



Access Financial Services Limited

TERMS OF REFERENCE FOR THE ASSET & LIABILITY COMMITTEE (ALCO)

Background

Access Financial Services Limited (hereinafter called “the Company”) was established in 2000 under the Companies Act of Jamaica as a provider of personal and business loans to Jamaica’s Microfinance Sector. Given the nature of the company’s business the Executive Management team of Access Financial Services Limited (AFS) considers it important to establish an Asset and Liability Committee (hereinafter referred to as “the Committee”) as a standing Executive Management Committee that will report directly to the board’s Audit Committee. The Committee exercises a review function to assist the company in fulfilling its balance sheet risk and capital adequacy management oversight responsibilities.

The Asset and Liability Committee (ALCO) acts to ensure that the Company’s assets and liabilities are being maintained within strategically agreed board limits and all risk are clearly identified. The Committee also provides a critical service to the Audit Committee by bringing to their attention any breaches within the company’s board agreed balance sheet strategy and policy.

A. PURPOSE

The Asset and Liability Committee (the “Committee”) is established to assist the Audit Committee in overseeing its risk responsibilities in ensuring that management appropriately identify, measure, monitor and control the company’s risk and capital adequacy in relation to matters concerning:

- a. the company’s assets and liabilities
- b. AFS key risk areas including financial, liquidity, interest rate, funding and pricing/ reinvestment risks
- c. the annual budget and dividend policy
- d. financial control procedures with regard to internal limits

B. MEMBERSHIP

1. The Committee shall be comprised of a **maximum of four (4) members**.
2. The Chairman of the Committee shall be the CEO.
3. Members will be appointed by the CEO.

4. The **Finance Manager and Chief Operating Officer** shall **always be members of the Committee** and attend and participate in all meetings.
5. The majority of the members of the Committee should be financially literate and at least one member of the Committee should be a qualified accountant.
6. The Committee will assign an internal staff member to be the recording secretary for the Committee.
7. The Committee has the power to require any member of staff to attend meetings.

C. MEETINGS, QUORUM AND PROCEDURES

1. The Committee will determine its own rules of procedure, provided they are consistent with the regulations that govern AFS and the organization, generally.
2. The Committee will meet at **least quarterly** and more frequently as circumstances require.
3. The Chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.
4. **The Committee's quorum will be fifty percent (50%) membership plus 1.** This must include at least the CEO and or the COO.
5. The Committee may form sub-committees for any purpose that the Committee deems appropriate and may delegate to such sub-committees such power and authority as the Committee deems appropriate. No sub-Committee should consist of fewer than two members.
6. Meeting agendas and documents will be prepared for each meeting and provided within **a minimum of 3 working days in advance** to the Committee members along with appropriate briefing materials.
7. Other Management staff or other persons, whose advice and counsel are sought by the Committee, may be invited to meetings of the Committee to provide such pertinent information as requested.

8. The Committee shall keep written minutes of its meeting, which minutes shall be shared with the Audit Committee.

D. SPECIFIC RESPONSIBILITIES AND DUTIES

The Asset & Liability Committee will have the responsibility for identifying and controlling all the company's balance sheet risk and capital management while executing the business strategy. Balance sheet risk are managed by setting limits, monitoring exposures and implementing appropriate controls across the dimensions of products offered. This includes:

1. Monitoring limits on the composition of assets and liabilities
2. Ensuring the maintenance of a suitable liquid asset cushion
3. Ensuring that the company remains compliant with all funding external agency financial covenants
4. Reviewing the effects and potential impact of significant external events on interest rates
5. Reviewing and recommending to the Audit Committee the annual capital plan
6. Reviewing and recommending to the Audit Committee the asset and liability and funds management policy
7. Monitoring liquidity policy to ensure maintenance within approved guidelines
8. Supporting business pricing strategy through transparent identification of and communication of liquidity, funding and capital cost
9. Reviewing and challenging margin trends and movements
10. Reviewing limits on capital ratios
11. Reviewing and monitoring capital expenditure budget; and
12. Performing such other functions as assigned by the Audit Committee from time to time

E. SELF-EVALUATION

- a) The Committee shall conduct a self-evaluation of its performance on an annual basis.
- b) In conducting this review, the Committee will also evaluate whether this term of reference appropriately addresses matters including but not limited to attendance and participation or should be within its scope.
- c) In conducting this review, the Committee will address all matters that it considers relevant to its performance, including at least the following:
 - i. The adequacy, appropriateness and quality of its information and recommendations to the Audit Committee

- ii. The manner in which they were discussed or debated; and
- iii. Whether the number and length of meetings are adequate for the Committee to complete its work in a thorough and thoughtful manner.

F. RECORDING SECRETARY

The Committee shall have a recording secretary who shall attend all meetings and shall take the Minutes of the meetings.

The Recording Secretary is required to:

- a) circulate the notices and minutes of the Committee meetings
- b) distribute to Committee members, **3 working days prior to the meetings** of the Committee, all agenda and documents of meetings, reports and/or related documents which are prepared for consideration by the Committee
- c) keep detailed records of the Committee's meetings
- d) ensure copy of approved minutes are circulated to the Audit Committee; and
- e) have such other duties as may be assigned by the Committee.

G. REPORTING RESPONSIBILITIES

The Committee shall report to the Audit Committee after each meeting of the Committee. A written report shall be submitted to the Chairman of the Audit Committee.

H. CONFLICT OF INTEREST

Where there is a conflict of interest, the Committee Member so affected shall declare his or her interest to the Chairman and the details of the conflict are to be recorded by the Recording Secretary.

The Committee Member who has a conflict of interest shall not participate in the deliberations on the particular matter and will excuse himself from the discussions in respect of those interests during the period of discussion of the matter.

I. CONFIDENTIALITY OF COMMITTEE INFORMATION

All information received by the Committee is confidential and is the property of Access Financial Services Limited and cannot be disclosed to parties outside of the organisation without prior approval of the CEO.

J. AUTHORITY

The Committee has the authority to:

- a) Seek any information it requires from any officer or employee of AFS

- b) Meet with officers/employee of AFS for the purpose of garnering additional information to make relevant decisions.

K. REVIEW AND ASSESSMENT OF TERMS OF REFERENCE

The Audit Committee will conduct a review and assessment of the Committee’s Terms of Reference at least every 2 years in such manner as the Audit Committee deems fit.

DOCUMENT CONTROL

<i>Version</i>	<i>Date</i>	<i>Date Approved by Audit Committee</i>	<i>Area Changes made</i>
1 st	March, 2020	June 2, 2023	

APPROVAL

Accepted and Approved By:



CHIEF EXECUTIVE OFFICER

June 2, 2023


DATE



CHAIRMAN – AUDIT COMMITTEE
 (Actg.)

June 2, 2023

DATE



CHAIRMAN – BOARD OF DIRECTORS

June 2, 2023

DATE