

Commonwealth Bank's Consolidated Comprehensive Net Income for the nine months ended September 2012 was \$29.2 million. Total assets at September 30, 2012 were \$1.47 billion.

The biggest issue facing the banking sector continues to be loan impairment. Commonwealth Bank's ratio of non-performing loans to total loans ended the quarter at 4.4% compared to the industry average as reported by The Central Bank of 13.4%. Commonwealth Bank is therefore significantly outperforming the industry because of our effective management over our loan portfolio.


Core performance is sound - net interest income surpassed 2011 by \$3.2 million or 3.8% while non-interest expenses were below 2011 by \$0.8 million or 1.9%. This resulted in an efficiency ratio of 40.06%, a 6% improvement over the same period in 2011. The Bank's liquidity was also confirmed to be robust throughout the year.

Despite the better than industry performance, the slow pace of recovery, which is below the levels needed to achieve substantial gains in employment, resulted in a reduction in profitability.

Commonwealth Bank remains a sound institution as evidenced by sustained quarterly dividend payments and Share Capital of \$266 million at the end of September up from \$264 million at the end of December 2011. This represents a Capital Ratio of 24%, significantly above the Central Bank's 17% target ratio.

Results for Return on Assets (ROA), Return on Equity (ROE) and Earnings per Share (EPS) were at 2.3%, 18.3% and \$0.34 respectively as the Bank continues to earn positive returns for our shareholders.

Our team of dedicated and hardworking employees continues to perform admirably, despite the adverse environment. They remain committed to serving our valued customers and loyal shareholders with the superior service that each has become accustomed. The Board acknowledges and thanks the staff of Commonwealth Bank for their commitment to excellence.



**William B. Sands, Jr.**  
Executive Chairman

**COMMONWEALTH BANK LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*(Expressed in B\$ '000s) (Unaudited)*

	Septemeber 30, 2012	December 31, 2011
<b>ASSETS</b>		
Cash and deposits with banks	\$ 15,627	\$ 19,926
Balances with Central Bank of The Bahamas	53,812	84,202
Investments	289,623	261,179
Loans Receivable	1,060,636	1,091,033
Premises and equipment	41,125	41,505
Other assets	4,361	3,144
<b>TOTAL</b>	<b>\$ 1,465,184</b>	<b>\$ 1,500,989</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities:</b>		
Deposits	\$ 1,166,901	\$ 1,203,067
Life assurance fund	15,383	16,472
Other liabilities	16,852	17,910
<b>Total liabilities</b>	<b>1,199,136</b>	<b>1,237,449</b>
<b>Equity:</b>		
Share capital	86,949	86,950
Share premium	26,527	26,641
General Reserve	10,500	10,500
Retained earnings	142,072	139,449
<b>Total equity</b>	<b>266,048</b>	<b>263,540</b>
<b>TOTAL</b>	<b>\$ 1,465,184</b>	<b>\$ 1,500,989</b>

**COMMONWEALTH BANK LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*(Expressed in B\$ '000s) (Unaudited)*

	3 months ending Sept. 30, 2012	3 months ending Sept. 30, 2011
<b>INCOME:</b>		
Interest income	\$ 39,726	\$ 40,966
Interest expense	(10,489)	(11,862)
Net interest income	29,237	29,104
Loan impairment expense	(15,529)	(9,061)
	13,708	20,043
Life assurance, net	1,529	1,269
Fees and other income	2,417	1,893
	17,654	23,205
<b>NON-INTEREST EXPENSE:</b>		
General and administrative	12,042	12,623
Depreciation and amortization	640	676
Directors' fees	48	48
	12,730	13,347
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 4,924</b>	<b>\$ 9,858</b>
Preference Share Dividends	(1,328)	(1,328)
<b>NET INCOME AVAILABLE TO COMMON Shareholders</b>	<b>\$ 3,596</b>	<b>\$ 8,530</b>
<b>AVERAGE NUMBER OF COMMON SHARES</b> (thousands)	<b>98,306</b>	<b>98,385</b>
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE</b> (expressed in dollars)	<b>\$ 0.04</b>	<b>\$ 0.09</b>

**COMMONWEALTH BANK LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*(Expressed in B\$ '000s) (Unaudited)*

	9 months ending Sept. 30, 2012	9 months ending Sept. 30, 2011
<b>INCOME:</b>		
Interest income	\$ 121,503	\$ 122,415
Interest expense	(32,045)	(36,193)
Net interest income	89,458	86,222
Loan impairment expense	(30,699)	(16,305)
	58,759	69,917
Life assurance, net	4,222	3,968
Fees and other income	6,305	5,664
	69,286	79,549
<b>NON-INTEREST EXPENSE:</b>		
General and administrative	37,918	38,687
Depreciation and amortization	1,989	2,017
Directors' fees	148	143
	40,055	40,847
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 29,231</b>	<b>\$ 38,702</b>
Preference Share Dividends	(3,984)	(4,302)
<b>NET INCOME AVAILABLE TO COMMON Shareholders</b>	<b>\$ 25,247</b>	<b>\$ 34,400</b>
<b>AVERAGE NUMBER OF COMMON SHARES</b> (thousands)	<b>98,306</b>	<b>98,385</b>
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE</b> (expressed in dollars)	<b>\$ 0.26</b>	<b>\$ 0.35</b>

**COMMONWEALTH BANK LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*(Expressed in B\$ '000s) (Unaudited)*

	9 months ending Sept. 30, 2012	9 months ending Sept. 30, 2011
<b>SHARE CAPITAL</b>		
Preference Shares		
Balance at beginning and end of period	\$ 84,983	\$ 84,982
Common Shares		
Balance at beginning of period	1,967	1,968
Repurchase of common shares	(1)	-
Balance at end of period	1,966	1,968
<b>Total Share Capital</b>	<b>86,949</b>	<b>86,950</b>
<b>SHARE PREMIUM</b>		
Balance at beginning of period	26,641	26,722
(Repurchase)/Issuance of common shares	(131)	16
Share based payments	17	17
Balance at end of period	26,527	26,755
<b>GENERAL RESERVE</b>		
Balance at beginning and end of period	10,500	10,500
<b>RETAINED EARNINGS</b>		
Balance at beginning of period	139,449	122,791
Total comprehensive income	29,231	38,702
Common share dividends	(22,624)	(23,612)
Preference share dividends	(3,984)	(4,302)
Balance at end of period	142,072	133,579
<b>EQUITY AT END OF PERIOD</b>	<b>\$ 266,048</b>	<b>\$ 257,784</b>

**COMMONWEALTH BANK LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
*(Expressed in B\$ '000s) (Unaudited)*

	9 months ending Sept. 30, 2012	9 months ending Sept. 30, 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Interest Receipts	\$ 111,917	\$ 112,519
Interest Payments	(32,045)	(36,193)
Life assurance premiums received, net	4,633	6,352
Life assurance claims and expenses paid	(2,467)	(2,885)
Fees and commissions received	7,273	6,942
Recoveries	5,687	5,078
Cash payments to employees and suppliers	(40,341)	(36,052)
	54,657	55,761
Net increase in loans receivable (Decrease)/Increase in deposits	(5,989) (36,166)	(38,928) 43,683
<b>Net cash from operating activities</b>	<b>12,502</b>	<b>60,516</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Investments	(65,737)	(29,597)
Interest receipts and redemption of investments	46,878	38,966
Purchases of premises and equipment	(1,688)	(6,275)
Proceeds from sale of premises and equipment	79	63
<b>Net cash (used in)/from investing activities</b>	<b>(20,468)</b>	<b>3,157</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Dividends paid	(26,608)	(27,914)
(Repurchase)/Issuance of common shares	(132)	16
Share based payments	17	17
<b>Net cash used in financing activities</b>	<b>(26,723)</b>	<b>(27,881)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(34,689)</b>	<b>35,792</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>104,128</b>	<b>77,735</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 69,439</b>	<b>\$ 113,527</b>

**COMMONWEALTH BANK LIMITED**  
**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED SEPTEMBER 30, 2012**  
**(EXPRESSED IN B\$ '000S) (UNAUDITED)**

**1. ACCOUNTING POLICIES**

These consolidated interim condensed financial statements have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statement for the year ended December 31, 2011.

The consolidated financial statements include the accounts of Commonwealth Bank Limited ("the Bank") and its wholly owned subsidiary companies. The subsidiaries are Laurentide Insurance and Mortgage Company Limited, Laurentide Insurance Agency Limited, C.B. Securities Ltd., and C.B. Holding Co. Ltd.

**2. BUSINESS SEGMENTS**

For management purposes, the Bank including its subsidiaries is organized into five operating units - Bank, Insurance Company, Real Estate Holdings, Investment Company and Insurance Agency. The following table shows financial information by business segment:

	2012						
	Bank	Insurance Company	Real Estate Holdings	Investment Company	Insurance Agency	Eliminations	
<b>Revenue</b>							
External	\$ 62,127	\$ 7,140	\$ 19	\$ (44)	\$ -	\$ 44	\$ 69,286
Internal	1,637	136	2,368	13	1,011	(5,165)	-
<b>Total revenue</b>	<b>\$ 63,764</b>	<b>\$ 7,276</b>	<b>\$ 2,387</b>	<b>(31)</b>	<b>1,011</b>	<b>(5,121)</b>	<b>\$ 69,286</b>
<b>Net profit</b>							
Segment net profit	\$ 23,902	\$ 4,521	\$ 391	\$ (48)	\$ 509	\$ (44)	\$ 29,231
	2011						
	Bank	Insurance Company	Real Estate Holdings	Investment Company	Insurance Agency	Eliminations	Consolidated
<b>Revenue</b>							
External	\$ 72,510	\$ 7,011	\$ 28	\$ (16)	\$ -	\$ 16	\$ 79,549
Internal	1,559	152	1,814	9	1,316	(4,850)	-
<b>Total revenue</b>	<b>\$ 74,069</b>	<b>\$ 7,163</b>	<b>\$ 1,842</b>	<b>(7)</b>	<b>\$ 1,316</b>	<b>(4,834)</b>	<b>\$ 79,549</b>
<b>Net profit</b>							
Segment net profit	\$ 33,725	\$ 4,004	\$ 312	\$ 2	\$ 669	\$ (10)	\$ 38,702

**3. DIVIDENDS**

The Directors have approved interim quarterly dividends in the amount of 18 cents per common share (2011: 18 cents) and an extraordinary dividend of 5 cents per share (2011: 6 cents). The total dividends paid as of the interim date is 23 cents per share for common shares (2011: 24 cents). The dividends are declared on a quarterly calendar basis. The interim financial statements only reflect the dividends accrued for the interim period.