

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS
(\$'000)

Reference		Current Period	Prior Period	Opening Prior Year Restated	
Page		(01)	(03)	(05)	
	Cash and Cash Equivalents	010	19,724	8,755	
	Assets held for sale	020		0	
21.012	Short Term Investments	040	33	51	
	Accrued Investment Income	070	41	70	
	Accounts Receivable	100	16,733	16,978	
	Policy/Certificate Loans	200		0	
21.012	Bonds and Debentures	250	30,145	42,825	
	Mortgage Loans	300	1,676	1,881	
21.012	Preferred Shares	420	188,904	168,132	
21.012	Common Shares	440	99,717	65,555	
21.012	Investment Properties	510	24,687	25,267	
	Derivative Financial Instruments	520		0	
	Reinsurance Assets	530	93,917	76,567	
	Property and Equipment	540	5,162	4,663	
21.012	Interests in Associates & Joint Ventures	550	0	0	
	Segregated Funds Net Assets	560		0	
	Other Loans and Invested Assets	600	39,186	32,683	
	Current Tax Assets	780		455	
	Deferred Tax Assets	800		0	
	Goodwill	820		0	
	Intangible Assets	830		0	
	Defined Benefit Pension Plan	840			
	Other Assets	880	836	807	
	TOTAL ASSETS	899	520,761	444,689	0

CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES, POLICYHOLDERS' AND SHAREHOLDERS' EQUITY
(\$'000)

		Current Period	Prior Period	Opening Prior Year Restated
		(01)	(03)	(05)
Liabilities				
Liabilities held for sale	005		0	
Actuarial Liabilities for Insurance Contracts	010	143,302	123,186	
Other Contract Liabilities	040	93,917	76,567	
Trust and Banking Deposits	070		0	
Accounts Payable	100	61,483	55,608	
Mortgage Loans and Other Real Estate Encumbrances	130	1,072	4,753	
Derivative Financial Instruments	140		0	
Defined Benefit Pension Plan	145			
Amounts Due in respect of Staff Pension Plans (not including amounts	150			
Provisions and Other Liabilities	160	2,276	2,088	
Segregated Fund Liabilities	420		0	
Current Tax Liabilities	430	2,599	0	
Deferred Tax Liabilities	250	15,382	13,034	
Subordinated Debt	280		0	
Other Debt	310			
Total Liabilities	389	320,031	275,236	0
Policyholders' Equity				
Participating Account	510			
Participating Account - Accumulated OCI (Loss)	520			
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			
Retained Earnings	700			
Accumulated Other Comprehensive Income (Loss)	740			
Total Shareholders' Equity	779	200,730	169,453	
Non-controlling Interests	829		0	
Total Equity	839	200,730	169,453	0
TOTAL LIABILITIES AND EQUITY	899	520,761	444,689	0

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF INCOME
(\$'000)

		Current Period	Prior Period
		(01)	(03)
Revenue			
Gross Premiums	020	107,755	102,476
Premiums ceded	030	73,401	67,923
Net Premiums	040	34,354	34,553
Gross Investment Income	050	13,334	6,463
Less: Investment Expenses and Taxes	060	539	545
Net Investment Income	070	12,795	5,918
Share of Income/Loss of Associates & Joint Ventures	090	0	0
Fee Income	130	7,880	7,826
Other Revenue	160	0	0
Fraternal and Other Fund Revenues	180	0	0
Total Revenue	199	55,029	48,297
Policy/Certificate Benefits and Expenses			
Policyholder/Certificateholder Benefits	260	8,170	8,919
Benefits ceded	270	5,436	5,336
Gross Changes to Actuarial Liabilities			
Normal	310	18,949	21,320
Basis Change	320	0	0
Gross Changes to Other Contract Liabilities	340	0	0
Changes in Actuarial and Other Contract Liabilities Ceded			
Normal	370	17,397	18,990
Basis Change	380	0	0
Policyholder/Certificateholder Dividends	360	0	0
Experience Rating Refunds	390	0	0
Transfer to and (Transfer from) Other Funds	420	0	0
Gross Commissions	460	40,241	36,988
Commissions Ceded	470	22,421	19,638
Interest on Policyholder/Certificateholder Amounts on Deposit	480	0	0
Interest Expense and Finance Costs	510	22	13
General Expenses and Taxes (excl income taxes)	540	14,486	13,451
Other Expenses	570	278	285
Fraternal & Other Fund Expenses	580	0	0
Total Benefits and Expenses	649	36,892	37,012
Income Before Income Tax	669	18,137	11,285
Provision for Income Taxes			
Current	700	3,311	2,587
Deferred	710	0	0
Income before the following:	749	14,826	8,698
Discontinued Operations			
(net of Income Taxes of \$)	830	0	0
Income Before Attribution to Participating Policyholders/Certificateholders	859	14,826	8,698
Income Attributable to Participating Policyholders/Certificateholders			
(Stock companies)	870	0	0
Net Income	899	14,826	8,698
Less: Fraternal and Other Fund Account	980	0	0
Net Income: Insurance Fund	989	14,826	8,698
Attributable to:			
Non-controlling Interests	900	0	0
Equity Holders	920	14,826	8,698

CONSOLIDATED FINANCIAL STATEMENTS

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

Reference Page			Current Period	Prior Period
			(01)	(03)
	Beginning of Year	010		0
	Adjustments	040		0
	(Specify)	070		0
20.030	Share of Net Income (Loss)	100		0
20.040	Transfer from (to) Retained Earnings (Stock companies only)	130		0
20.040	Transfer from (to) Non-Par Account (Mutual companies only)	160		0
	End of Year	199	0	0

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

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

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

Reference Page			Current Period	Prior Period
			(01)	(03)
	Beginning of Year	510	144,567	124,417
	Adjustments	540		0
	(Specify)	570		0
20.030	Share of Net Income (Loss)	600	14,826	8,698
20.040	Transfer from (to) Par Account	630	0	0
	Dividends to Shareholders:			
	Preferred	710		0
	Common	740	10,000	5,000
	End of Year	859	149,393	128,115

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

	Current Period	Prior Period
	(01)	(03)
Comprehensive Income (Loss)		
Income Before Attribution to Participating Policyholders/Certificateholders	010	8,698
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	(62)
- Equities	170	(2,221)
Reclassification of (Gains) Losses to Net Income	210	231
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	(462)
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	(2,514)
Items that will not be reclassified subsequently to Net Income:		
Revaluation Surplus	455	0
Remeasurements of Defined Benefit Plan	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	(2,514)
Total Comprehensive Income (Loss)	589	6,184
Attributable to:		
Participating Policyholders/Certificateholders (Stock Companies)	615	0
Non-controlling Interests	600	0
Equity Holders	620	6,184

	Current Period	Prior Period
	(01)	(03)
Accumulated Other Comprehensive Income (Loss)		
Accumulated Gains (Losses) on:		
Items that may be reclassified subsequently to Net Income:		
Available for Sale:		
- Loans	710	0
- Bonds and Debentures	740	180
- Equities	770	3,158
Derivatives Designated as Cash Flow Hedges	810	0
Foreign Currency (Net of Hedging Activities)	840	0
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	3,338
Items that will not be reclassified subsequently to Net Income:		
Revaluation Surplus	855	0
Remeasurements of Defined Benefit Plan	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	3,338

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	149,393		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			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 MCSR purposes		149,169	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)		(698)	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		186,471	010
Less: Deductions for Net Tier 1 Capital (page 20.020, line 249)	0		012
Net Tier 1 Capital		186,471	020
Less: Additional deductions for Adjusted Net Tier 1 Capital (page 20.020, line 299)	0		321
Adjusted Net Tier 1 Capital		A 186,471	329
Tier 2A (page 20.020 line 079)	13,658		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 13,658	025
Total Capital Available	(A+B)	C 200,129	040
Capital Required:			
Asset Default and Market Risk			
Asset Default (C-1) Risk			
- Backing Non-Par, Surplus and Non-Qualifying Participating	j) 27,438		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 reinsurance	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)	27,438	050
Insurance Risks			
Mortality Risk	j) 2,286		051
Morbidity Risk	ii) 19,377		052
Lapse Risk	iii) 2,929		053
Total Insurance Risks	sum of (i to iii)	24,592	060
Changes in Interest Environment (C-3) Risk		1,413	062
Foreign Exchange Risk		1,164	067
Other (specify)²			070
Total Capital Required		D 54,607	080
MCSR Ratios			
Tier 1	(A ÷ D) x 100	341.48	098
Total	(C ÷ D) x 100	366.49	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 and AOCI

²Provide details of additional requirements.