

CHAIRMAN’S REPORT ON UNAUDITED RESULTS DECEMBER 31, 2020

Along with the rest of the economy, Commonwealth Bank’s performance in 2020 was adversely affected by the COVID 19 pandemic. The cessation of the majority of economic activity in the economy arising from both domestic and international lockdowns and restrictions on travelling resulted in unaudited results for 2020 falling by almost 35% from 2019 to record Total Profit at approximately \$21 million.

The decrease largely stemmed from increases in impairment losses of \$14 million for the year over 2019. However, \$24 million of the impairment expense was incurred in the fourth quarter of the year as the severity of the second wave of the pandemic became evident in postponing the reopening of the tourism sector in the fourth quarter of the year. The inherent uncertainty in the economy resulted in the Bank taking the unprecedented step in not declaring a quarterly dividend to the shareholders at December 31, 2020.

Despite the impact on profitability, the Bank continues to maintain strong capital and liquidity ratios with capital adequacy in excess of 27% and liquidity ratio above 54%. These ratios are well in excess of Central Bank’s requirements of 17% and 20% respectively.

The Bank has a wider range of personal borrowers than other commercial banks, which has resulted in a correspondingly larger portfolio of accounts in relief programs. While there remains great uncertainty with regards to how the economy will exit the pandemic restrictions, the Bank remains committed to doing all that it can to continually work with its customers.

As we survey the expected economic landscape for 2021, the Bank sees continuing challenges before the positive impact of vaccination programs in both the Bahamas and North America , as the source of the majority of tourists to the Bahamas, takes effect. Nonetheless, I am pleased to advise that the Bank has been able to declare a 1 cent per share dividend as of record date March 15th payable on March 31st, 2021.

I extend our thanks and appreciation to our shareholders and valued customers for their continued support during these extraordinary times. Once again, I must express my sincere gratitude to our team of hardworking and devoted professionals who have provided exceptional customer service in these very difficult times. We truly appreciate their service.



William B. Sands, Jr.

Executive Chairman

Commonwealth Bank Limited

Consolidated Statement of Financial Position (Unaudited)

(Expressed In B\$ '000s)

	December 31, 2020	December 31, 2019
ASSETS		
Cash and deposits with banks	\$ 39,828	\$ 117,244
Balances with Central Bank of The Bahamas	235,759	164,296
Investments	466,421	436,224
Loans and advances to customers	899,097	932,796
Other assets	25,108	16,059
Premises and equipment	42,899	42,530
TOTAL	\$ 1,709,112	\$ 1,709,149
LIABILITIES AND EQUITY		
Liabilities:		
Deposits from customers	\$ 1,416,292	\$ 1,419,290
Life assurance fund liability	788	1,682
Other liabilities	17,093	15,340
Total liabilities	1,434,173	1,436,312
Equity:		
Share capital	1,918	1,921
Share premium	1,048	2,708
General reserve	500	10,500
Retained earnings	271,473	257,708
Total equity	274,939	272,837
TOTAL	\$ 1,709,112	\$ 1,709,149

See accompanying notes to unaudited consolidated financial statements.

Commonwealth Bank Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

(Expressed In B\$ '000s)

	12 months ending December 31, 2020	12 months ending December 31,2019
INCOME		
Interest income	\$ 141,959	\$ 141,630
Interest expense	(13,638)	(14,737)
Net interest income	128,321	126,893
Credit life insurance premiums, net	5,374	4,849
Fees and other income	18,407	18,447
Insurance recoveries	2,091	4,854
Unrealised gain on equity investments	1,283	2,417
Total income	155,476	157,460
NON-INTEREST EXPENSE		
General and administrative	66,777	70,626
Impairment losses on financial assets	62,189	48,038
Insurance claims	2,753	1,928
Change in insurance reserves	(894)	(1,269)
Depreciation and amortization	3,248	3,499
Loss on hurricane impaired assets	-	2,733
Loss on disposal of premises and equipment	-	21
Directors’ fees	363	273
Total non-interest expense	134,436	125,849
TOTAL PROFIT	\$ 21,040	\$ 31,611
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of Defined Benefit Obligation	-	763
TOTAL COMPREHENSIVE INCOME	\$ 21,040	\$ 32,374
EARNINGS PER COMMON SHARE		
(expressed in dollars)	\$ 0.07	\$ 0.10

See accompanying notes to unaudited consolidated financial statements.

Commonwealth Bank Limited

Consolidated Statement of Changes in Equity (Unaudited)

(Expressed In B\$ '000s)

	12 months ending December 31, 2020	12 months ending December 31, 2019
SHARE CAPITAL		
Preference Shares		
Balance at beginning of period	\$ -	\$ 81,498
Redemption of shares	-	(81,498)
Balance at end of period	-	-
Common Shares		
Balance at beginning of period	1,921	1,943
Repurchase of common shares	(3)	(22)
Balance at end of period	1,918	1,921
Total Share Capital	1,918	1,921
SHARE PREMIUM		
Balance at beginning of period	2,708	17,198
Repurchase of common shares	(1,660)	(14,490)
Balance at end of period	1,048	2,708
GENERAL RESERVE		
Balance at beginning of period	10,500	10,500
Transfer to retained earnings	(10,000)	-
Balance at end of period	500	10,500
RETAINED EARNINGS		
Balance at beginning of period	257,708	256,757
Transfer from general reserve	10,000	-
Total comprehensive income	21,040	32,374
Common share dividends	(17,275)	(29,009)
Preference share dividends	-	(2,414)
Balance at end of period	271,473	257,708
EQUITY AT END OF PERIOD	\$ 274,939	\$ 272,837

See accompanying notes to unaudited consolidated financial statements.

Commonwealth Bank Limited

Notes to Unaudited Consolidated Financial Statements Year ended December 31, 2020

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

1. Accounting Policies

These consolidated 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 6 cents per common share (2019: 10 cents) for a total payment of \$17.3 million (2019: \$29 million).

3. Subsequent Events

The Bank continues to review events that have occurred since December 31, 2020 in relation to the COVID 19 pandemic to determine whether they impact December 31, 2020 financial reporting. The dynamic nature of the pandemic and ever changing health protocols to combat it, have had and continue to have a significant economic impact on the Bahamas. At the completion of its review, the Bank may determine that the Bank’s credit loss model requires adjustment to reflect the impact on impairment allowances at December 31, 2020, from adjusted forward looking information, as required under International Financial Reporting Standards.