

CHAIRMAN'S REPORT ON UNAUDITED RESULTS MARCH 31, 2016

Commonwealth Bank started 2016 on a strong note with total profit for the first quarter of \$15.5 million compared to \$15.6 million for the same period of 2015. This was fueled mainly by our positive net interest income performance and our prudent management of non-interest costs. Total assets at March 31, 2016 were \$1.54 billion, unchanged from December 2015.

Despite the challenging economic environment, revenues increased by 6% or \$2.2 million and net interest income increased by 7.9% or \$2.6 million over the same period for 2015. Non-interest expense was down by 2.6% or \$0.4 million. While Loan impairment expense at \$6.7 million for the quarter was higher than the \$3.9 million in the first quarter of 2015, it represented the lowest quarterly charge since June 2015. The Bank is satisfied that its portfolio oversight strategies remain best suited to manage the portfolio through this phase of the economic cycle.

The Bank's asset quality measured by our nonperforming loan ratio of 4.21% continues to significantly outperform the industry average of 15.14% at March 2016, 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 29% and liquidity ratio above 35%. These ratios are well in excess of Central Bank's requirements of 17% and 20%, respectively and are indicative of the Bank's overall safety and soundness.

As always, I sincerely thank our 6,000 plus shareholders, our valued customers, and the Bahamian public for their invaluable support. I also thank our team of employees who remain committed to improving our customers' experience on a daily basis and without whom this quarter's results would not be possible.

William B. Sands, Jr.
Executive Chairman

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

	March 31, 2016	December 31, 2015
ASSETS		
Cash and deposits with banks	\$ 25,917	\$ 22,962
Balances with Central Bank of The Bahamas	68,983	62,581
Investments	322,373	322,743
Loans Receivable	1,066,911	1,077,730
Premises and equipment	44,923	45,032
Other assets	9,301	4,126
TOTAL	\$ 1,538,408	\$ 1,535,174
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	\$ 1,191,194	\$ 1,181,646
Life assurance fund liability	12,662	12,814
Other liabilities	18,131	26,719
Total liabilities	1,221,987	1,221,179
Equity:		
Share capital	83,447	83,447
Share premium	20,288	20,352
General Reserve	10,500	10,500
Retained earnings	202,186	199,696
Total equity	316,421	313,995
TOTAL	\$ 1,538,408	\$ 1,535,174

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

	3 months ending March 31, 2016	3 months ending March 31, 2015
INCOME		
Interest income	\$ 42,565	\$ 40,423
Interest expense	(6,898)	(7,382)
Net interest income	35,667	33,041
Loan impairment expense	(6,744)	(3,873)
	28,923	29,168
Life assurance, net	1,176	1,780
Fees and other income	2,182	1,955
Total income	32,281	32,903
NON-INTEREST EXPENSE		
General and administrative	16,033	16,493
Depreciation and amortization	741	729
Directors' fees	52	52
Total non-interest expense	16,826	17,274
TOTAL PROFIT	\$ 15,455	\$ 15,629
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	-	(523)
TOTAL COMPREHENSIVE INCOME	15,455	15,106
BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars)		
	\$ 0.15	\$ 0.15

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

	3 months ending March 31, 2016	3 months ending March 31, 2015
SHARE CAPITAL		
Preference Shares		
Balance at beginning and end of period	\$ 81,498	\$ 81,608
Redemption of shares	-	(110)
Balance at end of period	81,498	81,498
COMMON SHARES		
Balance at beginning of period	1,949	1,953
Repurchase of common shares	-	(1)
Balance at end of period	1,949	1,952
Total Share Capital	83,447	83,450
SHARE PREMIUM		
Balance at beginning of period	20,352	21,990
Repurchase of common shares	(64)	(324)
Balance at end of period	20,288	21,666
GENERAL RESERVE		
Balance at beginning and end of period	10,500	10,500
RETAINED EARNINGS		
Balance at beginning of period	199,696	178,346
Total comprehensive income	15,455	15,106
Common share dividends	(11,690)	(5,856)
Preference share dividends	(1,275)	(1,274)
Balance at end of period	202,186	186,322
EQUITY AT END OF PERIOD	\$ 316,421	\$ 301,938

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

	3 months ending March 31, 2016	3 months ending March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Receipts	\$ 38,959	\$ 36,537
Interest Payments	(6,898)	(7,382)
Life assurance premiums received, net	1,415	1,516
Life assurance claims and expenses paid	(213)	677
Fees and other income received	2,004	1,228
Recoveries	2,605	2,406
Cash payments to employees and suppliers	(29,848)	(22,155)
	8,024	12,827
Net increase in loans receivable	1,470	(4,130)
Increase in deposits	9,548	11,262
Net cash from operating activities	19,042	19,959
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(10,200)	(28,278)
Redemption of investments	5,042	4,993
Interest receipts from investments	9,139	5,353
Purchases of premises and equipment	(653)	(2,365)
Net proceeds from sale of premises and equipment	16	780
Net cash used in investing activities	3,344	(19,517)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(12,965)	(7,130)
Repurchase of common shares	(64)	(325)
Redemption of preference shares	-	(110)
Net cash used in financing activities	(13,029)	(7,565)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,357	(7,123)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	85,543	89,858
CASH AND CASH EQUIVALENTS, END OF PERIOD	94,900	82,735
MINIMUM RESERVE REQUIREMENT	45,973	44,959
CASH AND CASH EQUIVALENTS IN EXCESS OF THE MINIMUM RESERVE REQUIREMENT	\$ 48,927	\$ 37,776

COMMONWEALTH BANK LIMITED NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS QUARTER ENDED MARCH 31, 2016 (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 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:

	2016						Consolidated
	Bank	Insurance Company	Real Estate Holdings	Investment Company	Insurance Agency	Eliminations	
Revenue							
External	\$ 30,660	\$ 1,952	\$ 6	\$ 1,255	\$ -	\$ (1,592)	\$ 32,281
Internal	440	(215)	1,149	120	354	(1,848)	-
Total Revenue	31,100	1,737	1,155	1,375	354	(3,440)	32,281
Profit or loss							
Internal							
& External	\$ 13,557	\$ 1,339	\$ 515	\$ 1,291	\$ 172	\$ (1,419)	\$ 15,455
	2015						Consolidated
	Bank	Insurance Company	Real Estate Holdings	Investment Company	Insurance Agency	Eliminations	
Revenue							
External	\$ 30,566	\$ 2,513	\$ 7	\$ (26)	\$ -	\$ (157)	\$ 32,903
Internal	573	(287)	910	50	383	(1,629)	-
Total Revenue	31,139	2,226	917	24	383	(1,786)	32,903
Profit or loss							
Internal							
& External	\$ 13,487	\$ 1,867	\$ 252	\$ (38)	\$ 187	\$ (126)	\$ 15,629

3. DIVIDENDS

The Directors have approved interim quarterly dividends in the amount of 6 cents per common share (2015: 6 cents) and extraordinary dividends in the amount of 6 cents per common share (2015: 6 cents). The total dividends paid as of the interim date is 12 cents per share for common shares (2015: 6 cents). The dividends are declared on a quarterly calendar basis. The interim financial statements only reflect the dividends accrued for the interim period.