KPMG Audit Limited
Crown House
4 Par-la-Ville Road
Hamilton HM 08 Bermuda

Mailing Address:
P.O. Box HM 906
Hamilton HM DX Bermuda

Telephone +1 441 295 5063
Fax +1 441 295 9132
Internet www.kpmg.bm

Independent Auditor's Report

The Board of Directors
Crown Global Life Insurance Ltd.

We have audited the accompanying condensed financial statements of Crown Global Life Insurance Ltd. (the "Company"), which comprise the condensed balance sheet as of December 31, 2017, and the related condensed statement of income and condensed statement of capital and surplus for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Financial Statements

Management is responsible for the preparation and fair presentation of the condensed financial statements based on the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed General Purpose Financial Statements (the "Legislation"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these condensed financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the condensed financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the condensed financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the condensed financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the condensed financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

© 2018 KPMG Audit Limited, a Bermuda limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
All rights reserved.

KPMG

Basis for Adverse Opinion on U.S. generally accepted accounting principles

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company on the basis on the financial reporting provisions of the Legislation, which is a basis of accounting other than U.S. generally accepted accounting principles.

The effects on the condensed financial statements of the variances between the basis of accounting described in Note 3 and U.S. generally accepted accounting principles are material.

Adverse Opinion on U.S. generally accepted accounting principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. generally accepted accounting principles" paragraph, the condensed financial statements referred to above do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of the Company as of December 31, 2017, or the results of its operations or its cash flows for the year then ended.

Opinion on Condensed Financial Statements

In our opinion, the condensed financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations for the year then ended, in accordance with the financial reporting provisions of the Legislation described in Note 3.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
April 30, 2018

CONDENSED CONSOLIDATED BALANCE SHEET

Crown Global Life Insurance Ltd.

As at December 31, 2017

expressed in ['000s] United States Dollars

LINE No.		2017	2016
1.	CASH AND CASH EQUIVALENTS	355	238
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other	1,114	1,518
(b)	Total Bonds and Debentures	1,114	1,518
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds	72	50
(d)	Total equities	72	50
(e)	Other quoted investments	-	-
(f)	Total quoted investments	1,186	1,568
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds	14	468
(d)	Total equities	14	468
(e)	Other unquoted investments	-	-
(f)	Total unquoted investments	14	468
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services		
(b)	Unregulated non-financial operating entities		
(c)	Unregulated financial operating entities		
(d)	Regulated non-insurance financial operating entities		
(e)	Regulated insurance financial operating entities		
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates	1,267	273
(h)	Total investments in and advances to affiliates	1,267	273
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens		
(b)	Other than first liens		
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS		
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)		
(b)	Other properties (less encumbrances)		
(c)	Total real estate	-	-
8.	COLLATERAL LOANS		
9.	INVESTMENT INCOME DUE AND ACCRUED	1	11
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	429	177
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	429	177
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates		
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers		
(e)	Total reinsurance balance receivable	-	-
12.	FUNDS HELD BY CEDING REINSURERS		

CONDENSED CONSOLIDATED BALANCE SHEET

Crown Global Life Insurance Ltd.
As at December 31, 2017
expressed in ['000s] United States Dollars

LINE No.		2017	2016
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	365	1,016
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates		
	(ii) Domestic Affiliates		
	(iii) Pools and Associations		
	(iv) All Other Insurers	361	1,010
(c)	Total Reinsurance Recoverable Balance	361	1,010
(d)	**Total Net Long-Term Business Insurance Reserves**	4	6
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	473	522
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	280	216
30.	LOANS AND NOTES PAYABLE		
31.	(a) INCOME TAXES PAYABLE	175	
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES		
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies	1,110,417	965,540
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
(e)	Prefunded Mortality Deposits	736	934
(f)			
(g)			
(h)	Total sundry liabilities	1,111,153	966,474
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	1,112,081	967,212
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	1,112,085	967,218
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	4,271	5,128
41.	TOTAL	1,116,356	972,346
		TRUE	TRUE
		-	-

CONDENSED CONSOLIDATED STATEMENT OF INCOME

Crown Global Life Insurance Ltd.
As at **December 31, 2017**
expressed in ['000s] **United States Dollars**

LINE No.		2017	2016
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life	(2)	1
	(b) Annuities	-	
	(c) Accident and health		
	(d) Total increase (decrease) in policy reserves	(2)	1
27.	TOTAL LONG-TERM BUSINESS EXPENSES	1,638	1,459
28.	**NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS**	3,213	2,069
29.	**COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS**	3,213	2,069
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	2,703	2,794
	(b) Personnel cost		
	(c) Other		
	(d) Total combined operating expenses	2,703	2,794
31.	COMBINED INVESTMENT INCOME - NET	113	60
32.	COMBINED OTHER INCOME (DEDUCTIONS)		
33.	COMBINED INCOME BEFORE TAXES	623	(665)
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	399	10
	(b) Deferred	1,081	(196)
	(c) Total	1,480	(186)
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	(857)	(479)
36.	COMBINED REALIZED GAINS (LOSSES)		
37.	COMBINED INTEREST CHARGES		
38.	NET INCOME	(857)	(479)

Schedule X

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

Matters to be set forth in a General Note to the Financial Statements

1. Crown Global Life Insurance Ltd. (the "Insurer") was incorporated under the laws of Bermuda on September 8, 1998. The Company is a wholly-owned subsidiary of Crown Global Holdings Ltd. ("CGH"), a Bermuda holding company created to acquire, develop and operate entities engaged in the financial services business sector. Crown Global Insurance Group, LLC, a Delaware Limited Liability Company, is the ultimate Parent of the Insurer. The Company is licensed as a "Class C" long term insurer.

2. The Insurer underwrites and sells variable life and annuity insurance policies.

3. These condensed general purpose financial statements are prepared in accordance with financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Accounts Rules 2016 with respect to condensed general purpose financial statements (the "Legislation"). The recognition and measurement principles applied are in line with accounting principles generally accepted in the United States of America ("US GAAP"). The presentation of these financial statements in accordance with the guidance prescribed under the legislation differs from US GAAP in certain respects as follows:
    a. The format of the financial statements is prescribed by schedules IX and X of the Insurance Accounts Rules 2016.
    b. Statement of Cash Flows or equivalent is not included; and
    c. Certain disclosures required by US GAAP are not included
    d. Comprehensive income and its components are not presented in the condensed statement of income.
    e. Life benefit reserves are to be reported net of reinsured amounts.

    The effects of the foregoing variances from US GAAP on the accompanying condensed general purpose financial statements have not been determined, but are presumed to be material.

4. The accounting policies of the insurer are detailed as follows:

    Cash and time deposits

    Cash and time deposits include fixed deposits with original maturities, when purchased, of three months or less. Cash and time deposits are recorded at face value, which approximate fair value.

    Separate account assets and liabilities

    Separate account assets represent funds for which investment income and investment gains and losses accrue directly to the policyholders. Each account has specific investment objectives and the assets are carried at market value. The assets of each account are legally separated and are not subject to claims which arise from any other business of the Company. Separate account assets are invested in accordance with the terms of the underlying policy agreements and are available only to settle the corresponding separate account liability. The policy agreements indicate that the total value of the assets held in each fund will equal the company's liability at any time.

    Commissions

    Commissions and other costs of acquiring new life and annuity business are charged to the Condensed Statement of Income as incurred.

Premiums payable related to ceded reinsurance premium are reported in the Condensed Balance Sheet in Line 28 Insurance and reinsurance balances payable.

Push down accounting

In accordance with the guidance per ASC 805-50-599-1, the Company has applied the "push down" method of accounting for the purpose of preparing these financial statements on the basis that the Company's former ultimate parent (NFS) purchased 100% of the Company's stock. Under the "push down" method of accounting, the values of the assets and liabilities of the Company that were established as a consequence of the purchase transaction that resulted in the Company becoming wholly-owned by NFS, become the basis of accounting for assets and liabilities reflected in the Company's financial statements including intangible assets and goodwill (if any) that were previously not reflected in the Company's financial statements. As such, the value of business acquired ("VOBA") asset, as discussed in Note 4 was included in the Company's balance sheet and all other assets and liabilities were revalued to fair value.

No change to the above accounting treatment, and the resulting VOBA balance, resulted from a change in the ultimate Parent for the Company in 2010.

Value of business acquired

All assets and liabilities assumed upon acquisition of another entity are measured at fair value on the date of acquisition and have been "pushed down" to the Company as explained above.

The current value of future pre-tax profits to be earned on the business acquired is then actuarially evaluated and the resulting value is recorded as an identifiable intangible asset VOBA.

The VOBA asset related to universal life-type contracts are amortized in the same way, over the estimated life of the contracts acquired using the retrospective deposit method. Under the retrospective deposit method, acquisition costs are amortized in proportion to the present value of estimated gross profit ("EGP").

The expected future cash flow used in determining such value are based on actuarially determined projections of best estimate policy charges, premiums, mortality, separate account performance, surrenders, change in reserves, operating expenses, investment income and other factors. These projections considered all known or expected factors at the valuation date based on the judgment of management. The actual experience on purchased business, to some extent, has and may continue to vary from projections due to differences in renewal premiums, investment spreads, investment gains and losses, mortality costs, policyholder behaviour, or other factors.

The Company estimates gross profits over a time horizon such that estimated profits emerging subsequent to that time frame are believed to be immaterial. Actual gross profits, in a given reporting period, that vary from management's initial estimates result in increases or decreases in the rate of amortization, referred to as "retrospective unlocking", which are recorded in the current period.

The Company completes a comprehensive assumptions study and refines its estimate of future gross profits during each year end. Upon completion of an assumption study, the Company revises its assumptions to reflect its current best estimate, thereby changing its estimate of projected account values and the related EGPs in the VOBA model. The VOBA asset is adjusted to reflect such changes in the period of the revision, a process referred to as "prospective unlocking". Changes in assumptions can have a significant impact on the amount of VOBA reported for all products and their related amortization patterns. In general, increases in the estimated separate account returns result in increased expected future profitability and may lower the rate of VOBA amortization, while increases in lapse/surrender and mortality assumptions reduce the expected future profitability of the underlying business and may increase the rate of VOBA amortization.

The Company annually evaluates the recoverability and loss recognition of VOBA. Recoverability testing relates to the business issued during the year and loss recognition testing applies to the in force business. If either evaluation indicates that the existing insurance liabilities, together with the

12. The Company does not have any obligations in respect of retirement benefits.

13. The Company's quoted and unquoted investments can be classified into the following levels within the Fair Value Hierarchy prescribed per Schedule X to the Insurance Account Rules 2016.

• Level 1:	$ 1,186,143
• Level 2:	$ nil
• Level 3:	$ 14,561
Total	$ 1,200,704

14. The contractual maturity profile of the insurers' fixed maturity and short-term investments:

• Due within one year	$ nil
• Due after one year through five years	$ nil
• Due after five years through ten years	$1,114,036
• Due after ten years	$ nil
Total	$1,114,036

15. Included in commissions are commissions paid to a related entity owned by members of senior management in the amount of $417,557.

16. None.

17. None.

Matters to be set forth in Notes to the Statement of Capital and Surplus

1(a) Capital Stock

(a) The Insurer is authorized to issue 500,000 ordinary shares of US$1.00 par value each. Each share carries the right to one vote;

(a) The Insurer issued 500,000 ordinary shares of US$1.00 par value each shares; value of $500,000 as at December 31, 2017.

1(b) Contributed surplus
There is no change in contributed surplus during the relevant year.

2(c) Dividends paid and payable
There are no dividends paid or payable for the current year.

13. Sundry assets

(a)) Separate Account Assets:-

The separate account assets are recorded at fair value as described in Note 4, terms of repayment are not applicable.

(b) Value of business acquired:-

VOBA is calculated as described in Note 4, terms of repayment are not applicable.

The changes in value of business acquired follow:

Change in VOBA		December 2017	December 2016
Balance at January 1	$	632,313	782,176
Amortization during the year		65,539	149,863
Balance at end of period	$	566,774	632,313

Estimated future net amortization expense of VOBA for the five succeeding fiscal years is as follows:

For years ended December 31	
2018	62,256
2019	61,832
2020	61,998
2021	62,733
2022	64,109

(c) Income tax recoverable –

This represents income tax paid in excess of tax expense.

(d) Deferred Acquisition Cost –

This represents the future profits of block of policies acquired during 2016. The amount is tested for recoverability on an annual basis.

(e) Deferred Tax Asset –

The Company's net deferred tax asset relates primarily to U. S. GAAP versus tax basis of accounting differences. Based on the Company's historical and expected future taxable earnings, management believes that it is more likely than not that the Company will realize the benefit of the existing deferred tax assets at December 31, 2017. Adjustments to the valuation allowance are made when there is a change in management's assessment of the amount of deferred tax assets that are realizable.

32. Amounts due to affiliates
There are no specific repayment or interest terms relating to the intercompany balances.

Included in operating expenses are allocated charges from Crown Global Holdings Ltd. in the amount of $2,570,386 (2016 - $2,747,549) for corporate management service fees.

33. Accounts payable and accrued liabilities
There are no accounts payable and accrued liabilities.

34. Funds held under reinsurance contracts
There are no funds held under reinsurance contracts.

35. Dividends payable
There are no dividends payable.

36. Sundry liabilities
Separate Account Liabilities – These are recorded at fair value as per Note 4; terms of repayment are not applicable.

Prefunded Mortality deposits – These represent amounts received in advance from the policyholder to cover mortality risk associated with life policies.

37. Letters of credit, guarantees and other instruments
There are no letters of credit or guarantees.