LAURENTIDE INSURANCE AGENCY LIMITED
2011 AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Deloitte.

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To the Shareholders of
Laurentide Insurance Agency Limited:

We have audited the financial statements of Laurentide Insurance Agency Limited (the "Company") which comprise the statement of financial position as at December 31, 2011, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Laurentide Insurance Agency Limited as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

March 1, 2012
2nd Terrace West, Centreville
Nassau, Bahamas

A member firm of
Deloitte Touche Tohmatsu

LAURENTIDE INSURANCE AGENCY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011
(Expressed in Bahamian dollars)

LAURENTIDE INSURANCE AGENCY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011
(Expressed in Bahamian dollars)

	2011	2010
ASSETS		
Cash and deposit with bank (Note 6)	$ 110,904	$ 10,077
Deposit - Parent (Note 6)	1,004,621	791,908
Other assets	1,775	1,650
TOTAL	$ 1,117,300	$ 803,635
LIABILITIES AND EQUITY		
LIABILITIES:		
Other liabilities	$ 6,000	$ 6,000
EQUITY:		
Share capital		
Authorized, issued and fully paid:		
5,000 shares at $1.00	5,000	5,000
Share premium	5,000	5,000
Retained earnings	1,101,300	787,635
Total equity	1,111,300	797,635
TOTAL	$ 1,117,300	$ 803,635

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on January 31, 2012 and are signed on its behalf by:

Director

Director

LAURENTIDE INSURANCE AGENCY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011
(Expressed in Bahamian dollars)

	2011	2010
INCOME:		
Commissions (Note 6)	$ 1,724,688	$ 1,386,100
Interest income - Parent (Note 6)	46,671	35,752
Total income	1,771,359	1,421,852
EXPENSES:		
General and administrative		
Parent (Note 6)	862,344	693,050
Other	25,350	7,875
Total expenses	887,694	700,925
NET INCOME AND COMPREHENSIVE INCOME FOR THE YEAR	$ 883,665	$ 720,927
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT	$ 883,665	$ 720,927
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	5,000	5,000
EARNINGS PER SHARE	$ 176.73	$ 144.19

The accompanying notes form an integral part of these financial statements.

LAURENTIDE INSURANCE AGENCY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011
(Expressed in Bahamian dollars)

LAURENTIDE INSURANCE AGENCY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011
(Expressed in Bahamian dollars)

	Share Capital	Share Premium	Retained Earnings	Total
Balance at December 31, 2009	$ 5,000	$ 5,000	$ 316,708	$ 326,708
Total comprehensive income for the period	-	-	720,927	720,927
Dividends ($50.00 per share)	-	-	(250,000)	(250,000)
Balance at December 31, 2010	5,000	5,000	787,635	797,635
Total comprehensive income	-	-	883,665	883,665
Dividends ($114.00 per share)	-	-	(570,000)	(570,000)
Balance at December 31, 2011	$ 5,000	$ 5,000	$ 1,101,300	$ 1,111,300

The accompanying notes form an integral part of these financial statements.

LAURENTIDE INSURANCE AGENCY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Expressed in Bahamian dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 883,665	$ 720,927
Increase in other assets	(125)	(650)
Net cash from operating activities	883,540	720,277
CASH FLOWS FROM FINANCING ACTIVITY:		
Dividends paid	(570,000)	(250,000)
NET INCREASE IN CASH EQUIVALENTS	313,540	470,277
CASH EQUIVALENTS, BEGINNING OF YEAR	801,985	331,708
CASH EQUIVALENTS, END OF YEAR	$ 1,115,525	$ 801,985

The accompanying notes form an integral part of these financial statements.

(Expressed in Bahamian dollars)

1. INCORPORATION AND ACTIVITY

Laurentide Insurance Agency Limited (the "Company"), is a wholly-owned subsidiary of Commonwealth Bank Limited (the "Parent").

The Company was incorporated under the laws of The Commonwealth of The Bahamas on March 16, 2009. The Company is a Registered Insurance Agency. The Company commenced operations on July 1, 2009.

The principal business of the Company is to sell credit life assurance in respect of borrowers from its parent company on behalf of a sister company, Laurentide Insurance and Mortgage Company Limited. The registered office is located at GTC Corporate Services Limited, P.O. Box SS-5383, Nassau, The Bahamas.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to their operations and effective for accounting periods beginning on January 1, 2011.

Revised Standard	
IAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to Standards	
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
Amendments to IAS 32	Classification of Rights Issues
Improvements to IFRSs (issued in 2010)	
IFRS 1	Accounting policy changes in the year of adoption (effective for annual periods beginning on or after 1 January 2011)
IFRS 1	Revaluation basis as deemed cost (effective for annual periods beginning on or after 1 January 2011)

IFRS 1	Use of deemed cost for operations subject to rate regulation (effective for annual periods beginning on or after 1 January 2011)
IFRS 3 (as revised in 2008)	Measurement of non-controlling interests (effective for annual periods beginning on or after 1 July 2010)
IFRS 3 (as revised in 2008)	Un-replaced and voluntary replaced share-based payment awards (effective for annual periods beginning on or after 1 July 2010)
IFRS 3 (as revised in 2008)	Transitional requirements for contingent consideration from a business combination that occurred before the effective date of IFRS 3 (as revised in 2008) (effective for annual periods beginning on or after 1 July 2010)
IFRS 7	Clarification of disclosures(effective for annual periods beginning on or after 1 January 2011)
IAS 1	Clarification of presentation of items of other comprehensive income in the statement of changes in equity (effective for annual periods beginning on or after 1 January 2011)
IAS 27 (as revised in 2008)	Transitional requirements for consequential amendments as a result of IAS 27 Consolidated and Separate Financial Statements (as revised in 2008) to IAS 21, IAS 28 and IAS 31 (effective for annual periods beginning on or after 1 July 2010)
IAS 34	Significant events and transactions (effective for annual periods beginning on or after 1 January 2011)
IFRIC 13	Fair value of award credit (effective for annual periods beginning on or after 1 January 2011)

New Interpretation

IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

Amendments to Interpretation

Amendments to IFRIC - Int 14	Prepayments of a Minimum Funding Requirement

At the date of authorization of these financial statements, the following relevant Standards and Interpretations were in issue but not yet effective:

New Standard

IFRS 9	Financial Instruments (as revised in 2010)
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements

IFRS 12	Disclosure of Interests in Other Entities
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRS 13	Fair Value Measurement
IAS 19 (as revised in 2011)	Employee Benefits
Amendments to Standards	
Amendments to IFRS 1	Severe Hyperinflation
Amendments to IFRS 1	Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7 Disclosures	Transfers of Financial Assets
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IAS 12	Deferred Tax - Recovery of Underlying Assets

The Directors anticipate that the adoption of these standards will have no material impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance - These financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation - These financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal policies are set out below:

a. Recognition of income

i. ***Interest revenue*** is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

ii. ***Commission income*** is recognised on an accrual basis based on the date of sale of the insurance policy.

b. Related parties - Related parties include:

i. Key Management Personnel, close family members of Key Management Personnel, and entities which are controlled individually and/or jointly, or significantly influenced, or for which significant voting power is held, by Key Management Personnel or their close family members; or

ii. Non-Key Management Personnel who have significant influence over the Company or its Parent and their close family members. Non-Key Management Personnel who control in excess of 5% of the outstanding common shares of the Company or its Parent are considered to have significant influence over the Company.

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company or its Parent, being the Officers and Directors of both companies.

Close family members include the spouse of Key and Non-Key Management Personnel and the children and dependents of Key and Non-Key Management personnel or their spouse.

c. ***Financial assets*** - Financial assets are:

i. Cash;

ii. An equity instrument of another entity;

iii. A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions favourable to the Company;

iv. A contract that will or may be settled in the Company's own equity instrument and is either a non derivative for which the Company is or may be obliged to receive a variable number of the Company's own equity instruments, or a derivative that will or may be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

Financial assets are classified into the following categories: 'Fair Value Through Profit or Loss' (FVTPL), 'Held-To-Maturity', 'Available-For-Sale' (AFS) and 'Loans and Receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are classified as at FVTPL where the financial asset is either held for trading or is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognised in profit or loss.

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

AFS financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as a) FVTPL, b) held-to-maturity or c) loans and receivables. AFS assets are stated at fair value, except for investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

d. ***Financial liabilities*** - Financial liabilities are any liabilities that are:

i. Contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company;

ii. A contract that will or may be settled in the Company's own equity instruments and is either a non-derivative for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative that will or may be settled either than by exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

Financial liabilities are classified as either financial liabilities as at FVTPL or other financial liabilities.

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value with any resulting gain or loss recognised in profit or loss.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method with interest expense recognised on an effective yield basis.

The Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Statements approximate their fair values.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial assets and financial liabilities as defined by IAS 39 Financial Instruments: Recognition and Measurement:

	2011			
	Held-to-Maturity	Available-For-Sale	Amortized Cost	Total
FINANCIAL ASSETS				
Deposit - Parent	$ -	$ -	$ 1,004,621	$ 1,004,621
Cash and deposit with bank	$ -	$ -	$ 110,904	$ 110,904
FINANCIAL LIABILITIES				
Other liabilities	$ -	$ -	$ 6,000	$ 6,000

	2010			
	Held-to-Maturity	Available-For-Sale	Amortized Cost	Total
FINANCIAL ASSETS				
Deposit - Parent	$ -	$ -	$ 791,908	$ 791,908
Cash and deposit with bank	$ -	$ -	$ 10,077	$ 10,077
FINANCIAL LIABILITIES				
Other liabilities	$ -	$ -	$ 6,000	$ 6,000

6. RELATED PARTY TRANSACTIONS AND BALANCES

During the year the Company received commissions of $1,724,688 (2010: $1,386,100) from its sister company for selling life assurance business.

The Company maintains a current account with the Parent Company. The account balances earn interest at 1%. The deposit with parent earns interest at the Bahamian prime rate. On June 8, 2011, Bahamian prime rate was reduced to 4.75% from 5.5% (2010: 5.5% for the entire year).

7. RISK MANAGEMENT

Capital risk management - The Company manages its capital to ensure that it exceeds regulatory capital requirements and will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's risk management structure promotes making sound business decisions by balancing risk and reward. It promotes revenue generating activities that are consistent with the risk appetite of the Company, the Company policies and the maximization of shareholders' return.

The capital structure of the Company consists of equity attributable to the common equity holders of the Company, comprising issued capital, contributed surplus and retained earnings. The Company's Board reviews the capital structure at least annually. The Company manages its capital structure through the payment of dividends, new share issues and capital contributions.

Operational risk - Operational risk is the potential for loss resulting from inadequate or failed internal processes or systems, human error or external events not related to credit, market or liquidity risks. The Company manages this risk by maintaining a comprehensive system of internal control and internal audit, including organisational and procedural controls. The system of internal control includes written communication of the Company's policies and procedures governing corporate conduct and risk management; comprehensive business planning; effective segregation of duties; delegation of authority and personal accountability; careful selection and training of personnel and sound and conservative accounting policies, which are regularly updated. These controls and audits are designed to provide the Company with reasonable assurance that assets are safeguarded against unauthorised use or disposition, liabilities are recognised, and the Company is in compliance with all regulatory requirements.

Liquidity risk - Liquidity risk is the potential for loss if the Company is unable to meet financial commitments in a timely manner at reasonable prices as they fall due. Financial commitments include liabilities to policy holders, suppliers and investment commitments.

The Company manages liquidity and funding risk by ensuring that sufficient liquid assets and funding capacity are available to meet regulatory requirements and financial commitments, even in times of stress. The Board of Directors oversees the Company's liquidity and funding risk management framework.

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