China CITIC Bank International Limited

Macau Branch

Assurance report on disclosure of annual financial information
For the year ended 31 December 2024

Independent assurance report to the management of China CITIC Bank International Limited Macau Branch (“the Branch”) on the Branch’s annual financial disclosures under the Guideline on the Disclosure of Financial Information issued by the Autoridade Monetaria de Macao (“Disclosure Rules”) for the year ended 31 December 2024

Pursuant to our engagement letter dated 7 February 2025 we have been requested to report on the Branch’s disclosures of financial information for the year ended 31 December 2024, in the form of an independent reasonable assurance conclusion about whether the Branch’s annual financial disclosures are correctly compiled, in all material respects, from the books and records of the Branch in accordance with the Disclosure Rules.

Responsibilities of the Branch’s management

The Branch’s management is responsible for the preparation and presentation of the Branch’s annual financial disclosures that are correctly compiled from the books and records of the Branch and free from material misstatement in accordance with the Disclosure Rules issued by the Autoridade Monetaria de Macao under Circular No. 004/B/2024-DSB/AMCM and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the annual financial disclosures that are free from material misstatements, whether due to fraud or error. It also includes ensuring that the Branch complies with the Disclosure Rules, making estimates and judgements that are reasonable in the circumstances and for maintaining adequate records in relation to the annual financial disclosures.

The Branch’s management is also responsible for preventing and detecting fraud and for identifying and ensuring that the Branch complies with laws and regulations applicable to its activities.

The Branch’s management is responsible for ensuring that staff involved with the preparation and presentation of the annual financial disclosures are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (“IESBA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Independent assurance report to the management of China CITIC Bank International Limited Macau Branch (“the Branch”) on the Branch’s annual financial disclosures under the Guideline on the Disclosure of Financial Information issued by the Autoridade Monetaria de Macao (“Disclosure Rules”) for the year ended 31 December 2024 (continued)

Our independence and quality management (continued)

The firm applies the relevant requirements as set out in the Macau Auditing Standards issued under Notice No. 2/2021/CPC of the Professional Committee of Accountants of Macau Special Administrative Region, and International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements*, *or Other Assurance or Related Services Engagements* and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annual financial disclosures prepared by the Branch and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain a meaningful level of assurance about whether the Branch’s disclosure of annual financial information is compiled, in all material respects, from the books and records of the Branch made available to us in accordance with Annex 3 of the Disclosure Rules, as the basis for our limited assurance conclusion.

The procedures selected depend on our understanding of the Branch’s annual financial disclosures and other engagement circumstances, and our consideration of areas where a material misstatement is likely to arise.

In obtaining an understanding of the Branch’s annual financial disclosures and other engagement circumstances, we have considered the process used to prepare and present the annual financial disclosures in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Branch’s internal control over the preparation and presentation of the annual financial disclosures.

Independent assurance report to the management of China CITIC Bank International Limited Macau Branch ("the Branch") on the Branch's annual financial disclosures under the Guideline on the Disclosure of Financial Information issued by the Autoridade Monetaria de Macao ("Disclosure Rules") for the year ended 31 December 2024 (continued)

Our responsibilities (continued)

Our procedures included:

- Obtaining an understanding of the Branch's process for compiling its annual financial disclosures;

- Comparing the Branch's annual financial disclosures to the requirements of the Disclosure Rules;

- Agreeing, on a sample basis, data presented in the Branch's annual financial disclosures to the underlying financial accounting systems; and

- Evaluating the appropriateness of any material manual adjustments made to data extracted from the underlying financial accounting systems.

This report relates only to the annual financial disclosures specified above and does not extend to any financial statements of the Branch, taken as a whole.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the annual financial disclosures nor of the underlying records or other sources from which the Branch's annual financial disclosures were extracted.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independent assurance report to the management of China CITIC Bank International Limited Macau Branch (“the Branch”) on the Branch’s annual financial disclosures under the Guideline on the Disclosure of Financial Information issued by the Autoridade Monetaria de Macao (“Disclosure Rules”) for the year ended 31 December 2024 (continued)

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

In our opinion, nothing has come to our attention that the Branch’s annual financial disclosures have not been correctly compiled, in all material respects, from the books and records of the Branch in accordance with the Disclosure Rules.

Other matter

Pursuant to paragraph 8 of the Disclosure Rules, credit institutions should ensure the disclosures are appropriately verified and take the necessary steps to ensure their reliability. We draw your attention to the fact that our work does not constitute a verification of the disclosures for that purpose.

Restriction on distribution and use

The annual financial information has been prepared for the purpose of assisting the Branch to comply with the Disclosure Rules. It should not be relied upon by any other party for any other purpose and we expressly disclaim any liability or duty to any other party in this respect. It should not be disclosed, referred to or quoted in whole or in part without our prior written consent.

KPMG
Certificated Public Accountants

Macao, 15 April 2025

Note to disclosure of annual financial information

1 Basis of preparation

The Disclosure of Annual Financial Information of China CITIC Bank International Limited Macau Branch for the year ended 31 December 2024 has been prepared in accordance with the relevant requirements of the Guideline on Disclosure of Financial Information and Annex 3 under the Circular No. 004/B/2024-DSB/AMCM on 28 March 2024 issued by the Autoridade Monetaria de Macao (“AMCM”).

The accounting policies used in the preparation of the Disclosure of Annual Financial Information for the year ended 31 December 2024 are consistent with those of the previous financial year ended 31 December 2023.

The Disclosure of Annual Financial Information consists of the following:

China CITIC Bank International Limited Macau Branch Business Summary Report

In 2024, China CITIC Bank International Limited continued to maintain optimism and support the diversified development of Macau, with renewal of management personnel as well as increase in operating capital in accordance with regulatory requirements. Due to the environmental impact of neighbouring regions, though Macau's economy has been recovering successively, the structural weakening has led to continued pressure on the banking industry. Our branch has been adhering to the concept of seeking progress while maintaining stability by taking initiative to withdraw from potentially problematic assets and strictly observing the risk bottom line, thus maintaining the sound quality of our credit assets.

The year 2025 marks the 20th anniversary of our branch. We will persist in shouldering responsibilities on our own initiative, elevating our position, devoting ourselves to provide financial services for the construction of “One Center, One Platform, One Base” of Macau, telling well the story of CITIC Group to Macau and the story of Macau to CITIC Group. We will strive to implement service strategies in line with the development of our country, Macau and the CITIC Group, constantly strengthen business ties with local peer banks and explore the key markets of Macau, Hengqin and the Greater Bay Area, so as to achieve our own high-quality development.

Last but not least, management would like to express our sincere gratitude to various sectors of Macau society, peers and our customers for their continuous support to us.

Andy LYU Ke
Branch Manager

China CITIC Bank International Limited Macau Branch
Report of the Branch Management

The Branch management submit herewith their annual report together with the audited financial statements for the year ended 31 December 2024.

Principal place of business

China CITIC Bank International Limited Macau Branch ("the Branch"), is a branch of China CITIC Bank International Limited ("Head Office" or "the Bank"). It is domiciled in Macao and has its registered office and principal place of business at 22 andar B, Finance and IT Center of Macau, No. 300-322 Avenida Doutor Mario Soares, Macao.

Principal activities

The principal activities of the Branch are the provision of commercial banking and related financial services.

Financial statements

The loss of the Branch for the financial year ended 31 December 2024 and the state of the Branch's affairs at that date are set out in the financial statements on pages 10 to 58.

Property, plant and equipment

Movements in Property, plant and equipment are set out in Note 15 to the financial statements.

Head Office account

Loss for the year of MOP7,836,822 (2023: profit of MOP8,475,761) will be subject to transfer from Head Office account. Other movements in the Head Office account are set out in the statement of changes in Head Office account.

On behalf of the Branch management

Andy LYU Ke

Branch Manager

Macao, 15 April 2025

Independent auditor's report to the management of China CITIC Bank International Limited Macau Branch
(a branch of a commercial bank incorporated in the Hong Kong Special Administrative Region)

We have audited the financial statements of China CITIC Bank International Limited Macau Branch ("the Branch") set out on pages 10 to 58, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in head office account, and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a fair view in accordance with the requirements as set out in the Macau Financial System Act (Law No. 13/2023) and Financial Reporting Standards issued by the Macau Special Administrative Region and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

We conducted our audit in accordance with Macau Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent auditor's report to the management of China CITIC Bank International Limited Macau Branch
(a branch of a commercial bank incorporated in the Hong Kong Special Administrative Region) (continued)

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Branch as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Macau Special Administrative Region.

Ieong Lai Kun, CPA
KPMG
Certified Public Accountants
Unit B&C, 12th Floor
Finance and IT Center of Macau
320 Avenida Doutor Mário Soares
Macau

Statement of profit or loss and other comprehensive income for the year ended 31 December 2024

(Expressed in Macao Patacas)

	Note	*2024* MOP	*2023* MOP
Interest income	5	116,352,949	131,302,949
Interest expense	5	(104,782,538)	(93,643,845)
Net interest income		11,570,411	37,659,104
Fee and commission income	6	3,034,257	2,414,271
Other operating income		565,305	1,143,524
Operating income		15,169,973	41,216,899
Operating expenses	7	(33,641,460)	(37,192,730)
Operating (loss)/profit before impairment		(18,471,487)	4,024,169
Gain on disposal of fixed asset		5,150	-
Written-back of impairment losses of financial assets	8	9,197,656	5,785,437
(Loss)/profit before taxation		(9,268,681)	9,809,606
Income tax credit/(charged)	9(a)	1,431,859	(1,333,845)
(Loss)/profit for the year		(7,836,822)	8,475,761
Other comprehensive income for the year		-	-
(Loss)/profit and total comprehensive income for the year		(7,836,822)	8,475,761

Approved by the Branch management on 15 April 2025 and signed on behalf by:

Andy LYU Ke, Branch Manager

Emily Sio, Finance Manager

The notes on pages 15 to 58 form part of these financial statements.

Statement of financial position at 31 December 2024

(Expressed in Macao Patacas)

	Note	*2024* MOP	*2023* MOP
Assets			
Cash and balances with banks	10	1,969,755,613	901,258,410
Deposits with Autoridade Monetaria de Macau ("AMCM")	11	63,387,758	55,996,694
Financial investments at amortised cost	12	92,955,138	-
Loans and advances to customers	13(a)	957,989,348	1,520,420,627
Other assets	14	1,839,461	1,246,536
Deferred tax assets	9	1,090,309	-
Property, plant and equipment	15	6,673,210	7,348,072
Total Assets		3,093,690,837	2,486,270,339
Liabilities			
Deposits from customers and banks	16	2,499,310,686	2,122,500,373
Deposits and balances from Head Office	17	400,170,614	229,919,309
Current income tax	9(c)	-	1,333,844
Other liabilities	18	17,210,226	6,817,292
		2,916,691,526	2,360,570,818
Head Office Account			
Working capital	19	150,000,000	50,000,000
General regulatory reserve	20	14,072,719	14,836,133
Specific regulatory reserve		-	-
Retained profits		12,926,592	60,863,388
		176,999,311	125,699,521
Total Head Office Account and Liabilities		3,093,690,837	2,486,270,339

Approved by the Branch management on 15 April 2025 and signed on behalf by:

Andy LYU Ke, Branch Manager

Emily Sio, Finance Manager

The notes on pages 15 to 58 form part of these financial statements.

Statement of changes in head office account for the year ended 31 December 2024

(Expressed in Macao Patacas)

	Working capital MOP	*General regulatory reserve* MOP	*Retained profits* MOP	*Total* MOP
Head Office account at 1 January 2023	50,000,000	13,914,775	71,894,198	135,808,973
		-		
Profit remittance to Head Office	-	-	(18,585,213)	(18,585,213)
Transfer to Regulatory Reserve	-	921,358	(921,358)	-
Profit and total comprehensive income for the year	-	-	8,475,761	8,475,761
Head Office account at 31 December 2023 and 1 January 2024	50,000,000	14,836,133	60,863,388	125,699,521
Profit remittance to Head Office	-	-	(40,863,388)	(40,863,388)
Transfer from Regulatory Reserve	-	(763,414)	763,414	-
Capital injection from Head Office	100,000,000	-	-	100,000,000
Loss and total comprehensive income for the year	-	-	(7,836,822)	(7,836,822)
Head Office account at 31 December 2024	150,000,000	14,072,719	12,926,592	176,999,311

The notes on pages 15 to 58 form part of these financial statements.

Cash flow statement
for the year ended 31 December 2024
(Expressed in Macao Patacas)

	Note	*2024* MOP	*2023* MOP
Operating activities			
(Loss)/profit before income tax		(9,268,681)	9,809,606
Adjustments for:			
Depreciation expense	7	1,677,155	2,097,246
Charge/(written-back) of impairment losses on financial assets excluding bad debt recovery	8	1,940,474	(5,785,437)
		(5,651,052)	6,121,415
Changes in operating assets:			
Financial investments at amortised cost with original maturity of more than three months		-	9,993,799
Minimum statutory deposits with AMCM	11	(12,486,000)	(3,206,000)
Loans and advances to customers		562,115,327	327,187,134
Other assets		(592,925)	394,768
		549,036,402	334,369,701
Changes in operating liabilities:			
Deposits from customers and banks		376,810,313	206,285,024
Deposits and balances from Head Office		170,251,305	98,186,542
Other liabilities		8,770,067	(5,868,832)
		555,831,685	298,602,734
Cash generated from operations		1,099,217,035	639,093,850
Income tax paid		(992,294)	(2,847,030)
Net cash generated from operating activities		1,098,224,741	636,246,820

Cash flow statement
for the year ended 31 December 2024 (continued)
(Expressed in Macao Patacas)

	Note	*2024* MOP	*2023* MOP
Investing activity			
Purchases of property, plant and equipment	15	(1,002,293)	(894,755)
Net cash used in investing activity		(1,002,293)	(894,755)
Financing activity			
Retained profits transferred to Head Office		(40,863,388)	(18,585,213)
Capital injection from Head Office		100,000,000	-
Net cash generated from/(used in) financing activity		59,136,612	(18,585,213)
Net increase in cash and cash equivalents		1,156,359,060	616,766,852
Cash and cash equivalents at 1 January		934,464,424	317,697,572
Cash and cash equivalents at 31 December	21	2,090,823,484	934,464,424
Cash flows from operating activities include:			
Interest received		121,827,424	131,905,134
Interest paid		(95,323,303)	(94,827,769)

The notes on pages 15 to 58 form part of these financial statements.

Notes to the financial statements
(Expressed in Macao Patacas)

1 General

China CITIC Bank International Limited Macau Branch ("the Branch") is a branch of China CITIC Bank International Limited ("Head Office" or "the Bank"). The Branch is engaged in commercial and personal banking business and provision of related financial services.

The Branch is registered as a licensed bank under the Macao Financial System Act on 3 October 2005. The Branch domiciled in Macao. The address of its registered office and principal place of business is 22 andar B, Finance and IT Center of Macau, No. 300-322 Avenida Doutor Mario Soares, Macao.

The financial statements have been approved for issue by the management of the Branch on 15 April 2025, it was resolved that Mr Andy LYU Ke and Ms Emily Sio be authorised to sign the financial statements.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards approved by the Dispatch No. 44/2020, ("FRSs") issued by the Secretary of Economy and Finance of the Macau Special Administrative Region ("Macau SAR"). The FRSs are consistent with the suite of International Financial Reporting Standards, as issued by the International Accounting Standards Board and incorporated in its 2015 edition of the Bound Volume of International Financial Reporting Standards, which includes the individual International Financial Reporting Standards, International Accounting Standards and Interpretations. Significant accounting policies adopted by the Branch are disclosed below.

2 Significant accounting policies (continued)

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified as trading, designated or mandatorily measured at fair value through profit or loss and measured at fair value through other comprehensive income (note 2(d)).

The preparation of financial statements in conformity with FRSs issued by the Macau SAR requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Details of judgements made by management in the application of Financial Reporting Standards issued by the Macau SAR that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

2 Significant accounting policies (continued)

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Branch and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Interest income

Interest income for all interest-bearing financial instruments is recognised in the income statement on an accrual basis using the effective interest method.

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

For impaired loans, the accrual of interest income based on the original terms of the loan is discontinued, but any increase in the present value of impaired loans due to the passage of time is reported as interest income.

(ii) Fee and commission income

Fee and commission income, including loan arrangement fee, insurance commission, remittance fee, is recognised on an accrual basis when the corresponding service is provided, except where the fee is charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised as income in the accounting period in which the costs or risk is incurred and is accounted for as interest income.

Origination or commitment fees received/paid by the Branch which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

2 Significant accounting policies (continued)

(d) Financial instruments

(i) Classification

The Branch applies IFRS 9 and classifies its financial assets in the following measurement categories:

- Amortised cost

- Fair value through other comprehensive income ("FVOCI"); or

- Fair value through profit or loss ("FVPL")

The classification depends on the Branch's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Branch commits to purchase or sell the asset. Financial assets are derecognised when the contractual rights to receive the cash flows from the financial asset expire, or when the financial asset together with substantially all the risks and rewards of ownership, have been transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(iii) Measurement

At initial recognition, the Branch measures financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets, such as fees and commissions. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

(iv) Debt instruments

Subsequent measurement of debt instruments depends on the Branch's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Branch classifies its debt instruments:

2 Significant accounting policies (continued)

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in the credit risk management section of this financial statements. Interest income from these financial assets is included in 'interest income' using the effective interest rate method. Loan origination fees and costs are considered to be adjustments to the loan yield and are recognised in credit fees over the commitment period which it is unlikely that the commitment will be called upon, otherwise, they are recognised in interest income over the term of the resulting loan.

Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment, interest revenue and foreign exchange gains and losses which are recognised in profit or loss in the same manner as financial assets measured at amortised cost. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit or loss. Interest income from debt instruments at FVOCI is included in 'interest income' using the effective interest rate method.

Fair value through profit or loss ("FVPL")

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss and included in 'net trading income' in the period in which it arises.

(v) Financial liabilities

Financial liabilities are held within a trading portfolio if they have been incurred principally for the purpose of repurchasing in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Trading portfolio liabilities are recognised on a trade date basis and are accounted for at fair value, with changes in fair value and any gains or losses recognised in trading income. Transaction costs are expensed as incurred. Interest is recognised on an accrual basis and included in interest expense.

(vi) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

2 Significant accounting policies (continued)

The Branch subsequently measures all equity investments at fair value through profit or loss, except where the Branch's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Branch's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any (see note 2(g)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in income statement on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over the estimated useful lives as follows:

Leasehold improvements	10 years
Furniture and fixtures	10 years
Office equipment	7 years
Computer equipment	3 - 5 years
Motor vehicle	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Impairment of financial assets

The Branch assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposures arising from loan commitment and financial guarantee contracts. The Branch recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(ii) the time value of money; and
(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The exposure of default ("EAD") represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default

2 Significant accounting policies (continued)

event together with any expected drawdowns of committed facilities. The loss given default ("LGD") represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

A 3-Stages approach to impairment for financial assets that are performing at the date of origination or purchase. This approach is summarised as follows:

- Stage 1: The Branch recognises a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.

- Stage 2: The Branch recognises a credit loss allowance at an amount equal to lifetime expected credit losses for those financial assets which are considered to have experienced a significant increase in credit risk since initial recognition. Allowances for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

- Stage 3: The Branch recognises a credit loss allowance at an amount equal to lifetime expected credit losses, reflecting that financial assets are credit impaired with 100% probability of default. The Branch's definition of default is aligned with the regulatory definition.

(g) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the non-financial assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the non-financial asset's recoverable amount is estimated.

- Calculation of recoverable amount

  The recoverable amount of a non-financial asset is the greater of its fair value less costs of disposal and value in use. 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 time value of money and the risks specific to the asset. Where a non-financial asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 Significant accounting policies (continued)

- Recognition of impairment losses

  An impairment loss is recognised in the income statement whenever the carrying amount of a non-financial asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units), and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of a non-financial asset is not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

- Reversal of impairment losses

  In respect of assets, an impairment loss (except for impairment on goodwill) is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

  A reversal of impairment losses is limited to the non-financial asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(h) Operating leases

Where the Branch has the use of assets held under operating leases, payments made under the leases are charged to the profit and loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the profit and loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the profit and loss in the accounting period in which they are incurred.

(i) Employee benefits

Salaries, annual bonuses, paid annual leave and contributions to defined contribution retirement plans are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including cash, balances with banks and other financial institutions, treasury bills, other eligible bills.

2 Significant accounting policies (continued)

(k) Current and deferred income tax

Current and deferred income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the profit and loss except to the extent that they relate to items recognised directly in equity, in which case the relevant amounts of tax are recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilisied, are recognised.

Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Branch has the legally enforceable right to set off current tax assets against current tax liabilities and in the case of current tax assets and liabilities, the Branch intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 Significant accounting policies (continued)

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Branch has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Branch are measured using the currency of the primary economic environment in which the Branch operates (“the functional currency”). The financial statements are presented in Macao Official Patacas (“MOP”), which is the Branch’s presentation currency and functional currency.

(ii) Transaction and balances

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Macao Patacas using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Macao Patacas using the foreign exchange rates ruling at the dates the fair value was measured.

2 Significant accounting policies (continued)

(n) Related parties

(a) Any person or any close family member of that person if that person:

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

(ii) has significant influence over the Branch;

(iii) holds a qualifying holding in the Branch;

(iv) is a member of the board of directors or supervisory board of the Branch or of a parent of the Branch; or

(v) is a member of the key management personnel, other than a member of the board of directors or supervisory board as identified in sub-item (iv) above, of the Branch or of a parent of the Branch.

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

(i) That entity and the Branch are members of the same group (e.g. parent, subsidiary and fellow subsidiary).

(ii) That entity holds a qualifying holding in the Branch.

(iii) That entity is an associate or joint venture of the Branch (or an associate or joint venture of a member of a group of which the Branch is a member).

(iv) The Branch 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).

(v) That entity and the Branch are both joint ventures of the same third party.

(vi) That entity is a joint venture of a third entity and the Branch is an associate of that third entity.

(vii) The Branch is a joint venture of a third entity and that entity is an associate of that third entity.

(viii) That entity is controlled or jointly controlled by a person identified in (a).

(ix) A person identified in (a)(i) 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).

(x) A person identified in (a)(iv) is a member of the key management personnel of that entity (or of a parent of that entity)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Critical accounting estimates and assumptions

The Branch makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Areas susceptible to changes in essential estimates and judgements, which affect the carrying amount of assets and liabilities, are set out below. The effect of changes to either the key assumptions or other estimation uncertainties will be presented below if it is practicable to determine. It is possible that actual results may require material adjustments to the estimates referred to below.

(a) Impairment of financial asset

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Branch uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Branch's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of key assumptions and inputs such as significant increase in credit risk, measurement of expected credit loss, forward-looking information are disclosed in the credit risk management section of note 4.

4 Financial risk management

The Branch manages its risks under the oversight of Branch's Management who has been entrusted by the Head Office with the ongoing responsibilities of driving and implementing the Head Office's risk management framework and governance encompassing the identification, quantification, monitoring, reporting, and mitigation of the risks to which the Branch is exposed.

The Branch follows the Head Office and adopts the Standardised Approach for credit and market risk measurement, and the Basic Indicator Approach for operational risk measurement. The Branch uses the policies, procedures and processes established by the Head Office to identify and set appropriate risk limits, as well as to analyse, control and monitor these risks.

The Branch manages the following main types of risk.

4 Financial risk management (continued)

(a) Credit risk management

Credit risk is the risk of financial loss due to the failure of a customer or counterparty to fulfill its contractual obligations. Credit exposure principally arises in loans and advances, debt securities, and treasury bills, as well as in the credit risk from financial arrangements in off-balance sheet financial positions such as loan commitments. The Branch adopts the standards, policies and procedures developed by the Head Office to measure, monitor and mitigate the risk of its lending business. The policies and procedures are reviewed by the Head Office as required, to respond quickly to the changing market environment and to better reflect the risk factors for the Branch's credit considerations.

Credit risk of the Branch is controlled and managed in Head office by the Risk Management Group ("RMG") under the oversight of the Credit Committee, and is reported to the Credit & Risk Management Committee ("CRMC") at the board level on a quarterly basis. These committees provide appropriate oversight of the Branch's risk management practices by defining the Branch's policies and risk appetite, and providing the RMG with the means to implement measures to mitigate credit risk arising from the Branch's adopted strategy.

Credit risk embedded in products is identified and measured in product programmes. Credit risk pertaining to individual customers is identified and measured by credit officers utilising internal risk rating models. Credit applications are approved by credit officers under delegated authorities or by the Credit Committee.

The Head office and the Branch mitigates credit risk by taking collateral and entering into offsetting or netting agreements with borrowers and counterparties, as the case may be, should such clauses and agreements be legally established and enforceable.

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Branch's total exposures. The Branch's portfolio of financial instruments is diversified among geographic, industry and product sectors.

Credit risk for treasury transactions is managed in the same way as the Head office and Branch manages its corporate lending risk. Risk grading is applied to the debt issuers, with individual credit limits set.

The Branch applies the same credit policy in respect of contingent liabilities as in respect of financial instruments recorded on the statement of financial position, based on loan approval procedures, use of limits to reduce risk and monitoring. Credit risk is also mitigated by obtaining collateral in the form of pledged assets and guarantees from borrowers and third parties.

4 Financial risk management (continued)

(i) Credit quality

The Branch has adopted a granular 24-grade internal risk rating system (Grades G01-G21 for performing financial assets and Grades G22-G24 for non-performing financial assets) that maps to external credit rating agencies' rating scales. The integration of this framework into the Branch's reporting structure has enabled more granular credit risk reporting, thus enhancing the internal management. The risk rating are assigned according to differing customer segments (manufacturing, trading, property development/investment, etc.) which enables the ranking of the credit quality of each customer and the governing of the credit exposure for individual customers or counterparties.

Customers' risk ratings are reviewed regularly and amendments, where necessary, are implemented promptly, particularly in times of fluctuating market conditions. The Head office also maintains a committee to regularly oversee weaker credits (which have lower risk ratings of G19-G21) to preserve the Branch's quality portfolio.

The table below outlines the Branch's rating scale and the asset quality garde:

Obligor Grade	Asset Quality Grade
G01 – G18	Pass
G19 – G21	Special mention
G22	Substandard
G23	Doubtful
G24	Loss

(ii) Exposure of credit risk

The maximum exposure to credit risk at the end of the reporting period, without considering any collateral held or other credit enhancements, is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowances. A summary of the maximum exposure is as follows:

	2024 MOP	*2023* MOP
Cash and balances with banks	1,969,755,613	901,258,410
Deposits with AMCM	63,387,758	55,996,694
Financial investments at amortised cost	92,955,138	-
Loans and advances to customers	957,989,348	1,520,420,627
Loan commitments and other credit related commitments	979,499,435	221,502,568
Financial guarantees and other credit related contingent liabilities	67,187,463	50,576,109
	4,130,774,755	2,749,754,408

4 Financial risk management (continued)

(iii) Risk concentration

A Credit Risk Concentration Policy is in place and the Branch constantly reviews its loan exposure to monitor the concentration of credit risk relating to customers, countries, market segments and products.

Concentration of credit risk exists when changes in geographic, economic or industry factors affect groups of linked counterparties whose aggregate credit exposure is material in relation to the Branch's total exposures. The Branch's portfolio of financial instrument is diversified along geographical, industry and product sectors.

(a) Geographical analysis of loans and advances to customers

	31 December 2024		
	Gross loans and advances to customers MOP	*Impaired loans and advances to customers* MOP	*Assessed impairment allowance* MOP
Region			
Macao SAR	366,207,957	-	-
British Virgin Islands	320,551,619	-	604,481
Hong Kong SAR	272,419,494	-	585,241
Total	959,179,070	-	1,189,722

	31 December 2023		
	Gross loans and advances to customers MOP	*Impaired loans and advances to customers* MOP	*Assessed impairment allowance* MOP
Region			
Macao SAR	681,188,520	-	108,430
British Virgin Islands	565,139,389	-	469,059
Hong Kong SAR	274,966,488	-	296,281
Total	1,521,294,397	-	873,770

The geographical analysis is classified based on the countries where the counterparties were incorporated, without taking into account the transfer of risk. In general, risk transfer applies when the exposure is guaranteed by a party situated in an area different from the counterparty.

4 Financial risk management (continued)

(b) Geographical analysis of debt securities

	31 December 2024		
	Debt Investments		
	Notional amounts MOP	*Carrying value* MOP	*Assessed impairment allowance* MOP
Region			
Macao SAR	93,000,000	92,955,249	111

At 31 December 2024, the Branch had hold-to-collect investments in unlisted monetary bills issued by AMCM.

(c) Geographical analysis of loans commitments

	31 December 2024		
	Loan commitments MOP	*Impaired loans and advances to customers* MOP	*Assessed impairment allowance* MOP
Region			
Macao SAR	137,248,889	-	1,229,235
Cayman Islands	844,600,000	-	1,120,219
	981,848,889	-	2,349,454

	31 December 2023		
	Loan commitments MOP	*Impaired loans and advances to customers* MOP	*Assessed impairment allowance* MOP
Region			
Macao SAR	222,301,360	-	798,792

4 Financial risk management (continued)

(d) Industry analysis of loans and advances to customers

	31 December 2024				*31 December 2023*			
	Gross loans and advances to customers MOP	*Impaired loans and advances to customers* MOP	*Assessed impairment allowances* MOP	*Impairment allowance written off during the period* MOP	*Gross loans and advances to customers* MOP	*Impaired loans and advances to customers* MOP	*Assessed impairment allowances* MOP	*Impairment allowance written off during the period* MOP
Loans and advances for use in Macao								
Construction and public works	262,768,532	-	-	-	178,771,350	-	-	-
Wholesale and retail trade	-	-	-	-	493,948,506	-	108,430	-
Other industries	98,772,326	-	-	-	-	-	-	-
Personal loans	4,667,099	-	-	-	8,468,664	-	-	-
	366,207,957	-	-	-	681,188,520	-	108,430	-
Loans and advances for use outside Macao								
Non-monetary financial institutions	320,551,619	-	604,481	-	322,172,985	-	374,278	-
Other industries	257,751,755	-	585,241	-	500,718,810	-	390,517	-
Personal loans	14,667,739	-	-	-	17,214,082	-	545	-
	592,971,113	-	1,189,722	-	840,105,877	-	765,340	-
Gross loans and advances to customers	959,179,070	-	1,189,722	-	1,521,294,397	-	873,770	-

4 Financial risk management (continued)

(e) Credit ratings of debt securities

Credit risk of treasury transactions is managed in the same way as the Bank manages its corporate lending risk, and risk gradings are applied to the counterparties with individual counterparty limits set.

At the reporting date, the credit quality of the investments in debt securities could not be analysed by designation of external credit rating agencies' rating scales and classified as unrated.

(iv) Expected credit losses measurement

Under IFRS 9, expected credit losses allowances are recognised on all financial assets that are debt instruments classified either as amortised or fair value through other comprehensive income and for loan commitments and financial guarantees that are not measured at fair value through profit and loss. The ECL allowances represents an unbiased scenario that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecast future economic conditions. Forward-looking information is explicitly incorporated into the estimation of ECL allowances and expert judgement on economic forecasts becomes one of the important factors to the ECL. In contrast, the incurred loss model incorporated factors, including macroeconomic factors and information about past events and current conditions.

ECL allowances are measured at amounts equal to either: (i) 12-month ECL; or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk ("SICR") since initial recognition. The calculation of ECL allowances is based on the expected value of probability-weighted scenarios with a combination of upside, base and downside scenario(s) to measure the expected cash shortfalls, discounted at the effective interest rate. A cash shortfall is the difference between the contractual cash flows that are due and the cash flows that the Group expects to receive. The calculation of ECL allowances for Stage 3 is based on probability-weighted recovery amount from an impaired financial asset that is determined by evaluating a range of possible outcomes and time value of money.

The key inputs in the measurement of ECL allowances for Stage 1 and Stage 2 are as follows:

- The probability of default ('PD') is an estimate of the likelihood of default over a given time horizon;
- The loss given default ('LGD') is an estimate of the loss arising in the case where a default occurs at a given time; and
- The exposure at default ('EAD') is an estimate of the exposure at a future default date.

4 Financial risk management (continued)

Stage transfer

Stage transfer Stage 1 is comprised of all non-impaired financial assets which have not triggered a SICR since initial recognition. Their credit risk continuously monitored by the Branch and in assessing whether credit risk has increased significantly, the Branch compares the risk of a default occurring on the financial instruments as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of its initial recognition

Stage 2 is comprised of all non-impaired financial assets which have triggered a SICR since initial recognition. The Branch recognises lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial assets improves such that there is no longer a SICR since initial recognition, then the Group reverts to recognising 12 months of ECL as the financial assets have transferred back to stage 1.

Stage 3 financial assets are those that the Branch has classified as credit-impaired. The Branch recognises lifetime ECL for all stage 3 financial assets. The Branch classifies financial assets as impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred after its initial recognition. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency has occurred.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Branch measures ECL considering the risk of default over the remaining life of the financial instrument, even if, for risk management purposes, the Branch has the right to consider a longer period.

The ECL reconciliation summary analyses the key elements that drive the movement of ECL over the reporting period. The key elements included below are:

Financial assets presented in the reconciliation summary comprise cash and balances with banks, deposit with AMCM, financial investments at amortised cost, loan and advances to customers, other credit related contingent liabilities.

4 Financial risk management (continued)

Loans and advances to customers

	Stage 1 MOP	Stage 2 MOP	Stage 3 MOP	Total MOP
Gross exposures				
At 1 January 2024	1,521,294,397	-	-	1,521,294,397
Decrease for the year	(562,115,327)	-	-	(562,115,327)
At 31 December 2024	959,179,070	-	-	959,179,070
ECL allowance				
At 1 January 2024	873,770	-	-	873,770
Charge for the year (Note i)	315,952	-	-	315,952
At 31 December 2024	1,189,722	-	-	1,189,722
Net exposures				
At 31 December 2024	957,989,348	-	-	957,989,348

	Stage 1 MOP	Stage 2 MOP	Stage 3 MOP	Total MOP
Gross exposures				
At 1 January 2023	1,848,481,531	-	-	1,848,481,531
Decrease for the year	(327,187,134)	-	-	(327,187,134)
At 31 December 2023	1,521,294,397	-	-	1,521,294,397
ECL allowance				
At 1 January 2023	4,866,065	-	-	4,866,065
Written-back for the year (Note i)	(3,992,295)	-	-	(3,992,295)
At 31 December 2023	873,770	-	-	873,770
Net exposures				
At 31 December 2023	1,520,420,627	-	-	1,520,420,627

4 Financial risk management (continued)

Financial guarantees, loan commitments and other credit related contingent liabilities

	Stage 1 MOP	Stage 2 MOP	Stage 3 MOP	Total MOP
Gross exposures				
At 1 January 2024	272,886,360	-	-	272,886,360
Increase for the year	776,231,088	-	-	776,231,088
At 31 December 2024	1,049,117,448	-	-	1,049,117,448
ECL allowance				
At 1 January 2024	807,683	-	-	807,683
Charge for the year (Note i)	1,622,867	-	-	1,622,867
At 31 December 2024	2,430,550	-	-	2,430,550
Net exposures				
At 31 December 2024	1,046,686,898	-	-	1,046,686,898

	Stage 1 MOP	Stage 2 MOP	Stage 3 MOP	Total MOP
Gross exposures				
At 1 January 2023	373,777,502	-	-	373,777,502
Decrease for the year	(100,891,142)	-	-	(100,891,142)
At 31 December 2023	272,886,360	-	-	272,886,360
ECL allowance				
At 1 January 2023	2,581,786	-	-	2,581,786
Written-back for the year (Note i)	(1,774,103)	-	-	(1,774,103)
At 31 December 2023	807,683	-	-	807,683
Net exposures				
At 31 December 2023	272,078,677	-	-	272,078,677

Note i: Charge/(written-back) for the year comprises impairment losses attributable to net loans granted during the year as well as changes to model and risk parameters, if any

4 Financial risk management (continued)

Other financial assets

As at 31 December 2024 and 1 January 2024, the Branch included all of its cash and balances with bank, deposits with AMCM, financial investments at amortised cost under stage 1, there is no movement in staging of these financial assets during the year. The Branch measured the impairment losses based on expected credit losses in the next 12 months (12-month ECL) and the additional ECL for the year for cash and balances with bank is MOP1,345 while addition for the year for deposits with AMCM and financial investments at amortised cost is MOP199 and MOP111 respectively. The gross exposure of cash and balance with bank increases by MOP1,068,498,548 while deposit with AMCM and the exposure of financial investments at amortised cost during the year increased by MOP7,391,263 and MOP92,955,249.

Significant increase in credit risk ("SICR")

An assessment of whether the financial instruments have experienced SICR since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment is rulebased, unbiased and forward-looking, and considers all reasonable and supportable information, including information about past events, current conditions and future economic conditions.

The financial instruments will be considered to have significant increase in credit risk when:

a) The contractual payments of the instruments are with more than 30 days past due; or

b) The credit rating of the financial instrument has been went down by 5 notches since initial recognition; or

c) The financial instruments have been classified as special mention.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Branch has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the 'base economic scenario') are provided by the Branch's economic experts and include consideration of a variety of external actual and forecast information. The Branch formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios such as 1 upside and 3 downside forecast scenarios.

4 Financial risk management (continued)

In particular, the base scenario represents the most likely scenario of continuing the current economic situation; the one upside scenario represents likelihood of further improving the current economic prospect; and the three downside scenarios, namely, mild, medium and severe represents the likelihood of economic downturn of different severities.

Definition of default and credit-impaired assets

The Branch defines a financial asset as in default, which is fully aligned with the definition of credit-impaired under IFRS 9.

In assessing whether a borrower is in default, the Branch considers indicators that are: (i) qualitative – e.g. in breach of financial covenant(s), deceased, insolvent or in long-term forbearance; (ii) quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Branch. These criteria have been applied to all financial assets held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Branch's expected loss calculations. The Branch considers a financial asset to be in default when contractual repayment of principal or payment of interest is past due more than 90 days.

A financial asset is no longer considered in default when all past due amounts, including interest, have been recovered, and it is determined that the principal and interest are fully collectible in accordance with the original or revised contractual terms of the financial assets with all criteria for the impaired classification having been remedied.

Write-off

The Branch writes off a financial asset in whole or in part, when it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. Indicators that there is no reasonable expectation of recovery include: (i) ceasing enforcement activity and (ii) where the Branch's recovery method is enforcing collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Management overlays

The Branch continuously monitors the factors for management overlays. As at 31 December 2024 and 2023, the Branch has not made any management overlays.

4 Financial risk management (continued)

(v) Credit quality of financial assets

The Branch and Risk Management Group ("RMG") of Head Office manage and monitor its risks, and has an Asset Quality Classification Policy and Impairment Assessment Policy in place to govern this aspect. There is a professional team dedicated to handling recovery of non-performing loans, which include loan restructuring, taking legal action, repossession and disposal of collateral, etc.

Distribution of financial instruments to which the impairment requirements in IFRS 9 are applied, by credit quality and stage distribution.

	31 December 2024					
	Gross exposure MOP	*Value of collateral* MOP	*Stage 1 ECL* MOP	*Stage 2 ECL* MOP	*Stage 3 ECL* MOP	*Net exposure* MOP
Asset classified as Pass						
Cash and balance with bank	1,969,767,067	-	(11,454)	-	-	1,969,755,613
Deposits with AMCM	63,388,168	-	(410)	-	-	63,387,758
Financial investments at amortised cost	92,955,249	-	(111)	-	-	92,955,138
Loans and advances to customers	959,179,070	566,577,750	(1,189,722)	-	-	957,989,348
	3,085,289,554	566,577,750	(1,201,697)	-	-	3,084,087,857

Net exposure is computed by gross exposure and expected credit loss netting off.

4 Financial risk management (continued)

	31 December 2023					
	Gross exposure MOP	*Value of collateral* MOP	*Stage 1 ECL* MOP	*Stage 2 ECL* MOP	*Stage 3 ECL* MOP	*Net exposure* MOP
Asset classified as Pass						
Cash and balance with bank	901,268,519	-	(10,109)	-	-	901,258,410
Deposits with AMCM	55,996,905	-	(211)	-	-	55,996,694
Loans and advances to customers	1,521,294,397	538,276,680	(873,770)	-	-	1,520,420,627
	2,478,559,821	538,276,680	(884,090)	-	-	2,477,675,731

(b) Market risk management

Market risk is the risk of loss caused by an adverse change in valuation associated with holding either long or short market positions. The risk arises as a result of market making, underwriting, principal position taking and asset/liability management in interest rate, foreign exchange, equity, credit and commodity markets and their associated derivatives instruments. The treasury business performs asset/liability management function including liquidity risk management, with securities positions intended for liquidity.

The objective of market risk management is to consistently measure and monitor market risk on a timely and unbiased basis in order to better manage the portfolios and, by doing so, optimise financial performance. The business is responsible for managing market risks to meet corporate performance objectives within the market risk limit parameters. The Risk Management Group (“RMG”) from Head Office is responsible to independently monitor and report all market risks.

Currency risk

The Branch’s foreign exchange risk stems from taking foreign exchange positions. All foreign exchange positions are subject to exposure limits approved by Asset-Liability Committee (“ALCO”).

4 Financial risk management (continued)

Significant foreign currency exposures (at equivalent in MOP) at the balance sheet date were as follows:

	31 December 2024				
	United states dollars MOP	*Chinese yuan* MOP	*Hong Kong dollars* MOP	*Other currencies* MOP	*Total* MOP
Spot assets	326,948,291	118,738,623	2,215,299,429	6,111,372	2,667,097,715
Spot liabilities	(326,593,866)	(118,687,711)	(2,215,552,618)	(6,123,518)	(2,666,957,713)
Net long/(short) position	354,425	50,912	(253,189)	(12,146)	140,002

	31 December 2023				
	United states dollars MOP	*Chinese yuan* MOP	*Hong Kong dollars* MOP	*Other currencies* MOP	*Total* MOP
Spot assets	1,259,027,243	365,881	977,295,445	7,442,800	2,244,131,369
Spot liabilities	(1,259,259,130)	(383,731)	(977,727,908)	(7,409,460)	(2,244,780,229)
Net long/(short) position	(231,887)	(17,850)	(432,463)	33,340	(648,860)

Analysis on foreign exchange exposures

The Branch has limited net foreign exchange exposure (except for HKD and USD) as foreign exchange positions and foreign currency balances arising from customer transactions are normally matched against other customer transactions or transactions with the market. As MOP is pegged to HKD and indirectly pegged to USD, the Branch considers the risk of movements in exchange rates between MOP, HKD and USD to be insignificant.

4 Financial risk management (continued)

Interest rate risk

The Branch's interest rate risk arise from its banking book, ALCO and RMG are responsible in overseeing the interest rate exposure arise from its assets and liabilities management. The Head Office is responsible in managing the interest rate risk using different financial products including interest rate derivatives, under which hedge accounting treatment is adopted. The interest rate risk includes repricing risks, basis risks and yield curve risks, and are governed by the Interest Rate Risk Management Policy for the Banking Book.

The Branch measures the interest rate risk of the banking book by conducting a sensitivity analysis on the interest rate exposure on a quarterly basis.

The following tables summarise the Branch's exposures to interest rate risks for at the end of the reporting period as referred to earlier of contractual repricing or remaining maturity dates.

	31 December 2024					
	3 months or less MOP	*Over 3 months to 1 year* MOP	*Over 1 year to 5 years* MOP	*Over 5 years* MOP	*Non-interest bearing* MOP	*Total* MOP
Assets						
Cash and balances with banks	1,969,062,107	-	-	-	693,506	1,969,755,613
Deposits with AMCM	63,387,758	-	-	-	-	63,387,758
Financial investments at amortised cost	92,955,138	-	-	-	-	92,955,138
Loans and advances to customers	957,989,348	-	-	-	-	957,989,348
Other assets	-	-	-	-	1,839,461	1,839,461
Total assets	3,083,394,351	-	-	-	2,532,967	3,085,927,318
Liabilities						
Deposits from customers	2,390,769,094	8,920,456	-	-	14,273,218	2,413,962,768
Deposits from other banks	85,347,918	-	-	-	-	85,347,918
Deposits and balances from Head Office	400,170,614	-	-	-	-	400,170,614
Other liabilities	8,882,900	-	-	-	8,327,326	17,210,226
Total liabilities	2,885,170,526	8,920,456	-	-	22,600,544	2,916,691,526

4 Financial risk management (continued)

	31 December 2023					
	3 months or less MOP	*Over 3 months to 1 year* MOP	*Over 1 year to 5 years* MOP	*Over 5 years* MOP	*Non-interest bearing* MOP	*Total* MOP
Assets						
Cash and balances with banks	900,856,909	-	-	-	401,501	901,258,410
Deposits with AMCM	55,996,694	-	-	-	-	55,996,694
Loans and advances to customers	1,520,420,627	-	-	-	-	1,520,420,627
Other assets	-	-	-	-	1,246,536	1,246,536
Total assets	2,477,274,230	-	-	-	1,648,037	2,478,922,267
Liabilities						
Deposits from customers	1,684,482,114	334,519,605	-	-	41,457,948	2,060,459,667
Deposits from other banks	62,040,706	-	-	-	-	62,040,706
Deposits and balances from Head Office	229,919,309	-	-	-	-	229,919,309
Other liabilities	-	-	-	-	6,817,292	6,817,292
Total liabilities	1,976,442,129	334,519,605	-	-	48,275,240	2,359,236,974

(c) Liquidity risk management

Liquidity management is conducted at both Group level and Branch level, the Branch is responsible for implementing its own liquidity management policies under the framework established by the ALCO and local regulatory requirements, taking into account their different liquidity risk characteristics. The liquidity situation of overseas branches and subsidiaries falls under the overall supervision of the ALCO. Policy and respective counterparty limits are set for overseas branches and subsidiaries in respect of the funding support extended from the head office. The Branch expects all business units to contribute to the success of managing liquidity under normal and contingency situations by maintaining a rapport with depositors, customers, interbank counterparties, related companies and the AMCM.

4 Financial risk management (continued)

The following maturity profile is based on the remaining period at the balance sheet date to the contractual maturity date.

	31 December 2024							
	Repayable on demand MOP	*Within 1 month* MOP	*3 months or less but over 1 month* MOP	*1 year or less but over 3 months* MOP	*3 years or less but over 1 year* MOP	*Over 3 years* MOP	*Indefinite* MOP	*Total* MOP
Assets								
Cash and balances with banks	1,969,755,613	-	-	-	-	-	-	1,969,755,613
Deposits with AMCM (note i)	63,387,758	-	-	-	-	-	-	63,387,758
Financial investments at amortised cost	-	89,972,770	2,982,368	-	-	-	-	92,955,138
Loans and advances to customers	-	-	-	675,885,978	262,768,531	19,334,839	-	957,989,348
Other assets	638,600	82,200	-	203,449	-	915,122	90	1,839,461
Total assets	2,033,781,971	90,054,970	2,982,368	676,089,427	262,768,531	20,249,961	90	3,085,927,318
Liabilities								
Deposits from customers	154,024,609	1,015,432,386	1,235,585,317	8,920,456	-	-	-	2,413,962,768
Deposits from other banks	-	85,347,918	-	-	-	-	-	85,347,918
Deposits and balances from Head Office	301,490,713	-	98,679,901	-	-	-	-	400,170,614
Other liabilities	463,746	2,680,069	93,723	4,054,835	9,374,013	543,840	-	17,210,226
Total liabilities	455,979,068	1,103,460,373	1,334,358,941	12,975,291	9,374,013	543,840	-	2,916,691,526
Asset-liability gap	1,577,802,903	(1,013,405,403)	(1,331,376,573)	663,114,136	253,394,518	19,706,121	90	169,235,792

4 Financial risk management (continued)

	31 December 2023							
	Repayable on demand MOP	*Within 1 month* MOP	*3 months or less but over 1 month* MOP	*1 year or less but over 3 months* MOP	*3 years or less but over 1 year* MOP	*Over 3 years* MOP	*Indefinite* MOP	*Total* MOP
Assets								
Cash and balances with banks	901,258,410	-	-	-	-	-	-	901,258,410
Deposits with AMCM (note i)	55,996,694	-	-	-	-	-	-	55,996,694
Loans and advances to customers	-	377,877,786	167,498,697	771,448,675	179,120,949	24,474,520	-	1,520,420,627
Other assets	-	-	-	319,995	-	926,451	90	1,246,536
Total assets	957,255,104	377,877,786	167,498,697	771,768,670	179,120,949	25,400,971	90	2,478,922,267
Liabilities								
Deposits from customers	156,011,053	459,466,202	1,110,462,807	334,519,605	-	-	-	2,060,459,667
Deposits from other banks	-	62,040,706	-	-	-	-	-	62,040,706
Deposits and balances from Head Office	229,919,309	-	-	-	-	-	-	229,919,309
Other liabilities	201,898	1,202,639	379,474	4,491,823	375,916	11,042	154,500	6,817,292
Total liabilities	386,132,260	522,709,547	1,110,842,281	339,011,428	375,916	11,042	154,500	2,359,236,974
Asset-liability gap	571,122,844	(144,831,761)	(943,343,584)	432,757,242	178,745,033	25,389,929	(154,410)	119,685,293

Note i: Deposits with AMCM includes minimum statutory deposit balance with AMCM required for the Branch.

<u>Analysis on past due exposures</u>

As at 31 December 2024 and 31 December 2023, there were no exposures that have been past due for more than 3 months.

5 Net interest income

	2024 MOP	*2023* MOP
Interest income from:		
- loans and advances to customers	54,084,234	111,540,294
- deposits with banks and AMCM	1,223,148	1,181,270
- Financial investments at amortised cost	979,360	1,132,581
- placements with Head Office	60,066,207	17,448,804
	116,352,949	131,302,949
Interest expenses from:		
- deposits and balances from Head Office and banks	9,730,790	13,675,475
- deposits from customers	94,901,355	79,968,370
- others	150,393	-
	104,782,538	93,643,845
Net interest income	11,570,411	37,659,104

All interest income and expenses are arising from financial assets or financial liabilities that are not measured at fair value through profit or loss for the year ended 31 December 2024 and 31 December 2023.

6 Fee and commission income

	2024 MOP	*2023* MOP
Trade finance business	186,662	382,503
Credit facility fee	714,779	1,026,409
Others	2,132,816	1,005,359
	3,034,257	2,414,271

7 Operating expenses

	2024 MOP	*2023* MOP
Staff costs	21,543,038	23,816,783
Occupancy expenses	6,041,641	7,006,229
Depreciation (Note 15)	1,677,155	2,097,246
Others	4,379,626	4,272,472
	33,641,460	37,192,730

8 Written-back of impairment losses on financial assets

	2024			
	Stage 1 MOP	*Stage 2* MOP	*Stage 3* MOP	*Total* MOP
Charge of impairment loss during the year				
Cash and balances with banks	(1,345)	-	-	(1,345)
Deposits with AMCM	(199)	-	-	(199)
Financial investments at amortised cost	(111)	-	-	(111)
Loans and advances to customers	(315,952)	-	-	(315,952)
Financial guarantees, loan commitments and other credit related contingent liabilities	(1,622,867)	-	-	(1,622,867)
	(1,940,474)	-	-	(1,940,474)
Bad debt recovery				11,138,130
				9,197,656

	2023			
	Stage 1 MOP	*Stage 2* MOP	*Stage 3* MOP	*Total* MOP
Written-back/(Charge) of impairment loss during the year				
Cash and balances with banks	(1,700)	-	-	(1,700)
Deposits with AMCM	18,035	-	-	18,035
Financial investments at amortised cost	2,704	-	-	2,704
Loans and advances to customers	3,992,295	-	-	3,992,295
Financial guarantees, loan commitments and other credit related contingent liabilities	1,774,103	-	-	1,774,103
	5,785,437	-	-	5,785,437
Bad debt recovery				-
				5,785,437

9 Taxation

Current income tax comprises of Macao complementary tax. According to Macao complementary tax law, Macao complementary tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 but below MOP300,000, and thereafter at a fixed rate at 12%. For the years 2024 and 2023, special tax incentives were provided to effect that tax free income threshold are increased to MOP600,000 respectively, the profit thereafter is charged at a fixed rate of 12%.

(a) Taxation in the income statement represents:

	2024 MOP	*2023* MOP
Current tax - Macao complementary tax		
Charge for the year	-	1,333,844
(Over)/under-provision from prior years	(341,550)	1
Deferred tax	(1,090,309)	-
	(1,431,859)	1,333,845

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024 MOP	*2023* MOP
(Loss)/profit before taxation	(9,268,681)	9,809,606
Notional tax on profit before taxation, calculated at Macao Complementary Tax rate of 12% (2023: 12%)	(1,112,242)	1,177,153
Effect of progressive tax rate before 12%	-	(17,260)
Special complementary tax incentives	-	(54,740)
(Over)/under-provision from prior years	(341,550)	1
Others	21,933	228,691
Actual tax expense	(1,431,859)	1,333,845

9 Taxation (continued)

(c) Current taxation in the balance sheet represents:

	2024 MOP	*2023* MOP
Balance of Macao complementary tax relating to current year profit	-	1,333,844

(d) Deferred taxation in the balance sheet represents:

	2024 MOP	*2023* MOP
Tax loss	1,090,309	-

10 Cash and balances with banks

	2024 MOP	*2023* MOP
Balances with banks and other financial institutions maturing within one month	1,969,767,067	901,268,519
Less: impairment allowance, stage 1	(11,454)	(10,109)
	1,969,755,613	901,258,410

11 Deposits with AMCM

	2024 MOP	*2023* MOP
Deposits with AMCM (Note)	63,388,168	55,996,905
Less: impairment allowance, stage 1	(410)	(211)
	63,387,758	55,996,694

Note: According to the statutory requirement, the Branch is required to maintain a minimum deposit balance with AMCM for liquidity purpose. The required daily amount of the MOP current deposit balance in each week should not be less than 70% of the following percentage of the average of the basic liabilities classified by term and calculated in the preceding week:

(a) 3% on all the liabilities which are repayable on demand; and

(b) 2% on all the liabilities which are repayable within 3 months (3 months inclusive) except for those already counted in (a); and

(c) 1% on all the liabilities which are repayable beyond 3 months.

As at 31 December 2024, the amount of minimum statutory deposit balance with AMCM required for the Branch is MOP35,287,000 (31 December 2023: MOP22,801,000).

12 Financial investments at amortised cost

	2024 MOP	*2023* MOP
Unlisted monetary bills issued by AMCM, at amortised cost	92,955,249	-
Less: impairment allowance, stage 1	(111)	-
	92,955,138	-

13 Loans and advances to customers

(a) Loans and advances to customers less impairment allowances

	2024 MOP	*2023* MOP
Gross loans and advances to customers	959,179,070	1,521,294,397
Impairment allowance		
- expected credit loss, stage 1	(1,189,722)	(873,770)
- expected credit loss, stage 2	-	-
- expected credit loss, stage 3	-	-
	957,989,348	1,520,420,627

(b) Movement in impairment allowances on loans and advances to customers

	Stage 1 MOP	*Stage 2* MOP	*Stage 3* MOP	*Total* MOP
At 1 January 2024 (Note 13(a))	873,770	-	-	873,770
Impairment losses charge to income statement (Note 8)	315,952	-	-	315,952
At 31 December 2024 (Note 13(a))	1,189,722	-	-	1,189,722

	Stage 1 MOP	*Stage 2 MOP*	*Stage 3 MOP*	*Total MOP*
At 1 January 2023	4,866,065	-	-	4,866,065
Impairment losses written back to income statement (Note 8)	(3,992,295)	-	-	(3,992,295)
At 31 December 2023 (Note 13(a))	873,770	-	-	873,770

14 Other assets

	2024 MOP	*2023* MOP
Prepayment and deposits	1,118,660	1,246,536
Others	720,801	-
	1,839,461	1,246,536

15 Property, plant and equipment

	Leasehold improvements MOP	*Furniture and fixtures* MOP	*Office equipment* MOP	*Computer equipment* MOP	*Motor vehicle* MOP	*Total* MOP
Cost:						
At 1 January 2024	10,106,116	1,194,093	1,589,690	6,494,750	471,740	19,856,389
Additions	-	-	-	476,712	525,581	1,002,293
Disposal	-	-	(331,033)	(614,837)	(471,740)	(1,417,610)
At 31 December 2024	10,106,116	1,194,093	1,258,657	6,356,625	525,581	19,441,072
Accumulated depreciation:						
At 1 January 2024	4,798,457	629,953	1,165,631	5,442,536	471,740	12,508,317
Charge for the year (Note 7)	1,010,612	107,454	175,698	383,391	-	1,677,155
Disposal	-	-	(331,033)	(614,837)	(471,740)	(1,417,610)
At 31 December 2024	5,809,069	737,407	1,010,296	5,211,090	-	12,767,862
Net book value:						
At 31 December 2024	4,297,047	456,686	248,361	1,145,535	525,581	6,673,210

15 Property, plant and equipment (continued)

	Leasehold improvements MOP	*Furniture and fixtures MOP*	*Office equipment MOP*	*Computer equipment MOP*	*Motor vehicle MOP*	*Total MOP*
Cost:						
At 1 January 2023	10,106,116	1,194,093	1,589,690	5,719,972	471,740	19,081,611
Additions	-	-	-	894,755	-	894,755
Disposal	-	-	-	(119,977)	-	(119,977)
At 31 December 2023	10,106,116	1,194,093	1,589,690	6,494,750	471,740	19,856,389
Accumulated depreciation:						
At 1 January 2023	3,787,845	517,713	986,882	4,766,868	471,740	10,531,048
Charge for the year (Note 7)	1,010,612	112,240	178,749	795,645	-	2,097,246
Disposal	-	-	-	(119,977)	-	(119,977)
At 31 December 2023	4,798,457	629,953	1,165,631	5,442,536	471,740	12,508,317
Net book value:						
At 31 December 2023	5,307,659	564,140	424,059	1,052,214	-	7,348,072

16 Deposits from customers and banks

	2024 MOP	*2023* MOP
Current accounts	14,273,218	41,457,948
Savings deposits	139,751,392	114,553,105
Time, call and notice deposits	2,259,938,158	1,904,448,614
Deposits with other banks	85,347,918	62,040,706
	2,499,310,686	2,122,500,373

17 Deposits and balances from Head Office

The amount represents short term deposits from Head Office, which are unsecured, repayable within three months and bearing interest at the rates 4.38% and 3.23% per annum (2023: unsecured, repayable on demand and bearing interest at the rates 5.75% per annum).

18 Other liabilities

	2024 MOP	*2023* MOP
Deferred income	1,690,570	806,646
Cashier order and bills payable	463,746	201,898
Accounts payable	8,964,151	471,096
Accrued expenses	647,429	624,209
Bonus accrual	3,013,780	3,905,760
	14,779,676	6,009,609
Add: impairment allowance, stage 1 for financial guarantees, loan commitments and other credit related contingent liabilities	2,430,550	807,683
	17,210,226	6,817,292

19 Working capital

In accordance with Article 31 of Law No. 13/2023 effective on 1 November 2023 with a grace period of 1 year, overseas incorporated credit institutions are required to allocate no less than 50% of the minimum capital required to establish a credit institution to their branches as working capital. As at 31 December 2024, Head Office has allocated a total of MOP 150,000,000 to this branch as working capital, meeting the requirement. (2023: MOP50,000,000)

20 General regulatory reserve

The regulatory reserve is maintained to satisfy the provisions of AMCM for prudential supervision purposes in addition to expected credit loss recognized in accordance with AMCM Guideline Notice 012/2021-AMCM. Movements in the regulatory reserve are appropriated directly through unappropriated profits.

21 Cash and cash equivalents

(a) Components of cash and cash equivalents in the cash flow statement

	2024 MOP	*2023* MOP
Cash and balances with banks	1,969,767,067	901,268,519
Deposits with AMCM in excess of minimum statutory requirement (Note 11)	28,101,168	33,195,905
Financial investments at amortised cost with original maturity within three months	92,955,249	-
	2,090,823,484	934,464,424

(b) Reconciliation with the balance sheet

	2024 MOP	*2023* MOP
Cash and balances with banks (Note 10)	1,969,767,067	901,268,519
Deposits with AMCM (Note 11)	63,388,168	55,996,905
Financial investments at amortised cost (Note 12)	92,955,249	-
Amounts shown in the balance sheet	2,126,110,484	957,265,424
Less: Minimum statutory deposits with AMCM (Note 11)	(35,287,000)	(22,801,000)
Cash and cash equivalents in the cash flow statement	2,090,823,484	934,464,424

22 Contingent liabilities and commitments

	2024 MOP	*2023* MOP
Loan commitment	981,848,889	222,301,360
Letter of guarantee	30,912,000	50,585,000
Letter of credit	36,356,559	-
	1,049,117,448	272,886,360

Contingent liabilities and commitments are credit-related instruments which include letters of credits, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers.

23 Operating lease commitments

At 31 December, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2024 MOP	*2023* MOP
- Within one year	5,651,074	5,721,114
- After one year but within five years	15,092,920	20,721,334
	20,743,994	26,442,448

The Branch leases two properties and one car-park under operating leases. The lease for properties typically runs for an initial period of one year to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

24 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Branch entered into the following material related party transactions.

During the year, the Branch entered into a number of transactions with the Head Office and other branches, in the normal course of its banking business including, inter alia, lending, the acceptance and placement of inter-bank deposits, correspondent banking transactions and foreign exchange transactions. The transactions were priced based on relevant market rates at the time of each transaction, and were under the same terms as those available to other counterparties and customers of the Branch. In the opinion of the Branch Management, these transactions were conducted on normal commercial terms.

(a) During the year, the Branch earned income and incurred expense on balances with group companies as follows:

	2024 MOP	*2023* MOP
Interest income from Head office and other branches	60,074,391	17,488,918
Interest expense to Head office	5,076,002	12,534,091

24 Material related party transactions (continued)

(b) Balances with group companies and related parties included in various balance sheet items are shown as follows:

	2024 MOP	*2023* MOP
Due from Head Office and other branches:		
At 1 January	899,317,759	214,786,063
At 31 December	1,963,982,926	899,317,759
Average for the year	1,393,483,984	404,596,431
Interest receivables from Head Office and other branches:		
At 1 January	403,977	31,604
At 31 December	213,370	403,977
Average for the year	350,568	96,709
Deposits and balances from Head Office:		
At 1 January	229,831,688	131,716,068
At 31 December	399,881,102	229,831,688
Average for the year	161,268,453	344,292,909
Interest payables to Head Office:		
At 1 January	87,621	16,699
At 31 December	289,512	87,621
Average for the year	158,011	140,900

As at 31 December 2024, the above placements with related parties are in stage 1 (2023: same).

Key management personnel are deemed to be the members of the Board of Directors of the Head Office which are responsible for the planning, directing and controlling the activities of the Head Office and the Branch. Compensation of key management personnel were borne by the Head Office for both years.

25 Possible impact of new Financial Reporting Standards issued but not yet effective for the year ended 31 December 2024

On 19 December 2024, the Professional Committee of Accountants (“CPC”) of the Macau Special Administrative Region of the People’s Republic of China issued Notice No. 2/2024/CPC, which promulgated a new set of financial reporting standards (“new FRSs”). The new FRSs will be mandatory for the Branch’s financial statements for annual reporting periods beginning on or after 1 January 2028, and early adoption is permitted for annual reporting periods beginning on or after 1 January 2026. These new FRSs have not been applied in these financial statements. The new FRSs, once applied, would replace the suite of FRSs previously promulgated in Dispatch No. 44/2020.

The new FRSs have adopted all International Financial Reporting Standards in issue at 1 January 2021, including amendments to standards that have an effective date after 1 January 2021. These include all applicable standards and interpretations as issued by the International Accounting Standards Board, comprising the Conceptual Framework for Financial Reporting, 17 financial reporting standards, 25 accounting standards and 20 interpretations.

The Branch is in the process of assessing the appropriate period of initial application of such new FRSs and the associated potential impacts. So far the Branch has identified some aspects of the new standards which may have a significant impact on the financial statements. Further details of these potential impacts are discussed below. As the Branch has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining which transitional approach to take, where there are alternative approaches allowed under the new standards.

IFRS 16, Leases
As disclosed in note 2, currently the Branch classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Branch enters into some leases as the lessee. IFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease.

However, once IFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, a lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

25 Possible impact of new Financial Reporting Standards issued but not yet effective for the year ended 31 December 2024 (continued)

IFRS 16 is expected to primarily affect the Branch's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the profit or loss over the period of the lease. As disclosed in note 23, at 31 December 2024 the Branch's future minimum lease payments under non-cancellable operating leases amount to MOP20,743,994 for properties, all of which is payable either between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. As the Branch is in the processing of making more detailed assessment, the actual impacts upon the initial adoption of IFRS 16 may differ and further impacts may be identified.

China CITIC Bank International Limited
Macau branch

Unaudited disclosure of financial information
For the year ended 31 December 2024

Unaudited disclosure of financial information
For the year ended 31 December 2024
(Expressed in Macao Patacas)

1 Operational risk management

The Bank manages the Branch's operational risk through the Management Committee and the Operational Risk Management Committee. The Management Committee ensures that the Branch is operating properly and managed in accordance with pre-set risk policies and procedures of the Branch. The Operational Risk Management Committee periodically review, update, and test as necessary the operational policies, procedures and contingency plans of the Bank. For better monitoring of the risk, new products and services are evaluated by various functional units before they are approved by the Bank's senior management to ensure that staff, processes and technology can adequately support prior to launching.

2 Credit risk management

Analysis of assets and liabilities by remaining maturity

The maturity profile based on the remaining period at the balance sheet date to the contractual maturity date is disclosed in Note 4(c) in Report of the Branch Management and Financial Statements.

Analysis on past due exposures

Analysis on past due exposures is disclosed in Note 4(c) in Report of the Branch Management and Financial Statements.

3 Liquidity risk

The following table indicates the arithmetic mean of liquid assets held and liquidity ratios for the periods ended 31 December for the Branch:

	2024 MOP	*2023* MOP
Minimum weekly amount of cash in hand required to be held	44,052,000	32,169,000
Average weekly amount of cash in hand	72,743,000	69,273,000
Specified liquid assets at the end of each month	1,715,830,000	974,527,000

3 Liquidity risk (continued)

	2024 %	*2023* %
Average ratio of specified liquid asset to total basic liabilities at the end of each month	77	55
One-month liquidity ratio in the last week of each month	206	96
Three-month liquidity ratio in the last week of each month	81	73

4 Other information

As defined under AMCM Guideline Annex 3, the Branch should disclose any other information that may provide a better understanding of the conditions of the Branch, including but not limited to assets that are pledged as security for the liabilities of the Branch or the credit institution or a third party; and outstanding litigations which may have a significant impact on the financial position of the Branch.

(a) Assets pledged as security

Nil as at 31 December 2024 and 31 December 2023.

(b) Outstanding litigation

The Branch is not involved in any legal action that would be significant to the financial position of the Branch as at 31 December 2024 and 31 December 2023

5 Other information in relation to positions of Head Office, China CITIC Bank International Limited

The Branch is one of the branches of China CITIC Bank International Limited ("Head Office" or "the Bank") and therefore, it does not require to prepare consolidated accounts. Unless otherwise stated, all information disclosed is extracted from the corresponding information in the most recently available annual consolidated accounts of Head Office of which the Branch is a member.

(a) Consolidated capital adequacy ratios

	2024 %	*2023* %
Common Equity Tier 1 capital ratio	13.7	13.4
Tier 1 capital ratio	16.6	16.4
Total capital ratio	18.9	20.1

5 Other information in relation to positions of Head Office, China CITIC Bank International Limited (continued)

Capital adequacy ratios ("CAR") comply with the Banking (Capital) Rules issued by the Hong Kong Monetary Authority ("HKMA"). The CAR are computed on a consolidated basis covering the Bank and certain of its subsidiaries as required by the HKMA. The Bank has adopted the "standardised approach" for calculating the risk-weighted amount for credit risk and market risk and the "basic indicator approach" for calculating operational risk.

	2024 HK$	*2023* HK$
Equity		
Share capital	18,404,013,000	18,404,013,000
Reserves	28,628,722,000	25,776,602,000
Other equity instruments	9,335,396,000	9,335,396,000
Total equity	56,368,131,000	53,516,011,000

(b) Consolidated assets, liabilities and profit positions

	2024 HK$	*2023* HK$
Total assets	489,295,377,000	470,386,931,000
Total liabilities	432,927,246,000	416,870,920,000
Loans and advances to customers and other accounts	239,100,599,000	237,502,834,000
Deposits and balances of banks and other financial institutions	12,141,506,000	11,531,352,000
Deposits from customers	371,313,584,000	340,730,699,000
Profit before taxation	3,232,163,000	2,989,309,000

(c) List of shareholders with qualifying holdings

Qualifying holdings refers to holding which is owned directly or indirectly by the shareholder and which represents 10% or more of the share capital or voting right of the Bank or, in any other form which confers the possibility to exercise a significant influence over the management of the Bank.

At 31 December 2024, the directors consider the immediate parent of the Bank to be CITIC International Financial Holdings Limited, which is incorporated in Hong Kong, and the ultimate controlling party of the Bank to be CITIC Group Corporation, which is incorporated in the People's Republic of China.

5 Other information in relation to positions of Head Office, China CITIC Bank International Limited (continued)

(d) Members of the company boards

As at the date of this report, the Board of Directors of the Bank comprise:

Executive Directors

Mr. SHEN Qiang (Chief Executive Officer)
Mr. BAI Lijun (Deputy Chief Executive Officer)

Non-executive Director

Mr. HU Gang

Independent Non-executive Directors

Ms. LI Shuk Yin Edwina
Mr. TANG Shisheng
Ms. TSANG King Suen Katherine
Mr. WANG Guoliang