



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, 2015, 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

March 8, 2016
2nd Terrace West, Centreville
Nassau, Bahamas

**COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015
(Expressed in Bahamian \$'000s)**

	2015	2014
ASSETS		
Cash and deposits with banks (Notes 5, 7 and 23)	\$ 22,962	\$ 26,985
Balances with The Central Bank of The Bahamas (Notes 5 and 7)	62,581	62,873
Investments (Notes 5, 8 and 23)	322,743	276,653
Loans receivable (Notes 5, 9, 18, 21 and 23)	1,077,730	1,059,723
Premises and equipment (Notes 10 and 23)	45,032	45,432
Other assets (Note 23)	4,126	2,387
TOTAL	\$ 1,535,174	\$ 1,474,053
LIABILITIES AND EQUITY		
LIABILITIES:		
Deposits (Notes 5, 11, 21 and 23)	\$ 1,181,646	\$ 1,148,790
Life assurance fund liability (Notes 12 and 23)	12,814	12,409
Other liabilities (Notes 18, 21 and 23)	26,719	18,457
Total liabilities	1,221,179	1,179,656
EQUITY:		
Share capital (Note 13)	83,447	83,561
Share premium	20,352	21,990
General reserve (Note 14)	10,500	10,500
Retained earnings	199,696	178,346
Total equity	313,995	294,397
TOTAL	\$ 1,535,174	\$ 1,474,053

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 18, 2016, 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, 2015
(Expressed in Bahamian \$'000s)**

	2015	2014
INCOME		
Interest income (Notes 5, 8 and 18)	\$ 165,696	\$ 156,480
Interest expense (Notes 5 and 18)	(29,355)	(31,694)
Net interest income	136,341	124,786
Loan impairment expense (Note 9)	(24,923)	(21,103)
	111,418	103,683
Life assurance, net	7,134	6,230
Fees and other income (Notes 5 and 16)	8,642	8,279
Total income	127,194	118,192
NON-INTEREST EXPENSE		
General and administrative (Notes 5, 17, 18 and 19)	66,276	61,970
Depreciation and amortization (Note 10)	2,940	2,751
Directors' fees	209	204
Total non-interest expense	69,425	64,925
TOTAL PROFIT	57,769	53,267
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation (Note 19)	(2,073)	716
TOTAL COMPREHENSIVE INCOME	\$ 55,696	\$ 53,983
BASIC AND DILUTED EARNINGS PER COMMON SHARE (expressed in dollars)		
	\$ 0.54	\$ 0.49

**COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2015
(Expressed in Bahamian \$'000s)**

	2015	2014
SHARE CAPITAL		
Preference shares (Note 13)		
Balance at beginning of year	\$ 81,608	\$ 83,879
Redemption of shares	(110)	(2,271)
Balance at end of year	81,498	81,608
Common shares (Note 13)		
Balance at beginning of year	1,953	1,958
Repurchase of common shares	(4)	(5)
Balance at end of year	1,949	1,953
Total share capital	83,447	83,561
SHARE PREMIUM		
Balance at beginning of year	21,990	23,703
Repurchase of common shares	(1,638)	(1,713)
Balance at end of year	20,352	21,990
GENERAL RESERVE		
Balance at beginning and end of year (Note 14)	10,500	10,500
RETAINED EARNINGS		
Balance at beginning of year	178,346	158,901
Total comprehensive income	55,696	53,983
Common share dividends:		
30 cents per share (2014: 30 cents)	(29,245)	(29,332)
Preference share dividends	(5,101)	(5,206)
Balance at end of year	199,696	178,346
EQUITY AT END OF YEAR	\$ 313,995	\$ 294,397

**COMMONWEALTH BANK LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015
(Expressed in Bahamian \$'000s)**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	\$ 149,499	\$ 144,162
Interest payments	(29,355)	(31,694)
Life assurance premiums received, net	9,679	9,467
Life assurance claims and expenses paid	(5,364)	(6,433)
Fees and other income received	11,866	12,143
Recoveries (Note 9)	11,441	8,511
Cash payments to employees and suppliers	(59,971)	(61,552)
	87,795	74,604
Increase in loans receivable	(54,371)	(58,430)
Increase in deposits	32,856	27,207
Net cash from operating activities	66,280	43,381
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(104,922)	(74,576)
Interest receipts from investments	13,574	11,273
Redemption of investments	59,390	78,448
Purchase of premises and equipment (Note 10)	(2,569)	(8,148)
Net proceeds from sale of premises and equipment	30	780
Net cash (used in) from investing activities	(34,497)	7,777
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(34,346)	(34,538)
Repurchase of common shares	(1,642)	(1,718)
Redemption of preference shares	(110)	(2,271)
Net cash used in financing activities	(36,098)	(38,527)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,315)	12,631
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	89,858	77,227
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 7)	\$ 85,543	\$ 89,858
MINIMUM RESERVE REQUIREMENT (Note 7)	45,973	44,380
CASH AND CASH EQUIVALENTS IN EXCESS OF THE MINIMUM RESERVE REQUIREMENT	\$ 39,570	\$ 45,478