

CHAIRMAN'S REPORT ON UNAUDITED RESULTS MARCH 31, 2022

The economy of The Bahamas continues to pivot away from the extraordinary Covid-19 pandemic-related activities and government initiatives. Work hours have also improved for many Bahamians, particularly those in the hotel and leisure sectors. Accordingly, the Bank is seeing the shift toward normalized banking for its loans and deposits customers. For the three months ended March 31, 2022, the Bank recorded a consolidated net profit of \$30.4 million compared to a consolidated net loss of \$2.7 million for the same period in the prior year.

The primary contributor to the consolidated net profit has been the reversal of impairment expense recognized in the prior period. This reversal of impairment losses is supported by the recovery and growth of The Bahamas economy during the period as the level of uncertainty and risk arising from the COVID-19 pandemic decreased significantly. Additionally, as more of our customers experience increased work hours, the Bank's credit risk has declined and there is an improvement in the credit quality of the Bank's loan portfolio. The Bank has a \$17.4 million reversal of the loan impairment expense year-to-date, as compared to the same period in 2021, which reflected a loan impairment expense of \$20.7 million.

The Bank maintains a well-diversified loan portfolio as it continues to focus on organic growth, asset quality and applying appropriate allowances for loan losses. We continue to grow our business through a long-term disciplined approach, maintaining a strong level of liquidity (available cash and unencumbered high-quality liquid assets), which positions us well to adapt to the stresses posed by this business environment. The Bank's liquidity ratio of 55% is well above the regulatory limit of 20% required by the Central Bank.

Additionally, under our capital plan, the Bank operates with a level of capital well above regulatory established capitalization limits. The Bank's capital adequacy ratio is over 30% compared to the Central Bank's requirement of 17%.

During the quarter the Bank paid quarterly dividends of 1 cent per share bringing total dividends paid for the year-to-date to \$2.9 million.

We are encouraged by the latest projections for GDP growth and the rebound in room occupancy levels and airlifts related to the recovering demand for The Bahamas as a tourist destination. We continue to see the economic risks lessen; however, downside risks still exist given the ongoing Covid-19 pandemic, global supply chain disruptions, elevated levels of inflation, the stress on government finances, and potential further disruption to business activity arising from the war in Ukraine. The Bank navigates these impacts by effecting business leadership that adheres to the core principles and values that have supported our growth and success, and by continuing to follow our community banking model.

I remain inspired by the commitment of the Bank's team to excellence despite challenging circumstances and extend gratitude to our shareholders, staff 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, 2022	December 31, 2021
ASSETS		
Cash and deposits with banks	\$ 261,786	\$ 192,458
Investments, net	679,083	698,857
Loans and advances to customers, net	777,221	767,541
Other assets	14,595	9,680
Right of use assets	1,196	1,301
Premises and equipment	46,598	47,068
TOTAL	\$ 1,780,479	\$ 1,716,905
LIABILITIES AND EQUITY		
Liabilities:		
Deposits from customers	\$ 1,493,013	\$ 1,462,218
Life assurance fund liability	957	1,011
Lease liabilities	1,263	1,369
Other liabilities	15,747	13,816
Total liabilities	1,510,980	1,478,414
Equity:		
Share capital	1,953	1,946
Share premium	15,179	11,667
Retained earnings	252,367	224,878
Total equity	269,499	238,491
TOTAL	\$ 1,780,479	\$ 1,716,905

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

	3 months ended March 31, 2022	3 months ended March 31, 2021
INCOME		
Interest income, effective interest rate method	\$ 31,513	\$ 34,341
Interest expense	(4,239)	(4,078)
Net interest income	27,274	30,263
Credit life insurance premium	1,260	987
Fees and other income	3,778	4,846
Net change in unrealised loss on equity investment at FVTPL	(49)	(20)
Total income	32,263	36,076
NON-INTEREST EXPENSE		
General and administrative	17,642	15,958
Impairment losses on financial assets	(17,403)	20,740
Insurance claims	465	1,095
Depreciation on right of use assets	151	-
Other depreciation and amortization	926	894
Finance cost	14	-
Gain on disposal of premises and equipment	(6)	-
Directors' fees	68	68
Total non-interest expense	1,857	38,755
TOTAL PROFIT (LOSS) & OTHER COMPREHENSIVE INCOME	\$ 30,406	\$ (2,679)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	-	-
TOTAL OTHER COMPREHENSIVE INCOME	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 30,406	\$ (2,679)
TOTAL PROFIT (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	\$ 30,406	\$ (2,679)
AVERAGE NUMBER OF COMMON SHARES (Thousands)	291,842	288,567
EARNINGS PROFIT (LOSS) PER COMMON SHARE (expressed in dollars)	\$ 0.10	\$ (0.01)

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

	3 months ended March 31, 2022	3 months ended March 31, 2021
SHARE CAPITAL		
Common Shares		
Balance at beginning of period	1,946	1,918
Sale of treasury shares	7	7
Balance at end of period	1,953	1,925
TOTAL SHARE CAPITAL	1,953	1,925
SHARE PREMIUM		
Balance at beginning of period	11,667	1,048
Repurchase of common shares	(16)	-
Sale of treasury shares	3,528	2,993
Balance at end of period	15,179	4,041
RETAINED EARNINGS		
Balance at beginning of period	224,878	266,461
Total comprehensive income	30,406	(2,679)
Common share dividends	(2,917)	(2,877)
Balance at end of period	252,367	260,905
EQUITY AT END OF PERIOD	\$ 269,499	\$ 266,871

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

	3 months ended March 31, 2022	3 months ended March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss)	30,406	\$ (2,679)
Adjustments for:		
Depreciation on right of use assets	151	-
Other depreciation and amortization	926	894
Loan impairment expense	(17,403)	20,740
Interest income	(31,512)	(34,341)
Interest expense	4,239	4,078
Gain on disposal of premises and equipment	(6)	(3)
Net change in unrealised loss on equity investment at FVTPL	49	20
	(13,150)	(11,291)
Change in loans and advances to customers	10,829	(27,191)
Change in minimum reserve requirement	(111)	316
Change in restricted deposits	2,693	-
Change in other assets	(4,915)	3,198
Change in other liabilities	1,931	(3,402)
Change in life assurance fund liability	(54)	159
Finance cost on lease liabilities	14	-
Change in deposits	34,855	7,720
Interest received	29,481	64,602
Interest paid	(8,299)	(1,712)
Net cash from operating activities	53,274	32,399
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(309,314)	(126,918)
Redemption of investments	327,963	104,488
Purchases of premises and equipment	(512)	(247)
Net proceeds from sale of premises and equipment	62	17
Net cash from (used in) investing activities	18,199	(22,660)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,917)	(2,877)
Repurchase of common shares	(16)	-
Sale of treasury shares	3,535	3,000
Payment of lease liabilities	(166)	-
Net cash from financing activities	436	123
NET INCREASE IN CASH AND CASH EQUIVALENTS	71,909	9,862
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	132,439	217,511
CASH AND CASH EQUIVALENTS, END OF YEAR	204,348	227,373

QUARTER ENDED MARCH 31, 2022 (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: 1 cents) for a total payment of \$2.9 million (2021: \$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:

	2022						Consolidated
	Retail Bank	Credit Life Company	Real Estate Holdings	Investment Holdings	Insurance Agency Operations	Eliminations	
Income							
External	\$ 31,091	\$ 1,172	\$ -	\$ -	\$ -	\$ -	\$ 32,263
Internal	(1,927)	(109)	998	(1,270)	122	2,186	-
Total Income							
(loss)	29,164	\$ 1,063	\$ 998	\$ (1,270)	\$ 122	\$ 2,186	\$ 32,263
Total profit (loss)							
Internal							
& External	\$ 30,264	\$ 965	\$ 464	\$ (1,281)	\$ 56	\$ (62)	\$ 30,406
2021							
Income							
External	\$ 138,876	\$ 1,245	\$ 8	\$ -	\$ -	\$ -	\$ 140,129
Internal	1,731	(192)	3,898	(4,622)	549	(1,364)	-
Total Income							
(loss)	140,607	\$ 1,053	\$ 3,906	\$ (4,622)	\$ 549	\$ (1,364)	\$ 140,129
Total profit (loss)							
Internal							
& External	\$ (25,469)	\$ 1,115	\$ 1,472	\$ (5,659)	\$ 320	\$ (1,786)	\$ (30,007)