IGUAKO CAPITAL · Group policy

Liquidity and Funding

This policy sets how the group funds its proprietary balance sheet of US$610 million, how much liquidity it holds against stress, how the committed but undrawn facilities of US$215 million are maintained and used, how liquidity is measured and stressed each month, and what happens when the early-warning indicators trip. It establishes Group Treasury in George Town as the single point through which every intra-group funding movement clears, sets a minimum liquidity buffer of US$90 million and a survival horizon of 90 days, and keeps the client portfolio under stewardship entirely separate from the funding of the group.

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IGC-GR-002	Governance and risk	3.2
EFFECTIVE	**REVIEW**	**OWNER**
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1. Purpose and the funding model

Capital mobility depends on liquidity. A group that moves capital between rare markets and its best available use must be able to fund a position on the day the opportunity arises and to hold it through a period in which markets close. This policy exists so that the group is never forced to sell a position, decline a commitment or delay a client payment because cash was not where it was needed.

The group funds itself from three sources: the capital of the founding partnership and its co-investors, retained earnings, and committed term facilities from a panel of lenders. It takes no deposits from any person, issues no public debt and runs no retail business. The proprietary balance sheet of US$610 million at 30 June 2026 was funded 78 per cent by partnership capital and retained earnings and 22 per cent by drawn term facilities, and the committed but undrawn facilities of US$215 million stood behind it.

The client portfolio under stewardship, US$842 million, is held in fund vehicles and client accounts that are segregated under the Client Assets and Client Money policy. Client money and client assets are never used to fund the group, are never pledged for group borrowing and do not appear in any liquidity measure in this policy. Programme Latitude is funded from realised proceeds and never from new external capital.

2. Treasury organisation

Group Treasury sits in George Town within Latitude Treasury (Cayman) Ltd., the Caribbean treasury hub established under the 2026 phase of Programme Latitude. Every intra-group funding movement clears through the hub on a single ledger, so that the group can see at any moment where its cash is, in which currency and with which bank. Regional treasury desks in Manama, Luxembourg and Singapore manage local accounts and the regional share of the committed facilities under the hub's instructions.

The Chief Financial Officer owns the policy and the daily liquidity position. The Risk & Valuation Committee sets the liquidity limits within the Risk Appetite Framework and reviews the monthly liquidity report. The Executive Committee reviews the same report and decides on any funding action above the Chief Financial Officer's delegated authority of US$25 million. The Board approves the annual funding plan and any new facility.

Each booking entity has a named local treasurer, who is responsible for the entity's accounts, its local buffer and its regulatory liquidity reporting where the entity is subject to it. Local treasurers report to Group Treasury on liquidity and to their entity boards on everything else.

3. The liquidity buffer

The group holds at all times a liquidity buffer of at least US$90 million, about 15 per cent of the proprietary balance sheet, in assets that are unencumbered and can be turned into cash within five business days without loss. At least 60 per cent of the buffer is cash and overnight deposits with correspondent banks on the approved panel, and the remainder is short-dated government and supranational paper with a residual maturity of under twelve months. The buffer stood at US$118 million at 30 June 2026.

Each booking entity holds a local buffer equal to at least thirty days of its own projected outflows, so that an entity can meet its obligations if intra-group funding is delayed by a market closure, a payment-system outage or a legal restriction. Local buffers count towards the group buffer only to the extent they can be moved to the hub within five business days.

An asset that has been pledged, that is held at a counterparty under a restriction or that is needed to meet a known payment within five days does not count. The buffer is measured daily, and a fall below US$100 million is the first early-warning indicator under the contingency funding plan.

4. Committed facilities

The committed but undrawn facilities of US$215 million are provided by seven lenders in four jurisdictions. No single lender provides more than 25 per cent of the total, no facility matures within twelve months of any reporting date, and the weighted average remaining term was 3.2 years at 30 June 2026. The Gulf portion is administered from Manama and the European portion from Luxembourg; the hub in George Town holds the master record and authorises every draw.

Facilities are drawn only for a purpose approved in the annual funding plan, for an acquisition or commitment approved by the Investment Committee, or under the contingency funding plan. They are not drawn to fund distributions, remuneration or Programme Latitude. Each facility is tested once a year by a draw of not less than US$1 million repaid within the same week, so that the group knows the mechanics work before it needs them.

A facility that a lender seeks to reduce, reprice or make conditional is reported to the Chief Financial Officer on the day and to the Risk & Valuation Committee at its next meeting. The group maintains discussions with at least two lenders outside the current panel each year, so that a replacement can be put in place within six months if a panel lender withdraws.

- Seven lenders in four jurisdictions; no lender above 25 per cent of the total.
- No maturity within twelve months of any reporting date; weighted average term 3.2 years.
- Every draw authorised by Group Treasury in George Town against an approved purpose.
- Each facility tested annually by a draw of at least US$1 million repaid within the week.

5. Forecasting, stress testing and the survival horizon

Group Treasury prepares a thirty-day cash flow forecast daily and a twelve-month forecast weekly, by entity and by currency. The forecast model is a Tier 1 model under the Model Risk Management policy: its assumptions are validated annually and its accuracy is measured monthly against realised flows. A forecast that has missed by more than 10 per cent in two consecutive months is a finding and is investigated by the model validation unit.

Three stress scenarios are run every month. The idiosyncratic scenario assumes the loss of the largest correspondent bank for thirty days, a 30 per cent reduction in facility availability and the early redemption of every callable liability. The market-wide scenario assumes secondary markets for the group's positions close for sixty days, buffer assets take a 10 per cent haircut and counterparties demand collateral on every open exposure. The combined scenario applies both at once.

The survival horizon is the number of days the group can meet every obligation under the combined scenario. The minimum is 90 days without drawing the committed facilities and 180 days with them. At 30 June 2026 the horizons were 131 days and 240 days. A horizon below 120 days without facilities is the second early-warning indicator. Results go to the Chief Financial Officer on the day they are produced and to the Risk & Valuation Committee monthly.

6. The contingency funding plan

The plan has five early-warning indicators: the buffer below US$100 million; the survival horizon without facilities below 120 days; facility utilisation above 40 per cent; a downgrade or withdrawal of a panel lender or a panel correspondent bank; and an invocation of the Business Continuity and Disaster Recovery policy affecting the treasury service. Any one indicator moves the group to the first stage of the plan.

Stage one is heightened monitoring: the daily forecast is extended to sixty days, the stress scenarios are run weekly and the Chief Financial Officer reports to the Chief Executive daily. Stage two is restriction: no new commitment above US$5 million is made without the Chief Financial Officer's approval, distributions are suspended and the facilities are readied for draw. Stage three is invocation: facilities are drawn, and positions are sold in a sequence fixed in the plan, beginning with buffer assets and ending with core origination positions.

Movement between stages is decided by the Chief Financial Officer for stage one, by the Executive Committee for stage two and by the Board for stage three. The plan is exercised each year in a joint exercise with the Crisis Management Team, and the exercise includes a live test draw on one facility. No stage above the first has been reached since the policy took effect.

7. Reporting and review

The Chief Financial Officer receives the liquidity position daily. The Executive Committee and the Risk & Valuation Committee receive the monthly liquidity report, which shows the buffer, the local buffers, facility utilisation, the stress results, the survival horizons, the forecast accuracy and the indicators. The Board receives the report quarterly and approves the funding plan each year.

Entities subject to regulatory liquidity reporting file under the Regulatory Reporting and Engagement policy, and the local treasurer reconciles each filing to the group report before it is submitted. Internal Audit reviews the buffer measurement, the stress assumptions and the facility documentation annually. The policy is reviewed each May and whenever a new facility is signed or a panel lender withdraws.

Key controls

- Single funding ledger at Group Treasury in George Town through which every intra-group movement clears.
- Minimum group liquidity buffer of US$90 million measured daily, with at least 60 per cent in cash and overnight deposits.
- Local buffer of thirty days of projected outflows in every booking entity.
- Facility panel limits: no lender above 25 per cent, no maturity within twelve months, annual test draws.
- Monthly stress testing under three scenarios with survival horizons of at least 90 and 180 days.
- Daily thirty-day and weekly twelve-month cash flow forecasts from a validated Tier 1 model.
- Five early-warning indicators with staged responses decided by the Chief Financial Officer, the Executive Committee and the Board.
- Annual joint exercise of the contingency funding plan with the Crisis Management Team, including a live test draw.

Related policies

- Risk Appetite Framework (IGC-GR-001)
- Business Continuity and Disaster Recovery (IGC-DT-007)
- Client Assets and Client Money (IGC-CC-005)
- Regulatory Reporting and Engagement (IGC-GR-005)

Colophon

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