

CHAIRMAN'S REPORT ON UNAUDITED RESULTS MARCH 31, 2017

We are pleased to report that Commonwealth Bank's total profit for the first quarter of 2017 was \$17.7 million compared to \$15.5 million for the same period of 2016, a 14.5% increase over the prior year.

Total assets at March 31, 2017 were \$1.63 billion, which was 1% above December 2016 total assets of \$1.61.

Commonwealth Bank's nonperforming loans ratio of 4.38% continues to significantly outperform the industry average of 12.11% at March 2017, as reported by The Central Bank of The Bahamas.

The Bank maintains strong capital and liquidity ratios with capital adequacy in excess of 29% and liquidity ratio above 37%. 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.

We continued our core philosophy of sharing our success with our shareholders through dividend payments which totaled 12 cents per common share for the first quarter of 2017.

This included an extraordinary dividend of 6 cents per common share paid in March and our quarterly dividend of 6 cents per common share.

We continue to monitor the ongoing weakness of the economy and the effects of Hurricane Matthew, especially in our Grand Bahama market. The opening of Baha Mar in April 2017 and its potential positive impact on the economy gives us an overall cautious optimism for 2017.

Our team of dedicated and hardworking employees continues to perform admirably and I thank them for their commitment to high service standards. I would also like to thank our directors, shareholders, customers, and the Bahamian public for their unwavering and invaluable support.

William B. Sands, Jr.
Executive Chairman

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

	March 31, 2017	December 31, 2016
ASSETS		
Cash and deposits with banks	\$ 29,961	\$ 31,764
Balances with Central Bank of The Bahamas	105,005	93,558
Investments	326,037	322,507
Loans Receivable	1,105,922	1,107,589
Premises and equipment	46,463	46,014
Other assets	11,229	7,316
TOTAL	\$ 1,624,617	\$ 1,608,748
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	\$ 1,255,907	\$ 1,240,505
Life assurance fund liability	10,741	13,268
Other liabilities	20,293	22,118
Total liabilities	1,286,941	1,275,891
Equity:		
Share capital	83,445	83,445
Share premium	19,516	19,516
General Reserve	10,500	10,500
Retained earnings	224,215	219,396
Total equity	337,676	332,857
TOTAL	\$ 1,624,617	\$ 1,608,748

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

	3 months ending March 31, 2017	3 months ending March 31, 2016
INCOME		
Interest income	\$ 43,121	\$ 42,565
Interest expense	(6,478)	(6,898)
Net interest income	36,643	35,667
Loan impairment expense	(3,649)	(6,744)
	32,994	28,923
Life assurance, net	414	1,176
Fees and other income	2,244	2,182
Total income	35,652	32,281
NON-INTEREST EXPENSE		
General and administrative	17,070	16,033
Depreciation and amortization	827	741
Directors' fees	57	52
Total non-interest expense	17,954	16,826
TOTAL PROFIT	\$ 17,698	\$ 15,455
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	(25)	-
TOTAL COMPREHENSIVE INCOME	\$ 17,673	\$ 15,455
BASIC AND DILUTED EARNINGS PER COMMON SHARE		
(expressed in dollars)	\$ 0.17	\$ 0.15

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

	3 months ending March 31, 2017	3 months ending March 31, 2016
SHARE CAPITAL		
Preference Shares		
Balance at beginning and end of period	\$ 81,498	\$ 81,498
Redemption of shares	-	-
Balance at end of period	81,498	81,498
COMMON SHARES		
Balance at beginning of period	1,947	1,949
Repurchase of common shares	-	-
Balance at end of period	1,947	1,949
Total Share Capital	83,445	83,447
SHARE PREMIUM		
Balance at beginning of period	19,516	20,352
Repurchase of common shares	-	(64)
Balance at end of period	19,516	20,288
GENERAL RESERVE		
Balance at beginning and end of period	10,500	10,500
RETAINED EARNINGS		
Balance at beginning of period	219,396	199,696
Total comprehensive income	17,673	15,455
Common share dividends	(11,681)	(11,690)
Preference share dividends	(1,173)	(1,275)
Balance at end of period	224,215	202,186
EQUITY AT END OF PERIOD	\$ 337,676	\$ 316,421

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

	3 months ending March 31, 2017	3 months ending March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Receipts	\$ 39,738	\$ 38,959
Interest Payments	(6,478)	(6,898)
Life assurance (refunds)/premiums received, net	(1,565)	1,415
Life assurance claims and expenses paid	(571)	(213)
Fees and other income received	2,266	2,004
Recoveries	3,304	2,605
Cash payments to employees and suppliers	(22,865)	(29,848)
	13,829	8,024
Net (increase)/decrease in loans receivable	(5,286)	1,470
Increase in deposits	15,402	9,548
Net cash from operating activities	23,945	19,042
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(15,155)	(10,200)
Interest receipts from investments	4,977	5,042
Redemption of investments	10,016	9,139
Purchases of premises and equipment	(1,301)	(653)
Net proceeds from sale of premises and equipment	16	16
Net cash used in investing activities	(1,447)	3,344
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(12,854)	(12,965)
Repurchase of common shares	-	(64)
Redemption of preference shares	-	-
Net cash used in financing activities	(12,854)	(13,029)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,644	9,357
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	125,322	85,543
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 134,966	\$ 94,900
MINIMUM RESERVE REQUIREMENT	48,268	45,973
CASH AND CASH EQUIVALENTS IN EXCESS OF THE MINIMUM RESERVE REQUIREMENT	\$ 86,698	\$ 48,927

COMMONWEALTH BANK LIMITED
NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2017
(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:

	2017						Consolidated
	Bank	Insurance Company	Real Estate Holdings	Investment Company	Insurance Agency	Eliminations	
Revenue							
External	\$ 34,843	\$ (1,138)	\$ -	\$ (64)	\$ -	\$ 2,011	\$ 35,652
Internal	259	79	1,145	130	44	(1,657)	-
Total Revenue	35,102	\$ (1,059)	\$ 1,145	\$ 66	\$ 44	\$ 354	\$ 35,652
Profit or loss							
Internal							
& External	\$ 16,469	\$ 834	\$ 543	\$ (22)	\$ 15	\$ (142)	\$ 17,698
	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

3. DIVIDENDS

The Directors have approved interim quarterly dividends in the amount of 6 cents per common share (2016: 6 cents) and extraordinary dividends in the amount of 6 cents per common share (2016: 6 cents). The total dividends paid as of the interim date is 12 cents per share for common shares (2016: 12 cents). The dividends are declared on a quarterly calendar basis. The interim financial statements only reflect the dividends accrued for the interim period.