



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

Financial Disclosure Statements  
As at 31 December 2023

**Mashreqbank psc Hong Kong Branch**  
Financial disclosure statements as at 31 December 2023

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**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)  
22<sup>nd</sup> April 2024

# Mashreqbank psc Hong Kong Branch

31 December 2023

## Financial Information

### STATEMENT OF PROFIT AND LOSS

	For the year ended 31-12-2023 HK\$'000	For the year ended 31-12-2022 HK\$'000
Interest income	837,125	378,144
Interest expense	(654,264)	(220,039)
<b>Net interest income</b>	<b>182,861</b>	<b>158,105</b>
Fee and commission income	68,538	70,222
Fee and commission expense	(32,032)	(29,007)
<b>Net fee and commission income</b>	<b>36,506</b>	<b>41,215</b>
Gains less losses arising from other trading activities	4,999	2,079
Other income	2,212	1,062
<b>Operating income</b>	<b>226,578</b>	<b>202,461</b>
Staff and rental expenses	(32,579)	(25,988)
Other expenses	(50,345)	(34,633)
<b>Operating profit before impairment</b>	<b>143,654</b>	<b>141,840</b>
(Provision)/reversal of impairment allowances	(10,051)	3,485
<b>Profit before taxation</b>	<b>133,603</b>	<b>145,325</b>
Income tax expense	(20,169)	(21,386)
<b>Profit after taxation</b>	<b>113,434</b>	<b>123,939</b>

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### STATEMENT OF FINANCIAL POSITION

	Notes	As at 31-12-2023 HK\$'000	As at 30-06-2023 HK\$'000
<b>Assets</b>			
Cash and balances with banks		24,152	368,828
Due from exchange fund		87,467	373,913
Due from overseas offices		121,861	446,422
Trade bills		11,206,634	10,118,498
Loans and receivables	1	4,477,072	2,230,572
Property, plant and equipment		3,071	4,153
Other assets		114,491	88,735
Less: General provisions for other claims		(1,093)	(1,254)
<b>Total Assets</b>		<b>16,033,655</b>	<b>13,629,867</b>
<b>Liabilities</b>			
Deposits and balances from banks		11,817,498	10,282,600
Due to overseas offices		32,330	33,918
Customer deposits	7	2,982	2,130
Certificates of deposit issued		3,210,350	2,225,272
Other liabilities		970,495	1,085,947
<b>Total Liabilities</b>		<b>16,033,655</b>	<b>13,629,867</b>

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## Additional Information

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### 1. LOANS AND RECEIVABLES

	As at 31-12-2023 HK\$'000	As at 30-06-2023 HK\$'000
Loans and advances to customers	4,461,539	2,219,342
Accrued interest	20,933	15,971
Less:		
General Provisions	(5,400)	(4,741)
Specific Provisions	-	-
<b>Total loans and receivables</b>	<b>4,477,072</b>	<b>2,230,572</b>

### 2. IMPAIRED LOANS AND ADVANCES TO CUSTOMERS

Impairment allowances are booked in Hong Kong Branch, and determined based on the expected credit loss provision requirement of IFRS9. Booking of expected credit loss allowances are based on assessment completed by the Head Office in the UAE.

Impaired loans and advances are classified as "substandard", "doubtful" and "loss" under the classification of loan quality. There were no impaired loans and advances to customers as at 31 December 2023 and 30 June 2023.

### 3. OVERDUE AND RESCHEDULED ASSETS

There were no assets which have been overdue for more than 3 months and no rescheduled assets as at 31 December 2023 and 30 June 2023.

### 4. REPOSSESSED ASSETS

There were no repossessed assets as at 31 December 2023 and 30 June 2023.

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### 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 31-12-2023 HK\$'000	As at 30-06-2023 HK\$'000
China	893,297	548,618
Hong Kong	2,634,464	938,656
Switzerland	811,456	626,986
Other	122,322	105,082
<b>Total</b>	<b>4,461,539</b>	<b>2,219,342</b>

### 6. LOANS AND ADVANCES TO CUSTOMERS BY MAJOR SECTORS

	As at 31-12-2023 HK\$'000	As at 30-06-2023 HK\$'000
<b>Industrial, commercial and financial:</b>		
Manufacturing	1,193,296	548,618
Information technology	2,129,333	715,290
<b>Total Loans and advances for use in Hong Kong</b>	<b>3,322,629</b>	<b>1,263,908</b>
Loans and advances for use outside Hong Kong	1,138,910	955,434
<b>Total</b>	<b>4,461,539</b>	<b>2,219,342</b>

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

### 7. CUSTOMER DEPOSITS

	As at 31-12-2023 HK\$'000	As at 30-06-2023 HK\$'000
Demand deposits and current accounts	2,982	2,130
Saving deposits	-	-
Time, call and notice deposits	-	-
<b>Total customer deposits</b>	<b>2,982</b>	<b>2,130</b>

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## Additional Information

### 8. NON-BANK MAINLAND CHINA EXPOSURES

The analysis of non-bank Mainland exposures is based on the categories of non-bank counterparties and the types of direct exposures with reference to the completion instructions for the HKMA return of Mainland activities.

	Items in the HKMA return	On-balance sheet exposures HK\$'000	Off-balance sheet exposures HK\$'000	Total exposure HK\$'000
<b>As at 31-12-2023</b>				
Central government, central government-owned entities and their subsidiaries and joint ventures (“JVs”)	1	1,366,241	1,107,797	2,474,038
Local governments, local government-owned entities and their subsidiaries and JVs	2	-	-	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	347,882	-	347,882
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	-	-	-
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	-	-	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	2,344,651	48,973	2,393,624
<b>Total</b>	<b>8</b>	<b>4,058,774</b>	<b>1,156,770</b>	<b>5,215,544</b>
<b>Total assets after provision</b>	<b>9</b>	<b>16,033,655</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	<b>10</b>	<b>25.31%</b>		

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### 8. NON-BANK MAINLAND CHINA EXPOSURES (CONTINUED)

<u>As at 30-06-2023</u>	Items in the HKMA return	On-balance sheet exposures HK\$'000	Off-balance sheet exposures HK\$'000	Total exposure HK\$'000
Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	1	-	-	-
Local governments, local government-owned entities and their subsidiaries and JVs	2	-	-	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	-	-	-
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	-	-	-
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	-	-	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	-	-	-
<b>Total</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total assets after provision	9	-		
On-balance sheet exposures as percentage of total assets	10	-		



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## Additional Information

### 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.

		in HKD Million					
As at 31-12-2023		Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Offshore Centres		107	-	-	2,345	-	2,452
- Hong Kong SAR		106	-	-	2,345	-	2,451
Developing Africa and Middle East		2,392	-	-	-	-	2,392
- Egypt		1,837	-	-	-	-	1,837
Developing Asia and Pacific		8,354	-	-	899	-	9,253
- Vietnam		4,332	-	-	-	-	4,332
- Bangladesh		3,269	-	-	-	-	3,269

		in HKD Million					
As at 30-06-2023		Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Offshore Centres		82	-	-	1,339	-	1,421
- Hong Kong SAR		72	-	-	1,339	-	1,411
Developing Asia and Pacific		8,591	-	-	552	-	9,143
- Bangladesh		4,855	-	-	-	-	4,855
- Vietnam		3,065	-	-	-	-	3,065

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## Additional Information

### 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:

in HKD Million				
As at 31-12-2023	US Dollars	Euro	Chinese Renminbi	Total
Spot assets	14,939	646	108	15,693
Spot liabilities	(15,827)	(84)	(84)	(15,995)
Forward purchases	1,253	49	-	1,302
Forward sales	(360)	(625)	(22)	(1,007)
<b>Net long/ (short) position</b>	<b>5</b>	<b>(14)</b>	<b>2</b>	<b>(7)</b>

in HKD Million				
As at 30-06-2023	US Dollars	Euro	Chinese Renminbi	Total
Spot assets	12,387	418	177	12,982
Spot liabilities	(13,170)	(107)	(97)	(13,374)
Forward purchases	865	85	-	950
Forward sales	(86)	(395)	(75)	(556)
<b>Net long/ (short) position</b>	<b>(4)</b>	<b>1</b>	<b>5</b>	<b>2</b>

There is neither structured position nor option position held as at 31 December 2023 and 30 June 2023.

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## Additional Information

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

	As at 31-12-2023 HK\$'000	As at 30-06-2023 HK\$'000
Transaction-related contingent items	11,409	18,825
Trade-related contingent items	1,109,410	855,015
Other commitments	1,647,031	1,170,333
<b>Total</b>	<b>2,767,850</b>	<b>2,044,173</b>

### 12. DERIVATIVES

Notional amount:	As at 31-12-2023 HK\$'000	As at 30-06-2023 HK\$'000
Exchange rate contracts	1,614,433	950,613

Fair value assets:	As at 31-12-2023 HK\$'000	As at 30-06-2023 HK\$'000
Exchange rate contracts	4,088	14,450

Fair value liabilities:	As at 31-12-2023 HK\$'000	As at 30-06-2023 HK\$'000
Exchange rate contracts	9,627	7,548

No bilateral netting agreement for derivative transaction has been made as at 31 December 2023 and 30 June 2023.

### 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 2023	Q4 2022
Average Liquidity Maintenance Ratio for the period	60.88%	135.68%

#### 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.

# **Mashreqbank psc Hong Kong Branch**

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## **Additional Information**

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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.

# Mashreqbank psc Hong Kong Branch

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## Group Information (Consolidated basis)

### I. CAPITAL AND CAPITAL ADEQUACY

#### 1. Capital Ratio

	As at 31-12-2023	As at 30-06-2023
Total capital ratio	16.51%	18.00%
Tier 1 capital ratio	14.34%	15.71%
Common equity tier 1 capital ratio	13.71%	15.01%

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 31-12-2023 AED'000	As at 30-06-2023 AED'000
Aggregate Amount	31,317,790	26,211,671

### II. OTHER FINANCIAL INFORMATION

	As at 31-12-2023 AED'000	As at 30-06-2023 AED'000
Total assets	239,980,609	210,963,694
Total liabilities	208,662,819	184,752,023
Total loans and advances	110,355,479	94,956,188
Total customer deposits	146,232,155	126,778,463

	For the year ended 31-12-2023 AED'000	For the year ended 31-12-2022 AED'000
Pre-tax profit	8,830,006	3,932,285