Polish Falcons of America

2021 Results & Discussion

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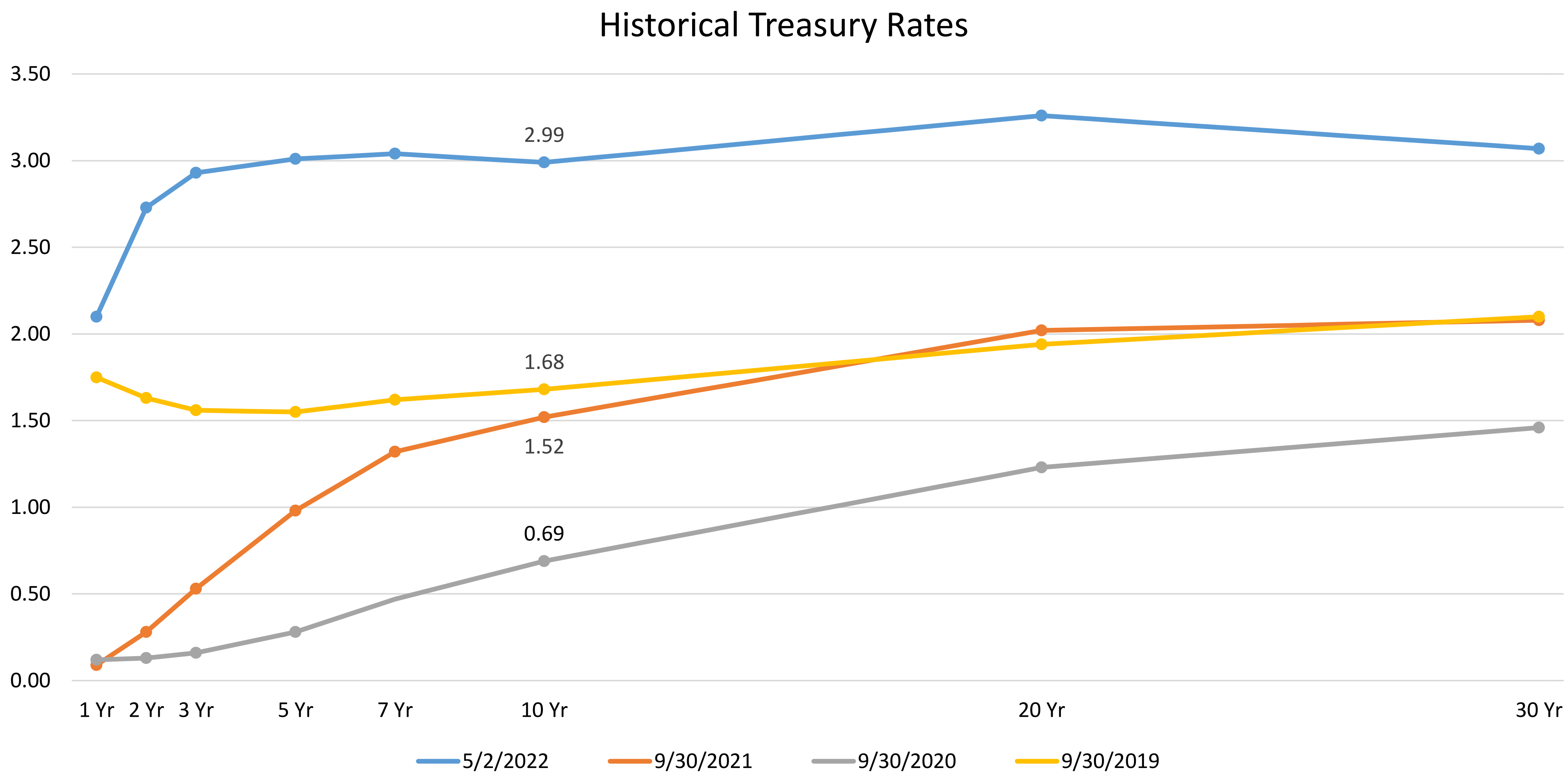
2021 Highlights

- Interest rates increased between 12/31/2020 and 12/31/2021 and it is expected they will continue to increase throughout the course of 2022.

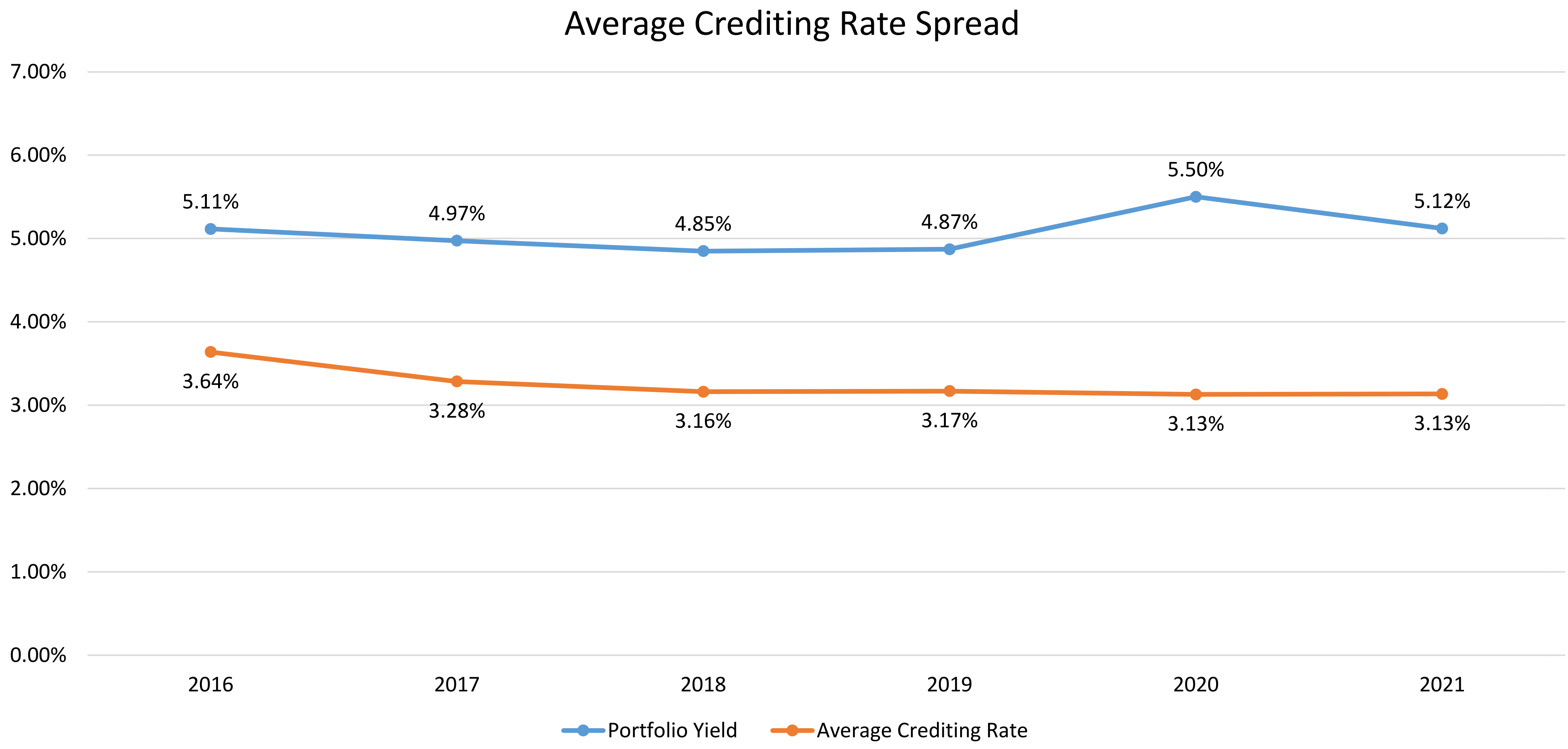
- Based on the results from the Asset Adequacy Testing, we attest that the reserves are adequate and provide for the future liabilities of the policies that are inforce as of year-end 2021. **Therefore, no additional reserves were required to be established at the end of 2021.**

- RBC Bond Factors were updated for 2021, leading to increased asset risk. However, the RBC ratio increased in 2021 due to added surplus.

Economic Environment



Historical Average Crediting Rate

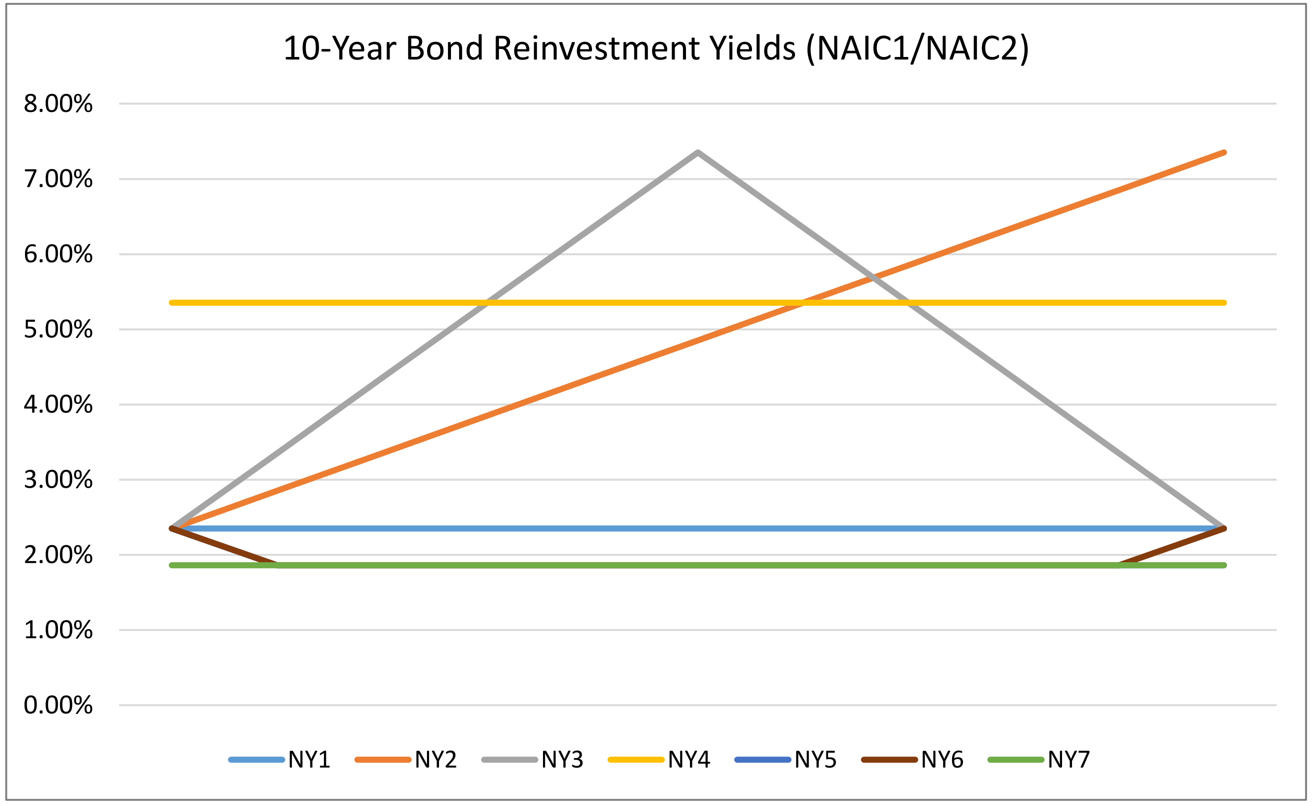


Note: The calculated portfolio yield includes the impact of IMR.

2021 Cash Flow Testing

Interest Rate Scenarios

One key source of funds to pay for the benefits is reinvested assets and the interest income earned on those assets. Seven interest rate scenarios (the ‘New York 7’) are used industry-wide to determine the reinvestment rate of assets for the Company’s investment policy as well as impact



The New York 7 Scenarios

1. **Level –** Level for all years
2. **Increasing –** Increase 0.5% per year for 10 years, then level
3. **Mountain –** Increase 1% per year for 5 years, decrease 1% per year for 5 years, then level
4. **Pop-Up –** Increase 3% immediately, then level
5. **Decreasing –** Decrease 0.5% per year for 10 years, then level
6. **Valley –** Decrease 1% per year for 5 years, increase 1% per year for 5 years, then level
7. **Pop-Down –** Decrease 3% immediately, then level

2021 Cash Flow Testing

Nationwide Results

Present Value of Ending Market Value of Surplus*

Interest Rate Scenario	2020			2021			Total Change
	Annuities	Life	Total	Annuities	Life	Total	
NY1 – Level	1,283	310	1,594	883	(215)	668	(926)
NY2 – Increasing	1,222	3,870	5,092	782	3,765	4,547	(545)
NY3 – Mountain	1,075	1,977	3,052	724	1,589	2,314	(739)
NY4 – Pop Up	1,414	3,681	5,096	1,053	3,486	4,539	(557)
NY5 – Decreasing	1,244	118	1,363	756	(914)	(158)	(1,521)
NY6 – Valley	1,261	182	1,443	827	(648)	179	(1,264)
NY7 – Pop Down	1,245	118	1,362	747	(958)	(211)	(1,573)

*All values are shown in 000s

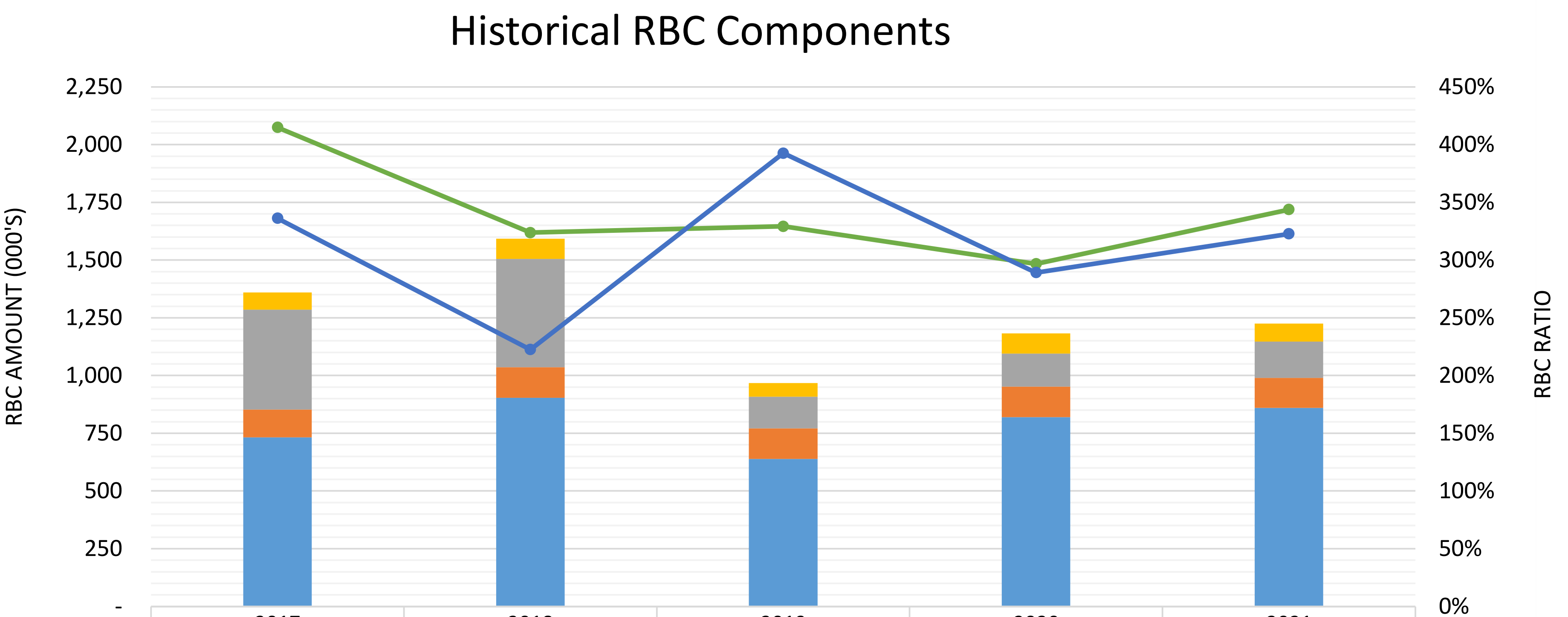
Results decreased for all scenarios between 2020 and 2021 despite the significant increase in interest rates. The change was driven by the following:

- Decrease on the overall portfolio rate due to low yields on recent purchases (see Slide 4)
- Spreads on reinvested assets decreased significantly offsetting the increase in treasury yields
- Expense assumptions were increased to align with recent experience

Although the NY5 and NY7 scenarios are failing, they are considered beyond moderately adverse.

Based on the results above, no additional reserves were required to be established at the end of 2021.

Risk-Based Capital



	2017	2018	2019	2020	2021
C-4 (Business Risk)	74	88	59	88	78
C-3 (Interest Rate Risk)	432	470	138	143	158
C-2 (Insurance Risk)	121	133	132	132	130
C-1 (Asset Risk)	732	903	639	819	860
Total Adjusted Capital	2,075	1,619	1,646	1,483	1,719
RBC Ratio	336%	223%	393%	289%	323%

C-1 (Asset Risk) C-2 (Insurance Risk) C-3 (Interest Rate Risk) C-4 (Business Risk) Total Adjusted Capital RBC Ratio

Risk-Based Capital

RBC Bond Factors were updated/modernized effective year-end 2021 expanding from 6 factors to 20 factors.
New categories align with established credit rating structures.

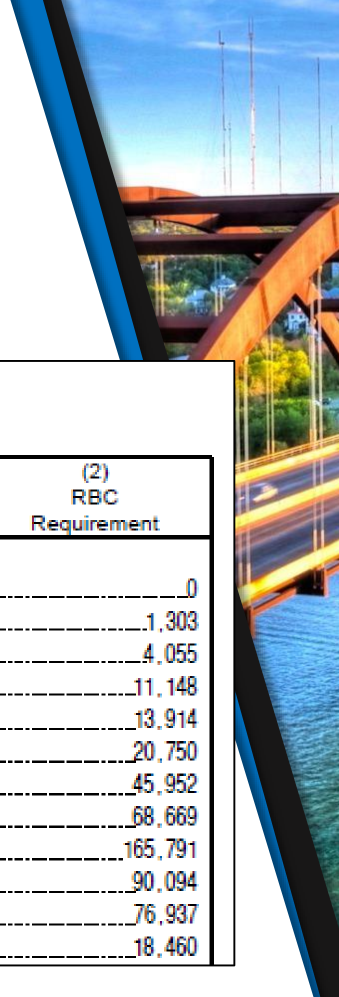
RISK BASED CAPITAL FOR THE YEAR 2021 OF THE Polish Falcons of America

BONDS

SVO Bond Designation Category	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
Long Term Bonds				
(1) Exempt Obligations	AVR Default Component Column 1 Line 1		0.00000	0
(2.1) NAIC Designation Category 1.A	AVR Default Component Column 1 Line 2.1	824,617	0.00158	1,303
(2.2) NAIC Designation Category 1.B	AVR Default Component Column 1 Line 2.2	1,496,392	0.00271	4,055
(2.3) NAIC Designation Category 1.C	AVR Default Component Column 1 Line 2.3	2,660,676	0.00419	11,148
(2.4) NAIC Designation Category 1.D	AVR Default Component Column 1 Line 2.4	2,660,404	0.00523	13,914
(2.5) NAIC Designation Category 1.E	AVR Default Component Column 1 Line 2.5	3,158,272	0.00657	20,750
(2.6) NAIC Designation Category 1.F	AVR Default Component Column 1 Line 2.6	5,631,367	0.00816	45,952
(2.7) NAIC Designation Category 1.G	AVR Default Component Column 1 Line 2.7	6,758,809	0.01016	68,669
(2.8) Subtotal NAIC 1	Sum of Lines (2.1) through (2.7)	23,190,537		165,791
(3.1) NAIC Designation Category 2.A	AVR Default Component Column 1 Line 3.1	7,144,634	0.01261	90,094
(3.2) NAIC Designation Category 2.B	AVR Default Component Column 1 Line 3.2	5,051,665	0.01523	76,937
(3.3) NAIC Designation Category 2.C	AVR Default Component Column 1 Line 3.3	851,462	0.02168	18,460

0.0039 for all categories for YE2020

Moody's	S&P	Fitch	
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	High grade
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Upper medium grade
A2	A	A	
A3	A-	A-	



2022 Outlook

- Product Portfolio Review
- Annuity Crediting Rates
- Final Expense Product Repositioning
- Reinsurance Potential
- State Expansion

APPENDICES

12/31/2021 Financial Snapshot

Annuities

Deferred Annuity Guaranteed Interest Rates

Rate	Net Account Value (000s)	Proportion
1.00%	20,211	44.0%
1.50%	651	1.4%
1.75%	9	0.0%
2.00%	4,358	9.5%
3.00%	14,399	31.3%
4.50%	6,220	13.5%
5.50%	115	0.3%
Total	45,964	100.0%

Deferred Annuity Current Interest Rates

Rate	Net Account Value (000s)	Proportion
[1.00% - 1.50%)	976	2.1%
[1.50% - 2.00%)	132	0.3%
[2.00% - 2.50%)	1,731	3.8%
[2.50% - 3.00%)	5,059	11.0%
[3.00% - 3.50%)	29,387	63.9%
[3.50% - 4.50%)	1,580	3.4%
[4.50% - 5.00%)	6,984	15.2%
[5.00% - 5.50%]	115	0.3%
Total	45,964	100.0%

12/31/2021 Financial Snapshot

Assets

Reinvestment Allocation by Term to Maturity

Term	2020 Purchases	2021 Purchases	2021 CFT
5 - Years	8%	9%	5%
10 - Year	12%	11%	10%
20 - Year	48%	48%	60%
30 - Years	31%	31%	25%

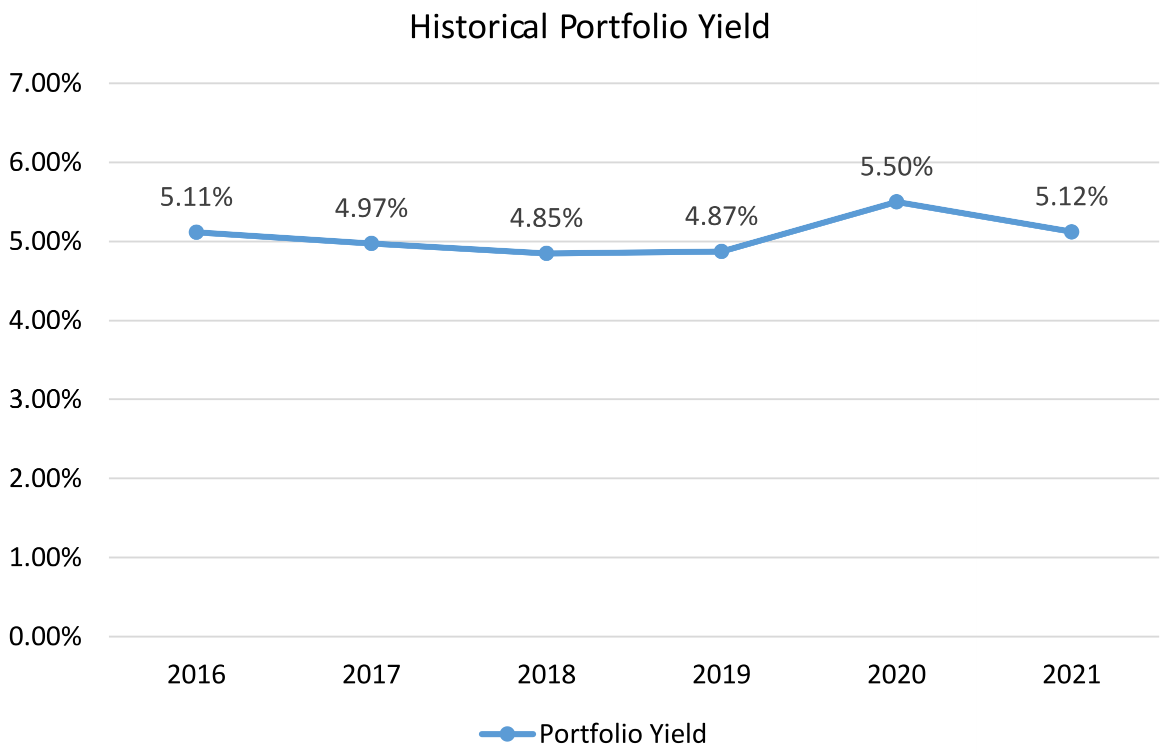
Reinvestment Allocation by Credit Quality

Rating	2020 Purchases	2021 Purchases	2021 CFT
NAIC 1	43%	63%	65%
NAIC 2	52%	37%	35%
NAIC4	5%	0%	0%

Average Rate of Reinvestment for CFT

2021: 2.92%

2020: 2.99%



Note: The calculated portfolio yield includes the impact of IMR.

Asset Adequacy Testing Background

Reserves are an estimate of the present value of future obligations to provide benefits. The source of funds to pay these benefits is the future premiums payments, the assets currently owned by the insurer, reinvested assets, and the interest income earned on those assets.

Life insurance companies are required to project future earnings or losses for the blocks of business to verify that there is a high probability that the carried reserves along with the assets that back them are adequate to pay future benefits.

Asset adequacy excludes new business from any testing; however, a going concern was assumed in determining maintenance expenses. Assumptions were reviewed to ensure that they reflect current experience of the company in areas such as mortality, persistency, and expenses.

The results of this annual analysis form the basis for the Appointed Actuary’s opinion that reserves are adequate. We’re attesting to the adequacy of the reserves backed by the assets of the Company to provide for the future liabilities of the policies that are inforce as of year-end 2021.