

NUNAVUT BUSINESS
ᓄᓇᓂᓯ ᓇᓴᓯᓂᓐᓂᓂᓄᓂ



CREDIT CORPORATION
ᓱᓇᓂᓯᓂᓄᓂ ᓄᓇᓂᓯᓂᓄᓂ

“Lender of Northern Opportunity”

Topics

- ▶ Who is NBCC?
- ▶ Our products
- ▶ Our approach
- ▶ Types of projects considered for financing
- ▶ Statistics
- ▶ Advice to business owners

Who is NBCC?

- Nunavut Business Credit Corporation (NBCC) is a Territorial Corporation of the Government of Nunavut (GN)
- The *Nunavut Business Credit Corporation Act* provides the legislative framework by which NBCC operates
- A Board of Directors appointed by the Minister Responsible for NBCC provides corporate governance

Minister responsible

The Honourable Monica Ell-Kanayuk is the Minister Responsible for Nunavut Business Credit Corporation.



Board of Directors

- There must be no fewer than seven directors and not more than twelve directors
- Terms must not exceed three years
- Members of the Board are appointed by the Minister responsible to reflect a cross-section of related backgrounds and the three regions of Nunavut

Board of Directors continued...

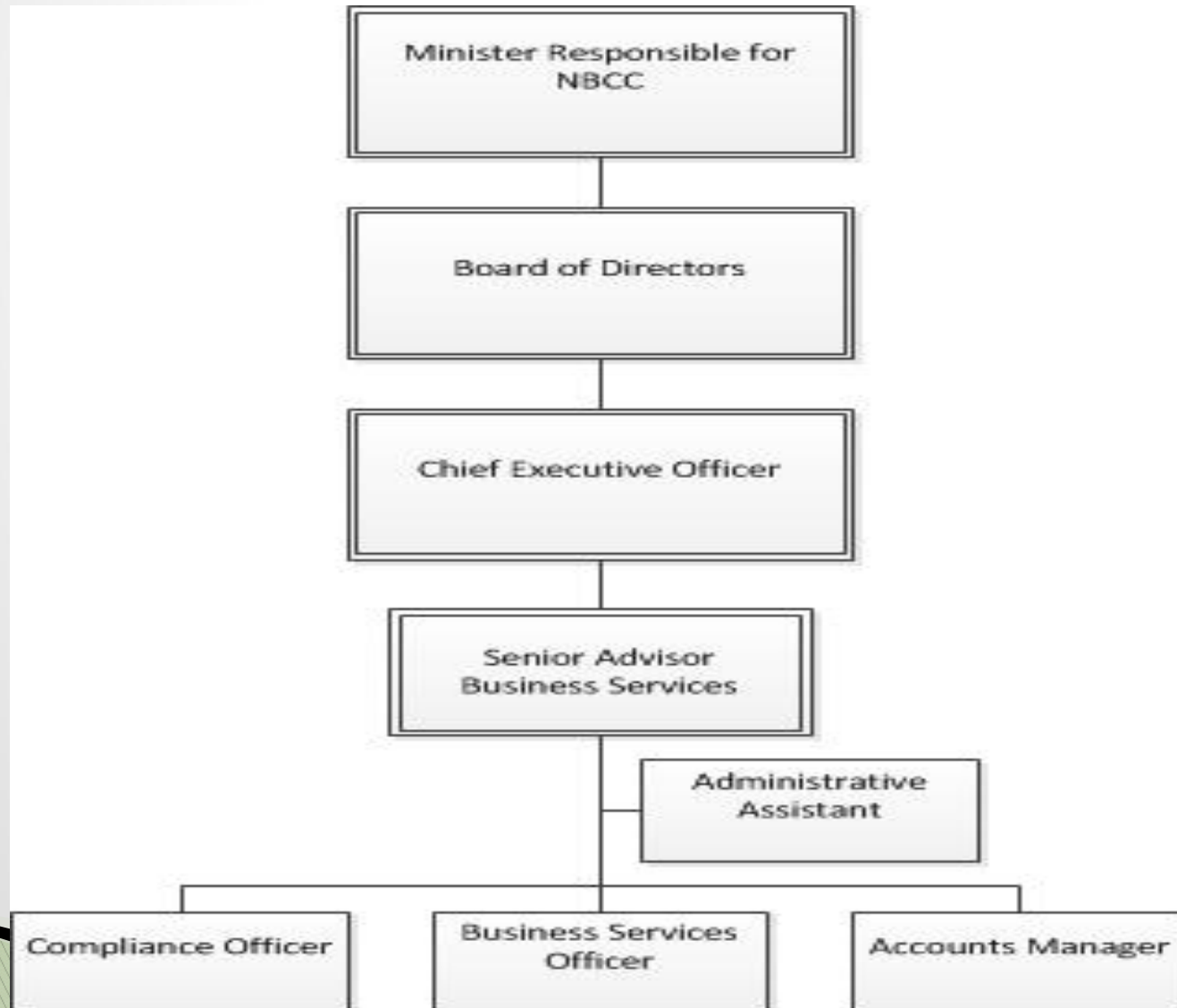
1. Chairperson – Marg Epp – Cambridge Bay
2. Vice Chairperson – Elijah Evaluarjuk – Igloolik
3. Donald Havioyak – Kugluktuk
4. Tracy Wallace – Rankin Inlet
5. Tommy Owlijoot – Arviat
6. Allan Lahure – Baker Lake
7. Greg Cayen – Iqaluit
8. Nastania Mullin – Iqaluit
9. Philip Okutol – Iqaluit

Board of Directors continued...

The Board of Directors has three Board committees that are established to ensure:

- Effective policy and business planning
- Accurate financial reporting and audits
- Accountable credit facility management

Accountability Chart



Our Team



Our Vision

**NBCC is the Lender of Northern
Opportunity**

Our Mandate

- Function as an agent of the GN to stimulate economic development and employment in Nunavut by supporting, financing, and investing in resident business enterprises.
- Currently, NBCC can lend up to \$40 million

Types of Products

To provide Nunavut business enterprises with access to:

- Credit facilities
 - ❖ Term loans
 - ❖ Lines of credit
- Loan guarantees
- Bonds and indemnify bonds
- Business development advisory services

Approach

NBCC's approach is to help Nunavut businesses, residents, and communities by:

- Supporting emerging entrepreneurs with the establishment of new businesses
- Supporting expansion of existing businesses
- Collaboration with funding agencies and business support organizations, such as Atuqtuarvik Corporation, Community Futures Organizations (i.e. Baffin Business Development Corporation), Regional Inuit Association funding agencies, and Federal programs and agencies (i.e. CANNOR, AANDC, and BDC)

Approach continued...

Provide financial services that are not available through traditional banking channels in communities

However, NBCC also tries to “graduate” businesses to traditional banks

Lending Parameters

- Maximum level of support to any one business enterprise or to any related business enterprises is \$1 million
- The minimum amount that NBCC will support is \$150,000
- Should an applicant wish to borrow less than this amount, NBCC will provide the applicant with the names of other lending organizations (partnerships) that would better fit its needs

Lending Parameters continued...

- Maximum term for credit facilities is five years
- Amortization ranges in years, depending on the type of security being pledged, to a maximum of 25 years.

Lending Parameters continued...

- NBCC provides competitive interest rates by lending funds at the “cost of borrowing” plus a “risk ranking” between 0 to 5 points.
- The risk ranking is based on the risk that may be involved with a specific credit facility.
- The interest rate is set quarterly and is currently 1.22% before “risk ranking”.

Assistance to Local Business



Types of Projects Considered

- Purchase of fixed assets, such as buildings, real estate, and furniture that belong to the business
- Leasehold improvements, renovations, and expansion

Types of Projects Considered

- Consolidation of debt
- Bid bond security for contractors to facilitate applicants to be competitive during the tendering process
- Working capital for inventory acquisition, such as sea lift purchases
- Interim or bridge financing

Sectors/Industries

NBCC endeavours to support all sectors of Nunavut's economy to support Nunavummiut participation in Nunavut's economic development process

NBCC analyses sector opportunities to identify viable businesses that can be supported by NBCC financial services and credit facilities

Sectors

NBCC has supported the following types of businesses:

1. Communications
2. Construction
3. Other business support agencies
4. Fisheries
5. Hospitality
6. Real Estate
7. Tourism
8. Transportation
9. Specialized service businesses

Supporting All Communities

- NBCC is interested in ensuring all communities have equal access to obtaining a credit facility
- NBCC works with community, industry and funding organizations on community out reach
- Over the years NBCC has provided credit facilities to businesses in almost every community in Nunavut. Any viable business from any Nunavut community is eligible to apply

Mandatory Requirements

To be eligible to apply a business must:

- ▶ *Be a Nunavut based business enterprise*
- ▶ *Be able to provide a minimum of 10% equity*
- ▶ *Be prepared to provide security on the credit facility.*

Mandatory Requirements continued...

Security is a requirement for all financing consisting of a combination of:

- mortgage on real property
- pledge on personal property
- personal/general guarantee from the principals of the business enterprise
- assignment of revenues/contracts.

Loan approval

- The Board Directors can approve credit facilities up to \$500,000 and can recommend to the Minister responsible loans over \$500,000

After-Service

- Communicate regularly on business progress, reporting requirements and annual reviews
- Keep NBCC updated on how well the business is growing (or not)!
- Assist businesses to graduate from NBCC to becoming “bankable”

Statistics

- ▶ As of March 31, 2017, NBCC has 51 clients
- ▶ 25 have Inuit Owned Firm status with NTI
- ▶ 19 Have NNI owned firm status with the GN
- ▶ 12 have both IOF and NNI status
- ▶ Several are Francophonie
- ▶ There are 57 credit facilities (several clients have more than one type of credit facility)

Statistics

- ▶ The portfolio balance is approximately \$25 million dollars as of March 31, 2017
- ▶ There are credit facilities in eleven communities
- ▶ There are credit facilities in seven industry sectors

Advice to business owners

- ▶ Communicate regularly with NBCC. We would rather hear the “bad news” from the client first and work together on a mutual solution
- ▶ Get a good bookkeeper/accountant
- ▶ Stay current with CRA
- ▶ Get a good lawyer

Questions / Comments

- Our website is:

www.nbcc.nu.ca

- Hard copies of our 2015/2016 annual report are available in all languages on our website
- Hard copies of the 2016/2017 annual report in English is available here today