

SISIP Proper
Year end Financial Results - FY 2007

	(In 000s of dollars)		
	Budget 2007	4th Qtr 2007	4th Qtr 2006
Revenues			
Premiums	42,598	46,677 (1)	42,868
Investment income on actuarial reserves	8,372	6,748 (2)	8,110
Investment income on segregated fund	14,915	12,790	23,436
Total Revenues	65,885	66,215	74,414
Operating Expenses			
Claims and Related Expenses	39,616	34,892 (3)	37,535
Reserve Increase	8,025	6,689 (4)	5,363
Other	11,281	14,229 (5)	10,675
Total Operating Expenses	58,922	55,810	53,573
Operating Income (Loss)	6,963	10,405	20,841
Extraordinary Items			
Capital projects	-2,230	-1,512 (6)	-1,600
Transfer to CFPSA - Morale & Welfare Unit Grant	-2,500	-2,500	-2,500
Other	-1,588	3,540 (7)	-439
Net Income (Loss)	645	9,933	16,302
Adjusted Net Income (Loss) before capital projects	2,875	11,445	17,902

Notes:

1. Stronger premium revenue than forecasted in the after release market.
2. Investment income on reserves is lower than forecasted due in part to the impact of CICA 3855 changes. Unrealized losses are no longer deferred and amortized, they are entered into income immediately.
3. Life insurance claims net of ceded claims under the Optional Group Term Insurance (OGTI) were lower than forecasted.
4. Lower reserve increases due to the termination of some income benefit and waiver of premium claims.
5. Reinsurance premiums were higher than forecasted due to increase exposure in Afghanistan.
6. The actual required capital amount for Customer Relationship Management for this year was \$512,000. The actual required capital amount for the "Youth Project" for this year was \$950,000.
7. Includes \$3.4m for the increase in the market value of the reinsurer portfolio.

**SISIP Proper
Balance Sheet ⁽¹⁾**

	(In 000s of dollars)	
	End 4th Quarter FY 2007	Previous Year End FY 2006
ASSETS		
Funds	473,346	457,782
Total Assets	473,346	457,782
LIABILITIES		
Liabilities - Reserves ⁽²⁾	183,808	178,178
Total Liabilities	183,808	178,178
SURPLUS/(DEFICIT)		
Total Surplus/(Deficit) ⁽³⁾	289,538	279,604
Total Liabilities & Surplus	473,346	457,782

Notes:

1. Balance sheet reviewed by Mercer HR Consulting.
2. The above liabilities represent the actuarial reserves established in respect to the existing legal obligation of the insurer for the various insured plans under SISIP Proper. In addition, SISIP FS may have future liabilities not yet recognized by the insurer related to the Coverage After Release (CAR) paid-up policy and Supplementary Survivor Benefit (SSB) for which no future premium payment will be made. The present value of these future liabilities has been assessed at \$125.4 million as at December 31, 2007.
3. In accordance with the Reinsurance Funding Agreement that took effect in 2008, Manulife can draw from SISIP Proper surplus funds up to \$260 million to cover claims in excess of reinsurance coverage made in relation to Hostile Events (as defined under the Agreement). SISIP FS must provide Manulife with at least 9 months notice should it intend to reduce surplus funds below \$260 million.