The Macau Chinese Bank Limited

Disclosure of Financial Information

For the year ended 31 December 2023

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1、Statement of Financial Position

31 December 2023

	2023 MOP	2022 MOP (Restated)	1 January 2022 MOP (Restated)
ASSETS			
Cash and balances with banks	2,073,505,704.79	1,927,864,194.18	2,771,028,764.19
Deposits with Monetary Authority	197,930,463.51	249,119,540.91	993,780,236.64
Placements with banks	643,356,462.52	395,843,017.23	421,925,769.34
Monetary bills with Monetary Authority	991,906,861.87	398,528,489.64	-
Loans and advances to customers	6,005,782,069.79	7,426,229,643.07	7,248,983,417.83
Receivables and other assets	171,283,239.17	169,570,129.15	127,493,006.43
Investments in securities	992,646,774.73	940,280,858.13	706,787,005.36
Property and equipment	280,391,886.12	115,442,960.96	120,474,421.87
Investment in a subsidiary	2,231,400.00	-	-
Investment property	-	175,100,000.00	175,100,000.00
Total assets	11,359,034,862.50	11,797,978,833.27	12,565,572,621.66
LIABILITIES			
Deposits from banks	-	534,594,000.00	882,680,700.00
Deposits from customers	10,116,930,135.04	10,493,740,484.20	10,810,049,890.44
Payables and other liabilities	200,706,515.24	111,118,403.23	131,455,476.96
Bonds issued	180,000,000.00	180,000,000.00	180,000,000.00
Tax payable	-	-	1,118,972.00
Deferred tax liabilities	11,926,911.00	14,222,573.81	19,363,330.63
Total liabilities	10,509,563,561.28	11,333,675,461.24	12,024,668,370.03
EQUITY			
Share capital	1,000,000,000.00	800,000,000.00	800,000,000.00
Additional paid-in capital	1,000,000,000.00	-	-
Legal reserve	71,871,089.20	68,311,107.65	57,572,295.24
General regulatory reserve	-	43,189,404.64	-
Specific regulatory reserve	58,000,000.00	-	-
Investment revaluation reserve	3,045,712.95	(17,835,917.96)	2,940,851.94
Asset revaluation reserve	37,189,517.30	37,189,517.30	37,189,517.30
Accumulated losses	(1,320,635,018.23)	(466,550,739.60)	(356,798,412.85)
Total equity	849,471,301.22	464,303,372.03	540,904,251.63
Total liabilities and equity	11,359,034,862.50	11,797,978,833.27	12,565,572,621.66

2、Statement of Profit or Loss

Year ended 31 December 2023

	2023 MOP	2022 MOP (Restated)
Interest income	417,515,343.33	414,710,062.59
Interest expense	(333,721,917.96)	(212,183,787.76)
Net interest income	83,793,425.37	202,526,274.83
Fee and commission income	7,209,444.14	8,051,138.99
Fee and commission expenses	(1,009,213.73)	(7,037,738.25)
Net fee and commission income	6,200,230.41	1,013,400.74
Other operating income and expenses, net	(2,188,511.87)	10,406,114.89
Net trading loss on investments in securities at fair value through profit or loss	(2,004,070.32)	(19,785,560.27)
Operating expenses	(115,103,081.31)	(123,752,115.89)
	(29,302,007.72)	70,408,114.30
Net charge of impairment allowances	(809,302,325.00)	(118,716,797.60)
LOSS BEFORE TAX	(838,604,332.72)	(48,308,683.30)
Income tax credit	2,890,631.00	2,456,387.60
LOSS FOR THE YEAR	(835,713,701.72)	(45,852,295.70)

2、Statement of Comprehensive Income (continued)

Year ended 31 December 2023

	2023 MOP	2022 MOP (Restated)
LOSS FOR THE YEAR	(835,713,701.72)	(45,852,295.70)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Investments in debt securities at fair value through other comprehensive income:		
Changes in fair value	3,428,456.72	(19,051,150.19)
Release upon redemption/disposal reclassified to profit or loss	-	(337,967.00)
Changes in impairment allowances	15,894,183.87	2,823,161.18
Income tax effect	(385,555.46)	2,375,550.34
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax	18,937,085.13	(14,190,405.67)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Investments in equity securities at fair value through other comprehensive income:		
Changes in fair value	2,137,852.00	(6,895,182.80)
Income tax effect	(193,306.22)	308,818.57
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax	1,944,545.78	(6,586,364.23)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	20,881,630.91	(20,776,769.90)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(814,832,070.81)	(66,629,065.60)

3、Statement Of Changes In Equity

Year ended 31 December 2023

	Note	Share capital	Additional paid-in capital (a)	Legal reserve	Regulatory reserve (b)	Investment revaluation reserve (c)	Asset revaluation reserve (d)	Accumulated losses	Total equity
		MOP	MOP	MOP	MOP	MOP	MOP	MOP	MOP
At 1 January 2023		800,000,000.00	-	68,311,107.65	43,189,404.64	(17,835,917.96)	37,189,517.30	(466,550,739.60)	464,303,372.03
Loss for the year		-	-	-	-	-	-	(835,713,701.72)	(835,713,701.72)
Other comprehensive income/(loss) for the year:									
Investments in debt securities:									
Changes in fair value		-	-	-	-	3,428,456.72	-	-	3,428,456.72
Changes in impairment allowances		-	-	-	-	15,894,183.87	-	-	15,894,183.87
Income tax effect		-	-	-	-	(385,555.46)	-	-	(385,555.46)
Investments in equity securities:									
Changes in fair value		-	-	-	-	2,137,852.00	-	-	2,137,852.00
Income tax effect		-	-	-	-	(193,306.22)	-	-	(193,306.22)
Total comprehensive income for the year		-	-	-	-	20,881,630.91	-	-	20,881,630.91
Transfer to legal reserve		-	-	3,559,981.55	-	-	-	(3,559,981.55)	-
Transfer to general regulatory reserve		-	-	-	(43,189,404.64)	-	-	43,189,404.64	-
Transfer to specific regulatory reserve		-	-	-	58,000,000.00	-	-	(58,000,000.00)	-
Issue of shares		200,000,000.00	-	-	-	-	-	-	200,000,000.00
Contribution from shareholder		-	1,000,000,000.00	-	-	-	-	-	1,000,000,000.00
At 31 December 2023		1,000,000,000.00	1,000,000,000.00	71,871,089.20	58,000,000.00	3,045,712.95	37,189,517.30	(1,320,635,018.23)	849,471,301.22

3、Statement Of Changes In Equity (continued)

Year ended 31 December 2022

	Note	Share capital	Legal reserve	Regulatory reserve (b)	Investment revaluation reserve (c)	Asset revaluation reserve (d)	Retained profits/ (accumulated losses)	Total equity
		MOP	MOP	MOP	MOP	MOP	MOP	MOP
At 1 January 2022		800,000,000.00	57,572,295.24	-	2,940,851.94	37,189,517.30	152,848,162.99	1,050,550,827.47
Adjustment on correction of error		-	-	-	-	-	(509,646,575.84)	(509,646,575.84)
At 1 January 2022 (restated)		800,000,000.00	57,572,295.24	-	2,940,851.94	37,189,517.30	(356,798,412.85)	540,904,251.63
Loss for the year (restated)		-	-	-	-	-	(45,852,295.70)	(45,852,295.70)
Other comprehensive income/(loss) for the year:								
Investments in debt securities:								
Changes in fair value		-	-	-	(19,051,150.19)	-	-	(19,051,150.19)
Release upon redemption/disposal								
reclassified to profit or loss					(337,967.00)			(337,967.00)
Changes in impairment allowances		-	-	-	2,823,161.18	-	-	2,823,161.18
Income tax effect		-	-	-	2,375,550.34	-	-	2,375,550.34
Investments in equity securities:								
Changes in fair value		-	-	-	(6,895,182.80)	-	-	(6,895,182.80)
Income tax effect		-	-	-	308,818.57	-	-	308,818.57
Total comprehensive income for the year		-	-	-	(20,776,769.90)	-	-	(20,776,769.90)
Transfer to legal reserve		-	10,738,812.41	-	-	-	(10,738,812.41)	-
Transfer to general regulatory reserve		-	-	43,189,404.64	-	-	(43,189,404.64)	-
Transfer to specific regulatory reserve		-	-	-	-	-	-	-
Dividends paid		-	-	-	-	-	(9,971,814.00)	(9,971,814.00)
At 31 December 2022 (restated)		800,000,000.00	68,311,107.65	43,189,404.64	(17,835,917.96)	37,189,517.30	(466,550,739.60)	464,303,372.03

Note:
(a) Additional paid-in capital represents the cash and bank balances contributed by the Bank's immediate holding company during the year.
(b) Regulatory reserve is established as per the requirements prescribed by Notice No.12/2021-AMCM.
(c) Investment revaluation reserve represents the cumulative surpluses/(deficits) arising from revaluation of investments in securities at fair value through other comprehensive income.
(d) Asset revaluation reserve represents valuation gain from the transfer of property and equipment to investment property.

4、Statement of Cash Flows

Year ended 31 December 2023

	2023 MOP	2022 MOP (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(838,604,332.72)	(48,308,683.30)
Adjustments for:		
Depreciation of property and equipment	20,871,559.28	20,854,468.28
Net trading loss on investments in securities at fair value through profit or loss	2,004,070.45	20,945,108.44
Unrealised foreign exchange differences relating to investments in securities	2,147,854.63	14,864,532.32
Net charge of impairment allowances	809,364,090.22	114,933,483.60
Gain on redemption/disposal of investments in debt securities	(53,689.60)	339,015.11
Loss on disposal of items of property and equipment	-	3,334.80
	(4,270,447.74)	123,631,259.25
Decrease/(increase) in loans and advances to customers	628,782,664.71	(278,120,821.24)
Increase in receivables and other assets	(1,507,981.02)	(42,420,823.42)
Decrease in deposits from banks	(534,594,000.00)	(348,086,700.00)
Decrease in deposits from customers	(376,810,349.16)	(316,309,406.24)
Increase /(decrease) in payables and other liabilities	87,788,123.01	(19,862,810.73)
Cash flows used in operating activities	(200,611,990.20)	(881,169,302.38)
Income tax paid	-	(1,118,972.00)
Net cash flows used in operating activities	(200,611,990.20)	(882,288,274.38)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments in securities	(451,951,220.83)	(535,471,836.47)
Proceeds from redemption/disposal of investments in securities	401,100,400.00	228,316,280.15
Purchases of items of property and equipment	(10,720,484.84)	(15,826,341.91)
Purchases of monetary bills with Monetary Authority	(593,619,425.23)	(398,666,032.64)
Investment in a subsidiary	(2,231,400.00)	-
Net cash flows used in investing activities	(657,422,130.90)	(721,647,930.87)

4、Statement of Cash Flows (continued)

Year ended 31 December 2023

	2023 MOP	2022 MOP (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	200,000,000.00	-
Contribution from a shareholder	1,000,000,000.00	-
Dividends paid	-	(9,971,814.00)
Net cash flows from/(used in) financing activities	1,200,000,000.00	(9,971,814.00)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	341,965,878.90	(1,613,908,019.25)
Cash and cash equivalents at beginning of year	2,572,826,751.92	4,186,734,771.17
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,914,792,630.82	2,572,826,751.92
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and balances with banks	2,073,505,704.79	1,927,864,194.18
Deposits with Monetary Authority	197,930,463.51	249,119,540.91
Placements with banks with original maturity of less than three months	643,356,462.52	395,843,016.83
	2,914,792,630.82	2,572,826,751.92

5、Summary of Business Development and Management report

In the year of 2023, the Macau Chinese Bank encountered a severe, complex and unstable internal and external environment. Under the strong support of its shareholders, the regulatory authority and various sectors from the society, the Macau Chinese Bank confronted the problems and difficulties directly, explored courageously, proceeded steadily and overcame the difficulties to withstand the rigorous challenges, by ensuring the normal operation of the Bank, effectively controlling and minimizing risks and constructing a solid foundation for the Bank's long-term development.

The shareholders have their confidence in the Bank's ability to overcome its current temporary difficulties, and implement concrete actions to give firm support to the Bank to resolve its problems, so that the Bank are able to start once again with a view of achieving a higher quality development.

With lessons learned by overcoming the difficulties and challenges, the Bank's internal control and risk-control system has achieved remarkable results and made fundamental changes. Under every possible method and one account per policy, the Bank's stock of credit risk was effectively controlled and gradually resolved through a variety of measures, with the balance of problematic loans reducing significantly and loan protection measures being strengthened.

With every effort to increase revenue and reduce expenditure, efforts were made to alleviate the pressure of excessively rising deposit costs; emphasis was made on austerity and reduction in administrative and management expenses is achieved. In response to the market's conditions, utilizing the very limited credit resources to invest in financial bonds and achevied notable results.

5、Summary of Business Development and Management report (continued)

Where there's a will, there's a way. Under the correct and strong support and leadership of the shareholders' meeting and the board of directors, every staff of the Macau Chinese Bank will forge ahead to further strengthen the internal control and risk management system, further enhancing capital strength, properly and effectively addressing the risk of the stock of credit and explore the direction of business development, in order to construct a solid foundation for embarking on a new journey of comprehensive development and constructing a new development pattern in the year of 2025.

Chairman of the Board

LIU SHUANG QUAN

31st March, 2024, Macao

6、Report from The Board of Supervisors' reports

The Board of Supervisors' reports

In 2023, according to the relevant law and Article of Association of the Company, the Board of Supervisors has been maintaining a regular communication with the Board of Directors, and has obtained decent information and cooperation in between.

After revised and analyzed the Auditor's report of 2023, the Report of the Board of Directors and related document, the Board of Supervisors concludes that these reports and documents are able to show the Bank's asset, operation result and finance status appropriately.

Hence, the Board of Supervisors concludes that the Financial Reports submitted by the Board of Directors could be discussed by the General Meeting of Shareholders.

Chairman of the Supervisory Board
Wang Qingping
12th April, 2024

7、Report of the Independent Auditor on the Summary Financial Statements

To the shareholders of The Macau Chinese Bank Limited
(Incorporated in Macao with limited liability by shares)

The accompanying summary financial statements of The Macau Chinese Bank Limited (the "Bank") set out on pages 4 to 10, which comprise the balance sheet as at 31 December 2023, the income statement, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, are derived from the audited financial statements of the Bank for the year ended 31 December 2023. We expressed an unmodified opinion on those financial statements, from which the summary financial statements are derived, in our independent auditor's report dated 31 March 2023. These financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on these financial statements.

The summary financial statements do not contain all the disclosures required by the Financial Reporting Standards set out by the Macao Special Administrative Region. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Bank.

Management's responsibilities for the financial statements

Management is responsible for the preparation of the summary financial statements in accordance with the Article 85(1) of the Decree-Law No. 12/2023 ("Financial System Act") of 14 August.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements", of the Auditing Standards of the Macao Special Administrative Region.

7、Report of the Independent Auditor on the Summary Financial Statements (continued)

Opinion

In our opinion, the summary financial statements as derived from the audited financial statements of the Bank for the year ended 31 December 2023 are consistent, in all material respects, with those audited financial statements, in accordance with the Article 85(1) of the Decree-Law No. 13/2023 ("Financial System Act") of 14 August.

CHAN Wai, CPA
Ernst & Young

31st March 2024, Macao

8、List of Institutions with more than 5% Interests

(a) List of Institutions which the Bank holds equal to or exceeding 5% of the capital of the relevant company

Investment in a subsidiary

	2023	2022
	MOP	MOP
Unlisted shares, at cost	2,231,400	-

Particulars of the subsidiary as at the end of the reporting period are as follows:

Name	Place of Incorporation and business	Registered, issued and fully paid share capital	Percentage of equity directly attributable to the Bank	Principal activity
珠海澳華宇科技有限公司	People's Republic of China	RMB 2,000,000	100	Provision of Information Technology services

(b) The Bank holds capital contribution equal to or exceeding 5% of the Bank's own funds

Nil

9、List of Shareholders with Qualifying Holdings

MAJOR SHAREHOLDERS:

Nam Yue (Group) Company Limited (established in Macao) (56%)

Wong Garrick Jorge Kar Ho (18%)

Ho Hon Cheong (9%)

Ho Hon Kong (9%)

Lam Ka Vai Carlos (8%)

10、Names of the Members of the Company Holdings

LIST OF BOARD OF THE SHAREHOLDERS' GENERAL MEETING

President:	Nam Yue (Group) Company Limited
Member:	Wong Garrick Jorge Kar Ho
	Ho Hon Cheong
	Ho Hon Kong
	Lam Ka Vai Carlos
Secretary:	Yu Peihuan

SUPERVISORY BOARD：

President:	Zhou Hao (resigned with effect from 1st of March, 2023)
President:	Wang Qingping (appointed on 1st of March, 2023)
Members:	CSC & Associados-Sociedade de Auditors (represented by Mok Chi Meng, starting from 4th August, 2023)
	Chui Calvin Tinlop

BOARD OF DIRECTORS

Acting President:	Yau Wai Chu (resigned with effect from 1st of March 1, 2023)
President:	Liu Shuang Quan (appointed on 1st of March, 2023)
Executive Director:	Huang Zhenfu (appointed on 1st of March, 2023)
Director:	Wong Garrick Jorge Kar Ho
	Ho Hon Cheong (appointed on 1st of March, 2023)
	Ho Hon Kong
	Lam Ka Vai Carlos
	Li Rongzhou
	Chan Tat Kong
	Guo Zhihang (appointed on 1st of March, 2023)
	Yau Wai Chu (resigned with the effect from 18th of September, 2023)
	Cheng Sai Chong (resigned with effect from 30th of September, 2023)

Company Secretary: Yu Peihuan

11. Corporate Governance

The Macau Chinese Bank, Ltd. adopts a high standard of Corporate Governance practices in compliance with regulatory requirements. Under the Corporate Governance practices, each of the General Meetings, the Board of Directors, the Supervisory Board and the Senior Management has clearly defined responsibilities and accountability, coordination as well as an effective check and balance system.

Responsibilities of the Shareholders' General Meeting
The Shareholders' General Meeting is responsible for giving direction on strategic business and major investment planning of the Bank; reviewing and approving of the annual financial budget, annual financial report recommended by the Board of Directors; electing and replacing members of Board of Directors and Supervisory Board including Independent members.

Responsibilities of the Supervisory Board
As the governing body of the Bank, the Supervisory Board shall report to the Shareholders' General Meeting for adoption. The main responsibility of the Supervisors Board is to oversee the performance of duties by the Board of Directors and the Senior Management; supervise and review the Bank's financial activities and reports.

Responsibilities of the Board of Directors
Being the highest authority of the Bank, the Board of Directors shall report to the Shareholders' General Meeting on the overall performance of the Bank; give direction on business plans and strategies of the Bank; review and approve the annual financial budgets and annual financial report and recommend to the Shareholders' General Meeting for adoption; define principle and policy guidelines on risk management and internal control, and supervise the implementation to ensure adherence. In this respect, The Board of Directors delegates its authority to formulate the Executive Committee to oversee and to ensure the overall operations of the Bank are in compliance with the policies and guidelines and the Bank is run in a sound and efficient manner in accordance with the directions, objectives and goals of the shareholder.

11. Corporate Governance (continued)

Responsibilities of the Senior Management

The Senior Management is responsible for implementing the decisions of the Board of Directors, coordinating and organizing the functional departments of the Bank to complete the business objectives set by the Board of Directors; formulating systematic policies, processes and methods according to the risk policies determined by the Board of Directors, and adopting corresponding risk control measures; responsible for establishing and improving internal organizational structure to ensure the effective performance of various responsibilities in the internal control mechanism; responsible for providing adequate human resource support for functional departments to effectively perform their duties.

Responsibilities of the Business Development Planning Committee:

The Business Development Planning Committee is a specialized working body under the Board of Directors, responsible for formulating specific business development plans according to the strategic requirements put forward by the Board of Directors, and detailing them into short, medium, and long-term development plans; supervises and implements the short, medium, and long-term development plans for the Bank's business development; reviews the matching degree between policies construction and business development, and clarifies annual policy construction goals and tasks. Comparing quantitative indicators, qualitative indicators and peer development, regularly evaluate and review the effectiveness of implementing short, medium, and long-term work plans, and report the work achievement to the Board of Directors.

12. Off-balance-sheet Exposures other than Derivatives Transactions

	2023
	MOP
Values received for custody	53,977,773.90
Values as collateral	9,518,980,048.17
Bank guarantees	623,917,339.35
Letters of credit issued	-
Other memorandum items	214,792,611.64
	10,411,667,773.06

13. Derivatives Transactions

NIL

14、Summary of Significant Accounting Policies

CORPORATE INFORMATION

The Macau Chinese Bank Limited is a limited liability company by shares incorporated in Macao Special Administrative Region of the People's Republic of China ("Macao"). The registered office of the Bank is located at Avenida da Praia Grande, No. 101, Edifício Do Banco Chinês, 6 Andar, Macau.

During the year, the Bank was involved in the provision of banking, financial and other related services in Macao under the regulations of the Autoridade Monetária de Macau (the "AMCM" or the "Monetary Authority").

In the opinion of the directors, the immediate holding company of the Bank is Nam Yue (Group) Company Limited, a company incorporated in Macao with limited liability, and the ultimate holding company of the Bank is Guangdong Nam Yue Group Company Limited, a company established under the laws of the People's Republic of China with limited liability.

BASIS OF PREPARATION

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

These financial statements have been prepared on a historical cost basis, except for an investment property and certain investments in securities which have been measured at fair value. These financial statements are presented in Macao patacas ("MOP").

BASIS OF CONSOLIDATION

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Group has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

CORRECTION OF AN ERROR

During the year, with the assistance of an independent third party engaged by the Bank, the Bank identified discrepancies in certain financial transactions. Consequently, it was determined that there were errors reported in the net charge related to impairment allowances on loans and advances to customers, and other receivables, for the year ended 31 December 2022 and starting 1 January 2022. Accordingly, certain comparative figures from prior years have been restated.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

14、 Summary of Significant Accounting Policies (continued)

CORRECTION OF AN ERROR (continued)

Impact on equity (increase/(decrease) in equity)

	31 December 2022	1 January 2022
	MOP	MOP
Loans and advances to customers	(59,864,018.00)	(509,646,575.84)
Receivables and other assets	(3,788,185.42)	-
Total impact on total assets and equity	(63,652,203.42)	(509,646,575.84)

Impact on statement of profit or loss (increase/(decrease) in profit)

	2022
	MOP
Net charge of impairment allowances	(63,652,203.42)
Total impact on loss for the year	(63,652,203.42)

The change did not have an impact on other comprehensive income for the year or the Bank's operating, investing and financing cash flows.

SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurement

The Bank measures its investment property and certain investments in securities at fair value 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 Bank. 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.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank 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.

14、 Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 Bank 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.

Impairment of Non-Financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and investment property), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, (only if there are revalued assets in the financial statements) unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

14、 Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

<1> the party is a person or a close member of that person's family and that person

(1) has control or joint control over the Bank;
(2) has significant influence over the Bank; or
(3) is a member of the key management personnel of the Bank or of a parent of the Bank; or

<2> the party is an entity where any of the following conditions applies:

(1) the entity and the Bank are members of the same group;
(2) one entity is an associate or joint venture of the other entity (or of a parent,
(3)
(4) subsidiary or fellow subsidiary of the other entity);
(5) the entity and the Bank are joint ventures of the same third party;
(6) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(7) the entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank;
(8) the entity is controlled or jointly controlled by a person identified in <1>;
(9) a person identified in <1> (1) 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); and
(10) the entity, or any member of a group of which it is a part, provides key management personnel services to the Bank or to the parent of the Bank.

Property and Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Bank recognises such parts as individual assets with specific useful lives and depreciation them accordingly.

Depreciation is calculated on the straight-line method to write off the cost of each item of property and equipment to its residual value over its estimated useful life as follows:

Land and building	100 years or remaining useful life, whichever is shorter
Furniture, fixtures and equipment	3 to 10 years
Computer equipment	3 to 8 years
Motor vehicles	10 years

14、 Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment and Depreciation (continued)

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment Property

Investment property is interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair value of an investment property is included in the statement of profit or loss in the year in which it arises.

Any gain or loss on the retirement or disposal of an investment property is recognised in the statement of profit or loss in the year of the retirement or disposal.

Transfer is made to/from investment property when, only when, there is a change in use, evidenced by the ending/commencement of owner occupation. For a transfer from investment property to owner-occupied property, the deemed cost of such property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Bank as an owner-occupied property becomes an investment property, the Bank accounts for such property in accordance with the policy stated under "Property and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as an asset revaluation reserve. On disposal of the asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to the retained profits as a movement in reserves.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Bank is the lessor, assets leased by the Bank under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Bank is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

14、 Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Prepaid land lease payments under operating lease are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as finance lease in property and equipment.

Investments and other financial assets

- Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Bank's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Bank has applied the practical expedient of not adjusting the effect of a significant financing component, the Bank initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Bank's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Bank commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

- Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(1) Financial assets at amortised cost (debt instruments)

The Bank measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

14、 Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets(continued)

Subsequent measurement (continued)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired. Financial assets at amortised cost include cash and balances with banks, deposits with Monetary Authority, placements with banks, monetary bills with Monetary Authority, loans and advances to customers, investments in securities at amortised costs and financial assets included in receivables and other assets.

(2) Financial assets at fair value through other comprehensive income (debt instruments)

The Bank measures debt investments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

(2) Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Bank can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other operating income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Bank and the amount of the dividend can be measured reliably, except when the Bank benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

14、 Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets(continued)

(3) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

- Reclassification of financial assets

If the Bank makes changes to its financial assets management business model, which is only expected to occur relatively infrequently and on an exceptional basis, all of the financial assets affected are reclassified in conformity with the requirements of IFRS 9 – "Financial instruments". The reclassification is applied prospectively from the date upon which it becomes effective. Under IFRS 9 – "Financial instruments", reclassifications of equity instruments for which the valuation option through other comprehensive income or for other financial assets and liabilities at fair value in the sphere of the fair value option have been included, are not permitted.

- Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Bank's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

14、 Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Impairment of financial assets

The Bank recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Bank assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Bank compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Bank applies the low credit risk simplification. At each reporting date, the Bank evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Bank reassesses the external credit ratings of the debt investments. In addition, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Bank considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Bank may also consider a financial asset to be in default when internal or external information indicates that the Bank is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Bank. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

14、 Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Write-offs

Financial assets are written off either in their entirety or partially when the Bank has no reasonable expectation of recovering the asset in its entirety, or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference will be an additional impairment loss, which is presented as an addition to the allowance applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The following events represent examples of circumstances which could lead to a full or partial write-off:

- The borrower is declared bankrupt or insolvent, especially in the case of unsecured exposures where the liquidator or administrator has indicated that there aren't sufficient resources available to satisfy the unsecured creditors,
- There is external evidence (for example, third-party valuations) available that there has been an irreversible decline in expected cash flows and, accordingly, the Bank has no reasonable expectation of recovery, or
- Individually assessed loans that are secured, are generally written-off after the receipt of the proceeds from the realisation of the security, and there is no expectation that any further amounts will be recovered by any other means.

Write-offs are also effected within certain time frames post-default of a financial asset. Collectively assessed portfolios such as retail mortgages, corporate loans, syndicated loans, other unsecured loans and overdrafts are typically written-off when the Bank determines that they are uncollectable.

14、Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

- Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Bank's financial liabilities include deposits from banks, deposits from customers, payables and other liabilities and bonds issued.

- Subsequent measurement of loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

14、Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Bank operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

14、Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Bank has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Revenue recognition

- Interest income

(1) The effective interest rate method

Interest income is recorded using the effective interest rate ("EIR") method for all financial assets measured at amortised cost, interest rate derivatives for which hedge accounting is applied and the related amortisation/recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at fair value through other comprehensive income under IFRS 9 is recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

14、Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

(2) Presentation of net interest income

Paragraph 82(a) of IAS 1 requires interest revenue calculated using the EIR method to be presented separately in the statement of profit or loss. This implies that interest revenue calculated using the EIR method is to be differentiated and presented separately from interest revenue calculated using other methods.

The Bank considers its net interest margin to be a key performance indicator; the measure includes both interest calculated using the effective interest method and interest recognised on a contractual basis on its financial assets/liabilities measured at FVPL other than those held for trading.

(3) Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately in the profit or loss for both interest income and interest expense to provide symmetrical and comparable information.

In its interest income/expense calculated using the effective interest method, the Bank only includes interest on those financial instruments that are set out in note 5. Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in Net trading income.

The Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired (and is therefore regarded as 'Stage 3', the Bank calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired ("POCI") financial assets, the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

- Fee and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

14、Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

- Fee and commission income (continued)

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not typically include multiple performance obligations, as explained further in below.

When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time (unless otherwise specified in below).

The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

The Bank typically has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

Fee and commission income from services where performance obligations are satisfied over time
Performance obligations satisfied over time include asset management, custody and other services, where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs.

The Bank's fee and commission income from services where performance obligations are satisfied over time include the following:

- Fee and commission income from providing services where performance obligations are satisfied at a point in time

Services provided where the Bank's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, brokerage and underwriting fees.

The Bank typically has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

14、 Summary of Significant Accounting Policies (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

- Net trading income

Net trading income includes all gains and losses from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading. This includes any ineffectiveness recorded on hedging transactions.

- Net gain/loss on derecognition of financial assets measured at amortised cost or FVOCI

Net gain/loss on derecognition of financial assets measured at amortised cost or FVOCI includes loss (or income) recognised on sale or derecognition of financial assets measured at amortised costs or FVOCI calculated as the difference between the book value (including impairment) and the proceeds received.

Employee benefit

- Retirement Benefits Scheme

The Group operates a defined contribution retirement benefit scheme for its employees. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the scheme.

- Social society scheme

The employees of the Company are required to participate in a central social security scheme operated by the Macao SAR. The Company is required to contribute a fixed amount of its payroll costs to the central social security scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central social security scheme.

Foreign Currencies

These financial statements are presented in MOP, which is the Bank's functional currency. Foreign currency transactions recorded by the Bank are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

15、Related Party Transaction

(1) Qualitative Disclosure

- The policy for lending to related parties

The Bank entered into transactions with related parties in the normal course of bank lending business by reference to relevant laws and regulations including notification to the relevant regulatory authority if required. These transactions with acceptable exposures were carried out on commercial terms and conditions and at market rates.

- According to the latest releases of the guideline on "Disclosure of Financial Information" by AMCM. In annex 1 No.12, for the purpose of this Guideline, related parties include:

<1> Any person or any close family member(Note1) of that person if that person:

(a) has control or joint control over the credit institution;
(b) has significant influence over the credit institution;
(c) holds a qualifying holding in the credit institution;
(d) is a member of the board of directors or supervisory board of the credit institution or of a parent of the credit institution; or
(e) is a member of the key management personnel(Note2), other than a member of the board of directors or supervisory board as identified in sub-item (d) above, of the credit institution or of a parent of the credit institution.

<2> Any entity if any of the following conditions applies:

(a) That entity and the credit institution are members of the same group (e.g. parent, subsidiary and fellow subsidiary).
(b) That entity holds a qualifying holding in the credit institution.
(c) That entity is an associate or joint venture of the credit institution (or an associate or joint venture of a member of a group of which the credit institution is a member).
(d) The credit institution is an associate or joint venture of that entity (or an associate or joint venture of a member of a group of which that entity is a member).
(e) That entity and the credit institution are both joint ventures of the same third party.
(f) That entity is a joint venture of a third entity and the credit institution is an associate of that third entity.
(g) The credit institution is a joint venture of a third entity and that entity is an associate of that third entity.
(h) That entity is controlled or jointly controlled by a person identified in <1>.
(i) A person identified in <1> (a) has significant influence over that entity or is a member of the key management personnel of that entity (or of a parent of that entity).
(j) A person identified in <1> (d) is a member of the key management personnel of that entity (or of a parent of that entity).

Note:
1. Close family members of a person include the person's spouse, children, parents, step-children, step parents, sons-in-law, daughters-in-law, and parents-in-law.
2. Key management personnel of an institution are those persons having authority and responsibility for planning, directing, and controlling the activities of that institution. These include any directors (whether executive or otherwise) of that institution.

15、 Related Party Transactions(continued)

(2) Quantitative Disclosures - Transactions and Outstanding Balances

(a) In addition to the transactions disclosed elsewhere in these financial statements, the Bank had the following transactions with related parties during the year and outstanding balances with related parties at the end of the reporting period:

		2023	2022
		MOP	MOP
Received/receivable from or (paid)/(payable) to related companies:	Notes		
Rental expenses	(1)	(9,915,432.48)	(4,121,216.00)
Service fee	(2)	(3,577,695.29)	(4,479,769.70)
Loans and advances to customers	(3)	407,267.68	-
Payables and other liabilities	(4)	(112,967.34)	(218,649.00)
Receivables and other assets	(5)	1,933,033.50	519,894.56
Deposits from customers:			
Directors of the Bank		23,454,679.43	53,830,316.84
Related companies of the Bank*		154,123,326.69	212,845,636.16

*Related companies include the immediate holding company and fellow subsidiaries of the Bank.

Notes:

(1) Rental expenses were paid to related companies for the lease of office properties based on the market price.

(2) Service fee was paid to a related company for the provision of consultation services based on the actual costs incurred.

(3) Certain loans and advances to customers were granted to a director of the Bank's immediate holding company.

(4) Balance represented payables to a fellow subsidiary for renovation of office properties which was unsecured, interest-free and payable within 12 months.

(4) Balance represented rental deposits received from a fellow subsidiary which was unsecured and interest-free.

15、 Related Party Transaction (continued)

(2) Quantitative Disclosures - Transactions and Outstanding Balances (continued)

(b) Compensation of key management personnel of the Bank

	2023	2022
	MOP	MOP
Short term employee benefits	1,656,525	2,806,622

In the opinion of the directors, these balances and transactions were undertaken on terms similar to those offered to unrelated customers in the ordinary course of business.

16、 Capital

(1) Qualitative Disclosure

The primary objective of the Bank's capital management is to maintain a strong capital base to support its business and to meet the regulatory capital requirement.

The Bank manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Under the terms of Macao banking legislation, the Bank is required to transfer to a legal reserve an amount equal to a minimum of 20% of its annual profit after tax until the amount of the reserve is equal to 50% of their respective issued and fully paid up share capital. Thereafter, transfers must continue at a minimum annual rate of 10% of its annual profit after tax until the reserve is equal to the Bank's issued and fully paid up share capital. This reserve is only distributable in accordance with certain limited circumstances prescribed by statute. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022.

(2) Quantitative Disclosure

<1> Capital structure & capital adequacy ratio

(a) Issued Capital

	2023 MOP	2022 MOP
Authorised, issued and fully paid:		
10,000,000 (2022: 8,000,000)		
ordinary shares of MOP100 each	1,000,000,000	800,000,000

On 20 January 2023, 2,000,000 ordinary shares of the Bank were issued at MOP100 each to the existing shareholders of the Bank in proportion to their respective original equity interests in the Bank for a cash consideration, before expenses, of MOP200,000,000.

16、 Capital (continued)

(2) Quantitative Disclosure (continued)

<1> Capital structure & capital adequacy ratio (continued)

(b) Capital structure

	2023 MOP
Common Equity Tier 1 ("CET1") capital composition as follow:	
Qualifying common shares	1,000,000.00
Retained earnings/(Accumulated losses)	(1,320,635.02)
Accumulated other comprehensive income (OCI)	40,235.23
Other disclosed reserves:	
Legal reserve	71,871.09
Specific regulatory reserve	58,000.00
Deductions:	
Cumulative unrealized gains arising from the revaluation of land and buildings	(37,189.52)
Specific regulatory reserve	(58,000.00)
Additional Tier 1 ("AT1") capital composition as follow:	
Additional paid-in capital	1,000,000.00
Tier 1 capital total	754,281.78
Tier 2 capital composition as follow:	
Expected credit loss (ECL) in stage 1& 2	89,097.25
Tier 2 capital total	89,097.25
Own funds	843,379.03

16、Capital (continued)

(2) Quantitative Disclosure (continued)

<1> Capital structure & capital adequacy ratio (continued)

(c) Capital adequacy ratio:

	2023 MOP
Weighted Credit Risk Exposures (a)	7,127,779.82
Weighted Market Risk Exposures (b)	277,761.63
Weighted Operational Risk Exposures (c)	300,772.76
Tier 1 capital total (d)	754,281.78
Own Funds (e)	843,379.03
Core Capital adequacy ratio (f)	
(f)= (d) / [(a)+ (b)+ (c)]	9.79%
Capital adequacy ratio (g)	
(g)= (e) / [(a)+ (b)+ (c)]	10.94%

(2) Quantitative Disclosure (continued)

<2> capital adequacy ratio of consolidated group and its significant bank subsidiaries

Not applicable

17. Credit Risk

(1) Qualitative Disclosure

Impairment of financial assets

The Bank recognises an allowance for the expected credit loss (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The bank maintains its regulatory reserve and impairment allowance for credit and other financial assets(expect from Financial derivatives), in compliance with AMCM requirement under Law No. 012/2021. When the accounting reserve does not fulfil minimum requirement of regulatory reserve, the different should be transfer from retained earnings to regulatory reserve. The regulatory reserve is not distributable.

General approach

The following elements that are integral to the measurement of the ECLs:

(1) The probability of default ("PD") refers to the possibility that the debtor will default in a certain period of time in the future.

(2) Loss given default ("LGD") refers to the ratio of the amount of asset losses after the debtor defaults to the exposure at default.

(3) Exposure at default ("EAD") refers to the expected risk exposure of the debtor at a certain point in time of default in the future

In addition to considering the historical changes of its own credit portfolio losses, the Bank also considers the impact of various expected macroeconomic scenarios (such as Macau unemployment rate, retail loan default rate and housing price index, etc.) on the ECLs. The Bank based on assumptions related to the current business situation, credit portfolio and local economic environment, considering specific economic scenarios, fall into three categories:

	Weight ratio %
Favorable	20%
Baseline	50%
Unfavorable	30%

Assign weights based on the probability of each selected scenario and forecast macroeconomic indicators for each specific scenario. Build a model associated with integral elements based on the prediction results, calculate the integral elements in each scenario, and finally calculate the weighted average of ECL in multiple local scenarios.

According to whether the credit risk has increased significantly, the Bank classified the financial assets included in the scope of impairment calculation into the following three ECLs stages:

Stage 1: There has been no significant increase in credit risk since initial recognition;

In addition, there has been no significant increase in credit risk when contractual payments are less than 30 days past due.

Stage 2: Credit risk has increased significantly since initial recognition, but no default has occurred;

In addition, there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

17、Credit Risk (continued)

(1) Qualitative Disclosure (continued)

General approach for the expected credit loss (ECLs) (continued)

Stage 3: Default has occurred;

In addition, the financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Bank may also consider a financial asset to be in default when internal or external information indicates that the Bank is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Bank. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Bank based on the ECLs stage of each debtor, obtains the probability of default, loss given default, risk exposure at default and adjustment of forward-looking factors and other parameters, and then measures and confirms the ECLs of financial assets in the following manner:

Stage 1: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

Stage 2 & Stage 3: For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Bank periodically reviews all judgments and assumptions that affect ECL measurement. Any scenarios not fulfilled the existing model or new exposures (such as unexpected economic diversification) will be taken into consideration. The management will adopt the overlaying method to evaluate the impact to ECL measurement, macroeconomic scenarios and probability –weighted estimation.

Credit risk management

In accordance with the guidelines of the Macau Monetary Authority Circular No. 012/2021-AMCM, the bank based on the credit risk characteristics of the loan portfolio, with respect to the classification the credit assets into five stages, which are Pass, Special Mention, Substandard, Doubtful and Loss.

(a) Pass- In this category, the debtor is in a position able to perform the contract, and there is no objective evidence that the principal and interest cannot be repaid in full and on time, neither is there any factor that indicate the credit impairment of assets

(b) Special Mention-In this category, the debtor is currently able to repay the principal and interest, etc., and the assets have not occurred Credit impairment, but there are some factors that may adversely affect the performance of the contract.

(c) Substandard: In this category, the debtor repayment ability has obvious problems, and the normal revenues cannot be fully recovered the principal and interest etc., the assets have occurred Credit impairment.
In any case, assets overdue for more than 90 days must be classified as "Substandard", "Doubtful", and "Loss".

(d) Doubtful: In this category, the debtor has been unable to repay the principal and interest in full, and the assets have been significantly Credit impaired.
In any case, assets overdue for more than 180 days must be classified as "Doubtful" and "Loss".

(e) Loss: In this category, only a very small part of the assets, or the complete loss of all assets, even after all possible measures or procedures have been adopted legal requirements.
In any case, assets overdue for more than 365 days must be classified as "loss".

17、Credit Risk (continued)

(1) Qualitative Disclosure (continued)

Credit risk management (continued)

For the non-performing loan category (classifies as Substandard, Doubtful and Loss), those accounts shall be classified by taking into account the period after the respective maturity. After deduction of collateral value, those non-performing loan portfolios should be taking the Special Regulatory Reserve as following account methods and should be adjusted in accordance with changes in classification.

Category of classification	Special Regulatory Reserve %
Substandard	40%
Doubtful	80%
Loss	100%

The mission of the Bank's credit management is to uphold asset quality for the Bank. The purpose of credit policy is thus to ensure that credit risk embedded at various levels and different aspects is identified and managed in compliance with regulatory requirements and the credit policy.

The Bank also sets credit principles to guide the lending officers, when considering a credit facility, be risk-conscious, understand nature of risks, obtain reasonable risk-adjusted returns, adhere strictly to policy, know your customer, sources of repayment of the borrowers and to avoid over-reliance on collateral.

The credit policy of the Bank exists to limit the concentration risk to certain industries and customers and connected parties lending. Besides, the policy also prohibits lending to undesirable facilities which the Bank has had a charge-off, restructuring, debt collection or legal action etc., and facilities for illegal purposes or violating AMCM regulations.

17、Credit Risk (continued)

(2) Quantitative Disclosure

<1> Geographical distribution

(a) Geographical analysis of not less than 10% of the relevant type of credit exposures

As at 31 December 2023
MOP'000

Region	Debt securities	loans and commitments	Financial derivatives	Expected Credit Loss: Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Regulatory reserves	Impaired loans and advances
Macau SAR								
Of which:								
− Banks	352,905.98	-	-	9.46	-	-	-	-
− Government/Public sectors	56,580.00	-	-	-	-	-	-	-
− Others	-	4,461,784.81	-	34,827.94	68,560.09	940,727.51	42,172.46	1,811,708.40
Hong Kong SAR								
Of which:								
− Banks	218,018.83	-	-	5.50	-	-	-	-
− Government/Public sectors	-	-	-	-	-	-	-	-
− Others	64,877.66	819,858.77	-	9,221.32	-	119,786.30	8,550.67	257,922.48
Mainland China								
Of which:								
− Banks	71,360.89	-	-	-	-	-	-	-
− Government/Public sectors	66,819.00	-	-	100.89	-	-	-	-
− Others	29,988.49	1,661,194.10	-	15,951.02	1,857.74	221,579.81	-	688,208.45
Cayman Islands								
Of which:								
− Banks	-	-	-	-	-	-	-	-
− Government/Public sectors	-	-	-	-	-	-	-	-
− Others	22,633.09	359,151.95	-	3,067.28	45,497.31	91,797.87	7,276.87	134,840.85
United Kingdom								
Of which:								
− Banks	105,434.43	-	-	11.32	-	-	-	-
− Government/Public sectors	-	-	-	-	-	-	-	-
− Others	-	-	-	-	-	-	-	-
Othes								
Of which:								
− Banks	15,533.18	-	-	-	-	-	-	-
− Government/Public sectors	-	-	-	-	-	-	-	-
− Others	-	230,282.00	-	3,816.47	-	-	-	-
TOTAL	1,004,151.55	7,532,271.63	-	67,011.20	115,915.14	1,373,891.49	58,000.00	2,892,680.18

17、Credit Risk (continued)

(2) Quantitative Disclosure

<1> Geographical distribution

(b) Geographical distribution of Loans and Advances

As at 31 December 2023
MOP'000

	Gross loans and advances	Expected Credit Loss: Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Regulatory reserves	Impaired loans and advances
Macau SAR	4,461,784.81	34,827.94	68,560.09	940,727.51	42,172.46	1,811,708.40
Hong Kong SAR	819,858.77	9,221.32	-	119,786.30	8,550.67	257,922.48
China, People's Republic	1,661,194.10	15,889.42	1,857.74	202,756.28	-	688,208.45
Cayman Islands	359,151.95	3,067.28	45,497.31	80,481.87	7,276.87	134,840.85
Virgin Islands, British	230,282.00	3,816.47	-	-	-	-
Total	7,532,271.63	66,822.43	115,915.14	1,343,751.96	58,000.00	2,892,680.18

<2> Industry distribution

Industry distribution of Loan and Advances

As at 31 December 2023
MOP'000

	Gross loans and advances	Expected Credit Loss: Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Regulatory reserves	Impaired loans and advances
Agriculture and fisheries	-	-	-	-	-	-
Mining industries	-	-	-	-	-	-
Manufacturing	191,249.31	3,666.42	-	-	-	-
Electricity, gas, and water supply	-	-	-	-	-	-
Construction and civil engineering	1,467,548.18	8,049.09	9,017.46	504,480.59	23,609.67	859,610.85
Retail and wholesale	828,556.35	11,441.58	-	27,146.65	-	172,487.56
Hospitality and food service	96,463.00	308.92	-	30,427.38	-	76,321.35
Transport, warehousing and communicatio	-	-	-	-	-	-
Non-monetary financial institutions	66,414.00	-	-	42,505.06	30,733.94	66,414.15
Gaming	-	-	-	-	-	-
Exhibition and conference	-	-	-	-	-	-
Education	27,752.00	424.27	-	-	-	-
Information technology	177,894.18	-	6,265.23	40,499.14	-	113,300.00
Others	2,824,587.31	28,008.09	83,363.27	479,331.33	3,656.39	1,014,919.43
Personal loans	1,851,807.30	14,924.06	17,269.18	219,361.81	-	589,626.84
Total	7,532,271.63	66,822.43	115,915.14	1,343,751.96	58,000.00	2,892,680.18

17、Credit Risk (continued)

(2) Quantitative Disclosure (continued)

<3> Ageing analysis of accounting past due exposures

The Bank write-offs their exposure when they determine that their exposure cannot be fully or partially recovered. Reasons for write-offs include bankruptcy, irreversible decline in expected cash flows, and secured loans with no further recovery prospects. The Bank collectively assessed portfolios including retail mortgages, corporate loans, syndicated loans, other unsecured loans and overdrafts are written off when the Bank decided they are uncollectable. These actions help maintain accurate financial records and reflect the true value of assets on the Bank's balance sheet.

The ageing analysis of loans and advances to customers and debt securities is as follows:

As at 31 December 2023
MOP'000

		Gross loans and advances			Expected Credit Loss		
	Debt securities	Gross amount	% of total loans	value of the collateral	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL
which have been overdue for:							
- 6 months or less but over 3 months	-	451,287.74	5.99%	307,933.67	-	-	146,410.87
- 1 year or less but over 6 months	-	1,706,818.01	22.64%	1,096,027.34	-	-	819,918.02
- over 1 year	30,139.53	734,574.44	9.74%	503,601.56	-	-	407,562.62
Total	30,139.53	2,892,680.19	38.37%	1,907,562.57	-	-	1,373,891.51

As at 31 December 2023, the Bank has partially and fully provided ECL to certain non-performing loans. Subject to the approvals of the Board of Directors, in accordance with the Bank's credit risk policy, these loans are eligible to be partially or fully written off in the coming financial years to reduce the Bank's balance of non-performing loans.

The Bank does not have any past due interbank loans and advances for the period.

17、Credit Risk

(2) Quantitative Disclosure

<4> Credit quality analysis under regulatory asset classification

As at 31 December 2023
MOP'000

				Expected Credit Loss		
	Outstanding Balance	Real Guarantee Value	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Regulatory Reserves
Credits						
Pass	4,364,387.42		67,176.86	-	-	-
Special Mention	1,024,815.45		6,209.03	116,490.11	-	-
Substandard	451,287.74		-	-	146,410.87	-
Doubtful	1,706,818.01		-	-	819,918.02	-
Loss	734,574.44		-	-	377,423.09	58,000.00
Sub-total (Credits)	8,281,883.06	8,340,188.97	73,385.89	116,490.11	1,343,751.98	58,000.00
Debt Securities						
Pass	928,295.05		193.11	-	-	-
Special Mention	-		-	-	-	-
Substandard	-		-	-	-	-
Doubtful	-		-	-	-	-
Loss	30,139.53		-	-	30,139.53	-
Sub-total	958,434.58		193.11	-	30,139.53	-
Interbank Deposit /Placement						
Pass	1,236,258.95		77.30	-	-	-
Special Mention	-		-	-	-	-
Substandard	-		-	-	-	-
Doubtful	-		-	-	-	-
Loss	-		-	-	-	-
Sub-total	1,236,258.95		77.30	-	-	-
Monetary Bills						
Pass	1,001,000.00		378.59	-	-	-
Special Mention	-		-	-	-	-
Substandard	-		-	-	-	-
Doubtful	-		-	-	-	-
Loss	-		-	-	-	-
Sub-total	1,001,000.00		378.59	-	-	-
Total	11,477,576.59		74,034.89	116,490.11	1,373,891.51	58,000.00

*asset classification required by Notice no. 012/2021 AMCM

18、 Market Risk

(1) Quantitative

Market Risk Management Objectives and Policies

Market risk is the risk of loss, in respect of the Bank's on and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Bank's trading and non-trading business activities.

The Bank is primarily exposed to structural interest rate risk arising from commercial banking and position risk arising from treasury transactions. Interest rate risk and foreign exchange risk are defined and specified under separate paragraph of this report. On the other hand, the Bank considers the market risk arising from stock price fluctuations in respect of its investment portfolios as immaterial.

Interest rate gap position report and foreign exchange net position report are the major market risk management tools used by the Bank.

Capital requirements

The following data demonstrates, Market risk capital charges determined in accordance with Notice No.011/2015-AMCM are as follows:

	As at 31 December 2023 MOP'000
Market Risk Capital Charge for	
Specific Risk of Debt Securities and Debt Derivatives	9,479.15
General Market Risk of Debt Securities,	12,585.12
Debt Derivatives and Interest Rate Exposures	-
Equity Exposures	156.66
Foreign Exchange Exposures	-
Commodities Exposures	
Market Risk Capital Charges for all categories	22,220.93

please refer to:

- Interest rate risk
- Foreign exchange risk
- Equity position risk
- Commodity risk

19、 Interest Rate Risk

(1) Qualitative Disclosure

The Bank's interest rate risk mainly arises from the mismatches of the interest rates and tenors of the interest-generating assets and interest bearing liabilities on date of re-pricing. The Bank's interest-generating assets and interest-bearing liabilities are mainly denominated in HKD, USD and MOP. The Asset and Liability Committee makes optimization recommendations based on the evaluation of deposit and loan interest rate pricing policy and reports to senior management. Since majority of the Bank's lending activities are in MOP, the determination of the lending rate is using HKD Prime rate (as MOP is almost pegged to HKD) as the basic pricing tool while the deposit rate is priced according to the market conditions and the liquidity position of the Bank.

The measurement has no assumption regarding loan prepayments. In respect of different interest-bearing assets and liabilities, the earliest interest repricing date means:
(1) For fixed-rate items, the maturity dates of the assets or liabilities concerned.
(2) Floating rate items refer to the date of adjusting the interest rate according to the transaction counterparty.

The Bank manages its interest rate risk by:
<1> regularly monitoring the macroeconomic factors that may have impact on the HKD Prime interest rates;
<2> optimizing the differences in timing between contractual re-pricing (maturities) of interest-generating assets and interest-bearing liabilities; and
<3> regularly managing the interest rate gap of the interest-generating assets and interest-bearing liabilities at a comfortable level
<4> calculate interest rate risk on a monthly basis

(2) Qualitative Disclosure –Increase/Decline in Earnings or Economic Value on Rate Shocks

The following table demonstrates, in accordance the "Guideline of Management of Interest Rate Risk" issued by AMCM, the net impact to the economic value of the Bank with an assumed parallel shift of 200 basis points throughout different time spectrum multiplied by different weighting factors for different currencies.

	As at 31 December 2023
	MOP'000
Currencies	
MOP	79,264.33
HKD	104,382.58
USD	14,992.82
CNY	4,224.60

20、Operational Risk

Operational Risk Management Objectives and Policies

The objective of Operational risk management is to eliminate as much as possible the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which range from power failures to floods or earthquakes to terrorist attacks etc.

Bank's operations are supported mainly by different automated systems and processes. All employees of the Bank have to go through various internal and on-the-job trainings before they are officially assigned to handle the systems and processes in the daily operations as poorly trained employees may inadvertently expose the Bank to operational risk. To eliminate human errors and to avoid internal and external fraud, the Bank has been emphasizing on segregation of duties and dual controls system by setting two different levels of authority on approving of one single transaction.

Through the delegation of the Board of Directors, the Executive Committee is formulated to oversee the overall operations and risk managements of the Bank, it has established clear guidelines and policy manuals on compliance of regulatory requirements and regulations, internal control, processes, products and risk taking.

21、Foreign Exchange Risk

(1) Risk Management Objectives and Policies

The management of foreign exchange risk is vested on the Asset and Liability Committee (ALCO) by monitoring regularly the foreign currency positions taken up by the Bank arising from foreign exchange dealings, commercial banking operations according to different holding limits as set by the Board. These foreign currency positions expose the Bank to a risk of potential losses whenever there are changes in the exchange rates. To minimize these losses, the treasurer submits on a regular basis a net position report showing the overbought and/or oversold positions of all foreign currencies to ALCO and the senior management for review and for necessary offset decision.

The Bank has no significant foreign exchange risk as the majority of the Bank's assets and liabilities are denominated in Macau patacas, Hong Kong dollars and United States dollars which are pegged to each other.

Our Bank's foreign exchange overbought/oversold positions are listed out separately in this report.

(2) Qualitative Disclosure

<1> Total Net Long and Net Short Position in Foreign Currencies

(a) Analysis for the net long/(short) position of currencies other than MOP:

	As at 31 December 2023 MOP'000 Equivalent
HKD	(1,851,835.65)
CNY	(1,607.89)
USD	670,379.20
Others	(344.95)

(b) The position of over or equal to 10% total foreign currencies:

	Spot Assets MOP'000	Spot Liabilities MOP'000	Net Position MOP'000
HKD		(1,851,835.65)	(1,851,835.65)
USD	670,379.20		670,379.20

<2> Forward sales position:

NIL

22、Equity Position Risk

Not applicable

23、Commodity Risk

NIL

24、Liquidity Risk

(1) Qualitative Disclosure

Liquidity risk refers to the risk that the Bank may be unable to obtain sufficient funds in a timely manner at a reasonable cost to repay maturing debts, fulfill other payment obligations, and meet other funding needs for normal business operations.

Liquidity risk management refers to the entire process of identifying, measuring, monitoring and controlling liquidity risks. The Bank shall adhere to the principle of prudence, fully identify, effectively measure, continuously monitor and appropriately control the Bank as a whole and in each business line and liquidity risk in business links, etc.; ensure that the Bank has sufficient funds to cope with the growth of assets and the payment of maturing debts, whether in a normal operating environment or under stress.

The Bank establishes and improves the liquidity risk management system by formulating liquidity risk management measures to effectively identify, measure, monitor and control liquidity risks to ensure that its liquidity needs can be met in a timely manner and at a reasonable cost.

The contents of liquidity risk management policies and procedures may include the following but are not limited to:

a. Liquidity risk identification, measurement and monitoring;
b. Liquidity risk limit management;
c. Liquidity risk management preferences;
d. Liquidity risk management during business days;
e. Financing management;
f. High-quality liquid asset management;
g. Stress testing;
h. Contingency plans;
i. Liquidity risk management across institutions (borders) and important currencies;
j. Ongoing monitoring and analysis of potential factors affecting liquidity risk and the impact of other categories of risks on liquidity risk.

24、Liquidity Risk (continued)

(2) Quantitative Disclosure

<1>Maturity analysis

As at 31 December 2023

	On demand	within 1 month	within a period of more than 1 month but not more than 3 months	within a period of more than 3 months but not more than 1 year	within a period of more than 1 year but not more than 3 years	within a period of more than 3 years	indefinite period	Total
Assets								
Cash and balance with banks	1,480,680.51	312,698.96	92,700.00	187,460.00	-	-	-	2,073,539.47
Deposits with AMCM	197,930.46	-	-	-	-			197,930.46
Placements with banks	-	612,500.00	30,900.00	-	-	-	-	643,400.00
Monetary bills with AMCM	-	555,000.00	276,000.00	170,000.00	-	-	-	1,001,000.00
Loans and advances to								-
customers	3,206,415.56	260,794.34	3,275,120.63	455,214.70	341,618.46	-	-	7,539,163.68
Financial assets included in								-
receivables and other assets	37,203.24	61.00	130,865.00	2,024.00	1,130.00	-	-	171,283.24
Investment in securities	13,340.39	57,932.70	39,889.51	200,936.80	403,965.72	288,086.43	-	1,004,151.55
	4,935,570.16	1,798,987.00	3,845,475.14	1,015,635.50	746,714.18	288,086.43	-	12,630,468.40
liabilities								
Deposits from customers	597,976.48	1,217,734.49	2,741,909.39	5,327,166.43	32,042.91	-	-	9,916,829.70
Deposits from public sector entities	100.44	-	200,000.00	-	-	-	-	200,100.44
Financial liabilities included in payables								-
and other liabilities	-	197,167.16	-	-	-	-	-	197,167.16
Bonds issued	-	-	-	180,000.00	-	-	-	180,000.00
	598,076.92	1,414,901.65	2,941,909.39	5,507,166.43	32,042.91	-	-	10,494,097.30
Net liquidity gap	4,337,493.24	384,085.35	903,565.75	(4,491,530.93)	714,671.27	288,086.43	-	2,136,371.10

<2> Other quantitative information

(a) Average weekly liquidity

	2023 (MOP'000)
Minimum requirement of cash in hand	149,865.29
Average weekly amount of cash in hand	423,633.56

The average weekly liquidity is calculated as per deposits according to AMCM's requirement (e.g. 3% on demand, 2% on less than 3 months and 1% on beyond 3 months)

24、 Liquidity Risk (continued)

(2) Quantitative Disclosure

<2> Other quantitative information

(b) Average specified liquid assets

	2023 (MOP'000)
Specified liquid assets	5,068,799.94
Basic liabilities	10,003,809.75
Ratio of solvency assets to basic liabilities	50.67%

(c) Average liquidity ratio

	2023 (MOP'000)
One-month liquidity ratio	162.51%
Three-month liquidity ratio	96.12%

25、 Other Information

Operating Lease Commitments

(a) As Lessee

The Bank leases certain portion of its office properties under operating lease arrangements with remaining lease terms of one to eight years (2022: one to eight years). At the end of the reporting period, the Bank had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2023	2022
	MOP	MOP
Within one year	12,831,044	12,642,528
In the second to fifth years, inclusive	16,281,811	25,238,191
After five years	6,724,869	9,446,709
	35,837,724	47,327,428