

Commonwealth Bank posted a strong performance for the first two quarters 2017 with total profits of \$29.4 million and total assets of \$1.7 billion which surpassed total assets at December 2016 of \$1.6 billion by 3.4%.

Net interest income increased as a result of growth in the loan portfolio and the reduction in deposit rates that followed the decrease in prime rate at the beginning of the year. This increase was offset by an increase in loan impairment expense and a reduction in non-interest income.

The increase in loan impairment expense is indicative of a continuously challenged economy. In particular, the increase in loan impairment during the second quarter was a result of a reassessment of the performance of accounts impacted by Hurricane Matthew and the impact of unemployment especially in Grand Bahama. Management remains focused on maintaining a robustly performing loan portfolio.

Commonwealth Bank's nonperforming loans ratio of 4.98% continues to significantly outperform the industry average of 12.31% at June 30, 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 are pleased to report that the Bank continued to share its success with shareholders through the payment of dividends of 6 cents per common share for the quarter bringing total dividend payments for the year to 18 cents per share. This includes an extraordinary dividend of 6 cents per common share paid in February.

As always, we extend our gratitude to our loyal customers and the general public for their continued support and patronage. The Board acknowledges and thanks our hardworking employees for their commitment to excellence which is the primary element of our ongoing success.



William B. Sands, Jr.
Executive Chairman

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

	June 30, 2017	December 31, 2016
ASSETS		
Cash and deposits with banks	\$ 30,662	\$ 31,764
Balances with Central Bank of The Bahamas	164,169	93,558
Investments	317,447	322,507
Loans Receivable	1,096,242	1,107,589
Premises and equipment	45,796	46,014
Other assets	8,653	7,316
TOTAL	\$ 1,662,969	\$ 1,608,748
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	\$ 1,294,709	\$ 1,240,505
Life assurance fund liability	8,642	13,268
Other liabilities	17,330	22,118
Total liabilities	1,320,681	1,275,891
Equity:		
Share capital	83,445	83,445
Share premium	19,441	19,516
General Reserve	10,500	10,500
Retained earnings	228,902	219,396
Total equity	342,288	332,857
TOTAL	\$ 1,662,969	\$ 1,608,748

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

	3 months ending June 30, 2017	3 months ending June 30, 2016
INCOME:		
Interest income	\$ 42,784	\$ 42,159
Interest expense	(6,252)	(6,840)
Net interest income	36,532	35,319
Loan impairment expense	(9,296)	(3,367)
	27,236	31,952
Life assurance, net	567	1,632
Fees and other income	2,363	2,290
Total income	30,166	35,874
NON-INTEREST EXPENSE:		
General and administrative	17,565	17,795
Depreciation and amortization	840	709
Directors' fees	64	119
Total non-interest expense	18,469	18,623
TOTAL PROFIT	\$ 11,697	\$ 17,251
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	-	3,510
TOTAL COMPREHENSIVE INCOME	\$ 11,697	\$ 20,761
BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars)		
	\$ 0.11	\$ 0.16

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

	6 months ending June 30, 2017	6 months ending June 30, 2016
INCOME:		
Interest income	\$ 85,906	\$ 84,723
Interest expense	(12,729)	(13,738)
Net interest income	73,177	70,985
Loan impairment expense	(12,945)	(10,112)
	60,232	60,873
Life assurance, net	980	2,808
Fees and other income	4,607	4,472
Total income	65,819	68,153
NON-INTEREST EXPENSE:		
General and administrative	34,634	33,828
Depreciation and amortization	1,667	1,450
Directors' fees	121	172
Total non-interest expense	36,422	35,450
TOTAL PROFIT	\$ 29,397	\$ 32,703
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	(25)	3,510
TOTAL COMPREHENSIVE INCOME	\$ 29,372	\$ 36,213
BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars)		
	\$ 0.28	\$ 0.31

COMMONWEALTH BANK LIMITED
NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 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*.

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

	6 months ending June 30, 2017	6 months ending June 30, 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	-	(1)
Balance at end of period	1,947	1,948
TOTAL SHARE CAPITAL	83,445	83,446
SHARE PREMIUM		
Balance at beginning of period	19,516	20,352
Repurchase of common shares	(75)	(232)
Balance at end of period	19,441	20,120
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	29,372	36,213
Common share dividends	(17,520)	(17,533)
Preference share dividends	(2,346)	(2,550)
Balance at end of period	228,902	215,826
EQUITY AT END OF PERIOD	\$ 342,288	\$ 329,892

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

	6 months ending June 30, 2017	6 months ending June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest Receipts	\$ 79,091	\$ 77,418
Interest Payments	(12,729)	(13,738)
Life assurance (refunds)/premiums received, net	(2,704)	3,685
Life assurance claims and expenses paid	(996)	(1,618)
Fees and other income received	4,661	5,197
Recoveries	7,047	5,909
Cash payments to employees and suppliers	(40,880)	(44,579)
	33,490	32,274
Net (increase)/decrease in loans receivable	(8,645)	(13,928)
Increase in deposits	54,204	9,962
Net cash from operating activities	79,049	28,308
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(15,217)	(30,359)
Interest receipts from investments	7,083	7,242
Redemption of investments	19,989	14,307
Purchases of premises and equipment	(1,477)	(1,243)
Net proceeds from sale of premises and equipment	23	30
Net cash from (used in) investing activities	10,401	(10,023)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(19,866)	(20,083)
Repurchase of common shares	(75)	(233)
Net cash used in financing activities	(19,941)	(20,316)
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,509	(2,031)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	125,322	85,543
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 194,831	\$ 83,512
MINIMUM RESERVE REQUIREMENT	48,582	46,616
CASH AND CASH EQUIVALENTS IN EXCESS OF THE MINIMUM RESERVE REQUIREMENT	\$ 146,249	\$ 36,896

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					
	Bank	Insurance Company	Real Estate Holdings	Investment Company	Insurance Agency	Eliminations Consolidated
Revenue						
External	\$ 63,893	\$ (1,809)	\$ -	\$ (11)	\$ -	\$ 3,747
Internal	533	\$ 139	2,329	\$ 196	98	\$ (3,295)
Total Revenue	64,426	\$ (1,670)	\$ 2,329	\$ 185	\$ 98	\$ 452
Profit or loss						
Internal						
& External	\$ 26,648	\$ 1,816	\$ 1,082	\$ 8	\$ 39	\$ (195)
	\$ 26,648	\$ 1,816	\$ 1,082	\$ 8	\$ 39	\$ (195)
2016						
	Bank	Insurance Company	Real Estate Holdings	Investment Company	Insurance Agency	Eliminations Consolidated
Revenue						
External	\$ 61,784	\$ 4,434	\$ 13	\$ 2,775	\$ -	\$ (853)
Internal	703	\$ (539)	2,304	\$ 183	833	\$ (3,484)
Total Revenue	62,487	\$ 3,895	\$ 2,317	\$ 2,958	\$ 833	\$ (4,337)
Profit or loss						
Internal						
& External	\$ 25,656	\$ 3,027	\$ 1,026	\$ 2,787	\$ 409	\$ (202)
	\$ 25,656	\$ 3,027	\$ 1,026	\$ 2,787	\$ 409	\$ (202)

3. DIVIDENDS

The Directors approved interim quarterly dividends in the amount of 6 cents per common share (2016: 6 cents). The total dividends paid as of the interim date is 18 cents per share for common shares (2016: 18 cents) inclusive of extraordinary dividends in the amount of 6 cents per common share (2016: 6 cents). The dividends are declared on a quarterly calendar basis. The interim financial statements only reflect the dividends accrued for the interim period.