

C.B. COMMONWEALTH BANK | Chairman's Report on Unaudited Results September 30, 2022

For the nine months ended September 30, 2022, the Bank recorded a consolidated net profit of \$58.2 million compared to a consolidated net loss of \$23.9 million for the same period in the prior year. The Bank's operations continue to benefit from the rebounding economy of The Bahamas arising from increased trade, economic activity, and demand for credit after the extraordinary Covid-19 pandemic-related effects. Significant attention is being given to delinquency management. The result is a sustained reversal of the impairment expense during the first nine months of 2022 of \$21.7 million when compared to the same period in 2021, which reflected an impairment expense of \$74.8 million.

On October 6, 2022, the international credit rating agency, Moody's Analytics, adjusted its rating on the creditworthiness of the Government of The Bahamas downwards, while also improving its economic outlook for The Bahamas from negative to stable. Notwithstanding the impact of Moody's downgrade, the Bank expects that the profitability trends of the nine months of 2022 will be sustained through the fourth quarter. The improved economic outlook for The Bahamas allows for cautious optimism as lending conditions also improve with the economy.

The Bank continues to attract customers through its philosophy of "banking your way" and the convenience of its Saturday banking services, which expanded during the third quarter to include the Cable Beach branch location.

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 regulatory risk, and as of September 30, 2022, has a liquidity ratio is 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 Bank increased its quarterly dividend payment from 1 cent per share to 2 cents per share, bringing total dividends paid for the year to date to 4 cents per share, totaling \$11.7 million (2021: \$8.6 million), supporting a view of cautious optimism for stabilized 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)

	September 30, 2022	December 31, 2021
ASSETS		
Cash and deposits with banks	\$ 463,522	\$ 192,458
Investments, net	529,331	698,857
Loans and advances to customers, net	777,855	767,541
Other assets	8,420	9,680
Right of use assets	905	1,301
Premises and equipment	45,228	47,068
TOTAL ASSETS	\$ 1,825,261	\$ 1,716,905
LIABILITIES AND EQUITY		
Liabilities:		
Deposits from customers	\$ 1,513,520	\$ 1,462,218
Life assurance fund liability	1,406	1,011
Lease liabilities	983	1,369
Other liabilities	21,889	13,816
Total liabilities	1,537,798	1,478,414
Equity:		
Share capital	1,952	1,946
Share premium	14,115	11,667
Retained earnings	271,396	224,878
Total equity	287,463	238,491
TOTAL LIABILITIES AND EQUITY	\$ 1,825,261	\$ 1,716,905

Commonwealth Bank Limited CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Expressed in B\$ '000s) (Unaudited)

	3 months ended September 30, 2022	3 months ended September 30, 2021
INCOME:		
Interest income, effective interest rate method	\$ 29,283	\$ 32,002
Interest expense	(4,249)	(4,340)
Net interest income	25,034	27,662
Credit life insurance premiums, net	1,089	1,082
Fees and other income	6,447	5,738
Net change in unrealised loss on equity investment at FVTPL	(685)	(384)
Total income	31,885	34,098
NON-INTEREST EXPENSE:		
General and administrative	18,928	15,798
Impairment (reversals) expense	(4,029)	29,050
Insurance claims	668	1,462
Change in insurance reserves	(163)	(111)
Depreciation on right of use assets	140	-
Other depreciation	843	911
Finance cost on lease liabilities	11	55
Gain on disposal of premises and equipment	(9)	(7)
Directors' fees	68	68
Total non-interest expense	16,457	47,226
TOTAL PROFIT (LOSS) & OTHER COMPREHENSIVE INCOME	\$ 15,428	\$ (13,128)
EARNINGS (LOSS) PER COMMON SHARE (expressed in dollars)	\$ 0.05	\$ (0.05)

Commonwealth Bank Limited CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Expressed in B\$ '000s) (Unaudited)

	9 months ended September 30, 2022	9 months ended September 30, 2021
INCOME:		
Interest income, effective interest rate method	\$ 89,319	\$ 100,305
Interest expense	(12,805)	(12,621)
Net interest income	76,514	87,684
Credit life insurance premiums, net	3,547	3,470
Fees and other income	18,060	16,109
Net change in unrealised loss on equity investment at FVTPL	(1,649)	(204)
Total income	96,472	107,059
NON-INTEREST EXPENSE:		
General and administrative	54,539	49,227
Impairment (reversals) losses on financial assets	(21,679)	74,846
Insurance claims	1,598	3,302
Change in insurance reserves	393	154
Depreciation on right of use assets	396	498
Other depreciation	2,718	2,705
Finance cost on lease liabilities	37	55
Loss (gain) on disposal of premises and equipment	10	(10)
Directors' fees	240	205
Total non-interest expense	38,252	130,982
TOTAL PROFIT (LOSS) & OTHER COMPREHENSIVE INCOME	\$ 58,220	\$ (23,923)
EARNINGS (LOSS) PER COMMON SHARE (expressed in dollars)	\$ 0.20	\$ (0.08)

Commonwealth Bank Limited NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS NINE MONTHS ENDED SEPTEMBER 30, 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.

Commonwealth Bank Limited CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Expressed in B\$ '000s) (Unaudited)

	9 months ended September 30, 2022	9 months ended September 30, 2021
SHARE CAPITAL		
Balance at beginning of period	\$ 1,946	\$ 1,918
Repurchase of common shares	(3)	-
Sale of treasury shares	9	21
Balance at end of period	1,952	1,939
SHARE PREMIUM		
Balance at beginning of period	11,667	1,048
Repurchase of common shares	(738)	-
Sale of treasury shares	3,186	8,979
Balance at end of period	14,115	10,027
RETAINED EARNINGS		
Balance at beginning of period	224,878	266,453
Total comprehensive income	58,220	(23,923)
Common share dividends	(11,702)	(8,648)
Balance at end of period	271,396	233,882
EQUITY AT END OF PERIOD	\$ 287,463	\$ 245,848

Commonwealth Bank Limited CONSOLIDATED STATEMENT OF CASH FLOWS (Expressed in B\$ '000s) (Unaudited)

	9 months ended September 30, 2022	9 months ended September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit (Loss)	\$ 58,220	(23,923)
Adjustments for:		
Depreciation on right of use assets	396	498
Other depreciation	2,718	2,705
Loan Impairment (reversals) expense	(21,679)	74,846
Interest income	(89,319)	(100,305)
Interest expense	12,805	12,621
Loss (Gain) on disposal of premises and equipment	10	(10)
Net change in unrealised loss on equity investment at FVTPL	1,649	204
Change in loans and advances to customers	(35,200)	(33,364)
Change in minimum reserve requirement	7,642	20,330
Change in other assets	(1,447)	(926)
Change in other liabilities	1,260	13,576
Change in life assurance fund liability	8,073	(3,165)
Finance cost on lease liabilities	395	155
Change in deposits from customers	37	55
Interest received	50,859	41,978
Interest paid	93,393	102,288
Net cash from operating activities	(12,363)	(5,086)
CASH FLOWS FROM INVESTING ACTIVITIES	112,649	135,841
Purchase of investments	(687,648)	(619,933)
Redemption of investments	855,171	417,504
Purchases of premises and equipment	(1,000)	(6,183)
Net proceeds from sale of premises and equipment	112	27
Net cash from (used in) investing activities	166,635	(208,585)
CASH FLOWS FROM FINANCING ACTIVITIES	(11,702)	(8,648)
Dividends paid	(11,702)	(8,648)
Repurchase of common shares	(741)	-
Sale of treasury	3,195	9,000
Payment of lease liabilities	(423)	-
Net cash (used in) from financing activities	(9,671)	352
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	269,613	(72,392)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	135,132	217,507
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 404,745	\$ 145,115

2. DIVIDENDS

During the first nine months of the year the Bank paid total dividends per share of 4 cents per common share (2021: 3 cents) for a total payment of \$11.7 million (2021: \$8.6 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					
	Retail Bank	Credit Life Company	Real Estate Holding	Investment Holdings	Insurance Agency Operations	Eliminations Consolidated
Income						
External	\$ 93,653	\$ 2,819	\$ -	\$ -	\$ -	\$ 96,472
Internal	(1,760)	(309)	2,531	969	358	(1,789)
Total Income (Loss)	\$ 91,893	\$ 2,510	\$ 2,531	969	\$ 358	\$ (1,789)
Total profit (loss)						
Internal & External	\$ 44,310	\$ 2,187	\$ 927	\$ 937	\$ 161	\$ 9,698

	2021					
	Retail Bank	Credit Life Company	Real Estate Holding	Investment Holdings	Insurance Agency Operations	Eliminations Consolidated
Income						
External	\$ 102,271	\$ 4,780	\$ 8	\$ -	\$ -	\$ 107,059
Internal	2,752	(181)	2,845	(5,848)	456	(24)
Total Income (Loss)	\$ 105,023	\$ 4,599	\$ 2,853	(5,848)	\$ 456	\$ (24)
Total profit (loss)						
Internal & External	\$ (19,647)	\$ 713	\$ 1,301	\$ (6,695)	\$ 266	\$ 139