

# CHAIRMAN'S REPORT ON UNAUDITED RESULTS MARCH 31, 2023

For the three months ended March 31, 2023, the Bank recorded a consolidated net profit of \$19.6 million compared to a consolidated net profit of \$30.4 million for the same period in the prior year. The Bank's operations continue to benefit from the rebound of the Bahamian economy which has extended into the first quarter of 2023. The current quarter's financial results have exceeded the last five-year average of the first quarter's net profit of \$14.1 million, and also the pre-pandemic and pre-Dorian first quarter financial results during those five years.

The net profit of the prior period benefited from an extraordinary reversal of the impairment expense, as the economy of The Bahamas moved into a V-shaped recovery after the extraordinary Covid-19 pandemic-related effects. While significant attention continues to be given to delinquency management, the first quarter 2023 results reflect milder impairment expense reversals consistent with the normalization of lending conditions and post-pandemic economic stabilization.

The Bank's interest income grew by 6% when considering quarter-on-quarter business performance, primarily as a result of strategic management of the Bank's investments and improvement in the quality of loan assets. The latter is driven by a posture in credit underwriting to manage growth safely and price risk effectively. The attention to delinquency management has resulted in improvements to both the non-performing loan book and the performing loan book delinquency levels quarter-on-quarter. While general and administration expenses are higher than in the first quarter of 2023, this expenditure is both controlled and in step with the Bank's operations plans for the current year.

As an indication of the Bank's risk management and commitment to the safety and soundness of our operations, the Bank maintains a fortified consolidated financial position with a strong level of liquidity (available cash and unencumbered high-quality liquid assets at market value) and capital, which positions us well to adapt to stresses posed by the current business environment. The Bank is required to hold a minimum level of liquid assets against possible liquidity risk, and as of March 31, 2023, has a liquidity ratio of 68%, well above the regulatory limit of 20%. The Bank's capital adequacy ratio is over 30% and is well above the regulatory requirement of 17%.

During the quarter, the Board of Directors approved an extraordinary dividend of two cents per share following the 2023 financial results, and a quarterly dividend of 2 cents per share bringing total dividends paid at the end of the first quarter of 2023 to 4 cents per share, and totaling \$11.7 million (2022: \$2.9 million), supporting a view of cautious optimism for continued stabilization and improved lending conditions.

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.

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

## COMMONWEALTH BANK LIMITED Consolidated Statement of Financial Position (Expressed in B\$ '000s) (Unaudited)

	March 31, 2023	December 31, 2022
<b>Assets</b>		
Cash and deposits with banks	\$ 237,079	\$ 264,223
Investments, net	761,561	729,036
Loans and advances to customers, net	797,924	786,245
Other assets	14,731	7,985
Right of use assets	1,033	1,182
Premises and equipment	44,220	44,558
<b>Total</b>	<b>\$ 1,856,548</b>	<b>\$ 1,833,229</b>
<b>Liabilities and Equity</b>		
<b>Liabilities:</b>		
Deposits from customers	\$ 1,531,878	\$ 1,513,397
Life assurance fund liability	581	581
Lease liabilities	1,018	1,242
Other liabilities	28,460	30,215
Total liabilities	1,561,937	1,545,435
<b>Equity:</b>		
Share capital	1,949	1,951
Share premium	12,483	13,544
Retained earnings	280,179	272,299
Total equity	294,611	287,794
<b>Total</b>	<b>\$ 1,856,548</b>	<b>\$ 1,833,229</b>

## COMMONWEALTH BANK LIMITED Consolidated Statement of Profit or Loss and Other Comprehensive Income (Expressed in B\$ '000s) (Unaudited)

	3 months ended March 31, 2023	3 months ended March 31, 2022
<b>Income</b>		
Interest income, effective interest rate method	\$ 33,488	\$ 31,513
Interest expense	(4,264)	(4,239)
Net interest income	29,224	27,274
Credit life insurance premium	1,287	1,260
Fees and other income	6,039	3,778
Net change in unrealised loss on equity investment at FVTPL	383	(49)
Total income	36,933	32,263
<b>Non-Interest Expense</b>		
General and administrative	20,278	17,642
Impairment (reversals) losses on financial assets	(4,817)	(17,403)
Insurance claims	805	465
Depreciation on right of use assets	138	151
Other depreciation	886	926
Finance cost on lease liabilities	13	14
Loss (gain) on disposal of premises and equipment	(18)	(6)
Directors' fees	68	68
Total non-interest expense	17,353	1,857
<b>Total Profit</b>	<b>19,580</b>	<b>30,406</b>
<b>Other Comprehensive Income</b>		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	-	-
<b>Total Other Comprehensive Income</b>	<b>\$ 19,580</b>	<b>\$ 30,406</b>
<b>Earnings Per Common Share</b> (expressed in dollars)	<b>\$ 0.07</b>	<b>\$ 0.10</b>

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

	3 months ended March 31, 2023	3 months ended March 31, 2022
<b>Share Capital</b>		
Balance at beginning of period	1,951	1,946
Repurchase of common shares	(2)	-
Sale of treasury shares	-	7
Balance at end of period	1,949	1,953
<b>Share Premium</b>		
Balance at beginning of period	13,544	11,667
Repurchase of common shares	(1,061)	(16)
Sale of treasury shares	-	3,528
Balance at end of period	12,483	15,179
<b>Retained Earnings</b>		
Balance at beginning of period	272,299	224,878
Total comprehensive income (loss)	19,580	30,406
Common share dividends	(11,700)	(2,917)
Balance at end of period	280,179	252,367
<b>Equity at End of Period</b>	<b>\$ 294,611</b>	<b>\$ 269,499</b>

## Commonwealth Bank Limited Consolidated Statement of Cash Flows (Expressed in B\$ '000s) (Unaudited)

	3 months ended March 31, 2023	3 months ended March 31, 2022
<b>Cash Flows from Operating Activities</b>		
Profit	\$ 19,580	\$ 30,406
Adjustments for:		
Depreciation on right of use assets	138	151
Other depreciation	886	926
Finance cost on lease liabilities	13	14
Loan impairment expense (reversals)	(4,817)	(17,403)
Interest income	(33,488)	(31,512)
Interest expense	4,264	4,239
Gain on disposal of premises and equipment	(18)	(6)
Net change in unrealised loss on equity investment at FVTPL	(383)	49
	(13,825)	(13,136)
Change in loans and advances to customers	(6,947)	(10,829)
Change in minimum reserve requirement	(537)	(111)
Change in restricted deposits	-	2,693
Change in right of use assets and other assets	(6,736)	(4,915)
Change in lease liabilities and other liabilities	(1,755)	1,931
Change in life assurance fund liability	-	(54)
Change in deposits from customers	16,504	34,855
Interest received	29,947	29,481
Interest paid	(2,287)	(8,299)
Net cash from operating activities	14,364	53,274
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(266,966)	(309,314)
Redemption of investments	238,451	327,963
Purchases of premises and equipment	(573)	(512)
Net proceeds from sale of premises and equipment	43	62
Net cash (used in)/from investing activities	(29,045)	18,199
<b>Cash Flows from Financing Activities</b>		
Dividends paid	(11,700)	(2,917)
Repurchase of common shares	(1,063)	(16)
Sale of treasury shares	-	3,535
Payment of lease liabilities	(237)	(166)
Net cash (used in)/from financing activities	(13,000)	436
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(27,681)</b>	<b>71,909</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>205,223</b>	<b>132,439</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 177,542</b>	<b>\$ 204,348</b>

## COMMONWEALTH BANK LIMITED NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS QUARTER ENDED MARCH 31, 2023 (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

During the quarter the Bank paid quarterly dividends of 2 cents per common share (2022: 1 cent) and extraordinary dividends of 2 cents per share (2022: \$Nil) for a total payment of \$11.7 million (2022: \$2.9 million).

### 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:

	2023						Eliminations	Consolidated
	Retail Bank	Credit Life Company	Real Estate Holdings	Investment Holdings	Insurance Agency Operations			
<b>Income</b>								
External	\$35,197	\$ 1,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,933
Internal	176	(21)	733	99	129	(1,116)	-	-
Total Income (loss)	35,373	\$ 1,715	\$ 733	\$ 99	\$ 129	\$ (1,116)	\$ -	\$ 36,933
<b>Total profit (loss)</b>								
Internal								
& External	\$21,729	\$ 557	\$ 326	\$ 94	\$ 59	\$ (3,185)	\$ -	\$ 19,580
<b>Income</b>								
External	\$31,091	\$ 1,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,263
Internal	(1,927)	(109)	998	(1,270)	122	2,186	-	-
Total Income (loss)	29,164	\$ 1,063	\$ 988	\$ (1,270)	\$ 122	\$ 2,186	\$ -	\$ 32,263
<b>Total profit (loss)</b>								
Internal								
& External	\$30,264	\$ 965	\$ 464	\$ (1,281)	\$ 56	\$ (62)	\$ -	\$ 30,406