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# PAYSERA LT, UAB

# RULES FOR CREDITWORTHINESS ASSESSMENT AND RESPONSIBLE LENDING (06.2PP)

## 1. General provisions

1.1. The Rules for Creditworthiness Assessment and Responsible Lending (hereinafter referred to as the Rules) of Paysera LT, UAB (hereinafter referred to as the Operator) establish the key provisions, criteria, and principles that the Operator follows to ensure adherence to the principles of responsible lending and to assess the creditworthiness of clients who are also consumer credit recipients. These Rules do not apply to the Operator's clients who, under these Rules, are not considered consumer credit recipients or consumer credit providers, except in cases related to the implementation of responsible lending principles.

1.2. The Rules are prepared in accordance with the Law on Consumer Credit of the Republic of Lithuania (hereinafter referred to as the LCC), the Regulations on the Assessment of Consumer Creditworthiness and on Responsible Lending, approved by Resolution No. 03-62 of the Board of the Bank of Lithuania of 19 March 2013, the Guidelines on the Provision of Consumer Credit approved by Decision No. 241-69 of the Director of the Supervision Service of the Bank of Lithuania on 27 April 2015, other applicable legal acts of the Republic of Lithuania, and their subsequent amendments.

1.3. Terms and definitions used in the Rules:

1.3.1. **Personal Consumer Credit** – a consumer credit granted based solely on the individual income, expenses, and liabilities of the credit recipient, who enters into a consumer credit agreement for personal needs. The credit recipient is personally liable for obligations arising from the personal consumer credit.

1.3.2. **User** – a natural person registered on the Platform who agrees to the Platform's terms and conditions and has submitted a consumer credit application. This person may act as a credit provider or recipient and has either received funds from a credit provider (including the Operator) or provided funds in response to a submitted credit application.

1.3.3. **Consumer Credit Provider** – a natural person registered on the Platform who agrees to its terms and conditions and, at their own discretion and risk, may lend to consumer credit recipients. The Operator may also act as a Consumer Credit Provider.

1.3.4. **Consumer Credit Recipient** – a natural person who is at least 18 years of age, a citizen and/or resident of the Republic of Lithuania, who has duly submitted an Application via the Platform, received approval, and enters into a consumer credit agreement for personal

purposes.

1.3.5. **Application** – a form completed on the Platform by a Consumer Credit Recipient in accordance with the requirements of the LCC and other applicable legislation, supported by written documentation and personal data, and electronically confirmed by both the Consumer Credit Recipient and the Operator.

1.3.6. **Platform** – the Peer-to-Peer lending website www.paysera.lt, administered by the Operator, through which Users may register, apply for, or provide consumer credit.

1.3.7. **A Consumer Credit Recipient's income, expenses, and liabilities** are interpreted as personal financial indicators forming a full picture of their obligations to financial institutions.

1.4. All other terms used in the Rules shall have the meanings assigned to them in the legal acts listed in clause 1.2.

## 2. Consumer Credit Policy and Principles of Responsible Lending

2.1. The Consumer Credit Policy of the Operator is based on the principle that credit should be repaid using the Consumer Credit Recipient's income (cash flows), rather than through forced collection via court or enforcement procedures. The Operator aims to operate profitably by organising its activities efficiently, assessing credit risk appropriately, and maintaining compliance with legal requirements when interacting with Users.

2.2. Responsible lending refers to the Operator's activities involving credit provision via the Platform, where the Consumer Credit Recipient's creditworthiness is assessed in accordance with principles and requirements aimed at preventing excessive financial commitments of the Consumer Credit Recipient.

2.3. When operating as a Peer-to-Peer lending platform and/or providing consumer credit, the Operator adheres to the following responsible lending principles and fundamental rules:

2.3.1. Prior to making a decision to grant credit or increase an existing credit amount to the Consumer Credit Recipient, the Operator assesses the Consumer Credit Recipient's creditworthiness based on sufficient information and evidence;

2.3.2. The purpose of the assessment of the Consumer Credit Recipient is to establish whether the Consumer Credit Recipient can reasonably be expected to meet the proposed obligation, taking into account their existing financial commitments;

2.3.3. The assessment of the Consumer Credit Recipient is based on the assumption that the Consumer Credit Recipient will remain able to fulfil their financial obligations for the entire duration of the credit agreement;

2.3.4. The Operator bases its assessment on data provided by the Consumer Credit Recipient, as well as information obtained from relevant registers and systems, internal databases, and any other information relevant to the creditworthiness assessment of the Consumer Credit Recipient, including sustainable income, credit history, and income fluctuation potential;

2.3.5. Lending is based (taking into account historical data and economic cycles) on limiting the ratio of the average instalment amount to sustainable income (debt service-to-income) (hereinafter referred to as DSTI), which must not exceed 40%. A higher limit may be applied in cases where the Operator has reasonable and sufficient evidence that, in a specific case, the application of a higher limit does not violate the requirements of responsible lending. In such

cases, the rules of civil procedure and relevant principles relating to the assessment of evidence shall apply by analogy to assess the validity and sufficiency of the evidence. Such cases shall be deemed to exist when:

2.3.5.1. The Consumer Credit Recipient requests consumer credit for the purpose of refinancing existing consumer credit, where, after assessing their creditworthiness, the DSTI exceeds 40%, but is lower than the DSTI prior to the conclusion of this refinancing agreement, and the Operator transfers the funds directly to the refinanced Consumer Credit Provider; or

2.3.5.2. After assessing the specific Consumer Credit Recipient's expenses related to obligations to financial institutions and other needs (e.g. rent, utility bills, insurance, etc.), substantiated by relevant evidence (e.g. bank account statements, rental agreements, etc.), and taking into account the income remaining to the Consumer Credit Recipient after paying all known expenses and fulfilling obligations to financial institutions, the remaining income will be sufficient to cover the living expenses of this particular Consumer Credit Recipient for the basic needs. This amount being assessed in accordance with the provisions of clause 4.6 of the Rules.

2.3.6. The average monthly instalment amount is calculated by separately calculating the amount of each obligation to the financial institution, obtained by dividing the remaining loan repayment and loan cost amounts of the relevant obligation by the remaining loan term in months and adding up the amounts obtained. For loans that do not provide for partial repayments (open-ended credit agreements, overdraft agreements, other credit agreements under which the borrower is granted the right to use credit up to a specified credit limit, etc.), the amount of the obligation is calculated by adding up the following amounts: (i) the unused credit and credit price amount divided by the total credit term in months, but not more than 36 months (including open-ended credit agreements); (ii) the used credit and credit price amount, divided by the remaining duration of the credit in months, but not exceeding 36 months (including open-ended credit agreements);is);

2.3.7. When calculating the average monthly repayment amount payable by the Consumer Credit Recipient, the Operator takes into account all known or reasonably knowable expenses related to the Consumer Credit Recipient’s obligations to financial institutions (loans related to real estate, other consumer loans, financial leasing, scheduled credit card instalments, loans, etc.), regardless of their repayment term, the obligations of the Consumer Credit Recipient to financial institutions under guarantee agreements, and takes into account the income remaining after the Consumer Credit Recipient's instalments have been made;

2.3.8. When deciding whether to grant or refuse consumer credit, the Operator takes into account the average of at least four months of the Consumer Credit Recipient’s sustainable income history and assesses whether the income expected to be received during the credit repayment period, as specified in the consumer credit agreement, will be sufficient to meet all obligations to financial institutions. An alternative reference period for calculating the average sustainable income may be applied if the Operator has sufficient and well-founded evidence that, in the specific case, the income during that alternative period can be considered sustainable, and that using such a period does not breach the requirements of responsible lending. Such cases shall be deemed to exist when:

2.3.8.1. The Consumer Credit Recipient receives income from renting real estate, and the lease agreement is concluded for a period not shorter than the entire term of the consumer credit agreement, or the lease agreement clearly states that upon expiry of

the lease term specified in the agreement and the tenant continuing to use the property, the agreement shall be deemed to have become indefinite, or similar; or

2.3.8.2. The Consumer Credit Recipient's employment at a new workplace commenced following the reorganisation of their previous employer or by mutual agreement between employers, where, under applicable legislation, the employment record is considered uninterrupted; or with a break of less than two weeks, provided that the Consumer Credit Recipient was employed at the new workplace without a probationary period and submits supporting evidence (e.g. an employment contract with the new employer, documentation confirming the terms of employment at the new workplace, including the agreed salary, etc.); or

2.3.8.3. The Consumer Credit Recipient changes jobs infrequently (no more than once per year) and is able to find new employment quickly (within a period not exceeding 14 calendar days), has a permanent employment contract at the new workplace and receives a higher salary than at the previous workplace, and has completed at least 2/3 of the probationary period (if applicable).

2.3.9. The sustainability of the Consumer Credit Recipient’s income is assessed based on the documents submitted by the Consumer Credit Recipient (a sample list of which is provided in Annexe No. 4), and by evaluating the continuity of income (for example, whether the agreement is ongoing, open-ended, etc.) as well as other indicators confirming that the income is recurring and is not expected to change throughout the consumer credit term. The relevance and sufficiency of the evidence are assessed by analogy with the rules and principles governing the evaluation of evidence under civil procedure law. Sustainable income is defined as income that can reasonably be expected to continue throughout the credit period. This includes (but is not limited to) salary, income from self-employment, income earned under a business certificate, royalties under copyright agreements, pensions, or other payments shown in the database of the State Social Insurance Fund Board under the Ministry of Social Security and Labour (hereinafter referred to as Sodra), which the Operator considers stable. Income that is likely to fluctuate significantly (such as dividends, income from shares, real estate, investments, or the sale of property), or where the sustainability of income is uncertain, is assessed more conservatively, i.e. such income is only taken into account if received annually over the last three years and is subject to a 0.8 coefficient. One-off or targeted income of the Consumer Credit Recipient (e.g. child support, targeted allowances for medical expenses, payments following the death of a relative, etc.) is not taken into account.

2.4. When assessing the creditworthiness of the Consumer Credit Recipient, the Operator takes into account the income remaining after the Recipient has made the required monthly instalment. The remaining funds must not be less than the minimum consumption rate (hereinafter referred to as the MCR) set annually by the Ministry of Social Security and Labour of the Republic of Lithuania.

2.5. The Operator may consider granting consumer credit to a Consumer Credit Recipient with low income, where the minimum amount of remaining living funds per person constitutes no less than 60 percent of the applicable MCR, provided that all of the following conditions are met:

2.5.1. The amount of consumer credit does not exceed 50 per cent (inclusive) of the average monthly net salary published on the Official Statistics Portal;

2.5.2. According to data from the Sodra database, the Consumer Credit Recipient receives an old-age pension and/or other types of regular payments;

2.5.3. The Consumer Credit Recipient has no dependants (i.e. no children under the age of 18);

2.5.4. The Consumer Credit Recipient states in the Application that they own the property and do not rent it.

2.6. The Operator continuously assesses whether the creditworthiness evaluation process applied to the Consumer Credit Recipient is appropriate and effective, and modifies it as necessary. In determining whether the creditworthiness assessment of the Consumer Credit Recipient is conducted properly and effectively, consideration must be given, among other factors, to the quality of the portfolio of granted consumer credits, including instances of late instalment payments, and the number of impaired or written-off loans.

**3. Information and additional documents provided by the Consumer Credit Recipient**

3.1. In order to obtain consumer credit, the Consumer Credit Recipient must submit and confirm their personal data and other information necessary for identification, and must complete and submit the creditworthiness assessment questionnaire–application for consumer credit (Annexe No. 1).

3.2. If the Consumer Credit Recipient wishes to obtain consumer credit through a non-online channel, they must complete a consumer credit application and submit it, together with the original identity document, to the Operator or a consumer credit intermediary. The questionnaire is completed either in person or during a recorded telephone conversation.

3.3. When completing the consumer credit application, the Consumer Credit Recipient must provide the following information for creditworthiness assessment:

3.3.1. Details of obligations under consumer credit and other agreements with financial institutions, as well as the monthly instalment amounts;

3.3.2. Whether they plan to take on new debts with financial institutions and, if so, the amount of the planned obligations;

3.3.3. The average monthly sustainable income received and the sources of such income (e.g. salary, income from property rental, sole proprietorship, freelancing or activity under a business certificate, copyright activity, etc.);

3.3.4. Whether any changes to sustainable income are expected during the term of the consumer credit agreement and, if so, the expected amount of increase or decrease.

3.4. In case the Consumer Credit Recipient is married, it is mandatory to provide the information referred to in Clause 3.3 of the Rules concerning the income, expenses, and financial obligations of the Consumer Credit Recipient's spouse.

3.5. In order to obtain a consumer credit, both the Consumer Credit Recipient and their spouse must give consent for the processing of personal data for the purposes of creditworthiness assessment and debt management. Based on this consent, data and documents will be collected from third parties to confirm or refute the information provided by the Consumer Credit Recipient for creditworthiness assessment.

3.6. The Operator shall inform the Consumer Credit Recipient of their obligation to provide accurate and complete information necessary for the assessment of creditworthiness.

3.7. The Operator shall ensure that, when submitting the application, the Consumer Credit Recipient confirms that they are capable of taking on the specific financial obligation, that they are able to fulfil it along with their existing financial obligations, that they are solvent, and that there are no other circumstances that could adversely affect their creditworthiness.

3.8. The honesty of the Consumer Credit Recipient is presumed, and it is assumed that the information provided is accurate and correct. Nevertheless, the information submitted by the Consumer Credit Recipient must always be verified against objective data, i.e. supporting evidence is collected during the creditworthiness assessment:

3.8.1. The Consumer Credit Recipient may be asked to provide documents supporting the information submitted, such as an employment contract, property lease agreement, freelancing certificate, income tax return for the previous calendar year, documents proving business continuity (e.g. bank statements, income and expense logs, etc.); or

3.8.2. The accuracy, validity and objectivity of the information provided by the Consumer Credit Recipient is verified using databases to assess creditworthiness.

3.9. If the Operator has doubts about the documents submitted by the Consumer Credit Recipient, or if they are deemed insufficient, the Operator may request the Consumer Credit Recipient to provide additional data or documents to support the submitted information. If the Consumer Credit Recipient fails to provide the requested data and/or documents, the Operator shall verify the accuracy, validity, and objectivity of the information in the databases used for creditworthiness assessment and, after reviewing all obtained data, shall assess the creditworthiness of the Consumer Credit Recipient.

3.10. If the parties to the consumer credit agreement agree to amend the total amount of the consumer credit, the Operator shall, each time the total amount is to be increased, update the existing information on the Consumer Credit Recipient, reassess their creditworthiness, and recalculate the instalment-to-income ratio in accordance with the procedure established in these Rules.

**4. Detailed description of the creditworthiness evaluation process of the Consumer Credit Recipient**

4.1. First, the data provided by the Consumer Credit Recipient in the creditworthiness questionnaire application is checked against the Sodra and Loan Risk Database (LRD), and it is determined whether the ratio of the Consumer Credit Recipient’s average monthly instalment to the Consumer Credit Recipient’s sustainable monthly income (DSTI) does not exceed 40%. For this purpose:

4.1.1. The Sodra database is used to verify the Consumer Credit Recipient’s income from employment relationships and other income shown in the aforementioned database, as well as information provided by the Consumer Credit Recipient related to their workplace;

4.1.2. The LRD is used to verify information about loans granted to the Consumer Credit Recipient. All obligations to financial institutions are evaluated equally based on the amount of installments;

4.1.3. The LRD is also used to check obligations assumed by the Consumer Credit Recipient under a guarantee agreement, including delays by the ultimate debtor in fulfilling the obligations guaranteed by the Consumer Credit Recipient. If a delay is identified, the Operator includes the obligations assumed by the Consumer Credit Recipient under the guarantee agreement in the calculation of the average monthly instalment in the same manner as other obligations to financial institutions. If no delay is found, the consumer credit can only be issued to the Consumer Credit Recipient if an acceptable personal guarantee or another Operator-approved security for obligations is provided (excluding real estate pledge).

4.2. If the income or obligations reported by the Consumer Credit Recipient do not match the documents submitted by the Consumer Credit Recipient or data in the databases, the Operator:

4.2.1. Uses the income amount reported in the databases used for creditworthiness assessment if it is lower than the amount declared by the Consumer Credit Recipient, unless the Consumer Credit Recipient provides additional objective evidence supporting their declared income (bank

statements, contracts, income tax declarations submitted to the tax authority, etc.);

4.2.2. Uses the obligations amount reported in the databases used for creditworthiness assessment if it is higher than the amount declared by the Consumer Credit Recipient, unless the Consumer Credit Recipient provides additional objective evidence supporting their declared obligations (creditor statements of outstanding debt, agreements on debt relief, proof of fulfilment, etc.).

4.3. A more conservative approach is applied if the Consumer Credit Recipient indicates in the creditworthiness questionnaire that their income may decrease during the contract term or if the Consumer Credit Recipient plans to take on additional obligations soon. In this case, the Operator assesses creditworthiness based on the projected income after reduction and/or the maximum obligations after any planned increase.

4.4. In case the DSTI ratio does not meet the limit specified in section 4.1, the Operator evaluates whether there is sufficient and justified evidence that applying a higher DSTI ratio in this case does not violate responsible lending requirements. If sufficient and justified evidence exists, the creditworthiness of the Consumer Credit Recipient is assessed in the same manner as applications meeting the DSTI limit set in section 4.1.

4.5. It is then determined whether the Consumer Credit Recipient’s remaining income is sufficient to cover the average expected essential household expenses. The amount of average expected essential household expenses is determined based on the data provided by the Consumer Credit Recipient about their average essential household expenses. The Consumer Credit Recipient’s income is considered sufficient if the remaining income after deducting the average instalment for all the Consumer Credit Recipient’s financial obligations is equal to or greater than:

4.5.1. The minimum consumption rate (MCR) per household member published at the time of assessment; or

4.5.2. The average expected essential household expenses declared by the Consumer Credit Recipient, if higher than the MCR per household member. If, after covering financial obligations, the remaining income per household member is below the MCR, the application is rejected unless the criteria specified in section 2.5 apply, allowing a consumer credit for Consumer Credit Recipient with low income.

4.6. After completing the preliminary financial assessment described in sections 4.1–4.5, the Consumer Credit Recipient’s borrowing history is checked in the internal Operator's database, including (but not limited to) fulfilment of obligations to the Operator by the Consumer Credit Recipient over the past three years, reasons for rejection of previous applications (if any), and other circumstances using a linear rejection method, described in detail in Annexe No. 2 of these Rules. If the Application of the Consumer Credit Recipient meets at least one rejection rule, it is rejected.

4.7. If none of the grounds for rejection of the Application specified in clause 4.6 are found, the creditworthiness of the Consumer Credit Recipient is further assessed by the Operator's employees using an expert method, assigning the applicant a creditworthiness rating according to the method applied by UAB Scorify.

4.8. In case the period between the Operator’s creditworthiness assessment and the signing of the consumer credit agreement does not exceed 7 (seven) calendar days, the Operator relies on the previous assessment results. If the period is 7 (seven) to 14 (fourteen) calendar days, before entering into an agreement, the Operator may verify in the databases whether the Consumer Credit Recipient’s financial situation has changed (e.g. job loss, new financial obligations, debts), and if so, reassesses

creditworthiness and decides on the credit agreement based on this reassessment. If the period exceeds 14 (fourteen) calendar days, the Operator always reassesses the Consumer Credit Recipient's creditworthiness and decides on the credit agreement based on this reassessment.

**5. Other information and final provisions**

5.1. The Operator shall keep the information, data, and documents collected (assessed) during the creditworthiness assessment for the entire period of the relationship between the Consumer Credit Provider and the Consumer Credit Recipient, and for 3 (three) years after the fulfilment of obligations under the consumer credit agreement, unless other legal acts establish a longer period for storing information, data, and documents, so that the Operator can, if necessary, provide evidence that the creditworthiness of the Consumer Credit Recipient was properly assessed.

5.2. Personal data used for the purpose of assessing the creditworthiness of the Consumer Credit Recipient shall be processed in accordance with the procedure established by the Law of the Republic of Lithuania on Legal Protection of Personal Data.

5.3. The Operator's employees are responsible for the accurate entry of data into the computer programs used by the Operator, based on the application for a consumer credit completed by the Consumer Credit Recipient and the information collected during the call with the Consumer Credit Recipient, as well as for the processing of information obtained from databases, and for the correct assessment of the Consumer Credit Recipient's condition.

5.4. These Rules enter into force on the date of their approval and remain valid until they are repealed or amended by order of the Operator's CEO.

5.5. The invalidity of one or more provisions of these Rules shall not automatically render the other provisions of these Rules invalid. The invalid provision must be replaced by another lawful and legally effective provision having a meaning as close as possible to the provision established in the legal act. If a provision of the Rules conflicts with the legal acts of the Republic of Lithuania, the provisions of the legal acts of the Republic of Lithuania shall apply directly until the invalid provision of the Rules is replaced.