COMMONWEALTH BANK LIMITED • CELEBRATING SERVICE EXCELLENCE • FIFTIETH ANNIVERSARY 1960-2010 •

COMMONWEALTH BANK

50TH Anniversary

This report is dedicated to the foresight, courage and determination of our visionary founders who pioneered this great institution.

Welcome to our 50th Anniversary Annual Report. We are pleased to present this special commemorative report that underscores the Bank's five decades of unparalleled growth, financial accomplishments and tradition of service excellence, beginning with those very first modest steps on Wednesday, April 20th, 1960.

In the nineteen sixties, The Bahamas was enjoying a stable economic environment spurred by infrastructural development, modern construction projects, a burgeoning tourism market alongside direct foreign investment and an emerging international banking centre. Against this landscape of political transformation and monetary growth, a new financing venture unfolded with a simple philosophy – to become a financial partner to the working Bahamian. This was the origin of Commonwealth Bank Limited and it is a story that we are proud to share with you.

Conceived as a small consumer finance company by the late Sir Roland Symonette, The Bahamas' first premier and his partner Peter Paul Saunders, former head of the Canadian Laurentide Financial Corporation, Commonwealth Industrial Bank began as a single desk operation with three employees. Bahamian Earle Sands was recruited as the first head of this new enterprise along with Lionel Albury and Juanita Grant. The Bank's initial clients represented the accounts receivable, acquired from the Home Furniture Company. This new venture, which continued to operate as a subsidiary of Canadian-based Laurentide Financial Corporation Limited, quickly filled a financing void created by the big multi-national banks; by making available an alternative avenue for the average Bahamian wage earner to have access to financing for furniture, home improvement, travel and other consumer needs.

The first years of the 1980's saw some dramatic changes for the Bank. In Canada, a series of economic downturns resulted in the ownership of the Bank passing to the National Bank of Canada. While in the Bahamas, the death of Sir Roland in March 1980 saw the minority interest pass to Lady Margaret Symonette, Sir Roland's widow. With the Canadian economy still in turmoil, the National Bank of Canada decided to divest its holding in this small Bahamian bank. In 1983, Lady Margaret Symonette, the widow of the late Sir Roland and her stepson, businessman Robert H. 'Bobby' Symonette, spearheaded the Bank's Bahamianization. Despite what many financially astute people told them, Lady Margaret and Bobby Symonette put together a group of 24 Bahamian investors, who were resolute in their efforts to prove that Bahamians could successfully run a bank. They were determined to start one of the most ambitious business ventures of that time and to do it with local resources, local personnel and local capital. On Wednesday, February 1, 1984 the new Commonwealth Industrial Bank, an all Bahamian-owned financial institution with $15 million in assets was formed. As the Bank for "Bahamians with places to go", Commonwealth Bank's history takes off from the new era of Bahamian ownership.

Robert "Bobby" Symonette, the Bank's first President, along with a new Board of Directors and Officers, guided the Bank's progression by pioneering the concept of community banking, branch network automation and launching the first Bahamian credit card – SunCard. The Bank focused on improving its branch locations, expanding its Plaza and Freeport offices, moving its Dunmore Lane Branch to a renovated 610 East Bay St location in 1986 and building its first branch at Oakes Field.

As times and conditions changed, so did the paradigm of the Bank. Our products and services had evolved over the years along with our name. Commonwealth Industrial Bank would shorten its corporate name to Commonwealth Bank Limited in 1988. Through this era of change, Commonwealth Bank would grow from strength to strength and the institution's continued expansion would allow for its customers to grow along with it. At the end of the 1980s, the Bank evolved into what was essentially a small savings and loan institution servicing savings accounts and certificates of deposit in addition to financing consumer purchases.

The 1990s heralded an era of history making firsts that involved technological advancement, physical expansion and the introduction of the first "Flagship Branch" – the Mall Drive, Freeport, Grand Bahama. During this decade, the Bank made history by becoming the first Bahamian owned financial institution to achieve Clearing Bank and Authorized Dealer status. This achievement completed the Bank's transformation from a savings and loans institution to a full service bank offering an array of personal banking products and services.

At the dawn of the new millennium the upgraded computer software paved the way for the Bank's Automated Banking Machines (ABMs), international credit card services and the launch of its web site. In 2000, the success of the Bank was recognized in the tremendously over-subscribed Initial Public Offering (IPO) for Commonwealth Bank common shares. This has resulted in the Bank being the largest most successful Bahamian public company. Toward the end of the first decade of the new millennium, the Bank celebrated the opening of its eleventh branch on Prince Charles Drive and introduced full service Saturday Banking to The Bahamas.

Although the Bank looks vastly different from its humble beginnings, it is our commitment to our founding values that allows us to continue to perform at a level that places us among the best and highest performing banks in the country. Not only do we measure performance in financial goals but also in our pledge to assist our communities, whether it be in the aftermath of a hurricane, lending support to our education system or helping our customers affected by the economic downturn.

We expect this anniversary annual report will help to demonstrate the evolution of Commonwealth Bank Limited as a high performing and diversified organization. With pride in our history and our unwavering commitment to service excellence, the Bank will continue to strive to build a greater organization, with the accomplishments of the past 50 years as the foundation for our future success.

Thank you for choosing Commonwealth Bank as your financial partner.

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CB COMMONWEALTH BANK
50TH Anniversary

~ Pride in our Past,
Faith in our Future.

Our Vision

First Choice of Bahamians for all Banking Services

Our Mission

To be 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 stakeholders 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

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Strategic Priorities

CORE VALUES	2009 STRATEGIC PRIORITIES	2009 INITIATIVES AND ACCOMPLISHMENTS	2010 STRATEGIC PRIORITIES
Be responsible and effective financial managers.	**Challenging but conservative financial objectives have been established with firm financial targets in place. Emphasis to be placed on credit quality, loss mitigation and improvement in the operating Efficiency Ratio.**	• Our revised business plan targets were achieved, notwithstanding the global economic downturn. Including maintaining regulatory capital in excess of minimum requirements. • We enhanced our efficiency ratio,despite product sales declining during the year.	**Challenging objectives have been established with firm financial targets in place.** **Strong credit quality and loss mitigation factors remain key objectives for the year.** **Concentrated efforts will be directed to sustaining the improvement in efficiency ratios by improving revenue streams and continuing to constrain costs of operations.**
Lead by example to effect positive change.	**Expanded governance regime during this time of uncertainty will predominate.** **Continue to assess ongoing support of Bahamian youth through various programs and community services to ensure value is sustained.**	• Confirmed our position as a leader in governance. • The Bank maintained its commitment to young Bahamians, vocational students and other social programs assisting those hardest hit by the downturn.	**Sustain an effective governance regime.** **Continue to support the development of Bahamian youth through various programs and community services.**
Provide meaningful opportunities for stakeholders to have input.	**Continue program of advancing technology to assist the use of bank-wide performance metrics.** **Remain a leader in providing transparency of its operations and results to stakeholders.**	• Further progress was made to expand the Bank's ability to measure performance attributes on a more timely basis. • The Bank remains a leader in adopting international standards and communicating its results to stakeholders.	**Expand on the ability of technology to assist the development of bank-wide performance metrics.** **Continue the Bank's program of increasing its transparency of its operations.**
Ensure Commonwealth Bank is a great place to work.	**Succession for all senior officers will be put in place for key positions.** **International and domestic training programs will be directed at ensuring the succession plan is actualized.** **Sustain attractive "Pay for Performance" compensation plans.**	• Some progress has been made in implementing succession planning for key individuals. • Training was more focused on individual development and enhancing the breadth of management skills. • Surveys facilitated to ensure competitive remuneration is offered.	**Continue the program of fulfilling our objective of having a comprehensive succession plan for all key positions.** **Continue to provide training both internationally and locally to develop all levels of staff.** **Continue to sustain attractive "Pay for Performance" compensation plans.**
Provide customers with outstanding services.	**Continue to expand integrated product offerings to focus on customer-centric opportunities to achieve our vision of being "The First Choice of Bahamians for all Banking services".**	• Provided credit assistance to worthy customers impacted by the downturn. • Continued upgrades to existing customer-based technology platforms. • Applied BCP emphasis to operations. • Offered full service Saturday Banking.	**Expand integrated product offerings to focus on customer-centric opportunities to achieve our vision of being "The First Choice of Bahamians for all Banking Services".**

Financial Highlights

For the years ended 31 December (B$ 000's)	2009	2008	2007	2006	2005
INCOME STATEMENT DATA:					
Interest Income	$ 158,811	$ 149,896	$ 130,391	$ 111,996	$ 93,569
Interest Expense	(53,060)	(50,081)	(40,517)	(32,194)	(25,596)
Net Interest Income	105,751	99,815	89,874	79,802	67,973
Loan Impairment Expense	(30,262)	(16,640)	(10,390)	(11,758)	(9,678)
Net Interest Income after Loan Impairment Expense	75,489	83,175	79,484	68,044	58,295
Non-interest Income	14,842	15,754	13,793	11,890	8,819
Non-interest Expenses	(48,059)	(49,637)	(44,743)	(40,487)	(37,612)
Net Income	42,272	49,292	48,534	39,447	29,502
PER SHARE DATA:					
Book Value	1.42	1.29	1.18	0.99	0.84
Cash Dividends	0.25	0.31	0.26	0.23	0.15
Year End Share Price	$ 7.00	$ 7.00	$ 8.37	$ 4.17	$ 3.04
Script Dividends					
Weighted Average Common Shares Outstanding (000's)	98,132	98,114	98,298	97,749	95,751
Dividend growth (total)	-19.35%	19.23%	14.71%	51.11%	15.38%
BALANCE SHEET DATA:					
Total Assets	$ 1,376,521	$ 1,311,700	$ 1,168,623	$ 1,009,848	$ 846,167
Securities	196,688	120,827	98,050	86,057	75,179
Loans	1,086,227	1,063,587	964,691	819,752	697,503
Net Write-offs	19,621	11,202	9,032	5,969	9,934
Total Deposits	1,122,453	1,069,136	935,730	798,394	680,331
Total Shareholders Equity	223,911	211,388	200,896	182,666	141,637
PERFORMANCE RATIOS:					
Price/Earnings	18.91	15.85	19.32	11.87	11.80
Price/Book Value	4.95	5.43	7.11	4.19	3.60
Dividend Yield (Annual Dividend/Year End Price)	3.57%	4.43%	3.11%	5.44%	4.94%
Earnings Per Share	0.37	0.44	0.43	0.35	0.26
Return on Average Assets	2.65%	3.44%	3.87%	3.65%	3.14%
Return on Average Shareholders' Equity	26.99%	35.05%	38.68%	36.67%	35.94%
Ordinary Dividend Payout Ratio	67.54%	70.20%	60.05%	64.62%	57.64%
Efficiency Ratio	41.92%	45.28%	45.79%	46.76%	52.29%
Net Interest Margin	7.25%	7.16%	7.18%	7.40%	7.46%
ASSET QUALITY RATIOS:					
Non-accrual Loans to Total Loans	2.96%	1.73%	1.50%	1.48%	1.33%
Non-accrual Loans to Total Assets	2.34%	1.40%	1.24%	1.20%	1.10%
Net Write-offs to Average Loans	1.80%	1.08%	1.00%	0.77%	1.56%
Loan Impairment Allowances to Total Loans	3.35%	2.42%	2.10%	2.31%	1.89%
Loan Impairment Allowances to Non-accrual Loans	112.97%	139.84%	140.05%	156.52%	141.42%
LIQUIDITY RATIO:					
Average Cash and Securities to Average Total Assets	19.22%	17.02%	16.81%	16.70%	17.69%
CAPITAL RATIOS:					
Leverage Ratio Average Shareholders' Equity to Average Total Assets	16.03%	16.55%	17.73%	17.70%	18.28%
CONSOLIDATED CAPITAL ADEQUACY:					
Tier 1 Capital	$ 138,928	$ 126,405	$ 115,913	$ 97,683	$ 80,779
Tier 2 Capital	$ 84,983	$ 84,983	$ 84,983	$ 84,983	$ 60,858
Total Capital	223,911	211,388	200,896	182,666	141,637
Total Risk Adjusted Assets	1,072,796	1,051,305	961,051	820,409	724,630
Tier 1 Ratio	12.95%	12.02%	12.06%	11.91%	11.15%
Tier 1 + Tier 2 Capital Ratio	20.87%	20.11%	20.90%	22.27%	19.55%

Capital Ratios have been restated to reflect Central Bank of The Bahamas Capital Adequacy Guideline
Certain figures have been restated to be consistent with the current year's presentation.

	2009	2008	2007	2006	2005
Number of Employees Average for the Year	541	532	495	467	460

Chairman's Report

T. BASWELL DONALDSON, CBE

THE WORLD HAS CHANGED

2009 was a tough year. This time last year, as we discussed in our 2008 Annual Report, the financial services industry - Commonwealth Bank included - was beginning to face the impact of a global and deteriorating financial industry environment which was triggered by the collapse of the sub-prime mortgage market in the United States. Twelve months on, a crisis that started in a single sector had spread both internationally and to all economic sectors materialized in a global economic slowdown in 2009. The Bahamas was not spared from the trickle down as the global recession impacted our own stakeholders and customers.

As we continue to navigate through a difficult market, it has become crystal clear that being a Bahamian-owned financial institution and one that has and continues to focus on being the “First Choice of Bahamians for all Banking Services” is not only a differentiator, but it has been fundamental to our long standing success.

As the market changed, we steadfastly stuck to our conservative personal banking-focused business model. This model is based upon delivering superior quality service, creating value for our shareholders while promoting economic growth and stability, where possible, throughout our community. In addressing our business model, careful and ongoing attention was and continues to be placed on ensuring the safety, soundness and ongoing sustainability of the Bank through a rigorous process of control and a sustained and effective governance regime.

SUCCESS AMID UNCERTAINTY

The results speak for themselves. Despite the faltering economy, total assets neared $1.4 billion, a marginal increase over 2008, and a new record for the Bank. For 2009, net earnings from the Bank’s operations totaled $42.3 million, a 14.2 % reduction over fiscal year 2008.

The Bank has not been immune to the economic downturn. However, earnings were slightly ahead of the established business plan which had to be amended early in 2009 to reflect the reality of the economic downturn. On a positive note, we are pleased to report that the results achieved surpassed industry norms in the commonly used financial institution metrics such as the Return on Assets (ROA), Return on Equity (ROE) and Earnings Per Share (EPS), though they still represented declines for the Bank based on recent years performance in a thriving economy. Through close attention to cost control measures, net income per staff costs and operational efficiency metrics exceeded the established business plan.

The Bank’s overall performance against the well established measurement criteria continues to place it amongst the most highly respected Banks in the Caribbean. In all cases the Bank materially exceeds Central Bank guidelines and directives concerning operational performance.

What is equally important is that the overall condition of the credit risk portfolio remains satisfactory. The credit risk portfolio continues to be subject to rigorous monitoring and assessment techniques and is supported by a conservative philosophy to ensure that any current or anticipated portfolio impairment is identified promptly and assessed for potential loss on an individual and/or collective basis. We continue to build on a solid foundation of key strengths, including a strong capital base, and a well recognized credit risk and expense management process.

A key element of the Bank’s success belongs to the continuing support of shareholders and its customers. Based on 2009 earnings, the Bank was again able to distribute more than $24.5 million to common shareholders. In 2009, Commonwealth Bank was the largest public company traded on the Bahamas International Securities Exchange (BISX). In 2009, the value of Bank shares traded on the BISX accounted for almost 30% of the total equities traded by both value and volume.

As encouraging as these results are they only tell part of the story of 2009. Commonwealth Bank’s success has never been measured exclusively in dollars and cents, but also how it contributes to the social performance of The Bahamas. In 2009 this practice continued with the Bank not only contributing to various charities, sports and civic organizations throughout the Commonwealth, but continuing its commitment to improving education through the donation of computers and school materials throughout the Commonwealth.

BUILDING BLOCKS OF SUCCESS

Sustainable success also requires ongoing attention to the building blocks put in place as part of the Bank’s governance regime. Sound governance starts with the appointment of each Board Member and is reinforced throughout all areas of the Bank. As the Bank celebrates 50 years of service excellence, these building blocks have been translated into the culture of the Bank which has given the Bank – “Pride in our Past, Faith in our Future.”

I would like to thank each Director of the Bank for their ongoing contribution and support as well as counsel to the Executive team and Management of the Bank. The structure of the Bank’s governance regime is provided in the Annual report as part of the Bank’s Charter of Expectations.

INNOVATION AND PEOPLE

It’s also very important to think about Commonwealth Bank’s unique and inclusive employee culture. Commonwealth Bank’s employee base has never been stronger. Our focus is to develop and promote Bahamians at every level and we have been able to attract and retain the best people available, whether they are at the management or entry level.

Employee engagement remains an important objective for the Bank and we are committed to increasing this important attribute on a constant basis. We believe our extraordinary workplace is a true sense of strength for the Bank as well as a competitive advantage as we move forward.

GOING FORWARD

Overall, the Bank remains cautious about the near future. However, we are confident that our business model will not only survive the downturn, but also develop momentum to continue to drive forward our vision of being the “First Choice of Bahamians for all Banking Services.”

T. BASWELL DONALDSON, CBE
Chairman

Celebrating Corporate Giving

Pictured from Left to Right: **William B. Sands, Jr.,** Commonwealth Bank's President & CEO; **Denise Turnquest,** Vice President of Credit Risk; **The Hon. Carl Bethel,** former Minister of Education; **Mr. T. Baswell Donaldson, CBE,** Commonwealth Bank's Chairman; **Mavis Burrows,** Vice President of Operations and **Lionel Sands,** Director of Education

- Commonwealth Bank, The Education Bank, readies students for back-to-school with a donation to the Ministry of Education. Over the past three years, the Bank's Back-to-School program has donated nearly three quarters of a million dollars in supplies, giving students a tangible boost to the school year with backpacks packed with essential school supplies and providing their teachers and classrooms with tools from projectors to laptops.

WE ARE COMMITTED TO:-

- Supporting community development
- Empowering our youth
- Creating partnerships for positive change

We are proud of our long-standing record of involvement in nation building in partnership with the people and communities of The Bahamas. We believe that the success of our Bank is connected to the well-being of the communities that comprise our Bahamas. Over our 50 years, we have committed to make a difference and have done so by investing our time and resources. Our Corporate Giving program supports local agencies, non-profit organizations, civic programs and projects which help meet the challenges and needs in our neighbourhoods. The Bank is transparent in its assistance policies, including them on our corporate website (www.combankltd.com).

In addition, our employees make a positive impact in the community through workplace giving and volunteerism which further supports the Bank's commitment to affect meaningful change in the communities where we live, work and conduct business.

The following page lists a few of our remarkable Corporate Giving recipients in the areas of art and culture, education, environmental initiatives, disaster relief, health and human services. We celebrate their tireless efforts to help where it matters most whilst improving the vitality of individuals, communities and our nation.

Front row Left to Right: **Galin Rolle, Mavis Burrows,** Commonwealth Bank's Vice President Operations; **Cheryl Carey,** COB Director of Financial Aid and Housing; **Anthea Cox,** Commonwealth Bank's Vice President Human Resources and Training and **Jasmine Sands**
Back row clockwise from bottom Left: **Kayvanna Seymour, Patwell Rose, Patrina Jarrett, Tranio Pinder, Andrea Wells, Mandelia Morris** and **Kendrick Anderson**

• Commonwealth Bank grants scholarships to students bound for success.

CB-DONATIONS

- AIDS Foundation
- B.A.S.H. -Bahamas Association for Social Health
- B.T.V.I. - Bahamas Technical Vocation Institute
- BAAA -Bahamas Amateur Athletic Association
- Bahamas Alliance for the Blind & Visually Impaired
- Bahamas Basketball Federation
- Bahamas Children's Emergency Hostel
- Bahamas Mental Health Association
- Bahamas National Children's Choir
- Bahamas National Trust
- Bahamas Primary School Student of the Year Foundation
- Bahamas Red Cross Society
- BASRA - Bahamas Air and Sea Rescue Association
- Cancer Society of The Bahamas
- Centre for the Deaf
- Commonwealth Bank Scholarship Fund
- Commonwealth Sailing Association
- Fancy Dancers Junkanoo Group
- Friends of the Environment – Abaco
- Governor General's Youth Award
- Grand Bahama Children's Home
- Great Commission Ministries International
- H.O.Y.T.E.S. – Helping Our Youth Through Education and Sports
- Junior Achievement Bahamas
- Lyford Cay Club Technical/Vocational Training Scholarship
- Music Makers Junkanoo Group
- N.E.M.A. (National Emergency Management Agency)
- One Love Junkanoo Association
- P.A.C.E. Foundation (Providing Access to Continued Education)
- Persis Rogers Home for The Aged
- R.E.A.C.H. (Resources & Education for Autism & Related Challenges)
- Ranfurly Home for Children
- Royal Bahamas Police Force Community Relations (Summer Programmes)
- Royal Bahamas Police Force Dependant Fund
- Her Majesty's Prison Officers' Dependant Fund
- Safe Bahamas
- Sandilands Rehabilitation Centre
- Sandilands Rehabilitation Centre - Annual Junkanoo Celebration
- Sir Victor Sassoon (Bahamas) Heart Foundation
- Special Olympics Bahamas
- Stapledon School for the Mentally Retarded
- Teen Challenge Bahamas
- The Bahamas Concert Orchestra
- The Crisis Centre
- The Nassau Chapter of Links Incorporated
- The Nassau Music Society
- The National Family Island Regatta
- The Salvation Army
- The Scout Association of The Bahamas
- The Swingers Junkanoo Group
- Training Centre for The Disabled
- Unity House
- Youth Against Violence
- Z-Bandits Junkanoo & Community Organization

WILLIAM B. SANDS, JR.

REFLECTING ON THE PAST YEAR

The theme of this year's report "Celebrating 50 years of service excellence – Pride in our Past, Faith in our Future" highlights the breadth and depth of the Bank's development over the past 50 years. Being a truly Bahamian Bank brings real meaning to the Bank's long standing vision of being "The First Choice of Bahamians for all Banking Services". From humble beginnings 50 years ago, Commonwealth Bank is now the largest and most profitable domestically owned bank in the Commonwealth.

2009 was not an easy year for most Bahamians as well as for the Bank. The personal priorities of our customers and the Bank's own Strategic and business plan priorities had to be amended to reflect the realities of the marketplace.

Dealing with a number of peaks and valleys was not a new issue for the Bank or the industry at large. To be able to sustain an effective customer-centric environment in difficult times is a strong indicator that the Bank has adjusted well to the realities of the current market and is now able to position itself to be even stronger in the future.

The Bank has not buckled under a soft economy. A constant theme and objective to sustain overall safety and soundness has not stopped the Bank from seeking new and expanded business opportunities. An example of this attitude and support to Bahamians was the Bank's decision to open the Prince Charles Drive Branch, August 31, 2009. Since then the branch has already exceeded initial growth expectations.

AND NOW THE NUMBERS

At year-end, total assets approximated $1. 4 billion, an increase of almost 5% over 2008. The growth achieved also exceeded the amended business plan. The loan portfolio, which is well diversified, remains the largest asset at $1.05 billion contributing 76% to the total asset base. The ratio of total loans to total assets reduced marginally over the past year to 79%. The reduction in this ratio reflected the reduction of credit opportunities available within the prescribed risk appetite of the Bank, while the Bank supported Government initiatives to support the economy through extensive investment in Government Securities. The latter undertaking has had the additional benefit of increasing the return on liquidity for the Bank.

Despite the challenging operating environment, the Bank was able to meet a number of its significant financial objectives. Overall profitability, however, did slip to $42.3 million compared to 2008's profitability of $49.3 million. Despite the profit reduction, the Bank sustained its dividend payout ratios while ensuring a desired level of earnings is retained to provide for growth and risk mitigation.

The major contributor to the decline in profitability was associated with the continuing conservative approach to credit risk management taken by the Bank. Total loan losses in 2009 exceeded the same category in 2008 by 81.9%, the standard being a stringent 180 day contractual write off policy for consumer loans. In addition, management applied a very conservative approach in estimating allowances for loan impairment due to the nature of our portfolio and the historic performance of the portfolio. Our collection activities are rigorous. As a result of these activities, positive results have been forthcoming.

Performance in 2009, as measured by Return on Equity (ROE) and Return on Assets (ROA) ratios, did not meet 2009 business plan expectations and was less than what was reported in 2008.

Despite the shrinkage, the Bank's overall profitability ratios for 2009 remain above industry averages. In addition, the aforementioned ratios continue to exceed the Bank's strategic objectives which are to generate on an annual basis a 25% return for ROE and 2.25% for ROA. For 2009, ROE was 27.0% and ROA was 2.65%. Further discussion of the aforementioned ratios and their impact is provided in the Management's Discussion and Analysis (MDA) accompanying the Audited Financial Statements.

The Bank's Efficiency Ratio, which takes into consideration non-interest expenses compared to revenue generation, was 41.9%, a significant improvement over the 45.3% reported for 2008. This ratio is an important measurement tool. The lower this ratio is, more net profits are available for growth and operating purposes. The major factors contributing to the strong efficiency ratio are the Bank's continuing efforts to control expense growth, introduce new products and services in a cost-effective manner, make use of enhanced and well supported technology based tools and techniques supplemented by a dedicated and flexible human resource base.

From a technology perspective, the Bank in 2009, made progress towards introducing a local debit card by undertaking a significant upgrade to the Bank's core banking system, which was achieved without impacting our customers. In addition, the improvement of our on-line services continued with the introduction of on-line imaged statements. Further use of the products made available from our outsourcing suppliers have occurred. Sustaining IT security and customer confidentiality remains of critical importance to the Bank.

As in prior years, further enhancements were made to the various network access control features, backup and contingency plans. As well, other physical and logical security issues were introduced and tested to ensure compliance with established and external "best practice" guidelines.

From an operational perspective, the Bank's decision to provide Bahamians with full service banking on Saturday was a clear statement of the Bank's core value to be "The First Choice of Bahamians for all Banking Services". Initiated at our Prince Charles Branch in September, the Bank quickly added a second location at Golden Gates as customers responded very positively to the innovation.

BANK CAPITAL - A MEASUREMENT OF STRENGTH AND POTENTIAL

An important element of a Bank's safety and soundness is the quality and strength of its capital base. The extent and quality of the capital base becomes even more important during times of distress. As at December 31, 2009, the tier 1 capital ratio which is considered to be the primary measure of balance sheet strength was 13% with the total capital ratio reaching 21%. Both of the capital ratios were strengthened through the Bank's own revenue generation in 2009. The quality and amount of the Bank's capital base exceeds internal objectives as well as the new Central Bank regulatory requirements of 17%.

To complement a strong capital base, an appropriate level of liquidity is required to support internal and anticipated liquidity requirements, without adversely impacting growth and profitability. As at December 31, 2009, the Bank's liquidity ratio was close to 26% which exceeded the Board's guidelines and was approximately 30% higher than the liquidity levels prescribed by the Central Bank. The strong capital base supported by the existence of an available well developed and closely monitored liquidity profile provides the Bank with the tools necessary to achieve additional and cost-effective revenue generation.

CONTRIBUTORS TO THE OVERALL PERFORMANCE

The quality and diversity of the Bank's loan portfolio is its core strength and is considered to be satisfactory despite the difficult financial market in the Bahamas. By design the portfolio is consumer orientated. For years the Bank, with support from its Board, has cultivated a conservative credit risk management philosophy. As part of the Bank's culture we will only take on credit risk that we understand and that can be managed profitably within our well established credit risk guidelines. This philosophy has helped the Bank outperform many of our competitors throughout the downturn. It was encouraging to note that the net interest margin on the credit risk portfolio held up well in 2009 and was well ahead of the reported industry wide interest rate margins.

Overall net loan growth was minimal at 1.2% to $1.05 billion in 2009 with no specific category showing a material change. Due to the faltering economy, as expected, it became necessary to restructure some advances for particular business reasons. However, the total restructured loan portfolio at December 31, 2009 amounted to only 7.8% of the credit risk portfolio. Any application for restructuring is subject to a well entrenched credit risk assessment criteria.

To sustain overall credit quality in today's market conditions, the Bank continually reassessed its credit risk rating criteria as well as the associated policies and procedures. Additional expertise was also added as necessary to provide the required impetus to the collection and recovery process.

Another indicator of overall credit risk quality is associated with the policies addressing the calculation of the impairment of the loan portfolio developed and applied by each bank. The Bank takes a rigorous and conservative approach to its loan impairment allowance methodology. As an example, the Bank as part of its impairment allowance methodology, considers the possibility of deterioration in the performing portfolio as well as the non-accrual loan portfolio when establishing a prudential impairment allowance. As at December 31, 2009 the ratio of non accrual loans to total loans was 2.96% with the allowance established to cover non-accrual loans representing 113% of this segment of the portfolio. These ratios compare very favorably with the industry ratios being reported by the Central Bank.

THE UNDERLYING STRENGTH – OUR PEOPLE

The success achieved to date has been underpinned by people. Making Commonwealth Bank an extraordinary place to work is essential. Great employees share our commitment to operating excellence everyday.

The Bank's recruitment policy remains directed at employing hard working and self-motivated Bahamians in an effort to challenge potential and existing employees to reach their own potential. Equally important is the ongoing commitment and investment by the Bank to balance an individual's self-motivation with external and internal training opportunities.

The dedication, support and commitment to the Bank of our staff as well as the Board, customers and other stakeholders has been important. I remain greatly appreciative of their efforts.

GOING FORWARD

All economic indicators point to a taxing year ahead for our industry as well as our stakeholders and customers. Our challenge is to find ways to deliver the same level of service to customers who are facing hardships as we do to customers with opportunities. The Bank's business model, which has provided the Bank with a strong foundation, has now been time tested and while the challenges experienced over the past two years have not been totally resolved, we are cautiously optimistic that the Bank can look forward to entering 2010 in a constructive and positive manner.

As part of this process, the Bank will continue to shape itself so we can remain flexible and responsive to anticipated and other market conditions. The Bank will also work with regulators, government and other agencies who undertake social and structural opportunities designed to expand and sustain the Bahamian economy.

Our underlying strategy is to continue to produce long-term profitable growth by delivering value to our customers, shareholders and communities through a well controlled and risk-based environment.

The history of the Bank over our first 50 years shows we have the right strategy in place and it will continue to serve the Bank well as we move into our second half century.

WILLIAM B. SANDS, JR.
President & CEO

Participants pictured from Left to Right: **MARGO ADDERLEY,** Manager, Training; **JASMIN STRACHAN,** Manager, Operations; **DARLENE GIBSON,** Asst. Manager, Credit, Lucaya Branch; **IAN WILKINSON,** AVP, Information Technology; **PATRICK MCFALL,** AVP, Corporate Accounts and **MICHELLE FOX,** Asst. Manager, Mortgage

WE ARE COMMITTED TO:-

- Developing and retaining employees with outstanding capabilities
- Ensuring that Commonwealth Bank is a great place to work
- Engaging the minds and hearts of our employees to deliver service excellence with passion
- Be responsible and effective financial managers so Commonwealth Bank remains strong and prosperous

The most important ingredient in Commonwealth Bank's recipe for success has always been our employees. Ours is a "people" business, and we invest significant resources in recruiting, training and developing our staff members. We have employees with outstanding capabilities throughout our organization from our back office to our frontlinebanking professionals and our entire executive and management teams. We realize that our success is derived from the experience and leadership of our team members and we continually strive to develop their talent. With many of our staff having more than two decades of experience in banking, our team members have a rich experience to share and pass the dream on to the next generation of Commonwealth Bank leaders.

We believe that by promoting team work, recognizing accomplishments and by celebrating milestones, our employees will excel and continue to find innovative ways to make our bank succeed. We take pride in our staff and it shows in their commitment to delivering service excellence to every customer, every day.

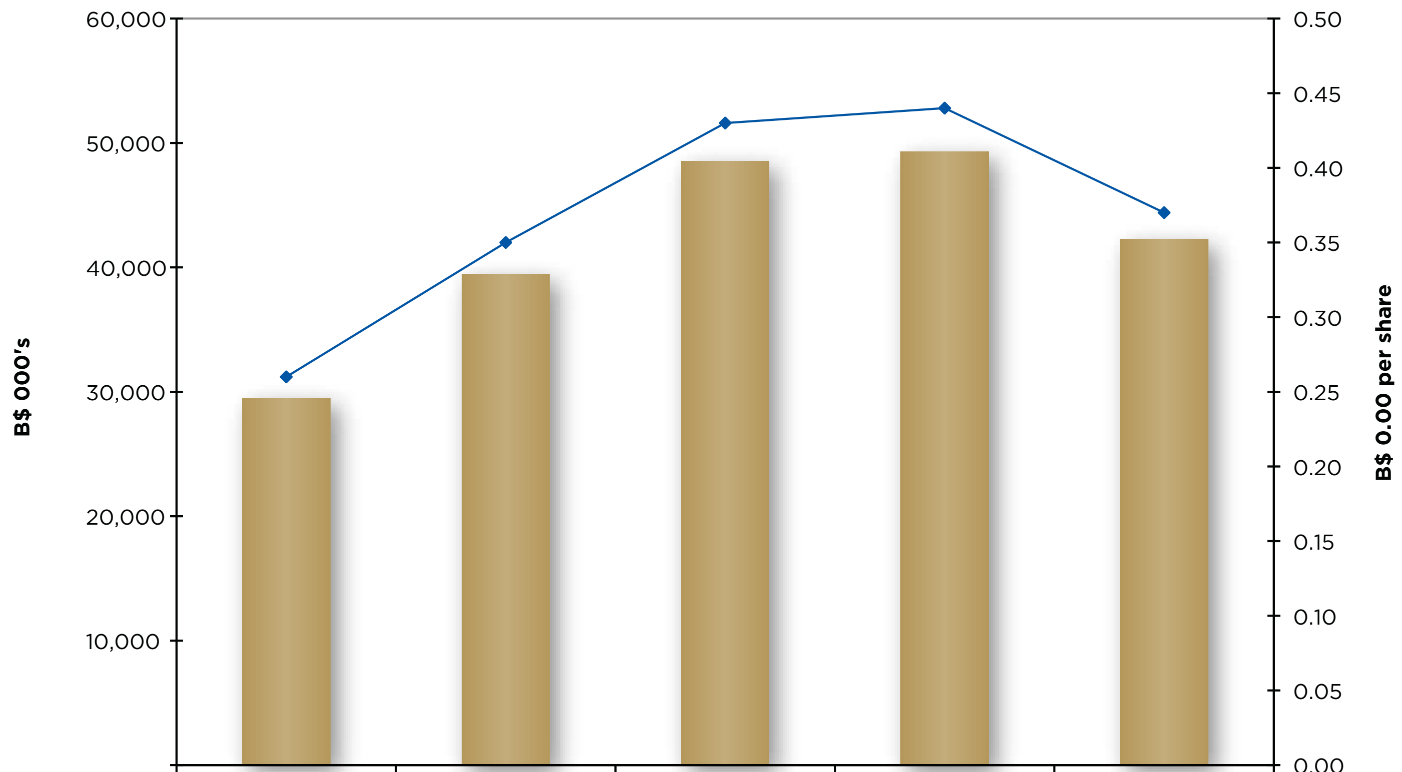
IN 2009 SIX OF OUR TOP PERFORMERS PARTICIPATED IN TRAINING AND MANAGEMENT DEVELOPMENT PROGRAMS.

- **EURONET EMV CONFERENCE -** **IAN WILKINSON,** AVP, Information Technology
- **IVEY EXECUTIVE PROGRAM -** **PATRICK MCFALL,** AVP, Corporate Accounts
- **IVEY HIGH POTENTIAL MANAGERS -** **MARGO ADDERLEY,** Manager, Training
- **IVEY LEADERSHIP PROGRAM -** **JASMIN STRACHAN,** Manager, Operations
- **IVEY LEADERSHIP PROGRAM -** **DARLENE GIBSON,** Asst. Manager, Credit, Lucaya Branch
- **IVEY LEADERSHIP PROGRAM -** **MICHELLE FOX,** Asst. Manager, Mortgage

FINANCIAL HIGHLIGHTS 2009

	2009	2008	Change
Net Income	$42.3 million	$49.3 million	-14.2%
Total Assets	$1.376 billion	$1.312 billion	5.0%
Earnings Per Share	37 cents	44 cents	-16.2%
Common Share Dividends	25 cents	31 cents	-19.3%
Comprehensive Income to Common Shareholders	$36.3 million	$43.3 million	-16.2%
Gross Revenues	$120.6 million	$115.6 million	4.3%
Efficiency Ratio	41.9%	45.3%	7.4%
Total Capital	$224 million	$211 million	5.9%
Regulatory Capital	20.9%	20.1%	3.8%

NET INCOME AND EARNINGS PER SHARE



	2005	2006	2007	2008	2009
Net Income	29,502	39,447	48,534	49,292	42,272
EPS	0.26	0.35	0.43	0.44	0.37

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, 2009, 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 12, 2010. All amounts reported are based on financial statements prepared in accordance with International Financial Reporting Standards.

The Bank's President & Chief Executive Officer and The Senior Vice President and Chief Financial Officer have signed a statement outlining management's responsibility for financial information in this Annual Report.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, we make written or oral forward-looking statements. By their very nature forward-looking statements involve numerous factors and assumptions which give rise to the possibility that these forward-looking statements may not be achieved. The Bank cautions readers not to place undue reliance on these statements as a number of important factors, including external influences, could cause our actual results to differ materially from the expectations expressed in these forward-looking statements.

EXECUTIVE SUMMARY

Commonwealth Bank is the largest wholly owned Bahamian Clearing Bank in The Commonwealth of The Bahamas as measured by assets, market capitalization and revenue generation. The Bank continues to increase its stature throughout the Caribbean where it is one of the largest indigenous banks ranking alongside Citizens Bank which is domiciled in Trinidad and Tobago.

Throughout 2009, our business strategies and actions continued to be directed at being the Bahamas' complete personal banker. The business environment changed dramatically in the fourth quarter of 2008 and the adverse impact of the global deterioration of international economies was felt on the economy of The Bahamas. The coming year 2010 promises to be another year of retrenching. Commonwealth Bank played its role as the complete personal banker by adjusting its operations to offer the Bank's customers relevant and constructive assistance to work through the economic downturn, while ensuring the safety and soundness of the Bank.

The Bank's vision and mission statement is based on core values which are dedicated to an effective governance process, safe and sound policies and procedures, a strong risk management discipline and building teamwork and expertise internally. The Bank has also remained steadfast in its objectives to remain relevant in the changing and expanding financial services marketplace while continuing to create economic and social value for all stakeholders.

We believe this focus, applied in a cost-effective and controlled manner can sustain our history of revenue and earnings growth and enhanced productivity.

The Bank employs 544 Bahamians and Bahamian Permanent Residents. Their continuing commitment and support to the Bank has been a critical factor in its success. The Bank has no employees on work permits and has not had any for nearly fifteen years.

Throughout this Annual Report and highlighted in the appropriate Management Discussion and Analysis comments and representations are comments supporting and linking how the important elements of an effective governance regime are inextricably linked to ensuring the Bank continues to prosper.

OVERVIEW OF 2009

In our 2008 Annual Report, the Bank indicated that its strategic objectives in 2009 would be focused on its inherent strength. Specifically the Bank would continue its emphasis on credit quality and risk mitigation as the large lay-offs at the end of 2008 and the deteriorating global economy created uncertain expectations. This environment was indeed the reality of operations in 2009.

In 2009, the Bank was able to grow its asset base almost 5% to $1.4 billion. Net Income reported for the year was a respectable $42 million, although a shrinkage of almost 15% from the previous year. Key financial results achieved surpassed industry norms in the commonly used financial institution metrics such as the Return on Assets (ROA), Return on Equity (ROE) and Earnings Per Share (EPS) though they still represented declines for the Bank based on recent years performance in a thriving economy.

Throughout the year, loan quality as reported by all the commercial banks deteriorated and while the Bank reported credit risk deterioration, the Bank's levels remain at almost one-third of that reported for the economy as a whole.

The Bank responded to the economic crisis in the country by offering special assistance programs to those customers directly impacted by the downturn, supporting Government financing projects to fund capital programs and shifting the emphasis of the Bank's community assistance programmes to focus on those hit hardest by the downturn.

During the year there was a developing trend of cruise based tourism growth offsetting the decline in air arrival passengers. It is uncertain whether this trend will reverse as global economies recover. At the present time, therefore, it is difficult to quantify the actual and future impact of this new trend on the Bahamas and the Bank. Government initiated capital projects will create some impetus to increasing economic activity in 2010. Nevertheless, the Bank will maintain the conservative measures designed to address various scenarios and sustain the safety and soundness of the Bank that were introduced since the inception of the current economic downturn.

The measures put in place are discussed in more detail under the relevant sections of this Management's Discussion and Analysis.

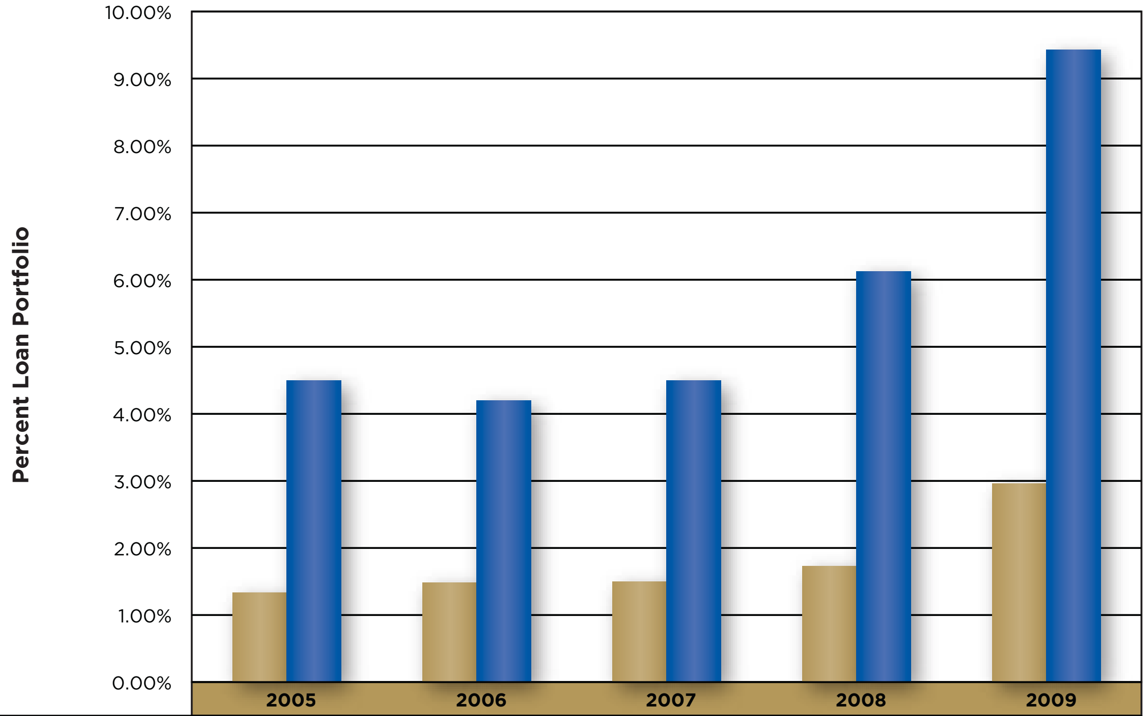
Domestic Credit expansion slowed considerably to 1.6% in 2009 compared to 6.8% for 2008. Our portfolio of loan and other consumer based products grew 2.1% compared to 10.3% in 2008. Even in difficult times we were able to increase our market share. Expansion of the Bank's mortgage portfolio in 2009 continued but at a slower pace. The mortgage portfolio at $249.7 million was approximately 3.5% higher than reported in 2008. Once again, the commercial loan portfolio increased appreciably to approximately $49.8 million, an increase of approximately 16.5% over 2008. The commercial loan portfolio continues to be ancillary to the Bank's core business that of serving its large consumer base and is subject to reinforced credit risk management controls.

While consumer credit extended by the commercial banks declined in 2009 by some 1.6%, our consumer portfolio showed slight growth in 2009. This important portfolio expanded to exceed $730 million, an increase of almost 1% over 2008. Our credit card portfolio shrank nearly 2% or $0.85 million in 2009 as the credit card environment reflected the shrinking economy.

Total assets increased nearly $65 million, reaching $1.4 billion at fiscal year-end, an increase of almost 5% over 2008 - a remarkable performance given that the Bahamian economy contracted nearly 5% in 2009.

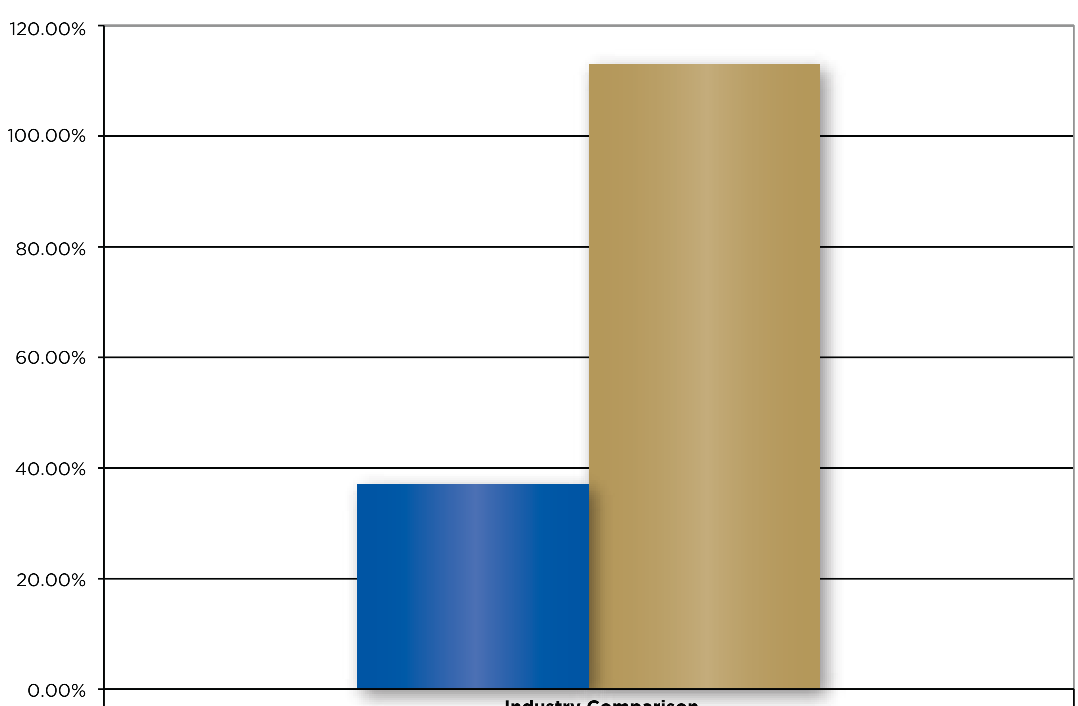
Based on the success of the Golden Gates Branch, which confirmed our objective and plans to provide banking facilities where our customers reside, the Bank opened its Prince Charles Drive Branch in September and commenced full service Saturday Banking, at first in the Prince Charles Drive branch but quickly followed by the Golden Gates branch. Customer reaction to both the new branch and Saturday banking has been extremely

PERFORMANCE AGAINST INDUSTRY:
IMPAIRED LOANS - 90 DAYS + ARREARS



	2005	2006	2007	2008	2009
Commonwealth Bank	1.33	1.48	1.50	1.73	2.96
Industry*	4.50	4.20	4.50	6.12	9.43

IMPAIRMENT ALLOWANCE COVER OF IMPAIRED LOANS



	Industry Comparison
Industry*	37.05%
Commonwealth Bank	112.97%

* The Central Bank of The Bahamas

positive. The Bank will review the continuing performance of Saturday banking before any further locations are added.

With credit risk expansion curtailed in 2009, liquidity in the banking sector remained high throughout the year resulting in a continuing trend, allowing deposit rates to decline. The Bank was able to take advantage of significant Government Securities issues during the year, increasing the Bank's holdings of these instruments by approximately $74 million. These securities resulted in higher yields for the Bank. Average Cash and Securities to Average Total Assets increased to 19.2% from 17.0%.

We were also concerned that in 2008 we reported that no tangible progress on the mega project and redevelopment of Cable Beach had been made and that the breadth of the anticipated project appeared to be in some jeopardy. In 2009, there were indications that the project may move forward in 2010. In keeping with the agreement with the developers, if the project does move forward in 2010, no capital expenditure, expense or disruption of service to the Bank is anticipated.

OUTLOOK FOR 2010

For 2010, our strategic objectives will be focused on sustaining a strong and vibrant bank. The Bank will continue to focus on its strengths and the needs of our customers. As the economy slowly responds, we expect the rate of growth to be restricted until the global economies, particularly the U.S. economy, begin to display more robust signs of recovery.

The Bank has reviewed its strategic priorities and has prioritized its focus on those for 2010 that will continue to develop and expand our core infrastructure. Continued emphasis will be placed on developing and enhancing the Bank's information technology platforms in order to ensure safety and privacy of information while at the same time bringing to market products and services demanded by a knowledgeable customer base. Cost mitigation factors will be pursued with diligence.

A major step forward for the banking infrastructure of the Bahamas will be the introduction of the Automated Clearing House in early 2010. However, we anticipate this will only add operational and cost efficiencies over the long term and not in the coming year.

Coupled with the Bank's reassessment of market and internal cost control operating priorities, considerable effort will continue to be directed at the Bank's interface with its customers. Credit risk policies and procedures and the associated conservative policies relating to allowances for loan impairment will continue to be assessed and enhanced to reflect market realities to ensure that the required resources are being applied in an effective and controlled manner.

The Bank is also cognizant that during uncertain times, staff can play an increasingly valuable role in the Bank's success. In line with the core value of "Ensuring That Commonwealth Bank Is a Great Place To Work", the Bank will continue to enhance its training and guidance activities and will continue to take steps to challenge and provide a work environment designed to increase the standing and development of our staff.

The outlook for 2010 is challenging. Demand for lending products is expected to be lower until general income levels recover from the downturn. Government infrastructure projects are expected to provide some stimulation. The Bank will continue to assist, where appropriate, any action undertaken by the government.

The Bank will continue to closely monitor internal and external dependencies in an effort to direct its marketing and operational thrust to areas that will provide the most value for the efforts expended. Out of more difficult times, strong financial institutions become stronger. The Bank continues to believe that despite the ongoing challenges that exist, there is still opportunity for controlled and profitable growth.

For the year ended December 31, 2009, reported net income was $42.3 million, a decrease of $7.0 million or -14.24% in 2008. Net Income Available to Common Shareholders (Net Income less Preference Share Dividends) decreased $7.0 million or -16.2% to $36.32 million.

Earnings Per Share was 37 cents compared to 44 cents per share in 2008, a decrease of 16.2%. Return on Equity was 26.99% compared to 35.05% in 2008. Dividends Paid To Shareholders decreased 19.35% to 25 cents (2008: 31 cents per share). Total Dividends Paid to common shareholders in the accounting period represented 67.5% of Net Income Available to Common Shareholders (2008: 70.2%). The decrease in dividends paid resulted from the Bank not paying an extra-ordinary dividend in November 2009. In applying the Bank's policy of paying 65% dividends on average long term Net Income Available to Common Shareholders, the first common share dividend in the fiscal year is the adjusting amount to bring the quarterly dividends to the 65% guideline. The Bank proposed an extra-ordinary dividend to be paid in February 2010 to bring dividends paid for 2009 to 65% of net income attributable to common shareholders. Since November 2009, the Central Bank has required all banks to seek approval for proposed dividends before they can be paid.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are outlined in Note 3 of the Consolidated Financial Statements. Certain of these policies along with estimates made by management in applying these policies are recognized as critical since they require the Bank to make judgments about matters that are inherently uncertain or because of the possibility that significantly different numbers could be reported if different assumptions were applied or different conditions prevailed. As a result of changes in terminology used in International Financial Reporting Standards, references in prior years to "provision for losses" have been replaced by "allowances for loan impairment" and "loan loss provision" have been replaced by "loan impairment expense". Our critical accounting policies and estimates relate to the allowances for loan impairment, the estimation of fair value, accounting for pension benefits, the actuarial assumptions underlying the life assurance fund and accounting for the deferment of loan fees. These are discussed further in Note 4 of the Consolidated Financial Statements. Our critical accounting policies and estimates are reviewed and approved at least annually by the Audit Committee in consultation with management.

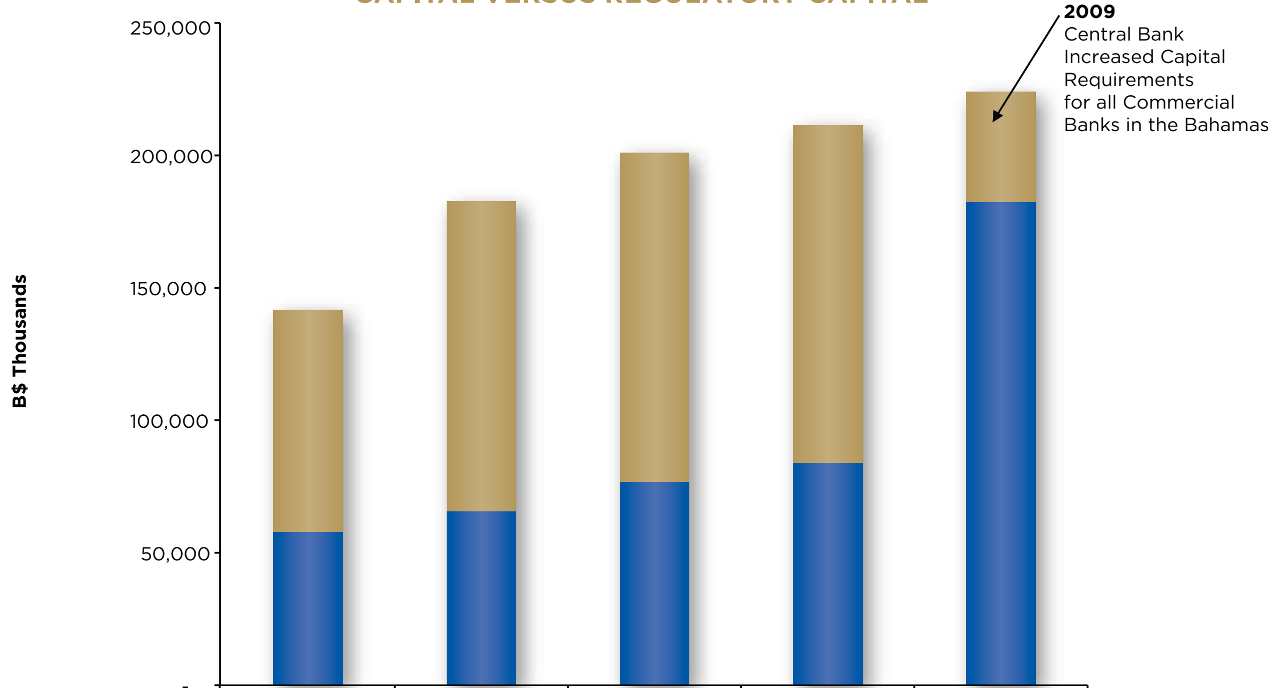
CURRENT AND FUTURE CHANGES IN ACCOUNTING POLICIES

The Bank has indicated in Note 2 of the Consolidated Financial Statements new International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) that will be shortly forthcoming. The goal of the changes in IFRS and IAS is to improve the transparency of reporting to the Bank's stakeholders. In its commitment to be a leader in the governance process the Bank will adopt new IAS and IFRS wherever possible prior to mandatory implementation dates. Application of IAS 1 in 2009 has resulted in new names for the "Balance Sheet" and "Income Statement". They are now referred to as "Statement of Financial Position" and "Statement of Comprehensive Income".

MANAGEMENT OF FINANCIAL POSITION

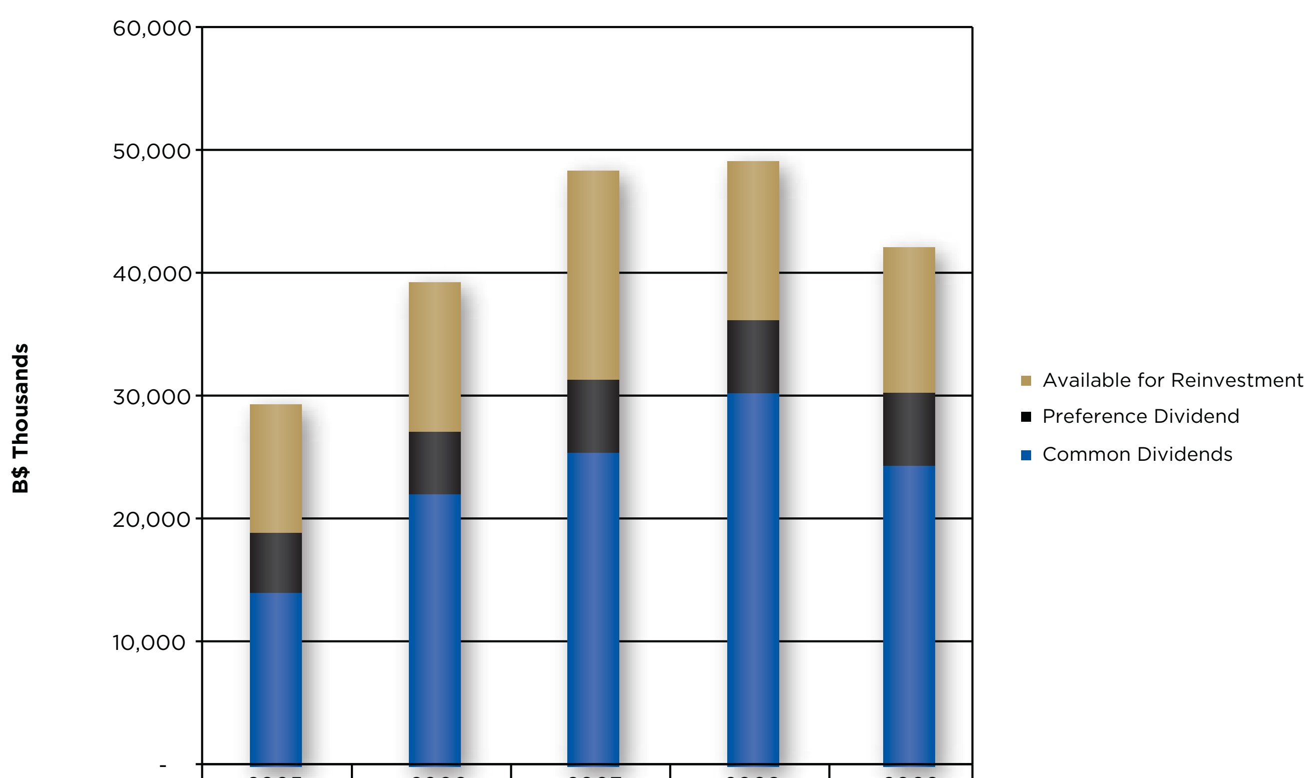
The Bank's risk management structure promotes the making of sound business decisions by balancing risk and reward. As a result, policies managing our financial position and procedures coupled with our revenue generating activities are consistent with the level of risk the Bank wishes to accept and as prescribed in the corporate policies approved by the Board of Directors. Risk management policies address amongst other factors credit risk, liquidity risk and operational risk which are measured and monitored through the Bank's governance regime and overall process of control. Risk management policies and procedures are monitored closely by the Board and senior management of the Bank

CAPITAL VERSUS REGULATORY CAPITAL



	2005	2006	2007	2008	2009
Excess Capital	83,667	117,033	124,012	127,284	41,536
Regulatory Capital	57,970	65,633	76,884	84,104	182,375

NET INCOME DISTRIBUTION



	2005	2006	2007	2008	2009
Available for Reinvestment	10,438	12,151	17,012	12,916	11,790
Preference Dividend	4,861	5,099	5,949	5,949	5,949
Common Dividends	14,203	22,197	25,573	30,427	24,533

throughout each year. When appropriate, the risk management policies and procedures are updated and enhanced in order to address safety and soundness as well as market and operational issues. During 2009, emphasis was placed on ensuring that the Bank's approach to risk management policies was conservative, enhancing the safety and soundness of the Bank as the impact of the recession was experienced.

Total Assets were $1.4 billion as at December 31, 2009, an increase of 4.9% over the $1.3 billion recorded at December 31, 2008.

Total loans amounted to $1.086 billion in 2009, an increase of $64.8 million or 2.1% (2008: $1.064 billion, an increase of 10.3% over 2007). Deposit growth was $53.3 million to $1.123 billion or an increase of 5.0% (2008 $133.4 million, an increase of 14.3%). Cash and liquid assets decreased $24.3 million to $92.3 million in 2009 (2008 $116.6 million) reflecting both the reduction in credit expansion in the year and success by the Bank in moving its liquidity cushion from lower yielding cash balances to higher yielding Government Securities.

The reduction in the rate of credit expansion was pronounced in 2009. Non-government credit increased 1.6% in the economy. Personal consumer credit fell 1.9% in the economy (the Bank's portfolio increased 1%). Mortgage lending growth was constrained; declining from 8.3% in 2008 to 4.4% in 2009. The Bank followed the industry trend with the mortgage portfolio increase declining from 4.4% in 2008 to 2.5% in 2009. Mortgage balances at December 31, 2009 were $249.7 million with additional commitments of $10.3 million compared to $241.3 million balances with $10.7 million commitments outstanding at December 31, 2008. The increase in the relatively small commercial portfolio was encouraging and continued to address the Chairman's commitment to small businesses in The Bahamas. These loans increased 16.5% or $7.0 million to $ 49.8 million (2008: $42.8 million).

Our Credit Card operations reflected the prevailing economic environment as marketing and the level of economic activity was constrained. As a result, year end credit card receivables decreased $0.9 million or 1.9% to $42.8 million (December 2008: $8.6 million increase to $43.6 million, an increase of 24.4%).

MANAGEMENT OF CAPITAL RESOURCES

The Bank's total available capital resources continued to expand in 2009 with Shareholder Equity increasing 5.92% to $223.9 million. The primary source of the increase was the retention of earnings as the common share dividend payout fell 19.4% to $0.25 per share, from $0.31 per share in 2008. As a result, $12.5 million was reinvested in the Bank.

THE COMPONENTS OF CAPITAL

A strong capital base is a foundation for building and expanding the Bank's operations and services in a safe and sound manner. Capital adequacy is governed by regulatory agencies and encompasses two parts:

- Tier 1 Capital, which consists primarily of Common Shareholders Equity totaled $138.9 million at December 31, 2009 up $12.5 million or 9.9 % over 2008. During the year, the Bank reissued $.85 million of shares held by its subsidiary C.B. Securities Ltd, resulting in $1.75 million still held by the subsidiary at December 31, 2009. These shares fund the Bank's stock compensation plans and are sold to participants in due course. The Bank determined that purchase of the shares from the market in small quantities would inject liquidity into the local market and was preferable to issuing new shares from Treasury for these plans.

- Tier 2 Capital consists mainly of Cumulative Preference Shares and cannot exceed Tier 1 capital. At December 31, 2009, the Bank had $85.0 million of Preference Shares, which qualified as Tier 2 Capital, unchanged from 2008.

Tier 1 Capital, is considered more permanent by stakeholders and is the principal focus of markets and regulators.

In November 2009, The Central Bank of The Bahamas increased the required levels of capital from 8% to 17%. The Bank's Total Capital ratio at 20.9% at December 31, 2009 comfortably exceeds the new minimum capital level by 22.9%.

CONSOLIDATED RESULTS FROM CONTINUING OPERATIONS

The Bank in 2009 was able to report respectable earnings of $42.3 million, a decrease of $7 million from 2008. The Bank, however, was able to surpass the revised business plan that was put in place when market conditions were better known. Operational results prior to loan impairment expenses showed an increase of 10% (2008: 11.9%). Loan impairment expenses of $30.2 million in the current year (an increase of $13.6 million over 2008's $16.6 million) resulted in the overall reduction in profitability.

From the beginning of the year, the economy contracted, resulting in reduced credit demand and in an increase in surplus liquidity. This excess liquidity allowed for decreases in deposit interest rates to occur while Government borrowing enabled the Bank to move its surplus liquidity into higher yielding assets. The increase in yield on Government Securities was not sufficient to prevent declines in Return on Equity (ROE) and Return on Assets (ROA) ratios, although at 27.0% and 2.65% respectively, the Bank's performance remains exceptional when compared to its local peers.

All products and services were impacted by the declining economy - transaction numbers, card charges and account numbers were lower. On the positive side, the Bank's performance was augmented by its ability to control expense growth and continue to improve overall efficiency levels which in 2009 were 41.9.% and the fifth consecutive year in which overall Bank efficiency has improved. The Bank's strong efficiency ratio continues to be an industry leader.

NET INTEREST INCOME

Net interest income represents the amount by which interest income on interest earning assets exceeds interest expense incurred on interest bearing deposits and other liabilities. Net interest income is the current principal source of the Bank's earnings. Interest rate fluctuations as well as changes in the amount and type of earning assets and liabilities combine to affect net interest income.

Net interest income for the year ended December 31, 2009 exceeded $100 million for the first time at $105.8 million compared to $99.8 million in 2008, an increase of $6.0 million or 5.9%. (2008: $99.8 million, an increase of $9.9 million or 11.1%). Net interest margin improved marginally to 7.25% from 7.2% which reflects positively on the Bank's ability to manage its asset / liability profile closely throughout the year while having to operate in an environment of decreasing loan demand.

Year end deposits were $1.12 billion, an increase of $53.3 million or 5.0% over 2008, indicating a continuing confidence by the public in the Bank. However, interest expense at $53.1 million increased by $3.0 million or 6.0 % over 2008. We anticipate current levels of liquidity to continue into 2010.

LOAN LOSS IMPAIRMENT

Credit quality remains strong despite the deterioration experienced in the Bank's credit quality ratios in 2009. The Bank is significantly outperforming the market in reported delinquency and non accrual ratios. Part of the reason for this performance is the Bank's ongoing commitment to credit quality and following international best practices in writing off consumer loans at 180 days contractually past due. As a result the deterioration in loan quality is quickly reflected in write off figures as is seen in the 2009 ratio of net loans written off to average loans which climbed to 1.8% from 1.08% in 2008. The total loans written off in 2009 increased to $26.5 million from $18.8 million in 2008. The declining economy also adversely impacted the amounts recovered on written-off loans which decreased 9.7% to $6.8 million from $7.6 million in 2008. This decline in recoveries was in line with our expectations for 2009 as we reported last year.

The Bank will continue to develop and modify its credit risk rating and scoring models in 2010 and analyze the risk profile of the portfolio throughout 2010 in order to ensure our credit assessment criteria is directed at maintaining and sustaining the strong quality of the portfolio.

Rigorous write-off policies supported by a conservative and anticipatory allowance for impairment methodology will continue in 2010. During 2009, the Bank reviewed its consumer loan impairment allowance model and based on experience and economic expectations maintained its more aggressive anticipatory impairment allowance methodology most notably on accounts adversely affected by the downturn in the economy. The Bank's commercial and mortgage lending activities were also subject to ongoing reviews in 2009. Total impaired loans to total loans increased to 2.96% or $32.2 million in 2009 compared to 1.73% ($18.4 million) at December 2008. The Bank's level of impairment remains appreciably less than the industry at large which was 9.4% at December 2009 (6.1% December 2008). As noted above, a contributing factor to the lower impairment ratios is the rigorous write-off policy applied by the Bank.

The Bank's allowance for loan impairment was $36.4 million which represented 113% of impaired loans and 3.4% of total loans compared to 140.0% and 2.4% respectively, for 2008. The slippage from 140% to 113% in allowance cover is partly attributed to the fact that the level of non performing mortgages increased as homeowners faced difficulties making mortgage payments during the recession. Allowances for loan impairment are understandably less for mortgage loans where there is significant cash value underlying the collateral securing the loan in contrast to the personal consumer loan portfolio.

Loan impairment expense in 2009 was $30.3 million for the year compared to $16.6 million in 2008, an increase of $13.6 million or 81.9%. The increase in loan loss impairment includes $10.6 million in allowances for impairment in the Statement of Financial Position resulting from the aggressive impairment methodology and the increase in net loan losses mentioned above.

The steps and added discipline to managing credit risk the Bank has taken in the last few years has provided a more effective approach to credit risk by the Bank and moved the Bank to the forefront of international best practices associated with measuring and monitoring overall credit quality. Enhanced disclosure in Note 23 shows the overall quality of the portfolio from different perspectives. The analysis of restructured accounts confirms this approach to credit risk management, the Bank's restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicates that repayment will probably continue. Restructured accounts disclosed in the note include the loan assistance programs extended to customers impacted by the downturn. The size of the increase reflects the extent to which the Bank has worked with its customers to offer them assistance through this recession.

NON-INTEREST INCOME

Credit Life Insurance increased $0.25 million in 2009 to $5.2 million or 5.0%, (2008: $1.2 million to $5.0 million, 33.9%). Death claims experience increased 9% to $1.4 million, (2008: unchanged from 2007) while premiums collected fell dramatically by 31% reflecting the large reduction in consumer credit extended in the year. Earnings increased solely due to the run off of the unearned reserve of $1.6 million in 2009 compared to an increase of $1.0 million in 2008.

Other Non-Interest Income of $9.6 million fell short of 2008 by $1.2 million or 10.8% as levels of activity declined as noted above.

Card products reflected the same general decline but are still important to the Bank as MasterCard, SunCard and ComCard all made significant contributions to the Bank's profitability in 2009. The Bank plans to continue to leverage its entrenched card products on a conservative basis as a result of the prevailing market conditions.

CB On-line, our internet banking service, maintained its customer base in 2009. This product forms a natural part of the expanded portfolio of advanced technology-based products which is being demanded by the marketplace. Transaction based fee income is strategically becoming an ever-increasing important source of revenue for the Bank as it represents a non-capital intensive income stream to build a stronger Bank. Going forward, marketing efforts will continue to target additional revenue generation from this source.

NON-INTEREST EXPENSE

Non-interest expense of $48.0 million decreased $1.6 million or 3.2% compared to $49.6 million in 2008. It is remarkable to note that this decrease in cost was achieved while opening a new branch and adding Saturday Banking to the services offered by the Bank.

Other contributing factors to the non-interest expense category in 2009 were the efforts the Bank made to improve its technology, enhancing physical and logical security and developing staff which must be funded on a continuous basis in order to retain the Bank's competitive edge.

Depreciation expense decreased 3.0% to 2.7 million in 2009, $0.1 million less than 2008.

Close control of all expense categories will continue to be a major focus for the Bank in 2010.

OPERATIONAL EFFICIENCY

The adjusted efficiency ratio for the twelve months ended December 31, 2009 (calculated by dividing total non-interest expense by net interest income plus non-interest income less preference share dividends) showed further improvement in 2009 (the lower the percentage, the more efficient is the Bank). The efficiency ratio for 2009 was 41.9% compared to 45.3% in 2008. To achieve the levels attained, emphasis was again placed on introducing enhanced technology and where possible, continued centralization of operational functions in order to bring additional expertise, concentration and cost containment to repetitive and volume based activities.

Efforts in 2010 will continue to be directed at further assessment of existing policies procedures and work measurement processes in order to provide the level of service required by customers in a cost-effective and increasingly efficient manner. Our objective for 2010, taking into account the factors noted above, is to retain a level of efficiency of less than 50%.

At year-end the Bank employed a full time equivalent complement of 544. Actual staffing levels for 2009 averaged 541 compared to an average of 532 in 2008.

Total staff costs in 2009 decreased by $0.5 million to $31.4 million or 1.6%.

RISK MANAGEMENT

The Bank's risk management process is a series of fully integrated set of building blocks that are designed to promote sound business decisions and provide the required balance of risk and reward with the primary element of success being the maximization of shareholder return.

To be successful, a sound risk management process must be evolutionary and flexible enough to address varying market conditions and opportunities. The Bank reviews the critical elements, of its risk management process at least annually to ensure the process continues to reflect market conditions and the Bank's current overall risk appetite.

The risk management and process is setout in the Bank's policies, procedures and processes and is confirmed at least annually by the Board of Directors. Amongst other risk elements, the Board of Directors addresses the specific risk parameters associated with Credit Risk, Liquidity Risk and Operational Risks that are supported by the Bank's overall process of control. The management of these risks is summarized in the Notes to the Consolidated Financial Statements.

The First Board of Directors after achieving 100% Bahamian Ownership (1984)

Left to Right: **Reno Brown, Franklyn Butler, Trevor Thompson, Rupert Roberts, Jr., Lady Symonette, Jerry Hutchinson, Shervin Thompson, Vernon Beares** and **Robert Symonette**

Board of Directors

From Left to Right: **EARLA J. BETHEL, VAUGHN W. HIGGS, LARRY R. GIBSON, WILLIAM B. SANDS, JR., President & CEO; T. BASWELL DONALDSON, CBE, Chairman**

R. CRAIG SYMONETTE, DR. MARCUS R. C. BETHEL, J. BARRIE FARRINGTON, CBE, IAN A. JENNINGS, Sr. VP & CFO; G. CLIFFORD CULMER, and **RUPERT W. ROBERTS, JR., OBE**

Executive Team

Left to Right:

DENISE TURNQUEST, Sr. Vice President, Credit Risk

CHARLES KNOWLES, Vice President & CIO

ANTHEA COX, Vice President, Human Resources & Training

WILLIAM B. SANDS, JR., President & CEO

MAVIS BURROWS, Vice President, Operations

IAN JENNINGS, Sr. Vice President & CFO

CAROLE STRACHAN, Vice President, Internal Audit

SENIOR VICE PRESIDENT, SHIRLEY G. CARTWRIGHT RETIRES – APRIL 2009

It is with sincere appreciation that we thank Shirley G. Cartwright for her loyal and dedicated service to Commonwealth Bank. For more than twenty-two years, Shirley Cartwright, the first female Senior Vice President in the Bank's history, has been a visionary leader, skillful manager and respected colleague of our great organization. Her contribution to the collective efforts of our Commonwealth Bank family has enabled us to make our "little bank" a billion dollar operation outperforming the competition and realizing the full potential of a brand that is synonymous with service excellence.

Assistant Vice Presidents

Left to Right:

IAN WILKINSON, Assistant Vice President, Information Technology

NEIL STRACHAN, Assistant Vice President, Mortgage & Commercial Lending

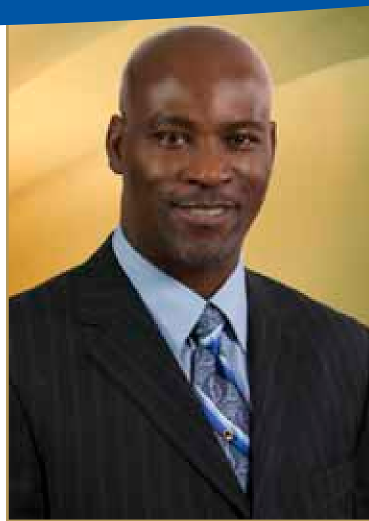
PATRICK MCFALL, Assistant Vice President, Corporate Accounts

MAXWELL JONES, Assistant Vice President, Business Development

SILBERT COOPER, Assistant Vice President, Consumer Lending

Branch Managers

J. RUPERT ROBERTS
Sr. Manager, Freeport



FRANKLYN THOMAS
Sr. Manager, Cable Beach

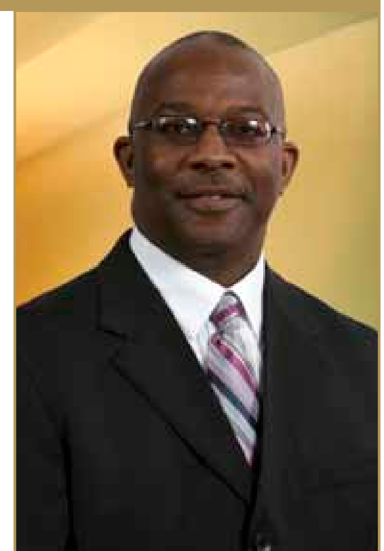
JEFFREY KERR
Sr. Manager, Wulff Rd.

JULIETTE FRASER
Sr. Manager, Town Centre Mall

FRIENDERICK DEAN
Sr. Manager, East Bay St.

DARIA BAIN
Manager, The Plaza

DEMETRI BOWE
Manager, Golden Gates

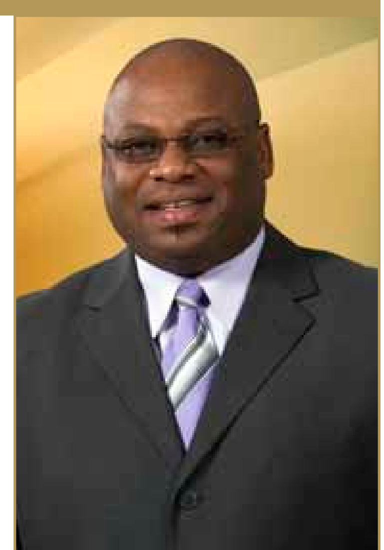


LAVADO BUTLER
Manager, Prince Charles Drive

KAYLA DARVILLE
Manager, Mortgage Centre

JACQUELYN ESTEVEZ
Manager, Abaco

CHARLENE LOW
Manager, Lucaya



WALLACE TAYLOR
Manager, Oakes Field

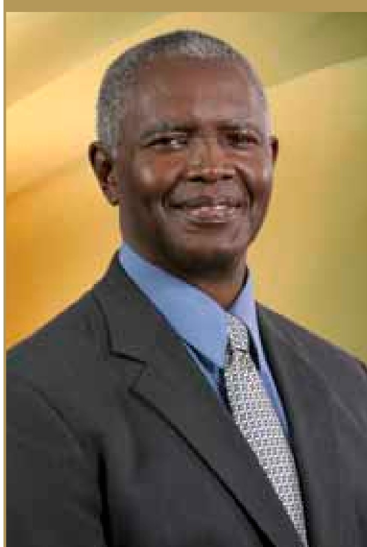
Department Managers

KENRICK BRATHWAITE
Sr. Manager, Credit Inspection

GLADYS FERNANDER
Sr. Manager, Financial & Business Planning

ERALD THOMPSON
Sr. Manager, Internal Audit

MARGO ADDERLEY
Manager, Training & Development



GODWIN BLYDEN
Manager, Security & Administration

GINA GREENE
Manager, Marketing & Customer Service

ANNE LIGHTBOURN
Manager, Human Resources

MONIQUE MASON
Manager, Credit Card Centre

DERICK MOSS
Manager, Systems Operations & Network

JASMIN STRACHAN
Manager, Operations

FELIPE VEGA
Manager, Information Technology

LERNIX WILLIAMS
Manager, Credit Inspection

WE ARE COMMITTED TO:-

- Convenient customer service 24/7
- Forming a partnership with our customers by assisting them with financial decision-making
- Fair, thorough and timely resolution of our customers' concerns
- Respect for our customers' privacy rights
- High level of security concerning all personal and financial information

At Commonwealth Bank we never lose focus of why we are here – to serve our customers, with a higher level of service than is offered anywhere else. Our customers' satisfaction means everything to us. We are committed to providing superior service at every point of customer contact. We go above and beyond to ensure we're not just meeting, but exceeding our customers' expectations by understanding and owning their problems and finding the right solutions — whether in our branches, on the telephone or on-line.

Our corporate values call for us to provide meaningful, enduring customer relationships characterized by trust and service excellence.

For the past 50 years, Commonwealth Bank has been putting our customers first, and we are committed to continue to deliver the exceptional service our customers expect and deserve from their bank. Exemplary service is at the core of our culture. We have become the Leader in Personal Banking Services by remaining true to our human approach to customer service.

Delivering on Exceptional Customer Experience Everyday

Pictured from Left to Right: **Mr. Llewel Gardinder,** first customer at our Prince Charles Drive Branch, is greeted by **Wal-Tia Taylor,** Customer Service Representative

Monday, August 31, 2009 ~ Commonwealth Bank management and team members "rolled out the red carpet" to celebrate the opening of its newest location on Prince Charles Drive.

WE ARE COMMITTED TO:-

- Providing simple, straightforward financial solutions
- Improving delivery channels
- Supplying quality banking options
- Ensuring the customer's experience is consistent through every delivery channel and branch of the Bank

This is Commonwealth Bank's blueprint for building greater convenience and value for the people who bank with us and it is one, the Bank continually works at to enhance - one customer at a time, to positively impact our communities.

The Bank's most recent efforts in building greater convenience and value unfolded in 2009 as Commonwealth Bank proudly took banking further east in New Providence than it has ever gone before with the opening of its 11th branch on Prince Charles Drive. The location of this branch demonstrates the Bank's commitment to help build vibrant communities where people live, work, educate their children and grow their businesses. Additionally, the Bank was the first commercial bank to successfully launch full service Saturday Banking. This new service was subsequently launched at the Golden Gates Branch to satisfy customers' need for an adequate amount of time to conduct their face-to-face transactions, by making banking convenient and more accessible than ever.

All things considered, better banking options and greater convenience means increased value for our customers. Commonwealth Bank is committed to ensuring all elements are in place to achieve this goal, both now and in the future.

Management Responsibility for Financial Reporting

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

The Consolidated Financial Statements have been prepared in accordance with International Accounting 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 process of 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 its VP Internal Audit, Credit Inspection and CISO have full and free access to the Audit Committee of the Board of Directors to discuss audit, financial reporting and related matters.

WILLIAM B SANDS, JR.
President & CEO

IAN A JENNINGS
Sr. VP & CFO

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 Financial Statements of Commonwealth Bank Limited (the "Bank") which comprise the Consolidated Statement of Financial Position as of December 31, 2009, and the related Consolidated Statements of Comprehensive Income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Consolidated Financial Statements are free of material misstatement.

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

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

Opinion

In our opinion, the Consolidated Financial Statements present fairly, in all material respects the financial position of the Bank as of December 31, 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

February 4, 2010

A member firm of
Deloitte Touche Tohmatsu

COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009

(Expressed in Bahamian $'000s)

		2009		2008
ASSETS				
Cash and deposits with banks (Note 7)	$	20,382	$	29,387
Balances with The Central Bank of The Bahamas (Note 7)		71,932		87,237
Investments (Note 8)		196,688		120,827
Loans receivable (Notes 9, 18, 21 and 23)		1,049,849		1,037,850
Premises and equipment (Note 10)		35,761		34,208
Other assets		1,909		2,191
TOTAL	$	1,376,521	$	1,311,700
LIABILITIES AND EQUITY				
LIABILITIES:				
Deposits (Notes 11, 18 and 21)	$	1,122,453	$	1,069,136
Life assurance fund (Notes 12 and 21)		15,586		17,207
Other liabilities (Note 21)		14,571		13,969
Total liabilities		1,152,610		1,100,312
EQUITY				
Share capital (Note 13)		86,946		86,944
Share premium		25,957		25,226
General reserve (Note 14)		10,500		10,500
Retained earnings		100,508		88,718
Total equity		223,911		211,388
TOTAL	$	1,376,521	$	1,311,700

The accompanying notes form an integral part of these Consolidated Financial Statements.

These Consolidated Financial Statements were approved by the Board of Directors on February 9, 2010, and are signed on its behalf by:

Chairman

President & CEO

COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2009
(Expressed in Bahamian $'000s, except per share amounts)

	2009	2008
INCOME		
Interest income (Notes 5, 8 and 18)	$ 158,811	$ 149,896
Interest expense (Notes 5 and 18)	(53,060)	(50,081)
Net interest income	105,751	99,815
Loan impairment expense (Note 9)	(30,262)	(16,640)
	75,489	83,175
Life assurance, net	5,239	4,991
Fees and other income (Note 16)	9,603	10,763
Total income	90,331	98,929
NON-INTEREST EXPENSE		
General and administrative (Notes 17 and 18)	45,136	46,629
Depreciation and amortization (Note 10)	2,736	2,821
Directors' fees	187	187
Total non-interest expense	48,059	49,637
TOTAL COMPREHENSIVE INCOME	$ 42,272	$ 49,292
BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars)	$ 0.37	$ 0.44

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, 2009
(Expressed in Bahamian $'000s)

	2009	2008
SHARE CAPITAL		
Preference shares (Note 13)		
Balance at beginning and end of year	$ 84,983	$ 84,983
Common shares (Note 13)		
Balance at beginning of year	1 ,961	1,968
Issuance/(repurchase)	2	(7)
Balance at end of year	1,963	1,961
Total share capital	86,946	86,944
SHARE PREMIUM		
Balance at beginning of year	25,226	27,643
Issuance (repurchase) of common shares	427	(2,824)
Share based payments (Note 15)	304	407
Balance at end of year	25,957	25,226
GENERAL RESERVE		
Balance at beginning and end of year (Note 14)	10,500	10,500
RETAINED EARNINGS		
Balance at beginning of year	88,718	75,802
Total comprehensive income	42,272	49,292
Common share dividends: 25 cents per share		
(2008: 31 cents)	(24,533)	(30,427)
Preference share dividends	(5,949)	(5,949)
Balance at end of year	100,508	88,718
EQUITY AT END OF YEAR	$ 223,911	$ 211,388

The accompanying notes form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2009
(Expressed in Bahamian $'000s)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	$ 142,498	$ 136,172
Interest payments	(53,060)	(50,081)
Life assurance premiums received, net	6,639	9,650
Life assurance claims and expenses paid	(2,998)	(3,610)
Fees and other income received	9,582	10,719
Recoveries	6,835	7,566
Cash payments to employees and suppliers	(55,754)	(49,035)
	53,742	61,381
Increase in loans receivable	(30,946)	(110,098)
Increase in deposits	53,317	133,406
Net cash from operating activities	76,113	84,689
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(210,282)	(144,822)
Interest receipts and redemption of investments	143,899	128,203
Purchase of premises and equipment (Note 10)	(4,291)	(6,273)
Proceeds from sale of premises and equipment	-	84
Net cash used in investing activities	(70,674)	(22,808)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(30,482)	(36,376)
Issuance (repurchase) of common shares	429	(2,831)
Share based payments (Note 15)	304	407
Net cash used in financing activities	(29,749)	(38,800)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(24,310)	23,081
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	116,624	93,543
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 7)	$ 92,314	$ 116,624

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 of the Bank and its subsidiaries (which are wholly owned) are described in Note 6.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2009.

IFRS 2 Share based payments (amendments)
IFRS 7 Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments Disclosures).
IFRS 8 Operating Segments is effective for accounting periods commencing January 1, 2009.
IAS 1 Presentation of Financial Statements (amendments)
IAS 19 Employee Benefits (amendments)
IAS 39 Financial Instruments: Recognition and Measurement (amendment)

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

IFRS 2 Share based payments (amendments) - issued in June 2009.
Amendments to IAS 7 Statement of Cash Flows.
IAS 28 (Revised 2008) Investments in Associates
IAS 24 Related Party Disclosures (amendment) - revised definition of related party
IFRS 9 Financial Instruments: Classification and Measurement
IAS 36 Impairment of Assets (amendments)

The Directors anticipate that the adoption of these Standards will have no material impact on the Company's Consolidated Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance - These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Principles of consolidation - The Consolidated Financial Statements include the accounts of the Bank and its wholly-owned subsidiaries made up to December 31, 2009. All intra-group transactions, balances, income and expenses have been eliminated in full on consolidation.

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

a. Recognition of income

i. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, except for impaired loans receivable. 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, 2009 was $3.4 million (2008: $1.6 million).

ii. Fee income
Fee income is recorded in the Consolidated Statement of Comprehensive Income as "Fees and Other Income" unless otherwise noted. The accounting treatment for loan fees varies depending on the transaction.

- Income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan origination and commitment fees) and recorded in interest income in the Consolidated Statement of Comprehensive Income.
- Income earned from the provision of services is recognised as revenue as the services are provided.
- Fees in respect of deposit account services are generally charged on a per transaction basis and recognised as the right to consideration accrues through the provision of the service to the customer.
- Fees from credit card processing are accrued to revenue as the service is performed.

iii. Rental income is recognized on a straight line basis over the term of the relevant lease and is recorded in "Fees and other income" in the Consolidated Statement of Comprehensive Income.

iv. Life insurance income is recognized on the "Rule of 78" basis over the term of the life policy. The amount taken to income is adjusted by the amount of any surplus or deficit after an annual actuarial valuation.

b. Loans receivable

Loans Receivable are advances to customers which are not classified either as held for trading or designated at fair value. Loans receivable are recognised when cash is advanced to borrowers. They are derecognised when either borrowers repay their obligations, or the loans are sold or written off. They are initially recorded at amortised cost using the effective interest method.

c. **Impairment of Loans Receivable**

Losses for impaired loans receivable are recognised promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Whenever principal and/or interest is 90 days contractually past due on a loan it is assessed as impaired. Impairment allowances are calculated on individual loans and on groups of loans assessed collectively. Impairment losses are recorded as charges to net income in the Consolidated Statement of Comprehensive Income. The carrying amount of impaired loans on the Consolidated Statement of Financial Position is reduced through the use of impairment allowance accounts. Losses expected from future events are not recognised.

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

Individually significant loans receivable

For all loans that are considered individually significant, the Bank assesses on a case-by-case basis at each date of financial position whether there is any objective evidence that a loan is impaired. For those loans where objective evidence of impairment exists, impairment losses are determined considering the following factors:

- the Bank's aggregate exposure to the customer;
- the amount and timing of expected receipts and recoveries;
- the complexity of determining the aggregate amount and ranking of all creditor claims and the extent to which legal and insurance uncertainties are evident;
- the realisable value of security (or other credit mitigants) and likelihood of successful repossession; and
- the likely deduction of any costs involved in recovery of amounts outstanding.

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate, and comparing the resultant present value with the loan's current carrying amount.

Collectively assessed loans receivable

Impairment is assessed on a collective basis in two circumstances:

- to cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- for homogeneous groups of loans that are not considered individually significant.

Incurred but not yet identified impairment

Individually assessed loans for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects impairment losses that the Bank has incurred as a result of events occurring before the reporting date, which the Bank is not able to identify on an individual loan basis, and that can be reliably estimated. These losses will only be individually identified in the future. As soon as information becomes available which identifies losses on individual loans within the group, those loans are removed from the group and assessed on an individual basis for impairment.

The collective impairment allowance is determined after taking into account:

- historical loss experience in portfolios of similar credit risk characteristics (for example, by industry sector, loan grade or product);
- the estimated period between impairment occurring and the loss being identified and evidenced by the establishment of an appropriate allowance against the individual loan; and
- management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the Consolidated Statement of Financial Position date is likely to be greater or less than that suggested by historical experience.

Homogeneous groups of loans and advances

Statistical methods are used to determine impairment losses on a collective basis for homogeneous groups of loans that are not considered individually significant, because individual loan assessment is impracticable.

Losses in these groups of loans are recorded on an individual basis when individual loans are written off, at which point they are removed from the group.

The Bank adopts a formulaic approach which allocates progressively higher percentage loss rates the longer a customer's loan is overdue. Loss rates are based on historical experience.

In normal circumstances, historical experience provides the most objective and relevant information from which to assess inherent loss within each portfolio. In certain circumstances, historical loss experience provides less relevant information about the inherent loss in a given portfolio at the Consolidated Statement of Financial Position date, for example, where there have been changes in economic, regulatory or behavioural conditions, such that the most recent trends in the portfolio risk factors are not fully reflected in the historical models.

These additional portfolio risk factors may include recent loan portfolio growth and product mix, unemployment rates, bankruptcy trends, geographic concentrations, loan product features, economic conditions such as trends in housing markets and interest rates, portfolio seasoning, account management policies and practices, current levels of write-offs, changes in laws and regulations and other items which can affect customer payment patterns on outstanding loans, such as natural disasters. These risk factors, where relevant, are taken into account when calculating the appropriate level of impairment allowances by adjusting the impairment allowances derived solely from historical loss experience.

Impairment assessment methodologies are regularly benchmarked against actual outcomes to ensure they remain appropriate.

Write-off of loans and advances

A loan (and the related impairment allowance account) is normally written off, either partially or in full, when there is no realistic prospect of recovery of the principal amount and, for a collateralised loan, when the proceeds from realising the security have been received. Consumer installment and credit card loans are written-off if principal and/or interest payments become 180 days contractually in arrears.

Reversals of impairment
If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the Consolidated Statement of Comprehensive Income.

Renegotiated loans
Loans subject to collective impairment assessment whose terms have been renegotiated are no longer considered past due, but are treated as new loans for measurement purposes once the minimum number of payments required under the new arrangements have been received. Loans subject to individual impairment assessment, whose terms have been renegotiated, are subject to ongoing review to determine whether they remain impaired or should be considered past due. The carrying amount of loans that have been classified as renegotiated retain this classification until maturity or derecognition.

The Bank has decided that the collective impairment allowance on loans where losses have occurred but have not yet been identified should amount to a minimum of 1% of those outstanding loan balances.

d. ***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 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 which exceeds the unearned premium reserve.

e. ***Foreign currency translation*** - Assets and liabilities in other currencies have been translated into Bahamian dollars at the appropriate rates of exchange prevailing as of the year end. Income and expense items have been translated at actual rates on the date of the transaction. Gains and losses arising on foreign exchange translation are immediately recognized in the Consolidated Statement of Comprehensive Income.

f. ***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 shorter of the estimated useful life or a maximum of 40 years
Leasehold improvements	Lease term
Furniture, fittings and equipment	3 - 10 years
Site improvements	5 - 10 years

The gain or loss arising on the disposal or retirement of an item of premises and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Statement of Comprehensive Income.

g. ***Impairment of assets*** - At each date of the Consolidated Statement of Financial Position, management 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 to the extent that there is revaluation surplus.

h. ***Earnings per share*** - Earnings per share is computed by dividing total comprehensive income, after deducting dividends declared on preference shares, by the weighted average number of common shares outstanding during the year and not held by group companies. (2009: 98.132 million; 2008: 98.114 million). There is no material difference between basic earnings per share and fully diluted earnings per share.

i. ***Retirement benefit costs*** - 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. Past service cost is recognized immediately to the extent that the benefits are already vested.

Pension costs are charged to general and administrative expenses.

The retirement benefit obligation recognized in the Consolidated Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

j. ***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 the 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 non-transferability, exercise restrictions and behavioral considerations. The fair value determined at the grant date of the equity-settled share-based payments was expensed on a straight-line basis over the vesting period. When the stock options are exercised the proceeds are recorded in share capital and share premium.

Other Stock 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. 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 and share premium.

The share based payments expense has been included in staff costs in the general and administrative expenses line of the Consolidated Statement of Comprehensive Income.

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

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

m. ***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 Comprehensive Income using the effective interest rate method.

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

o. ***Equity instruments*** - An equity instrument is any contract that evidences a residual interest in the assets of the Bank after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

p. ***Financial assets*** - Financial assets are:
   i. Cash;
   ii. An equity instrument of another entity;
   iii. A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Bank;
   iv. A contract that will or may be settled in the Bank's own equity instrument and is either a non-derivative for which the Bank is or may be obliged to receive a variable number of the Bank's own equity instruments, or a derivative that will or may be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of the Bank's own equity instruments.

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

   Financial assets are classified as FVTPL where the financial asset is either held for trading or is designated as FVTPL. FVTPL assets are stated at fair value, with any resultant gain or loss recognized in net income in the Consolidated Statement of Comprehensive Income.

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

   Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as Loans and Receivables. Loans and Receivables are measured at amortised cost using the effective interest method, less any impairment.

   AFS financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as a) FVTPL, b) Held-To-Maturity or c) Loans and Receivables. AFS assets are stated at cost. Cash and equivalents are classified as AFS instruments.

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

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

   i. Contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank;
   ii. Contracts that will or may be settled in the Bank's own equity instruments and are either a non-derivative for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative that will or may be settled either by exchange of a fixed amount of cash or another financial asset for a fixed number of the Bank's own equity instruments.

   Financial liabilities are classified as either a) FVTPL or b) other financial liabilities.

   Financial liabilities are classified as FVTPL where the financial liability is either held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value with any resulting gain or loss recognised in net income in the Consolidated Statement of Comprehensive Income.

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

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

r. ***Leases*** - All of the Bank's leases are operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The following are the judgments and estimates that management has made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognized in the Consolidated Financial Statements.

a. ***Loan impairment allowances*** - The allowance for loan impairment represents management's estimate of identified credit related losses in the credit portfolios, as well as losses that have not yet been identified at the Consolidated Statement of Financial Position date. The impairment allowance for credit losses is comprised of an individual impairment allowance and a collective impairment allowance. The process for determining the allowance involves quantitative and qualitative assessments using current and historical credit information. The process requires assumptions, judgments and estimates relating to i) assessing the risk rating and impaired status of loans; ii) estimating cash flows and realizable collateral values; iii) developing default and loss rates based on historical data; iv) estimating the changes on this historical data by changes in policies, processes and credit strategies; v) assessing the current credit quality based on credit quality trends and vi) determining the current position in the economic cycle. Management's estimate is that whenever principal and/or interest on a loan is 90 days contractually past due, the loan is assessed as impaired.

b. ***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 arm's length transaction. The best evidence of fair value is quoted price in an active market. 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, the Bank considers that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the Consolidated Financial Statements approximate their fair values.

   Premises and equipment are not considered to be financial assets.

   IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

   Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

   Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from the prices).

   Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

c. ***Pension 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. Due to the long term nature of pension plans, the calculation of benefit expenses and obligations depends on various assumptions such as discount rates, expected rates of return on assets, projected salary increases, retirement age, mortality, and termination rates.

   Actual experience that differs from the actuarial assumptions will affect the amounts of benefit obligation and expense.

d. ***Life assurance fund*** - A surplus on the life assurance fund arising from an actuarial valuation in excess of the unearned premium reserve is credited to income. Due to the nature of actuarial valuations which depend on various assumptions such as discount rates, expected rates of return on assets, projected mortality, and policy termination rates, actual experience may differ from the actuarial assumptions.

e. ***Loan fee income*** - Loan fee income and the related incremental costs are treated as an adjustment to the effective interest rate. Management estimates the impact of the adjustment.

   The adjustment to the effective interest rate has been determined by using the estimated terms of loans to maturity or repayment if earlier.

f. ***Share-based payments*** - The fair value of options granted was determined by an independent valuation sponsored by the Bank. The valuation used a Black-Scholes pricing model to determine fair value. The model was based on publicly available historical information and management's estimates and assumptions with regard to future dividend policy, average term of options before exercise and average lapse rate.

   The weighted average fair value of options at December 31, 2009 was valued at 87 cents (2008: 81 cents) per option and was calculated using the assumptions shown in Note 15.

5. FINANCIAL INSTRUMENTS

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

	2009				
	Loans and Receivables	Held-To-Maturity	Available-For-Sale	Amortised Cost	Total
FINANCIAL ASSETS					
Cash and cash equivalents	$ -	$ -	$ 92,314	$ -	$ 92,314
Investments	$ -	$ 193,292	$ 75	$ -	$ 193,367
Loans receivable	$ 1,073,633	$ -	$ -	$ -	$ 1,073,633
FINANCIAL LIABILITIES					
Deposits	$ -	$ -	$ -	$ 1,095,300	$ 1,095,300

	2008				
	Loans and Receivables	Held-To-Maturity	Available-For-Sale	Amortised Cost	Total
FINANCIAL ASSETS					
Cash and cash equivalents	$ -	$ -	$ 116,624	$ -	$ 116,624
Investments	$ -	$ 119,021	$ 75	$ -	$ 119,096
Loans receivable	$ 1,052,134	$ -	$ -	$ -	$ 1,052,134
FINANCIAL LIABILITIES					
Deposits	$ -	$ -	$ -	$ 1,044,050	$ 1,044,050

At December 31, 2009 there were no assets or liabilities that were classified as FVTPL (2008:$Nil).

	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Available For Sale				
Cash and Cash Equivalents	$ 92,314	$ -	$ -	$ 92,314
	$ 92,314	$ -	$ -	$ 92,314
Held To Maturity				
Investments	$ -	$ 193,292	$ 75	$ 193,367
	$ -	$ 193,292	$ 75	$ 193,367
Amortised Cost				
Loans Receivable	$ -	$ -	$ 1,073,633	$ 1,073,633
	$ -	$ -	$ 1,073,633	$ 1,073,633
FINANCIAL LIABILITIES				
Amortised Cost Deposits	$ -	$ -	$ 1,095,300	$ 1,095,300
	$ -	$ -	$ 1,095,300	$ 1,095,300

The following table shows Consolidated Statement of Comprehensive Income information on financial instruments:

	2009	2008
Interest income		
Loans and Receivables	$ 149,121	$ 143,558
Held-to-Maturity Investments	9,478	6,158
Available-For-Sale financial assets	212	180
	$ 158,811	$ 149,896
Interest expense		
Financial Liabilities at Amortised Cost	$ 53,060	$ 50,081
Fees and other income		
Loans and Receivables	$ 1,178	$ 1,225
Fee expense		
Available-For-Sale financial assets	$ 174	$ 178

6. BUSINESS SEGMENTS

For management purposes, the Bank including its subsidiaries is organized into two major operating units - Banking and Real Estate Holdings. 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 Insurance and Mortgage Company Limited and Laurentide Insurance Agency Limited, which commenced trading on July 2, 2009. For management purposes, Credit Life Insurance 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 which is rented to various Group Companies, including the parent company. C.B. Securities Ltd., was incorporated as an investment company on September 2, 1996. C.B. Securities Ltd. purchased Bank common shares during the year to fund the Bank's stock based compensation plans.

All of the activities of the Bank and its subsidiaries are deemed to be operating within the same geographical area. Non Bahamian dollar assets and liabilities are not material and are therefore not divided out into a separate segment. 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 Holdings		Investment		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue										
External	$ 90,278	$ 98,858	$ 53	$ 71	$ -	$ -	$ -	$ -	$ 90,331	$ 98,929
Internal	976	826	2,504	2,258	(7)	(40)	(3,473)	(3,044)	-	-
Total Revenue	$ 91,254	$ 99,684	$ 2 ,557	$ 2 ,329	$ (7)	$ (40)	$ (3,473)	$ (3,044)	$ 90,331	$ 98,929
Net profit										
Segment Net Profit	$ 42,059	$ 49,079	$ 346	$ 345	$ (133)	$ (132)	$ -	$ -	$ 42,272	$ 49,292

6. BUSINESS SEGMENTS (continued)

	Banking		Real Estate Holdings		Investment		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Assets	$ 1,358,678	$ 1,295,591	$18,279	$ 17,337	$ 1,852	$ 2,538	$ (2,288)	$ (3,766)	$ 1,376,521	$ 1,311,700
Liabilities	$ 1,152,568	$ 1,100,218	$16,107	$ 1 5,511	$ 1,350	$ 2,154	$ (17,415)	$ (17,571)	$ 1,152,610	$ 1,100,312
Other Information										
Capital Additions	$ 2,141	$ 3,016	$ 2 ,150	$ 3 ,257	$ -	$ -	$ -	$ -	$ 4,291	$ 6,273
Depreciation	$ 2,327	$ 2,492	$ 409	$ 329	$ -	$ -	$ -	$ -	$ 2,736	$ 2,821

7. 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:

	2009	2008
Cash and deposits with banks	$ 20,382	$ 29,387
Balances with The Central Bank of The Bahamas	71,932	87,237
Total cash and cash equivalents	$ 92,314	$ 116,624

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, 2009, this reserve requirement was $44.5 million (2008: $42.1 million).

8. INVESTMENTS

Investments is as follows:

	Term to Maturity						2009		2008	
	Within 12 months		Over 12 to 60 months		Over 60 months		Total		Total	
	$	Yield %	$	Yield %	$	Yield %	$	Yield %	$	Yield %
Bahamas Government Treasury Bills	14,916	2.253%	-	-	-	-	14,916	2.253%	23,444	2.659%
Bahamas Government Registered Stock	438	6.125%	14,806	7.458%	150,998	5.790%	166,242	5.940%	8 7,443	6.097%
Bridge Authority Bonds	-	-	-	-	233	7.125%	233	7.125%	233	7.125%
Mortgage Corporation Bonds	-	-	-	-	8 ,900	5.772%	8 ,900	5.772%	4 ,900	5.791%
Clifton Heritage Bonds	-	-	-	-	2 ,009	6.088%	2 ,009	6.088%	2 ,009	6.088%
United States Treasury Notes	-	-	-	-	992	7.062%	992	7.062%	992	7.063%
Other Equity	-	-	-	-	75	-	75	-	75	-
	15,354	2.363%	14,806	7.458%	163,207	5.802%	193,367	5.656%	119,096	0.000%
Accrued Interest Receivable	-	-	-	-	-	-	3,321	-	1,731	-
Total investment Securities	15,354	2.363%	14,806	7.458%	163,207	5.841%	196,688	5.656%	120,827	5.417%

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

	2009	2008
Interest income	$ 9,478	$ 6,158

9. LOANS RECEIVABLE

Loans receivable is as follows:

	2009	2008
Residential mortgage	$ 2 49,725	$ 241,348
Business	49,827	42,775
Personal	731,289	724,373
Credit card	42,792	43,638
	1,073,633	1,052,134
Accrued interest receivable	12,594	11,453
	1 ,086,227	1,063,587
Less Impairment Allowances	36,378	25,737
	$ 1,049,849	$ 1,037,850

Impairment Allowances on Loans Receivable:

	2009	2008
Gross Loans Receivable		
Individually Assessed Impaired Loans	$ 862	$ 1,135
Collectively Assessed		
Impaired Loans	31,339	17,270
Non-Impaired Loans	1,054,026	1,045,182
	1,085,365	1,062,452
Gross Loans and Advances	$ 1 ,086,227	$ 1,063,587
Individually Assessed allowances as % of individually assessed loans receivable	12.41%	13.30%
Collectively Assessed allowances as % of Collectively assessed loans receivable	3.34%	3.41%
Total allowances as % of total loans receivable	3.35%	2.42%

Movement in Impairment Allowances:

	2009				
	Balance at Beginning of Year	Loans Written off	Recoveries	Provision for Credit Losses	Balance at End of Year
Individually Assessed					
Residential mortgage	$ 67	$ -	$ -	$ (10)	$ 57
Business	84	-	-	(34)	50
Total Individually Assessed	$ 151	$ -	$ -	$ (44)	$ 107
Collectively Assessed					
Residential mortgage	$ 3,682	$ (373)	$ -	$ 1,323	$ 4,632
Business	716	(3)	-	(68)	645
Personal	20,320	(24,184)	6,242	27,623	30,001
Credit card	868	(1,896)	593	1,428	993
Total Collectively Assessed	$ 25,586	$ (26,456)	$ 6,835	$ 30,306	$ 36,271
Total Impairment Allowances	$ 25,737	$ (26,456)	$ 6,835	$ 30,262	$ 36,378
Impaired Loan Allowance					
Impaired Loans Individually Assessed Allowances	$ 151	$ -	$ -	$ (44)	$ 107
Impaired Loans Collective Assessed Allowances	7,033	(26,456)	6,835	25,458	12,870
Impaired Loans Total Allowances	$ 7,184	$ (26,456)	$ 6,835	$ 25,414	$ 12,977
Collective Allowances Non Impaired Loans	18,553	-	-	4,848	23,401
Total Allowances	$ 25,737	$ (26,456)	$ 6,835	$ 30,262	$ 36,378

	2008 Balance at Beginning of Year	Loans Written off	Recoveries	Provision for Credit Losses	Balance at End of Year
Individually Assessed					
Residential mortgage	$ 78	$ -	$ -	$ (11)	$ 67
Business	32	-	-	52	84
Total Individually Assessed	$ 110	$ -	$ -	$ 41	$ 151
Collectively Assessed					
Residential mortgage	$ 3,577	$ (192)	$ -	$ 297	$ 3,682
Business	564	(44)	-	196	716
Personal	15,264	(17,451)	7,172	15,335	20,320
Credit card	784	(1,081)	394	771	868
Total Collectively Assessed	$ 20,189	$ (18,768)	$ 7,566	$ 16,599	$ 25,586
Total Impairment Allowances	$ 20,299	$ (18,768)	$ 7,566	$ 16,640	$ 25,737
Impaired Loan Allowance					
Impaired Loans Individually Assessed Allowances	$ 110	$ -	$ -	$ 41	$ 151
Impaired Loans Collective Assessed Allowances	6,675	(18,768)	7,566	11,560	7,033
Impaired Loans Total Allowances	$ 6,785	$ (18,768)	$ 7,566	$ 11,601	$ 7,184
Collective Allowances Non Impaired Loans	13,514	-	-	5,039	18,553
Total Allowances	$ 20,299	$ (18,768)	$ 7,566	$ 16,640	$ 25,737

Impaired loans receivable is as follows:

	2009 Individually Assessed Impaired	2009 Collectively Assessed Impaired	2009 Total Impaired	2009 Individually Assessed Allowance	2009 Collectively Assessed Impaired Allowance	2009 Total Impaired Allowance	2009 Net Impaired Individually Assessed	2009 Net Impaired Collectively Assessed Impaired	2009 Total Net Impaired
Residential mortgage	$ 532	$ 13,785	$ 14,317	$ 57	$ 1,757	$ 1,814	$ 475	$ 12,028	$ 12,503
Business	330	653	983	50	161	211	280	492	772
Personal	-	15,833	15,833	-	10,522	10,522	-	5,311	5,311
Credit card	-	1 ,068	1,068	-	430	430	-	638	638
	$ 862	$ 31,339	$ 32,201	$ 107	$ 12,870	$ 12,977	$ 755	$ 18,469	$ 19,224

Percentage of loan portfolio	2.96%	
Percentage of total assets	2.34%	
Percentage of Impaired Allowance to Impaired Loans		40.30%

	2008 Individually Assessed Impaired	2008 Collectively Assessed Impaired	2008 Total Impaired	2008 Individually Assessed Allowance	2008 Collectively Assessed Impaired Allowance	2008 Total Impaired Allowance	2008 Net Impaired Individually Assessed	2008 Net Impaired Collectively Assessed Impaired	2008 Total Net Impaired
Residential mortgage	$ 271	$ 5 ,941	$ 6,212	$ 67	$ 816	$ 883	$ 204	$ 5,125	$ 5,329
Business	864	390	1,254	84	300	384	780	90	870
Personal	-	9 ,898	9,898		5,599	5,599	-	4,299	4,299
Credit card	-	1,041	1,041	-	318	318	-	723	723
	$ 1,135	$ 17,270	$ 18,405	$ 151	$ 7,033	$ 7,184	$ 984	$ 10,237	$ 11,221

Percentage of loan portfolio	1.73%	
Percentage of total assets	1.40%	
Percentage of Impaired Allowance to Impaired Loans		39.03%

The collective impairment allowance on non impaired loans is 2.22% (2008: 1.78%) of the non-impaired loans receivable.

10. PREMISES AND EQUIPMENT

The movement of premises and equipment is as follows:

	Land/Site Improvements	Buildings	Leasehold Improvements	Furniture, Fittings and Equipment	Total
Cost					
December 31, 2007	$ 7,285	$ 22,036	$ 3,860	$ 23,742	$ 56,923
Additions	1,007	2,811	-	2,455	6,273
Transfers	61	731	(796)	4	
Disposals	-	(165)	(2,270)	(11,857)	(14,292)
December 31, 2008	8,353	25,413	794	14,344	48,904
Additions	146	2,052	-	2,093	4,291
Disposals	-	-	-	(5)	(5)
December 31, 2009	8,499	27,465	794	16,432	53,190
Accumulated Depreciation and Amortization					
December 31, 2007	-	4,513	3,440	18,058	26,011
Charge for the year	23	636	8	2,154	2,821
Transfers		532	(532)	-	
Disposals	-	(163)	(2,270)	(11,703)	(14,136)
December 31, 2008	23	5,518	646	8,509	14,696
Charge for the year	47	691	22	1,976	2,736
Disposals	-	-	-	(3)	(3)
December 31, 2009	70	6,209	668	10,482	17,429
Net Book Value					
December 31, 2009	$ 8,429	$ 21,256	$ 126	$ 5,950	$ 35,761
December 31, 2008	$ 8,330	$ 19,895	$ 148	$ 5,835	$ 34,208

Depreciation and amortization expense is as follows:

	2009	2008
Land/Site Improvements	$ 47	$ 23
Buildings	691	636
Leasehold improvements	22	8
Furniture, fittings and equipment	1,976	2,154
	$ 2,736	$ 2,821

11. DEPOSITS

The composition of deposits is as follows:

	2009	2008
Demand deposits	$ 65,783	$ 65,628
Savings accounts	105,157	107,045
Certificates of deposit	924,360	871,377
	1,095,300	1,044,050
Accrued interest payable	27,153	25,086
	$ 1,122,453	$ 1,069,136

12. LIFE ASSURANCE FUND

An actuarial valuation of the Life Assurance Fund was conducted as of December 31, 2009. The valuation was based on the total of the funds to be set aside to guarantee the payment of all future obligations to policyholders or beneficiaries and satisfy regulatory capital requirements. The total is the sum of a) the Aggregate Actuarial Reserve including sufficient provision for adverse deviations and b) minimum capital and solvency margin requirements prescribed by the Insurance (General) Regulations. Of this total the Company is required to hold assets at least equal to the Aggregate Actuarial Reserve within the Life Assurance Fund. It is the Company's policy to hold assets in the Life Assurance Fund equal to the greater of a) the Aggregate Actuarial Reserve, and b) the total Unearned Premium Reserve. At December 31, 2009 the Company needed to set aside B$19,719,464, of which $15,586,513 is to be held in the Life Assurance Fund.

Assets of Laurentide representing the Life Assurance Fund are maintained as Government Securities and a separate deposit account with the Bank.

Actuarial Assumption Sensitivities:

The total of funds to be set aside is not affected by a 10% change in the actuarial assumptions for mortality rates, policy lapse rates and the rate of return on fund assets.

13. SHARE CAPITAL

Share capital is as follows:

Preference Shares:

B$ 000's	Beginning and end of year 2008, 2009		AUTHORISED Beginning and end of year,	AUTHORISED Beginning and end of year	OUTSTANDING Beginning and end of year,	OUTSTANDING Beginning and end of year
			2009	**2008**	**2009**	**2008**
Authorized	Rate	Par $				
Class A	7.00%	500	$ 15,000	$ 15,000	$ 15,000	$ 15,000
Class B	7.00%	500	5,000	5,000	4,985	4,985
Class C	7.00%	100	5,000	5,000	5,000	5,000
Class D	7.00%	100	10,000	10,000	10,000	10,000
Class E	7.00%	100	10,000	10,000	9,999	9,999
Class F	7.00%	100	10,000	10,000	9,999	9,999
Class G	7.00%	100	10,000	10,000	10,000	10,000
Class H	7.00%	100	10,000	10,000	10,000	10,000
Class I	7.00%	100	10,000	10,000	10,000	10,000
Class J	7.00%	100	10,000	10,000	-	-
Class K	7.00%	100	10,000	10,000	-	-
Class L	7.00%	100	10,000	10,000	-	-
Class M	7.00%	100	10,000	10,000	-	-
Class N	7.00%	100	10,000	10,000	-	-
			$ 135,000	$ 135,000	$ 84,983	$ 84,983

B$ 000's	Beginning of Year		Issued		End of Year	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Outstanding						
Class A	$ 15,000	$ 15,000	$ -	$ -	$ 15,000	$ 15,000
Class B	4,985	4,985	-	-	4,985	4,985
Class C	5,000	5,000	-	-	5,000	5,000
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	10,000	10,000	-	-	10,000	10,000
Class I	10,000	10,000	-	-	10,000	10,000
Class J	-	-	-	-	-	-
Class K	-	-	-	-	-	-
Class L	-	-	-	-	-	-
Class M	-	-	-	-	-	-
Class N	-	-	-	-	-	-
	$ 84,983	$ 84,983	$ -	$ -	$ 84,983	$ 84,983

All classes of Preference Shares are cumulative, non-voting and redeemable at the discretion of the Board. Dividend rates are variable with Bahamian Prime Rate. At December 31, 2009, Prime Rate was 5.5% (2008: 5.5%).

Common Shares:

	B$0.02 each Number 000's	B$ 000's
Authorized:		
December 31, 2007, 2008 and 2009	225,000	$ 4,500
Issued and outstanding:		
December 31, 2007	98,399	1,968
Repurchase of shares	(344)	(7)
December 31, 2008	98,055	1,961
Net issue of shares	118	2
December 31, 2009	98,173	$ 1,963

On February 4th, 2010, the Bank declared an extra-ordinary dividend of $0.03 per common share payable on February 26, 2010.

14. GENERAL RESERVE

The general reserve is non-distributable and was created with a $10 million allocation from retained earnings in 2003 to allow the Bank to address unusual issues or distress situations should they occur. In 2007, the Bank increased the General Reserve by $0.5 million to further allow for the potential impact of hurricanes.

15. EMPLOYEE SHARE BASED PAYMENT PLANS

Stock Option Plan:

On May 16, 2007, the shareholders approved an employee stock option plan ("the Plan") of 2 million shares for designated officers and management staff. On October 17, 2007, the shareholders amended the Plan to 6 million shares as a result of the share split.

The main details of the new plan are as follows:

a. Options will be granted annually to participants at the prevailing market price on the date of the grant.
b. Options vest on a straight-line basis over a three year period.
c. Vested options expire one year after the date of vesting.
d. Options may only be exercised while in the employment of the Bank or subsidiary or affiliated companies unless otherwise approved by the Board.
e. Exercised options are subject to a six month restriction period before they can be transferred by the participant.
f. Unless otherwise terminated by the Board, the Plan shall continue until the pool of common shares has been exhausted.

The plan is being funded by CB Securities purchasing shares from the market in advance of the options being exercised. The Bank recognized expenses of $304 thousand (2008: $407 thousand) related to this equity settled share based payment plan during the year.

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' ability to purchase shares is restricted to a percentage of their salary according to their position. Shares so purchased vest immediately but are released to the employee on payment for the shares. However, no shares were made available under this plan in 2009, (2008: 33,027) shares were purchased from the market by the Bank.

The expense recognized in 2009 for this equity settled share based payment plan was $ nil, (2008: $34 thousand).

The following tables summarize information about the Stock Option Plans:

	2009	
	Nominal Value $0.02 Number of Stock Options (000's)	Weighted Average Exercise Price
Outstanding at beginning of year	1,154	5.56
Granted (after share split)	-	-
Expired or forfeited	(46)	4.77
Exercised	(125)	4.77
Outstanding at end of year	983	5.70
Of which vested at the end of the year	413	5.51
Options available to be granted at end of year	4,678	
Outstanding Stock Options as a percentage of outstanding shares	1.00%	
Expected Dividend Yield	1.57%	
Expected Share Price Volatility	22.0%	
Risk Free Rate of Return	5.75%	
Weighted Average Expected Period Until Exercise (in years)	3	

	2008	
	Nominal Value $0.02 Number of Stock Options (000's)	Weighted Average Exercise Price
Outstanding at beginning of year	936	4.77
Granted	386	7.13
Expired or forfeited	(41)	4.77
Exercised	(127)	4.77
Outstanding at end of year	1,154	5.56
Of which vested at the end of the year	271	4.77
Options available to be granted at end of year	4,678	
Outstanding Stock Options as a percentage of outstanding shares	1.18%	

16. FEES AND OTHER INCOME

Fees and other income is as follows:

	2009	2008
Fees and commissions	$ 1,671	$ 2,241
Service charges	3,565	3,989
Card service revenue	1,084	1,243
Net foreign exchange revenue and other income	3,283	3,290
	$ 9,603	$ 10,763

17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses is as follows:

	2009	2008
Staff costs	$ 31,409	$ 31,903
Other	13,727	14,726
	$ 45,136	$ 46,629

Staff costs include pension costs of $1.76 million (2008: $1.36 million) (see Note 19).

18. RELATED PARTIES' BALANCES AND TRANSACTIONS

Related parties' balances and transactions are as follows:

	2009	2008
Loans receivable	$ 11,888	$ 11,574
Deposits	$ 128,097	$ 99,232
Loans guaranteed by related parties	$ -	$ 1,003
Interest income	$ 680	$ 992
Interest expense	$ 5,409	$ 5,815
Rental expense	$ 166	$ 281
General and administrative expenses	$ 2,523	$ 2,400
Commitments under revolving credit lines	$ 3,893	$ 5,676

Rental commitments to related parties are as follows:

Year	B$
2010	195
2011	198
2012	198
2013	198
2014	198
2015	17

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 Consolidated Statement of Comprehensive Income is as follows:

	2009	2008
Short term benefits	$ 5,393	$ 5,916
Post employment benefits	$ 356	$ 328
Share based payments	$ 188	$ 249

19. BANK PENSION SCHEME

The following tables present information related to the Bank's Defined Benefit Pension Plan, including amounts recorded on the Consolidated Statement of Financial Position and the components of net periodic benefit cost:

	2009	2008
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	$ 39,468	$ 38,762
Actual return on plan assets	1,328	(822)
Company contributions	1,704	1,474
Participant contributions	1,110	938
Benefits paid	(225)	(185)
Withdrawals from plan	(750)	(699)
Fair value of plan assets at end of year	$ 42,635	$ 39,468
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 38,038	$ 31,180
Employer service cost	1,981	1,674
Participant contributions	1,110	938
Interest cost	2,400	1,996
Benefits paid	(975)	(884)
Plan amendment	-	388
Actuarial gain on obligation	(3,572)	2,746
Benefit obligation at end of year	$ 38,982	$ 38,038
Reconciliation of funded status:		
Present value of plan assets in excess of obligations	$ 3,653	$ 1,430
Unrecognized actuarial gain	(3,765)	(1,486)
Balance at end of year	$ (112)	$ (56)
Components of pension benefit expense:		
Current employer service costs	$ 1,981	$ 1,674
Interest cost	2,400	1,996
Expected return on plan assets	(2,620)	(2,470)
Past Service Cost - Vested Benefits	-	388
Amortisation of losses (gains)	-	(228)
Pension benefit expense included in staff costs	$ 1,761	$ 1,360
Movement in accrued pension liability recognized in the Consolidated Statement of Financial Position:		
Balance at beginning of year	$ (56)	$ (170)
Expense as above	(1,761)	(1,360)
Contributions paid	1,705	1,474
Balance at end of year	$ (112)	$ (56)
Actual return on plan assets:		
Expected return on plan assets	$ 2,620	$ 2,470
Actuarial loss on plan assets	(1,292)	(3,292)
Actual return on plan assets	$ 1,328	$ (822)
Assumptions at beginning of year:		
Discount rate	6.00%	6.00%
Long term rate of return on plan assets	6.50%	6.25%
Rate of increase in future compensation	4.50%	4.50%
Mortality Table	UP 1994 Fully generational	GAM 1994
Assumptions at end of year:		
Discount rate	6.00%	6.00%
Long term rate of return on plan assets	6.50%	6.25%
Rate of increase in future compensation	4.50%	4.50%
Mortality Table	UP 1994 Fully generational	UP 1994 Fully generational
Actuarial assumption sensitivities		

The discount rate is sensitive to changes in market conditions arising during the reporting period. The following table shows the effect of changes in this and the other key assumptions on the plan:

Results of a 25 basis points increase or decrease over the assumption used:

	Discount Rate	Rate of increase in Compensation	Pension	Rate of Return on Plan Assets
Benefit obligation	$ 1,810	$ 920	$ 810	$ -
Pension benefits expense	$ 200	$ 150	$ 110	$ 110

The Bank administers its own pension fund. The pension fund owns 1,600,625 (2008:1,600,625) common shares and $3.58 million (2008: $3.58 million) preference shares of the Bank. These shares have a market value of $14.79 million (2008: $14.8 million) which represents 37.5% (2008: 37.5%) of the pension fund's assets.

The major categories of plan assets and the expected rate of return at December 31, 2009 for each category is as follows:

	Expected Return 2009	2008	Fair Value of Plan Assets 2009	2008
Balance at Banks	4.75%	5.00%	$ 2,615	$ 3,214
Equity Instruments	8.33%	8.00%	15,828	16,588
Government Bonds	5.63%	5.63%	16,862	13,362
Preferred Equity	7.10%	7.00%	6,767	6,081
Other Assets	0.00%	0.00%	496	229
Weighted Average Expected Return	6.75%	6.75%	$ 42,568	$ 39,474

The overall expected rate of return for 2009 is the weighted average of the expected future returns of the various categories of plan assets as shown above, less a provision for expenses paid from the pension fund. The expected future returns for each category are reviewed periodically and may be changed in future years to reflect developments in financial markets.

The Bank expects that in 2010 the amount recognized in the statement of comprehensive income in respect of the pension plan will be $ 1.6 million. Pension funds held at the Bank and related interest expense are as follows:

	2009	2008
Deposits	$ 1,492	$ 2,813
Interest expense	$ 101	$ 159

20. MATURITY OF ASSETS AND LIABILITIES

The maturity of assets and liabilities are as follows:

	2009	2008
ASSETS		
On demand	$ 92,314	$ 116,624
3 months or less	25,848	51,876
Over 3 months through 6 months	3,877	6,317
Over 6 months through 12 months	7,903	14,254
Over 12 months through 24 months	39,667	46,091
Over 24 months through 5 years	197,878	314,478
Over 5 years	1,009,034	762,060
	$ 1,376,521	$ 1,311,700

	2009	2008
LIABILITIES		
On demand	$ 70,634	$ 70,463
3 months or less	381,489	344,684
Over 3 months through 6 months	154,403	155,412
Over 6 months through 12 months	213,920	214,451
Over 12 months through 24 months	108,875	134,268
Over 24 months through 5 years	209,075	162,118
Over 5 years	14,214	18,916
	$ 1,152,610	$ 1,100,312

21. CONCENTRATION OF LOANS RECEIVABLE AND LIABILITIES

The concentration of loans receivable and liabilities are as follows:

	2009		2008	
	$ 000's	Number of Accounts	$ 000's	Number of Accounts
Loans receivable:				
Under $50,000	$ 733,501	75,454	$ 741,657	73,709
$50,001 - $100,000	107,689	1,695	92,991	1,444
$100,001 - $150,000	65,557	538	61,211	503
$150,001 - $300,000	101,894	516	98,850	503
$300,001 - $500,000	32,383	89	28,481	77
$500,001 - $1,000,000	18,060	26	14,757	22
$1,000,001 and over	14,549	10	14,187	10
Impairment Allowance	(36,378)	-	(25,737)	-
Accrued interest receivable	12,594	-	11,453	-
	$ 1,049,849	78,328	$ 1,037,850	76,268
Liabilities:				
Under $50,000	$ 169,997	55,694	$ 175,493	58,213
$50,001 - $100,000	80,233	1,123	73,385	1,018
$100,001 - $150,000	57,030	469	57,218	471
$150,001 - $300,000	101,436	476	102,069	477
$300,001 - $500,000	87,727	224	82,439	207
$500,001 - $1,000,000	161,394	206	149,329	195
$1,000,001 and over	437,483	203	404,117	192
Accrued interest payable	27,153	-	25,086	-
Life assurance fund	15,586	-	17,207	-
Other liabilities	14,571	-	13,969	-
	$ 1,152,610	58,395	$ 1,100,312	60,773

22. COMMITMENTS AND CONTINGENCIES

a. In the ordinary course of business, the Bank had commitments as of December 31, 2009, as follows:

	2009	2008
Mortgage commitments	$ 10,323	$ 10,714
Revolving credit lines	26,814	30,641
Standby letters of credit	1,886	3,534
Capital expenditures contracted	880	1,975
Capital expenditure approved but not yet contracted	124	1,115
	$ 40,027	$ 47,979

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 2012, and on maintenance contracts for computer equipment and software expiring no later than 2012 on which the minimum annual rentals are approximately as follows:

Minimum Rental Commitments

Year	Leases B$	Computer Equipment and Software B$
2010	430	595
2011	378	533
2012	198	275
2013	198	
2014	198	
2015	17	

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 Treasury Notes in the amount of US$991 thousand as disclosed in Note 9.

d. 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 in the Consolidated Statement of Financial Position.

23. RISK MANAGEMENT

a. ***Capital management*** - The Bank manages its capital to ensure that it has a strong capital base to support the development of its business. The capital maintained exceeds regulatory capital requirements. The Bank maximizes the return to shareholders through optimization of its debt and equity balance. 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 Bank's risk appetite, the Bank's policies and the maximization of shareholder return.

The capital structure of the Bank consists of preference shares and equity attributable to the common equity holders of the Bank, comprising issued capital, general reserves, share premium and retained earnings as disclosed in notes 13 and 14. The Board Executive Committee reviews the capital structure at least annually. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the committee the Bank manages its capital structure through the payment of dividends, new share issues, (common or preference) and the redemption of preference shares.

Capital Regulatory requirements for subsidiary companies are managed through the parent company. The Bank's strategy is unchanged from 2008.

b. ***Interest rate risk*** - Interest rate risk is the potential for a negative impact on the Consolidated Statement of Financial Position and/or Consolidated Statement of Comprehensive Income arising from adverse changes in the value of financial instruments as a result of changes in interest rates.

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. 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, 2009, and represents the Bank's risk exposure at this point in time only.

Interest Rate Sensitivity:
If interest rates increase by 50 basis points and all other variables remain constant, the Bank's profit over the next 12 months is estimated to decrease by $1.0 million.

If interest rates decrease by 50 basis points and all other variables remain constant, the Bank's profit over the next 12 months is estimated to increase by $1.0 million.

	Maturity or repricing date of interest sensitive instruments					Non interest	
As of December 31, 2009	Within 3 Months	3 - 6 months	6-12 months	1 - 5 Years	Over 5 years	rate sensitive	Total
Assets							
Cash equivalents	$ 5 ,262	$ -	$ 322	$ -	$ -	$ 86,730	$ 92,314
	3.93%	-	2.25%	-	-	-	3.83%
Investments	186,418	-	-	9,189	1 ,006	75	196,688
	5.37%	-	0.00%	8.44%	7.06%	-	5.42%
Loans receivable	61,351	291,624	5,477	319,245	372,152	-	1,049,849
	15.20%	8.92%	14.89%	14.85%	14.47%	-	13.09%
Premises and equipment	-	-	-	-	-	35,761	35,761
Other assets	-	-	-	-	-	1,909	1,909
TOTAL	$ 2 53,031	$ 291,624	$ 5,799	$ 328,434	$ 373,158	$ 124,475	$ 1,376,521
Liabilities and shareholders' equity							
Deposits	437,553	154,403	213,920	302,364	14,213	-	1,122,453
	3.71%	4.36%	4.87%	6.06%	7.04%	-	4.70%
Other liabilities	-	-	-	-	-	30,157	30,157
Preference shares	84,983	-	-	-	-	-	84,983
	7.00%	-	-	-	-	-	7.00%
Other equity	-	-	-	-	-	138,928	138,928
TOTAL	$ 522,536	$ 154,403	$ 213,920	$ 302,364	$ 14,213	$ 169,085	$ 1,376,521
INTEREST RATE SENSITIVITY GAP	(269,505)	137,221	(208,121)	26,070	358,945	(44,610)	0
CUMULATIVE INTEREST RATE SENSITIVITY GAP	$ (269,505)	(132,284)	(340,405)	(314,335)	44,610	0	0
COMPARATIVE 2008	$ (305,015)	(179,065)	(387,281)	(354,229)	12,643	0	0
Average Yield - Earning Assets	7.73%	8.92%	14.19%	14.43%	14.45%		11.50%
Average Yield - Paying Liabilities	4.25%	4.36%	4.87%	6.06%	7.04%		4.26%
Average Margin 2009	3.48%	4.56%	9.32%	8.37%	7.42%		7.23%
Average Margin 2008	3.89%	3.59%	8.92%	8.04%	7.39%		7.29%

c. ***Credit risk*** - Credit and counterparty risk is the potential for loss due to the failure of a borrower, endorser, guarantor or counterparty to repay a loan or honour a financial obligation. This is the most significant measurable risk the Bank faces.

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. A key factor in the Bank managing and constraining its credit risk exposure is the close review and follow up of its credit portfolios to quickly identify indications of potential failure to perform according to the terms of the contract and to take the appropriate steps to maintain or restore these accounts to performing according to the terms of the contracts.

Maximum Exposure to Credit Risk

For financial assets recognised on the Consolidated Statement of Financial Position, the exposure to credit risk equals their carrying amount. For standby letters of credit, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the standby letters of credit are called upon.

For mortgage commitments and revolving credit lines that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The following table is an analysis of financial instruments by credit quality:

	2009			2008		
	Original Contract	Restructured	Total	Original Contract	Restructured	Total
Cash and cash equivalents						
Neither past due or impaired	$ 92,314	$ -	$ 92,314	$ 116,624	$ -	$ 116,624
Past due but not impaired	-	-	-	-	-	-
Impaired	-	-	-	-	-	-
	$ 92,314	$ -	$ 92,314	$ 116,624	$ -	$ 116,624
Investments						
Neither past due or impaired	$ 196,688	$ -	$ 196,688	$ 120,827	$ -	$ 120,827
Past due but not impaired	-	-	-	-	-	-
Impaired	-	-	-	-	-	-
	$ 196,688	$ -	$ 196,688	$ 120,827	$ -	$ 120,827
Loans receivable						
Neither past due or impaired	$ 850,519	$ 42,570	$ 893,089	$ 845,194	$ 14,941	$ 860,135
Past due but not impaired	120,554	27,789	148,343	167,550	6,044	173,594
Impaired	19,305	12,896	32,201	17,106	1,299	18,405
	$ 990,378	$ 83,255	$ 1,073,633	$ 1,029,850	$ 22,284	$ 1,052,134

Financial Assets are past due when a counterparty has failed to make a payment when contractually due.

The credit quality of loans receivable is shown in the following table.

	2009			2008		
	Original Contract	Restructured	Total	Original Contract	Restructured	Total
Loans receivable						
Residential mortgage						
Neither past due or impaired	$ 175,619	$ 9,739	$ 185,358	$ 168,377	$ 2,161	$ 170,538
Past due but not impaired	44,504	5,546	50,050	61,470	3,128	64,598
Impaired	8,536	5,781	14,317	5,321	891	6,212
	$ 228,659	$ 21,066	$ 249,725	$ 235,168	$ 6,180	$ 241,348
Business						
Neither past due or impaired	$ 32,382	$ 997	$ 33,379	$ 29,494	$ 125	$ 29,619
Past due but not impaired	14,681	784	15,465	11,902	-	11,902
Impaired	983	-	983	1,254	-	1,254
	$ 48,046	$ 1,781	$ 49,827	$ 42,650	$ 125	$ 42,775
Personal						
Neither past due or impaired	$ 609,263	$ 31,834	$ 641,097	$ 610,061	$ 12,655	$ 622,716
Past due but not impaired	52,900	21,459	74,359	88,843	2,916	91,759
Impaired	8,718	7,115	15,833	9,490	408	9,898
	$ 670,881	$ 60,408	$ 731,289	$ 708,394	$ 15,979	$ 724,373
Credit card						
Neither past due or impaired	$ 33,255	$ -	$ 33,255	$ 37,262	$ -	$ 37,262
Past due but not impaired	8,469	-	8,469	5,335	-	5,335
Impaired	1,068	-	1,068	1,041	-	1,041
	$ 42,792	$ -	$ 42,792	$ 43,638	$ -	$ 43,638
	$ 990,378	$ 83,255	$ 1,073,633	$ 1,029,850	$ 22,284	$ 1,052,134

The table below shows the distribution of loans that are neither past due or impaired:

	2009	2008
Satisfactory risk	$ 886,855	$ 852,804
Watch list	5,910	7,284
Sub-standard but not impaired	324	47
	$ 893,089	$ 860,135

The analysis of the age of loans receivable that were past due but not impaired is as follows.

	2009									
		Residential mortgage		Business		Personal		Credit card		Total
Past due up to 29 days	$	37,998	$	13,534	$	50,491	$	5,967	$	107,990
Past due 30 - 59 days		7,432		1,088		14,469		1,669		24,658
Past due 60 - 89 days		4,620		843		9,399		833		15,695
	$	50,050	$	15,465	$	74,359	$	8,469	$	148,343

	2008									
		Residential mortgage		Business		Personal		Credit card		Total
Past due up to 29 days	$	54,800	$	11,096	$	69,534	$	3,128	$	138,558
Past due 30 - 59 days		5,990		624		15,544		1,494		23,652
Past due 60 - 89 days		3,808		182		6,681		713		11,384
	$	64,598	$	11,902	$	91,759	$	5,335	$	173,594

Restructured loans
Restructuring activity is designed to manage customer relationships, maximise collection opportunities and, if possible, avoid foreclosure or repossession. Such activities include extended payment arrangements, approved debt management plans, deferring foreclosure, modification, loan rewrites and/or deferral of payments pending a change in circumstances. Restructuring of consumer loans normally results in either additional collateral, a co-signer or guarantor or a garnishee of salary being added to the loan. Following restructuring, an overdue consumer account is normally reset from delinquent to current status. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that repayment will probably continue. These policies are required to be kept under continual review and their application varies according to the nature of the market, the product, and the availability of empirically based data. Management has determined that due to a potential increased propensity to default in restructured accounts, both the impairment allowance on collectively assessed accounts on performing accounts and the impairment allowance on non-performing accounts have been increased to take this into account.

Loans receivable collateral
It is the Bank's policy to determine that, at the time of origination, loans are within the customer's capacity to repay, rather than to rely excessively on security. Loans classified as personal typically take into account the customer's standing and employment and credit histories and are generally unsecured. The Bank has guidelines as part of its credit policy on the acceptability of specific classes of collateral which are reviewed regularly.

The principal collateral types are as follows:

- in the personal sector - garnishees over salary and chattel mortgages;
- in the residential mortgage sector - mortgages over residential properties;
- in the commercial and industrial sector - charges over business assets such as premises, stock and debtors;
- in the commercial real estate sector - charges over the properties being financed.

d. ***Liquidity risk*** - Liquidity risk is the potential for loss if the Bank is unable to meet financial commitments in a timely manner at reasonable prices as they fall due. Financial commitments include liabilities to depositors and suppliers and lending, pledging and investment commitments. 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 22.

e. ***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 are 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.

Nominating Committee Report

Left to Right: **WILLIAM B. SANDS, JR., VAUGHN W. HIGGS, T.B. DONALDSON, CBE, R. CRAIG SYMONETTE, RUPERT W. ROBERTS, JR., OBE, EARLA J. BETHEL**

The Nominating Committee. As part of its mandate, the Committee 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 and the required allocation of Executive and Non-Executive 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 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 and compliance with the required certification to the Central Bank.

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

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2009.

R W Roberts Jr

RUPERT ROBERTS, JR., OBE
Chairman
Nominating Committee

2009 Summary of Board and Committee Meetings
For the year ended December 31, 2009

Board	5
Audit Committee	5
Nominating Committee	1
Executive Committee	5
Compensation Committee	1
Premises Committee	5
Information Technology Committee	4
Pension Fund Trustees Committee (a)	3

Board Meeting Attendance

T. B. Donaldson, CBE	5
W. B. Sands, Jr.	5
I. A. Jennings	5
E. J. Bethel	5
M. Bethel	5
G. C. Culmer	3
J. B. Farrington, CBE	4
V. W. Higgs	3
R. W. Roberts Jr., OBE	5
R. C. Symonette	4
L. R. Gibson	2

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

Executive Committee Report

Left to Right: VAUGHN W. HIGGS, RUPERT W. ROBERTS, JR., OBE, T.B. DONALDSON, CBE, WILLIAM B. SANDS, JR., R. CRAIG SYMONETTE, IAN A. JENNINGS

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 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. It 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 allowance for loan impairment prior to its approval by the Audit Committee.

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 Subcommittees, and secured its approval by the Board.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2009.

T.B. DONALDSON, CBE
Chairman
Executive Committee

Audit Committee Report

Left to Right: G. CLIFFORD CULMER, J. BARRIE FARRINGTON, CBE, DR. MARCUS R. C. BETHEL, EARLA J. BETHEL, LARRY R. GIBSON

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 the 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 Bank'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 judgments 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 Internal Audit and Credit Inspection and CISO 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 Internal Audit, Credit Inspection and CISO 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 Internal Audit and Credit Inspection and CISO and General Counsel on matters relating to compliance and litigation.

Reviewed recommendations of the Bank'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.

BANK'S AUDITORS

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

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

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

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

Met as necessary with the Bank'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, 2009.

G. C. Culmer

G. CLIFFORD CULMER
Chairman
Audit Committee

Premises Committee Report

Left to Right: **WILLIAM B. SANDS, JR., LARRY R. GIBSON, DR. MARCUS R. C. BETHEL, EARLA J. BETHEL**
(Photo taken at the new Prince Charles Drive Branch)

The Premises Committee provides oversight of significant management and Board of Directors approved premises related opportunities by ensuring that the associated development programs 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

During the year, the Committee in fulfilling its role:

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 the most cost effective policies and procedures are in place to sustain the ongoing operations of the Bank.

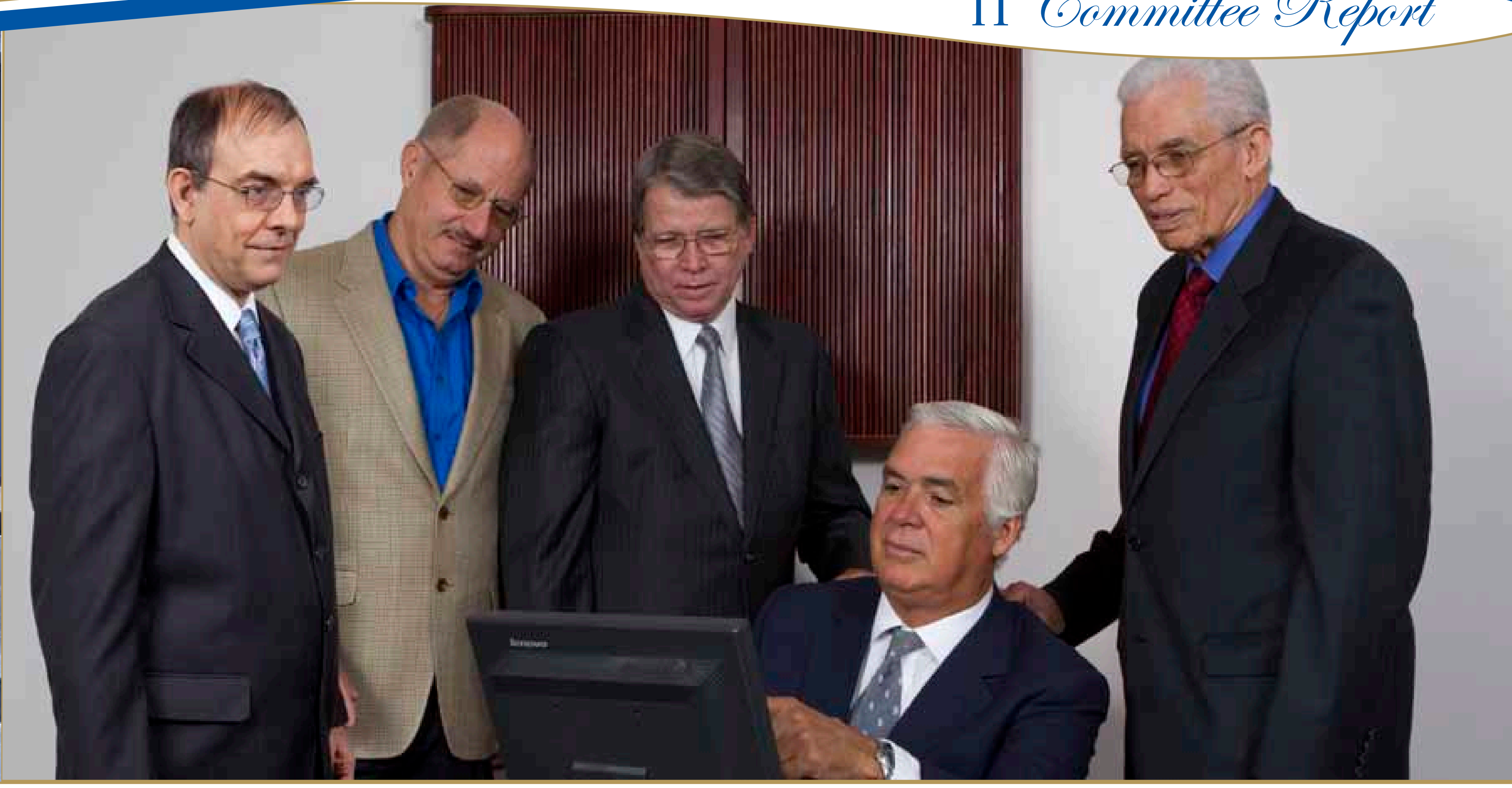
Assessed the monitoring of Management's control of significant premises undertakings to ensure an effective oversight and reporting process is in place, and that to the extent possible, an appropriate level of attention is placed on the effective and efficient use of allocated funds.

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 a most favorable 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, 2009.

EARLA J. BETHEL
Chairman
Premises Committee



Left to Right: IAN A. JENNINGS, VAUGHN W. HIGGS, WILLIAM B. SANDS, JR., R. CRAIG SYMONETTE, J. BARRIE FARRINGTON, CBE

The Information Technology Committee provides independent oversight of significant management and Board of Directors 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 and recommended for approval by the Board of Directors, the Bank's Technology Development and Maintenance-based Plan.

Reviewed significant technology-based proposals to ensure they are compatible with the strategic and business plans of the Bank. For those significant projects, ensured cost-benefit analyses are an integral part of the project development process.

Reviewed on a quarterly basis, project development plans and progress to ensure progress being achieved parallels established performance objectives and project development plans. Ensured that post-implementation reviews are 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.

Provided the Board on a quarterly basis, with a summary of technology-based activities/ concerns and where warranted, provided recommendations for managements 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, 2009.

R. CRAIG SYMONETTE
Chairman
IT Committee

Compensation Committee Report

Left to Right: **VAUGHN W. HIGGS, R. CRAIG SYMONETTE, RUPERT W. ROBERTS, JR., OBE**

The Compensation Committee is responsible for assisting the Board of Directors in ensuring that human resources strategies support the Bank's objectives and sustain shareholder value. As part of this responsibility, members of the committee review the performance and approve the compensation of Executive Officers of the Bank.

YEAR IN REVIEW

During the year, the Committee, in fulfilling its role:

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, which included:

Enhancing the management of talent and succession; strengthening employee engagement while introducing cultural change; and matching training and development with business needs and implementing more cost-efficient training delivery models

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2009.

RUPERT ROBERTS, JR., OBE
Chairman
Compensation Committee

Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way in which the Bank is directed, administered and controlled. The corporate governance structure specifies the rules and procedures for making decisions on corporate affairs. It also provides the structure through which the Bank's objectives are set, as well as the means of attaining and monitoring the performance of those objectives. The process of Governance is illustrated by the chart below.

Corporate governance is used to monitor whether outcomes are in accordance with plans and to motivate the organization to be more fully informed in order to maintain or alter organizational activity. Corporate governance is the mechanism by which individuals are motivated to align their actual behaviors with the overall participants.

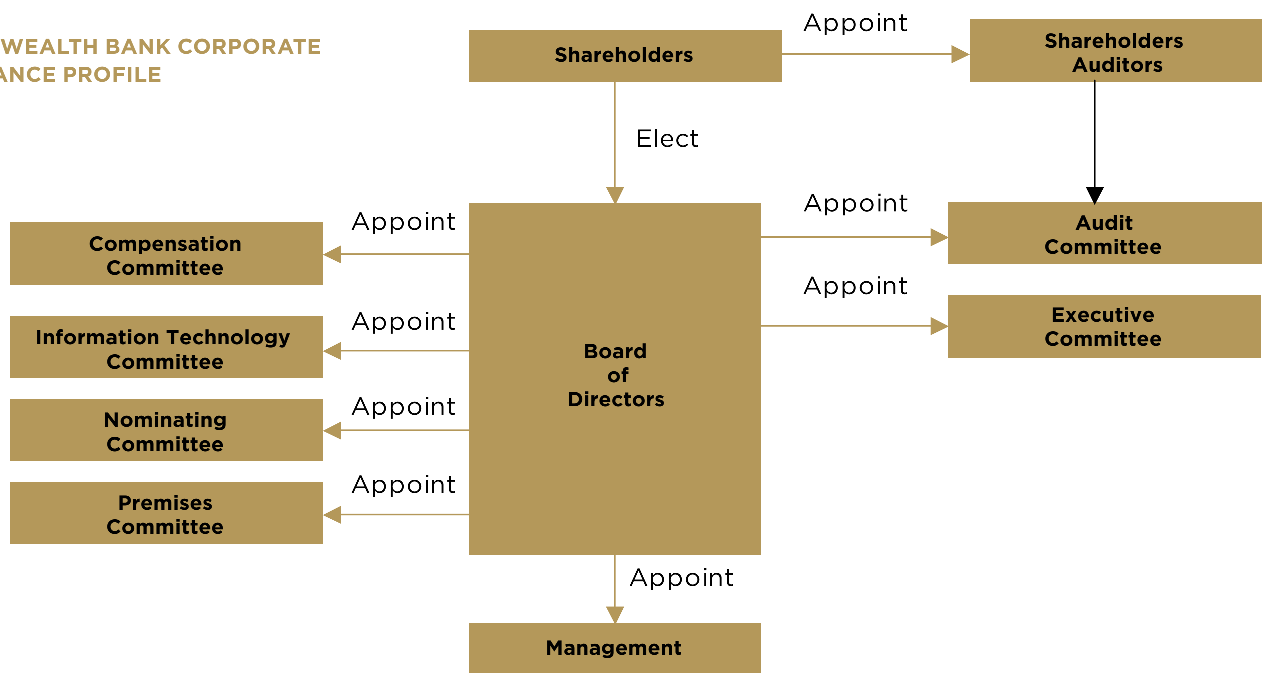
Corporate governance also includes the relationships among the stakeholders and the goals for which the Bank is governed. The principal stakeholders are the shareholders, management and the board of directors. Other stakeholders include employees, suppliers, customers, regulators, and the community at large.

An important theme of corporate governance deals with issues of accountability and fiduciary duty, essentially advocating the implementation of policies and mechanisms to ensure good behaviour and protect shareholders. Another key focus is the economic efficiency view, through which the corporate governance system should aim to optimize economic results, with a strong emphasis on shareholders' welfare.

Of importance is how directors and management develop a model of governance that aligns the values of the corporate participants and then evaluate this model periodically for its effectiveness. In particular, senior executives should conduct themselves honestly and ethically, especially concerning actual or apparent conflicts of interest, and disclosure in financial reports.

The directors and executives of the Bank take their responsibilities seriously. To ensure the individual directors and executives comply with the form and substance prescribed in the Bank's governance regime, a Charter of Expectations is in place, and compliance with the governance expectations is confirmed by all directors on an annual basis. The direction provided in the Charter of Expectations is outlined in the following schedule.

COMMONWEALTH BANK CORPORATE GOVERNANCE PROFILE



ROLE OF THE BOARD
The Board needs a range of skills and understanding to be able to deal with various business issues and have the ability to review and challenge management's performance.

MONITORING BY THE BOARD OF DIRECTORS
The Board of Directors, with its legal authority to hire, fire and compensate top management, safeguards invested capital. Regular board meetings allow potential problems to be identified, discussed and avoided.

Issues involving corporate governance principles include:

i) oversight of the preparation of the entity's financial statements;
ii) internal controls and the independence of the entity's auditors;
iii) review of the compensation arrangements for the chief executive officer and other senior executives;
iv) the way in which individuals are nominated for positions on the board;
v) the resources made available to directors in carrying out their duties;
vi) oversight and management of risk; and
vii) dividend policy.

CAPITAL MANAGEMENT
Annual Certification to regulatory authorities that the Bank is in compliance with mandated and best practice standards of Governance.

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:

INTERNAL CORPORATE GOVERNANCE CONTROLS
Internal corporate governance controls monitor activities and then take corrective action to accomplish organisational goals. Examples include:

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;

Performance-based remuneration is designed to relate some proportion of salary to individual performance. It may be in the form of cash or non-cash payments such as shares and share options.

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 communication's 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 in Directors. 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 judgment 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.

RUPERT W. ROBERTS, JR.
Chairman 1984-1992

1960

COMMONWEALTH INDUSTRIAL BANK FOUNDED

- Commonwealth Industrial Bank, a subsidiary of Laurentide Financial Corporation, is founded by the late Sir Roland Symonette, The Bahamas' first premier, and partner Peter Paul Saunders.
- Established as a small consumer finance company, the Bank, managed by Bahamian Earle Grey Sands, assumes the accounts receivable of Home Furniture Company.

1980

NATIONAL BANK OF CANADA BECOMES PRINCIPAL SHAREHOLDER

- The National Bank of Canada becomes the majority shareholder along with Lady Margaret Symonette as a minority shareholder.

1983

BANK'S NET INCOME PRIOR TO BAHAMIANIZATION

- The Bank's net income prior to Bahamianization stood at $538,000
- Due to an economic downturn in Canada the National Bank of Canada decided to divest its interest in Commonwealth Industrial Bank.

1984

BANK PURCHASED BY BAHAMIAN INVESTORS

- Commonwealth Industrial Bank was purchased by a group of Bahamian investors. The new Commonwealth Industrial Bank Limited becomes the first all Bahamian financial institution in the country and offers working Bahamians the opportunity to improve their standard of living through access to consumer loans and banking services.
- Net income was at $1.1 million with total assets standing at $15 million.

1985

TOTAL ASSETS $36 MILLION

CB *Milestones*

RUPERT W. ROBERTS, JR.
Chairman 1984-1992

1986

FIRST BRANCH OPENS (EAST BAY STREET)

- Total Assets $53.9 million.
- Commonwealth Bank opens its first branch under Bahamian ownership and establishes its Head Office at 610 East Bay Street, completing the relocation from its original offices at Dunmore Lane.
- The first Bahamian credit card, **SunCard,** is introduced - offering the Bank's clients new access to immediate credit without affecting The Bahamas' external reserves and unlocking a previously untapped market.

1987

TOTAL ASSETS $92.8 MILLION

- Marsh Harbour Branch opens

1988

THE BANK'S TOTALASSETS EXCEEDS $100 MILLION

- The Bank alters its corporate name to **Commonwealth Bank Limited** from Commonwealth Industrial Bank Limited.
- Oakes Field Branch opens.

1990

THE BANK BECOMES THE FIRST BAHAMIAN OWNED CLEARING BANK

- Total Assets $116.7 million.
- Commonwealth Bank becomes the first Bahamian-owned financial institution approved by the Central Bank of The Bahamas for **Full Service Commercial Banking** and an Authorized Dealer with full Clearing Bank status.
- Introduced Supermarket Banking at Super Value - Golden Gates Shopping Centre

1992

TOWN CENTRE MALL BRANCH OPENS

- Total Assets $143.2 million.
- Relocation of the Robinson Road and Golden Gates supermarket sub-branches to the new full service branch at Town Centre Mall Branch.

ROBERT H. SYMONETTE
Chairman 1992-1998

T. BASWELL DONALDSON, CBE
Chairman 1998-present

1993

TOTAL ASSETS $178.7 MILLION

- Freeport Branch relocates to East Mall Drive and becomes the first flagship branch.

1995

TOTAL ASSETS EXCEED $250 MILLION

- Average Shareholders' Equity rises 24%.

1996

NEW BRANCH OPENS

- Cable Beach Branch relocates to new premises on West Bay Street.

1997

NEW BRANCH OPENS

- Reported earnings of $10.2 million, up from $6 million in 1996, an increase of 70%. Total Assets exceeded $375 million.
- Lucaya Branch in Grand Bahama opens.

1999

TOTAL ASSETS EXCEED $500 MILLION

CB *Milestones*

T. BASWELL DONALDSON, CBE
Chairman 1998-present

2000

COMMONWEALTH BANK'S FIRST PUBLIC SHARE OFFERING

- Commonwealth Bank marks its 40th Anniversary.
- Total Assets stood at $590 million up 17% over December 1999.
- The Bank offers 3 million shares at $6.00 per share. Investor base expands from fewer than 100 to more than 7,000 shareholders.
- Wulff Road Branch opens offering the Bank's first drive-through ABM service.

2001

BANK LAUNCHES ABM

- Most successful year to date with net income of $21.3 million and increase of 4.75%; total assets $662 million.
- The Bank launches its Automated Banking Machines (ABMs) 24 hours a day, 7 days a week.

2002

MASTERCARD INTRODUCED

- Sixth consecutive year of achieving record profits.
- Net income of $21.9 million with total assets at December 2002 of $683 million.
- The Bank introduces MasterCard.

2003

SEVENTH CONSECUTIVE YEAR OF ACHIEVING RECORD PROFITS

- Net income of $23.25 million with total assets at December 2002 of $702.9 million {compared to $1.5 million in 1984}.

2004

TOTAL ASSETS CLIMB TO $765.6 MILLION

- Bahamas Financial Services Board recognized President and CEO, William B. Sands, Jr., as "BFSB Executive of the Year 2004."
- Net income of $25.6 million.
- For the first time total assets surpassed $750 million, climbing 8.9% to $765.6 million.
- The Bank launched its first "Customer Appreciation Week".

2005

INTERNET BANKING INTRODUCED

- Ninth consecutive year of record profits.
- Gross revenues reached $68.2 million, an increase of 17.4% with net income of $31.8 million.
- CB On-line Banking enables customers to conduct all their banking business from home or anywhere in the world 24 hours a day, 7 days a week.

2006

TENTH CONSECUTIVE YEAR OF PROFITS

- The Bank achieved a new level of prominence for a Bahamian owned bank - reaching the $1 billion in assets threshold.

2007

ASSETS EXCEED $1 BILLION

- Total Assets exceeds $1 Billion and the Bank recorded its eleventh consecutive year of record earnings.
- Tenth Branch in our network of branches opens in Golden Gates Shopping Centre.

2008

ASSETS EXCEED $1.3 BILLION

- Net income exceeded $49 million for the first time.
- Total assets increased to in excess of $1.3 billion.

2009

PRINCE CHARLES DRIVE BRANCH OPENS

- The Bank's newest branch, located on Prince Charles Drive, is the 11th location in the Bank's network of branches and has taken banking further east in New Providence than it has ever gone before.
- **Saturday Banking:** Prince Charles Drive and Golden Gates Branches offer full service Saturday Banking from 10am to 1pm for the first time in The Bahamas.
- Net income of $42 million with total assets just under $1.4 billion.

Services

- AUTO LOANS
- PERSONAL LENDING
- MORTGAGE FINANCING
- REAL ESTATE FINANCING
- ONLINE BANKING
- SMALL BUSINESS LENDING
- COMMERCIAL LENDING
- OVERDRAFT FACILITIES
- SUNCARD
- MASTERCARD
- CERTIFICATES OF DEPOSIT
- SAVINGS ACCOUNTS
- CHRISTMAS CLUB SAVINGS
- STUDENT SAVINGS ACCOUNTS
- AUTOMATED BANKING MACHINES
- FOREIGN EXCHANGE SERVICES
- PERSONAL CHEQUING ACCOUNTS
- BTC PREPAID CELL MINUTES
- PLATINUM CHEQUING ACCOUNTS
- BUSINESS CHEQUING ACCOUNTS
- SATURDAY BANKING

Locations

NEW PROVIDENCE

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

NEW PROVIDENCE BRANCHES

The Plaza, Mackey St.	502-6100
Bay & Christie Streets	322-1154
Oakes Field	322-3474
Town Centre Mall	322-4107
Cable Beach*	327-8441
Wulff Road*	394-6469
Golden Gates*	461-1300
Mortgage Centre	394-6469
Prince Charles Drive *	364-9900

GRAND BAHAMA BRANCHES

The Mall Drive*	352-8307
Lucaya	373-9670

*DRIVE THRU ABMS AVAILABLE

ABACO BRANCH

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 & Prince Charles)
Freeport Airport

CB ONLINE

www.combankltd.com

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
Sr. VP & CFO
Commonwealth Bank Ltd.

RUPERT W. ROBERTS, JR., OBE
President
Super Value Food Stores Ltd.

R. CRAIG SYMONETTE
Chairman
Abaco Markets 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

J. BARRIE FARRINGTON, CBE
Vice President
Kerzner International

EARLA J. BETHEL
President
DanBrad Ltd.

DR. MARCUS R. C. BETHEL
Consultant Internist & Administrator
Lucayan Medical Centre

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.
4th Floor, 308 East 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

CHARLENE A. BOSFIELD
Corporate Secretary
Commonwealth Bank Ltd.

COMMONWEALTH BANK

50TH Anniversary