, mining, forestry, financial services, media & entertainment, food & beverage, and other



Commercial Loan Breakdown
(\$ volume as at October 31, 2019)



STRATEGY

The Bank's strategy for sustainable growth and expansion has remained unchanged and focuses on:

- Organic loan and deposit growth
- Selective branch expansion
 - Enter new markets by working with shareholders in those regions
 - Continue to develop and roll-out the Community Banking Centre model in smaller and remote communities that drive both personal and commercial banking opportunities
- Develop products, services and programs that are specific to the financial services needs of the Indigenous market
- **FNB Trust**, a wholly owned subsidiary federally regulated trust company is expected in the spring of 2020



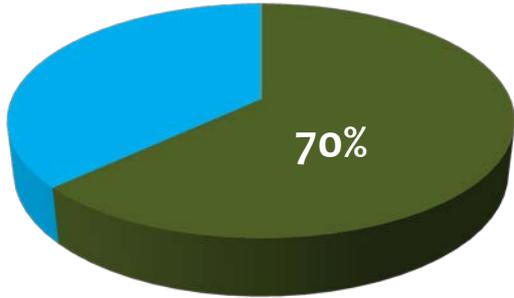
GROWTH STRATEGY

- The Bank targets markets for expansion that have the following characteristics:
 - Significant Indigenous presence
 - First Nations, Inuit and Métis communities that are fiscally healthy
 - High economic growth potential
 - Commercial development opportunities with significant Indigenous influence, ownership, management and employment
 - Indigenous Organizations with capital investment in the Bank
- Expertise in serving remote and northern communities has been demonstrated and tested

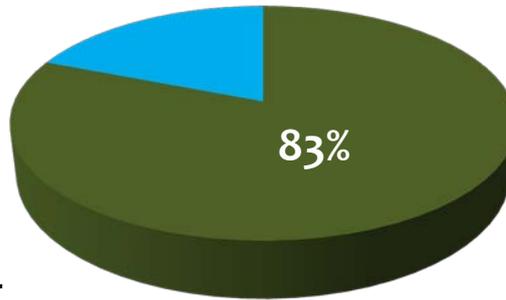


SOCIAL IMPACT – TOTAL BANK

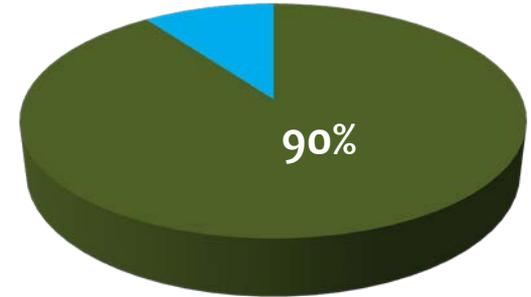
All Employees



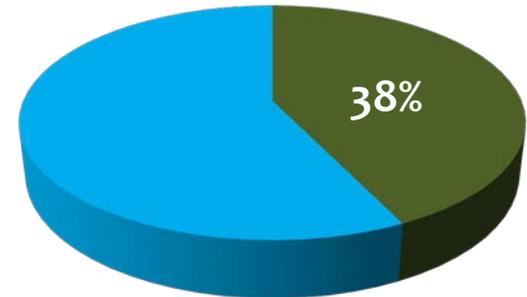
Shareholders



Commercial Loan \$ Volume



Senior Management



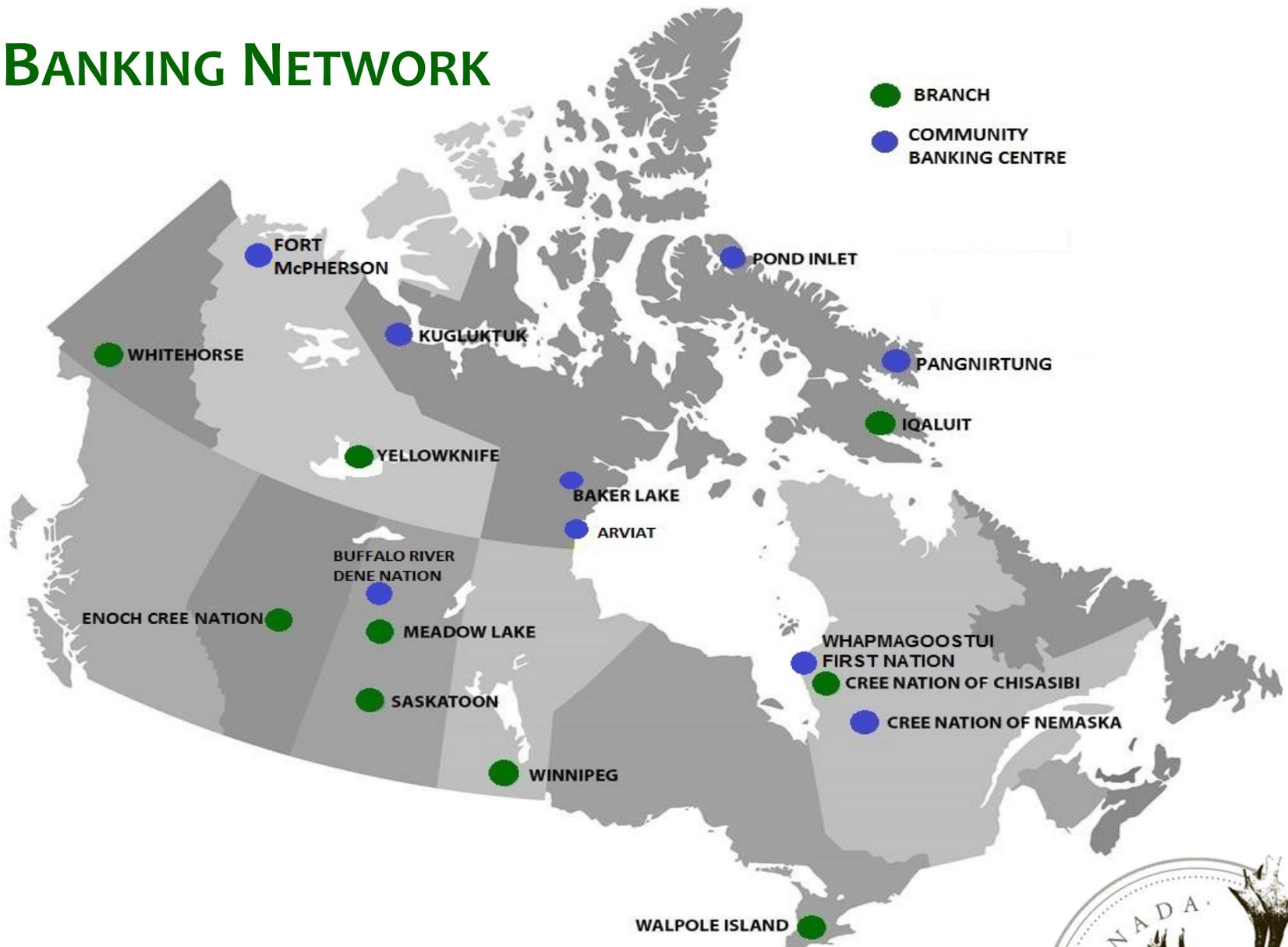
- “Nation Building” asset
- 14,000 customer accounts
- Focusing on the needs of the Indigenous economy
- Very low loan losses

■ Indigenous



BANKING NETWORK

- BRANCH
- COMMUNITY BANKING CENTRE



COMMUNITY BANKING CENTRES

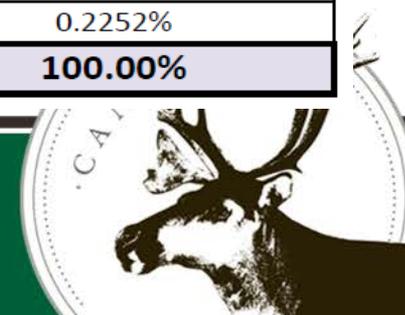
- Banking model for small and remote communities that are historically unserved by banks
- An example of our commitment to serve the needs of the Northern and remote communities
- Focus on personal banking services (deposits, mortgages) along with some commercial and small business services
- Supporting the growth of Nations by strengthening Community Members



SHAREHOLDER BASE

- The Bank is 83% Indigenous-owned with Indigenous ownership from Saskatchewan, Alberta, Manitoba, Yukon, Northwest Territories, Nunavut and Quebec. No single group controls more than 20% of the shares.

Shareholder	Region	Percentage of Ownership
Atuqtuarvik Corporation	Nunavut	17.3444%
Toronto Dominion Bank	National	16.6247%
Saskatchewan Indian Equity Foundation	Saskatchewan	16.4804%
James Bay Eeyou Corporation	Quebec	16.1612%
CNG Board of Compensation	Quebec	7.3276%
Gwich'in Settlement Corporation	Northwest Territories	5.9220%
Onion Lake Cree Nation	Saskatchewan	2.9964%
Arctic Co-Operatives Limited	NU/NWT/YK/MB	2.7947%
Tribal Councils Investment Group of Manitoba Ltd.	Manitoba	2.7195%
Champagne Aishihik Trust	Yukon	1.9041%
Carcross Tagish First Nation	Yukon	1.4982%
Ta'an Kwach'an Council	Yukon	1.4805%
Vuntut Gwitchin First Nation	Yukon	1.4805%
Vuntut Gwitchin Limited Partnership	Yukon	1.4805%
Enoch Cree Investment Limited	Alberta	1.2113%
Dana Naye Ventures	Yukon	0.9520%
Yukon Indian Development Corporation Ltd.	Yukon	0.9520%
4 Individual SVX Social Impact Investors	Various	0.4448%
63 Saskatchewan First Nations Shareholders	Saskatchewan	0.2252%
Total		100.00%



CONCLUSION

- First Nations Bank was conceived and created by Indigenous People to serve the financial services needs of Indigenous People and to advocate for the financial interests and betterment of Indigenous People and Indigenous Communities
- The Bank is an example of a ‘Nation Building’ strategic asset for Indigenous People and a commercially successful national enterprise
- In building on its past success, the Bank continues to broaden its services to better address the financial services needs in its target markets
- “Nation Building” needs to build sustainable economies that promote and support the economic self-sufficiency of a Nations’ People

