

COMMONWEALTH BANK | CHAIRMAN'S REPORT ON UNAUDITED RESULTS SEPTEMBER 30, 2014

Commonwealth Bank's Total Profit for the nine months ended September 30, 2014 was \$38.4 million compared to \$39.6 million in 2013. An increase of \$3.1 million in Business License Fees accounted for the reduction.

Total assets at September 30, 2014 were \$1.48 billion, which was 3.5% above December 2013 total assets of \$1.43 billion.

Commonwealth Bank's asset quality continued to show encouraging signs as our nonperforming loan ratio of 3.84% continues to significantly outperform the industry average nonperforming loans of 17.16% at September 2014, 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 27% and liquidity ratio above 37%. These ratios are well in excess of Central Bank's requirements of 17% and 20%, respectively making Commonwealth Bank both financially strong and stable.

Commonwealth Bank continues to distribute quarterly dividend payments, sharing our success with our shareholders.

Despite the ongoing challenges of the economic environment our 500 plus strong team of Employees have achieved the best possible outcome in the financial results outlined below. For their ongoing dedication and hard work, I remain grateful.

I also wish to thank our shareholders, our customers and the public at large for their ongoing support.

William B. Sands, Jr.
Executive Chairman

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

	September 30, 2014	December 31, 2013
ASSETS		
Cash and deposits with banks	\$ 29,569	\$ 21,815
Balances with Central Bank of The Bahamas	59,527	55,412
Investments	301,991	278,785
Loans Receivable	1,041,673	1,030,906
Premises and equipment	45,891	40,796
Other assets	3,783	4,991
TOTAL	\$ 1,482,434	\$ 1,432,705
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	\$ 1,154,123	\$ 1,121,583
Life assurance fund	15,421	14,635
Other liabilities	23,508	20,439
Total liabilities	1,193,052	1,156,657
Equity:		
Share capital	83,588	85,837
Share premium	22,584	23,703
General Reserve	10,500	10,500
Retained earnings	172,710	156,008
Total equity	289,382	276,048
TOTAL	\$ 1,482,434	\$ 1,432,705

COMMONWEALTH BANK LIMITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Expressed in B\$ '000s) (Unaudited)

	3 months ending September 30, 2014	3 months ending September 30, 2013
INCOME:		
Interest income	\$ 39,990	\$ 39,522
Interest expense	(7,977)	(8,758)
Net interest income	32,013	30,764
Loan impairment expense	(6,467)	(5,483)
	25,546	25,281
Life assurance, net	1,378	1,187
Fees and other income	2,066	2,054
Total income	28,990	28,522
NON-INTEREST EXPENSE:		
General and administrative	15,778	14,293
Depreciation and amortization	714	637
Directors' fees	57	48
Total non-interest expense	16,549	14,978
TOTAL PROFIT	\$ 12,441	\$ 13,544
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	(146)	(299)
TOTAL COMPREHENSIVE INCOME	\$ 12,295	\$ 13,245
BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars)	\$ 0.11	\$ 0.12

COMMONWEALTH BANK LIMITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Expressed in B\$ '000s) (Unaudited)

	9 months ending September 30, 2014	9 months ending September 30, 2013
INCOME:		
Interest income	\$ 117,302	\$ 117,597
Interest expense	(23,940)	(27,039)
Net interest income	93,362	90,558
Loan impairment expense	(16,022)	(16,236)
	77,340	74,322
Life assurance, net	4,008	3,865
Fees and other income	5,738	5,742
Total income	87,086	83,929
NON-INTEREST EXPENSE:		
General and administrative	46,497	42,293
Depreciation and amortization	2,052	1,906
Directors' fees	152	143
Total non-interest expense	48,701	44,342
TOTAL PROFIT	\$ 38,385	\$ 39,587
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	(142)	(252)
TOTAL COMPREHENSIVE INCOME	\$ 38,243	\$ 39,335
BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars)	\$ 0.35	\$ 0.36

COMMONWEALTH BANK LIMITED NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED September 30, 2014 (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, 2013.

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

	9 months ending September 30, 2014	9 months ending September 30, 2013
SHARE CAPITAL		
Preference Shares		
Balance at beginning and end of period	\$ 83,879	\$ 84,983
Redemption of shares	(2,246)	(1,104)
Balance at end of period	81,633	83,879
COMMON SHARES		
Balance at beginning of period	1,958	1,960
Repurchase of common shares	(3)	(1)
Balance at end of period	1,955	1,959
TOTAL SHARE CAPITAL	83,588	85,838
SHARE PREMIUM		
Balance at beginning of period	23,703	24,551
Repurchase of common shares	(1,119)	(616)
Balance at end of period	22,584	23,935
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	38,243	39,335
Common share dividends	(17,609)	(17,631)
Preference share dividends	(3,932)	(3,984)
Balance at end of period	172,710	153,899
EQUITY AT END OF PERIOD	\$ 289,382	\$ 274,172

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

	9 months ending September 30, 2014	9 months ending September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest Receipts	\$ 107,417	\$ 107,702
Interest Payments	(23,940)	(27,039)
Life assurance premiums received, net	6,079	4,844
Life assurance claims and expenses paid	(2,417)	(2,300)
Fees and commissions received	6,870	6,685
Recoveries	5,825	6,520
Cash payments to employees and suppliers	(42,372)	(40,335)
	57,462	56,077
Net increase in loans receivable	(32,614)	(7,840)
Increase (decrease) in deposits	32,540	(8,528)
Net cash from operating activities	57,388	39,709
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(63,583)	(28,599)
Redemption of investments	39,779	12,990
Interest receipts from investments	10,344	10,765
Purchases of premises and equipment	(7,219)	(1,803)
Net proceeds from sale of premises and equipment	619	402
Net cash used in investing activities	(20,610)	(6,605)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(21,541)	(21,615)
Repurchase of common shares	(1,122)	(617)
Redemption of common shares	2,246	(1,104)
Net cash used in financing activities	24,909	(23,336)
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,869	9,768
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	77,227	69,137
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 89,096	\$ 78,905
MINIMUM RESERVE REQUIREMENT	44,682	44,574
CASH AND CASH EQUIVALENTS IN EXCESS OF THE MINIMUM RESERVE REQUIREMENT	\$ 44,414	\$ 34,331

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 SEGMENT

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:

	2014					
	Bank	Insurance Company	Real Estate Holdings	Investment Company	Insurance Agency	Eliminations Consolidated
Revenue						
External	\$ 81,321	\$ 6,744	\$ 19	\$ 29	\$ -	\$ (1,027)
Internal	1,693	\$ 197	2,546	\$ 107	1,192	\$ (5,735)
Total Revenue	83,014	\$ 6,941	\$ 2,565	\$ 136	\$ 1,192	\$ (6,762)
Profit or loss						
Internal						
& External	\$ 32,876	\$ 4,250	\$ 769	\$ 8	\$ 589	\$ (107)
	\$ 34,363	\$ 4,207	\$ 733	\$ (139)	\$ 507	\$ (84)
	\$ 34,363	\$ 4,207	\$ 733	\$ (139)	\$ 507	\$ (84)

	2013					
	Bank	Insurance Company	Real Estate Holdings	Investment Company	Insurance Agency	Eliminations Consolidated
Revenue						
External	\$ 78,723	\$ 6,672	\$ 13	\$ (122)	\$ -	\$ (1,357)
Internal	1,600	\$ 126	2,426	\$ 85	993	\$ (5,230)
Total Revenue	80,323	\$ 6,798	\$ 2,439	\$ (37)	\$ 993	\$ (6,587)
Profit or loss						
Internal						
& External	\$ 34,363	\$ 4,207	\$ 733	\$ (139)	\$ 507	\$ (84)
	\$ 34,363	\$ 4,207	\$ 733	\$ (139)	\$ 507	\$ (84)

3. DIVIDENDS

The Directors have approved interim quarterly dividends in the amount of 6 cents per common share (2013: 6 cents). The total dividends paid as of the interim date is 18 cents per share for common shares (2013: 18 cents). The dividends are declared on a quarterly calendar basis. The interim financial statements only reflect the dividends accrued for the interim period.