

BUSINESS PLAN

2022-2023

Nova Scotia Fisheries and Aquaculture Loan Board

You see potential. So do we.



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Message from the Board Chair and CEO

The Nova Scotia Fisheries and Aquaculture Loan Board (FALB) was first established in the 1930's to provide a source of short-term capital to the fisheries sector. Providing fair and affordable access to capital from the start established our reputation as a trustworthy partner. From its early days as the Fishermen's Loan Board and through various name changes over 80+ years, the objective of the Board has been to act as a partner in improving, developing, and modernizing the sector to help it reach its maximum potential. That work continues today as we partner with clients harvesting, processing, and farming seafood.

Nova Scotia Based Decisions

As Nova Scotia's economy emerges from the COVID-19 pandemic, the FALB will continue to follow industry trends and be prepared to develop innovative lending solutions and respond proactively to industry needs. The pandemic has highlighted the importance of local food production and processing capacity as supply chain disruptions led to many shortages on store shelves. Post-pandemic demand for FALB lending products has been at or near record levels. The pandemic brought attention to the importance of having a Nova Scotia based lender who acutely understands local impacts and is able to act nimbly to address the needs of its clients.

Local Experience

While the pandemic is the latest event to impact our province, it is only one example of how the FALB has remained a steadfast partner to industry in Nova Scotia. For over 80 years, we've been adjusting our product offerings to support growth and expansion but also taking swift action to respond to industry needs; we take pride in being a partner not only in good times but also during more challenging times. This speaks to the true value of working with a local lender, guided by an industry-led board of directors who live and work right here in Nova Scotia.

Partnering for Success

FALB staff and Directors understand the importance of our ocean-based resources to all Nova Scotians and work to support innovation, growth, employment, and sustainability in the sector. FALB has built partnerships with industry associations, the Nova Scotia

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Department of Fisheries and Aquaculture, Perennia Food and Agriculture Inc., and through the Atlantic Fish Fund to ensure both established operations and new entrants understand the value proposition of working with a local lender and see the Board as a go to partner for their financing needs.

FALB is in the process of developing a new strategic plan with a goal of being a lender of choice in our sector in Nova Scotia. We will work toward this goal by zeroing in on three objectives: a focus on clients, a focus on people, and a focus on development. The ocean and its related businesses are key economic drivers in Nova Scotia, especially in our rural communities. Our 2022-23 business plan seeks to build on the momentum of the past year by outlining our partnership role in providing stable, affordable, and innovative financing solutions that meet the needs of local harvesters, processors, and related businesses.

Original signed by

Denny Morrow
Chair

Original signed by

Jennifer Thompson
Chief Executive Officer (CEO)

About the Fisheries and Aquaculture Loan Board

FALB is Nova Scotia's ocean resource focused lender. Since 1936, the FALB has been working to ensure the fishing sector in Nova Scotia is financially stable by providing short, medium, and long-term capital at competitive interest rates.

The FALB is committed to supporting established operators while also providing opportunities for new entrants to enter the sector. This is achieved by offering products designed to meet various lending needs such as smaller micro loans to larger loans for new vessels, licences, and processing equipment. Loan terms, amortizations, and payment schedules are structured through gaining an understanding of the operation and discussing the client's needs.

FALB's Board of Directors is made up of Nova Scotia residents who are corporate or community leaders who understand the fisheries and aquaculture sector and its importance to communities, workers, and the Nova Scotia economy. Board members are recommended by the Minister of Fisheries and Aquaculture and appointed by Governor in Council.

The FALB is a critical link in the capitalization of rural Nova Scotia businesses with an investment of over \$260 million in provincial fishing, aquaculture, and processing enterprises.

Fisheries and Aquaculture Loan Board Focus

In 2022-23, the FALB will focus on:

- Continuing to monitor the evolving pandemic situation and its impact on our clients. FALB is prepared to respond with appropriate supports and lending programs to ensure adequate access to capital to respond to challenges and capitalize on new opportunities.
- Supporting our clients, and the sector at large, through provision of capital at competitive rates.
- Undertake a new strategic planning exercise with the overall objective of positioning the organization as the lender of choice in our sector.

- Promote and expand our product offerings and services into the developmental and value-add sectors.
- Continued focus on support of new entrants and succession planning in the industry. In recent years, upwards of 40% of new applicants have been in the 19-35 age bracket.

The strength of FALB remains our connection to our clients and our shared Nova Scotia roots. These uniquely position us to offer solutions developed right here at home.

Portfolio Management

The FALB has experienced tremendous growth in its portfolio as seafood exports hit record numbers in recent years.

- \$260 million in investments (estimated)
- 1,000 loans
- 6% increase in outstanding loans
- \$35 million dollar increase in outstanding principle
- \$75 million in new loans (estimated) in 2021-22, \$300 million over 5 years
- Arrears at record lows as a % of the portfolio
- FALB will invest up to \$60 million in 2022-23

Performance Goals

The Crown Lending Agency (CLA), the administrative unit supporting the FALB, is working around a new strategic objective to be the lender of choice in the sectors we serve. This will be actioned by undertaking initiatives under three theme areas as identified below.

1) Focus on Clients

Key initiatives under this area of focus will be:

- build and improve our client service and product offerings
- ensure our clients are receiving easy, fast, and personalized service
- improved client communications

- expansion of marketing efforts
- improved legal documents
- application follow-up
- improved applications

2) *Focus on People*

Key initiatives under this area of focus will be:

- undertaking employee-led initiatives driven by the results of the Provincially administered “How’s Work Going?” survey
- work to identify areas of potential growth that present opportunities for cross-training and development internally
- reduce administrative processes
- recruit new board directors and engage board members to access community and industry knowledge, facilitate partnerships, and represent the Board at industry meetings and events.

3) *Focus on Development*

Key initiatives under this area of focus will be:

- increased outreach to existing and prospective clients through marketing, staff, and board efforts.
- leverage our industry knowledge and lending expertise to diversify further into processing and value-added lending.
- expand on the tools used to structure deals that best suit our clients.
- use our existing partnerships to ensure we are offering the right products to meet the demands of the sectors we serve.

Review of Agencies, Offices, and Crown Corporations

In 2021-22, Government committed to undertake a review of agencies, offices, and crown corporations. The purpose of this review is to examine the mandate and legislation of each entity to ensure they are offering effective, efficient, and accountable services to the Nova Scotians they serve. The FALB was selected in the initial 20 agencies being reviewed. This work is expected to be completed in 2022-23.

Capital Funds

Description	2021-2022	2021-2022	2022-2023
	Estimate	Forecast*	Estimate
	(\$ 000)	(\$ 000)	(\$ 000)
Opening principal	235,415	231,278	262,073
Add loan advances	60,000	75,000	60,000
Less repayments	(27,000)	(40,300)	(27,000)
Less principal written off	(-)	(-)	(-)
Closing principal	268,415	265,978	295,073
Provision for impaired accounts			
Opening provision	3,519	2,055	2,905
Less accounts written off	(-)	(-)	(-)
Additions (principal portion of bad debt expense +/- adjustments)	850	850	850
Closing allowance	4,369	2,905	3,755
Net portfolio at year end	264,046	262,073	291,318

*Forecast data from Dec 30, 2021

The operating costs of the Nova Scotia Fisheries and Aquaculture Loan Board are consolidated with the Nova Scotia Farm Loan Board and included in the Crown Lending Division of the Department of Agriculture. Interest costs and revenues related to the lending activities of the Board are reported through the Department of Finance and Treasury Board.