

CHAIRMAN'S REPORT ON UNAUDITED RESULTS MARCH 31, 2014

I am happy to report that Commonwealth Bank's Total Profit for the three months ended March 31, 2014 was \$13 million and exceeded the same period in 2013 by 3.5%.

Total assets at March 31, 2014 were \$1.46 billion which was slightly above December 2013 total assets of \$1.43 billion. The Bank's good performance is underscored by improvements in our Return on Assets and Earnings per Share ratios of 3.26% and \$0.48 which exceeded 2013 by 3.5% and 4.2%, respectively.

Total profit improved primarily due to the quality of the Bank's credit combined with its effective management of the same. As a result of the foregoing, Commonwealth Bank reduced its loan impairment expense in 2014 by 32.6% or \$2.1 million compared to 2013. The reduction resulted from improved delinquency and nonperforming loan ratios. Commonwealth Bank's nonperforming loan ratio of 4.07% continues to significantly outperform the industry average nonperforming loans of 15.97% at March 2014, as reported by The Central Bank of The Bahamas.

The Bank also continues to maintain strong capital and liquidity ratios with Capital Adequacy in excess of 25% and liquidity ratio of 36%. These ratios are well in excess of Central Bank's requirements of 17% and 20%, respectively.

Commonwealth Bank is closely monitoring potential changes in the regulatory and tax environments for 2014 and their likely impact on our performance. Nevertheless, we remain cautiously optimistic about the remainder of 2014.

I wish to thank our over 6,000 shareholders, our customers, and the general public for their ongoing support. I also thank our complement of hardworking and devoted employees who continue to provide excellent customer service along with outstanding results.

William B. Sands, Jr.
Executive Chairman

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

	March 31, 2014	December 31, 2013
ASSETS		
Cash and deposits with banks	\$ 26,269	\$ 21,815
Balances with Central Bank of The Bahamas	62,351	55,412
Investments	277,485	278,785
Loans Receivable	1,028,520	1,030,906
Premises and equipment	44,562	40,796
Other assets	6,097	4,991
TOTAL	\$ 1,445,284	\$ 1,432,705
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	\$ 1,132,118	\$ 1,121,583
Life assurance fund	14,495	14,635
Other liabilities	17,717	20,439
Total liabilities	1,164,330	1,156,657
Equity:		
Share capital	85,837	85,837
Share premium	23,703	23,703
General Reserve	10,500	10,500
Retained earnings	160,914	156,008
Total equity	280,954	276,048
TOTAL	\$ 1,445,284	\$ 1,432,705

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

	3 months ending March 31, 2014	3 months ending March 31, 2013
SHARE CAPITAL		
Preference Shares		
Balance at beginning and end of period	\$ 83,879	\$ 84,983
COMMON SHARES		
Balance at beginning of period	1,958	1,960
Repurchase of common shares	-	(1)
Balance at end of period	1,958	1,959
TOTAL SHARE CAPITAL	85,837	86,942
SHARE PREMIUM		
Balance at beginning of period	23,703	24,551
Repurchase of common shares	-	(430)
Balance at end of period	23,703	24,121
GENERAL RESERVE		
Balance at beginning and end of period	10,500	10,500
RETAINED EARNINGS		
Balance at beginning of period	156,008	136,179
Total comprehensive income	12,091	12,655
Common share dividends	(5,874)	(5,878)
Preference share dividends	(1,311)	(1,328)
Balance at end of period	160,914	141,628
EQUITY AT END OF PERIOD	\$ 280,954	\$ 263,191

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

	3 months ending March 31, 2014	3 months ending March 31, 2013
INCOME		
Interest income	\$ 38,517	\$ 38,989
Interest expense	(8,030)	(9,210)
Net interest income	30,487	29,779
Loan impairment expense	(4,290)	(6,362)
	26,197	23,417
Life assurance, net	1,326	1,301
Fees and other income	1,702	1,784
Total income	29,225	26,502
NON-INTEREST EXPENSE		
General and administrative	15,488	13,208
Depreciation and amortization	642	641
Directors' fees	48	48
Total non-interest expense	16,178	13,897
TOTAL PROFIT	\$ 13,047	\$ 12,605
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	(956)	50
TOTAL COMPREHENSIVE INCOME	12,091	12,655
BASIC AND DILUTED EARNINGS		
PER COMMON SHARE		
(expressed in dollars)	\$ 0.12	\$ 0.12

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

	3 months ending March 31, 2014	3 months ending March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Receipts	\$ 34,358	\$ 35,797
Interest Payments	(8,030)	(9,210)
Life assurance premiums received, net	1,620	1,136
Life assurance claims and expenses paid	(733)	(698)
Fees and commissions received	2,000	2,017
Recoveries	1,739	1,593
Cash payments to employees and suppliers	(19,364)	(14,575)
	11,590	16,060
Net (increase) decrease in loans receivable	(3,643)	(12,576)
Increase in deposits	10,535	1,059
Net cash from operating activities	18,482	26,695
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(4,994)	-
Redemption of investments	4,995	3,000
Interest receipts from investments	4,503	4,460
Purchases of premises and equipment	(4,408)	(743)
Net cash used in investing activities	96	6,717
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(7,185)	(7,206)
Repurchase of common shares	-	(431)
Net cash used in financing activities	(7,185)	(7,637)
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,393	28,775
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	77,227	69,137
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 88,620	\$ 97,912
MINIMUM RESERVE REQUIREMENT	43,677	44,176
CASH AND CASH EQUIVALENTS IN EXCESS OF THE MINIMUM RESERVE REQUIREMENT	\$ 44,943	\$ 53,736