

CHAIRMAN'S REPORT ON UNAUDITED RESULTS MARCH 31, 2021

Along with the Bahamian economy as a whole, Commonwealth Bank continues to be adversely affected by the Covid-19 pandemic. Results for the first quarter of 2021 reflect this impact, as the Bank recorded a \$2.7 million loss compared to a profit of \$11 million for the pre-pandemic first quarter of 2020. The closure of a major New Providence hotel in the quarter along with the ongoing assessment for impairment resulted in a charge of almost \$21 million for the quarter compared to almost \$8 million for the first quarter of 2020. This single factor accounts for the reduction in performance.

Our balance sheet was unchanged in total assets at \$1.7 billion although our liquidity increased by \$30 million from December 2020, to over \$750 million. With over \$260 million in capital, the Bank continues to maintain strong capital and liquidity reserves to weather the ongoing stresses of the pandemic that have hit economy. In light of this, the Bank was able to pay a one cent per share dividend in March 2021 compared to two cents per share in March 2020.

As has been stated by the government, reopening the tourism industry is a priority in restarting the economy. The results from the vaccination programs and ongoing research around the world are encouraging. The research confirms the effectiveness of vaccines in reducing transmission, infection and severity of the disease. With declining infections and deaths being reported in countries with extensive vaccination programs including the United States, countries are now exploring ways to

restart their tourism industries. It is critical that the Bahamas is seen as a tourist-safe country, as far as the prevalence of Covid-19 is concerned. This underlines the importance of the nation's efforts to overcome vaccine hesitancy so that as many people as possible are vaccinated. There are still challenges ahead but it is now possible to see an end to this economic stagnation.

As I have previously stated, the Bank remains committed to doing all that it reasonably can to work with its customers during these exceptional times.

It is said that it is in the most difficult times that we discover our true friends. In this regard, I wish to extend my thanks and appreciation to our shareholders and valued customers for their continued support. However, my deepest gratitude must go to our team of hardworking and devoted professionals who continue to provide exceptional service to our customers. We truly appreciate their commitment to the Bank and its customers.



William B. Sands, Jr.
Executive Chairman

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

	March 31, 2021	December 31, 2020
ASSETS		
Cash and deposits with banks	\$ 37,835	\$ 39,838
Balances with Central Bank of The Bahamas	247,308	235,759
Investments	483,190	462,020
Loans receivable	876,778	899,333
Other assets	19,671	22,869
Premises and equipment	42,947	43,625
TOTAL	\$ 1,707,729	\$ 1,703,444
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	\$ 1,425,996	\$ 1,415,912
Life assurance fund liability	1,171	1,012
Other liabilities	13,691	17,093
Total liabilities	1,440,858	1,434,017
Equity:		
Share capital	1,925	1,918
Share premium	4,041	1,048
Retained earnings	260,905	266,461
Total equity	266,871	269,427
TOTAL	\$ 1,707,729	\$ 1,703,444

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

	3 months ending March 31, 2021	3 months ending March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ (2,679)	\$ 11,206
Adjustments for:		
Depreciation and amortization	894	538
Loan impairment expense	20,740	7,876
Gain on disposal of premises and equipment	(3)	-
Unrealised loss on equity investments	20	1,254
	19,242	20,874
Change in loans and advances to customers	1,815	4,738
Change in minimum reserve requirement	316	(2,809)
Change in restricted deposit	-	(378)
Change in other assets	3,198	(3,822)
Change in other liabilities	(3,402)	5,179
Change in life assurance fund liability	159	(293)
Change in deposits	10,084	(39,666)
Net cash from (used in) operating activities	31,142	(16,177)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(126,918)	(87,068)
Redemption of investments	104,488	59,744
Change in interest receivable on investments	1,257	1,121
Purchases of premises and equipment	(247)	(139)
Net proceeds from sale of premises and equipment	17	-
Net cash used in investing activities	(21,403)	(26,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,877)	(5,761)
Sale (repurchase) of common shares	3,000	(496)
Net cash from (used in) financing activities	123	(6,257)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,862	(48,776)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	217,511	227,329
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 227,373	\$ 178,553

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

	3 months ending March 31, 2021	3 months ending March 31, 2020
INCOME		
Interest income	\$ 34,341	\$ 35,192
Interest expense	(4,078)	(3,411)
Net interest income	30,263	31,781
Life assurance, net	(141)	1,118
Fees and other income	4,846	5,069
Unrealised loss on equity investment	(20)	(1,254)
Total income	34,948	36,714
NON-INTEREST EXPENSE		
General and administrative	15,925	17,026
Loan impairment expense	20,740	7,876
Depreciation and amortization	894	538
Directors' fees	68	68
Total non-interest expense	37,627	25,508
TOTAL PROFIT & OTHER COMPREHENSIVE INCOME	\$ (2,679)	\$ 11,206
EARNINGS PER COMMON SHARE (expressed in dollars)		
	\$ (0.01)	\$ 0.04

	3 months ending March 31, 2021	3 months ending March 31, 2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,877)	(5,761)
Sale (repurchase) of common shares	3,000	(496)
Net cash from (used in) financing activities	123	(6,257)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,862	(48,776)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	217,511	227,329
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 227,373	\$ 178,553

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

2. Dividends

During the year the Bank paid total dividends per share of 1 cent per common share (2021: 2 cents) for a total payment of \$2.9 million (2020: \$5.8 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:

	2021						
	Retail Bank	Credit Life Company	Real Estate Holdings	Investment Holdings	Insurance Agency Operations	Eliminations	Consolidated
Income							
External	\$ 34,674	\$ 269	\$ 5	\$ -	\$ -	\$ -	\$ 34,948
Internal	946	(67)	919	(4,609)	148	2,663	-
Total Income	35,620	\$ 202	\$ 924	\$ (4,609)	\$ 148	\$ 2,663	\$ 34,948
Total profit							
Internal							
& External	\$ (3,605)	\$ 98	\$ 380	\$ (4,888)	\$ 86	\$ 5,249	\$ (2,679)

	2020						
	Retail Bank	Credit Life Company	Real Estate Holdings	Investment Holdings	Insurance Agency Operations	Eliminations	Consolidated
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

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

	3 months ending March 31, 2021	3 months ending March 31, 2020
SHARE CAPITAL		
Common Shares		
Balance at beginning of period	\$ 1,918	\$ 1,921
Sale of common shares	7	(1)
Balance at end of period	1,925	1,920
Total Share Capital	1,925	1,920
SHARE PREMIUM		
Balance at beginning of period	1,048	2,708
Sale of common shares	2,993	(495)
Balance at end of period	4,041	2,213
GENERAL RESERVE		
Balance at beginning and end of period	-	10,500
RETAINED EARNINGS		
Balance at beginning of period	266,461	257,708
Total comprehensive income	(2,679)	11,206
Common share dividends	(2,877)	(5,761)
Balance at end of period	260,905	263,153
EQUITY AT END OF PERIOD	\$ 266,871	\$ 277,786