



Housing Australia

**ASSET AND LIABILITY COMMITTEE
CHARTER
April 2024**

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Objectives

The Asset and Liability Committee's (**ALCO**) is a Management Committee with the following objectives:

1. To oversee the management of Housing Australia's assets and liabilities.
2. To evaluate and monitor the risks and controls for financial risk (excluding credit risk managed via Credit Committee).
3. To make recommendations on how financial risks should be managed within risk appetite balancing the associated costs, risks and benefits.
4. To review and recommend Financial Risk Policies and Procedures.

Authority

The Housing Australia CEO authorises the Committee, within its responsibilities, to:

- obtain any information it requires from any official or external party (subject to any legal obligation to protect information);
- discuss any matters with external parties (subject to confidentiality considerations);
- request the attendance of any non-members, including members of the Audit and Risk Committee (**ARC**), at Committee meetings;
- obtain legal or other professional advice at Housing Australia's expense, as considered necessary to meet its responsibilities; and
- make recommendations to the ARC and/or Board to mitigate and manage financial risks.

Membership

The Committee will comprise of the Chair and Housing Australia employees who hold the positions of:

- Chief Financial Officer (Chair)
- Chief Risk Officer;
- Treasurer;
- Chief Origination Director;
- Chief Credit Officer;
- Chief Legal Officer; and
- Independent advisor(s)

A quorum will consist of four members. If the Chair is unable to attend, the CRO will be acting Chair.

The Committee, at its discretion, may recommend the appointment of additional members (including independent advisors (if appropriate) for CEO approval.

The Committee will be entitled to call other Housing Australia employees or such other expert advisers it determines is appropriate to enable the Committee to satisfy its duties and responsibilities and meet its objectives.

All members of the Committee should have appropriate qualifications, knowledge, skills and experience to assist the Committee to perform its functions.

Participation of non-members

Housing Australia's internal and external lawyers, Housing Australia's commercial consultants and

Housing Australia's employees may attend on invitation but will not be entitled to vote at Committee meetings. External participants will be required to execute Confidentiality Agreements and Conflicts of Interest Disclosure prior to their attendance.

Duties and responsibilities

The Committee's duties and responsibilities are to:

- Oversee the management of Housing Australia's financial risks consistent with strategic objectives and within Housing Australia's Board approved risk appetite.
- Endorse the relevant risk frameworks, policies, and risk reporting and make recommendations for any changes deemed appropriate to reflect size, scale and complexity of Housing Australia Treasury activities.
- Monitor controls performance for Financial Risk control and oversee remediation of these if required
- Monitor Risk Appetite Statement reporting for Financial Risk and any return to appetite actions if required
- Funding and liability management: ALCO shall oversee the management of the Housing Australia's liabilities. This includes:
 - Reviewing the proposed short-, medium- and long-term funding plans put forward by the treasury function;
 - Optimising Housing Australia's funding sources for its Affordable Housing Bond Aggregator (AHBA) loans business;
 - Oversee planning for stakeholder engagement activities, including roadshows and investor meetings for Bond Issuances;
 - Oversee planning activities and carefully consider the timing of Bond Issuances and loan drawdowns under Housing Australia's AHBA loans, including minimising any timing and interest rate mismatches between the settlement of CHP loan facilities and each bond issuance;
 - Oversee Housing Australia's Environmental, Social and Governance (ESG) commitments in relation to bond issuance;
 - Consider and make recommendations to Housing Australia's Board regarding the engagement of any third-parties or intermediaries in connection with any Bond Issuance; and
 - Ensure activities associated with a Bond Issuance comply with all legislative requirements and the Housing Australia Investment Mandate.
- Asset management: ALCO shall oversee the management of Housing Australia's assets, including:
 - The aggregate loan book, its performance and potential implications for investor confidence in Housing Australia.
 - Oversee the pipeline of NHIF and AHBA loans, expected repayments and refinancing.
 - The investment of short-term surplus cash ensuring it is managed within policies and frameworks.
- Capital management: The ALCO will also be responsible for overseeing management of Housing Australia's capital structure within the requirements of the Investment Mandate.
- Liquidity risk: ALCO is responsible for overseeing Housing Australia's liquidity within the parameters of the Liquidity Policy. ALCO should receive regular information on Housing Australia's liquidity position and develop contingency plans to address any potential liquidity shortfalls.
- Market risk: ALCO shall monitor market risks, most notably interest rate risk which may arise from mismatches between the duration and pricing of Housing Australia's assets and liabilities. The ALCO will manage market risk within policies and risk frameworks.
- Counterparty credit risk: ALCO shall monitor and oversee the management of counterparty risk in the

Treasury function arising from the investment of liquid assets, use of derivatives and any other exposures that give rise to counterparty risk.

- External environment: ALCO shall monitor the external environment for relevant financial risks including the performance of funding markets and other developments that may impact Housing Australia's financial risk.

Governance and reporting

The ALCO will report to the CEO.

The ALCO Chair will undertake an effectiveness review of the Committee annually which will be provided to the CEO. The Chair may brief the ARC Chair on material risks and key decisions.

The Treasurer will provide a summary of each ALCO meeting to ARC via the Treasury Report (or an alternative paper). Upon request, the Committee will provide:

- copies of its minutes to Housing Australia's ARC and/or Board; and
- such additional reporting as Housing Australia's ARC or Board may require.

Meetings

The Committee will meet at least six times per calendar year and at least once every three months. A member of the Committee may attend a meeting via video conference or telephone rather than in person.

The Chair of the Committee will approve the agenda for the Committee's meetings, and any member may suggest items for consideration. Briefing materials will be provided to the Committee at least 5 business days in advance of meetings, unless otherwise agreed with the Chair.

Voting

Decisions by the Committee will be based on votes cast by a majority of members present.

Minutes

The Housing Australia Board Secretary (or alternate) will keep minutes of Committee meetings. Draft minutes should be provided to the Chair for review within 5 business days of the meeting. Minutes will be tabled for approval at the subsequent meeting.

Review of charter and performance

The Committee will review the Committee's performance against this charter annually and will review the terms of this charter at least biennially.

Conflicts of interest

Members must disclose any conflicts of interest or potential conflicts of interest they may have in relation to their responsibilities at the start of each meeting. A standing item for conflicts of interest will be on the agenda for every meeting.

For further details regarding conflicts of interest, refer to the Conflicts of Interest Policy (Staff) and Conflicts of Interest Procedures.