

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS  
(\$'000)

Reference Page	FS Notes Reference		Current Period		Prior Period		Opening Prior Year Restated	
			Total (01)	Vested in Trust (02)	Total (03)	Vested in Trust (04)	Total (05)	Vested in Trust (06)
		Cash and Cash Equivalents	010	17,617		18,324		
		Assets held for sale	020			0		
21.012		Short Term Investments	040	33		33		
		Accrued Investment Income	070	14		28		
21.150 or/bu		Accounts Receivable	100	16,220		17,093		
21.155		Policy/Certificate Loans	200	0		0		
21.012		Bonds and Debentures	250	51,580		25,859		
21.050		Mortgage Loans	300	3,731		4,312		
21.012		Preferred Shares	420	172,454		204,110		
21.012		Common Shares	440	53,646		102,797		
21.012		Investment Properties	510	42,123		24,173		
		Derivative Financial Instruments	520			0		
22.020		Reinsurance Assets	530	84,375		89,755		
21.080		Property and Equipment	540	4,792		4,909		
21.012		Interests in Associates & Joint Ventures	550	0		0		
60.010		Segregated Funds Net Assets	560			0		
21.100		Other Loans and Invested Assets	600	67,156		35,045		
		Investments in Subsidiaries	750					
		Current Tax Assets	780	16,704		3,751		
		Deferred Tax Assets	800			0		
		Goodwill	820			0		
		Intangible Assets	830			0		
		Defined Benefit Pension Plan	840			0		
21.155		Other Assets	880	2,281		1,396		
		<b>TOTAL ASSETS</b>	<b>899</b>	<b>532,726</b>		<b>531,585</b>		<b>0</b>

## CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES, POLICYHOLDERS'/SHAREHOLDERS' EQUITY AND HEAD OFFICE ACCOUNT  
(\$'000)

Reference Page	FS Notes Reference		Current Period (01)	Prior Period (03)	Opening Prior Year Restated (05)
		<b>Liabilities</b>			
		Liabilities held for sale	005	0	
22.020		Actuarial Liabilities for Insurance Contracts	010	132,751	140,504
22.020		Other Contract Liabilities	040	84,375	89,755
		Trust and Banking Deposits	070	0	
22.030 or/ou		Accounts Payable	100	87,310	74,757
21.155		Mortgage Loans and Other Real Estate Encumbrances	130	12,634	1,037
21.080		Derivative Financial Instruments	140	0	0
		Defined Benefit Pension Plan	145	0	0
		Amounts Due in respect of Staff Pension Plans (not including	150	0	0
22.030		Provisions and Other Liabilities	160	1,221	1,181
		Segregated Fund Liabilities	420	0	0
		Current Tax Liabilities	430	0	0
		Deferred Tax Liabilities	250	19,134	17,359
		Subordinated Debt	280	0	0
		Other Debt	310	0	0
		<b>Total Liabilities</b>	389	337,425	324,593
		<b>Policyholders' Equity</b>			
20.040		Participating Account	510		
		Participating Account - Accumulated OCI (Loss)	520		
20.040		Non-Participating Account (Mutual Companies Only)	540		
		Non-Participating Account - Accumulated OCI (Loss)	550		
		<b>Total Policyholders' Equity</b>	589	0	
		<b>Shareholders' Equity</b>			
		Capital Stock	610		
		Other Capital	640		
		Contributed Surplus	670		
20.040		Retained Earnings	700		
		Accumulated Other Comprehensive Income (Loss)	740		
		<b>Total Shareholders' Equity</b>	779	195,301	206,992
		<b>Non-controlling Interests</b>	829	0	
		<b>Total Equity</b>	839	195,301	206,992
		<b>TOTAL LIABILITIES AND EQUITY</b>	899	532,726	531,585
20.044		<b>Head Office Account</b>	800		
		Accumulated Other Comprehensive Income (Loss)	840		
		<b>TOTAL LIABILITIES, HEAD OFFICE ACCOUNT AND ACCUMULATED</b>	999		

## CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF INCOME  
(\$'000)

Reference Page	FS Notes Reference		Current Period (01)	Prior Period (03)
		<b>Revenue</b>		
35.020		Gross Premiums	020 35,172	41,831
35.020		Premiums ceded	030 24,038	27,476
45.020		Net Premiums	040 11,134	14,355
35.020		Gross Investment Income	050 916	5,389
35.020		Less: Investment Expenses and Taxes	060 291	345
23.010		Net Investment Income	070 625	5,044
35.020		Share of Income/Loss of Associates & Joint Ventures	090 0	0
		Fee Income	130 2,759	3,407
23.030		Other Revenue	160 0	0
35.020		Fraternal and Other Fund Revenues	180 0	0
		<b>Total Revenue</b>	199 14,518	22,806
		<b>Policy/Certificate Benefits and Expenses</b>		
35.020		Policyholder/Certificateholder Benefits	260 5,501	4,855
35.020		Benefits ceded	270 3,961	3,204
		Gross Changes to Actuarial Liabilities		
35.020		Normal	310 (10,682)	(2,916)
35.020		Basis Change	320 0	0
35.020		Gross Changes to Other Contract Liabilities	340 0	0
35.020		Changes in Actuarial and Other Contract Liabilities Ceded		
35.020		Normal	370 (9,031)	(3,392)
35.020		Basis Change	380 0	0
35.020		Policyholder/Certificateholder Dividends	360 0	0
35.020		Experience Rating Refunds	390 0	0
35.020		Transfer to and (Transfer from) Other Funds	420 0	0
35.020		Gross Commissions	460 19,354	19,195
35.020		Commissions Ceded	470 13,198	12,336
35.020		Interest on Policyholder/Certificateholder Amounts on Deposit	480 0	0
23.030		Interest Expense and Finance Costs	510 13	11
23.030		General Expenses and Taxes (excl income taxes)	540 6,686	6,712
23.030		Other Expenses	570 169	210
35.020		Fraternal & Other Fund Expenses	580 0	0
		<b>Total Benefits and Expenses</b>	649 12,913	15,919
		<b>Income Before Income Tax</b>	669 1,605	6,887
		Provision for Income Taxes		
		Current	700 332	1,241
		Deferred	710 0	0
		<b>Income before the following:</b>	749 1,273	5,646
35.020		Discontinued Operations (net of Income Taxes of \$ )	830 0	0
		<b>Income Before Attribution to Participating Policyholders/Certificateholders</b>	859 1,273	5,646
		Income Attributable to Participating Policyholders/Certificateholders (Stock companies)	870 0	0
35.020		<b>Net Income</b>	899 1,273	5,646
35.020		Less: Fraternal and Other Fund Account	980 0	0
35.020		<b>Net Income: Insurance Fund</b>	989 1,273	5,646
		<b>Attributable to:</b>		
		Non-controlling Interests	900 0	0
		Equity Holders	920 1,273	5,646
			(99)	
		830	0	

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

Reference Page	FS Notes Reference	(05)	Current Period (01)	Prior Period (03)
		Beginning of Year	010	0
		Adjustments	040	0
		(Specify)	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>

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

Reference Page	FS Notes Reference	(05)	Current Period (01)	Prior Period (03)
		Beginning of Year	310	0
		Adjustments	340	0
		(Specify)	370	0
<u>20.030</u>		Share of Net Income (Loss)	400	0
<u>20.040</u>		Transfer from (to) Par Account	430	0
		Dividends to Preferred Shareholders	460	0
		<b>End of Year</b>	<b>499</b>	<b>0</b>

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

Reference Page	FS Notes Reference	(05)	Current Period (01)	Prior Period (03)
		Beginning of Year	510	190,372
		Adjustments	540	165,789
		(Specify)	570	0
<u>20.030</u>		Share of Net Income (Loss)	600	5,646
<u>20.040</u>		Transfer from (to) Par Account	630	0
		Dividends to Shareholders:		
		Preferred	710	0
		Common	740	0
		<b>End of Year</b>	<b>859</b>	<b>171,435</b>

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

Reference Page	FS Notes Reference		Current Period (01)	Prior Period (03)
		<b>Comprehensive Income (Loss)</b>		
20.030		Net Income/Income Before Attribution to Participating Policyholders/Certificateholders	1,273	5,646
		Other Comprehensive Income (Loss):		
		<b>Items that may be reclassified subsequently to Net Income:</b>		
		<b>Available for Sale:</b>		
		Change in Unrealized Gains and Losses:		
		- Loans		0
		- Bonds and Debentures	(1)	9
		- Equities	(9,023)	(9,241)
		Reclassification of (Gains) Losses to Net Income	255	(474)
		<b>Derivatives Designated as Cash Flow Hedges</b>		
		Change in Unrealized Gains and Losses		0
		Reclassification of (Gains) Losses to Net Income		0
		<b>Foreign Currency Translation</b>		
		Change in Unrealized Gains and Losses	2,263	(489)
		Impact of Hedging		0
		<b>Share of Other Comprehensive Income of Associates &amp; Joint Ventures</b>		0
		<b>Other</b>		0
		<b>Subtotal of items that may be reclassified subsequently to Net Income</b>	(6,506)	(10,195)
		<b>Items that will not be reclassified subsequently to Net Income:</b>		
		Revaluation Surplus		0
		Remeasurements of Defined Benefit Plans		0
		Other		0
		<b>Subtotal of items that will not be reclassified subsequently to Net Income</b>	0	0
		<b>Total Other Comprehensive Income (Loss)</b>	(6,506)	(10,195)
		<b>Total Comprehensive Income (Loss)</b>	(5,233)	(4,549)
		<b>Attributable to:</b>		
		Participating Policyholders/Certificateholders (Stock Companies)		0
		Non-controlling Interests		0
		Equity Holders	(5,233)	(4,549)
		<b>Accumulated Other Comprehensive Income (Loss)</b>		
		Accumulated Gains (Losses), net of tax, on:		
		<b>Items that may be reclassified subsequently to Net Income:</b>		
		<b>Available for Sale:</b>		
		- Loans	710	0
		- Bonds and Debentures	(1,973)	159
		- Equities	(31,299)	(840)
		<b>Derivatives Designated as Cash Flow Hedges</b>		0
		<b>Foreign Currency (Net of Hedging Activities)</b>	(1,072)	(1,762)
		<b>Share of Other Comprehensive Income of Associates &amp; Joint Ventures</b>		0
		<b>Other</b>		0
		<b>Subtotal of items that may be reclassified subsequently to Net Income</b>	(34,344)	(2,443)
		<b>Items that will not be reclassified subsequently to Net Income:</b>		
		Revaluation Surplus	855	0
		Remeasurements of Defined Benefit Plans	870	0
		Other	880	0
		<b>Subtotal of items that will not be reclassified subsequently to Net Income</b>	0	0
		<b>Balance at end of Period</b>	(34,344)	(2,443)

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

	01	02	Ref
<b>Capital Available:</b>			
<b>Tier 1</b>			
Common shares		38,000	001
Contributed surplus			002
Retained earnings	191,646		003
Less: Accumulated after tax fair value gains/(losses) arising from changes in institution's own credit risk			301
Less: After tax fair value gains/(losses) on owner-occupied property upon conversion to IFRS (cost model)			204
Plus: Accumulated after tax revaluation loss on owner-occupied property (revaluation model)			206
Less: Accumulated net after-tax gains or losses up to the transfer date on owner-occupied property that was previously			207
Less: Accumulated net after tax fair value gains after transition to IFRS on investment properties that do not back liabilities			208
Less: Net decrease in actuarial liabilities due to recognition of mortality improvement			210
Less: Discretionary participation features included in reported equity	244		212
Plus: Accumulated gains reported in OCI up to the transfer date on investment property that was previously classified as			213
Retained earnings for MCCSR purposes		191,402	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
Accumulated net after-tax foreign currency translation adjustment reported in Other Comprehensive Income (OCI)		(1,074)	313
Accumulated net after-tax unrealized loss on available-for-sale equity securities reported in OCI		(31,299)	314
Accumulated changes in liabilities included in OCI under shadow accounting			316
Accumulated defined benefit pension plan remeasurements included in OCI			317
<b>Gross Tier 1 Capital</b>		197,029	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	5,719		012
<b>Net Tier 1 Capital</b>		191,310	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
<b>Adjusted Net Tier 1 Capital</b>		191,310	329
<b>Tier 2A (page 20.020 line 079)</b>	0		021
<b>Tier 2B allowed (page 20.030 line 045)</b>	0		022
<b>Tier 2C (page 20.030 line 068)</b>	5,719		023
<b>Net Tier 2 Capital (page 20.030 line 695)</b>		5,719	025
<b>Total Capital Available</b>	(A+B)	C 197,029	040

**Capital Required:**

<b>Asset Default and Market Risk</b>			
<b>Asset Default (C-1) Risk</b>			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	27,209	041
- Backing Qualifying Participating Policies	ii)	0	042
Index Linked Pass Through Products	iii)	0	043
C-1 and C-3 requirements for letters of credit and collateral used to obtain reserve or capital credit for unregistered	iv)		220
<b>Off-Balance Sheet Exposures</b>			
- Backing Non-Par, Surplus and Non-Qualifying Participating	v)		044
- Backing Qualifying Participating Policies	vi)		045
Segregated Funds Risk	vii)		046
<b>Total Asset Default and Market Risk</b>	sum of (i to vii)	27,209	050
<b>Insurance Risks</b>			
Mortality Risk	i)	2,487	051
Morbidity Risk	ii)	20,069	052
Lapse Risk	iii)	2,486	053
<b>Total Insurance Risks</b>	sum of (i to iii)	25,042	060
<b>Changes in Interest Environment (C-3) Risk</b>		1,375	062
<b>Foreign Exchange Risk</b>		2,582	067
<b>Other (specify)<sup>1</sup></b>			070
<b>Total Capital Required</b>		D 56,208	080

**MCCSR Ratios**

<b>Tier 1</b>	(A + D) x 100	340.36	098
<b>Total</b>	(C + D) x 100	350.54	099

<sup>1</sup>Phase-in of the impact of including in Tier 1 the AOCI DB Plan remeasurements balance, if any, as at Dec 31, 2012 and of the net restatement of retained earnings  
\*Provide details of additional requirements.