



**ASSET AND LIABILITY COMMITTEE  
CHARTER**

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## **MyState Financial Limited (MSF)**

### **Asset and Liability Committee (MSF-ALCO)**

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##### **Scope and Objective**

The Asset and Liability Committee (MSF-ALCO) shall assist the Board of MyState Financial in fulfilling its oversight responsibilities with respect to asset and liability management, liquidity and capital management as well as interest rate, market and credit risk:

The MSF-ALCO may recommend changes in asset/liability pricing as well as product changes (including product introduction and removal) to ensure MSF can meet its commitments and operates within established Board policy.

The MSF ALCO shall provide reports to the Group Risk Committee.

All MSF ALCO processes and performance shall be monitored by the Group Risk Committee.

##### **Duties and Responsibilities**

To fulfil its responsibilities and duties, the MSF-ALCO is expected to

- Review the MSF Balance Sheet and recommend changes with regard to capital management, funding and securitisation activities (including product related issues).
- Review measures of liquidity and capital adequacy position against the guidelines and limits established in Board Policy;
- Review measures of profitability, particularly net interest income and fee including strategies and directives;
- Review management interest rate view as well as asset and liability repricing data;
- Receive and review reports from management concerning the organization's credit risk;
- Receive and review management reports on interest rate risk against guidelines and limits established in Board Policy as well as stress testing undertaken;
- Consider and approve pricing on interest bearing assets and liabilities as well as fee revenue attached to these products;
- Oversee lending and depositing activities, including the provision of discretion pursuant to Board Policies;
- Receive and review reports from management regarding significant asset and liability exposures;
- Oversee securitisation activities of the organisation, including recommendations for future securitisation transactions;
- Oversee product development as well as implementation;

- Review and maintain liquidity and capital management plans, including contingency measures;
- Make recommendations to the Board on changes to the following policies:
  - Lending;
  - Term Deposits; and
  - Finance related policies (including ICAAP and Liquidity).
- To review and consider any breaches of policy; and
- Report minutes and any resolutions to the Board on at least a monthly basis or more often where appropriate.

## **MSF-ALCO Governance**

### *Membership*

The MSF-ALCO shall comprise all members of the Executive as well as the Treasurer as permanent members of the Committee.

### *Meetings*

The MSF-ALCO shall meet at least monthly (usually the second Tuesday of the month unless otherwise advised by the Chairman) and on an ad hoc basis where circumstances require.

### *Quorum*

A quorum will be at least four permanent members of the MSF-ALCO, one of which must be either the Managing Director or Chief Financial Officer.

### *Additional Attendees*

Senior Management personnel will be invited to attend all Committee meetings as required as well as any other personnel whose contribution is considered by any permanent member to be appropriate and useful.

The following Senior Management will be invited to attend meetings on a regular basis, as required:

- Senior Manager Operations;
- Senior Manager Retail and Strategic Partners;
- Senior Manager Risk;
- Senior Manager Products
- Senior Manager Brands and Communications

### *Chairman*

The Managing Director shall designate one permanent member of the Committee as the MSF-ALCO Chairman.

The Chairman of the Committee should provide a report to the Board with a summary of the Committee's work and results. This should include the Committee's meetings, any formal recommendations of the Committee and other major issues of which the Committee believes the Board should be informed.

#### *Secretary*

The Treasury Manager or his/her designated representative shall be appointed Secretary to the Committee. The Secretary, in conjunction with the Chairman, shall draw up an agenda and Committee papers, which shall be circulated to each member of the Committee and others requested to attend any meeting, at least two working days prior to each meeting.

The Secretary will prepare the minutes of Committee meetings to be circulated to each member of the Committee.

#### *Recommendations*

The MSF-ALCO may recommend action that requires Board ratification where it believes the action is necessary to protect the assets and equity of MyState Financial. The MSF-ALCO will state such recommendations in writing.

Resolutions require the support of the Managing Director (or if the Managing Director is unavailable within require timeframes, the Chief Financial Officer), in addition to at least 3 other permanent MSF-ALCO members.

Resolutions may be passed at the MSF-ALCO meeting or via rotary resolutions. In the case of rotary resolutions, permanent members will be required to provide their views in writing to the Chairman of MSF-ALCO.

#### *MSF-ALCO Direction*

Only the Board or its delegated authorities as listed below may act or direct action in respect of MSF-ALCO recommendations in these circumstances.

#### ***Chief Executive (Managing Director)***

The Managing Director has the delegated authority of the Board to act in any way necessary to protect the assets and equity of MyState Financial with or without the recommendation of the MSF-ALCO. Any further direction given to an individual by the Managing Director to act with regard to this delegated authority must be given in writing stating the use of this delegated authority. The Managing Director will notify the Chairman of the Board immediately upon the use of this delegated authority and will seek ratification at the next Board meeting.

#### ***Chief Financial Officer (Chief Financial Officer)***

The Chief Financial Officer is responsible for the management of MyState Financial's treasury portfolio in accordance with MSF-ALCO decisions and this policy and may delegate operational responsibilities within the Finance Unit to act in accordance with this policy and within procedural guidelines.

The Chief Financial Officer may act with the delegated authority of the Managing Director only in the absence of the Managing Director. Any direction given to an individual by the Chief Financial Officer with regard to this delegated authority must be given in writing stating the use of this delegated authority.

### ***Treasurer***

In the event that the Managing Director and the Chief Financial Officer are simultaneously unavailable and only where the assets and equity of MyState Financial are at risk, the Treasurer may act with the delegated authority of the Chief Financial Officer to take action to secure the assets and / or equity of MyState Financial on the recommendation of the MSF-ALCO. Any direction given to an individual by the Treasurer to act with regard to this delegated authority must be given in writing, stating the use of this delegated authority.

### ***Meeting Attendance***

The MSF-ALCO meeting will require attendance of all permanent members and the necessary additional attendees noted above. If any permanent or required additional attendee of the Committee is unavailable, a delegate representing this functional area will be required to attend.

### ***Charter Review***

The Committee shall review and reassess its Charter on an annual basis.

### ***Committee Performance***

The Committee shall evaluate its own performance on an annual basis.