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Canada's Biggest Indigenous-Owned Bank Plans Major Expansion

- First Nations Bank of Canada could expand capital by up to 50%
- The bank also aims to double its loan book over next few years

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April 24, 2024 at 12:10 PM EDT

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Canada's biggest Indigenous-owned bank is planning a major expansion that will raise as much as C$50 million ($36 million) to reach more customers.

Saskatoon-based First Nations Bank of Canada aims for an issuance later this year that could expand its capital by as much as 50%, with a goal to double its C$600 million loan book over the next few years, Chief Executive Officer Bill Lomax said in an interview. This may be the first of two equity raises in the next couple of years, he said.

"Now's a good time to do it," Lomax said of the capital raise, citing more than a decade of dividend payments and record profitability. "We're looking at a community that is starting to skyrocket in terms of the opportunity set."

The move underscores how First Nations, Metis and Inuit communities are becoming a bigger financial force in Canada. This week, Lomax spoke at a conference in Toronto – Canada's financial capital – hosted by the First Nations Major Projects Coalition, a group of more than 150 First Nations working to develop and benefit from infrastructure and resources on their traditional territories.

Deputy Prime Minister Chrystia Freeland also appeared at the summit to discuss a federal plan announced earlier in the month to guarantee as much as C$5 billion in loans to Indigenous groups. Lomax said he hopes First Nations Bank will play a role in the loan-guarantee program.

Lomax became First Nations Bank's second CEO last year, after eight years at Goldman Sachs Group Inc. The Canadian lender received its official charter in 1996 and is about 86% owned by First Nations, with most of the rest held by Toronto-Dominion Bank.

Some existing shareholders will likely put in more capital as part of the expansion. TD Bank won't contribute funds, though – likely diluting its share to below 10%, Lomax said. First Nations Bank – which is working with advisers at Crosbie & Company Inc. – is focusing on soliciting Indigenous shareholders.

"A big part of our goal is to build a relationship with the community," Lomax said. "Because if we have them as a shareholder, then they become an advocate for us, and we're able to do business in their territory that goes beyond simply an equity raise."

The First Nations Bank's mission is to expand economic opportunities for Indigenous Canadians and redress centuries-old imbalances. Partly because of that focused mandate, its balance sheet is modest – with about C$1.2 billion in total liabilities and equity as of Oct. 31.