

The third quarter of the year witnessed the worst natural disaster in the history of the independent Bahamas when Hurricane Dorian slammed into the North West Bahamas. The Bank's branch in Marsh Harbour, Abaco was severely damaged and rendered inoperable along with the majority of buildings in Marsh Harbour and northern Abaco. The Bank is thankful that all of our management and staff safely came through the frightening experience. The Freeport Mall branch in Grand Bahama was also impacted by the storm but was able to reopen on September 23rd. On the positive side, the Bank's operations in New Providence were quickly restored after Hurricane Dorian and the Lucaya Branch ABM in Grand Bahama was functional immediately after the storm and the branch itself resumed operations on September 9th.

The Abaco branch is currently operating from locations in New Providence with plans to reopen on November 20th at the Maxwell's Food Store in Abaco. ABM service was restored in Abaco during the first week of October.

In fulfilling its mantra of "Bahamians Helping Bahamians", the Bank offered significant assistance to its staff, customers and the community through various assistance programs and donations.

The catastrophic impact of Dorian on Abaco and Grand Bahama was reflected in the financial impact on the Bank's third quarter results.

Commonwealth Bank's total profit for the nine-month period ended September 30, 2019 was \$25.6 million, a decrease of 36% over the \$39.9 million reported for the same period in 2018. The decrease in profit was mainly due to the increase in the loan impairment expense which was required as a result of the impact of Hurricane Dorian. The loan impairment expense was \$15.6 million higher when compared to the same period of 2018.

Interest income declined by \$9.5 million against the prior year as receivables declined by \$58 million or 5.8%, although this decline was ameliorated by an offsetting reduction in interest expense of \$4 million or 25% as deposit interest rates continued to decline and customers moved to more liquid but lower rate deposits.

The decrease in net interest income was offset by increases in non-interest income of \$5.3 million.

General and administrative expense decreased slightly through continued efforts to prudently manage controllable expenses to ensure that the Bank improves its efficiency and generates the best returns for its shareholders.

Total assets at September 30, 2019 were \$1.7 billion, virtually unchanged from total assets as at December 2018.

The Bank continues to maintain strong capital adequacy ratios well in excess of Central Bank's requirements of 17%. On October 1st 2019, the Bank redeemed the remaining preference shares. After redemption the Bank still had a capital adequacy ratio of 26.4% and is indicative of the Bank's overall safety and soundness, despite enduring Hurricane Dorian.

In keeping with its philosophy of sharing its success with its shareholders, the Bank paid quarterly dividends bringing total dividends paid for the year to 8 cents per share. Included in this amount is an extraordinary dividend of 2 cents per common share paid in February.

As always, we extend our gratitude to our shareholders, loyal customers, and general public for their continued support and patronage. The Board acknowledges and thanks the Commonwealth Bank team who remains committed to the highest level of excellence as demonstrated by their response in restoring our services to our valued customers after the devastation of Hurricane Dorian.



William B. Sands, Jr.
Executive Chairman

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

	September 30, 2019	December 31, 2018
ASSETS		
Cash and deposits with banks	\$ 78,020	\$ 34,010
Balances with Central Bank of The Bahamas	171,932	147,772
Investments	439,818	457,572
Loans receivable	933,667	992,418
Other assets	49,973	15,961
Premises and equipment	42,836	47,494
TOTAL	\$ 1,716,246	\$ 1,695,227
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	\$ 1,395,700	\$ 1,311,244
Life assurance fund liability	1,809	2,951
Other liabilities	13,637	15,513
Total liabilities	1,411,146	1,329,708
Equity:		
Share capital	34,530	83,441
Share premium	5,671	17,198
General reserve	10,500	10,500
Retained earnings	254,399	254,380
Total equity	305,100	365,519
TOTAL	\$ 1,716,246	\$ 1,695,227

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

	3 months ending September 30, 2019	3 months ending September 30, 2018
INCOME:		
Interest income	\$ 35,342	\$ 37,804
Interest expense	(3,563)	(4,969)
Net interest income	31,779	32,835
Life assurance, net	1,312	808
Fees and other income	4,686	3,958
Unrealised gains on equity investment	155	574
Gain on disposal of premises and equipment	2,310	-
Total income	40,242	38,175
NON-INTEREST EXPENSE:		
General and administrative	15,879	18,366
Depreciation and amortization	886	764
Loan impairment expense	22,125	6,638
Directors' fees	68	68
Total non-interest expense	38,958	25,836
TOTAL PROFIT	\$ 1,284	\$ 12,339
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	-	(1,302)
TOTAL COMPREHENSIVE INCOME	\$ 1,284	\$ 11,037
EARNINGS PER COMMON SHARE (expressed in dollars)	\$ 0.003	\$ 0.04

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

	9 months ending September 30, 2019	9 months ending September 30, 2018
INCOME:		
Interest income	\$ 106,693	\$ 116,193
Interest expense	(11,333)	(15,231)
Net interest income	95,360	100,962
Life assurance, net	3,220	2,300
Fees and other income	13,154	11,296
Unrealised gains on equity investment	1,823	1,567
Gain on disposal of premises and equipment	2,310	-
Total income	115,867	116,125
NON-INTEREST EXPENSE:		
General and administrative	50,970	52,818
Loan impairment expense	36,381	20,778
Depreciation and amortization	2,695	2,346
Directors' fees	205	205
Total non-interest expense	90,251	76,147
TOTAL PROFIT	\$ 25,616	\$ 39,978
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	58	(3,720)
TOTAL COMPREHENSIVE INCOME	\$ 25,674	\$ 36,258
EARNINGS PER COMMON SHARE (expressed in dollars)	\$ 0.08	\$ 0.13

COMMONWEALTH BANK LIMITED
NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED SEPTEMBER 30, 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.

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

	9 months ending September 30, 2019	9 months ending September 30, 2018
SHARE CAPITAL		
Preference Shares		
Balance at beginning and end of period	\$ 81,498	\$ 81,498
Redemption of shares	(48,894)	-
Balance at end of period	32,604	81,498
COMMON SHARES		
Balance at beginning of period	1,943	1,946
Repurchase of common shares	(17)	(3)
Balance at end of period	1,926	1,943
TOTAL SHARE CAPITAL	34,530	83,441
SHARE PREMIUM		
Balance at beginning of period	17,198	19,195
Repurchase of common shares	(11,527)	(1,997)
Balance at end of period	5,671	17,198
GENERAL RESERVE		
Balance at beginning and end of period	10,500	10,500
RETAINED EARNINGS		
Balance at beginning of period	254,380	239,294
IFRS transition adjustment	-	865
Balance at beginning of period, as restated	254,380	240,159
Total comprehensive income	25,674	36,258
Common share dividends	(23,241)	(23,342)
Preference share dividends	(2,414)	(3,519)
Balance at end of period	254,399	249,556
EQUITY AT END OF PERIOD	\$ 305,100	\$ 360,695

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

	9 months ending September 30, 2019	9 months ending September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest receipts	\$ 99,160	\$ 104,194
Interest payments	(11,333)	(15,231)
Life assurance premiums received, net	3,287	1,776
Life assurance claims and expenses paid	(1,854)	(1,870)
Fees and other income received	12,564	11,580
Recoveries	12,917	9,323
Cash payments to employees and suppliers	(87,005)	(53,959)
	27,736	55,813
Increase in minimum reserve requirement	2,511	(1,859)
Increase in restricted deposit	(2)	(371)
Net increase in loans receivable	9,453	32,999
Increase in deposits	84,456	46,700
Net cash from operating activities	124,154	133,282
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(222,563)	(172,767)
Interest receipts from investments	11,863	13,127
Redemption of investments	241,354	158,161
Purchases of premises and equipment	1,943	(1,383)
Net proceeds from sale of premises and equipment	21	85
Net cash from (used in) investing activities	32,618	(2,777)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(26,655)	(26,862)
Repurchase of common shares	(11,544)	(1,997)
Redemption of preference shares	(48,894)	-
Net cash used in financing activities	(86,093)	(28,859)
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,679	101,647
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	125,212	77,209
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 195,891	\$ 178,856

2. Dividends

The Directors approved interim quarterly dividends in the amount of 2 cents per common share (2018: 2 cents). The total dividends paid as of the interim date is 8 cents per share for common shares (2018: 8 cents) including extraordinary dividends in the amount of 2 cents per common share (2018: 2 cents). The dividends are declared on a quarterly calendar basis.

3. 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 Holding	Investment Holdings	Insurance Agency Operations	Eliminations Consolidated
Income						
External	\$ 111,323	\$ 4,529	\$ 15	\$ -	\$ -	\$ -
Internal	962	(259)	2,977	(2,650)	363	(1,393)
Total Income	112,285	\$ 4,270	\$ 2,992	\$ (2,650)	\$ 363	\$ (1,393)
Total profit						
Internal						
& External	\$ 19,726	\$ 3,969	\$ 1,127	\$ (3,070)	\$ 205	\$ 3,960
	\$ 25,917					

	2018					
	Retail Bank	Credit Life Company	Real Estate Holding	Investment Holdings	Insurance Agency	Eliminations Consolidated
Income						
External	\$ 112,501	\$ 3,609	\$ 15	\$ -	\$ -	\$ -
Internal	612	(100)	2,868	(3,726)	363	(17)
Total Income	113,113	\$ 3,509	\$ 2,883	\$ (3,726)	\$ 363	\$ (17)
Total profit						
Internal						
& External	\$ 35,883	\$ 3,199	\$ 1,085	\$ (4,022)	\$ 99	\$ 3,734
	\$ 39,978					