Audited Financial Statements

STANDARD CHARTERED BANK, MACAU BRANCH

31 December 2023

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Building a better working world

STANDARD CHARTERED BANK, MACAU BRANCH

CONTENTS

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Independent auditor's report
To the management of Standard Chartered Bank, Macau Branch

We have audited the financial statements of Standard Chartered Bank, Macau Branch (the "Branch") set out on pages 3 to 47, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in reserve and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Management's responsibilities for the financial statements

The management of the Branch is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards promulgated by the Macau Special Administrative Region under Order of the Secretary for Economy and Finance No. 44/2020 ("Macau Financial Reporting Standards"), and for such internal control as management of the Branch determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants under the Notice No. 2/2021/CPC. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report (continued)
To the management of Standard Chartered Bank, Macau Branch

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Branch as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Macau Financial Reporting Standards.

CHAN Wai *CPA*
Ernst & Young
Certified Public Accountants

Macao
3 April 2024

STANDARD CHARTERED BANK, MACAU BRANCH

STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 MOP'000	2022 MOP'000
Interest revenue	4	93,158	76,224
Interest expense	5	(74,280)	(54,050)
NET INTEREST INCOME		18,878	22,174
Fee and commission income		5,651	6,912
Fee and commission expense		(3,330)	(12,463)
NET FEE AND COMMISSION INCOME/(EXPENSE)	6	2,321	(5,551)
Exchange gains		575	680
TOTAL OPERATING INCOME		21,774	17,303
Operating expenses	7	(19,740)	(20,141)
OPERATING PROFIT/(LOSS) BEFORE IMPAIRMENT		2,034	(2,838)
Credit impairment release	8	147	393
PROFIT/(LOSS) BEFORE TAX		2,181	(2,445)
Income tax credit	9	2,746	408
PROFIT/(LOSS) FOR THE YEAR		4,927	(2,037)

STANDARD CHARTERED BANK, MACAU BRANCH

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 MOP'000	2022 MOP'000
PROFIT/(LOSS) FOR THE YEAR		4,927	(2,037)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Investment securities at fair value through other comprehensive income:			
- Changes in fair value recognized during the year		-	34
- Expected credit loss		-	(333)
- Related tax effect		-	36
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		-	(263)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		4,927	(2,300)

STANDARD CHARTERED BANK, MACAU BRANCH

STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 MOP'000	2022 MOP'000
ASSETS			
Cash and balances with banks and other financial institutions	10	364,780	311,226
Loans and advances to banks	11	-	2,487
Loans and advances to customers	12	56,777	1,982,082
Investment securities	13	-	-
Amounts due from head office, other branches and group companies	14	600,278	1,217,594
Other assets	15	118,866	264,142
Total assets		1,140,701	3,777,531
LIABILITIES			
Customer accounts	16	621,254	951,641
Deposits by banks		3	-
Amounts due to head office, other branches and group companies	14	376,373	2,513,772
Current tax liabilities		-	53
Deferred tax liabilities	17	-	2,691
Other liabilities	18	114,966	286,196
Total liabilities		1,112,596	3,754,353
RESERVES		28,105	23,178
Total liabilities and reserves		1,140,701	3,777,531

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Branch Manager

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Deputy Branch Manager

STANDARD CHARTERED BANK, MACAU BRANCH

STATEMENT OF CHANGES IN RESERVES

Year ended 31 December 2023

	Note	FVOCI reserve / Fair value through equity reserve MOP'000	Retained profits MOP'000	Regulatory reserve MOP'000	Total MOP'000
At 1 January 2022		263	2,640	22,575	25,478
Loss for the year		-	(2,037)	-	(2,037)
Financial assets at fair value through equity					
- Changes in fair value, net of tax		30	-	-	30`
- Expected credit loss, net of tax		(293)	-	-	(293)
Transfer to retained profits	19(b)	-	2,849	(2,849)	-
At 31 December 2022 and 1 January 2023		-	3,452	19,726	23,178
Profit for the year		-	4,927	-	4,927
Transfer to retained profits	19(b)	-	17,136	(17,136)	-
At 31 December 2023		-	25,515	2,590	28,105

STANDARD CHARTERED BANK, MACAU BRANCH

STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 MOP'000	2022 MOP'000
OPERATING ACTIVITIES			
Profit/(loss) before tax		2,181	(2,445)
Adjustments for:			
Amortisation of discount of financial assets at fair value through other comprehensive income		-	(43)
Credit impairment release	8	(147)	(393)
		2,034	(2,881)
Decrease in operating assets:			
Loans and advances to banks with original maturity beyond three months		2,487	1,883,861
Minimum reserves with monetary authorities		6,627	8,792
Loans and advances to customers		1,925,318	27,117
Financial assets with maturity beyond three months		-	130,000
Other assets		145,276	301,339
(Decrease)/increase in operating liabilities:			
Customer accounts		(330,387)	(326,960)
Deposit by bank		3	-
Amounts due to head office, other branches and group companies		(2,137,399)	(1,712,072)
Other liabilities		(171,221)	(304,619)
Cash (used in)/generated from operations		(557,262)	4,577
Macau complementary tax paid		-	(218)
Net cash flows (used in)/generated from operating activities		(557,262)	4,359
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(557,262)	4,359
Cash and cash equivalents at 1 January		1,504,775	1,500,416
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	20	947,513	1,504,775
CASH FLOW FROM OPERATING ACTIVITIES INCLUDED:			
Interest received		94,394	82,172
Interest paid		(76,011)	(56,975)

1. CORPORATE INFORMATION

Standard Chartered Bank, Macau Branch (the "Branch") was established on 9 May 1983 in the Macao Special Administrative Region of the People's Republic of China ("Macao SAR" or "Macao"). The registered office and principal place of business of the Branch is located at Unit 807, 8/F, Office Tower, Macau Landmark Avenida de Amizade, Z.A.P.E. Macao. The Branch's head office (the "Head Office") is Standard Chartered Bank, which is incorporated in the United Kingdom and registered in England and Wales.

The Branch is engaged in commercial banking business and provides related financial services.

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standards promulgated by the Macao Special Administrative Region under the Order of the Secretary for Economy and Finance No. 44/2020 ("Macao Financial Reporting Standards" or "MFRSs").

2.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Branch is a segment of Standard Chartered Bank and is not a separately incorporated legal entity. The Branch's financial statements have been prepared solely from the books and records of the Branch and reflect those transactions recorded locally. In addition, the assets of the Branch are legally available for the satisfaction of liabilities of Standard Chartered Bank, which are not reflected in the Branch's financial statements.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income ("FVOCI"), financial assets and liabilities (including derivatives) at fair value through profit or loss, which are carried at fair value.

These financial statements are presented in Macao patacas ("MOP") which is also the functional currency of the Branch. All values are rounded to the nearest MOP thousands except when otherwise indicated.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interest revenue, interest expense and fees and commissions income

Net interest income and other gains or losses arising from financial instruments

Interest income for financial assets held at either FVOCI or amortised cost, and interest expense on all financial liabilities held at amortised cost is recognised in profit or loss using the effective interest method.

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 revenue or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or the amortised cost of a financial liability. When calculating the effective interest rate other than credit impaired assets, the Branch estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider expected credit losses.

The calculation includes all amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability and all other premiums or discounts.

Interest income for financial assets that are either held at FVOCI or amortised cost that have become credit impaired subsequent to initial recognition (stage 3), is recognised using the original effective interest rate applied to the net carrying value. Interest income is therefore recognised on the amortised cost of the financial asset including expected credit losses. Should the credit risk on a stage 3 financial asset improve such that the financial asset is no longer considered credit impaired, interest income recognition reverts to a computation based on the gross carry amount of the financial asset.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest revenue, interest expense and fees and commissions income (continued)
Net interest income and other gains or losses arising from financial instruments (continued)
Interest income and expense on financial instruments held at fair value through profit or loss is recognised within net trading income.

Gains and losses arising from changes in the fair value of financial assets and liabilities held at fair value through profit or loss, as well as any interest receivable or payable, are included in profit or loss in the period in which they arise.

Gain and losses arising from changes in the fair value of financial assets held at fair value through other comprehensive income other than foreign exchange gains and losses from monetary items, are recognised directly in reserve, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in reserve is recognised in the profit or loss, except for the financial assets in reserve irrevocably designated at fair value through other comprehensive income.

Fee and commissions income
Fee and commissions charged for services provided by the Branch are recognised as and when the service is completed or significant act performed. Loan syndication fees are recognised as revenue when the syndication has been completed and the Branch has retained no part of the loan package for itself or has retained a part at the same effective interest rate as for the other participants.

Transaction Banking
The Branch recognizes fee income associated with transactional trade and cash management at the point in time the service is provided. The Branch recognizes income associated with trade contingent risk exposures (such as letters of credit and guarantees) over the period in which the service is provided.

Payment of fees is usually received at the same time the service is provided. In some cases, letters of credit and guarantees issued by the Branch have annual upfront premiums, which are amortised on a straight-line basis to fee income over the year.

Financial instruments
Classification and measurement of financial instruments

Classification

The Branch classifies its financial assets into the following measurement categories: amortised cost; fair value through other comprehensive income and fair value through profit or loss.

Financial liabilities are classified as either amortised cost or held at fair value through profit or loss. Management determines the classification of its financial assets and liabilities at initial recognition of the instrument or, where applicable, at the time of reclassification.

Derivatives are mandatorily held at fair value through profit or loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Classification and measurement of financial instruments (continued)

Classification (continued)

Debt instruments held at amortised cost or held at FVOCI have contractual terms that give rise to cash flows that are solely payments of principal and interest ("SPPI characteristics"). Principal is the fair value of the financial asset at initial recognition but this may change over the life of the instrument as amounts are repaid. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period and for the other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows have SPPI characteristics, the Branch 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 Branch considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Branch's claim to cash flow from specified assets (e.g. non-recourse asset arrangements); and
- features that modify the consideration of the time value of money – e.g. periodical reset of interest rates.

Whether financial assets are held at amortised cost or FVOCI depend on the objectives of the business models under which the assets are held. A business model refers to how the Branch manages financial assets to generate cash flows.

The Branch makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed and information is provided to management. Factors considered included:

- how the performance of the product business line is evaluated and reported to the Branch's management;
- how managers of the business model are compensated, including whether management is compensated based on the fair value of assets or the contractual cash flows collected;
- the risks that affect the performance of the business model and how those risks are managed;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Classification and measurement of financial instruments (continued)

Classification (continued)

Financial assets which have SPPI characteristics and that are held within a business model whose objective is to hold financial assets to collect contractual cash flow ("hold to collect") are recorded at amortised cost. Conversely, financial assets which have SPPI characteristics but are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("hold to collect and sell") are classified as held at FVOCI.

Both hold to collect and hold to collect and sell business models involve holding financial assets to collect the contractual cash flows. However, the business models are distinct by reference to the frequency and significance that asset sales play in meeting the objective under which a particular group of financial assets is managed.

Financial assets are measured at fair value through profit or loss if their contractual cash flows do not have SPPI characteristics or they are held within a business model other than the hold-to-collect or the hold-to-collect and sell business model.

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at fair value through profit or loss are classified as financial liabilities held at amortised costs.

The Branch issues financial guarantee contracts and loan commitments in return for fees. Under a financial guarantee contract, the Branch undertakes to meet a customer's obligations under the terms of a debt instrument fi the customer fails to do so. Loan commitments are firm commitments to provide credit under prespecified terms and conditions. Financial guarantee contracts and loan commitments issued at below market interest rates are initially recognised as liabilities at fair value, whilst financial guarantees and loan commitments issued at market rates are recorded off balance sheet. Subsequently these instruments are measured at the higher of the expected credit loss provision, and the amount initially recognised less the cumulative amount of income recognised in accordance with the principles of IFRS 15 – Revenue from Contracts with Customers ("IFRS 15").

Initial recognition

Purchases and sales of financial assets and liabilities held at fair value through profit or loss, and debt securities classified as financial assets held at fair value through other comprehensive income are initially recognised on the trade-date (the date on which the Branch commits to purchase or sell the asset). Loans and advances and other financial assets held at amortised cost are recognised on settlement date (the date on which cash is advanced to the borrowers). Financial liabilities, which include borrowings, not classified as held at fair value through profit or loss are classified at amortised cost on settlement date.

All financial instruments are initially recognised at fair value, which is normally the transaction price, plus directly attributable transaction costs for financial assets and financial liabilities which are not subsequently measured at fair value through profit or loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Classification and measurement of financial instruments (continued)

Subsequent measurement

Financial assets and financial liabilities held at amortised cost
Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest method. Foreign exchange gains and losses are recognised in profit or loss.

Financial assets held at FVOCI
Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in a separate component of reserve. Foreign exchange gains and losses on the amortised cost are recognised in profit or loss. Changes in expected credit losses ("ECL") are recognised in profit or loss and are accumulated in a separate component of reserve.

On derecognition, the cumulative fair value gains or losses, net of the cumulative ECL in reserve, are transferred to profit or loss.

Financial assets and liabilities held at fair value through profit or loss
Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Branch has transferred the asset and also substantially all of the associated risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Branch has retained control, the assets continue to be recognised to the extent of the Branch's continuing involvement. If substantially all the risks and rewards have been neither retained nor transferred and the Branch has lost control, the assets will be derecognised.

Where financial assets have been modified, the modified terms are assessed on a qualitative and quantitative basis to determine whether a fundamental change in the nature of the instrument has occurred, which determines whether the derecognition of the existing instrument and the recognition of a new instrument is appropriate.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Classification and measurement of financial instruments (continued)

Derecognition (continued)

Financial liabilities are derecognised when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expired.

Reclassifications

Financial liabilities are not reclassified subsequent to initial recognition.

Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business model is to realise the value of pre-existing held for trading assets through a hold to collect model.

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at fair value through other comprehensive income do not affect effective interest rate or expected credit loss computations.

Impairment

The Branch's ECL calculations are outputs of complex models with a number of underlying assumptions. The significant judgements and estimates in determining ECL include:

- the Branch's criteria for assessing if there has been a significant increase in credit risk;

- development of ECL models, including the choice of inputs relating to macroeconomic variables.

The calculation of ECL allowance also involves expert credit judgement to be applied by the credit risk management team based upon counterparty information they receive from various sources including relationship managers and external market information.

ECLs are determined for all financial debt instruments that are classified at amortised cost or fair value through other comprehensive income, loan commitments and financial guarantees issued.

An ECL represents the present value of expected cash shortfalls over the remaining life of a financial asset, undrawn commitment or financial guarantee.

A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Branch expects to receive (or pay in case of financial guarantee contracts) over the expected life of the instrument.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

Measurement

ECLs are computed as unbiased and probability weighted amount which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including information which is forward looking.

For material portfolios, the estimate of ECLs is determined by multiplying the probability of default ("PD") with the loss given default ("LGD") with the expected exposure at the time of default ("EAD").

Forward looking economic assumptions, such as GDP growth rates, interest rates, house price indices and commodity prices amongst others are incorporated into PD, LGD and EAD where relevant. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally, and are consistent with those used for budgeting, forecasting and capital planning.

To account for the potential non-linearity in credit losses, multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios.

For credit-impaired financial instruments, the estimate of cash shortfalls may require the use of expert credit judgement.

The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, regardless of whether foreclosure is deemed probable.

Cash shortfalls are discounted using the effective interest rate on the financial instrument as calculated at initial recognition or if the instrument has a variable interest rate, the current effective interest rate determined under the contract.

Instruments	Location of ECL allowance
Financial assets held at amortised cost	Netted against gross carrying value
Debt instruments at FVOCI	Other comprehensive income (FVOCI Reserve)[1]
Loan commitments and financial guarantees issued	Other liabilities[2]

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

Measurement (continued)

[1] Debt securities classified as fair value through other comprehensive income are held at fair value. The ECL allowance attributed to these instruments is accumulated in a separate reserve. Any fair value gains or losses are also accumulated within that reserve and is recycled to profit or loss when the applicable instruments are derecognised.

[2] ECL allowance for loan commitments and financial guarantees is recognised as a provision. Where a financial instrument includes both a loan (i.e. financial asset component) and an undrawn commitment (i.e. loan commitment component), and it is not possible to separately identify the ECLs on these components, ECLs on the loan commitment are recognised together with the ECL allowance for the financial asset. To the extent the combined ECLs exceed the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Recognition

(1) 12-month ECLs (stage 1)

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

(2) Significant increase in credit risk (stage 2)

If a financial asset experiences a significant increase in credit risk ("SICR") since initial recognition, an ECL allowance is recognised for default events that may occur over the expected life of the asset.

Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Whether a change in the risk of default is significant or not is assessed using a number of quantitative and qualitative factors, the weight of which depends on the type of products and counterparties.

Quantitative factors include an assessment of whether there has been a significant increase in the forward-looking PD since origination. A forward-looking PD is one that is adjusted for future economic conditions to the extent these are correlated to changes in credit risk. We compare the residual lifetime PD at the balance sheet date to the residual lifetime PD that was expected at the time of origination for the same point in the term structure and determine whether both the absolute and relative change between the two exceeds predetermined thresholds. To the extent that the differences between the measures of default outlined exceed the defined thresholds, the instrument is considered to have experienced a significant increase in credit risk.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

Recognition (continued)

(2) Significant increase in credit risk (stage 2) (continued)

Qualitative factors assessed include those linked to current credit risk management processes, such as lending placed on non-purely precautionary early alert (and subject to closer monitoring).

A non-purely precautionary early alert account is one which exhibits risk or potential weaknesses of a material nature requiring closer monitoring, supervision, or attention by management. Weaknesses in such an account, if left uncorrected, could result in deterioration of repayment prospects and the likelihood of being downgraded. Indicators include a rapid erosion of position within the industry, concerns over management's ability to manage operations, weak/deteriorating operating results, liquidity strain and overdue balances amongst other factors.

(3) Credit impaired (or defaulted) exposures (stage 3)

Financial assets that are credit impaired (or in default) represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit impaired.

Evidence that a financial asset is credit impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or borrower;
- Breach of contract such as a default or past due event;
- For economic or contractual reasons relating to the borrower's financial difficulty, the lenders of the borrower have granted the borrower concessions that lenders would not otherwise consider, which include forbearance actions;
- Pending or actual bankruptcy or other financial reorganisation to avoid or delay discharge of the borrower's obligations;
- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower;
- Purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

Recognition (continued)

(3) Credit impaired (or defaulted) exposures (stage 3) (continued)

Irrevocable lending commitments to a credit impaired obligor that have not yet been drawn down are also included within the stage 3 credit impairment provision to the extent that the commitment cannot be withdrawn.

Loss allowance for credit impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of possible scenarios, including the realisation of any collateral held where appropriate. The loss allowance represents the present value of the cash shortfalls discounted at the instrument's original effective interest rate.

Write-offs of credit impaired instruments and reversal of impairment

To the extent a financial asset is considered irrecoverable, the applicable portion of the gross carrying value is written off against the related loss allowance. Such loans are written off after all the necessary procedures have been completed and it is decided that there is no reasonable expectation of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment loss in profit or loss.

Derivative financial instruments
A derivative contract is initially recognised at fair value on the date on which it is entered into and is subsequently re-measured at its fair value. Fair values are obtained from market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models as appropriate. All derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative.

Derivative transactions of the Branch do not qualify for hedge accounting. Changes in the fair value of any derivative that does not qualify for hedge accounting are recognised immediately in profit or loss.

Leases
The leases entered into by the Branch are primarily operating leases. The total payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the leases.

Cash and cash equivalents
For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash, balances and placements with banks and other financial institutions, and amounts due from group companies.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

Provisions for restructuring costs and legal claims are recognised when the Branch has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

Income tax

Income tax payable on profits for the period is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates, and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred tax relating to items which are charged or credited directly to reserves are subsequently recognised in profit or loss together with the current or deferred gain or loss.

Translation of foreign currencies

Foreign currency transactions are translated into Macao patacas using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or year-end exchange rates if held at fair value, and the resulting foreign exchange gains and losses are recognised in either profit or loss or reserves depending on the treatment of the gain or loss on the asset or liability.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Branch if:

(a) A person, or a close member of that person's family, is related to the Branch if that person:

(i) has control or joint control over the Branch;

(ii) has significant influence over the Branch; or

(iii) is a member of the key management personnel of the Branch or the Head Office;

or

(b) An entity is related to the Branch if any of the following conditions applies:

(i) The entity and the Branch are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Branch or an entity related to the Branch.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Branch or to the Head Office.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Branch measures its derivative financial instruments, financial assets held at fair value and financial assets held at fair value through other comprehensive income at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Branch. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Branch determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Branch's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Income taxes

Significant estimates are required in determining the Branch's provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Branch recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Branch's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Branch's internal credit grading model, which assigns PDs to the individual grades
- The Branch's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit losses basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Branch's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

Fair value of financial instruments
The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

4. INTEREST REVENUE

	2023 MOP'000	2022 MOP'000
Loans and advances to banks	92	3,526
Financial assets at fair value through other comprehensive income	-	43
Loans and advances to customers	62,047	52,678
Placements with a group company and other branches	31,019	19,977
	93,158	76,224

Interest income are recognised for financial assets measured at amortised cost.

5. INTEREST EXPENSE

	2023 MOP'000	2022 MOP'000
Deposits from banks and other credit institutions	-	6
Deposits from customers	15,343	1,946
Deposits from a group company and other branches	58,937	52,098
	74,280	54,050

Interest expenses are recognised for financial liabilities measured at amortised cost.

6. NET FEE AND COMMISSION INCOME/(EXPENSE)

	2023 MOP'000	2022 MOP'000
Fee and commission income		
Fee and commission income earned from services at a point in time:		
Transaction banking	3,717	5,073
Cash management and other fee	1,607	1,546
	5,324	6,619
Fee income earned from services that are provided over time:		
Transaction banking	327	293
Total fee and commission income	5,651	6,912
Fee and commission expenses		
Intergroup recharges expense	(2,884)	(11,814)
Handling fees	(446)	(649)
Total fee and commission expenses	(3,330)	(12,463)
	2,321	(5,551)

7. OPERATING EXPENSES

	2023 MOP'000	2022 MOP'000
Intergroup administrative expenses	10,671	12,353
Management fee	4,334	3,990
Legal and professional expenses	1,574	1,179
Minimum lease payments under operating leases	1,020	1,035
Office supplies and communication expenses	1,657	1,134
Auditor's remuneration	384	350
Others	100	100
	19,740	20,141

Staff costs have been borne by a group company, Standard Chartered Bank (Hong Kong) Limited. These costs are then recharged through management fee.

Intergroup administrative expenses include recharges from Head Office, group companies, and other branches for the provision of administrative and IT system technical support services.

8. CREDIT IMPAIRMENT

	2023 MOP'000	2022 MOP'000
Credit impairment (release)/charge		
Loans and advances to banks (note 11)	-	(138)
Financial assets at FVOCI (note 13)	-	(293)
Loans and advances to customers (note 12)	(13)	(33)
Amount due from Head Office, other branches and group companies which are balances and placements with banks (note 14(a))	(127)	155
Trade-related contingent liabilities and other commitments (note 18)	(7)	(84)
	(147)	(393)

9. INCOME TAX

Macao complementary tax has been provided at the statutory rate of 12% (2022: 12%) on the estimated taxable profits arising in Macao during the year.

	2023 MOP'000	2022 MOP'000
Current:		
Charge for the year	-	57
Over-provision in prior years	(55)	(77)
Deferred (note 17)	(2,691)	(388)
Total tax credit for the year	(2,746)	(408)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for Macao to the tax expense at the effective tax rate is as follows:

	2023 MOP'000	2023 %	2022 MOP'000	2022 %
Profit/(loss) before tax	2,181		(2,445)	
Tax at the statutory tax rate	262	12.0	(293)	12.0
Adjustments in respect of current tax of previous years	(55)	(2.5)	(77)	3.1
Adjustments in respect of deferred tax of previous years	(2,691)	(123.4)	-	-
Tax losses utilized in current year	(257)	(11.8)	-	-
Income not subject to tax	(43)	(2.0)	(72)	2.9
Expenses not deductible	38	1.7	34	(1.7)
	(2,746)	(125.9)	(408)	16.7

10. CASH AND BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2023 MOP'000	2022 MOP'000
Balances with banks	166,176	49,876
Balances with central bank	198,604	261,350
Less: Expected credit loss provision	-	-
	364,780	311,226

The movements in allowance for expected credit losses of cash and balances with banks and other financial institutions are as follows:

	2023 MOP'000	2022 MOP'000
At beginning of year	-	-
Credited to profit or loss	-	-
At end of year	-	-

At 31 December 2023, the minimum deposit balance with AMCM was MOP17,418,000 (2022: MOP24,045,000).

11. LOANS AND ADVANCES TO BANKS

	2023 MOP'000	2022 MOP'000
Loans and advances to banks	-	2,487
Less: Expected credit loss provision (note 26)	-	-
	-	2,487

The movements in allowance for expected credit losses of loans and advances to banks are as follows:

	2023 MOP'000	2022 MOP'000
At beginning of year	-	138
Credited to profit or loss	-	(138)
At end of year	-	-

At 31 December 2023, the balance includes nil trade loans to banks (2022: trade loans to banks of MOP2,486,000).

12. LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers

	2023 MOP'000	2022 MOP'000
Loans and advances to customers, gross	56,786	1,982,104
Less: Expected credit loss provision (note 26)	(9)	(22)
	56,777	1,982,082

The movements in allowance for expected credit losses of loans and advances to customers are as follows:

	2023 MOP'000	2022 MOP'000
At beginning of year	22	55
Credited to profit or loss	(13)	(33)
At end of year	9	22

(b) Impaired loans and advances to customers

There were no impaired loans and advances to customers in 2023 and 2022.

(c) Loans and advances to customers analysed by industry sector

The analysis of gross loans and advances to customers by industry sector is based on the categories used by the returns submitted to the AMCM.

	2023 MOP'000	2022 MOP'000
Gross loans and advances for use in Macao		
Industrial, commercial and financial		
- Paper, printing and publishing	12,510	1,823,721
- Wholesale and retail trade	44,276	158,383
Total gross loans and advances to customers	56,786	1,982,104

No loans and advances to customers were granted for use outside of Macau (2022: Nil).

13. INVESTMENT SECURITIES

	2023 MOP'000	2022 MOP'000
Financial assets at FVOCI:		
AMCM monetary bills	-	-

The balance refers to unlisted AMCM monetary bills carried at fair value through other comprehensive income.

The movements in allowance for expected credit losses of financial assets at fair value through other comprehensive income are as follows:

	2023 MOP'000	2022 MOP'000
At beginning of year	-	293
Credited to reserve	-	(293)
At end of year	-	-

14. AMOUNT DUE FROM/TO HEAD OFFICE, OTHER BRANCHES AND GROUP COMPANIES

During the year, the Branch entered into transactions with the head office, other branches and group companies in the ordinary course of its banking business and on substantially the same terms as for comparable transactions with external counterparties.

(a) Amounts due from head office, other branches and group companies

	2023 MOP'000	2022 MOP'000
Balances and placements with banks	600,325	1,217,768
Less: Expected credit loss provision (note 26)	(47)	(174)
	600,278	1,217,594
Analysed into counterparty		
Head office	2	2
Other branches	87,078	942,858
Group companies	513,245	274,908
	600,325	1,217,768

14. AMOUNT DUE FROM/TO HEAD OFFICE, OTHER BRANCHES AND GROUP COMPANIES (continued)

(a) Amounts due from head office, other branches and group companies (continued)

The movements in allowance for expected credit losses of amounts due from head office, other branches and group companies are as follows:

	2023 MOP'000	2022 MOP'000
At beginning of year	174	19
(Credited)/charged to profit or loss	(127)	155
At end of year	47	174

(b) Amounts due to head office, other branches and group companies

	2023 MOP'000	2022 MOP'000
Balances from banks	94,614	102,611
Deposits from banks	281,759	2,411,161
	376,373	2,513,772
Analysed into counterparty		
Head office	1,293	2,413,791
Other branches	281,757	-
Group companies	93,323	99,981
	376,373	2,513,772

15. OTHER ASSETS

	2023 MOP'000	2022 MOP'000
Acceptance	109,378	260,429
Accrued interest receivables	498	1,734
Sundry debtors and receivables	234	525
Suspense clearing items and others	8,756	1,454
	118,866	264,142

16. CUSTOMER ACCOUNTS

	2023 MOP'000	2022 MOP'000
Demand deposits and current accounts	147,571	155,242
Savings deposits	251,446	382,420
Time, call and notice deposits	222,237	413,979
	621,254	951,641

17. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

	Provision for loans and advances MOP'000
Gross deferred tax liabilities at 1 January 2022	3,075
Credited to profit or loss	(388)
Charged to reserves	4
Gross deferred tax liabilities at 31 December 2022 and 1 January 2023	2,691
Credited to profit or loss	(2,952)
Charged to deferred tax amount	261
Gross deferred tax liabilities at 31 December 2023	-

18. OTHER LIABILITIES

	2023 MOP'000	2022 MOP'000
Acceptance	109,378	260,429
Accrued interest payables	366	331
Sundry creditors and payables	4,113	24,333
Suspense clearing items and others	1,107	1,094
ECL provision on loan commitments and financial guarantees (notes 21(a) and 26)	2	9
	114,966	286,196

18. OTHER LIABILITIES (continued)

The movements in allowance for expected credit losses of loan commitments and financial guarantees are as follows:

	2023 MOP'000	2022 MOP'000
At beginning of year	9	93
Credited to profit or loss	(7)	(84)
At end of year	2	9

19. RESERVES

(a) Fair value through other comprehensive income

The fair value through other comprehensive income reserve comprises the cumulative net change in the fair value of the investment in debt securities measured at fair value through other comprehensive income, less the ECL allowance recognised in profit or loss.

(b) Regulatory reserve

Regulatory reserve is established to satisfy the regulatory requirements Notice no.12/2021-AMCM issued by Monetary Authority of Macao ("AMCM"). Movement in this reserve is made directly through retained earnings. The movement in regulatory reserve for the year is as follows:

	2023 MOP'000	2022 MOP'000
Reduction in provision under AMCM rules	(19,827)	(3,237)
Deferred tax effect	2,691	388
	(17,136)	(2,849)

20. CASH AND CASH EQUIVALENTS

Composition of cash and cash equivalents in the statement of cash flows:

	2023 MOP'000	2022 MOP'000
Cash and balances with banks and other financial institutions with original maturity less than three months	364,780	311,226
Amounts due from head office, other branches and group companies which are balances and placements with banks with original maturity less than three months	600,151	1,217,594
Less: Minimum deposit balance with Autoridade Monetária de Macau	(17,418)	(24,045)
	947,513	1,504,775

21. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contractual amount of contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

	2023 MOP'000	2022 MOP'000
Trade-related contingencies	246,109	131,312
Other commitments which are Unconditionally cancellable	4,311,141	2,725,153
	4,557,250	2,856,465
Less: ECL provision (notes 18 and 26)	(2)	(9)
	4,557,248	2,856,456

The movements in allowance for expected credit losses of contractual amount of contingent liabilities and commitments are as follows:

	2023 MOP'000	2022 MOP'000
At beginning of year	9	93
Credited to profit or loss	(7)	(84)
At end of year	2	9

21. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(a) Contractual amount of contingent liabilities and commitments (continued)

Contingent liabilities and commitments are credit-related instruments which include letters of credit, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. As the facilities may expire without being drawn upon, the contractual amounts do not represent expected future cash flows.

(b) Lease commitments

At 31 December, the Branch had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2023 MOP'000	2022 MOP'000
- Within one year	273	876
- In the second to fifth years, inclusive	-	201
	273	1,077

The Branch leases certain of its office premises under operating lease arrangements. Leases for office premises are negotiated for terms ranging from one to two years. None of the leases includes contingent rentals.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The use of derivatives for trading and their sale to customers as risk management products is an integral part of the Branch's business activities. These instruments are also used to manage the Branch's own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by the Branch are foreign exchange related contracts, which are primarily over-the-counter derivatives. Most of the Branch's derivative positions have been entered into to meet customer demand. For accounting purposes, derivatives are classified as held for trading.

(i) Notional amounts of derivatives

Derivatives are contracts whose value depends on the value of one or more underlying financial instruments, interest or exchange rates or indices. The notional amounts of these instruments indicate the volume of transactions outstanding and do not represent amounts at risk.

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(i) Notional amounts of derivatives (continued)

The following is a summary of the notional amounts of each significant type of derivatives entered into by the Branch:

	2023 MOP'000	2022 MOP'000
Exchange rate contracts		
Forwards	15,256	21,383

(ii) Fair values of derivatives

	2023		2022	
	Fair value assets[1] MOP'000	*Fair value liabilities*[2] MOP'000	*Fair value assets*[1] MOP'000	*Fair value liabilities*[2] MOP'000
Exchange rate contracts	1	11	3	4

[1] The amount is included in other assets.

[2] The amount is included in other liabilities.

(iii) Credit risk weighted amounts of derivatives

	2023 MOP'000	2022 MOP'000
Exchange rate contracts	-	-

Credit risk weighted amounts for 2023 and 2022 refer to the amounts as calculated in accordance with Notice 028/B/2015-DSB/AMCM.

23. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Bank had the following transactions with related parties during the year:

	2023 MOP'000	2022 MOP'000
Operating income	(69,618)	(64,354)
Operating expenses	25,397	8,164

(b) Compensation of key management personnel of the Branch

Details of compensation of key management personnel of the Branch are disclosed in note 7 to the financial statements.

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Valuation of financial assets and liabilities held at fair value are subject to a review independent of the business by Valuation Control. For those financial assets and liabilities whose fair value is determined by reference to externally quoted prices or market observable pricing inputs to valuation models, an assessment is made against external market data and consensus services. Financial instruments held at fair value in the statement of financial position have been classified into a valuation hierarchy that reflects the significance of the inputs used in the fair value measurements.

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

24.1 Valuation of financial instruments carried at fair value

The tables below show the classification of financial instruments held at fair value into the valuation hierarchy set out as at 31 December:

31 December 2023	Level 1 MOP'000	Level 2 MOP'000	Level 3 MOP'000	Total MOP'000
Assets measured at fair value on a recurring basis				
Derivative financial instruments	-	1	-	1
Total financial assets measured at fair value	-	1	-	1
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments	-	11	-	11
Total financial liabilities measured at fair value	-	11	-	11

31 December 2022	Level 1 MOP'000	Level 2 MOP'000	Level 3 MOP'000	Total MOP'000
Assets measured at fair value on a recurring basis				
Financial assets at fair value through reserves	-	3	-	3
Total financial assets measured at fair value	-	3	-	3
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments	-	4	-	4
Total financial liabilities measured at fair value	-	4	-	4

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

24.1 Valuation of financial instruments carried at fair value (continued)

During the year ended 31 December 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2022: Nil).

24.2 Valuation of financial instruments carried at amortised cost

All financial instruments are stated at fair value or carrying amounts not materially different from their fair value as at 31 December 2023 and 2022.

The following sets out the Branch's basis of establishing the fair value of its financial assets and liabilities which are not carried at fair value.

Cash and balances with banks and other financial institutions
The fair value of cash and balances with banks and other financial institutions is their carrying amounts.

Loans and advances to banks
The fair value of floating rate placements and overnight deposits is their carrying amounts. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using the prevailing money market rates for debts with a similar credit risk and remaining maturity.

Loans and advances to customers
Loans and advances are net of provision for impairment. The estimated fair value of loans and advances represents the discounted amount of future cash flows expected to be received, including assumptions relating to prepayment rates and, where appropriate, credit spreads. Expected cash flows are discounted at current market rates to determine fair value.

Customer accounts
The estimated fair value of customer accounts with no stated maturity is the amount repayable on demand.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Branch's exposure to market risk (including interest rate risk and foreign currency risk), equity price risk, credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Branch's financial management policies and practices described below:

(a) Credit risk management

Credit risk is the potential for loss due to the failure of a counterparty to meet its obligation to pay in accordance with agreed terms. Credit exposures arise from both the banking and trading books.

Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and the approvers in the Risk function. All credit exposures limits are approved within a defined credit approval authority framework. The Branch manages its credit exposures following the principle of diversification across products, geographies, industries, collateral types and client segments.

A standard alphanumeric credit risk-grade system for quantifying the risk associated with a counterparty is used. The numeric grades run from 1 to 14 and some of the grades are further sub-classified. Lower credit grades are indicative of a lower likelihood of default. Credit grades 1 to 12 are assigned to performing customers or accounts, while credit grades 13 and 14 are assigned to non-performing or defaulted customers.

The Branch monitors credit exposures, portfolio performance, and external trends that may impact risk management outcomes. Internal risk management reports contain information on key environmental, political and economic trends across major portfolios; portfolio delinquency and loan impairment performance; as well as credit grade migration.

Credit concentration risk

Credit concentration risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Branch's total exposures. Analysis of geographical and industry concentration of the Branch's gross loans and advances to customers is disclosed in note 12(c).

Maximum exposure to credit risk

The maximum exposures to credit risk of on-balance sheet financial instruments, before taking account of any collateral or other credit enhancements, are the carrying amount reported on the balance sheet. For off-balance sheet instruments, the maximum exposure to credit risk, excluding loans commitments which are unconditionally cancellable, represents the contractual nominal amounts as disclosed under "Contractual amount of contingent liabilities and commitments" in note 21(a).

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Market risk management

Market risk is the potential for loss of economic value due to adverse changes in financial market rates or prices. The Branch's exposure to market risk arises predominantly from providing clients access to financial markets. facilitation of which entails the Branch taking minimal market risk positions. There are no proprietary trading teams. Hence income earned from market risk related activities is primarily driven by the volume of client activity rather than risk-taking.

The primary categories of market risk for the Branch are:

- Interest rate risk: arising from changes in yield curves; and

- Foreign exchange rate risk: arising from changes in currency exchange rates.

The Hong Kong Traded Risk Management ("TRM") team independently identifies and monitors the market risk arising from the Branch's activities. The Asset and Liability Committee ("ALCO") is responsible for overseeing the effective implementation of policies and other standards for the control of market risk.

Value at Risk

The Branch uses a Value at Risk (VaR) model to measure the risk of losses arising from future potential adverse movements in market rates, prices and volatilities. VaR is a quantitative measure of market risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome.

For day-to-day risk management, VaR is calculated as at the close of business for expected movements over a minimum of one business day and to a confidence level of 97.5 percent. Intra-day risk levels may vary from those reported at the end of the day.

Management VaR allows SCB to manage the market risk across the trading book and most of the fair valued non-trading books. The scope of instruments included in the Management VaR excludes the instruments held at amortised cost.

(i) Foreign exchange risk

Foreign exchange trading exposures are principally derived from customer driven transactions. Foreign exchange risk in the non-trading book is minimised by matching funding assets and liabilities in the same currency.

	2023 MOP'000	2022 MOP'000
Total net (short)/long position in foreign currencies	(904)	545

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Market risk management (continued)

(i) Foreign exchange risk (continued)

Significant foreign currency exposures which exceeded 10% of the net position in all foreign currencies are as follows:

	2023 MOP'000	2022 MOP'000
HK dollar exposure		
Spot assets	96,596	2,187,248
Spot liabilities	(100,244)	(2,186,851)
Forward purchases	2,421	636
Forward sales	(1,593)	(209)
Net (short)/long non-structural position	(2,820)	824
US dollar exposure		
Spot assets	741,848	1,054,334
Spot liabilities	(740,666)	(1,054,705)
Forward purchases	2,725	4,822
Forward sales	(2,183)	(5,057)
Net long/(short) non-structural position	1,724	(606)
Euro exposure		
Spot assets	2,463	1,086
Spot liabilities	(2,460)	(1,084)
Forward purchases	1,604	4,951
Forward sales	(1,435)	(4,789)
Net long non-structural position	172	164

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Market risk management (continued)

(ii) Interest rate risk in the non-trading book

Interest rate re-pricing risk in the banking book is managed by Hong Kong Treasury Markets.

(c) Liquidity and funding risk

Liquidity and funding risk is the risk that we may not have sufficient stable or diverse sources of funding to meet our obligations as they fall due.

The Branch's liquidity risk framework requires the Branch to ensure that it operates within predefined liquidity limits and remains in compliance with the liquidity policies and practices, as well as local regulatory requirements.

The Branch achieves this through a combination of risk limits setting, policy formation, risk measurement and monitoring, stress testing governance and review.

ALCO ensures the Branch remains in compliance with liquidity policies and practise as well as local regulatory requirements.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity and funding risk (continued)

(i) Analysis of assets and liabilities by remaining maturity

The following maturity profile is based on the remaining period at the balance sheet date to the contractual maturity date. The disclosure does not imply that the asset will be held to maturity or that the liabilities will be withdrawn on maturity.

2023	Repayment on demand MOP'000	Within one month MOP'000	Between one to three months MOP'000	Between three months to one year MOP'000	Between one year to three years MOP'000	More than three years MOP'000	Undated or overdue more than one month MOP'000	Total MOP'000
Assets								
Cash and balances with banks and other financial institutions	347,362	-	-	-	-	-	17,418	364,780
Loans and advances to customers	-	56,777	-	-	-	-	-	56,777
Amounts due from head office, other branches and group companies	117,313	482,965	-	-	-	-	-	600,278
Other assets	9,488	70,231	39,147	-	-	-	-	118,866
Total assets	474,163	609,973	39,147	-	-	-	17,418	1,140,701
Liabilities								
Customer accounts	399,018	222,236	-	-	-	-	-	621,254
Deposits by banks	3	-	-	-	-	-	-	3
Amounts due to head office, other branches and group companies	94,615	281,758	-	-	-	-	-	376,373
Other liabilities	5,588	70,231	39,147	-	-	-	-	114,966
Total liabilities	499,224	574,225	39,147	-	-	-	-	1,112,596
Net liquidity gap	(25,061)	35,748	-	-	-	-	17,418	28,105

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity and funding risk (continued)

(i) Analysis of assets and liabilities by remaining maturity (continued)

	2022							
	Repayment on demand MOP'000	Within one month MOP'000	Between one to three months MOP'000	Between three months to one year MOP'000	Between one year to three years MOP'000	More than three years MOP'000	Undated or overdue more than one month MOP'000	Total MOP'000
Assets								
Cash and balances with banks and other financial institutions	287,181	-	-	-	-	-	24,045	311,226
Loans and advances to banks	-	-	-	2,487	-	-	-	2,487
Loans and advances to customers	-	1,982,082	-	-	-	-	-	1,982,082
Amounts due from head office, other branches and group companies	1,217,594	-	-	-	-	-	-	1,217,594
Other assets	3,713	42,736	122,218	95,475	-	-	-	264,142
Total assets	1,508,488	2,024,818	122,218	97,962	-	-	24,045	3,777,531
Liabilities								
Customer accounts	537,663	413,978	-	-	-	-	-	951,641
Amounts due to head office, other branches and group companies	102,664	2,320,294	10,300	80,514	-	-	-	2,513,772
Other liabilities	25,450	42,768	122,311	95,720	-	-	2,691	288,940
Total liabilities	665,777	2,777,040	132,611	176,234	-	-	2,691	3,754,353
Net liquidity gap	842,711	(752,222)	(10,393)	(78,272)	-	-	21,354	23,178

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity and funding risk (continued)

(ii) Analysis of assets and liabilities by remaining maturity on an undiscounted basis

The following tables analyses the contractual cash flows payable for the Branch's liabilities by remaining contractual maturities on an undiscounted basis. The liability balances in the tables below will not agree to the balances reported in the statement of financial position as the table incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

31 December 2023

	Repayment on demand MOP'000	Within one month MOP'000	Between one to three months MOP'000	Between three months to one year MOP'000	Between one year to three years MOP'000	More than three years MOP'000	Undated or overdue more than one month MOP'000	Total MOP'000
Liabilities								
Customer accounts	399,018	222,340	-	-	-	-	-	621,358
Deposits by banks	3	-	-	-	-	-	-	3
Amounts due to head office, other branches and group companies	94,615	283,017	-	-	-	-	-	377,632
Other liabilities	5,588	70,231	39,147	-	-	-	-	114,966
Total liabilities	499,224	575,588	39,147	-	-	-	-	1,113,959

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity and funding risk (continued)

(iii) Analysis of assets and liabilities by remaining maturity on an undiscounted basis (continued)

31 December 2022	Between Repayment on demand MOP'000	Between Within one month MOP'000	one to three months MOP'000	three months to one year MOP'000	Undated or Between one year to three years MOP'000	More than three years MOP'000	overdue more than one month MOP'000	Total MOP'000
Liabilities								
Customer accounts	537,663	414,138	-	-	-	-	-	951,801
Amounts due to head office, other branches and group companies	102,664	2,322,229	10,406	82,264	-	-	-	2,517,563
Other liabilities	25,450	42,768	122,311	95,720	-	-	2,691	288,940
Total liabilities	665,777	2,779,135	132,717	177,984	-	-	2,691	3,758,304

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair value

All financial instruments are stated at fair value or carried at amounts not materially different from their fair values as at 31 December 2023 and 2022 unless otherwise stated.

(i) Financial assets

The Branch's financial assets mainly include cash, amounts due from banks and other financial institutions, loans and advances to customers, and financial assets at fair value through equity.

Amounts due from banks and other financial institutions, loans and advances to customers

Amounts due from banks and other financial institutions, loans and advances to customers are mainly priced at market interest rate or will mature within one year. Accordingly, the carrying values approximate the fair values.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are stated at fair value in the financial statements.

(ii) Financial liabilities

The Branch's financial liabilities mainly include amounts due to banks and other financial institutions and deposits from customers.

Deposits and balances with banks and other financial institutions, deposits from customers

Deposits and balances with banks and other financial institutions, deposits from customers are mainly priced at market interest rate or will mature within one year. Accordingly, the carrying values approximate the fair values.

26. ANALYSIS OF ECL PROVISION ON FINANCIAL INSTRUMENTS BY STAGE

	As at 31 December 2023			
	Stage 1 MOP'000	Stage 2 MOP'000	Stage 3 MOP'000	Total MOP'000
ECL provision on:				
- Amounts due from Head Office, other branches and group companies which are balances and placements with banks (note 14(a))	47	-	-	47
- Loans and advances to customers (note 12(a))	9	-	-	9
- Loan commitments and financial guarantees (notes 18 and 21(a))	2	-	-	2
	58			58

	As at 31 December 2022			
	Stage 1 MOP'000	Stage 2 MOP'000	Stage 3 MOP'000	Total MOP'000
ECL provision on:				
- Amounts due from Head Office, other branches and group companies which are balances and placements with banks (note 14(a))	174	-	-	174
- Loans and advances to customers (note 12(a))	22	-	-	22
- Loan commitments and financial guarantees (notes 18 and 21(a))	9	-	-	9
	205			205

27. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the management of the Branch on 3 April 2024.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION
(Expressed in thousands of Macau patacas)

This information does not form an integral part of the audited financial statements

These notes set out on pages 48 to 57 are supplementary to and should be read in conjunction with the financial statements set out on pages 3 to 47. The financial statements and these unaudited supplementary financial information ("supplementary notes") taken together comply with the Guideline on Disclosure of Financial Information made under Circular No. 004/B/2024-DSB/AMCM.

(a) Business development and brief management report on Branch's activities in Macau

Business Development

The Branch will continue to focus on serving corporate customers with relationships with SCB branches/affiliates both in Hong Kong and overseas.

Management are pleased to announce the results of the Branch for the year ended 31 December 2023.

Principal activities

The Branch is part of Standard Chartered Bank, which is incorporated in the United Kingdom and registered in England and Wales. The Branch's principal activities are the provision of commercial banking and related financial services.

2023 Results

Profit before tax is MOP 2.181 million for which it was MOP 2.445 million loss before tax for the period ended 31 December 2022. Net interest income decreased by 14.86 per cent to MOP 18.878 million. Other revenue includes net fee and commission income/(expense) of MOP 2.321 million in 2023 and MOP (5.551) million in 2022 respectively. Total operating income increased by 25.84 per cent to MOP 21.774 million.

Operating expenses decreased 1.99 per cent in 2023 to MOP 19.740 million. Impairment release was MOP 0.147 million in 2023 when compared to impairment release of MOP 0.393 million in 2022. Profit after taxation was MOP 4.927 million, an increase of MOP 6.964 million over the loss after taxation of MOP (2.037) million recorded in 2022.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)
(Expressed in thousands of Macau patacas)

This information does not form an integral part of the audited financial statements (continued)

(b) Segmental information

Under the following geographical analysis, loans and advances are classified by the location of the counterparties.

(i) Geographical analysis of loans and advances to customers

Except for Macau SAR of China, none of the remaining geographical segments represents more than 10% of the Branch's gross loans and advances to customers.

All the loans and advances to customers are granted to corporate entities.

	2023					
		of which				
	Loan and advances to customers MOP'000	Overdue loans MOP'000	Impaired loans MOP'000	Individually assessed impairment provision MOP'000	Modelled ECL provision MOP'000	Additional provision under AMCM rules MOP'000
Macau SAR of China	56,786	-	-	-	9	2,590
	56,786	-	-	-	9	2,590

	2022					
		of which				
	Loan and advances to customers MOP'000	Overdue loans MOP'000	Impaired loans MOP'000	Individually assessed impairment provision MOP'000	Modelled ECL provision MOP'000	Additional provision under AMCM rules MOP'000
Macau SAR of China	1,982,104	-	-	-	22	22,416
	1,982,104	-	-	-	22	22,416

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)
(Expressed in thousands of Macau patacas)

This information does not form an integral part of the audited financial statements (continued)

(b) Segmental information (continued)

(ii) Geographical analysis of notional amounts of contingent liabilities and commitments

	2023		
	Banks MOP'000	Corporate Entities MOP'000	Total MOP'000
Hong Kong SAR of China	2,107	-	2,107
Macau SAR of China	-	4,459,122	4,459,122
China, People's Republic	91,311	-	91,311
Taiwan, Province of China	3,973	-	3,973
United Kingdom	737	-	737
	98,128	4,459,122	4,557,250

	2022		
	Banks MOP'000	Corporate Entities MOP'000	Total MOP'000
Hong Kong SAR of China	1,631	-	1,631
Macau SAR of China	-	2,847,658	2,847,658
China, People's Republic	511	-	511
Taiwan, Province of China	4,911	-	4,911
United Kingdom	1,754	-	1,754
	8,807	2,847,658	2,856,465

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)
(Expressed in thousands of Macau patacas)

This information does not form an integral part of the audited financial statements (continued)

(b) Segmental information (continued)

(ii) Geographical analysis of exposure on financial derivatives

	2023		
	Banks MOP'000	Corporate Entities MOP'000	Total MOP'000
United Kingdom	1	-	1
	1	-	1

	2022		
	Banks MOP'000	Corporate Entities MOP'000	Total MOP'000
United Kingdom	3	-	3
	3	-	3

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)
(Expressed in thousands of Macau patacas)

This information does not form an integral part of the audited financial statements (continued)

(c) Loans and advances to customers analysed by industry sector

	2023					
	Impaired loan MOP'000	Overdue loans MOP'000	Individually assessed ECL provision MOP'000	Modelled ECL provision MOP'000	Additional provision under AMCM rules MOP'000	Write off MOP'000
Paper, printing and publishing	-	-	-	-	571	-
Wholesale and retail trade	-	-	-	9	2,019	-
	-	-	-	9	2,590	-

	2022					
	Impaired loan MOP'000	Overdue loans MOP'000	Individually assessed ECL provision MOP'000	Modelled ECL provision MOP'000	Additional provision under AMCM rules MOP'000	Write off MOP'000
Paper, printing and publishing	-	-	-	9	20,625	-
Wholesale and retail trade	-	-	-	13	1,791	-
	-	-	-	22	22,416	-

This information does not form an integral part of the audited financial statements (continued)

(d) Overdue loans and advances to customers

At the end of the reporting period, there were no overdue loans and advances to customers (2022: Nil).

(e) Operational and Technology risk management

Operational and Technology risk is the potential for loss from inadequate or failed internal processes, technology events, human error, or from the impact of external events, (including legal risks). Operational and Technology risk is managed within the boundary of the Risk Appetite Statement approved by the Board. The Group aims to control operational and technology risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Group's franchise.

Operational and Technology risks can arise from all business lines and functions and thus from all activities carried out by the Branch. Although operational risk exposures can take many varied forms, the Branch seeks to manage them in accordance with standards that drive systematic risk identification, assessment, control and monitoring. The Branch achieves this by mapping all activities across the Group into a set of processes with key control standards defined to mitigate risks. The Branch benchmark practices against peers, other industries and regulatory requirements.

The Bank uses operational and technology risk sub-types principally as an aid to ensure comprehensive and consistent identification of operational risks, wherever they may arise.

Operational and Technology Risk is classified into the following risk sub-types to enable effective risk identification and assessment.

(e) Operational and Technology risk management (continued)

Operational and Technology risk subtypes

Execution Capability	Transaction processing	Potential for loss due to failure in the design or execution of client facing transactions.
	Product management	Potential for loss due to the failure to design and/or meet product management standards and product-related regulatory requirements
Operational Resilience	Client service resilience	Potential for loss or adverse impact due to failures in design or maintenance of appropriate resilience measures for client services and underlying infrastructure and controls to withstand operational disruptions.
	Technology risk	Potential loss or adverse impact due to technology failure (hardware, software, networks)
	Change management	Potential for loss or adverse impact due to failures to manage project related change.
	People management	Potential for loss due to the failure to meet standards for people management including relevant regulations (e.g. employment, remuneration and benefits).
	Safety and security	Potential for loss or damage due to failure to create a safe, secure, and healthy environment for staff and clients. This risk considers both the protection of property and physical assets, health and safety standards, and resilience requirements
Governance	Corporate governance	Potential for loss due to: (i) non-compliance with relevant laws, regulations, ordinances, market guidance, corporate governance codes and exchange listing requirements relating to corporate administration and board governance, OR, (ii) failure to have an appropriate framework for the delegation of authority from the board of an entity. Any risks from non-compliance with listing rules relating to remuneration, financial reporting, tax and capital requirements, or with company laws and regulations relating to financial records or reporting are outside the scope of this risk sub-type.
	Enterprise risk governance	Potential for loss or adverse impact due to the failure or ineffective implementation of the principles and standards for enterprise risk management framework
Reporting and Obligations	Financial books and records	Potential for loss or adverse impact due to failure to comply with laws and regulations for financial books and records.
	Financial regulatory reporting	Potential for loss or adverse impact due to failure to comply with applicable financial regulatory reporting laws and regulations.
	Tax obligations	Potential for loss or adverse impact due to failure to comply with laws and regulations for tax.
Legal enforceability		The potential for loss due to difficulty in enforcing the Group's contractual rights

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)
(Expressed in thousands of Macau patacas)

This information does not form an integral part of the audited financial statements (continued)

(e) Operational and Technology risk management (continued)

The Hong Kong Executive Risk Committee oversees the management of operational and technology risks across the Branch, supported by business, functional, and country-level committees/forums. All operational risk committees/forums operate on the basis of a defined structure of delegated authorities and terms of reference derived from the Hong Kong Executive Risk Committee.

Compliance with operational risk policies and standards is the responsibility of all staff within the Bank.

(f) Liquidity risk

	January to December 2023 MOP'000	January to December 2022 MOP'000
Arithmetic mean of the minimum weekly amount of cash in hand that is required to be held during the year (note (i))	20,424	27,998
Arithmetic mean of the average weekly amount of cash in hand during the year (note (i))	243,083	338,177
Arithmetic mean of the specified liquid assets at the end of each month during the year (note (i))	968,350	1,064,843

	January to December 2023 MOP'000	January to December 2022 MOP'000
Average ratio of specified liquid asset to total basic liabilities at the end of each month during the year (note (i))	103.64%	105.68%
Arithmetic mean of its one-month liquidity ratio in the last week of each month during the year (note (ii))	101.07%	99.29%
Arithmetic mean of its three-month liquidity ratio in the last week of each month during the year (note (ii))	101.46%	101.01%

(Expressed in thousands of Macau patacas)

This information does not form an integral part of the audited financial statements (continued)

(f) Liquidity risk (continued)

Notes:

(i) The arithmetic means are computed as the simple average of the following amounts as defined in the Notice No. 006/93-AMCM.

-minimum weekly amount of cash in hand

-daily amount of cash in hand

-specified liquid assets

-specified liquid assets to total basic liabilities

(ii) The arithmetic means are computed as the simple average of the following ratios as reported in the Reporting of Liquidity Position for submission to the AMCM.

-one-month liquidity ratio

-three-month liquidity ratio

(g) Information of Standard Chartered PLC Group ("the Group")

(i) Consolidated capital adequacy ratio of the Group

	2023	2022
Consolidated capital adequacy ratio	21.2%	21.7%

The consolidated capital adequacy ratio was computed in accordance with the United Kingdom's ("UK") onshored Capital Requirements Regulation ("CRR") and the Prudential Regulation Authority's ("PRA") Rulebook.

(ii) Other consolidated financial information of the Group

	2023 US$ million	2022 US$ million
Total assets	822,844	819,922
Total liabilities	772,491	769,906
Total capital and reserves	50,353	50,016
Total loans and advances to banks and customers	331,952	350,166
Total customer deposits and deposits from banks	497,448	490,466
Pre-tax profit	5,093	4,286

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
(Expressed in thousands of Macau patacas)

This information does not form an integral part of the audited financial statements (continued)

(g) Information of Standard Chartered PLC Group ("the Group") (continued)

(iii) Members of the Board of Standard Chartered PLC

The members of the board of Directors ("Board") of Standard Chartered PLC as at 31 December 2023 are set out below.

Non-executive Chairman
José María Viñals Iñiguez

Executive Directors
William Thomas Winters, CBE (Group Chief Executive) and Andrew Nigel Halford (Group Chief Financial Officer)

Independent Non-Executive Directors

David Philbrick Conner; Shirish Moreshwar Apte; Jacqueline Hunt; Robin Ann Lawther, CBE; Linda Yi-Chuang Yueh, CBE; Gay Huey Evans, CBE; Maria da Conceicao das Neves Calha Ramos (Senior Independent Director); Philip George Rivett; David Tang; CarlsonTong.