

CEO Report – Terry Wensley

It was quite the year! It was a year of strong growth, record pricing and overall strength in the agricultural industry but certainly challenges as well.

Tariffs and instability in the US added uncertainty into the global marketplace. The cost of inputs, equipment and peripherals all increased, many at record paces. While the year started with good moisture levels generally, rains later were not forthcoming in many areas; however, the actual yield and quality exceeded expectations. In addition, feed was available at reduced pricing and interest rates were reducing. Overall many producers had a strong year; however, with the current environment, the forecast is fogger than ever.

We are pleased to report a good year and the following are some of the highlights:

- 894 new schedules
- Processed 3,408 transactions
- Portfolio reached an all-time high at over \$60 million
- Record of \$59 million of new disbursements; over a \$4 million increase from 2024
- Average schedule increased to \$65,537 (\$50,195 Breeder & \$76,602 Feeder)
- Over 42,000 animals under contract
- Average cow value \$1,851/hd
- Average feeder value \$2,379/hd
- Low delinquency rate

With the exceptionally strong market conditions, risk to the co-operative increases. A number of strategies were discussed and actions operationalized to minimize negative potential impacts. There was a focus on Risk Management and the development of an Enterprise Risk Management framework. While Risk Management framework requires more work and will continue to evolve, Risk Management has always been a core element of SKLF's past, current and future.

Sheep pilot program continues. Joint memberships are available and continue to gain traction, simplifying and streamlining transaction processing. The Young Producers program continues to be available. Increased member limits have assisted members with the increased cost of livestock, grow their herds and take further advantage of the current market conditions.

We continue to focus on improving our operations and service and our service standards. This includes tracking each invoice and payment received. Our goal is to have new purchases processed within 3 business days.

While there was a strong sales market, there were some continuing challenges and we were also dealing with challenged account situations. We worked tirelessly with our members to overcome these challenges! However, when these situations occur, the inventory numbers and branded animals can be an issue.

Thorough and accurate inventory on our branded animals was a requirement under the LLG program and continues to be paramount. Good quality brands and accurate information is imperative for the continued success of our co-operative and protects all the co-op members across the province.

We continue to look towards the future and the following is underway:

- New member growth and existing member limit increases
- Increased borrowing limits
- Banking system review
- Creditor Insurance – available to all qualifying members with no health questionnaire (except where Critical Illness purchased) still being pursued

A scholarship program for members' children and grandchildren pursuing postsecondary education is underway and an exciting development. Stay tuned for more details.

I would like to acknowledge some key contributors to our success.

- You, our members, for your continued support and insights
- Your SKLF staff for their dedication, Keri Kotyk, Kary Weinberger, Bernardine Nelson, Donna Furi and Jenni Shaddock
- Brenda Pollard, our Northwest Regional Co-ordinator, after many years of service decided to retire this new year
- Our Livestock Supervisors for their dedication and ensuring compliance to our programs
- Our financing partner, the Bank of Montreal, Charles Wilson and his team
- Virtus Group LLP, our auditors particularly Sheila Filion, Neal Fense and their team
- Your Board of Directors, Kris Webb - chairperson, Committee chairs - Darren Kress and Gerald Sanderson, Sandra Moen, Daryl Rutherford, Debra Florek, Lyle Franson, Schenley Borys, Shayne Cristo, Randi DeBruyne and Clay Corey for all their support and guidance!

To you our members, thank you and we look forward to working with you!

A handwritten signature in blue ink, appearing to read "T.J. Wensley".

T.J. (Terry) Wensley, BAC, FCUIC