

Insurer

CONSOLIDATED FINANCIAL STATEMENTS**ASSETS
(\$'000)**

Reference Page			Current Year 01	Prior Year 03
	Cash	010	692	232
<u>21.012</u>	Short Term Investments	040	0	0
	Accrued Investment Income	070		0
	Accounts Receivable	100	654	769
	Policy Loans	200		0
<u>21.012</u>	Bonds and Debentures	250	54	56
	Mortgage Loans	300	0	0
<u>21.012</u>	Preferred Shares	420	5,660	5,341
<u>21.012</u>	Common Shares	440	826	1,297
	Real Estate	500	0	0
	Other Equity Investments.....	550	0	0
	Other Loans and Invested Assets	600	0	0
	Future Income Taxes	800	18	10
	Goodwill.....	820		0
	Intangible Assets.....	830		0
	Other Assets.....	880	153	121
	TOTAL ASSETS	899	8,057	7,826
	Total Segregated Funds Net Assets	929		0

CONSOLIDATED FINANCIAL STATEMENTS

**LIABILITIES, POLICYHOLDERS' AND SHAREHOLDERS' EQUITY
(\$'000)**

		Current Year 01	Prior Year 03
Liabilities			
Net Actuarial Liabilities	010	718	664
Other Insurance Policy & Contract Liabilities	040	309	280
Trust and Banking Deposits	070		0
Accounts Payable	100		0
Mortgage Loans and Other Real Estate Encumbrances	130		0
Other Liabilities	160	451	825
Net Deferred Gains (Losses) on Real Estate:			
Backing Liabilities	180		0
Backing Equity	230		0
Future Income Taxes	250		0
Subordinated Debt	280		0
Other Debt	310		0
Total Liabilities	389	1,478	1,769
Non-Controlling Interests.....	410		0
Policyholders' Equity			
Participating Account	510		
Participating Account - Accumulated OCI (Loss)	520		
Non-Participating Account (Mutual Companies Only)	540		
Non-Participating Account - Accumulated OCI (Loss)	550		
Total Policyholders' Equity	589		0
Shareholders' Equity			
Capital Stock	610	5,000	5,000
Other Capital	640		
Contributed Surplus	670	1,000	1,000
Retained Earnings	700	826	89
Accumulated Other Comprehensive Income (Loss)	740	-247	-32
Total Shareholders' Equity	779	6,579	6,057
TOTAL LIABILITIES AND EQUITY	899	8,057	7,826

CONSOLIDATED FINANCIAL STATEMENTS

**INCOME STATEMENT
(\$'000)**

	Current Year (01)	Prior Year (03)
Revenue		
Premiums 040	4,382	4,134
Net Investment Income 070	61	103
Fee Income 130	0	0
Other Revenue 160	0	0
Total Revenue 199	4,443	4,237
Policy Benefits and Expenses		
Policyholder Benefits 250	440	407
Net Changes to Actuarial Liabilities		
Normal 300	154	73
Basis Change 330	0	0
Policyholder Dividends 360	0	0
Experience Rating Refunds 390	0	0
Transfer to and (Transfer from) Other Funds 420	0	0
Commissions 450	0	0
Interest on Policyholder Amounts on Deposit 480	0	0
Interest Expense 510	0	0
General Expenses and Taxes (excl. income taxes) 540	3,283	3,255
Other Expenses 570	0	0
Non-Controlling Interests 600	0	0
Total Benefits and Expenses 649	3,877	3,735
Income Before Income Tax 669	566	502
Provision for Income Taxes		
Current 700	261	144
Future 710	-161	23
Income before the following: 749	466	335
Extraordinary Items		
(Net of Income Taxes of \$ 0) 800	0	0
Discontinued Operations		
(Net of Income Taxes of \$ 0) 830	0	0
Income Before Attribution to Participating Policyholders 859	466	335
Income Attributable to Participating Policyholders (Stock companies) 870	0	0
Net Income 899	466	335
Premiums on Reinsurance Agreements		
Deducted in arriving at Net Premiums 940		
Deducted & not included in gross premiums 941		

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CONSOLIDATED FINANCIAL STATEMENTS**STATEMENT OF EQUITY IN PARTICIPATING ACCOUNT
(\$'000)**

Reference Page			Current Year	Prior Year
			(01)	(03)
	Beginning of Year	010		
	Adjustments	040		
	070		
<u>20.030</u>	Share of Net Income (Loss)	100		
<u>20.040</u>	Transfer from (to) Retained Earnings (Stock companies only)...	130		
<u>20.040</u>	Transfer from (to) Non-Par Account (Mutual companies only) ...	160		
	End of Year	199	0	0

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

Reference Page			Current Year	Prior Year
			(01)	(03)
	Beginning of Year	310		
	Adjustments	340		
	370		
<u>20.030</u>	Share of Net Income (Loss)	400		
<u>20.040</u>	Transfer from (to) Par Account	430	0	
	Dividends to Preferred Shareholders	460		
	End of Year	499	0	0

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

Reference Page			Current Year	Prior Year
			(01)	(03)
	Beginning of Year	510	360	487
	Adjustments	540	0	0
	570	0	0
<u>20.030</u>	Share of Net Income (Loss)	600	466	335
<u>20.040</u>	Transfer from (to) Par Account	630	0	
	Dividends to Shareholders:			
	Preferred	710		
	Common	740		733
	End of Year	859	826	89

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

	Current Period 01	Prior Period 03
Comprehensive Income (Loss)		
Income Before Attribution to Participating Policyholders	466	335
Other Comprehensive Income (Loss):		
Available for Sale:		
Change in Unrealized Gains and Losses:		
- Loans	0	0
- Bonds and Debentures	0	0
- Equities	278	-57
Reclassification to Earnings of (Gains) Losses	52	34
Derivatives Designated as Cash Flow Hedges		
Change in Unrealized Gains and Losses		0
Reclassification to Earnings of (Gains) Losses		0
Foreign Currency Translation		
Change in Unrealized Gains and Losses		0
Impact of Hedging		0
Other		
Total Other Comprehensive Income (Loss)	330	-23
Total Comprehensive Income (Loss)	796	312

	Current Period 01	Prior Period 03
Accumulated Other Comprehensive Income (Loss)		
Accumulated Gains/ (Losses) on:		
Available for Sale:		
- Loans	710	0
- Bonds and Debentures	740	0
- Equities	-247	-32
Derivatives Designated as Cash Flow Hedges		0
Foreign Currency (Net of Hedging Activities)		0
Other		
Balance at end of Period	-247	-32

Summary of Capital Elements and Ratio Calculations

(thousands of dollars)

	01	02	Ref
Capital Available:			
Tier 1			
Common shares	826		001
Contributed surplus	1,000		002
Retained earnings	826		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
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		2,652	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		2,652	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 2,652	329
Tier 2A (page 20.020 line 079)	5,413		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)		2,652	025
Total Capital Available		B 5,304	040
Capital Required:			
Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i) 257		041
- Backing Qualifying Participating Policies	ii)		042
Index Linked Pass Through Products	iii)		043
Off-Balance Sheet Exposures			
- Backing Non-Par, Surplus and Non-Qualifying Participating	iv)		044
- Backing Qualifying Participating Policies	v)		045
Segregated Funds Risk	vi)		046
Total Asset Default and Market Risk	sum of (i to vi)	257	050
Insurance Risks			
Mortality Risk	i) 169		051
Morbidity Risk	ii) 898		052
Lapse Risk	iii)		053
Total Insurance Risks	sum of (i to iii)	1,067	060
Changes in Interest Environment (C-3) Risk			
Foreign Exchange Risk			
Other (specify) ²			
Total Capital Required		C 1,324	080
MCCSR Ratios			
Tier 1	(A ÷ C) x 100	200.30	098
Total	(B ÷ C) x 100	400.60	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.