

**CHAIRMAN'S REPORT ON UNAUDITED RESULTS MARCH 31, 2019**

Commonwealth Bank's total profit for the first quarter of 2019 was \$12.4 million and represents a decrease of \$1.8 million compared to the same period in 2018. The reduction in profit was mainly due to the reduction in net interest income.

Total assets at March 31, 2019 were \$1.7 billion, virtually unchanged from total assets as at December 2018.

Non-interest expense declined slightly from prior year, largely due to continued efforts to prudently manage controllable expenses to ensure that the Bank improves its efficiency and generates the best returns for its shareholders.

The Bank continues to maintain strong capital and liquidity ratios with capital adequacy in excess of 35% and liquidity ratio above 51%. 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.

In keeping with its philosophy of sharing its success with its shareholders, the Bank paid dividends of 4 cents per share during the first quarter. This included an extraordinary dividend of 2 cents per common share paid in February and a quarterly dividend of 2 cents per common share.

I am grateful to our 6,000 plus shareholders, our valued customers, and the general public for their ongoing support. I also thank our team of hardworking and devoted employees for their invaluable contributions and excellent customer service which they continue to provide every day.

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

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

	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Cash and deposits with banks	\$ 28,851	\$ 34,010
Balances with Central Bank of The Bahamas	179,783	147,772
Investments	444,229	457,572
Loans Receivable	967,536	992,418
Other assets	21,646	15,961
Premises and equipment	47,083	47,494
<b>TOTAL</b>	<b>\$ 1,689,128</b>	<b>\$ 1,695,227</b>
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Deposits	\$ 1,305,128	\$ 1,311,244
Life assurance fund liability	2,657	2,951
Other liabilities	16,760	15,513
Total liabilities	1,324,545	1,329,708
Equity:		
Share capital	83,440	83,441
Share premium	16,601	17,198
General Reserve	10,500	10,500
Retained earnings	254,042	254,380
Total equity	364,583	365,519
<b>TOTAL</b>	<b>\$ 1,689,128</b>	<b>\$ 1,695,227</b>

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

	3 months ending March 31, 2019	3 months ending March 31, 2018
<b>INCOME</b>		
Interest income	\$ 35,982	\$ 39,579
Interest expense	(3,927)	(5,252)
Net interest income	32,055	34,327
Life assurance, net	465	893
Fees and other income	3,718	3,422
Unrealised gains on equity investment	1,029	523
Total income	37,267	39,165
<b>NON-INTEREST EXPENSE</b>		
General and administrative	17,540	17,554
Loan impairment expense	6,435	6,537
Depreciation and amortization	793	804
Directors' fees	68	68
Total non-interest expense	24,836	24,963
<b>TOTAL PROFIT</b>	<b>\$ 12,431</b>	<b>\$ 14,202</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	58	(3,173)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 12,489</b>	<b>\$ 11,029</b>
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE</b> (expressed in dollars)		
	\$ 0.04	\$ 0.04

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

	3 months ending March 31, 2019	3 months ending March 31, 2018
<b>SHARE CAPITAL</b>		
Preference Shares		
Balance at beginning and end of period	\$ 81,498	\$ 81,498
<b>COMMON SHARES</b>		
Balance at beginning of period	1,943	1,946
Repurchase of common shares	(1)	-
Balance at end of period	1,942	1,946
<b>Total Share Capital</b>	<b>83,440</b>	<b>83,444</b>
<b>SHARE PREMIUM</b>		
Balance at beginning of period	17,198	19,195
Repurchase of common shares	(597)	2
Balance at end of period	16,601	19,197
<b>GENERAL RESERVE</b>		
Balance at beginning and end of period	10,500	10,500
<b>RETAINED EARNINGS</b>		
Balance at beginning of period-restated	254,380	242,547
IFRS transition adjustment	-	(115)
Balance at beginning of period, as restated	254,380	242,432
Total comprehensive income	12,489	11,029
Common share dividends	(11,654)	(11,677)
Preference share dividends	(1,173)	(1,173)
Balance at end of period	254,042	240,611
<b>EQUITY AT END OF PERIOD</b>	<b>\$ 364,583</b>	<b>\$ 353,752</b>

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

	3 months ending March 31, 2019	3 months ending March 31, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest Receipts	\$ 32,413	\$ 36,573
Interest Payments	(3,927)	(5,252)
Life assurance premiums received (refunded), net	909	486
Life assurance claims and expenses paid	(838)	(1,238)
Fees and other income received	4,118	2,503
Recoveries	4,019	2,945
Cash payments to employees and suppliers	(21,989)	(25,111)
	14,705	10,906
Increase in minimum reserve requirement	3,316	(108)
Increase in restricted deposit	-	(370)
Net increase in loans receivable	14,428	10,846
Net (decrease)/increase in deposits	(6,116)	26,771
Net cash from operating activities	26,333	48,045
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(74,831)	(44,431)
Interest receipts from investments	4,466	5,204
Redemption of investments	88,006	55,427
Purchases of premises and equipment	(394)	(583)
Net proceeds from sale of premises and equipment	13	13
Net cash from investing activities	17,260	15,630
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(12,828)	(12,850)
Repurchase of common shares	(597)	2
Net cash used in financing activities	(13,425)	(12,848)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>30,168</b>	<b>50,827</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>125,211</b>	<b>77,209</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 155,379</b>	<b>\$ 128,036</b>

**COMMONWEALTH BANK LIMITED**  
**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**QUARTER ENDED MARCH 31, 2019** *(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 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. Dividends**

The Directors approved interim quarterly dividends in the amount of 2 cents per common share (2018: 2 cents) and extraordinary dividends in the amount of 2 cents per common share (2018: 2 cents). The total dividends paid as of the interim date is 4 cents per share for common shares (2018: 4 cents). The dividends are declared on a quarterly calendar basis. The interim financial statements only reflect the dividends accrued for the interim period.

**3. Subsequent Event**

On May 1, 2019 the Bank redeemed its preference shares classes J, K, L, M and N in the amount of \$48.9 million.

**4. Business Segments**

For management purposes, the Bank including its subsidiaries is organized into five operating units – Retail Bank, Credit Life Company, Real Estate Holdings, Investment Holdings and Insurance Agency Operations. The following table shows financial information by business segment:

	2019						
	Retail Bank	Credit Life Company	Real Estate Holdings	Investment Holdings	Insurance Agency Operations	Eliminations	Consolidated
<b>Income</b>							
External	\$ 36,315	\$ 1,078	\$ 5	\$ -	\$ -	\$ (131)	\$ 37,267
Internal	388	(85)	1,029	169	138	(1,639)	-
Total Income	36,703	\$ 993	\$ 1,034	\$ 169	\$ 138	\$ (1,770)	\$ 37,267
<b>Total profit</b>							
Internal & External	\$ 11,409	\$ 887	\$ 376	\$ 55	\$ 74	\$ (370)	\$ 12,431
	2018						
	Retail Bank	Credit Life Company	Real Estate Holdings	Investment Holdings	Insurance Agency Operations	Eliminations	Consolidated
<b>Income</b>							
External	\$ 37,972	\$ 1,325	\$ 5	\$ -	\$ -	\$ (137)	\$ 39,165
Internal	190	(29)	961	(3,040)	113	1,805	-
Total Income	38,162	\$ 1,296	\$ 966	\$ (3,040)	\$ 113	\$ (1,668)	\$ 39,165
<b>Total profit</b>							
Internal & External	\$ 12,690	\$ 1,195	\$ 375	\$ (3,133)	\$ 54	\$ 3,021	\$ 14,202