PEOPLE

PASSION

PERFORMANCE

COMMONWEALTH BANK

ANNUAL 2023 REPORT

PEOPLE. PASSION. PERFORMANCE.

As the nation celebrated our 50th Anniversary of Independence, Team CB embraced 2023 ever mindful of the direction and manner of our bearing: Forward focused; lifting each other Upward; persevering Onward and growing Together!

In the grand tapestry of human endeavor, three pillars stand tall, interwoven in the fabric of achievement: People, Passion, and Performance. Each element carries its crucial weight, contributing to the vibrant mosaic of success.

People: The Champions of Our Success

At the heart of Commonwealth Bank's every endeavor are the individuals who breathe life into our corporate strategies, infusing them with purpose. They are the catalysts of transformation. At the core of our every triumph, every advancement, every expansion, lies the indomitable spirit of team Commonwealth Bank. Our People are the driving force behind our progress, innovation, and accomplishments. Their unique talents, skills, and perspectives converge to shape the trajectory of our organization and ultimately determine the level of our success. Our leaders recognize the inherent value of our people and cultivate environments of trust, collaboration, and empowerment, fostering a culture where team members thrive, and collective success is inevitable. Commonwealth Bank is proof that people united by a common cause have reshaped the course of history, proving that when we band together, we can achieve the extraordinary.

Passion: Fuel for the Soul

Passion ignites the flames of ambition, infusing every endeavor with purpose and meaning. It is the spark that ignites creativity, the driving force behind innovation, and the unwavering commitment that sustains us through obstacles and challenges. When passion permeates every aspect of life, work ceases to be a chore and becomes a labour of love, a journey of self-discovery and fulfillment.

Passionate individuals are unstoppable forces of nature, propelled by an insatiable thirst for excellence and a relentless pursuit of their dreams. They defy convention and their unwavering dedication inspires those around them, igniting a chain reaction of inspiration and empowerment that reverberates far beyond the confines of their own endeavors.

At Commonwealth Bank, passion is our “secret sauce” and the ingredient which transforms mundane tasks into extraordinary achievements. Passion is the driving force that compels our team to go above and beyond. It enables us to push through our limits and achieve greatness. It is the fire that propels them to overcome challenges and make a meaningful impact. Our team is driven by genuine enthusiasm for their work and is an unstoppable force of innovation, capable of transcending limitations and pushing boundaries. Since our humble beginning in 1960, granting loans out of a dresser drawer at the rear of a furniture store, Commonwealth Bank has dared and accomplished the impossible.

Performance: The Measure of Excellence

Performance separates the mediocre from the magnificent, and the ordinary from the extraordinary. Performance is the crucible in which dreams are forged into reality and where intentions are translated into tangible results. It is the yardstick by which we are judged - the culmination of our efforts, skills, and determination.

In the pursuit of excellence, performance is non-negotiable. It requires discipline, dedication, and a relentless commitment to continuous improvement. Commonwealth Bank is able to excel because we understand that greatness is not achieved overnight but is the result of countless hours of execution, refinement, and perseverance. Performance demands nothing less than the best and is the ultimate arbiter of our success – producing consecutive years of record-breaking results, historical industry firsts and unrivaled success. Performance also encompasses all aspects of our organizational excellence, including customer satisfaction, employee engagement, and corporate social responsibility.

The Transformative Triad

In the grand tapestry of human achievement, the alignment of our People, Passion, and Performance stand as the triumvirate of success, guiding us toward greatness. From the frontline CSRs, Credit teams, Accounts Officers, Department support teams to CB leadership teams, together, we form a dynamic ecosystem of talent, energy, and excellence, driving progress and shaping the future of our Bank. As we navigate the complexities of business and industry challenges, let us remember that our greatest achievements are not the result of solitary efforts but of collective endeavors fueled by the indomitable spirit of our people, ignited by the fires of passion, and measured by the yardstick of performance.

Our Vision

To be the First Choice of Bahamians for ALL Personal Banking Services.

Our Mission

To be the leading Bank in The Bahamas providing personal banking services by delivering superior quality service to our customers; retaining and developing employees with outstanding capabilities; creating value for our shareholders and promoting economic growth and stability in our community.

Our Values

To ensure that Commonwealth Bank is a great place to work; provide meaningful opportunities for Directors and other Stakeholders to have input in setting the direction of the Bank as part of an effective governance regime; provide customers with outstanding services and help them achieve their financial goals; be responsible and effective financial managers so Commonwealth Bank remains strong and prosperous; lead by example and use our resources and expertise to effect positive change in The Bahamas.

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CELEBRATING *the road to* 50

Commonwealth Bank Celebrated the Road to 50 with an "Islands of The Bahamas" Competition.

Each branch selected a Family Island and was asked to depict the essence of that island. They were judged on creativity, adherence to theme and overall impression. Team CB understood the assignment! Competition was fierce as judges were treated to the sights and sounds of the islands; the history, culture, music, dancing, food and native treats.

THE WINNERS

Category 1: New Providence Branches - **Oakes Field Branch (Ragged Island)**
Category 2: Family Island Branches - **Freeport Mall Drive Branch (Bimini and Berry Islands)**
Category 3: "Road to 50" Door Decorating Competition - **Information Technology Department**

Denise Turnquest, President (fourth from left) and **Sean Brathwaite, Sr. VP and COO** (fifth from left) announced the winners at the Islands of The Bahamas competition awards ceremony.

RAGGED ISLAND – Oakes Field Branch

BIMINI AND BERRY ISLANDS – Freeport Mall Drive Branch

SAN SALVADOR - The President and The Pirates
William B. Sands, Jr. Plaza Branch

INAGUA - Morton Salt Girl & Friends
Cable Beach Branch

ANDROS - Road to 50
Wulff Road Branch

Financial Highlights

(B$ 000's)	2023	2022 Revised (Note 23)	2021	2020	2019
Income Statement Data					
Interest income	$ **137,961**	$ 120,224	$ 132,591	$ 142,020	$ 141,630
Interest expense	**(17,195)**	(17,254)	(17,105)	(13,638)	(14,737)
Net interest income	**120,766**	102,970	115,486	128,382	126,893
Other income	**31,753**	30,078	24,643	26,880	25,713
Insurance recoveries	**-**	-	-	2,091	4,854
Impairment losses	**2,339**	25,094	(93,001)	(65,758)	(48,038)
Non-interest expense (including impairment losses)	**(89,013)**	(57,557)	(170,136)	(138,617)	(125,849)
Total (loss) profit	**63,506**	75,491	(30,007)	16,645	31,611
Other comprehensive income	**2,832**	766	9	(1,125)	763
Total comprehensive (loss) income	**66,338**	76,257	(29,998)	15,520	32,374
Per Share Data :					
Book value per share	$ **1.07**	$ 0.99	$ 0.82	$ 0.94	$ 0.96
Cash Dividend	$ **0.14**	$ 0.10	$ 0.04	$ 0.06	$ 0.10
Year end share price	$ **5.45**	$ 3.58	$ 3.04	$ 3.59	$ 4.50
Average common shares outstanding (000's)	$ **289,119**	$ 292,613	$ 289,269	$ 287,744	$ 289,866
Dividend growth (total)	**40.00%**	150.00%	-33.33%	-40.00%	-16.67%
Balance Sheet Data :					
Total assets	$ **1,875,643**	$ 1,833,229	$ 1,716,905	$ 1,705,376	$ 1,709,149
Investments	**772,052**	729,036	698,857	462,501	436,224
Gross loans and advances to customers	**872,402**	862,226	899,413	1,015,433	1,019,209
Net write-offs	**9,151**	28,071	78,655	31,671	34,063
Total deposits from customers	**1,544,014**	1,513,397	1,462,218	1,415,910	1,419,290
Total shareholders' equity	**309,498**	288,375	238,491	269,419	272,837
Performance Ratios :					
Price/earnings	$ **25.11**	13.80	$ N/A	$ 62.06	$ 45.00
Price/book value	$ **5.14**	$ 3.64	$ 3.69	$ 3.83	$ 4.69
Dividend yield (annual dividend/year end price)	**2.57%**	2.79%	1.32%	1.67%	2.22%
Earning per share	$ **0.22**	$ 0.26	$ (0.10)	$ 0.06	$ 0.10
Return on average assets	**3.42%**	4.25%	-1.75%	0.97%	1.71%
Return on average shareholders' equity	**21.24%**	28.66%	-11.82%	6.14%	10.44%
Dividend payout ratio	**64.51%**	38.55%	-38.58%	103.78%	99.36%
Efficiency ratio	**59.90%**	62.12%	55.05%	47.65%	50.99%
Net interest margin	**7.80%**	6.91%	6.04%	7.35%	7.31%
Asset Quality Ratios :					
Impaired loans to total loans	**6.46%**	7.65%	15.76%	8.17%	6.75%
Impaired loans to total assets	**3.01%**	3.60%	8.25%	4.86%	4.02%
90 day past due loans to total loans	**5.51%**	8.51%	16.33%	7.64%	5.73%
90 day past due loans to total assets	**2.56%**	4.00%	8.56%	4.55%	3.39%
New write-offs to average loans	**1.06%**	3.19%	8.22%	3.11%	3.53%
Loan impairment allowances to total loans	**7.38%**	8.80%	14.66%	11.48%	8.48%
Loan impairment allowances to non-accrual loans	**132.71%**	121.04%	99.90%	183.00%	149.18%
Loan impairment allowances to impaired loans	**114.29%**	115.20%	93.05%	140.57%	125.66%
Liquidity Ratios :					
Liquidity ratio	**66.23%**	66.16%	61.62%	53.74%	49.70%
Average cash and securities to average total assets	**54.03%**	53.08%	47.61%	43.28%	39.84%
Capital Ratios :					
Average shareholders' equity to average total assets	**16.12%**	14.84%	14.84%	15.88%	18.81%
Tier 1 Capital	$ **309,498**	$ 288,375	$ 238,491	$ 269,419	$ 272,837
Total risk adjusted assets	$ **842,298**	$ 914,473	$ 890,318	$ 983,103	$ 1,029,607
Tier 1 ratio	**36.74%**	31.53%	26.79%	27.40%	26.50%
Average number of employees for the year	**563**	557	560	571	575

Executive Chairman's Report

People
An Annual Report serves to present a company's financial performance to its shareholders. While discussions often touch on economic trends, the essence lies beyond mere statistics. The true thrust of any company is its people – both internal personnel and the customers they serve. Emerging from the challenging years of 2019, i.e. Hurricane Dorian and 2020 – 2021, i.e. Covid, the year 2023 served as a reminder of the essence of Commonwealth Bank and the spirit of the Bahamian people, coinciding with the nation's Golden Jubilee celebration.

With a unique perspective stemming from my tenure as a Bank employee Pre-Independence, to my current role as Executive Chairman during the country's 50th anniversary, I have witnessed the pivotal role of the Bahamian populace in our journey. Initially as customers and staff, and since the landmark year of 1981, as shareholders, managers, and employees of the Bank.

Throughout this journey, the Bahamian community has been integral to the Bank's mission, not just as customers, but as partners in progress. Whether uplifting living standards, providing critical support during crises such as hurricanes, or extending aid to charitable causes and institutions like the University of The Bahamas, our commitment to the community has remained steadfast, as reflected on Pages 8 and 9 under "Commitment to Community."

While our staff members are individuals with unique skills, our success hinges on effectively harnessing these talents and fostering a culture of quality teamwork across all levels of staff and management. Our unwavering focus on employee engagement and customer loyalty has been instrumental in propelling the Bank toward success.

Passion
Our initial drive was rooted in the belief that Bahamians deserve top-tier service and have every right to expect excellence from their local businesses. This inherent commitment to excellence compels us to heavily invest in our people – our employees through training and development, and our customers by providing the services they rightfully demand and deserve.

From a once-overlooked institution, our Bank has evolved into a significant player in the domestic banking landscape, proudly staffed entirely by Bahamians. Our passion for excellence rejects complacency, driving us to maintain our focus on employee engagement, development, and ensuring unparalleled customer experience and satisfaction as we embark on the nation's second half-century.

We owe a debt of gratitude to our dedicated staff, numbering over 570, for sharing in this unwavering passion.

Performance
Thus, the combination of skilled individuals and unwavering dedication yields tangible performance outcomes. Following the remarkable achievements of 2022, which saw a resurgence from the losses incurred during the Covid-19 pandemic in 2021, our performance in 2023 stands as the second-best in our history. Total profits amounted to $64 million, slightly below the previous year's total of $76 million. Factoring in other comprehensive income impacts, the total comprehensive income for 2023 reached $66 million. While the profitability of 2022 was primarily influenced by reductions in impairment allowances, the 2023 performance is driven by the organic fortification of the Bank's core earning assets.

For a deeper dive into the results, the President's report and Management's Discussion Analysis will provide further insights. It is worth noting that based on these achievements, the Bank was able to enhance its quarterly dividend to three cents per share, totaling 14 cents per share for the year. Additionally, the Bank's share price experienced a notable increase of 52%, reaching $5.45 by December 31, 2023, compared to $3.58 a year earlier.

Final Comments
Our success is no secret, it stems from our commitment to investing in people – our dedicated staff and valued customers – instilling in them a fervor for exceptional customer service and our products, resulting in top-notch performance. In 2023, your Bank delivered on this promise, but the responsibility of management and staff extends beyond the present year into 2024 and beyond.

The competitive landscape demands relentless effort; there is no room for complacency. As the premier provider of personal banking services, we understand that our competitors are vying to surpass us. To maintain our leadership position, we must aggressively pursue our mission – to stand as the foremost Bank in The Bahamas, offering unparalleled personal banking services by consistently delivering superior quality service, nurturing and empowering our employees, creating value for our shareholders, and fostering economic growth and stability in our community.

William B. Sands, Jr., DM
Executive Chairman

Committed to Community

At Commonwealth Bank, we strive to develop a culture of commitment to our customers, communities, and our country. Service is an essential part of who we are, and it is that firm foundation upon which we are privileged to lend a helping hand. In 2023, we were honoured to have supported several initiatives that have a future focused on education, community, health, culture, environment, athletics, youth activities and senior citizens. Through partnerships with civic, religious, and non-governmental organizations, we have been able to extend our collective reach into the areas and to the causes that have made a positive impact in the communities where we all live, work and play and in the beautiful country that we call home.

We are all here to make a difference and it is with great appreciation that we acknowledge the hundreds of dedicated volunteers and advocates for change who tirelessly toiled in service to others.

Commonwealth Bank's vision for the future is wider than our products and services offerings. As an active member of the communities we serve, we work hard daily to ensure we are able to fulfill our mission to make our society stronger, more vibrant and prosperous.

Moreover, this year's corporate contributions would not have been as meaningful were it not for our loyal employees engaging in the community by way of volunteering their time, talent, and expertise to effect positive change.

Commonwealth Bank Continues a Tradition of Sloop Sailing Sponsorship

Commonwealth Bank's late Chairman, Robert "Bobby" Symonette was an avid helmsman and a giant of a man, imbued with wisdom, wit and a will to preserve our Bahamian heritage. The Bank continues to pay tribute to his memory with the steadfast support of sloop sailing in The Bahamas.

Over the last five decades, the Bank has generously extended its financial assistance to countless regatta associations that promote this celebrated tradition and we believe that sporting and cultural events such as sloop sailing play an integral role in the positive social development of our country. The Bank applauds the tireless efforts of individuals, organizations, and institutions, like National Family Island Regatta, that work consistently to preserve a treasured sport which demonstrates true Bahamian determination, competition and sportsmanship. People. Passion. Performance.

*Pictured L to R: **Judith Smith, Secretary, National Family Island Regatta Association and Denise Turnquest, President, Commonwealth Bank Ltd.***

For the Parks, for the Country, for the Future

Commonwealth Bank is a longstanding supporter, corporate advocate, and friend of the BNT conservation community. We applaud your efforts in developing a world class national park, saving iconic species from extinction, providing quality education programs for youth, and transforming our diverse ecosystems, land and seascapes. We recognize the Bahamas National Trust as champions and passionate protectors of The Bahamas' most precious resources.

*Pictured L to R: **Jevon McIntosh, VP IT, Commonwealth Bank Ltd.; Geoff Andrews, President, Bahamas National Trust and Joanne Smith, Deputy President, Bahamas National Trust***

*Pictured L to R: **Phillip Gray of Quality Care Pharmacy, organizer/sponsor of a 5K Fun Run/Walk in aid of the Bahamas Feeding Network; Sean Brathwaite, Sr. Vice President and COO, Commonwealth Bank Ltd. and Nicolette Archer, Executive Director, Bahamas Feeding Network***

Commonwealth Bank Exemplifies the Spirit of Compassion and Community Service

Commonwealth Bank is proud to partner with the Bahamas Feeding Network, a prominent organization dedicated to fighting hunger in our country. This collaboration aims to support individuals and families facing food insecurity and strengthen our communities by providing vital resources and support.

With hunger being a pressing issue affecting many individuals across our nation, Commonwealth Bank is committed to making a meaningful impact by supporting the efforts of the Bahamas Feeding Network, thereby empowering them to positively affect the lives of countless Bahamians who rely on their assistance. Through this partnership, the bank will continue to contribute financial resources, volunteer support, and awareness-building initiatives to help address food deficiency and promote access to nutritious meals for those in need. It is our hope that this partnership will one day create a hunger-free Bahamas.

Commonwealth Bank's Cozy Cause

Hundreds of students in our public schools lack sweaters or jackets to keep them warm during the winter season. Many students are faced with having to attend school on chilly days, feeling cold and uncomfortable. Commonwealth Bank partnered with Lorene's Shop Ltd. and proudly stepped up to the plate to address this vital need by donating 600 new jackets to our twelve adopted schools, in an effort to keep our students "Cozy in the Classrooms".

*Pictured L to R: **Sean Brathwaite, Sr. Vice President and COO and Asha Miller, Store Manager, Lorene's Shop Ltd.***

2023 Donations

- HISTORICALLY BLACK COLLEGES
- NATIONAL FAMILY ISLAND REGATTA
- JONES COMMUNICATIONS NETWORK
- R.E.A.C.H. (Resources and Education for Autism and Related Challenges)
- BAHAMAS LAW ENFORCEMENT
- CANCER SOCIETY OF THE BAHAMAS
- SPECIAL OLYMPICS BAHAMAS
- ASSEMBLIES OF GOD BAHAMAS
- LIVE 2 LEAD BAHAMAS
- BAHAMAS DOWN SYNDROME ASSOCIATION
- BAHAMAS NATIONAL YOUTH CHOIR
- BAHAMAS NATIONAL TRUST
- SIR VICTOR SASSOON (BAHAMAS) HEART FOUNDATION
- VALLEY BOYS
- CARIFTA
- MINISTRY OF EDUCATION
- ALPHA PHI ALPHA FRATERNITY
- BAHAMAS AIDS FOUNDATION
- BAHAMAS RED CROSS
- SAXONS SUPERSTARS
- MUSIC MAKERS

President's Report

Building Back Better Together

Building on the historic results of 2022, our internal driver in 2023 was "Building Back Better Together". The rebound of the economy of The Bahamas, which undergirds our business model, provided an opportunity for the Bank to recover the ground lost to Hurricane Dorian and the Covid-19 health and economic crisis.

Our 2023 results of total profit of $64 million represent the second most profitable year in the history of the Bank. These results show that our initial progress was successful but there is still more ground to recover.

Recovering ground encompasses more than just the financial results. The root of our success is in our people and in 2023 we established the Bank's Leadership Development Program ("LDP"), highlighted by the first graduation ceremony held by the Bank in the presence of the Ministers of Education, Labour and Youth, Sports and Culture. Your Bank has long focused on and emphasized all aspects of education, but now is taking leadership development of its staff to a new level, contemplating LDP National Accreditation certification.

Building Back Better is also about ensuring our people have the right tools for the job of delivering Personal Banking Services to our customers in a first-class manner.

In 2023, your Bank invested in technology, the spine of the Bank, unseen, but critical in providing fast and secure service to our staff and customers. We are proud of our reputation for quickly restoring service to our customers after service disruptions most notably hurricanes, particularly on the Family Islands where the Bank maintains a physical presence. In 2023 we moved further to advance our technology infrastructure in a way that paves the road for the evolving fintech industry. These investments will give us enhanced ability to continue these quick business resumptions into the future. They also enable the Bank to lay the foundation for expanding and improving our card services and products. We started to see this growth in 2023 as we built our credit card balances by some 10% over 2022 and this foundation will lead into the future.

The impact of persevering through hard times, never losing faith in our people and maintaining the passion of what we do, produces remarkable results, both financial and non-financial. As the Chairman has noted, our staff and leadership are passionate about what we do and what we represent to the Bahamian public. Our unified team of dedicated professionals are committed to the success of Commonwealth Bank. Success financially and non-financially – hence our "Banking Your Way" campaign does not force customers to use one particular channel but rather offers customers multiple channels that they can select at their convenience.

The Economy

The Central Bank of the Bahamas reported that it estimated that the economy grew in the 4.0 percent range in 2023, which is a leveling off from the significant post-pandemic recovery of around 14.0% in 2022 (offsetting the 2021 decline). The 2023 growth rate captured a very robust boost in the cruise sector's contribution, completion of the occupancy recovery in the stopover sector, and a healthy appreciation in the average pricing for stopover accommodations.

Turning to credit, commercial banks' lending to the private sector recovered further in 2023. This is a sign that conditions for lending have become more favourable, with more strengthening expected in 2024. The credit delinquency rates, also continued to fall. In particular, the proportion of total private sector loans that were 3 months or longer past due on payments (NPLs) decreased to 6.6 percent by December 2023, from 7.7 percent at the end of 2022. This pattern of reduction is expected to continue in 2024.

The Central Bank's posture is to continue to support faster growth in domestic credit over the medium-term, particularly in the private sector.

Returning to the outlook, the Central Bank expects that growth in 2024 and beyond will settle further to more closely resemble pre-Covid rates and The Bahamas' longer-term potential.

Summary of 2023 Performance

The financial results of operations in 2022 were significantly driven by releases of credit loss allowances into the Bank's total profits of $25 million. In contrast in 2023, the consolidated reversal of impairment expense was only a minor contributor to the Bank's financial results at $2 million. Instead, the Bank has seen double-digit growth in both gross interest and net interest income, reversing the declining trend in both factors since the impact of Covid-19.

While all the relevant financial ratios for 2023 show declines from the extraordinary profitability of 2022, they still represent notable performances: Return on assets ("ROA") was 3.42% compared to 4.25% in 2022. Return on equity ("ROE") was 21.24% compared to 28.66% in 2022. Earnings per share ("EPS") $0.22 compared to $0.26 in 2022.

Total assets grew to $1.9 billion at December 2023, compared to $1.8 billion in 2022.

Key regulatory ratios for liquidity at 20% and capital adequacy at 17% were well surpassed at 67%, and over 30% respectively. Your Bank continues to have a solid and robust balance sheet. The financial ratios can be found in the Financial Highlights on page 5 which reveals the depth of the Bank's safety and soundness.

The results are described in more detail in the section of the Annual Report "Management's Discussion and Analysis".

As usual, the Bank has shared its success with you, the shareholders, increasing dividend payments to 14 cents per share in calendar 2023.

"Building Back Better Together" underlines the synergy we experience when we all work together with passion toward a common goal of providing first class service to our customers – "To Be First Choice of Bahamians For All Personal Banking Services".

As of December 31, 2023, our team comprised over 570 full-time Bahamians – I extend my thanks to the Commonwealth team for their passion and commitment.

Future Performance

While no one knows what the future holds, we know where our help comes from and are cautiously optimistic. As we have not only survived unprecedented events in history but have quickly recovered and then flourished, we have comfort that your Bank can prevail in uncertain times.

When we continue to invest in our people and are driven by passion, we will deliver performance.

Denise D. Turnquest,
President

Management Discussion & Analysis

This Management Discussion and Analysis ("MDA") of our financial condition and results of operations is presented to enable a reader to assess our financial condition, material changes in our financial condition and our results of operations, including our liquidity and capital resources, for the fiscal year ended December 31, 2023, compared to the preceding year. For a complete understanding of trends, events, uncertainties, and the effect of critical accounting estimates on our operations and financial condition results, this MDA should be read carefully together with our Consolidated Financial Statements and related Notes. All amounts reported are based on financial statements prepared under International Financial Reporting Standards (IFRS).

Caution Regarding Forward-Looking Statements
From time to time, we make written or oral forward-looking statements. By their very nature, forward-looking statements involve numerous factors and assumptions, giving rise to the possibility that these forward-looking statements may not be achieved. We caution readers not to place undue reliance on these statements as several crucial factors, including domestic and external influences, and unknown and unplanned economic and operational factors, could cause our actual results to differ materially from the expectations expressed in these forward-looking statements.

Executive Summary
Total profit in 2023 is $63.5 million compared to a total profit of $75.5 million in the prior year. Inclusive of the impacts of other comprehensive income, the total comprehensive income in 2023 is $66.3 million. 2023 represents the second most profitable year in the Bank's history.

The successful financial results continue to be founded on the rebound of the Bahamian economy after the Covid-19 pandemic ("Covid-19"). While it represents a decline in profitability from the extraordinary total profit generated by the Bank in 2022, it is driven by the organic strengthening of the Bank's core earning assets compared to the prior year.

The financial results of operations in 2022 were significantly driven by releases of impairment allowances into the Bank's total profits of $25.1 million. However, as of December 31, 2023, the consolidated reversal of impairment expense at $2.3 million, or a decrease of 92%, is only a minor contributor to the Bank's financial results. Instead, the Bank has seen double-digit growth in both gross interest and net interest income, reversing the declining trend in both factors since the impact of Covid-19. The growth in gross interest income to $138.0 million compared to $120.2 million in 2022 represents an increase of 15%, supported by controlled interest expense, which allowed for net interest income to expand to $120.8 million compared to $103.0 million for 2022. This represents an increase in net interest income of 17%.

The Bank experienced a 6% organic growth of its non-interest income primarily through growth in transaction-based fee income. During 2023, a substantial part of the growth in transaction-based fee income was as a result of a growing number of customer accounts. The Bank has also experienced increased usage of its debit and credit card products year-on-year. The Bank's management focuses on providing value-added services to customers that generate fee income. Overall, non-interest income grew by 4%, which included gains experienced on its equity investment held at fair value through profit and loss ("FVTPL"). This investment was sold during the year, and realized gains boosted other income by 97% over gains recognized on this investment in the prior year.

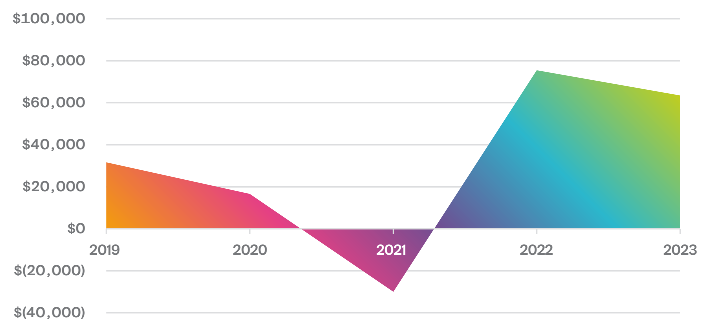
All the relevant financial ratios have been affected by the comparison of 2023 to the extraordinary year of profitability in 2022. Return on assets ("ROA") was 4.25% compared to 4.29% in 2022. Return on equity ("ROE") was 21.24% compared to 28.66% in 2022. Earnings per share ("EPS") $0.22 compared to $0.26 in 2022.

The Bank remains strong with total assets of $1.9 billion, compared to $1.8 billion in 2022, with a consolidated financial position built on a solid liquidity buffer (available cash and unencumbered high-quality liquid assets at market value). The Bank must hold a minimum level of liquid assets against possible liquidity risk, currently set by the Central Bank at a liquidity ratio of 20%. As of December 31, 2023, the Bank's liquidity ratio is 66.25%, well above this regulatory limit. Additionally, under our capital management plan, the Bank operates with a level of capital above regulatory-established limits. The Bank's capital adequacy ratio is over 30% and well above the Central Bank's requirements of 17%.

As of December 31, 2023, the Bank employed 572 full-time Bahamians compared to 553 at the end of 2022. This team of professionals continues to allow the Bank to benefit from the rebound of the Bahamian economy and deliver a stellar financial performance for 2023.

Aligned with our philosophy of sharing our success, the Bank paid extraordinary dividends in February and June 2023, totaling $0.04 per share or $11.7 million. In addition, the Board of Directors approved increasing the regular quarterly dividend to $0.03 per share for financial quarters after June 30, 2023. The dividend represented a 50% increase compared to the regular quarterly dividend of $0.02 per share and brought the total extraordinary and regular dividends paid to shareholders in 2023 to $40.9 million (2022: $29.3 million). The 2023 dividend payout rate is 64%, compared to a dividend payout rate of 38% in the prior year.

Total Profit $63.5 (Million)



Total Dividends Paid

$40.9

Million

Total Dividends Paid per Share

Net Interest Income
Net interest income is $120.8 million compared to $103.0 million for 2022. This represents an increase of 17%, which is attributed to improved yield on the Bank's investments, growth in the loan book, lower interest reversal on loans charged-off, and lower interest reversal on the segment of the loan book which is contractually delinquent with no interest accruing past ninety days. The consumer loan class primarily drives these loan effects. The Bank's interest-earning assets, namely its investments and loans receivable, generated increased interest income of 5.6% and 6%, respectively, year-on-year.

Interest expense decreased only fractionally by less than 1%. While we are operating in a business environment where the cost of funds is at historically low levels, 2023 saw the non-interest bearing and low-interest bearing customer deposit segment grow, and when combined with the effect of a mild decline in the customer term deposit balances, with controlled interest rates on roll-over; resulted in interest expense being constrained against significant increases.

Impairment Expense
A financial instrument is impaired when, based on current information and events, it is probable that we cannot collect all amounts due according to agreed contractual terms. We are also required under IFRS to recognize an allowance for impairment or credit losses even on our investments and loans receivable that are performing. In 2023, as in the prior year, we recognized allowances for impairment on our investments and loans receivable financial assets. As of December 31, 2023, the consolidated reversal of impairment expense is $2.3 million, or a decrease of 92% from the charge to consolidated net income for 2022. The change in the reversal of impairment losses of $11.6m comprises the reversal of allowances for credit losses on loan assets of $2.4m (2022: $27.8m), plus recoveries of previously charged-off loans of $24.8 million (2022: $26.8 million), offset by newly charged-off loans of $34.0 million (2022: $54.9 million).

The allowance for credit losses on the Bank's investments did not change in 2023 based on a quantitative and qualitative analysis of the credit risk associated with holding these investments as of December 31, 2023.

For loans receivable, borrowers' debt servicing capacity continued to improve, given the continued rebound of the Bahamian economy in 2023. This resulted in the gradual reversal of the allowance for credit losses throughout the year, which held through to the end of the year. On December 31, 2023, the overall delinquency rate on loans and advances to customers was 9%, which decreased significantly compared to 11% as of December 31, 2022. Loan charge-offs are a normal part of business activities, and the loan charge-off of $34.0 million was well within the budget of $41.3 million, and below the 2022 loan charge-off of $54.9 million. The economic rebound contributed to loan loss recoveries in 2023, which closely matched those of 2022, at $24.8 million and $26.8 million, respectively.

Combined, these factors have driven a significant reduction in allowances for credit losses to $64.4 million in 2023 compared to $76.0 million in 2022.

Non-interest Income
Non-interest income comprises net premium income from issuing credit life insurance policies, bank fees or other income from ancillary services to loan and deposit customers, and investment gains and losses. Non-interest income increased by 6% from December 2022.

The Bank saw growth in fee income by 4%, primarily related to transaction-based fees on the Bank's deposit accounts and transaction-based fees with increased usage of the Bank's debit and credit card products.

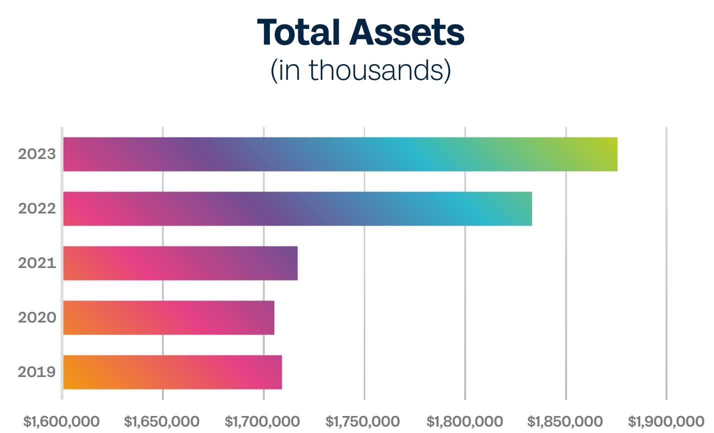
Gross credit life premium income increased by 8% in 2023 compared to 2022. While more credit life insurance policies have been written during the period, loan charge-offs due to death claims increased by 16% compared to 2022. The combined effects of the growth in gross premium income, offset by increased death claims and increased costs associated with the operations of the Bank's subsidiary, Laurentide Mortgage & Insurance Company Limited, resulted in a decline in the contribution of credit life premium income to the total profitability of the Bank.

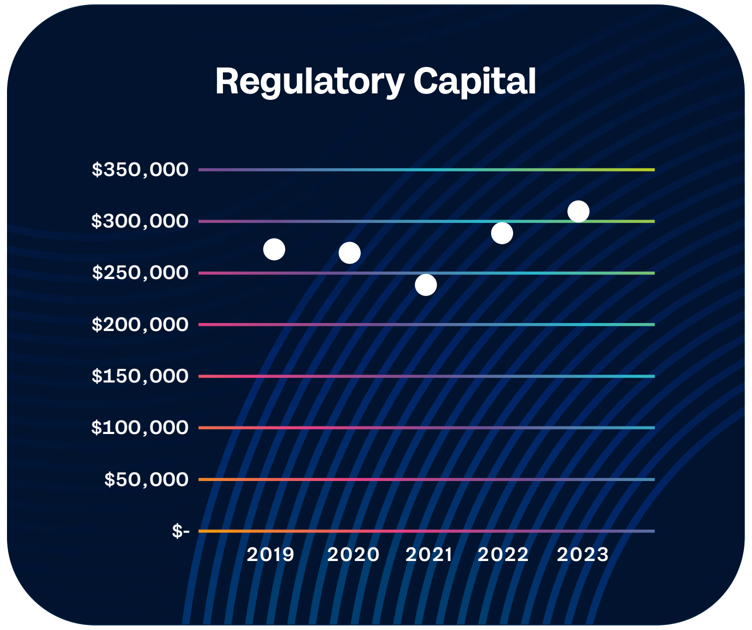
In 2023, the Bank sold its equity investment in MasterCard Class A shares, which resulted in a net gain of $1.2 million, or a 97% increase over gains recognized on this investment in the prior year.

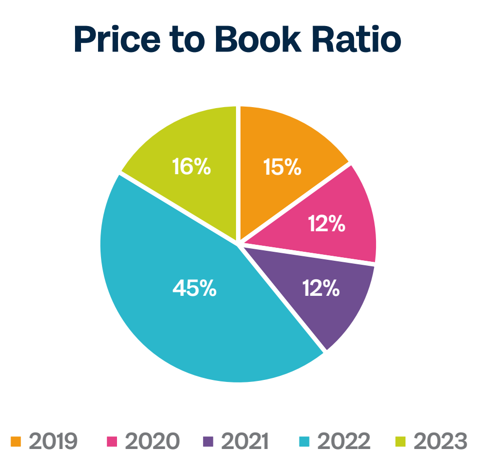
Non-interest Expense
Non-interest expense, exclusive of impairment expense reversals on financial assets, primarily comprises general and administrative expenses, management estimates for asset depreciation and amortization, and directors' costs. As of December 31, 2023, non-interest expenses, excluding impairment expense reversals on financial assets, totaled $91.4 million, compared to $82.7 million in 2022, reflecting a modest increase of 11% from the prior year. While we have managed our costs exceptionally well against a budget of $83.8 million, expenses were impacted by several non-controllable operating costs moving ahead of their budgeted expectations. The Bank experienced licensing costs with the reintroduction of a business license fee on Authorized Dealers (Commercial Banks) operating within The Bahamas; increased general insurance costs because of reinsurers repricing of the climate-based risks associated with operating in this (and neighboring) jurisdictions; and increased costs of utility supplies, particularly the cost of electricity. Staff costs were moved ahead of budget to prepare the Bank for improved customer service, product expansion, and better technology infrastructure. Our social investment program increased in 2023, and significant donations are listed in the Annual Report "Committed to Community" section.

Management of Financial Position
Our financial position as of December 31, 2023, reflects $1.9 billion in consolidated total assets, which increased from the prior period's $1.8 billion.

The gross loans and advances to individual customers (before accrued interest and allowances for credit losses) is $841.7 million as of December 31, 2023, and has increased by just over 2% from the prior year, resulting







from the Bank having benefited from the rebound of the local economy, and without comprising its loan interest rates, competing on the same market interest rates as 2022.

The Bank took a strategic position with respect to its investment and exposure to Bahamas Sovereign Debt, while operating within its prudential limits for managing its financial risks, concentration risk, longer-term financial resilience posture, and profitability. As of December 31, 2023, investment in Bahamas Sovereign Debt and Bahamas Government-related debt (before accrued interest and allowances for credit losses) stands at $715.2 million, compared to $652.1 million as of December 31, 2022. This reflects an increase of $63.1 million or 10%, comprising Bahamas Sovereign Debt denominated in Bahamian and United States dollars. These investments represent approximately 38% of total assets, compared to 38% as of December 31, 2022. Our share of The Bahamas' Sovereign Debt is substantially weighted in instruments with a time-to-maturity of five years or less. The Bank is invested in United States Treasury Bills totaling $8.1 million as of December 31, 2023, compared to $64.2 million as of December 31, 2022. During the year, the Bank revised its investment asset allocation to include investment-grade United States corporate debt instruments totaling $41.3 million, which did not exist in the prior period, as it sought to diversify its investment holdings for longer-term financial resilience and profitability.

The Bank's deposit base continued to strengthen in 2023. Total deposits as of December 31, 2023, rest at $1.54 billion, compared to $1.51 billion at the prior year's end. This reflects an increase of 1% during the year. Market conditions continue to attract new depositors looking for a better service experience, particularly the Bank's customer service philosophy of "banking your way" and the convenience of its Saturday banking services.

The Components of Capital
A strong capital base is a foundation for building and expanding our operations and services safely and soundly. Our total capital increased in 2023 to $309.5 million (2022: $288.4 million), which is related primarily to the 2023 consolidated net profit.

During the year, the Board of Directors approved increasing the regular quarterly dividend to $0.03 per share. The dividend represents a 50% increase compared to the regular quarterly dividend of $0.02 per share, which the Bank had paid consistently for many years before Covid-19. Still, it represents a view of cautious optimism for continued stabilization and improved lending conditions. The total dividends paid through to the end of 2023 are 14 cents per share or $40.9 million (2022: $29.3 million).

Shareholders who continued their unwavering support of the Bank, even during economically challenging periods, particularly those arising during the height of Covid-19, also experienced an increase in share value to $5.45 per share from $3.58 per share as of December 31, 2023, and 2022, respectively.

Our liquidity and capital adequacy ratios remained well above regulatory requirements, as noted in the Executive Summary above.

Our total capital ratio was 37% (2022: 32%). The minimum capital ratio, as prescribed by The Central Bank of The Bahamas, is 17%. Therefore, our ratio exceeds the minimum capital levels by 88% (2022: 88%).

Bank-wide Risk Management
Our risk management structure promotes making sound business decisions by balancing risks and rewards. The Board of Directors confirms our risk profile and risk appetite at least annually and updated as required in the corporate policies approved by the Board of Directors. Clearly defined policies, procedures, and processes address the approved risk appetite and any anticipated risk potential. Risk management policies address all known risks and are measured and monitored through our corporate governance regime and overall control process. When appropriate, the risk management policies and procedures are refreshed and enhanced to address safety and soundness as well as market, regulatory, and operational issues.

We undertook a refresh of the Bank's insurance risk exposure at the consolidated level of financial operations. We assessed that collecting premiums from borrowers who opt to enroll in the Bank's credit life insurance program does not require setting aside a consolidated insurance liability, as the Bank takes on the responsibility of charging off loans associated with death claims. The mortality risk associated with charged-off loans resulting from the borrower's death is captured in the Bank's allowance for credit losses.

The management and processes of controls designed to mitigate risks are summarized in the notes to the consolidated financial statements and in other sections of this report.

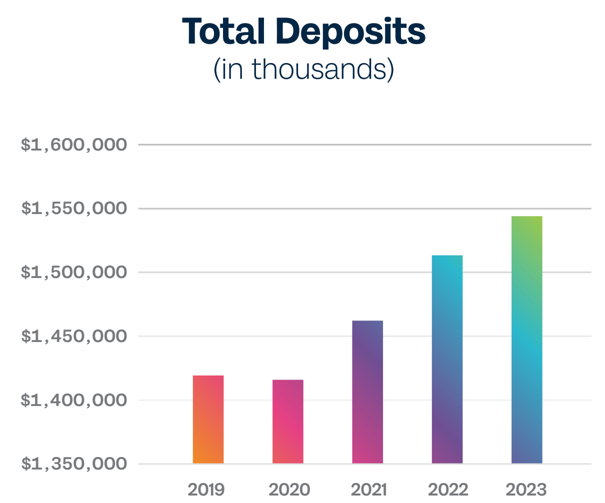
Credit Risk Management
The Board of Directors and the Executive Management work together to ensure our credit risk management process and supporting policies, procedures, and reporting guidelines remain appropriate to effectively manage our approved credit risk profile through various market conditions. Clearly defined credit risk limits are established, reassessed annually, and are supported by the mandatory use of the instituted credit risk rating and scoring systems to ensure a consistent approach is applied throughout our operations. A robust, initiative-taking credit risk provisioning methodology supports aggressive monitoring and reporting processes. Note 22 in the consolidated financial statements shows the portfolio's overall quality from different perspectives.

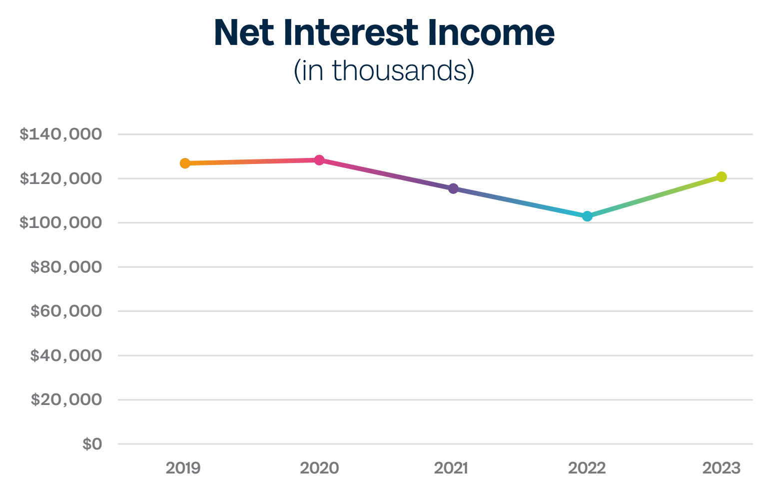
Liquidity and Funding Risk Management
Liquidity and funding risk (liquidity risk) is the risk that we may be unable to generate or obtain sufficient cash or an equivalent in a cost-effective manner should a distress situation occur. Our liquidity position is closely monitored to ensure that, coupled with our strong capital position, sufficient resources are available to address unforeseen distress situations and unplanned business opportunities.

The Central Bank imposes a secondary reserve requirement, called the Liquid Asset Requirement (LAR), which mandates commercial banks to maintain a certain percentage of their customer deposits and other liabilities in the form of liquid assets. The LAR ratio at 342% (2022: 351%) shows the Bank has significant liquidity reserves.

Outlook for 2024
The Bank continues to benefit from the strong rebound of the economy of The Bahamas, which accelerated in 2022 and continued into 2023. Macroeconomic forecasts for the economy in 2024 indicate that the economic growth of the Bahamian economy will normalize towards historical averages. The Bank continues its plan to focus on the organic growth of our loan book and yields, delinquency management, and improvements in how we service our customers, which we expect to sustain the Bank's usual level of profitability. We maintain our cautious optimism, predicated on factors driving the global economy and inflationary trends. In particular, the United States is the primary source for our tourists. We are also at risk for the effects of climate change, notably the frequency and severity of storm patterns, which have non-controllable effects on the economy. In 2024 the Bank will focus more on its operational infrastructure regarding reporting on its environmental, social, and governance ("ESG") framework. The operational infrastructure of the Bank is also impacted by increases in non-controllable costs, which are becoming increasingly relevant to our business footprint.

We remain cautiously optimistic on these issues and are satisfied that we will maintain a fortified balance sheet to help the Bank navigate our business and industry challenges. It is fundamental to our business model to remain agile, adapt ourselves to new market realities, and position the Bank to take advantage of the opportunities for product expansion and growth. Our vision, culture, and history are still about "Bahamians helping Bahamians."





Board of Directors

Pictured Left to Right, Top to Bottom

Larry R. Gibson
Denise D. Turnquest
President
Russell M. Miller
R. Craig Symonette
Debra M. Symonette

Pictured Left to Right, Top to Bottom

Tracy E. Knowles
Robert D. L. Sands
Vaughn W. T. Higgs
William B. Sands, Jr., DM
Executive Chairman
Earla J. Bethel

Senior Executive Leadership

Pictured Left to Right

Sean Brathwaite
Sr. VP & COO

Denise D. Turnquest
President

Tangela Albury
VP & CFO

Vice Presidents

Pictured Left to Right

Maxwell Jones
VP Marketing & Business Development

Branson Gibson
VP Retail Banking

Claudia Rolle
VP Human Resources

Jevon McIntosh
VP Information Technology & Innovation

Davine Dawkins-Rolle
VP Internal Audit

Jermaine Williams
VP & Chief Risk Officer

Frienderick Dean
VP Accounts Control & Recovery

Marcus Cleare
VP Credit Risk

Assistant Vice Presidents

Standing Left to Right

Aaron Adderley
AVP Financial & Business Planning

Lynda Burrows
AVP Information Technology

Syche McDonald
AVP Training & Org. Development

Kendrick Knowles
AVP IT & Infrastructure

Juliette Fraser
AVP Operations

Kendra Culmer
AVP Internal Audit

Tameka Cooke
AVP Human Resources

Edward Virgil
AVP Accounts Control & Recovery

Seated Left to Right

Lavado Butler
AVP Credit Inspection

Demetri Bowe
AVP Marketing & Business Development

Consolidated Financial Statements For The Year Ended December 31, 2023

Management's Responsibility for Financial Reporting

Commonwealth Bank's management is responsible for the presentation and preparation of the annual Consolidated Financial Statements, Management Discussion and Analysis ("MDA") and all other information in the Annual Report.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards.

The Consolidated Financial Statements and information in the MDA necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MDA also includes information regarding the estimated impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected. The financial information presented elsewhere in the Annual Report is consistent with that in the Consolidated Financial Statements.

In meeting our responsibility for the reliability of financial information, we maintain and rely on a comprehensive system of internal control and internal audit, including organizational, procedural and internal controls over financial reporting. Our process of controls include written communication of our policies and procedures governing corporate conduct and risk management; comprehensive business planning; effective segregation of duties; delegation of authority and personal accountability; careful selection and training of personnel; and sound and conservative accounting policies which we regularly update. This structure ensures appropriate internal control over transactions, assets and records. We also regularly audit internal controls. These controls and audits are designed to provide us with reasonable assurance that the financial records are reliable for preparing financial statements and other financial information, assets are safeguarded against unauthorized use or disposition, liabilities are recognized, and we are in compliance with all regulatory requirements.

In order to provide their opinion on our Consolidated Financial Statements, the Shareholders' Auditors review our system of internal control and conduct their work to the extent that they consider appropriate.

The Board of Directors, based on recommendations from its Audit and Executive Committees, reviews and approves the financial information contained in the Annual Report, including the MDA, and oversees management's responsibilities for the preparation and presentation of financial information, maintenance of appropriate internal controls, management and control of major risk areas and assessment of significant and related party transactions.

The Bank's Auditors and its VP Internal Audit have full and free access to the Audit Committee of the Board of Directors to discuss audit, financial reporting and related matters.

Denise D. Turnquest
President

Tangela Albury
VP & CFO

Independent Auditors' Report

KPMG
P.O. Box N-123
Montague Sterling Centre
East Bay Street
Nassau, Bahamas

Telephone +1 242 393 2007
Fax: +1 242 393 1772
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To the Shareholders of Commonwealth Bank Limited

Opinion

We have audited the consolidated financial statements of Commonwealth Bank Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information shown on pages 32 to 67.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of loans and advances to customers ("Loans") (see notes 9 & 22)	
Key audit matter	**How the matter was addressed in our audit**
As at December 31, 2023, Loans comprise 43.08% of the Group's total assets, with total gross Loans of $872.40 million and the related expected credit loss ("ECL") impairment allowance of $64.42 million. The Loans and advances to customers portfolio comprises the following: consumer loans (including retail loans, credit cards, and overdrawn balances), commercial loans and mortgage loans. Owning to the applicable financial reporting framework, the Group's ECL model must measure both a twelve month ECL and lifetime ECL ("LECL"), depending on the requirements of the accounting standard and the relevant facts and circumstances. The Group ECL model has three separate calculation methodologies, depending on the loans ECL stage. Stage 1 ECL is calculated as a simple product of a twelve-month PD ("Probability of Default"), LGD ("Loss Given Default"), EAD (Exposure at Default") and a discount factor. Stage 2 ECL is calculated as the sum-product of annual PDs, LGDs and EADs over the life of the loan discounted to the present value. Stage 3 ECL is applied to accounts that are impaired and the ECL is calculated as the outstanding balance multiplied by the LGD. Key judgments and elements driving higher degrees of estimation uncertainty in the Loans ECL are as follows: - PD model: The Group has developed and implemented a subjective risk parameter PD model based on migration probabilities between the risk ratings in a one-year period. The migration probabilities are assembled in a form of a transition matrix. The method applied to measure PD requires significant judgement as it is a forward-looking assessment. - Significant increases in credit risk ("SICR"): To assess whether an individual loan facility has experienced a SICR since initial recognition, the Group relies on a subjective internally developed risk rating system, based on internal and external data gathered by the Group for the purpose of that assessment. The selection of criteria for identifying SICR is highly dependent on judgement in interpreting relevant facts and circumstances and may significantly impact the staging of loan facilities. - Forward Looking Indicator ("FLI") adjustments: The Group developed a scorecard to assess the impact of macroeconomic factors on the Loans ECL and specifically the FLI adjustment for the PD. The macroeconomic variables chosen, reflect the Group's judgement relating to the behaviour of the macroeconomic environment its impact on the performance of the Group's portfolios. - Internal risk rating ("IRR") model and assumptions: Internal ratings are assigned to each loan facility according to the Group's risk management framework and dependent upon management's selected risk characteristics. Each loan facility is assigned a risk rating from 1 through 8 based (on a calculated risk score, with 1 being the highest and 8 being the lowest score) on the borrower's performance pattern and loan characteristics.	As part of our procedures, we performed the following: - Updated our understanding of the methodology, model and assumptions used in the calculation of the Loans ECL - For any ECL model adjustments identified, we tested the design and implementation of the control over the review and approval of such adjustments by those charged with governance. - We performed a reconciliation of the loan balances used in the ECL calculation to the gross loan balances recorded in the general ledger. - On a sample basis, we validated the accuracy of the ECL data inputs. To validate the data inputs we inspected internal documents, evaluated third-party appraisals, and verified specific financial data recorded in the Group's core IT system and compared that information to inputs used in the ECL calculation. The primary data inputs include loan balances, interest rates, contractual maturities, collateral values, days past due, credit scores and loan status) which are used in the calculation of the final risk rating for each sampled loan facility. - We selected a sample of collateralized loans from the mortgage and commercial loan portfolio, and obtained the latest appraisal report, prepared by third-party appraisers engaged by the Group, to confirm if the fair value of the collateral was appropriately recorded in the Group's records. We assessed the objectivity and competencies, and qualifications of the third-party appraisers. We also evaluated the appraisal reports by reference to our cumulative audit knowledge and our knowledge of the property market in the jurisdiction. - For the sampled items, we confirmed that the methodology used, by the third-party appraisers, to determine the fair value is consistent with methods allowed by the applicable financial reporting framework. We compared the market values of the sampled items to comparable properties and assessed whether the price per square foot was reasonable when compared with those other properties. - On a sample basis, and over a 5 year look back period, we compared the value of actual sales of properties held as collateral after the reporting date to the forced sale value estimated at the reporting date to evaluate the appropriateness of the Group's recovery rate assumption on collateralized loans. We performed an analysis to determine the average time to sell foreclosed properties to evaluate the appropriateness of the Groups time to recover assumption.

Impairment assessment of loans and advances to customers ("Loans") (see notes 9 & 22)	
Key audit matter	**How the matter was addressed in our audit**
- LGD model: The LGD model applied by the Group is based on subjective factors that are qualitatively set by the Group, without any statistical calibration. There is significant judgement considered in determining the recoverable value of the collateral, particularly for stage 3 credit impaired loans that are collateralized. Additional assumptions determined by the Group include time to recover the collateral, the forced sales value, and cost associated with recovery. The ECL is a complex calculation, involving various models derived from judgments and assumptions resulting in a high degree of estimation uncertainty. In addition, the Loans ECL is calculated in an ECL model with a specific algorithm. The conceptual soundness of the model's algorithm impacts the overall precision of the ECL. Finally, the ECL on Loans is material to the consolidated financial statements as a whole and for these reasons, we deem this a key audit matter.	- Performed a retrospective evaluation of prior year's estimate by comparing actual write-offs in 2023 to the ECL recognized in 2022 to assess whether the assumptions used in the prior period are appropriate considering actual experience. - Assessed the appropriateness of the related disclosures in the consolidated financial statements to evaluate the clarity of those disclosures in showing key judgements and assumptions applied by the Group. Used our own Financial Risk Management ("FRM") specialist to assist us in performing the procedures below: - Assessed the theoretical soundness and appropriateness of the methodology of the Loans ECL models with respect to the models' design and objective. More specifically, our own credit specialists primarily evaluated PD, SICR, LGD, IRR and FLI models. - Performed a walkthrough of the Loans ECL model inputs, outputs and processes. Executed a supervised replication that generates model parameters to evaluate the model outputs and Loans ECL results. - Performed an evaluation of the Group's methodology used to calculate its ECL and to assess the appropriateness of the methodology and all final parameters including the final calculation, the PD, the LGD, EAD, expected lifetime of credit facilities, SICR, effective interest rate and FLI. - Assessed the characteristics of the IRR model to determine the appropriateness of the risk rating scores, ranges and loan characteristics. - Performed a retrospective evaluation of the 12-month PD for the period 2018 to 2023 to evaluate the ECL model's predictive accuracy.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, weconclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.
We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Demarra Williams-Lockhart.

KPMG (Bahamas) Ltd.

Nassau, Bahamas
April 26, 2024

Commonwealth Bank Limited
Consolidated Statement of Financial Position
As at December 31, 2023, with corresponding figures as at December 31,2022

(Expressed in Bahamian $000s)

	Notes	2023	2022 Revised (Note 23)
Assets			
Cash and deposits with banks	5,7	$ 238,615	$ 264,223
Investments, net	5,8	772,052	729,036
Loans and advances to customers, net	5,9,19,22	807,984	786,245
Other assets	10	11,915	7,985
Right of use assets	11	645	1,182
Premises and equipment	12	44,432	44,558
Total Assets	6	$ 1,875,643	$ 1,833,229
Liabilities and Equity			
Liabilities			
Deposits from customers	5,13,22	$ 1,544,014	$ 1,513,397
Lease liabilities	5,11	700	1,242
Other liabilities	5,14,22	21,431	30,215
Total liabilities	6	1,566,145	1,544,854
Equity			
Share capital	15	1,944	1,951
Share premium	15	9,223	13,544
Retained earnings		298,331	272,880
Total equity		309,498	288,375
Total Liabilities and Equity		$ 1,875,643	$ 1,833,229

The accompanying notes form an integral part of the consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on April 26, 2024, and are signed on its behalf by:

Executive Chairman

President

Commonwealth Bank Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2023, with corresponding figures for 2022

(Expressed in Bahamian $000s)

	Notes	2023	2022 Revised (Note 23)
Income			
Interest income, effective interest method	5,6,19	$ 137,961	$ 120,224
Interest expense	5,6,19	(17,195)	(17,254)
Net interest income		120,766	102,970
Fees and other income	5,17	30,515	29,449
Realised gain on equity investment at FVTPL	5	9,728	-
Net change in unrealised gain on equity investment at FVTPL	5	(8,490)	629
Total income	6	152,519	133,048
Non-interest expense			
General and administrative	18,19,20	86,357	78,093
Reversal of impairment losses on financial assets	8,9	(2,339)	(25,094)
Depreciation on right of use assets	11	537	586
Other depreciation	12	3,764	3,603
Finance cost on lease liabilities	11	42	51
(Gain)/loss on disposal of premises and equipment	12	(14)	10
Directors' costs	19	666	308
Total non-interest expense		89,013	57,557
Total profit	6,16	$ 63,506	$ 75,491
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	20	2,832	766
Total comprehensive income		$ 66,338	$ 76,257
Basic earnings per common share *(expressed in dollars)*	16	$ 0.22	$ 0.26

The accompanying notes form an integral part of the consolidated financial statements.

Commonwealth Bank Limited
Consolidated Statement of Changes in Equity
As at December 31, 2023, with corresponding figures for 2022
(Expressed in Bahamian $000s)

2023

	Notes	Share Capital (Common)	Share Premium	Retained Earnings	Total
As at December 31, 2022 *(Revised)*	23	$ 1,951	$ 13,544	$ 272,880	$ 288,375
Comprehensive income					
Total profit		-	-	63,506	63,506
Remeasurement gain of defined benefit obligation	20	-	-	2,832	2,832
		-	-	66,338	66,338
Transaction with owners					
Repurchase of common shares	19	(7)	(4,321)	-	(4,328)
Sale of treasury shares	15,19	-	-	-	-
Dividends - common shares	15	-	-	(40,887)	(40,887)
		(7)	(4,321)	(40,887)	(45,215)
As at December 31, 2023		$ 1,944	$ 9,223	$ 298,331	$ 309,498
Dividends per share *(expressed in dollars)*		$ 0.14			

2022
Revised (See Note 23)

	Notes	Share Capital (Common)	Share Premium	Retained Earnings	Total
As at December 31, 2021		$ 1,946	$ 11,667	$ 225,889	$ 239,502
Comprehensive income					
Total profit		-	-	75,491	75,491
Remeasurement gain of defined benefit obligation	20	-	-	766	766
		-	-	76,257	76,257
Transaction with owners					
Repurchase of common shares	19	(3)	(1,119)	-	(1,122)
Sale of treasury shares	15,19	8	2,996	-	3,004
Dividends - common shares	15	-	-	(29,266)	(29,266)
		5	1,877	(29,266)	(27,384)
As at December 31, 2022		$ 1,951	$ 13,544	$ 272,880	$ 288,375
Dividends per share *(expressed in dollars)*		$ 0.10			

The accompanying notes form an integral part of the consolidated financial statements.

Commonwealth Bank Limited
Consolidated Statement of Cash Flows
Year ended December 31, 2023, with corresponding figures for 2022
(Expressed in Bahamian $000s)

	Notes	2023	2022 Revised (Note 23)
Cash flows from operating activities			
Total profit		$ 63,506	$ 75,491
Adjustments for:			
Depreciation on right of use assets		537	586
Other depreciation		3,764	3,603
Finance cost on lease liabilities		42	51
Reversal of impairment losses on financial assets		(2,339)	(25,094)
Interest income		(137,961)	(120,224)
Interest expense		17,195	17,254
(Gain)/loss on disposal of premises and equipment		(14)	10
Realised gain on equity investment at FVTPL		(9,728)	-
Net change in unrealised gain on equity investment at FVTPL		8,490	(629)
		(56,508)	(48,952)
Change in loans and advances to customers		(20,134)	2,924
Change in minimum reserve requirement		(645)	(1,673)
Change in right of use assets and other assets		(1,100)	1,994
Change in lease liabilities and other liabilities		(8,826)	16,859
Change in deposits from customers		21,105	48,443
Interest received		135,190	124,307
Interest paid		(7,683)	(14,518)
Net cash from operating activities		61,399	129,384
Cash flows from investing activities			
Purchase of investments		(676,641)	(960,838)
Redemption of investments		628,684	930,670
Proceeds from sale of equity investment at FVTPL		9,728	-
Purchases of premises and equipment		(3,704)	(1,212)
Proceeds from sale of premises and equipment		80	109
Net cash used in investing activities		(41,853)	(31,271)
Cash flows from financing activities			
Dividends paid		(40,887)	(29,266)
Repurchase of common shares		(4,328)	(1,122)
Sale of treasury shares		-	3,004
Payment of lease liabilities		(584)	(638)
Net cash used in financing activities		(45,799)	(28,022)
Net (decrease)/increase in cash and cash equivalents		(26,253)	70,091
Cash and cash equivalents, beginning of year		205,223	135,132
Cash and cash equivalents, end of year	7	178,970	205,223

The accompanying notes form an integral part of the consolidated financial statements.

1. Incorporation and Activities

Commonwealth Bank Limited (the "Bank") was incorporated in The Commonwealth of The Bahamas ("The Bahamas") on April 20, 1960, and is licensed by the Central Bank of The Bahamas (the "Central Bank") to carry out banking business in The Bahamas under the provisions of the Banks and Trust Companies Regulations Act 2020.

The Bank's shares are publicly traded and listed on The Bahamas International Securities Exchange ("BISX").

The principal activities of the Bank and its subsidiaries (the "Group") are described in Note 6. The registered office of the Bank is situated at Sassoon House, Shirley Street, Nassau, The Bahamas.

2. Summary of Material Accounting Policies and Basis of Preparation

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These policies have been consistently applied to all years presented and are compliant with IFRS.

(b) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively. Actual results could differ from those estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

(c) Principles of consolidation

The consolidated financial statements include the assets, liabilities, financial performance and cash flows of the Bank and all of its subsidiaries, after the elimination of intercompany transactions and balances. Subsidiaries are defined as entities controlled by the Bank and exclude associates and joint arrangements. The Bank controls an entity when the Bank is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

Intra-Group transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of subsidiaries are consistent with the policies adopted by the Bank.

Voting-interest subsidiaries
Control is presumed when the Group has an ownership interest in an entity that give it the ability to direct the activities of that entity that significantly impact that entity's returns and where the Group is exposed to the variability of the returns of that entity.

(d) Changes in material accounting policies

New standards, amendments and interpretations adopted by the Group
Standards and amendments and interpretations to published standards that became effective for the Group's financial year, beginning on January 1, 2023 were, either not relevant or not significant to the Group's consolidated operations and accordingly did not have a material impact on the consolidated accounting policies or consolidated financial statements.

IFRS 17 *Insurance Contracts* ("IFRS 17") became effective January 1, 2023. The requirements of IFRS 17 were fully adopted by the Group's subsidiary Laurentide Insurance & Mortgage Company Limited ("Laurentide") in its stand-alone financial statements. The insurance contracts issued by Laurentide to policyholders name the Bank as the beneficiary of the insurance contract. As such, upon consolidation, the Group is both the beneficiary of the insurance contract and the issuer of the insurance contract. In accordance with IFRS 17, this is considered self-insurance because there is not a contract with another party outside of the Group. In accordance with IFRS 17, self-insurance is not an insurance contract and is not within the scope of IFRS 17. As a result, there is no material impact on the consolidated financial statements of the Group as a result of IFRS 17.

The Group also adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from January 1, 2023. The amendments did not result in any changes to the accounting policies themselves.

The amendments require the disclosure of "material" rather than "significant" accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements.

New standards, amendments and interpretations not yet adopted by the Group
The application of new standards and amendments and interpretations to existing standards that have been published but are not yet effective are not expected to have a material impact on the Group's accounting policies or consolidated financial statements in the financial period of initial application.

(e) Financial assets and liabilities

Financial assets

Recognition and initial measurement
A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another enterprise under conditions that are potentially favourable or an equity instrument of another enterprise.

The Group's financial assets are cash and deposits with banks, investments, loans and advances to customers, and accounts receivable (included in other assets and is not material) on the Consolidated Statement of Financial Position).

Classification and measurement
The Group classifies its financial assets in the following measurement categories:

1. Amortised cost
On initial recognition, a financial asset is measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets classified at amortised cost are carried at the amount at which the asset was measured upon initial recognition, minus principal repayments, plus or minus the cumulative amortisation of any premium or discount, and minus any write-down for expected credit losses ("ECL").

2. Fair value through profit or loss ("FVTPL")
A financial asset is measured at FVTPL if it does not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income ("FVOCI").

The classification of financial assets is generally based on the business model under which the asset is held and its contractual cash flow characteristics as described below.

The classification and subsequent measurement of financial assets are determined by the Group's business model for managing the financial asset, and the cash flow characteristics of the financial asset.

Business model assessment
A business model assessment is performed to determine how a portfolio of financial assets is managed to achieve the Group's business objectives. Judgment is used in determining the appropriate business model for a portfolio of financial assets. The three categories of business models are "hold to collect", "hold to collect and sell" and "other".

For the assessment of a business model, the Group takes into consideration the following factors:

- How the performance of assets in a portfolio is evaluated and reported to the Group's management;
- How compensation is determined for the Group's business lines' management that manages the assets;
- Whether the assets are held for trading purposes i.e., assets held within a business model and how those risks are managed; and
- The frequency and volume of sales in prior periods and expectations about future sales activity. Information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are not held to collect, or both held to collect and sell, are assessed at a portfolio level reflective of how the asset or group of assets are managed together to achieve a particular business model.

Contractual cash flow assessment
The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with basic credit arrangements. Contractual cash flows are consistent with basic credit arrangements if they represent cash flows that are solely payment of principal and interest on the principal amount outstanding.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to the cash flows from specified assets; and
- features that modify consideration of the time value of money.

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instrument due to repayments or amortisation of premiums/discounts. Interest is defined as the consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), and a profit margin.

If the Group identifies any contractual features that could significantly modify the cash flows of the instrument such that they are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

With the exception of investments in equity securities, all financial instruments are classified at amortised cost at the reporting date. Investments in equity securities are classified at FVTPL.

Initial Recognition
The Group initially recognises loans and advances to customers and deposits from customers on the date on which they are originated. All other financial instruments, (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

When a new financial asset is recognised, it will generally be recorded in Stage 1, unless it is credit impaired on recognition.

Initial Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequent Measurement
Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristic of the asset. The two measurement categories are as noted above.

Reclassification
Financial assets are not reclassified after their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Modification
The terms of a financial asset may be modified such that the contractual cash flows are changed. The treatment of a modification depends on the nature of the expected changes.

If the cash flows are substantially different, the contractual rights to cash flows from the original asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of the eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulty, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. The financial asset continues to be monitored for increases in credit risk and impairment.

If the modification of a financial asset measured at amortised cost does not result in derecognition of the financial asset, the gross carrying amount of the financial asset is recalculated using the original effective interest rate of the asset and the adjustment is recognised as a modification gain or loss in profit or loss.

Derecognition
Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. For loans and advances to customers, this generally occurs when borrowers repay their obligations, or the loans are sold or written off. Similarly, for investments this occurs when the investments mature and the contractual payments underlying the investments have been repaid to the Group, or when the investment is sold or written off.

If the Group has neither transferred nor retained substantially all the risks and rewards of ownership, an assessment is made whether the Group has retained control of the financial assets.

Financial liabilities

Financial liabilities are any liabilities that are:

- Contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group;
- Contracts that will or may be settled in the Group's own equity instruments and are either a non-derivative for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative that will or may be settled either by exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments.

Financial liabilities are classified as either a) FVTPL or b) amortised cost.

Financial liabilities are classified as FVTPL where the financial liability is either held for trading or is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value with any resulting gain or loss recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Initial Measurement
Financial liabilities classified at amortised cost are initially measured at fair value, net of transaction costs.

Subsequent Measurement
Subsequently measured at amortised cost using the effective interest method with interest expense recognised on an effective yield basis.

Derecognition
The Group's financial liabilities comprise deposits from customers, lease liabilities, and certain other liabilities, including accounts payable. Financial liabilities (or parts thereof) are derecognised when the liability has been extinguished and the obligation specified in the contract is discharged, cancelled, or expires.

All of the Group's financial liabilities are classified at amortised cost.

(f) Impairment of financial assets measured at amortised cost
The Group recognises ECL on financial assets measured at amortised cost. ECL for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses are measured at an amount equal to the 12-month ECL or lifetime ECL depending on the stage in which the asset is classified.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Lifetime ECL are the ECL that results from all possible default events over the maximum contractual period of exposure.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL of financial assets is recognised in three stages:

Stage 1 – Performing financial assets are categorized as Stage 1 and an allowance is recognised based on default events expected to occur within the next 12 months. On subsequent reporting dates, 12-month ECL continues to apply where there is no significant increase in credit risk ("SICR") since initial recognition.

Stage 2 – Performing financial assets are categorized as Stage 2 when there is a SICR since initial recognition but the financial asset is not credit-impaired. The Group recognises the full lifetime ECL on Stage 2 financial assets.

In determining whether a SICR has occurred since initial recognition, and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and forward-looking information. Critical accounting judgments and key sources of estimates are discussed in Note 3.

The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, and is not assessed based on the change in the amount of the ECL. This involves setting quantitative tests combined with additional indicators such as credit risk classification and other observable inputs. Assets that are more than 30 days past due, but not credit-impaired, are classed as stage 2.

Changes in the expected credit loss, including the impact of movements between the first stage (12 month ECL) and the second stage (lifetime ECL), are recorded in profit or loss.

Stage 3 – If one or more default events occur which are expected to have an adverse effect on the estimated future cash flows from the financial asset, the Group continues to recognise the full lifetime ECL. At this stage, the financial asset is credit-impaired and categorized as Stage 3.

The Group considers all financial assets, except for sovereign and government-related debt to be in credit-impaired when:

- The credit facility is 90 days or more past due;
- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group through actions such as realising security (if any held); and/or
- The borrower is on principal-only repayment terms.

IFRS 9 does not alter the Group's definition of default currently used to determine whether or not there is objective evidence of impairment of a financial asset.

The Group shall consider its investment in sovereign and government-related debt to have defaulted when payments or an obligation are not made on the agreed date due or when other relevant qualitative and quantitative information becomes available to the Bank, indicating that the sovereign and government-related debt will go into default on or before the reporting date, or within twelve months after the reporting date.

In the event the payment or an obligation due date falls on a non-business day, the instrument is deemed to have effectively defaulted where the payment or obligation is not met within three (3) business days of the due date.

Where payments or an obligation on sovereign and government-related debt is resumed, the default status is deemed cured where payments or obligations are met in full for at least one (1) year from the breach of the sovereign credit arrangement.

Measurement of ECL
Measurement of ECL is disclosed in Note 22.

Write-off of loans and advances to customer
Loans and advances to customers (and the related ECL) are normally written off, either partially or in full, when there is no realistic prospect of recovery of the principal amount and, for a collateralised loan, when the proceeds from realising the security have been received. Consumer loans are written-off in the month after principal and/or interest payments become 360 days contractually in arrears. Credit card loans are written-off in the month after principal and/or interest payments become 180 days contractually in arrears.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Recovery of previously written-off loans
Recoveries of principal and/or interest on previously written off loans are recognised in impairment losses on financial assets net in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a cash basis or when the loan is rewritten on normal terms prevailing at the time of the rewrite.

Renegotiated loans
Loans subject to impairment assessment, whose terms have been renegotiated, are subject to ongoing review to determine whether they remain impaired or should be considered past due. The carrying amount of loans that have been classified as renegotiated retain this classification until maturity or derecognition.

(g) Impairment of non-financial assets
At each reporting date, management reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss is recognised as an expense immediately unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that there is a revaluation surplus.

(h) Cash and cash equivalents
For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash on hand and unrestricted deposits with banks that have original maturities of three months or less, including cash with the Central Bank, amounts due from banks. Cash and cash equivalents are carried at amortised costs on the Consolidated Statement of Financial Position.

(i) Investments
Investments in the Consolidated Statement of Financial Position include:

- debt investment securities measured at amortised cost less ECL. These are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; and
- equity investment securities measured at FVTPL. These are measured at fair value with changes recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(j) Loans and advances to customers
Loans and advances to customers in the Consolidated Statement of Financial Position include loans and advances measured at amortised cost which are initially measured at fair value, and subsequently at their amortised cost using the effective interest method.

(k) Leases
Classification and measurement
The Group applies a single recognition and measurement approach for all leases, except for short-term leases (leases with terms of twelve months or less) and leases of low-value assets. Lease contracts are typically made for a fixed period with an extension option which is exercisable by the Group. A lease of low-value assets, on the other hand, is a lease for which an underlying asset is of low value (per the standard, with a value of $5,000 or the equivalent for new similar assets).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Short-term leases and leases of low value assets
The Group has elected not to recognise right of use assets and lease liabilities of assets that have a lease term of 12 months or less and leases of low-valued assets. The Group recognises the lease payment associated with leases as an expense on a straight-line basis over the lease term.

Initial measurement
1. *Lease liabilities*
Lease liabilities are initially measured as the present value (PV) of the lease payments not paid. The PV is determined by using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used. This rate is defined as the rate of interest that the Group would have to pay to borrow over a similar term and with similar security to obtain an asset of a similar value to the right-to-use asset in a similar economic environment.

2. *Right of use assets*
Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any incentives received;
- Any initial direct costs; and
- Restoration costs.

Subsequent Measurement
1. *Lease liabilities*
Lease payments are allocated between principal and finance costs. The finance cost is charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Accordingly, the lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount by the lease payments made.

2. *Right of use assets*
Right of use assets are depreciated using the straight-line method over the shorter period of the lease term and the useful life of the underlying asset. The Group defines the lease term as the period of time in which a contractual lease is in place. The Group assesses whether there is an indication of impairment for the right-of-use asset in accordance with IAS 36, *Impairment of Assets*. In the event of impairment, a test is performed. Judgments applied by the Group in determining the measurement of its lease liabilities and right-of-use assets are disclosed in Note 11.

(l) Premises and equipment
Premises and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of an item. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income as a part of total profit during the financial period in which they are incurred.

Land is not depreciated.

Depreciation on other premises and equipment assets are computed on a straightline basis, net of residual values, and are charged to profit or loss over their estimated useful lives as follows:

Site improvements	5 – 10 years
Buildings	The shorter of estimated useful life or a maximum of 40 years
Leasehold improvements	The shorter of the estimated useful life or the lease term
Furniture, fittings and equipment	3 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains or losses arising from the disposal or retirement of an item of premises and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset. Such gains or losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(m) Deposits from customers
Deposits from customers are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Deposits from customers are derecognised when the financial liability has been extinguished.

(n) Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

(o) Recognition of income and expense

Interest income and interest expense
The Group recognises interest income and interest expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for all financial instruments measured at amortised cost using the effective interest method described below, except for financial assets that have subsequently become credit-impaired ('Stage 3' financial assets). For these Stage 3 financial assets, interest income is calculated using the method for non-performing loans as described below.

Loan origination fees for loans are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loans as they are an integral part of the loan. The adjustment to the effective interest rate has been determined by using the estimated terms of loans to maturity or repayment, if earlier.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

In accordance with local regulatory guidelines, a loan is classified as non-performing when payment is contractually 90 days in arrears, or the total amount outstanding outside of contractual arrangements is equal to at least 90 days' worth of payments. When a loan is classified as non-performing, recognition of interest ceases, and interest 90 days in arrears is reversed from income. Loans are generally returned to performing status when the timely collection of both principal and interest is reasonably assured and all delinquent principal and interest payments are brought current.

When a loan is granted forbearance, the contractual repayments of principal and interest are deferred until the end of the forbearance period. However, irrespective of the suspension of payment the recognition of interest continues during the forbearance period.

The Bank continues to accrue interest to income on loans specifically assessed as non-performing and where the estimated net realizable value of the security held, where applicable, is sufficient to recover the payment of outstanding principal and accrued interest.

Fee income, other income, and expenses
Fee income comprises amounts earned from the ancillary services the Group provides primarily in connection with its offering of loans and advances to customers, and bank deposit services. Fees generated for services performed for the customer over a period of time are recognized over the service period on a straight-line basis. Other fees are recognized at a point in time when the Group satisfies its performance obligation, usually upon execution of the underlying transaction, which is generally at the time the customer's account is charged.

Credit life insurance premium income is recognized at the time a policy comes into effect. Premiums are shown net of refunds. The maximum term of any contract is 146 months. Premiums are assessed monthly and are calculated on the current balance of the associated loan. Such premiums are recognized when assessed.

Other income relates mainly to other service charges, rental income and foreign exchange. Service charges are recognised as the services are rendered. Rental income is recognised on a straight-line basis over the term of the lease. Insurance claims are recognized when incurred. Other expenses are recognised as the services are received.

(p) Foreign currency translation

Functional and presentation currency
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Bahamian dollars, which is the Group's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as a part of total profit. Translation differences on monetary financial assets measured at FVTPL are included as part of the fair value gains and losses.

(q) Dividends on common shares
Dividends on common shares are deemed declared and recognised as a deduction from equity in the period in which the dividends are approved by the Board and receive the applicable regulatory approvals.

(r) Basic earnings per common share
Earnings per share are computed by dividing the total profit by the weighted average number of common shares outstanding during the year and not held by Group companies.

(s) Retirement benefit costs
The Bank maintains defined benefit ("DB Provisions") and defined contribution ("DC Provisions") pension plans (together referred to as "the plans") covering all of its employees. Assets of the plans are administered by, and under the control of, independent trustees.

The Pension Committee is responsible for advising the Board of Directors in fulfilling its fiduciary and oversight duties for the Bank's pension arrangements. As a part of this responsibility, members of the committee review the performance of the trustees, administrator and investment manager in accordance with the trust deed, plan rules and investment policy statement, as well as providing support and making recommendations, as appropriate. The Pension Committee comprises members of the Bank's Board of Directors, one management employee and one non-management employee elected by the employees triennially.

The Bank's contributions under the defined contribution pension plan are recognised as staff costs in general and administrative expenses.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. The defined benefit obligation is calculated annually by independent actuaries. The asset or liability amount recognised in the Consolidated Statement of Financial Position represents the present value of the defined benefit obligation and the current service cost at the end of the reporting period less the fair value of plan assets.

Pension costs under the DB Provisions include the present value of the current year service cost based on estimated final salaries, interest on obligations less interest on assets, and estimated administrative costs. Current service cost and net interest on the net defined benefit asset or liability are charged to general and administrative expenses.

Changes in the net defined benefit asset or liability recorded in other comprehensive income include actuarial gains and losses on obligations, and assets arising from experience different than assumed and changes in assumptions.

(t) Short-Term benefits
Short-Term Benefits are employee benefits to be settled wholly before twelve months after the end of the annual reporting period in which the employee renders the related services and is recorded as the services are rendered.

(u) Share-Based payments

Equity-settled share-based payments
The Bank issues equity-settled share-based payments to certain management staff. The Bank determines the fair value of stock options on their grant date using the Black Scholes Model and records this amount as compensation expense. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period. When the stock options are exercised the proceeds are recorded in share capital and share premium.

Other Stock-Based Compensation Plan
The Bank offers non-management staff the option of purchasing common shares at a 10% discount from the prevailing market rate at the time of the offer.

The amount of discount is recorded as compensation expense with a corresponding increase to share premium. Payments by staff for the shares are credited to share capital and share premium.

(v) Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. Ordinary shares, and preference shares whose terms do not create contractual obligations, are classified as equity.

Treasury shares
Treasury shares represents the Bank's issued shares that have been repurchased by the Bank. Treasury shares are deducted from equity and no gain or loss is recognised on the purchase, sale, issue or cancellation of treasury shares. Any premium or discount to par value is shown as an adjustment to share premium.

(w) Other items
1. Financial guarantees and loan commitments
Financial guarantee contracts require the Group to make payments to reimburse the holder for a loss it incurs if a debtor does not make a payment in accordance with the terms of the debt agreement. Financial guarantees are recognised in the Consolidated Statement of Financial Position at the higher of the fair value of the fees originally received less cumulative amortization recognised in the consolidated statement of profit or loss, and the expected credit loss, as documented below.

Loan commitments are undrawn firm commitments to provide credit under pre-specified terms and conditions.

The nominal value of the financial guarantees and loan commitments are not recognised in the Consolidated Statement of Financial Position. Both financial guarantees and loan commitments are subject to an allowance for expected credit losses and subject to the same impairment considerations as documented in Note 2(f). Where a financial instrument includes both a loan and a loan commitment component, the loss allowance on the loan commitment is recognised together with the loss allowance for the loan. Where a financial instrument does not include both a loan and a loan commitment component, the loss allowance is recognised as a provision.

2. Related parties
A related party is a person or entity that is related to the reporting entity:

i. A person or close member of that person's family is related to a reporting entity if the person:
  a. has control or joint control of the Group
  b. has significant influence over the Group;
  c. is a close family member of an individual or those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Group; or
  d. is a member of the Group's key management personnel, including directors.

ii. An entity is related to the Group if any of the following conditions exist:
 a. An entity is a member of the Group;
 b. An entity is associated with, or is a joint venture partner with the Group;
 c. An entity is a post-employment benefit plan for the benefit of employees of the Group;
 d. An entity can control or exercise significant influence over the Group in making financial or operational decisions; and
 e. An entity is jointly controlled or significantly influenced by parties described in i) above.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party. Transactions with related parties are disclosed in Note 19.

3. *Liability Provisions*
Provisions for restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

4. *Taxation*
Life insurance premium tax is incurred by Laurentide at the rate of 3% of premiums written company, and recognised as an expense at the time that premiums are written and included in general and administrative expenses.

Effective January 1, 2022, value-added tax was decreased from 12% to 10%. The Group is required to pay value-added tax at a rate of 10% on goods and services as prescribed by the Value Added Tax Act. The Group also pays business licence fees in accordance with the Business Licence Act, real property tax in accordance with the Real Property Tax Act and stamp duty.

There is no other income, capital gains or corporate taxes imposed. The Group's operations do not subject it to taxation in any other jurisdiction.

5. *Business Segments*
Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee which is responsible for allocating resources to the reportable segments and assessing their performance. Income and expenses directly associated with each segment are included in determining operating segment performance. The Group has five operating segments which are organised based on the nature of the products and services provided by each segment.

i. Retail banking – the provision of full-service personal banking including the acceptance of savings, fixed and demand deposits, providing consumer financing through loans, overdrafts and credit cards and mortgage financing on real estate and the sale of foreign exchange.
ii. Credit life insurance – the provision of credit life insurance in respect of the Bank's borrowers through Laurentide.
iii. Real estate holdings – ownership and management of real property which is rented to branches and departments of the Bank through C.B. Holding Co. Ltd.
iv. Investment holdings – holdings of investments in the Bank's common shares through C.B. Securities Ltd.
v. Insurance agency operations – provision of insurance agency services to the Group's insurance company, its sole client through Laurentide Insurance Agency Limited.

The entities within the Group operate within the same geographical area. Non-Bahamian dollar assets and liabilities are not material and are therefore not allocated to business segments.

Inter-segment revenues are charged at competitive market prices. Inter-segment expenses are transferred at cost. All transactions between segments are eliminated on consolidation.

There are no other operations that constitute separate reportable segments. The segment operations are all financial, and principal revenues are derived from interest and fee income. No single customer contributed 10% or more of the Group's total income for the periods covered in the consolidated financial statements.

(x) Corresponding figures
Where necessary, corresponding figures are adjusted to conform with changes in the presentation in the current year.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty
The following are critical estimates and key judgments that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

1. *Impairment of financial assets*
The impairment losses on financial assets represent management's estimate of ECL.

The measurement of the ECL allowance on financial assets is an area that requires the use of complex models and significant assumptions about the future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

ECL is defined as the weighted expected probable value of the discounted credit loss (on principal and interest) determined by evaluating a range of possible outcomes and future economic conditions. It represents the present value of the difference between the contractual cash flows and the expected cash flows.

The process for determining the allowance involves significant quantitative and qualitative assessments. Particularly, a number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

· Determining criteria for a significant increase in credit risk;
· Choosing appropriate models and assumptions for the measurement of ECL;
· Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
· Assessing the risk rating and impaired status of loans;
· Determining the additional risk, if any, related to loans granted forbearance;
· Estimating cash flows and realisable collateral values;
· Developing default and loss rates based on historical data;
· Estimating the impact on historical data by changes in policies, processes and credit strategies;
· Assessing the current credit quality based on credit quality trends; and
· Determining the current position in the economic cycle.

The Group has developed an internal risk grade rating system, that indicates the credit risk on an individual basis for loans and advances to customers and investments carried at amortized cost. The internal risk grades consider a number of qualitative and quantitative factors, considering internal information and external circumstances impacting the borrower, or in the case of investments, of the issuer. The internal risk grades are a primary input into the determination of the probability of default for exposures.

IFRS 9 requires the use of forward-looking information including reasonable and supportable forecasts of future economic conditions. The requirement to consider a range of economic scenarios and their possible impacts on impairment allowances is a subjective feature of the IFRS 9 ECL model. The Group continues to develop its capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes.

In its ECL model, the Bank relies on a broad range of forward-looking information such as economic inputs, including:

· GDP growth of The Bahamas
· Unemployment rates of The Bahamas
· Inflation rates of The Bahamas

Limitations in the Bank's IFRS 9 ECL model have previously been identified through the ongoing assessment and validation of the output of the model. In these circumstances, management makes appropriate adjustments to the Bank's allowance for impairment losses to ensure the overall provision adequately reflects all material risks. Refer to Note 22 for additional disclosures related such risks.

2. *Post-retirement benefit obligation*
The Bank maintains a defined benefit plan as outlined in Note 2(s). Due to the long-term nature of pension plans, the calculation of benefit expenses and obligations depends on various assumptions such as discount rates, expected rates of return on assets, projected salary increases, retirement age, mortality and termination rates. Any difference between the actual experiences and actuarial assumptions will affect the benefit obligation and expense.

The inputs, assumptions and estimation techniques used in measuring the defined benefit obligation are detailed in Note 20.

3. *Classification of financial assets*
On an annual basis, management assesses the business models within which the financial assets are held. The assessment is made as to whether the contractual terms of a financial asset are solely payment of principal and interest ("SPPI") on the principal amount outstanding.

The assessment considerations are detailed in Note 2(e).

4. *Fair value of financial instruments*
IFRS 13 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The best evidence of fair value is quoted price in an active market. In most cases, the Group's financial instruments are not typically traded on an open market, and therefore management applies judgment to determine their fair value.

Refer to Note 8 for more information about the classification of fair values.

The following methods and assumptions have been used in determining fair value:

- Cash and deposit with banks – The fair values of these financial instruments are assumed to approximate their carrying values due to their generally short-term nature or the repricing of interest rates on variable rate products.
- Investments – The estimated fair value of the Group's investments was determined based on their market bid price values.
- Loans and advances to customers – The estimated fair value of loans and advances to customers was determined by valuing the receivables based on current market interest rates relative to the Group's interest rates. The carrying values of these financial instruments approximates their fair values.
- Deposits from customers – The estimated fair value of deposits from customers was determined by valuing the deposits based on current market interest rates relative to the Group's interest rates. The fair values of deposits from customers approximate their carrying values.
- Other financial instruments – Due to their short-term maturity, the carrying values of these financial instruments approximate their fair values.

Since the calculation of fair value is based on management's estimates, which involve uncertainties, the actual fair value realised in a sale or immediate settlement of the instruments may differ from the estimated amount.

4. Subsidiaries

The Group has interests in the following entities:

Name	Country of Incorporation	Shareholding
Laurentide Insurance and Mortgage Company Limited ("Laurentide")	Bahamas	100%
Laurentide Insurance Agency Limited	Bahamas	100%
C.B. Holding Co. Ltd.	Bahamas	100%
C.B. Securities Ltd.	Bahamas	100%

5. Financial Instruments

The following tables disclose the categories of financial instruments which are included in the line items in the Consolidated Statement of Financial Position:

	2023		
	Amortized Cost	Designated as Fair Value Through Profit (Loss)	Total
Financial assets			
Cash and deposits with banks	$ 238,615	$ -	$ 238,615
Investments, net	$ 771,869	$ 183	$ 772,052
Loans and advances to customers, net	$ 807,984	$ -	$ 807,984
Financial liabilities			
Deposits from customers	$ 1,544,014	$ -	$ 1,544,014
Lease liabilites	$ 700	$ -	$ 700
Other liabilities	$ 15,128	$ -	$ 15,128

	2022		
	Amortized Cost	Designated as Fair Value Through Profit (Loss)	Total
Financial assets			
Cash and deposits with banks	$ 264,223	$ -	$ 264,223
Investments, net	$ 720,364	$ 8,672	$ 729,036
Loans and advances to customers, net	$ 786,245	$ -	$ 786,245
Financial liabilities			
Deposits from customers	$ 1,513,397	$ -	$ 1,513,397
Lease liabilites	$ 1,242	$ -	$ 1,242
Other liabilities	$ 15,455	$ -	$ 15,455

The following table shows Consolidated Statement of Profit or Loss and Other Comprehensive Income information on financial instruments:

	2023	2022
Interest income, effective interest method		
Deposits with banks, loans and advances to customers, net	$ 101,424	$ 97,220
Investments,net	36,537	23,004
	$ 137,961	$ 120,224
Interest expense		
Deposits from customers	$ 17,195	$ 17,254
Fees and other income		
Deposits from customers	17,477	16,132
Loans and advances to customers,net	5,299	6,308
	$ 22,776	$ 22,440
Realised gain on equity investment at FVTPL	$ (9,728)	$ -
Net change in unrealized gain on equity investment at FVTPL	$ 8,490	$ 629

6. Business Segments

The following tables show financial information by business segment:

	2023						
	Retail Bank	Credit Life Company	Real Estate Holding	Investment Holdings	Insurance Agency Operations	Eliminations	Consolidated
Interest income							
External and internal	$ 136,153	$ 1,808	$ -	$ -	$ 4	$ (4)	$ 137,961
Total interest income	$ 136,153	$ 1,808	$ -	$ -	$ 4	$ (4)	$ 137,961
Interest expense							
External and internal	$ 17,172	$ 99	$ 73	$ -	$ -	$ (149)	$ 17,195
Total interest expense	$ 17,172	$ 99	$ 73	$ -	$ -	$ (149)	$ 17,195
Total income							
External	$ 145,065	$ 7,454	$ -	$ -	$ -	$ -	$ 152,519
Internal	(141)	(528)	3,604	7,097	531	(10,563)	-
Total income	$ 144,924	$ 6,926	$ 3,604	$ 7,097	$ 531	$ (10,563)	$ 152,519
Total profit (loss)							
Internal & external	$ 52,828	$ 2,872	$ 1,379	$ 7,080	$ 248	$ (901)	$ 63,506
Assets	$ 1,881,694	$ 48,916	$ 34,099	$ 23,093	$ 4,493	$ (116,652)	$ 1,875,643
Liabilities	$ 1,583,590	$ 1,553	$ 140	$ 21	$ 3	$ (19,162)	$ 1,566,145
Other Information							
Capital additions	$ 3,704	$ -	$ -	$ -	$ -	$ -	$ 3,704
Depreciation on right of use assets	537	-	-	-	-	-	537
Other depreciation	$ 3,033	$ -	$ 731	$ -	$ -	$ -	$ 3,764

	2022 Revised (Note 23)						
	Retail Bank	Credit Life Company	Real Estate Holding	Investment Holdings	Insurance Agency Operations	Eliminations	Consolidated
Interest income							
External	$ 118,405	$ 1,819	$ -	$ -	$ -	$ -	$ 120,224
Total interest income	$ 118,405	$ 1,819	$ -	$ -	$ -	$ -	$ 120,224
Interest expense							
External	$ 17,254	$ -	$ -	$ -	$ -	$ -	$ 17,254
Total interest expense	$ 17,254	$ -	$ -	$ -	$ -	$ -	$ 17,254
Income							
External	$ 128,227	$ 4,821	$ -	$ -	$ -	$ -	$ 133,048
Internal	(1,591)	(407)	3,375	673	468	(2,518)	-
Total income	$ 126,636	$ 4,414	$ 3,375	$ 673	$ 468	$ (2,518)	$ 133,048
Total profit							
Internal & external	$ 73,662	$ 3,236	$ 1,219	$ 636	$ 213	$ (3,475)	$ 75,491
Assets	$ 1,837,242	$ 48,331	$ 32,265	$ 15,567	$ 4,254	$ (104,430)	$ 1,833,229
Liabilities	$ 1,562,194	$ 2,528	$ 316	$ 22	$ 13	$ (20,219)	$ 1,544,854
Other Information							
Interest expense	$ 17,315	$ -	$ 138	$ 7	$ -	$ (206)	$ 17,254
Capital additions	$ 1,026	$ -	$ 186	$ -	$ -	$ -	$ 1,212
Depreciation on right of use assets	586	-	-	-	-	-	586
Other depreciation	$ 2,863	$ -	$ 740	$ -	$ -	$ -	$ 3,603

The entities within the Group operate within the same geographical area. Non-Bahamian dollar assets and liabilities which are not in the retail bank segment are not material and are therefore not allocated to business segments.

7. Cash and Cash Equivalents

	2023	2022
Cash on hand	$ 21,772	$ 23,220
Demand deposits	12,611	13,806
Time deposit with bank with an original maturity of three months or less	9,727	-
Balances with The Central Bank of The Bahamas	194,505	227,197
	238,615	**264,223**
Minimum reserve requirement	(59,645)	(59,000)
Cash and cash equivalents	**$ 178,970**	**$ 205,223**

The minimum reserve requirement comprises deposits placed with the Central Bank to meet statutory requirements of the Bank's licenses and are not available for use in the Bank's day-to-day operations. As such, these amounts are excluded from balances held with the Central Bank to arrive at cash and cash equivalents. All balances with the Central Bank are non-interest bearing.

The financial assets included in cash and cash equivalents are carried at amortized cost, which approximates the fair market value.

8. Investments

Investments are as follows:

	2023		
	Gross Amount	Maturity Years	Interest Rates
Bahamas Government Bahamian dollar debt	$ 600,090	2024-2037	2.93% - 4.88%
Bahamas Government related-debt	16,839	2024-2035	4.25% - 7.00%
Bahamas Government United States dollar debt	98,223	2024-2033	8.59% - 12.62%
United States Government debt	602	2024	7.50%
United States treasury bills	8,091	2024	5.30%
United States corporate debt	41,445	2024-2032	4.34% - 5.63%
Accrued interest receivable	9,891		
Total investments measured at amortised cost	775,181		
Less: Allowance for ECL	(3,312)		
Total investments measured at amortised cost, net	771,869		
Equity investments	183		
Total investments, net	$ 772,052		

	2022		
	Gross Amount	Maturity Years	Interest Rates
Bahamas Government Bahamian dollar debt	$ 608,663	2023-2037	2.50% - 4.88%
Bahamas Government related-debt	18,214	2023-2035	4.25% - 7.00%
Bahamas Government United States dollar debt	25,248	2023-2024	8.59% - 12.62%
United States Government debt	1,000	2023-2024	6.25% - 7.50%
United States treasury bills	64,167	2023	1.90% - 3.21%
Accrued interest receivable	6,310		
Total investments measured at amortised cost	723,602		
Less: Allowance for ECL	(3,238)		
Total investments measured at amortised cost, net	720,364		
Equity investments	8,672		
Total investments, net	$ 729,036		

Investments measured at amortized cost (net), categorized by maturity are as follows:

	2023	2022
Current (due in one year)	$ 354,736	$ 354,066
Non-current (due after one year)	$ 417,133	$ 366,298
	$ 771,869	$ 720,364

The table below shows the net carrying amount and fair value of investments.

	2023	
	Net Carrying Amount	Fair Value
Bahamas Government Bahamian dollar debt	$ 597,591	$ 599,627
Bahamas Government related-debt	16,660	16,796
Bahamas Government United States dollar debt	97,744	90,359
United States Government debt	602	614
United States treasury bills	8,091	8,033
United States corporate debt	41,290	40,794
Equity investments	183	183
Accrued interest receivable	9,891	9,891
Total investments, net	$ 772,052	$ 766,297

	2022	
	Net Carrying Amount	Fair Value
Bahamas Government Bahamian dollar debt	$ 605,715	$ 607,149
Bahamas Government related-debt	18,039	18,214
Bahamas Government United States dollar debt	25,133	25,248
United States Government debt	1,000	1,036
United States treasury bills	64,167	64,167
Equity investments	8,672	8,672
Accrued interest receivable	6,310	6,310
Total investments, net	$ 729,036	$ 730,796

The table below shows the fair value hierarchy of investments.

	2023		2022	
	Level 1	Level 2	Level 1	Level 2
Bahamas Government Bahamian dollar debt	$ -	$ 599,627	$ -	$ 607,149
Bahamas Government related-debt	-	16,796	-	-
United States Government debt	614	-	1,036	-
Equity investments	-	183	8,489	183
United States treasury bills	8,033	-	64,167	-
Bahamas Government United States dollar debt	-	90,359	-	25,248
United States corporate debt	40,794	-	-	-

As of December 31, 2023, the majority of the Bank's investments in Bahamas Government debt comprised of Bahamas Government Registered Stock and Bahamas Government Treasury Bills.

Other investments include Bahamas Government-related debt such as securities issued by the Bahamas Mortgage Corporation, The University of The Bahamas, The Bridge Authority and The Clifton Heritage. There is not a very active market for these investments. Primary brokers of these Government-related debt trade similar instruments at par value.

The Bank's common share holdings in MasterCard Incorporated accounted for the majority of its equity investments as of December 31, 2022, and were carried at a fair value of $8.5 million with any resulting gains or losses recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. During 2023 the Bank's Mastercard share holdings were converted from class B shares to class A shares and were sold with a realized gain of $9.7 million that is recorded in the Consolidated Statement of Profit or Loss and other Comprehensive Income.

9. Loans and Advances to Customers, net

Loans and advances to customers are as follows:

	2023	2022
Residential mortgage	$ 163,584	$ 161,186
Business	21,038	22,635
Personal	628,793	615,176
Credit card	38,028	34,334
Government	20,959	28,895
	872,402	862,226
Less: Allowance for ECL	(64,418)	(75,981)
Loans and advances to customers, net	$ 807,984	$ 786,245

Loans and advances to customers categorized by maturity are as follows:

	2023	2022
Current (due within one year)	$ 67,962	$ 128,211
Non-current (due after one year)	740,022	658,034
	$ 807,984	$ 786,245

Included within the carrying amount of gross loans and advances to customers are accrued interest amounting to $10.9 million (2022: $10.6 million), and effective interest rate adjustments of $6.3 million (2022: $4.6 million), the latter principally comprising deferred fees and other direct costs incurred to originate loans.

The effective interest rate yield earned for the year ended December 31, 2023, is 11.50% (2022: 11.67%). Interest rates on loans outstanding at December 31, 2023 and 2022 range from 2% - 18% per annum (2022: 2% - 16.25% per annum).

Loans and advances to customers are classified as Level 3 financial instruments.

Movement in Allowance for ECL:

	2023				
	Balance at the Beginning of Year	Loans Written off	Recoveries	Impairment (Reversals)/Losses	Balance at the End of Year
Residential mortgage	$ 10,309	$ (2,214)	$ -	$ (1,051)	7,044
Business	1,403	(2)	-	163	1,564
Personal	62,016	(30,556)	23,576	(605)	54,431
Credit card	2,150	(1,181)	1,226	(844)	1,351
Government	103	-	-	(75)	28
Total	$ 75,981	$ (33,953)	$ 24,802	$ (2,412)	$ 64,418

	2022				
	Balance at the Beginning of Year	Loans Written off	Recoveries	Impairment (Reversals)/Losses	Balance at the End of Year
Residential mortgage	$ 13,208	$ (1,971)	$ -	$ (928)	10,309
Business	971	(142)	-	574	1,403
Personal	114,304	(50,391)	25,405	(27,302)	62,016
Credit card	3,022	(2,403)	1,431	100	2,150
Government	367	-	-	(264)	103
Total	$ 131,872	$ (54,907)	$ 26,836	$ (27,820)	$ 75,981

10. Other Assets

The composition of other assets is as follows:

	2023	2022
Pension asset	$ 7,465	$ 4,672
Prepaid expenses	2,156	1,923
Accounts receivable	24	67
Other	2,270	1,323
	$ 11,915	$ 7,985

The pension asset comprises the net asset position of the defined benefit plan as disclosed in Note 20. The net pension asset is non-current. All other assets are expected to be recovered within one year.

11. Right of Use Assets and Lease Liabilities

The right of use assets are as follows:

	2023	2022
Opening net book value	$ 1,182	$ 1,301
Additions	-	467
Depreciation	(537)	(586)
Closing net book value	$ 645	$ 1,182

	2023	2022
Cost	$ 2,346	$ 2,346
Accumulated depreciation	(1,701)	(1,164)
Closing net book value	$ 645	$ 1,182

For the years ended December 31, 2023, and 2022, there were no direct costs incurred by the Bank upon entering a lease.

The lease liabilities are as follows:

	2023	2022
Opening book value	$ 1,242	$ 1,369
Additions	-	460
Finance cost on lease liabilities	42	51
Repayment of lease liabilities	(584)	(638)
Closing book value	$ 700	$ 1,242
Of which is:		
Current lease liabilities	$ 291	700
Non-current lease liabilities	409	542
	$ 700	$ 1,242

The incremental borrowing rate is 4.25% (2022: 4.25%) per annum.

12. Premises and Equipment

The movement of premises and equipment are as follows:

	Land/Site Improvements	Buildings	Leasehold Improvements	Furniture Fittings & Equipment	Total
Cost					
December 31, 2022	$ 14,975	$ 39,029	$ 1,095	$ 40,731	$ 95,830
Additions	7	129	-	3,568	3,704
Disposals	-	-	-	(651)	(651)
December 31, 2023	$ 14,982	$ 39,158	$ 1,095	$ 43,648	$ 98,883
Accumulated Depreciation					
December 31, 2022	844	14,813	968	34,647	51,272
Depreciation	45	985	25	2,709	3,764
Disposal	-	-	-	(585)	(585)
December 31, 2023	$ 889	$ 15,798	$ 993	$ 36,771	$ 54,451
Net Book Value					
December 31, 2023	$ 14,093	$ 23,360	$ 102	$ 6,877	$ 44,432

	Land/Site Improvements	Buildings	Leasehold Improvements	Furniture Fittings & Equipment	Total
Cost					
December 31, 2021	$ 14,975	$ 38,954	$ 1,095	$ 40,131	$ 95,155
Additions	-	75	-	1,137	1,212
Disposals	-	-	-	(537)	(537)
December 31, 2022	$ 14,975	$ 39,029	$ 1,095	$ 40,731	$ 95,830
Accumulated Depreciation					
December 31, 2021	795	13,838	940	32,514	48,087
Depreciation	49	975	28	2,551	3,603
Disposal	-	-	-	(418)	(418)
December 31, 2022	$ 844	$ 14,813	$ 968	$ 34,647	$ 51,272
Net Book Value					
December 31, 2022	$ 14,131	$ 24,216	$ 127	$ 6,084	$ 44,558

13. Deposits from Customers

The composition of deposits from customers is as follows:

	2023	2022
Demand deposits	$ 265,433	$ 269,426
Savings accounts	551,138	509,072
Certificates of deposit	727,443	734,899
	$ 1,544,014	$ 1,513,397

Deposits from customers categorized by maturity are as follows:

Current (due within one year)	$ 1,026,912	$ 1,036,096
Non-current (due after one year)	517,102	477,301
	$ 1,544,014	$ 1,513,397

Management has determined that the fair value of deposits from customers approximates their carrying values.

Included in deposits from customers is accrued interest payable to customers totaling $45.03 million (2022: $35.4 million).

Deposits carry fixed interest rates ranging from 0.00% to 6.50% (2022: 0:00% to 6.25%) per annum, but the fixed interest rates are determined based on market rates and can be adjusted at the respective maturities of the deposits based on changes in market rates. The weighted average interest rate incurred on deposits from customers as at December 31, 2023, was 1.14% (2022: 1.16%).

14. Other Liabilities

The composition of other liabilities is as follows:

	2023	2022
Accruals and accounts payable	$ 6,019	$ 5,516
Cashier's cheques outstanding	4,937	5,674
Employee related	4,592	6,647
Other	5,883	12,378
	$ 21,431	$ 30,215

Accruals and accounts payable and Cashier's cheques outstanding are expected to be settled within the next 12 months. The "other" category in the table above is comprised of insurance and taxes payable and other miscellaneous liabilities.

15. Share Capital

The table below presents information about the common shares which were authorized, issued, and fully paid during 2023 and 2022:

		2023		2022
Authorised:				
675,000,000 (2022: 675,000,000) shares of $0.00667 per share	$	4,500	$	4,500
Issued and fully paid:				
295,268,556 (2022: 295,268,556) shares of $0.00667 per share	$	1,968	$	1,968
Share premium		20,758		22,911
Less: 3,736,984 (2022: 2,624,094) shares held in treasury		(11,559)		(9,384)
Total	$	11,167	$	15,495
Share capital	$	1,944	$	1,951
Share premium		9,223		13,544
	$	11,167	$	15,495

The holders of common shares are entitled to receive dividends as declared from time to time, and entitled to one vote per share at meetings of the Bank. All common shares rank equally with regard to the Bank's residual assets.

The holdings of treasury shares are to fund the Group's stock-based compensation plans and inject liquidity into the local market. During the year, the Bank repurchased its common shares through its subsidiary, C.B. Securities. Details of the purchases are disclosed in Note 19.

During 2023 and 2022, the Group paid four quarterly common share dividends. In the first and second quarters of 2023, the Group paid $0.04 per share (2022: $0.01 per share) in quarterly dividends. In the third and fourth quarters of 2023, the Group paid $0.06 per share (2022: $0.02 per share) in quarterly dividends. In 2023 the Group also paid extraordinary dividends of $0.04 per share (2022: $0.04 per share).

These payments totaled $40.89 million (2022: $29.27 million) in common share dividend payments.

16. Basic earnings Per Share

		2023		2022 Revised (Note 23)
Total profit available to common shareholders	$	63,506	$	75,491
Weighted average number of common shares (in thousands)		289,119		292,613
Basic earnings per share (expressed in dollars)	$	0.22	$	0.26

17. Fees and Other Income

Fees and other income derived from contracts with customers are as follows:

		2023		2022 Revised (Note 23)
Loan and credit card fees, excluding commitment and origination fees	$	5,299	$	6,308
Credit life insurance premiums		5,276		4,902
Deposit account fees		7,396		6,838
Debit card fees		6,432		5,902
Foreign exchange		3,649		3,393
Other		2,463		2,106
	$	30,515	$	29,449

18. General and Administrative Expenses

General and administrative expenses are as follows:

		2023		2022 Revised (Note 23)
Staff costs	$	43,058	$	44,620
Licenses and taxes		15,616		12,152
Professional and service fees		10,899		8,210
Occupancy		5,878		4,781
Advertising		1,941		864
Other		8,965		7,466
	$	86,357	$	78,093

Staff costs include pension costs of $1.74 million (2022: $1.71 million) of which $37 thousand (2022: $0.1 million) relates to the DB Provisions (see Note 20). Occupancy includes rental costs for leased properties (see Note 11). Other general and administrative expenses comprise primarily of bank licensing fees, technology licensing fees and profession services fees.

19. Related Parties Balances and Transactions

The following table shows balances and transactions with related parties not disclosed elsewhere in these consolidated financial statements:

	2023 Key Management Personnel $	2022 Key Management Personnel $
Loans and advances to customers	5,895	3,872
Deposits from customers	299,518	319,230
Other liabilities	17	43
Interest income	224	162
Interest expense	8,666	8,834
General and administrative expense	797	540
Commitments under revolving credit lines	1,465	1,140

Amounts included in loans and advances to customers that relate to residential mortgages and business loans are secured. Amounts related to personal loans and credit cards are unsecured. Loans and advances to customers are granted at preferential interest rates which fall within the range disclosed in Note 9. Allowances for ECL in respect of these balances are not material. Deposits from customers are granted at preferential interest rates which fall within the range disclosed in Note 13.

Compensation of Key Management Personnel

The remuneration of key management personnel, those persons having the authority and responsibility for planning, directing and controlling the activities of the Bank is as follows:

Non-Executive Directors		2023		2022
Director's fees	$	300	$	308
Other long term benefits	$	366	$	-
	$	666	$	308

Non-executive Directors were paid $300,300 (2022: $308,000) in aggregate for fees and directorship services.

In line with the policy approved by shareholders at the 2016 Annual General Meeting, each non-executive Director, on retirement, shall receive a payment in cash or common shares of the Bank at a prevailing market value equivalent to one-twelfth of the Director's annual fees for every year of continuous service as a non-executive Director, the Bank fully accrued for Directors' cumulative retirement benefits totaling $366,000 as of December 31, 2023, recognizing in 2023 that amounts are due as non-discretionary charge of the Bank.

Other Key Management Personnel		2023		2022
Short term benefits	$	9,352	$	9,394
Post employment benefits	$	459	$	632
Other long term benefits	$	950	$	617
	$	10,761	$	10,643

Purchases and Sale of Shares from and to Subsidiary

During the year, the Bank's wholly-owned subsidiary C.B. Securities Ltd. purchased 1,113,731 of the Bank's common shares for $4.3 million (2022: shares 327,304 or $1.2 million). C.B. Securities Ltd. holds 3,736,987 (2022: 2,624,094) of the Bank's shares which have a market value of approximately $20.4 million (2022: $9.4 million) as of December 31, 2023.

There were 1,127,819 shares sold to an unconsolidated related party for $3 million to facilitate dividend payments in 2022. This did not occur in 2023.

20. Bank Pension Scheme

The pension plan consists of DB Provisions and DC Provisions.

DB Provisions

The DB Provisions, which is closed to new members, provides pensions based on years of service, contributions and weighted average earnings at retirement. The Bank's funding policy is to make monthly contributions to the DB Provisions based on triennial valuations to assess the continued appropriateness of certain assumptions which drive the valuation of the Plan and to ensure that funding levels are consistent with internally developed targets. The Bank pays on demand to the DB Provisions such periodic contributions as may be required to meet the obligations of the DB Provisions.

All employees in active employment of the Bank who had at least 3 years of service or had reached the age of 25, and who met the eligibility requirements were eligible for the DB Provisions. After October 1, 2013, entry to the DB Provisions was closed to all employees.

Assumptions applied to DB Provisions

Discount rate:

In accordance with IAS 19, the discount rate used is determined by reference to market yields at the end of the reporting period on high-quality local corporate bonds, or where there is no deep market in such bonds, by reference to market yields on long-term Bahamas Government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted.

As at the reporting date, the discount rate assumption for the DB Provisions plan is 5.8% (2022: 5.75%).

Increases in pensionable earnings:
The DB Provisions sets the pension increase rate assumption in line with the expected general wage growth which is influenced by the inflation by which benefits are expected to increase in future years. Although influenced by the inflation rate, the DB Provision does not contractually state that increases will be in line with market inflation. The assumption for 2023 has remained unchanged at 1% (2022: 1%).

Mortality:
The DB Provisions use the 1994 Uninsured Pensioners Mortality Table (UP-94) to determine the mortality rate of the plan members. The UP-94 mortality table was considered appropriate for expected mortality during 1994, however, the actual experience in the DB Provisions has proven too scarce to produce any credible experience. In instances where the actual experience is not credible, the use of UP-94 is generally accepted.

The Bank has considered the impact of COVID-19 on the mortality assumption and has deemed it unnecessary to alter its long-term assumptions.

Rate of increase of future compensation:
The 'rate of increase in future compensation' assumption of 3.5% remains unchanged from the prior year.

Expenses:
The expense assumption used in the calculation of the DB Provisions is $94,320 (2022: $102,000). The assumption is based on the average amount of the investment and administrative expenses in the DB Provisions over the past several years.

The DB Provisions typically expose the Bank to the following actuarial risks:

i. Investment risk: The DB Provisions comprises investments in Bahamian Government (and Government-related) securities and private securities. The present value of the DB Provisions liability is calculated using a discount rate of 5.80% (2022: 5.75%). If the return on assets is below the discount rate, it will create a deficit.
ii. Interest risk: A decrease in the discount rate will increase the DB Provisions liability.
iii. Longevity risk: The present value of the DB Provisions liability is calculated by reference to the best estimate of the mortality of participants both during and after their employment. An increase in the life expectancy of the DB Provisions participants will increase the DB Provisions' liability.
iv. Salary risk: The present value of the DB Provisions liability is calculated by reference to the future salaries of participants. As such, an increase in the salary of the participants will increase the DB Provisions' liability.

These risks are managed whereby the investment and operating decisions are overseen by a Pension Committee, which meets quarterly. Members of the Pension Committee include certain members of the Board of Directors of the Group and employees of the Bank. The Pension Committee meets to review changes in the actuarial assumptions that may affect the interest rate risk, longevity risk and salary risk associated with the DB Provisions. The Pension Committee also meets to discuss the investment activities of DB Provisions. The investment portfolio of the DB Provisions primarily comprises equity and fixed-income securities. Fixed-income investments primarily comprise Bahamas Government bonds. The DB Provisions' asset-liability matching strategy, based on consideration of recommendations from the investment advisor, manages the tenor of fixed-income investments, cash flow from investments, and the allocation between fixed-income and equity instruments. All equity securities have quoted prices in an active market. The investment advisor prepares a portfolio review quarterly, and management by the Pension Committee includes a consideration of the investment portfolio's investment balances in relation to the expected future distribution of pension funds. The review also includes a retrospective review of the historical performance of each investment type within the portfolio.

An actuarial valuation of the DB Provisions was undertaken by Mercer (Canada) Limited, Toronto, Canada as at December 31, 2023.

The following tables present information related to the Bank's DB Provisions, including amounts recorded in the Consolidated Statement of Financial Position and the components of defined benefit cost:

		2023		2022
Change in fair value of plan assets:				
Fair value of plan assets at beginning of year	$	29,145	$	28,170
Interest income		1,638		1,586
Actual return on plan assets		2,756		755
Administrative costs		(88)		(75)
Employer contributions		-		-
Participant contributions		69		73
Benefits paid		(976)		(1,364)
Withdrawals from plan		-		-
Fair value of plan assets at end of year	$	32,544	$	29,145

		2023		2022
Change in defined benefit obligation:				
Benefit obligation at beginning of year	$	24,473	$	24,165
Current employer service costs		204		232
Participant contributions		69		73
Interest cost		1,372		1,356
Withdrawals from plan		-		-
Benefits paid		(976)		(1,364)
Experience adjustment		76		11
Settlement payments		-		-
Changes in financial assumptions		(140)		-
Benefit obligation at end of year	$	25,078	$	24,473

		2023		2022
Benefit obligation at end of year	$	25,078	$	24,473
Fair value of plan assets at end of year		(32,544)		(29,145)
Net defined benefit (asset) liability	$	(7,466)	$	(4,672)
Net defined benefit (asset) liability:				
Balance at beginning of year	$	(4,672)	$	(4,005)
Defined benefit included in profit or loss		38		99
Remeasurement included in other comprehensive income		(2,832)		(766)
Employer contributions		-		-
Balance at end of year	$	(7,466)	$	(4,672)
Components of defined benefit cost:				
Current employer service costs	$	204	$	232
Interest cost on defined benefit obligation		1,372		1,356
Interest income on plan assets		(1,638)		(1,586)
Administrative costs		100		97
Pension benefit expense included in staff costs	$	38	$	99
Components of remeasurements:				
Changes in actuarial assumptions	$	-	$	-
Experience adjustments		76		11
Return on plan assets excluding interest income		2,756		755
Remeasurements included in other comprehensive income	$	2,832	$	766

Weighted-average assumptions to determine defined benefit obligations:	2023	2022
Discount rate	5.80%	5.75%
Rate of pension increases	1.00%	1.00%
Rate of increase in future compensation	3.50%	3.50%
Mortality Table	UP 1994 Fully generational	UP 1994 Fully generational

Weighted-average assumptions to determine defined benefit cost:	2023	2022
Discount rate	5.80%	5.75%
Rate of pension increases	1.00%	1.00%
Rate of increase in future compensation	3.50%	3.50%
Mortality Table	UP 1994 Fully generational	UP 1994 Fully generational

Actuarial assumption sensitivities:

The discount rate is sensitive to changes in market conditions arising during the reporting period.

The results of a 25 basis points increase or decrease over the actuarial assumptions related to the discount rate, compensation and pension; and one-year increase in life expectancy used in the measurement of the defined benefit obligation and defined benefit expense are summarised in the table below:

2023		Discount Rate		Compensation		Pension		Mortality
Pension obligation	$	724	$	161	$	674	$	575
Pension expense	$	69	$	14	$	47	$	39

The effect of assuming an increase of one-year in life expectancy would increase the benefit obligation by $0.6 million (2022: $0.5 million) and pension benefits expense by $39,000 (2022: $36,000).

2022		Discount Rate		Compensation		Pension		Mortality
Pension obligation	$	740	$	150	$	634	$	544
Pension expense	$	61	$	11	$	43	$	36

The weighted average duration of the defined benefit obligation is 12.0 years (2022: 12.6 years).

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the year) has been applied when calculating the defined benefit liability recognised in the Consolidated Statement of Financial Position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The DB Plan owns shares of the Bank valued at $7.69 million and $5.05 million as of December 31, 2023, and 2022 respectively.

The major categories of DB Provisions assets at December 31, 2023, are as follows:

	Fair Value of Plan Assets	
	2023	2022
Balance at banks	$ 743	$ 845
Equity instruments (by industry segments):		
Energy	2,562	2,146
Industrials	219	202
Consumer staples	198	184
Finance	10,669	8,059
Government bonds	12,348	13,095
Other debt instruments	4,212	2,618
Preferred equity	1,573	1,773
Mutual Fund	97	75
Other Assets	10	222
Liabilities	(87)	(74)
Fair value of plan assets	$ 32,544	$ 29,145

All equity securities are level 1 investments. All bonds are Level 2 investments.

Given that the DB Provisions is currently overfunded, the Bank did not make any contributions in 2023 and 2022 in respect of the DB Provisions.

DB Provisions funds held at the Bank and related interest expense are as follows:

	2023	2022
Deposits from customers	**$ 280**	**$ 288**
Interest expense	**$ -**	**$ -**

The remeasurement gain of defined benefit obligation included in other comprehensive income is as follows:

	2023	2022
Remeasurement of defined benefit obligation	**$ 2,832**	**$ 766**

DC Provisions

The DC Provisions requires a defined contribution be made by the Bank for plan members. Eligibility in the DC Provisions includes all employees in active employment of the Bank who have at least 1 year of service or have reached the age of 25, and who met the eligibility requirements of the DC Provisions on or after October 1, 2013, or were hired after September 1, 2013. Contributions to the DC Provisions started on November 1, 2013, for eligible employees.

Contributions to the DC Provisions are deposited into the plan account of each employee and administered by the pension plan's investment manager. Employees may choose from three investment options, two of which are investment funds offered by the investment manager and the other being the CB Managed Fund.

The amounts recognised as an expense under the DC Provisions are as follows:

	2023	2022
Pension expense included in staff costs	**$ 1,703**	**$ 1,610**

The DC Provisions owns 171,889 (2022: 171,889) common shares of the Bank. These shares have a market value of $0.3 million (2022: $0.8 million) which represents 2% (2022: 5.2%) of the DC Provisions assets.

21. Commitments and Contingencies

To meet the financial needs of customers, the Bank enters into various irrevocable commitments. These consist of mortgage commitments, letters of credit and other undrawn commitments to lend. Letters of credit commit the Bank to make payments on behalf of customers in the event of a specific act. In addition, contingent liabilities arise because of litigation or similar unforeseen matters.

Loan commitments

In the ordinary course of business, the Bank had commitments as at the reporting date, as follows:

	2023	2022
Mortgage commitments	$ 8,520	$ 9,203
Commercial commitments	$ 1,444	$ -
Revolving credit lines	30,155	26,037
	$ 40,119	$ 35,240

Revolving credit lines are undrawn lending facilities that have been approved by the Bank to meet the requirements of customers. They are revocable at the Bank's discretion. The amount shown represent the maximum amount of additional credit that the Bank could be obligated to extend.

These financial instruments are subject to the Bank's standard credit policies and procedures.

Capital commitments

As at December 31, 2023, the Bank had capital commitments of $0.11 million (2022: $0.22 million).

Letters of credit

The Bank has a standby letter of credit with PNC Bank for US$ 6.4 million.

Liability provisions

The Group is involved in various legal proceedings covering a range of matters that arise in the ordinary course of business activities. As at December 31, 2023, and 2022, the Bank maintained related provisions totaling $0.2 million while the ruling is pending. These provisions are included in other liabilities in the employee-related line item (Note 14) and are estimates of the loss exposure.

22. Risk Management

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the Group's Enterprise Risk Management function, which represents the second line of internal control defence; and the Internal Audit function, which represents the third line of internal control defence. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group's Audit Committee.

The Group has exposures to the following risks: concentration risk, capital management risk, interest rate risk, credit risk, liquidity risk, currency and operational risk.

a. ***Concentration risk -*** Risk concentrations can arise through the Group's exposure to individual counterparties, groups of individual counterparties or related entities; geographical locations; industry sectors; specific products; or service providers. The Group is exposed to the potential loss in value when a significant source of concentration risk moves in an unfavourable direction.

   The concentration of risks not specifically identified in other notes to these consolidated financial statements are as follows:

   Geographical concentration - The Group has a concentration of risk in respect of the geographical area, as its operations, deposit customers; and significant assets are domiciled within the Commonwealth of The Bahamas.

   Currency concentration - The Group has a concentration in respect of currency as its financial instruments are significantly denominated in a single currency, the Bahamian dollar. Its other significant currency exposure is to the United States dollar, which shows a history of being positively correlated to the Bahamian dollar.

   Credit concentration - The Group has a concentration of credit risk when a significant proportion of borrowers are engaged in similar sectorial activities, and have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. A significant concentration of the Group's borrowers are employees of The Government of The Bahamas or its related entities; and large hotel properties operating within the tourism and leisure sectors of The Commonwealth of The Bahamas.

   Product concentration – The Group categorizes its loans and advances to customers into loan types including personal, business, residential, and government; and revolving loans of credit cards and overdrafts. The Group has a significant concentration of personal loans and advances to customers.

   Liquidity concentration – The Group has a concentration of liquidity risk in its reliance on a particular market to realize its liquid assets; and sources of funding for its lending activities. The concentration of liquidity may also arise in the contract terms of repayment for its financial assets and liabilities. A significant concentration of the Group's investments is in financial instruments issued by the Government of The Bahamas or its related entities. Trading levels in the Commonwealth of The Bahamas, whether on BISX or over-the-counter markets, are generally low, and therefore, the ability of the Group to liquidate large positions may be difficult and prices received may be severely impacted. The Central Bank has created a secondary market for certain debt securities issued by the Government of The Bahamas, and prices currently being observed in this market and over-the-counter approximate the face values of such securities.

   The Bank manages its concentration of risks through its internal risk management policies and procedures, specifically stated in, but not limited to, its business continuity and recovery planning strategies; its setting of prudent concentration limits and targets for business performance; and its periodic stress testing of its liquidity and capital contingency plans.

b. ***Capital management risk -*** The Group manages its capital to ensure that it has a strong capital base to support the development of its business. The capital maintained exceeds regulatory capital requirements. The Group maximizes the return to shareholders through optimization of its debt and equity balance. The Group's risk management structure promotes making sound business decisions by balancing risk and reward. It promotes revenue-generating activities that are consistent with the Group's risk appetite, the Bank's policies and the maximization of shareholder return.

   The capital structure of the Bank consists of equity attributable to the common equity holders of the Bank, comprising issued share capital, share premium and retained earnings as disclosed in Note 16. The Board's Executive Committee reviews the capital structure at least annually. As part of this review, the Executive Committee considers the cost of capital and the risks associated with each type of capital available to fund its business activities. Based on recommendations of the Executive Committee, the Bank manages its capital structure through the payment of dividends, new share issues, (common or preference) and the redemption of preference shares, as applicable.

As prescribed by the Guidelines for the Management of Capital and the Calculation of Capital Adequacy issued by the Central Bank, the Bank is required to maintain a capital adequacy ratio of at least 17% (2022: 17%), which is calculated by dividing the Bank's total eligible capital by its total risk-weighted exposures. The Bank's capital adequacy ratio for 2023 was 31% (2022: 32%). The Group's capital is made up of Tier 1 capital only, which includes share capital and retained earnings.

Regulatory capital requirements for Laurentide and Laurentide Insurance Agency Limited are managed through the Bank. The Group's strategy is unchanged from 2022.

Laurentide is licensed to conduct long term insurance business under The Insurance Act 2005 (the "Act").

Under paragraph 60(1)A of The Insurance (General) Regulations, 2010 (the "Regulations") an insurance company is required to have a minimum paid-up and unencumbered share capital of not less than $3 million. As at December 31, 2023, Laurentide has $300,300 (2022: $300,300) in share capital and $2,750,000 (2022: $2,750,000) in contributed surplus. Laurentide's Board passed a resolution on December 6, 2011, making the contributed surplus non-distributable.

Laurentide is required to establish and maintain a minimum statutory deposit of $2 million, such deposit to be held in trust under section 43(2) of the Act and paragraph 62 of the Regulations. The LIM (Laurentide Insurance Management) Statutory Reserve Trust was established on December 20, 2011, with assets valued at $2,289,300 as at December 31, 2023 (2022: $2,289,300).

During the year, the Group complied with all externally imposed capital requirements.

c. ***Interest rate risk -*** Interest rate risk is the potential for a negative impact on the Consolidated Statement of Financial Position and/ or Consolidated Statement of Profit or Loss and Other Comprehensive Income arising from adverse changes in the value of financial instruments as a result of changes in interest rates.

Interest rate risk or interest rate sensitivity results primarily from differences in the repricing dates of assets and liabilities. Interest rate risk exposures or "gaps" may produce favorable or unfavorable effects on interest margins depending on the nature of the gap and the direction of interest rate movement and/or the expected volatility of those interest rates. When assets have a shorter average maturity than liabilities, an increase in interest rates would have a positive impact on net interest margins, and conversely, if more liabilities than assets mature or are repriced in a particular time interval then a negative impact on net interest margin would result.

The consolidated gap position shows more assets than liabilities repriced in periods greater than one year. This is a typical position for a financial institution with a large personal customer base.

The Group manages its interest rate sensitivity gaps primarily by matching the maturity and repricing terms of its assets and liabilities. The Bank's interest-bearing financial liabilities, which are primarily its deposits to customers, are not linked to market interest rates and are set by management's interest rate schedule and can be reset following the maturity of any customer deposit. The interest rate schedule is reviewed periodically by the Bank's Asset-Liability Management Committee, and approved by the Board of Directors. The Bank's loan portfolio is generally not linked to market rates, except for mortgage loans with variable interest rates linked to the Bahamian dollar prime and can be reset following the maturity or restructure of any mortgage loan. Loan product interest rates are set by management's interest rate schedule. The interest rate schedule is reviewed periodically by the Bank's Asset-Liability Management Committee, and approved by the Board of Directors. The Group's investment portfolio is generally linked to market interest rates, and the Group does not attempt to hedge specifically against the impact of changes in market interest rates, as it manages by tactical allocation across instrument tenors and cash holdings. The Bank analyzes its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration changes in interest rates. Based on these scenarios, the Bank calculates the impact on profit and loss of a defined interest rate shift. The following table sets out the Group's interest rate risk exposure as at December 31, 2023, which represents the Group's risk exposure at this point only.

Interest Rate Sensitivity

If market interest rates increase/decrease by 50 basis points and all other variables remain constant, the Group's profit over the next 12 months is estimated to increase/decrease by $444,000 (2022: $424,000).

	Repricing date of interest sensitive instruments					
As of December 31, 2023	**Within 3 Months**	**3-12 months**	**Over 1-5 Years**	**Over 5 years**	**Non interest rate sensitive**	**Total**
Assets						
Cash and deposits with banks	$ -	$ -	$ -	$ -	$ 238,615	$ 238,615
Investments, net	214,859	145,919	187,194	223,897	183	772,052
Loans and advances to customers, net	48,771	12,793	178,234	568,186	-	807,984
Total financial assets	$ 263,630	$ 158,712	$ 365,428	$ 792,083	$ 238,798	$ 1,818,651
Liabilities						
Deposits from customers	$ 633,720	$ 127,759	$ 351,823	$ 165,279	$ 265,433	$ 1,544,014
Lease liabilities	-	-	700	-	-	700
Other liabilities	-	-	-	-	$ 15,128	$ 15,128
Total financial liabilities	$ 633,720	$ 127,759	$ 352,523	$ 165,279	$ 280,561	$ 1,559,842
Interest Rate Sensitivity Gap	**$ (370,090)**	**$ 30,953**	**$ 12,905**	**$ 626,804**		

	Repricing date of interest sensitive instruments					
As of December 31, 2022	**Within 3 Months**	**3-12 months**	**Over 1-5 Years**	**Over 5 years**	**Non interest rate sensitive**	**Total**
Assets						
Cash and deposits with banks	$ -	$ -	$ -	-	$ 264,223	$ 264,223
Investments, net	208,064	141,985	197,383	173,879	7,725	729,036
Loans and advances to customers, net	32,053	96,158	297,828	360,206	-	786,245
Total financial assets	$ 240,117	$ 238,143	$ 495,211	$ 534,085	$ 271,948	$ 1,779,504
Liabilities						
Deposits from customers	$ 607,918	$ 158,752	$ 266,302	$ 210,999	$ 269,426	$ 1,513,397
Lease liabilities	-	-	1,242	-	-	1,242
Other liabilities	-	-	-	-	$ 15,455	$ 15,455
Total financial liabilities	$ 607,918	$ 158,752	$ 267,544	$ 210,999	$ 284,881	$ 1,530,094
Interest Rate Sensitivity Gap	**$ (367,801)**	**$ 79,391**	**$ 227,667**	**$ 323,086**		

d. ***Credit risk -*** Credit and counterparty risk is the potential for loss due to the failure of a borrower, endorser, guarantor or counterparty to repay a loan or honour a financial obligation. This is the most significant measurable risk faced by the Group.

The Bank's credit policies are designed to maximize the risk/return trade-off. The Bank's credit policies, including authorized lending limits, are based on segregation of authority and centralized management approval with a periodic independent review by the Bank's Internal Audit department. Consumer credit is assessed and authorized in branches within credit policies established by the Bank. Credit scoring systems are used to ensure that these policies are consistently applied across the Bank. A key factor in the Bank managing and constraining its credit risk exposure is the close review and follow up of its credit portfolios to quickly identify indications of potential failure to perform according to the terms of the contract and to take the appropriate steps to maintain or restore these accounts to performing according to the terms of the contracts.

The Group places its deposits with reputable financial institutions and considers factors of the financial institution such as reputation, longevity, market presence, market regulation, profitability, and capital adequacy to gauge the institution's stability and ability to meet its financial obligations when considering deposit placements. Where available, external credit ratings are considered.

Expected Credit Loss Measurement

Expected credit loss is the discounted product of the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") parameters defined as follows:

- PD – The estimate of the likelihood of default over a given period.
- LGD – The estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including discounted cash flows from any collateral. LGD is expressed as a percentage of the EAD.
- EAD – The estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected draw downs on committed facilities.

Except where specifically indicated for a class of financial assets, the ECL method is applied consistently across loans and advances to customers, and investments.

For loans and advances to customers, excluding those exposures where the counterparty is the Government of The Bahamas, the Bank uses a Point-in-Time ("PIT") analysis while having regard to historical loss data forward-looking macro-economic data.

The lifetime PD of these exposures is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loan. PDs are then adjusted for IFRS 9 to incorporate forward looking information. This is repeated for each economic scenario defined by the Bank.

For exposures (including both loans and advances to customers, and investments) where the counter-party is the Government of The Bahamas, the Bank uses the historical 12-month PD and lifetime PD of the counter-party's credit rating published by credit rating agencies which are then adjusted for IFRS 9 to incorporate forward-looking information.

The table below shows the average lifetime PD for financial instruments in which ECL amounts are recognised.

	2023	**2022**
Residential mortgage	46%	54%
Business	34%	43%
Personal	27%	29%
Credit card	36%	47%
Government	2%	13%
Investments	9%	9%

Included in the average lifetime PD for credit cards are overdrafts and guarantees.

The estimate of expected cash shortfalls reflects the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the Bank (e.g. properties collateralized for mortgage loans are not recognised on the Bank's consolidated balance sheet).

Such estimates reflect the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable.

Any cash flows that are expected from the realisation of the collateral beyond the contractual maturity of the contract are included in ECL modelling.

Where appropriate, the Bank considers the time to sell and the cost to sell. Further, "Forced Sale" discounts are also included to account for reductions in value due to forced sales and deterioration of collateral held.

In addition, the cost directly associated with realising collateral forms part of the ECL calculation. In the short term, this is set by the Bank's executive management and is based on their understanding of the market, the economic environment and the Group's experience. This is expressed as a discount factor (nominal value). The Bank also includes recovery cash flow assumptions in LGD which are discounted back to the point of default at the original effective interest rate.

For government loans and securities, the Group used its judgment in the assessment of a significant increase in risk and migration of balances to progressive stages. The assessment takes into consideration the risk rating of external agencies (i.e. Moody's) and the economic environment of the country.

Internal Risk Ratings
Internal risk ratings are assigned according to the Group's risk management framework. Changes in internal risk ratings are primarily reflected in the PD parameters, which are estimated based on the Group's historical loss experience at the relevant risk segment or risk rating level, adjusted for forward-looking information.

Each credit facility is individually risk-rated (from 1 – being the lowest to 8 – being the highest) concerning its probable performance. Risk factors, which are based on the Group's current policy and procedures, are used to determine each loan's risk rating. These risk factors are assigned scoring based on a tiered approach with a higher score being assigned as risk factors increase. The factors and the range score assigned to them are then used to calculate a single risk rating.

Weighting of Expected Credit Loss
A multiple probability model has been adopted by the Group. The model was developed to allow scenario analysis and management overlay where deemed necessary (this applies to the weighting assigned to the estimates grouping). Three calculations for ECL estimates are generated representing base case, best case and worse case. Once an ECL calculation has been developed for each scenario, a weight is applied to each estimate based on the likelihood of occurrence to arrive at a final weighted ECL. The level of estimation uncertainty has increased since December 31, 2020, as a result of the economic and social disruption caused by the impact of the Covid-19 pandemic.

This includes significant judgments relating to:

- The selection and weighting of macro-economic scenarios;
- The effect of government and other support measures implemented to mitigate the negative economic impact;
- The uncertainty over the duration and severity of the effect of the pandemic as well as the timing and duration of the recovery;
- The assessment of the impact of the macro-economic scenarios on the ECL given the unavailability of historical information for a similar event;
- The identification and assessment of significant increases in credit risk and impairment especially for loan facilities where borrowers have received support under various government and bank support schemes; and
- The identification and assessment of significant increases in credit risk and impairment especially for exposures where the counterparty's credit rating has deteriorated significantly since initial recognition.

The weighting assigned to each scenario as at December 31, 2023 and December 31, 2022, was as follows:

December 31, 2023	**Base**	**Best**	**Worst**
Residential	70%	5%	25%
Business	70%	5%	25%
Personal	70%	5%	25%
Credit Card	100%	0%	0%
Government	70%	5%	25%
Bahamas Investments	70%	5%	25%
United States Investments	40%	30%	30%

December 31, 2022	**Base**	**Best**	**Worst**
Residential	65%	5%	30%
Business	65%	5%	30%
Personal	65%	5%	30%
Credit Card	100%	0%	0%
Government	65%	5%	30%
Bahamas Investments	65%	5%	30%
United States Investments	40%	30%	30%

Significant Increases in Credit Risk and Incorporation of forward-looking indicators
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of a default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.

The common assessment for significant increases in credit risk on loan portfolios normally includes macroeconomic outlook, management judgment, and delinquency and monitoring. Forward-looking macroeconomic factors are considered as part of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depend on the type of product, characteristics of the financial instruments and the borrower.

The ECL model may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap. Examples of this include changes in adjudication criteria for a particular group of borrowers, changes in portfolio composition and natural disasters impacting the portfolio. With regard to delinquency and monitoring, there is a rebuttable presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

In October 2022, the international credit rating agency, Moody's Corporation ("Moody's"), downgraded The Bahamas' credit rating to B1 from Ba3, while also improving its economic outlook for The Bahamas from negative to stable.

S&P Global Inc. ("S&P"), in November 2022, affirmed its 2021 sovereign credit ratings on The Bahamas, with a stable outlook.

The credit ratings of B1 and B+ of Moody's and S&P respectively are both considered to be non-investment grade ratings. The aforementioned credit risk downgrades are considered indicative of a SICR for certain exposures (including both loans and advances to customers, and investments) which originated or were acquired by the Bank before October 2022, and this has resulted in certain exposures being classified in stage 2 with a lifetime ECL being recognized.

Maximum Exposure to Credit Risk
For financial assets recognised on the Consolidated Statement of Financial Position, the exposure to credit risk generally equals their carrying amount. For standby letters of credit, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the standby letters of credit are called upon.

For loan commitments and revolving credit lines that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities. Refer to Note 21 for the amounts of the exposure as of December 31, 2023 and 2022.

The following table contains an analysis of the credit risk exposure of financial assets for which an ECL allowance is recognised.

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount				
Loans and advances to customers				
Residential mortgage	$ 98,356	$ 41,186	$ 24,042	$ 163,584
Business	12,240	5,215	3,583	21,038
Personal	503,761	96,747	28,285	628,793
Credit card	36,202	1,372	454	38,028
Government	-	20,959	-	20,959
	650,559	165,479	56,364	872,402
Impairment allowance				
Residential mortgage	129	1,096	5,819	7,044
Business	106	17	1,441	1,564
Personal	12,251	19,995	22,185	54,431
Credit card	963	163	225	1,351
Government	-	28	-	28
	13,449	21,299	29,670	64,418
Carrying amount				
Residential mortgage	98,227	40,090	18,223	156,540
Business	12,134	5,198	2,142	19,474
Personal	491,510	76,752	6,100	574,362
Credit card	35,239	1,209	229	36,677
Government	-	20,931	-	20,931
	$ 637,110	$ 144,180	$ 26,694	$ 807,984

	2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Loans and advances to customers				
Residential mortgage	$ 85,412	$ 45,264	$ 30,510	$ 161,186
Business	14,384	4,901	3,350	22,635
Personal	482,003	102,098	31,075	615,176
Credit card	30,572	2,744	1,018	34,334
Government	-	28,895	-	28,895
	612,371	183,902	65,953	862,226
Impairment allowances				
Residential mortgage	189	1,492	8,628	10,309
Business	-	75	1,328	1,403
Personal	14,643	22,151	25,222	62,016
Credit card	1,276	349	525	2,150
Government	-	103	-	103
	16,108	24,170	35,703	75,981
Carrying amount				
Residential mortgage	85,223	43,772	21,882	150,877
Business	14,384	4,826	2,022	21,232
Personal	467,360	79,947	5,853	553,160
Credit card	29,296	2,395	493	32,184
Government	-	28,792	-	28,792
	$ 596,263	$ 159,732	$ 30,250	$ 786,245

	2023		
	Stage 1	Stage 2	Total
Gross carrying amount - Investments			
Investments measured at amortised cost			
Bahamas Government Bahamian dollar debt	$ 469,611	$ 137,691	$ 607,302
Bahamas Government related-debt	4,211	12,894	17,105
United States Government debt	607	-	607
Bahamas Government United States dollar debt	39,066	60,901	99,967
United States corporate debt	42,012	-	42,012
United States Government treasury bills	8,188	-	8,188
	563,695	211,486	775,181
Impairment allowances			
Bahamas Government Bahamian dollar debt	728	1,772	2,500
Bahamas Government related-debt	6	173	179
United States Government debt	-	-	-
Bahamas Government United States dollar debt	44	435	479
United States corporate debt	154	-	154
United States Government treasury bills	-	-	-
	932	2,380	3,312
Carrying amount			
Bahamas Government Bahamian dollar debt	468,883	135,919	604,802
Bahamas Government related-debt	4,205	12,721	16,926
United States Government Bonds	607	-	607
Bahamas Government United States dollar debt	39,022	60,466	99,488
United States corporate debt	41,858	-	41,858
United States Government treasury bills	8,188	-	8,188
	$ 562,763	$ 209,106	$ 771,869

	2022		
	Stage 1	Stage 2	Total
Gross carrying amount - Investments			
Bahamas Government Bahamian dollar debt	$ 463,873	$ 150,181	$ 614,054
Bahamas Government related-debt	7,860	10,634	18,494
United States Government debt	1,016	-	1,016
Bahamas Government United States dollar debt	9,991	15,341	25,332
United States treasury bills	64,706	-	64,706
	547,446	176,156	723,602
Impairment allowances			
Bahamas Government Bahamian dollar debt	926	2,022	2,948
Bahamas Government related-debt	16	159	175
United States Government debt	-	-	-
Bahamas Government United States dollar debt	19	96	115
United States treasury bills	-	-	-
	961	2,277	3,238
Carrying amount			
Bahamas Government Bahamian dollar debt	462,947	148,159	611,106
Bahamas Government related-debt	7,844	10,475	18,319
United States Government debt	1,016	-	1,016
Bahamas Government United States dollar debt	9,972	15,245	25,217
United States treasury bills	64,706	-	64,706
	$ 546,485	$ 173,879	$ 720,364

The maximum exposure by stage related to unfunded commitments is as follows:

	2023			
Maximum Exposure by Stage	Stage 1	Stage 2	Stage 3	Total
Undrawn Commitments				
Mortgage loan undrawn commitments	$ 8,359	$ 161	$ -	$ 8,520
Commercial loan undrawn commitments	1,444	-	-	1,444
Credit card undrawn commitments	29,634	441	80	30,155
	$ 39,437	$ 602	$ 80	$ 40,119

	2022			
Maximum Exposure by Stage	Stage 1	Stage 2	Stage 3	Total
Undrawn Commitments				
Mortgage loan undrawn commitments	$ 9,197	$ -	$ 6	$ 9,203
Credit card undrawn commitments	25,040	709	288	26,037
	$ 34,237	$ 709	$ 294	$ 35,240

Credit quality

The following table is an analysis of financial instruments by credit quality:

	2023		
	Original Contract	Restructured	Total
Cash and deposit with Banks			
Neither past due or impaired	$ 238,615	$ -	$ 238,615
Past due but not impaired	-	-	-
Impaired	-	-	-
	$ 238,615	$ -	$ 238,615
Investments			
Neither past due or impaired	$ 775,364	$ -	$ 775,364
Past due but not impaired	-	-	-
Impaired	-	-	-
	$ 775,364	$ -	$ 775,364
Loans and advances to customers			
Neither past due or impaired	$ 637,031	$ 70,511	$ 707,542
Past due but not impaired	79,290	29,206	108,496
Impaired	43,998	12,366	56,364
	$ 760,319	$ 112,083	$ 872,402

	2022		
	Original Contract	Restructured	Total
Cash and deposit with Banks			
Neither past due or impaired	$ 264,223	$ -	$ 264,223
Past due but not impaired	-	-	-
Impaired	-	-	-
	$ 264,223	$ -	$ 264,223
Investments			
Neither past due or impaired	$ 732,274	$ -	$ 732,274
Past due but not impaired	-	-	-
Impaired	-	-	-
	$ 732,274	$ -	$ 732,274
Loans and advances to customers			
Neither past due or impaired	$ 613,387	$ 67,437	$ 680,824
Past due but not impaired	86,917	28,532	115,449
Impaired	57,118	8,835	65,953
	$ 757,422	$ 104,804	$ 862,226

Financial assets are past due when a counterparty has failed to make a payment when contractually due.

The average mortgage balance was $113,743 (2022: $110,103) while the average business account balance was $204,693 (2022: $215,805). The average consumer balance was $22,962 (2022: $22,689).

The largest exposure to a single loan customer, other than the Government of The Bahamas (Note 9), was approximately $1.6 million (2022: $1.6 million). Mortgage loans and business loans can extend up to 35 years and 10 years, respectively while consumer loans can extend up to 12 years.

Transfers between Stages

At each reporting date, the Group assesses whether the credit risk on its financial assets has increased significantly since initial recognition. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, and is not assessed based on the change in the amount of the expected credit losses. This involves setting quantitative tests combined with additional indicators such as credit risk classification and other observable inputs.

Transfers between Stages 1 and 2 are based on the assessment of significant increases in credit risk relative to initial recognition. The impact of moving from 12-month expected credit losses to lifetime expected credit losses, or vice versa, varies by portfolio and is dependent on the expected remaining life at the date of the transfer. Stage transfers may result in significant fluctuations in the Group's expected credit losses.

Movement in Allowance for ECL by Stage

The allowance for ECL recognised in the period is impacted by a variety of factors, including but not limited to:

- Transfers between Stage 1 and 2 or 3 due to financial assets experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial assets recognised during the period, as well as releases for financials assets de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs, and LGDs in the period, arising from regular refreshing of inputs to the model;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Financial assets de-recognised during the period and write-offs of allowances related to the assets that were written off during the period; and
- The number of days past due of a personal loan facility, as the LGD increases as the number of days past due increases.

  The following tables explain the changes in the Allowance for ECL by portfolio between the beginning and the end of the annual period due to these factors.

	2023 and 2022			
Investments	Stage 1	Stage 2	Stage 3	Total
Allowance for ECL as at January 1, 2022	$ 156	$ 2,818	$ -	$ 2,974
Transfers:				
Transfers from Stage 2 to Stage 1	533	(533)	-	-
New financial assets originated	758	162	-	920
Changes in PDs/LGDs/EADs	(412)	(71)	-	(483)
Financial assets derecognised/written-off	(74)	(99)	-	(173)
Allowance for ECL as at December 31, 2022	$ 961	$ 2,277	$ -	$ 3,238
Transfers:				
Transfers from Stage 2 to Stage 1	157	(157)	-	-
Transfers from Stage 1 to Stage 2	(4)	4	-	-
New financial assets originated	604	370	-	974
Changes in PDs/LGDs/EADs	(207)	(114)	-	(321)
Financial assets derecognised	(579)	-	-	(579)
Allowance for ECL as at December 31, 2023	$ 932	$ 2,380	$ -	$ 3,312

	2023 and 2022			
Residential mortgage	Stage 1	Stage 2	Stage 3	Total
Allowance for ECL as at January 1, 2022	$ 827	$ 3,558	$ 8,823	$ 13,208
Transfers:				
Transfers from Stage 1 to Stage 2	(22)	22	-	-
Transfers from Stage 1 to Stage 3	(13)	-	13	-
Transfers from Stage 2 to Stage 1	25	(25)	-	-
Transfers from Stage 2 to Stage 3	-	(37)	37	-
Transfers from Stage 3 to Stage 1	23	-	(23)	-
Transfers from Stage 3 to Stage 2	-	127	(127)	-
New financial assets originated/recoveries	59	-	28	87
Changes in PDs/LGDs/EADs	(682)	(2,522)	(2,809)	(6,013)
Financial assets derecognised/written-off	(28)	369	2,686	3,027
Allowance for ECL as at December 31, 2022	$ 189	$ 1,492	$ 8,628	$ 10,309
Transfers:				
Transfers from Stage 1 to Stage 2	(4)	4	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-
Transfers from Stage 2 to Stage 1	13	(13)	-	-
Transfers from Stage 2 to Stage 3	-	-	-	-
Transfers from Stage 3 to Stage 1	28	-	(28)	-
Transfers from Stage 3 to Stage 2	-	13	(13)	-
New financial assets originated/recoveries	107	822	4,188	5,117
Changes in PDs/LGDs/EADs	(200)	(1,132)	(3,718)	(5,050)
Financial assets derecognised/written-off	(4)	(90)	(3,238)	(3,332)
Allowance for ECL as at December 31, 2023	$ 129	$ 1,096	$ 5,819	$ 7,044

Business	2023 and 2022 Stage 1	Stage 2	Stage 3	Total
Allowance for ECL as at January 1, 2022	$ -	$ 81	$ 890	$ 971
New financial assets originated/recoveries	-	9	-	9
Changes in PDs/LGDs/EADs	-	(15)	469	454
Financial assets derecognised/written-off	-	-	(31)	(31)
Allowance for ECL as at December 31, 2022	$ -	$ 75	$ 1,328	$ 1,403
New financial assets originated/recoveries	-	7	1,127	1,134
Changes in PDs/LGDs/EADs	106	(65)	(1,014)	(973)
Financial assets derecognised/written-off	-	-	-	-
Allowance for ECL as at December 31, 2023	$ 106	$ 17	$ 1,441	$ 1,564

Personal	2023 and 2022 Stage 1	Stage 2	Stage 3	Total
Allowance for ECL as at January 1, 2022	$ 11,141	$ 27,904	$ 75,259	$ 114,304
Transfers:				
Transfers from Stage 1 to Stage 2	(214)	214	-	-
Transfers from Stage 1 to Stage 3	(124)	-	124	-
Transfers from Stage 2 to Stage 1	715	(715)	-	-
Transfers from Stage 2 to Stage 3	-	(466)	466	-
Transfers from Stage 3 to Stage 1	1,231	-	(1,231)	-
Transfers from Stage 3 to Stage 2	-	4,277	(4,277)	-
New financial assets originated/recoveries	3,890	3,069	1,865	8,824
Changes in PDs/LGDs/EADs	(369)	(5,557)	(12,694)	(18,620)
Financial assets derecognised/written-off	(1,627)	(6,575)	(34,290)	(42,492)
Allowance for ECL as at December 31, 2022	$ 14,643	$ 22,151	$ 25,222	$ 62,016
Transfers:				
Transfers from Stage 1 to Stage 2	(127)	127	-	-
Transfers from Stage 1 to Stage 3	(64)	-	64	-
Transfers from Stage 2 to Stage 1	255	(255)	-	-
Transfers from Stage 2 to Stage 3	-	(315)	315	-
Transfers from Stage 3 to Stage 1	52	-	(52)	-
Transfers from Stage 3 to Stage 2	-	799	(799)	-
New financial assets originated/recoveries	9,948	15,837	17,842	43,627
Changes in PDs/LGDs/EADs	(10,608)	(22,962)	(23,643)	(57,213)
Financial assets derecognised/written-off	(1,848)	4,613	3,236	6,001
Allowance for ECL as at December 31, 2023	$ 12,251	$ 19,995	$ 22,185	$ 54,431

Credit Cards	2023 and 2022 Stage 1	Stage 2	Stage 3	Total
Allowance for ECL as at January 1, 2022	$ 1,187	$ 333	$ 1,502	$ 3,022
Transfers:				
Transfers from Stage 1 to Stage 2	(656)	656	-	-
Transfers from Stage 1 to Stage 3	(72)	-	72	-
New financial assets originated/recoveries	216	228	119	563
Changes in PDs/LGDs/EADs	1,251	(868)	(1,168)	(785)
Financial assets derecognised/written-off	(650)	-	-	650
Allowance for ECL as at December 31, 2022	$ 1,276	$ 349	$ 525	$ 2,150
Transfers:				
Transfers from Stage 1 to Stage 2	(19)	19	-	-
Transfers from Stage 1 to Stage 3	(6)	-	6	-
Transfers from Stage 2 to Stage 1	270	(270)	-	-
Transfers from Stage 3 to Stage 1	845	-	(845)	-
Transfers from Stage 3 to Stage 2	-	39	(39)	-
Transfers from Stage 2 to Stage 1	-	(2)	2	-
New financial assets originated/recoveries	303	49	138	490
Changes in PDs/LGDs/EADs	(1,655)	32	1,042	(581)
Financial assets derecognised/written-off	(51)	(53)	(604)	(708)
Allowance for ECL as at December 31, 2023	$ 963	$ 163	$ 225	$ 1,351

Government	2023 and 2022 Stage 1	Stage 2	Total
Allowance for ECL as at January 1, 2022	$ -	$ 367	$ 367
Transfers:			
Transfers from Stage 2 to Stage 1	36	(36)	-
Changes in PDs/LGDs/EADs	(36)	(217)	(253)
Financial assets derecognised/written-off	-	(11)	(11)
Allowance for ECL as at December 31, 2022	$ -	$ 103	$ 103
Financial assets originated/recoveries	-	-	-
Changes in PDs/LGDs/EADs	28	(103)	(75)
Allowance for ECL as at December 31, 2023	$ 28	$ -	$ 28

The credit quality of loans and advances to customers is shown in the following table:

	2023		
	Original Contract	Restructured	Total
Loans and advances to customers			
Residential mortgage			
Neither past due or impaired	$ 109,432	$ 1,161	$ 110,593
Past due but not impaired	28,603	346	28,949
Impaired	23,773	269	24,042
	$ 161,808	$ 1,776	$ 163,584
Business			
Neither past due or impaired	$ 10,187	$ 17	$ 10,204
Past due but not impaired	3,345	3,906	7,251
Impaired	3,583	-	3,583
	$ 17,115	$ 3,923	$ 21,038
Personal			
Neither past due or impaired	$ 465,285	$ 69,333	$ 534,618
Past due but not impaired	40,936	24,954	65,890
Impaired	16,188	12,097	28,285
	$ 522,409	$ 106,384	$ 628,793
Credit card			
Neither past due or impaired	$ 31,168	$ -	$ 31,168
Past due but not impaired	6,406	-	6,406
Impaired	454	-	454
	$ 38,028	$ -	$ 38,028
Government			
Neither past due or impaired	$ 20,959	$ -	$ 20,959
	$ 760,319	$ 112,083	$ 872,402

	2022		
	Original Contract	Restructured	Total
Loans and advances to customers			
Residential mortgage			
Neither past due or impaired	$ 104,814	$ 891	$ 105,705
Past due but not impaired	24,552	419	24,971
Impaired	30,303	207	30,510
	$ 159,669	$ 1,517	$ 161,186
Business			
Neither past due or impaired	$ 15,505	$ 113	$ 15,618
Past due but not impaired	3,667	-	3,667
Impaired	3,350	-	3,350
	$ 22,522	$ 113	$ 22,635
Personal			
Neither past due or impaired	$ 437,788	$ 66,433	$ 504,221
Past due but not impaired	51,767	28,113	79,880
Impaired	22,447	8,628	31,075
	$ 512,002	$ 103,174	$ 615,176
Credit card			
Neither past due or impaired	$ 26,385	$ -	$ 26,385
Past due but not impaired	6,931	-	6,931
Impaired	1,018	-	1,018
	$ 34,334	$ -	$ 34,334
Government			
Neither past due or impaired	$ 28,895	$ -	$ 28,895
	$ 757,422	$ 104,804	$ 862,226

All financial assets outside of loans and advances to customers are neither past due nor impaired.

The table below shows the distribution of loans and advances to customers that are neither past due nor impaired:

	2023	2022
Satisfactory risk	$ 704,371	$ 678,259
Watch list	3,171	2,565
	$ 707,542	$ 680,824

Watch list accounts are those that are exhibiting signs of distress or accounts that have been in distress in the past. Indications of distress include consistent arrears reflecting reduced income of the borrower, death of one of the parties to the loan, marital issues or divorce, illness, diminished business cash flows, etc.

Conversely, satisfactory accounts are accounts that are generally being serviced as agreed with no material indications that the borrower will default.

The analysis of the age of loans and advances to customers that were past due but not impaired is as follows:

2023	Residential mortgage	Business	Personal	Credit card	Total
Past due up to 29 days	$ 24,736	$ 5,964	$ 46,660	$ 5,034	$ 82,394
Past due 30 - 59 days	2,065	186	11,211	979	14,441
Past due 60 - 89 days	2,148	1,101	8,019	393	11,661
	$ 28,949	$ 7,251	$ 65,890	$ 6,406	$ 108,496

2022	Residential mortgage	Business	Personal	Credit card	Total
Past due up to 29 days	$ 90,311	$ 2,793	$ 57,852	$ 4,187	$ 84,143
Past due 30 - 59 days	3,258	568	13,162	1,910	18,898
Past due 60 - 89 days	2,402	306	8,866	834	12,408
	$ 24,971	$ 3,667	$ 79,880	$ 6,931	$ 115,449

Restructured loans

Restructuring activity is designed to manage customer relationships, maximise collection opportunities and, if possible, avoid foreclosure or repossession. Such activities include extended payment arrangements, approved debt management plans, deferring foreclosure, modification, loan rewrites and/or deferral of payments pending a change in circumstances. Restructuring of consumer loans normally results in additional collateral, a cosigner or guarantor or a garnishee of salary being added to the loan. Following the restructuring, an overdue consumer account is normally reset from delinquent to current status. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that repayment will probably continue. These policies are continually reviewed and their application varies according to the nature of the market, the product, and the availability of empirical data.

In the Group's current IFRS 9 ECL weighted risk rating model, restructured accounts attract a higher risk weighting than accounts that have not been restructured.

Collateral Relative to Loans and advances to customers

It is the Bank's policy to determine that, at the time of origination, loans are within the customer's capacity to repay, rather than to rely excessively on security. Loans classified as personal typically take into account the customer's standing and employment and credit histories and are generally unsecured. The Bank has guidelines as part of its credit policy on the acceptability of specific classes of collateral which are reviewed regularly.

The principal collateral types are as follows:

- **Personal -** garnishees over salary and chattel mortgages;
- **Residential mortgage -** mortgages over residential properties;
- **Commercial and industrial -** charges over business assets such as premises, stock, and debtors;
- **Commercial real estate -** charges over the properties being financed.

The Group closely monitors collateral held for financial assets considered credit-impaired, as it becomes more likely that the Group will take possession of the collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held to mitigate potential losses are shown below.

2023	Gross Carrying amount	Allowance for ECL	Net Carrying amount	Value of collateral held
Residential mortgage	$ 24,042	$ 5,819	$ 18,223	$ 19,707
Business	3,583	1,441	2,142	1,671
Personal	28,285	22,185	6,100	4
Credit card	454	225	229	-
	$ 56,364	$ 29,670	$ 26,694	$ 21,382

2022	Gross Carrying amount	Allowance for ECL	Net Carrying amount	Value of collateral held
Residential mortgage	$ 30,510	$ 8,628	$ 21,882	$ 30,403
Business	3,350	1,328	2,022	2,824
Personal	31,075	25,222	5,853	179
Credit card	1,018	525	493	-
	$ 65,953	$ 35,703	$ 30,250	$ 33,406

The Group's policies regarding obtaining collateral have not changed during the reporting period. There has been no significant change in the overall quality of the collateral held by the Group since the prior period.

ECL sensitivity analysis

If the loss given default increases/decreases by 5% and all other variables remain constant, the Group's ECL is estimated to increase/decrease as noted below.

Loss Given Default (LGD)

		2023		2022
Residential mortgage	$	176	$	189
Business		10		12
Personal		3,585		3,437
Credit cards		10		9
Government		106		5
Investments		166		162
	$	4,053	$	3,814

e. ***Liquidity risk -*** Liquidity risk is the potential for loss if the Group is unable to meet financial commitments promptly at reasonable prices as they fall due. Financial commitments include liabilities to depositors and suppliers, and lending, pledging and investment commitments. Managing liquidity and funding risk is essential to maintaining both depositor confidence and stability in earnings.

The Group manages liquidity and funding risk by ensuring that sufficient liquid assets and funding capacity are available to meet financial commitments, even in times of stress. The Directors' Executive Committee oversees the Group's liquidity and funding risk management framework which includes operating within clearly defined Board limits, regulatory liquidity requirements and strong effective processes to monitor and manage risk, including contingency plans to facilitate managing through a distressing situation.

Included in deposits from customers are deposits totaling $196.3 million (2022: $194.2 million) from a single customer representing 13.05% (2022: 12.85%) of the total deposits from customers. The amounts are comprised primarily of certificates of deposits from a related party.

There have been no changes in the policies and procedures for managing liquidity risk compared to the prior year.

The following tables summarize the cash flows from financial instruments into maturity groupings, based on the remaining period to the contractual maturity dates. The cash flows presented are undiscounted.

		Within 3 Months		3-12 months		Over 1-5 Years		Over 5 years		Total
As at December 31, 2023										
Assets										
Cash and deposits with banks	$	238,615	$	-	$	-	$	-	$	238,615
Investments		232,524		157,781		202,411		242,097		834,813
Loans and advances to customers		80,549		21,128		294,365		938,397		1,334,439
Total financial assets	$	551,688	$	178,909	$	496,776	$	1,180,494	$	2,407,867
Liabilities										
Deposits from customers	$	901,681	$	128,837	$	359,737	$	189,108	$	1,579,363
Lease liabilities		112		318		325		-		755
Other liabilities		15,128		-		-		-		15,128
Total financial liabilities	$	916,921	$	129,155	$	360,062	$	189,108	$	1,595,246
Net liquidity gap	**$**	**(365,233)**	**$**	**49,754**	**$**	**136,714**	**$**	**991,386**	**$**	**812,621**

		Within 3 Months		3-12 months		Over 1-5 Years		Over 5 years		Total
As at December 31, 2022										
Assets										
Cash and deposits with banks	$	264,223	$	-	$	-	$	-	$	264,223
Investments		222,202		146,205		203,248		179,045		750,700
Loans and advances to customers		50,891		152,674		265,768		779,016		1,248,349
Total financial assets	$	537,316	$	298,879	$	469,016	$	958,061	$	2,263,272
Liabilities										
Deposits from customers	$	879,889	$	160,134	$	272,482	$	233,575	$	1,546,080
Lease liabilities		155		464		870		-		1,489
Other liabilities		15,455		-		-		-		15,455
Total financial liabilities	$	895,499	$	160,598	$	273,352	$	233,575	$	1,563,024
Net liquidity gap	**$**	**(358,183)**	**$**	**138,281**	**$**	**195,664**	**$**	**724,486**	**$**	**700,248**

Management of the Bank's short-term liquidity gap

In the normal course of business, the Group experiences a short-term liquidity gap, where the amounts it holds as deposits for customers may exceed its available liquid assets matching the same maturity. The Group manages this short-term liquidity gap by establishing a Liquidity Buffer of marketable securities with a long-term duration that can be liquidated or applied as collateral to meet unexpected payment obligations while continuing normal banking activities; and without obtaining new funding. The Group also monitors its liquid assets in relation to the demand and savings deposits from customers to ensure that the liquid assets are sufficient to fund withdrawals of demand and savings deposits. Liquidity risks related to certificates of deposits are managed with contractual limitations on the timing and amount of early withdrawals.

The Group also has access to inter-bank lending facilitated by The Central Bank of the Bahamas should additional liquidity be needed.

f. ***Currency risk -*** Currency risk is the risk that the fair values and/or amounts realised on settlement of financial instruments, and settlements of foreign currency transactions, will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised monetary assets and liabilities are denominated in currencies other than the Bank's functional currency. The Bank is not subject to significant currency risk as its foreign currency transactions and monetary assets and liabilities are predominately denominated in currencies with foreign exchange rates currently fixed against the Bank's functional currency.

g. ***Operational risk -*** Operational risk is the potential for loss resulting from inadequate or failed internal processes or systems, human error or external events not related to credit, market or liquidity risks. The Group manages this risk by maintaining a comprehensive system of internal control and internal audit, including organizational and procedural controls. The system of internal control includes written communication of the Group's policies and procedures governing corporate conduct and risk management; comprehensive business planning; effective segregation of duties; delegation of authority and personal accountability; careful selection and training of personnel and sound accounting policies, which are regularly updated. These controls and audits are designed to provide the Group with reasonable assurance that assets are safeguarded against unauthorized use or disposition, liabilities are recognised, and the Group is in compliance with all regulatory requirements.

h. ***Off balance sheet risk –*** In the normal course of business, and in order to meet the financing needs of its customers, the Group may enter into financial instruments with off balance sheet risk. These instruments can be classified into the commitments category. The Group mitigates the risks associated with such financial instruments by transacting only with well-established, high credit quality financial institutions. At this time, the Group has no exposure to these instruments with the exception to letters of credit and guarantees.

23. Corresponding Figures - IFRS 17 (Revised)

IFRS 17 impacts the Group through the issuance of credit life insurance policies by the Bank's wholly-owned subsidiary, Laurentide. As a pre-requisite for the approval of personal loans, the Bank requires that borrowers obtain credit life insurance coverage (the "insurance contract") from Laurentide or another third-party insurance provider (at the option of the borrower) to reduce the potential loss in the event of default in case of death by the borrower. Effective January 1, 2023, the Bank and Laurentide adopted IFRS 17 in stand-alone financial statements. Upon consolidation, the effects of IFRS 17 are eliminated as the beneficiary of insurance contracts issued by Laurentide is the Bank, and the insurance contract does not give rise to the Group compensating another party. Upon consolidation of the Group, the credit risk that a borrower, holding a credit life insurance contract with Laurentide, may not satisfy its financial obligation to the Bank is not extinguished because of the arrangement between Laurentide and the Bank.

The Bank has historically generated an accounting error by reporting an insurance liability in its consolidated financial statements. Management and those charged with governance have analyzed the matter, concluding that the prior years' errors were not qualitatively and quantitatively material, hence a full restatement was not deemed necessary. Accordingly, the following corresponding figures presented in the audited financial statements are revised to conform with the changes in the presentation in the current year:

- Elimination of the life assurance fund liability in the Consolidated Statement of Financial Position; and elimination of the change in the life assurance fund liability in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The financial impact of these changes was to decrease the Group's total profit for the year ended December 31, 2022, by $430 thousand and increase the Group's retained earnings by $581 thousand and $1.01 million as at December 31, 2022 and December 31, 2021, respectively.

- Reclassification of insurance claims to be included as part of the loan charge-off amount, which resulted in a decrease of impairment reversals on financial assets by $2.2 million for the year ended December 31, 2022, in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

- Premium income received from third-party borrowers is recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for both years 2023 and 2022, in the amount of $5.3 million and $4.6 million, respectively, as part of the Group's fee and other income.

24. Subsequent Events

The Bank has declared a quarterly dividend for common shares, to all shareholders of record at March 14, 2024, and paid the dividend in the amount of 3 cents per share, totaling $8.8 million.

Notes

Summary of Board & Committee Meetings

Board	**7**
Executive	4
Premises	4
Audit & Risk	4
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Nominating	5
Information Technology	4
Pension	4

Board Meeting Attendance

William B. Sands, Jr., DM *Executive Chairman*	7
Denise D. Turnquest *President*	7
Earla J. Bethel	6
Larry R. Gibson	4
Vaughn W. T. Higgs	6
Tracy E. Knowles	6
Russell M. Miller	6
Robert D. L. Sands	7
Debra M. Symonette	7
R. Craig Symonette	6

Nominating Committee Report

As part of its mandate, **the Nominating Committee** identifies and recommends candidates for nomination to the Board as Directors, monitors the orientation program for new Directors and maintains a process for assessing the performance of the Board and its committees.

Year in Review
During the year, the Committee in fulfilling its role:

- **Assessed** the composition and size of the Board, examining its breadth and diversity of experience and the appropriateness of the number of Directors and the required allocation of Executive and Non-Executive Directors.
- **Continued** to maintain a list of prospective Director Candidates with input from the Board.
- **Recommended** to the Board a list of nominees to stand for election as Directors at the Annual General Meeting.
- **Reviewed and recommended** the levels of Directors' remuneration to the Board for approval at the Annual General Meeting to ensure that it is appropriate to the responsibilities and risks assumed and competitive with other comparable organizations.
- **Conducted** the annual formal evaluation of the effectiveness of the Board and its committees, with participation by all Directors. The conclusions were reviewed by the Board and form the foundation for changes and compliance with the required certification to The Central Bank.
- **Reviewed** the self-assessments and self-evaluations completed by individual Board members, which measure the effectiveness of the individual Board members as well as the overall Board and reviewed the overall results with the Board and the Executive Chairman.
- **Reviewed** the roles of the Executive Chairman and President and recommended that these remain separated.
- **Reviewed** the Bank's process for Director Orientation.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2023.

Directors:
William B. Sands, Jr., DM
Vaughn W. T. Higgs
Earla J. Bethel
R. Craig Symonette

Vaughn W. T. Higgs
Chair
Nominating Committee

Executive Committee Report

The Executive Committee has the power to direct and transact all business of the Bank except that required to be performed by the Board as a whole. The Executive Committee supports the Board in fulfilling its oversight responsibilities in relation to the identification, documentation, measurement, and management of significant risks affecting the Bank. The Committee also monitors the Bank's compliance with risk-related regulatory requirements and with its internal risk management policies and procedures. It is responsible for developing and maintaining governance practices consistent with high standards of corporate governance.

Directors:
Vaughn W. T. Higgs
William B. Sands, Jr., DM
Earla J. Bethel
Denise D. Turnquest
R. Craig Symonette

William B. Sands, Jr., DM
Executive Chairman
Chair

Year in Review
During the year, the Committee reviewed strategic, organizational and leadership issues. In fulfilling its role, the Committee:

- **Approved** corporate policies that addressed risk management by means of controls, including controls on the authorities and limits delegated to the President. These policies and controls were aligned with prudent, proactive risk management principles, prevailing market conditions and the business requirements of the approved strategies. They were also designed to be in compliance with the requirements of the laws and regulatory bodies that govern the Bank and its subsidiaries.
- **Reviewed** the allowance for loan impairment.
- **Reviewed** core methods and procedures established by management to control key risks and deemed by the Committee to be appropriate for prudent business practice.
- **Reviewed** significant credit and market risk exposures, industry sector analysis, topical risk issues, and the strategies of the Bank's major business units, including related risk methodologies.
- **Reviewed** the Bank's Capital Management Strategies and requirements and made recommendations for changes to the Board.
- **Continued** to assess the Bank's system of corporate governance and recommend new initiatives with a view to maintaining high standards of corporate governance.
- **Reviewed** the mandates of the Board subcommittees and secured its approval by the Board.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2023.

Premises Committee Report

The Premises Committee provides independent oversight of significant management and Board of Director approved premises related opportunities and ensures that the associated development programs are facilitated in accordance with approved business model and the Bahamas Building Code Standard designs and plans, and that the development process is sustained in a cost effective, controlled, and secure manner.

Year in Review
During the year, the Committee in fulfilling its role:

- **Reviewed and recommended** or otherwise to the Board of Directors proposals of senior management for expansion of the Bank into non-serviced geographical areas.
- **Reviewed and recommended** or otherwise to the Board of Directors proposals of senior management to purchase/lease land and/or buildings for new locations or redevelopment of existing premises/structures.
- **Reviewed and recommended** to the Board of Directors cost allocations proposed by senior management for all significant leases, leasehold allocations with a view of ensuring the most cost-effective policies and procedures are in place to sustain the ongoing operations of the Bank.
- **Assessed and monitored** Management's control of significant premises undertakings to ensure an effective oversight and reporting process is in place and that to the extent possible an appropriate level of attention is being placed on the effective and efficient use of allocated funds.
- **Assessed and monitored** the Bank's compliance, maintenance, and administration of significant owned and leased property expense allocations to ensure the Bank's owned and leased properties present the Bank in a most favorable position and in a cost-effective manner.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2023.

Directors:
Denise D. Turnquest
Russell M. Miller
Larry R. Gibson
Debra M. Symonette

Larry R. Gibson
Chair
Premises Committee

Pension Committee Report

The Pension Committee is responsible for advising the Board of Directors on fulfilling its fiduciary and oversight duties for the Bank's various pension arrangements. As part of this responsibility, members of the committee review the performance of the Pension Plan Trustee, Administrator, and Investment Manager in accordance with the Trust Deed, Plan Rules and Investment Policy Statement, as well as providing support and making recommendations, as appropriate. The Pension Committee is comprised of four members of the Bank's Board of Directors and two employee representatives elected by the employees triennially.

Members:
Branson Gibson
(Management representative)
William B. Sands, Jr., DM
Carla Y. Cartwright
(Employee representative)
Robert D. L. Sands
Denise D. Turnquest
Larry R. Gibson

Denise D. Turnquest
Chair
Pension Committee

Year in Review
During the year, the Committee in fulfilling its role:

- **Reviewed** the performance of the trustee for the Pension Fund and other service providers and recommended changes (where required) to the Board Executive Committee for approval.
- **Reviewed and recommended** for approval by the Board Executive Committee Plan Design changes after reviewing proposed design changes and cost impact with the Actuary of the Plan.
- **Reviewed** the Trust Deed and made changes where necessary.
- **Reviewed and recommended** for approval by the Board Executive Committee funding policy provisions including actuarial assumptions, actuarial cost methods and actuarial valuations of the Plan.
- **Reviewed and recommended** for approval by the Board Executive Committee the statement on investment policy and any changes proposed based on the reports from the Investment Manager and Actuary.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2023.

IT Committee Report

The Information Technology Committee provides independent oversight of significant management and Board of Director approved technology-based platforms and the associated business applications to ensure they are developed in accordance with established system development guidelines, corporate governance standards and regulatory guidelines and are maintained and sustained in a cost effective, controlled and secure manner.

Year in Review

During the year, the Committee in fulfilling its role:

- **Reviewed and recommended** for approval by the Board of Directors the Bank's Technology Development and Maintenance-based Plan.
- **Reviewed** significant technology-based proposals to ensure they were compatible with the strategic and business plans of the Bank and for those significant projects.
- **Ensured** cost-benefit analysis was an integral part of the project development process.
- **Reviewed** on a quarterly basis, project development plans and progress to ensure progress being achieved parallels established performance objectives and project development plans.
- **Ensured** that post-implementation reviews were part of the project implementation process.
- **Monitored** the ongoing development and sustainability of an effective contingent and back-up plan designed to be cost-effective, while providing protection to the Bank in times of distress.
- **Provided** the Board on a quarterly basis with a summary of technology-based activities/concerns and where warranted, provided recommendations for management approval and implementation.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2023.

Directors:
Russell M. Miller
R. Craig Symonette
Debra M. Symonette
Denise D. Turnquest
Robert D. L. Sands

R. Craig Symonette
Chair
IT Committee

Compensation Committee Report

The Compensation Committee is responsible for assisting the Board of Directors in ensuring that Human Resources strategies support the Bank's objectives and sustain shareholder value. As part of this responsibility, members of the committee review the performance and approve the compensation of Executive Officers of the Bank.

Directors:
Vaughn W. T. Higgs
Earla J. Bethel
R. Craig Symonette

Earla J. Bethel
Chair
Compensation Committee

Year in Review

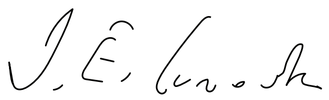
During the year, the Committee in fulfilling its role:

- **Reviewed and approved** the Bank's overall approach to executive compensation, including principles and objectives, incentive programs, and the policies that govern the ongoing administration of all components of compensation.
- **Assessed** the performance of the Bank's Executive Chairman and President and reviewed the assessment with the Board of Directors; determined the compensation of the Executive Chairman and President in relation to the Bank's performance for the fiscal year.
- **Recommended** to the Board of Directors the appointment of Officers of the Bank.
- **Reviewed** annual performance assessments submitted by the President for Bank Officers; and
- **Reviewed** the Human Resources strategic priorities and progress being made against them, which included enhancing the management of talent and succession; strengthening employee engagement while introducing cultural changes; and matching training and development with business needs and implementing more cost-efficient training delivery models.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2023.

The Audit & Risk Committee supports the Board in overseeing the integrity of the Bank's financial reporting, its internal control, disclosure control, enterprise risk management functions, internal audit function, and its compliance with legal and regulatory requirements. The Committee also reviews and assesses the qualifications, independence, and performance of the Bank's Auditors.

Directors:
Larry R. Gibson
Robert D. L. Sands
Debra M. Symonette
Tracy E. Knowles



Tracy E. Knowles
Chair
Audit & Risk Committee

Year in Review

The mandate setting out the roles and responsibilities of the Audit & Risk Committee was reviewed and amended to take into account applicable regulatory requirements, including the rules and regulations issued by The Central Bank of The Bahamas, Insurance Commission of The Bahamas, Securities Commission of The Bahamas and The Bahamas International Securities Exchange giving effect to the best practices in today's governance environment.

Financial Reporting

- **Reviewed** with management adoption by the Bank of new accounting standards and emerging best practices in response to changes in regulatory guidelines.
- **Reviewed** with management and the Bank's Auditors: the appropriateness of the Bank's accounting and financial reporting, the impact of adopting new accounting standards, the accounting treatment of significant risks and uncertainties, the key estimates and judgments of management that were material to the Bank's financial reporting, and the disclosure of critical accounting policies.
- **Reviewed** Management's risk management measures for their appropriateness in relation to risk exposures and specifically the adequacy of the loan impairment allowance.
- **Reviewed and recommended** for approval by the Board: the annual Audited Consolidated Financial Statements, Management's Discussion and Analysis and quarterly unaudited financial releases. Also reviewed and recommended for approval by their respective Boards the Annual Financial Statements and quarterly unaudited financial reports of all subsidiaries.

Enterprise Risk Management

- **Reviewed** the Enterprise Risk Management (ERM) Charter to ensure that appropriate resources and organizational structure are in place (including an ERM system, operational tools, and people) for the effective execution of the ERM process across the Bank.
- **Reviewed** the ERM Framework to ensure its effectiveness and conformity with local and international best practices.

Fraud

- **Provided** oversight of the Bank's fraud detection and investigation function within the ERM Department.
- **Reviewed** the results of fraud investigations to understand the underlying control gaps, impacts on the Bank, and to ensure the appropriate remedial action was taken to address issues raised.
- **Reviewed** the action that was taken against known perpetrators of fraud.
- **Obtained** reasonable assurance with respect to the Bank's procedures for the detection of fraud.

Internal Control and Disclosure Control

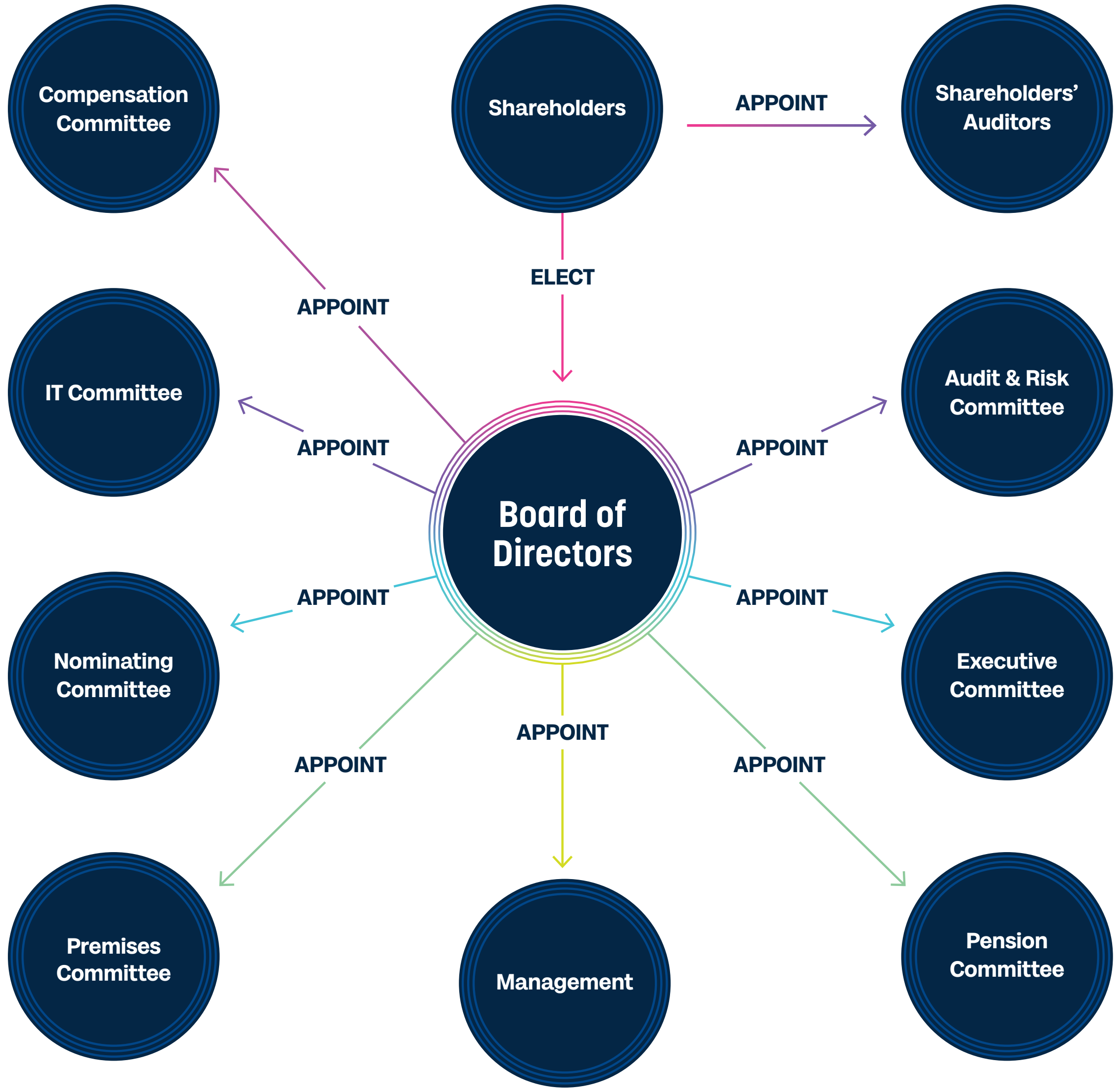
- **Reviewed** the processes involved in evaluating the Bank's internal control environment. Specifically, the Committee approved the annual audit plan; reviewed quarterly reports of the VP Internal Audit related to internal control; compliance and litigation; evaluated internal audit processes; and reviewed on a regular basis the adequacy of resources and independence of the Internal Audit function.
- **Met** regularly with the Vice President, Internal Audit as necessary without management present.
- **Reviewed** existing and proposed Guidelines issued by regulators and discussed with management to ensure compliance.
- **Reviewed** recommendations of the Bank's External Auditors and Regulators, as well as recommendations from the Internal Audit and Credit Inspection functions and Management's responses.

Bank's Auditors

- **Recommended** that the incumbent auditor, KPMG be reappointed to perform the 2023 external audit.
- **Confirmed** that appropriate practices are being followed to safeguard the independence of the Bank's Auditors.
- **Reviewed** the performance of the Bank's Auditors, including the scope and results of the external audit conducted by the Bank's Auditors, and communications to the Committee that are required under International Standards on Auditing.
- **Met** as necessary with the Bank's Auditors.

The Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2023.

Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way in which the Bank is directed, administered and controlled. The corporate governance structure specifies the rules and procedures for making decisions on corporate affairs. It also provides the structure through which the Bank's objectives are set, as well as the means of attaining and monitoring the performance of those objectives. The process of Governance is illustrated by the chart below.



Commonwealth Bank Corporate Governance Profile

Corporate governance is used to monitor whether outcomes are in accordance with plans and to motivate the organization to be more fully informed in order to maintain or alter organizational activity. Corporate governance is the mechanism by which individuals are motivated to align their actual behaviors with the approved corporate direction.

Corporate governance also includes the relationships among the stakeholders and the goals for which the Bank is governed. The principal stakeholders are the shareholders, management and the board of directors. Other stakeholders include employees, suppliers, customers, regulators, and the community at large.

An important theme of corporate governance deals with issues of accountability and fiduciary duty, essentially advocating the implementation of policies and mechanisms to ensure good behaviour and protect shareholders. Another key focus is the economic efficiency view, through which the corporate governance system should aim to optimize economic results, with a strong emphasis on shareholders welfare.

Of importance is how Directors and Management develop a model of governance that aligns the values of the corporate participants and then evaluate this model periodically for its effectiveness. In particular, Senior Executives should conduct themselves honestly and ethically, especially concerning actual or apparent conflicts of interest, and disclosure in financial reports.

The Directors and Executives of the Bank take their responsibilities seriously. To ensure the individual Directors and Executives comply with the form and substance prescribed in the Bank's governance regime, a Charter of Expectations is in place and compliance with the governance expectations is confirmed by all Directors on an annual basis. The direction provided in the Charter of Expectations is outlined in the following schedule.

Charter of Expectations

ROLE OF THE BOARD
The Board needs a range of skills and understanding to be able to deal with various business issues and have the ability to review and challenge management performance.

MONITORING BY THE BOARD OF DIRECTORS
The Board of Directors, with its legal authority to hire, fire and compensate top management, safeguards invested capital. Regular board meetings allow potential problems to be identified, discussed and avoided.

Issues Involving Corporate Governance Principles Include:
i) oversight of the preparation of the entity's financial statements;
ii) internal controls and the independence of the entity's auditors;
iii) review of the compensation arrangements for the Executive Chairman, President and other Senior Executives;
iv) the way in which individuals are nominated for positions on the Board;
v) the resources made available to Directors in carrying out their duties;
vi) oversight and management of risk; dividend policy; capital management; and annual certification to regulatory authorities that the Bank is in compliance with mandated and best practice standards of governance.

BOARD RESPONSIBILITIES
The Board of Directors is explicitly responsible for the stewardship of the Bank. The Board of Directors establishes formal delegations of authority, defining the limits of management's power and authority and delegating to management certain powers to manage the business of the Bank. The delegations of authority conform to statutory limitations specifying responsibilities of the Board that cannot be delegated to management. Any responsibilities not delegated to management remain with the Board. To discharge the Board's responsibility for stewardship, the Board should assume responsibility in the following areas:

Internal Corporate Governance Controls
Internal corporate governance controls monitor activities and then take corrective action to accomplish organisational goals.
Examples include:

Strategic Planning Process
- Provide input to management on emerging trends and issues.
- Review and approve management's strategic plans.
- Review and approve the Bank's financial objectives, plans and actions, including significant capital allocations and expenditures.

Monitoring Tactical Process
- Monitor corporate performance against the strategic and business plans, including assessing operating results to evaluate whether the business is being properly managed.

Risk Assessment
- Identify and review, at least annually, the principal risks of the Bank's businesses and receive reasonable assurance on an ongoing basis that appropriate policies, procedures and systems are in place to manage these risks.
- Review the processes that ensure respect for any compliance with applicable regulatory, corporate and any other legal requirements.
- Review the processes and practices to ensure that prudent and effective policies are in place to identify, measure and monitor the Bank's cumulative positions in respect of its capital and liquidity management.

Senior Level Staffing
- Select, monitor, evaluate (including the Executive Chairman, President and other Senior Executives) and ensure that an effective management succession plan is in place and that the Bank's compensation plans are consistent with the sustainable achievement of the Bank's business objectives, the prudent management of its operations and the risks to which it is exposed, and adherence to its processes, policies procedures and controls;

Remuneration
- Performance-based remuneration is designed to relate some proportion of salary to individual performance. It may be in the form of cash or non-cash payments such as shares and share options.

Integrity
- Ensure the integrity of the Bank's process of control and management information systems.
- Ensure ethical behavior and compliance with laws and regulations, audit and accounting principles, and the Bank's own governing documents.

Oversight of Communications and Public Disclosure
- Assess the effectiveness of the Bank's communications policy and processes to ensure accurate, timely and full public disclosure.

Material Transactions
- Review and approve material transactions not in the ordinary course of business.

Monitoring Board Effectiveness
- Assess its own effectiveness in fulfilling the above and other Board responsibilities, including monitoring the effectiveness of individual Directors.

Other
- Perform such other functions as prescribed by law or assigned to the Board in the Bank's governing documents. The Charter also stipulates the personal and professional characteristics of Directors. This stipulation forms a recruitment model for use in screening and selecting Board nominees.

DIRECTOR ATTRIBUTES
To execute these Board responsibilities, Directors must possess certain characteristics and traits including:

Integrity and Accountability
- Directors must demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act on – and remain accountable for – their boardroom decisions.

Governance
- The ability to provide thoughtful and wise counsel on a broad range of issues ranks high among the qualities required in Directors. They must develop a depth of knowledge of banking, in order to understand and question the assumptions upon which the strategic and business plans are based, and to form and exercise independent judgement in directing and overseeing the operations of the Bank.

Financial Literacy
- One of the most important roles of the Board is to monitor financial performance. To do this, Directors must know how to read financial statements, and they should understand the use of financial ratios and other indices for evaluating the Bank's performance.

Communication
- Openness to others' opinions and the willingness to listen should rank as highly as the ability to communicate persuasively. Directors must approach others assertively, responsibly and supportively, and be willing to raise tough questions in a manner that encourages open discussion.

Track Record and Experience
- In today's highly competitive world, only companies capable of performing at the highest levels are likely to prosper. Directors must bring a history of achievement that reflects high standards for themselves and others.

Independence
- The Board of Directors of Commonwealth Bank has adopted standards for determining whether a Director is unrelated or independent. The process adopted by the Board complies with regulatory standards and international best practices. A copy of the standards developed is available to shareholders on request.

Shareholder Information

Board of Directors

William B. Sands, Jr., DM
Executive Chairman
Commonwealth Bank Limited

Denise D. Turnquest
President
Commonwealth Bank Limited

Earla J. Bethel
President
DanBrad Ltd.

Larry R. Gibson
Chief Operating Officer, Pensions
Coralisle Pension Services (Bahamas) Ltd.

Vaughn W. T. Higgs
President
Nassau Paper Co. Ltd.

Tracy E. Knowles
Businessman

Russell M. Miller
Executive Vice-President Hotel Operations
Atlantis Paradise Island

Robert D. L. Sands
Sr. VP, Government & Community Relations
Baha Mar Ltd.

Debra M. Symonette
President
Super Value Food Stores Ltd.

R. Craig Symonette
Chairman
Bahamas Ferries Ltd.

Charlene A. Bosfield
Corporate Secretary

Registered Office
GTC Corporate Services Limited
P.O. Box SS-5383
Nassau, Bahamas

Principal Address
Commonwealth Bank Limited
Head Office
William B. Sands, Jr. Plaza
Mackey Street
P.O. Box SS-5541
Nassau, Bahamas
Tel: (242) 502-6200
Fax: (242) 394-5807

Auditors
KPMG Bahamas
5th Floor
Montague Sterling Centre
13 East Bay Street
P.O. Box N-123
Nassau, Bahamas
Tel: (242) 393-2007
Fax: (242) 393-1772
www.kpmg.com/bs

Registrar and Transfer Agent
Bahamas Central Securities Depository
310 Cotton Tree Plaza, Unit 4
East Bay Street
P.O. Box N-9307
Nassau, Bahamas
Tel: (242) 322-5522

Stock Exchange Listing
(Symbol: CBL)

Common Shareholder Listing
Bahamas International Securities Exchange (BISX)

Internet Address
www.combankltd.com

Shareholder's Contact
For change of address, change to dividend instructions and estate transfers, Shareholders are requested to write the Bank's Transfer Agent, Bahamas Central Securities Depository, at their mailing address or call the Transfer Agent at:
Tel: (242) 322-5573

Direct Deposit Service
Shareholders may have their dividends deposited directly to an account at any financial institution. To arrange this, please write to Bahamas Central Securities Depository at their mailing address.

Institutional Investor, Broker & Security Analyst Contact
Institutional investors, brokers and security analysts requiring financial information should contact the Corporate Secretary, Investor Relations, by writing us at our Principal Address or by calling:
Tel: (242) 502-6200
Fax: (242) 394-5807

Other Shareholder inquiries may be directed to our Investor Relations Department, by writing to:

The Corporate Secretary
Commonwealth Bank Limited
Head Office
William B. Sands, Jr. Plaza
Mackey St.
P.O. Box SS-5541
Nassau, Bahamas
Tel: (242) 502-6200
Fax: (242) 394-5807

2023 Leadership Development Program Graduates

Services

Saturday Banking
Auto Financing
Personal Financing
Mortgage Financing
Real Estate Financing
Small Business Lending
Commercial Lending
Overdraft Facilities
Online Banking

Mastercard Credit Card
Mastercard Prepaid Card
Mastercard Gift Card
Visa Debit Card
Regular Savings Accounts
Christmas Club Savings
Student Savings Accounts
Kidz Club Savings Accounts
Mobile Banking

Automated Banking Machines
Foreign Exchange Services
Personal Chequing Accounts
Business Chequing Accounts
Safe Deposit Boxes
Wire Transfers
Certificates Of Deposit
Loans By Phone

Locations

New Providence

Head Office	502-6200
William B. Sands, Jr. Plaza	
Mackey Street	
P.O. Box SS-5541	

Branches

William B. Sands, Jr. Plaza	
Mackey Street	502-6100
Bay & Christie Street	322-1154
Oakes Field**	322-3474
Town Centre Mall	322-4107
Cable Beach*/**	327-8441
Wulff Road*/**	394-6469
Golden Gates*/**	461-1300
Prince Charles Drive*/**	364-9900
Mortgage Centre	397-6940

Grand Bahama

The Mall Drive*/**	352-8307
Lucaya	373-9670

Abaco

Marsh Harbour**	367-2370

Eleuthera

Spanish Wells	333-4800

Card Services Centre

Nassau	502-6150
Freeport	352-4428
Abaco	367-2370

Call Centre	502-6206

* Drive through ATM Locations
** Saturday Banking Locations

Off-Site ATM Locations

New Providence

- Super Value: Cable Beach, Winton, Golden Gates, Prince Charles Shopping Centre
- Quality Market South Beach
- Kelly's Mall at Marathon
- Coral Towers, Atlantis Resort
- The Cove, Atlantis Resort
- Baha Mar

Grand Bahama

- Cost Right
- Grand Bahama International Airport

Abaco

- Leonard M. Thompson International Airport
- Maxwell's Supermarket