

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	36,753		15,131			
		Assets held for sale			0			
21.012		Short Term Investments	33		33			
		Accrued Investment Income	187		521			
21.150 or/ou 21.155		Accounts Receivable	15,431		16,551			
		Policy/Certificate Loans			0			
21.012		Bonds and Debentures	51,409		38,230			
21.050		Mortgage Loans	3,727		1,509			
21.012		Preferred Shares	182,621		210,928			
21.012		Common Shares	50,795		106,801			
21.012		Investment Properties	42,372		24,325			
		Derivative Financial Instruments			0			
22.020		Reinsurance Assets	88,104		91,119			
21.080		Property and Equipment	4,774		4,989			
21.012		Interests in Associates & Joint Ventures	0		0			
60.010		Segregated Funds Net Assets	0		0			
21.100		Other Loans and Invested Assets	59,932		34,034			
		Investments in Subsidiaries			0			
		Current Tax Assets	13,571		0			
		Deferred Tax Assets			0			
		Goodwill			0			
		Intangible Assets	829		0			
		Defined Benefit Pension Plan			0			
21.155		Other Assets	751		457			
		<b>TOTAL ASSETS</b>	<b>551,289</b>		<b>544,628</b>		<b>0</b>	

CONSOLIDATED FINANCIAL STATEMENTS

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

Reference Page	FS Notes Reference		Current Period	Prior Period	Opening Prior Year Restated
			(01)	(03)	(05)
		<b>Liabilities</b>			
		Liabilities held for sale	005	0	
22.020		Actuarial Liabilities for Insurance Contracts	010	138,132	142,443
22.020		Other Contract Liabilities	040	88,104	91,119
		Trust and Banking Deposits	070		0
or/ou 21.155		Accounts Payable	100	89,107	76,643
21.080		Mortgage Loans and Other Real Estate Encumbrances	130	12,724	1,049
		Derivative Financial Instruments	140		0
		Defined Benefit Pension Plan	145		0
		Amounts Due in respect of Staff Pension Plans (not including amounts on line 145 above)	150		0
22.030		Provisions and Other Liabilities	160	3,554	3,897
		Segregated Fund Liabilities	420		0
		Current Tax Liabilities	430		577
		Deferred Tax Liabilities	250	19,134	17,359
		Subordinated Debt	280		0
		Other Debt	310		0
		<b>Total Liabilities</b>	389	350,755	333,087
		<b>Policyholders' Equity</b>			
20.040		Participating Account	510	0	0
		Participating Account - Accumulated OCI (Loss)	520		0
20.040		Non-Participating Account (Mutual Companies Only)	540	0	0
		Non-Participating Account - Accumulated OCI (Loss)	550		0
		<b>Total Policyholders' Equity</b>	589	0	0
		<b>Shareholders' Equity</b>			
		Capital Stock	610	38,000	38,000
		Other Capital	640		0
		Contributed Surplus	670		0
20.040		Retained Earnings	700	190,372	165,789
		Accumulated Other Comprehensive Income (Loss)	740	(27,838)	7,752
		<b>Total Shareholders' Equity</b>	779	200,534	211,541
		<b>Non-controlling Interests</b>	829		0
		<b>Total Equity</b>	839	200,534	211,541
		<b>TOTAL LIABILITIES AND EQUITY</b>	899	551,289	544,628
20.044		Head Office Account	800		
		Accumulated Other Comprehensive Income (Loss)	840		
		<b>TOTAL LIABILITIES, HEAD OFFICE ACCOUNT AND ACCUMULATED OTHER COMPREHENSIVE INCOME</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	212,220	232,522
35.020		Premiums ceded 030	147,026	158,999
45.020		Net Premiums 040	65,194	73,523
35.020		Gross Investment Income 050	18,221	22,700
35.020		Less: Investment Expenses and Taxes 060	1,212	1,185
23.010		Net Investment Income 070	17,009	21,515
35.020		Share of Income/Loss of Associates & Joint Ventures 090	0	0
		Fee Income 130	14,980	17,272
23.030		Other Revenue 160	0	0
35.020		Fraternal and Other Fund Revenues 180	0	0
		<b>Total Revenue 199</b>	<b>97,183</b>	<b>112,310</b>
		<b>Policy/Certificate Benefits and Expenses</b>		
35.020		Policyholder/Certificateholder Benefits 260	18,131	16,750
35.020		Benefits ceded 270	11,793	11,049
		Gross Changes to Actuarial Liabilities		
35.020		Normal 310	5,886	10,599
35.020		Basis Change 320	(10,197)	(1,841)
35.020		Gross Changes to Other Contract Liabilities 340	0	0
		Changes in Actuarial and Other Contract Liabilities Ceded		
35.020		Normal 370	4,470	8,006
35.020		Basis Change 380	(7,485)	(2,739)
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	87,356	85,088
35.020		Commissions Ceded 470	52,300	46,762
35.020		Interest on Policyholder/Certificateholder Amounts on Deposit 480	0	0
23.030		Interest Expense and Finance costs 510	48	47
23.030		General Expenses and Taxes (excl. income taxes) 540	25,332	25,976
23.030		Other Expenses 570	704	578
35.020		Fraternal and Other Fund Expenses 580	0	0
		<b>Total Benefits and Expenses 649</b>	<b>66,182</b>	<b>74,119</b>
		<b>Income Before Income Tax 669</b>	<b>31,001</b>	<b>38,191</b>
		Provision for Income Taxes		
		Current 700	4,643	4,992
		Deferred 710	1,775	1,977
		<b>Income Before the following: 749</b>	<b>24,583</b>	<b>31,222</b>
35.020		Discontinued Operations (net of Income Taxes of \$ ) 830	0	0
		<b>Income Before Attribution to Participating Policyholders/Certificateholders 859</b>	<b>24,583</b>	<b>31,222</b>
35.020		Income Attributable to Participating Policyholders/Certificateholders (Stock Companies) 870	0	0
35.020		<b>Net Income 899</b>	<b>24,583</b>	<b>31,222</b>
35.020		Less: Fraternal and Other Fund Account 980	0	0
35.020		<b>Net Income: Insurance Fund 989</b>	<b>24,583</b>	<b>31,222</b>
		<b>Attributable to:</b>		
		Non-controlling Interests 900		0
		Equity Holders 920	24,583	31,222
			(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	165,789
		Adjustments	540	144,567
		(Specify)	570	0
<u>20.030</u>		Share of Net Income (Loss)	600	24,583
<u>20.040</u>		Transfer from (to) Par Account	630	31,222
		Dividends to Shareholders:		
		Preferred	710	0
		Common	740	0
		<b>End of Year</b>	<b>859</b>	<b>10,000</b>
			<b>190,372</b>	<b>165,789</b>

CONSOLIDATED FINANCIAL STATEMENTS

COMPREHENSIVE INCOME (LOSS), and  
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)  
(\$'000)

Reference Page	FS Notes Reference		Current Period	Prior Period	
			(01)	(03)	
20.030		<b>Comprehensive Income (Loss)</b>			
		Net Income/Income Before Attribution to Participating Policyholders/Certificateholders	010	24,583	31,222
		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	110		0
		- Bonds and Debentures	140	(37)	(194)
		- Equities	170	(30,633)	4,804
		Reclassification of (Gains) Losses to Net Income	210	(2,854)	(4,098)
		<b>Derivatives Designated as Cash Flow Hedges</b>			
		Change in Unrealized Gains and Losses	310		0
		Reclassification of (Gains) Losses to Net Income	340		0
		<b>Foreign Currency Translation</b>			
		Change in Unrealized Gains and Losses	410	(2,066)	(688)
		Impact of Hedging	440		0
		Share of Other Comprehensive Income of Associates & Joint Ventures	460		0
		Other	445		0
		<b>Subtotal of items that may be reclassified subsequently to Net Income</b>	449	(35,590)	(176)
		<b>Items that will not be reclassified subsequently to Net Income:</b>			
Revaluation Surplus	455		0		
Remeasurements of Defined Benefit Plans	470		0		
Other	480		0		
<b>Subtotal of items that will not be reclassified subsequently to Net Income</b>	489	0	0		
Total Other Comprehensive Income (Loss)	510	(35,590)	(176)		
<b>Total Comprehensive Income (Loss)</b>	589	(11,007)	31,046		
	<b>Attributable to:</b>				
	Participating Policyholders/Certificateholders (Stock companies)	615		0	
	Non-controlling Interests	600		0	
	Equity Holders	620	(11,007)	31,046	
Reference Page	FS Notes Reference		Current Period	Prior Period	
			(01)	(03)	
		<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	740	(1,972)	
		- Equities	770	(22,530)	
		<b>Derivatives Designated as Cash Flow Hedges</b>	810	0	
		<b>Foreign Currency (Net of Hedging Activities)</b>	840	(3,336)	
		Share of Other Comprehensive Income of Associates & Joint Ventures	860	0	
		Other	845	0	
		<b>Subtotal of items that may be reclassified subsequently to Net Income</b>	849	(27,838)	
		<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>	889	0	
		Balance at end of Year	899	(27,838)	
			7,752		

## 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	190,372		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	244		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		190,128	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)		(3,337)	313
Accumulated net after-tax unrealized loss on available-for-sale equity securities reported in OCI		(22,530)	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 (liabilities) <sup>1</sup>			318
<b>Gross Tier 1 Capital</b>		202,261	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	4,003		012
<b>Net Tier 1 Capital</b>		198,258	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
<b>Adjusted Net Tier 1 Capital</b>		A 198,258	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>	4,003		023
<b>Net Tier 2 Capital (page 20.030 line 695)</b>		B 4,003	025
<b>Total Capital Available</b>	(A+B)	C 202,261	040
<b>Capital Required:</b>			
<b>Asset Default and Market Risk</b>			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	25,869	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 reinsurance	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
<b>Total Asset Default and Market Risk</b>	sum of (i to vii)	25,869	050
<b>Insurance Risks</b>			
Mortality Risk	i)	2,489	051
Morbidity Risk	ii)	20,439	052
Lapse Risk	iii)	2,646	053
<b>Total Insurance Risks</b>	sum of (i to iii)	25,574	060
<b>Changes in Interest Environment (C-3) Risk</b>		1,423	062
<b>Foreign Exchange Risk</b>		2,571	067
<b>Other (specify)<sup>2</sup></b>			070
<b>Total Capital Required</b>		D 55,437	080
<b>MCCSR Ratios</b>			
<b>Tier 1</b>	(A + D) x 100	357.63	098
<b>Total</b>	(C + D) x 100	364.85	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 and AOCI together upon the initial adoption of IAS 19R, effective Jan 1, 2013.

<sup>2</sup> Provide details of additional requirements.