

CHAIRMAN'S REPORT ON UNAUDITED RESULTS MARCH 31, 2020

Commonwealth Bank's total profit for the first quarter of 2020 was \$11.2 million and represents a decrease of \$1.2 million or 10% compared to the same period in 2019.

Total assets were \$1.68 billion, compared to \$1.7 billion as at December 2019.

The first quarter of 2020 has been a challenging one for the Bank, the country and the world at large as the onset of the global COVID-19 pandemic caused significant adverse impacts on economic and market conditions which have continued into the second quarter. The Government of The Bahamas closed the country's borders, implemented a nationwide lockdown, and restricted the provision of non-essential services after the Bahamas experienced its first COVID-19 case in March.

In response to the economic impacts of the pandemic, a six-month forbearance was granted to the Bank's customers whose accounts were in good standing.

The halting of travel across borders and the shutdown of economic activity resulted in furloughs in the hotel industry and many other industries throughout the country. As such, loan impairment expense increased by 22% and reflects the increase in both actual and expected delinquency associated with these levels of economic activity.

Another negative impact of the COVID-19 pandemic was the significant decline in the US stock market resulting in an unrealized loss on equity investment of \$1.2 million. In the prior year, the Bank recorded a gain of \$1 million. On a positive note, since the quarter end, the US markets have rallied considerably essentially erasing the loss recorded for the first quarter.

A 36% increase in fees and other income mitigated the impact on profit associated with the factors noted above. It was a little over a year ago that the Bank invested in the enhancement and expansion

of its digital offerings which included the upgrade of its online banking platform and the introduction of its mobile app. This investment is now paying dividends as evidenced by the increased use and adoption of these services and the resultant increase in fees and other income.

During the quarter, The Bank paid quarterly dividends totaling \$5.7 million or 2 cents per share. Additionally, the Bank continues to maintain strong capital and liquidity ratios with capital adequacy in excess of 28% and liquidity ratio above 53%. 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.

Management continues to monitor developments relating to this unprecedented pandemic and its impact on the Bahamian economy, and is directing its operational responses based on existing business continuity plans, guidance from the government, and general pandemic response best practices.

As always, I am grateful to our shareholders, valued customers, and the general public for their ongoing support. I especially want to thank our hardworking and devoted staff who have not wavered in their commitment to unparalleled customer service even in these very difficult and uncertain times. Their contributions are truly appreciated.

William B. Sands, Jr.
Executive Chairman

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

	March 31, 2020	December 31, 2019
ASSETS		
Cash and deposits with banks	\$ 36,375	\$ 117,244
Balances with Central Bank of The Bahamas	199,576	164,296
Investments	461,416	436,224
Loans Receivable	920,182	932,796
Other assets	19,881	16,059
Premises and equipment	41,888	42,530
TOTAL	\$ 1,679,318	\$ 1,709,149
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	\$ 1,379,624	\$ 1,419,290
Life assurance fund liability	1,389	1,682
Other liabilities	20,519	15,340
Total liabilities	1,401,532	1,436,312
Equity:		
Share capital	1,920	1,921
Share premium	2,213	2,708
General Reserve	10,500	10,500
Retained earnings	263,153	257,708
Total equity	277,786	272,837
TOTAL	\$ 1,679,318	\$ 1,709,149

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

	3 months ending March 31, 2020	3 months ending March 31, 2019
INCOME		
Interest income	\$ 35,192	\$ 35,982
Interest expense	(3,411)	(3,927)
Net interest income	31,781	32,055
Life assurance, net	1,118	465
Fees and other income	5,069	3,718
Unrealised (loss) gains on equity investment	(1,254)	1,029
Total income	36,714	37,267
NON-INTEREST EXPENSE		
General and administrative	17,026	17,540
Loan impairment expense	7,876	6,435
Depreciation and amortization	538	793
Directors' fees	68	68
Total non-interest expense	25,508	24,836
TOTAL PROFIT	\$ 11,206	\$ 12,431
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	-	58
TOTAL COMPREHENSIVE INCOME	\$ 11,206	\$ 12,489
BASIC AND DILUTED EARNINGS PER COMMON SHARE		
(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, 2020	3 months ending March 31, 2019
SHARE CAPITAL		
Preference Shares		
Balance at beginning and end of period	\$ -	\$ 81,498
COMMON SHARES		
Balance at beginning of period	1,921	1,943
Repurchase of common shares	(1)	(1)
Balance at end of period	1,920	1,942
Total Share Capital	1,920	83,440
SHARE PREMIUM		
Balance at beginning of period	2,708	17,198
Repurchase of common shares	(495)	(597)
Balance at end of period	2,213	16,601
GENERAL RESERVE		
Balance at beginning and end of period	10,500	10,500
RETAINED EARNINGS		
Balance at beginning of period-restated	257,708	256,757
Total comprehensive income	11,206	12,489
Common share dividends	(5,761)	(11,654)
Preference share dividends	-	(1,173)
Balance at end of period	263,153	256,419
EQUITY AT END OF PERIOD	\$ 277,786	\$ 366,960

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

	3 months ending March 31, 2020	3 months ending March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 11,206	\$ 12,431
Adjustments for:		
Depreciation and amortization	538	793
Loan impairment expense	7,876	6,435
Unrealised loss/gains on investments	1,254	(1,029)
	20,874	18,630
Change in loans and advances to customers	4,738	18,447
Change in minimum reserve requirement	(2,809)	3,316
Change in restricted deposit	(378)	-
Change in other assets	(3,822)	(5,685)
Change in other liabilities	5,179	1,247
Change in life assurance fund liability	(293)	(294)
Change in deposits	(39,666)	(6,116)
Net cash (used in) from operating activities	(16,177)	29,545
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(87,068)	(74,831)
Redemption of investments	59,744	88,006
Change in interest receivable on investments	1,121	1,254
Purchases of premises and equipment	(139)	(394)
Net proceeds from sale of premises and equipment	-	13
Net cash (used in) from investing activities	(26,342)	14,048
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(5,761)	(12,828)
Repurchase of common shares	(496)	(597)
Net cash used in financing activities	(6,257)	(13,425)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(48,776)	30,168
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	227,329	125,211
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 178,553	\$ 155,379

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

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 2 cents per share for common shares (2019: 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. 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 Holdings	Investment Holdings	Insurance Agency Operations	Eliminations	
Income							
External	\$ 35,336	\$ 1,554	\$ 5	\$ -	\$ -	(181)	\$ 36,714
Internal	475	(80)	954	(4,902)	165	3,388	-
Total Income	35,811	1,474	959	(4,902)	165	3,207	36,714
Total profit							
Internal							
& External	\$ 9,813	\$ 1,375	\$ 422	\$ (5,166)	\$ 88	\$ 4,674	\$ 11,206
	2019						Consolidated
	Retail Bank	Credit Life Company	Real Estate Holdings	Investment Holdings	Insurance Agency Operations	Eliminations	
Income							
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
Total profit							
Internal							
& External	\$ 11,409	\$ 887	\$ 376	\$ 55	\$ 74	\$ (370)	\$ 12,431