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4.3.20 DERIVATIVE FINANCIAL INSTRUMENTS

Further information about the financial risk management objectives and policies, the fair value measurement and hedge accounting of financial derivative instruments is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

In the ordinary course of business and in accordance with its hedging policies as of December 31, 2023, the Company held multiple forward exchange contracts designated as hedges of expected future transactions for which the Company has firm commitments or forecasts. Furthermore, the Company held several interest rate swap contracts designated as hedges of interest rate financing exposure. The most important floating rate is the US$ 3-month SOFR (2022: US$ 3-month LIBOR). Details of interest percentages of the long-term debt are included in note 4.3.23 Borrowings and Lease Liabilities. Lastly, the Company held commodity contracts in order to hedge against the fluctuation of operating cash flows and future earnings resulting from movement in commodity prices.

The fair value of the derivative financial instruments included in the statement of financial position is summarized as follows:

Derivative financial instruments

	31 December 2023			31 December 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps cash flow hedge	279	31	248	490	28	463
Forward currency contracts cash flow hedge	86	17	68	50	103	(53)
Forward currency contracts fair value through profit and loss	48	44	4	69	85	(15)
Commodity contracts cash flow hedge	3	4	(1)	-	2	(2)
Total	**416**	**97**	**319**	**610**	**217**	**393**
Non-current portion	258	8	250	465	25	440
Current portion	158	89	69	145	192	(47)

The movement in the net balance of derivative assets and liabilities of US$(74) million over the period is mostly related to (i) the settlements of interest rate swaps related to the financing of *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* of US$154 million, (ii) the increase in marked-to-market value of forward currency contracts, which is mainly driven by the depreciation of the US$ exchange rate versus the hedged currencies (especially EUR and BRL) and (iii) the decrease in marked-to-market value of interest rate swaps, which mainly arises from decreasing US$ market interest rates.

No ineffective portion arising from cash-flow hedges was recognized in the income statement in 2023 (2022: US$1 million). The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

No ineffectiveness was recognized due to the IBOR transition, refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

4.3.21 NET CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash and bank balances	196	109
Short-term investments	347	573
Cash and cash equivalent	**543**	**683**
Net cash and cash equivalent	**543**	**683**

The decrease of the cash and bank balances mainly relates to the significant progress in the projects under construction and the Fast4Ward® new build multi-purpose hulls, partially covered by the additional project financing granted for *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão,* FPSO *ONE GUYANA,* drawdowns on the Company's RCF and on the new Revolving Credit Facility for MPF hull financing, the net cash proceeds of the sale of FPSO *Liza Unity* and the cash generated by the Lease and Operate business segment.