

I am happy to report that Commonwealth Bank's Comprehensive Net Income for the first quarter of 2011 was \$12.9 million, an 8% increase over 2010 when we reported \$11.9 million. Total assets showed modest growth, increasing by \$22 million or 2% from December 31, 2010 to \$1.43 billion at the end of March 2011.

Key performance ratios showing improvement over 2010 were Earnings per Share (EPS) and Return on Assets (ROA). EPS increased 9% to 12 cents per share compared to 11 cents per share for the first quarter of 2010. ROA increased by 6% from 3.0% in 2010 to 3.2% in 2011.


The Bank's total capital has increased by \$20 million since March 2010 as a result of increases in retained profits to close at \$246 million. While this has resulted in a dilution of our Return on Shareholders' Equity ratio from 29.0% in March 2010 to 27.7% in March 2011, our Capital Ratio ended at 23%, which is significantly above the Central Bank's 17% target ratio for well-managed banks.

We continued our philosophy to share our success with our shareholders through a February 2011 extra-ordinary dividend of six (6) cents per common share representing the final dividend for 2010. Additionally, the Directors approved a 20% increase in the March 2011 dividend to six (6) cents per share from five (5) cents per share in 2010.

The Banking industry has been challenged by generally declining loan demand in the personal sector. However, Commonwealth Bank has been able to achieve marginal growth in this area during the first quarter, with an indication that demand will further strengthen with the improving economy. While our appetite for lending is strong, even stronger is our commitment to maintain the quality of our loan portfolio. The Bank's nonperforming loans at the end of March 2011 were 3.3% of the total portfolio, which is below the industry average of 10.75% as reported by Central Bank for February 2011.

Net interest income outpaced 2010 by \$1.0 million or 4% while total expenses were only \$0.6 million above last year representing an increase of 5%. This reaffirmed our commitment to expense control and prudent management during this period of repressed economic growth.

My thanks go to our team of dedicated and hardworking employees who continue, with distinction, to serve our stakeholders, particularly our valued customers and loyal shareholders.



William B. Sands, Jr.
Executive Chairman

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

	March 31, 2011	December 31, 2010
ASSETS		
Cash and deposits with banks	\$ 18,378	\$ 21,537
Balances with The Central Bank of The Bahamas	78,639	56,198
Investments	245,606	246,588
Loans Receivable	1,048,770	1,046,960
Premises and equipment	34,360	34,452
Other assets	4,970	3,039
TOTAL	\$ 1,430,723	\$ 1,408,774
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	\$ 1,151,881	\$ 1,131,793
Life assurance fund	15,501	15,436
Other liabilities	16,706	14,582
Total liabilities	1,184,088	1,161,811
Equity:		
Share capital	86,950	86,950
Share premium	26,782	26,722
General Reserve	10,500	10,500
Retained earnings	122,403	122,791
Total equity	246,635	246,963
TOTAL	\$ 1,430,723	\$ 1,408,774

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

	3 months ending March 31, 2011	3 months ending March 31, 2010
INCOME		
Interest income	\$ 40,221	\$ 39,651
Interest expense	(12,104)	(12,573)
Net interest income	28,117	27,078
Loan impairment expense	(5,034)	(5,857)
	23,083	21,221
Life assurance, net	1,197	1,388
Fees and other income	1,754	1,889
	26,034	24,498
NON-INTEREST EXPENSE		
General and administrative	12,407	11,733
Depreciation and amortization	674	742
Directors' fees	48	45
	13,129	12,520
TOTAL COMPREHENSIVE INCOME	\$ 12,905	\$ 11,978
BASIC AND DILUTED EARNINGS PER COMMON SHARE	\$ 0.12	\$ 0.11
(expressed in dollars)		

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

	3 months ending March 31, 2011	3 months ending March 31, 2010
SHARE CAPITAL		
PREFERENCE SHARES		
Balance at the beginning and end of period	84,983	84,983
COMMON SHARES		
Balance at beginning of period	1,967	1,963
Issuance of common shares	-	1
Balance at end of period	1,967	1,964
TOTAL SHARE CAPITAL	86,950	86,947
SHARE PREMIUM		
Balance at beginning of period	26,722	25,957
Issuance/(repurchase) of common shares	55	134
Share based payments	5	30
Balance at end of period	26,782	26,121
GENERAL RESERVE		
Balance at beginning and end of period	10,500	10,500
RETAINED EARNINGS		
Balance at beginning of period	122,791	100,508
Total comprehensive income	12,905	11,978
Common share dividends	(11,806)	(7,874)
Preference share dividends	(1,487)	(1,487)
Balance at end of period	122,403	103,125
EQUITY AT END OF PERIOD	\$ 246,635	\$ 226,693

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

	3 months ending March 31, 2011	3 months ending March 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest Receipts	\$ 36,766	\$ 35,381
Interest Payments	(12,104)	(12,573)
Life assurance premiums received, net	1,812	1,048
Life assurance claims and expenses paid	(937)	(571)
Fees and commissions received	2,140	2,106
Recoveries	1,341	1,518
Cash payments to employees and suppliers	(12,261)	(13,398)
	16,757	13,511
Net (Decrease)/increase in loans receivable	(8,185)	10,865
Increase in deposits	20,088	11,011
Net cash from operating activities	28,660	35,387
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,983)	(24,860)
Interest receipts and redemption of investments	9,420	18,856
Purchases of premises and equipment	(641)	(777)
Proceeds from sale of premises and equipment	59	-
Net cash from/(used in) investing activities	3,855	(6,781)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(13,293)	(9,361)
Issuance of Common Shares	55	135
Share based payments	5	30
Net cash used in financing activities	(13,233)	(9,196)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,282	19,410
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	77,735	92,314
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 97,017	\$ 111,724

COMMONWEALTH BANK LIMITED
NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three Months Ended March 31, 2011
(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 accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statement for the year ended December 31, 2010.

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 three major operating units – Bank, Real Estate Holdings, and Investment. Credit Life Insurance activities are reported as part of the Bank and therefore are not treated as a separate business segment. The following table shows financial information by business segment:

	March 31, 2011	March 31, 2010
Revenue		
Bank segment – External	\$26,022	\$24,486
Real Estate Holdings segment – External	\$12	\$12
Real Estate Holdings segment – Intersegment	\$604	\$656
Investment segment – External	\$(3)	\$(61)
Investment segment – Intersegment	\$1	\$(9)
Comprehensive Income		
Bank segment	\$12,753	\$11,927
Real Estate segment	\$133	\$143
Investment segment	\$19	\$(92)
Consolidated	\$12,905	\$11,978

3. DIVIDENDS

The Directors have approved interim quarterly dividends in the amount of 6 cents per common share (2010: 5 cents) and an extraordinary dividend of 6 cents per share (2010: 3 cents). The total dividends paid as of the interim date is 12 cents per share for common shares (2010: 8 cents). The dividends are declared on a quarterly calendar basis. The interim financial statements only reflect the dividends accrued for the interim period.