


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 at December 31, 2011, 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 information.

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, and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these 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 about whether the Consolidated Financial Statements are free from 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 the 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 at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



 February 17th, 2012
2nd Terrace West, Centreville
Nassau, Bahamas

**COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011**
(Expressed in Bahamian \$'000s)


	2011	2010
ASSETS		
Cash and deposits with banks (Note 7)	\$ 19,926	\$ 21,537
Balances with The Central Bank of The Bahamas (Note 7)	84,202	56,198
Investments (Note 8)	261,179	246,588
Loans receivable (Notes 9, 18, 21 and 23)	1,091,033	1,046,960
Premises and equipment (Note 10)	41,505	34,452
Other assets	3,144	3,039
TOTAL	\$ 1,500,989	\$ 1,408,774
LIABILITIES AND EQUITY		
LIABILITIES:		
Deposits (Notes 11, 18 and 21)	\$ 1,203,067	\$ 1,131,793
Unearned life assurance (Notes 12 and 21)	16,472	15,436
Other liabilities (Notes 18 and 21)	17,910	14,582
Total liabilities	1,237,449	1,161,811
EQUITY:		
Share capital (Note 13)	86,950	86,950
Share premium	26,641	26,722
General reserve (Note 14)	10,500	10,500
Retained earnings	139,449	122,791
Total equity	263,540	246,963
TOTAL	\$ 1,500,989	\$ 1,408,774

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 3, 2012, and are signed on its behalf by:



Executive Chairman



President

**COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2011**
(Expressed in Bahamian \$'000s)

	2011	2010
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	1,967	1,963
Issuance of common shares	-	4
Balance at end of year	1,967	1,967
Total share capital	86,950	86,950
SHARE PREMIUM		
Balance at beginning of year	26,722	25,957
(Repurchase) issuance of common shares	(103)	644
Share based payments (Note 15)	22	121
Balance at end of year	26,641	26,722
GENERAL RESERVE		
Balance at beginning and end of year (Note 14)	10,500	10,500
RETAINED EARNINGS		
Balance at beginning of year	122,791	100,508
Total comprehensive income	51,801	53,800
Common share dividends: 30 cents per share (2010: 26 cents)	(29,513)	(25,568)
Preference share dividends	(5,630)	(5,949)
Balance at end of year	139,449	122,791
EQUITY AT END OF YEAR	\$ 263,540	\$ 246,963

**COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2011**
(Expressed in Bahamian \$'000s)

	2011	2010
INCOME		
Interest income (Notes 5, 8 and 18)	\$ 163,757	\$ 161,608
Interest expense (Notes 5 and 18)	(47,843)	(49,823)
Net interest income	115,914	111,785
Loan impairment expense (Note 9)	(24,610)	(18,230)
	91,304	93,555
Life assurance, net	3,609	4,260
Fees and other income (Notes 5 and 16)	9,797	9,037
Total income	104,710	106,852
NON-INTEREST EXPENSE		
General and administrative (Notes 17 and 18)	51,641	49,935
Depreciation and amortization (Note 10)	1,078	2,926
Directors' fees	190	191
Total non-interest expense	52,909	53,052
TOTAL COMPREHENSIVE INCOME	\$ 51,801	\$ 53,800
BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars)		
	\$ 0.47	\$ 0.49

The Bank's Consolidated Financial Statements were approved by the Board of Directors on February 3rd, 2012. The full audited Consolidated Financial Statements including notes, which form an integral part of the Consolidated Financial Statements, are available at www.combankltd.com, from any Commonwealth Bank branch or on request from the Corporate Secretary, Head Office, Commonwealth Bank, P.O. Box SS-5541, Nassau Bahamas.

**COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011**
(Expressed in Bahamian \$'000s)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	\$ 150,752	\$ 141,248
Interest payments	(47,843)	(49,823)
Life assurance premiums received, net	8,658	7,362
Life assurance claims and expenses paid	(3,977)	(3,237)
Fees and other income received	9,761	9,022
Recoveries	6,902	7,805
Cash payments to employees and suppliers	(48,608)	(51,245)
	75,645	61,132
Increase in loans receivable	(75,585)	(15,341)
Increase in deposits	71,274	9,340
Net cash from operating activities	71,334	55,131
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(50,648)	(135,428)
Interest receipts and redemption of investments	49,062	98,085
Purchase of premises and equipment (Note 10)	(8,195)	(1,729)
Proceeds from sale of premises and equipment	64	110
Net cash used in investing activities	(9,717)	(38,962)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(35,143)	(31,517)
(Repurchase) issuance of common shares	(103)	648
Share based payments (Note 15)	22	121
Net cash used in financing activities	(35,224)	(30,748)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,393	(14,579)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	77,735	92,314
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 7)	\$ 104,128	\$ 77,735