

Commonwealth Bank's total profit for the third quarter of 2020 was \$25.3 million and represents a decrease of \$0.3 million or 1.2% compared to the same period in 2019.

Total assets were \$1.7 billion, which was virtually unchanged from December 2019.

Net interest income increased by 2.2% which was driven by a decrease in interest expense. Non-interest income, excluding insurance recovery amounts was down 6.3% which was primarily due to the movement in the market value of the Bank's equity investments.

Loan impairment expense increased by 6.8% as the Bank recognized losses associated with the current and forecasted economic conditions due to the COVID-19 pandemic.

While financial metrics are obviously important, the real measure of the Bank's performance this year is our success in supporting our customers, colleagues and communities during the pandemic and laying the groundwork for the recovery to come. To help our customers cope with the impact of the virus, the Bank provided relief through payment holidays on various credit facilities for borrowers who have had their employment put on hold pending

improvement in the economic situation. While there remains great uncertainty with regards to how remainder of 2020 will unfold, the Bank remains committed to doing all that it can to work with its customers during this extremely difficult time.

The Bank paid quarterly dividends of 2 cents per share bringing total dividends paid for the year to 6 cents per share. Additionally, the Bank continues to maintain strong capital and liquidity ratios with capital adequacy in excess of 27% and liquidity ratio above 54%. These ratios are well in excess of Central Bank's requirements of 17% and 20% respectively.

I extend our thanks and appreciation to our shareholders and valued customers for their continued support. Particularly, I want to express my sincere gratitude to our team of hardworking and devoted professionals who have remained steadfast in their commitment to providing exceptional customer service even in these very challenging times. We truly appreciate their service.



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

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

	September 30, 2020	December 31, 2019
<b>ASSETS</b>		
Cash and deposits with banks	\$ 31,962	\$ 117,244
Balances with Central Bank		
of The Bahamas	238,406	164,296
Investments	463,465	436,224
Loans Receivable	922,061	932,796
Other assets	15,272	16,059
Premises and equipment	42,821	42,530
<b>TOTAL</b>	<b>\$ 1,713,987</b>	<b>\$ 1,709,149</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities:</b>		
Deposits	\$ 1,416,484	\$ 1,419,290
Life assurance fund liability	1,124	1,682
Other liabilities	16,925	15,340
Total liabilities	1,434,533	1,436,312
<b>Equity:</b>		
Share capital	1,919	1,921
Share premium	1,306	2,708
General Reserve	10,500	10,500
Retained earnings	265,729	257,708
Total equity	279,454	272,837
<b>TOTAL</b>	<b>\$ 1,713,987</b>	<b>\$ 1,709,149</b>

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

	3 months ending September 30, 2020	3 months ending September 30, 2019
<b>INCOME:</b>		
Interest income	\$ 36,173	\$ 35,342
Interest expense	(3,166)	(3,563)
Net interest income	33,007	31,779
Life assurance, net	966	1,312
Fees and other income	4,359	4,686
Insurance recoveries	-	4,854
Unrealised gains on equity investment	934	155
Total income	39,266	42,786
<b>NON-INTEREST EXPENSE:</b>		
General and administrative	17,271	15,879
Loan impairment expense	15,572	22,125
Depreciation and amortization	832	886
Loss on hurricane impaired assets	-	2,544
Directors' fees	68	68
Total non-interest expense	33,743	41,502
<b>TOTAL PROFIT</b>	<b>\$ 5,523</b>	<b>\$ 1,284</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 5,523</b>	<b>\$ 1,284</b>
<b>EARNINGS PER COMMON SHARE</b> (expressed in dollars)	<b>\$ 0.02</b>	<b>\$ 0.003</b>

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

	9 months ending September 30, 2020	9 months ending September 30, 2019
<b>INCOME:</b>		
Interest income	\$ 107,120	\$ 106,693
Interest expense	(9,640)	(11,333)
Net interest income	97,480	95,360
Life assurance, net	3,084	3,220
Fees and other income	13,099	13,154
Insurance recoveries	2,071	4,854
Unrealised gains on equity investment	870	1,823
Total income	116,604	118,411
<b>NON-INTEREST EXPENSE:</b>		
General and administrative	49,848	50,970
Loan impairment expense	38,866	36,381
Depreciation and amortization	2,389	2,695
Loss on hurricane impaired assets	-	2,544
Directors' fees	205	205
Total non-interest expense	91,308	92,795
<b>TOTAL PROFIT</b>	<b>\$ 25,296</b>	<b>\$ 25,616</b>

**OTHER COMPREHENSIVE INCOME**  
Items that will not be reclassified subsequently to profit or loss:

Remeasurement of Defined Benefit Obligation	-	58
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 25,296</b>	<b>\$ 25,674</b>
<b>EARNINGS PER COMMON SHARE</b> (expressed in dollars)	<b>\$ 0.09</b>	<b>\$ 0.08</b>

**COMMONWEALTH BANK LIMITED**  
**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**QUARTER ENDED SEPTEMBER 30, 2020**  
(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, 2020	9 months ending September 30, 2019 (RESTATED)
<b>SHARE CAPITAL</b>		
Preference Shares		
Balance at beginning of period	\$ -	\$ 81,498
Redemption of shares	-	(48,894)
Balance at end of period	-	32,604
<b>COMMON SHARES</b>		
Balance at beginning of period	1,921	1,943
Repurchase of common shares	(2)	(17)
Balance at end of period	1,919	1,926
<b>TOTAL SHARE CAPITAL</b>	<b>1,919</b>	<b>34,530</b>
<b>SHARE PREMIUM</b>		
Balance at beginning of period	2,708	17,198
Repurchase of common shares	(1,402)	(11,527)
Balance at end of period	1,306	5,671
<b>GENERAL RESERVE</b>		
Balance at beginning and end of period	10,500	10,500
<b>RETAINED EARNINGS</b>		
Balance at beginning of period, as restated	257,708	256,757
Total comprehensive income	25,296	25,674
Common share dividends	(17,275)	(23,241)
Preference share dividends	-	(2,414)
Balance at end of period	265,729	256,776
<b>EQUITY AT END OF PERIOD</b>	<b>\$ 279,454</b>	<b>\$ 307,477</b>

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

	9 months ending September 30, 2020	9 months ending September 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 25,296	\$ 25,616
Adjustments for:		
Depreciation and amortization	2,389	2,695
Loan impairment expense	38,866	36,381
Gain on disposal of impaired assets, premises and equipment	(2,071)	(2,310)
Unrealised gain on equity investments	(870)	(1,823)
	63,610	60,559
Change in loans and advances to customers	(28,131)	22,370
Change in minimum reserve requirement	(2,169)	2,511
Change in restricted deposit	(378)	(2)
Change in other assets	787	(34,012)
Change in other liabilities	1,585	(1,876)
Change in life assurance fund liability	(558)	(1,142)
Change in deposits	(2,806)	84,456
Net cash from operating activities	31,940	132,864
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(274,576)	(222,563)
Redemption of investments	246,944	241,354
Change in interest receivable on investments	1,443	1,072
Purchases of premises and equipment	(2,862)	(830)
Net proceeds from the disposal of impaired assets, premises and equipment	2,071	4,875
Net cash (used in) from investing activities	(26,980)	23,908
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Dividends paid	(17,275)	(25,655)
Repurchase of common shares	(1,404)	(11,544)
Redemption of preference shares	-	(48,894)
Net cash used in financing activities	(18,679)	(86,093)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13,719)</b>	<b>70,679</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>227,329</b>	<b>125,212</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 213,610</b>	<b>\$ 195,891</b>

**2. Dividends**

The Directors approved interim quarterly dividends in the amount of 2 cents per common share (2019: 2 cents). The total dividends paid as of the interim date is 6 cents per share for common shares (2019: 8 cents). The dividends are declared on a quarterly calendar basis. The interim financial statements only reflect the dividends accrued for the interim period.

**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:

	2020						Consolidated
	Retail Bank	Credit Life Company	Real Estate Holding	Investment Holdings	Insurance Agency Operations	Eliminations	
<b>Income</b>							
External	\$ 112,192	\$ 4,397	\$ 15	\$ -	\$ -	\$ -	\$ 116,604
Internal	1,333	(221)	2,542	(4,951)	533	764	-
Total Income	\$ 113,525	\$ 4,176	\$ 2,557	\$ (4,951)	\$ 533	\$ 764	\$ 116,604
<b>Total profit</b>							
Internal							
& External	\$ 21,075	\$ 3,864	\$ 1,232	\$ (5,756)	\$ 295	\$ 4,586	\$ 25,296

	2019						Consolidated
	Retail Bank	Credit Life Company	Real Estate Holding	Investment Holdings	Insurance Agency	Eliminations	
<b>Income</b>							
External	\$ 113,867	\$ 4,529	\$ 15	\$ -	\$ -	\$ -	\$ 118,411
Internal	962	(259)	2,977	(2,650)	363	(1,393)	-
Total Income	114,829	\$ 4,270	\$ 2,992	\$ (2,650)	\$ 363	\$ (1,393)	\$ 118,411
<b>Total profit</b>							
Internal							
& External	\$ 19,726	\$ 3,969	\$ 1,127	\$ (3,070)	\$ 205	\$ 3,659	\$ 25,616