

# CHAIRMAN'S REPORT ON UNAUDITED RESULTS MARCH 31, 2024


For the three months ended March 31, 2024, the Bank recorded a consolidated net profit of \$17.4 million compared to a consolidated net profit of \$19.6 million for the same period in the prior year. The net profit of the current period reflects a further move towards normalization of the Bank's operations, compared to 2023, which benefited from the strong rebound of the Bahamian economy.

The Bank's net interest income grew by 3% when considering quarter-on-quarter business performance, and is primarily the 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, price risk effectively and manage delinquency levels. Additionally, interest expense has been controlled. The Bank's non-interest income showed a mild contraction for the first three months of 2024 compared to the same period in 2023. The prior period benefited from the unrealized gains of the Bank's equity investment, which was sold later in the same year, and therefore did not have a carry-forward benefit to the Bank in 2024. The Bank continues to identify opportunities to expand its transaction-based fee income. Non-interest expense is higher by 14%. Expenses are primarily impacted by the timing difference of several non-controllable operating costs not being reflected until the second and third quarters of 2023 versus being expensed from the beginning of the year in 2024. These are expected to normalize as the year progresses. Higher expenses also reflect the increased insurance premiums the Bank is required to pay to the Deposit Insurance Corporation ("DIC"). The DIC premium rate has doubled quarter-on-quarter, adding approximately \$800 thousand to the Bank's operating costs for 2024, above the same charge in 2023. The Bank's cost structure is also impacted by the continued investment in its technology infrastructure to support the expansion of services, and the overall business resilience and technology optimization strategy.

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 the Bank 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, 2024, has a liquidity ratio of 69%, 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 a regular quarterly dividend of \$0.03 per share. The dividend represents a 50% increase compared to the regular quarterly dividend of \$0.02 per share for the same period in 2023. The total regular dividends paid through to the end of the first quarter of 2024 is \$8.9 million (2023: \$5.9 million).

I sincerely thank our team of professionals who deliver exceptional service to our customers daily. Their commitment to excellence truly inspires me. I also thank our shareholders and customers for their continued, unwavering support.



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

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

	March 31, 2024	December 31, 2023
<b>Assets</b>		
Cash and deposits with banks	\$ 236,105	\$ 238,615
Investments, net	792,565	772,052
Loans and advances to customers, net	814,546	807,984
Other assets	20,718	11,915
Right of use assets	521	645
Premises and equipment	43,650	44,432
<b>Total</b>	<b>\$ 1,908,105</b>	<b>\$ 1,875,643</b>
<b>Liabilities and Equity</b>		
Liabilities:		
Deposits from customers	\$ 1,565,897	\$ 1,544,014
Lease liabilities	571	700
Other liabilities	23,874	21,431
Total liabilities	1,590,342	1,566,145
Equity:		
Share capital	1,943	1,944
Share premium	8,972	9,223
Retained earnings	306,848	298,331
Total equity	317,763	309,498
<b>Total</b>	<b>\$ 1,908,105</b>	<b>\$ 1,875,643</b>

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

	For period ended March 31, 2024	For period ended March 31, 2023
<b>Income</b>		
Interest income, effective interest method	\$ 34,261	\$ 33,488
Interest expense	(4,205)	(4,264)
Net interest income	30,056	29,224
Fees and other income	7,020	7,326
Net change in unrealised gain on equity investments	2	383
Total income	37,078	36,933
<b>Non-Interest Expense</b>		
General and administrative	22,945	20,278
Reversals of impairment on financial assets	(4,424)	(4,012)
Depreciation on right of use assets	124	138
Other depreciation	966	886
Finance cost on lease liabilities	7	13
Loss/(gain) on disposal of premises and equipment	3	(18)
Directors' costs	82	68
Total non-interest expense	19,703	17,353
<b>Total Profit</b>	<b>17,375</b>	<b>19,580</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>\$ 17,375</b>	<b>\$ 19,580</b>
<b>Earnings Per Common Share</b> (expressed in dollars)	<b>\$ 0.06</b>	<b>\$ 0.07</b>

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

	For period ended March 31, 2024	For period ended March 31, 2023
<b>Share Capital</b>		
Balance at beginning of period	1,944	1,951
Repurchase of common shares	(1)	(2)
Balance at end of period	1,943	1,949
<b>Share Premium</b>		
Balance at beginning of period	9,223	13,544
Repurchase of common shares	(251)	(1,061)
Balance at end of period	8,972	12,483
<b>Retained Earnings</b>		
Balance at beginning of period	298,331	272,299
Total comprehensive income	17,375	19,580
Common share dividends	(8,858)	(11,700)
Balance at end of period	306,848	280,179
<b>Equity at End of Period</b>	<b>\$ 317,763</b>	<b>\$ 294,611</b>

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

	For period ended March 31, 2024	For period ended March 31, 2023
<b>Cash Flows from Operating Activities</b>		
Profit	\$ 17,375	\$ 19,580
Adjustments for:		
Depreciation on right of use assets	124	138
Other depreciation	966	886
Finance cost on lease liabilities	7	13
Loan impairment expense (reversals)	(4,424)	(4,012)
Interest income	(34,261)	(33,488)
Interest expense	4,205	4,264
Loss/(gain) on disposal of premises and equipment	3	(18)
Net change in unrealised gain on equity investments	(2)	(383)
	(16,007)	(13,020)
Change in loans and advances to customers	(2,133)	(6,947)
Change in minimum reserve requirement	(689)	(537)
Change in right of use assets and other assets	(8,803)	(6,736)
Change in lease liabilities and other liabilities	2,434	(1,755)
Change in deposits from customers	19,289	16,504
Interest received	33,957	29,947
Interest paid	(1,609)	(2,287)
Net cash from operating activities	26,439	15,169

<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(216,056)	(266,966)
Redemption of investments	195,845	238,451
Purchases of premises and equipment	(202)	(573)
Net proceeds from sale of premises and equipment	14	43
Net cash used in investing activities	(20,399)	(29,045)

<b>Cash Flows from Financing Activities</b>		
Dividends paid	(8,858)	(11,700)
Repurchase of common shares	(252)	(1,063)
Payment of lease liabilities	(129)	(237)
Net cash used in financing activities	(9,239)	(13,000)

<b>Net Decrease in Cash and Cash Equivalents</b>		
	(3,199)	(26,876)
<b>Cash and Cash Equivalents, Beginning of Period</b>	178,970	205,223
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 175,771</b>	<b>\$ 178,347</b>

**COMMONWEALTH BANK LIMITED**  
**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED MARCH 31, 2024, WITH CORRESPONDING FIGURES FOR 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 three months of the year, the Bank paid regular dividends per share of 3 cents per common share for a total payment of \$8.9 million. In 2023, the Bank paid regular dividends per share of 2 cents per share and extraordinary dividends of 2 cents per share for a total payment of \$11.7 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:

	2024						Eliminations	Consolidated
	Retail Bank	Credit Life Company	Real Estate Holdings	Investment Holdings	Insurance Agency Operations			
<b>Income</b>								
External	\$ 35,274	\$ 1,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,078
Internal	4,317	(140)	780	(376)	140	(4,721)	-	-
Total Income								
(loss)	\$ 39,591	\$ 1,664	\$ 780	\$ (376)	\$ 140	\$ (4,721)	\$ -	\$ 37,078
<b>Total profit (loss)</b>								
Internal								
& External	\$ 16,923	\$ 635	\$ 308	\$ (383)	\$ 64	\$ (172)	\$ -	\$ 17,375
<b>2023</b>								
<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