

**CONSOLIDATED FINANCIAL STATEMENTS**

**ASSETS  
(\$'000)**

Reference Page			Current Year 01	Prior Year 03
	Cash .....	010	306	692
<u>21.012</u>	Short Term Investments .....	040	0	0
	Accrued Investment Income .....	070		0
	Accounts Receivable .....	100	920	654
	Policy Loans .....	200		0
<u>21.012</u>	Bonds and Debentures .....	250	52	54
	Mortgage Loans .....	300	0	0
<u>21.012</u>	Preferred Shares .....	420	5,403	5,660
<u>21.012</u>	Common Shares .....	440	895	826
	Real Estate .....	500	0	0
	Other Equity Investments.....	550	0	0
	Other Loans and Invested Assets .....	600	0	0
	Future Income Taxes .....	800	12	18
	Goodwill.....	820		0
	Intangible Assets.....	830		0
	Other Assets.....	880	2,379	153
	<b>TOTAL ASSETS .....</b>	<b>899</b>	<b>9,967</b>	<b>8,057</b>
	<b>Total Segregated Funds Net Assets .....</b>	<b>929</b>		<b>0</b>

**CONSOLIDATED FINANCIAL STATEMENTS**

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

		Current Year 01	Prior Year 03
<b>Liabilities</b>			
Net Actuarial Liabilities .....	010	849	718
Other Insurance Policy & Contract Liabilities .....	040	510	309
Trust and Banking Deposits .....	070		0
Accounts Payable .....	100		0
Mortgage Loans and Other Real Estate Encumbrances .....	130		0
Other Liabilities .....	160	1,887	451
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
<b>Total Liabilities</b> .....	<b>389</b>	<b>3,246</b>	<b>1,478</b>
Non-Controlling Interests.....	410		0
<b>Policyholders' Equity</b>			
Participating Account .....	510		
Participating Account - Accumulated OCI (Loss) .....	520		
Non-Participating Account (Mutual Companies Only) .....	540		
Non-Participating Account - Accumulated OCI (Loss) .....	550		
<b>Total Policyholders' Equity</b> .....	<b>589</b>		0
<b>Shareholders' Equity</b>			
Capital Stock .....	610	5,000	5,000
Other Capital .....	640		
Contributed Surplus .....	670	1,000	1,000
Retained Earnings .....	700	744	826
Accumulated Other Comprehensive Income (Loss) .....	740	(23)	(247)
<b>Total Shareholders' Equity</b> .....	<b>779</b>	<b>6,721</b>	<b>6,579</b>
<b>TOTAL LIABILITIES AND EQUITY</b> .....	<b>899</b>	<b>9,967</b>	<b>8,057</b>

**CONSOLIDATED FINANCIAL STATEMENTS**

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

		Current Year (01)	Prior Year (03)
<b>Revenue</b>			
Premiums .....	040	6,928	4,382
Net Investment Income .....	070	176	61
Fee Income .....	130	0	0
Other Revenue .....	160	0	0
<b>Total Revenue .....</b>	<b>199</b>	<b>7,104</b>	<b>4,443</b>
<b>Policy Benefits and Expenses</b>			
Policyholder Benefits .....	250	504	440
Net Changes to Actuarial Liabilities			
Normal .....	300	463	154
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	5,353	3,283
Other Expenses .....	570	0	0
Non-Controlling Interests .....	600	0	0
<b>Total Benefits and Expenses .....</b>	<b>649</b>	<b>6,320</b>	<b>3,877</b>
<b>Income Before Income Tax .....</b>	<b>669</b>	<b>784</b>	<b>566</b>
Provision for Income Taxes			
Current .....	700	184	261
Future .....	710	0	(161)
<b>Income before the following: .....</b>	<b>749</b>	<b>600</b>	<b>466</b>
Extraordinary Items			
(Net of Income Taxes of \$ 0 ) .....	800	0	0
Discontinued Operations (Net of Income Taxes of \$ 0 ) .....	830	0	0
<b>Income Before Attribution to Participating Policyholders .....</b>	<b>859</b>	<b>600</b>	<b>466</b>
Income Attributable to Participating Policyholders (Stock companies) .....	870	0	0
<b>Net Income .....</b>	<b>899</b>	<b>600</b>	<b>466</b>
<b>Premiums on Reinsurance Agreements</b>			
Deducted in arriving at Net Premiums .....	940		
Deducted & not included in gross premiums .....	941		

**CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

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

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

Reference Page			Current Year	Prior Year
			(01)	(03)
	Beginning of Year .....	510	494	360
	Adjustments .....	540	0	0
	.....	570	0	0
<u>20.030</u>	Share of Net Income (Loss) .....	600	600	466
<u>20.040</u>	Transfer from (to) Par Account .....	630	0	0
	Dividends to Shareholders:			
	Preferred .....	710	0	0
	Common .....	740	350	0
	<b>End of Year .....</b>	<b>859</b>	<b>744</b>	<b>826</b>

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

	Current Year 01	Prior Year 03
<b>Comprehensive Income (Loss)</b>		
Income Before Attribution to Participating Policyholders ..... 010	600	466
Other Comprehensive Income (Loss):		
<b>Available for Sale:</b>		
Change in Unrealized Gains and Losses:		
- Loans ..... 110		0
- Bonds and Debentures ..... 140		0
- Equities ..... 170	(49)	278
Reclassification to Earnings of (Gains) Losses ..... 210	2	52
<b>Derivatives Designated as Cash Flow Hedges</b>		
Change in Unrealized Gains and Losses ..... 310		0
Reclassification to Earnings of (Gains) Losses ..... 340		0
<b>Foreign Currency Translation</b>		
Change in Unrealized Gains and Losses ..... 410		0
Impact of Hedging ..... 440		0
<b>Other</b> ..... 480		0
Total Other Comprehensive Income (Loss) ..... 510	(47)	330
<b>Total Comprehensive Income (Loss) ..... 589</b>	<b>553</b>	<b>796</b>

	Current Year 01	Prior Year 03
<b>Accumulated Other Comprehensive Income (Loss)</b>		
Accumulated Gains/ (Losses) on:		
<b>Available for Sale:</b>		
- Loans ..... 710	0	0
- Bonds and Debentures ..... 740	0	0
- Equities ..... 770	(23)	(247)
<b>Derivatives Designated as Cash Flow Hedges</b> ..... 810	0	0
<b>Foreign Currency (Net of Hedging Activities)</b> ..... 840	0	0
<b>Other</b> ..... 880	0	0
Balance at end of Year ..... 899	(23)	(247)

**Summary of Capital Elements and Ratio Calculations**  
(thousands of dollars)

	01	02	Ref
<b>Capital Available:</b>			
<b>Tier 1</b>			
Common shares		5,000	001
Contributed surplus		1,000	002
Retained earnings	744		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
Retained earnings for MCCR purposes		744	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 <sup>1</sup> 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
<b>Gross Tier 1 Capital</b>		6,744	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
<b>Net Tier 1 Capital</b>		6,744	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
<b>Adjusted Net Tier 1 Capital</b>		A 6,744	329
<b>Tier 2A (page 20.020 line 079)</b>	(23)		021
<b>Tier 2B allowed (line 20.030 line 045)</b>	0		022
<b>Tier 2C (line 20.030 line 068)</b>	0		023
<b>Total Tier 2 Capital Allowed (page 20.030 line 070)</b>		B 0	025
<b>Total Capital Available</b>		(A+B) C 6,744	040
<b>Capital Required:</b>			
<b>Asset Default and Market Risk</b>			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i) 272		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
<b>Total Asset Default and Market Risk</b>	sum of (i to vi)	272	050
<b>Insurance Risks</b>			
Mortality Risk	i) 179		051
Morbidity Risk	ii) 1,263		052
Lapse Risk	iii)		053
<b>Total Insurance Risks</b>	sum of (i to iii)	1,442	060
<b>Changes in Interest Environment (C-3) Risk</b>			
Foreign Exchange Risk			
Other (specify) <sup>2</sup>			
<b>Total Capital Required</b>		D 1,714	080
<b>MCCR Ratios</b>			
<b>Tier 1</b>			
<b>Total</b>	(A + D) x 100	393.47	098
	(C + D) x 100	393.47	099

<sup>1</sup> 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.

<sup>2</sup> Provide details of additional requirements.