

COMMONWEALTH

BANK

CHAIRMAN’S REPORT ON UNAUDITED RESULTS SEPTEMBER 30, 2024

For the nine months ended September 30, 2024, the Bank recorded a consolidated net profit of \$49.4 million compared to a consolidated net profit of \$50.3 million for the same period in the prior year.

The net profit of the current period reflects stable performance for the Bank with the economy of The Bahamas normalising, post the economic rebound of the previous two years. The Bank’s net interest income grew mildly by 1% for the nine months of 2024 compared to the same period in 2023, as we continue to control interest expense and accrue the benefits from the growth of the Bank’s interest-bearing loans receivable and investment portfolios. We remain focused on a posture in credit underwriting to manage growth safely, price risk effectively and manage delinquency levels in the Bank’s loan book.


The Bank’s year to date non-interest income as of September 30, 2024 grew by 8% when compared to the same period in 2023. This positive movement is attributed to the growth of the Bank’s credit life insurance book of business, correlated to the growth of the Bank’s loan book and the Bank’s expansion in offering merchant-acquiring services for its commercial customers. This expansion into services for commercial customers represents a new revenue-generating fee income source for the Bank, which we expect will continue to contribute positively to the total revenue of the Bank.

The Bank’s year to date non-interest expense has grown by 5% compared to the prior year and is mildly ahead of budgetary expectations. Increased core non-controllable operating costs, such as increased national insurance contributions, deposit insurance premiums and utility costs, significantly impact the Bank’s cost structure. The Bank’s cost expansion outside of the non-controllable expenditure is based on a strategic posture to continue to invest 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) 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 September 30, 2024, has a liquidity ratio of 69%, well above the regulatory requirement 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 total regular and extraordinary dividends paid through to September 30, 2024, align with 2023 dividends paid at approximately \$32 million. Shareholders also benefited from the movement in share price over comparative periods. The share price on September 30, 2024, was \$5.03, compared to \$4.00 on September 30, 2023, an increase of 26%.

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)				
	September 30, 2024		December 31, 2023	
Assets				
Cash and deposits with banks	\$	218,737	\$	238,615
Investments, net		805,710		772,052
Loans and advances to customers, net		834,105		807,984
Other assets		16,273		11,915
Right of use assets		259		645
Premises and equipment		42,255		44,432
Total Assets	\$	1,917,339	\$	1,875,643
Liabilities and Equity				
Liabilities:				
Deposits from customers	\$	1,567,123	\$	1,544,014
Lease liabilities		301		700
Other liabilities		24,869		21,431
Total liabilities		1,592,293		1,566,145
Equity:				
Share capital		1,941		1,944
Share premium		7,511		9,223
Retained earnings		315,594		298,331
Total equity		325,046		309,498
Total Liabilities and Equity	\$	1,917,339	\$	1,875,643

COMMONWEALTH BANK LIMITED			
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY			
(Expressed in B\$ '000s) (Unaudited)			
	9 months ended September 30, 2024	9 months ended September 30, 2023	
Share Capital			
Balance at beginning of period	\$ 1,944	\$	1,951
Repurchase of common shares	(3)		(6)
Balance at end of period	<u>1,941</u>		<u>1,945</u>
Share Premium			
Balance at beginning of period	9,223		13,544
Repurchase of common shares	(1,712)		(3,363)
Balance at end of period	<u>7,511</u>		<u>10,181</u>
Retained Earnings			
Balance at beginning of period	298,331		272,299
Total comprehensive income	49,436		50,308
Common share dividends	(32,173)		(32,138)
Balance at end of period	<u>315,594</u>		<u>290,469</u>
Equity at End of Period	\$ 325,046	\$	302,595

COMMONWEALTH BANK LIMITED			
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
(Expressed in B\$ '000s) (Unaudited)			
	9 months ended September 30, 2024	9 months ended September 30, 2023	
Income			
Interest income, effective interest method	\$ 104,879	\$ 104,479	
Interest expense	(12,558)	(12,964)	
Net interest income	92,321	91,515	
Fees and other income	24,862	21,823	
Net change in unrealised gain on equity investments	14	1,182	
Total income	117,197	114,520	
Non-Interest Expense			
General and administrative	68,930	61,114	
Reversals of losses on financial assets	(4,459)	(315)	
Depreciation on right of use assets	386	411	
Other depreciation	2,652	2,759	
Finance cost on lease liabilities	21	34	
Gain on disposal of premises and equipment	(15)	(10)	
Directors' costs	246	219	
Total non-interest expense	67,761	64,212	
Total Profit	\$ 49,436	\$ 50,308	
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of Defined Benefit Obligation	-	-	
Total Comprehensive Income	\$ 49,436	\$ 50,308	
Earnings Per Common Share			
(expressed in dollars)	\$ 0.17	\$ 0.17	

COMMONWEALTH BANK LIMITED			
Consolidated Statement of Cash Flows			
(Expressed in B\$ '000s) (Unaudited)			
	For period ended September 30, 2024	For period ended September 30, 2023	
Cash Flows from Operating Activities			
Profit	\$ 49,436	\$	50,308
Adjustments for:			
Depreciation on right of use assets	386		411
Other depreciation	2,652		2,759
Finance cost on lease liabilities	21		34
Reversals of impairment on financial assets	(4,459)		(315)
Interest income	(104,879)		(104,479)
Interest expense	12,558		12,962
Gain on disposal of premises and equipment	(15)		(10)
Net change in unrealised gain on equity investments	(14)		(1,182)
	(44,314)		(39,512)
Change in loans and advances to customers	(21,808)		(14,419)
Change in minimum reserve requirement	(984)		(2,299)
Change in right of use assets and other assets	(4,358)		(4,755)
Change in lease liabilities and other liabilities	3,152		(9,783)
Change in deposits from customers	14,570		21,895
Interest received	104,059		101,050
Interest paid	(4,019)		(5,801)
Net cash from operating activities	46,298		46,376
Cash Flows from Investing Activities			
Purchase of investments	(714,743)		(512,482)
Redemption of investments	682,065		467,989
Purchases of premises and equipment	(518)		(2,409)
Net proceeds from sale of premises and equipment	58		71
Net cash used in investing activities	(33,138)		(46,831)
Cash Flows from Financing Activities			
Dividends paid	(32,173)		(32,138)
Repurchase of common shares	(1,715)		(3,369)
Payment of lease liabilities	(133)		(149)
Net cash used in financing activities	(34,021)		(35,656)
Net Decrease in Cash and Cash Equivalents	(20,861)		(36,111)
Cash and Cash Equivalents, Beginning of Period	178,970		205,224
Cash and Cash Equivalents, End of Period	\$ 158,109	\$	169,113

COMMONWEALTH BANK LIMITED				
Consolidated Statement of Profit or Loss and Other Comprehensive Income				
(Expressed in B\$ '000s) (Unaudited)				
	3 months ended September 30, 2024		3 months ended September 30, 2023	
Income				
Interest income, effective interest method	\$	35,173	\$	36,143
Interest expense		(4,199)		(4,374)
Net interest income		30,974		31,769
Fees and other income		8,939		7,046
Net change in unrealised gain on equity investments		5		69
Total income		39,918		38,884
Non-Interest Expense				
General and administrative		22,383		21,081
Losses/(Reversals of losses) on financial assets		1,147		2,165
Depreciation on right of use assets		131		138
Other depreciation		829		982
Finance cost on lease liabilities		6		10
(Gain)/loss on disposal of premises and equipment		(24)		-
Directors' costs		82		82
Total non-interest expense		24,554		24,458
Total Profit	\$	15,364	\$	14,426
Other Comprehensive Income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of Defined Benefit Obligation		-		-
Total Comprehensive Income	\$	15,364	\$	14,426
Earnings Per Common Share				
(expressed in dollars)	\$	0.05	\$	0.05

COMMONWEALTH BANK LIMITED

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2024, WITH CORRESPONDING FIGURES FOR 2023

(Expressed in B\$ '000s) (Unaudited)

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.

Dividends

During the nine months of the year the Bank paid total dividends per share of 11 cents per common share (2023: 11 cents) for a total payment of \$32 million (2023: \$32 million).

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	\$113,106	\$ 4,091	\$ -	\$ -	\$ -	\$ -	\$ 117,197	
Internal	7,218	(422)	2,650	(1,204)	423	(8,665)	-	
Total Income (loss)	\$120,324	\$ 3,669	\$ 2,650	\$ (1,204)	\$ 423	\$ (8,665)	\$ 117,197	
Total profit (loss)								
Internal & External	\$ 47,567	\$ 2,386	\$ 993	\$ (1,219)	\$ 197	\$ (488)	\$ 49,436	

	2023							
	Retail Bank	Credit Life Company	Real Estate Holdings	Investment Holdings	Insurance Agency Operations	Eliminations	Consolidated	
Total Income (loss)								
External	\$110,682	\$ 3,838	\$ -	\$ -	\$ -	\$ -	\$ 114,520	
Internal	454	(394)	2,557	1,679	399	(4,695)	-	
Total Income (loss)	\$111,136	\$ 3,444	\$ 2,557	\$ 1,679	\$ 399	\$ (4,695)	\$ 114,520	
Total profit (loss)								
Internal & External	\$ 45,669	\$ 2,072	\$ 1,082	\$ 1,665	\$ 187	\$ (367)	\$ 50,308	