

CHAIRMAN'S REPORT ON UNAUDITED RESULTS SEPTEMBER 30, 2012

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.

Septemeber

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)

	30, 2012	31, 2011
Assets		
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
Total	\$ 1,465,184	\$ 1,500,989
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	\$ 1,166,901	\$ 1,203,067
Life assurance fund	15,383	16,472
Other liabilities	16,852	17,910
Total liabilities	1,199,136	1,237,449
Equity:		
Share capital	86,949	86,950
Share premium	26,527	26,641
General Reserve	10,500	10,500
Retained earnings	142,072	139,449
Total equity	266,048	263,540
Total	\$ 1.465.184	\$ 1,500,989

COMMONWEALTH BANK LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in B\$ '000s) (Unaudited)

Income:		s ending 30, 2012		hs ending t. 30, 2011
	•	00 700	•	0.40.000
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
Non-Interest Expense: General and administrative Depreciation and amortization Directors' fees		12,042 640 48	. <u> </u>	12,623 676 48
		12,730		13,347
TOTAL COMPREHENSIVE INCOME	\$	4,924	\$	9,858
Preference Share Dividends		(1,328)		(1,328)
NET INCOME AVAILABLE TO COMMON				
Shareholders	\$	3,596	\$	8,530
Average Number of Common Shares (thousands)		98,306		98,385
Basic and Diluted Earnings Per Common Sha (expressed in dollars)	ARE \$	0.04	\$	0.09

COMMONWEALTH BANK LIMITED

BASIC AND DILUTED EARNINGS PER COMMON SHARE

(thousands)

(expressed in dollars)

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

\$ 121,503	\$	122,415
		(36,193)
89,458		86,222
(30,699)		(16,305)
58,759		69,917
4,222		3,968
6,305		5,664
 69,286		79,549
37,918		38,687
1,989		2,017
 148		143
40,055		40,847
\$ 29,231	\$	38,702
(3,984)		(4,302)
\$ 25,247	\$	34,400
 98,306		98,385
\$	(32,045) 89,458 (30,699) 58,759 4,222 6,305 69,286 37,918 1,989 148 40,055 \$ 29,231 (3,984)	(32,045) 89,458 (30,699) 58,759 4,222 6,305 69,286 37,918 1,989 148 40,055 \$ 29,231 \$ (3,984) \$ 25,247 \$

9 months ending

Sept. 30, 2012

0.26

9 months ending

Sept. 30, 2011

COMMONWEALTH BANK LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in B\$ '000s) (Unaudited)

December

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

COMMONWEALTH BANK LIMITED

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

!		nths ending ept. 30, 2012	s ending 30, 2011		
CASH FLOWS FROM OPERATING ACTIVITIES:					
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 supplier	S	(40,341)	(36,052)		
1 7 1 7 11	_	54,657	 55,761		
Net increase in loans receivable		(5,989)	(38,928)		
(Decrease)/Increase in deposits		(36,166)	43,683		
Net cash from operating activities	_	12,502	 60,516		
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of Investments		(65,737)	(29,597)		
Interest receipts and redemption of investm	ents	46,878	38,966		
Purchases of premises and equipment		(1,688)	(6,275)		
Proceeds from sale of premises and equipr	ment_	` 79 [°]	 63		
Net cash (used in)/from investing activities		(20,468)	 3,157		
CASH FLOWS FROM FINANCING ACTIVITIES:					
Dividends paid		(26,608)	(27,914)		
•		, ,	,		
(Repurchase)/Issuance of common shares		(132)	16		

Share based payments 17 17 Net cash used in financing activities (26,723)(27,881)NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (34,689) 35,792

104,128

77,735

113,527

CASH AND CASH EQUIVALENTS, END OF PERIOD 69,439 **COMMONWEALTH BANK LIMITED**

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD

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,

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						
	Insurance Real Estate		Investment Insurance									
Bank	Co	mpany	y Holdings		ngs Company		Agency		Eliminations		Consolidated	
\$ 62,127	\$	7,140	\$	19	\$	(44)	\$	-	\$	44	\$	69,286
1,637		136		2,368		13		1,011		(5,165)		-
\$ 63,764	\$	7,276	\$	2,387		(31)		1,011		(5,121)	\$	69,286
\$ 23,902	\$	4,521	\$	391	\$	(48)	\$	509	\$	(44)	\$	29,231
						2011						
\$	\$ 62,127 1,637 \$ 63,764	Bank Co \$ 62,127 \$ 1,637	Bank Company \$ 62,127 \$ 7,140 1,637 136 \$ 63,764 \$ 7,276	Bank Company Ho \$ 62,127 \$ 7,140 \$ 1,637 136 \$ 63,764 \$ 7,276 \$	Bank Company Holdings \$ 62,127 \$ 7,140 \$ 19 1,637 136 2,368 \$ 63,764 \$ 7,276 \$ 2,387	Bank Company Holdings Com \$ 62,127 \$ 7,140 \$ 19 \$ 1,637 \$ 136 2,368 \$ 63,764 \$ 7,276 \$ 2,387 \$ 2,387	Bank Insurance Company Real Estate Holdings Investment Company \$ 62,127 \$ 7,140 \$ 19 \$ (44) 1,637 136 2,368 13 \$ 63,764 \$ 7,276 \$ 2,387 (31) \$ 23,902 \$ 4,521 \$ 391 \$ (48)	Bank Insurance Company Real Estate Holdings Investment Company Insurance And Insurance Company \$ 62,127 \$ 7,140 \$ 19 \$ (44) \$ 1,637 \$ 136 2,368 13 \$ 63,764 \$ 7,276 \$ 2,387 (31) \$ 391 \$ (48) \$ 3,648	Bank Insurance Company Real Estate Holdings Investment Company Insurance Agency \$ 62,127 \$ 7,140 \$ 19 \$ (44) \$ - 1,011 \$ 63,764 \$ 7,276 \$ 2,368 13 1,011 \$ 63,764 \$ 7,276 \$ 2,387 (31) 1,011 \$ 23,902 \$ 4,521 \$ 391 \$ (48) \$ 509	Bank Insurance Company Real Estate Holdings Investment Company Insurance Agency Elim \$ 62,127 \$ 7,140 \$ 19 \$ (44) \$ - \$ 1,011 \$ 63,764 \$ 7,276 \$ 2,368 13 1,011 \$ 23,902 \$ 4,521 \$ 391 \$ (48) \$ 509 \$	Bank Insurance Company Real Estate Holdings Investment Company Insurance Agency Eliminations \$ 62,127 \$ 7,140 \$ 19 \$ (44) \$ - \$ 44 1,637 136 2,368 13 1,011 (5,165) \$ 63,764 \$ 7,276 \$ 2,387 (31) 1,011 (5,121) \$ 23,902 \$ 4,521 \$ 391 \$ (48) \$ 509 \$ (44)	Bank Insurance Company Real Estate Holdings Investment Company Insurance Agency Eliminations Construction \$ 62,127 \$ 7,140 \$ 19 \$ (44) \$ - \$ 44 \$ 1,637 \$ 136 \$ 2,368 \$ 13 \$ 1,011 (5,165) \$ 63,764 \$ 7,276 \$ 2,387 (31) \$ 1,011 (5,121) \$ \$ 23,902 \$ 4,521 \$ 391 \$ (48) \$ 509 \$ (44) \$ \$ 23,902 \$ 4,521 \$ 391 \$ 48) \$ 509 \$ (44) \$ \$ 391 \$ 391

	Bank			Insurance Real Estate Company Holdings		Invest	ment panv	 urance Agency	Elim	inations	Consolidated		
evenue			рау		90		,,,,,	 					-
External	\$ 72,510	\$	7,011	\$	28	\$	(16)	\$ -	\$	16	\$	79,549	
nternal	1,559		152		1,814		9	1,316		(4,850)		-	
Total revenue	\$ 74,069	\$	7,163	\$	1,842	\$	(7)	\$ 1,316	\$	(4,834)	\$	79,549	
et profit													•
Segment net profit	\$ 33,725	\$	4,004	\$	312	\$	2	\$ 669	\$	(10)	\$	38,702	

3. DIVIDENDS

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The Directors have approved interim guarterly 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.