JSC Paysera Bank Georgia

Financial Statements

Together with the Independent Auditor’s Report

For the year ended 31 December 2024

Contents:

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Georgia

Independent auditor's report

To shareholders and supervisory board of **JSC PAYSERA BANK GEORGIA**

Opinion

We have audited the accompanying financial statements of **JSC Paysera BANK GEORGIA** (hereinafter the "Bank"), which comprise the statements of financial position as at 31 December 2024 and the statement of comprehensive income, statement of cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation; structure and content of the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner responsible for the audit resulting in this independent auditor's report is

Ivane Zhuzhunashvili (Saras-A-720718)

For and on behalf of BDO Audit LLC

Tbilisi, Georgia

14 May 2025

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(In ‘000 GEL)

	Note	31.12.2024	31.12.2023
Assets			
Cash and cash equivalents	7	13,396	9,556
Mandatory cash balances with the NBG	8	1,335	66
Investment securities	9	4,789	-
Other assets		348	28
Intangible assets	10	227	200
Right-of-use assets		89	196
Property and equipment		183	241
Total assets		**20,367**	**10,287**
Liabilities and Equity			
Liabilities			
Customer accounts	11	3,889	1,263
Lease payables		85	185
Other financial liabilities	12	6,582	766
Other liabilities		134	103
Total liabilities		**10,690**	**2,317**
Equity			
Share capital	13	3,700	3,700
Additional paid in capital	13	8,777	6,015
Accumulated loss		(2,800)	(1,745)
Total equity		**9,677**	**7,970**
Total liabilities and equity		**20,367**	**10,287**

The financial statements for the year ended 31 December 2024 were approved on behalf of the management on 14 May 2025 by:

General director ______________________ Dimitry Kumsishvili

Finance director ______________________ Teona Giorgobiani

Notes on pages 9-26 are an integral part of these financial statements.

JSC PAYSERA BANK GEORGIA

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(In '000 GEL)

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JSC PAYSERA BANK GEORGIA

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

(In ‘000 GEL)

	Note	2024	2023
Interest income	14	592	237
Interest expense		(8)	(9)
Net interest income		**584**	**228**
Net commission income		75	10
Income from foreign currency operations, net	15	572	74
Other income	16	478	-
Non-interest income		**1,125**	**84**
Impairment expense for financial assets		(11)	-
Operating income after expected credit impairment losses		**1,698**	**312**
Employee benefit expenses		(1,534)	(1,052)
Depreciation and amortization expense		(191)	(183)
General and administrative expenses	17	(757)	(452)
Foreign exchange gain/(loss), net		(9)	(56)
Loss before tax		**(793)**	**(1,431)**
Income tax benefit		-	36
Total comprehensive loss for the year		**(793)**	**(1,395)**

Notes on pages 9-26 are an integral part of these financial statements.

JSC PAYSERA BANK GEORGIA

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(In ‘000 GEL)

	Note	2024	2023
Cash flows from operating activities			
Staff cost paid		(1,534)	(1,052)
Administrative and other operating expenses paid		(728)	(471)
Commisstion expense paid		(10)	-
Interest received		531	-
Other income received		200	-
Income received from foreign currency operations		184	237
Cash flows used in operating activities before changes in operating assets and liabilities		**(1,357)**	**(1,286)**
Net change in operating assets			
Mandatory cash balances with the NBG		(1,338)	66
Customer accounts		2,626	1,263
Other financial liabilities		5,816	766
Net cash flows from operating activities		**5,747**	**809**
Cash flows from investing activities			
Investment securities		(4,655)	-
Acquisition of property, equipment and intangible assets		(24)	(55)
Net cash flows used in investing activities		**(4,679)**	**(55)**
Cash flows from financing activities			
Repayment of lease liabilities		(131)	(107)
Additional paid in capital	13	2,500	2,050
Issue of share capital		-	450
Net cash from financing activities		**2,369**	**2,393**
Effect of exchange rate changes on cash and cash equivalents		403	(35)
Net increase in cash and cash equivalents		**3,840**	**3,112**
Cash and cash equivalents at the beginning of the year	7	9,556	6,444
Cash and cash equivalents at the end of the year	7	**13,396**	**9,556**

Notes on pages 9-26 are an integral part of these financial statements.

JSC PAYSERA BANK GEORGIA

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(In '000 GEL)

	Note	Share capital	Additional paid in capital	Accumulated loss	Total equity
31.12.2022		**3,250**	**4,001**	**(386)**	**6,865**
Issue of share capital	13	450	-	-	**450**
Total comprehensive loss for the year		-	-	(1,395)	**(1,395)**
Subordinated loans received	13	-	2,050	-	**2,050**
Revaluation of perpetual subordinated loan		-	(36)	36	**-**
31.12.2023		**3,700**	**6,015**	**(1,745)**	**7,970**
Total comprehensive loss for the year		-	-	(793)	**(793)**
Subordinated loans received	13	-	2,500	-	**2,500**
Revaluation of perpetual subordinated loan		-	262	(262)	**-**
31.12.2024		**3,700**	**8,777**	**(2,800)**	**9,677**

Notes on pages 9-26 are an integral part of these financial statements.

1. General information

JSC Paysera Bank Georgia (hereinafter the "Bank") was incorporated on 2022 year. Today, the joint-stock company "Paysera Bank Georgia" operates in accordance with the legislation of Georgia and is registered with the identification number: 402204841.

The bank operates under a banking license issued by the National Bank of Georgia ("NBG"). In 2022, the National Bank of Georgia granted a banking license to JSC "Paysera Georgia", taking into account the principles of digital bank licensing. Starting from January 12, 2024, based on Decree No. 11 issued by the President of the National Bank of Georgia, JSC "Paysera Bank Georgia" was granted the right to carry out full banking activities and/or related services as provided under Paragraph 1 of Article 20 of the Law of Georgia on the Activities of Commercial Banks, under the conditions specified by the written instructions of the National Bank of Georgia.

The Bank's address is: 4/2 Akaki Tsereteli avenue, Tbilisi, Georgia.

As at 31 December 2024 and 2023 the shareholders of the Bank are:

	31.12.2024	31.12.2023
Iravki Vekua	27.03%	27.03%
Dimitry Kumsishvili	27.03%	27.03%
Ivane Tevdorashvili	27.03%	27.03%
Mindia Sabanadze	10.13%	10.13%
Zaza Buadze	8.78%	8.78%
	100%	**100%**

Average annual number of employees of the Bank (Fixed contracts) by category is presented as follows:

	2024	2023
Top management	3	3
Middle managers	1	1
Other employees	29	17

The bank did not have any temporary employees in 2024 and 2023.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB).

Basis of measurement

The Bank prepares financial statements in Georgian Lari (with roundings '000). The financial statements have been prepared on the historical cost basis. The reporting period for the Bank is the calendar year from January 1 to December 31.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying The Bank's accounting policies, which has significant influence on the book values of assets and liabilities, income and expense recognized in profit and loss of the year. Factual results may be different from the current estimates. Adjustments, resulting from the changes in accounting estimates belong to the period when they are recognized. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 4.

Summary of material accounting policies used for preparing these financial statements are explained in Note 3.

2. Basis of preparation (continued)

Going concern

These financial statements have been prepared on the assumption that the Bank is a going concern and will continue its operations for the foreseeable future. The management and shareholders have the intention to further develop the business of the Bank in Georgia. The management believes that the going concern assumption is appropriate for the Bank.

In adopting the going concern basis for preparing the financial statements, the Management have considered the bank’s business activities, objectives and strategy, principal risks and uncertainties in achieving its objectives, and performance.

Management confirm that they have a reasonable expectation that the Bank, as a whole, have adequate resources to continue in operational existence for the 12 months from the date the financial statements are authorised for issue. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank’s ability to continue as a going concern for the foreseeable future. Therefore, the financial statements continue to be prepared on the going concern basis.

Changes in accounting policies

A) STANDARDS AND AMENDMENTS MANDATORILY EFFECTIVE FROM 1 JANUARY 2024

Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7). The IASB undertook a narrow-scope standard setting, leading to the Amendments. The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements.

Lease Liability in a Sale and Leaseback (Amendment to IFRS 16). The Amendments provide a requirement for the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Classification of Liabilities as Current or Non-Current (Amendment to IAS 1). The amendments require that an entity’s right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.

Noncurrent Liabilities with Covenants (Amendment to IAS 1). The amendment requires, if an entity’s right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of ‘settlement’ for the purpose of classifying a liability as current or non-current.

According to the assessment of the Bank’s management, these changes will not have a significant impact on the Bank's financial statements.

B) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

Standards and Amendments Mandatorily Effective from 1 January 2025

Lack of Exchangeability (Amendment to IAS 21). The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

Standards and Amendments Mandatorily Effective from 1 January 2026

Amendments to the Classification and Measurement of financial Instruments (Amendments to IFRS 9 and IFRS 7). The Amendments modify the following requirements in IFRS 9 and IFRS 7 :

Derecognition of financial liabilities

► Derecognition of financial liabilities settled through electronic transfers

2. Basis of preparation (continued)

Classification of financial assets

► Elements of interest in a basic lending arrangement (the solely payments of principle and interest assessment – ‘SPPI test’)

► Contractual terms that change the timing or amount of contractual cash flows

► Financial assets with non-recourse features

► Investments in contractually linked instruments

Disclosures

► Investments in equity instruments designated at fair value through other comprehensive income

► Contractual terms that could change the timing or amount of contractual cash flows.

Annual Improvements to IFRS Accounting Standards.

Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard, or correct relatively minor unintended consequences, oversights or conflicts between requirements of the Accounting Standards.

► Minor clarifications and corrections across IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7 (e.g., hedge accounting, lease derecognition).

Contracts Referencing Nature dependent Electricity (previously Power Purchase Agreements) (Amendments to IFRS 9 and IFRS 7). The amendments include:

► Clarifying the application of the ‘own-use’ requirements;

► Permitting hedge accounting if these contracts are used as hedging instruments; and

► Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

According to the assessment of the Bank’s management, these changes will not have a significant impact on the Bank's financial statements.

Standards and Amendments Mandatorily Effective from 1 January 2027

IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 sets out significant new requirements for how financial statements are presented, with particular focus on:

► The statement of profit or loss, including requirements for mandatory sub-totals to be presented.

► Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.

► Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards.

IFRS 19 Subsidiaries without Public Accountability: Disclosures. On 9 May 2024, the International Accounting Standards Board (IASB) issued IFRS 19, which allows subsidiaries to use IFRS with reduced disclosures while applying the recognition, measurement and presentation requirements in IFRS Accounting Standards. The eligibility criteria for an entity to apply IFRS 19 are:

► The entity is a subsidiary;

► The entity does not have public accountability; and

► The entity has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

According to the assessment of the Bank’s management, these changes will not have a significant impact on the Bank's financial statements.

According to the assessment of the Bank’s management, these changes will not have a significant impact on the Bank's financial statements.

3. Summary of material accounting policies

Foreign currency transactions

a) Functional and presentation currency

Items included in the financial Statements are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). Financial Statements are presented in Georgian lari, which is the Bank's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are premeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Foreign exchange gains and losses that relate to monetary items are presented in the statement of comprehensive income within "Exchange rate gain/ (loss), net".

The closing rate of exchange used for translating foreign currency balances was:

	Official rate of the National Bank of Georgia	
	USD	**EUR**
Exchange rate as at 31.12.2024	2.8068	2.9306
Exchange rate as at 31.12.2023	2.6894	2.9753

Financial instruments

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial assets- Classification and subsequent measurement

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- FVOCI;
- FVPL.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. The Bank classifies all the of its financial assets under "Financial assets measured at amortized cost" category.

The Bank only measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Impairment

At the end of each reporting period, the Bank assesses expected credit losses on financial and contractual assets and recognizes net impairment losses.

3. Summary of material accounting policies (continued)

Financial assets – wrire-off

Financial assets are written off in whole or in part when the Bank has exhausted all practical possibilities for withdrawing cash and concludes that there is no longer a reasonable expectation of cash withdrawal. Write-off is the termination of recognition.

Financial assets – derecognition

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial liabilities

The bank has classified all financial liabilities as "other financial liabilities". Other financial liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial liabilities – derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash on hand, amounts due from the National Bank of Georgia (NBG), excluding mandatory cash balances, and all interbank placements and interbank receivables with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at AC in the statement fo financial position.

Mandatory cash balances with the National Bank of Georgia

Mandatory cash balances with the NBG are carried at AC and represent mandatory reserve deposits that are not available to finance the Bank’s day to day operations. Hence, they are not considered as part of cash and cash equivalents for the purposes of the statement of cash flows.

Investment securities

Based on the business model and the characteristics of cash flows, the bank classifies its investments in debt securities as measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

Investment securities are measured at amortized cost if they are held to collect contractual cash flows, those cash flows represent solely payments of principal and interest (SPPI), and they are not voluntarily designated as FVTPL to significantly reduce accounting mismatches.

The bank holds only such investment securities that it intends to keep for a certain period and which are measured at amortized cost.

3. Summary of material accounting policies (continued)

Taxation

The current income tax expense is calculated in accordance with the regulations of Georgia. It represents the sum of the current and deferred tax expenses. Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method.

Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

On 27 December 2022, the Georgian Law on Amendments to the Tax Code of Georgia was published, which will be effective from January 1, 2023. These changes have the following impact on the company: prior to these changes, the tax legislation of Georgia stated that banking institutions, credit unions, microfinance organizations, and lending entities would be subject to the new (Estonian) profit tax regime from January 1, 2023. The amendment of 27 December 2022 determined that these entities will no longer be subject to Estonian profit tax regime, and in the future, they will be taxed according to the old method. This means that they will be taxed based on the differences between their total income and the deductible amounts determined by the Code of Georgia (Article 97, Section 12).

Additionally, a new Section 4 was added to Article 98 of the Tax Code of Georgia, which determines the rate of profit tax. This means that the taxable profit of a banking institution, credit union, microfinance organization, or lending entity will be taxed at 20 percent.

Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. As at 31 December 2024 and 2023, the Bank's deferred tax liability mainly arises from the difference between the financial and tax bases of property and equipment and intangible assets purchased by the Bank during the year and amounts to GEL5 thousand (2023: GEL5 thousand).

Georgia also has various operating taxes, which are assessed on the Bank’s activities. These taxes are included as a component of general and administration expenses.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets as of 31 December, 2024 and 2023 primarily include a banking license. A banking license has an indefinite useful life and is not amortized. Other intangible assets have finite useful lives and amortization is charged under straight line method according to the useful life.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it’s not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. Summary of material accounting policies (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of other comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of other comprehensive income.

Customer accounts

Customer accounts are current accounts opened at the bank by individuals or corporate clients, which are recorded at amortized cost.

Other financial liabilities

Other financial liabilities arise from the use of a correspondent account of non-resident banks. They are carried out at amortised cost.

Share capital

The bank's share capital is defined by its charter. Amendments to the charter may be made only based on a decision by the founders. Authorized capital is recognized as charter capital to the extent that it has been paid in by the shareholders. Charter capital is recognized at the actual value of the contributions made by the shareholders.

Perpetual subordinated loan

Due to the indefinite term and the ability to cancel interest payemnets without making accruals, the Bank accounts for the perpetual subordinated loan as an equity instrument and as a Tier 1 capital instrument for purposes of calculating the capital adequacy ratio. The bank records the perpetual subordinated loan in USD as an equivalent amount of GEL, using the exchange rate valid for the reporting date, and the effect of currency revaluation is recorded in retained earnings.

Recognition of interest income and expenses

The Bank calculates interest income on debt financial assets measured at amortized cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest revenue or expense.

When a financial asset becomes credit-impaired, the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest revenue on a gross basis.

Revenue from Project-Based Collaboration

The Bank participated in financial service-related projects based on a joint activity agreement signed with a partner. This included business analysis, project management, and the identification and analysis of product/process compliance. The Bank recognized this revenue in accordance with IFRS 15 – *“Revenue from Contracts with Customers.”*

Service income is recognized when the Bank satisfies a performance obligation by transferring a promised service to a customer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and applicable taxes.

The recognition of service income is based on the following criteria:

- **Identification of the contract:** The Bank assesses whether a contract with the customer exists and is enforceable.
- **Performance obligations:** The distinct services provided are identified as separate performance obligations.

3. Summary of material accounting policies (continued)

- **Transaction price:** The consideration expected to be entitled to is determined, which may be fixed or variable depending on the service agreement.
- **Allocation of transaction price:** The total consideration is allocated to each performance obligation based on relative standalone selling prices.
- **Revenue recognition:** Revenue is recognized either over time or at a point in time, depending on when the customer receives and consumes the benefits of the service.

Provisions, contingent liabilities and contingent assets

Contingent liabilities are not reflected in the financial statements, except for the cases when the outflow of economic benefits is likely to origin and the amount of such liabilities can be reliably measured.

Contingent assets are not reflected in the financial statements, but the information on them is disclosed when inflow of economic benefits is possible. If economic benefits are sure to occur, an asset and related income are recognized in the financial statements for the period, when the evaluation change occurred.

A provision is a liability of uncertain timing or amount. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. An obligating event is an event that creates a legal or constructive obligation that results in an entity having no realistic alternative to settling that obligation.

Staff costs

Wages, salaries, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Bank.

Events after the reporting period

Events after the reporting period and events before the date of financial statements authorization for issue that provide additional information about the Bank’s financial statements are reported in the financial statements. Post-balance sheet events that do not affect the financial position of the Bank at the balance sheet date are disclosed in the Notes to the financial statements when material.

4. Critical accounting estimates and judgments

The Bank makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Perpetual subordinated loan. Due to the indefinite term and the ability to cancel interest payemnets without making accruals, the Bank accounts for the perpetual subordinated loan as an equity instrument and as a Tier 1 capital instrument for purposes of calculating the capital adequacy ratio. The bank records the perpetual subordinated loan in USD as an equivalent amount of GEL, using the exchange rate valid for the reporting date, and the effect of currency revaluation is recorded in retained earnings.

5. Financial instruments – risk management

Risk is inherent in the Bank’s activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank’s continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk, market risk, operational risk and other non-financial risks. The risk management framework adopted by the Bank sets the boundaries of risk bearing capacity for each risk and business line and ensures its compliance.

The directorate of the Bank has overall responsibility for the establishment and oversight of the Bank’s risk management framework, oversight of key risk management and review of its risk management policies and procedures, as well as approval of materially large subordinates.

The Supervisory Board is ultimately responsible for risk identification and control; However, there are separate independent bodies responsible for risk management and monitoring. The risk is currently managed by the following entities:

- Credit risk is managed by the Credit Risk Committee;
- Liquidity risk and market risk are managed by the Bank’s Asset and Liability Management Committee;
- Operational risk is managed by the Risk Management Department.

Credit risk

The Bank is exposed to credit risk, which is the risk that a customer or counterparty will be unable to meet its obligation to settle outstanding amounts. The Bank's exposure to credit risk arises as a result of its lending operations and other transactions with counterparties giving rise to financial assets. Maximum exposure to credit risk of on-balance sheet items equals their carrying values.

The Bank uses ECL model for determining impairment loss of financial assets. Management evaluates how the economic factors effect on ECL, that is determined using the weighted probability. According to IFRS 9 impairment provision is determined with: a) 12-month expected credit losses - the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date; b) Lifetime expected credit losses - the expected credit losses that result from all possible default events over the expected life of a financial instrument.

The lifetime expected credit loss assessment model applies when the credit risk of a financial asset for the reporting period has significantly increased compared to its initial recognition, and if the risk has not increased, the 12-month expected credit loss applies. A company can determine that the credit risk of a financial asset has not increased significantly if the asset has a low credit risk for the reporting period. However, lifetime expected credit losses always apply to trade and other receivables.

As of December 31, 2024, the carrying amounts of financial assets have been reduced by the allowance for expected credit losses.

As at 31 December 2023, the Bank has not recorded expected credit losses in the financial statements, because in the management’s opinion, the financial assets of the company at the end of the reporting period represent "neither impaired nor overdue assets category" and expected credit loss on these assets is equal to 0.

Market risk

Market risk is the risk that affect the overall performance of the financial market. The main types of market risks include interest rates risk, currency risk and their levels of volatility.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at 31 December 2024 and 2023, the Bank is not substantially exposed to interest rate risk, as it has no financial assets or liability balances bearing variable interest rates.

(In ‘000 GEL)

5. Financial instruments – risk management (continued)

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Bank’s exposure to foreign currency exchange rate risk is presented in the table below:

	GEL	USD	EUR	Other	31.12.2024
Financial Assets					
Cash and cash equivalents	4,274	3,852	4,793	477	**13,396**
Mandatory cash balances with the NBG	-	224	1,111	-	**1,335**
Investmment securities	-	4,789	-	-	**4,789**
Other assets	271	-	26	-	**297**
	4,545	**8,865**	**5,930**	**477**	**19,817**
Financial liabilities					
Customer accounts	494	100	3,270	25	**3,889**
Lease liabilities	-	85	-	-	**85**
Other financial liabilities	-	3,182	2,809	591	**6,582**
Other liabilities	27	50	52	-	**129**
	521	**3,417**	**6,131**	**616**	**10,685**
Open balance sheet position	**4,024**	**5,448**	**(201)**	**(139)**	

	GEL	USD	EUR	31.12.2023
Financial Assets				
Cash and cash equivalents	1,765	6,274	1,517	**9,556**
Mandatory cash balances with the NBG	-	44	22	**66**
	1,765	**6,318**	**1,539**	**9,622**
Financial liabilities				
Customer accounts	545	452	266	**1,263**
Lease liabilities	-	185	-	**185**
Other financial liabilities	-	-	766	**766**
Other liabilities	24	64	10	**98**
	569	**701**	**1,042**	**2,312**
Open balance sheet position	**1,196**	**5,617**	**497**	

Currency risk sensitivity

The following table details the Bank’s sensitivity to a 20% increase and decrease in relevant currencies against the GEL. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign currency exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 20% change in foreign currency rates.

(In ‘000 GEL)

5. Financial instruments – risk management (continued)

Impact on net loss based on asset values is presented in the table below:

31.12.2024	GEL/USD	GEL/USD	GEL/EUR	GEL/EUR	GEL/OTHER	GEL/OTHER
	20%	-20%	20%	-20%	20%	-20%
Profit/(loss)	1,090	(1,090)	(40)	40	(28)	28

31.12.2023	GEL/USD		GEL/EUR	
	20%	-20%	20%	-20%
Profit/(loss)	1,123	(1,123)	99	(99)

Liquidity risk

Liquidity risk is the risk that the bank will not be able to meet its payment obligations on the maturity date under normal and stressed conditions.

Statutory requirements

Approved and published on 15 May 2017 by the NBG (Decree N70/04), liquidity coverage ratio (LCR) regulation, became effective on 1 September 2017. The LCR is calculated following Basel III framework, however, higher run-off rates apply. The NBG requires all banks to maintain the LCR of 75.0% in GEL, and LCR of 100.0% in foreign currency and total LCR of 100% on a daily basis.

As at 31 December 2024 and 2023, the Bank meets the above requirements.

Analysis by remaining contractual maturities

The tables below summarise the maturity profile of the Bank’s financial liabilities as at 31 December 2024 and as at 31 December 2023 based on contractual undiscounted repayment obligations.

	Within one year	More than one year	31.12.2024
Liabilities			
Lease payables	95	-	**95**
Other liabilities	129	-	**129**
Other financial liabilities	6,582	-	**6,582**
Customer accounts	3,889	-	**3,889**
Total potential future payments for financial obligations	**10,695**	**-**	**10,695**

	Within one year	More than one year	31.12.2023
Liabilities			
Lease payables	109	91	**200**
Other liabilities	98	-	**98**
Other financial liabilities	766	-	**766**
Customer accounts	1,263	-	**1,263**
Total potential future payments for financial obligations	**2,236**	**91**	**2,327**

5. Financial instruments – risk management (continued)

Operational risk

Operational risk is defined as the risk of a financial loss resulting from the inadequacy or failure of internal processes, systems or people, or from external events, whether deliberate, accidental or natural occurrences

It is impossible to eliminate all operational risks, but by correctly identifying potential risks and implementing appropriate control mechanisms, the bank can manage risks. The control mechanisms should provide for the correct distribution of rights and duties, hierarchical structures of access, authorities and the introduction of the four eyes principle, the establishment of a risk-oriented culture among staff, training and evaluation processes, including the use of internal audit.

Operational risk management is carried out by the Bank’s Risk Department and its compliance with existing challenges is monitored by the Risk Committee.

IFRS 13 fair value measurement hierarchy

IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

All the financial instruments of the Bank are recognized with amortized costs.

For financial assets and liabilities that have a short-term maturity (less than 3 months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and current accounts without a maturity.

The fair value of cash and cash equivalents was determined using level 1 measurement, fair values of other financial assets and liabilities were determined using level 3 measurement.

All the financial instruments of the Bank are carried at amortized cost which approximates their current fair value.

6. Capital management

The Bank’s capital management main objectives consist of:

- Ensuring that the bank always has sufficient capital so that even in the worst cases it can cover (potential) losses caused by various risks;
- To be in compliance with the external capital management requirements established by the regulatory body of the banking sector of Georgia;
- Implementation of stable development plans by the bank according to the principle of continuous operation.

According to the requirements of National Bank of Georgia, as at 31 December 2024 and 2023, the Common Equity Tier 1 capital (CET 1), Tier 1 capital (Tier 1) and Total capital ratios were determined at the level of 4.50%, 6.00% and 8.00% respectively. Capital conservation buffer is set up to 2.5%, countercyclical and systemic risk buffers are set within 0-2.5%.

(In '000 GEL)

6. Capital management (Continued)

As at 31 December 2024 and 2023 Bank maintained capital adequacy requirements set by the NBG. Details are presented in the table:

	31.12.2024	31.12.2023
Share Capital	3,700	3,700
Retained earnings as per NBG regulations	(2,800)	(1,745)
Minus: Intangible assets	(227)	(200)
Common Equity Tier 1 capital (CET1)	**673**	**1,755**
Subordinated Loans	8,777	6,015
Additional Tier 1 capital (AT1)	**8,777**	**6,015**
Tier 1 capital (Tier1)	**9,450**	**7,770**
General provisions	-	-
Secondary capital (Tier2)	-	-
Regulatory Capital	**9,450**	**7,770**
Risk Weighted Assets NBG Reg (RWA)	**8,202**	**4,498**
Primary capital ratio (primary capital / RWA)	**8.21%**	**39.02%**
Overhead Capital ratio (total capital / RWA)	**115.22%**	**172.74%**

7. Cash and cash equivalents

	31.12.2024	31.12.2023
Current accounts in other banks:		
BB-	8,304	4,052
B+	-	3,998
Without rating	577	568
Accounts in the NBG	3,743	635
Cash on hand	780	303
	13,404	**9,556**
Less - Impairment provision	(8)	-
	13,396	**9,556**

The table present the ratings assigned by the international rating agency Fitch Ratings.

As at 31 December 2024 and 2023 Fitch Ratings for Georgia's Long-Term Foreign and Local-Currency Issuer Default Ratings (IDRs) are 'BB' with a Negative outlook (2023: 'BB' with a Positive outlook). The issue ratings on Georgia's long-term senior unsecured foreign and local-currency bonds are also affirmed at 'BB' with a Negative outlook (2023: 'BB' with a Positive outlook). The Country Ceiling is affirmed at 'BBB-' (2023: 'BBB-') and the Short-term Foreign and Local-Currency IDRs at 'B' (2023: 'B').

Qualitative information about cash and cash equivalents are provided in Note 5.

8. Mandatory cash balances with the NBG

Mandatory cash balances with the National Bank of Georgia ("NBG") represent amounts deposited with the NBG. Resident financial institutions are required to maintain an interest-earning obligatory reserve with the NBG, the amount of which depends on the level of funds attracted by the financial institutions.

Mandatory cash balances with the NBG amounts to GEL 1,335 thousand as at December 31, 2024 (2023: GEL66). Mandatory cash balances with the NBG represent "neither impaired nor overdue assets category" and expected credit loss on these assets is equal to 0.

Qualitative information about mandatory reserves in the National Bank of Georgia is provided in Note 5.

(In ‘000 GEL)

9. Investment securities

	2024	2023
As at 1 January	**-**	**-**
Purchases*	4,671	-
Discount	20	-
Effect of exchange rate differenes	98	-
As at 31 December	**4,789**	**-**

(*) In 2024, the bank purchased U.S. Treasury securities in the amount of USD 1,732 thousand, with maturities not exceeding one year.

These securities are characterized by high credit quality, as the country's Fitch rating is AA.

As of 31.12.2024, the investment securities are classified as “neither impaired nor past due.”

10. Intangible assets

As of 31.12.2024, the bank’s intangible assets consist of a banking license (at cost: GEL 200 thousand) and other intangible assets (at cost: GEL 32 thousand). The total accumulated amortization of intangible assets as of the end of the period amounts to GEL 5 thousand.

As of 31.12.2023, The bank's intangible assets consist of a banking license (cost: GEL200 thousand) and software (cost: GEL2 thousand), Total amortization charged on intangible assets during the period amounts to: GEL2 thousand.

11. Customer accounts

Liabilities to customers include accounts with the following types of clients:

	31.12.2024	31.12.2023
Legal entities	2,758	985
Individuals	1,131	278
	3,889	**1,263**

Customer accounts according to economic sector:

	12.31.2024	12.31.2023
Trade and service sector	2,574	185
Other Sector	98	40
IT sector	65	368
Manufacturing sector	21	392
	2,758	**985**

12. Other financial liabilities

As of December 31, 2024, other financial liabilities consist of obligations arising from the use of correspondent accounts with Paysera Lithuania, totaling GEL 6,582 thousand (31.12.2023: GEL 766 thousand). These liabilities represent funds transferred by the bank’s clients to accounts at other (non-resident) commercial banks, for which settlement occurred after the reporting period.

Qualitative information regarding liabilities arising from the use of correspondent accounts is provided in Note 5.

(In ‘000 GEL)

13. Capital

The bank's share capital consists of shareholders' contributions in Georgian Lari. During 2024, the Bank has not issued any shares. During 2023, the Bank additionally issued 450 thousand B class shares, which was paid up fully in 2023.

As at 31 December 2024 and 2023, the Bank’s authorised share capital comprised 50,000 thousand shares, with nominal value of GEL1 each. As at 31 December 2024 and 2023, 3,700 thousand shares were fully paid and outstanding.

Share capital consists of ordinary and preference shares. 1 share of class A provides 50 voting rights, and one share of class B - one voting right. The share structure and equity ownership are presented in the table below:

	31.12.2024			31.12.2023		
	Quantity of Class A (preference) share	Quantity of Class B (ordinary) share	Equity ownership	Quantity of Class A (preference) share	Quantity of Class B (ordinary) share	Equity ownership
Iravki Vekua	100,000	900,000	27.03%	100,000	900,000	27.03%
Dimitry Kumsishvili	100,000	900,000	27.03%	100,000	900,000	27.03%
Ivane Tevdorashvili	100,000	900,000	27.03%	100,000	900,000	27.03%
Mindia Sabanadze	375,000	-	10.14%	375,000	-	10.14%
Zaza Buadze	325,000	-	8.78%	325,000	-	8.78%
	1,000,000	**2,700,000**	**100%**	**1,000,000**	**2,700,000**	**100%**

According to the bank's charter, only the owners of class A shares have the right to elect or dismiss members of the Bank's supervisory board.

In 2024 Partner of the Bank Paysera Lithuania contributed subordinated perpetual, unclaimed loans to the capital with the amount GEL 2,500 thousand.

In 2023 the shareholders of the Bank, Mindia Sabanadze and Zaza Buadze, contributed subordinated perpetual, unclaimed loans to the capital with the amount of GEL2,050 thousand. Subordinated loans can be presented as follows:

	Currency	Interest rate	31.12.2024	31.12.2023
Mindia Sabanadze	USD	11.11%	3,371	3,230
Zaza Buadze	USD	11.11%	2,906	2,785
Paysera Lithuania	GEL	11.11%	2,500	-
			8,777	**6,015**

Each loan is perpetual. They represent long-term commitments and there is not detemined a fixed payment date, neither is determined other circumstances when the creditor can request the bank to fulfill its obligations immediately.

The lender has no right to demand repayment of the loan. The bank is eligible to repay the loan only after 5 years. The loans are not secured.

In case of deterioration of the borrower's financial condition (and also in the case of bankruptcy or liquidation of the borrower), the creditor's requirements are satisfied last (i.e. after the satisfaction of all other creditors and depository requirements of the borrower).

Subordinated loan is subject to conversion into ordinary shares of the bank, if the bank's CET1 capital ratio falls below the greater of these two benchmarks: the minimum requirement to the CET1 capital established by the NBG for the banks and 5.125% of the CET1 capital. Loans will be converted into class B (ordinary) shares of «Paysera Bank of Georgia» at nominal value.

(In ‘000 GEL)

13. Capital (Continued)

On August 26, 2024, the process for the transfer of a subordinated liability between the shareholder and the buyer (“Paysera LT” UAB) was initiated. Specifically, “Paysera LT” UAB expressed its agreement to acquire capital instruments (perpetual, non-redeemable subordinated loans) owned by Mindia Sabanadze and Zaza Buadze. The change of creditor for the capital-eligible instrument will be carried out following the approval of the National Bank. As of December 31, 2024, this change had not yet been completed.

14. Interest income

	2024	2023
Income from deposits placed in other banks	401	-
Income from current accounts placed in banks	162	237
Income from investment securities	20	-
Income from cash placed in National Bank of Georgia	9	-
	592	**237**

15. Income from foreign currency operations, net

The result from foreign exchange operations includes the difference between spot and pre-agreed forward rates, as well as the outcome from currency exchange transactions conducted by clients, which amounted to 572 thousand GEL in 2024 (74 thousand GEL in 2023).

16. Other income

The Bank participated in projects within the framework of joint activities with a partner. Revenue received for the implementation of these projects amounted to GEL 478 thousand in 2024 (2023: GEL 0).

17. General and administrative expenses

	2024	2023
Consulting Expense*	(450)	(182)
Marketing expense	(131)	(125)
Paid fines and penalties	(46)	-
Tax expense, other than income tax	(22)	(22)
Utilities expense	(20)	(18)
Other expense	(88)	(105)
	(757)	**(452)**

(*) - Consulting Expense in 2024 consists of audit fee amounting GEL49 thousand (2023: GEL72 thousand).

(In ‘000 GEL)

18. Related party transactions

Related parties or transactions with related parties, as defined by IAS 24 “Related party disclosures”, represent:

a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries); have an interest in the Bank that gives then significant influence over the Bank; and that have joint control over the Bank;

b) Members of key management personnel of the Bank or its parent;

c) Close members of the family of any individuals referred to in (a) or (b);

d) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (b);

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Details of transactions between the Bank and other related parties are disclosed below:

	Relationship	31.12.2024	31.12.2023
Statement of Financial Position			
Customer accounts	Other	226	-

	Relationship	2024	2023
Statement of Comprehensive income			
Key management salary	Key management*	(503)	(156)

(*) - Includes the Bank’s Directors and Supervisory Board.

19. Commitments and contingencies

Requirements of the National Bank - Requirements of the National Bank – Starting from January 12, 2024, for a period of twelve (12) months, the National Bank granted JSC “Paysera Bank Georgia” the right to operate in a real environment and established a set of requirements that the bank must gradually fulfill. As of December 31, 2024, the bank is in the process of meeting these requirements. The National Bank of Georgia retains the authority to revoke the banking license of JSC “Paysera Bank Georgia” if these requirements are not met.

Legal cases - As at 31 December 2024 and 2023 the Bank has no legal actions and complaints. Management seeks both internal and external professional advices and believes that the ultimate liability, if any, arising from actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Bank. Related to above mentioned no provision is accrued in the financial statements.

Taxes - Georgian tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management’s interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Bank may be assessed additional taxes, penalties and interest. The Bank believes that it has already made all tax payments, and therefore no allowance has been made in the financial statements. Tax years remain open to review by the tax authorities for three years.

Operating environment – Emerging markets such as Georgia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Georgia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Law and regulations - In accordance with the Law on accounting, reporting and auditing (article 7) the Bank has an obligation to prepare and submit Management Report to the State Regulatory Authority, together with Independent Auditors’ Report no later than 1 October of the year following the reporting period. The Bank has fulfilled this obligation at the date of issue of the Financial Statements.

20. Events after the reporting period

On February 11, 2025, by decree of the National Bank of Georgia, JSC Paysera Bank Georgia was granted an extension of its authorization to operate in a real environment under the activities permitted for commercial banks until July 31, 2025. As a result, the bank remains subject to the conditions specified in the written instructions issued by the National Bank of Georgia. The timely fulfillment of these requirements is a precondition for maintaining the Bank’s operating license.