Asset-Liability Management (ALM) Policy

Balance Sheet Optimization & Risk Control

CONFIDENTIALITY NOTICE

This document contains strategic ALM procedures and interest rate risk parameters. Distribution is restricted to ALCO members, CFO, CRO, and authorized treasury personnel.

1. Objective

To manage the structure and maturity of assets and liabilities, ensuring sustainable profitability and controlled exposure to market and interest rate risks.

2. Oversight

The Asset-Liability Committee (ALCO) meets monthly to review: Liquidity and funding position, Interest rate and FX exposure, Capital adequacy ratios, Stress test outcomes.

3. ALM Principles

- Match asset and liability maturities within regulatory tolerance
- Diversify liability funding sources (customer deposits, wholesale funding, partner institutions)
- Maintain stable Net Interest Margin (NIM) through rate risk hedging
- Monitor gap positions daily and report monthly to ALCO

4. Interest Rate Risk in Banking Book (IRRBB)

- Repricing gap analysis conducted monthly
- Economic Value of Equity (EVE) monitored for sensitivity > ±15%
- Derivative hedging approved by the ALCO only
- Duration gap maintained within Board-approved limits

5. Liquidity Transfer Pricing (LTP)

Internal pricing mechanism aligns business unit liquidity consumption with cost of funds. Reviewed quarterly by Finance & Treasury. Ensures accurate profitability assessment across business lines.

ALCO Escalation Triggers

Immediate ALCO convening required for: (1) NIM decline >50 bps in one month, (2) EVE sensitivity exceeding ±15%, (3) Maturity mismatch gap >20% of total assets, (4) LCR or NSFR breach.