

BANK ONE

Assets and Liabilities Committee

TERMS OF REFERENCE

Confidential Document

(For Internal Use Only)

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1. DEFINITIONS

- (i) **"Bank One" / "the Bank"** means Bank One Limited
- (ii) **"ALCO"** means Assets & Liabilities Committee
- (iii) **"EXCO"** means Management Executive Committee
- (iv) **"BCC"** means Board Credit Committee
- (v) **"BRMC"** means Board Risk Management Committee

2. CONSTITUTION & PURPOSE

The Assets and Liabilities Committee (ALCO) is established to oversee the management of the bank's assets and liabilities to ensure optimal balance sheet structure, profitability, and risk management. The Committee is responsible for monitoring and managing risks related to interest rates, liquidity, currency exposure, and capital adequacy, aligning with the bank's strategic objectives and regulatory requirements.

Further details are provided in section 11 on the `responsibilities of the Committee`.

3. COMPOSITION

- a) Members of the Committee shall be appointed by the EXCO.
- b) The composition of the Committee shall be reviewed at least on an annual basis by EXCO.
- c) The Committee will consist of the following members:
 - i. CEO : Chairman
 - ii. CFO : Member (Deputy chairman)
 - iii. COO : Member
 - iv. CRO : Member
 - v. Head of Consumer, Private Banking and Wealth Management: Member
 - vi. Head of Corporate and Institutional Banking: Member
 - vii. Head of Treasury : Member
 - viii. Head of Assets and Liabilities Management (ALM): Member
- d) The following positions shall be permanent attendees:
 - i. Head of Internal Audit
 - ii. Head of Finance
 - iii. Assets and Liabilities Manager
 - iv. Business Manager – CEO's Office
 - v. Head of Strategy
 - vi. A representative from Corporate Affairs



- e) The committee shall be chaired by the Chief Executive Officer or in his/her absence, by the Chief Financial Officer (Deputy Chairperson).
- f) Each member may appoint an alternate member to attend the meeting in his/her stead if the member is unable to attend the ALCO meetings, subject to the person that has been nominated is of the same caliber and same to be notified to the Secretary. For the sake of clarity, such alternate members shall vote in the stead of the member appointing him/her.
- g) The Chairperson may invite any person who has the knowledge and skills in respect of any aspect matter dealt with by the ALCO to attend all or part of any ALCO meeting.

4. SECRETARY

The Secretary of the ALCO will be the Assets and Liabilities Manager

5. QUORUM & VOTING

- a) A quorum for any meeting shall be five members, one of whom shall be at least the CEO or CFO. No business may be transacted at a meeting of the Committee if a quorum is not present.
- b) All decisions, including recommendations of the ALCO, shall be approved by a majority of all the Members present at a duly constituted meeting. However such majority shall include the Chairperson (or in his absence, the Deputy Chairperson).
- c) The Committee may approve an urgent matter by way of email circulation. Any decision / recommendation taken in such manner would be in line with the above preceding paragraph, i.e. circular resolutions shall be require majority approval. Such decision / recommendation shall be formally ratified at the ensuing meeting of the Committee.
- d) A member present at a meeting of the Committee is presumed to have agreed to and to have voted in favour of a decision/recommendation, unless he expressly dissents from or votes against the decision or recommendation at the said meeting.

6. CONFLICTS OF INTEREST

Members must avoid instances that may give rise to conflicts of interests, or which may be perceived by others as conflicting situations. Full information on any conflict or potential conflict of interest must be made known to the Chairperson of the Committee and in accordance with applicable laws and the Bank's policies and the onus will be on the members to advise on any conflicting situations.

On declaration of interest, the members concerned shall not participate in the discussions and/or decision-taking process on the transaction in relation to which conflict arises. The transaction may, however, be concluded and approved at market terms and conditions. Any related party transactions shall be escalated to the Board for final approval.



7. FREQUENCY OF MEETING

The ALCO meet monthly or more frequently as a Special ALCO, when urgent matters arise.

8. NOTICE OF MEETINGS

- a) Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members.
- b) Meetings should be organised so that attendance is maximised.
- c) The Meeting Pack, which includes the agenda and all supporting documents to be discussed at the ALCO shall be made available to the Members and Permanent Attendees, at least two business days prior to each meeting.

9. MINUTES OF MEETINGS

- a) The Secretary shall take minutes of all meeting. Such minutes shall be circulated to the Chairperson of the Committee for review, not later than 2 weeks post each meeting and thereafter, to all members. The minutes shall be tabled for approval at the ensuing ALCO meeting.
- b) Minutes of all Committee meetings shall be tabled at the ensuing EXCO meeting. Significant risks and internal control breakdowns shall be reported to the EXCO.

10. REPORTING RESPONSIBILITIES

The Chairperson of the Committee will report at each EXCO meeting on any matters of importance, the Committee's findings, and recommended actions.

Risk related matters that need to be escalated to BRMC will be done by the CRO in the consolidated Risk Report.

11. RESPONSIBILITIES OF THE COMMITTEE

The responsibilities of the Committee shall include the following:

- 1) Be responsible for the balance sheet planning of the Bank within the risk parameters set by the Board and the regulatory limits. It will need to strategically manage the following risks:
 - (i) Liquidity Risk
 - (ii) Interest Rate Risk
 - (iii) Foreign Exchange risk
 - (iv) Deposit Analysis/Concentration Risk for Deposit Portfolio
 - (v) Investment risks
 - (vi) Equity Risk if any



- (vii) Capital Risk
- (viii) Regulatory and compliance risks

2) Asset and Liability Management:

- To review and manage changes to the Bank's balance sheet, including structural changes and achievement of strategic objectives in relation to growth or shrinkage.
- To recommend types of products and treasury instruments with an appropriate duration and interest rate to manage the overall balance sheet structure. However, all new Products are subject to review by the Material Change Management Committee.

3) Liquidity

- Monitor liquidity position to meet the Bank's obligations.
- Establish strategies to manage liquidity gaps and funding sources. Review changes in the profile of liquidity and compliance with all liquidity limits set out in the Bank's Market Risk Policy.
- Consider the scenarios modeled as part of liquidity stress testing and identify additional scenarios based on best practice and following review of monthly stress tests.

4) Product Pricing

- To review and approve changes in the Prime Lending Ratio (PLR) and deposit pricing following a base rate change or for any other reason.
- Introduce and monitor the performance of the Pricing Committee (to be set up in due course).

5) Funding

- To review sources of funding, identify and assess the impact of new sources of funding and review all funding limits for compliance with the Market Risk Policy.
- To review the balance between the funding and lending plans, ensuring the lending plan is compatible with the funding plan.
- To review overall cash flow position and consider the impact of other inflows and outflows as they affect overall liquidity
- To review and approve the Bank's contingency funding plans.
- Determine and monitor the funding mix for each currency.

6) Net Interest Margin

- To review interest margin trends including forecast position, and the variance from the planned net interest margin, and detail any required actions as appropriate. This includes reviewing adverse and positive movements in pricing.

7) Interest Rate Risk

- Assess impact of interest rate changes on the bank's earnings and economic value.
- To consider and agree the Bank's interest rate view and changes thereto based on changes to the economic outlook and interest rate environment.
- To monitor compliance with limits as per the Market Risk Policy and earnings risk in relation to different changes in interest rates.

8) Investment

- Review reports on the implementation of the Investment Strategy and compliance within the defined framework of the Bank.



- Define and oversee the bank's Banking and Trading books. Report on elevated areas of risk within the investment strategy
- Review the compliance with all applicable regulations and that proactive engagement is maintained with the Regulators.
- Oversee and review the significant financial risk exposures the Bank generally faces in its investment portfolio, and monitoring of the performance, quality, maturity profile and any actions taken by the Management with respect thereto.

9) Capital Planning

- Reviewing capital levels to ensure compliance with both regulatory and internal capital requirements.
- Recommending actions to maintain optimal capital structure.
- Proactive Capital Management and Planning

9) Other Matters

- To decide upon appropriate recruitment, training and development for ALCO Members, Senior Management and Treasury personnel to ensure the requisite skills are available to monitor and control risk.
- To consider reviews of business assurance reviews, feedback from External Auditors and any other regulations/pronouncements/correspondence from external bodies.
- Determine appropriate funds transfer pricing and cost allocation methodologies for lines of businesses.

10) Determine the appropriate Funds Transfer Pricing Methodology to encourage the right behavior at bank level.

11) Determine the appropriate cost allocation methodology amongst business lines.

12) Regularly monitor business segments performance against the relevant KPIs.

12. AUTHORITY

The Committee is authorized to:

- Seek any information it requires from any employee of the Bank in order to perform its duties;
- Obtain, at the Bank's expense, any independent legal, accounting, or other professional advice on any matter that the Committee deems appropriate to enable it to carry out its duties.

Reviewed and Approved by the Management Executive Committee on 24th April 2025



Surjil Ramgobin
Chairperson of the EXCO & ALCO

