

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS
(\$'000)

| Reference Page | FS Notes Reference | | Current Period | | Prior Period | | Opening Prior Period Restated | |
|-----------------------|--------------------|--|----------------|--------------------------|---------------|--------------------------|-------------------------------|--------------------------|
| | | | Total (01) | Vested in Trust* (02) | Total (03) | Vested in Trust* (04) | Total (05) | Vested in Trust* (06) |
| | | Cash and Cash Equivalents | 14,282 | | 5,861 | | | |
| | | Investment Income due and accrued | 1,304 | | 1,537 | | | |
| | | Assets held for sale | | | 0 | | | |
| | | Investments: | | | | | | |
| 40.12 | | Short Term Investments | | | 0 | | | |
| 40.22 | | Bonds and Debentures | 179,011 | | 246,439 | | | |
| 40.32 | | Mortgage Loans | | | 0 | | | |
| 40.42 | | Preferred Shares | 17,253 | | 26,598 | | | |
| 40.52 | | Common Shares | | | 0 | | | |
| 40.70 | | Investment Properties | 82,701 | | 86,711 | | | |
| 40.80 | | Other Loans and Invested Assets | 30,000 | | 30,000 | | | |
| 40.07 | | Total Investments (lines 04 to 10) | 308,965 | | 389,748 | | 0 | |
| | | Receivables: | | | | | | |
| 50.20 | | Unaffiliated Agents and Brokers | | | 0 | | | |
| | | Policyholders | 4,401 | | 4,716 | | | |
| | | Instalment Premiums | 82,746 | | 88,670 | | | |
| | | Other Insurers | 149,286 | | 141,330 | | | |
| | | Facility Association and the "P.R.R." | | | 0 | | | |
| 50.40 | | Subsidiaries, Associates & Joint Ventures | 4,752 | | 5,252 | | | |
| 50.20 | | Other Receivables | 1,070 | | 1,145 | | | |
| | | Recoverable from Reinsurers: | | | | | | |
| 60.10 | | Unearned Premiums | 0 | | 0 | | | |
| 60.30 | | Unpaid Claims and Adjustment Expenses | 8,144 | | 28,270 | | | |
| | | Other Recoverables on Unpaid Claims | | | 0 | | | |
| | | Investments Accounted for Using the Equity Method: | | | | | | |
| 50.32 | | Interests in Subsidiaries, Associates & Joint Ventures | 0 | | 0 | | | |
| | | Pooled Funds | | | 0 | | | |
| 40.70 | | Property and Equipment | 25,153 | | 26,568 | | | |
| | | Deferred Policy Acquisition Expenses | 18,313 | | 20,488 | | | |
| | | Current Tax Assets | | | 0 | | | |
| | | Deferred Tax Assets | 26,596 | | 33,249 | | | |
| | | Goodwill | | | 0 | | | |
| | | Intangible Assets | 7,040 | | 8,264 | | | |
| | | Defined Benefit Pension Plan | | | 0 | | | |
| | | Other Assets | 145 | | 207 | | | |
| | | TOTAL ASSETS | 652,197 | | 755,305 | | 0 | |

* Foreign insurers: Excludes deposits of reinsurers held in special trust accounts.

CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES, EQUITY, HEAD OFFICE ACCOUNT, RESERVES & AOCI
(\$'000)

| Reference Page | FS Notes Reference | | Current Period | Prior Period | Opening Prior Period Restated |
|----------------|--------------------|--|----------------|--------------|-------------------------------|
| | | (55) | (01) | (03) | (05) |
| | | LIABILITIES | | | |
| | | Overdrafts | 01 | 0 | |
| | | Borrowed Money and Accrued Interest | 02 | 0 | |
| | | Payables: | | | |
| 50.20 | | Agents and Brokers | 03 | 0 | |
| | | Policyholders | 04 | 405 | 529 |
| | | Other Insurers | 05 | 7,638 | 4,570 |
| 50.40 | | Subsidiaries, Associates & Joint Ventures/Affiliates | 06 | 2,712 | 3,022 |
| | | Expenses due and accrued | 07 | 8,436 | 9,994 |
| | | Other Taxes due and accrued | 09 | 11,872 | 12,562 |
| | | Policyholder Dividends and Rating Adjustments | 10 | | 0 |
| 40.70 | | Encumbrances on Real Estate | 11 | | 0 |
| 60.10 | | Unearned Premiums | 12 | 128,328 | 141,716 |
| 60.30 | | Unpaid Claims and Adjustment Expenses | 13 | 300,822 | 410,442 |
| 80.10 | | Unearned Commissions | 14 | 0 | 0 |
| | | Ceded Deferred Premium Taxes | 20 | | 0 |
| | | Ceded Deferred Insurance Operations Expenses | 34 | | 0 |
| | | Premium Deficiency | 15 | | 0 |
| | | Liabilities held for sale | 17 | | 0 |
| | | Current Tax Liabilities | 18 | | 0 |
| | | Deferred Tax Liabilities | 21 | | 0 |
| | | Self-Insured Retention (SIR) portion of unpaid claims | 22 | | 0 |
| | | Defined Benefit Pension Plan | 23 | | 0 |
| | | Employment Benefits (not including amounts on line 23 above) | 24 | | 0 |
| | | Subordinated Debt | 25 | | 0 |
| | | Preferred Shares - Debt | 26 | | 0 |
| | | Provisions and Other Liabilities | 28 | 4,869 | 4,245 |
| | | Total Liabilities | 29 | 465,082 | 587,080 |
| | | CANADIAN INSURERS ONLY: | | | |
| | | EQUITY | | | |
| | | Shares issued and paid | | | |
| | | Common | 41 | 9,000 | 9,000 |
| | | Preferred | 33 | 106,100 | 106,100 |
| | | Contributed Surplus | 42 | 0 | 0 |
| | | (Specify) | 43 | | 0 |
| 20.54 | | Retained Earnings | 44 | 72,015 | 53,125 |
| 20.45 | | Reserves | 45 | 0 | 0 |
| 20.42 | | Accumulated Other Comprehensive Income (Loss) | 47 | 0 | 0 |
| | | Total Policyholders/Shareholders' Equity | 59 | 187,115 | 168,225 |
| | | Non-controlling Interests | 48 | 0 | 0 |
| | | Total Equity | 49 | 187,115 | 168,225 |
| | | TOTAL LIABILITIES AND EQUITY | 89 | 652,197 | 755,305 |
| | | FOREIGN INSURERS ONLY: | | | |
| | | HEAD OFFICE ACCOUNT, RESERVES & AOCI | | | |
| 20.45 | | Head Office Account | 51 | | |
| | | (Specify) | 53 | | |
| 20.45 | | Reserves | 55 | | |
| 20.42 | | Accumulated Other Comprehensive Income (Loss) | 56 | | |
| | | Total Head Office Account, Reserves & AOCI | 69 | | |
| | | TOTAL LIABILITIES, HEAD OFFICE ACCOUNT, RESERVES & AOCI | 79 | | |

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF INCOME
(\$'000)

| Reference Page | FS Notes Reference | | Current Period (01) | Prior Period (03) | |
|----------------|--------------------|---|------------------------|----------------------|------|
| | | UNDERWRITING OPERATIONS | | | |
| | | Premiums Written | | | |
| | | Direct | 01 181,597 | 207,747 | |
| 70.21 | | Reinsurance Assumed | 02 0 | 0 | |
| 70.21 | | Reinsurance Ceded | 03 17,209 | 19,412 | |
| 60.20 | | Net Premiums Written | 04 164,388 | 188,335 | |
| | | Decrease (increase) in Net Unearned Premiums | 05 (1,534) | (6,530) | |
| 60.20 | | Net Premiums Earned | 06 162,854 | 181,805 | |
| | | Service Charges | 07 6,263 | 6,261 | |
| | | Other | 08 | 0 | |
| | | Total Underwriting Revenue | 09 169,117 | 188,066 | |
| | | Gross Claims and Adjustment Expenses | 62 124,080 | 183,574 | |
| | | Reinsurers' share of claims and adjustment expenses | 64 6,726 | 1,499 | |
| 60.20 | | Net Claims and Adjustment Expenses | 10 117,354 | 182,075 | |
| | | Acquisition Expenses | | | |
| 80.10 | | Gross Commissions | 66 22,116 | 23,326 | |
| 80.10 | | Ceded Commissions | 68 0 | 0 | |
| | | Taxes | 12 7,191 | 7,781 | |
| 80.20 | | Other | 14 7,451 | 7,776 | |
| 80.20 | | General Expenses | 16 7,501 | 13,908 | |
| | | Total Claims and Expenses | 19 161,613 | 234,866 | |
| | | Premium Deficiency Adjustments | 20 | 0 | |
| 40.07 | | Underwriting Income (Loss) | 29 7,504 | (46,800) | |
| | | INVESTMENT OPERATIONS | | | |
| | | Income | 32 5,868 | 8,346 | |
| | | Gains (Losses) from FVO or FVTPL | 35 0 | 0 | |
| | | Realized Gains (Losses) | 33 (1,335) | (1,296) | |
| | | Expenses | 34 256 | 521 | |
| | | Net Investment Income | 39 4,277 | 6,529 | |
| | | OTHER REVENUE AND EXPENSES | | | |
| | | Income (Loss) from Ancillary Operations (net of Expenses of \$000) | 40 0 | 0 | (04) |
| | | Share of Net Income (Loss) of Subsidiaries, Associates & Joint Ventures | 41 0 | 0 | |
| | | Overlay approach adjustment for financial instruments (Reclass from P&L to OCI) | 48 | | |
| | | Share of Net Income (Loss) of Pooled Funds using Equity Method | 47 0 | 0 | |
| | | Gain (Losses) from fluctuations in Foreign Exchange Rates | 42 0 | 0 | |
| | | Other Revenues | 44 364 | 139 | |
| | | Finance costs | 45 0 | 0 | |
| | | Other Expenses | 46 0 | 0 | |
| | | Net Income (Loss) before Income Taxes | 49 12,145 | (40,132) | |
| | | INCOME TAXES | | | |
| | | Current | 50 (2) | 290 | |
| | | Deferred | 51 3,132 | (11,349) | |
| | | Total Income Taxes | 59 3,130 | (11,059) | |
| | | NET INCOME (LOSS) FOR THE YEAR | 89 9,015 | (29,073) | |
| | | ATTRIBUTABLE TO: | | | |
| | | Non-controlling Interests | 80 0 | 0 | |
| | | Equity Holders | 82 9,015 | (29,073) | |

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

| Reference Page | FS Notes Reference | | Current Period | Prior Period |
|-----------------------|---|---|----------------|--------------|
| | | | (01) | (03) |
| 20.30 | | Comprehensive Income (Loss) | | |
| | | Net Income | 01 | 9,015 |
| | | Other Comprehensive Income (Loss): | | (29,073) |
| | | Items that may be reclassified subsequently to Net Income: | | |
| | | FVOCI: | | |
| | | Change in Unrealized Gains and Losses: | | |
| | | - Loans | 02 | 0 |
| | | - Bonds and Debentures | 03 | 0 |
| | | - Equities (IAS 39) | 04 | 0 |
| | | Reclassification of (Gains) Losses to Net Income | 05 | 0 |
| | | Overlay approach | | |
| | | Change in Unrealized Gains and Losses related to overlay approach for financial instruments | | |
| | | Unrealized Gains and Losses | 15 | |
| | | Reclassification of (Gains) Losses from Net Income | 16 | |
| | | Derivatives Designated as Cash Flow Hedges | | |
| | | Change in Unrealized Gains and Losses | 06 | 0 |
| | | Reclassification of (Gains) Losses to Net Income | 07 | 0 |
| | | Foreign Currency Translation | | |
| | | Change in Unrealized Gains and Losses | 08 | 0 |
| | | Impact of Hedging | 09 | 0 |
| | | Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures (may be reclassified) | 14 | 0 |
| | | Other | 18 | 0 |
| | | Subtotal of items that may be reclassified subsequently to Net Income | 19 | 0 |
| | | Items that will not be reclassified subsequently to Net Income: | | |
| | | FVOCI: | | |
| | | Change in Unrealized Gains and Losses: | | |
| | | - Equities (IFRS 9) | 25 | |
| | | Revaluation Surplus | 31 | 0 |
| | | Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures | 11 | 0 |
| | | Remeasurements of Defined Benefit Plans | 34 | 0 |
| | Other | 12 | 0 | |
| | Subtotal of items that will not be reclassified subsequently to Net Income | 29 | 0 | |
| | Total Other Comprehensive Income (Loss) | 21 | 0 | |
| | Total Comprehensive Income (Loss) | 39 | 9,015 | |
| | Attributable to: | | (29,073) | |
| | Non-controlling Interests | 60 | 0 | |
| | Equity Holders | 62 | 9,015 | |
| | | | (29,073) | |
| 20.20 | | Accumulated Other Comprehensive Income (Loss) | | |
| | | Accumulated Gains (Losses) on: | | |
| | | Items that may be reclassified subsequently to Net Income: | | |
| | | FVOCI: | | |
| | | - Loans | 42 | 0 |
| | | - Bonds and Debentures | 43 | 0 |
| | | - Equities (IAS 39) | 44 | 0 |
| | | Overlay approach | 55 | |
| | | Derivatives Designated as Cash Flow Hedges | 45 | 0 |
| | | Foreign Currency (net of hedging activities) | 46 | 0 |
| | | Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures (may be reclassified) | 52 | 0 |
| | | Other | 68 | 0 |
| | | Subtotal of items that may be reclassified subsequently to Net Income | 69 | 0 |
| | | Items that will not be reclassified subsequently to Net Income: | | |
| | | FVOCI: | | |
| | | - Equities (IFRS 9) | 65 | |
| | | Revaluation Surplus | 71 | 0 |
| | | Share of Other Comprehensive Income of Subsidiaries, Associates & Joint Ventures | 51 | 0 |
| | | Remeasurements of Defined Benefit Plans | 74 | 0 |
| | | Other | 49 | 0 |
| | Subtotal of items that will not be reclassified subsequently to Net Income | 79 | 0 | |
| | Balance at end of Year | 59 | 0 | |
| | | | 0 | |

CONSOLIDATED

MINIMUM CAPITAL TEST/BRANCH ADEQUACY OF ASSETS TEST: CAPITAL (MARGIN) REQUIRED AND MCT (BAAT) RATIO

(\$'000)

| | | Current Period |
|---|-----------|----------------|
| | (55) | (01) |
| Capital Available: | | |
| Capital available (from page 30.62 - capital available) | 01 | 153,479 |
| (Specify) | 08 | |
| Total Capital Available | 09 | 153,479 |
| Assets Available: | | |
| Net Assets Available (from page 30.92 - net assets available) | 11 | |
| (Specify) | 18 | |
| Total Net Assets Available | 19 | |
| Capital (Margin) Required at Target: | | |
| Insurance Risk: | | |
| Premium liabilities | 20 | 18,603 |
| Unpaid claims | 22 | 27,010 |
| Catastrophes | 24 | 0 |
| Margin required for reinsurance ceded to unregistered insurers | 26 | 0 |
| Subtotal: Insurance risk margin | 29 | 45,613 |
| Market Risk: | | |
| Interest rate risk | 30 | 2,715 |
| Foreign exchange risk | 32 | 0 |
| Equity risk | 34 | 0 |
| Real estate risk | 36 | 18,971 |
| Other market risk exposures | 38 | 85 |
| Subtotal: Market risk margin | 39 | 21,771 |
| Credit Risk: | | |
| Counterparty default risk for balance sheet assets | 40 | 7,446 |
| Counterparty default risk for off-balance sheet exposures | 42 | 0 |
| Counterparty default risk for unregistered reinsurance collateral and SIRs | 44 | 0 |
| Subtotal: Credit risk margin | 49 | 7,446 |
| Operational risk margin | 50 | 12,749 |
| Less: Diversification credit | 52 | 9,509 |
| Total Capital (Margin) Required at Target | 59 | 78,070 |
| Minimum Capital (Margin) Required (line 59 / 1.5) | 60 | 52,047 |
| (Specify) | 68 | |
| Total Minimum Capital (Margin) Required | 69 | 52,047 |
| Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required | 79 | 101,432 |
| MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69) | 90 | 294.89% |

Note: See Section VI of the P&C instructions and the MCT Guideline.