

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS
(\$'000)

Reference Page	FS Notes Reference		Current Year	Prior Year	
			(01)	(03)	
		Cash and Cash Equivalents	010	15,469	24,216
		Assets held for sale	020	0	0
21.012		Short Term Investments	040	51	813
		Accrued Investment Income	070	777	330
21.150 or/ou		Accounts Receivable	100	16,217	15,847
21.155		Policy/Certificate Loans	200		0
21.012		Bonds and Debentures	250	31,775	56,298
21.050		Mortgage Loans	300	1,767	1,993
21.012		Preferred Shares	420	186,526	141,633
21.012		Common Shares	440	92,690	64,321
21.080		Investment Properties	510	25,000	21,150
		Derivative Financial Instruments	520		0
22.020		Reinsurance Assets	530	85,852	68,373
21.080		Property and Equipment	540	5,249	4,469
21.100		Interests in Associates & Joint Ventures	550	0	0
60.010		Segregated Funds Net Assets	560	0	0
21.100		Other Loans and Invested Assets	600	29,183	21,348
		Current Tax Assets	780	160	0
		Deferred Tax Assets	800		
		Goodwill	820		0
		Intangible Assets	830		0
		Defined Benefit Pension Plan Assets	840		
21.155		Other Assets	880	394	332
		TOTAL ASSETS	899	491,110	421,123

CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES, POLICYHOLDERS' AND SHAREHOLDERS' EQUITY

(\$'000)

Reference Page	FS Notes Reference		Current Year	Prior Year
			(01)	(03)
		Liabilities		
		Liabilities held for sale	005	0
		Actuarial Liabilities for Insurance Contracts	010	133,685
22.020		Other Contract Liabilities	040	85,852
22.020		Trust and Banking Deposits	070	0
22.030 or/ou		Accounts Payable	100	60,936
21.155		Mortgage Loans and Other Real Estate Encumbrances	130	1,095
21.080		Derivative Financial Instruments	140	0
		Defined Benefit Pension Plan Obligation	145	
		Amounts Due in respect of Staff Pension Plans (not including amounts on line 145	150	
22.030		Provisions and Other Liabilities	160	3,665
		Segregated Fund Liabilities	420	0
		Current Tax Liabilities	430	865
		Deferred Tax Liabilities	250	15,382
		Subordinated Debt	280	0
		Other Debt	310	0
		Total Liabilities	389	300,615
		Policyholders' Equity		
20.040		Participating Account	510	0
		Participating Account - Accumulated OCI (Loss)	520	0
20.040		Non-Participating Account (Mutual Companies Only)	540	0
		Non-Participating Account - Accumulated OCI (Loss)	550	0
		Total Policyholders' Equity	589	0
		Shareholders' Equity		
		Capital Stock	610	38,000
		Other Capital	640	0
		Contributed Surplus	670	0
20.040		Retained Earnings	700	144,567
		Shareholders' Accumulated OCI (Loss)	740	7,928
		Total Shareholders' Equity	779	190,495
		Non-controlling Interests	829	0
		Total Equity	839	190,495
		TOTAL LIABILITIES AND EQUITY	899	491,110
				421,123

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF INCOME
(\$'000)

Reference Page	FS Notes Reference		Current Year	Prior Year
			(01)	(03)
		Revenue		
35.020		Gross Premiums	221,154	188,966
35.020		Premiums ceded	151,207	125,407
45.020		Net Premiums	69,947	63,559
35.020		Gross Investment Income	14,999	10,051
35.020		Less: Investment Expenses and Taxes	1,172	250
23.010		Net Investment Income	13,827	9,801
		Share of Income (Loss) of Associates & Joint Ventures	0	0
35.020		Fee Income	17,218	14,552
23.030		Other Revenue	0	0
		Fraternal and Other Fund Revenues	0	0
35.020		Total Revenue	100,992	87,912
		Policy/Certificate Benefits and Expenses		
35.020		Policyholder/Certificateholder Benefits	17,370	16,548
35.020		Benefits ceded	10,839	9,856
		Gross Changes to Actuarial Liabilities		
		Normal	23,108	15,336
35.020		Basis Change	(2,085)	(8,056)
35.020		Gross Changes to Other Contract Liabilities	0	0
		Changes in Actuarial and Other Contract Liabilities Ceded		
35.020		Normal	16,716	10,362
35.020		Basis Change	763	(4,402)
35.020		Policyholder/Certificateholder Dividends	0	0
35.020		Experience Rating Refunds	0	0
35.020		Transfer to and (Transfer from) Other Funds	0	0
35.020		Gross Commissions	76,346	67,502
35.020		Commissions Ceded	41,178	36,209
35.020		Interest on Policyholder/Certificateholder Amounts on Deposit	0	0
23.030		Interest Expense and Finance costs	35	49
23.030		General Expenses and Taxes (excl. income taxes)	24,296	22,263
23.030		Other Expenses	625	551
35.020		Fraternal and Other Fund Expenses	0	0
		Total Benefits and Expenses	70,199	62,168
		Income Before Income Tax	30,793	25,744
		Provision for Income Taxes		
		Current	3,294	4,197
		Deferred	2,349	1,136
		Income Before the following:	25,150	20,411
35.020		Discontinued Operations		
		(net of Income Taxes of \$ 0)	0	0
		Income Before Attribution to Participating Policyholders/Certificateholders	25,150	20,411
35.020		Income Attributable to Participating Policyholders/Certificateholders (Stock Companies)	0	0
35.020		Net Income	25,150	20,411
35.020		Less: Fraternal and Other Fund Account	0	0
35.020		Net Income: Insurance Fund	25,150	20,411
		Attributable to:		
		Non-controlling Interests	0	0
		Equity Holders	25,150	20,411

CONSOLIDATED FINANCIAL STATEMENTS

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

Reference Page	FS Notes Reference		Current Year (01)	Prior Year (03)
		Beginning of Year	0	0
		Adjustments		0
		(Specify)		0
20.030		Share of Net Income (Loss)		0
20.040		Transfer from (to) Retained Earnings (Stock companies only)		0
20.040		Transfer from (to) Non-Par Account (Mutual companies only)		0
		End of Year	0	0

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

Reference Page	FS Notes Reference		Current Year (01)	Prior Year (03)
		Beginning of Year	0	0
		Adjustments		0
		(Specify)		0
20.030		Share of Net Income (Loss)		0
20.040		Transfer from (to) Par Account	0	0
		Dividends to Preferred Shareholders		0
		End of Year	0	0

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

Reference Page	FS Notes Reference		Current Year (01)	Prior Year (03)
		Beginning of Year	124,417	109,006
		Adjustments		0
		(Specify)		0
20.030		Share of Net Income (Loss)	25,150	20,411
20.040		Transfer from (to) Par Account	0	0
		Dividends to Shareholders:		
		Preferred	0	0
		Common	5,000	5,000
		End of Year	144,567	124,417

CONSOLIDATED FINANCIAL STATEMENTS

COMPREHENSIVE INCOME (LOSS), and
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(\$'000)

FS Notes Reference		Current Year (01)	Prior Year (03)
	Comprehensive Income (Loss)		
	Income Before Attribution to Participating Policyholders/Certificateholders	25,150	20,411
	Other Comprehensive Income (Loss):		
	Items that may be reclassified subsequently to Net Income:		
	Available for Sale:		
	Change in Unrealized Gains and Losses:		
	- Loans	0	0
	- Bonds and Debentures	141	(177)
	- Equities	3,453	1,416
	Reclassification of (Gains) Losses to Net Income	(901)	50
	Derivatives Designated as Cash Flow Hedges		
	Change in Unrealized Gains and Losses	0	0
	Reclassification of (Gains) Losses to Net Income	0	0
	Foreign Currency Translation		
	Change in Unrealized Gains and Losses	(616)	(667)
	Impact of Hedging		0
	Other		
	Subtotal of items that may be reclassified subsequently to Net Income	2,077	622
	Items that will not be reclassified subsequently to Net Income:		
	Revaluation Surplus	0	0
	Share of Other Comprehensive Income of Associates & Joint Ventures	0	0
	Remeasurements of Defined Benefit Plans		
	Other		
	Subtotal of items that will not be reclassified subsequently to Net Income	0	0
	Total Other Comprehensive Income (Loss)	2,077	622
	Total Comprehensive Income (Loss)	27,227	21,033
	Attributable to:		
	Participating Policyholders/Certificateholders (Stock companies)	0	0
	Non-controlling Interests	0	0
	Equity Holders	27,227	21,033

FS Notes Reference		Current Year (01)	Prior Year (03)
	Accumulated Other Comprehensive Income (Loss)		
	Accumulated Gains (Losses) on:		
	Items that may be reclassified subsequently to Net Income:		
	Available for Sale:		
	- Loans	0	0
	- Bonds and Debentures	383	443
	- Equities	8,131	5,409
	Derivatives Designated as Cash Flow Hedges	0	0
	Foreign Currency (Net of Hedging Activities)	(586)	0
	Other		
	Subtotal of items that may be reclassified subsequently to Net Income	7,928	5,852
	Items that will not be reclassified subsequently to Net Income:		
	Revaluation Surplus	0	0
	Share of Other Comprehensive Income of Associates & Joint Ventures	0	0
	Remeasurements of Defined Benefit Plans		
	Other		
	Subtotal of items that will not be reclassified subsequently to Net Income	0	0
	Balance at end of Year	7,928	5,852

Summary of Capital Elements and Ratio Calculations

(thousands of dollars)

	01	02	Ref
Capital Available:			
Tier 1			
Common shares		38,000	001
Contributed surplus			002
Retained earnings	144,567		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 own-use property upon conversion to IFRS (cost model)			204
Plus: Accumulated after tax revaluation loss on own-use property (revaluation model)			206
Less: Accumulated net after tax fair value gains after transition to IFRS on investment properties that do not back liabilities under CALM			208
Less: Net decrease in actuarial liabilities due to recognition of mortality improvement	224		210
Less: Discretionary participation features included in reported equity			212
Plus: Adjustment to retained earnings for phase-in of IFRS			214
Retained earnings for MCCSR purposes		144,343	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)		(587)	313
Accumulated net after-tax unrealized loss on available-for-sale equity securities reported in OCI			314
Accumulated changes in liabilities included in OCI under shadow accounting			316
Accumulated defined benefit pension plan remeasurements included in OCI			317
Adjustment amount to phase-in the impact on tier 1 capital on account of defined benefit pension plan assets			318
Gross Tier 1 Capital		181,756	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		181,756	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 181,756	329
Tier 2A (page 20.020 line 079)	8,131		021
Tier 2B allowed (page 20.030 line 045)	0		022
Tier 2C (page 20.030 line 068)	0		023
Net Tier 2 Capital (page 20.030 line 695)		B 8,131	025
Total Capital Available	(A+B)	C 189,887	040

Capital Required:

Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	24,748	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	iv)		220
Off-Balance Sheet Exposures			
- Backing Non-Par, Surplus and Non-Qualifying Participating	v)	0	044
- Backing Qualifying Participating Policies	vi)	0	045
Segregated Funds Risk	vii)	0	046
Total Asset Default and Market Risk	sum of (i to vii)	24,748	050
Insurance Risks			
Mortality Risk	i)	2,289	051
Morbidity Risk	ii)	18,635	052
Lapse Risk	iii)	2,205	053
Total Insurance Risks	sum of (i to iii)	23,129	060
Changes in Interest Environment (C-3) Risk		1,377	062
Foreign Exchange Risk		1,110	067
Other (specify)²			070
Total Capital Required		D 50,364	080

MCCSR Ratios

Tier 1	(A ÷ D) x 100	360.88	098
Total	(C ÷ D) x 100	377.03	099

¹ 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 and AOCI together² Provide details of additional requirements.