COMMONWEALTH BANK

2005 ANNUAL REPORT

BUILDING VALUE

COMMONWEALTH BANK

2005 ANNUAL REPORT

BUILDING VALUE

BUILDING VALUE

COMMONWEALTH BANK

THE GREAT GREEK PHILOSOPHERS SAW VALUES AS GUIDES TO EXCELLENCE IN THINKING AND ACTION. AT COMMONWEALTH BANK, VALUES ARE STANDARDS WHICH WE STRIVE TO ACHIEVE. VALUES ARE PRACTICAL HABITS THAT ENABLE US TO ACCOMPLISH OUR MISSION AND CORPORATE PURPOSE.

TO BE USEFUL, VALUES MUST BE CONSCIOUSLY HELD AND FREQUENTLY REINFORCED.

OUR CORE VALUES OF BUILDING EXPERTISE AND TEAMWORK WHILE BEING CUSTOMER CENTRIC, RESULTS FOCUSED AND PASSIONATE, ARE INTEGRATED AND CONSISTENT WITH ONE ANOTHER. TO FULLY ACT ON ONE OF THESE VALUES, WE MUST ALSO ACT CONSISTENTLY WITH THE OTHERS.

2005 ANNUAL REPORT

OUR VISION

First choice of Bahamians for all banking services

OUR MISSION

To become the leading Bank in The Bahamas providing personal banking services by:

- Delivering superior quality service to our customers
- Retaining and developing employees with outstanding capabilities
- Creating value for our shareholders
- Promoting economic growth and stability in our community

CORE VALUES

We will:

- Ensure that Commonwealth Bank is a great place to work
- Provide meaningful opportunities for directors and other stake holders to have input in setting the direction of the Bank as part of an effective governance regime
- Provide customers with outstanding services and help them achieve their financial goals
- Be responsible and effective financial managers so Commonwealth Bank remains strong and prosperous
- Lead by example and use our resources and expertise to effect positive change in the Bahamas

TABLE OF CONTENTS

FINANCIALS

FINANCIAL HIGHLIGHTS

For the years ended 31 December (B$'000s)	2005	Restated 2004	Restated 2003	2002	2001
Income Statement Data:					
Interest Income	$ 87,548	$ 84,032	$ 79,336	$ 78,463	$ 70,625
Interest Expense	(25,596)	(25,929)	(26,298)	(27,959)	(26,109)
Net Interest Income	61,952	58,103	53,038	50,504	44,516
Provision for Loan Losses	(9,678)	(13,803)	(11,934)	(10,752)	(7,990)
Net Interest Income after Provision for Loan Losses	52,274	44,300	41,104	39,752	36,526
Non-interest Income	17,857	14,384	12,437	11,509	12,826
Non-interest Expenses	(38,328)	(33,340)	(30,615)	(29,323)	(28,088)
Net Income	31,803	25,344	22,926	21,938	21,264
Per Share Data:					
Book Value	$ 2.78	$ 2.30	$ 2.05	$ 1.83	$ 1.64
Cash Dividends	0.45	0.39	0.34	0.34	0.34
Year End Share Price	9.11	7.10	6.24	6.49	7.25
Weighted Average Common Shares Outstanding (000's)	31,916	31,266	31,259	31,241	31,202
Dividend Growth (total)	15.38%	14.71%	0.00%	0.00%	0.00%
Balance Sheet Data:					
Total Assets	$ 853,976	$ 765,657	$ 702,910	$ 683,781	$ 661,771
Securities	75,179	60,999	65,307	48,329	55,175
Loans	705,312	602,284	570,031	560,044	545,663
Net Write-offs	9,934	16,982	13,811	7,478	3,528
Total Deposits	680,331	615,263	555,740	541,447	520,490
Total Shareholders Equity	149,446	132,961	125,098	118,152	112.077
Performance Ratios:					
Price/Earnings	10.72	11.09	10.95	12.25	14.22
Price/Book Value	3.28	3.09	3.04	3.55	4.43
Dividend Yield (Annual Dividend/Year End Price)	4.94%	5.49%	5.45%	5.24%	4.69%
Earnings Per Share	0.85	0.64	0.57	0.53	0.51
Return on Average Assets	3.44%	2.78%	2.55%	2.42%	2.50%
Return on Average Shareholders' Equity	33.35%	28.79%	28.68%	29.38%	30.75%
Ordinary Dividend Payout Ratio	52.72%	61.31%	60.82%	64.43%	67.10%
Efficiency Ratio	51.14%	49.74%	51.01%	51.84%	54.13%
Net Interest Margin	6.69%	6.88%	6.77%	6.59%	5.90%
Asset Quality Ratios:					
Non-accrual Loans to Total Loans	1.32%	3.28%	4.97%	6.62%	6.99%
Non-accrual Loans to Total Assets	1.09%	2.58%	4.03%	5.42%	5.76%
Net Write-offs to Average Loans	1.56%	2.90%	0.00%	0.00%	0.00%
Provision for Loan Losses to Total Loans	1.86%	2.23%	2.91%	3.30%	2.78%
Provision for Loan Losses to Non-accrual Loans	141.42%	67.85%	58.55%	49.81%	39.85%
Liquidity Ratio:					
Average Cash and Securities to Average Total Assets	17.69%	18.31%	18.92%	18.70%	15.23%
Capital Ratios:					
Leverage Ratio Average Shareholders' Equity to Average Total Assets	18.28%	18.04%	17.60%	17.15%	17.80%
Consolidated Capital Adequacy:					
Tier 1 Capital	$ 88,588	$ 71,970	$ 64,107	$ 57,161	$ 51,086
Tier 2 Capital	60,858	60,991	60,991	57,161	51,086
Total Capital	149,446	132,961	125,098	118,152	112,077
Total Risk Adjusted Assets	732,439	607,226	573,744	564,087	562,152
Tier 1 Ratio	12.09%	11.85%	11.17%	10.13%	9.09%
Tier 1 + Tier 2 Capital Ratio	20.40%	21.90%	21.80%	20.27%	18.18%
Number of Employees Average for the Year	460	440	427	427	422

Certain figures have been restated to be consistent with the current year's presentation.

REPORT OF THE CHAIRMAN

Building shareholder value and emphasizing our vision of being the First Choice of Bahamians for all Banking Services continued to be the Bank's primary objective for 2005. In what proved to be another challenging year for the Bank, the Bank focused on actions that will continue to create value for our shareholders and customers by executing our business strategy and maintaining focus on our fundamental strengths which include, using our resources and expertise to effect positive change in The Bahamas, sound corporate governance, enhanced customer service and strong credit risk management.

Consistent performance has been a hallmark for the Bank and something of which I think all Bahamians can be proud. In 2005 the Bank completed its ninth consecutive year of record profits. In 2006, shareholders will receive quarterly dividends of 12 cents per share, which represents an increase of 50% in the quarterly dividend payout. The Bank remains the largest public company traded on BISX (Bahamas International Securities Exchange) and shareholders also enjoyed a share appreciation of 28% during the year. As the Bank positions itself for the future, it is important that we have the ability to react to market opportunities in a timely manner. With an objective to achieve sustainable growth in all categories of its business, the Bank will be recommending to the shareholders at the Annual General Meeting the creation of a new issue of Preference Shares totaling $50 million. Issuance is likely to take the form of 5 tranches of $10 million each and be offered as opportunities arise.

The Board is pleased with the performance of the Bank especially in light of the significant strategic and operational enhancements undertaken during the year. Success does not come easy and is built from the bottom up and an ability to stick to what the Bank knows and does best. The Board has been fortunate to be able to work closely with a diligent and committed workforce for which, the Board extends our appreciation to all who contributed to the success the Bank achieved.

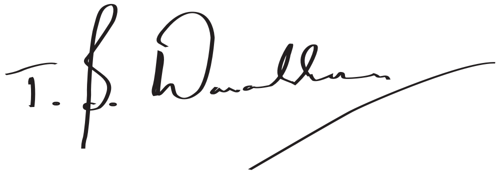
The Board itself remained highly engaged and vigilant as the Bank continued to operate in an evermore complex and increasingly regulated business sector. Good governance, in its broadest sense, is a competitive advantage. Good governance must extend beyond the Board of Directors, into every area of the Bank's business activities. The Board focused on maximizing shareholder value and in obtaining assurance of the continuation of strong customer service within a well controlled environment.

Perhaps the most important and rewarding undertaking by the Board and the Bank was the redevelopment and confirmation of our longer term strategic plan and core values. Our core values reflect more than the financial results it reports. The Bank's core values reflect how it operates and how it builds value for its stakeholders. The prospect of converting commitments to all stakeholders into realities is and will be a rewarding challenge for the Board and the Bank at large in the future. For this reason, and others, the Board believes that the theme for the 2005 Annual Report "Building Value" is appropriate as it underlies the core values and commitment to Bahamians going forward.

As Chairman, my goal is to provide leadership that will enable the Board to continue to add value to the Bank's performance. In the coming year, we remain committed to providing independent and constructive advice to the Executives and Management in their efforts to enhance long-term value to all stakeholders of the Bank.

I want to thank the Directors, Executives and Management of the Bank for their efforts during 2005. I also want to extend my appreciation to all of the employees of the Bank for their strong commitment to doing what is right for our customers and shareholders. On behalf of the Board, I wish all of them every success for 2006.

T. Baswell Donaldson, CBE
Chairman



CHARTER OF EXPECTATIONS

BOARD RESPONSIBILITIES

The Board of Directors is explicitly responsible for the stewardship of the Bank. The Board of Directors establishes formal delegations of authority, defining the limits of Management's power and authority and delegating to management certain powers to manage the business of the Bank. The delegations of authority conform to statutory limitations specifying responsibilities of the Board that cannot be delegated to Management. Any responsibilities not delegated to management remain with the Board. To discharge the Board's responsibility for stewardship, the Board should assume responsibility in the following areas:

Strategic Planning Process

Provide input to management on emerging trends and issues;

Review and approve management's strategic plans;

Review and approve the Bank's financial objectives, plans and actions, including significant capital allocations and expenditures;

Monitoring Tactical Process

Monitor corporate performance against the strategic and business plans, including assessing operating results to evaluate whether the business is being properly managed;

Risk Assessment

Identify and review, at least annually, the principal risks of the Bank's businesses and receive reasonable assurance on an ongoing basis that appropriate policies, procedures and systems are in place to manage these risks;

Review the processes that ensure respect for any compliance with applicable regulatory, corporate and any other legal requirements;

Review the processes and practices to ensure that prudent and effective policies are in place to identify, measure and monitor the Bank's cumulative positions in respect of its capital and liquidity management;

Senior Level Staffing

Select, monitor, evaluate (including the Chief Executive Officer and other Senior Executives) and ensure that an effective management succession plan is in place and that the Bank's compensation plans are consistent with the sustainable achievement of the Bank's business objectives, the prudent management of its operations and the risks to which it is exposed, and adherence to its processes, policies, procedures and controls;

Integrity

Ensure the integrity of the Bank's process of control and management information systems;

Ensure ethical behavior and compliance with laws and regulations, audit and accounting principles, and the Bank's own governing documents;

Oversight of communications and public disclosure

Assess the effectiveness of the Bank's communications policy and processes to ensure accurate, timely and full public disclosure;

Material Transactions

Review and approve material transactions not in the ordinary course of business;

Monitoring Board Effectiveness

Assess its own effectiveness in fulfilling the above and other Board responsibilities, including monitoring the effectiveness of individual Directors;

Other

Perform such other functions as prescribed by law or assigned to the Board in the Bank's governing documents. The Charter also stipulates the personal and professional characteristics of Directors. This stipulation forms a recruitment model for use in screening and selecting Board nominees.

DIRECTOR ATTRIBUTES

To execute these Board responsibilities, Directors must possess certain characteristics and traits:

Integrity and Accountability

Directors must demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act on and remain accountable for their boardroom decisions;

Governance

The ability to provide thoughtful and wise counsel on a broad range of issues ranks high among the qualities required of a Director. They must develop a depth of knowledge of banking in order to understand and question the assumptions upon which the strategic and business plans are based, and to form and exercise independent judgement in directing and overseeing the operations of the Bank;

Financial Literacy

One of the most important roles of the Board is to monitor financial performance. To do this, Directors must know how to read financial statements, and they should understand the use of financial ratios and other indices for evaluating the Bank's performance;

Communication

Openness to others' opinions and the willingness to listen should rank as highly as the ability to communicate persuasively. Directors must approach others assertively, responsibly and supportively, and be willing to raise tough questions in a manner that encourages open discussion;

Track Record and Experience

In today's highly competitive world, only companies capable of performing at the highest levels are likely to prosper. Directors must bring a history of achievement that reflects high standards for themselves and others;

Independence

The Board of Directors of Commonwealth Bank has adopted standards for determining whether a Director is unrelated or independent. The process adopted by the Board complies with regulatory standards and international best practices. A copy of the standards developed is available to shareholders on request.

BUILDING REWARDS
FOR OUR SHAREHOLDERS

"WE ARE VERY PLEASED THAT COMMONWEALTH BANK CHOSE TO LIST ITS SHARES ON BISX AND WITH THE SUCCESS THAT THEIR SHARES HAVE ENJOYED RELATIVE TO MARKET LIQUIDITY AND VALUE.

WE LOOK FORWARD TO MANY MORE YEARS OF COMMONWEALTH BANK'S COMMITMENT TO CONTINUE ENSURING THE HIGHEST LEVELS OF COMPLIANCE WITH THE RULES AND PRINCIPLES WHICH GOVERN BISX AND THE CAPITAL MARKET."

- **KEITH DAVIES,** CEO, BISX

Pictured left to right: Keith Davies, CEO, BISX and Ian Jennings, Sr. VP & CFO, Commonwealth Bank

REPORT OF THE NOMINATING COMMITTEE

Standing from left to right:
T. Baswell Donaldson, CBE

Vaughn W. Higgs

R. Craig Symonette

Seated from left to right:
William B. Sands, Jr.

Michael L. Barnett

Rupert W. Roberts, Jr., OBE

The Nominating Committee, as part of its mandate, identifies and recommends candidates for nomination to the Board as Directors, monitors the orientation program for new directors and maintains a process for assessing the performance of the Board and its committees.

Year in Review

Assessed the composition and size of the Board, examining its breadth and diversity of experience and the appropriateness of the number of directors.

Continued to maintain a list of prospective director candidates with input from the Board.

Recommended to the Board a list of nominees to stand for election as directors at the Annual General Meeting.

Conducted the annual formal evaluation of the effectiveness of the Board and its committees, with participation by all directors. The conclusions were reviewed with the Board, and form the foundation for changes.

Reviewed the self assessments and self evaluations completed by individual Board members, which measure the effectiveness of the individual Board members as well as the overall Board and reviewed the overall results with the Board and the Chairman.

Reviewed the roles of the Chairman and Chief Executive Officer and recommended to the Board that, for the present, these roles continue to be separated.

Ensured new board members understood their role and responsibility as Directors.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2005.

Rupert Roberts, JR., OBE
CHAIRMAN
NOMINATING COMMITTEE

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee has the power to direct and transact all business of the Bank except that required to be performed by the Board as a whole. The Executive Committee is responsible for assisting the Board of Directors to ensure that human resources strategies support the Bank's objectives and sustain shareholder value. As part of this responsibility, non-executive members of the committee review the performance and approve the compensation of Executive Officers of the Bank. The Executive Committee supports the Board in fulfilling its oversight responsibilities in relation to the identification, documentation, measurement and management of significant risks affecting the Bank. The Committee also monitors the Bank's compliance with risk-related regulatory requirements and with its internal risk management policies and procedures and is responsible for developing and maintaining governance practices consistent with high standards of corporate governance.

Year in Review

During the year, the Committee reviewed strategic, organizational and leadership issues. In fulfilling its role, the Committee:

Approved corporate policies that address risk management by means of controls, including controls on the authorities and limits delegated to the Chief Executive Officer. These policies and controls are aligned with prudent, proactive risk management principles, prevailing market conditions and the business requirements of the approved strategies. They are also designed to be in compliance with the requirements of the laws and regulatory bodies that govern the Bank and its subsidiaries.

Reviewed the provision and allowance for credit losses prior to its approval by the Audit Committee. Reviewed and approved the Bank's overall approach to executive compensation, including compensation principles and objectives for total compensation, any changes to short, mid and long-term incentive programs, and the policies that govern the ongoing administration of all components of compensation.

Recommended to the Board of Directors the appointment of Officers of the Bank.

Assessed the performance of the Bank's Chief Executive Officer and reviewed the assessment with the Board of Directors; determined the Chief Executive Officer's compensation in relation to the Bank's performance for the fiscal year.

Reviewed annual performance assessments submitted by the Chief Executive Officer for Bank Officers.

Reviewed the human resources strategic priorities and progress being made against them.

Reviewed core methods and procedures established by management to control key risks, and deemed by the Committee to be appropriate for prudent business practice.

Reviewed significant credit and market risk exposures, industry sector analyses, topical risk issues, and the strategies of the Bank's major business units, including related risk methodologies.

Continued to assess the Bank's system of corporate governance and recommend new initiatives with a view to maintaining high standards of corporate governance.

Reviewed the mandates of the Board Sub-committees, and secured approval by the Board for revisions.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2005.

T. Baswell Donaldson, CBE
CHAIRMAN
EXECUTIVE COMMITTEE

Standing from left to right:
Rupert W. Roberts, Jr., OBE

Vaughn W. Higgs

William B. Sands, Jr.

Seated from left to right:
T. Baswell Donaldson, CBE

Ian A. Jennings

R. Craig Symonette

REPORT OF THE AUDIT COMMITTEE

Standing from left to right:
William B. Sands, Jr.

Larry R. Gibson

Michael L. Barnett

Seated from left to right:
G. Clifford Culmer

Earla J. Bethel

The Audit Committee supports the Board in overseeing the integrity of the Bank's financial reporting, its internal control, disclosure control and internal audit function, and its compliance with legal and regulatory requirements. The Committee also reviews and assesses the qualifications, independence and performance of the Bank's Auditors.

Year in Review

The charter setting out the roles and responsibilities of the Audit Committee was reviewed and amended to take into account applicable regulatory requirements, including the rules and regulations issued by The Central Bank of The Bahamas, Securities Commission and the Bahamas International Securities Exchange giving effect to the best practices in today's governance environment.

Financial Reporting

Reviewed with management adoption by the Bank of new accounting standards and emerging best practices in response to changes in regulatory guidelines. The Bank's President and Chief Executive Officer and Chief Financial Officer certified the Consolidated Financial Statements and related disclosure materials.

Reviewed with management and the Company's Auditors: the appropriateness of the Bank's accounting and financial reporting, the impact of adopting new accounting standards, the accounting treatment of significant risks and uncertainties, the key estimates and judgements of management that were material to the Bank's financial reporting, and the disclosure of critical accounting policies.

Reviewed and recommended for approval by the Board: the Audited Consolidated Financial Statements, Management's Discussion and Analysis and unaudited financial releases on a quarterly basis. Also reviewed and recommended for approval by their respective Boards the annual Financial Statements of certain subsidiaries. The Committee concluded these documents were complete, fairly presented and in accordance with Generally Accepted Accounting Principles that were consistently applied.

Internal Control and Disclosure Control

Reviewed the processes involved in evaluating the Bank's internal control environment. Specifically, the Committee approved the annual audit plan; reviewed quarterly reports of the VP Audit and Inspection related to internal control; evaluated internal audit processes; and reviewed on a regular basis the adequacy of resources and independence of the internal audit function.

Reviewed and approved significant policies and procedures relating to internal control and financial governance, as well as the Audit and Inspection mandate.

Met regularly with the Vice President, Audit and Inspection, as necessary without management present.

Reviewed and approved the Bank's disclosure policy.

Examined key regulatory developments and assessed their implications for the Bank.

Reviewed the Bank's adherence to the Guidelines and Financial Practices prescribed by The Central Bank of The Bahamas.

Examined reports of the VP Audit and Inspection and General Counsel on matters relating to compliance and litigation.

Reviewed recommendations of the Company's Auditors and external regulators, as well as management's response.

Assessed and recommended to the Board qualified persons to serve on the Audit Committee.

Company's Auditors

Recommended Deloitte and Touche to the Board as best positioned to meet the Bank's extensive service requirements.

Confirmed that appropriate practices are being followed to safeguard the independence of the Company's Auditors.

Reviewed and approved all audit and permitted non-audit services performed by the Company's Auditors in accordance with the Committee's Auditor Independence Policy.

Reviewed the performance of the Company's Auditors, including the scope and results of the audit conducted by the Company's Auditors, and communications to the Committee that are required under Generally Accepted Auditing Standards.

Met as necessary with the Company's Auditors.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2005

G. Clifford Culmer
CHAIRMAN
AUDIT COMMITTEE

2005 SUMMARY OF BOARD AND COMMITTEE MEETINGS

For the year ended December 31, 2005

Board	7
Audit Committee	4
Nominating Committee	1
Executive Committee	7
Premises Committee	6
Information Technology Committee	4
Pension Fund Trustees Committee (a)	1

Board Meeting Attendance

T B Donaldson	7
W B Sands, Jr.	7
I A Jennings	7
M L Barnett	5
E J Bethel	5
F A Butler	7
G C Culmer	6
J B Farrington	7
V W Higgs	5
R W Roberts, Jr.	7
R C Symonette	7
L R Gibson	3
(5 meetings held since Mr. Gibson's election)	
T B Thompson	2
(2 meetings held prior to Mr. Thompson's retirement)	

(a) The Pension Fund Trustees Committee is not a Board Committee but certain Directors of the Bank serve as members.

REPORT OF THE PREMISES COMMITTEE

Standing from left to right:
Franklyn A. Butler, OBE

J. Barrie Farrington, CBE

Larry R. Gibson

Seated from left to right:
William B. Sands, Jr.

Earla J. Bethel

The Premises Committee provides oversight of significant management and Board of Director approved premises related opportunities, ensures that the associated development programmes are facilitated in accordance with approved designs and plans, and that the development process is sustained in a cost effective, controlled and secure manner.

Year In Review

Reviewed proposals of senior management for expansion of the Bank into non-serviced geographical areas.

Reviewed proposals of senior management to purchase land and/or buildings for new locations or redevelopment of existing premises/structures.

Reviewed cost allocations proposed by senior management for all significant leases and leasehold allocations with a view of ensuring that the most cost effective policies and procedures are in place to sustain the ongoing operations of the Bank.

Assessed the monitoring of Management's control of significant premises undertakings to ensure an effective oversight and reporting process is in place and that, to the extent possible, an appropriate level of attention is being placed on the effective and efficient use of allocated funds.

Assessed the monitoring of the Bank's maintenance and administration of significant owned and leased property expense allocations to ensure the Bank's owned and leased properties present the Bank in the most favourable position and in a cost effective manner.

Provided the appropriate recommendations to the Board of Directors.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2005.

Franklyn A. Butler, OBE
CHAIRMAN
PREMISES COMMITTEE

REPORT OF THE IT COMMITTEE

The Information Technology Committee provides independent oversight of significant management and Board approved technology based platforms and the associated business applications to ensure they are developed in accordance with established system development guidelines and are maintained and sustained in a cost effective, controlled and secure manner.

Year In Review

Reviewed significant technology based proposals to ensure they are compatible with the strategic and business plans of the Bank.

Ensured cost benefit analysis are to be introduced as an integral part of the project development process.

Ensured that post-implementation reviews are to be introduced as part of the project implementation process.

Monitored the ongoing development of an effective contingent and back-up plan that is designed to be cost-effective while providing protection to the Bank in times of distress.

Reviewed and recommended for approval by the Board of Directors the Bank's technology development and maintenance based plan.

Reviewed on a quarterly basis, project development plans and progress to ensure progress being achieved parallels established performance objectives and project development plans.

Provided the Board, on a quarterly basis, with a summary of technology based activities/concerns and, where warranted, provided recommendations for management approval and implementation.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2005.

R. Craig Symonette
CHAIRMAN
IT COMMITTEE

Standing from left to right:
William B. Sands, Jr.

J. Barrie Farrington, CBE

Ian A. Jennings

Seated from left to right:
Vaughn W. Higgs

R. Craig Symonette

REPORT OF THE PRESIDENT & CEO

William B. Sands, Jr.
President & CEO

This report is titled "Building Value" and reflects our vision and our commitment to the Bank's core values. Our accomplishments which are detailed in this report demonstrate our strengths and the power of delivering to Bahamians the products and services they need to secure their financial dreams. The strategy has been designed to generate value for customers and shareholders.

The Bank's Operating Performance

Though financial figures provide only part of our story, I am extremely pleased that Commonwealth Bank delivered record earnings for the ninth consecutive year and in doing so exceeded most of its significant financial objectives. Gross revenues reached $68.2 million, an increase of 17.4 % with net income of $31.8 million, an increase of 25.5% over 2004 and a new historical high for the Bank.

Earnings per share increased to 85 cents, an increase of 32.4%. Our shareholders participated in the earnings growth through the Bank increasing its dividends to shareholders in 2005 to 45 cents per share, an increase of 15.4% over the previous year. Return on equity and return on assets, which are common industry measurement standards, also increased significantly with the return on equity reaching 33.4%, an increase of 15.9% and return on assets amounting to 3.44%, an increase of 23.7%. Our overall efficiency ratio, which takes into consideration our non-interest expenses, compared to the Bank's revenue generation, declined from 49.7% in 2004 to 51.1% in 2005. The Bank continues to seek ways to enhance this ratio. An example of our commitment to increased efficiency and improved customer service is the Bank's continuing thrust to centralize those functions where operational effectiveness and cost mitigation can be achieved and additional expertise can be brought to improve specific functions.

In any organization there are always challenges. Commonwealth Bank was not immune in 2005. The adoption of new International Financial Reporting Standards and an adjustment to Laurentide Insurance and Mortgage Company's earnings (a wholly owned subsidiary company) for the 2004 fiscal year required the Bank to restate 2004 earnings downward by 1% to $25.3 million. While the short term cost was regrettable it was not material. I am pleased however, that we have taken the steps we have and that we can continue to focus on growing our businesses for the future.

The Bank's capital base is a core element of safety and soundness. In 2005 the Bank was able to maintain its strong capital base, increasing its core tier one capital level to 12.1%, while total capital at 20.4% remains well in excess of The Central Bank guidelines which are currently 8%. The Bank was also able to re-price almost all of its preference shares. The re-pricing was a positive step for the Bank and in 2005 resulted in a savings of approximately $600 thousand or 2 cents per share.

Product Contributions

Total assets increased to $854 million, an increase of 11.5%. The growth was primarily associated with the Bank's retail loan portfolios with personal loans contributing $506 million, credit card receivables $26.2 million and the mortgage portfolio $144.9 million in 2005. In total, our loan portfolios increased 17.4% over 2004, with total loans reaching $692.2 million.

Loan growth must be supported by strong and diligent credit risk management techniques and practices. The Bank continued to refine and expand its credit risk management techniques and practices during 2005. We are pleased to note that while the Bank continues to expand its loan portfolio, overall credit quality remains strong as evidenced by the continuing reduction in impaired loans and required provisions. Loan loss provision expense declined $4.1 million to $9.7 million in 2005, reflecting the Bank's continuing emphasis on the recovery of formerly written off loans and better use of credit risk tools and techniques. The emphasis on loan loss recovery action (including the recovery of loans acquired in 2004) added approximately $5 million to the Bank's ongoing profit improvement program. At year end the total of loan loss provisions represented 141.4% of total impaired loans, compared to 67.9% in 2004.

As the year closed, the Bank introduced CB Online, our "Online Banking" service. We are encouraged about the opportunities this service will provide our customers. Customers will now have 24 hour access to their financial information coupled with the use of our Automated Banking Machines (ABMs). Now with the ability to view account balances, transfer funds between Commonwealth Bank accounts, view paid cheques and pay utility bills on-line, customers will no longer have to rely on mail or stand in long lines to make payments. The Bank will also continue to expand its network of ABMs to meet the demands of the customer where needed.

External Influences

The Central Bank and the Clearing Banks Association's project to introduce an Automated Clearing House (ACH), designed to increase cheque clearing throughput, was deferred in 2005. The Bank continues to support this project which has been rescheduled for 2006. The Bank anticipates realizing benefits from the project in 2007.

2005 was also the initial year of the implementation of enhanced and more transparent International Accounting and Reporting Standards. The Bank has complied with these new requirements and the impact of these changes is further discussed in the "Management's Discussion and Analysis" section of this report.

Building a solid foundation for the future

The Core Values that underpin the Bank's vision and ultimate mission deliverables are:

We will ensure that Commonwealth Bank is a great place to work;

We will provide meaningful opportunities for Directors and other Stakeholders to have input in setting the direction of the Bank as part of an effective governance regime;

We will provide customers with outstanding services and help them achieve their financial goals;

We will be responsible and effective financial managers so Commonwealth Bank remains strong and prosperous;

We will lead by example and use our resources and expertise to effect positive change in The Bahamas.

The Banking industry has and continues to experience ever increasing change. We have had the honour of servicing Bahamians for generations and while we are proud of our accomplishments we are committed to continuing our objective to be the "First choice of Bahamians for all banking services." Realizing our core values means providing Bahamians with the products and services they need to secure their financial dreams. Every Commonwealth Bank employee in any capacity understands and is motivated to do "what is right" for our customers on a daily basis. It also means being a socially responsible corporation. At Commonwealth Bank, we are committed to serving as a force for good in the marketplace and in our communities. Such a course, we believe, strengthens our business and our society. It is the right thing to do.

As an example of the Bank's commitment to The Bahamas, the Bank has moved ahead with its latest branch located at Golden Gates Shopping Centre. Construction is underway and occupancy is scheduled for November 2006.

While the prospects of the redevelopment of Cable Beach promises economic benefits, it will require the redeployment of our Cable Beach branch. We have reached an agreement with the developer and no capital expenditure, expense or disruption of service to the Bank is anticipated when the Branch relocates.

The Bank was also in the forefront of contributing to hurricane relief which had a devastating effect in Grand Bahama in 2005. The Bank will continue to be reactive in a positive way to any natural catastrophes affecting The Bahamas. The Bank is also pleased to announce that it is significantly increasing its scholarship programs both academically through the College of The Bahamas and vocationally through the Lyford Cay Foundation.

The difference – our staff

Whatever the product, whatever the service, a bank that lacks a dedicated, customer focused workforce is almost certain to experience failure. I believe Commonwealth Bank has the best staff and they understand that putting the customer first is imperative, that profitability is an expectation, and that contributing to the betterment of The Bahamas is an honour. Our staff work hard every day to make a difference and on behalf of the Executives, Senior Management and the Board of Directors, I would sincerely like to thank them for their commitment and contribution to the Bank's success.

BUILDING NEW ENGINES
FOR GROWTH

IN OUR COMMUNITY CUSTOMERS COME TO DO BUSINESS WITH PEOPLE THEY KNOW AND TRUST. WE PLACE THE HIGHEST VALUE ON THE RELATIONSHIPS THAT DEFINE OUR ORGANIZATION.

BUILDING TRUSTING RELATIONSHIPS WITH OUR CUSTOMERS PROVIDES AN ENGINE TO HELP THEM GROW AND ACHIEVE ECONOMIC SUCCESS AND FINANCIAL SECURITY.

OUR NEW GOLDEN GATES BRANCH REPRESENTS OUR ONGOING COMMITMENT TO, AND BELIEF IN, THE COMMUNITIES IN WHICH WE LIVE AND DO BUSINESS.

- MAY 2005 GROUND BREAKING CEREMONY
GOLDEN GATES BRANCH

Commonwealth Bank's Directors pictured left to right: Craig Symonette; Ian Jennings, Sr. VP & CFO; Franklyn Butler, OBE; T. Baswell Donaldson, CBE, Chairman; William B. Sands, Jr., President & CEO; Trevor Thompson (retired); and Rupert Roberts, Jr., OBE.

MANAGEMENT DISCUSSION & ANALYSIS OF OPERATING RESULTS

This Management's Discussion and Analysis of our financial condition and results of operations is provided to enable a reader to assess our financial condition, material changes in our financial condition and our results of operations, including our liquidity and capital resources, for the fiscal year ended December 31, 2005, compared to the preceding years. For a complete understanding of trends, events, uncertainties and the effect of critical accounting estimates on our results of operations and financial condition, this Management's Discussion and Analysis should be read carefully together with our Consolidated Financial Statements and related notes. This Management's Discussion and Analysis is dated February 10, 2006.

EXECUTIVE SUMMARY

Commonwealth Bank is the largest wholly owned Bahamian Clearing Bank in The Commonwealth of The Bahamas as measured by assets and market capitalisation. Commonwealth Bank is among the largest Commercial Banks as measured by the size of Bahamian Dollar assets.

Our focus is on being the complete personal banker. Commonwealth Bank serves a wide cross section of the community. We employ approximately 460 Bahamians and Bahamian permanent residents. The Bank has no employees on work permits and has not had any for over nine years.

The Bank's risk management structure promotes the making of sound business decisions by balancing risk and reward. As a result, our revenue generating activities are consistent with the level of risk the Bank wishes to accept and drive the maximisation of shareholder return. The level of risk which the Bank wishes to accept is set in the corporate policies approved by the Board of Directors addressing the major risk categories of credit risk, liquidity risk and operational risk. The management of these risks is summarised in the Notes to the Financial Statements.

OVERVIEW OF 2005

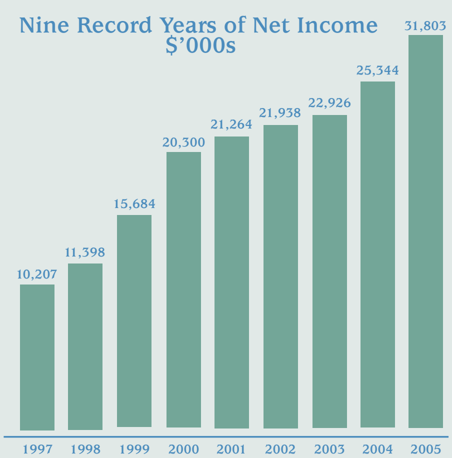
For the year ended December 31, 2005 the Bank reported net income of $31.8 million, an increase of $6.46 million or 25.5% over 2004. Net Income Available to Common Shareholders (Net Income less Preference Share Dividends) increased $7.0 million or 35.5% to $26.9 million. Earnings per share was 85 cents per share compared to 64 cents per share in 2004. Return on equity was 33.4% compared to 28.8% in 2004. Dividends paid increased to 45 cents per share as a result of an additional extraordinary dividend paid in April and an increased extraordinary dividend paid in November. Total dividends paid represented 52.7% of Net Income Available to Common Shareholders (2004: 39 cents 61.3%).

2005 represented a year of significant change in the application of Accounting Principles and Standards. One of these, International Financial Reporting Standard "IFRS 2 Accounting for Share-Based Payments" required the Bank to record as an expense the estimated fair value of stock options awarded to staff after November 2002. This estimated value requires apportionment between the years 2003, 2004 and 2005. It was therefore necessary to restate the reported earnings for 2003 and 2004 for the estimated expense of the value of the options granted in these years. The Bank has elected to use a well established model for computing the fair value of options called "the Black Scholes Model". Using the appropriate estimated inputs, the model has resulted in the fair value estimates of $56,000 for 2003, $16,000 for 2004 and $135,000 for the current year. The inputs used are disclosed in Note 14 "Employee Share-Based Payment Plans" in the Consolidated Financial Statements.

Also in 2005, the Bank identified an error in a subsidiary company, Laurentide Insurance and Mortgage Company Limited "Laurentide", in the recognition of insurance premium revenue as income. The

2005 PERFORMANCE AN OVERVIEW

- Ninth consecutive year of record profits
- Net Income $31.8 million increased 25.5% over 2004
- Net Income available to common shareholders up 35.5%
- Earnings per share 85 cents up 32.8% on 2004
- Common Share dividends 45 cents up 15.4% on 2004
- Total Assets $854 million up 11.5%
- Return on common shareholders equity 33.4%
- Total capital exceeds $149 million up 12.4%
- Gross Revenues increased 10.1%
- Efficiency Ratio rose to 51.1%



MANAGEMENT DISCUSSION & ANALYSIS OF OPERATING RESULTS Cont'd

Bank determined that approximately $230,000 of premium income was incorrectly treated in 2004 and $270,000 in previous years. The Bank has taken the necessary remedial action to ensure future premium income is correctly treated.

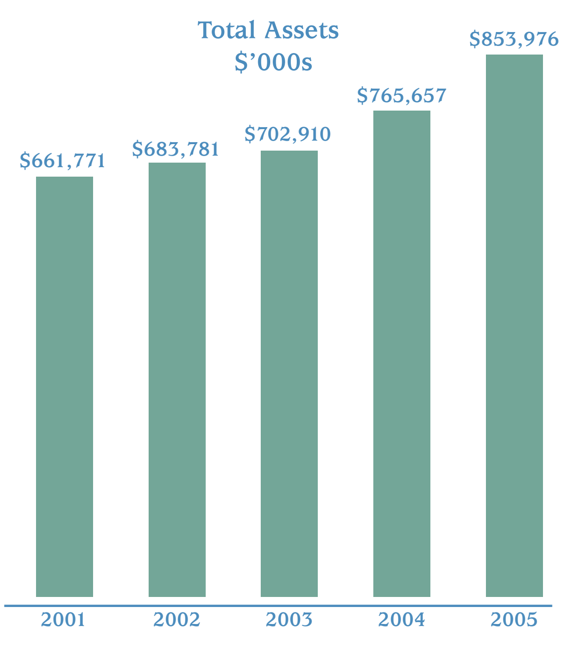
While the amount is not material to the Bank's Consolidated Financial Statements, in the interest of full disclosure, the Bank has outlined the impact of the error in Note 12 "Prior Period Error" in the Consolidated Financial Statements. The reductions in net income in the Consolidated Financial Statements were 1% and 1.4% for 2004 and 2003 respectively. Comparative figures for 2004 and 2003 have been restated to reflect the changes required. The effect of the correction is to defer income rather than negate income. With the increase in unearned premium reserve in 2005, earnings will reflect increased income from this source going forward.

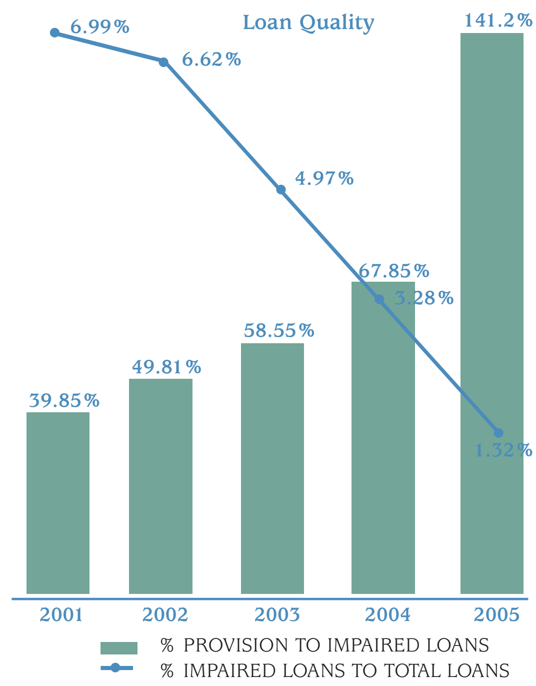
BALANCE SHEET MANAGEMENT

Total Assets were $854 million at December 31, 2005, up 11.5% from $765.6 million at December 31, 2004.

Loans increased $103 million to $705.3 million or 17.1% in the year (2004: $602.3 million or 5.7%), Deposits increased $65.1 million (10.6%) to $680.3 million, (2004: $59.5 million increase or 10.7%), Cash and liquid assets declined $29 million, or 32.4%, to $60.4 million (2004: $24.9 million increase or 38.8%). A further significant event during the year was the re-pricing of our Preference Shares from various fixed rates to variable 1.5% above the Bahamian prime rate (currently 5.5%). This represented an annual savings of almost 4 cents per share at current dividend rates.

A factor in the revenue generation of the Bank in 2005 was the enhanced management of the Bank's liquidity position. From December 2004 to December 2005, surplus liquidity was converted into loan interest rate yielding assets.





Excess liquidity remained in the system which contributed to a lower interest rate environment for most of the year. Towards the end of the year, surplus liquidity in the financial system was reducing. As in 2004, with excess liquidity came excess demand for Government Securities which were heavily oversubscribed during the year. Average rates of discount on Treasury Bills remained extremely low throughout the year. The Bank was successful in increasing its investment in Government Stock by a net $3.62 million to $53.2 million.

The lending environment in 2005 was competitive especially in the mortgage market. Nevertheless, the Bank ran a very successful campaign that resulted in mortgage balances increasing $31 million to $144.9 million and mortgage commitments increasing $15.75 million to $25.2 million. This represented an increase of 38% in mortgage activity for the year.

Our Credit Card operations were also able to benefit from the healthier economic environment as we undertook a successful marketing campaign to enlist new cardholders. At the end of the year, credit card balances increased $4.8 million to $26.2 million (22.3%), (2004: $2.25 million increase to $21.4 million or 11.8%).

A large part of our focus for SunCard during the year was expanding our point of sale network. Much of our resources were deployed during the year in the program to expand acceptance of SunCard in Government offices.

The Bank's subsidiary CB Holding Co. Ltd. acquired the property for the new Golden Gates Branch during the year. As the business of this subsidiary is significantly different from the Bank's main banking operations, the Bank has disclosed its activities separately in the Financial Statements under Note 4 "Business Segments".

CAPITAL MANAGEMENT

Commonwealth Bank's capital base continued to grow in 2005 as shareholders' equity rose 12.4% in the year to $149.4 million. The percentage common share dividend payout decreased to 52.7% from 61.3% in 2004, which reflected the increased earnings of the Bank. In order to maintain the dividend payout ratio closer to the Bank's goal of 65%, the Bank will increase the quarterly dividend in 2006.

THE COMPONENTS OF CAPITAL

The total capital ratio of 20.4% at December 31, 2005 is more than 2.5 times the minimum capital level required by the Regulator. Total capital increased $16.5 million to $149.4 million during the year.

Bank regulatory capital has two parts:

- Tier 1 Capital, the principal focus of markets and regulators, consists primarily of common shareholders' equity, totaled $88.6 million at December 31, 2005 and
- Tier 2 Capital, which can not exceed Tier 1 Capital, consists mainly of cumulative preference shares and totaled $60.9 million at December 31, 2005.

RESULTS OF OPERATIONS

As a result of the excess liquidity in the system, The Central Bank of The Bahamas reduced the discount rate by 0.5% in February 2005 resulting in a reduction of the Bahamian prime rate by the same amount. The decrease in the prime rate resulted in increased competition in lending rates, specifically in the mortgage market.

As liquidity tightened at the end of the year, deposit rates started to increase. It is anticipated that there will be upward pressure on deposit interest rates until significant foreign currency inflows associated with the current property construction and re-development projects take place.

NET INTEREST INCOME

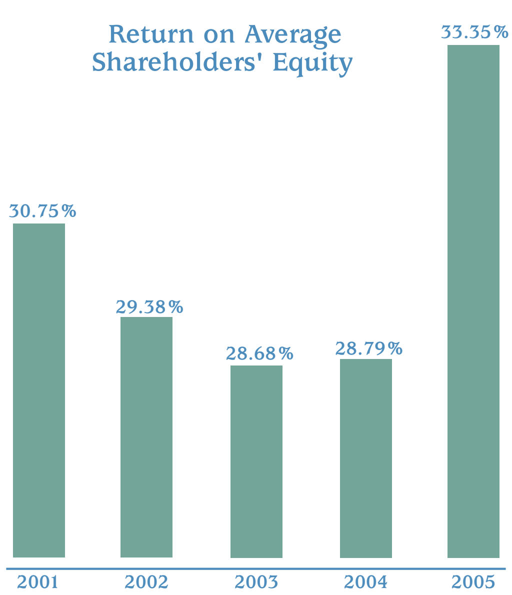
Net interest income for the year ended December 31, 2005 was $61.9 million compared to $58.1 million in 2004, an increase of $3.8 million or 6.6% (2004: increase of $5.1 million or 9.6%). Net interest margin declined from 6.9% to 6.7% which reflects, in part, the Bank's decision to expand its personal based mortgage portfolio.

Interest rates on deposits continued at low levels as excess liquidity in the system continued throughout the year. Average deposits increased $48.4 million but interest expense was 1.3% below 2004, again largely due to the decrease in the Bahamian prime rate in February 2005. The increase in deposit rates at the end of the year did not significantly affect 2005 results.

LOAN LOSS PROVISION

Credit quality continued to improve throughout 2005. The ratio of net loans written off to average loans fell from 2.90% in 2004 to 1.56% in 2005. The total loans written off in 2005 fell from $20.7 million in 2004 to $14.9 million and amounts recovered on written off loans increased to $5 million, an increase of $1.2 million (32.4%) from $3.8 million in 2004.

Return on Average Shareholders' Equity



Total impaired loans continued to decline from $28.3 million in 2003 to $19.8 million in 2004 to $9.3 million in 2005. The total impaired loans, as a percentage of total loans, fell from 5.0% to 3.3% to 1.3% over the same period. At year end, the Bank's provision for loss was $13.2 million, which represented 141.4% of impaired loans, up from 67.85% in 2004, and 1.9% of total loans, down from 2.2% in 2004. The higher percentage of cover at December 2005 provides an additional level of support to the Bank. The Bank has no significant exposure from accounts impacted by the hurricanes of 2004 and 2005.

Improved credit quality also favourably impacted loan loss provision. Loan loss provision expense was $9.7 million for the year compared to $13.8 million in 2004, a decrease of $4.1 million or 29.9%.

The ratio of general provision to total provision increased from 66% in 2004 to 75% in 2005. The Bank amended its provision policy upwards to require a minimum 1% loan loss provision on all loans.

The steps we have taken in the last few years have moved the Bank to the forefront of international best practices, thereby, enhancing the credit quality and ultimately the safety and soundness of the Bank.

OTHER INCOME

Other Income of $17.9 million exceeded 2004 by $3.5 million or 24.1% (2004: $1.9 million or 15.7%).

The Bank's MasterCard product was a significant contributor to the increase in other income during 2005. SunCard maintained a healthy contribution to the Bank as we extended our point of sale network to automate the approval process.

Transaction based fee income is becoming increasingly important to the Bank as it represents a non-capital intensive income stream to build a stronger bank.

Activity at our Automated Banking Machines (ABMs) remained high throughout the year.

NON-INTEREST EXPENSE

Non-interest expense increased $5.0 million, or 14.9%, to $38.3 million in 2005 (2004: $2.7 million increase to $33.3 million or 9.0% increase).

The adjusted efficiency ratio for the twelve months ended December 31, 2005 (calculated by dividing total non-interest expense by net interest income plus non-interest income less preference share dividends) rose slightly from 49.75% in 2004 to 51.1% in 2005. This ended five consecutive years of improvements in this ratio.

The control of non-interest expense continues to be a major focus for the Bank. However, commitments to retain our competitive edge, information technology and staff development required increased funding.

After several years of staff complement containment, the Bank found it necessary to increase staff levels to sustain the business expansion experienced in 2005.

The average number of employees increased to 460 at December 31, 2005 from 440 at December 31, 2004. Total staff costs increased by $3.8 million to $25.2 million, or 17.4%, (2004: $2 million increase to $21.4 million or 10.4%).

Depreciation expense increased by 9.5% to $2.49 million as equipment acquired as part of our ongoing software upgrade became operational and subject to depreciation. As noted last year, depreciation increased in 2005 with a full year's expense for The Plaza building instead of the three months recorded in 2004.

BUILDING VALUE
THROUGH RELATIONSHIPS

BUILDING VALUE THROUGH RELATIONSHIPS INCLUDES MAKING A CONTRIBUTION TO THE COMMUNITIES IN WHICH WE OPERATE.

INVESTING IN OUR COMMUNITIES IS ONE OF THE MOST IMPORTANT SERVICES WE CAN PROVIDE.

WE SEE INVESTMENT IN OUR COMMUNITY AS OUR CIVIC RESPONSIBILITY AND ONE THAT WE HAVE NEVER TAKEN LIGHTLY. THAT IS WHY WE COMMIT OUR RESOURCES TO ORGANIZATIONS THAT PROMOTE THE WELL BEING OF OUR CITIZENS, PRESERVE OUR ENVIRONMENT AND EDUCATE OUR YOUTH.

FOR THIS REASON WE ARE PROUD TO BE EXPANDING OUR RELATIONSHIP WITH THE COLLEGE OF THE BAHAMAS BY INCREASING THE NUMBER OF SCHOLARSHIPS THE BANK AWARDS ANNUALLY.

Pictured left to right: Mavis Burrows, Asst. VP Operations, Commonwealth Bank; Shirley Cartwright, Sr. VP Credit Risk, Commonwealth Bank; Rhonda Chipman-Johnson, Acting President, College of The Bahamas; Anthea Cox, VP Human Resources & Training, Commonwealth Bank; and Cheryl Carey, Director of Financial Aid & Housing, College of The Bahamas.

CHAIRMAN

T. B. DONALDSON, CBE Honoured

A TRAILBLAZER IN BAHAMIAN FINANCE AND PRESENT CHAIRMAN OF COMMONWEALTH BANK, T. BASWELL DONALDSON, HAS BEEN NAMED HONOURARY FELLOW OF THE CARIBBEAN ASSOCIATION BANKING AND FINANCE INSTITUTE. THE PIONEER WHOSE DECADES-LONG CAREER INFLUENCED EVERY ASPECT OF BANKING AND FINANCE, FROM CREATING AN EDUCATIONAL TRAINING FORUM TO SETTING THE REGULATORY TONE FOR THE CENTRAL BANK AS ITS FIRST GOVERNOR, BECAME THE FIRST BAHAMIAN IN HISTORY TO RECEIVE THE REGIONAL HONOUR.

THE AWARD RECOGNIZING MR. DONALDSON'S LIFELONG CONTRIBUTIONS TO THE INDUSTRY WAS PRESENTED BY THE ASSOCIATION IN DECEMBER 2005 AT ITS ANNUAL MEETING IN ANTIGUA.

HONOURARY FELLOW OF THE CARIBBEAN ASSOCIATION BANKING AND FINANCE INSTITUTE

BOARD OF DIRECTORS

T. Baswell Donaldson, CBE
Chairman

Earla J. Bethel

Ian A. Jennings
Sr. V.P. & CFO

Franklyn A. Butler, OBE

J. Barrie Farrington, CBE

Rupert W. Roberts, Jr., OBE

R. Craig Symonette

William B. Sands, Jr.
President & CEO

Michael L. Barnett

G. Clifford Culmer

Vaughn W. Higgs

Larry R. Gibson

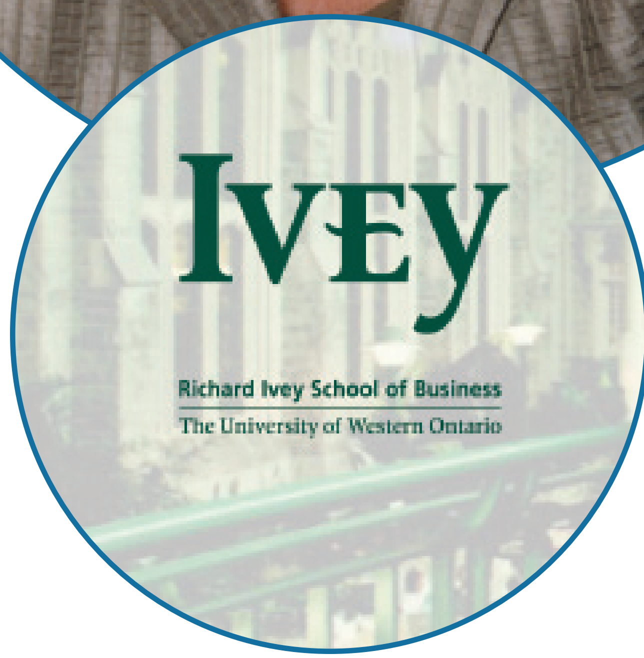
BUILDING
FUTURE LEADERS

"RICHARD IVEY SCHOOL OF BUSINESS AT THE UNIVERSITY OF WESTERN ONTARIO, ONE OF THE WORLD'S LEADING EXECUTIVE DEVELOPMENT ORGANIZATIONS, HAS HAD THE OPPORTUNITY TO WORK WITH FUTURE LEADERS FROM COMMONWEALTH BANK OVER THE PAST TEN YEARS.

THESE MEN AND WOMEN HAVE SHOWN GREAT PERSONAL COMMITMENT TO DEVELOP THEIR MANAGEMENT AND LEADERSHIP SKILLS, A COMMITMENT MATCHED BY THE BANK ITSELF WHICH HAS PROVIDED THEM WITH THE TIME AND FUNDING REQUIRED TO DEVELOP THEIR TALENTS.

AT IVEY, WE VALUE OUR ASSOCIATION WITH COMMONWEALTH BANK AND LOOK FORWARD TO HOSTING FUTURE GENERATIONS OF LEADERS FROM AN ORGANIZATION THAT SHOWS GREAT LEADERSHIP BY DEVELOPING ITS LEADERS."

- CAROL STEPHENSON
DEAN OF RICHARD IVEY SCHOOL OF BUSINESS
THE UNIVERSITY OF WESTERN ONTARIO, CANADA



Richard Ivey School of Business Attendees

1996	William B. Sands, Jr., President & CEO
1999	Ian Jennings, Sr. VP&CFO
2000	Charlene Paul, VP Operations
2001	Ian Wilkinson, AVP IT Mavis Burrows, AVP Operations Silbert Cooper, Sr. Manager, Credit Inspection Gina Greene, Marketing & Customer Service Manager
2004	Maxwell Jones, Sr. Manager, East Bay Branch J. Rupert Roberts, Sr. Manager, Freeport Branch
2005	Shirley Cartwright, Sr. VP Credit Risk Charlene Paul, VP Operations Patrick McFall, AVP Corporate Accounts Neil Strachan, Sr. Manager, Wulff Road Branch Ken Brathwaite, Sr. Manager, Plaza Branch Erald Thompson, Manager, Internal Audit Lernix Williams, Manager, Accounts Control Jacquelyn Estevez, Manager, Abaco Branch

Back from left to right:

Franklyn Thomas
Sr. Manager
Cable Beach Branch

J. Rupert Roberts
Sr. Manager
Freeport Branch

Kenrick Brathwaite
Sr. Manager
The Plaza Branch

Neil Strachan
Sr. Manager
Wulff Road Branch

Middle from left to right:

Maxwell Jones
Sr. Manager
East Bay Branch

Juliette Fraiser
Manager
Oakes Field Branch

Kayla Johnson
Manager
Mortgage Department

Jeffrey Kerr
Manager
Town Centre Mall Branch

Shawnell Bain
Manager
Credit Card Centre

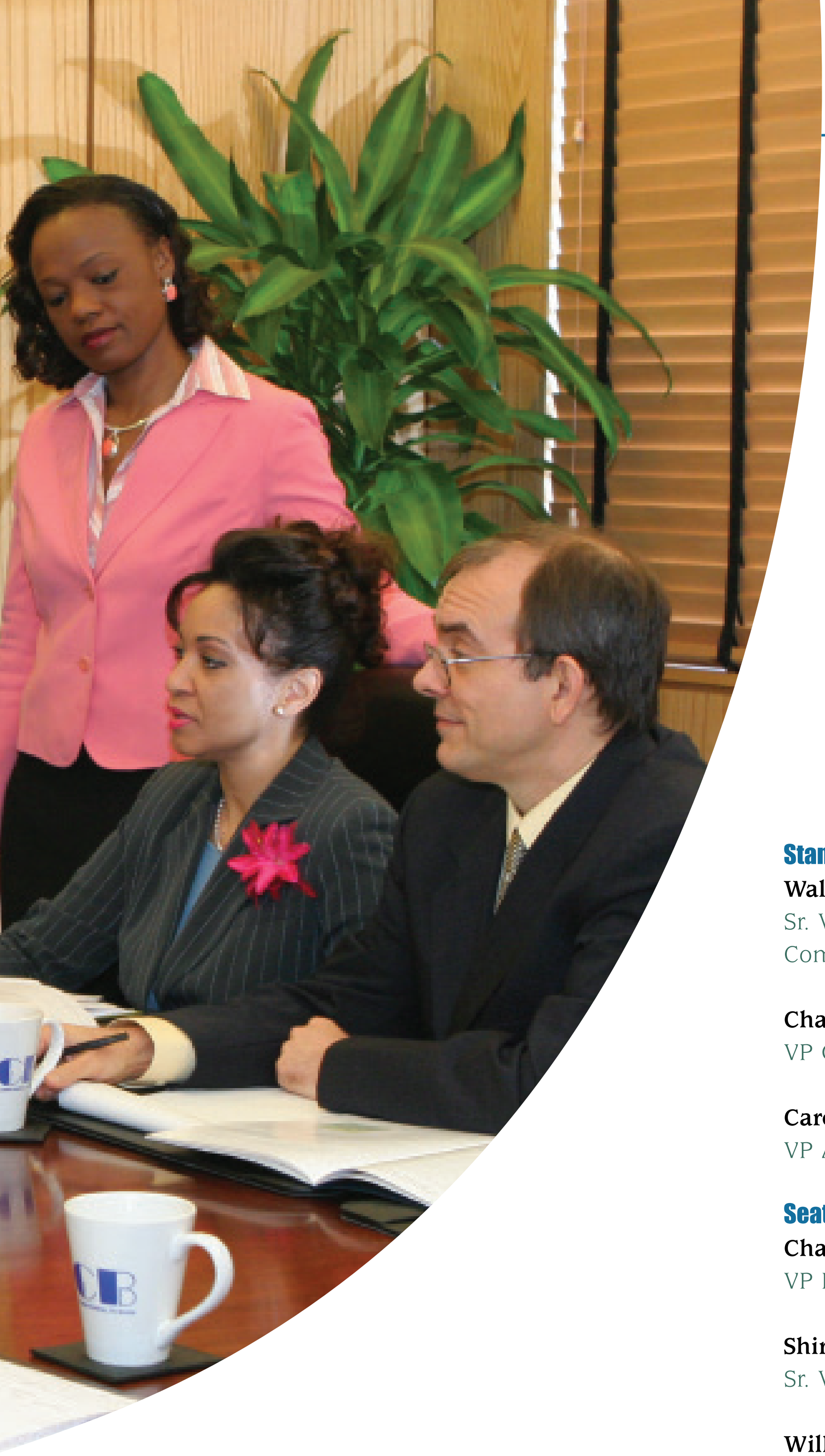
Front from left to right:

Jacquelyn Estevez
Manager
Abaco Branch

Charlene Low
Manager
Lucaya Branch

BRANCH MANAGERS


Earnings Per Share
(cents)
0.51
0.53
0.57
0.64
0.85
2002
2003
2004
CB



Standing from left to right:

Walter Wells
Sr. VP Mortgage &
Commercial Lending

Charlene Paul
VP Operations

Carole Strachan
VP Audit, Inspection & CISO

Seated from left to right:

Charles Knowles
VP Information Technology

Shirley Cartwright
Sr. VP Credit Risk

William B. Sands, Jr.
President & CEO

Anthea Cox
VP Human Resources & Training

Ian Jennings
Sr. VP & CFO

ASST. VPs & DEPARTMENT MANAGERS

Front left to right:

Mavis Burrows
Asst. VP
Operations

Monique Mason
Manager
Corporate Accounts

Ian Wilkinson
Asst. VP
Information Technology

Middle from left to right:

Anne Lightbourn
Manager
Human Resources

Betty Davis
Manager
Special Projects

Erald Thompson
Manager
Internal Audit

Lisa Major
Manager
Training

Gina Greene
Manager
Marketing & Customer Service

Silbert Cooper
Sr. Manager
Credit Inspection

Back from left to right:

Godwin Blyden
Manager
Security & Administration

Derek Moss
Manager
Systems Operations & Network

Lernix Williams
Manager
Accounts Control

Felipe Vega
Manager
Information Technology

Patrick McFall
Asst. VP
Corporate Accounts

STATEMENT OF MANAGEMENT'S RESPONSIBILITY OF FINANCIAL INFORMATION

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the relevant provisions of the Bank and Trust Act and related regulations.

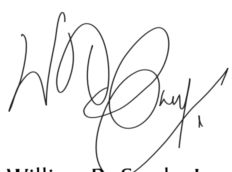
The Consolidated Financial Statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the estimated impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

The financial information presented elsewhere in the Annual Report is consistent with that in the Consolidated Financial Statements.

In meeting our responsibility for the reliability of financial information, we maintain and rely on a comprehensive system of internal control and internal audit, including organizational, procedural controls and internal controls over financial reporting. Our system of internal control includes written communication of our 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 we regularly update. This structure ensures appropriate internal control over transactions, assets and records. We also regularly audit internal controls. These controls and audits are designed to provide us with reasonable assurance that the financial records are reliable for preparing financial statements and other financial information, assets are safeguarded against unauthorized use or disposition, liabilities are recognized, and we are in compliance with all regulatory requirements. In order to provide their opinion on our Consolidated Financial Statements, the Shareholders' Auditors review our system of internal control and conduct their work to the extent that they consider appropriate.

The Board of Directors, based on recommendations from its Audit and Executive Committees, reviews and approves the financial information contained in the Annual Report, including the MD&A, and oversees Management's responsibilities for the presentation and preparation of financial information, maintenance of appropriate internal controls, management and control of major risk areas and assessment of significant and related party transactions.

The Bank's Auditors and the Bank's VP Audit, Inspection & CISO have full and free access to the Board of Directors and its committees to discuss audit, financial reporting and related matters.



William B. Sands, Jr.
PRESIDENT & CEO

Ian Jennings
SR. VP & CFO

COMMONWEALTH BANK'S management is responsible for presentation and preparation of the annual Consolidated Financial Statements, Management's Discussion and Analysis (MD&A) and all other information in the Annual Report.

Deloitte.

Deloitte & Touche
Chartered Accountants
and Management Consultants
2nd Terrace, Centreville
P.O. Box N-7120
Nassau, Bahamas

Tel: +1 (242) 302-4800
Fax: +1 (242) 322-3101
http://www.deloitte.com.bs

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Commonwealth Bank Limited:

We have audited the accompanying consolidated balance sheet of Commonwealth Bank Limited (the "Bank") as of December 31, 2005, and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

February 10, 2006

A member firm of
Deloitte Touche Tohmatsu

COMMONWEALTH BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2005
(Expressed in Bahamian $'000s)

		2005		(Restated) 2004
ASSETS				
Cash and deposits with banks (Note 5)	$	18,293	$	11,479
Balances with The Central Bank of The Bahamas (Note 5)		42,125		77,928
Investments (Note 6)		75,179		60,999
Loans receivable (Notes 7 and 19)		692,160		588,876
Premises and equipment (Note 8)		25,473		24,868
Other assets		746		1,507
TOTAL	$	853,976	$	765,657
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities:				
Deposits (Notes 9 and 19)	$	680,331	$	615,263
Life assurance fund (Note 10)		10,816		6,781
Other liabilities		13,383		10,625
Dividends payable		-		27
Total liabilities		704,530		632,696
Shareholders' Equity:				
Share capital (Note 11)		62,773		62,868
Share premium		21,725		17,884
General reserve (Note 13)		10,000		10,000
Retained earnings		54,948		42,209
Total shareholders' equity		149,446		132,961
TOTAL	$	853,976	$	765,657

The accompanying notes form an integral part of the consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on January 31, 2006 and are signed on its behalf by:

Chairman

President & CEO

COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2005
(Expressed in Bahamian $'000s)

		2005		(Restated) 2004
INCOME:				
Interest income (Note 6)	$	87,548	$	84,032
Interest expense		(25,596)		(25,929)
Net interest income		61,952		58,103
Loan loss provision (Note 7)		(9,678)		(13,803)
		52,274		44,300
Life assurance, net (Note 10)		2,462		2,456
Fees and other income		15,395		11,928
Total income		70,131		58,684
NON-INTEREST EXPENSES:				
General and administrative (Note 15)		35,662		30,920
Depreciation and amortization (Note 8)		2,488		2,272
Directors' fees		178		148
Total non-interest expenses		38,328		33,340
NET INCOME		31,803		25,344
PREFERENCE SHARE DIVIDENDS		(4,861)		(5,454)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$	26,942	$	19,890
AVERAGE NUMBER OF COMMON SHARES (thousands)		31,567		31,266
EARNINGS PER SHARE	$	0.85	$	0.64

The accompanying notes form an integral part of the consolidated financial statements.

COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2005
(Expressed in Bahamian $'000s)

	2005	(Restated) 2004
SHARE CAPITAL		
Preference shares (Note 11):		
Balance at beginning of year	$ 60,991	$ 60,991
Redemption of Class "C" shares	(1,007)	-
Issuance of Class "H" shares	874	-
Balance at end of year	60,858	60,991
Common shares (Note 11):		
Balance at beginning of year	1,877	1,876
Issued	38	1
Balance at end of year	1,915	1,877
Total share capital	62,773	62,868
SHARE PREMIUM		
Balance at beginning of year, as restated (Note 2)	17,884	17,718
Issuance of common shares	3,828	150
Stamp tax on share capital increase	(120)	-
Share-Based Payments (Note 14)	133	16
Balance at end of year	21,725	17,884
GENERAL RESERVE		
Balance at beginning and end of year (Note 13)	10,000	10,000
RETAINED EARNINGS		
Balance at beginning of year, as restated (Notes 2 and 12)	42,209	34,513
Net income, as restated (Notes 2 and 12)	31,803	25,344
Common share dividends: 45 cents per share (2004: 39 cents)	(14,203)	(12,194)
Preference share dividends	(4,861)	(5,454)
Balance at end of year	54,948	42,209
SHAREHOLDERS' EQUITY AT END OF YEAR	$ 149,446	$ 132,961

The accompanying notes form an integral part of the consolidated financial statements.

COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005
(Expressed in Bahamian $'000s)

		2005		(Restated) 2004
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest receipts	$	79,231	$	76,710
Interest payments		(25,596)		(25,929)
Life assurance premiums received, net		9,289		4,539
Life assurance claims and expenses paid		(2,621)		(2,031)
Fees and other income received		15,762		12,288
Recoveries		4,990		3,768
Cash payments to employees and suppliers		(32,859)		(28,900)
		48,196		40,445
Increase in loans receivable		(112,962)		(49,233)
Increase in deposits		65,068		59,523
Decrease in shareholders' loans payable		-		(6,788)
Net cash from operating activities		302		43,947
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments		(88,392)		(87,905)
Interest receipts and redemption of investments		77,539		95,524
Purchase of premises and equipment (Note 8)		(3,093)		(9,103)
Net cash used in investing activities		(13,946)		(1,484)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Dividends paid		(19,091)		(17,648)
Proceeds from common shares issued		3,866		151
Redemption of Class "C" preference shares		(1,007)		-
Issuance of Class "H" preference shares		874		-
Stamp tax paid on share capital increase		(120)		-
Share-Based payments		133		16
Net cash used in financing activities		(15,345)		(17,481)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(28,989)		24,982
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		89,407		64,425
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 4)	$	60,418	$	89,407

The accompanying notes form an integral part of the consolidated financial statements.

1. INCORPORATION AND ACTIVITIES

Commonwealth Bank Limited (the "Bank") is incorporated in The Commonwealth of The Bahamas and is licensed by The Ministry of Finance to carry out banking business under the provisions of the Banks and Trust Companies Regulations Act 2000.

The principal activities and its subsidiaries are described in Note 4.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Bank 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 (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2005. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Bank's accounting policies in the following area that has affected the amounts reported for the current or prior years:

Share-Based Payment (IFRS 2)

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

The amendments to IAS 19 *Employee Benefits* are effective for accounting periods commencing January 1, 2006.

The Directors anticipate that the adoption of this Standard will have no material impact on the Bank's financial statements.

IFRS 2, Share-Based Payment

IFRS 2, *Share-Based Payment,* requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of IFRS 2, the Bank did not record any compensation expense for options granted at market value at the date of grant.

In accordance with the transitional provisions of IFRS 2, the Standard has been applied retrospectively to all grants of equity instruments after November 7, 2002 that were not vested as of January 1, 2005, and to liabilities for share-based transactions existing at January 1, 2005. The Standard therefore applies to share options granted in the years 2003, 2004 and 2005.

Under the new policy, the Bank determines the fair value of stock options on their grant date using a Black Scholes Model and records this amount as compensation expense. The fair value is recomputed over the period that the stock options vest, with a corresponding increase to share premium. When the stock options are exercised the proceeds are recorded in share capital.

No compensation expense has been recorded for options issued prior to November 2002. When these options are exercised, proceeds are credited to share capital.

Other Share-Based Compensation Plan:
The Bank offers non-management staff the option of purchasing common shares at a 10% discount from the prevailing market rate at the time of the offer. Under the new accounting policy the amount of discount is recorded as compensation expense with a corresponding increase to share premium. Payments by staff for the shares are credited to share capital.

The change in accounting policy has resulted in a net decrease in net income for the following years as follows: 2003: $56,000, 2004: $16,000 and 2005 $133,000.

The share-based payments expense has been included in staff costs in the general and administrative expenses line of the consolidated statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES

a. ***Basis of preparation -*** These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

b. ***Principles of consolidation -*** The consolidated financial statements include the accounts of the Bank and its wholly-owned subsidiaries made up to December 31, 2005. Significant inter-company transactions and balances have been eliminated on consolidation.

c. ***Recognition of income -*** Income is recognized on an accrual basis, except for impaired loans receivable (see Note 3d) and fees, which are recognized on a cash basis. Discounts on acquired loans are recognized as income on a pro-rated basis in line with the reduction in the acquired portfolio.

d. ***Loans receivable -*** Loans receivable are carried at the principal amount outstanding, plus accrued interest receivable less provision for loan losses. Acquired loans are carried at the principal amount less unamortised discount.

A loan is classified as impaired whenever principal and/or interest is 90 days contractually past due. When a loan is classified as impaired all uncollected interest and fees are reversed from income. The amount of interest reversed on impaired loans at December 31, 2005 was $1.1 million (2004: $2.1 million).

Payments received on loans that have been classified as impaired are applied first to outstanding interest and then to the remaining principal.

e. ***Loans receivable provision and write-off policy -*** The Bank makes provision for bad and doubtful debts by way of a charge to operating expense. The charge is decreased by loans written-off, net of recoveries. The provision reflects the losses inherent in the loan portfolio at the balance sheet date. There are two types of provision, specific and general, which are discussed below.

Specific provision - Specific provisions are made against individual loans and advances where there is no longer reasonable assurance of timely collection of the full amount of principal and interest due to a deterioration in the credit quality of the counter party. For the Bank's portfolio of relatively small homogenous advances such as residential mortgage, personal lending and credit card portfolios, specific provisions are calculated using a formula driven approach. These formulae take into account factors such as the length of time that payments from the customer are overdue, the value of any collateral held and the level of past and expected losses in order to derive an appropriate provision.

For other lending portfolios, specific provisions are calculated on a case by case basis. In establishing an appropriate provision, factors such as the nature and value of any collateral held, the costs associated with obtaining repayment and realization of the collateral, and estimated future cash flows are taken into consideration.

General provision - General provisions are made to cover bad and doubtful debts that have not been separately identified at the balance sheet date, but are known to be present in any loan portfolio. The level of general provision is determined in light of the Bank's past loan loss experience, current economic conditions and other factors affecting the business environment.

The Bank has decided that a general provision for losses on loans receivable should amount to a minimum of 1% of outstanding loan balances.

A consumer installment loan is normally written-off if principal and/or interest payments become 180 days contractually in arrears and all collateral has been realized. However, if in the opinion of management, further recovery is possible, the loan may be deferred from write-off for a period up to a further 120 days.

A credit card loan is normally written off when principal or interest payments become 180 days past due.

f. ***Life assurance fund -*** All receipts from the life assurance business of Laurentide Insurance and Mortgage Company Limited, "Laurentide" are credited to a life assurance fund as required by The 1969 Insurance Act, under which Laurentide is registered. The fund is reduced in respect of expenses of the life assurance business and any surplus disclosed by actuarial valuation.

g. ***Foreign currency translation -*** Assets and liabilities in other currencies have been translated into Bahamian dollars at the appropriate rates of exchange prevailing as of December 31, 2005. Income and expense items have been translated at actual rates on the date of the transaction.

h. ***Premises and equipment -*** These assets are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are computed on a straight-line basis and are charged to non-interest expenses over the estimated useful lives of the assets as follows:

Buildings	The estimated useful life or a maximum of 40 years
Leasehold improvements	Lease term
Furniture, fittings and equipment	3 - 10 years

i. ***Impairment of assets -*** At the end of each balance sheet date, the Bank reviews the carrying amount of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

j. ***Earnings per share -*** Earnings per share is computed by dividing the net income, after deducting dividends declared on preference shares, by the weighted average number of common shares outstanding during the year. There is no material difference between basic earnings per share and fully diluted earnings per share. The effect of the changes in accounting policy (Note 2) and the Prior Year Error (Note 12) does not change previously reported earnings per share.

k. ***Post retirement benefits -*** The Bank maintains a defined benefit plan covering all employees in the active employment of the Bank who have at least 3 years of service or have reached the age of 25. The plan provides pensions based on years of service, contributions and weighted average earnings at retirement. The Bank's funding policy is to make monthly contributions to the plan based on triennial valuations. The Bank pays on demand to the plan such periodic contributions as may be required to meet the costs and expenses of the plan.

Investments held by the pension fund are primarily comprised of equity securities, preference shares, bonds and government stock.

Pension costs for the year are the present value of the current year service cost based on estimated final salaries, interest expense on the liability, expected investment return on the market value of the plan assets and the amortization of both deferred past service costs and deferred actuarial gains and losses. Amortization is charged over the expected average remaining service life of employees covered by the plan. The cumulative excess of pension fund contributions over the amounts recorded as expenses are recorded as prepaid expense in other assets. Pension costs are charged to general and administrative expenses.

l. ***Share-Based payments -*** The Bank issues equity-settled share-based payments to certain management staff. The Bank determines the fair value of stock options on their grant date using a Black Scholes Model and records this amount as compensation expense. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of nontransferability, exercise restrictions and behavioral considerations. The fair value is recomputed over the period that the stock options vest, with a corresponding increase to share premium. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Bank's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. When the stock options are exercised the proceeds are recorded in share capital and share premium.

No compensation expense has been recorded for options issued prior to November 2002. When these options are exercised, proceeds are credited to share capital.

Other Share-Based Compensation Plan: The Bank offers non management staff the option of purchasing common shares at a 10% discount from the prevailing market rate at the time of the offer. Under the new accounting policy the amount of discount is recorded as compensation expense with a corresponding increase to share premium. Payments by staff for the shares are credited to share capital.

The share-based payments expense has been included in staff costs in the general and administrative expenses line of the consolidated statement of income.

m. ***Deposits*** - Deposits are stated at principal plus accrued interest.

n. ***Investments*** - Investments are classified as held-to-maturity and are stated at cost plus accrued interest. Investment income is recorded in interest income in the consolidated statement of income.

o. ***Related parties*** - Related parties include officers, directors, shareholders with shareholdings in excess of 5% of outstanding common shares, and companies that are controlled by these parties.

4. BUSINESS SEGMENT

For management purposes, the Bank, including its subsidiaries, is organized into two major operating units – Bank and Real Estate. The principal business of the Bank is that of providing full service personal banking including the acceptance of savings, fixed and demand deposits, providing consumer financing through loans, overdrafts and credit cards and mortgage financing on real estate and the sale of foreign exchange. The Bank also provides credit life insurance in respect of the Bank's borrowers through Laurentide. For management purposes, Laurentide activities are reported as part of the Bank and therefore are not treated as a separate business segment. The Bank also has a real estate company (C. B. Holding Co. Ltd) that owns and manages real property. The major tenant is the Bank, however, there are also several unrelated tenants renting from the company. C.B. Securities Ltd., which was incorporated as an investment company on September 2, 1996, had no activity in the reporting period.

All of the activities of the Bank and its subsidiaries are deemed to be operating within the same geographical area. Inter-segment revenues are accounted for at competitive market prices. Inter-segment expenses are transferred at cost. All transactions between segments are eliminated on consolidation.

The following table shows financial information by business segment:

	Banking		Real Estate		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
Revenue								
External	$ 69,809	$ 58,598	$ 322	$ 86	$ -	$ -	$ 70,131	$ 58,684
Internal	432	116	984	238	(1,416)	(354)	-	-
Total Revenue	$ 70,241	$ 58,714	$ 1,306	$ 324	$ (1,416)	$ (354)	$ 70,131	$ 58,684
Net profit								
Segment Net Profit	$ 31,042	$ 25,207	$ 188	$ 15	$ 573	$ 122	$ 31,803	$ 25,344
Other Information								
Capital Additions	$ 2,132	$ 2,026	$ 961	$ 7,077	$ -	$ -	$ 3,093	$ 9,103
Depreciation	$ 2,339	$ 2,235	$ 149	$ 37	$ -	$ -	$ 2,488	$ 2,272
Assets	$845,748	$758,303	$ 8,228	$ 7,354	$ -	$ -	$853,976	$ 765,657
Liabilities	$697,255	$625,857	$ 7,275	$ 6,839	$ -	$ -	$704,530	$ 632,696

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is represented by cash and deposits with banks plus accrued interest and non-interest bearing balances with The Central Bank of The Bahamas as follows:

	2005	2004
Cash and deposits with banks	$ 18,293	$ 11,479
Balances with The Central Bank of The Bahamas	42,125	77,928
Total cash and cash equivalents	$ 60,418	$ 89,407

The Bank is required to maintain a percentage of customers' deposits as cash or deposits with The Central Bank of The Bahamas. At December 31, 2005, this reserve requirement was $25.3 million (2004: $23.6 million).

6. INVESTMENTS

Investments are as follows:

	Term to Maturity						2005		2004	
	Within 12 months		Over 12 to 60 months		Over 60 months		Total		Total	
	$	Yield %	$	Yield %	$	Yield %	$	Yield %	$	Yield %
Bahamas Government Treasury Bills	21,994	0.107%	-	-	-	-	21,994	0.107%	11,424	0.184%
Bahamas Government Registered Stock	1,175	8.290%	3,335	6.734%	44,621	6.304%	49,131	6.381%	44,495	6.250%
Bridge Authority	-	-	-	-	233	7.125%	233	7.125%	233	7.625%
Education Authority	-	-	-	-	-	-	-	-	3,000	6.250%
Clifton Heritage	-	-	-	-	2,009	6.088%	2,009	6.088%	-	-
United States Government Stock	-	-	-	-	989	6.990%	989	6.990%	982	6.990%
Accrued interest Receivable	-	-	-	-	-	-	823	-	865	-
Total Investment Securities	23,169	0.446%	3,335	6.734%	47,852	6.315%	75,179	4.513%	60,999	5.560%

Income from Investments is included in the Consolidated Statement of Income as follows:

	2005	2004
Interest income	$ 3,327	$ 3,311

7. LOANS RECEIVABLE

Loans receivable is as follows:

	2005	2004
Residential Mortgage	$ 144,860	$ 113,758
Business	20,097	19,721
Personal	506,062	439,870
Credit card	26,249	21,458
Accrued interest receivable	8,044	7,476
	705,312	602,283
Less provision for losses	13,152	13,407
	$ 692,160	$ 588,876

Provision for losses is as follows:

2005

	Balance at Beginning of Year	Loans Written off	Recoveries	Provision for Credit Losses	Balance at End of Year
Residential Mortgage	$ 1,571	$ (93)	$ -	$ 1,985	$ 3,463
Business	418	(53)	-	217	582
Personal	10,931	(14,173)	4,843	6,625	8,226
Credit card	487	(604)	147	851	881
Total allowance for credit losses	$ 13,407	$ (14,923)	$ 4,990	$ 9,678	$ 13,152
Specific provisions	$ 8,867	$ (14,923)	$ 4,990	$ 4,382	$ 3,316
General provisions	4,540	-	-	5,296	9,836
Total	$ 13,407	$ (14,923)	$ 4,990	$ 9,678	$ 13,152

2004

	Balance at Beginning of Year	Loans Written off	Recoveries	Provision for Credit Losses	Balance at End of Year
Residential Mortgage	$ 1,186	$ (243)	$ -	$ 628	$ 1,571
Business	690	(43)	-	(229)	418
Personal	14,182	(20,316)	3,666	13,399	10,931
Credit card	527	(147)	102	5	487
Total allowance for credit losses	$ 16,585	$ (20,749)	$ 3,768	$ 13,803	$ 13,407
Specific provisions	$ 13,709	$ (20,749)	$ 3,768	$ 12,139	$ 8,867
General provisions	2,876	-	-	1,664	4,540
Total	$ 16,585	$ (20,749)	$ 3,768	$ 13,803	$ 13,407

Impaired Loans Receivable is as follows:

	2005 Gross Impaired	2005 Specific Allowance	2005 Net Impaired
Residential Mortgage	$ 3,877	$ 1,358	$ 2,519
Business	389	322	67
Personal	4,771	1,536	3,235
Credit card	263	100	163
	$ 9,300	$ 3,316	$ 5,984

Percentage of loan portfolio	1.32 %
Percentage of total assets	1.09 %

	2004 Gross Impaired	2004 Specific Allowance	2004 Net Impaired
Residential Mortgage	$ 4,718	$ 474	$ 4,244
Business	1,408	244	1,164
Personal	13,171	7,943	5,228
Credit card	463	206	257
	$ 19,760	$ 8,867	$ 10,893

Percentage of loan portfolio	3.28 %
Percentage of total assets	2.58 %

8. PREMISES AND EQUIPMENT

The movement of premises and equipment is as follows:

	Land	Buildings	Leasehold Improvements	Furniture, Fittings and Equipment	Total
Cost					
December 31, 2004	$ 5,158	$ 17,620	$ 3,618	$ 17,570	$ 43,966
Additions	846	156	22	2,069	3,093
December 31, 2005	$ 6,004	$ 17,776	$ 3,640	$ 19,639	$ 47,059
Accumulated Depreciation and Amortization					
December 31, 2004	$ -	$ 2,975	$ 2,975	$ 13,148	$ 19,098
Charge for the year	-	479	179	1,830	2,488
December 31, 2005	$ -	$ 3,454	$ 3,154	$ 14,978	$ 21,586
Net Book Value					
December 31, 2005	$ 6,004	$ 14,322	$ 486	$ 4,661	$ 25,473
December 31, 2004	$ 5,158	$ 14,645	$ 643	$ 4,422	$ 24,868

Depreciation and amortization expense is as follows:

	2005	2004
Buildings	$ 479	$ 365
Leasehold improvements	179	205
Furniture, fittings and equipment	1,830	1,702
	$ 2,488	$ 2,272

9. DEPOSITS

The composition of deposits is as follows:

	2005	2004
Demand deposits	$ 51,076	$ 45,213
Savings accounts	88,978	76,665
Certificates of deposit	527,750	482,165
Accrued interest payable	12,527	11,220
	$ 680,331	$ 615,263

10. LIFE ASSURANCE FUND

An actuarial valuation of the life assurance fund was conducted as of December 31, 2005. The calculation was based on the greater of the total of unearned premiums and the actuarial reserve which includes provision for mortality, surrender, expenses and adverse deviations. As a consequence, $2.462 million (2004: $2.456 million) being premiums distributable otherwise than to policyholders, was credited to income during the year.

11. SHARE CAPITAL

Share capital is as follows:

Preference Shares:

	Beginning of Year 2005	Beginning of Year 2004	Rate Changes 2005	Rate Changes 2004	End of Year 2005	End of Year 2004
Rates						
Class A	9.0%	9.0%	-2.0%	-	7.0%	9.0%
Class B	8.5%	8.5%	-1.5%	-	7.0%	8.5%
Class C	8.0%	8.0%	-1.0%	-	7.0%	8.0%
Class D	9.0%	9.0%	-2.0%	-	7.0%	9.0%
Class E	9.0%	9.0%	-2.0%	-	7.0%	9.0%
Class F	9.0%	9.0%	-2.0%	-	7.0%	9.0%
Class G	9.0%	9.0%	-2.0%	-	7.0%	9.0%
Class H	-	-	7.0%	-	7.0%	-
Class I	-	-	7.0%	-	7.0%	-

B 000's		Beginning of Year 2005	Beginning of Year 2004	Issued/(Redeemed) 2005	Issued/(Redeemed) 2004	End of Year 2005	End of Year 2004
Authorized	Par $						
Class A	500	$ 15,000	$ 15,000	$ -	$ -	$ 15,000	$ 15,000
Class B	500	5,000	5,000	-	-	5,000	5,000
Class C	100	5,000	5,000	-	-	5,000	5,000
Class D	100	10,000	10,000	-	-	10,000	10,000
Class E	100	10,000	10,000	-	-	10,000	10,000
Class F	100	10,000	10,000	-	-	10,000	10,000
Class G	100	10,000	10,000	-	-	10,000	10,000
Class H	100	-	-	10,000		10,000	-
Class I	100	-	-	10,000	-	10,000	-
		$ 65,000	$ 65,000	$ 20,000	$ -	$ 85,000	$ 65,000

B 000's	Beginning of Year 2005	Beginning of Year 2004	Issued/(Redeemed) 2005	Issued/(Redeemed) 2004	End of Year 2005	End of Year 2004
Outstanding						
Class A	$ 15,000	$ 15,000	$ -	$ -	$ 15,000	$ 15,000
Class B	4,985	4,985	-	-	4,985	4,985
Class C	1,008	1,008	(1,008)	-	-	1,008
Class D	10,000	10,000	-	-	10,000	10,000
Class E	9,999	9,999	-	-	9,999	9,999
Class F	9,999	9,999	-	-	9,999	9,999
Class G	10,000	10,000	-	-	10,000	10,000
Class H	-	-	875	-	875	-
Class I	-	-	-	-	-	-
	$ 60,991	$ 60,991	$ (133)	$ -	$ 60,858	$ 60,991

All classes of Preference Shares are cumulative, non-voting and redeemable at the discretion of the Board. Dividend rates are variable with prime rate at December 31, 2005. At December 31, 2005 Bahamian Prime rate was 5.5%, (2004: 6.0%). At December 31, 2004 dividend rates were fixed rates.

Common Shares:

	Number 000's	B$0.06 each B$ 000's
Authorized:		
December 31, 2004 and December 31, 2005	75,000	$ 4,500
Issued and outstanding:		
December 31, 2003	31,259	1,876
Issuance of new shares	24	1
December 31, 2004	31,283	1,877
Issuance of new shares	633	38
December 31, 2005	31,916	$ 1,915

On January 31, 2006, the Bank declared an extraordinary dividend of $0.12 cents per share payable on April 30, 2006.

12. PRIOR PERIOD ERROR

During the year, it was determined that credit life insurance premium in the Bank's subsidiary, Laurentide was not being correctly amortised on some of its policies and was being prematurely recognized as income. As a result, Laurentide's earnings for prior periods were overstated and have been restated according to *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8). The restated Laurentide Financial Statements have been used in preparing the Banks Consolidated Financial Statements for 2005. Accordingly, the restatement for the Prior Year Error is reflected in these consolidated financial statements.

The Bank's consolidated financial statements have been restated in accordance with IAS 8 and the summary of the restatement is as follows:

	Effect on 2004	Effect on 2003
Increase in life assurance fund	$ 503	$ 270
Increase in other liabilities	$ 10	$ -
Decrease in retained earnings	$ 513	$ 270
Decrease in life assurance, net	$ 243	$ 270
Decrease in net income	$ 243	$ 270

There is no effect on the Bank's consolidated financial statements for 2005 or on earnings per share for 2003 and 2004 as previously reported.

13. GENERAL RESERVE

The general reserve is non-distributable and was created in 2003 to allow the Bank to address issues of an unusual or distress situation should they occur.

14. EMPLOYEE SHARE-BASED PAYMENT PLANS

Stock Option Plan:

On December 14, 1999, the Board of Directors approved an employee stock option plan for certain management staff with a grant of two million shares on May 1, 2000. Options vested over the period from the date of grant to April 30, 2005. Vested options may be exercised up to April 30, 2006 at the market price at the date of grant to the employee.

Other share-based payment plan:

Under the Bank's employee share purchase plan, non-management staff may purchase the Bank's shares at 90% of the closing market price on the date of grant for a restricted period each year. Employees may purchase shares having a value not exceeding 15% of their salary at the time of the grant. Shares so purchased vest immediately but are released to the employee on payment for the shares. Pursuant to the plan, the Bank issued 2,628 shares in 2005.

The following table summarizes information about the Stock Option Plan:

	2005		2004	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding at beginning of year	1,515,000	$ 6.10	1,511,900	$ 6.10
Granted	30,000	7.10	18,100	6.00
Expired or Forfeited	-	-	-	-
Exercised	(623,810)	6.09	(15,000)	6.00
Outstanding at end of year	921,190	$ 6.14	1,515,000	$ 6.14
Of which vested at the end of the year	921,190	$ 6.14	983,080	$ 6.06
Options available to be granted at end of year	376,000		406,000	
Outstanding Stock Options as a percentage of outstanding shares	2.89%		4.84%	

The fair value of options at December 31, 2005 were calculated using the following inputs for the Black Scholes Model:

Weighted average share price:	$8.11
Weighted average exercise price:	$6.14
Expected life of options	0.33 Years
Risk free rate	5.75%
Expected volatility	13%

Expected volatility was determined by calculating the historical volatility of the Bank's share price over the previous three years.

The Bank recognized total expenses of $133 thousand (2004: $16 thousand) related to these equity settled share-based payment transactions during the year.

15. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are as follows:

	2005	(Restated) 2004
Staff costs	$ 25,158	$ 21,431
Other	10,504	9,489
	$ 35,662	$ 30,920

Staff costs include pension costs of $1.27 million (2004: $1.05 million) (see Note 17).

16. RELATED PARTIES' BALANCES AND TRANSACTIONS

Related parties' balances and transactions are as follows:

	2005	2004
Loans receivable	$ 10,635	$ 6,951
Deposits	$ 62,611	$ 51,757
Loans guaranteed by related parties	$ 436	$ 444
Interest income	$ 462	$ 314
Interest expense	$ 3,082	$ 2,302
Rental expense	$ 308	$ 277
General expenses	$ 447	$ 230
Commitments under Revolving Credit Lines	$ 4,729	$ 1,531

Rental commitments to related parties extend only for the year 2006 and total $118 thousand.

Compensation of Key Management Personnel

The remuneration of Directors and other members of key management personnel, those persons having the authority and responsibility for planning, directing and controlling the activities of the Bank, in addition to Directors' Fees disclosed on the Income Statement is as follows:

	2005	2004
Short Term Benefits	$ 3,573	$ 3,057
Post Employment Benefits	$ 215	$ 193

17. BANK PENSION SCHEME

The following tables present information related to the Bank's defined benefit pension plan, including amounts recorded on the consolidated balance sheet and the components of net periodic benefit cost:

	2005	2004
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	$ 19,868	$ 17,417
Actual return on plan assets	2,682	1,547
Company contributions	978	614
Participant contributions	711	640
Benefits paid	(165)	(162)
Withdrawals from plan	(363)	(188)
Fair value of plan assets at end of year	$ 23,711	$ 19,868
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 19,927	$ 17,485
Company contributions	1,116	1,034
Participant contributions	711	640
Interest cost	1,345	1,182
Benefits paid	(529)	(350)
Plan amendment	97	-
Actuarial loss on obligation	(123)	(64)
Benefit obligation at end of year	$ 22,544	$ 19,927
Reconciliation of funded status:		
Present value of plan assets in excess of obligations	$ 1,167	$ (59)
Unrecognised actuarial gain	(1,230)	285
(Accrued pension liability) Prepaid benefit expense	$ (63)	$ 226

Components of pension benefit expense:		
Current Employer service costs	$ 1,116	$ 1,034
Interest cost	1,345	1,182
Expected return on plan assets	(1,291)	(1,164)
Past Service Costs - Vested Benefits	97	-
Pension benefit expense included in staff costs	$ 1,267	$ 1,052

Movement in prepaid asset recognised in the Consolidated Balance Sheet:		
Balance at beginning of year	$ 226	$ 664
Expense as above	(1,267)	(1,052)
Contributions paid	978	614
Balance at end of year	$ (63)	$ 226

Actual return on plan assets:		
Expected return on plan assets	$ 1,291	$ 1,164
Actuarial loss (gain) on plan assets	1,391	383
Actual return on plan assets	$ 2,682	$ 1,547

Assumptions at beginning of year:		
Discount rate	6.25%	6.25%
Long term rate of return on plan assets	6.25%	6.50%
Rate of increase in future compensation	4.50%	4.50%

Assumptions at end of year:		
Discount rate	6.25%	6.25%
Rate of increase in future compensation	4.50%	4.50%

The Bank administers its own pension fund. The pension fund owns 476,432 (2004: 394,907) common shares and $3.46 million (2004: $3 million) preference shares of the Bank. These shares have a market value of $7.8 million (2004: $5.8 million) which represents 33% (2004: 29%) of the pension fund's assets.

Pension funds held at the Bank and related interest expense are as follows:

	2005	2004
Deposits	$ 591	$ 2,547
Interest expense	$ 87	$ 132

18. MATURITY OF ASSETS AND LIABILITIES

The maturity of assets and liabilities is as follows:

	2005	2004
ASSETS		
On demand	$ 64,352	$ 99,222
3 months or less	37,494	24,084
Over 3 months through 6 months	9,365	7,986
Over 6 months through 12 months	18,069	15,896
Over 12 months through 24 months	25,412	32,194
Over 24 months through 5 years	228,456	254,932
Over 5 years	470,828	331,343
	$ 853,976	$ 765,657

	2005	2004
LIABILITIES		
On demand	$ 50,963	$ 45,213
3 months or less	233,662	215,539
Over 3 months through 6 months	83,708	87,633
Over 6 months through 12 months	171,746	113,927
Over 12 months through 24 months	73,347	63,675
Over 24 months through 5 years	80,531	96,008
Over 5 years	10,573	10,701
	$ 704,530	$ 632,696

19. CONCENTRATION OF LOANS RECEIVABLE AND LIABILITIES

The concentration of loans receivable and liabilities is as follows:

	2005		2004	
	$ 000's	Number of Accounts	$ 000's	Number of Accounts
Loans receivable:				
Under $50,000	$ 511,864	51,355	$ 466,441	43,189
$50,001 - $100,000	69,637	1,064	43,797	590
$100,001 - $150,000	39,512	321	32,162	261
$150,001 - $300,000	43,470	221	28,683	144
$300,001 - $500,000	18,475	51	15,122	38
$500,001 - $1,000,000	5,560	9	7,248	4
$1,000,001 and over	8,750	6	1,354	1
Provision	(13,152)	-	(13,407)	-
Accrued interest receivable	8,044	-	7,476	-
	$ 692,160	53,027	$ 588,876	44,227
Liabilities:				
Under $50,000	$ 148,147	50,286	$ 136,159	47,043
$50,001 - $100,000	59,578	832	62,083	883
$100,001 - $150,000	40,086	326	38,923	321
$150,001 - $300,000	66,402	307	71,155	323
$300,001 - $500,000	53,185	134	50,140	125
$500,001 - $1,000,000	102,229	137	93,029	124
$1,000,001 and over	198,177	91	152,554	75
Accrued interest payable	12,527	-	11,220	-
Life assurance fund	10,816	-	6,781	-
Other liabilities	13,383	-	10,625	-
Dividends payable	-	-	27	-
	$ 704,530	52,113	$ 632,696	48,894

20. COMMITMENTS AND CONTINGENCIES

a. In the ordinary course of business, the Bank had commitments as of December 31, 2005, as follows:

	2005	2004
Mortgage commitments	$ 25,277	$ 9,563
Revolving credit lines	21,354	16,436
Standby letters of credit	637	500
Capital expenditures contracted	179	308
Capital expenditure approved but not yet contracted	2,750	-
	$ 50,197	$ 26,807

Revolving Credit Lines - are undrawn lending facilities that have been approved by the Bank to meet the requirements of customers. They are revocable at the Bank's discretion. The amount shown represents the maximum amount of additional credit that the Bank could be obligated to extend. In practice many of these commitments will remain undrawn and the amount is not indicative of future cash requirements.

Standby letters of credit - are short-term instruments used to facilitate international trade typically on behalf of an importer, subject to specific terms and conditions. They are collateralized by the underlying shipments of goods to which they relate.

b. The Bank is obligated under non-cancelable leases on property, all of which are operating leases, expiring no later than 2010, and on maintenance contracts for computer equipment and software expiring no later than 2007 on which the minimum annual rentals are approximately as follows:

	Minimum Rental Commitments	
	Leases	Computer Equipment and Software
Year	**B$**	**B$**
2006	413	244
2007	232	-
2008	232	-
2009	232	-
2010	30	-

c. The Bank has an undrawn line of credit with Bank of America, Miami for US$1 million which was established to service customer transactions. This credit line is secured by United States Government Stock US$1 million disclosed in Note 6.

d. The Bank has an undrawn line of credit with Citibank N.A. The credit line is unsecured and is in the amount of $11 million, and can be drawn down in either Bahamian or United States dollars.

e. The Bank has a standby letter of credit with Citibank N.A. for US$1 million, which was established to secure settlement transactions with MasterCard. This standby credit line is secured by a time deposit of B$1 million, which is included in cash and deposits with Banks.

21. RISK MANAGEMENT

The Bank'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 Bank, Bank policies and the maximization of shareholder return.

a. ***Interest rate risk*** - Interest rate risk or interest rate sensitivity results primarily from differences in the maturities or repricing dates of assets and liabilities. Interest rate risk exposures, or "gaps" may produce favourable or unfavourable effects on interest margins depending on the nature of the gap and the direction of interest rate movement and/or the expected volatility of those interest rates. When assets have a shorter average maturity than liabilities, an increase in interest rates would have a positive impact on net interest margins, and conversely, if more liabilities than assets mature or are repriced in a particular time interval then a negative impact on net interest margin would result. There is no developed derivative market in the domestic banking sector of the economy to assist the Bank in managing interest rate risk. The consolidated gap position shows more assets than liabilities repriced in periods greater than one year. This is a typical position for a financial institution with a large personal customer base. The following table sets out the Bank's interest rate risk exposure as of December 31, 2005, and represents the Bank's risk exposure at this point in time only:

	Maturity or repricing date of interest sensitive instruments					Not interest	
As of December 31, 2005	Within 3 Months	3 - 6 months	6-12 months	1 - 5 Years	Over 5 years	rate sensitive	Total
Assets							
Cash equivalents	$ 5,000	$ -	$ 1,013	$ -	$ -	$ 54,405	$ 60,418
	4.25%	-	*1.38%*	-	-	-	*0.37%*
Investments	64,190	-	1,000	-	9,989	-	75,179
	3.84%	-	*8.75%*	-	*8.42%*	-	*4.51%*
Loans receivable	61,370	137,350	5,229	247,272	240,939	-	692,160
	12.08%	8.38%	*15.31%*	*14.65%*	*13.86%*	-	*12.91%*
Premises and equipment	-	-	-	-	-	25,473	25,473
Other assets	-	-	-	-	-	746	746
TOTAL	$ 130,560	$ 137,350	$ 7,242	$ 247,272	$ 250,928	$ 80,624	$ 853,976
Liabilities and shareholders' equity							
Deposits	$ 262,775	$ 82,638	$ 168,720	$ 160,673	$ 5,525	$ -	$ 680,331
	2.77%	*3.71%*	*4.75%*	*5.91%*	*7.22%*	-	*4.15%*
Other liabilities	-	-	-	-	-	24,199	24,199
Preference shares	60,858	-	-	-	-	-	60,858
	7.00%	-	-	-	-	-	*7.00%*
Other equity	-	-	-	-	-	88,588	88,588
TOTAL	$ 323,633	$ 82,638	$ 168,720	$ 160,673	$ 5,525	$ 112,787	$ 853,976
INTEREST RATE SENSITIVITY GAP	(193,073)	54,712	(161,478)	86,599	245,403	(32,163)	-
CUMULATIVE INTEREST RATE SENSITIVITY GAP	$**(193,073)**	$**(138,361)**	$**(299,839)**	$**(213,240)**	$ **32,163**	$ **-**	$ **-**
COMPARATIVE 2004	$**(159,408)**	$**(117,549)**	$**(222,289)**	$**(103,532)**	$ **(26,079)**	$ **-**	$ **-**
Average Yield - Earning Assets	7.73%	8.38%	12.45%	14.65%	13.64%	-	**11.63%**
Average Yield - Paying Liabilities	3.56%	3.71%	4.75%	5.91%	7.22%	-	**3.81%**
Average Margin 2005	4.16%	4.67%	7.70%	8.73%	6.42%	-	**7.82%**
Average Margin 2004	5.55%	4.29%	9.73%	8.76%	5.12%	-	**7.79%**

b. ***Credit risk*** - The Bank's credit policies are designed to maximize the risk/return trade off. The Bank's credit policies including authorized lending limits are based on a segregation of authority and centralized management approval with periodic independent review by the Bank's Internal Audit Department. Consumer credit is assessed and authorized in branches within credit policies established by the Bank. Credit scoring systems are used to ensure these policies are consistently applied across the Bank. Consumer credit portfolios are reviewed monthly to identify potential failure to perform according to the terms of the contract.

c. ***Liquidity risk*** - Managing liquidity and funding risk is essential to maintaining both depositor confidence and stability in earnings.

The Bank manages liquidity and funding risk by ensuring that sufficient liquid assets and funding capacity are available to meet financial commitments, even in times of stress. The Board of Directors' Executive Committee oversees the Bank's liquidity and funding risk management framework which includes operating within clearly defined Board limits, regulatory liquidity requirements and strong effective processes to monitor and manage risk; including contingency plans to facilitate managing through a distress situation. Standby lines of credit are a significant part of the contingency plan and are disclosed in Note 20.

d. ***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 Bank manages this risk by maintaining a comprehensive system of internal control and internal audit, including organizational and procedural controls. The system of internal control includes written communication of the Bank'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 is regularly updated. These controls and audits are designed to provide the Bank with reasonable assurance that assets are safeguarded against unauthorized use or disposition, liabilities are recognized, and the Bank is in compliance with all regulatory requirements.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction. In most cases, however, the financial instruments are not typically exchangeable or exchanged and therefore it is difficult to determine their fair value. In these cases fair value is estimated to approximate the carrying value of financial assets and liabilities.

The calculation of fair value is based on management's best estimates, which involve uncertainties, and therefore actual fair value realised in a sale or immediate settlement of the instruments may differ from the estimated fair value.

BUILDING VALUE
THROUGH OUR BRAND

BRANDING IS A VITAL PART OF COMMONWEALTH BANK'S CONTINUED GROWTH AND SUCCESS.

PRESENTING A PROFESSIONAL APPEARANCE TO OUR CUSTOMERS BUILDS TRUST AND LOYALTY THROUGH RECOGNITION AND QUALITY ASSURANCE.

PROVIDING A WELL COORDINATED AND CONSISTENT APPROACH TO EVERYTHING OUR CUSTOMERS EXPERIENCE IS NOTHING LESS THAN A SOUND WAY OF DOING BUSINESS. IT IS THE WAY TO BE THE LEADER IN PERSONAL BANKING.

SHAREHOLDER INFORMATION

Board of Directors

T. Baswell Donaldson, CBE
Chairman
Commonwealth Bank Ltd.

William B. Sands, Jr.
President & CEO
Commonwealth Bank Ltd.

Ian A. Jennings
SVP & CFO
Commonwealth Bank Ltd.

Rupert W. Roberts, Jr., OBE
President
Super Value Food Stores Ltd.

R. Craig Symonette
Chairman
Abaco Markets Ltd.

Franklyn A. Butler, OBE
President & CEO
Milo Butler & Sons Co. Ltd.

Vaughn W. Higgs
VP & General Manager
Nassau Paper Co. Ltd.

Larry R. Gibson
Vice President
Colonial Pension Services

G. Clifford Culmer
Partner
BDO Mann Judd

Michael L. Barnett
Partner
Graham Thompson & Co.

J. Barrie Farrington, CBE
Vice President
Kerzner International

Earla J. Bethel
President
DanBrad Ltd.

Charlene A. Pinder-Higgs
Corporate Secretary
Commonwealth Bank Ltd.

REGISTERED OFFICE

GTC Corporate Services Ltd.
P.O. Box SS-5383
Nassau, Bahamas

PRINCIPAL ADDRESS

Commonwealth Bank Ltd.
Head Office
The Plaza, Mackey St.
P.O. Box SS-5541
Nassau, Bahamas
Tel: 242-502-6200
Fax: 242-394-5807

AUDITORS

Deloitte & Touche
P.O. Box N-7120
Nassau, Bahamas

TRANSFER AGENT & REGISTRAR

Colina Financial Advisors Ltd.
Goodman's Bay Corporate Centre
Third Floor
West Bay Street
P.O. Box CB-12407
Nassau, Bahamas
Tel: 242-502-7010
Fax: 242-356-3677

STOCK EXCHANGE LISTING

(Symbol: CBL)

COMMON SHARE LISTING

Bahamas International
Securities Exchange (BISX)

INTERNET ADDRESS

www.combankltd.com

SHAREHOLDER'S CONTACT

For change of address, change to dividend instructions and estate transfers, Shareholders are requested to write the Bank's Transfer Agent, Colina Financial Advisors Ltd., at their mailing address or call the Transfer Agent at 242-502-7010.

Other Shareholder inquiries may be directed to our Investor Relations Department, by writing to:

The Corporate Secretary
Commonwealth Bank Ltd.
Head Office
The Plaza, Mackey St.
P.O. Box SS-5541
Nassau, Bahamas
Tel: 242-502-6200
Fax: 242-394-5807

DIRECT DEPOSIT SERVICE

Shareholders may have their dividends deposited directly to an account at any financial institution. To arrange this, please write to Colina Financial Advisors Ltd. at their mailing address.

INSTITUTIONAL INVESTOR, BROKER & SECURITY ANALYST CONTACT

Institutional investors, brokers and security analysts requiring financial information should contact the Corporate Secretary, Investor Relations, by writing us at our Principal Address or by calling:

Tel: 242-502-6200
Fax: 242-394-5807

DIVIDEND DATES FOR 2006

Subject to approval by the Board of Directors

Record Date	Payment Date
March 14	March 31
June 13	June 30
September 15	September 30
December 15	December 31

SERVICES

- Auto Loans
- Personal Lending
- Mortgage Financing
- Real Estate Financing
- Small Business Lending
- Commercial Lending

- Personal Chequing Accounts
- Overdraft Facilities
- SunCard
- MasterCard
- Certificates of Deposit
- Savings Accounts

- Christmas Club Savings
- Student Savings Accounts
- Automated Banking Machines
- Foreign Exchange Services
- Online Banking

NEW PROVIDENCE

Head Office	502-6200
The Plaza, Mackey St.	
P.O. Box SS-5541	

BRANCHES

The Plaza, Mackey St.	502-6100
Bay & Christie Streets	322-1154
Town Centre Mall	322-4107
Oakes Field	322-3474
Cable Beach*	327-8441
Wulff Road*	394-6469
Golden Gates (Fall 2006)	461-1300

GRAND BAHAMA

The Mall Drive*	352-8307
Lucaya	373-9670

ABACO

Marsh Harbour	367-2370

CREDIT CARD CENTRE

Nassau	502-6150
Freeport	352-4428
Merchant Help Line	502-6150

OFF-SITE ABM LOCATIONS

Super Value
(Cable Beach, Winton & Golden Gates)
Freeport Airport

*Drive thru ABMs available

www.combankltd.com

LOCATIONS