XRYMAPLC-3-C-Board Risk Committee Charter

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1 Composition of the Risk Committee of the Board

The Committee shall be members of, and appointed by, the Board of Directors and shall comprise at least 2 non-executive directors plus the managing director, or 3 non-executive directors and an executive director, with the secretary of the company being the secretary of the Risk Committee. All Committee members shall be financially literate. One member, who does not chair the Board, shall be appointed to chair the Risk Committee and be an independent nonexecutive director. At least one member shall have accounting and/or related financial management expertise as determined by the Board, along with another member who has experience in managing financial, operational and regulatory risk. All Committee members shall have a reasonable understanding of the sectors in which the Company participates.

2 Role of the Risk Committee of the Board

The role of the Risk Committee of the Board is to:

1. assist the Board of Directors in the effective discharge of its responsibilities for business, market, credit, equity and other investment, financial, operational, liquidity and reputational risk management;
2. oversee adherence to internal risk policies and procedures, and;
3. perform such other functions as assigned by law, the Company's Constitution, and regulatory requirements, including those stipulated by the Central Bank of Cyprus and EU directives.

3 Operations

The Committee shall review risk matters via a meeting of the committee at least twice yearly in intervals of approximately 6-months, and otherwise as required Per Schedule 1.

Minutes of these meetings are to be kept and provided to the Board as part of their next meeting papers.

4 Authority and Resources

The board authorises the risk committee, through the risk committee chair, to;

1. upon any officer or employee of the Company, auditor or external party to provide the Committee with information or materials held by or available to him or her;
2. have full access to senior management, risk and financial control personnel and any other relevant parties (internal and external);
3. meet separately with the Chief Risk Officer (CRO) and auditor without management being present, if required by the Committee; and

4. conduct or authorise investigations and may retain independent legal, accounting or other services, when considered necessary or appropriate.

5 Reporting to the Board

To assist the Board to carry out its risk function, the Risk Committee should compile a report to the Board, at least annually, on the following matters:

1. recommending any changes to the Charter to the Board
2. self-assessing the effectiveness of the Risk Committee
3. the results of the review of risk management framework and internal control systems, including consideration of whether the Company has a material exposure to any particular risks;
4. matters referred to the Audit Committee that have come to the attention of the Risk Committee that are relevant for the Audit Committee, and:
5. Other such matters as arise from time per Schedule 1.

6 Responsibilities

Annual responsibilities of the Risk Committee are as set out in the Risk Committee Charter – Annual Action Points contained in Schedule 1.

7 Schedule 1

7.1 Responsibilities

The Risk Committee of the Board shall:

1. Hold a meeting at least twice yearly, or as relevant matters arise, whereby such matters have been notified by either a director, a subsidiary company director, the CEO, Chief Risk Officer, Chief Financial Officer, Group Compliance and Privacy Officer or any other member of the Executive team, or AMLCO, or any other senior staff member to the Chairman of the Committee.
2. Recommend the group's risk management strategies and risk management framework for approval by the Board.
3. Review the Company's customer risk register, including the transactional volume ratio of high, to standard and low risk customers, taking into account the value of security deposits, rolling reserves, deferred settlement and funds in emoney accounts.
4. Review the Customer Acceptance Policies on a per product line basis.

5. Approve and oversee the process developed by management to identify principal risks, evaluate their potential impact, and implement appropriate systems to manage such risks.
6. Approve principles, policies and strategies for the management of risk.
7. Receive reports from management concerning the risk implications of new and emerging risks, organisational change and major initiatives, in order to monitor them.
8. Receive reports from management concerning resolution of significant risk exposures and risk events, in order to monitor them and as appropriate, if thought fit, approve them.
9. Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial and non-financial risks, and the Company's risk management framework and systems generally.
10. Review at least annually the Risk Management Report.
11. Review the Chief Risk Officers summary of new products launched or about to be launched, including risks and mitigations.

With respect to specific categories of risk, review, from time to time, principles, policies, limits, standards, guidelines, management committee mandates and other significant procedures established by management. Categories of risk may include (but are not limited to) counterparty, regulatory compliance, market, operational, asset and liability, liquidity, and matters related to significant new business and change management initiatives.

7.2 Risk Appetite

The Committee will periodically review and propose changes to the Risk Appetite for the company.

In part of reviewing the Risk Appetite Statement, the Committee is expected to;

1. Evaluate material risks identified and their specific applicability to Xryma Plc.
2. Ensure that frameworks and coverage are in place for each Risk Category and that the relevant threshold and tolerances are acceptable.
3. Ensure the Risk Register and the day-to-day operational risks identified there, is kept up to date by the relevant management staff.
4. Ensure that the firms Risk Appetite is aligned with the partner banks and service providers.

7.3 Management Systems

With respect to the group’s Compliance Management systems, the Committee shall:

Approve and oversee the group's legal and regulatory compliance processes developed by management, including compliance by subsidiary companies, other Regulated Entities, and credit license holders, and by internal trustees if any, and where considered necessary, commission and direct specific actions and assignment of responsibility to ensure compliance practices are adequate; and

Receive reports from management concerning the group's compliance management processes, in order to consider and, if thought fit, approve or vary them.

7.4 Other Responsibilities

The Committee shall review issues raised by the Chief Risk Officer, and External Auditor, or Internal Audit (external and independent), that impact the risk management framework or the group's risk management.

8 Schedule 2 - Governing Laws and Regulations

8.1 1. Central Bank of Cyprus (CBC) Regulations:

1. CBC directives on corporate governance and risk management.
2. Specific guidelines issued by the CBC for electronic money institutions.

8.2 2. European Banking Authority (EBA) Guidelines:

1. EBA Guidelines on Internal Governance (EBA/GL/2017/11).
2. EBA Guidelines on Outsourcing Arrangements (EBA/GL/2019/02).
3. EBA Guidelines on ICT and security risk management (EBA/GL/2019/04).

8.3 3. European Union Directives and Regulations:

1. Electronic Money Directive (EMD2): Directive 2009/110/EC.
2. Payment Services Directive (PSD2): Directive (EU) 2015/2366.
3. General Data Protection Regulation (GDPR): Regulation (EU) 2016/679.

Version History

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Who to contact if you have any queries, questions, changes or concerns.

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