

The COVID-19 pandemic continues to challenge the Bahamian (and global) economy. These challenges are reflected in the Bank's financial results for the nine months ended September 30, 2021, which show a consolidated net loss of \$23.9 million compared to a consolidated net profit of \$25.3 million for the same period in the prior year.

The primary contributor to the results has been the Bank's loan impairment expense of \$74.8 million, which when compared to the same period in 2020, reflects an increase of 92%. While the Bank maintains a well-diversified loan portfolio, our customers in good standing that were granted extensions to participate in our loan payment deferral program have been concentrated in the sectors of the economy most impacted by the pandemic, namely the hotel and leisure sectors. Our active monitoring of the loan portfolio allows us to assess changes in credit risk and respond by applying the appropriate changes in impairment allowances.

Our regulatory ratios remain very strong. The Bank is required to hold a minimum liquidity ratio of 20%, (the level of liquidity assets possibly, regulatory capital); as of September 30, 2021, the Bank's liquidity ratio is 59%. Additionally, regulatory capital adequacy ratios (capital levels to absorb exceptional losses) are set at 17%. At over 26%, the Bank's capital adequacy ratio is also well in excess of this Central Bank requirement.

During the quarter the Bank paid quarterly dividends of 1 cent per share bringing total dividends paid for the year to date to 3 cents per share, totaling \$8.6 million.

We are encouraged by both the number and efficacy of vaccines that are resulting in positive trends in both our domestic economy and our international tourist markets. Against this backdrop, the Bank continues to invest in the lives of our customers and communities. The Bank has invested in Bahamas government securities which facilitated programs that remain the lifeline for so many households and businesses. We remain committed to providing ongoing support for our communities.

I would like to extend my sincere appreciation to our team of professionals that continues to deliver exceptional service to our customers every day. I am truly inspired by their commitment to excellence despite very challenging circumstances. I also extend gratitude to our shareholders and customers for their continued, unwavering support. Together, we will grow stronger through adversity and emerge resilient on the other side of this pandemic.



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

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

	September 30, 2021	December 31, 2020
<b>ASSETS</b>		
Cash and deposits with banks	\$ 42,828	\$ 39,834
Balances with Central Bank		
of The Bahamas	161,299	235,759
Investments	664,512	462,501
Loans Receivable	801,694	898,853
Other assets	9,293	22,869
Premises and equipment	48,682	45,560
<b>TOTAL</b>	<b>\$ 1,728,308</b>	<b>\$ 1,705,376</b>
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Deposits	\$ 1,465,423	\$ 1,415,910
Life assurance fund liability	1,167	1,012
Other liabilities	15,870	19,035
Total liabilities	1,482,460	1,435,957
Equity:		
Share capital	1,939	1,918
Share premium	10,027	1,048
Retained earnings	233,882	266,453
Total equity	245,848	269,419
<b>TOTAL</b>	<b>\$ 1,728,308</b>	<b>\$ 1,705,376</b>

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

	3 months ended September 30, 2021	3 months ended September 30, 2020
<b>INCOME:</b>		
Interest income	\$ 32,002	\$ 36,173
Interest expense	(4,340)	(3,166)
Net interest income	27,662	33,007
Life assurance, net	(303)	966
Fees and other income	5,558	4,359
Insurance recoveries	-	-
Unrealised (loss)/gain on equity investment	(204)	934
Total income	32,713	39,266
<b>NON-INTEREST EXPENSE:</b>		
General and administrative	15,764	17,271
Loan impairment expense	29,050	15,572
Depreciation and amortization	1,403	832
Finance cost	55	-
Directors' fees	68	68
Total non-interest expense	46,340	33,743
<b>TOTAL (LOSS) PROFIT &amp; OTHER COMPREHENSIVE INCOME</b>	<b>\$ (13,627)</b>	<b>\$ 5,523</b>
<b>EARNINGS PER COMMON SHARE</b> (expressed in dollars)	<b>\$ (0.05)</b>	<b>\$ 0.02</b>

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

	9 months ended September 30, 2021	9 months ended September 30, 2020
<b>INCOME:</b>		
Interest income	\$ 100,305	\$ 107,120
Interest expense	(12,621)	(9,640)
Net interest income	87,684	97,480
Life assurance, net	(90)	3,084
Fees and other income	16,109	13,099
Insurance recoveries	-	2,071
Unrealised (loss)/gain on equity investment	(204)	870
Total income	103,499	116,604
<b>NON-INTEREST EXPENSE:</b>		
General and administrative	49,123	49,848
Loan impairment expense	74,846	38,866
Depreciation and amortization	3,193	2,389
Finance cost	55	-
Directors' fees	205	205
Total non-interest expense	127,422	91,308
<b>TOTAL (LOSS) PROFIT &amp; OTHER COMPREHENSIVE INCOME</b>	<b>\$ (23,923)</b>	<b>\$ 25,296</b>

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

Remeasurement of Defined Benefit Obligation	-	2,389
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>\$ -</b>	<b>\$ 2,389</b>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME</b>	<b>\$ (23,923)</b>	<b>27,685</b>
Preference Share Dividends	-	(2,414)
<b>TOTAL (LOSS) PROFIT AVAILABLE TO COMMON SHAREHOLDERS</b>	<b>\$ (23,923)</b>	<b>22,882</b>
<b>AVERAGE NUMBER OF COMMON SHARES</b> (Thousands)	<b>288,813</b>	<b>290,445</b>
<b>EARNINGS PER COMMON SHARE</b> (Expressed in Dollars)	<b>\$ (0.08)</b>	<b>0.09</b>

**COMMONWEALTH BANK LIMITED**  
**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**QUARTER ENDED SEPTEMBER 30, 2021**  
(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 ended September 30, 2021	9 months ended September 30, 2020 (RESTATED)
<b>SHARE CAPITAL</b>		
Common Shares		
Balance at beginning of period	\$ 1,918	\$ 1,921
Repurchase of common shares	-	(2)
Sale of common shares	21	-
Balance at end of period	1,939	1,919
<b>Total Share Capital</b>	<b>1,939</b>	<b>1,919</b>
<b>SHARE PREMIUM</b>		
Balance at beginning of period	1,048	2,708
Repurchase of common shares	-	(1,402)
Sale of common shares	8,979	-
Balance at end of period	10,027	1,306
<b>GENERAL RESERVE</b>		
Balance at beginning and end of period	-	10,500
<b>RETAINED EARNINGS</b>		
Balance at beginning of period	266,453	257,708
Total comprehensive income	(23,923)	25,296
Common share dividends	(8,648)	(17,275)
Balance at end of period	233,882	265,729
<b>EQUITY AT END OF PERIOD</b>	<b>\$ 245,848</b>	<b>\$ 279,454</b>

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

	9 months ended September 30, 2021	9 months ended September 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
(Loss) Profit	\$ (23,923)	25,296
Adjustments for:		
Depreciation and amortization	3,193	2,389
Loan impairment expense	74,846	38,866
Gain on disposal of impaired assets, premises and equipment	-	(2,071)
Unrealised loss/(gain) on equity investments	204	(870)
Change in loans and advances to customers	22,313	(28,131)
Change in minimum reserve requirement	(926)	(2,169)
Change in restricted deposit	-	(378)
Change in other assets	13,576	787
Change in other liabilities	(3,165)	1,585
Change in life assurance fund liability	155	(558)
Change in deposits	49,513	(2,806)
Net cash from operating activities	135,786	31,940
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(619,933)	(274,576)
Redemption of investments	416,941	246,944
Change in interest receivable on investments	563	1,443
Purchases of premises and equipment (excl. ROU asset)	(6,183)	(2,862)
Net proceeds from the disposal of impaired assets, premises and equipment	27	2,071
Net cash used in investing activities	(208,585)	(26,980)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(8,648)	(17,275)
Finance cost	55	-
Sale (repurchase) of common shares	9,000	(1,404)
Net cash from (used in) financing activities	407	(18,679)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(72,392)</b>	<b>(13,719)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>217,507</b>	<b>227,329</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 145,115</b>	<b>213,610</b>

**2. DIVIDENDS**

The Directors approved interim quarterly dividends in the amount of 1 cent per common share (2020: 2 cents). The total dividends paid as of the interim date is 3 cents per share for common shares (2020: 6 cents). The dividends are declared on a quarterly calendar basis. The interim financial statements only reflect the dividends declared 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:

	2021						
	Retail Bank	Credit Life Company	Real Estate Holding	Investment Holdings	Insurance Agency Operations	Eliminations	Consolidated
<b>Income</b>							
External	\$ 102,271	\$ 1,220	\$ 8	\$ -	\$ -	\$ -	\$ 103,499
Internal	2,752	(181)	2,845	(5,848)	456	(24)	-
Total Income	\$ 105,023	\$ 1,039	\$ 2,853	\$ (5,848)	\$ 456	\$ (24)	\$ 103,499
<b>Total profit (loss)</b>							
Internal							
& External	\$ (19,647)	\$ 713	\$ 1,301	\$ (6,695)	\$ 266	\$ 139	\$ (23,923)
<b>2020</b>							
	Retail Bank	Credit Life Company	Real Estate Holding	Investment Holdings	Insurance Agency Operations	Eliminations	Consolidated
<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 (loss)</b>							
Internal							
& External	\$ 21,075	\$ 3,864	\$ 1,232	\$ (5,756)	\$ 295	\$ 4,586	\$ 25,296