

PRESIDENT/CHAIRMAN'S BOARD REPORT FOR 2018

It is with great pleasure that I present to you my 2018 Chairman's Report on behalf of your Board of Directors.

Our financial results were positive again in 2018. In 2018, your Company had 236 claims compared to 204 in 2017. Despite a higher claims frequency, the overall claims results were very good. The claims results contributed to the largest underwriting profit in company history. Brian Morgan will provide you with greater detail in his claims report.

We did see investment gains, due to some profit taking on the sale of some equities, and income derived from our portfolio in 2018. However, due to a downturn in equity markets in the 4th quarter of the year, the overall investment results pale in comparison to 2017 results. At year end, the portfolio value was a little less than \$ 14.6 million, compared to about \$ 15.2 million in 2017. Auditor, Ryan Armstrong will provide greater detail in his Financial Statements Report.

I would like to report on the activity of your Board and Committees for the year. Your Board met five (5) times during 2018; your Audit Committee met four (4) times; your Executive Committee met once; your Conduct Review Committee met twice; and your Nominating Committee and Human Resources Committee did not meet.

As I reported at our last Annual General Meeting, Representatives from our Federal Regulators, The Office of The Superintendent of Financial Institutions made several recommendations to us following their visit with us in 2017. We have implemented several of their recommendations, and we are working towards implementing most of the others in 2019.

In October, your Company purchased an investment property in Antigonish. It was formerly the CACL location on Kirk Street. Renovations are nearly completed on the main floor. Kid's First has rented out the space on the main floor where renovations are complete. The remaining section of the main floor will house

workstations and serve as an emergency backup location for our operation, should our own building suffer damage requiring short term or long term relocation. Renovations should begin shortly in the basement for a potential tenant that wishes to use it for retail space.

Your Board and Management explored options in 2018 to modernize the insurance software we use to run our company, which has been in use for over 25 years. Plans are to replace this software with a modern alternative in 2019.

Your Board and Management feel very fortunate to have the support of over 8,000 policyholders and feel strongly that your company should give back to the different communities those Policyholders live in. We have always felt one of the best ways to support the different communities we do business in is by pledging monetary support to our area Hospital Foundations. We have provided pledges in the recent past to hospitals in Cheticamp, Inverness, Guysborough, and Amherst, and we have a current pledge to St. Martha's hospital. We are also major sponsors to our two local signature events, those being the Antigonish Highland Games and the Eastern Nova Scotia Exhibition. We continue to contribute on our \$60,000 pledge in support of the Positive Action for Keppoch Society.

The Antigonish Farmers' Market began an initiative a few years ago towards building a new and larger Farmers' Market facility at the Exhibition Grounds. Your Company Board has expressed an interest in being a major supporter if that project goes ahead.

We also made improvements to the Scholarship program available to graduating high school students, by increasing the number of scholarships available to 8, and the amount of each scholarship increasing to \$1,250. This change is effective in 2019.

We had some staffing changes in 2018. Shanna Bingley joined our team in June, and serves as our friendly receptionist. Gina Decoste left to pursue other opportunities near the end of the year, and we thank her for her service, and wish her well. We now have 14 staff working at our head office, plus 10 agents working throughout northern and northeastern Nova Scotia.

And after 43 years as an employee of Antigonish Farmers' Mutual, including 29 years as General Manager, Bill Chisholm announced his retirement, which was effective on March 3, 2019. As many of you may know, Bill's father and grandfather also served as managers of the company, and March 3rd was the 100th year of Chisholm management of the company. When Bill started as manager in 1990, the company surplus was about 1.4 million dollars. He leaves with the company surplus exceeding 15 million, more than a 10 fold increase. We thank Bill for his service to the company, and wish him well in his well-deserved retirement.

In conclusion, I would like to thank our management, staff, and agents for their ongoing commitment to serving our Policyholders. I'd also like to thank your Board of Directors for their contribution, guidance, and support during 2018.

Respectfully Submitted,

Duncan MacInnis, Company President