



Assets and Liabilities Committee Charter

1. Introduction

- 1.1 First Mortgage Managers Limited (**FMML**) has adopted the Assets and Liabilities Committee Charter (**Charter**) to help oversee and manage risk in its investment and funding portfolios, and treasury related risks associated with the various funds FMML manages.
- 1.2 The Assets and Liabilities Committee (**Committee**) was established to assist FMML's Board of Directors (**Board**) in the conduct of its responsibilities regarding credit risk management, funding management, and treasury risk management (including liquidity management).

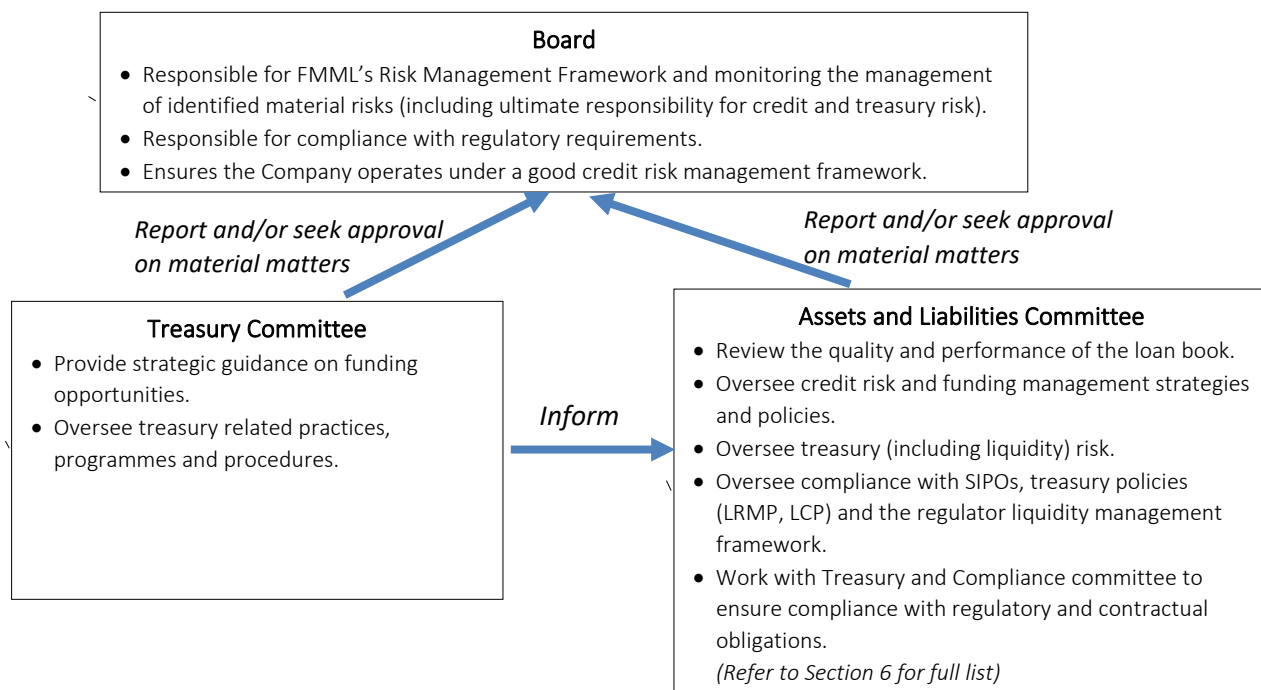
2. Authority

- 2.1 The Committee holds delegated authority from the Board to help oversee and manage risk in FMML's investment and funding portfolios, and the treasury related risks in relation to the various funds it manages (the FMT GIF, FM PIE Trust, and FMT Wholesale Fund) (**Funds**).
- 2.2 The Committee is authorised by the Board to investigate any activity covered by its role. It is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.
- 2.3 All employees shall have access to the chair of the Committee at any time.
- 2.4 The Committee shall seek the authority of the Board to obtain outside legal or other independent professional advice and/or to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary.

3. Governance Structure

- 3.1 The Committee will report to the Board on material matters and issues, including those requiring decisioning / approval. The Committee's existence does not absolve the Board of any of its responsibilities or legal obligations.

3.2 The following diagram shows a high-level overview of how ALCO, the Treasury Committee and Board interact.



4. Overall Objectives and Purpose

The overall objectives and purpose of the Committee are to assist the Board in fulfilling its duties to oversee the credit risk and funding management strategies and policies, and treasury related risks and policies used by FMML in managing assets and liabilities of the Funds. In carrying out its duties, the Committee will:

- 4.1 Ensure procedures are designed and implemented to manage the various credit and investment risks facing FMML.
- 4.2 Ensure compliance with fund SIPOs, lending policies and treasury specific policies.
- 4.3 Maintain open lines of communication among Management, the Treasury Committee, the Board, and Supervisors where appropriate, to exchange views and information, and confirm respective authority and responsibilities.
- 4.4 Ensure that Fund assets and liabilities are well managed, within appropriate risk boundaries, and results meet the long-term objectives of FMML, as well as the investment objectives set out in the fund SIPOs
- 4.5 Assist the Board in discharging its responsibilities to exercise due care, diligence, and skill in relation to oversight of the effective management of credit and treasury risks for the funds FMML manages.
- 4.6 Perform any other ALCO related duties as directed by the Board.

5. Committee Membership and Meetings

- 5.1 The Committee shall be appointed by the Board. The Board may terminate an appointment to the Committee at any time.
- 5.2 The Committee shall consist of not less than five members with the majority of members to be independent directors.
- 5.3 The board shall appoint the Committee chair. The Chairperson shall be responsible for fostering constructive discussions and managing different perspectives.
- 5.4 A quorum shall be the majority of members.
- 5.5 Committee members will respect and recognise each other’s contributions and embrace any differences.

- 5.6 The Committee may have in attendance such persons as it may deem necessary to provide appropriate information or explanations.
- 5.7 The Committee will hold a minimum of 11 regular meetings per year. In addition, the chair is required to call a meeting of the Committee if requested to do so by any Committee members, FMML's Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, or any member of the Board.
- 5.8 All directors shall be entitled to attend meetings of the Committee but only Committee members shall be entitled to vote on any matter before the Committee. In the case of an equality of votes at a meeting of the Committee, the chair shall have a second or casting vote.
- 5.9 The Chairperson shall set the agenda for all committee meetings, which will include, as a standing item, a review of agreed actions from the prior meeting. Reasonable notice of meetings and the business to be conducted, along with copies of relevant supporting information shall be given to Committee members.
- 5.10 The secretary of the Committee shall be appointed by the Board. Minutes of all meetings shall be kept.

6. Roles and Responsibilities

6.1 Responsibilities of the Committee include:

- Ensuring fund assets are only invested in authorised investments and in accordance with the relevant Statement of Investment Policy and Objectives (**SIPO**). Reviewing performance of investments against SIPO objectives.
- Understanding the Company's strategic plan
- Working with the Compliance and Treasury Committees, as needed, to ensure compliance with fund SIPOs, all regulatory and contractual obligations
- Reviewing and recommending internal credit policies and monitoring ratios
- Recommending portfolio limits for Board approval
- Reviewing the quality and performance of FMML's lending portfolio and cash investments
- Reviewing current and forecast liquidity levels
- Reviewing FMML's cash investment portfolio
- Reviewing lending capacity
- Reviewing current and forecast investor returns
- Reviewing Treasury Committee Reports and Strategies
- Reviewing portfolio mix
- Reviewing loan portfolio summary against each loan category and against target levels
- Reviewing interest rate spread and trends
- Reviewing market events, insights, and trends
- Reviewing average loan size
- Reviewing LVR analysis and trends
- Assessing loans approved and drawdowns (size of loans, location, category, LVRs, who approved)
- Reviewing loan application fees charged for the month
- Reviewing lending forecast and pipeline
- Reviewing risk profile of the lending book
- Reviewing risk profile of cash investments, including counterparty risk and relevant controls.
- Reviewing loan arrears
- Reviewing expired loans/renewals
- Reviewing loans on the "watch list"
- Reviewing impaired loans and provisioning
- Reviewing and reporting to the Board the results of stress testing and monitoring of Early Warning Indicators.
- Considering any management recommendations for changes to the credit policies
- Oversight of climate-related risks and their impact on the loan portfolio
- Addressing any other matters delegated to it by the Board.

- 6.2 The Committee shall obtain the Board's approval of this Charter and review and reassess this Charter as conditions dictate (at least biennially).

Document Review and Approval History

Version	Author	Date of Changes	Revision / Description of Change	ALCO Approval Date	Board Approval Date
1	Julie McCullough	08.09.2020	Drafted & Updated 4. Membership section to include Board Chairman	23.02.2021	19.03.2021
2	Geoff Newland	22.06.2022	Full review	11.07.2022	28.07.2022
3	Geoff Newland	31.5.2023	Full review	13.06.2023	13.06.2023
4	Andrew Western	14.06.2024	Full review	18.06.2024	18.06.2024