

Additional Information

14. 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 2024	Q4 2023
Average Liquidity Maintenance Ratio for the period	81.50%	60.88%

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.