



**ANNUAL GENERAL MEETING  
OF SHAREHOLDERS**

**Wednesday, July 4, 2018 at 5:00 p.m.  
SuperClubs Breezes, Cable Beach, New Providence**

- Notice of Annual General Meeting & Agenda
- Proxy Statement
- Proxy Form (Separate Sheet)
- Minutes of Last Annual General Meeting  
(Held Wednesday, May 31st, 2017)
- Annual Report 2017 (Separate Booklet)

COMMONWEALTH BANK LIMITED  
CORPORATE OFFICES, 2ND FLOOR, THE PLAZA  
MACKEY STREET, P. O. BOX SS-5541, NASSAU, BAHAMAS

**NOTICE OF ANNUAL GENERAL MEETING AND AGENDA**

**TIME & DATE:**

**5:00 p.m. on Wednesday the 4th day of July, A.D. 2018**

**PLACE:**

SuperClubs Breezes, West Bay Street, Cable Beach, New Providence, The Bahamas

**ITEMS OF BUSINESS:**

1. To announce the results of the examination of proxies;
2. To read and approve the Minutes of the last Annual General Meeting held on May 31st, A.D. 2017;
3. To receive and consider the Chairman's Report;
4. To receive and approve the Annual Report (complete with Audited Financial Statements) of the Company for the year ended December 31st, A.D. 2017.
5. To elect the Directors and fix their remuneration for the ensuing year;
6. To confirm dividends for the year ended December 31st, A.D. 2017;
7. To approve Resolutions relating to the reorganization of the "Commonwealth Group of Companies" by the creation of a new holding company to act instead of the Bank as parent to the Commonwealth Bank Group.
8. To ratify, confirm and approve the acts, transactions and proceedings of the Directors, Officers and Employees of the Company for the year ended December 31st, A.D. 2017;
9. To appoint the Company's Auditors and authorize the Directors to fix their remuneration for the ensuing year;
10. Any other business which may properly come before the Meeting or any adjournment thereof.

**RECORD DATE:**

Holders of 295,268,556 Common Shares at the close of business on 30th May, A.D. 2018 are entitled to vote at the meeting.

**FINANCIAL STATEMENTS:**

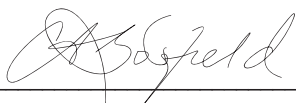
The Company's 2017 Audited Financial Statements are included in the Company's Annual Report 2017, which is available (i) online at [www.combankltd.com/web/bank.nsf/frmAnnual](http://www.combankltd.com/web/bank.nsf/frmAnnual), (ii) by mail free of charge or (iii) for collection at the Company's office.

**PROXY VOTING:**

It is important that your shares be represented and voted at the meeting. You can vote your shares by appearing in person or by completing and returning the proxy form enclosed. **Any shareholder, whose shares are in a Trust, a Corporate Name, a Brokerage Account, or a similar vehicle, must return a proxy in order to vote their shares.** The completed proxy form is to be delivered to **Bahamas Central Securities Depository, (BCSD) P. O. Box EE 15672, Nassau, The Bahamas** not less than 48 hours prior to the Annual General Meeting. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the accompanying Proxy Statement.

Dated 13th day of June, 2018

By order of the Board of Directors:



**Charlene A. Bosfield**

Corporate Secretary

Commonwealth Bank Limited

**PROXY STATEMENT**

We are providing these proxy materials in connection with the solicitation, by the Board of Directors of Commonwealth Bank Limited (the “Company”), of proxies to be voted at the Company’s 2018 Annual General Meeting of Shareholders and at any meeting following the adjournment thereof.

Shareholders are advised that no shareholder proposal has been filed. Further, no action is proposed by the Board of Directors, which would create the possibility of a “dissenting shareholder” under Section 159 of The Companies Act, 1992. The Board of Directors is also not aware of any solicitation of proxies by a person or group adverse to the present management of this Company.

You are cordially invited to attend the Annual General Meeting on Wednesday the 4th day of July, 2018, beginning at 5:00 p.m. Shareholders will be admitted beginning at 4:00 p.m. The meeting will be held at SuperClubs Breezes, West Bay Street, Cable Beach, New Providence, The Bahamas.

The financial year of Commonwealth Bank Limited began January 1st, 2017 and ended on December 31st, 2017. References in the Proxy Statement to the year 2017 or financial 2017 refer to the period mentioned above.

We are mailing this Proxy Statement, accompanying proxy form and voting instructions on the 13th day of June, A.D. 2018, to holders of record of the Company’s Common Shares as at the close of business on the 30th day of May, A.D. 2018. The Company’s annual report is available (i) online at [www.combankltd.com/web/bank.nsf/frmAnnual](http://www.combankltd.com/web/bank.nsf/frmAnnual), (ii) by mail free of charge or (iii) for collection at the Company’s office.

**PROXIES AND VOTING PROCEDURES**

Because many Shareholders cannot attend the meeting in person, it is necessary that a large number be represented by proxy.

The Board of Directors and the management of the Company do not contemplate the solicitation of proxies otherwise than by mail. The total amount estimated to be spent by the Company in connection with this solicitation of proxies is not expected to exceed \$40,000.

**PROXY SUBMISSION**

A shareholder has the right to appoint a person or company (who need not be a shareholder), other than the persons designated by the directors as proxy holders in the accompanying proxy form, to represent the shareholder at the meeting by inserting the name of the chosen proxy holder in the blank space provided for that purpose in the proxy form, or by completing the name of the chosen proxy holder in the blank space provided for that purpose in the proxy form, or by completing and signing another proper proxy form. A proxy must be in writing and must be executed by the shareholder or by an attorney authorized in writing. The proxy must arrive by mail or be delivered by hand to the offices of BCSD, P. O. Box EE 15672, Nassau, The Bahamas not less than 48 hours prior to the Annual General Meeting.

**REVOCAION OF PROXY**

A shareholder who executes and returns the accompanying proxy form may revoke it by an instrument in writing executed by such shareholder or attorney authorized in writing and deposited at the offices of BCSD, P. O. Box EE 15672, Nassau, The Bahamas not less than 48 hours prior to the Annual General Meeting, or in any manner permitted by law.

**VOTING BY PROXY**

All shares entitled to vote and represented by properly completed proxies received prior to the meeting and not revoked will be voted at the meeting and specified by the shareholder. If you do not indicate how your shares should be voted on a matter included in the proxy form, the shares represented by your properly completed proxy will be voted in the affirmative for each proposal.

If any other matters are properly presented at the Annual General Meeting for consideration, including, among other things, consideration of a motion to adjourn the meeting to another time or place, the persons named as proxies and acting thereunder will have discretion to vote on those matters according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. At the date this Proxy Statement went to press, we did not anticipate that other matters would be raised at the meeting.

**SHARES REGISTERED IN THE NAME OF A BROKER OR OTHER NOMINEE**

If your shares are held by a broker or other nominee, you will have received from them a proxy form for the number of shares you hold. If you wish to vote in person at the meeting, insert your own name in the space provided on the request for voting instructions to appoint yourself as proxy holder and complete and return the proxy form in the envelope provided.

## SHAREHOLDERS ENTITLED TO VOTE AND VOTING SECURITIES

Shareholders at the close of business on the record date are entitled to notice of and to vote at the Annual General Meeting.

On the 30th day of May, 2018, there were 295,268,556 Common Shares of par value Two-Thirds Cents in the Currency of the Bahamas (B\$0.00667) each outstanding. Each Common Share is entitled to one vote on each matter properly brought before the meeting.

At the close of business on the 30th day of May, 2018, Mr. T B Symonette, Mr. R C Symonette and Mr. R W Roberts Jr. beneficially owned or controlled directly or indirectly 104,418,615 shares of the Company representing 35.4% of the Company's issued and outstanding shares. There are no other shareholders who own 10% or more of the Company's issued Common Shares.

## QUORUM AND REQUIRED VOTE

The presence, in person or by proxy, of members holding or representing forty-five percent (45%) of the issued Common Shares of the Company is necessary to constitute a quorum at the meeting.

## RESOLUTIONS OF THE MEETING & EXPLANATORY NOTES

### 1. Approval of minutes of last Annual General Meeting held on 31st May, A.D. 2017

The minutes of the last Annual General Meeting of the shareholders held at SuperClubs Breezes, West Bay Street, Cable Beach, New Providence, The Bahamas on the 31st day of May, 2017 are included in the notice of meeting and proxy materials. They may also be read at this meeting unless waived by the shareholders at the meeting. The purpose of this resolution is to allow shareholders the opportunity to scrutinize the minutes and notify the Company should their recollection of the meeting be different to that which is recorded in the minutes.

### 2. Election of Directors and fixing of their Remuneration

The Articles of Association of the Company currently provide that the Board of Directors of the Company shall consist of a minimum of Five (5) and a maximum of Fifteen (15) directors, with the actual number of directors to be determined from time to time by the Board of Directors.

As at 31 December 2017, there are eight Non-Executive Directors and two Executive Directors on the Board of Directors.

#### Composition of the Board of Directors

The Board of Directors of the Company will be comprised of 10 members effective upon the election of Directors at the Meeting. Of the 10 members of the Board of Directors, 8 are not executives of the Company.

Directors can be either elected annually by the shareholders at the Annual General Meeting of shareholders or, subject to the Articles of Association of the Company and applicable law, appointed by the Board of Directors between Annual General Meetings. Each director shall hold office until the close of the next Annual General Meeting of shareholders or until he or she ceases to be a director pursuant to the Articles of Association or by operation of law or until his or her resignation becomes effective.

#### Retirement and re-election of Directors

Commonwealth Bank's Articles of Association require that all of the Directors must retire each year. Eligible Directors who retire each year may offer themselves for re-election by shareholders at the next Annual General Meeting. The Board Nominations Committee evaluates the contribution of retiring Directors prior to the Board endorsing their candidature.

#### Nomination and appointment of new Directors

The Board Nominating Committee has considered prospective nominees and has made its recommendation for the nominations of new Directors to the Board of Directors. The Board of Directors, as a whole, considers the nominations.

#### Nominations for Director from Shareholders

Each nominee for Director must be approved by the Central Bank of The Bahamas. Nominations for persons to serve as Director, other than those proposed by the Board Nominations Committee must be received by the Bank's Corporate Secretary by October 1st preceding the Annual General Meeting. A completed nomination form must be completed for each nominee. The forms are available from the Corporate Secretary.

The persons designated as proxy holders in the accompanying proxy form will vote Common Shares represented by such proxy form, properly executed, for the election of the nominees whose names are set forth herein, unless specifically directed to withhold a vote. All the nominees were previously elected by the shareholders of the Company as Directors of the Company in 2017.

If it becomes known at the meeting that a nominee is for any reason unavailable to serve (which the Directors have no reason to believe to be the case), the persons designated as proxy holders in the accompanying proxy form shall have the right to exercise their discretion by voting for another qualified nominee.

The following table sets forth the names of all persons proposed to be nominated for election as Directors, their principal occupation or employment and the date on which they became Directors of the Company, together with the number of shares and options on Common Shares beneficially owned or controlled directly or indirectly.

Name	Principal Occupation	Director Since	Number of Common Shares	Number of Exercisable options on Common Shares
Rupert W. Roberts, Jr.	Businessman	1984	36,935,532	0
Vaughn W.T. Higgs	Businessman	1994	12,671,876	0
Roland C. Symonette	Businessman	1992	29,983,083	0
William B. Sands, Jr.	Executive Chairman	1990	1,411,164	0
Ian A. Jennings	President of Company	1997	1,044,259	0
Earla J. Bethel	Businesswoman	2000	73,500	0
Larry R. Gibson	Businessman	2006	0	0
Marcus C. Bethel	Businessman	2008	514,470	0
Robert D. L. Sands	Company Executive	2012	215,307	0
Tracy E. Knowles	Retired Accountant	2016	176,088	0

#### Compensation of Directors

Aggregate Directors fees were paid in the amount of \$261,400 per annum for directorship services for the year 2017. It is proposed that the total compensation paid to Non-Executive Directors for 2018 shall not exceed \$273,000 in aggregate, including fees paid to Directors of subsidiary companies who are neither Directors nor Officers of Commonwealth Bank Limited. The annual compensation for any single Director depends on the nature and frequency of the services performed during the year by the Director as a Director, and shall be paid in accordance with rates to be determined from time to time by the Directors.

#### Shareholdings of Officers

The following table sets forth the names and positions of all Officers together with the number of shares and options on Common Shares beneficially owned or controlled directly or indirectly.

Name	Position	Number of Common Shares	Number of Exercisable options on Common Shares
William B. Sands, Jr.	Executive Chairman	See above	See above
Ian A. Jennings	President	See above	See above
Denise D. Turnquest	Sr. VP & Chief Operating Officer	398,902	0
Carole S. Rodgers	VP Operations	198,150	0
Claudia N. Rolle	VP Human Resources & Training	900	0
Charles J. Knowles	VP & CIO	356,283	0
Gladys F. Fernander	VP Finance	31,077	0
Kenrick L. Brathwaite	VP Credit Risk	129,750	0
Davine Dawkins-Rolle	Vice President, Internal Audit & Credit Inspection	0	0
Neil T. Strachan	VP Marketing & Business Development	53,079	0
Maxwell R. Jones	AVP Recovery & Accounts Control	3,276	0
Silbert A. Cooper	AVP Credit Risk	36,000	0
Oswald N. Dean	AVP, Information Technology	18,500	0
Juliette Fraser	AVP Operations	102,945	0
Tameka Cooke	AVP Human Resources	0	0
Kershala Albury	AVP, Finance	0	0
Charlene A. Bosfield	Corporate Secretary	6,000	0

### 3. Confirmation of Dividends

During the year 2017 the Company paid dividends amounting to \$35.2 million to its common shareholders and \$4.7 million to its preference shareholders.

### 4. Approval of Resolutions relating to the reorganization of the “Commonwealth Bank Group of Companies” by the creation of a new holding company to act instead of the Bank as parent to the Commonwealth Bank Group

The Bank has found it necessary to restructure itself to take advantage of future business opportunities. The Bank is, therefore, proposing to restructure the Commonwealth Group such that the Banking operations, which are presently housed in the Bank, will now be held in a new subsidiary company to be incorporated and licensed by the Central Bank of the Bahamas. Commonwealth Bank shareholders will continue to be owners of parent company of the Commonwealth Group and, through such holding company, will maintain ownership in the subsidiaries, including the Banking operations.

On this basis, the Common Shareholders will be called upon at this meeting to consider and, if they deem fit, pass the following resolution:

#### Commonwealth Bank Limited

#### Resolution for the Reorganization of the Commonwealth Group

**WHEREAS** the Bank is the present parent of the Commonwealth Group.

**AND WHEREAS** so that the Commonwealth Group may take advantage of future business opportunities, it is contemplated that the Bank (as present parent) restructure the Commonwealth Group such that the Banking operations, which are presently housed in the Bank, will now be held in a new subsidiary company to be incorporated and licensed with the Central Bank of the Bahamas (the “Restructuring”).

**AND WHEREAS** the Shareholders have given careful consideration to the proposed Restructuring and deem same to be in the best interests of the Bank.

**NOW THEREFORE BE IT RESOLVED THAT** the Restructuring and the transactions contemplated thereby be and are hereby approved.

**FURTHER RESOLVED THAT** the Directors of the Company be and are hereby authorised to take all such action as may be required to proceed with the Restructuring and the transactions contemplated thereby, including without limitation the powers to (i) execute all documents on behalf of the Company as may be required, (ii) make all regulatory applications and filings as may be required, (iii) seek independent legal and financial counsel/advice and other appropriate counsel/advice as may be required, and (iv) otherwise take any further action within the judgment of the Directors as necessary or appropriate to consummate the transactions contemplated by the Restructuring and these resolutions.

### 5. Ratification of Acts, Proceedings and Transactions of Directors, Officers & Employees

The resolution to be approved reads as follows:

“The Company does hereby ratify, approve, sanction and confirm all acts, transactions and proceedings of the Directors, Officers and Employees of the Company from the previous fiscal year end of December 31st, 2016 to the last fiscal year end December 31st, 2017 and does fully and effectively indemnify, save harmless and defend all Directors, Officers and Employees of the Company against any claims, actions and proceedings that may be brought against them as a result of any act performed or omitted to be done by any of them, acting in their respective capacities as Directors, Officers or Employees of the Company provided that such Directors, Officers and Employees acted honestly and in good faith with a view to the best interest of the Company and in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct is lawful”.

By way of explanation, Directors, Officers and Employees of the Company owe a duty (“**their Duty**”) to the Company to act honestly and in good faith in the best interests of the Company. By approving such resolution, you will be: (i) ratifying and approving all of the acts of the Directors, Officers and Employees of the Company in the past fiscal year of the Company; and (ii) agreeing to indemnify, save harmless and defend them against any claims, actions and proceedings that may be brought against them as a result of any act performed or omitted to be done by any of them, acting in their respective capacities provided they were carrying out their Duty.

### 6. Appointment of Auditors

At the meeting, the shareholders will be called upon to appoint KPMG, Montague Sterling Centre, East Bay Street, P. O. Box N-123, Nassau, The Bahamas, as the Auditors of the Company to serve until the close of the next Annual General Meeting of the Company and authorize the Directors to fix their remuneration. To be effective, the resolution appointing KPMG as the Auditors of the Company must be approved by the majority of the votes cast by holders of Common Shares present in person, or represented by proxy, at the Meeting. The audit committee and the management of the Company recommend that the shareholders vote for the appointment of KPMG. KPMG will replace PricewaterhouseCoopers, 2 Bayside Executive Park, West Bay Street & Blake Road, P.O. Box N 3910, Nassau, The Bahamas as auditors of the company. PricewaterhouseCoopers have acted as the Auditors of the Company since 2017.

Arrangements have been made for one or more representatives of KPMG and PricewaterhouseCoopers to attend the meeting.

As part of the Bank's corporate Governance practices, the Board has acted to ensure a strict policy is in place limiting the Company's Auditors from providing consulting services not related to the audit. All non-audit services provided by the Company's Auditors are pre-approved by the Audit Committee.

## **KEY MANAGEMENT PERSONNEL COMPENSATION**

International Accounting Standard 24 "Related Party Disclosures" requires the disclosure of compensation for key management employees who are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, including any director (whether executive or otherwise) of that entity, including their spouse or close family members. Non-Executive Directors receive only Directors Fees as compensation. Therefore, the amounts included in the proxy statement as Executive Compensation is presented in the Annual Report as Key Management Personnel Compensation.

## **EXECUTIVE COMPENSATION**

### **Overview**

The objective of Commonwealth Bank's executive compensation framework is to ensure reward for performance is competitive and appropriate for the results delivered.

The members of executive management (including Executive Directors) of the Company received aggregate compensation, for the financial year 2017, including benefits payable within twelve months of the end of the financial year under the performance based incentive plan and other benefits (i.e. medical insurance, auto allowances, housing allowances) amounting to \$6.76 million and for the financial year 2016 the aggregate compensation was \$7.31 million.

## **SHARE OPTION PLAN**

The Bank has a Stock Option Plan, however due to the limitation of the liquidity of the local securities market; the Bank has not found the plan to be successful and has temporarily suspended the Plan.

The main details of the plan are as follows:-

- a. The Shareholders have approved a grant of equivalent to 18 million common shares post-split for this share option plan.
- b. Managers and Executive Staff members are eligible for this plan.
- c. Options will be granted annually to participants at the then prevailing market price.
- d. The number of options granted will be determined based on criteria which include performance, rank, tenure, and contribution to the Bank's overall success.
- e. All grants are approved by the Board Executive Committee, a committee of the Board of Directors.
- f. Options vest on a straight line basis over a three-year period.
- g. Vested options expire one year after the date of vesting.
- h. Options may only be exercised while in the employment of the Bank or subsidiary or affiliated companies unless otherwise approved by the Board.
- i. Exercised options are subject to a six-month restriction period before they can be transferred by the participant.
- j. Unless otherwise terminated by the Board, the Plan shall continue until the pool of 18 million common shares has been exhausted.

At December 31, 2017, 14,034,000 options were available to be granted (2016: 14,034,000, post-split options).

## **INDEBTEDNESS OF MANAGEMENT**

The aggregate dollar value of the amount of indebtedness outstanding from Directors and Executive Management to the Company at the end of the financial year is \$5.9 million.

## **MANAGEMENT'S INTEREST IN TRANSACTIONS**

No Director, executive officer, or senior officer of the Company, or proposed nominee for election as a director of the Company, has held or currently holds a material interest in any transaction entered into by the Company or its subsidiaries at any time during the year 2017, except as disclosed in the Company's Audited Financial Statements.

## **CORPORATE GOVERNANCE**

### **Commonwealth Bank's approach to corporate governance**

#### **1) Framework and approach to corporate governance and responsibility**

The Board of Directors is committed to maintaining the highest standards of corporate governance. Consistent with this belief, the Board of Directors' approach is to consider corporate governance within the broader framework of corporate responsibility and regulatory oversight. The Company's expectations for the responsibility of the Board of Directors are contained in the Annual Report.

**Duties of the Board of Directors**

The Board of Directors of the Company has the obligation to oversee the conduct of the business of the Company and supervise senior management that is responsible for the day-to-day conduct of the business. Any responsibility that is not delegated to a committee of the Board of Directors or senior management remains with the full Board of Directors.

The Board of Directors deals with all matters that materially impact the Company. The determination as to whether the Board of Directors' approval needs to be sought on a particular matter is the responsibility of the Chairman and the President.

In pursuing its commitment to best practice governance standards, the Board of Directors will continue to review and improve its governance practices:

**2) The selection of the Chairman**

The Chairman is selected by the Board of Directors.

**3) Avoidance of conflicts of interest by a Director**

In accordance with the Bank's Governance principles, any Director with a material personal interest in a matter being considered by the Board of Directors must not be present when the matter is being considered and may not vote on the matter.

**4) Meetings of the Board of Directors and their conduct**

The Board of Directors meets formally at least four times a year. In addition, it meets whenever necessary to deal with specific matters needing attention between the scheduled meetings. In 2017 the full Board of Directors met 6 times. The Chairman and the President establish meeting agendas to ensure adequate coverage of financial, strategic and major risk areas throughout the year.

**5) Board of Directors' access to information and advice**

All Directors have unrestricted access to the Company's records and information and receive regular detailed financial and operational reports from Executive Management to enable them to carry out their duties.

**SHAREHOLDER FEEDBACK AND COMMUNICATION**

The Company's communications policy is reviewed by the Board of Directors of the Company periodically and provides that communications with all constituents will be made in a timely, accurate and effective manner. The Company communicates regularly with its shareholders through press releases, and annual and quarterly reports. At the Company's shareholders' meetings, a full opportunity is afforded to permit shareholders to ask questions concerning the Company's activities. Investor and shareholder concerns are addressed on an on-going basis through the office of the Corporate Secretary. No resolutions have been submitted by shareholders for consideration at the Annual General Meeting. The final date for submission of proposals by shareholders to the Bank for inclusion in the Proxy Circular in connection with next year's Annual General Meeting of Common Shareholders will be October 1st for proposals for nominating Directors and December 31st for all other proposals. Forms for submitting proposals are available from the Corporate Secretary.


**OTHER BUSINESS**

The Board of Directors of the Company knows of no matters to come before the meeting other than the matters referred to in the Notice of Annual General Meeting. However, if any other matters which are not known to the Directors of the Company should properly come before the meeting, the proxy form given pursuant to this solicitation by the Board of Directors of the Company will be voted on such matters in accordance with the best judgment of the person voting the proxy.

**DIRECTORS' APPROVAL AND CERTIFICATE**

The contents and the sending of this Proxy Statement and Proxy Form have been approved by the Board of Directors of the Company. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated at the City of Nassau, New Providence Island, in the Commonwealth of The Bahamas this 13th day of June, 2018.



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



**Charlene A. Bosfield**  
Corporate Secretary



8

**COMMONWEALTH BANK LIMITED**  
**MINUTES OF THE 2017 ANNUAL GENERAL MEETING**  
**Wednesday, May 31, 2017**

The Annual General Meeting of Shareholders of Commonwealth Bank Limited ("the Bank") was held on Wednesday, May 31, 2017 at 5:00pm, SuperClubs Breezes, Cable Beach, Nassau, Bahamas.

**1. CALL TO ORDER AND INTRODUCTION**

The Annual Meeting of Shareholders of Commonwealth Bank Limited was called to order by Mr. William B. Sands, Jr., Chairman of the Board of Directors. Mr. Sands informed Shareholders that he would be acting as Chairman of the meeting and took the opportunity to recognize the Bank's Board of Directors in attendance. The Chairman also welcomed Mrs. Charlene Bosfield, Corporate Secretary and Secretary of the meeting; Mr. Lawrence Lewis, Deloitte & Touche representing the Bank's external auditors; Mrs. Anastasia Campbell representing corporate attorneys Graham, Thompson & Co., and Management and Staff of Commonwealth Bank.

Mr. Ian A. Jennings, President, introduced members of Executive Management and Officers of the Bank. He recognized Mrs. Mavis Burrows who retired at the end of September 2016 and thanked her for her contribution in making Commonwealth Bank the success it is today.

The Chairman also reminded Shareholders that only registered Shareholders and proxy holders were permitted to make and second motions and to vote on motions. He requested that anyone addressing the Chair should identify themselves for the record.

**2. APPOINTMENT OF SCRUTINEER AND SCRUTINEER'S REPORT**

The Chairman advised that Mrs. Melissa Campbell of Bahamas Central Securities Depository would act as Scrutineer of the Meeting. Mrs. Campbell informed Shareholders that the number of shares represented by Shareholders in person, or by proxy were 68,245,556 which represented 69.34% of the issued and outstanding shares.

**3. DECLARATION OF QUORUM AND PROPER CONSTITUTION OF THE MEETING**

With the Notice of the Meeting having been fully provided to all Shareholders and having been advised that a quorum of the Shareholders was present, the Chairman declared the Meeting to be regularly called and properly constituted for the transaction of business. He then proceeded to the business of the Meeting.

**4. APPROVAL OF THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING**

The Chairman tabled the Minutes of the Annual General Meeting of the Shareholders held on June 1, 2016. He said that a copy of the Minutes had been included in the Proxy Statement and mailed to Shareholders with notice of the meeting.

The Chairman called for a motion to waive the reading of the Minutes.

A motion to waive the reading of the Minutes was made by Robert D.L. Sands, seconded by Charles Knowles and motion unanimously carried.

The Chairman called for a motion to approve the Minutes of the last Annual General Meeting.

A motion to approve the Minutes of the Annual General Meeting of June 1, 2016 was made by Dr. Marcus Bethel, seconded by Earla Bethel and motion unanimously carried.

Mr. Jennings invited Mr. Lawrence Lewis from Deloitte and Touche to speak to the change in the Audit Report from a 1 page reporting format to a 3 page format. Mr. Lewis informed Shareholders that the new format reflected changes in international auditing standards. The report reflected a 'clean' opinion on the 2016 financial statements.

There were no questions from the floor for Mr. Lewis.

**5. CHAIRMAN'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2016**

The Chairman tabled his report and referred Shareholders to Page 9 of the Annual Report noting that the theme for the 2016 Annual Report is "*Bahamians Helping Bahamians*".

The Chairman said that the theme rightly depicts the responses undertaken by the Bank following Hurricane Matthew. He said that the theme is also a reflection of the Bank's assistance with enabling Bahamians to improve themselves and their families. He said that Commonwealth Bank is an important constituent of the Bahamian economy and has the largest market capitalization on BISX. He said that more than this, the Bank has established a reputation as being an early responder to assist our fellow Bahamians in times of national crisis. He said that the Bank's response to Hurricane Matthew continued with financial donations to the Bahamas Red Cross and the National Hurricane Relief Fund. In addition, the Bank extended loan assistance to its customers and staff. He said that in total the Bank committed over half a million dollars to recovery from the storm. He said that despite this level of assistance, the 2016 results were only some \$400,000 less than our 2015 record year. In total, the Bank's donation to schools and charitable organizations exceeded \$834,000.

The Bank continues to make investing in education a priority, donating to the country's education system and equipping students with school supplies. 2016 marked the 7th year of the Bank's \$500,000 "Commonwealth Bank Emerging Leaders Award Program", a 10-year endowment program to the College of the Bahamas at \$50,000 per annum. The Chairman said that the Bank made its second contribution of \$50,000 as part of its overall pledge over 10-years to the Bahamas Cancer Society Cancer Care Centre.

The Chairman said that at the core of the Bank's success is the Bank's Board of Directors. He said that these are individuals with extensive knowledge and experience in the business world and fully committed to the ongoing success of the Bank. He said that one of the most critical responsibilities of the Board is to ensure the Bank has an effective development and succession planning program. In 2016, the Bank's successful transition to the current Executive Management team is an indication of the strength of the program.

The Chairman said that in recent times, we have seen the international banks retracting its branch network. He said that during the Bank's review of the latest closures of 4 of these banks branches, Management evaluated the locations and determined to acquire the branch in Spanish Wells. This branch, which will service North Eleuthera, is scheduled to open to the public on June 6, 2017.

The Chairman said that the Bank continues to offer year round full Saturday Banking service at 7 locations. He said that Management and staff remain committed to providing excellent customer service at all levels across the Bank.

In 2016, the Bank paid dividends of 6 cents per share on common shares per quarter and two extraordinary dividends of 6 cents per share in November 2016 and March 2017.

The Chairman said that during the 4th quarter of 2016, the Bank introduced its chip enabled VISA debit card which offers an improved level of security and convenience to customers. He said that this was one of the first chip enabled cards issued in the Bahamian market.

In closing, the Chairman said that the Bank's first quarter profit for 2017 was positive at \$17.7 million, a 14% increase over the \$15.5 million earned for the first quarter 2016. He said that this is a remarkable achievement in this challenged economy. He assured Shareholders that Management will continue to prudently manage the Bank's assets to achieve the best results for our loyal Shareholders.

The Chairman called for a motion to accept the report of the Chairman.

A motion to accept the Chairman's Report was made by Denise Turnquest, seconded by Sarone Kennedy and motion unanimously carried.

## **6. APPROVAL OF THE ANNUAL REPORT (COMPLETE WITH AUDITED FINANCIAL STATEMENTS) FOR THE YEAR ENDED DECEMBER 31, 2016**

The Chairman called upon the President to present the Annual Report for the year ended December 31, 2016.

Mr. Ian Jennings advised that a copy of the Financial Statements for the financial year ended December 31, 2016 was mailed to each of the Shareholders of the Company. He called upon Mrs. Gladys Fernander, Vice President, Finance, to present the 2016 financial overview and the first quarter 2017 results. He said that questions would be entertained following the presentation.

Mrs. Fernander referred Shareholders to Pages 20 to 27 of the Annual Report. She highlighted the key ratio performances noting that the Bank reported total profit of \$57.4 million which was materially the same as 2015. She said that this was an impressive performance especially considering that during the year the country was heavily impacted by Hurricane Matthew which resulted in hotel closures and associated temporary and permanent job losses. She said that the Bank's balance sheet remained healthy with total assets of \$1.6 billion, an increase of 4.8% over 2015.

Net interest income showed consistent growth over the last 5 years. Net interest income for 2016 was \$144.7 million compared to \$136 million in 2015. This represents an increase of 6.14%. Total impairment expense for 2016 was \$32.4 million compared to \$24.9 million in 2015. Total write-offs for the Bank increased from \$30.1 million in 2015 to \$33.7 million or 11.9%. Mrs. Fernander said that as a result of the Bank's focused pursuit of charge-off accounts, loans recovered for the year increased by 10.5% closing at \$12.6 million. Total non-interest income closed the year at \$15.7 virtually unchanged from 2015.

Mrs. Fernander said that it is the Bank's policy to maintain a long term average dividend payout ratio of 65%. The Bank continued its historical pattern of dividend distribution to shareholders as it paid out total dividends of more than \$35 million in 2016 to the Bank's common shareholders. At the end of 2016 the Bank's share price stood at \$10.50, an increase of 40% over the share price of \$7.84 from December 2015. Commonwealth Bank's shares were the third most traded by volume with investors trading 537,000 shares during the year. Based on the ending share price for 2016, the Bank's shares have a dividend yield of 3.4% which is an extremely attractive return when compared to the current CD rates.

At the end of 2016, the Bank's total assets were \$1.6 billion, an increase of 4.8% over 2015. Total loans which accounted for 73% of the Bank's assets amounted to \$1.2 billion at December 2016, an increase of \$41 million or 3.6%. Total deposits at the end of 2016 were \$1.2 billion, an increase of \$59 million or 4.9% compared to the deposit levels at December 2015. Shareholders' equity closed at \$332 million, ahead of 2015 by 6% and exceeds all of the Bank's regulatory requirements. At the end of 2016, 4.2% of the Bank's total loans were 90 days past due or more. At 4.2%, the Bank continues to outperform the industry average of 12.32%.

Total impaired loan allowances/provisions for 2016 was \$73.2 million which represents an increase of 18% over 2015. Of the total impaired loans of \$70.8 million, more than half or \$41.8 million were secured mortgages or commercial loans. At the end of 2016, the Bank's provisions as a percentage of impaired loans were 103%.

The Bank has a capital base of \$348 million and therefore reflects a strong core base of safety and soundness. Capital adequacy requirements are governed by The Central Bank of the Bahamas. The Central Bank requires that all banks maintain a minimum capital ratio of 17%. Commonwealth Bank's Capital Ratio was 29.4% at the end of 2016 and therefore significantly exceeds the minimum required capital levels by 73%.

Mrs. Fernander informed Shareholders that the first quarter of 2017 was a strong one for the Bank with total profit of \$17.7 million representing an increase of 14.5% over 2016. The Bank is satisfied that its portfolio oversight strategies remain best suited to manage the portfolio through this phase of the economic cycle.

Mrs. Fernander said that the economic environment for 2017 will be a challenging one. She said that in order to successfully meet the challenge, the bank will continually review its business strategies against both external and internal factors for the short and medium terms to ensure that its objectives remain financially viable both for the Banks and its stakeholder.

After completion of the financial report, the President invited comments/questions from the floor.

As there was no further discussion with regards to the Consolidated Financial Statements, the Chairman stated that he was prepared to receive a motion to approve the Annual Report with the Financial Statements of the Company for the year ended December 31, 2016 together with the Auditors Report.

A motion to accept the Annual Report, Financial Statements and Report of the Auditors of Commonwealth Bank Limited for the period ended December 31, 2016 was made by Denise Turnquest, seconded by Sarone Kennedy and motion unanimously carried.

## **7. ELECTION OF DIRECTORS**

The Chairman commented on the role of a director stating that a director was responsible to all Shareholders, not to a particular constituency. He informed Shareholders that the Board of Directors of Commonwealth Bank takes its responsibilities very seriously. He called upon Mr. Rupert Roberts, Chairman of the Nominating Committee, to present the Committee's report.

Mr. Roberts referred Shareholders to Page 4 of the Proxy Statement which gives background information on the persons nominated. He informed Shareholders that the Nominating Committee had reviewed the composition of the Board of Directors and would continue to review the composition of the Board in future. Mr. Roberts submitted the following names for nomination as Directors:-

Earla J. Bethel	Tracy E. Knowles
Marcus C. Bethel	Rupert W. Roberts, Jr.
Larry R. Gibson	Robert D.L. Sands
Vaughn W.T. Higgs	William B. Sands, Jr.
Ian A. Jennings	Roland C. Symonette

The Chairman entertained a motion for the nomination of Directors. The motion was moved by Franklyn Thomas, seconded by Sarone Kennedy and motion unanimously carried.

The Chairman entertained a motion to close the nominations of Directors. The motion was moved by Franklyn Thomas, seconded by Sarone Kennedy and motion unanimously carried.

The Chairman entertained a motion to elect the persons nominated to serve as Directors. A motion to elect the following individuals to serve as Directors of the Company and to hold office until the next Annual General Meeting of the Shareholders was made by Sarone Kennedy, seconded by Denise Turnquest and motion unanimously carried:-

Earla J. Bethel	Tracy E. Knowles
Marcus C. Bethel	Rupert W. Roberts, Jr.
Larry R. Gibson	Robert D.L. Sands
Vaughn W.T. Higgs	William B. Sands, Jr.
Ian A. Jennings	Roland C. Symonette

were duly returned as Directors.

The Chairman reminded Shareholders that anyone wishing to nominate an individual as a Director of the Bank must request the necessary forms from the Corporate Secretary and return it with all the required information before October 31 each year.

## **8. REMUNERATION OF NON-EXECUTIVE DIRECTORS FOR THE ENSUING YEAR**

The Chairman stated that the next order of business was the fixing of remuneration of Non-Executive Directors.

Mr. Rupert Roberts said that it was proposed to approve the remuneration of the Non-Executive Directors for 2017 based on the method disclosed on Page 4 of the Proxy Statement. He said that it is proposed that the aggregate amount is not to exceed \$273,000 for the year ending December 31, 2017. This will be the first increase in the aggregate amount since 2014 and the second increase since 2010.

Mr. Roberts said that the Board did not consider this proposed increase lightly; however, the ever increasing regulatory and fiduciary responsibility of a director overseeing a \$1.6 billion financial institution requires that they receive adequate compensation for the duties they perform. He said that adequate compensation is a key element for the Bank to be able to continue to attract qualified Independent Directors in the future.

The Chairman entertained a motion for the remuneration of Non-Executive Directors not to exceed \$273,000 in aggregate.

A motion to approve the remuneration of the Non-Executive Directors for 2017 was duly made by Franklyn Thomas, seconded by Denise Turnquest and motion unanimously carried.

## **9. RATIFICATION OF DIVIDENDS FOR THE YEAR ENDED DECEMBER 31, 2016**

The Chairman referred the Shareholders to Page 39 of the Annual Report and tabled a motion to approve dividend payments totaling \$35.43 million the fiscal year ending December 31, 2016, which was paid at 36 cents per common share.

The Chairman entertained a motion for ratification of dividend payments for the year ending December 31, 2016 in the amount of \$35.43 million. A motion was duly made by Sarone Kennedy, seconded by Franklyn Thomas and motion unanimously carried.

**10. To consider and approve Resolutions relating to the subdivision of the Two Hundred and Twenty Five Million Common Shares (225,000,000) of par value two cents (\$0.02) each in the capital of the Company be subdivided into three (3) Common Shares for each Common Share presently authorized so as to create a total of Six Hundred and Seventy Five Million (675,000,000) Common Shares of par value two-thirds cents (\$0.00667) each;**

The Chairman stated that the next order of business was to approve the subdivision of the Bank's Common Shares. He said that the Bank has always taken the position that it wants its shares to be affordable by the small investor. He said the Board believes that a 3 for 1 stock split will position the shares to meet this desired goal. He said that the Board, at their discretion, will set the exact date for the split.

WHEREAS the authorized share capital of the Company is B\$139,500,000.00 divided into 225,000,000 Common Shares of B\$0.02 each, 450,000 "E" Preference Shares of B\$100.00 each, 100,000 "F" Preference Shares of B\$100.00 each, 100,000 "G" Preference Shares of B\$100.00 each, 100,000 "I" Preference Shares of B\$100.00 each, 100,000 "J" Preference Shares of \$100.00 each, 100,000 Non-Voting Redeemable "K" Preference Shares of B\$100.00 each and 100,000 Non-Voting Redeemable "L" Preference Shares of B\$100.00 each, 100,000 Non-Voting Redeemable "M" Preference Shares of B\$100.00 each, 100,000 Non-Voting Redeemable "N" Preference Shares of B\$100.00 each;

AND WHEREAS it is considered advisable by the Directors of the Company to subdivide the 225,000,000 authorized common shares of par value two cents (\$0.02) each into 675,000,000 common shares of par value two-thirds cents (\$0.00667) each;

AND WHEREAS Article 7(b) provides "The Company may by resolution of members subdivide its Shares or any of them into Shares of a smaller amount than is fixed by the Memorandum of Association or any resolution amending the same (such Shares hereinafter referred to as the "Reduced Shares") so that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each Reduced Share shall be the same as it was in the case of the Share from which the Reduced Share is divided";

AND WHEREAS Article 10(B) provides "In the event that the Company shall subdivide its shares or any of them pursuant to Article 7(B) hereof, then in such event, the Company shall issue to those members whose shares have been subdivided, such number of additional shares as equal, (when taken together with the number of existing shares held by such members from which the Reduced Shares are derived), the total number of shares to which such members are entitled as a result of the said subdivision. Furthermore, the Company shall be entitled to declare by resolution of its members that the existing certificates in respect of the shares be deemed to have been amended so that such certificates reflect thereafter a par value equal to the par value of the Reduced Shares."

AND WHEREAS by the subdivision of the above Common Shares the rights or privileges attached to Common Shareholders shall not be deemed to be modified by the creation or issue of further shares ranking pari passu therewith;

NOW THEREFORE BE IT RESOLVED as follows:-

That the Two Hundred and Twenty Five Million (225,000,000) Common Shares of par value two cents (\$0.02) each in the capital of the Company be subdivided into three (3) Common Shares for each Common Share presently authorized so as to create a total of Six Hundred and Seventy Five Million (675,000,000) Common Shares of par value two-thirds cents (\$0.00667) each;

That in respect of those Common Shares in the Company which have been issued and been credited as paid up, each subdivided Share shall be credited as paid up in the sum of two-thirds cents (\$0.00667);

That the Company declares that the existing certificates in respect of the shares be deemed to have been amended so that such certificates reflect thereafter a par value equal to the par value of the Reduced Shares;

That the Directors are hereby authorized in their absolute discretion to determine such dates and direct such shares to be issued in such manner to ensure orderly distribution and to ensure compliance with the rules and regulations of the Securities Commission of the Bahamas and the Bahamas International Securities Exchange;

That the Company do issue to all holders of Common Shares Two (2) additional Common Shares for each Common Share held, which two Common Shares when added to each Common Share held at as at the date of record for such subdivision shall create a total of Three (3) Common Shares;

That the Six Million (6,000,000) Common Shares of par value two cents (\$0.02) each authorized at the Annual General Meeting of the Company held on the 16th day of May, 2007 to be issued from the authorized share capital in connection with an Employee Share Option Plan (and amended by the Common Shareholders on October 17, 2007) be similarly adjusted such that the total par value entitlement under this plan shall remain unchanged by subdividing these share entitlements to be Eighteen Million (18,000,000) Common Shares of two-thirds cents (\$0.00667) each;

That Clause V of the Memorandum of Association of the Company, upon execution of the share split, be deleted in its entirety and be replaced by the following:

"The authorized share capital of the Company is **B\$139,500,000.00** divided into 675,000,000 Common Shares of B\$0.00667 each, 450,000 "E" Preference Shares of B\$100.00 each, 100,000 "F" Preference Shares of B\$100.00 each, 100,000 "G" Preference Shares of B\$100.00 each, 100,000 "I" Preference Shares of B\$100.00 each, 100,000 "J" Preference Shares of B\$100.00 each, 100,000 Non-Voting Redeemable "K" Preference Shares of B\$100.00 each and 100,000 Non-Voting Redeemable "L" Preference Shares of B\$100.00 each, 100,000 Non-Voting Redeemable "M" Preference Shares of B\$100.00 each, 100,000 Non-Voting Redeemable "N" Preference Shares of B\$100.00 each with power to divide the shares in the capital, original, increased or reduced and with or subject to any preferential, special or qualified rights or conditions as regards dividends, repayment of capital, voting or otherwise, and may be so varied or abrogated whilst the Company is a going concern or in contemplation of a winding up."

The Chairman called for a motion to approve the subdivision of Common Shares.

A motion to approve the subdivision of Common Shares was made by Franklyn Thomas, seconded by Ian Wilkinson and motion unanimously carried.

#### **11. To Approve the Amended and Restated Articles of Association**

The Articles of Association are the by-laws that govern the activities of the Company. The Company has amended its Articles of Association (the "Articles") by resolution several times over the past years. However, these amendments have not been consolidated into the body of the Articles to form a single document. The consolidated, amended and restated Articles is to keep the Articles current with legislative changes and best practice.

Shareholders were informed that a copy of the proposed approved Articles of Association was included with the mailing. A tracked version showing the proposed amendments is also available at [www.combankltd.com/changes.pdf](http://www.combankltd.com/changes.pdf).

The Chairman called for a motion to approve the amended and restated Articles of Association of the Bank.

A motion to approve the amended and restated Articles of Association of Commonwealth Bank Limited was made by Ian Wilkinson, seconded by Franklyn Thomas and motion unanimously carried.

#### **12. RATIFICATION OF ACTS, TRANSACTIONS AND PROCEEDINGS OF DIRECTORS, OFFICERS AND EMPLOYEES OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2016**

The Chairman said that the next order of business was the standard resolution, ratifying and confirming all acts, transactions and proceedings of the Directors, Officers and Employees of the Company. The Chairman tabled a resolution to ratify and confirm all acts, transactions and proceedings of the Directors, Officers and Employees of the Company as follows:

"RESOLVED that the Company does hereby ratify, approve, sanction and confirm all acts, transactions and proceedings of the Directors, Officers and Employees of the Company from the previous fiscal year end of December 31, A.D. 2015 to the last fiscal year end December 31, A.D. 2016 and does fully and effectively indemnify, save harmless and defend all Directors, Officers and Employees of the Company against any claims, actions and proceedings that may be brought against them as a result of any act performed or omitted to be done by any of them, acting in their respective capacities as Directors, Officers or Employees of the Company provided that such Directors, Officers and Employees acted honestly and in good faith with a view to the best interest of the Company and in the case of criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct is lawful."

A motion was duly made by Denise Turnquest, seconded by Sarone Kennedy and motion unanimously carried.

### 13. APPOINTMENT OF AUDITORS AND FIXTURE OF REMUNERATION FOR 2017

The next order of business was the appointment of the Company's Auditors. The Chairman invited Mr. Tracy Knowles, Chairman of the Audit Committee, to present a motion to approve the Company's auditors and authorize the Board of Directors to fix their remuneration.

Mr. Knowles said that we have heard that there was an unqualified audit report for 2016. The Bank has had a long relationship, over 20 years, with Deloitte & Touche, during which time the Bank has had no major issues with their performance. However, there comes a time when good governance requires a change. Accordingly, the Bank submitted a request for proposal of audit services to the major auditing firms and after review has selected PricewaterhouseCoopers to act as auditors of the Bank for the year 2017. The Audit Committee has recommended and the Board accepted the proposal that PricewaterhouseCoopers be appointed as the Company's Auditors for 2017 and the Directors be authorized to fix their remuneration for the coming year 2017.

The Chairman entertained a motion for the appointment of Auditors and to fix their remuneration for the coming year.

A motion was duly made by Gina Greene, seconded by Carole Rodgers and motion unanimously carried that PricewaterhouseCoopers be appointed as the Company's Auditors for 2017 and that the Directors be authorized to fix their remuneration.

### 14. ANY OTHER BUSINESS

The Chairman informed Shareholders that the Common Seal of the Company had recently been damaged and had to be replaced. He tabled a motion to approve the replacement Seal.

RESOLVED that the seal hereof be and is hereby adopted as the new Common Seal of the Company to replace the seal previously adopted by the Company, which is beyond repair.

RESOLVED FURTHER that the Company is bound by the terms of all documents to which the new seal hereof has been affixed and executed on behalf of the Company prior to the passing of these resolutions and the Company ratifies and confirms the affixing of the seal hereof to all documents executed on behalf of the Company.

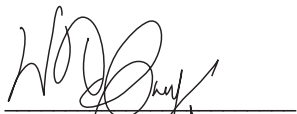
On motion duly made by Gina Greene, seconded by Richard Coulson and unanimously carried, the replacement Seal of the Company was approved.

### 15. TERMINATION OF MEETING

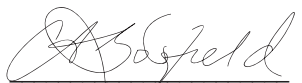
There being no further business, the Chairman thanked the Shareholders for their attendance and called for a motion to close the formal proceedings of the Meeting.

A motion to terminate the meeting was made by Gina Greene, seconded by Carole Rodgers and motion unanimously carried.

The meeting terminated at 6:10pm.



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



**Charlene A. Bosfield**  
Corporate Secretary



**Commonwealth Bank Limited**  
Corporate Offices, 2nd Floor,  
Commonwealth Bank Plaza, Mackey Street,  
P. O. Box SS-5541, Nassau, Bahamas