

Commonwealth Bank's total profit for the six month ended June 30, 2016 was \$32.7 million, an increase of 11.8% over the \$29.2 million reported for the same period in 2015. The key contributing factors to this growth were the continued improvement in net interest income and the effective management of the quality of our credit portfolio.

Total revenues increased by 6.3% to \$78.3 million compared to \$73.6 million in 2015, while net interest income increased by 7.1% to \$70.9 million over the same period for 2015.

Total assets at June 30, 2016 were \$1.55 billion, representing a slight increase of 1% from December 2015.

The Bank continues to maintain good credit quality as indicated by our nonperforming loan ratio of 4.47% and continually outperforms the industry average which was 14.19% at June 2016, as reported by The Central Bank of The Bahamas.

The Bank remains committed to ensuring safety and soundness in building and expanding the Bank's operations. As such, the Bank's capital and liquidity ratios as at June 30, 2016 were in excess of 29% and 35%, respectively. These ratios are well in excess of Central Bank's requirements of 17% and 20%, respectively.

I extend my sincerest appreciation to our shareholders, our valued customers, and the Bahamian public for their continued support. I also recognize the invaluable contribution of our employees through their dedication and commitment in achieving these stellar results.



**William B. Sands, Jr.**  
Executive Chairman

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

	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
Cash and deposits with banks	\$ 18,186	\$ 22,962
Balances with Central Bank of The Bahamas	65,326	62,581
Investments	338,864	322,743
Loans Receivable	1,075,637	1,077,730
Premises and equipment	44,789	45,032
Other assets	11,833	4,126
<b>TOTAL</b>	<b>\$ 1,554,635</b>	<b>\$ 1,535,174</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities:</b>		
Deposits	\$ 1,191,608	\$ 1,181,646
Life assurance fund liability	12,798	12,814
Other liabilities	20,337	26,719
Total liabilities	1,224,743	1,221,179
<b>Equity:</b>		
Share capital	83,446	83,447
Share premium	20,120	20,352
General Reserve	10,500	10,500
Retained earnings	215,826	199,696
Total equity	329,892	313,995
<b>TOTAL</b>	<b>\$ 1,554,635</b>	<b>\$ 1,535,174</b>

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

	6 months ending June 30, 2016	6 months ending June 30, 2015
<b>SHARE CAPITAL</b>		
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
<b>COMMON SHARES</b>		
Balance at beginning of period	1,949	1,953
Repurchase of common shares	(1)	(3)
Balance at end of period	1,948	1,950
<b>TOTAL SHARE CAPITAL</b>	<b>83,446</b>	<b>83,448</b>
<b>SHARE PREMIUM</b>		
Balance at beginning of period	20,352	21,990
Repurchase of common shares	(232)	(981)
Balance at end of period	20,120	21,009
<b>GENERAL RESERVE</b>		
Balance at beginning and end of period	10,500	10,500
<b>RETAINED EARNINGS</b>		
Balance at beginning of period	199,696	178,346
Total comprehensive income	36,213	28,197
Common share dividends	(17,533)	(11,706)
Preference share dividends	(2,550)	(2,549)
Balance at end of period	215,826	192,288
<b>EQUITY AT END OF PERIOD</b>	<b>\$ 329,892</b>	<b>\$ 307,245</b>

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

	3 months ending June 30, 2016	3 months ending June 30, 2015
<b>INCOME:</b>		
Interest income	\$ 42,159	\$ 40,633
Interest expense	(6,840)	(7,411)
Net interest income	35,319	33,222
Loan impairment expense	(3,367)	(6,014)
	31,952	27,208
Life assurance, net	1,632	1,602
Fees and other income	2,290	2,027
Total income	35,874	30,837
<b>NON-INTEREST EXPENSE:</b>		
General and administrative	17,795	16,454
Depreciation and amortization	709	718
Directors' fees	119	52
Total non-interest expense	18,623	17,224
<b>TOTAL PROFIT</b>	<b>\$ 17,251</b>	<b>\$ 13,613</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	3,510	(523)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 20,761</b>	<b>\$ 13,090</b>
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE</b>		
(expressed in dollars)	\$ 0.16	\$ 0.13

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

	6 months ending June 30, 2016	6 months ending June 30, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Interest Receipts	\$ 77,418	\$ 73,230
Interest Payments	(13,738)	(14,793)
Life assurance premiums received, net	3,685	3,995
Life assurance claims and expenses paid	(1,618)	(1,187)
Fees and commissions received	5,197	4,452
Recoveries	5,909	5,307
Cash payments to employees and suppliers	(45,579)	(34,300)
	32,274	36,704
Net increase in loans receivable	(13,928)	(10,946)
Increase in deposits	9,962	26,582
Net cash from operating activities	28,308	52,340
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Investments	(30,359)	(52,405)
Interest receipts from investments	7,242	6,581
Redemption of investments	14,307	15,010
Purchases of premises and equipment	(1,243)	(1,906)
Net proceeds from sale of premises and equipment	30	30
Net cash used in investing activities	(10,023)	(32,690)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Dividends paid	(20,083)	(14,255)
Repurchase of common shares	(233)	(984)
Redemption of common shares	-	(110)
Net cash used in financing activities	(20,316)	(15,349)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,031)</b>	<b>4,301</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>85,543</b>	<b>89,858</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 83,512</b>	<b>\$ 94,159</b>
<b>MINIMUM RESERVE REQUIREMENT</b>	<b>46,616</b>	<b>44,959</b>
<b>CASH AND CASH EQUIVALENTS IN EXCESS OF THE MINIMUM RESERVE REQUIREMENT</b>	<b>\$ 36,896</b>	<b>\$ 49,200</b>

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:

	2015					
	Bank	Insurance Company	Real Estate Holdings	Investment Company	Insurance Agency	Eliminations Consolidated
<b>Revenue</b>						
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)
<b>Profit or loss</b>						
Internal						
& External	\$ 25,656	\$ 3,027	\$ 1,026	\$ 2,787	\$ 409	\$ (202)
	\$ 24,879	\$ 3,501	\$ 483	\$ 64	\$ 420	\$ (104)

**3. DIVIDENDS**

The Directors approved interim quarterly dividends in the amount of 6 cents per common share (2015: 6 cents). The total dividends paid as of the interim date is 18 cents per share for common shares (2015: 12 cents). The dividends are declared on a quarterly calendar basis. The interim financial statements only reflect the dividends accrued for the interim period.

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