

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	18,324		6,811		
		Assets held for sale	020			0		
21.012		Short Term Investments	040	33		52		
		Accrued Investment Income	070	28		94		
21.050 or/ou		Accounts Receivable	100	17,093		16,882		
		Policy/Certificate Loans	200			0		
21.012		Bonds and Debentures	250	25,859		32,095		
21.050		Mortgage Loans	300	4,312		1,709		
21.012		Preferred Shares	420	204,110		186,855		
21.012		Common Shares	440	102,797		90,905		
21.012		Investment Properties	510	24,173		24,847		
		Derivative Financial Instruments	520			0		
22.020		Reinsurance Assets	530	89,755		86,645		
21.080		Property and Equipment	540	4,909		5,208		
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	35,045		35,559		
		Investments in Subsidiaries	750					
		Current Tax Assets	780	3,751		0		
		Deferred Tax Assets	800			0		
		Goodwill	820			0		
		Intangible Assets	830			0		
		Defined Benefit Pension Plan	840			0		
21.155		Other Assets	880	1,396		1,082		
		TOTAL ASSETS	899	531,585		488,744		0

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)
		Liabilities			
		Liabilities held for sale	005	0	
22.020		Actuarial Liabilities for Insurance Contracts	010	140,504	134,346
22.020		Other Contract Liabilities	040	89,755	86,645
		Trust and Banking Deposits	070		0
22.030 or/ou 21.080		Accounts Payable	100	74,757	60,863
		Mortgage Loans and Other Real Estate Encumbrances	130	1,037	1,083
		Derivative Financial Instruments	140		0
		Defined Benefit Pension Plan	145		0
		Amounts Due in respect of Staff Pension Plans (not including	150		0
22.030		Provisions and Other Liabilities	160	1,181	1,269
		Segregated Fund Liabilities	420		0
		Current Tax Liabilities	430	0	723
		Deferred Tax Liabilities	250	17,359	15,382
		Subordinated Debt	280		0
		Other Debt	310		0
		Total Liabilities	389	324,593	300,311
		Policyholders' Equity			
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		
		Total Policyholders' Equity	589		0
		Shareholders' Equity			
		Capital Stock	610		
		Other Capital	640		
		Contributed Surplus	670		
20.040		Retained Earnings	700		
		Accumulated Other Comprehensive Income (Loss)	740		
		Total Shareholders' Equity	779	206,992	188,433
		Non-controlling Interests	829		0
		Total Equity	839	206,992	188,433
		TOTAL LIABILITIES AND EQUITY	899	531,585	488,744
20.044		Head Office Account	800		
		Accumulated Other Comprehensive Income (Loss)	840		
		TOTAL LIABILITIES, HEAD OFFICE ACCOUNT AND ACCUMULATED	999		

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF INCOME
(\$'000)

Reference Page	FS Notes Reference		Current Period (01)	Prior Period (03)
		Revenue		
35.020		Gross Premiums	41,831	42,943
35.020		Premiums ceded	27,476	28,202
45.020		Net Premiums	14,355	14,741
35.020		Gross Investment Income	5,389	4,055
35.020		Less: Investment Expenses and Taxes	345	257
23.010		Net Investment Income	5,044	3,798
35.020		Share of Income/(Loss) of Associates & Joint Ventures	0	0
		Fee Income	3,407	3,004
23.030		Other Revenue	0	0
35.020		Fraternal and Other Fund Revenues	0	0
		Total Revenue	22,806	21,543
		Policy/Certificate Benefits and Expenses		
35.020		Policyholder/Certificateholder Benefits	4,855	4,027
35.020		Benefits ceded	3,204	2,501
		Gross Changes to Actuarial Liabilities		
35.020		Normal	(2,916)	969
35.020		Basis Change	0	0
35.020		Gross Changes to Other Contract Liabilities	0	0
35.020		Changes in Actuarial and Other Contract Liabilities Ceded		
35.020		Normal	(3,392)	1,101
35.020		Basis Change	0	0
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	19,195	18,700
35.020		Commissions Ceded	12,336	10,818
35.020		Interest on Policyholder/Certificateholder Amounts on Deposit	0	0
23.030		Interest Expense and Finance Costs	11	11
23.030		General Expenses and Taxes (excl income taxes)	6,712	6,830
23.030		Other Expenses	210	139
35.020		Fraternal & Other Fund Expenses	0	0
		Total Benefits and Expenses	15,919	16,256
		Income Before Income Tax	6,887	5,287
		Provision for Income Taxes		
		Current	1,241	955
		Deferred	0	0
		Income before the following:	5,646	4,332
35.020		Discontinued Operations (net of Income Taxes of \$)	0	0
		Income Before Attribution to Participating Policyholders/Certificateholders	5,646	4,332
		Income Attributable to Participating Policyholders/Certificateholders (Stock companies)	0	0
35.020		Net Income	5,646	4,332
35.020		Less: Fraternal and Other Fund Account	0	0
35.020		Net Income: Insurance Fund	5,646	4,332
		Attributable to:		
		Non-controlling Interests	0	0
		Equity Holders	5,646	4,332
			(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		0
		Adjustments		0
<u>20.030</u>		Share of Net Income (Loss)		0
<u>20.040</u>		Transfer from (to) Retained Earnings (Stock companies only)		0
<u>20.040</u>		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	(05)	Current Period (01)	Prior Period (03)
		Beginning of Year		0
		Adjustments		0
<u>20.030</u>		Share of Net Income (Loss)		0
<u>20.040</u>		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	(05)	Current Period (01)	Prior Period (03)
		Beginning of Year	165,789	144,567
		Adjustments		0
<u>20.030</u>		Share of Net Income (Loss)	5,646	4,332
<u>20.040</u>		Transfer from (to) Par Account	0	0
		Dividends to Shareholders:		
		Preferred		0
		Common		10,000
		End of Year	171,435	138,899

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

Reference Page	FS Notes Reference		Current Period (01)	Prior Period (03)
20.030		Comprehensive Income (Loss)		
		Net Income/Income Before Attribution to Participating Policyholders/Certificateholders	5,646	4,332
		Other Comprehensive Income (Loss):		
		Items that may be reclassified subsequently to Net Income:		
		Available for Sale:		
		Change in Unrealized Gains and Losses:		
		- Loans	110	0
		- Bonds and Debentures	140	27
		- Equities	170	4,119
		Reclassification of (Gains) Losses to Net Income	210	(74)
		Derivatives Designated as Cash Flow Hedges		
		Change in Unrealized Gains and Losses	310	0
		Reclassification of (Gains) Losses to Net Income	340	0
		Foreign Currency Translation		
		Change in Unrealized Gains and Losses	410	(466)
		Impact of Hedging	440	0
		Share of Other Comprehensive Income of Associates & Joint Ventures	460	0
		Other	445	0
		Subtotal of items that may be reclassified subsequently to Net Income	449	3,606
		Items that will not be reclassified subsequently to Net Income:		
		Revaluation Surplus	455	0
		Remeasurements of Defined Benefit Plans	470	0
		Other	480	0
	Subtotal of items that will not be reclassified subsequently to Net Income	489	0	
	Total Other Comprehensive Income (Loss)	510	3,606	
	Total Comprehensive Income (Loss)	589	7,938	
	Attributable to:			
	Participating Policyholders/Certificateholders (Stock Companies)	615	0	
	Non-controlling Interests	600	0	
	Equity Holders	620	7,938	

			Current Period (01)	Prior Period (03)
		Accumulated Other Comprehensive Income (Loss)		
		Accumulated Gains (Losses), net of tax, on:		
		Items that may be reclassified subsequently to Net Income:		
		Available for Sale:		
		- Loans	710	0
		- Bonds and Debentures	740	410
		- Equities	770	12,176
		Derivatives Designated as Cash Flow Hedges	810	0
		Foreign Currency (Net of Hedging Activities)	840	(1,052)
		Share of Other Comprehensive Income of Associates & Joint Ventures	860	0
		Other	845	0
		Subtotal of items that may be reclassified subsequently to Net Income	849	11,534
		Items that will not be reclassified subsequently to Net Income:		
		Revaluation Surplus	855	0
		Remeasurements of Defined Benefit Plans	870	0
		Other	880	0
		Subtotal of items that will not be reclassified subsequently to Net Income	889	0
		Balance at end of Period	899	11,534

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	171,435		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			208
Less: Net decrease in actuarial liabilities due to recognition of mortality improvement	263		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		171,172	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)		(1,762)	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 (liabilities) ¹			318
Gross Tier 1 Capital		207,410	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		207,410	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 207,410	329
Tier 2A (page 20.020 line 079)	0		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 0	025
Total Capital Available	(A+B)	C 207,410	040

Capital Required:

Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	i)	29,306	041
- Backing Qualifying Participating Policies	ii)		042
Index Linked Pass Through Products	iii)		043
C-1 and C-3 requirements for letters of credit and collateral used to obtain reserve or capital credit for unregistered	iv)		220
Off-Balance Sheet Exposures			
- Backing Non-Par, Surplus and Non-Qualifying Participating	v)		044
- Backing Qualifying Participating Policies	vi)		045
Segregated Funds Risk	vii)		046
Total Asset Default and Market Risk	sum of (i to vii)	29,306	050
Insurance Risks			
Mortality Risk	i)	2,499	051
Morbidity Risk	ii)	21,411	052
Lapse Risk	iii)	2,710	053
Total Insurance Risks	sum of (i to iii)	26,620	060
Changes in Interest Environment (C-3) Risk			
Foreign Exchange Risk		1,437	062
Other (specify) ²		1,902	067
Total Capital Required		D 59,265	080

MCCSR Ratios

Tier 1	(A + D) x 100	349.97	098
Total	(C + D) x 100	349.97	099

¹Phase-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
²Provide details of additional requirements.