

Commonwealth Bank's financial performance for the six months ended June 30, 2013 were encouraging, with Comprehensive Net Income at \$26.0 million, which exceeded the adjusted income over the same period in 2012 by 10%. Results for the second quarter were also positive as Net Income exceeded the first quarter of 2013 by 7%. Total assets at June 30, 2013 of \$1.46 billion grew by a modest 2% since June 30, 2012.

Improvements in profitability were primarily associated with better management of our credit portfolio. Loan impairment expenses were reduced by \$4.4 million for the six months to June 2013. The Bank also reduced its delinquency and nonperforming loans during the quarter and the year to date as we continued to work closely with our customers through this challenging period. This collaboration with our customers helped Commonwealth Bank, with a ratio of 4.9%, significantly outperform the industry average nonperforming loans of 14% at June 2013 as reported by The Central Bank of The Bahamas.

Reflecting the increase in Comprehensive Net Income, the Bank's key performance ratios surpassed 2012. Return on Assets increased by 10.9% in 2013 growing from 2.9% in 2012 to 3.2%. Earnings per Share increased 8.5% to 48 cents per share. Similarly, Return on Common Shareholders' Equity increased 4.8% over 2012 to close at 24.9%.

The amendments to International Accounting Standards 19 – Employee Benefits became effective on January 1, 2013. The amendments require the Bank to recognize changes in obligations to its defined benefit pension plan and in the fair value of the plan assets when they occur and to restate its 2012 financial statements as reported in Note 2 to the Unaudited Interim Consolidated Financial Statements. The impact of the change resulted in the recognition of \$5.3 million in liabilities as at June 2013.

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.

Commonwealth Bank is cautiously optimistic about the remainder of 2013. However, the Bank remains grateful and committed to supporting the financial aspirations of our customers, shareholders and the public at large. The Bank also recognizes the invaluable contribution of our employees through their dedication and commitment in achieving these unaudited results in 2013.



William B. Sands, Jr.
Executive Chairman

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

| | June 30, 2013 | Restated December 31, 2012 | Restated December 31, 2011 |
|---|---------------------|----------------------------|----------------------------|
| ASSETS | | | |
| Cash and deposits with banks | \$ 21,040 | \$ 21,224 | \$ 19,926 |
| Balances with Central Bank of The Bahamas | 89,483 | 47,913 | 84,202 |
| Investments | 275,126 | 268,196 | 261,179 |
| Loans Receivable | 1,026,179 | 1,050,045 | 1,091,033 |
| Premises and equipment | 41,551 | 41,285 | 41,505 |
| Other assets | 3,951 | 3,625 | 3,102 |
| TOTAL | \$ 1,457,330 | \$ 1,432,288 | \$ 1,500,947 |
| LIABILITIES AND EQUITY | | | |
| Liabilities: | | | |
| Deposits | \$ 1,148,662 | \$ 1,136,609 | \$ 1,203,067 |
| Life assurance fund | 14,321 | 15,070 | 16,472 |
| Other liabilities | 25,056 | 22,436 | 22,288 |
| Total liabilities | 1,188,039 | 1,174,115 | 1,241,827 |
| Equity: | | | |
| Share capital | 86,942 | 86,943 | 86,950 |
| Share premium | 23,991 | 24,551 | 26,641 |
| General Reserve | 10,500 | 10,500 | 10,500 |
| Retained earnings | 147,858 | 136,179 | 135,029 |
| Total equity | 269,291 | 258,173 | 259,120 |
| TOTAL | \$ 1,457,330 | \$ 1,432,288 | \$ 1,500,947 |

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

| | 3 months ending June 30, 2013 | Restated 3 months ending June 30, 2012 |
|---|-------------------------------|--|
| INCOME: | | |
| Interest income | \$ 39,088 | \$ 40,265 |
| Interest expense | (9,071) | (10,532) |
| Net interest income | 30,017 | 29,733 |
| Loan impairment expense | (4,391) | (7,042) |
| | 25,626 | 22,691 |
| Life assurance, net | 1,378 | 1,389 |
| Fees and other income | 1,904 | 1,850 |
| | 28,908 | 25,930 |
| NON-INTEREST EXPENSE: | | |
| General and administrative | 14,793 | 13,462 |
| Depreciation and amortization | 628 | 640 |
| Directors' fees | 48 | 53 |
| | 15,469 | 14,155 |
| TOTAL NET INCOME | \$ 13,439 | \$ 11,775 |
| OTHER COMPREHENSIVE INCOME | | |
| Pension plan remeasurements | (3) | (191) |
| TOTAL NET AND COMPREHENSIVE INCOME | \$ 13,436 | \$ 11,584 |
| Preference Share Dividends | (1,328) | (1,328) |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS | \$ 12,108 | \$ 10,256 |
| AVERAGE NUMBER OF COMMON SHARES (thousands) | 97,948 | 98,367 |
| BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars) | \$ 0.12 | \$ 0.10 |

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

| | 6 months ending June 30, 2013 | Restated 6 months ending June 30, 2012 |
|---|-------------------------------|--|
| INCOME: | | |
| Interest income | \$ 78,076 | \$ 81,777 |
| Interest expense | (18,282) | (21,555) |
| Net interest income | 59,794 | 60,222 |
| Loan impairment expense | (10,753) | (15,169) |
| | 49,041 | 45,053 |
| Life assurance, net | 2,678 | 2,693 |
| Fees and other income | 3,689 | 3,888 |
| | 55,408 | 51,634 |
| NON-INTEREST EXPENSE: | | |
| General and administrative | 28,001 | 26,003 |
| Depreciation and amortization | 1,269 | 1,349 |
| Directors' fees | 95 | 100 |
| | 29,365 | 27,452 |
| TOTAL NET INCOME | \$ 26,043 | \$ 24,182 |
| OTHER COMPREHENSIVE INCOME | | |
| Pension plan remeasurements | 47 | (381) |
| TOTAL NET AND COMPREHENSIVE INCOME | 26,090 | 23,801 |
| Preference Share Dividends | (2,656) | (2,656) |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS | \$ 23,434 | \$ 21,145 |
| AVERAGE NUMBER OF COMMON SHARES (thousands) | 97,948 | 98,367 |
| BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars) | \$ 0.24 | \$ 0.21 |

COMMONWEALTH BANK LIMITED
NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2013
(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, 2012.

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. AMENDMENTS TO IAS 19 – EMPLOYEE BENEFITS

The amendments to International Accounting Standards 19 – Employee Benefits, which became effective January 1, 2013, changed the accounting for the Bank's defined benefit plan. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in

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

| | 6 months ending June 30, 2013 | 6 months ending June 30, 2012 |
|---|-------------------------------|-------------------------------|
| SHARE CAPITAL | | |
| Preference Shares | | |
| Balance at beginning and end of period | \$ 84,983 | \$ 84,983 |
| Common Shares | | |
| Balance at beginning of period | 1,960 | 1,967 |
| Repurchase of common shares | (1) | - |
| Balance at end of period | 1,959 | 1,967 |
| Total Share Capital | 86,942 | 86,950 |
| SHARE PREMIUM | | |
| Balance at beginning of period | 24,551 | 26,641 |
| (Repurchase)/Issuance of common shares | (560) | 2 |
| Share based payments | - | 11 |
| Balance at end of period | 23,991 | 26,654 |
| 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 | 26,090 | 23,801 |
| Common share dividends | (11,755) | (16,721) |
| Preference share dividends | (2,656) | (2,656) |
| Balance at end of period | 147,858 | 139,453 |
| EQUITY AT END OF PERIOD | \$ 269,291 | \$ 263,557 |

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

| | 6 months ending June 30, 2013 | 6 months ending June 30, 2012 |
|--|-------------------------------|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Interest Receipts | \$ 71,745 | \$ 75,492 |
| Interest Payments | (18,282) | (21,555) |
| Life assurance premiums received, net | 2,737 | 2,785 |
| Life assurance claims and expenses paid | (1,353) | (1,644) |
| Fees and commissions received | 4,233 | 4,497 |
| Recoveries | 4,220 | 3,984 |
| Cash payments to employees and suppliers | (25,802) | (25,886) |
| | 37,498 | 37,673 |
| Net decrease in loans receivable | 8,893 | 9,035 |
| Increase/(Decrease) in deposits | 12,053 | (7,832) |
| Net cash from operating activities | 58,444 | 38,876 |
| Cash Flows from Investing Activities: | | |
| Purchase of Investments | (14,953) | (33,496) |
| Redemption of investments | 7,975 | 22,946 |
| Interest receipts from investments | 6,430 | 6,280 |
| Purchases of premises and equipment | (1,580) | (1,172) |
| Proceeds from sale of premises and equipment | 42 | 79 |
| Net cash used in investing activities | (2,086) | (5,363) |
| Cash Flows from Financing Activities: | | |
| Dividends paid | (14,411) | (19,377) |
| (Repurchase)/Issuance of common shares | (561) | 2 |
| Share based payments | - | 11 |
| Net cash used in financing activities | (14,972) | (19,364) |
| Net Increase in Cash and Cash Equivalents | 41,386 | 14,149 |
| Cash and Cash Equivalents, Beginning of Period | 69,137 | 104,128 |
| Cash and Cash Equivalents, End of Period | \$ 110,523 | \$ 118,277 |
| Minimum Reserve Requirement | 44,574 | 45,814 |
| Cash and Cash Equivalents in Excess of the Minimum Reserve Requirement | \$ 65,949 | \$ 72,463 |

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' previously permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. IAS requires retrospective accounting treatment. The effect of the change is summarized below:

| | 2013 | 2012 |
|---|----------|----------|
| Decrease other assets | \$ 121 | \$ 121 |
| Increase in other liabilities | \$ 5,267 | \$ 5,314 |
| Decrease in opening retained earnings balance | \$ 5,435 | \$ 4,420 |
| Increase in other administrative costs | \$ 326 | \$ 126 |
| Increase/(Decrease) in other comprehensive income | \$ 47 | \$ (381) |

3. 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:

| | 2013 | | | | | | Consolidated |
|----------------------|------------------|-------------------|----------------------|--------------------|------------------|----------------|------------------|
| | Bank | Insurance Company | Real Estate Holdings | Investment Company | Insurance Agency | Eliminations | |
| Revenue | | | | | | | |
| External | \$ 50,955 | \$ 4,447 | \$ 6 | \$ (9) | \$ - | \$ 9 | \$ 55,408 |
| Internal | 876 | 68 | 1,635 | 56 | 577 | (3,212) | - |
| Total revenue | \$ 51,831 | \$ 4,515 | \$ 1,641 | 47 | 577 | (3,203) | \$ 55,408 |
| Net Income | | | | | | | |
| Internal & External | \$ 22,230 | \$ 2,961 | \$ 476 | \$ (19) | \$ 295 | \$ 100 | \$ 26,043 |

| | 2012 | | | | | | Consolidated |
|----------------------|------------------|-------------------|----------------------|--------------------|------------------|----------------|------------------|
| | Bank | Insurance Company | Real Estate Holdings | Investment Company | Insurance Agency | Eliminations | |
| Revenue | | | | | | | |
| External | \$ 46,955 | \$ 4,666 | \$ 13 | \$ (28) | \$ - | \$ 28 | \$ 51,634 |
| Internal | 839 | 73 | 1,452 | 9 | 631 | (3,004) | - |
| Total revenue | \$ 47,794 | \$ 4,739 | \$ 1,465 | (19) | \$ 631 | (2,976) | \$ 51,634 |
| Net Income | | | | | | | |
| Internal & External | \$ 20,531 | \$ 2,910 | \$ 228 | \$ (30) | \$ 315 | \$ 228 | \$ 24,182 |

4. DIVIDENDS

The Directors have approved interim quarterly dividends in the amount of 6 cents per common share (2012: 6 cents). The total dividends paid as of the interim date is 12 cents per share for common shares (2012: 17 cents). The dividends are declared on a quarterly calendar basis. The interim financial statements only reflect the dividends accrued for the interim period.