

Deloitte

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Commonwealth Bank Limited:

We have audited the accompanying consolidated financial statements of Commonwealth Bank Limited which comprise the consolidated statement of financial position as at December 31, 2014, and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors

consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of Commonwealth Bank Limited as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



February 27, 2015
2nd Terrace West, Centreville
Nassau, Bahamas

**COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ||
AS AT DECEMBER 31, 2014 (Expressed in Bahamian \$'000s)**

	2014	2013	2012
		(Restated)	(Restated)
ASSETS			
Cash and deposits with banks (Notes 6, 8 and 24)	\$ 26,985	\$ 21,815	\$ 21,224
Balances with The Central Bank of The Bahamas (Notes 6 and 8)	62,873	55,412	47,913
Investments (Notes 6, 9 and 24)	276,653	278,785	268,196
Loans receivable (Notes 6, 10, 19, 22 and 24)	1,059,723	1,030,906	1,050,045
Premises and equipment (Notes 11 and 24)	45,432	40,796	41,285
Other assets (Note 24)	2,387	4,991	3,625
TOTAL	\$ 1,474,053	\$ 1,432,705	\$ 1,432,288
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits (Notes 6, 12, 19, 22 and 24)	\$ 1,148,790	\$ 1,121,583	\$ 1,136,609
Life assurance fund liability (Notes 13 and 24)	12,409	11,742	11,253
Other liabilities (Notes 19, 22 and 24)	18,457	20,439	22,436
Total liabilities	1,179,656	1,153,764	1,170,298
EQUITY:			
Share capital (Note 14)	83,561	85,837	86,943
Share premium	21,990	23,703	24,551
General reserve (Note 15)	10,500	10,500	10,500
Retained earnings	178,346	158,901	139,996
Total equity	294,397	278,941	261,990
TOTAL	\$ 1,474,053	\$ 1,432,705	\$ 1,432,288

The accompanying notes form an integral part of these Consolidated Financial Statements.

These Consolidated Financial Statements were approved by the Board of Directors on February 19, 2015, and are signed on its behalf by:



Executive Chairman



President

**COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ||
YEAR ENDED DECEMBER 31, 2014 (Expressed in Bahamian \$'000s)**

	2014	2013
		(Restated)
INCOME		
Interest income (Notes 6, 9 and 19)	\$ 156,480	\$ 156,910
Interest expense (Notes 6 and 19)	(31,694)	(35,537)
Net interest income	124,786	121,373
Loan impairment expense (Note 10)	(21,103)	(24,797)
	103,683	96,576
Life assurance, net	6,230	4,369
Fees and other income (Notes 6 and 17)	8,279	7,951
Total income	118,192	108,896
NON-INTEREST EXPENSE		
General and administrative (Notes 6, 18, 19 and 20)	61,970	56,285
Depreciation and amortization (Note 11)	2,751	2,576
Directors' fees	204	190
Total non-interest expense	64,925	59,051
TOTAL PROFIT	53,267	49,845
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation (Note 20)	716	3,737
TOTAL COMPREHENSIVE INCOME	\$ 53,983	\$ 53,582
BASIC AND DILUTED EARNINGS PER COMMON SHARE		
(expressed in dollars)	\$ 0.49	\$ 0.46

The Bank's Consolidated Financial Statements were approved by the Board of Directors on February 19th, 2015. The full audited Consolidated Financial Statements including notes, which form an integral part of the Consolidated Financial Statements, are available at www.combankltd.com, from any Commonwealth Bank branch or on request from the Corporate Secretary, Head Office, Commonwealth Bank, P.O. Box SS-5541, Nassau, Bahamas.

**COMMONWEALTH BANK LIMITED
|| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT DECEMBER 31, 2014 (Expressed in Bahamian \$'000s)**

	2014	2013
		(Restated)
SHARE CAPITAL		
Preference shares (Note 14)		
Balance at beginning of year	\$ 83,879	\$ 84,983
Redemption of shares	(2,271)	(1,104)
Balance at end of year	81,608	83,879
Common shares (Note 14)		
Balance at beginning of year	1,958	1,960
Repurchase of common shares	(5)	(2)
Balance at end of year	1,953	1,958
Total share capital	83,561	85,837
SHARE PREMIUM		
Balance at beginning of year	23,703	24,551
Repurchase of common shares	(1,713)	(848)
Balance at end of year	21,990	23,703
GENERAL RESERVE		
Balance at beginning and end of year (Note 15)	10,500	10,500
RETAINED EARNINGS		
Balance at beginning of year, as originally presented	158,901	136,179
Adjustment for life assurance fund liability (Note 2)	-	3,817
Balance at beginning of year, as restated	158,901	139,996
Total comprehensive income	53,983	53,582
Common share dividends: 30 cents per share (2013: 30 cents)	(29,332)	(29,383)
Preference share dividends	(5,206)	(5,294)
Balance at end of year	178,346	158,901
EQUITY AT END OF YEAR	\$ 294,397	\$ 278,941

**COMMONWEALTH BANK LIMITED
|| CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014 (Expressed in Bahamian \$'000s)**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	\$ 144,162	\$ 147,742
Interest payments	(31,694)	(35,537)
Life assurance premiums received, net	9,467	7,076
Life assurance claims and expenses paid	(6,433)	(3,492)
Fees and other income received	12,143	9,225
Recoveries (Note 10)	8,511	8,564
Cash payments to employees and suppliers	(61,552)	(59,838)
	74,604	73,740
Increase in loans receivable	(58,430)	(14,223)
Increase (decrease) in deposits	27,207	(15,026)
Net cash from (used in) operating activities	43,381	44,491
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(74,576)	(53,545)
Interest receipts from investments	11,273	12,942
Redemption of investments (Note 14)	78,448	42,934
Purchase of premises and equipment (Note 11)	(8,148)	(2,164)
Net proceeds from sale of premises and equipment	780	63
Net cash from investing activities	7,777	230
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(34,538)	(34,677)
Repurchase of common shares	(1,718)	(850)
Redemption of preference shares	(2,271)	(1,104)
Net cash used in financing activities	(38,527)	(36,631)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	12,631	8,090
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	77,227	69,137
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 8)	\$ 89,858	\$ 77,227
MINIMUM RESERVE REQUIREMENT (Note 8)	44,380	43,776
CASH AND CASH EQUIVALENTS IN EXCESS OF THE MINIMUM RESERVE REQUIREMENT	\$ 45,478	\$ 33,451