

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS

(\$'000)

Reference			Current Year	Prior Year
Page			(01)	(03)
	Cash	010	876	1,846
<u>21.012</u>	Short Term Investments	040	<u>0</u>	0
	Accrued Investment Income	070		0
<u>21.150</u>	Accounts Receivable	100	1,300	683
	Policy Loans	200		0
<u>21.012</u>	Bonds and Debentures	250	<u>53</u>	55
<u>21.050</u>	Mortgage Loans	300	<u>0</u>	0
<u>21.012</u>	Preferred Shares	420	<u>5,459</u>	4,443
<u>21.012</u>	Common Shares	440	<u>954</u>	790
<u>21.080</u>	Real Estate	500	<u>0</u>	0
<u>21.100</u>	Other Equity Investments.....	550	<u>0</u>	0
<u>21.100</u>	Other Loans and Invested Assets	600	<u>0</u>	0
	Future Income Taxes	800	12	13
	Goodwill.....	820		0
	Intangible Assets.....	830		0
<u>21.150</u>	Other Assets.....	880	<u>209</u>	312
	TOTAL ASSETS	899	8,863	8,142
<u>60.010</u>	Total Segregated Funds Net Assets	929	0	0

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LIABILITIES, POLICYHOLDERS' AND SHAREHOLDERS' EQUITY

(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Liabilities			
<u>22.020</u>	Net Actuarial Liabilities	010	398	325
<u>22.020</u>	Other Insurance Policy & Contract Liabilities	040	776	835
	Trust and Banking Deposits	070		0
<u>22.030</u>	Accounts Payable	100	785	1,199
<u>21.080</u>	Mortgage Loans and Other Real Estate Encumbrances	130	0	0
<u>22.030</u>	Other Liabilities	160	385	0
<u>23.020</u>	Net Deferred Gains (Losses) on Real Estate:			
	Backing Liabilities	180		0
	Backing Equity	230		0
	Future Income Taxes	250		0
<u>22.050</u>	Subordinated Debt	280	0	0
<u>22.060</u>	Other Debt	310	0	0
	Total Liabilities	389	2,344	2,359
	Non-Controlling Interests	410		0
	Policyholders' Equity			
<u>20.040</u>	Participating Account	510	0	0
	Participating Account - Accumulated OCI (Loss)	520		0
<u>20.040</u>	Non-Participating Account (Mutual Companies Only)	540	0	0
	Non-Participating Account - Accumulated OCI (Loss)	550		0
	Total Policyholders' Equity	589	0	0
	Shareholders' Equity			
	Capital Stock	610	5,000	5,000
	Other Capital	640		0
	Contributed Surplus	670	1,000	1,000
<u>20.040</u>	Retained Earnings	700	494	360
	Shareholders' Accumulated OCI (Loss)	740	25	(577)
	Total Shareholders' Equity	779	6,519	5,783
	TOTAL LIABILITIES AND EQUITY	899	8,863	8,142

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

(\$'000)

Reference Page			Current Year (01)	Prior Year (03)
	Revenue			
<u>45.030</u>	Premiums	040	9,574	8,504
<u>23.010</u>	Net Investment Income	070	102	212
	Fee Income	130	0	0
<u>23.030</u>	Other Revenue	160	0	0
	Total Revenue	199	9,676	8,716
	Policy Benefits and Expenses			
<u>35.030</u>	Policyholder Benefits	250	810	1,056
	Net Changes to Actuarial Liabilities			
<u>35.030</u>	Normal	300	246	47
<u>35.030</u>	Basis Change	330	0	0
<u>35.030</u>	Policyholder Dividends	360	0	0
<u>35.030</u>	Experience Rating Refunds	390	0	0
<u>35.030</u>	Transfer to and (Transfer from) Other Funds	420	0	0
<u>45.030</u>	Commissions	450	0	0
<u>35.030</u>	Interest on Policyholder Amounts on Deposit	480	0	0
<u>23.030</u>	Interest Expense	510	0	0
<u>23.030</u>	General Expenses and Taxes (excl. income taxes)	540	7,492	6,624
<u>23.030</u>	Other Expenses	570	0	0
<u>35.030</u>	Non-Controlling Interests	600	0	0
	Total Benefits and Expenses	649	8,548	7,727
	Income Before Income Tax	669	1,128	989
	Provision for Income Taxes			
	Current	700	183	307
	Future	710	1	10
	Income before the following:	749	944	672
<u>35.030</u>	Extraordinary Items			
	(Net of Income Taxes of \$ _____ 0)	800	0	0
<u>35.030</u>	Discontinued Operations			
	(Net of Income Taxes of \$ _____ 0)	830	0	0
	Income Before Attribution to Participating Policyholders	859	944	672
<u>35.030</u>	Income Attributable to Participating Policyholders (Stock companies)	870	0	0
<u>35.030</u>	Net Income	899	944	672
	Premiums on Reinsurance Agreements			
	Deducted in arriving at Net Premiums	940		
	Deducted & not included in gross premiums	941		

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STATEMENT OF EQUITY IN PARTICIPATING ACCOUNT
(\$'000)

Reference Page		Current Year (01)	Prior Year (03)
	Beginning of Year	0	0
	Adjustments		0
		0
<u>20.030</u>	Share of Net Income (Loss)		0
<u>20.040</u>	Transfer from (to) Retained Earnings (Stock companies only).....		0
<u>20.040</u>	Transfer from (to) Non-Par Account (Mutual companies only)		0
	End of Year	0	0

STATEMENT OF NON-PARTICIPATING ACCOUNT
Mutual Companies Only
(\$'000)

Reference Page		Current Year (01)	Prior Year (03)
	Beginning of Year	0	0
	Adjustments		0
		0
<u>20.030</u>	Share of Net Income (Loss)		0
<u>20.040</u>	Transfer from (to) Par Account	0	0
	Dividends to Preferred Shareholders		0
	End of Year	0	0

STATEMENT OF RETAINED EARNINGS
Stock Companies Only
(\$'000)

Reference Page		Current Year (01)	Prior Year (03)
	Beginning of Year	360	487
	Adjustments		0
		0
<u>20.030</u>	Share of Net Income (Loss)	944	672
<u>20.040</u>	Transfer from (to) Par Account	0	0
	Dividends to Shareholders:		
	Preferred		0
	Common	810	799
	End of Year	494	360

CONSOLIDATED FINANCIAL STATEMENTS

COMPREHENSIVE INCOME (LOSS), and
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
(\$'000)

		Current Year 01	Prior Year 03
Comprehensive Income (Loss)			
Income Before Attribution to Participating Policyholders	010	944	672
Other Comprehensive Income (Loss):			
Available for Sale:			
Change in Unrealized Gains and Losses:			
Loans	110		0
Bonds and Debentures	140		0
Equities	170	541	(644)
Reclassification to Earnings of (Gains) Losses	210	61	76
Derivatives Designated as Cash Flow Hedges			
Change in Unrealized Gains and Losses	310		0
Reclassification to Earnings of (Gains) Losses	340		0
Foreign Currency Translation			
Change in Unrealized Gains and Losses	410		0
Impact of Hedging	440		0
Other	480		0
Total Other Comprehensive Income (Loss)	510	602	(568)
Total Comprehensive Income (Loss)	589	1,546	104

		Current Year 01	Prior Year 03
Accumulated Other Comprehensive Income (Loss)			
Accumulated Gains/ (Losses) on:			
Available for Sale:			
Loans	710		0
Bonds and Debentures	740		0
Equities	770	25	(577)
Derivatives Designated as Cash Flow Hedges	810		0
Foreign Currency (Net of Hedging Activities)	840		0
Other	880		0
Balance at end of Year	899	25	(577)

Summary of Capital Elements and Ratio Calculations

(thousands of dollars)

	01	02	Ref
Capital Available:			
Tier 1			
Common shares		5,000	001
Contributed surplus		1,000	002
Retained earnings	493		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
Retained earnings for MCCSR purposes		493	203
Future use: fair value option			302
Participating account			004
Non-cumulative perpetual preferred shares			005
Qualifying non-controlling interests (excluding innovative tier 1)			006
Innovative Instruments in Tier 1 (max 15% net tier 1)			007
Non-participating account (mutual companies)			311
Adjusted ¹ net deferred gains/losses on real estate that have not been taken into account in the valuation of policy liabilities			312
Accumulated net after-tax foreign currency translation adjustment reported in Other Comprehensive Income (OCI)			313
Accumulated net after-tax unrealized loss on available-for-sale equity securities reported in OCI			314
Gross Tier 1 Capital		6,493	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		6,493	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 6,493	329
Tier 2A (page 20.020 line 079)	0		021
Tier 2B allowed (line 20.030 line 045)	0		022
Tier 2C (line 20.030 line 068)	0		023
Total Tier 2 Capital Allowed (page 20.030 line 070)		B 0	025
Total Capital Available	(A+B)	C 6,493	040
Capital Required:			
Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	277	041
- Backing Qualifying Participating Policies	ii)	0	042
Index Linked Pass Through Products	iii)	0	043
Off-Balance Sheet Exposures			
- Backing Non-Par, Surplus and Non-Qualifying Participating	iv)	0	044
- Backing Qualifying Participating Policies	v)	0	045
Segregated Funds Risk	vi)	0	046
Total Asset Default and Market Risk	sum of (i to vi)	277	050
Insurance Risks			
Mortality Risk	i)	134	051
Morbidity Risk	ii)	1,094	052
Lapse Risk	iii)	0	053
Total Insurance Risks	sum of (i to iii)	1,228	060
Changes in Interest Environment (C-3) Risk			
Foreign Exchange Risk		0	062
Other (specify) ²		0	067
Total Capital Required		D 1,505	080
MCCSR Ratios			
Tier 1	(A + D) x 100	431.45	098
Total	(C + D) x 100	431.45	099

¹ Net deferred gains must be adjusted to reduce gains/losses by 45% on the portion of gains/losses on which no income taxes payable has been accounted for, or the future income tax amount.

² Provide details of additional requirements.