



Summary Consolidated Financial Statements of

Mennonite Mutual Insurance Co. (Alberta) Ltd.

December 31, 2020



Report of the Independent Auditor on the Summary Consolidated Financial Statements

To the Directors of Mennonite Mutual Insurance Co. (Alberta) Ltd.

Our opinion

In our opinion, the accompanying summary consolidated financial statements of Mennonite Mutual Insurance Co. (Alberta) Ltd. and its subsidiary (together, the Company) are a fair summary of the audited consolidated financial statements, on the basis described in note 2 to the summary consolidated financial statements.

The summary consolidated financial statements

The Company's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended December 31, 2020 comprise:

- the summary consolidated statement of financial position as at December 31, 2020;
- the summary consolidated statement of net (loss) income for the year then ended;
- the summary consolidated statement of comprehensive (loss) income for the year then ended;
- the summary consolidated statement of members' equity for the year then ended;
- the summary consolidated schedule of general expenses for the year then ended; and
- the related notes to the summary consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated February 25, 2021.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in note 2.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
February 25, 2021

Mennonite Mutual Insurance Co. (Alberta) Ltd.

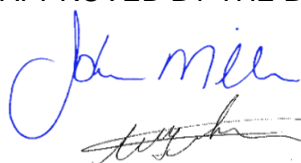
Summary Consolidated Statement of Financial Position

As at December 31, 2020
(in thousands of dollars)

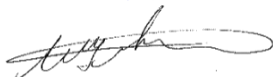
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 3,391	\$ 4,525
Accounts receivable	1,719	1,417
Prepaid expenses	49	26
Deferred acquisition costs	131	113
Investments	12,312	10,933
Reinsurer's share of provision for unpaid claims	1,271	453
Property and equipment	2,019	2,050
Right of Use assets	274	316
Software	637	652
Deferred income tax assets	105	62
	\$ 21,908	\$ 20,547
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,016	\$ 943
Reinsurance premium payable	155	128
Prepaid premiums	2,815	2,808
Unearned premiums	3,226	2,753
Provision for unpaid claims	3,674	2,801
Lease liabilities	282	322
Deferred income tax liabilities	254	257
	11,422	10,012
CONTINGENCIES		
GUARANTEES		
MEMBERS' EQUITY		
Accumulated other comprehensive income	732	357
Retained earnings	9,754	10,178
	10,486	10,535
	\$ 21,908	\$ 20,547

The accompanying notes are an integral part of these summary consolidated financial statements.

APPROVED BY THE BOARD



John Miller, CEO



Willy Goertzen, Chairman of Audit Committee

Mennonite Mutual Insurance Co. (Alberta) Ltd.

Summary Consolidated Statement of Net (Loss) Income

For the year ended December 31, 2020

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
POLICY REVENUES		
Gross premiums written	\$ 12,952	\$ 12,006
Premiums ceded to reinsurer	(2,614)	(2,507)
Net premiums written	10,338	9,499
Change in unearned premiums	(473)	(363)
Net premiums earned	9,865	9,136
Service fees revenue	106	127
Commission income	37	17
Net policy revenues	10,008	9,280
POLICY EXPENSES		
Gross claims incurred	(7,581)	(5,512)
Claims ceded to reinsurer	2,320	636
Premium taxes	(500)	(467)
Commission expense	(58)	(6)
Net policy expenses	(5,819)	(5,349)
UNDERWRITING INCOME	4,189	3,931
Depreciation	(449)	(280)
General expenses	(4,243)	(4,780)
UNDERWRITING LOSS, net of depreciation and general expenses	(503)	(1,129)
Finance income, net of investment management fees	277	564
Fee and commission operations, net of general expenses	(124)	(46)
Donations	(375)	(39)
LOSS BEFORE INCOME TAXES	(725)	(650)
INCOME TAX RECOVERY (EXPENSE)		
Current	255	294
Deferred	46	(90)
NET LOSS	\$ (424)	\$ (446)

The accompanying notes are an integral part of these summary consolidated financial statements.

Mennonite Mutual Insurance Co. (Alberta) Ltd.

Summary Consolidated Statement of Comprehensive (Loss) Income

For the year ended December 31, 2020

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
NET LOSS	\$ (424)	\$ (446)
OTHER COMPREHENSIVE INCOME		
Items that may subsequently be reclassified to net income		
Reclassification of net realized losses (gains) to net income	(108)	(326)
Income tax on reclassification of net realized losses (gains) to net income	26	86
Write-down of impaired investments	-	1
Net unrealized gains arising during the year	602	806
Income tax on net unrealized gains arising during the year	(145)	(214)
OTHER COMPREHENSIVE INCOME	375	353
COMPREHENSIVE LOSS	\$ (49)	\$ (93)

The accompanying notes are an integral part of these summary consolidated financial statements.

Consolidated Statement of Members' Equity

For the year ended December 31, 2020

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
RETAINED EARNINGS		
Balance, beginning of the year	\$ 10,178	\$ 10,624
Net loss	(424)	(446)
BALANCE, END OF YEAR	9,754	10,178
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Balance, beginning of year	357	4
Other comprehensive income	375	353
BALANCE, END OF YEAR	732	357
TOTAL MEMBERS' EQUITY	\$ 10,486	\$ 10,535

The accompanying notes are an integral part of these summary consolidated financial statements.

Mennonite Mutual Insurance Co. (Alberta) Ltd.

Summary Consolidated Schedule of General Expenses

For the year ended December 31, 2020

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
Salaries and employee benefits	\$ 2,854	\$ 3,138
Information technology	595	572
Rent and building occupancy costs	123	129
Inspections and loss prevention	118	64
Professional fees	116	161
Membership dues and fees	53	24
Licenses and regulatory assessments	16	3
Meetings, conferences and conventions	13	138
Other general expenses	355	551
Total general expenses	\$ 4,243	\$ 4,780

The amounts above have been reduced by \$717 (2019 - \$655) of general expense allocated to the Agency

The accompanying notes are an integral part of these summary consolidated financial statements.

Mennonite Mutual Insurance Co. (Alberta) Ltd.

Notes to the Summary Consolidated Financial Statements

Year ended December 31, 2020
(in thousands of dollars)

1. DESCRIPTION OF BUSINESS

Mennonite Mutual Insurance Co. (Alberta) Ltd. (the "Company") is an Alberta company that provides property and liability insurance for homes, farms and businesses. Most policyholders attend the Company's member churches. Member churches are churches that belong to the various Mennonite denominational groups, as well as Christian churches that share a similar faith and have been approved by the Board as members. Some policyholders also attend Christian churches that are not member churches. The Company's Board of Directors ("Board") are policyholders who are elected by delegates from the member churches. By insuring with the Company, policyholders help to provide mutual aid within their faith communities and help to support the Mennonite Mutual Compassion Fund ("Compassion Fund"). The Compassion Fund is a specific sum of money set aside to make donations to member churches to meet the needs of their community.

The Company has a wholly owned subsidiary company, Mennonite Insurance Agency Ltd. (the "Agency"), through which they offer policyholders access to third-party automobile insurance and other insurance products not provided by the Company.

The Company operates in Alberta and has expanded into Saskatchewan through the Agency. The Company has been licensed and regulated by the office of the Alberta Superintendent of Insurance of Alberta Treasury Board and Finance since 1960. It participates, with other mutual insurance companies in a national reinsurance facility which provides additional financial strength and security for policyholders.

The Company is domiciled in Alberta, Canada and its registered office is #300 - 2946, 32 Street NE, Calgary, Alberta.

2. BASIS OF PRESENTATION

The accounting policies have been applied consistently to all periods presented in these summary consolidated financial statements. The policies applied in these summary consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2020.

These summarized consolidated financial statements do not contain all of the disclosures required by IFRS. Readers are cautioned that these consolidated statements may not be appropriate for their purposes. For more information on the Company's consolidated financial position, consolidated results of operations, and consolidated cash flows, reference should be made to the related complete consolidated financial statements. The Company's complete set of consolidated financial statements prepared in accordance with IFRS, and these summarized consolidated financial statements, were authorized for issue by the Board on February 23, 2021.