



***MASHREQ BANK - PUBLIC SHAREHOLDING COMPANY
(KNOWN AS MASHREQBANK PSC)
- HONG KONG BRANCH***

Financial Disclosure Statements
As at 31 December 2022

Mashreqbank psc Hong Kong Branch
Financial disclosure statements as at 31 December 2022

DECLARATION BY CHIEF EXECUTIVE

It is hereby certified that the information disclosed in this statement is prepared in compliance with Part 8 of the Banking (Disclosure) Rules and to the best of my knowledge and belief, it is not false or misleading in any material respect.



Chermaine Lai
CHIEF EXECUTIVE
(MASHREQBANK PSC - HONG KONG BRANCH)
21 April 2023

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STATEMENT OF PROFIT AND LOSS

	For the year ended 31-12-2022 HK\$'000	For the year ended 31-12-2021 HK\$'000
Interest income	378,144	194,079
Interest expense	(220,039)	(61,885)
Net interest income	158,105	132,194
Fee and commission income	70,222	79,346
Fee and commission expense	(29,007)	(32,272)
Net fee and commission income	41,215	47,074
Gains less losses arising from trading in foreign currencies	2,079	(685)
Other income	1,062	731
Operating income	202,461	179,314
Staff and rental expenses	(25,988)	(14,258)
Other expenses	(34,633)	(28,904)
Operating profit before impairment	141,840	136,152
Reversal of impairment allowances	3,485	12,349
Profit before taxation	145,325	148,501
Income tax expense	(21,386)	(22,318)
Profit after taxation	123,939	126,183

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STATEMENT OF FINANCIAL POSITION

	Notes	As at 31-12-2022 HK\$'000	As at 30-06-2022 HK\$'000
Assets			
Cash and balances with banks		31,158	8,203
Due from Exchange fund		865	1,171
Due from overseas offices		383,658	88,909
Trade bills		8,622,143	8,586,900
Loans and receivables	1	2,336,949	1,349,502
Property, plant and equipment		1,689	1,375
Other assets		68,040	60,541
Less: General provisions for other claims		(329)	(700)
Total Assets		11,444,173	10,095,901
Liabilities			
Deposits and balances from banks		7,829,304	7,366,338
Due to overseas offices		733,062	817,214
Customer deposits	7	22,024	218
Certificates of deposit issued		1,811,162	1,161,334
Other liabilities		1,048,621	750,797
Total Liabilities		11,444,173	10,095,901

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Additional Information

1. LOANS AND RECEIVABLES

	As at 31-12-2022 HK\$'000	As at 30-06-2022 HK\$'000
Loans and advances to customers	2,335,826	1,349,727
Accrued interest	4,637	530
Less:		
General Provisions	(3,514)	(755)
Specific Provisions	-	-
Total loans and receivables	2,336,949	1,349,502

2. IMPAIRED LOANS AND ADVANCES TO CUSTOMERS

There were no impaired loans and advances to customers as at 31 December 2022 and 30 June 2022.

3. OVERDUE AND RESCHDULED ASSETS

There were no assets which have been overdue for more than 3 months and no rescheduled assets as at 31 December 2022 and 30 June 2022.

4. REPOSSESSED ASSETS

There were no repossessed assets as at 31 December 2022 and 30 June 2022.

5. LOANS AND ADVANCES TO CUSTOMERS BY GEOGRAPHICAL AREA

The following are loans and advances to customers by geographical areas which are classified according to the location of the counterparties after taking into account any recognized risk transfer. Countries to which not less than 10% of total loans and advances to customers are shown as follows:

	As at 31-12-2022 HK\$'000	As at 30-06-2022 HK\$'000
China	545,766	549,280
Hong Kong	1,051,048	470,811
Singapore	320,503	-
Switzerland	233,900	-
Ireland	135,416	252,229
Other	49,193	77,407
Total	2,335,826	1,349,727

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6. LOANS AND ADVANCES TO CUSTOMERS BY MAJOR SECTORS

	As at 31-12-2022 HK\$'000	As at 30-06-2022 HK\$'000
Industrial, commercial and financial:		
Manufacturing	779,666	784,685
Information technology	583,249	-
Total Loans and advances for use in Hong Kong	1,362,915	784,685
Loans and advances for use outside Hong Kong	972,911	565,042
Total	2,335,826	1,349,727

The loans and advances above are not covered by collateral or other security.

7. CUSTOMER DEPOSITS

	As at 31-12-2022 HK\$'000	As at 30-06-2022 HK\$'000
Demand deposits and current accounts	22,024	218
Saving deposits	-	-
Time, call and notice deposits	-	-
Total customer deposits	22,024	218

8. MAINLAND ACTIVITIES

There was no mainland exposure to non-bank counterparties as at 31 December 2022 and 30 June 2022.

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9. INTERNATIONAL CLAIMS

The country-risk exposures in the table below are prepared in accordance with the HKMA Return of the International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk.

Countries or geographical areas constituting 10% or more of the total cross-border claims are disclosed.

As at 31-12-2022	in HKD Million					Total
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
Developing Africa and Middle East	1,976	-	-	50	-	2,026
Developing Asia and Pacific	6,914	-	-	-	-	6,914
- Bangladesh	4,716	-	-	-	-	4,716
- Vietnam	1,101	-	-	-	-	1,101

As at 30-06-2022	in HKD Million					Total
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
Developing Africa and Middle East	1,651	-	-	77	-	1,728
Developing Asia and Pacific	6,423	-	-	-	-	6,423
- Bangladesh	3,649	-	-	-	-	3,649
- Vietnam	1,663	-	-	-	-	1,663

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10. CURRENCY RISK

The net positions of the foreign currencies, which individually constitutes not less than 10% of the branch's total net position in all foreign currencies, are disclosed as follow:

As at 31-12-2022	in HKD Million			
	US Dollars	Euro	Chinese Renminbi	Total
Spot assets	10,631	544	304	11,479
Spot liabilities	(11,008)	(203)	(274)	(11,485)
Forward purchases	380	6	-	386
Forward sales	(6)	(344)	(25)	(375)
Net long/ (short) position	(3)	3	5	5

As at 30-06-2022	in HKD Million				Total
	Japanese Yen	US Dollars	Euro	Chinese Renminbi	
Spot assets	7	9,486	347	292	10,132
Spot liabilities	-	(9,763)	(114)	(267)	(10,144)
Forward purchases	-	269	-	-	269
Forward sales	(4)	-	(245)	(1)	(250)
Net long/ (short) position	3	(8)	(12)	24	7

There is neither structured position nor option position held as at 31 December 2022 and 30 June 2022.

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11. OFF BALANCE SHEET EXPOSURES (OTHER THAN DERIVATIVE TRANSACTIONS)

	As at 31-12-2022 HK\$'000	As at 30-06-2022 HK\$'000
Transaction-related contingent items	34,012	11,912
Trade-related contingent items	1,054,747	2,635,541
Other commitments	880,292	82,323
Total	1,969,051	2,729,776

12. DERIVATIVES

Notional amount:	As at 31-12-2022 HK\$'000	As at 30-06-2022 HK\$'000
Exchange rate contracts	385,734	269,385

Fair value assets:	As at 31-12-2022 HK\$'000	As at 30-06-2022 HK\$'000
Exchange rate contracts	11,279	15,264

Fair value liabilities:	As at 31-12-2022 HK\$'000	As at 30-06-2022 HK\$'000
Exchange rate contracts	6,569	112

No bilateral netting agreement for derivative transaction has been made as at 31 December 2022 and 30 June, 2022.

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13. LIQUIDITY INFORMATION

Quarterly Average Liquidity Maintenance Ratio is calculated as the simple average of each month's average liquidity ratio for the three months of the quarter completed in accordance with Banking (Liquidity) Rules.

	Q4 2022	Q4 2021
Average Liquidity Maintenance Ratio for the period	135.68%	79.53%

Liquidity Risk Management

Liquidity Risk Management is a component of Mashreqbank psc Hong Kong Branch's Asset and Liability management framework.

The Liquidity Risk Management frame comprises of the following:

- Roles and responsibilities, organizational structure for oversight
- Operational liquidity risk management
- Periodic reporting of liquidity positions
- Managing funding sources
- Liquidity Contingency Plan that establishes indicators to alert senior management to potential liquidity and funding problems

The Hong Kong Asset and Liability Committee ("ALCO") comprising key members from local management and Treasury, conducts meeting on a regular basis to review the liquidity reports and deliberate important liquidity risk management matters.

- (a) **Liquidity Monitoring:** Branch manages the operational liquidity by cash flow mismatch analysis under defined business scenarios. Short term liquidity stress tests are performed based on institution specific, general market crisis and a combined scenario. The results of the stress tests are used to adjust liquidity risk management strategies, policies and positions.

The Branch follows the applicable guidance set forth by the HKMA in Supervisory Policy Manual LM-2 "Sound systems and controls for liquidity risk management"

- (b) **Liquidity Reporting:** In house systems and procedures are in place to meet the various reporting requirements. Daily cash flow mismatch reports are produced by using contractual cash flows in the balance sheet and placing them into appropriate time buckets. The regulatory reports for Liquidity Maintenance Ratio are prepared in accordance with the relevant reporting requirements.
- (c) **Funding Strategy:** The liquidity and funding positions of the Branch is centrally managed at Hong Kong branch. The Branch maintains a diverse range of funding sources. The Branch also maintains an appropriate duration of funding to avoid any significant tenor mismatch.

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14. DISCLOSURE ON REMENERATION

Pursuant to section 3.1.2 of Supervisory Policy Manual CG-5 “Guideline on a Sound Remuneration System” issued by HKMA, Mashreqbank psc Hong Kong Branch, as an overseas-incorporated Authorized Institution, is not required to make separate disclosures in relation to its own remuneration system. The relevant disclosures are made by Mashreqbank Group in its Annual Report.

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Group Information (Consolidated basis)

I. CAPITAL AND CAPITAL ADEQUACY

1. Capital Ratio

	As at 31-12-2022	As at 30-06-2022
Total capital ratio	16.02%	13.56%
Tier 1 capital ratio	13.71%	12.41%
Common equity tier 1 capital ratio	13.01%	12.41%

The capital ratios are calculated in accordance with the Basel III capital requirements of the Central Bank of the UAE.

2. Shareholders' funds

	As at 31-12-2022 AED'000	As at 30-06-2022 AED'000
Aggregate Amount	24,418,639	21,058,837

II. OTHER FINANCIAL INFORMATION

	As at 31-12-2022 AED'000	As at 30-06-2022 AED'000
Total assets	198,811,243	188,643,975
Total liabilities	174,392,604	167,585,138
Total loans and advances	90,303,241	89,675,925
Total customer deposits	113,806,263	109,334,680

	For the year ended 31-12-2022 AED'000	For the year ended 31-12-2021 AED'000
Pre-tax profit	3,932,285	1,124,489