

Paysera Bank Georgia

Pillar III annual report 2025

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1. Introduction

1.1. Bases for Preparation of the Annual Pillar III Report

This report is prepared in accordance with the requirements of the "Rules for Disclosure of Information by Commercial Banks within the Framework of Pillar 3" approved by Decree No. 92/04 of the President of the National Bank of Georgia in April 2017, and other rules established by the National Bank of Georgia.

The Bank's management confirms that this Pillar 3 annual report has been prepared in full compliance with the internal control processes agreed with the Supervisory Board and all data and information reflected in it are true and accurate.

1.2. Bank History, Existing Services and Strategic Plans

On November 17, 2022, the National Bank of Georgia issued a banking activity license to JSC "Paysera Bank Georgia" (I/N 402204841) considering the digital bank licensing principles.

By the resolution of the National Bank of Georgia dated January 12, 2024, JSC "Paysera Bank Georgia" was granted the right to issue loans and provide virtual asset services for the benefit of another person, namely, mutual exchange.

During this stage, JSC "Paysera Bank Georgia" (hereinafter "Bank") has the right to fully carry out activities permitted for commercial banks.

Since 2022, the Bank joined the Paysera partners network, which includes partners authorized to operate in various European countries, including providing financial services.

One of these partners is a fintech company founded in Lithuania, which has been operating in the global market for 20 years.

The Bank's target segment is corporate, micro, small, medium and retail sectors.

JSC "Paysera Bank Georgia" offers its customers innovative banking products, such as:

- European IBAN - Opening both a Georgian IBAN format account and European IBAN accounts for the customer, which are managed by the customer remotely in one space via mobile application or internet banking.
- SEPA transfers - Granting the customer the possibility of settlement in the Single Euro Payments Area (SEPA and SEPA Instant). The accessibility of the mentioned payment space simplifies the conduct of trade relations with the European Economic Area, and for citizens of Georgia - provides the opportunity to use simplified, fast and cheap services.
- API interface-based services - The Bank offers legal entities easily integrable API functionalities - software solutions for data exchange and management, receiving payments in real time and receiving payments by QR code.
- PIS (Payment Initiation Service) - Is a financial technology that allows third-party providers to directly make payments from the customer's bank account, with their consent, without the need for a credit or debit card. The system is designed to make online payments faster, safer and cheaper.
- VISA Signature - One card, infinite possibilities. Whether it's daily expenses, online shopping or business management around the world — Visa Premium cards make life and work easier.

The customer is given the opportunity to use digital and physical cards, with simple control and global accessibility.

The Bank's strategic goals include offering products to customers such as:

- Various loan products, for both physical and legal entities, which will focus on the creation of a healthy, diversified credit portfolio and its stable growth.
- The Bank will offer businesses using e-commerce simple ways to receive payments, which will be based on international practice and will reduce costs for the customer.

The Bank's mission is to provide innovative and reliable financial services, to make convenient and secure banking products and services corresponding to European standards accessible for physical and legal entities.

Also, in its activities, to observe and consider ESG principles, with proper consideration of environmental and social factors and environmentally and socially justified and sustainable development.

2. Bank Ownership Structure and Corporate Governance

2.1. Bank Shareholders

As of December 31, 2025, the Bank's shares are distributed among the following shareholders in the indicated amounts:

Shareholders	Dimitri Kumsishvili	Irakli Vekua	Ivane Tevdorashvili	Mindia Sabanadze	Zaza Buadze
Share Participation	5.660%	15.094%	15.094%	15.094%	49.057%

2.2. Corporate Governance

The Bank's corporate governance bodies are represented by the General Meeting of Shareholders, the Supervisory Board, and the Board of Directors, which act within the scope of their own responsibility and authority defined by the legislation of Georgia and the Bank's Charter.

The General Meeting of Shareholders is the supreme governing body of the Bank, it elects the members of the Supervisory Board, who are responsible for the corporate governance of the Bank and supervision of the Board of Directors.

The Supervisory Board, in turn, appoints the members of the Directorate, which represents the executive governing body responsible for the daily activities of the Bank.

2.2.1. Shareholders and General Meeting of Shareholders

The Bank's shareholders are persons who, according to the established rule and regulations, own the Bank's shares and are registered in the Bank's share register.

They have the right to attend and participate in the General Meeting of Shareholders, receive dividends in proportion to the number of shares in their possession, and dispose of their own shares in the manner established by the current legislation and the Bank's Charter.

The General Meeting of Shareholders represents the supreme management body of the Bank, which is convened and held in the manner established by the Bank's Charter.

The General Meeting of Shareholders makes decisions on issues listed in the Charter and/or on other such issues as provided for by the Bank's Charter and/or the current legislation of Georgia, including: approves and changes the Bank's Charter, makes decisions on the transformation, merger, division or liquidation of the Bank, on the election and dismissal of Supervisory Board members in accordance with the rule established by the Charter, on the approval or rejection of the reports of the Supervisory Board and the Directorate, approval of the annual report, selection, appointment and dismissal of the independent auditor, on the increase-decrease of the Bank's authorized capital or the buyout of its own shares.

2.2.2. Supervisory Board

The Supervisory Board carries out supervision of the Bank's activities. It is also responsible for the Bank's corporate governance, and any member of the Bank's governance structure is authorized to address the Supervisory Board on essential problematic issues related to the Bank's corporate governance.

The Supervisory Board and each shareholder with voting rights are authorized to nominate candidate(s) for election to the Supervisory Board.

The number of Supervisory Board members, in accordance with the Bank's Charter, cannot be less than 3 (three) members, and when staffing the Supervisory Board, the balance of diversity of opinions must be considered and protected, which implies staffing the Supervisory Board with persons having different skills, qualifications and experience.

Other issues of staffing the Supervisory Board are determined in accordance with the Bank's Charter and legislative requirements.

As of December 31, 2025, out of the three members of the Bank's Supervisory Board, two represent independent members of the Supervisory Board, one of whom is a representative of the female sex.

Meetings of the Supervisory Board must be held at least once a quarter in compliance with the requirements established by the Bank's Charter and legislation.

The Supervisory Board is competent at making decisions if 2/3 of the members of the Supervisory Board are present or represented at the meeting (quorum).

If, on an issue defined by the meeting agenda, due to a conflict of interest, a member of the Supervisory Board does not have the right to participate in the voting, the quorum is established if more than half of the members of the Supervisory Board not having a conflict of interest are present at the meeting.

A meeting of the Supervisory Board is convened, held and documented in accordance with the requirements established by the Bank's Charter and legislation.

Each member present at the meeting of the Supervisory Board has one vote, except in cases where the agenda includes an issue regarding which member has a conflict of interest - in such a case, the member of the Supervisory Board does not have the right to participate in the discussion and voting process of the mentioned issue.

Tasks and Competencies of the Supervisory Board:

- Determination, approval and change of the Bank's organizational structure;
- Approval of accounting policy;
- Approval and change of policies belonging to the competence of the Supervisory Board;
- Supervision of the Bank's corporate governance and compliance with the requirements established for corporate governance by the current legislation of Georgia and relevant regulations;
- Supervision of the activities of the Directorate;
- Appointment and dismissal of members of the Directorate, including the determination of their spheres of authority;
- Inspection of the Bank's financial documentation, accounting books and assets, which includes without any restriction the inspection of cash, securities and other assets of the Bank personally, through individual members or an invited expert (the Bank will bear the cost of hiring such an expert);
- Requesting a report on the Bank's activities (including activities with subsidiary and affiliated enterprises) from the Directorate and reviewing information on internal audit or external inspection;
- Convening an extraordinary meeting of shareholders;
- Review of the annual report and the profit distribution proposal provided by the Directorate;
- Approval of the annual budget;
- Appointment and dismissal of members of the Audit Committee and other committees existing under the Supervisory Board;
- Creation of temporary and/or permanent committee(s) under the Directorate, determination of their functions, rights and duties;
- Creation, closure of the Bank's branches and service centers, other analogous subdivisions, approval of their regulations;
- Establishment of temporary and/or standing committees under the Directorate, and definition of their functions, powers, and responsibilities.
- Determination of limits for treasury operations to be carried out by the Bank. The Supervisory Board is authorized to delegate the authority mentioned to the relevant committee existing under the Directorate;
- Making decisions on issues assigned to the authority of the Supervisory Board by the Bank's Charter and on issues defined by legislation and normative acts of the National Bank of Georgia.

Information on the Professional Experience of Supervisory Board Members

As of December 31, 2025, the members of the Supervisory Board are:

Lasha Kakhishvili - Joined the bank in August 2022

Position Held:

- - Chairman of the Supervisory Board;
- - Member of the Audit Committee;
- - Member of the Risks Committee.

Education:

- Business Administration - Bachelor's degree - 2011 - "Caucasus Business School" Caucasus University
- Public Administration - Master's degree - 2023 - Speyer University of Administrative Sciences
- Global Business Administration - Master's degree - 2023 - IE University - Business School

Experience:

- Member of the Supervisory Board - LLC "IG Development Georgia" (I/N 404851503) - 11/2021 - Present
- Financial Director - LLC "IG Development Georgia" (I/N 404851503) - 09/2015 - January 1, 2024
- Director - LLC "12 Round" (I/N 405414948) - 01/10/2020 - July 13, 2022
- Director - LLC "Greenville" (I/N 405176036) – 15/11/2016 - 06/05/2019
- Financial Analyst - LLC "West Invest" (I/N 202311104) - 02/2014 - 09/2015
- Deputy Director - LLC "West Invest" (I/N 202311104) - 09/2015 – January 1, 2024
- Insurance Analyst - JSC "Medical Insurance Group Archimedes Global Georgia" (I/N 204543869) - 04/2013 - 01/2014
- Reporting Manager - LLC "Insurance Company IC Group" (I/N 204491344) - 12/2011 - 03/2012

Giorgi Mirotadze - Joined the bank in August 2022

Position Held:

- - Senior Independent Member of the Supervisory Board;
- - Member of the Audit Committee;
- - Chairman of the Risks Committee.

Education:

- University of Pennsylvania - American Bankers Association Stonier Graduate School of Banking (Philadelphia, USA) - June 2010
- Hofstra University - Master of Business Administration, Banking and Finance, Frank G. Zarb School of Business (New York, USA) - December 2001
- Iv. Javakhishvili Tbilisi State University, Faculty of International Business - International Operations Accounting, Audit and Banking - June 1997
- Iv. Javakhishvili Tbilisi State University - Faculty of Physics, Microprocessor Systems - July 1996

Experience:

- Development Director - LLC "Spero Holding" - May 2023 - December 2023
- Financial Director - JSC "Finca Bank Georgia" - September 2007 - May 2019
- Member of the Supervisory Board - MFO "Finca Kosovo" - January 2012 - April 2019
- Financial Director - JSC "Cascade Bank Georgia" - January 2006 - August 2007
- Director of Resource Management and Strategic Development - JSC "Bank Republic" - July 2003 - September 2005
- Project Manager - CERMA - 01/07/2002 - 01/10/2002
- Invited Lecturer - Corporate Finance, Securities Analysis - International Black Sea University - 01/02/2020 - 01/02/2021
- Invited Lecturer - Audit, Investment Portfolio Management - International Black Sea University - 01/09/2002 - 01/09/2003

Nino Mepharishvili - Joined the bank in August 2022

Position Held:

- - Independent Member of the Supervisory Board;

- - Chairwoman of the Audit Committee;
- - Member of the Risks Committee.

Education:

- Master of Finance (With Distinction) - Business and Economics - 2018 - Central European University
- Professional Accountant ACCA Program - 2012 - GFPAA Full Member
- FMVA Financial Analyst Program - 2022 - Corporate Finance Institute

Experience:

- Invited Expert of the Budget Committee Apparatus - Parliament of Georgia - 05.2023 - 12.2024
- Head of Resolution and Liquidation Division - National Bank of Georgia - 11.2020 - 05.2022
- Independent Member of the Supervisory Board, Member of the Audit and Risks Committee - Ziraat Bank Georgia - 11.2018 - 05.2020
- Deputy General Director in the field of Risk Management - JSC Halyk Bank Georgia - 2015-2017
- Head of Risk Management Department - JSC Halyk Bank Georgia - 2011-2015
- Senior Specialist of Financial Reporting - JSC Bank Republic - 05.2007 - 05.2009
- Senior Supervisor of Corporate Client Service Department - JSC Bank Republic - 2004-2006
- Advisor in Institutional Strengthening and Private Sector Development issues - GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) Georgia Office - 2022 - Present
- Expert - GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) Georgia Office - 2020
- Invited Lecturer - Personal Finance, State Medical University - 2020 - Present
- Lecturer - IFRS, University of Business and Technology - 2019 - Present
- Local Consultant - Ecorys NL (Rotterdam-based research and consulting company) - 2018-2020

2.2.2.1. Supervisory Board Committees

In the Bank, at the level of the Supervisory Board, according to the requirements of the "Corporate Governance Code for Commercial Banks", the Audit Committee and the Risk Management Committee are created.

The majority of persons included in the Audit and Risks committees, including and necessarily the Chairman of the Audit and Risks Committee, is an independent member of the Supervisory Board.

The committees mentioned, in accordance with the Corporate Governance Code, regularly submit reports to the Supervisory Board and the National Bank on decisions and recommendations in the established manner.

Functions and rights-duties of the Audit and Risks Committees are determined by the relevant regulations, which are approved by the Supervisory Board.

There are effective communication and coordination between the Risk and Audit committees, which includes, among others, the exchange of information, identification of all types of risks, including newly revealed risks, and making any type of necessary adjustments to the Bank's risk management framework.

Audit Committee

The Audit Committee established with the Supervisory Board represents the most important link in the Bank's corporate governance system, which is equipped with diverse functions and responsibilities.

The committee is tasked with the obligation to define and form the Bank's main approaches in relation to internal control mechanisms and to develop a financial reporting policy that will be in compliance with international standards and local legislative requirements.

The Audit Committee constantly monitors the Bank's financial reporting processes, analyzes interim and final financial documentation, after which it approves the financial statements to be published.

This process ensures that financial information provided to shareholders, regulatory bodies and the general public is complete, accurate and in compliance with legal requirements.

Especially important is the role of the committee in the supervision of the Bank's auditing functions. It actively cooperates with both internal and external auditors, ensures their independence and objectivity, facilitates effective communication and coordination between them.

The committee evaluates the effectiveness of external auditors, the quality of service provided by them and their professionalism.

Along with this, it expresses opinions and recommendations on the candidacies of external auditors, which are subsequently submitted to the Supervisory Board or the General Meeting of Shareholders.

The committee is also involved in the remuneration issues of external auditors and, if necessary, gives a recommendation on their dismissal.

As for the internal audit function, the Audit Committee reviews and approves the scale, frequency and focus areas of internal audit inspections to be conducted.

It receives and analyzes both reports of individual audit inspections and periodic information on the activities of the Internal Audit Department.

One of the main responsibilities of the committee is to ensure that the Bank's Directorate timely and effectively implements measures to eliminate the deficiencies revealed during the audit process or by other control functions.

These may be weaknesses in internal control, cases of non-compliance with legislation or other significant flaws.

The Audit Committee also carries out supervision over the formation of the Bank's accounting policy and practice.

It ensures that the financial reporting policy is fair, transparent, complete and in compliance with existing legislative requirements and international standards.

The committee also reviews the opinions of external parties (such as regulatory bodies, rating agencies or independent experts) on the effectiveness and structure of the Bank's risk management framework and internal control systems.

Meetings of the Audit Committee are led by the Chairman, who is selected by the Supervisory Board in compliance with special procedures.

The Chairman is responsible for planning, conducting the meetings and effective functioning of the committee. It is important to note that members of the Audit Committee always have full and unrestricted access to the Bank's Directorate, Internal Audit Department and risk management functions, which allows them to receive exhaustive information on all aspects of the Bank's activities and carry out effective supervision.

Risks Committee

The obligations of the Risks Committee functioning under the Supervisory Board include a complex analysis of risks both in aggregate and in the cross-section of individual risks.

The committee develops risk strategies and gives relevant recommendations to the Supervisory Board, especially regarding the Bank's existing and future risk appetite.

The Risks Committee regularly evaluates and analyzes the risk culture existing in the Bank and reviews the Bank's risk policies.

At the same time, it carries out supervision over the measures taken by the Directorate to ensure compliance with the Bank's activities with the established risk policies.

The committee evaluates the effectiveness of risk strategies and policies and gives relevant recommendations to the Supervisory Board.

Among the most important functions, the supervision of capital and liquidity management strategies, as well as constant monitoring of various types of risks, including credit, market, operational and reputational risks, so that they comply with the established risk appetite, are noteworthy.

The committee also controls significant financial products and services offered to clients, especially the compliance of their pricing with the organization's business model and risk strategy.

In addition, the committee supervises the Pillar 3 reporting process, including reporting on ESG issues, and approves the annual Pillar 3 report to be published.

The responsibilities of the Risks Committee include evaluating the risks of new financial products and services and ensuring that their prices adequately correspond to the profit received from them.

The committee, in close cooperation with the Audit Committee, evaluates the recommendations of internal and external auditors and supervises the implementation of relevant corrective measures.

The Risks Committee actively and continuously cooperates with the Risk Director to ensure the effectiveness of the Bank's risk management system and its compliance with the nature, scale and complexity of the Bank's risks.

For this purpose, the Risk Director is invited to all meetings of the Risks Committee, which ensures continuous communication and information exchange.

The Risks Committee is obliged to submit detailed recommendations and opinions to the Supervisory Board regarding the Bank's existing and future risk appetite.

Along with this, at least once a year, the committee prepares a report on the revealed significant risks and other main issues, including the structure, effective functioning, continuity of risk management and internal control systems, and generally, the risk culture existing in the Bank.

2.3. Board of Directors

The management and administration of the Bank's daily activities is carried out by the Directorate appointed by the Supervisory Board, which includes the General Director and directors appointed by the Supervisory Board.

The Board of Director has an important function in implementing and maintaining effective corporate governance, which implies the effective execution of policies approved by the Supervisory Board.

The Bank's Directorate consists of three members who meet the requirements provided for the Bank's director by the current legislation of Georgia.

The Board of Directors makes decisions by more than half of its members; it is led by the General Director.

Within the scope of its authority, in accordance with the Bank's Charter and/or the current legislation of Georgia, the Directorate performs the following functions and duties:

- Conducts and carries out the Bank's daily activities;

- With the aim of ensuring the Bank's profitability and stable functioning, carries out the management of the Bank;
- Within its competence, preliminarily reviews the issue to be included in the agenda of the General Meeting of Shareholders or the Supervisory Board meeting, fully searches for relevant information, prepares proposals and recommendations regarding the agenda issues;
- Within one month from the end of the fiscal year, prepares and submits the business plan for the current year to the Supervisory Board for approval.
- Such a business plan must include the budget, profit and loss forecast and the Bank's investment plans;
- Directs the Bank's development strategy, coordinates and supervises the activities of business directions, the banking network, information security, banking infrastructure and various structural units;
- Ensures the provision of proper service to clients by the Bank and supervises other main activities of the Bank;
- Within the framework of the organizational structure approved by the Supervisory Board, creates a new sub-structural unit, determines its rights and duties and abolishes it;
- Ensures and supervises the opening and closing of the Bank's branches and service centers and their functioning, as well as the performance of functions by the heads of branches, service centers and other structural units;
- Reviews information received from internal audit or external inspection, as well as reports provided by the heads of the Bank's structural subdivisions, branches and service centers and makes relevant decisions based on the information listed above;
- Ensures the execution of decisions made by the General Meeting of Shareholders and the Supervisory Board;
- Within its own competence, develops drafts of relevant documents that are subject to approval by the Supervisory Board, ensures the execution of policies and documents approved by the Supervisory Board and gives recommendations to the Supervisory Board regarding changes to be implemented in the mentioned documents;
- Develops and approves the regulations of the Bank's structural subdivisions, the internal labor regulations;
- Approves business processes, procedures regulating credit and operational activities and/or related to the daily management of the Bank, conditions of the Bank's products and/or services, instructions, manuals;
- Makes decisions on the Bank's membership in various associations, unions (including non-entrepreneurial/non-commercial legal entities) and/or on refusing membership in the mentioned association;
- Makes decisions on employment conditions in the Bank, which includes any employee incentive plan and making decisions on new employment conditions and new incentive plans for employees or their introduction, if according to the current legislation of Georgia and/or supervisory regulations, the mentioned does not belong to the authority of the Supervisory Board or a committee of the Supervisory Board;
- Makes a decision on an issue that the Supervisory Board and/or the General Meeting of Shareholders tasks the Directorate with;
- Complies with the requirements established by this Charter and the current legislation of Georgia.

Information on the Professional Experience of Directorate Members

Dimitri Kumsishvili - Position Held: General Director

Education:

- Accounting, Control, Audit - Faculty of Economics - Ivane Javakhishvili Tbilisi State University - 1992-1998

Experience:

- Chairman of the Supervisory Board - JSC "Green Insurance Georgia" (I/N 404990435) 02/2020-10/2022

- First Vice Prime Minister of Georgia / Minister of Economy and Sustainable Development of Georgia - Ministry of Economy and Sustainable Development of Georgia - 11/2017-06/2018

- Minister of Finance of Georgia / First Vice Prime Minister of Georgia - Ministry of Finance of Georgia - 11/2016-11/2017

- Vice Prime Minister of Georgia - Ministry of Economy and Sustainable Development of Georgia - 09/2015 - 11/2016

- Vice Mayor of Tbilisi - Tbilisi City Hall - 03/2015-08/2015

- First Deputy Minister of Economy and Sustainable Development / Chairman of LEPL "National Agency of State Property" - Ministry of Economy and Sustainable Development of Georgia - 11/2012-03/2015

- Director / Co-founder - Investment Fund for Elementary Business and Innovations (I/N 404933113) - 02/2012-11/2012

- Member of the Supervisory Board - JSC "Tbilisi Interbank Currency Exchange" (I/N 203824406) – 2000-2011

- First Deputy General Director - JSC "Bank Cartu" (I/N 204891652) - 12/1999-10/2011

- Manager of the Treasury Department - JSC "Bank Cartu" (I/N 204891652) - 06/1997-12/1999

Teona Giorgobiani - Position Held: Financial Director

Education:

- Bachelor of Finance - Caucasus University 2007-2011

Work Experience:

- Financial Director - LLC Datamind 08.08.2022-01.01.2024

- Deputy Financial Director - JSC Liberty Bank - 02/2021-08.02.2021
- Head of Organizational Risk Management and Budgeting Division - JSC Liberty Bank - 10/2018-02/2021
- Head of Financial Reporting Division - JSC TBC Bank - 06/2017-10/2018

Archil Zhizhavadze - Position Held: Risks Director

Education:

- Master of Legal Sciences, LLM (With Distinction) 2010 – 2012 - University of Cologne, Germany
- International Economic Relations, Bachelor, 2002-2006, Educational Institute of the Academy of Sciences of Georgia
- International Law, Master 2001–2006, Ivane Javakhishvili Tbilisi State University

Experience:

- Head of Money Laundering and Sanctions Export Group | Advice Tbilisi, Georgia | April 2024-May 2025
- Risk Management and Compliance Director | JSC "Ziraat Bank Georgia" Tbilisi, Georgia | December 2019- April 2024
- Chief Specialist, AML/CFT Department | National Bank of Georgia Tbilisi, Georgia | July 2015-November 2019
- Additional positions in the National Bank of Georgia, Financial Supervision Agency, Bank of Georgia, Civil Registry, Parliament and Notary Chamber in 2002-2015

2.3.1. Management Board Committee

Assets and Liabilities Management Committee

With the aim of effective management of the Bank's assets and liabilities, maximization of profitability of banking operations in compliance with supervisory and prudential norms and requirements, the Assets and Liabilities Management Committee functions under the Board of Directors.

The Assets and Liabilities Management Committee is involved in the management and supervision of market risk, liquidity risk, and interest rate risk.

The Assets and Liabilities Management Committee set and supervises internal and external liquidity indicators, plans forecast cash flows, sets limits for the management of interest risks, currency risks, and market risks.

The Chairman of the Committee is the General Director, and the members are members of the Board of Directors and the heads of the finance, treasury, and organizational risk management units.

Meetings of the Assets and Liabilities Management Committee are held monthly or at any time when deemed necessary.

3. Risk Management

Effective risk management is the fundamental pillar of the Bank's sustainability and operational activity.

Our policy is based on a complex system of risk identification, evaluation, control and continuous monitoring.

The mentioned process involves the optimal determination of risk limits and the implementation of strict, consistent supervision over their compliance.

The Bank's short-term strategy is focused on moderate growth, which causes the need for further strengthening of the risk management function.

For this purpose, it is planned to perfect existing methodologies, introduce innovative technological tools and staff the team with highly qualified personnel, which will ensure the compliance of the Bank's development with modern standards.

In the medium and long term, the above-mentioned improvements in risk management practice will allow the Bank to prepare for more aggressive growth and at the same time ensure timely and effective risk management.

The Bank's risk management framework is designed to help gain the trust of stakeholders through systematic, consistent and transparent processes, which will facilitate the achievement of the Bank's strategic goals and stable growth.

This framework also represents risk management for the Bank as a competitive advantage, which serves as an auxiliary tool for the implementation of the Bank's strategic plan.

Structurally, the risk management direction is accountable to the General Director, however, in the work process it has sufficient autonomy to maintain independence and supervision to ensure the successful achievement of the Bank's strategic goals.

The following risks are identified and managed by the Bank:

- Operational risk - implies the risk of loss that the Bank may receive due to inadequate or failed internal processes, failure/inactivity of systems, human errors, fraud or other external influences, among which are the risk of cyber attacks and others.
- Liquidity risk - arises from mismatches in the maturity of assets and liabilities. Due to this mismatch, a risk of insufficient financial resources may arise when withdrawing deposits and performing other financial obligations related to financial instruments.

- Market risk - arises from the volatility of the fair value of a financial instrument or cash flows under the influence of market prices.

- Market risk consists of currency risk, interest rate risk and other price risks. Market risk arises from the open position of a financial instrument, which is related to general and specific changes in the market, levels of volatility of market prices and currency exchange rates.

- Currency risk - The Bank realizes the risk of loss received from the revaluation of assets and liabilities caused by changes in the currency exchange rate. The Bank's strategy regarding currency risk is not to engage in speculative activities through an open currency position.
- Interest risk - The Bank faces interest risk caused by traditional banking activities, which is related to possible mismatches of assets and liabilities according to revaluation.

- Compliance risk - represents the risk that the Bank will/cannot act in accordance with current regulations, laws and contracts and as a result may receive a financial loss.

- Macroeconomic risk - represents the risk that negative events developed at the country, regional or global level (for example, decrease in GDP, increase in unemployment, etc.) may have a negative impact on the Bank's financial indicators.

On the Bank scale, the Supervisory Board represents the structure which is responsible for the risk management framework and subsequent processes, oversight of main risks, risk management policies and procedures.

Monitoring this direction is carried out regularly, within the framework of quarterly meetings, where the review and initiation of main processes and changes to guide documents in the risk management direction take place, as well as the presentation of risk indicators.

The Supervisory Board relies on and uses the internal audit process to supervise the execution of the risk management framework and relevant policies and procedures.

The Board of Directors is responsible for the introduction of a common risk culture across the Bank, monitoring risk mitigation measures and ensuring that the Bank acts within the established risk parameters.

The Board of Directors submits to the Supervisory Board, or within its authority, approves policies and procedures related to risk management.

The Board of Directors is responsible for bringing the risk strategy into compliance with the Bank's overall strategy.

The Board of Directors supervises risk-related issues through various reports and committees, where the achieved indicators and risk-related issues are discussed.

The Risk Director is responsible for risk management, ensuring the identification, measurement, development and introduction of common methods of management and reporting of both financial and non-financial risks.

He/she reports directly to the General Director.

4. Code of Ethics (Means of Communication, Mitigation and Enforcement of Risk Culture)

A Code of Ethics is introduced across the Bank, which is primarily intended for the Bank's employees, and which regulates relations both within the Bank and outside it.

The Code of Ethics is based on universally accepted standards and business ethics norms. It is based on the Bank's core values.

In the Code of Ethics, the personal responsibility of each employee is explained, as well as all those main issues that may arise during daily activity.

The document emphasizes the importance of observing high ethical standards and the damage that unethical behavior can bring to the Bank, such as damage to the Bank's reputation, undesirable court disputes, etc.

The mentioned may hinder the Bank's development, growth and profitability perspective, reduce trust in the financial sector and in some cases have a negative impact on economic growth across the country.

The Code of Ethics represents a part of the Bank's professional, conscientious and fair policy, which is in compliance with the Bank's corporate culture, current laws and internal regulations of the Bank.

By observing the Code of Ethics, the Bank ensures the establishment of equal and non-discriminatory relations with employees, clients and third parties, regardless of their race, nationality, religion, citizenship, marital status, sex, sexual orientation, age and/or disabilities.

The Code of Ethics requires employees in the Bank to observe high professional standards. They are obliged to be familiar with the laws, internal rules and regulations of the Bank that relate to the relevant structural unit.

All employees are obliged to care for the creation of a healthy working environment, which will be free from violence, discrimination and unethical actions.

The Bank realizes the individuality of each employee and cares for creating equal opportunities for them.

The Bank respects the employee's personal life, social status and religion.

Ensuring the strict observance of the rules defined according to the Code of Ethics is the prerogative of the human resources management direction.

In case of violation of the Bank's Code of Ethics by an employee, disciplinary measures may be taken against him/her, including dismissal from work.

5. Key Capital Indicators

The Bank's supervisory capital consists of common equity tier 1 and tier 1 capital. The attached table provides the minimum requirements set for the Bank in accordance with Basel 3:

Requirements	2025		2024	
	Amount (GEL)	Ratio	Amount (GEL)	2024 Ratio
Pillar 1 Requirements				
Common Equity Tier 1 Capital	328,288	4.50%	369,071	4.50%
Tier 1 Capital	437,718	6.00%	492,095	6.00%
Supervisory Capital	583,623	8.00%	656,127	8.00%
Combined Buffer	218,859	3.00%	225,544	2.75%
Capital Conservation Buffer	182,382	2.50%	205,040	2.50%
Countercyclical Buffer	36,476	0.50%	20,504	0.25%
Systemic Risk Buffer	0	0.00%	0	0.00%
Pillar 2 Req. for CET 1	126,646	1.74%	0	0.00%
Pillar 2 Req. for Tier 1	169,616	2.33%	0	0.00%
Pillar 2 Req. for Supervisory Cap.	226,154	3.10%	0	0.00%
Total CET 1 Requirement	673,793	9.24%	594,615	7.25%
Total Tier 1 Requirement	826,192	11.33%	717,639	8.75%
Total Supervisory Capital Req.	1,028,636	14.10%	881,670	10.75%

In 2025, the Bank's strategic goal was to maintain high and sustainable capital adequacy indicators.

During the mentioned period, due to the absence of loan products, risk-based indicators such as currency credit risk (CICR) and credit portfolio concentration risk ratios were irrelevant.

At the same time, other capital requirements defined within Basel III and supervisory capital management processes were ensured at a high level in the Bank.

In 2025, within the framework of supervisory evaluation by the National Bank of Georgia, an additional Pillar 2 capital buffer requirement was set for the Bank, which was fully met by the Bank.

The Pillar 2 requirement, in accordance with current regulations, must be provided with capital instruments of appropriate quality, observing the proportional distribution of Common Equity Tier 1 (CET1), Tier 1 Capital and total supervisory capital.

Additionally, the Bank fully met the combined capital buffer requirement, which includes the capital conservation buffer, countercyclical capital buffer and systemic risk buffer (in case of existence of such).

In accordance with the schedule established by the National Bank of Georgia, the rate of the countercyclical capital buffer from March 15, 2025, was determined at 0.5%, which was fully met by the Bank.

As a result of the above, during 2025 JSC "Paysera Bank Georgia" maintained a significant capital margin both in relation to minimum supervisory requirements and additional buffer requirements, which ensured the Bank's financial stability and high-risk absorption capacity.

Supervisory Capital at Year-End:

Existing Indicators (GEL)	2025	2024
Common Equity Tier 1 Capital	1,931,968	673,366
Tier 1 Capital	7,669,240	9,450,572
Supervisory Capital	7,669,240	9,450,572
Risk-Weighted Risk Positions	7,295,292	8,201,585
CET 1 Ratio to RWA	26.48%	8.21%
Tier 1 Ratio to RWA	105.13%	115.23%
Supervisory Capital Ratio to RWA	105.13%	115.23%

6. Liquidity Requirements

Within the framework of internal liquidity risk management and control, the Bank constantly monitors the liquidity position and ensures the observance of liquidity regulatory ratios established by the National Bank of Georgia.

The mentioned requirements include the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

The Liquidity Coverage Ratio determines the Bank's ability to cover expected net cash outflows in the short-term period using high-quality liquid assets.

In accordance with the requirement of the National Bank of Georgia, the Bank must maintain a minimum of 100% total LCR daily.

As of December 31, 2025, the high-quality liquid assets of JSC "Paysera Bank Georgia" amounted to 15.8 million GEL, and net cash outflows for the 30-day period – 9.2 million GEL.

As a result, the Liquidity Coverage Ratio was 171% (2024: 160%), which significantly exceeded the regulatory minimum and indicated the Bank's strong short-term liquid position.

Indicators (GEL)	31.12.2025	31.12.2024
High-Quality Liquid Assets (Total)	15,835,130	18,734,369
Net Outflow (Total)	9,244,663	11,734,094
Liquidity Coverage Ratio (%)	171%	160%

The Net Stable Funding Ratio reflects the stability of the Bank's medium and long-term financing and is calculated by the ratio of available stable funding to stable funding needs.

By the requirement of the National Bank of Georgia, the minimum level of the mentioned ratio is 100%.

As of December 31, 2025, the Bank's available stable funding amounted to 11.4 million GEL, and the stable funding need – 2.5 million GEL.

As a result, the NSFR indicator was 456% (2024: 449%), which significantly exceeded the regulatory requirement and confirmed the high stability of the Bank's funding structure.

Indicators (GEL)	31.12.2025	31.12.2024
Available Stable Funding	11,357,639	11,966,361
Stable Funding Need	2,489,069	2,664,637
Net Stable Funding Ratio	4.56	4.49

The above-mentioned indicators indicate that during 2025 JSC "Paysera Bank Georgia" maintained a strong liquidity and funding position and fully met the regulatory requirements established by the National Bank of Georgia.

7. Remuneration Policy

The main goal of the Bank's remuneration system is to improve healthy corporate governance and risk control mechanisms.

The policy ensures a fair, competitive environment and facilitates the attraction, motivation and retention of high-qualification personnel, which is in full alignment with the Bank's long-term business strategy.

The remuneration structure is based on the following principles:

- Fairness and Equality - The Bank observes the principle of equal pay for similar work and excludes any form of discrimination.
- Risk Management - The remuneration system is adjusted to the risk appetite and prevents taking excessive risk.
- Independence - Remuneration of persons with a monitoring function (audit, compliance, risks) is independent of the business results of the units controlled by them.

The Bank's remuneration system consists of fixed, variable parts and non-monetary benefits:

- Fixed remuneration - Represents the main element and is determined considering the salary range of the position, individual experience and market trends.
- Variable remuneration (bonus) - Is based on performance indicators (KPI), which include both quantitative and qualitative components.
- Variable remuneration aims at the optimal balance of the work performed by the employee and the risks taken by him/her.
- Benefits - The Bank offers employees health insurance, professional certification and funding of training activities.

Supervision of the effectiveness of the remuneration system and compliance with the budget is carried out by the Supervisory Board, which reviews the remuneration plan and results at least once a year.

The Board approves the forms of incentive and the total bonus fund for the top management and material risk takers (MRT).

The Bank is oriented toward transparency, ethical behavior and teamwork. The performance management methodology involves a continuous feedback process between managers and employees, which ensures a clear understanding of individual roles and career growth perspective.

The Bank continues to introduce the best international practices of corporate governance and is in full compliance with the requirements of the National Bank of Georgia.

8. Company Employment Policy

The employment policy in the company is based on the following main principles:

- Fairness - The company, both in pre-contractual relations with the candidate and during the labor relationship with employees, excludes all kinds of discrimination. Ensures objectivity and impartiality.
- Equality - (Ensuring equal opportunities) - The company puts employees in equal conditions regardless of age, sex, ethnic, religious or racial affiliation, social origin, political belief or other sign of opinion.

All employees of the company enjoy equal rights in the company and have equal opportunities for career advancement, at all levels of the professional hierarchy, regardless of the field of activity.

The company's employment policy and procedures are transparent and accessible to everyone.

9. Organizational Culture and Values

The Bank constantly tries to improve governance standards and adapt them to modern approaches.

Since organizational culture and values are an important part for the motivation and involvement of employees, the Bank tries in every way to create and offer values to employees, which helps us in achieving the best result.

The Bank always tries to be in compliance with the legislation of Georgia and consider/use the initiatives of the Supervisory Board, which are directed toward the introduction of best practices of corporate governance.

To achieve an optimal result, we develop our capabilities and constantly improve both the work process and organizational effectiveness.

Our activities are based on transparency; we work in full compliance with ethical principles and the law.

We help each other exchange ideas and knowledge, by which we contribute to the organization's success. The main value of our organizational culture is teamwork, mutual respect.

We think that innovations can bring great success to our team, therefore we always think about new ideas, value employees' initiative and try to be the first to introduce novelty in the market.

10. Environmental, Social and Governance (ESG) Issues

Proceeding from the size and operations of the Bank, during 2025 the Bank did not carry out the realization of credit products, the creation and classification of a credit portfolio has not occurred, however, along with the Bank's growth and strategic development, the Bank ensures compliance with environmental, social and governance (ESG) requirements.