



Assets and Liabilities Charter

First Mortgage Managers Limited (FMML) has adopted the Assets and Liabilities Committee Charter (“Charter”) to help manage risk in our investment and funding portfolios.

The Charter states the roles and responsibilities for the Assets and Liabilities Committee.

1. Introduction

The Assets and Liabilities Committee (“Committee”) has been established to assist the Board in the conduct of its responsibilities regarding credit risk management and funding management (including liquidity management). The Committee will report back to the full Board on all material matters and issues requiring decisions. The Committee does not remove from the full Board of Directors any of its responsibilities and legal obligations. Against this background the roles of the Committee as set out in this Charter will apply.

2. Authority

- 2.1 The Committee is authorised by the Board to investigate any activity brought to its attention relating to credit risk and funding management or its responsibilities as outlined in this Charter. 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.
- 2.2 All employees will have access to the chair of the Committee at any time.
- 2.3 The Committee shall have the authority of the Board to obtain outside legal or other independent professional advice at the expense of FMML and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 2.4 The Committee will obtain the full Board of Directors’ approval of this Charter and review and reassess this Charter as conditions dictate (at least biennially).

3. Overall Objectives and Purpose

The objective of the Committee is to oversee the credit risk and funding management strategies and policies used by FMML in managing the assets and liabilities of First Mortgage Trust Group Investment Fund, First Mortgage PIE Trust, and any other fund managed by FMML (all together the “Investment Fund”).

The desired outcome is to ensure that the Investment Fund assets and liabilities are well managed, in the case of Investment Fund assets within appropriate risk boundaries, and the results meet the long-term objectives of FMML.

Investment Fund assets are only to be invested in authorised investments and in accordance with their Statement of Investment Policy and Objectives (SIPO).

4. Responsibilities

- 4.1 The overall responsibility of the Committee is to provide oversight of the credit risk and funding management of FMML and the Investment Fund. More broadly, the responsibilities of the Committee include:



- Understanding the Company's strategic plan
- Working with the Compliance and Treasury Committees, as needed, to ensure compliance with 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 credit portfolio
- Reviewing current and forecast liquidity levels
- Reviewing lending capacity
- Reviewing current and forecast investor returns
- Reviewing Treasury Committee Reports and Strategies
- Portfolio Mix
- Loan Portfolio summary against each Loan Category and against Target Levels
- Interest Rate Spread and Trends
- Analysing market events, insights, and trends
- Average Loan Size
- LVR analysis and trends
- Loans approved and drawdowns during the month (Size of Loans, Location, Category, LVR's, who approved)
- Loan Application Fees charged for the month
- Lending forecast and pipeline
- Risk profile of lending book
- Loan Arrears
- Expired Loans / Renewals
- Loans that are on the "Watch List"
- Impaired loans and provisioning
- Any general topics that require review e.g., Methamphetamine, Apartment Lending
- Any Management recommendations for changes to the Loans Manual
- Addressing any other matters delegated to it by the Board

5. Committee Membership and Meetings

- 5.1 The Committee shall be appointed by the Board of Directors.
- 5.2 The Committee shall consist of not less than five members with the majority of members to be independent directors. The Board may terminate an appointment to the Committee at any time.
- 5.3 The board shall appoint the Committee chair.
- 5.4 A quorum shall be the majority of members.
- 5.5 The Committee may have in attendance such persons as it may deem necessary to provide appropriate information or explanations.
- 5.6 Committee members will respect and recognise each other's contributions and embrace any differences.
- 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, Chief Financial 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 Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee.
- 5.10 Minutes of all meetings shall be kept.

