
Risk Management Policy

MoneyMe Limited (ACN: 636 747 414)

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1 Introduction

The identification and proper management of MoneyMe Limited (**MoneyMe**) risks are an important priority of the board of directors of MoneyMe (**Board**). This risk management policy provides a framework for how the Board identifies, analyses and monitors any risks that MoneyMe is subject to.

This is a group-wide policy and applies to all operations of MoneyMe.

2 Risks

The key risks faced by MoneyMe are reflected below.

Ref.	Key Risk Area	Risk Description
1.	Governance Risk	This is the risk that the Group's oversight and risk management systems, from policy setting, review and update to control assurance and risk/issue management processes are not effective to meet the needs and expectations of stakeholders, from employees and shareholders to customers, funders, regulators and the broader community.
2.	Credit Risk	<p>MoneyMe's customers may not pay the principal, interest and fees owing to MoneyMe under their contract, which could result in a decrease in revenue and operating cash flows received, and an increase in expenses (including an increase in impairment expenses). Customer non-payment is a significant component of MoneyMe's expenses at present. If MoneyMe's excessive exposure to bad debts as a result of customers failing to repay their financial obligations to MoneyMe is higher than expected, it will have a material adverse effect on MoneyMe's profitability.</p> <p>MoneyMe's funding arrangements also contain limits on the arrears or loss rates of receivables in the Warehouse Trusts which, if exceeded, may result in drawdowns being refused by the funders of those facilities. MoneyMe's ability to access funding is also predicated on its ability to generate stable Static Loss Rates over time, so if funders lose confidence in MoneyMe's ability to underwrite credit to the standard expected MoneyMe may find it more difficult to obtain funding or obtain funding on satisfactory terms.</p>

Ref.	Key Risk Area	Risk Description
3.	Technology and Cyber Security Risk	<p>This risk area covers technology related processing failures, technology relevance and data security as further outlined below.</p> <p>Processing failures: MoneyMe is dependent on the Horizon Technology Platform to deliver fast and convenient access to finance for its customers and to successfully price credit risk. The Horizon Technology Platform may experience downtime or interruption due to system failures, service outages, corruption of information technology network or information systems as a result of computer viruses, bugs, worms or cyber-attacks, as well as natural disasters, fire, power outages or other events outside the control of MoneyMe. Any systemic failure could cause significant damage to MoneyMe’s reputation, its ability to make informed credit decisions and assess the credit performance of its loan book, its ability to service customers in a timely manner, and its ability to retain existing customers and generate new customers, any of which could have a materially adverse impact on MoneyMe’s business, operating and financial performance, and/or growth.</p> <p>Technology Relevance: MoneyMe’s technology platform or product offering may also become obsolete or outdated through the investment of its peers in superior technology and/or product offerings, increased access to data through the introduction of positive credit reporting reforms or general market developments. This could necessitate MoneyMe to undertake substantial investment in updating or improving its current technology platform and product offering, which could have a material adverse impact on MoneyMe’s business, operating and financial performance, and/or growth.</p> <p>Data security: By their nature, information technology systems are susceptible to security issues, including cyber-attacks and other unauthorised access to data and information. Any data security breaches or MoneyMe’s failure to protect private customer information (including through cyber-attacks) could result in a significant disruption to MoneyMe’s systems, reputational damage, loss of system integrity and breaches of MoneyMe’s obligations under applicable laws. An obligation under privacy laws to notify individuals and the Australian Information Commission of the breach could reduce MoneyMe’s ability to retain existing customers and generate new customers, any of which could have a material adverse impact on its business, operating and financial performance and reputation.</p>

Ref.	Key Risk Area	Risk Description
4.	Liquidity & Funding	<p>MoneyMe’s ability to write new loans on favourable terms depends, in turn, on its ability to access funding and the terms on which such funding is obtained. Accordingly:</p> <ul style="list-style-type: none"> • if MoneyMe is not able to secure additional funding (as and when it is required), MoneyMe may not be able to write new loans or its ability to do so may be restricted; and • if there is a loss or an adverse impact (for instance an increase in the cost of capital) to MoneyMe’s current funding sources (including the Horizon Warehouse and the Velocity Warehouse), or any future funding sources, MoneyMe’s ability to write new loans on favourable and/or competitive terms will be limited. <p>MoneyMe may not be able to extend the financing term or increase the funding capacity of its Warehouse Trusts beyond their existing terms and/or, when renegotiating an extension or increase, may not be able to do so on the same or more favourable terms. In addition, MoneyMe may not be able to enter into new warehouse facilities or other funding arrangements (including as part of a refinancing) sufficient to meet its business requirements. This could impact MoneyMe’s ability to write new loans or write new loans on competitive terms.</p>
5.	Regulatory Compliance	<p>MoneyMe is subject to a range of laws, regulations and industry standards including (but not limited to) the National Consumer Credit Protection Act 2009 (Cth) (NCCP Act), the Financial Sector (Collection of Data) Act 2001 (Cth) (FSCODA) and the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), each of which creates conduct and disclosure obligations applicable to MoneyMe, and are liable to change with developments in political, regulator and consumer expectations.</p> <p>Failure to comply with these laws, regulations and industry compliance standards could adversely impact MoneyMe’s business through civil penalty proceedings, loss or suspension of licence, increased compliance costs, the cessation of certain business activities, restrictions on product and service expansion, litigation and disputes, regulatory enquiry or investigation and reputational damage.</p>

Ref.	Key Risk Area	Risk Description
6.	Operational Risk	<p>Overall, failure of MoneyMe’s controls and procedures to manage operational risk could result in reputational damage and potential litigation for MoneyMe and may have a materially adverse impact on MoneyMe’s business, operating and financial performance, and/or growth. Key specific operational risks are highlighted below.</p> <p>Human error/fraud: MoneyMe is exposed to human error and fraud relating to employees not carrying out their duties responsibly and in line with agreed policy and process. These risks include employees providing a customer with misleading or inaccurate information in relation to the cost of their loan or their loan repayment options which could result in an unfair customer outcome.</p> <p>Reliance on third party systems suppliers: The Horizon Technology Platform (and by extension the MoneyMe Business) relies on key inputs from third parties to operate, from third-party credit agencies and contracts with third-party information technology suppliers and software providers to use of third-party payment providers and third party for cloud-hosting and data repository services. MoneyMe’s business is consequently exposed to the ongoing availability and quality of third party services and products at affordable price points. Disruption in relation to third party system providers could have a material adverse effect on MoneyMe’s business, financial condition, operating and financial performance, customer reputation, cost of funding and/or growth.</p>
7.	People	<p>The successful operation of MoneyMe depends on the performance and expertise of its key management personnel and high performing employees with specialist skills (including technology and credit risk assessment). The loss of certain key personnel, and the inability to attract and retain replacements or new key personnel, may have a materially adverse impact on MoneyMe’s business, operating and financial performance, and/or growth.</p>
8.	Customer & Brand Reputation	<p>The strength of MoneyMe’s brand and reputation is an important part of retaining and growing its customer bases and, accordingly, an event that has a negative impact on MoneyMe’s brand could have a material adverse impact on the demand for MoneyMe’s products. This may adversely impact MoneyMe’s business, financial condition, operating performance, and/or growth.</p>

Ref.	Key Risk Area	Risk Description
9.	Financial Performance	<p>MoneyMe has developed a number of growth strategies which include increasing MoneyMe's market penetration, increasing MoneyMe's Total Addressable Market through product innovation and entering new geographies. There is no guarantee that all or any of MoneyMe's growth strategies will be successfully implemented, deliver the expected returns or ultimately be profitable. There is also a risk that the growth strategies may be subjected to unexpected delays and additional implementation costs.</p> <p>Any change to MoneyMe's ability to achieve any or all of its growth strategies, or the market's perception of MoneyMe's ability to deliver growth to Shareholders, is likely to have a significant impact on MoneyMe's share price.</p>
10.	Social & Environmental Risk	This is the risk that MoneyMe does not meet expectations set by its stakeholders in relation to the environment and to social matters.

3 Responsibility

Responsibility for risk management is shared across the organisation.

Key responsibilities include:

- The Board is responsible for overseeing the establishment and approving MoneyMe's risk management framework (for both financial and non-financial risks) including its strategy, policies, procedures and systems and setting the risk appetite within which the Board expects management to operate.
- The Board has delegated to the Audit and Risk Management Committee responsibility for:
 - identifying major risk areas;
 - reviewing (at least annually) and monitoring the effectiveness of MoneyMe's risk management framework to satisfy itself that it continues to be sound and that MoneyMe is operating with due regard to the risk appetite set by the Board;
 - ensuring that risk considerations are incorporated into strategic and business planning;
 - providing risk management updates to the Board and any supplementary information required to provide the Board with confidence that key risks are being appropriately managed;
 - reviewing MoneyMe's financial statements and reports;
 - in relation to MoneyMe's financial reporting, without limitation:

- reviewing the suitability of MoneyMe’s significant accounting policies, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
 - assessing significant estimates and judgements in financial reports;
 - assessing information from the external auditor to ensure the quality of financial reports; and
 - recommending to the Board whether the financial and associated non-financial statements should be signed based on the Committee’s assessment of them.
- Review of MoneyMe’s related party transactions (if any);
 - overseeing MoneyMe’s financial controls and systems;
 - managing audit arrangements and auditor independence, including considering whether an internal audit function is required and, if not, ensuring that MoneyMe discloses the processes it employs to evaluate and improve its risk management and internal control processes; and
 - ensuring that processes are in place for any periodic corporate report MoneyMe releases to the market that has not been subject to audit or review by an external auditor to verify the integrity of its content.
- MoneyMe management is responsible for establishing MoneyMe’s risk management framework, including identifying major risk areas and developing MoneyMe’s policies and procedures, which are designed effectively to identify, treat, monitor, report and manage key business risks.
 - The Chief Executive Officer and Chief Financial Officer are to provide to the Board declarations in accordance with section 295A of the Corporations Act and the ASX Governance Principles.

Each employee and contractor is expected to understand and manage the risks within their responsibility and boundaries of authority when making decisions and undertaking day to day activities.

4 Reporting

It is the responsibility of the Audit and Risk Management Committee to report to the Board about MoneyMe’s adherence to policies and guidelines approved by the Board for the management of risks.

The Chief Executive Officer and Chief Financial Officer are each responsible for reporting to the Audit and Risk Management Committee any proposed changes to the risk management framework and to that committee and to the Board any exposures or breaches of key policies or incidence of risks, where significant.

5 Dealing with risks

Risk issues will be identified, analysed and ranked in a consistent manner.

MoneyMe will deal with risks in the following way:

- Identify the nature of the risk
 - Determine the seriousness of such risk, and who the risk is to be reported to
 - Develop a risk mitigation plan
 - Implement the risk mitigation plan
 - Monitor and report progress of risk mitigation plan
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6 Review

The Audit and Risk Management Committee will review this policy at least every year or earlier if required by a change in circumstances.

The Audit and Risk Management Committee will submit any amendments required to the Board for approval.