

COMMONWEALTH
BANK

CHAIRMAN’S REPORT ON UNAUDITED RESULTS JUNE 30, 2024

For the six months ended June 30, 2024, the Bank recorded a consolidated net profit of \$34.1 million compared to a consolidated net profit of \$35.9 million for the same period in the prior year.

The net profit of the current period reflects a strong half-year financial performance for the Bank against a backdrop of steady revenue growth. The Bank’s net interest income grew by 3% for the first half of 2024 compared to the same period in 2023. It 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 growth was flat for the half year of 2024 compared to the same period in 2023. However, it has recovered from the first quarter comparatives of the same period, which reflected a mild decline given that 2023 benefited from the unrealised 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. During the second quarter of 2024, the Bank began to experience the benefit of opportunities to expand its transaction-based fee services, effectively generating new fee income sources to improve total gross revenue to the Bank in 2024.

Non-interest expenses are higher by 9% and align with budgetary expectations. The Bank’s cost structure is impacted by increased core operating costs outside of the Bank’s control, as well as the continued investment in its technology infrastructure to support overall business resilience and its technology optimisation 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 June 30, 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. In addition, on May 7, 2024, the Board of Directors approved a resolution for the common share extraordinary dividend payment of \$0.02 per share paid on May 31, 2024, to shareholders of record on May 24, 2024. The total regular and extraordinary dividends paid through to the end of the first half of 2024 align with 2023 dividends paid at approximately \$23 million. Shareholders also benefited from the movement in share price over comparative periods. The share price on June 30, 2024, was \$5.21, compared to \$3.59 on June 30, 2023, an increase of 45%.

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)

	June 30 , 2024	December 31 , 2023
Assets		
Cash and deposits with banks	\$ 124,036	\$ 238,615
Investments, net	896,518	772,052
Loans and advances to customers, net	822,819	807,984
Other assets	18,290	11,915
Right of use assets	390	645
Premises and equipment	42,942	44,432
Total Assets	\$ 1,904,995	\$ 1,875,643
Liabilities and Equity		
Liabilities:		
Deposits from customers	\$ 1,562,553	\$ 1,544,014
Lease liabilities	438	700
Other liabilities	22,609	21,431
Total liabilities	1,585,600	1,566,145
Equity:		
Share capital	1,943	1,944
Share premium	8,462	9,223
Retained earnings	308,990	298,331
Total equity	319,395	309,498
Total Liabilities and Equity	\$ 1,904,995	\$ 1,875,643

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

	6 months ended June 30 , 2024	6 months ended June 30 , 2023
Share Capital		
Balance at beginning of period	1,944	1,951
Repurchase of common shares	(1)	(4)
Balance at end of period	1,943	1,947
Share Premium		
Balance at beginning of period	9,223	13,544
Repurchase of common shares	(761)	(2,131)
Balance at end of period	8,462	11,413
Retained Earnings		
Balance at beginning of period	298,331	272,299
Total comprehensive income	34,090	35,881
Common share dividends	(23,431)	(23,507)
Balance at end of period	308,990	284,673
Equity at End of Period	\$ 319,395	\$ 298,033

COMMONWEALTH BANK LIMITED
Consolidated Statement of Cash Flows
(Expressed in B\$ '000s) (Unaudited)

	For period ended June 30 , 2024	For period ended June 30 , 2023
Cash Flows from Operating Activities		
Profit	\$ 34,090	\$ 35,881
Adjustments for:		
Depreciation on right of use assets	255	274
Other depreciation	1,823	1,777
Finance cost on lease liabilities	15	24
Reversals of impairment on financial assets	(5,606)	(3,831)
Interest income	(69,706)	(68,335)
Interest expense	8,359	8,590
Gain on disposal of premises and equipment	(9)	(10)
Net change in unrealised gain on equity investments	(9)	(1,113)
	(30,788)	(26,743)
Change in loans and advances to customers	(9,459)	(5,586)
Change in minimum reserve requirement	(1,316)	(728)
Change in right of use assets and other assets	(6,376)	(6,468)
Change in lease liabilities and other liabilities	1,034	(6,803)
Change in deposits from customers	13,244	48,372
Interest received	67,912	67,628
Interest paid	(3,064)	(3,985)
Net cash from operating activities	31,187	65,687
Cash Flows from Investing Activities		
Purchase of investments	(507,866)	(409,121)
Redemption of investments	385,436	389,522
Purchases of premises and equipment	(370)	(751)
Net proceeds from sale of premises and equipment	47	72
Net cash used in investing activities	(122,753)	(20,278)
Cash Flows from Financing Activities		
Dividends paid	(23,431)	(23,507)
Repurchase of common shares	(762)	(2,135)
Payment of lease liabilities	(133)	(149)
Net cash used in financing activities	(24,326)	(25,791)
Net (Decrease)/Increase in Cash and Cash Equivalents	(115,892)	19,618
Cash and Cash Equivalents, Beginning of Period	178,970	205,223
Cash and Cash Equivalents, End of Period	\$ 63,078	\$ 224,841

COMMONWEALTH BANK LIMITED
NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 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 first six months of the year the Bank paid total dividends per share of 8 cents per common share (2023: 8 cents) for a total payment of \$23.4 million (2023: \$23.5 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								
	Retail Bank	Credit Life Company	Real Estate Holdings	Investment Holdings	Insurance Agency Operations	Eliminations	Consolidated	
Total Income (loss)								
External	\$ 74,532	\$ 2,747	\$ -	\$ -	\$ -	\$ -	\$ 77,279	
Internal	6,413	(283)	1,627	(609)	284	(7,432)	-	
Total Income (loss)	\$ 80,945	\$ 2,464	\$ 1,627	\$ (609)	\$ 284	\$ (7,432)	\$ 77,279	
Total profit (loss)								
Internal & External	\$ 33,348	\$ 1,488	\$ 617	\$ (620)	\$ 131	\$ (874)	\$ 34,090	
2023								
	Retail Bank	Credit Life Company	Real Estate Holdings	Investment Holdings	Insurance Agency Operations	Eliminations	Consolidated	
Total Income (loss)								
External	\$ 73,101	\$ 2,535	\$ -	\$ -	\$ -	\$ -	\$ 75,636	
Internal	309	(261)	1,181	246	263	(1,738)	-	
Total Income (loss)	\$ 73,410	\$ 2,274	\$ 1,181	\$ 246	\$ 263	\$ (1,738)	\$ 75,636	
Total profit (loss)								
Internal & External	\$ 37,071	\$ 1,466	\$ 503	\$ 236	\$ 123	\$ (3,518)	\$ 35,881	