

CHAIRMAN'S REPORT ON UNAUDITED RESULTS SEPTEMBER 30, 2013

I am pleased to advise that for the nine months ended September 30, 2013, Commonwealth Bank reported total Comprehensive Net Income of \$39.3 million, surpassing last year's adjusted income of \$28.5 million by 35%. Results for the third quarter totaled \$13.2 million compared to 2012's third quarter of \$4.7 million.

Total assets at September 30, 2013 were \$1.44 billion which was slightly above December 2012 total assets of \$1.43 billion. The combined effect of higher profits and lower total assets resulted in improved profitability ratios as evidenced by our Earnings per Share ratio of \$0.36 exceeding 2012's \$0.25 by 45%.

The improvements in profitability were primarily associated with the reduction in loan impairment expenses of \$14.5 million for the nine months to September 2013 compared to the same period in 2012, an improvement of 47%. The reduction resulted from improved delinquency and nonperforming loan ratios for the second consecutive quarter. Commonwealth Bank's nonperforming loan ratio of 4.4% continues to significantly outperform the industry average nonperforming loans of 13.9% at September 2013, as reported by The Central Bank of The Bahamas.

The Bank continues to maintain strong capital and liquidity ratios with Capital Adequacy in excess of 24% and liquidity ratio of 35%. These ratios are well in excess of Central Bank's requirements of 17% and 20%, respectively.

While we are cautiously optimistic about the remainder of 2013, the Bank is closely monitoring pending changes in the regulatory and tax environments for 2014.

In this 40th anniversary year for The Bahamas, I wish to thank our shareholders, our customers, and the public at large for their ongoing support, and our complement of hardworking and devoted employees who are instrumental in achieving our outstanding results.

William B. Sands, Jr.
Executive Chairman

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

	September 30, 2013	Restated December 31, 2012	Restated December 31, 2011
ASSETS			
Cash and deposits with banks	\$ 15,235	\$ 21,224	\$ 19,926
Balances with Central Bank of The Bahamas	63,670	47,913	84,202
Investments	282,686	268,196	261,179
Loans Receivable	1,035,129	1,050,045	1,091,033
Premises and equipment	41,137	41,285	41,505
Other assets	4,757	3,625	3,102
TOTAL	\$ 1,442,614	\$ 1,432,288	\$ 1,500,947
LIABILITIES AND EQUITY			
Liabilities:			
Deposits	\$ 1,128,081	\$ 1,136,609	\$ 1,203,067
Life assurance fund	14,692	15,070	16,472
Other liabilities	25,669	22,436	22,288
Total liabilities	1,168,442	1,174,115	1,241,827
Equity:			
Share capital	85,838	86,943	86,950
Share premium	23,935	24,551	26,641
General Reserve	10,500	10,500	10,500
Retained earnings	153,899	136,179	135,029
Total equity	274,172	258,173	259,120
TOTAL	\$ 1,442,614	\$ 1,432,288	\$ 1,500,947

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

	3 months ending September 30, 2013	Restated 3 months ending September 30, 2012
INCOME:		
Interest income	\$ 39,522	\$ 39,726
Interest expense	(8,758)	(10,489)
Net interest income	30,764	29,237
Loan impairment expense	(5,483)	(15,529)
	25,281	13,708
Life assurance, net	1,187	1,529
Fees and other income	2,054	2,417
	28,522	17,654
NON-INTEREST EXPENSE:		
General and administrative	14,293	12,105
Depreciation and amortization	637	640
Directors' fees	48	48
	14,978	12,793
TOTAL PROFIT	\$ 13,544	\$ 4,861
OTHER COMPREHENSIVE INCOME		
Pension plan remeasurements	(299)	(191)
TOTAL OTHER COMPREHENSIVE INCOME	(299)	(191)
TOTAL COMPREHENSIVE INCOME	\$ 13,245	\$ 4,670
Preference Share Dividends	(1,328)	(1,328)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 11,917	\$ 3,342
AVERAGE NUMBER OF COMMON SHARES (thousands)	97,939	98,306
BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars)		
	\$ 0.12	\$ 0.03

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

	9 months ending September 30, 2013	Restated 9 months ending September 30, 2012
INCOME:		
Interest income	\$ 117,597	\$ 121,503
Interest expense	(27,039)	(32,045)
Net interest income	90,558	89,458
Loan impairment expense	(16,236)	(30,699)
	74,322	58,759
Life assurance, net	3,865	4,222
Fees and other income	5,742	6,305
	83,929	69,286
NON-INTEREST EXPENSE:		
General and administrative	42,293	38,107
Depreciation and amortization	1,906	1,989
Directors' fees	143	148
	44,342	40,244
TOTAL PROFIT	\$ 39,587	\$ 29,042
OTHER COMPREHENSIVE INCOME		
Pension plan remeasurements	(252)	(572)
TOTAL OTHER COMPREHENSIVE INCOME	(252)	(572)
TOTAL COMPREHENSIVE INCOME	\$ 39,335	\$ 28,470
Preference Share Dividends	(3,984)	(3,984)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 35,351	\$ 24,486
AVERAGE NUMBER OF COMMON SHARES (thousands)	97,939	98,306
BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars)		
	\$ 0.36	\$ 0.25

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

	9 months ending September 30, 2013	9 months ending September 30, 2012
SHARE CAPITAL		
Preference Shares		
Balance at beginning and end of period	\$ 83,879	\$ 84,983
COMMON SHARES		
Balance at beginning of period	3,064	1,967
Repurchase of common shares	(1,105)	(1)
Balance at end of period	1,959	1,966
TOTAL SHARE CAPITAL	85,838	86,949
SHARE PREMIUM		
Balance at beginning of period	24,551	26,641
(Repurchase)/Issuance of common shares	(616)	(131)
Share based payments	-	17
Balance at end of period	23,935	26,527
GENERAL RESERVE		
Balance at beginning and end of period	10,500	10,500
RETAINED EARNINGS		
Balance at beginning of period as previously stated	141,614	139,449
Adjustment for actuarial losses	(5,435)	(4,420)
Adjusted balance at beginning of period as restated	136,179	135,029
Total comprehensive income	39,335	28,470
Common share dividends	(17,631)	(22,624)
Preference share dividends	(3,984)	(3,984)
Balance at end of period	153,889	136,891
EQUITY AT END OF PERIOD	\$ 274,172	\$ 260,867

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

	9 months ending September 30, 2013	9 months ending September 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest Receipts	\$ 107,702	\$ 111,917
Interest Payments	(27,039)	(32,045)
Life assurance premiums received, net	4,844	4,633
Life assurance claims and expenses paid	(2,300)	(2,467)
Fees and commissions received	6,685	7,273
Recoveries	6,520	5,687
Cash payments to employees and suppliers	(41,126)	(40,341)
	55,286	54,657
Net decrease in loans receivable	(7,840)	(5,989)
Increase/(Decrease) in deposits	(8,528)	(36,166)
Net cash from operating activities	38,918	12,502
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(28,599)	(65,737)
Redemption of investments	12,990	36,540
Interest receipts from investments	10,765	10,338
Purchases of premises and equipment	(1,803)	(1,688)
Proceeds from sale of premises and equipment	42	79
Net cash used in investing activities	(6,605)	(20,468)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(21,615)	(26,608)
(Repurchase)/Issuance of common shares	(1,721)	(132)
Share based payments	-	17
Net cash used in financing activities	(23,336)	(26,723)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,977	(34,689)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	69,137	104,128
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 78,144	\$ 69,439
MINIMUM RESERVE REQUIREMENT	44,574	45,814
CASH AND CASH EQUIVALENTS IN EXCESS OF THE MINIMUM RESERVE REQUIREMENT	\$ 33,540	\$ 23,625

The data provided represents extracts of Commonwealth Bank's complete interim financial report. Copies of the full interim report as of the current reporting date, are available to the public, free of charge, at the Bank's Head Office at Commonwealth Bank Plaza, Mackey Street and on the Bank's website at www.combankltd.com.